

## WILLIS' FINEX NATIONAL DIVISION NAMED BROKING TEAM OF THE YEAR AT LONDON MARKET AWARDS

### AWARD GOES TO BROKER'S FINANCIAL, PROFESSIONAL AND MANAGEMENT LIABILITY DIVISION

**FINEX National, a division of Willis Group Holdings (NYSE: WSH), the global insurance broker, was named 'Broking Team of the Year' at the Insurance Day London Market Awards on Thursday December 2, 2010 for leading the way in providing insurance solutions for Directors & Officers (D&O) Liability, Professional Indemnity (PI), Commercial Crime and Financial Institutions cover.**

The awards were judged by a panel of seven experts from the insurance industry and were presented at the Grosvenor House Hotel in Park Lane, London. Based in Ipswich, London and Manchester, FINEX National comprises over 30 Associates specialising in all aspects of financial and executive risk. Some of the team's recent highlights and achievements include:

- The launching of a new initiative from its well-known VEAGIS offering which provides specialist PI insurance services to property professionals including valuers, estate agents, auctioneers and surveyors.
- Forming a global Hedge Fund Practice Group earlier this year comprising over 1,000 hedge fund clients with over USD 150 billion in assets under management.
- The rollout of an electronic trading platform which revolutionises the placement process and supports full binding authorities, providing small and mid-market U.K. businesses with direct access to leading D&O, PI and Crime products and insurers.
- The provision of a market-leading scheme and wording for Intellectual Property insurance.
- Connectivity to the vast Willis network with a focus on key areas of cross sales for SME businesses.

Paul Richards, Co-Practice Leader of FINEX National said, "It is an honour to be recognised by our peers with this award. We have created something unique with FINEX National, offering clients a dedicated and highly experienced service team combined with the resource and assets that only a global broker like Willis can provide. Such resources include our contracts advisory team to assist in the development and creation of broad policy coverage, unique tools like the Willis Quality Index designed to assist our clients with insurer selection, and claims service where one in four FINEX Associates are claims handling professionals."

Roland Avery, Chairman of FINEX Global, added, "We are responding to the evolving needs of our clients and the market through initiatives like e-trading, industry practice groups and facilities. All of these initiatives have helped position FINEX National as an innovator and a leading service provider to financial institutions, commercial organisations and

professional services firms. This award is recognition of the hard work and effort of all FINEX National Associates."

FINEX National specialises in providing PI, D&O, Employment Practice Liability (EPL), Pension Trustees Liability (PTL) and Crime insurances for professionals, financial institutions and commercial businesses in the small and mid-market sector through dedicated specialist service teams. The team's value proposition is built on the pillars of innovation, boutique service, industry experience, transparency and expertise.



## WINNER

Broking Team of the Year

### Insurance Day

London Market  
AWARDS 2010

# PROPERTY PROFESSIONALS UPDATE ON SURVEYORS AND VALUERS

## RICS TAKES ACTION ON SURVEYING STANDARDS

Following the recent credit crunch losses, we are seeing a major rise in over valuation claims against surveyors. This is impacting greatly on the renewal of professional indemnity insurance. An increasing number of high-profile firms are struggling to continue to operate under these conditions and the profession as a whole is suffering.

In response to rising pressures, the Royal Institution of Chartered Surveyors (RICS) has launched a Valuer Registration Scheme to **'ensure that members adhere to, and can be monitored on, practicing the standards contained in the RICS Valuation Standards (also known as the Red Book)'**.

Major banks, building societies and mortgage providers have backed the RICS Valuer Registration Scheme.

Firms who are part of the scheme are required to provide RICS with specific information on client valuations, which will allow the body to monitor compliance. If RICS are not satisfied with their findings, they can audit surveyors' files, visit members and potentially commence disciplinary procedures.

The voluntary sign up for this scheme began in October. Mandatory participation in the scheme, for those members who undertake Red Book valuations, will commence at the end of April 2011.

RICS believes this will have a positive impact on the industry. Clients (both commercial and retail) will be more likely to request a RICS registered valuer above any other type of valuer. It will weed out those who do not operate to the standards that are required by RICS and strive to improve the negative reputation currently associated with the industry.

According to RICS it will become a mandatory requirement for Professional Indemnity Insurance providers in the U.K.

RICS has previously warned that any threats of legal action can severely hinder a surveyor's operational capacity. Not only will they have to deal with the impending claim, but they will have to inform their insurer and broker. The resulting increase in premiums may mean they are no longer able to afford them and therefore unable to continue in business.

According to Reynolds Porter Chamberlain LLP (May 4, 2010) there were 25 commercial and residential high court claims in 2009, compared to only one in the previous five years. With the commercial and residential property market continuing to struggle, coupled with the back drop of major economic difficulties in Ireland and the rest of the EU, it could be possible to perceive the trend in claims against surveyors continue to rise.

## SURVEYORS PROFESSIONAL INDEMNITY: THE STATE OF THE MARKET

### NOVEMBER 2011

It has been well published that market conditions for surveyors Professional Indemnity (PI) remain difficult. Deteriorating claims experience as a result of falling property prices and a poor economic climate has driven many insurers from this space with those that remain reducing the capacity that they are prepared to provide. Market conditions for most other professions remain soft and with a number of new entrants into the PI market competition is increasing. This has resulted in several markets monitoring the timing of a return to the Surveyor's space.

A number of challenges to Insurers persist, they fear the following uncertainties:

- More claims are on the horizon as lenders increasingly issue fishing letters claiming negligence of surveyors.
- Threat of double dip recession triggering a second wave of claims an increasing proportion of which are likely

to be from prime lenders. The defence of contributory negligence will be reduced in these cases compared to awards made against sub prime lenders.

- The Statute of Limitation period for claims relating to the most over heated period of property prices will not draw to a close until 2013. It is likely that as this deadline approaches more claims will be made in an attempt to protect lenders and other claimant's position.
- New legal precedent has been established allowing lenders in the buy to let market to claim for both overvaluation of the property and overvaluation of rental income.
- As survey and valuation revenues decline some firms are entering into new areas of activity that are outside their area of experience, which may generate claims.
- Geographical diversification by firms seeking to access business in growth economies may increase exposure to more litigious territories or areas where the legal landscape holds uncertainties.

These concerns mean that hard market conditions are expected to prevail well into 2011 and without an improvement in economic conditions they could continue as far into the future as 2013.

Thankfully not all surveying firms will suffer the trials of these hard market conditions. Outside of survey and valuation activities insurers report a relatively benign claims environment. Practices focused on areas such as property management, estate agency or quantity surveying should be able to generate effective competition for their insurance.

For firms who have more than incidental exposure to survey and valuation work now is the time to turn attention to risk management. Clear communication of processes

that are in place will affect the level of risk a practice will have to retain through the self insured excess.

In the short-term, improvements to risk management should be identified and implemented in order to manage retained risk. In the medium term, benefits resulting from a proactive approach to risk management should start to be reflected in the claims history allowing the firm to reposition itself in the market as availability of cover returns. Alternatively, benefits of effective risk management could be used to reduce reliance on the insurance market. Higher levels of risk retained by a practice can result in premium savings and for larger firms, cash flow benefits.

## SO WHERE DO SURVEYORS GO FROM HERE?

With RICS changing procedures and more emphasis on risk management and control expected, surveyors are certainly going to have to focus inward rather than outward in order to survive this rough patch.

The questions that will be asked of surveyors is who owns the risk management of the firm and what are they doing to ensure that all protocols and adherence to RICS/Red Book standards are being met? If the right procedures are in place are they being followed through or is it merely a ‘talking shop’?

It is a short step from a complaint to a claim. In times of difficulty firms are focused solely on income generation. Simon Munson of Urban Green LLP says **“In the current**

**climate, it is tempting to focus heavily upon short-term cost saving and invoice generation, sometimes simply for survival. The results of such a focus can include increased incentivisation for individual surveyors, encouragement of grass roots business development and support to those surveyors wishing to broaden their skill base to include new sectors or areas of activity. These are all potential minefields which in the medium to long-term can be terminally damaging to a surveying practice.”**

The management of the firm should encourage a holistic and open environment to ensure any minor problems can be addressed and nipped in the bud, before they become a costly and damaging claim against the firm.

## SO HOW CAN WE HELP YOU?

At Willis we are focused on supporting and helping the firms we work with, and throughout 2011 we will be running a series of CPD seminars aimed at helping to tackle some of the difficult issues surveyors and valuers are facing.

The first of these will be in March 2011 on the topic of claims avoidance and the true cost of a claim. Speakers will include Simon Munson (BSc MA FRICS), Managing Partner of Urban Green Chartered Surveyors as well as specialist claims solicitors.

If you would like to know more, please contact Shaun Grainger using the details provided.

## MEET THE TEAM



### SHAUN GRAINGER

Shaun Grainger joined Willis FINEX Global in January 2010 as a Business Development Executive. Prior to this he was a Relationship Director at Barclays Bank, in their Corporate Banking Division focusing on finance and investment for the mid-market professional clients; his clients included Law Firms, Accountants, Surveyors and Valuers.

Having helped a large number of these clients through the recent economic crisis has allowed Shaun to build in depth strategic understanding of how these professional organisations look to grow and operate. This has helped when positioning FINEX Global and National in becoming their broker of choice for PI.

Shaun's main focus is to build and form relationships with the professional sector, focusing specifically on PI for 4 – 10 partner law firms and property professionals. Shaun has been instrumental in the re-launch of the VEAGIS proposition for Surveyors and Valuers.

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