

Insurance



Financial SERVICES

Law

Property

Leisure



# TELEGRAPH

**Alan Boswell**

Insurance & Financial Services Group

Autumn 2005

[www.alanboswell.com](http://www.alanboswell.com)

Welcome to our Autumn 2005 Newsletter.

The last six months have seen growth in all of our divisions. Our mortgage operation has far exceeded expectations with the team gaining an enviable reputation for professionalism and service. Pleasingly in all areas of general insurance we continue to experience very high client retention levels. We are proud of this and constantly seek to maintain exceptional standards of client service. **This is our absolute top priority!**



The general insurance market may be affected by the recent series of natural disasters in the U.S. This is particularly unfortunate as over recent years a number of markets have softened and premiums have fallen. The trend may now sadly go in the opposite direction.

Our financial services operation has benefited from recent improvements in global stock markets and most asset classes. U.K. pension system reforms in April 2006 have already caused many clients to seek ABCO's considerable available expertise.

**If you would like to discuss any of the points raised in this AB Telegraph, please call me on 01603 218001.**

Alan Boswell ACH

## PROFESSIONAL INDEMNITY -



## DOES THIS MEAN YOU?

Whilst Solicitors, Accountants, Surveyors, Architects and certain other professions are only too aware of the need for (and cost of!) professional indemnity (P.I.) insurance cover, there are vast numbers of emerging professionals who are not properly covered for P.I. risks.

Recent research has suggested that almost half of all Public Relations firms and up to 40% of I.T. Consultants do not have P.I. cover. The increasingly litigious climate should alert a number of less traditional professions that P.I. cover is desirable. In many cases P.I. cover is a condition of tendering for work – so a last minute hitch can perhaps be avoided by addressing the P.I. issue now. P.I. policies for non-traditional professions are increasingly more straightforward and should be able to cope with the specific requirements of particular professions.

**The list of non-traditional professions is almost endless. Does it include you and if so, should you consider P.I. cover?**

### Out - on a high note

Norfolk County Cricket Club, sponsored for the third and final year by the Alan Boswell Group has had a tremendous 2005 season, coming third in the county series and winning the MCCA Knockout Series with a visit to Lords thrown in!



### In - like a lion



As one sporting connection ends another begins, the Group is pleased to announce that it has renewed its sponsorship of Norwich Rugby Football Club (Lion Rugby) for the 2005/6 season. One of the oldest rugby clubs in the country (Founded 1885) the club plays in the highly competitive Powergen London League Two North.



# WHAT HAS THE FSA DONE FOR YOU?

A number of U.K. directors particularly those involved in the SME sector show an alarming lack of knowledge of the risks that they face personally – actions in certain circumstances by creditors, crown agencies in respect of taxation and duties, regulators, employees, shareholders and others. Actions against directors by the DTI have for example increased by more than 50% over the last four years.

Directors need to understand that the liability of directors and officers may well be unlimited and as a consequence in certain circumstances personal bankruptcy could result.

Also there is widespread uncertainty as to the nature of D. & O. cover. Many directors incorrectly believe that they are covered by E.L. and P.L. insurance. Directors should be aware of the Companies (Audit, Investigations and Community Enterprise) Act 2004, which details new provisions as to when companies can indemnify directors for their actions. (In effect in civil actions brought by third parties but not in criminal cases where there has been an unsuccessful defence).

Directors should be aware of efforts being made by professional bodies (auditors in particular) to limit their exposure to claims on the basis of for example a 'proportional liability' system where courts would determine the level of loss separately caused by the directors, the employees, the auditors, the bankers and perhaps the reporting accountants. This could in the future re-direct certain legal actions back towards directors and senior executives and away from professionals, who have in the past been perceived as having deep pockets/good insurance cover.

At present many D. & O. insurance premiums in the U.K. are only 20% of the U.S. levels, because of a less litigious environment. In the U.S. there has been an explosion in the numbers and size of lawsuits. It is believed that U.S. plaintiffs are currently seeking in excess of \$60 billion in class action suits. However some high profile legal cases are currently causing U.K. directors to focus fairly keenly on the advantages of having adequate D. & O. cover.

**An Alan Boswell leaflet on the subject of D. & O. cover is now available, if you would like a copy please contact: David Tuttle on 01603 218014 or e-mail him on [dtuttle@abib.co.uk](mailto:dtuttle@abib.co.uk).**

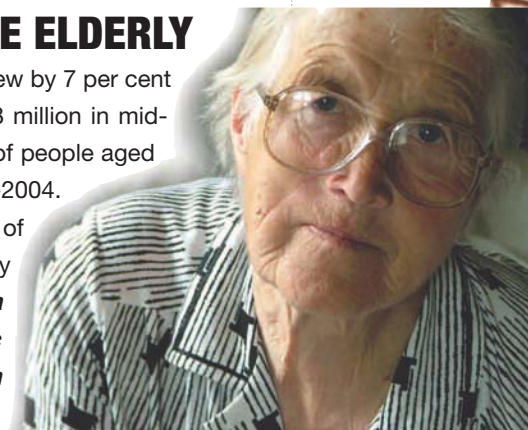
The Financial Services Authority took over responsibility for the U.K. General Insurance intermediated and direct sales industry at the beginning of 2005. There have already been some signs that the FSA's involvement will bring about many changes.

One major theme to have emerged is the FSA's insistence on safeguards for client's money. The FSA's regulatory predecessor (GISC) had already demanded

## LONG-TERM CARE PLANNING FOR THE ELDERLY

Office for National Statistics data shows that the population grew by 7 per cent in the last thirty years or so, from 55.9 million in 1971 to 59.8 million in mid-2004. Within the population aged 65 and over, the proportion of people aged 85 and over has increased from 7% in mid-1971 to 12% in mid-2004.

Statistics also show that 40% of over 75's will need some form of care or assistance with everyday tasks where state help is likely to be limited because nursing care is not required. **ABCO has a specialist who can advise on financial planning for this specific requirement. Call Jill Pullin on 01953 458832 or email her on [jillpullin@ab-co.net](mailto:jillpullin@ab-co.net)**



stringent requirements to maintain separate client bank accounts (for those brokers who were members - Alan Boswell Group included). The FSA has in the last few months found many imperfections in the client money handling operations of a number of those in the industry that it has visited.

One useful development caused by the new FSA regime is the rapid growth of 'risk transfer' provisions in the terms of business agreements between insurers and proactive brokers such as the Alan Boswell Group. What this effectively means is that in the vast majority of cases all money received from clients is treated upon receipt by the broker as though it has been legally received by the insurer and thus the client is completely protected straight away. We are attempting to persuade the small number of insurers that have not yet agreed to 'risk transfer' to change their business terms so that the entire industry acts the same way.

Otherwise the FSA rules have as anticipated caused a substantial increase in the amount of paperwork that we are obliged to send to clients. Also the rules appear to have had a significant affect on the way business is done in certain areas. For example a recent survey suggests that the average Private Motor Insurance telephone call has increased in length by about 33% in order to cover the FSA rules requirements. On an optimistic note we have established a good working relationship with our FSA Dedicated Relationship Manager. It is probably a good sign that we have actually had very little contact from her!



After 6th April 2006 SIPPS (Self Invested Personal Pensions) will be able to own residential properties. Property owning SIPPS are likely to be of interest particularly to those that want a significant property element in their pension funding. Current buy-to-let property owners with larger mortgages will probably not find the prospect of moving existing properties across to a SIPP very attractive, because of possible capital gains tax and stamp duty payable as a result of the transfer. With large mortgages the advantages of surplus rental income being tax free is reduced because of the mortgage interest payable. The mortgages will also be restricted by the SIPP borrowing rules (a maximum of 50% of the value of the fund).

It is the purchase of new property after 6th April 2006 – especially property with low borrowing attached – that is most likely to be suitable for a SIPP. Future capital growth and surplus income will be tax free. Under the new Pension Rules there will be other relaxations - for example an annuity does not have to be bought at the age of 75 and it may be possible to pass on the pension fund after death to dependants or family members.

**Detailed advice on the advantages or otherwise of owning residential property via a SIPP is available from ABCO's John Pullin on 01603 218020 or e-mail him on [jpullin@ab-co.net](mailto:jpullin@ab-co.net).**

## MORTGAGES - TWO YEARS ON

ABCO's Independent Mortgage Service has already experienced high volumes of interest. Clients have been eager to refer friends and colleagues once they have experienced our professional and personal service. We also work very closely with a number of professional introducers such as Solicitors, Accountants, Estate Agents and some Banks. These introducers increasingly recommend our mortgage services as their preferred choice.

Confidence in the market helped by the Bank of England Base Rate reduction is encouraging more and more clients to move house and to buy properties to let. Commercial Mortgages are also on the increase and we are often able to obtain more competitive deals on behalf of our clients.

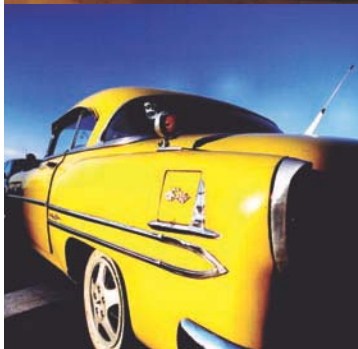
The department is fast approaching its second anniversary. Our plans ahead are both exciting and ambitious and include expanding the team to cope with the increasing demand.

**For assistance with your mortgage requirements please contact Vicki Charles – Mortgage Manager - on 01603 218082 or e-mail her on [vcharles@ab-co.net](mailto:vcharles@ab-co.net).**

# TRAINING, DEVELOPMENT & PROFESSIONALISM

Alan Boswell Group is committed to train and develop all staff to as high as possible a level. Considerable internal resources are devoted to this end and at the present time over twenty of our younger general insurance staff are attending night school classes or studying through a correspondence course. All financial services staff are fully qualified to FPC 3 and beyond.

Our Investors in People assessor recently wrote 'I have rarely come across an organisation where morale is so high and the staff are so full of positive thoughts. With this attitude and the combination of training for success, I believe the future is bright'.

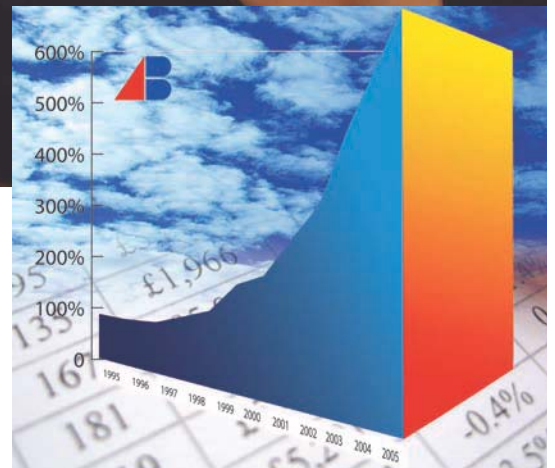


## CHANGE YOUR RIDE!

There is a growing trend in the number of modifications to motor vehicles, the non-disclosure of these modifications to insurers and surprise, surprise – the number of motor claims being declined as a result. Many cars are being customised, 'chipped', given nitrous-oxide kits, having tinted windows added and modified in a variety of weird and wonderful ways.

Non-disclosure may lead in certain cases to the insurer voiding the policy and returning the premiums.

INVESTOR IN PEOPLE



## GROUP GROWTH CONTINUES

Despite having made few acquisitions in the last three years and a softening market, the AB Group continues to expand – mainly through organic growth.

The Group is currently rated 88th largest in the U.K. Insurance Brokers and related industry rankings and we hope in the light of considerable further expansion in the current financial year to continue to climb rapidly up the table.



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