

**PRESS RELEASE**

## **THE PURPOSE, PRINCIPLES AND PRACTICES OF GENERAL INSURANCE: EXPLAINED MANAGING BROKER TENDERS: EXPLAINED**

*Two new guides, which form part of the popular Airmic EXPLAINED series of guides. Published with Mactavish, these guides are intended to be used by Airmic members starting out in their career in the profession, for those who may be new to this subject, or to share with their business colleagues in areas such as Finance, Legal, Procurement, Information and Technology, Internal Audit, and Human Resources.*

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### **THE PURPOSE, PRINCIPLES AND PRACTICES OF GENERAL INSURANCE EXPLAINED**

The guide plots the history and purpose of insurance which is so often missing from other introductory guides on the subject. The history is important as it explains the background to the principles of insurance and the terms used, many of which still apply today and remain the foundation for managing risk and insurance in our increasingly complex world.

The guide provides a 'one-stop-shop' description of the many types of insurance available, including an insight into new types of cover and solutions, the roles and responsibilities of different stakeholders, and an introduction to selecting an intermediary and insurer – and, having purchased insurance, how to get claims paid

The Insurance Act of 2015 remains one of the most important pieces of legislation affecting insurance law in the past century – buyers need to understand what this means to them. Lastly, managing insurance is all about managing risk, and so the guide would not be complete without consideration of how risk and insurance are connected.

### **MANAGING BROKER TENDERS: EXPLAINED**

Choosing an insurance broker is an important decision in the purchase of insurance. This guide is designed to offer advice on the process of running a tender for services and negotiating a contract with a broker, and includes a list of key issues the buyer should discuss with their insurance broker or intermediary.

The guide considers broker engagement terms and remuneration, with a summary of the types of broker income, what these mean, and why they might be paid. Matters concerning broker conflicts of interest, disclosure and limitation of liability are discussed. It is standard practice for a broker to agree service levels and there should be a set of expectations clearly set out by the broker covering how the relationship between the broker and the buyer will be serviced. The guide provides a summary of some of the considerations associated with this.

The guide concludes with a list of key issues the buyer should discuss with the broker and covers all stages in the purchase and servicing of an insurance contract. A short guide like this cannot cover all matters in all circumstance associated with the complexities of the broker and buyer relationship, but it does provide a clear route map of the broker tender journey with information to help the buyer ask informed questions along the way.

## PRESS RELEASE

Julia Graham, CEO, Airmic, commented on the **Principles and Practices of Managing Insurance Guide**: “Insurance should help communities and society to become more resilient and to achieve a balance between avoiding risk and taking risk. The guide provides a great introduction to a complex subject. It endorses that risks must be constantly assessed and insurance arrangements constantly reviewed to ensure they remain relevant. Airmic encourages the insurance market to reward well managed risk – it makes good business sense – this guide provides a contribution towards helping all players in an insurance relationship realise that ambition”

Heidi Carslaw, Managing Director, Mactavish, commented on the **Managing Broker Tenders Guide**: “Choosing an insurance broker is an important decision in the purchase of insurance and this guides sets out to provide guidance on making informed purchasing decisions. By using an independent and expert advisor such as Mactavish, a buyer can gain an holistic overview of the insurance market and bring on board external expertise to help navigate the many challenges of running an insurance tender. This helps to focus fully on the essential outcomes of a) quality of protection and b) value for money. This guide extolls our belief that brokers must be held to account, ensuring that they remain honest in their relationship with the client. The guide encourages expert external verification of the cover being proposed and an independent review on its fitness for purpose”

## ABOUT AIRMIC

The leading UK association for everyone who has a responsibility for risk management and insurance in their organisation, Airmic has over 450 corporate members and more than 1,500 individual members. Individual members are from all sectors and include company secretaries, finance directors, and internal auditors, as well as risk and insurance professionals. Airmic supports members through learning and research; a diverse programme of events; developing and encouraging good practice; and lobbying on subjects that directly affect our members and their professions. Above all, we provide a platform for professionals to stay in touch, to communicate with each other, and to share ideas and information.

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## ABOUT MACTAVISH

Mactavish is the UK's leading independent outsourced insurance buyer and claims resolution expert. We support our clients by helping them identify their risks, design their insurance programmes, improve the reliability of their cover, and manage costs down. We work independently to represent policyholders' interest only and receive no commissions or fees from insurers or other third parties. Our clients value this independence and see us as a powerful force for change in an industry that all-too-often takes its customers for granted. Our roots are in deep analysis of risk and insurance contracts, and we played an instrumental role in designing key legislation such as the Insurance Act 2015. Building on that heritage, we have developed a unique offering that combines unrivalled technical and legal knowledge, with commercial know-how and buying power. Our clients come to us when the insurance market has let them down. They never go back to the old-fashioned way of doing things.

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