



consultancy engineering business environment

New ACE PI Insurance Scheme

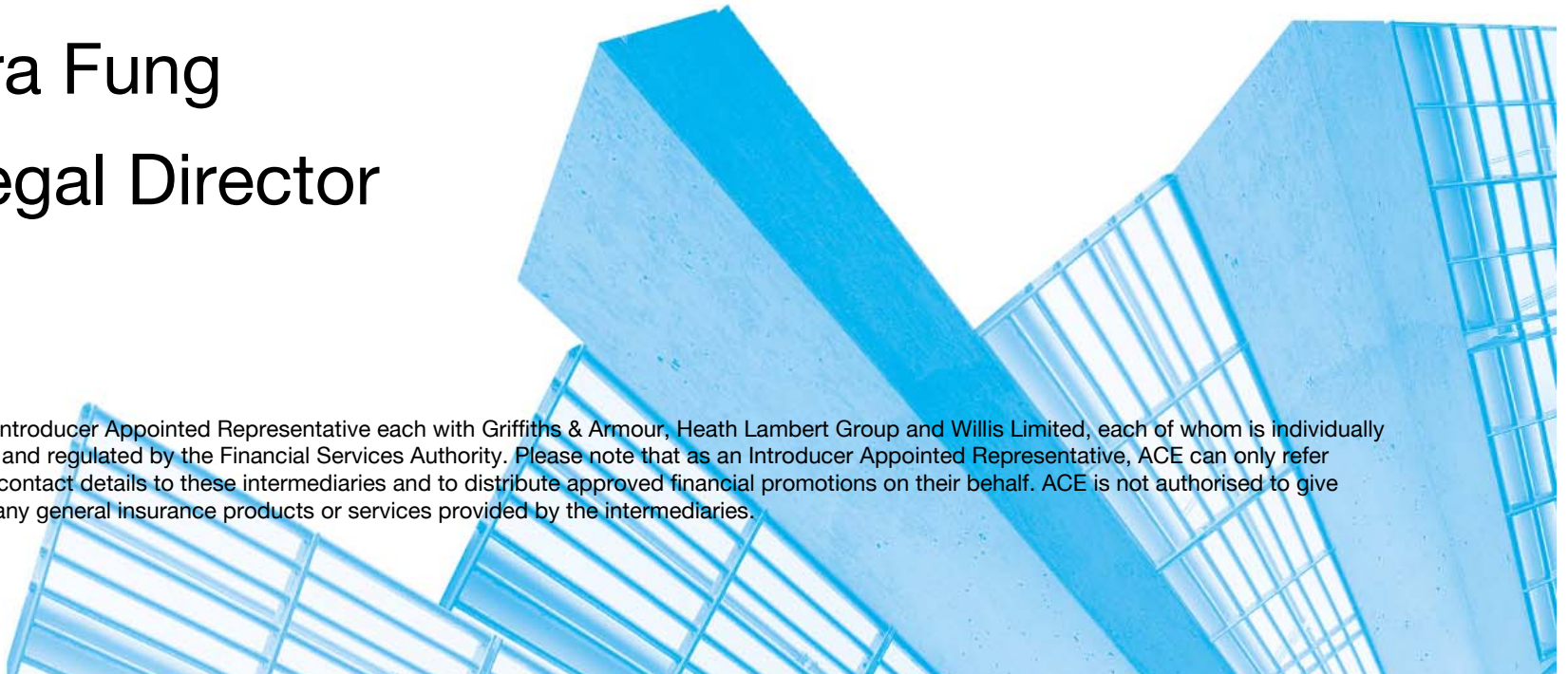
Nelson Ogunshakin

- Chief Executive

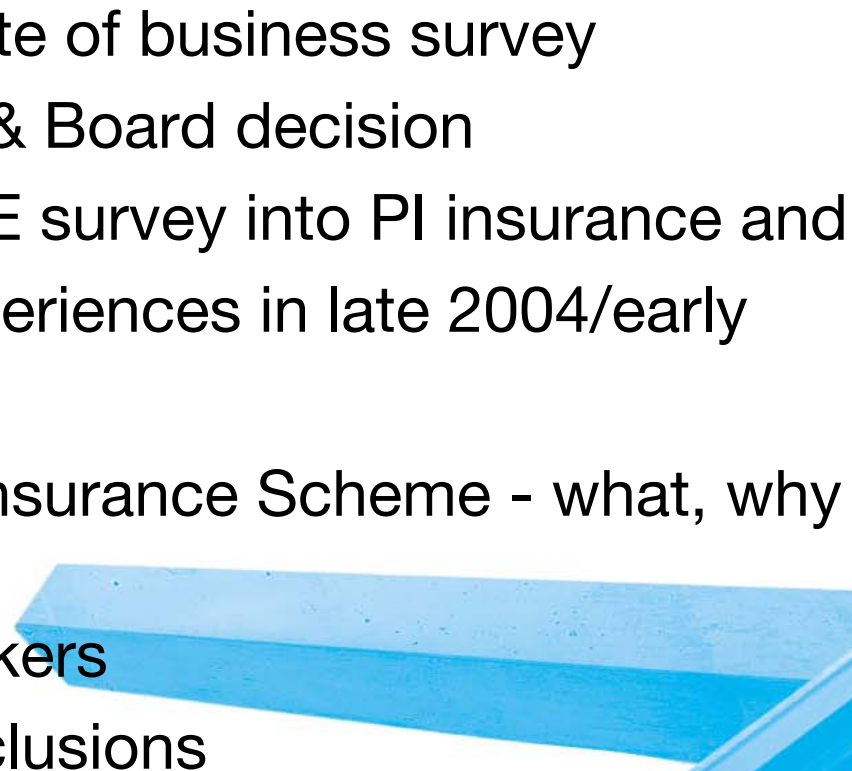
Nora Fung

- Legal Director

ACE is an Introducer Appointed Representative each with Griffiths & Armour, Heath Lambert Group and Willis Limited, each of whom is individually authorised and regulated by the Financial Services Authority. Please note that as an Introducer Appointed Representative, ACE can only refer members' contact details to these intermediaries and to distribute approved financial promotions on their behalf. ACE is not authorised to give advice on any general insurance products or services provided by the intermediaries.



Introduction

- ACE 2005 State of business survey
 - ACE strategy & Board decision
 - Results of ACE survey into PI insurance and members' experiences in late 2004/early 2005
 - New ACE PI Insurance Scheme - what, why and how
 - The panel brokers
 - Q&A and conclusions
- 

PI premiums and excesses (% of T/O)

Premiums

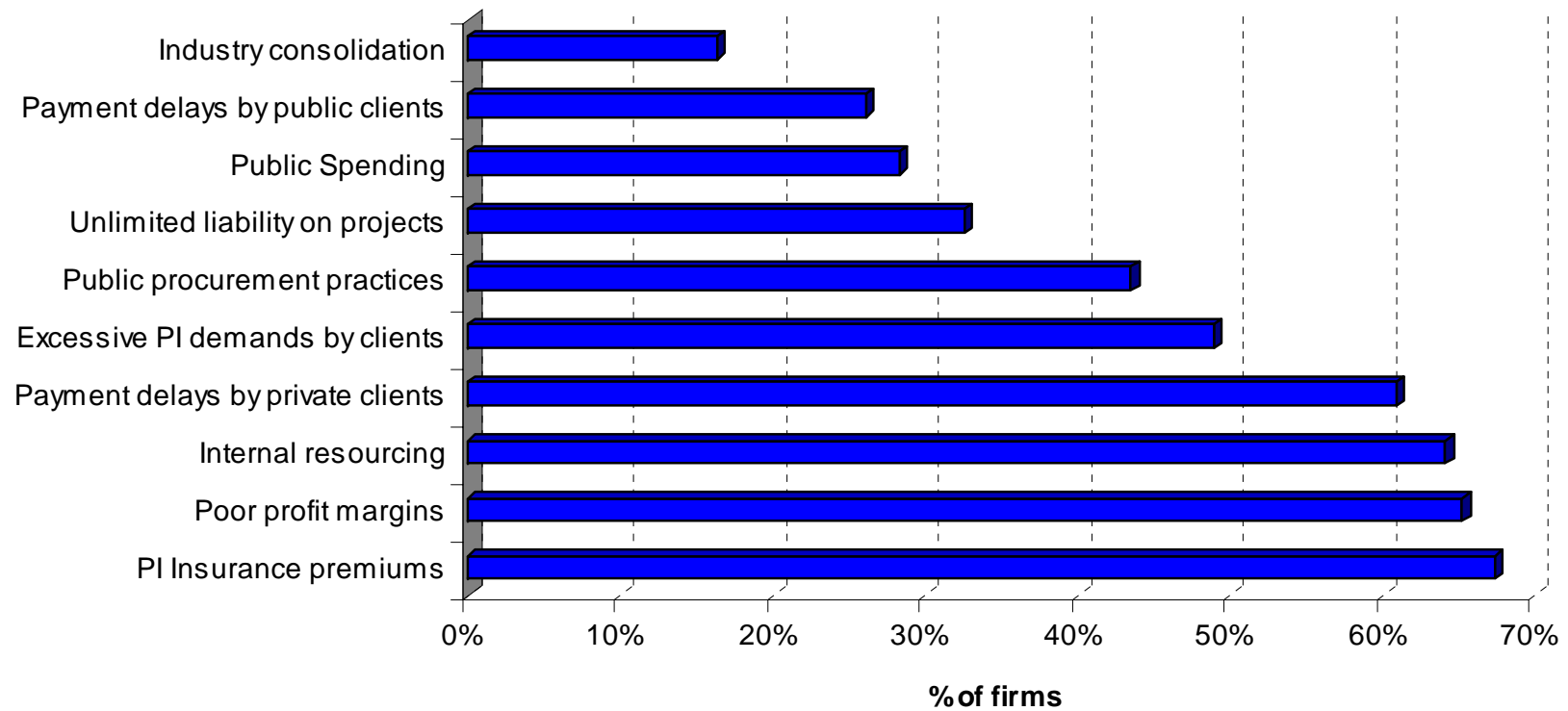
	Current	3 years ago	5 years ago	10 years ago
Average	4.12	3.44	2.93	2.82
Max	24.00	16.00	19.00	10.00
Min	0.02	0.01	0.01	0.09

Excesses

	Current	3 years ago	5 years ago	10 years ago
Average	1.85	1.53	1.28	1.30
Max	20.00	10.00	10.00	5.00
Min	0.01	0.01	0.05	0.01

Concerns

Top five concerns for firms



ACE three-pronged approach

- Reform of Liability Law
- Risk management
- Review of insurance market – products and providers



ACE Board

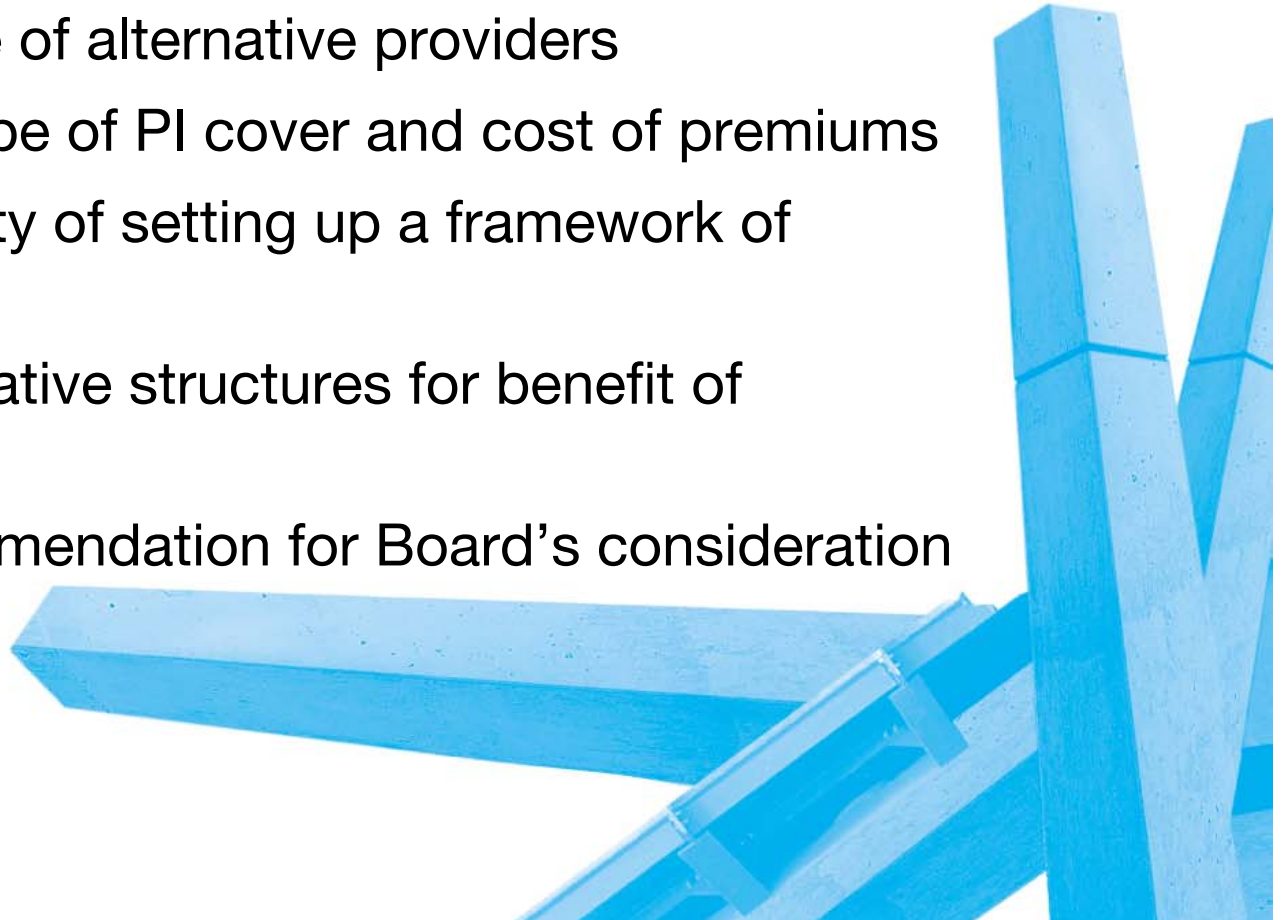
Appointment of ACE Insurance Steering Group

- Board members
- Representatives from member firms



Mandate of Steering Group

- Consider scope of alternative providers
- Investigate scope of PI cover and cost of premiums
- Consider viability of setting up a framework of providers
- Consider alternative structures for benefit of members
- Produce recommendation for Board's consideration



Steering Group actions - Invite written submissions

- Length of time in PI market
- Whether cover available to overseas firms
- Characteristics of PI scheme
- Benefits of policy coverage
- Underwriting team



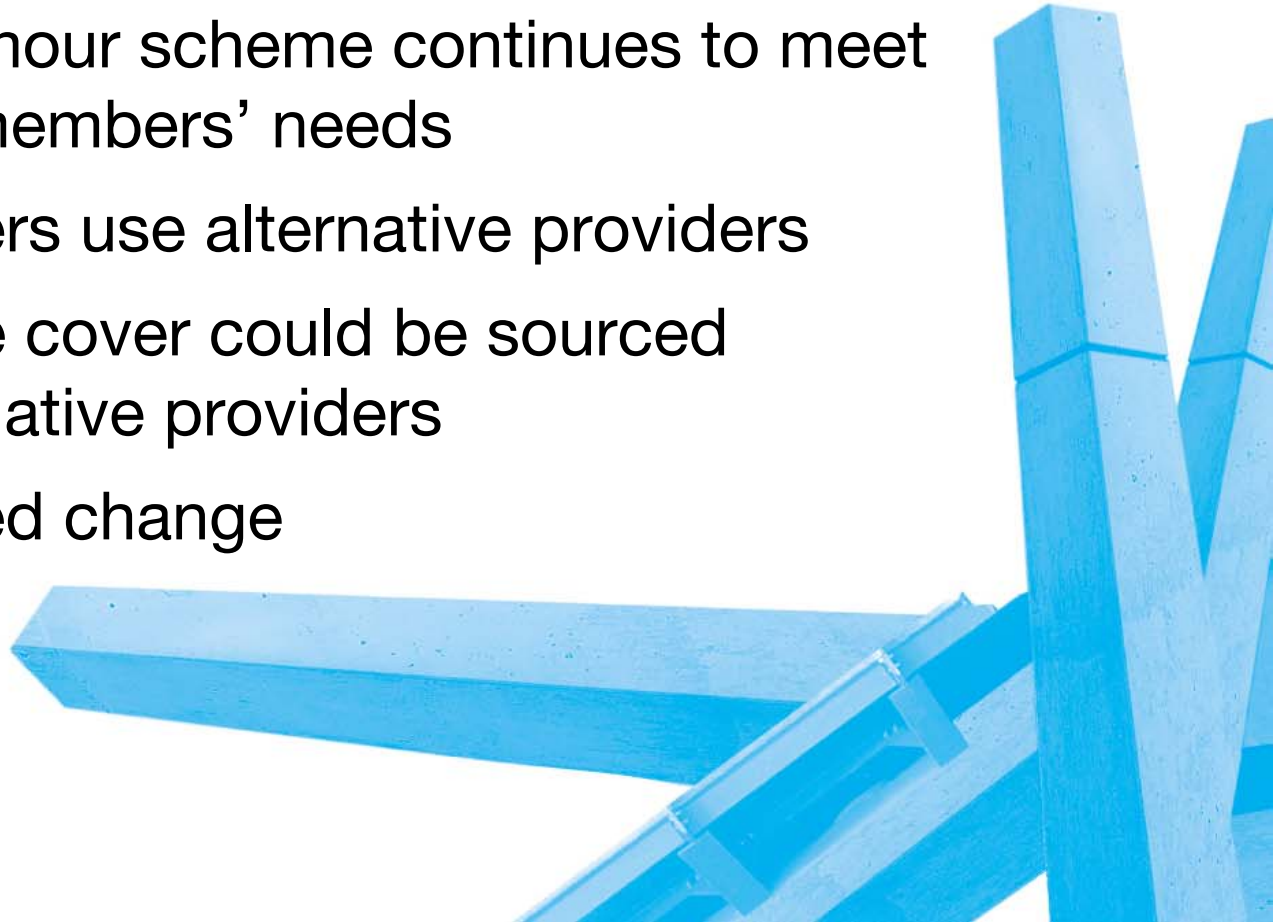
Steering Group actions

- Presentations and interviews
- Preparation of report for Board's consideration



Steering Group conclusions:

- Griffiths & Armour scheme continues to meet a section of members' needs
- Some members use alternative providers
- Cost-effective cover could be sourced through alternative providers
- Recommended change



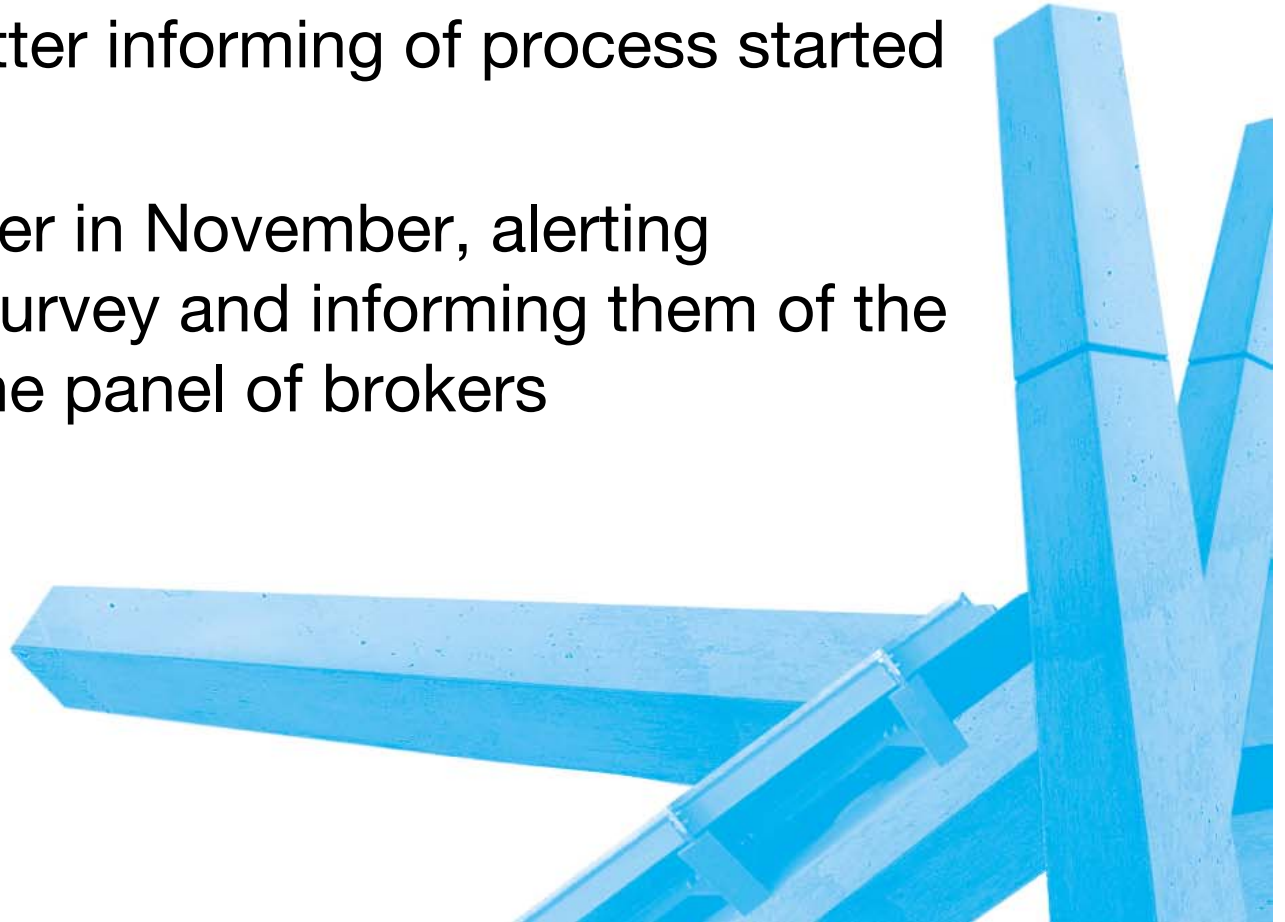
Next Step:

- Develop and implement strategy for formation of an ACE panel of brokers
- Survey to establish members' specific needs
- Feedback to Board
- Establishment of an ACE Insurance Group
- Role of ACE in light of FSA Regulations

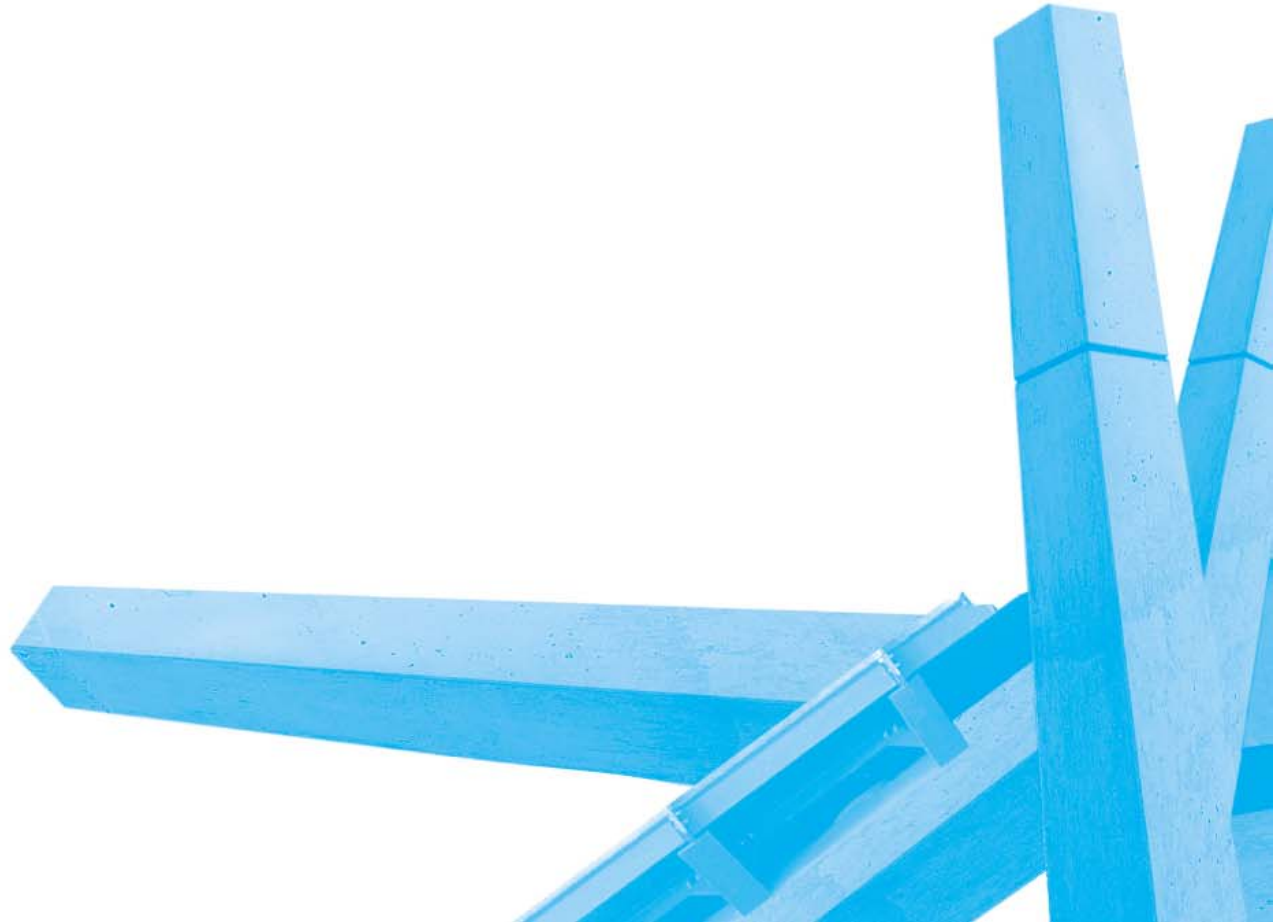


Information to members

- September letter informing of process started by Board
- Follow-up letter in November, alerting members to survey and informing them of the identities of the panel of brokers



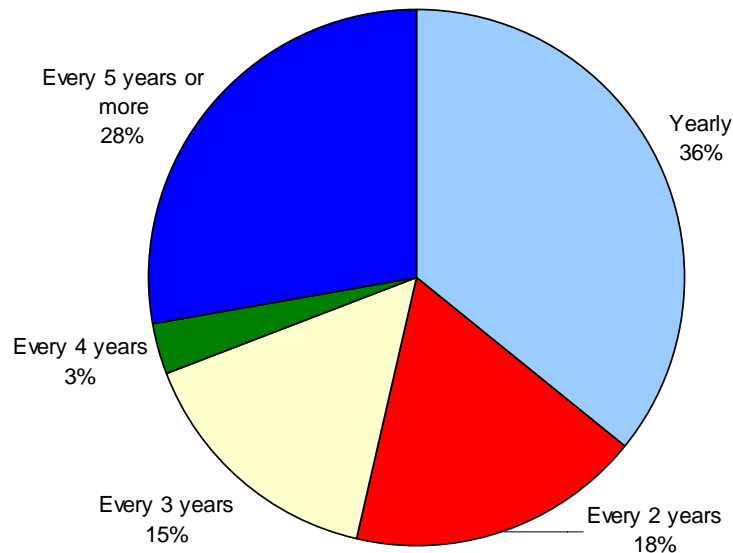
Highlights of survey



Obtaining quotes



How often do you obtain alternative quotations

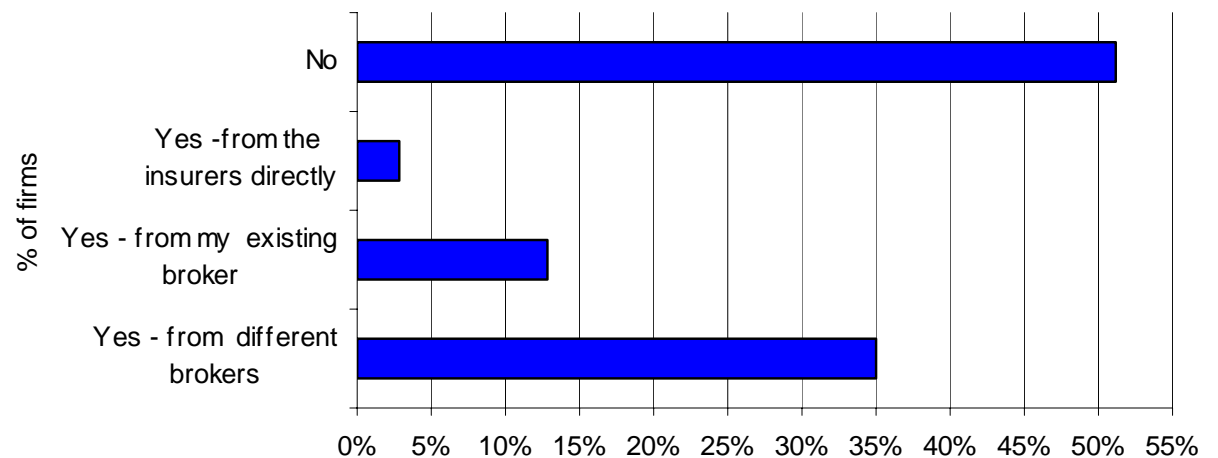


Half of responders found comparing quotes easy

A third could compare quotes with some difficulty

One in ten could not compare quotes

Did you obtain alternative quotes at the time of your last renewal



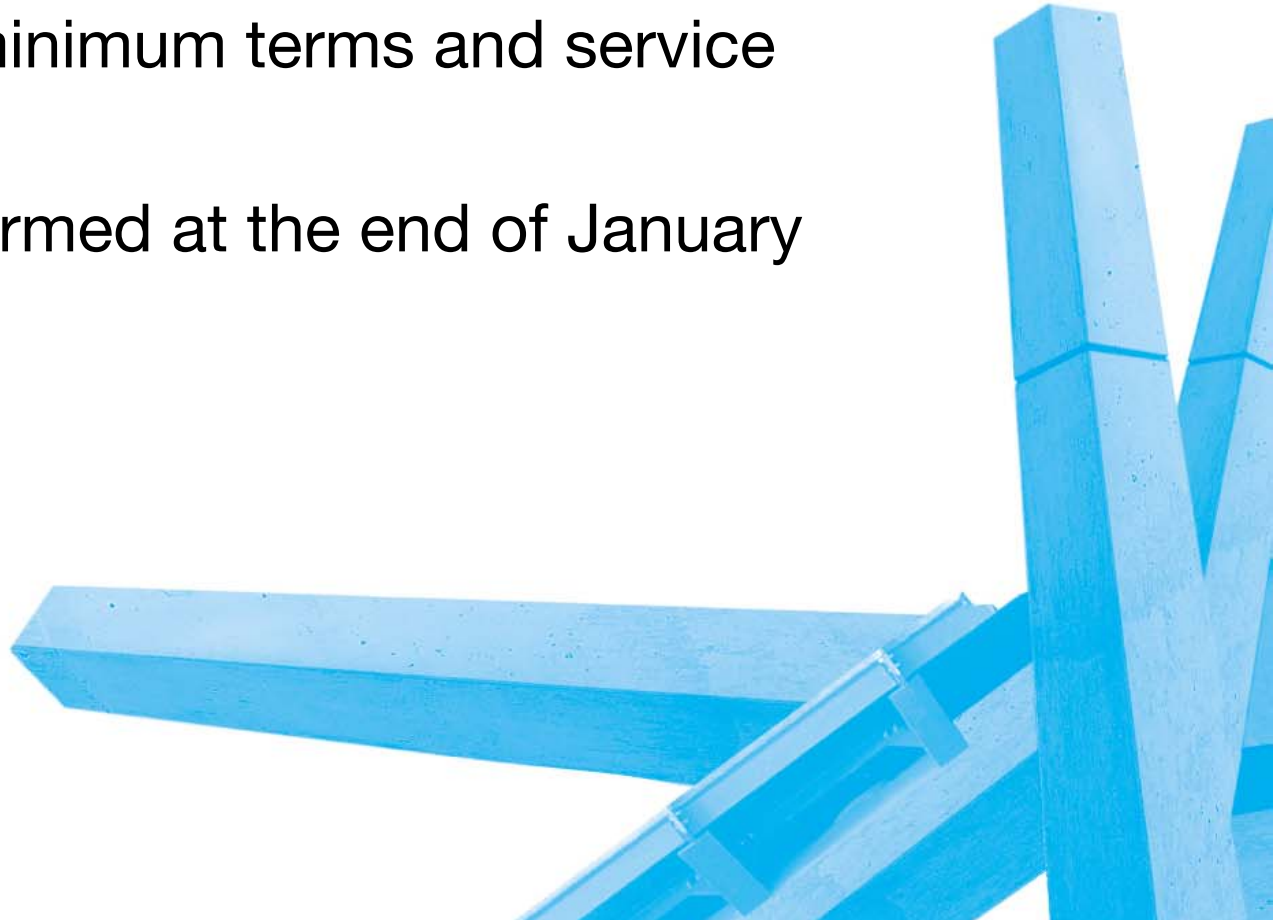
Core requirements

- PII cover for each and every claim rather than aggregated for all claims during a policy year
- Cover tailored for specific needs
- Easy access to legal advisers
- Advice and assistance on claims



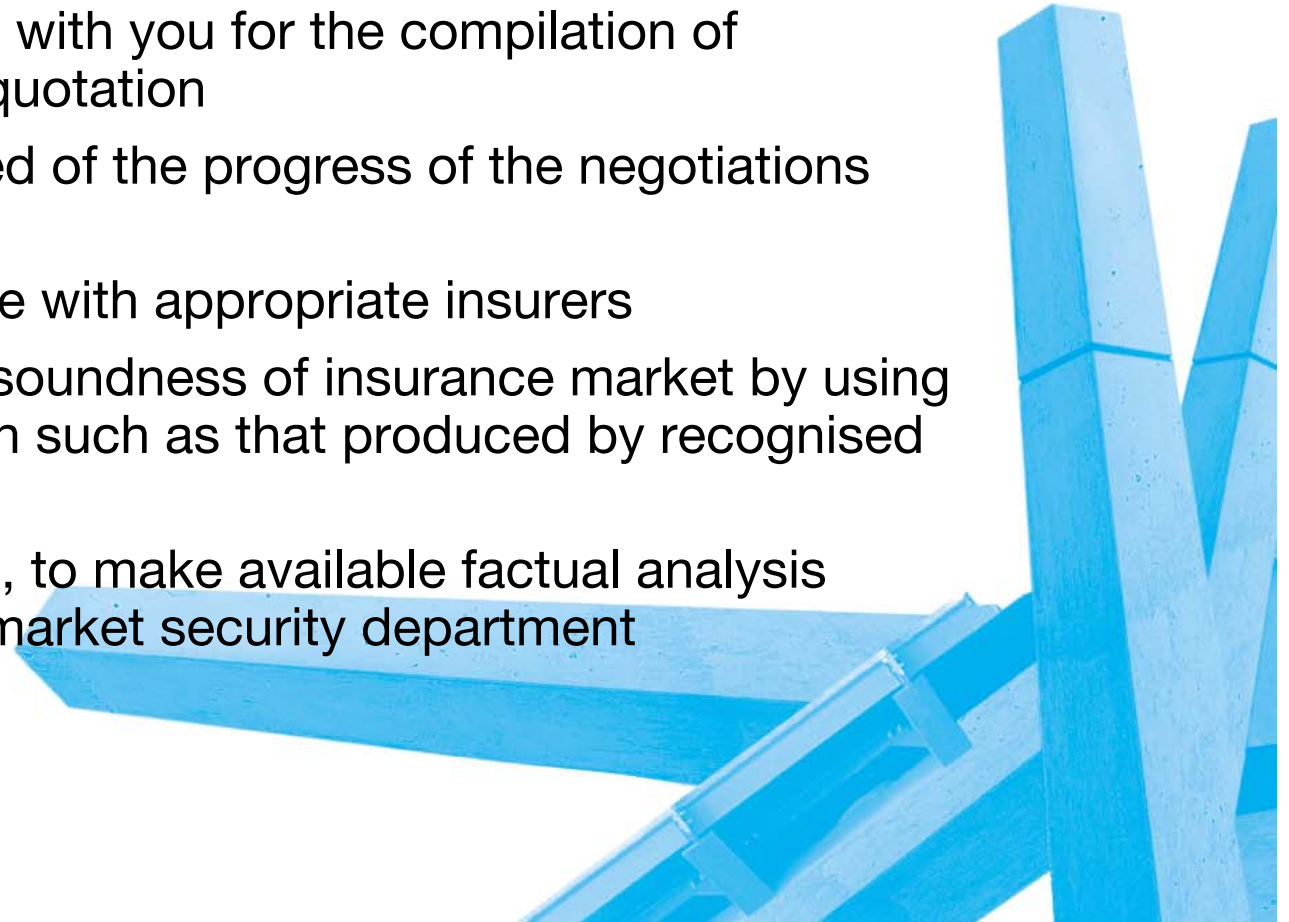
Finalisation

- Wording on minimum terms and service standards
- Members informed at the end of January 2006



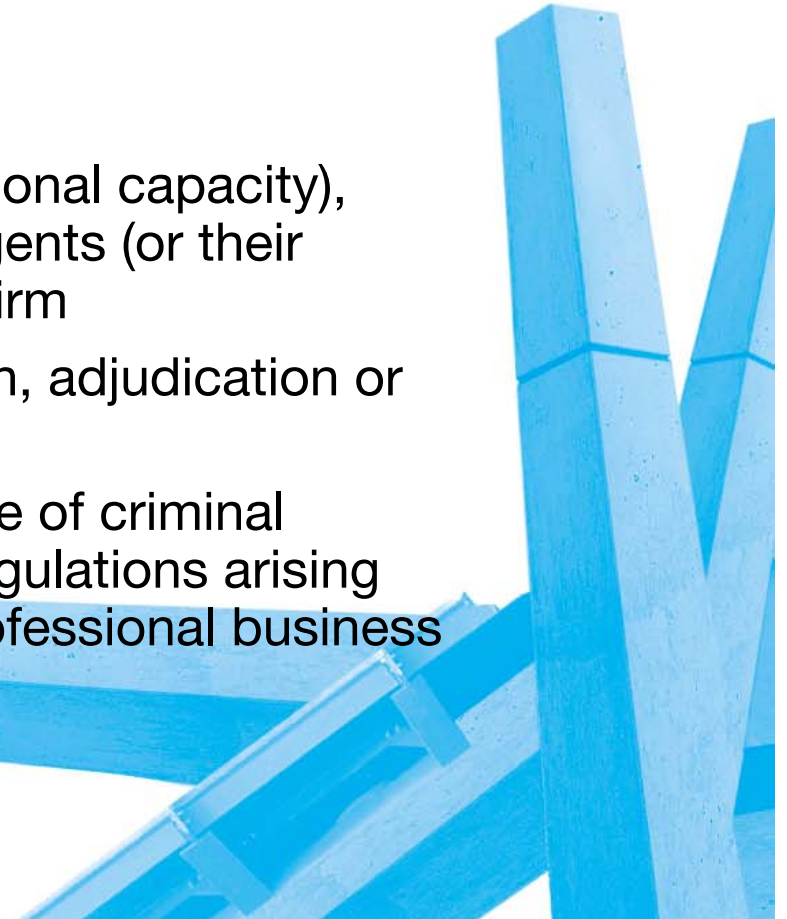
Minimum service standards

- Agree timescales with you for the compilation of information and quotation
- keep you informed of the progress of the negotiations with insurers
- Arrange insurance with appropriate insurers
- Assess financial soundness of insurance market by using public information such as that produced by recognised rating agencies
- Where requested, to make available factual analysis produced by its market security department

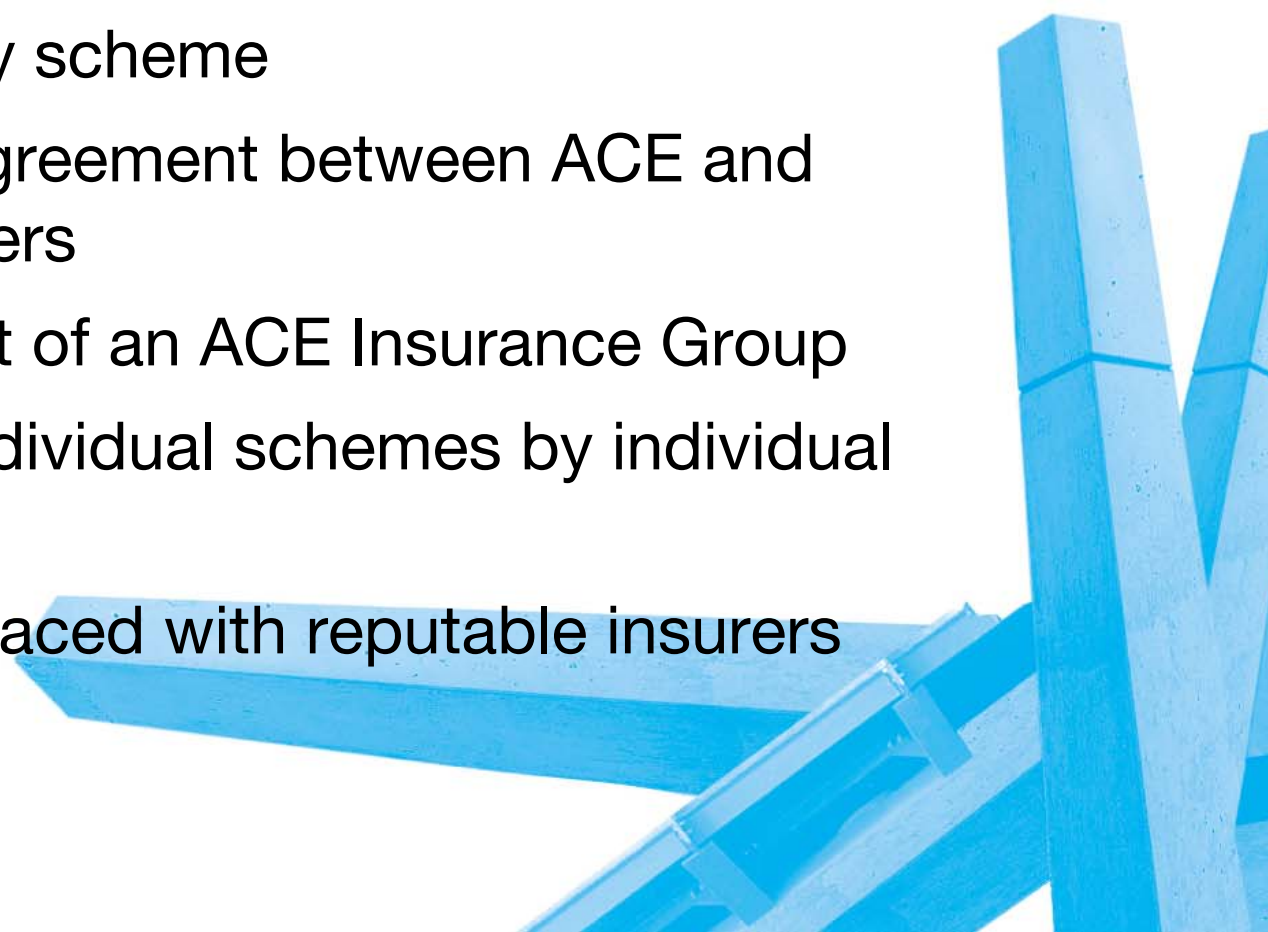


Minimum terms

- Annual claims made basis
- Civil liability insuring conditions
- Includes member firm (in their professional capacity), predecessors as well as persons or agents (or their predecessors) employed by member firm
- Covers liability arising out of arbitration, adjudication or other ADR
- Cost and expenses incurred in defence of criminal proceedings for breach of statutory regulations arising out of the conduct of the insured's professional business



What does this mean for you?

- Members only scheme
 - Formalised agreement between ACE and panel of brokers
 - Establishment of an ACE Insurance Group
 - Running of individual schemes by individual providers
 - Risks to be placed with reputable insurers
- 

The brokers

Griffiths & Armour

 Heath Lambert Group

Willis



Griffiths & Armour

- Insurance advisers to ACE since 1945
- Currently represent and advise 70% of ACE members and 3250 construction professionals in UK and Ireland
- Established, exclusive PI Scheme in place for members
- Support from established insurance markets
- No claim turned down in Scheme's 60-year history
- Provide quality independent advice on insurance and professional liability issues
- A network of key partners experienced in handling PI claims in all UK jurisdictions and worldwide



Griffiths & Armour Professional Risks

Informed and innovative advice provided from key UK
Regional Centres

- Liverpool
- London
- Manchester
- Glasgow
- Watford

By a team of specialist PI brokers acting solely for ACE
members



Griffiths & Armour Professional Risks

Contact:

Stephen Bamforth

Managing Director

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sbamforth@griffithsandarmour.com

Paul Berg

Director

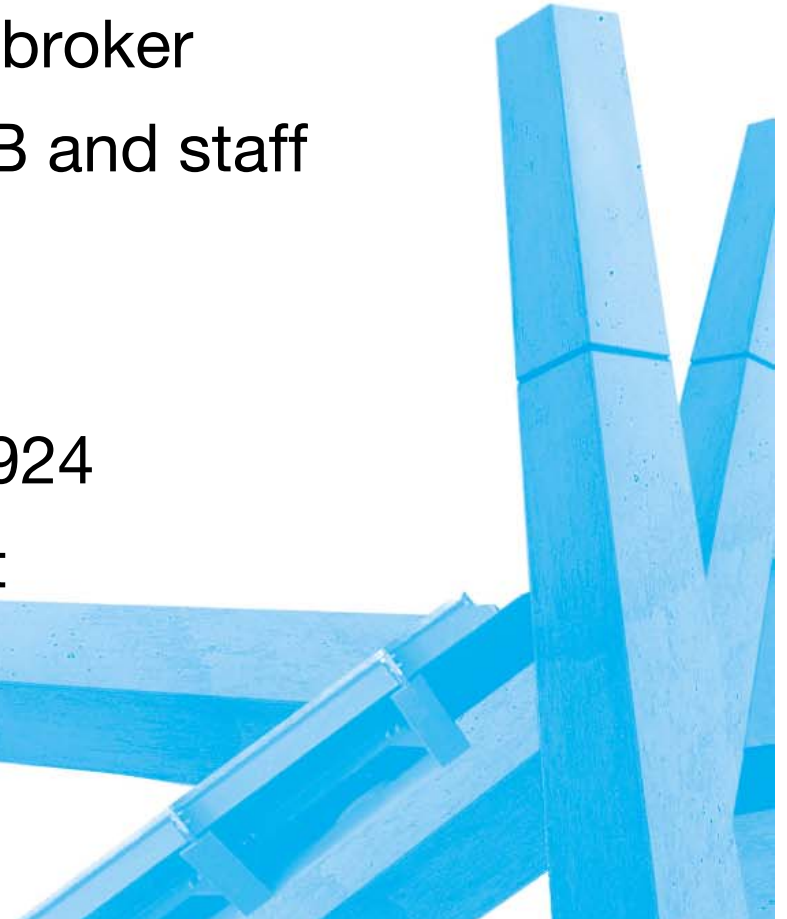
Tel: 0151 600 2032

pberg@griffithsandarmour.com

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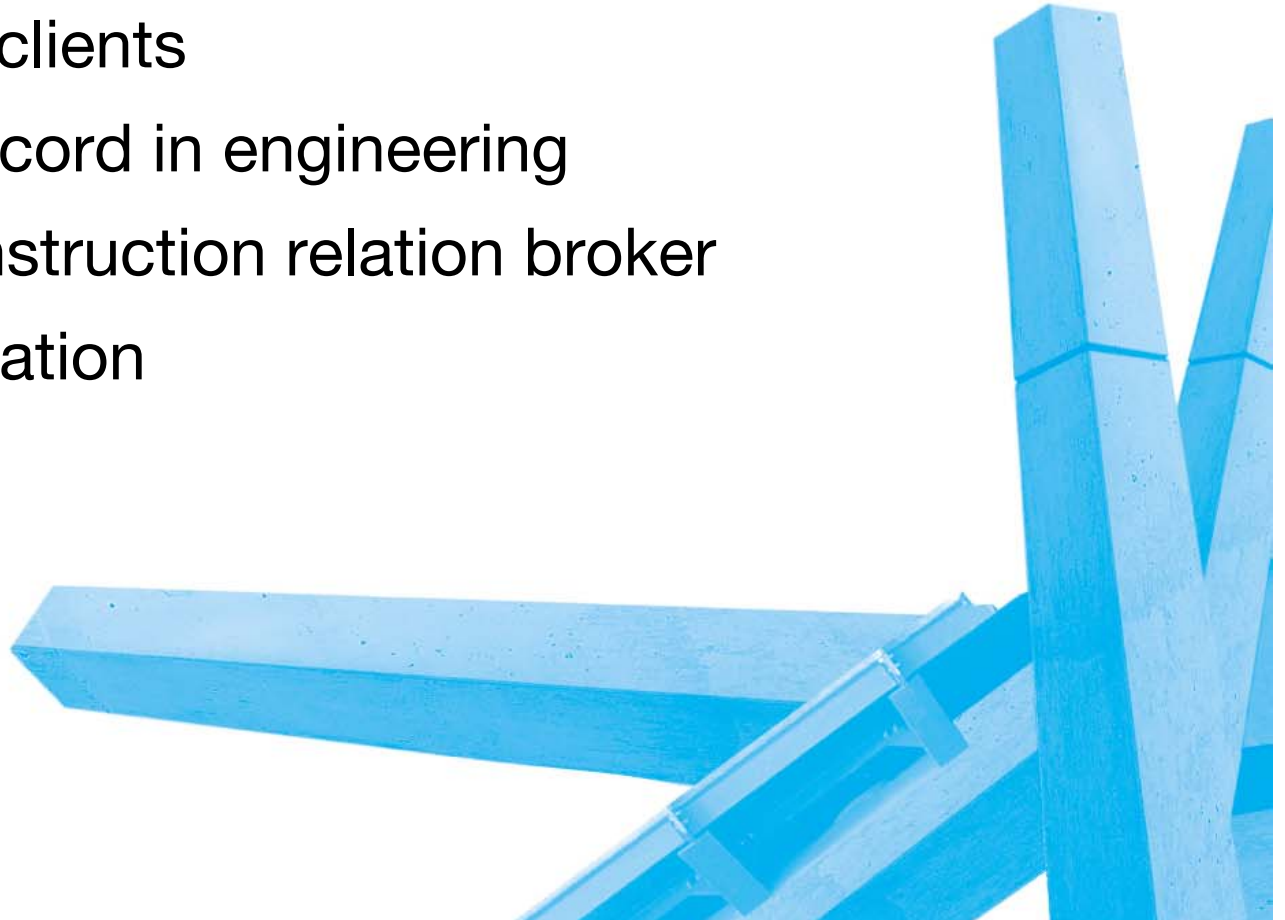
‘Surprisingly Different’

- Europe’s leading independent broker
- Major shareholders RBS, CSFB and staff
- 2000+ staff
- Established in 1800s
- Specialist PI company since 1924
- A major player in the PI market
- Different and better



Heath Lambert – Credentials

- Over 4000 PI clients
- Great track record in engineering
- Specialist construction relation broker
- RIBA accreditation



Main Contacts:

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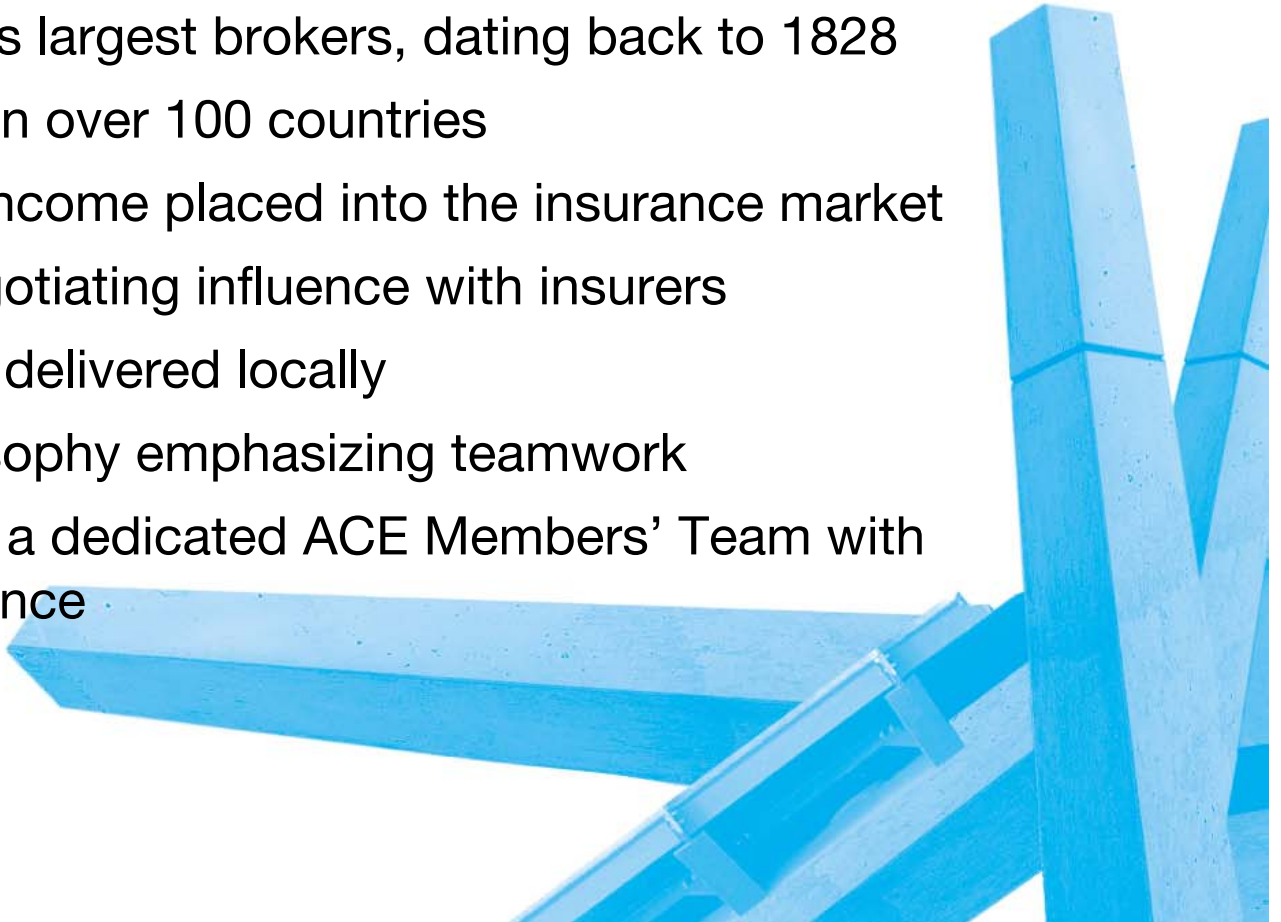


Willis



‘Global, Local, Professional’

- One of the world’s largest brokers, dating back to 1828
- Over 300 offices in over 100 countries
- £16bn premium income placed into the insurance market
- Considerable negotiating influence with insurers
- Global resources delivered locally
- “One Flag” philosophy emphasizing teamwork
- Willis has formed a dedicated ACE Members’ Team with extensive experience



Willis's ACE Members' Team

- **Michael Earp, Executive Director, 020 7975 2356**
Leading the Team with 29 years construction insurance experience as a broker and underwriter
- **Andrew Marsden, Account Executive, 020 7975 2804**
Over 15 years construction PI experience as a broker and an underwriter
- **Gary Caley, Divisional Director, 020 7975 2878**
Heads Willis' Construction and Property Industry practice group with 13 years experience



Willis's ACE Members' Team

- **Andrew Fryer, Executive Director, 020 7975 2312**

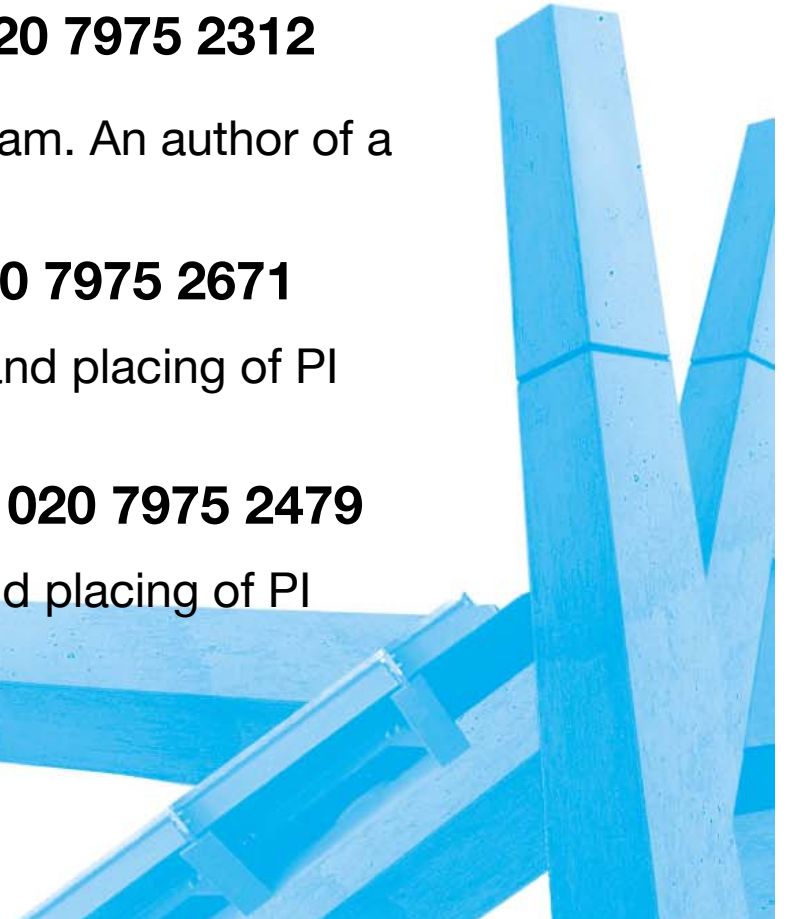
Practice leader of Willis UK & Ireland PI Team. An author of a book on PI for construction consultants

- **Andy Palmer, Divisional Director, 020 7975 2671**

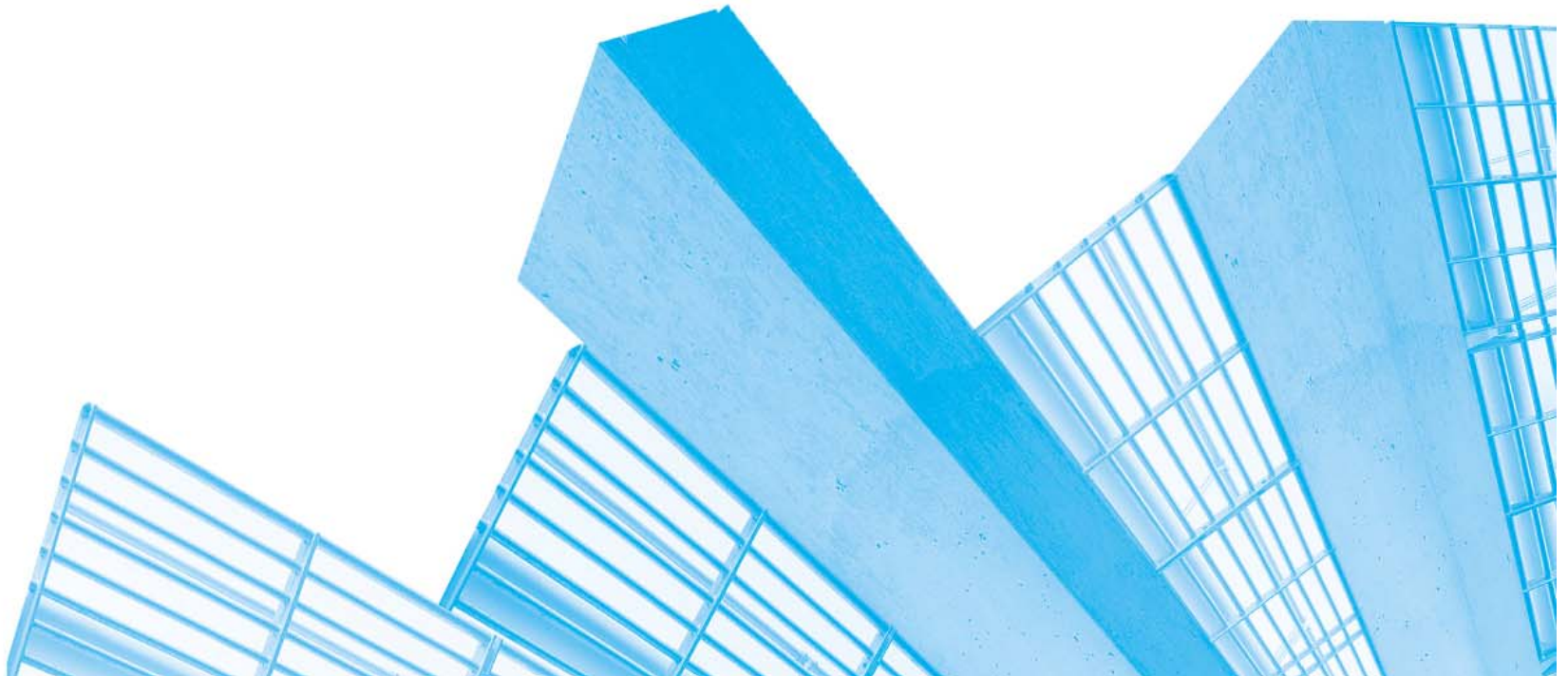
Over 15 years experience in the handling and placing of PI insurance for construction professionals

- **Kate Holdaway, Account Executive, 020 7975 2479**

Over 6 years experience in the handling and placing of PI insurance for construction professionals



Questions and Answers



Thank you!

