



TYASERS
SINCE 1820



LONDONCALLING NEWS

NEWS, VIEWS AND TOPICAL DEBATE FROM THE LONDON INSURANCE MARKET



“We just love a challenge and really look forward to meeting and beating the competition head on.”

David Doe
Editor

Welcome back **LONDONCALLING!**

Well hello and welcome back, to this the 'new' Tyasers edition of 'London Calling News' it's been a while but it was hopefully worth the long wait as we are absolutely delighted to have landed at Tyasers, one of London's most prestigious independent Lloyd's brokers with a superb reputation, a professional management team and been successfully trading since 1820!

Tyersers fulfill our ambition to work in an environment of stability, focused on providing a top level of service without interference from short term fixated management. Our picture has changed, and so has the economy, which almost despite the politicians, is now slowly coming out of recession and showing genuine signs of recovery and growth. It is impossible not to be enthusiastic about the future, we are, and so should we all be; we have finally got our mojo back!

One thing that we have been so very heartened by has been the huge amount of support that we have both maintained and even gained. Underwriters and business producers alike have confirmed their continued and expansive support of our unique suite of in-house underwriting products with the return (and we know you have missed them) of the Special Situations contract, our ever popular 'mission

impossible' underwriting contract as well as, of course, our evergreen Miscellaneous contract which is in its 17th year of underwriting. With an excellent spread of supporting Lloyd's underwriters and now with a Market leading 3,500 individual classes of professional businesses, it remains the broadest by class, and we like to think the very best MPL underwriting contract in the marketplace. We also retain our highly popular Architect & Engineer contract that we intend to expand on even more in the next year. We have added some new products to our stable of Lloyd's underwriting contracts such as Insurance Agents & Brokers and also Allied Healthcare and General Medical Malpractice contracts. There is one way to find out if we have managed to retain our legendary service - send us some business to T-Pro@tyasers.com. Our team of Sue Korth, Jon Doel and yours truly, has now further expert capability with Craig Urquhart, David Fowle and support from a myriad of additional property & casualty units. We just love a challenge and we really look forward to meeting and beating the competition head on. So give us a go and let's, get it on!

We have a number of articles of interest in this new edition of 'LC' and we certainly hope that you enjoy it, as ever, do let us know any views you have, or indeed if you would like to contribute.

Once again, it is good to be back, please enjoy this edition and as ever do let us have your views - we like the feedback!

David Doe, Editor

What's inside this edition of **LONDONCALLING**?



October~December 2013

THE GUV'NOR!

GARY ANDREWS – THE BOSS OF TYSERS NORTH AMERICA

If not for the smile and his engaging manner you might think of him as a head bouncer at a top night club. But Gary Andrews, Managing Director of Tysers North America, is no bad guy, with his disarming charm and thoughtful prose he is naturally relaxed and in-turn relaxes all around him, it all comes ever so easily.

He handles himself well, his political dexterity is legend, and he is probably one of the most professional brokers of his generation, skilled in the craft and trained well by 'Bicycle Bill' and others from three decades ago. He knows his way round the minefield of Lloyd's egos and has reached his elevated position through hard work and honesty. There are of course some oddities like the nostalgic relic hanging from the wall – a West Ham football shirt from sometime in the early 1980's (the last time that club won anything) it bruises the eyes as you walk into his office but quickly do the best thing and look away. The other wall is of more interest adorned with the various picture cartoons by H. M. Bateman, a refreshing and timeless view of Lloyd's from yesteryear, pure historical quality, every picture tells a story. His office has a grandstand view of the City of London looking west and south, a not so modest view from this most modest of men. But never underestimate him, he has a quick brain and he never, to anyone's knowledge, ever 'switches off' from work. His BlackBerry, rather alarmingly, seems to operate 24/7, and from all time zones! Gary, rather like a nuclear submarine doesn't need refuelling, he just goes on and on! In between the fullest of executive diaries Gary came up for air and gave London Calling a few wise words about Tysers North America.

"I've been at the helm here at Tysers North America since 2003 - it's been a real privilege and I really do enjoy it. We seem to have reached a certain level where it's calm, and confidence exudes the place, it really is very pleasing. We place probably something like \$300M of premiums into the market. Given the fast contracting nature of the London insurance market with a constant stream of mergers and acquisitions of brokers, we remain fiercely independent and therefore a refreshing change for those talented people and teams in our business wishing to avoid foreign management or the vagaries of institutional investors and equity managers. We offer a more stable platform and as such we get a great deal of enquiries from like-minded people. Those just wishing to get the job done in a professional environment without a backdrop of politics or interference. In a market of considerable change Tysers remains a rare constant, and we see this natural conservative position being in itself a big attraction to achieve controlled growth. We have a superb CEO in Chris Elliott and our Chairman, Christopher Spratt is absolutely top draw. Tysers is an established Marine broker, first trading in 1820, but now we are big, and getting bigger, in the North American, Property and Casualty scene, and we have made some noticeable people and team acquisitions. We have hugely increased our footprint over the last 10 years and continue to gain momentum. The further recent investments that we have made in setting up a new Construction Team and by gaining David Doe, Jon Doel and Sue Korth along with setting up the "TPro" in-house underwriting brand as well as launching Tysers "London Calling News" newsletter, just go to underline that we are intent on further expansion. These truly are exciting times for Tysers North America"

Gary Andrews

Managing Director, Tysers, North America



REASONS TO BE CHEERFUL - PART THREE! THE RECOVERY IS NOW GAINING MOMENTUM

Three reasons to be cheerful are clearly; global economic growth in the major mature economies has at last picked up, interest rates remain at very low levels and share prices have, despite continuing volatility, shown good growth.

These factors combined mean good news for the prospects of the current fledgling economic expansion actually continuing into something meaningful. Of course there are concerns. In Europe we should remain cautious particularly given the stubbornly high levels of unemployment and economic inertia especially in Spain (where unemployment rates of over 25% are socially as well as economically unsustainable) but also too in France and Italy, (it cannot be ignored and is hugely concerning) but Germany, as ever, has shown an up-turn and this vital core economy will help sustain the Euro and dictate continued effective euro-wide monetary policy. This of course assumes the 'natives' don't go 'off reservation' and certain nations vote in governments against the forced austerity and effectively vote for what exactly? I guess you would have to call it economic suicide. But Europe does have of course prior form when it comes to extremes of politics as a salvation and solution to social and economic ills. But there can be no mistaking that for the first time in five years, overall, the omens are good, just look at growth in business confidence and with it rising stock markets with the USA leading the way forward with the Dow Jones powering into record high territory and the UK FTSE 100 almost hitting an historical high, these are, for the brave, good times to invest in stock markets, although ironically

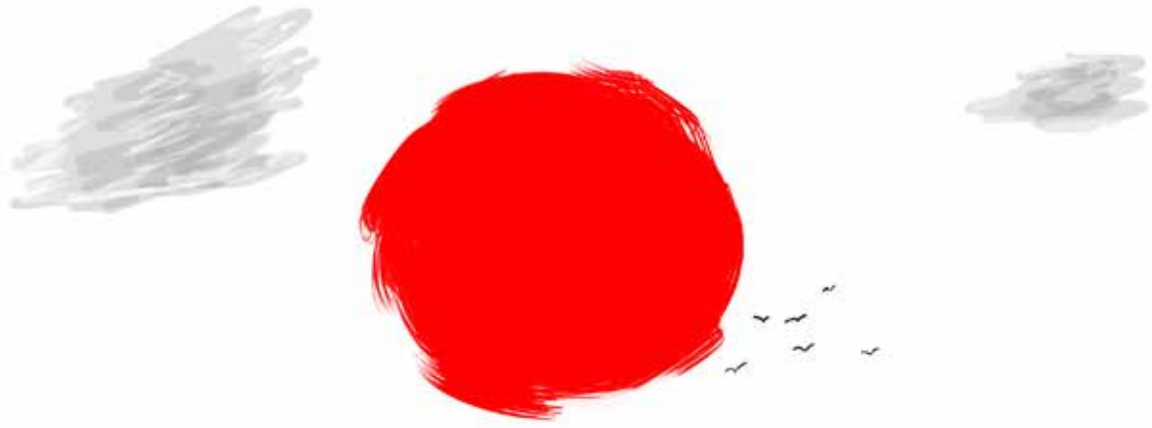
leading developing economies stock markets have slipped backwards. Be a bit braver still and go fishing outside of the ever popular 'blue chips' and even better returns can be found with those aspirational companies just outside of the more prominent index's, look beyond the DJIA (Dow Jones Industrial Average) and the Fortune 500 companies in the US and those in the FTSE100 and look at say US Small Caps and the FTSE250 and you are getting seriously exceptional 25%+ growth returns in the last 12 months.

'this is no normal recession'

Fiscal 'pumping' appears to be working, with expansive monetary policy in the major crisis impacted economies being; the USA, the Euro zone, the UK and now Japan (the Nikkei is up nearly 60% in the year) with interest rates being kept historically low, respective central banks continuing with various forms of 'quantitative easing' in buying up government bonds to stimulate their economies will continue a definite positive forward march. These are extraordinary measures but this has been an extraordinarily difficult recession to shake off. Historically if you look at recoveries after major catastrophic economic events such as the end of World War One in 1918, the Wall Street Crash of 1929 or the end of World War Two in 1945 all of these huge periods of economic destruction and upheaval were overcome by considerable economic growth within four years of each event, not so this time. Since 2008 and the world financial crisis, the world economy has stubbornly limped along in recession with occasional periods of anaemic growth and even occasional reversal of fortunes as 'double dip' recessions occur along the way. This is no easy recovery, but this

is no normal recession either, and hence the uncharted economic waters of massive central bank intervention but the medicine appears to be slowly working and as this clearly more cohesive approach across the board amongst the western and Japanese economies utilising the same tactics at the same time is beginning to have a clearly positive impact. And further as the developing economies like China, Brazil, India, Russia and the Philippines ever expand they also move away from production based to consumption economies with growing service sectors as enriched middle classes demand more of what the 'core' western and Japanese economies can help export as well as luxury brands as quickly as rich industrialists buy their Jaguars and Range Rovers they will inevitably require enhanced medical provision as well as other wealth protections be they personal or corporate. There is throughout these hungry economies much fertile hunting ground for yet more expansion. Albeit significant that the recent stock market surge has been limited to the mature economies. The major exception being Argentina, where if you had nerves of steel you would have seen a 90% return on your investment this year. But overall the underlying fundamentals are good and the 'BRIC' nations will surely catch-up with respective stock market growth as well. So all in all, and maybe for the first time in five years there are indeed reasons to be cheerful about the prospects of the world economy. Excusing for one moment the partial misuse of one of Winston Churchill's most famous wartime quotes - this might not be the end, but it might be the beginning of the end. Let us all hope so!

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THE RE-RISING OF THE RISING SUN

Japan has at times almost become the forgotten economy, despite remaining the World's third largest. The once all conquering Japanese economy beset by two decades of deflation and stagnation, seemed strangled in a quagmire of its own making.

Accordingly, investment markets and even eminent market analysts and economists have tended to shun Japan and look elsewhere for matters of concern and interest. As everyone focused on the mess of the financial crisis in the US and Europe, and resurgent China, with locomotive economic growth, that crashed past everyone to become clearly the world's second largest economy (and maybe even within the next decade eclipsing mighty America) Japan became a side show on the economic stage without much attention. But Japan, always noted for cautiousness and a natural conservative posture has all of a sudden undergone, and is still going through, very substantial economic re-gearing. Led by a new, rather dynamic (and therefore a very notable break from recent Japanese politicians) assertive leader in Shinzo Abe, Japan is undergoing an almost revolutionary change in effective refinancing and re-stimulating its moribund economy, and the medicine appears to be working.

The Nikkei share index has risen a massive 60% since the New Year and whilst it remains, as does much of the recent worldwide stock market surges, at times volatile and open to adjustments, the positive actions of the Bank

of Japan's strong interventionist action has led to Japanese businessmen talking up the prospects and raising confidence. As an example, Japan's economy actually expanded at a much faster rate in the second quarter of 2013 than had been thought with a revised level of growth put at 3.8% as opposed to initially reported 2.6%. Such quarterly growth will be looked at with extremely green eyes in much of Europe. It all augurs very well, especially as a potential boos for for the world economy.

When the Japanese were last flushed with cash they made enormous global investments, especially in the US, and despite at the time some unusual hostility (bordering in some cases on naked xenophobia) the US in the late 80's and early 90's become the favourite location for Japanese investment, particularly in commercial property. This helped in-turn to maintain the strength of the US economy during this period of massive investment from Japan. As we have all tended to forget this mammoth economy, and rather over concentrated on the specific ills and interests of the 'West' it might just possibly be a resurgent Japan that with an extra injection of capital can help jump start sustainable world growth.

We should welcome continued expansion of the Japanese economy and actively court the prospects of enhanced trade and investment opportunities from the land of the rising sun.

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Photo Credit: **QTTheory**

The background of the page is a composite image of the United States flag on the left and the European Union flag on the right. The American flag features its characteristic stars and stripes, while the EU flag is a blue field with twelve yellow stars arranged in a circle. The two flags overlap in the center, creating a visual bridge between the two continents.

WHY AMERICA WILL SUCCEED AND EUROPE WILL LAG

Size in terms of trading within and between major economic blocks is important, as economies of scale can be reached and with a common currency, coupled with single legal and political systems trade can flow far easier than between different nations with a plethora of obstacles whether economic or political that encumber seamless ability to conduct commerce.

The one stunningly successful dynamic economy of the world in the past 150 years has been the United States of America itself a nation of 'states' combined as one trading block. So to effectively copy this same model makes perfect sense and hence the 'dream' of the European Economic Community, the EEC. But the concept of a European Union whilst a great idea on paper in practice is a quagmire of inefficiencies from an ageing population, an over-bloated and over-dependent welfare system with an expectant population with a constantly outstretched hand. Despite the ideal of union, local narrow nationalism is rife and impacts all elements of the Euro zone and further undermines the very foundation of the ideal of European Union. There are numerous

anomalies with the efficiency and frugality of Germany against the laid back backhanders of a cultural historical black economy of Italy and Greece. There is a clash of basic mind set between the Northern Europeans, the Protestant Anglo-Saxons and the Southern European Catholic Latin people's.

'I feel more relaxed'

A thousand years of historical differences are not easily absorbed with the signature on a treaty designed to unify a continent of diverging peoples. The United States is more a successful melting pot of differences that combine together. I am always amused to travel 12 hours on a plane to California from London and go to a bar, order a Bloody Mary and have a chat with the barman, but get the train from London to Paris (maybe a 3 hour journey) and there will a distinct difference. Communication is not as easy, ordering a certain drink might need explanation and there is a most definite feeling that I am in a different place. It is not at all uncomfortable but it is just different and I act differently due to these feelings whereas in the United States I feel more relaxed, more at ease as conversation flows easily and a sense of familiarity is achieved which is comforting.

The thing is I could be in New York, Chicago or Houston and the same feeling would be

very likely, and this is the key component here, America is a huge country, itself diverse but it has a uniformity across its various states that Europe can never ever seek to emulate.

This is not of course to suggest that Europe cannot be a strong economic trading block - it is, but it will never be able to attain successful political union and therefore the currency union will remain strained and in jeopardy. Europe remains, despite the current acute economic and social problems, a fundamentally wealthy and successful part of the Western world but it needs to confront certain anomalies. The core ideal of full union is a non-starter and will remain so.

The USA, Japan and the 'BRIC' nations will all outpace, at differing speeds, the Euro area and this will likely become more apparent in the next two decades as the wealth of nations changes. It is difficult to see how Europe will be able to untangle itself from the strait jacket of individual nation's micro view and the dismantling of social benefits that are sinking the dynamism of the Euro area economy. Overcoming historical hurdles in Europe will prove difficult if not impossible. America has plenty of problematic issues itself but it doesn't have anything like the in-built problems of Europe.

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THE SNOWBALL AND THE AVALANCHE ...

“STOP ME IF YOU THINK YOU’VE HEARD THIS ONE BEFORE”

NO? WELL IT’S ALL ABOUT THE CAMOUFLAGE OF TIME!

You must always respect your elders and in the business of insurance that is especially so. Don’t think you’re unique or better than anyone else that has gone before because the likelihood is you’re not. Experience in the risk business of insurance is vital, so it pays to heed the sage advice of those older players.

I have always enjoyed the company of the often retired senior Lloyd’s chaps, with their war stories of old which if you listen carefully also contain very valuable facts and lessons. As with much of life, it is good to read Insurance history, as it often repeats itself and in order to understand and avoid future problems a knowledge of history is no bad thing. Never mind all of the computer generated modelling, the legions of actuaries with mathematical qualifications that would challenge Einstein, or the super regimented compliance that would delight the most senior governmental box ticker, but please don’t ever forget one vital thing and, that is, underwriting experience. There is absolutely no substitute for it and yet you almost get the impression that this business is becoming so intensely micro managed that it matters more that the form is filled in correctly with the right ticks in the right boxes as opposed to the basic question of, “is the underwriter actually any good?”

Never mind the neatly presented business plan, or the swish state of the art PowerPoint

presentation, but has the individual, or team, actually proved themselves in the heat of battle in writing business over a number of years and ideally through various market cycles? One elder statesman of the Lloyd’s market famously remarked to me some 18 years ago that the regulation and compliance, the policing of the market, well-meaning and well-intended, had become completely out of touch with reality and was akin to “.....busily giving out parking tickets, and yet missing all the murderers!” His view was quite blunt, that those that looked good and sounded good were often actually no good at all at the job of underwriting. He named names and poured scorn on certain underwriting groups, both inside Lloyd’s, and in the London company market as well as picking on a number of US companies. The amazing thing is how right he was, with the notable exception of one of the US markets he picked out, his predictions were remarkably accurate indeed.

‘cash flow underwriting’

One of his comments that has always stuck with me was; ‘the snowball before the avalanche’ which was his acidic view that certain liability underwriters quite deliberately wrote business for premium volume that they should not be writing at all - that by writing for income on business where the claims tail develops so slowly the illusion of underwriting profits can be perpetuated. As an example, take excess of loss on large sized Architects and Engineers PL business or Construction business for instance. There is a constant stream of primary claims

but the more intensely difficult to reserve major claims might easily take an eight year window in which to cook away and fully mature into large losses that impact excess layers. In other words possibly eight years in which to hold the premium and play the investment markets until the money is needed to pay claims. A more commonly known expression is that this is ‘cash flow underwriting’. The underwriters can write the income and turn up to their management meetings sporting excellent results, maybe year after year as the reported primary claims have in no way yet developed into major claims.

The camouflage of time can act as a superb cover for poor underwriting, and make no mistake there is much of this type of business ticking away right now in many an underwriter’s portfolio of business. Given the combination of such recent poor investment returns, not to mention the soft market cycle that in itself induces lower standards of underwriting discipline, with the yet to mature claims bubbling away there will, with many underwriters back years, be a very rude awakening. Just wait and see, that preverbal snowball will, with a number of prominent underwriters, be overtaken by the avalanche of claims. It is out there, and it will happen, but it might not dramatically alter the market perspective as new capital, including much naive capital, with aggressive underwriters, seem all too eager to continue playing snowballs!

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The return of the Super Heroes!



Ok, well even I would have to admit this is a bit rich, but I just love this sketch from our editorial support team and just thought we should use it. But anyway, what about our super heroic service?

That is worth a mention! Funny thing about service in this business, everyone says they offer great service but in our experience, and more importantly the experience of our business producers, they just don't receive it. They all complain about other markets poor service and that is where we can do well. We are back and as underwriting manager, Sue Korth (she is the one brandishing the sword) has stated "It's good to be back, but because we have had to develop a new underwriting system from scratch we have only very slowly been contacting a handful of agents and producers and I'm delighted with the response. Most have mentioned how poor the service has been elsewhere, so it's good to offer our usual good service. More interestingly we've noticed a very

good hit ratio of firm orders from the first hundred risks that we've quoted, and that is really encouraging. I'm not sure that is a market change thing, more likely as the economy has perked up so have business opportunities. Whatever, we're not complaining!"

It is an interesting observation, as for Jon Doel, he too has seen some new developments in 'Open Market' business.

"I am seeing more opportunities than six months ago, especially on lawyers, but also Architects & Engineers. I think things are slowly going our way, and at Tysers we have more production sources to tap into. It's good news, and certainly we're working in a much better environment which is much more helpful"

If you need to contact a super hero please do so on:

jon.doel@tysers.com or sue.korth@tysers.com or david.doe@tysers.com

What's Hot

Architects & Engineers

We are seeing a big increase in firm orders, please send us all of your A&E business, small, medium or large, specialists or multi-disciplined, distressed, or whatever please send them in!

Lawyers

We are beginning to see significant opportunities in even this most historically difficult class of business. Once again, send it in!

Miscellaneous

Yes we know that everybody does it, but nobody does it better than T-Pro with over 3,500+ professional classes of business, 25% commission, no fees charged and a free 24 hour legal hot-line and brilliant service – just send it in!

Mission Impossible?

Have you got a piece of business that is a bit odd, that you don't know what to do with, or where to begin? Fear not! Our Special Situations underwriting contract is designed for the unusual, the odd, the weird and the just plain difficult. The solution is to send it in!

SEND ALL YOUR APPLICATIONS TO T-PRO AND THEY WILL BE ACKNOWLEDGED AND PROGRESS TRACKED, EVEN IF THE BUSINESS IS PLACED OUTSIDE OF OUR SUITE OF IN-HOUSE UNDERWRITING CONTRACTS!

PLEASE NOTE: ANY SL Agents/Brokers, MGA's, Major Broking Houses and Lloyd's Brokers can use the services of T-Pro

Send all business to:
t-pro@tysers.com

An interview with Mr Patrick M. Kelly

BEACH BOYS FAME

Mr Patrick M. Kelly, attorney at law with the highly eminent international law firm; Wilson Elser, and current presiding President of the Californian State Bar (which, with over 240,000 members, is by far the largest state bar in America). He was previously president of the Los Angeles County Bar Association, and former president of the Professional Liability Underwriting Society (PLUS). He has twice been elected as one of the top 100 influential lawyers in California and was selected by the governor as one of eleven who judges all of the judges in California. It is formidable resume. It immediately conjures up a man at the very top of his game, even a somewhat indomitable figure, a 'power broker' in the powerful world of Californian law and professional liability business. But Pat Kelly, despite being all of the above is a natural, urbane, sociable and down to earth 'man of the people'. He is also connected to that most iconic and memorable rock bands, the Beach Boys. So what is his story? How did Pat end up as such an influential lawyer in California and not end up as a short haired hippie? We are delighted to feature in this edition of London Calling; Pat Kelly, all round thoroughly decent bloke, an all American hero, and someone we are very proud to call a friend!



Q. PAT TELL US ABOUT WHAT YOU ARE UP TO RIGHT NOW?

First and foremost I am a partner in the Wilson Elser Law firm and serve as the Western Region Manager of the firm. We are in a very exciting and challenging time in the Professional Liability, Employment and D&O markets not only because of market factors but also staying ahead of the ever evolving plaintiff's theories of liability and the changes in our court system brought by chronic under-funding. It is up to us to make a positive difference in this dynamic area and my partners and I are doing our best to accomplish just that. Thus I have continued to be very active in my trial and mediation practice. To enhance that service, I have continued to be active in industry organizations such as PLUS, the PLUS Foundation, CLM, DRI, FDCC and the International Academy of Trial Lawyers.

Second, as president of the California State Bar, I head a Constitutionally established State of California regulatory agency that with a staff of over 600 is responsible for all licensing, admissions discipline, regulation and continuing education for the over 240,000 lawyers in California - that's about one third of the attorneys in the United States. The State Bar is also charged with the responsibility of enhancing access to justice and our courts for those who use the California court system. That access has been severely damaged by chronic under funding of the courts by the state legislature - a decline of about 30% or \$1 billion since 2008. As a leader of a coalition of attorneys and business leaders I have spent much of my time this year meeting with legislators and the governor's office to secure more court funding. We have had some

success in that for the first time since 2008, the state has increased rather than decreased the level of court funding. I have also pursued a very active legislative program that will result in more protection for California residents from unlicensed lawyers and unscrupulous lawyers, among other things. At the same time we have increased the focus on our discipline system and State Bar Court by adding resources to those departments of the State Bar. We also administer and grade the State Bar examination. Another aspect has been to change our bar admission requirements to

emphasize practical skills training and a commitment to serve the poor. Finally, I think lawyers need to understand the importance of enhancing case resolution and reducing cost by being civil in their relationships with one another. Thus, working with others, I have initiated an addition to the oath that all attorneys take to include a promise that at all times they will conduct themselves with "dignity, courtesy and integrity". I oversee many other programs but this gives you a sense of the scope of my responsibilities in the role of State Bar president.

I am very fortunate to have an understanding family and all of this has left little time to perform with the Beach Boys and other bands - I've only done a few gigs this year. But I hope to make up for that when my term as president ends this fall.



Q. HOW DID YOU END UP BECOMING PRESIDENT OF THE CALIFORNIAN STATE BAR, AND WHAT DOES THE POSITION ENTAIL?

Becoming President is a very long road of professional and public service. To "make the cut" you have to have a reputation as an excellent lawyer but also one who has emphasized public service - in my case, service as President of the Los Angeles County Bar Association, President of PLUS

and many other professional organizations. To start, I had to be elected to a 23 member State Bar Board of Trustees. At the time I was elected to that Board, the majority of Board members were elected by the 240,000 California lawyers which were divided into districts among the counties of California. The President is elected by an electoral college composed of the members of the Board of Trustees of the State Bar. In my case I was elected to the Board from Los Angeles County which has by far the largest concentration of lawyers in the state. In my third year on the Board at the urging of colleagues my name was placed in nomination for President and in an election among three candidates I was elected President.

With regard to the duties of a President, as I mentioned earlier, I chair the Board of Trustees of the State Bar and oversee the activities of its over 600 person staff in dealing with all issues relating to the licensing, admission, regulation, discipline and continuing education of the over 240,000 California lawyers. In addition I interact

California State Bar is a whole different and much broader thing. In that role I head a California government agency that has the power to, among other things determine who will be allowed to practice law and who should have that privilege taken away. That is a great responsibility and as such, the commitment required is much greater and the exposure to lawmakers and the leaders of the court system is significantly more than what was required to head PLUS. Each organization is tremendous in carrying out its mission but the State Bar has much more expansive charge. For example the State Bar has a staff of over 600 and has its own court system whereas the PLUS staff is under 30. Thus the responsibility of State Bar President is very different and much greater than the responsibility of a PLUS president.

Q. YOU HAVE HAD A GREAT CAREER IN BUSINESS, TELL US SOMETHING OF YOUR HISTORY?

I started out as a professional guitarist which is where I made my contacts with so many great performers and bands such as the



with the Supreme Court and legislature and oversee the bar's role in securing access to justice for all Californians. It is indeed a big job but brings great rewards in what I have been able to accomplish with a devoted Board of Trustees and staff and the help of the governor, the legislature, the Supreme Court and the lawyers of California.

Q. YOU WERE ALSO A PRESIDENT OF PLUS, HOW DID THAT ROLE COMPARE?

PLUS is a fabulous organization that truly serves the insurance industry. It has about 8000 members composed of insurance company professionals, brokers and attorneys. It is a trade organization that provides great service to our industry and as President my focus was upon industry oriented issues. Being President of the

Beach Boys. In my 20's I was still performing and when time allowed, going to college. One of my fraternity advisors suggested that, if I was willing to try, he would help me get in to law school. I was having great success in the music industry and with the groups I played was definitely part of that "scene". However, I also felt that if I kept going at that rate and with that life style I wouldn't make it past 40. Bowing to pressure from my parents and then girlfriend I decided a break from the wild rock and roll scene (and then it was really wild), might be a better long term strategy. So I determined to leave my guitars in their cases and give it a try. Although I barely made it through my first year of law school, I learned to study all over again and by my third year I was on the honour role. It was definitely a lifestyle change but in the

end has served me well. Basically I replaced my love of performing with a fervent desire to serve my clients and a commitment to the greater good by my involvement in public service.

I underplayed my guitar playing history in my early career and in fact didn't mention my musical background or performing and recording credentials in any of my resumes. Fifteen years later, about the time I became Managing Partner of Wilson Elser's Los Angeles office, a client found my picture in a rock & roll history book and mentioned it to the then head of our firm, Tom Wilson. Coincidentally at about that time I ran into Bruce Johnston and Mike Love of the Beach Boys who I had known from earlier days. Bruce and Mike Love asked me if I would like to go back on stage. Since the cat was out of the bag so to speak, I did just that and since the early 80's have performed again with such groups as the Beach Boys, Jan and Dean, the California Surf City All Stars and Papa Doo Run Run.

Q. WHAT DO YOU LIKE MOST ABOUT THE BUSINESS?

I assume you mean the law business. My greatest joy in our profession comes from doing an excellent job for clients. I am enthused every day by bringing my skills to bear to help clients accomplish their goals often in ways that exceed their expectations. I view the confidence they give us as a trust we need to fulfil in the best way possible. Closely tied to that is the commitment to building the Wilson Elser law firm and the satisfaction of mentoring younger attorneys and helping them to have the same desire to serve clients and the ability to carry it through. Finally, as I said earlier the satisfaction of "giving back" is very important. Thus making a real difference in the community through public service is a very important and satisfying commitment.

Q. WHAT DO YOU LEAST LIKE....?

I think my answer would mirror that of most attorneys - the administrative details of a law practice such as time sheets and collecting accounts receivable.

Q. YOU ARE WELL KNOWN FOR YOUR MUSIC AND YOUR CONNECTION WITH THE BEACH BOYS, TELL US ABOUT THIS?

As I just mentioned I had the good fortune of meeting and performing with the Beach Boys and many other great bands throughout my career. Those relationships have continued through the years and Brian Wilson, Mike Love and Bruce Johnson of the Beach Boys and



Dean Torrance of Jen and Dean among others continue as my friends today. In fact Brian, Mike, Bruce and Dean in addition to being friends are truly heroes of mine. They have each been able to carry forward their significant creative energy to generations of fans for over 50 years - and they are still going strong. That is a great legacy to all of us and a contribution that is very hard to beat.

Q. THE 1960's AND YOUR PART IN IT – TELL US SOME MEMORIES OF THE TIME



There are many so many it is hard to pick among the years be it the 60's, 70's 80's 90's or 2000 and beyond. Certainly the very best stories would not be suitable for publication. Being a part of that history was a great privilege. Knowing and performing with so many talented musicians ranks large and it is hard to select a few examples out of so many performances and experiences. Being at the early sessions of "Kokomo" was certainly a highlight. Playing at the centennial in West Virginia or the Coliseum performances was a highlight as were the shows at Wembley and Banana Beach.

Q. THE BEACH BOYS MUSIC STILL SOUNDS GREAT TODAY, WHAT MADE THEM SO SPECIAL?

That's easy. The music is timeless and thus

can transcend generations. The Beach Boys songs don't really go to social or moral issues. They go to common experiences that are as valid today as they were when most of the songs were written over 40 years ago. They conjure up an image of sun, fun, surfing, cars and the joy and tragedy of loving relationships. Perhaps this is best exemplified by the words of the Beach Boy song "Do It Again" which speaks to each of these issues. I guess that's one of the reasons this is my favourite Beach Boy song to perform - and listen to.

Q. MUSICALLY WHAT HAS BEEN TO DATE YOUR HIGHLIGHT?

Although I have performed with many bands and written a number of songs, I think my greatest "high" has been playing with the Beach Boys and performing among other songs "Wipeout". To put it in perspective there are few things in life that beat the "rush" of performing a great song for 100,000 enthusiastic fans.

Q. MUSIC OR BUSINESS, WHAT DO YOU PREFER (IS THIS A SILLY QUESTION)?

I am very lucky. I get to do both at a very high level. To pick one is like choosing among your children. Fortunately for me I generally don't have to give up one for the other. This year has been a bit of an exception since the firm, my clients and public service have definitely been a priority.

Q. OUTSIDE OF THE BEACH BOYS WHAT MUSIC DO YOU LIKE?

Rhythm and blues and country. BB King and Eric Clapton are definitely two of my heroes. In fact I started as a country and western and blues player and ended up with surf music a by accident - that's where the demand was. I had the pleasure of performing with many of the well-known players in each arena. In fact, Chris Christopherson is my fraternity brother and Glen Campbell (who at one time played with the Beach Boys) may be the best guitarist I ever worked with. Hot current country guitarists who I admire are Keith Urban and Brad Paisley.

Q. BACK TO BUSINESS, HOW DO YOU VIEW THE CURRENT SCENE?

Assuming you are talking about the professional liability, employment and D&O market segments, we are in an unusual period that has aspects of both a hard and a soft market dependent upon what lines are involved.

As to litigation, with the decline in court funding in the US and the consequent decline in judicial resources, the time to move a case to conclusion has been lengthened. As a result, civil case filings are down largely

because plaintiffs and their counsel are re-thinking whether it is worth it to take the long litigation road in marginal cases. At the same time and for the same reason, I perceive that some plaintiffs are more anxious than ever to reach a quick resolution through mediation or direct communication among counsel. Concurrently, some insurers are concerned that trends reflect an increased cost of litigation of individual cases brought by delay and a desire of plaintiff's counsel to hold tight on settling big cases. As you know, there is usually a post-recession increase in professional liability and employment claims. We are in that period now. For example, in the lawyer's professional liability market, the real estate segment has taken an even more commanding lead as the number one claims originating market segment. Similarly, and for the same reason employment and conflict of interest cases are up and those who have lost money in the recession look for other deep pockets to share in their misfortune. I think this trend will continue for the short term.

Q. WHAT ARE THE MAJOR CHALLENGES AHEAD?

For our industry, as I mentioned, in the short term, we are in a period of increased post-recession claims. As the economy returns to a more normal profile that claims pattern will likely readjust to a more normal claims pattern with a consequent effect on underwriting.

As to the legal profession, we are in a very dynamic time. The demand for legal services has increased while the ability or desire of clients to pay for those services have not kept pace. As a result there is a surplus of lawyers with the foreseeable outcome of that dynamic - reduced

opportunities for lawyers. For example the American Bar Association claims there is about one job for every two graduating lawyers. One reason for this is institutional clients have been more aggressive in controlling the activities of their outside counsel and have increased their in house attorney staffs. In short, private industry is moving toward the tight litigation control that has characterized the insurance industry for many, many years. The net result is our industry will have more effective partners in controlling expense.

Another factor to consider is that in response to market factors, law schools are reducing the size of the classes they admit. Thus for the first time in 50 years there will be a reduced number of attorneys entering the practice. This could have an unforeseen consequence in that as "baby boomers" retire, there may in fact be an inadequate supply of lawyers to fill society's needs within the next 10 years.

The challenge to our industry is accommodating these changing factors

Q. WHAT DOES THE FUTURE HOLD FOR PAT KELLY?

After my term ends as State Bar president, I will return to devoting the majority of my time to my clients and my duties as a partner and Western Region



CLM. At the same time, the Chief Justice of the California Supreme Court has asked me to serve on a Task Force on Civic Learning and I will continue as a leader of the Open Courts Coalition which is the organization which takes the lead in meeting with the legislature and the governor's office in seeking restoration of adequate court funding.

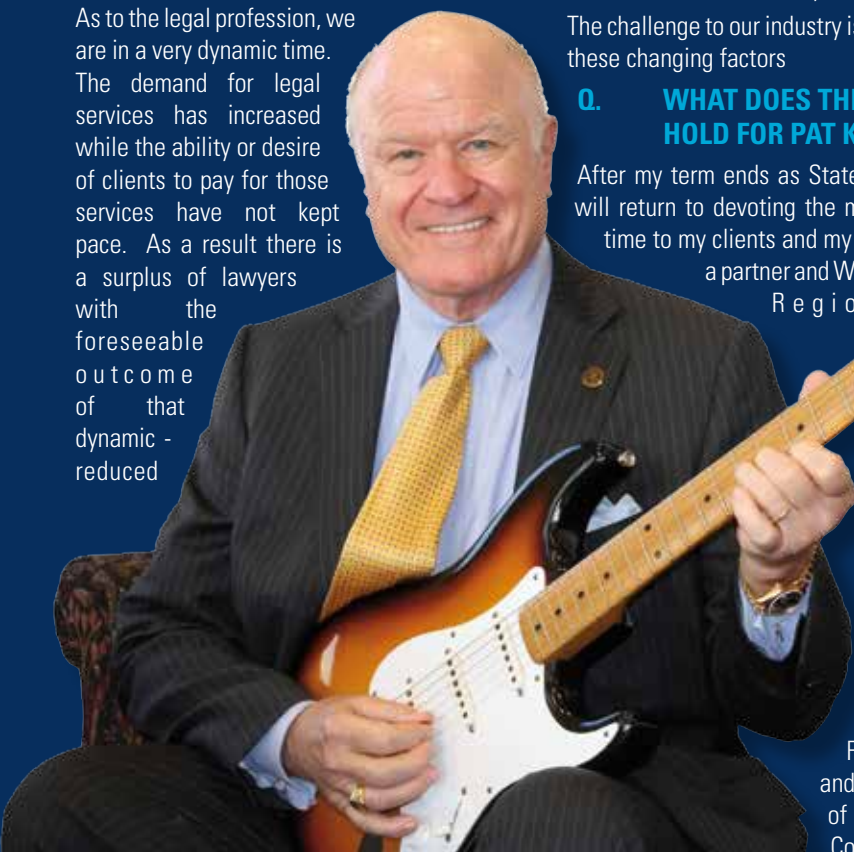
Perhaps more importantly, I plan to make up for the lost time to my family for the "triple duty" I have been doing as an active trial lawyer, as president of the bar and as Western Region Manager of Wilson Elser. In that regard, my wife Gail has been very understanding as I have attended to these duties and deserves some additional quality time. My children Pat Jr. and Laura have also been very understanding. However as Patrick is a child psychiatrist and Laura is an attorney (with Wilson Elser), they understand the importance of devoting the time necessary to be a consummate professional and to give back through public service.

Finally, I plan to return to performing with the Beach Boys and other groups for music has played a very large and satisfying part of my life.

Q. TELL US SOMETHING NOT MANY PEOPLE KNOW ABOUT YOU.

Actually, after this interview there isn't much else I could say. However a couple of things most people don't know is that I still have the 15 guitars I used throughout my career as a musician, I am an Eagle Scout, I was my class president in high school, was captain of the football team and continue today as at best a marginal golfer - although one of my greatest joys is sharing the game with my friends.

Manager of the Wilson Elser firm. In the same vein, I will continue to devote time to my service to the industry as a member of the PLUS Foundation Board and as a member of the National Committee of the





pro

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UPDATE • UPDATE • UPDATE • UPDATE

The signs might still be mixed, but our 'gut' feel is that change is coming. In the meantime, we soldier on, despite the madness of much of the market, with many inexperienced underwriters out there still writing for income at least quite a number have suddenly realised that they have been sowing a rotten future harvest as they witness quickly souring back years.



Sue Korth, Underwriting Manager

But even in our corner of the world we can at least see significant markets retreating, and for the first time in more than seven years we are beginning to witness positive change. But be warned, don't under-estimate the foolishness of certain management to prod their naive underwriting teams to write as much income as possible, as quickly as possible, whilst there are genuine reasons to be positive there will remain markets doing totally stupid things. But such is life, we will 'KBO' (an old English vernacular) at T-Pro meaning come what may we will battle on. We will continue to offer excellent service, with a focus on consistent underwriting! If you haven't used T-Pro before then try something refreshingly new, get signed up and start!

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We remain highly focused and positive as to our situation, as others around us flounder, whilst swimming in treacle, we can definitely see a change to the overall market situation. We have been underwriting for over 16 years and know that the long, and not the short game, is the important thing. One thing we can score on big time is our level of service - we aim to maintain this level of service with T-Pro.

As ever, if you do have any questions then please do not hesitate to contact either **Sue Korth**, Underwriting Manager (sue.korth@tysers.com) or **David Doe**, Director (david.doe@tysers.com)

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THE



PERSUADERS!

Do you recall that awful 1970's TV show the Persuaders with Tony Curtis and Roger Moore? Two rather over dressed 'dandies' who solved all sorts of bogus crimes and other assorted mysteries in the luxury of the south of France, they drove expensive sports cars, won big at the casino's, did well with the ladies and rather unconvincingly seemed to beat every bad guy in punch ups and basically lived the high life.

The show was so awful it got relegated to Sunday afternoons. But it was great escapism and as a young lad I thought it was good fun, seeing these two, the last of the international playboys in action. How would I possibly have known then that in 2013, I would be working with them (or two blokes exactly like them!) For in Tysers North American department we have Craig Urquhart and Jon Doel, ringers for the Persuaders.

They are seriously two very talented Lloyd's brokers at the top of their game and Tysers are fortunate to have them represent them in the market. We at 'London Calling' thought it might be a good idea to do an interview on these two heavyweight brokers :- Craig is the immaculately turned out and dashing super broker, with the outrageous colgate smile and although he hides it well he is surprisingly young and highly intelligent, he is the Roger Moore, (the younger version, pre-Bond) from The Saint era. On the other hand, Jon Doel, is altogether a different animal, a Terry Thomas or 'Flashman' type of individual, the Tony Curtis of the two, getting on a bit, although his rakish past might qualify him a cad, his dress sense is shambolic, but he is highly intellectual with the over bearing confidence to constantly remind you, that you are not. They are the Tysers 'Persuaders' we thought it an idea for London Calling to catch up with them:

Q. JON, HOW LONG HAVE YOU BEEN BROKING AT LLOYDS?

In 1978 I joined Bland Payne as a junior broker on the International side on about two grand a year but was seduced by Willis Faber & Dumas 18 months later for £3,400. A percentage increase that proved difficult to sustain.



Q. WHAT IS YOUR FIRST MEMORY OF LLOYD'S?

I don't know about first but as a young broker in Lloyd's early memories are of Ian Posgate stamping up slips at a rate of one every 5 seconds and throwing them across the box to be entered; and Ralph Rokeby-Johnson being rude to most people - particularly travelling dignitaries.

Q. WHAT DO YOU VIEW AS THE BIGGEST CHANGE IN THE BUSINESS SINCE YOU STARTED?

Probably computers - and regulation and compliance. Most things though are remarkably unchanged - Michael Meacock's tea cups for example!

Q. HOW DO YOU VIEW THE CURRENT MARKET SITUATION?

Professional Liability in US has been pretty soft for years but seems to have bottomed out to a degree with renewal rates remaining largely flat through 2013, however, loss history changes in individual risk, quality of assured etc. have allowed for patchy rate increases. I would love to be able to say that 2014 will see a harder market but the evidence is not looking good.

Q. WHAT DO YOU MOST LIKE ABOUT THE BUSINESS?

The people. It's a people business and I'm a fairly gregarious person leaning more towards the extrovert than the introvert. Extroverts tend to need to be around people.

Q. AND WHAT DO YOU LEAST LIKE?

Some of the people. You know who you are.

Q. WOULD YOU EVER CONSIDER YOURSELF TO HAVE BEEN AN 'INTERNATIONAL PLAYBOY'?



Jon Doel

Absolutely - and fairly well discussed if largely apocryphal history to go with it - though I'm probably past my prime.

Q. WHEN WAS THE LAST TIME YOU BOUGHT YOUR WIFE FLOWERS? AND WHAT HAD YOU DONE WRONG?

I've never made that mistake - why flag up problems?

Q. YOU BOTH LIKE MESSING AROUND WITH BOATS - TELL US SOMETHING ABOUT THIS?

Sailing is 99% relaxation bordering on boredom, 1% terror. Unfortunately that 1% concentrated itself into a week in Croatia this summer. My wife, who is an unenthusiastic sailor at best, was displeased so the future of trips involving the 'First Mate' are currently in doubt. It does account for why so many boats we see bobbing on the Med are boys-only crews having a weeks jolly with nothing in the fridge but cold beer. Hopefully I can persuade her into a trip to the BVIs next year.

Q. WHAT MUSIC ARE YOU INTO?

Everything from 70s heavy dub to Tiesto though I'm not sure my eardrums can take the bass anymore.

Q. YOUR TOP THREE FAVOURITE FILMS?

Easy Rider - it started me on a lifetime of biking. **Enter The Dragon** - it started me on a lifetime of martial arts ended by a motorbike crash caused through watching Easy Rider.

9 and a half weeks which started me on a lifetime of ... *careful the First Mate may read this.*

Q. THE LAST BOOK YOU READ?

I'm currently reading *Voyages of a Simple Sailor* by Roger D. Taylor. It's the author's account of taking off to travel the world's oceans alone in what amounted to a pea green boat and a five pound note. It could be the way forward.

Q. WHO WOULD PLAY YOU IN A FILM OF YOUR LIFE?

George Clooney - who else? Particularly in view of the way he headed up that wave.

Q. TELL US SOMETHING NOT MANY PEOPLE KNOW ABOUT YOU?

I enjoy heading down very steep mountains off-piste on a snowboard.



Craig Urquhart

Q. CRAIG, HOW LONG HAVE YOU BEEN BROKING AT LLOYD'S?

I was released into the Lloyd's broking market at the beginning of 1986 after a year in the office. The Persuaders ran during 1971 and 1972 so I was looking for a new challenge !

Q. WHAT IS YOUR FIRST MEMORY OF LLOYD'S?

Decisions being made on multi-million dollar placements there and then without referral. The queues of brokers waiting in line to secure a stamp on their slip which would close in a concertina format and the musty / paper smell of the old room (1958 Building).

Q. WHAT DO YOU VIEW AS THE BIGGEST CHANGE IN THE BUSINESS SINCE YOU STARTED?

There are a number of significant changes that have occurred in my short time at Lloyd's, but to name just a few. Reconstruction and Renewal in the early 1990s and the move from unlimited

liability. Corporate capital being permitted into the market and the significant downsizing in the number of Lloyd's syndicates following R&R. Of course, when I first started broking in the market, there were only a handful of syndicates with a computer on the box. When Jon (Tony Curtis) started, Underwriters were using an abacus ! (behave! - Jon)

Q. HOW DO YOU VIEW THE CURRENT MARKET SITUATION?

Client loyalty has really shown its colours in the current market and carrier continuity has been paramount. As brokers, we're not going to see additional rate or new business without being more innovative in the product we're offering. Competition is rife from domestic markets and those syndicates that have elected to open foreign offices however you have to battle on and find the best deal. Unless we see a few significant carriers fall off the rails, I can't see a change.

Q. WHAT DO YOU MOST LIKE ABOUT THE BUSINESS?

Every day is different in terms of the nature of business seeking insurance. There are days that are extremely frustrating however you plough on in finding a solution to the client's requirements and an acceptable risk to Underwriters. Although brokers are in competition, there's great camaraderie and (I hope) a certain amount of respect in the market. All in all, it's challenging and a business in which you continue to learn.

Q. AND WHAT DO YOU LEAST LIKE?

I'm sure my "Least Like" is pretty similar to many others. COMPLIANCE ! We all understand Compliance is a necessity (to a degree) however it seems to be taking over to the extent that when it comes to new business, people are questioning London versus the Domestic market. Each Broker inputs information into the Lloyds Atlas system however syndicates then have their own requirements - all very frustrating.



Q. WOULD YOU EVER CONSIDER YOURSELF TO HAVE BEEN AN 'INTERNATIONAL PLAYBOY'?

Certainly not ! I'm sure there are plenty that would question this however! I'm a great believer in work hard, play hard.

Q. WHEN WAS THE LAST TIME YOU BOUGHT YOUR WIFE FLOWERS? AND WHAT HAD YOU DONE WRONG?

I don't have to have done something wrong to buy my wife flowers and will certainly buy them 3 - 4 times a year. If I've done something wrong, the Mute button (radio silence) goes on for a couple of days.

Q. YOU BOTH LIKE MESSING AROUND WITH BOATS - TELL US SOMETHING ABOUT THIS?

Before the arrival of children, my wife and I were sailors either in the Solent or along the south coast. The past 3 years we've had a RIB which is more of a family toy than a serious boat and we've generally been messing around

along the south coast. The children don't seem to feel the cold water as much my wife or I so the toys we drag along behind are purely for their benefit.

Q. WHAT MUSIC ARE YOU INTO?

All of the music they play in "TAPS" Bar halfway down the mountain in St. Anton.



Q. YOUR TOP THREE FAVOURITE FILMS?

L.A. Confidential, Shawshank, Shrek

Q. THE LAST BOOK YOU READ?

The Forgotten Highlander (Alistair Urquhart)

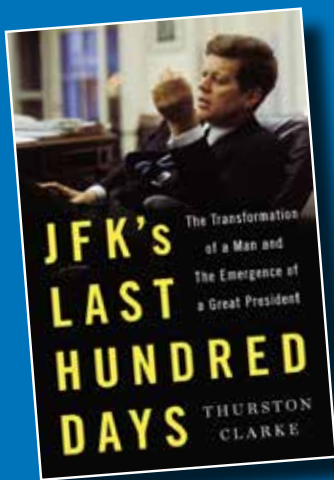
Q. WHO WOULD PLAY YOU IN A FILM OF YOUR LIFE?

Ben Affleck. 3 times I've been stopped and asked if I was him !

Q. TELL US SOMETHING NOT MANY PEOPLE KNOW ABOUT YOU?

My interest outside of insurance is antique furniture. My mother attended auction houses for years and I remember as a child sitting at these absolutely bored to tears. I guess the seed was sewn as a boy and grew with me.

If you would like to contact either of these Playboys then email jon.doel@tysers.com or craig.urquhart@tysers.com



A GOOD BOOK TO READ

Take a History Lesson JFK, Vietnam and all that

I have always enjoyed modern history and when as a spotty 13 year old, and an otherwise unimpressive student within the dour confines of a dreary 1970's state comprehensive school, in a rare moment of engagement I passionately presented a project on John F. Kennedy in a debate to vote for the 'most important person of the 20th Century' I did alright, I made the final, but lost out to Marie Curie in the last debate. It was something that even today, despite a faded memory of my barren moonscape of an education, I can recall quite vividly, I was a JFK fan, although only 1 years old when he was killed, I had a fascination with the JFK legend.

I guess as happens with anyone who dies young there is a process of canonisation that their star shines on, that they do not grow old, they remain young with an unfulfilled promise of hope, the story stops without an ending chapter and the tendency is to revere them in a positive glow and accordingly the legend will flower – just think of

Princess Diana, James Dean, Buddy Holly others might go for Che Guevara, my one is JFK. It has to be said that after revelations in the 1980's of Kennedy's infamous womanising came to the surface I was taken aback, I was also cynical as to his highly privileged and fabulously wealthy upbringing. It dented the story and I sort of lost a bit of respect for the man and the myth, there was an undercurrent of hypocrisy in the tale but you will find that in all of your heroes, no one is perfect, isn't that the truth? We certainly all have our faults, don't we?

For me, despite all of his foibles he remains an icon of history, the man who maybe even saved the world during the Cuban Missile Crisis when he preserved a cool head whilst many of those around him bordered on the choice of war and destruction. How many men in history could even come close to the accolade of 'saving the world' of course how many would want to be in that position? Kennedy was foisted into this awful role, by his position and timing in history, and we should all be thankful to the man who in the moment, ultimately made the right calls.

Kennedy's death was a huge tragedy. There is significant evidence to support the view that had he lived Vietnam, in its grotesque historical form, his death would not have happened. Accordingly untold lives would have been saved and, significantly, a huge vacuum of nonintervention

by the leaderless West in the late 60's and beyond would have likely been avoided. Think for a minute here; if the US hadn't been so entangled in Vietnam, would the Soviets had entered Prague in 1968 (would democracy in Eastern Europe have occurred 25 years earlier?) and, even more meaningful to recent history, would the Soviets have invaded Afghanistan? As former US Secretary of State, George P. Shultz said, it wasn't until 1982 and British fortitude in the Falklands War that ended the post-Vietnam hangover of political and military inertia by the West. Revisionist history is always dangerous, too many 'ifs' and 'but's' lead to extravagant conclusions but there can be no question, had Kennedy lived, recent world history would have been considerably different.

There are many, many books on Kennedy and given that 2013 is the 50th anniversary of Kennedy's death there will be a plethora of new books and TV documentaries on the subject of JFK, on the man, on his assassination and on his presidency but one that caught my eye is; **JFK's Last Hundred Days: The Transformation of a Man and the Emergence of a Great President**, by Thurston Clark, this book doesn't dwell on who killed him, or why, instead it concentrates on the man and where he was, and where he was about to take America and the world. I invested my £20 (\$35) wisely and was consumed by this excellent book, I would highly recommend it.



COMPUTER SAYS . . . YES!

ON-LINE UNDERWRITING: HIGH TECH, LOW RETURNS

Recently, there was a superb British comedy series called 'Little Britain' and as British comedy at its very best can be, it was at times brutal and crude, but got a message across. Amongst the various characters and scenes was a dreadful, almost vicious woman character who working at a bank, a travel agency or any walk in shop that required the public to sit before her, and her computer. They would politely ask about the availability of a product or service, in return she would be extremely rude and the punch line joke was her snapping out the line "...computer says NO!" It became an almost cult thing that seemed to epitomise our reliance on the computer and its ability to disappoint especially if wrongly handled by a bored or nasty operator.

In complete contrast to this computer controlled character a good friend of mine in California, an excellent insurance underwriter in his own right, recently told me about his astonishment at a new on-line underwriting professional liability product that allowed the user (it could be a retail broker, or even a direct client) the ability to punch in some very basic details and to get an almost instantaneous indication of terms. He was horrified and fascinated at the same time. He eagerly enquired as to the background story and the US broker operating the system proudly informed him that he had been 'given' the system from a London contact and explained that there had been a meeting of minds in London between a leading underwriter and broker to launch this on-line automated underwriting system. It got me thinking...

You can imagine the scene can't you? A hungry underwriter, a dispassionate London broker armed with some IT software that can 'do it all' ... it's a seductive combination. The on-line system is brilliant, it can rate a risk in seconds, produce the quotation and when the order is received the fully clausured policy document is issued and the system even produces the monthly bordereaux. It is the 'future' it is the way forward: The new business paradigm for underwriting has arrived and about time too. This way intermediaries can be dispensed with, cutting costs and increasing efficiency. For the underwriter, utopia has at last arrived; for the broker, it's great because he or she can sit back and watch the dollars roll in every month. OK, so what is wrong with this picture? Well, depending on the actual class of business nothing really, but the trouble is this isn't auto business we're talking about or, say a warranty for your washing machine, this is on Professional Liability business in the United States. That's right, one of the most difficult lines of liability insurance within the most competitive economy on earth with the most litigious society in the world - what could possibly go wrong?

Now I am no Luddite, I actively embrace new technology and I fervently believe it has, and will further act to increase efficiencies in business but I draw a very thick red line under the absurdity of underwriters, including those who really do know better, who think that a piece of software is going to review business and then make a judgement call on the risk to underwrite a Professional Liability risk without any trained underwriting eye giving an opinion.

I am not too sure where this sort of thing is going to end up? Given the level of regulation and compliance that we are all having to operate in I find it personally quite unbelievable that, as long as you fill out the forms correctly and comply within the strict confines of the applicable regulatory requirements, an underwriter can then do something as dangerous as give away their underwriting pen to a computer - to have their underwriting capital handed to a piece of software! Despite the excellence of modern software and the adaptability of computer systems I am yet to see anything that can match the eagle eye of an experienced underwriter. Indeed, I have seen a number of automated on-line underwriting systems be applied to Professional Liability lines of business and they have all ended in tears.

This isn't to say that a well-managed and monitored system cannot work on a mono-line, more generic portfolio of business. It can do and no doubt it will be the way forward on much business. However, try and apply the same principles to a broad spread of classes of business, with intricate liability potential and it simply just doesn't work. Those who think they can underwrite such business without an underwriter have got it wrong.

David Doe

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LOVE THE BUZZ? SO DO WE!

Well we hope you enjoyed this edition of **LONDONCALLING**, we will be back with more News, Views and Topical Debate from the London Insurance market next year . . .

