

**The Knowledge**  
**Corporate risks**  
**TIMELINE**

# Firms get aggressive in efforts to stay on top

Corporate markets have been defined by soft rates for at least the past seven years. With competition so fierce, the markets have seen a lot of people-poaching.

The drive to get top senior teams in place to win big new accounts and defend market share has led to aggressive head-hunting as insurers and brokers raid rivals' talent.

Financial turmoil from 2007 onwards has caused upheaval too. AIG's bailout was blamed for flooding even more capacity into the markets.

Several other large corporate lines businesses were restructured after the crunch, adding to the issue.

New business regulation from the FSA and Europe has driven demand for lines like directors' and officers' and employers' liability. No-win, no-fee has added to that trend, too, by ushering in a more litigious mindset.

Massive earthquakes in New Zealand and Japan hit earlier this year, bringing a slew of claims. One side-effect of the events has been to spark interest in business interruption lines, after major and unexpected supply chain disruptions related to the quakes.

Despite the big payouts, the fiercely competitive climate shows no signs of change.

*Talent poaching is catching on*

2006

**MARCH**

**JLT restructures**

JLT merges risk solutions with corporate risks as part of a restructure following poor results for 2005, when pre-tax profit fell from £85m to £73.8m. Chief executive Dominic Burke admits it is "clearly unsatisfactory".

**JLT bounces back**

JLT turns a corner in its performance, reporting a 6% rise in turnover at its risk and insurance business, with pre-tax profit up 2.8% to £79.4m for 2006. It points to a five-year revolving credit facility worth £250m, to be used for acquisitions.

**Benfield misses targets**

Benfield's primary broking arm, corporate risk, fails to hit targets for a second successive year, producing a trading loss of £17.2m compared to a £9.6m loss in 2005. The result comes as Benfield wins £9.5m from Aon over staff defections.

**FEBRUARY**

**Lockton grows PI**

Lockton's professions division chief executive James Houlder defends its position in solicitors' PI after it loses the 2006 top spot to Marsh, saying it had grown market share by 10%. The division, previously Alexander Forbes International Risk Services, had earlier lost 20 staff to rival start-up Prime Professions.

2007

**APRIL**

**PI claims review**

The UK Ministry of Justice proposes far-reaching reform of the personal injury claims process in order to speed it up, slim it down and to cut what are in some cases high solicitors' costs.

**JUNE**

**Lockton PI shake-out**

Lockton's professions division director Brian Muxworthy and chief executive of corporate risks Roger Brown leave the broker after it loses four major law firm clients from its PI business, reportedly worth £300,000. A further 16 jobs are slated for redundancy.

**AUGUST**

**Rates rise mooted**

Rate rises are predicted across many commercial lines owing to flooding and the falling stock markets. One top insurance executive says: "Flooding could be a catalyst for turning the market. 2008 will see commercial rates go up across the board. Rates will rise by 5%-6%." But it doesn't happen.

2008

**FEBRUARY**

**Marsh raided**

Lockton's corporate risk solutions division opens an office in Leeds, with Mark Evans – poached from Marsh – as partner.

**MARCH**

**Benfield cuts jobs**

After a third consecutive year of profit falls, Benfield cuts jobs in a bid to save £15m. Chief executive Grahame Chilton blames the poor 2007 result on continued weak exchange rates. But new division Benfield Corporate Risk reduces losses from £17.2m to £11m.

**APRIL**

**Corporate Manslaughter Act**

The new act comes into force, holding executives responsible when corporate negligence results in death at work.

**AIG merges divisions**

AIG announces it will consolidate its property, liability and combined businesses into a single division.

**JULY**

**EL tracing**

The ABI vows to overhaul its code for tracing old employers' liability policies, as the existing system shows a success rate of just 40%. It follows a government proposal to scrap the requirement for employers to keep insurance policy records for 40 years.

**AUGUST**

**Willis raided**

Corporate lines broker Bridge Insurance Brokers appoints former Willis executive Roger Potts as chairman, as it eyes acquisitions in the North West. Potts has been at Willis for 12 years.

**NOVEMBER**

**Zurich asbestos win**

Zurich claims a victory when the High Court rules that mesothelioma victims should be compensated from the moment when they were working with asbestos, and not when they were diagnosed with the disease.

**DECEMBER**

**Aon plans for Benfield division**

Aon creates new Aon Speciality unit, building on talent within Aon and the former Benfield corporate risk division, which it had acquired.

2009

**MAY**

**Marsh reports rates drop**

Corporate rates fall in the first quarter of 2009, according to business placed by Marsh. On average, property rates fall by 0.5%, EL rates by 4% and public liability by 3.5%.

**OCTOBER**

**AIG critics get vocal**

Liberty Mutual boss Edmund Kelly hits out at competitor pricing as "bordering on the irrational", claiming that taxpayer's money is being used to undercut the rest of the market.

**More AIG comments**

UBS predicts that Chartist – the insurance division of AIG – will lose at most 22% of its commercial insurance, lower than the 30% expected when the US government bailed it out in September 2008.

**JANUARY**

**AXA targets mid-corp**

AXA outlines its plans to target the mid-corporate sector with a team of 40 ready to tackle more complex risks.

**Aviva states ambitions**

Aviva launches corporate risk solutions division based in London, with ambitions to be a top three player, targeting business from firms with turnover of £100m and annual premiums of £100,000-plus.

**ACE raided**

QBE raids ACE for senior property underwriter Chris Tomkins to join its Birmingham team. Tomkins is ACE's senior property underwriter responsible for their commercial property book within the European portfolio.

2010

**APRIL**

**Bribery Act passed**

The government passes the Bribery Act, extending the definition of bribery, creating a new strict liability corporate offence, and a specific offence of bribing a foreign public official.

**DECEMBER**

**Aviva hires**

Aviva hires Dipak Warren to head its new corporate risk solutions division, which is aiming to be a top three player.

**ACE UK hires from QBE**

Jon Houghton joins ACE UK as regional manager corporate risks for the southern region, reporting to Pat Drinan, director of corporate risk, ACE UK and Ireland. Houghton was previously at QBE as head of strategic development in its property division.

*New management team is reviewing corporate risks strategy*

**FEBRUARY**

**FSA rules on EL**

The FSA announces that insurers must make employers' liability policy data available via the employers' liability database (ELD).

**RSA acts on rates**

RSA says it continues to take action on commercial rates, including 10% increases in motor, 5% in liability and 4% in property. This comes as the company reports: growth in commercial lines premiums of 10% to £1.68bn, with strong growth in specialty lines; and risk solutions up by 19% in Europe and 12% in the UK.

**New Zealand quake**

Major earthquake hits Christchurch, New Zealand.

**MARCH**

**Japan quake**

Huge earthquake causes tsunami and threatens nuclear reactor, causing major supply chain disruption.

**APRIL**

**Bribery Act advice**

Government guidance on the new Bribery Act fails to clear up all the issues involved. Corporate hospitality, it says, must be "proportionate and reasonable", while being able to show that there are controls in place around facilitation payments could help in a legal defence.

2011

2015

**JANUARY**

**Asbestos peak**

Claims against employers' liability policies for cases of mesothelioma, the lung disease caused by asbestos exposure, are expected to reach their peak during 2015.