



# Lockton Re - Role of the Broker International Istanbul Insurance Conference

September 2009



# Role of the Broker - Agenda

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- ❖ Structuring
- ❖ Broking
- ❖ Placement / Security
- ❖ Claims

# Structuring

- ❖ Advise on the amount and type of cover purchased
- ❖ Elemental Models – ‘Garbage In, Gospel Out’
- ❖ Financial models based on elemental output
- ❖ Something is much better than nothing
- ❖ A model is just a model not a reality – Actual Losses often very different to modelled losses i.e. Scarcity of Labour + Materials + Rising costs
- ❖ The Turkish market should develop its own model

# Broking

- ❖ Present The Risk in Best Light
- ❖ Adjusting the models – turn down damage metric
- ❖ Prove that 100% of the aggregates are recorded
- ❖ Provide widest cover at lowest cost

# Placement

- ❖ Accessing a broad range of markets
- ❖ Make use of the worldwide offices to negotiate better with local markets i.e. Bermuda, Singapore, Dubai
- ❖ Make use of Leverage
- ❖ Continually update the client with the rating status and financials of securities used
- ❖ Brief the client iro the capacity available in the market
- ❖ Advise on the stances of different markets on FOT (Firm Order Terms) levels
- ❖ Balance lowest price commensurate into full placement. If it is oversubscribed, it is too expensive!

# Technical Expertise & Claims Collection

- ❖ Brokers have the advantage of a wider view of a dynamic market place
- ❖ This expertise is used to make the contracts as clear as possible for all parties
- ❖ In most markets, i.e. Lloyds Broker saves reinsurer from the cost of processing slips and wording. Chasing and settling of funds, avoids the need for the client to diary or chase reinsurers etc
- ❖ Collect the funds in the event of a loss with efficiently organising the required supporting claims information
- ❖ Make the claims recoveries speedily and effectively minimising negative cash flow impact to the cedant.
- ❖ Lloyd's reputation in US following the 1906 Californian Earthquake

# Contact Details

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Stephen Hitchcock

Managing Director, Lockton Re

+44 (0)20 7933 2754

[stephen.hitchcock@uk.lockton.com](mailto:stephen.hitchcock@uk.lockton.com)