



## PI news items which appear in the 'Latest PYV News' section of our website

The Professional Indemnity Specialists

Website traffic 'tripled in past year' for PI broker PYV  
11/09/2007

The number of visitors to the website of specialist Professional Indemnity (PI) broker PYV has almost tripled since September 2006, new figures show.

In August, the website received 14,639 visitors, compared with 5,781 a year ago and 8,724 in May 2007.

Traffic could increase still further in the coming weeks, as last year's round of renewals for independent financial adviser (IFA) and solicitors' PI insurance saw a 35 per cent increase in visitors from September to October.

PYV are optimistic that the number of visits for the year could break 100,000 compared to 33,742 in 2006 and 15,279 in 2005.

The Lloyd's broker's Chief Executive Officer, Neil Pointon, suggests that the success is due to "a lot of hard work" and the combined efforts of the firm, multimedia design company TRGS and news agency Adfero.

He adds that "anybody who hasn't had a look recently should do so by visiting [www.pyv.co.uk](http://www.pyv.co.uk)".

Here they may expect to find a latest news section which provides useful information on the current state of the PI market as well as an archive to give you information on past developments "which will give you an overview on PI generally".

The news section is regularly updated and it is hoped that an RSS feed capability will be added shortly so interested parties can have updates immediately they are available.

Meanwhile, specific information is available for IFAs, accountants, insurance brokers and mortgage intermediaries, with a dedicated section for solicitors.

Further details of Office Combined Insurance, D&O, Liability Insurance and Employment Practices Liability Insurance are all provided via the site, with instructions on how to apply for quotes and cover, and proposal forms to download as well as complete online.

ftadviser.com

Lloyds' broker is picked as part of PFS' drive to get better deals for mortgage brokers and IFAs

# PFS picks PYV as partner in professional protection push

**PROTECTION**  
by Amanda Hall-Davis

The Personal Finance Society and Lloyds Broker PYV are collaborating to help financial advisers source improved deals on professional indemnity insurance.

The PFS and professional indemnity provider PYV have now joined together as a team in the aim to find IFAs, mortgage intermediaries and general insurance brokers better value deals in terms of professional indemnity insurance.

The initiative will include PYV's 20 year specialist experience within the field of professional indemnity combined with

access to the Lloyd's market and firms' insurers.

Sue Arden, head of operations for the PFS said: "We believe the current market conditions are favourable for a new professional indemnity push on behalf of our members' firms although PYV's experience could prove invaluable should conditions deteriorate in the future."

Neil Pointon, chief executive of PYV, said: "It is our job to help professional indemnity insurers understand the importance of the PFS, their ideas and the quality of their membership. Professional indemnity is underwritten with many factors in mind such as the income of the insured, the activi-

**It is our job to help professional indemnity insurers understand the importance of the PFS, their ideas and the quality of their membership**

Neil Pointon, chief executive of PYV



ties they are involved in and their claims experience.

"However, emphasis should be given when considering discounts for the qualifications of the individuals the insured employ and their won chartered status."

Following on from this deal, PYV will be exhibiting with the

PFS, who are holding a conference at the ICC, Birmingham on 13 and 14 September 2007.

Andrew Collett, certified financial planner for London-based Evolve FP, said: "If professional indemnity providers see that a company is committed to professional development and learning they take a favourable

view to that firm. Providers look at chartered status and so on."

The FSA recently published a discussion paper targeting personal investment firms with plans to more closely link professional indemnity insurance premiums with mis-selling risk. In its paper, the FSA explores options for using capital resources requirements and professional indemnity to provide better incentives for firms to address this risk. Among the options discussed are risk-based capital requirements, and for the insurance industry to link professional indemnity premiums more closely to mis-selling risk.

[www.ftadviser.com](http://www.ftadviser.com)

# MoneyMarketing

First for the professional personal financial adviser

www.moneymarketing.co.uk

Visit our new site  
www.moneymarketing.co.uk

## Widespread opposition to contradictory proposals

# FSA plans 'flawed' for capital levels and PI

By Paul McMillan

Advisers, professional indemnity brokers, insurers and compliance consultants have lined up to attack the FSA's capital adequacy and professional indemnity plans, branding them flawed, contradictory and unworkable.

Last week's FSA discussion paper on prudential rules for personal investment firms said changes to capital adequacy and PI requirements could prevent mis-selling.

It suggests substantial increases in capital adequacy requirements, PI insurers

making mis-selling risk assessments of advisers and varying prudential requirements as both an incentive to improve standards and a way of removing undesirable advisers.

At the same time, it accused some advisers of holding extra capital with the deliberate intention of covering mis-selling liabilities rather than trying to stop mis-selling from happening.

Alfa director general Chris Cummings says the paper is "based on a false premise and demonstrates a poor understanding of the way in which firms manage their

businesses". He accuses the FSA of "flawed logic" in suggesting a link between the financial resources of a firm and its inclination to mis-sell and says the paper is contradictory in its accusations against advisers.

Leading compliance consultant Adam Samuel says there is no evidence the amount of capital adequacy and levels of mis-selling are related and urges the FSA not to force through substantial changes without evidence.

Samuel says advisers are more likely to hold extra reserves to guard against

risks such as market downturns, employment law claims and rent increases than to pay for mis-selling.

The PI industry has warned that proposals for insurers to undertake mis-selling risk assessments, removing the £5,000 excess level and moving from a "claims-made" to a "business-written" basis are unworkable.

Collegiate legal and claims director Martin Archer says insurers would not stand for any attempts to move to a "business-written" basis, where they would retain liability for any claims written

when the policy was placed. He says no other profession is insured in this way.

PYV chief executive Neil Pointon says removing the £5,000 excess level would worry insurers as they would have to deal with many more smaller claims and it could be counter-productive to the FSA's goals.

Pointon says: "If the FSA is trying to use this as a way for the professional indemnity industry to police advisers, it is difficult to see how this can be used to greater effect than it already is."

Capital adequacy, p18, 20

New Model Adviser® | 9 July 2007

News 5

## Adviser PII faces major reforms

Overhaul possible following the FSA's review of prudential requirements

Tony Bonsignore

Professional indemnity insurance (PII) could be set for an overhaul in the wake of the FSA's review of prudential requirements for personal investment firms.

The regulator's latest discussion paper suggested linking PII premiums to the risks of the individual firm mis-selling at a later date, rather than on an industry-wide basis. Firms categorised as 'professional financial planner' under the retail distribution review would pay lower premiums than those in the 'general financial adviser' category.

The FSA has also set its sights on lowering the excess payments currently charged by PII insurers.

According to FSA figures the median excess payment is currently around £5,000, compared to an average redress payment of just under £5,000.

The paper states: 'If this is the case then PII will be of little use to many personal investment firms – as it will only cover a few mis-selling claims. Consequently, reducing PII premiums will provide a weak incentive for them to reduce their mis-selling.'

But Neil Pointon, chief executive of PII broker PYV, said: 'If the excess was lower than £5,000, say it was zero, it would give you a license to mis-sell because you'd be buying insurance that gives you cover no matter how reckless you were. The whole point of an excess is to make people responsible for their own actions.'

The FSA also floated the idea of moving PII cover from the current 'claims made' basis to a 'business written' model. Pointon dismissed this saying it had been attempted before and had not worked.

Another option from the FSA is a mandatory segregated trust which would allow firms to buy cover if needed at a later date, while a final possibility is a special bond bought by the intermediary from an insurer – similar to that currently mandatory for FSA-authorized accountants.

Chris Cummings, director general of the Association of Independent Financial Advisers, dismissed the proposals as 'complex and contentious'.

Search 'prudential proposals' at [www.citywire.co.uk](http://www.citywire.co.uk)

To find out more please visit [www.pyv.co.uk](http://www.pyv.co.uk)