IRISH BROKER

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Ecclesiastical unveils a dynamic new look

David Lane

Liberty Insurance tackles 'Ghost Broking'

Maria Eugenia Mugueza

Multi -claim protection from Royal London

Barry McCutcheon

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Brokers Ireland mission is to promote, support and protect Insurance and Financial Brokers so that our members are best positioned to offer expert and professional advice and services to their clients.

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FINANCIAL SERVICES PRIORITIES
Financial Brokers

- Pensions – simplification proposals, auto-enrolment & IORP II
- Financial Broker –promoting Brokers
- Market Evolution for Financial Brokers

GENERAL INSURANCE PRIORITIES
Insurance Brokers

- Agency Agreements
- Differential Pricing
- Development of Insurance Broker brand
- Broker technology & software

COMPLIANCE PRIORITIES

- Challenging over-regulation
- CP116 issues/CPC review
- CBI expectations - assessing financial soundness of insurers
- Brexit Implications
- Developing members compliance services

2020 Highlights 'A Year Like No Other'

- Implementation of the Consumer Insurance Contracts Act
- Launch of new Financial Broker website
- Submission Reports & Recommendations
- New Affinity E-Guide for members
- Interactions with CBOI on the authorisation process
- Implementation of CP 116 requirements
- Over 50 hours Members CPD
- Getting Brokers Brexit Ready
- Launch of new Insurance Broker website
- 120 published media articles & news stories
- Lobbying across a range of Broker Issues
- Virtual Events & Conferences
- **Covid-19 Members Support**
  - Essential services status gained for Brokers
  - Guidance Support: returning to offices; restrictions; remote working
  - Webinars – HR; soft skills training
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Is an end to overregulation of SMEs in sight?

Some months ago, this editorial column expressed our pleasure and relief that government had finally taken cognisance of an indisputable fact: that SMEs, so crucial to the Irish economy and to economic recovery post-pandemic, are overregulated. The impact of regulation is disproportionally felt (or rather, endured!) by SMEs, in terms of direct and indirect financial cost and administrative burden. Fast forward to January 2021 and the first report of the SME Task Force has been published, intended to show the way forward and produce a long-term vision for the SME sector. Our copy would have been well-thumbed, were we not working from home and minus a printer.

Several of the Report's recommendations have the potential positively and significantly to impact the intermediary sector in the area of regulation. We believe to be crucial the "think small first principle", which requires SMEs' interests to be taken account of at a very early stage of policy making, to avoid placing a disproportionate burden on small businesses. We would like this nettle to be grasped immediately by all those charged with policymaking. It is an organisational priority for Brokers Ireland that those who are responsible for regulating our sector do more to ensure that SMEs do not disproportionally and unfairly feel the impacts of "one size fits all" regulation more suited to much larger, more high-risk enterprises. Addressing this problem is crucial if we are to continue to attract new entrants to the intermediary sector, where the cost of compliance is a significant obstacle.

The recommendation that stakeholders affected by regulation should be allowed opportunity to provide insight on potential impacts at early and later stages has the potential to effect significant change, but only if policymakers are willing to see the process through and regulate accordingly. Let us see the implementation of this "think small first principle" for all upcoming regulatory interventions- in the review of IDD or the CPC review. DORA springs to mind, another looming EU initiative, which has the potential to create further, burdensome regulatory layers for intermediaries, unless small businesses are to be excluded from its scope. Apply the SME Test!

Likewise, the recommendation that regulations should be created and administered in a manner that minimises obstacles for SMEs suggests that at last, the penny is dropping. Not only is it the creation of regulation which impacts, but the administration that follows. So often those charged with administration fail to appreciate the burden placed on an SME when being obliged to comply with regulation to which a larger enterprise might devote a team of people. As they say, the proof of the pudding is in the eating: let us see the change in administrative approach now that it is government policy.

The next year will be crucial to the implementation of these grand plans to address overregulation of SMEs. Implementation will be crucial to effecting change and change is essential for intermediaries throughout Ireland. The Report acknowledges that SMEs are the backbone of our economy, in every city, town and village across the country. Let us see adequate resources – people and money- devoted where needed and let us see urgency to ensure that these businesses are supported as they should be.

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The 2021 Financial Broker Conference w

Following Brokers Ireland Financial Broker Conference last month, we talk to Rachel McGovern, Director of Financial Services on the evolution of Financial Broker and future plans for the brand

In February last year, we hosted the Financial Broker Conference in the spacious grounds of Carton House, Kildare, unaware of the impact that a global pandemic was about to have on our everyday lives. Fast forward to February this year, when on the 18th February, the Restart Financial Broker Conference was streamed from a virtual online platform to 500 Broker delegates.

Since the beginning of the pandemic, we have had incredible support from Brokers who have signed-up in their droves to our online hosted events. This is testament to Brokers determination to stay connected and remain interactive with their peers during this time. The Financial Conference in February was no different with Brokers actively engaging with our exhibitor booths and speaker Q&A sessions throughout the event. We have all come a long way in twelve months!

In comparison to other years, what did this year's conference provide for Financial Brokers?

It was essential that this year's conference conveyed the right mix of technical; informative; educational and aspirational topics to help support Financial Brokers and prepare them as we slowly start to re-emerge from a post-Covid world which will present many new challenges and opportunities for our industry. The agenda included a panel of respected keynote speakers who discussed industry relevant themes and addressed economic and business challenges facing Brokers. The presentation titles covered an update on the investment market; Irish pensions reform proposals; life after lockdown which highlighted the importance of client communication and a health and wellbeing session from a fitness expert. Our conference keynote speech was delivered by economist, author and broadcaster, David McWilliams who gave an entertaining and intuitive interview of where we are at economically and socially and provided Brokers with a realistic sense of expectancy and optimism for the coming year. We have been really encouraged from the event feedback which seems to have achieved its objective of ensuring that Brokers gained actionable take-aways to help enhance their business efforts.

How supportive has the industry been in the evolution of Financial Broker?

The continuous support that the Financial Broker project has received from its life company partners (Aviva; Irish Life; New Ireland; Royal London; Standard Life & Zurich) since launching the project has meant that the evolution of the brand has been constantly revitalised over the past decade. Without this support, we would not have achieved the successes that the Financial Broker brand has attained to date. This support has enabled us to ensure that Financial Broker is kept firmly within the mindset of Irish consumers through ongoing marketing campaigns and continuous enhancement of the brand's perception, understanding and identity in the public domain. The term Financial Broker has provided the industry with a recognised, professional identity which resonates with consumers and has shaped opinion in associating Financial Brokers with integrity, trust and professionalism. It has undoubtedly had positive repercussions on the industry as a whole and we plan to continue nurturing the brand on this positive footing.

How have Financial Brokers risen to the communication challenge over the last year?

Like most strands of society, Financial Brokers have had to adapt significantly in how they communicate and interact with their clients and most have moved from zero to hero in acquiring and utilising new digital skills and techniques. Last Autumn, we produced a guide specifically to help Brokers minimise the disruption caused to their businesses and encourage supportive Broker-client relationship practices during the pandemic. Maintaining client relationships in a world where face to face meetings is not possible, is challenging. Thankfully, Financial Brokers have moved quickly to adapt to new solutions that can enhance their client value proposition while working remotely. Remote interactions require a regular and structured approach in demonstrating your value while remaining visible at a distance from your client base. When we finally return to normal without social restrictions, Brokers will resume their skilled face to face approach with clients and many will take the positive elements of remote working and carry them forward into future business operations. Those who utilise these newly acquired remote working practices should flourish in what is likely to be a new hybrid approach to client relationships.

What are the next steps for Financial Broker - what's in the 2021 pipeline?

In keeping with our mission to ensure that Financial Broker is kept refreshed, we relaunched the Financial Broker website in September 2020, marking the start of a new era for the brand in endorsing its value proposition and appeal with consumers. The newly designed site offers efficient functionality along with new user innovative features, a fresh and responsive design and an easy to access Broker dashboard and resource centre. Part of the website revamp included a rebrand of all existing Broker resource materials including technical and consumer guides; POS & leaflets; videos; blogs/ articles and other marketing materials. Supporting Financial Broker's new brand identity will require robust messaging

"The term Financial Broker has provided the industry with a recognised, professional identity which resonates with consumers and has shaped opinion in associating Financial Brokers with integrity, trust and professionalism."

ent viral this year – how have Brokers adapted?

which sets a new tone and direction over the coming years. To assist with this process, last year we conducted focus group research with Financial Brokers to determine how our industry is perceived. This incorporated preliminary research, engaging with key individuals to analyse the current brand proposition and testing new concepts and ideas. As a result of these sessions, there was a very strong appetite to create an aspirational brand and build an image to make Financial Broker more appealing to new and younger audiences. This has led to a re- positioning of Financial Broker as a 'Client Centric' brand which places the customer at the centre of everything we do. Around this, we are currently developing key brand drivers to represent who we are. These brand values will be at the heart of a renewed Financial Broker, creating the guiding principles that will shape its culture and transform the relationships we build with customers in a meaningful way. We look forward to delivering the first draft of these proposals to Financial Brokers over the coming months. It is also intended this year to conduct new industry research into Financial Broker through commissioning a market analysis report. This will assist the industry in the promotion of 'advice' and help with lobbying on areas such as Auto Enrolment, where the current proposals do not allow for the inclusion of advice. Some consumer research will also be included in the mix in helping us to garner a better understanding of public perception to the brand and evaluating future insights and market trends. In addition to this we are also continuing with an ongoing Financial Broker media campaign across national radio as well as ongoing digital SEO presence to help ensure that the brand is kept 'switched on' to consumers.

A decade on, how do you envisage the progression of Financial Broker?

Ten plus years later, Financial Broker is in good shape and we plan to capitalise on this. Over 310 Financial Brokers subscribe to the project and the term Financial Broker is a commonplace term amongst media, industry and most importantly, consumers. The brand has grown from strength to strength and 2021 promises to be a fresh restart for Financial Broker which will re-calibrate the brand offering and create more cohesion within the Broker market and industry. We look forward to ensuring that the longevity and relevance of Financial Broker is kept rejuvenated and that it aspires to greater numbers of consumer awareness and adaption.

Financial Broker Life Company Partners

A brief comment

David O'Dowd, CEO, Zurich Life

Brokers Ireland continued development of the Financial Broker brand has been very important in promoting the essential role that good advice plays for Irish consumers. At Zurich Life, we're delighted to be a key supporter of Brokers Ireland and the Financial Broker initiative.

Teddy Daly, Head of Marketing, Aviva Life & Pensions

In an era of disintermediation, Financial Brokers have continued to increase their market share. The creation of a strong Financial Broker brand has undoubtedly contributed to this success.

Michael Murphy, Managing Director, New Ireland

The Financial Broker brand has without doubt raised the profile and highlighted the professionalism of the Life and Pensions Broker. The advertising and market presence has created a recognisable brand that consumers can trust and identify with, as they seek financial advice tailored to their needs.

Noel Freeley, CEO of Royal London in Ireland

Aimed at championing the expertise of Brokers while educating people on the importance of protection, the Financial Broker brand promotes the invaluable service of financial advice. As the only Irish provider which deals exclusively through brokers, Royal London's aims are aligned with this mission to highlight the role of the Broker.

Alan McCarthy, Head of Distribution, Standard Life

Time and time again our research shows customers are better off when they receive financial advice. We all need to be using our voices to promote this message to Irish consumers to help them look forward to their retirement with confidence.

Dermot Gaskin, Brokerage Director Retail, Irish Life

As you know, Irish Life has used the Financial Broker brand in all our TV / Radio, print & digital advertising since its launch. The Financial Broker brand gives customers clarity around whom to seek the advice they need. Indeed our research shows us that customers from all demographics who had dealt with a Financial Broker had higher confidence in their financial plans and therefore their financial futures.

Master Trusts ...The future pension model?

"The Master Trust model will bring unconnected employers together under a single trust, with the same default fund and choice of funds for the whole scheme."

James Skehan, Trustee and Pension Support Services.

Irish pension schemes will come under significant pressure in the coming months and years as IORPsII increases the governance burden on schemes and the Pensions Authority continue with their objective to reduce the number of pension schemes in operation.

The Pension Authority's own data suggests that there are close to 75,000 occupational pension schemes in Ireland (31/12/2019) and even if you exclude the one-member arrangements, you are still left with about 9,000 schemes, many of which are very small and not sustainable as stand-alone trust-based schemes. Of the 9,000 there are 6,791 schemes with a total membership of 32,260 which works out at an average of just under 5 members per scheme. The Pensions Authority see the Master Trust as the pension vehicle that will achieve this objective.

The Master Trust model will bring unconnected employers together under a single trust, with the same default fund and choice of funds for the whole scheme. However, each participating employer will have a degree of flexibility to decide on issues such as eligibility conditions, contribution rates and perhaps the most contentious aspect – the charges that will apply to their "part" of the scheme.

So, will Master Trusts provide a solution and in doing so can the underlying principles of trusteeship be maintained and preserved ?

The new Master Trust product will typically be set up by either an insurance company or one of the benefit consultants – to be known as the "Founder" who will appoint the initial trustees and draft the Trust Deed and Rules. The closeness of the relationship between the Founder and the Trustees immediately raises the potential for significant conflicts of interest to arise. While it is generally accepted that conflicts of interest can and will arise, the real challenge is how these conflicts can be managed and how "independent" can the trustees be, particularly if the trustees are employees of and /or are remunerated by the Founder.

The new regulations will require trustees to have a certain degree of independence from the Founder and some existing Master Trusts have already taken steps to meet this particular requirement. New Ireland have appointed a subsidiary of theirs - General Investment Trust as their trustee and they in turn have appointed a majority of independent directors to their trustee board. Mercer have appointed Paramount Pension Trustees to act as a joint trustee alongside IPT, a sister company of Mercer. Irish Life have gone a step further by having a completely independent trustee – arguably a more transparent and independent structure?

- **Trustees must look after the financial well-being of scheme members – will they be able to do this satisfactorily under a Master Trust?**
- **Who will determine if value for money is being secured for scheme members?**
- **What if investment performance falls below agreed benchmarks?**
- **What if the Administrator is in breach of Pension Authority deadlines?**

The ultimate question is can or will the trustee replace the Registered Administrator. In my view, even if it is possible in theory – by allowing it in the Trust Deed I don't believe it will happen in practice.

The Pensions Authority have already engaged with a number of existing Master Trusts and issued their findings at the end of November last year. The report was scathing and cited several real concerns including the lack of addressing of conflicts of interest, trustees being unable to replace the Founder and trustees having no control over investment decisions.

Clearly, the regulations that the Pensions Authority will introduce will impose stringent obligations on Master Trusts, but it remains to be seen how these new regulations will work in practice. As more employers move to a Master Trust will the pension market become more concentrated in a small number of "mega schemes" with little pro-active reviews being undertaken?

Against this background, the role of the Financial Broker will be crucial. They can take steps if their client's members interests are not being looked after and ultimately can appoint a new provider and move their "part" of the scheme if necessary.

The situation becomes more challenging if there is no independent broker involved and where the scheme is administered and serviced on a direct basis. In my view there must be some participant in the overall relationship that is truly independent and who can make the big calls if needed.

I also believe that employers and their advisors should use the opportunity of the arrival of the Master Trust option to undertake a full market review on behalf of their client before any move to the "incumbent's Master Trust is entertained.

In my view Master Trusts are here to stay and will eventually become the dominant "vehicle" for pension schemes in Ireland. However, an employer who is considering joining a Master Trust should ensure that they have the independence of a financial independent broker in their camp to look after their and their members interests.

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Inside TRACK

with Diarmuid Kelly, CEO, Brokers Ireland

THE BUSINESS OF BUSINESS INTERRUPTION

The dust is still settling from the FBD business interruption case, our members now grappling with the High Court's findings and juggling multiple enquires from clients. The crucial question of quantum is still at large and the issue of legal costs also yet to be decided upon by the Court. We are very aware that many of our members are fielding queries from anxious and expectant policyholders and there is no clarity yet for Insurance Brokers and businesses as to how most policies in the market should respond to COVID-19. It is clear that media reporting on the issue and also commentary from certain hospitality trade associations, much of which generated more heat than light, have wrongly encouraged businesses, particularly those in hospitality, to believe that they will receive a pay-out from their insurer as a result of the FBD case.

On the part of clients, this hope is understandable, where businesses have been locked down for months and income for many has simply dried up (but not so, unfortunately, the outgoings). Frankly distasteful have been the advertisements some of our members have spotted, which demonstrate that some members of the legal profession have themselves an expectation that money is to be made (for lawyers!) as a result of the judgment against FBD, surely the business interruption equivalent of ambulance chasing. Even with the FBD findings, it is simply not the case that most businesses with a business interruption policy will be able now to recover on foot of them. Insurers must of course look at the FBD judgment and consider their own policy wordings in light of it.

FBD have already advised that they will not be appealing the very thorough and thoughtful judgment of Mr Justice McDonald, which is of immense benefit to relevant policyholders. So-called "test cases" are pending in respect of a number of other insurers' policies and the findings will be relevant to policyholders with those wordings. It is the parties involved in those cases who face, at the very least, the immense worry and burden of proving their cases.

FCA Test Case – Mission Accomplished

One might compare the Irish situation, where we have had judicial interpretation of one insurer's cover for pubs, with the quite different scenario which unfolded in our nearest neighbour and fellow common law jurisdiction, the UK. There, the Financial Conduct Authority (FCA) in May 2020 advised of its intention to bring an actual test case. It gathered an immense list of policy wordings from the market, instructed a legal team and took on the burden and expense of arguing its case, in open Court and before Judges, that these policies responded to claims arising out of COVID-19. In doing so, it aligned itself with businesses as their champion against the entities it regulates, ensuring that UK businesses did not have to pay the significant costs of testing their own policy wordings, or take on the massive burden of proving the cases to the requisite standard. And in doing this, it still ensured that justice was administered in public. It subjected its views to independent scrutiny in open Court and had them adjudicated upon and the insurers likewise engaged legal representation and defended their interpretation of their policy wordings.

Those who wished to follow the case were invited to sign up for regular email bulletins on progress in this test case, with the policy wordings in issue, pleadings and legal submissions all publicly accessible. Any interested party could log on to the FCA website and its dedicated business interruption section, which posted updates on the case as they occurred. The case was pushed through to as early a hearing as possible before a panel of two judges selected for expertise. Hearings could be viewed live on-line and so this was truly still justice being administered in public, notwithstanding the pandemic.

Judgment in the High Court was followed by a leapfrog appeal to the Supreme Court, in which judgment was handed down on 21 January 2021. Now, with an eye to aiding policyholders, the FCA continues to update its business interruption portal – there one can find a facility, using which a policyholder may input their policy wording, to ascertain if it is similar to, or the same as, one of the wordings tested before the UK Court as well as helpful advice aimed at policyholders. I know that I am not alone in considering the handling of the business interruption issue to be impressive work from the FCA: efficient, transparent, demonstrating leadership and above all clearly seen to be fair to all parties concerned, as matters impacting the administration of justice should be.

Great Expectations

What of our CBI? On 27 March 2020, it issued a Dear CEO letter, advising of its expectations of insurance undertakings as regards their handling of business interruption claims. I think that no one could dispute that insurers should handle claims properly and fairly, make fair settlement offers and provide the customer with the benefit if there is doubt as to the meaning of a term. This much is surely a restatement of CPC principles that apply to all regulated entities. I reserve comment on whether all insurers abided by these principles; I have heard members say that some did not. It is clear that some insurers (including FBD) very plainly considered that their policy wordings were not drafted to and did not cover claims related to the pandemic and that they had not reserved for such matters. Whatever view one might have of the general insurance companies, I think that it is very possible that there could be more than one convincing interpretation of an unclear policy wording, as was apparent from the FCA and FBD cases. From that perspective, the idea that insurers could be expected or called on simply to pay out and should do so forthwith, without legal arguments being tested, is open to question.

On 5 August 2020, the CBI published its business interruption framework. The provision that caught my eye was the CBI's stated expectation that a regulated financial service provider should agree to pay reasonable costs of customers in cases agreed to be test cases, to be taxed in default of agreement and that it should not seek its costs against these Plaintiffs. Whence comes this power of the CBI effectively to predetermine

"It has to be said that the fact that the FCA had to bring a test case to examine numerous policy wordings to decide whether or not they responded to COVID-19 is surely proof that the wordings should be drafted much more clearly, in the interest of the policyholder and indeed the insurer."

the awarding of costs in High Court proceedings, where costs are generally a matter for the trial judge to rule upon? I have checked the CBI website, various legislation and flicked through my dog-eared copy of the blue book (I mean Bunreacht na hÉireann, our Constitution!) and can find nothing that aids me in understanding whence this power derives.

The CBI's framework also piqued my interest, with its stated intention to make its own assessments of whether it considered a business interruption policy was responsive to COVID-19 and interference and/or interruption to insureds' businesses, by reference to cover, causation and quantum and claims handling. In its press release on 5 February 2021, welcoming the judgment in the FBD case, the CBI referenced its extensive supervisory engagements with insurers since these issues first emerged, and the fact that it made clear that insurers should pay the reasonable costs of customers in agreed test court cases that seek to determine issues for wider groups of customers. Their approach was addressed by the Governor of the CBI, Gabriel Makhlouf, in a webinar on 16 February 2021 for the Grant Thornton Leaders Lounge series. He mentioned in the course of the webinar that his colleagues had done a tremendous job of getting to grips with 250 different types of policies and identifying which they thought likely to provide cover, which had no cover and which were slightly ambiguous and that they came to a position where they were very clear on what should happen.

I think it is possible for an impartial commentator, such as myself to question whether the financial supervisory authority that regulates insurance undertakings should assign to itself a leading role in insurance policy interpretation and to suggest that this ought to be left to a judge.

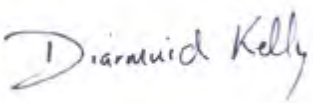
Moreover, the litigants involved in the test cases have had, at the very least, to devote immense time and effort to proving their cases to the requisite standard, unlike in the UK, where the FCA took on that burden in respect of the policies that formed part of its test case. Should the CBI have adopted the approach of the FCA and mounted a similar test case, the outcome of which would have resolved the question of COVID-19 policy response, for policies within the scope of the action, for insurers, brokers and customers?

Whilst the CBI may well have spent significant man-hours on the issue of business interruption, analysed hundreds of policies and engaged extensively with insurers, it is possible to ask whether that effort might have been better directed toward obtaining Court declarations aimed at resolving contractual uncertainty of policy wordings, as the FCA did. I am not aware of there being a publicly accessible list of the policy wordings examined by the CBI, or the outcome of the examinations, let alone a resource of the kind produced by the FCA. It is clear from the number of queries that Brokers Ireland has received from Brokers, arising out of business interruption issues, that Brokers and clients alike still do not have certainty on what policies in the market respond to COVID-19 claims. It goes without saying, of course, that this is a significant issue for insurers, all of which should be doing their utmost to ensure that their policyholders have their claims dealt with in line with the CPC.

I think that it is possible to question whether this blurring of the lines at the CBI, between regulation and a quasi-judicial function, is appropriate. It may also be off-putting for insurance undertakings thinking of entering the Irish market to learn that the CBI, in certain circumstances, considers it has a role in interpreting policy wordings, given the implications this potentially has for insurers. This may be unhelpful given that one of the current aims of government is to attract new providers to the Irish market. I would welcome debate on the views expressed in this article and extend a right of reply to any interested party that might wish to contribute.

Urgent Action Needed

Finally, it has to be said that the fact that the FCA had to bring a test case to interpret numerous policy wordings to decide whether or not they responded to COVID-19 is surely proof that the wordings should be drafted much more clearly, in the interest of the policyholder and indeed the insurer. The entire insurance industry should look at what can be done to ensure that customers know exactly what their policy intended to cover and crucially, that they have this knowledge at the time of purchase. Whatever steps the industry can take to achieve this should be taken now, ahead of the next pandemic.



Diarmuid Kelly, CEO, Brokers Ireland

The Allianz Risk Barometer's top five risks in 2021

Every year at this time, Allianz publishes its Risk Barometer, its annual corporate risk survey which is conducted amongst Allianz customers (global businesses), brokers and industry trade organisations. The survey respondents' included risk consultants, underwriters, senior managers and claims experts in the corporate insurance segment of both Allianz Global Corporate & Specialty (AGCS) and other Allianz entities. Over 2,769 respondents from over 92 countries took part in the research last November.

Robert McEvoy, Head of Market Management, Allianz Ireland

While predicting risks can vary per country, the report does map out the top five risks for the business sectors as well as the insurance sector. These are:

1. Business Disruption

Individual companies, and even entire sectors, have suffered large business disruption events in the past, but the pandemic of 2020 is the first catastrophic event to hit a modern globalised and interconnected economy. The world has changed fundamentally over recent decades and this has led to accumulations of risks and new loss triggers. The pandemic has demonstrated just how vulnerable the world is to unpredictable and extreme events and has highlighted the downside of global production and supply chains. When container shipping was effectively grounded in Spring 2020, with fleets taking numerous ships out of service in response to capacity shortfalls, global supply chains came under pressure. Subsequently, components failed to arrive and production came to a standstill in many industries, especially in the automotive sector. As the impact of Brexit becomes clearer, this will serve to compound the challenges we will face in 2021.

2. Pandemic Outbreak

The rollout of coronavirus vaccines provides some hope that the worst effects of the pandemic will subside in 2021, although measures to contain the virus are expected to remain in place for some time yet. However, the economic, political, and societal consequences of the pandemic are likely to be a source of heightened risk in the years ahead. In addition to business disruption, the longer-term spectre of rising insolvencies could impact on organisations directly or indirectly as supply chain partners and other suppliers close down. According to research from Euler Hermes, the bulk of insolvencies will come in 2021. Fraud and theft have also been on the rise during the pandemic, as criminals take advantage of business disruption and lax security.

3. Cyber Incidents

Pre-COVID-19, both society and business were already growing more dependent and reliant on technology and intangible assets and this trend is likely to accelerate as companies change business models and ways of working. COVID-19 will likely spark a period of innovation and market disruption, accelerating the adoption of technology, leading to regulatory changes, as well as hastening the demise of incumbents or traditional sectors, and giving rise to new competitors. A survey by McKinsey found that companies may have accelerated the digitalization of supply chains and operations by three to four years, while the importance of digital products has accelerated by seven years. However, as organisations digitally transform and the workforce moves to a hybrid workplace, cyber criminals have also adapted their techniques and evolved. With the rush to move businesses onto cloud computing platforms, the pressure to adapt quickly and adopt new remote workers could leave major gaps in organisations IT infrastructure that could be exploited by these cyber criminals. Tech companies will be working close to capacity and there will come a point when technology and servicing will become stretched or reach their limitations.

If digitalisation is not done properly [with due consideration for the risk/building resilience] then a future 'Black Swan' scenario involving the failure of a major cloud provider could become a reality. Recent Microsoft Irish research showed that 30% of remote employees were using personal emails. In fact 26% of Irish remote workers had experienced a cyber attack personally. The pandemic saw a 400% increase in ransomware and socially engineered attacks aimed at remote workers. To put this into context, Cybercrime now costs the global economy over $1 trillion – more than one per cent of global GDP – up 50% from two years ago.

4. Market Developments

As the world continues in the throes of an economic downturn amid a disruptive COVID-19 pandemic, the risk of rising insolvency rates following the pandemic is set to rapidly grow. Growth in the number of insolvencies (38%) is the third most impactful change companies expect to see from the pandemic after acceleration towards greater digitalization (55%) and more remote working (50%). There were six "mega" bankruptcy filings involving businesses with at least $1bn in reported assets during the first quarter of 2020, 31 in the second, and 15 in the third, for a total of 52, compared with a 2005 to 2019 quarterly average of five, according to Cornerstone Research.

The impact of a gradual phasing out of temporary policy measures designed to support companies is one of the key concerns for 2021. The bulk of insolvencies is still to come in 2021/2 according to Euler Hermes, with its global insolvency index likely to hit a record high for bankruptcies, up 35% by the end of 2021 , with half of countries recording a new high since the 2008 financial crisis. The top increases are expected to be recorded in the US (up 57% by 2021, compared to 2019), Brazil (up 45%), China (up 40%) and core European countries such as the UK (up 43%), Spain (up 41%), Italy (up 27%), Belgium (up 26%) and France (up 25%).

5. Regulatory and legislative change

COVID-19 may have caused some delays of the regulation train but it did not stop or even derail it, quite the opposite: 2021 promises to become a very busy year in terms of new legislation and regulation. Two areas stand out for their significant business impact: data and sustainability. Access and use of data determine the competitive landscape in the 21st century and new rules aim at creating a more level playing field. This includes, for example, a new framework for artificial intelligence and cyber security, as well as new standards and rules for digital finance and digital services and platforms.

Meanwhile, in order for a successful transition to a zero-carbon economy to happen integrating sustainability considerations into all business activities is key. To achieve this goal, a certain level of regulation is necessary. In particular, improving the availability, comparability and reliability of reported non-financial data – including climate-related key performance indicators based on greenhouse gas emissions – would help to steer sustainable investments successfully and to facilitate the green transformation. True, new sustainability disclosure requirements entail additional costs. But the rewards are huge, for the companies which better understand their long-term environmental, social and governance (ESG) risks and for the societies at large which can define a clearer path to carbon-neutrality.

This year will hopefully see a return to some resemblance of normality, but it will be a different reality with new risks that businesses will need to adapt to.

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KEY FEATURES

- Actively managed investment process
- Diversification across a range of assets
- Ability to deliver strong returns with reduced volatility in times of market stress
- Long term fundamental holdings with short term tactical opportunities
- Morningstar Rating™ ★★★★★[1]
- Number 1 performing, global, multi-asset fund in the Irish market since its inception over 20 years ago[2]

MULTI-ASSET 30

20%-40% in Growth assets

80%-60% in Defensive Assets

MULTI-ASSET 50

40%-60% in Growth assets

60%-40% in Defensive Assets

MANAGED/ MULTI-ASSET 70

60%-80% in Growth assets

40%-20% in Defensive Assets

1. As of 31/1/2021.
2. Source: Longboat Analytics (formerly MoneyMate) 31.01.2021 based on MoneyMate inception (Oct 1993).

MERRION FLAGSHIP FUND
MANAGED/MULTI-ASSET 70

Ranked No. 1 by AON Hewitt Survey of 40 similar funds in the Irish market over 1 & 3 years[3]

The fund has been recognised for its consistent outperformance and has achieved a ten year annualised net return of:
The Managed/Multi-Asset 70 forms the basis for the lower risk funds.

8.7%*

* Source: Merrion Investment Managers as of 31.01.2021

WARNING: Past performance is not a reliable indicator of future performance. The value of your investment may go down as well as up. These funds may not be suitable for all investors.

3. Aon Hewitt Multi Asset Pooled Fund Survey 31.01.2021.

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AIG CargoGuard

Coverage That Makes a Difference Anywhere

by Niamh Hume, Senior Marine & Property Underwriter, AIG Ireland

Globally AIG is one of the largest marine insurers. At AIG, we combine local expertise and knowledge with the quality and responsiveness of our international network, to ensure the protection of our customers' assets and their business reputation. Our CargoGuard product is suitable for a wide range of businesses that move their goods domestically or internationally. These could include manufacturers, suppliers, exporters, importers, wholesalers and retailers.

CargoGuard is accessible via our online trading platform, Rapidcover where you can receive a quote in minutes as well as bind policies and receive documentation almost instantly. Mid-term adjustments and renewals are also straightforward and can be made in real time. With Rapidcover, we've put the power to trade directly in your hands. And when you need support, our experienced team in Dublin, are here to help.

CargoGuard - What Does it Cover?

CargoGuard provides flexible 'All Risks' cover - as per the Institute Cargo Clauses 'A' – on an annual basis, suitable for both domestic and international transits by sea, air and land with optional extensions delivering solutions for a wide variety of business needs.

Protection Against

- Failure to deliver
- Theft
- Liability for payment of duty
- General Average losses
- Mechanical and electrical derangement
- Returned goods/shipments
- Consequential and/or financial losses up to €250,000
- Loss or damage caused by strikes, wars, riots and civil commotions

During

- Loading and unloading
- Transhipment
- Customs inspections
- Delays in transit
- Concealed damage discovered up to 30 days after delivery

Additional Expenses

- Discharge expenses – extra internal and external costs incurred sending replacement items
- Forwarding costs – expenses incurred unloading, storing and forwarding items if stopped during transit
- Airfreight replacement costs – up to €10,000 for the swift delivery of replacement items by airfreight
- Container damage – up to €50,000 for the physical loss or damage to containers
- Debris removal – expenses incurred during the removal and disposal of damaged goods

Additional Optional Covers

Sales Representatives Samples / Engineers Tools and Equipment

- Includes tools and equipment that are on site and in vehicles
- Full cover in private dwellings and hotel rooms overnight
- Samples in transit and while being used for demonstration purposes

Exhibition Risks

- 30 days cover
- Includes installation/dismantling/duration and temporary storage at exhibition site
- Up to €10,000 cancellation costs

Storage Cover

- Covering raw materials, WIP stock and Finished Goods
- Providing cover for stock stored at secure locations prior to transit
- Giving your customers complete cover for the cargo goods before and during transit.

"CargoGuard is accessible via our online trading platform, Rapidcover where you can receive a quote in minutes as well as bind policies and receive documentation almost instantly."

"Our experienced claims handlers have expert knowledge of marine insurance, enabling AIG to resolve claims quickly with minimal business disruption."

Niamh Hume, Senior Marine & Property Underwriter, AIG Ireland

Claims

Our experienced claims handlers have expert knowledge of marine insurance, enabling AIG to resolve claims quickly with minimal business disruption. Daily our claims team deals with loss and damage to cargo in transit due to:

- Packing
- Loading and unloading
- Theft
- Heavy weather
- Fumigation
- Non-delivery
- Wet damage
- Road traffic accidents
- Customs damage

The following hypothetical scenarios seek to demonstrate the broad range of protection CargoGuard provides. The examples are illustrative only and not to be relied on to justify coverage in any particular situation.

Loading / Unloading

A manufacturer operates a warehouse where they dispatch goods when ordered. While assembling an order, a forklift driver loses control of his vehicle resulting in delicate electronic equipment being damaged. As the items are considered to have started their transit within the warehouse, CargoGuard responds and reimburses the insured for the damages.

Heavy Weather

An Irish based exporter distributes the majority of their merchandise across the EU. Experienced in cross-channel shipping, the company takes care to ensure their containers are suitably packed for the expected weather conditions. Unfortunately, due to heavy weather the container and its cargo are damaged during the transit. As the sea conditions were outside of those normally experienced at that time of year, CargoGuard covers the damage to the owner's cargo.

Theft

During the importation of high-end electronics, consignments are transferred from an arrival port to the insured's warehouse by truck. Whilst unloading a shipment and performing an inventory count, the client notices a discrepancy in paperwork and suspects the truck's driver of theft. As the goods were proven to be in transit when they were stolen, CargoGuard reimburses the client for the value of the items lost.

For more information on AIG's Marine insurance solutions, please feel free to reach out to me on:
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Direct Dial:- 01 208 1448 Mobile:- 087 1908454

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For more information, please visit **www.rapidcover.ie**

AIG Europe S.A. is authorised by the Luxembourg Ministère des Finances and supervised by the Commissariat aux Assurances, and is regulated by the Central Bank of Ireland for conduct of business rules

Corporate bond market trends

The investment case for Corporate Credit

By Jacqueline Hogan, Investment Marketing Specialist at Zurich

Timing the markets and getting a forecast of the economy exactly right is an elusive concept. Therefore, holding a diversified range of assets that move in different directions depending on market conditions can be helpful to investors. In 2020, Zurich added corporate bonds to form part of the Prisma multi-asset fund range and as two new standalone fund options for your clients. As you may know, a corporate bond is debt issued by a company. The investor is effectively lending money to the company in return for a series of interest payments and principal at the redemption date. Publicly issued bonds are actively traded in investment markets, allowing for potential capital appreciation.

A diversified and carefully chosen portfolio is necessary to take advantage of the return potential while managing negative risks. Corporate bonds are typically seen as riskier than government bonds and therefore require a higher rate of interest to compensate the investor for this additional risk. Theory and the historical track record tell us that corporate bonds can play a key role in a balanced investment portfolio. By adding corporate bonds to their investment portfolio investors can benefit from the facts that investment grade corporate bonds:

- tend to deliver higher growth than government bonds.
- carry lower volatility than equities and diversify an investors' overall risk profile.

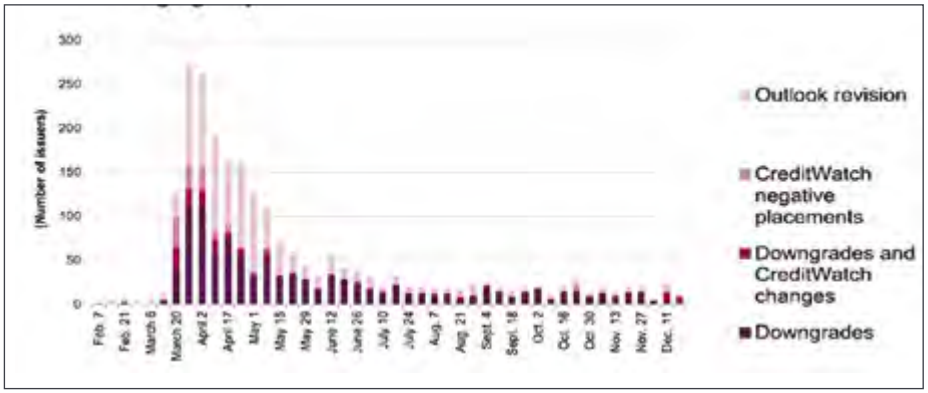
How has COVID-19 impacted the corporate bond market?

Central Banks have put in place a range of monetary policy and banking supervision measures to mitigate the economic impact of the pandemic. Among these is the €1,850 billion pandemic emergency purchase programme (PEPP), through which the ECB buys eligible corporate and government bonds. In doing so, the ECB is helping to lower borrowing costs while maintaining the flow of credit by banks to firms and households. Additionally, the ECB has increased the amount of money that banks can borrow specifically to make loans to small and medium sized firms, further supporting their ability to withstand the operational impact of lockdown restrictions. These, along with other supports mean that the economic impact on credit quality has been manageable and generally less severe than feared.

Credit rating agencies have taken a proactive and cautious approach to the crisis, placing many sectors on watch or outlook negative. During the first quarter of 2020, many precautionary credit rating actions were taken, however with the introduction of government supports and mitigating actions by companies themselves, the pace of downgrades has slowed. Credit rating agencies have taken comfort from updated earnings reports, which is evidence of how companies have successfully adapted to their new environment, displaying resilience against uncertainty.

Credit Rating Agency Actions*

Credit markets performed strongly in 2020, on the back of increased support from Central Banks following the sharp falls seen in February and March. Initiatives such as outright bond purchases, open ended liquidity provision, and regulatory flexibility helped support investor sentiment while materially dampening market volatility. Interest rates are expected to remain at historically low levels, thereby helping to preserve the relative valuation attractiveness of corporate bonds over government bonds. This adds to the structurally supportive backdrop for corporate bonds.



What's important in 2021?

While pockets of the investment grade corporate bond market appear rich in absolute terms, longer term structural trends are supportive of further spread compression, particularly amongst sectors most aligned to economic recovery.

Helen Dodd, Senior Credit Portfolio Manager at Zurich says *"We closely monitor signals of credit quality deterioration as the effects of the COVID-19 crisis unfold, however we also recognise that these should be partly mitigated by the deep policy support and very favourable technical market backdrop.*

Overall, we are constructive, but selective across investment grade credit, favouring short term credit as an alternative to cash and carefully selected medium dated exposures as an alternative to government bonds. We maintain an open mind and, as the market focus shifts from virus to vaccine, recognise the potential for volatility. We believe favourable longer-term structural trends are set to continue. As corporations continue to adapt to their new operating environment, we strive to identify the most resilient winners to deliver the best risk adjusted return.

Dispersion in performance is envisaged, and is also likely to be asymmetrical, therefore using a structured investment process to analyse fundamental credit quality and an active management approach are key."

For more information

Zurich's Corporate Bond Funds are available as part of the Prisma fund range. The Short Duration Corporate Bond Fund and Medium Duration Corporate Bond Fund are also available as standalone options across the Zurich suite of Pensions, Savings and Investment products.

You can find more information on corporate bonds by speaking to your Zurich Broker Consultant or visiting our fund section on zurichbroker.ie.

*Source: S&P, January 2021

Warning: The value of your investment may go down as well as up.
Warning: Past performance is not a reliable guide to future performance.
Warning: Benefits may be affected by changes in currency exchange rates.
Warning: If you invest in these funds you may lose some or all of the money you invest.

Zurich Life Assurance plc is regulated by the Central Bank of Ireland

Will 'normal' return in 2021?

Kevin Quinn, Chief Investment Strategist, Investment Markets discusses the trends that investors should be considering in 2021

Early in 2021, we saw a lot of history crammed into a few weeks. Covid-19 vaccines became a reality and the pace of inoculation went to the top of the political agenda. Brexit was done, however imperfectly, but at least there was a deal. Day traders squared up to hedge funds in the bubble that was 'Gamestop'. Geopolitics reared its head in Russia and Myanmar. Yet, despite all this and the continued surge in Covid-19 numbers, markets have marched on upwards (+6.2% at time of writing 08/02/21) and the sectors that had fared worst last year seem to be the leaders so far this year*.

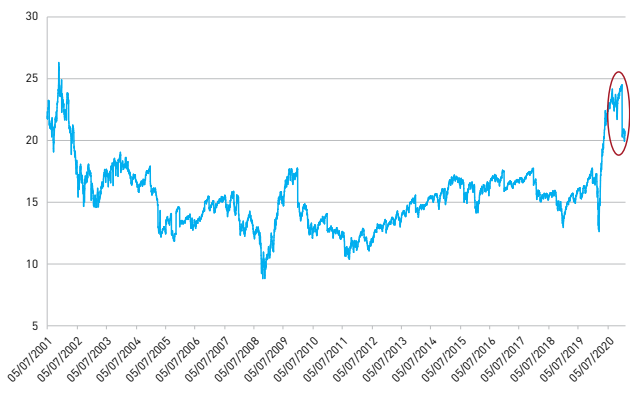
We see 5 themes that are likely to dominate markets in the year ahead.

1. From virus to vaccine

The Covid-19 vaccine announcements in November massively accelerated the timeline for normalisation and gave us the best monthly performance in markets in 45 years*. Since then, the trajectory has been up, even if differences in the speed of vaccinations is now a significant issue, especially in Europe. Yet, despite the challenges, markets are now looking beyond the Covid-19 period into a more certain future and market expectations are for robust growth in late 2021. (*Source: Investment Markets, February 2021.)

2. From lockdowns to living life again

Figure 1: Global Price/earnings ratio



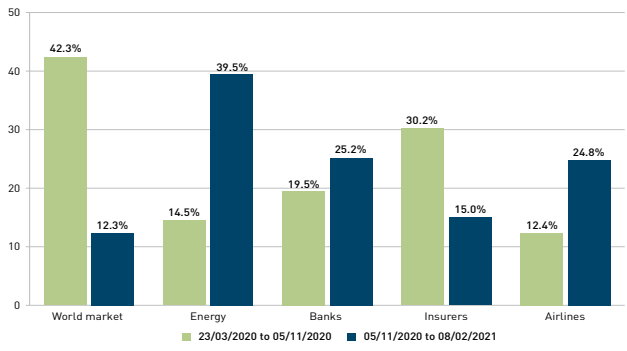
Source: Bloomberg 9th February 2021

Despite lockdowns remaining a reality, markets have been re-pricing the risk of a prolonged period of shutdown. A good gauge of this can be seen in the Global Price/Earnings ratio which captures the improved profit expectations that have appeared after the vaccine announcements. Variants and the speed of vaccine distribution present risks of course, but expectations are for more broadly-based earnings recovery this year.

3. From recession to mini-boom

2020 delivered the sharpest recession, globally, in three quarters of a century. Indeed, the current lockdowns will likely see continued recession in early 2021. Nonetheless, consumers everywhere have built strong cash balances and deferred their consumption plans. This will provide a catalyst for strong growth once more people are vaccinated, worldwide. Add to that the fiscal packages that are likely to form a large part of the policy landscape in 2021 and we have all the ingredients for a mini-boom, perhaps in H2 2021, and for a little bit of inflation to emerge also.

Figure 2: Sectoral performances pre and post vaccine announcements



Source: Bloomberg 9th February 2021

4. From rally to rotation

Markets have rallied hard since Q1 2020, making gains of just under 60% since the low in March (approximately 6% year to 08/02/2021)*. These returns were generated while the world suffered a massive pandemic-induced recession. Yet the initial

recovery was a narrow one, led by IT which benefitted from the acceleration in digital trends as employees worked from home. Other sectors, notably financials and energy, didn't fare as well, with low interest rates and reduced energy consumption significantly impacting both sectors. The November rally signalled a change. With normality on the horizon, I think it's fair to say that the industries that fared worst from Covid-19 may continue their comeback, evident from their performances since November.

5. From monetary to fiscal

The main driver of the recovery – perhaps the sole driver – was the dramatic action taken by Central Banks to reduce interest rates and ensure a flood of liquidity in financial markets. Building on the lessons learned during the Great Financial Crisis, Central Banks deployed their arsenal much more rapidly and with greater scale, in this crisis. As a consequence, the resulting recovery was significantly more rapid.

From 2021 onwards, the baton is moving to fiscal policy. The enlarged role of government spending will be a dominant tool to navigate the economic recovery that will begin later this year and it seems probable that central banks will play a supporting role.

Conclusion

The prospect of a recovery in 2021 led to a more exuberant end to 2020 and a beginning to the year than many had anticipated. While we anticipate that 2021 will be a solid year for investors, it will not be without its own challenges. In particular, possible new variants in the Covid-19 virus, the delivery of the vaccine on a global scale and the navigation of this new role for fiscal policy. Each present new risks that may result in plenty of bumps on the road.

For information about New Ireland's Investment Proposition and its wide range of funds, please talk to your New Ireland Account Manager.

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Information is correct as of February 2021 and subject to change.
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Amundi announces the launch of Amundi Funds European Equity ESG Improvers

Amundi, Europe's largest asset manager, announces the launch of Amundi Funds European Equity ESG Improvers, an actively managed strategy open to institutional and retail investors that aims to capture ESG-related growth potential at an early stage.

Complementing the traditional ESG approach, which targets "ESG winners" according to their current ESG profile, this strategy takes a forward-looking approach to identify companies with promising ESG trajectories through a strategy based on 3 principles:

- Exclude companies that are not aligned with Amundi's ESG framework;
- Select companies that are fundamentally attractive and that are showing real and material progress on ESG. These companies are identified through a fundamental bottom up investment process which integrates Amundi's proprietary ESG methodology;
- Actively engage with company management throughout the investment process to understand and positively impact the company's financial and ESG credentials as a whole, and build a portfolio of concentrated, high conviction holdings.

At this stage, the ESG Improvers range offers two equity funds: Amundi Funds European Equity ESG Improvers and a US Equity ESG Improvers strategy, benchmarked against the MSCI Europe Index and the S&P 500 Index respectively. Further funds will be added to the ESG Improvers range, including equity and fixed income strategies. This range will enable investors to apply their portfolio asset allocation from among the ESG champions of tomorrow.

Responsible investment at the heart of the Fund's approach

As a pioneer in responsible investing, Amundi manages over €345 billion in responsible investment assets with over 10 000 issuers rated with respect to ESG criteria[1]. Amundi's recognised ESG analysis process will be fully integrated into the investment approach of the Fund.

Benefiting from the proven experience of Amundi Research and Portfolio Management teams, the strategy of Amundi Funds ESG Improvers combines fundamental and ESG analysis to fully contextualize any potential investment. ESG Improvers in managed from Dublin, the Group's main global centre for equities.

Vincent Mortier, Deputy CIO at Amundi, comments: "ESG Improvers is a new concept that Amundi has developed which leverages our strength across various teams and locations. It offers investors an opportunity to be part of an actively managed portfolio of tomorrow's ESG winners. This fundamental bottom up concept is designed to offer attractive risk adjusted returns and to encourage companies to improve the ESG credentials".

These sub-funds are available within the Amundi Funds SICAV and is currently registered in the following countries:

- European Equity ESG Improvers: France, Austria, Switzerland, Spain, Italy, Luxembourg, Netherlands, the UK, Germany and Ireland.

About Amundi Ireland

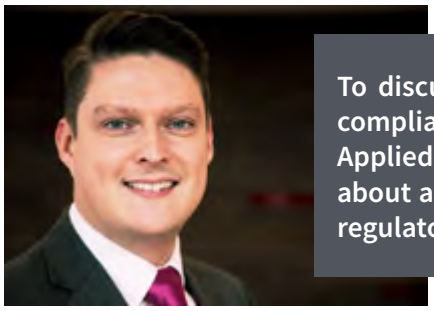
- Amundi Ireland, established in 1998, is one of thelargest asset managers in Ireland and employs 350 professionals. One of Amundi's six global investment centres and the Group's main hub for equities, Amundi Ireland currently manages €43 billion AUM across a range of asset classes and strategies.
- Amundi Ireland has recently received authorisation as a 'Super Management Company' enabling it to act as a management company for third party fund managers as well as launching Irish domiciled product for Amundi.

About Amundi

- Amundi, the leading European asset manager, ranking among the top 10 global players, offers its 100 million clients - retail, institutional and corporate - a complete range of savings and investment solutions in active and passive management, in traditional or real assets.
- With its six international investment hubs, financial and extra-financial research capabilities and long-standing commitment to responsible investment, Amundi is a key player in the asset management landscape.
- Amundi clients benefit from the expertise and advice of 4,500 employees in nearly 40 countries. Created in 2010 and listed on the stock exchange in 2015, Amundi currently manages more than €1.7 trillion of assets.

The Consumer Insurance Contracts Act
How Applied is ensuring compliance for Brokers

The pace of technology change is faster than ever and the regulatory burden this brings has never been greater. At Applied, we understand the importance of ensuring compliance with the latest regulations and our role is to stay ahead of these changes and use our expertise to ensure ease of compliance for our customers. The latest regulation, Consumer Insurance Contracts Act (CICA), significantly changes the way insurer's contract with Irish consumers. The Act provides increased protection to consumers and applies a consumer centric lens to insurance contracts, noting that the interpretation of pre-contractual questions and contract terms most favourable to the consumer will prevail.



To discuss the CICA and how Applied has transformed its solutions to ensure compliance for customers, Stephen Murphy, Director of Customer Success for Applied Systems Europe talked to us. Stephen has been instrumental in bringing about an industry consensus to support brokers and lessen the burden of these regulatory changes on them.

Can you briefly explain the Consumer Insurance Contracts Act and what it means for brokers from a technology standpoint?

Absolutely. CICA 2019 was signed into law on the 26th December 2019. Some of the elements of the Act were effective from the 1st September 2020, however certain aspects of the Act contained in sections 8, 9, 12 and 14 will come into force for renewals and new business polices effective from 1st September 2021.

Essentially, the Act makes changes to create greater transparency for the consumer and requires the insurer to take on additional responsibility in respect of its consumer interactions at all key phases of the customer journey: quotation, onboarding, policy assessment and completion, premiums handling, claims handling, complaints and renewals.

For our brokers, the Applied Product suite will be updated and released to the market during the summer months in our standard release process, inclusive of our Motor, Home, Commercial Vehicle and eQuote products. Development is underway now as the CICA deadline fast approaches.

Applied has worked tirelessly to ensure our brokers and insurance partners using Applied technology in Ireland are ready and compliant before this coming September.

How is Applied reacting to this regulatory change and aiding customers to remain compliant?

In an industry such as insurance, regulatory compliance is a vital component for ensuring best practice at all stages and it is essential that Applied supports these changes for brokers. To achieve this, we reached out to the relevant industry bodies to begin working on clarifying the act and what it means for the insurance landscape in Ireland.

We are grateful to all the teams we worked with to agree on the suite of changes to our technology, enabling us to adhere to regulatory requirements and to support our customers and insurers. We worked very closely with the Insecom Working Group for our Motor Product changes. We also worked closely with Brokers Ireland to engage brokers in the conversation, in particular on how the changes would affect their workflows and we feel this had a very positive influence on the overall design. For our Home and Commercial Vehicle solution, Insurance Ireland kindly assisted us to ensure we had insurer representation in our working groups as we designed the solution.

Working with these groups over the last few months to come to a consensus on a go-forward approach has been critical to both brokers and insurers future success. We want to use this opportunity to thank these partners who came together to find common ground and assist Applied's CICA solution so that we continue to provide a compliant distribution platform for insurance.

What are some updates brokers will see in their systems to help keep them compliant?

The commencement of the Act marks a significant change for the Irish insurance industry and we are updating our systems in line with this change. Based on insurer and broker feedback we focused on the key areas of risk capture screens, validation, data consumption and documentation wording.

We focused on ensuring that the risk capture screens and associated labels are clear and concise. We also updated the tool tips/hover text to provide additional clarification to the broker where possible.

Validation throughout the system has also been strengthened, ensuring data is updated and answered as the user navigates the workflows. Applied have also taken the opportunity, where appropriate, to remove any questions that the insurer community no longer deemed required. We believe this is a very positive move for insurers, brokers, end customers and Applied Systems.

Another key change is the ability to consume data from our insurance partners, such as historic premiums and claims. This change allows data to flow into pricing, acceptance and documentation processes.

Finally, we have worked with insurers on strengthening documentation wording and the generation and presentation of the Statement of Fact document at appropriate points in the customer journey. We also worked on including the five-year claims and five-year premium on customers' renewal documentation. Where a broking customer has transferred between multiple insurers over the previous five years, only claims and premium detail from the incumbent insurer will be included within the insurer renewal invite.

This has been a substantial effort among our team and partners, and we are delighted to enhance our systems to support compliance for the insurance industry at large. The future of insurance technology is about delivering new ways of doing business and at Applied, we are committed to supporting our customers and industry partners as they navigate these exciting opportunities.

ecclesiastical
When it means more than anything
You need a specialist insurer
A different kind of Insurer, with a reputation for expertise, stability and service and with all dispersible profits given back to the specialist communities we serve. Offering a broader range of specialisms than you may have thought, it's time to take another look.
Our specialists make us who we are.
Visit us at ecclesiastical.ie/brokers
Ecclesiastical Insurance Office plc is regulated by the Central Bank of Ireland.
Ecclesiastical Insurance Office plc Reg. No. 24869. Registered in England at Benefact House, 2000 Pioneer Avenue, Gloucester Business Park, Brockworth, Gloucester, GL3 4AW, United Kingdom. Registered Branch in Dublin, Ireland. Reg No. 902180. 2nd Floor, Block F2, EastPoint, Dublin 3. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom (Firm Reference Number 113848).

A specialist insurer that continues to contribute to a better societ

Unveiling a dynamic new look and feel, Ecclesiastical, the specialist underwriter with over 139 years of experience covering complex and unique risks, is refreshing its visual identity while staying true to its core principles. Operating in Ireland since 1980 and specialising in faith, charity, education, and heritage insurance, Ecclesiastical's Managing Director, David Lane, recently spoke with Irish Broker Magazine about what's changing and what's staying the same.

David Lane, Managing Director, Ecclesiastical

Why have you refreshed the Ecclesiastical brand now and what difference will it make?

To us a brand is more than a logo, a name, or a colour scheme, it's about who and what we are as a business, what we stand for, and ultimately it's about why a broker or their customer should choose Ecclesiastical for their specialist cover.

This means that our teams in Ireland and internationally, with their deep expertise and specialist skills, are as core to our differentiation as our unique business model, or our name. Every time we quote for a risk, the broker and their customer benefit from our expert knowledge and specialist teams with a proposition tailored to meet their specific requirements. Our expertise and specialisms are reflected in our risk management, underwriting experience, claims handing and deep sector knowledge.

The refresh of our brand visual identity also gives us the opportunity to reinforce the message that we are different in Ecclesiastical.

Broker partners and their customers can rest assured of normal factors like our strong credit rating, but the differentiator is that every policy we sell not only provides the specific cover required but it also helps to create a better society as our distributable profits go back to our charity owner. These profits are then put to good use outside of the stereotypical shareholder model and are instead used to improve society by supporting good causes.

Today's insurance market is a tough one. How will the brand refresh aid your points of differentiation?

Ecclesiastical's refreshed visual identity has been designed to accurately reflect the modern, dynamic company we are, and the specialist proposition that we offer brokers and their customers.

"We provide our brokers and their customers with peace of mind derived from the specialist knowledge and expertise of our teams coupled with the financial strength of our business, as well as our strong presence on the ground here in Ireland."

We have updated the brand colour palette, introduced a new brand marque, changed the typeface, and we have updated how we talk about ourselves as the leading specialist insurer in the markets where we operate. These changes will be experienced by brokers and their customers on their policy documents and elsewhere in the coming times and will, we believe, support our highly regarded reputation as a specialist insurer with deep expertise covering some of the most complex and unique risks in the market.

Our difference is also in the diverse skillsets we bring, in our business model, our closeness to the market and our internal structures ensure that decisions are made locally. We also have the ability to draw on unrivalled experience and expertise in the heritage, education, charity, and faith sectors.

In what way do you feel Ecclesiastical is uniquely positioned to best serve the needs of your customers?

Ultimately, we provide our brokers and their customers with peace of mind derived from the specialist knowledge and expertise of our teams coupled with the financial strength of our business, as well as our strong presence on the ground here in Ireland. Ecclesiastical's local presence ensures both security and visibility to broker partners and their customers because they know that their underwriting, claims and risk management services are provided in Ireland by people with deep knowledge and understanding of the Irish market.

You touched on Ecclesiastical's charitable donations. Could you provide a little more context?

For us, charitable giving is not something we do as part of an ESG or CSR programme or to meet reporting obligations. It's the reason we exist, and it helps to drive us forward.

In this regard, the Group has to date delivered £97m in charitable donations over the last 5 years. In Ireland alone, over 50 Irish charities have benefited in the past year from one of Ecclesiastical's initiatives, Movement for Good. Meanwhile, the 12 Days of Giving campaign has run for three years at Christmas and has been a real success with 120 different charities across the UK and Ireland receiving £120,000 between them every year. Every policy we sell provides the cover sought and goes beyond that to bring added benefit to wider society.

In your view, what role will Irish brokers have to play given some of the complex challenges in the market today?

The role of the broker is vital, particularly in the sectors in which we operate where customers often require bespoke solutions, so brokers remain as crucial now as ever. In a more complex, post Brexit market, we operate as a third country branch reflecting our commitment to Ireland, our underwriting and claims being delivered and managed locally and to growing our presence in the market through the broker channel. Brokers have told us that having access to decision-makers based in Ireland improves the speed of decisions and our deep sector knowledge and engagement helps them deliver the best propositions and solutions for their customers.

What does the company hope to achieve through the brand refresh?

Originally, Ecclesiastical was set up to provide faith insurance and while that remains a core focus, we have since broadened our proposition and have become a recognised specialist insurer in the education, charity and heritage sectors. We believe that giving the company an updated visual identity is more reflective of the company we are today – a modern, international business, with an ambition to grow and ultimately give more to society.

We will still be Ecclesiastical, and what we stand for remains the same, but it's time for a new look that reflects what we deliver today and matches our vision for our future. We're really excited to introduce our refreshed brand identity – a bold new chapter in our story.

At our core, we're a group of specialists, and that's what our refreshed brand is created around. Our star brand marque symbolises our expertise and dedication, the excellence of our products and solutions, and the quality of our service. It also reflects our desire to have a positive impact on society and this materialises through our commitment to giving back and supporting communities.

"We will still be Ecclesiastical, and what we stand for remains the same, but it's time for a new look that reflects what we deliver today and matches our vision for our future."

Post Authorisation changes

"Where a firm intends to cease operating, merge with another or transfer all or part of its regulated activities to another regulated entity, they must comply with the requirements set down by the Consumer Protection Code 2012"

By Elizabeth Smith Wright, Head of Compliance, Brokers Ireland

As Brokerages continue to evolve and change, a key area for queries for the Brokers Ireland compliance unit relates to members making changes post authorisation and what is required from a Central Bank and regulatory point of view. Changes can vary from amendments to legal or trading name(s), change of address/Directorships to transfers of shares or clients.

Where a firm wishes to amend their legal or trading name, they are required to advise the Central Bank by emailing **postauthorisations@centralbank.ie** and include a copy of the CRO certificate setting out the new trading name or legal name. Change of address or contact details is notified to the same email address. Where a new Director is proposed for a firm, an online Individual Questionnaire (IQ) must be submitted for approval through the firms online reporting system(ONR). When a director is resigning, this amendment is also made through the ONR and you should include the reasons for the retirement/resignation, the date of departure from the firm and confirm whether or not there are any issues of fitness or probity that the Central Bank should be informed about.

Often firms wish to change internal shareholdings, it is important that if the firm is authorised under the Investment Intermediaries Act 1995 (as amended), that **prior approval** from the Central Bank of Ireland is obtained for share transfers of over 10%. This requires the submission of an Acquiring Transaction Notification Form. Share transfers made without this approval are deemed invalid.

There are a number of different reasons why a firm would seek to transfer clients, for example, if they are planning to cease operating, merge with another entity, scaling their business up or down by selling a particular strand of their book of business or if they are revoking a certain authorisation type.

Where a firm intends to cease operating, merge with another or transfer all or part of its regulated activities to another regulated entity, they must comply with the requirements set down by the Consumer Protection Code 2012 which are outlined:

Note: If both entities are to remain regulated after the transfer, a letter of no objection is required from the Central Bank before commencing the process. Firms should email **brokers@centralbank.ie** advising of proposed transfer including, details of the transfer i.e. what the proposed date for doing this, the number of clients to be transferred, to whom the transfer is and whether the receiving brokerage holds sufficient agencies and meets the Minimum Competency Code requirements for advising on the products.

a) notify the Central Bank immediately – should email **brokers@centralbank.ie** advising them of the intention to sell / transfer and what is the proposed date for doing so. The Broker should include in the notification who the parties are to the transfer and details for the proposed transfer (e.g. is it a proportion or all of the client bank?).

b) provide at least two months' notice to affected consumers to enable them to make alternative arrangements.

c) ensure all outstanding business is properly completed prior to the transfer, merger, or cessation of operations or, alternatively in the case of a transfer or merger, inform the consumer of how continuity of service will be provided following the transfer or merger; and

d) in the case of a merger or transfer of regulated activities, inform the consumer that their details are being transferred to the other regulated entity, if that is the case.

As outlined above, clients must be given at least 2 months' notice prior to the transfer taking place. Brokers Ireland has a template letter which can be edited to provide notification to affected clients. This allows clients to make alternative arrangements if they so wish.

It is important that when firms are making any changes to their business that they notify the Central Bank appropriately and acquire prior approval where necessary. **If you have any queries in relation to making changes within your business, please call the Compliance Unit on 01 661 3067 or email: compliance@brokersireland.ie**

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- Cover can pay out multiple times and can continue after a claim.

Multi-Claim Protection Cover is available exclusively from Royal London.

To find out more about the benefits of Multi-Claim Protection Cover, contact your Broker Consultant or visit **royallondon.ie/brokers**

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MiFID Update

Rachel McGovern, Director Financial Services Brokers Ireland

MiFID II 'Quick-Fix'

As part of the Capital Markets Recovery Package and the European Commission's overall coronavirus recovery strategy, the Commission has adopted measures to reduce the burden on firms under MiFID II.

In early January 2021, the trilogue agreement on the MiFID II Quick-Fix was accepted following a vote of the European Parliament's ECON committee. The trilogue agreement was then formally adopted by the European Parliament on the 11th February 2021 and the Council on the 15th February.

The changes contained in the MiFID II 'Quick-Fix' will apply mostly to your professional clients and eligible counterparties such as insurers, pension funds, or public institutions.

The key points of the agreement are:

- Professional clients will no longer receive information on costs and charges. They will still receive information on investment advice and portfolio management.
- Clients should have the ability to receive information on costs and charges, without undue delay after the conclusion of the transaction, where the agreement to buy or sell a financial instrument is concluded using a means of distance communication, over the phone prior to the transaction or by electronic or hardcopy format.
- There will be a temporary suspension of the best execution reporting requirement - from the date of entry into force of this amending Directive + two years. The Commission is expected to comprehensively review the adequacy of the reporting requirements laid down in this paragraph and submit a report to the European Parliament and the Council by the end of February 2022.
- Retail clients who receive the information required by this Directive in paper format, must be informed of the fact that they will receive that information in electronic format at least eight weeks before the information is sent in that format. Investment firms must inform existing retail clients that they have the choice to either continue receiving information on paper or to switch to information in electronic format.
- Corporate bonds with a so-called "make-whole" clause will be exempt from certain Product Governance rules – A make-whole call provision is a clause in a bond's contract that allows the issuer to retire the bond early by paying off the remaining debt on the bond at a previous agreed upon formula based on the net present value (NPV) of future coupon payments. Financial instruments distributed to eligible counterparties will be excluded.
- Cost-benefit-analysis in the case of switching of financial instruments.

The following has been added as a requirement under Article 25: "When providing either investment advice or portfolio management that involves the switching of financial instruments, investment firms shall obtain the necessary information on the client's investment and shall analyse the costs and benefits of the switching of financial instruments. When providing investment advice, investment firms shall inform the client whether or not the benefits of the switching of financial instruments are greater than the costs involved in such switching".

This requirement does not apply to services provided to professional clients, except for investment advice and portfolio management.

- Commodity derivatives. There is a new definition for agricultural commodity derivatives to include fisheries as well as animal feed. For agricultural commodities and those that are designated as significant or critical the current position limits regime will still apply. Exemptions from position limits will apply to hedging transactions and mandatory liquidity provisions and securitized commodity derivatives. ESMA will develop draft regulatory standards to define which derivatives are to be considered significant or critical.
- "Before 31 December 2021, the Commission will review the impact of the exemption laid down in point (j) of Article 2(1) with regard to emission allowances or derivatives thereof, and shall accompany that review, where appropriate, with a legislative proposal to amend that exemption. In that context, the Commission shall assess the trading in emission allowances and derivatives thereof in the Union and in third countries, the impact of the exemption laid down in point (j) of Article 2(1) on investor protection, the integrity and transparency of the markets in emission allowances and derivatives thereof and whether measures should be adopted in relation to trading that takes place on third country trading venues."
- The review clause within the agreement calls upon the Commission to undertake a review of the operation of the structure of the securities markets; research rules; rules on payments to advisors and their level of professional

"The changes contained in the MiFID II 'Quick-Fix' will apply mostly to your professional clients and eligible counterparties such as insurers, pension funds, or public institutions."

qualifications; product governance, client categorisation and, if appropriate, to submit a legislative proposal by the 31 July 2021.

The text of the legislative act was signed on 16th February and was expected to be published in the Official Journal by this stage.

The targeted amendments to MiFID II will enter into force on the day following their publication in the Official Journal. Member States will be required to transpose them into national law within nine months of that date. The measures will become applicable 12 months after the entry into force of the Directive.

ESMA Consultation

On 29th January 2021, the European Securities and Markets Authority (ESMA) launched a consultation on certain aspects of the MiFID II appropriateness and execution only requirements under MiFID II.

In developing the Consultation Paper, ESMA has also drawn from the supervisory experience gained through the 2019 Common Supervisory Action (CSA) and included some practical examples where relevant. ESMA states in the consultation paper that it is aware that some of these insights are equally relevant for the suitability assessment and should also be included in the Guidelines on suitability. ESMA emphasised that it will take account of these insights in an upcoming review of the Guidelines on suitability. This review will take place after finishing the CSA on the application of the suitability requirements, launched in February 2020. Given the close relationship of the 'execution-only exemption' with the appropriateness requirements, ESMA also addresses the execution-only requirements in the Consultation Paper.

ESMA will consider the responses it receives to this consultation paper in Q2 2021 and expects to publish a final report and guidelines in Q3 2021.

ESMA - common supervisory action

ESMA is launching a CSA with national competent authorities (NCAs) on the application of MiFID II product governance rules across the EU.

ESMA is mandated to contribute to a common supervisory practice among NCAs. One of the instruments available for ESMA to contribute to such a supervisory convergence are CSAs.

The CSA will be conducted during 2021. ESMA and the NCAs will assess the progress made by manufacturers and distributors of financial products in the application of the 2017 guidelines and 2020 Q&As series on product governance that were issued by ESMA.

ESMA explains that the CSA will help in the analysis of:

- how manufacturers ensure that financial products' costs and charges are compatible with the needs, objectives and characteristics of their target market and do not undermine the financial instrument's return expectations.
- how manufacturers and distributors identify and periodically review the target market and distribution strategy of financial products; and
- what information is exchanged between manufacturers and distributors and how frequently this is done.

Standard Life's Retirement Chats

Inspiring and energising future retirees

We all know great financial advice is important to building a comfortable retirement, but money alone is not enough. To live a good retirement someday, we'll all need:

1. Financial advice and planning
2. People we love
3. Pastimes we enjoy
4. Purpose, learning and growth
5. Our health

As part of Standard Life's ongoing work with our End of Career Guidance Counsellor, Brian Mooney, we have just launched a series of videos called **Retirement Chats.**

The **Retirement Chats** videos show Brian in conversation with recent retirees who give great insight into their individual journeys from the end of their careers into their Second Life. Each of the six retirees who Brian speaks with has taken a different path through this transition. Covering topics from the importance of planning and maintaining a sense of purpose, to issues like nurturing support networks and dealing with a health scare, the videos offer tips, motivation and good advice to inspire and energise your clients.

This video series is available on **StandardLife.ie** and **Brokerzone.ie**, where you'll also find the Second Life Guide and Questionnaire.

These videos and tools are yours to share with customers on their journey to and through retirement; increasing the tangible benefits you offer to help people live their best life for longer.

Through 2021, Standard Life's End of Career Guidance Counsellor will support advisers' work with clients to prepare for this important life stage through even more supports such as:

- Adviser webinars
- Customer webinars
- Customer and adviser ezines
- Raising the importance of retirement planning through the media

By Sharon Smyth,
Head of Marketing,
Standard Life International

REPS

IRISH LIFE'S RETIREMENT PORTFOLIOS

BEFORE AND AFTER RETIREMENT – WHAT'S DIFFERENT?

Throughout our working life, we focus on saving for retirement. Our priority is growing a fund that will fund the lifestyle we want in retirement. And in those early years, it's usually possible to ride it out when financial markets fall.

But after retirement, poor investment returns can have a much larger impact on savings. Losses incurred soon after retirement can be difficult to recover from and could result in a lower level of income, and a lower standard of living.

Recognising these risks, we designed Irish Life Retirement Portfolios (REPS), which aim to reduce the impact of these risks on your retirement savings.

1

REPS **invest in a wide variety of assets**, including cash, shares, bonds, property and alternatives.

2

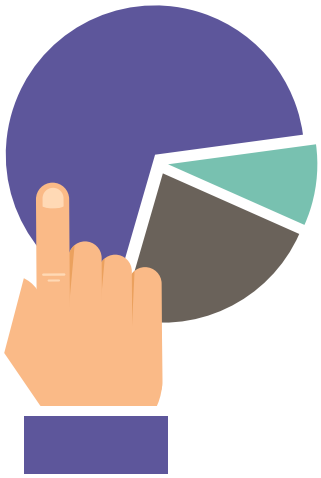
The investments are weighted towards assets that aim to generate an income to **align with the needs of investors in retirement**, who are looking to draw down their pension.

3

REPS are **expertly managed** by Irish Life Investment Managers (ILIM).

4

REPS benefit from a **range of risk management strategies**.



5

REPS are available across our **Approved Retirement Fund** and **Approved Minimum Retirement Fund** products.

If you have any questions about REPS please speak to your Irish Life Account Manager or visit

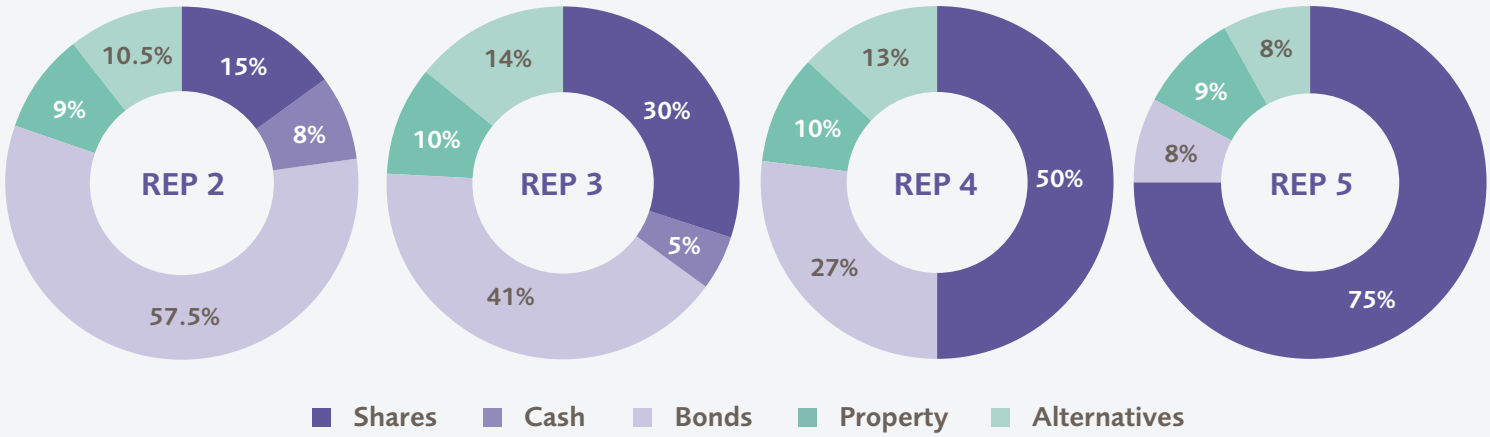
Warning: If you invest in this product you may lose some or all the money you invest.

Warning: The value of your investment ma

GAUGING RISK

We offer four portfolios, ranging from lower-risk, where more of the portfolio is invested in cash and bonds, to higher-risk, where more is invested in shares. This means that if you are a low-risk, medium-risk or high-risk investor, there is an Irish Life REP that may suit you.

LOWER RISK — IRISH LIFE FUND RISK SCALE — HIGHER RISK



MAKING DIVERSIFICATION WORK FOR YOU

An effective way to reduce market volatility (when markets rise and fall) is to invest in a wide range of assets. This is known as diversification. Each of our portfolios benefits from a high level of diversification, both *across* assets classes (like shares, property and bonds) and *in* each asset class. The assets are also diversified geographically and across industries, to ensure the portfolios are not overly reliant on any one country, company or sector. Finally, the assets are managed by Irish Life Investment Managers (ILIM) and by other selected fund managers – reducing the risk of over-reliance on any one fund manager.

Irish Life

Irish Life Investment Managers (ILIM) is an appointed investment manager to Irish Life Assurance plc. Irish Life Investment Managers Ltd is regulated by the Central Bank of Ireland. Irish Life Assurance is regulated by the Central Bank of Ireland.

www.bline.ie/irishlife-reps where you will find a wealth of support, flyers and helpful videos.

ay go down as well as up.

Warning: This fund may be affected by changes in currency exchange rates.

Liberty Insurance tackles 'Ghost Broking' to protect customers and brokers

Liberty Insurance has launched a new public awareness campaign in conjunction with Brokers Ireland to raise awareness of the illegal practice of ghost broking.

To expose fraudsters, Liberty's campaign calls on fellow insurers to encourage consumers to verify genuine insurance brokers and calls on online platforms to verify the authenticity of advertisers selling insurance products.

New research, conducted among 1,000 consumers by Core Research, shows that **70% of motor insurance customers in Ireland are unaware of the practice.**

"Ghost broking is a form of insurance fraud that needs to be tackled to not only protect consumers but also legitimate insurance providers and legitimate brokers." María Eugenia Mugueza, Claims and Operations Leader for Liberty Insurance in Europe.

What is a ghost broker?

Ghost brokers are professional fraudsters who sell forged or falsified documents to unsuspecting motorists. In the event of a claim arising, these policies leave the motorist liable. Liberty's research suggests they disproportionately target immigrant communities, many of whom don't speak English as a first language or are unfamiliar with Irish insurance practices. *"At Liberty we live by our value of 'Putting People First'. We were the first insurer in the Irish market to publicly call out this practise in 2017, and since then we have sought to work with An Garda Siochana, the Department of Finance, Brokers Ireland and other industry peers to tackle this growing problem. "* says María Eugenia Mugueza, Claims and Operations Leader for Liberty Seguros, the company that operates as Liberty Mutual Global Retail Markets in Europe. "Ghost broking is a form of insurance fraud that needs to be tackled to not only protect consumers, of whom almost 40% of those aware of the practice report having been approached, but also legitimate insurance providers and legitimate brokers."

'Too good to be true'

The survey found that among motorists aware of the practice, 21% are either unsure or unaware that policies purchased via ghost brokers may be invalid.

Identifying a ghost broker is the first step; warning signs include broker contact details that neglect to include a physical business address or business landline number. Also, if the offer appears too good to be true, this should serve as another red flag.

Cathie Shannon, Director of General Insurance at Brokers Ireland says: *"Consumers always need to be alert and this research shows that a large proportion of consumers don't even know they need to have their guard up. We urge consumers to think twice before purchasing insurance from sources such as social media sites and carefully check any insurance documentation for accuracy."*

Identifying Legitimate Insurance Brokers

According to the survey, 43% of consumers have searched for their broker online but 32% have not taken any steps to verify that their insurance broker is fully regulated.

Liberty advises all motorists to always check the authenticity of any person or company selling or administering insurance policies.

There are some easy and cost-free ways consumers can verify and locate a genuine broker:

- Central Bank of Ireland online register.
- Brokers Ireland website.
- Brokers Ireland's new consumer facing website, (insurancebroker.ie), which has a useful search tool, providing details of local member insurance brokers.

"This is a much-needed resource for consumers," according to Seán Fleming TD, Minister of State with Responsibility for Insurance, who has welcomed this awareness campaign, *"not only to identify genuine brokers, but also to identify the types of insurance that brokers may provide."*

María Eugenia Mugueza welcomes this governmental support, saying that *"Liberty shares the government's goal of bringing greater transparency to the insurance market and tackling ghost broking is a key part of this effort."*

Online Security

Liberty's appeal to online platforms, such as social media outlets, to introduce practices to verify any person or company advertising insurance policies on their website, came off the back of the survey's findings. It revealed that almost 40% of those aware of the practice have been directly approached by a ghost broker, either in person or via social media. *"While conducting business over the web is now the norm, the web is also an easy marketplace for fraudsters."* says Brokers Ireland's Cathie Shannon.

Call for wider support

As well as online providers, *"Liberty is calling on our fellow insurance providers to support this consumer awareness campaign,"* says María Eugenia Mugueza, *"to ensure customers are educated on the practice of ghost broking and how to avoid falling victim to it."*

Liberty advises motorists and insurance providers alike to report or query any suspected unauthorised firms to the Central Bank of Ireland. Liberty has created a consumer awareness video and an FAQ which Brokers can share with their customers. Visit LibertyConnect.ie or Brokers Ireland's website to download.

Liberty Insurance provides car, commercial vehicle, motor fleet and home insurance to the Irish consumer market. Liberty Insurance is part of the Liberty Mutual Insurance Group, the sixth largest global property and casualty insurer based on 2019 gross written premium.

*Research commissioned by Liberty Insurance and carried out by Core Research as part of an online survey. 1,000 adults in Ireland aged 18 and over were interviewed as part of the nationally representative research between 23 – 30 September 2020.

THE END OF CAREER GUIDANCE COUNSELLOR

Our newest recruit is here to support you and your customers, so that they can prepare for the second life they want to lead.

Standard Life

There's a lot to look forward to

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Specified Illness Cover and supporting our clients in unprecedented times

Currently paying between 20 and 30 additional conditions claims per year, Irish Life continues to be the largest payer of additional benefit SIC claims in Ireland

Kate Connor, Protection Development Manager, Irish Life

Since the benefit we now call Specified Illness Cover (SIC) was first launched in the early eighties, it has undergone many changes. Starting off as the idea of a South African doctor who could see the financial burden that illness placed on his patients, SIC has become internationally available; an everyday yet sophisticated benefit. Many forms of insurance against serious illness exist globally and, over time, the product has become more varied. It has changed in line with medical and scientific advances, offers a broader range of cover for the consumer.

As the world and workplaces, especially, have changed, the benefit has grown in value to employees. A recent survey[1] in the UK found that employees are looking for more protection and health insurance benefits, particularly in two areas: private medical insurance, and serious illness cover. The Employee Benefits and Workplace Satisfaction Survey 2021[1], surveyed 2000 employees across the UK. The employees, all of whom work in small and medium enterprises, were asked what their employers could do to improve their happiness in the workplace, their job satisfaction and their levels of work-related stress in the midst of the pandemic. Over one-third (35.3%) of respondents said they wanted group private health insurance, with similar levels desiring group specified illness (30.7%) and group life insurance (33%). Findings showed the plans which saw the biggest increase in demand were group specified illness cover and group life insurance.

The results of the survey also revealed that just under half of those SMEs are taking steps to provide protection for their staff, with 47.4% introducing some form of employee benefit during the pandemic. The most popular benefits were flexibility to work from home (39.7%) and flexible working hours (29.4%), as well as group life insurance (19%) and group private health insurance (16.9%). So it is perhaps unsurprising that the Market Research Future (MRFR) evaluates that the global specified illness insurance market could see a growth rate of 15.35% between 2019 and 2025 to reach USD 67,960.81 million by 2025.[2]

One major change to SIC in the Irish market was the 2009 introduction of payment of a lower level of benefit for less serious conditions. Reflecting on that development ten years later in this magazine, Martin Duffy, Head of Claims and Underwriting in Irish Life said: "In 2009, introducing a potentially additional €15,000 benefit for ten life-altering, rather than life-threatening, conditions was very innovative. It was an independent pay out that did not reduce the customer's full SIC benefit. The most significant additional payment conditions added then were ductal carcinoma in-situ of the breast, loss of one limb, loss of one eye, lesser area severe burns, coronary angioplasty and low-level prostate cancer. The additional benefit conditions that Irish Life introduced then were to meet real customer needs based on our claims experience at that time."

It's interesting to note, then, that the overall claims experience in Irish Life would be borne out in the years to come. The largest number of additional benefit claims paid by Irish Life in 2020 were for carcinoma-in-situ of the breast and coronary artery angioplasty – these two conditions representing 60% of additional conditions claims.[3] Additional conditions have grown precisely in the way that was anticipated when introduced in 2009; representing 3.5%[4] of claims in 2020, they're expected to increase to around 5-6%[5] of claims over the next couple of years. Currently paying between 20 and 30 additional conditions claims per year, Irish Life continues to be the largest payer of additional benefit SIC claims in Ireland[6].

In order to continue to support you in providing the best lifetime advice to your customers Irish Life has added a number of conditions to Specified Illness Cover within our Life Term Cover and Life Mortgage Cover products.

We've made these changes to allow us to pay even more claims and provide even better benefits for your customers. Three new full cover conditions have been added:

- Necrotising fasciitis,
- Primary sclerosing cholangitis
- Short bowel syndrome

Furthermore, 18 new additional payment conditions have been added, including permanent pacemaker insertion, cancer in situ of the uterus, cancer in situ of the vulva, cancer in situ of the cervix, aortic aneurysm - with endovascular repair, and cystectomy – removal of the complete bladder.

Several conditions now have upgraded definitions, including

"Irish Life has added a number of conditions to Specified Illness Cover within our Life Term Cover and Life Mortgage Cover products. We've made these changes to allow us to pay even more claims and provide even better benefits for your customers."

'cancer in situ - other'; this definition includes, but is not limited to, cancer in situ of the bile duct, gall bladder, liver, pancreas, stomach and thymus.

Protection products in the Irish market offer many additional services, all of which are particularly relevant at this time. We are all a bit tired of hearing these times being described as "unprecedented". While it may well be true, the wall to wall coverage of the global pandemic, combined with the monotony that it has introduced to our lives, is wearing thin for many of us. We could all do with a break, with something to look forward to and a change of routine.

A question worth asking is "are there ways in which we can help our clients with the challenges they face at this time?"

Research shows that people are not visiting the GP as often as usual, out of fear of contracting Covid-19, with GP visits in the UK down by 30% year-on-year and by up to 74% during lockdown periods.[7] Here in Ireland the CSO surveyed SMEs and a third of enterprises surveyed listed staff wellbeing as one of their top two concerns.[8] Indeed Irish Life has seen some evidence of this in our 2020 SIC claims data, soon to be published.

Irish Life offers LifeCare, at no extra cost, on all of our protection plans. The range of LifeCare services includes the MedCare medical second opinion service which clients' immediate family can also use. The medical second opinion service is available for all medical diagnoses.

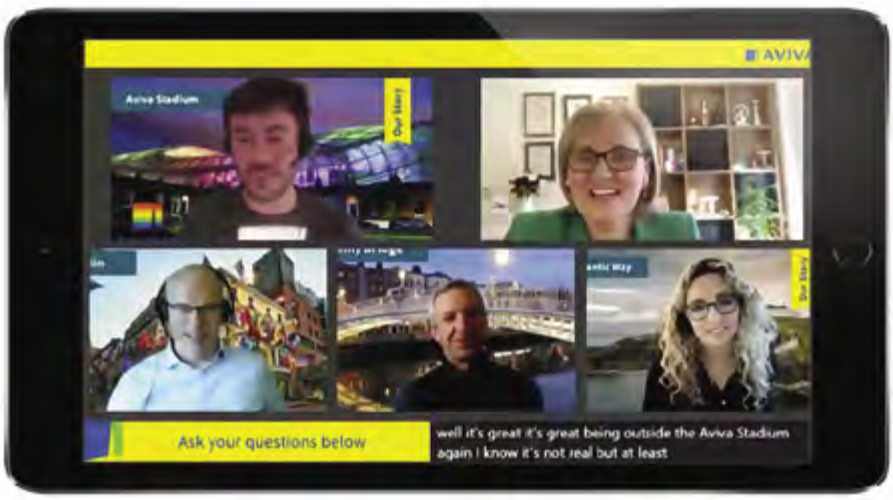
The NurseCare service – a phone call to a nurse which can replace the run to the GP that might ordinarily take place when someone is ill – could be particularly reassuring to clients at this time. NurseCare is available free of charge and might be worth reminding your clients about. For those who have been bereaved, made no easier by the current restrictions on funerals, we continue to offer our ClaimsCare post-bereavement counselling service to all of our claimants.

Specified Illness Cover will, undoubtedly, continue to evolve, in particular over the coming period as it continues to be a desirable and valued benefit for employees. The rise in demand that is anticipated will likely lead to even greater developments which can further benefit the customer and meet the rising demand.

Sources: 1. The Employee Benefits and Workplace Satisfaction Survey 2021 2. Market Research Future (MRFR); 3, 4, 5, 6: Irish Life Claims 2020. 7: Health.Org. Uk, NHS Digital Data. 8. www.CSO.ie

Irish Life Assurance plc is regulated by the Central Bank of Ireland.

Aviva Group CEO meets her Irish colleagues



Aviva Ireland was delighted to welcome our Group CEO Amanda Blanc who joined us for a virtual visit on MS Teams recently. Having identified Ireland as one of the Group's core markets alongside the UK and Canada last year, Amanda had been looking forward to visiting Ireland and meeting with colleagues in person. However, like many great plans at present, she was unable to travel to Ireland due to the pandemic. Thankfully, we all have the online tools to allow for what was our next best option, a great virtual meeting with management and colleagues from both the general insurance and life and pensions businesses.

Amanda knows the Irish market very well having previously worked with another insurer across Ireland and the UK. Her virtual visit included meetings with a number of internal and customer facing teams from throughout the business which provided a great opportunity for colleagues to meet with and present to her on our ambitious plans for the business in Ireland. She also attended a session to recognise colleagues with long service in the business, some of whom had over 40 years' service.

A keen Welsh rugby fan, Amanda is also Chair of Welsh Rugby's Professional Rugby Board. She was delighted when we presented her with a gift of an Irish rugby jersey and a rugby ball signed by Johnny Sexton and Alun Wyn Jones following the November game in Aviva Stadium. Her Ireland colleagues look forward to welcoming her in person when it is safe to do so.

Create your client's perfect multi-asset mix

Research by Aviva revealed that 96%[1] of brokers believe the ability to diversify fund manager risk in multi-asset funds is important. In this article John Deehan, Investment Sales Manager from Aviva Life & Pensions DAC explores why somethings can work better together.

Pick and mix, Lennon and McCartney, Fred Astaire and Ginger Rodgers, singularly each is unique, however, together they're the perfect mix. The same analogy can be applied to mixing multi-asset from different fund managers. I can hear you asking, isn't a portfolio 'mixed' enough with a single multi-asset fund given the portfolio invests across different asset classes and markets?

Reduce fund manager risk

While a multi-asset fund may indeed be diversified across asset classes, where it may not be diversified is around manager risk. As the recent years have proven, having access to a portfolio of strong performing Multi-Asset Funds allows you to reduce fund manager risk.

Through Aviva's multi-asset range you can mix funds from different managers with different styles and different views on markets and asset classes. For example, as you can see from the table below, mixing our low to medium risk Active Multi-Asset Funds from different managers has produced a better return profile compared with the sector average.

Gross Fund performance to 31 January 2021

	YTD	1 Year	2 Year Ann	3 Year Ann
Aviva Active Multi-Asset Blend 3	1.02%	6.02%	7.57%	4.88%
Sector Average	0.84%	2.96%	5.52%	3.64%

Source: Longboat Analytics. The Aviva Active blend is an equal mix portfolio of L&G Multi-Index III, Merrion Multi-Asset 30 and MAF Cautious. Sector average comprises of L&G Multi-Index III, Merrion Multi-Asset 30, MAF Cautious, Compass Cautious, MAPS II, iFunds 3, Prime 3, Goodbody Dividend Income III, Mylotta Active I, Mylotta Market I and Zurich Prisma 3. Performance quoted gross of annual management charge.

Find the right mix for your clients

The key to mixing is to find managers that offer complementary return drivers and risk characteristics. In selecting complementary managers, it is prudent to include analysis on a manager's:

- **Investment universe:** Does the portfolio go beyond traditional equity, bond, property markets? If so, which ones and why?
- **Is the approach active or passive:** Does the manager lean toward more strategic or tactical asset allocation, is there a strong home or regional bias within the fund?
- **Implementation:** Are the building blocks passive, active or a blend – and why?

The convenience

Aviva's investment platform has everything you need to create the perfect mix for your clients. Our range gives you access to some of Europe's largest fund managers and strong performing funds with different investment styles available through competitively priced products.

5 key benefits of mixing multi-asset funds from different managers through Aviva:

Aviva's Multi-Asset Choice – the broadest range in the market

Fund Range	Aviva Compass	Aviva MAFs	Merrion	LGIM
Investment Manager	AVIVA	AVIVA INVESTORS	Merrion	Legal & General
Investment Style	Passive	Active	Active	Active
Asset Bias	Passive	Active	Active	Passive
Share Action ESG Rating	NA	A	NA	A
Pricing to standard FMC	**-0.05%**	**Standard**	**Standard**	**Standard**

1. **Extra diversification** by manager, style, asset class and manager view.
2. Reduce **single fund manager** risk.
3. **Cost-effective solution** with no extra cost for mixing fund managers.
4. **Simplicity** – one application form, one investment suitability statement, one income provider for ARF customers, less ongoing administration for you and your customers.
5. The option to **invest in line with your client's values** - Aviva Investors & LGIM are **A rated** for their approach to ESG investing by Share Action.

Bottom line

With Aviva you can mix multi-asset funds from a range of world-class managers with different investment styles in a cost effective and convenient way.

Talk to your Account Manager today.
Visit www.avivabroker.ie\perfectmix

1. Source: Aviva Feb 2018. Interviewed 462 Irish Brokers on the Multi-Asset market in Ireland.

Warning: Past performance is not a reliable guide to future performance.
Warning: The value of your investment may go down as well as up.
Warning: If you invest in these funds you may lose some or all of the money you invest.
Warning: These funds may be affected by changes in currency exchange rates.

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Create your client's perfect mix

AVIVA

Pick and mix multi-asset funds from different managers with different styles for even more diversity.

Warning: The value of your investment may go down as well as up.
Warning: If you invest in these funds you may lose some or all of the money you invest.
Warning: These funds may be affected by changes in currency exchange rates.

You're safe in the hands of Aviva

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The outbreak of Covid-19 highlights the compelling argument for having your income protected

Microsoft co-founder Bill Gates predicted in a TED talk in 2015 that "if anything kills 10 million people in the next few decades, it's most likely to be a highly infectious virus rather than a war". Unfortunately, his prediction was an accurate one and, whilst we hope that Covid-19 will not result in the deaths of 10 million people, this virus has certainly brought with it unimaginable grief to thousands of people, many of whom have had to bear this burden without the physical and emotional supports that we all expect when we are going through tough times.

We are living with the impact of the pandemic for over a year now. It has thrown all our lives into disarray and has made our world very much smaller. For most of us, our homes have become our offices as we embrace the new reality of working from home. Our exercise routines have also changed as lockdowns continue to place restrictions on many sporting activities, leaving us with little option but to take to exercising within the permitted distance.

Increase in stress and anxiety levels

Aviva undertook some research last September when we were six months into living with Covid-19 to better understand the impact that it was having on peoples' lives. The findings of our survey are stark in that anxiety levels had doubled since the outbreak of the pandemic in March 2020. Our research revealed that almost one million stress related sick days had been taken from work in that six-month period. The primary causes of this anxiety were concern about family members' health, feelings of isolation and loss of income.

Given that we have now passed the one-year mark of living with the pandemic, we can only assume that the levels of stress and anxiety have increased. In an article in the *Irish Independent* in early January, Catherine Fegan wrote about the huge surge in demand for anti-depressants drugs as GPs warned that they were unable to refer patients with anxiety and depression to psychological services since the start of the pandemic because they have been redeployed to help with Covid-19 testing. The article claimed that more than 170 million anti-depressant drugs were dispensed in the first nine months of last year. Also, an *Irish Times* article from 23 January headlined 'The Mental Health Pandemic', author, Patrick Freyne writes that there's "a tsunami of mental health needs coming when Covid-19 recedes and that our mental health system is not prepared for the crisis". These are worrying statistics that highlight the real need out there for mental health supports.

Compelling argument for Income Protection

The outbreak of Covid-19 has given us a greater appreciation and focus on what we really value in life. It also increases the spotlight on what we should be doing to protect ourselves and our families should the unthinkable happen and we are unable to work for a period of time. A worrying trend that was evident from our research* was that 35% of people surveyed thought that they would survive on the State Disability payment of €203 per week if they were off sick long-term, due to mental health or another illness. Some 17% of respondents said they would rely on their partner and only 17% had enough savings for one year. As an industry, there is an onus on us to have conversations on the importance of ensuring that individuals, and particularly those with young families and mortgages are protecting their incomes so that they will have a realistic monthly income if they cannot work for a period of time.

What about pension customers?

Do you speak to your customers about the benefits of income protection when putting their pension plan in place? Have you thought about what would happen if they got ill and could no longer pay for their daily living expenses, let alone contribute

"The outbreak of Covid-19 has given us a greater appreciation and focus on what we really value in life. It also increases the spotlight on what we should be doing to protect ourselves and our families should the unthinkable happen and we are unable to work for a period of time."

Maebh Monahan, Senior Propositions Consultant | Aviva Life & Pensions Ireland

to their pension? Claims statistics show that the older you are, the more likely you are to claim on your income protection plan. In 2019, 52% of our claimants were over the age of 50 at the time of their claim.[1]

Why not start by looking at your existing book of business –

- Your executive pension customers could be ideal candidates for executive income protection. It is perfect for small/medium-sized business owners looking to offer selected employees the benefits of an extended sick pay arrangement. In addition to that, the employer also has the option to add Pension Premium Contribution Cover benefit thereby protecting the employer pension contribution. This ensures that if the employee is unable to work due to an accident, illness or disability not only will they receive funds to enable them to continue to pay their income but they will also receive the funds to continue to allow them make the employer contributions to their pension.
- Your personal pension clients that are making a regular monthly contribution to their pension are ensuring that they have an income when they retire and so protecting their future income at retirement. However if they have no income protection in place and they were to get sick with an illness or disability that leaves them unable to earn income, not only will they not be able to contribute to their pension but they may not be able to pay their daily living expenses.

When pension planning with these clients, you could consider recommending that they divert some of the available pension premium into an income protection plan.

Example for Personal Pension Regular Premium client's

- Premium available for pension: €400 per month

- After tax relief @ 40% net the cost to the client: €240 per month
- In this example, you could put 100% of the premium into a pension or alternatively, if your client is eligible for income protection, you could distribute some of the available premium into an income protection plan. Due to the tax relief available on income protection, the net cost to the customer is still the same but their income is now protected. Your client is now protecting their income at retirement but also ensuring that their income is protected in their working years.

Additional Benefits

Aviva's free mental health support service, Aviva Family Care, available on all new income protection policies may be even more relevant to customers as they deal with the challenges of living with Covid-19. Customers are offered access to up to five free counselling sessions per eligible person, per year for each issue that could arise, e.g. stress, issues in the workplace, a bereavement or relationship breakdown. The sessions, provided by highly experienced clinical psychologists, are confidential to the customer and can help them avoid the potential of having to wait to be seen following a referral from their GP. The service is extended to include the customer's spouse/partner and children up to 18 years of age, or 23 if in full time education.

Aviva's second medical opinion service 'Best Doctors' provides customers with access to over 50,000 of the world's top physicians that will support their own doctor if they or a family member is diagnosed with a serious illness at no extra cost. It is available to our customer, their spouse or partner, their parents, or their spouse's/partner's parents. The customer can check the diagnosis they have been given or the treatment proposed. It allows them to investigate if there are any alternative treatment options and to review their options if the symptoms have not improved.

Of those Aviva customers who used this service in 2019, 12%** had their diagnosis changed and 33% had their treatment changed as a result.

The outbreak of Covid-19 brings into focus how important it is to have your income protected and accentuates the real value of the additional benefits that come free of charge with these policies. Speak to your Aviva Account Manager today to learn more about how we can help you win new business and retain valuable existing business.

*Research carried out independently by iReach Insights, September 2020.

** Source: Best Doctors, February 2020

1 Source: Aviva Life and Pensions Claims statistics 2019

Aviva Life & Pensions Ireland DAC, trading as Aviva Life & Pensions Ireland and Friends First, is regulated by the Central Bank of Ireland.

Aviva Life & Pensions Ireland does not guarantee the on-going availability of the Best Doctors - Second Medical Opinion benefit to its policyholders or the Aviva Family Care Benefit (Mental Health Support) and may, at its sole discretion, withdraw access to the service at a month's notice. If we withdraw it, we'll write to notify policyholders at least 31 days in advance of its removal. Teladoc Health (who provide the Best Doctors and Aviva Family Care Benefit) is not a regulated financial service.

'The Mental Health Pandemic', author, Patrick Freyne writes that there's 'a tsunami of mental health needs coming when Covid-19 recedes and that our mental health system is not prepared for the crisis.'

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Our online SMP Property Owners package is designed to protect against damage to your commercial property and any potential property owner's liability that may arise.

Our policy can cover up to five different tenants within the same property and further cover for loss of rent and employer's liability is also available as required.

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Allianz

Multi-Claim Protection Cover from Royal London

"Making protection more accessible to more people is a really positive development, and one we were very happy to bring to the market."

Barry McCutcheon, Proposition Lead at Royal London

Unique, impact-based protection

Royal London is a company committed to offering valuable, feature rich products to customers in Ireland. Linked to its mutual ethos, with no external shareholders, Royal London has the best interests of its customers, and their long-term financial wellbeing, at its heart. One example of this is its unique Multi-Claim Protection Cover (MCPC) policy, designed to help your clients better plan for the unknown.

MCPC, launched in September 2019, provides life and illness cover in one policy. It pays claims based on the severity of the impact caused by a medical condition or treatment and can pay out multiple times during the policy until 100% of your client's sum assured is used up. In this way, cover can continue after a claim until the full amount is paid out.

Barry McCutcheon, Proposition Lead at Royal London commented, *"With MCPC, we have created a protection solution that aligns with and is based on customer needs and expectations. Customers and their children can potentially use MCPC multiple times throughout their life, with payments linked to impacts and severity rather than complex medical definitions."*

With MCPC, claims are paid for a wide range of medical conditions such as MS, medical treatments such as chemotherapy, as well as for the inability to perform certain day-to-day tasks without help. Payouts range from 5%, such as for an angioplasty, to 100% on diagnosis of a terminal illness. Depending on the severity of the claim event, there will also be the potential for multiple payouts. For example, if someone suffers a stroke, they may be able to claim for paralysis or loss of speech as well as for the stroke itself. And whatever cover your client has left over after a claim is there to protect them if they get seriously ill again in the future.

Barry continued, *"We believe MCPC is fair, transparent and easy to understand when claims can be made. In some ways, it's similar to other types of insurance people have. For instance, customers with car insurance usually don't expect to be reimbursed for a new car if they have just damaged a wing mirror; they expect an appropriate payment to cover the cost of the wing mirror. Likewise, MCPC will pay out more of your client's sum assured, depending on the seriousness of their condition. And that way, cover can continue after a less-severe claim."*

MCPC also automatically includes Life Cover, so if your client passes away before the policy ends, any remaining unclaimed cover left on their policy will be paid out to their beneficiaries. Additionally, clients can choose to add extra Life Cover, if they want to secure a certain amount of life cover, which will not be impacted by any claims for illnesses or treatments.

How it works – an example

Each claim has the potential for multiple payout components. You can see how this works in the below example:

Sinéad took out her MCPC policy at age 45 with a sum assured of €100,000. She was diagnosed with breast cancer three years later and referred for chemotherapy, radiotherapy and a mastectomy. Her MCPC policy paid out €60,000 of Sinéad's cover:

- Chemotherapy €20,000
- Radiotherapy €20,000
- Major surgery (mastectomy) €20,000

This left €40,000 cover remaining on Sinéad's MCPC policy if she was to suffer any future illnesses or health setbacks covered under her policy.

Barry added, *"The fact that cover can continue after a claim is something that our research, with brokers and consumers, confirmed as a really important feature for customers. Unfortunately, illnesses, like cancer in particular, can reoccur or come back in a different part of the body. MCPC is designed to provide cover for these scenarios and occurrences."*

Strong cover, built for your clients

Modern medical advancements mean that serious illnesses are being detected and diagnosed earlier than ever, which means that more people are likely to be diagnosed with a serious illness. The National Cancer Registry Ireland has predicted that 1 in 2 people* in Ireland will develop cancer during their lifetime and that Ireland will see a doubling of cancer incidence rates by 2045**.

Barry explained, *"While these statistics are unsettling, the flip side is that illnesses are being detected earlier, meaning that in many cases they can be treated more effectively and may have a lesser impact on people's lives. MCPC payouts depend on the impact of an illness or treatment, compared to the traditional single lump sum payout on diagnosis based on a rigid list of definitions. With the potential for multiple payouts, it can be a great source of comfort for customers to know that they can claim, and their remaining MCPC cover is there to offer protection for serious health problems in the future."*

MCPC covers the illnesses which give rise to the majority of traditional Specified Serious Illness (SSI) claims in the Irish market. Plus, compared to traditional SSI, the earlier stages of certain conditions are covered. For example, if someone is diagnosed with MS without any treatments needed, their MCPC policy will pay 50% of the sum assured. If the person's functional capacity was impaired as their condition worsened, more payments would be made. For instance, if they could no longer feed themselves without help, an extra payout of 10% would be payable.

MCPC covers more than traditional SSI as well, like hip replacement surgeries, ICU admissions of two or more days, long-term hospital stays and severe psychiatric illness. It also includes cover for family impacts, such as children's cover, which is a separate claim payout, and cover for premature birth. So, because the scope for making a claim is broader, your clients are more likely to be able to make a claim and receive a payout, compared to SSI.

MCPC is also a more inclusive policy. For instance, people who have survived a heart attack, cancer or a stroke may be eligible for this policy, with some exclusions. Similarly, some people with type 2 diabetes or MS might, with relevant exclusions, get cover.

Barry concluded, *"Making protection more accessible to more people is a really positive development, and one we were very happy to bring to the market. To be able to provide financial protection for a customer with diabetes, for example, and give them the peace of mind that conditions to which they are more at risk are covered, like heart attacks, blindness, kidney failure and stroke, is very powerful.*

"Since we launched MCPC, we continue to receive positive feedback from brokers and customers. Customers value the potential for multiple claims and how their premiums stay the same even after a claim. We believe MCPC offers a great protection solution and has the potential to grow the market now and into the future."

For more information on Royal London's Multi-Claim Protection Cover, or if you have any client-specific questions, talk to your Broker Consultant.

Sources

* National Cancer Registry Ireland, 2020: https://www.ncri.ie/sites/ncri/files/pubs/NCRI_Annual%20Report_2020_01122020.pdf

** National Cancer Registry Ireland, 2019: https://www.ncri.ie/sites/ncri/files/pubs/CancerIncidenceProjections_NCRI_fullreport_09042019_final.pdf

Andy Ivory Corr, Head of Investment Sales at New Ireland Assurance, talks about New Ireland's Sentinel Fund Range with Kerrianne Waldron, Product Development Manager, Investment Markets.

Today we live in a challenging investment world. Bonds are generating negative yields and deposits are being impacted by negative interest rates, with clients searching for the ideal alternative for a deposit. With Irish household deposits in credit institutions increasing by €14.2 billion over 2020 and now standing at €125 billion, according to the Central Bank (February 2021), we take a look at how the **Sentinel Fund Range** could hold the key to unlocking the prospect of better long-term returns. Below I talk to **Kerrianne Waldron, product development manager with Investment Markets,** about how.

Kerrianne, what does the Sentinel Fund Range set out to do?

Andy, our **Sentinel Fund Range** offers a protected fund with a difference. Let me remind you of why:

1. These are multi-asset funds that aim to generate returns from exposure to global assets using a passive investment strategy (tracking mainstream indices).
2. These assets are split across three baskets:
   a. Growth basket (risky assets e.g. equity and property);
   b. Low volatility (defensive assets e.g. alternatives and bonds);
   c. Cash. From a return perspective, investors want to maximise exposure to the growth basket however when volatility rises, typically, lower risk investors want to be able to move into the low volatility basket. In this way, an investment continues to earn a return from alternatives. If volatility reaches very high levels, investors then have the comfort of moving into cash.
3. The range has the added benefit of providing 85% protection of the highest ever fund value (before fees and charges).
4. The range provides daily access; clients can invest, switch or encash on any day (NB: inward switches and new investments are into **Sentinel II Fund** only).
5. These funds cannot get cash locked – each fund has an innovative solution which prevents it from becoming cash locked.
6. Each fund benefits from active risk management, whereby a risk control mechanism manages the risk at fund level by setting the target volatility level at 6%. The allocation to each of the assets is then driven by the realised market volatility.

All of the above are currently available through our **Sentinel II Fund**, which is available at **standard pricing.**

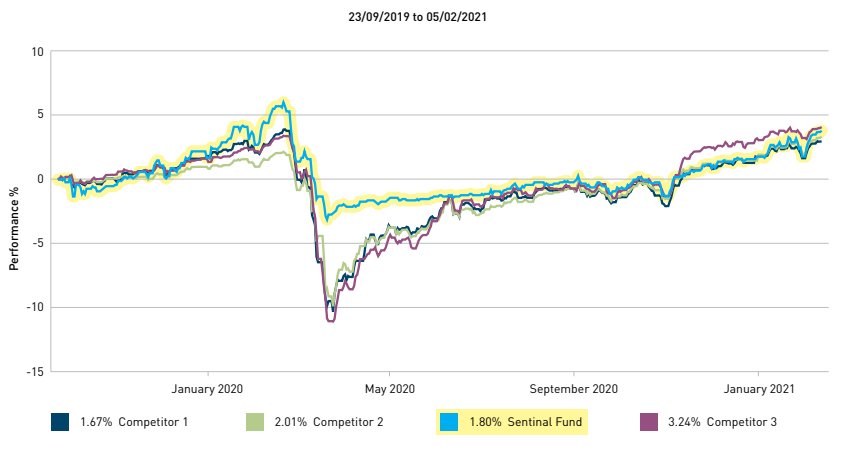
That's great Kerrianne, but how has Sentinel Fund performed since launch?

As you can see from the chart, in the early days of the fund's launch (23/09/2019), during a period of low market volatility, the **Sentinel Fund** is closely correlated to the performance of the other funds. In fact, as a result of the low volatility, at the end of 2019, the **Sentinel Fund** increased its allocation to risky assets from 30% to 40%, which helped to drive returns.

In February 2020, the **Sentinel Fund** began to de-risk so that when the market collapse occurred in March 2020 as a result of Covid-19, the **Sentinel Fund** did what it said it would do – it protected investors – as evidenced by having the lowest fall (drawdown) compared to the other funds included above. Despite unprecedented volatility levels, the fund's cash allocation only ever reached as low as 70% over this time. This means, as previously confirmed, the fund never became cash locked. At the same time, its allocation to defensive assets, particularly alternatives, helped the fund achieve its return as it slowly re-risked back into the risky assets. By the end of December 2020, the **Sentinel Fund** had almost 30% exposure to the growth basket and by end of January 2021, the fund is near to its long-term average expected asset allocation (Source: Investment Markets, February 2021).

The **Sentinel Fund** has well and truly experienced both market highs and lows in its first 16 months and all the while, protecting investors, providing them with a return and delivering a smoother investment journey.

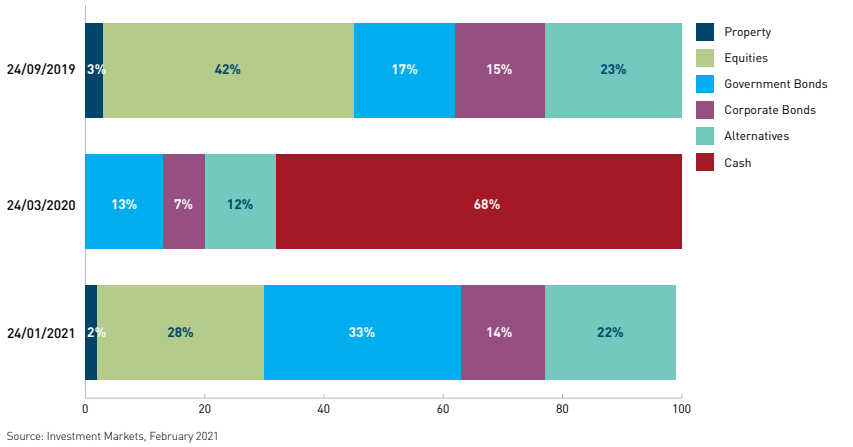
Figure 1: Sentinel Performance Since Inception vs Peer Group Risk 3 Funds



Source: Longboat Analytics. Performance shown is quoted gross of tax and charges.

"The range has the added benefit of providing 85% protection of the highest ever fund value (before fees and charges)."

Figure 2: September 2019 – January 2021 asset splits



Source: Investment Markets, February 2021

Andy, let's now look at the dynamic nature of **Sentinel** in Figure 2 above by examining how the fund's asset split has changed from September 2019, to December 2020 and to January 2021.

Is now a good time for customers to invest in the Sentinel II Fund?

If your client answers yes to the following questions then the **Sentinel II Fund** may be the right option for them to consider for their long term investment:

- Is your client looking for a potential return in excess of deposit rates and is happy to invest over the medium-to-long term?
- Is your client looking to benefit from some element of protection on their investment and are still comfortable that they could lose up to 15% of their money, before tax and charges?
- Is your client willing to give up some of the potential return to pay for the peace of mind of having the protection?
- Is your client looking for a smoother investment journey (as described above)?

To find out more about the Sentinel Fund Range and how it can support your clients, please talk to your New Ireland Account Manager

Warning: Past performance is not a reliable guide to future performance.
Warning: The value of your investment may go down as well as up.
Warning: The fund may be affected by changes in currency exchange rates.
Warning: If you invest in this fund you could lose some or all of the money you invest.

Terms and conditions apply. Exit tax (up to 41% currently) applies to gains on life assurance investment policies. A Government levy (currently 1% of the premium amount) applies to all premiums paid to a life assurance policy. Information is correct as of February 2021 and subject to change.

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New Ireland Assurance Company plc is regulated by the Central Bank of Ireland. A member of Bank of Ireland Group. New Ireland may hold units in the fund mentioned on its own account from time to time.

Pen Underwriting extends specialist fleet deal in Republic of Ireland with Zurich

Pen Underwriting has announced a second multi-year capacity deal with Zurich Insurance plc (Zurich) for highly specialist fleets in the hazardous goods, tankers and environmental industries – this time in the Republic of Ireland. It follows the five-year UK capacity deal to support the same sector, announced earlier this month.

Building on a strategic partnership in Ireland that dates back more than 20 years, this new agreement will see Zurich provide capacity over the next three years for Pen's Hazardous Goods and Environmental Industries' motor fleet proposition in the Republic of Ireland.

As in the UK, Pen's ROI fleet products in this area are tailored to the specific needs of different segments of the high hazard transportation and distribution sector, such as companies working in fuels & oil, chemicals, lubricants, LPG, liquid & hazardous waste as well as non-hazardous tanker operators. Risk management expertise and loss mitigation services combine with insurance protection to offer brokers and their clients tailored solutions with direct access to technical underwriters and embedded extras, including 24/7 emergency spill response.

Brian Scannell, Head of Sales & Distribution, General Insurance, Zurich, said: "Pen has been a great underwriting partner for us in the Republic of Ireland, delivering all the data, discipline, distribution and drive for continuous improvement we're looking for in such a specialist area of the fleet insurance market. We're extremely pleased to extend our 20+year relationship, and look forward to building on it further, together with our broker partners, over the years to come."

Merrion Investment Managers Multi-Asset 70 Fund Ranked No. 1

Cantor Fitzgerald is pleased to announce that the Merrion Investment Managers Multi-Asset 30, 50 and 70 funds have been awarded a 5-star Morningstar™ rating. The Morningstar seal of approval is testament to the Merrion Investment Managers tried and trusted investment process, and proven track record.

The flagship and longest running fund, the Merrion Multi-Asset 70 has also been ranked No. 1 in Ireland by the AON Hewitt independent multi-asset fund survey over 1 and 3 years*. The flagship fund has achieved a 10-year annualised net return of 8.7% (31.01.21) and forms the basis of the lower risk Multi-Asset 30 and 50 funds.

Ronan Reid, CEO of Cantor Fitzgerald Ireland commented "We continue to be impressed by the Merrion Investment Managers team and their robust investment strategy. As a truly active investment management team, they are consistently dynamic in their approach to markets and to asset allocation. We are proud to deliver such strong returns and along with Pearse MacManus, Chief Investment Officer and Kevin O'Kelly, Head of Sales & Marketing, I would like to thank all of our clients for their ongoing support."

* Aon Hewitt multi-asset pooled fund survey 31.01.21.

WARNING: Past performance is not a reliable indicator of future performance. The value of your investment may go down as well as up. These funds may not be suitable for all investors.

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What will be different after Covid for your Financial Broker business?

Eamonn Twomey, StepChange

By the time this edition of Irish Broker is issued, fingers crossed vaccination roll-out will have ramped up and we will be somewhere close to emerging from Lockdown. At least this time, it is very different – the end of Covid is hopefully in sight. Most conversations are hopeful about this being the final lockdown and that is something no-one felt confident about previously. Now that we all see the vaccine rollout gathering pace and assuming there are no major calamities here, we can expect life to return to normal at some stage in 2021.

But what will "back to normal" mean for your business? While of course it will mean meeting your clients face-to-face again, businesses have changed forever. And this is a good thing! I was very fortunate to be given the opportunity to discuss this very topic at last month's Financial Broker conference, and below is a summary of some of the main themes.

Be braver with technology

The most obvious example is that for years we had the ability to hold remote meetings, but these were only really carried out in large, international organisations. We all knew about them and some even speculated about using them one day… and then suddenly we were all using remote meetings every single day! Even though many people thought that clients would never adapt, most clients did, and now embrace the convenience of these meetings.

We see other examples in Financial Broker businesses quickly leveraging the advantages of cloud computing, team collaboration software and the introduction and acceptance of digital signatures.

Each of these on their own would have been a major project in years gone by, but because you needed to quickly adapt, they became an everyday part of your business within a few short months. Hopefully as further new, clever technology solutions emerge, we'll all procrastinate a bit less and be brave – maybe we'll all become a tribe of early adopters?

Be more flexible with your people

I think it will be a minority of Financial Broker businesses that will close their offices, with everyone then working remotely. However we are likely to see a continuing demand for hybrid working conditions, where people are working part-time in the office and part-time at home. This is going to gather further pace as legislation is on the way to support this model too.

What we've seen in the last year is that with the proper conditions and commitment of both the employer and employee, remote working can be very effective. Even where employers instinctively like to see their team around them in the office, you might need to be more open than before to remote working playing some role in the working week. At least everyone has "road tested" this now, and has seen what is needed to make it work.

This will never be for everyone – some people can't wait to get back to the office full-time as their home environments are just not conducive to effective working, or they miss the sociability of the office. The key will be flexibility on everyone's part – the employer embracing change and the employee demonstrating that they are at least as efficient when working remotely.

Outsource, outsource, outsource

With less people in the office, the questions will arise as to whether you need to retain all skills in-house, or whether part-time roles can be replaced with outsourced solutions. There has been and will continue to be a growing shift towards outsourcing some part-time tasks, rather than incurring the expense of employing someone. Areas that come to mind include financial management / accounting functions, marketing, compliance, HR and technology. Financial Broker businesses will consist mainly of a leadership team, advisers and customer support staff including paraplanners in some cases. All other functions will be outsourced, allowing the team to retain a laser-like focus on your customers, with external people delivering your required central support services.

Communicate relentlessly

This is an area in which we've seen winners and losers during the pandemic. Some firms have gone quiet, have treaded water and are looking to get out the other side of the current restrictions and get back to the old ways of doing business. Others have recognised their physical distance from clients and have done everything in your power to stay as close to them as possible. Email communication, social media, webinars, zoom meetings and phone calls have been planned and carried out relentlessly. These firms have seen the power of these communications in more engaged and indeed grateful clients, and will continue with this approach into the future.

Think about business continuity

This is the "what if" planning. Before 2020, who had planned for a pandemic hitting? Who even had plans for being unable to access the office for any reason? I suspect very few of us had such plans.

But now we've seen the need to be prepared for the unexpected. While business continuity is an important element of ongoing planning in most large businesses, it doesn't often feature in smaller businesses. Now maybe it should, to a level that makes sense. Get the team thinking about a range of unlikely scenarios and what you would do if they happened – it's always better to have a plan and a process to implement, as opposed to thinking while under severe pressure. Scenarios might include the loss of the office, the loss of key people, a security breach, a data loss, a PR disaster etc. Think of the unexpected, and have a plan.

2020 probably taught us all more in one year than in many years before it, in terms of our adaptability and our resilience. These are the skills to bring forward with us as we emerge from the Covid era.

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AVIVA

Clients renovating their home?

Don't let them make this common mistake

Imagine the scene. Your client is building an extension. The kids are growing up or the mother-in-law is moving in, and they need a bit more space in their dream home. But they simply don't think about telling their insurance company about their plans. Depending on the value of the works they are having done, they may be exceeding the limits of their insurance policy – which can have enormous ramifications.

Kate O'Connor, Head of Business Development, DUAL

Renovation generation

The past year has seen a huge spike in home improvements, large and small. We have all been trapped in our homes, and many people have moved in with family members – temporarily or permanently. With increased savings and plenty of time to consider the options, more of us are looking around our homes and imagining the renovations we would like to make.

Fully built, lived-in houses are generally safe and secure. Unfortunately, accidents are commonplace on building sites. Properties undergoing construction or renovation are also at increased risk of theft or malicious damage if they are left empty at night. Contractors may have inadequate insurance or none at all, and the risk of fire is significantly higher.

As a result, insurance companies are usually strict about the value of work they will automatically cover at a property and if your client starts works without speaking to their insurer, they might find themselves unexpectedly unprotected in the event of a claim. Unfortunately, this is a common mistake. Home insurance policies have a limit on the value of works they will automatically cover, and if your client is planning works above this limit, they must let their insurer know. The limit varies between policies – while most have a low limit, DUAL's Home and Contents policy automatically covers up to €250,000 of works.

Contractor's insurance

Sometimes, clients believe that a contractor's CAR policy will cover the work, and they needn't worry about insurance at all. Alas, this isn't always the case. If a fire occurs, for example, the liability could potentially be divided between the client's insurer and the contractor. In the case of a claim, if the cost of damage exceeds the insurer's limits, the client again might find themselves not fully protected.

We have seen a number of examples of this. In one instance, a house undergoing construction works burned down. The fire brigade identified the most likely cause of the fire to be a power tool that was left plugged in and turned on over the weekend. Unfortunately, the fire damage was so complete that it was difficult to prove this with 100% certainty.

In another instance, a sub-contractor – a local handyman – caused over €1 million of accidental damage, but had no insurance and no assets. In another, the contractor caused a huge fire but went bust when the clients tried to claim. In all of these examples, the clients would have been able to claim for their loss if they had secured the correct policy.

A public service announcement

If your client is considering major changes to their home, you should advise them not to sign a contract until you have spoken to their insurer. Dream designs and exciting plans can turn to smoke overnight, which is devastating enough. But do not leave your clients uninsured in the face of disaster.

If your client is planning construction work, remember to do these three things:

- Inform their insurer well before the works begin
- Ensure contractors have adequate CAR cover
- Remember to revalue your client's home after works are completed, to avoid underinsurance later.

We are happy to accommodate our clients when they refurbish their properties. As standard, our Home and Contents policy covers up to €250,000 of works, so long as the property remains fully occupied for the duration. We can offer terms beyond this limit too. Get in touch to find out more.

Kate O'Connor is the Head of Business Development at DUAL, the world's largest international MGA*. DUAL Private Client specialise, amongst other areas, in high net worth personal insurance in Ireland and are backed by AXA XL, a division of AXA, one of the world's largest insurance groups. t: 01 6640001 / e:enquiry@dualgroup.ie

*based on 2019 research carried out by DUAL

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The Future is Bright.
2020 drove the industry in a direction where the traditional ways of doing business are now in the rear view mirror. The road ahead is built on open technology, enabling remote operations and delivering online customer experiences – creating new and exciting opportunities for the future.
At Applied our extensive insurance distribution technology lights a path of productivity, simplicity and value for you, your clients and partners.
Let's do this together.
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Growth versus Value Investing

Insights and Observations

The divergence between growth and value stocks was one of the chief market drivers of 2020 even after positive vaccine announcements in November resulted in one of the most dramatic rotations from growth to value ever seen. Even that, however, was not straightforward and it was defensive growth companies which lagged the market rally and whilst the dramatic share price gains of value cyclicals made the news many high growth equities in the technology space, together with Tesla and innovative healthcare/biotech companies actually delivered extremely strong returns to investors.

Taking a wider perspective on the growth versus value debate, it is certainly true that growth stocks have outperformed for most of the last 13 years with only brief periods such as the second half of 2016 and the fourth Quarter of 2018, together with Q4 2020 when value delivered any form of meaningful outperformance and these periods to date have been short lived. Many older investors have been brought up on the principles of value investing which relies on mean reversion to deliver returns. Value investors look to try and take advantage of market despondency or in other words irrational pessimism by buying stocks at bargain basement prices.

Value investing has come to adopt a low valuation style highlighted by Benjamin Graham, although it has been adopted by some investors such as Warren Buffett to broaden the definition to include more highly rated stocks which still traded at fair prices. In markets today there is still a subset of value investors who adopt the Benjamin Graham approach and focus on low valuation metrics to the exclusion of most other stock characteristics. It is important to remember that low valuation parameters is not necessarily the same as being under-priced and many of these rigid valuation orientated investors have struggled to a significant degree in the post GFC period. In a world of rapid technological change and business innovation, many of these so-called value stocks have turned out to be value traps because they operate in structurally challenged businesses where companies with an operating weakness will find it more difficult to turn a business around.

One danger with looking rigidly at long term market metrics is that investment regimes and indeed economic fundamentals can change. Long in the tooth investors might remember when it was considered the norm for government bonds to yield less than equities as the latter were risky and then during the inflation prone 1970s and 1980s see a complete reversal of this thinking, with the belief that inflation risks made traditional fixed interest securities much less safe than they appeared to be, as the real rate of return in a higher inflation world was eroded over time. The post Financial Crisis period has seen once again a reversal of current thinking and now once again equities yield in excess of government bonds. The point of this discussion is that it is important to remember that investment is a dynamic and changing process and one of the reasons value investors may have delivered historically strong returns was the lack of research by even institutional investors into many listed companies. This author can remember personally utilising nearly all of his first post university pay check when employed at Royal Insurance to invest in a company called Stanley Leisure on a PE of 6x. Over the next few months the market realised this was a growth company rather than value play and the shares trebled. When moving on to cover the Irish stock market in the late eighties it was possible to meet reasonable businesses no investor had met for 2-3 years! In other words, in the earlier days of value investing it was relatively easy to find growth companies priced by the market at bargain basement valuations, but this is something that is not really present today.

"Value investors look to try and take advantage of market despondency or in other words irrational pessimism by buying stocks at bargain basement prices."

" In today's world it seems the moats protecting winners have never been stronger and this can be seen in the sustained strong revenue growth achieved by many of today's stock market leaders with little slowdown in contrast to the world of the 1960s when few companies could maintain a competitive advantage for long periods of time."

Graham O'Neill

Thus, the investment world back when Benjamin Graham and Warren Buffett started out and adopted their value orientated philosophies was considerably different from the current one. Reliable information was extremely hard to come by, with no computers, spreadsheets, or databases. The market was also dominated by private clients, which meant most institutional investors enjoyed a knowledge advantage or information edge, something that is no longer present in today's world. Disclosure of price sensitive information by corporates to favoured institutional clients was not even a crime or misdemeanour. With few people searching in a disciplined manner for bargains, it was relatively easy to find them, but today markets have become far more efficient, perhaps helping to explain why many so called value opportunities have turned out to be value traps. Basic analytical concepts of today, like return on invested capital, competitive moats, and the importance of free cashflow rather than published earnings were not widely appreciated or understood. In summary, for most stocks carrying a low valuation there is probably a good reason for this. There are also indications that successful investing today is reliant on superior judgements concerning qualitative rather than quantitative factors and understanding how the world is likely to unfold over the medium term, especially in terms of seismic shifts in how economies or corporates operate. (This is very different from short-term forecasting).

The disruption of traditional profit pools has also hit many so called value opportunities in the market place hard. Markets have become more global in nature and the internet has vastly increased the ultimate profit potential for many businesses due to both network and social effects.

The forward looking nature of today's markets means it is now acceptable for companies to lose money in the short term in the pursuit of a large prize down the road if it seems realistically achievable. With the easier development and scaling of new products technology companies in particular have been able to further develop new avenues of growth such as for Amazon, its AWS division. In today's world it seems the moats protecting winners have never been stronger and this can be seen in the sustained strong revenue growth achieved by many of today's stock market leaders with little slowdown in contrast to the world of the 1960s when few companies could maintain a competitive advantage for long periods of time. Value investing does assume the economic principle of 'perfect competition' which no longer seems applicable or relevant in today's world. In other words, today's conditions means that profits will not always mean revert from either above or below the norm with perhaps banking being the business model which best demonstrates this, with today's world of zero or negative rates and flat yield curves, meaning traditional levels of return on equity can no longer be generated.

In today's world of unprecedented technological change and innovation the application of formulas and investment methodologies that worked in the past has, and is likely to continue to lead to, a misunderstanding of what true value actually is and legendary value investor Sir John Templeton warned that whilst there could be huge risks when people say 'it is different this time', around 20% of the time they are right. One thing seems certain, that the purchase of lowly rated stocks which was once perceived as a defensive way of investing in the stock market, is no longer a low risk option for investors as a greater percentage of these companies are in terminal decline in the world of the 21st century than has occurred heretofore.

It is therefore no coincidence that many of the advocates of value are older investors, including perhaps Jeremy Grantham at GMO, who find it hard to believe that truly dominant companies will be able to achieve rapid, durable and highly profitable growth for many years to come. Many of the market leaders of today have demonstrated over the past five years or longer that high growth rates are achievable for longer time periods in a technology enabled world. Businesses with superior technology and corporate culture have obtained long term competitive advantages with faster growth rates achievable in asset light business models. This is not to argue that all highly rated companies are likely to be successful investments over the next decade, but that some will defy optically high short term valuations as their long term prospects are still not fully recognised by the market. A belief in mean reversion encourages investors to what has been described as 'cutting the flowers and feeding the weeds' and many investors in pursuit of diversification dilute returns, something that individuals do not do when listening to music or choosing restaurants. In an environment where certain winning businesses are likely to keep on delivering, running winners is likely to continue to be an important driver of returns for investors that are prepared to live with bouts of short term volatility. In a world where there is likely to be a continuation of a narrow list of successful rapidly growing companies with durable competitive advantages, taking profits in these at an early stage will clearly be a mistake as it significantly erodes the inherent asymmetry of equity returns where there is infinite upside but only 100% downside in any share. Loss aversion is an important psychological influence on investor thinking, and for many there is a fear of seeing profits evaporate when logic dictates there is an equal or even higher risk of selling out of a business far too early.

SUMMARY

In conclusion on the growth versus value debate, it is necessary to recognise that the world today is different from that of 10 or 25 years ago and that successful growth orientated investment teams will continue to benefit from the unlimited upside in a limited number of strongly performing equities. Strategies focussed on finding these outliers have the potential to deliver the best returns. Value investing is likely to have periods of outperformance, but without a return to higher levels of economic growth or inflation their periods in the sun may be limited. Furthermore, many so called value businesses are in danger of long term structural decline, making them higher risk investment options today, whereas in the past they might only have been guilty of being an investment option that was extremely dull. This is especially true of those utilising value investing strategies either totally or highly reliant on low valuation metrics. Today where value actually is, is much harder to ascertain, certainly on a quantitative basis, making successful investment even more important about making superior judgements based on qualitative factors and future long term trends.

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INSURANCE BROKER™

We've come a long way since Glenroe !

BCP Asset Management identified the Film & Television sector as an area for structural growth over a decade ago. Funds may not be available at the same time as the project incurs expenses, so BCP's Film Finance Schemes step in to provide flexible working capital as required.

Simon Hoffman, Head of Intermediary Distribution, BCP Asset Management.

Maybe it's a bit of "small town" mentality but growing up I always remember the sense of national pride when one of our own did something notable on the world stage – be that The Boomtown Rats topping the UK singles charts, Sonia O'Sullivan winning gold or even Riverdance smashing it at the Eurovision. This warm feeling of national overachievement also extended to the occasional Irish made box office hits such as My Left Foot or The Commitments.

Over more recent years we've become a little more accustomed to punching above our weight. The Film, Animation and Television sector, in particular, is one where we now have a reputation for not only producing talented people, but also being the place where international producers go to make their movies and television dramas.

We've come a long way since Glenroe was the biggest television or film production in Ireland! High profile projects such as The Favourite, Brooklyn, Room, Star Wars, Normal People, The Tudors, Vikings and Game of Thrones, to name but a few, show the quality of productions now emerging from Ireland.

The infrastructure behind Irish film and television production has also quietly grown substantially. We now have six film studios across the country and planning permission was recently granted for a new €150 million facility near Greystones, Co. Wicklow and a €20 million studio in Wexford. In addition we have 24 animation studios and 22 post production studies.

The Government too has recognised the strategic importance of the sector and is looking to increase employment and grow the gross added value of the sector from €1.05 billion in 2016 to €1.40 billion. They have renewed the S481 Film relief scheme until 2024 with a commitment to extend beyond that date. It should be noted that whereas film incentives used to target individuals who invest in film & television projects, it is now a generous tax credit received by the production companies directly.

BCP Asset Management identified the Film & Television sector as an area for structural growth over a decade ago. By working with specialist advisors BCP has developed it into a core area of investment expertise for the firm. Over the last six years BCP Film Finance Schemes have provided over €23 million in finance to more than 50 projects and we have recently launched our third Film Finance Scheme.

Intuitively investing in a movie sounds risky, but that depends on how you do it. BCP's Film Finance Schemes provide short term secured finance to fully funded and vetted projects. Producers the Schemes lend to have already sourced the finance they need to complete their project. However, funds may not be available at the same time as the project incurs expenses, so BCP's Film Finance Schemes step in to provide flexible working capital as required.

The combination of only dealing with fully funded projects, scrutinising business plans and ensuring security is provided, has meant that to date none of the projects financed through the Schemes have defaulted on repaying capital advanced and investors have enjoyed an average annual coupon of 4.9% over the last five years.

In recent years the emergence of subscription platform services such as Apple TV, Netflix, Disney and Amazon Prime has increased the demand for content. We are watching more films and TV series, but watching them in different ways. In conjunction with this we have seen the quality and scale of projects looking for finance increase.

Wolfwalkers is the most recent project funded by the Scheme to hit the screen and is a good example of this. It is an animated fantasy adventure produced by Kilkenny based Cartoon Saloon, a four-time Academy Award ®, Golden Globe ®, BAFTA and Emmy nominated animation studio.

Wolfwalkers had a limited theatre release due to COVID restrictions, but the project had already secured financial certainty through a pre-sale with Apple TV where it premiered in December 2020. The BCP Film Finance Scheme provided €2,000,000 in finance to Wolfwalkers during its production and it has since been nominated for Best Animation Film at the 2021 Golden Globe ® Awards.

From an investment perspective the Irish Film and Television sector has grown from a small "cottage industry" to a global player. A decade ago investing in film was just another way to reduce your tax bill. Now, however, the sector is one of Ireland's success stories and is attracting investors from all over the world.

Although it's happening more often, I think we all still get that warm patriotic feeling when we see an Irish success on a high profile stage such as the Oscars ® or indeed hear of tourists travelling around the globe to see where smash hits like Star Wars or Game of Thrones were filmed. It's a feeling we should be getting used to, but one I hope we continue to get a buzz out of for some time to come.

The BCP Film Finance Scheme 3 is **not regulated** by the Central Bank of Ireland.

How do we know we can trust you?

How would you answer this question?

The point of building trust is for others to believe what you say. Keep in mind, however, that building trust requires not only keeping the promises you make but also not making promises you're unable to keep.

A broker was recently asked by a prospect at a sales presentation; "how do we know we can trust you?" It was a fair question. The broker admitted at that moment he struggled to quickly come up with an instant, impressive answer - an answer that presented persuasive points that would prove he was indeed trustworthy. He said his hesitancy in answering made him feel like he was untrustworthy. It amazed him that he'd never considered that scenario ever before. As a consequence I decided to get the brokers attending my session that day to break into small groups of three and to come up with answers that would be believeable and effective in answering that question. If I asked you now, what would your answer be, what would you say?

The groups came up with several pointers and I'd like to share them with you in this article. I feel its worth considering these points and perhaps including them in your presentations for now on. Remember: trust reduces risk. Less risk makes it easier to make decisions. Those decisions might mean you get the business. So, its worth scripting your best answers and having them nearby if faced with this challenge e.g. on the phone. How does anyone know they can trust you?

Follow through on promises made

The first suggestion was to be true to your word and follow through with your actions. Nothing is more important than trust. This is perhaps more crucial today than ever before. In an age where people typically buy products and services from companies in distant locations, dealing with people they'll never meet in person, trust is the glue that holds everything together. The point of building trust is for others to believe what you say. Keep in mind, however, that building trust requires not only keeping the promises you make but also not making promises you're unable to keep. Keeping your word shows others what they can expect from you and in turn, they'll be more likely to treat you with respect, developing further trust in the process. The best defination of trust I ever heard is: Trust is telling the truth over time. Consistency is a huge part of it. Telling the truth, consistently over time. Your word is your bond, as it were.

Outline the pros and cons

In any presentation, outline all the pros and the cons. Outline risks, possible negatives, possible consequences or possible challenges. This might sound like a counter-productive step but honesty here works. Why? When people have contrast scenarios outlined to them, even if they are negative, they know they have complete and sufficent information to make a sound decision and hopefully, engage with your suggestions. Without an alternative, decisions become risky because they have to contemplate what if what you say is not true?

Learn how to communicate effectively with others

You've all heard that poor communication is a major reason why relationships break down. Good communication includes being clear and using language they understand. Avoiding jargon. Its about being precise about what you have or have not committed to and what has been agreed upon. In negotiation skills courses, I suggest people regularly ask this question of the person they are communicating with. **"What's your understanding of what we've agreed here?"** What comes back will let you know clearly if you are "on the same page". This question insists you want them to fully understand your position and proposal and that you do not want any misunderstandings on their part. This approach builds trust.

Take time making decisions

Only make commitments that you are happy to comply with. Have the courage to say "no," even when it disappoints someone. If you agree to something and can't follow through, everyone involved will be worse off. Be clear about what needs to be done and keep track of your commitments. Being organized is a necessary part of building trust. Leadership is about influence – not authority.

Develop a list of testimonials

The Law of Social Proof says people are happier to engage

"In any presentation, outline all the pros and the cons. Outline risks, possible negatives, possible consequences or possible challenges. This might sound like a counter-productive step but honesty here works."

by Dermot McConkey, Development & Training Limited

with a person or process if similar others agree with that person or process. There is safety in numbers as it were. So, if you have credible clients who are prepared to vouch for you and your services, use them. I have found if you include the mobile number in your testimonial, they are even more likely to accept the recommendation of that testimonial and are less likely to call them for verification. If you stretch to that much detail they presume it must be true and trust the testimonial.

Don't hide your feelings

Being open about your emotions is often an effective way to build trust. If people know that you care, they are more likely to trust you. Emotional intelligence plays a huge role in building trust. Acknowledging your feelings, learning the lessons that prevail, and taking productive action means that you won't deny reality - this is a key to building trust.

Acknowledge and appreciate others

Acknowledgment and appreciation play an important role in building trust too. Recognizing and appreciating the efforts of others (like fellow team members, supporting companies… even your competition!) shows your confidence and talent for leadership and increases the trust others have in you. On the other hand, not appreciating others can appear selfish and we know, selfishness destroys trust.

Admit your mistakes

Be open and show your vulnerable side. This helps build trust with other people. This is because they perceive you to be more like them, as everyone makes mistakes. If you pretend that you never make mistakes, you'll make it difficult for others to trust you because you have created an unnecessary difference between the two of you. When all that a person sees is the, so-called "perfection" you project, they are more likely to distrust you.

Value other people's time

To get people to trust you, you will be well-served to raise your awareness of other people's time, personal schedule and needs. If you are late you deliver a message that says my time is more important than yours. Not a good tactic and one that causes distrust. As a result you should promptly return phone calls, promptly reply to emails and thoroughly address all points raised. Be on time for meetings and log on to a scheduled call two minutes in advance of start time. I also suggest you respect estimated call end times and inquire if attendees are free to keep going. Respect other's time and they will trust you.

I hope these points have hit a chord with you. They are worth reviewing regularly. Trust me.

Irish Life Staff Charities raise €370,800

Despite everything 2020 threw at them, one thing above all others continued to stand firm; the generosity of the Irish Life staff and the group's support for the wider community. The 2020 Staff Charities, Barretstown and Laura Lynn, along with many others faced massive funding drops as they were no longer able to run their normal fundraising events.

Despite everything, the Staff Charities once again exceeded the previous year's target, raising €185,400 which was matched by Irish Life for a grand total of €370,800! This is just an incredible amount of money to be raised and will be a massive boost to both Charity's services.

It's worth saying that alongside Irish Life's normal support for the two main charities, the company has supported many other charities and initiatives this year including Peter McVerry Trust, Family Carers Ireland, The Cappuchins, St Vincent De Paul and the Salvation Army together with long standing educational partnerships with Scoil Chaoimhin and the P-Tech programme in Larkin College.

Each year, the Irish Life Staff Charities Committee shortlists a number of Irish charities to receive donations collected throughout the year, and the final two are selected by Irish Life employees. Since its inception in 2005, the Irish Life Staff Charities has raised in excess of €3 million for a wide range of Irish and international charities.

State Street Global Advisors pushes for decisive action as ESG set to dominate

Businesses can expect 2021 to be a busy year in terms of Environmental, Social and Corporate Governance (ESG) principles as governments, NGOs and investment markets seek concerted global action to tackle climate change and other environmental and social challenges.

By Paul Dunne, Head of Distribution Ireland, State Street Global Advisors

Companies are being squeezed from two different angles; stakeholders are becoming increasingly focused and aware of social causes whilst customers seek products and brands that align with their values. During the global coronavirus pandemic, we have seen a greater emphasis on the social aspect of ESG, in a way that we have never seen before. Investors are increasingly taking account of how businesses look after the wellbeing of staff and clients. As a result, we have amplified our focus on human capital, employee health, safety, equality, diversity and inclusion.

Meanwhile sustainability has reached a tipping point, the longevity of the planet remains a major social cause that has captured the attention of millennials, Gen Z and Gen X alike. These populations are worth noting due to their vast consumption influence. In 2019 Behaviour & Attitudes survey titled 'Sign of the Times', found 7 in 10 Irish consumers are concerned about environmental issues and 51 per cent choose products based on whether they are sustainable. Last year, pioneer in environmental activism, Sir David Attenborough, joined Instagram to help spread his environmental message. Claiming the Guinness World Record for the fastest time to reach one million followers on Instagram, Attenborough's induction to the social media channel signals a drive forward in environmental communications which makes information on climate change accessible to the masses. As such, climate change will remain the dominant topic for governments and companies.

From a corporate governance perspective, pressure is mounting on companies in the form of increased regulation. New disclosure requirements for investment managers and advisers with respect to their environmental, social and corporate governance (ESG) policies will apply in the European Union from 10 March 2021.The regulation will increase asset managers' requirements for reporting on their ESG investment processes at both the firm and product level, providing much needed transparency for the entire market.

The combination of public attitude and governance standards will drive behavioural change in addressing material ESG issues, but it is also beneficial to a company's bottom-line. State Street Global Advisors' latest Global Market Outlook found that companies with superior corporate governance and better environmental and social practices than their peers display greater resilience and preserve long-term value more effectively during times of market stress.

State Street Global Advisor's view is that companies need to move beyond "short-termism" and focus on long-term value creation and stakeholder engagement. Accordingly, the volume, quality, and prominence of ESG-related information and disclosures shared on quarterly earnings calls must increase and that in turn will drive a new need for data-driven insights into ESG practices. Improving the data landscape will lead to more specialised ESG approaches, making ESG a more objective, measurable and "scientific" investment approach.

This trend reflects the growing importance investors are placing on a holistic approach to investment that considers ESG, and particularly social issues, on a par with financial indicators. This emphasis on structural changes and concrete action is only going to grow as regulatory deadlines loom.

There will come a critical pinch point when an investee company's strategy or operations are not in line with ESG expectations and investors face a fundamental question: divest or engage? At State Street Global Advisors, we are among those leading the charge on ESG and using our voice and vote to engage with companies on ESG matters. Since 2017, we have identified almost 1,400 companies with no women on their boards and informed them that we will vote against them if they didn't address board diversity. As recently as January of this year, Cyrus Taraporevala, our President and CEO, wrote to the directors of all FTSE 100 and S&P 500 companies urging them to begin disclosing the racial and ethnic composition of their board.

These enhanced reporting measures will improve transparency and show evidence for how companies are accommodating and incorporating the core principles of environmental, social and corporate governance. Our view at State Street Global Advisors is that incorporating sustainable business operations into the core operations of a company is good business practice, essential to a company's long-term financial performance and will become essential for survival. In short, it is a matter of value, not values. And with the spotlight firmly shining on the ESG practices of businesses, the main factor driving institutional investors to build ESG considerations into their investment decisions is the clear danger of ignoring it.

Just Eat gift cards, Netflix and Headspace subscriptions

the new 'remote' work perks you can expect to see on a job description this year

With 87% of white-collar roles placed by staffing business Walters People Ireland being onboarded by their new employer entirely remotely since the beginning of the pandemic – searching for a new job in 2021 has taken on a whole new approach.

At the centre of that is the presence of remote working – where car allowance, subsidised travel & lunches, free breakfast, gym memberships, and work socials – now hold little value in today's job offer package.

Sarah Owen, Director of Walters People Ireland (pictured) comments: *"We're almost 12 months into the worlds largest remote working experiment where 40% of professionals in Ireland are currently working from home – the second-highest levels in the EU (after Belgium).*

"For companies who have been experiencing growth or undergoing some form of transition, hiring has not stopped – but the way in which they hire, and more specifically the job offer, has changed significantly.

"In more recent years soft benefits, 'perks of the job,' and workplace culture has become just as important as pay & compensation. Previously professionals would weigh up a job offer looking at factors such as work hours, commute time, and train season ticket loans – but with remote working still the norm, job hunters are judging prospective employers on entirely different standards.

"The challenge for companies looking to hire is getting to grips with what workplace benefits can also work well remotely, and how to effectively illustrate the company's culture & values virtually."

With 57% of employers – in a recent Walters People poll - stating that they intend to continue with a degree of remote working even after social-distancing measures ease, Director Sarah Owen outlines the Top 8 perks we will see more of in job offers this year:

1. **Gifting:** In the same way that companies once sent out corporate gifts to clients or customers, employers will begin to do the same to their staff by way of acknowledging how important a stakeholder they are to a company, and also in the hope that feeling valued will help to aid productivity when working from home. New starter, birthday, workplace anniversary, and mental wellbeing will be the most popular gifting themes for employers – with the likes of Basketcase Hampers and Gifts.ie being popular choices for employers.
2. **Mental Health Services:** In a Walters People survey 42% of professionals reported a decline in mental health at some point during remote working, and a third of managers reported concerns about their team's wellbeing. Mental health will continue to be a priority for employers, in particular due to the pandemic putting many employers on the backfoot in being able to offer effective support. With mental health being such a personal concern, employers have taken to third parties to help provide tailored support to their staff – with many offering paid subscriptions to mental heath apps such as Headspace, Calm and Happify – as well as enhancing employees health insurance to include access to counselling sessions through the likes of VHI and Irish Life Health.
3. **Food Delivery:** Free tea, coffee, soft drinks, breakfast, fruit baskets, and Friday afternoon beers were becoming the norm for many forward-thinking companies where most of the workforce is made up of millennials (25-40 years). Switching to home working and for 3x meals to be provided has been an adjustment for many – in particular at a time when restrictions have been in place on leaving your house. To counter this, and to help ease employees concerns about safety, employers have started to give e-gift cards for takeaway deliveries with Deliveroo and Just Eat.
4. **Private Travel**: Gone are the days where a train season ticket loan is considered a valuable perk from a new employer. In a recent Walters People poll, 26% of professionals stated that they intend to ditch public transport in favour of driving or cycling when required to go back into work. Employers are cautious about requesting travel into work unless absolutely necessary and to help provide reassurance they have been offering travel expenses to staff to allow them to make their own travel choices without money being a concern.
5. **Fitness:** Gym memberships have long been a popular workplace perk, but with gyms closed and professionals complaining about long days at their desk with no opportunity to get out for a walk, employees have had to respond to personal needs to help maintain motivation at home. Fitbits, gift certificates for sports shops, water bottles, and virtual yoga classes have been the go-to turnaround for most employers. What's most interesting to see is that the government backed 'Bike to Work' scheme has remained on job offers – meaning that new employees can get bikes & equipment up to the value of €1,500. The beauty of the scheme being that staff can enjoy a local ride for the time being, until office-based working returns.
6. **Subscription Services:** Employers have had to face up to the realities – and limitations - of lockdown. Whilst there was a small surge in virtual socials & team drinks, and a dabble in virtual away-days, overall this has been met with fatigue – with many employees happy to wait until the return of the office to be able to socialise properly with colleagues outside of work hours. Instead, employers are swapping their social & hospitality budgets for a year's subscription to TV, music, and magazine subscriptions for employees – with the top favourites being Spotify, Apple TV+, and Amazon Prime Video. A single user Netlifxaccount costs €7.99 p/m – a no brainer when compared to the €22 p/m average management spend per employee at work-related socials.
7. **Home Office Supplies:** Arguably more of a need than a perk, however employers have gone one-step ahead and created drop-down shopping lists for employees to be able to choose how to 'kit-out' their home office – from foldable desks & ergonomic chairs, to pre-printed envelopes, stamps, desk organisers, post-its and desk plants. Some companies have enlisted interior and feng shui experts to help educate their employees on their work from home set-up.
8. **Technology Accessories:** There is no denying that technology has been the great enabler during the pandemic – ensuring companies can transition to remote working, allowing families & friends to stay in touch virtually, and shopping being done safely online. Remote working has allowed employers the opportunity to provide their staff with tools that not only aid productivity during work-hours but also enhance their living on a personal level. Top favourites include wifi booster, noise-cancelling headphones, smart speaker, and wireless charging stations.

Download the Walters People Ireland Salary Survey for more details on what job offers will look like in 2021.

ireachtas Digest

Compiled by Frank Lahiffe, Lahiffe & Associates, Public Affairs & Political Communications

General Issues

It is important to have robust tools to address uninsured drivers, who are not only acting illegally and putting a burden of cost on law-abiding drivers, but are often also drivers who are also behaving dangerously in other ways – **Minister for Transport.**

There was a round of intensive engagement with key stakeholders in relation to the Government's insurance reform agenda. Minister of State Fleming has held meetings with the Alliance for Insurance Reform; the State Claims Agency; Insurance Ireland; Irish Public Bodies Mutual Insurance; CBI; Brokers Ireland; the Law Society of Ireland; the Bar Council of Ireland; and MIBI. More recently, he has also concluded a series of meetings with the main insurers in the Irish market and he has written to the CEOs of the main insurance companies operating in the Irish market seeking their views on a range of issues – **Minister for Finance.**

Under the health restrictions, some people are experiencing unavoidable delays in renewing their driving licences. The Road Safety Authority have been in touch with the insurance industry about delays in the driver licensing service, and I gather that both Insurance Ireland and the AA have indicated to the RSA that this will not affect people's cover – **Minister of State at the Department of Transport.**

In relation to Covid-19 and travel insurance, Insurance Ireland advise customers to check their policy documents as the scope of the cover can vary. Generally, it notes that some policies provide cover for non-refundable cancellation costs where there is a Government Directive prohibiting travel. Others include an optional Travel Disruption extension. It should be noted however, that these policies were generally sold prior to mid-March 2020. Travel policies sold subsequently generally do not cover cancellation costs arising from Covid-19 - **Minister for Finance.**

Mortgage Issues

In circumstances where people cannot pay a business loan or a mortgage because of the effect of Covid on their income, mortgage breaks and loan breaks will be available. Other solutions such as interest-only repayments or reduced payments might also be made available. That commitment is there from the banks. It is not a blanket approach but it does apply where somebody genuinely cannot pay as a consequence of his or her income being affected by Covid – **Tánaiste**.

There are 2 significant differences between Ireland and the rest of the EU regarding interest rates. Bank charges are different. For example, when one sees very low rates in Denmark or Germany, what one does not see is the fact that people are charged in a different way. The higher charge results in a lower interest rate. The second difference is the fact that we, for very good reason, make it very hard for a bank to repossess a house and that has an impact on mortgage rates. Even the European banks that provide mortgages here add on a premium for that reason – **Tánaiste**.

Borrowers whose payment break has ended are being given an option to return to full repayments based on the same term of the loan, or to extend the term of the loan, or to engage further with their bank on suitable arrangements. On 30 November last, BPFI reported that approximately 49% of SMEs returned to repaying on the existing term whilst 46% returned to repaying on extended term basis and just over 5% are not making full repayments – **Minister for Finance.**

The main retail banks confirmed they are considering mortgage applications and mortgage drawdowns in relation to their customers who were on the EWS scheme on a case-by-case basis and that they are taking a fair and balanced approach. Lenders continue to process mortgage applications and have supports in place to assist customers impacted by COVID-19 – **Minister for Finance.**

CBI has undertaken some research on the relative merits of fixed versus variable rate mortgage types and it suggests that a move towards longer-dated fixation periods, such as those seen in Denmark or the USA, would require careful consideration – **Minister for Finance.**

Irish mortgages can have different characteristics from those offered by other EU banks making direct comparison of headline mortgage rates inconsistent. For example, many Irish banks include cashback offers, which reduce the effective Irish mortgage interest rate. In addition, Irish mortgages are not subject to upfront fees typically charged by banks in other EU jurisdictions, which can result in lower EU headline rates – **Minister for Finance.**

CBI confirmed there is no regulatory impediment to lenders offering payment breaks to borrowers, providing they are appropriate for the individual borrower circumstance. BPFI also reiterated that standard payment breaks continue to be part of the wide range of tailored solutions which are being made available to customers upon assessment of their situation – **Minister for Finance.**

I raise an issue concerning the Personal Insolvency (Amendment) Bill 2020. Some people have found this legislation very beneficial to them, but it will not be possible for people who do not have arrears on their PPRs to use this legislation to try to sort out their financial problems. Farmers, especially, would not have mortgage arrears on PPRs because all their financial liabilities would be attached to their lands. This is an omission in the legislation – **Jackie Cahill TD (FF, Tipperary).**

To date, none of the participating providers have yet reached their maximum allocation under the Future Growth Loan Scheme; however, there is strong demand. Two of the participating banks (AIB and BOI) have currently suspended new applications under the Scheme while they process a significant pipeline of existing applications. These existing pipelines of loan applications are likely to translate into tens of millions of further lending being made through the Scheme by these banks, and, likely to bring these lenders to their allocation limits under the scheme. Businesses can still currently apply for lending with other participating providers (KBC, PTSB and Ulster Bank) – **Minister for Finance.**

The number of Banking complaints to the FSPO from 1 March 2020 to 2 February 2021 is 2,581 – **Minister for Finance.**

Pensions

The Programme for Government commits to introducing a Retirement Payment for 65-year-olds. Officials in my Department are currently considering how the Government commitment could be implemented and are assessing and designing the ICT system changes, legal provisions and administrative processes required to do that. It is hoped to finalise these arrangements later this quarter – **Minister for Social Protection.**