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Over the past year, the Global Financial Crisis has provided road bumps in the local and global insurance industry. With this has come tremendous opportunity for our brokers, clients and Lumley to review the business and strategies. We are seeing pay-offs as the economy shows signs of recovery.

At our Motor Benchmark meet in Sydney, we saw that claims costs have risen over the past year, and fleet clients and their brokers are increasingly focused on collisions as a cost to the business and an occupational health and safety risk. The good news is that the accident rates have stabilised over the last year, mostly due to effective driver and risk management strategies.

In particular, I would like to congratulate Woolworths on receiving the 2009 Lumley Insurance Benchmark Award for Inspiring Excellence in Fleet Risk management.

Good strategies are starting to work for Lumley and our brokers as well. If you were at the NIBA Convention last month you probably saw the online demonstrations of my.place, Lumley Insurance's new online platform, that allows you to tailor and arrange Commercial Business Package Cover within minutes. The feedback on the package itself, with the new range of choice and limits, and the ease of online access, has been very positive as we embark on rolling out the product to brokers.

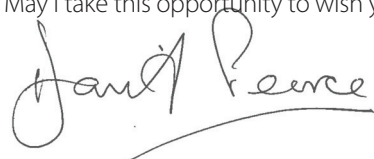
And as part of our commitment to "Building Profitable Partnerships", Lumley is developing a new national distribution model to leverage local relationships. This will allow us to better serve you with more co-ordinated service and stronger value propositions. Core to this are our people. I would like to take this opportunity to welcome Chris Collins as Head of Distribution, Stuart Routledge as strategic National Account Manager and Andy Doran as National Property Manager.

Lumley's reputation for managing broker relationships is also strengthened with the internal promotions of Robert O'Shea as New South Wales Motor Manager and Frank Malvaso as Victorian Motor Manager. These appointments reiterate Lumley's commitment to building a strong, strategic leadership team with shared values, making it easier for our brokers and clients to maintain and increase their business with us.

On a personal note, I will be on extended leave until the end of January 2010. While I am away, my team will continue to work on strategic initiatives with the aim of improving our service levels to our brokers and clients. Please feel free to contact the team members below:

- **Business Development:** Heath Francis on 02 9248 1171 or [hfrancis@lumley.com.au](mailto:hfrancis@lumley.com.au)
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- **Underwriting Agencies:** Brett Jackson on 02 9248 1680 or [bjackson@lumley.com.au](mailto:bjackson@lumley.com.au)
- **Other enquiries:** Bopha Brabant, Executive Assistant on 02 9248 1232 or [bbrabant@lumley.com.au](mailto:bbrabant@lumley.com.au)

May I take this opportunity to wish you all a very happy festive season



David Pearce  
General Manager Strategic Relationships 02 9248 1193



ADVICE

## gfc gears fleet costs

Fleet and risk managers, faced with GFC pressures to cut business costs, are keeping fleet vehicles longer.

They're also driving safety as claim costs and spare parts prices increase. The good news is that claim rates have been stable in the past year.

"Managers are increasingly focusing on collisions as a cost to the business and an occupational health and safety risk," said Robert O'Shea, NSW Motor Manager .

"Management is feeling the financial crunch. The cost of claims is up 10%, which hits the business in terms of repair time and the impact on resources."

The average number of driver-at-fault claims in the Lumley Insurance Benchmark for 2008-09 was 58% - a stable trend over the last three years.

More than 120 fleet managers and insurance brokers heard the news at Lumley Insurance's largest Motor Benchmark meet in 15 years. The average claim rate (based on percentage of crashes per 100 vehicles) was 30% over the last three years - a decrease from 37%, five years ago. Lumley Insurance's benchmark is 20%.

"Fleets that perform significantly below the benchmark have strong fleet risk management programs in place," Robert said.



"On average, 93% of all crashes involve driver error. That means effective programs must focus on driver awareness and training."

The Woolworths fleet won the 2009 Lumley Insurance Benchmark Award for Inspiring Excellence in Fleet Risk Management.

Daniel Berenger from Woolworths (far left) and Mike Walsh from Aon (far right) accept Lumley Insurance Benchmark Awards for inspiring fleet excellence from Vivek Bhatia

## 2009 benchmarks snapshot

### sedans and light commercial vehicles

	AVERAGE	BENCHMARK
Number of claims per million kms (based on an average of 20,000 kms per vehicle)	15.0	10
Cost of claims per million kms	\$38,804	N/A
Claims rate per 100 vehicles	30	20
Driver at fault % of total claims by number (collisions involving more than one vehicle)	23%	15%
Client only % of total claims by number (single vehicle at fault collisions)	37%	15%
Unknown third party at fault % of total claims by number	19%	10%
Cost of claims per vehicle	\$790	N/A
Average cost per claim	\$2,593	N/A

Through Benchmark, you can be sure to see how your fleet compares to the industry average and benchmarks on a range of operation points. To obtain the full 2009 Benchmarks please email [dmadell@lumley.com.au](mailto:dmadell@lumley.com.au)

1,000,000 cars

15 years

500 fleet and risk professionals...

# 1 Motor Standard

 Lumley Insurance  
**Benchmark**

## Lumley Insurance Benchmark - inspiring motor excellence.

For fleet risk managers, and their brokers, focusing on excellence in driving safety and fleet effectiveness, the Lumley Insurance Benchmark is the only forum that has delivered meaningful industry standards and risk management strategies for 15 years.

As Australia's premier motor fleet insurer, Lumley Insurance does this by partnering with brokers and clients to analyse motor fleet collision statistics, and costs, as well as issues in the industry.

Through Benchmark, you can be sure to see how your fleet compares to the industry average and benchmarks on a range of operation points.

Share improvements through better practice.

Inspire the standard.

### driving relationships

The strength of the Lumley Insurance motor team has been reinforced with the recent appointments of experienced managers for the NSW and VIC Motor teams, demonstrating the value Lumley Insurance places on internal succession planning.

For Vivek Bhatia, CEO Lumley Insurance, the appointments reflect the business's place as "one of the largest and most experienced motor teams in the country. Many brokers in New South Wales and Victoria will recognise that our recent appointments are new roles for familiar Lumley specialists."

"Motor fleet insurance is a core specialisation of Lumley Insurance and we have highly experienced motor underwriting and claims teams supporting all our state operations. Rob and Frank have worked in the Lumley Insurance motor team for many years and have demonstrated that they have the right capability and aptitude to successfully take on new responsibilities."



**Rob O'Shea** (pictured left) has been appointed as New South Wales Motor Manager, bringing with him more than 20 years of motor experience. Most recently Rob was the Lumley Insurance National Motor Risk Services Manager, where he played a key role in driving the risk management strategies for fleet clients and in running the Lumley Insurance Motor Benchmark.



**Frank Malvaso** (pictured right) has been appointed as the Victorian Motor Manager, moving from the position of Motor Underwriting Manager. Frank brings strong motor underwriting experience and motor expertise in the Victorian market, as well as proven business development skills.

## MEET

## developing strategic partnerships nationally

Partnerships on a national and a local level to make it easier for you to do business with Lumley Insurance and make our connections as clear and as strong as possible to meet the needs of all our clients.

To ensure this, we are developing a new network of national Account Managers, who will each have a dedicated core business responsibility and act as the primary point of contact. Last month you met Andrew McKinnon, National Account Manager, AON.

This month, we are pleased to introduce another two key appointments.

### **Stuart Routledge, National Account Manager, Willis / Steadfast**

Stuart came to Lumley Insurance last year from Willis and brings with him five years' experience in treaty reinsurance, gained while with Aon and Zurich Reinsurance in the London market. While at Willis, Stuart managed a portfolio of local and global corporate risks.

In addition, Stuart has strong management and relationship experience gained while managing his own recruitment insurance business.

Stuart is a Senior Associate of ANZIIF and holds a Diploma of Financial Services, Insurance Broking.

### **Chris Collins, Head of Distribution**

Chris was formerly involved in the national distribution to broker partners at both a cluster and broker level at Chubb Insurance and will be responsible for driving a coordinated approach to distribution at Lumley Insurance.

With a strong underwriting, broking and relationship management background, Chris will be instrumental in realising one of Lumley's core strategies of building stronger partnerships through better understanding and delivering on the needs of insurance brokers

## building through strength

Lumley Insurance writes a broad spectrum of SME Property & Liability risks and, as a broker, you have direct access to our specialist and experienced underwriters to find the best Property & Liability solution for the risks presented.

We're adding to the strength of the team with the appointment of **Andy Doran** as our new National Property Manager based in Melbourne.

Andy has worked in the insurance industry for over 20 years and was most recently the Underwriting Manager for the Global Risk Managed division at Vero, where he had extensive experience in the corporate and commercial property markets. Andy has had substantial involvement in client relationship management, working with both senior broking executives and end customers.

Andy has experience in managing teams in corporate and commercial property portfolios and in setting national underwriting strategy in the areas of product and service differentiation, having also held senior underwriting positions with AIG and Royal and Sun Alliance. Andy is a Fellow of ANZIIF.

## key business development contacts

Please use these key contacts for all your business enquiries.

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## conferences

- **19 - 22 November**  
IAA Conference, Royal Pines
- **22 - 23 November**  
RMIA Conference  
Cairns Convention Centre

## disclaimer

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