



DRESS DOWN FRIDAY

REVIEW



Peter Birks
IIN 24 editor

"Total loyalty is possible only when fidelity is emptied of all concrete content, from which changes of mind might naturally arise."
Hannah Arendt – *Theory of Totalitarianism*

The insurance industry is host to an entire code of unwritten rules, one of which is found virtually everywhere in capitalism. That is the paradox of loyalty.

When you are working for a company, you are expected to be a part of that company. Your interest is the company's interest. All your actions should be taken in what you think is in the company's best interest.

This is obviously tosh. If an individual has a high opinion of themselves and the loyalty premise were true, then he or she would never change companies at all, because to do so would be to the detriment of the company being left. I have yet to hear an executive give as a reason for leaving: "I decided to go because I think the company would be better off without me".

What happens in real life is there is self-interest and company interest, and the executive attempts to manage things so there is as little conflict as possible between the two. But when conflict arises, it will always be self-interest that prevails.

A couple of events this week were a reminder of the difference between the two. One, at QBE, showed how the conflict can be handled well and the other, er, also at QBE, showed how not to handle it.

Frank O'Halloran, ex-chief executive of QBE and a man as associated with the name of the company as you can get, is to become chairman of insurance broker network Steadfast. That would have broken a non-compete agreement. Also, O'Halloran only stepped down from QBE on August 17, and had been scheduled to take a place on the board in 2013 as a non-executive director – presumably with a view to being appointed chairman after the statutory waiting time of three years.

O'Halloran is not the type of man to hang around waiting, and new chief executive, John Neal, was per-

haps slightly apprehensive about having him on the board, even as a "mere" non-exec. Similarly, chairman, Brenda Hutchinson, might have been wondering about the stability of a board with her as chairman, Neal as chief executive and O'Halloran sitting between the two. So when the opportunity came for O'Halloran to chair Steadfast ahead of its flotation on the Australian stock exchange, all parties concerned probably saw it as a neat solution. Everyone parts friends.

Compare this with the launch of fixed-premium protection and indemnity (P&I) operation Lodestar. In April 2011, three executives at British Marine, a fixed-premium P&I subsidiary of QBE, handed in their notice. Charles Dymoke, John Hearn and Steven Kirk then moved, with external backing and what seemed to QBE to be unseemly haste, to form Lodestar, another fixed-premium P&I operation.

Lodestar was meant to start underwriting in September 2011, but QBE claimed the three had been preparing the launch while still at QBE, breaching strict covenants.

The trio were, in effect, accused of overstepping the unwritten loyalty laws, as well as the written covenants. No-one expects loyalty for life, but employers do expect personal self-interest not to coincide with actions that harm them.

The High Court agreed and barred the launch of Lodestar for a year following the trio's resignation from British Marine. The court also ordered them to pay more than £300,000 (\$480,566) in damages, plus legal costs. Justice Haddon-Cave said the plan was "to hollow out by stealth British Marine's underwriting and claims teams and move them across, together with their books and clients and data, to a new, ready-made turnkey vehicle".

That ruling hit Lodestar's plans for 2012 February renewals, but the phoenix (the original name for Lodestar) has risen. This week it confirmed an additional \$400m of capacity from 17 Lloyd's syndicates and two London market businesses. Charles Dymoke said Lodestar had quoted to 140 shipowners in its first three weeks. Notwithstanding Haddon-Cave J's views on the Lodestar founders, the market takes a less moralistic view.

"That was yesterday. What can you offer me today?" ■

Who are you and what do you do?

My name is Simon Squires and I am the regional chief processing officer at XL Group. Once the underwriters have completed the deal, my teams are responsible for booking the policy in our systems and collecting the premiums.

How did you end up in your current role?

In line with good market tradition, I got the job through a contact from a previous role. I originally trained as a chartered accountant with PricewaterhouseCoopers, but since then, I have spent my whole career in consultancy, IT or other operations related to commercial insurance.

What has been your most memorable time in the industry?

I have really enjoyed being chairman of the non-bureau working group in London. We have been working with the top brokers, insurers and reinsurers to deliver significant market change with real benefits.

What is the worst job you have ever had?

At a number of points during my career I have been assigned some fairly repetitive administrative tasks. However, these have helped me to focus my efforts in helping to change the industry and replace these repetitive processes with more effective and efficient ones.

Who are the people who have influenced you?

I would say my parents are the ones who have had the greatest influence on me. They instilled in me the importance of fairness, honesty and recognition, all of which are very important attitudes to have when dealing with people.

If you could change one thing in the industry, what would it be?

Throughout my career I have always been an agent of change, and nothing seems to remain constant for too long. Sometimes I would like the market to adopt change more quickly and more actively realise the benefits of these changes as early adopters.

If you did not work in the industry, what job would you like to do?

Owing to my travel schedule, I have always had a secret desire to be a commercial pilot.

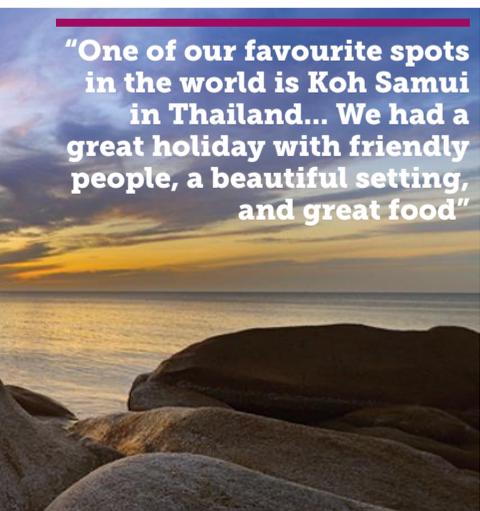
Which other company in the industry do you most admire?

At the moment I am very impressed by Greg Maciag and his

Power behind the throne

Simon Squires Chairman of London Market Group's working party and regional chief processing officer at XL Group





"One of our favourite spots in the world is Koh Samui in Thailand... We had a great holiday with friendly people, a beautiful setting, and great food"

team at ACORD who are providing a standards toolkit the global insurance industry can deploy.

This has the potential to generate billions of dollars of savings and improve transactional efficiency across the global insurer, co-insurer, reinsurer, and broking communities.

What do you see as the biggest challenge facing the industry?

Risk keeps developing at a very fast pace. As an industry we need to be one step ahead with new and innovative products that address

What is your favourite...

Sport? I am a Formula One fan and support Jenson Button.

Car? Jaguar E-Type v12 Roadster.

Meal? Lamb shank with fresh new potatoes and peas with mint sauce.

Book? I'm currently reading a children's version of *War of the Worlds* with Kieran, which we are both enjoying.

Film? As a 1980's teenager, dare I say *Top Gun*?

Music? Coldplay, U2 and Simple Minds are all favourites.

Holiday destination? California, because you can ski, sun and generally unwind in one great location.



AP Photo/Itsuo Inouye



Paramount Pictures/DAPD



Bocman1973/Shutterstock.com

client needs and aid financial/social stability.

If you could be anywhere in the world, where would you be?

My wife, Nancy, and I, have three young children, Kieran (8), Tamsin (6), and Mariella (4). Our weekends and spare time are spent looking after the gang. We live in a small village in the South Downs that has a great community and we are involved with the school, church and scouting organisations. It's a great place to call home.

But one of our favourite spots in the world is Koh Samui in Thailand. When Nancy was backpacking around the world (a few years ago now!) she remembered a hotel with some traditional rice barges placed on the beach and used as the hotel rooms. I'd remembered

this story and a few years ago managed to take her back there as a surprise. We had a great holiday with friendly people, a beautiful setting, and great food.

What life lesson would you pass onto others?

My main working ethic is to be open to challenge and change. One of the most powerful tools we have is the ability to listen to the thoughts and ideas of others.

Where would you like to be in 10 years' time?

Hopefully, working in an industry that has fully adopted data standards so we can focus on improved performance and client service. By then, I will also have three teenage children, and will be using my management skills at home. ■