

# Review

Exclusively for clients of the Reich Group

2002 – 2012

# PASS10N

Looking back at ten  
successful years of the  
partnership between  
Danny and Simon

# Ten Years of Partnership 2002 – 2012

**Danny Lopian** joined Reich as a Partner in 1986 when our original founder, JJ Reich, was retiring. Danny worked in partnership with Mike Drummond until 2001 when Mike also decided to retire. In May of 2002 Danny, after a number of attempts, persuaded **Simon Taylor** to join him in the business and the two Partners have worked closely together since then.

Just after 9/11, this was a particularly difficult time for insurance brokers as we were in the midst of the hardest insurance market for decades and busy preparing for authorisation to trade by our newly appointed regulator, the Financial Services Authority.

Simon, a qualified Chartered Loss Adjuster, was formerly a Board Director of McLarens, at the time the UK's leading firm of Chartered Loss Adjusters. The Directors of McLarens decided to sell the business to Capita and, rather than remain part of a huge Plc, Simon decided to try his hand at broking with Danny. Simon brought to the Partnership superb relationships at a high level with the UK's leading insurers, coupled with substantial expertise in the claims arena and a specialism in building insurance programmes for key clients.

Danny and Simon, who had been friends for a number of years, gelled immediately, and working closely together have steered the brokerage through the most substantial period of growth in its history. Under the Partners' control, Gross Written Premium (GWP) has expanded from £18 million in 2002 to £70 million in 2012 – the company now controls FOUR times as much GWP as it did in 2002.

In terms of major achievements during the last 10 years, well, here's a quick summary:-

- In 2002 we had less than 20 staff! GWP was only £18 million! By 2005 GWP had almost doubled to £30 million
- In 2008 we merged with a prominent Manchester insurance broker, WB Tidey & Company Ltd, increasing GWP by £5 million and taking staff numbers up to 50
- In 2009 we set up our own Healthcare company, Reich Healthcare Ltd (RHL) having approached and successfully managed to encourage a superb team of specialists to join us from a local rival company! RHL is now placing circa £5 million GWP in its own right
- In 2010 we entered the Top 20 independent brokers in the UK for the first time with a GWP of £58 million
- In 2011 we merged with D Barnett (Brokers) Ltd, the largest independent broker in Bolton, pushing the GWP up by £7 million to £68 million
- **Now in 2012 staff numbers are 77, with GWP across the Group approaching £70 million!**



2002 seems a stone's throw away but what other notable events happened in that year? Well...

- Brazil won their 5th World cup
- Manchester City won the 1st Division, gaining promotion to the Premier League
- Apple launched the first ever iPod in the UK
- Tony Blair was serving his second term as Prime Minister of the UK following a landslide victory in the re-election campaign of 2001
- George W Bush was enduring a baptism of fire as recently elected President of the USA following the atrocities of the 9/11 attacks on US soil
- Royal Bank of Scotland posted annual profits attributable to ordinary shareholders of £1,366 million
- All former currencies of euro-using nations ceased to be legal tender and the wonderful Euro finally came into being

And things were certainly a little bit cheaper on the cost of living side in 2002, as below:-

Prices	2002	2012
Pint of Milk	25p	49p
Litre of petrol	69.9p	132.6p
Loaf of bread	58p	115p

Here at Reich we are looking forward to the next 10 years.

## Britain's Most Expensive Private House

Imagine a private property with 27 bedrooms, 17 reception rooms, 22 bathrooms, a security lodge, a gatehouse, guest house, leisure facilities, stabling and swimming pools. A property standing in its own 58 acres of ground, comprising just under 450 square metres (50,000 square feet), and with accommodation over four floors.

A house standing in an elevated position, with south facing views over formal gardens, and a lake which has been framed by mature woodland to offer extensive privacy. A house with underground car parking for at least eight cars and a helipad for private landings.

**If you are imagining this correctly, you are thinking of only one property in the UK; Updown Court, in the village of Windlesham, Surrey.**

Reich Group has recently had the pleasure of insuring this property and the insurance was placed with Zurich Private Clients.

It has been described as 'a touch of California in the rolling fields of Surrey', and even comprises a two lane bowling alley and two escape tunnels!

Originally, the price tag of the property was £70 million, but it was subsequently purchased by our clients for just under £35 million.

It is 40 times the size of an average family home, a building with some 103 rooms, five acres of Italian marble and a 50 seat cinema. It is accessible by a £2 million heated marble driveway.

It really is an unbelievable piece of real estate and we were delighted to be asked to arrange the insurances.



## Tony Blair

On 15th December 2011, Danny Lopian and Simon Taylor were invited to attend a very special dinner for the top insurance brokers in the UK.

The invitation was courtesy of Zurich Insurance Plc and it was to hear Tony Blair, former Prime Minister, give a speech on the Euro Zone Financial Crisis.

In addition to the general dinner, Danny and Simon took part in a private pre-dinner discussion with the former Prime Minister as part of a small group of 12 senior brokers. This was a very exclusive invitation to a select gathering of the CEOs of the major insurance brokers in the UK.

In the photograph below, you can see Simon and Danny on the top left hand corner next to Darren Pacey, Zurich's Sales and Distribution Director. Steven Lewis the CEO of Zurich in the UK can also be seen on the back row, third from the right.



## Riot Damage in the Summer of 2011

Following on from our article on the summer riots in our last newsletter, here's an update in respect of just two properties which suffered extensive fire damage.

### Tottenham High Road

As a result of our proactive involvement, we are delighted to be able to confirm that this claim has already been resolved to the satisfaction of the client!

The client did not want to reinstate the property in the same way it was previously designed. Under our Reich Branded Policy Wording, policyholders are entitled to rebuild in a different format, up to the value of what it would have cost to reinstate the building on a like for like basis.

This client took the opportunity to turn a hugely negative event into a positive outcome and we were on hand to negotiate with the insurers and loss adjusters on their behalf, to everyone's mutual benefit.

Works are now well in hand and a significant upfront interim payment has been made to assist the client.

### Sony Distribution Centre

This was an even larger loss, in fact the biggest in the country from the summer riots. That said, we are already well on the way to getting the claim sorted for the client as well. Sizeable interim payments have been made to ensure the client is in funds to press on with the rebuild which is expected to be complete in July, just 11 months after the destruction of the entire property. Not bad for a building which measures an incredible 180,000 square feet and is Sony's sole distribution centre for the whole UK!

As many of our clients know, we are pretty unique amongst insurance brokers in that we do not feel the need to recommend our clients appoint loss assessors. Frankly we feel that we can do a far better job for you ourselves. It's all part of the 'Reich service', in our opinion. We hope you won't have to try us out on a claim, but if you do, you can rest easy. We will be there for you.



# Check out our revamped website

When's the last time you visited our company website [www.reichinsurance.co.uk](http://www.reichinsurance.co.uk)?

Those of you who have visited the site recently, cannot fail to have noticed the bold new animation on the home page which launches as soon as you enter the site. This contains links to all our sales departments plus our claims team and was created in conjunction with our exciting new corporate brochure.

We are also very proud of the 'find out about our roots' button. If you double click on this it will take you through to a colourful timeline detailing the rise of the company from very humble beginnings in 1943 to our current position as one of the leading independent brokers in the UK.

Next to this is a button which will take you through to real life case studies taken from our new brochure.

These reinforce the fact that client service is of paramount importance to us and that we really do try to adopt our mission statement of 'anything is possible' on behalf of our clients.

These case studies are also found against the relevant departments (Property Investors, Business Insurance and Claims) in the 'Our Services' section of the site.

Lastly, another new feature can be found in the 'Links' section – a click through to the Manchester Evening News Business Property Pages which, as the banner advert shows, we are currently the proud sponsors of.

The home page still features our ever-popular Property News feeds which refresh themselves on a daily basis plus a link to enable you to download the latest PDF edition of this newsletter.

We hope you enjoy using the new site and like the modern new graphics and the overall design. We would welcome any feedback you may have via Andy Kay at [andy.kay@reichinsurance.co.uk](mailto:andy.kay@reichinsurance.co.uk).



You will recall from our previous newsletter that we highlighted the services of JVS and recommended jewellery re-valuations. Many of our clients have taken heed of this advice and been surprised just how much even a modest jewellery collection would cost to replace.

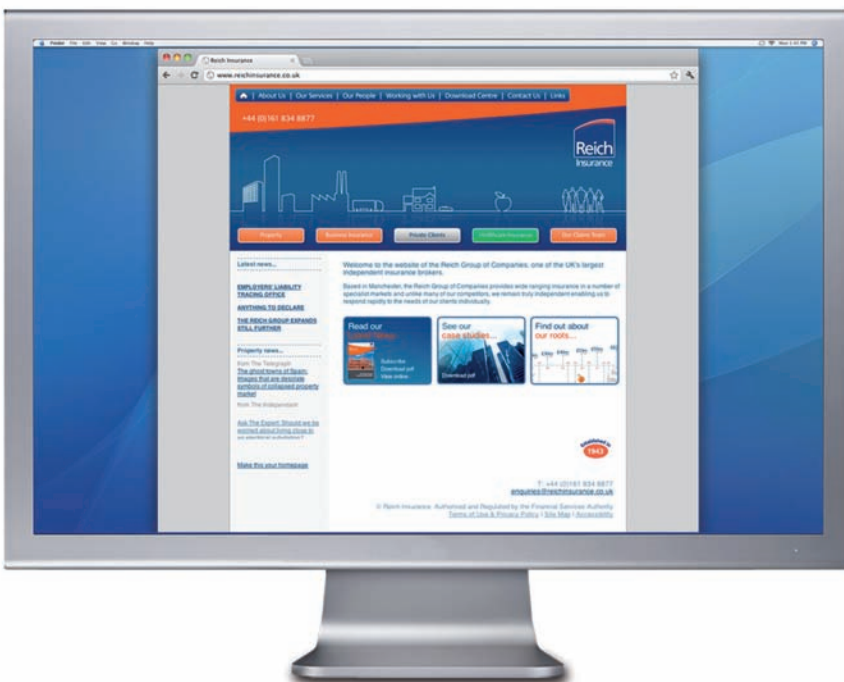
Recent statistics show that:-

- Gold prices in 2002 were \$342 an ounce. In 2012 they are now \$1743 an ounce! This represents a five fold increase!
- A 1.00ct (1 carat) diamond in 2001 was \$16,000 per carat. By 2011 this had risen to \$29,000 per carat!

Recent newspaper reports have said that the average price for an engagement ring is three month's salary – 10 years ago it used to be one month's salary!

We urge you to consider updating the valuation of your own jewellery, and as JVS is now working exclusively for our clients we can promise you the best possible service at a very competitive price. Moreover, JVS will value your prized possessions in the comfort of your own home. There is no need to take your watches and jewellery to a jeweller.

To discuss further please contact either Dave Fitton or John Owens, our Private Clients Managers, on 0161 834 8877. They will be happy to put you in touch with JVS.



# Vacant Properties – The Solution

In the current economic climate there is now a much higher proportion of empty properties on the market for rent.

From a Property Investor's perspective this is bad news. Aside from the obvious lack of rental income, Property Investor Landlords are saddled with additional costs.

Additionally, under most commercial leases the tenant is liable to the owner for the cost of insurance. Clearly when vacant there is still a need to insure the building and this cost falls back to the Landlord.

Insurance companies view vacant buildings as high risk and statistically these generate a higher number of claims than occupied properties. When a claim does occur, there is an increased probability of it being a severe incident.

At each renewal, the insurer will review premium income against the cost of claims for the whole policy, plus their overall operating/administration costs incurred in arranging the insurance. Where these costs are the same or exceed the premium income, the insurer will be looking for premium rate increases and/or cover restrictions. This is in relation to portfolios as a whole, so vacant properties within any portfolio can very much adversely affect the renewal terms for all locations.

We have recently created a new facility for vacant properties with our Lloyd's brokers on the following basis:-

- Various cover options from Fire, Lightning, Aircraft and Explosion (FLEA) only to Full All Risks
- Various excess options from the standard £250 upwards
- Competitive premium rates
- A guarantee of excellent claims service

In addition, and most importantly, any vacant properties on a portfolio can be moved onto this new facility.

As soon as a new tenant is secured for the building, we will obtain a full pro-rata refund of premiums and move the property back onto the main property portfolio mid-term. The additional pro-rata premium can then be billed to the new tenant under the terms of the lease.

The benefits for Property Investors are as follows:-

- Portfolios will perform better in terms of premium income versus costs once vacant properties are excluded
- Lower premium increases at renewal and less restrictions in cover. This should equate to happier tenants!

- Vacant properties remain fully covered at a competitive premium
- Once properties are re-let they can be moved back to the main property portfolio

In addition, this facility will be available for stand-alone vacant properties.

We believe this is a significant development in our Property Investors' offering and will greatly assist our clients in managing costs, obtaining the best terms available and keeping any premium rate increases to a minimum.

To find out more contact our Property Department on 0161 830 5404. They will be pleased to discuss your requirements. In any event, however, we will be contacting all of our clients who can benefit from this new facility well before individual renewal date.



# Building Inflation

It is a common misconception that buildings should be insured for their market value. In fact **this is not the case at all** – the insurer is concerned with the cost to rebuild the property and it is on this basis that buildings insurance is arranged.

In the current economic climate market values have been falling, however rebuilding costs are largely influenced by the costs of materials and labour and in the last two years these costs have been increasing by as much as 5% per annum.

Most commercial policies of insurance include an 'Average' clause. What this means is that if, for

instance, your building is insured for £1 million but the correct rebuilding cost is, say, £2 million, then any claim made whether for £1,000 or £1,000,000 will be reduced by 50%, the same proportion as the underinsurance.

Not only is it therefore imperative to insure for the full rebuilding cost, under the terms of the lease the tenants may be able to force you to repair or rebuild the property irrespective of any shortfall in funds from insurers.

There is only one way to ensure your property is adequately insured which is to undertake a professional valuation.

At Reich we recommend a firm called Insurance Property Surveys (IPS) who are qualified surveyors and specialise in this area. They also provide Reich clients with discounts making the cost very competitive. In addition, under the terms of the

lease you may be able to pass this cost onto your tenants. We can help you with this.

Under the terms of our exclusive Property Investors' Branded Wording (only available to clients of Reich) we have agreed that once a professional revaluation has been carried out, the 'Average' clause in the policy will be removed. The only proviso here is that the valuation is professionally reviewed every five years. This can be undertaken without a site visit and is substantially cheaper than the original full site survey.

To obtain a quote or more information contact our Property Department on 0161 830 5404.

Meanwhile, more on our exclusive Reich Branded Wording can be found in the article on page 7 of this newsletter.

# A fast-growing worldwide phenomenon... 'Cornish Cream Mevagissey' by Kieron Williamson, aged 9

The beautiful and tranquil painting seen below highlights the incredible talent of Kieron Williamson, the nine (yes nine) year old child artist who is currently taking the art world by storm.

During a family holiday to Cornwall, aged just five, Kieron stunned his parents by asking for a sketch book and pencil set having shown no particular interest in art up until that point.

Rising at 6am the following morning he began what was to become a life-changing picture. Capturing the scene of boats resting in the estuary outside of his holiday cottage window he completely grasped both the concepts of proportionality and perspective, something far beyond any expectation or understanding for his age. Kieron had produced a work of art far beyond what any five-year-old child should have achieved, and this with no previous instruction, tuition or experience.

When Kieron had finished his drawing he took it to show his mother and father who immediately realised that they had something pretty unique

and special on their hands. They contacted a local art gallery located in their home village in Norfolk and the rest, as they say, is history. Kieron was able to faithfully reproduce his drawing in oils on canvas (aged nine) and is now regarded by art critics as one of the best child artists in history.

Five sell out exhibitions of Kieron's work have taken place to date and his first retrospective (when he will be aged just ten!) is due to take place this year. National and international media coverage, including an interview by Sir David Frost, plus coverage on Reuters TV, RTL Europe, Japanese TV, CNN News and a live feed to American network NBC's breakfast TV programme, have broadcast Kieron in front of literally millions of people worldwide.

Our MD, Simon, first read an article on Kieron's work a few years ago and became a fan. When Kieron's latest exhibition took place in November 2011 two of our staff went down to the gallery in Holt, Norfolk and queued outside overnight. One of them even achieved overnight fame on YouTube!

There was an additional and unique piece of art on display that day, one which was not actually for sale - 'Cornish Cream, Mevagissey'.

Simon found out about this and contacted the gallery owner, Adrian Hill, who was able to persuade the Williamson family to sell the painting which now takes pride of place in our new boardroom.

It is a beautiful, unique piece of art, by far the largest ever painted by Kieron. In fact, at the time it was painted, it was larger in size than its creator!

We are sure that we will hear a lot more from Kieron in the future. His next exhibition is in July 2012 at the Picturecraft gallery in Holt, Norfolk and more information can be found on his website [www.kieronwilliamson.com](http://www.kieronwilliamson.com) or by contacting the gallery owner, Adrian Hill on 01263 711040.



## The serious and real costs of stress

According to the latest annual Absence Management Survey conducted by the Chartered Institute of Personnel and Development (CIPD), over one third of employers reported that stress-related absence has increased over the past year. For non-manual workers, stress was the condition most likely to be cited as a top five cause of long-term absence.

In response to predicted redundancies and rising stress levels, many employers are prioritising their investment in counselling services. The CIPD survey shows, for example, that access to counselling is now the most commonly provided employee benefit (provided by 62%

of respondents) followed by employee assistance programmes (51%).

In 2010 alone, cases of work related stress rose from 110,000 to 530,000 cases, and mental health absence is proven to last 7.5 times longer, on average, than physical illness.

For many employees, pressure is a regular part of their lives and it can be a positive influence on performance and productivity. However, for a growing number of individuals, stress is pressure that goes beyond being acceptable, which then can be a destructive emotion that impacts on them and their work.

Many studies confirm that the cost of neglecting workplace stress is extremely high and its impact on absence levels is particularly significant. As such, it is positive news that such a large number of organisations have chosen to invest in Employee Assistance Programme (EAP) services to support their people with this issue.

EAPs are recognised by many organisations as being a highly valued employee benefit that promotes wellbeing and work/life balance, whilst also being proven to greatly reduce absence. They can improve productivity, curtail the number of workplace accidents, improve staff retention, help manage change, reduce work related issues such as grievances, and can even further demonstrate your caring approach towards your employees.

EAPs are not a new idea in the UK, but until now have generally only been available to larger organisations. However, we now have access to EAPs provided by Health Assured, and can now break with tradition and include many unique services that are not even available to the large corporate market.

If you are a Director or a Senior Manager of a business of any size, why not give us a call to discuss? You and your staff may be glad you did!

Please call 0161 834 8877 and ask to speak to either Wendy Newman or Kathryn Horsman.

# Reich Branded Wording – ‘The best wording in the Property Investor market just got better’

As you know, at Reich, we pride ourselves on providing the best and optimum policy cover at the most competitive premium possible.

We are one of the largest specialist brokers in the UK as far as the Property Investor market is concerned and we have our own bespoke branded wording that provides, in our opinion, amongst the widest cover available. We never rest on our laurels and constantly review our wording against other providers to ensure it remains ahead of the game. We have just completed our latest review and wanted to share with you some of the many enhancements that we have now included:-

- Reinstatement to match clause, increased to £250,000
- Landlords contents limit increased to £100,000 and landlords stock added up to £50,000

- Unauthorised use of electric, water and gas – now extended to include telecommunications
- ‘Seventy Two Hour’ Clause – now extends to include Malicious Damage and Escape of Water
- Re-submission of planning application costs in the event of a loss affecting the original submission
- Fire Brigade – damage resulting from actions of the fire services to safeguard human life
- Theft damage by those lawfully on the premises (i.e. tenants) increased to £25,000
- Subsidence cover extended to yards, car parks and roads, even if the main building is unaffected – up to £25,000 cover

These are just a few snapshots which prove how our newly enhanced wording provides even more protection for your assets. We truly believe that you could not find a more comprehensive cover in the entire insurance market.

In addition, there is no need to wait until renewal to obtain the benefit of these additional covers,

they are now immediately available to our Property Investor clients if you already have the benefit of one of our branded wordings.

**Don’t settle for the market standard, insist on the best; the exclusive Reich Branded Wording at no additional cost.**

For more information contact our Property Department on 0161 834 8877 and we will be happy to talk to you further.



## 2012 – The end of ‘no win no fee’

As some of our clients who have been involved in an unfortunate road traffic accident will know, the process and law in relation to legal fees, ‘after the event’ insurance (otherwise known as ‘ATE’) and ‘no win no fee’ arrangements is far from easy to understand. There has also been a huge legal wrangle (which has been running for a number of years now) over whether such arrangements are fair to all parties, including discussions regarding the recoverability of ‘after the event’ insurance premiums.

We still don’t know for sure what will be agreed as the bill will still have to go through a number of parliamentary reviews before being passed in its final form. However, we felt it worthwhile to comment upon what we feel the new legal landscape may look like either later this year or in early 2013.

Back in 2008, the senior judiciary were concerned about the cost of civil justice in England and Wales, in particular because the costs were, on occasion, totally disproportionate to the claim itself. This, inevitably, led to significant increases in motor insurance premiums and change was therefore deemed necessary.

The main aspect that is likely to change for our clients is that ‘no win no fee’ arrangements and ATE insurance policies will probably be phased out. Compensation awards will increase but claimants who win their case will have to pay their own costs out of the compensation they receive. This is an attempt to tackle the

present environment whereby legal costs can far outweigh the actual value of the claim itself and also to try to discourage speculative claims, meaning that only the genuine ones are actually pursued.

‘After the event’ insurance i.e. insurance to protect yourself against the cost of losing a case, in tandem with the revised compensation awards, may also go, meaning that ‘before the event’ legal expenses cover will become more important than ever before.

At Reich we already offer this cover and will be looking at ways of improving the cover still further for the possible end of ATE.

Hopefully, when, and if, these changes do come into play, it will discourage the fraudulent claimants from making claims and encourage those that have genuine ones. Additionally, it should hopefully lead to less pressure on the increasing cost of motor insurance – something we have been battling hard against for a long time.

Now for a new feature...



# Client Focus

In this and future editions of 'Review' we will be focusing upon selected clients of the Reich Group. Our first article details the success story that is local Manchester communications company, Nycomm.

Simon Taylor, MD



## Get connected with Nycomm

For more than 30 years Julian Niman has been building a flourishing empire at the forefront of the UK's continually evolving communications industry.

Julian is founder, Chairman and MD of the Nycomm Group of companies that supplies leading businesses and public sector organisations with all the latest telecoms innovations – from conferencing and call recording to headsets and handsets – inspiring new ways of working based on smarter and more efficient performance.



Nycomm incorporates two flagship brands of Rocom and Nimans. Leeds-based Rocom is the group's direct sell operation and can supply all your communication requirements thanks to a diverse product portfolio that features payphones, public address systems, two-way radios, security cameras and all associated installation cabling – as well as traditional telephony – backed by dedicated sales support and knowledge.



Nimans is a leading wholesale distributor of communication products – including sophisticated telephone systems – and supplies thousands of telecoms installers across the country. The brand also works with various retail giants such as Tesco, Marks and Spencer and John Lewis.



Operating from purpose-built £6 million headquarters at Pendlebury, Manchester, the group remains synonymous with service, innovation and reliability, helping shape the UK's fast moving communications arena where technologies such as Unified Communications – evolved from the convergence of traditional telephony with computer based networks – enhance business performance by bringing workers closer together even though they may be hundreds, or even thousands of miles apart. As well as highly motivated sales teams, the Nycomm Group has specialist Technical Support, Financial Services, Network Services and Product Return departments as well as Marketing, I.T. and Parcel Enquiry divisions alongside an in-house training academy and experienced Warehouse team. Purchasing and Accounts make-up a dynamic business operation.



More than 99% of deliveries are made next day from a state-of-the-art logistics facility complemented by an on-site Trade Counter that provides a convenient pick-up point for local customers. It takes just 26 minutes from an order being received for stock to be ready for dispatch.

Julian's epic journey to the head of an £82 million turnover business began at a very early age, inspired by a passion for amateur radio. At the age of 10 he made his first radio using a crystal set, a pair of ex-army headphones and a cat's whisker. He used to ride his bike around Bury with a radio bolted onto the handlebars to see how far he could transmit. He joined Bury Radio Club where he met 'old timers' and learned how to build aerials, transmitters and receivers.

Julian later teamed-up with his father who was running a jewellery wholesale business in Cheetham Hill, selling costume jewellery to market traders and small shops. He spent most of his spare time helping out. It was here, in the back office, that that he began to repair radios. This quickly developed into selling digital watches, clocks, calculators and CB radio equipment, as well as cordless phones. Word quickly spread about Julian's skills and he formed a limited company in 1985 as his business began to flourish, reaching an impressive £1 million in turnover.

Today the Nycomm Group has over 250 staff, spearheaded by a board of six Directors that boast over 100 years' combined distribution experience. The company continues to reflect Julian's traditional values of 'service with a smile' based on a 'serve the customer' mission statement.

The Reich Group is proud to be associated with the Nycomm Group and to act as their insurance broker.

The Nycomm Group, Agcroft Road, Pendlebury, Manchester M27 8SB

Tel: 0161 925 1983

[www.nimans.net](http://www.nimans.net)

[www.rocom.co.uk](http://www.rocom.co.uk)

