

# New perspectives on risk & volatility

Bespoke Advisory, Insurance and Risk Financing Solutions  
for the Communications, Technology & Media sectors

Distinctive. Choice.



COMMUNICATIONS, TECHNOLOGY & MEDIA



## Distinctive. Choice.

JLT is an international group of Risk Specialists and Employee Benefits Consultants and one of the largest companies of its type in the world. We offer a distinctive choice to our clients and partners through our combination of independence, scale and specialism.

As an independent business, we are able to operate with autonomy and flexibility. We have the scale to provide solutions to the complex demands of the world's leading companies and to deliver global servicing whilst recognising that the needs of each of our clients are unique.

By developing highly specialised services, we provide our clients with a depth of expertise and experience. The value we create is driven through the personal determination of our 6,200 highly motivated and skilled people.



## A different viewpoint

Shifts in the nature and scope of the communications, technology and media sectors have thrown up a new set of challenges for those who manage risk, forcing them to continuously reassess their risk exposure.

Intensifying competition, changing demand and market volatility constantly challenge all businesses operating at the cutting edge of new technology. In addition, factors such as massive investments in technology licences and infrastructure create new exposures, as does the increasing emphasis on corporate governance and regulation. Many are also vulnerable to volatility in global sources of low-cost components and services.

As businesses evolve, protection of balance sheets and/or income statements becomes more urgent and infinitely more complex. With the growing sophistication of products and services and the pace of change in global markets, these sectors are being swept by unprecedented change. New technologies appear quickly, trigger a rush for profits, release a flood of regulation and are leap-frogged in turn by emerging risks and volatility.

Our clients understand these challenges. They appreciate the need for a wider perspective in identifying, evaluating and managing risks specific to the modern trading environment in these sectors. That's why they value the bespoke specialist, forward-thinking solutions that JLT Specialty Limited (JLT) brings to the table.

# Seeing things from all angles

JLT's Communications, Technology & Media Practice (CTM) works exclusively with clients in these sectors to find new and groundbreaking approaches needed to respond to our clients' needs in developing risk-identification tools, risk modelling, risk-transfer and risk-financing concepts.

We challenge our clients and they challenge us. Our objective is not simply to be the best in the risk advisory and broking business but to apply our broad experience to develop new, bespoke and sophisticated solutions for some of the most important challenges faced today by companies in developing, manufacturing, advertising and selling communication, technology and media services products, devices and components.

We draw upon the strong multi-disciplinary specialist resources within JLT, as needed and as appropriate, depending on the requirements of each client. The result is a single virtual team built around your specific needs: a team that can think beyond normal constraints and, critically, can adapt as your requirements or external factors change.

Uniquely amongst our competitors, we do not separate risk advisory, client servicing and broking. This means that the individuals who talk to you on a daily basis are the ones identifying, evaluating and representing your risk in the marketplace, ensuring a coherent, consistent and accountable service highly valued by our clients.

JLT's Communications, Technology & Media Practice client base and track record is impressive. We provide risk advisory services or broking placements to many of the world's largest communications, technology and media companies. We are helping these clients deal with very real and constantly evolving problems on a daily basis in an unparalleled climate of complexity and uncertainty, enabling us to continually broaden our industry knowledge and deepen our experience of finding solutions to complex issues.

# Listening to all points of view

Integrated or enterprise risk management and risk financing can only evolve from a comprehensive view of your business. This should be based on both quantifying the actual risks and volatility, and also on analysing other variables including your underlying business strategy and appetite for retaining risk.

We believe in listening and assessing a client's unique risk profile. This enables us to make company-specific risk decisions that reflect the impact on balance-sheet transfer and credit. This risk-modelling process allows us to prioritise anticipated exposures and vulnerabilities as well as provide you with accurate management information from which to formulate your strategy.

To create truly bespoke solutions, we find the appropriate balance for you between traditional insurance-based risk transfer and a wide range of modern corporate finance techniques.

In this context, effective co-operation between insurers, banks, lawyers and other advisers is vital to trigger appropriate legal, corporate and insurance solutions. We work closely with your in-house teams and external advisers to coordinate a strategy and find the specific risk-management, insurance and risk finance solutions that work for you.





## Looking at the big picture

The structuring of your risk programme may call for a broader spread of expertise. Few companies can match JLT for the international scope and knowledge of our advisory and service teams.

In addition to our insurance broking strength the core team's backgrounds come from areas such as finance, law, economics, accounting, risk management, (re)insurance and the communication and technology industry. Beyond the core team, our global network of owned and affiliated offices provides additional resource and experience to give us a truly global reach.

### Key Issues

Most Communications, Technology and Media Companies find their competitive environment, their financial and regulatory risk landscape and the switch from tangible to intangible risk classes, to be a much greater challenge than “event” risks. The insurance and risk financing markets have managed to develop new solutions that respond to the evolving risks faced by our clients, and we offer new and bespoke approaches in areas such as:

- Digital Threats – hacking, viruses and cyber criminals can significantly put a client's reputation and customer relationships at risk for instance through suffering a financial loss as a consequence of a security breach;

- Contract Warranties (Privacy and Network liabilities) – emerging liabilities occurring from surveillance, breach of confidentiality, anonymity or breach of statutory duties;
- Acquisition or Spin-Off liabilities – invalidity of software rights, violation of copyrights or patent infringements;
- Non-Physical Damage Business Interruption – direct or indirect failure to supply, interference of an IT system, or loss of a supplier beyond the first or second tier;
- Patent, Trademark and Copyright Infringement or Patent Invalidity – damages incurred in a claim against the client, cover for legal expenses (defending a claim, incurred in pre-emptive action or an action for declaratory relief) or financial repercussions;

Regardless of the premium paid or the parties' intentions regarding coverage, an insurance buyer's policy - and hence coverage - will normally stand or fall depending on the policy wording issued and agreed by the parties. JLT takes the implications of this very seriously, and all policies are closely studied to ensure that they provide the most appropriate coverage for our clients. Members of the JLT team include those with legal qualifications and, whilst we cannot provide legal advice, we are very experienced in working with our clients' internal and/or external legal advisors.

## Risk Management and Advisory Services

### Communications & Technology Risk Track

We have developed a unique industry solution which enables our clients to identify and quantify their risks and share this information in a format that can be incorporated into the dynamics of their organisation. It provides a solution to link internal knowledge with external risk facilitation expertise so that the enterprise-wide risks of an organisation can be identified, quantified and mapped.

With a thorough understanding of your risks, their severity, and their frequency, you can then make a decision to retain, transfer, self-finance or avoid a particular risk, in line with shareholder and stock market expectations.

### Business Continuity Management (BCM)

Our international BCM team has a 30-year reputation in advising leading global corporations. They focus on exploring weaknesses in supply-chain management, catastrophe management and business interruption and advising on programmes to minimise risk and place new or enhance existing business interruption insurances.



## **Business Interruption (BI) and Interference Reviews**

The consistency of proper BI reporting and exposure analysis throughout the entire company is crucial and enables clients to meet corporate governance statements. More importantly, it creates a wealth of dynamic management information to support the business in its future strategy and help cut volatility. The goal is to define whether the BI risks are properly and effectively insured, how non-physical aspects can be quantified and how major loss events would be evidenced.

## **Claims Service**

Claims – often an undervalued and neglected area by the industry – is a priority function at JLT. Our investment in the technical ability and efficiency of our team of over 60 people, working in the heart of the London market, has gained us a reputation for outstanding claims performance and case management.

## **Global Services**

JLT's global service team advises on local insurance issues and practice, working closely with our global network to bring a fine-tuned approach to advising on and managing international programmes of insurance.

## **Global Insurance Review**

Our Global Service Team has developed a leading service called the Global Insurance Review (GIR). The GIR is a detailed review which focuses on identifying insurance expenditure, what value the local brokers are providing and also how the insurance coverage operates across all territories (with a focus on removing duplications of cover and identifying gaps in cover). The output of the review is a detailed report complete with recommendations concerning how to drive costs down and providing solutions for uninsured/underinsured exposures.



## Insurance and Risk Finance

In fashioning risk-mitigation solutions our access to a global market enables us to secure the most competitive pricing and terms. We offer a wide range of integrated insurance cover including:

- Property damage and business interruption
- General and product liability
- Errors and omissions
- Directors' and Officers' liability
- Crime
- Employment practices liability
- Non-physical-damage-triggered business interruption
- Intellectual property infringement
- Cyber, computer network and data protection

- Political risk, violence and war, terrorism, kidnap and ransom
- Short-term trade credit, medium-term vendor and project finance
- Expropriation, nationalisation and other emerging market risks
- Risk identification and management
- Captives and protected-cell companies

## Captive and Protected Cell Management

With one of the most experienced captive management teams in the business JLT has an unparalleled track record of successful captive projects. These include captive feasibility studies, incorporation and management of new (cell) captives and efficiency reviews.



## Case Studies

### Innovative Broking

The client is a global industry leader in the Technology sector. The Head of IP Legal approached the Director of Insurance & Risk Finance seeking ideas on how to smooth legal and damages expenditure on its intellectual property disputes (this is typically an area of low activity but can be catastrophic when a loss does occur). Having tried and failed with other brokers to generate sufficient market interest, the CTM Practice:

- identified the very few markets able to consider such a risk;
- worked with the client's IP team to analyse their own and industry trends, allowing it to develop the optimum balance between retention, limit and coinsurance;
- presented the risk to senior management at the insurers; and,

- drafted and negotiated the policy wording.

This demonstrates the Practice's unique skill in working with clients to identify, quantify and transfer difficult and/or unusual risks.

### Global Programme Review

The client - a UK-based multinational with presence in over 60 countries - was concerned about:

- the mixed visibility of locally placed policies across multiple business entities
- the unacceptable length of time taken by the incumbent broker to gather renewal data



- the length of time the business units experienced in receiving answers to their insurance questions
- the varied service and approach provided by local brokers to the local business units.

JLT's Global Service Team completed a global review of all policies outside the global placements. This included analysis of cover gaps and overlaps, compliance of locally placed policies, compliance of fronted policies, compliance with non-admitted regulations and analysis of local broker service. Issues discovered were subsequently developed into an action plan aligned to the corporate risk and insurance strategy, which were implemented and managed through the Global Service Team.

Further, the Global Service Team streamlined the renewal data gathering process by using JLT's iRIS system (web-based questionnaire and data repository with automatic collation of renewal information). This substantially reduced the time taken to collect and collate information from 4 or 5 months to 6 weeks. This service is centrally managed by the Global Service Team in London.

The client achieved full visibility of locally placed policies, potential compliance issues were identified and addressed, premium and local broker savings were identified and business units received prompt support by dealing directly with the project centre.



## What our clients say about us

We have worked with JLT in respect of a Non-Physical Damage BI project and found their involvement to have really added value. They were able to work with us in our domestic fixed line and mobile businesses. Their independence and expertise have driven the process from risk assessment and evaluation to aiding us in pressing the insurance market into offering wider ranges of cover than are typically not offered in this whole area.

**Alvaro Villamorgarcia, Risk Manager,  
Telefonica SA / Pleyade**

The team at JLT has challenged the way we have structured our insurance programme and placing brokers achieved savings and broader coverage above our expectations, specifically in the areas of Business Interruption, Terrorism and D&O we remain more than satisfied with the overall level of commitment shown.

**Gerhard Nelke, Managing Director, DeTe Assekuranz  
(Deutsche Telekom)**

After considering presentations from a list of major global brokers in February 2007 Ericsson selected JLT as their broker service provider based on their integrity and professionalism as well as their proven excellent level of service provision.

**Charlotte Barnekow, Head of Group Risk Management  
& Insurance, Ericsson**



ITV appointed JLT as our main corporate brokers recently in September 2009. They were appointed based on their match to our company and their value for money. However, we have also during the short time been impressed with their ability to understand our industry and their realisation that insurance may not be required in all aspects and their humility to learn more before coming up with solutions. The service levels that we expected from a change process to a new broker have also been exceeded even with recent acquisitions and them working with a secondary broker in harmony.

**Karl Sawyer, Assistant Risk Manager, ITV plc**



## A sharper focus

The Communications, Technology and Media Practice team is accomplished in taking the lead on new industry initiatives. Our annual forum has become one of the most acclaimed and valuable in the industry.

In addition, the platform we provide for leading insurers, lawyers, risk managers and CFOs of Communications, Technology & Media companies has enabled them to debate and try to resolve key risk and insurance issues faced by the industry.



Peter Hacker

**Partner & Executive Chairman  
Communications Technology  
and Media Practice**

Peter leads JLT's Communications, Technology & Media Practice. He has 10 years experience in the risk management and risk financing area for Fortune 500 CommTech clients. Peter's role at JLT includes developing sophisticated, tailor-made conventional and alternative risk financing solutions, assessing clients' objectives in terms of risk retention, risk landscape and cost of capital, and managing the transaction duties successfully. Peter also plays a significant role in developing new industry platforms and solutions.

Prior to joining JLT Peter spent three years as a Director and Divisional Key Position Holder in Swiss Re's Global Corporate Marketing Group in Zurich.

In particular, he was responsible for its worldwide risk finance activities in the Consumer Electronics, Telecom and Technology Market from 1999.

Peter received his business administration degree from the University of Applied Sciences ('Fachhochschule FH') in Zurich, and a dual MBA from Columbia Business and London Business Schools. He is a frequent speaker at both industry and Risk Financing conferences and a member of theSecurities Institute.



## Luke Foord-Kelcey

### **Partner and Head of UK Communications, Technology & Media Practice**

Luke Foord-Kelcey is the UK head of Communications, Technology & Media practice group. Luke is a solicitor and advises on legal issues and policy wordings within JLT, and provides consultancy services to clients in respect of coverage programme design and placement across a wide range of insurance classes. He plays a key role within JLT assisting various teams in developing bespoke products exclusive to JLT and its clients. Most recently, Luke has focused on developing solutions in areas such as Intellectual Property Infringement Liability (IPIL) and Contingent Business Interruption (CBI) insurances.

## Kip Berkeley-Herring

### **Partner, Communications, Technology & Media Practice**

Kip became a Partner in JLT's Communications, Technology & Media Practice in August 2010. His 38 year career in insurance and risk management started with the Cornhill in property underwriting, eventually moving on to develop loss control engineering and risk management skills in the insurance company market. He joined the then newly formed, risk management team in 'British Telecom' back in 1988 and was party to the development of their sophisticated global risk financing and insurance programme. Latterly Kip was the Group Risk Manager for BT Group plc for six and a half years and in particular drove through the implementation of their Enterprise Risk Management structure. During his tenure BT won several awards for innovation in insurance, risk financing and risk management



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