

The joint life first death policy is an alternative way of proceeding in cases where a lump sum is required for the survivor, whichever spouse dies first. This might arise for instance where it is intended that other income-yielding assets will pass on to the next generation on the death of either spouse.

On the other hand, the joint life second death policy is now one of the most important of planning tools, and has been since the introduction of capital transfer tax. These policies, written in trust, enable the customer and his or her spouse to enjoy the full income from their joint assets until both have died, whilst relying on the policy to replace the inheritance tax on their death. The premiums which they pay can be exempt from inheritance tax under the annual exemption and normal gift rules.

Key man insurance and business succession planning call for different remedies, and are in themselves a large subject. Key man insurance is by definition life of another insurance and is written by a business on the life of a key employee in whom it has an insurable interest and whose death would result in financial loss. Business succession planning is entirely different from this and policies which are written in order to provide a lump sum for the buy-out of a deceased or retiring partner or shareholder may take a variety of forms. Perhaps the neatest is an own life policy on flexible trust for the primary benefit of continuing partners or shareholders. This will be accompanied by a binding buy-out agreement, generally in the form of cross-options.

It has been suggested that in the age of best advice, the adviser who fails to recommend sufficient life cover will be as vulnerable to criticism as the one who over-sells his products. It is, of course, equally important that life cover be arranged in the most advantageous way as unnecessary tax bills can also give cause for discontent.

THE INTERNATIONAL REINSURANCE ASBESTOS CLAIMS CONFERENCE

The International Reinsurance Asbestos Claims Conference took place in London in March 1988 amid reports that more asbestos producers were abandoning the Asbestos Claims Facility.

Though the conference had a broad perspective overall, it concentrated on coverage matters: declaratory judgment costs, punitive damages, and the central topic of aggregate extension clauses. It was contended that the variety of versions of such clauses would enable differing aggregations of original claims to be made by cedants, according to the language of the particular clause in use.

There was an emphasis on the need for reinsurers to seek details of each original claim: only thus could its suitability for inclusion in an aggregation of claims be properly assessed.

Data concerning an original claim could be collected on several occasions, and by different parties. The difficulty of tracing original policies back over many years and collecting details of policies written as long ago as the 1940s is well-known.

The picture presented by some reinsurers is the need to obtain from their cedants a level of information sufficient to provide details of each original claim; on the other hand there are reinsurers who have not handled reinsurance claims in this detailed way historically and who may have to make changes to accommodate the extra work involved.

This was the background to the proposal that a centralised worldwide claims information clearing centre should be set up. The proposal, put forward by Jack E Koepke of Gerling-Konzern Globale, was welcomed by representatives of some English and European reinsurers at the conference, notably Mercantile & General Reinsurance Co Plc, Cologne Reinsurance Co, and Swiss Reinsurance Co.

The enthusiasm displayed by reinsurers was not echoed by some representatives from the London market: both brokers and underwriters were heard to question the approach proposed at the conference, expressing concern that it would result in further delays in reinsurance settlements. They viewed disputes over interpretation of application of policy language as unnecessary and delaying and questioned the need for the level of claims detail sought.

These very differences of view alone may cause this conference to be regarded with hindsight as a milestone in the development of the handling of asbestosis and other major multiple claims within the industry, and of the positions taken by the various sectors within it.

JRMF.

HON. SECRETARY'S REPORT

In the four years when Ken Davidson occupied the Hon. Secretary's chair the Association saw a considerable expansion of its membership and activities. Many members will have had reason to thank Jean Gerrish, Ken's secretary for the efficiency and familiarity with which she helped Ken to run the organisation. Inevitably when I took over there was a learning curve particularly in familiarising myself with the substantial burden of