

IIS Daily



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Raising a World of Insurance Fans

Read on. Don't let your scepticism get the better of you – the juxtaposition of insurance and fans shouldn't shock the world. It is the biggest opportunity that the insurance industry has failed to cash in on: to build a network of insurance fans who will blog, tweet, link and fb their way into making the industry truly appreciated for what it is.

Insurance keeps the hinges of society and economy lubricated so that life and business can move on with insurers bearing the risks and providing the much-needed peace of mind for businessmen. Bet many of you didn't know the nobility behind the business.

Get into social media

Is it too late to build fans? Worry not, for social media is here to start a brave new world, to give us new chances of instant access to would-be fans. So all insurers must be in social media. They must simplify and "sexify" their product offerings to appeal to the internet generation.

But before that, insurers must first come to terms with what it is that they are selling beyond just a complex policy document. What does the document promise? If you can't get a clear, convincing answer, then accept that you are better off packaging your protection offering with a manufacturer of a product (cars, houses, medicine etc) or service (travel, shipping, holidays, etc) and be seen as a sub-contractor.

But many insurance leaders have always said that insurers sell protection – the promise to pay when that untoward event happens, and hence the "moment of claim" is the true test of the policy.

Ensure your customers know what they're buying

Yet, given the complexity of the policy wordings and the medium of distribution through intermediaries living off their sales commissions, to many policyholders or clients, the reality of the insurance bought only gets tested at the moment of disaster. Imagine the surprise of many policyholders in Australia whose properties were ruined by floods when told that their policy covered only floods from the ground and not those coming through the roof. Even many in the insurance industry were surprised by the distinction, let alone the drenched man in the street?

This then is the key challenge of building fans. Beyond just underwriting at point of sales, not at point of claims, insurers must communicate and ensure that the policyholder knows exactly what he is buying.

Will they ever know? Can they overcome the yawn to listen to the fine print of the policy? This should be a key priority for the industry at the company level, industry-wide or nationwide or worldwide to preach the message of insurance. And to build fans, insurers must stop being reticent about paying claims and go forth to celebrate claims payment.

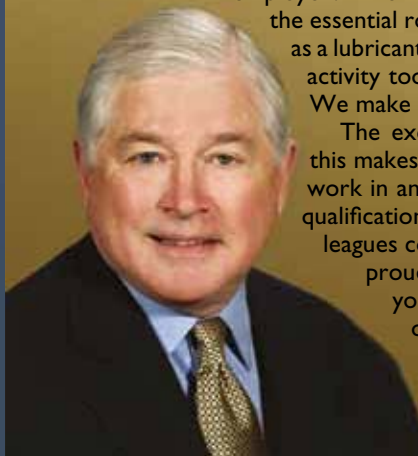
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The Experienced Voice for Insurance

After 40 years in the non-life insurance business, I reflect with humility on the future of our industry from the perch of experience. My conclusion: Our patch is smaller, our activity better-informed and more effective.

The world has shrunk! Events in Asia resonate immediately in New York, London and Bermuda. We are markedly more inter-dependent and instantaneously informed. We are both blessed and barraged with information which, intelligently organised, permits us to make better, quicker and more strategic decisions.

The risk transfer mechanism at the core of our products has absorbed, spread and defanged the most serious of natural catastrophic and terror events at levels previously unthinkable. That functional effectiveness reflects positively on the science represented by the sophisticated modeling and other analytic techniques now employed. All of this is persuasive evidence of the essential role our industry plays globally as a lubricant for commercial and personal activity too risky to venture without it. We make risk tolerable.



The excitement embodied by all of this makes this industry a great place to work in and the increasingly impressive qualifications of our newly entering colleagues confirm that. We should all be proud of that. Think about this as you look around the room during our meeting here in Toronto.

Mr James Dowd
Chairman & CEO, Fairfax Inc

Go, celebrate your claims payment

This culture of celebration will win friends all over the world. And don't worry that celebrating claims will put you in an awkward trap of being unable to deny uncovered claims. Go public as well about claims denied. This will give you a chance to educate clients and regulators alike. Celebrating claims payment is what the industry should be about. Paying legitimate claims promptly should be your active motto, and that builds up a more powerful

Ten Little Tips on the World of Opportunities

The world is yet going through another swing. Financial and investment volatility aside, the industry has been pummelled relentlessly by natural CATs all over the world with increasing frequency and violence. The escalating social unrest in the Middle East, renewed terrorist threats following the killing of Osama bin Laden, rising oil prices, increased trade barriers, the sovereign debt problems, the turmoil in the currency and equity markets, and fears of inflation and interest rate hikes cloud the horizon.

Yet the insurance industry is still basking in the world of opportunities even though a recent Fitch report claimed that the Dutch market was saturated, and the Geneva Association, the think tank of our industry, has warned that there is a "a real risk that in an effort to deliver within the G-20's tight deadline, inappropriate and unfit regulations will be imposed on our sector".

Ironically, the call for compulsory flood covers in the wake of the disasters spells huge opportunities. In the Middle East, the move towards compulsory health cover has seen the mushrooming of many health insurers. Likewise in many markets, motor is the largest class of business because of the need to buy compulsory third party motor covers. So will the advent of compulsory CAT covers spell a new birth for the insurance industry?

case when going to town about Corporate Social Responsibility with donations to unrelated charities.

And this will lure more fans. The 2006 Tsunami and all the publicity attached to claims payment saw a 38% rise in premiums in Sri Lanka.

There are fans out there. Just reach out to them. As an MDRT leader once said: "The biggest failure of an insurance agent or company is not to offer the highest protection to your client that he can afford." Don't underestimate the intrinsic value of the peace of mind that you sell. No other industry, religion aside, comes as close.

Here is a quick checklist of 10 opportunities:

1. Lobbying for new areas of compulsory insurance, eg, flood and health covers;
2. Tapping the underinsured and uninsured segments;
3. Looking at ethical insurance – an offshoot of Islamic insurance that will draw those interested in return on policy with surplus-sharing. (This is a hybrid of the Japanese investment returns insurance product that took the market by storm in the last century until the low interest rate environment killed it.);
4. Selling microinsurance – reaching out to the poor with a business proposition that transcends charity and CSR;
5. Doing bancassurance – finding the ideal banking partner, given that people still go to banks in earnest;
6. Being a manufacturer of protection policies that wrap around third-party products and services easily;
7. Packaging new retirement products to meet the needs of those living longer;
8. Innovating new protection products in a new risk landscape for individual and corporate customers;
9. Building a reputation as an insurer with hassle-free claims payment; and
10. Selling insurance through the net in a click.

Take your pick. But be assured that as long as man can breathe and eyes can see (to quote Shakespeare in North American terms), insurance will have a place in the sun.

11th SINGAPORE INTERNATIONAL REINSURANCE CONFERENCE
30 October - 2 November 2011
Sands Expo and Convention Center, Marina Bay Sands
Asia's Growth: Are We Capitalising On It?

Register online at www.sirc.com.sg
Registration Closing Date: 10 October 2011

To Toronto we go

Toronto is Canada's largest financial centre and is a pulsating arts and entertainment hub, where about 25% of Hollywood movies are filmed.

Defining the city's skyline is the CN Tower which stands at 553.33 metres. It held the record of the tallest free-standing land structure in the world for over 30 years.

Born 1763, died 1827

Of Canada's 34.4 million population, Toronto accounts for about 2.5 million, around half of which were born outside the country.

Niagara Falls, the most powerful waterfalls in North America, is 80.5 kilometres away from Toronto. The Horseshoe or Canadian Falls cataract of Niagara Falls is 177 ft high and carries nine times more water than its US counterpart.

One of Toronto's grandest buildings is the Hockey Hall of Fame, where the game's top trophy, the Stanley Cup, is on permanent display.

Toronto was named York by British colonial officials in honour of the Duke of York, George III's second son, Frederick Augustus. The city was renamed Toronto in 1834.

Sources:
100 Cities of the World
www.toronto.ca
www.toronto.com
www.seetorontonow.com
www.canadafacts.org
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Welcome to the Queen City

I want to welcome you to the International Insurance Society's 47th Annual Seminar on 19-22 June 2011 in Toronto, Canada.

We are proud to have representation from so many countries, enabling us to offer opportunities for our members to interact with global peers with common pursuits.

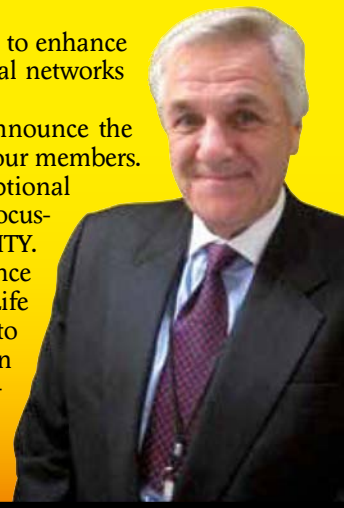
The mission of the IIS is to provide a forum for global insurance professionals from every sector of the industry to share ideas, discuss the issues of the day, and ultimately identify solutions to meet the challenges and opportunities we face as an industry. As we recover from the financial crisis, our industry now looks towards the opportunities that exist within the global marketplace. International discourse is essential to identifying key trends and developments. In this environment, the role of the IIS is increasingly vital and

we have broadened our product scope to enhance the intellectual capital and professional networks available to our members.

At our Annual Seminar, we will announce the new and exciting services available to our members. The seminar program features an exceptional roster of speakers and timely topics, focusing on a NEW WORLD OF OPPORTUNITY.

Please join our many global insurance leaders together with the Canadian Life and Health Insurance Association, to our 47th Seminar. It promises to be an outstanding event with global representation.

Mr Norman R Sorensen
Chairman, International Insurance Society



What's your new world of opportunity?



Kamesh



Yassir



David



Donald



Ludger



Greig



Geoff

For us, tomorrow's opportunities lie in our customers' sustainable trust. For them, we have to be prepared for both foreseeable and unforeseeable challenges ahead. The year started with a tough first quarter for many in Japan, Australia and the US. Those events have been a stark reminder of how vulnerable even developed countries can be despite their technological sophistication. We have to embrace a constantly changing landscape as a new norm. Finding solutions to climate change is tomorrow's challenge, as well as serving an ageing population or finding the best business model to microinsurance for the poor. We want to make the future more financially secure for everyone.

Mr Kamesh Goyal
Regional CEO, Allianz Asia Pacific

There are many challenges ahead in the MENA region, ranging from capital levels and awareness of insurance to regulations and risk retention. Solving these will go a long way in helping insurers become more competitive. As insurance needs become increasingly understood as a socio-economic necessity, the development of personal lines to increase insurance penetration is a major opportunity.

Mr Yassir Albaharna
CEO, Arab Insurance Group

Ageing is among the biggest challenges of the 21st century in both the developed and emerging worlds. Globally, by 2050, it is estimated that there will be over 1.5 trillion people over 65 years old, over 60% from Asia. There will be less than one Asian of working age, to every four people over 65 – making traditional retirement solutions unsustainable.

HSBC's Future of Retirement survey highlights the impact of increasing longevity on how individuals around the world are saving for retirement. The big opportunity for HSBC globally lies in our capacity to help individuals and families prepare for financial security in old age while achieving their multiple wealth aspirations today. We are expanding the range of our annuity and post-retirement products, as well as solutions that help fuel long-term savings.

Mr David Fried
Chairman & CEO, HSBC Insurance (Asia-Pacific) Holdings Ltd

Our strategy to maximise opportunity has five key elements: to grow and diversify our business; to maintain strong capital and financial strength; to manage risk by reducing equity market and interest rate sensitivity; to improve return on shareholders' equity (ROE); and to continue offering a quality value proposition for clients.

Mr Donald Guloien
President & CEO, Manulife Financial

In an economically challenging environment, natural catastrophe losses like recently in Australia, New Zealand and Japan can have a significant impact on the budget situation of even large nations and impact their mid-to-long-term growth prospects. Nations exposed to natural disasters can use the (re)insurance market for a more effective large scale exposure management to gain a competitive advantage over others.

Dr Ludger Arnoldussen
Board Member responsible for Asia Pacific, Germany and Africa, Munich Re

As the world's population continues to age, regulatory regimes change and the need for risk protection grows, new opportunities for global life insurers and reinsurers will need to come from the continued exploration and development of geographic and demographic markets, and the delivery of innovative products and distribution strategies that address their evolving needs

Mr A Greig Woodring
President & CEO, Reinsurance Group of America, Inc

The number of issues facing regulators has rarely been larger – ranging from free trade to handling of catastrophes. Nevertheless, one of the most important issues for the insurance industry is ensuring that our business is not damaged by the wholesale application of regulations and solutions that were designed specifically with banks in mind. Regulators must focus on activity, not size, and need to understand, for instance, the likely impact of an apparent solution such as contingent convertible bonds for banks.

Mr Geoff Riddell
Regional Chairman of Asia-Pacific & Middle East, Zurich Financial Services Ltd

IIS Through the Years



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