

CONTENT TO BE PUBLISHED SOON

FLEXIBILITY IS KEY TO MAKE INTERNATIONAL PROGRAMMES WORK



Commercial Risk Europe editor ADRIAN LADBURY talks to Sergey Erzunov and Daniil Umnyagin of the international insurance programmes department at Malakut Insurance Brokers CJSC, based in Moscow, Russia

▶ DESPITE THE RECENT ECONOMIC DOWNTURN across Europe and in Russia, interest in international programmes that contain Russian risks continue to rise, according to one leading local independent broker.

The advantages of a centrally managed and consistent global programme are clear to all in the international market. It leads to cost savings, certainty and efficiencies that may be difficult to obtain when all coverages are arranged locally, without central direction.

But parent companies based outside of Russia need to be aware of local economic conditions. They also need to be prepared to be flexible and not impose onerous requirements on local operations that may struggle to meet them, Sergey Erzunov and Daniil Umnyagin of the international insurance programmes department at Malakut Insurance Brokers CJSC, Moscow, Russia, told *Commercial Risk Europe* in a recent interview.

Parent companies with operations in Russia also need to be aware of the fact that the soft market so common everywhere else is not so evident in Russia.

The brokers said that Malakut, the Russian representative of Worldwide Broker Network, is now helping its partners in the network to handle nearly 400 multinational clients that have operations and exposures in Russia.

"That is not a large number by some standards but it is significant in Russia. Just as importantly, it means we have diverse experience in every aspect from client education to deep involvement in claims handling procedures. And where we are the local broker, we act as 'translator' of all insurance data to the local client, just as the global broker does to the home office," they explained.

The Malakut duo stressed that the international programme must reflect the real insurance needs at the local client level, assuring that local customs and regulations are not overlooked, contradicted or violated. "Whether we are acting as the originating or service broker, fast and accurate reporting of market changes to the global partner is the keystone of local broker assistance," they said.

BE FLEXIBLE

The brokers said that in this regard, it is very helpful if the parent company is very clear about what is needed for the international programme but remains also flexible.

"It is really important that the programmes proposed should be flexible. The client must possess the possibility to amend the details of the programme which are not

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essential, for example the sum insured, locations covered and other variables. It is really hard to explain to the new client which has one premise with five employees that it has to pay a substantial premium for a policy where the deductible level equals the total sum of coverage when the policy is implemented," they explained.

The security of the local insurers used is also an important consideration in Russia. Quality is all, advised Mr Erzunov.

"Insurers participating in international programmes must be reliable. If not already a multinational insurer represented on the Russian market, insurer partners should be chosen from among the top ten Russian insurers at minimum. Unknown names selling programmes with inadequate terms and conditions can end a client's interest and a broker's reputation quickly," warned the broker.

And companies need to be aware of changes in costs. "In Russia, it's also important to note that international programme costs have doubled since the beginning of 2014. Minimum premiums and expenses of the newly created business react to economic crises and are anything but static," advised the Malakut brokers.

And for the programme to work as intended, the broker needs to be quick, efficient and accurate, they argued.

"Much is said regarding the local broker's role, especially for multinational clients. The client should know that any demand or inquiry will be responded to by the local broker quickly, fully and accurately. That is why we consider regular meetings with our clients to be of great value. Our clients know very well that they have only to call the broker and they will receive immediate assistance – not only from us but from the network partners who are part of the team serving our clients wherever they operate," the brokers said.

"In the end, it is a combination of knowledge, expertise and collaboration which makes the international programme work for the client, the broker and the insurer," concluded the pair.