



SERVICE IS ALL

Juan Aznar, general manager of this year's European Risk Frontiers lead sponsor HDI Global in Spain, tells ADRIAN LADBURY that the world is changing fast. Risk managers and their insurers need to keep up with the pace, not least through improved service delivery, he says

ADRIAN LADBURY [AL]: What are the big risks that you think keep your customers awake at night?

JUAN AZNAR [JA]: Of course, risk managers in Portugal and Spain are worried about traditional risks such as catastrophe risk, but we do have the Concorcio catastrophe pool here in Spain so it is not perhaps such a concern as elsewhere. Information technology is a big concern currently and data protection in particular. People are really starting to worry about cyber risk, how hackers can get information and new legislation of course. The world is changing so quickly and it is all related to investment. Property risk will always be there of course, but technology is now at the heart of all businesses, so it is business-critical.

Another big concern is political risk, which is linked to the rapid international expansion of so many companies in recent times. Spanish companies are doing very well in this regard and not just in Latin America. But this expansion does lead to concerns about areas like international programmes and how these cross-border risks can be managed and effectively transferred when you have countries with non-admitted insurance rules. We see this as a great opportunity because we have a strong international network of companies that are able to issue policies worldwide. We have Spanish construction companies that are working in the Middle East, New Zealand, Australia, the US and so on, and these are very complex businesses that have a wide range of legal, contract and other risks to consider. Claims can be very complex too and this again is another area where we can really add value for our customers.

AL: The insurance market remains very competitive, with new players still arriving in the corporate space. What customers say they are really looking for is not more capacity but broader and more innovative services in areas like loss engineering. Are you able to offer such services?

JA: We are doing this already. We are helping our clients with risk engineers to improve their risk profile. This does differentiate us from the mass market because we have the specialist skills and resources.

AL: How do you feel the insurance industry needs to improve service levels for risk managers?



Juan Aznar

JA: I would say that we need to provide better support for customers in the area of international expansion and international programmes. Here in Spain we are creating a group of specialists in this critically important field. They will help customers deal with the many complexities involved, not just legal but also tax and other matters. Spanish customers are demanding a lot of help in this area and we have to deliver.

AL: You have already mentioned how important global programmes have become for customers. How exactly are you improving in this area?

JA: This is not a simple area but I think at HDI we are doing well. It is essential for the insurer to offer a truly international network and we genuinely offer that. It is important to store information and have specialists in the key areas and deliver this expertise to our brokers and customers worldwide. When we have a claim in the Middle East or US, Chile or Brazil, we have specialists in these parts of the world who can act quickly. This is important for customers. Often insurers and brokers say they have an international network but it is not really that wide.

AL: How can you continue to grow your business in such a soft market, dominated by high capacity and competition?

JA: This is a problem for the whole financial system and not just insurance. The banks are suffering with low interest rates too. We have to be very careful and focus on technical results because we cannot rely on investment returns. Risk selection is very important in such a market. Clearly, brokers and customers can find better terms elsewhere in such a market if they focus on price, but we are dealing with very complex risks here.

This is not just motor insurance that you can buy online. If you have a claim, you will need a specialist and global service and this has a cost attached. So if customers want this level of service then it has to be paid for. We are doing policies in construction, for example, that last five to eight years—so the customers need to be confident that you are committed and will be around for that period to pay the claims. We have to be prepared to walk away at times too. We have just lost one account we had for 20 years because it wanted better terms again and we just had to be prepared to walk away. It is also not just price. You have to carefully keep an eye on wordings too, because there is pressure in this area.

TEAMWORK AND CLEAR VIEW OF STRATEGY VITAL FOR SUCCESSFUL PROGRAMME: CONCENTRA

ADRIAN LADBURY asked Cristina de Uriarte Chávarri, director of financial lines and international business at Concentra Grupo, Spanish member of the Worldwide Broker Network (WBN) that co-sponsors this year's European Risk Frontiers survey, what risk managers, brokers and insurers need to do to ensure that international programmes work as intended

ADRIAN LADBURY [AL]: What kind of global programmes does Concentra typically organise for its customers?

CRISTINA DE URIARTE CHÁVARRI [CC]: Concentra Group's experience in international programmes comes mainly from medium-sized companies that either find new business, export their products or establish new facilities in other countries, but in some cases simply need international coverage for a single project. In recent years, as Spanish exports increased to more than 35% of national GDP, mergers and acquisitions, globalisation and internationalisation have often required simultaneous transactions in different countries.



Cristina de Uriarte Chávarri

AL: What do you see as the main goals when organising a global programme?

CC: When designing a proper insurance programme, it is important to anticipate each client's future plans as well as its current geographic needs. This includes where it does, or does not, require local policies, where regulations require coverage to be placed in the local market (and, if not, how much can go outside) and whether the client needs difference in conditions/difference in limits [DIC/DIL] coverage.

AL: What ensures that the relationship between risk manager, broker and insurer works properly and delivers a cost-effective, efficient and compliant programme?

CC: The risk manager, or whoever is in charge of insurance at the client, should have a clear view of the company's international strategy and communicate that to the broker in time for coverage to be in place when needed. This is particularly important in international programmes where insurance, regulatory, economic and cultural requirements or practices can vary from country to country.

Brokers also need to know the company's risk management philosophy and should have the knowledge, tools and partners needed to advise the client about different options available or requirements in each country. When designing the programme, access to online information tools can provide important insights into the environment and practices in a given country. However, only by having long-established partners on the ground in those countries can the broker have a confident understanding of what is actually required concerning best carriers, local uses and requirements, timing, claims, local trends, procedures and the like.

AL: How do you make sure the network works most effectively for the customer?

CC: For the broker in charge of the programme it is important to have timely access to a team of reliable servicing brokers available on short notice, who are willing to render a service to a client with no financial benefit to the servicing broker. In our case, we decided to join the WBN network last year, because we believe that is the spirit of the network.

Insurers are also key when designing a programme. Working with carriers that have an international focus, presence and network of correspondents is key for success.

Finally, it is very important to have a clear and accurate information flow, so all parties receive proper instructions, know what is expected of them and have accurate and up-to-date information available 24/7 about programme status and how claims are being dealt with.