



LOCAL AND INDEPENDENT ADVICE KEY WHEN EXPANDING TO PORTUGAL, ARGUES MEDIAN

MEDIAN–Corretores de Seguros is the Portuguese member of Worldwide Broker Network, co-sponsor of this year's European Risk Frontiers survey along with HDI Global. The broker's technical director João Almeida-Santos explains why it is so important for multinational companies keen to expand in Portugal to take truly local advice

► RISK MANAGERS WHO WORK FOR companies that are considering expansion to Portugal need local expertise and support to handle specific risks and some complex local rules and regulations, according to João Almeida-Santos, technical director at MEDIAN–Corretores de Seguros, the Portuguese member of Worldwide Broker Network (WBN).

That support is naturally best provided by experienced professionals on the ground who know Portuguese laws and customs inside out, Mr Almeida-Santos told *Commercial Risk Europe* in interview for this year's Portuguese leg of the European Risk Frontiers survey.

Mr Almeida-Santos said many risks are unique to the Portuguese market and solutions that work elsewhere in Europe or worldwide cannot be easily applied.

"In Portugal, workers' compensation is compulsory and has seen recent developments on coverage and premium rates. Because of long-term bad underwriting results, the market has hardened significantly and underwriting is more demanding," explained Mr Almeida-Santos.

Close control of claims statistics is imperative to secure good underwriting in the renewals processes, he added.

Mr Almeida-Santos said that liability is another crucial area. "Portugal is one of the countries with more compulsory liability insurances, most of them with statutory wordings. These have to be issued locally, using a local registered carrier. Liability compulsory covers go from general TPL for specific industries,

environmental (accidental and impairment) and professional indemnities," he explained.

Then there is the matter of natural catastrophe risk that has become tougher to manage in recent times. "Earthquake is vital and Portugal has a national universal tariff that defines premiums by region and construction age. All of this is well known to Portuguese risk managers and established brokers here, but it is not known to cross-border companies looking to come to Portugal," said Mr Almeida-Santos.

Mr Almeida-Santos said the Portuguese insurance market has witnessed several mergers and acquisitions in recent years, mostly triggered by the weak financial performance of some major players, predominantly in the financial markets.

"Banks have been rescued and most have been obliged to sell their insurance arms. The soft market clearly has ended, increases in some lines are significant, underwriting is more demanding, and more and better information is being required. This is also a consequence of the implementation of Solvency II," he explained.

The best approach for brokers and insurers in this market is to focus on service, according to Mr Almeida-Santos.

"Our strategy, as always, has been focused on servicing the client. Time has proved that good service creates strong bonds with clients and shows that the work done is benefiting them both when things are good and when conditions and premiums are more demanding," he said.

Mr Almeida-Santos said poor technical results posted by insurers are being scrutinised "severely" and in some cases the national insurance regulator (ASF)

is intervening actively and determining conditions on some policies.

Mr Almeida-Santos said that more needs to be done on claims and MEDIAN is working with WBN in this important area.

"A lot has still to be done on the claims side. We have developed specific practices for assisting our clients with managing their claims ratio, allowing control on renewals. Also we have been able to work together with our WBN international partners, giving them information on how claims are handled in Portugal and assisting them and their clients in better understanding atypical behaviours of their local operations. This ultimately allows them to improve work conditions and local procedures," he said.

MEDIAN and WBN have seen growth in demand for global programmes. Mr Almeida-Santos argues that networks of independent brokers such as WBN offer customers a more customised and less bureaucratic service.

"For two decades, we have handled dozens of international programmes coming to Portugal. Being part of a network such as WBN enables us to share the expertise we have developed. We believe it is critical for international programmes to cope with regulation and compliance, reducing risk on tax and financial requirements," he said.

"At the same time, being independent and locally owned, clients are assured of superior local knowledge, while avoiding the bureaucracy and culture clash, smoothing the workflow and handling the process of multinational programmes," concluded Mr Almeida-Santos.