

# THE VIEW FROM THE NORTH

Members of Worldwide Broker Network (WBN) in the Nordics were asked what risk managers, brokers and insurers should do to assure that global risk and insurance management programmes work as intended. Following are the answers provided by WBN members in Denmark, Sweden and Finland.

**DENMARK:**

EVA MADSEN, PARTNER WITH AARHUS-BASED ENSURE INTERNATIONAL INSURANCE BROKER

## BEWARE THE TIDE OF REGULATION

■ Ensure International Insurance Broker's Eva Madsen believes regulatory changes that directly or indirectly affect clients and risk managers are one of the major challenges in the global programmes arena today.

She pointed out that such changes are not just a factor for customers in Denmark. "Regulatory changes are an ongoing way of business life in virtually every country where our clients have risks," said Ms Madsen.



The introduction of the UK Insurance Act, which came into force last month, is an example of such challenges. "Europe and other countries are expected to adopt similar legislation. The Act applies to all insurance underwritten in the UK, no matter where

the insured is located in the world, and the requirement of duty of fair presentation demands that a demonstrable 'reasonable search' has been made to obtain all relevant and material information prior to presenting this information to the insurance market. Also, it is required that auditable and documented processes are used," explained Ms Madsen.

The Danish broker said risk managers, as well as brokers, need to look carefully at the new requirements of the Act and similar legislation because failure to comply can lead to the cancellation of contracts.

"It is clear that collaboration with local insurance experts in every corner of the world who understand the specific insurance, regulatory, economic and cultural factors that prevail in the countries where risks are actually located, will become even more vital," said Ms Madsen.

"This means having the right kind of people and state-of-the-art technology linking partners and providing the necessary technology," she continued.

Membership of WBN, represented in more than 100 countries on six continents, helps provide that critical resource, said Ms Madsen.

The broker commission ban that applies in Denmark, Norway and Sweden is a specific issue in the Nordics. Ms Madsen pointed out that when an international programme is structured, it is important to discuss the financial arrangement at the outset.

This means how the broker partners around the world understand how their costs will be covered and their efforts compensated.

"For this, as well as for other areas such as claims handling and registration of claims under retention, we advise to always have an insurance manual issued, and

to make sure that this is broadcast to insurers, broker team members and the client's risk management team to ensure uniform understanding about the international programmes in place, but also the specific synergies and arrangements involving the specific client," explained Ms Madsen.

"Obviously, success in international programmes is dependent on a combination of factors that go beyond the client's goals. It requires knowledgeable people on the ground who you know you can rely upon, effective two-way communication, up-to-date but easy-to-use technology and continual collaboration between the broker team members serving the client and representing the insurance carrier," concluded Ms Madsen.

**SWEDEN:**

MARTIN FLINK, HEAD OF INDUSTRY AND INTERNATIONAL, SENIOR RISK AND INSURANCE CONSULTANT AT SÖDERBERG & PARTNERS

## OPEN AND HONEST COOPERATION BETWEEN THE THREE PARTIES

■ A well functioning international insurance programme is built on open and honest cooperation between three parties – the insured, insurer and insurance broker, according to Martin Flink of Söderberg & Partners.

He said that "non-performance" among any of these parties will most likely result in potential lack of coverage, friction and unnecessary consumption of time. "In addition, the networks of the aforementioned parties are equally crucial," he said.

Mr Flink explained that the programme will be placed by the controlling broker after a "profound dialogue" with the risk manager, risk analysis and negotiations with the insurer that can handle an international programme have been carried out.

"Time and communication elements are imperative for the success of the implementation and the function of the programme," he said.

The Swedish broker stressed that once the programme is designed, the risk manager's expectations need to be met and the broker and the insurer must deliver.

"When the placement is done and the insurer has confirmed cover, the communication to the three parties' networks needs to get going," said Mr Flink.

"At this stage, the controlling broker should play a role in drafting the message

that the risk manager should send out internally within the insured company. This assures both the controlling broker and the risk manager that information received by the insured's representatives and the servicing brokers around the globe is clear and consistent," he continued.

"When the risk manager has communicated with colleagues around the network, the broker should alert its network that contact can be made in respective countries on a local level," added Mr Flink.

Insurers need to prepare for the issuance of local paper around the world. The controlling broker needs to manage the need for renewal certificates if limits are required at higher levels than local covers can provide, said Mr Flink.

Management of such data is best carried out through an advanced data management network such as WBN's WBNet 3.0 system, which provides the insured and all

participating brokers with up-to-date information on all coverages, he added.

Once the programme is up and running, it needs to be managed on an ongoing basis and communication must be maintained between the parties, he continued.

"The controlling broker needs to monitor the status within its organisation to understand issues and maximise the functioning of the programme. Regular and, in the beginning, frequent meetings with the risk manager are needed to address matters that arise. Risk workshops, carried out not only at the insured's headquarters but also at major subsidiaries around the world, help assure that special attention is paid where specific legal, risk and insurance environments may apply," said Mr Flink.

"In summary, the broker's insurance knowledge is very important for working with international programmes but so are a well thought-out strategy for communications and collaboration among all the three parties to the transaction," he concluded.

**FINLAND:**

JAAVA MYLLYNIEMI, CEO, IIZI FIRSTBROKERS OY

## AUDIT, DATA AND COMMUNICATION

■ Jaava Myllyniemi of IIZI Firstbrokers Oy, believes that for international programmes to work as intended they need to begin with a "good deal" of auditing.

This, said Mr Myllyniemi, enables the relevant parties to the transaction – risk managers, network brokers and insurers – to identify risks, choose how to manage those risks and facilitate tenders, procedures and transactions that occur during implementation.

"Auditing gives background to all future communication, assuring that all details and intentions are clearly understood by all parties," said Mr Myllyniemi.

"Because an international programme may take from one year to three years to fully implement, everyone involved needs to be on the same page about the client's risk philosophy, objectives, basic plan and agreed targets of the programme from the outset," he continued.

Mr Myllyniemi said audit findings and details need to be shared with the parties, using information management technology.

"Manuals may be icons for generation X team members but they are too heavy to read and cumbersome for generation Y and Z members of the team," he said.

WBN's system, along with IIZI's latest CRM Insly software tool, are helping clients in Finland to quickly view their cover and limits, and network brokers to report and visualise risk.

Carriers, brokers and risk managers also need to be aware of the complexity of local subsidiaries around the world.

"Sometimes, even a small sales office on the other side of the world can influence the client's results significantly. For example, employee benefits (EB) might become many times more relevant than property insurance, which is usually in the forefront at the start of the auditing process," explained Mr Myllyniemi.

"As an example, Finland is a country of many mandatory lines and, therefore, knowledge of local social welfare systems is critical when deciding voluntary employee benefits. IIZI Firstbrokers Oy produces local EB country reports for its clients to enable each client's HR staff to determinate country-specific design and appropriate benchmarking levels," he concluded.

