

Brokers – more than risk advisers



L-R: Dr Jim Taggart, Messrs Ajit Rochlani, Satoru Hiraga and Robert Riha

Broking has become more than just connecting clients to insurers. As the role of brokers continues to expand beyond risk advisory and consulting, the struggle lies in keeping up with the many rapid changes occurring in the modern business environment – from evolving risks such as climate change to the constant upgrading of technology the insurance industry is employing. Speakers at the 11th Asia Insurance Brokers' Summit attempted to break it all down.

By Ahmad Zaki

The 11th Asia Brokers' Summit explored the concept of a new age broker, a broker that could operate with ease in the tough modern business environment. Speakers talked about the challenges and opportunities that brokers encountered, as well as the solutions that had been created over the past couple of years.

Challenges ahead

There are two main challenges that affect brokers in Asia today, according to Association of Indonesian Insurance and Reinsurance Brokers chairman Yulius Bhayangkara; the first is that there is no capacity in the market today.

“Brokers are working very hard just to get capacity to cover all the risks that have been given to us,” he said, during a panel discussion at the summit, held in Singapore. “We have some pillars that need to be stressed.



Mr Yulius Bhayangkara

We have to try to enhance the capability of brokers, so we can give additional value to clients and given the lack of capacity in this hardening market.”

Further, brokers also face competition from the other distribution channels in insurance industry that have become bigger over the past couple of years and have gained a bigger commercial portion of the business.

“The second thing is the talent issue. And talent is always an issue for us. There are many people out there, but good talent is very limited,” he said.

Singapore Insurance Brokers Association (SIBA) president Ng Leng Leng said, “There is this association about being a broker and agent being the same from a layman point of view, and that creates a lot of problems from an attraction point of view. We are unable to fill the industry with the younger generation because a lot of the time



Ms Ng Leng Leng

they associate it with just selling life insurance.”

SIBA, alongside the life and general insurance associations of Singapore, is pushing the idea that the industry needs to stand up and be clearer in introducing and marketing itself.

“I think the old mentality of just transacting business looking for insurance coverage is no longer relevant to this younger group of people. That particular age group of people are purpose led and they want to know that what they're doing has a purpose. And that's what the new age broker should be doing,” she said.

Brokers and technology

Part of the conference was also devoted to technology and how the broker's role has been both improved and made more difficult because of the advancements made by the industry over the COVID period.

“An insurance broker, as we know, is a specialist in insurance and risk management. And it's important not to forget the risk management

part, especially when we're talking about technology solutions," said Simplex Insurance Solutions director Kay Jackson. "Brokers act on behalf of their clients, especially at time of claim and provide advice and interests for their clients. And the term 'at time of claim' is really important, especially when we're talking about technology."



Ms Kay Jackson

While technology should be giving brokers the time to get back in front of their clients to give advice, and also streamline the process and the speed in which brokers interact with the insurers, at times, technology can be a frustration.

"And I think as brokers, because our role is to be giving advice and to be there, we don't want to inadvertently be putting up barriers. We need to make sure that our technology makes it easier, and it means a better experience for our clients. And that is important because that's at times what people get wrong," she said.

"We used to be very personable. Now, sometimes feedback from the public is that 'I just feel like a number. I don't feel looked after anymore'. Before we can have a look at new synergies, we must look at the old ways that we did things."

Those 'old ways', while slower, did emphasise the personal relationship between broker and client. Without technology to make product comparisons easier, a broker had truly to understand both the clients' needs and what insurers had to offer.

While modern product comparison tools are convenient and efficient, Ms Jackson said that at times, clients did not understand the difference between products.

"To us, they become risk assessment tools and reports. This meant that a broker could go out to a client, and these tools would list down what the main risks were for their occupation. It made it very easy for us to be able to have more in-depth discussions and were all great tools to help with under-insurance."

However, brokers need to keep adapting. "We need to make technology our best friend. We really need to ask what tasks can be automated. But in my opinion, we still need to be that client-facing role in the industry," she said.

The climate problem

Another aspect of the industry where technology needs to make a big impact is in the climate issue. According to Marsh Advisory Asia climate and sustainability consulting leader Graeme Riddell during his presentation, yesterday's climate record is just not fit for purpose anymore.



Mr Graeme Riddell

"It just doesn't work. And we need to integrate this across every level of decision making. From a broker community and an insurer community, we must help our clients understand this."

This also means helping clients understand when they are investing in or building on floodplains, and the

heightened risk that comes with the increasing frequency and severity of floods. "How do I improve the design standards in that? How do I change my operations and my asset management strategies?" he said.

"If a client says I'll make a claim once every 10 years, it's fine. That's what I have insurance for. But if that same storm is happening twice a year, insurers are probably not going to be very happy with it. More importantly, your customers are not going to be very happy about it."

And when events are happening with that frequency, risk appetite changes and the financial resilience of both clients and insurers are brought into questions. "Will the market actually bear that? Will the market take the capacity? Can the market even afford it?"

This is where technology plays a part. For brokers and insurers to help clients achieve the proper risk management practices to combat climate change, they require lots of models and lots of data, all of which are designed to give different types of insights.

"But we need to be quite confident in how we communicate risk to our clients. I think this is probably the strongest role that a broker can be, a holder of knowledge about these physical climate risks because it's what we've done forever. It's at the core of who we are as an industry," he said.

The 11th Asia Insurance Brokers' Summit was organised by *Asia Insurance Review* and sponsored by the Singapore College of Insurance and Ebix Singapore. 



L-R: Ms Audrey Walls, Messrs Robert Jones, Vipul Shetty, Taylor Wamberg, Abdul Halim Jantan, Christian Stobbs, David Pryce, Allister Tan and Dr Aftab Hasan.

