

Translating insurance



L-R: Dr Michael Goodwin, Mr Aziz Adam Sattar, Mr Robert Logie and Prof Dr Allan Manning.

There is a great divide between insurance and the consumer, which can be quantified in the existence of the protection gap. Brokers serve an important role in mediating between the needs and wants of the consumer, while understanding the risk portfolio of the insurer. At the 7th Asia Insurance Brokers Summit, a series of experts shared their thoughts on what makes brokers vital today, and what they can do to remain vital tomorrow.

By Ahmad Zaki in Jakarta



Being a broker or an insurer means being a risk professional. What brokers do adds value to the world and does a great deal of good for insurance customers.

This was the consensus at the 7th Asia Insurance Brokers Summit, where brokers from all across Asia came together in Jakarta to discuss the future of broking.

To answer that question, brokers first had to pinpoint the actual role of an insurance broker. AIG Insurance Indonesia president director and CEO Robert Logie said that the broker was essentially someone who translated insurance to people outside of the industry. “I don’t think that a lot of people outside of the insurance industry actually understand insurance. And the broker’s role, from my perspective, is almost a translating kind of role. I don’t expect a millennial, who’s running a start-up out of their garage to understand insurance. And I’m sure that millennial is going to think they’ll be spending a lot of

time working out how to manage their business risks.”

Being a trusted adviser

As society advances, it becomes more complex and so do the risks that come with it. As such, cover becomes more complicated and while claims are said to be ‘simpler’ Mr Logie believes that it has just become more efficient. “So how do we communicate to those customers who aren’t experts about the product, about how claims are managed, about what settlement might be achieved because of some accident?” he said. “There’s a great future and a great opportunity for brokers, and one thing that will never change is that the advice of experts will always be needed.”

The advice and trust that brokers bring to the insurance value chain is something immutable and will not change despite the many new technologies that have encroached into the insurance and broking space.

However, the broker must aim to

add value with all their transactions with the customer, which will also add value to their transactions with the insurer, said QBE General Insurance Indonesia president director Aziz Adam Sattar. The best way to do this is to improve communication with the consumer and ask the right questions that an insurer will find valuable and useful. "Digitising your business is a great way to increase efficiency and improve communication with the consumer – first there were fax machines, and then there were emails. This is just the next step," he said.

The threat of technology

Of course, technology – specifically FinTech and InsurTech – does pose its threats to brokers. InsurTech start-ups are increasingly taking the micro-segmentation approach, offering pricing and products to very niche segments in the markets. This comes with simplified products that can be understood by 15-year-olds, or integrated products, said Steadfast Group executive general manager Allan Reynolds.



Mr Allan Reynolds

The biggest threat, in his estimation, is in the micro SME space, which is traditionally not one brokers target. However, technology is a great enabler for these micro SMEs to grow into larger businesses, which can then be targeted by InsurTechs through AI and automation. Brokers, then, need to get in on the ground floor.

This, however, requires brokers to brush up on their digital marketing skills – mass e-mails will not cut it anymore, said Mr Reynolds.

Clients in the digital space

"We are in the best of times," said Futuready Insurance Brokers CEO and president director Sedy. "We are in the biggest moment of change and thus it's important for us to capitalise on this change."



Mr Sedy

Digital is change. As brokers adapt to the digital era, so too must

"We need to work out what our clients want from us and not what we think they want."

– Simplex Insurance Solutions director Kay Jackson



their clients adapt. New risks emerge every day, and it is the role of brokers to educate their clients on their risks and what they need to protect themselves, he said.

He pointed out cyber risk as a particularly strong opportunity for brokers, as it is a pervasive risk that could potentially affect all facets of society and businesses, from personal to SME to multinationals.

"As a broker, I see the opportunity to work with clients to identify the changes in their business and then identify the risks that will come with those changes and finally identifying how we can help," he said. "What change will affect you because of disruption? What change will affect you because of new industries?"

Simplifying insurance

The concept of making insurance easier to understand for the consumer has been the main driving force for InsurTech start-ups and disruptors for several years now, but Simplex Insurance Solutions director Kay Jackson believes that brokers are in a good position to achieve this when compared to an insurer.

"Your clients who are small businesses are excited to about their business. They're excited about the new products they're bringing to market. They're not necessarily excited about their insurance and we're not necessarily the people they will speak to," she said. Most small business owners would go to their accountant to run the numbers, or to

their solicitor to fine-tune the details of their contracts, she said, and almost always forget to go to their insurance broker to make sure their business is covered.

This is where renewal calls can serve as an opportunity to get these clients to share more about their business, so the broker can get a better understanding of what has changed in their business – and in doing so, share developments in their risk coverage.

"We need to work out what our clients want from us and not what we think they want," she said, sharing that Simplex had changed its tagline to 'Service advice for the right price', in response to customer feedback and figuring out what customers wanted.

Brokers run the risk of getting into a lazy mind-set, in this world of InsurTech and disruption, to just deal on price, but good advice can never be replaced, said Ms Jackson. "Clients don't know what they don't know. We need to engage and talk to them. It gives us the opportunity to explain to them what some of the terms used in policy write-ups mean, because most people don't understand insurance jargon."

While this advice-first model exists and while insurance jargon still needs to be explained to clients, brokers cannot be replaced at the front-end by technology.

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