

# A fulfilling life in general insurance

Careers in the insurance industry offer a range of challenges, **CHOW PENN NEE** learns from two young professionals

**T**HINK insurance and more often than not, what pops into our heads is the premiums we pay on our cars and endowment policies.

But the insurance industry encompasses much more than that and affects our lives in intangible but myriad ways, from protecting our homes to covering work-related injuries to corporate liabilities.

Careers within the industry also offer a range of challenges, and not just dry number crunching, bright young sparks working in the industry tell BT. Passionate about their jobs, they find their work increasingly relevant in today's environment.

Take Aaron Yip, who is the specialty insurance regional manager for South-east Asia at an American insurance company which provides specialty insurance to individuals and businesses.

The 33-year-old Mr Yip noted that the most common risk these days is insuring directors and officers for management liabilities. With corporate governance growing in importance in recent years, and the spotlight cast on corporate malfeasance by errant directors, the job offers plenty of challenges, he said. But it's fulfilling too.

"When directors make bad decisions, we are there to insure them in the event they get hauled to court, and we will pay their defence fees and damages, if any," explained Mr Yip. "In the past few years we have seen a number of local high-profile corporate governance issues affecting non-profit organisations, local and foreign listed companies," he added.

His day-to-day work consists of helping companies and their directors and officers manage risk exposure related to management and professional liability. This can come in the form of regulatory investigations, allegations of mismanagement and fraud, and professional misconduct.

"Those local cases totally changed our industry in the way directors and managers saw their personal liability," he said. Prior collapses or corporate governance incidents were mainly foreign-linked such as the infamous collapse of Barings Bank.

"I think people who now manage companies think of management liability in a very different context. We hardly ever hear Singaporean directors tell us that only directors in the US get sued," he noted.

His firm insures directors and officers from the gamut of listed companies, private companies, fund managers, private equity, hedge funds and banks.

For Koh Hoe Shin, who works in another area of general insurance, life is no less interesting. He is vice-president of personal lines at a



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—Koh Hoe Shin, a VP in a US insurance group

leading American insurance group, and he heads a department with a portfolio of more than \$150 million. The 34-year-old Mr Koh takes care of auto, personal property and extended warranty insurance, with 21 staff under him. He also has to oversee the functions of marketing, underwriting, portfolio analysis and operations.

Rising property prices have spelt good news for his business. "The value of houses have gone up and proportionately, so has their sum assured," he said. The number of apartments built has risen and consumers are

more aware of the need to insure their homes, which means he is kept busy marketing the firm's products.

His other business segment, auto insurance, presents a different challenge. The motor insurance business has suffered from falling margins in the face of intense competition, he said. "So I have to do a lot of marketing activities with car dealers, agencies and finance companies."

One of the biggest challenges facing the general insurance industry is the effect of globalisation on local companies, said Mr Yip, an economics graduate from the UK.

"Today, business risk is not what it was 10 or 20 years ago. In a globalised world, Singaporean companies large or small have to compete globally and work with international markets—the new frontiers being Vietnam, the Middle East, Africa and Latin America," he said.

The general insurance industry thus has to respond to the unknown risk associated with doing business in foreign countries. Many of the legal and regulatory standards, common in the European Union and the US, are also being adopted locally.

"For example, aspects of the Sarbanes-Oxley Act in the US have been adopted by the Singapore Exchange, and anti-discrimination and competi-



**Mr Yip:** 'When directors make bad decisions, we are there to insure them in the event they get hauled to court, and we will pay their defence fees and damages, if any'

tion laws are soon following. This means that Singaporean companies are operating in a risk environment that is continually adapting to the developments of globalisation."

This gives his firm opportunities to insure directors and companies against a whole range of risks associated with these regulations and legal developments.

Despite the new face of insurance, it still isn't a sector that attracts many graduates. Like most newly-minted economics graduates, both men were drawn to the allure of banking.

Originally intending to work for a bank or an advertising company, Mr Yip said he joined the insurance industry by accident. "I was recommended to meet with executives in an insurance broking business, who were looking for people to handle financial and professional risks. It sounded different and interesting so I felt there was no harm meeting them. Looking back, I'm glad I did," he recounted.

Mr Koh noted: "People do not see general insurance as a glamorous job and are unwilling to join the industry." But the Business Administration graduate said he took a module on insurance and risk management at university, thus learning about the different types of insurance product offerings to manage the different types of risk.

After graduation in 1997, most of his friends were keen to pursue a career in banking. "I decided to take a different route and find out about the insurance sector." He promised himself that he would get out of the industry if he did not enjoy what he was doing.

What he did not expect was the dynamic pace and wealth of opportunities, he said. "I was also fortunate to be working in an organisation that focused a lot on talent development and I was being rotated to head various departments," he related.

Mr Koh said he was given a chance for overseas exposure when he was stationed in the Philippines for two years before coming back to Singapore in February.

Mr Yip also travels widely for work. His job takes him to the Middle East and right across South-east Asia—where opportunities abound to help

companies be more entrepreneurial by removing or mitigating exposures.

"We help companies take on risks that they would otherwise not be comfortable with. It could be an SME doing a joint-venture in the Middle East, or a company trying to attract an independent director to sit on their board," said Mr Yip.

Despite being in the industry for 12 years, Mr Yip retains the passion that is more often seen in new hires. "Most people in the industry would say nobody chooses to go into the industry, but what they don't say is that most who do join by accident, also never leave the industry!" he said cheerfully.

He only discovered how challenging and dynamic the job was after joining. "You never stop learning in

this job because business and management risk are always changing." Constantly keeping up with what's happening in the world and the local economy is a must.

"We are now looking at risks associated with Singapore's changing economy and business focus—such as the emergence of an integrated resort and new regulations in respect of an ageing population, and SMEs pushing into new markets like Middle East and Vietnam. It never gets boring," he said.

Mr Koh agreed. Keeping abreast of the news and happenings in the world as well as the industry is an important routine for him to identify trends relevant to his industry. "And possibly getting ideas on how I can do my job better," he said.

## Region boosting growth of sector in Singapore

THE general insurance industry, riding on the rapid wealth creation in Asia, has seen premiums increasing significantly. The years 1999 to 2004 saw premiums on average grow at double-digit rates annually in South-east Asia. In Vietnam, rates grew by 44 per cent, in Thailand and Singapore it was 14 per cent, while Indonesia grew at 13 per cent.

Today, the industry's growth in Singapore comes entirely from the expansion in cross-border business, as the city state develops further as a specialist non-life insurance centre for South-east Asia. Singapore is an important insurance and reinsurance regional hub for international insurance firms. Lloyd's Asia—the world's leading specialist insurance market—has replicated its London market structure here in Singapore, where its syndicates operate in the Lloyd's Asia market underwriting businesses across Asia. These activities have contributed to the build-up of capacity and underwriting expertise within Asia.

The marine insurance and reinsurance broking community in Singapore have also grown significantly. The reinsurance broking community plays an advisory role serving the interests of Asian corporate clients and insurance companies, and has contributed to the economic success in Asia by facilitating risk management.

A slew of government incentives has acted as a booster to the marine insurance industry. The Singapore government launched a \$100 million Maritime Innovation and Technology (MIT) Fund in 2003, aimed at developing the R&D capabilities and maritime technology cluster in Singapore. Also introduced was the Ministry of Finance tax exemption scheme for offshore marine hull and liability insurance business, effective February 2000 for a period of 10 years. In 2004, the Monetary Authority of Singapore practised an open market entry policy, and initiated a concessionary tax rate of 10 per cent to all insurers for the underwriting of all types of offshore businesses.