

Finding opportunities big and small

Disasters help highlight the need for general insurance, to mitigate business and personal risks, reports **TEH SHI NING**

FOR the general insurance industry, unpredictable and at times unfortunate events could prove beneficial. While such events may trigger claims and impact rates, they also serve to sharpen the awareness of individuals and businesses alike of the need to mitigate risks, insurance leaders say.

A number of natural disasters and major accidents in the last decade helped raise the awareness to ensure life, property and liabilities as they are protected when an unfortunate event strikes, says Margaret Yang, CEO of MSIG Insurance (Singapore).

For instance, when Iceland's volcanic ash cloud triggered a massive shutdown of European airspace in April, some eight million tourists and business travellers found themselves stranded at airports across the continent, many no doubt wondering if their travel policies would cover them.

She cites others too, from the S0006 accident in 2002 to the deadly tsunami, the outbreak of Sars more recently, and the feared H1N1 epidemic. "These events highlighted the vulnerability of travellers' exposure to risks, some of which could be mitigated through insurance protection," she says.

Travel insurance's premiums per policy are tiny compared to other classes of general insurance. It is thus insignificant in contribution to the overall insurance pool in Singapore. But it is a "fast-growing segment" nonetheless, and for more reasons than increased awareness for protection, Ms Yang says.

An obvious driver is the rising business and leisure travel in this region, as Asia's economies boomed in the last decade. The travel insurance industry, she says, has been a "direct beneficiary" of the growth of tourism and the travel industry.

High demand

Keen competition within the travel industry and budget airlines kept travel affordable and fuelled demand despite poor sentiment during the recession, she says. In fact, she thinks the changing mindsets of "travel-savvy" Singaporeans who opted for shorter trips in Asia in exchange for longer-haul ones, helped lift the performance of MSIG's travel portfolio by 25 per cent in last year's downturn, compared to the previous year too.

From the reinsurance broking end, Alloyis Heng, executive director of finance & operations at Asia Reinsurance Brokers, sees growth in travel insurance too, stemming from growth in corporate demand.

Large companies, whose mid and senior-level executives are now travelling more extensively, tend to purchase their company-wide policies on an annual basis too, he says. These are longer-term than the single-trip policies individual travellers are more likely to purchase.

It is also these policies which reinsurance brokers are more likely to come into contact with, by virtue of the more substantial premiums and risks involved, Mr Heng explains.



Ms Yang: 'Dealing with a better-educated and well-informed public, insurers have to constantly think of new and innovative ways to reach and retain their customers'

"Direct insurers have a finite risk appetite; if the potential losses are too high, they would have to retrocede these risks, so that the burden can be shared by reinsurers," he says. The reinsurance broker might thus step in to form treaty programmes for them, combine the various risks and place them out in the market, he says.

While travel insurance thus features in a minor way in the far larger deals which require reinsurance broking, he, too, thinks travel insurance is on the growth path.

But with Singapore's limited, albeit growing, market of travellers, there is now fiercer competition among travel insurers too. Travellers on the lookout for wider covers and better deals have driven insurers to compete aggressively on discounts, gifts and lucky draws on travel insurance at major travel fairs and during holiday seasons, Ms Yang says.

"These low premiums, attractive discounts, commissions and short-term nature

of the product (single-trip policies) translate to high acquisition costs," she says. This means insurers now need to compete on their service delivery and settlement of claims too.

One way MSIG has sought to compete has been to increase the number of avenues through which customers can buy a travel policy from them, extending this from travel agents and brokers, to ATM machines and bank branches and online as well.

Having established long careers in insurance however, it is clear to both Mr Heng and Ms Yang that the wider general insurance industry faces longer-term challenges beyond the immediate business concerns of the travel insurance sector's alone.

"Dealing with a better-educated and well-informed public, insurers have to constantly think of new and innovative ways to reach and retain their customers," Ms Yang said. Insurance is after all an intangible product delivered with a "promise to pay", so edu-



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cation is key to getting both enterprises and consumers to be aware of the necessity of insurance, she says.

All the more so, given that the insurance industry seems to face "a kind of social stigma, with bad press about unethical agents and complaints about claims processing", Mr Heng adds.

Integrity and value-added offerings are key for reinsurance brokers. "You collect premiums on behalf of other reinsurers before paying them out, that there is no misuse of funds, no withholding of monies past due dates, these things are key," he says.

The strategies required to sustain the industry, however, will also need to include talent grooming and attraction.

"The industry is truly lacking in terms of talented people with the required skill sets," says Mr Heng. And to attract and develop this talent, cultivating the industry's image will be important, he adds.

"Banking and finance jobs have been glam-

ourised with all the sharp suits, the prospects of cutting million-dollar deals and so on. Pay is secondary in my view. I think the insurance industry is beginning to cultivate its image to attract the young too," he says.

After all, general insurance has stuff to strut too – a wide range of career paths which hone expertise and a constantly evolving landscape as society's environmental and economic needs change, which should challenge those who wish to be in an industry that will not stagnate, he says.

"There are interesting and rewarding opportunities in the general insurance industry," Ms Yang adds, running through the varied disciplines of underwriting, finance, information technology, investments and so on, which young talent can choose to carve their careers in.

Financial cushion

And, there is something innately satisfying about being in the business of protecting, both leaders say.

"I am glad to be in an industry which provides protection and indemnity that enables business, commerce and the general community at large against fortuitous events of everyday life," says Ms Yang. "General insurance provides that financial cushion for businesses and the man in the street."

On Mr Heng's part, it is the reinsurance brokers' role of keeping the inner machinations of the insurance industry running smoothly, facilitating protection by ensuring direct insurers can pass risks on to reinsurers, whether via treaty products which combine risks to be placed out in groups, or facultative ones, which are single risks.

He thinks programmes such as the one run by the General Insurance Association, with the Monetary Authority of Singapore's support, are key to building up a talent pipeline for the future. "Every year, if you put in 25 to 30 people to experience this industry, that's 25 to 30 more people than before who now know something substantial about how the industry works," he says.

Such programmes need to be pitched at the right age group too, Mr Heng adds. "I think it's good to give these young people a chance to experience the industry, train them. The challenge is to make insurance their 'first love', because you'll always remember your first love," he says.

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The value of good people skills

By **TEH SHI NING**

KNOWING how to interact with people is essential in order to excel in the world of insurance, says Tan Wan Ni.

But not perhaps for the reasons she had once thought. "I was very sceptical about the insurance industry initially. My impression was very much shaped by the hard-selling and cold-calling that are common practices in life insurance – not a very positive image," the 24-year-old says.

That was to change, however, when in her final year as a Business undergraduate at NTU's Nanyang Business School, Ms Tan came to hear of the Global Internship Programme (GIP) offered by the General Insurance Association and "decided to give it a go".

It altered her perception of general insurance greatly. "I realised that general insurance affects so much of what's happening in the real world every day. For example, reading about the volcanic ash situation and travel disruptions, I'd immediately think of how it affects the insurance industry," she says.

Ms Tan spent three months last year with the business development department of Mitsui Sumitomo Insurance Singapore (MSIS), which became legally integrated with MSIG Insurance (Singapore) under the latter's name in May this year.

While on that internship, she was assigned to a taskforce working to revamp the company's travel insurance product.

Ms Tan, who had specialised in marketing in business school, says she "got to practise what I learnt in school, in designing the brochures and coming up with new ideas and concepts to improve their travel insurance product".

Her contribution to the team, she says, was largely to "inject new ideas and think from the consumer's point of view", offering a different perspective on the revamp which her colleagues appreciated.

She also had the opportunity to then present the revamped product to potential customers, and learnt how



New insights: The Global Internship Programme gave Ms Tan, seen here with mentor Miiki Hoe (right), a better understanding of general insurance

to tread carefully with cultural considerations in mind as she gave a presentation to Japanese tour agencies.

But it was through accompanying her mentor to meetings and visits to clients that the salience of "people skills" in the insurance industry really sank in, Ms Tan says.

"The many networking sessions were something very new to me. It was an eye-opener to see the way people could come together and interact with such ease," she says, recalling how those sessions allowed her to see how casual talk could build relationships, and result in harder business talk.

Staying with MSIS throughout the three months meant that Ms Tan did not work in the overseas offices of large insurance companies, as some of her fellow interns on the GIP had.

But she did get the chance to attend a week-long training programme in Phuket, Thailand, where staff from around the region gathered for an underwriting training programme.

That conference underscored for her again "how to build rapport with people, and how important it is in an

industry like general insurance", she says, adding that she still keeps in touch with colleagues whom she met in Phuket.

To her, a career in insurance is now a real possibility. "I've realised that it is not at all mundane; each day brings new challenges in the insurance industry and the need to update yourself on what is happening out there. I've even encouraged my peers to enter this industry," she says.

Although she has taken up a job in the banking and finance sector, she says she "definitely will consider insurance in the future; it is still one of my options".

Which is the GIP's goal – creating awareness among potential talent of the opportunities within the insurance industry. This, too, is the goal of its partner companies. MSIG Singapore's managing director Takaaki Nakamura thinks "nothing beats the hands-on experience the interns get which enables them to have a deeper understanding of general insurance".

And to the extent that another young person has gained significant insight into the industry, the GIP has served its purpose well.

Carving out a reinsurance broking career

By **TEH SHI NING**

A CAREER in reinsurance might not seem like the natural path for one with an academic grounding in law and business.

But after a three-month stint with Asia Reinsurance Brokers (ARB) last year, Mandy Phan started working part-time for the firm as a trainee broker while completing her final semester at university, and went on to accept the firm's offer of a full-time position after graduating from National University of Singapore with an honours degree in business administration.

It is no surprise then, that Ms Phan, 26, who also holds a diploma in law and management from Temasek Polytechnic, considers the Global Internship Programme run by the General Insurance Association with industry players to be "the most rewarding internship she has ever had".

This, not merely because it was topped with a job offer. She had turned down a separate offer to work with a reputable listed company to take on her current post at ARB.

"It was really because of the working environment and the people at ARB," she says, having had previous work experience in multinational companies and law firms.

Her mentors were supportive, the team was close-knit and she had built up a great rapport with colleagues which she was only too glad to turn into a full-time affair, she says.

"There is a huge difference, when you're working somewhere where you actually enjoy coming to work," she says.

ARB, which now has a staff of 27 in all, was also "very experienced, knowledgeable and professional" and provided her much insight into the insurance industry. "My perception of insurance took a positive turn because I was very impressed with the people in the industry," Ms Phan says.

"I feel that the people in the industry are very professional and closely knit. It is not uncommon to find some of the senior managers in the insurance industry have known each other for more than 20 years and are very close despite being competitors," she says.

This made her sufficiently determined to pursue a career in the industry, determined enough, she says, to "forgo a graduation trip so as to start work immediately after my final examinations".

During the 12-week long internship, she had the chance to work with different departments. At treaty broking, she familiarised herself with the treaty products that ARB provides, such as catastrophe excess of loss, risk excess of loss and proportional reinsurance, and also picked up technical accounting skills relating to premium, profit commission and minimum deposit adjustments.

Her rotations also led her to ARB's facultative bro-



Productive internship: Ms Phan (second from left) seen here with some of her ARB colleagues

king arm, where she assisted the director with preparing cover notes, policy slips and presentations to underwriters. And while with the facultative broking side, she also had the opportunity to head to Hong Kong on a business trip with ARB's senior management.

"It was such an eye-opener for me as I got to meet many senior underwriters and gained much knowledge into the workings of an reinsurance broker," says Ms Phan.

It was also in Hong Kong that she conducted a presentation to senior management from the likes of Berkley Reinsurance, QBE, China International Reinsurance and Transatlantic Reinsurance on a multi-million dollar renewal account, sparking further her interest in being a broker.

Given the chance to sit in on high-level meetings while still an intern also showed her how "experience and in-depth technical knowledge were so impor-

tant" to the reinsurance broking line, and general insurance overall, Ms Phan says.

ARB recognised that too, and sponsored her sitting for several exams to earn qualifications issued by the Singapore College of Insurance – pre-requisites for one to be registered as a broker with the Monetary Authority of Singapore – even before she had officially started work.

Ms Phan says that she also appreciates the willingness of more experienced people within the larger industry to teach younger people like her, citing "numerous occasions when directors not from my own company have volunteered to explain things to me when I was not sure", she says.

That training has not stopped since she started working full-time. Ms Phan says that she is now looking forward to an upcoming training programme in London, and sees great scope in reinsurance to keep learning and developing for years to come.