

# Conquering basics, facing challenges

Watkins Syndicate Singapore CEO Jonathan Ranger talks to **TEH SHI NING** about the demands of a career in insurance

It is a rare graduate these days who would be content with a first job that entails mundane filing and wording checks.

But Watkins Syndicate Singapore CEO Jonathan Ranger graduated with a degree in geography to do just that, when he started as an underwriting assistant at AIG in London. "Many people in the London market tend to say they fell into insurance. But I pretty much decided I wanted to get into it when I was at university," he says.

Which is why he took up that first job. "In insurance, that's how everyone begins," he explains. "It's not really something you can study and then get out and work at. You've to really experience things from a ground-floor perspective."

From his ground-floor start, Mr Ranger worked his way up to become a regional underwriter at AIG, servicing the south of England. He would drive out of London to different offices, generating contacts and business. "It was a wonderful broadening experience because I got to meet all sorts of people," he says.

He acknowledges that "it can be difficult to get over initial hurdles, certainly when you see peers in other jobs speed ahead". "But from there, the sky's the limit in terms of a career in insurance. You are really only held back by your own ambition and your own knowledge."

Mr Ranger moved from AIG UK to be marine manager of AIG Singapore in 1997. "As soon as I arrived, so did the Asian financial crisis," he remembers.

While navigating that downturn, he also had to familiarise himself with what was then a foreign business context, as Singapore was his first working experience in Asia.

How long does it take for an expat to get used to doing business in Asia? "I haven't," Mr Ranger is quick to reply. This is despite having lived in Singapore for more than a decade now. He and his wife, who moved here with him, have two children, aged eight and five.

He explains: "Asia is a diverse region. Each country has a slightly different approach in the way it does business, in the way people like to entertain. If coming from the West you think 'I've got it cracked, I understand what's going on here', you may be missing the point."

In his view, business in Asia differs because the people, their values and the history that has shaped those values are different from the West's. "Insurance, in particular, is a far more enshrined institution in the West than it is in Asia," says Mr Ranger.

From AIG Singapore, he moved to Swiss Re in 1999, where he took on a wider brief covering marine business in the South-east Asian region, before joining the Lloyd's Asia company Watkins in 2002.

"When I got the job I was thrilled," he says. "Albeit a small company, it really gave me the opportunity to employ my own ideas, develop my own strategies and see them pay off."

Looking back on his career so far, Mr Ranger described his current appointment as where "it all clicked into place".

"It had been quite a slog up until that point," he says. "When you are in a car driving around England, or in an office just doing filing, it's difficult to see how that can lead to something more."

But, he hastens to say: "I don't want to give the impression that it's not exciting - because it is. You deal with world events, reports on a burning vessel or a plane crash, something that affects human lives."



Mr Ranger: 'The basic challenge for every underwriter is that we are in a business and the purpose of a business is to make money.'

"Of course, you need to apply yourself and be dedicated to it to reap the rewards, which often come further on down the line."

Mr Ranger says he has seen the value of "conquering the basics". His previous experiences are helpful, both from an inter-personal perspective, when staff face issues he encountered himself earlier in his career, and from a business perspective, in terms of knowing the maritime industry well.

In 2002, Lloyd's Asia was still a relatively new platform. For Watkins, Mr Ranger says, the most important thing then was to "get premium income on the books", which it did through writing the lines of business it specialises in - marine cargo, marine hull and offshore energy.

"Through judicious selection of business we managed to do that. I think it's safe to say we've made a profit in each of the past seven years," Mr Ranger says.

Last year, Watkins was one of the first insurance companies to participate in a new initiative of the General Insurance Association of Singapore, the Global Internship Programme.

"Introducing young people to the industry and giving them real hands-on experience of what we do on a day-to-day basis is a great idea - and, let's face it, essential," says Mr Ranger, as attracting talent remains a perennial challenge.

The present global turmoil has, in his view, highlighted several other challenges for the industry.

"The basic challenge for every underwriter, which is sometimes overlooked, is that we are in a business and the purpose of a business is to make money," he says.

He observes that insurers have been able to reduce rates over the past seven years of growth, sustaining premium in-

come with volumes driven by high economic activity. "In a more ebay-centric world, people are more interested in getting the cheapest price irrespective of the quality of the product," he points out.

In his view, however, this has been accompanied by "commoditisation" of the underwriter's skill involved in assessing a risk. "Maybe people aren't applying the same levels of judgment they used to," he says.

Pointing out that insurance rates are under-priced across the board, which is a product of over-capacity, he says: "I don't want to be the one to say rates have to go up, but rates have to go up."

"I think there has been, in the past few years, a failure in the insurance industry to manage expectations," he adds, referring to clients' expectations of lower rates upon each renewal and top management's expectations of certain growth targets. Hence, managing expectations is a "big theme" for Mr Ranger going forward.

He reckons brokers can do more too. "In the past, we would expect brokers to understand the risks and ask further questions of the client, to generate more information before it gets to the underwriters for consideration," he says. "Brokers need to be a real go-between between the underwriters and the clients. But there are some brokers out there who simply act as post-boxes."

For Mr Ranger, the broader challenge now is "to make money in a challenging business environment and to maintain integrity as a professional underwriter while doing so".

He says: "One thing is for certain. 2009 is not going to be dull. It's going to be a challenge, but everyone enjoys a challenge. Life would be boring without it."

# Busting preconceived notions of reinsurance

By **TEH SHI NING**

The reinsurance broker must possess a unique combination of people skills and technical savvy, says Neil Mathison, CEO of Aon Benfield Asia.

With 28 years in the reinsurance broking business under his belt, Mr Mathison speaks from experience when he says that finding the right person to fill the crucial broker role can be frustrating.

"The difficulty on the broking side is that, what we need is a strong mix of marketing skills with technical skills, and that mix is quite difficult to find," he says.

"As the deal maker, you've got to have negotiation skills, deal-making skills. You've got to build trust through humility and service to your client. But, you also have to have good technical skills to be able to understand and convey what are sometimes quite complex ideas."

The challenge lies not merely in finding such people, but in attracting them to a career in reinsurance.

An oft-heard observation among general insurance professionals is that much young talent still skirt their industry for the more glamorous banking sector. Many still hold, they say, inaccurate preconceived notions of a career in reinsurance being related to life insurance agents and cold-calling, for instance.

Mr Mathison agrees. "I knew from my own experience that I had the same attitudes and prejudices against insurance in general. But, having had my eyes opened to the business, I saw what an intellectually challenging and people challenging business it actually is."

For Mr Mathison, the eye-opener came while he was completing his degree in physical geography and geomorphology from Southampton University in England, and received the opportunity to write a report on natural catastrophes for a reinsurance company.

This, he says, opened up to him the realm of reinsurance and the possibility of a career combining his interest in the natural sciences with business.

When he graduated and got a job as a trainee broker in the reinsurance broking firm Jardine Thompson Graham in 1980, he realised: "In the day-to-day business of reinsurance, I spent almost no time at all using my knowledge of natural catastrophes."

However, Mr Mathison says, he "took to the business like a duck to water".

This was partly because the job allowed him to pursue another great interest of his, travel.

Most of his childhood years were spent outside of the UK in places such as India, Pakistan and South America, so travelling was "in his blood", Mr Mathison says. And being in reinsurance afforded numerous opportunities for him to do just that, on the job. "An important function of the reinsurance industry is to offer access to capital across a variety of markets across the world, so travel came as a natural part of that business," he says.

When he joined Greig Fester in 1984 and handled the firm's African business, for instance, he had the opportunity to travel "from Ethiopia in the north down to Mozambique in the south, from Kenya in the east to Nigeria in the west, and all over the African continent".

His job was to advise companies in these places on their reinsurance requirements and bring the business back to London.

He soon headed up Greig Fester's Asia division, taking responsibility for its customers in Africa, Middle East and Asia, excluding Japan.

A highlight for him, he says, was to come to Singapore in 1994 to set up Greig Fester's East Asian regional production and marketing office, from scratch.

"I had to learn all about renting offices, employing people, which prior to that I hadn't been responsible for," Mr Mathison says.

"What was rewarding about it was building a new office, moulding the culture and way of doing business in that office, and to eventually see the fruits of that hard work."

Since his move to Singapore, Mr Mathison has seen two mergers in the companies he has worked with.

The first was back in 1997, when Greig Fester merged with Benfield, and the Singapore office was converted to a wholly owned subsidiary of the Benfield Group.

The second and more recent one, was Benfield's acquisition by Aon last December, to form Aon Benfield Asia.

Following that merger, Mr Mathison, now CEO of Aon Benfield Asia, takes charge of the group's business emanating from the whole of Asia other than Japan, China and Hong Kong.

"We're in the process of integrating the Benfield



Mr Mathison: 'An important function... is to offer access to capital across... markets across the world, so travel came as a natural part'

business and the Aon business around the world," he says. The recent weeks have been especially hectic, as Benfield moved its offices from UOB Plaza to join Aon's at Singapore Land Tower.

Mr Mathison says: "Aon's reinsurance operations are substantial in Asia, as are Benfield's, and this merger is bringing together two very strong businesses operating in the East Asia region."

He adds that he was "actually quite amazed" to realise that the overlap in business was "far lower than one would normally expect when two major players in one industry merge".

"This is very good because it makes the integration complementary and much easier. It brings the strengths of both parties together, both geographically and in terms of the types of business we're used to handling," he explains.

The "challenging and rewarding" path that his career has taken, since that early glimpse into reinsurance which led to his joining the industry, has convinced Mr Mathison of the value of industry initiatives and outreach to explain the industry to young people in the universities.

"It is also about the individual efforts of companies in the industry to look for, groom and train the right people. Our biggest challenge is actually trying to draw in that talent."

Unquestionably challenging too is the current economic climate.

The impact of the financial crisis on the reinsurance broking industry has been mixed, says Mr Mathison.

On the negative side, the fall in global demand and business "inevitably flows through in terms of the volume of business in the marketplace".

On the positive side, general office costs are falling, and, "due to a reduction in investment income and increased sensitivity of reinsurers to underwriting risk, there may be more upward pressure on premium rates", he says.

This is the third in a four-part series on personalities in the insurance industry brought to you by:



# Learning the know-who and know-how

BEING in The Room, Lloyd's of London's famous underwriting market floor, was unforgettable for undergraduate Aw Bing Zong - far more than just the thrill of saying "been there, done that".

What really struck him, during his placements with Watkins Syndicate and Benfield in the Lloyd's of London building, was the dynamism of the trading floor.

From sitting beside the Watkins' underwriter at his desk, to standing with Benfield's brokers in the queues to see the underwriters, Mr Aw says he got to see the action up-close and from both sides.

"It was very lively, and the Lloyd's market is really dynamic. There was mingling with people, there was a lot of communication, and there were these million dollar slips transacted in a snap, just like that."

Mr Aw was flown to London on the Global Internship Programme (GIP) last July, an eight-week long scheme which offered him fortnight-long placements in the London and Singapore offices of both Watkins and Benfield. The latter has since merged with Aon Re Global to form Aon Benfield.

The GIP, organised by the General

Insurance Association of Singapore and supported by the Monetary Authority of Singapore, arranges for undergraduates to be attached to various insurance companies both locally and abroad.

Now in his third year of studies at Nanyang Technological University, Mr Aw is pursuing a degree in Maritime Studies, a specialised course which he chose for its "fusion of engineering and business" and "focus on a single industry".

Although marine insurance is one of his modules of study, Mr Aw says: "Before the GIP, I really knew nuts about general insurance, and would not have considered it a feasible career option, but not now."

While his month-long Lloyd's of London stint offered exposure to the world famous market and a different working culture, his weeks in the Singapore office "acquainted him with the day in and day out dealings of their jobs."

For example, while shadowing an energy underwriter, he "got to see slips, analyse, and learn what words and phrases to look out for". He also caught a glimpse of how elements from his field of study, such as maritime regulations and incoterms (international

commercial terms), came into play in the cargo underwriter's line of work.

"I think I also realised how each time you put pen to paper as an underwriter, you could easily raise your blood pressure a few notches. Because, when the claims come in, you'll have to defend and justify your underwriting," says Mr Aw.

One insight he gained from his internship programme, was that general insurance is very much a people-centred business. "As one of my mentors told me, it's as much about the 'know-who' as it is the 'know-how'," Mr Aw says.

He also appreciated interacting with the underwriters, brokers and staff at each office he went to. Citing how mentors would take him out to lunch, and share their stories and experiences, Mr Aw says: "I am grateful that they paid a lot of attention to us, even though we were just interns."

On the overall experience, Mr Aw says: "The GIP gave me a good overview, even if not an in-depth one, of the general insurance industry."

He adds: "I think that each graduate should be exposed to the general insurance industry before they belittle the opportunities career-wise that this holds."

By **TEH SHI NING**



Shadowing the experienced: Mr Aw's month-long Lloyd's of London stint offered exposure to the famous underwriting market floor, where he got to see the action up-close and from both sides