JOURNAL

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A WORLD OF DIFFERENCE

Why prioritising diversity and inclusion could futureproof your workforce

Codes of conduct: where are we now?

The skills you need in 2021

Running the risks of the Tokyo Olympics

EDUCATION | LEADERSHIP | TECHNICAL EXPERTISE | INSIGHTS | INNOVATION | COMMUNITY

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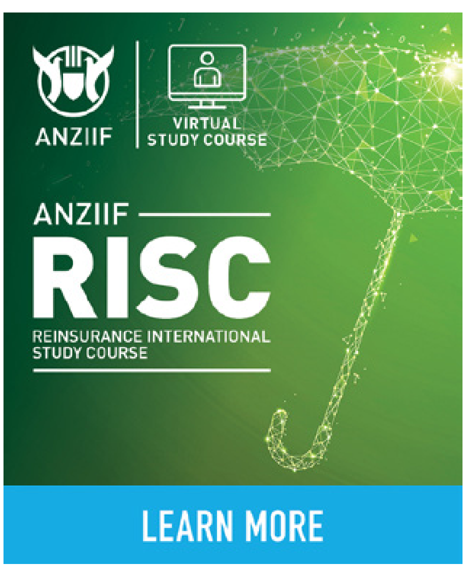

VIRTUAL CONFERENCE

Liability Conference

28 — 29 July

ANZIIF's flagship Liability Conference is going virtual.

Each year, the ANZIIF Liability Conference offers valuable knowledge, fresh insights and access to leaders in the insurance profession. Returning in 2021, ANZIIF has adapted this flagship event for the virtual landscape.

As a virtual conference, this event provides the ideal forum for insurance professionals in Australia and New Zealand to discuss the issues that are relevant now and in the future. It removes traditional barriers that may have impeded attendance and provides an invaluable professional development opportunity and an accessible way for attendees to stay up to date with industry developments.

This year's event includes topical, relevant and thought-provoking presentations, which will explore the latest trends, findings and developments in liability insurance and provide insights into what the future might hold. There will also be virtual networking opportunities.

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A message from our CEO

2021 is the Year of the Insurance Professional

With another wave of regulatory change approaching the Australian market in 2021, the insurance industry is taking steps to increase professionalism from within to lift standards across the sector. Raising professional standards increases consumer trust, community satisfaction and confidence, knowing that the required services are provided to the highest professional standard with integrity.

ANZIIF remains committed to lifting the professional standards of the industry and its people in Australia, New Zealand and the Asia-Pacific region.

With professionalism as our main theme for 2021, we are proud to launch a new initiative called the Year of the Insurance Professional. Defining what it means to be an insurance professional and working collaboratively are fundamental to ensuring a sustainable future for our industry.

This initiative is about bringing the industry together to recognise professionalism and celebrate achievements. I believe this can be a key driver for industry collaboration following a challenging 2020 due to the catastrophe season and COVID impacts.

Supporting the community when they need it most is at the heart of what we do in insurance. To celebrate the success of our insurance professionals, ANZIIF will be running a range of initiatives which our members and wider industry will have the opportunity to get involved in, including competitions, sponsored awards and free webinars — and, for the first time, the ANZIIF *Journal* will be accessible online as an open resource for all.

Another 'first' this year is the introduction of the Making a Difference recognition awards, which highlight individuals who have gone above and beyond to display professionalism in their workplace and for their customers. We are offering an incredible opportunity for an insurance professional to win one ANZIIF Skills Unit, registration to a 2021 ANZIIF Event* and one year of ANZIIF Membership.

Your challenge will be to record a short but compelling video entry based on evidence that convinces the judging panel that you or the nominated individual made a significant difference. I encourage you all to get creative and go for it.

Prue Willsford // CEO, ANZIIF

Do you know someone who is making a difference?

ANZIIF is now accepting submissions for the Make a Difference award in the following categories:

1. **Reinsurance**
2. **Underwriting**
3. **Life**

Entries can be self-nominated or you may nominate a colleague or peer.

To enter simply record a short video convincing the judging panel that you or the nominated individual made the most significant difference.

For details on entry criteria and how to submit your video, visit: **anziif.com/professional/**

Entries close on 7 May 2021 at 5.00pm (AEST).

*Complimentary registration excludes the industry awards.

by Abigail Murison

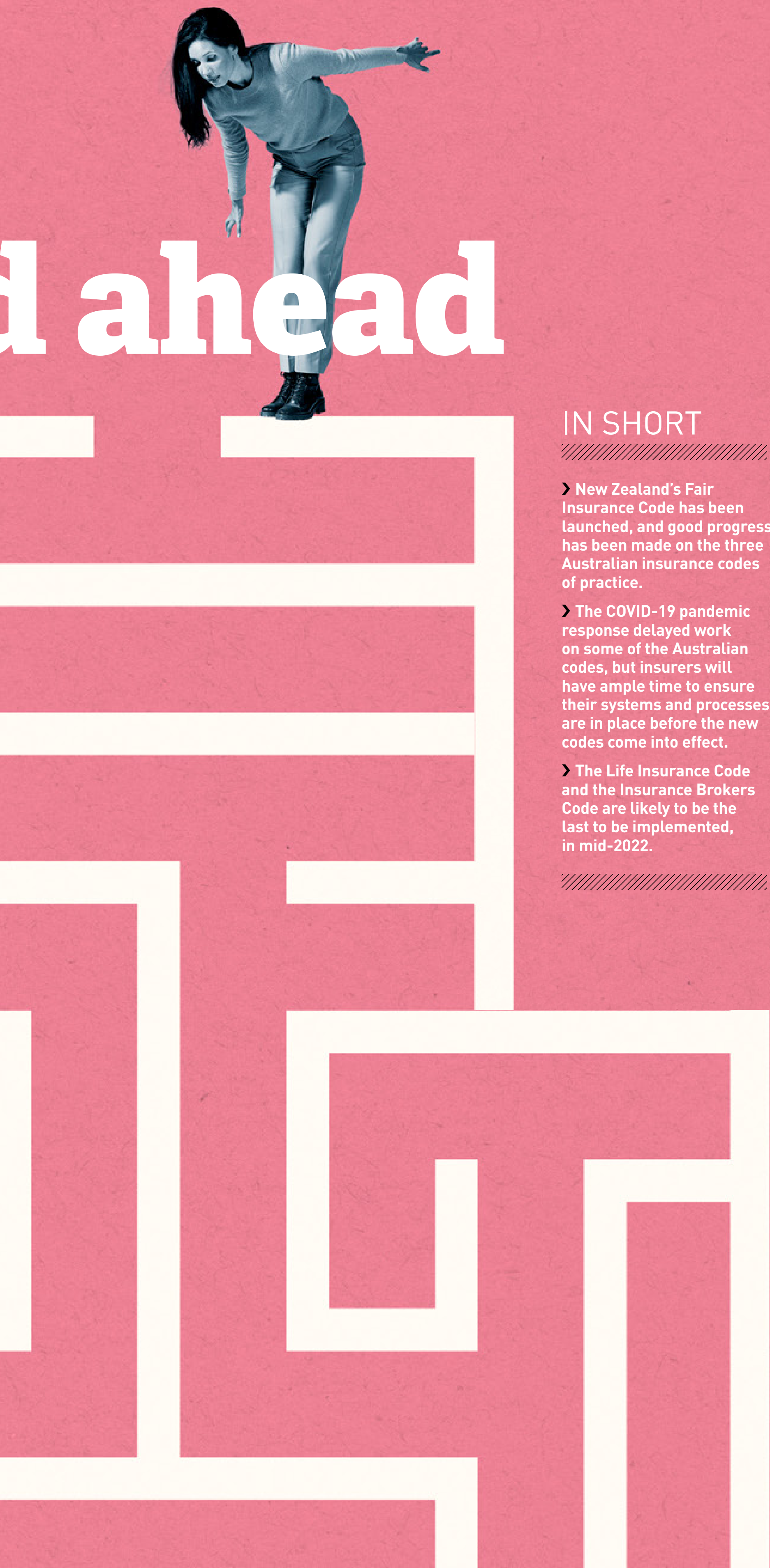
Codes for the road

While New Zealand managed to get a new code of practice up and running by 1 April 2020, progress on similar codes in Australia has been hampered by COVID-19. Here's an update on how these codes are evolving and when they should come into force.

If the Hayne royal commission gave the insurance industry added impetus to update and improve its codes of conduct, COVID-19 applied the handbrake. The focus had to be on maintaining service levels, helping newly vulnerable customers and managing remote workers. Indeed, a June 2020 Roy Morgan report found that almost 60 per cent of workers in insurance and finance worked from home during the pandemic.

Behind the scenes, though, insurance associations have been hard at work drafting new codes, conducting reviews and gathering feedback. As working life returns to near-normal in Australia and New Zealand, insurance professionals can expect to see the final versions roll out, and work can begin on developing the systems and processes required for best practice.

d ahead



IN SHORT

- New Zealand's Fair Insurance Code has been launched, and good progress has been made on the three Australian insurance codes of practice.
- The COVID-19 pandemic response delayed work on some of the Australian codes, but insurers will have ample time to ensure their systems and processes are in place before the new codes come into effect.
- The Life Insurance Code and the Insurance Brokers Code are likely to be the last to be implemented, in mid-2022.

While some of the code timelines may have been extended, it's important to note that customers are still protected by previous code versions.

'It is only reviews of these codes that have been delayed,' says Sally Davis, general manager of the Australian Financial Complaints Authority (AFCA) Code Compliance Monitoring Committee. 'In the case of all three Australian codes, robust codes already exist and have existed for some years.'

New Zealand's Fair Insurance Code

New Zealand's Fair Insurance Code was first cab off the rank, with its updated version coming into effect on 1 April 2020.

Tim Grafton, chief executive of the Insurance Council of New Zealand (ICNZ), says: 'New Zealand's Fair Insurance Code is an evolutionary document. We consulted widely with stakeholders and consumers to both develop it and to update it. Consequently, insurers already had a high degree of familiarity with the document, and we are confident that they are up to speed with the fundamentals.'

Key changes were clarifications on how insurers should act in the customers' interests and develop and sell products responsibly.

'We did a major revision of the Code in 2015/16 and introduced timeframes for responding to claims and complaints for the first time,' says Grafton. 'Through that period, we learned that we needed to clarify when the clock starts ticking on a claim or complaint, and when a complaint is a complaint — for instance, when a customer expresses dissatisfaction but doesn't actually say they are making a complaint. An insurer should ideally respond then and there for an early resolution of issues, to the customer's satisfaction. There are pressures in the system to make sure the insurer responds as soon as it can, including issuing deadlock letters.'

Grafton says the ICNZ didn't encounter any delays related to COVID-19 in implementing the Code because of the way the changes occurred.

'There were well-signalled enhancements that were widely distributed in 2019 when the Code was approved, so there was several months' lead-in time pre-COVID-19.

CODES OF CONDUCT TIMELINE

2019

FEBRUARY
Kenneth Hayne issues final royal commission report.

2020

APRIL
New Zealand's Fair Insurance Code comes into effect.

JULY
Australian general insurers publish family violence policy on their websites.

2021

JANUARY
Parts 9 (vulnerable customers) and 10 (financial hardship) of General Insurance Code come into effect.

JUNE
Life Insurance Code goes to ASIC for approval.

JULY
General Insurance Code comes into full effect.

That gave insurers time to update their systems and processes ahead of 1 April. We also followed up with webinars and guidance on areas that needed clarification.'

However, the New Zealand insurance industry still needed to respond to the pandemic and the new challenges facing customers.

'While the Code didn't contemplate COVID-19, at the advent of the pandemic we didn't just say that the Code covers it,' says Grafton. 'We set up a working group of members to share best practice and learnings, especially relating to financial vulnerability, because the Financial Markets Authority [FMA] identified this as a focus at that time.

'In March 2020, we had a remote board meeting and AGM and focused on our COVID-19 response. We agreed on a set of principles members would apply. Anticipating general financial hardship among customers, brokers and suppliers, these principles allowed insurers to respond in the most appropriate way. This included prompt or seven-day payment; 120-day deferment for broker payments; special hardship funds; and even reimbursements of motor insurance premiums for customers now working from home.

'Insurers had a range of ways to respond, and we were able to continue the conversation with the FMA and the Reserve Bank of New Zealand (RBNZ) and assure them of the steps we were taking to support the community.'

According to Damian Falkingham, ANZIIF's general manager, industry engagement, the Fair Insurance Code encourages good conduct and sets the standard for professionalism and best practice for insurers in all dealings with customers.

'ANZIIF has partnered with the ICNZ to develop an educational professional development activity called Understanding the Fair Insurance Code,' he says. 'This educational resource not only provides New Zealand insurance professionals with an in-depth understanding of their responsibilities and obligations under the Code, it also puts them in the customer's shoes. The activity implements real-life workplace scenarios, which encourage professionals to identify situations where a breach of the Code may have occurred.'

Australia's GI Code of Practice

Among the Australian insurance codes of conduct, the General Insurance Code of Practice is closest to being fully implemented.

'Key consumer provisions in parts 9 [Supporting customers experiencing vulnerability] and 10 [Financial hardship] of the 2020 Code came into effect on 1 January 2021, and Code subscribers will have completed their transition to the 2020 Code by 1 July 2021,' says a spokesperson from the Insurance Council of Australia (ICA).

The implementation of the full Code was impacted by COVID-19, with the final deadline delayed by six months. The ICA says: 'Like most businesses, insurers are deeply affected by the pandemic. They need to concentrate on providing urgent services to their customers.

'The industry's focus is on ensuring its resources are harnessed to help all customers, including those who are experiencing financial hardship, vulnerability and family violence during COVID-19 and the post-natural disaster season of 2019/20.'

This has meant that insurers have had to double up: adapting to the pressures of the pandemic, while developing the updated systems and processes required by the new Code. This includes meeting a range of new standards for investigations, consumers experiencing vulnerability and a streamlined complaints process.

'The ICA has been engaging closely with members during the transition period,' says the spokesperson. 'Insurers are focused on relevant training, systems

JULY
Insurance Brokers Code goes to ASIC for approval.

2022

JUNE
Life Insurance Code comes into effect.

JULY
Insurance Brokers Code comes into effect.

changes and the identification and resolution of any implementation issues, before the start date of 1 July 2021.

'The industry is also working on royal commission reforms and the Australian Securities and Investments Commission's [ASIC] requirements for it to have an internal dispute resolution system in place later this year.'

The family violence policy provision was one element of the new General Insurance Code that was not delayed.

'Paragraph 95 requiring subscribers to have a family violence policy available on their website came into effect on 1 July 2020,' says AFCA's Davis.

'The General Insurance Code Governance Committee has assessed compliance with this requirement and has published a report of its findings. In summary, there was a high level of compliance with this provision by subscribers to the General Insurance Code.'

Falkingham notes that together with ANZIIF, the ICA launched educational training on the General Insurance Code in 2019. Now he points to a new online course to help with professional development related to the codes of conduct.

> '... we learned that we needed to clarify when the clock starts ticking on a claim or complaint, and when a complaint is a complaint.'
>
> **Tim Grafton** / Insurance Council of New Zealand

WHAT IF YOU BREACH A CODE IN AUSTRALIA?

The Code Compliance and Monitoring Team at the Australian Financial Complaints Authority (AFCA) supports three independent committees charged with monitoring compliance with insurance codes of practice:

- General Insurance Code Governance Committee
- Insurance Brokers Code Compliance Committee
- Life Insurance Code Compliance Committee

'Each of these committees is the appropriate body to receive reports of breaches, not AFCA,' says Sally Davis, general manager of the AFCA Code Compliance Monitoring Committee.

'A significant part of the work undertaken by code committees includes the collection of self-reported code breach data annually from the individual code subscribers and is a fundamental premise of self-regulation. The General Insurance and Life Insurance Codes also place an obligation on subscribers to report significant breaches to their respective committees within 10 days of them being identified.'

Code subscribers are obliged to remedy breaches of the relevant code, including adhering to any timeframes set by the code and the committee that monitors it. They also complete annual returns and committee data requests detailing self-reported breaches.

'Breaches of the code may also represent breaches of other obligations, and subscribers should consider if these need to also be reported to other oversight or regulatory bodies,' says Davis.

'ANZIIF's education team recently developed a short online course called Building Integrity, which aims to address issues of conduct and culture in the insurance industry,' he says. 'The course includes case studies and customer journey scenarios to explore what the issues are, the consequences that result from these issues and how we as an industry can work towards improving outcomes for our customers.'

Insurance Brokers Code of Practice

Dallas Booth, CEO of the National Insurance Brokers Association (NIBA), says his organisation is in the middle of its Code review.

'It has taken longer than expected with the royal commission in 2018/19 and the development of the General Insurance Code. We always wanted that to go first. We needed to develop a legal framework post-royal commission and take into account all matters,' he says.

'In our initial consultations with stakeholders, AFCA's comments were that it would like to see greater clarity in undertakings and disclosure of remuneration, and we're taking this feedback on board.'

Booth says the NIBA board did a lot of work in the second half of 2020 and completed a draft Code of Practice, which was given to internal reviewers. The reviewers have taken the suggested position forward in a public consultation process. This was scheduled to take approximately three months, to March 2021. The reviewers will then report back to the NIBA board on the responses and feedback from the consultation.

'Following this, we are looking to finalise the Code in July 2021, and we will consider implementation timeframes after the details of the Code have been settled,' says Booth. 'This will also include ASIC approval of the new Code and we'll continue to liaise with ASIC as we progress.'

Booth says COVID-19 hasn't had a real impact on the content of the Code, but NIBA will be mirroring the General Insurance Code's provisions relating to vulnerable customers. 'No matter whether a customer contacts an insurer directly or a broker, they will have similar protections,' he says.

'The Brokers Code will complement the General Insurance Code, working together to deliver to customers.'

Life Insurance Code of Practice

The Financial Services Council (FSC) has made good progress on its update of the Life Insurance Code of Practice. The FSC released the *Life Insurance Code of Practice 2.0, Review of Consultation and Feedback* in November 2020, and Nick Kirwan, senior policy manager for life insurance at the FSC, says the council is on track to hand the Code to ASIC at the end of June for approval.

The new Code contains a lot more protections for consumers, ranging from product design to sales practices, to ongoing service levels, to what to do if things go wrong.

Kirwan points to revisions to underwriting practices as an example. 'Insurers must explain why they have certain exclusions, and they must also let customers know if an exclusion will apply forever, or if customers can come back and have their coverage decision reviewed, say, when they have been cleared of a certain

SPEAKING IN 'PLAIN ENGLISH'

One of the reasons for the delay in finalising the updated Life Insurance Code of Practice revolves around communication: producing a document that is easy for consumers and insurers to read and understand.

Writing the Code in 'plain English' is a requirement of the Australian Securities and Investments Commission (ASIC), explains Nick Kirwan, senior policy manager for life insurance at the Financial Services Council.

'We have settled on the content of the Code, subject to final discussions. Now, we've gone for a formal plain English rewrite,' he says. 'We are working with the Plain English Foundation [the FSC handed back the draft in March].'

Plain English should:

- **be clear and concise**
- **use everyday language instead of jargon or legalese**
- **most often use short sentences (15-20 words)**
- **use the active tense most of the time**
- **use 'you' and 'we', rather than 'supplier', 'customer', 'applicant' etc.**

'The Plain English Foundation also did a mapping exercise and explained to us that it would be easier for readers if we reordered the chapters,' says Kirwan.

'When we get the Code back, we will circulate it with stakeholders, consumer groups and ASIC, to ensure policy and intent remain the same.'

health condition for more than five years.'

The Life Insurance Code also includes improved processes and principles insurers should follow when processing claims.

'People often say that life insurance is about the three Ds: death, disease and disability,' says Kirwan. 'Whenever someone needs to make a claim on a life insurance policy, it's always going to be a stressful time. The Code recognises this and asks insurers to handle the claims process with empathy and respect. There are also additional protections that apply for claims, such as limiting the length of interviews to 90 minutes, and customers can also request breaks.'

The FSC is particularly concerned about ASIC's dispute resolution requirements and is working hard to clarify what recent legislative changes mean for insurers in real terms.

'At the moment, if something goes wrong during the claims process, insurers first move to internal dispute resolution, then external dispute resolution, then to court. This process works well and is well embedded,' Kirwan explains.

'However, there are some things that customers might not complain about because they don't know about them, and that could be of significant detriment to the customers. For example, if insurers paid a claims manager a bonus for every claim they rejected, the customer would not have line of sight, but would potentially need a regulator to step in. Legislation requires insurers to operate in the upmost good faith and to avoid conflicts of interest. The new Code sets out these requirements clearly, saying that remuneration must be consistent with good consumer outcomes.'

Kirwan says once the Code goes back to ASIC in June, the FSC will discuss the enforceable Code provisions with ASIC. 'The sanction regime in the Code has changed. We need to nominate the enforceable provisions and penalties, and while we haven't settled on these yet, we are close to agreeing on the principles,' he says.

'We are also still discussing the service standards and how to measure and maintain them in the right way. For example, a life insurer might set a service standard to answer phone calls within three rings 90 per cent of the time. If a customer calls and it rings eight times, should the insurer be sanctioned? No. Companies can be temporarily short-staffed or a computer system can go down.

'But should the insurer be sanctioned if they only manage to answer in three rings half of the time? Maybe yes, because then it might be considered hard to get hold of.

'Sanctions might not apply to an individual situation

'No matter whether a customer contacts an insurer directly or a broker, they will have similar protections.'

Dallas Booth / National Insurance Brokers Association

but should apply at a global level.'

Once the Code has been approved by ASIC, the FSC anticipates a year's implementation, meaning the Code should be in effect around mid-2022.

'Because there will be enforceable provisions and civil penalties, life insurers must have an opportunity to get ready,' says Kirwan. 'A new code requires them to do things differently: new systems, new processes and staff training.'

> 'Sanctions might not apply to an individual situation but should apply at a global level.'
>
> **Nick Kirwan** / Financial Services Council

To date, the FSC says feedback on the draft Code has been positive.

'Life insurers put a lot of store in the Code, and they feel good about it,' says Kirwan. 'Confidence is such an important part of insurance, because we buy coverage with the knowledge that it will only be tested in the future. We also hope never to have to use it.

'The Code means consumers can buy life insurance with confidence, knowing that if something goes wrong, their insurance will catch them.'

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By Zilla Efrat

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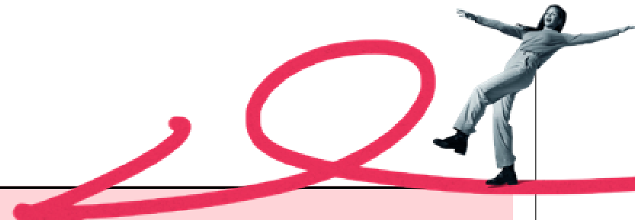

LIFTING THE BAR ON ADVICE IN NEW ZEALAND

Anyone providing financial advice to retail clients in New Zealand must now comply with a new Code of Professional Conduct for Financial Advice Services.

The Code, which came into force on 15 March 2021, has two parts. The first outlines the ethical behaviour, conduct and client care standards that need to be met. The second details the standards of competence, knowledge and skill advisers need. These standards are considered to be equivalent to the general outcomes of the New Zealand Certificate in Financial Services (Level 5) version 2.

Advisers have a two-year transition period that includes a safe harbour while they work towards meeting these standards.

ANZIIF offers several compliance pathways for advisers wanting to achieve this. One is Level 5 equivalent compliance training for New Zealand advisers in general insurance and general insurance broking. Other pathways include investigating whether experience in general insurance or general insurance broking or having achieved alternative qualifications, such as an ANZIIF Diploma of General Insurance or an ANZIIF Diploma of Insurance Broking, can help advisers towards complying with the new standards.

Regardless of the chosen pathway, all advisers will need to complete ANZIIF's bridging unit, which covers off the new Code of Conduct standards.

To discuss your options for meeting the new standards, email customerservice@anziif.com

ABIGAIL MURISON
Freelance journalist

'Insurers and regulators have embraced the opportunity to review the industry's codes of conduct and consider what best practice should be. The pandemic has also made it clear how important the new principles around helping vulnerable customers are.'

by Elizabeth Fry

THE CALL TO SERVICE

Claims handling now requires an Australian financial services licence under the new Financial Sector Reform Act. But there is a lot to do — and the deadline is looming.

The peak industry bodies representing Australia's insurers are warning members to act fast and apply to the corporate regulator for an Australian financial services licence (AFSL) that covers claims handling services.

This follows the passing of legislation in December 2020 — as part of the government's response to the Hayne royal commission — which defines claims handling as a financial service, forcing companies that handle and settle claims to comply with AFS obligations.

By January 2022, insurers or anyone acting on their behalf must hold a licence or become an authorised representative. So, too, must anyone who can reject claims on behalf of an insurer, financial advisers and companies that act for customers to pursue insurance claims for rewards.

Those who already have an AFSL will need to apply for a variation to their licence so that it covers the new financial service of claims handling and settling.

While the industry has almost a year to prepare before the new reforms kick in, anyone who is captured by the new licensing regime must apply by 30 June 2021 to give the Australian Securities and Investments Commission (ASIC) time to grant or vary an AFSL.

The Insurance Council of Australia (ICA) describes lodging licence applications as 'an immediate and most important priority'. A key aspect of the application process will be demonstrating how insurers will meet the new legislative requirements for claims handling, says an ICA spokesperson.

The Financial Services Council (FSC) is also

IN SHORT

- **New legislation defines claims handling as a financial service and requires those that handle claims to be licensed.**
- **Those that need a licence, or a variation to their existing licence, must act fast.**
- **The process is time-consuming and requires resources.**

Illustration: iStockphoto

WHO NEEDS AN AFSL?

INSURER / INSURANCE FULFILMENT PROVIDER
You carry on a business of providing goods or services to satisfy an insurer's liability to its insured and have authority from an insurer to reject all or part of a claim.

CLAIMS MANAGER
You provide a claims handling and settling service on behalf of one or more insurers and do so as a business or as a primary part of your business.

CLAIMS INTERMEDIARY
You carry on a business of representing insured people in pursuing a claim and do so in return for any benefit (monetary or otherwise) which is given to you or a person nominated by you.

INSURANCE BROKER
You carry on a business of arranging contracts of insurance for intending insureds and provide a claims handling and settling service on behalf of the insurer.

FINANCIAL ADVISER
You provide financial product advice to an insured person (including one who is a third-party beneficiary) and provide a claims handling and settling service on behalf of the insurer.

Source: Finity Consulting

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urging life insurers to lodge licence applications as quickly as possible, given that variations take longer to process.

Nick Kirwan, senior policy manager for life insurance at the FSC, says an important amendment to the final legislation — which calls on the industry to handle claims fairly, honestly and efficiently — allows Canberra to extend the transition timetable if needed.

'Claims won't stop coming in just because your application is rejected for some reason and you don't have a licence,' he says, explaining why fast action is required.

One problem is that the draft information sheet published by ASIC in November 2020 is not yet final and companies are keen to see the sheet in final form before submitting an application.

This also raises the question of whether ASIC would be able to process the number of applications it receives. 'That's important, since January 2022 is fast approaching and if ASIC hasn't got through processing applications and the transition period isn't extended, we could end up with a bit of a meltdown,' says Kirwan.

Proof of competency

Raj Kanhai, a principal of Finity Consulting and a former national retail claims manager for TAL, says most companies have not yet applied for a claims handling licence, or variation, but some are carrying out gap analyses to work out what they might need to do.

This includes knowing that systems and procedures that are calibrated for regulatory compliance will support staff to make timely and accurate decisions and ensure that the company doesn't fail customers making claims, he says.

Kanhai says those who do not already have an AFSL, such as claims management companies, will need to prepare supporting 'proof' documents to demonstrate their competency to ASIC. While he wouldn't exactly call the task onerous, he says that, for some, it could be time-consuming if they are starting from scratch to prepare the detailed material required.

It is heaping pressure on an industry that is already reeling from a raft of new regulations, he says.

And Kirwan notes: 'We were hoping for a slightly more streamlined process, but it doesn't look like that has happened.'

As Kanhai sees it, some companies worry they won't have the resources to get on top of the claims handling reforms, given the pipeline of changes set for 2021. 'Claims are traditionally seen as a cost centre, so there will be tension between reducing costs and providing better service,' he says. 'Ultimately, the cost is passed on to the consumer, but you would hope that increased efficiency is one of the keys to keeping this sustainable.'

Ray Giblett, a partner at Norton Rose Fulbright, believes it was smart for firms to wait for the Financial Sector Reform Bill to pass and get 'some of their ducks in a row before pulling the trigger'.

But in his view, those who haven't given the new licensing regime any thought will have to work hard to submit their applications by June.

'Certainly for insurers, much of the work will be documenting existing practices to meet requirements,' says Giblett. 'It's a hassle and it will take time — perhaps even longer than a year — and they will need additional resources to jump through all those hoops.'

Giblett believes the industry is resigned to the situation. 'Of all the regulations coming at it, I don't

‘Ultimately, the cost is passed on to the consumer, but you would hope that increased efficiency is one of the keys to keeping this sustainable.’

Raj Kanhai / Finity Consulting

think this will be the worst one,’ he says. From where he sits, it will be tough for some players who initially were not captured by the new regime and now suddenly discover that they are.

The exposure draft had contemplated that only persons acting on behalf of an insurer would be captured by the new regime. But the legislation introduces licensing requirements for ‘claimant intermediaries’, which catches those who manage claims for insureds as part of their core business.

‘This is a significant change in approach, particularly since claimant intermediaries were not the subject of scrutiny during the royal commission,’ says Giblett.

Interestingly, brokers are on the hook if they act on behalf of insurers — that is, under a binder — or if they manage claims as part of their core business.

Dallas Booth, CEO of the National Insurance Brokers Association (NIBA), says brokers who act for insurers and have claims handling authority have to include claims handling on their AFSL or be an authorised representative of the insurer for claims handling purposes. But where the broker is acting for and on behalf of clients, the intent is that brokers are exempt.

‘NIBA is working to make sure that the intent is set out in the regulations and guidance from ASIC,’ he says.

Rising concern

There is mounting concern about some of the known unknowns, such as managing conflicts of interest.

Illustration: iStockphoto

Kirwan points out that claims managers act on behalf of both the company and the customer. And they must demonstrate they have the processes in place to manage conflicts and ensure there aren't any inappropriate incentives that favour the company more than the customer.

'I don't think any firm would have a KPI based on the number of claims they deny,' he says. 'But ultimately, profitability is dependent on how many claims the insurer pays out. Remuneration is paid out of profit. Is that a conflict? Probably not, as long as the firm's balanced scorecard is laced with all sorts of protections.'

Also, ASIC's draft information sheet calls on the industry to proactively identify vulnerable customers. 'Yet, insurance claims always occur at catastrophic times — death, disease and disability,' he notes. 'In all likelihood, the safe assumption is that all life insurance policyholders are vulnerable when they claim, unless you can show otherwise.'

Kirwan believes the life industry does conduct claims fairly, honestly and efficiently, but says the legislation will formalise processes and give fresh urgency to training, which will accelerate the push to professionalise.

He confirms that the Australasian Life Underwriting and Claims Association and ANZIIF are working together to deliver an accredited qualification framework that can be rolled out across the industry. 'All life insurance companies train their claims people. What's currently missing is the accreditation of that training,' notes Kirwan.

A standard industry qualification is essential, especially for intermediaries working for several insurers. 'I think we will see a greater focus on training this year,' concludes Kanhai.

'Certainly, there has been some training rolled out with respect to the new code, at least in general insurance ... While the industry code is a different instrument to legislation, I would argue that if you fulfil the code, you are largely along your way to fulfilling the upcoming legislated requirements.'

Cultural shift ahead

Kanhai believes the decisive move to professionalise the industry through the new licensing regime will forge cultural change. The idea that claims are a poor cousin to sales and underwriting will no longer be useful or acceptable, he says.

'For many, it will mean a striking shift from seeing claims handling as something of an adversarial relationship with policyholders to one that focuses on fair treatment, avoids conflicts of interest and doesn't cause harm to its customers.'

TOP 5 OBLIGATIONS FOR GENERAL INSURERS

As an Australian financial services licensee, there is a long list of obligations to comply with under sections 912A and 912B of the Corporations Act.

'The fear is that licensees will become lost in the detail,' says Raj Kanhai from Finity Consulting. There are five obligations that Kanhai believes general insurers should be prioritising:

1. Abide by the GI Code of Practice, including following timeframes and communication standards.
2. Get your dispute resolution processes sorted — see Regulatory Guide 271.
3. Manage conflicts of interest — this includes ensuring that incentives, KPIs and remuneration arrangements do not derogate from your obligations to claimants.
4. Ensure you can provide evidence of a competent, properly trained and adequately resourced workforce.
5. Have robust supervision of your providers — from the selection process to training and competency requirements through to performance and 'consequence management'.

Source: Finity Consulting

ELIZABETH FRY
Freelance financial journalist

'While insurers worry that they might run out of time to lodge a licence application, given the workload, many believe the new legislation has landed on the side of practical outcomes rather than regulation for its own sake. Most are taking some comfort from an amendment to the draft Bill, which allows the minister to extend the transition timetable if needed. This is important, as firms cannot handle claims without a licence after January 2022.'

Illustration: iStockphoto

by Domini Stuart

Good in a crisis

After a challenging year in 2020, new Suncorp New Zealand CEO **Jimmy Higgins** sees upcoming regulatory changes as an opportunity to improve outcomes for customers in times of need.

In Australia, Jimmy Higgins led Suncorp's recovery programs for Cyclone Yasi and the Queensland floods. After the Canterbury earthquake, he moved to New Zealand to set up and manage a similar response.

'I saw firsthand the devastation they caused,' he says. 'But it was also very rewarding to see the way we supported our customers and helped them to get back on their feet. Being there in those moments, helping our customers in times of need — that's what insurance is all about.'

Before joining Suncorp in 2008, Higgins worked as a chartered accountant with KPMG and McGrathNicol. He found the transition to insurance surprisingly smooth. 'My background was in crisis and financial risk management, so the fundamentals of my previous experience — confirm safety, assess, respond, rebuild and recover — were key to supporting communities trying to recover from major weather events.'

At Suncorp New Zealand, Higgins managed claims and customer outcomes for the general and life insurance businesses before taking on the role of chief financial officer. He was appointed CEO in October 2020.

'Suncorp's New Zealand business is in great shape,' he says. 'I've been lucky to come into the CEO role with a really strong leadership team and fantastic employees to deliver our strategy.'

The winds of change

For businesses around the world, the pandemic had a profound and immediate impact on the way people worked.

'We already had an active flexible working culture, but when the government announced the level 4 lockdown, we had just 48 hours to equip all of our employees for working from home,' says Higgins.

Now his focus is on making it as easy as possible for brokers and customers to do business.

'COVID-19 accelerated the need for digital interactions with our customers and intermediaries,' he says. 'As a result, we're continuing to simplify straight-through processing, automate where it makes sense and ensure that our interactions with brokers, customers and other stakeholders are not disrupted by inefficient processes and systems. How well we do this will define our success in the future.'

2020 also saw higher regulator and community expectations, an increase in the frequency and severity of climate change-related weather events and a number of disruptive cyber events, all of which put pressure on the cost of doing business. Severe weather events and the pandemic have also affected global reinsurance markets, which is the biggest input cost to insurance premiums.

'We rely on global markets for reinsurance, so, as a business, we need to consider how we respond to this very carefully,' says Higgins.

'Being there in those moments, helping our customers in times of need — that's what insurance is all about.'

Encouraging professionalism

Higgins welcomes recent steps to improve professionalism in New Zealand's insurance industry.

'To me, professionalism is about trust, reputation and authenticity,' he says. 'Our customers should feel confident that we are experts in our field, that we are here to help improve their financial wellbeing and that we will be ethical in how we conduct ourselves. This trust flows from a sound corporate culture, with clear expectations around what we do and how we do it and includes recruiting high-calibre, customer-focused people who are driven to do the right thing.'

As a member of the Insurance Council of New Zealand, Vero (part of the Suncorp Group) has been working to the Fair Insurance Code guidelines since 2006.

'The review of the Code initiated in 2017 was very timely given what has been happening in the Australian and New Zealand insurance industries.'

One of the key Code requirements is for insurers to process claims in a timely and responsive manner.

'Claim time is when the value of our products comes to life,' says Higgins. 'We understand how stressful making claims can be for some customers

TWO-MINUTE BIO

Jimmy Higgins

COMPANY // Suncorp New Zealand

TITLE // CEO

EDUCATION
The University of Queensland, Bachelor of Arts in Psychology; Queensland University of Technology, Bachelor of Business in Accountancy; Institute of Chartered Accountants Australia, Graduate Diploma; Charles Sturt University, Diploma in Government Fraud Investigations & Fraud Prevention.

EXPERIENCE
Higgins' first job was as a detective in the Queensland police force for nine years. He then worked as a chartered accountant for more than 12 years, in Brisbane, Sydney and Toronto, specialising in audit, assurance and forensic accounting. In 2008, Higgins joined the Suncorp Group in Australia as executive manager of claims, based in Queensland, and has since held a number of senior executive roles across the business. In 2012, he relocated to New Zealand to become executive general manager, claims, for Vero and then for Suncorp New Zealand from 2016. He was appointed CEO of Suncorp New Zealand in October 2020.

CAREER TURNING POINTS
'I've made two big career decisions in my life — leaving law enforcement to start a career in professional services, and then leaving professional services for the insurance sector.'

BEYOND THE DAY JOB
'The most important thing for me is supporting my family to grow and flourish.'

TOP TIP
'Always reflect but never look back.'

and the importance of giving all of them accurate and timely information. We take our Code obligations seriously, and I believe it's incumbent upon all insurers to make the claim process and experience as easy and seamless as possible.'

Higgins is keeping a close eye on the progress of the new Financial Markets (Conduct of Institutions) licensing legislation. This will create new obligations for insurers around fair conduct, though Higgins is confident Suncorp New Zealand is well placed to meet the new standards once they come into effect.

'Suncorp was also the first insurer in New Zealand to reach an agreement with the Earthquake Commission to settle cost allocations for claims from the Canterbury earthquakes,' he says. 'That was one of the last really big milestones remaining for us on our disaster recovery journey. I have also been advocating for a new natural disaster response model for a long time, and the one introduced in November last year will fundamentally change the way we support customers in a disaster for the better.'

While the Hayne royal commission had no direct impact on New Zealand, Higgins believes it highlighted the importance of ensuring products and services meet each customer's needs.

'Getting different perspectives from regulators in Australia and New Zealand has helped us look at our business in a different way,' he says. 'It has also unlocked more opportunities to improve customer outcomes and experiences.'

Caring for vulnerable customers

Meanwhile, Suncorp is taking practical steps to support vulnerable customers in challenging times.

'Early last year, almost all of our employees completed training in how to recognise and support customers experiencing difficulties,' says Higgins. 'When COVID-19 hit, we created a NZ$10 million fund to help customers retain key insurance cover, and, over the last few years, we have also developed partnerships with organisations such as Good Shepherd, Shine and Lifeline so we can guide customers who are experiencing specific vulnerabilities towards a level of help we're not equipped to provide.'

In the workplace, Suncorp's commitment to creating a diverse, talented and passionate environment was recognised in 2019 with the inaugural ANZIIF Excellence in Workplace Diversity and Inclusion Award.

'Our diversity journey is a long-term plan with four key areas of focus — gender equality, age diversity, cultural diversity and inclusion,' Higgins explains. 'Through programmes such as TupuToa, which aims to grow the next generation of Māori and Pacific business leaders, we're building an employee base representative of the communities we support.

'If we come back to the idea that professionalism starts with our people's passion and commitment to both their work and their customers, the role of diversity is clear.'

'If we come back to the idea that professionalism starts with our people's passion and commitment to both their work and their customers, the role of this diversity is clear.

Five-year goals

Over the next five years, Higgins aims to create a highly adaptable and responsive business able to navigate environmental, economic and digital disruption and support customers and intermediary partners.

'I'd like our professionals to be highly engaged, innovative and seen by intermediated partners as the natural experts in understanding and pricing risk, as well as leaders in claims services across the New Zealand landscape,' he says. 'That's how I define success.'

by Domini Stuart
Illustrations by Cami

Hot jobs in 2021

Despite COVID-19, job prospects in insurance in the Asia Pacific are looking bright — and even brighter for those with particular skills and the ability to adapt.

IN SHORT

- The insurance job market has remained stable compared with many other industries. However, salaries are expected to remain stagnant for a while, with bonuses either cancelled or reduced. Some employers are looking for non-financial ways to reward and acknowledge employees.
- Across the board there's rising demand for people with digital skills, along with well-qualified brokers, assistant account executives and specialists in handling liability and professional indemnity claims.
- Graduate recruitment programs are helping to attract and maintain smart candidates. Most large insurers have a program in place, while Fuse Recruitment is supporting businesses outside the top tier.

Compared with many other industries, insurance is surviving the pandemic remarkably well. After an inevitable hiccup when COVID-19 first hit, the jobs market outlook has been generally positive across the Asia-Pacific region.

'Employment prospects are looking good for experienced professionals in Australia,' says Carl Piesse, regional director of Hays Recruitment. 'We're seeing many organisations returning to growth and investing in the staff required for success, with a good balance of both temporary and permanent roles.

'The closure of offshore call centres also exponentially increased local demand. Call centre professionals were some of the most sought-after people through the height of the pandemic and are still in high demand — particularly claims consultants with experience in responding to catastrophic events, as well as compulsory third party insurance.'

After a tough first lockdown in March 2020, the outlook is improving in Malaysia.

MY BRILLIANT CAREER (IN POLICY WRITING)

Despite offering a rewarding career path, there's a short supply of people with policy-writing skills. But a customer-centric mindset is just as important as technical ability.

IAG New Zealand's executive general manager for claims, Dean MacGregor, provides an example to demonstrate the benefits of the role.
Last year, he says IAG New Zealand reviewed its child car restraints claims processes and, as a result, expanded coverage for those in vehicles that are stolen or involved in accidents.

'Certain types of vehicle impacts can compromise a restraint's integrity,' he says. 'In some cases, there may not be any obvious signs of damage, but the restraint is, in fact, unsafe for use.'

Now child restraints can be replaced after being compromised in any way. And policy writers have once again helped to improve customers' lives.

'We encourage people with a strong understanding of insurance to consider this role,' says Darren Maher, chief underwriting officer at IAG in Australia. 'A background in legal and policy interpretation is also hugely valuable, including a solid understanding of how policies are structured.

'People who have worked in customer-facing teams know the importance of policy wordings. And we also look for a level of critical thinking, considering questions such as "what could a customer reasonably expect from their insurer?".'

IAG uses human-centred design principles to support the development of its products. This makes a customer-centric mindset as important as more technical skills.

'Our policy writers create solutions around a customer need,' says Maher. 'To do this, they need to take research, customer feedback and data into account and collaborate with a range of business stakeholders to get the right outcomes.'

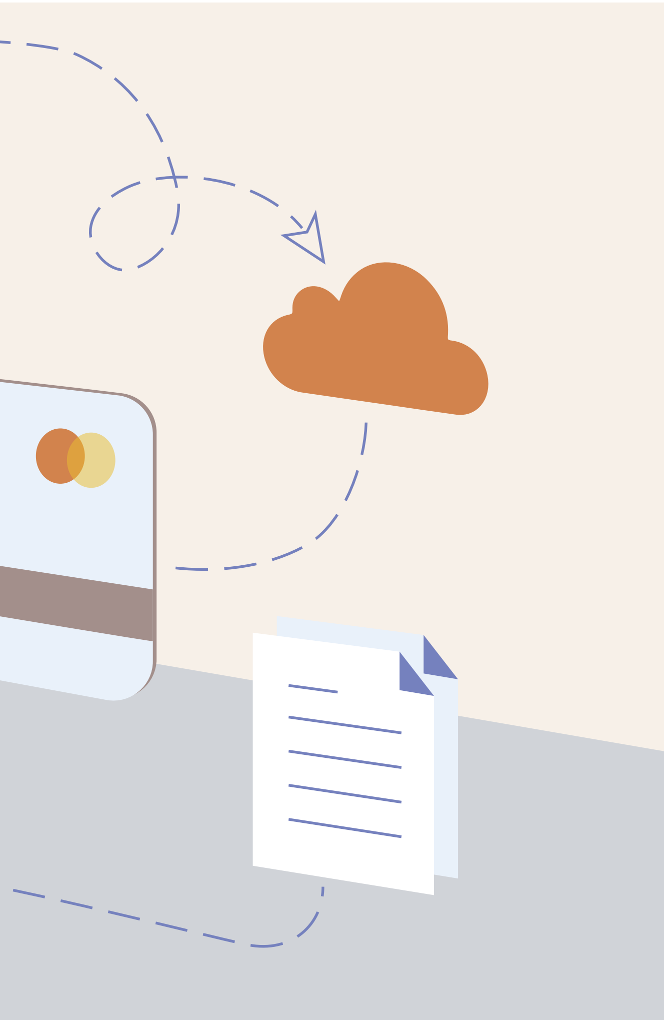
'Back then, most businesses froze hiring, except for crucial roles,' says Ooi Er Hann, team manager, accountancy and finance at Hays Malaysia. 'Now they can see that approach isn't sustainable and they're looking to operate around COVID-19 instead of away from it. Most small to medium-sized insurance companies are more cost conscious, but it's still business as usual. The larger insurance firms who invested in their digital capacity are still expanding.'

Deepika Devarajan, team manager, banking and financial services at Hays Singapore, reports an increase in hiring, particularly within reinsurance companies and insurtechs, with no significant changes in pay.

In Australia, salaries across the insurance sector are also, for the most part, holding steady.

'Instead of looking at salary increases, employers are keeping employees on their current level of pay and using benefits to reward and recognise top performance,' says Piesse.

Karen Wong, section manager, insurance, at Hays Hong Kong, anticipates modest salary increments and conservative bonus payouts in the aftermath of COVID-19.



'While insurance is a relatively stable sector, the industry did experience a general decrease in premiums in 2020,' she says. 'With event cancellations and the closure of small businesses, commercial lines such as property and casualty insurance may face challenges in earning profits in the year ahead.'

Most Malaysian insurance firms have been holding back on bonuses and Ooi expects those that are paid to be lower than usual — though, again, pay prospects have improved since the country's first lockdown.

'I think salaries will continue to rise at an average of 20 per cent for candidates who move to a new job,' she says.

Rising demand for digital skills

One of the biggest impacts of the pandemic has been a surge in demand for digital skills.

'The need for social distancing has meant that online insurers and virtual distribution channels are both safer and more attractive for customers,' says Wong in Hong Kong. 'There's also pressure for greater digitisation of operational functions

LIGHTING A FUSE FOR GRADUATE CAREERS

Recruiting and training graduates is an effective way for insurers to build the skills they'll need to succeed in the future.

'We need to attract smart people into the industry if we're going to keep insurance affordable for everyone in Australia and New Zealand,' says Suncorp Group's Julie Catanach. 'Over the past few years, we've increased the number of graduates brought on board through our own program, and they've proved to be a very strong cohort.'

Suncorp's two-year program includes rotations through all areas of the business, including product development and pricing, capital and reinsurance, claims management and operational delivery for insurance services.

'The graduates also come together for a number of information events, to participate in various development experiences and to hear different executives talking on a range of topics,' says Catanach. 'At Suncorp, we see a career path as a lattice rather than a ladder, so we help our recruits to develop breadth and a really strong understanding of the different aspects of the business and how they work together. This provides a very solid foundation from which they can continue to grow their careers.'

Fuse Recruitment, which has headquarters in Melbourne, also recognised the opportunity to help support more graduates starting their careers in insurance. After seeing the success of graduate programs provided by many major insurers, it developed one for businesses that sit outside the top tier.

'We could see that there was a significant gap in the market in terms of the capacity or capability of a large number of insurance businesses to run their own separate programs,' says Cameron Watson, manager of insurance and wealth management at Fuse. 'We decided to support them, and the broader industry, by managing the whole process on their behalf through the Future Insure Graduate Program.'

Over the past three years, Fuse Recruitment has placed more than 50 graduates into insurance roles. Its goal is to ramp that up to between 50 and 70 graduates per year.

'We source graduates who are actively looking for a career in insurance,' says Watson. 'Most have degrees in commerce, finance, legal, engineering and, of course, actuarial science, but we also take people from other disciplines. One of the great things about insurance is that the depth and breadth of available roles create openings for such a wide range of skills and backgrounds.'

Watson still sees a lack of awareness about the potential for building a fulfilling and rewarding career within insurance. However, he's also confident this will change.

'I think that now, as an industry, we're doing a fantastic job of addressing this issue through initiatives like ANZIIF's Careers in Insurance,' he says. 'This is funded by the ANZIIF Corporate Supporter program, and we're very happy to be part of that because this is a perfect fit for us. We're all working towards the same goal.'

At the moment, 18 insurance partners are participating in the Future Insure Graduate Program.

'Each one takes on at least one graduate a year and some take as many as five,' explains Watson. 'It's about creating opportunities for graduates to learn, develop and grow. And another crucial aspect of these kinds of programs is that they provide the support graduates need to feel comfortable and thrive in their first exposure to corporate life.'

‘Any course in data, coding, machine learning or artificial intelligence will add value to your profile …’

Deepika Devarajan / Hays Singapore

such as claims, especially personal claims, as these tend to be less complex than those associated with commercial products.

‘As more policymakers invest in e-underwriting and e-claims platforms, experience in automation and digital transformation will become more of an asset, while demand for traditional operational functions requiring manual work will continue to decrease.’

In Malaysia, more than one-fifth of the population now uses digital banking, and Ooi expects this take-up to continue increasing.

‘The rise of other mobile banking products such as virtual wallets and investment applications are compelling finance and insurance companies to become more digitally focused,’ she says. ‘As a result, employers seeking an edge need an influx of financial, analytical and technical talent to deliver these innovations.

‘Insurance companies are looking for candidates who can create dashboards and Excel macros and digitalise functions that will bridge the gap between IT and finance. Cloud and programming skills have also been increasingly sought after since COVID-19 made working from home essential across a wide range of industries. Customers’ expectations are also changing. They want to access more information digitally.’

Devarajan recommends that those working in the insurance industry build their digital skills by signing up for online courses and industry seminars.

‘Any course in data, coding, machine learning or artificial intelligence will add value to your profile and make your skills more relevant,’ she says.

Julie Catanach, head of leadership, talent and learning at Suncorp Group, has been impressed by the immersive approach to technology adopted by some Asian financial institutions.

‘To meet the growing need for digital and data skills, we have established what we are calling the Future Ready Program,’ she says. ‘This provides Suncorp staff with the opportunity to gain formal qualifications in these and other areas where we see a growing demand. While the program is fairly new for Suncorp, in Asia there are cases of the whole organisation doing these kinds of courses, including the CEO.’

Other sought-after skills

Beyond digital skills, Piesse is seeing strong demand for brokers with a Tier 1 qualification and at least five years’ experience.

BUILDING SKILLS FOR THE FUTURE

The Accenture survey Digital Transformation is Remaking Insurance found that insurers are benefiting from cloud technology now, but executives expect artificial intelligence (AI) and blockchain to play a larger role within the next few years.

McKinsey’s *Insurance 2030* report suggests that insurance executives need to understand now how AI will reshape claims, distribution, underwriting and pricing in order to build the skills and talent they need for future success.

‘Clients are also looking for assistant account executives with solid experience who want to remain in this role rather than advance to an account executive position,’ he adds.

Other in-demand roles include specialist liability and professional indemnity claims handlers at the consultant and manager level, and dispute resolution officers with experience in areas such as travel and life claims.

‘This kind of niche expertise is in short supply yet increasingly needed as insurance companies move this function in house,’ says Piesse.

In addition, the rollout of new accounting standard IFRS 17 has created a spike in demand for skills in areas such as project management, finance and actuarial.

‘Actuarial skills are constantly in short supply as local employers across the region compete for talent,’ says Ooi.

So are policy-writing skills (see pg. 26). And soft skills — such as the ability to collaborate — are valued across the spectrum of insurance roles.

‘Resilience, a willingness to learn and a desire to stay on top of current trends and changes relevant to your profession are also highly valued, as are good organisational skills that will see you maximise productivity at a time when budgets are tight,’ says Piesse.

‘However, if one soft skill tops all others in 2021, it will be adaptability. This is critical, given how much change is occurring both within organisations and the wider world of work. Sharing examples of your own adaptability in your CV and during interviews will make you a stronger candidate.’

DOMINI STUART

Freelance writer & editor

‘COVID-19 may have accelerated the uptake of digital technology, but the writing has been on the wall for some time. Both insurers and employees need to look to the future and build the kinds of skills that will be most valuable and, quite possibly, in short supply.’

RETURNING TO THE SKIES:

HOW TRAVEL INSURANCE WILL LOOK DIFFERENT IN 2021

Words by James Needle, General Manager Accident & Health, Gallagher Bassett

It's been a difficult year for the insurance industry, but the travel insurance sector has no doubt been one of the hardest hit. The global and local lockdowns have had a significant impact and triggered a spike in claims, disputes, disrupted travel plans and policy interpretation.

Now majority of claims have been processed, the limited and uncertain future of global and local travel has resulted in a decline in policy sales, and we expect it will be some time before the travel claims portfolios return to pre-COVID-19 levels.

Travel insurance providers need to plan for a future that has never been chartered before. This is how travel insurance will look different in 2021.

FLEXIBLE

Customers are acutely aware of travel policy coverage issues and providers will need to embrace this new reality. Providers must deliver clear and concise products, whilst also offering flexible options. We've all learnt the way we service claimants is a defining factor in how an insurer is perceived – and the ability to be flexible, fair and bring a useful product to market will determine success for carriers moving forward.

DOMESTIC

It's a common belief that international travel insurance is a necessity, but the uptake of domestic travel insurance is still lacking. Historically, Australians have felt they were 'safer' within their own country and already protected and covered for incidents. However, this perception has been rocked by the changing barriers of COVID-19. With international travel still unlikely in 2021, travel insurers need to provide tailored domestic products to help Australians travel locally, safely and with confidence.

SCALE

The domestic travel sector is set to ramp up in the new year. Whether it's onboarding new staff or revising policies and product marketing to meet the changing needs of insureds, you need to build a strategy to ensure you can capitalise on this growing market.

DIGITAL

The digital trend is set to continue in 2021, with insureds expecting to interact with travel insurers in a digital space from start to finish. From a simple and responsive online claiming portal or a quoting mechanism that supports each aspect of a trip, make sure your system is ready to seamlessly service customers.

CORPORATE

For some businesses, video conferencing will no longer cut it as in-person meetings and events gain in popularity again. Offering a tailored corporate product to support businesses taking their first step into business travel again will ensure you secure a profitable corner of the market.

At Gallagher Bassett, we're helping carriers capitalise on the changes to travel insurance in 2021 with our best-practice claims management solutions. Find out more at insurers.gallagherbassett.com.au and return to the skies with confidence.

by Abigail Murison & Anna Game-Lopata

The business case for a fair go

Prioritising diversity and inclusion has widespread benefits for businesses and employees alike — and it might just futureproof the insurance industry into the bargain.

Diversity and inclusion (D&I) programs date back to the 1960s, when anti-discrimination laws were passed in the United States and elsewhere. Increasingly, however, what was a legal requirement for equal opportunity under law has become a strategic business case for diversity.

Research from around the world has found that the more included employees feel, the more innovative they are in their jobs and the more they go out of their way to help team members and meet work objectives — increasing innovation and productivity.

So, some 60 years down the line from those first D&I initiatives, how does the insurance industry measure up?

IN SHORT

- **A number of leading insurers have made diversity and inclusion a strategic imperative, and employees both support and drive these initiatives at grassroots level.**
- **Having a more diverse and inclusive workforce makes for a more innovative, resilient business.**
- **Actively recruiting workers of different abilities, ages, genders and backgrounds creates a larger recruitment pool and increases attraction and retention.**

ARE YOU DIVERSE AND INCLUSIVE ENOUGH?

Kevin Leong, country lead, Singapore at AXA XL, points to five ways a business can assess how diverse or inclusive it is:

1. Job candidates feel welcome at their interview.
2. The company values employees' opinions and ideas.
3. The workplace is visibly diverse (different ethnicities, genders, abilities, ages, etc.).

Taking stock

The Refinitiv 2020 *Diversity & Inclusion Index* assessed more than 9,000 publicly listed companies globally against 24 metrics across four pillars (diversity, inclusion, people development, and news and controversies). The Asia Pacific had 21 companies recognised in the top 100, including two insurers (see breakout on pg. 35).

Banking services and pharmaceuticals took out the most places by industry (with 12 and nine companies in the top 100 respectively). Four insurers globally made the top 100: Allianz SE (Germany), Cathay Financial Holding Co. Ltd. (Taiwan), NIB Holdings Limited (Australia) and Munich Re (Germany).

The Working Mother *2020 Diversity Best Practices Inclusion Index* recognised nine insurers for best practice in D&I, including AXA. Two US insurers, Nationwide and New York Life Insurance, scored in the top 10 per cent of the index.

Closer to home, in 2017 and 2019, the Diversity Council Australia (DCA) biennial *Inclusion@Work Index* found that workers in financial and insurance services said they were more likely to experience inclusion at work, and felt their employers were working to create more diverse and inclusive workplaces.

D&I benefits

Hiring people of diverse ages, genders and backgrounds appeals to our innate sense of justice, but different voices can also help insurers find new answers as the marketplace changes.

'A diverse and inclusive workplace rests on respect and fairness,' says Psynapse Psychometrics founder and managing director Jennifer Whelan, who recently conducted ANZIIF's second inclusion survey (see breakout on pg. 36).

'Decisions around hiring, promotion, remuneration and performance evaluation are more objective and more rigorous. This not only protects against cronyism, favouritism and other "isms", it also supports good standards of conduct.

'Secondly, there is no industry that I know of that is not undergoing or about to undergo change, disruption or transformation of some kind. Diverse, inclusive organisations not only perform better in general, they also adapt and innovate more effectively. This "continuous improvement" mindset that values a broader range of perspectives and skills promotes a more resilient and productive organisation over time.'

War for talent

Companies that value diversity and inclusion also have an edge when it comes to attracting and retaining talent.

'If talent is scarce, you need to ensure that your business is more attractive than your competitors,' says Whelan. 'We know that candidates [particularly diverse candidates] value culture, values and flexibility more than they value salaries and perks. This makes inclusion an important draw factor when it comes to attracting talent.'

Bobby Lehane was perhaps not your typical pick for CEO of underwriting agency CHU, winner of the inaugural Excellence in Workplace Diversity and Inclusion Award at the 2019 ANZIIF Australian Insurance Industry Awards. Ultimately, though, bringing in someone with a very different skillset has helped fuel transformation at the insurer.

'From the outset of my tenure, it was clear that the CHU board was looking for some cognitive diversity,' says Lehane. 'Hiring a technologist to run a large underwriting agency would not have been an obvious choice, but I am pleased to say it proved a good one.'

4 There's emphasis on teamwork and collaboration as tools to build a stronger workplace.

5 Third-party recognition: such as D&I awards, and index participation and position.

'I believe there is a gap in terms of cognitive diversity across the insurance industry. There are many people from the same professional background.'

Bobby Lehane / formerly CHU

CHU has a 64 per cent female and 36 per cent male gender split, with women comprising 55 per cent of all leaders — including a new female CEO who has recently taken over from Lehane (see the profile on Kimberley Jonsson on pg. 38).

'For a number of candidates, the CHU position on D&I was the single piece that brought them across the line. Don't underestimate how important D&I is to most employees and candidates,' says Lehane.

He adds that all too often insurance is still seen as tired, uninteresting and lacking diversity.

'I believe there is a gap in terms of cognitive diversity across the insurance industry. There are many people from the same professional background, with the same functional strengths and the same education making the same decisions. Attracting and promoting people from less obvious cognitive backgrounds with different skills can have a really positive effect in terms of focus and of relevance to a different future.'

Slow burn

Catherine Dixon, executive general manager of people and culture at Suncorp New Zealand, says change comes slowly, but ultimately pays off.

'It has taken a while for the diversity and inclusion culture to benefit attraction, because you can advertise a general role — traditionally a male role — and in the past we would have said we're looking for someone with deep expertise, x number of years in the insurance industry, this kind of background and, in the next paragraph, say we support a diverse and inclusive culture. Well, of course we don't if we're going to narrow our thinking so much,' she says.

'So, we cast the net wider. We've given our leaders the support and the permission whereby if they see something valuable and different in a candidate who may not have the specific capability or experience we thought we were looking for, then they should explore that.'

The result? A more diverse pool of job applicants, fuelling a virtuous cycle of greater diversity.

'For example, we have an increasing number of women employed in risk surveying and other traditionally male roles and increasing ethnic diversity also in our surveyor teams,' Dixon says. 'There's still work to do, but we're starting to see that inclusiveness is actually embracing diversity. People talk to people they know at Suncorp New Zealand and they will hear that we have this diverse and inclusive approach that speaks for itself, so we no longer have to really push it.'

She notes the transition has sometimes been difficult for people already in the team, who see their area of capability or expertise as very precious and valued. 'There can be discomfort early on when someone who might be a left-field hire challenges the traditional, but over time it becomes clear the sorts of benefits that diversity brings.'

Q&A

Darryl Adams is an IT systems engineer at Suncorp New Zealand and the NZ Lead of Amplify, Suncorp's employee resource group for LGBTIQ+ employees and their allies.

WHAT DOES AMPLIFY DO?

Amplify brings together LGBTIQ+ employees and their allies through community events, content and information. We focus on three major events each year: Wear it Purple Day, IDAHOBIT, and the Amplify Birthday. It also provides newsletter articles, podcasts and a Yammer community, and provides awareness training and resources for employees.

WHAT HAVE BEEN SOME OF THE GROUP'S RECENT ACHIEVEMENTS?

One of our achievements last year was to provide guidance to employees on including personal pronouns in email signatures, to create awareness of diverse gender identity. We have also been actively involved in providing advice on transgender transitioning for employees and have assisted in a staff member in Australia transitioning and explaining this to their colleagues. We are currently involved in working through a guide for customer-facing staff around non-binary / gender-diverse customers.

WHAT DIFFERENCE DOES HAVING THE AMPLIFY RESOURCE GROUP MAKE TO LGBTIQ+ EMPLOYEES?

It gives our LGBTIQ+ employees a voice and representation within our workplace. One of the best parts about the Amplify group is our wider champions network. A lot of the wider champions network is made up of allies who are able to quickly remediate employee behaviour that is contrary to Suncorp's culture around caring for others.

WHY IS DIVERSITY AND INCLUSION SO IMPORTANT IN THE WORKPLACE?

Without diversity and inclusion being championed, workplaces can become environments where people feel isolated just for being themselves. At Suncorp, we focus on the inclusion part of the diversity and inclusion statement, which leads our employees to feel welcomed and valued. Employee resource groups like Amplify bridge the gap between a wide range of communities in both Australia and New Zealand, and I think in these groups Suncorp has embraced a great system to promote diversity and inclusion within the workplace.

DO YOU THINK AMPLIFY IMPROVES ATTRACTION AND RETENTION FOR SUNCORP?

I think any organisation that celebrates and embraces the different communities of people within our country and is committed to educating their employees about the challenges faced by those communities, is a workplace that people want to be a part of. By doing this, an organisation is promoting positive energy in the workplace and creating a company culture where people are committed to helping and supporting each other. This helps them better retain top talent and invites a more diverse pool of candidates when hiring.

'... any organisation that celebrates and embraces the different communities of people within our country and is committed to educating their employees about the challenges faced by those communities, is a workplace that people want to be a part of.'

Darryl Adams / Suncorp New Zealand

Strategic imperative

AXA XL was one of the organisations recognised for working towards creating an inclusive workplace by earning a spot in the 2020 *Diversity Best Practices Inclusion Index*. Says Kevin Leong, country leader, Singapore, AXA XL: 'With over 9,000 colleagues across almost 30 countries, we understand the power of a diverse workforce and inclusive culture. We foster inclusion and diversity because we are convinced that different ways of thinking, backgrounds and experiences will be key for all our success in the long run.'

While Lehane, Leong, Dixon and Whelan all agree that leaders have to have diversity and inclusion as strategic imperatives — and back it up with targets for the leadership team — they also say that employees themselves really embrace and drive D&I progress. That's confirmed by DCA's 2019 research, which found 43 per cent of workers strongly supported their company taking action to create a more diverse and inclusive workplace.

AXA has five business resource groups spanning 25 chapters worldwide, managed by employees. These include LEAD (engaging women and men to accelerate gender equality); Pride (a forum for colleagues who identify as LGBT+ and their allies); EnAble (fostering the inclusion of colleagues with disabilities); Rise (supporting colleagues from underrepresented racial and ethnic groups); and Inclusion Committees (with a broader focus on all aspects of identity, to support more inclusive workplace environments).

'Our business resource groups are grassroots and colleague led,' says Leong. 'They create opportunities for colleagues to network, be part of the conversation, and help one another to learn and grow to be better allies.'

Suncorp New Zealand — which won the inaugural Excellence in Workplace Diversity and Inclusion Award at the 2019 ANZIIF New Zealand Insurance Industry Awards — also has five grassroots-led employee resource groups: for employees who identify as LGBTIQ+ and their allies; supporters of gender equality; digital natives; over 50s; and carers and people with a disability.

'I think what has made the journey over a couple of years so successful has been the grassroots input. If it had been leader-led, we simply wouldn't have got to the position we're in,' says Dixon.

REFINITIV 2020 DIVERSITY & INCLUSION INDEX

21 companies in the Asia Pacific made the top 100 in the Refinitiv 2020 *Diversity & Inclusion Index*, two of which are insurers.

03	Sony Corp (Japan)
24	Home Product Center PCL (Thailand)
31	Singapore Airlines Ltd (Singapore)
35	Singapore Telecommunications Limited (Singapore)
36	Shiseido Company Limited (Japan)
37	DiGi.Com Bhd (Malaysia)
48	Woolworths Group Ltd (Australia)
50	AGL Energy Ltd (Australia)
52	Korea Gas Corp (South Korea)
57	Petronas Gas Bhd (Malaysia)
58	Blackmores Limited (Australia)
61	CSL Limited (Australia)
67	Cathay Financial Holding Co. Ltd. (Taiwan)
73	Arvida Group Ltd (New Zealand)
75	Commonwealth Bank of Australia (Australia)
81	InvoCare Limited (Australia)
84	Nomura Holdings Inc (Japan)
87	NIB Holdings Limited (Australia)
88	Nestle (Malaysia) Berhad
93	Ausnet Services Ltd (Australia)
95	Vita Group Limited (Australia)

DEEP DIVE ON INCLUSION

In October 2020, ANZIIF, Liberty Specialty Markets, SURA and Wotton + Kearney released Local Voice, Global Impact: Deep Dive on Inclusion Survey 2020. Produced by Psynapse Psychometric founder and managing director Jennifer Whelan, more than 600 insurance professionals contributed to the research, which followed up on the first industry survey findings and the inclusion index developed in 2019.

The 2020 inclusion index score was 3.8, down from 2019's score of 4.1, with 1 being not at all inclusive and 6 being very inclusive.

Survey respondents were asked how included they felt at work. The results, below, reflect how groups felt in 2019 compared with 2020.

MORE INCLUDED	EQUALLY INCLUDED	LESS INCLUDED
Men	LGBTQI+ people	People with a disability
Senior managers	Heterosexual people	
People with English as a first language	People in operational roles	
Younger people (aged 18–25)	People in business support roles	
	Part-time workers	
	Full-time workers	
	Parents and carers	

Whelan noted that 2020 was an atypical year because of the impact of COVID-19, with 64 per cent of respondents saying their work had changed because of the pandemic. While some people said they found it hard to maintain a work / life balance working from home, others said they were more productive and that it had demonstrated to their leaders that they could be trusted to work independently.

Taking action

While insurers are clearly taking action to be more diverse and inclusive, the experts agree: there's still more that can and should be done.

'What we haven't necessarily done as an industry particularly well is say we'll take a punt on someone who is really interested in becoming skilled from outside the organisation in a particular area, and take that passion and interest for doing something differently and develop it,' says Dixon.

Says Lehane: 'From a D&I perspective, a simple tip for hiring managers is to try to avoid "like me" bias when filling roles. If everyone you hire is just like you, that's not very diverse.'

Whelan suggests there are two key areas that insurers can focus on to improve D&I: leadership culture and presenteeism.

'We need to re-define leadership to value a broader range of capabilities beyond the traditional notions of toughness, drive, command and control. Ideas like "manning up" and "not being a princess" need to be thrown out,' she says, pointing to the importance of perspective, insight, self-awareness, curiosity, resilience — 'characteristics that are less gender stereotypical'.

RELATED COVERAGE

Creating diversity and inclusion at the top – Giselle Walther
By Dr Shauna Sherker
Take me there

Local Voice, Global Impact: Deep Dive on Inclusion survey 2020
By Dr Jennifer Whelan
Take me there

The culture of long hours and presenteeism has to change in order for a broader range of people to be able to fully engage at work.

'We've seen significant breakthroughs in flexible work due to COVID-19,' says Whelan. 'Hopefully this has provided some proof that work can be done effectively in a wide range of ways and places, and that output rather than hours are more important when it comes to evaluating performance.'

ABIGAIL MURISON & ANNA GAME-LOPATA

'It's great to see how the face of insurance is changing to reflect the greater community, and it's exciting to consider how diversity and inclusion might create a different future for the industry.'


BROOKLYN
UNDERWRITING
BIND ONLINE
PROPERTY
PROFESSIONAL RISKS
LIABILITY
QUOTE ONLINE
BROOKLYN UNDERWRITING

by Jessica Mudditt

Aiming for the strata-sphere

Kimberley Jonsson's first 'real job' involved sorting the mail and answering the phones at CHU. Sixteen years later, she's now the company's CEO and focused on enhancing its customer experience and relationships.

In 2005, Kimberley Jonsson became disillusioned with life as a university student and dropped out. She still kept her casual job at Target, where she had worked after school and on weekends since 2000, while she mulled over her next move.

'Then Target stopped giving me hours, so I thought I better go and get a real job, in an office,' she says. 'I applied for about 27 positions in one day and CHU called me within hours of applying. I had an interview the next day and was then hired as a trainee customer service officer. It all happened very quickly.'

Jonsson sorted the mail and answered the phones at CHU, which is part of the Steadfast Group and specialises in providing comprehensive insurance for strata properties. She found it far more pleasant than retail. In her first year, she began to underwrite residential strata and in her second, commercial strata.

Three years passed. The ambitious young Jonsson believed her career had hit a rut. She resigned and joined MGA Insurance Brokers, where she had an eight-month stint.

'I'd wanted to be a business development manager [BDM],' she says. 'CHU didn't even have one in Adelaide, but I just wanted to be one. At the time, the BDM was the state manager. When that state manager moved overseas, my old boss at CHU called me up and asked me to come back.'

Scaling the ladder

By 2011, Jonsson was transitioning into the role of state manager. The process took longer than expected, and it wasn't until 2014 that she assumed her new responsibilities. By this time, she had a diploma through ANZIIF as well as an MBA and she felt 'over ready' for the role.

That's why, just three months into the new position, she put her hand up to move to the much bigger market of Queensland. She had never lived outside Adelaide before and left her family and friends behind, with her partner promising to follow her soon afterwards.

'At the end of my first day, I went home and still felt nauseous after weeks of anticipation of starting my new role. I couldn't understand it. Then I looked at myself in the mirror, and I thought, "Oh my god". I knew I was pregnant.'

Jonsson had a baby and returned to work less than a year later, taking on the responsibility for CHU's new market of the Northern Territory in addition to Queensland.

'It was kind of like going to work in a different country, because the brokers didn't know me or anything about my company,' she recalls. 'It was totally different from the presence we have in Sydney, for example.'

Life-changing moment

In March 2018, Jonsson moved to Sydney, part of CHU's biggest market — at the time, New South Wales and the Australian Capital Territory had a premium income of A$120 million.

When CHU's former CEO, Bobby Lehane, phoned Jonsson in September last year, she had no idea that the phone call would change her life.

'I asked him how his board meeting went, and he said: "Oh good, good. I've resigned. I've got a lot of phone calls to make, but if you want to be the CEO, you should reach out to one of the board members."'

Jonsson was devastated by the news that Lehane was leaving. 'He was my mentor and I learnt something from him every day. I spent the next 24 hours feeling gutted. Bobby phoned me the next day and asked me if I'd contacted a board member to discuss becoming the CEO. I was like, "Are you serious? Is this really happening?"'

Jonsson found out that she would be the next CEO of CHU during a group Zoom call with Robert Kelly, Steadfast's CEO.

'I just could not believe it; I was pinching myself,' she says. 'It was never in my five-year plan to be the CEO of CHU, because I started working here when I was basically a kid. I just didn't think it would ever happen. My appointment is a tribute to Steadfast's commitment to having a diverse and inclusive workforce.'

‘It was never in my five-year plan to be the CEO of CHU, because I started working here when I was basically a kid.’

No room for complacency

Jonsson took up her new role in December 2020 and says she wants to encourage a heightened focus on relationships.

'Something I've always liked about CHU is our relationships with customers. There are some really deep relationships that go back to when CHU started. But you don't want to trade off the length of those relationships and say, "Oh, we've known each other forever" — you want to keep earning it.'

Part of this will involve removing some of the manual aspects of strata insurance to enhance the customer experience.

'I've always felt really strongly that even though we're the biggest strata insurer, we also do it better than any of our competitors,' she says. 'I want to bring a focus on the intermediaries so that every customer's experience with us is a positive one. I want it to be effortless to deal with us.'

To this end, she has been excited by the introduction of commercial strata onto CHU's StrataTech platform for brokers. 'It is the first time that brokers have been able to quote commercial strata online and it has been extremely popular since it was introduced.'

Advances and challenges

This year will see the rollout of optical character recognition technology, which automates data extraction from printed or written text and enables remittances, claim forms and quote slips to be read without rekeying the data.

'Externally, it means that brokers don't need to change what they do at their end in order to benefit from our systems. For example, they can send their own slips to multiple insurers and receive a quote straight back from CHU,' says Jonsson.

When it comes to the biggest risk that the strata insurance space faces, Jonsson doesn't hesitate: buildings with defects.

'Following some high-profile cases in the media, we saw insurers lose some appetite for buildings with defects,' she says, pointing to a large percentage of faulty structures that were found to have defects ranging from low (such as efflorescence) to major (such as severe cracking or balcony failure).

'CHU has spent more time than ever before with brokers, strata managers and directly with strata committees working through rectification programs to ensure major defects are addressed.'

There is little doubt that Jonsson will give her all to ensure that these complex risks don't become uninsurable over time. //

TWO-MINUTE BIO

Kimberley Jonsson

COMPANY // CHU Underwriting Agencies

TITLE // CEO

BACKGROUND

Born and raised in Adelaide, Jonsson first joined CHU as a trainee customer service agent in 2005, when she was only 20. She then worked her way up every rung of CHU's career ladder to become CEO. In 2017, she was named Young Insurance Professional of the Year at the Australian Insurance Industry Awards.

EDUCATION

Jonsson has an MBA, a Graduate Diploma and a Graduate Certificate in Management — all from AIM Business School. Her studies with ANZIIF have earned her a Diploma in Financial Services — General Insurance and a Certificate IV in Financial Services — General Insurance.

INDUSTRY CONTRIBUTION

Jonsson is on ANZIIF's Faculty Advisory Board for General Insurance. She has mentored ANZIIF Cert IV students and is part of the NIBA mentoring program in Queensland and New South Wales. She is an accredited trainer and Insurance Subject Matter Expert for the A100, a national introductory course for new strata managers run by the Strata Community Association.

PHILOSOPHY

'We need to put the customer at the centre of everything and if what we do every day is for them and in their interest, our business will be successful,' says Jonsson. In terms of her own career, she has said yes to every project or extension task that has ever come her way. That said, she doesn't take herself too seriously and has an egalitarian spirit: 'There are no excuses for failing to wash your own mug in the kitchen.'

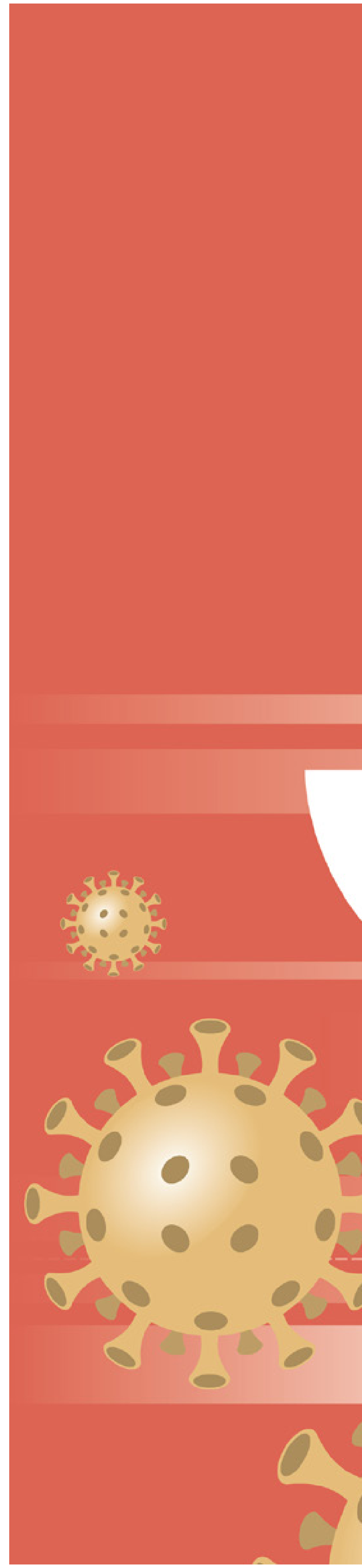
OUTSIDE THE DAY JOB

Jonsson's five-year-old daughter and golden retriever puppy keep her on her toes. Her house is filled with glitter, she watches heaps of Disney television and does a lot of colouring in. She also plays basketball — something she took up again recently after a seven-year hiatus.

by Matthew Grose & Amrutha Murali

Leading in the time of COVID-19

The new business world created by the impact of the pandemic has accelerated the rise of strategic, articulate, authentic and agile insurance leaders with a heightened mix of competencies.



The tumultuous events of the past year have made an indelible mark on the business community across the globe and, in particular, on those of us in the business of risk.

If some institutions across the insurance world had felt cushioned from volatility, uncertainty, complexity and ambiguity (VUCA) pre-COVID, very few will still believe they enjoy immunity. VUCA forces are now a constant at every juncture in the global insurance value chain.

In most markets, the impact of COVID has been nothing short of dramatic. In many, that impact has been of paradigm shift proportions.

COVID has accelerated fundamental shifts in the behaviour and expectations of two of our industry's most critical stakeholder groups: our customers and our people.

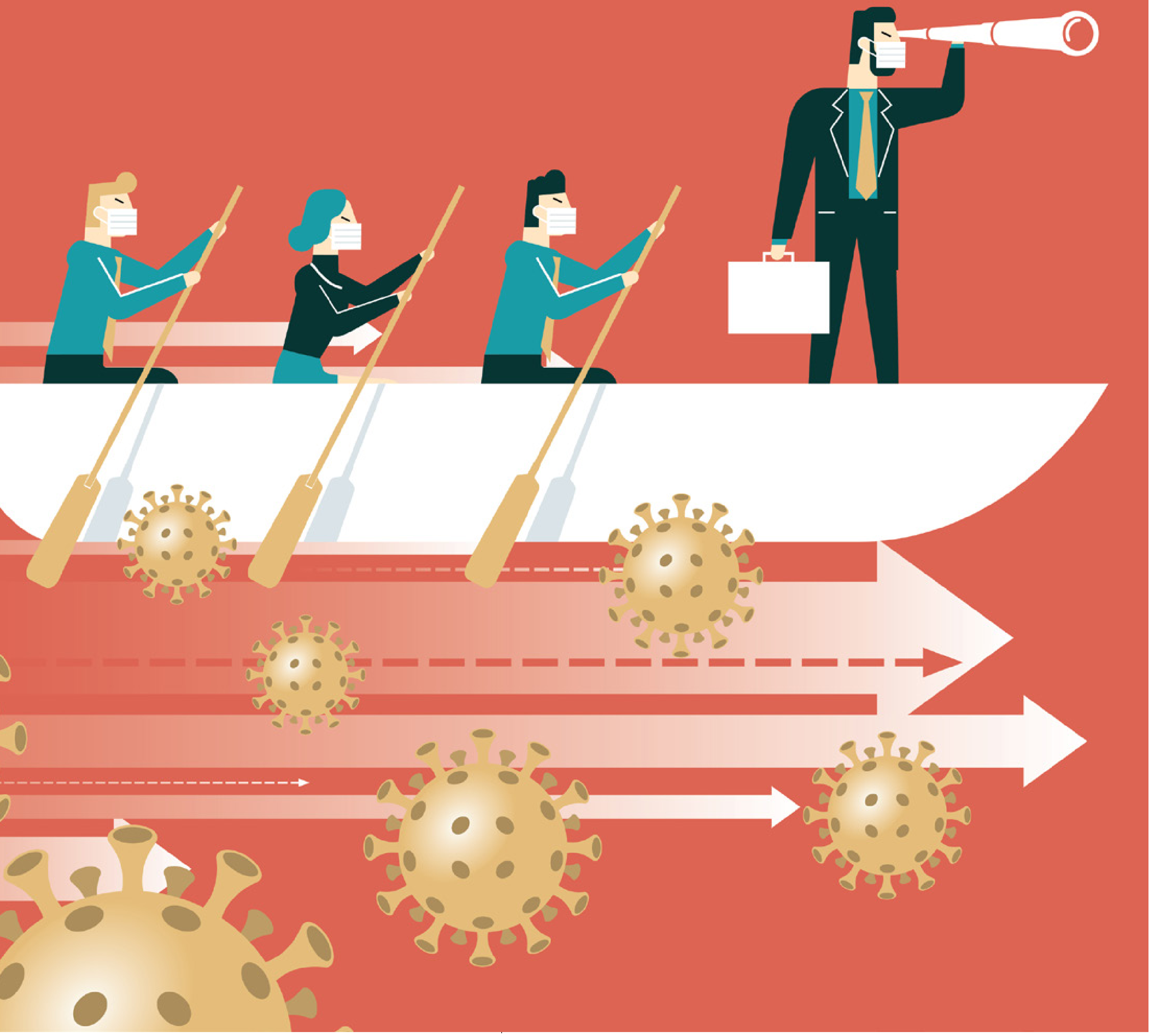
Our customers

Heightened sensitivity to risks in our personal (and commercial) lives has led to an increased interest in and demand for life and health products, often with knock-on effects in other classes. In conjunction with this, limitations on face-to-face engagement and increased time spent at home have led to an exponential increase in the demand for online products.

While nearly all major players in the industry claim to have 'gone digital' in recent years, the past 12 months or so have seriously sorted out those companies that have fit-for-purpose technical infrastructure and the right people to effectively deliver and compete, from those that do not.

In addition, international players operating in countries with differing levels of industry maturity face the extra challenge of working out how (and

In most markets, the impact of COVID has been nothing short of dramatic. In many, that impact has been of paradigm shift proportions.



SHIFTING PRIORITIES FOR ROLES IN THE C-SUITE

Companies are recalibrating the competency mix required for leadership positions, placing greater emphasis on people and strategy-related areas.

Strategic / organisational agility ~ dealing with complexity, ambiguity and driving change. The agile leader not only makes sense of a rapidly changing world but also puts in place organisational capabilities to respond to it.

Visionary ~ inspiring by articulating purpose and crafting and communicating a strategy that delivers on that purpose.

Innovative ~ innovation goes beyond just thinking outside the box. Innovation needs to be inculcated into culture and practice across the organisation through support and reinforcement from the top.

Integrity ~ contrary to the lip service often paid to it in competency frameworks, ethics must drive integrity for leaders to inculcate trust. This requires putting principle-based ethics at the heart of all business practices, including compliance, and taking accountability for any breakdowns.

Being present ~ while technology facilitates proximity, it does not guarantee connectedness. Leaders need to be seen and heard and to connect with their people and customers meaningfully.

Emotional agility ~ effective leaders recognise that the ability to work with rather than against their deepest thoughts and emotions will significantly affect their success and level of influence across the organisation and help to make them personally credible.

when) to adapt digital offers and practices to cater to their diverse range of regulatory, consumer behaviour and cultural differences.

A surge in claims (travel, health and perhaps most critically, business interruption), while short term, has further served to place the industry's leaders in the spotlight at a time when it is the expectation that all business entities conduct themselves transparently and with the interests of the community in mind.

Globally, the insurance industry is in dire need of leaders able to articulate their own company's mission and the industry's raison d'etre with candour, credibility and courage.

Our people

Keeping the business up and running in the face of disruption has been a massive undertaking for many organisations, and early in the pandemic, it became clear that robust remote working practices were not always in place.

Employee relations, productivity, controls (including cybersecurity) and dealing with staff retrenchment or furlough have proved challenging, not just for the HR function but for all C-level people with responsibility for large teams.

Hybrid virtual practices are clearly here to stay, and leaders need to be able to lead from home.

While none of these forces, people or customer-related issues are new phenomena, COVID has accentuated and accelerated their competitive impact to such a degree that failing to respond effectively and quickly presents an existential risk.

A new capability

While nothing new has been added to the already bulging library of leadership competencies beloved of HR, the comparatively higher impact of the following competency areas post-COVID has forced a rethink, and we are seeing many companies recalibrate the competency mix required for C-level roles towards, for example, more people and strategy-related areas, rather than technical and business development (important though these remain).

Whether engaging customers or people, particular competency areas have become mission critical for CEOs and key C-level positions across the insurance industry *(see breakout, left)*.

Strategic fundamentals

Using a candid, strategic capability review, companies that have found it difficult to adapt or compete in the COVID-germinated world must ask themselves whether more constitutional changes are needed.

Organisational structures, processes and practices (underwriting and claims approval processes, for example) need to be agile enough to respond quickly and effectively to the changing consumer and market requirements.

In many cases, this requires leaders with the ability to redefine and change the traditional core competencies a company may have previously relied upon.

As a result of such reviews, some companies are creating completely new roles, including chief transformation officers and chief innovation officers. Further down the track, they're also looking to bring in successful people in the field of digital transformation.

Above all, though, and wherever companies are on their own transformation journey, the need for value-driven leadership and consistent, clear and reliable communication is here to stay.

Matthew Grose, ANZIIF (Snr Assoc) CIP, is a partner at executive search and consultancy firm Horton International Thailand. His 25 years in senior management cover a wide range of HR and organisational transformation achievements and include a number of senior leadership roles with MSIG Insurance. Amrutha Murali is the founder and managing director of executive search and staffing solutions consultancy, JobFitts Consultants. She has 25 years' experience in professional recruitment and has worked with leading national and international organisations in banking, hospitality, education and quality assurance.

Story *Jessica Mudditt*
Photography *Michael Amendolia*

The drive to excel

After joining his father's emergency property restoration company 10 years ago, **Sonny Saini** has now taken the helm at Excel Group and is striving to improve the claims experience through innovative processes and systems.

Sonny Saini had an enviable career path laid out before he had even started his business degree. While still a secondary school student, he was accepted to take part in a cadetship with Ernst & Young. This provided invaluable experience while he was completing his university studies.

A major turning point in his career was his decision to walk away from a Big Four firm and join the company that his father had founded in 1993, Excel Group — a Sydney-based specialist in rapid response property restoration and loss mitigation services.

'In hindsight, it was a risky decision at the time to join what was then an early-stage small business — we've all heard the eyewatering statistics about the failure rates of start-ups,' he says. 'I was in my early twenties and I didn't truly know what I was getting myself into. But it just felt like the right decision.'

Saini had spent time with a company in Chicago and Vancouver that had the same focus as Excel Group and he saw how successfully that company had been scaled up.

'The US and Australian markets aren't identical, but the experience helped me see into the future in terms of where Australia may end up,' he says. 'It was clear to me that there was an opportunity in the insurance space, and that it was a growing industry.'

Father and son

Saini joined Excel Group as a general manager in 2010 and set about recruiting the right mix of people to the growing company, which today has a headcount of almost 30. He also developed new systems and processes, and in 2019 he became managing director. His father recently took a step back from day-to-day duties.

'It's a really interesting dynamic between us, because my father is very much the big-picture visionary, whereas I am more of an integrator focusing on the day-to-day alignment of the divisions within our organisation,' says Saini. 'Learning how to complement each other with our different skill sets has been a really interesting journey. I learned a lot about work ethic from watching and working with him while I was growing up.'

A new model for clients

Excel Group leverages new technologies to improve the claims experience. In 2019, it began deploying 3D project models to its insurance clients, who are able to experience an immersive and detailed walk-through of a loss without leaving their desks, as opposed to piecing together various photos, PDFs and information gleaned from phone calls.

'Our hardware performs an onsite scan, which is then pieced together into a 3D model — it is as though you are physically walking through the property,' Saini explains, adding that it is possible to provide a quote and validate scope based entirely on the 3D model.

When asked what professionalism means at Excel Group, Saini does not hesitate: 'It means sustaining an optimal company culture through values-based decision-making and being a purpose-driven organisation. Now more than ever, I think it is vital for an organisation to have a mission that isn't solely centred around profit.'

Excel Group is on target to achieve its '30 by 2030' vision. This will involve scaling its operation to 30 locations across Australia by 2030, as well as positively impacting 30 local communities through the Excel Foundation. The foundation provides financial assistance to solve or reduce the burden of specific and localised community issues.

Recording sessions

As the host of the *Insurance Matters* podcast, Saini is able to exchange ideas with some of the industry's brightest minds. He says that he and his podcast team aim to contribute to the evolution of the insurance space by disseminating new ideas and concepts.

'Now more than ever, I think it is vital for an organisation to have a mission that isn't solely centred around profit.'

'The podcast is a lot of fun,' he says. 'I love to geek out on the production side of things. I also get the chance to learn firsthand from a range of industry experts. It's proven to be an invaluable ROI on my time.'

Saini says that one of the highlights was interviewing the CEO of Insurtech Australia, Rita Yates, in 2020 and learning about what the organisation does.

'Insurtech Australia supports, advocates and connects start-ups,' he says. 'It was thrilling to see that the insurance industry has a forward-thinking ecosystem that will fuel innovation in this space.'

TWO-MINUTE BIO

Sonny Saini

COMPANY // Excel Group

TITLE // Managing director

BACKGROUND

Saini was born in London to parents of East African and Indian heritage. His family moved to Malawi in Africa when he was two, as his father worked as a civil engineer on construction projects in Zambia and elsewhere. Saini's family moved to Australia when he was five, and he currently lives in Sydney with his wife and two-year-old daughter.

EDUCATION

Saini has a bachelor's degree in Business from the University of Technology Sydney.

INDUSTRY CONTRIBUTION

The *Insurance Matters* podcast helps Saini to disseminate ideas relating to insurance, and to highlight the work of a diverse range of professionals and innovators.

PHILOSOPHY

Saini aims to make the complex simple, and being able to prioritise is critical — especially as he tends to take on a number of concurrent initiatives. 'My team and I live in a 90-day world where we preset our goals and execute on them with clear accountability. We reset our goals every quarter.'

OUTSIDE THE DAY JOB

Saini starts his day early with a weights or yoga session, as well as regular breathing exercises and meditation. He enjoys golf and single malt whisky and is currently completing a level 2 qualification in wine education with the Wine and Spirit Education Trust (WSET). His cooking goal for 2021 is to improve his barbecue technique. Family time is important to Saini, so he aims to wrap up his workday by 5.00 pm.

ANZIIF's Year of the Insurance Professional is all about celebrating the achievements of insurance professionals and raising awareness about the good stories that happen every day in our industry.

Keep an eye out for success stories and profiles in ANZIIF's *Journal* and on the Members' Centre and visit **anziif.com/about/year-of-the-professional** to find out more about upcoming initiatives and events.

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Changing the claims game

Claims departments in Australia have been coming to grips with a host of changes in policy wordings as unfair contract terms are extended to insurance contracts. Add a new code of conduct, moves to make claims a financial service and the potential fallout from COVID-19 into the mix and there's plenty to keep claims handlers up at night.

Claims departments have had a lot of changes to deal with ahead of insurers becoming part of the unfair contract terms (UCT) regime.

Bringing insurers into the UCT regime was one of the recommendations of the Hayne royal commission. The move came into effect on 5 April 2021 and by all accounts has required significant policy wording reviews.

That said, it is just one of several changes claims departments in Australia have been getting up to speed with lately.

They have also had to get ready for the new General Insurance Code of Practice, parts of which kicked in from 1 January 2021, and for the requirement to apply for an Australian financial services licence (AFSL) as part of moves to make claims handling a financial service. Added to this is the possibility of more policy wording changes as the fallout from COVID-19 continues.

Policy wordings get a UCT makeover

According to Ray Giblett, a partner at Norton Rose Fulbright, the move to bring insurers into the UCT regime means that some of the powers that claims teams had to demand documents and require responses within certain timeframes are less likely to be enforced and have probably been toned down substantially.

The focus now is on what can reasonably be provided and what is absolutely necessary, he says.

'Claims managers will probably have to get used to doing more with less. They won't be able to go on fishing expeditions or be able to cross every "t" and dot every "i" or make insureds jump through hoops.'

Giblett was involved in many clients' UCT policy wording reviews and describes these as significant exercises requiring lots of internal resources and external legal advice.

He says there was a difference between what had to change and what insurers wanted to change to improve policy wordings. 'There may have only been, say, a dozen things that definitely needed to change, but there was also a much longer list of things that could be worded better or more clearly. That's where a lot of changes have been made.'

Some of those changes involve conditions that add unnecessary complexity or that are too draconian and involve steps that aren't reasonably practicable.

'Most insurers have taken the opportunity to remove those more onerous requirements, as well as exclusions that are probably unduly broad,' says Giblett.

'They have also tried to ensure that policies are transparent in terms of the disclosure of limits and deductibles.'

A big focus, he says, was on reporting claims.

In the past, he says common clauses in policies could, for example, demand that insureds must immediately report any loss or damage or notify the police of a theft within 24 hours or provide a police report verifying an incident.

'But following guidance from the Australian Securities and Investments Commission [ASIC] and advice from the industry on UCT, these requirements have been watered down,' says Giblett. 'Now, insureds must report a claim as soon as reasonably practicable or provide a police report where available.'

IN SHORT

- **Claims departments in Australia need to be up to date with the huge changes to policy wordings as insurers become part of the unfair contract terms (UCT) regime and adapt to other new requirements.**
- **The UCT changes water down some of the powers that claims departments had in the past and are still untested in the courts.**
- **The uncertainties of COVID-19 may also lead to changes in cover and policy wordings, but any changes here are more likely to reflect a broader hardening of the market.**

RELATED COVERAGE

READ //

ANZIIF Webinar – Preparing for the new Unfair Contract Terms law

Take me there

Uncertainty: a reality of the UCT regime

Cain Jackson, a partner at Wotton + Kearney, says probably the biggest challenge from the UCT regime for claims departments will relate to the unknowns about how this regime will be applied at a specific claims level.

'There are no direct precedents, and different policies will raise novel issues for consideration,' he says.

'Until we have an established body of case law setting the parameters on the application of this new regime to insurance products, claims departments will have to accept and address this uncertainty as a reality of the new regime.'

Giblett adds that much depends on how the Australian Financial Complaints Authority and ASIC choose to apply and enforce the UCT legislation.

He notes that further changes to the UCT regime have been mooted, which could see penalties imposed and the introduction of a rebuttable presumption. 'That will mean that if a certain term is thought to be unfair in one context, it is always unfair. That ups the stakes a bit in terms of getting insurers to remove UCT.'

Becoming a financial service

The move to recognise claims handling as a financial service is yet another of the Hayne royal commission's recommendations. It requires those providing claims handling and settling services to apply for an AFSL from ASIC (see the feature on pg. 14).

A draft information sheet released by ASIC in November 2020 confirms that insurers will generally need to handle and settle insurance claims in a timely way; in the least onerous and intrusive way possible; fairly and transparently; and in a way that supports consumers, particularly those who are experiencing vulnerability or financial hardship.

As part of the change, Giblett says claims departments will be required to provide customers with a statement of settlement options.

'In terms of trying to do a cash settlement or to settle certain losses, it will be necessary

THE MEANING OF 'UNFAIR'

Under section 12BG of the *Australian Securities and Investments Commission Act 2001*, a term of a standard form contract is unfair if it:

+ would cause a significant imbalance in the parties' rights and obligations arising under the contract

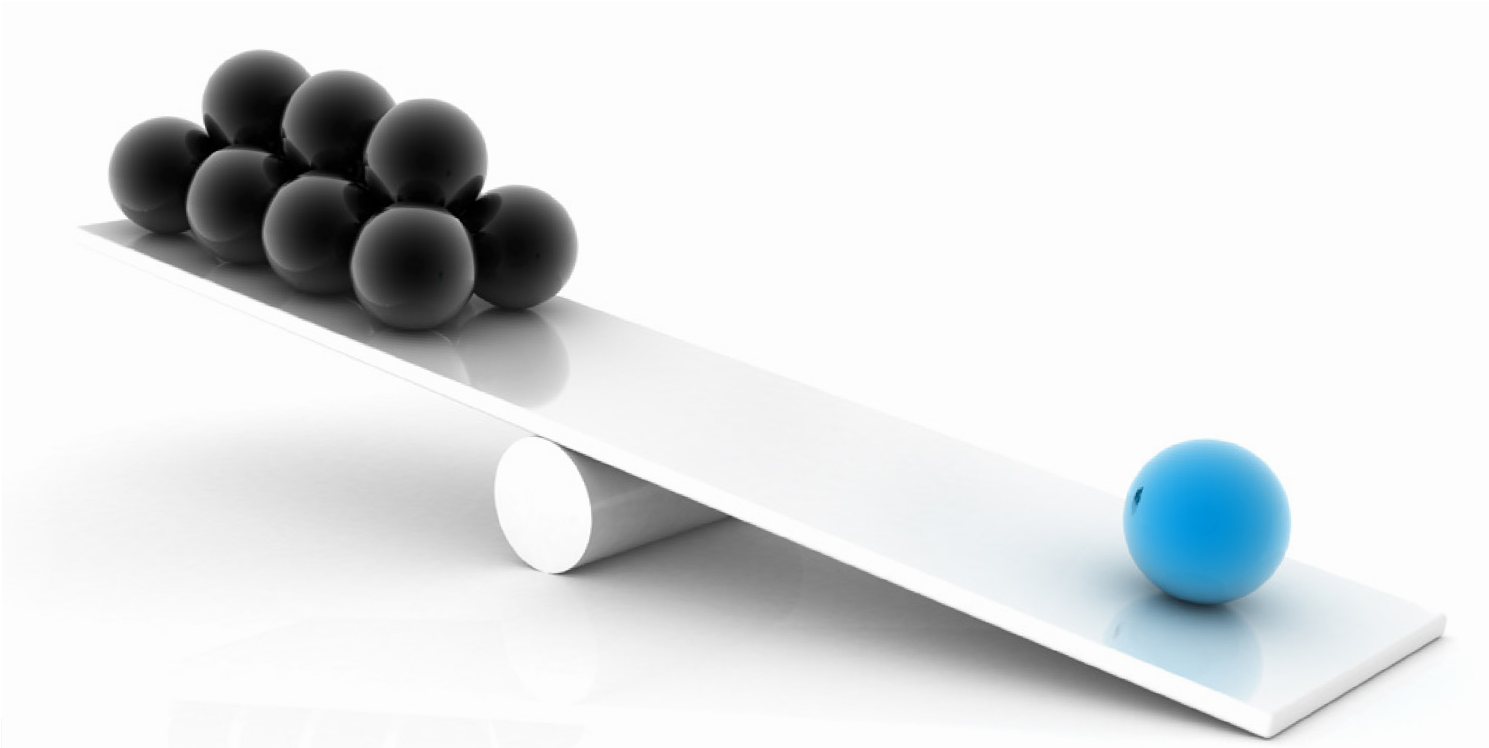
+ is not reasonably necessary in order to protect the legitimate interests of the party who would be advantaged by the term

+ would cause detriment (whether financial or otherwise) to a party if it were to be applied or relied on.

Source: Norton Rose Fulbright Australia

'Claims managers will probably have to get used to doing more with less. They won't be able to go on fishing expeditions or be able to cross every "t" and dot every "i" or make insureds jump through hoops.'

Ray Giblett / Norton Rose Fulbright



PANDEMIC HAS ASIAN INSURERS ASKING MORE QUESTIONS

Uncertainties around COVID-19 are leading to earlier and longer engagement between insurers and insureds in Asia, and in some cases, they are becoming a catalyst for market hardening, according to Carmel Green, a partner at RPC in Hong Kong.

'Across Asia, we are generally not seeing insurers make substantive alterations to their standard policy forms or insisting on the incorporation of specific pandemic-related exclusions across the board, unless the change comes as a part of broader treaty renewals,' she says.

'Rather, to date, the trend has been in favour of insureds and insurers engaging more closely, and perhaps earlier than usual, to discuss the insured's individual needs and what bespoke changes might be made to a policy to accommodate their specific circumstances, depending on how their industry has been, or stands to be, affected by COVID-19.'

Green says companies facing significant challenges are being encouraged to begin renewal protocols early and advise insurers of anticipated changes in exposures (for example, potential insolvency filings) so that the parties can work together to renew on mutually acceptable terms.

'The terms might include higher deductibles or additional exclusions. In particular, insolvency restrictions and assumed liability exclusions are featuring more commonly. Insurers might also now be reluctant to accept requests to extend cover on existing terms.'

Green has seen insurers scrutinising renewals more carefully and asking more detailed questions at the pre-inception stage to gain a fuller understanding of the insured's business, the impact COVID-19 is having on it, its financial performance and operations, and how the business has responded to the crisis.

'If those enquiries are not addressed to the satisfaction of the insurer, COVID-related exclusions might start to creep in. In this sense, COVID-19 is a catalyst for market hardening across various lines where the increased uncertainty requires insurers to adopt a more selective approach to underwriting.'

'The terms might include higher deductibles or additional exclusions. In particular, insolvency restrictions and assumed liability exclusions are featuring more commonly.'

Carmel Green / RPC

for claims departments to have a well-oiled machine that sets out what the particular options are and the pros and cons to the insureds,' he says.

'Claims departments will not be able to always rely on the fact that the insurer could have achieved a cheaper outcome in terms of repairs or replacements. They will have less power to force the insured to take or leave the repaired, replacement or indemnity option provided by the insurer. Any wording that says "we may at our option repair, replace or provide the indemnity value" may not be there anymore.'

The impact of COVID-19 on policy wordings

Jackson says the real fallout from COVID-19 on policy wordings hasn't yet been experienced in Australia.

'Insurers are doing their best to anticipate those sectors that will be hardest hit and how their products need to adapt to ensure that writing insurance in those sectors remains a viable commercial exercise. That's an ongoing process,' he says.

'COVID-19 has probably made it harder to buy insurance in certain sectors, such as directors and officers, where insurers were already on high alert for other reasons. Insurers also seem to have a greater appetite to tighten their wordings in certain lines of business.

'However, that isn't just a COVID response. It's more a reflection of a broader hardening of the market with COVID-19 exacerbating the existing concerns of insurers.'

Looking ahead, and leaving aside the obvious 'hot spots' like travel and business interruption cover, Jackson says it will be the economic impact of COVID-19 that drives wording changes and the availability of cover.

'Sectors regarded as particularly vulnerable to COVID-19 will see wordings contract and the options to secure insurance, including affordable insurance, reduced,' he says.

ZILLA EFRAT
The Journal Editor

'Claims departments will have to adapt their ways of working as the UCT regime takes away some of their powers to make insureds jump through unnecessary hoops.'

HOW COVID-19 IS AFFECTING **POLICY WORDINGS IN NEW ZEALAND**

Insurers in New Zealand are not expecting changes to claims processing or handling, because, even prior to COVID-19, communicable disease cover was excluded in most policies and sub-limited in the handful of policies in which there was an affirmative cover extension.

A large New Zealand insurer notes that, at the request of reinsurers, insurers are strengthening those exclusions and progressively withdrawing the limited cover that was previously provided by extension.

> 'Unsurprisingly, the COVID-related tightening has focused on health, travel, income and life insurances, but we are now seeing it in areas like property, construction, D&O and third-party liability.'
>
> **Sam Hiebendaal** / Bell Gully

The insurer says so far there haven't been challenges to these changes, and it doesn't expect material challenges to be made. In its view, claims management is unlikely to change very much in New Zealand as a result. If anything, processes will become simpler at the margins as the absence of cover is further embedded in the market.

Similarly, Simon Ladd, a partner at law firm Bell Gully, reports that changes to policy wordings in New Zealand have been quite limited and have involved tightening of cover and increased scrutiny of risk when writing new business and at renewal, across a broad range of products.

'That's partly a result of COVID-19, but also reflects pre-existing industry pressures in uncertain economic conditions and with changing risk appetites,' he says.

Bell Gully senior associate Sam Hiebendaal adds: 'Unsurprisingly, the COVID-related tightening has focused on health, travel, income and life insurances, but we are now seeing it in areas like property, construction, D&O and third-party liability.

'For example, blanket communicable disease exclusions have been introduced to some products to confirm that there is no cover for COVID-19. But at the same time, insurers have been working hard to support existing policyholders through COVID-19, especially those encountering financial hardship.'

IN SHORT

- APRA's final individual disability income insurance sustainability measures come into effect from 1 October this year.
- Mandatory changes include shorter contract terms, limiting income replacement ratios and the availability of timely and detailed data.
- New IDII products may lead to greater choice, flexibility and affordability for consumers.

Income protection gets a shake-up

Life insurers are springing into action after Australia's prudential regulator put its foot down on the continued losses they were incurring on income protection products.

Photography: Gettyimages.com

In December 2019, the Australian Prudential Regulation Authority (APRA) wrote to life insurers to address ongoing concerns about the sustainability of individual disability income insurance (IDII) products. At that time, the industry had collectively lost A$3.4 billion over five years through IDII products, and APRA stressed that urgent action was required to transform the industry. It was time for the financial watchdog to intervene.

Fast forward more than a year and life insurers are bracing for a busy stretch as they seek to implement the sustainability measures mandated by APRA. The onset of the COVID-19 crisis caused a temporary delay, but the three components of APRA's sustainability measures [see breakout on pg.57] will take effect from 1 October this year. The measures include shorter contract terms, benefits that better reflect a claimant's income at the time of a claim and the availability of timely and detailed data.

The changes to IDII, commonly known as income protection insurance, will affect every stakeholder in the life insurance value chain, including financial advisers and their clients. So, what can we expect in the future from IDII?

Challenging times for IDII

A recent report by KPMG found that in aggregate, life insurance premium income (excluding reinsurance) declined in the 12 months to June 2020. In addition, the losses in retail disability income rose from A$122 million to A$1.1 billion.

The industry has faced a number of challenges in recent times, such as restrictions on commissions paid to financial advisers and reforms limiting insurance through superannuation, which have restricted the distribution of IDII products.

The rise in mental health conditions has also presented additional risks. A recent

'... many of the features of current income protection products just aren't sustainable enough to be continued.'

David Kells / KPMG

joint report by the Financial Services Council and KPMG shows that A$750 million of all claims paid in the 2018 calendar year related to mental health. It was the number one cause for total and permanent disability (TPD) claims and the second-highest cause for disability income claims.

Damien Mu, CEO of AIA Australia and New Zealand, says a rapid rise in mental health-related claims has caused considerable risks for the industry.

'More people are having to make disability claims for mental health conditions and are having to stay away from work longer,' he says. 'This is something that we are really focused on tackling at AIA.'

Inbuilt features of IDII products, such as long-term contracts and 'agreed value' benefits, have also undermined their sustainability.

David Kells, insurance sector leader at KPMG, says transformation of IDII is overdue.

'Life insurance plays an important role and it's run by very capable and passionate people,' he says, 'but the industry finds itself in a situation that has emerged incrementally over a long period of time, where many of the features of current income protection products just aren't sustainable enough to be continued.'

Generous to a fault?

APRA has already mandated that insurers cease the sale of 'agreed value' contracts from 31 March 2020. With these contracts, the sum assured is based on earnings at policy application, and the earnings at time of claim are not considered. And, according to APRA, they violate the principles of indemnity.

Alan Merten, a financial services partner at Deloitte, says agreed value terms created a 'potential financial disincentive' in some cases for claimants to return to work.

'Consumers should want generous benefits, but the question is whether the insurance being provided meets the principles of insurability and whether people have ended up with products that go too far.'

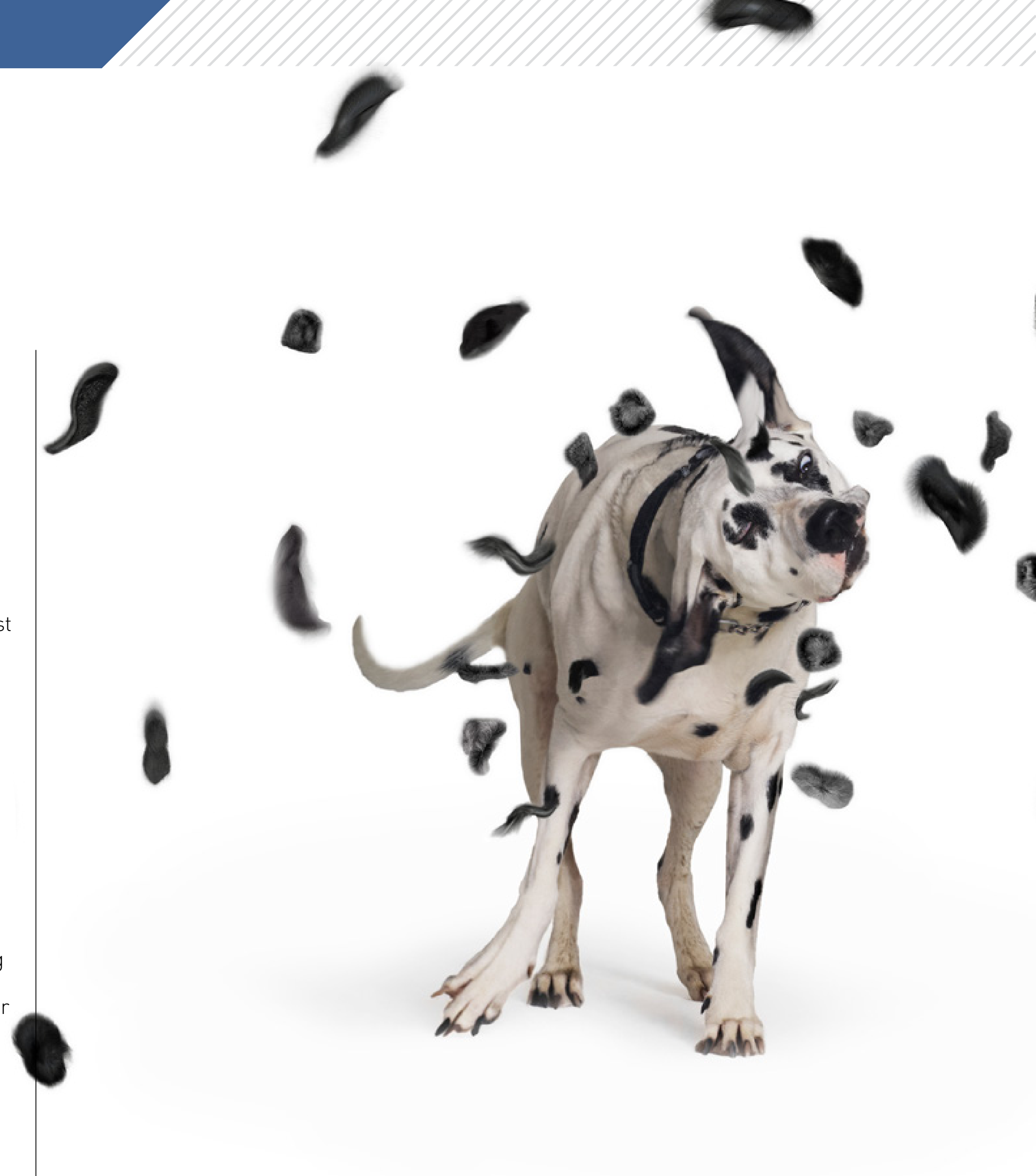
Merten says the basic principles of IDII insurance products have been lost.

'When someone has a disability that causes them to lose their income for a period of time, this insurance should support income payments to help them return to work,' he says. 'Instead, we've allowed — and the competition has forced — generosity where benefits go well beyond core needs.

'In many cases, income payments made to people after a disability can be much higher than the income before disability.'

Change on the way

While customers on existing policies may see a rise in premium prices, their product features will not be impacted



by APRA's measures. However, some insurers have already responded to the call for change by bringing new products to market.

AIA, for instance, launched its IP CORE product in January this year. The fundamentals remain the same as AIA's existing and more extensive income protection product, but Mu says there are some key differences.

'Compared with traditional income protection products, there are more modest benefit levels, new controls to manage longer-term claims and a simplification of features and definitions,' he says.

The design process for IP CORE involved engagement with customers, advisers and regulators, which Mu says allowed the insurer to develop benefits that meet consumer and community needs and expectations, but which pose less risk of unexpected premium increases.

'We wanted to release IP CORE ahead of APRA's October 2021 deadline so that advisers can become accustomed to the product ahead of the guidelines becoming an industry standard, and so that we can refine the product design based on adviser and customer feedback,' he says.

'The key challenge is to try and balance everyone's expectations — that is, our customers, APRA, ASIC [the Australian Securities and Investments Commission], our adviser partners and our reinsurers.'

ClearView has also been developing new options to test in the market. In March 2020, it launched a lower-premium product that covers up to 60 per cent of a customer's income rather than the higher ratios of existing products.

'We described it as "live research" when we put it into the market, and we were pleasantly surprised by the number of sales we've made from it,' says Simon Swanson, managing director of ClearView. 'The product is not far away from where APRA would like products to be post October.'

Focus on sustainability

Other insurers are also working with a range of stakeholders to research and develop new, sustainable products.

Andrew Casperson, head of propositions at Zurich, says changes to income protection products benefit everyone.

'The call is to move from overly generous products to more sustainable products, and, at the end of the day, it's in everyone's interests that we have sustainable insurers,' he says. 'It's also in everyone's interests that customers have predictable pricing, because if we're constantly re-pricing as an industry, customers could be left exposed.

'Zurich is on the journey. We're undergoing research with advisers, dealer groups and consumers around how they see the products that are offered now, why they think the changes need to be made and what they think the products should look like.'

MetLife is also seeking to reduce risk and improve profitability with new IDII products. Meray El-Khoury, MetLife Australia's chief retail insurance officer, says this requires 'the fine balance between offering products that are value for money and beneficial for customers, while allowing us to continue to operate'.

MetLife has surveyed customers and financial advisers to assist in the refreshment of its income protection

'... now we'll have products with more focused benefits that are more affordable for a larger number of people.'

Simon Swanson / ClearView

products, but El-Khoury says some questions still need to be resolved.

'These include whether ancillary benefits, such as trauma cover, and specific injury lump-sum payments with an income protection claim are also allowed, because they may result in benefit payments in excess of 90 per cent of the customer's pre-disability income where the life insured returns to work too soon,' she says.

'With implementation not due until October 2021, we are confident the right outcome will be achieved that balances the need for increased sustainability for both customers and insurers by that time.'

Looking to the future

While premiums are expected to rise, Kells says the amount will vary across insurers.

'It will depend on what repricing they've done to date, the design and success of the new product and what the reinsurance arrangements are,' he says.

WHAT DOES APRA WANT?

The Australian Prudential Regulation Authority's final individual disability income insurance (IDII) sustainability measures cover three key areas:

Consequence management: capital charges for life insurers with IDII exposure. The capital adjustment will be increased or decreased based on APRA's assessment of each company's progress in addressing these issues.

Managing riskier product features: including dispensing with agreed value contracts; limiting replacement ratios to a maximum of 90 per cent of income at risk for the first six months of benefits and 70 per cent thereafter; and limiting the initial policy duration to five years.

Data collection: delivery to APRA of relevant, timely IDII product data to utilise in monitoring and improving sustainability.

The bulk of the IDII market is through financial advisers and Merten sees little changing.

Similarly, El-Khoury says: 'Financial advisers already consider the best interests of their clients when providing advice. The changes coming in make that role of balancing price and the benefits, features, options and definitions just as important.

'In particular, clients may hold existing income protection policies that have benefits, features and options — such as agreed value, trauma cover, specified injuries and automatic indexation — that may not be available for new policies from 1 October 2021.

'Advisers will need to consider the benefits available and the premiums to be paid, and help clients understand their options to make an informed decision that is tailored to their individual needs.'

Merten expects the future of IDII to include a more flexible range of policy options. 'I think one of the responses will be a wider range of solutions that go back to some core benefits, and if someone has particular circumstances where they need something different, then they might choose the more expensive, more comprehensive product that provides more services.'

Swanson believes the APRA intervention will lead to greater accessibility and options for a wider range of consumers.

'The changes will bring more choice and affordability,' he says. 'I think income protection has almost become a product for the wealthy only, but now we'll have products with more focused benefits that are more affordable for a larger number of people. And that's a good thing.' //

SUSAN MULDOWNEY
Freelance writer & editor

'Mental health is presenting challenges to the insurance industry. It will be interesting to see how the IDII market balances community expectations with rising mental health claims and the need to build greater sustainability into its offering.'

TOKYO 2021: RUNNING THE RISKS

Photography: Gettyimages.com

IN SHORT

- The Tokyo Olympics face all the normal perils of a large-scale sporting event, but COVID-19 has added extra risk and complexity.
- Japan's location in the seismically active 'ring of fire' causes worries.
- But not as much as the fears of cyber attack at these high-tech Games. It's already been hacked.

All Olympic Games are subject to perils and their own unique challenges. But for the Tokyo Games, COVID-19 has unleashed a raft of new risks that have been keeping many insurance executives up at night.

No thanks to COVID-19, this year's Olympic Games in Tokyo, set to begin on 23 July, will be very different to previous events.

Fewer spectators, temperature checks, long lines, social distancing and masks can be expected. Organisers could also reduce the number of athletes and officials allowed to participate in the opening and closing ceremonies, as well as the amount of time the more than 11,000 athletes can stay at the Athletes Village.

Athletes from 33 sports are expected to compete in 42 Olympic venues across Tokyo Bay Zone and Heritage Zone. The Athletes Village is located right between the two zones.

Participants are not likely to be forced to get vaccinated against COVID-19. However, International Olympic Committee (IOC) president Thomas Bach said in January that the IOC would work with National Olympic Committees to encourage and assist their athletes, officials and stakeholders to get vaccinated in their home countries, in line with national immunisation guidelines, before they go to Japan.

'The IOC continues to strongly support the priority of vaccinating vulnerable groups, nurses, medical doctors and everyone who is keeping our societies safe,' says Bach.

Mandarin feature

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But according to a Reuters report, Japan has trailed most major economies in starting COVID-19 inoculations and may have problems securing enough vaccine supplies on time. The report also forecasts that it will be months after the Olympics before Japan achieves a 75 per cent inoculation rate — the benchmark for herd immunity.

A risk assessment

So how risky will the Games be?

Allianz, a sponsor of the Tokyo Olympics, points to the residual risks associated with any live sporting event — especially one that goes for more than two weeks, involves thousands of athletes and is watched by millions globally.

'The main risks generally associated with hosting the Olympic Games have not significantly changed over the past decade,' says a spokesperson for Allianz.

'This includes stadium and infrastructure issues such as bad weather or fire; liability issues such as slip and fall; event contingency or cancellation issues like terrorism or a cyber attack; spectator and public viewing issues such as riots; travel issues around cancellations; or even public health or pandemic concerns such as the coronavirus pandemic, which led to the postponement of Tokyo 2020 to 2021.'

The Allianz spokesperson says there is much at stake at large sporting events, including advertising and broadcasting rights, infrastructure projects, multi-billion-dollar investments from both the host country and the sponsors, the preparation and financial commitment required from national sporting delegations, as well as the private travel expenses of millions of visitors from all over the world. 'Firms who buy insurance also include travel companies, airlines and retailers.'

And while cyber exposures pose a relatively new and increasing risk for major sporting events, the spokesperson points to a flip side: 'Although the Olympic Games is large in scale and becoming technically more complex, safety features within stadiums have continuously improved, which mitigate many of the risks. And organisers collaborate closely with respective authorities and advisers to develop contingency plans and risk-prevention plans.'

'People, infrastructure and entire supply chains are at stake. Risk assessments and planning happen years in advance.'

Willis Research Network

The impacts of COVID-19

Tim Thornhill, director of entertainment and sport at Tysers Insurance Brokers in the United Kingdom, says COVID-19 exacerbated these risks because it necessitated a significant change in financial modelling for the IOC, broadcasters and the City of Tokyo.

The Willis Research Network notes that catastrophic events affecting the Olympic Games have the potential to result in high-impact, long-term consequences for the cities that host them.

'People, infrastructure and entire supply chains are at stake,' it says. 'It isn't just the athletes that gather, but support staff, media, fans and volunteers. New infrastructure is built and specialist equipment is commissioned and shipped. Merchandise and sponsorships are secured and printed. Risk assessments and planning happen years in advance.'

Leigh Ann Rossi, chief operating officer at United States-based NFP Sports and Entertainment Group, adds: 'COVID-19 heightens the risks of holding any event due to the possibility that the event can be cancelled by local government or the athletes can become sick and need to quarantine.'

She says the types of insurance that could be affected by the impacts of COVID-19 on the Games include event cancellation, medical insurance and player disability insurance, to name a few.

'While communicable disease is currently excluded from event cancellation insurance, it still makes sense to purchase the coverage to protect against all of the other perils beyond the control of the event organiser,' says Rossi.

Nate Watson, managing director in NFP's Property and Casualty Division, Cross Border Insurance, adds that a number of countries currently require visitors to carry travel, medical, emergency evacuation and, in some cases, trip delay (quarantine) coverages. Others have created mandatory programs that visitors must purchase during the visa issuance process.

'It's a reasonable expectation that Japan would adopt one of those approaches,' he says.

Extra challenges for Tokyo

There are also risks specific to the Games being held in Tokyo.

According to Allianz, one is the risk of natural disasters. 'Located in the seismically active "ring of fire", Japan is especially vulnerable to the ever-present risk of earthquakes, as well as other natural calamities such as heavy rainfall, heatwaves or typhoons,' says the Allianz spokesperson.

The spokesperson adds that cyberthreats are another key risk for a high-tech and strongly digitalised and connected nation such as Japan. To counter this risk, Allianz says the Japanese Government, together with the Tokyo Organising Committee and the IOC, 'will do everything to combat the threat of both conventional and cyberterrorism'.

'The safety and prevention concept is very advanced, including an elite unit of police and defence ministry experts to counter cyberthreats, regular counterterrorism drills, facial recognition systems and very advanced surveillance, crowd control and anti-terrorism measures,' says the spokesperson.

The Willis Research Network says these Olympic Games will be one of the most technologically advanced sporting events in history.

'Athletes, media and officials will be transported in autonomous vehicles to smart stadiums that will provide a seamless user experience for fans and visitors, including digital signages, online

> 'The safety and prevention concept is very advanced, including an elite unit of police and defence ministry experts to counter cyberthreats ...'
>
> **Allianz**

refreshment services, real-time match and athlete information and access to real-time data on transport congestion.

'Spectators will interact with human support robots and complete streamlined security checks using the latest technology.'

Cyber and terrorism

With cyber attacks a major concern, the Willis Research Network warns that security at the Tokyo Olympics must be ultra-tight.

Indeed, the Tokyo Games were hacked in 2020. According to a BBC report, Russia's GRU military intelligence carried out 'cyber reconnaissance' against the 2020 Tokyo Games — before they were cancelled — with the aim of disrupting them.

'Ever since the 1972 Munich Olympics, where terrorists kidnapped and killed Israeli athletes, crowded spaces like sporting and entertainment venues have become attractive targets for international and domestic terrorists alike,' the Willis Research Network report adds.

No wonder Tokio Marine Nichido in Japan began selling terrorism insurance policies in March last year, covering property damage resulting from acts of terrorism and violent demonstrations.

'The Games will be significantly different in their operational nature to previous Olympic Games which had large over-subscribed crowds,' says Tysers' Thornhill.

'The crowds will be less diverse and will have a significantly different demographic spread to previous games. That said, every Olympics is unique and memorable, and predominantly for the quality of the sport and the high performance of athletes at the event.

'I have no doubt that while different, it will be an Olympics to remember.'

ZILLA EFRAT
The *Journal* editor

'COVID-19 is challenging organisers to come up with solutions to their problems. I look forward to the innovations that follow.'

by Anna Game-Lopata and Zilla Efrat

The **hardening market** we had to have?

After a difficult 2020 riddled with uncertainty around COVID-19, reinsurance brokers report a calmer January 2021 renewals season.

Mandarin feature

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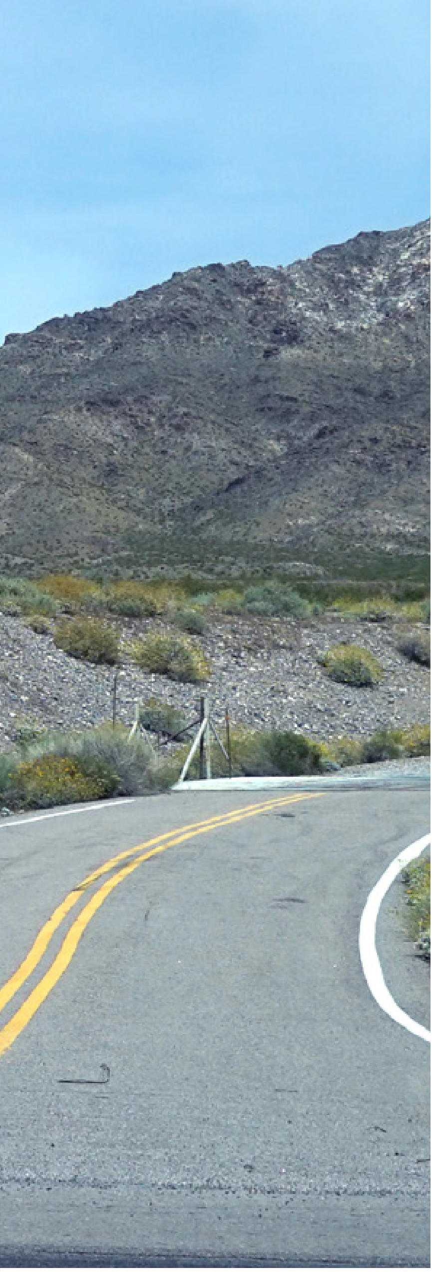
IN SHORT

- **Despite a hardening in the market, January reinsurance renewals in Australia, New Zealand and Asia Pacific did not lead to the price spikes initially expected.**
- **A big focus was on coverage items, especially communicable disease and cyber exclusions.**
- **The market is expected to continue to harden in 2021.**



January 1 renewals were expected to be tough, but according to reinsurance brokers in Australia, New Zealand and Asia Pacific, price rises weren't as steep as initially expected or hoped for by reinsurers. Overall, however, negotiations were more complicated and took longer than usual.

John Carroll, head of broking — reinsurance solutions at Aon, notes that some markets have referred to the renewal outcomes globally as 'underwhelming'.

'The final pricing outcomes were impacted by additional capacity into the market,' he says. 'Other factors include the ability of cedants to differentiate the specific risk and exposure metrics of their portfolios, as well as leveraging their longer-term relationships with major reinsurance partners.'

Cameron Green, chair of Willis Re Australia and head of its international casualty reinsurance practice, explains that 1/1 renewals were expected to be tough, largely because all reinsurance placements from just before 1 April last year were tough for anyone buying reinsurance in the Australia and New Zealand (ANZ) markets.

He says reinsurers weren't quite sure of how they should handle COVID-19. 'There was a lot of finding their feet, so to speak. For most of our 31 December business, we went into the renewals fully expecting it to be a continuation of what we saw in April, July and October.'

But in January 2021, Green says more capital was deployed in the ANZ market — albeit in a very cautious manner — than in 2020, when many reinsurers weren't quite sure what their COVID-19 exposure looked like.

'In those earlier 2020 renewals, reinsurers went through that process in a very methodical way, trying to work out what they were going to do. That created some need for additional capital,' he says. 'RenaissanceRe raised additional capital. Fidelis did a quota share with Berkshire Hathaway and then raised more capital.'

In addition to being ready with more capital, there were some new entrants into the market. 'Convex Insurance, for example, really came into play probably really for the first time at 1/1 2020 taking advantage of the market dynamics to establish its position on a lot of programs,' says Green.

The market was also calmer. 'People had been through some of the issues that were going to confront them at 1/1 and were prepared. Back in July, you had no real idea how the market was going to react, and they hadn't quite discussed the issues.'

Carroll adds: 'Globally, capacity was still readily available for reinsurance placements, and we have also seen no shortage of appetite or capacity for ANZ specific placements. Areas under stress are catastrophe aggregate and frequency protections, mainly because of their poor experience in recent years and the lower levels of modelling sophistication available to price these placements. Capacity for these placements, however, could be secured but often at significant price uplifts or after some restructuring of covers.'

Carroll, however, notes that the real driver behind the hardening market was not COVID-19 per se. 'The reinsurance industry has struggled to meet its cost of capital for the past three to four years and price correction was a required remedial course of action for the industry as a whole. The COVID-19 outbreak and subsequent economic environment impact were the catalysts for this price action to finally be "implemented" in the market.'

All eyes on COVID-19 and cyber

Both Green and Carroll reveal that at 1/1, there was a significant focus on coverage items, particularly around communicable disease and cyber exclusions.

'The stress factor was not so much that reinsurers wanted to take a firm line on these coverage points — it was flagged in advance that this would be the likely outcome — but more that the reinsurance industry doesn't have a consistent position on the coverage or exclusions that it wants to impose,' says Carroll.

'The reinsurance industry has struggled to meet its cost of capital for the past three to four years and price correction was a required remedial course of action ...'

John Carroll / Aon

'I think any one of the renewals over the last nine months has been more complicated and has taken longer than previously.'

Cameron Green / Willis Re Australia

'The number of variations of acceptable clauses made for a lot of work and potential uncertainty for insurers who are wanting to try to align reinsurance coverage with original policy language coverage.'

Carroll says most of the dialogue in ANZ relates to property catastrophe exposed accounts. 'But casualty classes of business are certainly seeing more dialogue on coverage [communicable disease and cyber] items now and we see this as being a continued focus for 2021 renewals,' he says.

Green describes the property catastrophe market as challenging. 'Unfortunately, part of what's happened in Australia over the past two to three years is that most of the losses have been from those non-modelled perils, such as bushfire, hail and flood, where there is a very wide range of views as to what the expected cost is,' he says.

'On the casualty side, it was simpler. The insurance market is pushing rates up bit by bit, but not necessarily by as much as reinsurers would like. There is no doubt that there are losses in the market, but it's far less than in the property market and there remains a surplus of capacity wanting to underwrite casualty in Australia and New Zealand. Perhaps not surprisingly, the main issue in recent renewals has been whether particular client portfolios have communicable disease exposure from certain industries, occupations or risk classifications.'

Green adds that reinsurers for both casualty and property business are looking much more closely at premium adequacy as well as their history with particular clients or geographic areas. 'They're verifying what I would describe as the risk selection process that clients have articulated and marking the clients accordingly.'

Different experiences for different players

Green says the two large, listed insurers, QBE and IAG, managed their reinsurance processes extremely well. 'They were out very early and understood what they were trying to buy. In many instances, they also had multi-year deals and certain arrangements that could insulate them from market shocks.'

However, he says smaller clients experienced more drama at 1/1 renewals. 'Companies like IAG and QBE are buying significant reinsurance capacity to manage a number of objectives across a number of territories and / or placements, so they have parts of the placements and programs that they can trade. Some of those smaller clients aren't quite in the same position.'

Green says an important factor in January was the effect of Australian-specific property losses on different clients' portfolios.

'I think the sort of programs that had been loss impacted bore greater increases than those that hadn't. We saw a lot of differentiation in the reinsurance market for clients that had actually had good loss performances versus those that had less positive experiences,' he says.

'It then it became a question of trying to match the demand with the supply. I have no doubt that a number of reinsurers changed their risk appetites away from the bottom end of catastrophe reinsurance placements to support much more in the middle to top of the catastrophe programs.'

According to a report from Guy Carpenter, the quoting and firm order process in 1/1 renewals globally was more complex than in recent years, particularly for stressed geographies and lines of business.

Green agrees. 'I think any one of the renewals over the last nine months has been more complicated and has taken longer than previously. It's a hardening market, with most of the world working from home, so these things are taking more time,' he says.

‘The challenge for 1/1 renewals was finding new capacity to replace that which had been lost ...’

Jude Yeung / Rare Earth Insurance Partners

‘You have to work with reinsurers and get them on board with what your clients are doing in relation to the management of their business generally, their exposure to communicable diseases and any number of other considerations. I think it’s all about differentiation and trying to help our clients differentiate themselves and look better from a reinsurance perspective than other clients.’

The story in Asia Pacific

In the Asian market, the 1/1 renewals were tougher than in previous years with many deals being concluded later than usual, according to Jude Yeung, head of broking at Rare Earth Insurance Partners in Hong Kong.

One factor influencing this was less capacity in the market. ‘In broad terms, the London market largely preferred to direct its capacity towards its more traditional areas of North America and Europe. Very little new London capacity was made available in this region,’ says Yeung.

‘The Asian insurance market has also changed dramatically during the past two years with fewer reinsurers available due to mergers, withdrawals from unprofitable classes or business closures.’

Yeung says this contraction in reinsurance capacity is reflected in the decreasing number of Lloyd’s syndicates in Hong Kong, Singapore and China.

‘The challenge for 1/1 renewals was finding new capacity to replace that which had been lost. Given that limited markets were available, the time pressure of placement dramatically increased as the end of the year approached.’

Yeung adds that underwriters were keen to increase pricing in the hardening market. ‘Perhaps unsurprisingly, assureds, many of whom were badly hit by the pandemic, were neither expecting nor necessarily able to accept the price increases demanded.

THE PROSPECTS FOR 2021

The market is expected to continue to harden in 2021, but Aon’s John Carroll believes this won’t be as pronounced as it was at June 2020.

‘The main factor driving the firming market will be the loss experience on the lower ends of catastrophe programs as well as aggregate and frequency protections,’ he says. ‘Where reinsurance is being purchased above so-called “attritional” levels, we expect a much more muted price environment as there is a strong degree of oversupply for the upper layers of catastrophe programs.’

Willis Re’s Cameron Green adds: ‘A lot of the hardening will be driven by the reinsurers seeking to achieve price adequacy for those reinsurance programs they support. I think reinsurers used 2020 as the start of a process to try and get better price adequacy across their portfolio of business. And I don’t think they really got it all their own way, even with the tougher renewals of July and October.’

But he doesn’t expect negotiations to be anywhere near as complicated as in 1/1 because there are now exclusion clauses in most property contracts for communicable diseases and cyber.

It’s a similar story in Asia Pacific.

‘On the one hand there is certainly new capacity starting to emerge, but in my view, the pressure on reinsurers to rebuild their books and demonstrate the ability to maintain sustainable profits will result in a continuing hard market throughout 2021,’ says Hong Kong-based reinsurance broker Jude Yeung.

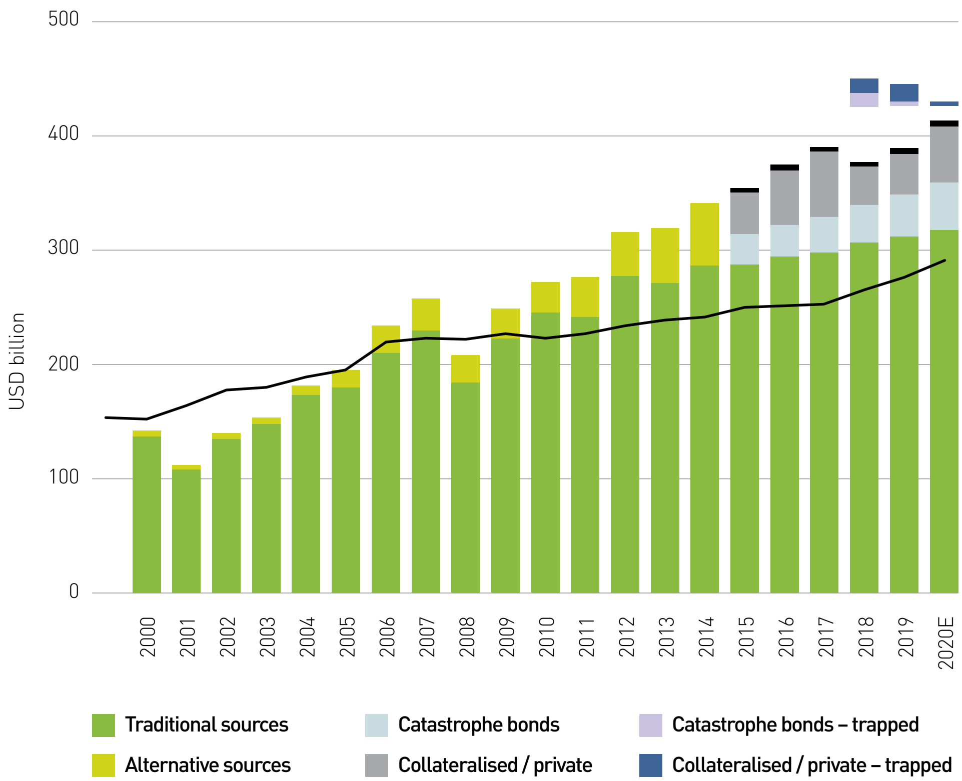
‘But the market direction is not necessarily a predictable, straight line — much uncertainty around the timing and nature of the global economic recovery remains, and the impact on the insurance industry as a whole is almost impossible to predict. Expect the unexpected!’

Guy Carpenter’s Tony Gallagher cautions that the impact of COVID-19 losses on existing coverage still remains unclear and the ultimate magnitude of losses will affect negotiations and rate developments going forward.

‘The escalating severity and frequency of catastrophe events could also create rate pressures in loss-affected zones and programs,’ he says. ‘In addition, original market results, M&A activity, developments in the retrocession market and levels of investment returns in the reinsurance sector are all likely to prove key factors in how the market develops over the coming months.

‘2021 will certainly be a year of new challenges but, equally, one of new opportunities. We would also expect that rate developments across markets, clients and portfolios will be very much dependent on business results.’

DEDICATED REINSURANCE CAPITAL AND GLOBAL GROSS REINSURANCE PREMIUMS (ALL LINES) 2000 TO 2020



Source: Reinsurance renewals at 1/1: Continued (slow) improvement, Guy Carpenter

This clearly created renewal difficulties and, in many instances, led to the reassured retaining higher shares and / or deductibles.'

Yeung says many underwriters also tightened their underwriting guidelines and 'commercial considerations' could no longer be used as a justification for underwriting decisions.

Overall, he says the negotiating process was more complex than in recent years and required extra effort within the available timeframe to close an acceptable deal for both sides.

Rare Earth Insurance Partners is a marine and specialty lines reinsurance broker. 'In our portfolio, we saw stock throughput and cargo being the most affected insurance line in 1/1 renewals,' says Yeung.

He adds that many cedants, concerned about losing business due to pricing increases, appointed more than one intermediary on the same deal in an effort to squeeze more out of the market, and then provided the placement order at the very last minute.

'In addition to price increases, some reinsurers negotiated heavily on contract wordings for difficult risk exposures, which again prolonged the time for the negotiations between reinsurers and cedants.'

Tony Gallagher, CEO of Guy Carpenter's Asia-Pacific region, says there was uncertainty about potential rate increases heading into the renewal period. 'However, the combined impact of the better-than-expected results and growing clarity around the predicted impacts of COVID-19 led to a moderate rate increase across the region.'

'Communicable disease exclusions were a priority discussion topic during the renewals with one of the key challenges being the lack of uniformity across the pandemic-related clauses. Ultimately, some form of communicable disease exclusion was included in most treaties at the January renewals.'

> **'Critically, reinsurer appetite to deploy capacity improved noticeably from the mid-year 2020 renewals.'**
>
> **Tony Gallagher** / Guy Carpenter

Gallagher points to other noteworthy developments across the Asia-Pacific region, including 'the continued growth of exposures, with mainland China and Taiwan being two markets in particular that are experiencing marked increases. We also observed that capacity was more constrained for pro-rata treaties, while a review of treaty structures and retentions impacted renewal pricing.'

From a capital perspective, Gallagher says the reinsurance sector continued to provide an attractive marketplace. 'According to Guy Carpenter and AM Best data, dedicated reinsurance capital increased slightly compared with January 2020 levels. Critically, reinsurer appetite to deploy capacity improved noticeably from the mid-year 2020 renewals,' he says.

'The reinsurance sector continues to demonstrate capital strength and resilience despite the impact of various disruptive forces. The increase in the dedicated capital estimate reflects the amounts of capital raised by both new and existing participants. Additionally, 2020 was a record year for new catastrophe bond issuances, which totalled US$10.8 billion and was driven primarily by heightened investor demand.' //

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2020 NIBA Broker Market Survey

NIBA
National Insurance Brokers Association.

OVERALL

- Is a trusted partner*
- Is a brand that delivers on promises
- Overall satisfaction*
- Overall opinion versus other insurers*
- Responsiveness

BEST BROKER EXPERIENCE

- Underwriting overall satisfaction
- Work with me to find a solution for my client
- Understand underwriting for my client's needs
- Have expert knowledge in specific product areas
- Are comfortable having complex or challenging conversations
- Communicate when underwriting appetite has changed

ACCOUNT MANAGEMENT

- Account management overall satisfaction
- Responsiveness to my needs and the needs of my clients
- Takes ownership for resolving my business issues and follows through on commitment
- Willingness to negotiate for the benefit of my client
- Takes the time to learn about my business and client needs
- Strong product knowledge and technical expertise

PRODUCT EXPERIENCE

- Underwriting flexibility
- Ability to tailor a policy to suit my client's needs
- Product coverage and wording that suits the needs of my client
- Policy conditions and cover

CLAIMS EXPERIENCE

- Staff are knowledgeable about what the product covers in the event of a claim

BRAND EXPERIENCE

- Develops and maintains strong relationships

* Liberty Specialty Markets shares the first place ranking with other insurers in these categories.
The independent NIBA Broker Market Survey was conducted from July to August 2020 and compared 18 general insurers in Australia.

NEW ANZIIF MEMBERS

ANZIIF would like to extend a warm welcome to its newest members.

*For the period 8 December 2020 to 1 April 2021

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Sharon Rowland	Australia
Sharon Krimmer	Australia
Sheng Wang	Australia
Shona Cusack	Australia
Silva Blaise	Australia
Sinead O'Neill	Australia
Stanley Goh	Australia
Stefanny McKenzie	Australia
Stephen Zeller	Australia
Tania Bruinsman	Australia
Te Ata Wharawhara	New Zealand
Tena Dedic	Australia
Thinesh Subramaniam	Malaysia
Thomas Freebairn	Australia
Toaripi Joe	Fiji
Tony Graves	Australia
Tony Mills	Australia
Torkorn Thanaporn	Thailand
Tracey Mulcahy	Australia
Trevor Matthews	Australia
Trinh Quach	Australia
Vai Ituna	Australia
Vanessa Mkandawire	Australia
Vanessa Hodge	Australia
Veena Srianandarajah	Australia
Vidhi Bansal	Australia
Vilomena Dautei	Fiji
Vinootha DSouza	New Zealand
Will Seton	Australia
William Manuel	Australia
Zoe Etheredge	Australia

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by Georgia Lejeune

5 soft skills for success

Get ahead by developing productive personality traits known as 'soft skills'.

If an employer has two candidates with equally strong technical ability vying for a role, the deciding factor will always come down to the candidate with superior soft skills, according to Carl Piesse, regional director at recruiting specialist Hays. 'Employers already look for jobseekers who have the soft skills required to succeed in the face of constant new challenges, from being curious and inquisitive to having strong communication skills,' he says.

While technical skills are important, it's the ability to communicate effectively, empathise with customers and work together in a team that are increasingly valuable assets for global companies.

Piesse suggests further developing your soft skills by taking advantage of any training and resources that your employer offers, or ask your mentor or manager for advice. 'Outside of work,' he says, 'read top business books, listen to podcasts, attend virtual events, conferences and webinars or take an online course.'

01 // Adapt to change

In a rapidly changing industry, adaptiveness is an important skill for insurers to develop. 'Whether organisational, technological or skills-based — or, as we've seen recently with COVID-19, totally outside of our control — the jobs we do and the way we do them will evolve again and again,' says Piesse. When viewed through a positive lens, change can be an opportunity for problem solving, growth and innovation.

02 // Keep up communication

'Your skills and ability to do your job get lost if you can't communicate with others,' says Piesse. Effective communication also means active listening techniques — demonstrating you're listening through non-verbal indicators such as eye contact and nodding, and being able to absorb and paraphrase what has been said. Regular updates and check-ins with colleagues and customers will ensure all parties are kept informed, even when there are no changes.

03 // Collaborate with colleagues

No person is an island in the workplace — at least no successful person. The ability to work collaboratively with a team is a highly valued skill. And this doesn't always mean leading from the front — Piesse advocates supporting the ideas of others, accepting and sharing responsibility and understanding the strengths of other people in your team as important skills to bring to a collaborative work environment.

04 // Build resilience

Although many people strive for perfection in their careers, it's the ability to bounce back from difficult times that can set an employee apart from their counterparts. 'We all face adversity from time to time in our jobs, so being able to succeed despite the demands placed upon us helps people stand out and thrive,' says Piesse.

05 // Be willing to learn

'This soft skill is necessary because the world of work changes so rapidly that people need to be able to keep their skills relevant to remain employable,' says Piesse. Another trait that will support your willingness to learn is self-awareness — this allows you to identify gaps in your knowledge and find opportunities to bridge them. //

Illustration: iStockphoto