

SMART RESPONSE NEEDED TO FAST-EVOLVING GLOBAL PROGRAMMES LANDSCAPE

Commercial Risk Europe editor ADRIAN LADBURY asks Matteo Scagliarini, CEO of Andrea Scagliarini, Worldwide Broker Network's Italian member, what risk managers, brokers and insurers need to do to ensure that international programmes work as intended

► **[MILAN]**—THE MULTINATIONAL INSURANCE LANDSCAPE HAS EVOLVED significantly in recent years, and change will continue at a similar pace. As a result, brokers and insurers that serve their customers in this global market need to up their game, according to Matteo Scagliarini, CEO of Andrea Scagliarini, the Italian Worldwide Broker Network member.

"There has been a dramatic rise in demand for global solutions, [as well as an increase in] client expectations and regulatory awareness. In the insurance market, the ground rules have changed. One cannot simply compete on 'plain' global reach and price; it is now essential to provide cutting-edge solutions with consistent and seamless collaboration," explains Mr Scagliarini.

He says that his firm has decided that there are four factors deemed crucial to deliver sound and efficient global solutions.

First, there is a need to think global but act local.

"Global strategy (programme design, central negotiation, etc) is absolutely fundamental. However, such a strategy needs to be implemented locally. Legal requirements, market peculiarities and sensitivity to clients' needs – let alone compliance issues triggered by non-admitted coverages – can only be understood with excellent local partners to rely on. The quality of service is better secured with local partners involved whenever claims occur," he says.

Second, the parties involved have to communicate smartly.

"Communication is crucial for the success of multinational programmes. All parties involved need to be on the same page," he says.

This means that producing brokers need to send clear and on-time instructions to their network, receiving brokers need to inform the former about relevant information during the year and insurers need to send the same, not contradictory, instructions sent by the brokers.

"Local clients need to be informed and willing to cooperate, which is all the more likely if [the] parent company has been clear about central decisions," said Mr Scagliarini.

"The importance of having an excellent mastery of English is also often overlooked, especially among brokers. Far too often, companies have a superficial approach to language skills. However, carefully chosen words are key, particularly when solving complex issues or handling difficult claims across borders. Therefore, one must invest for the long term to improve the English of a management team," he adds.

Third, brokers need to invest in data management.



"Effective business decisions rely on accurate data, so a centralised IT platform to share information among brokers is essential. Data quality is also vital for the success of business, so attention must be given to the precision and timeliness of data entry. The commitment of all parties involved, especially the receiving brokers, is crucial. A system with inconsistent data is useless," he explains.

And fourth, compliance needs to be added to the value proposition.

"Global non-admitted policies are excellent solutions provided that no claims occur and regulators are not involved. That said, the mission of the insurance industry is not only to provide cost-effective programmes but also to deliver consistent and compliant solutions," explains Mr Scagliarini.

"Insurers and brokers should add compliance to their value proposition. Clients could be more demanding and selective from this perspective too. Controlled master programme and financial interest clauses are not magic words any more," he says.

Mr Scagliarini points out that the industry, with the regulators' approval, is seeking new ways to balance efficiency and clients' protection.

"The initiative led by Ferma and Rims to discuss new compliant solutions for the multinational insurance sector with the International Association of Insurance Supervisors is very important for the industry and clients alike," he concludes.

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other risks.

"We need to keep an eye on this dynamic development together with our customers. Then both parties will be in a position to maintain a good balance in the risk profile. At the end of the day, this means that when a claim actually occurs, the right financial protection is in place and the loss or damage does not drive the company into a crisis situation that threatens its existence as a going concern," explains Mr Semprini.

On the topic of global programmes, Mr Semprini is asked if he is seeing demand for wider use and the inclusion of new risks such as directors' and officers' (D&O) or employee benefits. The answer is yes.

"D&O is now a fixed element in many international insurance programmes with our Italian customers. An increasing number of enquiries are being received for international programmes relating to topics like environmental protection and nature conservation, because potential liability risks are continually increasing in this area if companies breach regulations," he said.



INDUSTRIAL INSURANCE

is a business that is complex and dynamic particularly on the global stage where we are operating with many of our customers. However,

industrial insurance allows any company to achieve an intelligent balance in its risk portfolio, and that amounts to a good solution..."

FRANCESCO SEMPRINI, HDO-GLOBAL

"Crisis management in the event of product recalls is also becoming more important. The latter is one of the topics coming to the fore in the Italian food industry because of exports to markets abroad," adds Mr Semprini, again in tune with the discussion held with the risk managers themselves.

So what persuades customers to start using a global programme in the first place?

"At HDI, we have many customers in the Italian market with sales between €200m and €1bn. As soon as one of these companies starts operating abroad, managers or risk managers raise the issue of international insurance cover," he says.

The managers of these companies are well aware that they then need to have an insurer that is in a position to establish an international insurance programme, continues Mr Semprini.

"The foreign growth of our customers is a key driver of demand for international programmes here in Italy. A company that is operating internationally can simply no longer afford to work together with an insurer that only does business at local level," he concludes.