

INTO THE CHANGE DIMENSION



Most insurers believe that better wordings and faster payment of claims are the keys to customer satisfaction. But does the real solution lie in a fundamental re-evaluation of the way insurers respond to change? Is it time we challenged received wisdom?

connectivity create difficulties for insurers. Particularly when their influence tends to make businesses more inter-dependent. The net effect has been that risks are becoming less siloed, less tangible, but more inter-connected and social.

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Traditionally, these more social risks have proved slippery concepts for insurers to grasp – they are hard to delineate, hard to measure. But as the impact of megatrends changes how our customers work and live, our industry needs to reshape its perspective and redefine its risk appetite in terms of the role we want to play as part of today’s fast-moving, more global, more inter-dependent business community.

Understanding the client life-cycle

So how to address this change? Better relationships with brokers and more effective use of customer data are undoubtedly good starting points. Focusing on these two factors will improve how we understand and frame these risks while extending and improving the services we offer to customers.



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Mobile phones can teach us a lot about the insurance industry, particularly how it responds to change. When first they appeared in the 1980s, we decreed that these devices were a property risk. By the 90s, we had decided they were contract risk. Come the noughties and the advent of the smartphone, we declared them to be a data risk. Now, with the rise of the gig economy, mobiles (and the networks and infrastructure on which they depend) have, in our eyes, matured into a fully realised business continuity risk. Some companies’ business models – Uber would be just one example – are entirely dependent on them.

The journey that has seen mobile phones transformed from expensive curiosities to business enablers exemplifies how so-called megatrends are reshaping our world. Megatrend is shorthand for a global, sustained and macro-economic force that affects business, economy, society, and cultures, thus redefining our existence. But megatrends like mobile

Mobile phone insurance cover demonstrates the changes in the insurance industry

1980's ▶ Property Risk

1990's ▶ Contract Risk

2000's ▶ Data Risk

In particular, at Liberty Specialty Markets we are enhancing the insight these factors provide us to better understand risk in context – to adjust the severity of the risk profile in relation to where a client company is in its business lifecycle. For example, companies in the run up to a significant M&A deal will be much more sensitive to business interruption or profitability losses than at other points in the cycle. We need to respond to those sensitivities.

Established manufacturers and retailers are often little more than the sum of their supply chain relationships. Their reputations, and their ability to do business, have been built on the competence of a small number of key suppliers spread across cat-exposed geographies, employing many sub-contractors and often operating on wafer-thin margins. By contrast, companies born in the gig economy are younger and nimbler, but they share the same exposures, in the cyber rather than physical space. Their co-dependence on others often means that their focus is on less tangible risks including loss of opportunity, loss of revenue and most significantly, loss of reputation.

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Understanding this context helps us tailor-make our offering to respond to the unique demands of the client at any point in time – delivering services that mitigate existing risks but also anticipating how those risks will change as the company matures.

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Focusing on what and how

To keep our finger on the pulse of changing needs, we have invested in a new, more structured Broker Engagement Model that helps us keep on top both of what we offer and how.

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Our goal in rolling this out is to generate greater transparency and trust between brokers and Liberty – be they local, global, wholesale or specialist – around how megatrends are shaping clients’ risk perceptions, coverage needs and claims experience. And as we work more closely with our broker partners, we are discovering that where innovation is needed in the world of interconnected risk is not only around what we do, but just as importantly, how we do it.

One of our key learnings is that as an industry, insurers have a strong tendency to over-play product. Too much focus on the policy, not enough on the people and philosophy underpinning it. The same is true of claims. For years, the goal of faster claims settlement and payment has been repeated like a mantra. Indeed, simply raising the question of whether clients actually want faster claims payment seems like heresy.

Our unique perspective will transform service delivery

But could it be that working more collegiately and tailoring our offering to an individual client and their precise needs at this point in their business lifecycle is where real customer satisfaction lies? A client might not want to settle a casualty claim, for example; they might, for commercial reasons and with our support, prefer to defend it. Our Broker Engagement Model enables us to understand what matters to each client and flex our approach accordingly.

Increasingly, we believe that what brokers and clients really value is our unique perspective. As a global specialist insurer, Liberty Specialty Markets’ people understand risk analysis, risk mitigation and risk transfer at all levels: global, local, sector and individual. The abundance of knowledge we have gathered from our broad client base across sectors and countries gives us unparalleled insight and experience. It also has huge value when brought to bear on the needs of an individual broker or client.

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Re-making our service for a digital age

So, looking ahead, our approach is to re-make our service for the digital age and to use our structured Broker Engagement Model to understand how megatrends are shaping our clients’ and brokers’ worlds. We believe the future of LSM lies in honing our unique perspective on risk – risk analysis, risk mitigation and risk transfer – and using it to deliver a truly tailored service.

Mobile phones, once predicted to be a short-lived craze for the wealthy, have fundamentally transformed our world and the way we live. That transformation is still unfolding as are the changes wrought by many other global megatrends. Just because these new trends don’t translate easily into underwriter-think is no reason to ignore them. In order to fully understand global change and its impact on our clients, it’s time for us to change, too.

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