

Talent and systems drive a return to broker basics

Price not sole determinant of success, with personal service a key differentiator

LACK of skills is an ongoing problem within the insurance industry as it competes for its share of a relatively small pool of new graduates and school-leavers each year.

Furthermore, the insurance sector — with insurance brokers no exception — is a highly specialised profession with a skills set for which incoming personnel require specific knowledge and training.

Debbie Barret, GM marketing for First National Bank Insurance Brokers, says: "We are trying to be innovative in addressing this issue of attracting young graduates by, for example, introducing bursaries aimed at a cross-section of the market.

"This will provide opportunities for young people to work for us during their vacation as part of the learning process, during which time they might get an appetite for the insurance profession and consider pursuing it as a career."

Barry Taylor, chairman of the short-term exco at the Financial Intermediaries Association of Southern Africa (FIA), says that the skills shortage is of concern to the greater industry and it is essential that the FIA works closely with other industry stakeholders to ensure that a sustainable learning and development platform that supports and sustains the future needs of the industry is created.

With the entry of direct insurers into the market, some have questioned the need for intermediaries, Taylor says.

"The assistance of an intermediary in the corporate/commercial space, for example, is imperative and it is important that the intermediary is viewed as part of the management team of his/her clients and is thus able to advise and give input on management decisions

regarding risk control and governance, as well as assessing and structuring insurance solutions."

Intermediaries also have the role of ensuring that both local and international markets are canvassed for intricate and special risks, and that the ultimate insurance carrier is of sound standing.

"The personal lines market is congested with an array of different players. Intermediaries are well positioned to shop around on their client's behalf and come up with tailor-made and innovative solutions. This also applies to the customer who is on the edge of cancelling or reducing cover due to financial pressures."

It is the role of an intermediary to structure packages that will circumvent situations in which individuals and businesses are left destitute following a catastrophe, and where the insurance has been cancelled, Taylor says.

"Offering sound advice, a prudent product structure and a wise choice of insurance carrier are services that remain the domain of the qualified, licensed intermediary."

Barret says that the changing regulatory environment in SA, including the forthcoming Consumer Protection Bill among other new legislative measures, is an issue of which the insurance industry as a whole will need to take close cognizance.

She says that hard-pressed



Debbie Barret ... addressing the issue of attracting young graduates to the industry.

consumers can look for help in 2010 from insurance brokers committed to the "classic, service-led intermediary model".

Barret predicts a comeback by brokers who use personal service and customised risk profiling as key differentiators in an increasingly challenging market.

She says that the company has introduced a dedicated resource system whereby customers will in future deal with a single contact person in order to manage client's insurance needs better.

"Credible and personal

relationships will underpin growth at broker businesses with the confidence, talent and systems needed to drive a return to broker basics."

Barret believes the year will be characterised by smart, price-efficient solutions, though price will not be the sole determinant of success as personal service will be the key differentiator.

"Consumers understand issues such as economies of scale and the benefits that accrue through synergies across a broader portfolio of financial products.

"Brokers who are able to offer affinity-based solutions across a bigger basket of financial products and services will secure competitive advantage. The proviso is that bigger has to mean better service as well as better pricing."

She predicts that the underwriting of blocks of business will be replaced increasingly by individual rating and pricing, seen as a welcome trend for cash-strapped consumers.

The emphasis on service will encourage brokers to stop playing the direct insurers at their own game.

"Direct insurers play a single-minded pricing game. Brokers have to up their own game by using risk management and customised risk profiling to deliver price efficiency plus personalised service. Price-sensitive consumers with a superior claims record will expect to be rewarded."