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A CHALLENGING TIME FOR THE INTERMEDIARIES AND INSURANCE MARKETS

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It has been a tough period for the insurance intermediaries and their clients. When the going gets tough, the tough get going – and that is how this year has played out for all players in the insurance and risk management space.

The beginning of 2021 started with a truly tough renewal season for many, and only a lucky few escaped the worst fallout from the twin impact of a hard insurance market and the Covid-19 pandemic. Intermediaries had uncomfortable

conversations with their clients as they had to explain that premium rates were again on the rise, but more critically, they could not get the same scope and levels of cover as the previous years at all, or without lining up a dozen or so insurers rather than just one.

Whilst it did very much depend on the class of business, most clients were impacted in one way or another.

As the industry players continued to struggle with the fallout from the Covid-19 pandemic, the risk managers were conducting their own battles to protect the risks within. Many clients saw this as a good opportunity to revisit their risks and even to sometimes make the tough decision to carry more risk for themselves. The impact of a hard insurance market and Covid-19 has shown clients the need to truly understand risk management and how insurance works. Viable alternatives such as captives, protected cells, and parametric solutions have all been under consideration in 2021.

Insurance and its relevancy are topical in many board meetings – the debate is about whether to retain more risk, develop a captive, or even consider going to the capital markets. The insurance brokers are caught in a difficult situation, arguing the case for continued insurance programmes with insurers and persuading clients that this is the best deal they can get.

This state of the market has provided a perfect opportunity for intermediaries to show their value to clients. Intermediaries and insurers alike have been too introspective, thinking about their own position at the expense of their clients. Intermediaries should be thinking about innovative solutions to address the risks that clients are faced with, rather than designing products to suit the insurers. The role of a good intermediary is as strong as ever before.



Do intermediaries still add value in challenging times, one would ask. The role of the intermediaries is becoming even more important as the risk landscape evolves. The intermediaries' relationship with the end client puts them at an advantage to explore and thoroughly map out the risks that businesses and individuals face. It is an undisputed fact that the true value of an intermediary is recognized in challenging times – during the Covid-19 pandemic and hard insurance market.

Knowledge and expertise are the most important ways an intermediary can add value. During the pandemic, the intermediaries proved their worth through more innovative risk management strategies, thought leadership, strong claims advocacy, and the proactive restructuring of insurance solutions to save costs and improve on product efficacy or the appropriateness of solutions.

Expert intermediaries continue to play a critical role in helping clients understand intricate policy details, in demystifying complex insurance jargon, in handling claims, and in developing risk management solutions that meet client needs - *making the traditional mind shift from being product-to client-centric.*

Intermediaries' in-depth client knowledge coupled with valuable insights gained from direct interactions is proving to be invaluable to insurers for the development of bespoke, affordable, and modern risk management solutions that address the emerging and evolving complex risks.

John Mawere | Global Business Coordinator | Minet Holdings Africa (Pty) Ltd