GREENKITE

Lens on... Customer & Trust

Most-read thought leadership published by GreenKite on key topics

Issue 1/November 2021

We think like business-owners, helping you to achieve your best Growth & Resilience as you and your Customers face into the challenges and opportunities of the 2020s.

We work with teams, Boards & founders on the real-world issues of creating, securing, and growing Value.

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(2) Operational Resilience
(3) Data & Digital
(4) Outsourced Services
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Lens On... Customer & Trust: Introduction

We're passionate about Insurance and Reinsurance, and we know that thinking, talking and listening about the big topics and market-shaping ideas is vital to creating Value for our clients and partners.

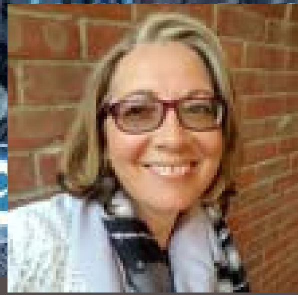
We publish thought leadership on our website and through LinkedIn and we also actively scout out views, experience and insight from across General Insurance, London Market and beyond to bring you specially-commissioned articles in our Guest Blogs.

We thought it would be useful for readers to bring together our most-read content into mini-collections addressing key themes. And our first issue of Lens On... is dedicated to Customer & Trust. This collection brings together 5 viewpoints, one from GreenKite's Shân Millie and 4 Guest Bloggers from across the sector.

We hope you enjoy the read!
Team GreenKite

GK Blog: Data & Trust: What gets Your Vote?

By Shân Millie



Shân Millie, GreenKite Innovation & Customer Lead, explains 7 key reasons why the greater use of Data is NOT a guaranteed path for improving Trust with consumers. She also provides 4 simple questions to ask in your firm to quickly gauge how close you are to safely ramping up – or not

All of AI, not just healthcare, has a proof-of-concept-to-production gap."

Andrew Ng, co-founder of Google Brain & Cousera

At a recent event on Health & Work by the ABI , the question asked of me and the other panellists to argue For or Against the following proposition: A Data Dichotomy: will **greater use of data** erode or build Customer Trust? I was given the position of YES, greater use of data will erode Customer Trust – and I must say, it was a lot easier to make this argument than it was to stick to the two-minute time-limit they gave us to make our 'bid' for the audience vote!

The topic of Data and Trust is obviously enormous and so I chose to focus on just one aspect: AI. In the 2020s, using Data means AI, either yours, or someone else's, and usually both. My contention was that there are some fundamental issues Insurance needs to get fully to grips with AI before plunging into the greater use of data NOW, or the outcome will inevitably erode Trust. The following is not the reportage of what I said – I had to pick and choose for that 2-minute limit – but this is an expanded version to fill in some of the detail on why I think Life and Health should think (and **do**) very hard before plunging in if what is really important to the firm is building Customer Trust.

- The existing evidence from General Insurance's journey with algo-driven business and digital corporate risk management demonstrates the scope and scale of the gaps in agreed governance, standards, design guidelines and also underlying data quality. Life and Health could and should learn from this, and not gallop off in their footsteps!
- In the 2020s, the ethical dimensions of Technology choices matter more than they ever have done, as civic society unease and campaigning around 'Surveillance Capitalism' from within both the Technology communities, and Civic Society Organisations (CSOs) continues to grow

- Complicating things yet further, it turns out that with experience, issues with the underlying Tech have become clearer and clearer: facial recognition is the poster-child for the consequences of building and selling powerful AI-enabled products that were designed in a Diversity vacuum, and either do not work (as for facial recognition and people of colour) or do not work in the way they were sold. As time passes, and we accumulate lived experience with BigTech, we're learning that bias in design and use is rendering important areas of pervasive technology suspect or essentially unusable. Andrew Ng's mind-blowing quote at the top of this article should give everyone pause for deep thought: an indisputable globally-renowned Machine Learning guru is essentially saying, case unproven when it comes to reliably putting into practice that which is lauded in theory in Healthcare and **ALL AI**.
- Experience is catching up with the 'shock and awe' of the Digital 'fireburst' or 'gooogleisation' we've been living through since the 1990s. In the corporate landscape, 'strategy by FOMO' has dominated for so long now, it's hard to see if it can ever be dislodged, unless except by 'ESG FOMO' which we're going to see even more of in the year of COP 26. It's really not surprising that Regulatory activity is starting in earnest now with the recent EU proposed legislation on AI that effectively puts an end to 'AI in the wild'. It's also noteworthy that the UK's ICO has made the use of AI one of its top three strategic priorities.
- In Life and Health Insurance, as ever, we have some of our own special 'flavours' of issue to put into the mix: for way too much of the landscape for Life and Health products, the underlying data (for cover and pricing) isn't trustworthy because it's out-of-date: the Institute and Faculty of Actuaries-convened research project to update Diabetes data is the latest example. There are also very live debates on the quality of lead generation, especially in Life Insurance.
- It is obvious, isn't it, that WHAT you do with that data through your firm's underwriting philosophy really matters: you can essentially punish the customer with mental health issues for being in a programme of help by applying a higher loading – or not. There is no standard approach, it's not even discussed that openly. Where's the transparency for the Customer? Where's the analysis to back up that decision? When was the last time that 'model' was interrogated? How long does a loading on the individual last – forever, regardless of their succeeding in achieving a state of mental health? And, where precisely is the human oversight in all of this?

- And finally, there's an even more fundamental question here for everyone in Insurance whatever the specialty: what's the end destination for Insurance in a world of personalisation and hyper-personalisation? How do we describe what we do: for some it's 'cross-subsidy', for others 'risk pooling', for yet others it's being compelled to be responsible for 'Vulnerable' customers (whatever that means) when all they're interested in is their chosen customer segment. I subscribe to the view that to be human is to be vulnerable in many ways, and at many times in our lives, personally and professionally. I believe that Insurance is a social necessity and that if it did not exist, it would need to be invented. There is no such thing as one group of people who are destined to be 'Vulnerable' and then the larger group who are not, forever and unchangingly. Misfortune, accident and catastrophe are undiscriminating, respecting neither geography, income bracket or digital-savviness. People's close acquaintance with Vulnerability as a result of Covid-19, adds a new dimension and urgency to the unresolved debates of **What is Insurance for? Why are we – and what does that mean for our business models, our colleagues and our customers? What does 'Fair' and 'Fair Value in the Digital Age' mean in the 2020s?**

By acquiescing with you, a customer is not giving you their trust: they're giving you their conditional cooperation. You can't trust something you don't understand so the greater use of data without being able to address and explain the issues listed above to the Customer's satisfaction will do the opposite of creating Trust. What all this means is that individual leaders, Board Executives and Independent NEDs don't have simple choices here. The 'halo effect' of being like Amazon & Google is pretty much over as societal (and regulatory) trust in BigTech erodes fast. To earn the Social Licence to innovate with Data, Insurance as a sector (and each firm individually) must create a Trust 'Brand' for Data of our/their own, and that requires being loud and clear on Governance, Standards, Data transparency, model explainability, accountability, liability and redress for the Customer. As a quick check in your own firm, what are the answers to the following 4 questions:

Where is the live inventory of internal algo models used for any purpose in the firm?
When was the last time a model was decommissioned?
Do you have access to an accessible (i.e. built for non-teccies) visual life-cycle of one piece of customer data (any piece) – from provenance to data cleanse?
How long ago were key data supplier relationships audited for the above?

I'd argue these are vital questions for anyone sat on a Board to be asking, but in fact this clarity and transparency should be on-tap for any professional, in whatever role across the firm.

GreenKite can help you, your Board and your teams make sense of the Data and Trust landscapes, unpacking the need-to-know issues from AI to Data Strategy and Delivery, from Culture to Standards to managing outsourced services and selecting solutions providers.

Guest Blog: Truly informed Consumer Consent is Critical for Innovation and Open Finance's Trust Goals

By Valeria Gallo

Valeria Gallo presents a diagnosis and potential approaches to creating informed consumer consent. As she says, “Open Finance and Innovation are much more likely to succeed in the long term if consumers trust them to look after their interests and help build a better and more inclusive society.”

Did you ever check which fire safety tests your fridge or microwave passed before buying them? Do you ever fire test them yourself?

I assume that most of us would answer "no" to these questions. As a society, we agreed that it would be unreasonable to expect individual buyers to understand the fire risks and the testing protocols for household appliances. So instead, we can rely on relevant authorities to certify that the appliances we find in shops are safe.

However, the story is very different when assessing the risks associated with organisations' use of our Personal Data. The UK General Data Protection Regulation provides individuals with Data rights and protections, e.g. the right to be informed or object. Still, in many cases, it is up to individuals to balance the risks, of loss of privacy or financial exclusion, versus the benefits like access to a service, or to a lower price, and then consent – or not – to the processing of their Data. Daniel J. Solove refers to this as a "privacy self-management" approach.

Data-driven Innovation and flagship Data-sharing initiatives, such as Open Finance, are gathering pace in Financial Services. Against this background, I believe it is essential to reflect on whether consumer consent can - on its own - give individuals meaningful control and foster an ecosystem of trust.

Open Finance, Data Innovation, and the Limitations of Consumer Consent

For those unfamiliar with it, Open Finance is a proposed regulatory initiative that will give individuals in the UK the right to request that their financial providers share their personal financial Data with authorised Third Party Providers (TPPs). These Data-sharing rights already exist for payment data – aka Open Banking. However, Open Finance will extend them to a much broader range of financial sectors and products, such as insurers, pension, or investment providers. Consumers could benefit significantly from an Open Finance ecosystem and further data-driven innovation in financial services. They could enjoy more innovative and tailored products and services, improved financial capability, and lower prices thanks to greater competition. But, at the same time, Open Finance and Data Innovation also present significant risks. According to the Financial Conduct Authority (FCA), some of the top ones relate to Data Ethics issues. They include Data-driven financial exclusion, unfair discrimination, poor outcomes for vulnerable or less Tech-savvy consumers, and low transparency and explainability of automated decisions, e.g. credit scores calculated using Artificial Intelligence (AI).

Truly informed Consumer Consent is Critical for Innovation and Open Finance's Trust Goals

The FCA explicitly states that the use of data should "take place in a safe and ethical environment with informed consumer consent." But the critical question is: when can consumer consent be deemed truly "informed"?

I (and Mr Solove) see some critical challenges in this respect. I will highlight three, but this is not an exhaustive list by any means:

- **Our behaviours and choices are often irrational and based on incomplete knowledge.**

For the sake of argument, let's assume that businesses are 100% compliant with the Financial and Data Protection laws and that their privacy notices and contracts are as engaging and straightforward as possible. Still, Financial Services and Data Protection risks and regulations remain very complex and unfamiliar to most people, especially when innovative technologies and the use of large volumes of data are involved. This complexity will exacerbate our cognitive biases: we'll favour immediate benefits while dismissing future risks, and rely on heuristics. This will diminish our ability as consumers to perform an adequate cost-benefit analysis – before deciding whether to grant or withhold our consent.

- **Consenting to share one's data may be the only way to access an essential service or product.**

For example, it is easy to imagine a scenario where a pre-condition for most car insurance policies is consenting to share real-time car location, dashcam footage, and a driver's behavioural data. If consumers do not wish to share this data, they may struggle to insure their cars or may need to pay higher premiums. Insurance companies may have a genuine business need to access and use that data to remain competitive and viable. Yet, a consumer's ability to withhold their consent will be significantly impaired if doing so may result in losing access to an essential product for their everyday life. I am not sure that consent can be considered informed if withholding it would increase the risk of financial exclusion

- **We will need to manage our consent across many providers.**

Discussions about consent are often conceptualised (including by me!) as a relationship between one individual and one firm. In reality, consumers interact – and will need to manage their consent – across a complex web of financial services providers. For example, I currently have contractual relationships with two banks, three credit card companies, five insurers, two pension providers, two investment platforms, and a budgeting app. I must admit I only have a very vague understanding of what Personal Data these organisations collect, why, and how they actually use it for my benefit or detriment. In my view, it is not realistic to expect the average consumer to maintain

Truly informed Consumer Consent is Critical for Innovation and Open Finance's Trust Goals

If not consent, what then?

I do believe that informed consumer consent has an essential part to play in Open Finance. My argument is that other safeguards should enhance it to make it more effective and foster trust between consumers and businesses. I do not have the ultimate answer about what these safeguards should be, nor whether regulators should impose them or companies could adopt them voluntarily. A thorough public debate is necessary to find an optimal and balanced approach. A few initial ideas for discussion could include:

•There could be default permissions and limitations regarding what Data firms can and cannot collect and how they can use it. Using the auto insurance example again, we could agree that sharing our real-time car location by default as we drive deteriorates our privacy to an unacceptable extent. On the other hand, we could agree that dashcams should be a default feature and that consumers must always share recordings with their insurers in cases of accidents.

•We could agree to require ex-ante regulatory authorisations or industry certifications before firms can deploy high-risk automated decision-making solutions. This could be the case, for example, for applications that could lead to financial exclusion or significantly impair a person's economic opportunities. Such an approach is not miles away from what the European Union proposed with its EU AI Act.

Looking Ahead: a Necessary Conversation

I am not the first person to highlight the limitation of consumer consent in a Data-driven economy, and certainly, I am not the most eloquent on the topic. Indeed, both the Information Commissioner's Office and the FCA are fully aware of these issues in the UK and the need to collaborate closely on them.

But in the industry debates on Open Finance and use of Customer Data that I have been a party to, these challenges are not (yet) openly debated. I often perceive a reluctance to suggest introducing additional safeguards or rules that may limit innovation. There may also be a fear of being perceived as paternalistic in implying that consumers cannot be the masters of their own affairs.

Yet, I believe we should consider and debate all options. Ultimately, Open Finance and Innovation are much more likely to succeed in the long term if consumers trust them to look after their interests and help build a better and more inclusive society.

Guest Blog: The Future of Insurance is more than just Digital

By Duncan Minty

Duncan Minty is an independent ethics consultant specialising in the insurance sector. In this short, informative piece, Duncan's challenging us to really define what he calls 'Equality of Fairness' and to get specific about how Digital and Customer strategies work cohere. Or don't. As he says, "hyper-personalisation isn't in the future, it's here and now so this is both an urgent and important debate for our sector."

There's a lot happening in insurance at the moment. New ways of designing and delivering cover and services are now everyday news. And while there's a lot to be excited about, there's a danger that our attention will just be on today's moves and this week's launches. In times of change, it's important to keep an eye on the forest as well as the trees. In other words, to embrace change, but to think as well about where all that change might be taking the market.

Most of this change is being driven by digital and while most insurers have created carefully thought through strategies for how they'll use data and analytics, not so many are thinking wider than that.

One exception is an APAC insurer who undertook detailed research several years ago into the future of insurance. It learnt that as the competitive advantage of digital diminishes, what will emerge as the new differentiator is trust. As a result, it reorganised its digital strategy around data ethics and customer relationships. For them, the point of digital is to build trust.

We know that insurers are looking at lots of touchpoints and using digital to address the niggles or more that customers have. Yet I doubt that this will have much impact on trust; it is more likely to just remove gripes. The bigger picture is where sustained trust in insurance is gained or lost.

When you stand back from this or that week's new development, what emerges are profound changes to the sector. These changes come together in what is called 'personalisation'. This involves using data and analytics to find the premium and cover that is just right for you personally, rather than you as a member of a wider pool of risks. Why pay, goes the argument, for the claims of your accident-prone neighbour? You're not like that and so are surely a 'better risk', deserving of a better premium.

It's nice but flawed, for claims will still happen, and instead of a premium smoothed over time and across groups, you'll be expected to bear the inevitable ups and downs of your own risk experience. Is that what the public expects from insurance? It's questionable.

Guest Blog: The Future of Insurance is more than just Digital

The arguments behind personalisation are now being taken further. Surely, they say, if personalisation in insurance is fair in terms of the risk each policyholder presents now, then it should be just as fair to consider the risk each policyholder is likely to present in the future. Why should a lower risk policyholder carry the claims costs that a higher risk policyholder is predicted to present over the next 1, 3, 5 or even 10 years?

The more public side of this narrative talks about how useful this will be to help those policyholders reduce those predicted risks. And that sounds great, but must be set against the context of the market side of the narrative, which is about limiting or avoiding such risk.

This 'hyper-personalisation' trend is not a future thing. It's happening now, for example in embedded insurance, a digital version of add-on insurance. And the scope of its application is going to widen, from property and liability markets, into life and health markets. Why do you think a leading insurer funded research into predicting mental health issues through selfie photos?

Why should 3 out of 4 of us pay a higher premium for the 1 out of 4 of us predicted to experience mental health issues during their lifetime? Because it will, at 1 in 4, be someone in your immediate or near family. This atomisation of insurance, taken into the future, raises some fundamental questions, not just in terms of ethics, but social justice as well. That is why academics talk about the future of insurance being political.

A key narrative associated with the future of insurance is fairness. It's a narrative seen in relatively narrow terms by the market, which focuses on the 'fairness of merit' dimension. This is what underpins the logic of personalisation and hyper-personalisation.

Fairness is more complex than that however. The regulator now has expectations for insurers to bring in two further dimensions: the 'fairness of need' and the 'fairness of access'. Yet even the regulator has been slow (and I fear rather myopic) on the fourth dimension: the fairness of time. In other words, what is fair for you today could be unfair for you tomorrow. Shouldn't insurance smooth those experiences, rather than ride you up and down them? Grasping and resolving this 'equality of fairness' debate is crucial for the sector's future, whether insurers or the regulator like it or not.

Guest Blog: The Future of Insurance is more than just Digital

So how should an insurer engage with all this? The following five steps will get you started, so long as you remember that this is ‘not just about you’ the insurer. It is about your customers.

1. **Listen to the debate and learn its salient points. Be careful not to adopt a defensive mindset;**
2. **Engage with a range of views, not just those of the market. Encourage challenge;**
3. **Explore the implications for your firm, across all functions, not just underwriting;**
4. **Judge this against ‘who you are’ as a company, not just now, but where you want to be;**
5. **Encourage others to do the same and share ideas and experiences.**

Does this feel too much too soon? I don’t think so, given that hyper-personalisation is now talked about as one of the big insurance trends in 2021.

In my own work, I am seeing a few firms exploring the relationship between their digital strategies on the one hand, and their customer strategies on the other, in the context of ‘who they are’ as a company. One of the questions this raises is that of ‘proximity versus intimacy’. Is your digital strategy based on using data and analytics to get closer and closer to the customer? Or is it based on using data and analytics to cause the customer to want to get closer and closer to you the insurer?

Do you see the difference between these two approaches? It can be summed up as consumer trust. That’s because the proximity approach exposes the firm to ethical questions about consent, autonomy, transparency and accountability. Those questions are absent with the intimacy approach because they have influenced the structure of the engagement.

To have a future, insurers need to have trustworthiness at the heart of their digital strategies. They need to unpack these things called data ethics and trust, and use the ingredients to shape what they want to achieve. Sounds complicated? Not really, for just like most other facets of business, you just need the right resources and expertise.

About the Author
Duncan Minty is an independent ethics consultant, specialising in the insurance sector. He’s worked with a range of insurers and brokers over the past 20 years, helping them turn a commitment to ethics into practical improvements. He is also a Chartered Insurance Practitioner, having worked in the UK insurance market for 18 years.
In recent years, he’s been engaging with academics around the world on the implications that data and analytics have for the future of insurance.
He’ll be joining with them in an EU research workshop this November in Italy.

To explore these trends in a little more detail, these article are worth reading...
On personalisation - https://ethicsandinsurance.info/2018/03/08/personalisation/
On hyper-personalisation - https://ethicsandinsurance.info/2021/06/29/hyper-personalisation/
On the equality of fairness - https://ethicsandinsurance.info/2021/03/03/equality-of-fairness/

Guest Blog: It's all about Trust

By Vicky Heslop

Vicki Heslop is Director of Customer Experience at Covéa Insurance. She explains why she thinks customer trust is important for insurance businesses, and how it can be achieved.

Trust in Insurance – well actually trust in many sectors - is a hot topic right now, but my focus is on the Insurance industry, and why Trust is so important in meeting the challenges we face, both now and in the future.

If we are to continue to deliver value to our customers, adapt to the ever-changing world, prosper post-pandemic, compete with new entrants, and enable our colleagues to feel proud about working in our sector, it's of paramount importance that we build consumer trust, or rebuild it for those who have lost it. Recent and ongoing changes in the market mean that trust is increasingly important, but it's also very difficult to sustain.

Working with the Institute of Customer Service (ICS), who have recently undertaken an in-depth piece of research 'Who Do You Trust: Improving trust through Customer Service', some important points stood out to me about Trust and Insurance.

First, what affects trust? Insurance is an emotive product, the true value of which is only really felt when a customer needs to make a claim. Empathy too is crucially important when outcomes or costs are unexpected, or there are issues with health, finances, or other stressful and challenging circumstances. There can also be a lack of understanding of the value and limitations of insurance, because insurance products can be complex with wordy documentation and jargon. Research shows a real disbelief when it comes to value of claims payments, deductibles or whether they will get fair treatment: we say it, we are not believed.

But why does it matter? It matters to me because ensuring all customers get fair value is clearly the right thing to do. For this to happen, it's essential customers understand the purchase they are making and get the best possible experience when it really matters. But beyond this, as an industry we need to adapt to stay relevant to customers long-term, which I think requires greater operational focus on fairness, simplicity, and transparency.

And there are compelling business reasons that support this. The ICS Research clearly shows a strong correlation between customer trust and the business benefit: 87% of customers who give a 9 or 10 as a trust score are more likely to stay with that company, and 39% of customers who give the highest score for trust would also pay **more** for the service.

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Other business benefits of trust include a lower cost to serve, greater customer loyalty and customer advocacy. This means less churn, which is something that we would all like more of in Insurance, improved employee engagement and a reservoir of customer goodwill.

Our own research here at Covéa also tells us that customers want their insurance companies to focus on a fair price, claims handling and clarity, and that important factors to improve trust would be listening, empathy, admitting mistakes and engineering operations that mean the same mistakes do not happen again.

The lowest levels of consumer confidence are around getting a competitive price at renewal, claims being dealt with fairly and their insurer being there for them when needed. Interestingly, across all customers we spoke to, not a single insurer stood out when it came to high levels of trust so, as an industry, we have a big mountain to climb!

Acknowledging this is crucial and I think there is growing industry awareness which is driving change; customers are starting to be placed much more at the centre of decision-making, product-build and digital enablers, all massive steps in the right direction.

To take things further, I've identified 5 key areas of building trust in insurance that I think are important to focus on:

1.Making customer centricity - and therefore trust - an embedded part of culture and strategies. A genuine commitment to customer needs to exist and it needs to be a part of the culture across all areas of the business not just the customer-facing areas to be able to truly focus on the customer in everything we do and therefore improve the trust that our customers choose to place with us.

2. Focusing on transparency and honesty. In a much more online world this covers everything from communications with customers through to how and why we price the way we do and why it goes up (and sometimes down!), what is covered in each insurance policy and being much clearer what isn't. We need to find more relevant ways to show this to customers than lengthy policy documentation.

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3. Bringing together and integrating the digital and human experiences whilst ensuring we don’t lose empathy. Customers have told us that they are happy and willing to use self-service, upload documentation online, book appointments and so on, but they still want to be able to contact us and speak to us if they need to. We need to ensure that, with all the new digital experiences being developed, this ability is not taken away and in fact made much easier. Trust is more likely to be maintained or increased if the easy and straightforward interactions are digitalised, but direct human contact must be made much easier when help is needed by our customers.

4. Moving to a model where prevention is offered and acted upon to prevent the incident taking place in the first place. The key to this is ensuring that we are dependable can be relied upon by our customers to be there when they need us. Our services and promises need to be consistent, enable easy access to help and advice for all customers - including those who are vulnerable - and above all take accountability to solve the problem and put things right. We need to do this with the right level of empathy and ensure we listen to and understand each customer’s individual needs and provide a tailored personal solution.

5. Maintaining ethics and acting with integrity. This is so important right now when we think about customer data, building the right digital solutions for our customers which will offer elements of personalisation, recommended actions, loyalty programmes and so on. We must ensure that customers’ needs, wants and requirements are central to this and that we are making decisions to get the right outcomes for our customers. The urgency of this is paramount with the focus from the FCA on Consumer Duty and Value measures but it should not be done because of regulation, but because it is the right thing for the customer.

This won’t be a quick or easy win for Insurers. It will take long-term vision, commitment, planning and investment into customer-centricity. At Covéa Insurance, we have begun our journey building and sustaining trust with our customers, our partners and suppliers and our people by focusing on these 5 key areas. It won’t be an easy path, but I am confident we are heading in the right direction and that it is a goal is one worth striving for.

Guest Blog: Resilient Insurance: Tough Enough?

By Shayne Halfpenny-Ray

Shayne Halfpenny-Ray is Public Affairs Manager for the CII. As he says: “For a sector whose lifeblood is risk, we find ourselves faced with some of the greatest challenges and at a time when the market has been steadily shifting away from pooled risks.”

When people say the word resilience, being the political nerd I am, I always hear the famous exchange with the Labour Party’s former leader Ed Miliband in a Paxman interview stating as firmly as he could “Am I tough enough? Hell, yes I'm tough enough." I think the crushing electoral defeat which shortly followed would perhaps be the exception which proves the rule (sorry Ed).

Yet, resilience really is the watchword of the times. The Covid-19 pandemic has served to highlight the weaknesses in our society and our economy, and the devastating impact it has had on us all proves how vulnerable our society really is.

Enter insurance stage left, the part of financial services which should be in its element when it comes to facing risks and insulating people from some of the outcomes. But as the risks get more severe and the challenges seemingly daunting to even the strongest of state level economies, what role can and should insurance play?

Firstly, it is important to outline what the big risks are. The most often discussed include (but not exclusively) climate change (poignant as we see the heat dome in North America and the devastation it has caused); cyber-attacks and digital terrorism; future pandemics; global economic collapse (the financial crash is a good example of how vulnerable interconnected globalised systems are to a domino effect); and more recently dangerous cladding and other fire safety issues and their impact on building insurance.

We also need to recognise the shift away from traditional risk pooling and as we rely more on disaggregated risk data and pricing, there is and will be a growing contingent of those who cannot get insurance at all. To back these heavy claims up, you only need to read the Institute and Faculty of Actuaries’ recent Great Risk Transfer Report, to understand where these deficiencies lie, as well as some of the potential solutions.

My own experience of this comes through my work with the Cabinet Office sponsored Access to Insurance Working Group. This has often exposed me to the challenges disabled people and people with pre-existing medical conditions face in gaining access to insurance products and services. With ever more granular risk-based pricing, it is not beyond the realm of possibility of seeing even greater barriers to access, unless we solve these deep-rooted issues.

Part of this work has shown there is more the current insurance market can do to meet the needs of disabled people and people with pre-existing conditions. In the last two years we have been able to launch a new signposting system, and an explaining underwriting decisions agreement, which alone will not fix the problems, but highlight how there is more the sector can do to be clear and to support those who need specialist support. This goes for all who are trapped in situations they can't mitigate against such as those caught out by the 'poverty premium' (for those unfamiliar with this would be well served to follow the work lead by Fair by Design and Martin Coppack specifically).

This is not a diatribe against insurance. Insurance is the backbone of society, ensuring work and life can go ahead and if Covid-19 has taught us anything it should be both how important insurance is to societal resilience, and how underinsured we all are to the risks of today, let alone tomorrow. But like all marketplaces and professions, it needs to adapt to challenges ahead if it is to survive another 300 years.

So, those are the problems, but what are the solutions I hear you ask?

Well, I would love to lay out all the answers, but my view is we all really need to get stuck into this question. Throughout the pandemic and serving both in my CII role and with my Insurance and Financial Services All-Party Parliamentary Group (IFSAPPG)* hat on, I have had countless discussions with people about all the different risks we need to provide government backed reinsurance schemes for. The problem is there are just far too many for it to make sense to underwrite them all individually.

**For those who do not speak Westminster lingo an All-Party Parliamentary Group (referred to as an APPG), are informal, cross-party groups formed by Parliamentarians who share a common interest in a particular policy area, region or country. APPGs can be influential because of their cross-party approach to an issue. The IFSAPPG is chaired by Craig Tracey MP and Lord David Hunt, focuses on insurance and related financial services issues.*

As a starting point we need to map where the limits of the market are, harnessing the power and ability the market already has whilst leveraging new products and services better suited to people's needs with these risks in mind, all so we can easily identify what is the upper limit the private sector can do to meet these risks head on. These challenges simply cannot be borne by insurance alone, so this line in the sand is how we can negotiate for public/private partnerships where the sector can work together with the government. Of course, when we reach the limits of even these agreements, there is a need for social policy to fill the gaps itself.

Guest Blog: Resilient Insurance: Tough Enough?

A lesson to be learnt from this horrible pandemic, is there are many people who could have benefited from some or higher levels of protection during this period. Yet, we find ourselves in a situation where people are often underinsured, or uninsured. Whilst some of this is natural for any private market, other reasons stem from a mistrust of or a misunderstanding of what insurance can do for financial resilience, as well of course as those already mentioned who find it too expensive or those who simply cannot find cover at all.

As part of a professional body, I see the role of professionals as fundamental to securing trust and building a relationship with consumers which will bake their views and experiences through the value chain of insurance. I specifically foresee the role of those who provide advice and often have a strong relationship of trust established as being core to reaching out and ensuring we are meeting the public's needs, whilst also facing those big challenges head on.

We should all strive to build trust in our market and our profession, and to do so will take some very difficult conversations about how we currently operate, especially considering the granular approaches to risk.

To try and re-shoehorn in an earlier thought – resilience is not so much about being "tough enough" to overcome all challenges alone – it is about proper risk management for those we simply cannot cover and how we can play a role in solving them. For a sector whose lifeblood is risk, we find ourselves faced with some of the greatest challenges and at a time when the market has been steadily shifting away from pooled risks.

And I should add we already see action taking place, with the launch of the ABI's Climate Roadmap; LIIBA's recent report on the role of Brokers in Net-Zero; and the CII's joint qualification with other CISI and Chartered Bankers, on Climate Risks, all of is welcome. However, if we are to truly to embed resilience in the market, we cannot solve all challenges in isolation from one another.

Therefore, the conversation around resilience (and there is much I had to miss out from this piece) is such a vital one for everyone to be a part of. Only together can we truly overcome the challenges of today, tomorrow and those further on the horizon.

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greenkiteassociates.com
enquiries@greenkiteassociates.com