

# Selection, innovation and scrutiny are key

## ◇ HOT SEAT

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**ADRIAN LADBURY [AL]:** What kind of year-end renewal did you experience at GC&C? How do you view the market and what was your strategy?

**Paolo Ribotta [PR]:** The renewals were characterised by a greater scrutiny in risk assessment, analysis and catastrophe modelling, and fire protection reports, as well as greater scrutiny of the lead. We were particularly more stringent when providing first-party property and marine in terms of the equation based on risk, loss prevention, exposure, capital deployment and rates.

We constricted our participation in a number of accounts and were clearly more selective when we were a shared-capacity provider. This has resulted in the overall retention being lower than planned at the beginning of 2018, as the main concern was to restore profitability. We have reduced exposure while building a stable top line. This was underpinned by a change in the mix of business by line of business to some extent. We pulled back in property and increased cyber, construction and liability. Where there were highly exposed accounts, we reduced catastrophe exposure.

**[AL]:** Was there a trend on a geographical basis, any markets that you focused upon and others where you pulled back?

**[PR]:** We continued to build our leadership position in some markets such as Spain, Italy and the CEE, while reducing some premiums, notably in France and the UK, mainly in the London subscription market. In the UK, we are more focused on the UK domestic market or those risks brought to the UK not on a subscription basis.

**[AL]:** What about the German market? You had quite ambitious plans when you hired Hans Peter Klebe back from AXA in March 2016 to drive the business. How is progress there?

**[PR]:** In Germany we have progressed to plan. We clearly see areas where we want to continue to improve our position leveraging on the broader group position. It is again about the adequacy of the equation between risk, quality and exposure – as it is across the business. But we have reached a position in 2019 whereby we can offer German companies multinational programmes on a

We caught up with **Paolo Ribotta**, CEO of Generali Global Corporate & Commercial (GC&C), to find how his company got on at year-end renewals, its plans for Europe and a growing focus on multinational programmes



100% basis. This is a big step forwards and we are now pushing into the upper middle market on a lead basis during 2019. It is going well in Germany.

**[AL]:** You also appear to be raising your profile in Madrid, which is an interesting and increasingly important market for Iberian and Latin America risks. Generali Group announced last November that it was keen to grow in Latin America and especially Brazil and Argentina. What is your strategy there as GC&C?

**[PR]:** We took a decision in 2018 that we would focus on this market. In the last quarter of last year, we announced the creation of Iberia and LatAm as a region

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under the leadership of Carlos Gómez Pascual in Madrid. The fact is that the cultural link between Spain and Latin America is very deep and so, as part of a wider reorganisation of the group, in GC&C we streamlined our presence in Latin America. The disposed companies, however, remain within the network and form an integral part of our regional offering.

Madrid is clearly becoming a significant hub for the whole region, with global brokers bringing many more risks to the Spanish capital than in the past. I get the feeling that there has been a rethink in the strategy for Latin America among European insurers and a shift towards Madrid from Miami as a hub. Perhaps Miami is lessening in importance because of this. I do not think that this shift is to London’s detriment. It remains an important hub for Latin American business. To an extent, I can see Madrid becoming the long arm of London for this region.

**[AL]:** What about the London market? How do you see the future of this historic insurance and reinsurance centre?

**[PR]:** Lloyd’s has clearly become much more rigorous in allowing the market to access its central fund through the deployment of capacity and I would say that this is long overdue. The stretch on results was very visible and this helped them to make the tough decisions on price corrections in certain lines of business to improve profitability.

The bigger question about the London market’s future really is around the need to focus on a specific value proposition that is very much concentrated on specialisation, innovation and risk taking. Then there is the big question of efficiencies. It is the right thing for the new Lloyd’s management to ask questions about whether opening platforms is the right way to go. This is different to expanding the licences around the world, which is clearly a very different topic and continues to make sense.

**[AL]:** What is the big plan for Generali GC&C in 2019? What can your brokers and risk managers expect from you this year?

**[PR]:** The strategy is twofold. One the one hand it’s back to basics, while on the other hand it is about continuing to push into client servicing and innovation in order to increase the value that we bring to the table beyond risk transfer.

The risk transfer has to be done better and this is the back-to-basics element, focused on loss prevention, risk selection, technical analysis, pricing and capital deployment.

But at the same time, we are investing

in serving the multinational clients with our multinational programmes proposition. This involves beefing up our products and tools to feed back to the client. We are continuing to invest heavily in the world of cyber and technology for the future. We are a founding member of B3i, the blockchain insurance industry initiative. It started as a collaboration of 15 global insurers and reinsurers who came together in late 2016 to explore and test blockchain potential. B3i was incorporated by its founders in Zurich, Switzerland last March as B3iServices AG.

**[AL]:** Towards the end of last year, you launched a dedicated cyber unit. Can you explain what this does in more detail for corporate customers?

**[PR]:** Last October, Generali launched a new cyber insurance function and a startup company to address its customers' concerns and needs in the area of cyber risk. This combines the wide range of cyber insurance solutions with the support of a fully-owned technology startup – GeneraliCyberSecurTech. GeneraliCyberSecurTech is wholly owned by the group and was created to deploy innovative cyber risk assessment methodologies for our customers.

We have more than 30 years' experience of managing IT insurance risks and we have used this to launch a technology platform known as Majorana. It has been designed and developed by the group's team of IT security experts. The system uses innovative methodologies to manage risk, allowing gradual implementation of its global cyber insurance offer.

The platform collects and analyses customer data, starting from an assessment of the customer's web perimeter. It then searches the deep and dark web for possible data leaks and, finally, reviews vulnerabilities in IT infrastructure. Results are then analysed through a proprietary algorithm that leads to the development of an IT risk insurance policy and an IT security report that can be shared with the customer and used to address the challenges faced.

Obviously, it depends on how big the customer is because the biggest companies do not need assistance in this area, generally speaking. It is more for the middle and upper-middle markets, which really value the analysis and related specialist service providers that can help particularly with a post-breach situation.

**[AL]:** Can you tell us a bit more about what you are developing for customers and brokers in the critical area of global programmes?

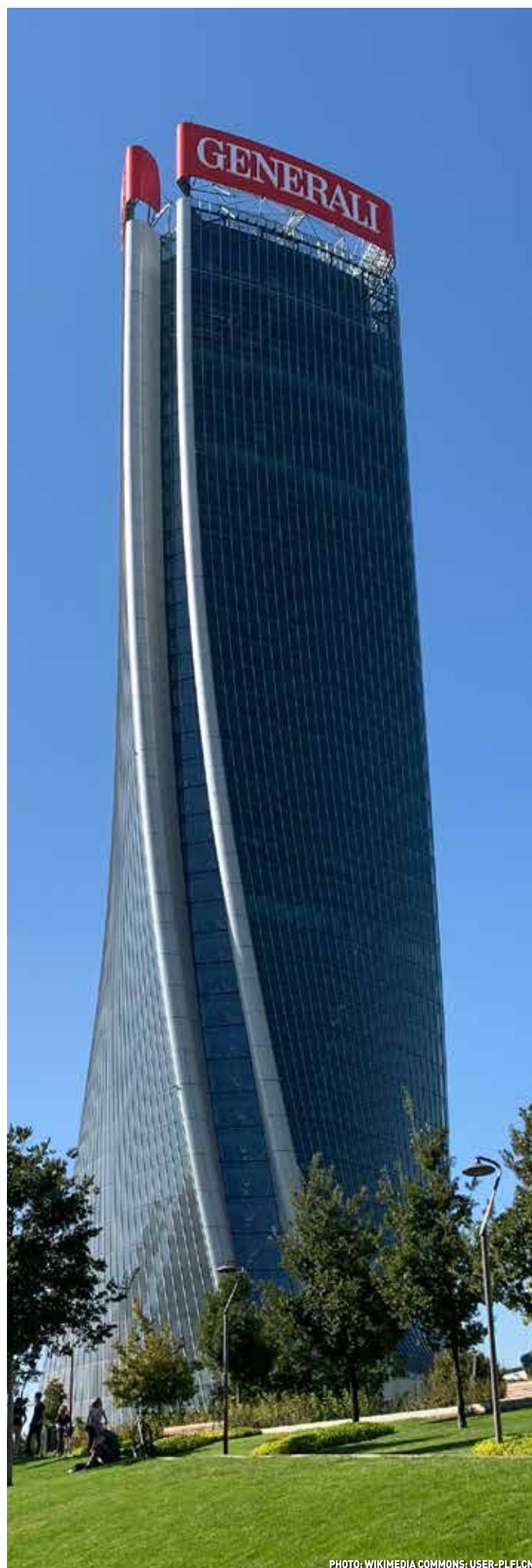


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**[PR]:** We are doing some basics to make us more attractive and easier to use for multinational programmes business. We are investing in an engine specifically for multinational programmes that will improve our capability in this increasingly important area. We will shortly be launching a client portal for our multinational clients, which is an important step. At the same time, we are investing to broaden our proposition by lines of business, specifically in financial lines.

This is not a simple challenge because you must be able to deliver a product, in D&O for example, in more than 100 countries, and you have to ensure that the policies are fit for purpose in each country. This takes considerable investment because you can't just take an English language policy and translate it. Asia and Africa have completely different legal systems to the UK and US, so this requires a lot of legal work. It is the same for professional liability.

**[AL]:** What do customers need from their insurer in the complex world of global programmes to make them really work?

**[PR]:** They need and want a seamless process from policy negotiation to issuance. You need the ability to report back on claims and overall trends in a transparent and speedy manner. This is particularly important for claims, in which risk managers want to see progress of the claim.

Preparation is important in this respect. You ideally need to prepare ahead of time so that it all works smoothly when the claim occurs. To help focus on the areas that really matter, GC&C has created a client advisory counsel. Clients involved in this have been very vocal about the generally cumbersome and slow speed of the process, and consistency in the market. We have worked directly and closely with customers to overcome these problems and it is bearing fruit.

**[AL]:** Have you taken any specific measures in this important area to improve the claims process?

**[PR]:** As part of this, we rolled out our 'claims boutique' approach. This details in-depth what will happen in the event of a loss, who to contact and where, and who has the mandate. This has been very much appreciated. Also, three years ago we launched a Net Promoter Score system that basically gets feedback from clients on their level of claims satisfaction. This method tells us what the pain points are that we need to address, and obviously helps raise the value we can offer.