

Innovation and creativity are back

Cedants increasingly demand a more bespoke, personal and innovate service from their reinsurance broker, says Linda Johnson, partner at TigerRisk.

The days of reinsurance brokers offering cedants a 'one size fits all' service are over, with insurers increasingly seeking a more bespoke service designed to match their ever more complex and unique needs.

That is the view of Linda Johnson, partner at reinsurance broker TigerRisk, the company formed almost five years ago by industry veterans Rod Fox and Jim Stanard. Johnson says many of the clients she speaks to increasingly want a service that offers them unique solutions combined with constant innovation from their broker and a close relationship from their reinsurer.

"Over time, the bigger brokerage houses have gobbled up the smaller players. It has created a very different landscape and changed the business model," she says. "There used to be many specialised boutiques in the market with many specialisations, allowing cedants an array of innovative solutions depending on what they required.

"But in the bigger players, this has all now been lost and innovation has very much been



Linda Johnson, TigerRisk

stifled. And the main people who lose out are the clients."

Johnson previously worked for one of the bigger players. She testifies that her time became increasingly taken up with bureaucracy instead of working directly with clients to solve their problems. "I was too busy filling out expense forms and filing reports. There were not enough hours in the day to meet clients," she says.

The contrast at TigerRisk could not be starker, says Johnson. Although the firm has a very experienced team, individuals have the freedom to work for clients and share ideas, with only the client's long term needs and goals to worry about.

"Everyone works as one team and we have created some of the best products I have seen in 20 years in the business," she says. "What is more, the reinsurers appreciate that too. It is a great situation to be in and I believe more and more cedants and reinsurers will want to turn to the type of skill set and level of service we can offer." ●

Collaboration needed on weather risks

As the industry assesses the impact of Hurricane Sandy, a Munich Re study looking at weather risks in North America takes on even greater significance.

As Hurricane Sandy causes havoc on the East Coast of the US, a recent study published by Munich Re ahead of the annual PCI conference takes on even more significance. Entitled *Severe weather in North America*, the report provides a comprehensive overview of weather hazards and risks in North America and how they have changed over time.

Some of the study's conclusions are startling. North America has seen the largest increase in weather-related loss events of any continent in the world, for example. It states that the intensity and frequency of events are both increasing and the industry must work together to find solutions for mitigation and adaptation.

"The purpose of the study is to provide a value-added service to clients," says John Patrick Vasturia, president of regional clients in the reinsurance division of Munich Reinsurance America. "It is a thought leadership position from Munich Re not related to any current renewals but designed to make the industry consider things long term. Munich Re has one of the most comprehensive databases of natural catastrophic events in the world and this study utilises that."

The report does not shy away from some difficult conclusions either. It lists a number of catastrophes that have hit the continent in recent years, many of which were not anticipated by the insurance and reinsurance industries. And it

says more work is needed to get on top of these threats.

"It seems we are always behind the curve, as the volatility of weather risks continues to increase and damages grow," the study concludes, referring to the way in which models failed to predict the severity of certain events. "What these models did not anticipate was the socio-economic developments, which is the most significant factor in large loss events."

The study recommends an alliance be formed between homeowners, businesses, scientists and researchers, state and federal governments and the insurance industry to prevent and mitigate the results of such extraordinary events. ●