

# VOLUME BUSINESS AND BROKERS

LEADERSHIP & ANALYSIS



## Introducing a win, win, win scheme for insurance

By Alexander Liu of Allied World

Compulsory insurance schemes for certain industries like law and medicine are well established, but the benefits of this approach are starting to be applied on a voluntary basis to other sectors across Asia, bringing advantages to buyers, providers and intermediaries.

### The high volume, small business challenge

While very little in life is absolutely new, you can always build a better mousetrap. Insurance schemes – a well-established concept that has historically been associated with protecting professionals in a narrow range of industries – are now experiencing something of a rebirth across Asia.

In Asia the client base of most insurers is characterised by a proliferation of small businesses. While these high-volume accounts can be valuable, they can also be quite expensive and time-consuming to administer. Drawing on the strength of our global footprint and having learned from successes in other markets, Allied World recognised that our schemes expertise could deliver a powerful solution with a more efficient and effective service.



### Universal appeal

Schemes can be set up in different way, including master policies under which similar entities are covered under the same policy; individual policies where similar entities are covered under separate policies but with the same pre-agreed terms and conditions; and portfolio transfers which see complete portfolios managed by the underwriter.

Whichever route is chosen, a scheme provides structure and efficiency. This brings the added benefit of freeing up time and resources for brokers to help grow prospective and existing business. In addition, schemes can generate new income through cross-collaboration and cross-selling.

Most importantly, insurance schemes benefit the policyholders who are able to obtain cover more quickly as the application process is accelerated through simplification, in addition to broader coverage conditions as terms are normally negotiated upfront with the insurer.

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### Not all schemes are created equal

So, if the benefits of this approach are universal, why isn't everyone doing it? In part this is due to a lack of awareness in the market that non-compulsory cover can be approached this way. In addition, although setting up an insurance scheme is fairly straightforward, it still needs to be done right.

- One of the most critical factors is to be able to guarantee ease of transfer from the existing insurer. This may include offering incentives at the initial transfer including enhanced coverage, automatic pricing reductions across the entire portfolio and marketing and education support.
- Next, it's important to be able to match dedicated underwriters to the types of business in the scheme and make sure that policyholders have easy access on the phone to senior decision makers at the insurer who can address their needs quickly and efficiently. Successful schemes require knowhow in areas beyond underwriting and will ideally be organised around a cross-functional team that includes experts in claims, as well as those with a keen understanding of actuarial, pricing and reporting practices.
- And lastly, like anything else, experience counts. Insurers with a proven track record in effectively managing insurance schemes will have a much more compelling proposition than those that who are dipping their toes in the water for the first time.

However, at the end of the day, the success of any scheme stands and falls on the way that it is subsequently run. It's no use rushing to get the scheme set up and then thinking the race is run, the true value is in approaching schemes business as a marathon not a sprint.

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Alexander has held various Professional Lines roles in with leading international insurance companies in Singapore, Hong Kong, Australia and the US. He has over 15 years of experience managing teams responsible for underwriting all classes of Professional Lines products.

Alexander holds an Undergraduate degree in Commerce from the University of Sydney, a Postgraduate degree in International Business Management from the University of New South Wales and was previously treasurer for the New South Wales chapter of the Australian Professional Indemnity Group (APIG). He is currently on the council for the Singapore Insurance Institute (SII).

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