



FS Club

News Events Partnerships

Insurers - Useful, Useless - Purposeful, Purposeless?

Webinar

Monday 20 July 2020





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A Word From Our Chairman



**Professor Michael
Mainelli**

Executive Chairman

Z/Yen Group



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Agenda



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- 12:00 – 12:05 Chairman's Introduction
- 12:05 – 12:20 Keynote Address & Discussion
- 12:20 – 12:45 Questions & Answers

Real Purpose

“The certainty and confidence that insurance provision brings to all our daily lives, whether business or personal, enables us to breathe more easily, to find the confidence to let innovation flourish and to engage with the present and the future, chastened by the past but not allowing the fear of the possible to paralyse us in the present.”



Mary McAleese, President of Ireland [1997-2011], speech to the European Insurance Forum, Royal Dublin Society Library, 30 March 2010



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Dr Paul Taffinder

Founder & Managing
Partner

Taffinder Consulting



Elizabeth Foster

Co-Founder

Totus Re



Professor Paula Jarzabkowski

Professor of Strategic
Management

City's Business School

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A Discussion On Why Insurance May
Have Lost Its Way



FS Club Webinar

Dr Paul Taffinder



The Problems Insurance Leaders Have

No-one gets out of bed to create Shareholder Value

Value Based Management

Legal (compliant) behaviour is not always moral behaviour

“Insurers need to turn the customer relationship into one of protection and meeting needs, rather than sales and product lines. That will take a change of mindset and a concerted effort to engage with consumers.”

Chair of Directors of the Money Advice Liaison Group
Chartered Institute of Insurers -- ‘Public Trust in Insurance’ project during 2019



How to Win Friends and Influence People

We will work very hard to try to make sure that customers benefit from the policies that they've got but it will be difficult to pay out if customers have not specifically bought protection.

Bruce Carnegie-Brown

Many customers have made claims for these losses under their BI insurance policies. There has been widespread concern about the lack of clarity and certainty for some customers making these claims, and the basis on which some firms are making decisions in relation to claims.

FCA, 16/07/2020

Unprecedented action

Objective: obtain court declarations as part of a test case, aimed at resolving the contractual uncertainty around the validity of many BI claims.



Do Insurance Leaders Pass the Purpose Test?

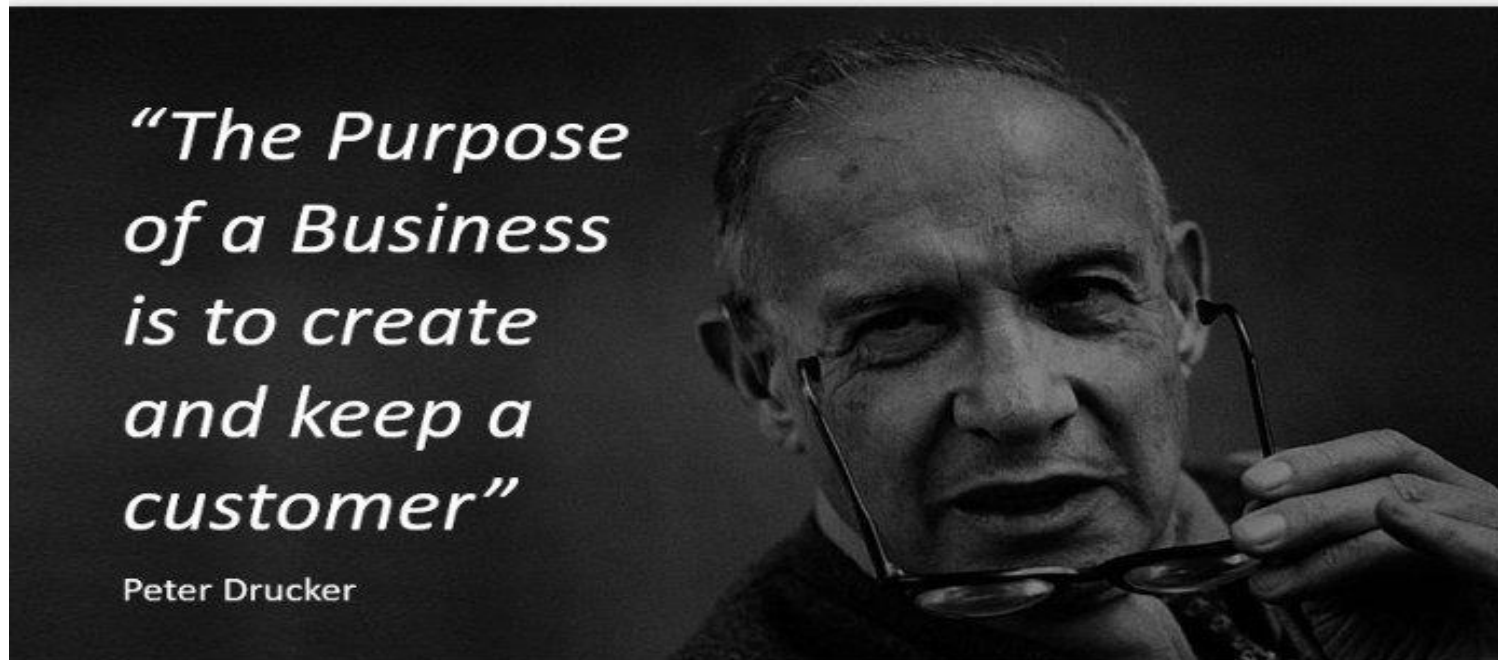
Business Interruption insurance disputes:

The FCA has released a copy of its 184-page claim, which names eight companies: Arch Insurance (UK); Argenta Syndicate Management; Ecclesiastical Insurance Office; Hiscox Insurance Company; MS Amlin Underwriting; QBE UK; Royal and Sun Alliance; and Zurich Insurance.



Have Insurance Leaders Answered These Questions?

1. *Why are we in business?*
2. *Whom do we serve and why should they come to us?*
3. *How is our purpose fit for purpose?*
4. *Does our strategy align with our purpose?*
5. *Do our executives and employees live our purpose?*

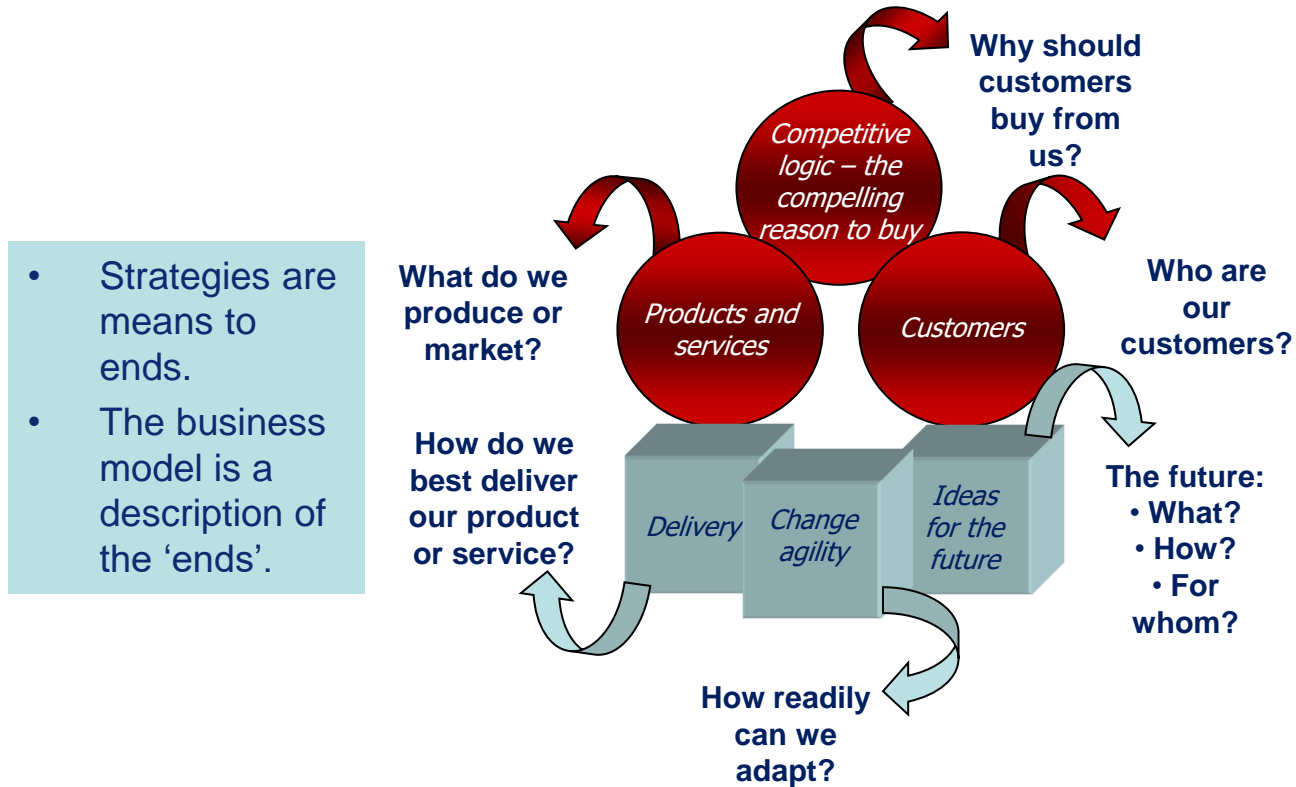


Purpose, Vision, Values (PVV)

What do Purpose, Vision and Values Mean?

Terms	Definitions	Good Examples?
Purpose	<ul style="list-style-type: none"> □ Consistent identity that transcends product or market life cycles, technological breakthroughs, management fads and individual leaders 	 <ul style="list-style-type: none"> <i>We organise the world's information</i> <i>To improve the lives of the world's consumers</i> <i>To make people happy</i> <i>To solve unsolved problems innovatively</i> <i>To preserve and improve human life</i> <i>As experts in risk we give people and businesses the confidence to realise their ambitions</i> <i>Providing peace of mind to individuals and families, and protecting small businesses and large corporations from uncertainty</i>
Vision	<ul style="list-style-type: none"> □ A description of what it would look like to achieve a medium-term audacious goal 	 <ul style="list-style-type: none"> <i>Tesco has a long term strategy for growth, based on four key parts: Growth in the Core UK, to expand by growing internationally, to be as strong in non-food as in food and to follow customers into new retailing services</i>
Values	<ul style="list-style-type: none"> □ The essential tenets that a company and its employees hold core and that guide (and perhaps restrict) their behaviours, choices and decisions 	 <ul style="list-style-type: none"> □ <i>Dedication to every client's success</i> □ <i>Innovation that matters, for our company and for the world</i> □ <i>Trust and personal responsibility in all relationships</i> □ <i>Value our people and treat them with fairness</i> □ <i>Strive to exceed the needs of our customers</i> □ <i>Demonstrate integrity in all our actions.</i> □ <i>Take responsibility for the quality of our work</i> □ <i>Display leadership in all we do</i>

Have Insurance Leaders Got Their Business Model Right?



Industry & Institutional Purpose

Purpose of Financial Services:

“I would hope that people in finance could explain to people outside why finance is socially useful – facilitating trade & commerce, providing social protection, promoting financial stability.”

Prof. Michael Mainelli

From Paul Taffinder’s pamphlet: *Post COVID-19 Calcs – Has Financial Services Lost Purpose & Plot?*

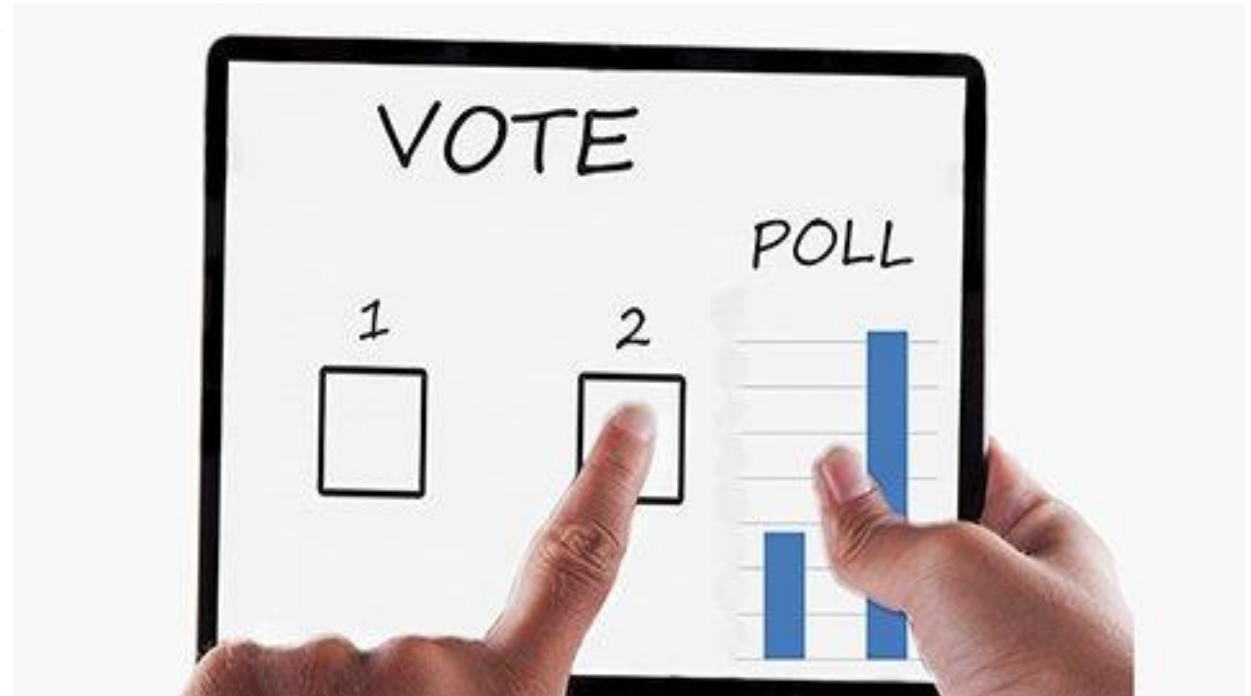


Poll

What's your view?

Given the impact of COVID-19, response of the insurance sector to date, and continuing issues of trust, will insurers:

- A. Make trust-building a high priority?
- B. Continue as they are?



Industry & Institutional Purpose: Questions

1. To what extent have Insurance institutions focused sufficiently on their purpose?
 - Have leaders got it right? How can the current Business Interruption response be justified?
 - To what extent has the economic model of Total Shareholder Returns become an unconscious driver of self-interest, greed and legalistic behaviour in insurers?
 - What will it take for Insurance firms to be seen, post-COVID-19, as more trusted, more ethical and more interested in social protection and promoting financial stability?
 - What initiatives or changes can be made in Insurance firms to rehabilitate purpose – and make insurers more useful and more purposeful?
2. To what extent would an industry-led initiative (public/private) to reinvigorate purpose, vision and values be (a) desirable and (b) workable?



Questions & Discussion, Answers?



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Forthcoming Webinars

21 July 2020 (11:00) [Share Valuation: The Wisdom On Price-Setting For Your Employee Share Schemes](#)

24 July 2020 (10:00) [Getting Back Its Mojo? Uncertain Times For UK Financial Services](#)

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More added every day..