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Vittorio Zaniboni
Chief insurance officer
Generali Employee Benefits

Great expectations

Vittorio Zaniboni of Generali Employee Benefits discusses the current employee benefits market, and how the heightened expectations of captive clients is driving innovation

Ned Holmes reports

How has 2018 been for Generali Employee Benefits (GEB)?

It has been a very busy year. GEB is currently in the midst of a complex transformation, a phase of organisational change. We recently created a new branch in Luxembourg, specifically dedicated to the international employee benefits (EB) business.

The new legal entity, which will operate as the global EB focal point for the Generali Group, comes in line with Generali's objectives to consolidate its leadership in the global EB sector.

The flexibility and enhanced range of solutions allowed by the use of this branch will effectively allow us to meet the changing and complex needs of our global clients and their employees in a more efficient way.

At the same time, we're going through a transformation journey—in terms of our operational model and the instruments that we use to enable it.

We are reconsidering the way we handle and use data, as well as redesigning our internal operating system and procedures in a very profound way.

We didn't just want to change the platform, but rather the whole operating model, to ensure that it was effective and capable of facing today's challenges and, at the same time, ready to tackle the challenges that the market will present in the future.

Can you tell me more about the new GEB branch?

The metaphor I always use is that we now have our own autonomous guesthouse, linked to our parents' house. It is a space just dedicated to us, with all the facilities we need.

This means the whole infrastructure is geared towards the needs of multinational clients, allowing us to design and launch new and innovative solutions in the fields of health and wellness, voluntary benefits, business travel assistance, and pensions.

We're committed to leading in this space, investing in integrated solutions tailored to the complex needs of today's employers and their employees.

What recent trends have you seen?

As has been the case for a pretty long stretch of time, the expectations from captive clients on EB has kept on growing. Previously, they were mainly focused on using the networks to

transfer EB risk and act as a reinsurance aggregator. Now they want the network to also be a business partner with a much wider scope of lines of business and services proposed.

In line with this, we observe that the bar is being set higher and higher in the global captive requests for proposals we receive. They want precise and accurate data but, more than that, they want to know that we can turn that data into business insights.

They expect reporting to be much more detailed and granular so that reports effectively become decision enablers. At the same time, captive clients want to see that our footprint is expanding into other areas.

It began with healthcare data about five years ago. Captives told us that while accounting data was fine for accounting purposes, it was of very little use to steer the business and address trends and challenges (and to effectively control costs).

They wanted more granularity with regards to data and insights in relation to health and wellbeing. So, our healthcare reporting was born, an area in which we've recently innovated again with the objective of giving captive clients the tools to turn data into even more meaningful insights and solutions.

Expectations have kept on moving and we are challenged more and more by the EB captive community to expand this approach to other areas.

The next big thing we see is the expansion of the same level of insight into the disability space. Clients want to know the level of prudence that is embedded in the claim and incurred, but not reported reserves we report to them.

They want to be provided with all the elements necessary to reach an appropriate level of confidence in the reserve setting for the business they reinsure.

We are moving in this direction at the moment, currently in a beta phase, to react to and address the suggestions and expectations the captive market has placed on our partnership 'table'.

Another key area of interest for captive clients is benchmarking. Traditionally, we addressed this with ad hoc analysis but there's clearly a need to integrate benchmarking in almost everything we report on by adding reference points to the metrics we report upon can add a critical value to the information contained within our reports.

It's an area in which we, as a network, can really add value in the captive market, by helping managers understand how their business in a specific country or line of risk compares to the whole reference book.

What trends do you think will occur in the next 12 to 24 months?

I expect that captives will continue to challenge EB networks. On top of having better data to support business decisions, I think more and more captives will consider EB networks to be service aggregators. In other words, they'll expect us to provide and coordinate an increasing number of services as a business partner.

The main areas we expect to see future requests are in the wellness space and in 'new' business lines, such as business travel accident and voluntary employee benefits.

Recently, we launched global travel protection, an integrated business travel and assistance product. This came on the back of requests from captive clients for such a solution.

Also, around nine months ago, we launched a business unit within GEB that is specifically dedicated to voluntary benefits—add-on solutions to standalone products but still wrapped up in the overall EB scheme.

Again, this move comes in response to the needs of our captive clients. The younger generations expect their employers to be more engaged with them and provide more choices and options.

Voluntary benefits are aimed at individuals and their families as much as employers. They can be tailored to need and include healthcare, life, accident and wellness, plus leisure services and discount vouchers for everything from grocery shopping to eating out and visiting the cinema.

What impact will emerging technology have on the EB market?

It will have a considerable impact. Robotics and artificial intelligence (AI) received a lot of attention on the retail and individual direct insurance side of the market, not so much on the group side so far, but we are considering some opportunities for AI to help us in identifying anomalies in our data flows, or addressing in real time inconsistencies in our reports.

Part of our job is to validate big data sets. We believe that we need to move from a world in which data is filtered by a static algorithm to a world in which it is filtered and validated by AI—a much more powerful tool and technology.

What I am even more excited about is blockchain, in terms of its potential disruptor role in the interface between the local EB contract and the captive.

And it's a project that's already underway at GEB—a true first for the EB sector.

We recently moved our blockchain prototype into the production environment, working with two captive clients and insurers across three countries—the latter quite different in terms of the line of risk, size, and stage of maturity, in other words, representative of the GEB network.

Our goal is to use blockchain to engage all parties in improving our business model, namely the insurance to captive process. This, in turn, will help cut costs, reduce financial reporting risk, increase trust, and improve data.

It's very early days for this technology. We have to understand the value for both parties—the network and the captive. But I believe this type of disruptive technology could generate very powerful opportunities.

We have received a lot of interest from our captive clients in this prototype. Sometimes pilots and prototypes are viewed as an extra burden by business partners, but it was quite the opposite in this instance.

What impact will Brexit have on the EB market?

Evidently, there will be an impact but we don't expect a big disruption. We have a regional office in the UK and many initiatives are ongoing there to help verify the impact, mainly in terms of capital absorption when EU rules are no longer applicable to the UK.

As far as we can see, we are in a favourable situation. We are, of course, observing the situation and planning ahead but it is not really something we are overly concerned about.

Any final comments?

Another change for us at GEB is the new and additional requirement from captive clients to break down accounting data for life business by underwriting year.

Traditionally, this was a non-life topic only. However, through discussions with clients, we now feel that we need to improve the level of granularity on the life side as well, introducing reporting by underwriting year. We will be engaging all network partners in this to ensure we deliver the level of detail required so it represents a long-term project.

It's also something that is linked to the transformation of our operating model and platform, as mentioned at the start.

It's safe to say that this year has been busy, yet very productive. It's a testament to the agility and responsiveness of the network and to be honest, we don't expect the business pace to slow any time soon. **CIT**