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Reactions

IIS Reporter

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PROFITS MUST BE SUSTAINED IN THIS CYCLE

Munich Re wants its rating back

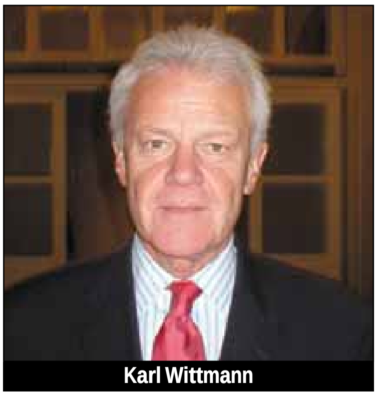
Munich Re feels it deserves an upgrade from Standard & Poor's (S&P). The world's biggest reinsurer believes it has addressed all of the demands the rating agency laid out when it plunged the company into the single-A range last August.

At the time of the downgrade Munich Re said S&P's action was "unjustified". Karl Wittmann, member of the board of management at Munich Re, says the reinsurer recently met with S&P and argued that its A+ rating should be returned to the double-A range.

"We have had our annual meetings with the rating agencies. Our position is that we have done everything necessary to warrant an upgrade," he says.

Munich Re has taken a number of steps since the downgrade. It completed a rights issue raising €3.8bn ($4.4bn). It also reduced its exposure to German financial companies' stocks. Its cross-shareholding agreement with Allianz was cancelled, its 25.7% stake in Hypo Real Estate Holding was sold and its stake in HypoVereinsbank was reduced.

Wittmann believes the company has done enough for an upgrade. "We have increased capital significantly, we have de-risked our balance sheet reducing the heavy exposure to German financial stock such as Allianz, and we have now had quite a number of quarters where we have had profitable business. We feel we have done everything possible to justify an upgrade. We can't do any more."


Karl Wittmann

The reinsurer had a good first quarter making a €534m profit and posting a 96.3% combined ratio for its reinsurance business. It made a loss last year but this was largely because of a change in German tax law. Its reinsurance combined ratio was 96.7% for the year.

S&P may wait and see if Munich Re maintains its good performance for a longer period before upgrading it. But Wittmann is confident that Munich Re, and the industry in general, can sustain profits for longer than in past cycles.

He says he can understand, however, why some observers would be sceptical about the industry making sustainable returns. "In the past the industry has fallen into the cycle trap again and again," he says. "I can sympathise with those who say the industry can't make sustainable profits. But this time we will."

There is much talk at the International Insurance Society's annual meeting this year of maintaining underwriting discipline. This is not unusual at this stage of the market cycle. But Wittmann says talk will be turned into action this time.

Lord Peter Levene, chairman of Lloyd's, also talked about sustaining profits in his speech to delegates at the opening ceremony yesterday morning. He challenged delegates to have the willpower to sustain profitability.

Levene's sentiments were music to Wittmann's ears. "I was delighted to hear what Lord Levene was saying. I have been saying, and Munich Re has been saying, for some time that we must prove as an industry that we can make a profit. It will last because we have a different situation to 10 years ago when it was very poor in terms of underwriting performance," he says.

Insurers can no longer rely on investment income to make up for underwriting losses, says Wittmann. There is also greater pressure on companies from third parties. "Ten years ago we lived in a very happy environment where there was less pressure from rating agencies, equity analysts and shareholders. Now there is more."

And as well as greater external pressure, Wittmann says there is also internal pressure in companies to write good business. "Our underwriters will not write business that is unprofitable, full stop," says Wittmann.

The way underwriters are paid is changing to ensure this happens. There is a much greater emphasis on paying for profits rather than revenues. "We now remunerate underwriters by performance. We didn't have performance-rated pay 10 years ago. They are not rewarded for growing the business," says Wittmann.

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INSURERS TO BE MORE INVOLVED IN REGULATORY DISCUSSIONS

Industry must identify emerging risks

The biggest challenge is not just maintaining underwriting discipline. It is about identifying new risks and avoiding making the mistakes of the past, according to Benjamin Gentsch, executive vice-president of Swiss reinsurer Converium.

"This is what the IIS [International Insurance Society] is about," he says. "It's about mixing and meeting with people from America, Japan and Australia – people from around the world. You talk about concerns they have in their own markets, what they identify as emerging risks in their own markets. And so it can help you to identify possible emerging risks in your own markets."

He explains that while the industry has little control over the role of rating agencies, it can influence other matters like accounting regulations. And it should ensure its voice is heard on such issues.

"The role of rating agencies is a relevant discussion for the industry," he says. "They are a big driver of the industry and we should not neglect them. But a big issue is what influences the conduct of our business in specific countries – what is your local company's status, how is it regulated, and so on. It directly influences how your company will perform."

He says one way Converium manages its risks is by spreading them across its three main lines of business – standard property/casualty reinsurance, life and health reinsurance, and speciality reinsurance. It also writes business in different countries.

Benjamin Gentsch

"Standard reinsurance is much more volatile. But with speciality business you have the opportunity to have strategic partnerships with companies that specialise and focus on specific niches and that have control of the value chain. And speciality business has different cycles from the rest of the business."

The geographical spread of risks makes it even more important to identify risks before they become a problem, Gentsch says.

Underwriting discipline is also something market players have direct control over, he says. But he is concerned about the decisions individual companies make on pricing because they will affect the overall health of the market.

"I am not so much worried about the softening of prices. I'm worried about the softening of terms," he says. "In some lines margins were high enough that some softening is not a big concern. But where deductibles go down, that's where I become concerned. And I am seeing that happening."

He adds: "We have to avoid repeating the past."

INSURANCE INDUSTRY MUST LEARN FROM BANKS

New business model can stabilise ROE

The insurance industry can learn a lot from its peers in banking when it comes to delivering returns to shareholders, said John Coomber, chief executive of Swiss Re at an International Insurance Society (IIS) presentation yesterday.

"Banks have managed to outperform insurers in terms of ROE [return on equity] and decreased the volatility of their business by changing their business model," he said.

He explained that ROE is depressed in the insurance industry when a big event occurs. Hurricane Andrew, the Northridge Earthquake and September 11 all hit property/casualty insurers' profitability. These events also hit life reinsurers.

But, he said, the banking industry has had similar crises such as when the Asian and Russian markets collapsed and the corporate scandals in the US emerged. However, the banks' average ROE of 15% over 20 years remained consistently higher than the insurance industry's average ROE of 8.5% for property/casualty business and 13% for life.

"The insurance industry has lost on ROE and has high volatility, which is not a winning combination for shareholders," Coomber concluded. He said the banks managed to maintain a fairly consistent ROE and to decrease the volatility of profits by changing their business model.

"Banks took the risk off their balance sheet and transferred it to the capital markets. The historic approach to risk in insurance companies is to buy risks into their portfolio and hold it against capital on their books. A company gets capital in the most expensive way, through equity issues."

But he says the insurance industry is slowly changing this approach. "The current approach is to take peak risks and securitize them. That way you can absorb more risk."

He points out that the insurance industry holds $2.5bn in securitised risk, compared with $2.5 trillion that banks have securitised.

Five steps to good tax risk management

Hugh von Bergen, Partner, KPMG LLP (UK), Insurance Industry Leader, KPMG's Global Financial Services Tax Practice

Tax is woven into every thread of company financial data, and mistakes in handling tax present a very real threat to business. Insurance companies are waking up to the fact that tax is a risk to be managed like any other.

Tax has always been a significant factor in the risk profile of financial sector businesses. But because tax is still viewed as a specialist area, there has been a tendency for it to remain isolated from the rest of the business: it is not commonly subject to independent review or oversight by boards. Yet tax can erode a third or more of a company's profitability. In many recent high-profile cases, large multinationals have suffered significant attacks by revenue authorities - leading to a material impact on their share price. Is it likely that such a level of trust would be placed in any other area of the business which had such a potential impact on the bottom line?

Insurance organizations are now starting to take tax risk management much more seriously. What steps can boards take?

Develop clear tax strategy

Recent research by KPMG International on tax risk management in the financial sector reveals a widespread lack of recognition that tax is a risk that needs managing as part of the overall risk framework. Many insurance groups still do not have a properly articulated strategy written down and agreed with their board and management committee. Tax needs to be treated as a business risk, just like any other: it requires a strategy on risk that is well understood within the organization and takes into account the whole risk spectrum, rather than focusing on tax technical issues.

Ask questions

Tax experts must now accept that their strategies and processes will have to be subject to the same rigor as every other area of business. Correspondingly, boards and tax directors alike should take charge of the tax risk assumed by their corporations, to ensure that the fiscal authorities are not the first to bring it to their attention. Boards need a clear understanding of the work tax is doing and its effect on overall risk. They must keep asking questions about controls and the tax consequences of major transactions, and ensure that reliable independent reviews are in place.

Be consistent

The financial sector professes to be tax risk averse. In KPMG International's survey of insurance companies and banks, half of the respondents said that either they would not do anything to provoke the tax authorities in the first place, or alternatively that their organization would not go to court to defend its tax planning. In fact, our observation is that these companies are not so much risk averse as inconsistent in their approach: sometimes conservative, sometimes actually taking significant risks because they are ignorant of the true nature of the risks they are assuming.

Take a broader view

One problem with imposing an overall risk management framework is that half of the work carried out on taxes is not done by the core tax team, but spread over the whole group. Not surprisingly, this can lead to tax directors focusing on what they can control (like corporate tax and technical risk) and giving a lower priority to what they can't control (for example, payroll and indirect taxes). This in turn can lead to a one-dimensional approach in tackling risk. Tax directors need to take a wider view to be sure they are fully informed on all issues - at global, national and local level - to develop a more comprehensive control framework. The Sarbanes-Oxley Act has been very helpful in pressuring groups to do just that as they pay more attention to tax risk.

Fight for technology

Technology is not well used in the industry at the moment. Of course, installing a new IT system is not a panacea for risk management. But better use of technology can massively improve efficiency, as well as enabling tax professionals to re-focus their efforts away from compliance and into value adding areas such as planning. Clearly this may be a struggle for some organizations: the tax department is often low down the pecking order in securing its share of technology spend.

Keep up the good work

The picture overall is of a new and developing discipline. Heads of tax in insurance groups are aware of the problem and starting to tackle the issues. We are seeing some good examples of improved tax risk management, particularly in understanding the full range of risks and improving board awareness. Keeping up the pressure to improve will be vital to the future effectiveness of the tax function. ■

Copies of KPMG International's 2004 survey 'Tax risk management in the financial sector' are available from Sonia Galley on +44 20 7311 5326, e-mail sonia.galley@kpmg.co.uk.

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News

BETTER INFORMATION MAY IMPROVE INSURERS' DISCIPLINE

Ignorance is not bliss for insurers

Insurers are better informed about the risk they are taking on. This may be crucial in determining whether insurers manage the pricing cycle better than they have in the past, says Kees Storm, the retired chairman of the executive board of Aegon.

Storm is hopeful that insurers will stay disciplined. But he says his hopes for the industry have been dashed in the past. "I am an optimist. But I have been preaching about discipline for many years. Nature takes its cause."

But this time may be different, says Storm, because insurers have a greater understanding of their risks. This may reduce the big swings between underwriting profits and losses that have plagued the market in the past.

Kees Storm

"You can only pray that the valleys won't be so deep and the peaks not so high," he says. "It could be the case this time. Mistakes are made by the uninformed and the information available is higher today."

Consolidation in the industry may help companies become more disciplined. In a seminar yesterday John Coomber, chief executive of Swiss Re, said the concentration of players in the industry is below that in many other industries. Storm believes there will be more mergers and acquisitions to come.

"There will be more concentration," he says. "That should be a positive influence because it will reduce the ignorant capacity."

But one area where Storm believes ignorance will not be reduced is in insurance reporting. There is a movement to establish international accounting standards to make insurance reporting comparable between different countries.

Storm says the standards may lull people into a false sense of security. He does not believe reporting by international accounting standards will be as comparable as hoped.

"Regulators want to have one system for the whole world. Everyone will think they have transparency, comparability and consistency. I predict this will not be the case.

"The framework will be the same but if everyone has to judge the underlying risk and make assumptions then the reporting will not be the same. It will be very difficult to compare. I don't think it will be different to how it is now."

INTERNATIONAL EXPERIENCE A PRIORITY FOR EXECUTIVES

Insurers are gearing up for Asia

US and European insurers are getting ready for expansion in Asia by recruiting executives with expertise in the region, says Evan Lindsay, vice-chairman of executive search firm Heidrick & Struggles. But the number of eligible candidates with Asian experience is limited.

"I have noticed an increase in recruiting executives who can move into other regions of the world, Asia in particular," says Lindsay. "US and European companies are looking to upgrade their talent in the Asia-Pacific region because everyone is currently placing their bets there.

"Everyone is trying to position themselves for China. And there is still an emphasis on building operations in India as well. These two markets are seen as having really high potential."

Lindsay says a number of companies have recently appointed heads of international operations with expertise in Asia. The demand for executives with experience of working in Asia is increasing. But there are few eligible candidates. Because of this, Lindsay says the most common thing is for companies to appoint people who have at least proved that they can run a business outside of the company's home market.

"The skill set of having worked outside of the home territory is much more valued now. Companies are looking for people with expertise in Asia but it is a very limited talent pool. So, companies are placing emphasis on people who have some experience of international business, be it in Asia or not," he says.

The people who are filling these posts tend to be Americans and Europeans. Some companies are appointing Asians to run operations in the region, but Lindsay says this is not nearly as common.

He says this may be because companies are becoming more coherent in their approach to Asia. Some are trying to take what works well in their home market and export it to their Asian operations. And because of this, the ideal candidate for running Asian operations for these companies would be someone with experience of both Asia and that company's home market.

Evan Lindsay

"A number of companies expanding in other countries are trying to leverage what they do well in their own market. That is one of the reasons you will see a Westerner in charge," says Lindsay.

The causes of ART disputes

By Clive O'Connell

Alternative Risk Transfer (ART) has come of age. Ground-breaking deals have led to ground-breaking disputes. With disputes, as with all adverse experiences, comes learning. In the case of ART, the many can learn from the experience of the few, a far more pleasant way to learn.

Unfortunately, although understandably, most disputes in the area of ART have been conducted in the confidential environment of arbitration. Indeed, most have been resolved, relatively amicably, through negotiation or mediation. This means that aside from the film finance cases that have occupied the courts in both England and America, there is little public information about the nature and causes of ART related disputes. Other information is derived from personal experience or anecdotal evidence.

ART deals are by definition novel and this has been the cause of many of the issues that have arisen. Checks and controls established for mainstream business are not always able to cope with alternative business. This lack of control can lead to the assumption of inordinate amounts of accumulative risk with no adequate reinsurance or other protection. It can also lead to underwriters operating in a manner that denies caution and makes them hungry for premium.

New areas of business mean, often, that those who are responsible for management cannot fully comprehend the nature of the business being accepted on their company's behalf and cannot critically review the processes employed to underwrite that business. Again, when results turn sour, the management are not always well placed to interpret the signs or to act to mitigate loss. It is essential that a full understanding exists of the business being accepted by a company. That is a truism that is frequently overlooked.

Clive O'Connell

Clive O'Connell is a Partner in the award-winning Reinsurance & International Risk team, and a member of the ART Group at Barlow Lyde & Gilbert.

The insurance and reinsurance industry has invested heavily in increasing the intellectual capital available to participate in the ART market. Actuaries, accountants and lawyers abound. These professionals do not come without cost. Insurance and reinsurance companies are competing with banks and trading houses for the very best. Consequently, the cost of underwriting ART deals becomes high and with this a quandary for underwriters. Too often, when much time and effort has been invested, an underwriting team will be induced to enter into a deal rather than walk away. The consequence is frequently that after abandoning prudence, disaster results. The desire to conclude a deal must be balanced by checks that ensure that deals are only done for sound underwriting reasons.

The very nature of the risk can be so novel that risk evaluation is difficult, if not impossible, even when using sophisticated and up to date modelling techniques. Sometimes the nature of the risk is such that no historical data exists or, if it does, it is so sketchy as to require numerous assumptions. Occasionally, the product itself will have an impact on the nature of the risk thus skewing historic data. All of these eventualities can lead to losses far exceeding the level anticipated and can render pricing inadequate. ART deals are by necessity large. They need to allow for the cost of developing and underwriting. Unexpected large losses on such deals mean that a dispute is more likely than not.

Contract wordings are a further source of potential disputes. While, generally, each party's lawyers will put wordings together, they can only reflect the understanding of the deal imparted to them by their clients. If a party to an ART transaction does not truly grasp its full implications, or, more disconcertingly, if both parties fail to understand its effects, no lawyer can hope to reflect the deal made between them misunderstandings result in disputes, particularly where the losses are significant. It is essential that the parties appreciate the full nature of the risk and that this is accurately reflected in the wording. The employment of expensive lawyers does not allow the parties to abdicate responsibility; they must work with the lawyers to ensure that the risk that is transferred is the same risk as the one they have priced.

ART disputes are still relatively rare. When they do arise they are complicated and expensive to resolve and much turns on their resolution. Careful management and risk evaluation at the time of underwriting can assist in avoiding disputes or, at least mitigating the level and nature of future disputes. ■

"[BLG] has an outstanding reputation for its expertise in litigation and other forms of dispute resolution – it is the breadth and depth of the practice that distinguishes it from its competitors. As well as acting for corporates in relation to a wide range of general commercial disputes, the firm is well known for several sector specialisms. Of particular note are the reinsurance, insurance …..teams which are all recognised as market leaders." – **Chambers and Partners 2003/2004**

BLG

GOVERNMENT UNDERSTANDS AUSTRALIAN INDUSTRY BETTER

Australia is stronger after HIH collapse

The collapse of Australian insurance company HIH has made the country's insurance industry much stronger, says Joan Fitzpatrick, chief executive of the Australian and New Zealand Institute of Insurance and Finance.

Joan Fitzpatrick

"Everybody's understanding of the insurance industry is now more refined. HIH has spawned that," she says. "The collapse of HIH has led to the overhaul of prudential requirements for insurance companies. HIH has caused a disaster recovery situation where industry leaders, the government and the regulator had to work together to find initiatives to resolve this disaster."

She says Australia now has a regulatory regime that is the envy of many countries. "It has brought a lot of stability to the market and restored confidence fairly efficiently. The reception of some equity issues we had in the last year – Promina's launch was a big success and so was IAG's issue – indicates that shareholders definitely have confidence in the market."

She says the building industry ground to a halt when HIH collapsed because most of it was insured by the insurer. But this served as a wake-up call to the country's authorities. "The government realised how important insurance is in the socio-economic context, where previously it may not have really featured on the government's agenda. However, there is still a lot of insurance education that needs to happen."

For example, Fitzpatrick says that the country is still quite under-insured. "One of the reasons for this is that the government is levying large taxes on insurance premiums in the country. In Victoria, there is 80% tax on insurance premiums. So if your insurance premium is worth A$100 ($72.3), you will pay A$180 each month. That is really an irritant that the industry needs to fight against and create awareness of."

She says that consumers might also struggle to understand all the documentation insurance companies now churn out under the new regulatory regime. In order to protect the consumer, companies are now required to provide detailed information about products.

Fitzpatrick says: "It is a very mature market, and yet there are elements that seem to be out of sync. There is still a strong need for consumer education because sometimes they just don't get the details of a product. Perhaps this emphasises the need for intermediaries."

(Clockwise) Delegates enjoying the IIS's opening reception on Sunday night: Neil Hindle and Bill Henderson from recruitment firm Egon Zehnder International and Jim Roussos from recruitment firm Palmerholt; Kees Storm, the former chief executive of Aegon with Peter Wells from Marshall & Swift Boeckh; Robert Gibbons from the International Insurance Foundation with his wife Mary; Patrick Kenny, IIS chief executive, with Abelardo Angulo Araico from Grupo Nacional Provincial.

PETHEALTH SEEKS TIPS ON DISTRIBUTION AND RISK MANAGEMENT

Pethealth seeks advice on new captive

Mark Warren, chief executive officer of Pethealth, a Canadian insurer that provides insurance that covers the medical costs of pets in Canada and the US, is at the International Insurance Society's (IIS) meeting in London this year partly to meet with reinsurers to discuss a captive the company is forming.

Pethealth hopes to have a captive set up in Barbados in the next six to nine months that will act as its reinsurer. Warren is looking for reinsurers interested in fronting for and reinsuring the captive. He is also seeking advice on the structure the company has used to ensure it will suit its needs.

Mark Warren

"One of the reasons I am here is to meet with reinsurers and hear their views on what we are doing," says Warren. But he adds that, strategically, the company is more focused on areas such as its distribution and continuing to develop what is a young market in North America.

Pethealth was set up in 1999 to capitalise on a growing demand in the US and Canada for insurance that covers rising veterinary fees and other medical costs associated with domestic animals. He says this market is small at the moment – he expects gross premiums in the US and Canada to reach between $100m and $110m in 2004. But it is growing fast. Pethealth has grown by 90% to 100% every year since it was formed and he expects this to continue.

"We are basically creating an industry," he says. "But there is every indication that this market will take off. Veterinary fees have increased by well in excess of inflation for many years now and people are keen to insure these costs. There has also been a growth in what we might call the bond between humans and animals."

Pethealth was one of the first companies to sell this type of insurance directly to the consumer and it is always looking for new ideas for its distribution. Petco stores now sell Pethealth's products off the shelf and agents for insurer Metlife also sell its products. Warren says 30% of his company's sales are online. He says he believes his company is very innovative in its distribution but he is interested in the views of other IIS delegates on this subject.

Warren is also hoping to learn more at the conference about how other companies are approaching risk management. "We want to ensure that our models are state of the art and that we are keeping up with what is happening elsewhere," he says.

INDUSTRY CHANGES APPROACH TO RISK MANAGEMENT

Red tape can also create discipline

Financial reporting and compliance, the role of the rating agencies, and risk management will be the three big talking points at the International Insurance Society's meeting in London this year, says James Westlake, chairman and chief executive officer of RBC Insurance.

He points out that all these issues concern the framework and organisational structure of companies rather than how they can develop their businesses and move forward. He says that such issues are taking up an increasing amount of insurers' time. But he also believes they are necessary and important for the industry.

"There is a red tape element to all this but these are also very real things that you have to have," he says. "They need to be dealt with and they give the industry a certain amount of discipline."

Sarbanes-Oxley and International Accounting Standards (IAS) are the two big issues most insurers in Canada and the US are still trying to grapple with, Westlake says. The way IAS might differ from US or Canadian GAAP is an issue many companies have to consider, he says.

He believes rating agencies tend to be too reactive to situations, only responding after the event. But he acknowledges that they are increasingly important for the industry. "The aftermath of September 11 showed how soft some ratings were," he says. "But everyone is a lot more concerned about ratings since then."

James Westlake

And he believes that the insurance industry's approach to risk management is changing. "There has been a real shift in the way insurers approach risk management," he says. "It has historically been very focused on specific risks but it is increasingly following the example of the banking industry that has a very different integrated approach."

News

RATING AGENCIES WILL HELP THE MARKET COPE WITH CYCLE

Raters offer leadership

As rates start to soften in some lines of business, it is becoming clear that many players in the industry have not learned from their past mistakes, says Patrick Peugeot, president of La Mondiale, the French mutual life insurer. He says some reinsurers are starting to write business at rates that are not adequate. “The market is not standing firm; it lacks leadership,” he says.

But he says he is still more optimistic about the industry’s ability to deal with rates falling than he has ever been in the past because of the influence of the rating agencies. He believes the agencies are providing the leadership and imposing the discipline that is lacking in the industry.

“The true leaders of the industry seems to be the rating agencies now,” says Peugeot. “They are the only ones that even the biggest companies have to listen to. I have worked in this market for 25 years and I am more comfortable with the way the market will deal with the cycle now than I have ever been.”

He also says he disagrees with some industry executives that claim the rating agencies’ capital adequacy models lag behind those used by the industry itself. “Their models are improving,” he says. “There are now four different agencies competing with each other. That has created competition and they are stronger as a result. They have the expertise and the people and they are providing leadership for the industry.”

He stresses that he does not believe the industry is slipping greatly in its approach to underwriting yet. “But it is clear that some business simply would not exist if it was being written at a truly technical level,” he says. He believes that one reason for this is the existence of so much new capital in the industry. Because these companies do not have to worry about legacies from previous underwriting years, their target loss ratio might not be as ambitious as older companies’z, he says.

Patrick Peugeot

Peugeot also says that life reinsurance will become increasingly important in the market in the coming years. He says life insurers are starting to face many new challenges and risks that they need help dealing with. “This is an area where the expertise of reinsurers is needed,” he says. “The market is moving ahead very quickly and life reinsurance is becoming a tool that is much needed. It is becoming as important as the property/casualty side of the business.”

He says there has been a good example in France recently of how the market is changing for life insurers. In August last year, the French government introduced tax incentives to encourage people to set up pensions privately. The initiative was introduced in response to the dwindling returns that people can expect to get back from the existing state pension scheme.

Peugeot says he expects the French pension market, which he says is now approximately €10bn ($12.3bn) in size, to grow by four times or more because of the new scheme. But the opportunities this will create has prompted a race for market share among the country’s insurers and banks, the latter of which have never got involved in this market before.

Peugeot says many of the banks are saturating the market with advertising campaigns in an attempt to secure market share. But he says La Mondiale will be taking a very focused approach to this market, targeting middle-income earners who he believes will be some of the biggest users of the new scheme.

“The bancassurance companies are asking for contributions in the region of between €400 and €500 a year,” he says. “But we are looking at €2,500 each year. We are targeting a different level of customer. It will be interesting to see how this sector of the market develops, especially now all the big banks are getting so involved.”

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