

The changing face of international insurance

The insurance landscape is changing; so too are the clientele. Berry Wong, Chief Executive Officer of Charles Monat in Hong Kong says insurance firms must redefine their strategy if they are to thrive in the years to come.

FOUNDED IN 1971, INTERNATIONAL INSURANCE brokerage Charles Monat was acquired by Willis in 2014, before a management buyout last year. Today, Wong says, the two companies remain on very good terms and continue their strategic partnership.

With a background in private banking, Wong started his career in wealth planning more than two decades ago, having worked for banks such as HSBC and BNP. His interest has never waned, particularly with the industry changes over the last eight years.

The rise of the EAM Change has been particularly noticeable over the past 24 months. “Quite a few senior private bankers left the industry to create their own family offices or EAM,” comments Wong.

There are several motivating factors. “Large corporations have more in-house rules and procedures to deal with in recent years which means less time for them to focus on their core expertise. Secondly, banks have significantly changed their remuneration plans.”

Far from being new entrants to the industry, these bankers are incredibly experienced. They’ve built up their reputation, their client base and their network. This is a game changer: particularly for brokers like Charles Monat. Private banking used to be their primary referral source. Now an increasing number of referrals are coming from EAM and family offices.

Redefining strategy For Wong the answer is clear - brokers need to develop a new strategy for non-bank referrals, something which the firm has already instigated. “As you can imagine, there are a lot of conflicts



BERRY WONG
Charles Monat

of interest between EAMs and banks, it's why we have set up a separate team that primarily deals with all EAM business, and does not deal with banks."

The intention is to locate a non-bank partner such as a trustee or a family office. The firm's new position is to diversify its business channels to build a bigger and more business portfolio for the firm. Wong stands firm that the approach should always be to first understand the client's needs, then set out the parameters and assess the available products to see what's right for the client.

However, one of the toughest parts has been getting the right referrals for insurance solutions from banks. "From a banks' perspective, they want to remain the referrer. This takes more time to ascertain the real needs of each client referred by banks."

But the position taken by the banks doesn't mean that the conversion rate is necessarily low - it stands at what Wong describes as a healthy 20 per cent ratio. Indeed, a high conversion rate would be a cause for concern. "If the conversion rate is 100 per cent then bank compliance is a huge problem. You can't identify 100 clients that all convert to insurance products if you don't perform any sort of suitability study."

A holistic approach Alongside taking a more holistic approach to strategy, Wong believes the industry needs to place greater emphasis on training to ensure clients receive high quality advice regardless of insurance broker, EAM, investment manager or RM.

Those that are succeeding in the industry have a solid knowledge base, are confident operating in a new arena, and serving the best interests of clients - something which puts Charles Monat ahead of the crowd.

For one, the firm is clear on its diversification plans. "We look to diversify horizontally whether that's a different industry or service. However, it's also our ambition over the next couple of years to diversify vertically. This

includes onshore - not just Taiwan but also China."

With a history of innovating including its strategic partnership with Willis Towers Watson, Wong clearly understands the marketplace and the value the firm can bring. "Our big clients aren't looking for primarily Universal Life insurance, they're looking for a lot of other non-life products including maritime, flight or even artwork insurance."

A further differentiator is the firm's health and hospitalisation (H&H) division which opened in 1992. Many wealthy individuals in China want coverage for their medical bills. "We have a team primarily in Hong Kong taking care of medical insurance. This means you don't have to call a hotline in AIA or submit claims through the internet, you can talk to a person."

The conversation is also broadening into new types of products too, including director's insurance to help protect companies and shareholders that are dealing more with American and Canadian organisations.

Looking forward Alongside Wong's mission to develop a strategy with non-bank partners, he also has two further aims. With 23 consultants in Hong Kong, he wants to recruit more in 2018. "It's tough to recruit new talent. We need someone who not only knows the product well but has some appreciation of what has been happening in the banks, understands the compliance culture - and the bank's culture."

Collaboration is also key for Wong. In 2017 the firm forged partnerships with accounting and law firms. This year it wants to foster closer ties with the private banks it has worked with for more than 15 years, leveraging marketing awareness programs and collaborative activities. "We want to do more orientation and mega case sharing. It's about making sure that we do a good job, so they feel more comfortable referring clients to us going forward." ■

