

Responding to the Crisis, Insurance Looks Ahead

How Insurance Leaders are tackling the ramifications of Covid-19 on the industry

As the crisis drags on, industries must make the transition from coping with the initial emergency to crafting the changes that will shape the new normal. Egon Zehnder gathered two-dozen leaders in the global insurance industry across Asia, Europe, and Africa, to discuss how they have managed thus far, what they can learn from each other, and the necessary steps going forward.

Crisis Mode – Leading through calm communication

From approving claims, to reassuring their workforce, leaders in China, India, the UK, South Africa, Hong Kong, and Singapore, expressed one resounding message – show leadership by expressing calm into the organisation and over communicate.

On the people front, insurance leaders faced the dual task of not only providing protection to their policyholders as the pandemic swept across borders, but also moving to protect their employees, distributors, and safeguard their data.

“As distressing as the situation is, as leaders we must stay calm. This is the time people look at us for direction”

While the message is the same, each speaker brought a different perspective. One leader likened the company communication to a marathon with multiple sprints, and has been holding regular calls ranging from 1 to 3000 people, to rally morale around various issues including retaining full pay, and securing their jobs. Another demonstrated their

care by providing additional medical benefits to their workforce, and one discussed their commitment to providing care to those below the poverty line in their developing markets.

Throughout all these initiatives, one thing is clear, despite conveying a clear direction and sense of stability, these leaders are navigating in uncharted waters and are acutely aware of the dangers the industry is facing. Aside from the influx of claims across health, travel, and life insurance to name a few, moving thousands of people from physical offices to working remotely, has put the insurance industry at high levels of virtual danger with cyber and fraud risk.

Called to Action – Contributing to the wider cause

Following the initial crisis weeks, and with stability successfully projected into the organisations, new objectives around contributing to the wider cause and managing external reputation began to emerge. This shift manifested itself in insurers taking a hard look at the realities of pandemic life and considering ways in which they would play a role in the emerging new world.

With mounting pressure from the public and governments for insurers to step-up to the challenge of helping the public and the economy recover, leaders have had to look at answers that won't bring the industry down and create even longer term negative outcomes.

“There is a lot of pressure for the insurance industry to be part of the solution without much regulatory clarity or a steer clear from governments”

The anticipated increase in collaboration with governments will ideally benefit all parties, supporting dislocated business owners, the wider population, and allowing countries to recover their economies. For the insurance industry, the main opportunity would be around redefining practices in the new normal, leaving bad practices behind. Managing the upheaval in the industry while facing the demands of rattled customers calls for a new way forward. This begins with the rules and regulations governing insurance. As an industry with a strict legal framework and non-compete laws prohibiting agreements, insurance companies will need more than their own impetus to adapt to the changes.

“A lot of insurance players have been in touch with local regulators to press them to allow new things such as the use of virtual communications”

From a government standpoint, taking co-ownership would necessitate greater partnership, especially on the regulatory issues that are so ingrained in the insurance industry. One suggestion included regulators re-examining the rules governing virtual client engagement, a big step given some countries are still wedded to requirements such as “wet ink” signatures and local data storage without the benefit of cloud technology. Some governments such as Singapore have already been part of this shift, with the regulator agreeing on balance sheet relief and extending premiums for the population through a government backed website. Creating a successful future for the industry and its customers will require support from all fronts, including regulators, and policy makers.

Looking Ahead – Finding the New Normal

Whatever may take place in individual countries, COVID-19 presents global opportunities for the industry. It is a chance, said some leaders, for customers to realize they are under-insured. It is also an opportunity for insurance businesses to recognize the potential in further digitalization of their businesses, one leader describing his new commitment to digital training for its distribution team. This can only be a plus for the industry, he said.

The period of dislocation will be disruptive. But managed well, it’s an opportunity to harness the best instincts of the industry’s workforce. Leaders across life insurance in particular spoke about their employees seeing the impact of their work on customers in these difficult times. They described their renewed burst of drive and motivation as well as pride to their leaders with one employee quoted saying “I used to think I had an administrative job. Now I have a real sense of purpose”, a feeling of hope that was echoed by many on the call.

Going forward, the industry will look back at their actions and reaction during this time of crisis. How successful will the strategies to keep employees engaged remotely through a combination of over-communication and technological development be? Were the new policies around the payment of shareholder dividends the right ones? Will a strong industry voice emerge from this to communicate insurance needs to government officials? And finally, how will the decision to fund insurance that had been specifically designed to not include pandemics be viewed and remembered in history?

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COVID-19 Micro-Website

We have launched a micro-website where this and other informative pieces are posted. This site will be regularly updated: [click here](#) for further details.

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