BROKING

Moving away from the annual cycle of pain at renewals

WTW recently combined its Asia and Australasia operations into one Asia-Pacific region. We caught up with the broker's **Mr Simon Weaver** to talk about business priorities and the year ahead.

By Paul McNamara

In January, WTW announced that its former head of Australasia Simon Weaver had taken on the new role as head of Asia Pacific. Based in Sydney, he is responsible for driving business growth across APAC.

We caught up with Mr Weaver to talk about the dynamics of the move and to find out how he sees the business developing in the near future.

Leveraging strengths

What was the rationale behind combining the Asia and Australasia operations into one Asia-Pacific region?

"Our new leadership team stated three elements of our strategy," said Mr Weaver. "One was grow, one was simplify and one was transform. And if you take those first two, the APAC combination just made sense. When you bring Asia and Australasia together, it allows us to accelerate some of the priorities and investment opportunities where we see a need for either further products or services."

And he believes it will reward clients, too.

"When you look at our client base, many have APAC businesses or structures themselves," said Mr Weaver. "Quite a few of the insurance markets also have APAC structures. But when you look at the ability to use a broader vision in terms of identifying trends, accelerating investments to deploy people or to bring in new skill sets across that broader region, we thought combining the two allows us to do that."

And there was a human capital focus too.

"It also gives our people a greater opportunity to expand their skill sets and experience," said Mr Weaver. "This will help us accelerate our growth as we get a number of common areas that are facing clients across the region to address more quickly.

"And then the simplified bit. Being a global business, internal structures can be complex and sometimes we spend time having internal meetings that may not add as much value as we want. Simplifying means we can streamline processes to increase agility and effectiveness, and that allows us to spend more time servicing our clients," he said.

China perspective

Mr Weaver sees opportunities and few threats to the regional broking space from China's reopening after COVID.

"Overall, it's a great opportunity because it's been the growth engine for Asia," said Mr Weaver. "The investment China was ploughing into overseas markets inevitably slowed down. Whilst COVID brought that economy to a slower growth rate, the economic indicators from the IMF and Fitch are starting to look at increased growth rates into 2023.

"As economic activities start to return to normal, we expect to see growth in consumer areas such as food and beverage, tourism and FMCG. As that part of the economy accelerates, insurance needs will increase dramatically. With insurance needs and increased activities, claims are likely to increase and that might equally have an impact on premiums."

Mr Weaver sees further potential upside.

"Then there's the opportunity for them to double down on those traditional strategic sectors like utilities, energy, construction, technology, infrastructure," he said. "Those are clearly going to increase. That's a part of the economy we're very keen to see growth again because it gives us an opportunity to bring some of our specialist solutions to these industries," he said.

Business growth

Where does Mr Weaver see the biggest opportunities in the region by business line and by geography?

"In the large to mid-market segment, we see a great opportunity," said Mr Weaver. "But equally we see an opportunity in the smaller commercial and SME sector. If you take the larger segment, clients are getting very fatigued from having to go through an annual renewal cycle where every year they get told their premium's going up, their limits are being reduced, they can't get the coverage they wanted. There has to be an opportunity for us to move away from that annual cycle of pain and put a far more long-term strategic risk-financing proposition in front of these businesses.

"We're working hard to use our risk advisory services and data analytics tools to help guide clients through where their risk appetite, risk tolerance and risk mitigation strategies can position them to allow them to say, 'We don't have to go to the insurance market every year and try to find as much insurance as we can. We can start to deploy our capital more sensibly'. These could be mean taking up some self-insurance, or using different solutions like parametric insurance, giving them an ability to control their own destiny, which at the moment seems to have been taken out of their hands," he said.

SMEs could also gain from this approach.

"Nearly every country in Asia, Australia and New Zealand are SME economies," said Mr Weaver. "We just don't think that they're particularly well served by insurance. Direct insurance coverage is very generic and clumsily distributed. We see an opportunity to support the SMEs more and it's not a space we've really looked into in the past. However, we think there's a way to get to that market in a digital and efficient manner and start to deliver something different," he said.

Product focus

In terms of products, Mr Weaver believes there will be increased demand for renewables solutions, cyber solutions, construction coverage and complex property.

"There's still a lot of capital waiting to be deployed in the M&A market and the opportunities that brings across the region," said Mr Weaver. "We also see opportunities in infrastructure, energy generation, transportation and telecommunications," he said.

Cyber prospects

The market for cyber cover development in the region in the immediate future is still unfolding.

"Companies need to be very thorough in terms of their risk management processes and in the information they're prepared to divulge to the insurance market," said Mr Weaver. "This can be quite frustrating for some as different insurers want different types of detailed information. It could also mean that companies have to spend a lot of time answering different insurer queries.

"If we can help a client distinguish their own risk and the strength of their cyber risk management strategy, then the client may be able to get more capacity for those good risks and see a differentiation in pricing to a greater degree, particularly in those industries that haven't had the large losses that have affected the insurance market.

"What the insurance market needs to do is delineate what the systemic risk issues are and how they need to be dealt with compared to the less systemic issues and be more attractive in delivering terms to those areas that haven't got such systemic issues," he said.

ESG

How does Mr Weaver troubleshoot the business to make sure that it does not fall into any potential ESG pitfalls?

"We have an internal ESG taskforce to provide central governance over our ESG efforts across the organisation and ensure our commitments are aligned with the company's strategic priorities. That is led by our general counsel and CFO and comprises of representatives from across our business segments and corporate functions," said Mr Weaver.

"Within that, whether it's the S or the G, we've got a number of corporate policies that we adhere to and we train our colleagues to adhere to as well. These include compliance around sanctions and improving our suppliers ESG impacts by increasing our demand and use of goods that are developed in a more sustainable way.

"We also train our colleagues in Australia in modern slavery. This is another good example of how we ensure that everyone is aware of that. We have policies on inclusion and diversity that we are very strong at promoting across our organisation. We put our own policies in place and ensure that our colleagues are aware of our values and where we stand. We also provide them with relevant training and our compliance and audit functions conduct checks against how we deliver on that," he said.