

Encouraging a competitive industry

Farid Chedid, CEO, SEIB Insurance recently spoke about superior customer service, challenges in the current market conditions and solutions to increase market share and business sustainability. A *Premium* report.

The regional insurance industry is currently marred by multiple challenges that seek to hinder growth and sustainability.

Addressing these challenges and the way forward to bring about superior customer services, Farid Chedid, CEO, SEIB Insurance spoke at the recently conducted Middle East and Africa Insurance Summit.

Emphasising the need for superior customer service, Chedid said that the first rule in insurance companies is to hire experienced professionals. This is an especially difficult task because the industry is fairly new in the region, thereby bringing about a scarcity of professional resources. He also mentioned the need for soft skills training for customer service officers. "Everybody seems to focus on technical knowledge and technical expertise, but beyond this comes the need for soft skills," he pointed out.

COMPLAINTS HANDLING

While focusing on soft skills development, he also mentioned that it pays to establish a proper complaints handling procedure. "In all regulated markets and territories, complaints are handled seriously, particularly when you are want to institutionalise the insurance company that you are running or managing. Complaints have to be handled through a process, from the first person that receives the complaint to how it is escalated to all the levels of the company up to the CEO," Chedid said.

CUSTOMER PROTECTION REGULATION

Apart from the rules that are enforced by regulatory bodies towards insurance companies, enforcing customer protection regulations within the company dictates customer experience and expectations. "The most difficult part of this is the client-facing function, which determines whether the experience of the customer will be superior or not, because, this is where the products and services get explained. If not explained

properly, and if advice is not given satisfactorily, the experience of the customer becomes a terrible one, because expectations become different from reality," he cautioned.

TECHNOLOGY AND SOCIAL MEDIA

These days most businesses make use of current technology and social media. Chedid advised insurance companies to make the best use of technology and social media. "Social media is not only about creating awareness for the brand, market and the product, but continuously testing and monitoring the reputation of the company, and making sure that all the feedback you get from social media are assessed and whether there is unsatisfactory clients or even room for potential ones, this is handled immediately through social media," he explained.

WORKFLOWS AND PROCESSES

The next aspect of quality customer service is enhancing workflows and processes. This is a continuous process, and it not only improves efficiency and controls costs, but makes sure that a customer gets the same service whether he or she is dealing on a phone with a receptionist, claims department, or settling accounts. "The experience is the key. It depends on how you sell your product and services, and what expectations you are creating for your client.





FARID CHEDID, CEO,
SEIB INSURANCE

You have to walk the talk; it is not about settling the claim, but how you settle it, but how easy or user-friendly the process of handling claims is,” Chedid mentioned.

Equally important to brilliant customer service experience is the value of having standard operating procedures. “Beyond overall effectiveness of the company, is how every department functions across the board and if they are operating in the same way,” Chedid offered.

The key word is ‘customer-centricity’. He counseled companies to treat the customer as the central focus. “At the end of the day we are in the business to respond to certain demands and certain needs, with our products and services aligned to these needs and demands. This is related to providing transparent product information, and how you sell your product depends on how satisfied your client is. We try to move away from competition with respect to prices. Differentiation should not only be made in products, but also in the services offered,” he said.

CHALLENGES

The MENA region, which encompasses more than 20 countries, has more than 450-500 insurance companies. One of the biggest challenges to insurance companies is that this is an overcrowded insurance market. “In the UAE itself there are in excess of 60 companies, in Kuwait the number is 25, all of this makes it a challenging market environment. If you take this a step further, obviously with the overcrowding, with excessive prices and supply, merchants are reducing, and if you look at a new market like Saudi Arabia, there is much better regulation now than ten years ago, when there was no insurance industry to speak of! In an industry where everyone is expecting growth and is supposed to create value, we are in a situation where most of the companies have depleted their capital, and are in a situation where the losses have exceeded what is acceptable according to

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the international standard,” he said.

In order to combat this he said that a strong regulatory framework can lend a solution. Harmonisation of rules and regulations will render an industry that is sustainable and successful, especially for companies that want to operate in other economies.

Another challenge is a shortage of skilled local workforce. There have been a lot of initiatives in the region to enhance the skills of the industry. “A challenge we face is that the industry is not attractive to fresh graduates. They would rather choose insurance as their last preference, and this is a serious challenge that we face in the region. It’s not only about training and developing skills, but also about attracting the best and the smartest,” Chedid pointed out.

An overcrowded reinsurance market can be a serious challenge to the insurance industry. And as long as reinsurance capacity is cheap throughout the region, retention will be low, because company managements see a benefit by transferring these risks at a lower cost, than the usual norm, according to Chedid.

He also spoke about the volatility in investment values and returns, while linking this to inefficient local stock markets. This volatility creates a challenge whereby markets and financial markets are not able to regulate itself and cannot operate on a standard. Quoting Saudi Arabia as an example, he said that companies that have lost 70 percent of their paid-up capital, are still trading in the local stock market with shares that are 10-15 times their value. While this is an inefficiency of the stock market it also creates hurdles for companies to be acquired or merged, and averts a change of management, he finished.

After speaking about the challenges of the regional market, he also listed out solutions that would increase market share and business sustainability. ❶

SOLUTIONS TO INCREASE MARKET SHARE AND BUSINESS SUSTAINABILITY:

- » Harmonisation of regulations to create economies of scale and scope
- » Enforcing customer protection regulations
- » Creating regional brands
- » Encouraging innovation in products, services, processes and business solutions
- » Inducing mergers and acquisitions
- » Encouraging cross border investments
- » Developing human capital
- » Improving quality of market data
- » Investing in technology
- » Increasing awareness
- » Motivating global best practices
- » Introducing systematic risk management processes
- » Enhancing diversified distribution channels
- » Focusing on differentiation and quality of services
- » Continuously improving the operating model
- » Continuously improving the claims model.