

COVID-19

Switching strategies to ride out the storm



The COVID-19 pandemic has been a major global calamity resulting in thousands of deaths and billions of dollars in economic and insured losses. Asia Insurance Review's first ever virtual briefing on survival skills in the era of pandemics had leading industry experts share their insights on dealing with the business threats and opportunities posed by the pandemic.

By Jimmy John



In his opening address *Asia Insurance Review* editor Paul McNamara said that in these difficult times, all corporates and insurers must not only do the right things but must be seen to be doing the right things when they are facing headwinds. "The reality is that insurers can't just throw responsible capitalism out of the window because they are facing some headwinds – even if those headwinds are gale-force headwinds. So they have to do the right thing – and this may pose reputational issues," he said.

COVID-19 claims manageable for life insurers

Speaking on the topic of extreme mortality events Aon global head of life reinsurance Colin Dutkiewicz said that the \$180tn global insurance exposure will see up to \$54bn in life insurance claims. Moreover, global insurers are diversified into longevity business which will dampen the losses.

"The insurance industry is adequately capitalised to withstand a one-in-200-year event and this is not particularly dramatic on the global life insurance stage," he said. Speaking on global mortality rates which are currently seven per 1,000, considering that annually around 54m deaths occur from the total global population of 7.8bn.

A number of factors affect the mortality rates and these include age, sex, health, socioeconomic factors, access to health care, lifestyle and underlined genetic conditions. "For insured population it is the selection effect that makes the difference as this is the process by which insurers select the population that they are going to insure typically with medical underwriting that makes a significance difference to mortality expectations," he said.

Mortality rates for the insured population is currently one per 1,000 and COVID-19 is likely to have a mortality rate of around 0.15 per 1,000 which would result in the life industry paying an additional \$54bn in claims. "The life industry is there to help people and there is not much cause for concern



Mr Colin Dutkiewicz

for a well-anticipated event like this to which the industry will respond appropriately," he said.

The heart of resilient leadership

Deloitte Asia Pacific Leader, strategic and reputation risk, risk advisory Eddie Chiu in his presentation on surviving a reputational catastrophe in the event of a pandemic spoke on the five fundamental qualities of resilient leadership that distinguish successful CEOs as they guide their enterprises through the COVID-19 crisis. These are:



Mr Eddie Chiu

Mission first: Resilient leaders are skilled and able to stabilise their organisations to meet the crisis while finding opportunities amid difficult constraints. Leaders must turn the COVID-19 crisis into an opportunity to emerge stronger.

Design from the heart: Seek and reinforce solutions that align to your purpose, your societal obligations and serve the heart of the organisation. Leaders must demonstrate to their employees, customers, communities and ecosystem that they have their best interests at heart.

Speed over elegance: Decisive action – with courage – is often more essential than getting it perfect. Leaders must empower their teams to take courageous action in a volatile environment

Own your narrative: Paint a picture of a compelling future and path forward that your stakeholders can support and rally around. Leaders must proactively fill the information vacuum to combat the spread of misinformation and rumour.

Embrace the long view: Stay focused on what's on the horizon to instil confidence and steadiness across your ecosystem, Leaders must anticipate and respond to the new

business models likely to emerge post COVID-19.

Crisis management in a pandemic

AXA Asia human resources director Peck Yeow Gan in her presentation on keeping a company together during challenging times said that COVID-19 brought out the best in her office teams across the region.



Mr Peck Yeow Gan

"COVID-19 has affected our business and our people across the region but our focus was to protect our people, support our customers and contribute to the community," she said. With health and safety of its people being of foremost concern for the company, teams in mainland China and Hong Kong put together protective measures that were adopted by offices across the region.

Remote-working capabilities were enhanced and digital channels activated. All Asian market teams put in efforts to respond to the pandemic and a number of customer-centric decisions were taken to assure them of the company's support during the pandemic. The company also launched a dedicated cover for frontline health workers and journalists and also setup a round the clock medical hotline dedicated to its customers and employees.

Turning crisis into an opportunity

Noor Takaful chief digital acceleration officer Frederik Bisbjerg in his presentation on finding the light at the end of the tunnel – turning a crisis into an opportunity said that the world was witnessing a paradigm shift in the way it works and does business.



Mr Frederik Bisbjerg

Decline in sales, supply-chain interruptions and restricted access to customers have disrupted businesses and so the first priority for

companies he said would be to set up a team to handle these disruptions. He advised companies to leverage the current situation by optimising their resources and automation.

"Break down the silos and adjust the workforce and look at your processes and check on what digital tools you can use and try and get something positive out of the situation," he advised. Speaking about corporate resilience in these critical times, he mentioned that the 'new normal' would see more agile organisations which are heavily digitised and automated and having shorter decision cycles, and ongoing strategy development.

"Start planning for the end by creating simplified organisations, reskilling people and accelerating digital transformation," he said. To stay afloat in or after a calamity companies must stop behaving like tomorrow is the same as yesterday, remove unnecessary bureaucracy and eliminate unnecessary expenses.

Surviving sudden business interruptions

Marsh risk consulting vice president, BCM and resilience service leader (Asia) Lim Sek Seong in his presentation on when business interruption is sudden, massive and potentially terminal said that an effective crisis response framework was necessary for the survival of an organisation during a pandemic.



Mr Lim Sek Seong

"In order to survive a crisis, organisations must work collectively with different stakeholders, evaluate their human capital and look at how operations are affected," he said. The business continuity plan, he said must reduce business operational downtime, minimise impact on manpower and productivity, protect business value creation process and supply chain and improve responses and resilience. He emphasised the need for companies to enhance their technology infrastructure on a priority basis. ■

The virtual briefing can be viewed in its entirety at

www.asiainsurancereview.com/Conferences/SpeakerPresentation/cnfd/20767

