

# Independence the focus



**JON ROSENBERG,**  
CEO of Renasa tells us how  
they will approach 2016

## **COVER: WHEN LOOKING BACK AT 2015, HOW WOULD YOU DESCRIBE THE BROKER MARKET?**

Jon: I think that the most notable development over the past year or two has been the market consolidation experienced with the departure of several insurers from the segment servicing binder brokers who administer policies and claims on systems independent of insurer control. There are now very few insurers committed to this segment although we are aware of some smaller players beginning to dabble in it.

## **COVER: RENASA HAS A STRONG FOCUS ON TECHNOLOGY TO EMPOWER BROKERS. HOW HAVE THEY TAKEN TO TECHNOLOGY AS AN ENABLER?**

Jon: In terms of the technology we deploy to settle claims efficiently while maintaining control over claims costs, our distributors have whole-

heartedly embraced our initiatives. This, I believe, can be attributed to the freedom afforded brokers allowing the swift settlement of claims. At the same time, we are able to maintain real-time control over claims costs. We have, for the past several years, maintained a stable average repair cost despite an increase in the average sum insured, the depreciation of the Rand and the impact of inflation so that our repair cost as a ratio of sum insured has fallen consistently. On the premium front, we are well advanced with our initiative to maintain real-time control over premiums deployed to independent systems operated by binder brokers. The benefits of this initiative will emerge in the medium term but, so far, we have found brokers appreciative of the effort to place them in a position to compete on even ground with direct insurers.

## **COVER: HOW HAVE INSURERS MANAGED TO KEEP RELATIVELY GOOD MARGINS WITHIN SUCH A SLUGGISH ENVIRONMENT?**

Jon: You refer to "relatively good margins" having been maintained. I do not believe that good margins have been universally achieved regardless of class or distribution channel. Commercial business and specialist classes have traditionally offered satisfactory margins and, while direct insurers manage the personal lines motor class well, in the intermediated market serviced by brokers

administering on independent systems, the personal lines motor market has long been a challenge often accommodated by cross subsidisation. Our mission is to resolve the margins in this segment by bringing to the intermediated market, in a seamless fashion and without impeding the ability of brokers to deliver an efficient service, the methodology applied by direct insurers. In this way, brokers can compete effectively while we, as the insurer, can achieve an acceptable margin.

## **COVER: DO YOU THINK THEY WILL BE ABLE TO KEEP IT UP IN 2016?**

Jon: I don't think that there will be any dramatic change to the relative profitability of the various classes mentioned earlier. I do, however, believe that the consolidation of the past few years raises the probability of the personal lines motor class in the intermediated segment achieving better results.

## **COVER: WHERE DO YOU SEE BROKERS FOCUS IN 2016?**

Jon: My hope is that the brokers will embrace more widely the initiatives we have launched to make the personal lines motor class more viable. The class is unsustainable in the absence of proper discipline which yields a palatable result and many brokers can ill afford to lose to the direct market their personal lines business and the income this generates for them.

