

A close-up, black and white photograph of a car's front end, focusing on the chrome grille and headlight. The image is partially obscured by a large teal rectangle on the left side.

Towards tomorrow's high-net-worth insurance proposition

Three pillars of service excellence

CHUBB®

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Foreword

Towards tomorrow's high-net-worth insurance proposition

The insurance industry is only as good as the service it provides. Of course, excellent service means different things to different people. In this research, we explore what it means for today's high-net-worth individuals (HNWIs).

We surveyed more than 500 HNWIs from the UK, France and Ireland. One in three has wealth exceeding £5m, 44% have possessions worth at least £3m, and the vast majority have collections of highly valuable items. All have a need for specialist insurance cover.

A positive picture

The good news for the industry is that our research paints a largely positive picture: insurance brokers and carriers are considered to be attentive, knowledgeable and prepared to go above and beyond.

There is, however, room for improvement. While most HNWIs (68%) have confidence in their insurance provider and their level of expertise, that leaves more than three in 10 who do not. And an apparent lack of trust persists: six in 10 (62%) believe that the industry cares most about its own corporate targets.

So how can the industry build on its successes and tighten up those elements of service that are not up to scratch?



Three pillars of service

Our findings suggest that service excellence rests on three pillars. The first is sophisticated, 'platinum' service that provides highly responsive and personalised customer care. The second is a specialist understanding of HNWIs' specific needs. And the third is a superlative claims-handling experience.

Another significant finding is that a little over half (54%) of HNWIs are concerned that they are underinsured, with many worried they are buying insurance that may be inadequate for their needs.

This underlines the need for brokers and carriers alike to develop an even stronger service proposition for their private clients. If they are unable to give HNWIs complete peace of mind, there are others in the industry that will gladly step up.

For Chubb, a commitment to superior service is the cornerstone of our high-net-worth proposition. From appraising a valuable collection through to handling a complex claim, we will continue to invest in service levels that exceed expectations.

Jeremy Miles
Senior Vice President Personal Risk Services, Europe

“Service needs to be at the highest level and demand has become more immediate.”

1. Platinum service: above and beyond

Asked what constitutes excellent service, HNWIs largely agree: strong relationship management, a high level of responsiveness, and willingness to go the extra mile.

Chart 1. What does a platinum service look like? The top three aspects for HNWIs



Jo Nixon, Continental Manager, Personal Risk Services at Chubb, acknowledges the need for a fast response. “Service needs to be at the highest level and demand has become more immediate, particularly for our VIP Signature customers,” she says. “It needs to be quicker from quotation to policy, and in every way we respond to a customer's needs.”

But responding quickly to queries and providing a single point of contact do not in themselves constitute a 'platinum' service. Insurance providers need to consistently exceed expectations with a highly personalised solution, informed by in-depth knowledge of HNWIs' lifestyles, that adapts seamlessly to any change in circumstances.

Lauren King, Private Clients Senior Adviser at broker James Hallam, says her job is based on an intimate understanding of her clients. “As a broker, I get to know the family,” she explains. “I know who they are, what they do, what their interests are. The service is personalised and if the client contacts us for help we can provide assistance instantly.”

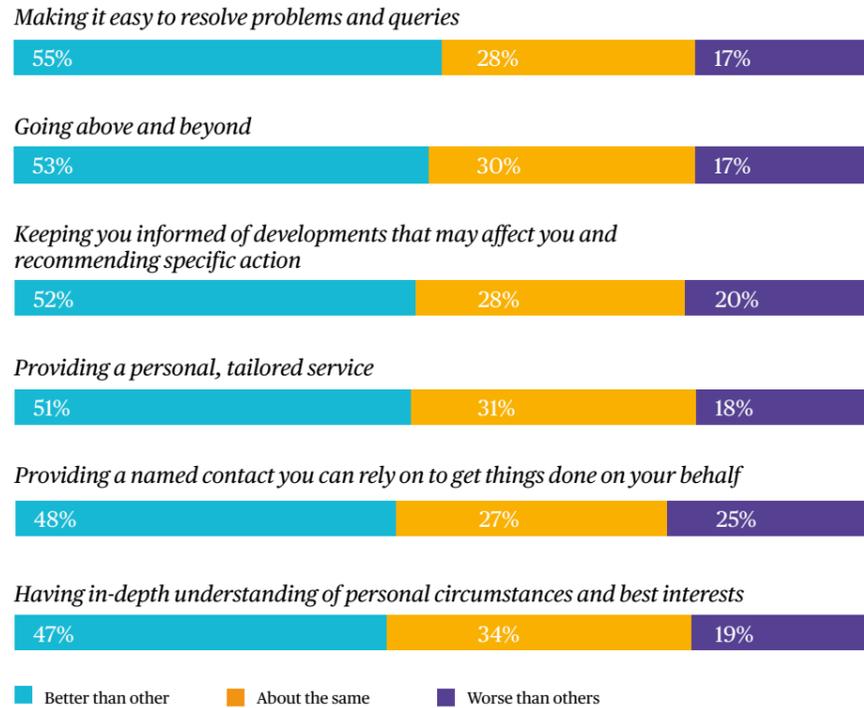
Building on strengths

Some HNWIs may be influenced by the service they get from other industries. If they receive a good service from an accountant but not from the insurance industry, they might assume that the accountant is providing better service - even though they're providing different products and advice

The positive news for the insurance industry is that HNWIs are, on balance, more upbeat about their dealings with their insurers and brokers than they are about their relationship with solicitors, tax lawyers and accountants (see Chart 2).

“It’s more important to understand the individual, their lifestyle, their habits and what concerns them.”

Chart 2: Where the insurance industry outperforms other service professionals



Our research suggests that insurance providers are already strong at resolving problems, going above and beyond, and providing a personalised solution. In a competitive market, it is important to communicate and build on these strengths.

“We wouldn’t be adding value if we just said, ‘Here’s five prices - pick the one you want’,” says Sam Cowen, Director at 3sixty Insure. “It’s more important to understand the individual, their lifestyle, their habits and what concerns them. That’s a story in itself.”

2. Specialist touch: the HNWI-centric solution

As individuals acquire wealth, their concerns change: HNWI’s are looking for insurance that addresses their unusual lifestyle and atypical possessions.

“Our HNWI clients have unique needs,” says Chubb’s Jo Nixon. “It might be a last-minute decision to hire a Steinway piano for an event for 200 people in their home, including catering. They require cover for the piano whilst under their care, ensuring full liability during the course of the party. Our consideration is seamless. We are specialists in bespoke requests: where other insurers may not respond we have looked to adapt the policy to ensure that we do, providing event cancellation cover and providing flexibility in our underwriting approach.”

Chart 3 sets out three principles of a specialist, HNWI-centric solution: a complimentary appraisal and valuation service, specialist understanding of the ‘HNWI experience’, and expert knowledge of the valuable items collected by many HNWI’s.

Chart 3: Where do HNWI’s most value specialist expertise? The HNWI’s top three asks



Precious collections

“High-net-worth individuals are incredibly passionate about their personal collections,” says Steve Wilkinson, Risk Consultant Manager for Chubb’s Personal Risk Services. “We need to understand not just theft and fire, but also conservation. Our clients want to know that we’re doing as much as possible to protect their possessions.”

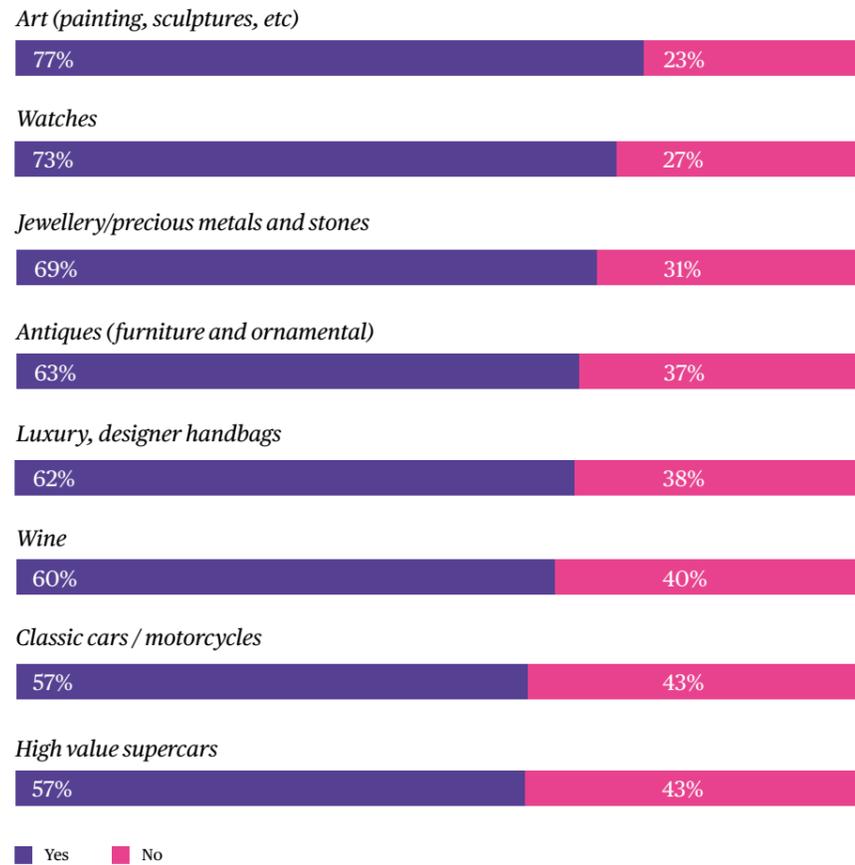


 77%
invest in Art

 62%
invest in designer handbags

 60%
invest in fine wine

Chart 4: The passion collections of HNWI's in our survey



Standard cover is leaving HNWI's exposed

It may be surprising, given the value HNWI's place on these three principles of specialist service, that many are still buying insurance 'off the shelf' and not selecting an expert who can tailor a product to meet their needs.

Just three in 10 (30%) respondents look for insurers or brokers that are experts in high-net-worth insurance, and less than a fifth (19%) buy from a specialist broker. This is in spite of the assurance that a specialist broker can give their HNWI clients that their possessions are fully covered and have been correctly valued.

Lauren King from James Hallam says: "I would imagine there are plenty of individuals who rely upon search engines and/or comparison websites for insurance. A client may indicate the level of cover which they require but find later that this is highly restrictive, including low single-article limits, a low total-valuables limit or even the area in which cover can be provided, for example only in the United Kingdom rather than worldwide."

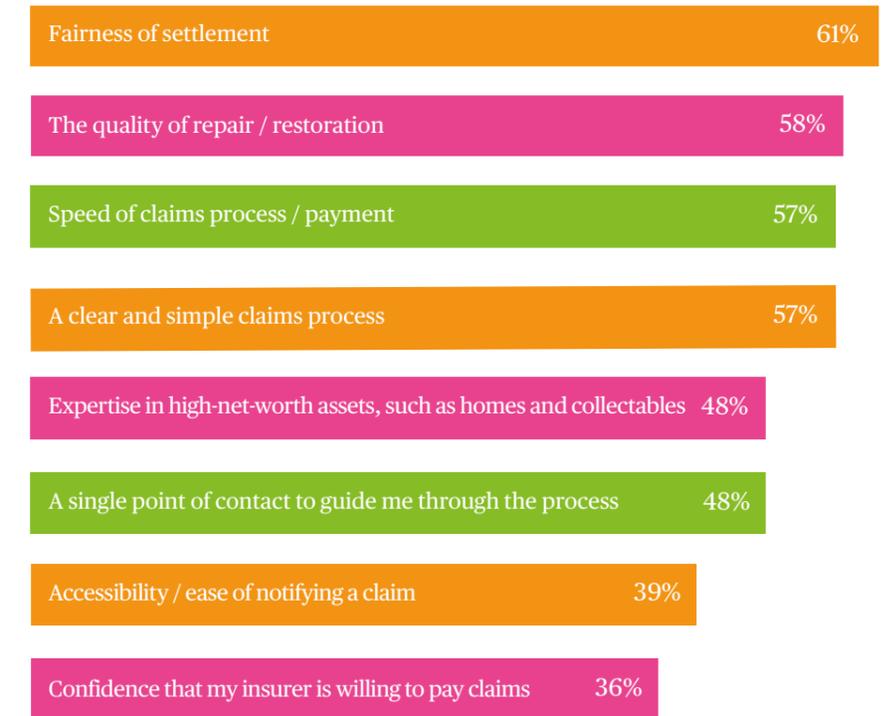
"With insurance you reap what you sow," believes Larry Tucker, a private collector. "If you see insurance as a commodity purchase, and only want the cheapest price, don't be surprised if it doesn't cover everything you want."

 **Just three in 10 (30%) respondents look for insurers or brokers that are experts in high-net-worth insurance, and less than a fifth (19%) buy from a specialist broker.**

3. Claims-handling: taking away the pain

While platinum service and expert advice differentiate insurance companies and brokers in the minds of HNWI's, these two pillars quickly lose their power if the customer experience doesn't live up to expectations for the third of our pillars: a fair, expert and 'pain-free' claims-handling service.

Chart 5: What does a superior claims service look like?



"Earning a reputation for offering a superior claims service means following through on the promises we make. The ultimate test of an insurance policy is at the time of a claim," says Jalil Rehman, Executive Vice President and Chief Business Operations Officer, Europe. "If you don't deliver when the time comes, then whatever promises you make are worthless."

When they buy insurance six in ten HNWI's (59%) specifically look for a provider with a good reputation for claims handling.



And if a HNWI is left unsatisfied by the settlement of a claim, they won't forget it. For some consumers, claims service may be seen as a hygiene factor implicit in every insurance policy they buy. Tellingly, however, when they buy insurance six in ten HNWI's (59%) specifically look for a provider with a good reputation for claims handling.

As well as looking for fairness in claims handling, HNWI's want assurance that their valuables and collectables are in the hands of experts who really understand them.

"The insurer and broker have your baby in their hands," explains Larry Tucker. "If someone has a Ferrari damaged, they want it repaired by somebody who

knows Ferraris. Same goes with an Aston Martin. They want their broker to stand up and say, "This guy wants the world authority to work on his car".

Our research also highlights the value that time-poor HNWI's place on efficiency: almost six in ten stress the importance of simplicity; the same proportion say they are looking for a rapid turnaround.

"It's about taking away the pain," says Dawn Readman, a high-net-worth individual. "I had a watch, and between leaving home one morning and getting to the airport it was gone. I phoned the broker and they phoned the insurer, and it was as painless as something like that can be."

Insurance brokers and carriers need to go further to understand their clients' unique risk profiles.

In conclusion

Despite its many clear strengths, the industry has room for improvement

HNWI's value insurers' commitment to delivering on their promises and willingness to go above and beyond. However, brokers and carriers need to aim for continual improvement around three aspects of service: relationship management, responsiveness, and willingness to go the extra mile. Claims-handling provides the real moment of truth, however, and HNWI's demand the reassurance of a fair, expert and 'pain-free' claims service.

The industry can help address underinsurance, which is a concern for the majority of HNWI's

More than one in two HNWI's is worried about being underinsured. Insurance brokers and carriers need to go further to understand their clients' unique risk profiles and provide more agile solutions that help their clients to quickly identify and fill any gaps in cover.

Providers need to shine more light on their specialist capabilities

Our survey suggests that HNWI's greatly appreciate much of the extra value they get from specialist providers, such as appraisals and expert knowledge of art, fine wine and classic cars. Presently, however, many HNWI's still choose generic providers. Providers of specialist, HNWI-centric solutions should ask themselves how they can better market and communicate the benefits of their specialist services and knowledge to win business in a competitive marketplace.

About this research

This report has been produced by Chubb in collaboration with Longitude Research. It is based on two main inputs.

First, we conducted a survey of 503 HNWIs from the UK (302), France (15) and Ireland (50). All respondents had overall net worth (not including property) exceeding £1 million, and 35% had overall net worth exceeding £5 million. The research was carried out online. Respondents were not compensated for their participation and Chubb was not identified as the research sponsor.

Second, we conducted qualitative interviews, over the telephone, with a range of brokers and HNWIs. Again, respondents were not compensated

for their participation. Chubb was, however, identified to them as the research sponsor. In particular, we would like to thank the following, who provided in-depth interviews with our research team:

- Sam Cowen, Director, 3sixty Insure
- Lauren King, Private Clients Senior Adviser, James Hallam
- Dawn Readman, high-net-worth individual
- Mark Robertson, CEO, Hottinger Group
- Larry Tucker, private collector

Chart i. Respondents' overall net worth (excluding property)

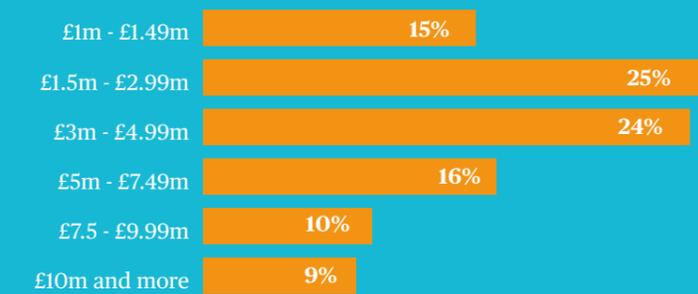


Chart ii. Net value of respondents' possessions

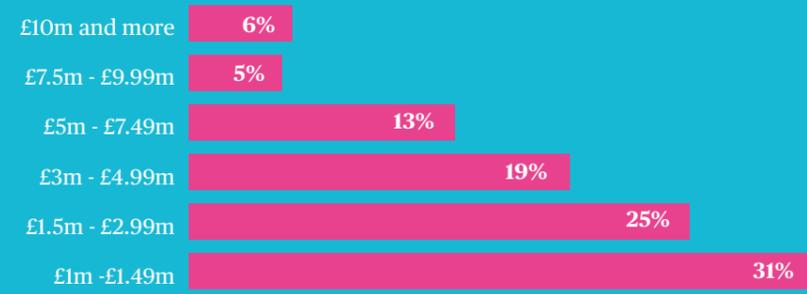
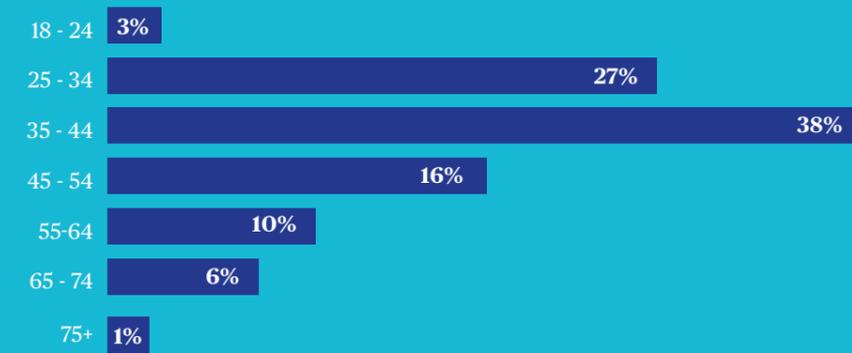


Chart iii. Respondents' ages



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