

# CEO CORNER



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## Insurance Is A Team Game!

This is the season when Canadians circle around their TV to cheer on their favourite team in whatever their favourite sport might be. Although we honour and praise an individual's effort it is usually the result of the team which draws the

most cheers. We are a nation which proudly supports our teams whether they be olympic, professional sports, armed forces, emergency response and rescue, law enforcement or diplomatic. On the world stage, Canada is well known and respected for its team play in response to world disasters and strife.

If that is so imbedded in our culture then it only stands to reason that success in our insurance industry will only come through strong team play. As we all know there are many teams within the insurance industry from government, underwriters, brokers, appraisers, adjusters, lawyers and their affiliated associations. If we look at each team in isolation they have clear mandates and objectives to accomplish. When we consolidate these individual mandates and objectives it becomes apparent that the insurance industry is not a well functioning, responsive team as a whole since many of these

mandates and objectives don't mesh.

In Ontario we are all aware of the ongoing challenge that private passenger automobile has been to the governments of the day. To this point in time no government has been able to remove from the minds of the electorate, their concern of the cost and availability of auto insurance. It is an underlying trust between the teams of government, underwriters, and brokers that is missing. Until each is convinced that the other's objective is to develop a system that delivers comprehensive protection to the public at a price commensurate to the risk, we will constantly be under the threat of government over-regulation or possibly takeover. The insurance industry's broker team has a very important role in this dilemma. By the nature of the makeup of the broker team, each local association, as well as IBAO, have the ability and responsibility to deliver to the public the message that private auto insurance will deliver the most efficient and comprehensive auto insurance package. The broker team, through their independence, can deliver an unbiased and convincing message which the populace will accept. This proved to be so true back in the early 1990s when the Ontario government considered the takeover of private passenger auto. Every underwriter team owes the broker team a debt of thanks for your efforts during that time.

There have been recent issues in the insurance industry where the team approach gets a mixed review as to its success. We are all aware of the difficult challenge the industry has had with achieving accurate insurance-to-value numbers in our residential insurance books due to the rapid rise of construction costs in the early 2000s. The industry met this challenge head on by all teams — underwriters, appraisers, brokers and their respective associations — meeting and proposing a solution which all could work with. Unfortunately, the same team approach was not used with respect to the use of credit scoring as an underwriting consideration, and as such we are still debating this issue in the marketplace before our clientele with the resolution only coming from government regulation once again.

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I believe that the key to the success of the broker team is the independent, unbiased position which they are capable of putting forward. Unfortunately, due to recent acquisitions by underwriting companies, that independence has come into question. It not only questions the choice of market for individual policyholders but it puts into question the viability of the broker distribution system as opposed to the agent distribution system. Clearly the two systems must be distinguished apart so that the consumer clearly understands the source from which they receive their information. The Guarantee strongly supports the independence of brokers and their ability to act and speak in an independent way.

Another degree of independence that is so critical for all teams is the independence of thought. In our drive towards a faster, more efficient way to conduct business, technology is rapidly taking over the business processes of insurance. As computer (black box) underwriting becomes more complicated, we are forgetting about the computer that sits on the shoulders of each of our employees. We are taking away that independence of thought, that caring of an individual's needs, that special circumstance, that ability to communicate, because it is not recognized in the circuit boards of a machine. The broker team advantage over any other delivery system is the ability for the client to approach, to consult, to discuss, and to mutually conclude on the right product for a certain set of needs. That independence to think and react in a claim situation is invaluable to your client. Simply having a call number for a claim notice maybe a quick and efficient way of registering a claim but it does not give the client the comfort, security and knowledge that an individual contact can deliver.

At The Guarantee we subscribe to the theory that team play will not only bring out the best in the players but also will ultimately lead to the success of the team. In developing our Guarantee Gold personal lines product, which is celebrating its 20th anniversary in 2011, we built of a team of brokers with VIP personal lines departments to craft our policy, delivery processes and claims philosophy.

Through this process it became clear that a team approach will ensure the success of this product line. Thanks again to the broker team.

So, whatever jersey you may wear on an insurance industry team, one must always realize that the success of the industry comes from the understanding and respect of the mandates and objectives of all teams. It is the Canadian way!

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