

# Change is coming

## Interview with Claude Chèvre, Member of the Executive Board, Hannover Rück SE

### Where do you currently see the biggest challenge in the life insurance industry?

For me it is the extremely slow shift of our industry into the new digital age – we are lagging well behind other industries. Over the past decade we have seen a worldwide increase in global e-commerce sales and are confronted by a new generation of very tech-savvy consumers – the digital natives – who have a completely different buying behaviour to any former generations. Also, just take a look at the impact of online and mobile communication and advertising.

I think insurers worldwide are slowly beginning to see the potential for growth in retail protection. They can see that they will be able to access new customer groups by increasing their one-to-one engagement with consumers via apps or social media platforms. Direct engagement with the consumers will help them learn more about the needs of their customers and develop more customer-focused products. Classical sales channels and processes are just falling behind.

And just think of the increasing availability of data, with enormous potential to be used for improved risk selection and predictive underwriting. Here credit scoring and wearables come into my mind.

So, from my perspective, if insurance companies want to remain attractive for new consumers and ensure future growth and viability they will have to face the challenge of driving innovation in this area.

Of course, the insurance industry has many hurdles to face on the way to digitalisation. Such as increased regulations and supervision; the fear of cannibalising existing business; the limited access to innovative talents and yes – the very traditional views in the industry that pricing and risk evaluation processes have to be incredibly complicated! However, even if these issues are serious, and complex to handle, I truly believe that they should not be used as an excuse to adapt to new circumstances and to innovate.



Claude Chèvre in his office in Hannover

### Why, in your opinion, is access to innovative talents in the insurance industry so challenging?

Well, in my experience the insurance industry is not exactly known for being creative.

I think we all have the – very human – tendency to employ people who are similar to ourselves. We don't have the courage to employ people with entirely different skillsets to our own. You know, we have this self-image of ourselves as an industry that we are really modern, but in reality it's the complete opposite!

When I started in reinsurance 22 years ago, the company didn't even provide a computer mouse with the keyboard. I was shocked, coming from the ultra-modern environment of the polytechnic university in Lausanne.

I think young people today are faced with a similar situation when they start working in an insurance company. Tech-savvy millennials are suddenly asked to communicate via e-mails, desk phones and PCs. They must feel thrown back to

last century! We have to understand that they work and communicate differently and have completely different expectations and standards on sharing and accessing information than ourselves.

### **Why do you think communication is so relevant in the context of innovation?**

Well, in my opinion old-school hierarchical e-mails, where the sender decides who is supposedly interested in reading the message and who is to receive the message in cc, are completely outdated.

The same goes for internal processes such as meeting notes. To me it makes only limited sense for people to write up a lengthy and boring but very well written visit report days or even weeks after the event.

You know these days I leave a meeting, jump into a taxi and post the most important findings, and any inspirational ideas I have, from my smartphone – and this brings the traction and the dynamics for innovation. I want my colleagues to feel my emotions and to share my excitement in new developments and I want to use smilies and pics to do that. It just makes it so much more real, interesting and credible. And of course I want all my colleagues to also share their information just as readily and quickly.

Innovation doesn't come out of thin air but it's about connecting dots that haven't been connected so far. We can foster innovation and creativity by making as many dots as possible available to everyone.

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### **About Hannover Re**

Hannover Re, with gross premium of around EUR 17 billion, is the third-largest reinsurer in the world. It transacts all lines of property & casualty and life & health reinsurance and is present on all continents with around 2,500 staff. Established in 1966, the Hannover Re Group today has a network of more than 100 subsidiaries, branches and representative offices worldwide. The rating agencies most relevant to the insurance industry have awarded Hannover Re very strong insurer financial strength ratings (Standard & Poor's AA- "Very Strong" and A.M. Best A+ "Superior").

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