

Mediterranean Insurance Brokers favours strong insurance market

There is strength in consolidation and benefits for both clients and the market in general, according to Rob van Oijen, Chief Executive Officer of Mediterranean Insurance Brokers (MIB).

Last month MIB's acquisition of the broking portfolio of GlobalCapital plc came into effect, ensuring it is the market leader, locally. "In insurance, as in broking, there is an all-round benefit to having large players in a healthy, competitive but stable market, ensuring clients receive a true service," Mr van Oijen observed.

He defined this as a market that charges the client a decent, competitive premium and, more importantly, gives the client the financial protection needed in the eventuality of a claim – fast, efficient and supportive of the client in unfortunate circumstances.

"Both MIB and GlobalCapital saw this acquisition as a mutual benefit. We have continued to grow, while GlobalCapital can now focus on their role as a financial services provider," Mr van Oijen added.

Apart from offering services to small clients, large insurers can also have the strength to carry large risks, like the professional indemnity insurance of major financial services providers. "You probably could not even place such a risk on the local market," Mr van Oijen said.

He also pointed to certain specialised insurance products, like protecting the national airline, which are only offered by specialist brokers based in a major financial centre like London.

Mr van Oijen explained that insurance premiums are tied to the rates reinsurers offer. The better an insurance company's performance in the long term and the stronger its portfolio, the lower will be its cost of reinsurance and therefore the premium it offers its clients.

Large global insurance brokers like Aon also have a security committee that gives guidance on which insurance companies it would recommend to its clients. "These brokers would either work with a positive list or a negative list," Mr van Oijen said.

“They would not only look at a very cheap premium but also at the track record and strength of the insurance company’s balance sheet offering that premium.”

“We have to make a distinction between registering aircraft or maritime vessels thanks to fiscal incentives and creating a large insurance market which is highly capital intensive,” Joe Cutajar, Director of MIB said.

“The insurance industry’s strength is capital based. The bigger you are, the more added value you can give to your clients; the more fragmented, the more costly it gets and the less value it can afford to give.”

Mr Cutajar added: “The strength of these big insurance companies is their ability to pay claims – that is the true value to the client. It is not saving a few thousands in premium; it is paying the millions when the client needs to make a claim.”

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Caption:



Rob van Oijen, Chief Executive Officer of Mediterranean Insurance Brokers (right) with MIB Director Joseph Cutajar