

# Alert Willis Australia

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## Broking industry must focus on core fundamentals, says new Willis CEO

If the players in the Australian broking industry are to achieve sustainable growth organically rather than through acquisition, they must strengthen their focus on the core fundamentals of client advocacy, earnings transparency, innovation and delivery of the best possible technical resources.

In his first interview with Willis Alert since taking over from Bruce Bollom who retired at the end of 2005, CEO of Willis Australia and New Zealand, Adam Garrard said he believed some in the industry had lost sight of their true role.

"This came home to me when I was in China setting up the Willis operations (Mr Garrard was appointed Managing Director for Asia in 2002). There were few brokers, and the first thing you had to do was explain what you did, where you added value and why they might want to engage you," he said.

Mr Garrard, who is a member of the Willis Partners Council, the senior management team responsible for setting and executing Willis' global strategy, said client advocacy was the core of broking.

"When clients tell me what they want, they say it's a broker who thinks like they think. Someone who fundamentally understands their organisation, its culture, its decision-making process, whether it's risk averse or a risk taker. Whether it's in growth mode or consolidation mode, what is its vision, how it is attempting to reach that vision and what it is that the broker can do to help."

Clients continually confirm that true advocacy can only be achieved where there is a single high level contact who understands their business and represents them in addressing all aspects of their insurance and risk requirements.

Responding to this feedback has meant breaking down any silo mentality and ensuring the best technical resources are made available without question. It is on this basis that the Willis Client Advocate model was established and recognised globally by all Willis operations.

But for advocacy to function effectively, transparency of earnings was essential, as without this, it was impossible for Willis Advocates to become a trusted extension of the client.

"You must be able to act in the client's best interests, without other considerations or conflicts of interest getting in the way.

We know that we add a great deal of value to our clients' businesses, and our clients appreciate that. They are willing to pay a fair price for that value, and we do not need to hide our earnings from them.

As a broker, you only need to be opaque about your earnings where you are unsure of the value you add. That is why Willis has taken the position of being completely transparent about our earnings," Mr Garrard said.

"Within Willis we refer to our 'one flag culture', where everyone is engaged in delivering the best possible service and innovation to our clients, via our Client Advocates regardless of where they are.

Without a 'one flag' approach, transparency of earnings and client advocacy, it is impossible to think and act as your client would want you to. That is why we at Willis have created our unique model," he said.

Mr Garrard also advocated an end to contingent / volume commissions, which are still being paid in Australasia and in most other markets in the world.

"Willis does not accept them, for reasons of transparency and because they have the potential for conflict of interest. We believe they should be abolished internationally," he said.

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# Willis

# Willis responds to evolving market demands

## Business Risk Group consolidates Australia's top risk management and technical resources

Willis Australia has consolidated its risk management and technical resources into a new Business Risk Group (BRG) to meet evolving market demands for far broader solutions to business risk and insurance issues.

Announcing the formation of the new group, which incorporates the risk management practice of Richard Oliver International (ROI), Willis Australia Managing Director, Gary Seymour, said the needs of major clients are becoming increasingly sophisticated.

"Our response is to consolidate the resources of Willis Australia and our wholly owned subsidiary ROI into one group which can deliver integrated solutions across business risk and insurance. The BRG will now offer the largest resource of technical and risk management services of all global brokers in Australia."

The BRG is headed by National Manager Lachlan Harcourt, who was previously National Practice Leader at ROI. Mr Harcourt said the Group would enable a much wider application of the ROI risk management capabilities.

"Richard Oliver has been the pre-eminent name in risk management for more than 30 years, and the company has been a fully-owned subsidiary of Willis since 1994. We have a tremendous capability to add value to Willis clients, and the best means of doing this is through a consolidated business risk and insurance offering.

"The core values of ROI - a passionate focus on client needs, technical rigour and fearless advice - are entirely aligned with the Willis Client Advocacy model where solutions are based on client needs, not on the sale of insurance products.

"By drawing on our risk management and technical resources, the BRG now enables clients to have their needs assessed in the broadest possible context of business risk and insurance."

Mr Robin Patchett, an Executive Director of ROI and widely regarded as one of Australia's leading risk management professionals, welcomed the formation of the new group.

"We have always put ourselves in the shoes of our clients, first and foremost, in understanding what their needs and exposures are, and how we can assist them better manage those exposures.

"Over the years, we have found our best successes are working with those clients in a partnership where the client treats insurance as a last resort, rather than a first resort.

"These philosophies are very consistent with the new BRG's strategic direction. Good risk management requires a multi-disciplinary team of risk financing, broking, risk management and technical resources, and the BRG will certainly deliver this."

The new Business Risk Group incorporates:

- > Corporate Risk
- > Structured Financial Solutions
- > Mergers & Acquisitions
- > Workplace Risk
- > Insolvency and Financial Risks



Time to review

# Group Salary Continuance Increased benefits, reduced premiums may apply

Employers who have not reviewed their Group Salary Continuance (GSC) policies for a number of years may well be missing out on increased benefits and reduced premiums, according to Matthew Witkowski, National Operations Manager, Willis Employee Benefits.

"Market conditions have changed, and we are now conducting benchmarking exercises with clients to review their insurance against what the market is offering by way of benefits and premiums," Mr Witkowski said.

"Existing policy holders may find they can gain increased automatic acceptance levels without the need to supply health evidence, and preferential contract wordings for the definition of income."

"Some existing GSC policies cover salary only, which disadvantages employees whose remuneration also includes commissions, bonuses and other payments."

The Willis Employee Benefits Practice has noted a trend where employers of choice are using GSC insurance cover as a means of attracting and retaining good staff.

"The company pays the premium, and the employee has the peace of mind of knowing they will receive an income even if they are off work for an extended period due to an accident or illness. This can give one employer an edge over another," Mr Witkowski said.

### What does GSC insurance provide?

GSC provides a monthly income benefit if an insured employee is unable to work because of an accident or illness. The cover is 24/7, and the benefit is 75 per cent of the employee's gross monthly salary, including most packaged items.

Premiums are fully tax-deductible to the employer, and do not attract Fringe Benefits Tax.

If a claim is made, payments commence after the pre-determined waiting period (the employee would generally utilise sick leave and other entitlements during the waiting period).

Payments continue for the pre-determined benefit period, which might be for two years, five years, until the employee returns to work or reaches the age of 65.

Plans can include a different benefit structure for employees, executives and senior management.

A superannuation contribution component is also available, and will be paid directly into the employee's superannuation plan.

Other features may include:

- > Partial disability/proportionate benefit
- > Recurrent claim
- > Rehabilitation benefit

Where groups of 20 or more employees have defined specific eligibility criteria, an automatic acceptance level is provided. Cover up to this level is guaranteed for all eligible employees without the need to provide health evidence. If a higher benefit is requested, health evidence may be required.

For further information, please contact the Employee Benefits team.

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