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The HNW story

In every innovative customer service transformation, the disputes as to exactly who had the first idea are largely academic. It's one thing to have an innovative idea, but an altogether more pragmatic task to get it up and running and make it work. John Sims was closely involved in the transformation process of the high net worth insurance sector, and IP invited him to relate the story

This year month marked the 20th anniversary of my joining Chubb Insurance and the launch of its Masterpiece high net worth (HNW) product in the UK. It was a thrilling time.

I've always tipped my hat to Robert Hiscox as the brains behind what later became today's HNW market. But as much as Robert sowed the seeds, it was Chubb who completely revolutionised this market back in 1996.

So what were the factors that led to ultimate success?

- Back in 1996, years of ingrained attitudes and processes were ripe to be swept away, at least in the HNW sector. Insurers' 'lazy' approach of leaving policyholders to choose their own sums insured, and underwriting the risk at the point of claim, via the customer-unfriendly (some might say obnoxious) use of the average clause were not only dragging insurers' reputations down in customers' eyes, but were also retarding insurers' bottom line profit!
- The notion of fully underwriting the risk at the outset (and not when the claim came in) was a novel market concept. Our industry overall still gets bad press about the way most insurers pay claims. To be honest, most of the time, that reputation is fully deserved when standard insurers underwrite the claim and not the customer. They look for ways not to pay the claim, and that's why the general public believe insurers are out to cheat them

- A new element of trust - trust in the processes (such as the appraisal visit) and trust in broker partners to bring in the right customers. New training for staff taught the importance of "Insurance to Value" - simply making sure that the sums insured actually reflected the risk. That was a major first step toward profitable growth

- Robert Hiscox is also famous for his mantra on what you need to know to be a HNW specialist. He said, "There are only three things you need to know about HNW; 'Know the client, Know the client, Know the client'. So get to know the risk in intimate detail - at the start, before you go on risk. That task was, and still is, achieved by the appraisal service, and it remains a mystery to me why there are still some HNW specialists who don't appraise - presumably because of the time and extra costs involved

So, safe in the knowledge that there were no under-insurance issues, Chubb was able to offer a unique guarantee to rebuild a property, however much it might actually cost. Plus! - discard average, warranties, and other such hideous conditions.

The appraisal service changed things significantly, providing the comfort of having met the customer and seen the property. It was also a money spinner. The fact is most people are underinsured, so by ensuring 'Insurance to Value' there were decent increases in premium. Customers are generally happy to pay more when they find out they are worth more than they thought, while for the broker the appraisal removes potential PI exposure. Everyone's a winner!

Those early days of HNW were heady times, but it wasn't always easy to convince brokers at first. The thought of an insurer in direct contact with their client naturally filled many brokers with fear and mistrust. The promise that we would pay claims better than anyone else had to be proven. And so it was.

And that, as they say, is now history. The bar had been dramatically raised in terms of how claims could be handled, and that resonates in today's HNW market where generally speaking, the customer experience is superb.