



WHY CAN'T THE INSURANCE INDUSTRY GET RESPECT?

Despite its vital role allowing global economies to work smoothly while providing security, protection and peace of mind to its customers, the insurance industry struggles to gain respect—perhaps it just needs to communicate better, better, says Mike Morrissey.

This is the time of the year when business magazines publish their 'best of' and 'biggest of' lists. *Fortune* magazine, for instance, just published its well-known *Fortune 500* list of the largest companies in America, which it has been doing for more than half a century.

In recent years, as the business world has globalised, many publications have started making their lists worldwide in scope. Two recently caught my eye as I was flying from Shanghai back to New York, pondering the globalisation of the insurance industry.

Fortune released its 2013 version of the *Fortune Global 500*, the world's largest companies ranked by revenues. The number one company, Royal Dutch Shell, with revenues of nearly \$500 billion, was more than three times the size of the largest insurance company. That company, AXA, ranked number 20 overall with revenues of \$155 billion.

In all, however, insurers made an impressive showing, with 45 ranked in the top 500. Others making the top 100 were Allianz (#31), Generali (#49), United Healthcare (#51), Prudential UK (#84), Nippon Life (#86), Prudential US (#90), and Munich Re (#92). Considering all the huge energy, technology, retailing, consumer goods and other companies in the world, I would say that the insurance industry was strongly represented.

Shortly after perusing the *Fortune* article, however, I read the *Barron's* ranking of the World's Most Respected Companies. How many insurers, firms whose entire businesses are dedicated to providing security, protection and peace of mind to their customers, made the top 100? How did insurers fare against companies that provide gasoline, hamburgers, entertainment, food and beverages and the like? As an admitted fan of the insurance industry, I was shocked to see that the answer was: zero.

While the number one company, Berkshire Hathaway, owns several insurers, I am sure that its ranking reflects Warren Buffett's stature as a wise long-term investor, rather than as an insurance organisation.

Respondents to the survey indicated that their top criteria for determining who is most respected are, in order, sound business strategy, strong management and ethical business practices. I imagine every insurance company's CEO sincerely believes that his or her company satisfies all of these criteria. So where is the disconnect? After all, even when blown out of

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proportion by the media, instances of mis-selling or unfair claims denials are few and far between.

In my view, the industry's image deficit is not a function of occasional negative representations, but a reflection of a failure to proactively inform the public about the vital role our industry plays in making families and companies safer in an increasingly risky world. Examples abound, such as the way the Japanese life insurance industry took a leading role in healing the wounds of the Fukushima earthquake and tsunami.

While we insiders may take gestures like this for granted, many in the broader world do not. If we continue to fall short in doing this, our stakeholders will continue to deny us the respect we deserve, and we will see more of our hard-won business flow to alternative mechanisms. □

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