

INCUMBENT DISRUPTION

Bobby Lehane, CEO of CHU Underwriting Agencies, talks about working to futureproof the business by leading the digital disruption of strata insurance

Brought to you by:



THE THREAT digital disruption poses to the insurance industry, including strata insurance, is real. Appreciating that reality was the catalyst for CHU's venture into insurtech - a move it's effected by launching CHUiSAVER, its own digital underwriting agency.

"[CHUiSAVER] enables us to disrupt ourselves well before someone else does," Lehane says.

"To quote Mark Zuckerberg ... 'If we don't create the thing that kills Facebook, someone else will.'"

CHUiSAVER obtained its Australian Financial Services Licence last year and has been open for business since November. It's delivering strata products to the market both directly and through intermediary channels.

Lehane tells *Insurance Business* about the need CHU sees to take a leading role in disrupting strata insurance.

"To stay relevant, we need to understand, to meet, to exceed and, indeed sometimes, to pre-empt the emerging needs of our customers," he says.

"While I believe CHU is among the best at doing so in the strata market, we need to continue to push ourselves, to lead. Setting up a digital arm underlines CHU's determination to be at the forefront of innovation and stay closely attuned to our customers' growing expectations."

In deciding to create CHUiSAVER, he says CHU is working to pre-empt digital disruption,

provide a vehicle for testing and proving new innovations without jeopardising CHU's core business, and to put in place a toolset to help transform its traditional business.

Back to the start

In the planning stages, Lehane says the business looked at several industries to understand how high levels of disruption had impacted incumbent market players. He specifically mentions the taxi and hotel industries, famously disrupted by Uber and Airbnb respectively.

"Both of these industries were slow to respond to the consumer-led push to a different way of engaging, including digital. This has enormous and far-reaching impacts on the industries they disrupted," he says.

"We also witnessed a number of players in these industries who adapted to this disruption, evolved their businesses and now thrive in the new digital environment."

But Lehane says CHU also took note of the ways in which companies tried and tested innovations before rollout across their businesses.

"One of the organisations that we looked to – and it might sound very strange – was Red Bull ... and, particularly, the Red Bull Formula One Team," he says.

"In the rules of Formula One, every team is allowed to run two cars. Red Bull ... have four cars going around the track ... because they actually have a second team called 'Toro Rosso' ... In that second team, which has a different engine, different drivers, a completely different car, they try out all of these different innovations, and everything that works in the Toro Rosso, they promote to the Red Bull [team]. And if it doesn't work in the Toro Rosso, no harm done."

Lehane says CHU will innovate and learn in CHUiSAVER and apply the successes to the premium CHU brand.

"The reality is if CHUiSAVER and the products that we sell through CHUiSAVER don't move the needle in a significant way, that's okay because that's not actually the game. It's about the innovation and the learnings that we can apply to our premium business, so that we can modernise ... and prepare the whole of CHU for a very different type of digital future."

Customer centricity

In its planning period, CHU established the Strategic Advisory Group of Experts (SAGE) – a group of clients and intermediaries from across Australia.

"We challenged them to think differently about the way we conduct business," Lehane says.

"The response from the SAGE was very

aligned – there is too much paper and duplication of work and, in a digital world, the current strata insurance market is confined to working hours."

Based on that feedback, CHU embarked on a project to design and build a platform (called StrataTech) to allow the hosting of multiple products and services for distribution to CHU's client set.

"To stay relevant, we need to understand, to meet, to exceed and, indeed sometimes, to pre-empt the emerging needs of our customers"

CHU UNDERWRITING AGENCIES

CHU is a specialist strata insurance underwriting agency and is part of the Steadfast Group, Australia's largest underwriting agency group. CHU is Australia's first and largest strata insurance specialist, operating in every major state and looking after over 100,000 schemes nationally.

For more than three decades CHU has consistently led the market and has relied on the professionalism and dedication of its people and on long-standing support from many active partnerships fostered with managers, brokers, suppliers and organisations throughout Australia.

CHU REMAINS AUSTRALIA'S NO. 1 PROVIDER OF STRATA AND COMMUNITY TITLE INSURANCE, AND IS:



The leading specialist. CHU's sole focus is strata-related insurance. It understands better than anyone the intricacies, risks and requirements unique to the strata market and for this reason it consistently delivers the best cover for both Residential and Commercial Strata Insurance Plans.



Pacesetter. CHU sets the benchmark for innovative insurance solutions and has maintained its market

leadership for three decades because it constantly reviews and updates its cover so it's the best and most extensive in the market, coupled with competitive rates.



Fairer, faster and easier. www.chuniverse.com.au is the dedicated online service for existing customers, providing them with 24-hour access to day-to-day transactions for arranging, renewing and managing strata insurance.

For claims, a simple phone call starts the process, with a decision made within 24 hours and the majority of standard claims settled within three days.



Personalised, with access to decision makers. Customers can speak with like-minded CHU staff, specially trained and empowered to deliver the highest quality of customer care. CHU also has a 24-hour Emergency Hotline, **1800 022 444**, to assist its customers.



Secure. CHU policies are underwritten by QBE Insurance (Australia), one of Australia's most secure insurance companies.

INSURTECH

THE BROKERS

In November, the 2016 Macquarie Insurance Broking Benchmarking Report was released, which surveyed 200 broking businesses and intermediaries across Australia. It highlights key industry trends and insights. The following are some of its insights with respect to technology.



8%

of surveyed respondents said they were leading the way in innovation



15%

of surveyed respondents said insurtech start-ups would be a competitive threat in 2017



11%

of surveyed respondents said they offered full quote, bind and pay capabilities online

Source: 2016 Macquarie Insurance Broking Benchmarking Report

“StrataTech is an online purchasing and intermediary self-serve platform specifically designed for the needs of the strata market,” Lehane says.

“The aim of the StrataTech platform is to allow clients to purchase and manage a range of products online without all the need for duplication and to be available 24/7 to suit people’s busy lifestyles.”

The process of working with the SAGE is ongoing, Lehane says, and CHUiSAVER is already receiving feedback from direct customers and intermediaries regarding the usability of its platforms.

“That feedback is already being incorporated into the CHUiSAVER platform, so that by the time we implement StrataTech for CHU ... we’ll already have refined it very well to hit the mark,” he says.

Lehane says this is an opportunity to more dynamically understand and incorporate customer feedback on an ongoing basis.

“Our quote form, for example, has been reduced significantly from the standard number of questions, which could be something like 200, to less than 50. So, a quarter of the number of questions to get to the same kind of underwriting outcome.”

He says use of the StrataTech platform will enhance the broker experience from a service perspective.

“This will enable better rating, reflecting more accurately the risks being insured, while streamlining their workflow,” he adds.

“On the product side, the strata insurance market has been starved of choice. The vast majority of players in this sector provide a very

Asked about other CHUiSAVER benefits, Lehane mentions features like ease of use, the availability of full quote and bind online, a paperless process and a level of rating sophistication that, he says, is not available from CHU’s competitors.

“I’m keen to ensure that the opportunities that digital can unlock are delivered to strata insurance, which includes everything from ease of engaging and doing business with intermediaries and customers, to reduction of costs associated with traditional insurance workflow,” he says.

“Through CHUiSAVER and the StrataTech platform, we will be able to introduce this new way of doing business.”

Stay tuned

It’s been four months since the launch of CHUiSAVER was announced, as well as its first product, residential strata insurance. And according to Lehane, 2017 is going to be an “exciting” year.

“I’m keen to ensure that the opportunities that digital can unlock are delivered to strata insurance”

comparable cover with similar limits and policy wordings. CHUiSAVER is the first innovation in the strata insurance market for a number of years, offering choice.”

Lehane says that while consumers have had the ability to choose the levels of cover and deductibles in other types of insurance, this has been lacking for strata clients.

“With the proliferation of new entrants, there are a number of low-cost options available. However, they haven’t always provided the quality of service or indeed product that has become the norm within strata insurance. CHUiSAVER will provide a value yet quality modern product, reflecting the increasing need of an emerging customer for choice in how they choose to manage their risk.”

He says a number of key services, including claims, will be delivered via CHU to ensure “a positive service experience”.

“CHUiSAVER as the brand and StrataTech as the delivery platform will be utilised to deliver much more than the single product of residential strata insurance,” he says.

He says CHUiSAVER is also planning for an energy comparison site, tailored to strata and community living. CHUiSAVER Energy is expected to be released in the first quarter of 2017.

“Customers will be able to answer a few simple questions, such as their address and the number of occupants, and get an idea of the best deals available in electricity and gas supply,” Lehane says.

“CHUiSAVER will continue to develop digital technologies, including the new digital intermediary platform StrataTech, new insurance products for strata clients and new non-insurance products to benefit consumers in their day-to-day lives.” **EB**