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Interview of Paolo De Martin, CEO of SCOR Global Life

By Ronald Poon-Affat

Paolo De Martin, an Italian citizen, graduated from Ca' Foscari University, Italy, with a degree in Business Economics. He subsequently spent two years in the optical business as founder and managing partner of an eyewear manufacturer. He joined General Electric Company (GE) in 1995 as a finance trainee in London. In 1997, he joined GE's internal auditing & consulting Group, charged with assignments in multiple GE businesses in the Americas, Europe and Asia/Pacific. In 2001, Paolo De Martin was promoted to Executive Manager for GE Capital Europe, before joining GE Insurance Solutions as Financial Planning and Analysis Manager for Global Property and Casualty Reinsurance. In 2003, he was appointed Chief Financial Officer of GE Frankona Group before becoming Chief Financial Officer of Converium Holding AG in July 2006. In September 2007, Paolo De Martin was appointed Group Chief Financial Officer of SCOR. In January 2014, Paolo De Martin, after a short sabbatical period, was appointed Chief Executive Officer of SCOR Global Life.

Three years ago you became CEO of SCOR Global Life. One could say that you are relatively new to Life and Health reinsurance. How do you feel about the industry?

It is true that my experience before joining SCOR in 2007 had mainly been in the P&C world. As CFO of SCOR, I had to learn more about the Life business. Between 2011 and 2013 I was significantly involved in the two acquisitions in the United States that doubled our life portfolio.

I find the Life insurance business really exciting! Our industry aims to answer critical questions: How long will we live? What happens if we get sick? How do we protect our wealth and pass it on to the next generation? And increasingly, how can I understand and prevent disease to live a longer, healthier life?

As a Life Reinsurer, we help our clients develop products and solutions that address these questions. As a consumer, buying Life and Health insurance reduces stress and anxiety about

the future, allowing people to live a life closer to their dreams. This makes working in this industry truly fulfilling.

How do you define your success?

We are driven by our client's success. As a Life and Health reinsurer, we are successful only if our clients are successful. That might seem like an obvious statement, but ultimately you thrive only if your clients grow profitably and sustainably.

Clients need a partner that starts by listening, and then creates solutions adapted to their specific needs. As an example, we helped insurers in the French market introduce the first long-term care products more than 20 years ago. Since then, we have widened this expertise and exported it to markets such as Israel, Taiwan and Korea.

One of the main burdens for insurers is the cost of acquiring new consumers. We have helped our clients finance new business generation for decades in Germany, the UK and in Southern Europe. Since then, we have brought this support to many markets in the Americas and Asia Pacific. We put all of our energy and passion into unlocking value for our clients, and more broadly, helping the industry evolve to help people live a healthier, more productive, and more accomplished life.

How do you measure your success?

We focus our efforts on providing our customers with ideas, insights, tools and solutions to grow, monitor and manage their portfolios. We share the risks with our clients and we are profitable if they are profitable.

We are curious and passionate about anticipating future trends in industry. We invest in our research and development to help our clients better assess the impacts of emerging trends and new underwriting processes on their portfolios.

We also commit significant resources to our underwriting and claims management services. Combining our global expertise and the deep knowledge of local risks from our teams in our clients' markets, we contribute to the improvement our clients' risk management. By supporting our customers in key steps of their business processes, we ensure our common success. In the end, you know you have succeeded when your clients come back to work with you.

What is SCOR Global Life's strategy in the US?

The US is the biggest Life reinsurance market globally. With the acquisition of Transamerica Re and Generali USA reinsurance business, we have built a leadership position in the market. Today it accounts for half of our business globally.

We have established long-term relationships with our US-based clients and we remain very committed to this market. We recently moved our global mortality R&D centers to Charlotte and Chicago and hired several industry experts. Our teams work very closely with our customers to derive insights from their data and improve their pricing as well as their underwriting and risk management processes.

Your main focus in the US is the Traditional Individual business. What's your view on the health market?

The US health insurance market is quickly changing, creating new opportunities. With the rising costs of healthcare, the continued privatization of government programs and new regulations, we expect medical expenditures to increase significantly over the next few years.

There is potential for us to expand in this space. We have built a strong, deeply experienced medical reinsurance team in Minneapolis, and we are leveraging our Life platforms. SCOR is providing our clients with expert pricing, contract terms and claims management services. Offering market excess reinsurance products and developing a medical management program are our key priorities.

Are you also growing in the US capital management market?

The insurance landscape is increasingly challenging. Traditional distribution channels are competing with new business models, increasing policy acquisition costs. New regulations are adding layers of complexity. This is creating a strain on insurers' balance sheets and cash flow generation.

To help our clients tackle these challenges, we leverage our global experience in structuring complex transactions to offer a broad range of financial solutions. On top of the traditional risk transfer solutions, we help our customers manage their solvency and finance new business acquisition costs. Building on our US platform and our global expertise, we are constantly working on increasing our knowledge and capabilities to support our clients in a changing insurance landscape.

What challenges are US Life insurers facing?

In the US, like in many other markets, our clients face a range of challenges from the low yield environment to evolving demographics, from new regulations to the emergence of new technology. However we believe that challenges bring new opportunities.

The industry is currently very focused on accelerated underwriting. And for good reason – our research shows that a large share of policyholders would not need to go through



traditional underwriting to get an accurate quote. Our automated underwriting solution, Velogica, combines speed with risk assessment to underwrite life insurance applications, while streamlining the entire process. Velogica pulls from multiple databases, from medication to motor vehicle records, to provide consumers with a quote in minutes. This enables insurers to tap the large and growing underserved middle market, but also to process higher face amount business.

We are constantly refining our algorithm and adding new data sources to further enhance our solution. For example, risk scores based on credit attributes have a statistically significant impact on mortality risk. These scores can supplement or even replace traditional fluid-based underwriting inputs.

Are insurers facing the same challenges elsewhere?

With the technological disruption impacting traditional distribution models, improving consumer engagement and automating underwriting are priorities in most markets globally. However, the array of products and underwriting processes vary widely. We have developed different sets of distribution solutions to adapt to local specifics and trends. We see that some insurers lack in-house expertise, and rely on reinsurers to

support them across various needs from product development to underwriting to policy administration.

We recently launched Velogica in Asia Pacific. We partnered with Adviser Connect, a market-leading provider of web-based business processing and underwriting automation software. This new Velogica offering combines our risk and underwriting expertise with Adviser Connect's innovative technology. Insurers can expect greater in-depth analysis of their business data and processes, combined with improved customer and adviser interfaces. This will result in a convenient, responsive and intuitive journey that overcomes the clumsiness of existing market propositions to support ambitious growth of the industry in the region.

Bringing innovative distribution solutions to our customers is also a key focus in Europe. To enhance our offering in the region, we have invested in Umanlife, an innovative wellness platform which delivers custom lifestyle coaching tools for consumers. Umanlife enables consumers to interact with their insurer and receive personalized advice. For the insurer, this translates into better persistency and the ability to actively manage their risk profile.

What are the growth areas outside the US?

We see two major trends driving insurance growth at the global level. First, socio-economics are quickly changing, with middle and high classes growing fast in several areas. This leads to a shift of growth towards emerging markets, particularly to Asia. To give you a sense of this evolution, about 500 million people in Asia were middle class in 2010. By 2020, it will have tripled and will represent as much as the rest of the world combined!

We've been present in Asia Pacific for more than thirty years, building strong foundations across key markets. We are further investing in resources, tools and expertise in order to expand our footprint in the region.

The second strong trend we see is the ageing population. This is driving an increasing need for new insurance and reinsurance products. In the UK, a large longevity risk transfer market has emerged in the past few years. Additionally, we recently signed a transaction in Canada. We see a huge potential for longevity in North America and Europe, even though it has not yet fully materialized.

The ageing population also generates new needs around older age. Our clients can leverage our actuarial expertise supported by our R&D centers to feed into their new product development processes.

How do you see Life reinsurance in 10 years?

Life insurance is changing fast. It has changed more in the past 5 years than in the last 50 years. We closely follow market

trends and have a strong focus on innovation, but the timing of disruptions is hard to predict.

The insurance ecosystem is getting more and more complex. We see the relationship between insurers and reinsurers moving from a risk and volatility management driven approach to a true partnership with more intricate interactions at multiple points of the business origination and capital management processes. This is why we are diving deeper and deeper into our customers' needs to deliver tailored solutions. We strive to remain humble and listen to our clients, and this will ensure that we will keep delivering valuable solutions.

What would you say to our readers who are looking to join the Life reinsurance business?

I am really passionate about Life reinsurance and about reinsurance in general.

There are very few industries where you can say you truly help people live their dreams. I am very proud that through the work of our teams there are people that wake up somewhere in the world today ready to tackle their day with less worry, because whatever happens to them, they have protected themselves and their families. Across the industry we achieve this by solving complex problems with some of the best people from a vast range of fields.

I entered the reinsurance industry 20 years ago and since then I have had the pleasure of working with climatologists, aerospace experts, virologists, medical doctors, agronomists, and I could go on with this list. I found this so precious that I have never left the industry!

What do you do at SCOR to attract and retain the best talent?

We have completed several acquisitions in the past decade or so, and building an environment where people can thrive has been critical to retaining our leaders and experts. We have set ourselves the objective to build the best possible teams in each area where we operate, because in the end we are only as good as our teams are. I consider myself lucky to be surrounded by such smart, committed professionals. We put an emphasis on attracting and retaining the best talent and creating career paths to enable our employees to grow their capabilities and succeed in their professional lives, as well as in their personal lives. ■



Ronald Poon-Affat, FSA, FIA, MAAA, CFA, is editor of the Society of Actuaries' *Reinsurance News* newsletter and is a recipient of a 2016 SOA Presidential Award. He can be contacted at rpoonaffat@rgare.com.