

A new start for **Chartis**

The rebranding of AIG as Chartis is intended to mark a new beginning for the company. **Warren Downey**, Managing Director of Jardine Lloyd Thompson's Financial Risks division talks to **Lex Baugh**, the Chief Executive of Chartis in the UK about the rebranding, and what it means for clients.

AIG has not traditionally spent a great deal of time on the back foot. Its dominance of the market, and reputation as a strong, reliable colossus that could take care of business often automatically put it at the top of the list.

But events of September 2008 changed its position. Despite the fact that the UK subsidiary was a strong, profitable business, difficulties in the US fuelled concerns among many clients over what was going to happen next, and how it would affect them, forcing AIG onto the back foot and into a defensive position. Now the company is hoping to move forward, with a rebranding as Chartis. I spoke to Chief Executive Lex Baugh about what he expects the move to achieve.

He has the determined confidence of a man well used to defending his position and looking forward to a time when that is no longer necessary. "In a crisis environment some people lose their nerve, whether that's a broker, an insured or an employee. I had experiences of all three and actually the



“I have come away in awe of the resilience of the business. People’s willingness to give us the benefit of the doubt was encouraging. 95 per cent of multinational account relationships were maintained.”

Lex Baugh, Chartis



Lex Baugh of Chartis (left) talks to Warren Downey (right) about the rebranding

symptoms look very similar,” he says. Concerns among insureds initially resulted in an outflow of business. “Business retention slipped down to levels that were below what we would have seen historically. That’s less true in major multinationals but more true in middle market.”

But the company played its defence well, proactively taking out the message that AIG in the UK remained strong. Through brokers like Jardine Lloyd Thompson, Lex met with many key clients to explain the situation and what it meant for them. The response was positive. He says: “I have come away being somewhat in awe of the resilience of the business. The support that was there from the brokers, the access we had to insureds and people’s willingness to give us the benefit of the doubt as we worked through the process was very encouraging. In the major multinational area, close to 95 per cent of our account relationships were maintained.” Even so, he accepts that keeping relationships has not always translated into retaining business.

The defensive position has shifted during

the last 12 months. From initial questions of financial strength, clients began asking about service in the wake of some early staff departures. Lex says: “It was very clear in surveys of brokers and insurers that at the end of 2008 they were becoming comfortable with the financial position, but the uncertainty was around what was going to happen to the service proposition.”

Investments

In pursuit of greater consistency of service the company launched a number of projects. Lex says: “There has been a significant investment in the claims area of the business both in terms of people and technology. There has been work done around the creation of service centres. We went into the crisis with a profitable business so even though we had an interruption to our growth, we had the ability to continue to invest in the service proposition.”

Lex sees the rebrand to Chartis as a necessary next step. Part of the logic follows on from the focus on service. “It allows us to

have a better offering to multinational clients. On a global basis it’s the first time we will have all the property casualty business within the same brand.” He hopes that a reputation for service will be built around this new brand. “I would ideally like to see the enthusiasm and the focus on brokers and customers that happened in the crisis environment becoming our normal approach to business, and then people will associate that higher level of service with the Chartis brand,” he says.

However, the rebrand is also part of a move away from a continual defence, to a positive step forward for the business. Lex says: “I think people are looking forward to a fresh start. Not having to explain the AIG story constantly. Not the technical explanations: all of us recognise why those are necessary and that’s what we are there for. It’s more the questions of, ‘You’re Chartis, what does that mean?’”

The restructure accompanying the rebrand makes the story easier to tell too. Lex says: “In the past different parts of the





“Quite early on in the process, before 2009, we had come to a solid position that the franchise value was greater than anything we were going to get by stripping off individual pieces.”

Lex Baugh, Chartis



business related to AIG in a number of different ways. In certain instances we had composite licences between a life company and a non-life company and we had disparate ownership structures. In normal times people aren't that interested in the structures. In a crisis where you're trying to explain the security chain for a global programme the new structure will make that easier.”

Quashing rumours

The investment in the brand has gone some way towards quelling speculation that the UK subsidiary may be sold off, especially in the wake of the disposal of the Taiwan arm of the business. Lex emphasises: “You would expect

that in the crisis all things were being considered and there was a lot of pressure to look at ways of raising quick funds and hiving off profitable businesses.

“But quite early on in that process, before we got into 2009, we had come to a solid position that the franchise value was greater than anything we were going to get by stripping off individual pieces. As we did more research looking at what was core that became clearer. I think it would be unwise to do anything that would jeopardise that.”

Lex has high hopes for the success of the brand. I ask him what his New Year's resolution for Chartis would be and he says: “All other things being equal I would like to

see us become the insurer of choice. We're not going to be the most competitive on every deal – we don't want to be – but where we've got competitive terms, we want to be in a position where the broker is comfortable recommending us as the insurer of choice and the client is comfortable choosing us as the insurer of choice.”

Clients are already starting to return to the business. Lex says the trend was becoming established as early as April 2009. “We're starting to see some of the accounts that had left us looking to bring us back in. They might not want us to quote the lead but they are looking for us to get back involved in programmes.” And he expects this to continue, saying: “We can get back to anticipating some modest growth in 2010.”

The future for Chartis

Personally I don't see a return to how things were before the crisis. Previously AIG, as a big, stable, reliable and dominant insurer, drew client commitment like a magnet. Many clients were somewhat inclined to give them the business almost by default.

Now people are taking a more critical view of allowing any one insurer to dominate their programme in the way AIG once did.

Against a background where clients have learned not to put all their eggs in one basket, Chartis will no doubt grow its current share of the market rapidly as the message spreads about the strength of the business, but I doubt it will reach the heady heights of AIG in the UK. However, that is no bad thing from a risk management perspective. And with a strong brand offering strong products and improved service, the new brand can only be a positive move forward for the whole market. **RS**

I Warren_Downey@jltgroup.com