

In the front line

Regional hubs make the right connections

In 2002, XL Insurance established regional hubs to coordinate its insurance operational centres around the world. One of the primary mandates for these hubs is the management of relationships with their vital network of “fronting partners”, who conduct business on XL Insurance’s behalf in over 70 countries, significantly expanding XL’s business outreach.

The positioning of the hubs in the general region of the fronting partners is designed to enable a seamless process for clients, between the knowledgeable, culturally-attuned local front-line service, and the experienced global organisation.

The locations selected for the hubs were: Hong Kong, to cover eastern Asia; Sao Paulo, Brazil, to cover Latin America; and Vienna, Austria, to cover central and eastern Europe, the Middle East and Africa. In today’s market, clients expect global capabilities and local knowledge, and thus the hubs have become essential to the effective and efficient administration of XL Insurance’s business all over the world.

XL Insurance’s Michel Finschi led the 2002 hub project. “We needed the hubs so that we could be close to our partners,” he said. “Previously, the fronting partners were managed centrally. That’s difficult, because you are then dealing from a central position with different cultures, time zones and languages, and relationships can suffer. With a hub on the ground in the region, the client gets better service, and it’s as though we are there.”

The fronting partners are selected very carefully, and are often major players in their own markets. “But it’s important for the client to know we have control by underwriting centrally, as this gives them the back-up of the XL guarantee,” says Michel.

Sao Paulo, Brazil: hub for 16 fronting partners. XL Insurance offices are also located in Argentina and Mexico. Juan Bragadin has led the Brazil hub since 2004, and is also Chief Underwriting Officer on XL’s joint venture with Brazilian giant, Banco Itaú. He notes that the South American hub has provided a unique solution, enabling the development of

indigenous business in the region backed by XL’s capacity. Clients have said it enables quicker and more efficient policy issuance. Although the focus initially was purely on service provision, Juan says that the hub structure has turned out to be a growth facilitation engine.

Hong Kong: hub for 21 fronting partners. Country Manager Philip Chan notes that fronting partners provide a cost-effective way of opening up in new markets, as well as assisting business development of products in the region. In Asia, relationship is a key factor in business transaction. Following years of experience working successfully with far eastern fronting partners, Philip and his team know their territory very well. “Although the hub structure is not unique, it is a differentiating factor for XL Insurance in the program business,” he says.

Vienna, Austria: hub for 43 fronting partners in central and eastern Europe, the Middle East, and Africa. XL Insurance offices are also located in Poland, Hungary and the Czech Republic. Michael Kleiter heads one of XL Insurance’s most culturally diverse teams as country manager and hub manager in Austria, an area of significant actual and potential growth. In 2004, 10 countries, including eight eastern European nations, joined the EU, marking the biggest expansion in its 50-year history. The Vienna hub has prime positioning for these important emerging markets.

Hans Mazenauer, Deputy Director of Global Programs and Network Services, is in charge of the fronting partner strategy and management for XL Insurance. He notes: “The key for us is to ensure we have a presence in the countries where our global clients need local service. The hub structure enables us to select top quality partners and to maintain close working relationships with them. Hubs also facilitate data collection from local clients and fronting partners, providing us with up-to-date client, policy and claims data, which improves the service we are able to offer.”