

The name of the game is coopetition – Money Marketing – December 2007

I have discovered a new word. It's a great word because it's one of the words that if you think about its meaning and application for long enough it can help to stimulate ideas which can then develop into solutions to the very real problems our market is facing today.

It is such a great word that I wish I had made it up, but I didn't I just read it somewhere. It's probably a very old word but it has taken me 42 years to discover it, so it is new to me. The word is coopetition (simply combine cooperation and competition then stir) – try typing it into Google.

Now I am not saying that coopetition hasn't already been employed in various parts of our market to great effect, it has, just look at the development of critical illness and the creation of the first exchange quotation service but these were brought about long ago and perhaps we have just forgotten how.

I think now is the time push this ideal further - to help improve the skills of those on whom we all depend to grow the market (advisers) and to tackle some of the terrible inefficiencies we all suffer from when trying to 'manufacture' valuable protection from a piece of advice.

It is time to examine the benefits of coopetition around the 'middle' office.

I have experienced both sides of the manufacturing fence and it is clear to me that there are opportunities to improve the process measurably for customers, brokers and insurers but to do this would require the insurers to park certain beliefs before engaging.

I can already hear the objections working their way to the lips of those who run marketing, underwriting, sales and actuarial departments - that increasing the amount of coopetition would destroy important aspects of their differentiation and harm some of their USPs. My answer is that they should focus on the things that are really important and not on the things that they have persuaded themselves are important through their own introspection and misunderstandings. All of which can be dealt with by walking a mile in their customer's shoes - so that they can truly experience how uncomfortable it can be to cover the distances we now have to travel when trying to turn advice into dependable cover.

It is time for insurers to compete on the things that are important to customers, potential customers and advisers and cooperate on the things that will help to make the buying process more efficient and easier to engage with. The goal being to restore confidence in a market that advisers and customers find frustrating and difficult. Differentiation is important but what is more important is that the differences have positive, not negative influences on the market and customers.

Car and computer manufacturers jointly develop components and share parts and distribution infrastructure. Airlines do it, retailers do it, in the past we have done - now is the time to do it some more.

Whilst I appreciate that any analogy eventually falls down I can't help thinking if insurers ran card payment systems then there would be ten chip 'n' pin machines at the side of every till.

By Richard Verdin, Sales & Marketing Director