Eight years old and going strong

Miway Insurance is proving to be a tour de force in the short term insurance industry, with its 2015 figures showing an impressive growth of almost 20%. This trailblazer is headed up by its equally dynamic CEO Rene Otto, the ‘non business businessman’, who took time out of his action-packed schedule to chat to COVER over a coffee, sponsored by Global Choices.

“"We pay full commission to the broker for placing the business with us.”
1. Tough conditions are quite clear in the industry. How did you manage to generate a profit while most of the short-term industry is really struggling?

Success comes from a proper understanding and execution of the fundamental profit drivers of the business. In MiWay’s case, it means:

- Building a strong, aspirational brand,
- Acquiring and retaining a critical mass of clients in a cost efficient way,
- Managing the claims value chain well,
- Providing world-class client service,
- Developing and maintaining effective administrative information technology platforms, and
- Following a disciplined actuarial risk rating approach.

The profit we generated in 2015 was the result of our persistent focus on the abovementioned fundamentals since our launch eight years ago.

2. Will you be able to keep this up?

If we keep focusing on the fundamentals, there is no reason why we couldn’t keep it up. Ironically, tough economic times provide new opportunities to offer better value for money solutions. Our mindset is to look for new opportunities, to use modern technology where it makes sense to innovate and to always look for smarter and more cost effective ways of doing things.

3. As a member of the Sanlam Group, how do you see the fit when competing against companies like Sanlam and Santam with your offerings?

We try to play in areas where Sanlam and Santam have not traditionally played. The strategy is to increase the size of the cake for the group rather than dividing the same cake into more slices. The amount of overlap or “cannibalization” is negligibly small. Our experience shows that different brands appeal to different audiences. For example, the Personal Lines market share of Santam (including MiWay) today is significantly bigger than what it was eight years ago before MiWay entered the market.

4. MiWay is branching out into the Business Insurance space. Do you see that as a direct offering as well? How do you get past the advice issues?

Our Business Insurance model is a hybrid between direct and intermediated. The purely direct part of the business focuses on simple risks where advice is not an issue.

5. With a strong brand like you have now established, broker expansion seems to be an obvious strategy. How do you aim to service that market?

Our Direct Broker offering has been very successful to date. We pay full commission to the broker for placing the business with us, but we retain control over the rating and claims processes. It works well with certain brokers who don’t want to create and maintain the infrastructure to manage claims and other client service related functions.

6. What is your outlook for the personal lines business in 2016/17?

Blaming tough economic conditions for poor performance is an excuse my team and I will never use. We all expect 2016/17 to be a tough period, however, we are excited about the opportunities it presents. Tough times force you to dig deeper, to innovate more and to find smarter ways of doing things. This in turn stands you in good stead when the economic climate improves. Many of MiWay’s successes over the last eight years resulted from finding solutions in tough times. We launched in 2008, in the midst of the global credit crunch, and we found a way of not only surviving but thriving. I have a team of resilient individuals with a strong can-do attitude, who work together as a team to develop winning formulas. We’ve done it before, and we’ll do it again.

7. Rene the non-business man. How do you separate the business from the non-business life and how does your family cope with your busy schedule?

I believe in work-life balance. My wife and I love to travel, do wine tastings and enjoy a round of golf…she beats me most of the time! I am also an enthusiastic triathlete. It obviously takes long hours to prepare for an Ironman, but fortunately my wife understands it ‘makes me tick’ and she is by far my biggest supporter. The important thing, from my perspective, is that MiWay is part of my thinking world every waking moment, whether I’m cycling, swimming, travelling, golfing, etc. Modern technology makes it possible to stay in touch with the business anywhere and at all times. I find that my “non-work” interests help to keep my thinking about the business fresh and sharp and plays a significant role in keeping the flame of my passion for MiWay burning as strongly as ever.