

Interview: Dragan Odzaklijevic CEO, acb, Serbia



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Dragan Odzaklijevic, CEO of acb, the exclusive correspondent of leading global insurance broker Aon in Serbia, discusses the Serbian insurance market, which of acb's services are most in demand for the healthcare and life science companies it serves, and what differentiates it from the competition.

With 13 years as CEO building up the practice of acb, the exclusive correspondent of Aon in Serbia, could you begin by introducing the company here and how it is structured?

Aon first became present in Serbia with a direct investment in 2002. At that time, we were a small company, mostly servicing Aon's global clients here, which remains our primary role to this day. We apply not only Aon's service standards, but also the insurance structures that these companies have on the global level. Our role has been to adjust to the requests and insurance standards from a global perspective and apply them to the Serbian context.

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In 2008, Aon changed its management structure after a buyout and we had to change name to acb here in Serbia. There are two owners of acb – Mr. Matijevic and myself – but we are still a member of the Aon group and are the exclusive correspondent of Aon in Serbia. We still service Aon's global clients in addition to many purely local clients.

We started with a very small office and now we have 15 people. We have a business development department that takes care of the needs, demands and risks of prospects and new clients as well as new products and specific, complex demands from clients. Our client service department takes care

of our existing clientsâ?? portfolios.

Which of your business lines are most in-demand here in Serbia?

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Over the last 15 years we have mainly been focused on property and liability insurance. In the last couple of years, the main focus of our activities has been on employee benefits in general, especially voluntary health insurance, as there is a growing demand for that from the industries that we serve. Motor, marine, construction and all other lines of insurance are always in demand here. In the last couple of years, risks have become more complex, especially in terms of liability insurance, which is one of the main focuses of pharmaceutical companies

How receptive are companies in Serbia to the importance of insurance?

With the international companies it comes as second nature, while local companies are becoming more aware of the need for a reliable consultant or expert who will not only monitor and determine their business and operational risks but also translate their risks and demands into insurance language. This is the most important thing because whenever we talk with our clients, we try to make things clear and simple and advise them which risks could be covered, which they need to cover themselves, and to focus on the main risks of the operation.

Some companies do not have a lot of property or a large number of employees but are still exposed to significant risks in terms of product liability for example. This is where we advise them that such risks must be and can be covered by insurance.

In terms of local companies, awareness is rising, as is willingness to involve a broker. Such companies are either growing and exposed to some risks internationally or are purely local companies but have an approach or management model that is close to developed market standards. They may have business advisors of various kinds who advise them to bring their insurance standards up at the same time as HR or financial aspects. Those are the companies that we are targeting.

Healthcare and life sciences is a sector with a lot of risk inherent in it. What proportion of your business is taken up by this sector and what services is acb offering to companies operating in this area?

This is not a large portion of our portfolio. We have a lot of international clients. Sometimes, they have international insurance standards, so they have to align their local insurance with these international standards and sometimes their headquarters are reliant only on local insurance solutions and we have to involve our local strengths and knowledge to deal with such risks.

In Serbia, in certain cases, if you have a locally registered legal entity, you have to have an insurance policy issued by a local insurance company. The possibility of having direct insurance coverage from abroad does not exist. Clinical trials insurance is mandatory in Serbia and a lot of research is being done here. A lot of international companies are doing their best to place such projects here, so this insurance is a must. There are solutions available locally, from up to five insurance companies here that have their own products. There are opportunities to implement global insurance standards here in Serbia.

In terms of production, property and product liabilities are important. This applies not only to drugs themselves, but also to other related products such as syringes. One area that is not being widely arranged here is insurance for clean rooms. This is interesting in that no local insurance products are

good enough to cover such risks. We see this as a chance for improvements here, for more comprehensive products that would cover such risks. From the insurance perspective you do not have material damage that can be seen, only contamination. This not only produces extra expenses in terms of getting the clean room back into a functional state, but also interruptions to the company's business.

What differentiates acb from its competitors in Serbia?

One important aspect is that Aon as a company is client-focused. Working on the ground, you deal client by client. Aon has a lot of specialties in its organization, so groups of experts for specific industries are organized in those specialty groups, which we, as Aon's exclusive correspondent here in Serbia, can quite easily access. These groups are worldwide and hold experts for various industries.

In terms of acb locally, we are not only the largest team but also the most experienced. I myself now have 26 years of experience in the insurance industry and my co-owner has 20. We also have members of the team who are very experienced not just in insurance companies but in other organizations. The level of expertise in various lines of insurance as seen by the insurance companies is probably our main asset.

What is the regional importance of Serbia to Aon?

Until recently, Aon has been present in all of the countries in the region apart from Macedonia, Albania and Bosnia and Herzegovina. Now, the former Yugoslavia has three correspondents: Serbia, Croatia and Slovenia. We have a partner in Bosnia as well, but we still do not have a presence in Macedonia and Montenegro. Bulgaria changed last year so we have a correspondent there. In Romania, Hungary, Czech Republic and Slovakia we have affiliates which are still owned directly by Aon.

Our regional role is not measured in terms of contribution to the network because there is a specific structure for correspondents. At the moment, we in Serbia are around the size of Slovenia, but in terms of the gross premium written overall in the insurance market of all the countries in the region and the revenues that companies are achieving in such countries, we are probably the best performing. The Slovenian, Croatian and Bulgarian markets are several times larger than the Serbian.

Why is acb the insurance broker of choice in Serbia in general and for life science companies in particular?

It always comes down to our competencies and expertise. When we are talking about the servicing perspective, we always have this kind of question from both the insurance companies and our competitors: "Are there enough companies here in Serbia to justify so many staff?" I reply that the situation is quite the opposite and the question should be: "Do we have enough staff to service our clients in the most efficient and professional manner?" Unlike our competitors, we are organized in such a way that everyone who deals with clients is always backed up by a full team. Our account executives are completely focused on the clients, unlike those of some of our competitors who may have administrative functions draining their time and energy. We have a support part of our company which deals with day-to-day simple demands from the client but what is important to say is that within the company we are very focused on the expertise in certain lines of insurance.

When it comes to pharmaceutical and life science companies, this is not industry-focused so much as product-focused. If we have demand and a conversation with such companies, then we have

experts in certain fields of insurance which might be interesting for them and important for them to cover the risks that they are facing. We have a matrix structure which, to the best of our knowledge, is unique in Serbia.

Where do you hope to lead the company by 2023?

The main aim has to be to offer a greater variety of products. When Aon started doing business in Serbia in 2002, there were no international players on the local market speaking about the insurance companies. What we expected at that point in time was for the international companies to bring new expertise, products, and approaches, not only in terms of servicing the clients or communicating with brokers, but also being innovative. What I would like to see by 2023 is a more innovative approach and more new products on the local insurance market.

Unfortunately, insurance brokers here in Serbia are not in a position to create insurance products or even to import them in the forms in which they are present in the developed insurance markets. We are speaking about a very innovative industry here which should be followed by innovative insurance products. Currently, this is not happening.

An important risk is also cyber risk. Local insurance companies are not thinking about importing such products from their mother companies, let alone developing their own products. This should change. Brokers, with us as a leader in the market, should back this process in the next four or five years. Then, even the room for overall operation and the business of such innovative companies in Serbia could be better. They should not care about things that they cannot arrange here in terms of insurance products or risks being uncovered.

I would like to see the development of the local insurance market, more innovative products, and more focus on industries such as IT, which is very important in Serbia and booming. However, even in this important sector, there are no proper insurance solutions for professional indemnity or their services and products. That is something that we want to see happen in the next four or five years, led by acb. We are focused on innovations and changing the available insurance products into something more comprehensive. We are doing this already, but not as well as we would like.

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