

PROVIDING Peace OF MIND

As part of one of the largest general insurance groups in the country, Suncorp Commercial Insurance is leveraging the strength of the Suncorp Group and focusing on customers' needs.

Images by Scott Ehler

Anthony Day, CEO of Commercial Insurance at Suncorp Group, has been in the industry for more than 33 years, working in commercial and personal insurance. He started with a cadetship at Edward Lumley & Sons, and later moved to Chubb Insurance, where he launched the company's high-end home owners product into the Australian market. Anthony also worked for Zurich Financial Services from 1999 to 2007, and joined Suncorp the following year. His appointment as CEO Commercial Insurance came in October 2009.

Suncorp had just acquired Promina when Anthony arrived. His first priority was to integrate the business and put together a

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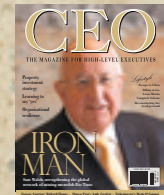
strategy for long-term growth and sustainable returns. "My focus was first to look at the organisational design of the business and ensure it was right. Being a large-scale player, I had a belief that a functional model was the way we should organise ourselves. That means aggregating 'like' functions. So, rather than structure the business on a brand basis or a product basis, we do it on a functional basis—the functions of underwriting, claims, distribution, and so on.

"The commercial insurance market is pretty fragmented, so you need to be able to aggregate expertise. That's really what I was about. That was probably the first change we made in the business, and we drove it pretty hard. Plus we needed to ensure we had the right leadership

team in place to deliver the results that we were after.

"We also wanted to ensure that we worked effectively across the functions. In a functional model you need to rely on each other. We spent a lot of time focusing on the teamwork between the functions so that the team understood the customer model but worked effectively together. We put a lot of effort into that."

Suncorp Commercial Insurance—and particularly its statutory business, which encompasses compulsory third party (CTP) and workers compensation insurance—is an active voice to the industry, the community, and government through its thought leadership white paper program. Anthony believes this is a necessary part of >



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the business and adds credibility to the company. “If you want to lead in any market, you need to provide that expertise and that voice to all parts of the community. If you look at our statutory business, most companies would organise their operations scheme by scheme in each state. We quickly worked out that it’s all personal injury business, so we organised ourselves on that basis.

“I have one executive general manager for personal injury claims and one for the portfolio. This allows us to take best practice from each scheme and apply it nationally to help get people back to work and back to their pre-injury life. Having all that expertise, we think Suncorp has an important role to play working with government and the broader community on how we reshape the personal injury insurance industry, which will deliver benefits at the end of the day. If you want to be a leader, you need to have a voice in the market—that’s what we believe.”

A recent Suncorp Commercial Insurance white paper noted that the insurance industry will have to respond rapidly to changing workforce needs. These changes are being addressed by the company’s industry-first specialist career pathways. “My business is quite diverse in its nature. We have 16 commercial insurance products and eight statutory schemes that we have to deal with. Each one of those requires specialist skills. Traditionally, as you progress your career in this industry, if you’re a great underwriter and you advance to a certain level, the only choice you have is to take up a people-management position. But that moves you away from your core skill of underwriting.

“What we embarked on last year was creating career pathways that meant specialists didn’t have to move into people management to advance their career. We’re able to build their expertise, give them the recognition and reward they deserve, and allow them to continue developing in their preferred role.



“Just because you’re a great underwriter doesn’t mean you’re a great people leader. If you’re really good at what you do, why can’t you keep doing it? Why do you have to move into people management when that involves a different skill set? What we’re doing is recognising that each of them is important, but different. That’s why it’s resonating so well with our workforce.

“This initiative is an opportunity for us to create a career pathway for all the specialist skills that are needed in the commercial insurance market. Because Suncorp

Commercial Insurance is diverse, we require a range of specialist skills to ensure our products are delivering for our customers. Suncorp is already getting a reputation in the market as the place to work because we’re providing opportunities for those who have technical expertise to progress their career without having to jump into management. Looking after our people means we’re better able to look after our customers, which flows through to our results.”

This pathways initiative has been a crucial aspect of the company’s



drive to improve staff engagement and retention. Another key element is Suncorp’s leadership and development of its people. “I truly believe that if you create a good leadership culture within an organisation, then the people will stay. People often make decisions regarding whether to leave or to remain with an organisation based on the people they work with. Our objective is to create an environment where people are respected and leaders are well supported in their roles. We’ve invested a lot into developing our leadership culture at Suncorp. My senior leadership team in particular has spent quite a bit of time on improving their knowledge and skills, because it starts at the top. We’re starting to see some really good results in regard to retention of people coming through now.”

Suncorp sees its staff as the company’s most important asset, so there’s a strong belief in building flexible employment practices. “If you’ve seen our white paper on the

workforce of the future, it looks at flexibility, and this organisation has advanced that a long way. The way we’ve done this is by creating technology to provide options around the way you work and where you work, so you can move around quite easily.

“A couple of years ago, we piloted a program in our commercial claims area that aimed to attract more mature people who had, perhaps for family reasons, come out of the workforce and were finding it hard to get back in. The program allowed people to work from home and gave them flexibility around their working hours. For example, they might only work when their kids were at school. We found that their productivity, the quality of their work, and the retention rates of those people were extremely high. This initiative enabled us to access a pool of people who have very well-developed skills and extensive experience, but are not able to take on a nine-to-five, full-time role.

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“That pilot has worked really well for us. It was also interesting from a customer point of view. During one discussion with the then head of commercial claims, the comment was made that ‘if you recruit young claims officers in their 20s or 30s, they don’t have a great deal of life experience’. If you’re managing a claim and talking to a customer whose business has just burned to the ground, you need to be able to have genuine empathy for their situation. That’s where life experience is invaluable. I believe that having experienced claims officers who can establish trust with our customers is an advantage that is flowing through to our improving claims metrics.”

During the past couple of years, Suncorp has done a lot of work on customer-centricity, focusing on the diversity of its customers and how their behaviours change. “What’s happening is that customer buying behaviours are changing. We’re able to adapt to their preferences as they





evolve over time. We can be innovative, provide options, and fulfil each customer's individual needs, rather than having a one-size-fits-all approach that only utilises one particular distribution channel. We're taking that to the next level, and what we're finding is that a single customer might purchase different insurance products using different channels, depending on their needs at a particular point in time.

"I was talking to an insurance broker recently and, without intending to, he basically explained our distribution strategy. He said, 'I have to adapt my business model now because some of my customers want to buy certain products online, some of them want to meet with me face to face, and some just want to talk on the phone'. You've got to alter your business model to meet your customer's needs rather than having the customer fit into what suits you.

"One of the big differentiators of my commercial business compared to our competitors is that we have a broad range of distribution channels. Regardless of how a customer chooses to purchase their insurance, we can meet their needs. Some customers like to do things by themselves, so we have an online offering through our AAMI brand where they get cover for their commercial businesses 24/7. Some customers like to talk to someone, so we have contact centres. And others prefer to speak face to face, which is where our GIO business insurance specialists come in. Many business-owners want independent advice from a broker, and they're catered for by the Vero brand that is exclusively available through brokers. No matter how a customer wants to buy, we can service their needs."

The focus on taking a customer perspective has led Suncorp Commercial Insurance to identify various customer personas in order to enhance customer service. "Certain customers will tend to behave in certain ways. For

example, some like to take their time and get across the detail, while others prefer to have the interaction completed as quickly as possible. As a result of an extensive piece of work, we've been able to categorise a number of customer behaviours into different personas. Our customer service people are being trained to listen to each customer to determine what

persona is most appropriate, so they can then respond to the customer in the right way.

"One of my claims people recently told me how the team has been using these personas. He talked about a customer ringing up, and it was evident early on from the tone of the customer that he was cynical about insurance. Rather than jump

straight into the script with 'Tell us about your claim', he said to the customer, 'It sounds like you've had a bad experience before. Do you want to tell me about that?' The customer then recounted his previous experience. By listening to him, getting his perspective, and acknowledging where he was coming from, it changed the whole experience for the customer. The customer actually thanked the claims officer and said, 'You're the first person that's ever stopped and listened to my story'.

"That's how you can identify early what type of customer they are. Some, you can tell, just want to get the deal done, so they're the ones you want to get off the phone quickly. Some want to have a long conversation about what their priorities are, so you need to work with them. What we're doing now is training our people so they can identify where each customer is coming from early in the conversation and respond in the right way. Every customer is different."

The majority of commercial insurance business is done through intermediaries, so a priority for Suncorp is to partner with insurance brokers. "Many businesses are complex and face a variety of risks—risks that can change over time. Brokers are able to provide a business-owner with advice and tailor their insurance cover to suit the needs of the business. Suncorp works closely with brokers to make it easier for them to do business with us and ensure that customers are being looked after."

Another important capability comes through Suncorp Commercial Insurance leveraging the Suncorp Group's scale in areas such as claims management. "Ultimately, claims are the promise we make as per the delivery of the product that we sell, so it's critical that we get it right. We're one of the largest personal insurance providers in Australia and have an extensive network of people looking after these lines of

business. Through a joint venture, Suncorp has created SMART shops that repair lightly damaged system vehicles. It's a sophisticated system where we can get some cars back on the road within 24 hours.

"If you go to a regular panel shop, it can take days to get your car back. Through the SMART shops, customers can get back on the road faster. While the majority of vehicles going through SMART shops belong to Suncorp personal insurance customers, the service is also available to our commercial customers. For a commercial customer, their vehicle can be central to their income stream. Every day it's off the road costs them money, so the SMART shop facility is an important element of the customer value proposition. When a broker is advising a customer where to place their business, it's differentiators like this that can lead them to recommend they choose Vero."

Suncorp Group has an overall group CEO and a further six CEOs for the company's various divisions. "As well as myself in Commercial Insurance, we have a CEO of Personal Insurance, Life Insurance, Suncorp Bank, Vero New Zealand, and Suncorp Business Services. A number of back-office functions are aggregated into Suncorp Business Services, so this is another area where we utilise the scale of the group. For example, our IT, property management, and some of our HR programs are provided to the whole group by Suncorp Business Services.

"I work very closely with each of the other CEOs to find opportunities to leverage our capabilities across the lines of business. As you'd expect, this is particularly important with the CEO of Personal Insurance. I do occasionally get asked if the collaboration is forced. The answer is 'no'. The culture of this organisation is to share resources to drive efficiencies so we can deliver for customers and shareholders. As a diversified financial services business, we can

all utilise the scale of the group to compete in our respective markets. Suncorp has around nine million customers across the group, and how we leverage those across all our product lines is important for our future."

Since Anthony has taken the CEO role, Suncorp Commercial Insurance has put itself in a strong position for the years ahead. "Our customer and broker metrics are as high as they've ever been. The back office is working very well and we've become much more efficient, so we're set to capitalise on any market disruption. We've created a very resilient business. What I'm really excited about is that, over the next few years, we'll be able to drive our performance to the next level. What we've talked about in the market is our commitment to achieve above-system growth of three to four per cent. You can outperform the market if your service to your customers is better than others, your expertise is strong, and you have a highly engaged workforce. That's basically where we believe we hold an advantage.

"What you'll see is continued growth from Suncorp Commercial Insurance over the next few years. The commercial insurance market is quite fragmented, and there have been disruptions with some competitors going through change. A recent announcement indicated that one of our major competitors is moving to an operating model that we've had in place for a number of years, so we're ahead of the game.

"We've put a lot into aggregating our back-end systems, our front-end systems, and our common platforms across the group. That gives us a competitive advantage, enabling us to deliver for our customers. The strength and diversity of our business, the choice of distribution channels we offer, our scale in claims, and our expertise in underwriting—all these elements position us to grow this business and drive results." •

