



As featured in
The CEO Magazine
For more info visit
theceomagazine.com

MODERNISING an Enduring Brand

Founded in 1908, Folksam is one of the largest and most renowned insurance companies in Sweden. The organisation is capitalising on its long history and experience within the industry.

Images by Lars Nyman

In September last year, Jens Henriksson was appointed CEO and President of Folksam. He had already developed an extensive managerial background, working for some of the largest financial institutes in Sweden, and brought a wealth of knowledge and experience to the role.

Since taking up his position, Jens has been seeking to modernise the well-established insurance company by implementing new processes and technology. He recently caught up with *The CEO Magazine* to look at the changes he's implemented so far and what the future has in store for Folksam.

The CEO Magazine: Can you give our readers an overview of your professional background?

Jens: I have an engineering and economics degree from Lund

"Folksam is a mutually owned company, and that means it has to be driven in many ways like an ordinary company, but you also need to think not only of profit but also about how you get maximum customer satisfaction. Our customers are also our owners."
- Jens Henriksson

University. I spent 12 years in government in different positions; in the last of which for four years I was responsible for economic policy and international affairs at the Ministry of Finance. After that I worked for Bruegel, the European think tank. While there I wrote a booklet on how to do budget consolidation. It was a commercial failure; not a single copy was sold. But once or twice a year somebody from the Ministry of Finance or Prime Minister's office calls me to ask for advice.

After that [Bruegel], I was recruited by the current Swedish government and the Swedish central bank to join the IMF [International Monetary Fund]. I was then on the board of IMF and I had the fortune/misfortune of representing, among others, Iceland and Latvia, two countries that during my tenure applied for assistance from the IMF. After that

I was recruited by NASDAQ OMX, working for them in the US. I then moved back to Sweden and I worked a short time for Swedbank and after that at NASDAQ OMX as the head of the Stockholm stock exchange for three years. And then I was recruited to my present position as CEO of Folksam.

Nearing the end of your first year at the helm of Folksam, what have been some of the things in your background that you've drawn on?

I think the combination of having been in both the public and private sector was very helpful for me. Working at the Ministry of Finance, which I would say is the elite of people working in the public sector, was fascinating, with a lot of interesting questions and interesting policy dilemmas. That has helped me a lot. Working with IMF, seeing all the countries in the





world, and solving the different challenges and problems has also helped me. Coming into a US financial company based in New York taught me a lot about how to focus on profit, how to focus on entrepreneurial spirit, and the whole idea of execution, which I believe sets NASDAQ OMX apart.

I think that combination of American and Swedish engineering and entrepreneurial firms and the policy background made me a good candidate for the president of Folksam, because Folksam is a mutually owned company, and that means it has to be driven in many ways like an ordinary company, but you also need to think not only of profit but also about how you get maximum customer satisfaction. Our customers are also our owners.

Why is it important for the business to modernise and increase efficiency?

I sometimes describe Folksam as a car. If you look at it from the



outside, we look absolutely stunning, like a new Volvo—really nice on the outside. We have high customer satisfaction, good return on capital and increasing market share; we're now the biggest life insurance company, the third biggest non-life company, and altogether we're the biggest insurance company in Sweden. But if you lift the hood on this nice Volvo, you'll see an engine that is 20 to 25 years older than the outside—we have a lot of old computer systems. We have about 900 different systems, as we have had a long history of handling life insurance, and we're not a modern financial company in all aspects. My focus over the past year has been and for the next three years will be on how to make the engine work smoother, how to make it more efficient, create more of a base for what's coming with the internet, and to become a much more modern financial company.

“Our focus will be on our present customers, contacting them, talking to them about covering all of their insurance needs, delivering those, and then I think we will continue to get market share.”

- Jens Henriksson

What steps have you taken to ensure this modernisation of the company occurs?

The main steps have been to go through all the IT systems. We're currently looking into plans of how we will, during the next three or four years, make a full renovation of the systems. The insurance industry is adapting to the rules coming from the EU, mainly Solvency II, and I'm using Solvency II as a way to modernise our structures within the company and the way we measure profits on the different products as well.

How are you leveraging the mutual company market advantages while getting the company up to scratch and increasing consolidation?

It's ignorant to ask people to choose Folksam just because it's a mutual; I want people to choose Folksam because we are best in class, and one of the reasons we are best in class is because we are



them through the collective agreements; for example, the big agreements with the trade unions and the sports movement, and once we get them inside the company, then we call up each of our customers to go through their needs, and then we can cross-sell more insurance to them so they can become 'golden customers', meaning they have multiple insurance policies with us. That is our strategy.

How does Folksam collaborate with key suppliers and other strategic partners?

We've had a history of asking for too much flexibility and saying we're a unique company and therefore we need unique solutions. I do not think that is the case. Of course, every company is unique, but we want to have more standardised products and not use too many suppliers. Our suppliers need to deliver things that are more off the shelf, cheaper and less tailor made. Everyone then gets pumped up and says you can close down three systems by having this system alone, and that is going to be a big selling point for us.

For example, we have had a good relationship with Itello. Basically, we are putting a lot of confidence in them by asking them to deliver Inca since we are going to use that system. I don't want to get into the specifics of exactly how.

What does the future hold for Folksam?

Folksam stands financially strong. I think the future will be a lot of hard work during the coming four or five years, very much focused on working under the hood and making sure we're more efficient, more consolidated, and more modern. The key challenge for us is to go from this 100-year-old company to a modern financial company. That is a big change for us; at the same time, keeping the good customer contact that we've had all the time. That is a challenge, playing both the white and black keys on the piano, focusing on getting the inside to work better and continuing to deliver to customers. ●

5 KEY BENEFITS OF AN INDUSTRYWIDE SYSTEM FOR LIFE INSURANCE

BENEFIT LIKE FOLKSAM DOES

Folksam is one of Sweden's largest insurance companies. Itello is a key facilitator of the transformation journey that Folksam has embarked upon. Learn more about the key benefits of a partnership with Itello: itello.com/en/folksam



a mutual. The other for-profit insurance companies have to give a dividend back to their shareholders; at Folksam, we do not need to do that. Basically, we can have competitive prices or give dividends to our owners, who are our customers. And that is mainly what we've done over the past two years; we have given back to our customers when we've made a profit.

We have a big advantage compared to other insurance companies. I think sometimes this has been an excuse for not being efficient enough, and that is not okay. Basically, I want to position Folksam above all the other for-profit insurance companies. I think we have a good future ahead.

If you look at Folksam, you can see the glass as half empty or half full. If you see the glass half full, you can say what I said before, mainly that we're the biggest insurance company in Sweden, and so on. If you see the glass half empty you can say that we have every second Swede as a customer, but we still only have 15-per-cent market share on both the life and non-life side. That means we have quite good potential only working with our present customers. So our focus will be on our present customers, contacting them, talking to them about covering all of their insurance needs, delivering those, and then I think we will continue to gain market share.

The key thing for us is to have a lot of customers and mainly get



Itello is a leading provider of business software for efficient administration of pension, life insurance and savings in the Nordic area. We develop sustainable solutions that meet the requirements of today and are prepared to meet future changes.