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New Allianz chief Richard
Feledy puts people and
their opinions first

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Talking strategy

New Allianz Managing Director Richard Feledy believes leadership begins with listening

By John Deex

AFTER EIGHT MONTHS WORKING alongside his predecessor, the highly respected Niran Peiris, Richard Feledy is now calling the shots at Allianz Australia.

The former chief technical officer has taken over at a challenging time, with the digital revolution in full swing and customer expectations heading through the roof.

But his initial focus with has been inwards, not outwards.

“One of the biggest assets our business has is our people,” he tells *Insurance News*. “And one of the most reassuring comments I consistently get from our partners is that our people differentiate us from others.”

With this in mind, Mr Feledy began his journey as leader of 4300 staff by sitting down with as many of them as possible.

He hit the road and organised dozens of forums, with an open invitation to all.

Hundreds attended and their views on what it means to work for Allianz, and what the company’s future should hold, will play a key part in shaping strategy.

“One of the core focuses is to break down the hierarchy, to create an environment where people can contribute,” Mr Feledy says.

“We really focus on exactly what it is that makes us proud to work at Allianz. We talk openly and transparently about what is in our DNA, and what isn’t.

“I have been extremely proud of the courage and the trust that our people have demonstrated in terms of that feedback.

“We have a culture I can truly be very proud of, but it would be naive to think we

don’t have to change. We talk about some of the industry challenges transparently, openly and without any sugar coating.

“The richness of the feedback ensures clarity about what we need to address and it gives every employee the opportunity to help shape our thinking.

“We have now engaged 650 of our staff in these forums. It is the most important point for me to get right first.”

For Mr Feledy, the two most important areas of focus are people and customers. Get those right, and success will follow.

“If you are fit and healthy on the inside, you will be fit and healthy on the outside.

“You can see the continuous loop. The people are right, you are focused on your customers, and growth and profit follows.

“With that success, the loop is closed because you can then retain and attract the best people.”

Mr Feledy has no doubt change is coming and, despite his initial consultations, it is up to him to guide the company into the new era.

The size of the business and its success to date means this will take a certain amount of courage. But Mr Feledy is up for the challenge.

“It is a really exciting time. We hear the word disruption, and it is absolutely a change. But whether you fear it or embrace it depends on how prepared you are.

“I am really excited and energised by the opportunities we see. The continued change in customer sentiment is something that is very much at the front of my mind, and the minds of our staff.

“The best way is to look at yourself as a customer and what your expectations are like. The best customer experiences for me as a consumer are normally the most efficient, and the ones that deliver the best satisfaction in the most productive and easiest way.

“I think we have got a fantastic opportunity to embrace that.

“We hear a lot about data analytics, and they are fantastic to the extent they generate insights that you are practically able to turn into actions.

“Those actions, where they deliver value to our customers, is an area we are focused on – removing some of the friction points with our partners in terms of some of the systems and technology we use, and really focusing on how we can turn those experiences into both productivity improvements and better experiences for the customer.

“Once again, we get back to the simplicity of getting what you need, when you need it, at a competitive price.”

Mr Feledy says Allianz will work with third-party providers where it makes sense to do so, and being clear about where you are strong, and where others can do better, is a crucial starting point.

“There is no silver bullet that one day completely revolutionises the business. That said, I am very proud of the innovation we are starting to see across our business.

“How we are using machine learning, better technologies to automate, and starting to move in the direction of the use of artificial intelligence.



Looking to the future:
Richard Feledy

“To me, culture does indeed eat strategy for breakfast. You really need to be at the front of your game in all aspects of what you do.”



“We need to combine the new thinking with the great and deep understanding of the insurance business that we are very good at.”

Being part of the wider Allianz Group brings huge advantages too, tapping into group initiatives and group thinking across 70 countries.

“Being able to understand what is working in other markets and being able to leverage off group capabilities is a massive opportunity for us,” Mr Feledy says.

“Historically, it has always been about meeting best-practice benchmarks. But we now live in a world where best practice won’t be good enough in a very short period of time, and the thinking is now around what is next practice.”

Allianz sits in fourth position in the Australian general insurance market.

It is stronger in personal lines, but has aspirations to grab more share in commercial lines and improve on that fourth position.

“We are very clear on the areas where we feel underrepresented, and our investment supports our strategy for growth in those areas,” Mr Feledy says.

“The SME market has definitely been an area of significant investment for us and remains an area of opportunity. Our rural products are also an area we are very focused on, as well as our tailored lines team.

“We have had some significant structural changes in that area and a real focus on how we meet the market, and supply solutions for our tailored lines products to our broker partners.

“We have a very targeted strategy in New Zealand – where we don’t have the same market share or footprint – predominantly in the tailored lines area with heavy broker distribution.”

While growth is important to any business, it cannot be chased at any cost.

“Being the biggest is one aspiration, but we have a very balanced scorecard in terms of how we measure success. The way we get there is just as important as what we achieve.

“Of course, we would like to see ourselves improve on our position and I am very confident we will, but it is not the sole driver of our organisation.”

Mr Feledy looks down as well as up, cultivating a “healthy paranoia” about all competitors.

“I would never underestimate them. We are seeing a great divergence at the moment in terms of strategy and, in an environment as competitive as ours, it would be very naive to underestimate any one of our competitors.

“We put them into these different segments based on market share, but there are plenty of examples in plenty of industries where size has nothing to do with where you end up in a very short period of time.

“To me, culture does indeed eat strategy for breakfast. You really need to be at the front of your game in all aspects of what you do. We spend a lot of time understanding what is happening in our market and competitor analysis is very important.”

Despite Mr Feledy’s acceptance that insurance is changing, he remains hugely

supportive of brokers and the “critical role” they play.

“I think the broker plays a very important role in the advice model and in advising customers as to risk mitigation measures and helping customers determine exactly what the best solutions are for their needs.”

But he believes some micro-business owners are keen to handle their own insurance needs, and this should also be enabled.

“Customers will ultimately decide how they wish to engage with all products and services and I think there is a place for both models.”

Mr Feledy has great faith in the insurance industry, and the crucial service it provides, but is also willing to admit mistakes can and will be made.

He is happy to respond to recommendations from the plethora of government inquiries that have focused, and continue to focus, on the industry.

“The industry does a great job, when you look at some of the challenges it gets faced with – not just rebuilding homes and fixing damaged cars but also rebuilding communities.

“But the regulatory environment is changing, customer sentiment is changing. It would be naive to think we have everything perfect, and there is always the opportunity for improvement.

“We have to be brave enough to admit we operate in a highly regulated industry and we run large, complex businesses, and sometimes mistakes – whether they be human error or IT glitches – do happen.



Enjoying the ride

Father of six Richard Feledy regularly rides his motorbike to work from his home in Sydney's Northern Beaches, and is hugely grateful for the opportunities the insurance industry has given him.

In 1988 he answered an ad in the paper and joined FAI Insurance, which was acquired by HIH, which was in turn bought by Allianz.

"So technically, I am still in the same job," he says. "It wouldn't be unfair to say I fell into the industry, like many people, but I've had such a passion and love for it since.

"It's been able to offer me so many development opportunities. From starting my very first day answering phone calls doing motor vehicle quotes to looking after panels of brokers – still one of the richest learning experiences I've ever had in terms of relationship management.

"Then moving through the distribution roles, then into technical. One of my old coaches said, 'Richard, the relationship you do pretty well, but it's really important you refine your technical skills.' From there I spent pretty much the next 20 years in product management and the technical part of the business.

"If you are prepared to work, if you are prepared to listen, if you are prepared to grow and learn, our industry offers a fantastic career opportunity."

"Reducing every decision to a pricing decision can be very, very dangerous and sometimes misleading."

"When they happen it's how they are reported, how they are remediated and how we learn from them."

There are still issues the industry must crack, not least the ongoing problem of affordability in northern Australia.

Allianz believes mitigation is vital – but fears it may not be enough on its own.

"We are still here in 2018 talking about affordability," Mr Feledy says. "Every dollar spent on mitigation is a dollar well spent and I fully support any investment that protects vulnerable sections of communities against perils where they are highly exposed.

"That said, we still have this transition period for grandfathering the properties that are exposed today. There are various ways of dealing with it. But we keep coming back to this affordability question.

"If we are going to address the issue we need to look at a range of solutions and alternatives that actually fix the fundamental problem."

Allianz has firm views on another favourite subject of industry reviews: disclosure.

It says following consumer feedback it has made significant changes to its household product disclosure statement.

"We've reduced the number of pages by half, we've started to include a whole pile of visual material to help people truly understand what they are covered for and what they are not. And we provide helpful tips in terms of explanatory notes on what effectively is a contract."

While keen to make the customer's life easier, Mr Feledy does not believe comparison websites are the answer.

"There has been a lot of talk about the pros of aggregator sites, but there are equally a lot of cons. From my perspective, reducing every decision to a pricing decision can be very, very dangerous and sometimes misleading.

"It is really important that consumers are given the information they need to make an educated decision and there is full transparency and understanding.

"The more complex the product, the more important it is, and that is absolutely the space that brokers are really important for."

Mr Feledy says he is passionate about diversity and inclusion within the business, which brings him back to the importance of people.

"Our aspiration is to represent the diversity of Australian communities, and the power and clarity you get from engaging with a diverse workforce is incredible.

"What I have demonstrated [through the series of staff forums] is a very practical way to engage. Drop hierarchy for a minute. Invite people to participate rather than select who comes and who doesn't. Get into a small group, remove a table. Have a set of chairs in a circle and let's start to talk about some of the things we don't normally talk about.

"I now have the benefit of 650 people's views on some very fundamental attributes of our business. That's a richness that doesn't come from surveying people, richness that brings the human element back into our business.

"The sense of pride in what we do, how we do it and the business we work for, and how that binds a group of 4300 people." □