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## **The Blenheim Report**

**INSURANCE SECTOR**

**November 2014**



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Our philosophy is to develop deep and committed relationships with a small number of clients and help them deliver a superior performance by optimising the composition of their executive teams.

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- We operate as one firm. We staff each assignment with the best people.
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- We provide an end to end search process, including Assessment and a 90 day On Boarding Programme.
- We provide a fixed fee of which the final 25% is only payable if our client assesses that expectations have been exceeded.
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Generally speaking the Australian market contains three types of insurance: life insurance (term life, disability income); general insurance (liability eg CTP, worker's compensation, professional indemnity & public liability, business and property eg home & contents, travel, comprehensive motor vehicle); and health insurance. In the past life insurers tended to be mutual companies. Many became demutualised in the 1980s and 1990s, and apart from a few large companies they are now primarily owned by banks. The ownership structure of general insurers includes more stand alone independent insurers, and Australia is dominated by three main players – Insurance Australia Group Ltd, QBE Insurance Group Ltd, and Suncorp Group Ltd. The industry on a whole is experiencing a substantial increase in competitive pressures like the entrance of low cost online insurers, and the introduction of non-traditional market participants such as supermarkets making a significant impact.

The Australian General Insurance (GI) industry is overseen by the Australian Prudential Regulation Authority, and according to its *Quarterly General Insurance Performance Statistics June 2014*<sup>1</sup> report, there were 115 insurers licensed to conduct GI business at 30 June 2014 (FY13: 121), and of these 103 were direct insurers and 12 were reinsurers.

Key definitions:

- Gross Written Premium (GWP): the sum of both direct and assumed premiums written before the effect of ceded reinsurance.
- Net Written Premium (NWP): total premium on insurance underwritten, after the deduction of premium applicable to reinsurance.
- Net Earned Premium (NEP): NWP adjusted by change in net unearned premium.

Key statistics for the year ended 30 June 2014:

- GWP \$41.65b (FY13 \$39.9b); NEP \$31.2b (FY13 \$29.9b, up 4.6%) – direct insurers wrote \$29.7b (95.1%); gross incurred claims \$26.3b (FY13 \$24.6b, up 6.9%); net incurred claims \$19.2b (FY13 \$17.8b, up 7.4%); net loss ratio 61% up from 60% (direct insurers 62% up from 61%, reinsurers 54% up from 35%); NPAT \$4.95b (FY13 \$5.25b).

KPMG's *2014 General Insurance Industry Review*<sup>2</sup> report found that Australia's insurers had record post-GFC profit results in FY2014, that were primarily driven by earnings from increasing premiums, fewer weather events and a continued focus on minimising expenses. In addition, it found with the growth in earned premiums and a stable claims environment, the loss ratio of 61.6% is at its lowest level in five years.

### Technology

Expense reduction and enhancing the customer experience remain a key focus for insurers, as they streamline policy and claims management systems by embracing technological transformations. KPMG's *Transforming Insurance: Securing competitive advantage*<sup>3</sup> report stated that five inter-related issues have been identified through their research and interviews with insurers and intermediaries: 1. Operate in an increasingly digital world; 2. Make the best use of the vast amounts of data now available; 3. Tame the challenge of legacy systems; 4. Keep the business secure given increased cyber threats; and 5. Attract and retain the people needed to drive the change this implies.

<sup>1</sup> [http://www.apra.gov.au/GI/Publications/Documents/GI-Quarterly-Performance-20140630.pdf?WT.si\\_cs=1](http://www.apra.gov.au/GI/Publications/Documents/GI-Quarterly-Performance-20140630.pdf?WT.si_cs=1)

<sup>2</sup> <http://www.kpmg.com/AU/en/IssuesAndInsights/ArticlesPublications/Financial-Institutions-Performance-Survey/Insurance/Documents/general-insurance-industry-review-2014.pdf>

<sup>3</sup> <http://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/transforming-insurance/Documents/insurers-fast-changing-digital-world-v4-fs.pdf>

## QBE INSURANCE GROUP LTD (ASX:QBE)

**Market cap:** \$15.04b (Nov2014) | **Employees:** ~17,000 | **Operations:** Australia, New Zealand, Asia Pacific, Europe, Latin America, North America | **Head office:** Sydney, NSW

**QBE Insurance Group Ltd (QBE)** is one of the world's top 20 general insurance and reinsurance companies, and operates in all key insurance markets. QBE employs more than 17,000 people in 43 countries, and is listed on the ASX. It was established in Australia in 1886, and has undertaken 135 acquisitions since the first acquisition in 1982. In 1994 it had GWP of US\$1b; this has grown to over US\$17b in 2013.

QBE operates in the following regions:

- QBE Australia & New Zealand:
  1. QBE Australia: provides all major lines of GI cover for personal and commercial risks, offered through more than 30 offices in each state & territory.
  2. QBE New Zealand: has been operating since 1890, and offers a comprehensive range of business insurance products, underwriting risk in the corporate, commercial & professional insurance sectors.
- QBE North America Operations: established in 1991 and headquartered in New York; insurance portfolio consists of Property & Casualty, Specialty, Crop, Financial institutions and Reinsurance.
- QBE European Operations: account for 29% of Group turnover; a business insurance specialist, it is active in both the Lloyd's (one of the largest managing agents at Lloyd's) and company market; strong presence across the UK and mainland Europe; with offices in Canada, Dubai & Singapore.
- Emerging Markets:
  1. Asia Pacific: offers both business & personal products; a top 10 insurer by premium income in most markets in the region with a presence in 16 markets; representation in Singapore since late 1890's, Indonesia & Malaysia since early 1900's, New Caledonia since 1887, PNG since 1899.
  2. Latin America: direct insurance operations in 7 countries – Mexico, Puerto Rico, Colombia, Ecuador, Brazil, Argentina & Chile; all lines of Property & Casualty insurance.

### Technology:

QBE Group commenced its transformation program in 2013, with the establishment of the shared services centre in the Philippines. It contains the finance, procurement and IT operations, and was established in an effort to cut \$250m a year, and \$15m in IT related costs by 2015. QBE has delayed major spending on IT projects until the global transformation has been completed.

Source: <http://www.group.qbe.com/about-qbe>  
<http://www.qbe.com.au/Australia/About-QBE/Insurance.html>  
<http://www.group.qbe.com/investor-centre/reports-presentations>

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## 1H2014 RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2014

Financial Results US\$m	1H14	1H13	Change	FY2013	Comments
GWP	8,491	9,446	(10%)	17,975	<ul style="list-style-type: none"> <li>Key initiatives: capital initiatives intended to significantly improve capital strength &amp; balance sheet resilience; asset sales &amp; partial IPO of Australian specialist lenders' mortgage insurer, QBE LMI; updated investment strategy to sensibly increase asset yields over medium term with positive implications for profit growth &amp; ROE; and reinsurance of Italian &amp; Spanish medical malpractice claims reserves.</li> <li>Investment strategy: extend risk asset exposure from ~2% of portfolio at 31 December 2013 up to ~15%; extend roughly 6 month duration of fixed income portfolio closer to the 3 year duration of claims liabilities; broaden range of fixed income securities; "The capital plan will allow us over time to increase our risk asset allocation and, in so doing, enhance the returns on the Group's \$31.4 billion of investment assets".</li> </ul> <p>Outlook FY14:</p> <ul style="list-style-type: none"> <li>Expect marketing conditions to remain challenging, however will continue focus on underwriting excellence, targeting stable claims ratio for balance of year, inclusive of large individual risk &amp; catastrophe allowance of 12.5% for 2<sup>nd</sup> half.</li> <li>GWP \$16.6-17b</li> <li>NEP \$13.9-\$14.2b (incl. \$390m one-off impact of medical malpractice reinsurance)</li> <li>Net claims ratio 62-63%</li> <li>Insurance profit margin 8-9%</li> <li>Dividend payout of up to 50% of annual cash profit</li> </ul>
NEP	6,947	7,333	(5%)	15,396	
Insurance Profit	530	790	(33%)	841	
Insurance Profit Margin	7.6%	10.8%	-	5.5%	
Combined Operating Ratio	96.5%	92.8%	-	97.8%	
NPAT	392	477	(18%)	(254)	
Interim Dividend	15cps	20cps	(5cps)	12cps final div.	
ROE	7.3%	8.5%			

## EXECUTIVE TEAM

Name	Title	Background	Location	Comments
 <b>John Neal</b>	Group Chief Executive Officer (Aug2012-Present)	<p>John joined QBE in 2003 and was appointed Group CEO in August 2012. Prior to his current role, John held the position of CEO of Global Underwriting Operations and previously held several leadership positions in QBE's European Operations, most recently as Chief Underwriting Officer.</p> <p>John has over 26 years experience in the insurance industry and before joining QBE, John was the Chief Executive of Ensign, a Lloyd's managing agent. John developed Ensign to become the UK's leading commercial motor insurance brand. QBE acquired Ensign in 2003.</p>	Sydney	

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<p><b>Jason Brown</b></p> 	<p>Group Chief Risk Officer (Mar2014-Present)</p>	<p>Jason joined QBE in 2002 and was appointed Group CRO on 21 March 2014. Prior to his current role, Jason was CRO for QBE’s Australia and New Zealand Operations and previously held the role of Executive GM Technical &amp; Operations with responsibility for national underwriting, national claims, reinsurance, actuarial, legal, and mergers and acquisitions.</p> <p>Jason is a Chartered Accountant who has been involved in the financial services industry for over 20 years, including in consulting, audit and senior executive roles. Prior to joining QBE, Jason was a Principal at Ernst &amp; Young in both the Financial Services Assurance Group and later in Business Risk Consulting, in both Australia and the United Kingdom.</p> <p><b>Education</b> – BEc; ACA</p>	<p>Sydney</p>	<p>Succeeded George Thwaites (as at 21 March 2014 “considering other roles within the QBE Group”).</p>
<p><b>David Duclos</b></p> 	<p>Chief Executive Officer, North American Operations (Apr2013-Present)</p>	<p>David was appointed CEO of QBE’s North American Operations in April 2013. Before joining QBE, David held various management positions at XL, most notably as Chief Executive of Insurance in which he was responsible for all global insurance operations.</p> <p>David has more than 30 years experience in the insurance industry. He began his career at INA/CIGNA as an underwriter, where he spent 21 years, rising to a variety of regional and national management roles. David also worked in senior level positions at Kemper Insurance.</p> <p><b>Education</b> – BSBA</p>	<p>USA</p>	
<p><b>Mike Emmett</b></p> 	<p>Group Executive Officer, Operations (Feb2014-Present)</p>	<p>Mike joined QBE in 2011 and was appointed Group Executive Officer, Operations on 10 February 2014. Mike previously held the position of Group Head of Operational Transformation and prior to that was the CIO for Australia and New Zealand Operations and Asia Pacific Operations.</p> <p>Before joining QBE, Mike was a Partner at Ernst and Young in Australia where he led the Financial Services Advisory Practice. Mike has also worked for PwC, Accenture and IBM where he assisted major insurers and retail banks to improve operations and technology. Originally from South Africa,</p>	<p>Sydney</p>	<p>Newly created role.</p>

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		<p>Mike spent a number of years working in the UK before moving to Australia in 2010.</p> <p><b>Education</b> – BCom; CA</p>		
<p><b>Colin Fagen</b></p> 	<p>Chief Executive Officer, Australian &amp; New Zealand Operations (2012-Present)</p>	<p>Colin joined QBE in 1998 and was appointed CEO Australian Operations in 2011. This was expanded to include New Zealand Operations in 2012. Prior to his current role, Colin was the Executive GM Intermediary Distribution for Australian Operations.</p> <p>Colin has 23 years experience in the general insurance industry, having held a variety of operational roles. Colin is a director of the Australian and New Zealand Institute of Insurance and Finance and the Insurance Council of Australia.</p> <p><b>Education</b> – MBA; BCom</p>	Sydney	
<p><b>David Fried</b></p> 	<p>Chief Executive Officer, Emerging Markets (Aug2014-Present)</p>	<p>David joined QBE in April 2013 when he was appointed CEO Emerging Markets in August 2014. Previously, David joined QBE in 2013 as CEO Asia Pacific. Prior to joining QBE, David was the Regional CEO of Allianz Asia Pacific, where he was responsible for the insurer's life and non-life business across 14 countries.</p> <p>David was previously at HSBC for 27 years, where he worked in numerous senior management and global strategic roles, including as the Group Head of Insurance where he managed HSBC's insurance operations across 54 countries.</p> <p><b>Education</b> – Econ/Pol Science</p>	Hong Kong	
<p><b>Richard Pryce</b></p>	<p>Chief Executive Officer, European Operations (Oct2013-Present)</p>	<p>Richard joined QBE in September 2012 and was appointed CEO European Operations in October 2013.</p> <p>Richard began his underwriting career with R.W Sturge syndicate in Lloyd's where he became Claims Director. In 1996, Richard moved to Oakham</p>	London	

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		<p>(which was subsequently acquired by ACE) as Professional Lines Class Underwriter for Syndicate 204. Richard went on to run their Financial Lines business in London before becoming President of ACE UK. Richard has worked in the London insurance market for 30 years.</p> <p><b>Education</b> – BHis(Hons)</p>		
<p><b>Pat Regan</b></p> 	<p>Group Chief Financial Officer (Jun2014-Present)</p>	<p>Pat joined QBE on 2nd June 2014 when he was appointed Group CFO. Prior to joining QBE, Pat was the CFO at Aviva plc in London from 2010 to 2014 in which he was responsible for finance, strategy, investor relations and M&amp;A.</p> <p>Pat has more than 25 years experience as a practicing chartered accountant and nearly 20 years experience in insurance and financial services globally. Pat also has worked as the CFO/COO of Willis and has held several roles at RSA and AXA.</p> <p><b>Education</b> – BSc, University of Leeds; ACA</p>	<p>Sydney</p>	<p>Replaced Neil Drabsch, retired.</p>
<p><b>Jenni Smith</b></p> 	<p>Group Executive Officer, People &amp; Communications (Apr2003-Present)</p>	<p>Jenni joined QBE in April 2003 and holds the role of Group Executive Officer, People and Communications. Jenni is also the Chair of the QBE Foundation.</p> <p>Jenni has substantial international experience, having held executive roles in the UK advertising and television industry. Before joining QBE, Jenni held the position of GM HR, International at Telstra Corporation.</p> <p><b>Education</b> – MBA</p>	<p>Sydney</p>	

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OTHER KEY PERSONNEL – EXECUTIVE TEAM, QBE AUSTRALIA				
Name	Title	Background	Location	Comments
 <p><b>Jenny Boddington</b></p>	<p>Chief Executive Officer, Lenders’ Mortgage Insurance (Mar2012-Present) Executive General Manager, Financial Institutions (Jan2014-Present)</p>	<p>Jenny is CEO and a Director of QBE Lenders’ Mortgage Insurance Ltd. She is also a Director of QBE Mortgage Insurance (Asia) Ltd based in Hong Kong. In January 2014, Jenny added the role of Executive GM of Financial Institutions to her responsibilities.</p> <p>Jenny has more than 20 years’ experience in strategy, investment banking and private equity. Prior to being appointed QBE LMI CEO in March 2012, she was responsible for overseeing the Risk and Operations function of the QBE LMI business, bringing together Underwriting and Customer Services, Claims and Loss Mitigation, Business Solutions and Technology and Credit Risk Management Business units. Before this, Jenny was Head of New Business Ventures for QBE LMI from 2005 to 2008. Previously, she held senior roles with Deutsche Bank in both Sydney and London.</p> <p><b>Education</b> – Masters (Hons), Metallurgy, Economics &amp; Industrial Management, Oxford University</p>	<p>Sydney</p>	
 <p><b>Benoit Laganiere</b></p>	<p>Acting Chief Risk Officer (Mar2014-Present)</p>	<p>Benoit commenced as Acting CRO in March 2014. He has been involved in the general insurance industry for over 25 years. An experienced Actuary, he has held a number of senior executive roles in Canada and Australia, including VP and Actuary at ING Canada. After spending two years in Australia earlier in his career (1996-1998), Benoit relocated permanently in 2000 as Head of Actuarial Services for QBE Mercantile Mutual before becoming QBE’s Head of Actuarial and Reinsurance in 2005; a position he continues to hold alongside Acting CRO.</p> <p>In his current roles, Benoit is responsible for overseeing the risk, actuarial and reinsurance functions of QBE ANZO, as well as strategy, legal, internal audit, fraud, business continuity, dispute resolution and compliance. He is also the Appointed Actuary for ANZO’s legal entities.</p> <p><b>Education</b> – BSc; FIAA; FCAS; FCIA</p>	<p>Sydney</p>	

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<p><b>Tony Forward</b></p> 	<p>Chief Information Officer (Jan2013-Present)</p>	<p>Tony was appointed CIO for QBE’s Australia &amp; New Zealand Operations in January 2013. In his more than 20 years in financial services, Tony has held various leadership positions with BT Financial Group and Westpac Banking Corporation.</p> <p>As CIO, Tony is responsible for all aspects of IT across Australia as well as the delivery of Group IT projects. He has significant governance experience in corporations and in charity and not-for-profit organisations.</p> <p><b>Education</b> – MIEE; MAICD</p>	<p>Sydney</p>	
<p><b>George Katsogiannis</b></p> 	<p>Executive General Manager, Claims (2011-Present)</p>	<p>George commenced his current role in 2011. He has over 30 years’ experience in the insurance industry, with the past 23 years spent at QBE across a diverse range of roles, predominantly focusing on Workers Compensation and CTP insurance, including all aspects of sales, underwriting and claims.</p> <p>He is responsible for the strategic direction of claims with an emphasis on implementing a consistent claims operating model across the country. In addition, he oversees all catastrophic events, audit and technical components related to claims.</p>	<p>Sydney</p>	
<p><b>Sally Kincaid</b></p> 	<p>Chief Human Resources Officer (May2012-Present)</p>	<p>Sally was appointed CHRO for QBE Australia and New Zealand in May 2012. Prior to this appointment, Sally, in her capacity as a senior HR executive, has consulted to CEOs on the review and formulation of business operating models, business restructuring and transitional change management and senior team effectiveness.</p> <p>Sally was also previously the Executive Director of People &amp; Performance at ING Australia where she led the people integration of INGA (now One Path) into ANZ. Before joining ING Australia, Sally was Director and Head of HR for Citi’s investment and corporate bank in Australia and New Zealand. With over 23 years’ experience, extending across HR and Change Management, Sally’s career has spanned New Zealand, the UK and Australia.</p>	<p>Sydney</p>	

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<p><b>Tony MacRae</b></p> 	<p>Executive General Manager, Intermediary Distribution (Jul2007-Present)</p>	<p>Tony was appointed to his current role in July 2007, and has over 35 years' experience in general insurance both in Australia and internationally. He has held various leadership, management and board roles across multiple distribution channels, encompassing professional brokers and agents, financial institutions, affinities and direct distribution. Tony joined QBE in 2006 and previously held the position of Executive GM Corporate Partners &amp; Direct.</p> <p>In his current role, Tony is responsible for a unit that focuses on partners with insurance expertise that provide professional advice and services to corporate, commercial and personal lines customers across Australia. With over 20 product lines this includes distribution through International Brokers, Australian Intermediaries, Workers Compensation, Aviation and Underwriting Agencies.</p> <p>Tony is chair of the QBE Foundation for Australia and also chairs the Strategic Underwriting Committee and Diversity &amp; Inclusion council for the Australian business. Prior to working at QBE, Tony held senior roles at IAG and CGU.</p>	<p>Sydney</p>	
<p><b>Tim Plant</b></p> 	<p>Executive General Manager, Corporate Partners &amp; Direct (Sep2011-Present)</p>	<p>Tim commenced his current role in September 2011. He has more than 20 years' experience in the Australian and international insurance and reinsurance sectors. During this time, he has served in a number of senior executive and board roles.</p> <p>Tim is responsible for Corporate Partners &amp; Direct, a business unit that controls in excess of \$1.6b of GWP and includes Direct Distribution, Elders Insurance, CHU, Travel, CTP and Motor Trades.</p> <p><b>Education</b> – MBA; AMP, Harvard; GradDipAgEc; BAgSc; GAICD</p>	<p>Sydney</p>	

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<p><b>Victor Walter</b></p> 	<p>Chief Financial Officer</p>	<p>Victor's team upholds QBE Australia's Finance vision to be the first choice for our customers and investors, balancing financial integrity and supporting the future growth of the business and its people. Victor oversees the company's financial governance, tax advisory services, financial operations, decision support, quality assurance, operational risk, transactional accounting, reporting and analytics.</p> <p>Victor has been with QBE since 2001. Prior to this, he held various leadership positions with the Metropolitan Ambulance Service, Victoria and CGU Insurance.</p>	<p>Sydney</p>	
<p><b>Richard Wulff</b></p> 	<p>Group General Manager, Credit &amp; Surety (Oct2009-Present)</p>	<p>Richard was appointed Group GM of QBE's Credit, Surety and Political Risk in October 2009. He is now also responsible for Trade Credit and Surety portfolios across the globe, as well as for Austral.</p> <p>Prior to joining QBE, Richard worked in India as Chief Underwriting Officer for HDFC ERGO, writing all major non-life lines of business. After graduating, he spent a decade with NCM in Amsterdam and Dublin in direct underwriting and reinsurance, and then moved onto Munich Re, where he led various groups in the credit, surety and political risk reinsurance area.</p> <p><b>Education</b> – BBus</p>	<p>Sydney</p>	

### GROUP BOARD MEMBERS

Name	Title	Background	Location	Comments
<p><b>Marty Becker</b></p> 	<p>Chairman (Apr2014-Present)</p>	<p>Marty was appointed as a Director of QBE in August 2013 and Chairman in April 2014. He is based in both West Virginia and Florida in the US. Marty is a member of the Risk and Capital Committee.</p> <p>Marty previously served as President and CEO of Alterra Capital Holdings Ltd and is the current Chairman of West Virginia Media Holdings. Marty has over 35 years experience in general insurance, reinsurance, investment banking and private equity and has held various insurance and reinsurance executive positions.</p> <p><b>Education</b> – JD; BSBA</p>	<p>USA</p>	<p>Replaced Belinda Hutchinson, retired 31 March 2014.</p>

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<p><b>Duncan Boyle</b></p> 	<p>Independent Non-Executive Director (Sep2006-Present)</p>	<p>Duncan is based in Australia and was appointed as a Director of QBE in September 2006. Duncan is Chairman of the Audit Committee and a member of the Remuneration Committee.</p> <p>Duncan is a director of Clayton Utz and Stockland Trust Group. He started his career as an underwriter in London and Melbourne with a focus on large commercial risks including workers' compensation, liability, motor and property. He progressed to CEO of RSA UK, which was the 2nd largest commercial and 3rd largest personal lines insurer in that market.</p> <p><b>Education</b> – BA; FCII; FAICD</p>	<p>Australia</p>	<p>Retiring 31 December 2014.</p>
<p><b>Stephen Fitzgerald</b></p> 	<p>Independent Non-Executive Director (Oct2014-Present)</p>	<p>Stephen is based in the United Kingdom and was appointed on 1st October 2014. Stephen is Chair the Investment Committee.</p> <p>Previously, Stephen was Chairman of Goldman Sachs, Australia and New Zealand. Stephen is Deputy Chairman of PineBridge Investments (New York). He is also a member of the Board of Guardians of the Future Fund (Australia's Sovereign Wealth Fund) and serves on the boards of the Great Barrier Reef Foundation, the National Centre of Indigenous Excellence and Male Champions of Change.</p> <p><b>Education</b> – BEc</p>	<p>UK</p>	<p>Replaced Duncan Boyle/Isabel Hudson, retiring 31 December 2014.</p>
<p><b>John Graf</b></p> 	<p>Independent Non-Executive Director (Aug2012-Present)</p>	<p>John is based in the US and was appointed in August 2012. John is Chairman of the Investment Committee and a member of the Risk and Capital Committee.</p> <p>John is a Non-Executive Director of the financial services company Global Atlantic Financial Group Ltd. John has over 32 years experience in the US financial services industry including senior executive positions with AXA Financial Inc., American General Corporation, Conseco Inc. and John Hancock Financial Services.</p> <p><b>Education</b> – BA</p>	<p>USA</p>	

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<p><b>John M Green</b></p> 	<p>Independent Non-Executive Director (Mar2010-Present)</p>	<p>John is based in Australia and was appointed in March 2010. John is Chairman of the Risk and Capital Committee and a member of the Investment and Remuneration Committees.</p> <p>John is a Non-Executive Director of WorleyParsons Ltd, a Member of the Takeovers Panel in Australia, a Member of the Council of the National Library in Australia, a book publisher at Pantera Press, a novelist and a business writer. As an Executive Director at Macquarie Bank and before as a partner at two major law firms, John advised numerous insurance and financial services companies.</p> <p><b>Education</b> – BJuris/LLB; FAICD; SFFinsia</p>	<p>Australia</p>	
<p><b>Isabel Hudson</b></p> 	<p>Independent Non-Executive Director (Nov2005-Present)</p>	<p>Isabel is based in the UK and was appointed in November 2005. Isabel is Chairman of the Remuneration Committee and is a member of the Audit Committee.</p> <p>Isabel is Chairman of the National House Building Council and a Director of Phoenix Group Holdings and the Pensions Regulator in the UK. She is also an ambassador for the UK charity Scope. Isabel has 33 years experience in the insurance industry in the UK and mainland Europe.</p> <p><b>Education</b> – MA; FCII</p>	<p>UK</p>	<p>Retiring 31 December 2014.</p>
<p><b>Margaret Leung</b></p> 	<p>Independent Non-Executive Director (Aug2013-Present)</p>	<p>Margaret is based in Hong Kong, and was appointed in August 2013. Margaret is a member of the Audit Committee and the Risk and Capital Committee.</p> <p>Margaret was previously the CEO of Hang Seng Bank Ltd, a position she held from February 2009 to May 2012. Margaret is a Director of China Construction Bank Corporation, Chong Hing Bank, Hong Kong Exchanges and Clearing Ltd, Sun Hung Kai Properties, Li &amp; Fung Ltd and First Pacific Company Ltd.</p> <p><b>Education</b> – BEc</p>	<p>Hong Kong</p>	

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<p><b>Sir Brian Pomeroy</b></p> 	<p>Independent Non-Executive Director (Jun2014-Present)</p>	<p>Sir Brian Pomeroy is based in London, England and was appointed as an independent non-executive director of QBE on 1st June 2014. Sir Brian is a member of the audit committee and the risk and capital committee.</p> <p>Sir Brian is a member of the Board of the Financial Conduct Authority in the UK and has extensive experience in the insurance industry, including in his previous role as a nominated member of the Council of Lloyd's. He was the Senior Partner of Deloitte Consulting in the UK until 1999 when he took up a number of public, private and voluntary sector appointments.</p> <p><b>Education</b> – MA; ACA</p>	<p>UK</p>	
<p><b>Jann Skinner</b></p> 	<p>Independent Non-Executive Director (Oct2014-Present)</p>	<p>Jann is based in Australia and was appointed in October 2014. Jann is a member of the Audit Committee and the Risk and Capital Committee.</p> <p>Jann is a director of Tasmanian Public Finance Corporation, Enstar Australia and Create Foundation Ltd. She has 30 years professional accounting experience and was an audit partner at PricewaterhouseCoopers, specialising in the financial services sector, particularly general and life insurance.</p> <p><b>Education</b> – BCom; FCA; FAICD</p>	<p>Australia</p>	<p>Replaced Duncan Boyle/Isabel Hudson, retiring 31 December 2014.</p>

## MARKET INTELLIGENCE

17 NOVEMBER 2014

The Motley Fool

### 3 companies with potential to outperform in 2015

Insurance major QBE Insurance Group Ltd (ASX: QBE) has struggled for many years to deliver impressive results but, with a new strategy, it seems to be on the right path.

Indeed, a key part of the company's new focus is on divesting assets. For example, it plans to spin-off its lenders mortgage insurance business in Australia, which could unlock shareholder value over the next couple of years. In addition, QBE is exiting non-core business lines in an attempt to make the business simpler, more efficient and more profitable.

With its bottom line due to return to profitability in the current year, and growth of 30% forecast for next year, QBE's P/E ratio of 16.8 appears to represent excellent value for money. As such, 2015 could see QBE post strong gains, which would clearly be a welcome change for investors after its turbulent performance in recent years.

Source: <http://www.fool.com.au/2014/11/17/3-companies-with-potential-to-outperform-in-2015/>

30 OCTOBER 2014

Sydney Morning Herald

### IAG targets 20 per cent growth after Wesfarmers insurance buy

Insurance Australia Group is targeting up to 20 per cent revenue growth in fiscal 2015 as the company continues to consolidate one of the biggest acquisitions in its corporate history – the \$1.85 billion Wesfarmers' insurance buy.

Addressing shareholders at IAG's annual general meeting on Thursday, chief executive Mike Wilkins said the insurer remained on track to glean 17 to 20 per cent gross written premium growth for fiscal 2015. Most of the revenue growth will be sourced from the addition of the Wesfarmers business.

"We also expect to deliver a reported insurance margin in the range of 13.5 to 15.5 per cent," Mr Wilkins said, referring to a key profit indicator of insurance companies. "It is a highly complementary acquisition, which will deliver significant value to IAG," he said.

IAG, the owner of brands such as NRMA and SGIO, is now Australia's biggest general insurer for policies such as home and motor cover. The company swooped on Wesfarmers' insurance underwriting unit, including the Lumley brand, last December in a move that in effect wiped out a key threat to its business. Part of the integration process entailed creating a new operating structure at IAG, including personal and commercial insurance divisions supported by an enterprise operations arm.

Source: <http://www.smh.com.au/business/banking-and-finance/iag-targets-20-per-cent-growth-after-wesfarmers-insurance-buy-20141030-11e691.html>

27 OCTOBER 2014

Insurance Business

### **Insurance company CEO: 'still gas in the tank'**

Suncorp Group CEO Patrick Snowball says there "is still enough gas in the tank to ensure" the group continues to grow its top line, improve margins and keep its cost base flat.

Snowball outlined ambitious growth targets for 2015 at the annual general meeting (AGM) last week including achieving a growth of 4% to 6%, a dividend pay-out ratio of 60% to 80%, and a meet or beat underlying insurance trading result (ITR) of 12%.

"The improving Suncorp story doesn't end in 2015. There is still enough gas in the tank to ensure this Group will continue to grow its top line, improve margins and keep its cost base flat."

Snowball said thanks to the group's 2014 achievements, it is in "a great position to deliver on our commitments for 2015".

"I realise that these targets are a challenge but we need to continue to stretch our team in order to drive the business as we have done so successfully and consistently over the last five years."

Snowball admitted that the "most challenging financial target" will be achieving top line growth of between 4% and 6%.

"This is an aggregated target for the five businesses," he explained. "It reflects the transition that we are undertaking from price-led growth to efficiency-led growth."

Snowball said he is confident that the three general insurance businesses will be "well ahead" of its 12% underlying ITR target.

He added: "Strong returns from general insurance, combined with improved results from the bank and life businesses, will deliver a very healthy ordinary dividend based on the 60% to 80% pay-out ratio."

Source: <http://www.insurancebusinessonline.com.au/news/insurance-company-ceo-still-gas-in-the-tank-193388.aspx>

23 OCTOBER 2014

The Australian

## No more excuses for QBE, says analyst

MEMO QBE boss John Neal: you're no ironman. That's the verdict from veteran insurance and banking analyst Brett Le Mesurier of brokerage BBY. Le Mesurier has compiled for the struggling insurer's string of poor results over the years include it being too wet (2010 and 2014), too stormy (2010 and 2014), earthquakes and tsunamis (2011), a fall in crop prices (2013), a fall in interest rates (2008 to 2012), an increase in credit spreads (2011), too much competition (2014) and premium rates being lower than planned (2008 and 2014).

Le Mesurier points out that he wasn't among the 11 analysts QBE recently took on a tour of its European operations. He says that unlike the lucky invitees, he has a sell recommendation on the stock. This coincidence he calculates had a probability of 0.3 per cent of occurring by chance.

A QBE spokesman said the company invited the top 12 analysts by market share "and BBY was well outside of that group". Also not welcome: Bell Potter, Shaw Stockbroking, Wilson HTM, EL&C Baillieu, Ord Minnett, Patersons and Nomura. Apparently CBA was invited but didn't go.

Source: <http://www.theaustralian.com.au/business/no-more-excuses-for-qbe-says-analyst/story-fnp4m2h5-1227099042873>

20 OCTOBER 2014 (UPDATED 12 NOVEMBER 2014)

Australian Financial Review

## Google and Amazon pose big threat to local insurers

Companies such as Google and Amazon may pose some of the biggest threats to Australian insurers as consumers increasingly trust technology behemoths to provide services such as insurance and finance. Overseas reports have singled out companies such as search giant Google and e-commerce group Amazon as players who may consider entering the insurance sector.

These, along with other non-traditional insurance groups such as retailers tapping the insurance game, could spell the biggest threats to companies such as Suncorp Group and Insurance Australia Group's market share in Australia, according to Accenture.

Ravi Malhotra, managing director of Accenture's business strategy practice, also warned that a boom in new insurance business models such as crowd funding might add -further pressure.

"The combination of new business models, some of which may break through, along with companies looking for adjacency in the insurance market [could see Australian insurers] come under pressure," said Mr Malhotra, who leads Accenture's insurance division in Australia.

Source: [http://www.afr.com/p/business/financial\\_services/google\\_and\\_amazon\\_pose\\_big\\_threat\\_zxYtMdUeHqgExjZ8WkCchO](http://www.afr.com/p/business/financial_services/google_and_amazon_pose_big_threat_zxYtMdUeHqgExjZ8WkCchO)

2 JUNE 2014

insuranceNEWS.com.au

## **Suncorp expects payoff from data insights**

Suncorp's investment in business intelligence capabilities will build new business from existing customers across the group's brands, according to CEO Patrick Snowball.

Updating analysts on the program at Suncorp's annual investor day last Thursday, he said business intelligence "brings all our data together in one place and provides real-time insights as a source of competitive advantage".

Suncorp believes it can cross-sell more products by using technology to get closer to its 9 million customers.

One in four of the group's customers holds products across the group's multiple brands, which include AAMI, Vero, Apia, GIO and Asteron Life.

The business intelligence program, which was launched last year, will eventually allow the group to cross-sell relevant products to customers. The group is believed to be well ahead of its major insurance competitors after investing in the program over the past few years.

An example of how it works: A Suncorp customer has moved to a new home and enquires online about taking out \$50,000 of contents insurance – but a pop-up box informs them the average contents cover in their neighbourhood is \$75,000, and offers them the chance to reconsider.

It will also be able to react to data about a customer's changed circumstances and direct personalised messages that offer financial products relevant to that individual.

"Technology is presenting some great opportunities for the Suncorp Group," CIO Matt Pancino told the investor day.

"The rise of digital and cloud [technology] represents a great opportunity for us to innovate with the agility of a start-up."

Since 2011 traffic on Suncorp's digital channels has grown eightfold; 26% comes from smartphones, with 28% of motor policies sold via mobile devices.

Source: <http://www.insurancenews.com.au/corporate/suncorp-expects-payoff-from-data-insights>

29 MAY 2014

Sydney Morning Herald

### **Suncorp talks tech in shadow of \$500m write-down**

Suncorp's leadership team wants to focus investors on the benefits of innovative technology in its business, as they digest Tuesday's news of its \$500 million write-down.

The Queensland-based insurance and banking group is hosting an investor day in Sydney on Thursday in which it is highlighting expected gains to be made in terms of productivity, savings and customer service from ongoing investment in technology, which it hopes will appeal to investors concerned by current difficulties.

Chief executive officer Patrick Snowball highlighted expected savings of \$225 million in the 2015 financial year and \$265 million in 2016 from an ongoing simplification program. This will include rationalising remaining legacy technology systems, and will be complimented by the implementation of a new banking platform known as Ignite and move to a more advanced cloud computing solution it is calling multi-cloud.

The simplification program follows on from an earlier initiative known as building blocks, which sought to standardise business processes across its numerous brands. The company said building blocks had now delivered \$235 million in annualised savings from the consolidation of claims processes, pricing engines, employment arrangements, data and financial systems.

Source: <http://www.smh.com.au/business/banking-and-finance/suncorp-talks-tech-in-shadow-of-500m-writedown-20140529-395qm.html#ixzz3JYQnU0g6>

## MOVEMENTS

There have been a number of movements in the insurance sector this year, some include:

- Andy Cornish – Appointed Chief Executive, Personal Insurance of Insurance Australia Group Ltd, July 2014 (new division, new business operating model)
- Peter Harmer – Appointed Chief Executive, Commercial Insurance of Insurance Australia Group Ltd, July 2014 (new division, new business operating model)
- Leona Murphy – Appointed Chief Transformation Officer of Insurance Australia Group Ltd, May 2014 (newly created role, new business operating model)
- Clayton Whipp – Appointed Chief Strategy Officer of Insurance Australia Group Ltd, July 2014 (replaced Leona Murphy, promoted to Chief Transformation Officer)
- Alex Harrison – Appointed Chief Executive, Enterprise Operations of Insurance Australia Group Ltd, July 2014 (new division, new business operating model)
- Louisa Murphy Mackay – Appointed Group General Manager, New Business R&D of Insurance Australia Group Ltd, February 2014
- Jane Anderson – Appointed Group General Manager, Corporate Affairs of Insurance Australia Group Ltd, June 2014 (promotion)
- Jason Brown – Appointed Group Chief Risk Officer of QBE Insurance Group Ltd, March 2014 (succeeded George Thwaites)
- Mike Emmett – Appointed Group Executive Officer, Operations of QBE Insurance Group Ltd, March 2014 (newly created role)
- David Fried – Appointed Chief Executive Officer, Emerging Markets of QBE Insurance Group Ltd, August 2014
- Pat Regan – Appointed Chief Financial Officer, June 2014 and to the Board, October 2014 of QBE Insurance Group Ltd (replaced Neil Drabsch, retired)
- Jenny Boddington – Appointed Executive General Manager, Financial Institutions, QBE Australia of QBE Insurance Group Ltd, January 2014 (expansion of existing role)
- Benoit Laganiere – Appointed Acting Chief Risk Officer, QBE Australia of QBE Insurance Group Ltd, March 2014
- Marty Becker – Appointed Chairman of QBE Insurance Group Ltd, April 2014 (replaced Belinda Hutchinson, retired)
- Duncan Boyle – Retiring from Board of QBE Insurance Group Ltd, December 2014
- Stephen Fitzgerald – Appointed Non-Executive Director of QBE Insurance Group Ltd, October 2014 (replaced one of two retiring Directors)
- Isabel Hudson – Retiring from Board of QBE Insurance Group Ltd, December 2014
- Sir Brian Pomeroy – Appointed Non-Executive Director of QBE Insurance Group Ltd, June 2014
- Jann Skinner – Appointed Non-Executive Director of QBE Insurance Group Ltd, October 2014 (replaced one of two retiring Directors)
- Matt Pancino – Appointed Chief Executive Officer, Suncorp Business Services of Suncorp Group Ltd, June 2014 (was Group CIO)
- Ashok Kumar Lingutla – Appointed Head of Technology Strategy of Suncorp Group Ltd, February 2014
- Tim Buckett – Appointed Executive General Manager, Strategy of Suncorp Group Ltd, March 2014
- Michelle Vanzella – Appointed Group Executive Manager, Customer Intelligence of Suncorp Group Ltd, August 2014 (new area of the business)



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*no limitations*

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