

TRANQUILIDADE:

MAINTAINING THAT COMPETITIVE EDGE

INTERVIEW WITH **JAN DE POOTER**, CEO OF TRANQUILIDADE

Established in 1871, the Tranquilidade brand is well-known in all business sectors for its portfolio of comprehensive and specialist insurance for individuals and companies. Its products are distributed via a network of brokers and agents who are respected for their industry knowledge and expertise.

With Tranquilidade's 145-year history, detailed market knowledge, steady growth and reputation for innovation it aspires to be the insurer of choice for clients and partners.

The merger of Tranquilidade and Açoreana – another centenary brand – in 2016, created Portugal's second biggest non-life insurance company with a market share of more than 15%, some 1.4 million clients and almost 650 million euros in premiums volume. This alliance has scale to grow and invest; its plan for the coming years is to embrace the opportunities that present themselves within its chosen markets, maintain its competitive edge and follow clear strategic priorities of growth, profitability, simplicity and service quality.

Jan de Pooter, the insurer's CEO, discusses with FULLCOVER the challenges, the areas and opportunities for change and his leadership goals.



You've been Tranquilidade CEO since 2015. Having worked in so many different insurance areas and countries, why did you accept this challenge?

Tranquilidade is a brand with history; it's very strong and well-recognized in the market and being able to be a part of this project, leading its transformation and consolidation, was irresistible.

Besides Portugal, where else have you gained your experience?

I worked in Asia, spending three years in Kuala Lumpur, where I launched the first bancassurance partnership of the Fortis Group in Asia with one of the biggest banks in Malaysia, Maybank. Living and working in other places is an enriching experience, not only professionally but also personally.

The Apollo Group is now a shareholder of Tranquilidade. How does this impact on the company's strategy and how is it adapting to a different organizational culture?

The Apollo Group is not an insurer, it is an investor and this factor enables it to recognise and respect Tranquilidade's existing culture, supporting it with new perspectives and knowledge.

Having a new shareholder allows access to partners, suppliers and the best managers in the world, which is clearly an advantage for the company. Furthermore, we can share the good practices and experiences of other countries. Stability and growth are the two key-words Apollo Group brings to Tranquilidade.

In 2016, Açoreana joined Tranquilidade. How does this acquisition add value to the Group and to the insurance market?

The acquisition of Açoreana was a very important milestone in 2016; Tranquilidade and Açoreana are two centenary brands, with a history of experience and expertise that positions them as leading players in the Portuguese insurance sector. After the legal merger at the end of the year, we became the second biggest non-life national insurer. Our expanded operation ensures we are better prepared for future growth; we can build upon our market presence, increase efficiency and our competitiveness and invest more in technology, new processes, products, quality of service and information. This creation of a very strong operator in the market also brings added value for our clients, associates and partners.

The Portuguese market has been highly concentrated. What is the impact of this upon the national insurer market?

I believe the consolidation process is a natural step in a mature market such as Portugal and it will of course have an impact. Recently we have witnessed a high concentration of insurers; in 2008, the top five non-life insurance companies, held 52% of the market share and now this has risen to 70%. The markets predict this trend will continue. As far as I am concerned, a market with little growth and profitability/low interest rate challenges can only encourage businesses to deliver greater efficiency and competitiveness and create potential for bigger investment capacity.

How did Tranquilidade prepare itself internally for the Solvency II requirements? What was the impact on the company and markets worldwide?

Preparation for Solvency II has been in progress for some time before the 2015 deadline. Tranquilidade has been implementing several initiatives gradually and defining policies in fundamental areas, such as investment and risk management, reinsurance, remuneration, outsourcing, compliance and auditing.

The new system is more than an internal regulation and the procedure of evaluating processes and risks has created opportunities for improvement. For example, risk planning enables us to revise our sales strategies and product design to optimize risk capitals and price premiums more competitively. To me, the biggest impact of Solvency II, which is risk-based capital, is the need to adjust the capital to the risk profile. In market terms, this implies several companies will have to adjust their strategies, not only on a national scale, but also internationally. On the other hand, it may also facilitate increases in capital; something that will occur across Europe. Another consequence of Solvency II is the need for greater information transparency, with detailed solvency reports available for the many stakeholders. This, together with optimizing companies' risk capital (as mentioned before), delivers peace of mind to our insured and investors, plus it's an instrument that creates value.

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Paula Rios of MDS Group with Jan de Pooter and Cristina Brandão of Tranquilidade.

Tranquilidade has a history of developing innovative solutions. It was, for example, the first insurer in Europe to launch personal accident insurance for 'Pokemon Go' players. What is the strategy that enables you to respond to the needs of more informed and demanding consumers and also place yourself ahead of the competition?

We anticipate the emerging market trends with products, services and initiatives that meet the new needs of our clients. Technology and how consumers react to it is constantly evolving; there are new business lines and new risks. Being aware of what surrounds us, finding new business opportunities and looking at products, services and processes - always from the client's perspective - are the determining factors for success. By combining our technical expertise with our capacity for innovation, we are clearly setting ourselves apart and we will continue to do so.

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Recent studies point out to a paradigm shift in clients' relationships with insurance companies and an increasing reliance on the use of digital tools. What challenges does this present to insurers, is technology disrupting the traditional business methods and how is Tranquilidade adapting to this new digital era?

It is indeed, a challenge for the market and naturally, for Tranquilidade. The market is changing sharply, with consumers becoming increasingly sophisticated in their buying patterns, which we have to know better. In an industry with multiple players and complex processes, we have an ambitious goal which is to increase the efficiency and agility of our processes and ensure a relevant and effective follow-up for our clients and brokers.

I trust that over the next few years, technology will simplify processes and products further and greatly impact the after-sales service. We shall continue to focus on these areas, launch new products and services and continue to simplify our processes.

One of our top operational priorities is to improve the client's experience with the company in two key areas; how we service and how we simplify client communication/enable better access to information.

We have several ongoing initiatives for simplifying and optimizing processes all relating to products, subscription, after-sales and claims. These include; the upgrading of systems, new health, home and life products and services, moving from paper to electronic communication with clients and brokers, launching an e-learning platform and looking into new ways of monitoring clients' claims.

And is there any area where you see digital being the dominant channel?

Claims is an area where digital interaction with the client is perfectly possible. We are already seeing examples of this, such as when opening claims' cases by simply sending a photo to the insurer. Another area is in information provision; with more and more information becoming easily available, there's greater capacity for analysis. I think process simplification and data analytics are probably the most important components of the new digital age and these will add huge value, both for the client, the companies and distribution networks.

Tranquilidade has been awarded several prizes. It was elected Superbrand 2016 and was given the portuguese Best Big Non-life Insurer accolade from Exame magazine for the sixth time. What is the importance of this brand recognition from consumers?

I consider these prizes to be recognition for our work. They are important distinctions and, to quote our advertising campaign, 'bring more responsibility to us and more *tranquility* [translation of Tranquilidade] to our clients'.

They are stimuli to continue improving our services and products. We have a history of almost 150 years and will continue to be the insurer of choice for our clients and partners. We want to be leaders in client satisfaction and profitability, unrivalled in the quality of the partnerships we establish with brokers and agents and ahead of the market for the support we give and receive from our employees. Being recognized is very gratifying.

You are implementing the Ambição 2020 [Ambition 2020] project. What are the goals behind this strategy?

Ambição 2020 is a project we launched in early 2016 and it will be our strategic pathway for the next few years, providing a platform for growth. This project involves all within the company (over 100 employees are directly involved), and analyzes the national and international market trends and their impact on or business. This in turn, defines our future strategic direction.

Ambição 2020 has five key foundations; the first is technical excellence – everything related to claims and pricing sophistication, the second is to simplify and digitalize processes and services, third is to focus on strategic segments and products, fourth is to continue to develop the most efficient distribution networks and last but not least (on the contrary) is to further develop our staff.

We have well defined goals and all involved are aware of the role they play. Progress is already very noticeable and this will certainly be evidenced in our results in the next few years.

In 2016 you attained growth in your results and your client base. What is Tranquilidade's plan for the future?

The Ambição 2020 vision is a strategy for growth. We intend to grow in market share, volume, quality, profitability and service. Traditional companies have been more focused on compulsory lines – auto and work related accidents – giving us an opportunity to grow in non-compulsory lines, by launching innovative services and products. We want to develop in strategic areas, such as health and life and focus on innovation and insurance which adds more value to everyone. We want to anticipate and meet the needs of clients in all sectors offering simplicity, innovation and professionalism – even in product lines such as car insurance that will inevitably become a lower priority within insurers' portfolios.

In your view, what are the future challenges and opportunities in the insurance industry and how do you see the role of brokers?

We will have an increasingly complex market, characterized by digital and emerging risks. In the corporate area there are cyber risks and threats arising from globalization. I believe brokers will have a stronger role in the management of their clients' insurance portfolios, offering differentiating products and complementary services that allow risk prevention and mitigation.

And do you foresee any changes for insurers?

In Portugal, the consolidation process will have a great impact on the market during the next few years; new players - of a bigger dimension and scale – will emerge and the resultant shareholder changes will bring more rationalisation and efficiency to the market. I think insurers will revise their risk assumptions, given the new risk based capital regime, leaving some to focus on other areas of risk. Then, as I already mentioned, there will be greater process simplification, more use of digital channels to communicate with clients and partners and increased transparency and quality with after-sales services. The opportunities presented by data analytics and new risks are also important.

Tranquilidade and MDS have worked very closely together throughout the years. How would you describe this relationship?

The relationship between MDS and Tranquilidade is very important; our ethos of co-operation, trust and professionalism has enabled us to support MDS in the different business areas it has developed, such as those managing contracts with State and public entities, the network of agents and partners and of course, brokerage. It is a partnership we are committed to and one we wish to develop further.

In recognition that education is a key element of your corporate social responsibility policy, you recently established a partnership with Universidade Nova – School of Business and Economics. What are the goals of this partnership?

Nova-SBE is one of the most reputable and innovative institutions of higher education in Portugal and is ranked amongst the best business schools in the world. Tranquilidade's support of a new Nova-SBE university campus, which is being built in Carcavelos, near Lisbon, is part of a partnership that includes training, talent management, digital transformation, consumer analytics and distribution networks. Our 'consulting labs' program is also part of the partnership. Here, Tranquilidade will present challenges to Nova-SBE students and teachers, giving them experience of working with business professionals while within a university environment. This will be reflected in the student's Masters Thesis which while covering a relevant area and meeting demanding criteria, bring the fresh vision of young people into the company.

The insurance sector must better promote the benefits it brings society. Do you agree?

Yes. The image of the insurance sector has been improving but there is still a lot of work to be done. The importance of insurance, whether covering an individual life/families' lives or protecting companies' assets is not always properly acknowledged. Our sector and the essential role it plays within the economy must convey this message more effectively. It is clear insurance is a business, but it also adds value to society and is fundamental to the sharing of information. Most people do not appreciate the value of the claims we pay and what insurers return to society. This communication is everyone's responsibility: the Portuguese Insurers Association, insurers, brokers and agents.

On the other hand, it is also important to attract new talent to the sector, showing how interesting it can be to work in insurance and how it encompasses numerous knowledge areas. Our partnership with Nova-SBE will help promote this. •



Century-old brands, Tranquilidade and Açoreana have a long history and emotional connection with Portugal and its people. They operate across all business areas offering a wide range of products, including specialist insurance, distributed via a network of brokers and agents who are renowned for their expertise.

Tranquilidade and Açoreana's profound market knowledge, solid foundations for growth and brand reputation ensures they are the insurer of choice for clients and distribution partners.

The merger of Tranquilidade and Açoreana in 2016 formed the second biggest non-life insurance operator in Portugal; it has more than 15% market share of non-life business, some 1.4 million clients and receives almost €650 million in annual premiums.

Tranquilidade and Açoreana aspire to be the market leaders for client satisfaction and profitability; something that will be achieved due to the unrivalled quality of broker partnerships and employee support.

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