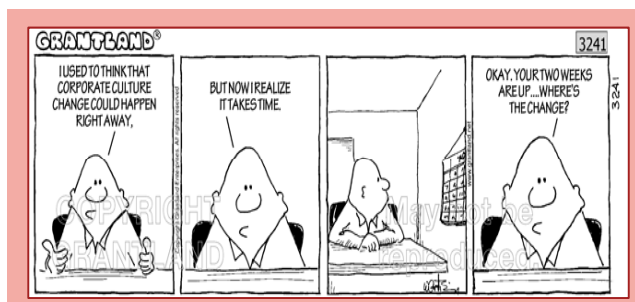




Agenda

1. Welcome and Introductions
2. Why culture is important in insurance
3. Current challenges in Finance, Actuarial and Risk
4. Taking Culture from a 'soft' concept to a 'hard' driver of performance
5. Delivering behavioural change
6. Getting started

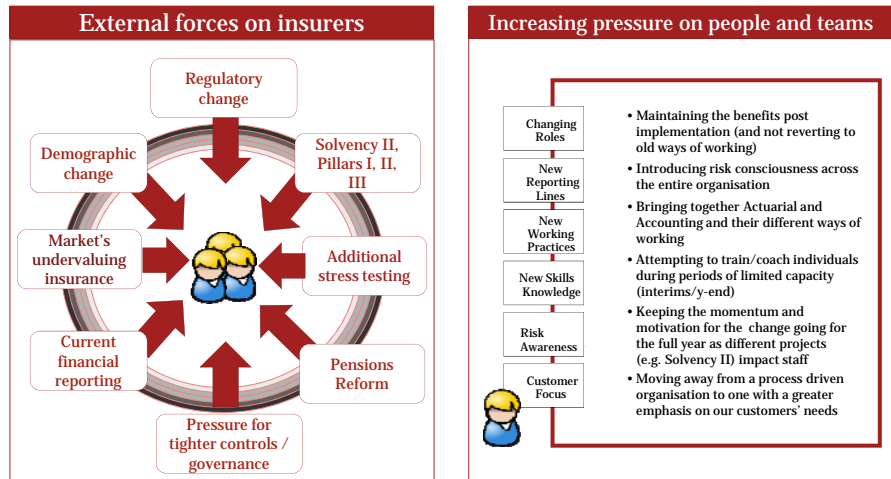


PwC

Slide 2

Why culture is important in insurance

Rapid pace of change and the impact on people

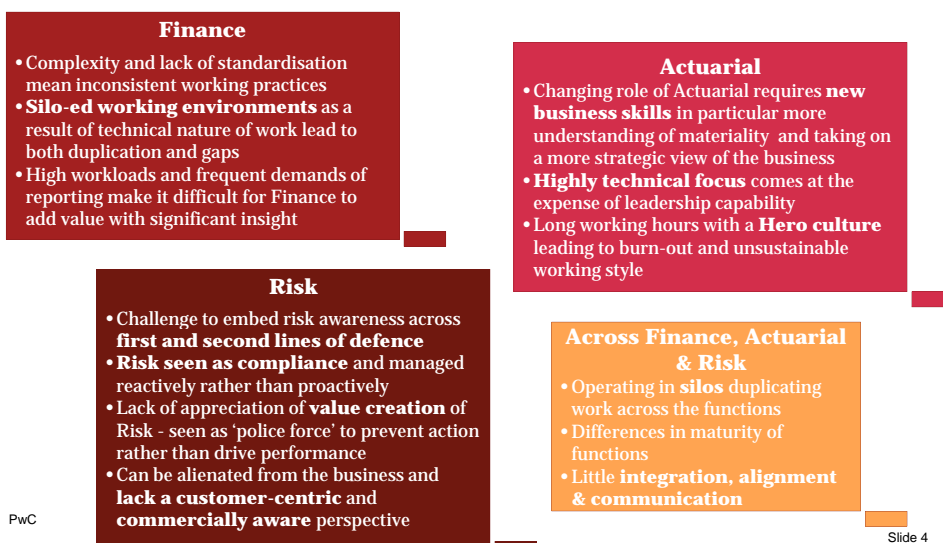


PwC

Slide 3

Current challenges

Examples from Finance, Actuarial and Risk



PwC

Slide 4

Taking culture from a 'soft' concept to a 'hard' driver of performance

Some opinions ...

Culture is the way in which you behave instinctively (Marcus Agius Barclays Chairman)

Culture is "Doing the right thing... even when no-one is looking"

"Organisational culture is a set of shared assumptions that guide action"

"Culture is created from the messages people receive about how they are expected to behave"

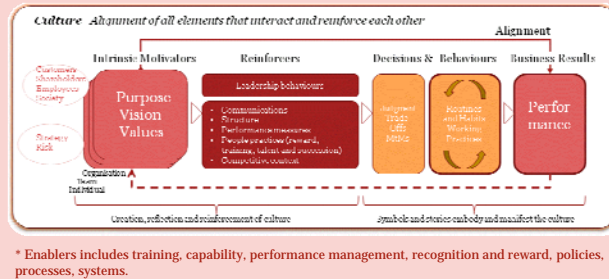
"I would argue that some of the **causes of the crisis** were **deeply rooted in behavioural or cultural issues**." - Hector Sants

PwC

We define culture as ...

... the experience of how things are done and what is valued and not valued in the organisation.

It comprises intangible aspects of this experience (such as symbols, norms, values) that are underpinned by tangible aspects (such as processes, behaviours, systems).

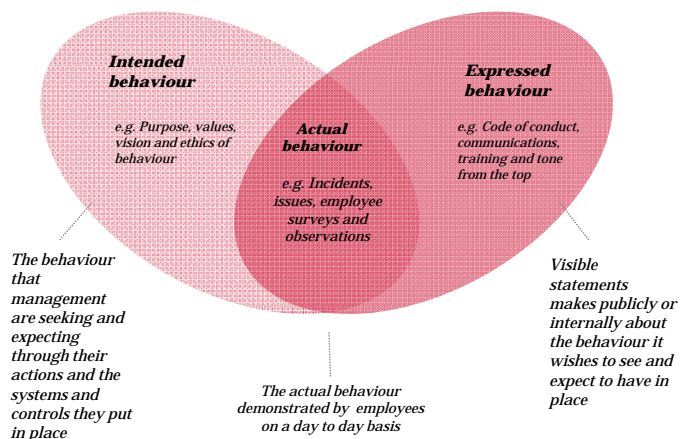


Slide 5

Changing culture by changing behaviour

Key principles

- 1) Behaviour is the **lead indicator of performance**
- 2) Behaviour is **measurable**
- 3) Certain behaviours have a **disproportionate impact**
- 4) Behaviours are strongest when they're **aligned**
- 5) Behaviour is **not always rational**
- 6) Changing behaviour is **hard**
- 7) **Positive behaviours** build momentum



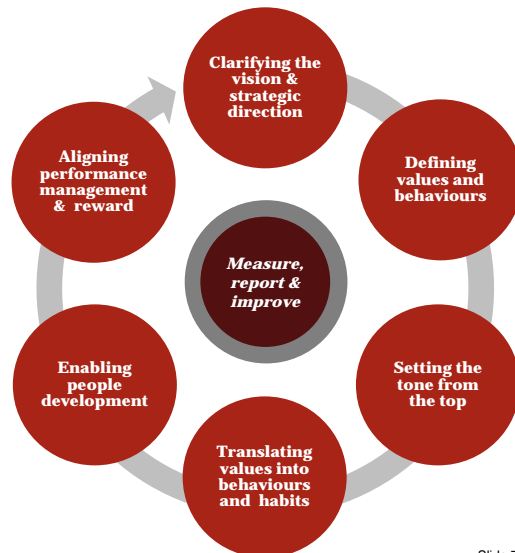
PwC

Slide 6

Delivering behavioural change

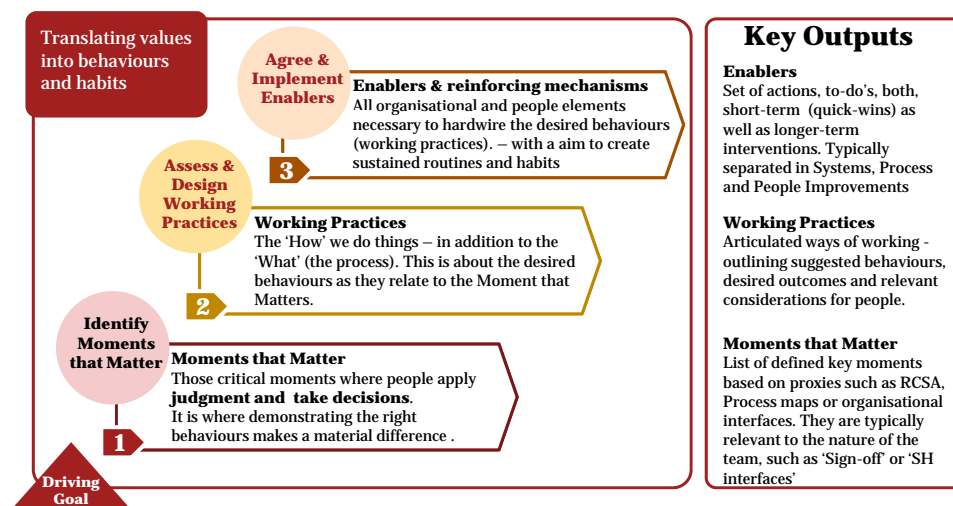
A proven approach

- It is people - **how they work and the decisions they take in key moments** – which ultimately create the value in an organisation.
- This requires a strong focus on providing a clear **direction from the top** – including the values and behaviours that support the driving goal.
- People's **habits and routines** are what make an organisation, so the only way to make it sustainable is to create the habits we need
- In order to drive and sustain organisational performance we must **set-up, align and support** our people in the right way.



Slide 7

Focusing on Moments that Matter



PwC

Slide 8

Designing new ways of working

Key Moment

Desired behaviours

Analysis of Movement

- Understanding of the **broader context** and purpose of reconciliation
- Commit to the **outcome** rather than the mechanical process
- **Clear communication** in the most direct manner (In person or via telephone)
- **Open working relationship** with honest dialogue of expectations and restrictions
- The **courage to challenge** when necessary and ability to constructively receive challenge

Review strategic plan

- Demonstrate commercial awareness by being **solutions driven**
- Work **in partnership with the business** to get to the best outcomes
- Provide **constructive challenge**
- Communicate clearly, providing reasoning and action points **in the language of the business**
- **Be understanding** of constraints/restrictions

Handover

- **Collaborative approach** consulting all parties who have sign off responsibility
- Sender should take **personal responsibility for the quality** of the information and ensuring they have done all they can to make it fit for purpose before handover
- Receiver to have reviewed the information, provided **open and constructive feedback** in case of errors or problems
- Raise any issues as early as possible (e.g. Possibility of not hitting deadline)

PwC

Slide 9

Enabling and incentivising new ways of working

New ways of working

People Initiatives

- Leadership Development
- Technical Training
- New Hire Onboarding
- Job family architecture
- Competency Framework
- Communication Skills
- Career Development
- Emotional Intelligence

Key examples

Rotation programme Facilitate improved communication across teams.

Technical training curriculum Provide enhanced tools and support for new ways of working

Leadership development programme Targeted training course to enhance leadership capabilities

Performance management Stronger focus on behaviours through embedding values and behaviours in objective setting.

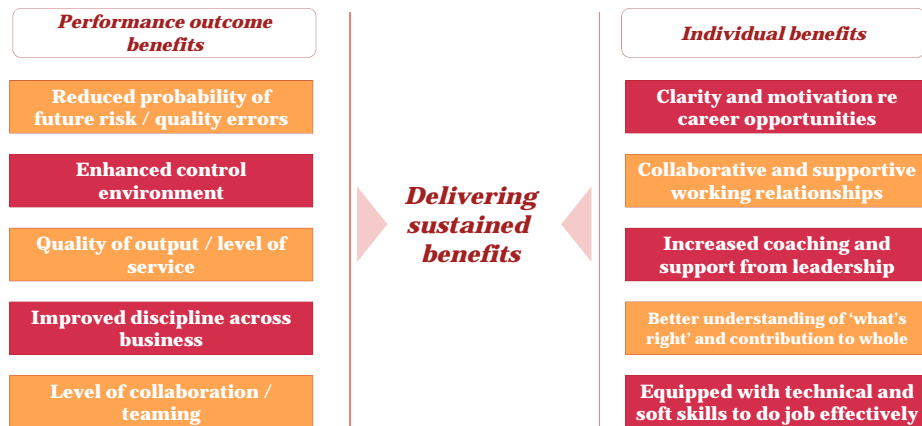
Communication Skills Training for soft skills such as more effective communication

PwC

Slide 10

Getting it right

Benefits to the organisation and the employee

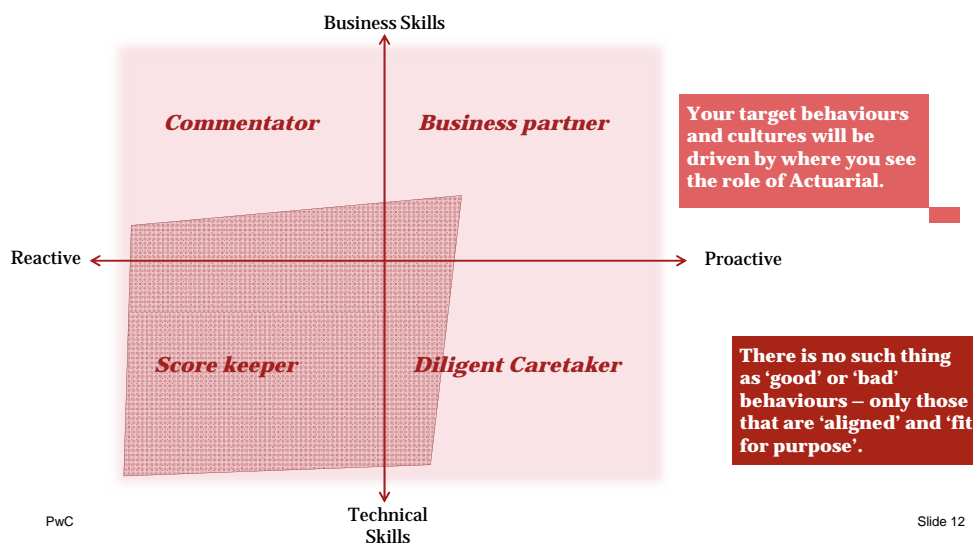


PwC

Slide 11

Getting Started – defining the purpose

What is the role of Actuarial?



PwC

Slide 12

Getting Started - defining ways of working

What behaviours are required?

Key behaviours

Area	Task	CEO	CFO	CRO	CA
Forward looking	Business Strategy				
	Risk Strategy				
	Risk Appetite				
	Financial Plan				
Monitoring	Stress & Scenario testing				
	Assess Risk Profile against appetite				
	Capital / Solvency MI				
	Financial MI				
Actions	Controls actions				
	Balance sheet actions				
	Strategic actions				
	Explaining results				
Business Partnering	Investment appraisal				
	Risk Strategies				
	Capital Optimisation				
	Involvement				

PwC

Accountability

Key involvement

No involvement

Be open about limitations: Ensure business understands limitations of projections
Communicate effectively including the implications of strategy

Be precise quality of delivery is essential
Take personal accountability for provision of information
Courage to challenge the business if necessary

Collaborate with the business and be solutions driven
Maintain **commercial awareness**
Retain **bigger picture thinking** and effects of actions

Challenge results if they do not make sense
Communicate openly with the business, in a language they understand
Deliver insight as well as numbers

What good looks like

This is different for every organisation and department, but below is an indication of what an organisation or function with a highly engaged team may look like:

Clarifying the vision & strategic direction

- People understand how they and their team contribute to business success
- People understand their role in creating value for the customer
- People know how they need to collaborate with different teams across the business
- The organisation's vision is reinforced through culture

Aligning values and behaviours

- There is clarity on the delineation of roles and responsibilities
- The values and behaviours that will drive the desired culture are agreed and communicated
- Shared practices which recognise cultural/geographical differences

Setting the tone from the top

- Clarity on key influencers who are engaged to support business objectives
- Strong leadership, social contracts, and people management at all levels
- Leaders role-model correct behaviours and live the organisation's values
- Leaders regularly engage with their teams to explain how they contribute to success and provide opportunities to contribute new ideas

Translating values and behaviours into ways of working

- Shared understanding of the key 'Moments that Matter' in delivering a good customer experience
- Robust systems and processes in place to drive and support the desired behaviours
- Values are embedded into ways of working

Enabling people development

- The opportunities for multidimensional career development and growth are transparent and accessible
- A clear competency framework exists and offers varied career pathways recognising individual aspirations
- A range of relevant training opportunities are readily available and encouraged
- New joiners experience a robust induction and feel supported

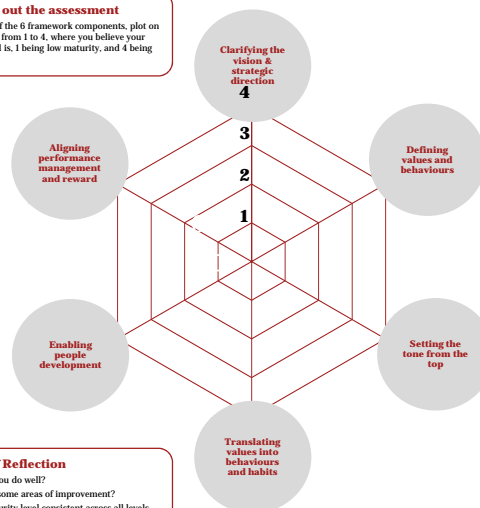
Supporting performance management & reward

- Leaders and managers recognise employees for their hard work and contribution
- Reward & recognition activities drive the desired behaviours
- Staff are clear about how their performance is measured and feel supported in managing their careers
- A balance of financial and non-financial incentives are used

People and engagement maturity assessment

Carrying out the assessment

Under each of the 6 framework components, plot on a score rising from 1 to 4, where you believe your maturity level is, 1 being low maturity, and 4 being high



Points of Reflection

- What do you do well?
- What are some areas of improvement?
- Is the maturity level consistent across all levels and the whole function?

© 2012 PricewaterhouseCoopers LLP. All rights reserved. In this document, "PwC" refers to PricewaterhouseCoopers LLP (a limited liability partnership in the United Kingdom) which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.



Thank you!



Brian Purves

Partner

t: +44 (0) 207 212 3902

e: brian.purves@uk.pwc.com



Jörg Thews

Director

t: +44 (0) 7590 353 761

e: Joerg.thews@uk.pwc.com