

The insurer's CFO: A corporate strategist first



(L-R): Mr Bill Bartlett, Mr Jonathan Zhao, Mr Steve Roder, Mr Chai Sophonpanich and Mr Nopadol Santipakorn.

The multifaceted role of the CFO in an insurance company will become increasingly complex such that he has to transform himself into a corporate strategist whose advice is sought eagerly by the CEO and the board of directors. This was the main thread of speeches at the 10th Asian Insurance CFO Summit organised by the *Asia Insurance Review* in May.

In his address welcoming participants to the conference, Mr Jonathan Zhao, Managing Partner & Asia Pacific Insurance Practice Leader at the international professional and advisory services firm, EY, provided a broad sweep of developments affecting insurance including fintech, blockchain technology and cyber issues as well as accounting and regulatory requirements, all of which have an impact on the work of the CFO.

Qualities required of a CFO

Mr Steve Roder, Senior Executive Vice President & CFO of Manulife, who delivered a riveting keynote speech, gave tips on what a CFO has to do to succeed in the changing environment.

He said that CFOs face several challenges including: more demand for information, increased power of investors, competition and cost factors, regulation and compliance, the war for talent and the global functional matrix.

In the face of these challenges, CFOs need to have people leadership skills, a global perspective, and a strong voice and collaborative peers in the C-suite. They also need to be strategic thinkers who focus on solutions and stand up for regulatory productivity, among other qualities, he said. “We have to be ready to disrupt our own finance function,” he said.

“The CFO must embrace increasing complexity and ambiguity to be a leader way beyond the finance function,” he added.

The one most responsive to change

Another speaker, Mr Nopadol Santipakorn, Secretary General of the Thai General Insurance Association, said: “The CFO used to look at numbers, costs, book keeping and performance management; now, he is looking at strategy.” The CFO has to help identify where the value of the company is and seize opportunities which arise, he added.

Taking a leaf from Charles Darwin’s theory of Natural Selection, Mr Nopadol said: “It is not the strongest of the CFOs, nor the most intelligent, who survives but the one who is most responsive to change.”

Ms Lynn Lau, Vice President-Regional Finance Business Partner, AIG APAC Holdings, said: “The CFO is like an internal management consultant,



Ms Lynn Lau

bringing different functions together to solve problems.”

As an example, she cited how different heads can collaborate on decisions about which channels to use to distribute which products to which categories of customers. The CFO plays a role in ensuring that expensive channels are not used to sell low-margin products.

Modern vs traditional CFO

Mr Kevin Strain, President, Sun Life Financial Asia, offered his perspective of the traditional CFO and the modern CFO. He said that the traditional CFO, who is focussed inwardly, asks the question: “What happens if we invest in and develop people, and they don’t stay?” The modern CFO is tuned into what is happening in the insurance industry and beyond, asks: “What happens if we don’t invest in and develop people, and they stay?”



Mr Kevin Strain

Today’s changing business landscape means that CFOs need to have more of a business mindset compared to their predecessors. “CFOs should be able to fill in for the CEO anytime, anywhere and on any topic,” he said.

Summing up, Mr Bartlett said succinctly: “The role of the CFO will have to change completely.”

Basics still relevant

Still, some things would not change as new demands are placed on the CFO. Nor are finance-related topics avoidable in a CFO conference.

“The basics are still relevant; it’s still really important that the CFO has a good old-fashioned grasp of basic finance,” Mr Strain said, adding that

integrity remains vital too. “The CFO cannot be the Chief Loophole Officer.”

Looking at interest rates, risks and solutions

Mr Chai Sophonpanich, Chairman of the Bangkok Insurance Public Company, said that CFOs will have to be prepared for future increases in interest rates. “Since last year, the Fed has been trying to normalise interest rates,” he said, adding that quantitative easing in recent years by the Federal Reserve was an unorthodox, never before attempted way of trying to stabilise and grow the economy. It led to low and even negative interest rates but little spending.

Mr Michael Thomas, Executive Director, Business Development, Global Financial Solutions Asia, RGA Reinsurance, discussed several solutions for CFOs to better manage their company’s financial risks and performance. These solutions include reinsurance, derivatives, raising capital and divestments.



Mr Michael Thomas

Taking a different angle, Ms Dora Wong, CFO, Asia Pacific/Chief Accounting Officer, Emerging Markets, QBE Insurance, discussed the relationship between the CFO and the Chief Risk Officer (CRO). She asked whether the relationship is one of cooperation, collaboration or convergence. There can be conflict too between the two roles. “Risk would like to have more capital, but Finance thinks that additional capital might not be a good thing,” said Ms Wong giving an example.



Ms Dora Wong

Digital trends and innovation

The two days of purposeful talks included sessions on digital trends and innovation, cyber security, digital disruption, and what these developments mean for the CFO.

Mr Brad Lipic, Vice President, Data Strategy, Global R&D, at RGA Reinsurance, spoke of digitalisation: of consumers, whose behaviour will change because of smart phones; of the enterprise, which will change the way a business operates; and of operations with advances in the Internet of Things.



Mr Brad Lipic

Mr Hah Leong-Kean, CFO, Cigna Worldwide Life and General Companies of Hong Kong, said that with mobile devices, the digital generation is no longer visiting bank branches. Insurers’ CFOs would have to anticipate that in the future, banks will not exist in their current form.



Mr Hah Leong-Kean

Ms Cathy Chen, CFO of Peak Re, which started operations in December 2012, spoke of her experience in supporting the growth of the reinsurance start-up.



Ms Cathy Chen

With the theme, “A Decade On: The Shifting Landscape in the Mind of the CFO”, the conference, held in Bangkok, was chaired by Mr Bill Bartlett, Director of Reinsurance Group of America (RGA) and sponsored by EY and RGA. Around 120 participants from about 20 countries attended the event. ■

Delegates at the 10th Asian Insurance CFO Summit 2016

