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PREMIUM LEADERS

Times may change but not tenets

Principles such as integrity in dealings with customers and business partners drive the general insurance business, Tenet Insurance's CEO tells TEH SHI NING

STELLA Tan has seen much change in Singapore's general insurance landscape over the course of her career.



Companies have undergone mergers and acquisitions, rebranding and restructuring, and numerous new international players have come onto the scene.

But Ms Tan, the current CEO of Tenet Insurance, would tell you that there are unchanging core principles, 'tenets' if you will, which drive the general insurance business.

A high point for her was being able to play a part in christening Tenet back in 2002. The company had several name changes before then, alongside changes in ownership, but is now wholly-owned by Hwa Hong Corporation and bears a name chosen by its own management team.

'Insurance is, after all, based on principles,' Ms Tan says. Principles such as maintaining integrity in dealings with customers and business partners.

Ms Tan first entered the world of insurance when she applied and was selected for a scholarship programme offered to 23 A-level school leavers by what was then known as the Commissioner of Insurance.

The programme was structured such that every day over two years, Ms Tan spent half a day at the Singapore Insurance Training Centre, studying for her ACII certification, and the second half working at an insurance company.

The scholarship was no ticket to guaranteed success though, Ms Tan says, recalling how when first employed as an underwriter, she had her paper qualifications but felt herself lacking in much-needed experience.

In those days, structured on-the-job training was rare, and those new to the business found themselves having to use their own resources and initiative, Ms Tan says. 'You wouldn't have the luxury of having someone sitting down next to you and coaching you on how to do your underwriting from step one to ten!'

Ms Tan: There are no shortcuts. You've just got to get your hands dirty as you pick things up and refine your underwriting skills

Looking back on her 30 years in insurance, she says: 'I think there are no shortcuts. You've just got to get your hands dirty as you pick things up and refine your underwriting skills.'

Ms Tan, who is married with two sons, is a rare lady CEO among the many men heading insurance companies here. She does not seem to think much of it though, saying: 'Actually if you walk into an insurance company, you'll see more ladies than men!'

'These days, more ladies are in management positions compared to some years ago, when most of the senior management team would be male,' she adds. In any case, she has never felt disadvantaged by her gender. 'I've been pretty fortunate in that in every company I've joined, I've had bosses who've been supportive in letting me have leeway to learn, giving me the underwriting scope to develop my skills.'

And if there had been challenges, the same 'no-shortcuts' approach would have applied.

She describes moments in her earlier years with international companies, when senior management from the head offices abroad would fly in to question her on all aspects of the business operations here.

'Your adrenaline will be flowing, your gastric juices pumping! But if you can respond in the right manner, demonstrate an understanding of the issues involved and more importantly deliver the results, that gives them the confidence that you know what you're doing, and they'll support you,' she says.

Understanding issues and risks will always be key, Ms Tan stressed. 'What we're always worried about is that we lose all these technical skills that the industry is known for. To underwrite a cargo risk, a marine hull risk, an engineering risk or construction risk, all this needs technical skills.'

This also means insurance people sometimes need to be 'Jacks of all trades', understanding clients' different businesses, how they work and the risks involved.

'We don't want people, young ones particularly, to think that insurance is just about competition on rates without an appreciation of the risks we carry as insurers,' Ms Tan says.

After working at various foreign-headquartered insurance companies, Ms Tan joined Tenet Insurance in 1999 as head of commercial lines, subsequently became its chief operating officer, and finally took on her current role of CEO.

Tenet Insurance has been growing its personal lines business, with inroads in personal accident, travel and domestic helpers insurance, although commercial lines, with a focus on SMEs, still account for the larger part of its business at the moment.

'We can't fight with the big boys, in that we can't tell people we're international and are represented in 50 countries,' says Ms Tan. What Tenet can offer, she says, is quicker decision turnaround time, as it need not refer risks to a head office to consider each decision's impact on other regions.

'We can tell clients here that when you do business with us, we can make that difference by understanding your needs well as we are local and are here to stay in the long haul.'

That is assurance that Tenet's smaller clients would especially appreciate with the current recessionary outlook worldwide.

Tenet, too, will be affected by the recession, Ms Tan says. 'There will be pressure on rates and premiums may drop for some classes of insurance. We will just have to brace ourselves and ride through this with our clients.'

She thinks that they may see smaller sums insured as stock values decline, and that some clients may not survive the financial crisis.

'For insurers to ride through this cycle, we need to manage our costs. Not only claims costs, but also our operating expenses,' she says. Strengthening capital will also be essential to cope with greater business volatility and assure policyholders, Ms Tan said. Tenet's capital adequacy ratio is currently twice that of the statutory limit of 120 per cent.

But, she says: 'Not all is doom and gloom in a downturn.' She still sees pockets of opportunities in such areas as personal lines and affinity programmes, for instance.

Another opportunity, she sees, is the chance to draw in talent. 'I think before the economic crisis hit, insurers were viewed as the poor cousins of banks. And maybe graduates think an insurance job is more boring, desk-bound, clerical, because they are not aware of the different roles in an insurance company.'

To challenge those views, Tenet will be participating in the undergraduate internship scheme organised by the General Insurance Association of Singapore this year.

'Obviously, we hope all these educational and exposure programmes will bring a greater crop of people and fresh blood to the industry,' says Ms Tan.