

## > Life Assurance in the Nordics:

# Rest Assured that Nordea has its Eye on Goals of Quality and Collaboration

Nordea Life Assurance has for years had in place – and followed – a clear and far-sighted strategy.

It has made the correct choices and remains committed to implementing them. Its personnel, who are equally committed to their goals, play a key role in this.

Operations are guided by the core components of the Life 2010 Strategy: corporate social responsibility, combined with capital- and cost-efficiency. The aim is to be the most nimble and modern Finnish life insurer, and the company seeks growth by developing customer experiences. It offers the most modern customer experience, and lets customer-benefit steer operations. As well as financial stability and quality, the company has chosen as its third main strategic goal the development of the employee experience as part of its drive to improve efficiency.

Nordea Life Assurance uses a process-driven operating model and a quality system tailored to suit. Lloyd's Register Quality Assurance awarded the system a quality certificate based on the ISO 9001 quality standard back in 2015; the validity of this certificate has been annually reviewed and renewed – most recently in the summer of 2018. Nordea Life Assurance Finland Ltd is the only life assurance company in the Nordic and the European markets to be certified in this way.

From the perspective of continuous improvement of quality, it is crucial to use recorded processes to describe a company's operations. No company's operations are unit-specific, but rather the result of collaboration between several functions' interfaces. Nordea's process-driven operating model has enabled predictable and effective risk-management – it is clear to personnel how responsibilities are divided, and how various criteria are measured. Process-driven operations enable efficient communication to the entire staff. All processes, including targets and the way they are measured, are open to all workers.

Nordea takes quality seriously, and the satisfaction of its customers and stakeholders is a top priority. The Finnish Quality Association conducted an EFQM Recognised for Excellence evaluation of the company for the first time in 2016. This evaluation supplements the ISO 9001 quality system standard in helping Nordea to further enhance its excellence. The company was judged worthy of almost five stars; the

**"Nordea takes quality seriously, and the satisfaction of its customers and stakeholders is a top priority."**

evaluation will be repeated in this year, and Nordea is hoping for a full five-star quality rating.

There is a constant search for solutions that improve the quality of the customer experience; the permanent goal is to continuously improve quality, and to channel that improvement into great customer experiences.

Consumers generally expect ease-of-use and an outstanding customer experience – and the field insurance is no exception. "We are successful if we are able to offer our customers service experiences that they would be willing to recommend to others," said Pekka Luukkanen. Customers are increasingly willing to share their experiences on social media, for example, which increases competition among service-providers.

Nordea expects customer expectations to continue to focus on the service experience and its customisability. Customers are no longer satisfied with having just an insurance product – customer-specific needs arise after the product has been bought, and consumers and clients will emphasise the personal benefits they gain from their insurance solution. This change is already clearly visible in how customers engage with the company. They want a full-service package that is available at any time, in any place. There is little demand for traditional, but unnecessary, service concepts in insurance solutions. In this type of a competition, the winner will be the service provider that not only exceeds customer expectations, but clearly demonstrates the benefits and can manage the flow of information available on its clientele.

Digitalisation offers the chance to do business with Nordea regardless of location and time, but it also requires a simplification of the insurance solutions on offer. Services must be easy to use – every click or minute spent on accessing the service package is important to the customer. Digitalisation creates the expectation of a

personalised service experience, which means Nordea can no longer be able to serve customers with exactly the same concept, as many companies have done with traditional service models.

"We aim to provide our customers with the most modern customer experiences with significant inputs in automation and robotics," said Luukkanen. "Similarly, one of our goals is to produce accessible customer documentation and comprehensive communication.

"We continuously train our sales and marketing personnel in our products and services. Recognising our customers' needs is an integral part of our operations. We can serve our customers in the best possible way as well, and offer and provide them with the products and services they need. Our keynote in this are the availability, convenience and high quality of the customer service experience.

"We are successful in this mission if customers feel they benefit from doing business with us, which they may continue to do for the rest of their lives. We aim to be involved in our customers' journey through both good and bad times. We execute our mission by providing insurance solutions that make our customers' lives easier and let them sleep better at night, trusting that their service provider will keep its service promise."

Sustainability is embedded in the core of Nordea investment practices and the company believes that integrating environmental, social and governance (ESG) issues into its investment strategy and processes enables it to invest in a sustainable way.

"Our vision is to improve the quality of life for our customers by getting the best possible returns in a responsible way," says Luukkanen, "and thus we strive to offer responsible, value-adding solutions to our clients. We continuously aim to improve sustainability in our investment portfolios by increasing investments that are prepared to mitigate ESG risks and support transformation to a carbon-free economy."

Nordea Life Assurance Finland is part of Nordea Life & Pensions Group (NLP), which signed the United Nations Principles of Responsible

Investments initiative (UNPRI) in 2014. Together with other Nordea Life & Pensions entities, the company works closely with Nordea Asset Management and its award-winning ESG investment processes.

The cornerstones of its responsible investment strategy include norm-based exclusions, integration of ESG factors into the investment processes and impact investments. Nordea excludes the worst, prefers the best, makes a difference and remains understandable.

Responsible investment guidelines are provided for unlisted investments. For instance, during the past couple of years, Nordea has invested in domestic ventures and growth funds. "We believe that start-up and growth companies are frontrunners in providing sustainable solutions to tackle global challenges," says Luukkanen. "We see that through our investments we can impact the society positively, support innovation and employment (and) enhance economic growth."

ESG factors are also included in the company's direct real estate investment process. "We want to be good property owner and landlord to our tenants. We focus on environmental issues, e.g. energy efficiency, improving trash management and reducing water use.

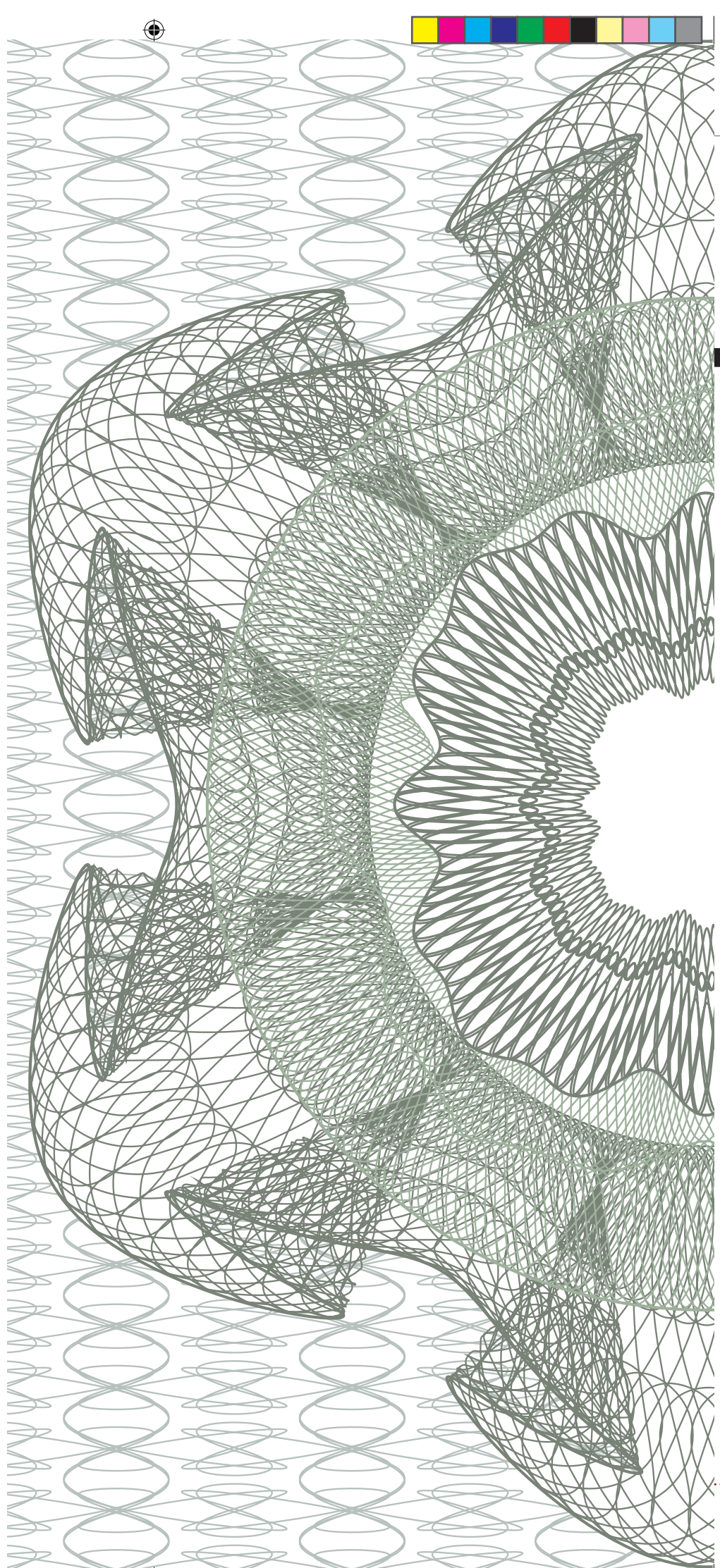
"We take good care of our properties with systematic renovation and maintenance activities as well as prioritise safety of our premises for both our tenants and construction workers."

Nordea's committed employees play a key role in the company strategy. Well-being at work is important, and the company has invested in creating an inspiring and motivational working environment. "We encourage our personnel to bring up their ideas, and our "From ideas to values" process is designed to develop innovative ideas further," says Luukkanen. "We wish to provide our employees with real opportunities to influence and assume responsibility for their actions. We encourage our employees to develop and support their participation in training. Taking equality, transparency and the personnel into account – in everything we do – is a matter of honour to us."

One of the significant steps towards this strategic main goal was the Great Place To Work Finland recognition received in February. According to the survey, 95% of Nordea employees consider it an excellent place to work.

At the end of the day, great customer experiences are also dependent on having the best employees in the sector. That is why Nordea believes that the employee experience will become one of the competitive advantages necessary for further developing operations.

"Our vision is to be the most renewable company, which means that we must have employees who are willing to reinvent themselves." ❄️





## > A Q&A session with CEO Pekka Luukkanen: Chief Exec's Bold Vision has Honed In-House Processes to Bring Growth

### What are the current trends in the life insurance market?

One of the key trends in the Northern European life insurance market has been the increasing shift back to risk-life assurance due to Solvency II regulations, a trend partly affected by customers' higher awareness of the relatively weaker status of public-sector social services (the so-called sustainability gap in public finances). Another trend is the advent of a more comprehensive service model for customers, who show increasing interest in add-on services that can be linked to a policy, or make an insurance product easier to use. Smart life insurance policies are an example of this.

### What strengths differentiate your company from its competitors?

We have had in place, and followed, a clear and far-sighted strategy for years. We have successfully made the right choices and remained committed to implementing our choices. Our personnel, who are committed to their goals, play a key role in all of this. Developing personnel experiences is one of our main strategic goals. One of the significant steps towards this was the Great Place To Work Finland recognition we received in February 2018.

The successful implementation in 2016 of the key target of Nordea Life Assurance's previous strategy period – the migration to a single-core insurance system – gave us a unique competitive edge in the market. A single insurance system will simplify the company's operations, as every change needs to be implemented once only, unlike a situation with multiple systems. The existence of a single modern system also makes digitalisation development easier as it would be extremely difficult and expensive to build new service concepts into the old systems.

Nordea continues to use a process-driven operating model and a quality system tailored for this model. Lloyd's Register Quality Assurance has awarded the system a quality certificate based on the ISO 9001 standard – the only life assurance



CEO: Pekka Luukkanen

company certified in this manner in the Nordic and European markets.

Nordea Life Assurance has an efficient insurance distribution channel, Nordea Bank. Nordea Life Assurance can renew and adjust business operations to meet new challenges.

The company has 23 process phases that have been automated with robotics. These enable high quality, shorter delivery times and the automation of routine work phases.

### What does "quality" mean to you?

The Finnish Quality Association conducted an EFQM Recognised for Excellence evaluation of

our company for the first time in the spring of 2016. According to the evaluation, the quality of our company was worthy of almost five stars. The evaluation will be repeated this year, and we see no reason why we could not achieve a five-star quality rating. Our company's goal is to continuously improve the quality of customer experiences.

### Why are system standards important to help build quality and excellence?

External audits serve as an independent validation of the work we have done. They provide us with important observations and feedback.

### What challenges does this sector face in the next few years?

Data-flow, changing requirements concerning our systems and cost pressures, coupled with more complex regulation, will pose unprecedented challenges for the entire sector. Only major companies that can sufficiently cut unit costs will be able to use economies of scale to develop their operations. The ability to make use of customer analysis will become a key competitive edge – "Life business is IT business". In this race, large size and a simple and agile operating model are Nordea Life's key competitive advantages.

The prolonged period of low interest rates is making it harder to gain returns in the investment markets. Challenges are posed by stricter regulation, which despite commendable aims does not always improve the protection and service experience.

Operations are also affected by demographic factors, such as an ageing population and longer life-expectancies in highly industrialised societies. This, coupled with the sustainability gap in public finances, will increase demand for risk-life assurance policies and the indemnity costs for certain types of cover. Digitalisation will pose obstacles to companies operating legacy IT systems. The simplification of operations and the ability to implement changes are crucial competitive advantages. ✨