

THE RAFFLES CONVERSATION

THE initial shock and surprise at the March 13 announcement that insurer AIA's then group chief Mark Tucker was leaving and would be succeeded by his trusted aide of many years, Ng Keng Hooi, was most pointedly reflected in the company's share price.

Listed in Hong Kong, the group's shares fell three per cent that day and hit a low of HK\$48.45 the next. Buoyed by favourable market conditions, AIA's stock has since recovered ground and is now trading above HK\$60.

But as 62-year-old Mr Ng, now group chief executive and president, sees it, he would have been "foolish" to expect otherwise about the market reaction. "I'm not known outside of Malaysia and Singapore...In people's minds (it) was 'who's this guy?'"

Even for a seasoned industry insider – he has clocked close to four decades at three big insurers – the Malaysian knows he has big shoes to fill at AIA.

"Obviously it's a big and challenging job. I'm very experienced in all the things I've done that helped me but the expectation of delivery will always be a pressure for all CEOs. But I'm excited."

Soon after the announcement, Mr Ng busied himself with the handover process, starting with forming a new senior management team, where seven out of eight appointments were internal promotions – something that he says is "a testimony of our success in building our own people".

And while he hasn't quite yet identified his successor – "give me a break... I just took on the job", he laughs in mock exasperation when asked – he points to the group's rigorous people review process that is conducted twice a year.

"The board will want to see who are the people who are the most qualified in the company. For the CEO position, it always comes down to being comfortable with someone who's proven."

Probed further about how the board decides on a suitable candidate, Mr Ng lists three criteria.

"What we call domain knowledge is critical. There are a lot of complexities in the business, especially in different geographies so the domain knowledge is very important. Number two, it must be someone who has got proven success...The third thing to me is culture – not race or nationality; it's just cultural fit into the organisation."

For AIA, as for just about all organisations, people development is crucial. The priority on developing people is something Mr Ng shares with 59-year-old Mr Tucker, whom he worked alongside for more than 20 years in Prudential and AIA, and whom he speaks glowingly of.

"To me, Mark is a great mentor. I'm where I am today because of him," he declares.

A self-confessed "tough leader", the straight-talking Mr Ng says he wants to be one who is respected, before adding with a laugh, "and sometimes loved too".

"I don't want to be a leader to be feared by my people because to me, fear paralyses the people and organisation. And if it's all lovey dovey, nothing gets done."

These are hallmarks of his leadership style – something people who have worked for or with him never fail to point out.

The pragmatic side of Mr Ng also means he



PHOTO: AIA

TOUGH LOVE LEADER

AIA'S NEW GROUP CHIEF NG KENG HOOI TALKS ABOUT THE TOUGH CALLS HE'S HAD TO MAKE IN HIS CAREER, AND

DOING RIGHT BY PEOPLE. BY CLAIRE HUANG

calls a spade a spade. "People who are not used to that will need to then adjust, and that's nothing personal, that's the only way we can learn to be better."

What of employees who disagree with his views? "I'm quite happy for people to disagree with me," he says, pointing out: "In fact, funny enough, sometimes the more junior staff disagree with me more because they're less fearful of me."

That said, as someone who is a firm believer in team work, he will not hesitate to cut down to size those who aren't team players.

"If, in a team an individual is too disruptive, I will fix it. Either that person adjusts and become a team player... if not, the person can't continue in the team because this is how we can get the best out of people."

Besides Mr Tucker's influence during his career, much of Mr Ng's values were shaped by the two women in his life – his late mother who lived till 92, and his wife.

His mother, who came from a rich family but married someone poor, had instilled in her children that education was the way out of poverty.

"The thing I learnt from my mom was that she adjusted to her new life and roughed it out, which is incredible. For her it was a big, big change. That taught me resilience and toughness," Mr Ng, the fifth of eight siblings, says with admiration.

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thing goes (on), the reputation of the company could be hit so badly that the company might not have been able to come back."

An actuary by training, Mr Ng spent at least half a dozen years in his early career looking after insurance agents and, in the process, learnt about life, he says.

"The agency business is incredible. It allows you to sharpen your ability to inspire and motivate people because it's very tough for them. Every time you see them (and) they get rejection you got to find ways to motivate them. So we learn a lot about the art of motivation, inspiration, the tough ones."

"That's why I find that the way some of the industry players run down the agency, to me, is inappropriate," he says, referring to how some industry players have said that selling through agents is a thing of the past.

As the insurance industry undergoes technological disruption, some critics have also pointed out that AIA has been a laggard when it comes to reinventing its business model – one that is largely centred on agents.

But the flip side is that AIA's agents contribute the bulk of product sales – about 70 per cent in 2016, to be precise. And the number has risen over the years.

So although it "doesn't sound exciting", Mr Ng intends, in his three-year contractual term, to follow what his predecessor has done – improve the agents' productivity and grow AIA's pool of Million Dollar Round Table (MDRT) members. MDRT is an international benchmark in the life insurance and financial services business. To qualify, members need to generate a certain level of premiums, commissions and income, and demonstrate professional knowledge, ethical conduct and outstanding client service.

For a sense of how well the strategy has worked, in July this year, AIA emerged as the only insurer in the world to achieve the biggest number of MDRT members for three straight years. A record 8,324 AIA agents and agency leaders were registered as MDRT members on July 1, a 46 per cent rise from a year ago.

"When an organisation is successful, the people have to be successful, then only is (it)

sustainable in the longer term...So we continue to focus on recruiting good quality people, give them the opportunity to perform and because we have a proven record, we're able to do that better than some of our competitors," he says.

And this is possible because Mr Tucker left behind "a great legacy", Mr Ng says, pointing to AIA's compounded growth of 28 per cent in terms of new business profit since its initial public offering in October 2010.

In the first half of 2017, Hong Kong and China – the group's two biggest markets – continued to drive the insurer's growth. Its value of new business (VONB), a measure of future profits, grew a record 42 per cent year-on-year to US\$1.75 billion, on a constant-exchange-rate basis. VONB margin crept up 1.8 percentage points to 54.2 per cent, while annualised new premiums (ANP), a gauge of new sales, rose 37 per cent to US\$3.2 billion.

However, the same cannot be said of its operations in Singapore and Thailand. Business in both countries has been struggling with dips in both VONB and ANP.

Point that out to him and Mr Ng says matter-of-factly that one of the advantages of being present in 18 Asia-Pacific markets is that when business in some places is down, those that are up can help balance the equation.

Specifically in Thailand, there is good opportunity for AIA to recruit more full-time agents, with the cost of living working in the insurer's favour in wooing people to the trade.

It's a different story in Singapore, though. It doesn't help that it's pretty much industry knowledge that AIA's pay packages for agents are seen to be behind the other players. Says Mr Ng: "I think whatever we do has to be commercial, has got to be sensible and more importantly, you've got to think about the customers."

Ultimately, the key to improving its business in Singapore and Thailand is to improve agents' productivity either through training or the use of technology, he says.

Like just about every other industry, the global insurance business has had to learn to embrace digitalisation and technological changes.

THE RAFFLES CONVERSATION

NG KENG HOOI
Group CEO and
president, AIA

1955 - Born in Malaysia

Education

1979 - BSc in Mechanical Engineering, Lafayette College, Pennsylvania, USA
1985 - Fellow of Society of Actuaries

Career

1980 - 1986 With AIA Malaysia's Life Operations
1986 - 1989 With East-West-UMI Insurance Berhad (Malaysia)
1989 - 1998 General Manager, Prudential Malaysia as General Manager
1998 - 2005 CEO, Prudential Malaysia
2005 - 2008 Managing Director, Prudential Asia
2008 - 2010 Group CEO, Great Eastern
2010 - 2017 Regional Chief Executive, AIA Group
June 2017 Appointed Group Chief Executive & President, AIA Group

Hobby: Golf

A common criticism of AIA is that it is slow to adopt such changes, but Mr Ng disagrees. "We have used artificial intelligence (AI) in Australia to do claims. We have used IBM Watson to design a system to actually process claims in Australia...So we do some of these things, obviously we may not have talked about it."

It is anyone's guess how far disruption will go in the industry but insurers now face more difficulties, including the problems of a low interest rate environment, intensifying competition and added layers of regulation. But the outlook is promising as Asia's growth outpaces that of the United States and Europe.

In such a climate, being disciplined – particularly in managing operations and costs – will be a leader's added strength, Mr Ng says.

He returns to Mr Tucker's legacy and traits – such as clarity, courage and humanity.

It means being able to communicate clearly and speaking up when things are wrong, having the courage to compete with rivals because "business is like a battle", and allowing room for mistakes "especially if everyone is trying very hard", he says.

And there's the AIA motto to "do the right thing in the right way with the right people" – a principle Mr Ng emphasises to staff.

So what legacy does he himself hope to leave behind?

"If there's one thing I'd like to see is to leave behind very successful people... the fact that I've developed a lot of people who become more than what they are today. If you work hard, over time you'll be given the opportunity to become somebody." Spoken like someone who has trodden the path – and willing to do the same for others.

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