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BUSINESS

Veteran player tackles the problem child of insurance

Troubled Aviva has defeated successive bosses. Will rugby-loving Amanda Blanc be the one to crack it?

INTERVIEW JILL TREANOR



Amanda Blanc takes most things in her stride, and does not flinch at the suggestion that the insurance industry has had a bad Covid-19 crisis. “Am I proud of what the industry has done this year? No, I’m not, actually,” says Blanc, who became boss of Aviva, Britain’s biggest insurer, in July. “From a reputation perspective, we could have handled it better.”

The fast-talking rugby lover from the Rhondda Valley emphasises that Aviva was not part of the test case in which the City regulator asked the High Court to scrutinise policies to establish whether insurers should pay coronavirus-related business interruption claims. However, Blanc, 53, says the industry should have been “more transparent” about what such policies were intended to cover.

Aviva’s Covid insurance bill is £100m so far, or some £165m without reinsurance. The company – formed two decades ago from Commercial Union, General Accident and Norwich Union – paid out £33bn on a wide range of policies last year.

“This is not an organisation that doesn’t look after its consumers, but, somehow, customers’ perception is that insurers don’t pay claims,” she says. That perception has not been helped by headlines about small businesses being refused pandemic payouts. Blanc wants Aviva to stand apart from that image; the coming flood season will be the next test.

If this has been a rocky year for the industry, it has been yet another in a long line of turbulent ones for Aviva, which was also censured in October by the City regulator over the possible cancellation of preference shares two years ago.

Blanc, the former chief executive of Axa in the UK and Ireland, and more recently a senior executive at Zurich, joined as a non-executive director in January, but was parachuted into the hot seat after seven months when Maurice Tulloch stepped down because of family illness. Tulloch, 51, had been chief executive for less than 18 months.

His brief tenure was unhappy, with the City unconvinced of his strategy amid rumours of divides in the boardroom, at that time chaired by Sir Adrian Montague. Tulloch had replaced Mark Wilson, who was ousted in 2018 after a row over strategy. Wilson, too, had been parachuted into a business in crisis: his predecessor, Andrew Moss, was forced out in 2012, having fallen victim to squabbling over pay and underperformance. The share price had sunk by 60% on his watch.

This relentless tumult has left the £12.8bn company’s investors jaded and its 31,000 staff, 16,000 of whom work in the UK, in need of inspiration.

Blanc describes Aviva’s recent history as a “series of misfires and a few missteps”, adding: “There’s been a lot of M&A [mergers and acquisitions], some of which was seen as not adding value. There have been strategic changes of direction, a lack of focus, leadership changes – all those things are bad for organisations.”

Her aim is to give “a voice” to the insurer, which has never lived up to the “life, growth and vitality” supposedly suggested by the name change to Aviva from the alphabet soup of CGNU in 2002. She wants to cross-sell more products and make the business simpler, pulling back from sprawling global ambitions.

“Aviva needs to find its position in this industry because it’s the only organisation that can do everything for customers,” she says, referring to its ability to sell not only life cover, but also policies for cars, homes and healthcare, plus pension schemes. She wants to “demystify” the organisation for investors.

It only takes a glance at the share price to see why the City is impatient for change. The stock peaked at nearly £13 when Commercial Union, which traced its roots to 1696, merged with General Accident in 1998. By 2000, when the renamed CGU merged with Norwich Union – which brought along a swathe of private investors handed stock when it demutualised – the shares stood at less than 700p. On Friday, they closed at 326p, up from 280p since Blanc joined, despite a 33% dividend cut. In August, a month after she took the reins, Aviva posted a 12% drop in interim profits to £1.2bn.

Taking over in the midst of a pandemic, she has cut a lonely figure on the 22nd floor of Aviva’s City tower near Lloyd’s of London. From there, Blanc has overhauled the management team and begun focusing on the UK, Ireland and Canada. Some £2bn of disposals have been made so far, including in Singapore, Italy, Indonesia and, last week, Vietnam. Legal headaches hang over the French business.

The sector is fizzing with deals: rival FTSE 100 insurer RSA, run by former Royal Bank of Scotland boss Stephen Hester, was acquired for £7.2bn by Canadian and Danish bidders last month.

Reflecting on the impact of the pandemic, Blanc says: “I look at these buildings and see floors of empty offices and I think, that’s a shame.” She does not intend to order staff to return full-time once the virus recedes, although adds: “There is a time and a place for working from home and working in the office.”

There have been strategic changes of direction, a lack of focus and lots of leadership change

Amanda Blanc says she regrets taking only three weeks’ maternity leave when her younger daughter was born: ‘Stupid, wasn’t it?’

THE LIFE OF AMANDA BLANC

VITAL STATISTICS

Born: August 8, 1967
Status: married to Ken; two daughters, aged 18 and 14
School: Treorchy comprehensive

in the Rhondda Valley, south Wales
University: history at Liverpool; MBA at Leeds
Home: Beech, Hampshire
Pay: £1m salary plus bonuses
First job: local video shop
Car: Porsche 911 and a Tesla Model 3: “I like the Tesla because it stands for something. It’s about the future”
Favourite book: “I read board

papers and newspapers, and I download The Times and The Sunday Times”
Film: Field of Dreams
Music: anything from the 1980s
Gadget: “smart” electronic notepad
Last holiday: Australia in 2018: “If I could go away, I’d like to go to New York for Christmas”
Charity: Insurance United against Dementia



Kevin Costner in Field of Dreams and, below, the beloved Porsche 911



WORKING DAY

The chief executive of Aviva travels from her Hampshire home to London early in the week and stays at a flat in the City (Aviva is giving a £2,500 monthly rent allowance; she plans to buy). Amanda Blanc gets up at about 5am, sometimes does a Peloton session and is in the office by 7.15am for back-

Scrum-half Gareth Davies in action for Wales



to-back meetings until 7pm. She works from home on Fridays and sometimes on Mondays.

DOWNTIME

Blanc cycles and listens to podcasts. As well as spending time with her family, she watches Wales play rugby, “mostly from behind the sofa”. She chairs Wales’s Professional Rugby Board.

Managing a business when almost all employees are working remotely “calls on your skills as a leader”, says Blanc, who has had to make presentations to 800 colleagues at a time over “video walls”. “If you were an introvert, it would be a very difficult thing to do.”

Blanc describes her appointment as “a homecoming” – a nod to the fact that she started her career as a graduate trainee in Commercial Union’s Luton branch. She was the insurer’s first female branch manager, before the age of 30.

A good raconteur, Blanc recalls her delight at her first company car in the mid-1990s: a Renault Laguna. A white Porsche 911 and a Tesla is her style now. At one point she raves about the “super-cool” gold Nikes she has just bought, although she usually wears heels – hence her Twitter handle, @AmandasShoes. She tweets about rugby as well as insurance. Her no-nonsense positivity must help in her part-time role as chairwoman of Wales’s Professional Rugby Board.

Her husband, Ken Blanc, worked in the same sector. He led the clean-up of Independent Insurance after its collapse in 2001 because of a governance scandal, then halted his career to support hers around the time the younger of their two daughters was born.

Blanc was pregnant with Rhiannon, her second daughter, now 14, when she was offered the role of chief executive of one of the key divisions at Towergate. She was recruited by Andy Homer, who had spotted her at Commercial Union and been impressed by her “ability to relate to and lead people in a very warm way”.

Blanc took just three weeks’ maternity leave. “Stupid, wasn’t it?” she says now. “It’s not sensible ... I just felt that I’d started a new role and had a big responsibility. I think it’s the Welsh sense – you feel you’ve committed to something.”

When she was appointed chief executive of Aviva, Gordon Aitken, an analyst at RBC Europe, said: “Investors will rightly question whether Ms Blanc can do what each of the predecessors over the past 20 years has failed to do.”

Aitken concluded that she may be able to drive change alongside chairman George Culmer, who was appointed in May. His last executive role was as finance chief of Lloyds Banking Group, and he previously held the same role at RSA.

That insurance giant will be broken up by its Canadian and Danish purchasers. But there will be no hiving off of Aviva’s life and general insurance businesses under Blanc. “I’m not going to say that at some point in the future we don’t have ambition for this organisation to think about some sort of M&A activity, but here and now, we are focused on delivering what we said we were going to do and not get distracted by that,” she says.

Reluctant to get drawn into criticism of predecessors, she says: “The board is now 100% aligned on what Aviva is.”

What Aviva is now is a company prepared to cut its dividend – painful for retail and City investors alike – although Blanc prefers the term “rebased”.

“It was the right thing to do because the core of the group going forward is going to be different to the core of the business in the past,” she says.

When the third-quarter results were posted last month, analysts asked why the proceeds of recent sales could not be returned to investors. Blanc’s goal for now is to reduce its leverage. She is mindful of shareholder returns, though, and has been told staff wear the share price like a “heart-rate monitor”.

Early next year, she intends to relaunch the brand – as a “signal to the organisation, as well as the market, this is a new Aviva”. Long-suffering investors will hope it is very new indeed.