

LEADING THROUGH DISRUPTION



You Must Listen First | Artur Niemczewski, Former CEO of Pro Global

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Artur Niemczewski, AI and Digital Champion at Chartered Insurance Institute and former CEO at Pro Global, shares his key lessons on navigating regulations in insurance, the role of AI in insurance boards, and how to be a valuable board member in this Leading Through Disruption interview with The ExCo Group EMEA Managing Director, Dr. Anastassia Lauterbach.

Lauterbach: Could you describe your journey and share some of the moments that led you to where you are today?

Niemczewski: I'm an engineer and a scientist like you. I received a Master's degree in Mechanical Engineering from Poland, a Ph.D. in Engineering, and a Master's degree in Public Policy and Technology from MIT, which proved highly relevant if I think about what I do today. In my younger days, I worked on nuclear fusion to solve humanity's problems. I then ventured into business and joined McKinsey. I became one of the few people who raised their hand to work in insurance. It is a fascinating, complex, and intellectually challenging area. I spent the rest of my management career in the sector, finally stepping down from an insurance CEO role shortly before COVID to serve on boards. Throughout my insurance career, I often focused on technology implementation. It was about cost-effectiveness, underwriting, and, importantly, better client outcomes. Over the last thirty years, we have had five generations of technology, starting with simple algorithms and moving into machine learning. Today, the AI wave is upon us. I have served on the CII Board of Directors. Today, I am their

AI and Digital Champion and serve on boards of traditional insurance firms and insurtech startups.

Lauterbach: How did your executive experience translate into your directorships?

Niemczewski: Former executives tend to believe the transition is straightforward, but it is anything but that. It's tricky, actually.

First, people get appointed to boards to bring a specific perspective that wasn't there before. When you are in the process of joining the board, it is crucial to understand what expertise is sought after. In some cases, boards look for technology acumen; in others, they wish for turnaround, M&A, or ESG expertise.

Once on a board, you must deliver from the very first day. You can't just wait and learn from someone more senior; you are the senior person and should coach others. You might continue to develop as a professional outside of the board. Still, you help others in the boardroom, offering every lesson from your past experience. There is no 90-day rule to get ready. Adding value from day one is expected.

Finally, developing the right mindset while on a board is tricky, especially when you are very early in the transition from an executive role.

As an executive, you attack issues, trying to solve a problem. But it is different from what board directors do. You must listen first. If you want to influence your peers and the executive leadership team, you can succeed only by asking the right questions rather than giving the answers.

I learned this wisdom the hard way. In one of my first board roles, there was a situation when the company's C-suite wanted to launch a new line of business. I immediately recognized that the move was flawed from the strategic and operational points of view. I told the team their venture would not succeed because we had tried the same approach in my old company and wasted money, resources, and time. I shared all the facts and lessons learned. My good intentions caused a reaction that I did not expect. The management team refused to discuss their plan with me any further. They ensured I was out of the boardroom when talking about the topic. Even when I know they wasted significant shareholders' funds following the approach, I still know I made a mistake. I should not have behaved as an executive while being on that board.

Lauterbach: How do you interview candidates who join the board?

Niemczewski: There's an easy part and a tricky part. The easy one is about requirements. What is a candidate's track record? How did he or she, for example, master international expansion or a US market entry?

Hiring for boards is different from hiring for executive positions. For an executive role, you want someone very successful. Meeting a director who had failed and learned from the mistakes might be the best thing in a board role. There might be a higher value from lessons learned.

The tricky part is all about behaviors. One can't really ask direct questions to assess someone's effectiveness. For instance, if you ask, 'Are you a great listener?' There will always be a 'yes' answer. You will hear what you want, so digging deeper will be paramount. I like real-life examples of balancing challenge and support, solving problems, and deciding what areas to focus on.

I remember a situation on one board when I discovered financial issues. I was the only non-executive director with a commercial background who had saved a business from bankruptcy. I called the board chair and shared what I saw. First, I thought of approaching the chair in writing. Still, I was mindful of what I might have documented due to the discoverability. The chair advised me to write to her and copy the chair of the Audit Committee and the CEO. Ultimately, we agreed on a set of actions and a revised plan. The proper communication and process enabled the problem to be solved.

Lauterbach: Are some requiring themes being asked on insurance boards today?

Niemczewski: I am privileged to have visibility from both established companies and startups.

Insurtech startups love to celebrate a vision to revolutionize underwriting, customer acquisition, and the running of support functions. Then, they are confronted with a cold slap of reality - regulatory constraints. As a board director, you must provide help to avoid the young company landing hard due to false understanding and putting bets on unsurmountable premises.

If you are on a traditional company board, you will have many questions about choosing and implementing the right technology. Besides, dealing with different regulatory jurisdictions and scaling internationally is always an issue. Finding the best path to translate a product and a business model into different customer segments or geographies is always challenging.

Lauterbach: How do you ensure the boards are up to their game?

Niemczewski: I sit on an educational committee that formulates continuous professional development (CPD) programs for insurance non-executive directors. Interestingly, every board today asks questions about AI.

This asking isn't quite the same as in other industries. Insurance invented the actuarial profession, another name for Big Data scientists. We have always had analyses of big data, searching for patterns. Insurance has an incredible talent pool. Chief Underwriters and Chief Actuaries are truly smart. For them, embracing AI requires a natural step up in their game. AI augments human tasks. Generative AI has another purpose, e.g., supporting customer communications. But it is ill-suited for decision-making, no matter what some startups tell you at a conference. In insurance, regulation will impose limitations on certain concepts. Claims and underwriting decisions must be explainable at any key stage of the process. Most regulators want to see the same outcomes in decision-making, whether insurers go after the business traditionally or digitally. If a claim decision, for instance, can't be made completely transparent, a customer has a right for regress.

Lauterbach: Insurance is a business of trust. According to the Edelman Trust Barometer 2024, trust in businesses is incredibly low. What do you think about trust as a board leader?

Niemczewski: As board members, we must always consider trust. At the CII, trust in the insurance profession is our mission, and we have established a Public Trust Index. Regarding individual companies, the most common mechanism is the Net Promoter Score. Every board should keep track of the NPS, or equivalent, quarter by quarter alongside the financial figures. It is a must-have KPI.