Fiona Thompson: Good morning everyone, welcome to Suncorp's Investor Day for 2017. My name's Fiona Thompson, and I'm Suncorp's Chief Risk Officer, and I'm pleased to be your MC for the morning part of the proceedings.

Before we start I'd like to respectfully acknowledge the Jagera and Turrbal people, the traditional owners of the land on which this event is being held today, and pay my respects to Aboriginal and Torres Strait Islander people both past and present.

I'm going to start with a little bit of housekeeping. Can I ask that everyone in this room has their mobile phone switched to silent. Secondly, just to let you know there is no fire drill for today, so if the alarm sounds it is likely to be the real deal. I would ask that you listen for directions over the loud speaker. In the event that we have to exit, please follow me or the fire wardens. We will be heading in this direction over here, and please do not use the lifts.

So welcome. At Suncorp we always look forward to our annual Investor Day. We aim to make it as informative and as interesting as possible, and today is no different. We will start off with an introduction from Michael Cameron, who will talk to us about our strategy and our priorities, followed by presentations by Mark Reinke, Pip Marlow, Gary Dransfield. They'll be talking to us about the Marketplace and how we're Elevating our customers.

Following that we'll welcome Sarah Harland to the stage. Sarah is our Chief Information Officer. Sarah will introduce us to the Suncorp Labs before breaking for morning tea and inviting us on a tour of the Suncorp Labs.

So without further ado I'll welcome Michael to the stage.

Michael Cameron: Good morning everyone, thanks very much Fiona, and a big good morning to everybody and welcome. We weren't going to cover any numbers today, so you may be disappointed. But I did wake up with two numbers in my head, 28 and four, but they're probably best dealt with during the break rather than the discussion throughout the day.

It's a bit over 18 months now since I became an executive at Suncorp. I think what's been the most exciting success that I've been able to witness is just the dominance of the customer in all of our meetings and all of our discussions. There's been quite a change, and very refreshing. It certainly reflects our great purpose of creating a better today. It's certainly relevant, and at the end of the day it is all about the customer, which is so important.

Over the past 12 months we've been very busy driving the strategic priorities across the organisation. We've been elevating the customer to make them - or put them - at the centre of every single thing we do. We've been recalibrating our costs, which has given us the benefit of being able to reinvest into growth for the business going forward. We've been focusing on making sure, or maintaining stability and momentum of the business, so that as investors you continue to get a sustainable return.

But when I think about the old way of doing business where we were very constrained by the operating model, the way we structured the business. We were focused on products, many of them commoditised. We were impacted every year by cost inflation coming through every 12 months, and we were hostage to this thing called customer churn, which is always very tough and expensive within the business.

But when I think about today I think about the new way of doing business, and if I think about the strategy then it continues to be validated every single day. The strategy is working. We now talk about our customers and they feel like customers of the Group, not customers of the Bank, or customers of the life insurance business, or customers of the general insurance business. They are truly customers of the Group, and that's a big change in mindset.

We're also thinking and driving and beginning to deliver something called non-price value to our customers, which is very welcome. We're also seeing across the organisation a process of further digitising the business from an operational perspective, but also from a customer experience perspective.

What we're seeing over time, what will happen is there will be far less reliance on manufacturing profit. Because as you know manufacturing is very capital intensive. It's also sometimes volatile due to the impact of investment markets and also natural hazards. So the outcome of all of this is much better retention and deeper relationships with our customers.

So creating a better today for all of our stakeholders is really at the heart of our organisation. Our vision to be the destination for the moments that matter focuses on services that are being bought by our customers to meet their needs, not just products that are being sold to customers to meet sales targets. That's a significant difference, and it's something that I think the regulators in particular are beginning to welcome.

Our priorities that are listed here on this slide are locked in, and we've added inspire our people on the right hand side here. Because as you know, when people are engaged and they're also advocates for the business they deliver their best work.

The One Suncorp operating model increases the emphasis on third party products and services that will be made available to our customers. Pip will talk about that later this morning, along with Gary.

The other thing I wanted to point out is that the process of turning the organisation on its side, that whole process is now complete. Our shareholder value in that process has been preserved.

We truly have now a One Suncorp operating model.

So on this slide here we set out our four priorities, or our four pillars. The first one is elevating the customer. This is about embedding the customer culture and removing all of the pain points that happen for customers on a daily basis. The second one is creating the Marketplace by building platforms to connect our customers and establishing an ecosystem of third party providers to the Group.

The third one, maintaining momentum and growing the business with targeted revenue gains and of course operational excellence. You hear a lot about that today. The last is about inspiring our people, with a focus on engagement with our vision. Having the right behaviours, but also the right capabilities as we meet the challenges of a rapidly changing environment.

Now the Marketplace is how our customers will connect with us - connect with our brands, connect with our solutions and information through any channel to make good choices, to improve the financial wellbeing of each of our customers. We're bringing the Marketplace to life through physical stores, mobile apps, contact centres and through our brokers.

We'll continue to use our brands that you see listed around that circle there, we'll use them as a funnel with a stronger focus on Suncorp as an umbrella brand, or an endorser brand.

The Marketplace is different to others. It's more of a retail experience. It's focused on broad needs of customers. For example, people don't walk into a store, or they don't wake up one morning and say, look, I'd like to get a mortgage. They actually wake up and say, I'd like to get a home. I've said that a few times, but you'll see it this afternoon when you go into the store, that we're actually catering for the journey that people take on buying a home.

In addition to the typical things that you might get - insurance and finance - we'll also provide conveyancing services, property information. Almost an unlimited number of third party offers that go into that process of either buying or selling a home, or the other journeys that customers go through.

It's most important though to realise that our Marketplace is not set up to be a price aggregator, and it's not a place for cross-selling. Hopefully everyone understands that well. It's also not limited to direct customers. Some people have said, ah yeah, but what about the intermediaries? Well, it's a perfect model.

So we'll talk about this diagram in a bit more detail today, but you can see the products and services listed down, integrated offers, customer journeys that we'll go through. Each of those dots represents either an insurance, banking and wealth, or a partner-type solution that gets added.

All right, Suncorp today, if I think about the past 12 months and what we've done to enhance the customer experience. We have revised our strategy, refreshed that and a new purpose which you see today. We've got a new operating model, and substantially new senior team. We've got two concept stores, one of them you'll see today. Hopefully you would have seen a splash of the new branding around the building and at the football last night and other places. So that's now emerging.

We've got a new AAMI brand - a new AAMI app rather, a Suncorp app. We've launched an annuities and health solutions, and we've extended the Marketplace to embrace the concept of journeys, integrated offers and third party products and services on the Marketplace.

So to fully achieve our vision Suncorp is a business that remains in transformation. We're moving to be a resilient future ready state through firstly building the Marketplace, but also delivering operational excellence.

Now this diagram that's up on the screen, and you've got a copy in front of you, is a diagram that was put together by MIT Research in the US. It highlights how businesses transform to be future ready in the top right hand corner. Now I won't go through all of the detail, but you can see there's three pathways that traditional companies go to achieve that outcome. Moving from sort of silos and spaghetti to future ready.

Now two of the approaches - firstly pursing the operational excellence, along the bottom here. We've actually done a great job of over the last few years. I'm very pleased with the progress that we've made. You can also go the top route around increasing the customer experience, and of course we are starting to do that now.

The third pathway right through the middle - you can see that zigzag - actually does a bit of both at the same time. You actually save money from the operational excellence, but you also invest in the business to improve the customer service along the way. But it does require careful management from within the organisation, but also importantly careful communication within the business and also outside of the business. As you talk about the priorities and what you're actually achieving.

So that careful management and communication is just required to achieve directional clarity around where the organisation is going. We'll continue to refer back to that over the next couple of years as we continue to transform the business and explain that journey. This is the pathway that we'll continue on over the next few years.

So as we transition the organisation, the benefits of the Marketplace strategy will emerge from both improved retention and broader and deeper customer relationships. The value of this is absolutely enormous as it emerges. That's how we are going to create a better today for all of our stakeholders, including our investors.

So as we go through the morning we're going to talk about each of these priorities, and I will now hand over to Mark Reinke who's going to kick of the discussion about elevating the customer. So thank you very much.

Mark Reinke: Thank you Michael, good morning everyone. For everyone that attended our Investor Day last year you would have heard us talk about our strategy to solve customer problems in completely new ways, by connecting our brands, connecting our products and connecting our channels.

What I wanted to do in this session is to talk through the progress that we're making and focus that on three areas. I would like to give you a sense of how we are making things easier for our customers. I would like to give you a sense of how we're connecting customers to the Marketplace and in particular a forward view of what we're doing to build up value so that customers will want to come to the Marketplace and interact more often, particularly through integrated offers and journeys.

If I could start with really focusing on what we're doing and what we have done to make it easier for our customers over the last 12 months. We've done a lot of work focusing on improving existing experiences and creating completely new experiences and I'd like to share three examples that we're launching next month that best bring that to life if I could. We're going to make it easier for our customers to buy a home.

We're going to do that by reducing the amount of time it takes to provide a customer a conditional home loan. Customers want to be at auctions on the weekend, they want to be able to go to open homes and have the comfort of knowing that they have a conditional home. We're going to reduce the time it takes to deliver a conditional home loan to 72 hours and then we're going to continue to drive that home.

We're also going to, in the month of July, make it easier for customers by taking the stress out of making a claim, a motor claim. We're going to do that by creating a delivering a zero touch digital motor claim service. What that will allow customers to do is to seamlessly and simply lodge a claim all of the way through to selecting the nearest assessment centre, the time and date that suits them and make that booking seamlessly and simply.

Now what's interesting about this is not so much that you can do it for really simple claims, one vehicle, single vehicle claim or just a windscreen claim, but we're using artificial intelligence to be able to determine liability that we can do this for a whole range of claims. What that will do is create a better customer experience in many more motor claims and also create a greater outcome for our shareholders, because of course this will also remove cost.

In the month of July we're also going to make it easier for our customers to see and manage all of their solutions across brands, across products, in one place. We are launching our Suncorp digital hub, our Marketplace hub. It will be initially available to our two biggest customer bases in AAMI and in Suncorp which is over five million customers. It will allow those customers to see and manage all of their solutions in one place. It will also allow those customers to access a wider range of solutions. You're going to hear a bit more about that in the sessions today and Gary will show you what that actually looks like.

Michael also mentioned that we have adopted a customer of the Group approach. Now we spoke about that last year and I wanted to give you two examples of what that really means in practice. Over the last 12 months we've rolled out a tool to all of our contact centre consultants. What that allows our consultants to do now is to see all of the customer's needs, all of their solutions met with us. We're also now rolling that into our claims team, so that means that our consultants can have a much more needs based holistic conversation with our customers than was the case before.

In the past you could see one brand but not another and that's really frustrating for customers. So we've done that using a tool that we had in-house and Gary will talk to you now about how we're going to take that and deliver a tool that's industrial strength right across our base. That's changing the type of conversation we're having with customers from a customer of a brand, customer of a product, to a customer of the Group.

The other thing you might be interested in is last year we said we need to understand our customers more holistically. Last year we understood the profitability of a customer at a brand or product level. Today we now understand the profitability of our customers at a Group level and we're driving that now towards customer lifetime value, which is in effect potential value for customers. Now that's important in this strategy because we want to create differentiated experiences where we give front of the queue type experiences to high existing or high potential customers. It also means we can focus our effort on customers that we think we need to provide more value to.

They're just two examples of what customer of the Group really means in practice. The great thing for us is at the end of the day we've got a lot of opportunity to continue to upside growth in this area, but what's been particularly pleasing is over the last 12 months, and for the first time in a number of years, we are growing the customer franchise. The number of customers that are leaving us is reducing, the number of customers that are joining us is increasing and that's supported by steadily increasing retention rates. We're in a really good position here. We've got a customer franchise that's moving forwards and retention rates that are strong. What we're now really, really focused on and is central to our strategy is connecting customers to the market place to further improve retention and to further improve growth.

Michael mentioned a couple of important points that are design features of the Marketplace that I just want to reinforce because it's really important that, in simple terms, the Marketplace is clear. So put simply what the Marketplace is, it's how we connect our channels, brands, solutions and third parties to improve the financial wellbeing of our customers. That's what we're doing. What that means is no longer do we think about a product sold through a brand, sold through a channel. We don't think like that anymore. We think how can we connect this solution across brands, across channels, to make it easy for customers to access.

We're going to do that by bringing the Marketplace to our customers. We're not going to ask our customers to come and find the Marketplace, we're going to bring it to our customers at the right time and in the right context. Now we're going to do that through mobile apps, we're going to do that through brokers. I mentioned and example just then about how we would do that through our contact centres and this afternoon you will hear and see, and hopefully experience, a bit about how we're going to do that in our stores.

What the Marketplace isn't, and Michael touched on this and it's important, it is not an aggregator. We are not looking to bring customers to compare and find the cheapest price for any of our brands or products. The way that we're thinking about this is that we are connecting solutions across product sets. Complementary solutions across product sets rather than trying to compare within. Now this is probably a good way of explaining it. The way that we are developing the Marketplace is to make it easy for customers to navigate and so that it provides enough choice so that it's not a one size fits all experience. We are ranging solutions, complementary solutions, in the way that customers would traditionally buy them because people still want to buy that way of course. We're also building integrated offers.

So integrated offers are when we join products that have been previously separately to create new value for customers. We're bringing together banking, insurance and third party solutions to deliver value that was not available before because it was in separate categories entirely. I'll go into a little detail in a minute but we're also building out the journeys, the moments, that really matter to our customers and we are assembling products into clusters effectively that can solve your entire problem. So there'll be different ways to navigate the Marketplace.

What's really exciting about this strategy is when we talk to customers about it we get very clear on what the benefit to the customer is. Customers, when we talk to them, always come up with four benefits that look a lot like this. They're excited by the fact that it's easy to go to one place and meet all of their financial wellbeing needs. When we talk to customers there's so much complexity. Anyone that can simplify that and give me fewer places to go and find those needs, highly valuable.

We're also helping customers make good choices. It's not a case of just here's some solutions, go and find it. We are building tools, and we'll share a couple of them as we go through the day, that help me start a business, help me teach my kids to drive, help me determine when to retire. All of those sort of tools, help me find a home. It's a reason to go there more often. It's a reason to build trust and interaction. We're also trying to take the effort and time that it takes customers to manage all of the solutions in our category down so that you can change your name and address once, change your preferences once, across all of these product sets. Saving time is important to people.

The last thing that we're doing is we want to provide rewards and incentives for customers to interact more often. To come back to the Marketplace. To look for the value and be rewarded for that value. This is what we are delivering and we are designing experiences that do that.

I mentioned journeys before and I just want to expand on what a journey actually is. Whenever I talk to customers what's completely apparent is that lives, our lives are the same no doubt, are shaped by moments. Having a baby, buying a home, starting a business, and these changes in people's lives, these moments, shape the need for our products and our services in our category. It makes a lot of sense for us to design the Marketplace to take account of that and that to be very much central to the design principles for that. These moments that matter are really important to our customers. We should assemble them in a way that makes that really easy.

It also makes sense for us to start to think about doing that in the first year in market positions that we already have significant customer relationships. We have relationships with over three million homeowners, almost six million car owners and 700,000 business owners, so we are thinking about the journeys that are relevant to them. Michael mentioned a home journey. What that effectively means is that we will help our customers find the home, provide risk data around the home when they're selecting it, try and provide a suite of services that help you understand and select the home. Once you want to buy the home to bring the conveyancing and inspection services. Once you've bought the home to help you maintain and improve the home.

That's important because we have as significant network, procurement and repair businesses, that very few other businesses would have available to help customers maintain and improve homes.

There's a number of journeys. We will be selecting a small number in the next year but the feature of those will be that we are moving our interaction from right at the end of the decision process where it is quite commoditised, I've already bought a home and I need some insurance. We are moving right up this way.

We are trying to move well earlier in the buying process. In doing that we are designing out journeys where of course you will see that we have banking and insurance solutions, but we are very carefully infilling with third party solutions. Those third party solutions not only provide a suite of services that people want to come and find but they also provide material third party revenue opportunities and Pip will talk about that shortly.

I want to just spend a few minutes on brands. Brands are very important to this strategy. Over the last 12 months we've done a lot of work to position our brands to be ready to now take the next step.

The first thing that we've done is refresh the Suncorp brand. You'll see the name is the same but the identity is very different. We've refreshed the brand to do two things. To become a centre of gravity for the Marketplace. We are positioning Suncorp as the destination for your complete financial and personal wellbeing needs. It becomes our Marketplace brand, our centre of gravity, our umbrella as Michael said.

What we are also going to do progressively is attach that brand to our other brands. That's important because when customers move between our brands we think, and we know from our testing, we can create a much better customer experience if you're moving between brands of the same family. Much easier, much more logical and a better customer experience when they're a family of brands. But we've had to do a lot more than that. I should say that I know you've seen the brand before. On Sunday night we launched that brand to our customers.

So we had taken a measured approach, we'd launched it internally, you'd seen it, but our customers started to see that on Sunday night. We'll be building that brand nationally and you might have seen our first step in doing that through our netball sponsorship. So netball is one of the programs that we're using to take that brand nationally into young families and into different spaces that Suncorp's never been. We think that's a really strong platform and you'll see a lot more of that as we go.

But we've also been very focused on strengthening our other brand. Creating distinctive brands that act as doors into the Marketplace is a really important part of the strategy. We've been focused particularly on AAMI, APIA and Shannons. To give you an example from an AAMI perspective, I'm not sure if you've seen it, but we have been deliberately, over the last 12 months, positioning that brand on what we call an NVI strategy, not very insurance-y. So that brand is increasingly being positioned to be disruptive in its category, to be more than an insurer. So you'll see health insurance and a range of other solutions there that are starting to really differentiate that brand. We've got great growth in that brand and we'll continue to invest in creating really distinctive brands that act as doors into the Marketplace.

Concurrently, we've been simplifying the portfolio where we thought it made sense. So two brands are coming out of the portfolio, Just Car and InsureMyRide. They are being migrated into Shannons and AAMI and that's a process that we're almost completing. The last thing I would say is that we've been testing quite rigorously with what we call cross-brand pathways. Which is the process by which if one brand can't satisfy your needs, we introduce you to another brand. So we've been doing that in some of our smaller brands and some of our bigger brands.

An example of a smaller brand is CIL, it's our caravan insurance brand. If you're over 50, we're just introducing you into APIA to have a vehicle to be able to pull that caravan. Really simple. In the past we wouldn't have done that, that business would have gone to the market. Gary will talk a little bit about that in action. We've also tried and tested and learnt a lot in some of our bigger brands. We've introduce AAMI customers to home loans. We've introduced APIA customers to transaction and debit accounts. So we've done a lot of work to test. The summary I think from that would be we are in a very good position with strong brands, a simplified portfolio and now a master brand to glue that together.

We've also been building the solutions and services out in our priority segments. In mature customers, as I mentioned, we introduced APIA customers to a transaction account. It's really surprised us. The volumes are low at the moment - and David will talk more about it - but the balances are high, it's really interesting. We focused on small business and one of the big moments in a small business life of course is starting a small business. So we've launched a series of starter business tools.

The segment that we hadn't focused a lot on until this year is probably our younger customers. So we've been spending quite a bit of time there. I wanted to share one example that we had launched that I mentioned at last year's Investor Day, which is our learn-to-drive app, AAMI SmartPlates. There's no bigger moment that matter for a younger person than learning to drive, that sense of freedom and independence. I'd like to give you a sense of what that looks like. But when you see it, what I'd like you to think is where we go next. Learn to drive, move out, move into my first apartment or first home and how we start to develop a relationship with customers much earlier in their life cycle. So if we could just show the video quickly.

AAMI Smartplates video played

We launched SmartPlates in Queensland last week, we've already had 5,500 downloads in a week. Which, in this market, is really significant. So it's just one example of the progress that we've made over the last 12 months. We've got a significant amount of new value in July and August and September coming to our customers. Over the next 12 months, we're going to be particularly focused on launching new integrated solutions, building out the key journeys, completing the Suncorp brand program and also building the first incarnation of Suncorp rewards program.

A lot of what I've spoken about relies and utilises really strong partnerships, third-party partnerships to bring these experiences to life. So with that in mind, I'd like to introduce Pip Marlow to come and talk more about those third-party partnerships and how they enable the strategy.

Pip Marlow: Thanks Mark, that was great. I have to say, listening to you and Michael speak this morning, it's been really good, it's reminded me of a number of the reasons I joined the company. The commitment to a transformation and evolving our organisation, putting customers at the heart of it. But you just reminded me of one more because my 16-year-old daughter is sitting her driver's test tomorrow. So she turns 16 tomorrow and that's the top of her list, so I'll be making sure we've got one more download tomorrow.

As Michael shared earlier, this strategy is really about leveraging the assets we have today. We've got incredible assets; the ability to make great products, incredibly distribution, iconic brands and great people. But at the heart of this function, the SI (Strategic Innovation) function, it's about building a new capability, one based on strategic partnering. Some of you, I met you last night and I talked about my history.

I've spent the last 21 years working at Microsoft. If there's one thing that company taught me, it taught me about the power of ecosystems. What can occur for customers when you have the courage to open up your core assets and allow third parties to build on top of those. The innovation that can occur for customers is really quite exceptional. So when you think about this team as we build ourselves out - and I'm 10 weeks in, as some of you know from last night - we'll be thinking about this role and executing it in three core ways that I just want to take you through.

The first element of the role is really about focusing on strategic risk. This is not a new capability for Suncorp. In fact, for the last four years, the team have done a tremendous job in this area. So what does strategic risk mean for us? It's about taking a team and having them look into the future, understanding the disruptive forces that may bring risk to our business, the changes in society and technology and economics and thinking about what that might do to our business, building test and learn capability around that and helping guide the options for the organisation across the Group.

The second element is around taking those options and creating opportunities. Using those opportunities to guide us as we make decisions about creating a global Marketplace that brings in third parties and who should those third parties be. The last area is actually helping support the work that Mark just talked to you about. Bringing life to the Marketplace in the form of third-party solutions and making sure they are relevant and help us be resilient and help bring customer value in the moments that matter.

So I want to talk a little bit more with you around this partner ecosystem; I had a number of questions last night. As Michael shared at the start, we already have some great progress about bringing in third-party solutions into our Marketplace. But we've got an ambition. An ambition to accelerate that Marketplace, ensure that it is diverse, ensure that it scales and ensure that it brings innovation from the outside in faster.

So with that, with the four elements of what we're going to be doing in regard to building this out, the first is we're going to build on the base that already exists. Mark shared a few of the names today with you already. We have partnerships in place with Capital SMART, we recently did the health launch with NIB, we have a wealth product with Challenger. It's really important that if we are going to become a destination of choice for our partners, that we can demonstrate a thriving ecosystem that people can see from the outside.

The second element is about going global because innovation has no borders. For those of you who were here last year, you'd remember Scott, the CEO and founder of Trov, who spoke to you about their product and his company. The origin of the relationship with Trov was all around strategic risk, where we're looking to understand what could a disruptive business model, like single-item cover, do to our current business.

So through that test and experimentation and learning process, we've now expanded that into learning in real time in the Marketplace. You can now, with a swipe of your finger, access single-item cover through Trov. Ensuring, especially as a younger person, that you can cover your camera or your phone and the things you care most about, it is a great entrée to that. Certainly, there are other great companies out in the world. We won't be just restricted to looking at Australia, we'll find other partners, like Trov, in every corner of the planet and bring those in to our Marketplace.

Because we know that we are not the only ecosystem out there, it's important for us to engage with other ecosystems. Ecosystems like fin-techs, accelerators, incubators. We already have a relationship with Stone and Chalk. We know that incubators and accelerators, those are places that are identifying early signals of disruption, playing with the technology of the future and looking to disrupt our business. We're not going to be afraid of that, we're going to embrace that. We're going to go and engage those other ecosystems, partner with them and use them to help the petri dishes of innovation, where we can put in our customers problems and help third parties solve those.

So with such a diverse ecosystem of partners, it's important that we have multiple ways of partnering because different partners want to engage us differently. We're already doing that. We've built some incredible muscle today in how we partner. When you think about Capital S.M.A.R.T, we did a JV. When you think about NIB, we did a white label.

When you think about Trov, we took an equity position. We'll continue to build muscle in that area, but we're going to challenge that and push ourselves. Because if we're going to, and we will, explore our role in autonomous vehicles, smart-connected homes, data-driven services, we have to create business models of the future in order to be relevant and find ways to partner with new and innovative third parties.

We know that a key driver of new business models is new and attractive ways to service our customer needs. So I want to talk a bit about those evolving needs and how we're thinking about those. I think a way that everybody in this room can get their head around this is thinking about the world of mobility. Certainly, that is a market and a model that is already seeing early signs of disruption.

Today most of us, I would say, own a car. At our house we have two and a 16-year-old begging for a third. Today at Suncorp across the Group we do a great job in helping you procure and protect that asset as a core strength of the organisation. Your desire to be mobile, to get from A to B will not change, but the sands are shifting.

Car-sharing, ride-sharing, subscription services, businesses like Uber, those are how our customers are participating in emerging models to achieve their goal of getting from A to B. Then it begs a question about the future: what will the choices for our customers be in a world of true, autonomous vehicles?

If you were to talk to Uber today they would tell you they have two big problems in scaling, although as some would say, they already have scale because there's a million users in Australia who have done 10 million Uber-X rides, and I know I've helped contribute to that. But if you think about what could happen and now their problems are that they can't get enough drivers to meet the capacity that they have, and a large proportion of their cost base is the driver.

If you remove the challenge of cost and capacity and further reduce the cost of accessing that particular option for your mobility, I think amazing things will continue to happen in the field of mobility. Those are great options for our customers but they're actually great opportunities for us as well. We will use this function to identify those disruptions, test and learn about our role in a world that is changing rapidly, and then understand the business models that we need to bring in to be relevant for our customers in the moments that matter.

I am excited, I have to say. I'm excited to be part of a team that is evolving its business, that is using innovation as a core differentiator, and that has the courage to bring in third-party solutions to deliver value to their customers. I know - as I said earlier, from 21 years at Microsoft I've seen the power of working hand-in-glove with a partner ecosystem to deliver value back to our customers.

So as I look ahead, you can look for us to continue to understand the risks and the disrupters in the market, to become the destination of choice for our partners, and to ensure that we're using third parties and our strategic assets of today to make sure we're the destination of choice for our customers in the moments that matter.

With that, I would say an important part of that is ensuring that we can bring that innovation to our customers in a meaningful and fantastic way. There's nobody who can talk better about our distribution model than Gary Dransfield. Please join me in welcoming him to the stage.

Gary Dransfield: Thanks, Pip, and good morning everyone. It is a complete coincidence I've got a blue suit on today. I don't have a maroon one so if Queensland had won last night I'd have been in a bit of strife for a getup to wear today.

Our channels, and we'll roll to that next slide if that's okay, thank you. Our channels - there, you guys are rolling. Our channels in this grey area here are the way we get to market. They're the face and voice of Suncorp in an operational sense, other than for claims, and of course, claims are a very big part of how we do get to our customers, but they're the face and voice of Suncorp to support our customers to interact with us in the ways that they choose to.

The stores, the contact centres, our digital assets and channels and our intermediary partners are core to delivering our vision of being the destination for the moments that matter. Our channels primarily three of our strategic pillars that you're hearing about today. Firstly, maintain momentum through retention and growth. Secondly, elevating the customer by meeting more customer needs at the point of interaction; and thirdly, through creating our Marketplace, the session we're talking about now, by developing and delivering Marketplace capability to our customers through our range of channels.

Now, I'm mindful that for some of you there is a need for more clarity today on how we're operationalizing the Marketplace approach. So to that end, just like unravelling the mystery of Jarryd Haynes's inexplicably oversized New South Wales shorts last night, I'd like you to walk away from my session today with three clarifying thoughts. Firstly, we are already there for our customers. We have a very high volume of interactions and many, many customer touchpoints across our channels every single day.

Secondly, as Mark and Pip have explained, we want to be more meaningful for our customers more often, and in more places. We're already doing things to bring the Marketplace approach to life. And finally, we're continuing to enhance our capability to deliver the full Marketplace experience and value to our customers.

Now, before exploring how we are delivering the Marketplace through our channels, I'd like to show you a short video that explains what customers can expect from our Marketplace. While the video focuses on our digital build-out, so that digital primary sales and service channel icon, the approach does remain the same across our omnichannel network. We're creating an integrated network of brands, products and services that will empower our customers to navigate both complexity and make good choices. So we'll just roll the video.

Video played

So you can see in the video that we're using digital tools and apps to bring to life the types of cross-brand interactions with our customers that Mark spoke about earlier. For example, using the existing AAMI self-service tools to introduce AAMI customers to exclusive Suncorp banking offers initiated in a digital experience. We're making more accessible and actionable in digital self-service the total Group relationship of a customer across our brands, beginning again with AAMI customers being able to see, as you could see in the video, and deal with their total Group holdings, and shortly moving to Suncorp brand customers having the same capability.

The Marketplace is being enabled through our integrated and increasingly omnichannel network that supports our current operations. We clearly need to know our customer at the point of interaction to really understand their needs. Our Customer Workbench program that Mark mentioned is delivering a single portfolio view of customers across all channels. We've been enabling more holistic customer propositions, starting with simple bundled offers such as double-up-now-and-save for motor and home insurance and moving to exclusive Suncorp home loan offers for our AAMI customers.

We're proactively engaging at a time where we can add value with a consistent, connected conversation model across the business with advice frameworks under development and changes to our banking intermediary servicing model to enable us, as Mark said, to move up the value chain with our customers. Our resources are leveraging the scale of a larger, single distribution capability from the Group focused on where we can add the most value, for example, by prioritising the build-out of online product origination for banking products and investing in improved telephone service levels across the board.

We're guiding and supporting customers through the optimal channel to interact with us, enabling channel-switching where required by the customer, for example with digital and self-service education to enable transaction migration, and ultimately optimisation of our stores' footprint. Today we have 4000 frontline sales and service employees and over 30,000 intermediaries using 12 brands to represent a range of internally-manufactured general insurance, banking, superannuation and life insurance products along with four third-party product partnerships that no doubt Pip will add to significantly over time.

Work is underway to enable the Marketplace for our customers through our channels, and as I mentioned earlier in regard to Customer Workbench, we're delivering a One Suncorp Group customer view to enable more connected conversations, enable our people to much more naturally and be better able to meet our customers' needs. This is supported by our continuing investment in data management and analytics within

Sarah's team. We're reviewing and streamlining our support frameworks, such as our conversation models, advice framework and consent models to help deliver consistently and improve the customer experience right across the board.

We're also continuously looking for opportunities for digitisation, or to utilise artificial intelligence to enhance our channel network, streamline lower-value interactions for customers and tilt resource investment to assist our frontline to deliver significantly better customer experiences. Our stores are evolving, responding to the changing behaviours and needs of our customers. We opened our first concept store in Parramatta last December and last week one in Carindale, which many of you will be seeing later today.

Central to our concept stores is the services and really importantly, the experiences that we can offer our customers there. We're trying new things and doing things differently to give our customers a more personalised service as well as seamless physical and digital connection to all our brands, products and services. What you'll see at Carindale this afternoon is the way in which we're deploying a number of our highest-profile retail brands in the one location and using the interaction opportunities there to introduce customers to the broader range of offerings and solutions that the Group can now bring to bear.

While Suncorp is clearly our highest-profile retail brand in Queensland, and will obviously initially be the primary driver of customer visits to the store, the number of total Group customers in the geographic catchment for Carindale far exceeds the number that have only Suncorp-branded relationships with us.

Using the techniques developed in our Parramatta concept store to activate customer visits to the store such as monthly theming and free seminars on a range of relevant topics, we'll see to really engage our customers from right across the Group, not just the Suncorp brand, as well as new prospects, in understanding the breadth of products, services and life journeys that Suncorp can help them with.

We are making great progress in bringing the Suncorp Marketplace to life for our customer. Our contact centres, as Mark said, are introducing customers to new differentiated offers. For example, we're exposing our mature-age customers to relevant solutions that straddle appropriate brands, such as specialist caravan insurance from CIL and APIA insurance for the car that pulls the caravan. It's a pretty obvious need. We're meeting more SME needs, leveraging the customer relationships that we have in business banking to introduce our resilient business insurance broking network to our customers.

We're doing things differently within our stores, as I've mentioned. Re-imagining the traditional bank branch and insurance store to create brand new experiences. We're also integrating new digital solutions like the discovery tool, a new interactive feature that equips customers with a single touchpoint, providing a step-by-step guide to finding and buying a home, starting a business and other life journeys. You'll also see this in action at Carindale later today.

But continuing the digital theme, Bingle. Bingle operates as a standalone business unit in Suncorp. It has a flat, customer-centred operating model and it strives to work as a lean start-up, much in the way that Pip mentioned, doing things different where it makes sense, but sharing in the benefits of Group scale when needed. The Bingle team even function out of a fintech incubator in Sydney. We're already seeing the customer satisfaction, cost and speed to market benefits of this model on the product and service side. In FY18, Bingle will focus on delivering those same benefits to the claims experience.

To be viewed as a credible digital business, customers expect to be able to do everything they want online all of the time. In FY17, through customer insights, we reduced the pain points that drove product and service cries for help, as we call them, by 30%. By the end of this month, we expect them to have reduced by 60% and we're aiming for zero cries for help or 100% digital self-service.

Last month we introduced Binglebot, an artificial intelligence style support platform that provides contextual answers to our customer, it gives an immediate response to the customer, but it also learns from how the customer responded to us and the nature of the service we provided, so it becomes intuitive and self-teaching. Currently only 15% of our overall motor and home claims are lodged and completed fully digitally. Our main focus for Bingle in FY18 is to evolve the online apps, the processes and the communication methods to increase the proportion.

Now a Marketplace approach enables Suncorp's capability to deliver innovative solutions for our customers to help meet their financial wellbeing needs. Health insurance plays a significant role to improve customer connectivity, focused on enhancing the number of products, either partnered or owned, held by each customer, importantly to increase brand engagement with us. The strategic relationship for sourcing health insurance products and services is a foundational Marketplace partnership for us, delivering a full suite of products across APIA, AAMI and Suncorp brands. Critical in getting these new solutions to market was our mutual ability with our manufacturing partner to truly embed the health proposition into our omni channel customer engagements.

In terms of the future state and where we're heading, we're investing in the capabilities and functionality to deliver digital native experiences and removing barriers to customer adoption of digital. We're building systems and offerings that enhance the experience and proposition for our customers, we're enhancing our frontline capabilities with initiatives like Workbench, conversational models, stores and footprint specialisation and are directing resources to more productive sales and service interactions and channels. We're opening up Suncorp through simple product referral pathways to enable our broker partners access to our Marketplace, so they can add value to their customers in non-traditional business lines.

Finally, we'll bring to life customer journeys in a connected way across our brands, fully executing our vision of being the destination for the moments that matter. Together we're building a Marketplace that connects our brands, solutions, partners and channels to empower our customers to improve their financial wellbeing.

Mark and Pip will now join me on stage for a Q&A panel session facilitated by Fiona, on our elevate the customer and creating the Marketplace priorities. Thanks.

Fiona Thompson: Thanks Gary. I think as you've heard this morning, we've made great progress on executing the strategy and elevating the customer, have a really solid vision for the Marketplace, great understanding of what it means for Suncorp and our customers and there's exciting opportunities ahead as we look to build out customer journeys.

So we've got a Q&A session now and that's really to elicit more of what you've heard this morning, so dig a little bit deeper. I will note that there is another Q&A session following morning tea, after you've heard around maintaining momentum and inspiring our people and Steve will talk to the financials. So this Q&A is really around the Marketplace and elevating the customer.

So I'll turn it over to questions now. There is a mic roving around the room. If you'd just put up your hand and if I can ask if you can provide your name and organisation.

Siddharth Parameswaran (JP Morgan, Analyst): Sure, it's Siddharth Parameswaran from JP Morgan. Just a question mark about something you mentioned at the start of your presentation. You said that you'd seen increase in customer numbers for the first time in a few years. Can you just give us some details on where that's coming from and if it's actually a result of these initiatives or whether it's introduction of new products, like health insurance?

Mark Reinke: Yes, I think Sid, yes we have seen positive growth for the first time in a number of years. That's been underpinned, I'd say Sid, also by improving retention, as you would expect. I think you would be right to see and assume that the core franchise is what's driving that predominantly at the moment, our core businesses. We've launched a number of new solutions, like health Sid, in the last couple of months, but they're still early. While the pipeline's building, you would expect to see more of that in the next 12 months.

Steven Wright (Morgans, Analyst): Steven Wright from Morgans. Mark, you touched on it and Gary did as well, just the artificial intelligence and you spoke about using that to improve the claims experience and some of the other areas. Could you talk a little bit more about that please?

Mark Reinke: Yes, the example that I mentioned, Steven and Gary will pick up on as well, is how we determine liability in an accident. Now one of the reasons that self-service in claims has traditionally been quite low, you would say, is it gets complex once you've got multi vehicles involved, particularly in terms of determining liability and obviously that's important for how the claim proceeds. So we've been able to test and prove the use of artificial intelligence in the determination of liability and that, in the testing that we've done, has made significant difference. So what that means is we can take a customer through that process without them diverting out of the process at some stage, because we need to divert to a human, effectively to make that decision.

Gary Dransfield: So we think the outcome from that will be both a quicker and better customer experience in terms of getting to choose and be allocated to a repairer quickly, but for us as well, in Anthony's team, lower claims cost because we can help to facilitate a pathing outcome to our preferred repairers to get both the quality and the cost outcome we'd like to see for the customer. That case is using IBM Watson for that liability determination piece and to make it happen, 15,000 claim files had to be de-personalised and loaded back into the system to Watson to learn from.

James Coghill (UBS, Analyst): James Coghill, UBS, just a question on the connected Marketplace and really practical questions. I downloaded the AAMI app while you were talking, Gary and so I've got an AAMI motor policy. When I go into the app, I can see a link at the bottom to offers from the Bank and I click on that and it takes me into a screen where advertises personal loans and a mortgage. I tried to click on some of the Suncorp logos and it doesn't take me anywhere and I can't see any contact details in that offer. So I'm just interested to know, as a customer from AAMI, if I wanted to take out a Suncorp loan, what would the next step be?

Gary Dransfield: So in terms of the user experience you've just had there, James, I'm not sure exactly what screen it is, but the process is that we capture some contact details from the lead and then we would outbound by the channel of choice of the customer, typically email in the first instance on those lending offers.

We AB test what we think is going to get the highest contact rate, whether it's customer providing email but no phone or providing phone for us to call on, because our experience in general insurance is that people want to do a lot of anonymous road testing of pricing, for example, but not so much as we notice with other products like with lending and health insurance.

So the back end of that process and I think mentioned in my presentation, it initiates a digital experience, because we want to get it to market quickly for AAMI customers, but then the back end fulfilment is with a mobile lender or a virtual lender making contact for a home loan.

James Coghill (UBS, Analyst): But in terms of being connected into a Marketplace of products, if this is the initial phase of allowing me to connect to Suncorp, how would I directly connect into Suncorp website from that app? Is that functionality there?

Gary Dransfield: So that's what we're developing at the moment, James and we'll roll out next month, the increasing buildout of a Suncorp hub that you are led into via, say, your AAMI brand relationship. You might have noticed one of those diagrams looked like a bit of a chemistry atomic diagram with a Suncorp retail brand representing on the perimeter but a Suncorp hub at the middle. So we're building out the digital functionality in that Suncorp hub to enable you to go through to both the self-service and for sales and offers into a Suncorp experience.

So Mark is managing that very carefully because we're very mindful of the way in which we introduce the Suncorp family and family of brands to, say, a dyed-in-the-wool AAMI branded customer.

Nigel Pittaway (Citigroup, Analyst): Hi, it's Nigel Pittaway here from Citi, just a couple of questions. First of all, just back to this increase in customers, how convinced are you that it's actually due to what you've talked about today, rather than, say, something like Youi's current position, et cetera? I mean do you have any transparency on whether or not what you're doing is actually leading to increased customers?

Gary Dransfield: Mark you probably want to talk about pain points, because it's not all just flashy new product and new facilities, some of it is good old fashioned fixing up pain points for customers.

Mark Reinke: That's right, Nigel. I mean it's a number of things coming together, I think, no doubt. So when we see improving retention, that's a combination of us fixing things that were causing attrition, doing a better job of delivering the services that those customers are expecting. We have a range of programs that have been particularly targeted at retention, particularly where we've seen higher attrition in the past. We have quite effective programs such as AAMI Lucky Club and others at the moment that are showing uplifts in core retention. So we've worked on a lot of fronts. The growth is led by our insurance solutions and customers, but we also have, particularly over the last couple of months, good growth in parts of our baking business as well.

Nigel Pittaway (Citigroup, Analyst): Then just on your comment that if you're on the AAMI app you can look at your Suncorp bank accounts and vice versa if you're on the Suncorp app, can you remind us what proportion of your customer base that's actually relevant for at the current time? In other words, how many do actually have that? How many AAMI customers have Suncorp bank accounts and how many Suncorp customers have the AAMI insurance?

Mark Reinke: It's about five million customers, a little over five million customers in total in that cohort, Nigel, with AAMI and Suncorp. So at the moment there's a relatively, you'd have to say, low penetration of AAMI customers with Suncorp banking services and that's one of the big opportunities here, to be able to introduce banking services to that very large group of customers.

Of Suncorp banking customers that have an AAMI solution, that's a reasonable penetration but certainly higher than the banking penetration of AAMI customers. So their material, but the upside is even more material.

Nigel Pittaway (Citigroup, Analyst): Thank you.

Fiona Thompson: Further questions? Okay.

David Humphreys (JCP, Analyst): Thanks, it's David Humphreys from JCP. Just reflecting on Michael's opening comments about customers wanting to shop based on their goals of their life stages, I guess wanting to own a home is a great ambition. Can you talk to how your Marketplace may deliver on the advice element to this, given it would seem that you need to have some kind of navigation from a buying a home perspective.

Gary Dransfield: Yes, sure. So the beauty, I guess, starting out and thinking about that digitally, David, is we don't run the risk of human error if we do start to get involved in advising a customer. When you see the discovery tool, if you go into Carindale this afternoon, the digital tool, it gives you a sense of that value chain, starting from the point at which a customer is thinking about owning or investing in a property, how they might need to save.

We do then take them in as part of that experience and this is a big part that Pip's talked about a lot, into real estate portals to look at properties, look at streets, look at school performance, look at values. I can see that being an area where Pip's team will be really able to flesh out the third party data that comes into that.

So today we're not trying to provide too much advice. We're not saying when's a right time to buy or sell a house. We just want to help people when they've decided to go on that journey. Pip, you might want to talk about your thoughts there.

Pip Marlow: Yes, I think outside of advice, I think we have the opportunity we're in that dream space to partner with an RE owner domain and curate that content, along with data that we know about you in regard to actually where could we think about what sort of conditional approvals could you give in regard to here's the houses that are out there, here's what we know about you, these are the ones that actually could make sense to you. Then when you're in that process of actually getting your loan and buying that house, how do we help move into it around conveyancing, how do you look in, taking the data we get from some of those reports and helping tie you into a network of people who help do repairs later.

Then how do we think about your living in that home later and what is the connected home story when we start to think about internet of things. You'll see in the lab this afternoon, oh sorry, this morning when you go through, some experimentation we're doing with two different partners, Flow and Accutrip which is around in a world where you are living in that home and you might have a connected device that understands your water usage, in fact intelligently understands you've got a problem and a leak, shuts that down and now protects your home.

So we're trying to move into a preventative world, understanding the data we can get from those connected homes once you're in there and then how do we think about how we would commercialise some of that data. So it's really thinking about all elements of the journey, from dreaming to procuring to living in and maintaining your life inside that home and the sorts of partnerships that could play across that.

Gary Dransfield: I think, David, what you can expect to see is there's not a home journey, there'll be a series of journeys and buying your first home will be a journey. So we will be providing tools to help people save and solutions to help them do that, the goalsetting that comes with that. Ageing in your home rather than moving into retirement care is another areas we're looking at lot at and we've already launched a partnership, to Pip's point, with our APIA brand with a partner called Five Good Friends to do that, which allows you to stay in the home longer, bring services to you or your parents as you age.

So these are tools. It's less about advice, it's about bringing partners to helping me save for my first home, helping me stay in the home longer. So there's a whole ecosystem, literally, of services around that that are not what you would say are the traditional advice. They're really bringing services, but the customer is driving that. We're providing access and the customer's saying, well this is what I value and that's the model.

Pip Marlow: I think just one thing to add to that, it's important, sometimes the word journey can have you think start and end and that everybody's entering at the start. That's not the way we're looking at this because some people are not at their first home, they've got their second or they're looking at exiting the home. So try and make sure we are at the place our customer is and providing them that part of the journey, having them enter at multiple points of that lifecycle.

David Humphreys (JCP, Analyst): So just to sum up then, it sounds as though you're relying on the customer knowing what it wants and where it's heading and you're going to provide the solutions once it's made all those decisions.

Mark Reinke: Yes, I think what definitely, David, we will be building increasingly through artificial intelligence, today through what we would use and see through the data that we've got, is the triggers and signals that would tell us where you are, is what you're looking for something for your parents to help them stay at home longer or is it that you're just looking to start to save for your own home. So when I talk about bringing the Marketplace to you, that's how we've got to understand the context in which you're looking.

To Pip's point, it's not a one-size-fits-all journey and you don't have to start at the beginning. Journey is just a way of saying how do we bring a lot of solutions that are relevant around homes and then find the right context for you, the right place to enter it. So we're starting on that, we've got a lot of work to do, no doubt, but there's significant opportunity there. And with our procurement network, we've spent the last two - almost three years, bringing all of our data into one place to enable that, our brands are different doorways or pathways into that. We've got a lot of levers to pull and that's our intention.

Pip Marlow: David, just on the question, does the customer have to know, they won't always know. If you remember that mobility slide, there's changing things that are starting to create emerging customer opportunities. Now we didn't know we wanted Uber until it arrived, so to speak, so part of the role we will take is to actually understand what is, what are the disrupters and how may that impact our customers and then how do we some test and learn to start to create the options, so actually we can then surface that up to our customer as part of that. So part of it is building capability and I'm sure you'll see from the lab this morning, start to inform how we get ahead of some of that.

Fiona Thompson: I think we have time for one or two more questions. Table five.

Daniel Toohey (Morgan Stanley, Analyst): Thanks, Daniel Toohey from Morgan Stanley. Just a question, I think obviously engaging with your customers on a journey is a logical sort of way to do it. Can you comment though, if your focus is customer first and you're providing a solution for a journey, then are there conflicts where say the AAMI customer may not necessarily want or need the Suncorp Banking solutions in the answer.

So maybe it's the peace of mind that they're getting a good deal on their current mortgage and maybe some - you're not cross selling the bank. So the challenge is in just trying to sort of - the challenges in cross selling your own manufactured products within that solutions, yes.

Gary Dransfield: Yes, I think we've got to start out with a mindset Daniel, that firstly anything we do has got to be in context. One of the key things that the community and regulators are upset about with the behaviour in retail financial services is out of context activity. So I come in to deposit a cheque rarely over the counter and somebody tries to sign me up to some very complex financial product.

So we don't want to be out of context. It's got to make sense to why we're interacting with the customer. We don't want to mis-sell, clearly, and create a behavioural economics incentive for a customer to do something that's then not in their best interests. We've got to be absolutely comfortable that the products are in their best interests that we manufacture, or that people introduce, and provide value for money.

David is very keenly aware from a banking point of view of the need to make sure that responsible lending is very keenly observed, and that those things that go to financial stability that APRA and ASIC are very concerned about are taken care of. So we've kind of got to make sure that we're hitting all those stage gates.

We've got to be in context for the customer when we try to talk to them about something. It's got to be sold without a behavioural economics hook, and it's got to be in their best interests and create - and be good value product. If it doesn't meet those tests then we shouldn't be doing it.

Daniel Toohey (Morgan Stanley, Analyst): So can you give an example of how you do that with health insurance?

Gary Dransfield: Yes, look I mean in the context of health we started with a view that our customers were keen to talk to us about insurance broadly. So we're an insurer, predominantly general with life. Customers wanted to talk to us about health. We took the view when we initiated the Apia product a few years ago that we were not the manufacturer at that point. That we wanted to find a partner that could work with us effectively, and to provide something that was meaningful in terms of product features for that Apia cohort. That we could then integrate into our process.

Very different buying life cycle for customers on health insurance. It's not a product people have to have. It's one they choose to have. So again we kind of have created a buying life cycle and digital tools that make it easy for customers to decide if they want to talk to us more deeply about health. We've partnered with somebody that we think is pretty good in that space.

Daniel Toohey (Morgan Stanley, Analyst): So you use the data that you have to sort of provide the insight and the timing around the engagement?

Gary Dransfield: Yes.

Mark Reinke: Yes, Daniel, I'll just add two things to that. Our focus is complementary solutions. So when we did the research on health as an example, customers would say, that's very complementary to life insurance, travel insurance, those sort of solutions. So if you go to the AAMI app today you will see those things sort of clustered, if you like, in the same spot. So they are contextually right.

Then we have to, and we will and are, continuing to use data to try and understand what's the right time, the right place to introduce that as a suggestion. We've got to learn from that very quickly then. If the data is telling us that's not what you need or want, then we have to make sure that the system that we've built recognises that.

Daniel Toohey (Morgan Stanley, Analyst): Thanks.

Fiona Thompson: We might leave it there. So thanks Gary, Pip and Mark, great additional insight. Thank you. I'd now like to welcome Sarah Harland to the stage. Sarah is our Chief Information Officer. Sarah's going to talk to us a little bit about the Suncorp Innovation Labs.

Following Sarah's presentation we are going to break for morning tea and for a tour of the labs. Just for those that are watching the webcast, we will pause after Sarah speaks, and we will reconvene at 10:45am. Welcome Sarah.

Sarah Harland: Hi, good morning everyone. Welcome to our Innovation Lab. This lab was first opened in 2016 to help us progress our innovation agenda here at Suncorp. The Innovation Lab is vital in building our financial services Marketplace to meet our customers' diverse and ever-changing needs.

The Innovation Lab not only helps us build and test solutions to meet our customers' needs, but it accelerates the way we bring products and services to market, with the customer playing a key and central role to that.

As we evolve our Marketplace we're looking at new ways to create value. We have a number of experiments in the lab today. These experiments work in improving the financial wellbeing of our customers. Some of them improve claims efficiency and the customer experience, and some of them support customers in preventing claims by using intelligent devices throughout the home.

The lab is dedicated co-working space which connects our people, partners, customers and our third parties in providing an environment where teams can collaborate and bring ideas to life.

Today we'd like to demonstrate how the lab works, and showcase some of the projects that we currently have underway. So next door you will see Terry Powell, who is our EGM for Insurance Technology, demonstrate our new financial fitness app. Lisa Harrison, who is our EGM for Insurance Operations, will demonstrate our Digilodge Intelligent motor claims technology.

Simon Beitz, the Head of the Lab, will demonstrate the water leak prevention technology that we're working on as part of our drive to prevent and reduce water damage in homes. Rebecca Stephens, from Strategic Innovation, will showcase SeeSense. This is investigates business models that smart senses data and a community of users make possible.

Finally Peter How and Rochele Weir, outside the room in the cardboard house there, will demonstrate the connected homes and offerings we are considering for customers to improve security and lay the foundation of Internet of Things that we are also pursuing.

Later on this afternoon when many of you go to Carindale you will see our property explorer app which was also developed here in the lab, leveraging data signs and big data.

So now we're going to split into two groups. If you are seated on my left, you will be heading out to have morning tea in the outside section here. Tables from the right, you're invited to go into the lab next door for a guided tour.

The break is for 40 minutes, so we'll swap over after 20 minutes. So the first group wandering around, there will be some tea and coffee available for you there. Then the second group will after 20 minutes be signalled to take a tour there. So we will reconvene back here at 11 o'clock, and thank you for your time.

Morning tea break

Kate Olgers: Hello, welcome back. 28, four, a Sharknado like massacre. That's a moment that matters, right? We get to enjoy that twice I think. I'm Kate Olgers, I'm the Chief Legal Officer, I'll be your tour guide for the rest of the morning. Your day has been bookended by the CRO and the CLO so, if nothing else, you should feel very safe.

For those of you who took the opportunity of the morning tea break to turn your phones on and change your recommendations from a hold to a buy, thank you very much. If you could now put your phones back onto silent please. I hope you enjoyed your tour of the labs and a bit of a glimpse into the future. I always feel a little bit like I'm in an episode from George Jetson when I go in there, I think it's really exciting.

So we've got an action-packed balance of the morning for you. You'll be hearing from Anthony on the insurance business, from Paul on the New Zealand business, from David on banking and wealth, from Amanda on our people, and from Steve with a CFO update. All of those people, together with Michael, will then come back to the floor for a Q&A, so if you could save up your questions until that time please. For those of who are joining us at Carindale, we'll then be taking you out to Carindale to visit our newest concept store and have a bit to eat. So a really interesting balance of the morning for you. I'll take this opportunity now to invite Anthony Day up to the stage to talk to us about the insurance business.

Anthony Day: Thank you Kate and it's great to be here and talk about the insurance function I guess, because we've already been talking a lot about the insurance business as a whole. I think what you're going to hear over the next little period is us talk about maintaining momentum and growth in the businesses that we run and how we're contributing to those. So I'm going to focus on the insurance function and what we've been up to as part of that.

So Suncorp's insurance products meet the financial needs of our customers across all categories and segments. We also fulfil the claims promise, which is when our customers really need us most. Buying insurance and making claims is really critical to the interaction between us, the Group, and our customers. So we're often the first point of contact, so I'll talk more about that as we go through.

So within the insurance function itself, there are three main elements that form part of our plan. Operational excellence - and I think Michael talked a bit about that earlier - is making sure that we're operating in the right way and we're doing that across the whole Group. Portfolio management, which is really a major part of what the insurance function does, is how we manage our portfolios and it's very diverse. And targeted growth and how that links into the building of the Marketplace, very important.

So across the Group and I'll first focus on operational excellence, it's our really first area. If I look over the last period, Australia suffered a number of weather events during the year. Whenever this happens, we're fulfilling our claims promise and meeting our customer needs. We recently saw tropical cyclone Debbie come through and it was a great example of how we leverage the scale of the Group and the expertise of the Group to give a response that wasn't equalled by anyone else. We were there when they needed us most. But it was interesting, as we went through that process, we saw about 1000 people across the Group galvanise around that event from day one.

In that first two weeks of the event, when we were registering customers' calls, we had those people from all parts of the organisation being able to do that. We saw a 17% improvement from the previous major cyclone, Yasi, that came through in the number of claims lodged at that time. We also were the first insurer on the ground. So, if you think about it, we were first there and we were waiting to come in to assist our customers. We've already had 220 homes repaired as part of getting people back on their feet. So it was a great example of how the Group utilises its scale and is able to respond to customers when they really need it most. So I thought we'd just show a brief video of what occurred at that time.

Video played

So as you can see from that video, responding when customers need us most is so important and claims just plays an enormous role in doing so. Over this financial year, we've had 20 weather events over $5 million, we've had five over $50 million. That creates a lot of pressure but we've been able to manage that across our business. Our processes and our reinsurance program has certainly enabled us to manage these events extremely well. Showing that even when the weather is volatile, that our diverse business is resilient, provides stable revenue returns. I think that's really important that we remember that.

A big focus - and I know Michael talked about this as part of the results - was around working claims and what we were doing around working claims. In spite of these weather events, we've made great progress in working claims in getting them under control. Our operational metrics now are back to previous levels and this is beginning to translate into the financial results which you'll get to see at the full year.

We're seeing the underlying claims inflation across both home and motor portfolios. We're working to offset this with ongoing improvements in our own processes. In both home and motor claims, our underlying loss ratios have improved because of solid premium performance, while holding our costs per policy flat. In home, average claim life continues to improve. In motor claims, average claim size is trending down. We've been able to make improvements by refining processes and strengthening our repair pathing initiatives with our SMART shops and home repair network.

So, looking forward, our claims excellence strategy will seek to deliver great customer outcomes, while creating a capacity to reinvest in our key programs of work, as well as the Marketplace. We can differentiate through a positive claims experience, which does lead to better customer retention and advocacy. Often when I'm talking to our people, I talk about claims as the growth engine of the insurance function.

It's through delivering the right service to our people, as well as doing it in the right way, allows us to grow. In doing this, we really are establishing non-price value to grow connected customers. Our claims excellence approach will prioritise claims initiatives that will fulfil two goals: improving customer experience and reducing cost to a market-leading position. As part of claims excellence, there are five streams of work: vertical integration, supply change management, fraud, digitisation and continuous improvement. This will also contribute to our ability to reinvest into the Marketplace and other key programs.

So if I move to portfolio optimisation, portfolio management is key for the long-term success of the insurance function. Suncorp's diverse insurance portfolio helps us manage the cyclical dynamics, ensuring stable earnings profile for the Group. Today I just want to focus on two areas: personal injury and life.

You've seen solid growth in our personal injury business. Suncorp is the largest personal injury insurer in Australia, with leading market shares particularly in the statutory space. This scale advantage brings significant benefits for both customers as well as shareholders. We manage the personal injury as a single diverse portfolio across a number of markets, enabling us to balance the dynamics of each scheme.

We participate in CTP in New South Wales, Queensland, ACT and, most recently, South Australia. We also participate in the worker's compensation markets open to competitive underwriting and act as a claims agent in the New South Wales managed fund scheme. The changing regulatory nature presents both risk and opportunities. Governments and regulators are looking for ways to improve the quality of performance of personal injuries through scheme reforms. We're working closely with the respective state regulators and governments to reach an outcome that better protects customers, is affordable and sustainable.

Now I'll just turn briefly to our life optimisation. Our life optimisation program is underway to get the fundamentals of the business right. This comprises both of a short-term optimisation program and a long-term transformation program. We believe we can deliver strong value and lift returns to acceptable level and sustainable basis. There are five main streams of work that are focused around key value drivers: expense, claims, retention, underwriting, pricing and product. These are all the basics of running an insurance business. In addition, we're identifying efficiency savings through process engineering and technology-aligned solutions. Manual processes will be automated using technology to improve the underwriting process and risk selection.

Through the implementation of a claims centre, which all of our other claims businesses are on, we're improving income protection claims experience and gaining operational efficiencies to save cost. We're looking at artificial intelligence, robotics, process automation to reduce claims handling effort for non-core tasks.

We have proactively upgraded our medical definitions to ensure that our products remain relevant and reduce advice-based churn. Lastly, capitalised losses incurred in the retail in-force book will be recouped through repricing of income protection and trauma. We believe the optimisation program can deliver strong value and lift returns to acceptable levels on a sustainable basis. Optimisation will proceed as we consider all the other strategic alternatives, but I'll leave Steve to give you an update on those.

So turning now to growth. The insurance portfolio fosters the best potential opportunities to connect customers and grow profitably, enabling the Marketplace. The Marketplace is key to our future success. As Mark and Gary have discussed, the Marketplace will allow us to improve the end-to-end journeys for our customers. We see excellent opportunities within our home and direct SME segments. We're investing in industry-leading technology, through the work Pip is managing in strategic innovations. As you've seen and heard in the labs today, we have identified and focused on key customer journeys. We're expecting to see excellent opportunities for the home and direct SME insurance segments, and we are reimagining how these portfolios will provide great outcomes for customers.

Driven by emerging technologies, customer preferences are evolving. Buildings, homes are becoming more connected and will take up monitoring technology. This should increase their resilience and reduce the frequency and the severity of accidental fire and water damage. SME customers are increasingly seeking solutions through direct channels, as technology such as robotics, artificial intelligence makes the buying process less complicated. So growth will be underpinned by continuous improvements and investing in our people. We're continuing to finalise the simplification program where we've brought together our back-end systems and capabilities. Importantly, the rollout of this program has seen improved products, better workflow tools for our staff, as well as improved broker interfaces through - called VeroEdge.

We're also building on our pricing capability and rolling out a new customer and pricing ecosystem. This ecosystem will provide us with continued and even stronger risk selection capability, leveraged by the work done in GIPE. Importantly, it's being built to better understand and price for the customer across the Group. But, at the end of the day, in a competitive and rapidly changing environment, people capability is critical. We're creating a fluid and connected workforce enabling us to scale up when we need it, such when we have the experience for natural hazard events. Amanda will talk to you about inspiring and engaging our people. However, I'd like to mention a couple of important people initiatives we're running in the insurance function.

The specialist academy facilitates the sharing of knowledge and expertise across our business and promotes the career progression of technical specialists. There are five faculties covering underwriting, injury management, commercial and consumer claims management, and loss adjusting. Another people development program we're running is the Warriwul series, which empowers teams to create innovative, grass-roots solutions for customer problems, cultivates collective leadership skills and encourage collaborative ways of working. The ideas you saw in the innovation lab, a few of them came from the Warriwul program. This is a great thing and just the start of what our people are seeing on how to innovate around our customer.

Operational excellence, performance management and growth will continue to be the core focus across insurance. So thanks a lot, and now I'd like to hand over to Paul who's going to give you an update on how they are maintaining momentum and growth in New Zealand.

Paul Smeaton: Thank you, Anthony. Well, good morning everyone and thank you very much for the opportunity to speak to you this morning. There are three key points that I'd like to walk away from today's presentation.

Firstly, Suncorp New Zealand is a strong, diversified business aligned with the Group strategy. Secondly, we are focused on above-system growth in both our general insurance and life portfolios, and finally we will continue to drive efficiency through our cost base, allowing us to maintain a strong margin moving forward.

Before I get into the detail, I thought I'd just spend a few moments to give you a little bit of context around who Suncorp New Zealand is and how the Marketplace strategy may apply. Suncorp New Zealand represents all of the Suncorp operations in New Zealand. We share the same purpose, vision and strategic pillars as the Group. In essence, we are a smaller version of the Australian business, and whilst we don't have a banking licence, the Marketplace strategy accommodates this position as we can establish third-party relationships to fill gaps in our customer solutions.

We have well-respected brands and joint ventures in New Zealand. For example, we have Vero, Asteron, AA Insurance and AA Life, and we also have corporate partners amongst the biggest in their respective markets. ANZ is the largest bank in New Zealand; Warehouse Money, which is part of the Warehouse Group, is the largest non-food retailer in New Zealand. AMP is one of the largest financial advice networks in New Zealand, and Turners, which we've just established a recent relationship with is the largest seller of cars, trucks and machinery in New Zealand.

What you can hopefully see is a very diverse distribution network, whether it be indirect, intermediated or through corporate partners which gives us many avenues for growth moving forward.

In terms of maintaining momentum, if I can start with the work we're are doing around portfolio optimisation. In the motor portfolio, like our industry peers we have experienced increased claims inflation. For those of you who have recently visited New Zealand or specifically Auckland, what you would have noticed is increased traffic congestion. Just to give you a feel for the drivers of this congestion, new car registrations are up 10.8% on previous year, imported used cars are also up by 10.5% on last year.

What this means from an insurance perspective is we have more cars driving on the same road infrastructure, which leads to more accidents. More accidents drives the supply-demand dynamics in favour of repairers which allows them to put up their costs, and then of course you have the increased cost of parts for more modern vehicles, so you sort of get a double-whammy impact here.

Clearly, it's an industry issue and in response we have already implemented the pricing changes and other changes needed to turn this around and we've done that across all of our channels. We've also opened an initial two smart centres, one in Christchurch, one in Auckland, and this will obviously help reduce claims cost but also provide a better customer experience.

In our home portfolio, we have been focused on remediating the cost inflation mainly caused by methamphetamine contamination. Like the motor book, we have also implemented pricing and underwriting changes. The underwriting changes are specifically there to cap exposures when a claim is received. In addition, we have also started to experience the benefits of a PMO or a project management office that we have rolled out, which helps us manage large property claims.

By doing this, we have reduced the need for external loss adjusters, but what we've also done is brought internally the technical expertise to actually assess, scope, price and manage the reinstatement. In essence, what's happened here is we're starting to garner the expertise gained from the Canterbury earthquake program.

On the subject of home and more broadly the property portfolio, clearly the Kaikoura earthquake has had a material impact on our profitability. We have experienced good support from our reinsurers, but as you can imagine, we've had to cover the cost of our reinstatement cover. Accordingly, we have put through price increases through our corporate, commercial and domestic property books and early signs are very positive in that the market are actually accepting these rate increases.

Whilst on the subject of earthquakes, it would be remiss of me not to talk about the Canterbury earthquake program. On a UNL basis, we are 93% paid, so we're very happy with that progress, but like our peers we are also experiencing new claims coming - going over cap coming out of EQC. Having said that, we believe our provisions are appropriate and accordingly, we don't anticipate any material impact to our profit-and-loss moving forward. Key point.

If I now turn to the life business, the life business in New Zealand continues to be a strong performer and pleasingly has brought earning stability to New Zealand, particularly in a year that has been dominated by natural hazards. Positively, the life business has also absorbed updates to the long-term actuarial assumptions in regards to income protection claims, and given its strong return on capital and stable earnings, the life business in New Zealand will remain a key part of our strategy moving forward.

If I now turn to growth, in terms of GWP Suncorp New Zealand is committed to above-system growth across the GI and life portfolios. In addition to our traditional channels, we are looking to see good growth by taking a digital first approach with our corporate partners. A recent example of this was the successful launch of a brand new suite of digital GI products sold directly under our corporate partner brand, AMP. We obviously look to leverage this technology with other corporate partners such as the Turners Group, which I mentioned before.

In addition, we are also building a SME digital solution, which we will make available to our intermediaries in the first instance. It will then also make this a direct offering to micro-SMEs who don't require advice. This technology is laying the foundation for the Suncorp New Zealand Marketplace. For our life business we are also in the process of digitising the life insurance quoting and buying experience for our advisors and we are also investigating a complementary health offering.

And finally, we have the proposed Tower acquisition, if successful, we believe would strengthen our competitive position in the New Zealand market. We do see strategic value in this asset. We believe it will strengthen our scale and brand position in the direct personal lines market. We believe it will provide access to three reputable corporate partners, which is consistent with our growth strategy today, we believe it will provide a direct commercial offering, and finally, it will provide cost savings as a result of technology, reinsurance and operational synergies.

Obviously, the major downside risk with this transaction is further exposure to the Canterbury earthquake claims but we do believe our market-leading claims capability in this area is appropriate to manage this risk. We obviously look for a favourable Commerce Commission decision in late June.

And finally, operational excellence. In terms of operational excellence, we are committed to driving efficiencies throughout our cost base. We believe we can achieve this through the work, or recent work that's already been done around a claims and implementation in home and motor, around real estate consolidation primarily in Auckland and that's driven out of a smarter working environment, procurement savings, and as Anthony mentioned before, incorporating robotics and automation into our business.

In summary, Suncorp New Zealand is a strong, diversified business aligned with the Group strategy. We are focused on above-system growth and driving efficiencies through our cost base to maintain a strong margin. We will do this by offering our customers and business partners solutions by the Suncorp New Zealand Marketplace.

Thank you for your time and I will now hand over to David to talk about banking and wealth.

David Carter: Thanks, Paul, and wouldn't it be good if banking just went back to being boring, because it's been anything but boring in the last little while. Certainly, it's pretty hard to stay current, I need to read the paper every day to find out what's going on at the moment. Good to see the major banks duking it out with the government. We could look to the Opposition for support but there's not much there either at the moment. Then of course, the S&P have decided to downgrade 23 smaller banks.

So lots going on. It's great to be us, it's really good to be us. Good to have a different strategy, to neither aspire to be a bank or particularly an insurance company, but to be something different and mean more things to our customers. It's a good time for us.

The One Suncorp business model enables banking and wealth to balance momentum in our core business whilst driving innovation. It's enabling us to maximise opportunities, connect customers through the integrated solutions that Mark and Pip and Gary talked to earlier, and it's helping us leverage our strengths to ensure customers have trust and confidence in our business during a time of heightened mistrust in the industry.

What does all of that mean for our customers? Well, we're making it easier for new and existing customers to connect with us through more relevant and innovative product offerings. We are reducing customer pain points in core deposit and lending processes, through digitisation and operational excellence. We are introducing our banking products and services to a broader range of the Group's customers, and as Mark highlighted earlier, the APIA debit card, the AAMI personal loan and the AAMI home loans.

Our wealth customers are also benefiting from ongoing investment in continuous simplification through lower fees and more self-service options. For our shareholders, we are strengthening our transactional deposit foundation, which when you combine it with our A+ rating and the diversity we have in our funding programs and our comparative funding advantage allows us to pursue targeted growth that maximises returns whilst minimising volatility in earnings, the role that we play in the Group relative to the insurance business.

We're also delivering faster, more efficient service propositions through simplifying, automating and digitising routine processes. This will allow us to deliver sustainable growth in what is quite a challenging external market.

Australia has a very strong banking system, and personally I think this is good for the country, but it's fair to say that post-FSI the major banks have continued to enjoy a material funding and capital advantage. A number of credible commentators would put the value of the too-big-to-fail funding advantage at a lot more than 6 basis points.

The measures recently announced in the Federal Budget had the potential to even out the playing field a little bit, and I'm referring specifically to the introduction of the bank levy and also the harmonisation of the supervision of the ADI and non-ADI sector by APRA. However, Standard & Poor's downgrade of 23 smaller banks has certainly negated the impact of the levy for those organisations. Suncorp of course has retained our A+ rating which plays absolutely to the strength of the broader Group. We remain in a strong position relative to other regional banks.

Macro-prudential measures look like they're here to stay for some time to come. We've responded early to the stimulation from both regulators around macro-prudential settings and also increased scrutiny of responsible lending. There's no doubt that impacted our growth in the first part of this year. We are relatively more conservative and we became relatively more difficult to deal with.

We spent a fair bit of time talking to our customers and our brokers, we've made some changes to our processes, and now we find ourselves at a time when many others in the industry are having to respond now to macro-prudential change, we find ourselves sitting in a position to take advantage, and that's giving us some good momentum into the end of the financial year and into next financial year.

Credit quality remains our priority. We continue to focus on lending that has strong credit attributes. Relative to market, we are overweight owner-occupier principal-and-interest repayment loans and have next to no exposure to foreign borrowers. To put that in perspective, our interest-only portfolio runs at about 25% versus the cap of 30%; our investor portfolio of growth the way APRA measures it is growing at 7%, below 10%; and depending on how you measure it, 80% of our customers are at least one month ahead of their repayments, 70% are three months ahead.

In this environment we also think it's important to maintain a strong balance sheet and diversified funding base. A direct outcome of connecting with more customers through the One Suncorp strategy is an increase in stable deposits, in turn benefiting the net stable funding ratio which kicks in from January. Our A+ issuer rating enables us to maintain a sustainable and diversified funding base, both in domestic and offshore wholesale markets and we continue to lengthen the average duration of new long term wholesale funding.

Our operational excellence is key for us to maintaining momentum. We are speeding up and simplifying processes by improving digital capability and automating processes for deposits and lending and gaining greater insight into customers' needs and behaviours through improved data quality, which will also ultimately lead to improved decision-making. In this environment we think maintaining momentum on risk management is absolutely critical.

We will continue to maintain flexibility to respond to market and regulatory changes and we think we maintain the risk maturity that is required of a bank holding advanced accreditation. We continue to work closely with APRA on our application. We're also preparing for the introduction of IFRS 9, a changed accounting standard, that will have an impact on the measurement and reporting of provisions and impairments, but at this time we don't have a quantification.

Within our superannuation portfolio, the completion of the superannuation simplification program brings us up to date with all the regulatory change that's coming due on 1 July. It has also delivered a much enhanced digital capability for our customers, a side benefit of which is better protection for them from cyber risks.

We're continuing to make it easier for our customers and up here I've just got simple examples that the core banking platform or Ignite is bringing to our lending portfolio. Following the success of our recent migration of our back to basics loan portfolio which is our second largest portfolio, we can now see benefits emerging that are creating value for our customers. By way of example, a customer who rings to change their interest rate can now do that in one call, maybe 10 to 20 minutes with one of Gary's team members. Previously, they used to have to take the details down, send it off into the back office, maybe it took three days. The new experience is much better for our customers.

If I think about deposits, a simple way we are helping our customers is through helping with online verification of their identity when they want to open a transaction account. Previously, customers have needed to present themselves and their identification at a physical store. Now three quarters of our customers are able to do that online with electronic verification.

If I turn my mind to targeted growth, targeted growth for us is all about connecting with our customers to meet more of their changing needs. As Mark and Pip have outlined, as did Gary, the industry is driving towards a digital distribution model and customer engagement is paramount. Customers just expect that their transactions and savings solutions will fit seamlessly into their life. Mark, Pip and Gary have also spoken to customer journeys. For example, the home, money, small business. These are natural fits for banking and wealth solutions and when I think about the potential of putting the solutions that we manufacture in bank or in insurance with the third party solutions that Pip is working to bring to market, the potential for our organisation is enormous.

The ability to get in there earlier in the journey - no one falls in love with the home loan. No one falls in love with paying for insurance, but they fall in love with the home that it pays for and the home that it protects and our ability to be part of that journey earlier and to stay connected with that journey all the way through the life cycle is very, very exciting.

Customer-led product innovation will enable us to align our product origination and servicing to the journey. Typically in this industry, we align the journey to the product process - not a good outcome. So what we're focused on is accelerating our investment and digital and payments capabilities including digital wallets and participation in the new payments platform, exploring additional multi-brand offerings for AAMI, Apia, Shannons, GIO and Terri Scheer customers, whilst expanding the niche propositions we have now and further improving data quality to better understand customer needs and behaviours. By maintaining focus on these opportunities, we will connect more customers, expand our presence interstate and achieve portfolio growth.

So this is a time of significant political and public scrutiny of the large banks. We're already operating within APRA's macro prudential settings. We have an A+ rating with access to a broad range of funding markets and we have not repriced our loan books to the extent of many others. We're seeing some pretty good opportunities to grow, particularly as competitors continue to adjust their customer offerings on almost a daily basis. So banking and wealth will continue to maintain momentum and grow by balancing our core business priorities, while driving innovation, by maximising opportunities to connect with customers through integrated solutions and realising our comparative funding advantage to pursue targeted growth, maximising returns and minimising volatility in earnings. The One Suncorp business model and customer centric strategy enables us to continue to develop trust and confidence in our solutions and create a better today for our customers.

With that, I will now hand to Amanda to talk about the role our fabulous people play in the execution of our strategy.

Amanda Revis: Thank you David. As describes them, our fabulous people are absolutely critical to the delivery of our customer focus strategy. This is never more evident than when we have a major event such as Cyclone Debbie that Anthony talked about earlier. As Anthony mentioned, our people were the first on the ground. They were helping our customers and the community as soon as it was safe for them to do so. In the week following Cyclone Debbie, as Gary was out in the field with our people and our customers, I spent time with our home claims team and ostensibly, my purpose was to encourage them because they'd been working long hours and it would be useful to give them some inspiration.

As it turned out, they didn't need any inspiration whatsoever. However what I came away with was just an awesome experience. The people that we have are just amazing at dealing with some quite complex situations that arise, working through those situations and at the same time, giving real comfort to our customers. So you can see how important our people are already and they're important as we go forward as well.

Hence the addition of the fourth strategy priority for us to inspire our people. This reflects the importance of our people, their engagement with our strategy and their motivation to go the extra mile for our customers and for all of our stakeholders.

The way in which we track the engagement of our people is to look at our people metrics and also to seek feedback from our people. Our key people metrics are trending positively. As an example, we now have - we've increased the proportion of females in leadership roles to 49% and this has been done through a whole range of activities including looking at our processes around recruitment, around development, around talent management and the offering of flexible work arrangements. So now, 82% of our people take advantage of our flexible work arrangements. Interesting, that's equally males and females.

So our people metrics are tracking well and in seeking feedback, we look for feedback from our people both informally and formally. When we put in place the new operating model last year, we moved to a new survey provider. We moved to the provider Aon Hewitt who have a very challenging methodology around say, stay and strive. Our people are very keen to have their say so 87% of our people gave their feedback and our engagement was 62%. Now this is two percentage points better than the global average and it's four percentage points better than the Australian/New Zealand average.

We set ourselves an aspiration though to help achieve our strategy to achieve the global high performing norm of 71 percentage points. By achieving this increase of nine points, we believe we'll unleash latent talent in the organisation and drive greater value for all of our stakeholders. To achieve this aspiration, we're focused on two key drivers. One of the delivery of a core employment experience to our people that is different from other organisations and the second is to start building towards the workforce and workspace of the future.

In terms of the core experience, the purpose for differentiating is to be able to attract and retain great talent to the organisation. Our experience is made up of a whole range of factors including our behaviours, the way people behave, our people practices and the environment in which people operate. After we put the new model in place, we gathered together a lot of people in the organisation and we asked them to define the key behaviours required to bring our purpose to life and to help deliver our strategy. These behaviours we term our compass. The compass guides the way people interact with each other every day, the way in which they make decisions and the way they meet the needs of our customers.

We have a very practical proactive approach to leadership development, to talent management and to succession planning and you will have seen that in the way that we proactively move senior leaders into different areas of the organisation. The purpose of this is to not only develop their leadership capability, but also to ensure that their skills and knowledge are current.

I've mentioned already some of our successes around diversity with our gender diversity initiatives. We're now broadening this to be an approach which is about inclusion, offering opportunities to people across the whole organisation. A great example of this is our work at home hubs. We have 600 people associated with our work at home hubs. They work at home. They've set up themselves at home and they're associated with a hub in that they work in a virtual team and they go and visit the hub for team meetings once a month and for training. These people are able to manage their work around their life priorities and that's really, really important to them. So they have flexibility around their work arrangements and the times that they work.

When you go and visit them in one of our three hubs, they're so excited about the opportunity to do that. There's a whole range of reasons why people want flexibility, whether it's caring for elderly parents, looking after their children, looking after their health and wellbeing or in some cases, running their own business as well. So these opportunities that we offer give people an opportunity to look after their priorities in their life as well as develop a career within Suncorp.

So in terms of career development, we offer a whole range of programs in career development and in personal and professional development as Anthony mentioned earlier as some of the examples of that. We've got some really, really exciting opportunities coming up to develop our work environment. We move in two months to Shelley Street, our new location in Sydney. As Paul mentioned, we're consolidating our work arrangements in Auckland next year and we're starting to plan for a consolidation of all of our environments here in Brisbane for 2021.

At the same time as developing our core experience, we're also working towards a workforce and workspace of the future that takes into account the changing expectations of our employees, technology changes and the requirements of our strategy. So we're developing the systems and the processes and the leadership to ensure that despite people being geographically dispersed, that they are connected and empowered to meet the needs of our customers. We're ensuring that people are encouraged to collaborate through the spaces that they work within to deliver under the One Suncorp operating model and we're starting to see people and machines working side by side.

You'd have heard quite a bit about this already from the earlier speakers. We've had a number of proof of concepts in place over the last 12 months and we have a number of robots in production. Our first robot, which we call Sunny, apparently when you start this you start calling all your robots names but it sort of changes over time, but Sunny actually produces all of our offer letters for our employees and Sunny does that with 99.5% accuracy, and two days less turnaround than previously was the case.

We've also got examples that you heard about earlier, including, we're trying out at the moment an experts' system which is taking, helping to really garnish the information and knowledge that our specialists in personal injury claims have, and has been doing that for over 12 months.

The idea is that that expert system will then provide expertise to our claim handlers as and when required 24 hours a day. This will help ensure that we can respond to customers' needs much more quickly than currently.

We're also developing the capability, as Pip mentioned earlier, to be able to quickly identify opportunities that meet our customers' needs, at the same time as translating those as quickly as possible through to market opportunities, and solutions for our customers.

You saw in the innovation space earlier, that's a great opportunity to bring people together to think differently, to think about new ideas, and to co-work together all with our customers as well.

Then finally, we're working on the way in which we work together. We're responding to the needs of people to be more flexible and have broader experiences. We're looking to be able to swarm people to where the real needs are required in the business as and when those are required.

So, we're looking to un-constrain people from things like job descriptions, job titles, and organisational design, so people can more quickly, either individually or as a team, to where the work is required.

As a result of all of this, all our people will be far more engaged even than they are currently, and they'll be excited about the opportunities for the different experiences that they gain through Suncorp.

So, in summary, we have a core experience that helps to differentiate us from our other employers and engage our people. This is demonstrated through our people metrics, through our engagement results, and also earlier last week we were announced as number 12 in the list of top employers in Australia by LinkedIn.

We're developing that core experience but at the same time we are thinking about, and developing, a future workforce and workspace. Our aim is to have an environment and an experience we can offer to our people that means that they are engaged with the organisation's strategy and they're prepared to go the extra mile for our customers.

So, before I hand over to Steve to wrap up, I would like to show you a video which will give you a flavour of what you will be seeing later at the Carindale store, and also reinforces the strength of this engagement that we have of our people with Suncorp, with the environment in which they work, with our strategy, and with our customers.

Thank you very much.

Video played

Steve Johnston: Thank you Amanda. I can confirm, my name is Steve. It's not Sunny. Despite the best efforts of many, I am yet to be robotised, but maybe sometime down the track. It would make our investor meetings a lot more interesting, I'm sure.

Look a year into the new strategy, and I think you can see from today's presentations that the team are fully galvanised around our objective of delivering a One Suncorp approach and to improve customer outcomes.

Over the past 12 months we have embedded and entrenched our new operating model, and it's important to reflect on the fact that 12 months ago when we conducted our investor day in Sydney, we had launched an aspiration around the new strategy, but we had an organisation that was structured very much in a vertical manner.

Over that 12-month period, we've actually turned the organisation from a vertically based organisation to one that's very horizontally based. That's critical to the delivery of the strategy.

Probably the most critical element of delivering the new strategy has been the adjustment to the organisational model. I hope today as we've run through the presentations, you can see that the leadership team are fully galvanised around the approach, and that that approach that we have adopted is now very much filtering through the organisation, and we're looking at things significantly differently than we have in the past.

At the same time as changing the organisation model, we've also introduced a number of initiatives which have been designed to bring the strategy to life. You heard about some of them at the half year and Michael talked again about some of them today, and you will again see the Carindale store this afternoon.

They have been important in delivering new life to the strategy. Again, in the latter part of the presentation you've heard from the team running the operational businesses directly, and while we're doing all this work around the new strategy we've been very much focussed on maintaining the momentum of the business lines.

The team have provided some update, and I'll provide a little bit more around that colour in a minute.

But knowing you all as well as I do, and at this time of the day, I'm going to pre-empt the question that I know is on your mind, and that is how much is this all going to cost? I'm not trying to avoid answering the question directly, but let me make a couple of key points.

The first one is that the revised strategy, and I made this point last year, continues to benefit from the substantial investment that we've made over the past decade in this organisation in core system replacement, and in rationalisation of our core systems.

The digital platforms that we've invested in, and you've heard us talk around about them through building blocks program simplification and optimisation, mean that we can continue to invest in this new strategy in a measured and incremental way.

The second point of great importance, and sometimes lost when you think about these sort of changes, is that we have a direct non-claims expense base of around $2.7 billion. That includes our usual project envelope of between $150 million to $200 million.

So, the point is that in a business of this size, there will always be opportunities to become more efficient, and do that through the lens of customer focussed end-to-end process redesign. This is certainly the case at Suncorp.

Many of you will be aware that we have recently commenced a program of work around business improvement, and we're confident this program will refocus our cost base and create more headroom for investing in our new strategy, whilst at the same time also aligning the organisation for medium and long-term growth.

Now, alongside investing in the new strategy, we've ensured that the business has maintained momentum through this transition and as a result we are in good shape as we approach the end of the 2017 financial year. Obviously, the metrics that I look at are a little bit lagged by a week or two. So, we've probably got, against the metrics that I'm looking at, around six trading weeks to look at before the end of the financial year.

Our number one priority in the BAU sense has been to improve working claims. Now, Anthony has given you some colour around that, but we have made great progress improving our processes, getting the things under control that we called out 12 to 18 months ago. Particularly those issues that we called out that were potentially of our own doing.

All the operational indicators, particularly those areas that are within our control, remain positive. Now, you know there's significant inflation in many areas of claims management, but those areas that are within our control, we are very comfortable with.

Pleasingly, we continue to see strong top line momentum across much of the business. We are achieving good GWP growth in both home and motor, and for the first time in many years, as Mark talked about earlier, we've seen a return to positive unit growth across those portfolios. It's a very important point.

We've also seen some favourable signs in the commercial portfolio. Again, I'd caution there and it's prudent for us to be cautious ahead of the big June renewal season. The reinsurance program that Anthony has oversighted, has provided very effective protection and has reduced earnings volatility from natural hazards, particularly Cyclone Debbie.

Now with around $60 million remaining in the natural hazard aggregate cover, we remain extremely well protected should there be a major event through to 30 June. Our natural hazard costs are sitting at around $680 million at the end of April.

As is our usual process, we will review our natural hazard budget for FY18 as we go through the full year. Most particularly as we settle our FY18 reinsurance program which we are in the middle of currently, to some extent the quantum of this increase in the natural hazard cover, natural hazard allowance, will depend on our ability to replace natural hazard aggregate cover on appropriate commercial terms.

The Bank, as David talked about, has delivered strong credit quality and sustainable growth. You saw that in the recent APS presentation, and is well positioned in the current environment. Particularly in terms of the regulatory issues faced by the major banks, and also the rating issues that our regional bank competitors have been dealing with.

Pleasingly, over recent weeks, as David again pointed out, the Bank's growth profile has improved significantly. While this won't have a material impact on growth for the FY17 year it provides a very solid platform as we enter FY18.

Now, in life insurance we continue to work on both the optimisation program alongside the review of the strategic alternatives that we talked about at the half year. As we said the half year the strategic review of the life business includes a broad range of options which we are testing parallel with that optimisation program.

To that end we continue to consider a range of strategic options, and we've talked about a continuum, bookmarked at one end by reinsurance, at the other end by full divestment. We have to make sure that the product that ultimately, we manufacture either manufacture directly, or have manufactured for us through third party that we may well partner with, is consistent with the broad objectives of the Marketplace that we talked about today.

We need to continually test the economics of all the options against that optimisation program as it roles forward.

Now, we're making very good progress with all of this work, but as you've come to expect from other processes that are in the market at the moment, this may take some time. So, I'm not pointing directly to any sort of announcement at the full year result, but we are working very constructively and very positively through the process and we will keep you updated as we progress.

So, with that, we will now move to Q&A. I've asked my colleagues to join Michael and I on stage, and we'll get some stools up and open the floor to some questions and answers.

Michael Cameron: I was thinking with 99.5% accuracy, maybe Sunny could be up here as well. See how we go for next year. Where would you like to start. Just get a microphone.

Daniel Toohey (Morgan Stanley, Analyst): Yes, thanks. Daniel Toohey, Morgan Stanley. Could you make a comment about the 12% underlying ITR, the 10% ROE aspirations and where you are in your progression towards those goals?

Steve Johnston: I caveat everything I say in an envelope. As I mentioned previously, we've probably got six trading weeks to go. There's no doubt we might be in a position to get the underlying ITR to 12% on a full year view. I think as we came through the half year, we indicated consistently to the market that our aspiration would be to try and get to as close as 12% as we could on a second half view and that reflects - and that's still something we aspire to and we would hope to be able to achieve that with the caveat of course being that we have six weeks remaining.

The things that are contributing to that performance clearly have been the work that the teams have done around remediating working claims issues and that provides a good support and as the earn of those premium increases come through in the second half, have helped push that underlying ITR forward. Of course at the half year we saw strong GWP growth, good base rate increases going through, good GWP growth, but that was offset by some unit reductions. The challenge for us in the second half was to reduce the reduction in unit loss and we've pretty much done that as we sit here today.

So we were targeting 12%, we're very confident that we can get close to it, but I've got six weeks left to sort of review before we make anything specific on that point.

Daniel Toohey (Morgan Stanley, Analyst): Just in your earlier statements, you made the comment about the quantum of any increase in the CAT budget would depend on reinsurance. So is it the thinking that the CAT budget will have to go back - go up into FY18 and if so, will that be priced for in the underlying?

Steve Johnston: The process that we would always go through at this point of the year would be we would look at the actual claims activity that we've had in natural hazard claims and that's obviously part of our actuarial assessment, been through many ways as to how that's calculated. We would then look at the structure of the reinsurance program and that happens in parallels, that reinsurance programs going through.

It's inevitable, I think, given the activity that we've had this year, that the natural hazard allowance would have to increase. I think that's well understood in the market. The variable that we are looking at, at the moment, is the natural hazard aggregate cover, which has provided significant protection to the P&L this year, but we're in the process, as Anthony's in the process now, of working through the renewal of that or otherwise. So there's a few variables we need to land. Inevitably the allowance will increase and then we'll consider our pricing response after that.

Kieren Chidgey (UBS, Analyst): Kieren Chidgey of UBS, just a follow-up question on the improved growth momentum you're seeing this period, particularly in home and motor, you're saying you're seeing positive unit growth. Is that sort of positive relative to system or is it just positive relative to seeing a decline in previous periods.

Steve Johnston: The latter. So I wouldn't sit here today and say that we're gaining market share. It's hard to understand clearly what the movements are in terms of share both in home and motor, but we are looking at it on a unit count view versus PCP. I think some of the unit losses that we had in the past we have been able to stem and that's been a phenomenon of the past six to eight weeks.

Kieren Chidgey (UBS, Analyst): Secondly, do you feel you're striking the right balance between investing in the business, because your expense ratio is well below your major peer in the insurance business, but your growth has clearly lagged in those key classes of home and motor in the last three halves, so have we seen the right spend coming through that you need to maintain the scale of that business?

Steve Johnston: Well the way I look at the business at the very highest level is that we, in terms of the envelope that we have to invest in the business, we've got a $2.7 billion direct expense base, we try and drive to a dividend payout ratio between 60% and 80% and historically that's been close to the top end of that range. We can invest between $150 million to $200 million and then we can grow the business between 3% to 5%. So I don't think we've compromised any of those metrics in terms of the way we've invested in the business over a period of time.

I think the issues that have been most material to our strategies, in a very operational sense, have been the work that we've needed to do to remediate the working claims issues. Clearly we had to see some margin deterioration in that process, but the leverage that we have around all the metrics of the business have been very much reliant on getting those claims issues under control and Anthony and the team have done a good job to do that.

Michael Cameron: If I could add too, I think the real opportunity is this issue of churn and I keep talking about it and as a team we keep talking about it. But if you look at how many customers leave us and how many customers come on board each month, it's close to a quarter of a million customers that come through our doors, either coming in or going out and that's what the number was six months ago. It's now, as Mark pointed out before, improving quite dramatically and the cost, the cost to the organisation of that churn in relation to the transactions. Once that continues to reduce, will free up significant amounts of funds to be able to invest in the growth of the business, so that opportunity for us is just huge.

Kieren Chidgey (UBS, Analyst): Thanks.

Dougal Maple-Brown (Maple-Brown Abbott, Analyst): Dougal Maple-Brown, Maple-Brown Abbott, question for Paul on New Zealand. I think you said the New Zealand life business was going well.

Paul Smeaton: Yes.

Dougal Maple-Brown (Maple-Brown Abbott, Analyst): And quote, will remain a key part of your strategy going forward. Does that mean New Zealand life is not part of the divestment process?

Paul Smeaton: That is correct not part of it.

Dougal Maple-Brown (Maple-Brown Abbott, Analyst): What about what I know as the old Australian wealth, now part of the bank, is that part of the sale process or not?

Michael Cameron: No, It's not.

Dougal Maple-Brown (Maple-Brown Abbott, Analyst): What's the book value then of the remaining rump, the Australian life business that's being reviewed, approximately?

Steve Johnston: About $1.4 billion.

Dougal Maple-Brown (Maple-Brown Abbott, Analyst): $1.4 billion, thanks.

David Humphreys (JCP, Analyst): It's David Humphreys, JCP, question for David, if I may, on the Bank. Can you give us an indication as to your risk settings around new business and in particular, can you comment on what your loan to income ratios are?

David Carter: Yes, that's certainly an area of focus for both regulators and I refer to it being relatively more conservative and difficult. Where it gets difficult is where we have absolute limits we're trying to manage to, like servicing under $200 and it's very hard to be consistent if you're trying to achieve a certain gap. We see ourselves sitting at the middle or below middle on most scenarios. So there are a set of standard scenarios that the regulator asks us to submit to as to our borrowing power basically on a regular basis. Essentially we sit middle or less than average on those. Having said that, everyone is resetting settings on a regular basis, so it's pretty fluid.

David Humphreys (JCP, Analyst): A follow-up to that then, Scott Morrison's been to the UK and has been a great student of their system over there. The PRA limit, you float a 15% of loan to income above four-and-a-half times, has that been discussed at all with APRA?

David Carter: Yes, I think more so that the prospect under the next round of Basel of having different risk weightings and risk weighting floors for different levels of loan to income ratios and loan to value ratios. That certainly seems like a likely outcome, although very complex to implement in system. So there isn't a - we don't have a heads-up on an impending change in that perspective. I would say just generally APRA is very thorough in its supervision activity. Industry is regularly submitting information to APRA and they're the sorts of metrics that we're also being asked to provide across the industry. If one becomes an outlier in any one metric, one gets feedback fairly quickly.

James Coghill (UBS, Analyst): James Coghill, UBS, a couple of insurance questions. First one, just extending Kieren's question on growth, we've seen these green shoots of volume growth in the past and I think the challenge is sustaining that for Suncorp. So just hearing your comments about claims inflation, it does sound that you are in a relatively stronger position compared to some of your competitors. Most of the growth emphasis appears to be on retention, is this not an appropriate time to start pressing the pedal for growing in that new business market and trying to return SUN's growth back to market rate?

Anthony Day: I think longer term, I think what we're trying to do is balance between obviously the return we're getting and the growth we have and our market share at the same time. So our growth has been over the past period has been driven mainly around the premium rate growth we're getting, which I think everyone's getting across the industry, retentions are holding up, which gives me positive signs that the whole industry is moving in the right way. Where we think there's probably - we've still got more work to do to look at the inflows and how we get those working in the right way, but I think the Marketplace itself creates an opportunity to create opportunities in that. I think that longer term, that's probably a better opportunity for us to grow through that.

We've obviously also got to balance that against the increased claims costs that are coming through, so I'm not sure I want to press the pedal too hard right now. I think it's the right time, I think we're getting the right sort of growth, we're starting to see the momentum change and the units coming through. A lot of that was driven around experience, customer experience, so I know if we continue to work on those pain points and improve the experience, I know retention will improve and we'll start to attract more in. The stuff we're doing around claims is certainly going to attract more and we will grow through that, it just can't be always around price and where we position price.

James Coghill (UBS, Analyst): If you chose to try and grow more aggressively in that churn market, do you feel you have an appropriate brand to do that through? I mean IG seem to be using Coles very successfully, it just feels to me like Suncorp doesn't actually have an appropriate brand to compete in a price-driven market for new business.

Anthony Day: I think what you see is we utilise different brands depending on the customer segments and what their needs are. So I understand what you mean, that we don't have a Coles out there where there's a mass market, cheap dough and go after it. Having said that, we selectively use our brands for the segments that we want to go after and we'll compete where we need to. So, at times, you look at the online channel that we have in Bingle. We're able to utilise Bingle, which is a smaller portfolio, to be able to compete against some of those cheap ones, but that's where we've reduced the cost of distribution as part of that. So we utilise that rather than just going out with a cheap price.

So I'd hate to say to Michael we're going to add another brand now, but I think we've got enough brands to cover the breadth of the market already and selectively use for the segments we're in.

Michael Cameron: James if I just go back to the first part of your question, ironically where we were a bit over 12 months ago, having established that we had some shortcomings in the claims processes and got on to those early. I think it actually gave us an advantage over the rest of the industry in attacking the claims inflation that now seems to be, well doesn't seem to be, is impacting the rest of the industry. So I think we've been ahead of the curve and it probably give us some more options and flexibility as to the pricing strategies as we come out the other side. So it's a good observation.

James Coghill (UBS, Analyst): Then a quick final one, it's a very simple question, you talk about CTP as an aggregate portfolio now, as we're going to financial 2018, is CTP on an underlying margin basis a drag or a boost to your margin?

Anthony Day: It depends on the portfolio.

James Coghill (UBS, Analyst): I'm saying in aggregate.

Anthony Day: In aggregate I think that there is no doubt there will be some strain on the underlying ITR, no doubt. But as - that's looking at a prospective basis of where we are. We've also got some benefits still to flow through from some claims improvement that have come through. So from an absolute I can't say that. But from an underlying looking at the - forward it has to be a drag because we're seeing some of the reforms coming through.

I'll say about the reforms we're still working through what those reforms will do and the assumptions is part of that. If you look at New South Wales in particular they're still to be implemented. We're still going through the principles of some of those reforms. We have someone on the working party for that.

In Queensland a number of people visited the regulator yesterday. We're still working through with the government about what the reforms should really be. So there's a lot of unknowns in that. As you know our CTP book has been extremely strong for a number of years. We use the scale advantage. We've also entered South Australia which gives us a balance to the aggregate position. It also replaces some of the growth that we perhaps missed out on because of the reduction and the implementation at the NIIS.

So I think we're in pretty good - that's why I talk about it as an aggregate portfolio. You're able to manage the dynamics of each of those portfolios. That's the way we should think about it.

Siddharth Parameswaran (JP Morgan, Analyst): Siddharth Parameswaran from JP Morgan. A question for Anthony just following on from what James asked about CTP. We saw in the period that - I think that you lost out in terms of the tendering for New South Wales workers comp for ongoing business. Does that say anything about the confidence you actually have and your views that you have a scale advantage and that you are actually better in claims management than your peers given that in one class you've effectively been told that you're not up there?

Anthony Day: Well I'm not sure that's true because you'll see that the way - what was announced by the government is still being negotiated with each of the insurers. We'll be the only - eventually the only insurer left in the scheme that actually underwrites risk as well. So it creates us a bigger opportunity. We've also been the number one provider on the claims outcomes. What we didn't get was obviously the policy which had moved away. Some other insurers were better at that than us on that scheme in particular.

So we gain incentives through claims outcomes. We've got - the majority of the tail now will come to us over the next three years. That's a lot of confidence in us because that is the majority of the claims that are managed within New South Wales more so than just the new stuff coming in. What it signals is, there's a transition that icare are looking to move over time. How that translates over time I'm not sure. But I wouldn't suggest that we won't have any of the new stuff coming in. That's still being worked through. We're in a great position in regard to there.

Nigel Pittaway (Citigroup, Analyst): Thanks it's Nigel Pittaway here from Citi, just following up on something Anthony I think said - you said that the capital losses in the

Life business in the retail book will be recouped through the repricing of income and trauma. Is that a FY17 comment relating or is that a more general, broad comment about the overall dynamics of the business?

Anthony Day: I think it's a more overall comment on the dynamics of Life businesses overall. I think what you're seeing in Life is some repricing coming through due to some issues all insurers have had. We focus very much on the claims outcomes in regard to that and utilising some of our expertise particularly around personal injury management. But we have also realised that there's some pricing changes that have got to come through and improve the profitability of income protection and trauma. So that's a broader statement I think of what you'll expect to see to come from us.

Steve Johnston: We did see some elements of the repricing come through and the capitalised loss reversal in the first half in the other experience line.

Nigel Pittaway (Citigroup, Analyst): Okay, then secondly I mean you were talking about the aggregate CTP portfolio but you did say it depended on the portfolio. Can you give us a little bit more colour on those individual portfolios as to whether or not 18 is lower or higher than underlying.

Anthony Day: Well I think - it's interesting - Queensland is probably where there's most uncertainty at the moment. We've seen a number of reductions in premium. That does have an effect over the last three filings that have come through. First in regard to the introduction of NIIS which was more than what we expected from Taylor Fry, the actuary.

That was meant to be improved through scheme redesign which we're not seeing yet. We've seen two more due to different assumptions between the regulator and some insurers. That puts pressure on our assumptions on the go forward position. Having said that we're still running a very profitable scheme and have done for some time.

So that's kind of where I see Queensland at the moment. New South Wales I'm probably more confident about a stronger performance out of New South Wales with the changes that are made to the scheme through the change of regulations, particularly taking out bringing in defined benefits, no fault for low impairment injuries. I think that's going to give us a more stable scheme over time.

Nigel Pittaway (Citigroup, Analyst): So that'll improve your current accident profitability?

Anthony Day: It should. It should. It'll take volatility out. Volatility is the thing that you just can't predict. We've also seen the work that's gone on with the frequency issues in New South Wales. I feel as though they're more under control. We've seen all insurers actually report better frequency. You would have seen the recent press in New South Wales in regard to getting hold of some of that fraudulent activity that had been going on. Concern is we're seeing some of that come across the border.

Nigel Pittaway (Citigroup, Analyst): But taking - I guess just taking current year profitability and prior year in total, presumably you can't say that once you do that.

Anthony Day: No.

Nigel Pittaway (Citigroup, Analyst): It actually improves your profitability.

Anthony Day: Well it can, yes.

Nigel Pittaway (Citigroup, Analyst): Yeah, okay thank you.

Michael Cameron: We've probably got time for one or two final questions before we wrap up.

Toby Langley (Merrill Lynch, Analyst): Hi, it's Toby Langley from Merrill Lynch. A couple of questions on engagement. Michael how are you - you sit over the top of your market place strategy; what are the early data points that you're looking at? Are there any that you can share with us to sort of articulate how engagement is actually building with the people that you're beginning to expose to market place strategy? Because if you were running a supermarket you'd be able to see the people using aisles further up and down the store. So thinking along these lines how can you help us get some sense that people are buying into it?

Michael Cameron: So you're talking about customers as opposed to employees?

Toby Langley (Merrill Lynch, Analyst): I've got a second question on employees.

Michael Cameron: Okay, alright sounds good. For me retention is the key measure. I think you can do NPS scores which are terrific and helpful for guiding the way. But typically if you increase your marketing spend you tend to get better NPS scores. So there's a little bit of false economy there. You can do satisfaction scores as well. They also potentially lead you down the wrong path because a cheap price for many people is something that's attractive and brings about satisfaction.

But for me the retention of customers is the ultimate score to measure how engaged the customers are in the overall program. I look at a lot of things. I look at the letters that I receive. I talk to a lot of customers. I telephone a lot of customers. Depending on what's going on I participate in call centres so I listen to what they're saying. It's probably early days I'd say Toby. It's - when we talk about the strategy we talk to the front line teams. It's the sort of stuff that people just naturally accept as the right direction.

When we talk to the regulators in depth we almost take the wind out of their sails because they say the whole concept of creating value for the customer rather than from the customer. If that's what you're doing that's a very desirable outcome from a regulatory perspective.

But we've already seen as we pointed out before, the 125,000 customers that were leaving each month have reduced down to below 120,000. We've seen an increase in the number of new customers coming through the door which has provided a net growth for the first time. That to me is a classic situation where people are voting with their feet, deciding to stay or deciding to come with us. I've said that right across.

I'm not sure what your question is about employees but I've never had so many people contact me that have - have known me for years and said, look we haven't spoken for a few years but I wouldn't mind just having a chat about what's happening at Suncorp and seeing what opportunities there are.

It's not because they don't have a role. It's not because they don't have a good role. But the whole market place strategy for all of our stakeholders is very appealing. It makes sense. Hopefully you've got that message today. But you had a second question.

Toby Langley (Merrill Lynch, Analyst): Yes, great. So a question for Amanda - thanks for that answer. You changed provider on the employee survey. I think the score is lower than what you've published previously. So is it just that you have to rebuild because you've got a new provider and it's a new strategy? Could you just help us reconcile between what you were doing before and what we see today?

Amanda Revis: Yes it's actually the methodology. So the Aon Hewitt methodology is across a six point scale. Most surveys are five points. Most surveys include the people who sort of say, not sure or partially. But the Aon Hewitt methodology only includes people who score five or six on each of the questions in the engagement cohort of questions as being engaged. So it's a much more challenging measure in that way.

So probably the best way to look at it is compared to the norms. We're actually quite pleased given the methodology and to a certain extent the amount of change that we've been going through, that we're ahead of the average for both Australia and New Zealand and globally.

Toby Langley (Merrill Lynch, Analyst): So the participation would be those that have fully completed the survey?

Amanda Revis: Yes.

Toby Langley (Merrill Lynch, Analyst): In the way that you described there?

Amanda Revis: Yes, the participation rate? Yes.

Toby Langley (Merrill Lynch, Analyst): Yes, thanks.

Michael Cameron: This might have to be the last question unfortunately.

Zeljka Damjanovic (Ausbil Investment Management, Analyst): Okay hi it's Zeljke from Ausbil. Anthony you talked to rising claims inflation. Can you elaborate a bit further on that? Has it deteriorated since the last half? The rate increases - what are the real rate increases you are achieving period to date and the expectation over the next six to 12 months?

Anthony Day: I think most of the industry is seeing some increase in motor claims from some of the hire car providers coming through. I think that's where we're seeing some of it in the claims inflation in motor. In home we've seen it in particularly water damage claims coming through. I think that's probably been a longer term trend that's starting to realise itself. Part of it was driven by changing technologies on how you get in there. Some of the stuff you saw in the lab is our ability to manage that cost in a better way.

So they're probably the two major areas where we're seeing inflation. From my understanding we're no different from what the industry is seeing. It's something that I've heard discussed more broadly. I think we've got on to it fairly quickly. We're utilising a lot of how do we actually mitigate that over time?

As far as rate increases coming through I think in certainly home and motor we're seeing the single - mid-single digit rate increases coming through, which is pretty strong for this market. In regard to some of the commercial areas, I'm probably more encouraged leading into June from what I've heard over the recent couple of weeks, that we're seeing a stabilisation of the market going into June. I don't see - the top end's been very,

very soft for a long time and we're now starting to see that hold up a bit more and probably our retention will go up a bit more. So I'm a bit more optimistic than perhaps I was about a month ago in regard to commercial.

Michael Cameron: Excellent. Okay I can hear the buses warming up downstairs for Carindale, so I'll just quickly wrap up. I should start by actually thanking the team, both this group and the group from the pre-morning tea. Very proud of the presentation today and everything we've done and hopefully you've appreciated what we've talked about as well and the progress that we've delivered over the last 12 months. Just in wrapping up though, I actually think the business is in really good shape and we are so well-positioned for '18, it's terrific. Our unique strategy - and it is truly unique - is working. Those of you who are going to Carindale this afternoon will see a Marketplace in action. What you'll see progressively over this year increasingly is a digital reflection of that, which will be terrific, and I look forward to 12 months' time talking about a number of iterations of that experience.

We've got four clear strategic priorities. But hopefully today, going through each of those four has given you some good insights to what we are working on. We know that increased customer retention drives enormous value for shareholders. So our vision is to be the destination for moments that matter and there's currently a window of opportunity to grab this success.

As David Carter said a little bit earlier, it's a great time to be us. I just think the planets are aligned and we've got a window to actually deliver this and it's a fantastic opportunity that we have. We've got the right brands. I don't think we need another one, but we've got the right brands and the right reputation. We've certainly got the right scale, as you would have seen, which is fantastic. But probably, most importantly, we've got the right team to deliver a wonderful strategy and, at the end of the day, create a better today for everyone.

So thank you for your time today, I really appreciate it. For those that are joining us at Carindale, I look forward to seeing you. For others going back to the office in Brisbane or Sydney or Melbourne, have a safe trip back and thank you very much.

Kate Olgers: Just a moment's housekeeping. For those who are joining us to Carindale, the buses are waiting for us downstairs. They'll leave in about 10 minutes, they're on Charlotte Street opposite the Sebel. If you checked in luggage with us this morning, it is on board and will go with you to Carindale and all the way to the airport. So safe travels home and we look forward to speaking more. Cheers guys, thanks.

End of Transcript