

KBC Bank and Insurance Holding Company (KBC) (A)

Background

In July 2009, at the height of the global financial crisis, Johan Thijs received a big promotion. For the preceding three years he had been running the insurance arm of KBC in Belgium. Following a traumatic 2008, when the bank was rescued by the Belgian government through a multi-billion euro infusion, the CEO and several members of his senior management team left the banking and insurance group in January 2009. In the restructuring that followed, Johan was promoted to Managing Director of KBC Belgium and became a member of the executive committee of the whole KBC group.

His promotion reflected the excellent work he had done in the insurance unit in Belgium over the last three years; a unit that made more than €500 million in profits at the end of 2008, just when the rest of the bank was verging on bankruptcy. It meant that, having spent his entire career in insurance, Johan now had to run both insurance and banking in Belgium – at a time when the survival of the whole organisation was at stake. It also meant that, as a member of the group's executive committee, he had to help develop a strategy that would allow the group to navigate the engulfing financial crisis.

KBC: A brief history

Although some of its constituent entities originated in the early 1920s, KBC Bank and Insurance Holding company (KBC) was formed when two Belgian banks (the Kredietbank and CERA Bank) and Belgian insurance company ABB merged in 1998. KBC offered both banking and insurance products to its mainly retail customers, private banking clients, SMEs and small mid-cap companies. The “bancassurance” (bank-insurance) model was unique in that branches would offer both banking and insurance products to customers, without having experts in those products. Customers could take out a loan to finance a project, purchase an insurance policy to protect that project, and grow their wealth through investment products or through asset management services. All these products were offered through KBC's integrated model.

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