

The Oxygen of Commerce

An Interview with J. Patrick Gallagher, Jr., Chairman of the Board, President, and Chief Executive Officer, Arthur J. Gallagher & Co.

EDITORS' NOTE J. Patrick Gallagher, Jr. began his career with Gallagher as an intern in 1972, started working for the company full-time in 1974 as a production account executive, and was promoted to Vice-President Operations in 1985. He was elected to the Arthur J. Gallagher & Co. Board of Directors in 1986. In 1990, he was named President and Chief Operating Officer and, in 1995, was appointed Chief Executive Officer by the Board



J. Patrick Gallagher, Jr.

of Directors. In 2006, he was appointed Chairman of the Board. Gallagher joined the Board of Trustees of the American Institute for Chartered Property Casualty Underwriters in 2003, and serves on the Board of Founding Directors of the International Insurance Foundation. In addition, he serves on the Advisory Council of Boys Hope/Girls Hope and the Board of Advisors for Catholic Charities, and is a member of the Economic Club of Chicago, the Executives' Club of Chicago, and the Commercial Club of Chicago. In 2007, Gallagher was granted Freedom of the City of London by the city's Lord Mayor in recognition of his outstanding contribution to the Lloyd's insurance market and for his support of the Gallagher Lifelong Learning scholarships. In 2009, he was honored by the Spencer Educational Foundation – which is affiliated with the Risk and Insurance Management Society – for his ongoing support of the Foundation. In 2013, he was named Insurance Broking CEO of the Year by Reactions Magazine. Gallagher holds a BA degree in government from Cornell University.

FIRM BRIEF Arthur J. Gallagher & Co. (ajg.com) is a global insurance brokerage, risk management, and consulting services firm headquartered in Rolling Meadows, Illinois. Gallagher provides its services in approximately 130 countries around the world through its owned operations and a network of correspondent brokers and consultants.

Will you discuss Arthur J. Gallagher & Co.'s heritage and what have been the keys to Gallagher's long history of industry leadership?

I am incredibly proud of the business my grandfather started in 1927, and how it has evolved into the insurance broking, consulting, and claims servicing company it is today. From the beginning, we've worked with our clients to find effective solutions to their challenges, and our expert advisors are an integral part of local business communities worldwide.

Leading with integrity is a critical part of what has driven our company's growth from a one-person agency to our current position as one of the largest insurance brokerages in the world, with a team of more than 48,000 employees and the ability to do business in more than 130 countries. Passionate service, strategic innovation, and ethical behavior form the basis of how we do business.

How do you define Gallagher's culture, and how critical has it been to maintain a strong culture over the decades?

Our unique culture is the bedrock of our company, and our people bring that culture to life every day. They make the day-to-day decisions that drive our reputation and positively impact our clients, partners, and communities. We have one common purpose across the entire

organization that puts people, businesses, and communities at the heart to help people face their future with confidence.

In 1984, my uncle and our then CEO, Robert Gallagher, penned The Gallagher Way, 25 tenets that continue to be our North Star for how we treat each other and our clients. We build solid, trust-based relationships, and operate as a team, showcasing each player's strengths. We position our clients for success – always striving for the best outcomes, whether disaster recovery, employee wellness, financial security, or the outcome of a successful claim. Our goal is to surpass what is expected.

Will you provide an overview of Gallagher's service offerings?

Gallagher is uniquely positioned to provide solutions that every client and partner needs – insurance, risk management, and benefits consulting. We can support any account, of any size, anywhere in the world.

We provide retail and wholesale property and casualty brokerage, alternative risk transfer services, employee benefits consulting, and actuarial services. Gallagher offers claims and information management, risk control consulting and appraisal services, human resource consulting, and retirement services. Essentially, we can do what every business needs when it comes to risk management.

How do you define the Gallagher difference?

As I mentioned, our culture makes us unique and, guided by The Gallagher Way, we never stop doing what's right for our clients. Unlike our competitors in the insurance brokerage world, we bring a distinctive value proposition to clients.

Gallagher is a purpose-driven organization, which means we translate our vision into action

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to achieve something for the greater good – whether that is to create the best outcomes for our customers, improve the communities in which we live and work, or foster a supportive work environment that connects to our core values.

How important is it for Gallagher to build a diverse and inclusive workforce?

Gallagher is building an inclusive workplace that represents our clients, employees, and the communities in which we live and work. And that isn't just talk. It starts with our unique culture rooted in strong values and a philosophy of integrity, empathy, and respect.

Inclusivity has always been the key to our growth, and the more diversity of talent we have around the table, the better our solutions. Having said that, we will continue to take action to drive increased diverse, young professional recruitment by targeting diverse universities and by augmenting our intern recruitment process. This includes the creation of an Early Talent Acquisition taskforce to foster additional relationships with key diversity and inclusion national programs.

Additionally, we strive to make a difference through Gallagher Connect Partners, a network of certified diverse insurance agencies strategically selected to serve our clients' risk management, insurance and supplier diversity needs, and help to attract more diverse talent to the insurance industry.

While inclusion has always been part of The Gallagher Way, we continue to look for new opportunities that reflect our culture and foster inclusion and diversity across our communities. For example, we proudly partner with organizations making a difference and educating communities on human rights, civil rights, inequality, and diversity and inclusion.

Gallagher has been engaged in the communities it serves since the company was created. Will you highlight Gallagher's commitment to its communities, and do you see this as a responsibility of leading companies?

These businesses are the backbones of our communities – and Gallagher is there for those communities, too. I think about how the nonprofits and organizations we serve make our towns and cities more vibrant. They do so knowing we've got their backs should they face adversity.

We've also engaged with many corporate partners to impact local and global communities positively. With our Chicago Cubs partnership, we are part of the Wrigley experience and neighborhood and have the opportunity to work closely with Chicago Cubs Charities on various projects that benefit community causes across the city and beyond.

We are also partners with Special Olympics International. We are the official sponsor of Special Olympics sport and coach programming which delivers quality coach training and sport experience to more than five million athletes in 240 local programs worldwide.

What do you feel are the keys to effective leadership, and how do you describe your management style?

My management style is simple; it begins with placing trust in our people. Doing what's right is the only way we do business at Gallagher, and it's what has allowed us to grow into the company we are today – a company at the top of our game.

I firmly believe Gallagher is the best-positioned broker in the world to serve existing clients, win new ones, and drive value for our

stakeholders, thanks to our unique culture and the talent of the people who are a part of Gallagher.

What has made the insurance industry so special for you, and what do you tell young people about the type of career that the sector offers?

Insurance is the oxygen of commerce. And by that I mean if you don't have insurance, you don't have commerce. You won't build a building, start a business, or send a ship across the ocean with containers without insurance.

I think most people are surprised when they hear how this industry is unbelievably creative and entrepreneurial. As insurance brokers, we represent the buyers and find the coverage they need to run their businesses. We've needed to evolve as the world has grown to include new risk types that haven't existed. For example, we conducted a survey reporting that 74 percent of business owners are concerned about cyber-attacks, and we've heard this directly from our clients across all business sizes. The industry had to devise a solution to make a company whole after they've experienced a cyber-attack while helping them put defenses to thwart attacks in place to reduce their risk of attack, and we did this to help protect our clients.

Because the landscape of our industry is ever-changing, it's essential that we continually attract young people to it so that we can continue to adapt. Every year our Gallagher Internship Program welcomes a new class of talent to our industry, about 500 interns globally. These young folks bring new passion to our profession, and an opportunity to represent the diverse communities we serve. Helping them succeed is the true legacy all of us will leave behind. ●

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