

Interview

Selling Confidence



Liam E. McGee

EDITORS' NOTE Before joining *The Hartford* in September 2009, Liam McGee spent more than three decades as a business leader, most recently serving as president of the Consumer and Small Business Bank for Bank of America Corporation. Prior to joining Bank of America in 1990, he held several senior positions at Wells Fargo. McGee is a member of the Business Roundtable and The Geneva Association, and serves on the board of Catalyst. He has acted as Chairman of the United Way of Greater Los Angeles and served two terms as a director of the Los Angeles branch of the Federal Reserve Bank of San Francisco. A native of County Donegal, Ireland, McGee grew up in Southern California and is a graduate of the University of San Diego. He earned an M.B.A. from Pepperdine University and holds a J.D. from Loyola Law School.

COMPANY BRIEF A leading provider of insurance and wealth management services for millions of consumers and businesses worldwide, *The Hartford Financial Services Group, Inc.* (www.thehartford.com) was founded in 1810. Based in the U.S., *The Hartford* is consistently recognized for its superior service and as one of the world's most ethical companies.

You had a very successful career in the banking industry. When the opportunity to lead *The Hartford* came about, did you know it was the right fit and what excited you about it?

When I had a chance to be considered for this job, a few things were of interest to me. First was the brand; it's a recognized brand with positive brand attributes.

Second, *The Hartford* is one of the largest financial services companies in the country, and unlike some that became big by accumulating lots of businesses that might add up to large size, *The Hartford* is significant as a result of being the leader in many of the businesses that we compete in every day.

**An Interview with Liam E. McGee,
Chairman, President, and Chief Executive Officer, The Hartford Financial Services Group, Inc.**

I was also attracted to the culture. *The Hartford* is known for having a culture of ethics and values by its business partners, its teammates, and its customers.

In this industry, we sell through intermediaries and *The Hartford* has an enviable set of relationships, both in quality and in quantity, with third-party distributors.

At the time I came on board, the company had gone through difficult times with the financial crisis. Having the chance to be part of a team that would bring this iconic American company back to a position of success and prominence was something that really excited me.

With such a vast number of employees, how critical was communication to get them to understand your vision?

We have over 25,000 employees at *The Hartford* so that was and is important.

The employees knew of the financial challenges for the firm. As someone who came from outside of the industry, it was important for me to articulate up front about why I came in and the positive attributes of the company.

The Hartford was one of the last of the significant multiline insurers – providing property & casualty insurance, life insurance and wealth management – and I brought a different perspective to the businesses. I felt that *The Hartford's* businesses were not well served by categorizing them in the traditional silos.

If you exclude banking products – deposit gathering and credit extension – and you stack our products end to end, *The Hartford* products comprise about 85 percent of the profit pools in financial services for consumers and businesses – that's an enviable position. We also have good relationships with distributors and do business with about 1.2 million U.S. businesses and about 18 million consumers.

So we focused on balancing the traditional product and third-party distribution orientation of the company with a customer view as well and replaced the silos with three businesses: Commercial Markets, which provides risk protection and benefits products to companies of all sizes; Consumer Markets, which is our home and auto insurance business; and Wealth Management, which has mutual funds, annuities, individual life, and retirement plans.

A few days before telling the markets, we told our teammates and have been communicating consistently about the model, our definitions

of success, and the way we're going about creating shareholder value moving forward.

Is the growth still there organically? Where do you see the growth coming from in each of those units?

In the Commercial Markets business – which is commercial property and casualty, running from workers' comp, general liability, commercial auto, and directors and officers liability as examples, as well as our group benefits business – we see top-line growth occurring. That is a combination of our own efforts in pricing discipline and the improvement in the economy, which is driving exposure growth. In the property casualty business, there are cycles in pricing. That pricing is now firming so we're seeing benefit. Our growth will come from a combination of growing policies, exposure growth, and pricing improvement.

For the personal lines business, increased revenue will come from growing the business and improving profitability, particularly policies which originate through independent agents.

We're also seeing significant growth in our wealth management business because aging Americans, on the heels of the financial crisis, are more focused on retirement income, which has benefitted us. We're a unique company. Providing this breadth of products gives us a good position with broker-dealers.

The perception of the insurance industry is not always a positive one. Should more be done to get the message out about the good this industry does and the role it plays within financial services?

Yes. We need to be a leader in that.

The property and casualty business provides financial confidence for our customers so that if something tragic were to happen to their home or business, they have peace of mind that they can rebound.

In our wealth management business, we give our customers the confidence that they can retire with a quality of life, send their children to college, or take care of an aging parent. Rather than thinking that we just sell products, I think we sell confidence. I don't think there is a more admirable cause than that.

The Hartford and our competitors have been the first on the scene of disasters to not only give checks to help people rebuild, but also the hugs and support they need to rebound. This industry does a remarkable job helping people when they need it most. ●