

SPECIALTY PRODUCTS



Daniel W. Riordan

An Interview with Daniel W. Riordan, President of Specialty Products, Zurich North America Commercial

EDITORS' NOTE Dan Riordan joined Zurich in 1997 to establish and manage the Political Risk and Trade Credit business. In 2008, when Zurich's Surety unit was integrated with the Trade Credit and Political Risk business, Riordan was named head of that unit. Prior to joining Zurich, Riordan was a senior executive and Vice President for Insurance with the Overseas Private Investment Corporation (OPIC).

He is a member of the Management Committee of the Berne Union and is a board member of the U.S.-Russia Business Council. He is also a member of the

Institute of International Finance and the Peterson Institute for International Economics, and is on the board of The Surety & Fidelity Association of American (SFAA). Riordan is a graduate of the State University of New York at Oswego and earned a masters' degree in international development from the School of International Service at American University, Washington, D.C.

Would you give an overview of the Specialty Products business unit at Zurich and how it is positioned for growth?

Specialty Products is a business unit within Zurich in North America that offers a wide variety of specialized products requiring high levels of expertise.

The areas include Surety, Credit & Political Risk, Accident & Health, Casualty & Property, Healthcare, and Professional Liability, which is offered through our Management Solutions Group.

Our products have been designed to respond to Zurich customers in North America. Specialty Products has been a very exciting growth area for us and we continue to see profitable growth in the market even in challenging economic times.

Does the Specialty Products business unit function separately from other business units in North America?

It's a separate business unit but we're all part of Zurich in North America. We work closely with our colleagues in Commercial Markets, Programs and Direct Markets, and with our Global Corporate in North America business.

We strive to identify opportunities for Specialty Products to enhance the overall offerings within Zurich North America. That often takes the form of cross-selling and collaboration with the businesses where there are great opportunities to cross-sell. For example, Surety bonds are offered largely through construction projects that require bonding and we are the largest writer of construction insurance in the U.S. We're also the number three surety writer in the U.S., so there is a lot of overlap for cross-sell opportunities to develop new business prospects.

But that is just one area. Our management liability area where we provide Directors & Officers (D&O) and Errors & Omissions (E&O) coverage is critically important to customers in the middle market segment in commercial markets. These coverages are also important to our customers in the Global Corporate area within North America – those large Fortune 500 companies that need not only the property and casualty standard lines but also specialized lines like management liability D&O, and additional casualty coverage such as the excess casualty umbrella offering we provide.

Are there innovation opportunities within this space and are those product offerings expanding?

Yes. Specialty Products must constantly assess the needs of changing market conditions and provide new products that meet those new conditions.

One example is the changing needs related to security and privacy or data breach. We have a new product in the E&O area that focuses on

the needs of middle market and larger accounts and the potential harm they suffer in the event of a data breach.

When a data breach occurs, the notifications that are required by law, the media impact, and the loss of income due to destruction pose serious problems for our impacted customers. It's important that we pull together our underwriting expertise, our risk engineering, and our claims capability to respond to our customers' needs.

This product area is one of our fastest growing but we strive to stay abreast of trends in other specialty areas as well.

For example, another growth area for us is Credit & Political Risk insurance. Zurich is the largest global provider of political risk insurance in the private market and that is an area where we're constantly honing our capabilities due to changing conditions. This is important in the emerging markets in particular, where we're covering risks of North American companies who may be investing in those markets and are concerned about changes in government and law that could negatively impact their investments.

Have you been pleased with how you have attracted the top talent?

It's as much about developing new talent as attracting talent from outside the organization.

There is also the ability for us to recognize talent and develop opportunities for staff outside of the Specialty Products business within Zurich. Conversely, we can bring talent from other Zurich units into the Specialty Products organization. One of the benefits of a larger organization like Zurich is there is quite a bit of cross-fertilization of this sort.

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To fulfill our underwriting needs, we have endeavored to train our own underwriters because we recognize there is a dearth of underwriting talent overall in the insurance marketplace.

So we've stepped up our efforts on our underwriting trainee program to bring new underwriters into the Specialty Program business and that has been a big success.

How do you go about ensuring that you have the proper distribution channels in order to get your products into the marketplace?

Distribution for Specialty Products is largely driven through select brokers, so we invest a great deal of time and effort into fostering those relationships. We work with these brokers to ensure our ability to deliver our products to the end customer in the most efficient and effective way.

In terms of the Specialty Products, there is a need for us to be on the cutting edge of new developments in the markets. We need to stay focused on evolving data requirements. Our D&O business, for instance, requires us to have real-time access to data on companies and impacts of changes in the economy. Similarly, our health care professional liability business requires us to be a market leader on information. In partnership with our risk engineering group, we delve deeply into the issues that impact large hospital systems and the doctors for whom we provide professional liability coverage.

How critical is it to find time with clients?

It's critically important to me to remain external and my objective is to be with a customer or broker at least three times a week – I don't always succeed but I strive to get into the market as much as I can.

At the same time, I'm leading a large team of diverse businesses so it's important that I keep my eye on the ball in terms of the overall leadership and setting goals for the organization. But it's important for me to stay connected to the market and with our key customers, so I focus on that on a regular basis. ●