

The DNA of Capitalism

An Interview with Joseph J. Plumeri,
Chairman and Chief Executive Officer, Willis Group Holdings plc

EDITORS' NOTE Appointed to his current post in October 2000, when Willis was privately owned by Kohlberg Kravis Roberts, Joe Plumeri successfully returned the company to public ownership in 2001. Prior to joining Willis, Plumeri had a 32-year career at Citigroup and its predecessor companies, including as CEO of Citibank North America, Chairman and CEO of Travelers Primerica Financial Services, Vice Chairman of the Travelers Group, and President and Managing Partner of Shearson Lehman Brothers. Plumeri is Co-Owner of two New Jersey minor league baseball teams. He received his Bachelor of Arts degree in history and education from The College of William and Mary and also attended New York Law School.



Joseph J. Plumeri

COMPANY BRIEF Willis Group Holdings plc (www.willis.com) is a leading global insurance broker and, through its subsidiaries, develops and delivers professional insurance, reinsurance, risk management, financial and human resource consulting, and actuarial services to corporations, public entities, and institutions around the world. Willis has more than 400 offices in nearly 120 countries, with a global team of approximately 17,000 employees serving clients in virtually every part of the world.

You have been a leading spokesman for the insurance industry. Is there a growing awareness of the value of insurance?

No. In the 12 years I've been in this industry, I've been a cheerleader. Insurance is the DNA of capitalism. Without insurance, nothing is built, nobody works, nothing floats, nothing runs on tracks, and nothing ships.

But in addition to that, nothing is repaired, which is what insurance is about. It's a grudge purchase, but when it repairs that which happened badly, it comes under the category of resurgence and rebuilding – it rebuilds lives, cities, and companies.

New Orleans would not be there today in its present form without the insurance industry rebuilding it – most of the money came from the insurance industry, not FEMA.

The World Trade Center would not be rebuilt without the insurance industry, which pumped \$4.4 billion into it.

Communities that are wiped out by hurricanes are rebuilt by the insurance industry. But

you only read stories about the claims and how difficult it was.

Willis has been a leader in transparency. Is that an industry problem and how critical is the issue?

Transparency goes hand-in-hand with how good you feel about what you do. The only time you don't want to be transparent is when you think there is an imbalance between what you charge and what you provide. The value gap is the difference between what somebody can do for themselves and what you can do. If there

is no gap between those two things, there is no value, and if there is no value, there is nothing to charge for.

So the industry needs to provide a greater sense of value, and the better it does at telling people about the value in an exciting way, the easier it is to show that you get what you pay for.

What do you tell top talent prospects to make them aware of how much this industry offers?

I delete the word insurance and ask, how would you like to work in a business where nothing happens without it and that has been around 200 years and yet no one appreciates it, especially in a world that has gotten riskier? The risks that exist today are different than those of the past. We are still going through a man-made catastrophe – the economic recession and all the risks that come with that.

For a young person to get involved in all of that as well as natural catastrophes is exciting.

What do you see for growth for Willis?

Growth has to take place in the middle class in Asia and in South America. In 2016, you're going to have six billion people and 60 percent will live in cities, but they won't be able to live in those cities unless there are businesses for them to work in.

That will usher in the golden age of insurance because you can't have that middle class build-up without businesses and those businesses can't be there unless they're insured.

I'm also bullish on the United States. It is important we understand that capitalism is dynamic and anything that is dynamic has its day where it doesn't do so well. But the dynamic will right itself because you have entrepreneurs in this country and it's our responsibility to make sure their creativity is satisfied.

How much is innovation a part of the Willis culture and is the insurance industry typically innovative?

There is more innovation than people give the industry credit for, but it's not publicized. We have a system called WillPLACE that puts the risk profile together for our clients and directs them to the right markets where their needs will best be met and where their industry is best known. That system is a great innovation. Also, some of the things we do with security are innovative, like with cyber risk, which is a form of terrorism, and piracy, as well as with political risk, especially following Arab Spring.

At Willis, we generally talk less about insurance and work more toward understanding a company. If we have a good knowledge base about that company, we are better able to discuss risk.

Are you surprised at how closely business leaders in New York work together for the betterment of the city?

It's imperative. Various business leaders getting together to make sure the world knows the value of New York City is good for everybody's business, because the more people who appreciate that they can be the beneficiaries of that value, the less chance there is for New York to lose its base as the leader.

The center of finance, creativity, entrepreneurship, and manufacturing should be New York. Every business leader is responsible for making people feel that New York is the place to be.

How critical is it to have a Mayor who understands the business community?

It's essential. Government does not create jobs or prosperity. It's their responsibility to allow and help the private enterprise to create jobs so its citizens can work and feel fulfilled, and be honest, credible members of society. So the partnership between government and private enterprise is essential.

The private sector's responsibility is to ensure that they build businesses correctly so there can be jobs that help the public good, because with jobs you have a revenue base for the city, and the city can provide better education, schools, and streets. The only revenue a city gets is from taxes. The more jobs that private enterprise can create, the greater revenue source they're going to create. And you don't have to raise that revenue by increasing taxes; just do it by creating more jobs. ●