

COMMERCIAL MARKETS



Craig Fundum

**An Interview with Craig Fundum,
President-Commercial Markets &
Customer Industry Segments Business Unit,
Zurich North America Commercial**

EDITORS' NOTE *Craig Fundum's insurance career began in 1981 as an underwriter with the Royal Insurance Group. He joined Zurich in 1990 and has held various leadership positions, including Assistant Vice President of Commercial Group Programs, Vice President of Sales and Marketing, and Regional Marketing Vice President of Small Construction. He was appointed President of the Small Business Solutions Segment Business Unit in 1997 and served as Chief Operating Officer*

of a Zurich Internet exchange project in 1999. He was CEO of the Strategic Partnerships business unit before being named Chief Marketing Officer-Zurich North America in 2003. He was named President of Programs Business in 2005 and President of Programs & Direct Markets in February 2008. Fundum has a bachelor's degree in marketing and management from the University of Nebraska Kearney.

Would you give an overview of the strength of your business unit within the industry and its main areas of focus?

We enjoy a strong position in the middle markets segment of commercial insurance.

More specifically, we have significant market share in our construction industry segment; for years, we have been known as strong in the construction market and we're going to continue to capitalize on that, and we continue to think about products and services to best meet our construction customer needs. I'm excited about our strong broker and agent relationships in our construction segment.

We've also created products and services for several other industry segments. The tech industry is one where we believe the products we've built for that segment, along with strong relationships with brokers and agents with expertise in technology, position us to effectively deliver our value proposition to targeted tech companies. We're seeing some nice growth in technology.

We also have a focus on manufacturing. As the new Head of Commercial Markets, I believe we have to step back and look at our manufacturing capability to determine if we have the right products and services in place. We need to ensure that we have identified the key brokers and agents that have that business. We're in the process of doing that.

We have been a long-standing player in financial institutions and will continue to be.

Another new area is middle market international, which is rapidly growing. We have some real expertise in that segment and have a great product and process for handling international exposures for the middle market businesses.

Are some of the other areas – real estate, health care, transportation – still key points of focus?

Absolutely. Real estate and health care are key focuses. We have deep expertise, great products, and dedicated teams focused on these two important industry segments. I believe one of our jobs is to constantly be thinking about the industry segments we're in and whether we're on top of the issues facing that particular industry segment. We need to be sure we are speaking the "language" of the segment and that we are always a step ahead in thinking about risk and emerging risks so we can build our products and services to meet today's needs as well as future

needs. Along with that, we need to be evaluating new industry segments; examining and building products for these segments; and looking to understand their risks and how to mitigate them.

I don't worry about the pace of introducing new segments. What's relevant is when we've identified a new industry segment and we believe we have the expertise and right products and services, and we have identified the appropriate brokers and agents to meet those customer needs, only then will we introduce new industry segments.

Is it challenging to differentiate in this space?

The middle market space is often highly competitive for a lot of reasons: it gets squeezed from the bottom and the top. There are competitors that try to use small business products and apply them to that more traditional middle market space. At the same time, the competitors focused on the global corporate accounts have a tendency to dip down and to try to attract middle market accounts to satisfy their appetites. Despite that, there is still plenty of opportunity.

We're also working diligently at Zurich on building sophisticated predictive models, and figuring out how they help underwriters analyze risks.

In addition, I'm excited about conversations we're having with several of our broker partners where they're shifting to using deep insights into a particular industry segment, then using that expertise to mitigate risk with the realization that it's not just about price. Through that deep insight and value, the broker/agent community combines that industry segment expertise with our segment expertise and the customer wins, the broker/agent wins, and we win.

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How critical is innovation to the culture of Zurich?

Because our balance sheet is extremely strong, we can invest in innovative products, in technology, and in predictive models – our resources spend time understanding the issues that our targeted customers face, which allows us to do things many of our competitors can't.

I want our customer industry segments heads and teams to continually question whether the products and services we are offering to a particular industry segment are the best; whether we are delivering them in the right way utilizing the appropriate agent/broker partners; whether we are selling value, expertise, and service; whether we are thinking about trends that could be impacting that industry segment in the future; and whether we are working on products to help mitigate those future trends.

There is always room for improvement, but I'm proud of what we have done to create true customer-focused deep insights into particular customer industry segments and that will continue going forward. ●