

Insuring America



Mike Foley

An Interview with Mike Foley, Chief Executive Officer-North America Commercial Business Division and Regional Chairman-North America, Zurich Insurance Group

EDITORS' NOTE Mike Foley also serves as a member of Zurich's Group Executive Committee. Foley joined Zurich in September 2006 as Chief Operating Officer of its North America Commercial Business Division and in January 2008 was appointed CEO of that division. Foley is the Chairman of the American Insurance Association and a member of the Property and Casualty Insurance CEO Roundtable. He also serves on the board of American Friends of Lucerne Festival and as a

member of the Civic Committee of The Commercial Club of Chicago. Foley holds a bachelor's degree from Fairfield University, Connecticut and an M.B.A. from Kellogg at Northwestern University in Illinois.

COMPANY BRIEF Zurich Insurance Group (www.zurich.com) is a leading multiline insurance provider with a global network of subsidiaries and offices in Europe, North America, Latin America, Asia-Pacific, and the Middle East as well as other markets. It offers a wide range of general insurance and life insurance products and services for individuals, small businesses, and mid- and large-sized companies as well as multinational corporations. Zurich employs about 60,000 people serving customers in more than 170 countries. The Group, formerly known as Zurich Financial Services Group, is headquartered in Zurich, Switzerland, where it was founded in 1872. 2012 marks Zurich's 100 year anniversary of insuring America and the success of its customers, shareholders, and employees. Further information about Zurich's 100 year anniversary of insuring America is available at www.zurichna.com/100.

Zurich is a proponent of Foreign Direct Investment in the United States with firsthand knowledge of the impact that foreign companies can have on industry and prosperity. How does that kind of investment in the U.S. help the economy grow?

The U.S. operations of companies headquartered outside the United States have an impact on employment in every state in the country. A recent report from the Organization for International Investments (OFII) highlights for the first time the broader impact foreign direct investment has across the U.S. The report entitled, *Chain Reaction: Global Investment Works for America*, documents the direct, indirect, and induced benefits of foreign direct investment by "insourcing" jobs in the U.S.

According to the report, U.S. subsidiaries and their suppliers contribute \$2 trillion to the American economy, representing 14.2 percent of U.S. GDP. It also finds that each dollar in GDP from U.S. subsidiaries supports another \$2.40 in GDP in the economy.

More than 21 million jobs – 12.2 percent of total jobs in America – are attributable to global companies in the United States. About 5.3 million workers are directly employed at U.S. subsidiaries. An additional 15.8 million jobs are in the supply chain of foreign companies or are in the businesses where employees spend their paychecks. For every direct job at a U.S. subsidiary, the report states that an additional three jobs are supported in the U.S. economy by the employees' support of local suppliers and area businesses.

Will this foreign investment in the U.S. increase?

The size of the global capital pie is growing; however, the United States is attracting a smaller share of it. Over a 10-year period, the United States' share of global foreign investment declined from over 41 percent

in 1999 to 17.6 percent in 2009. Moreover, foreign investment, as a share of the overall U.S. economy, has dropped over the past decade. As a percentage of U.S. GDP, global investment was only about 1.5 percent last year compared to 3.5 percent in 2000.

It is clear that the government has a strong role to play in promoting business investment, no matter the source. That is why we were pleased when bipartisan federal legislation called the Global Investment in American Jobs Act of 2012 was introduced in June. This legislation seeks to increase the competitiveness of the U.S. economy by mandating an interagency review of laws and policies that discourage Foreign Direct Investment; issuing recommendations to increase our ability to attract more Foreign Direct Investment in the U.S.; and directing the Secretary of Commerce to conduct an interagency review of U.S. laws and policies and develop recommendations to make the U.S. more competitive in attracting and retaining strong investment flows from abroad.

How has Zurich contributed to the U.S. economic recovery?

In the U.S., Zurich employs approximately 8,500 people. Zurich's U.S. business represents approximately one-third of the revenues for Zurich Insurance Group, which in 2011 had a business operating profit of \$4.3 billion. In North America, Zurich is the fourth-largest commercial property-casualty insurance company and the second-largest writer of commercial general liability insurance. We are the largest construction insurer, the second-largest in commercial auto coverage, and the largest insurer of franchised auto dealers in North America.

In Illinois alone, where our North American headquarters is based, Zurich contributed more than \$300 million to the Illinois economy through wages to its employees in 2011. We purchased more than \$175 million worth of goods and services from Illinois-based vendors, thereby multiplying the economic impact through the supply chain.

How long has Zurich been part of the American landscape?

In 2012, Zurich is celebrating its 100th anniversary of insuring America. We were one of the first continental European casualty insurers to come to the U.S. Our history is flush with examples of how we have helped shape the America we know today. From insuring the 1933 World's Fair in Chicago to providing insurance for the construction of the Hoover Dam from 1931 to 1936, we have a long history of underwriting American progress.

In addition to the economic value Zurich contributes to the economy, Zurich's leaders, employees, and their families are actively involved in their communities as part of an enduring company-wide philosophy to be an organization that truly cares about its customers, its employees, its shareholders, and society as a whole. Last year alone, Zurich and its employees in North America gave \$2.1 million to charitable organizations in the U.S. and Canada. Along with this direct contribution, our sponsorship of the Zurich Classic of New Orleans delivers \$1 million to charities each year for families in need in the New Orleans area.

How do you intend to celebrate your 100th anniversary in America?

To celebrate, Zurich employees across the U.S. and Canada are lending a hand in "100 Ways" – a charitable initiative to help Zurich employees complete 100 community service projects alongside community organizations like the American Red Cross, Habitat for Humanity, and United Way. We have already surpassed that goal. By the end of August, our employees had completed 225 projects in 32 cities through 1,900 hands-on volunteers who have donated a total of 14,500 hours of their time to date.

Truly caring about people through active engagement and supporting the development of strong communities is important to Zurich's heritage and our 100-year history in America. And we will remain here, committed to helping our customers understand risk and protect themselves from it. ●