

A Culture of Accountability

An Interview with Dalynn Hoch,
Chief Financial Officer, Zurich North America

EDITORS' NOTE Dalynn Hoch has been in her current position since October 2012. Her most recent position was Head of Global Finance Transformation at Corporate Center in Zurich, Switzerland. She joined Zurich in 2009 as Head of the Finance Planning & Performance Management (PPM) team for Zurich North America Commercial, and was also a member of the North American Finance leadership team. Prior to joining Zurich, Hoch was a partner at KPMG LLP in Minneapolis, working for the international accounting firm for 15 years. She has a degree in international business and accounting from University of Northwestern-St. Paul – previously Northwestern College – in Saint Paul, Minnesota.



Dalynn Hoch

COMPANY BRIEF Zurich Insurance Group (www.zurich.com; Zurich) is a leading multi-line 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-sized and large 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. The holding company, Zurich Insurance Group Ltd (ZURN), is listed on the SIX Swiss Exchange and has a level I American Depositary Receipt program, which is traded over-the-counter on OTCQX.

In North America, Zurich (www.zurichna.com) is a leading commercial property-casualty insurance provider serving the global corporate, large corporate, middle market, specialties, and programs sectors. Life insurance offered in the United States is issued by Zurich American Life Insurance Company, an Illinois domestic life insurance company. The year 2012 marked Zurich's 100-year anniversary of insuring America and the success of its customers, shareholders, and employees. In the U.S., risk engineering services are provided by Zurich Services Corporation.

What is the secret to Zurich's success?

Our success is driven from the fact that we care about our people and recognize that they are the basis of our strength. We don't just say it, but we walk the talk.

As a recipient of Zurich's strong sponsorship of people, I feel that care and focus personally as an individual who has been given diverse opportunities. There is a culture of accountability and engagement. We value the passion and personal integrity of our people, and lead them forward by helping them seek opportunities to be the best they can be.

Having an engaged team that is passionate about our mission at Zurich – which is to help our customers understand and protect themselves from risk – leads us to continue to produce the strong business results that we have earned in North America over the past few years.

Is there close coordination region to region?

The percentage of the North American business to our overall general insurance business is about 40 percent. Our business is diverse across the U.S. and across the types of customers that we're helping to understand and protect from their risks. We help protect them through our global corporate business, our specialties business, our commercial business, and through programs, captives, and direct markets.

Our leadership team coordinates closely in leading those diverse businesses across North America, with the functional operational teams that support those businesses, to drive the business to act as one.

Is economic recovery taking place, and how optimistic are you that it is sustainable?

One area I continue to watch in the economy is the extended low interest rate environment. As that continues, it's important for me to lead and challenge our business to ensure that we continue to deliver strong results. We continue to be focused on our underwriting. We truly work to match the assets and the liabilities of our organization and take the risk where our business is, on the insurance side. With the continuing low interest rate environment, a disciplined underwriting approach delivering strong underwriting results is becoming even more important.

When I look at that underwriting side in North America, our six-month results in 2013 show year-over-year growth.

We're in the construction space, so we see some of the spend coming back into private sector construction. We also see indicators from the worker's

compensation market. When we do audits of payroll, we're seeing more of those audits are now positive versus a few years ago when they were often negative as the economy was getting worse.

Is it more complex today to evaluate risk?

You have to continue to move forward, to transform the perspective that we take in understanding and assessing that risk. We need to continue to get stronger in our understanding of the uses of data; we're becoming stronger in the use of predictive analytics and predictive modeling.

It's an important part of being distinct in our risk insight to be able to build and bring the right value proposition to our customers for what they need to help them protect themselves from risk.

Is innovation impacting this industry and is that well understood?

There is innovation as to the use of data, and analyzing and understanding that data, and feeding it into your underwriting risk selection and into predictive modeling around those risks. There is and will continue to be innovation in those areas. There will also continue to be innovation as you understand a customer's risk and if there is a gap in how the customer will protect that risk – one risk that continues to evidence itself would be in the cyber-risk space.

There continues to be innovation around cyber and security type of coverages and value propositions for our customers. Innovation will be vital to address the growing societal challenges. This is part of our corporate responsibility.

Has the role of CFO evolved?

CFOs don't just talk about financial performance anymore. We're charged with helping to improve the financial performance. We have to provide the strategic insight that the business wants so they won't move forward without the CFO at the table.

As the CFO, you have to get the numbers right. You have to have quality reporting, a strong control environment, and the right governance – those are the foundational table stakes. But you also have to be able to tell the story behind the numbers, and to be responsible for bringing more financial literacy to the business.

At Zurich, it's critical for a CFO to engage all the employees of the organization, and help them see themselves in the numbers. They can then understand how what they do each day positively affects the results of the business.

As the CFO, I have the opportunity to lead in a way that touches and impacts people. Being authentic and showing your passion for what you love offers people more ways to connect with you and the business. ●