

# A Results-Based Culture

An Interview with Patricia Henry, Executive Vice President,  
Global Government Affairs, and Karen Sothorn, Chief Culture Officer, ACE Group

**EDITORS' NOTE** Patricia Henry has served in her current post since 2006. Since joining ACE in 1992, Henry has held several legal and government relations leadership positions, including General Counsel for ACE's North American operations; Senior Vice President, Government Affairs; and previous roles directing the company's asbestos and environmental claims and coverage litigation. Prior to joining ACE, she was an associate with White and Williams in Philadelphia. Henry holds a Juris Doctor degree from Villanova University School of Law and a Bachelor of Arts degree in Government from the College of William & Mary.

Karen Sothorn has been with ACE and its predecessor companies for more than 28 years. In 2012, she was appointed to her current post. She also chairs the ACE Group Culture Council. Sothorn has held a variety of underwriting, business development, and management positions while with the company. Prior to assuming her current position, she served as Regional Executive Officer for ACE USA's Northeast Region, a position she held for nine years. Sothorn is a graduate of Middlebury College with a Bachelor of Arts degree in American Studies and Sociology.

**COMPANY BRIEF** ACE Group ([www.acegroup.com](http://www.acegroup.com)) is one of the world's largest multiline property and casualty insurers. With operations in 54 countries, ACE provides commercial and personal property and casualty insurance, personal accident and supplemental health insurance, reinsurance, and life insurance to a diverse group of clients. ACE Limited is the parent company of ACE Group.

## What is the secret to why this company has performed so well?

*Sothorn:* Among the attributes are our clarity of vision and our focus on the insurance business – we know who we are – rather than being a more broadly defined financial services company. We have always focused on profitability in our core business and execution of a well-thought-out strategy, both short- and long-term. Transparent communication with our customers, our shareholders, and our employees is also key, so there is a shared view of the vision and commitment to our balance sheet and people. Our core business is complex, but our core values are straightforward.

We're a performance-based company and culture, so meritocracy is fundamental to our operating platform. Our results then speak for themselves.



Patricia Henry



Karen Sothorn

*Henry:* I would add that ACE is unique in our space in that we are truly a global company, focused on insurance in 54 countries with a vast array of products.

But the reason we do so well with that platform is because of the tone set at the top by our CEO, Evan Greenberg. We have a very hardworking, driven culture where everyone knows what is expected. If you're not willing to work at that level of commitment, passion, and competency, this is not the place for you.

We work harder, with fewer people, with focus and commitment, and there is an entrepreneurial feel to ACE, despite how we've grown.

You don't have to go through layers of bureaucracy here. If you have a good idea, you will get to present it at ACE.

## How do you avoid losing that culture when you grow to a certain size?

*Sothorn:* It does get more challenging, but we are passionate about our commitment to our daily business and continuing to act like a smaller company while we become a large global organization.

Our ability to retain that small company feel both internally and externally begins with our leadership, who are invested in this business at street level despite being the C-Suite. We've made a collective commitment to remain connected to the business, and our customers and colleagues.

We have also avoided becoming overly bureaucratic in how we make decisions and how we execute on our key strategies.

## How critical is it to mirror your diverse client base with a diverse workforce?

*Henry:* Many of our businesses outside of the U.S. are managed and run by local people with oversight from a senior management team.

Globally, our leadership is committed to making sure we have opportunities for diverse candidates to succeed at ACE.

We have a pipeline of senior women ready to take on executive-level roles because we have made that commitment, and I believe that over the next decade, within ACE and the industry, we will see many more women in the C-suites.

One way we have supported the professional development of women at ACE is through the ACE Women's Forum, which was started in 2002 by a small informal group of senior women in Philadelphia who met after work to discuss how we could help women advance at ACE. In 2007, it became a formal organization with support from senior management, both financially and in its mission. Its objective is to provide opportunities for women at ACE to network with each other, to hold external networking events, and to provide mentoring with more senior women at ACE. The ultimate goal is that these efforts will help women develop the contacts that are so critical to obtaining more senior-level positions in the industry, and the skills to perform well when those opportunities arise.

*Sothorn:* Recognizing that we're in an industry that has been primarily built by Caucasian men, industry leadership is based largely on that demographic.

However, we're seeing increasing diversity in senior-level roles across the industry. The industry isn't perfect, but we recognize if we're thoughtful and we act, then we can keep improving. ACE recognizes there is an opportunity to be quicker than the natural generational evolution going forward.

But we need to act. Inclusion and diversity make us stronger as a global enterprise, and make us better thinkers. We care about diversity of thought, and the business case is strong for being inclusive and more diverse.

A testament to where we are with this growth is the establishment of a position like mine – which was new to our company – to recognize the importance of culture, of change management, and of inclusion as critical to the business, making us a stronger, smarter, and more successful global enterprise.

In addition, our North America Early Career Development Program each year brings together 150 associates for training and development across various business units, functional areas, and geographies. We are focused on a recruiting strategy that attracts and retains

a diverse group of the best and brightest so that we build diverse, high performing bench strength for our future.

### **Is the value of the insurance industry well understood?**

*Henry:* Our commercial customers understand the value of insurance to grow their businesses, and insure their properties and employees. But it can be an issue in the personal lines space or with the public at large, where we're not the most popular industry.

Many people only think about insurance when they pay a premium or deal with a claims situation, which is always after an unfortunate event.

Also, the media doesn't tend to write articles about the wonderful things the insurance industry does in the aftermath of Superstorm Sandy, for example.

So the industry does need to better educate the public about the value we provide as an engine for economic growth, and also to better explain all that we do in the aftermath of disasters.

A negative perception of the industry affects my job in government affairs – it impacts the ability to get members of Congress to support our issues – because they do not necessarily understand our industry and may not have a positive opinion of the insurance industry. We need to understand this dynamic and do more to educate members and the public, particularly when we're trying to get favorable legislation passed or to avoid adoption of harmful laws.

### **What are the key legislative issues impacting your industry today?**

*Henry:* Anytime the CEOs of the industry are surveyed about their concerns for 2014, regulatory risk is at the top of the list and has been for some time.

After the financial crisis, global regulators initially dealt with banking issues, and now they're focusing on how global insurance companies are regulated. We are very engaged in this process to make certain that insurers are not treated similarly to banks – that insurance regulators understand the difference of our business model and, most importantly, that insurance capital requirements reflect the business of insurance, not banking.

So it's a heightened time in dealing with regulatory risk, but I believe the industry, including our senior leaders, do a good job at representing our interests.

One issue we're working on right now is obtaining an extension of the Terrorism Risk Insurance Act (TRIA). There is resistance in Congress from some fiscally conservative members of the House who think the time

has come to end this federal program. We are working with other insurance companies and industry trade associations, but we also are working with policyholder groups. The industry works very collaboratively on the issue of the terrorism backstop, including organizing briefings for Congressional staff, making Hill visits together, and drafting articles and op-eds to educate Congress and the public about why the terrorism program needs to be extended.

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### **How critical is corporate responsibility to the culture of the company, and is it imperative in terms of attracting the next generation of leaders?**

*Sothorn:* We take our global platform seriously, including what it means to be part of a community. We don't ever want to be surface players. When we commit to a geography, it's a commitment to be indigenous – to be responsive to the local marketplace as well as the multinational marketplace.

When we enter a local community, we get to know the local culture, the nuances of doing business in and being part of that community. We ensure that our leaders and colleagues are

focused on the business and participate in their local communities. This makes our global platform real.

### **What is it about ACE that has made you want to stay for this much of your career?**

*Henry:* It is the culture of ACE. If senior management believes in an individual and his or her hard work and competence, they're less concerned about the hierarchy and who reports to whom and more supportive of allowing you to do your job well.

I became General Counsel of ACE USA and then I moved into a global role working on all of our public policy issues when the financial crisis hit. Working closely with the CEO and GC, I had the opportunity to set ACE's strategy regarding such critical issues as the Dodd-Frank financial legislation in the U.S. and global insurance regulation – cutting-edge issues that will impact the future of the industry. I don't know that other companies would have provided the same opportunity.

My job has never been boring. It's more important to me to be involved in issues that are critical to the industry than to have a certain title, and this personality fits with the ACE culture, which focuses on the results. I never seriously considered opportunities to go elsewhere because this is the right culture for me.

*Sothorn:* As a culture steeped in performance and results orientation, meritocracy and fairness, when you work hard, perform, and care, there is opportunity. You can grow up in one part of the business and earn an opportunity to move into a different area.

### **Are either of you able to ever turn off the business?**

*Henry:* If you have jobs at our level, you have to be available 24/7.

But no matter what you do, work ebbs and flows. There are times you're working on a project when it's 18-hour days. You miss personal events. But there are times when work is in a lull. So I try to advise younger people that I mentor to take that lull as an opportunity to spend time with their family. Don't just be in the office for the sake of being seen unless you need to be there because there will be many times you don't have that choice.

*Sothorn:* Work/life balance can be fairly elusive if you're career oriented, and work in a hard-driving and results-oriented culture like ACE's. It's also personally defined – not only by the work you do but also by the life chapter you're in.

We have to remain committed but remember that we have families and friends and hobbies, and that we will be better for ACE if we're happy outside of ACE. ●