

# Innovation and Growth

**An Interview with Kathleen Savio,  
President of Programs & Direct Markets, Zurich North America Commercial**

**EDITORS' NOTE** Most recently, Kathleen Savio held the position of Chief Administrative Officer for North America Commercial. Prior to that, she led the Corporate Marketing and Communications function for North America Commercial, as well as Strategic Initiatives for Marketing and Distribution. She has also held roles in Product Underwriting, Corporate Marketing, and other key business units. Savio is a member of the Zurich Foundation Board, as well as the previous Chair of the Insurance Industry Charitable Foundation (IICF) Chicago/Midwest Division and a member of the IICF National Board. She earned a master's degree in Communication and a bachelor's degree in Speech Communication from Illinois State University. She recently completed the Harvard Business School Advanced Management Program.



Kathleen Savio

## **What is the scope of your role within Zurich North America and how do you focus your efforts?**

The Programs & Direct Markets business provides commercial insurance products and services to our customers via three major areas: Programs, Direct Markets, and Group Captives.

We have a fairly sizable number of programs (i.e., offerings to “niches” in the market like veterinarians, YMCAs, tribal nations, specialty auto, builder’s risk, etc.) in our Programs business portfolio. Our focus is on the relationships with program administrators, where we in effect “outsource” activities such as distribution, underwriting, policy issuance, billing, etc. Because we outsource crucial elements, before we add a program, we take the time to do significant due diligence work on both sides to ensure that we anticipate as many of the factors as possible leading to long-term, sustainable, and profitable relationships. We have had a lot of success because of the up-front work we do. Consequently, this has enabled us to identify the types of programs where we and our program administrators bring expertise and capabilities to the table that together differentiate us in the market.

Those program administrators, with whom we have strong relationships and historical

knowledge of one another, provide a solid foundation for growth. We know one another’s capabilities and appetites, and we know where a program administrator wants to grow and expand so we can leverage our mutual knowledge. This is a big part of our growth strategy, as is adding additional programs to the portfolio.

We are also looking at opportunities for brand new programs. We want to work with the program administrator and brainstorm about where we can serve needs in the market that

aren’t being met today with existing or new products and services.

Our Direct Markets business is focused on auto dealers. We provide property and casualty coverage as well as Finance & Insurance (F&I) products (e.g., vehicle service contracts and related products and services).

We have our own internal sales force for this area – professionals who are solely focused on providing solutions for this specialized customer base. Our current focus is to continue working with our customers to ensure we have a truly differentiated value proposition that meets their specialized needs. This involves how we deliver for these dealers, be it through a single point of contact no matter how many locations they have, or bringing to the table a particular expertise about the many regulatory and financial issues that dealers face.

In our Group Captives space, we target a broad spectrum of industry segments, including construction manufacturing, transportation, service industries, and temporary staffing, along with some of the world’s largest heterogeneous captives.

We foster strong relationships with captive consultants where we work together to provide customized solutions to the businesses seeking to form or join a captive, including policy issuance, reinsurance, and loss control services.

As one of the leaders in this space, our focus is fine-tuning our skills in the growing captives market, especially in the area of member-owned group captives.

## **Is there synergy between the three areas?**

At Zurich, our Programs, Direct Markets, and Group Captives businesses operate in many

ways as strong, independent businesses. This is purposeful in that we want to make sure we give the right focus, energy, and resources to each for delivery to the different customers through the various distribution models in those spaces.

However, there are some opportunities we have seen across the three businesses to leverage our capabilities for the customers.

In the automotive space, we offer some of our Direct Markets products through a program administrator. Another idea is to connect very large “mega-dealers” who are interested in a captive structure with our Group Captives expertise. We’re evaluating how we can work across our businesses to create or facilitate access to that captive structure.

## **How have technological innovations facilitated your development of new products?**

Predictive analytics and models, for example, are certainly helping us with risk selection. And as we have conducted predictive analytics work and draw insights from that data, we’re also beginning to discover ways that we can create new products and enhance some of the ones we already have.

In running predictive analytics on hail or flood, for example – which greatly impact our auto dealers – one might assume that there would only be obvious results that come out of this process. In truth, there have been some insights that we have discovered that not only help us think about which risks and geographies we want to select, but that also point to some special services we might be able to provide. By pulling together data that we can gather from many different places, we find ourselves in a position to help our dealers develop better practices to mitigate or respond more effectively to those potential events.

Given our focus on understanding our customers, their business, their needs, and the risks they face, we’re also investing more in getting closer to them. We support that effort through both qualitative and quantitative research, and we are learning about the areas where our customers see needs that are not being met today.

We’re trying to turn these insights into product and service innovations that may not exist in the market today but, if we can deliver them, will help our customers better manage the risks in their business. ●