

Mitigating Risk

An Interview with Craig Fundum,
President of Commercial Markets, 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 since held various leadership positions. 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 for Zurich North America in 2003. He was named President of Programs Business in 2005 and President of Programs & Direct Markets in 2008. He became President of Commercial Markets in 2012. Fundum has a bachelor's degree in marketing and management from the University of Nebraska at Kearney.*



Craig Fundum

Innovation does occur in the product area. The difficulty there, as in the past, is that an insurance carrier invests heavily in creating a unique product or coverage for a particular industry segment, but competitors can easily establish a similar offering at a similar price. Thus, the value of that innovation can be short-lived, and it becomes hard to differentiate yourself from your close rivals.

The difference moving forward will come from understanding predictors of loss in a deeper way, and whether there is a specific coverage that can be provided or a different price that can be offered for that coverage and for that exposure. Therein lies an area for carriers to differentiate themselves.

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This method won't be easily copied because of the investment made in the analytical work to understand the variables and gain that deep insight. Companies attempting to simply replicate that without conducting the research could be setting themselves up for failure.

The evolution of innovation is centered on what you do with the data and the facts you have, and how you turn that into useful information and key insights.

It also involves how we invest in our people to make them more effective in the marketplace and more articulate when it comes to customer needs and solutions. It's one thing to create a new product, and it's another to execute it in an effective way. You can only do that with well-trained people who are fully versed in all aspects of the product.

Is choosing the right insurance broker important?

We look for brokers who have similar views of what success looks like in the marketplace. Our priority is to thoroughly understand the customer. The broker's job is to advise and counsel that customer, help them understand the risks they face, and help them mitigate, cover, or hand off that risk. We look for brokers who do that in tandem with our people, using our expertise and knowledge about a particular industry segment or a particular customer segment.

Our relationship with a broker as it relates to this need to understand the customer risk is important to us. We also focus on brokers that truly understand the customer's buying behaviors. At Zurich, we are embarking upon major initiatives to understand this in a deeper way. We know that customers buy in different ways – some require a lot of information and guidance; others do their own research but need a broker to help them navigate this sea of insurance carriers.

Our plan is to identify as many buying behaviors and variables as possible and work with our brokers to match their understanding of customers' needs and behaviors with ours. We believe this will change the conversation and create a tripartite relationship: the customer, the broker, and Zurich – each being equally important in the transaction.

Are you continuing to focus on middle-market clients with international exposure?

Yes. We have amplified that capability and we're going to be investing more to enhance it. We offer solutions to middle-market customers that have international exposures. We can initiate policies in more than 170 countries. Today we have a valuable product offering and an excellent automated system that helps our customers understand regulatory, legislative, and other issues they face around the world.

When our production underwriters are talking with brokers about customers' exposures, I want to do a much better job in working to understand not only the exposures they face domestically, but also whether they have exposures internationally. If they do, we need to communicate that we have the capability to meet those needs in an effective, comprehensive way. ●

What has made Commercial Markets successful, and what is your key focus moving forward?

The goal of understanding our customers' needs in a much deeper way has started us on a path to success, supported by our ability to meet those needs. Our vision for the future is to get even better at helping our customers within our targeted industry segments understand and protect themselves from risk. We then have to help mitigate or insure those risks through innovative products and services.

A big part of our approach comes from our focus on big data. A differentiating factor will be what companies do with the data and what key insights they gain from data analytics. The way that companies choose to deliver those insights to their customers will be critical in helping them understand their risks. From there, we look for ways to provide products, coverages, and services that address risks in a customized way, while better understanding the predictors of loss.

Our strength is our focus on a customer industry segment and on our communication with that segment. This is reinforced by the messages we have been giving our brokers about particular industry segments, and confirms that Zurich is the right answer for that customer group.

Now we have to take it to another level.

What kind of innovation is taking place within the product offerings?