



Evan G. Greenberg

EDITORS' NOTE *Evan Greenberg was elected President and Chief Executive Officer in May 2004 and Chairman of the Board of Directors in May 2007. Greenberg joined ACE Group in November 2001 as Vice Chairman, ACE Limited, and was elected President and Chief Operating Officer, ACE Limited, in June 2003. Prior to joining ACE, Greenberg spent 25 years at American International Group, where he served as President and Chief Operating Officer from 1997 to 2000. Before that, he held a variety of senior management positions including Chief Executive Officer of AIG Far East, based in Japan. Greenberg serves on the boards of The Coca-Cola Company and the National Committee on United States-China Relations. He is Chairman Emeritus of the US-ASEAN Business Council; a member of the Council on Foreign Relations; and an overseer of the International Rescue Committee.*

COMPANY BRIEF *With operations in 54 countries, ACE Group (acegroup.com) is one of the world's largest multiline property and casualty insurers, providing 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, the parent company of ACE Group, is listed on the New York Stock Exchange and is a component of the S&P 500 index.*

What has made ACE work so well?

Number one, we have a clear understanding of who we are and what our purpose is for being. In a market-oriented economy, we would soon become irrelevant without a clear sense of who we are and a compelling purpose for existence. We fill a real need. ACE is an underwriting company. That is the heart and soul of what we do and it begins with that.

Second, we have a clear strategic focus and the discipline to stick to it. That focus evolves and is dynamic, because the world is dynamic, constantly evolving and changing. We have a long-term strategy that has been our roadmap. We have stuck to and we roll it forward every year in a rigorous way.

The Business of Insurance

An Interview with Evan G. Greenberg,
Chairman, President, and Chief Executive Officer, ACE Limited

Number three, we have a team of leaders, well-balanced in skills and experiences, who have worked together for many years. They are supported by our employees who are all committed to a common vision and purpose, and display the right skills of leadership in terms of communication, in terms of work style, and in terms of ethics.

Finally, strategy is 10 percent but execution is 90 percent of the action. We are micromanagers – and we do not apologize for being micromanagers for one moment. The devil is in the details. The difference between aspirational and practical is our ability to execute, and that is the difference between good and great. We're maniacally focused, and our culture prides itself, and puts on a pedestal, technical excellence and an ability to execute. Our culture is unique and we protect, guard religiously, and tend to it every day.

How hard is it to differentiate in this space in telling your story? How do you show what makes a firm unique when there is so much clutter out there?

It has been said that insurance, like so many businesses, is fundamentally a commodity, and that is true. We have put our money where our mouth is. We're not simply in the insurance business – we're in the business of insurance, which is very different.

We've used our capital to reinvest in our business and grow. We've increased earnings per share by growing the company, not by shrinking it and taking our capital to simply buy back our stock, which is hardly investing in one's future. That's just juicing EPS by shrinking one's company. It's almost running a company like it's in a terminal value calculation. We have not done that, which has served our shareholders well.

As leaders, we're not just insurance professionals; we're internationalists as well. Many of us have operated on a global scale in an intimate way, engaged in all regions of the world, building businesses in different cultures, different economies, and different regions. We do business in 54 countries – we are a global insurer operating on a local basis. We participate as a corporate member of society and we contribute to the growth and development of the economies where we operate.

We see our role in that way. We look at strategy in terms of customer, product, distribution, and territory – all through the lens of the local environment. We're building a business. We're long-term, and we build in a patient, focused way.

I really don't know many others in our industry who engage this way.

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When you look at growth, do you see it in multiple areas such as product, customer, and geographic?

We do, but it's all targeted. In our industry, growth in book value is the clearest measure of shareholder wealth creation. We're a growth company, but we define growth in terms of book value. If we define growth in terms of revenue, in a risk business, it's at our peril. We would grow at the wrong times. We strive to never allow underwriting to destroy book value. Depending on economic and market cycles, we will sometimes grow book value faster than at other times.

In terms of the announced acquisition of Chubb, what excited you about this opportunity and made you feel Chubb was the right fit?

Strategy is as much about being prepared for what we don't know as what we do know. Our company is in the right place at the right time in the right shape to take advantage of an opportunity when it sees it.

Acquisitions are opportunistic. We can't pick our timing. The compelling nature of this transaction, the merger of ACE and Chubb, is timeless. It would have been good in a hard or soft market – it would not matter to me.

What makes this compelling is the complementary nature of the two companies. Where one is not present, the other is present. Where one is strong, the other generally is even stronger.

One plus one will equal much more than two. As an example, Chubb is a domestic U.S. company with an international presence; ACE is a global company. Chubb is a premier middle market and personal lines agency company in the U.S.; ACE is a large corporate and specialty product brokerage company in the U.S. Both companies have very talented people and both pride themselves on technical excellence. Chubb is an underwriting company; ACE is an underwriting company – we have that in common.

Chubb has been underinvested in for a significant period of time; at ACE, we invest to grow. Chubb will thrive on that ACE quality.

On the other hand, Chubb's name is synonymous with service. It sets itself apart. The brand is about quality of service. It stands apart in claims, engineering, and customer service.

ACE delivers good service and is committed to customer service but will benefit greatly from Chubb's capabilities and Chubb's service-oriented culture.

How critical is the meshing of the cultures and how are you ensuring that the culture is maintained?

We're very focused on culture. We are spending a lot of time on it.

How does one define culture? ACE is a relatively young company and Chubb is a storied, venerable old company.

The cultures in many ways are similar but there are differences. Most of those differences are complementary in nature.

Culture is a set of norms of behavior that we all accept, respect, and prize, that we hold in common, and when people step outside those norms of behavior, we all become uncomfortable.

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Culture is also built through shared experiences among people with whom we build history together and common memories. That, over time, is what binds and reinforces those norms of acceptable behavior among people.

We accept the responsibility of leadership to behave a certain way and to display it – not just talk about it but display it in how we behave and work every day. It starts with me and my leadership team.

Second, building culture is about constant communication on both a one-to-one basis and with groups, and helping people understand what we have in common and what is different. People tend to overexaggerate differences.

Third, it's very formal. We have groups of very senior leaders engaged internally on defining, in a literal sense, the culture of each company and their priorities and their differences. They are looking to understand and bridge those differences. We are being clear that the ACE culture will be the prevailing culture in the merged company but we will take all of the great attributes of the Chubb culture that we admire. We are going to make the two companies better.

How critical to the success of companies today is building a diverse and inclusive workforce?

Most industries and most leaders struggle with this. I don't think anyone has solved it.

Diversity of culture, thought, experience, race, socioeconomics, and gender are critical. We're a meritocracy and we want a culture where all types can thrive and can do their best. It's the greater good theory and, as with every business, we're constantly struggling to find and retain good talent, so we want the best to be comfortable, to thrive, and to do their best in our culture. This means we have to be in tune with our own behaviors, both on a group and individual level. Those behaviors can either inhibit or

enhance people's ability to, in a comfortable way, thrive in one's environment – that is what a diverse culture means to me from a leader's point of view.

Chubb, in some ways, has been more advanced than ACE in this area, and I think they will help us be better.

ACE is well entrenched within the communities in which it operates. How critical is it from a business perspective, as well as a cultural perspective, that you build an environment where that engagement is encouraged?

We take this personally. This is not sterile corporate-speak here. That's not what it's about. Most people want to live their lives with meaning. They want to have a sense that the world is a place that's a little bit better because they were here and have contributed to it. This is our medium of expression. This is us collectively helping the world be a better place because we all did what we could and contributed to society. We take it personally.

As someone who is deeply entrenched in the business but also forward-thinking, can you enjoy the wins as they come about?

Honestly, I don't stop to enjoy them all. I do selectively, and only for a microsecond. I take note of them all and I enjoy the process. I love the process and I love what I'm doing. I'm honored to be doing what I'm doing; it energizes me, and it doesn't for a moment eat me alive.

I have moments of satisfaction.

Can leadership be taught?

One can teach the mechanics of leadership by identifying and pointing out its qualities of leadership. The most powerful is when one can demonstrate and communicate leadership. Everyone has his own style so there is not just one effective style for leadership, but one has to find his or her own voice. It happens for those who have the will, the drive, and the discipline, and are willing to pay the price for what it means to be a responsible and inspiring leader. ●