



Mike Foley

EDITORS' NOTE Mike Foley also serves as a member of Zurich's Group Executive Committee. He joined Zurich in September 2006 as Chief Operating Officer of its North America Commercial Business Division and in January 2008 was appointed CEO of that division. Foley is on the board of the American Insurance Association and a member of the Property and Casualty Insurance CEO Roundtable. He also serves on the board of American Friends of Lucerne Festival and as a member of the Civic Committee of The Commercial Club of Chicago. Foley holds a bachelor's degree from Fairfield University, Connecticut and an M.B.A. from Kellogg at Northwestern University in Illinois.

COMPANY BRIEF Zurich Insurance Group (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 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 1 American Depositary Receipt program, which is traded over-the-counter on OTCQX.

Would you give an overview of Zurich's business and your view of what has made it so strong?

Zurich Insurance is a global leader in managing risk. We are more than 50,000 Zurich colleagues strong around the globe with the same mission, ambition, values, and commitment. This is powerful.

In North America, we're one of the largest commercial property and casualty insurers. Our customers range from multinational

Managing Risk

**An Interview with Mike Foley,
Chief Executive Officer-North America Commercial Business Division
and Regional Chairman-North America, Zurich Insurance Group**

corporations to mid-sized companies. Our mission is to help our customers understand and protect themselves from risk. We've really been focusing on that component of understanding, and then explaining that if our customers want to buy insurance, we can help them with that, too.

One of the things we've found is that when we can demonstrate a deep understanding of the risks our customers face and help them to manage their risks, and show them how insurance fits into that, the conversation with them is very positive. They value our expertise.

When you have thousands of customers, how do you get a feel for what's working?

We are now in our fourth year of using a Transactional Net Promoter Score (TNPS) and a Relationship Net Promoter Score (RNPS) to better understand drivers of customer advocacy at Zurich. A net promoter score essentially tells us how likely a customer is to recommend Zurich based on either a specific transaction (TNPS) or on the overall relationship (RNPS) with Zurich.

What we're finding is that customers truly value direct interaction with us at critical touch points, such as handling a customer's claim. Zurich employees are highly trained to help customers when they need it most. Over the past couple of years, our TNPS at a claims touch point has improved significantly and serves to validate the efforts that we have put in to provide a best-in-class claims experience for our customers. For example, an average RNPS score for a financial services company is 35. Zurich's most recent score is in the mid-40s. Zurich is consistently into the 60s and 70s with TNPS at select customer touch points.

What do you see as the key growth opportunities for Zurich in North America?

Our ambition is to be the best global insurer. As part of that, we want to be the best insurer in North America. We don't intentionally want to be the biggest but, in this industry, scale does matter. We are at a size that fits our strategy, since we have the ability to access the right level of data to invest in building and growing. It's important to note that we will never trade profitability for growth.

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Our key strategic shift has been from product-focus to customer-focus. The whole industry has grown up with a focus on product. We think there's a real opportunity for the industry, and certainly for Zurich, to become even more customer focused. We're investing in customer research and finding out how customers think about insurance, how they choose who they want to do business with, and how they value it.

Where is innovation happening within the business?

We're making better use of our data and technology. We are investing in predictive analytics to better understand our customers' risks so we can deliver and enhance our offerings. We believe that generating distinctive risk insights through data and analytics will differentiate us in the market and help drive our success going forward. These insights will cover a range of topics from better risk selection and pricing to customer and broker insights, and improved claims insights.

We embrace innovation and understand that advances in technology can help us more quickly meet the needs of our customers. For example, our organization is looking at how to use drones after disasters. Drones could help tell our Claims group if an area has been affected. Drones can also provide us with faster access to images of an affected area. Combining images of damaged areas with locations of our customers' properties allows us to know if a customer has been impacted. We can then more quickly contact impacted customers in a proactive manner.

What does corporate responsibility mean to Zurich?

We focus on areas that are related to our core business so that we can make use of our knowledge and skills as a global insurer. This includes community flood resilience – this is a major area of emphasis for us globally because floods affect more people worldwide than any other natural hazard and, as insurers, we know how much impact they have on people's lives and how much damage they can cause.

When it comes to disasters and disaster management, there is a weather resilience gap in many areas of the world, including the United States. This means that some structures are capable of withstanding severe storms, but many others, from homes to critical infrastructure, are not sufficiently resilient in the face of extreme weather. They all need to be.

At Zurich, we advocate for a shift to greater pre-disaster spending; we believe there's an opportunity to dramatically improve the resilience of our nation's homes, businesses, and critical infrastructure. The weather resilience gap is evidence that more funds need to be shifted to pre-disaster preparedness than post-disaster relief. In fact, one study showed that every dollar spent on disaster preparedness saves five dollars in future losses. That means it's five times more expensive to be unprepared.

How is Zurich connected to Illinois and Chicago?

Zurich was one of the first property & casualty insurers to come to the United States more than 100 years ago, and chose to open its U.S. headquarters in Chicago. We have helped shape

the city known today by insuring the building of Soldier Field in 1924 and the first section of the Chicago Subway in 1939, as well as providing the liability coverage for 18 miles of attractions at the Chicago World's Fair in 1933.

Our presence generates nearly \$1.3 billion in economic impact annually in Illinois, according to a university study, and our connection to Illinois continues to grow as we are now building a new, 750,000-square-foot North American headquarters in suburban Chicago. It's currently the largest build-to-suit office development in the United States. The new state-of-the-art headquarters will stand as a symbol of Zurich's continued commitment to the North American market.

There's a lot of talk about the importance of having a diverse and inclusive workforce. How does Zurich think about D&I?

As a truly global organization, serving customers in more than 170 countries, we've been thinking a lot about diversity and inclusion, and have recognized its importance for quite some time. Having operations around the world gives us a unique vantage point that allows us to see firsthand how the global landscape is changing and making D&I increasingly important. For example, there is an intense war for talent and we believe it is critical to attract great people from all corners of the globe.

D&I is really about people, and the value that a diverse and inclusive team brings to an organization. We're in the business of helping our customers understand and protect themselves from risk, some of it being very complex. Research has

shown time and again that heterogeneous teams are much better equipped to solve complex issues. That's why it is important to us – having a diverse team that can really contribute their best, maximizing their experience in order to deliver better business outcomes.

To be the best global insurer, it's important for us to empower diverse talent, benefiting from different perspectives and ideas that allow us to better serve the needs of our customers. This isn't just nice to have; it is a business imperative.

What drives top performance among employees?

We know there is a direct link between employee engagement and top performance. We're creating an environment with a shared purpose, where people understand that what they do and how they do it matters, and where accomplishments are rewarded. People deliver results, and we are committed to helping our people be their best. One example is a new structured program we launched in 2015 to train 10,000 managers globally on what it takes to be a key influencer of our culture and employee engagement.

We recently surveyed Zurich employees around the world to get a pulse check on their engagement within the organization. I'm pleased to say that the engagement score for Zurich North America Commercial has increased by six points compared to our results in 2013. This positive jump in engagement is very encouraging, because we recognize the significant impact that employee engagement has on our overall business performance. ●

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