

Managing Government Relationships

An Interview with Patricia Henry,
Vice President, Chubb Group, Executive Vice President, Global Government & Industry Affairs, Chubb

EDITORS' NOTE Prior to ACE's acquisition of Chubb in January 2016, Patricia Henry was Executive Vice President of Global Government & Industry Affairs for ACE, a position she held since 2006. She was appointed Vice President, ACE Group, in March 2014. 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. She holds a Bachelor of Arts degree in Government from the College of William & Mary and a Juris Doctor degree from Villanova University School of Law.



Patricia Henry

How do you define your role within Chubb?

My role is to manage our Global Government Affairs function. As an insurance company we are regulated at the state level but, in addition, we now have federal involvement and because we do business in 54 countries, we are regulated in those countries as well. Of course, the legislatures everywhere we do business also pass laws that impact us.

My role is to manage our relationships with insurance departments and legislatures on a global basis and to make sure that I understand from Evan Greenberg (Chairman and CEO) and our General Counsel (Joseph Wayland) what our goals are from a regulatory and legislative standpoint. I then ensure that my team of 12 people consistently advocates for those positions so that we don't have conflicting views from one jurisdiction to another, and that we advance coherent and compelling strategies to complement our business agenda.

I have been in this role for 12 years and with the company for almost 25 years. The role has changed significantly since the financial crisis. Prior to the crisis, one could manage a global insurance company's regulatory and legislative affairs in somewhat of a siloed approach because regulation was largely local. The federal government had a very limited role in insurance regulation. Internationally, the issues were unique country by country.

The financial crisis changed this and the regulatory emphasis shifted to creating global standards. Insurance regulators working through the International Association of Insurance Supervisors (IAIS) set out to create a framework to supervise

Internationally Active Insurance Groups (IAIGs). This work was done at the direction of the Financial Stability Board (FSB), which is comprised of the G20 Finance Ministers whose mission is to avoid another global financial crisis.

The IAIS has focused on all aspects of insurance regulation, including capital requirements and governance standards. The last seven years have been consumed with proposals aimed to standardize the way insurance groups are regulated.

During this time frame, the U.S. Congress passed the Dodd-Frank legislation which, among many things, created the Federal Insurance Office (FIO) housed within the Treasury Department and gave the Federal Reserve Board some regulatory authority over insurance companies found to be systemically important or which owned depository institutions. So in addition to state regulators and the international initiatives, we also added federal entities to the regulatory table. The sheer volume and scope of the regulatory proposals has changed my job dramatically.

Where does the regulation stand today?

We are still in the midst of the firestorm of regulatory proposals with no end in sight. Many have publicly stated that regulatory risk is one of the greatest risks facing the insurance industry today. I believe we are reaching a point where regulators should pause to consider the current state of the insurance industry, which is stable, and decide whether there are regulatory shortcomings that need to be addressed. We don't need solutions in search of problems and there are real consequences to this regulatory overload, which need to be considered in a cost-benefit way.

Despite these concerns, we do support robust regulation and recognize there are always ways to improve. Some regulatory initiatives developed through the financial crisis are favorable; most important is the focus on the insurance group. Group supervision, where regulators evaluate the group as a whole, including relationships between entities within the group, is a tool to better understand large, complex international insurance insurers.

However, where this has gone a bit too far is with the concept that there should be one global standard for valuation of assets and liabilities and the corresponding capital requirements. A better approach would be to develop international standards that ensure a sound regulatory system while respecting a jurisdiction's right to adopt standards that reflect its policy choices.

Companies are spending so much time evaluating and responding to numerous regulatory proposals, which is time that could be better spent running their business.

Are those large global companies working together in the industry?

Large internationally active insurance groups are generally united in their views regarding the big issues, such as group supervision, group capital, recovery and resolution and, while there will always be some differences, for the most part the industry works well together. We have frequent calls to discuss international regulatory developments and share our views regarding regulatory proposals. The industry attempts to coordinate regarding our interaction with the National Association of Insurance Commissioners, the Federal Reserve Board, and the FIO, collectively known as "Team USA."

How important is it to have a CEO who is as engaged as Evan Greenberg?

It is very important for the industry as a whole to have highly regarded CEOs weigh in publicly on these regulatory developments. Evan appreciates the importance of the Government Affairs role and the value of having good relationships with legislators and regulators, and he provides great insight and strategic direction. The respect that Evan has shown me personally and for the Government Affairs function has helped me have more influence both within the industry and with our senior management team.

The insurance industry has experienced significant CEO turnover over the past five years, which has impacted the number of CEO's actively engaged. However, I suspect that new leaders with the courage to stand up and discuss concerns regarding the regulator environment will emerge.

As the two companies have come together, how well have the cultures meshed?

ACE and Chubb were both top performing companies. We have meshed because we are the combination of two companies that value performance, success, hard work and integrity.

Are there opportunities for women today in this industry?

Young people are interested in good jobs with a career path. Millennials just don't focus on gender or race the way that older people might; they feel everyone should get a fair shot.

But in terms of the industry as a whole, it is disappointing that there are not more women CEOs. We will see that change but it's going to take longer than we would like and, as I always remind people, career success requires family sacrifice for both men and women. ●