

# A Valued Insurance Provider

## An Interview with Paul Horgan, Head of Zurich Global Corporate in North America

**EDITORS' NOTE** Paul Horgan was previously Head of Group Reinsurance. Horgan joined Zurich as Chief Underwriting Officer for Global Corporate in North America in 2007. Prior to joining Zurich, he held a number of senior roles at Liberty Mutual Insurance Company. Horgan holds a bachelor's degree in economics from the State University of Maine and an M.B.A. in finance from Saint Joseph's University.



Paul Horgan

**COMPANY BRIEF** Zurich Insurance Group is a leading multi-line insurer that serves its customers in global and local markets. With about 55,000 employees, it provides a wide range of general insurance and life insurance products and services. Zurich's customers include individuals, small businesses, and mid-sized and large companies, including multinational corporations, in more than 170 countries. The Group is headquartered in Zurich, Switzerland, where it was founded in 1872. The holding company is Zurich Insurance Group Ltd.

In North America, Zurich ([zurichna.com](http://zurichna.com)) is a leading commercial property-casualty insurance provider serving the global corporate, large corporate, middle market, specialties, and programs sectors through the individual member companies of Zurich in North America, including Zurich American Insurance Company. Life insurance and disability coverage issued in the United States in all states except New York is issued by Zurich American Life Insurance Company, an Illinois domestic life insurance company. In New York, life insurance and disability coverage is issued by Zurich American Life Insurance Company of New York, a New York domestic life insurance company.

### Will you talk about your vision when you assumed this role and what you have learned over this past year?

When I returned to the United States following my time in Switzerland as Zurich's Head of Group Reinsurance, my vision was to make sure that we were fulfilling our commitment to our many corporate customers by looking at their needs holistically and providing a truly differentiated customer experience. My thought process began by evaluating which areas

consistently were living up to that vision and which would need to be re-focused.

When I looked at the employees of Zurich's Global Corporate division, I found a great deal of passion and commitment to delivering on our vision and promises to large corporate and multinational customers. I met with a number of them to talk about the challenges we faced in consistently delivering our vision as we developed a strategy to keep our customer focus on the right track going forward.

As a result, we made some quick course corrections early in 2016 that have already delivered improving results, and we're looking forward to continuing to profitably grow the corporate customer business as we head into 2017.

### How does Zurich define the corporate customer market?

Zurich's Global Corporate division focuses on the biggest corporations in North America. Since these customers are so large, their risks are both complex and generally global in nature. Helping them manage those risks requires a team that understands the global business environment and can effectively serve the customer's needs around the world.

Corporate customers really value the fact that Zurich has the global network and scope to serve them internationally. We have been doing global business for more than 130 years and we have been in North America for more than 100 years. Zurich is able to deliver a tremendous amount of knowledge and experience to our corporate customer base and provide them with differentiated solutions that help meet the needs of their businesses.

### How do you deliver true differentiation in serving this market?

Admittedly, there is a certain perception of sameness within the industry with regard to the products provided to corporate customers by major carriers in this market. However, at Zurich we differentiate ourselves from the marketplace with a distinctively customer-centered rather than product-centered orientation. We have the ability to deliver a consistent, customer experience in more than 200 countries and territories across the globe. With the increasing level of regulatory scrutiny being directed at the insurance programs of multinational companies by local governments, Zurich's proven ability to

design international insurance solutions aligned with the laws of local markets is also a real differentiator. We have over 900 risk engineers positioned in countries around the globe who help our customers identify and mitigate risk.

Even in the corporate space this is still a relationship business, and relationships are central to Zurich's value proposition. We deliver on our relationship strategy with a formal Customer Relationship Model that places the customer firmly at the center of our business. At the core of this model is a network of dedicated Relationship Leaders who act as the primary contacts, liaisons, and advisers. Based on more than a decade building a market-leading Customer Relationship Model, this year Zurich earned a 2016 Excellence Award from the globally respected Strategic Account Management Association (SAMA). We are proud to report that it was the first time SAMA has recognized a global insurance carrier with such an award in its 50-year history, which further confirms what a strong differentiator our relationship strategy can be.

Additionally, as our customers seek to utilize their captives to manage their global risks, Zurich's knowledge, experience, and global network help facilitate these transactions smoothly and efficiently. We have a dedicated Captive Services unit that in 2016 earned a U.S. Captive Services Award from Captive Review for an innovative, new approach to utilizing captives to deal with cyber risk.

It is important to always remember that our large, corporate customers are all unique, so we can't give them a cookie-cutter proposition. We ask customers what they feel are the two or three most critical elements in their risk management programs, elements that must go right in order to have a successful program. For some, it is the speed and efficiency of policy issue or risk engineering. For others, it may involve the efficient movement of money into their captive. We take those specific elements and make a commitment to each customer to deliver on them, and then hold ourselves accountable.

### For young people coming out of school today, is the message getting out about how exciting this industry can be as a career choice?

This is something we are very committed to at Zurich. A study from McKinsey and Co. found that 25 percent of professionals in the insurance industry will retire by 2018, leaving a large talent

and experience gap in the industry. All insurers face a demographic challenge and the need to recruit new talent into the industry.

Zurich has done many creative things to draw promising, new talent into the organization. We have hired many new professionals into this industry over the past two years, and paired them with mentors at various levels to groom them into the business and give them a strong foundation.

Zurich North America has also started an apprenticeship program in North America modeled after our apprenticeship programs in Switzerland. The program is an association with a local community college in Illinois. We believe this is a way to bring a whole new pool of talent into the business and give them a foundation to have a great career.

We're also reminding people that there are more than just accounting, finance, underwriting, legal, and technology roles in our organization. If someone has a passion in their life, insurance can tie them to that passion because it's really intertwined with most everything in society. I have a passion for international business. Working for Zurich, I can support thousands of U.S. companies in becoming more effective at competing globally, backed by the resources that Zurich brings to the table.

#### **How critical is the role technology is playing in the insurance industry today?**

Certainly, technology has become a critical part of how we manage our business, and it impacts virtually all key areas. One is by helping us to use data more effectively. For example, we are using more data analytics to develop risk insights that help us better understand our customers' risks. This, of course, also allows us to bring those insights to our customers so they can better understand and manage their own risks more effectively.

We are also implementing a range of software robotics to help us process our workflows more quickly, efficiently, and with greater accuracy, which improves the overall experience

we can provide to our corporate customers. It's simply a fact that using people to input the large amounts of data involved in acquiring and managing a large, corporate customer can introduce errors. Well-engineered software robotics can do these tasks more efficiently and effectively with fewer errors, freeing up our staff for more interesting and productive work.

#### **Will you talk about the recent Atlantic Council/Zurich report about reducing the risk from rapid demographic change and some of the key areas in which that will impact global business?**

Changing demographics are creating an increasing economic risk for countries and global companies. The risk comes from areas such as higher costs for pension and healthcare to a dwindling labor force and an aging population. At Zurich, we have generations of employees all working together with very different views of work and what motivates them.

When we look at demographics, many of the high-income countries are facing risks from an aging workforce, potentially creating unsustainable pension and healthcare costs, and these costs are going to have an impact. If we maintain those higher costs, there could be less money for infrastructure and education.

In the report, it was stated that from 1960 to 2010, public pension expenditures as a percentage of GDP doubled from 4 to 8 percent and that is going to go up another 3 percent by 2035. This is a significant movement in cost. More expensive and intensive healthcare needs for an aging population can put stress on countries as well as companies. Insurance providers, government, and employers will play important roles in addressing these challenges. These solutions run the gamut and may include elements such as raising the age to receive an average pension to 70 years old or higher in some countries by 2035, in order for the government to be able to meet their obligations.

With the aging workforce, migration to these countries has helped offset the declining

workforce. However, this also comes with potential social challenges that need to be worked through. With fewer people in the workforce, companies should consider using labor saving technology to become more efficient to help ensure that they can keep up with the demand. Companies should also consider being more flexible with the aging workforce. As employees get to retirement age, they can be encouraged to work for more years by providing more flexible part-time schedules or have them do other things that could allow companies to retain their expertise and service.

#### **How will your strategy help Zurich to continue to build profitable business in a highly competitive corporate customer marketplace?**

It is a fact that there is a tremendous amount of capital coming into the market today from multiple directions – so much that capital is now simply a commodity. We believe that what will allow us to consistently achieve continued profitable growth is our ability to deliver to the customer a truly value-based, customer-centric experience. This means consistently delivering outstanding products and services on a global scale. While a lot of new capital is being invested in our industry, few companies are investing in the type of global infrastructure that Zurich has built to handle policies and provide risk engineering on a truly global basis. For Zurich, being that trusted provider of services for our customer will help us continue to grow profitably in a very competitive environment. Capital alone can't deliver a differentiated customer experience.

#### **How important are relationships in dealing with large corporate customers?**

As I said, our award-winning Customer Relationship Model is at the center of our business strategy, but an important part of any successful relationship is our promise to deliver on the fundamentals at all levels. Consistent delivery is focused on two factors. One is delivering on the block-and-tackle items like issuing policies in a timely and accurate manner and being responsive to our customers. The other is demonstrating our commitment by listening to their concerns and by providing risk insights and guidance that can help make them better risk managers.

As a company, Zurich is committed to listening to customers' challenges and needs so that we have the insights needed to deliver new solutions, tools, and innovations. For instance, we devote significant energy to broadening our knowledge base about cyber risk so we can help customers make their organizations better able to respond should a breach occur.

#### **In a broader sense, what is the overall value companies like Zurich and its people deliver not only to corporate customers but to global society as a whole?**

I'm passionate about the insurance industry and the role it plays in society, and about the role Zurich plays within the insurance industry. We help our customers understand and manage their risks and help them prepare up front, and we deliver on our promises when customers need us most. ●

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