

Building PURE

An Interview with Ross Buchmueller,
President and Chief Executive Officer, PURE Group of Insurance Companies

EDITORS' NOTE *Ross Buchmueller's career spans more than 30 years and has been focused on the specialized property and casualty insurance needs of high-net worth individuals and families. After spending more than a decade at Chubb Group, Ross founded AIG's Private Client Group and served as its President for more than six years. Buchmueller earned his B.A. degree in economics from Trinity College.*



Ross Buchmueller

COMPANY BRIEF *Privilege*

Underwriters Reciprocal Exchange (PURE), a part of the PURE Group of Insurance Companies (pureinsurance.com), is a policyholder-owned insurer dedicated to creating an exceptional experience for responsible high net worth individuals and families. In 2020, the holding company for the PURE Group of Insurance Companies, Privilege Underwriters Inc. (PUI), became a member of the Tokio Marine Group. PURE provides customizable coverage for high-value homes, automobiles, jewelry, art, personal liability, watercraft, flood, fraud and cyber fraud to more than 90,000 high net worth families throughout the U.S. Inspired by some of the finest policyholder-owned companies, PURE emphasizes alignment of interests and transparency. PURE's low cost of capital, careful member selection and proactive risk management all contribute to highly competitive rates and a Financial Strength Rating of "A" (Excellent) from A.M. Best.

Will you discuss your career in the insurance industry and what led to the creation of PURE?

I was recruited to be an underwriter at Chubb out of college. I didn't really understand what the job was about, but it was in New York City which was an attractive location for me. I quickly realized that I was not only pretty good at it, but I also liked it. I liked the notion that insurance is this really decentralized industry and that the individual decisions of an underwriter or an adjuster can impact the business profoundly.

I progressed relatively quickly and went overseas to start some operations for Chubb in Europe. I then received a fortuitous call from AIG saying that Hank Greenberg wanted to get into this business. When you work for Hank, you get a Ph.D. in insurance in every aspect of the business.

Eventually, I made the decision that I didn't want to spend the rest of my life at AIG and decided to go out on my own. I was fortunate that there were private equity folks that wanted to sponsor my efforts. I started with a few specific ideas. First was that there are a lot of advantages to a green field company and starting from scratch. You don't have to worry about legacy decisions relating to technology or risk that could interfere with your plans.

Second was a sense that our expertise was a big advantage. I felt that I, and the folks that I brought with me, deeply understood this business better than others and that would be an advantage. A clean start with experts would create strong value.

Over time, we saw the power of mutuality because the insurance industry did not have a natural alignment of interests. What policy holders wanted and what investors wanted weren't always in sync so we created that alignment through what became PURE.

How do you define the PURE culture?

We started thinking about culture and the types of people we wanted to work with right away. We wanted to create an environment where people felt safe and challenged at the same time. Today, we're still working to develop our culture.

Culture can be an abstract concept, but it is critical in defining the environment of our workplace. We have to define what it stands for and what the guideposts and principles are that our people need to know to guide their behavior. It has to be consistent with the overarching purpose that guides why we're here.

Culture also helps define the people who will thrive here. Once the culture is clearly defined, sustaining it is easier. If it's not well-defined, sustaining it is difficult as you grow.

Our culture is very different than AIG's was when I was there, but the similarities are that we both have smart, curious, ambitious people and we want to do good work. I was at AIG during 9/11 when commercial aviation was stopped, which means commerce stopped. Hank always said that the purpose of the company was to increase the velocity of the global

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economy. If planes can't fly, then we were not living our purpose. He worked all week to raise \$850 million to put a backstop to allow planes to fly. This was watching purpose in action. Our culture at PURE is different, but the strength of that culture really influenced me in how I wanted to define our culture.

With all of the focus on technology, how critical is it for PURE that the client relationship and human touch does not get lost?

This is a really good point. When we look back at what we do well, it is the humanity that matters. The things that we do that bring out the humanity are always the things that build a brand and make us feel like we're connecting. I think in many respects what's interesting is that we are finding more ways to connect as humans.

I'll give you an example. For years we would push out information. For example, tips to prevent a loss. This past summer, after we had a series of very tragic car accidents involving young drivers or family members of PURE members, we started sending out information about the things you should think about to make sure your kids are safe and about technology you could use to prevent distracted driving. Just before we hit send, we stopped and asked what our members might think, so we told them that if you would like to talk about how you approach this issue, let us know. Hundreds of people came back and wanted to have a conversation about parenting. We never would have thought it was our place as an insurance company to try to create a community where we can all talk about how we parent our teenagers, but that is what resulted.

How important is it for PURE to be creating a community for its members?

I think it's huge and our model backs this up. At the end of the year, we allocate profits back to the membership, so it is tangible. I also think that when people share a belief, they're going to behave differently. They're going to take that extra step to prevent loss. When we have greater trust, we can settle claims with less friction. If you can build this sense of trust, it's pretty magical. One of the key things we measure every quarter is what proportion of our membership answers "yes" to the question, "Do I feel like a member rather than a policyholder?"

We're trying to do more and more to engage, so right after we did the focus on parenting, there were earthquakes in Southern California, more located in the desert and not causing a lot of

damage, but we found that there were a lot of people in California who did not have a seismic shut-off valve. We were going to send a bunch of tips but, once again, we stopped and asked our members what tips they had for everybody else. Every Californian had a story and I think that we can bring out more humanity and create greater connection when we engage with our members and build that community.

How critical is it for PURE to build a diverse and inclusive workforce?

We have 850 employees, and about 300 of them joined us out of college. We are not worried about trying to narrowly pick some specialist out of another insurance company. We're getting smart, curious people and we have a pool that mirrors the population. That is a big advantage.

What we have found is the challenge is to then make sure that the senior ranks are reflective of the population. We set a goal a couple of years ago of having equal composition and contributions from men and women in senior management. I think it's less about the sourcing and where you find the talent, and more about sponsorship and mentorship and advocacy and making sure that, to the

extent that there's any unconscious bias, we are fighting hard and making sure that we're advocating for people. We want to be seen as an organization where people from all backgrounds and all races and genders feel safe and inspired to work.

Do you feel that the insurance industry is well-understood by those entering the workforce and what do you tell them about the opportunities in the industry?

We go onto the college campuses of the most prestigious universities and colleges in this country and we assemble 50 to 60 kids each year who I am sure every investment bank would love to get their hands on. I think one thing that excites them is the sense of purpose and what we tend to emphasize is that you will be doing important, purposeful work.

You are solving real, important problems. If you are figuring out how to provide insurance in California, you are keeping that real estate market going because that economy would crumble if insurance did not allow that to happen. Clearly, when you are settling a claim, you are doing purposeful work when people need help the most. ●

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