

Future Focused

An Interview with Jay Fishman, Chairman and Chief Executive Officer, The Travelers Companies, Inc.

EDITORS' NOTE Jay Fishman assumed his current post in 2004. Fishman began his career at Coopers & Lybrand in 1974, after which he held several management positions at a number of companies, including the American Can Company, Goergen & Sterling, Shearson Lehman Brothers, and Primerica Corporation. Primerica acquired the Travelers Insurance Group in 1994 and appointed Fishman Senior Vice President, Vice Chairman, and Chief Financial



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Officer. He served in that and other capacities until 1998, when Travelers merged with Citicorp, at which time Fishman was named President and Chief Executive Officer and eventually Chairman of Travelers. In October 2001, The St. Paul Companies hired Fishman as Chairman, President, and Chief Executive Officer. Approximately two and a half years after Fishman took over, The St. Paul Companies merged with Travelers, which had since been divested by Citigroup. Fishman earned a bachelor's degree magna cum laude from the University of Pennsylvania in 1974 and completed a master's degree in accounting at the Wharton School the same year.

COMPANY BRIEF The Travelers Companies, Inc. (www.travelers.com), offers a variety of property and casualty insurance products and services to businesses, organizations, and individuals in the U.S. and in select international markets. The company's products are distributed primarily through 12,000 independent insurance agents and brokers throughout the United States. Travelers is number 93 on the Fortune 500 list of the largest publicly traded U.S. corporations and had \$26 billion in total revenue and \$115.2 billion in total assets in 2007.

How challenging is achieving growth for the brand?

There are times to grow and times not to grow. Our mission is to create shareholder value. Given where we are in the cycle, I spend less time thinking about how to grow our business and more on how to position it for growth when the circumstances allow us to grow aggressively. We've been working on the systems, technology, people, and infrastructure that would position us when we're ready to go. If

pricing firms up, we'll be in a position to step down on the accelerator and really grow our business. So we're focusing our efforts and attention on both today and tomorrow.

Are there new products or services on the horizon? Or is the portfolio where it should be?

The portfolio is largely where it should be, but the world of risk is constantly changing, so we've got to go with it. We've had great success updating our insurance package for a number of industries. Take the

printing industry, for example. Printing has changed dramatically in the past 20 years, and as a result, the risks, exposures, and nature of the coverage had to change. We also think a lot about the energy industry and are redefining our oil and gas business to respond more broadly there. We've always got to be thinking about how the world of risk changes – that's what we do.

What has changed in the area of coastal insurance?

Ultimately, Mother Nature will tell us how difficult it is to insure various coasts. I'm convinced there is, at the very least, an interim solution, and depending on experience, it may prove to be permanent. I'm not an advocate of throwing it onto the federal government. Any time you ask for a subsidy, you get off base, and it's controversial to suggest we shouldn't develop the coasts. But we should do it with our eyes wide open, with an understanding of the costs involved, and we should provide states with incentives to embrace more thoughtful building codes so we can minimize the risk. What's most important is the insurance industry is actively participating in trying to compromise and find a solution. At Travelers, we have taken a leadership role in developing a comprehensive, private market approach called the "Four Pillars" Coastal Hurricane Wind Zone Plan that incorporates regulatory stability, rating transparency, a no-subsidy federal reinsurance mechanism for extreme events, and loss mitigation, including stronger homes to withstand severe wind. This concept reflects input and ideas from across the industry to help create a stable, market-based insurance system to make catastrophic wind coverage more available and affordable for homeowners in harm's way.

Are you happy with the talent you've been able to attract at Travelers?

We've been very good at retaining people, which is part of the organization's culture. The average tenure of our employees in New York is 11.5 years. However, over the next 10 years, given the baby boom generation, a substantial number of employees across the industry will become retirement eligible. As a result, we've revved up our recruiting significantly. We bring in several hundred young people a year right out of school and enroll them in entry-level training programs that are designed to provide a broad base of experience. And instead of encouraging people with a substantial knowledge base to retire and leave, we're working on creating the right incentives for them to stick around and continue to train, develop, and share expertise. It's one thing to have young people coming through the pipeline; it's another to have sage advice coming from people who have been in the industry for 30 years.

How critical is corporate responsibility to the brand?

We find ourselves in a very different place than we once were, not only in terms of size and profitability, but also in terms of the responsibility that comes with that. Last year, our Travelers Foundation committed more than \$17 million to support the communities in which we live and work. In addition, our employees contributed \$3.4 million to our United Way campaign. The fact that we can provide the support that we do is an element of tremendous pride for the organization.

Has the relationship among business leaders and with New York's Mayor been critical in dealing with business issues?

Mayor Bloomberg is a phenomenal leader. Leaders set a course and attract people around them to embrace their view. The Mayor has done a great job embracing the business community – not in doing us favors, but in raising a sense of obligation to participate and engage. It's easy to do nothing; it's hard to do a lot. You've got to give him enormous credit for having a vision and trying to do a lot. One of the reasons people are so engaged is his leadership.

I'm also looking forward to working with the Partnership for New York City. I have to commend Kathy Wylde for her focus on building a productive working relationship between public and private sector leaders for the good of the city. ●