

Interview

A Record of Innovation

**An Interview with Kristian P. Moor,
President and Chief Executive Officer, Chartis**



Kristian P. Moor

EDITORS' NOTE In addition to his role at Chartis, Kristian Moor is also an Executive Vice President of American International Group, Inc. He joined AIG's National Union in 1981. Moor holds a Bachelor's Degree in Finance from Bryant College and an M.B.A. from Pace University.

COMPANY BRIEF Chartis is a world leading property-casualty and general insurance organization serving more than 45 million clients in over 160 countries and jurisdictions. With a 90-year history, one of the industry's most extensive ranges of products and services, deep claims expertise, and excellent financial strength, Chartis enables both commercial and personal insurance clients to manage virtually any risk with confidence. Chartis (www.chartisinsurance.com) is the marketing name for the worldwide property-casualty and general insurance operations of Chartis Inc., a wholly owned subsidiary of American International Group, Inc.

How have you positioned Chartis for growth in the industry?

Data from the past year suggests the industry is coming out of the economic crisis quite well.

From a capital and credit perspective, it was an improvement from prior years, but from an investment and underwriting point of view, the industry is still struggling.

Commercial insurance premiums continue to decline due to the economy; pricing remains stable, although competition for declining new business

remains intense; merging exposures increased, particularly in the workers' compensation and casualty segments; and regulatory activity is on the rise.

Reserve relief has also made results seem better than they appear. But if you look at the accident year results, which really reflect the business written in that year, they are not as strong and the underwriting profit has been somewhat harder to find.

But, regardless of market cycle, Chartis has performed well. The Chartis name has been well-received among our brokers, clients, and our employees. The brand represents a consistently high quality way of conducting business and serving the needs of our clients.

Our high quality work has been recognized in the market with various awards and accolades. Chartis was named Best Global Insurer by *Euromoney* for the third consecutive year in 2010; *Business Insurance* readers rated us Best Liability Insurer and Best Surplus Lines Insurer; and *National Underwriter* cited us as Best Insurer Overall.

We are a market leader in specialized segments, like global marine and energy; financial lines; environmental; and accident and health.

Additionally, we insure approximately one third of Forbes' richest Americans through our private client group.

Is the awareness of the brand in the market at the level you desire?

Under the commercial business, there is a very high recognition of our brand and our reputation is very strong.

Around the world, we are a much more consumer based organization – it's about 50/50, consumer/commercial – so on the consumer side, we have more work to do on the brand; but for our distribution and our agents, the brand recognition is pretty high.

How is the brand positioned in China?

The foreign insurance companies in China have a very small market share. The Chinese non-life insurance market is probably around \$50 billion and it's growing significantly.

Foreign insurers are not allowed to write auto and that is probably 75 percent of the market in China.

We have four branch operations in China, which is the most of any foreign insurer. China is a long-term player. We're setting up distribution and developing new products that people have never purchased before, but we see it as a significant opportunity for us going forward.

We also have a strong relationship with PICC in China, of which we own a portion – we have a joint venture and sell products with them.

How about the other BRIC countries?

In India, our joint venture is with Tata. There is a high level of purchasing power in India, but we can only have a little over 20 percent ownership.

Russia is similar in that it's still emerging.

If you look at the infrastructure spend that is going on in Brazil, it's over \$350 billion with the World Cup and the Olympics coming, so there is significant opportunity there. We had a joint venture previously with Unibanco, which we lost through a merger. But we quickly re-staffed and we have now a growing employee base there. So the near term opportunity is clearly Brazil right now.

As Chartis has grown in size and scale, how have you been able to retain a culture of innovation?

It's more challenging to remain innovative, but it's a guiding principle here and a central pillar of our vision. We have a 90-year history and we've always been innovative.

There is an understanding at the company that whether you've been here for six months or 16 years, if you have a good idea and can translate it into a viable product or service, we'll do our best to put the resources behind you.

When in a down economy, the best thing to do is be offensive and innovate. So our best records of innovation are in the worst economies.

Has investment in the communities where you operate been key for Chartis?

It's very important. Giving towards the greater well-being illustrates another way we continue to take form as one company.

One way we give back to our local communities in the U.S. is through our once-a-month fundraiser that has resulted in charitable contributions of over \$200,000 from our employees in 2010. Those donations have been distributed to a number of charities including the Red Cross, animal care, homeless, food, financial literacy, and other worthy causes.

Also, when there is a catastrophic event, we conduct separate fundraising activities. Last year, we helped provide relief to Haiti and Chile, and we raised funds for the flood victims in Pakistan and China.

So we have a very strong sense of give back in the communities around us. It is important for our brand but also most important for our culture because the employees aren't doing it for the brand; it's how they show they care. ●