



Evan G. Greenberg

EDITORS' NOTE *Evan Greenberg was elected to the position of President and Chief Executive Officer in May 2004 and to the role of Chairman of the Board of Directors in May 2007. Greenberg joined the ACE Group in November 2001 as Vice Chairman, ACE Limited, and was elected to the position of President and Chief Operating Officer, ACE Limited, in June 2003. Prior to joining ACE, Greenberg spent 25 years at American International Group, where he served as President and Chief Operating Officer from 1997 to 2000. Before that, he held a variety of senior management positions, including President and Chief Executive Officer of AIU, AIG's Foreign General Insurance organization, and Chief Executive Officer of AIG Far East, based in Japan. Greenberg is Vice Chairman of the US-ASEAN Business Council and serves on the board of the US-China Business Council and the National Committee on United States-China Relations. He is also a member of the Council on Foreign Relations and is an overseer of the International Rescue Committee.*

COMPANY BRIEF *With operations in 53 countries, ACE Group (www.acegroup.com) is one of the world's largest multiline property and casualty insurers, providing commercial and personal property and casualty insurance, personal accident and supplemental health insurance, reinsurance, and life insurance to a diverse group of clients. ACE Limited, the parent company of the ACE Group, is listed on the New York Stock Exchange and is a component of the S&P 500 index.*

ACE has undergone a tremendous growth in terms of market cap, capital, and earnings. What did you see in this company that made you feel this kind of growth was possible?

When I came to ACE, I had been out of action for about 15 months after leaving AIG, where I was the President and COO. I was looking around for what I wanted to do next.

A Company of Builders

**An Interview with Evan G. Greenberg,
Chairman, President, and Chief Executive Officer, ACE Limited**

Brian Duperreault, who was the CEO of ACE and a former colleague at AIG, was consistently trying to recruit me when we would get together. And then 9/11 happened, which triggered a favorable insurance market pricing environment that presented a real opportunity for growth. I needed to get off the sidelines and become engaged.

ACE had the basis for becoming a great global company – it had a foundation of businesses around the world, largely assembled in '99 with the acquisition of Cigna's P&C business, which were in various states of development. The original core companies of ACE and a relatively small part of the overall company were operating well.

The combination of Brian and this company and my craft all came together at that moment.

How was the company positioned when you came onboard?

I was engaged with the fact that there was this market that was presenting tremendous opportunity for growth all over the world and we had a company that had large gaps in its capability to take advantage of that. Its product line was not broad enough; its geographic presence wasn't deep enough; its workforce was weak in terms of skill and experience; and there was limited ability to think big and prioritize. We also had to integrate disparate cultures from our various acquisitions. But it was like walking into a banquet where, if you're not careful, you're going to gorge yourself and be sick. We wanted to come out much larger but well organized and well built, and with the right position.

Between 2002 and 2005, it was like we were putting the wings on the plane as we were preparing to take off.

Are you happy with how the company is positioned today in terms of the product line?

The moment a CEO is satisfied or has lost his proclivity to vision is the time he should put down his tools and step away from the workbench to make room for somebody else.

The global insurance business is roughly \$3 to \$4 trillion; we do \$21 billion of it, so there is a lot of room for growth.

Our product line is quite broad, though within almost every product area we have the potential to go deeper. Some are far more developed than others.

Geographically, we're well positioned in 53 countries around the world; and we're well balanced – half of our business is outside the U.S. Though we're well positioned in Asia and Latin America, it ought to represent a greater percentage of our business over time if we do our job because that is where the economic pie will grow in a sustained way over an extended period of time at a faster rate than the developed Western economies will – that is where the wealth creation is.

Our focus, distribution, and ability to reach our customers are in varying degrees of development, and that includes our penetration of various customer segments, from the large industrial commercial and multinational to middle market to individual consumer to the rising middle income to the upper middle income to the high-net-worth. All of this represents tremendous opportunity.

This is a company of builders – we thrive on building and acquisitions to complement what is already a well thought out strategic plan and blueprint for building.

How do you get the message across about what makes ACE unique?

Everyone may use the same words, but the proof is in the execution. A lot of big companies have the advantage of size and resources. But most are bureaucratic, communication is not great, and they can't react quickly.

We don't think of ourselves as a large company. We're young and restless, but disciplined about what we do. We don't care about size for size's sake, so we don't write revenue that won't give us a profit in our basic business. We're an underwriting company. We're going to make a profit in that basic business. We truly will trade market share all day long to earn a profit in our business. I don't find many that will do that.

As executive management, we are hands-on. This is a detail-oriented business and to do it successfully, you have to be able to stand on two feet. You have to know what is happening on the ground and we trade on that internally. This is an underwriters' company where people trade on their pride in earning an underwriting profit – not just in how they grow.

We trade on execution because we know that strategy is 10 percent of the action and 90 percent of it is bringing it to reality, and that is really tough. It requires sacrifice when you make it to a senior position because the burden



in the job has just begun; your career is not at the end – it's at the beginning. You now have the responsibility to take these great resources and create. This makes us different. We have an owners' mentality in the company.

One thing we pride ourselves on is that while anybody can do it with unlimited resources and money, we do the same thing at one-tenth of the cost with one-tenth of the resource allocated to it. We look to be entrepreneurial and to live by our wits. We grew quickly that way and we fight hard not to lose that in our culture today.

CEOs suggest that when you get to a certain size, it's tougher to maintain that entrepreneurial feel and a culture of innovation. But for ACE, those areas are the differentiators.

When you're small, it's line-of-sight management and if someone doesn't contribute, the hole is apparent.

But while we treat each other with decency, we expect everyone to be frank, so we identify our weaknesses and problems and we self-correct.

That is the only way not to become hide-bound and bureaucratic. Large companies fall in love with process after a while. You need a certain amount of process but it doesn't replace weakness of individuals and performance.

Is there still strong growth in the U.S. market for ACE or is there more of a shift to the international side?

I see great growth and opportunity in the United States over time. The insurance business is a long-term business so you have to be patient in strategy and impatient in execution.

ACE over time will double or triple its size in the U.S. be it on my or my successor's watch. I believe there will be continual opportunities to innovate and grow the business.

We are now the number two crop insurer in the U.S. I see great opportunity in the agriculture industry broadly because that is a growth area for the U.S., as well as in technology and insuring other-than-physical assets because the wealth is being created other than in a physical way. While it's a difficult area, it presents great opportunity. We're a country of laws and the laws and regulations are constantly changing, but that is creating exposure and opportunity.

We're just beginning to grow in the high-net-worth personal lines area. ACE is positioned uniquely among a few to do that business well in this country and overseas.

Is the U.S. losing its competitive edge as a global leader?

No. Our competitive advantage is in our ability to innovate. Unlike a country like China, the private sector is the largest part of the economy and the government is smaller.

We have wandered off the path and

lost sight of what the source of our wealth creation truly is: innovation. We're a country of laws, which should create greater stability and certainty, and we have the personal freedom and talent to create a dynamic economy. But we have lost sight of that and as a nation, we need to address it.

On the other hand, I'm encouraged by the public dialogue and recognition of it, and the restlessness among the population about it. Democracy is messy and it has its inefficiencies, and that means that unlike a command-and-control environment, it will take us time. Ultimately, I try to remain optimistic.

How critical is it to drive the value of community engagement throughout the organization?

The building of our business and philanthropy are two sides of the same coin. I believe that most people want to make a difference. I also believe a great percentage of people have a need to belong to something bigger than themselves.

We're making a difference be it in Indonesia, Brazil, Thailand, or the U.S. – no great economy can grow without an insurance industry. We protect people's assets, whether it's a business or an individual or a physical asset or a cyber asset. We collect a lot of monetary assets and we invest long term in the building of nations and economies. So we serve.

At the same time, we create wealth for shareholders and we create skilled employment, be it agents in Vietnam or high-priced underwriters in Chicago.

Also, when we earn a profit, we have the pleasure of taking a small percentage of that and reinvesting it back into the communities where we live and work to help those less fortunate. We don't do it through aid – we don't believe in providing aid outside of a disaster. We believe in providing support to help people

do for themselves. It is part of our culture to contribute not just monetarily but also our time.

People see insurance as an expense until it's needed. Is it frustrating that the value of it is not always well understood?

Our customers see us twice – to give us money and when something unfortunate has happened to them, and neither is an uplifting moment.

Generally they feel, "I rarely get back more than I give you." But frankly, in aggregate, we better not give back more than we collect.

Also, people think it's a boring business but it's one of the most complex and interesting businesses around because we buy and hold risk, and the risk of society and the world is constantly changing. So the nature of our exposure and our ability to interpret it and put it in financial terms globally are forever changing.

Is the business more complex today?

Yes and more dynamic than it has been. Part of risk management is to understand that you can't know everything and to realize your limitations.

We have more tools to deal with the complexity, but none of these tools replace common sense and judgment. You forget that at your peril. The graveyard of financial services is littered with the bodies that have ignored that.

Ultimately, the chief executive of an insurance company is the chief risk officer. Along with my colleagues, my job is to help the organization understand as best we can, because we buy and hold risk, what our concentrations of exposure are and how those exposures correlate to each other, and how much can we take and manage, because we're limited by the capital of our balance sheet.



Do you still enjoy this business?

I covet it and enjoy most days. No one can understand the pressures on a publicly traded company CEO and how alone you are with your thoughts and issues until you're in that job. But you rise above it so you can have the pleasure of doing the things you love to do which, in my case, is to lead and build. ●

ACE is building its brand in Asia after acquiring local life insurance companies in 2011 (top); ACE employees in Vietnam volunteer at an orphanage for the company's Global Day of Service in October 2010 (bottom)