

Zurich's Commitment

An Interview with Nancy Mueller, Head of Operations,
Mary Merkel, Chief Underwriting Officer, and Tracy Lampert, Chief of Staff, Zurich North America

COMPANY BRIEF Zurich Insurance Group (zurich.com; Zurich) is a leading multi-line insurance provider with a global network of subsidiaries and offices in Europe, North America, Latin America, Asia-Pacific, and the Middle East, as well as other markets. It offers a wide range of general insurance and life insurance products and services for individuals, small businesses, and mid-sized and large companies, as well as multinational corporations. Zurich employs about 60,000 people serving customers in more than 170 countries. The Group, formerly known as Zurich Financial Services Group, is headquartered in Zurich, Switzerland, where it was founded in 1872. The holding company, Zurich Insurance Group Ltd (ZURN), is listed on the SIX Swiss Exchange and has a level I American Depositary Receipt program, which is traded over-the-counter on OTCQX.

In North America, Zurich (zurichna.com) is a leading commercial property-casualty insurance provider serving the global corporate, large corporate, middle market, specialties, and programs sectors. Life insurance offered in the United States is issued by Zurich American Life Insurance Company, an Illinois domestic life insurance company. The year 2012 marked Zurich's 100-year anniversary of insuring America and the success of its customers, shareholders, and employees. In the U.S., risk engineering services are provided by Zurich Services Corporation.



Nancy Mueller

EDITORS' NOTE Nancy Mueller previously served as the Chief Actuarial Officer for North America. Before joining the Zurich organization in 1992, she held actuarial positions at the St. Paul Companies and American International Group. Mueller has a bachelor's degree in actuarial science from Drake University. She is also a fellow of the Casualty Actuarial Society and a member of the American Academy of Actuaries.

What has made Zurich so special as a company?

People, first and foremost, differentiate companies. However, over time people change; so we have a set of core values called the Zurich Basics that our people live by and these principles have proven to be valuable.

They set the tone and set our direction across the organization, and keep us focused on doing what's right for our customers, our people, and our shareholders.

From a personal perspective, I have stayed here not only because it has been a very successful company, but also because I've always found there were a lot of opportunities. I didn't start out in 1992 thinking I would be here 20 years later; I started by accepting a role I thought would be challenging and interesting – one where I could be successful. Over time, my roles have changed, but I've always had the perspective that Zurich has more to offer me and I have more to offer Zurich, so why would I leave?

I haven't taken every opportunity that has been offered, but just knowing there are other opportunities if I am ready for a new challenge made me realize I can stay here and be challenged – and I have never been bored. But it is that wealth of opportunities and challenges, and knowing I can add value, which makes Zurich good for me and that differentiates this company.

What is the key to maintaining an entrepreneurial feel at the firm as it grows?

That is a challenge because we're large in North America and Zurich is a very large global company. We have never been complacent, and we recognize that the world in which our customers live and operate is constantly changing. Helping our customers understand the risks they face and helping protect them is an ever-changing challenge that requires constant vigilance to keep one step ahead. Complacency has never been a part of it and the opportunities keep changing as well.

How much of an impact is technology having on Zurich's business?

Technology is one of the areas where we've pushed ourselves to think differently and where we've recognized that people and

technology really have to come together. Historically, business people told technology folks what they wanted and the technology people created something that may not have solved the problem.

We have started to think about it differently – that technology is about enabling the people and the process.

So my soap box has been dedicated to talking about people and process first and then talking about how technology can help.

How close is the coordination among business units within Zurich? Are they in their own segments or is there a lot of crossover?

There are differences, so we're focusing on recognizing when those differences provide a competitive advantage for that business and when we can and should look at common solutions. This has occurred over time and has resulted in efficiencies. We also recognize the fundamental differences that are critical to customers and to the different parts of the market we serve. It requires finding the place in the middle that is right for each of the businesses.

How clearly defined are the transformation initiatives and how can you drive those changes throughout the organization?

We have a strategy and operational priorities, which we consistently communicate at every meeting of any size across the organization. This strategy isn't changing and is based on a common core set of priorities.

But transformation is difficult when getting to the next level. Helping people clearly see where we're trying to go is the key to success.

Change is always difficult and change for change sake isn't helpful, but a stated strategy and vision with operational priorities that are consistently communicated helps people understand. Then everyone is going in the same direction. It's still difficult and while we have transformational initiatives, we also have to run the business; so that is always a big part of the challenge.

The key is consistency over time so that people understand where we're going.

Is it critical to put metrics around those initiatives to track impact?

One of the things Zurich has been really clear on is that what gets measured gets done. We have created that discipline. Almost anything can be measured in some way and it's that thinking that forces a crisper view about the actual value of doing it.

It's not always easy, but it is the focused discipline that is core to what we do. The mantra is: What gets measured gets done. This is the truth. If we can't put a metric to it because it's too fuzzy, it's also more difficult to clearly articulate to people what we want them to do and why we are doing it, and that lack of clarity is usually where things move off course.

Has it become more complex to manage risk today?

We have more tools and maybe we are more aware of some of the risks, but the most challenging risks to manage are the ones we didn't consider. So when we can list the risks, we have a tool set we can apply and we can then take steps to manage them.

There is also a higher recognition of the interconnectivity of risks today and we're more aware there is much we don't know.

We're also more mature in managing the risks.

How critical is corporate responsibility to Zurich's culture?

Every business thinks of its shareholders, customers, and people. We also think of the communities we live in.

As we focus on those four stakeholders, it's clear how they all fit together. Our employees rally behind community involvement and giving back to the communities where we live. It's the right thing to do, and our employees get energy giving them a better connection to Zurich.

We think of it as one of the avenues where we can help our employees give back. Also, as a large corporation working in many communities across the U.S. and around the globe, giving back is a clear priority. ●



Mary Merkel

EDITORS' NOTE *Mary Merkel is Chief Underwriting Officer for Zurich North America. Prior to her current role, Merkel served in Switzerland as Group Casualty CUO and was a valued member of the General Insurance Underwriting Leadership Team. She also chaired Zurich's Emerging Risk Group. Prior to that, Merkel served as Global Corporate*

Casualty CUO. Merkel joined Zurich in 1982 and has held a number of other leadership positions, including 11 years as CUO for Global Corporate in North America. Before joining Zurich, she began her career at Royal Insurance Company. Merkel is a Chartered Property Casualty Underwriter and holds a bachelor's degree in Risk Management/Insurance from the University of Illinois at Urbana-Champaign.

How do you define your role as Chief Underwriting Officer and has the role changed or evolved?

I lead a team of about 300 colleagues around the U.S. and Canada. Our role is to provide technical expertise, actuarial support for pricing, and distinctive risk insight mined from data and models to help our underwriters select and price risk. We also provide overall governance.

This role has certainly evolved the way data and models are now involved in terms of the overall underwriting and pricing process.

Is this an area where you can differentiate in such a competitive space?

Yes. There is a lot of power in data that hasn't been available until now. However, we still need people to focus on extracting value from that data. Being technology enabled allows us to bring together data, scientists who analyze the data, and colleagues who develop the risk insights from the data.

The area where we can really differentiate ourselves is through engaging with the underwriters who are going to be deploying those insights and ensuring they understand the value of the insights as we're developing them.

As you look to attract talent, do you find that there is an appreciation of this area as a dynamic part of the business?

There are a lot of opportunities in all industries for talent, but we find that we have a unique opportunity to talk to prospective employees about the real business problems we're solving.

Insurance doesn't always have a very good connotation in the overall market. However, we talk about insurance as enabling the economy and being a foundation for economic growth in the U.S. and globally. We talk to candidates about the potential to solve real business issues that will make a difference and have found that this has been a real incentive for talent to join Zurich.

We're also using our resources for community activities. For instance, we work with the St. Bernard Project (SBP). Zurich is providing

resources and utilizing data to help SBP identify at-risk communities. Once the communities are identified, we will help the communities understand and protect themselves from risks prior to disaster. Top talent is attracted to companies with this type of commitment.

How critical is it to educate young people on the value of direct interaction?

We want to help newer colleagues in the insurance industry to understand risk. Data gets a lot of attention in terms of how we think about the price for our risk, but it's also critical to understanding the risk itself. We have a lot of interaction touchpoints between our underwriters and our customers. We have to keep stressing that our role is to understand and protect, not just to protect.

How close is coordination between the underwriting area and other departments within Zurich?

Everything we focus on requires close coordination. The role of our underwriters is changing because of power of data enabled by technology. The underwriter has to not only understand the data but be able to effectively deploy insights from the data.

Underwriters deeply understand the customer and have to be able to communicate that understanding to all of the areas within the organization in order for us to best deliver for the customer.

How broad is the customer profile?

We have a large group of customers who value our expertise. Many commercial customers value our industry expertise, while corporate customers value tailoring our insurance solutions to their needs on a global basis. Other customers value the expertise we bring in specialty products, group captives, and programs. We always think about how we can help customers understand risk and provide value above the insurance contract. This is the promise we make to all our customers. ●

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Tracy Lampert

EDITORS' NOTE Tracy Lampert is Chief of Staff at Zurich North America Commercial, having joined the company in 1995 as a technical underwriting manager. She has had progressive roles in both underwriting and operations. She was most recently Head of Operational Transformation and previously served as Chief

of Staff and Change Management Lead for the Technical Center. She also was a 2009 winner of Zurich's KAMP Award, given annually to employees who best represent the leadership and dedication of their four colleagues who lost their lives on 9/11. Lampert graduated from Northern Illinois University with a bachelor's degree in Finance and is a Chartered Property Casualty Underwriter.

How do you define your role within the company?

The Chief of Staff wears many hats, coordinating people and projects across functional units to keep our business running smoothly. I look at how we can work better together, how clear we are on priorities, and how we can better execute to achieve results. We're in the midst of formulating objectives for 2015 and I work closely with our teams in aligning those goals.

I also have responsibility for the successful execution of Corporate Communications, Employee Engagement, Community Investment, and key North American initiatives.

I'm proud of the work we're doing in Corporate Communications. We have created comprehensive strategic plans – both internally and externally – to communicate key messages surrounding our operational priorities. This is important because employees who understand the business strategy are better equipped to make valuable contributions and be successful.

Employee engagement is a major priority for us. Zurich has an ambition to be the best global insurer, but we can't achieve that without a world-class team. While every manager is expected to drive engagement, I oversee a group that is specifically dedicated to supporting and improving employee engagement.

In addition, Community Investment is a core part of our culture and how we operate. We have an obligation to support the communities we serve and we take that seriously. The Community Investment team is a small but important group, and it works across our entire organization to grow volunteerism and employee giving each year.

Describe your focus on corporate responsibility, and explain how it plays a role in attracting and retaining talent.

Our daily lives can often be hectic, yet it remains important for us to take the time to contribute to our communities. We have established the Zurich Commitment globally. This unwavering pledge is our corporate promise that we care about our customers, our people, our shareholders, and the communities in which we live and work. It drives everything we do.

In 2012, Zurich celebrated 100 years in the United States and we identified a goal of working on 100 community projects that year. We encouraged employees to develop volunteer projects to bring our Zurich Commitment to life. In the end, we far exceeded our goal as our employees completed more than 500 projects. Every year since, we have sustained that momentum by delivering 500 community projects nationwide, so that level of commitment is the new normal for us. We take pride in that accomplishment.

For our employees, being involved in numerous community projects has been a great way to not only support those in need, but to get to know their Zurich colleagues on a different level and to meet new people in our communities. It builds stronger teams and leads to a number of positive results. We incorporate skills-based

volunteering across the country, where our people lend their specific expertise to projects. For instance, a communications writer may help a nonprofit organization develop a press release to announce a local event. This approach makes the most of our volunteer hours and maximizes our community impact.

Our efforts to attract and retain talent are bolstered by our strong commitment to corporate responsibility. Many employees look for ways to personally grow outside of their daily jobs. They want to make a difference and bring smiles to people's faces. We help provide those opportunities.

What are the keys to being successful within employee engagement?

We've seen a great deal of recent progress on employee engagement and we've focused on continuing that progress. Over the past several years, we've put key initiatives in place and have really made the most of them. We want each team member to be able to see themselves in our corporate strategy and know exactly how they fit in.

We're not able to address every issue, but we have analyzed what our people are telling us. Our leaders take the time to listen closely to employee feedback and then act on it.

As an example, we have heard quite a bit about the desire to have peer recognition and a platform to thank those who go above and beyond. We therefore put a program in place called "Reach Out and Recognize," which is a way for Zurich employees to foster peer-to-peer recognition and earn points toward rewards. Many people had been receiving gift cards in the past, but there wasn't a consistent effort behind it. This new program further embeds engagement into our culture by providing employee recognition and backing it with a consistent system of rewards. It's a commitment of senior leaders across the organization.

Can you also talk about the emphasis Zurich has had around diversity and inclusion?

Diversity and inclusion have always been extremely important to us. It's about recognizing that a diverse and inclusive workforce is going to help us achieve a better business result. Our people are key to us winning in a competitive industry. We know the customers we serve are diverse, so it only makes sense to make that a priority within our own workforce.

A robust diversity and inclusion program requires a governance structure, leadership commitment and vision, and dedicated resources such as employee resource groups. We have made important strides in this regard over the years, and continue to seek ways to expand and improve.

We have emphasized diversity as we bring people into the organization to ensure that we're always putting the right person in the right role, and that we're looking broadly as we seek job candidates. A great example of our outreach is the development of a ZurichHiresHeroes.com web page, where veterans can align their transferable military skills to available Zurich jobs nationwide. We're making it easy for veterans to pursue career opportunities at our company and that's the way it should be. ●

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