

PROGRAM LEADER



WHAT DO YOUR CUSTOMERS **REALLY THINK?**

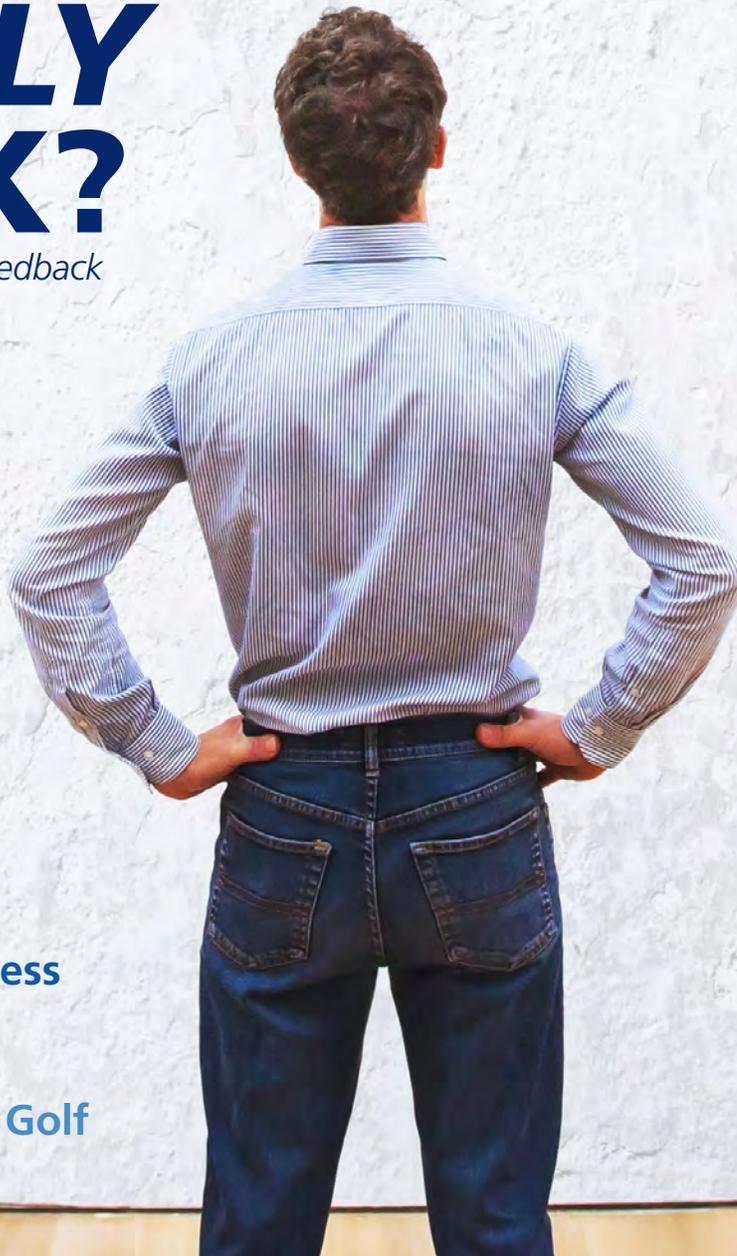
The Value of Customer Feedback

Zurich
MARKETING
Helps Program
Administrators
Grow

Program Showcase:
A Look Inside
One of our Most
Enduring Programs

**Grow Your People
to Grow Your Business**

**The Zurich Classic:
Why We Truly Love Golf**



ZURICH[®]

Editor's Letter

Dear Leader,

How well do you know your customers and what they think about your company? Most customers are willing to share, but sometimes you have to ask. In this issue of *Program Leader*, we explore the opportunities that come from *knowing* what your customers think, and how to ask.

We also explore the value of people. Our article, "Grow Your People to Grow Your Business" looks at the value of investing in the growth and development of your employees and its positive impact on your customers and your business.

In this issue, we also look at the many ways Zurich's Marketing team helps Program Administrators grow their business. This industry-leading capability may get you thinking about resources you can leverage for your organization.

Finally, each spring you may see Zurich's name attached to a major PGA golf tournament. In this issue, we share more about the iconic Zurich Classic of New Orleans, now in its 14th year.

You'll find these feature stories and much more inside. I hope you enjoy this issue! Please let us know if there are topics you'd like to see covered in the future.

Regards,



Greg Massey, CPCU, CIC, CRM
Head of Programs
Zurich North America

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OUR PEOPLE



Rosemarie "Ro" Rogers
Executive Vice President,
Head of Zurich's Segmented and Construction Services Programs

Ro leads Zurich's Segmented and Construction Services Programs team, which includes underwriters Patti Heffernan, Sharon Burns, Jim Buck, Bill Walker, Jessica Lundborg, Dan Hirsch, Brian O'Neill, Tim Puleo, Lori Shrum and Stacy Topf.

BACKGROUND

Ro has spent her nearly 40-year career in program insurance, joining AIG in 1980 as a Program underwriter and moving on to lead professional liability operations at some well-known insurance providers and helping launch a professional liability start-up before joining Zurich in 2003.

IMPACT AT ZURICH

Ro joined Zurich to focus on program management and help grow Zurich's Programs business. Over the years, her contributions have been significant and wide-ranging. From early days bringing in new 'marquee' programs to in 2006, playing a key leadership role in shaping Zurich's newly consolidated Programs business, which previously operated out of three separate business units.

About this experience, Ro said, "When we made the decision to pull our business out of the three separate business units and combine it in a single, Program-dedicated business, we really started underwriting programs in a very different way. We started underwriting reviews of a more detailed nature, we found opportunities to package all of our offerings together, we started sharing some of our great accomplishments – ground-breaking coverages, residential earthquake, homeowners, CAT programs – and we found that we could lean on each other for help and guidance with a line of business that we might not otherwise have available."

LEADERSHIP

Ro's leadership expands beyond her knowledge of program, product, and underwriting practices; she's also had a profound impact on the quality of people and talent at Zurich. Her hiring philosophy has been to look for smart, skilled, highly competent people – even when they might not fit what some might consider 'the mold'.

"Our program managers haven't necessarily come from an underwriting background," Ro said. "We look for strong managers, people who have had success in other areas. And because of it, our people are so smart, so skilled. We really pride ourselves on providing to Program Administrators people that they can build relationships with and trust and know that together we will run the best program."

RO'S PERSPECTIVE

What has Ro learned from her years of working with Program Administrators? Aside from their deep knowledge in their lines of business, she said relationships are critical. "A relationship is more than just liking each other or thinking you're never going to disagree. When we enter into a relationship, it's the good and the bad, like marriage. You work together, you have to work together to make it strong and successful."

On what inspires Ro to stay so committed to this particular business, she said, "When you spend your life on work that you find fascinating and gratifying, you just look forward to every day. I enjoy the new challenges being thrown at us, and I celebrate the tremendous relationships. I am so fortunate to work with some of the very best people in this business."

 Ro has been in the program space longer than most and has much knowledge, not only of our program history but of competitors. I like her solution-oriented approach to getting things done and that she always keeps the customer and program administrator in mind when making decisions. 

- Greg Massey, Head of Programs

OUR COMPANY

ZURICH BY THE NUMBERS

NUMBER OF EMPLOYEES IN NORTH AMERICA



ZURICH HAS APPROXIMATELY 53,000 EMPLOYEES GLOBALLY

NUMBER OF CUSTOMERS

ZURICH HAS ACROSS MORE THAN 210 COUNTRIES AND TERRITORIES



PERCENTAGE OF FORTUNE 500 COMPANIES

ZURICH INSURES



Welcome Denise Olson, Head of New Programs.

Denise Olson, FCAS, CPCU, MAAA, joined as Head of New Programs effective January 2019. Denise has been with Zurich for 15 years in a variety of actuarial leadership roles, most recently as Technical Underwriting's Head of Underwriting Landscape Transformation. Denise brings programs, crop and product development experience to this role.

Denise's experience is invaluable as we look for innovative solutions and opportunities to grow and expand our Program portfolio.



RECENT ACHIEVEMENTS AND RECOGNITION



AWARDS

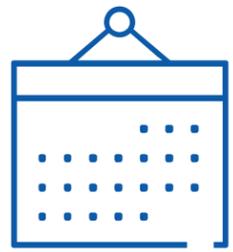
- Zurich North America wins 2018 Torch Award for Marketplace Ethics from the Better Business Bureau
- Graham Company recognizes Zurich with Excellence in Service & Partnership Award for its Outstanding Claims Performance



RECOGNITION

- Zurich Insurance named one of the 50 Most Engaged Workplaces (Achievers, August 2018) ¹
- Zurich North America CEO Kathleen Savio named Insurance Executive of the Year 2018 (Saint Joseph's Maguire Academy of Insurance and Risk Management, August 2018) ¹
- Zurich Insurance named to Forbes' Best Employers for Women list (Forbes, July 2018) ²
- Zurich Insurance again named one of the Top Companies for Executive Women (National) Association for Female Executives, March 2018) ²
- Zurich Insurance makes Forbes' first-ever "Best Employers for Diversity" list (Forbes, January 2018) ²

¹. Zurich North America
². Zurich Insurance Group



PROGRAMS UPDATE GOALS FOR 2019

By Greg Massey, CPCU, CIC, CRM, Head of Programs

Zurich Programs is already off to a great start in 2019. We're making great progress on our long-term growth aspiration. We're seeing our efforts and focus pay off. We're experiencing the growth we have projected in our existing programs, and we're continuing to use innovative strategies to expand and open up new markets with new programs.

Let me share my thoughts on two of our priorities for 2019: growth in our existing programs, and our selective approach to adding new programs with best-in-class Program Administrators.

GROWTH IN OUR EXISTING PROGRAMS

Let's talk about growth in our existing programs. We really have two goals here. The first is to achieve meaningful Program Administrator relationships so that we are the Program Administrator's go-to insurance provider. This means the Program Administrator relies on us for the most significant piece of their business. The second goal is to have multiple programs with key Program Administrators. When we enter into a program with a best-in-class Program Administrator, both the Program Administrator and Zurich have completed a lot of work to make sure our cultures align, we have a mutual vision, a shared strategy of how to achieve that vision, and we've worked hard together to build the program and run it successfully. Once we've laid this groundwork, it makes great sense to replicate it in additional markets.

ADDING NEW PROGRAMS

This is where our commitment to innovation and collaboration come to life. We find opportunities to take over existing programs our Program Administrators may want to move from another insurance provider, and we create opportunities to launch programs that currently do not exist. Some of our newest programs have developed from these opportunities.

What makes Zurich so appealing for best-in-class Program Administrators is the breadth of our appetite and capacity, our resolve to find new and innovative ways to go to market, and our industry-leading capabilities. I look forward to our team having productive discussions with many Program Administrator leaders this year, and to creating a place for programs to thrive.

ZURICH'S NEWEST PROGRAMS

- Allied Public Risk Municipalities
- Arrowhead Homeowners
- Artex Workers' Compensation
- Breckenridge Real Estate Investors
- Dovetail Workers' Compensation
- Lockton Affinity Home Care
- McGowan Lawyers' Professional Liability

When we enter into a program with a best-in-class Program Administrator, both the Program Administrator and Zurich have worked hard together to build the program and run it successfully. Once you've achieved that level of relationship, it makes great sense to replicate it with additional programs.

WE SHARE YOUR PASSION FOR BUILDING SUCCESSFUL PROGRAMS.

When you're passionate about what you do and the industries you serve, you want a carrier that is just as passionate. Zurich has been committed to programs for more than 60 years, serving some of the most unique and specialized market segments. And because we understand programs, we can best help you protect the businesses you serve while helping you grow.

zurichna.com/programs



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FOR THOSE WHO TRULY LOVE THEIR BUSINESS.**



ZURICH MARKETING

Helps Program
Administrators Grow



Zurich's Programs-dedicated Marketing team provides a wide range of marketing services that help Program Administrators achieve their objectives and grow their business. From strategy and customer insights to campaign execution, our Marketing team guides Program Administrators through market and competitive analysis and program evaluation, sharing ideas and insights, and developing and executing marketing strategies and tactics.



Strategy

MARKETING DISCOVERY

We learn about our customers through a Marketing Discovery process – a deep dive into many aspects of their business with the goal of developing a customized marketing strategy that helps customers meet or exceed their business objectives. Zurich's Marketing team learns about what has worked and what has not worked, based on prior experience, to fully understand marketing challenges and success and uses this information to recommend effective marketing strategies.

DIGITAL DISCOVERY

Zurich conducts research and analysis on the digital landscape for the respective program and the industry to evaluate online presence and identify channel opportunities.

COMPETITIVE ADVANTAGE/ VALUE PROPOSITION WORKSHOPS

These discussions are part of a strategic effort to gather market insights about a customer's organization and validate their perceived competitive advantages for customers and agents. The result of this work is market-ready competitive advantage positioning – a clear and validated articulation of the unique value provided to customers.

MARKETING PLAN DEVELOPMENT

Building on the Marketing Discovery, Zurich looks at industry competitors, market opportunity, brand position, and segmentation, identifying opportunities and creating a tactical plan that can focus on growth, retention, deepening and/or building new relationships, and/or brand development.



Customer Insights

NET PROMOTER SCORE (NPS)[®]

To understand customers and/or agent satisfaction with a program, we measure advocacy -- those who would recommend a program to others. The NPS is conducted through email surveys. Once the survey concludes, we share the results and help design a strategy to increase the score.

MARKET RESEARCH

Market assessments, sizing and opportunity are valuable components in setting strategy for program and business growth. Zurich's Marketing team provides customer insights through primary and secondary research to help shape the directional marketing strategy.

PROPOSITION REFRESH

As a program and business evolve, Marketing can help keep the strategy fresh and find new ways to grow, as well as improve retention. Proposition refresh work typically begins with primary research into market growth, consolidation and sizing, resulting in a final assessment of a program's performance against these findings.



Campaign Execution

LEAD GENERATION

Zurich creates lead-generation opportunities for Program Administrators using a multi-channel approach that can include pay-per-click advertising campaigns, organic and paid search marketing, social networking, through-channel marketing, and other digital tactics.

CONTENT

Zurich develops content for Program Administrators to use as tools to promote their business, such as infographics, program guides, risk management articles, white papers, videos and webinars.

DIGITAL MARKETING

Zurich leverages the latest in digital channels, marketing tools and strategies to help grow programs through digital engagement. Our marketing can be delivered through a wide range of electronic devices, such as personal computers, smartphones and tablets, to engage with customers and incorporate a variety of digital platforms.



ZProgramsMatch

Now in its 10th year, this powerful lead generation tool has introduced more than 31,500 agents to Zurich's programs and generated over 72,000 new business opportunities for our Program Administrators, helping them expand distribution, generate premium and build repeat business.

- Email nurture campaigns provide regular, ongoing promotion of programs to the independent agent network.
- Webinar platform engages the independent agent network and generates leads for featured programs. Program Administrators present program specifics, including appetite, target account(s), industry trends, coverage options and much more. Webinars are archived on the ZProgramsMatch Knowledge Hub for on-demand access.
- Marketing works with Program Administrators to create program-specific content to engage the independent agent network, build program awareness and generate leads.



WHAT PROGRAM ADMINISTRATORS SAY ABOUT ZURICH'S MARKETING CAPABILITIES.

 We had another 'oh wow' moment when we started working with Zurich's Marketing team. These guys understand what we do, they know the difference between direct and wholesale, and also know the consumer angle. When you talk to people who don't know programs, you realize how valuable it is when you work with a team that is dedicated to it. We do a lot with them. That team is awesome. 

 The variety of services that Zurich marketing has provided has really been impressive. From creating continuing education seminars for our agents, to conducting agent interviews, creating content, to ZProgramsMatch, their team is a fantastic resource for our program. It says a lot when your carrier dedicates this type of support and expertise to your program! 

 Zurich's Marketing team has been instrumental in the development and execution of our marketing campaigns. And they have collaborated with us on our most-attended events to date. 

 We've been on ZProgramsMatch since it started back in 2009. What a phenomenal resource for a program! It has consistently delivered business for us, hundreds of leads generated year over year. 

 ZProgramsMatch is a machine! We get a ton out of it. We didn't realize early on what ZProgramsMatch could do for us. It is a really powerful lead-generation tool that we take full advantage of. 

A GROWING MENU OF PROGRAMS AND AN APPETITE FOR EXPANSION.

Achieving success for over 60 years writing some of the industry's most unique risks has made us an industry leader. And we're looking to grow.

Our appetite is broad. We are not capacity-constrained. There are few lines of business or industries we won't write. We focus on niche businesses. We write misunderstood or underserved markets. We have the capacity and dedicated team to write new programs of almost any appetite.

Discuss your program opportunities with Zurich today. zurichna.com/programs



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WHAT DO YOUR CUSTOMERS REALLY THINK?

GATHERING CUSTOMER FEEDBACK - ABOUT WHAT YOU'RE DOING RIGHT AND WRONG - IS A KEY STRATEGY TO GROW YOUR BUSINESS.

"Your most unhappy customers are your greatest source of learning," according to Bill Gates.¹ This quote from one of history's greatest entrepreneurs and business builders clearly indicates the premium Gates puts on customer feedback. Seeking areas of improvement for your own organization requires knowing both what you are doing right (so you can do more of it), and also what you are doing wrong (so you can do less of it).

The purpose of getting customer feedback is to continuously improve your business so you can create a higher level of customer satisfaction and loyalty. Studies show that keeping loyal customers can grow a business faster than a new sales or marketing campaigns (sidebar 1). While it's still important to pursue new customers, improving customer loyalty through a formal customer feedback method is a core strategy to create long-term business growth and success.

It takes the right mindset to explore customers' perceptions of your business, especially if the input is not always positive. However, being open to negative as well as positive feedback is how truly significant opportunities to strengthen customer relationships, expand or refine your offerings, and grow your business are identified.

"Our leadership team is 100% committed to a growth mindset and management approach," explained Amber Anthony, Senior Vice President of Marketing & Sales at US Assure. "So when we proposed implementing an ongoing formal customer feedback process as a foundation for validating our brand commitment and supporting future growth and enhancements, the organization was very much on board and enthusiastic about it."



HOW IMPORTANT ARE SATISFIED CUSTOMERS?



IT CAN COST UP TO **25X MORE** TO ACQUIRE A NEW CUSTOMER THAN RETAIN EXISTING ONES.²



INCREASING CUSTOMER RETENTION RATES BY 5% INCREASES PROFITS BY **25% TO 95%.**³



ENGAGED CUSTOMERS SPEND UP TO **60% MORE** PER TRANSACTION.⁴



REFERRALS FROM LOYAL CUSTOMERS ARE YOUR BEST **SOURCE OF NEW LEADS.**⁵

SIX WAYS CUSTOMER FEEDBACK IMPROVES YOUR BUSINESS:

- 1** Can help improve your products and services
- 2** Is an effective way to measure customer satisfaction
- 3** Demonstrates you value customers' opinions
- 4** Provides guidance for creating the best customer experience
- 5** Can help you improve customer retention
- 6** Gives you data to make more informed business decisions

ADOPTING A CUSTOMER FEEDBACK LOOP

Companies use a Customer Feedback Loop as strategic way to focus on customer satisfaction and help grow their business. Many organizations use a process called the ACAF (Ask, Categorize, Act, and Follow Up) Customer Feedback Loop. By following this process, you can ensure that insights from the feedback will result in meaningful and measurable actions throughout your organization.

A BRIEF OVERVIEW OF ACAF:



1. **ASK**
Ask your customers for feedback on your product or service.
2. **CATEGORIZE**
Categorize the feedback into different buckets that are meaningful to your business.
3. **ACT**
Act on feedback by sharing it with others at your company who can implement changes.
4. **FOLLOW UP**
Follow up with customers who gave feedback on your plans so they know you're truly listening.

A ASK
Determine what questions you want feedback on and the best method to collect the feedback (see further discussion about methods in the next section). Some potential issues you may want to explore include:

- Has our customer satisfaction been rising or falling over time?
- Are there specific customer service issues that frustrate customers?
- Do we need to uncover product issues that customers may have?

C CATEGORIZE
Decide how you want to organize your customer feedback. Three main categories could be:

- Product feedback
- Customer service feedback
- Marketing and sales feedback

You can also break these down into subcategories, in which case you may want to consider using some type of customer feedback software instead of compiling your data on a spreadsheet.

A ACT
First, establish a process for sharing the feedback with your product, customer support, and sales and marketing teams. Then decide how often you want to share that feedback: daily, weekly, or monthly.

F FOLLOW UP
Customers are more willing to give feedback regularly if they feel like their voice is being heard. And customers like a prompt follow-up that can be delivered in various ways, including:

- A personalized email
- A "thank you" letter
- A summary report published on a website or blog

 Your most unhappy customers are your greatest source of learning. – Bill Gates¹ 

HOW TO ASK: CHOOSING YOUR FEEDBACK TOOL

Some organizations gather customer feedback only through their sales channels. This limits important insights from the actual users of the product or service or targeted prospects. To create a culture that is serious about customer feedback and continuously improving the customer experience, it's important to consider a more advanced measurement system that will activate a robust feedback strategy for your organization. Below are three of the more frequently used feedback tools:

Surveys

There are a variety of easy-to-use online survey tools available, but not all are designed with best practices or sound research methods. This can result in bombarding customers with survey requests, which can potentially erode your brand's image.

Surveys are an easy feedback tool to implement, but they need to be designed to give a positive impression of your company. According to a 2016 study of customer perceptions by Gartner, 75 percent of respondents said that their survey experience influences their overall impression of a company.⁶

Customers who participate in surveys also want to see changes or results as part of their participation, so this is where the Follow Up part of the Customer Feedback Loop is particularly important. The same Gartner study found that 84 percent of survey respondents want to know how a company will implement the feedback, while 78 percent of respondents say they rarely hear back on any results or changes made based on customer feedback.⁷

Customer Satisfaction Score (CSAT)

This is a measurement of a customer's specific interaction with your company, and typically uses just one question where the customer rates the interaction on a numerical scale (1 to 10) or opinion range (poor to excellent). While the response rate on this single-question approach is quite high due to the ease of answering, this feedback approach does not provide a deeper understanding of what exactly needs to be improved. It's also difficult to combine this data with other metrics, such as usage data or CRM, to determine how different types of users responded.

Lastly, CSAT only measures one touchpoint on one day, which can be influenced greatly by a person's mood at that moment.

Net Promoter Score

Net Promoter Score® (NPS) is a measurement of customer experience that has been shown to have the predictive ability to forecast business growth. Developed in 2003 by Fred Reichheld, a partner at the management consulting firm Bain & Company, NPS has been adopted by thousands of companies worldwide as a way to measure if their customer relationships are worthy of loyalty and referral.

Reichheld and his Bain team wanted to determine if customer satisfaction scores could be held accountable in a quicker way, as results from conventional surveys often didn't make it back to the front lines in a timely fashion. Their project showed that one question worked best for predicting growth: What is the likelihood that you would recommend [Your Company Name Here] to a friend or colleague? The Bain team found that high scores on this question (answered on a 1 to 10 scale) correlated strongly with repurchases, referrals and other actions that contribute to a company's growth.⁸

To calculate a company's NPS, respondents are organized into the following groups:

- **Promoters** (score 9-10) are the loyal enthusiasts who will keep buying and referring the company to others, which fuels long-term growth.
- **Passives** (score 7-8) are satisfied but unenthusiastic customers who are vulnerable to competitive offerings.
- **Detractors** (score 0-6) are unhappy customers who can damage a brand and impede growth through negative word-of-mouth.

The score is calculated by subtracting the percentage of Detractors from the percentage of Promoters, with a company's NPS ranging from a low of -100 (if every customer is a Detractor) to a high of 100 (if every customer is a Promoter).

US Assure's Amber Anthony said her organization started using NPS feedback about three years ago. Although US Assure continues to informally survey customers on the phone or through email, specifically for competitive insights and coverage needs, NPS is the formal approach the company uses to gain feedback from its customers. US Assure also follows up on each, if any, customer who provides less than satisfactory remarks (Detractors or Passives) and prompts Promoters to share the same favorable endorsement with others by providing a Google review.

Leading practitioners of NPS gather feedback from their customers in three different ways:

1. **Competitive benchmark.** The organization samples all target customers, including their competitors' customers. This provides an objective basis for comparing the organization's feedback to the feedback that your competitors earn. This competitive benchmark can reveal deep insights into how to set and prioritize goals at the highest levels of an organization.
2. **Relationship.** The organization regularly contacts a sample of their own customers and asks them how likely they would be to recommend the company to friends or colleagues and why. This results in the NPS. This feedback gives vital input to sales account teams, relationship managers, customer service and others so they can improve sales approaches, service or product, pricing and other policies.
3. **Experience.** This is when an organization solicits feedback from their own customers after individual experiences, transactions or episodes. For example, right after the purchase of a product or an interaction over the phone. This helps an organization understand how customers' experiences at those moments influenced their overall loyalty, and ways to improve future experiences.

Customer Feedback *Continued*

ACTION PLAN: WHAT TO DO WITH THE FEEDBACK?

Investing in customer feedback gives you a competitive advantage, but only if you act on change that was identified in the feedback. There are two key places where you can impact the change required through customer feedback: the front line and product or service design.

Impacting human behavior on the front line comes through role modeling by leaders and supervisors, new rewards or consequences, and improved training. Employees must understand why the change is necessary for the customer, for their performance, and for the company's growth and success. Explaining the root causes of customer satisfaction or dissatisfaction will empower employees to fix the issue or work on the deeper source of the problem.

The second area that could change because of feedback is the product or service. "NPS has helped us prioritize product enhancements, as well as improve our online customer experience for quoting and binding risks," Amber said. "NPS also supports marketing and sales with customer data when making the business case to senior leadership on why to devote resources to new products and services. It also gives them confidence when making the decision to move forward on them. Whether it's talking to the board or clients, NPS plays a significant role in validating our investments in people and technology to grow our business."

1. Gates, Bill and Collins Hemingway. *Business @ the Speed of Thought*. New York: Grand Central Publishing, 1999.
2. Gallo, Amy. "The Value of Keeping the Right Customers" *Harvard Business Review*. 29 October 2014.
3. Reichheld, Fred. "Prescription for Cutting Costs." Bain & Company, Inc. 25 October 2001.
4. "Customer Engagement from the Consumer's Perspective." Rosetta Consulting. 2014. <http://seemyrewards.com/assets/engaged.pdf>
5. "How to Get Customer Referrals." Inc.com. 27 August 2010. <https://www.inc.com/guides/2010/08/how-to-get-customer-referrals.html>
6. "Closing the Customer Feedback Loop." Gartner's CEB Leadership Council. 2016.
7. Ibid.
8. "Measuring Your Net Promoter Score." Net Promoter System website. Bain & Company.

CUSTOMER PROMOTERS GROW BUSINESS

According to data from Bain & Company, companies with the highest NPS in their industry tend to outgrow their competitors by at least 2x.⁸



CAGR= Compound Annual Growth Rate

CUSTOMER PROMOTERS DRIVE REAL VALUE:

- Buy more
- Refer friends
- Stay longer
- Provide feedback and ideas

IT'S TIME TO CELEBRATE.

2019 marks the 10th anniversary of Zurich's online portal, ZProgramsMatch! Since its launch in 2009, this powerful lead generation tool has introduced more than 31,500 agents to Zurich's programs and generated over 72,000 new business opportunities for our Program Administrators.

And it keeps getting better!

Join the many Program Administrators who grow their bottom line with the power of ZProgramsMatch.

zprogramsmatch.com



ZProgramsMatch

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ZProgramsMatch is a Zurich North America tool for agents to seek Program Administrators who may have an appetite for certain risks. Zurich does not guarantee any particular outcome nor guarantee that each and every risk will be placed or accepted by the participating Program Administrators. Coverages may not be available in all states. ©2019 Zurich American Insurance Company. All Rights Reserved.

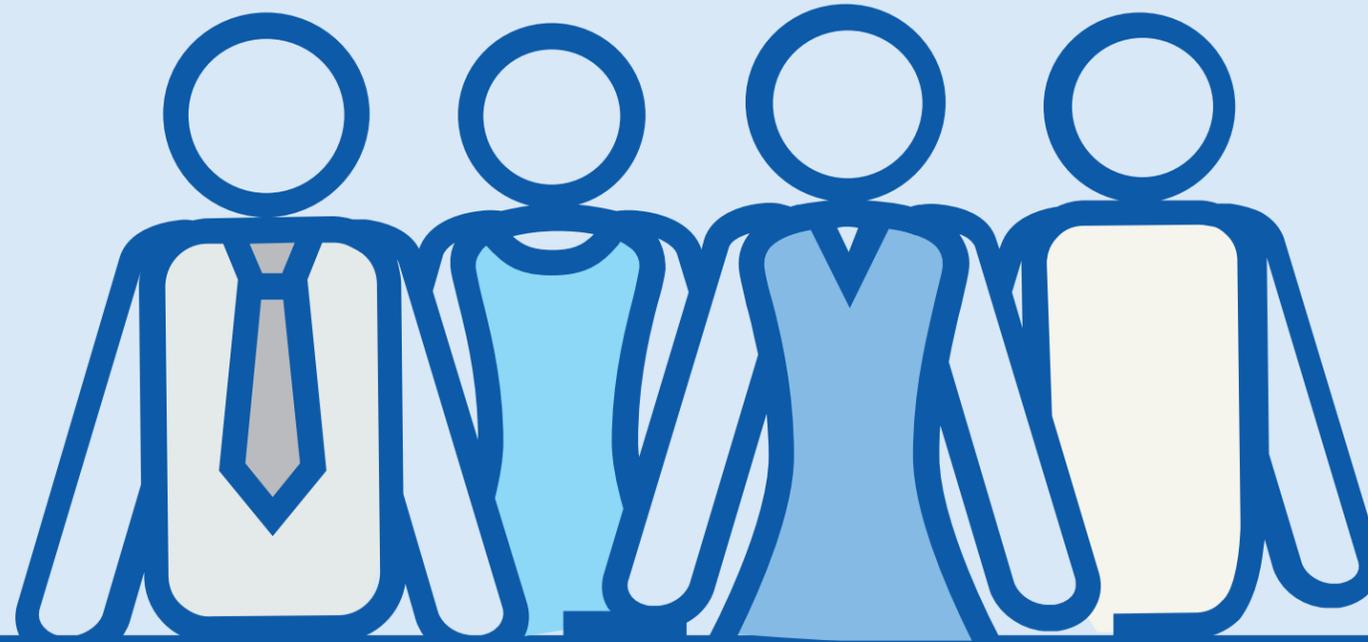
GROW YOUR PEOPLE TO GROW YOUR BUSINESS

Making people development a priority can get lost in the pressures and budgets of everyday business. But investing in your employees' growth and learning can pay off with a more engaged workforce and a stronger bottom line.

Attracting and retaining high-performing people is not just a good business strategy – it may be *the* top business strategy. Consider these facts:

- Total people costs are typically 70 percent of a company's operating expenses, so maximizing these assets is important for long-term organizational performance.¹
- Top talent is up to eight times more productive than average performers.²
- Companies with happy employees outperform the competition by 20 percent.³
- Almost 90 percent of millennials consider development opportunities important in a job, and approximately two-thirds of non-millennials seek development from their employer.⁴

Despite evidence that investing in people pays off in engagement, productivity and company performance, more than 40 percent of organizations report that they rarely or never provide people development programs.⁵



TOP 10 ISSUES FACING LEADERS

McKinsey & Company consultants Scott Keller and Mary Meaney noted in their book, "Leading Organizations: Ten Timeless Truths," that attracting, retaining and developing talent are the top issues facing leaders – more than reducing overhead costs or transitioning to new leadership roles or teams.⁶

- 1 Attracting and retaining talent
- 2 Developing the talent you have
- 3 Managing performance
- 4 Creating leadership teams
- 5 Making decisions
- 6 Reorganizing to capture value quickly
- 7 Reducing overhead costs for the long term
- 8 Making culture a competitive advantage
- 9 Leading transformational changes
- 10 Transitioning to new leadership roles



INVESTING IN PEOPLE: THE BENEFITS ADD UP

Attracting and keeping great employees is one of the top benefits of creating people development programs because the cost of losing and replacing a highly valued employee is significant. The Society for Human Resource Management estimates that it costs an average of six to nine months' salary to replace an employee. If the position requires intense information knowledge or customer interaction skills, then it can be damaging to the company's productivity when that person leaves.

Employee retention can be a significant challenge and expense for companies. People who receive professional education and development tend to be more loyal and less likely to seek other employment opportunities. People development is also a benefit that is attractive to new employees and can help establish your reputation as a great employer to work for because you care enough to provide training. Attracting people who want to improve their skills will also help build your business. As your people grow, so will your business.

"One of the biggest shifts over the last decade is how people not only want, but expect, their employer to be investing in their growth," said Tracy Lampert, Head of Learning, Employee Experience and Culture at Zurich North America. "People are choosing to join or stay with a company because of its culture of growth and learning. Millennials in particular want a strong connection to their workplace through management that supports their individual career path."

Your People *Continued*

BEYOND ATTRACTING AND RETAINING EMPLOYEES, THERE ARE OTHER BUSINESS-BUILDING BENEFITS THAT YOUR ORGANIZATION CAN EXPERIENCE FROM INVESTING IN PEOPLE:

- **Higher customer engagement.** People who participate in development programs are more likely to be satisfied with their job, engaged in the company and have a positive employee experience. Since people are the face of your organization, customers that interact with more satisfied employees are likely to have a more positive experience. This, in turn, leads to higher customer engagement.
According to Tracy, research shows that a positive employee experience impacts a customer's relationship with a company. In addition, a study by Harris Interactive Inc. revealed that up to 70 percent of customer brand perception is determined by interactions with people, and 41 percent of customers are loyal because of a good employee attitude.⁷
- **More secure leadership and succession planning.** People development programs require that you always have an eye on the future. What kind of leaders do I need? What do customers want from my people? Who can succeed the present leadership when the time comes? People development programs result in employees who are ready to move up to more responsible roles because their strengths and weaknesses have been addressed.
Staying on top of shifting customer needs and thinking about what people you'll need in the future is a clear benefit of having people development programs.

- **Stronger culture.** Investing in people development can also improve your company culture. Employees want to learn, develop their careers and be happy going to work every day.
"At Zurich, we've found that it pays to give people the time and space to speak openly about their career goals," explained Tracy. "We encourage people to consider themselves 'CEOs of their own career.' Our managers prioritize having conversations with their people about their goals and interests."
Without a strong culture grounded in people growth and development, you could find yourself losing the recruiting and retention battles.



CREATING EFFECTIVE PEOPLE DEVELOPMENT PLANS

Larger organizations with thousands of employees often have dedicated learning, development or training professionals to manage people programs throughout the year. In smaller companies, the HR director or sometimes the CEO or president may assume this responsibility. Regardless of who is in charge of people development, your company's leadership team should communicate to employees the significance these programs play in the success of their career and the company. "By emphasizing a culture of growth and development, leadership is giving their people the confidence that the investment in learning and training will be recognized and rewarded," Tracy said.

To create effective people development plans, it's important to avoid one-size-fits-all approaches. Investing in individuals requires developing a structured plan for each employee that is built on collaboration with the manager. The plan should outline clearly defined objectives and be based on the employee's specific skills, strengths, career goals and opportunities within the company.

Tracy explained that a successful people development plan is not an annual event between a manager and an employee; instead, it should be a cycle of continuous feedback throughout the year. One approach Tracy suggested is to think of people development touchpoints on a quarterly basis.

Q1

Set objectives with each employee and determine skill-building needs.

Q2

Schedule a career development conversation and review quarterly progress on objectives and skill development.

Q3

Provide structured feedback with the employee on progress to date on meeting objectives, and identify areas that may need extra attention before year-end.

Q4

Deliver a performance assessment using qualitative and quantitative metrics you may have (e.g., customer feedback, sales goals, etc.).

BE SMART WITH EMPLOYEE OBJECTIVES

Empowering people to do their best starts with a one-on-one conversation between the manager and the employee. Ensure that conversation is constructive by making objectives:

- S SPECIFIC**
- M MEASURABLE**
- A ACHIEVABLE**
- R RESULTS-FOCUSED**
- T TIME-BOUND**

4 TIPS FOR A CAREER DEVELOPMENT CONVERSATION

Empowering people to do their best starts with a one-on-one conversation between the manager and the employee. Here are some tips on how to have a meaningful discussion:

- 1 Assess each employee's skills and development areas. Both you and the employee should provide input on this assessment.
- 2 Prepare to have engaging, individualized career conversations with each employee. Create clear objectives and the outcomes you want from this discussion.
- 3 Schedule time for a career conversation with each employee. A clear, thoughtful discussion about the employee's career goals shows that you value their personal development.
- 4 Capture the outcomes of your conversation in the employee's individual development plan, and include the goals and actions you both will take.

Your People *Continued*

IMPLEMENT DIFFERENT TRAINING APPROACHES

Once you've established the performance and skill objectives for each employee's individual development plan, there may be a training component that is necessary to meet these goals. The right choice of training for your employees will depend on content, schedule and budget.

In-house training

One of the simplest and most economical approaches to training is to have your employees coach each other. Who better to instruct either new employees or those moving into a new role than someone who knows your company, process and customers? In-house training can take the form of brown-bag lunches, a mentoring program or one-on-one training to explain a new process or software program.

Online training

Thanks to today's sophisticated interactive web interfaces, online training can be a highly engaging method to access knowledge across a wide range of subjects, including management and technology. Online training is also flexible, allowing people to schedule the training session around other commitments. Once you and an employee agree online training is the right approach, honor the time commitment the employee will need to put in during the workweek.

Industry associations

Many industry associations provide training for their members, either online or through seminars, conferences or other events. One of the advantages of this training option is that the content is specialized and targeted to your business and customer needs. It's also an excellent way for people to stay current with industry trends.

External training programs

Professional training organizations sponsor training events open to employees from different companies or even industries. Because these events can often accommodate hundreds of people, the cost per employee may be less than an individual training program. Make sure the training content is directly applicable to the employee's learning objectives.

On-site training

Contracting with a training organization to come to your office provides a customized experience for your employees. Investing in a high-quality half-day or full-day on-site training session demonstrates to your people how much value you place on developing their knowledge and skills.



CONNECT PEOPLE TO YOUR PURPOSE

Regardless of the employee job title or which training approach is implemented, people development always needs to be grounded in the organization's vision and values. When your people understand the vision, they can see more clearly the contribution they can make to achieve it.

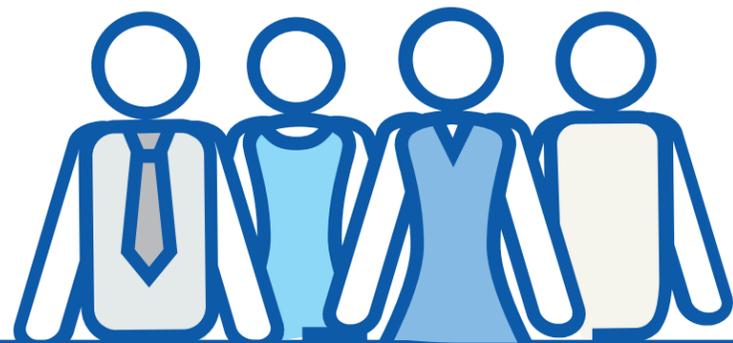
"People want to feel like they are making a difference to the organization," said Tracy. "The biggest ROI from people development is that you are growing more productive contributors, and that results in happier customers, which leads to a healthier bottom line."



ZURICH'S PROGRAMS LEARNING PORTAL

Through the Programs Learning Portal, Zurich provides Program Administrators and their employees, access to training modules that help further develop and expand their technical expertise. Talk to Zurich about this value-added learning tool.

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WE ARE PASSIONATE ABOUT WORKING TOWARD A BRIGHTER FUTURE.

Zurich is committed to supporting the communities where we live and work.

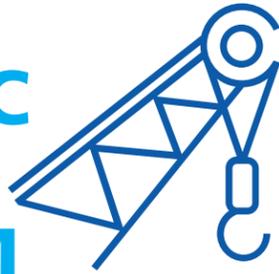
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ZURICH INSURANCE.
FOR THOSE WHO TRULY LOVE THEIR BUSINESS.



CASE STUDY: STRATEGIC STARTUP PROGRAM



MDP and Zurich Roll Book to Create a Flourishing New Program

In late 2015, Maury, Donnelly & Parr, Inc. (MDP) executives began looking for options for their large book of Historic Property business. MDP had represented these clients for more than 13 years, nurturing great relationships and building deep knowledge in the class of business, but they were looking for better control, better underwriting practices and, most importantly, to improve their speed to market. They decided to take the opportunity to the Target Markets community and engage with carriers in the programs space to further evaluate the opportunity.

THIS STARTUP HAD ALL THE RIGHT ELEMENTS:



A distributor with exclusive access to a large book of niche business



Deep knowledge in their class of business



Delivery of a unique value proposition to their customers



Both Zurich and MDP were intrigued after their initial meeting. The appeal for Zurich was that it was a truly niche market with a large number of accounts and MDP had deep knowledge in the class of business. MDP was impressed by Zurich because of their experience and longevity in programs, including a programs-dedicated structure. “We had never encountered a team who was solely focused on this – a true program insurance provider with a multi-functional team of resources dedicated solely to programs, and we needed that. We needed a carrier with great familiarity and experience to take it to a place where it would have everything it needed to be successful,” said Paul LaVardera, Senior Vice President MDP Programs.

After taking time to consider the opportunity, it became clear that this was exactly the type of opportunity Zurich looks for in a strategic start-up program: a distributor with exclusive access to a large book of niche business, deep knowledge in their class of business, delivery of a unique value proposition to their customers, and leadership and capabilities that would complement Zurich’s.

MDP and Zurich worked to build a program that would recognize the uniqueness of historic property accounts. Together they created a specialized product, the PastForward® policy, that recognizes the deficiencies that can exist for historic properties in standard policies.

It took a lot of work to get the program up and running; it was a team effort in every sense. “Technical underwriters, product specialists, actuaries, risk engineers, claims specialists, MDP and Zurich all had to work together to figure it out and how to do it successfully,” said Ro Rogers, Head of Zurich’s Segmented and Construction Services Programs.

“What we couldn’t have anticipated was the level of disruption. It was really tough for the PA. But with Zurich’s experience, we had complete confidence. No matter what we were getting into or didn’t see coming, we could be completely confident in Zurich,” said Paul. Zurich’s experience is of tremendous value to Program Administrators who are considering starting a program because Zurich can share knowledge and learnings from other Program Administrators.

Many milestones were achieved in getting the Historic Property program up and running, and the outlook for the program is excellent. “We finished the rollover of the book in 2018 and brought most of the accounts into the program,” said Stacy Topf, Zurich’s Historic Property Program Underwriting Manager, “New business growth is steady and consistent, and the program is profitable.”

There is a great deal of pride from both MDP and Zurich in creating this program. Seeing the accounts come in, and seeing the program grow and be profitable is exciting. Startups can be some of the most gratifying programs. As with any business, when you design it and build it yourself there’s real pride of ownership and passion that makes its success that much more gratifying.

Startups can be some of the most gratifying programs. When you design a program and build it yourself, success is that much more gratifying.

MDP Programs is the proud partner of the National Trust for Historic Preservation and the League of Historic American Theatres.

Zurich Celebrates the **BEST OF THE BEST** with the *Program Administrator Award of Distinction*

Each year, Zurich celebrates the achievements of its top-performing Program Administrators. The *Program Administrator Award of Distinction* recognizes PAs who demonstrate achievement in growth and loss ratio thresholds, as well as quality thresholds in underwriting, financial and compliance reviews. Distinct programs are evaluated separately and include all lines of business. New programs must run for a full calendar year to be eligible for the award program.

The award program has Gold and Platinum tiers, with increased thresholds in the Platinum tier. The program also includes a Top Performer award for best results in the Platinum tier. This award is presented to one program only and is determined by top achievement in gross written premium (GWP) growth and loss ratio (LR) results, and the quality of underwriting, compliance and financial review.

PROGRAM CRITERIA:

GOLD Award – Tier One	PLATINUM Award – Tier Two
1. Meet GWP Plan for the Year	1. Exceed Plan GWP by 5 Percent or More
2. Meet LR Plan for the Year	2. LR Below Plan by 1.5 Points or More
3. Underwriting Review – Effective	3. Underwriting Review – Effective
4. Compliance Review (if applicable) Needs Improvement with Low-impact (minimal) Recommendations	4. Compliance Review (if applicable) – Effective
5. Financial Review – Effective	5. Financial Review – Effective
6. Profitability Target Met or Exceeded	6. Profitability Target Met or Exceeded

The Awards of Distinction are presented in-person to the winning Program Administrators. Winners also receive an award recognition event -- a luncheon or dinner -- for the entire Program Administrator team.

Thank you to all Zurich Program Administrators for your hard work and commitment throughout the year. Best of luck to you in striving for an Award of Distinction!

Program Showcase: **PROFILE OF A THRIVING PROGRAM**



The Veterinarians program, written exclusively with HUB International Midwest Limited (HUB), is among Zurich’s strongest and most enduring programs. Its success and continued growth can be attributed to an unyielding commitment to the customer.

When Zurich was selected to be the insurance provider for the program in 2005, they did a lot of work securing the deep knowledge of underwriters and claim managers who had been working on the program. “Zurich brought these individuals over from the prior insurance provider. Right from the start, there was a commitment to deliver for the American Veterinary Medical Association (AVMA),” HUB’s Kasey Jackson, Executive Vice President, Programs, said.



Program Showcase:
**PROFILE OF
A THRIVING
PROGRAM**

The beauty of long-standing programs is that they evolve over time. Part of the commitment to the customer is to evolve alongside them, to anticipate changes and develop solutions for changing needs. When the veterinary landscape began shifting from small, independent clinics with solo practitioners to solo practitioners selling their practices and going to work for larger corporate entities, HUB and Zurich created solutions to address the new landscape.

“We have always been very strategic about the management of this program. We are always looking for ways to be innovative and tuned in to customer and changing market conditions,” said Sharon Burns, Underwriting Manager for Segmented Programs who manages Zurich’s Veterinarians program. “We developed the practice policy because we could see that there was going to be a need for a different solution for the larger, corporate pet clinics and hospitals,” Sharon said.

When Zurich was selected to be the insurance provider in 2005, they did a lot of work securing the deep knowledge of underwriters and claim managers who had been working on the program. They brought them over from the prior insurance provider. Right from the start, there was a commitment to deliver for the customer.



In addition to the practice type changing, expertise among veterinarians is changing too. Veterinarians used to focus on general medicine, but have evolved to specialty veterinary practices. The industry has seen an elevation in medical training and specialization, with board certification almost as wide-ranging as in human medicine – from oncologists and orthopedic surgeons, to eye specialists and eye surgeons, and more. “These are sophisticated medical practitioners who have more pressure and higher expectations from the public and pet owners. It’s been good because it has elevated the profession, but with that comes a lot more pressure on veterinarians,” Kasey said.

To ensure the program continues to deliver for veterinarians’ changing needs, there have been many policy improvements and innovations. These include the license defense endorsement, stand-alone policy for veterinary students, as well as process improvements that enhance the member experience in different ways, such as letting vets pay in installments, file claims online, and making it easy to sign up and maintain coverage.

The program’s strength can also be attributed to Zurich’s advocacy in support of veterinarians, from the way that claims are managed and the way experienced professionals on the medical side of the claim are involved, to the way Zurich monitors case law on behalf of the AVMA and weighs in and responds to issues that will affect the AVMA and its members. “This type of advocacy shows the AVMA that Zurich is really a long-term partner,” Kasey said.

“I think all of us – HUB, the AVMA and Zurich – believe that the strength of this program and the differentiator is the way that the three entities work together.” Kasey said. It also includes Zurich’s willingness to evaluate and reevaluate for the good of the program. “This is one of the most successful affinity-based insurance programs in the country in terms of membership and the way the program performs,” Kasey said. “We’re all in this together. Zurich is so responsive, and has been over the years, in supporting the mission of the AVMA.”

Kasey talks about this when she sees prospective clients, she said, “I tell prospects there are other insurance providers, but you’re not going to find one that understands the importance of approaching claims in ways that protect the veterinarian the way that Zurich does.”

This is one of the most successful affinity-based insurance programs in the country in terms of membership and the way the program performs. The strength of this program is the way the customer, HUB and Zurich work together.

WHY WE TRULY LOVE GOLF

Golf is a game of risk management and resilience. That resonates in our business. In fact, that resonates for a lot of the businesses we insure. That's why we are a proud supporter of the PGA TOUR.

We became the title sponsor of the Zurich Classic of New Orleans in 2005, the year of Hurricane Katrina. In 2006, the Zurich Classic became the first major sporting event to return to New Orleans after the storm and we've remained the title sponsor since. In the fall of 2016, Zurich and the PGA TOUR announced an exciting new two-man team format, the first team event on the PGA TOUR since 1981 featuring two rounds each of Foursome and Four-Ball competition.



ZURICH'S AMBASSADORS

Zurich is a proud sponsor of...



Jason Day

Jason Day, a member of the Zurich Golf Ambassadors family since 2015, has represented Zurich on his golf bag each week during competition since 2017. Jason's rise in 2015 earned him time as the world's top-ranked golfer. He remains one of the best in the game.



Sergio Garcia

Sergio Garcia joined the Zurich Golf Ambassadors family in 2018 and will carry the Zurich-branded golf bag throughout the year. Sergio has captured 32 professional victories over his distinguished career, including his first major at the 2017 Masters Tournament. He was named the 2017 European Tour Golfer of the Year.



Jamie Donaldson

Jamie Donaldson has been a member of the Zurich Golf Ambassadors family since 2015 and sports the Zurich logo on his left sleeve and golf bag. Jamie clinched the 2014 Ryder Cup for Team Europe and has a total of seven career international victories.



Billy Horschel

Billy Horschel has been a member of the Zurich Golf Ambassadors family since 2013 and wears the Zurich logo on his left collar. Billy has won the Zurich Classic of New Orleans as an individual in 2013 and as part of a team in 2018. In 2014, he was crowned the FedExCup Champion.



Tommy Fleetwood

Tommy Fleetwood joined the Zurich Golf Ambassadors family in 2018 and will carry the Zurich-branded golf bag throughout the year. After a No. 1-ranked amateur career, Tommy finished his 7th professional season, 6th on the European Tour by winning the season-long Race to Dubai.



Justin Rose

Justin Rose has been a member of the Zurich Golf Ambassadors family since 2010 and sports the Zurich Logo on his left sleeve. Justin is a nine-time PGA TOUR winner and won the gold medal at the 2016 Rio Olympic Games for Great Britain. Justin ascended to World Number 1 for the first time in his career in 2018.



Lexi Thompson

Lexi Thompson has been a member of the Zurich Golf Ambassadors family since 2015. She sports the Zurich logo on her left sleeve. Capturing the 2017 Race to the CME Globe title and nine LPGA Tour victories, Lexi has quickly become one of the most recognized golfers in the world.



MORE THAN A TOURNAMENT

The Zurich Classic serves as the principal fundraiser for the Fore!Kids Foundation®, a crucial program supporting local initiatives in the New Orleans community. Since 2005, our combined efforts have helped raise more than \$20 million for more than 200 charities, supporting over 200,000 children in need throughout the Greater NOLA area. Zurich also supports numerous local charities, such as St. Michael Special School, SBP and Blessings in a Backpack.

St. Michael Special School helps developmentally disabled children participate in a regular classroom environment. With help from Zurich and the Zurich Classic, St. Michael Special School has built a 10,400-square-foot vocational training complex that houses a life-skills lab designed for its 16- to 21-year-old students.

SBP is a nonprofit rebuilding organization whose mission is to reduce time between disaster and recovery. Since its founding in 2006, SBP has rebuilt homes for more than 650 families with the help of 1,300 Zurich volunteers in New Orleans and has since expanded its reach to other disaster-impacted communities.

Blessings in a Backpack is a unique program designed to feed elementary schoolchildren whose families qualify for the federal Free and Reduced Price Meal program, and have little to no food on the weekends. 2017 was the seventh year Zurich participated in this program and Zurich has extended its partnership for another three years. During the tournament week, Zurich's guests and executives fill more than 1,000 backpacks, which are donated to local New Orleans schoolchildren.

Every year, Zurich and the Fore!Kids Foundation make a donation of gift cards to 220 New Orleans-area families in need, with the goal of creating a brighter holiday season.

A lot goes on beyond the greens at The Zurich Classic. For details about the tournament, players and pairings, corporate packages, tickets, the charitable impact, and more, visit www.zurichgolfclassic.com.



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