

WEF Annual meeting Davos 2013

Briefing note for the SG: bilateral meeting Zurich Insurance

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Time: Friday 25, 16.30-17.00

Venue: TBC

Attending from Zurich

- Michael Kerner, CEO General Insurance
- Axel P. Lehmann Chief Risk Officer and Regional Chairman of Europe
- Francis Bouchard Group Head of Government and Industry Affairs

1. Purpose

- Further deepen our relationship with Zurich
- Confirm mutual commitment, engagement and support to deliver on new 5 year partnership
- Sign MoU 2013 - 2017 by the SG and Michael Kerner

2. Key messages

- IFRC is highly satisfied with its partnership with Zurich and appreciates Zurich's professional commitment to and engagement with the IFRC.
- IFRC and Zurich share strategic interests in countries of mutual presence: protecting individuals from the risks they face.
- The IFRC is excited about the opportunities the partnership offers: it allows IFRC to tap into Zurich's insurance and risk expertise and access to business partners, policy makers and other stakeholders. Our partnership can serve as a model for how business and civil society partner to address issues of common concern.
- Zurich is IFRC key strategic partner on Community Disaster Risk Reduction/Flood resilience and DREF, the new 5 year MoU (2013-2017) will make Zurich the largest long term private sector donor to the IFRC with an overall contribution of CHF 21 million.

3. Signing of MoU

The new MoU for the partnership (2012 – 2017) will be signed as a procedural formality in 3 copies (IFRC, Zurich Insurance Company and the Z Zurich Foundation) awaiting a joint public strategy. The public announcement of the partnership will be mutually agreed and organised post Davos. Zurich will bring originals of the MoU, no press or external people will be present.

At the 'Zurich Night' reception there will be an opportunity to greet Martin Senn the CEO and Chairman of the Foundation (CV at the end of this document).

4. Relation with Zurich

In 2008 the Federation and the Foundation signed a five year partnership to an annual value of CHF 500'000 providing support to DREF and Disaster Risk Reduction. Employees donated to major emergencies such as the Haiti EQ which was matched by the company. We have since established a

trusted relationship, building on constructive dialogue and limited exchanges of expertise. The American RC and the Swiss RC also have relations with Zurich in-country. Zurich is part of the ICRC Corporate Support Group.

5. New partnership 2013 – 2018

- Over the past months, the IFRC has entered into a substantive dialogue and exchanges with Zurich and the Foundation to deliberate the joint way forward, under the leadership of Thomas Sepp Chief Claims Officer at Zurich and Mohammed Mukhier.
- We are significantly enhancing our global partnership with Zurich to jointly develop, test and implement new, innovative and scalable disaster risk reduction programs. The new partnership combines the Foundation's funds, Zurich's risk expertise and the RCRC community presence and years of experience at the community level.
- The joint Zurich-IFRC partnership vision is to deliver effective community flood resilience programs at scale and to contribute to shaping the flood resilience agenda of policy makers and donors.
- The partnership focuses on two programs:
 - Community preparedness and risk reduction: to contribute to scale up IFRC's effort in community disaster risk reduction. This is done by increasing support to community based programs, and by strengthening the response capacity of NS towards risk reduction. In addition to funding from the Foundation, Zurich will particularly 1) provide technical expertise and corporate volunteers to help build capacity and deliver technical assistance, and 2) develop and share with the IFRC enhancements to existing risk management methodologies, including approaches to risk identification, risk assessment, cost benefit analysis and impact measurement.
 - Disaster Relief Emergency Fund (DREF): The Foundation will support DREF financially as well as provide expertise through the DREF Donor Forum.

We are currently setting up joint pilot projects in Nepal and Mexico with Indonesia to follow. In a next step, we will also intensify local relationships between Zurich and RCRC in-country. Meetings between Mexican Red Cross and Zurich Mexico are already set up.

6. The Zurich Flood Resilience Program

The context:

With the continued significant increases in the social, economic, humanitarian and insured costs of natural disasters (expected to be exacerbated by factors such as urbanization and climate change), Zurich considers that it should play a pro-active role in helping society become more resilient to natural disasters.

Zurich focus on flood resilience because floods affect more people globally than any other type of natural disaster and amount to some of the largest economic, social, humanitarian and insured losses. Floods are expected to increase due to factors such as increased rainfall, rising sea levels, and melting glaciers. For example, many large coastal cities will face increased flood risk.

Zurich also has significant exposure to flood related insurance losses across the world. Given that traditional insurance solutions are often not appropriate to manage flood risk, there is also a greater need for building resilience and pre-event mitigation measures.

The opportunities for achieving transformative impact are significant: a recent World Bank/UN joint report shows that donors currently allocate 99% of their disaster management funds for relief and reconstruction and only 1% to reduce future loss of exposure and vulnerability.

The Program:

The Zurich Global Flood Resilience Program within which the partnership is located was set up in 2012. It aims to enhance community flood resilience by finding innovative ways to scale up disaster risk reduction efforts at the community, national and global level. It leverages Zurich's insurance and risk expertise across multiple functions and geographies, as well as in innovative partnerships with the public sector, NGOs, private sector partners and academia.

The program has three components:

- Developing and disseminating **knowledge and expertise** on flood resilience - working in partnership with selected academic institutions to address research gaps in flood resilience and disaster risk reduction, demonstrate the benefits of pre-event mitigation over post-event disaster relief and improve public policy around flood resilience.
- **Achieving community impact** on the ground through strategic long-term partnerships, such as with the IFRC. In addition to funding through the Z Zurich Foundation, Zurich provides expertise, tools and methodologies around risk management, project management and influencing policy makers.
- Looking at the **role of insurance** - improving public policy around flood risk management, and enhancing the understanding of the role of insurance (public, private, hybrid) when it comes to flood risk.

7. About Zurich Insurance

Zurich Insurance Group is an insurance-based financial services provider founded in 1872 with headquarters in Zurich. Zurich has a global network of subsidiaries and offices in North America, Europe, Asia Pacific, Latin America and other markets. 60,000 employees serve customers in more than 170 countries. Martin Senn is the CEO of Zurich and Chairman of the Board of Trustees of the Z Zurich Foundation.

8. Bios

Michael Kerner CEO General Insurance



Michael Kerner (born 1965, U.S. Citizen) is a member of the Group Executive Committee and Chief Executive Officer of General Insurance of Zurich Insurance Group Ltd (Zurich). Prior to that he was Chief Executive Officer for Zurich Global Corporate in North America.

Mr. Kerner joined Zurich in 1992 from the Continental Insurance Company, and since then he has held a number of senior executive positions. Among other positions, he was Chief Operations Officer for Zurich North America Specialities and Head of Ceded Reinsurance for Zurich North America from 2002 to 2005. From January 2006 to June 2007 he served as the Global Head of Group Reinsurance and between 2007 and 2009, Mr. Kerner was Global Chief Underwriting Officer for General Insurance and Head of Group Strategy in Zurich.

Michael Kerner holds a Bachelor of Science degree in Mathematics and Economics of the State University of New York at Binghamton. He is a Fellow of the Casualty Actuarial Society and a member of the American Academy of Actuaries.

Axel P. Lehmann Chief Risk Officer and Regional Chairman of Europe



Axel P. Lehmann (born 1959, Swiss Citizen) is a member of the Group Executive Committee of Zurich Insurance Group Ltd (Zurich) as well as Chief Risk Officer and Regional Chairman of Europe. In addition, he is Chairman of the Board of Farmers Group, Inc.. In 1996 he joined Zurich as a member of the Executive Management team of Zurich Switzerland and subsequently held various executive management positions as head of corporate development and head of commercial lines. Mr. Lehmann became a member of the Group Management Board responsible for Group-wide business development functions in November 2000. In September 2001 he took over responsibility as CEO for Northern, Central and Eastern Europe and subsequently was appointed CEO of the Zurich Group Germany. Mr. Lehmann was promoted to a member of the Group Executive Committee and CEO of the Continental Europe Business Division in March 2002. In 2004, he was in charge of the consolidation of the United Kingdom, Ireland and South Africa division with the Continental Europe division. In September 2004 he became CEO of Zurich American Insurance Company and Zurich North America Commercial business division in Schaumburg/Chicago. In January 2008 he assumed his current role as Chief Risk Officer and Regional Chairman of Europe since October 2011, with additional responsibility as Chairman of the Board of Farmers Group, Inc. in Los Angeles/CA as of July 2011, as Chairman of Europe as of October 2011 and for Group IT from 2008 until 2010.

From 1985 Mr. Lehmann worked as a project manager and research associate at the Institute for Insurance Economics at the University of St. Gallen. In 1989 he was appointed a lecturer in business administration and in 1990 vice president and head of Consulting and Management Development at the Institute for Insurance Economics and the European Center. In 1994/95 he served as a visiting professor at Bocconi University in Milan, Italy. He subsequently assumed the position of head of Corporate Planning and Corporate Controlling at Swiss Life in Zurich.

Mr. Lehmann is a member of the Board of Directors of UBS AG and used to be Chairman of the CRO Forum. He is an Honorary Professor for Business Administration and Service Management and Chairman of the Board of the Institute of Insurance Economics (I.VW-HSG) at University of St. Gallen in Switzerland. Since August 2012 Mr. Lehmann has also been a member of the Board of Directors of *economiesuisse*.

He holds a PhD and master's degree in economics and business administration from the University of St. Gallen and his doctorate was awarded the Peter Werhahn Prize for the best PhD thesis in the area of management science and academic theory. He did his research study at Harvard Business School and Arizona State University. Furthermore, he is a graduate of the Wharton School Advanced Management Program.

Francis Bouchard Group Head of Government and Industry Affairs

Mr. Bouchard, currently Global Head of Sales, Distribution and Marketing for Zurich's Global Corporate business, succeeds Peter Buomberger who will retire at the end of June 2012. In his new position, Mr. Bouchard will be responsible to maintain and further strengthen the Group's interaction with key governmental and industry bodies around the world and will provide strategic leadership in public policy, corporate responsibility and industry economics. Mr. Bouchard will be based in Zurich.

Mr. Bouchard joined Zurich in 1998 as Senior Vice President, Government Affairs for Zurich North America Commercial and then held the position of Head of Government and Industry Affairs for Zurich General Insurance in North America. From 2006 to 2010 he was Group Head of Corporate

Communications. Prior to his current position he has worked in General Insurance as Group Head of Proposition Development. Mr. Bouchard holds a bachelor's degree of science in magazine journalism, a bachelor's degree in art history, both from Syracuse University and a Juris Doctor from George Mason University School of Law.

Martin Senn Chief Executive Officer



Martin Senn (born 1957, Swiss Citizen) is Chief Executive Officer of Zurich Insurance Group Ltd (Zurich). He joined Zurich as Chief Investment Officer in 2006 and at the same time became a member of the Group Executive Committee. He was appointed Chief Executive Officer of the Group in August 2009, effective January 1, 2010.

Mr. Senn is a trained banker and worked for the former Swiss Bank Corporation from 1976 to 1994 where his international career steps included treasurer in Hong Kong and regional treasurer for Asia and the Pacific region in Singapore before eventually managing the company's Tokyo office. In 1994, he joined Credit Suisse where his executive roles included that of treasurer for the Head Office and Europe, chairman and turnaround manager of Credit Suisse Group Japan with a mandate to restructure and reposition all legal entities of the Group in Japan. In 2001, he became a member of the Credit Suisse Banking executive board and was appointed head of its Trading and Investment Services Division. From 2003 until 2006 he served as a member of the corporate executive board and as chief investment officer of the Swiss Life Group.

Mr. Senn is a member of the foundation board of Avenir Suisse and treasurer of the Zurich Association of Economics. In addition, he serves as the Honorary Consul of the Republic of Korea in Zurich and as a member of the board of directors of the Swiss-American Chamber of Commerce. Mr. Senn is also a member of the board of the Geneva Association and of the Institute of International Finance (IIF) as well as chairman of the IIF Insurance Regulatory Committee. Besides that, he is a representative of the Property and Casualty CEO Roundtable, a member of the Pan European Insurance Forum (PEIF), the European Financial Services Roundtable (EFR), the advisory board of Tsinghua School of Economics and Management, of the board of trustees of the Lucerne Festival and of the international advisory board of the Atlantic Council. He was previously a member of the board of directors of various banks and financial services institutions.

Mr. Senn received his commercial and banking diploma from the Business School in Basel, Switzerland, and graduated from the International Executive Program at INSEAD in Fontainebleau and the Advanced Management Program at Harvard Business School.