

# Play It Forward

Liberty Mutual's growth in 2006 boosted its rank among top U.S. property/casualty writers.

by Meg Green

**M**ovement is rare atop the U.S. property/casualty writers' mountain, but in 2006 one Top 10 player advanced by growing 10% in net premiums written.

Liberty Mutual, which has held the No. 8 spot on the list since 2001, climbed to No. 7, according to A.M. Best Co.'s Top U.S. Property/Casualty Groups by net premiums written in 2006.

Edmund "Ted" E Kelly, Liberty Mutual's chairman, president and chief executive officer, credits the rise to organic growth, but notes the company has positioned itself to perhaps move even higher in 2007 with the recently announced acquisition of Ohio Casualty.

The \$2.7 billion deal is expected to close in the third quarter. If Ohio Casualty's \$1.41 billion in net premiums written in 2006 was added to Liberty Mutual's \$15.37 billion, it

## Key Points

- Liberty Mutual recently became the seventh-largest U.S. property/casualty writer by net premiums written.
- The company is poised to continue growing, following the announcement of its acquisition of Ohio Casualty.
- Liberty Mutual's new advertising campaign hasn't impacted sales yet, but it is expected to strengthen the company's brand.

**LOOKING AHEAD:** Edmund "Ted" F. Kelly, Liberty Mutual's chairman, president and chief executive officer, said the company's subtle advertising campaign helps fulfill the company's "longer view" on growth.

would have pushed Liberty Mutual to the No. 6 position.

Kelly noted both the company's U.S. and international growth were strong in 2006.

"We've added solid, not dramatic, growth in personal lines as a whole, and have had very good commercial U.S. growth," Kelly said.

The company's expansion from being primarily a direct writer 10 years ago to also writing business through independent agents and affinity markets today, has been key, he said.

"If a customer wants to do business with Liberty, they can choose the channel they like, and we are there to provide the services that they want," Kelly said.

Another key to the company's success with independent agents is its approach, he said. Liberty Mutual operates with regional companies providing independent agents local service with the financial and technical backbone of a national company. "We're a mixed model. In certain areas we are national, but in other areas, we are regional," Kelly said.

#### New View

Liberty Mutual recently rolled out a marketing campaign designed to raise the company's profile long term. Responsibility-themed television commercials show people helping others, with the tag line: "When it's people who do the right thing, they call it being responsible. When it's an insurance company, they call it Liberty Mutual. Responsibility: What's your policy? Liberty Mutual."

It's a subtle approach with the company name only mentioned twice. There's no 800-number, or attempt to sell any specific product.

"It's a hell of a campaign," said Rodger Roeser, president of Eisen Management Group, a public relations firm in Cleveland. "I've used that ad with recent clients as a benchmark for good brand advertising."

Roeser, who wasn't involved with the

### Liberty Mutual

Headquarters: Boston  
Founded: 1812  
Employees: 39,000+  
Offices: 900  
Chairman, President and CEO:  
Edmund "Ted" F. Kelly  
Structure: Mutual holding company



Liberty Mutual campaign, said many insurance commercials are remembered for being "goofy or dumb"—like Geico ads with the gecko or caveman. "I think Geico will have problems continuing that momentum going forward, but what Liberty Mutual did will really strengthen their brand in the long term. What it says to me is that Liberty Mutual is standing behind making America a better place to live. It's not 'buy insurance;' it's 'make this a better place to be.'"

Other marketing experts also lauded the campaign.

Harvey Hoffenberg, president of Propulsion, a marketing firm based in New Canaan, Conn., said, "I think it's a nice departure from the ego/testosterone-laden, 'big-is-oh-so-much-better' campaigns of many insurance companies. It's thoughtful, treats the consumer with respect and dignity as they would like you to think they would treat you as a Liberty Mutual customer.

"As a bonus," Hoffenberg added, "my jaded 14-year-old, hardly their target, thinks they're the best commercials on air. Clearly, it speaks with a voice that might connect with people."

The company should be commended for trying to build an image around itself and "hopefully attract like-minded clients," said Joseph Finora, principal, Joseph Finora & Associates, Laurel, N.Y. However, Finora warned Liberty Mutual had better follow through. "At the end of the day

P/C insurance is a commodity product, and for many customers, they only focus on cost versus coverage. If [Liberty Mutual] fails to live up to its promise, then its ads (and reputation) will be a failure."

#### Unusual Approach

"We have three audiences," Kelly said. "One of our most critical audiences is our own employees. We want to reaffirm their belief in the company. We also have existing customers. We want them to feel good about their decision to do business with us. The third audience is the new customer. When it becomes time to make a decision, we hope they think of us."

When designing the ad campaign, Liberty Mutual interviewed its employees to see how they view the company, and focused on marketing that view, which led to the focus on responsibility, Kelly said.

"That's brilliant," said Roeser of Eisen Management Group. "Whoever the marketing person is who came up with that should get a raise. Because when employees see the ad, and know they had a hand in that, they can take a lot of pride in it. It's an unusual approach."

Kelly acknowledged Liberty Mutual's approach is very different from their competitors' advertising, which seems to focus on getting consumers to pick up the phone and buy a policy.

"We've had a remarkable response to the advertising. As we expected, it had a limited impact on growth last year, but in the long run, we are very optimistic," Kelly said.

As a mutual holding company, Liberty Mutual can afford to take a long-term view, in both reporting its quarterly earnings and in its advertising, he said.

"I believe if we had been public, it would have been much more difficult to grow. Clearly, we can take a longer view. We have a much more solid balance sheet than we'd be able to if we were public, because it's less important for us to report stellar earnings all the time," Kelly said. **BB**



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