

# Cultural Bonds

A strong, cohesive culture and a professional, proactive approach have shaped the structure and strategic direction of Liberty International Underwriters.

Images by Scott Ehler

With a culture focused on quality people and quality teams, Liberty International Underwriters (LIU) has seen major success across the Asia-Pacific region. Part of global parent company Liberty Mutual Group, LIU is now a prominent player in its own right with a reputation built on professionalism and discipline.

Mike Abdallah is the President of LIU for the Asia-Pacific region. *The CEO Magazine* sat down with Mike to discuss LIU's culture, its management approach, and the importance of long-term industry relationships.

***The CEO Magazine:* You came from quite a modest upbringing. How did you end up in the insurance industry?**

**Mike:** To be honest, I fell into it. I had to leave school a little earlier than I would have liked. I saw an opportunity in the motor vehicle claims department with an insurer. They wanted somebody with a good mathematical background, and I thought I was okay with numbers, so I went for an interview and got the job. From there, I worked hard, moved through the ranks, and now I can look back on a great, life-long career in this industry.

**You've worked across the world, haven't you?**

A big part of my career was with Cigna Worldwide. I was with

Cigna in Australia from 1971 to 1985. They then moved me into a regional position in Japan and I had the best part of three years there, where I learned a thing or two about patience and Asian cultures. It was a big culture shock, but I seemed to be doing well, so Cigna promoted me to the head office in Philadelphia. I probably learned even more about patience there!

Within three years, there were major problems with their London operation, and they asked if anyone wished to try their hand at fixing things. I was ready for a challenge, so I took the opportunity. It was a bit like receiving a free pass—a chance to manage things without any bureaucracy. I was able to correct certain ill-judged perceptions and traditional thinking and get the best out of the people. The success of this experience and challenge did a lot for my confidence and further developed my own business and leadership skills. Cigna's head office was pleasantly surprised that this complex business could be brought back to profitability quickly.

I then moved back to the US to take up a new challenge as the president of a small company called Navigators. After 25 years at Cigna, I thought I'd try my hand at a smaller company. I was there for around two and a half years when former colleagues from Cigna, who had moved to Liberty Mutual, put my name forward to the senior guys there and recommended I join them.

My agreement with Liberty was to initially support them with an acquisition in New York and then spend a few years getting things started for LIU on a global basis. From New York, I took on a global role and was one of three executives who initiated and designed how LIU would operate globally, and began employing people within the US and internationally. Liberty was aware that after a few years I wanted to return to Australia. My wife wanted to move back here so our children would get to know their grandparents. With my extensive international experience, LIU were more than happy with me continuing the global role from Sydney while at the same time creating a specialty lines operation in the Asia-Pacific region. We opened up the Australian operations in the middle of 1999, and by the end of that year my family and I were back in Sydney.

**How did you want to position LIU, and how did you differentiate yourselves in the Australian market?**

I have learned that the one sure way to successfully manage and be profitable through an insurance cycle is to have a very strong discipline, combined with clear and decisive leadership. You need to stick to your guns and have a long-term strategy. To execute that, you need a core team of high-quality and like-minded individuals. Through a careful selection process and a focus on internal training and development, we were effectively able to >



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program this culture into the DNA of the company. I believe that the faster you bring people in from the outside, the more your cultural development slows down and is diluted.

So building and reinforcing our culture: that was the core for us.

Our leadership approach was all about providing a clear executive direction, hiring quality people, ensuring they are on the same page, and putting detailed plans in place. These plans are what we refer to as ‘managing the cycle’ strategies, and we formalised them and made them an integral part of our market approach. This has kept us focused on what we were good at and helped steer us clear of some of the pitfalls that ensnare many insurance companies.

The other key initiative for us was building relationships. We knew we had hired quality people, and that gave us a lot of confidence. It meant that senior

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leadership could trust and rely on our team to develop strong market relationships.

We understand that a broker’s first priority is to do the best for their client. With so many underwriters in the market, the need for strong broker relationships is essential. For us, it was critical to bring something unique to the table, and for this reason we sought to develop a differentiation culture built around professionalism, consistency, teamwork, and service.

For example, in some lines of business we have strong engineering capability, which supports our underwriting process and enhances our broker and client relationships. Many of the market players do not have this capability, or, if they do, they don’t use it effectively in the market. We also have a strong team ethic. Our claims department, actuaries, and other functions are truly integrated: they work together and focus on the overall business

rather than working on purely performing their functional roles. By having an integrated business, with the focus being external rather than internal only, we believe that we can deliver better results for our clients and brokers.

**How did you develop that elite team and your strong culture?**

You cannot introduce an effective culture overnight. We have worked hard to select the right people, develop the company from within, and instil practices that ensure discipline, teamwork, and pride in the operation. As mentioned earlier, our culture is based around discipline, strong leadership, teamwork, and differentiation. We emphasise and promote a differentiation culture because we always want to avoid becoming a ‘commodity player’ or one that is not relevant in the market. I don’t believe that you can manage through the cycle if you’re a market follower—someone who doesn’t add value or provide a



relevant, tailored solution for brokers and clients.

I remember my time in London, and it did bother me watching underwriters put their stamp down on risks and simply be ‘followers’ in the market. As a leadership group, we recognise

the need to offer something that is distinctive and something that our client will value.

**Is there a risk that this culture will collapse when you eventually move on, as you’ve been the main proponent of it?**

Although I may have been the main proponent, my senior management team have been here a long time. They are both a product of our culture and hugely invested in it, so I feel confident that it will continue.

The LIU culture is not something our people believe in and put into practice because I ask them to. It’s always been a ‘buy-in’ exercise, and we have jointly developed this culture. All of our senior team live out this culture and cascade it down to their teams.

In speaking with various brokers during meetings or social gatherings, the feedback I receive about our staff throughout the

region makes me very proud of what they all continue to contribute to this culture.

**How does this culture translate to your relationships with some of the stakeholders, reinsurers, and brokers?**

We have reinsurers both in Australia and around the world. We like to produce good results for our reinsurers, and we’re very proud of our people and their results. They can’t always be good, but if we tell the reinsurers that we’re going to change something, then we do. We’re known for following through and doing what we say, and that’s how we build confidence. We employ people who keep the promises that they make, and that all flows through to the reinsurance relationships. We have reinsurance relationships that have been built up over many years because of that integrity.

The same thing applies to our broker relationships. We strive to >



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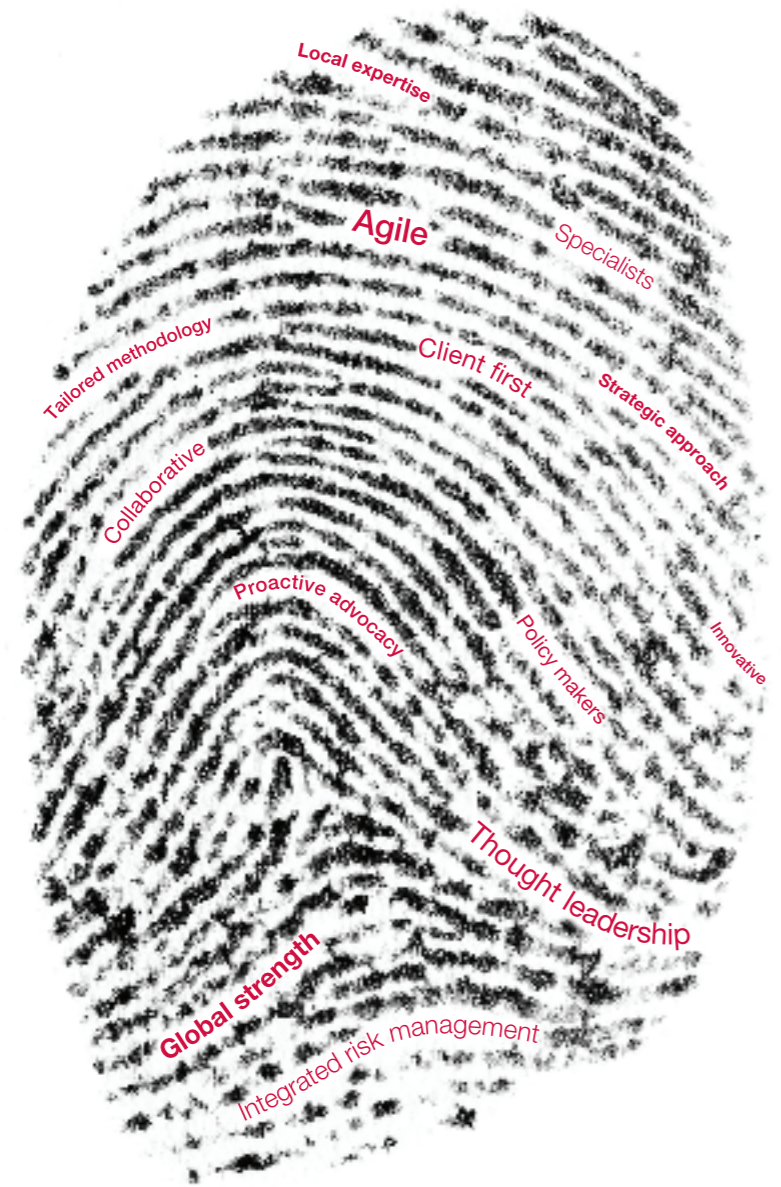
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be consistent, not everything to everyone. Brokers know what we do and that we have a distinctive appetite and that we stick to it. I think that our culture, the quality of our people, and the consistency of our appetite and approach are well received by brokers because they understand our appetite and don't waste their valuable time when dealing with LIU. We also work hard at developing solutions for our brokers and our other stakeholders.

A few examples of valued and long-term relationships include one of our professional service providers, Carter Newell, which supports LIU through internal and external training on legal issues and industry trends. CN provides quality legal advice at

competitive pricing, and from time to time they may introduce us to one of their clients who has expressed an interest in having an alternative insurance provider. They also work closely with us to complete due diligence processes for unusual policies, like deductible or tail buy-outs. They know that they can rely on us for performance and consistency.

From a reinsurance viewpoint, we have developed a global relationship with Willis, and they have been our primary lead reinsurance broker for first-party lines. Their London team visits Australia annually for program discussions, and I have worked with some of their key people for more than 20 years. Again, the quality and reliability of the LIU

leadership and underwriting approach have given Willis the confidence to successfully promote us to reinsurers globally and maintain consistent support.

Beach & Associates is another key broker. Our relationship with its founder, Jonathan Beach, goes back to the beginning of LIU in 1999 when our global operations had the bulk of business emanating from Canada, which is where Beach & Associates started their operation. Like Willis, Jonathan and his team understand LIU and confidently market our reinsurance globally.

**As the markets evolve, how important will the Asia-Pacific region be to LIU?**

Being the Asia-Pacific arm of LIU, we're obviously not the biggest, but we've been very profitable for the group, so we're important to them. We've had consistent profitability and we've grown sensibly through the cycle, with the steeper part of our growth in the past five years coming from Asia. Naturally, continuing to grow Asia is one of our key strategies.

A lot of the supervision of our Asian business comes from the Australian senior team. Most of those directly running Asian operations now have been key figures in our Australian operations in the past. We have never made a leadership appointment in this region from outside LIU, which has enabled us to maintain a strong culture.

We think that Asia has huge opportunity and is a great growth engine. By continuing to develop quality leaders and local teams within this market, we're doing our best to make sure that the Asia business is built on the same solid culture that has made the rest of our business successful. ●