

Impact

*The Insurance
Industry's Contribution
to Community
Development*



Insurance
Information
Institute

I.I.I. Members

- ACE USA
- Acuity
- Aegis Insurance Services Inc.
- Allianz of America, Inc.
- Allstate Insurance Group
- American Agricultural Insurance Company
- American International Group, Inc.
- Argonaut Group
- Arthur J. Gallagher & Company
- Auto Club South Insurance Company
- Beazley Group plc
- Bituminous Insurance Companies
- Catlin Group
- Chubb Group of Insurance Companies
- Church Mutual Insurance Company
- CNA
- CUMIS Insurance Society, Inc.
- De Smet Farm Mutual Insurance Company of South Dakota
- Dryden Mutual Insurance Company
- Eric Insurance Group
- Farmers Group, Inc.
- GEICO
- Gen Re
- Germania Insurance
- Glencoe U.S. Holding Group
- Grange Insurance Companies
- GuideOne Insurance
- The Hanover Insurance Group Inc.
- The Harford Mutual Insurance Companies
- Harleysville Insurance
- The Hartford Financial Services Group
- Holyoke Mutual Insurance Company
- James River Group, Inc.
- Liberty Mutual Group
- Lloyd's
- Lockton Companies
- Marsh Inc.
- Max Capital Group
- MetLife Auto & Home
- Michigan Millers Mutual Insurance Co.
- Millville Mutual Insurance Company
- Missouri Employers Mutual Insurance
- Munich Reinsurance America, Inc.
- Nationwide
- New York Life Insurance Company
- The Norfolk & Dedham Group
- North Pointe Insurance Group
- Ohio Mutual Insurance Group
- OneBeacon Insurance Group
- Palisades Safety and Insurance Association
- Pennsylvania Lumbermens Mutual Insurance Company
- Plymouth Rock Assurance Corporation
- Safeco Insurance Companies
- Scor U.S. Corporation
- SECURA Insurance Companies
- Selective Insurance Group
- State Auto Insurance Companies
- State Compensation Insurance Fund
- State Farm Mutual Automobile Insurance Company
- The Sullivan Group
- Swiss Reinsurance America Corporation
- TIAA-CREF
- The Tokio Marine and Fire Insurance Co., Ltd.
- Travelers
- Unitrin Property and Casualty Insurance Group
- USAA
- Utica National Insurance Group
- West Bend Mutual Insurance Company
- Westfield Group
- W. R. Berkley Corporation
- XL Global Services
- XL Insurance Company, Ltd.
- Zurich North America



The Industry Goes Green

In this issue of *Impact*, we focus on the “greening” of the insurance industry by highlighting what community programs companies have undertaken to support environmental and conservation issues. And as you can see, insurers are finding many creative ways to accomplish this goal around the country, as well as in their own backyards.

From simple steps like replacing standard light bulbs with energy-efficient bulbs and driving electric cars to launching global climate initiatives, this issue touches upon the efforts of just a few companies – ACE, AIG, Chubb, Erie, GEICO, Liberty Mutual, Munich Re, State Farm, Swiss Re, Travelers, XL and Zurich, as well as the Institute for Business & Home Safety (IBHS). More

and more companies and associations are establishing “green” programs, we will continue to report on them.

We’re also taking a little poetic license with this issue by featuring the efforts of insurance broker Lockton Associates – we’re not reporting on their “green” efforts, but of their efforts in “Green”sburg, Kansas. When a series of tornadoes destroyed this area last year, Lockton volunteers travelled to Greensburg to assist with the rebuilding efforts.

As always, we appreciate your thoughts on this issue and welcome any ideas you have for future stories.

Inside:

- A Good Neighbor is a Green Neighbor 3
- Rising to the Challenge of Building a “Green” Environment..... 5
- Addressing Climate Change Globally..... 7
- Taking an Integrated Approach 9
- Teaching Kids to Do Good and Go Green 10
- A Commitment to the Environment..... 12
- Green Team Targets Renewable Energy Sector..... 13
- Protecting Endangered Species..... 14
- Rebuilding Efforts in “Green”sburg 16
- Taking Care of Business and the Environment 18
- Launching a Global Climate Initiative 21
- Winds of Change 22
- Responsible Building Is Strong by Design..... 24
- Being “Green” Makes Good Business Sense..... 26



A Good Neighbor is a Green Neighbor

With more than 17,000 State Farm agents in the U.S. and Canada, there's no shortage of green neighbors. Many agents started efforts to be green with steps as simple as recycling everyday trash — keeping tons of garbage out of landfills — and are moving on to bigger efforts.

Receiving junk mail faxes daily gave Tim Mee, an agent from Plainview, New York, an idea. “I thought there had to be a better way to deal with these faxes and found a program called MyFax (www.myfax.com). Now, MyFax converts all faxes

coming to my office into an electronic format and sends them to me as e-mail,” said Mee. “I can save those as electronic files on my computer. Then, I can print out just a single page if I need it, rather than the entire document. It costs \$20 a month to use this service, but I'm saving about \$150 a month in paper and toner. Any paper that doesn't have confidential information on it, I use again as scratch paper or in the printer.”

State Farm agent William Kohl of Surprise, Arizona, encourages his team to car pool. “I give gift certificates to team members who ride to

work together twice a week or more. My wife and I traded in our vehicles for hybrid cars, and I ride my bicycle to the office on Saturdays, weather permitting,” explained Kohl. “I hired a shredding company to shred and recycle all paper with customer information. This keeps the information confidential and ensures it will be recycled properly.”

Shirley Light uses solar panels to provide electricity for her office.

Photos courtesy of Juliana Thoennes, State Farm.





“This car is tiny, but it has everything I need — heater, directional signals, seatbelts and a trunk!” says State Farm Agent Shirley Light. “It goes 30 miles per hour for about 40 miles on each charge, and it costs only a penny per mile to drive.”

Shirley Light, an agent in Winslow, Arizona, has reduced electric energy use in her office. “I installed energy-efficient, compact fluorescent lighting in the main work areas and use a programmable thermostat to run the heating and cooling system,” said Light. “These steps are saving energy and money. I had a solar panel installed on the roof of my office, and a recent electric bill was more than \$200 less than it was at the same time last year. The panel was expensive, but through rebates and tax credits, I should see a return on that investment within the next six years.

“I had an energy audit done on the office to see what else we can do to save energy.” Light plans to purchase a wind generator and install natural lighting features as her next

green steps.

Reduce, reuse and recycle are everyday activities for agent Chuck Watkins of Feasterville, Pennsylvania. “We’ve reduced by using compact fluorescent light bulbs, driving our cars 60 miles per hour or less on the highway, turning down the thermostat, and installing an on-demand, tankless water heater,” said Watkins. “We reuse zip lock bags, plastic take-out containers and paper or plastic bags. We recycle newspapers, magazines, boxes, cans, glass and plastic. The document shredding company we use sells the shredded material to a paper company to be recycled.

“And, we try to involve our children — because the earth was not given to us by our parents — it has been loaned to us by our children.” ■

Measuring Green

State Farm has a long a history of being environmentally responsible. More than 67,000 employees across the U.S. and Canada combine with the Agency Force to deliver some remarkable accomplishments, including:

- A customer electronic billing and payment option that eliminates more than 3 million pieces of mail per year.
- The third-largest non-governmental, eco-friendly fleet in the nation.
- A 26-year-old company-wide recycling program that includes paper, plastic, aluminum, glass, carpet, electronics, light bulbs, batteries, and more. Last year, more than 972 tons of material was kept out of landfills from its corporate headquarters alone.
- Inaugural membership in the Business Roundtable’s Climate RESOLVE initiative, a voluntary program to measure and reduce greenhouse gas emissions. State Farm has reduced its emissions by more than 38% since 2002.
- A composite Energy Star rating of 82, indicating that State Farm buildings, on average, are more energy efficient than 82 percent of comparable buildings. That’s up from 49 in 1999.
- Van pool programs in offices across the U.S. and Canada with more than 1,250 riders, and a shuttle service that moves 400,000 employees each year among corporate buildings, eliminating that number of individual car trips.
- More than 1 million square feet of carpet kept from landfills by recycling, downcycling, or reusing carpet that comes out of its facilities.
- More than 147,000 pieces of out-of-date electronic equipment sent to an asset recovery vendor for reuse or recycling in 2007.

Rising to the Challenge of Building a “Green” Environment

Since 1985, when the Company was formed to provide much-needed capacity in the insurance marketplace, ACE has been a global leader in providing risk management solutions to businesses. And that includes finding solutions to the ongoing battle to preserve and protect the environment.

In 2005, the ACE Group of Companies announced its participation in global environmental conservation with the creation of the ACE Land Legacy Fund, which is administered by The Conservation Fund, a non-profit organization that forges critical partnerships to conserve America’s legacy of land and water resources. Since its creation in 2005, the ACE INA Foundation has made a total of \$550,000 in commitments to the ACE Land Legacy Fund, which

has helped to protect more than 275,000 acres of precious conservation lands. ACE’s participation in this vital global environmental conservation initiative still continues.

The ACE Land Legacy monies are also helping The Conservation Fund acquire 40 acres known collectively as the Draper properties that sit along the Delaware Bay adjacent to, and within the acquisition boundary of, the Prime Hook National Wildlife Refuge. This initiative also includes the purchase of 71 acres that connect the Arabia Mountain Heritage Area with Panola Mountain State Park near Atlanta, Georgia, and a significant timberland preservation effort in the Redwood Region of Northern California.

Evan G. Greenberg, chairman and chief executive officer, ACE Limited, commented, “ACE is committed to

protecting the environment through its innovative ACE Land Legacy Fund. We were delighted to partner with The Conservation Fund in supporting projects that conserve wilderness areas for future generations.”

ACE’s commitment to climate change awareness and improving the environment of the communities around the world in which it does business has long been a key focus for the Company. This pledge of support by ACE extends beyond charitable contributions to include the ongoing hands-on support and involvement of its employees. ACE has served as a corporate sponsor of the annual Chicago River Day Rescue organized by Friends of the Chicago River, including serving as the Education Sponsor. The sponsorship has helped to preserve the environmental integrity of the Chicago River watershed and included active support from Chicago-based ACE employee volunteers through their participation in the annual day of environmental clean up projects.

Marcie Massa, executive assistant in ACE’s Chicago office, organized the “Clean Up” day for ACE employ

ACE employees in the Chicago office joined nearly 4,000 volunteers at the Chicago River’s 16th annual Chicago River Rescue Day and participated in the effort to clean and repair more than 60 river-edge sites in the city and the suburbs. Photos courtesy of ACE.



ACE's commitment to climate change awareness and improving the environment of the communities around the world in which it does business has long been a key focus for the Company.

ees in her office, and remarked on the day's activities, "Our job was to pull the 'Garlic Mustard Weed,' and this effort was much-needed among the watershed as it invades forested habitats where it can displace native plants and alter soil composition and structure—which can be detrimental in preserving a healthy ecosystem. The hands-on experience of making a difference in our environment was so rewarding for us, and it was heartening to see the positive results of our hard work."

Meanwhile in Philadelphia, ACE has continued its sponsorship of The Fairmount Park Conservancy's "Growing the Neighborhood" program, which seeks to revitalize Philadelphia's community parks through financial and volunteer support from local companies. As part of this initiative, ACE donated \$100,000 over four years to fund improvements at three city parks per year. In addition, each year, typically in June, ACE employees show their support for the program by joining neighbors and friends of the chosen parks for a clean-up event. Volunteer activities include trimming back vegetation, painting, planting flowers and collecting litter and other debris.

Eden Kratchman, executive director of the ACE INA Foundation, said, "As a company, ACE strongly supports civic volunteerism and working with other partners. We place tremendous value on the collective efforts of all of us who want to make

a difference in the community. These programs provide a unique opportunity for our employees to connect with their community and to work hand-in-hand with other members of groups interested in preserving our parks."

ACE's ongoing participation in environmental initiatives helped to establish the framework for the launch of ACE Green—the Company's global employee environmental program. Launched early in 2008, this initiative has resulted in the implementation of numerous energy-reduction activities, including better systems for collecting recyclables and reducing paper use through more electronic transmission of documents.

This past year ACE announced its participation in the Environmental Protection Agency's (EPA) Climate Leaders program. Launched in 2002, Climate Leaders is an EPA industry-government partnership that works with companies to develop long-term, comprehensive climate-change strategies. Partners set a greenhouse gas reduction goal and inventory their emissions to measure progress. By reporting data to the EPA, partners create a lasting record of their accomplishments and identify themselves as a corporate environmental leader.

The ACE green initiative has also spawned the development of new insurance products and risk management services, including the launch of ACE Green Building Restoration, a stand-alone policy and endorsement that can provide coverage to help

rebuild a facility in an environmentally-friendly way after an insured loss.

Speaking about this product launch and ACE Group's growing portfolio of green products, Kurt Husar, senior vice president, ACE USA Global Property, said, "ACE is a leader in providing risk management solutions to meet the evolving needs of our diverse client base. We're pleased to blend our traditional property products and services with an insured's desire to rebuild their properties after an insured loss to a more environmentally-friendly standard."

ACE's Environmental Risk Division, part of its U.S.-based retail operating division—ACE USA—recently made a donation to American Forests' Global ReLeaf campaign to fund the planting of 5,000 trees in five locations across the United States. This support of American Forests helps to ensure the protection of forest ecosystems and their benefits for future generations. ACE Environmental Risk made this donation in appreciation for its clients' support in 2007.

ACE takes a holistic approach to helping find solutions to ongoing environmental concerns. Whether it's with its philanthropic participation in global environmental initiatives, or hands-on support through employee volunteerism efforts, or the introduction of new environmentally-friendly products and risk management solutions—ACE is committed to helping to preserve the integrity of the environment for future generations. ■

Addressing Climate Change Globally

In May 2006, American International Group (AIG) became the first U.S. insurance company to announce a policy on climate change. By making a statement, AIG recognizes the scientific consensus that global climate change is a reality and that it is highly likely in large part the result of human activities, primarily the burning of fossil fuels and tropical deforestation, that have led to increasing concentrations of greenhouse gases in the earth's atmosphere. In addition, AIG recognizes that climate change poses significant risks to mankind.

At the same time that AIG issued a statement on climate change, the company also established the Office of Environment and Climate Change. Designed to be a focal point on the issue, this corporate-level office has a mandate to: support businesses as they develop products and services that help customers address climate change; advance the policy discussion and advocate for "cap and trade" legislation in the U.S. and abroad and engage employees and reduce the environmental impacts of AIG's operations worldwide.

In its focus on the business opportunities related to climate change, AIG's policy responds to the demands and needs of customers and investors with an interest in reducing green-

house gas (GHG) emissions. AIG companies are developing and expanding products and services that promote investment in, and the deployment of, technologies and activities that mitigate GHG emissions and that support the carbon market. These include insurance solutions—such as the AIG ecoPractice and the Advanced Energy Solutions Group—that help customers mitigate both their climate change

from non-delivery of tradable carbon credits from energy and forestry projects, and that give customer discounts on premiums for properties that meet LEED green building standards.

AIG Investments invests in renewable energy and energy efficiency projects, both through private equity and project debt financing. A Sustainable Investment team has been established to assess private equity



risks and their GHG emissions by supporting renewable energy and other GHG mitigating technologies globally.

Other new insurance products, launched or in development, include those that address select risks associated with technology design deficiencies from U.S. alternative fuel facilities, that provide incentives for constructing 'greener' buildings and installing more efficient energy systems following a loss in both commercial and residential buildings, that insure monetary losses

investments in GHG mitigating technologies. The AIG Global Real Estate Group continues its leadership role as developer and investor of 'green' buildings around the world. AIG Financial Products has invested directly in renewable energy and participated as a credit support provider in a large transaction of carbon credit recognized under the Kyoto Protocol.

At a corporate level, AIG is lobbying for legislation in the U.S. and Europe to support both mandatory

AIG is committed to improving the emissions performance of its operations, through energy efficiency, purchase of renewable energy, and offsetting the company's greenhouse gas emissions.

limits on GHG emissions and emissions trading as a mechanism to help achieve the required reductions in an economically sound way. In the U.S., AIG participates in the U.S. Climate Action Partnership (USCAP), a group of 32 major corporations and environmental groups promoting immediate federal cap-and-trade legislation. The company also participates in several lobbying coalitions in Europe and aligns itself to groups of like-minded companies that support climate change solutions such as Combat Climate Change, the Corporate Leaders' Group and the Association of British Insurers' ClimateWise program. AIG works with the World Economic Forum, the World Resources Institute, the International Emissions Trading Association, the Carbon Disclosure Standards Board and other leading non-profit groups to promote climate change policy solutions.

AIG is a member of the advisory board and provides funding for *Resilient Coasts: Reducing Risks and Adapting to Climate Change*, a project being run by the H. John Heinz III Center for Science, Economics and the Environment and Ceres. Along with Lloyd's, AIG is also a primary sponsor of a project, convened by the Insurance Information Institute and the Harvard Center for Health and the Global Environment, that assesses how to incorporate climate change risk into catastrophe modeling.

The company is actively promoting awareness of climate change with its clients and employees and recently held forums on climate change with major accounts in both China and the U.K., as well as led several internal forums that raised the topic with AIG employees.

For constituents worldwide, AIG has also developed an environment and climate change section that's a part of the corporate responsibility portion of the company's Web site.

In 2006, AIG conducted its first GHG inventory, finding that most of AIG's emissions come from the generation of the electricity purchased for its buildings and from commercial flights for business travel. AIG is committed to improving the emissions performance of its operations, through energy efficiency, purchase of renewable energy, and offsetting the company's greenhouse gas emissions. AIG has funded multi-benefit forestry and agricultural carbon offset projects in China and the U.S. that generate voluntary verified emission reductions and sequestration (VERs) equal to the 620,000 metric tons of the emissions in the 2006 inventory.

In late May, AIG launched *Be Green*, an initiative that will engage employees in a campaign to reduce the environmental impacts of AIG's business operations around the world. For several months prior to the launch, employees in locations

around the world participated on five committees that assessed the environmental impacts of AIG's operations and identified ways to reduce those impacts. The committees included Facilities (with an Energy sub-committee), Sourcing & Transportation, Information Technology, Human Resources & Communications, and Green Ambassadors.

The *Be Green* initiatives include energy efficiency measures and temperature adjustments to reduce electricity use in owned and leased AIG buildings worldwide; improved recycling and equipment disposal; purchasing supplies and equipment that meet higher environmental standards; encouraging employees to use mugs rather than disposable cups; measures to reduce paper use; encouraging employees to participate in "green" volunteer activities and others.

A *Be Green* intranet site has been launched and a volunteer network of employee "Green Ambassadors" has been established to help implement the plan and provide feedback and ideas on a local level.

AIG views climate change as an issue that cuts across many of the business lines and the operations of the company. By putting AIG's environmental house in order, AIG supports the business units that are developing and marketing eco-friendly products and backs the corporate advocacy and public policy work in this area. ■

Taking an Integrated Approach

The impacts of climate change are redefining how some businesses and individuals operate. In the insurance industry, the visible results can range from products that target green markets to services that help customers prepare for and respond to the risks associated with climate change as well as internal policies that reduce the carbon footprint for an individual business.

But are incremental steps enough? Are insurers doing everything possible to be part of the solution if policies are written with the environment in mind, buildings are retrofitted for energy efficiency and employees are encouraged to save gas by working from home?

Like many of its industry counterparts, Travelers is already an active member of the corporate sustainability movement with innovative products, risk reduction measures and smart business practices that focus on climate change. And two years ago, Travelers decided that to be most productive on the issue required bringing the company's best minds together to focus on the many challenges of climate change.

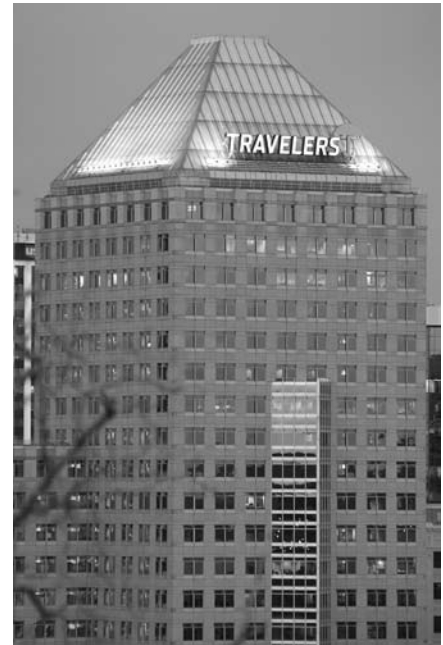
To enhance and coordinate Travelers' efforts — from internal steps to reduce carbon emissions to external initiatives that support effective adaptation strategies to address the impacts of climate change — Travelers formed a Climate Change Committee that has the unequivocal support of the top leadership. The goal for the Committee is, among other things, to increase the company's participation in

the global response to climate change by identifying emerging risks and opportunities and facilitating effective strategies across the enterprise.

To keep Travelers' climate change focus on track, the committee issues a report to management that is updated on an ongoing basis, not only to celebrate successes, but also to stimulate and chart the progress on future goals.

The successes include introducing many products that encourage customers who are committed to being environmentally responsible. For example, Travelers was the first company to extend up to a 10 percent discount for coverage of hybrid cars on a national level. In addition, the company has boiler and machinery policies that cover the replacement of damaged equipment with upgraded equipment that protects the environment and operates more efficiently. Similarly, its commercial green building coverage enhancements encourage the use of environmentally friendly materials.

Travelers has also been a leader in reducing the impact of its own activities. The company's two main campuses in St. Paul, Minnesota, and Hartford, Connecticut, have been certified as Energy Star rated by the Environmental Protection Agency. Since the mid-1980s, the St. Paul campus has been heated by a water-and-steam-driven system that today is largely fueled by clean wood waste. Hybrid vehicles have been added to the corporate fleet, more than 3,000 employees work from home, recycling



Travelers corporate headquarters is Energy Star-certified. Photo courtesy of Travelers.

is emphasized throughout the offices, and a paper suppression initiative is well under way.

While continuing to expand green products and work toward efficiency in its own operations, Travelers is also focused on being an effective partner for many public policy initiatives that support effective climate change adaptation strategies and promote environmentally responsible practices. These include:

- Participation with the Business Roundtable Climate Resolve Initiative Group and the EPA's Climate Leaders Program. After establishing its carbon footprint baseline, Travelers set a goal of reducing carbon emissions by 7 percent from 2006 to 2001.
- Travelers was invited to become the first insurance company to join the Pew Center on Global Climate

Continued on page 28

Teaching Kids to Do Good and Go Green

Erie Insurance employees believe that taking care of the earth is more than just a one-day project. It's an ongoing endeavor. That's the lesson employee volunteers taught Pfeiffer-Burleigh School students when they helped the school mark Earth Day by planting a tree, promoting a public recycling campaign and making a clean sweep of city streets and storm drains. The employee "do good and go green" initiative was an outgrowth of Erie Insurance's 20-year Adopt-a-School partnership with Pfeiffer-Burleigh, an inner-city school

located within walking distance of the insurer's corporate headquarters in Erie, Pennsylvania.

On a recent Earth Day, Erie Insurance volunteers taught students to go green by planting a tree outside the school's main entrance. The group of planters included eighth grade students led by Erie School District Superintendent Dr. James Barker.

"We came up with the idea of planting a tree to commemorate Earth Day and to mark the graduation of the first eighth grade class to graduate since Pfeiffer-Burleigh became

an 'elemiddle school,' explained Erie Insurance employee Bonnie Daughenbaugh, chair of the Adopt-a-School Partnership. "A small marker was placed at the tree base in honor of the occasion."

In another effort, "reduce, reuse and recycle" were the themes of two school art projects conducted in conjunction with the Erie Insurance/Pfeiffer-Burleigh Earth Day celebration. The first art project was initiated by employee Heather Love, Erie Insurance tutor chair. Every student at Pfeiffer-Burleigh created slogans

Erie School District Superintendent Dr. James Barker (center) helps three Pfeiffer-Burleigh students (left to right): Kiev, Toya and Dy'Jsean, with their Earth Day tree planting. Looking on are Erie Insurance volunteers (back, left to right): Cindy Kerchoff; Mary Hanks and Cheryl Bulger.



and pictures on brown paper grocery bags borrowed from a local supermarket. More than 750 bags were then returned to the store for distribution to customers on Earth Day.

“This project spread the word about taking care of the environment far beyond the walls of Pfeiffer-Burleigh,” said Barker. “We’re proud of the part these students played in communicating these important messages.”

The second Earth Day art project engaged kids in kindergarten through grade three in a poster contest to encourage recycling. Erie Insurance selected the top three posters.

“It was a tough job given the number of entries,” said Erie Insurance employee Diann Graham, who judged hundreds of posters along with fellow employee volunteer Dave Jakubowski.

“It’s important to teach kids to be conservers rather than consumers,” noted Jakubowski.

“If this planet is going to sustain future generations, we need to begin educating our children in our elementary schools and even at a younger age.”



Pfeiffer-Burleigh student Rostislav Melnik’s colorful recycling poster (right) was one of three prize winners.

And the efforts of the students and volunteers went beyond the school’s walls. Suited in orange safety vests, students and their Erie Insurance mentors also made a clean sweep of the neighborhood around Pfeiffer-Burleigh School.

Under the direction of Erie-Allegheny Earth Force, a local non-profit youth organization dedicated to engaging young people to improve the environment and their communities, students literally swept

the sidewalks and streets.

“Students collected 538 cigarette butts in the short time they had to collect litter,” reported Margarita Dangel, education director, Lake Erie-Allegheny Earth Force.

They also cleaned half a dozen storm drains that empty into Lake Erie. With winter debris and rubbish swept into garbage bags, students then spray-painted this message near the drains: “Pollution mistake. Drains to Lake.”

“I learned so much from these children,” said Kim Lane, Erie Insurance fifth-grade employee representative, who helped with the drain clean-up.

“Maybe if we had been a little more educated about the environment when we were young, things would not have reached the point they are now,” added Lane. “Working with these kids is very fulfilling. Together, we will make a difference.” ■



Erie Insurance fifth grade representative Kim Lane, (back, right) joins eighth grade students in the neighborhood clean-up project.

A Commitment to the Environment

Swiss Re is committed to supporting environmental causes locally, raising awareness about environmental issues globally, and funding environmental investments by their employees. Swiss Re's American headquarters is in Armonk, New York (Westchester County) and the company is active in their support of environmental issues and organizations locally and globally. Swiss Re was the first insurance company to commit to becoming carbon-neutral, a goal the company achieved in 2003. One of the goals included in this initiative is to reduce Swiss Re's CO2 emissions by 30 percent per employee through 2013. Overall, Swiss Re has already reduced the company's carbon emissions by over 25 percent from 2003 - 2007.

Locally, Swiss Re is a corporate sponsor of Green Chimney's Children's Services of Brewster, New York. Green Chimney's is a nonprofit organization dedicated to assisting

children with severe emotional, physical or learning disabilities through animal assisted therapy and other nature and environment related activities.

In 2007, Swiss Re received the Corporate Good Neighbor Award for Environmental Excellence from the Grassroots Environmental Education organization in Westchester County, New York. The award recognized Swiss Re's leadership in sustainability, specifically the state-of-the-art Swiss Re U.S. headquarters which was designed to protect the adjacent Kenisco reservoir and minimize overall environmental impact.

Swiss Re also sponsors a COYou2 program aimed at encouraging its employees to make their own personal investments in CO2-reducing measures to support the company commitment to address climate change. In the United States, Swiss Re employees can receive subsidies of up to \$3,300 for investments in environmentally friendly technologies such as

hybrid cars, solar panels and purchases of Energy Star-rated appliances, windows or furnaces.

The results of the first year are very positive, with more than 400 staff — over 5 percent of eligible employees worldwide — taking part in the program. The subsidized investments vary from one region to another, depending on local circumstances and conditions; the program has supported 130 staff — 116 of them in the U.S. — in acquiring a low-emission hybrid car, while 170 employees in Switzerland received contributions towards annual travel passes for public transport. An additional 80 staff members around the world were granted subsidies with energy- and electricity-related investments, including the installation of solar panels and heat pumps.

Swiss Re has also taken a leading role in raising global awareness of the risks posed by climate change.

Continued on page 27

Swiss Re's state of the art headquarters in the U.S. was designed to protect an adjacent reservoir and minimize overall environmental impact.

Photo courtesy of Swiss Re.



Green Team Targets Renewable Energy Sector

Recognizing the growth of the renewable energy industry, Chubb's recently created green energy team will expand its focus on providing custom-tailored insurance products and services to manufacturers who create the technology to produce green energy as well as companies that own and operate green buildings.

"We have served the energy sector for decades and, as the marketplace has become more environmentally aware, we have broadened our expertise to meet insurance needs," explained Peter Thompson, vice president, Chubb & Son, and worldwide energy manager for Chubb Commercial Insurance. "The creation of Chubb's green energy team will allow us to look beyond traditional renewable energy production and distribution risks."

The renewable energy market is a high-growth industry throughout the world. In the United States alone, 25 states have enacted renewable portfolio standards, policies that require electricity providers to obtain a minimum percentage of their power from renewable energy resources, or mandates for the use of renewable energy by early 2007. The U.S. ethanol sector, which is one section of the renewable energy industry, has also more than doubled its production of ethanol to 7 billion gallons in 2007 from 3.4 billion in 2005, according to the American Coalition for Ethanol. Thompson pointed out that Europe and Asia are also experiencing vast growth in the production of

renewable energy.

The U.S. Green Building Council reports that the annual U.S. market for green building products and services is experiencing rapid growth, increasing from \$7 billion in 2005 to \$12 billion in 2007. While Chubb has been offering insurance products and services to renewable energy producers and distributors for more than 20 years, the green energy team will expand the company's focus to include manufacturers who create the technology that allows companies to produce green energy, such as wind turbine and solar panel manufacturers, and companies that own and operate green buildings.

Green construction is also on the rise. The market value of new green building construction this year is more than \$12 billion and is expected to be \$60 billion by 2010, according to McGraw-Hill's *Construction Greening of Corporate America SmartMarket Report*. To capitalize on this growth, Chubb's "green team" has introduced and will continue to develop new insurance products and services aimed at customers operating green buildings. For example, Chubb's *Customarq Classic* policy enables businesses to restore green buildings to their original condition after a loss. The policy insures property on a replacement-cost basis for green features such as vegetative roofs, solar panels, geothermal systems, wind turbines, groundwater collection systems,

Energy Star equipment and other items certified as green by the U.S. Green Building Council or Green Buildings Initiative.

Other *Customarq Classic* features include business income and extra expense insurance to help companies with green properties quickly restore their operations after a loss. For example, an insured business can be reimbursed for the extra expenses it incurred to purchase power from a public utility until its alternative power-generating equipment is repaired or replaced.

"We recognize that it may take longer for businesses to rebuild a green building to its pre-loss condition, so our *Customarq Classic* policy insures these businesses for the loss of income they incur during that time," said Thompson. "As businesses increasingly take steps to protect the environment, Chubb can help them protect their investments."

Under the *Customarq Classic* policy, an insured business also can be reimbursed for registration and certification fees relating to green standards, as well as the costs of hiring accredited design and reconstruction professionals, diverting recyclable debris after a loss to recycling facilities rather than landfills and other green services. The Chubb green energy team will also introduce a new "Green Upgrade" feature which will enable policyholders to "go green." This "Green Upgrade"

Continued on page 28

Protecting Endangered Species

If Kermit the Frog were going to re-record his 1970 hit “Being Green,” his famed line “It’s not easy being green” would definitely take on a whole new meaning.

For the famous green amphibians and their relatives including toads, salamanders, newts and caecilians, it’s not easy being green because they are becoming extinct.

To combat the potential amphibian extinction crisis, the Association of Zoos and Aquariums (AZA) designated 2008 as the “Year of the Frog” to help increase efforts to protect these endangered species.

Amphibians are only one of thousands of endangered species.* In an effort to educate the public about the need for wildlife conservation, the AZA recently teamed up with GEICO to develop a joint public awareness project. GEICO’s very own green spokescreature, the GEICO Gecko, is helping spread the word about the decline in animal species and populations. He’s taped a series of television and radio commercials and GEICO is sponsoring a traveling AZA exhibit of geckos from around the world that are facing extinction.



GEICO’s Gecko discusses wildlife conservation with a jellyfish.

“This partnership is a natural fit for both GEICO and AZA,” said Ted Ward, GEICO’s vice president of marketing. “Having the Gecko promote animal rights protection is a good cause and puts GEICO in a favorable light with the general public.”

Founded in 1924, the AZA is the leading accrediting organization for zoos and aquariums and has instituted rigorous standards for animal care, education, wildlife conservation and science. It currently has over 200 member zoos and aquariums.

GEICO will promote wildlife conservation through its support of the 200 AZA-accredited zoos and aquariums nationwide during a three-year partnership. As part of the collabora-

GEICO’s traveling exhibit features live geckos. Photos courtesy of GEICO.

tion, the AZA invited the Gecko to communicate its preservation efforts via television, radio and newspaper ads.

There are four GEICO-AZA television spots currently running. They each feature the Gecko humorously interacting with either an otter, giraffe, jellyfish or gorilla. The human character in one of the spots is played by Sir David Attenborough, one of the world’s most acclaimed broadcasters and naturalists, who is one of the pioneers of the nature documentary. Many participating zoos and aquariums are joining the awareness effort by promoting the advertisements on their Web sites.

Another part of the AZA partnership is GEICO’s “traveling gecko” exhibit featuring live geckos. This exhibit will provide important education on the background of geckos and their threat of extinction.

These adaptable lizards have conquered a variety of habitats ranging from tropical beaches and lush rainforests to frigid mountain slopes and parched deserts. More than 1,100 species occur worldwide living on every continent except Antarctica. Gecko diversity, and biodiversity in general, depends on “islands.” The term “island” includes areas of land surrounded by barriers of trees, mountains, water, ice or deserts. When groups of animals get separated from larger populations, new habitat islands are created. The groups can evolve quickly and often create new species.

AZA Conservation Tips



Left: Greg Kalinsky, regional vice president of GEICO's San Diego regional office and Jim Maddy, president and CEO of the AZA. Right: GEICO's Gecko welcomes visitors to the San Diego Zoo.

But if the habitat islands are too small, species go extinct. The greatest threat to biodiversity is the shrinking and fragmenting of habitats by humans.

The gecko tour, hoping to raise awareness to this shrinking population, will visit six AZA-member locations throughout the country in 2008, and will continue to tour through 2010. The tour kicked off on January 5, 2008 at the San Diego Zoo. The whole community came to the zoo in celebration of conservation. Greg Kalinsky, GEICO's San Diego regional vice president, and Rynthia Rost, GEICO vice president of public affairs, attended the event along with several state and local dignitaries, GEICO associates and local residents.

"The exhibit captures the personality of the Gecko and delivers the message of wildlife conservation in a way that catches you and makes you understand what is at stake — but not in a scary way," said Rost. "When we kicked off the exhibit in San Diego, the five geckos in the planetarium seemed to know they were on stage, hanging from branches, and perched upside down on the light fixtures panels. The children really enjoyed it."

The exhibit next traveled to the Houston Zoo in April, visited the Denver Zoo and will head to Omaha, Nebraska this summer. At each zoo location over the next three years,

GEICO will make a contribution to wildlife conservation. But equally as important to GEICO is the enthusiasm and involvement of GEICO associates around the country.

They were inspired by the company's recent partnership with the AZA, and took avid interest in AZA's Earth Day "Party for the Planet" in April. A number of GEICO's regional locations held Earth Day-themed celebrations in an effort to help all associates learn more about the importance of wildlife preservation.

Here are some of the activities that GEICO associates created:

- Associates at GEICO's headquarters in Washington D.C. celebrated with the president of AZA, Jim Maddy, who brought a number of traveling animals from the Columbus Zoo to the campus. The visiting animals included two clouded leopard cubs, an alligator, a flamingo and an armadillo.
- Associates also organized a nationwide trivia contest to highlight the alarming statistics about environmental conditions.
- Hundreds of reusable shopping bags were distributed to associates at all major GEICO locations to use for grocery and retail purchases.

Through education, community outreach and sponsorship programs, GEICO and its associates are helping

1. Driving less is one of the most important ways to reduce individual contribution to global climate change.
2. Bike, walk, carpool or make use of public transportation to reduce your carbon footprint.
3. Replace incandescent light bulbs with compact fluorescent bulbs (CFLs) which use 75 percent less energy and last 10 times as long.
4. Turn off lights and computers when not in use.
5. Set thermostat 2 degrees cooler in the winter and 2 degrees warmer in the summer.
6. Unplug electronics when not in use.
7. Replace showerheads with ultra low-flow version to cut shower water use by 50 - 80 percent.
8. Turn off the faucet when brushing teeth and shaving.
9. Install faucet aerators to conserve water.
10. Wait until you have a full load to run the washing machine or dishwasher.
11. Eliminate single-use disposable items. Try replacing paper towels with washable rags; use a thermos for coffee; keep a cloth sack handy for purchases.
12. Use less paper and avoid excess packaging.
13. Find a recycling center in your area at www.earth911.org.
14. Many AZA-accredited zoos and aquariums offer free cell phone and battery recycling.
15. Use paper products made from recycled fiber.
16. Switch to low-VOC paint.
17. Cook with local, organic foods.
18. Search out shade-grown coffee and chocolate.
19. Add drought resistant native plants to your yard, garden or window-box.

conservation. GEICO associates know, however, their work is not nearly done. Every day they learn new ways to improve the environment. Public Affairs Coordinator Sarah Berner added, "We can only hope to set a good example and encourage everyone to step up and lend a hand." ■

**The World Conservation Union (ICUN) indicates there were 16,306 endangered species 2007, and the list is growing every year. It adds that threatened species are only part of our world's conservation issues.*

Rebuilding Efforts in “Green”sburg

When a series of tornadoes destroyed Greensburg, Kansas, and five surrounding counties in May 2007, Lockton Associates immediately asked what could be done to help. After the town evaluated its needs, it was decided that a group of volunteers from Lockton would travel to Greensburg to assist with the rebuilding efforts. Lockton Companies, an insurance broker, has long been known for its community involvement, but its associates had never tried anything this ambitious before.

Lockton’s Matt Pateidl, environmental risk consultant, and Kristine Krause, community relations specialist, met with members of the South Central Tornado Recovery Organization (STRCO), the group charged with the clean-up and rebuilding efforts for the entire region, to discuss how Lockton could help. Matt and Kristine conveyed to James Bond of STRCO that Lockton had 80 ready and willing associates and a number of tools and supplies; they just needed a date for the trip.

When the caravan of Lockton volunteers pulled into town, they were met by residents and members of SCTRO. With the help of STRCO, Lockton was the first corporation to organize a volunteer effort of this magnitude. Most other volunteers had come from relief and church groups. The team toured the town and the two houses and a community center that needed Lockton’s help. All three structures had

foundations poured, the two houses had walls but the community building did not, and none had roofs. The building supplies, siding, roof trusses and two-by-fours had been purchased through federal grant and homeowner’s insurance money and were at the sites, ready for the Lockton team to start working. Due to limited funds and manpower, the community has relied heavily on volunteer labor for its clean-up and rebuilding efforts.

The Lockton team split up into four separate groups and got to work. One team’s work of cleaning up debris was equally important as the construction projects. Five months after the storm, the volume of debris that was still there astounded the team. They spent the day cleaning up several acres of farmland around the community center site, called Volunteer Village. In addition to basic housing and trash debris, the team found crushed farm machinery, billiard balls, eight-track tapes, dolls and toys, and a lot of clothing.

Early one morning, Volunteer Village started as a slab of concrete. Lockton’s team assembled and put up all the walls of the 3,000 square foot community center. By the next evening, Volunteer Village had four completely installed outside walls with siding and paint, all of the roof trusses in place and the appropriate door and window openings complete.

The two houses the Lockton team was working on belong to a father and son, Steve and Brady. Steve and

his wife were living in a FEMA trailer on their construction site. Their son, Brady, along with his wife and two children, were staying in a house they owned, but used as a rental in Haviland, about ten minutes away. The house Brady and his family lived in before the tornado was the family farmstead. Owned by Steve, it was the house that Steve and, subsequently, Brady grew up in.

On both houses, the Lockton team’s main goal was to get the roof trusses up as the concrete was poured and the walls were in place. In the late afternoon of the second day, all the trusses on the main level were up, but the second story still needed to be done. The team was tired and ready to call it day, but Ralph, a Greensburg resident, retired builder and relative of Steve and Brady’s, who had been working with the team throughout the day, said ‘Do you have it in you to finish?’ That comment reenergized the team and they worked until sunset and finished all the trusses on the house.

“When the last truss was finally nailed in place, Ralph approached me,” recalled Pateidl. “I offered my hand and he pulled me into a tremendous hug. It was a great sense of accomplishment to finish the project and help these people after all they had been through.”

The Lockton team did more than help with the clean up and construction of buildings. They also met with residents and listened to their accounts of surviving the tornado, heard residents’ memories of their town and their plans



Lockton associates help rebuild the town of Greensburg, Kansas.

Photos courtesy of Lockton Companies.

for the future.

Pam Enright, director of international benefits for Lockton Benefit Group, had a special connection to Greensburg and some of its residents. Both of her parents had grown up there and graduated from Greensburg High School back in the 1950s. Two of the town's businesses are owned and managed by her uncle and his two sons. During the trip, Pam was able to spend time with both of her cousins and hear directly from them how the disaster had affected their lives, families, businesses, and ultimately what it could mean for their future. The family intends to stay in Greensburg and rebuild their businesses, but all admit that the process is slow and painful. They have an amazingly good attitude given their circumstances, and they look at things now as "their new normal," said Enright.

"It was unbelievable, driving into Greensburg that first day. Nearly everything was gone—homes, businesses—even the tops of the trees. It was virtually impossible to get my bearings," recalled Enright. "Greensburg is a small town and had beautiful old trees, wide streets and many old, wonderful houses. The tornado literally had ripped it all apart. The fact that there were so



few deaths was nearly incomprehensible, given the devastation the tornado caused that day.

"I had some time to search out the lots of land that my family owned. The homes were gone, save a handful of bricks. All that was left were gaping holes in the ground where the foundations had been. It was heartbreaking. As you can imagine, my family is so thankful that Lockton and so many of the associates gave of their time and effort to help rebuild Greensburg," added Enright.

Lockton's partnership with Greensburg and its residents has not ended. Tom Metzner, senior loss control consultant, had an opportunity to visit with the Greensburg firefighters and discuss their challenges and needs. Tom worked with Fireman's Fund's Heritage Program, which identifies fire departments in need of equipment and tools. With more than 15 years as a volunteer firefighter, Tom is keenly aware of the role good equipment and tools play in protecting residents and property.

"Through the Heritage Program, Lockton and Fireman's Fund purchased a thermal imaging camera for the Greensburg Fire Department," said

Metzner. "This camera allows firefighters to see in zero visibility conditions, even in pitch dark or in a room filled with smoke. The traditional method of searching a room was crawling on your hands and knees, feeling your way around the room. With the imaging camera, a firefighter can stay at the doorway and scan the room to locate victims. This technology has reduced the search time from minutes to mere seconds."

Lockton and Fireman's Fund presented the camera to the fire department earlier this year. In addition, Mark Henderson, chief operating officer of Lockton's Kansas City property and casualty operation, has sparked a fundraising campaign that has generated more than \$30,000 from Lockton associates and friends. The "LEAD" Fund, or Lockton Emergency Athletic Department Fund, is funding items that the local high school athletic department needs. It is hoped that the fund can touch as many students' lives as possible and rebuild the sports program. Watching the Greensburg Rangers play football last fall, the Lockton team saw the importance of helping rebuild the school and its sports program, as well as the town. ■

Taking Care of Business and the Environment

While XL Capital's global insurance operations may be busy helping many customers manage the most complicated of environmental risks, XL has certainly not overlooked managing and minimizing the environmental impact of its own operations. With a long history of providing environmental risk products, participating in local preservation projects and a recent move into a new "green" office building, XL is focusing more on environmental protection activities in the local communities where it operates.

XL completed and moved into its first "green" office building in Exton, Pennsylvania, to accommodate its growing Environmental, Design Professional, Excess & Surplus, and Program business units there. XL worked with local developer, The Hankin Group, to design and construct a new 150,000 square foot office building using sustainable design principles. The building was designed to qualify for "silver certification" under the Leadership in Energy and Environmental Design (LEED) Green Building Rating System from the U.S. Green Building Council.

LEED certification provides independent, third-party verification that a building project meets the highest green building and performance measures. Silver certification is the 3rd



XL's Peter Chin makes repairs to a dune fence. Photos courtesy of XL.

With a long history of providing environmental risk products, participating in local preservation projects and a recent move into a new “green” office building, XL is focusing more on environmental protection activities in the local communities where it operates.

highest LEED certification for commercial buildings.

According to Peter Chin, XL’s head of corporate administrative services, which oversees XL’s facilities worldwide, “XL’s new office building in Exton is bringing nearly 500 employees under one roof. Even more importantly, the building is doing it with minimal environmental impact as a result of the “green” design principles. This new building project is the first of its kind for us and will be the first of our offices to seek LEED certification.”

Both the base building and the interior of the new office were constructed to achieve LEED silver certification by employing a number of best practices including:

- Locating the project near public transportation;
- Reducing water consumption by using low-flow fixtures to reduce the burden on municipal water supplies and wastewater systems;
- Reducing energy consumption by using efficient lighting fixtures, daylight responsive controls, and Energy Star rated equipment and appliances;
- Purchasing “Green Energy” such as renewable energy technologies;
- Using regional materials and materials with recycled content to minimize the environmental impact. This included:
 - Putting fabric materials in furniture and other furnishings which are made with recycled content;
 - Installing carpets made from either post-consumer or post-industrial recycled content which at the end of its useful life can be recycled back to its fibers;
 - Selecting paints with low VOC’s (volatile organic compounds) which means they have a low odor content and result in minimal off gassing or, in other words, the release of gases from the paint;
 - Using woods from certified forests (not endangered woods). The woods have an earth friendly stain and water based finish;
 - Choosing wall covering products that are recyclable and are either made from recyclable content or renewable resources;



Left: Volunteers from XL clean debris from nearby French Creek. Above: XL volunteers take a break from a beach clean-up.

- Mounting man-made 'stone' countertops that are recyclable and made of recycled contents — crushed glass and concrete.

Rich Corbett, who heads XL's Global Environmental Insurance division in Exton, said, "We help our clients manage the environmental risks that their operations may pose to the environment, public health and within our local community. XL's commitment to green design has taken our environmental stewardship to a whole new level."

Being able to work from a "green" building further solidifies Corbett and his team's commitment to environmental protection. While they employ their environmental underwriting skills to help customer's environmental risk management efforts, XL's Exton employees have a longstanding history of environmental stewardship outside of the office. Through an employee-organized volunteer group called "The Green Team", they contribute to a variety of environmental projects throughout the year, partnering with several local environmental organizations to lend their time and environmental expertise to help preserve or restore local natural resources. One beneficiary of XL's Green Team's volunteerism is the Green Valley Association, an organization devoted to protecting water quality and quantity. For the last several years, XL employees have helped with the restoration of a two-acre section of French Creek, near their office. The property is a former brownfield, or polluted site, and is the only brownfield in Pennsylvania to be returned to its natural status. To keep it in its natural state, XL volunteers help with general maintenance activities including helping to



The clean-up of a creek yielded all this garbage, thanks to XL volunteers.

remove invasive plant species, implement erosion control measures, and repair trails to water access.

XL's Green Team and their colleagues across the globe were out in full force on May 21 — XL's Global Day of Giving this year — assisting with many local environmental initiatives. For the third consecutive year, XL's 4,000 employees spent their day giving back to communities which have supported the company's growth over the last 22 years. XL initially launched its Global Day of Giving in 2006 in celebration of its 20th Anniversary.

This year, many of XL's community service projects focused on environmental protection efforts. Worldwide, XL employees helped a variety of environmental organizations with their preservation and education efforts including:

- Bermuda's Aquarium Museum & Zoo, which needed help with landscaping and clean up activities around its on-site reservoir;
- Switzerland's Tierpark Goldau, a wild animal park, where XL

employees planted trees, helped build a footpath in the park's forest, and performed other outdoor maintenance;

- New York City's Parks Department, which needed help with a variety of clean-up activities;
- The Tri-State Bird Rescue in Delaware, which required much-needed maintenance at its rehabilitation facility which helps return birds that are injured, orphaned, or exposed to oil pollutants back to their natural environment.

"XL has provided us with a greener workspace and has encouraged our environmental preservation work through efforts like our Global Day of Giving," said Corbett. "As we continue to work with clients to ensure that their business operations do not negatively impact the environment, we do it knowing that we don't just 'talk the talk'. We're putting our best foot forward and 'walking the walk', making sure that we do our part in helping to protect our natural resources in whatever way we can." ■

Launching a Global Climate Initiative

In January 2008, Zurich Financial Services announced that it was launching a global Climate Initiative. The primary focus of the initiative is to understand the emerging weather, financial and regulatory risks associated with climate change and to develop products and services that help customers cope with these risks.

Over the past several years, Zurich has focused itself on establishing operating platforms, talent management programs, financial processes and strategic objectives to ensure the company maintains a sustainable path for profitable growth and operational transformation.

Zurich is now systematically looking at areas where it can most effectively apply its global capabilities, particularly as they relate to areas of risk that are important to its diverse customer segments around the world.

At the 2007 World Economic Forum in Davos, Switzerland, the issue of climate change surfaced as a leading topic of discussion. At that point in time, Zurich committed itself to developing a concrete plan to address climate change in a responsible, meaningful and sustainable manner — the result being Zurich's Global Climate Change Initiative.

Climate risks, such as potential for lawsuits, regulations and/or legislation are an emerging area of exposure for Zurich's customers across the globe. Risk management is what Zurich specializes in and successfully delivers for its customers. The key to success

is having a deep knowledge of what risks threaten which segments of society how, and to applying that insight through the development of products and services that enable customers to adapt to those risks and continue operating productively. The climate change challenge is precisely the type of situation in which Zurich's skills sets will assist its stakeholders in adaptation.

There are three primary pillars of Zurich's Climate Initiative — an internal Climate Office, a Climate Change Advisory Council, and development of an applied research program.

Zurich's internal Climate Office is charged with driving an understanding of climate-related risks across all business segments and divisions. The Climate Office is fully embedded in Zurich's underwriting infrastructure, demonstrating Zurich's market-focused climate change approach.

Key elements of Zurich's Internal Climate Office are: champion climate change strategy throughout global business by providing central source of climate change knowledge and facilitating integrated product and initiative development; monitor the implementation and impact of climate change products and initiatives; provide regular communications updates across the businesses; engage internal and external experts, e.g. academics, analysts and cultivate strategic partnerships, including the Climate Change Advisory Council; make customer recommendations.

Zurich's Climate Change Advisory

Council (CCAC) consists of both internal functional leaders and external advisors. The CCAC reports to Zurich's Group Management on strategic and operational issues associated with climate change. Advice will be rendered at both formal meetings and on an informal dialogue basis. In January 2008, Zurich announced the first two external members of the CCAC: former U.S. Congressman Sherwood Boehlert and Ernst Ulrich von Weizsäcker, Dean of Donald Bren School of Environmental Science & Management at the University of California, Santa Barbara.

In addition, former U.K. Prime Minister Tony Blair serves as a general advisor to Zurich on a variety of matters, including providing insight on issues related to climate change.

The applied research program works to partner Zurich with organizations and institutions to examine the critical economic, finance and policy issues associated with climate change. The first such partnership is with Dean von Weizsäcker's Donald Bren School of Environmental Science & Management (Bren School) at the University of California, Santa Barbara. Through this particular partnership, Zurich has funded a Distinguished Visitors program to attract scholars and global thought-leaders to focus on climate changes issues, strategies and solutions.

The Bren School has developed its list of Distinguished Visitors and

Continued on page 27

Winds of Change

The debate on climate change — although certainly nothing new — has been close to Munich Re's heart for many years. The Munich Re Group has been a leader in the field of climate change research for more than 30 years. It established the first and foremost research center in the insurance sector in the mid-70s related to climate change and global warming — long before these became a “fashionable” topic — with almost three dozen scientists in its GeoRisk department who are dedicated to this subject.

The company has always felt a societal obligation to do its part to help promote understanding of the complex issues surrounding this important topic.

With this in mind, the company developed in concert, with the European Climate Forum, *Winds of Change*, a board game to highlight the challenges that humankind faces as a result of climate change. The game's premise is fairly simple: we are all winners, or all losers, when it comes to climate change.



Today there is fairly strong consensus that climate change can no longer be avoided, and that human activity is largely responsible. But will we succeed in controlling it within acceptable limits? The game, aimed at those at least 12 years old, gives players a chance to try. As in real life, the game emphasizes the need for teamwork to overcome the challenges climate change presents. So together with up to three other players, the goal becomes to make good use of the *Winds of Change* and prevent them from developing into a devastating storm.

For example, with “grey” cities, you can earn a high income, but you create global warming by using fossil fuels. In the long term, this destroys your (and all of our) well-being. Sooner or later, you must replace grey cities by climate-friendly “green” cities. These are free of emissions, creating income and welfare that is sustainable. But the players are faced with difficult choices — just like in real life. If you switch too early from grey to green cities, you may not be able to compete

successfully against your more conservative competitors. On the other hand, if you wait too long, global warming could run out of control, reaching the critical temperature level at which the game is lost for everybody. Should you buy emission chips and build grey cities, or should you invest heavily in know-how and build green cities? And how will you survive the disasters that may strike you at any time? Save for a rainy day, or buy insurance, and if so, how much?

Some of the specific challenges the players are faced with include:

- To successfully manage the risks of climate change and to win the game, global warming has to be kept below 2°C.
- Overshooting the 2°C threshold is possible for a limited time, but only at a considerable and incalculable risk.
- Players can use carbon capturing and sequestration to actively remove CO₂ from the atmosphere.
- Emission permits are used as a mechanism for limiting CO₂ emissions.
- Players need to make risky investments in technological know-how if they want to build green cities. The more know-how, the higher their income from green cities.

To minimize climate change impacts, players can purchase insurance policies. The game illustrates the climate challenge in a playful way

Opposite page: Munich Re employees learn to play the Winds of Change.

Pictured, left to right are: Neisha Sammy, Jean Fellows-Johansson, Kevin Burnett, Josh Kuhns and Dennis Smith.

Photo courtesy of Munich Re.

Today there is fairly strong consensus that climate change can no longer be avoided, and that human activity is largely responsible. But will we succeed in controlling it within acceptable limits?

and it can be used in team learning, schools, focus groups, etc. It includes several features that are hotly debated in climate policy-making; including, among others: investments in R&D, technological learning and innovation, de-carbonizing the economy, ocean uptake of CO₂, the 2 degrees limit, and insurance against extreme weather events.

Professor Peter Hoeppe, head of Munich Re's Department of

GeoRisks Research, said, "Thanks to the game, difficult issues of climate change becomes more comprehensible." Thomas Loster, chairman of the Munich Re Foundation, which offers microinsurance solutions to disadvantaged people in disaster-prone regions, hopes that "*Winds of Change* will increase awareness of the climate change challenge among the general public."

The game sells for about 30 Euros

(about 47 U.S. Dollars) and has already been distributed to some journalists. Munich Re will be donating some games to select schools in the future.

Although "it's only a game," it is fair to say that everyone recognizes that the challenges of climate change are "anything but." Indeed, if the players choose wisely, then they can save the earth from impending peril. If they don't, then the world we hold precious will disappear. ■



Responsible Building Is Strong by Design

Property owners today are inundated with information about how to make their home more sustainable. This new information is in large part the result of a broadening societal movement away from long-held views about “disposable” building materials and practices. Fortunately for homeowners that are feeling a bit overwhelmed by all of the new design ideas, there is one construction program that clearly rises to the top when it comes to creating a house that is both good for the environment and when severe weather threatens.

The Institute for Business & Home Safety’s (IBHS) Fortified...for safer living® new construction designation program uses building code-plus practices that complement the guidelines set out for “green” building. The result is a safer, more durable home that works with the environment, rather than against it.

“Green, energy-efficient, and disaster-resistant building technologies are made for one another,” said Julie Rochman, president and chief executive officer of IBHS, “and Fortified construction is a perfect solution if you are interested in reducing energy consumption, protecting the environment, and protecting your family and community from Mother Nature’s wrath.”

Recognition for these complementary pairings is growing among builders, local governments and consumers from Florida to Washington State — two

states where Fortified building techniques have recently been incorporated with environmental design.

Natural threats from earthquakes and high winds are a reality for homeowners in much of the Pacific Northwest. A newly constructed house overlooking Puget Sound in Seattle offers peace of mind from disasters while embracing environmentally sound building practices.

The 4,100 square foot, three bedroom, four bathroom home “is the first house west of the Rockies to earn the Fortified designation,” noted Chuck Vance, IBHS project manager. “It was built as a NextGen First to the Future Home and is an example of just how well the concepts of durability and sustainability can work together.”

The IBHS Fortified criteria are tailored for a specific geographic region and provide overall disaster resistance above what is required by local building codes. The Fortified program focuses on especially vulnerable areas of a home, including doors and windows, the roof and the foundation.

Fortified features include upgraded roof-to-wall and wall-to-foundation connections. These will allow the house to hold up against 130 mph peak wind gusts and better enable the structure to withstand earthquakes

Light-weight roofing materials were used to help resist high wind, hail impact and fire, while a secondary moisture barrier beneath the roof covering will prevent water intrusion.

Windows and doors with a higher design pressure rating will add to the protection from exposure to wind and water.

The stone-coated steel roofing panels may look like a regular shake roof, but they are designed to hold up to high winds, hail and fire. The panels are installed using an interlocking structure and a unique horizontal fastening method.

On the environmental side, the home is equipped with a geothermal heating system that taps into the natural heat in the earth. The system pumps water through a series of sealed pipes buried below the home, which then pump the water into a radiant floor heating system that heats the home from the ground up.

Other technologies that make this home greener include its construction using Insulated Concrete Forms (ICF) in place of traditional wood framing, and Structurally Insulated Panels (SIPS) that combine framing and insulation into one product.

The combination of using ICF and SIPS and geothermal heating can help the homeowners save 30 percent to 70 percent on energy bills.

When it comes to battling severe tropical conditions, homes in Bermuda and Antigua traditionally have proven to perform well. The developers of a Florida community took a page from history when designing the first community where every house will be Fortified...for safer living®.

The community of Alys Beach sits in the Florida Panhandle, which has been hammered by a series of hurricanes in recent years. At first glance, there clearly is something different about this sprawling homestead that has risen from the sugary sands.

Developer Jason Comer and EBSCO Gulf Coast Development, Inc. embraced Bermudian architecture in constructing this community, which will eventually have 900 homes, all built to the Fortified standard. The property also will include a 22-acre nature preserve, an amphitheater, a beach club and spa, and a town center.

From the concrete tile roofs to the smooth white exteriors that cover walls made from filled concrete blocks, Alys Beach exudes both the airy romance of the Caribbean and the confident strength of a community that is built to last. The homes, which range from 2,500 square feet to 3,200 square feet, were built using concrete masonry units

that are reinforced with metal rods.

The interiors are constructed using conventional stud walls, but that is where tradition ends. The walls are covered with spray foam insulation before drywall is attached. The finishing touch is a plaster veneer on the interior and a stucco finish that results in the cool exterior appearance. The result is walls that are 11 inches thick, a fact that adds to the energy efficiency and disaster resistance of the homes.

The concrete roof tiles are mortared and then secured in place using steel screws. The overhangs are shallow to minimize the chance of hurricane winds lifting off the roof. The Fortified program requires that these houses be capable of withstanding 160 mph winds, because of their location along the Gulf Coast.

In addition to being disaster resistant, the homes — and the entire community — are intended to embrace proven environmental practices.

In the tradition of island homes, the architects included porches, galleries and gated openings that take advantage of the sea breezes. This allows 30 percent to 40 percent of the useable space to remain comfortable without installing air conditioning.

The Antiguan practice of using clerestories takes advantage of natural light from above, while outside pavers make the most of the area's propensity for rainfall by directing 35 percent of the water back into the ground.

The community is still under construction, with 45 homes occupied or nearing completion. It is slated to be fully occupied by 2020.

With more Americans living in vulnerable geographic areas than ever before, and the increased concern about environmental impacts, there has never been a better time to think about building a Fortified home.

"Fundamental to sustainability is getting a good set of bones," stated

Continued on page 27

IBHS' Fortified home in Seattle, Washington. Photo courtesy of IBHS.



Being “Green” Makes Good Business Sense

In response to the booming green construction market, on Earth Day 2008 Liberty Mutual’s Commercial Property operation introduced one of the most flexible green commercial property endorsements in the industry. Yet even before today’s current “green tidal wave” hit corporate America, Liberty Mutual had begun following environmentally sustainable design in its own buildings.

While the company has implemented the U.S. Green Building Council’s LEED (Leadership in Energy and Environmental Design) Green Rating System for all new construction, as well as its 22 owned properties and nine million square feet of leased space, it did not do so to follow a fad. Every “green” initiative undertaken by Liberty Mutual must meet a litmus test of being a sensible program that saves money while reducing the company’s impact on the environment.

LEED certification requirements that meet this test include:

- Purchasing construction materials that originate within a 500-mile radius of the work site;
- Using low VOC (volatile organic compounds) adhesives, sealants, and paints;
- Installing white, reflective roofing;
- Setting aside preferred parking for hybrids and other low-emitting, fuel-efficient vehicles;

- Designing interior office space to open up building perimeters to increase daylight and outside views;
- Installing low-flow sinks and toilets;
- Incorporating room occupancy sensors in all office and common areas; and
- Installing recycled/recyclable carpet and under-floor air distribution systems.

Going beyond LEED certification, Liberty Mutual has implemented a variety of other “green” initiatives that have had a tremendous impact including:

- Replacing over 10,000 standard lightbulbs with energy-efficient bulbs that use under one watt of energy per square foot — effectively cutting wattage use in half;
- Upgrading an HVAC system by replacing four 25-year-old chiller plant units with three new energy efficient units. The reduction in energy usage from the new units was so significant that the local electric utility provider called Liberty Mutual to ask what happened;
- Recycled nearly 8.5 million pounds of paper, which saved over 71,000 trees and 29 million gallons of water; and
- Upgraded its automobile fleet of 2,700 vehicles so that 28 percent of the fleet vehicles are flex-fuel — able to use E85 fuel — and 11 additional vehicles are Partial Zero Emissions Vehicle certified.

Liberty Mutual also works closely with outside vendors to ensure that they follow environmentally friendly procedures. For example, the company requires that cleaning vendors recycle plastic cleaning product containers and use microfiber products, which use fewer chemicals in the cleaning process than mops. To further reduce energy usage and improve indoor air quality, the cleaners use backpack vacuum cleaners that use less energy and have better air quality than standard vacuums.

The majority of Liberty Mutual’s print vendors are FSC-certified (Forest Stewardship Council), which ensures that every organization involved in a print product — from the company harvesting the trees, to the mill and down through the rest of the processing chain right up to the printer creating the final product — uses responsible, environmentally-friendly materials and processes.

Overall, being “green” at Liberty Mutual translates to resource conservation and preservation. The company works to control consumption of energy and other resources through activities that have impact and are cost-effective. This strategy of focusing on meaningful energy reduction activities lets Liberty Mutual behave responsibly to both the environment and to its policyholders. ■

RESPONSIBLE BUILDING

continued from page 25

John Kiefer, vice president of E3 Building Sciences, an engineering consulting firm in Naples, Florida. Kiefer is currently working with IBHS to gain the Fortified designation for the first affordable "green" house built in the Liberty City area of Miami-Dade County, Florida. The home is being built by Lundy's Palmetto Homes of Miami with financial help from the Miami-Dade Housing Foundation and the Housing Finance Authority.

This could be the start of creating safer and cost-effective homes that embrace environmental practices in a state that is at the mercy of hurricanes and other severe weather.

"A strong house is going to be a better option for a number of reasons," said Kiefer. "It just makes sense on so many levels to bring together

durable construction with environmental design."

Clearly, the nation's housing stock can and will be greatly improved as consumers and developers make well-informed, environmentally responsible choices about where and how homes are built. Also, individual families and entire communities will be better off than ever before.

"By marrying stronger building techniques with green building practices, homeowners everywhere can rest easier knowing they are doing what is right for their families and the planet," said Rochman. "We all need to remember that even the greenest house can end up in a landfill if it's not built to stand up to Mother Nature."

The Fortified program is active in 13 states. So far this year, new homes have been unveiled in Florida, Georgia, Louisiana and Washington State. ■

COMMITMENT

continued from page 12

On a global scale, in 2007 Swiss Re launched the Climate Adaptation Development Programme (CADP) designed to drive the development of a market for the transfer of weather-related risks in the emerging markets. The products traded on these markets, weather derivatives, protect small farmers from the drought-related failure of their harvests and resulted food shortages. These instruments allow people in countries lacking formal agricultural insurance to protect against crop losses. The first step in Swiss Re's CADP was to insure 150,000 people in Kenya, Malawi and Ethiopia, working in close collaboration with the International Research Institute for Climate and Society of Columbia University and the Millennium Promise Alliance. ■

GLOBAL CLIMATE INITIATIVE

continued from page 21

will soon be in the process of defining arrangements for a series of seminars beginning in Fall 2008.

Zurich is in active discussions with the Bren School to address research activities in water management and energy related issues. Specific areas of discussion surround unique impacts of hydroelectric power and specialized options for water scarcity management. Individual discussions related to other climate-related risk issues and research options have been wide-ranging and collaborative in nature and the company expects additional activities, both in the short- and long-term, to emerge and develop.

As part of this partnership, the Bren School will assess Zurich's own carbon footprint and develop a consistent approach as to how Zurich can actively manage its carbon emissions in a meaningful and sustainable manner. Significant emphasis is being placed upon the development of a strategic protocol and approach for evaluating the carbon footprint of a services-based company as part of the project. The school has assigned a team to the carbon footprint project and representatives are actively meeting and exchanging information. Zurich expects that the work done under this project will not only help Zurich determine how to best approach carbon footprint management, but also it can be used by other service providers and stakeholders in considering their carbon footprint management

needs and options.

A final important item to note is that Zurich's Climate Initiative is not a public relations stunt. It's directly embedded in the business and reports to Zurich's global chief underwriter officer. Zurich has already been exploring such options in the past and pioneered discounted premiums on hybrid and alternative fuel vehicles in North America as far back as in 2005. Similar offers exist in Germany and Switzerland.

Recently or soon to be launched products include: political insurance risk for carbon credit projects; political insurance risk for a hydroelectric power plant in Sri Lanka; dedicated alternative energy team established with global focus; and a series of green oriented propositions in the U.K. ■

GREEN TEAM

continued from page 13

feature will help businesses that sustain a property loss to their non-green buildings add energy-conserving features when rebuilding.

As governments worldwide intervene to accelerate the green building market, the technology behind developing green building standards continues to change rapidly and present new complexities to the marketplace.

Thompson said Chubb's green energy team is made up of underwriters with expertise in areas such as property, machinery, marine, information and network technology, environmental and loss control services.

In addition to the green team,

Chubb is doing its part to save the environment with its ePolicy, a secure electronic insurance policy that streamlines the delivery of personal insurance policies and reduce environmental waste.

The ePolicy will shorten the policy distribution process by several days and will enable customers to receive their policies in a more secure format. Also, ePolicy will help reduce the amount of trees consumed and the pollution caused by the byproducts of paper production.

Chubb's ePolicy will enable customers to receive their policies and related policy documents via e-mail and store them electronically as securely encrypted PDF attachments. Since the policy is stored electronically, customers can access it on their laptops at anytime or anywhere in the

world. This portability is especially important following a disaster in which customers' personal files may have been destroyed along with their homes.

Chubb has been phasing in and promoting its new ePolicy nationwide since September 2007. If 20 percent of Chubb customers opt to receive ePolicy renewals and endorsements, Chubb will save about 1,000 trees and nearly one million gallons of water and prevent the creation of 46 tons of solid waste and the emission of 113 tons of greenhouse gases.

"Chubb is not just embracing the green movement, but as we do in all other property and casualty areas, we're committed to being a leader in this growing market segment," said Thompson. ■

INTEGRATED APPROACH

continued from page 9

Change Business Environmental Leadership Council (BELC). The recent Pew Center report on how businesses are adapting to climate change and the risks they face featured Travelers as one of three companies profiled.

- Travelers' work with the Wharton Risk Management and Decision Processes Center as a sponsor of its latest report on the growing threat of hurricane risks and flood hazards, and the role of mitigation, insurance and capital market instruments in managing those risks.
- Sponsorship of the Resilient Coasts Initiative, created by Ceres and the Heinz Center to foster public policy that will make coastal com-

munities more resilient to existing hazards and to avert the worst consequences of climate change. Travelers has committed significant financial support, as well as expertise from the company's risk control, underwriting and catastrophe management professionals.

- In addition, Travelers sponsors or participates in a number of other influential organizations and initiatives, including the Institute for Business and Home Safety (IBHS), The Minnesota Climate Change Advisory Group and the Catastrophe Modeling Forum convened by the Insurance Information Institute and Harvard Medical School's Center for Health and the Global Environment. Travelers also has participated in a number of climate change seminars and

conferences, including the National Association of Mutual Insurance Companies seminar on going green, the Minnesota E3 Conference on renewable energy, the Connecticut Business & Industry Association Panel on climate change, and the University of Maryland Climate Change Conference.

Climate change is not something that can be addressed with a single silver bullet. Every green effort helps, but companies have to move beyond single-step solutions.

From inside out, insurers should be taking an integrated approach that builds "green" into diverse aspects of their business. Travelers is embracing this strategy with its corporate-chartered Climate Change Committee — and encourages others to work on similar coordinated approaches. ■