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Graziadio School of Business and Management

Dean's Executive Leadership Series - 2010-2011

Transcript of Presentation with Paul N. Hopkins, Chairman of the Board – Farmers Group, Inc. Chairman Americas – Zurich Financial Services

About DELS: The Dean's Executive Leadership Series at the [Graziadio School of Business and Management](#) features in-depth audio or video interviews with today's top business practitioners and thought leaders. [Listen or subscribe](#) to the podcasts to hear their views and insight on the current challenges and opportunities facing the business community.

Start

Faye McClure: Well, good evening, and thank you, it is indeed an honor to be here this evening serving in two capacities. First, as an alum of Pepperdine University, where I attended, let's just say not very long ago, and sponsor of the Dean's Executive Leadership Series; and second, as a proud member of what is affectionately known as the Farmers Family for more than 17 years. Every once in a while you meet an individual who truly defines the word, "leader." Every once in a while you meet an individual who leads by his words, deeds, actions, and sense of fairness. Every once in a while you meet an individual who is dynamic, charismatic, inspirational, and genuinely, genuinely cares about other people. Every once in a while you have the good fortune to work for a leader named Paul Hopkins, who embodies all of these characteristics. Despite his youthful appearance, which makes him so compatible, Paul has been working in the insurance business for a long time. He actually started his career in 1978 as an insurance agent in his home state of Illinois. Paul later joined the corporate side of Farmers, and served in many positions of increasing responsibility in the sales and marketing arena. Paul's first executive assignment came in 1992, and it required a move from the Midwest to sunny Southern California, which Paul says is still his toughest assignment to date. He held a series of corporate executive positions, which led to his appointment in 2004 as President of Farmers Group, Inc., and his appointment in 2005 as Chief Executive Officer of Farmers Group, Inc., and a member of the prestigious Group Executive Committee for Zurich Financial Services. On January first, 2009, Paul was appointed Chairman of the Board of Farmers Group, Inc., and CEO of the Americas, responsible for Farmers Management Services, Latin America, and the Zurich Farmers United States Shared Services Operations. Later in 2009, his duties were expanded to include oversight of the Zurich Group's global growth activities. Paul has served as Chairman of the Americas, the Zurich Financial Services, since June, 2010. Paul earned a bachelor of

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science degree in business administration at Eastern Illinois University, and has completed the Advanced Executive Education program at the Wharton School of Business in Pennsylvania. Paul and his beautiful wife, Kay, who is here tonight, have two children, Mark, who is a freshman attending the University of Missouri, and Madison, a high school senior who's still deciding what college she will attend in the fall. Ladies and gentlemen, please join me in welcoming our leader, my mentor, and most importantly, my dear friend Paul Hopkins.

Paul Hopkins: So thank you, Faye. What a kind introduction, and a touching introduction, and I hope you're not as somewhat disappointed as I am. After those first words, I thought for sure it was going to be Jerry West that we were hearing from today, and I was kind of looking forward to that, myself, so Mr. West, if you'd like to come on up. No. All right. No. Say thank you very much for that kind introduction. It does mean a lot for me to be here. And Mr. West, having you here means a lot to me, as well. You've been an idol of mine for many, many years, as I'm sure many of the people in the audience are, not just on the basketball court, but really for your character, because you, my friend, are a leader, and I might be the only person who's ever introduced myself to Jerry West, and I'll test his sense of humor twice now by saying, you know, in real life you actually look a little shorter. Of course, I was referring to the fact that the only Jerry West that I'd ever seen before is this beautiful, bronze statue in front of the Staple Center. But I would like to lead a round of applause for Jerry West being in the audience. And Faye McClure, what do you say about Faye? Well, whatever Faye asks you to say about Faye, that's what you say. And Faye might have learned that from me, actually. Just moments before she came up, I said, "Faye, are you sure you have enough good things to say about me? If not, don't worry, I just happen to have a few extra in my pocket I can share with you, and are sure to go over just fine." But, you know, truly, I've been blessed to get to know a lot of alumni from Pepperdine that work at Farmers and in other pursuits that I've had in my life. And one of the things that I've always valued so much about Pepperdine is the values of Pepperdine. Pepperdine's purpose and mission is not just to put good, bright people into the community, but to put them in the community on a mission to give more than they've received, and to truly go out and make the world a better world, if they can. Now, I have the honor of working with 40,000 professionals at Farmers, 8,000 professionals at Zurich, and I will tell you that no one epitomizes the Pepperdine values better, of all those 80,000 people, than Faye McClure, and I would like to lead a round of applause for her. And I genuinely mean that, and I saw Jerry give her a hug. If you know her, and you know her deep involvement in literally anything that she gets involved in, you know she's quite the winner, and I promise you, you won't know her too long before you know she graduated from Pepperdine. Did I mention that? Okay. I'd like to also thank the faculty and the students of Pepperdine for having me here today. This is indeed an honor. John Tyler was mentioned quite a bit in the earlier comments, so I won't dwell on that other than to say I actually, when I first started here, it wasn't '92. It was 1988. The first time I came to Los Angeles I had never been to the home office, the building for Farmers Insurance. I was actually traveling north to Simi Valley from where I was living in Redondo Beach. I came across John C. Tyler Drive. I

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looked up on the hill. I saw the mansion. I said, “This is the home office I’ll be working in from now on?” I was later educated to the real world of insurance people, and where we really live and operate in, and it’s unfortunately a little different. The other thing I’d like to share with you is not just about Pepperdine, but about your former, about the person that founded you, your founder, George Pepperdine. You know, his career started with the founding of Western Auto, so what might that have to do with me being here? Well, it’s obviously all about the purple buzz bike, isn’t it? That makes no sense to any of you, now, does it? Good. Well, let’s just hope after I explain it, it makes a little more sense. There were so many nice things said about me already, I won’t dwell on myself, but I will give you a little glimpse into a very young me, maybe what started me in my pursuit of being a student of good leaders, and then trying to be a practitioner of good leadership. It really did all start in my little home town of 2,000 people, Sparta, Illinois, down between the Mississippi River and the Ohio River, down in an area that most people would like to forget that they came from, but I’m very proud where I came from, the sense of community that it has, etc. In that town, the town center, long before we had Wal-marts, and I know in the Graziadio School we say K-Marts, not Wal-marts. Okay. I got that. I understand that part. Then before Dollar General Stores even in Sparta, Illinois, was the Western Auto. And sitting in the window of that Western Auto was a purple buzz bike. And when I was 11 years old, all I knew, all I knew, is that I had to have that purple buzz bike. Now, show of hands, how many people even know what a buzz bike is in this audience? Okay. So I have at least four of you just hanging on the edge of your seats right now. Okay. Well, buzz bikes were kind of a fad about then. I would tell you when it was, but since Faye and I are close in age that might give it away, but let’s say many, many moons ago, back at that Western Auto, this beautiful, purple buzz bike is—you’d have to really kind of understand. It’s a shorter profile bike. It had monkey handlebars. It had a banana seat. And most importantly, it had a five speed shifter right on the column. This was quite the bicycle. I knew that if I could get this bicycle, every girl in school would love me. I would never need a car, nor have to go to college, or anything else, because I would always be known as the guy with the coolest bike in Sparta, Illinois. Well, the reality is the fact that I didn’t get the bicycle, and here’s the reason why. We couldn’t afford it. The reason we couldn’t afford it, it’s a bit of a, I guess, a sad story, but not one that I feel any remorse over, actually privilege over. My mother, like so many people of her era, had to drop out of high school during World War II to take care of the family store, to actually work in a coal mine, an underground coal mine, very early in her life. Finally, she—the war ended. She got back. She met my hu—met my husband, met my father. Met my husband, boy, now that would have been a headline, wouldn’t it? You come in here. You try to say the right things and something like that jumps out. Yeah, met my father. They were married. They had my older brother. They had my older sister, and then when my father—when my mother was eight months pregnant with me, my father died. So as I grew up, I didn’t really know what it was like to have a dad, so I didn’t really miss anything, but later in life I realized that my mother, and the sacrifices she had to make, she literally had to clean houses for people that 10 years prior to that she was socializing with. She always did it with a great deal of dignity, and would never let us feel sorry for ourselves in any way, but as only a 10, or 11, or 12-year-old can say, when I didn’t get that bicycle at Christmas that year, and Roger Burchler—you know, one of the affluent ones down the street—

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his father worked for the railroad, one of those engineer guys, he got the bicycle. So only out of the mouth of children, I said, "You're not a good mom. You didn't get me that bicycle." Hmm. Boy, if I could get those words back in my mouth, I certainly would. My mother was so gracious I didn't have to. She said, "It's okay, son." She goes, "What we have in our family is much more important, that's love, not money, but here's what you're really learning. Roger Burchler might have got that bicycle." That is his name. I don't think he's ever gone to Pepperdine, but if you run into him, try to make the story a little softer, if you would. "He got that bicycle because it was given to him. But you're learning is a real lesson in character, and someday if you're the first member of our family to every go to college, you're going to learn a lot of important things with three and four-syllable words, but what I would want you to always remember are the 10 most important one syllable words, and never get confused that you have to use long words in order to make an intelligent statement. Those 10 words are, 'If it is to be, it is up to me.'" So the very first lesson I ever learned in leadership came from my mother, teaching me that if it were to be, it would be up to me. So I'll dwell on that a little later on as I try to lay in a few of these stories, but is there a tie for me for Pepperdine? I would say if there was no Western Auto, there'd be no purple buzz bike. If there was no purple buzz bike, I would never have been staring in the window. I would have never insulted my mother, and she would have never graciously reminded me what I needed to do for the rest of my life, which is to take stock of myself and be the best me I can possible be. So I guess our next challenge is, today, now that you've heard a little bit about me and where I came from, to talk about what I've been asked to speak to you about today, which is, you know, I know Pepperdine has high values, and I know they're a very aggressive organization, but they've asked me to sum up leadership, the necessary ingredients to success in business and society, in 15 minutes, of which we're now down to about 10 minutes. Fortunately, I do have two teenage children. I can talk really, really fast, and I can decipher language coming at me very, very quickly, so I'll see what I can do. So these are some of the points that I guess I wanted to make, and I'm not going to spend a lot of time on it, but I'd like to talk a little bit about why these points are important. Everyone can have definitions of leadership, and everyone does. Mine are very, very simplistic, and these are not necessarily about me, but more about the excellent leaders over 33 years that I've been exposed to, that I've have had the opportunity to learn from and work with, in what's been just an incredible career to date. First of all, you have to have a passion to improve whatever you focus on. It's more than just a passion to win. You have to be the type of person that no matter what you see, your objective is to make it better, and your lifetime goal has to be no matter what organization you belong to, your goal is very simple. You're going to leave it better than you found it. That's been the credo at Farmers since the day I started. It's been the credo I live by, try to get my children to live by, and hopefully they will. But it's very important that if you're not a passionate person, then you're not going to win, and more importantly, people aren't going to follow you. Secondly, IQ/EQ balance. There is no shortage of very bright people in this room. There is no shortage of bright people in the world. There is no shortage of bright people in our industry, or at Farmers Insurance. As I tell some of the brightest when they come in the room, and you can usually see their egos. It comes through the door before they get there. You know who you are. Of course, you're not in here. You're here to learn. I tell them I can hire all

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the smart people I want. What I need are smart leaders, and in order to be a smart leader, you have to have a blend of IQ and emotional quotient, EQ, street smarts, savvy, understanding people, gut reactions. You have to have that, and it's not just instinctive. It's learned, as long as you go into life to learn and listen every single day that you'll be out there. EQ is so important, because it brings this characteristic to any person, a strong looking glass self. In other words, you are usually accurate on how other people perceive you. If you wish to be perceived like a jerk, you could probably figure out how to be one. If you wish to be perceived as someone who's laissez faire, or someone who's autocratic, you probably will be, but it's important to have the IQ/EQ balance to be bright, and also to be street smart, so that you genuinely know how other people feel you are coming forth in the marketplace, with your colleagues, and in anything that you try to do. The third one as a communication student and practitioner at all levels and for life, the only cheap advice from the sidelines I'd give to any of you students in the room is if you hadn't taken communication courses, you should have, and as you continue your education, make sure you focus on them, and it doesn't have to be a classroom setting. Communication needs to be at the top of your list regardless of what you do in life. There are many facets of communication, whether we're looking at interpersonal communication skills, whether we're looking at the persuasiveness of small meetings, or whether we're looking at platform skills, like I'm attempting to do a decent job of right now in front of you, and then most importantly, listening. The communication skills are a lifetime journey. You learn how to do it best yourself, then you learn how to teach and interact with others. And then finally, if you're as blessed as I've been, and you get an opportunity to lead large organizations, you look at the communication dynamic, the grass roots, and how things bubble up, and how things trickle down, and more importantly, how they don't. So you must be a student of communication, and you must be a student for life, and you must look at communication in all facets of communication. Honesty with lots of compassion: I just don't care for people that are brutal to other people, and then lay it out, "Well, I'm just being honest." No. You're just being a jerk. The reality is—the reality is we must be honest. We must be forthright. We must be candid with people, but we must also be compassionate. We must understand the real Golden Rule, not treat people like you'd like to be treated. Treat people better than you would like to be treated. Sometimes we're just a little too hard ourselves, but it's absolutely imperative that honesty, honesty be a very, very strong part of any leadership style. Finally, team confidence: It's very important as a leader that you have confidence in your team. Now, this is very important for you, especially you students who are still just ready to embark on your careers, because there's two ways to look at this. Number one, you could look at team confidence in terms of a team should be stronger than the individual people. Right? I feel a little awkward saying this in front of Mr. West. He lived this life. Of course he understands this, and we've had an opportunity to see him in action at so many levels. But in addition to the team being stronger than the individual people, as a leader it should also give you more confidence, because many of you might say, "Well, I'd like to be a leader, but I just don't think I have—I'm not strong in this area or that area." That's why you have a team. That's why you have an accurate looking glass self, which comes from what, the IQ/EQ balance. What I mean by that is instead of sitting here thinking, "I don't have those skills. I can't do the job." Recognize that you can, because if you go into the job, and you're honest with yourself, you're

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going to say, "I'm not credible in this particular part of the business. I'm not a finance person. I can't discuss ROEs, or net income attributable to shareholders, or business operating profit, or deviations, or multi-varied analysis, or any of those sexy terms." Those are all I know. I thought I did a pretty good job of rolling those all out, though. That's a lot of single syllable words lumped into one there, I want you to know. We made big progress in Sparta, Illinois. But beyond those points, you realize that, "If I could go in and be the leader, the nucleus that brings the right people into the team, create a collaborative environment where people can be successful, then I, indeed, can be the leader that I want to be." And then finally, I guess the last question, or the last thing I'd say is how do you know a leader when you see one? There are all these fancy, sexy definitions about leaders. My definition is so simple it hurts. It's simply; a leader is one who others follow. That's profound, isn't it? Hmm. Well, it's true, but here's what it really means. It means, again, that leaders don't have to be someone that gets up, tries to be humorous and witty in front of the group, and leads from the front. The leader can be the quiet, unassuming, very genuine person, who is always there when needed. My biggest, I guess the best leader, if you will, that I've ever had exposure to doesn't fit the stereotypical mold, at all, of what we would consider a Lee Iacocca, or someone that leads from the front, or a famous politician, etc. My favorite leader is a gentleman by the name of Don DeWolf, who most of you don't know, who's a retired executive from Farmers, was one of the quietest spoken, and most intelligent, and most caring individuals I've ever known. And I've had an opportunity to know some very dynamic leaders, but the message here, again, is a leader is one who others follow. So, again, the message to you, especially you students in the room, is don't fall into the trap of thinking they all need to look the same way or act the same way, because they simply don't. So I thought for the rest of the time that we have this evening, instead of spending more time on those definitions, I thought I would try to lay out for you a real-life example of a leadership challenge that I faced, in fact, perhaps the biggest leadership challenge that I faced in my career, which is when I took over Farmers about seven years ago. And I thought if I shared that with you, maybe some of the examples of how leadership worked will come out in that conversation, and if not, well then, you probably won't ask me to come back again, but at least you'll know I gave it a heck of a shot. Right? So let me see if I can lay out the scenario just a little bit, and before I make any of these comments, it's going to sound like I'm being very critical of the state Farmers was in when I took over at the helm of Farmers. Well, I could say those things, but you need to know I was on the leadership team before, too. So as Zig Ziglar says, "Every time you point a finger at someone, there's three fingers pointing right back at you." Well, that would be me. And I would also tell you that my predecessor in the leadership team that I was on did an excellent job of putting the foundation of Farmers back where it needed to be after we had been owned by a tobacco company, British American Tobacco, for about 10 years, and just to be perfectly honest, had stripped out most of the capital and the resources of the company, and kind of let us afloat at a time that the rest of the industry, the GEICOs, the Progressives, etc., were attacking us like there's nobody's business. So here's kind of the world I stepped into, all right, as I took the helm of the third largest, personalized insurance company in America. Well, let's start with that for just a second. No one had bothered to tell the board, or my boss—if you could just go back, it'd be great. Hey, it's hard and this

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and that, too, okay. So we really have to go on. I know what you're thinking. There's no way in hell I could do that. I know you're right. All right, so I'll just continue to do my piece of the puzzle up here. But the first challenge was third largest personalized insurer. The challenge was on my first day I knew that we had actually slipped from third to sixth—exactly, exactly, with a few adjectives in front of that, too, I might add. But unfortunately my boss, the chairman of Zurich Financial Services, or the board, or the investment community, didn't know that. So let's go back to those communication skills, shall we? Right from the get-go I had a pretty ugly message I had to deliver, which was we weren't the third. We were the sixth. And we had lost market share for 10 consecutive years. We'd lost a million customers year before that, and we had a thousand agencies net, over 10 percent of our entire field force, leave the company that year. So there shouldn't be any doubt about one thing. How the hell did I get the job? Nobody else wanted it. Right? No. In fact, we were dangerously close, dangerously close, and we're a company that has at least a thousand acronyms, but we were dangerously close to coming to that acronym that no business person ever wants to be associated with, the dreaded CTD. Show of hands for those of you that know what CTD stands for. Okay, so five, you've heard me before. Okay. That would be "circling toward the drain." That is the last person. Thought that I'd get a bigger chuckle. You want to hear that one again, or no. Okay. It's all right. We were really becoming a dinosaur in our industry, if we hadn't already, to be perfectly honest. And what made things more difficult is, I grew up in this company. Everything I own, every memory I have, every lesson I've learned was from people at Farmers Insurance, and then ultimately Zurich. So I knew there was no choice. There was no way out. We were going to go into this game, and we were going to win this game, and we were playing to win. We were playing to keep. So my analysis, what were the first things that we needed to do? The first thing we needed to do is this most important part of communication. We needed to listen, and we needed to listen carefully, and we needed to get the right people in the right jobs, the right people with the right IQ/EQ, communication skills, and the desire to collaborate. We did that. I had a pretty strong overhaul of the leadership team. I tried to do it with as much honesty and compassion as I could. Some were painful. Some were not. We created a lot of opportunities for people, as well. And then ultimately we realized that what was really missing in our company was the audio and the video just didn't match anymore. We talked about being the third largest. Of course, we weren't. We talked about our wonderful history, which was true, but we didn't talk about where we were currently, because we were losing a million customers a year, and our agents were running out the door. So what I realized was, we were in a commoditized marketplace. The only real asset we had was our people, and our people didn't think we were any better than any other company. So one of the first observations that we made was before we could go out in the public and tell the world who the new Farmers Insurance was going to be, we first of all had to make believers of our very own people, and that wasn't an easy process, because most of our people never touched a customer. They never settled a claim. They never settled and took a check to a bereaved widow after the loss of their loved one. They never did any of those things, so they really didn't understand what insurance, and the mechanism in the society really—as the mechanism was in society. They either worked in finance or other parts of the business, and they never really had that connection. All they did is they'd pick up the newspaper where

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they read that our rates were too high, or we'd been fined for this, or the insurance industry did this poorly, or this poorly. So, you are what you eat. Our own people had lost the ability to believe in our company. So before we could ever go to the airways and tell the world how good we were, first thing we had to do is get good. One of the first things we did in the claims service was we put together these huge catastrophe buses. So instead of the consumers and the consumer groups complaining that we don't show up at catastrophes and we hide out, we took pride on being the very first ones in, in the very biggest bus we could find, with Farmers plastered all over the side of it, and we fed every person that was there, no matter if you were insured with Farmers, or State Farm, or anyone else. And then we took videos of all that, and we put it on all of our internal networks, so that all of our employees could get a feel for what the real Farmers was, and where the real Farmers was going. So if I could, I've got about a four-minute video I'd like to run, and I'd ask you to test yourselves on this. If you were one of those employees coming in the door, not knowing anything about the company, how would you feel after you saw this? It might even bring a tear to your eye. I've only seen it 100 times. It still does mine.

<video>

Paul Hopkins: All right. On a show of hands, how many misty-eyed people do we have in the room? Okay, all right. So that's good, because I was afraid I'd just been around the insurance business too long, but my assistant, Vicky, is in the audience, who's tearing up over on the side. She and I were watching the video for the 100th time, and we were still tearing up at the end, because when you see people in that condition, and you know that you're their solution, and you could be part of that solution, it's very, very special. So let me ask you this. Do you think we passed the test in terms of advising our employees what we do for a living and how we take care of customers? Well, this is probably one of 100 different tools like that, that we use, but it was so important, because this isn't about deciding that you need a research and development department, or you need a specialized function for this or that. What you need is everyone in your organization as a leader to believe in it, to believe in it. And you can't advertise that you do this unless your people believe it, and are willing to walk that walk, and talk that talk every single day. So this was a big step forward in getting the entire Farmers' team to believing in themselves again. The second thing we needed to do, there were many, but the second thing we needed to do is redefine who our markets were. We were living here in the biggest multi-cultural city in the U.S., in Los Angeles, but yet we were not pursuing the Latino or the Asian markets. We were continuing to do business the way we wanted to do business, speaking in the tongues and the languages we wanted to do business in. And this young lady right in front of us, Faye McClure, led or efforts in successfully so, as we gained a little over a billion dollars of additional market share by being more sensitive to our real customers in the marketplace, and trying to make them feel very, very much at home at Farmers. The third thing that we did was we made the decision that we wanted to train our people better than anybody else in the industry, full stop. Not just our people that face the customers, but everyone associated with Farmers. Farmers needed to

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become a learning institution, and people needed to be excited and confident about learning. So almost 10 years ago, we came up with the notion that instead of training our claims adjusters and especially our agents, out in the remote field, where they never really, in Little Rock, Arkansas, had a chance to get to know how big Farmers is, how substantive we are, our history, the culture, the values, we decided to start bringing them all into Los Angeles. It wasn't cheap. It was very expensive, but it's paid big dividends. Since then, we made the investment to move this into a first-class campus in Agoura Hills, and now is the feature of our most recent television campaign. So I've got another short, little clip. If I could, I'd like to show that to give you an idea what we did in training to try to be world class, as well.

<video>

Paul Hopkins: So did it work? Well, last year Training Magazine 125, which looks at the top 125 training facilities in the world, ranked Farmers sixth in the world behind competitors like McDonald's, Bank of America, Microsoft, etc. That feels great. But wait. There's more. Just four weeks ago we found out that this year we took number one in the world. Feels kind of good just to say that, doesn't it, "number one in the world." It's got kind of a nice ring to it. Don't get to say that too often in insurance business, but it felt pretty good then, so thanks for sharing that with me. So I guess after doing these things, I guess the next question is, "Did these things work?" We certainly tried to get Farmers—our tagline is to "Get Farmers back where it belongs." Did we get Farmers back where it belongs? We grew to be the third largest auto insurer, and third largest personalized insurer through the baby boom generation, and the post-World War II boom, but we really fell in the '80s and the '90s. So this is kind of where the rest of the scorecard comes out, if you will. I'll try to explain this to you off-microphone or maybe on microphone. I'm not sure. The brown that you see is how fast the industry has grown. The years are '06, '07, '08, '09 and '10. Our trip, our journey started in 2004, if you will. So we had lost market share for the previous 10 years, so our blue line, which is Farmers, had been smaller than the industry growth for each of the last 10 years. And, again, we had shrunk from the third to the sixth. By the time we got to 2006, we had come up even with the industry. For 2007, you can see that we had just under five percent growth, and then as it ultimately went on. This period of time, this three-year window, is the only three years in the history of the insurance industry where they've had a loss in the size of the premium in the entire marketplace, which will give you an idea just how significant this recession has been for all of us. But during this period, you see that Farmers has continued to very, very much outgrow the industry. So where has that left us today? Well, it's left us in a good place. For 17 consecutive quarters we were the fastest growing, the most profitable insurance company, multi-line insurance company, in the United States of America. That's a hell of a long way from where we were before. We grew back from number six to number three. We became the largest insurer in the State of California, and most importantly to me, because I think this is the best economic indicator of what the future holds for us, there are 40,000 men and women of Farmers who are proud to wear that Farmers logo each and every day as they go to work today. So on behalf of the entire

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leadership team that made that happen, I'd like to lead a nice round of applause. And so under the category of what's next, we've gone from being a good super regional player to leading the industry in growth, but there's still half of the market, basically the entire east coast, that Farmers still doesn't do business in, with the best tool and asset we have, which is the professional Farmers Insurance Group agent. And we're taking those agents for the first time ever to the east coast, and the way we're going to introduce them to the east coast is not letting them think the east coast customers think that this is some company they haven't heard of, maybe some new fly-by-night company, but it's important they know just how substantive we are, because ladies and gentlemen, the Farmers Insurance Group of companies is moving into the big leagues. One last video, and it's only a minute long.

<video>

Paul Hopkins: Well, that feels pretty good now, doesn't it? Well, I hope my comments this afternoon, this evening, have resonated with many of you, and that you do really walk out of here setting your goals a little higher, and recognizing that it really is all about those 10 most important words, "If it is to be, it is up to me," because we have leadership capabilities inside of all of us, and guess what? The world needs great leaders now, and we're the people who must lead it. My final comment is for the students in the room. I realize as you're graduating now, and you look out into this world, you think, "My goodness, what have my parents left behind here?" I know I felt the same way about what my parents must have left behind. You see the economic recession. You see the lack of jobs. You see the disturbance in the Middle East, abroad, and it has to be concerning, and it is. But trust me. Don't forget what's on the asset side, as well. You are the first interconnected global society going into the world today. You can put aside a lot of the petty issues that have kept us apart as a society for so long. You can move.