



HCC Specialty

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An Executive's Achilles' Heel

A company's success can be measured by how well it competes amongst others in the industry. Likewise, an employee's success is dependent upon how well they compete against their peers. In other words, competition fuels progression. It begins in Little League Baseball with who can hit the ball the farthest, and continues through high school with everyone competing for an acceptance letter from a prestigious Ivy League university. It's no coincidence that the victorious ones are graduating with great job opportunities that eventually transition into leadership roles in the corporate world. The competitive nature instilled within them since that first game of t-ball continues to be a driver for their success.

Never being satisfied with the silver medal and always wanting more.

Micron Technology's late CEO, Steve Appleton, is a perfect illustration of a successful executive that possessed both the determination and competitive drive; in business and recreation. Becoming one of the youngest CEO's in the *Fortune 500* realm at age 34, Appleton never lost his youthful personality, taking up hobbies such as scuba-diving, off-road racing and even piloting his own aircrafts. Puncturing a lung and breaking multiple bones in a plane crash in 2004 did not steer him away from getting back into the cockpit and flying again. Unfortunately, his last plane crash, on February 3, 2012 proved to be fatal for him and for Micron.

One must consider the characteristics that shaped Steve Appleton. Most people decide after a near death experience to never participate in that activity again. If it's a shark bite that deters someone from swimming in the ocean, the general consensus understands the victim's reasoning. Yet, Appleton nearly died seven years ago by crashing a plane and he still continued to fly; and presumably with Micron's Board approval.

This perseverance and fearlessness translates into a successful executive – not afraid to make crucial decisions, not letting failure stop them from trying a second time. Attributes like determination, courage and fearlessness, among others are commonly found amongst the elite businessmen and businesswomen in today's corporate culture. In fact, it's the competitive nature that executives possess which has elevated them to their current job status in the corporate world.

However, extreme competitiveness is not necessarily a safe quality. Pushing the limits can sometimes be detrimental to the survival of these individuals. Working with no sleep to deliver the product on time is just one example of how a competitive mindset can be unhealthy. Adventurous hobbies like flying, racing and other extreme activities tend to be a favorite of executives in today's day and age. An activity such as flying is intriguing to people who want to defy odds, or those who want to push the limits. These same people are the leaders who shape the future economy with their entrepreneurial styles and unique approach.

Leaders want to push the envelope – they want to be the best.

This determined mentality is an asset in the corporate culture and helps to put the individuals who possess it at the top of the food chain. It is an elite group, reached by the cream of the crop. However, the downside is that sometimes the characteristics that make them so successful are additionally their Achilles' heel.

Let's use the activity of participating in a triathlon as an example. When the majority of racers begin to cramp up or feel discomfort during the race, they will listen to their body's signals and stop. Meanwhile, a determined leader will not let any ailment stop them from finishing the race. Instead of stopping for a sudden pain, they will just push through it – which can be a fatal decision at times.

The Corporate Dilemma

Their competitive drive mixed with ingenuity in the company's respected industry is what has molded them into a successful executive. However, these creative individuals need to be insured should their competitive nature disable them from their work. Without the essential insurance policy in place, a disabled executive can cause the corporation's hard-earned growth to be lost.

Unique mindsets and entrepreneurial methodology gives them the opportunity to run the company in a way seen fit in their eyes. More often than not, this style will help prosper growth for the corporation. The only issue is, these executives have such a distinct style that they are irreplaceable. Should they leave abruptly, the company would be in chaos; possibly even losing growth the individual provided to them. Furthermore, replacing individuals so gifted is nearly impossible.

The solution to this problem is a key man insurance policy. Key man coverage provides the company with a lump sum benefit should one of their top level executives become disabled. The benefits not only cover the cost to the company for losing the key person, but also provide the necessary means to find a suitable replacement for the individual. Surprisingly, a recent study found that less than 10 percent of U.S. companies admitted in filings to having a key man policy in place.ⁱ

The lack of insurance on key individuals can pose a problem down the road, which is exactly what Micron is experiencing at the moment. Since Appleton's passing, Micron stock began to decline from the opening bell. Additionally the President, Mark Durcan, who was planning on retiring in August, was named as the interim-CEO.ⁱⁱ Obviously ill-prepared for such an unfortunate event, Micron is in a chaotic state with the sudden loss of Appleton.

The reality is that these events happen constantly. Last year, Italian sweet producer Ferrero, which produces Nutella and Tic-Tacs among other recognizable names, lost its CEO Pietro Ferrero (age 47) amidst an expansion of operations in South Africa. In 2004, McDonalds lost CEO Jim Cantalupo (age 60) to a sudden heart attack and within the year, lost his successor, Charlie Bell (age 44) to colon cancer.ⁱⁱⁱ Investments that corporations make rely on the guidance of their key personnel. Losing an executive unexpectedly can completely destroy profitability unless necessary precautions are taken ahead of time.

This is where companies need to be realistic and plan for the worst. While no one anticipates a healthy 45 year-old to die or become disabled unexpectedly, companies can hedge themselves to be well positioned should they face a sudden catastrophe. Both life and disability key man policies should be purchased more often by businesses today; especially if an executive has an extreme hobby – which seems to be the norm. Even without engaging in extreme hobbies, statistically just over 1 in 4 of today's 20 year-olds will become disabled before they retire.^{iv}

Executives are not the only professionals that should be considered for key man policies either. Politicians are imposing losses for their respective parties if they suddenly cannot work the rigorous schedule that is demanded of them. Take Senator Mark Kirk of Illinois for example, who suffered a debilitating stroke this past January. Important laws Kirk worked on the forefront to pass are now in limbo without his presence.^v Specialized doctors are scheduled for their life-saving surgeries months in advance – what happens to a hospital's reputation if they lose their top neurosurgeon? The list is endless of key people who after suffering disabilities cause their business and those that rely on them to suffer as well.

Even entertainers have an entourage that work for them. Whether it's an actor, singer or musician, when they suffer a disability they do not suffer alone.

HCC Specialty's Prestige Group has a number of disability solutions for high net-worth individuals, including key man insurance. From executives to entertainers, HCC Specialty has the limits large enough to provide sufficient coverage for these individuals. To learn more about HCC Specialty's disability policies please [click here](#).

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² Kawamoto, Dawn. "Micron CEO's Sudden Death Raises Wider Questions on Corporate Successions." Daily Finance. February 7th, 2012.

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³ Ibid.

⁴ Counsel for Disability Awareness. 2012. <http://www.disabilitycanhappen.org/>

⁵ Keyser, Jason. "Kirk stroke removes key voice in efforts to extend via waiver programs to Poles, others." Chicago Tribune. February 13th, 2012.

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