

The DENNY CENTER for Democratic Capitalism

GEORGETOWN LAW

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A Q&A with John J. (Jamie) Kalamarides President, Prudential Group Insurance

Jamie Kalamarides is president of Prudential Group Insurance, a business unit of Prudential Financial, Inc. (NYSE: PRU). He previously served as head of Institutional Retirement Plan Services and CEO of Prudential Bank & Trust, FSB, businesses within Prudential Retirement.

Kalamarides writes and speaks frequently on the role of employers in supporting employee Financial Wellness; the critical need for a broad and consistent [paid family and medical leave](#) (PFML) solution for American workers; the connection between [#WorkandWealth](#) and providing effective lifetime income solutions for all. Through consultation with Washington policymakers, in public forums and in collaboration with partners including Prosperity Now and The Aspen Institute, he advocates for legislation that will provide both traditional and independent workers with access to income protection and other financial planning solutions. Kalamarides is a sought-after thought leader by industry and consumer press including *InsuranceNewsNet*, *Employee Benefit News*, *HR Executive*, *A.M. Best*, *The Wall Street Journal*, Bloomberg and CNBC; he has also spoken often at The Aspen Institute, AARP and U.S. Chamber of Commerce forums.

Kalamarides is a former board member of Prosperity Now, a national not-for-profit that offers scalable practical solutions, in-depth research and proven policy solutions aimed at ensuring a clear path to financial stability, wealth and prosperity for all Americans. He is a graduate of Colgate University and earned an MBA with high distinction from the Amos Tuck School of Business Administration at Dartmouth College.

We've edited our discussion for length and clarity.

Denny Center: Before telling us about your current role at Prudential, would you share some highlights of your career journey up to this point?

Mr. Kalamarides: I'm the president of Prudential's Group Insurance business today, and I've been in this role for about three and a half years. Before that I was with Prudential's retirement organization and had a number of roles there. I was the head of their full-service business (which is a business that provides and administers retirement plans through the workplace). I

also ran a business around institutional insurance products (i.e., funds that you can invest in within 401K plans). I was the CEO of Prudential Retirements Bank & Trust Company, and I served as the Chief Marketing Officer twice in that organization. I came to Prudential when Prudential acquired Cigna's retirement and investment business over 20 years ago; at the time of the acquisition, I was the Chief Strategy Officer for the Cigna business. Before that, I worked in asset management and started up a mutual fund series. Right after my MBA at Dartmouth's Tuck School, I joined Accenture as a consultant focused on financial services and high-tech clients; before Tuck, I was with Greenwich Associates, a market research and consulting firm for financial institutions.

Denny Center: As additional background, what makes up Prudential's Group Insurance business, and what services do you provide your clients?

Mr. Kalamarides: Prudential Group Insurance provides employee benefits for workers and institutions through the workplace. And our goal is to help individuals improve their financial wellness and to use the broad suite of employee benefits that they have to improve their financial security and well-being. When I think about financial wellness, the simplest way to define it is that people don't want to run out of money. They don't want to run out of money today with their budget; they don't want to run out of money tomorrow when they have some unexpected expense or a loss of income; and they don't want to run out of money in the future when they retire. Our group benefits address needs throughout this spectrum including life insurance, disability insurance, supplemental medical insurance, accident insurance, and hospital indemnity insurance. We also offer counseling and free financial wellness seminars for folks through the workplace. We serve approximately 3,500 clients including over 21 million individuals through the workplace, and of special note, we provide life insurance to all branches of the Armed Forces of the United States.

Denny Center: Whether it was [Larry Fink's 2018 Letter to CEOs](#) or the [Business Roundtable's restatement of the purpose of the corporation in 2019](#), corporate purpose has been gaining an increasing amount of attention. What's your take on the question "what's the purpose of business"?

Mr. Kalamarides: I actually have a very unoriginal and very borrowed answer to that question. And this is Jamie's point of view, not an official Prudential point of view. The Catholic Church's definition of the purpose of business, as outlined in the 2004 [Compendium of the Social Doctrine of the Church](#), is that business should focus on the common good and, in turn, produce goods and services that advance the common good. The reason that it starts there is that it starts with the recognition of the human dignity of every individual. It also recognizes the family as the building block of society. The true purpose of business is to produce goods and services that advance the common good. That's the foundation. Then there are a couple of additional elements that are also really important. First, individuals have the freedom to pursue their own economic activities, including choosing to be an employee or starting businesses as entrepreneurs. Second, the best way to measure the health of a business is

through its profit because profit is a very natural and appropriate way to measure whether or not a business is healthy and really satisfying the needs of its customers. If a business is unprofitable, it can't sustain itself over the long-term. It can't be growing. It's not innovating. And it's just sort of existing and actually destroying goods and services rather than expanding goods and services. Third, profit by itself is not enough. You also have to think about the stakeholders involved, specifically the employees, the customers and the communities, and what you're doing to advance the common good within that stakeholder context.

Denny Center: How do you translate that answer into your leadership role at Prudential? Was much of this philosophy already present in the Prudential culture, or did you have to develop it as you went along?

Mr. Kalamarides: Prudential has always had a values-based culture, and the “do well and do good” idea comes from our founding. We were founded in 1875 by John Dryden in Newark. He had been an intern for a UK-based insurance company (also named Prudential but unrelated to our company), and he got permission to imitate their business model when he came back to the U.S. That business model was industrial life insurance; that is, the business provided burial and last expenses for lower to middle class families when the breadwinner passed away so that they could bury their family member and not become destitute. The agents would go door-to-door weekly and collect 10 cents or 50 cents in premiums, then when the insured passed away, the claimant would notify the agent and the agent would actually deliver the policy benefit amount to their home or deposit the amount into their bank account. The pandemic we're emerging from now reminds us that unexpected deaths create unbudgeted expenses for families and why policies like this are so helpful. This context really forms the basis for our values-based culture. We're trying to solve financial challenges of this ever-changing dynamic world, providing a suite of solutions to institutions and to individuals, and combining the pursuit of the common good with a for-profit organization.

Denny Center: With that solid foundation for your corporate culture and mission, what measures do you employ to track how the business is doing?

Mr. Kalamarides: First, we measure our success by asking “are we delivering profit?” and “are we growing our profit and delivering earnings above our cost of capital?” We measure these markers very explicitly at the firm level and at each business level within the firm. Because we're a public company, outsiders measure us on whether we hit our earnings on a quarterly basis, on the strength of our earnings per share, and on our price to earnings ratio – and so we also keep track of those same items, but we don't stop there. Within the firm, we also measure other important areas. For example, we measure employee satisfaction, and we measure customer satisfaction. For customer satisfaction, we use a net promoter scoring that represents the number of people who would absolutely recommend us and also those that would not recommend us, and we have specific targets by business so we know how well we're doing or how much we need to improve. We also measure growth and its financial drivers including sales, customer retention, and expense ratios. In addition, [we recently announced](#)

[nine commitments to advance racial equity](#), including five specific actions for our employees, two for the marketplace, and two for the communities in which we operate. Not only have we made these commitments public, but we also plan to hold ourselves accountable on following through with each action item.

Denny Center: What short-term pressures do you encounter, either as a business or in your role as president, and how do you handle them?

Mr. Kalamarides: We can't address short-term pressures without a solid foundation, so we start by focusing on our mission. Mission motivates people to put their all into their work and to be fully engaged. But we recognize that if there's no money, no profit, then there's no mission – and so those two things go hand in hand. We do, in fact, have to focus on the financials (short-term and long-term), and we absolutely face short-term pressures. There are two different types of pressures that we can get. First, we can get revenue or expense pressures, or the normal sort of financial statement-based pressures that businesses encounter. Some of these pressures begin by the behavior of our competitors, lowering prices for example, and so we have to ask ourselves “are we as efficient as we can be?”. Recognizing the dignity of each of our employees, we proceed very thoughtfully when we need to reduce our expense base or change the nature of our work force. For example, when automation impacts certain jobs across our global talent pool, we invest lots of time into being up front with our employees, giving them plenty of advance notice, and either offering fair compensation if they depart from us or providing training so that they can take on a new role.

But second, we face other pressures that suddenly jump into the short-term timeframe – as in we insure against people's lives and against their morbidity. And a pandemic is actually the scenario where we experience significant tail risk that can negatively impact our bottom line. But this is the product that we're actually insuring for, and it's the nature of an insurance company to hold assets to be able to pay for unexpected claims like those that arise in a pandemic. In this last year, we've relied on the strength of our balance sheet to pay the claims, knowing this is one of the 1 in 100-type of events for which we've prepared ourselves.

Denny Center: What advice would you give to other business leaders or board members that aren't as far along on combining purpose with profit? What are some tangible first steps they could consider taking?

Mr. Kalamarides: I recommend that a good starting point is to have a point of view about this yourself, and you should be knowledgeable enough and confident enough about it that you can express it clearly and consistently to your colleagues. Next, your point of view should be based on you being your authentic self, bringing those values that have been formed by your faith, your family, your morals, your mentors, and your own education. Last but not least, you should bring that perspective to the conversations you have on a daily basis. This is important to do no matter what your level of influence currently is within your organization. If you are in the early stages of your career, it's about being making sure that you and your colleagues behave

ethically, following the mission and values of your organization. If you have more leadership responsibility and influence, it's about bringing your own values to the workplace, setting the example, and creating a values-based work environment for your colleagues. As a leader, it's also very important to listen carefully to understand the values and perspectives of your team members, and then build consensus and common ground. Our personal values don't have to be exactly the same for us to agree that we can do well and do good at the same time; we can also agree that operating a profitable business and contributing to the common good are not mutually exclusive objectives.

Denny Center: Sometimes we forget that Adam Smith was a moral philosopher, not an economist – and that he wrote his *Theory of Moral Sentiments* ten years before his better-known *Wealth of Nations*. So it's really encouraging to hear your perspective that business and a moral center don't have to be at odds with one another.

Mr. Kalamarides: That's right. If we have free markets without morals, then it's just pure competition – a winner-take-all, zero-sum game. But capitalism with a moral foundation recognizes it must take care of the common good, based on the dignity of each and every person. Combining this principle with a longer-term horizon for business success, companies with a strong moral compass can do a better job of addressing the needs of all stakeholders while also paying proper attention to profits. Ultimately, this produces a healthier society because all groups are rewarded for their contributions to the business's value creation.

Denny Center: Are there any final thoughts you'd like to leave with us?

Mr. Kalamarides: Prudential is a place where I can be my authentic self, and other leaders and colleagues of different faiths and backgrounds can be their authentic selves as well. That's the power of our values-based organization, and I'm very grateful to be a part of it.

To learn more about Jamie Kalamarides and his work at Prudential Group Insurance, please see more information [here](#).