CAPTIVES: Hard market drives more buyers to alternative risk sector - PAGE 6

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SPECIAL REPORT

SPECIALTY & EMERGING RISKS

PAGE 18

WORKPLACES SHATTERED BY VIOLENCE

Increase in low-profile incidents creates tensions for employers striving to keep workers safe

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COVER STORY

There's a workplace violence awareness problem among employers that may only see high-profile and rare events as those that can affect their business. But workplace violence runs the gamut and can lead to a multitude of insurance claims and lawsuits. **PAGE 14**

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Cultural institutions are seeing a new wave of inquiries regarding the titles of certain works in their collections. Meanwhile, double-digit rate increases are hitting the market for strike, riot and civil commotion insurance. **PAGE 18**

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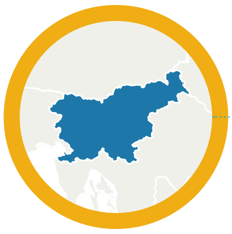

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Don't be surprised to see some uncharacteristic portrayals of Mickey Mouse. **PAGE 30**

VIEW FROM THE TOP

DAVID ARICK

David Arick, assistant treasurer, global risk management, at International Paper Co. in Memphis, Tennessee, assumed the presidency of the Risk and Insurance Management Society Inc. on Jan. 1. Mr. Arick joined the RIMS board of directors in 2019 and has served as secretary, treasurer and vice president. He discusses risk management and artificial intelligence, and how captive insurers can help risk professionals in the current market. **PAGE 13**

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Cost rises linked to health care consolidation

BY JON CAMPISI
jcampisi@businessinsurance.com

The acquisition of physician practices by large hospital systems is having an adverse effect on states' workers compensation systems, experts say.

While proponents of so-called "vertical integration" in health care say the practice benefits consumers by delivering care more efficiently, workers comp researchers say consolidation drives up pricing due to decreased competition and can have a negative effect on return-to-work outcomes. And the efficiency argument, they say, relates to administrative efficiency, not patient care efficiency.

The Cambridge, Massachusetts-based Workers Compensation Research Institute in December published a study showing that between 2012 and 2018, vertical integration of care in consolidated medical systems resulted in an 11.4% increase in workers comp claim costs.

"I would say that, overall, vertical integration does lead to general and higher payments for medical care," said Kate Farley-Agee, Plainfield, Illinois-based vice president, product management, for Coventry Workers' Comp Networks, a subsidiary of Enlyte LLC.

Earlier in 2023, the WCRI found that vertical integration increased payments per visit by 10%, and in December researchers determined the practice also affected payments per claim, the number of medical visits per claim, and the amount of care provided per visit.

PAYMENTS GOING UP

Injured workers treated by vertically integrated providers receive more medical care, leading to higher medical payments per claim and longer temporary disability duration, according to a study by the Workers Compensation Research Institute.

Between 2012 and 2018, vertical integration led to increases in medical payments of:

- ▲ **7.3%** FOR **ALL INJURIES** AT SIX MONTHS OF MATURITY
- ▲ **15.2%** FOR **LOW BACK INJURIES** AT SIX MONTHS OF MATURITY
- ▲ **11.4%** FOR **ALL INJURIES** AT 12 MONTHS OF MATURITY
- ▲ **21.9%** FOR **LOW BACK INJURIES** AT 12 MONTHS OF MATURITY

Source: Workers Compensation Research Institute

When physician practices are consolidated into larger health care systems, "way more providers actually see the patient," and more services are billed per visit, said Joe Paduda, Plainfield, New Hampshire-based principal with Health Strategy Associates, a workers comp consultancy.

"It's limiting access to care, and it does drive up pricing when they do these mergers."

Jason Beans, Rising Medical Solutions

Workers comp medical fee schedules, which usually act as a check on costs, aren't much of a mitigating factor under vertical integration because increased services still translate to increased costs, Mr. Paduda said.

"There's been this payer consolidation and then there's provider consolidation, and the providers will say that we have to get bigger so that we can negotiate effectively against these bigger payers," he said. "So, it's sort of like an arms race."

When systems are vertically integrated, injured workers also tend to undergo more intensive and costly imaging testing, said Steve Bennett, Washington-based vice president of workers compensation programs and counsel for the American Property Casualty Insurance Association. If this results in improved outcomes, vertical integration could be viewed in a more positive light, but "evidence so far is that return to work is worsened," he said.

"People stay out of work longer, get more temporary disability benefits when they're being treated by physicians" working under larger hospital systems, Mr. Bennett said. WCRI researchers found that return to work is negatively affected by the consolidations.

Insurers have felt the brunt of vertical integration, according to Jason Beans, CEO of Chicago-based Rising Medical Solutions Inc., which provides workers comp services.

"It's limiting access to care, and it does drive up pricing when they do these mergers," he said.

Blaming rising workers compensation claims costs on vertical integration is too simplistic, said Richard Gundling, vice president of Downers Grove, Illinois-based Healthcare Financial Management Association, whose members include hospitals and health care systems.

"Attributing it to mergers and acquisitions is limiting because the overall cost increases for labor, drug costs, supplies, has exponentially risen in the last several years," he said.

Horizontal integration, or the process of one hospital system acquiring another, poses a similar set of problems for workers comp, including increased costs and delayed return to work, experts say (see related story).

The move toward consolidation, whether vertically or horizontally, can be traced back more than a decade to the passage of the federal Affordable Care Act, which provided health insurance options for millions of uninsured people, said Ms. Farley-Agee of Coventry Workers' Comp Networks.

"When that first happened, I think there was a lot of uncertainty on the provider side and certainly on our side as well because we all knew it was broad sweeping, it was a wide impact in general to the health care system," she said.

The consolidations have affected patient populations differently, since general health patients have shared payment responsibility whereas workers comp claimants have no out-of-pocket expenses, Ms. Farley-Agee said.

Workers comp insurers are more affected "because they're the ones that are paying for the care, and so, whatever the fees are, whatever they're having to pay, is their responsibility primarily, not the patient's," she said.

According to the December WCRI report, the number of physicians in 34 states researchers analyzed who were integrated with health care systems between 2012 and 2018 jumped from to 49% from 32%.

On the orthopedic side, practitioners went from 18% hospital system affiliated to 35%, which could have a large effect on workers compensation as orthopedic physicians are the providers who most often render care to injured workers, according to experts.

Another possible downside to vertical integration, they say, is access to care. Patients and workers comp claimants in more rural areas, for example, might be underserved if providers consolidate with hospital systems that are located in urban centers.

HORIZONTAL DEALS PUT PRESSURE ON COMP SECTOR

While vertical integration has negatively affected workers compensation by leading to higher medical spending and delayed return-to-work outcomes, horizontal integration in health care has also influenced injured worker care, experts say.

Horizontal mergers and acquisitions in health care involve consolidation of individual hospitals into larger health care systems or hospital systems joining other hospital systems, while vertical integration is the acquisition of a physician practice by a health system.

Jason Beans, CEO of Chicago-based Rising Medical Solutions Inc., said a self-insured municipality in Florida, a client, noticed medical costs rose "dramatically" when one hospital system in the region was acquired by a national health care system.

"So, literally in the same facility with the same doctors, the prices have gone up maybe 25%," said Mr. Beans, who did not name the client. "That's anecdotal, but it's logical, especially now that venture capitalists and the bankers are getting involved. It's become much more of a business."

The trend toward increasing hospital consolidation is expected to have a continuing effect on workers comp by producing upward pressures on utilization and pricing, according to the Boca Raton, Florida-based National Council on Compensation Insurance.

An NCCI report, citing national health research, said completed hospital mergers in general health have yet to demonstrate the benefits of consolidation for patients in the areas of improved quality, access and cost. Mergers also increase the likelihood of intensive surgery and the total number of surgeries but do not appear to improve patient outcomes, the report states.

Jon Campisi

BUSINESS INSURANCE

WORLD CAPTIVE FORUM

The World Captive Forum attracted 520 attendees last month to Orlando, Florida, where they attended sessions and held business meetings related to the growing captive insurance market.

This year's conference, sponsored by *Business Insurance*, was the 33rd edition of the event.

While many of the sessions centered on making use of captives to manage the difficult commercial property/casualty market, others covered topics ranging from risks associated with artificial intelligence to structured reinsurance programs for captives.

More coverage and a photo gallery from the three-day event are available at BusinessInsurance.com.

PROPERTY OWNERS RELY MORE ON CAPTIVES FOR COVERAGE

BY CLAIRE WILKINSON AND GAVIN SOUTER

From left: Heather Graziani, Roberto Rivera-Rodriguez and Seth Madnick

ORLANDO, Florida — Despite a slowdown in the pace of rate increases in property insurance, buyers continue to use captives to finance their property risks, experts say.

After years of rate increases and reduced capacity in the commercial market, risk managers are more comfortable retaining more of their organizations' own risks, they say.

And while obtaining property reinsurance coverage for captives also remains challenging, multiyear solutions can help them structure more affordable programs, they say.

The comments came last month during the World Captive Forum, sponsored by *Business Insurance*.

Rate fatigue and capacity issues are driving policyholders into captives, said Walnut Creek, California-based Seth Madnick, managing director, captive group, at Alliant Insurance Services Inc.

"When you're starting to see north of 10% to 20% rate-on-line, it's really driving clients to consider captives for risk financing," he said.

Policyholders are using captives to address capacity issues and fill gaps in either primary or excess layers in their property towers, Mr. Madnick said. Captives also allow direct access to reinsurance markets to buy down aggregates or build the tower higher, he said.

> "When you're starting to see north of 10% to 20% rate-on-line, it's really driving clients to consider captives for risk financing."
>
> Seth Madnick, Alliant

Rate fatigue and capacity constraints are not the only reasons why clients are using alternative risk transfer options like captives, said Roberto Rivera-Rodriguez, Los Angeles-based director, alternative risk transfer, at Alliant.

"Clients are getting more sophisticated in how they're financing their future losses," Mr. Rivera-Rodriguez said.

"You have more levers to pull when you're actually doing risk transfer yourself through your own facility," he said.

Heather Graziani, Denver-based assistant vice president, captive fronting, at Starr Insurance Cos., said property has been the biggest growth segment for the insurer because of the hard market.

"On the property side, we are seeing some stabilization, but in the energy and real estate sectors, we are seeing a tough hard market for those risks," she said.

Real estate companies are forming captives in the U.S., and in Canada and Asia many energy companies are using captives, Ms. Graziani said.

"A lot of big energy companies are Chinese, so we're seeing growth in Asian domiciles, specifically Hong Kong and Singapore," she said. Europe is also seeing growth, in Guernsey and Malta, she said.

Reinsurance

While one of the advantages of captives is that they allow policyholders to access reinsurance markets directly, they sometimes face difficulties accessing sufficient capacity in the current market.

The Jan. 1, 2024, reinsurance renewal season was easier for cedents than the previous year, but it was still a difficult market, said Michael Woodroffe, president of Kirkway International Ltd., a Bermuda-based reinsurance brokerage.

"It wasn't pretty, but it was easier. There were lots of reinsurers around, they're just expensive," he said.

Property catastrophe treaty renewal rates were up 3% to 5% and direct and facultative property rates were flat, but that followed several years of significant rate hikes.

Dedicated reinsurance capital increased about 10% last year, but the sector did not see any startups despite the significant hardening, said Rick Hartmann, a Philadelphia-based senior vice president at Guy Carpenter & Co. LLC.

> "On the property side, we are seeing some stabilization, but in the energy and real estate sectors, we are seeing a tough hard market for those risks."
>
> Heather Graziani, Starr Insurance

And reinsurers attached at high levels, which meant insurers and captives retained more losses, Mr. Hartmann said. Last year saw 21 loss events of more than $1 billion, and the majority of those losses were retained by insurers, he said.

"That's why we're seeing more and more U.S. and European buyers turn to structured reinsurance solutions to try to reduce some pressure on some of those earnings and retentions within their nets," he said.

As they face higher retentions, some captives are buying second- and third-event covers to limit their exposures in the event they face multiple losses, Mr. Hartmann said.

Other structures can also protect captives against the accumulation of property losses through multiyear programs in which annual premiums are calculated to cover at least one severe loss year, he said.

Multiyear deals can also help captives secure capacity from reinsurers that are unwilling to deal with small cedents on an individual year basis but will consider a larger premium spread over several years, Mr. Woodroffe said.

AI CRACKS CODE FOR INSURANCE APPLICATIONS

BY GAVIN SOUTER

Generative artificial intelligence offers insurance industry organizations the opportunity to augment human expertise and significantly enhance and accelerate numerous tasks in claims and underwriting, a Google Inc. executive said.

The shift from traditional artificial intelligence, which has been in existence for 80 years and helped users in decision-making, to generative AI, which became widely available in 2022, allows companies to use technology for creative tasks and problem-solving, said Sebastian Antony, London-based head of global account strategy and financial services industry in UKI for cap market, health and commercial insurance, legal accounts, at Google.

Artificial intelligence has long been able to tap huge amounts of data, and computer processing power has increased exponentially for years, but generative AI's ability to process human language has transformed the technology's use, Mr. Antony said.

"Artificial intelligence today has cracked the human code of communication," he said.

For example, one can instantly translate 220 languages using generative AI on a phone, Mr. Antony said.

For the insurance industry, generative AI can transform numerous tasks, according to Mr. Antony, including:

- Public website navigation, to search for underwriting information.
- Check submissions against an insurer's underwriting appetite for the risk.
- Check claims against policy wordings.
- Automate information retrieval for recurring business processes.
- Interpret regulations and identify potential violations.
- Automation of customer service tasks.
- Generate statutory filings.
- Creative assistance, such as bespoke images.
- Accelerated research.
- Developing code to make computer engineering more efficient.

Sebastian Antony

AI can also be used to speed up claims processing, Mr. Antony said.

For example, dashcam video of an auto accident can be uploaded and generative AI can be used to answer questions about the details of the accident and who was at fault, he said.

"What we're trying to do here is not trying to replace the human, but we're trying to augment the human with information that is accurate, which you can then modify, and you can put the guardrails around," he said.

As generative AI is developed, it will become more refined, using smaller data sets to target specific industries, Mr. Antony said.

CAPTIVE FORMATION SURGING

BY CLAIRE WILKINSON

Captive market growth continues to surge as businesses of various sizes turn to these risk-financing vehicles to manage their insurance costs and cover gaps, experts say.

Captive markets are still "hot," said Dan Petterson, director of captive examinations for the Vermont Department of Financial Regulation's captive division in Montpelier.

"We don't see them slowing down. We've not seen a downtick yet or markets changing," he said.

Vermont saw a record number of captive formations during the last three years, with between 35 and 45 added each year, Mr. Petterson said.

"We had nine new formations in the first month of 2024, so we're already off to a great start," he said.

Captive growth last year was largely driven by external events and pressures, said Barry White, Annapolis, Maryland-based commercial lead at Artex Risk Solutions Inc.

"Property is a good example. Property markets have been pretty awful for everybody — for brokers, insurers and buyers," he said.

Existing owners that have built up equity in their captives can strategically manage the overall cost of risk by writing some of their property within them, increasing retentions and addressing capacity issues, Mr. White said.

From left: Michael Domanski, Barry White and Dan Petterson

"We have seen numerous new captives specifically formed for property risks alone in 2023 and have a full pipeline in 2024," he said.

Captive owners are also diversifying by adding different lines to their captives, Mr. White said. "Cyber and medical stop loss are lines of business that we're seeing mature captive owners now starting to investigate and put into their captives," he said.

If a business has good risks and has a good handle on risk management, "putting them into a captive makes sense whether or not it's a soft or hard market," said Michael Domanski, Rochester, Michigan-based partner at Honigman LLP.

"Insurance coverage in a captive in a lot of ways is like a financing situation. If you've got the risk, rather than going out to the market and running an overhead that you pay for but don't get the benefit of, if you put it into a captive and you've got good faith in your processes, it makes sense, especially for a long-term play," Mr. Domanski said.

Growing interest in captives is coming from small and medium-sized businesses, in addition to Fortune 500 companies, panelists said.

With smaller captives, "it's not like you need to have $3 million in premium or really high limits. There's a way to handle it with taking on deductibles for your coverage. I like the idea of you have to walk before you can run," Mr. Domanski said.

A large percentage of captives domiciled in Vermont are Fortune 500 companies and larger captives with sophisticated business plans, Mr. Petterson said.

"We've also got some very small captives with not-so-sophisticated business plans," he said.

"It does take resources, so you've got to be able to make sure it's sustainable, but, at the end of the day, we've seen a lot of success across the board and all different company sizes," he said.

Increased pricing, higher deductibles and higher premiums disproportionately affect smaller companies, Mr. White said.

"They may not have the balance sheet or the cash flow to support what the commercial market is offering," he said.

Smaller companies may think they're too small for a captive, but there are many different captive structures and vehicles they can use, he said.

Technology, including online applications and electronic documentation, is helping to make the captive formation process more efficient and accessible to more companies, the panelists said.

OWNERS LEVERAGE CAPTIVES TO NEGOTIATE LOWER RATE HIKES

BY GAVIN SOUTER

Risk managers can use captives to negotiate down prospective commercial insurance rate hikes, even if they don't end up using the captives to cover the risks, several captive owners said.

Massachusetts Life Insurance Co. faced a tough property renewal two years ago, said John O'Neil, lead insurance counsel at the Springfield, Massachusetts-based company's captive.

"We had not had a lot of claims … but some of the top layer property carriers really wanted a lot of premium," he said.

The company decided to run the top layers of the property program through its captive, but two days before the renewal the insurers returned with an offer of a significantly lower premium for the coverage, Mr. O'Neil said.

"We had walked away from it already, at least mentally and emotionally. It was almost like walking out of the car dealership thinking, 'I'm never going to own that car,' and then three days later the dealership calls you back saying, 'Do you still want it, because we can come to you a little bit?" he said.

Jonathan Poling, director of risk management and internal audit at Sun Chemical Corp., recalled a similar experience when the Parsippany, New Jersey-based company faced significant increases on its medical stop loss program.

The loss experience on the program was very good, but the insurer wanted to increase the premium by 45% at renewal, so Sun used a reinsurance broker to investigate coverage for the exposure via the company's captive.

"When the incumbent found out that we were looking to move this into the captive, we ended up with a 7% or 8% increase and that was a big win," he said.

Michael Serricchio, New York-based managing director at Marsh Captive Solutions, who moderated the session, noted that there has been an 84% increase in medical stop loss business in Marsh's captives over the past three years.

Challenges rise with surge in empty offices

BY CLAIRE WILKINSON
cwilkinson@businessinsurance.com

Office building owners, faced with a record level of vacancies driven by the continuing shift to hybrid work, may experience pushback from insurers that previously were eager to provide coverage for the risks.

Policyholders with low-occupancy buildings should review their property insurance policies to better understand how vacancies could affect their coverage, experts say.

Securing coverage can be more difficult and costly because vacant properties are viewed as more exposed to potential losses, such as from fire, theft and vandalism, they say.

The U.S. office vacancy rate rose to a record 19.6% in the fourth quarter of 2023, up from 19.2% in the third quarter, and 18.7% in the fourth quarter of 2022, according to a report by Moody's Analytics, a unit of Moody's Corp., issued Jan. 8. The previous record of 19.3% was set in 1991 during the savings and loan crisis, Moody's said.

The Denver, Los Angeles, Philadelphia, San Francisco and Seattle metro areas are among those that saw more than 1 million square feet in office space vacated last year.

Building owners should review their property insurance policies to better understand how "vacancy" is defined and what steps they may need to take to maintain coverage, said Jeff Buyze, Fort Lauderdale, Florida-based vice president, national property practice leader, at USI Insurance Services LLC.

Typically, "there's a vacancy clause that specifies if, how and when coverage would be restricted if a property is vacant," Mr. Buyze said.

Individual insurers define and treat vacancy differently, and the time periods for how long locations can be vacant before restrictions kick in may vary from 30 to 60 days, he said.

"After 60 days, restrictions typically start coming into play for certain perils. For theft, water damage, malicious mischief, vandalism," exclusions may then apply, Mr. Buyze said.

> "After 60 days, restrictions typically start coming into play for certain perils."
>
> Jeff Buyze,
> USI Insurance Services

Insurers generally consider a building to be vacant if it is less than 31% occupied, he said.

Office buildings remain a "very desirable" real estate asset class for insurers and have always been the simplest and least expensive to insure, said Paul Cicerchia, New York-based real estate and hospitality practice leader at McGriff Insurance Services LLC, the retail commercial insurance subsidiary of Truist Insurance Holdings Inc.

Office buildings don't have 24-hour exposures like hotels or multifamily buildings, for example, and generally are better constructed with concrete and steel rather than wood frame, making them a more desirable risk, he said.

Unoccupied buildings, though, can raise concerns over whether they are well-managed and whether owners are making appropriate capital expenditures to protect and maintain them, and insurers will be more selective about those assets, he said.

"Does the building owner have the resources to continue to do everything right, to keep security up, to keep the sprinklers on, to keep the heat going?" said Rick Miller, Boston-based U.S. property leader for Aon PLC's commercial risk solutions business.

"It's not to say it's an automatic. It's not to say a vacant building isn't properly taken care of, but it increases the potential for that increased hazard or that unforeseen component of a loss happening," Mr. Miller said.

Demand for coverage for vacant commercial buildings, office buildings in particular, is increasing, said Ralph Blust, president and chief revenue officer of Pathpoint Inc., a San Francisco-based digital excess and surplus brokerage.

Many admitted insurers are reluctant to provide coverage for partially occupied structures with less than 50% occupancy, he said. "It's not just 100% vacant, it's also where the majority of the structure is vacant and you have limited occupancy. Those are higher risk," he said.

Pathpoint places coverage for smaller unoccupied properties with total insured values of $5 million or less.

Vacant properties can create hazards, especially in urban environments where homeless communities may inhabit vacant buildings, Mr. Blust said.

When services are terminated in a vacant structure "you run into issues where, especially in colder environments, they're creating artificial heat sources, which can create large property and liability loss exposures in the event of fire," he said.

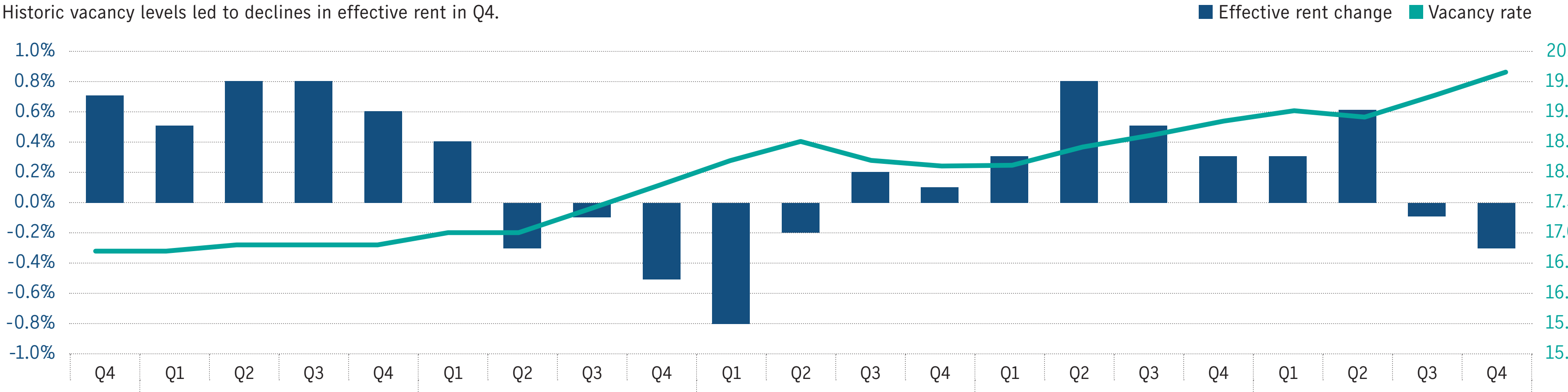
Sometimes insurers will add provisions or conditions to a policy, such as requiring owners to maintain heat or fire alarms or burglar alarms inside a building while it's vacant, Mr. Buyze said.

Security is another concern, he said. "We've had that happen where carriers want to see a watch service, whether it's a nightly watch service or 24/7, hiring a third-party security firm to look after the location while it's vacant," he said.

OFFICE RENT AND VACANCY TRENDS

Historic vacancy levels led to declines in effective rent in Q4.

Effective rent change Vacancy rate



Source: Moody's Analytics CRE

RESEARCH & DATA

M&A activity reverts to pre-2021 levels

BY STEVE GERMUNDSON, TIMOTHY CUNNINGHAM AND DANIEL MENZER

Deal activity in the insurance distribution sector has come full circle, and 2023 can be characterized as a return to normal.

The total number of transactions last year was 782, compared with 1,030 in 2022 and 1,108 in 2021, marking declines of 24% and 29%, respectively. Yet, compared with the average of the three-year period prior to 2021-2022, last year's deal count was 11% higher.

These totals include U.S. and Canadian property/casualty and employee benefits brokerages, third-party administrators, managing general agent operations, life insurance/investment or financial management, consulting, and other business connected to insurance distribution. We collect the information from public announcements, buyer websites and other sources in a consistent manner from year to year, but it does not include all transactions, as many are never disclosed publicly.

This past year saw very steady M&A activity, with 185 to 204 deals per quarter. There was no fourth-quarter surge, as had been seen in the three previous years. The last time the industry saw similar steady experience was in 2019.

The 406 reported transactions in the second half of 2023 were 8% higher than in the first half of the year but 27% below the second half of 2022 and 17% below the previous five-year second-half average. For the year, 2023 was 8% below the previous five-year average. Evidence suggests the overall rate of decline is slowing.

A deeper look at historical trends shows that the first half of 2023, with 376 transactions, was 19% greater than the average first half in the "pre-bubble" years, and the second-half total was 5% greater.

The figures reflect a normalized interest rate environment, a still sizeable number of buyers active in the industry and the continued aging of the ownership base of selling companies, whose value on the street continues to be far greater than the internal value to the next generation of owners.

Buyers are broken down into the following categories:

- PE/hybrid — Private-equity backed and private firms with significant outside acquisition financial support
- Publicly traded
- Privately owned
- Bank-owned
- Others

The most active buyer list changed notably in 2023, as the perennial most frequent buyers, Acrisure LLC and PCF Insurance Services, were no longer at the top. Hub International Ltd., with 65 transactions topped the list; the brokerage consistently completes 60 to 70 deals per year. Broadstreet Partners and Inszone Insurance Services, each with 46 transactions, followed Hub. Broadstreet remains a consistent acquirer, while Inszone is relatively new on the scene.

The surge of M&A activity in the insurance distribution sector has been largely a story of private-equity-driven activity. PE/hybrid remains the most-active group of buyers, accounting for eight of the top 10 spots and 47% of all agency acquisition transactions. Arthur J. Gallagher & Co. and Leavitt Group, publicly traded and privately-owned, respectively, were also active acquirers. Including their deals in the Top 10 yields 56% of the deals. The top 10 buyers each year in the recent past generate approximately 50% to 55% of the industry's total deals. Of the top 10 buyers, Broadstreet Partners, up 24, Leavitt Group, up 14, and Gallagher, up 10, led the group with the largest increases in deal activity. Acrisure, down 71, and Highstreet Partners, down 20, showed the largest declines.

The 25-month spike, from December 2020 through December 2022, in M&A activity provided a study of a consolidating industry meeting up with seller concerns over increases in capital gains rates and pending interest rate increases, both of which would reduce valuations. With those two issues in the rearview mirror, it should have been no surprise that 2023 deal activity would revert to the historic mean.

Some other statistics from the 2023 activity:

- 34 different PE/hybrid buyers acquired a combined 543 agencies in 2023, an average of 16 transactions each; three PE/hybrid buyers made their first acquisition in 2023.
- There were 66 privately owned companies that acquired a combined 167 agencies, compared with 63 that bought 199 agencies in 2022, an average of 2.5 and 2.7, respectively.
- 64 companies acquired only one agency in 2023, while 30 acquired five or more.
- There were 51 first-time buyers in 2023.

Property/casualty brokers continued to dominate the sell side, accounting for 60% of the total. Employee benefits brokers were the second most acquired companies in 2023, representing 13% of the total.

The return to historic norms in the volume of M&A transactions should continue as economic forecasts no longer include warnings of recession and interest rates remain relatively stable, the investor world still has tremendous sums to put into play, and there continues to be a large number of business owners unable or unwilling to sell to the next generation inside the company. We expect overall transaction volume to remain the same throughout 2024, with perhaps more large transactions along the lines of Aon PLC's planned acquisition of NFP Corp.

TOP BUYERS

The 10 most acquisitive buyers of insurance agencies and brokerages in the U.S. and Canada in 2023 with comparable totals for 2019-2023:

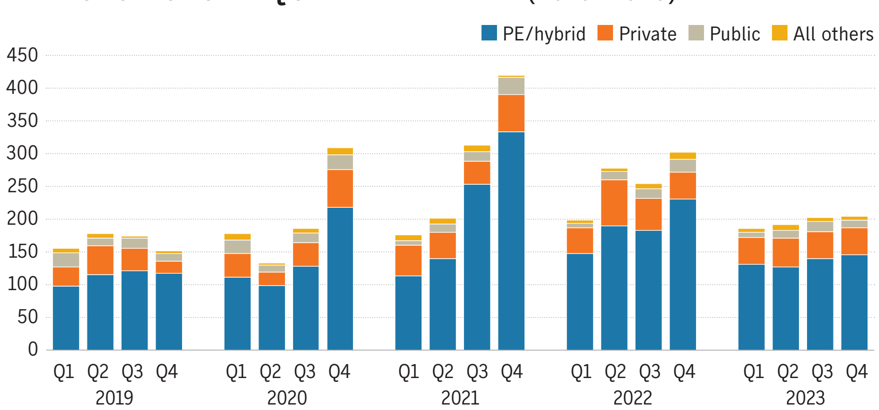
Buyer	Company type	2019	2020	2021	2022	2023
Hub International Ltd.	Private equity/hybrid	52	65	62	70	65
BroadStreet Partners Inc.	Private equity/hybrid	34	58	45	35	59
Inszone Insurance Services LLC	Private equity/hybrid	6	10	12	42	46
Acrisure LLC	Private equity/hybrid	98	108	122	107	36
Arthur J. Gallagher & Co.	Publicly held	34	23	25	26	36
World Insurance Associates LLC	Private equity/hybrid	18	42	53	39	36
Leavitt Group	Private	10	12	24	20	34
Risk Strategies Co. Inc.	Private equity/hybrid	22	18	24	24	29
Keystone Agency Partners LLC	Private equity/hybrid	0	7	22	29	29
Patriot Growth Insurance Services LLC	Private equity/hybrid	25	21	31	32	25
TOP 10 TOTALS		299	364	420	424	395
ALL OTHERS		331	410	590	539	342
TOTALS FOR YEAR		**658**	**805**	**1,108**	**1,031**	**782**

TOP FIRMS SOLD

There were 8 firms whose revenues exceeded $25 million sold during 2023.

Seller	Buyer	Month	PY Revenue
Ameritrust Group Inc.	AF Group (BCBS of Michigan)	January	$122,000,000
Dwight Andrus Insurance	Hub International Ltd.	March	$30,000,000
Westland Insurance Group Ltd.	Broadstreet Partners Inc.	May	Not Disclosed
HORAN Health	Hub International Ltd.	June	$30,000,000
The Graham Co.	Marsh	August	$74,000,000
Eastern Insurance Group LLC	Arthur J. Gallagher & Co.	September	$104,000,000
Stahl & Associates Insurance Inc.	Higginbotham	September	$33,000,000
Cadence Insurance Inc.	Arthur J. Gallagher & Co.	October	$152,000,000

TRANSACTIONS BY QUARTER BY TYPE (2019-2023)



Source: Optis Partners LLC

Steve Germundson, Timothy Cunningham and Daniel Menzer are principals at Optis Partners LLC, a Chicago-based investment banking and financial consulting firm that serves the insurance distribution sector. Mr. Germundson can be reached at germundson@optisins.com or 612-718-0598; Mr. Cunningham can be reached at cunningham@optisins.com or 312-235-0081; and Mr. Menzer can be reached at menzer@optisins.com or 630-520-0490.

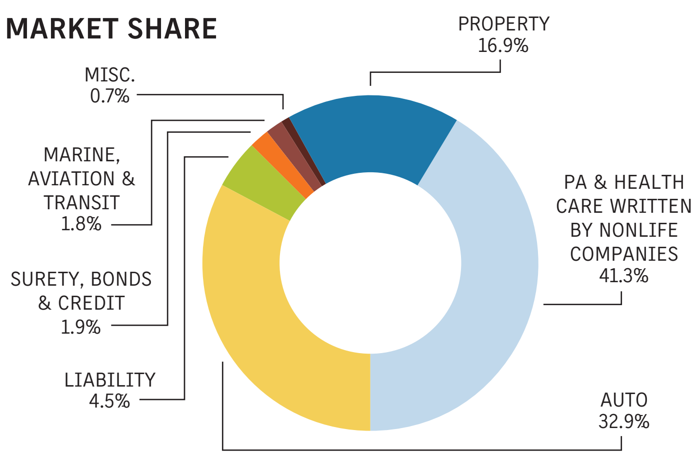
PROFILE: SLOVENIA

49

GLOBAL P/C MARKET RANKING

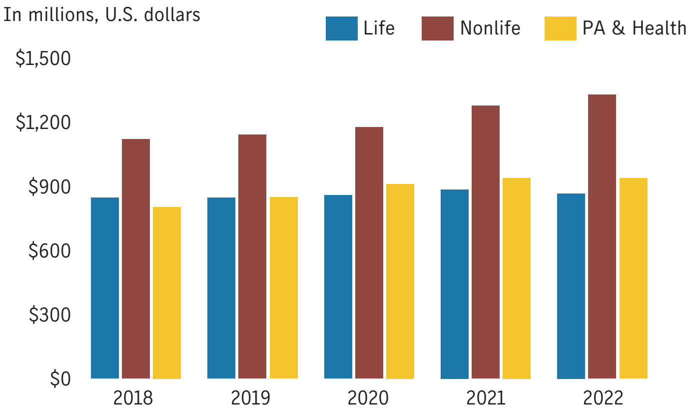
Slovenia is by far the wealthiest country to emerge from the breakup of the former Yugoslavia. It joined the EU in 2004 and was the first ex-communist country to adopt the euro in 2007. Slovenians are extremely loyal to their domestic institutions, which has made it difficult for foreign insurers to penetrate the market. They also have a strong preference for face-to-face dealing, which has not been diminished by the development of digital tools during the COVID-19 pandemic. Slovenia is home to two insurance groups, Triglav and Sava, which comprise domestic composite insurers, reinsurers, voluntary pension funds and branches or subsidiaries in most of the countries of the former Yugoslavia. The reinsurance companies Triglav Re and Sava Re write almost equal amounts of group and nongroup business. Triglav is the leading corporate and financial lines insurer in Slovenia, while Sava has a more domestic, smaller business focus.

MARKET SHARE

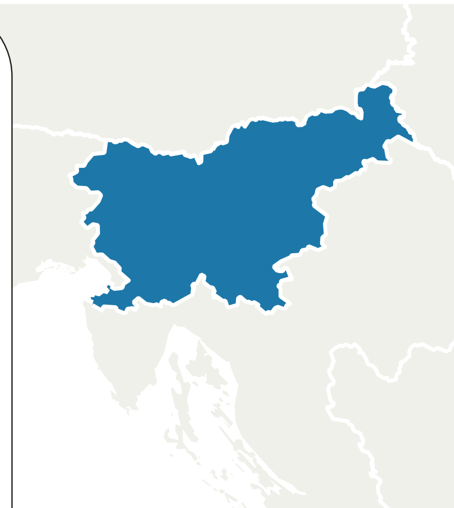


MARKET GROWTH

In millions, U.S. dollars



Source: Axco Global Statistics/Industry Associations and Regulatory Bodies



AREA

7,827

square miles

POPULATION

2.1

million

MARKET CONCENTRATION

94%

market share of top five insurers

2024 GDP CHANGE (PROJECTED)

2.0%

MARKET DEVELOPMENTS

Updated December 2023

- Nonlife premiums have been growing strongly because of Slovenia's persistently high inflation, particularly in respect of vehicle repair costs. As a result, auto third-party liability, and casualty and collision premiums rose 20% in the first half of 2023 and property premiums by 10% to 15%. Property premiums were expected to rise much more sharply in 2024 in reaction to a summer of exceptionally heavy weather losses in 2023 caused by hail, wind and especially flood. It was estimated that these would cost insurers up to €400 million ($415.8 million) gross, much of which would be recovered from catastrophe excess of loss reinsurers.
- Nonlife premium income in 2022 totaled €2.03 billion over 30% of which was generated by voluntary health insurance. However, the Healthcare and Health Insurance Act was amended last year to abolish voluntary health insurance as a private insurance product, effective Jan. 1, 2024. The resulting loss of income will be devastating for the three insurers that wrote the line.
- The northern and central parts of Slovenia were affected by severe floods caused by exceptionally heavy rains in early August. Estimates of total economic losses range between €2 billion and €5 billion.
- A new Environmental Protection Act that went into effect in April 2022 has imposed a compulsory insurance requirement on specified polluting industries, though with a maximum indemnity limit of only €250,000. There was an 18-month transition period for compliance.

COMPULSORY INSURANCE

- Auto third-party liability
- Workers compensation (state scheme)
- Professional indemnity for insurance intermediaries
- Railway operators liability (financial guarantee or insurance)
- Liability insurance for air carriers for injury to passengers and damage to baggage or goods during international journeys
- Personal accident for passengers in public transport
- Environmental pollution liability
- Shipowners liability for marine oil pollution (financial guarantee or insurance)

NONADMITTED

Unlicensed insurers are not allowed to carry on insurance business in Slovenia. At the same time, there is nothing in the law to indicate that insurance must be purchased from locally licensed insurers, apart from compulsory auto third-party liability and compulsory personal accident for passengers in public transport.

INTERMEDIARIES

Insurance intermediation may be conducted in Slovenia only by licensed Slovenian intermediaries or European Economic Area-domiciled intermediaries operating under freedom of services legislation. Slovenian insurers are not allowed to accept business from unlicensed intermediaries, while Slovenian intermediaries are not allowed to place Slovenian risks with unlicensed insurers.

MARKET PRACTICE

Most multinational risks are written on a fronting basis. It has become increasingly common, however, for operations conducted by EU multinationals to be insured on a freedom of services basis.

Information provided by Axco.
For free trial access to global insurance intelligence, visit axcoinfo.com.

Southwest entitled to cyber coverage

A federal appeals court overturned a lower court ruling that barred excess cyber risk coverage for Southwest Airlines Co. for costs it sustained responding to a computer failure that disrupted its operations.

A district court in Texas had previously ruled in favor of a unit of Liberty Mutual Insurance Co. that the costs incurred by Southwest were discretionary and not covered. But in *Southwest Airlines Co. v. Liberty Insurance Underwriters Inc.*, the 5th U.S. Circuit Court of Appeals in New Orleans reversed the 2022 summary judgment and remanded the case for further proceedings.

The airline had claimed coverage for $77 million in costs it said it incurred responding to a computer system failure that disrupted flights for 475,839 Southwest customers in 2016.

Weeks before the failure, the airline had bought a cyber risk insurance policy that was led by American International Group Inc. Liberty was a follow-form excess insurer on the coverage tower, providing $10 million in limits above $50 million, court papers said.

Southwest collected on the first $50 million, but Liberty denied the claim, challenging various costs, including: discount codes, travel vouchers and frequent flyer points issued to affected customers, reimbursement of customers' alternative travel costs, and costs for an advertising campaign the airline extended after the system failure.

Liberty also said coverage was barred under various exclusions in the policy.

The lower court concluded that the costs were not caused by the system failure but by "various and purely discretionary customer-related rewards programs, practices and market promotions," court papers said. It also ruled that the exclusions barred coverage.

In its appeal, Southwest acknowledged that the costs were incurred due to business decisions it made but argued that they were still covered under the terms of the policy.

The appeals court agreed that the costs met the definition of losses in the policy, adding that the lower court erred in concluding that the costs were precluded from coverage as a matter of law.

Hospital prevails in COVID appeal

A federal appeals court partially overturned a lower court and ruled that a Lawrence, Massachusetts, hospital is owed insurance coverage for COVID-19-related losses under an endorsement it purchased from a unit of CNA Financial Corp.

In *Lawrence General Hospital v. Continental Casualty Co.*, the 1st U.S. Circuit Court of Appeals ruled — like many other appeals courts in COVID-19 cases — that the hospital had not suffered "direct physical loss of or damage to property," so its business interruption coverage was not triggered for the "tens of millions of dollars" in losses it claimed. However, the hospital was covered for losses incurred when it complied with government decontamination orders under a separate health care endorsement it bought from Continental.

Under the endorsement, the hospital would be covered for losses or costs incurred in the event that it were: subject to "an evacuation or decontamination order"; the losses occurred at a covered location; the order was issued by the Centers for Disease Control and Prevention, a health official or government authority; and there was a "threat of the spread of a communicable disease," court papers said.

In contesting the claims, Continental focused on whether the hospital was subject to a decontamination order and argued the facility could have remained open only for nonelective procedures or waited for authorities to change requirements for elective procedures.

"As LGH convincingly argues, the 'choice' to comply with the stated conditions or forgo the ability to treat 'the vast majority of its patients' for an indefinite period is no choice at all," the appeals court ruled in remanding the case for further proceedings.

Beach trip cited in benefits loss

A Marriott International Inc. bartender who suffered a back injury when she tripped and fell at work lost her workers compensation benefits after a Pennsylvania appeals court found the employer proved she had recovered, in part by providing video surveillance of her spending two days at the beach.

Renee Loguidice, who had a history of back pain and surgery prior to her 2018 fall at work, had been granted a continuation of benefits by the Pennsylvania Workers' Compensation Appeal Board in 2022, reversing an earlier ruling by a workers compensation judge that terminated her benefits, according to *Marriott International Inc. v. Renee C. Loguidice (Workers' Compensation Appeals Board)*, filed in the Commonwealth Court of Pennsylvania.

The board ruled that Marriott, which provided medical documentation that included testimony from one of Ms. Loguidice's examining physicians, failed to prove its argument that she could return the work.

The physician testified that a 2020 examination "found no showing of muscle atrophy or muscle weakening" and "no evidence of spasm in her low back."

Ms. Loguidice "gave a significant pain reaction to gentle touching," leading the doctor to believe she was "malingering and not providing genuine responses or effort during the examination," according to court documents.

Marriott's case included video of Ms. Loguidice at a New Jersey beach that showed her "moving seemingly without pain and doing activities inconsistent with someone who suffered from radiculopathy, such as, walking for blocks, up inclines, and up and down steps."

The appellate court, in reversing the comp board's decision, ruled that the company had provided substantial evidence proving Ms. Loguidice was able to work.

Nurse properly denied comp: Court

A front-line nurse who said she contracted COVID-19 on the job and then passed it along to her son, who later died from the disease, was properly denied workers compensation benefits because she failed to prove the illness was work-related, the Delaware Superior Court ruled.

The court, in *Hudson v. Beebe Medical Center*, affirmed the denial of workers comp benefits to Carol Hudson, who worked on the COVID-19 floor of Beebe Medical Center in Lewes, Delaware. She said she contracted the virus at work in October 2020 and later had to be hospitalized.

Ms. Hudson, who worked for Beebe for 39 years, said her two sons contracted COVID-19 around the same time. One died from the disease.

Beebe argued Ms. Hudson likely became infected outside of work, and that her son who died from COVID-19 may have been the one who infected her.

A workers comp board found Ms. Hudson failed to prove she contracted COVID-19 at work and that the disease was a presumed occupational injury.

DOCKET

POLICYHOLDER WINS CARGO COVERAGE CASE

A marine cargo policy issued by a unit of Travelers Insurance Cos. Inc. was ambiguous in its description of approved storage locations, therefore, the insurer should pay the full limit to its policyholder, whose goods were destroyed in a warehouse fire, a federal appeals court ruled. The 2nd U.S. Circuit Court of Appeals in New York, in *Ezrasons Inc. v. Travelers Indemnity Co.*, overturned a trial court's summary judgment in favor of Travelers, ruling that apparel manufacturer Ezrasons was entitled to coverage for a 2019 fire that destroyed more than $600,000 worth of goods.

STEEL COMPANY SETTLES HARASSMENT CHARGES

A Phoenix-based steel fabrication company agreed to pay $500,000 to settle a U.S. Equal Employment Opportunity Commission lawsuit that charged it subjected workers to race and national origin harassment and retaliation. The EEOC said Schuff Steel Co. harassed Black and Latino workers at its Eloy, Arizona, plant and retaliated against them when they complained. It said the plant's manager regularly used racial slurs and epithets, ridiculed Latino employees who did not speak English well and, on several occasions, declared "white power" in front of Black employees.

RULING PARTIAL WIN FOR PEP BOYS

Auto and tire services company Pep Boys is not barred from claiming two annual aggregate limits on two excess policies from the 1980s that were extended a few months past their original expiration date, a California appeals court ruled.

The Court of Appeal of the State of California, First Appellate District in San Francisco, ruled that the insurers' policy wordings were ambiguous in overturning a trial court's summary judgment in favor of Old Republic Insurance Co. and Fireman's Fund Insurance Co.

David Arick

RISK & INSURANCE MANAGEMENT SOCIETY

David Arick, assistant treasurer, global risk management, at International Paper Co. in Memphis, Tennessee, assumed the presidency of the Risk and Insurance Management Society Inc. on Jan. 1. Mr. Arick, a member of the New York-based organization for more than 20 years, joined the RIMS board of directors in 2019, and has served as secretary, treasurer and vice president. Mr. Arick recently spoke with *Business Insurance* Deputy Editor Claire Wilkinson about risk management and artificial intelligence, and how captive insurers can help risk professionals in the current market. Edited excerpts follow.

Q What are your priorities as 2024 RIMS president?

A We've built a very clear vision and strategy for RIMS, so part of my role is to continue executing on that strategy and working with a really engaged and energetic board to make that happen. Where I'm passionate about how we move things forward is how do we continue to bring credibility and respect to risk management and the insurance industry more broadly? My anecdotal view is that it should be viewed like being an accountant or an engineer, a lawyer, a doctor. It's very clear what that means when you meet people at a cocktail party and you say you're a doctor; everyone understands you're helping people be healthy or you're fixing things that go wrong. But when you talk about risk management or insurance, it's a lot more nebulous and probably leads to more questions than answers. I would like to see us move forward in that space.

Q What was your path into risk management?

A I started out wanting to do mergers and acquisitions. I was a finance major in school and there was a job opening at a bank I was working for in corporate finance and risk management. I viewed that as an opportunity to get closer to the M&A group, which was also in corporate finance. I was fortunate enough to get the role in risk management, an entry-level technical assistant role, and had a wonderful boss who took me under her wing. I got involved in a lot of exciting activity, including the risk management elements of M&A. It was a bank that was buying 40, 50 banks a year. So, at age 23 or so, I was helping out with the due diligence team, doing the risk management part of it. I got hooked from there.

Q How is artificial intelligence impacting the risk manager's role?

A It's early days from a risk management standpoint, and, depending on the industry you work in, it may be a lot more or a lot less important at the moment, but it's going to be really important for all of us down the road. It's going to change society, it's going to change how jobs are structured, it's going to change workflows. It's going to change things dramatically. From a risk manager standpoint, we need to keep our eyes open for what's happening within our firms when we use AI tools, work with our IT and legal folks around what compliance looks like and think about what the impacts could be. Risk is a plus or a minus. So, how can we use AI to benefit the firm, but what could go wrong if we don't use those tools properly?

Q&A

Q RIMS has added an AI track at its upcoming annual conference. Why?

A We want to be topical. We want to make sure that things that are hot topics, emerging issues, that we provide some content for people to learn. So, the hope would be that we can help bridge some of the gaps between risk professionals and the IoT and the risks, the legal folks that are looking at those issues.

Q What can the risk management sector do to better attract talent?

A We have to do a better job of selling the value that risk and insurance brings to the economy and to the world around us. People have a stereotype around risk and insurance, or insurance more largely being about selling policies to people. That's an important aspect of insurance and risk management. There's a lot more to it. Insurance is a tool, but it's not the tool for managing risks. We have to do a better job of having the story, the elevator speech around why risk management and insurance is important. I'm hopeful that RIMS can help people prepare that elevator speech, so when somebody asks them at the cocktail party "What do you do?" the answer is very different than what they thought risk management would be.

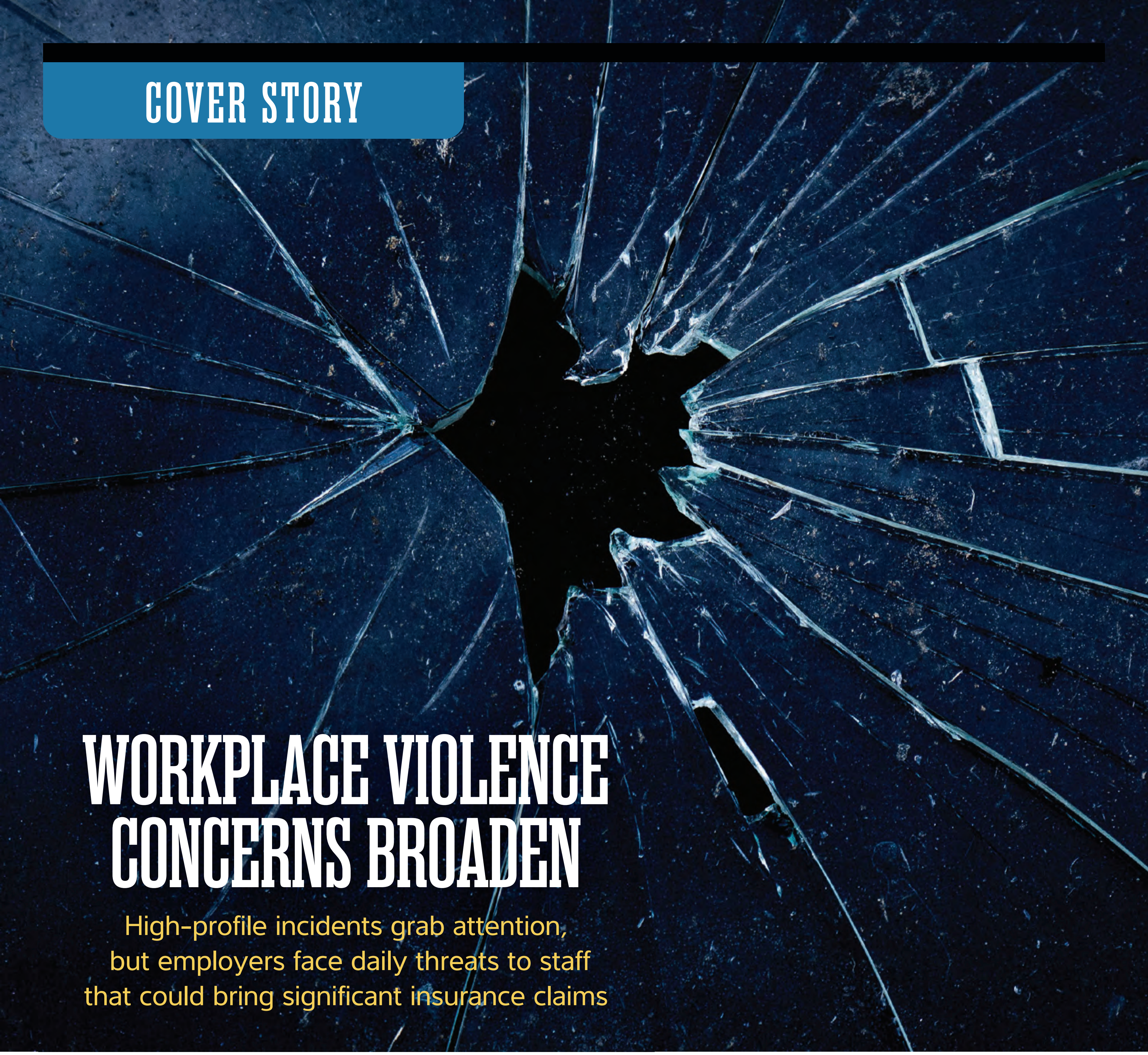
Q Many seasoned risk management professionals are joining brokers or insurers. Is it creating a talent gap?

A There are a limited number of risk management roles within every organization. Risk isn't core to most companies, but it is core to insurance companies and brokers. So, certainly, they draw a lot of talent. My hope would be that RIMS can help bridge some of the gaps you refer to, that we can make sure that it's easier than ever for people to move between broker, insurer, TPA, risk manager, because we all speak the same language. We're applying the same framework for evaluating risk.

Q How can captive insurers help risk managers in the current market?

A There are a number of situations over the years where there wasn't a viable insurance product for certain risks, and using a captive helps you put some structure around how you finance that risk. In a lot of cases and over time, you can maybe build a business case for an insurer or a reinsurer to help you take the edge off of that risk of that portfolio. Cyber is one over the last couple of years where companies have looked at how to fill gaps in their insurance program. How do we maybe take a higher deductible or retention and use it as a captive to fund what we think of as the working layer for that risk, and just buy the coverage for where it's really catastrophic to the firm. I view captives as being critically important for me as a risk professional. Every firm has to look at its priorities and determine if a captive is viable.

From a risk manager standpoint, we need to keep our eyes open for what's happening within our firms when we use AI tools, work with our IT and legal folks around what compliance looks like and think about what the impacts could be.



COVER STORY

WORKPLACE VIOLENCE CONCERNS BROADEN

High-profile incidents grab attention, but employers face daily threats to staff that could bring significant insurance claims

BY LOUISE ESOLA
lesola@businessinsurance.com

An employee at a Wally's Foods convenience store in Minneapolis was stabbed while trying to stop a shoplifter. Following an argument, a man was accused of shooting his coworker in the torso at packaging supply company Pak Source in Rock Island, Illinois. The husband of a manager-in-training at a McDonald's restaurant in High Point, North Carolina, angry over how employees there were treating his wife, allegedly came into the restaurant and brutally assaulted a cook.

That handful of publicized incidents all took place since Dec. 1, 2023. Likely, there were more, according to experts who say most workplace violence goes unreported.

The lack of incident reporting adds to an awareness problem among employers that may only see high-profile and rare events as those that can affect their business. But workplace violence runs the gamut, can trigger a multitude of insurance claims and lawsuits, and highlights emerging workplace safety requirements many companies may not be aware of, experts say.

"The mass shootings have a tendency to garner attention; but, daily, when you talk about a restaurant where somebody's accosted by an employee, or there's somebody who's seeking to have a dating relationship with an employee who doesn't want it…all of these are acts that occur in the workplace," said Debra Kirby, Chicago-based global service line lead for security risk consulting at Jensen Hughes, a consultancy that provides workplace violence training.

And employers are largely unprepared, and some don't understand what counts as violence, according to experts (See related story).

"'It'll never happen to us or here.' We hear that over and over again," said Kathleen Bonczyk, Winter Garden, Florida-based attorney and founder and executive director of the nonprofit Workplace Violence Prevention Institute, which provides training for companies.

Insurance questions

Companies on the hook for workplace incidents can turn to several insurance policies: workers compensation, general liability and umbrella, management liability, directors and officers liability, even terrorism, if the government classifies an incident as such.

"Workers compensation is the one that is thought of first," said Paul Primavera, Kansas City, Missouri-based national practice leader for Lockton Cos. LLC. "Then it could hit a large number of other policies," he said, adding that the cost to cover incidents could be in the "millions."

Workers comp has gaps, because many states do not require employers to cover mental injuries that often are associated with violence. Connecticut changed its law in 2023 to extend its workers comp post-traumatic stress disorder presumption previously reserved for first responders to "all employees" who witness a harrowing event.

Overall, workers comp insurers have seen a four-fold increase in injuries related to violence over the past 25 years, said Jeff Cole, assistant vice president of national accounts for Stevens Point, Wisconsin-based workers comp insurer Sentry Insurance.

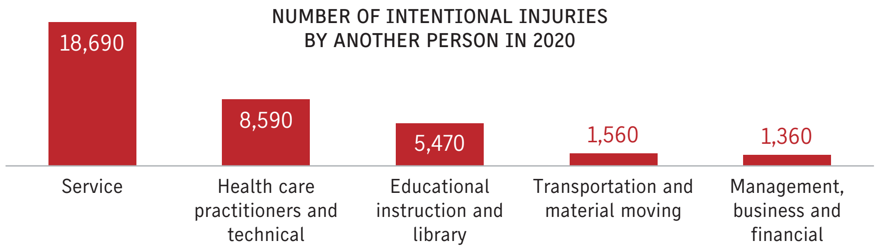
"We've also seen a doubling of the average cost per claim," he said, adding that workers comp claims from violence are complicated and most are driven by individual assaults.

Companies should be most worried about smaller incidents, such as an isolated attack that occurs after an individual has been fired, said Christopher Arehart, Chicago-based senior vice president, first party product manager for North America financial lines, with Chubb Ltd.

"That type of event does play out more and more," he said. "As the stress of our society continues to press on individuals, exacerbated by the pandemic and then reengaged through returning to work and returning into offices, we're seeing more clashes between individuals, oftentimes employee to employer."

SERVICE INDUSTRY STAFF SUFFER MOST ATTACKS

Nonfatal workplace intentional injuries by another person that required at least a day away from work.



Source: U.S. Bureau of Labor Statistics

With workplace violence increasingly a topic at insurance renewals, individual workplace violence policies and related coverages can fill gaps where other policies fall short, giving businesses cash to cover such immediate needs as counseling for employees, job relocation assistance and even building renovations following a larger act of violence where workers are wary of returning to the same job site. Experts say a company's response to violence can help mitigate later losses, such as claims or lawsuits.

Most employers are unaware of the liability implications until an incident happens, Mr. Arehart said.

Company leaders may become interested in the topic if they see news coverage of an attack at another company, experts say.

"We're seeing a lot of this being triggered by board-level interest," said Patrick Rogers, London-based head of risk advisory and crisis management for Alert:24, a unit of Willis Towers Watson PLC.

"We're working with a few Fortune 500s now on these exact issues where a board member, in most cases the CEO, has just said to the security team or risk management team, 'What are we doing about this?' and a lot of the answers are coming back unsatisfactory to them because these are complex issues to manage," he said.

Renata Elias, Dallas-based senior vice president of consulting solutions for Marsh Risk Advisory, a division of Marsh LLC, said, "Tragically with every incident that occurs there's an increase in my inbox or on my phone of people reaching out wondering, No. 1, do they have what they need in place, and then, No. 2, can we help them get to that place?"

"We have plans for fires and hurricanes and tornadoes and civil unrest, but a lot of organizations have not thought about a plan for a workplace violence incident," she said.

Coverage for intentional acts such as workplace violence is also expensive, which is why those managing insurance portfolios and risk are urged to focus on risk management and prevention, experts say.

Change on the horizon

California is leading the charge for improved mitigation of workplace violence risks. This year, businesses in the state will face sweeping changes mandated by S.B. 553, signed into law last year, which requires most employers in the state to implement by July 1 written workplace violence prevention plans that include annual workplace violence prevention training, violent incident logs and other record-keeping measures. It's the first law of its kind in the country (see story page 16).

The U.S. Occupational Safety and Health Administration, under pressure to create a workplace violence standard for health care, has zeroed in on that industry, where the agency says most nonfatal workplace assaults take place.

Andrew C. Brought, a Kansas City, Missouri-based partner with Spencer Fane

LLP, said the national focus on health care makes more sense than California's broader approach. California's new law is not industry-specific and takes a one-size-fits-all approach, "which doesn't really make sense because there are certain businesses and there are certain industries where violence is just more prevalent," he said.

OSHA's enforcement measures in health care resulted in several publicized citations in 2023 against hospital systems where patients assaulted nurses and other health care professionals, using the catch-all general duty clause as the basis to cite.

Louisiana and Texas, in 2022 and 2023, respectively, passed laws requiring workplace safety mitigation efforts for health care workers. In Texas, a health care violence law goes into effect this year.

Given the implications, "workplace violence is on everyone's minds these days," said Eric Conn, Washington-based founding partner of Conn Maciel Carey LLP. "Our phone won't stop ringing about the new California law."

Beyond the requirements

Craig Van Asten, safety services manager for Sentry, said companies on the forefront "are starting to recognize and accept that they need to have some formal safety management practices in place."

But the change has been slow when it comes to preparing for smaller incidents that are more frequent, he said.

Organizations that have active shooter training or "run-hide-fight" training can be complacent about other workplace violence risks, Mr. Van Asten said.

"We talk with our clients about how workplace violence really starts with zero tolerance policies, making sure that we don't have harassment, bullying in the workplace; ensuring that you have a written program and that you've got responsibilities delegated throughout the organization, and that you've got the structure and the systems in place, so that we can quickly respond and address these scenarios," he said.

Companies should have regular discussions about what constitutes violence and have policies in place, said Julie Bolton, Houston-based head of middle market risk engineering for Zurich Insurance Group's resilience solutions unit. "It's getting out and talking, making it a regular talking point at meetings," she said.

Ms. Bonczyk of WVPI said companies can start with their sexual harassment policies.

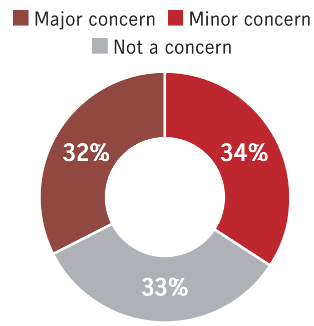
"My recommendation is to take a sexual harassment policy and modify it so that it becomes a workplace violence prevention policy," she said. For example, an existing grievance procedure, which tells an employee how to report an event or issue, would work in an anti-violence policy, she said.

"Apply those procedures to workplace violence," she said. "You've already got the policy in place. Then there's some training, such as situational awareness."

Ms. Kirby of Jensen Hughes said each organization faces different challenges, and those that know their business and risks — whether it be the type of clients or that workers are more isolated and prone to violence — will fare better.

"In the end, it's really about people and looking at how to develop a good assessment program to manage employees in terms of what the potential threats are," she said.

How concerned are you about the impact of workplace violence on your organization?



Source: National Safety Council survey, 2023

Employees on violence preparedness

44%	of workers strongly agree that their employers promote a speak-up culture, where employees can report misconduct without fear of retaliation.
33%	of respondents would only report an issue of misconduct or harassment if they could do so anonymously.
60%	of workers said they feel very or extremely prepared for an act of violence in the workplace; 26% said they are "somewhat" prepared.

Source: Traliant

VIOLENT INCIDENTS RANGE FROM BULLYING TO SHOOTINGS

There's no simple definition of workplace violence.

OSHA describes workplace violence as "any act or threat of physical violence, harassment, intimidation, or other threatening disruptive behavior that occurs at the work site," adding that "such acts range from threats and verbal abuse to physical assaults and homicide." The latter is on the rise, according to the Bureau of Labor Statistics, which last year reported that workplace fatalities due to violence increased 11.6% in 2022.

The National Institute for Occupational Safety and Health divides workplace violence by category — criminal intent, customer/client, worker-on-worker, or personal relationship — and describes the nuances of each, which can range from harassment to assault.

"Workplace violence has a large spectrum to it," said Patrick Rogers, London-based head of risk advisory and crisis management for Alert:24, a unit of Willis Towers Watson PLC. "It's everything from bullying … up to physical violence, right up to these extreme events like an active shooter."

Overall, workplaces are the most common setting for shootings, according to a study by the nonprofit Violence Prevention Project through Hamline University in St. Paul, Minnesota, which found that 31% of shootings take place at the current or former workplaces of perpetrators.

Mass shooting incidents are statistically rare, according to several studies, and it's the smaller incidents that catch employers off guard, experts say.

Applying a broad definition of workplace violence, one in four employees in the United States has witnessed such acts over the past five years, and 12% have been the target of violence, according to survey results released in January by Traliant Holdings LLC, a compliance company that collected responses from 1,080 employees at large companies.

"One of the most common types of workplace violence is actually domestic violence that spills into the workplace," said Michael Johnson, Washington-based chief strategy officer at Traliant. "This is an employee whose husband is violent, and he comes into the workplace and tries to attack his spouse, who's a victim of domestic violence, and maybe hurts others as well. …That's one of the things that kind of surprises employers."

Kathleen Bonczyk, Winter Garden, Florida-based attorney and founder and executive director of the nonprofit Workplace Violence Prevention Institute, said employers should pay close attention to "verbal behavior" that often escalates to something more.

"That's the assault, the threat, 'Hey, if you don't get away from me, I'm going to punch you in the face,' and the next week, it becomes a punch in the face," she said.

Kenna Carlsen, a research associate with the Itasca, Illinois-based National Safety Council, said, "A lot of our attention goes to those overt physical forms of violence because they're easier to measure," while smaller incidents — including those that are only verbal — often fly under the radar, she said.

Larger events such as shootings are more unpredictable, further complicating the picture for employers grappling with awareness, she said.

"One of the hardest things about workplace violence is that the larger events are so rare. … But when they do happen, the consequences can be severe," Ms. Carlsen said.

Louise Esola

CALIF. ENFORCES SAFETY PLANS TO CUT ATTACKS

Generic workplace safety templates won't work as workplace violence policies for employers in California, who must comply with a new state law that requires them to have an anti-violence plan in place by July 1.

California's S.B. 553, signed into law on Sept. 20, 2023, requires most employers to "establish, implement, and maintain, at all times in all of the employer's facilities, a workplace violence prevention plan for purposes of protecting employees and other personnel from aggressive and violent behavior at the workplace."

The law defines workplace violence as "any act of violence or threat of violence that occurs in a place of employment" and includes, but is not limited to, the "threat or use of physical force against an employee that results in, or has a high likelihood of resulting in, injury, psychological trauma, or stress, regardless of whether the employee sustains an injury." The law also applies to an "incident involving a threat or use of a firearm or other dangerous weapon, including the use of common objects as weapons, regardless of whether the employee sustains an injury."

Employers are grappling with the expansive definition and the requirements, which call for measures that are site-specific, said Rachel Conn, San Francisco-based head of the Cal/OSHA practice for Conn Maciel Carey LLP.

Under the law, violence "includes stress, things that lead to psychological trauma, incidents that occur on social media, the internet. … It's really broad," she said.

"The one thing that I don't think that a lot of employers are grasping at this point is that this is not going to be just a slapped-together program and you're ready to go," she said. "This has to be specific to the workplace, to different operations, in the different areas" of the workplace.

Under the law, the plan must be comprehensive, addressing everything from threat reporting protocols to escape routes. The law requires that employers provide annual training to recognize the potential for violence in specific settings and devise strategies to avoid physical harm, as well as prepare for and respond to such events as an active shooter.

The law also states that employers must "record information in a violent incident log for every workplace violence incident" and that such a record "shall be based on information solicited from the employees who experienced the workplace violence, on witness statements, and on investigation findings."

Louise Esola

SPECIAL REPORT

SPECIALTY & EMERGING RISKS

Ownership disputes unsettle art world

INSIDE

CIVIL UNREST INSURANCE

Insurers have responded to higher losses from protests with higher premiums and reduced coverage. **PAGE 20**

WORKERS COMP MEGA CLAIMS

Improved medical technology is helping more claimants survive industrial accidents. **PAGE 22**

RESEARCH & DATA

Facts and figures on workplace injuries, political risks and violence, demonstrations around the world, workers comp trends and art sales. **PAGE 24**

BY CLAIRE WILKINSON

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Questions about the ownership of artwork and antiquities are an ongoing issue in the art world, and collectors and museums should review documentation and the ownership history of items to get ahead of potential challenges.

While limited insurance coverage is available to cover the risk of losing previously stolen or requisitioned art, limits are often low, experts say.

Restitution and repatriation efforts have accelerated in recent years as cultural property laws that protect and regulate the ownership and transport of culturally significant items such as historic artifacts and artwork have evolved.

For example, last year there were renewed calls for the British Museum in London to return the Elgin Marbles to Greece; several galleries and museums in the U.S. announced the return of allegedly looted antiquities to countries including Greece, Italy and Turkey, in some cases following high-profile investigations and seizures by the Manhattan District Attorney's office; and descendants of Holocaust survivors and victims continued to sue for the ownership of art that was confiscated by the Nazis.

Cultural institutions are seeing a "second wave" of inquiries related to title issues involving certain items, said Ellen Ross, New York-based managing director, fine arts, at Arthur J. Gallagher & Co.

In 2016, Congress passed the Holocaust Expropriated Art Recovery Act, which led many institutions to review their inventories, determine how they obtained certain pieces of art and return many items, Ms. Ross said.

The law allows civil claims or causes of action for the recovery of artwork or certain other property unlawfully lost between 1933 and 1945 because of persecution during the Nazi era.

More information is now available on the internet, making it easier for people to research the ownership history, or provenance, of works of art and to find some that are problematic, she said.

> “We always advise our clients that they should do a very thorough provenance check and always check the chain of ownership.”
>
> Colin Quinn, Precise Adjustments

“That’s why you’re seeing this new wave of incidences or inquiries to major institutes about particular pieces,” Ms. Ross said.

Provenance research, where museums look into the ownership history of proposed acquisitions or artworks in their collections to establish legal ownership, is a longstanding practice but is coming under growing scrutiny as legal and ethical concerns over some objects come to light.

Last year, for example, the Metropolitan Museum of Art in New York announced a series of initiatives related to cultural property and its collecting practices including a review of its holdings and the hiring of provenance researchers. The Met did not respond to requests for comment.

Prior to the late 1990s, “no one cared about the issue of provenance,” said Georges G. Lederman, New York-based special counsel and a defense attorney at law firm Withersworldwide. “But increasingly over time there has been a political shift, and beginning late in the 90s, early 2000s, it has become a central issue,” he said.

Reuters

The Gustav Klimt painting “Adele Bloch-Bauer I” was sold in 2006 for $135 million and placed in the Neue Galerie in New York. The work was stolen by the Nazis in 1941 and returned to a descendant of the original owner more than 65 years later. Ownership disputes and concerns about the provenance of art have grown over the past several years.

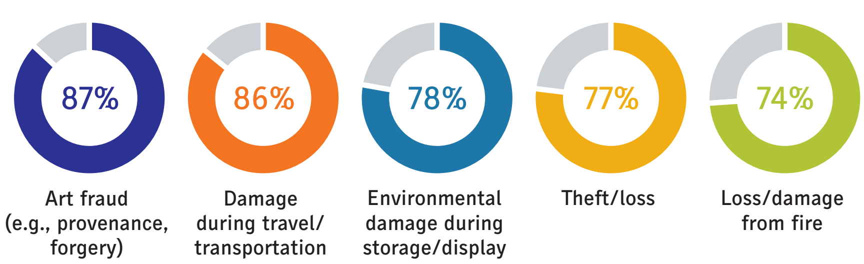
Many individuals, museums and other entities purchased antiquities before cultural patrimony laws were in effect or enforced, Mr. Lederman said. “If you try to sell that work and you don’t have proof that it left the source nation prior to the enactment of its cultural law, or you don’t have proof of lawful export from the government, then you don’t have proof that title passed lawfully,” he said.

“The problem is that you can’t pass title on stolen goods,” said Colin Quinn, New York-based director of claims for Precise Adjustments Inc., a subsidiary of Tokio Marine Highland.

If a policyholder purchases an item in good faith and it’s later discovered to have been stolen, “they would not have an insurable interest and therefore they wouldn’t have coverage for it,” Mr. Quinn said.

ART FRAUD TOPS RISK CONCERNS OF COLLECTORS

To what degree are you concerned about the following risks to your collection?



Source: Chubb Ltd.

“We always advise our clients that they should do a very thorough provenance check and always check the chain of ownership,” he said.

If there’s a gap in ownership for certain items, such as artwork from the World War II era, it’s critical that prospective buyers take extra steps to make sure they weren’t stolen or taken under duress, he said (see related story).

The repatriation process is complex and from an insurance perspective is not a covered cause of loss, said Mary Pontillo, Charlottesville, Virginia-based senior vice president and national fine art practice leader at Risk Strategies Co.

“There’s been no physical loss or damage, so, unfortunately, there is no fine art claim. The piece has to be given up and surrendered to the authorities,” Ms. Pontillo said.

Some fine art policies carry defense cost coverage designed to reimburse policyholders if they are involved in litigation related to misrepresentation or title issues, said Erika Witler, Chicago-based senior vice president, fine art collectibles at Distinguished Programs. “It’s a very small coverage and not the main focus of the policy,” she said.

Museums have started returning items because views about looted items have changed, said Robert Read, London-based head of art and private clients at Hiscox Ltd. “It’s a moral issue and less of an insurance issue,” Mr. Read said.

Defective title policies are available that cover financial loss due to defects in the legal title of fine art, and typically this coverage is sub-limited, he said.

“Some insurers give it as a standard limit for $25,000, but otherwise it’s typically going to be sub $1 million and not everyone will have it,” he said.

“If you’re just collecting contemporary art and you’re buying the art straight from the artists, there’s no issue on the title, but if you’re buying antiquities, or you’re buying impressionist works, and there’s a blank on the provenance between 1933 and 1945, then that’s the sort of thing that might make you nervous,” he said.

TECHNOLOGY HELPS VALIDATE AUTHENTICITY OF PRECIOUS ASSETS

Data and technology are playing a growing role in helping to authenticate works of art and verify information when title issues arise, experts say.

It can be challenging to obtain accurate data in the art world because there’s never been any systematic attempt to collect it or record it and the market is based on trust, said Angus Scott, London-based co-founder and CEO of ArtClear Ltd., a technology company.

“Once a picture has left the artist’s studio who’s to say that the next time it reappears it’s the same work of art?” Mr. Scott said. Works of art are mobile and can be traded and copied, he said.

Fingerprinting technology can be used to link a physical artwork with verified information about it, such as proof of legal title, ownership history and copyright, Mr. Scott said.

“It allows us to create a unique identifier, which is derived from the physical properties of an individual physical work of art,” he said.

Some 700,000 items ranging from lost and stolen art to antiques and collectibles, including watches, are listed in the Art Loss Register’s online database, said Olivia Whitting, London-based head of the cultural heritage team at the ALR.

About 400,000 searches are run against the database annually, Ms. Whitting said. The ALR has also launched a cultural heritage at risk database and works with law enforcement agencies and nation states to recover looted and stolen cultural property.

If a deal seems too good to be true, clients should run additional checks, said Kristina Marcigliano, New York-based assistant vice president, fine art and specie, at Risk Strategies.

“Usually if there’s a family that’s missing an artwork or something that was looted, they will have put it on the Art Loss Register,” Ms. Marcigliano said.

Buyers should also check the sanctions list maintained by the Treasury Department’s Office of Foreign Assets Control before entering a transaction, she said.

“Even Google searching some potential donors or buyers’ names can really shed light,” Ms. Marcigliano said.

Claire Wilkinson

Rates rise following surge in civil unrest

BY MATTHEW LERNER
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The market for strike, riot and civil commotion insurance has seen double-digit rate increases and contractual changes for specific classes of policyholders, such as retailers and others that face higher levels of foot traffic and exposure to the public.

In addition to external pressures such as potential strife around elections and wars (see related story), SRCC coverage has also seen a shift in reinsurance terms after the market sustained substantial losses peaking in 2020, sources say.

Event definitions, involving variables such as timing and geography, have come under scrutiny as insurers and reinsurers seek to avoid unmanageable aggregations of exposures.

COUNTING THE COST OF VIOLENT PROTESTS

In addition to the human toll, violent unrest can rack up substantial losses for businesses, governments and insurers.

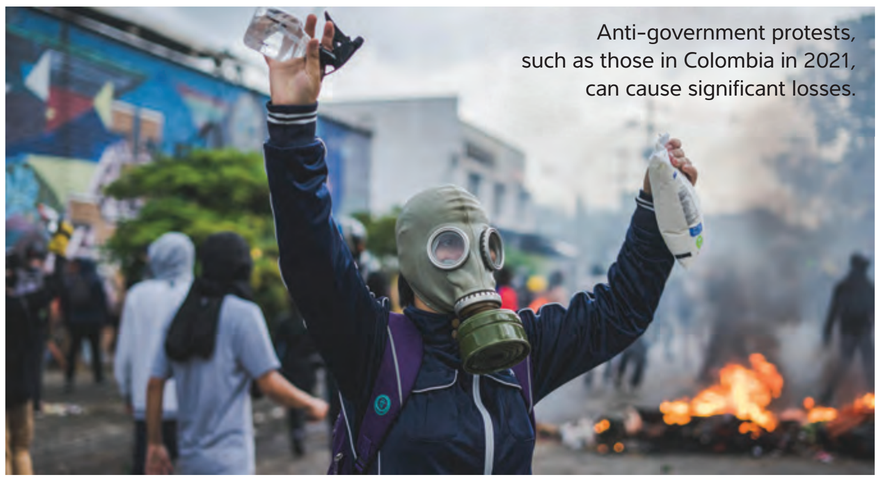
$1.3B	Damages to infrastructure and output in Peru during protests in December 2022 and January 2023
$3B	Economic losses sustained by Colombia in 2021 during anti-government protests
$3B	Insured losses after the 2019 demonstrations in Chile
$1.9B	Insurance claims for the South African riots of July 2021
$2B+	Insured losses after unrest in the U.S. following the death of George Floyd in 2020
$1.1B	Cost to French retailers of the Yellow Vest, or Gilets Jaunes, protests in 2018

Source: Allianz Global Corporate & Specialty

SRCC rates have increased for the past five years and ended last year with double-digit increases, said Michele Sansone, president of the North America property insurance business for Axa XL, a New York-based unit of Axa SA. "We're not anticipating rate reductions" in 2024, she added.

Internationally, rate increases are running "about 10% to 25%," said Anabella Frontado, Miami-based underwriting officer, war & terrorism North America, for Liberty Mutual Insurance Co., adding that continued losses in the SRCC line of cover have driven pricing up in the market.

Tarique Nageer, New York-based terrorism placement advisory leader for Marsh LLC, said the market is location and sector specific, with increases averaging around 20% but running as high as 100%, if coverage is even available, in regions such as the Middle East, for example. By sector, retail companies are subject to greater restrictions than those in less exposed sectors such as manufacturing, he said.



Anti-government protests, such as those in Colombia in 2021, can cause significant losses.

Reuters

SRCC coverage had for years been assumed, or "silently covered," with a policyholder's property-all risk policy, but it is now being excluded and sublimited in some cases, forcing those seeking the coverage to turn to other lines or standalone SRCC cover.

"Following the losses in the U.S. in 2020, there was an increase in SRCC restrictions in limits and/or exclusions being imposed by property-all risks carriers at renewals," said Harry Simpson, London-based head of political violence and terrorism at BMS Group Ltd. "The political violence and terrorism market was able to offer stand-alone SRCC coverage to plug the gap to clients."

Losses in 2020 included claims stemming from the social unrest following the murder of George Floyd and organized retail looting from high-end stores.

"The majority of requests for stand-alone SRCC coverage in the U.S. continues to be retail clients, and to some extent government," said Tom Lewis, London-based senior underwriter, crisis management, for Aspen Insurance Holdings Ltd. "Those were the sectors that suffered large losses and, moving forward, those are the organizations willing to pay extra for a standalone program."

Srdjan Todorovic, London-based head of terrorism and hostile environment solutions at Allianz Commercial, a division of German insurer Allianz SE, said the insurer is seeing more interest in SRCC coverage.

"There are more conversations in client meetings about SRCC perils and coverages," he said, due to potential exposures or past losses, as well as the reduction in cover in the form of exclusions and sublimits.

Primary insurers are also taking a fresh look at SRCC aggregation exposures, putting event definitions under the spotlight as both insurers and reinsurers become more wary of accumulations.

"It's not just the clients," Mr. Todorovic said. "It's also insurance companies that are discussing this. "We have to be really conscious that we don't lose sight of our own exposures," he said.

A loss event may be geographically confined, but a peril like civil unrest has the capacity to spread quickly, possibly through more than one city — for example, if an election result is in question — raising the issue of what constitutes a single event for accounting purposes. Timing limits, such as a specific number of hours or days, are also being scrutinized, as social unrest can ebb and return, again raising the issue of what constitutes separate events.

"The reinsurance issues are absolutely real. We have seen a lot of questions and changes in some of the wordings on contracts," Ms. Sansone said.

"The reinsurance market has tightened SRCC coverage in reinsurance contracts. This is in response to two drivers — concern over the potential systemic risk of an SRCC-related event in a time of increased political instability and social unrest and retrocession markets limiting coverage for reinsurers," said Matt Junge, Schaumburg, Illinois-based head of property underwriting U.S. for Swiss Re Ltd.

Historically, SRCC losses were viewed as isolated to the locale that triggered the event, one specific geographical area. Now, social media and a far more connected world cause news to spread in seconds, which can trigger a response in areas far removed from where the original event took place. Reinsurers are particularly concerned about this accumulation risk, which is why there is increased focus in reinsurance contracts, Mr. Junge said.

"There's no doubt that, starting in 2020, there was an increased focus on strike, riot and civil commotion across the market," said Keith Lippmann, Philadelphia-based executive vice president, and large account property lead for Gallagher Re North America, a unit of Arthur J. Gallagher & Co. Mr. Lippman said he was told by a European reinsurer that it was implementing a new SRCC pricing model.

NATIONAL ELECTION SEASONS RAISE CONCERNS OVER RISKS

National elections are among the key events that can influence the market for strike, riot and civil commotion insurance coverage, according to industry experts.

Billions of people across some 50 nations, including the United States, will go to the polls in 2024, according to the Associated Press, heightening the potential for civil unrest as well as the level of overall global uncertainty due to the potential for shifting administrations and agendas.

Tarique Nageer, New York-based terrorism placement advisory leader for Marsh LLC, said, "The upcoming U.S. election and the potential disruptions that may or may not cause … is on people's minds. Clients are quite aware of that."

"I think over 2 billion people globally are having elections; it's a really, really, really hot topic in 2024," said Srdjan Todorovic, London-based head of terrorism and hostile environment solutions at Allianz Commercial, a division of German insurer Allianz SE. This will mean a substantial portion of global gross domestic product, a key economic indicator, "is potentially going to have a change of government next year."

Harry Simpson, London-based head of political violence and terrorism at BMS Group Ltd., said, "2024 looks like another turbulent year."

The uncertainty surrounding the election processes could exert pressure on the SRCC market, sources said.

Lillian Hua, New York-based senior underwriter, terrorism, for Liberty Mutual Insurance Co., said, "we think that the market is going to harden going into this upcoming election year. There's a lot of uncertainty, and we and a lot of other carriers are expecting more submissions and potentially increased rates."

Matthew Lerner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Medical advances make for mega comp claims

BY JON CAMPISI
jcampisi@businessinsurance.com

Positive trends in workplace safety and medical treatment are helping more employees survive catastrophic injuries at work but the increase in survival rates has knock-on effects for employers and workers compensation insurers that require careful management.

Self-insured employers and insurers can face significant long-term costs in providing medical care and other resources to severely injured workers.

While preventing the injuries from happening in the first place is seen as the primary means of reducing catastrophic workers comp claims, various financial tools can be used to manage the costs when big claims occur, experts say.

Employees are injured and disabled less frequently due to workplace safety improvements, creating somewhat of a paradox, because, from a cost perspective, injury claims are "larger than they've ever been before," said Matt Zender, Las Vegas-based senior vice president of workers compensation strategy at Amtrust Financial Services Inc.

CAT CLAIM COMPONENTS

Catastrophic workers compensation claims typically involve debilitating, life-altering injuries such as severe burns, amputations and spinal cord injuries.

Catastrophic injuries only make up about 1% of all workers comp claims, but they are costly and may require:

- Home and vehicle modifications
- Home health services
- Transportation and translation services
- Durable medical equipment and supplies
- Advanced diagnostics

Source: Genex Services

"There's definitely been an uptick in (catastrophic) claims in workers comp and across the board," said Dennis Tierney, Norwalk, Connecticut-based national director of workers compensation claims for Marsh LLC.

Comorbidities also play a role in driving up costs, as more workers comp claims include mental injury components than in years past, he said. (see related story).

Many insurers consider anything above $1 million to be a catastrophic claim, said Dave Boyle, senior vice president of casualty claims for Schaumburg, Illinois-based Zurich North America.

"I don't think there's necessarily a consistent definition of catastrophic injury in workers comp," Mr. Boyle said. "I do think it's mostly driven by type of law or type of injury."

During the past few years, the workers comp system has seen a rise in claims with incurred values of between $5 million and $10 million, Mr. Tierney said.

And while catastrophic claims themselves make up only a tiny share of overall workers comp cases, they can represent as much as 20% of total workers comp costs, he said.

"The fact that we're seeing a 30% increase in claims and incurred values over $10 million, that goes to show you it's definitely something that's a concern in the industry and something that's been on the increase now for the last little while," he said.

If catastrophic claims are defined strictly by dollar figures, not all insurers are experiencing the same increases.

"We define anything that has a total incurred value of $100,000 or higher as a catastrophic claim," said Kapil Mohan, a senior vice president with Chicago-based Gallagher Bassett Services Inc. On that measure, severity has not changed significantly, he said.

Benefits paid or supplied to injured workers that set catastrophic claims apart include retrofitting a residence to accommodate a disability, installing hand controls on a vehicle, or providing a disabled worker with a service animal, according to experts.

Insurers must provide benefits according to state law, but many go "above that guidance to make sure that the individual is taken care of," said Mr. Zender of Amtrust.

Catastrophic injuries often involve damage to the spinal cord, cognition or brain function and amputations. Severe burns and loss of eyesight can also be catastrophic.

Medical treatment advancement is a significant driver behind better survival rates from workplace injuries, Mr. Boyle said.

Workers who were burned over 80% to 90% of their bodies in years past, for example, would likely die from their injuries, whereas the advent of treatments such as artificial skin has helped more survive.

"Of course, that's fantastic news for those that are exposed to that," Mr. Boyle said. "But, because of that, that has driven up the cost for claims associated with (those types of injuries)."

As medical care becomes more specialized, insurers can expect to pay more for workers who are severely injured, Mr. Boyle said. And medical inflation is another main area of cost increase, in both catastrophic injury cases and workers comp in general.

Catastrophic injuries also correlate with certain industries, Mr. Boyle said, with construction seeing some of the highest numbers of catastrophic claims. Many high-dollar claims involve manual laborers who are catastrophically injured from falls or in incidents tied to heavy machinery.

Two typical markers of a catastrophic claim are medical and indemnity benefits that could potentially go on for life, said John Geaney, a workers comp defense attorney and shareholder with Mount Laurel, New Jersey-based Capehart Scatchard PA.

Depending on jurisdiction, wage replacement benefits may only last until retirement age, but can still be circumstance-specific, while medical benefits typically go on for the injured worker's lifetime, experts say.

Unlike other workers comp cases, where the process can be more adversarial, catastrophic claims often require a team approach involving employers, insurance adjusters, attorneys, rehab nurses, life planning professionals and family members of injured workers, Mr. Geaney said.

Workers comp insurers responsible for administering catastrophic claims can tap into mitigation strategies to help offset the cost of the claims, said Mr. Mohan of Gallagher Bassett.

For example, they can hire a third-party medical management organization to better control medical costs for a portion of a claim's life cycle, he said.

"It's almost like a structured settlement where they're guaranteeing you a certain medical cost, so your exposure as the insurer is capped," he said.

Insurers can also structure a one-time settlement factoring in the lifetime costs of the claim.

"It allows you to have capped exposure versus this unknown exposure that could go on as long as the claimant lives," Mr. Mohan said, noting the strategy is like a reverse annuity where the insurer pays the claimant a lump sum of money to cover their catastrophic injuries.

PSYCH ELEMENTS IN LARGE CLAIMS MORE COMMON

While catastrophic workers compensation claims rarely result from mental injuries, big claims increasingly contain a psychological component, according to experts.

Mental health is getting greater attention in workers comp amid the introduction of mental injury presumptions for various classes of workers. Such claims are more difficult to tie to employment, though, than those for physical injuries and are unlikely to be catastrophic, said Kapil Mohan, a senior vice president with Chicago-based Gallagher Bassett Services Inc.

But mental health is still affecting workers comp claims, including those deemed catastrophic, experts say.

"Just from observing, I think there is a higher incidence of psychological treatment necessary for those involved in catastrophic injuries. You do see a higher rate of that," said Dave Boyle, senior vice president of casualty claims for Schaumburg, Illinois-based Zurich North America.

Mental injuries can also contribute to the overall cost of catastrophic claims, Mr. Boyle said.

The Boca Raton, Florida-based National Council on Compensation Insurance said it could not corroborate whether mental injury components of catastrophic claims have increased across the board, but it said psychological injuries related to severe burns have increased.

Jon Campisi

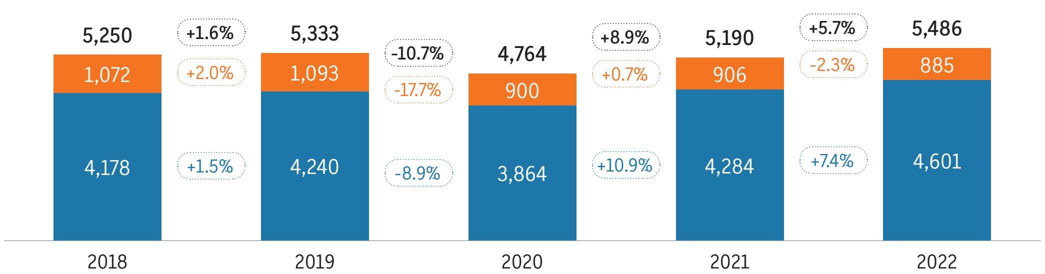
Injured worker Alexander pictured with his wife Licia

SPECIAL REPORT

WORKPLACE FATALITIES

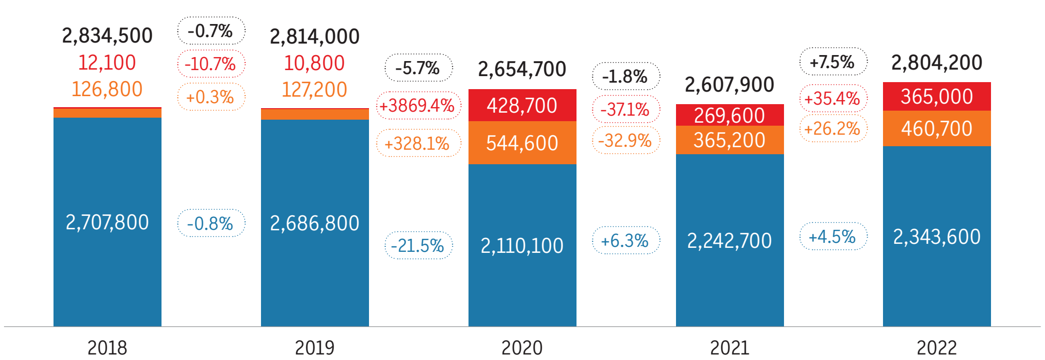
According to the U.S. Bureau of Labor Statistics, there were 5,486 fatal work injuries recorded in the United States in 2022, a 5.7% increase from 5,190 the previous year. Private employers reported 2.8 million nonfatal workplace injuries and illnesses in 2022, up 7.5% from 2021.

FATAL OCCUPATIONAL INJURIES



WORKPLACE INJURIES AND ILLNESSES

NONFATAL OCCUPATIONAL INJURIES, ILLNESSES AND RESPIRATORY ILLNESSES

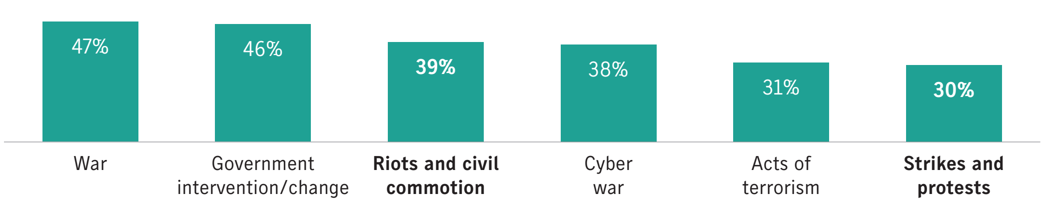


Source: U.S. Bureau of Labor Statistics

STRIKES, RIOTS AND CIVIL COMMOTION

According to the Allianz Risk Barometer 2023 on political risks and violence, strikes, riots and civil commotion have a combined score of 69%, representing the real risk these present to businesses.

WHAT TYPE OF POLITICAL RISKS AND VIOLENCE
ARE OF MOST CONCERN TO YOUR COMPANY?



Source: Allianz Risk Barometer 2023

GLOBAL PROTEST TRACKER

Over 400 significant protests have taken place worldwide since 2017. More than 132 countries have experienced significant protests, with 23% lasting more than three months.

400
Over 400 anti-government protest have erupted worldwide.

132
More than 132 countries have experienced significant protests.

23%
23% of significant protests have lasted more than three months.

135
135 significant economic anti-government protests have occurred since 2017.

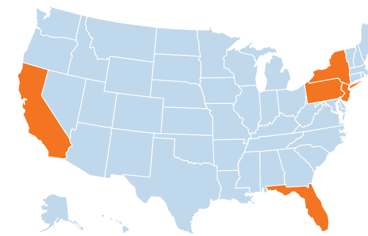
COUNTRIES THAT HAD NEW PROTESTS IN 2023

Note: Countries that had protests related to the Israel-Hamas war but did not experience other significant anti-government demonstrations in 2023 are not shown.

Source: Carnegie Endowment For International Peace

WORKERS COMPENSATION TOP STATES

States with the most direct premium written for workers compensation in 2022



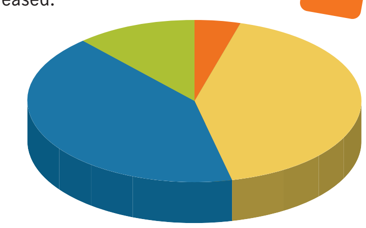
State	Direct premiums written
California	$11,631,091,000
New York	$5,109,705,000
Florida	$3,248,415,000
Pennsylvania	$2,606,248,000
New Jersey	$2,586,376,000

Source: National Association of Insurance Commissioners

WORKERS COMP PRICING

In the third quarter of 2023, only 11.6% of brokers said premium rates increased.

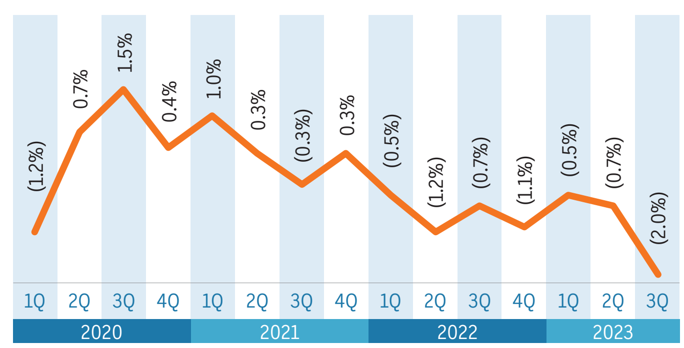
Decrease 10-30%	0%
Decrease 10-19%	4.7%
Decreased 1-9%	41.9%
No change	41.9%
Increase 1-9%	11.6%
Increase 10-19%	0%



Source: Council of Insurance Agents & Brokers

WORKERS COMP RENEWAL PRICING

Average workers compensation renewal pricing changes by quarter since 2020

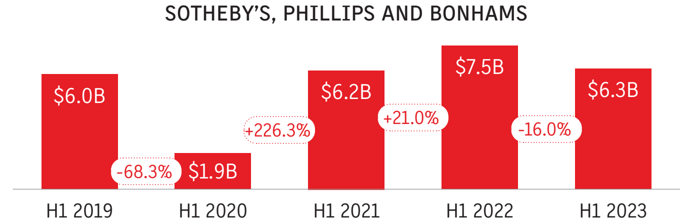


Source: Council of Insurance Agents & Brokers

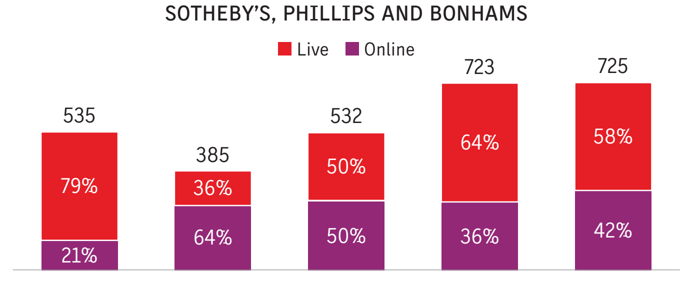
ART

Aggregate sales at the major international auction houses of Christie's, Sotheby's, Phillips and Bonhams were down by 16% in H1 2023 from the same period in 2022.

AGGREGATE SALES FOR CHRISTIES'S, SOTHEBY'S, PHILLIPS AND BONHAMS



TOTAL NUMBER OF SALES FOR CHRISTIE'S, SOTHEBY'S, PHILLIPS AND BONHAMS



Source: Art Basel and UBS, The Survey of Global Collecting 2023

COMMENTARY

Collaboration key to ease cat tensions

It seems that even in years without major U.S. windstorm losses, there's little in the way of good news in the world of catastrophe risks.

As several reports have shown over the past month, 2023 did provide some relief for commercial policyholders and insurers battered by hurricanes over the past two decades, with no major U.S. hurricane loss events during the year.

But on the negative side of the catastrophe loss ledger, insured global losses again exceeded $100 billion in 2023 — the fourth year in a row. Instead of hurricane losses, though, the biggest loss category last year was severe convective storms.

The combination of hail, flooding and strong winds that convective storms can bring is not new, but, whether you blame climate change, demographic shifts or fate, there's no denying the fact that losses related to the events are increasing. According to Gallagher Re, severe convective storm losses topped $71 billion globally last year and hit a record $60 billion in the United States alone — about double the totals in the prior two years.

Gavin Souter
EDITOR

Given the loss trends, property underwriters are likely to press for more rate increases this year, a phenomenon that risk managers must be weary of given the hardening rate environment of the past five years. According to *Business Insurance*'s pricing chart tracking major industry rate surveys, after coming down from steep rates hikes in 2020-2021, commercial property rate increases accelerated significantly again last year.

On the reinsurance side, the year-end property reinsurance renewal was not as bad as in 2022, but rates remain elevated and attachment points high, so property insurers are seeing little in the way of relief in the cost of their own protections to pass on to primary policyholders, and increasingly they are left holding most of their losses.

To a certain extent, policyholders can turn to captives to manage the hard market. Those vehicles can provide flexibility and leverage with insurers, but captive owners also need to cap significant catastrophe exposures with reinsurance, and pay the current elevated rates for the coverage, so they are not the complete answer.

It seems there is no simple solution. The limited new capacity entering the property insurance and reinsurance market appears to be holding the line on rates with incumbents, dashing any hopes that the next downward shift in the pricing cycle will start soon.

Instead, policyholders may have to satisfy themselves with incremental improvements derived from improving the resilience of their buildings and tapping creative minds in the industry to provide structured solutions to ease the burden. Collaboration won't create a silver bullet, but it may go some way to easing an increasingly intractable problem.

TOP 10 GLOBAL ECONOMIC LOSS EVENTS IN 2023

DATE	EVENT	LOCATION	ECONOMIC LOSS	INSURED LOSS
2/6-2/20	Turkey and Syria earthquakes	Turkey and Syria	$92.4B	$5.7B
5/22-9/30	China floods	China	$32.2B	$1.4B
10/25-10/26	Hurricane Otis	Mexico	$15.3B	$2.1B
1/1-6/30	La Plata Basin drought	Brazil, Argentina, Uruguay	$15.3B	$1.0B
1/1-12/31	U.S. drought	United States	$14.0B	$6.5B
5/13-5/17	Emilia-Romagna floods	Italy	$9.8B	$0.6B
3/1-3/3	Severe convective storm	United States	$6.2B	$5.0B
7/21-7/26	Severe convective storm	Europe	$5.8B	$3.0B
8/8-8/17	Hawaii wildfires	United States	$5.5B	$3.5B
3/31-4/1	Severe convective storm	United States	$5.5B	$4.4B
ALL OTHER EVENTS			**$178.0B**	**$84.8B**
TOTALS			**$380B**	**$118B**

Source: Aon PLC

VIEWPOINT

Supply chain fixes needed

BY CLAIRE WILKINSON
cwilkinson@businessinsurance.com

Business interruption remains a key concern for organizations globally. While shortages of critical medical and other supplies during the pandemic and post-pandemic period have subsided, several major risk reports published last month flagged supply chain threats.

Business interruption, including supply chain disruption, ranks second overall among global business risks for the year, trailing only cyber incidents, according to Allianz's Risk Barometer. Thirty-one percent of respondents to Allianz's annual survey ranked business interruption as a significant peril, and it held its No. 2 position for the third consecutive year. In 2021, it was the top-ranked global peril.

Despite the risk management actions taken by businesses to manage supply chain threats, business interruption remains a key concern in a rapidly changing world, Allianz said. Business interruption is closely linked to many of the highest-ranked risks this year such as cyber, natural catastrophes and fire.

Recent events support the insurer's analysis. Attacks on vessels in the Red Sea increased after the start of the year, driving up shipping costs and causing delays and disruption in industries ranging from automotive to retail. The attacks followed an extreme weather event — drought in the Panama Canal — that had already delayed shipments and increased transportation costs.

Meanwhile, the fallout continues from the Federal Aviation Administration's temporary grounding of Boeing 737 Max 9 aircraft after a cabin panel blew out on a flight operated by Alaska Airlines. The incident has drawn attention to supply chain challenges facing the wider aviation industry. At least one major carrier, United Airlines, was reported to be making contingency plans and looking to secure alternative aircraft from Airbus.

The World Economic Forum's Global Risks Report also focuses on supply chain concerns, with climate and extreme weather events, technological advances including generative artificial intelligence, and geopolitical tensions all raising the potential for disruption. Disrupted supply chains for critical goods and services and disrupted supply chains for food are among the top 10 risks most likely to present a material crisis on a global scale in 2024, the WEF said.

Earlier, Everstream Analytics forecast extreme weather events as the top logistics disruptor for supply chains this year. Worsening flooding, hurricanes, wildfires and winter storms increasingly cost companies in cancellations and delays, Everstream said. Businesses can minimize the impact of extreme weather by closely monitoring routes and shipments en route for approaching disruption, and leveraging predictive analytics in the planning phase, it said.

Since the pandemic, companies have shored up their supply chain resiliency, with many expanding their network of suppliers, improving business continuity and finding innovative ways to work around bottlenecks. If the opening weeks of the year are any indicator, business interruption and supply chain disruptions are likely to remain a top concern for businesses and their insurers for the foreseeable future.

Risk managers would be wise to identify the weak links in their supply chains, focus on developing contingency plans and review their insurance coverage, including contingent business interruption and other related coverages, to see how it might respond in different scenarios.

An industry in crisis: Challenges and opportunities

Dwight Geddes is the founder of Metro Claims & Risk Management and Geddes Management Group in Floral Park, New York, and serves on the national board of directors for the National African American Insurance Association. He can be reached at dwight@metroclaimsnyc.com.

The insurance industry is old. There's no real disagreement about that, regardless of the context. The history of the industry goes back hundreds of years, and its influence and role in transforming society in that time has been immense.

The workforce powering this global industry is also old. More exits from the industry due to retirement than new entrants coming in is commonplace, and the usual recruiting trail used to bring in college graduates and other early career individuals is failing to bridge the gap.

Data suggests that job availability and hiring in the insurance sector remains robust. There are still a lot of jobs in the industry, though, that are unfilled, particularly in claims.

What does all this mean? Well, we have a new generation of professionals in insurance, and while this is good for the industry, the industry needs a lot more of them. It also dovetails with an equally impactful and worrisome issue: a knowledge shortfall with those coming into the industry, particularly involving regulatory, ethical and compliance requirements.

In an industry that is heavily regulated, bound by legal precedents and inflexible policy conditions employees that don't know how to navigate the conditions and requirements of policies will make mistakes. Whether those mistakes are in binding policies, reviewing applications, sharing data or handling claims they will inevitably end up costing companies. And that cost is calculated in reputation, fines, expenses and unscheduled payments.

This problem has been looming for years and was amplified on the claims side in the 2017 hurricane season when four hurricanes hit in six weeks. This was when the industry really started paying attention to the questions of: "Are there enough adjusters amid the current talent shortage?" and "Will they be able to respond to the next catastrophe?"

I handled claims in Florida related to Hurricane Irma, mere weeks after Hurricane Harvey made landfall in Texas and in advance of Hurricane Maria destroying many parts of Puerto Rico and the Virgin Islands. Many companies scrambled to find someone — anyone — to handle the volume of claims. The demand far outstripped the supply.

That is what a talent gap looks like on the ground during a catastrophe. It creates a disconnect in communications with policyholders, coverage concerns, allegations of bad faith claims handling, challenges by savvy litigators, delayed payments and regulatory investigations.

Less experienced people assessing, handling, reviewing and signing off on claims is bad for policyholders and insurers.

Faulty data or metrics lead to flawed outcomes, causing decisions that are not sustainable. Ethical lines become more blurred. This all feeds into the narrative that insurers do not operate in the best interests of their policyholders.

And it's not just during catastrophic events that this happens. Adjusters without relevant experience, making decisions on injuries, damages and investigations, adds up to a subpar work product. An adjuster not trained in signs of arson or deliberately caused damage may green light payment on many claims that in the hands of a more knowledgeable, better trained adjuster would have gotten more scrutiny.

The value of having bodies to throw at a problem is drastically offset by errors and miscalculations that inevitably occur when disputes arise. Warm bodies do not equate to intellectual capital.

After that nadir in 2017, we saw this repeated to varying degrees between 2020 and 2022. Several independent insurance adjusters testified at public hearings in Florida that their estimates had been manipulated to reduce payouts to storm victims, something that posed another black eye to the industry in the court of public opinion.

To be clear, in the course of adjusting a claim, estimates change all the time. What should not occur is for them to be changed without the original adjuster's knowledge and consent. It creates the impression that insurers are more invested in saving money on claims than good faith claims handling. It emboldens critics and feeds stereotypes. This is also at a time when on the insurance side, as noted before, turnover is high for adjusters and many feel disillusioned by their role in the industry.

Similar problems can be seen in the underwriting and brokering sectors, where an inability to clearly explain what coverage applies, what is excluded and what options are available creates problems.

Further, regulation of insurance-related companies has become a very fluid process, presenting both challenges and opportunities. The long-established issues around regulatory oversight of insurers and the calls for increasing compliance will remain and intensify. There will need to be an increased emphasis on ethics training, raising awareness of what is considered good faith claims handling.

So, what can be done? The insurance industry does a great job of promoting its products but a terrible job of promoting itself as a viable career option. Yet the need for more talent is critical and the numbers are not improving. As someone who has also long advocated for greater diversity in the industry, I strongly believe there needs to be an industrywide push to fully incorporate historically Black colleges and universities and other institutions educating students of color in the list of colleges that the industry actively supports and recruits from. Awareness of career opportunities in insurance is very low in many of these sectors of higher education, and they represent an untapped resource that could go a long way to offset the talent imbalance.

This industry push could be in funding academic programs, endowments, internships and scholarships. These activities would create dialogue and opportunities, but the buy-in from the industry has to be there and be sustained. Identifying talent, recruiting and training are skills that many companies need to adopt more fully. If we are serious about driving more talent from the next generation to the industry, why would this not be a top priority?

Proper training will go a long way in alleviating the issues currently facing the industry and ensure that a baseline level of professionalism is adhered to.

The risk and insurance field has issues that can be addressed with a comprehensive approach to nurturing talent. There is a career path in this industry from any academic discipline, and that point has to be made and those connections reinforced, particularly in the schools that have never been foremost on the recruiting trail. New issues require new approaches. The days of recruiters throwing up their arms and saying, "I can't find qualified Black and brown people" should be yesterday's narrative. They are there and they are available, but the ball is in the court of those in the industry tasked with hiring to reach them. A commitment to supporting a diverse workforce can begin here and translate to an extraordinary workforce of the future.

MARKET PULSE

PRODUCTS & SERVICES

Former Dual team launches MGA

■ A team of transactional risk underwriters who left Dual North America Inc. last year launched a private-equity-backed managing general agent.

Sands Point Risk, backed by Stamford, Connecticut-based Avesi Partners LLC, will offer representation and warranties, tax liability and contingent liability coverage and other lines, the company said in a statement.

Dennis Kearns, previously president of Dual Transaction Solutions, is CEO of Sands Point. Patrick Darragh and Dan Simnowitz, who were also previously at Dual, are executive vice presidents. JoAnna Conte, who was previously a senior vice president at QBE North America, is chief operating officer.

Dual sued its three former executives and Avesi in October alleging breach of nonsolicitation agreements. The suit was settled in December, court records show.

Brokers set up commercial agency

■ Three former Commercial Insurance Associates LLC brokers launched Twain Insurance Agency with backing from a Ridgeland, Mississippi-based investment company.

John Lawrence, president of Twain Insurance, and Tom Davis and Griffin Willison, executive vice presidents, were previously Columbia, Maryland-based principals of Commercial Insurance Associates.

The agency is backed by Twain Capital, which describes itself as "a hybrid, both a family office and an independent investment sponsor" that focuses on long-term investments.

Twain will offer insurance services for organizations in various sectors, including real estate, construction, energy, health care, waste, financial, distribution, manufacturing, nonprofits and education, the agency said in a statement.

Skyward introducing media liability coverage

■ Skyward Specialty Insurance Group Inc. said it would begin offering media liability coverage focusing on multimedia, film and ad agencies within its professional lines division.

Limits being offered are $3 million per occurrence with $5 million aggregate for media and production classes, according to an email from a spokeswoman.

Regina Williams, who joined Skyward Specialty as vice president, media liability, will lead the underwriting unit, Skyward said in a statement.

Based in Kansas City, Missouri, she was most recently senior underwriting manager for media liability at Intact Specialty Solutions Inc., the statement said.

Liberty Mutual offers management liability package

■ Liberty Mutual Insurance Co. launched a packaged management liability policy for private companies and nonprofits.

ProShield, which will be available through retail and wholesale brokers, combines coverage for directors and officers liability, employment practices liability, and fiduciary and crime coverages. Previously, the coverage would have been offered through multiple endorsements, a Liberty Mutual statement said.

Limits available are $15 million per line, a spokesman for the insurer said.

Marsh unveils AI-powered facility for cell captives

■ Marsh LLC has launched ReadyCell, a facility supported by artificial intelligence, to help organizations set up a cell captive within Mangrove Insurance Solutions PCC, the brokerage's District of Columbia-domiciled protected cell company.

ReadyCell allows organizations to form a cell captive within minutes and to insure a single line of coverage or a layer within a larger insurance program, Marsh said.

Any line of coverage and any amount of limit can be written by the cell captive. Businesses can also keep the cell captive on standby to assume risk when needed for up to 18 months, Marsh said.

ReadyCell uses Marsh's insurance company-as-a-service platform, which is supported by AI. It has received conditional pre-approved regulatory licensing from the District of Columbia Department of Insurance, Securities and Banking.

NCCI launches online comp tool

■ The National Council on Compensation Insurance announced the release of NCCI Atlas, an online tool designed to give workers compensation stakeholders an easier way to view state and national industry information.

Users of the platform will be able to view state workers comp manual information by a single state, multiple states or all available states, and a Popular Topics page will offer access to frequently searched items.

NCCI Atlas enables users to access workers comp rates and loss costs, view content updates, and learn about current rules and updates by state regulators.

The tool also has training modules and offers industry news.

Pro-Praxis adds excess professional liability cover

■ Pro-Praxis Insurance, a managing general agent within Starwind Specialty Insurance Services LLC, the specialty programs division of CRC Group Inc., said it has launched an excess professional liability insurance program for the health care industry.

The Healthcare Excess Liability Program, or HELP, in conjunction with additional Pro-Praxis programs, will offer up to $15 million in limits for hospitals or physician groups and up to $25 million for large, allied health facilities, a Pro-Praxis statement said.

Starwind Specialty CEO Bill Goldstein said in the statement that the program can provide $5 million in limits for companies with less than $25 million in revenue.

Aspen, Surefire collaborate on cyber risk

■ Aspen Insurance Holdings Ltd. said it will launch Aspen Cyber Risk Services in partnership with Surefire Cyber, a cyber incident response company.

Aspen Cyber Risk Services will be provided on primary policies sold globally, and will include services such as incident response, digital forensics, negotiation and restoration capabilities.

Surefire Cyber can also help Aspen policyholders assess their cyber readiness and resiliency, an Aspen statement said.

DEALS & MOVES

Heffernan unit buys reinsurance brokerage

Tangram Insurance Services Inc., the managing general agent and program management unit of Heffernan Group, said it has bought Preferred Reinsurance Intermediaries.

Terms were not disclosed.

The purchase of Columbia, South Carolina-based Preferred Re, which has six staff, marks Tangram's expansion into reinsurance broking.

Bob Sanders, president of Preferred Re, will continue to lead the company.

Riskonnect acquires Ventiv Technology

Riskonnect Inc., backed by private-equity firm TA Associates LP, said it has acquired rival Atlanta-based risk management information services provider Ventiv Technology Inc.

Terms were not disclosed.

TA Associates provided additional capital for the acquisition and will continue as Riskonnect's majority owner, the Atlanta-based risk management information systems provider said in a statement.

Riskonnect is an integrated risk management services provider. Ventiv's services include claims administration and billing and policy solutions.

Gallagher buys N.H. retail broker

Arthur J. Gallagher & Co. said it has acquired Concord, New Hampshire-based The Rowley Agency LLC.

Terms were not disclosed.

Rowley is a retail broker providing property/casualty, surety and employee benefits to commercial and personal lines clients mainly in Maine, Massachusetts, New Hampshire and Vermont.

Rowley employees will remain in their current location under the direction of Brendan Gallagher, head of Gallagher's Northeast region retail property/casualty brokerage operations, and John Neumaier, head of Gallagher's East region employee benefits consulting and brokerage operations.

MedRisk acquires document manager

MedRisk LLC, a King of Prussia, Pennsylvania-based workers compensation managed care organization, has acquired Irvine, California-based Medata Inc., a cost containment and document management company.

Terms were not disclosed.

PEOPLE

"Climate change and resulting catastrophe-related property premium increases are fueling real estate companies to explore utilizing captives to help manage their insurance costs."

UP CLOSE

Adam Miholic

NEW JOB TITLE: Chicago-based vice president, head of captives, for Revantage, a Blackstone portfolio company

PREVIOUS POSITION: Chicago-based senior captive consultant, Hylant Group Inc.

GOALS FOR YOUR NEW POSITION: In my new position, I have many parallel goals. Those include fortifying the existing captive strategy, analyzing opportunities for optimization throughout the risk-financing strategy, and exploring innovative ways to implement captive strategies to reduce costs and enhance program control in our insurance program(s).

CHALLENGES FACING THE INDUSTRY: Regarding the captive industry, it is certainly booming. Organizations of all sizes and industries are exploring and implementing captives as a part of their overall risk-financing strategy. In terms of my industry, climate change and resulting catastrophe-related property premium increases are fueling real estate companies to explore utilizing captives to help manage their insurance costs.

FIRST EXPERIENCE: My first experience with captives was as a traditional broker with clients who either owned their own captive or joined an existing group captive. During this earlier stage in my career, I was very interested in captives' ability to give both financial and program control to the insured, rather than the market.

ADVICE FOR A NEWCOMER: Be curious, ask questions and find a mentor. Be comfortable watching and learning from your mentors' and leaders' successes and mistakes.

DREAM JOB: Football coach. I used to coach high school varsity football and have always wanted to get back to that one day.

COLLEGE MAJOR: I have bachelor's degrees in history and education from Marquette University, as well as an MBA from Arizona State University.

LOOKING FORWARD TO: I am looking forward to getting deeply involved and committed in the real estate and asset investment space. In addition, working with a great team to grow and improve the captive strategy.

FAVORITE MEAL: Any kind of homemade pasta or Italian dish

FAVORITE BOOK: "The Things They Carried," by Tim O'Brien

HOBBIES: I enjoy working on my classic car and spending time outdoors with my family.

FAVORITE TV SHOW: "Jack Ryan"

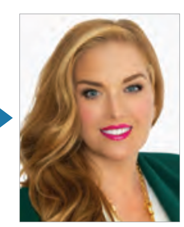
ON A SATURDAY AFTERNOON: Being outside, having a bonfire and smores with the kids, and opening a bottle of wine with my wife after the kids go to bed.

ON THE MOVE

Everest Group Ltd. hired former Chubb Ltd. leader **Bill Hazelton** to head U.S. retail casualty in North America for its insurance operations. Based in Warren, New Jersey, Mr. Hazelton was previously head of North America industry practices at Chubb.

Zurich North America named **Ann Chai** as chief risk officer, succeeding Colleen Zitt, who was named vice president of end-to-end process controls. Ms. Chai, based in Schaumburg, Illinois, was previously head of finance for U.S. middle market at Zurich.

Alliant Insurance Services Inc. appointed **Greg Zimmer** CEO, succeeding Tom Corbett, who was named executive chairman, effective April 1. Currently, Mr. Zimmer is president of the Irvine, California-based brokerage.



NFP Corp. hired former American International Group Inc. executive **Amanda Ruback** to lead its property/casualty business in the Central region, a newly created role. Ms. Ruback, who is based in Chicago, was most recently managing director, Chicago region, at AIG.

Aon PLC named **Sean Rider** head of advanced risk analytics for commercial risk in North America. Mr. Rider, who is based in New York, was most recently head of strategic insurance solutions and chief revenue officer for One Concern Inc., a risk and climate analytics company.

Willis Towers Watson PLC has hired **Lori Seidenberg** as senior director, strategic client engagement leader. Ms. Seidenberg, who is based in New York, was previously global director, real assets insurance risk management, at BlackRock Inc. She was a *Business Insurance* 2015 Women to Watch honoree.

SEE MORE ONLINE

Visit *www.businessinsurance.com/ComingsandGoings* for a full list of this month's personnel moves and promotions. Check our website daily for additional postings and sign up for the weekly email. *Business Insurance* would like to report on senior-level changes at commercial insurance companies and service providers. Please send news and photos of recently promoted, hired or appointed senior-level executives to *editorial@businessinsurance.com*.

The roof, the roof, the roof is so ugly!

An insurer's legal obligations have chipped away at an Arizona homeowner's desire for an attractive roof.

In a solve-my-problem "Let Joe Know" segment on ABC 15 in Phoenix, a man complained that his homeowners insurer failed to match the older shingles in a partial roof repair job following a windstorm: "They are telling us that replacement shingles don't have to match the existing shingles. So, they sent me a bundle of shingles that don't even come close to the existing shingles for repair. It's absurd!"

The Insurance Professionals of Arizona chimed in: "If you only get damaged at one side of your roof, they're only going to do that side. If it's only damaged to a quarter of the roof or a small section, then that's all that's going to get repaired."

While some states do have statutes requiring a certain degree of matching quality and color for home repairs, Arizona is not one of them.

AI spooks lawyers the most: Study

American lawyers are the most worried about advancements in artificial intelligence, according to a new study, which found that artists, accountants, doctors and data scientists round out the top five.

The research, conducted by AI customer support company DevRev, analyzed online search data for terms related to a list of careers, including searches that began with "AI impact on," "will AI replace," and "how will AI affect" to determine the top five jobs most at risk of advancements in AI.

Lawyers are the most worried about AI in the U.S., as it is used to review and analyze large volumes of legal contracts, research relevant case studies, and communicate with clients through chatbots. Artists are the second-most concerned group.

WILL DISNEY WIELD LEGAL AX TO STOP MICKEY PARODIES?

The film trailer is out: Beloved Mickey Mouse is now a killer in a soon-to-be released slasher comedy film, as reported by The Hollywood Reporter, which quipped: "Well, that didn't take long."

Looks like the world's most-famous rodent is going the way of Winnie the Pooh and "Winnie the Pooh: Blood and Honey," a horror film produced when the good-natured, golden children's character went into the public domain in 2022.

As of Jan. 1, Mickey Mouse no longer belongs solely to the Walt Disney Co., as the "Steamboat Willie" earliest version of Disney's most famous character is now in the public domain, meaning it is no longer subject to copyright protections.

Legal analysts quoted in numerous media outlets, however, warn that the public domain designation only sits with this 1928 version of Mickey Mouse and it's likely Disney will sue.

The company, in a statement, said modern Mickey — including his squeaky voice, gloves, wide smile and even his pants — remains the property of the entertainment conglomerate.

Lions ran with photo: Lawsuit

A longtime sports photographer has filed a lawsuit against the Detroit Lions for allegedly using an action shot he took of running back Barry Sanders to design a statue of the football legend, according to the news site Michigan Live.

Freelance photographer Allen Kee claims in his suit that the sculpture, unveiled in late 2023, is based on an image he took of Mr. Sanders in action during a Lions game against the Pittsburgh Steelers.

According to the photographer's lawsuit, the Lions published a YouTube video about the making of the sculpture, showing how the artists used the photograph. "We have a photo that's considered the most iconic running photo ever taken of Barry Sanders," the sculptor is heard saying in the video. "That's what's being re-created in this sculpture."

Being late is not en vogue for fans

We are living in a punctual world and she is not a punctual girl. Apparently.

Two Madonna concertgoers in New York are suing the pop star, as well as concert promoter Live Nation and the New York venue Barclays Center, over a Dec. 13 concert that started more than two hours late, according to media reports.

The lawsuit, filed in federal court and accessed by the New York Daily News, argues that tickets stated the show would start at 8:30 p.m., but Madonna was late, leaving the concertgoers to confront "limited public transportation, limited ride-sharing, and/or increased public and private transportation costs" by the time the show ended at 1 a.m.

The plaintiffs argued that the "defendants' actions constitute not just a breach of their contracts with plaintiffs and the class members, but also a wanton exercise in false advertising."