

STORM LOSSES: Rise in tornado, hail claims puts focus on catastrophe models - **PAGE 4**

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JUNE 2024

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SEVERE CONVECTIVE STORMS

Costly hail and tornado events are prompting questions about the accuracy of catastrophe models. **PAGE 4**

CANNABIS IN COMP

The federal rescheduling of marijuana could change the way the workers comp industry views cannabis. **PAGE 6**

INTERNATIONAL

Ghana regulators have ambitious plans for the nation's insurance market, one of West Africa's largest. **PAGE 12**

VIEW FROM THE TOP

MALCOLM ROBERTS

FM Global was created 25 years ago through the merger of three insurers, all of which used Factory Mutual engineering. The Johnston, Rhode

Island-based company continues to specialize in combining loss control engineering with property insurance. Malcolm Roberts, CEO since 2022, discusses the development of loss control engineering over the past quarter century and the current state of the property insurance market. **PAGE 14**



Cat models scrutinized as storm losses rise

BY CLAIRE WILKINSON

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A series of costly severe convective storms in the first five months of this year — on the back of record insured losses for such storms in the U.S. in 2023 — is prompting questions about whether catastrophe models are accurately estimating the peril.

Most severe convective storm damage affects residential properties, but recent hail and tornado events have drawn attention to commercial properties and to aggregation exposures, experts say.

A tornado damaged a FedEx facility in Portage, Michigan, last month, and Dollar Tree Inc. disclosed that a tornado outbreak on April 27 caused significant damage to a 1 million-square-foot distribution center in Marietta, Oklahoma. Dollar Tree said it expected most of the damage to be covered by its property and inventory insurance. A tornado in Nebraska in April narrowly missed the Fort Calhoun nuclear power plant south of Blair.

Severe convective storms are generally understood to include a range of hazards, including large hail, tornadoes and derechos or straight-line winds.

Michael LaRocca, New York-based head property & specialty North America for Swiss Re Corporate Solutions, part of Swiss Re Ltd., said the reinsurer deploys a sophisticated severe convective storm model but that it has been challenged.

Globally, insured losses from severe convective storms in 2023 totaled a record \$64 billion with 85% of the losses in the U.S., according to Swiss Re. Rising exposures due to economic and population growth and urbanization are driving the losses higher, and inflation has also been a prominent factor.

“That figure is tremendous. We’re now looking at the model and saying, ‘Is it accurate?’” Mr. LaRocca said, adding Swiss Re is reviewing the model to see what changes may be needed.

European countries, including France and Italy, were also hit by severe convective storms last year, he said.

Some models may not capture all the damage caused by severe convective storm systems, said Karen Clark, founder and CEO of Boston-based catastrophe modeler Karen Clark & Co.

“Severe weather happens over wide areas every day and you still get damage even if you don’t have a tornado or even if you don’t have large hail,” she said.

KCC’s severe convective storm reference model incorporates 30 gigabytes of data daily and captures the damage outside of areas where tornadoes are



A Dollar Tree warehouse in Marietta, Oklahoma, was severely damaged by a tornado in April.

reported, Ms. Clark said.

“You can have 40-mile-, 50-mile-an-hour winds. Trees fall over. Our models ... account for all the loss,” she said.

There’s a lot of variability in severe thunderstorm losses from year to year, said Sarah Bobby, Boston-based principal engineer and senior manager at Verisk Inc. “Whenever we build our models, we do take into account the current view of risk,” incorporating the latest climate data and state of severity, she said. Verisk’s severe thunderstorm model was updated in 2022.

Two years of higher-than-average activity does not necessarily equal a “new normal,” said Suz Tolwinski-Ward, Boston-based assistant vice president and director of climate change research at Verisk. The industry ran into similar issues after the 2004 and 2005 hurricane seasons when there was record destructive landfall

activity and extremely high losses, she said.

“The next 10 years there was a so-called landfall drought. Humans are wired to have this bias” where their most recent experience is what they expect, Ms. Tolwinski-Ward said. “The purpose of catastrophe risk models is precisely to overcome this bias in decision-making,” she said.

Aggregation concerns

Severe convective storms are highly unpredictable making them difficult to prepare for, said Penni Chambers, Dallas-based vice president of risk management at real estate developer Hillwood, a Perot company, and a Risk & Insurance Management Society Inc. board director. “We don’t know if it’s going to be an EF-1 or an EF-5,” she said.

Insurers are starting to look closely at

aggregation exposures in certain regions, Ms. Chambers said. As a Texas-based company, Hillwood is susceptible to aggregation issues, she said.

“When you have hundreds of millions, if not billions of dollars of total insured value within, say, 10 miles, this is going to create aggregation issues for insurers. So, we have a little difficulty walking our insurers through that,” she said.

At Hillwood’s May 1 property renewal, insurers had questions about whether it planned more building in the area and, if so, whether it would be an industrial, multifamily or hospitality build, Ms. Chambers said.

“Those are questions that we get from time to time in a renewal situation, but we got more of that this year around the significance of wind, hail and convective storm,” she said.

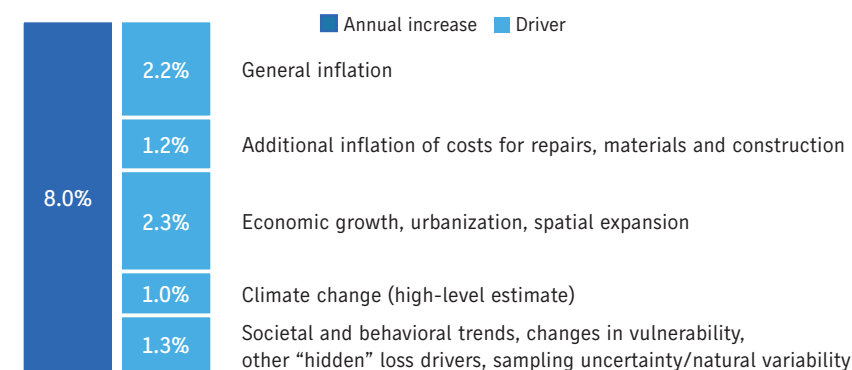
The impact area of severe convective storms has expanded, and a single storm can cut a wide swath over multiple states, said Jeff Buyze, Fort Lauderdale, Florida-based vice president, national property practice leader, at USI Insurance Services LLC.

“We have clients that are having a difficult time estimating their own exposure when they might be in a valley and have locations 10 miles apart and they’re wondering if they’re going to be impacted by the same storm,” Mr. Buyze said.

“Even straight-line winds coming through, like a derecho, can cause a massive industry event,” he added.

In the past, severe convective storm losses

ANNUAL INCREASE OF INSURED LOSS FROM SEVERE CONVECTIVE STORMS IN THE U.S. (2008-2023)



Source: Swiss Re Institute

in the aggregate didn't approach those of a major hurricane or earthquake, but now they are "on par with a Hurricane Ian-level single event," said Jon Schneyer, Boston-based director of catastrophe response at CoreLogic Inc.

If there's a \$50 billion single loss event in addition to an aggregate \$50 billion severe convective storm loss, that would hit insurers' underwriting profitability, he said.

Exposure growth

Exposure growth, rather than climate change, is driving the annual increase in insured severe convective storm losses, experts say. Annual insured losses related to the storms in the U.S. have increased by about 8% a year since 2008, according to Swiss Re.

The effects of climate change on the peril are not clear, Ms. Tolwinski-Ward said. "For flood, we know that a warmer atmosphere holds more water, and so floods are likely to increase. ... For severe thunderstorm, there's not quite such a clear science yet," she said.

Even though the residential line of business is the primary driver of severe convective storm losses, there are growing concerns about commercial exposures.

"When you have these big storm systems go across large parts of Nebraska,

Oklahoma, and there's hail and wind, it's going to hit a lot more homes and more commercial properties, like big distribution centers," Mr. Schneyer said.

Distribution facilities are getting much larger, with massive roof areas, Mr. Buyze said. "They're building a million square feet and up. That's a really large footprint for a storm to hit, whether it's hail or tornado. You're just increasing the chances for the loss to go up in those areas," he said.

"When you have hundreds of millions, if not billions of dollars of total insured value within, say, 10 miles, this is going to create aggregation issues for insurers."

Penni Chambers, Hillwood

Another factor that may be driving higher losses is that there is no standard meteorological definition of a severe convective storm event, and the industry's definition of a catastrophe is arbitrary, Ms. Clark said.

"Plenty of companies get significant losses, even if it's not officially a 'catastrophe,'" she said.

Verisk's Property Claim Services unit

Parametric coverage viewed as option for hail, tornado coverage

Amid higher severe convective storm losses, insurance buyers continue to explore alternatives such as parametric coverage.

While there has been significant growth in parametric hail coverage that provides fast payouts to businesses in the event they are hit by significant hailstorms, the market for parametric tornado coverage has been building more gradually.

Michael LaRocca, New York-based head property & specialty North America for Swiss Re Corporate Solutions, part of Swiss Re Ltd., said a few parametric tornado coverages have been deployed in response to interest from policyholders.

"We've started to develop, and we've deployed a few. We haven't sold a lot yet," he said.

Appetite for parametric coverage in North America is generally driven by wind, followed by quake

exposures, Mr. LaRocca said.

Parametric coverages, if structured appropriately for the right risks, can be useful, but it can be tough to get buy-in from lenders, said Jeff Buyze, Fort Lauderdale, Florida-based vice president, national property practice leader, at USI Insurance Services LLC.

"The number that is bound are very low compared to those that are quoted. A lot of that still has to do with pricing," Mr. Buyze said.

Parametric coverages might be used, especially if an organization has a lot of aggregate value in a certain location, said Penni Chambers, Dallas-based vice president of risk management at real estate developer Hillwood, a Perot company.

But the question remains how insurers will model the peril so they can price risk that is so unpredictable, she said.

Claire Wilkinson

designates an event a catastrophe for the industry when claims reach a threshold currently set at \$25 million.

Ted Gregory, director of operations for

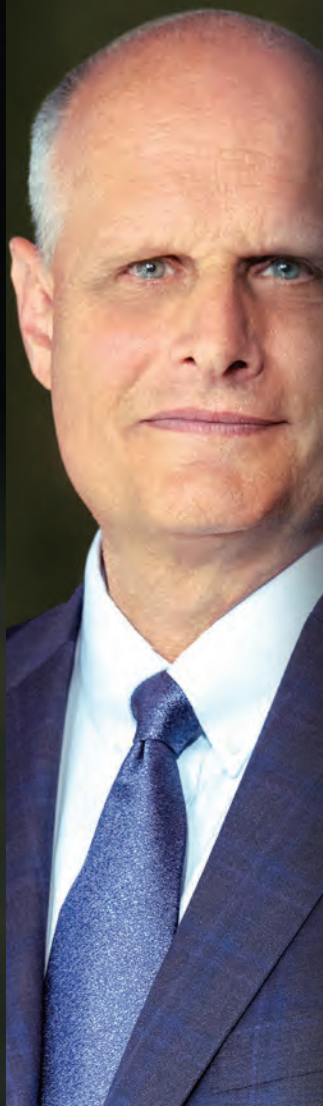
PCS at Verisk, said in an email that PCS is exploring potentially modifying the monetary threshold for its catastrophe event designation.

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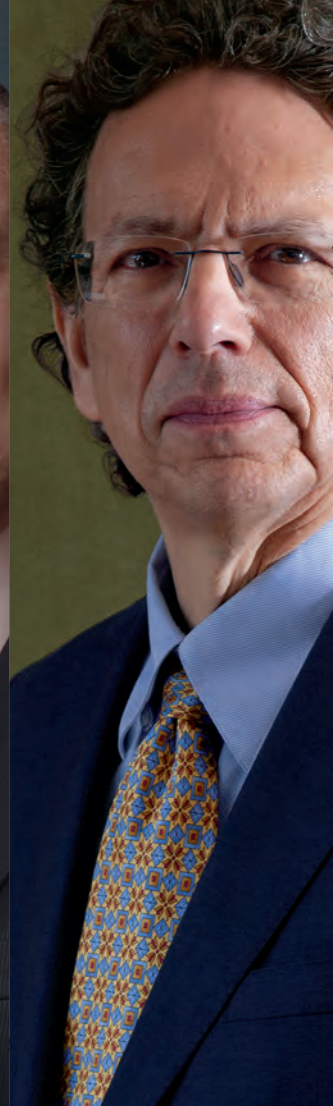
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Marijuana reclassification could impact comp

BY LOUISE ESOLA

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The Biden administration's recent decision to reschedule marijuana from an illegal drug to one that could be accessed at a pharmacy with a prescription could change the way the workers compensation industry views cannabis.

The U.S. Drug Enforcement Administration in May said the process is underway to move cannabis from Schedule I to Schedule III of the Controlled Substance Act, putting it on par with prescription drugs it says have "moderate to low potential for physical and psychological dependence," such as some painkillers (see box).

The move, which could be months or years away, is in line with recommendations from the U.S. Department of Health and Human Services and a promise by the Biden administration. Thirty-eight states and the District of Columbia permit medical use of cannabis products.

For the workers comp industry, which has been compelled to cover medical marijuana for injured workers by court rulings in states that allow it as a treatment for such issues as pain and anxiety, the change would help put to rest questions many comp experts have concerning medical marijuana: What are the appropriate dosages? What are the side effects? What are the adverse effects? Are there any drug interactions?

So far, courts in Connecticut, New Hampshire, New Jersey, New Mexico, New York and Pennsylvania have required insurers and employers to reimburse injured workers' medical marijuana costs. Insurers in several cases argued against covering medical marijuana, saying the effects of the substances are unclear and workers comp would be on



the hook if an injured worker suffers a negative side effect. And studies on the issue have provided mixed results, or even raised more questions (see related story).

"To mitigate unintended consequences, marijuana really needs to be further studied to assess safety and efficacy and production across providers needs to ensure consistent potency is delivered in dosing," said Silvia Sacalis, Tampa, Florida-based vice president of clinical services for Healthesystems LLC.

Workers comp insurers must tread carefully with medical marijuana because of all the unknowns, said Rich Ives, Hartford, Connecticut-based vice president, business insurance claims, at Travelers Cos. Inc. "There's very little to no medical

science. How do you know that you're prescribing the right amount? The dosage? The side effects?" he said.

Brian Allen, Salt Lake City-based vice president of government affairs for Enlyte LLC, said "scrutiny on efficacy" is lacking. "Once it becomes a Schedule III drug and falls under the purview of the (U.S. Food and Drug Administration), it's going to be treated like any other prescription drug from a regulatory standpoint."

SCHEDULE I VS. SCHEDULE III DRUGS

Schedule I drugs:

Heroin, lysergic acid diethylamide (LSD), marijuana (cannabis), 3,4-methylenedioxymethamphetamine (ecstasy), methaqualone and peyote

Schedule III drugs:

Products containing less than 90 milligrams of codeine per dosage unit (Tylenol with codeine), ketamine, anabolic steroids and testosterone

Gaining approval by the FDA, which also has the power to remove drugs from the market, includes a review of studies by its Center for Drug Evaluation and Research, comprised of a panel of physicians, statisticians, chemists, pharmacologists, and scientists that

weigh a drug's benefits against its risks. According to the FDA's guidelines on its processes, "If this independent and unbiased review establishes that a drug's health benefits outweigh its known risks, the drug is approved for sale."

Mr. Allen said the medical marijuana industry will "have to demonstrate through clinical trials that the drug actually works for what they say it works for."

Today, "the evidence just isn't there," said Dr. Marcos Iglesias, Hartford, Connecticut-based chief medical director at Travelers.

The comp industry has faced hurdles in endorsing the use of the drug since California became the first state to approve it as a medical treatment in 1996. Medical marijuana, for example, is not on any state formulary for treating injured workers — meaning there has essentially been no approved treatment guide for claims handlers to consult when approving drugs.

Also, insurers reimbursing for medical marijuana face problems using the banking system, which experts have said would be in violation of federal law.

Dr. Teresa Bartlett, Troy, Michigan-based managing director, senior medical officer, at third-party administrator Sedgwick Claims Management Services Inc., said the move toward FDA approval would be "a good thing."

"The purity and doses would be regulated, at least in the legal distribution channels," Dr. Bartlett wrote in an email. State laws, she said, may still permit versions of marijuana that the FDA does not vet and court battles over federal and state statutes could continue.

"This will be complicated, but at the same time it has been a long time coming," Dr. Bartlett wrote.

FDA APPROVAL WILL HELP RESOLVE QUESTIONS ON MEDICAL CANNABIS USE

U.S. Federal Drug Administration approval will clear the air on the questions surrounding the use of medical marijuana, experts say.

The National Organization for the Reform of Marijuana Laws Foundation, a Washington-based pro-marijuana lobbying group, keeps an extensive database of studies that aim to show the benefits of medical marijuana, including links to dozens of research papers on how medical marijuana helped chronic pain patients and reduced their reliance on prescription pain medications.

Many of the U.S.-based studies include details on research limitations, with institutions lamenting the country's challenging legal environment for

studying marijuana as it remains illegal at the federal level.

One paper cited, published by the National Academies of Sciences, Engineering, and Medicine in 2017, states that "conclusive evidence regarding the short- and long-term health effects (harms and benefits) of cannabis use remains elusive. A lack of scientific research has resulted in a lack of information on the health implications of cannabis use, which is a significant public health concern for vulnerable populations."

"There is a problem with researchers being able to obtain or at least legally obtain the type of cannabis that people are consuming in regulated markets," said Morgan Fox, political director for NORML, who said federal legalization in any form will help.

To meet study guidelines "you have to obtain cannabis from a federally approved supplier and producer and (there are) significant barriers to research," he said.

NORML Deputy Director Paul Armentano wrote in an email that the organization "nonetheless possess(es) ample science highlighting cannabis' safety, efficacy, and mechanisms of action to put most every debate to rest."

Other countries have studied medical marijuana and the outcomes have been mixed, said Dr. Marcos Iglesias, Hartford, Connecticut-based chief medical director at Travelers Cos. Inc. FDA approval would be a gold standard for including the option for injured workers, he said.

Doctors are embracing a "wait-and-

see attitude" to better understand any medical benefits, Dr. Iglesias said, adding, "because the hype is bigger than the benefits that we know of today."

Brian Allen, Salt Lake City-based vice president of government affairs for Enlyte LLC, said evidence about medical marijuana's potency and effectiveness is "anecdotal."

"There's not a lot of clinical support for some of the things that medical marijuana is being recommended for now," he said. "When it goes through the traditional prescribing process and becomes a prescription drug that's going to change. I wouldn't say it's going to change the science, but there's going to be more science behind it."

Louise Esola

School districts weigh gun policies for staff

BY JON CAMPISI

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As more states permit teachers to carry concealed guns in the classroom, experts say safety training and awareness of potential liabilities should be at the forefront of any school initiative to arm educators.

If staff are injured in an incident involving a teacher using a gun, though, workers compensation benefits would likely be paid, they say.

Thirty-two states allow teachers and school staff to carry firearms as part of efforts to thwart attacks in schools, according to the United States Concealed Carry Association, a gun advocacy and training organization.

Tennessee in April became the latest state to approve armed teachers. Ohio passed a similar measure in 2022.

Approval processes and training requirements vary by state. Some states leave it to the discretion of law enforcement authorities and school districts, and some mandate firearms handling and proficiency training.



STOPPING SCHOOL VIOLENCE

An April Pew Research Center survey found that opinions vary on the best methods to prevent school shootings.

The survey found that:

- ▶ Most teachers (69%) said improving mental health screening and treatment would be very effective.
- ▶ More than half (59%) said having police or armed security in schools would be highly effective.
- ▶ Only 13% said allowing teachers and staff to carry guns in schools would be an effective way of preventing shootings.

Tennessee S.B. 1325, which requires local law enforcement approval for teachers and staff members to carry guns, doesn't have specific safety protocols built into it. However, the law does say guns are prohibited in certain areas of schools, such as gyms and auditoriums, and cannot be carried during school-sponsored events.

The law also offers liability immunity for local law enforcement agencies — which must sign off on teacher carry — from claims for monetary damages that arise “solely from, or that are related to, a faculty or staff member’s use of, or failure to use, a handgun.”

The measure is similar to laws in other states, but controversies remain over the need for such laws, as school districts weigh efforts to better protect students against the potential dangers associated



with guns on campus (see related story).

Safety experts say training is key to avoid gun-related injuries in school districts where teachers can carry concealed weapons.

“I would recommend written procedures, written protocols, group training,” said Sara Gibson, senior risk manager with St. Louis-based Safety National Casualty Corp.

Districts should provide biometric — or fingerprint-activated — gun safes, bullet-proof vests, background checks and mental health screenings, and possibly enhanced insurance policies, according to information published online by Bethesda, Maryland-based United Educators, a reciprocal risk retention group that specializes in insuring schools. United Educators declined an interview.

Even with safety protocols in place, incidents can occur, experts say.

In December 2021, San Francisco-based Giffords Law Center said an analysis it conducted found nearly 100 publicly reported incidents of mishandled guns at schools in the prior five-year period, including accidental discharges and leaving guns accessible to students. Most incidents were injury-free, but in one 2020 Florida incident, a security guard accidentally shot a maintenance worker in the eye while showing off a gun.

In another widely reported incident, a reserve police officer in 2018 accidentally discharged his gun in a Seaside, California, high school while teaching a public safety class. Several students were injured by falling debris.

As more states pass laws allowing educators to be armed at school, workers comp attorneys say little is expected to change when it comes to injury compensability.

The question becomes whether the gun is used within the “course and scope of employment,” said Barak Kassutto, a workers comp defense attorney at the Philadelphia law firm Morgan Akins & Jackson PLLC.

A teacher accidentally shot by a teacher permitted to carry, for example, would likely be covered by comp.

If a teacher accidentally shoots another teacher while defending a student or defending the school, workers comp

exclusivity could possibly be escaped if gross negligence was involved, said Davis County, Utah-based Curt Oda, a commercial insurance agent, former state legislator and firearms safety instructor.

Gross negligence could be alleged, for example, if a teacher showed his or her firearm to another teacher and accidentally shot that teacher, said Mr. Oda, a former claims adjuster.

In that case the injured teacher could likely “sue the responsible party because it’s not in the act of defense,” he said.

Whether guns in the hands of educators would increase general liability insurance premiums for school districts is hard to say, said Kevin Pollock, vice president-national director of public entity for Safety National.

“There are many factors that we review and analyze on each risk during the underwriting process,” he said.

LAWS ALLOWING ARMED TEACHERS DIVIDE OPINION

Proponents of arming teachers say firearms should be allowed in school to deter or stop active shooters; opponents argue adding more guns is a recipe for collateral damage.

“Teachers are trained to be teachers, they’re not trained to be law enforcement,” said Sara Gibson, senior risk manager with St. Louis-based Safety National Casualty Corp.

Supporters of arming teachers, though, say guns in the classroom are the ultimate prevention and risk mitigation tool.

Curt Oda, a Davis County, Utah-based commercial insurance agent, former state legislator and firearms safety instructor, said allowing employees to carry guns to defend students can help bridge the gap between when a violent incident begins and when police arrive.

“If you could close that gap time, the liability risks actually reduce because you’ve taken steps to mitigate and neutralize the threat factor,” Mr. Oda said, noting Utah has allowed guns in schools for three decades.

In Tennessee, the teachers union has come out strongly against the new law permitting educators to carry guns.

“Arming teachers puts both our children’s education and safety in jeopardy,” Tennessee Education Association President Tanya Coats said in a statement.

The union said educators should be focused on teaching and leave security to “trained and certified officers.”

Jon Campisi





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COMPANIES MUST FIGHT FIRE WITH FIRE TO COMBAT NUCLEAR VERDICTS: EXPERT

BY SHANE DILWORTH

The best way for companies to defend against the threat of a so-called nuclear verdict is to break away from the idea of not discussing damages in front of jurors, an industry expert said.

Nuclear verdicts are affecting “every industry,” and companies must go on the offensive to counter a tactic known as anchoring, said Bill Bower, executive vice president, health care leader, at Gallagher Bassett Services Inc.

Anchoring is a cognitive bias that occurs when individuals use an initial piece of information to make a subsequent decision. Plaintiffs attorneys routinely use anchoring during trials to persuade juries on how much an individual should be awarded for an injury, Mr. Bower said.

While the theory is not new for companies defending claims, the



stakes have gotten much higher due to the “alarming” rise in the rate of nuclear verdicts, Mr. Bower said, noting that general liability losses increased 57.4% last year, compared with a 10.5% rise in the consumer price index.

“When I first started trying cases, suggesting to a jury what a verdict should be was taboo. It was all about liability,” Mr. Bower said.

He said defendant companies can overcome anchoring early by addressing the issue when a case is first filed

and introducing theories of value and damages during the discovery process. Companies should continue to address anchoring during the jury selection process and present evidence during the trial on reasonable damages and an alternate award.

“Great vision without execution is hallucination. We in the defense bar have to start executing our plan to establish damages, because the jury wants to hear it and the jury is not going to punish us on liability if we do,” he said.

INSURANCE SHOULD BE INTEGRATED INTO CYBER RESPONSE PLANS: PANELISTS

BY GAVIN SOUTER

Risk management concerns should be part of cyber incident response plans to ensure companies make the best use of their insurance coverage and reduce unnecessary disclosure of potentially damaging information, experts say.

By overlaying insurance information on response plans, companies can quickly access approved vendors and ensure that communications during the crucial period after a breach are covered by legal privilege, they said.

Companies should have cyber incident response plans in place long before they are hit by a cyberattack, said Andrea DeField, a partner at Hunton Andrews Kurth LLP in Miami.

The first step risk managers should take after a cyber incident is discovered and their organizations are mobilizing their response is to review their insurance policies. To ensure they have access to the policies, they should have hard copies or have them located on another



system, such as with a broker, she said.

In addition to cyber liability policies, organizations may be able to seek coverage under other policies, such as directors and officers liability insurance, if the company’s stock price is affected by the disclosure of a breach, or kidnapping, ransom and extortion coverage in the case of a ransomware attack, Ms. DeField said.

Next, insurers should be notified of the breach. “Keep the notice high-level. Notice is potentially discoverable by third-party claimants and regulators if you end up in litigation or regulatory

action following a cyber incident,” Ms. DeField said.

In addition, policyholders should put a nondisclosure agreement in place with their insurers to keep their communications under privilege, “so that if you get sued by a plaintiffs lawyer down the road, they aren’t accessing your communications with your insurer,” Ms. DeField said.

As the response to the incident progresses, policyholders should be aware of the proof of loss deadlines contained within policies — they often have one-year deadlines — and seek extensions when necessary, she said.

Risk managers should also build relationships with other professionals within their organizations and draw on those relationships in the event of an incident, said Jason Palomino, director, treasury, at ServiceNow Inc., a software company in Santa Clara, California.

“It’s really important to build a coalition of resources, whether that be external counsel, general counsel, making good friends with the (information security) team, that really helps drive a lot of these processes,” he said.

And effective communication between the various departments helps ensure that insurers are aware of and agree to the outside vendors used in an incident response and their costs are covered, Ms. DeField said.

About 10,000 risk professionals attended Riskworld, the Risk & Insurance Management Society Inc.’s annual conference, which was held May 5-8 in San Diego.

The more than 230 sessions covered topics ranging from strategic risk management and workers compensation to artificial intelligence and cyber risk.

Changes in insurance pricing, increased use of captive insurers and concerns over rising liability awards were among the topics that attendees discussed in numerous meetings around the event.

Following is some of *Business Insurance*’s coverage of the conference. More coverage from Riskworld is available at businessinsurance.com

UNDERGROUND CLIMATE CHANGE PUTS BUILDING OWNERS AT RISK

BY CLAIRE WILKINSON

Underground climate change is an emerging risk, and building owners should review their commercial property policies to determine whether coverage would respond to losses, a policyholder attorney said.

According to recent studies, heat emanating from basements, train tunnels, sewers and other underground systems in major metropolises is heating the ground between city surfaces and the bedrock by as much as 27 degrees Fahrenheit, said Dennis J. Artese, a shareholder in the New York office of Anderson Kill P.C.

“That rising heat is causing the soil, sand, the clay and the silt to shift, settle, contract and expand and that’s causing damage to foundations,” he said. Cracks in foundations are being exacerbated by



soil shifting, he said.

All-risk property policies provide the broadest coverage possible that pays for all risk of physical loss and damage unless expressly excluded in the policy, Mr. Artese said.

“When it comes to emerging risks like this, that’s what you want,” he said.

Policyholders should read their policies cover to cover to ensure all physical loss and damage is covered unless expressly excluded, Mr. Artese said. He added they should beware of certain exclu-

sions, exceptions and endorsements that might change how and if policies would respond, he said.

All-risk property policies may give policyholders “the warm fuzzy feeling” that the coverage is broad and their losses will be covered, but exclusions can take away a lot of coverage, he said.

Earth movement exclusions typically are written very broadly, “but just as often they’re not written in a clear and unmistakable language as required to be enforced,” Mr. Artese said.

“Whenever we analyze coverage for a given loss, we always have to read the policy cover to cover, and it may be significant,” he said.

Building owners should consult with structural engineers to investigate foundation conditions, monitor cracks, and determine appropriate remediation steps, Mr. Artese said.

In the event of damage, building owners should promptly notify insurers and present claims carefully with assistance from coverage counsel to avoid attribution to potentially uncovered causes, he said.

MARKET MEETINGS TAKE RISK MANAGERS BEYOND PAPERWORK

BY LOUISE ESOLA

The check in the boxes and fill in the blanks of an insurance application shouldn’t replace market meeting presentations for risk managers intent on showing underwriters their company’s unique risk profile, according to Heidi Horn, Middleville, Michigan-based risk management adviser at Hastings Point Solutions LLC.

“You can provide all that information through an insurance app and get a quote, no problem,” said Ms. Horn, who consults with companies that want to better communicate how they manage risk.

“But as risk management professionals, is that really only what you do is fill out applications and collect the data and provide it to insurance? Are you compelled to tell them the rest of the story?” she said. “There are very few questions, if any questions, on those insurance applications that try to get at what your risk management and control practices are as an organization.”

Sharing a company’s risk profile can go beyond bullet points to include facility tours — Ms. Horn encourages risk managers to give presentations on site and to involve frontline professionals who can better explain the company’s practices — and photography and video, a trend that emerged during the pandemic.

A company’s story on risks and how they manage them can change over the course of a year as companies experience losses or as new risks emerge, and another tip for crafting a presentation is to use historic applications as a guide for updating underwriters, Ms. Horn said.

“I would look at last year’s application and compare the answers to this year’s application and identify the questions that had stark differences, because that is definitely going to be a question from the underwriter.”



AI EXPOSURES MEASURABLE, OFTEN INSURABLE: EXPERTS

BY GAVIN SOUTER

Emerging risks associated with corporate use of artificial intelligence can be quantified and transferred to insurers via existing policies, new AI policies and captives, a panel of experts said.

Generative AI is being increasingly used by various organizations for tasks such as customer service, said Michael Berger, Palo Alto, California-based head of insure AI at Munich Reinsurance Co.

One common vulnerability of the tools is the risk of AI “hallucinations” where they present false or misleading information as

true, he said.

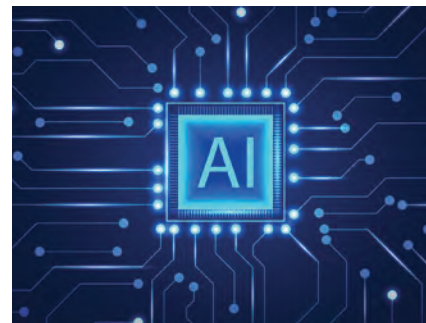
To quantify the risk, a data set showing answers provided by AI tools to questions can be analyzed to determine the hallucination rate, Mr. Berger said.

“If we are utilizing similar models for similar use cases, then the error rates of those models can be correlated,” he said.

Once the risks are quantified, they can be transferred, often through existing policies, Mr. Berger said. These policies range from property policies, where an AI failure may lead to property damage, to technology errors and omissions policies.

In addition, specialty AI insurance policies are being developed by companies, including Munich Re, to cover risks that would not be covered by traditional insurance, he said.

Companies may also consider using captives to cover AI risks, said Joe Rosen-



berger, chief captive analyst at the North Carolina Department of Insurance in Raleigh.

“Since captive insurance is self-insurance, you’re able to really personalize the policies,” he said.

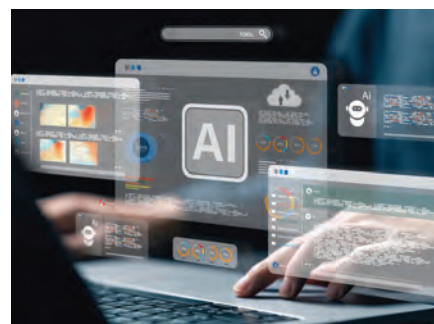
In addition, captives can issue difference in conditions policies to cover AI risks, Mr. Rosenberger said.

not going to replace them or do their job. It helps them to review volumes of medical records and has the ability to collect from different data sets and provide information.”

Workers can also gain improved access to treatment and better engage with the claims handler, Mr. Trick said.

“It really helps us get the best outcomes in lightning speed,” he said. “It doesn’t take us six days to authorize treatment. It can happen in real time.”

Tyler Kennedy, Boston-based lead developer for Gain Life Inc., which provides AI services in the comp industry, said no AI model is perfect, and that a human is needed to address program shortcomings. AI can misinterpret findings, for example, he said, using a grid featuring alternating close-up photos of a blueberry muffin and that of a chihuahua that an AI program couldn’t decipher to prove his point.



properly” and thus scores high on risk and needs intervention, said Brian Trick, Wegmans’ Rochester, New York-based director of claims services.

Mr. Trick displayed a screenshot of the app that assesses the injured worker’s mindset, engagement and employment status.

“Assisted intelligence for our claims team assists them to do their job,” he said. “It’s

AI SIMPLIFIES PROCESS FOR COMP CLAIMS

BY LOUISE ESOLA

An overseer of workers compensation for the large grocery chain Wegmans Food Markets said AI, which typically stands for “artificial intelligence,” translates into “assisted intelligence” for his company, which saw litigation rates go from 40% to 22% among workers in high-risk distribution centers thanks to insurtech products put to work in recent years.

Using a program that mines employee emails, medical notes, claims handler notes, and phone calls, Wegmans knows that an “injured worker has expressed that they do not feel that they are recovering



SAN DIEGO 2024
RISKWORLD
MAY 5-8

For more photos from Riskworld, go to BusinessInsurance.com/Riskworld2024.



Photos by Sandy Huffaker



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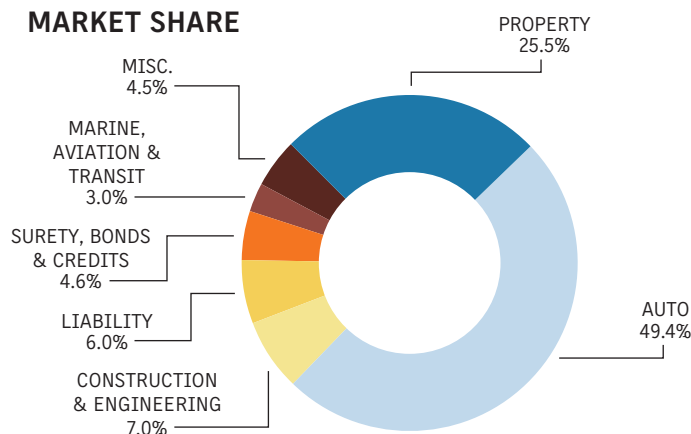
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PROFILE: GHANA

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GLOBAL
P/C MARKET
RANKING

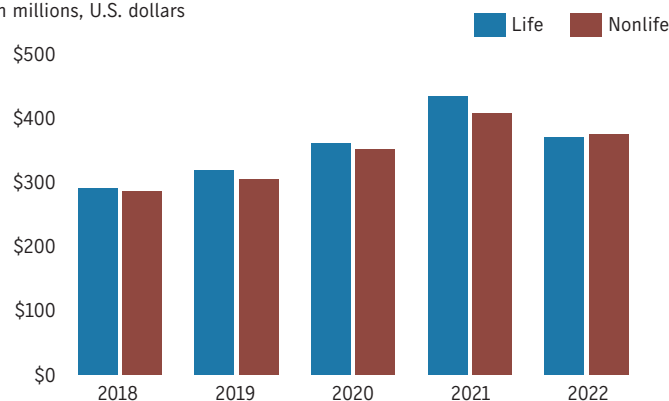
Ghana is one of the larger insurance markets in West Africa. It is supervised by the National Insurance Commission, which has been one of Africa's more proactive and involved regulators. The NIC has ambitious goals for the industry and aims to develop market premium income. Greater enforcement of existing classes of compulsory insurance, plus some additional mandatory classes, is expected to encourage premium development. Strict enforcement of minimum premiums and limited intermediary commissions should also help by mitigating competition levels. The Insurance Act 2021 (Act 1061) aims to bring the regulation of Ghana's insurance industry into line with international supervision standards and increase its competitiveness on the international market. It is also meant to grow the insurance industry, strengthen corporate governance and increase insurance penetration.

MARKET SHARE



MARKET GROWTH

In millions, U.S. dollars



Source: Axco Global Statistics/industry associations and regulatory bodies

COMPULSORY INSURANCE

- Auto third-party bodily injury
- Professional indemnity for insurance brokers and loss adjusters
- Liability against oil pollution of Ghanaian waters by vessel owners
- Liability insurance for air carriers for injury to passengers and damage to baggage or goods during domestic and international journeys
- Liability insurance for clinical trials
- Shipowners liability for marine oil pollution (insurance or financial guarantee)

NONADMITTED

Nonadmitted insurance is not permitted in Ghana because the law requires it to be purchased from locally authorized insurers.

INTERMEDIARIES

Brokers or agents must be authorized to do insurance business. They are not allowed to place business with nonadmitted insurers unless given specific exemption by the National Insurance Commission.

MARKET PRACTICE

Market practice appears largely to conform to insurance legislation.

MARKET DEVELOPMENTS

Updated April 2024

- Competition in the insurance market has moderated since the introduction of minimum premiums and maximum intermediary commissions, together with penalties for failure to comply.
- There was a significant shift in the pattern of life distribution in 2020 with the inability to have face-to-face meetings during the COVID-19 pandemic. The amount of business placed on a direct basis increased from 13% in 2019 to 30% the following year, with agency business falling from 61% to 42%. The same pattern has not been seen in the nonlife market where 43% is placed through brokers, 30% through agents, and 22% remains on a direct basis.
- In May 2022, the National Insurance Commission issued a statement concerning plans to introduce regulations to guide the operations of technology-based insurance startups in the country. Insurance companies in Ghana are being urged to partner with insurtechs to help transform the delivery of insurance services in the country. The Insurance Act 2021 (Act 1061) contains provisions for the operation of insurtechs in the country, but more comprehensive regulations have yet to be finalized.

AREA

92,098
square miles

POPULATION

34.78
million

MARKET CONCENTRATION

50.38%
market share of top five insurers

2024 GDP CHANGE (PROJECTED)

2.8%

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Federal judge rules in jurisdiction fight

■ A federal judge in Missouri ruled that a former San Diego-based broker for Lockton Cos. LLC who joined rival Alliant Insurance Services Inc. breached the terms of her contract that required employment disputes to be heard in Missouri rather than California, which is seen as a jurisdiction more favorable to employees in employment suits.

The judge, who had previously ruled that the forum selection clause was valid, said Lockton could also seek summary judgment on the issue of damages against the broker. In addition, it ruled restrictive covenants in the broker's employment agreement, which bar her from soliciting Lockton clients for four years, were reasonable.

In some other elements of the dispute, though, the ruling favored Sallie Giblin, a former president of Lockton's San Diego office.

The suit, *Lockton Cos. LLC-Pacific Series v. Sallie F. Giblin*, was filed in November 2022. It alleged that Ms. Giblin failed to serve a 30-day notice period and had made claims of unfair treatment and discrimination against Lockton "as leverage to obtain a release from her commitment not to solicit Lockton customers and other restrictions."

Ms. Giblin then sued Lockton in California state court alleging she was subject to gender discrimination and retaliation by other executives at the brokerage. In addition, she argued that Lockton's non-compete agreements were unenforceable and that her dispute with the brokerage should be heard in California.

In a partial summary judgment ruling, Judge Stephen R. Bough of the U.S. District Court for the Western District of Missouri Western Division said, "Giblin had a mandatory duty to abide by the Missouri forum-selection clause and breached that duty."

The judge ruled for Ms. Giblin on several issues, including that her contract did not require her to give 30 days' notice and that there was not sufficient evidence that she breached the nonsolicitation clauses in her contract by, among other things,

inviting former clients to a panel event she moderated.

Workplace shooting bypasses immunity

■ A Florida appeals court ruled that Pepsi Co. Inc. does not have workers compensation immunity in a lawsuit over a shooting that took place at a packaging and distribution facility.

The company had initially denied a workers comp claim, stating that the two workers involved were not in the course and scope of employment when one shot the other.

Giovanni Bastien was "seriously injured when a co-worker, purportedly disgruntled over union activities, shot him several times" at the facility in Medley, Florida, in December 2020, according to *Bottling Group LLC v. Giovanni Bastien*.

While recovering in the hospital, Mr. Bastien notified his manager that he intended to file a workers compensation claim. "He was informed he was not entitled to benefits," and Bottling Group proceeded to email its comp insurer "to oppose the claim," according to documents.

Mr. Bastien sued Bottling Group, later adding parent company Pepsi Co. as a defendant. Pepsi Co. moved for summary judgment, arguing the case was subject to workers comp immunity.

Citing three instances of case law and affirming an earlier ruling, the 3rd District Court of Appeal found that Bottling Group took "inconsistent" positions on the shooting and that the lawsuit could proceed.



Insurers win Chiquita coverage ruling

■ An Ohio appeals court upheld wins for insurers in two suits against Chiquita Brands International Inc. over coverage for settlements resolving lawsuits brought under the federal Anti-Terrorism Act.

The three-judge appeals court panel in *Travelers Property Casualty Corp. et al. v. Chiquita Brands International Inc.* said the underlying suits accusing the fruit producer of funding a terrorist group

in Colombia did not involve a covered occurrence.

Chiquita had sought reversal of the insurers' summary judgment awards, arguing that it did not intend to harm six Americans who were kidnapped and killed by the Armed Revolutionary Forces of Colombia in the 1990s by making payments to the group. Chiquita said it made the payments to protect its land and employees, court records show.

"The natural and expected consequences of sending protection money to a terrorist group engaged in a campaign of violence is that the group would use the money to continue that violent campaign but select different targets," the court said.

The appeals court also rejected Chiquita's contention that the trial judge erred by viewing its argument as an extortion defense and by relying on a 2013 ruling that American International Group Inc. unit National Union Fire Insurance Co. of Pittsburgh, Pa., had no duty to defend it against the ATA lawsuits.

The families of the terrorism victims sued Chiquita in federal court in Miami in 2008 under the civil liability provisions of the Anti-Terrorism Act. The lawsuits were later consolidated and settled in 2018.

Two groups of insurers, led by Travelers Cos. Inc. and Chubb Ltd. unit Federal Insurance Co., sued Chiquita in Ohio state court in Cincinnati in August 2013, seeking a determination on their coverage obligations. The parties filed competing motions for summary judgment, and the trial judge found in favor of the insurers.

Hub sues former worker turned rival

■ A Hub International Ltd. unit said in a lawsuit filed last month that a former employee who opened her own brokerage after her December 2023 resignation was soliciting its clients.

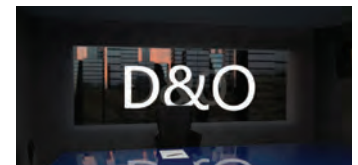
Hub said in the suit, filed in federal court in Omaha, Nebraska, that Hannah Sass, who had worked for Hub International Mountain States Ltd., allegedly violated a nonsolicitation agreement by pursuing and securing business with former clients.

Ms. Sass was working for Wells Fargo Insurance Inc., primarily selling crop insurance to farmers, when Hub acquired the company in December 2017. As part of her employment with Hub, she signed a nonsolicitation agreement that prohibited her from doing business with Hub's clients for two years upon leaving the company.

After Ms. Sass resigned, Hub sent her a letter in January reminding her of her nonsolicitation obligations. Shortly thereafter, she launched R Bar S Insurance LLC, her own brokerage.

Hub sued after learning that Ms. Sass was allegedly soliciting its clients to purchase competitive products and that it lost numerous accounts to RBS.

DOCKET



DELAWARE JUDGE TOSSES D&O COVERAGE SUIT

A Delaware judge dismissed a lawsuit filed by a renewable energy company and its CEO seeking coverage from directors and officers liability insurers for a fraud lawsuit filed by investors. The judge in *Origis USA LLC et al. v. Great American Insurance Co. et al.* ruled primary and excess D&O policies in effect from 2021 to 2022 contained an unambiguous no-action clause barring the policyholders from bringing a coverage dispute until after a determination is made as to how much they must pay. Miami-based Origis and CEO Guy Vanderhaegen failed to convince the judge that the clause was "draconian" and that courts nationwide typically don't favor enforcing the provisions, court records show.

HIGH COURT UPHOLDS COMP BENEFITS DENIAL

The West Virginia Supreme Court upheld a denial of workers compensation benefits to a man who claimed he developed Parkinson's disease after being exposed to industrial chemicals while working as an automotive paint technician. The court, in a 5-1 decision, ruled that Gregory Gwinn failed to prove he developed Parkinson's disease due to occupational chemical exposure while working for Beckley, West Virginia-based Lewis Chevrolet Co.

BROKER BARRED FROM SOLICITING USI CLIENTS

A former USI Insurance Services LLC broker agreed to not solicit USI's active and prospective clients in order to comply with an employment agreement. Under an injunction entered in federal court in Columbus, Ohio, Alan Abouhassan is prohibited from soliciting or attempting to solicit business from USI's clients until April 19, 2025, and its active prospective clients until Oct. 19, 2024. USI sued Mr. Abouhassan in February, saying he breached his employment agreement and a nonsolicitation provision by interfering with the broker's relationships with Kemba Financial Credit Union and Doyle HCM after joining rival Hylant Group Inc.



It has been 25 years since FM Global was formed through the merger of Allendale Mutual Insurance Co., Arkwright Mutual Insurance Co. and Protection Mutual Insurance Co., which all used Factory Mutual engineering. The Johnston, Rhode Island-based insurer continues to specialize in combining loss control engineering with property insurance. Malcolm Roberts, who joined Factory Mutual as an engineer in 1995, took over as CEO of the insurer in 2022. He recently spoke with *Business Insurance* Editor Gavin Souter about the development of loss control engineering over the past quarter century and the current property insurance market. Edited excerpts follow.

Malcolm Roberts

FM GLOBAL

Q How has loss prevention evolved over the past 25 years?

A Data, technology, analytics. We've always had the research capabilities, but if we were trying to help a client understand a risk or a hazard, we would, and we still do, build that at our research campus. So, we'd say, "Are you making boats? Well, let's build the manufacturing line to see what happens." With the evolution in the early 2000s of the data and computing power, we built models. So, we still do the fire science, but we can accelerate and augment that knowledge. That really allows us to scale the knowledge quickly.

That carried on in the 2010s, when we could really get a better analytic view of risk and start to predict the main loss drivers.

Then cyber came along, and while we're not in the cyber insurance writing business, we do lots of cyber loss prevention coverage, so we're very much on the engineering side of the cyber risk. Then, as technology became better, we saw real-time monitoring of risk on turbines, generators, transformers, that kind of thing.

And in the past 10 years, the biggest evolution is really the climate side of things where we've started to prove you can do something about stopping floodwater entering your building or stopping a cat five hurricane taking your roof off.

Q It's quite an investment to be an FM client — is it a barrier?

A If you go back to 1999, absolutely, but we've worked hard on that and said, "Why are we putting people off that way?" The trick is you have to have a client that believes it's a competitive advantage for them. They're not doing it to buy insurance. The C-suite of that company must believe they are investing to make their supply chain robust and it's a good investment for the company, not because the insurance company says they should do it.

Don't get me wrong, we spend a lot of time in the prospecting phase saying,

"Here's what we see and here's what we believe you should do," but it's not "Here's a mandatory list of 50 things." What we're looking for is continuous improvement on the journey. We've just got to keep getting better because the hazards and risks aren't standing still.

Q How does the focus on resilience over the past 10 years play into this?

A It's huge. Out of all the many horrible things with COVID, one thing that came out of it was that whenever you turned on your TV there was a government minister talking about resilience and how we all need to think about that. Just draw that parallel to the way we talk about risk and what we can do about it. COVID made everybody see, from their personal lives to business, that if a virus can close

to them, and we're working on that to come out at the end of this year.

Q Where else do you see loss prevention headed?

A Everywhere you turn, there's AI, and I think there will be a lot more targeted, laser-focused use of data and analytics. Our scientists are looking at how they can detect, through cameras and tech, the seat of a fire almost before it starts and get water to that instantly. It's the intersection of science and tech.

And we're building a new science and research center in Luxembourg to focus on robotics, smart factories, machines, the Internet of Things. You might have a safer factory, but you are much more reliant on tech, the internet and cyber.

The other area that isn't going to slow down is climate. We've got to keep getting after these secondary perils, so solutions for severe convective storms, hail and wildfires. Before, we knew what a wildfire would do, we just didn't have any way to collect the data and the heavy imagery, but now we have that. And then in a world where water is going to become scarcer and scarcer, I'm challenging my team to tell me what's beyond the sprinkler.

Q Where do you see the property insurance market headed over the next year?

A I would say it's stabilizing. Our pricing levels are pretty strong right now, and as an industry we need to start focusing on relevance, client solutions and value, not how we run away from risk. If we run away from risk, it doesn't come back. That's when clients use captives and take it themselves.

But I don't see rates going back down to where they were. There might be a little bit of rate relief over the coming years, but I never see it going back to 2017-2018 levels because I think that basically everyone can see risk has gone up — climate, supply chain, inflation. The industry can't run at a loss for 10 years again, so I think this is the client, carrier, broker thing that we have to solve, and let's make sure none of us are winning too much.



the world, maybe that flood scenario at a key manufacturing facility isn't so far-fetched. The world of resilience has come to us. We've been banging this drum for 25 years, and sometimes, at the bottom of a soft market, you think you're banging your head against the wall, and I think the combination of climate change, supply chain issues, and the COVID scenario led everyone to resilience.

Looking into the future, we're looking at how to take this resilience knowledge we have and not just reserve it for the elite companies who can afford it. People say, "I believe in it, but I can't invest all that money in two years or three years." So, we need a product that we can sell

Our pricing levels are pretty strong right now, and as an industry we need to start focusing on relevance, client solutions and value, not how we run away from risk. If we run away from risk, it doesn't come back. That's when clients use captives and take it themselves.



XL Insurance

Celebrating our 2024 Break Out Stars!



Matt Lively
Underwriting
Manager, Property

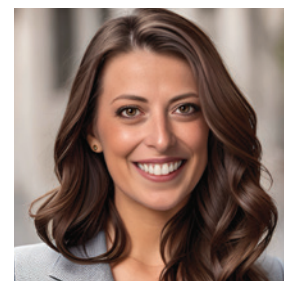
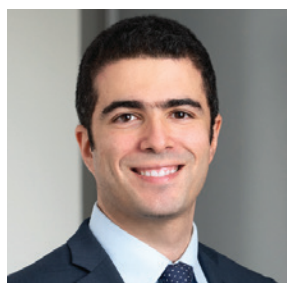


Sam Kim
Senior Underwriter,
Cyber & Technology

We applaud Matt and Sam, along with all of the other Break Out Award honorees, for their commitment to the industry. AXA XL is committed to building a global workplace where all employees are treated with dignity and respect, and where individual differences are encouraged and valued.

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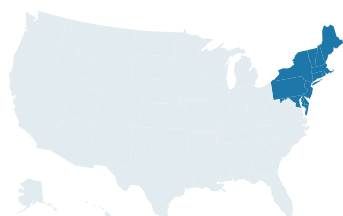




BUSINESS INSURANCE BREAK OUT AWARDS

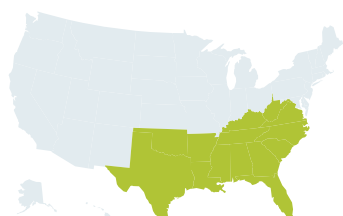
NORTHEAST

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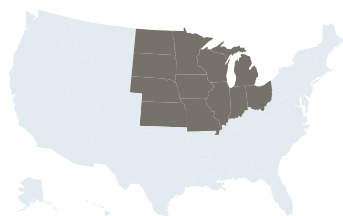
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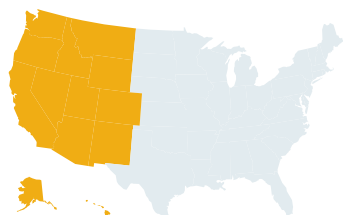
MIDWEST

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WEST

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The *Business Insurance* 2024 Break Out Awards honorees represent some of the most talented up-and-coming executives in the insurance and risk management sector.

Engaged in a dynamic market and wider business environment, many are helping forge changes that will shape the sector's future.

As is typical with insurance industry lead-

ers, few of them grew up thinking they would go into insurance — their childhood ambitions ranged from teaching to playing professional hockey to shark catching — but they have since embraced and taken advantage of the numerous opportunities to succeed in the industry.

The awards program recognizes 40 individuals each year. To be eligible for the award, nominees must work in commercial insurance or related sectors and cannot have worked in the field for more than 15 years.

To maintain diversity in geography, the honorees are grouped into four regions of the United States: Northeast, South, Midwest and West. *BI* editors reviewed all the nominations, which highlighted

the nominees' client-service skills, expertise and leadership qualities. After selecting finalists, we contacted references to learn more about the nominees' achievements.

The winners will be honored at live events in Chicago and New York this month. Information on attending the events is available at businessinsurance.com.

In the following pages, you can read interviews with all of this year's winners and learn their views on market conditions, how artificial intelligence will change their jobs, how they apply risk management to their personal lives, and their dream travel destinations — Japan and Africa were popular choices.

Edited excerpts follow.

Gavin Souter, editor

2024 BREAK OUT AWARDS WINNERS

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BETHANY BARRESE

Partner
Saxe Doernberger & Vita P.C.
Basking Ridge, New Jersey

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Bethany Barrese never planned to become a lawyer — until she did. “One day I just sort of woke up and decided that I would sign up to take the LSAT,” she said. It was during law school at the University of Connecticut that she joined the Connecticut Insurance Law Journal. This started her on the path to where she is today — a policyholders’ attorney.

How do you use, or think you’ll use, AI in your job?

As a lawyer, I would say that I already use a lot of different forms of AI in my job, and they’re sort of embedded into the systems that we use on a day-to-day

basis, things like e-discovery software and legal research engines.

What’s a problem that needs fixing in your sector?

The insurance market is constantly changing and evolving new products. The problem is that this can give rise to disagreements over how policies should be interpreted.

How do you apply risk management principles in your personal life?

Risk management is about seeing things holistically and trying to think not only of the problems that you’re facing now but what might come down the line in the future. I try to keep the same perspective in my personal life to keep everything running the way that it needs to run.

Favorite family tradition?

My family celebrates half birth. On everybody’s half birthday we sing a little happy half birthday song and I’ll bake half a cake. It’s just a super fun way to break up the year and do something fun.

What did you want to be when you grew up?

I wanted to be a wedding planner. I even went to college with that in mind. I thought that I was going to run my own wedding planning business.



NICK DELVINO

Executive vice president, casualty
Amwins Group Inc.
New York

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Nick DelVino launched his career in insurance at Amwins, joining the company in 2014. He began by assisting with surplus lines filings and claims reporting before being brought onto the office’s casualty team where he has excelled since earning his broker’s license and Chartered Property and Casualty Underwriter designation.

What’s the current state of your sector of the insurance market?

The overall excess casualty space has softened over the past year, after a pretty rapid and sustained hardening from 2020 to 2023. What we’ve been seeing over the last year is that the supply and demand balance has shifted, so now there is a lot

of capacity, which is beginning to soften the market of overall rates.

What’s a problem that needs fixing in your sector?

The escalation of claim costs because it’s causing pain not just for insurers but also the buyers. They’re seeing loss costs and premiums continue to go through the roof, driven by aggressive litigation tactics and profit-driven, third-party funding.

How do you apply risk management principles in your personal life?

What resonates for me is building relationships to accomplish mutually beneficial outcomes. We’re constantly doing that as wholesale brokers, connecting our clients with carriers to build these long-term relationships so everyone sees the value of what everyone’s bringing to the table. For me, that’s just a general skill set in life that I really value.

What is something about you that would surprise people?

After I graduated from college, I lived in Australia for a year. I hiked a lot of the mountain ranges there and I got to try kangaroo meat. It was fantastic.

Which destination is at the top of your travel bucket list?

Japan. That’s mostly driven by food. I love to eat and try different things. Also, I just love sushi.



Congratulations, Evan Bahs

Your influence has significantly shaped our success and we are thankful for your leadership!

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ANSU DIGGS

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Northeast regional manager
Everest Insurance, a division of Everest Group Ltd.
New York

Ansu Diggs has managed a team of eight underwriters for Everest Insurance's northeast region of private and not-for-profit directors and officers liability policyholders for the past two years. He started working for Everest as a senior underwriter in March 2018. Mr. Diggs was on paternity leave and unavailable for a phone interview but sent written responses via email.

How do you use, or think you'll use, AI in your job?

AI has proven to be an incredibly valuable tool that I've started to incorporate both in my professional and personal life. I believe it will serve as a great asset as we explore

further ways to integrate it into our underwriting and financial analysis processes.

What's a problem that needs fixing in your sector?

Technology. The emphasis on technology is continuous. We're witnessing considerable improvements in the area from carriers throughout the insurance industry, and we ourselves have made substantial investments on that front.

What is something about you that would surprise people?

I'm a former collegiate Division I track athlete. However, I took two years off from competing prior to making my return to the track.

Favorite family tradition?

Every summer, my wife and I take a trip to Montauk (New York), and we look forward to continuing this annual vacation with our sons.

What did you want to be when you grew up?

My dream was to become an astronaut because I was fascinated with space and the planets.

Which destination is at the top of your travel bucket list?

Liberia. I am a first-generation American, and both of my parents were born and raised there.



RYAN GIBNEY

36

Senior vice president, Northeast cyber technology practice leader
Lockton Cos. LLC
New York

Ryan Gibney has a family history in insurance dating back to when his parents met while working for Home Insurance. He joined Lockton's Washington office as a cyber specialist broker in 2014 and was promoted in 2017 to lead the Northeast cyber technology practice. Prior to Lockton, he worked as a tech/cyber underwriter for CNA Financial Corp. and XL Group Ltd.

What's the current state of your sector of the insurance market?

Cyber insurance is incredibly competitive as it continues to grow globally. The global privacy regulatory landscape con-

tinues to challenge insurers to evaluate coverage for violations of privacy laws.

How do you use, or think you'll use, AI in your job?

AI could be impactful from an efficiency perspective to enhance the ability for us as brokers to deliver high-quality strategic consultative engagement to our clients.

What's a problem that needs fixing in your sector?

Cyber insurance is still relatively young in the history of the global insurance marketplace. The marketplace needs to continue to evolve and become more stable for clients to transfer risk in the face of a changing regulatory and threat landscape.

How do you apply risk management principles in your personal life?

My first thought is to avoid risk, injury or stress. So, I am very risk-averse.

What is something about you that would surprise people?

My wife and I bought a home and have been doing a complete home restoration ourselves.

What did you want to be when you grew up?

I wanted to be in insurance. Once I realized I was not going to be a professional athlete, the gears switched quickly to insurance.



SEBASTIAN HENNESSY

30

Vice president, placement specialist, umbrella/excess casualty
Marsh LLC
New York

After graduating from the University of Albany with a degree in history, Sebastian Hennessy started his insurance career in 2014 in upstate New York as a member of Travelers Cos. Inc.'s welcome team in Glens Falls. From there he went on to become an account executive at Hub International Ltd. before joining Marsh in December 2018.

What's the current state of your sector of the insurance market?

It's been well documented that since roughly April 2019, there was a hardening in the umbrella and excess marketplace due to losses that were continuing

to pile up. Over the last few years, many of these market corrections have been made, so we're starting to see some light at the end of the tunnel, but by no means are we in a flat-rate environment.

How do you use, or think you'll use, AI in your job?

It can be useful for saving time and doing back-office administrative work. AI allows us to free ourselves up for personal skills where we can truly forge relationships with clients and interact with decision-makers.

How do you apply risk management principles in your personal life?

Risk management has infiltrated almost every aspect of my life at this point, even down to small things like one of our children's birthday parties if we're doing it in an off-site location.

What is something about you that would surprise people?

At an early age I was truly passionate about history. My mother is a writer and writes historical fiction. Through that part of my experience as a kid, I actually spent time as a Civil War reenactor.

What's your favorite family tradition?

My wife and I will take our two kids out to a restaurant to eat every weekend, so we can truly reconnect as a family.



SAMUEL KIM

35

Senior underwriter
Axa XL, a unit of Axa SA
New York

A conversation with a friend in the insurance business encouraged Samuel Kim to take his first job in underwriting at LIG Insurance Co. Ltd. in Fort Lee, New Jersey. More than a dozen years after that talk, he is now a senior underwriter-cyber and technology at Axa XL.

What's the current state of your sector of the insurance market?

I predict the cyber market will continue to grow. The rising demand is driven by the widespread digital presence of companies and collection of personal data. Also, with many companies relying on third-party services, it's important to obtain cyber coverage, which can include contingent

business interruption for vendor breaches.

How do you use, or think you'll use, AI in your job?

We are incorporating AI into our underwriting process. We (also) want to make sure we're using AI to help slice and dice claims information so we can make better-informed decisions when it comes to underwriting.

What's a problem that needs fixing in your sector?

One thing that comes to mind is systemic risk. There may be one event that triggers a large number of our policyholders — a supply chain attack that has downstream impacts on many different clients. That kind of systemic risk is something that we as an industry need to keep an eye on.

What is something about you that would surprise people?

I enjoy singing karaoke.

Favorite family tradition?

Thanksgiving when everyone gets together. Since I got married, both families come together and have a meal. As you get older it gets a bit harder for everyone to come together, so that is definitely one of my favorite holidays.

What did you want to be when you grew up?

I was interested in the FBI or some sort of SWAT.



ORRIE LEVY

Partner
Cohen Ziffer Frenchman & McKenna LLP
New York

38

Orrie Levy wanted to be a lawyer from the age of 5, after earlier hoping to be a firefighter. He was motivated, in part, by his mother, an attorney. After graduating from law school, he became interested in public service and spent time as a prosecutor. He now represents policyholders in insurance litigation.

What's the current state of your sector of the insurance market?

My sector is policyholder advocacy. The state of that sector is that it's very active. There continues to be a disconnect in many cases between the coverage positions taken by insurers and the coverage

that policyholders expected and thought that they had purchased.

How do you use, or think you'll use, AI in your job?

We already work with vendors that use algorithms to categorize and help us navigate the review process. I expect that it'll still be a little while away, but we're inching toward a world in which AI becomes a big part of brief writing.

How do you apply risk management principles in your personal life?

By and large, I try not to jump to conclusions. I try to make evidence-based decisions as opposed to being swayed by my gut.

What is something about you that would surprise people?

I ride a pistachio green Vespa to get to work in the morning.

Favorite family tradition?

Our yearly Passover Seder. It's a big family, so it's really a time (with) all my siblings and their kids, and my uncles and aunts. It's a really nice time where the whole family gets together.

Which destination is at the top of your travel bucket list?

I have always wanted to see the northern lights. That has always been a dream of mine.



MATTHEW REISS

Vice president, cyber and professional liability
Ascot Group Ltd.
Chicago

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Matthew Reiss began his underwriting career with Ace Ltd. after serving as a communications intern with the company. He then moved to Axis Capital Holdings Inc., where he rose from underwriter to assistant vice president, mid-Atlantic underwriting manager, in just under five years before joining Ascot in February 2020 as assistant vice president, cyber and professional liability. Recently, he moved from New Jersey to Chicago.

What's the current state of your sector of the insurance market?

We have seen a lot of competition and capacity entering the market over the past few years, which has led to a down-

ward pressure on rates. Interestingly enough, simultaneously we continue to see rising claims frequency and severity throughout the market, mostly driven by ransomware, business email compromise and cybercrime attacks. We have also seen tremendous product innovation amid this competition that's benefited policyholders of all shapes and sizes.

How do you use, or think you'll use, AI in your job?

We recently started to engage more with AI throughout the underwriting process. It's become a big focal point in the underwriting community. We've hired personnel that are responsible for that use, and we've partnered with leading firms in that space.

How do you apply risk management principles in your personal life?

An area where I'm learning how to apply risk management principles is being a recent first-time parent. That's been a good learning experience and one that I'm not sure I've quite figured out.

What did you want to be when you grew up?

I wanted to be a movie critic. I actually still watch a lot of movies; I just don't really have people asking my opinion of them.

Which destination is at the top of your travel bucket list?

Japan — for the cuisine and as an avid skier.



AmRisc Proudly Celebrates Troy Calfee, Underwriter II, VP, as a 2024 Break Out Award Winner!

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ALYSSA SHARR

Assistant vice president, strategy execution
Zurich North America
New York

30

Alyssa Sharr joined Zurich in June 2015 through its risk engineering training program and rose steadily through the ranks as a risk engineering consultant, portfolio management executive and strategy consultant before taking on her current role. Prior to Zurich, she had been a meteorologist with Weather-Works LLC and the National Oceanic & Atmospheric Administration.

What's the current state of your sector of the insurance market?

We are in a growth state. There are new and changing risks constantly hitting our customers, and our department is helping to address those risks and

come up with solutions that customers really need and help them prepare for the future.

How do you use, or think you'll use, AI in your job?

AI presents a great opportunity for anyone in any job. In my job, I look forward to seeing how AI can help us do things more efficiently and create new solutions that maybe we didn't have in the past.

How do you apply risk management principles in your personal life?

You could say I'm a pretty risk-averse person. Risk management is pretty much in every part of our lives. Do I buy a house here? Do I not? Do I make this financial investment or do I not? It's our own personal ways of going about things and how we decide to take on what level of risk, and tackling those risks in your everyday life is what makes you you.

Favorite family tradition?

I have two little kids. I have a three-and-a-half-year-old daughter and a 1-year-old daughter, and our favorite tradition is every single night, as long as it's not raining or too cold, we play outside with my kids.

What did you want to be when you grew up?

I wanted to be a meteorologist for pretty much my entire life.



PRANAV SHROFF

Vice president, underwriting
TDC Specialty Underwriters,
a unit of The Doctors Co.
Unionville, Connecticut

35

A meeting at a career fair led Pranav Shroff to an interview at CNA Financial Corp., where he ultimately became a life sciences underwriting specialist. He then became an executive underwriter, life sciences, at Chubb Ltd. prior to taking on his current role.

What's the current state of your sector of the insurance market?

Very competitive. There are a lot of players out there. In the life sciences space, we're looking to insure pharma companies and medical device companies, and it's always at the cutting edge. While there's a lot of competition, there's also

a lot of growth to go around. That keeps it interesting.

How do you use, or think you'll use, AI in your job?

I see AI supplementing our jobs to take the early research phase out, to quickly give you a summary when you see a submission: what they do, where they're at in their life-cycle. I don't yet see AI as being able to replace an underwriter job completely.

What's a problem that needs fixing in your sector?

The insurance industry as a whole needs more new young talent. It's so tough for every company looking for someone with five to 15 years of experience — there's a big lack of talent there.

What is something about you that would surprise people?

I've been skydiving twice, and I probably would go again. I don't know if my wife would want me to.

What did you want to be when you grew up?

I wanted to be a doctor, but then I realized that I'm a little queasy when it comes to the needle.

Which destination is at the top of your travel bucket list?

South Africa. We do want to go on safari and just enjoy the unfiltered sun out there.



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Everest celebrates Ansu Diggs and Monika Fokaite.

Congratulations on your 2024 Business Insurance Break Out Award.



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TROY CALFEE

Underwriter II, vice president
AmRisc Group, a unit of
TIH Insurance Holdings LLC
Montgomery, Texas

Troy Calfee graduated from Sam Houston State University in Huntsville, Texas, with a bachelor's degree in business administration, accounting and finance. His insurance career began with an internship at AmRisc Group in 2017, which led to his full-time employment as an underwriting analyst. He worked his way up from there to his current position.

How do you use, or think you'll use, AI in your job?

We'll probably see AI help us to view and analyze the risks and compare accuracy across the web. AI can step in and look across the web for information that

isn't readily available and help us analyze risks appropriately.

What's a problem that needs fixing in your sector?

We're seeing property valuations to be an issue that needs fixing. A lot of people want insurance to be cheaper, and sometimes they do that at the expense of not properly valuating their property. However, that leads to other issues down the road. On top of that, appraisal companies' values can range drastically across companies because there's no set standard; they're subjective.

How do you apply risk management principles in your personal life?

I do have four kids. I would say the biggest risk management principle we implement is adapting and learning.

Favorite family tradition?

My grandfather and I would take a two-week vacation every year to explore the U.S. to go to the national parks, to learn about the parks and the geography, etc., and now that has turned into an annual beach trip with my own family. When they are older, we can do the same thing my grandfather did.

Which destination is at the top of your travel bucket list?

Australia. It has the perfect mix of animals and extensive geography, and I think it contains every ecosystem there is, pretty much.

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BRENDON DE SOUZA

Managing attorney
Sanderson Firm PLLC
Bradenton, Florida

Brendon De Souza had originally pursued a psychology degree but switched course after taking a constitutional law class his junior year at the University of Central Florida. "I just fell in love with the subject," he said. "It made me very interested in law." Today, he serves as a managing attorney practicing Medicare secondary payer insurance law.

What's the current state of your sector of the insurance market?

There are a lot of changes going on. Just last year, the federal government released a final rule on proper reporting of Medicare beneficiary claims. Until last year, there were no formal penalties if an insurance company

didn't comply with the established guidance.

How do you use, or think you'll use, AI in your job?

In our specific area of law and Medicare secondary payer law, I am aware of certain companies or vendors who use AI for purposes of preparing Medicare set-aside reports.

What's a problem that needs fixing in your sector?

It's a bit of a Wild West for liability claims involving Medicare beneficiaries, and insurance companies aren't really sure what to do and whether it makes sense to prepare a Medicare set-aside report.

What is something about you that would surprise people?

I'm a pretty avid motor sports fan. I guess you could call me a speed adrenaline junkie.

Favorite family tradition?

I have a grandma who lives in Tampa, Florida, and at least once a year everyone in the family (comes) from across the country and we all just sort of meet at my grandma's house.

Which destination is at the top of your travel bucket list?

I haven't been to Portugal yet, but that's a trip that's being planned for either later this year or maybe next year.

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DANIEL FILBEY

Principal, senior vice president, and broker
Brown & Riding Insurance Services Inc.
Dallas

After studying risk management and insurance in college, Daniel Filbey joined Brown & Riding at the beginning of his insurance career in 2016. One of the youngest shareholders in the company, where he supervises a team of nine, he said he loves building relationships: "I really enjoy being around people."

What's the current state of your sector of the insurance market?

The property market is stabilizing, which has been a relief after the last four years of brutal increases.

How do you use, or think

you'll use, AI in your job?

It is going to help with the analytics side, reviewing policies and comparing policies and terms. I am not a technology person; for being 30 years old I am very old school. I don't think you can replace the relationship side of the business.

What's a problem that needs fixing in your sector?

Communication and transparency from the wholesale market to the retailers is what needs to change.

How do you apply risk management principles in your personal life?

My whole life is insurance. My fiancée and I are both in insurance. Our entire life is risk managed.

What is something about you that would surprise people?

I grew up in sportscar racing. My dad ran an Indy car team. I grew up fully engulfed in that life. My dad talked me out of it and into the business world. I wanted to be a racecar mechanic. I wanted to work on the cars, not drive them.

Favorite family tradition?

Taco night on Sunday night. Anywhere from five people to 30 people there. You don't even have to call and ask. You just show up.

30



RACHEL HUDGINS

Counsel
Hunton Andrews Kurth LLP
Atlanta

Coverage issues surrounding COVID-19 comprise a hard-hitting and ongoing addition to Rachel Hudgins' 11-year career as a litigator, joining others that have made headlines: storm damage, data breaches, wrongful termination, exploding e-cigarettes, to name a few. She's driven by the "laundry list of all the things" she's learned about, including — most recently — roasting and canning peanuts.

What's the current state of your sector of the insurance market?

From the legal perspective, we have seen an uptick in advice work. There's so much uncertainty right now — AI,

global unrest, climate change, cyberattacks, you name it — and there's uncertainty about insurance, policies and claims.

How do you use, or think you'll use, AI in your job?

There's still worries about confidentiality and privilege and using AI systems, but I do use them myself for some tasks.

What's a problem that needs fixing in your sector?

Everything is a nail if you are a hammer. I am a coverage litigator. A lot of people in my field want to move to litigation quickly and for a lot of reasons that might not be the solution. There is a lot of room for pre-litigation, creative solutions and negotiations.

What did you want to be when you grew up?

I wanted to be a librarian. I worked in the law library when I was in law school. I was a reference desk librarian and I worked for a year between undergrad and law school at a law firm library. I have great respect for librarians.

Which destination is at the top of your travel bucket list?

I would love to go to Japan. The food, the culture — I think it is just so very different and I would like to experience that.

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SUSAN JOCK

33

Senior account consultant, business insurance
Marsh McLennan Agency, a unit of Marsh LLC
Dallas

Specializing in construction, Susan Jock handles renewal strategies and insurance programs for clients nationwide, negotiating with property/casualty insurers and keeping tabs on clients' changing needs. She began her college studies at the University of North Texas, where she took an insurance elective during her first semester with an "awesome professor" who ignited her interest in risk management.

What's the current state of your sector of the insurance market?

The market varies widely by location, coverage type and industry sector. Some coverages are stable with regard to rates and underwriting, while we're contin-

uously seeing increases in property and auto across the board. And cyber still, continuously, requires a more disciplined underwriting approach year over year.

How do you use, or think you'll use, AI in your job?

I have yet to use AI in my job. I do think it's in my future. Before I utilize AI I want to understand it more. The scale of AI's impact can be monumental with regard to productivity and efficiencies but also extremely detrimental if it provides false data or jumps to conclusions. I want to fully vet it before I utilize it.

How do you apply risk management principles in your personal life?

My husband drag races. He and his father have had this hobby all their lives. Every year they get a bigger motor and try to go faster. I would say I'm the chief risk officer of that crew and consistently strive for safety and no losses.

Favorite family tradition?

I have two daughters, who are five and four. We do a big scavenger hunt every Easter weekend and they thoroughly enjoy it, and I love creating the clues the night before.

What did you want to be when you grew up?

I actually wanted to be a Dallas Cowboys cheerleader.



SHERMAINE LIGGIONS

37

Vice president,
insurance manager
Bank of America Corp.
Charlotte, North Carolina

At a time when property/casualty insurance is in a crunch, Shermaine Liggions advises one of the largest banks in the country on what coverages are needed and how to manage insurable events as they show up on the radar. He loves the work because every day is different: "You are either looking at policies or responding to catastrophic events."

What's the current state of your sector of the insurance market?

It's still a challenging market. The lack of options in terms of flexibility and available markets, all this culminates into a persistently difficult market.

How do you use, or think you'll use, AI in your job?

Big data, of course, is integral to risk management. And we're increasingly dependent upon it. AI helps make sense of the hordes of data we capture. Still, it's incumbent upon prudent risk managers to identify and assess those findings.

What's a problem that needs fixing in your sector?

Stagnation. Insurance is old and outdated and slow to adapt to new ideas, approaches and perspectives.

How do you apply risk management principles in your personal life?

I just retracted an offer on a house because it was too close to a floodplain for my liking. Risk management is just going to be baked into everything you do.

What did you want to be when you grew up?

As a teen, I idolized Paul Robeson and I wished to follow in his footsteps to study and practice law. He eventually chose acting over law, and, ironically, theater was my undergrad major before switching to political science.

Which destination is at the top of your travel bucket list?

I have yet to explore the beauty of the African continent. I wish to do so. Particularly, I would like to visit Senegal, Kenya and Ghana.



ARIANE LIVAUDAIS

38

Associate vice president and account executive lead
Alliant Insurance Services Inc.
New Orleans

Ariane Livaudais' plans for medical school were eventually shelved after she was drawn first into the restaurant industry while living in New Orleans' French Quarter and, then, into the insurance business with a wholesale broker. In 2016, with three years of insurance experience, she was hired as the first employee in Alliant's newly opened New Orleans office. Today, she handles various commercial property/casualty accounts, from financial institutions to swamp boat tour companies.

What's the current state of your sector of the insurance market?

It's very much an uphill battle in terms

of placing anything coastal. Any property placement is a challenge. It has to be broken out, certainly no longer with one carrier.

What's a problem in your sector that needs fixing?

It's hard to keep up with who's writing what. We're a large agency and we place a lot of premium, but it can be a challenge to find (markets).

How do you apply risk management principles in your personal life?

I have always been a cautious person. I don't like to feel financial pressure, and I don't like to feel that things are outside of my control. I live in a state where my house could be swept away by the next hurricane, but I would be OK financially because I didn't buy a million-dollar home.

What is something about you that would surprise people?

I'm more of a homebody than people think.

What did you want to be when you grew up?

A vet or a doctor. I wanted to work with people, and I do that now. And I think I made the best possible choice.

Which destination is at the top of your travel bucket list?

Prince Edward Island. Any other country in Africa — I've only done South Africa.



AARON REISSNER

37

Executive underwriter
Technical Risk Underwriters,
a unit of Ryan Specialty Holdings Inc.
Austin, Texas

Unsure about his own path but inspired by his father's insurance career, Aaron Reissner decided to enroll in the University of Georgia's risk management and insurance program. After graduating in 2010, certain that he had found his calling, he worked for a surety underwriter before joining Technical Risk Underwriters in 2012 as a risk analyst. Named an executive underwriter in 2023, he specializes in builders risk insurance.

What's the current state of your sector of the insurance market?

The (excess and surplus lines) builders risk market has been in a hardening trend

since 2017. Recently, we've seen stabilization as new capital has entered the market to take advantage of the enriched rate environment.

What's a problem that needs fixing in your sector?

Access to lending has been a big issue in the construction space. Interest rates are one setback, but developers are also having to put up a lot more collateral to get a project completed. It's causing a lot of project delays and for some projects to get scrapped.

What is something about you that would surprise people?

Despite my client-facing role, I'm actually more introverted than I am extroverted.

Favorite family tradition?

We have an extended family. At Christmastime we make an effort to come together and share food from old family recipes and just be together.

What did you want to be when you grew up?

Like many young adults, I didn't know what I wanted to be. I knew I wanted to do something in business, I wasn't sure exactly what. It wasn't until I got to the University of Georgia that I decided to declare a major in risk management and insurance.

Which destination is at the top of your travel bucket list?

Anywhere in Europe. I love going there.



COLORADO ROBERTSON

39

Director of risk management
Mississippi State University
Mississippi State, Mississippi

Colorado Robertson joined Mississippi State University in 2021 as the school's first director of risk management. In addition to leading the risk management program, he teaches enterprise risk management. He arrived there from Louisiana State University, where he served as associate director of risk management and helped structure changes to that institution's risk financing program.

What's the current state of your sector of the insurance market?

We're facing a very, very tough property renewal this year. It's going to take a lot of work to find solutions for the long term.

How do you use, or think you'll use, AI in your job?

It helps us better communicate among all of our specialists with our contacts and departments. We're also using it to potentially help us better draft policies and procedures. We're starting to use it to look at data associated with our past losses and exposures.

What's a problem that needs fixing in your sector?

The perception of higher education was identified as the top risk among higher-ed risk managers recently. You see a lot of state efforts and a lot of federal conversations around the value and cost of higher education.

How do you apply risk management principles in your personal life?

Risk management makes you a much better strategic thinker because you think of all the options, and you can't turn that off when you go home.

What is something about you that would surprise people?

We have a farm. That typically surprises people.

Favorite family tradition?

Tailgating for college football games.

Which destination is at the top of your travel bucket list?

Northern Ireland.



SAMANTHA WARE

41

Senior resolutions analyst II, team lead
United Educators Insurance
Bethesda, Maryland

Samantha Ware began her career as a paralegal, intending to attend law school, but after developing an interest in internal employment issues while working in the general counsel's office at Amtrak, she found her calling at United Educators Insurance, which she joined in 2012. After starting in an entry-level claims position, she now leads a team handling claims related to the reciprocal risk retention group's general liability and educators legal liability coverages.

What's the current state of your sector of the insurance market?

United Educators has a steady retention rate. We're financially stable, and the

market appears to be stable.

How do you use, or think you'll use, AI in your job?

I hope we can use artificial intelligence to address the task-oriented things that we do, to allow us room to innovate.

What's a problem that needs fixing in your sector?

The effective transfer of knowledge across all levels and functions is a challenge. Because many of us find our way to insurance and grow by trial and error, we tend to focus on individual, rather than collective growth. The more we share our stories, the better we are at bringing others along to champion on this work.

What is something about you that would surprise people?

Growing up, my local dance studio was a home away from home. To this day, I can do a pretty mean time step.

Favorite family tradition?

At the end of each day, I ask my son, "What was the best part of your day, the worst part of your day, and tell me something you're grateful for."

What did you want to be when you grew up?

An orthodontist. I thought braces were really cool.

 **GALLAGHER BASSETT**

BUSINESS INSURANCE.

**BREAK
OUT** AWARDS
2024

**Congratulations to
Megan Nelson on her
2024 Business Insurance
Break Out Award**



**Megan Nelson
VP - Analytics
GB North America**



EVAN BAHS

28

Client advisor

Acrisure LLC

Detroit

When Evan Bahs graduated from Michigan State University, he wanted to go into sales but did not know where. Seeing how his grandmother had thrived as an insurance agent, he took a job in personal lines but moved to Acrisure in 2019 to pursue opportunities in commercial lines. One of his specialties is amusement and family entertainment centers, securing coverage for ax-throwing centers, go-kart tracks and more.

How do you use, or think you'll use, AI in your job?

If you are a business owner, there's quite a bit of data that goes into underwriting a policy, and we're stewards of that data.

We have AI that essentially can map the needs of our clients based on that data and then suggest the best solutions for those clients.

How do you apply risk management principles in your personal life?

It's hard to get out of risk mode when you're out of the office, so it's impossible to drive down the street and see something crazy going on without thinking, "I wonder how much insurance premium that would cost," or see something and think, "Man, that's hazardous."

What is something about you that would surprise people?

I'm a huge sports fan. I love Michigan State football especially, and I was an athlete in high school. It seems to surprise people when I tell them that I also was a big-time orchestra nerd, and I played the viola for seven years.

What did you want to be when you grew up?

When I was seven or eight years old, my parents bought me a book on marine biology or fish or something. I wanted to be a professional shark catcher.

Which destination is at the top of your travel bucket list?

My fiancé and I are going to St. Lucia for our honeymoon, so that is currently my No. 1.



REED KURTENBACH

27

Director of ceded reinsurance

SageSure Insurance Managers LLC

Chicago

Reed Kurtenbach became a management consultant at Accenture after graduating in mechanical engineering from Case Western Reserve University in Cleveland. His first project at the consultancy was working with Nationwide Mutual Insurance Co., and he remained on the insurance strategy track. In 2021, he joined SageSure, where he leads the team buying reinsurance for the company's insurers.

How do you use, or think you'll use, AI in your job?

AI can assist in assessing risk at an individual risk level, and I expect it to do the same when assessing portfolios, especially those with exposures that are constantly

changing like natural catastrophes. It'll play an essential role down the line in helping our underwriters assess property attributes to ensure they're rated.

What's a problem that needs fixing in your sector?

The insurance industry, especially on the catastrophe reinsurance side, is incurring rapidly growing losses from more modest-sized and frequent weather events. Those are especially challenging for catastrophe modeling. There was a tornado in Louisiana recently, which we haven't seen for quite some time, and that's an unmodeled event that needs to be brought back into modeling.

How do you apply risk management principles in your personal life?

One of the main attributes of being a good risk manager is adaptability. Of course, there's a lot that goes into risk management, but I'd say that the most applicable in my personal life is being able to make changes on the fly and come to a solution or outcome.

Favorite family tradition?

Christmas Eve at my grandparents' house with all my aunts, uncles and cousins. I have a large family, especially on my mom's side.

Which destination is at the top of your travel bucket list?

Tokyo.



MONIKA FOKAITE

34

Assistant vice president

Everest Insurance

Chicago

Monika Fokaite chose insurance as a career after completing a finance internship at an insurer while attending Illinois State University in Normal. She added some classes to make her insurance minor part of a double major. She first worked in claims but soon moved over to underwriting, and in 2018 joined Everest where she specializes in commercial casualty.

How do you use, or think you'll use, AI in your job?

I'm actually working on a project within Everest where manual inputs that underwriters are doing, which can take anywhere from 30 minutes to eight hours,

will be reduced to three minutes. We're still testing it, but it is going to change my life and my underwriters' lives. We're super excited about it.

How do you apply risk management principles in your personal life?

Risk management is something that's in my DNA at this point. I've been an underwriter for 10 years, I was in claims for two years, so I've seen all kinds of things happen.

What is something about you that would surprise people?

That English is not my first language. I grew up in Lithuania and moved here when I was 12. I lived in a town called Warsaw, Indiana, where there were not a lot of Lithuanian people, so I had to get into it and really embrace the U.S. and learn the language.

Favorite family tradition?

Back in Lithuania, celebrating Christmas Eve was a really big part of our family. My grandpa would dress up as Santa Claus and would come in from outside, and it was just a whole show.

Which destination is at the top of your travel bucket list?

Kenya. I've loved animals all my life and seeing them in their natural habitat would be really cool. I love to travel and I know I'll get there one day.



MATT LIVELY

35

Underwriting manager, large Americas property

Axa XL, a unit of Axa SA

Chicago

Matt Lively graduated with a degree in economics with financial applications from Southern Methodist University in Dallas and entered the insurance industry via Zurich North America's underwriting trainee program in his hometown of Chicago. He later moved to the insurer's Dallas office and earned a Master of Business Administration degree, before trying the brokerage sector at Lockton Cos. LLC. After two years, he joined Axa XL and later moved back to Chicago.

What's the current state of your sector of the insurance market?

We got hit hard and fast with a lot of dif-

ferent issues, from catastrophic exposures and losses to supply chain and COVID. That's in the rearview mirror to a certain degree, so some of the knee-jerk, abrupt changes have started to level out. It's still a bit tumultuous, but it has stabilized as compared with the last five years.

What's a problem that needs fixing in your sector?

One of the biggest issues that we focus on is the topic of valuation. We always want to focus on the values reported to us because, the way our policies are written, we indemnify up to replacement costs of a building. It's been a fairly important topic this past year, and I see its importance continuing into the future.

What is something about you that would surprise people?

I am an avid backgammon player. I love the strategy aspect of it, the chance — rolling the dice — and anticipating what the other person is going to do.

Favorite family tradition?

Thanksgiving. I'll usually cook my family's Thanksgiving turkey, so I like the cooking aspect, and it's also just a great time when you get friends and family together.

What did you want to be when you grew up?

I wanted to be an NHL player.



STEPHANIE MILES

35

Vice president, managing executive
McGriff, a unit of TIH Insurance Holdings LLC
Indianapolis

Stephanie Miles entered the insurance industry through a producer training program with what was then Regions Insurance Group. She joined McGriff when Truist predecessor BB&T Insurance Holdings Inc. bought Regions Insurance Group in July 2018. Prior to her current role, she was vice president, operations manager and commercial producer. She serves as chair of McGriff's Diversity, Equity and Inclusion Council.

How do you use, or think you'll use, AI in your job?

We're going to use it on a day-to-day basis from a processing standpoint. AI will also help us be better agents and

risk managers by providing us with the technology and resources needed to compete and service our customers, because they're using AI — if we're not, we're behind.

What's a problem that needs fixing in your sector?

How we train and recruit new talent is a huge hurdle to overcome and an opportunity for us to improve. Historically, insurance has not done a great job of recruiting from diverse pools of talent. I think it's about who you're bringing into the industry, and then how do you keep them there is the training piece.

What is something about you that would surprise people?

I'm a huge Harry Potter and Taylor Swift fan. I probably have more Harry Potter and Taylor Swift knowledge than the average insurance executive.

What did you want to be when you grew up?

When I was about 7, I wanted to be the president of the United States. I am one of five children, and I am the middle child. So, when I was growing up, I wanted to be the president so I could be in control.

Which destination is at the top of your travel bucket list?

South Africa.



EMILY MORAN

35

Vice president, commercial insurance manager
Chubb Ltd.
Troy, Michigan

Emily Moran found her start in insurance after graduating from Purdue University as a management and marketing major. She began on the wholesaler/MGA side of the business at Burns & Wilcox Ltd. as a commercial insurance underwriter and broker, which gave her a 360-degree view of the industry. After five years, she decided she really wanted to be in underwriting. She joined Chubb in 2018 as a property underwriter.

What's the current state of your sector of the insurance market?

I manage middle-market property and casualty here in Michigan. It's still a very dynamic marketplace. The craft and dil-

igence of underwriting are still essential to maintain a healthy and stable industry as a whole. What's most important in this space is still the relationships that we hold.

How do you use, or think you'll use, AI in your job?

I view AI as a helpful co-pilot for the work that we do in the insurance industry, and, from my perspective, as technology evolves it'll enable more insights into all aspects of the industry, including underwriting, claims, risk management, marketing. It's going to be a tool to help inform decision-making.

How do you apply risk management principles in your personal life?

I have two children, so I feel like every situation is mitigating risk from injury or otherwise.

What did you want to be when you grew up?

I wanted to be an engineer. My dad was an aerospace engineer. I always had a general curiosity — and still do — in how things work, how they're made and what makes things tick.

Which destination is at the top of your travel bucket list?

We've been trying to plan a trip to Italy for the last four years. It's definitely at the top of my travel list.



TOM MULLINS

36

Executive vice president
RT Specialty, a unit of
Ryan Specialty Holdings Inc.
Chicago

Tom Mullins grew up in a family of insurance professionals but was determined to do something different. While attending Illinois State University, though, he met with Debbie Babcock, associate director of the Katie School of Insurance and Risk Management. From there, his interest in excess and surplus lines took off. He joined RT Specialty in 2013 when the binding authority unit was in its infancy.

What's the current state of your sector of the insurance market?

It's been coined the golden era of E&S. We're not seeing the rate increases that

we have year over year so far this year, but I certainly don't see any carriers making concessions on rate year over year. We've reached a new baseline of what's to be expected from our markets going forward.

How do you use, or think you'll use, AI in your job?

AI is going to make the process more efficient and allow us to be able to transact more and more business. Additionally, it's going to bring some equilibrium to pricing. Working to harvest data at a much faster rate is going to allow insurance carriers to be able to price their risk more effectively and model for changes that we're seeing in weather and in the court systems.

How do you apply risk management principles in your personal life?

I am an incredibly risk-averse person. I just can't help myself. You walk through a mall and you see somebody spill a drink, and I immediately think, where's the person that's going to come and clean this up so they can avoid a slip and fall?

Favorite family tradition?

Thanksgiving, for sure. It's just a great time to have everybody come together.

Which destination is at the top of your travel bucket list?

Portugal.



MEGAN NELSON

30

Vice president of analytics
Gallagher Bassett Services Inc.,
a unit of Arthur J. Gallagher & Co.
Chicago

Thinking about how businesses prepare for risks and manage uncertainties is in Megan Nelson's DNA since both her parents work in disaster recovery and organizational resilience. She studied math, financial services and economics at Illinois Wesleyan University in Bloomington and completed two summer internships at Gallagher Bassett before being offered a job there in 2016.

What's the current state of your sector of the insurance market?

Businesses are facing many new types of risk. The pace of change continues to increase. If you're in analytics, or in the

innovation space, that opens up a lot of opportunity to help businesses face that uncertainty with confidence.

How do you use, or think you'll use, AI in your job?

AI is something that we've been using for a long time at Gallagher Bassett. It takes different forms. For a number of years, predictive model machine learning has played a big role in arming our frontline claims staff with decision support tools. That really helps to get the right resources involved with the right claims at the right time. This isn't anything new. With a lot of the buzz around generative AI, there's a tremendous opportunity there as well to impact the industry.

What is something about you that would surprise people?

I grew up in a very musical family. I've been singing in choirs since I was five years old.

What did you want to be when you grew up?

From a very young age I was really good at math, so I grew up thinking I'm either going to be a teacher or an engineer.

Which destination is at the top of your travel bucket list?

I have almost finalized making a trip to Antarctica later in the year. That'll be my seventh continent.



KENDALL PETYKIEWICZ 29
Senior vice president, client executive
Marsh LLC
Chicago

Kendall Petykiewicz began her insurance career with an internship with Marsh while attending the University of Michigan. She later considered work in finance or banking, but she said the connections she developed with the broker's employees "ultimately pulled me to accept a position."

What's the current state of your sector of the insurance market?
We're really in a time of a lot of change and transition and fluctuations. One of the big changes we're starting to see is just the increase in the importance and the usage of data technology and analytics.

How do you use, or think you'll use, AI in your job?
The industry in general is going to see a ton of AI being used for more administrative, back-end tasks like policy checking.

What's a problem that needs fixing in your sector?
We have a whole lot of very large prominent companies that have been around for a really long time, and with that comes old technology, old systems, old ways of doing things that take longer.

How do you apply risk management principles in your personal life?
I completely picked the perfect industry for myself because I tend to be risk-focused always.

What is something about you that would surprise people?
I'm named after Kendall-Jackson chardonnay.

What did you want to be when you grew up?
My entire childhood I was asked, "Are you going to be a writer and a journalist like your parents?" Because I didn't like people presenting me with that question nonstop, I just kind of went to the business side.

Which destination is at the top of your travel bucket list?
I would love to go somewhere in Asia.



BRIAN STOVSKY 32
Vice president, business development leader
Oswald Cos., part of Unison Risk Advisers
Cleveland

Brian Stovsky began his career in finance but a meeting with a mentor piqued his interest in insurance as a vocation. "Where I was able to succeed early was the fact that I had some transactional and M&A experience, and I had a network," he said.

What's the current state of your sector of the insurance market?
Demand is down because deals are down. It's more expensive to borrow money, therefore it's more expensive to buy companies. Coverages are not written as often because the deal volume is down, at least in the segment of the market that we operate in.

How do you use, or think you'll use, AI in your job?
Hospital systems and providers have never been great at billing. So, if there's a system where AI could help those claims and make sure there's no duplicate billing, that would seemingly be a very good use of AI.

What's a problem that needs fixing in your sector?
There's little transparency right now; there's a serious disconnect between the profits that insurance companies are posting and the rates that my clients are seeing.

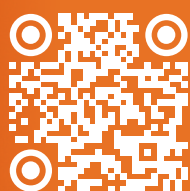
Favorite family tradition?
We're a Jewish family so every holiday we have the entire family (over). Not only family but friends who are family. My family considers a lot of people family. So our Passover seder was 40 people. My favorite traditions are just inviting anybody who needs a place to go.

What is something about you that would surprise people?
We love musicals. I'm a finance bro, but deep down I love theater and the arts.

What did you want to be when you grew up?
Easy. I wanted to be a professional hockey player. I played hockey my whole life, from the time I was 2 through college.

**Producer.
Agency Owner.
Break Out
Award Winner.**

 **Leavitt Group**



Hear about Blake Hollman's path to success made possible with ownership options and a thriving culture at Leavitt Group.



BLAKE HOLLMAN
LEAVITT GROUP OF
NORTHERN ARIZONA



MEGAN BENNETT

36

Senior vice president, small commercial business
International Catastrophe Insurance Managers
LLC, a unit of Victor Insurance Managers LLC
Boulder, Colorado

Megan Bennett spent the first part of her career with Progressive Corp. in analyst roles and in the homeowners insurance department, where she helped establish the company's comparison quote structure. Seven years ago, she joined ICAT as products manager for small commercial wind and now focuses on hurricane and earthquake catastrophe exposures.

What's the current state of your sector of the insurance market?

We've definitely been in a hard market for the last few years. We're starting to see some moderation to that — terms and conditions and rates are still at historic lev-

els, but the increases are leveling out a bit.

How do you use, or think you'll use, AI in your job?

We have some tools that our team uses to look at roof quality and score it, and that helps from an efficiency standpoint. I'm really excited about the potential to improve efficiency. AI can help supplement the underwriting process, but we really value that human element, especially for things that are less black and white.

What's a problem that needs fixing in your sector?

Rate adequacy is a big thing for us. To provide a sustainable long-term product, we need to make sure the losses are within reason, and the prices need to be adequate to cover those losses.

How do you apply risk management principles in your personal life?

A big focus at ICAT is on risk quality, and I apply that in my personal life, especially as I get older. I'm really focusing on fewer, stronger, better relationships.

What is something about you that would surprise people?

I've been scuba diving between tectonic plates in Iceland — it was really cold!

Which destination is at the top of your travel bucket list?

Patagonia.



SHANTELE CABIR

29

Senior vice president,
business insurance consultant
Newfront Insurance
Los Angeles

After starting her insurance career at 16 as a telemarketer for a small boutique brokerage, Shantelle Cabir went on to get her insurance license two years later. By the age of 24, she had a \$20 million book of business of blue-collar businesses. She joined Newfront to expand her client offerings and now focuses on helping her construction clients manage their risk and on bringing in new business.

What's the current state of your sector of the insurance market?

Property insurance is definitely a challenge, especially with all the issues that

we're having with climate and the homeless situation. That's also affecting the builders risk market, which has become very limited, too. We're also seeing a lot of carriers leave the auto market in California because they're not able to get enough rate to cover their expenses and their losses.

How do you use, or think you'll use, AI in your job?

I chose to work for Newfront when I did because of the tech-enabled focus that they have. They're pioneers and on the forefront of AI and insurtech on the commercial side.

What's a problem that needs fixing in your sector?

Some brokers get very comfortable, and it puts them in a position with a client where they think they don't need to review every year the coverages, endorsements and changes made to the business. ... As a broker, it's our job to be proactive.

What did you want to be when you grew up?

A teacher.



HEATHER HABES

38

Insurance coverage special counsel
Covington & Burling LLP
Los Angeles

Heather Habes, who graduated from the University of Southern California Law School, joined Covington & Burling in 2018 after holding positions at other law firms. She began her career working in various kinds of litigation, but for the past 10 years has focused exclusively on policyholder insurance coverage. She says she likes the creativity involved in finding ways to apply case law in insurance coverage disputes and the people with whom she works.

What's the current state of your sector of the insurance market?

The price of insurance is going up, and for that reason it's become more import-

ant for the companies that we represent to ensure the policies that they're purchasing have real value for them. Do the policies align with the actual operations of the client? Do they protect against the corporate risks that are keeping their risk managers up at night?

How do you use, or think you'll use, AI in your job?

I suspect that the way that it will infiltrate what I do is in litigating against insurers with respect to how they are using AI. My understanding is, a lot of folks in the insurance industry are relying more and more on AI to support their work, and it's important for the insurance industry to stay vigilant on AI and to ensure it is adjusting claims correctly.

What is something about you that would surprise people?

Growing up, my mom was an exec at Nike and we moved a lot, so I had lived in six different states by the time I was in 6th grade.

Favorite family tradition?

We like to go to Disneyland on or around my daughters' birthdays.

What did you want to be when you grew up?

A lawyer. I was hooked on mock trial in high school and the rest is history.



JIM HEINTZ

37

Assistant vice president,
middle markets underwriting manager
Zurich North America
Phoenix

Jim Heintz grew up in Tucson, Arizona, and graduated from Santa Clara University in California, with a business management degree. A friend of his father introduced him to the year-long associate training program at Zurich, and he has remained with the insurer for 14 years. He is middle markets underwriting manager for Arizona, New Mexico and Nevada and one of two managers for Southern California.

How do you use, or think you'll use, AI in your job?

AI can be a great tool to help support our underwriting claims and engineering

orientation. I still believe that the interpersonal relationships and interactions that we have today are what drive us, but AI can absolutely help us make smarter and quicker informed decisions when evaluating risk.

What's a problem that needs fixing in your sector?

We as an industry can always improve how insurance is thought of within the larger financial services sector. In order to attract talent moving forward we always have to come up with articulate ways to highlight the great things that the insurance sector does.

What is something about you that would surprise people?

I'm a Taylor Swift fan. A 37-year-old man might not be your typical Swiftie.

What did you want to be when you grew up?

I wanted to be a coach. My dad was a basketball coach, so I grew up in a gym, following his games around, and always thought I would go into that when I was grown up, which is why I've always explored, and sought to be in, leadership, because I view leadership as a coaching opportunity.

Which destination is at the top of your travel bucket list?

Probably Scotland, the birthplace of golf. I would love to go and play St. Andrews.



BLAKE HOLLMAN

Co-owner and vice president
Leavitt Group of Northern Arizona Inc.,
a unit of Leavitt Group
Cottonwood, Arizona

40

Blake Hollman, who had planned to become a physical therapist, worked as a banker after he was placed on a waiting list for graduate school during the 2007-2009 recession. He became a small-business specialist, which led to a position at Federated Mutual Insurance Co., and later moved to the Leavitt Group.

What's the current state of your sector of the insurance market?

The market is hardening, and it just makes it more important to sit down with my insureds and review their programs and risk management practices, because costs are going up and insurance is harder to

find. Many insurers are not offering the liability limits, umbrella limits, that they used to offer. It takes a lot more focus right now.

What's a problem that needs fixing in your sector?

Everywhere in our entire surrounding area is considered a fire zone risk and that means property insurance is incredibly difficult to find and place in northern Arizona.

How do you apply risk management principles in your personal life?

Just trying to limit distracted driving is one that I try to practice what I preach. I do my best, but I'm not perfect. I'm on the road so much it's hard not to conduct business on my cell phone.

What is something about you that would surprise people?

The Leavitt Group gave me this opportunity to lead 21 people. A lot of people had prior ownership and management experience, and I had neither.

What did you want to be when you grew up?

Through high school, I wanted to get into collegiate and, hopefully, Olympic wrestling.

Which destination is at the top of your travel bucket list?

Rome. I've been obsessed with Roman history since I was in high school.



RANDAL MAESTAS

Senior manager, corporate insurance
The Wonderful Co. LLC
Los Angeles

31

Randal Maestas studied risk management and insurance at the University of Colorado Denver. After an internship at Lockton Cos. LLC, he was hired by the brokerage. A couple of years later, a client led him to a risk management role. He joined The Wonderful Co., a privately held consumer products company, two-and-a-half years ago.

What's the current state of your sector of the insurance market?

We're coming off a 2023 of record profits for many of the insurance companies. We are optimistic that capital will flow into the market and increase competition, and so we're very focused on strengthening

the partnerships we have with our existing insurers, and then remaining opportunistic about improving programs.

How do you use, or think you'll use, AI in your job?

We've found it's helpful to augment research into specific topics in insurance and have also found it helpful in the analytic side of our function, where we can find new and creative ways to analyze risk.

What's a problem that needs fixing in your sector?

Pricing transparency can be an issue, where we often have a hard time validating that our pricing is at, or better than, the market. Relying on publications like *Business Insurance* or our partnerships with our brokers and the information that they publish helps to make sure we're optimizing our risk financing strategy.

How do you apply risk management principles in your personal life?

My wife and I are welcoming our first child, a daughter, in July, and I'm making sure that our home is safe for a newborn.

What is something about you that would surprise people?

I love restoring vintage furniture.

Which destination is at the top of your travel bucket list?

San Miguel Allende in Mexico.



ANDREW MAHONEY

President
CCIG
Englewood, Colorado

37

Even growing up around insurance, Andrew Mahoney never planned to join the industry. But after graduating from Hampden-Sydney College in Virginia, he started working at a wholesale brokerage in Chicago and fell in love with the industry. In 2014, he returned to Colorado to work in his family's brokerage business and is now responsible for CCIG's property/casualty, employee benefits and private client practice groups.

What's the current state of your sector of the insurance market?

The insurance brokerage distribution space is a fantastic place to be and there are opportunities for growth. It's

an industry that is very resilient, and in times of discrepancy or hesitation or concern, the insurance distribution models have all done very well.

How do you use, or think you'll use, AI in your job?

AI will have a huge involvement in our overall employee/client experience, but we are going to be very selective in the AI platforms and products that are out there and that we will leverage.

What's a problem that needs fixing in your sector?

It's an aging industry, and for someone like myself, I have a long road ahead of me. But there are not many of my peers who are in the insurance industry. We've done a really bad job of selling it to younger generations, and we're going to have to overcome that big time.

What is something about you that would surprise people?

I am more family-oriented than I think people see me in this role. I travel all the time, but I love my family and I protect that time as much as I can.

Favorite family tradition?

On Christmas Eve, my mom always serves a seafood dinner, which is funny since we are in Colorado. We have king crab legs and oysters — it's a fun place to be.



LINDSAY MOORE

Senior vice president
Amwins Group Inc.
Los Angeles

32

After an awe-inspiring visit to Lloyd's of London while on a summer internship abroad with the University of Southern California, Lindsay Moore realized she wanted to work in the insurance industry. Once she graduated, she studied risk and insurance at St. John's University in New York, where she then began her career. She later returned to Los Angeles and joined Worldwide Facilities, which Amwins acquired in 2021. Ms. Moore now leads a team of four casualty brokers and manages her own book of business with a focus on construction, product recall and environmental risks.

What's the current state of your sector of the insurance market?

Casualty is right in the middle of a hard and soft market. There's a lot of uncertainty right now.

What's a problem that needs fixing in your sector?

Something that really affects me and what I do on a day-to-day basis is how the insurance market is approaching wildfire, especially in California. There's just so much uncertainty, there's not enough capacity in the marketplace, and it's making it incredibly challenging to work on that class of business.

How do you apply risk management principles in your personal life?

I'm a calculated risk taker. With risk comes reward, and I have always maintained the mentality that there's a right way to approach taking risks and managing risks — personal, professional and social.

What is something about you that would surprise people?

I have about 10 family members in the insurance industry and at least nine of them work at Amwins.

What's your favorite family tradition?

Our family houseboating trips. It's our version of camping. We're stuck on a boat together for a week, and you have the lake in front of you and you're just spending time with the people closest to you.



ARIANA RICHTER

Broker relationship leader
Munich Re Specialty Insurance,
a unit of Munich Reinsurance Co.
Scottsdale, Arizona

Munich Re is the only employer Ariana Richter has had since she graduated from college 14 years ago and began working for the company as a summer intern in the human resources department. She now wears two big hats on the business side — handling client management for two broker partners with a combined \$850 million book of business and working with the delegated authority business for the specialty insurance programs unit.

What's the current state of your sector of the insurance market?
From a property standpoint, the market is starting to change quite a bit. ... Out

of London, we're seeing some capacity issues, and everybody wants access to Great Lakes (a Munich Re unit) paper, the Lloyd's of London market that deals with hard-to-place risks. In the U.S., we're seeing deductible issues but also capacity issues where catastrophes are happening.

What's a problem that needs fixing in your sector?
The talent gap. ... There is so much institutional knowledge in our industry that we may be losing as folks plan to retire.

How do you apply risk management principles in your personal life?
We have an 11-month-old son, our first child. My husband is also in insurance, and when we were looking for daycares or schools, we were literally underwriting the risk where we were visiting. It was wild.

What is something about you that would surprise people?
I was born in Argentina and am bilingual in Spanish. People look at me as a girl from Jersey, but I actually moved to the United States when I was 9.

Which destination is at the top of your travel bucket list?
Italy. All four of my grandparents were born there before they migrated to Argentina after World War II, and I have never been.



CHELSTIE TYSDAL

Associate managing director
Burns & Wilcox Ltd.
Los Angeles

Chelsie Tysdal says she's never looked back since joining the insurance industry 10 years ago, calling it the best-kept secret in business. Despite knowing nothing about insurance, she was offered a job with another wholesaler after her first interview. Fast-forward to today, and she oversees Burns & Wilcox's personal, professional and commercial lines business and manages her own commercial book.

What's the current state of your sector of the insurance market?
My team has a big focus on commercial property insurance, and, being in California, everything is a tough placement. Everything seems to be wildfire-exposed, and no carri-

ers are interested in coming into the California marketplace and providing solutions.

What's a problem that needs fixing in your sector?
We've had to do a lot of training of retail brokers on what information we need — what helps us be more successful in the marketplace. We want them to take a view of wholesalers as a partner and less of an access point. It's somewhat a relationship/partnership discussion with retail brokers but also providing the marketplace knowledge.

How do you apply risk management principles in your personal life?
If you're in risk management or somewhere in the insurance food chain, you're not necessarily jumping into any business side venture. It makes me much more cautious and risk averse, but it's a good thing because I think of the cost and obviously the exposures.

What is something about you that would surprise people?
I was a NCAA Division I athlete in college, and I spent six months living in Sweden playing and coaching softball.

Which destination is at the top of your travel bucket list?
Australia and New Zealand. I'm very interested in hiking and the outdoors and have come to acquire a taste for white wine.

Hats off to Stephanie Miles from your teammates at McGriff.

Congratulations to Stephanie on your well-deserved recognition as a 2024 Break Out Award recipient. We're proud of your accomplishment and how you represent McGriff. Your example inspires us all.



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2024 Property Insurance Survey

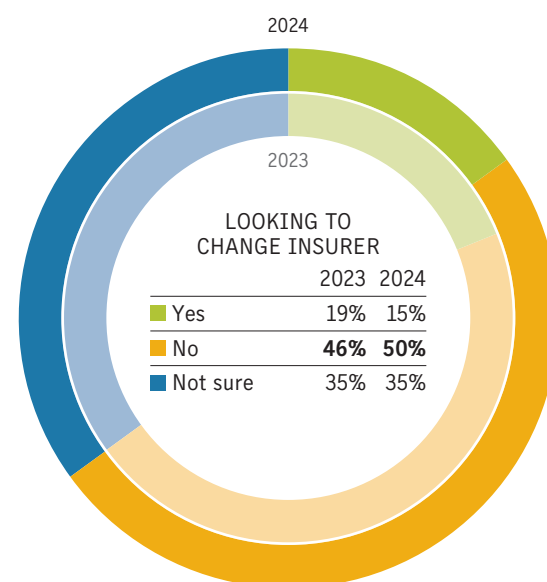
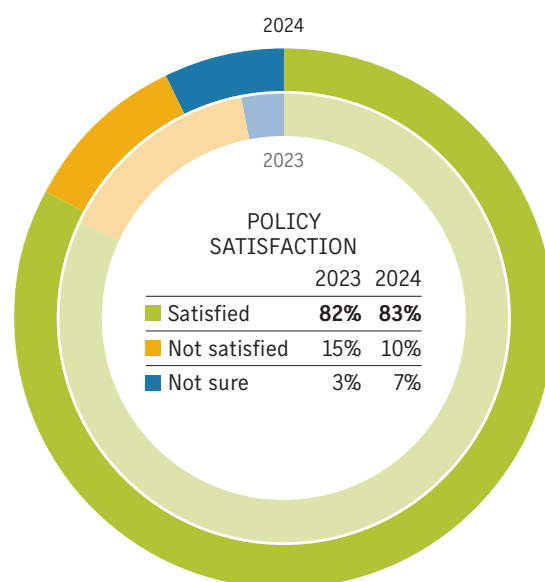
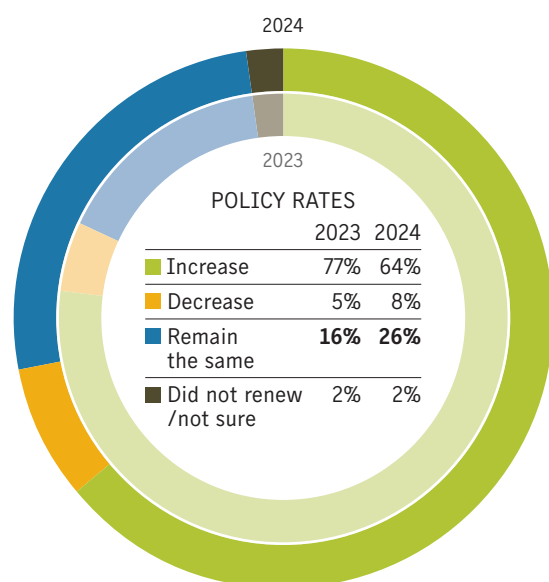
BY ANDY TOH
atoh@businessinsurance.com

Over a quarter of the risk managers who participated in this year's *Business Insurance* property insurance survey said they saw their rates stay the same at renewal this year, compared with only 16% in 2023.

Half of the respondents said they are not looking to change insurers, up from 46% last year, with about the same percentage of respondents indicating they are satisfied with their current policies. The last time respondents switched their property insurers was about 6.1 years ago on average.



RATES & SATISFACTION



Business Insurance commissioned Signet Research Inc. to conduct the annual online survey, which drew 423 responses. However, only responses from 120 risk managers and insurance buyers who are involved with insurance purchase decisions for their organizations were used in the report. The base used is the total answering each question.

FACTORS

Price, breadth of coverage, and value-added services remain the top three most important factors that will motivate risk managers to switch their policies.

PRICE 69%

BREADTH OF COVERAGE 66%

VALUE-ADDED SERVICES 37%

SERVICING TEAM MEMBERS 20%

NEW INSURER 10%

OTHER 4%

INSURERS

An average of 12.3 insurers participate in an organization's property insurance program, covering an average of \$2.5 billion in total asset value, with an average total premium of \$4.4 million. This compares with an average of 12.5 insurers covering an average of \$2.1 billion in total asset value at an average of \$4.8 million total annual premium in 2023. More than half (54%) of this year's respondents use only one insurer to cover all their U.S. properties.

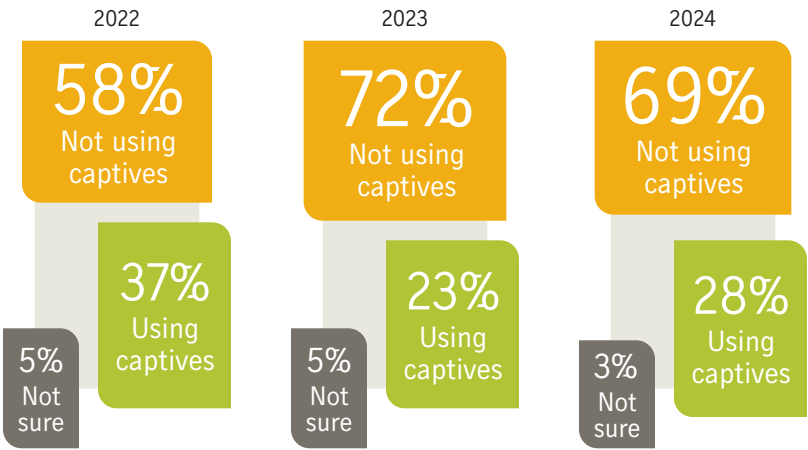
We use one insurer to cover all of our U.S. properties, and we do not have non-U.S. properties.	24%
We use multiple insurers to cover all of our U.S. properties, and we do not have non-U.S. properties.	21%
We use one insurer to cover all of our U.S. and non-U.S. properties.	16%
We use multiple insurers to cover all of our U.S. properties and multiple insurers to cover our non-U.S. properties.	17%
We use one insurer to cover all of our U.S. properties and different insurers to cover our non-U.S. properties.	14%
We use multiple insurers to cover all of our U.S. properties and one insurer to cover our non-U.S. properties.	5%
Not sure	3%

FM Global and American International Group Inc. are the top two insurers serving as the main property insurance policy providers based on this year's survey.

FM Global	15%
American International Group Inc.	13%
Travelers Cos. Inc.	9%
Zurich Insurance Group Ltd.	8%
Chubb Ltd.	7%
Berkshire Hathaway Inc.	5%
Lloyd's of London	5%
Allianz Group	4%
Liberty Mutual Insurance Co.	4%
Hanover Insurance Group Inc.	3%

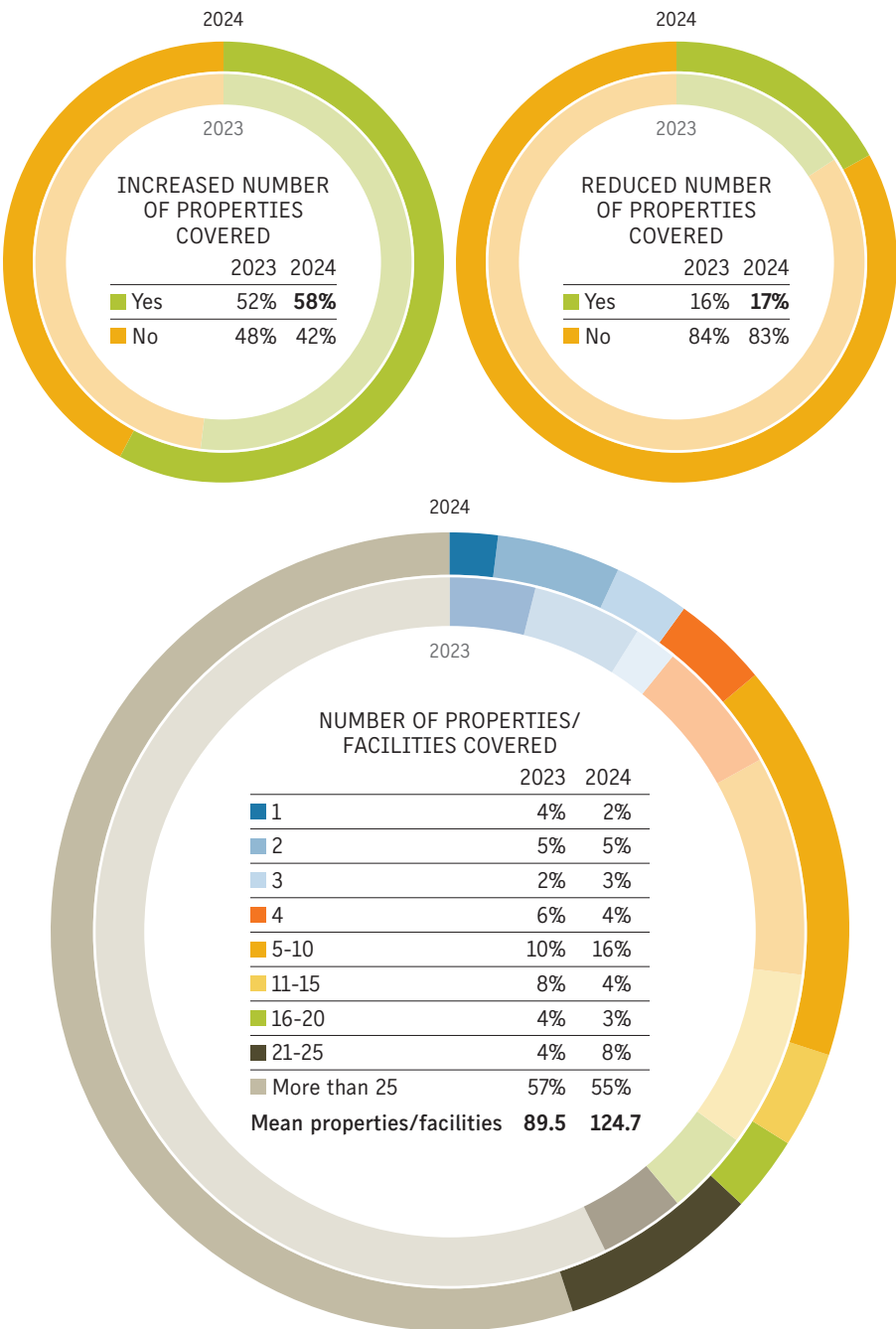
CAPTIVES

The percentage of respondents that use captives to insure some or all of their risks increased to 28% from 23% last year.



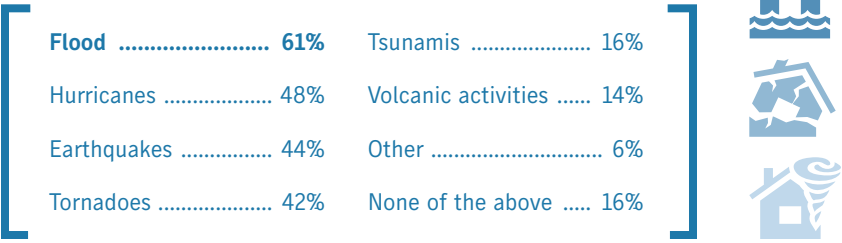
PROPERTIES COVERED

The percentage of respondents who said their organizations increased the number of properties covered under their property insurance program in the past year rose to 58% from 52%, while 17% said they reduced the number of properties covered. Overall, there is an average of 124.7, properties or facilities covered per property insurance program, up from 89.5.



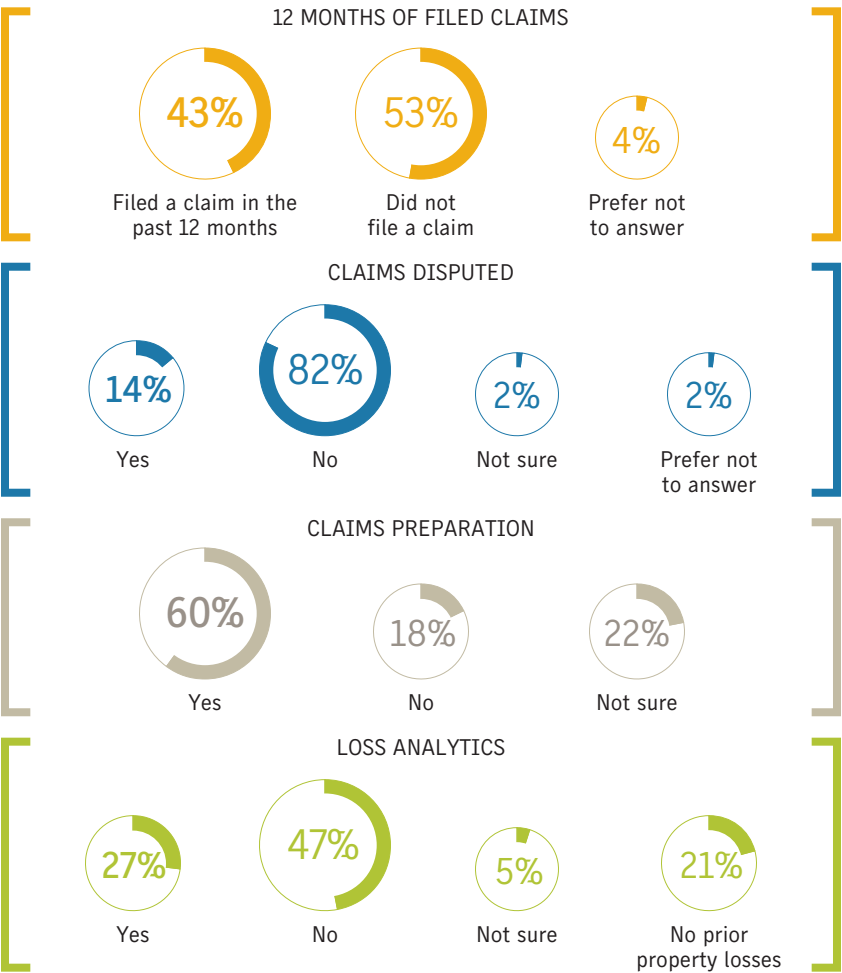
COVERED ZONES

Sixty-one percent of respondents said they have properties that are in flood-prone zones.



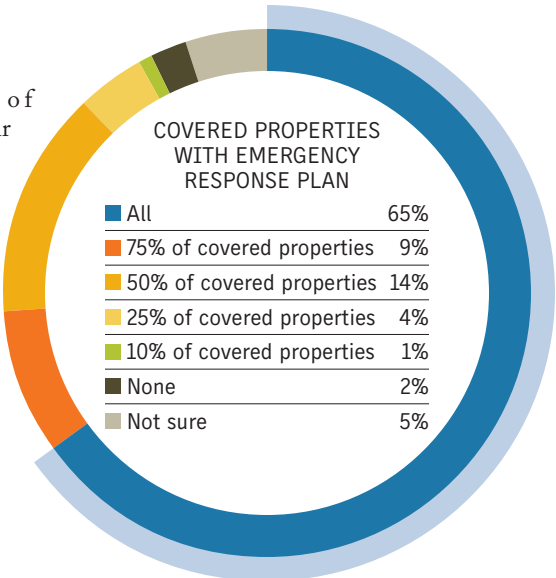
CLAIMS

In the past 12 months, 43% of respondents filed property insurance claims, with 14% indicating their claims were disputed. Sixty percent of respondents said their policies include cost of claims preparation; and 27% said they received analytics on prior property losses from their restoration partners.



EMERGENCY RESPONSE PLAN

Sixty-five percent of respondents said all of their covered properties have emergency response plans and their organization updates the plans on average every 1.9 years.





GENERAL & AUTO LIABILITY

Buyers adapt as commercial auto rates surge

BY MATTHEW LERNER

mlerner@businessinsurance.com

INSIDE

CAPACITY CONSTRAINTS

Brokers scramble to put together insurance programs as commercial auto liability insurers cut back limits amid rising losses. **PAGE 33**

LITIGATION FUNDING

A push for greater transparency around third-party litigation funding continues to grow, but opponents remain skeptical. **PAGE 34**

The commercial auto insurance sector continues to be hit by underwriting losses driven by physical damage claims and, to an even greater extent, higher liability awards.

A hiatus in the loss trend during the COVID-19 lockdowns only delayed a return to pre-pandemic headwinds for insurers, and combined ratios remain above 100% for the line.

Both physical inflation — the cost of repairs, parts and labor — and liability increases due to medical inflation and rising court settlements and judgments are driving the poor results, sources said.

"This isn't new. It's been a bad line for a long time," said James Auden, Chicago-based managing director of insurance at Fitch Ratings Inc. Commercial auto registered combined ratios above 100% for 12 of the past 13 years, with lower driving

rates during the pandemic providing the exception in 2021.

"The cost of repairs has increased, driven by both the increase in the pricing of parts and labor costs of skilled technicians," said Joni Cerbone, Oldwick, New Jersey-based senior financial analyst for A.M. Best & Co. On the casualty side, "the line is also seeing a significant impact from rising settlements and litigation, especially against large trucking firms," she said.



Insurers also see the growing liability challenges.

"We are seeing drastic increases in the number of attorney-represented claimants. Increases in frequency of litigation, coupled with a rise in litigation costs, increases in average settlements and overall third-party litigation funding, continue to be driving factors," said Kristina Talkowski, Pewaukee, Wisconsin-based senior vice president and leader of middle-market commercial lines at Nationwide Mutual Insurance Co.

"If you look at trends in commercial auto, they've been trending up every year for the last several years, and they're currently in the double-digit range."

Chris Kopser, Axa XL

Commercial auto continues to see rate increases because loss drivers have not diminished.

"Being able to get rate above a loss cost inflation trend is most important," said Chris Kopser, New York-based chief underwriting officer, primary casualty, Americas, for Axa XL, a unit of Axa SA. Axa XL's business includes large fleets with large deductibles, such as national retailers.

"If a carrier can't get rate above trends that means that their loss ratio is going to go up," he said, using an actuarial term that forecasts how much more a claim tomorrow will be worth than a claim today.

"You have to make sure you're charging enough to be able to pay that claim in the future," Mr. Kopser said. "If you look at trends in commercial auto, they've been trending up every year for the last several years, and they're currently in the double-digit range."

Large commercial policyholders "have balance sheets that they can take on more risk, and they do that through increasing deductibles. We do see quite a bit of that," he said.

Axa XL also offers structured solutions to help policyholders retain risk, "so they can actually fund it over a period of time, three to five years, and be able to absorb any loss that happens in that time with their own funding," he said.

Chris Demetroulis, Kansas City, Missouri-based managing director, transportation, for Arthur J. Gallagher & Co., said repair and replacement costs are much higher than in the past.

"All the technology that's available now and all the things that go into these vehicles" are more expensive than they used to be, he said, noting a passenger car bumper that was once a high three-figure dollar cost to repair may now be mid-four figures. Increased labor and training costs exacerbate the problem, he added.

While physical risk costs keep rising, they are "fixed costs," which increase steadily and can be reliably forecast, Mr. Demetroulis said. Far more challenging is the uncertainty on the liability side.

"You can have a claim that historically may have been \$500,000, \$750,000 or \$1 million now cost \$3 million, \$5 million, \$10 million, because of social inflation," Mr. Demetroulis said.

This has led to more policyholders taking on more physical risk. "The larger the client, the stronger the balance sheet. We

typically see more self-insurance on the physical damage," Mr. Demetroulis said.

The added risk can come in various structures, including a higher self-insured retention below the primary attachment point or policyholders retaining various layers higher up the coverage tower. "There are different ways that we can help ventilate some of that premium and put a little bit more risk on the table for the clients that are willing to take on risk," Mr. Demetroulis said.

Richard Rabs, vice president of risk management at waste management company Lakeshore Recycling Systems LLC in Rosemont, Illinois, said he has "briefly looked at some alternative structures" but has yet to use any. "I suspect down the road, we'll be looking at it more and more because we're going to have to be our own insurer," he said.

Stephanie McMullen, Blue Bell, Pennsylvania-based Mid-Atlantic regional technical resources director for USI Insurance Services LLC, said the broker's clients are looking at different equations and permutations of risk transfer to alleviate premium pressure. "If you were to retain X, this is where you could start to see some of the dollars on your premium line items really go down," she said.

"We are seeing customers take on more

"The larger the client, the stronger the balance sheet, we typically see more self-insurance on the physical damage."

Chris Demetroulis, Arthur J. Gallagher

risk through greater deductible amounts to help mitigate costs," said Nationwide's Ms. Talkowski.

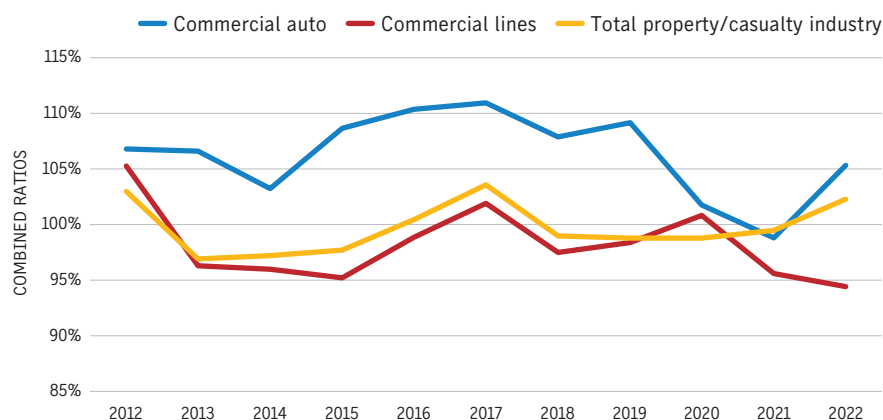
Policyholders "are also investing in bolstering their safety and loss-prevention efforts," Axa's Mr. Kopser said.

"We are working diligently to give our drivers all the tools and all the training that they need to succeed," Mr. Rabs said.

This includes telematics and video in the trucks and "moving more and more to automated systems," which alleviates the need for drivers to leave their trucks, he added.

"Agents and brokers should encourage their business owner clients to connect with their insurance carrier, which likely can help them with fleet safety program improvement, vendor partnerships for telematics," and training, Ms. Talkowski said.

U.S. PROPERTY/CASUALTY LINES OF COVERAGE — NET COMBINED RATIOS



Source: A.M. Best Co. Inc.

Brokers piece together programs as insurers reduce limits offered

As the commercial auto insurance market struggles to become profitable, one structural change that policyholders face is the shrinking line sizes offered by insurers, according to sources.

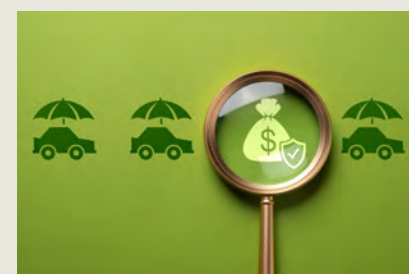
"I don't necessarily think that we have a capacity consideration, but we definitely don't have the limits being put up that used to be put up in prior years," said Chris Demetroulis, Kansas City, Missouri-based managing director, transportation, for Arthur J. Gallagher & Co.

Brokers now must cobble together

capacity from multiple insurers to reach desired policyholder limits, he said. Insurers sometimes jostle for position among attachment points in a given program, further complicating the process.

Insurers may offer capacity on condition of accessing a program at a certain attachment point, said Stephanie McMullen, Blue Bell, Pennsylvania-based Mid-Atlantic regional technical resources director for USI Insurance Services LLC.

Ms. McMullen said consolidation has also reduced capacity, such as when two underwriters, each offering \$25



million lines, merge and then only offer one single line subsequently.

Reinsurance, she added, is also a factor, with reinsurers sometimes saying they can no longer support some of the business they previously could. "So, it just trickled down, and it becomes really difficult to manage sometimes," she said.

Matthew Lerner

Insurers seek litigation funding changes

BY SHANE DILWORTH

sdilworth@businessinsurance.com

Disclosure of third-party litigation funding, which is routinely blamed for skyrocketing litigation defense costs and increased verdicts, could make the judicial system more efficient, advocates of disclosure regulations say.

Knowing that a lawsuit is funded could potentially streamline settlement negotiations because both the company's insurer and the litigation financier will have better assessed the value of the claim, they say.

But supporters of third-party funding say the industry helps individuals and organizations fight much larger insurers and corporations and disclosure would not affect the outcome of suits.

David Arick, president of the Risk & Insurance Management Society Inc. in New York, said that while plaintiffs can access a defendant's insurance information, including limits purchased, and target an amount to pursue in a lawsuit, the same is not true for the company on the other side of the dispute.

"We'd like to see disclosure occur so that you actually can identify who the parties of interest are in a piece of litigation," he said.

Disclosing the existence and identity of a third-party financier could change a company's strategy to resolve a suit, said Mr. Arick, who is also managing director, global risk management at Sedgwick Claims Management Services Inc.



Third-party litigation funding companies have proliferated in the United States over the past decade (see related story).

Only Indiana, Montana, West Virginia and Wisconsin have laws requiring disclosure of whether a third party is financing a lawsuit. Florida and New Jersey recently rejected attempts to pass disclosure laws.

Disclosure and discovery are the simplest ways to help litigants and the courts, said Washington-based James Whittle, vice president and counsel for the American Property Casualty Insurance Association.

"More importantly, courts are a part of government, not a marketplace. We should know who's involved and why.

The courts need to know that to do their jobs," he said.

Disclosure of litigation funding is necessary for the even-handed administration of justice, said Chicago-based insurance recovery attorney Scott M. Seaman, a partner at Hinshaw & Culbertson LLP.

The justification for allowing the disclosure of insurance coverage — enabling counsel for both sides to make the same realistic appraisal of the case — also applies to litigation funding, he said.

But Fiona Chaney, a senior investment manager at New York-based litigation financing company Omni Bridgeway Ltd., said the identity of a litigation funder is irrelevant and is protected by a nondisclosure agreement.

"By and large, the vast majority of requests for disclosure don't make it past the threshold test for relevance," she said.

Even if a finding of potential relevance is made, that information between clients and funders is protected under the nondisclosure agreement, and courts routinely uphold the attorney work

product doctrine — which protects some communications between lawyers and their clients — because the information is generated in anticipation of litigation, she said.

Increased losses

Mr. Seaman said litigation financing has "effectuated at least a small sea level change in the U.S. civil litigation system" by increasing litigation timelines, increasing defense costs, increasing the potential for more and larger verdicts, and reducing the incentive for plaintiffs to settle.

Those legal fees have led to higher liability losses for insurers (see chart). Higher claims costs can also reduce the availability of liability insurance and lead to higher uninsured legal liability risks for U.S. businesses, Mr. Seaman said.

Higher claims due to litigation funding can affect insurance costs, Mr. Whittle said.

"Anything that's going to negatively impact potential indemnity obligations is something that goes into the loss experience any insurer has. Loss costs are an elemental part of how insurance rates are determined," Mr. Whittle said.

Litigation funding is becoming more prevalent in commercial trucking, intellectual property and mass torts litigation, he said. For example, litigation financiers invested roughly \$2 billion in injury claims arising from contaminated drinking water at Camp Lejeune in Jacksonville, North Carolina, according to news reports.

Insurance recovery attorney Scott D. Greenspan, a member of Sills Cummis & Gross P.C. in New York, who has worked closely with litigation funders in the past, said policyholders view third-party litigation financing as beneficial because it "levels the playing field" for litigation against insurers.

"Anything that's going to negatively impact potential indemnity obligations is something that goes into the loss experience any insurer has. Loss costs are an elemental part of how insurance rates are determined."

James Whittle, APCIA

THIRD-PARTY FINANCING TREND HAS DEEP ROOTS

Third-party litigation financing has become a controversial issue in the U.S. court system over the past decade, but experts say it has a surprising history dating back to medieval England.

The practice was once prohibited by doctrines in common law known as "champerty" or "maintenance," which barred strangers to a lawsuit from providing funding in exchange for a financial interest in the outcome of the case.

James Whittle, vice president and counsel for the Washington-

based American Property Casualty Insurance Association, said third-party litigation funding as we know it began roughly 30 years ago in Australia before moving to other countries that practice common law, such as the U.S. and the United Kingdom.

"The idea of champerty and maintenance is no different from what we're dealing with today, and those are both forbidden in common law. You can find citations to them from as far back as the 1400s," he said.

Scott M. Seaman, an insurer-side

attorney at Hinshaw & Culbertson LLC, said litigation funding has gained traction as many states have abandoned or substantially limited their champerty laws over the past two decades.

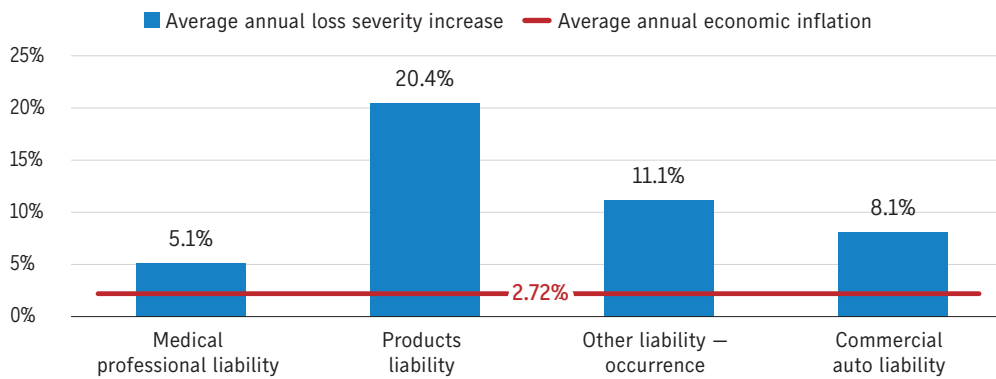
He said the momentum of litigation funding is unlikely to slow because "a return to the champerty doctrine is not expected."

Without regulatory change and as long as litigation funders are satisfied with their return on investment, they will continue to fund litigation, he said.

Shane Dilworth



AVERAGE ANNUAL LOSS SEVERITY INCREASE BY CASUALTY LINE OF BUSINESS (2013-2022)



Source: A.M. Best Co. Inc.

“From the policyholder’s perspective, it’s a fantastic tool because it allows cases to be brought against the insurance industry that their clients might not be able to fund,” he said.

“Some of the largest AMLaw 100 law firms charge more than \$1,000 per hour for mid-level associates, and legal fees can skyrocket quickly, discouraging all but the biggest companies from bringing insurance coverage litigation. Conversely, insurers can secure discounted rates from law firms because they are volume buyers of legal services,” Mr. Greenspan said.

The potential for disclosure rules would not affect third-party litigation financing and the practice is on the rise in many types of commercial litigation, he said.

Ms. Chaney said litigating funding is not

“fueling” large verdicts because reputable financing companies do not ascribe a “nuclear value” to a potential case from an underwriting perspective, and court awards are often reduced by the trial judge or on appeal.

“The most favorable outcome for a funder is a reasonable settlement on the merits of the litigation,” she said.

Mr. Whittle said that in addition to the rising litigation costs associated with the increased prevalence of litigation funding, there are growing national security concerns arising from foreign-based companies funding patent infringement suits against U.S. companies.

Mr. Arick said RIMS’ public policy committee is making the growing issue of third-party litigation funding, especially from foreign entities, one of its legislative priorities.

NOTICE

TO THE POLICYHOLDERS, CLAIMANTS, CREDITORS AND ALL OTHER PERSONS INTERESTED IN THE AFFAIRS OF R&Q REINSURANCE COMPANY (IN LIQUIDATION)

NOTICE IS HERBY GIVEN THAT:

R&Q Reinsurance Company (In Liquidation) (“R&Q”) was placed into Liquidation by Order of the Commonwealth Court of Pennsylvania, effective March 23, 2023 (the “Liquidation Order”). The Liquidation Order appointed the Insurance Commissioner of the Commonwealth of Pennsylvania as Statutory Liquidator of R&Q and vested him with title to all the property, assets, contracts, and rights of action of R&Q.

On March 26, 2024, the Liquidator filed in the Commonwealth Court of Pennsylvania an Application to Establish a Claims Bar Date for R&Q. On May 3, 2024, the Commonwealth Court entered an Order granting the Application and setting a Claims Bar Date of August 1, 2024.

Therefore, all persons who may have a claim against R&Q, against the Liquidator, her agents or representatives, or in any way affecting or seeking to affect any of the assets of R&Q, wherever or however such assets may be owned or held, directly or indirectly, must file a Proof of Claim by the Claims Bar Date of August 1, 2024, or the claim will be forever barred.

You may obtain a free copy of the Proof of Claim form by writing to Proof of Claim Department, Statutory Liquidator of R&Q Reinsurance Company, Pennsylvania Insurance Department, 901 North 7th Street, 3rd Floor, Harrisburg, PA 17102, or calling the Liquidator at 717-787-7823 or send an email to: ra-in-claims@pa.gov

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Pot's potential should be tested

The proposed reclassification of marijuana as a drug that should not be grouped with the likes of heroin and LSD has been a long time coming.

While the widespread use of marijuana as a recreational drug goes back at least a century in the United States, and it's been officially sanctioned by some states for medical use for decades, federal regulators have insisted that it be classified alongside the most dangerous of illegal substances.

That may change with the U.S. Drug Enforcement Administration saying it has started the process of moving cannabis from a Schedule I drug to a Schedule III drug under the Controlled Substance Act. There is still a way to go, but if the process plays out, marijuana would be classified in the same category as Tylenol with codeine — not a drug that can be used without significant care but also not one with a blanket ban on its use.

There is plenty of anecdotal and some scientific evidence that marijuana can help with numerous ailments, including providing pain relief.

Given the disastrous period when opioids were routinely prescribed for pain relief, it's no wonder that many injured workers and their medical advisers have viewed marijuana as a safer alternative that can ease discomfort without the same risk of dependency.



Gavin Souter
EDITOR

As marijuana's medical use has grown, several states have ruled that employers and workers compensation insurers should reimburse injured workers for the cost of using it. However, given the federal marijuana ban, many payers remain wary of the conflict between state and federal laws.

One of the most significant issues, though, as we report on page 6, is that the illegal status of the drug has restricted research on

it. Even though marijuana and its derivatives are available for legal purchase in many states, federal law has made it difficult for researchers to obtain significant amounts of the drug for research purposes and gain funding to conduct the research.

Without such studies, it's difficult to prove the drug's efficacy to the satisfaction of payers and many users or, on the other hand, obtain insights into its limitations or possible harmful effects.

Given the ease of access to marijuana and the lack of scientific research in the U.S., it's little wonder that it is touted as a cure for numerous conditions, often by people with questionable credentials.

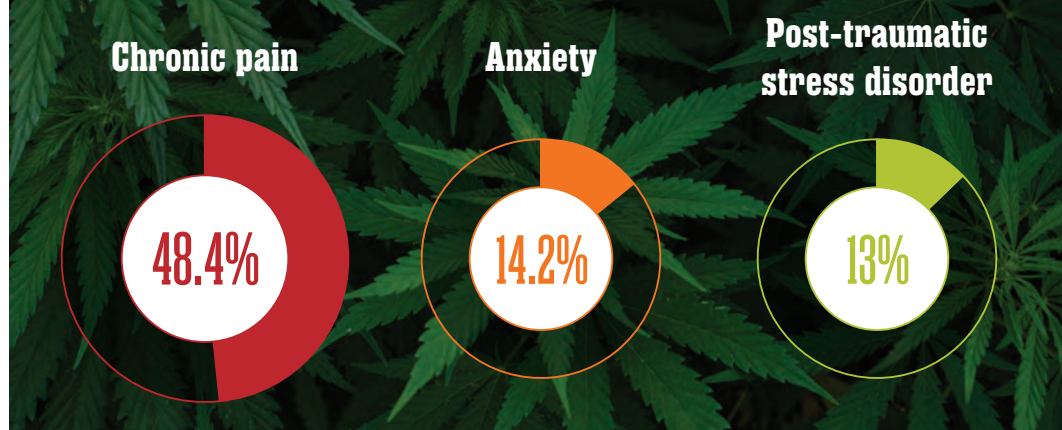
By reclassifying marijuana as a Schedule III drug, medical professionals should eventually be able to confidently prescribe it for any conditions it can help alleviate, determine the proper dosage, and provide advice and warnings on possible side effects.

The time is long overdue for medical marijuana to be scientifically accepted or rejected rather than remain in the realm of conjecture and hearsay.

MEDICAL MARIJUANA USE

According to a study published in the *Annals of Internal Medicine* in April, enrolled patients in medical marijuana programs across U.S. states and other jurisdictions increased 33.3% from 2020 to 2022. However, 13 of 15 jurisdictions that allowed recreational use showed decreased enrollment.

THE MOST COMMON AILMENTS THAT MEDICAL MARIJUANA WAS USED FOR WERE:



VIEWPOINT

AI's use destined to grow

BY CLAIRE WILKINSON

cwilkinson@businessinsurance.com

When people think of artificial intelligence and how it applies to the business world, many consider ways AI can automate day-to-day administrative tasks like notetaking, fact-checking and summarizing action items from meetings. Indeed, when asked how they use, or think they will use, AI in their jobs, many of this year's *Business Insurance* Break Out Award honorees profiled on pages 16-29 said they are using AI in this way. Others report specific use cases in the insurance and risk management sector.

Several honorees said they are incorporating AI into the underwriting process. AI can reduce the time underwriters spend manually inputting information to just three minutes. According to one winner: "It is going to change my life and my underwriters' lives." As underwriters seek more detailed data to better understand the risks and exposures their capacity backs, several honorees said AI can provide key insights on the risk profiles of businesses, identify risk characteristics, and inform underwriting decisions on how best to support policyholders. As it sifts through data at speed, AI can even pinpoint the risk transfer and retention options that best fit an organization — another game-changer for underwriters and brokers.

The potential benefits of AI extend beyond making the underwriting process more efficient. Several honorees suggested that AI could bring some stability to pricing. In the hard market of the past six years, underwriters have been faced with a deluge of data and piles of submissions, leading in some cases to backlogs and delayed completion of

renewals. While pricing has started to improve for buyers and market conditions have eased in many lines, it's encouraging to hear that with AI's ability to harvest data at a much faster rate, insurers will be better able to assess and price risk, and to model for changes in the evolving risk environment.

AI is also automating the claims process. At least one honoree said it is improving the industry's predictive analytics capabilities, providing claims staff with decision support tools so the right staff resources can be assigned to certain claims at the right time. This should reduce errors, help flag claims that may warrant further investigation, and prioritize those that need to be followed up. This can assist staff by freeing them to interact with customers, hopefully delivering better claims experiences.

However, the green light for AI comes with some caveats. Several honorees expressed caution, noting data privacy concerns, the need to be selective in the AI platforms and products used, and the need to vet the inputs and outputs of generative AI systems to guard against bias and so-called "hallucinations" where false or misleading information is presented as true. Relationships — at the heart of the insurance business — should remain at the forefront, they said.

If responses from this year's cohort of Break Out Award winners in the industry hold, AI will play a growing role alongside brokers, insurers and risk managers. Human interactions and connections will continue to blossom, and the ability to attract talent to the industry will, in part, depend on offering career opportunities that evolve with AI. Striking this balance, insurance buyers, too, should benefit from a much-improved experience.

Reimagining the claims ecosystem through digital transformation



Rohit Verma is president and CEO of Crawford & Co. in Atlanta.

The latest tools and technology have opened a whole new world of possibility and progress for the insurance industry, facilitating its transformation to one that is tech-enabled, groundbreaking, more efficient and attractive to a new generation of talent. One of the most exciting things about creating a sustainable and future-forward insurance industry is that it impels us to examine and reimagine not just our processes but the entire claims ecosystem.

Because claims are where we really touch the policyholder, they have a significant role in driving the reputation of the insurance industry. As a result, claims transformation is something that should be a priority for the entire sector. When used thoughtfully, technology gives us the unique capability to streamline our industry's processes without compromising the empathy component of what we do. As we embrace all of the possibilities of digital transformation, this is our time to shine.

There is an industrywide recognition that the claims process is where we have the biggest opportunity to make a difference in policyholders' lives. And that's true for better or worse — we can have a positive impact by helping them through difficult situations, but we can also have a negative effect by making difficult situations more complex.

This particularly resonates if you consider it from a policyholder's perspective; they may have been paying their premiums for months, years, or, in certain cases, decades before they have a claim, so when the moment comes that a loss occurs, it's imperative that we get the encounter right.

Having more omnichannel approaches to handling first notice of loss, or FNOL, is the first way we can achieve that objective. Multiple generations are filing claims, which means that having an ecosystem that can connect those generations is extremely important. Consider, for example, my own family; my daughter rents an apartment, we own our home, and my parents have their own house as well. All three of our generations would report a claim differently, and we each have different expectations of how we want to interact with a service provider — from my digital native daughter, who wants convenience and speed, to my parents, who may need a little more personalized handholding through the claims process. A good ecosystem can meet all of us where we are and with what we need.

The second consideration when reimagining the claims ecosystem is the importance of enabling inspections in multiple ways. Certain inspections may require

the services of a highly skilled adjuster, whereas others can be handled through self-service, allowing policyholders to do the documentation themselves. In certain cases, you may be able to send a contractor directly to a site to mitigate the loss. Deciding which path to follow for each claim is a very important process. Once that path is determined, ensuring that the policyholder knows precisely what's happening and what to expect going forward is another critical component.

These elements working together form the claims ecosystem — which includes inspectors, adjusters, contractors, the FNOL process and eventually the actual settlement of the claim. Until recently, outdated technology systems and manual processes have played an outsized role in that process. As we strive to bring those pieces together to build a much more effective ecosystem, new tools and technologies are the missing puzzle piece, offering compelling solutions to move claims faster so we can restore claimants' lives more quickly.



As an industry, insurance is largely made up of digital migrants — most of us started our work on paper — and it will require a mindset shift as we reimagine the claims ecosystem. In today's tech-enabled world, consumers can manage nearly all aspects of their lives digitally, from making purchases to taking care of banking and investments to reserving a table for dinner. This is often not the case when it comes to insurance. The fact that several studies, including a recent one from McKinsey, have shown that insurance as an industry has seen the least amount of operational efficiency should be a big wake-up call.

With a changing consumer mindset focused on ease of use and ubiquity of service, a traditional inefficient and analog service model is clearly not going to meet needs or expectations going forward. The claims experience is a great use case for thoughtful digitization, as it presents a

unique combination of fully automatable back-office functions and interpersonal service interactions that require empathy and a human touch. In other words, it's up to us to lead the way — a role we are ready and willing to embrace.

We've only just scratched the surface of finding ways to leverage digital transformation to drive our reimagined claims ecosystem, but what's already clear is that organizations that are comfortable with disruption will drive this evolution.

Digital tools can be leveraged to automate both complex data analysis and simpler, more monotonous tasks. In both cases, this saves valuable time that claims professionals can use to focus on the human element. We can also use artificial intelligence and machine learning today to examine FNOL data, resulting in a better triaging system and even making it possible to generate preliminary estimates for a human adjuster to review and refine. Automating these functions has enabled us to streamline our employees' jobs, making their workdays more productive and enjoyable and freeing them up to focus on delivering an empathetic experience for insureds.

But we can't stop there. Generative AI excels when it comes to automating responsiveness, making it a powerful tool to be used in customer experience interactions. Algorithms have been created to give detailed answers to policyholders' most frequently asked questions so that instead of providing a generic preloaded answer, our customer service tools can answer more specific questions with increased granularity. This enables customers to get quick, more personalized answers to questions without contacting their insurance providers. And just like that, we've improved the claims experience for those policyholders as well.

The need to revolutionize the claims process is pressing and immediate. Those of us who are comfortable with disruption need to think differently right now, modeling the kind of future-looking change that will carry us all into the next phase of our industry. Our peers are watching closely, and if our successes can set a new standard and inspire others in the industry to innovate, it will lead to a newly reimagined and vastly improved digitally enabled claims ecosystem.

Technological innovation and a disruption mindset can bring the industry into the 21st century, attract young talent, and vastly improve policyholder experiences. Digitization can also prepare us to handle a growing influx of claims driven by climate change and an increasingly complex global society. It's an exciting time for the claims industry.

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Victor expands capacity for US builders risk

■ Victor Insurance Managers LLC, a unit of Marsh LLC, said it has entered into an agreement with Berkshire Hathaway Specialty Insurance Co. to expand capacity for its U.S. builders risk and contractors equipment program.

Limits of \$8 million for frame and joisted masonry and up to \$15 million for noncombustible building projects will be available under the program.

Victor has also doubled the coverage maximum under its recently launched contractors equipment coverage to \$10 million.

Berkshire Hathaway Specialty has provided capacity for Victor's builders risk program since 2021.

Mosaic offering primary professional liability cover

■ Specialist insurer Mosaic Insurance Holdings Ltd. said it will offer \$15 million in primary professional liability coverage for unique risks for specialist engineers.

The new form offers dedicated core professional liability coverage with enhancements such as pollution, public relations costs and mitigation.

The form is designed for specialists serving a range of industries, including process, chemical, oil and gas, petrochemical, mining, nuclear, renewable energy, testing, defense, transportation and environmental, providing engineering and consultancy, design and build, project management, coordination and scheduling, program management and logistics services, Mosaic said in a statement.

Risks of all sizes will be considered, from multinationals to individuals working on a freelance project basis, and coverage will be offered to clients worldwide.

Limits will be preferably deployed in primary lead position, but excess placements also will be considered, the statement said.

Axa XL offering cyber compliance endorsement

■ Axa XL, a unit of France's Axa SA, introduced a cyber insurance endorsement providing public companies with dedicated coverage to address the costs associated with updated U.S. Securities and Exchange Commission reporting compliance obligations following a cyber incident.

The SEC's Cybersecurity Risk Management, Strategy, Governance and Incident Disclosure rule requires public companies to report a cyber breach in a Form



WTW, Ukraine insurer collaborate on war risks

■ Willis Towers Watson PLC launched a London-market-backed facility providing coverage for cargo and war on land risks in partnership with Ukraine-based insurer VUSO.

The facility is led by Lloyd's of London syndicate 3000, backed by Markel Corp., and can be accessed via VUSO or WTW's Ukraine operation.

Available limits for all risks cargo insurance and war on land coverage vary depending on the region where the shipments are, WTW said.

8-K within four days once they have determined that an incident is material.

Axa XL's endorsement provides dedicated coverage for the costs of investigating the breach, including legal fees for compliance and disclosure requirements such as the filing of an 8-K.

Axa XL has assessed the costs associated with the reporting requirements to be from \$25,000 to \$50,000 and is offering sublimits within that range, a spokeswoman said in an email.

Aon introduces suite of risk analytics tools

■ Aon PLC launched a range of tools intended to help organizations analyze risks and decide how to structure their insurance programs.

The broker-led analyzer tools are cur-

rently available in the U.S. for assessing and managing clients' property, casualty and health risks.

Cyber and directors and officers liability analyzer tools are expected to be rolled out later this year, Aon said.

The risk analyzer tools are free to Aon's clients, but there is a charge for risk financing analytics.

They are intended to help clients quantify their loss exposures and understand the tradeoffs between risk retention and risk transfer based on market pricing, said Joe Peiser, New York-based CEO of commercial risk at Aon.

Using the tools, brokers can explore program structures available in the market across insurance, reinsurance, alternative risk transfer and capital markets, Mr. Peiser said.

The tools are expected to be modified to be applicable in Europe, most of Asia Pacific and Latin America by the fourth quarter of this year.

Sedgwick adds global aviation claims services

■ Sedgwick Claims Management Services Inc. said it has added global aviation claims and adjusting services, headed by Robert McParlin, managing director.

Mr. McParlin was previously managing director, aviation, at Charles Taylor Adjusting. Ryan Smith, also previously with Charles Taylor, has been named deputy managing director.

Sedgwick will provide global support for handling aircraft hull, machinery and engine surveying in addition to managing liability losses for aircraft, fleets, manufacturers, airports, pilots, ground staffing and operations.

Marsh offers tax investment default cover

■ Marsh LLC has launched tax investment default insurance to cover defaults related to federal tax credits tied to U.S. renewable energy projects.

Tax investment default insurance was created to protect developers against the risk of default if a tax credit investor is unable or unwilling to fulfill its financial obligation after tax credits are generated.

The coverage is designed for renewable energy project developers that transfer future tax credits to investors, Marsh said in a statement.

Limits are "dependent on the investor and transaction," but Marsh can "meet the needs of most developers," a spokeswoman said in an email.

A-rated underwriters, including Everest Insurance Co., support the policy form, the statement said.

DEALS & MOVES

Ardonagh to buy PSC for \$1.5 billion

The Ardonagh Group Ltd. said it will acquire East Melbourne, Australia-based PSC Insurance Group Ltd. for A\$6.19 in cash per PSC share in a deal valued at A\$2.26 billion (\$1.48 billion).

Ardonagh will merge PSC's Australia and New Zealand operations with Envest Pty Ltd., which Ardonagh acquired in February 2023. Envest CEO Greg Mullins will oversee the combined operations.

PSC's U.K. operations will be merged into Ardonagh Specialty and Ardonagh Advisory, the London-based broker said in a statement.

Acrisure acquires UK-based brokers

Acrisure LLC said it made two acquisitions in the U.K., Financial and Credit Insurance Services Ltd. and Global Broking Solutions Ltd.

The two will join Acrisure's southern England region managed by Sutton Winson Ltd., Acrisure's largest U.K. acquisition to date, the broker said in a statement.

FCIS is a specialist credit insurance broker and surety bond broker based in Sevenoaks, England, the statement said.

Global Broking Solutions allows Acrisure to acquire a client base and book of business spanning areas in the southeast England, the statement said.

MedRisk agrees to buy Conduent claims business

King of Prussia, Pennsylvania-based MedRisk, which manages physical rehabilitation in workers compensation, plans to acquire Conduent Inc.'s Casualty Claims Solutions business.

The \$240 million sale consists of Conduent's workers compensation and auto casualty bill review solutions and services, which include the processing of medical bills and clinical services, and its portfolio of Strataware bill review software products, Conduent said in a statement.

USI acquires Texas-based broker

USI Insurance Services LLC said it acquired Odessa, Texas-based Hignojos Insurance Agency.

Terms of the transaction were not disclosed.

Hignojos provides commercial coverages including auto, general liability and surety in addition to employee benefits.

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“We are at an inflection point in the real estate and insurance markets, where we need to turn the typical insurance process on its side and find solutions to keep transactions moving efficiently and protect net operating income.”

UP CLOSE

Danielle Lombardo

NEW JOB TITLE: New York-based managing director, chair, real estate, hospitality and leisure division, Willis Towers Watson PLC

PREVIOUS POSITION: New York-based partner, chair, global real estate practice, Lockton Cos. LLC

OUTLOOK FOR THE INDUSTRY: After years of volatility in the property insurance market, coupled with a very challenging real estate market, property owners are begging for solutions to keep current deals afloat and manage long-term premium volatility. We are at an inflection point in the real estate and insurance markets, where we need to turn the typical insurance process on its side and find solutions to keep transactions moving efficiently and protect net operating income.

GOALS FOR YOUR NEW POSITION: My focus will be on driving client solutions and initiatives to automate workflow and provide the technology, analytics and support needed to provide white-glove service to the fast-paced real estate business.

CHALLENGES FACING THE INDUSTRY: Volatility in insurance pricing affecting real estate owners' ability to transact and accurately budget. Onerous lender insurance requirements.

FIRST EXPERIENCE IN THE INDUSTRY: I was a cold caller for a small agency out of Los Angeles. With no technical expertise, I went to my first prospect meeting, somehow convinced the business owner to sign a broker of record letter and two days later it was rescinded. I learned pretty quickly that I needed to educate myself about the industry and the process.

ADVICE FOR A NEWCOMER: The world of insurance is vast and is ripe for disruption. We need different thinkers and people with work ethic and grit.

DREAM JOB: Broadway actress. I did some acting and singing in L.A. when I was younger.

LOOKING FORWARD TO: Working with a community of people who are passionate about client service and innovation.

COLLEGE MAJOR: I didn't go to college. Started sales jobs right out of high school. I grew up watching my dad hustle. Sold Kinko's copiers on the side of the road and refurbished electronics.

FAVORITE MEAL: A big grassfed steak.

FAVORITE BOOK: “Twelve Hours' Sleep by 12 Weeks Old”

HOBBIES: I love health and wellness and spending time with my family.

FAVORITE TV SHOW: “Big Bang Theory”

ON A SATURDAY AFTERNOON: Dressing up as Cinderella with my 4-year-old daughter and doing outside chores with my 3-year-old son.

ON THE MOVE



Hank Watkins, president of Lloyd's Americas, will become executive director and associate dean of St. John's University's Maurice R. Greenberg School of Risk

Management, Insurance and Actuarial Science in New York, effective Nov. 1.



Adriana Scherzinger will become group head of captives for Zurich Insurance Group Ltd., effective Sept. 1. Zurich-based Ms. Scherzinger is currently head of alternative

risk solutions, U.S. national accounts, at Zurich North America. She succeeds Emma Sansom, who left Zurich in April.



IMA Financial Group Inc. named former McGriff Insurance Services Inc. executive **John Mizell** to the newly created position of director in IMA Houston's energy & marine practice. Mr.

Mizell most recently was executive vice president and energy & marine practice leader for McGriff's Houston office.



Ascot Group Ltd. promoted **Erin Osborne** to head of U.S. excess casualty. New York-based Ms. Osborne joined the insurer earlier this year as vice president,

Northeast. She was previously managing director for excess casualty at Nationwide Mutual Insurance Co.



AF Group appointed **Kriss Barronton** chief operating officer, a newly created role. Ms. Barronton had been automobile and international product line leader for San Antonio-based USAA Casualty Insurance Co.



Willis Towers Watson PLC named **Alex deLaricheliere** strategy and execution leader within the financial institutions and professional services industry division of

Corporate Risk and Broking, North America. Mr. deLaricheliere succeeds Carmela Inneo, who will retire from WTW in July. New York-based Mr. deLaricheliere previously was managing director at Marsh LLC.

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Woman targets self-checkout

Retailers knew there was the risk of some theft when they introduced self-checkout lanes — classifying such losses as “shrinkage” and saying some of it would be unintentional.

But a recent conviction hit the bull’s-eye.

A woman in California was found guilty after using Target’s self-checkout service to swipe over \$60,000 worth of merchandise during a one-year shoplifting spree involving more than 100 visits to the retail store, according to the San Francisco District Attorney’s office.

Aziza Graves, during her trips to the same San Francisco Target store in late 2020 and most of 2021, allegedly picked items from the shelves before she headed straight to the self-checkout counter, scanned her items, and paid a nominal amount, such as a single coin or bill, before exiting the store, and walking two blocks away to sell the loot.

Grocery managers order cleanup

Kroger Co. stands accused of checking out of paying overtime to workers by using overtime-exempt assistant store managers to work as cashiers, stock shelves and handle other routine jobs reserved for overtime-eligible staff during busy times.

According to the Cincinnati Enquirer, 1,500 assistant store managers are suing Kroger, claiming they had to work up to 60 hours a week so that the company could avoid paying overtime to other workers not legally exempt from the extra hours it needed to run stores.

“Although (Kroger) considers its ASMs to be ‘managers,’ ASMs are not responsible for true management functions,” according to the lawsuit.

Court documents indicate Kroger is in line to settle the case, the newspaper reported.



SOCCER LEGEND’S TEAM CALLS FOUL OVER COUNTERFEIT MARKETPLACE



British soccer star David Beckham’s clothing and accessories line is hoping to score millions from nearly 500 sellers of counterfeit clothing, watches, perfumes, sunglasses, video games, toys, soccer balls and other sports items peddled through massive online retail sites such as Amazon, eBay, Etsy, Temu and Walmart.

DB Ventures, which is in charge of Mr. Beckham’s business, filed two lawsuits in the United States against 492 sellers, mostly from Asia, claiming they acted “maliciously” to deceive buyers, according to the Spanish news site Marca.com.

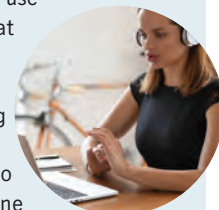
DB Ventures, in conjunction with its rights management company Authentic Brands Group, is seeking \$2 million from each of them. In April, Mr. Beckham’s team won \$300 million in a similar case against dozens of counterfeiters, according to the news outlet.

Social media for financial know-how

Social media is known for giving fans “hacks” for everyday life — how to marinate chicken, how to organize a sock drawer — and it looks like millennials and Gen Z are much more likely to use the financial tips that lie hidden between workout videos and recipes found during endless scrolling.

That’s according to a survey by the online insurance marketplace Policygenius, whose 2023 Financial Planning Survey of 4,000 Americans found that 62% of millennials, ages 27 to 42, and Gen Z, ages 18 to 26, have tried at least one social media “finance hack”.

The percentage of millennials and Gen Z-ers who would first turn to a professional for financial advice was far lower than that of older Americans. Thirty-nine percent of baby boomers and 27% of Gen X-ers said they would do so if they had questions, compared with just 18% of millennials and 15% of Gen Z-ers.



Workers putting AI to work: Survey

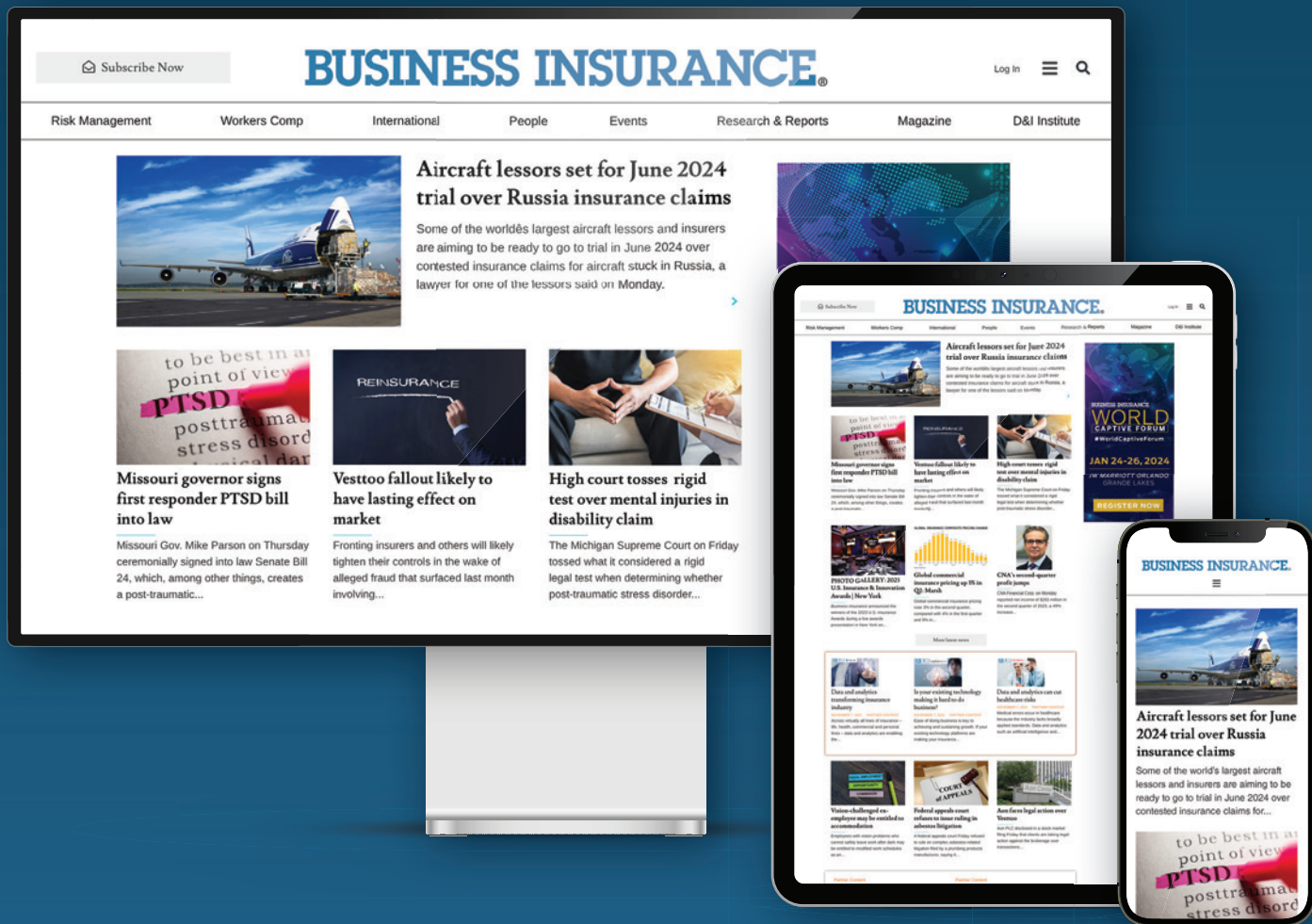
Companies might tread carefully when it comes to using artificial intelligence; meanwhile, workers have cannonballed into the new technology they say has made their jobs easier, according to a survey of 1,008 full-time workers.

Ninety-two percent of the respondents to the survey conducted by website development company HostingAdvice.com said they trust AI, 93% said they like to use it at work, and more than 1 in 10 said they wouldn’t be able to do their jobs without it.

The survey also found that 86% said their productivity increased with AI, and 16% said their employers were unaware of the use of AI to get tasks done. Meanwhile, 53% of managers encourage workers to deploy AI.

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