GLOBAL PROGRAMS: Risk managers carve out coverage to save premium - PAGE 4

BUSINESS INSURANCE®

www.businessinsurance.com

SEPTEMBER 2023

SPECIAL REPORTS

EXCESS & SURPLUS LINES MARKET

PAGE 46

TECH RESHAPES RISK MANAGEMENT

Commercial buyers tap insurtech offerings to improve processes, obtain alternative insights

PAGE 16

BUSINESS INSURANCE U.S. INSURANCE AWARDS Celebrating Today. Creating Tomorrow.

BUSINESS INSURANCE INNOVATION AWARDS

Profiles of the 2023 award winners

PAGES 21-45

It's not only where our global network stands.

It's what we stand for.

Our 172-country global network delivers the BHSI way: with policies backed by our top-rated balance sheet, the expertise of our dedicated multinational team, and a universal commitment to service excellence.

When you're going global, go with BHSI.

Berkshire Hathaway Specialty Insurance

www.bhspecialty.com

BUSINESS INSURANCE®

PRESIDENT
Steve Acunto
(Greenwich)
sa@businessinsurance.com

CHIEF OPERATING OFFICER
Stephen Acunto
(Princeton)
stephen@businessinsurance.com

PUBLISHER
Keith Kenner
(Chicago)
kkenner@businessinsurance.com

EDITOR
Gavin Souter
(Chicago)
gsouter@businessinsurance.com

DEPUTY EDITOR
Claire Wilkinson
(New York)
cwilkinson@businessinsurance.com

ASSISTANT EDITOR
Louise Esola
(New Orleans)
lesola@businessinsurance.com

NEWS EDITOR
John Obrecht
(Chicago)
jobrecht@businessinsurance.com

SENIOR REPORTER
Judy Greenwald
(San Jose)
jgreenwald@businessinsurance.com

REPORTER
Jon Campisi
(Philadelphia)
jcampisi@businessinsurance.com

REPORTER
Matthew Lerner
(New York)
mlerner@businessinsurance.com

COPY EDITOR
Brian Gaynor
(Portland)
bgaynor@businessinsurance.com

ART DIRECTOR
Jeremy Werling
(Cincinnati)
jwerling@businessinsurance.com

DIRECTOR OF RESEARCH, PLANNING AND INSIGHTS
Andy Toh
(Chicago)
atoh@businessinsurance.com

MAJOR ACCOUNTS DIRECTOR - NORTHEASTERN U.S. & INTERNATIONAL
Ron Kolgraf
(Boston)
rkolgraf@businessinsurance.com

HEAD OF EVENT SALES, REPRINTS & LICENSING
Susan Stilwill
(Nashville)
sstilwill@businessinsurance.com

VICE PRESIDENT OF MARKETING
Brian McGann
(Buffalo)
bmcgann@businessinsurance.com

VICE PRESIDENT OF DIGITAL MARKETING/COMMUNICATIONS
Jen Jonasson
(Chicago)
jjonasson@businessinsurance.com

DIGITAL AD OPERATIONS MANAGER
Zeina Alwafai
(Memphis)
zalwafai@businessinsurance.com

DIRECTOR, CONFERENCES & EVENTS
Brittany Collins
(Lafayette)
bcollins@businessinsurance.com

OPERATIONS DIRECTOR, CONFERENCES & EVENTS
Julie Ford
(Chicago)
jford@businessinsurance.com

MARKETING COORDINATOR
Jessica Evangelista
(Washington)
jevangelista@businessinsurance.com

SUBSCRIPTIONS & SINGLE COPY SALES
businessinsurance@omeda.com

COVER STORY

Risk managers, brokers and insurers are increasingly using technological tools in insurance procurement and risk transfer. While the cost and time involved in adopting the technology can be challenging, the investments will pay dividends going forward, experts say.
PAGE 16

INSIDE

BUSINESS INSURANCE
U.S. INSURANCE AWARDS
Celebrating Today. Creating Tomorrow.

6TH ANNUAL U.S. INSURANCE AWARDS

Business Insurance profiles the winners of its 2023 U.S. Insurance Awards, which recognize teams of insurance industry professionals in 10 categories. Also, Alan Jay Kaufman is featured as this year's Lifetime Achievement Award honoree. **PAGE 21**

BUSINESS INSURANCE
INNOVATION AWARDS

14TH ANNUAL INNOVATION AWARD WINNERS

Business Insurance's 2023 Innovation Awards recognize the best of the ever-evolving developments in services and technology. Winners comprise insurers, brokers, technology companies and more. **PAGE 37**

SPECIAL REPORT: EXCESS & SURPLUS LINES

The excess and surplus lines market is flourishing, as business continues to flow into the sector from standard insurance markets. **PAGE 46**

NEWS ANALYSIS

FOR BREAKING NEWS COVERAGE, VISIT
businessinsurance.com

GLOBAL CARVE-OUTS

Some multinational businesses are carving out certain lines of coverage from their global programs. **PAGE 4**

STRESS AND SAFETY

Worker stress and burnout are becoming major workplace risk factors for employers, experts say. **PAGE 8**

INTERNATIONAL

The Cyprus market is marked by a wide range of coverages available from sophisticated insurers. **PAGE 13**

PERSPECTIVES

Workplace hygiene can influence employee health, business health and the bottom line, writes David Wheeler of the Reckitt Global Hygiene Institute. **PAGE 59**

LEGAL BRIEFS

Recent court opinions **PAGE 14**

OPINIONS

Workplace stress exposures; cyber disclosure risk management **PAGE 58**

MARKET PULSE

Products, deals and more **PAGE 60**

PEOPLE

Insurance industry moves **PAGE 61**

OFF BEAT

Ever wonder what nuclear verdicts of the past would equate to in current dollars?
PAGE 62

VIEW FROM THE TOP

ALEX BLANCO

Alex Blanco joined Vantage Group Holdings Ltd. as CEO of its insurance operations in 2021, about a year after the specialty insurer and reinsurer formed. Prior to Vantage, he spent about 16 years at Axa XL, a unit of Axa SA, and its predecessor company. He discusses his strategy for growing Vantage's insurance business and the outlook for the market. **PAGE 15**

BUSINESS INSURANCE (ISSN 0007-6864) Vol. 57, No. 9, Copyright © 2023 by Business Insurance Holdings, Inc. is published monthly by Business Insurance Holdings, Inc., 1030 Lake Avenue, Greenwich, CT 06831. Accounting, business, circulation and editorial offices: PO Box 1010, Greenwich, CT 06836. Email businessinsurance@omeda.com to subscribe or for customer service. Periodicals postage is paid at Greenwich, CT. Printed in the USA. **POSTMASTER:** Send address changes to Business Insurance, PO Box 260, Lincolnshire, IL 60669.

Multinationals segment risks to fight rate hikes

BY CLAIRE WILKINSON
cwilkinson@businessinsurance.com

Some multinational businesses are rethinking their global insurance programs and carving out certain lines of coverage in a bid to save money as rate hikes and capacity constraints persist.

But buying coverage locally in a specific country or region in which a business operates, rather than a global program that covers its exposures worldwide, may lead to coverage gaps and more price volatility in the long term, experts say.

Global programs are generally the most efficient and cost-effective way to manage global risks, but after 23 consecutive quarters of rate increases, some buyers are looking to structure their programs differently, said David Rahr, Chicago-based global leader of multinational at Marsh LLC.

Multinational companies with global property programs including Asia may decide to carve out earthquake exposures in a country like Japan, where coverage is less costly, and buy local policies to increase limits, he said.

Property rate increases in Asia have trended at around 2% in recent quarters versus 4% to 8% in other markets around the world, Mr. Rahr said.

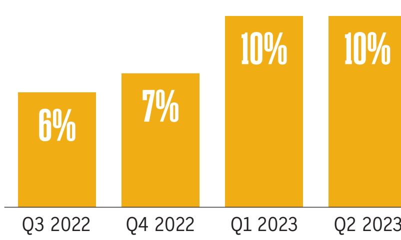
"We're seeing more and more clients take advantage of regional differences in terms of price," he said.

Large multinational companies are also retaining more risk and putting more business into captive insurers, experts said (see related story).

The property insurance market remains challenging, with constrained capacity and higher pricing, especially for catastrophic coverages, said Jared Hanner, Los Angeles-based executive director of the real estate and hospitality practice at Arthur J. Gallagher & Co.

Many multinational companies based outside the United States are carving out the U.S. specifically, Mr. Hanner said.

GLOBAL PROPERTY INSURANCE PRICING CHANGE



Source: Global Insurance Market Index Q2 2023, Marsh LLC

"Because they can't obtain the catastrophic coverages on their global program, they're willing to access U.S. markets," he said.

Another issue is that some excess and surplus lines insurers can only cover U.S.-based risks, Mr. Hanner said.

"Sometimes it makes more sense to carve out the U.S. to build up those higher capacity limits and cover the international separately," he said.

Carving out coverage based on price might be beneficial in the short-term, but "is it available next year?" said Steve Bauman, New York-based global programs and captives director, Americas, at Axa XL, a unit of Axa SA.

"In any given year maybe there's an advantageous price in a local market, but it could be very fleeting," he said.

Risk managers should scrutinize what coverage a local program provides versus what a global, coordinated program offers, because there can also be coverage inconsistencies, Mr. Bauman said.

At certain times in the market cycle, buying property coverage locally may come at reduced cost, said Manny Padilla, New York-based vice president, risk management and insurance, at MacAndrews & Forbes Inc. and a Risk and Insurance Management Society Inc. board director.

"There are definitely situations where you can carve out or completely exclude exposure in a global purchase and then pursue it locally. But the counter argument to that is global pricing really doesn't change that much," Mr. Padilla said.

Buying coverage on a global basis offers economies of scale, said Brian McNamara, Bermuda-based global head of captive solutions and regional head of multinational, North America, at Allianz Commercial, a unit of Allianz SE.

"There can be a little more freedom around premium allocation globally," Mr. McNamara said. If a global cyber program were to carve out a specific country or region, that might "push up the cost of the program," Mr. McNamara said.

Broader coverage can also be negotiated with a global program, which tends to be over and above what local markets can provide, he said.

If a policyholder has an underlying policy outside of a global program, often the language in the policy states that it will act as if the same amount of coverage was purchased under the master policy, said Andy Zoller, Dallas-based head of international programs for U.S. commercial insurance, at Zurich North America.

Global programs are typically structured with a master policy that sits over the worldwide risks for a particular company and individual local policies issued in the various countries in which it does business.

For example, if a policyholder buys $500,000 of liability limit in Mexico and it has a $1 million limit on its master policy, but the two are not coordinated, there might be a $500,000 gap, Mr. Zoller said.

"We're seeing more and more clients take advantage of regional differences in terms of price."

David Rahr, Marsh

"I wouldn't want to sit there as an insured and worry about that. I'd much rather have it all coordinated in one program," he said.

Difference in conditions and difference in limits clauses in master policies fill coverage gaps if local policies have different coverage terms, said Marco Hensel, Chicago-based underwriting lead at HDI Global Insurance Co., part of HDI Global SE.

GLOBAL BUYERS ACCESS CAPTIVES TO COORDINATE COVERAGE, REDUCE COSTS

Multinational businesses are increasingly using captive insurers alongside their global insurance programs to coordinate coverage across their subsidiaries and reduce their total cost of risk, experts say.

More multinational companies are forming captives, including in Asia-Pacific and Latin America, said Michael Serricchio, Norwalk, Connecticut-based managing director of Marsh Captive Solutions, a unit of Marsh LLC.

Some countries that experienced a lag in the hard market seen in the U.S. and elsewhere are now starting to see it, which is driving greater captive growth, Mr. Serricchio said.

Captives are being formed in smaller countries, such as Chile, Mr. Serricchio said.

Cyber, financial lines and directors and officers liability are some of the lines of business that are growing in multinational captives, said Brian McNamara, Bermuda-based global head of captive solutions and regional head of multinational, North America, at Allianz Commercial, a unit of Allianz SE.

Pricing and a lack of capacity in certain lines of business are driving captive growth, Mr. McNamara said.

An international program backed by a captive provides compliance across multiple countries and allows businesses to actively manage their risk, said Jason Tyng, Chicago-based lead of the U.S. captive solutions group at HDI Global Insurance Co., part of HDI Global SE.

"If you have a high enough risk tolerance you can leverage some of the cost from the increase in the international program and the market going haywire," Mr. Tyng said.

Cross-border exposures, such as supply chain concerns, are rising, said Steve Bauman, New York-based global programs and captives director, Americas, at Axa XL, a unit of Axa SA. "Businesses are trying to understand the business interruption of supply chain as it relates to their operations around the world," he said.

Claire Wilkinson

The best PROTECTION is EXPERIENCE.

Underwriting courage takes practice.

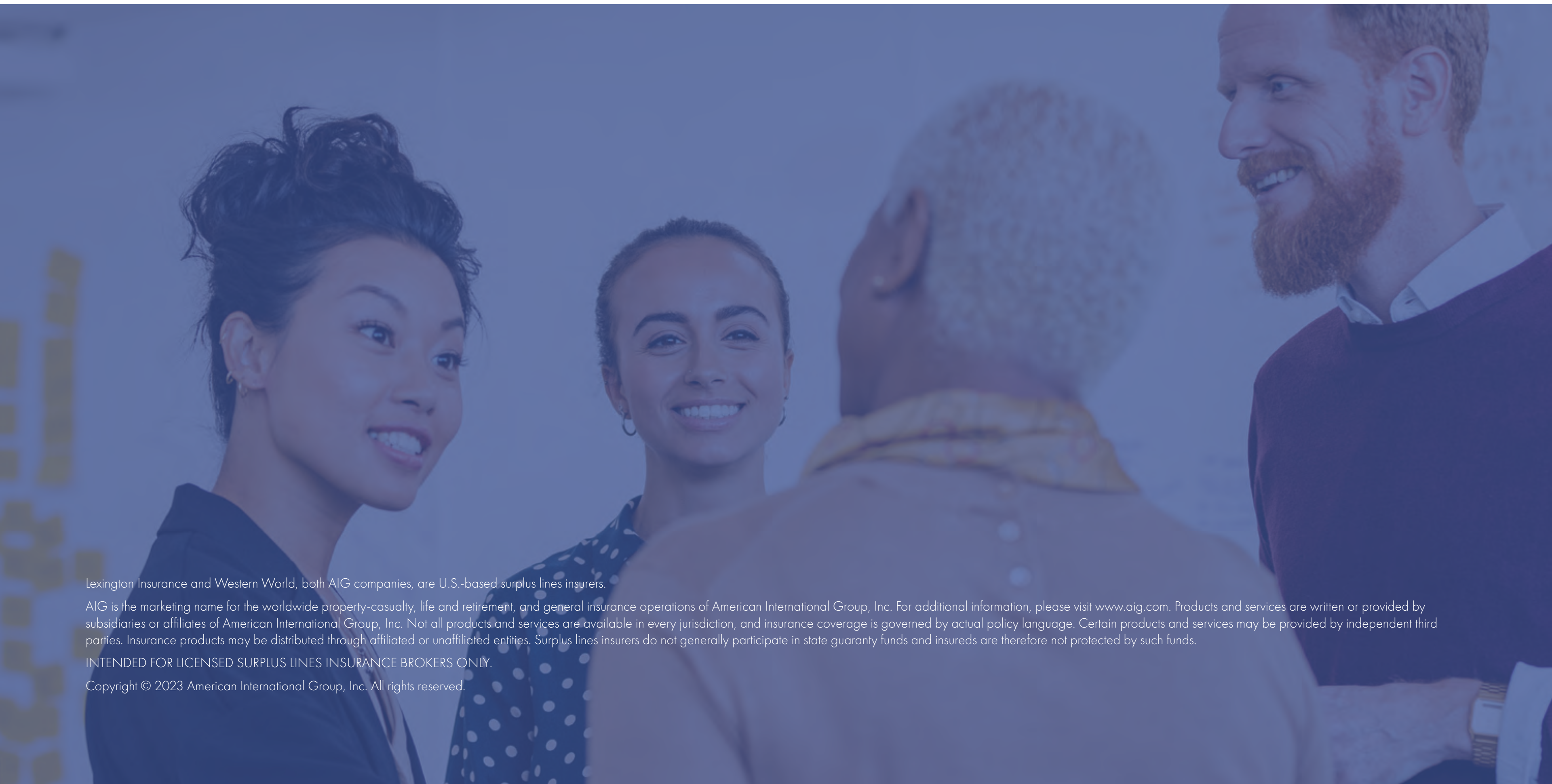
For over 50 years, we've built a legacy of expertise and market leadership. From Main Street to Wall Street, we optimize solutions across an array of risks.

Let's talk.

lexingtoninsurance.com/2023

LEXINGTON INSURANCE
An AIG company

WESTERN WORLD
An AIG company



Lexington Insurance and Western World, both AIG companies, are U.S.-based surplus lines insurers.

AIG is the marketing name for the worldwide property-casualty, life and retirement, and general insurance operations of American International Group, Inc. For additional information, please visit www.aig.com. Products and services are written or provided by subsidiaries or affiliates of American International Group, Inc. Not all products and services are available in every jurisdiction, and insurance coverage is governed by actual policy language. Certain products and services may be provided by independent third parties. Insurance products may be distributed through affiliated or unaffiliated entities. Surplus lines insurers do not generally participate in state guaranty funds and insureds are therefore not protected by such funds.

INTENDED FOR LICENSED SURPLUS LINES INSURANCE BROKERS ONLY.

Copyright © 2023 American International Group, Inc. All rights reserved.

Attacks on health care workers raise concerns

BY JON CAMPISI
jcampisi@businessinsurance.com

As attacks on health care workers become increasingly more common, workplace safety experts are calling on regulators and employers to better protect those caring for patients.

Incidents spiked during the COVID-19 pandemic amid understaffed medical facilities, increased substance abuse and an overall lack of mental health services, experts say. And although the issue is on the radar of federal and state lawmakers and regulators, some say change isn't happening fast enough.

"There's been a substantial rise over the past few years," said Mustafa Mufti, chair of the department of psychiatry at ChristianaCare Health System in Wilmington, Delaware.

Dr. Mufti points to pandemic-induced patient frustration, hospital staffing shortages, and increasing substance abuse rates all contributing, as is the broadening of the definition of violence to include verbal threats and intimidation. Biological factors, psychological factors and social factors all play a role, he said.

CARE WORKERS VICTIMIZED

Nearly half of health care workers experienced a workplace violence incident in the past two years, according to a survey by Premier Inc., a Charlotte, North Carolina-based health care improvement company. The June survey found that:

- **40% of health care employees** were victimized by violence.
- Violence most frequently targets **nursing staff**.
- More than half of all incidents were **perpetrated by patients**.
- Most incidents occurred while **enforcing organizational policy**.

Source: Premier Inc.

Restricted access for family members at hospitals during the pandemic also contributed, Dr. Mufti added.

"It's been a very high period of intense emotion," he said.

Akin Demehin, senior director of quality and patient safety policy for the Washington-based American Hospital Association, said nurses are the workers most often affected by workplace violence.

"Just given the flow of the work that happens inside of health care organizations, it really is nurses that tend to be in that uniquely vulnerable position," he said.

The U.S. Bureau of Labor Statistics reports that health care and social service workers experience the highest rates of injuries caused by workplace violence and are five times more likely to suffer a workplace violence injury than workers in all industries.

In the second quarter of 2022, there were 1,739 nurse assaults a month, according to South Bend, Indiana-based patient safety organization Press Ganey.

The assailants are often patients but also include family members, visitors and co-workers, according to Press Ganey.

An April 2022, National Nurses United survey showed 48% of hospital nurses reported increases in workplace violence, up from about 30% in September 2021.

The American Nurses Association reported that the most significant workplace risk for nurses this year has been stress and that as many as one in four nurses have been assaulted at work.

"Workplace violence in nursing is a longstanding issue that is unresolved," Ruth Francis, ANA senior policy advisor for nursing practice and work environment, wrote in an email.

Ms. Francis said a lack of consistent and accurate data is a major barrier to implementing effective violence prevention programs, especially in states without workplace violence prevention laws. Many nurses assume patient abuse comes with the job, so they choose not to report incidents, she said.

Priscilla Ross, senior associate director of federal relations for the American Hospital Association, said facilities are trying to address the concerns.

"The vast majority of our hospitals have implemented programs and interventions to try to address workplace violence," she said.

The Joint Commission, an Oakbrook Terrace, Illinois-based agency that sets standards for hospitals, implemented accreditation benchmarks for hospitals designed to address violence. They went into effect in January 2022 and apply to all Joint Commission-accredited health care facilities and critical access hospitals in the U.S.

The standards provide a framework for workplace violence prevention programs, including training and post-incident strategies.

The U.S. Occupational Safety and Health Administration has been trying to create a workplace violence in health care standard for years. An OSHA public comment period related to health care violence ended in July.

Attorney Wayne Pinkstone, with the Philadelphia office of Ogletree Deakins P.C., said the potential for an OSHA standard heightens the importance of the issue for employers and noted that some state laws already have compliance requirements regarding workplace violence (see related story).

There are also administrative controls that can be implemented, such as increasing staffing numbers and requiring workers to promptly report workplace threats, experts say.

Federal lawmakers are also working to address the issue.

One bill, to establish the Safety From Violence for Healthcare Employees Act, sponsored by U.S. Rep. Madeleine Dean, D-Pa., would establish criminal penalties for knowingly assaulting or intimidating hospital personnel, similar to existing measures related to assaults on airline workers.

The bill also calls for $25 million in grants for education and training for health care facilities.

"We have to lift up the issue and do what we can to protect health care workers," Rep. Dean said.

STATES PASS LAWS AIMED AT STRENGTHENING PROTECTION FOR NURSES

As workplace violence incidents against nurses rise nationwide, states are taking much of the lead on mitigation efforts.

Many states already require health care employers to conduct hazard assessments and implement security measures such as installing metal detectors, physical barriers and door locks to reduce exposures, said Wayne Pinkstone, an attorney with the Philadelphia office of Ogletree Deakins P.C.

Eleven states have laws requiring health care employers to establish workplace violence prevention plans, according to the U.S. Occupational Safety and Health Administration. They are California, Connecticut, Illinois, Louisiana, Maine, Maryland, Nevada, New Jersey, New York, Oregon and Washington.

The rising workplace violence against nurses spurred the passage of Washington state Senate Bill 5454, which makes post-traumatic stress disorder a compensable occupational injury for nurses. The law takes effect in 2024.

Katharine Weiss, director of government affairs for the Washington State Nurses Association, said advocates brought the issue to legislators' attention last year after several members were diagnosed with work-related PTSD but were denied workers comp benefits.

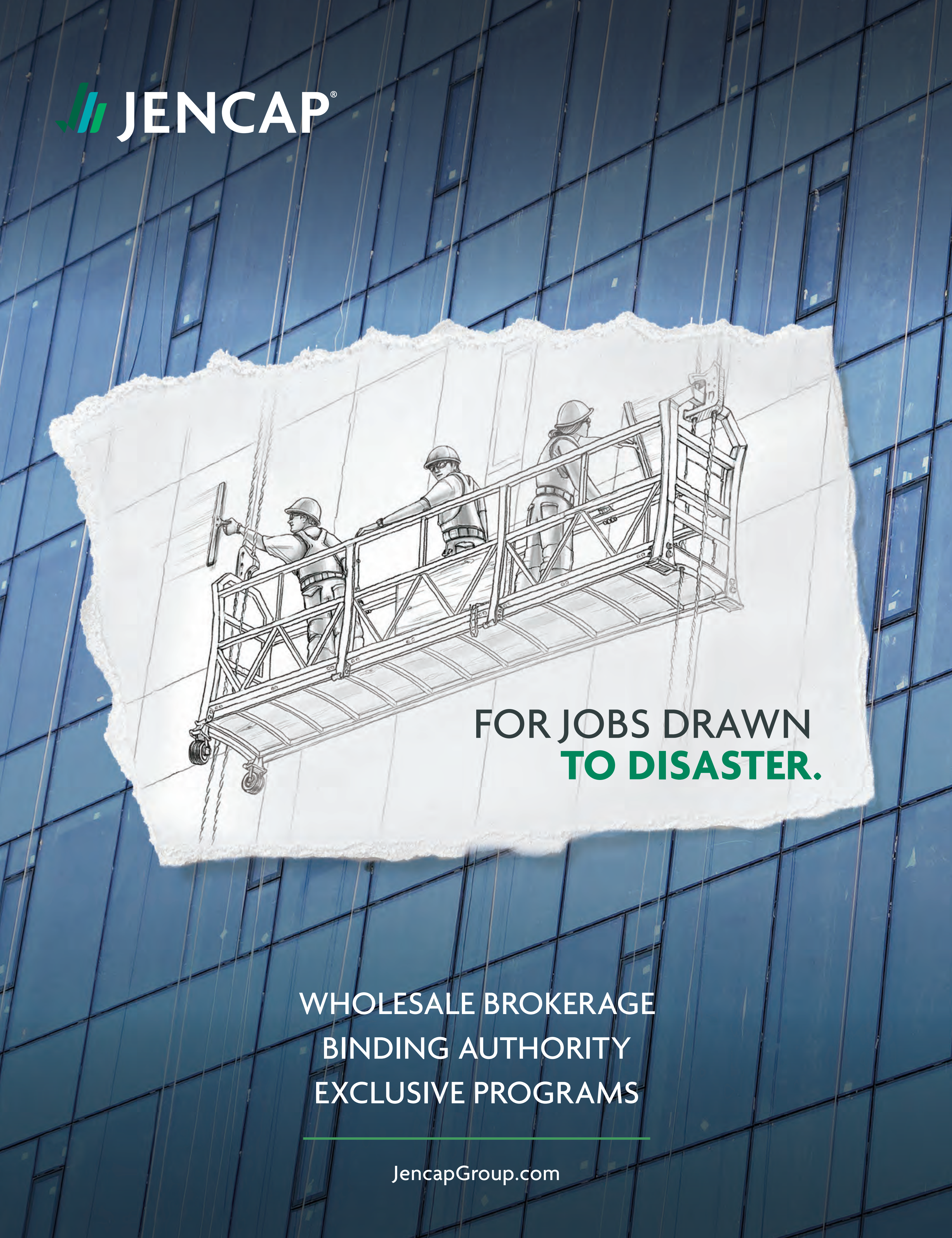
"It just really put a microscope on those already pre-existing issues, like short staffing," she said.

In 2020, Pennsylvania state Sen. Maria Collett, who is a nurse, cosponsored a bill that was signed into law that permits nurses to leave off their last names from work ID badges to prevent stalking.

In June of this year, Pennsylvania legislators filed H.B. 1088, which would require hospitals, long-term-care nursing facilities and home health care agencies to develop workplace violence prevention committees to better protect employees.

"Physical violence and verbal aggression in the workplace are never OK, but in a health care setting, this has the potential to compromise the quality of care and safe staffing levels," said Pennsylvania state Rep. Ben Sanchez, a supporter of the bill.

Jon Campisi


JENCAP®
FOR JOBS DRAWN
TO DISASTER.
WHOLESALE BROKERAGE
BINDING AUTHORITY
EXCLUSIVE PROGRAMS
JencapGroup.com

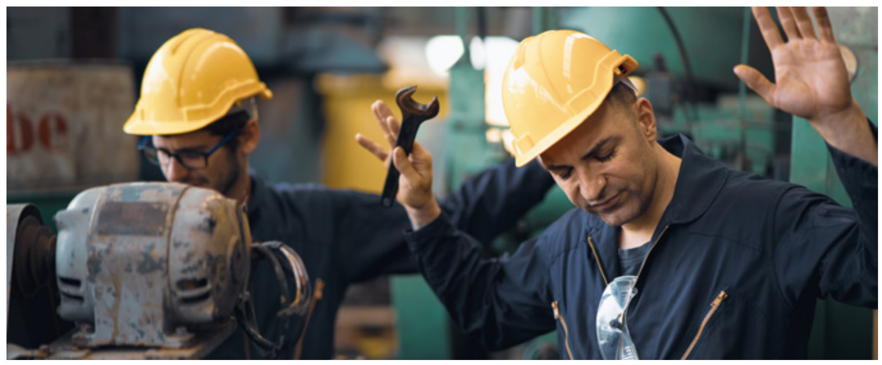
Stress, burnout raise worker safety concerns

BY LOUISE ESOLA
lesola@businessinsurance.com

Longer work hours, higher demands and understaffing have made stress and burnout risk factors for employers, and experts say such mental health issues may be making workplaces less safe.

"When there's pressure for production … and things have to get done because there's a deadline, people may cut corners on safety," said Paul Landsbergis, an associate professor in the Department of Environmental and Occupational Health Sciences at SUNY Downstate Health Sciences University in Brooklyn.

Workplace stress is affecting many industries, including construction, warehousing, health care, transportation and manufacturing, where injuries can run the gamut from amputations and falls to poor ergonomics and muscle sprains, all of which have seen mental stress as a contributing factor, experts say.



An average of 65% of U.S. workers surveyed annually from 2019 to 2021 characterized work as being a "significant" source of stress, according to the American Psychological Organization.

Under stress, workers "do things in a hurry, like not put the guard back on the machine, and that's a way in which accidents and injuries can happen," said Mr. Landsbergis, who also advises the National Council for Occupational Safety and Health.

John Dony, Itasca, Illinois-based vice president of workplace strategy for the National Safety Council, said stress is often a factor when studying root causes of accidents.

"Stress and fatigue, particularly at extreme levels, can cause irritability, lack of focus, increased reaction time and decreased capacity for analysis and decision-making," he said. "All of these symptoms can have indirect and direct effects on safety and incidents, and typically turn up as underlying causal factors when organizations analyze events for lessons learned."

Even poor ergonomics have been connected to stress, said Jonathan Rosen, an industrial hygiene consultant with AJ Rosen & Associates LLC in Schenectady, New York.

Mr. Rosen pointed to the Washington Department of Labor and Industries' case against Amazon.com Inc., which is accused of overburdening workers with quotas and surveillance, leading to ergonomic injuries. Amazon contends it has safety programs in place.

"These are psychological stressors that can cause people terrible physical stress," Mr. Rosen said.

Psychological stress as the injury itself is also showing up in workers compensation claims (see related story).

Experts say the connection to safety is clear and the Occupational Safety and Health Administration in May launched a web portal to provide employers with information on stress, which it says is affecting many industries.

"As we recognize stress, increasingly and especially in the last several years, OSHA wants to make sure that employees are protected," said Daniel Birnbaum, an associate in the Chicago office of Seyfarth Shaw LLP, which represents employers.

However, employers are most likely shielded from citations for stress, Mr. Birnbaum said. "At this point, it would be very difficult for OSHA to engage in any sort of enforcement action against companies based on workplace stress."

"There's no specific standard that applies," he said, adding that OSHA would have to use the catch-all general duty clause to fine an employer for an unsafe work environment, which "would be an uphill battle" for the agency.

Mr. Dony said employers that recognize the connection between stress and accidents will have a better chance of avoiding incidents.

"It's important not to think of these factors as the fault of the human. Employers must design systems that address these factors and/or create capacity to fail safely when physical and psychosocial risk factors do come into play," he said.

Les Kertay, Chattanooga, Tennessee-based senior vice president for behavioral health with workers compensation services provider Axiom Medical Consulting LLC, said employers will not be able to remove all stressors — and he said that's not a bad thing because stress can keep workers alert to dangers.

Yet, Mr. Kertay said, "at a certain point, you get stressed enough that you start paying more attention to internal stimuli, like how you're feeling on the inside, and you begin to pay less attention to the outside world. That makes you more accident prone. As stress increases, we tend to be less attentive to our environment."

WORKERS ARE STRESSED

According to an April 2023 survey of 2,515 workers conducted by the American Psychological Association, **77%** reported experiencing work-related stress in the previous month. **Fifty-seven percent** said they were experiencing negative impacts because of work-related stress associated with workplace burnout such as:

31%	Emotional exhaustion
26%	Didn't feel motivated to do their very best
25%	A desire to keep to themselves
23%	A desire to quit
20%	Lower productivity
19%	Irritability or anger with coworkers and customers
18%	Feelings of being ineffective

Courts compare workers with peers when adjudicating burnout claims

Several states accept workers compensation claims for stress, yet such mental claims are often denied due to one caveat: The stressor must be greater than that which workers in similar positions face.

Two recent cases in New York highlighted the complexity.

In case *No. 535539*, decided Aug. 3 by the Appellate Division of the Supreme Court of New York, Third Department, an insurance company auditor quit her job and was hospitalized following a stress-related incident at work. The appeals court ruled in favor of the employer, writing that the "claimant's peers were subject to the same daily and hourly quotas for completion of audits."

Similarly, the same court on July 20 in case *No. 535458* ruled against a bus driver who claimed in 2020 that he suffered "work-related stress and mental health injuries as a result of his exposure to COVID-19, the COVID-19-related death and illness of co-workers, the conditions of his employment and his treatment by co-workers and passengers."

The court, writing that "mental injuries caused by work-related stress are compensable if the claimant can establish that the stress that caused the injury was greater than that which other similarly situated workers experienced in the normal work environment," said all bus drivers faced the same risks and stress in the pandemic.

Michael Gaston, Long Beach, California-based attorney with law firm Cipolla, Bhatti, Hoyal & Roach, said he's seen an uptick in stress claims.

"Workplace stress or being upset at work is not a psychological injury," Mr. Gaston said. "The most important thing in workers comp is predominant cause; what that means is, assuming that there is psychological disability, the doctor's opinion has to be that at least 51% of it is caused by work."

"It's possible that whatever is causing them stress at work may be the predominant cause," he said, adding, "but it's also possible that what's happening at work may be lighting up something (the worker) had before, or the worker has been carrying a lot of psychological distress and it was what happened at work that pushed him over. That isn't predominant cause."

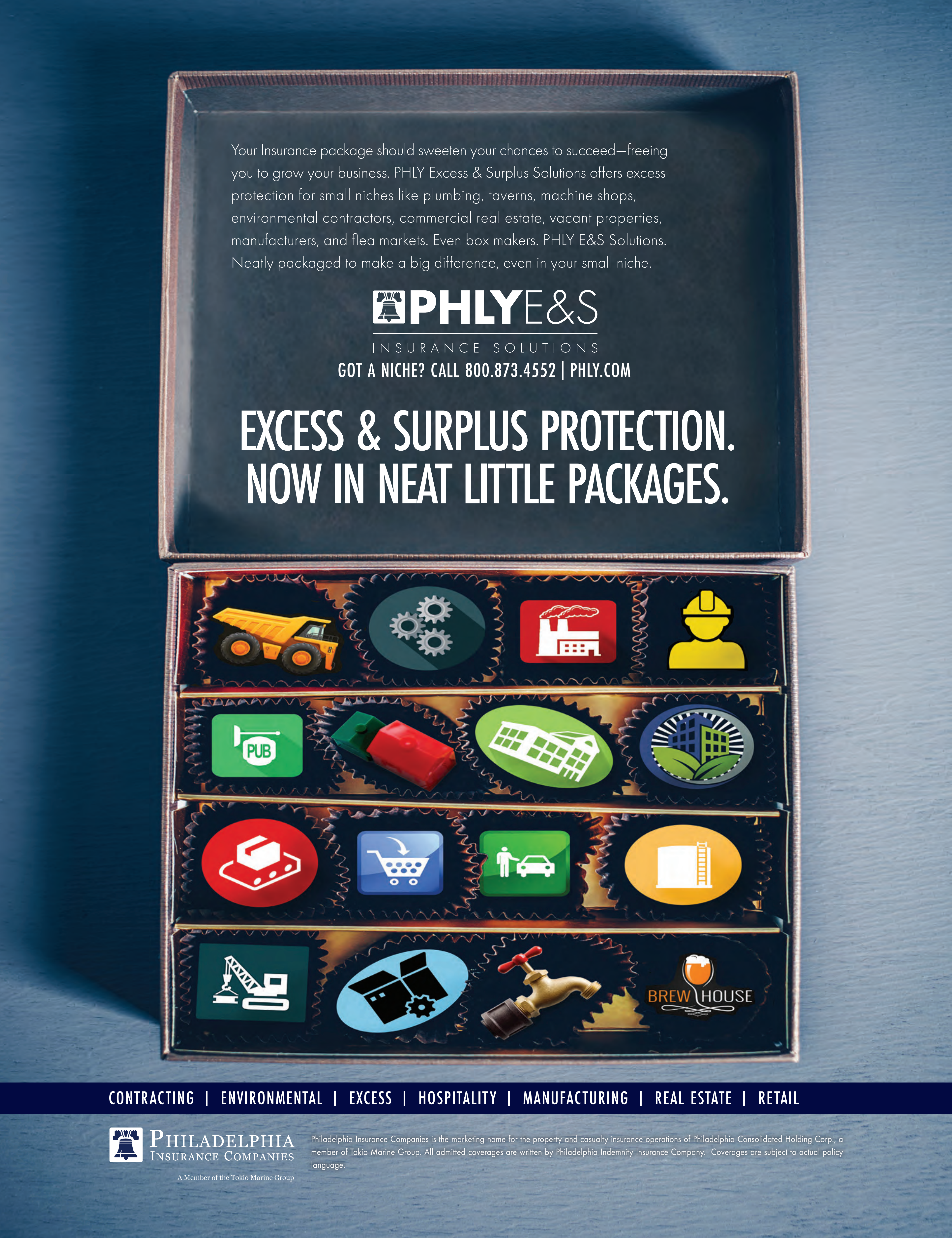
Steve Bennett, Washington-based vice president for workers compensation programs and counsel for the American Property Casualty Insurance Association, said claims alleging stress, pervasive in many industries, need "strong guardrails."

"Claims should only be for what would be considered legitimate workplace injuries and we certainly do not believe that a no-fault system could survive economically if 'I have stress at work' claims are going to be covered," he said.

Les Kertay, Chattanooga, Tennessee-based senior vice president for behavioral health with workers compensation services provider Axiom Medical Consulting LLC, said comp claims struggle because stress is not a medical condition.

"Burnout is what happens when you are excessively stressed with insufficient resources to cope with it over a long period of time," he said. "That's partly internal, partly external. It's still not a diagnosable condition."

Louise Esola


Your Insurance package should sweeten your chances to succeed—freeing you to grow your business. PHLY Excess & Surplus Solutions offers excess protection for small niches like plumbing, taverns, machine shops, environmental contractors, commercial real estate, vacant properties, manufacturers, and flea markets. Even box makers. PHLY E&S Solutions. Neatly packaged to make a big difference, even in your small niche.
PHLY E&S
INSURANCE SOLUTIONS
GOT A NICHE? CALL 800.873.4552 | PHLY.COM
EXCESS & SURPLUS PROTECTION.
NOW IN NEAT LITTLE PACKAGES.
PUB
BREW HOUSE
CONTRACTING | ENVIRONMENTAL | EXCESS | HOSPITALITY | MANUFACTURING | REAL ESTATE | RETAIL
Philadelphia Insurance Companies
A Member of the Tokio Marine Group
Philadelphia Insurance Companies is the marketing name for the property and casualty insurance operations of Philadelphia Consolidated Holding Corp., a member of Tokio Marine Group. All admitted coverages are written by Philadelphia Indemnity Insurance Company. Coverages are subject to actual policy language.

Cyberattack reporting rules present compliance, insurance complexities

BY JUDY GREENWALD
jgreenwald@businessinsurance.com

Businesses will face challenges complying with cybersecurity rules issued by the U.S. Securities and Exchange Commission in late July that gives them just four business days to report material cyber breaches, experts say.

Policyholders may find coverage exclusions in their cyber liability and directors and officers liability insurance policies if claims arise from the regulation.

Under the rule, approved by the SEC on a party-line 3-2 vote on July 26, companies must determine an incident's materiality without "unreasonable delay" and file an Item 1.05 Form 8-K, generally within four business days.

The material incident disclosure requirement takes effect Dec. 18, with smaller companies having a 180-day deferral.

The regulation also requires companies to describe their processes for assessing, identifying and managing material risks from cybersecurity threats, among other requirements. The information must be included in annual reports beginning Dec. 15.

SEC Chair Gary Gensler said in a statement that while many public companies provide cybersecurity disclosure to investors, "companies and investors alike, however, would benefit if this disclosure were made in a more consistent, comparable, and decision-useful way."

The 186-page regulation has been in the works for several years.

The SEC has been seeking this information on a voluntary basis, but "there's been very little compliance," said Arturo Perez-Reyes, senior vice president and cyber strategist at San Francisco-based Newfront Insurance.

"It represents a complete sea change from where we've been before" in accountability and transparency for corporate boards, said Dominique Shelton Leipzig, a partner with Mayer Brown in Los Angeles.

This has never been required before for annual statements "and highlights the importance of boards being involved in this process," she said.

"It's an aggressive response to try to force companies to come clean about these breaches as soon as possible," said Peter A. Halprin, a partner with Pasich LLP in New York.

The purpose of the rules is to let the stock markets "know what is happening almost in real-time with a cyber incident. That is pretty revolutionary," said Aloke S. Chakravarty, a Denver-based partner at Snell & Wilmer LLP, who is co-chair of the firm's cybersecurity, data protection and privacy practice.

> "It's an aggressive response to try to force companies to come clean about these breaches as soon as possible."
>
> Peter A. Halprin, Pasich

After the rules go into effect, the SEC likely "will choose the most egregious cases" to pursue for violating the rule to set an example, he said.

The rules could affect insurance coverage, experts say.

"We can expect that clients are going to be looking more and more to their cyber and their management liability — in particular D&O — insurance to try to deal with any consequences of their liability," Mr. Halprin said.

Mr. Anderson said D&O policies, which provide coverage for errors and omissions by management, boards of directors, audit committees and chief information officers, are more likely than cyber policies to respond, although cyber-related exclusions in these policies are not uncommon.

Mr. Perez-Reyes said that just as companies may find their D&O policies have exclusions for cyber-related incidents, their cyber policies may have D&O-related exclusions as well. Insurers may issue very broad exclusions to avoid the possibility of, for example, having a D&O policy cover a "normal hacking claim" rather than one that involves SEC-related allegations against directors and officers, he said.

"There's been a hole that's opening up between cyber and D&O policies, and this will widen the gap and require creative work by brokers" to close, he said.

Mr. Chakravarty said the four-day notice requirement "is a big deal" because the regulation is very specific in providing such a short time frame. "It's very difficult to figure out whether something is material that quickly," he said.

David Anderson, New York-based vice president of cyber for Woodruff-Sawyer & Co., said the four-day rule is "complicated and perilous for public companies because there is always the specter of litigation."

Companies should look at their internal procedures with regard to reporting cyberattacks, make sure they are in compliance and have robust insurance coverage as a failsafe if violations are alleged, Mr. Halprin of Pasich said.

Mr. Chakravarty said smaller companies are more likely to be affected by the compliance requirements, because larger companies may have a "mature security infrastructure."

CYBER DISCLOSURE RULES

Under final cybersecurity rules adopted by the U.S. Securities and Exchange Commission:

- Companies must report to the agency their determination of any "material" cybersecurity incident, generally within four business days.
- Information submitted should include the nature, scope and timing of the incident and its impact, including on the target's financial condition and operations.
- The regulation requires companies to describe their processes for assessing, identifying and managing material risks from cybersecurity threats, among other requirements.
- They must also describe the board of directors' oversight of risks from cybersecurity threats and management's role and expertise in managing material risks from such threats.
- The material incident disclosure requirement takes effect Dec. 18, with smaller companies having a 180-day deferral. Companies must also include the information in annual reports, beginning Dec. 15.

Source: U.S Securities and Exchange Commission

QBE®

Accident & Health Insurance

We'll focus on risk, so you can take care of *your business*

Get the peace of mind and support it takes to self-fund your healthcare.

Self-insuring your healthcare benefits can open up new possibilities for your business – affording you greater flexibility in how you manage your healthcare spend. Trust the expert team at QBE to tailor a solution that meets your unique needs.

We offer a range of products for protecting your team and assets:

- **Medical Stop Loss**
- **Captive Medical Stop Loss**
- **Organ Transplant**
- **Special Risk Accident**

We'll find the right answers together, so you can stay focused on your future.

New captive offerings now available!

Chat with us about how leveraging captives can help your business reduce healthcare costs.

Matthew Drakeley
Vice President,
Specialty Markets

Commercial Crop Specialty

QBE and the links logo are registered service marks of QBE Insurance Group Limited. ©2023 QBE Holdings, Inc.
This literature is descriptive only. Actual coverage is subject to the terms, conditions, limitations and exclusions of the policy as issued.

NEWS ANALYSIS

Captives address emerging risks

BY CLAIRE WILKINSON
cwilkinson@businessinsurance.com

BURLINGTON, Vt. — Businesses are increasingly looking to captives to address emerging risks as commercial insurance market conditions remain difficult.

Demand is growing for innovative insurance programs for cannabis and cryptocurrency risks, among others, panelists said last month at the Vermont Captive Insurance Association's 2023 annual conference.

"The search for capacity doesn't end when your insurance broker says there's no combination for you," said Joseph Ziolkowski, co-founder and CEO of Relm Insurance Ltd., a Bermuda-based specialty insurer for emerging businesses.

"That's the point at which the creative element should start kicking in," he said.

Companies operating in emerging sectors such as digital assets and blockchain, cannabis and psychedelics face challenges getting insurance, Mr. Ziolkowski said.

"There needs to be a ton of collaboration with the operators of these businesses to put them in a position to reduce their dependence on the way insurance has functioned for the last 350 years," he said.

New businesses face a classic "chicken and egg" problem where they need insurance to operate, but underwriters may not be able to provide coverage without knowing more about the probability and severity of a loss, said Ed Koral, New York-based director, strategic risk consulting, at Willis Towers Watson PLC, who moderated the session.

Claire Wilkinson

From left: Ed Koral, Paul Carleton and Joseph Ziolkowski

"Captives are frequently the answer, but part of designing that new product is deciding whether you have something that could be considered an insurable risk," he said.

> "The search for capacity doesn't end when your insurance broker says there's no combination for you."
>
> Joseph Ziolkowski, Relm Insurance

There are many examples of risks that people think may or may not be insurable, such as extended warranty, "and the Internal Revenue Service has gotten into the act of discussing that as well," Mr. Koral said.

Large businesses with established captives are seeing opportunities to use them to solve problems, said Paul Carleton, executive vice president at Old Republic Risk Management Inc., a Brookfield, Wisconsin-based subsidiary of Old Republic International Corp.

Captives are being used to insure third-party exposures in business relationships "to maybe solve a business need and also generate the opportunity to bring third-party capital into their captive," Mr. Carleton said.

For example, a retailer with a network of appliance installers that sometimes didn't do a good job faced reputational risk when unhappy customers complained about their claims experience on social media, he said.

A general liability policy was crafted that rolled all the installations into their program with a third-party administrator of their choosing, and the risks were reinsured by the retailer's captive, he said.

Stakes raised for risk managers in uncertain economy

Risk managers and captive owners need to communicate the value of their captive insurance programs, especially in a hard market and difficult economy, experts say.

Risk managers should be prepared to defend the surplus a captive has built up in today's economy when organizations may be looking to it as a means for cash flow, panelists said during a session last month at the Vermont Captive Insurance Association's 2023 annual conference.

Rates for property and other lines of coverage are increasing in the hard market, said Karin Landry, managing partner, Spring Consulting Group LLC in Boston.

"We've seen increases of 30% up to 300% for certain lines of coverage," Ms. Landry said.

An uncertain economy has heightened management's focus on various things, including captives, and proving the value of a captive is coming to the forefront, she said.

"CFOs are always looking for ways to save money. Whenever you have a new CFO, everyone's always worried about what's in that piggy bank," Ms. Landry said.

Organizations have competing priorities in today's economic environment, which may lead to questions about whether captives are really adding value, she said.

"In the long run captives have shown their value, but these are the kinds of questions that we see clients dealing with on a day-to-day basis," she said.

In a hard market, captives can be used as "a problem-solving tool" to combat rate increases and capacity reductions in lines such as cyber and property, said Michael Lubben, Chicago-based vice president of risk management and benefits at Henry Crown and Co./CCI.

By increasing retentions and putting in place a deductible buy-back, organizations may be able to draw greater competition among commercial insurers for their insurance program, Mr. Lubben said.

"A captive is a risk mitigation tool that companies are going to use to be able to get coverages or compete against coverages that you'd see in the market," said Allan Autry, tax partner at Johnson Lambert LLP, in Raleigh, North Carolina, who moderated the panel.

Risk managers are often dealing with executives that need to approve the formation of a captive, Mr. Lubben said.

"They don't know anything about captives, so the first step is to just provide that education and talk them through to this thing actually does exist and does work," he said.

Having great communication with various parties, including insurance brokers, actuaries, the captive board and internal senior management, is critical to achieving a clear understanding of the value a captive can provide to the organization, Mr. Lubben said.

Claire Wilkinson

LONG-TERM RELATIONSHIPS WITH REINSURERS KEY FOR CAPTIVE OWNERS

Captive owners need to build long-term relationships with reinsurers that can endure through hard and soft markets.

Captives that have diversified business relationships and write multiple risks will be more resilient in the long run and better positioned to leverage reinsurance coverage in a hard market, panelists said last month at the Vermont Captive Insurance Association's 2023 annual conference.

"The more diversified the risk is in your captive long term, you're going to be much better served, because you won't have one loss blow up your captive," said Steve Bauman, New York-based global programs and captives director, Americas, at Axa XL, a division of Axa SA.

"When the capacity is out there and abundant, you can go for that additional capacity and start to make other relationships that maybe you wouldn't in a harder market," he said.

Jeremy Johnson, Chicago-based vice president of global risk at Revantage Corporate Services, a Blackstone Inc. unit, said that after the January 1, 2023, treaty renewals, its broker advised it should expect a "double-double half."

That meant its deductible limits and premium would double, and it could expect half the capacity, Mr. Johnson said.

By leveraging the reinsurance markets that it had engaged in previous years, it was able to discuss how to best optimize its risk management strategies and use the surplus generated over prior years and "maybe take a greater retention that would bring potentially more capacity to the table," he said.

When relationships have been established over time, there's a familiarity, Mr. Johnson said.

Reinsurers view a relationship-based, rather than a transactional-based, reinsurance process as a positive in the captive space, said Chris Ervey, Costa Mesa, California-based executive vice president at BMS Re, the reinsurance unit of London-based specialty insurance broker BMS Group Ltd.

"If you're dealing with reinsurers that have been working with you over a period of years and they've had a profitable relationship, you have a much better chance to weather a bad year, to weather a change in the marketplace and maintain that relationship, especially in harder markets where rates are being pushed across the board," Mr. Ervey said.

The session was moderated by Ryan Gadapee, shareholder, Primmer Piper Eggleston & Cramer PC, based in Burlington, Vermont.

Claire Wilkinson

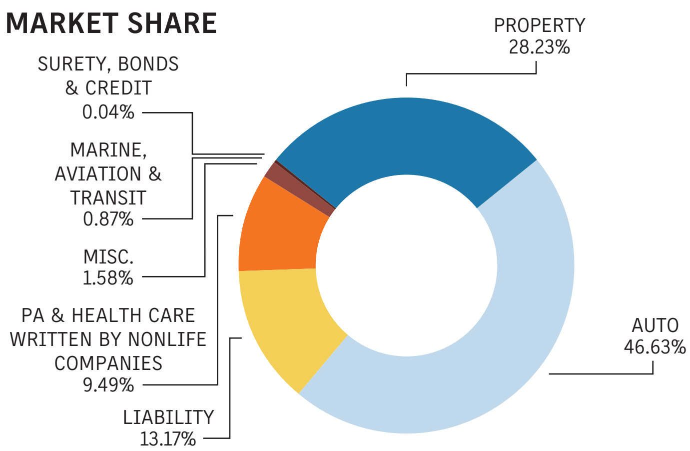
PROFILE: CYPRUS

85

GLOBAL P/C MARKET RANKING

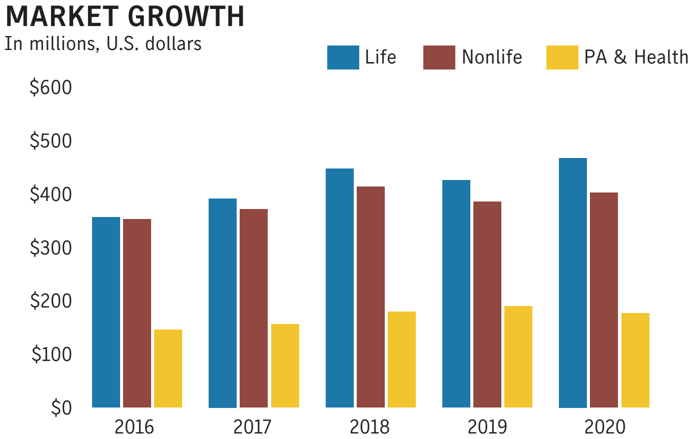
The insurance market in Cyprus is well developed, and penetration in the nonlife sector is good. Awareness of the benefits of insurance is generally high, and a wide range of coverages is available from sophisticated insurers. General liability insurance is popular, particularly for hotels and restaurants, and employers liability is compulsory, as is professional liability insurance for certain professions. Directors and officers liability and specialist coverages such as cyber and environmental require extensive foreign reinsurance. Most local marine hull/liability and aviation risks are insured in international markets, but cargo is insured locally. Cyprus is in an earthquake zone, but otherwise natural perils present only a limited risk. High winds are not common, and there are few rivers to cause flooding, but flash floods in urban areas have resulted in some notable losses.

MARKET SHARE



MARKET GROWTH

In millions, U.S. dollars



Source: Axco Global Statistics/Industry Associations and Regulatory Bodies

AREA

3,572

square miles

POPULATION

1.31

million

MARKET CONCENTRATION

52.45%

market share of top five insurers

2023 GDP CHANGE (PROJECTED)

2.5%

MARKET DEVELOPMENTS

Updated May 2023

- The largest but least profitable class of nonlife business in Cyprus is auto, which accounted for 46.6% of the total premium in 2020. In recent years, competition has resulted in inadequate rates and unprofitable underwriting, with the combined ratio above 100% from 2008 onwards. Property is the second-largest class, with a 28.2% share of the market in 2020. The account consists mostly of medium-sized or small commercial risks and homeowners policies.
- The largest distribution channel is bancassurance, which accounts for around 40% of the market. Agents and brokers together have about 50%, and other direct channels make up the balance. Online purchasing is growing but remains a small element.
- The nonlife market in Cyprus is likely to continue to be affected by a reduction in premium in accident and health business as the new national health service system reaches full implementation. Although rates have increased for some other classes, the ongoing dominance of the competitive, but unprofitable, auto sector is likely to minimize premium growth, putting pressure on smaller insurers that rely on such business.
- At the time this report was being prepared, 24 local nonlife insurers, two pure life insurers and six multiline insurers were registered with the Insurance Companies Control Service. The two major nonlife insurers are CNP Asfalistiki, which is owned ultimately by CNP Assurances of France, and General Insurance of Cyprus, which is owned by the Bank of Cyprus.

COMPULSORY INSURANCE

- Auto third-party liability
- Employers liability
- Professional liability for insurance intermediaries
- Medical malpractice for doctors and medical facilities providing services to the national health system
- Fire, lightning and earthquake for buildings in common use with at least five units
- Aviation liability
- Shipowners liability against marine oil pollution (financial guarantee or insurance)

NONADMITTED

Insurers must be locally authorized to carry on insurance business in Cyprus. At the same time, there is nothing in the law that indicates that insurance must be purchased from locally authorized insurers, with some exceptions. This is generally interpreted to mean that insurers can issue policies from abroad — with exceptions — if approached by a buyer and/or an intermediary.

INTERMEDIARIES

Brokers and agents are required to be authorized to do insurance business. They are permitted to place business with nonadmitted insurers not covered by EU rules, with the exception of auto third-party liability, professional liability for insurance intermediaries, and estate agents employers liability.

MARKET PRACTICE

As the Cyprus insurance market offers a range of nonlife products from local companies and from markets in the EU/EEA, there is little need for most customers to seek insurance from elsewhere in the world.

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

Harvard's delay costs it coverage

■ Harvard University filed a claim in connection with its open admissions litigation too late to access its $15 million in excess coverage, a federal appeals court ruled.

Harvard purchased a one-year, claims-made secondary excess liability policy from Zurich American Insurance Co. that provided coverage from November 2014 to November 2015 that required that claims be reported no later than Jan. 30, 2016, according to the ruling by the 1st U.S. Circuit Court of Appeals in Boston in *President and Fellows of Harvard College v. Zurich American Insurance Co.*

The primary policy for $25 million was issued by American International Group Inc. unit National Union Fire Insurance Co. of Pittsburgh PA, which was not a party to the litigation.

In November 2014, Students for Fair Admissions sued Harvard in federal court for allegedly violating Title VI of the Civil Rights Act of 1964. The case was ultimately decided by the U.S. Supreme Court, which in June of this year ruled against the university in *Students for Fair Admissions v. President and Fellows of Harvard College*.

While Harvard notified AIG of the pending lawsuit in November 2014, it did not notify Zurich until May 2017, "well outside the excess policy's ninety-day notification window," the ruling said.

The insurer consequently denied coverage on the basis that Harvard had not provided timely notice of the claim.

The university sued Zurich in U.S. District Court in Boston, seeking declaratory relief and breach of contract damages. The court granted Zurich summary judgment dismissing the case.

On appeal, Harvard contended that the lower court misapplied Massachusetts law when it held that strict compliance with the excess policy's notice requirement was a coverage prerequisite.

In affirming the lower court's decision, the three-judge appeals court panel said the parties did not dispute that Harvard had purchased a claims-made policy from Zurich, nor that it did not provide written notice until May 2017. "Consequently, Zurich had every right to deny coverage based on a lack of timely notice," the panel said.

AIG unit must pay defense costs

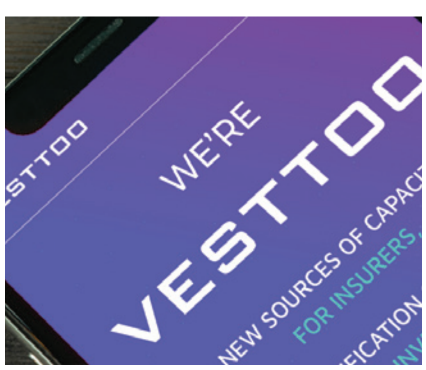
■ An American International Group Inc. unit must pay two companies more than $91.5 million in legal costs in connection with lawsuits filed alleging injuries related to sterilization facilities located in a residential community.

The decision by the U.S. District Court in Chicago followed an August, 2022 ruling by the court in which it held that AIG unit National Union Fire Insurance Co. of Pittsburgh PA must defend the two companies, Alsip, Illinois-based Griffith Foods International Inc. and Oak Brook, Illinois-based Sterigenics U.S. LLC, according to the ruling in *Sterigenics U.S. LLC v. National Union Fire Insurance Co. of Pittsburgh PA* and *Griffith Foods International Inc. et al. v. National Union Fire Insurance Co. of Pittsburgh PA.*

In the underlying litigation, residents of Willowbrook, Illinois, sued the two companies contending they had suffered injuries from the companies' operation of sterilization facilities, which allegedly exposed them to ethylene oxide discharges.

In ruling on Sterigenics' motion for past defense costs, the court said the company "submitted sworn declarations and supporting documentation sufficient for the presumption of reasonableness to apply."

Sterigenics' parent company, Cleveland-based Sotera Health Co., agreed in January to pay $408 million to settle the more than 870 cases pending against it in state and federal courts, while denying any liability.



Vesttoo files for Chapter 11 protection

■ Online reinsurance intermediary Vesttoo Ltd. last month sought Chapter 11 bankruptcy protection after weeks of speculation over its future following allegations that fraudulent letters of credit were used to support transactions it organized.

In a statement, Tel Aviv, Israel-based Vesttoo said filing for protection in Delaware Bankruptcy Court would allow it to take steps to revise its capital structure and pursue litigation against parties that it alleges harmed the company.

Vesttoo connects cedents with investors for noncatastrophe insurance-linked securities and collateralized reinsurance coverage. Some LOCs provided through a Chinese bank to support Vesttoo's transactions were allegedly fraudulent.

After the allegations surfaced in July, several fronting companies said they were seeking to replace capacity they had arranged through Vesttoo.

In addition, Aon PLC disclosed that it faced legal action from clients over intellectual property insurance transactions involving Vesttoo. The brokerage secured a temporary restraining order freezing Vesttoo's assets earlier last month, but that action was suspended after the Chapter 11 filing.

After the filing, Aon and the Bermuda Monetary Authority announced they had agreed to appoint provisional liquidators for cells associated with Vesttoo Ltd. that are contained in an Aon segregated account company domiciled on the island.

Ice-cream maker loses D&O appeal

■ A federal appeals court affirmed a lower court and held Travelers Cos. Inc. units do not have to defend directors and officers of Blue Bell Creameries U.S.A. in shareholder litigation filed in connection with the 2015 deaths of three people from listeria found in the company's ice cream.

The deaths, which were allegedly caused by the Brenham, Texas-based company's failure to contain listeria's spread in its ice cream manufacturing plants, led to a derivative directors and officers liability lawsuit filed by a company shareholder in *Jack L. Marchant II v. Jon W. Barnhill Jr. et al.*

The Delaware Supreme Court reinstated the shareholder lawsuit in 2019.

Travelers units Discover Property & Casualty Insurance Co. and The Travelers Indemnity Co. of Connecticut filed suit in U.S. District Court in Austin, Texas, seeking a declaratory ruling they did not owe defense or indemnity coverage under the D&O policies they had issued.

The district court ruled in the insurers' favor and was affirmed by the 5th U.S. Circuit Court of Appeals in New Orleans in *Discover Property & Casualty Insurance Co.; The Travelers Indemnity Co. of Connecticut v. Blue Bell Creameries USA et al.*

The alleged injuries were not caused by an "accident," as required for coverage, the three-judge appeals court panel said.

"The breach of fiduciary duties stemmed from intentional acts, and the Listeria outbreak and the resulting financial harm were natural and probable consequences that could be reasonably anticipated," it said.

DOCKET

COMP RULED REMEDY FOR VICTIM'S FAMILY

The mother of an Arby's worker who was murdered by a coworker at a restaurant in Hickory Hills, Illinois, in 2017 cannot sue the franchisees because workers compensation is the exclusive remedy, an Illinois appeals court ruled. Doreen Price sued Lunan Roberts Inc., Lunan Corp., Arby's Restaurant Group Inc. and Irvin Thomas in connection with the murder of her son, John Price, by Mr. Thomas during the men's night shift. She claimed the businesses were liable for her son's death through negligent hiring, retention and supervision of their employees, among other allegations.

STUDENTS MAY PURSUE TUITION REFUNDS

A federal appeals court overturned two lower court rulings and held that former Temple University and University of Pittsburgh students may be entitled to partial tuition refunds because of their institutions' switch to online instruction during the pandemic. The ruling by the 3rd U.S. Circuit Court of Appeals in Philadelphia overturned decisions by the U.S. District Courts in Pittsburgh and Allentown, Pennsylvania.

COURT REINSTATES MESOTHELIOMA CASE

A Kentucky appellate court reversed a lower court ruling that dismissed a lawsuit against two companies brought by the estate of a woman who died from mesothelioma. The Kentucky Court of Appeals said a trial court improperly granted summary judgment to Schneider Electric USA Inc. and Union Carbide Corp. in a case initiated by Paul Williams on behalf of his late wife, Vickie Williams, who died in 2017. Before her death, Ms. Williams sued the companies, claiming she was exposed to asbestos from her father's contaminated work clothes and during her own brief employment with Schneider as a teenager in 1978.

Alex Blanco

VANTAGE

Alex Blanco joined Vantage Group Holdings Ltd. as CEO of its insurance operations in 2021, about a year after the specialty insurer and reinsurer formed. Prior to Vantage, he spent about 16 years at Axa XL, a unit of Axa SA, and its predecessor company, where he held various roles in professional liability and other specialty areas. *Business Insurance* Editor Gavin Souter recently spoke with Mr. Blanco about developments at Vantage — which offers admitted and nonadmitted products in the United States and Bermuda — his strategy for growing its insurance business and the outlook for the market. Edited excerpts follow.

Q What's the current makeup of Vantage's insurance business?

A Our current product set includes construction as a vertical, and the products that are embedded in that are our contractors professional and pollution, subcontractor default insurance, environmental services and last but not least excess casualty.

We also have cyber, D&O, E&O, health care, political risk and credit, and excess casualty, which rounds out all our product verticals.

We also have MGA relationships that provide coverage in inland marine, commercial property and transactional liability.

We're going to have other products launched by the end of 2023 and early 2024, so our intent is to continue to build those products that are relevant in the market where we can leverage our talent with technology enablement and the use of data and analytics.

Q Other than the MGA business, are you steering clear of property?

A We are investigating property E&S opportunities for 2024, outside of that MGA relationship.

Q How much business are you writing?

A We're a private entity, so we tend to keep that close to the vest. I will tell you one data point: We will be growing our insurance segment by 50% in 2023 over 2022, and in 2022 versus 2021 we grew it to over 400%.

Q Where do you see opportunities for growth?

A We see a tremendous amount of opportunity in the E&S market. Given the evolving nature of risk — whether it's geopolitical, climate, cyber, social inflation — the need for the E&S market has never been more relevant. Many of our product lines allow us to take advantage of that market.

I also see an opportunity for us to build capabilities in market segments that we just haven't explored yet. If I look at our market segmentation, its upper middle market and large corporates. There's a tremendous opportunity in small businesses and middle-market businesses.

Q How would you access that?

A It could be programmatic; it could be affinity. There is opportunity to do it both on the retail and wholesale basis, so we are agnostic. What we really are considering is where do the opportunities manifest themselves and where does Vantage, given its tech and data enablement, best serve those opportunities. It could be multichannel.

Q&A

Q You're a startup insurer, so what are you doing differently?

A Being a young company does have its benefits, such as lack of legacy technology, so our conviction around building for purpose is a distinguishing feature in our journey that differentiates us.

If I could just point to a few things in our journey thus far that I think we're doing differently, it would be investments we're making in building efficiencies. For instance, we just measured our new submission setup, and we've reduced it to the point where it's now eight minutes per submission, to go from cradle to grave in terms of submission. We have the ability to set up new products, supported with tech enablement, in just about three months. Approximately one-third of our colleague base is embedded in data, tech and pricing. And the last part is the empowerment element to our underwriters and their ability to make real-time decisions.

Q Established insurers have their own advantages in terms of established reputations and security and you're trying to wrest business from them, so how do you go about that?

A It starts with our talent — the average tenure for our insurance leadership team is 25-plus years. And having the ability to make quicker more decisive decisions has allowed us to punch above our weight class. We are gaining traction and we're seeing more opportunity on primary layers. We're leaning into those things that we do extremely well.

Q So you're moving down the towers?

A Correct, and that was our vision as we were building our products. First it was excess layers on a surplus lines basis, but in certain lines of business where we have admitted capabilities we are now finding ourselves moving down towers because of our tenure and because of the capabilities that we've been able to build. Our promise was that we were not going to be simply a capacity player.

Q How do you see the market developing?

A We will continue to see positive rate trends in many of the lines of business that I mentioned earlier. There will be those lines of business that will continue to experience rate decline, but I believe within the next calendar year or so we should start seeing rate stabilization.

In D&O, where we're seeing rate decreases — which has been a byproduct of the capital market where there's a lack of IPO and SPAC activity — given the rate decreases that we're seeing, there is going to be a point in time where we should start seeing rate stabilization.

The E&S market will continue to be an opportunity for growth and there will be a consistent need for capacity on complex risks.

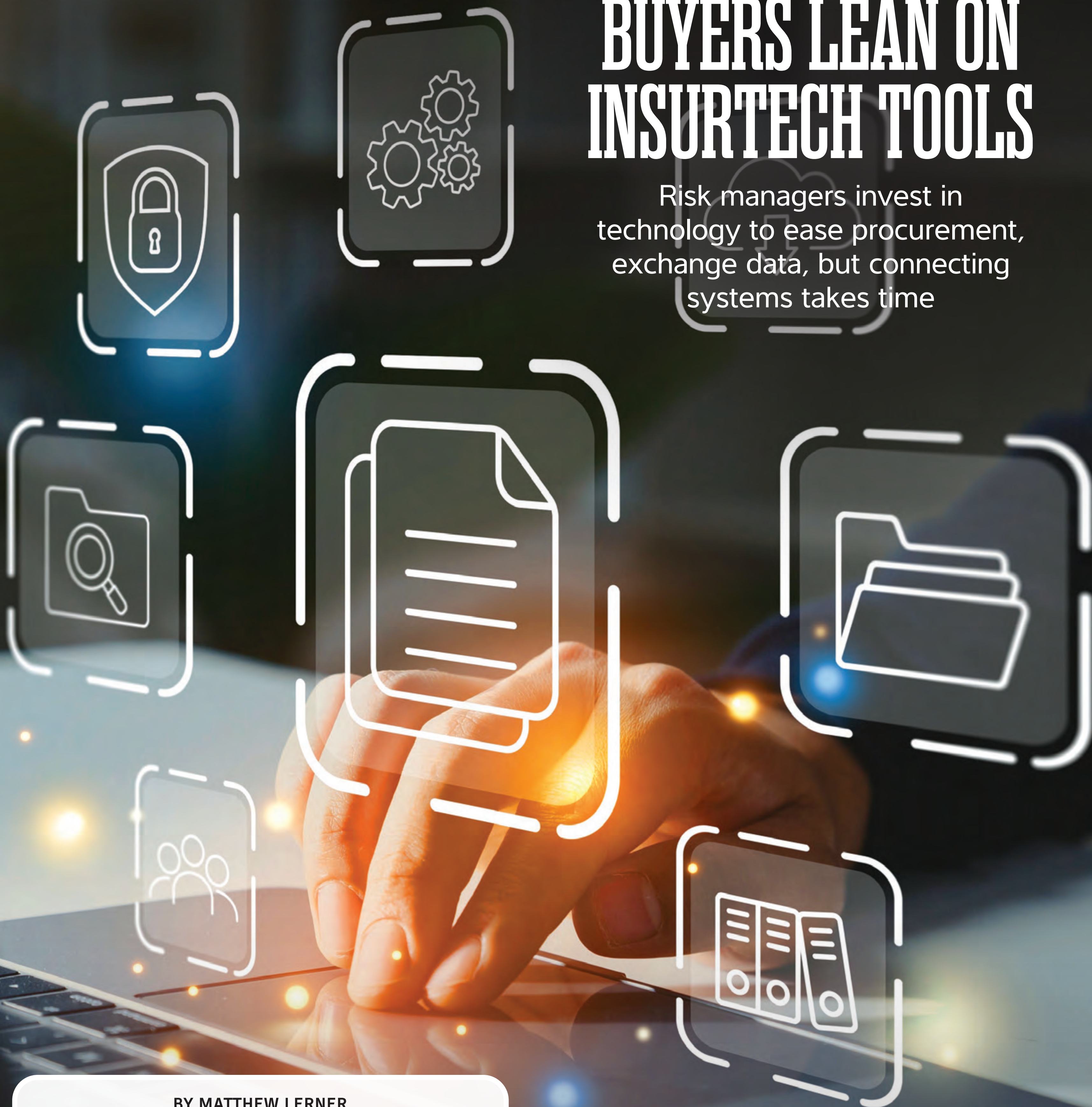
Social and headline inflation will continue to cause concern. Items such as climate, supply chain and geopolitical uncertainty, and each of their individual or collective effects on risk, will continue to be a constant area of deliberation on appropriately priced solutions.

We see a tremendous amount of opportunity in the E&S market. Given the evolving nature of risk — whether it's geopolitical, climate, cyber, social inflation — the need for the E&S market has never been more relevant.

COVER STORY

BUYERS LEAN ON INSURTECH TOOLS

Risk managers invest in technology to ease procurement, exchange data, but connecting systems takes time



BY MATTHEW LERNER

mlerner@businessinsurance.com

Technology continues to gain traction in the commercial insurance sector after revolutionizing personal lines insurance by allowing consumers to bind auto and home coverages online with no broker assistance.

Combining platforms offers data advantage

Risk managers and their organizations, particularly those with limited or no risk management budgets or resources, can turn to partners including brokers and insurers to take advantage of technology tools.

"I find it to be a good partnering process," said Audrey Rampinelli, New York-based senior vice president of risk management and insurance services at Mastercard Inc., who has used both insurer and broker platforms. "Their platforms are getting better and their systems more robust, so leveraging those platforms can be quite helpful," she said.

Ms. Rampinelli added that using the tools of more than one broker or insurer can be especially helpful because it "allows the opportunity to view risk through two different lenses. You get different perspectives."

"Each of our partners offers a different system," said Christie Weinstein, Morris Plains, New Jersey-based director of risk management and insurance for Honeywell Inc. and a Risk & Insurance Management Society Inc. board director. For example, one broker provides risk managers with policy information through client-facing technology, she said.

USI Insurance Services LLC has an in-house group of about 120 employees focused on building proprietary technologies, said Kate Bang, Valhalla, New York-based digital transformation leader for the brokerage. Within the group are subgroups focused on specific areas, such as one dedicated to submissions, she said.

"When you do enough volume with certain insurers and wholesalers, they are happy to participate and provide these tools," the cost of which may run into the millions, said Jonathan Naranjo, San Mateo, California-based national real estate practice leader for Newfront Insurance. "Clients can leverage the broker partner and relationships they've built," he said.

"The kind of resources your partners provide can help clients maintain and manage" risk management tasks, said Kyle Duke, senior vice president and practice lead, construction loss control,

for Newfront in Dallas. One of the tools Newfront makes available to clients is predictive modeling, he said.

Matthew Lerner

Risk managers, brokers and insurers are increasingly using technological tools in insurance procurement and risk transfer, binding contracts, exchanging information more freely, saving time and reducing manual labor.

While the cost and time involved with technology adoption can be challenging, they can be seen as investments that will pay dividends going forward, sources said.

Christie Weinstein, Morris Plains, New Jersey-based director of risk management and insurance for Honeywell Inc. and a Risk & Insurance Management Society Inc. board director, said, "The use of technology in the risk management department at Honeywell has grown significantly over the past four years."

Risk managers, though, must sometimes cobble together different technologies and tools to achieve a solution, often using application programming interfaces, or APIs, said Audrey Rampinelli, New York-based senior vice president of risk management and insurance services at Mastercard Inc., who has consulted on insurtech projects. APIs essentially allow different software applications to communicate.

"There are so many tools and so many platforms you can leverage," so APIs are useful and sometimes necessary to consolidate and use the different platforms to meet the specific needs of an organization, Ms. Rampinelli said.

Vetting the myriad systems available requires time and self-education for risk managers, Ms. Rampinelli said. "You have to invest time in the process, you have to do your due diligence. That investment is well worth the time," she said.

See **TECHNOLOGY** next page

With our deep product and industry expertise, we deliver global solutions to address the unique risks you face. Our experts have a comprehensive understanding of directors and officers, errors and omissions, employment practices, fiduciary and crime insurance. Let us tailor a solution for your specialized needs.

To learn more, talk to your broker or visit intactspecialty.com

intact INSURANCE specialty solutions

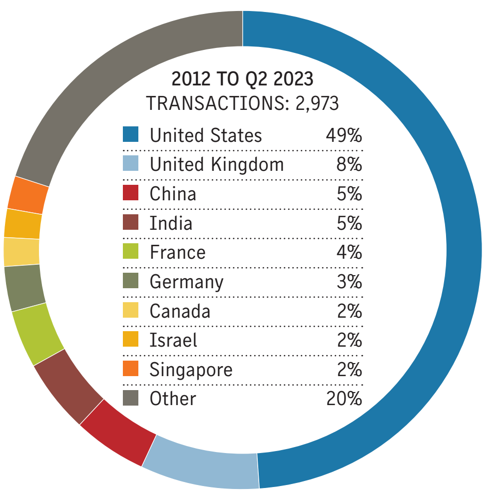
Coverages are underwritten by the following insurance company subsidiaries of Intact Insurance Group USA, LLC: Atlantic Specialty Insurance Company, Homeland Insurance Company of New York, Homeland Insurance Company of Delaware, OBI America Insurance Company, OBI National Insurance Company, located in Plymouth, MN, or The Guarantee Company of North America USA, located in Southfield, MI.

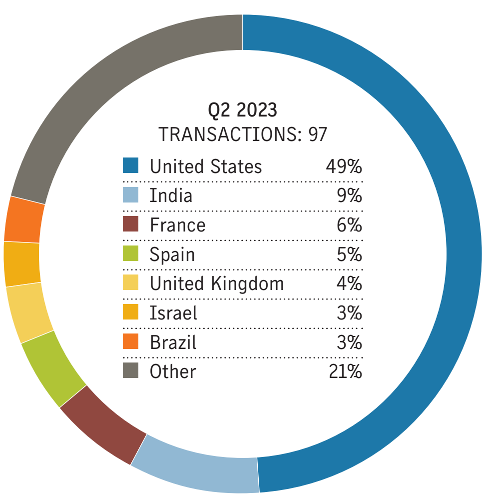
TECHNOLOGY

Continued from previous page

NFP Corp. advises clients on data frameworks and architecture to help facilitate future interconnectivity and reduce repeated extraction and re-entry of data, said Chris Greene, Toronto-based vice president for strategy, analytics and knowledge in the broker's construction and infrastructure North America group.

QUARTERLY INSURTECH TRANSACTIONS BY TARGET COUNTRY





Source: Gallagher Re

"In a perfect world, we won't need to extract data because if the risk manager and the company are set up with proper data architecture and framework, information addressing their exposure already present in the system can flow right into the underwriting model," Mr. Greene said.

Gaurav Kapoor, Toronto-based senior vice president, head of strategy, digital, in the NFP group, added, "In general, we are seeing technology and using technology much more than we were two or five years ago."

A client of Risk Placement Services Inc. recently saved $2 million in premium through technology, said Ryan Collier, Chicago-based chief digital officer for the wholesaler.

The client made its property schedule more exact and accurate using a free online application combined with small, inexpensive geo-location devices called eggs, which were placed on each roof of a property or asset, providing precise longitude and latitude locations. The information was then fed into a digital format similar to a spreadsheet, he said.

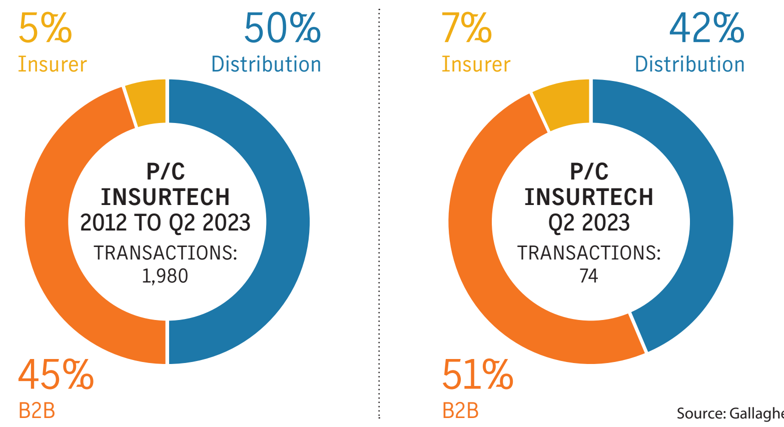
"For a risk manager to be able to save $2 million on insurance solely by getting their schedule accurate, that shows there's a lot of opportunity for better communications tools in the future," Mr. Collier said.

Similarly, a client with an incomplete or inaccurate property schedule can have it updated and made more accurate by feeding it into an RPS system, which populates data fields by pulling information, such as square footage or construction date, from third-party data sources, he said.

More complete and precise submissions are more likely to get to "the top of the pile" on the desk of an underwriter inundated with submissions in the challenging commercial insurance market, Mr. Collier said.

In January, Honeywell implemented a new risk management information system for its property assets that helps facilitate the submission process by allowing underwriters access to information, including model-ready reports, Ms. Weinstein said.

P/C INSURTECH TRANSACTIONS BY SUBSECTOR



Source: Gallagher Re

The system also allows her to track which brokers, insurers and other business partners have downloaded the information and when, helping her track the progress of submissions.

The system is "a great data application tool" that helps navigate challenging commercial property insurance markets, Ms. Weinstein said.

"Tracking data for physical assets becomes much harder" in the difficult market, especially as companies have reduced staff, she said, adding, "The time invested and the money invested have definitely been worthwhile."

With each business unit within Honeywell responsible for its own expenses, including insurance, "this system gives a lot of visibility into what each individual business' exposures were," she said.

Carnell Jones, Chicago-based risk manager for real estate development and management company Trinitas Ventures LLC and president of the Chicago chapter of RIMS, said he is evaluating risk management technology tools as part of his current role, which he took on six months ago.

One platform he investigated "is the sort of tool which can help streamline the application process and also eliminate redundancies," Mr. Jones said. The tool aggregates submission questions and related information digitally in a single place and can loop in other departments to answer questions and then track the progress of the process.

The platform stores previous years' submissions, allowing for greater consistency from year to year, and can provide specific breakdowns by insurer and broker, such as total spending with a particular counterparty.

The platform has also served as a training tool for Mr. Jones in his new role, providing insights into the organization's historical insurance needs and past decisions.

In addition to learning about new technologies and how they may help improve risk management, risk managers have been learning from each other when it comes to technology, Mr. Jones said, adding he uses the RIMS community to learn more about different systems. "I get a lot of good feedback from their experience," he said.

Honeywell's Ms. Weinstein said risk managers also communicate with each other to vet the myriad systems available to them. "This is a major topic of conversation" in RIMS's online forum and elsewhere as risk managers increasingly adopt technology while using one another's experience to help sift through their options, she said.

Systems show promise, can be tailored for success

Data and technology are recasting many industries, including insurance, but the brave new world is hardly perfect and tech tools that help solve problems can create new challenges.

Products are rarely a perfect fit out of the box and generally must be made to suit a user's operations.

"Typically, off-the-shelf products need to be tailored to certain specifics of a business," such as geography or business segment, said Gaurav Kapoor, Toronto-based senior vice president, head of strategy, digital and operations, for NFP Corp. in the broker's North America construction and infrastructure group.

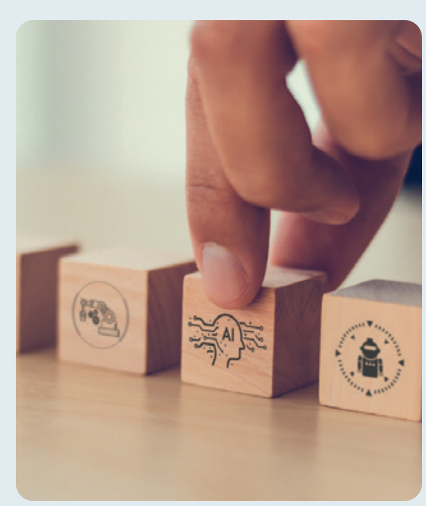
"Risk management information systems, while they've come a long way over the years, may not provide the one-stop solution that you need," said Audrey Rampinelli, New York-based senior vice president of risk management and insurance services at Mastercard Inc.

"The emerging technologies we're seeing today, such as generative AI, are amazing but still require the human element to tailor the solution to your approach," said Kyle Duke, senior vice president and practice lead, construction loss control, for Newfront Insurance in Dallas.

Not every system fulfills expectations, said Christie Weinstein, Morris Plains, New Jersey-based director of risk management and insurance for Honeywell Inc. and a Risk & Insurance Management Society Inc. board director.

"I've put time into systems and had them not pan out," Ms. Weinstein said. A given tool may be selected to perform a given task, but "once you start the integration process, you realize it can't," she said.

Matthew Lerner



HUDSON
INSURANCE GROUP®

Think again. By constantly looking at opportunities for growth, we've become a market-leading specialty insurance group. With over 100 years under our belt, we now have more business lines, more specialty products and more claims handling expertise than ever before. Let our specialists help navigate your business risks. There's no better time to discover what we can do for you.

For smooth sailing, THINK HUDSON.

Rated A+ by A.M. Best, FSC XV

HudsonInsGroup.com

- MANAGEMENT LIABILITY
- PROFESSIONAL LIABILITY
- FINANCIAL INSTITUTIONS LIABILITY
- MEDICAL PROFESSIONAL LIABILITY
- TRUCKING
- PRIMARY GENERAL LIABILITY & EXCESS LIABILITY
- GENERAL LIABILITY & PACKAGE
- PERSONAL UMBRELLA
- SPECIALTY LIABILITY
- CROP
- SURETY

ALAN JAY KAUFMAN

Business Insurance Lifetime Achievement Award Recipient

Congratulations to Alan Jay Kaufman
for receiving this prestigious honor.

On behalf of the more than 2,000 Kaufman associates worldwide, we extend our heartfelt admiration to our Chairman, President & CEO on this remarkable accomplishment.

The award reflects his unwavering commitment, visionary leadership and unparalleled contributions to the insurance profession.

You have inspired countless colleagues worldwide and shaped the next generation of industry trailblazers.

Kaufman | Burns & Wilcox

BUSINESS INSURANCE U.S. INSURANCE AWARDS

Celebrating Today. Creating Tomorrow.

The 2023 *Business Insurance* U.S. Insurance Awards celebrate teams working across the insurance and risk management sector that are providing solutions to problems faced by commercial insurance buyers and supporting the industry.

The finalists and winners include risk management teams tackling workplace injuries, brokers redesigning programs amid the hard market, third-party administrators providing innovative claims solutions, and efforts by various companies to support their communities.

The highlight of the awards event, which was held in New York in July, was the presentation of the 2023 Lifetime Achievement Award to Alan Jay Kaufman, chairman, president and CEO of H.W. Kaufman Financial Group, who was also inducted into the *Business Insurance* Hall of Fame (see profile page 23).

The team awards recognize the achievements of groups of insurance and risk management professionals who collaborated on specific projects.

The nomination period for the awards opened in February, and we received more than 170 nominations. *Business Insurance* staff selected finalists in 10 categories.

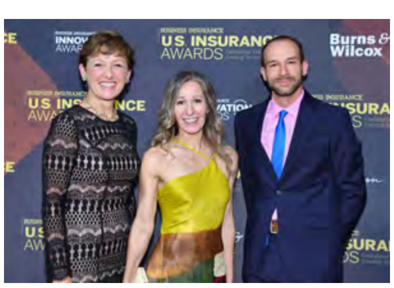
The winners were selected by a panel of 40 risk managers who independently assessed each of the finalists.

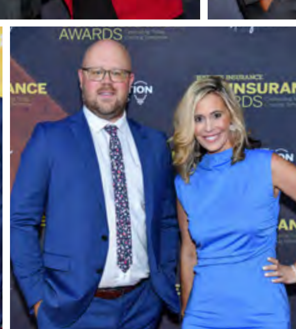
Profiles of the winning teams begin on page 26.

The awards event also raised funds for the *Business Insurance* Scholarship, which was founded to help address the talent shortage facing the insurance sector and is administered by the Spencer Educational Foundation Inc. This year's recipients are Ryan Fick, a risk management and insurance major at Temple University in Philadelphia, and Ryan Orzeck, who is also a risk management and insurance major at Temple.

Gavin Souter, editor

THE 2023 WINNERS





5-Star Professional Liability Award, 2022

Since 1930, we've embraced excellence and innovation by putting people first. To us, insurance is more than a piece of paper—it's a partnership and a promise to help get back to your best.

Congratulations to the 2023 U.S. Insurance Awards winners. We can't wait to innovate with you.

Join us in creating a people-powered future. Visit markel.com

INSURANCE BUSINESS
2022
5-STAR
PROFESSIONAL
LIABILITY
Insurance Business

MARKEL

BUSINESS INSURANCE LIFETIME ACHIEVEMENT AWARD

Alan Jay Kaufman

BY GAVIN SOUTER
gsouter@businessinsurance.com

Taking on a business that bore his family name was far from predestined or straightforward for Alan Jay Kaufman.

As the head of his own law practice, which he started in the 1970s, he had carved out a successful career outside of his father's wholesale insurance group and while close to his father he was under no pressure to join the business.

But in the early 1990s when, after a long career, Herbert W. Kaufman started thinking about pulling back from the day-to-day running of the company, his son's entrepreneurial instincts took over and he saw the opportunity to build on what his father had created and develop it into what is now a significantly larger and more complex network of insurance businesses.

There were hurdles along the way, including the initial challenge of taking the publicly traded company private in a deal in which he had to "bet the ranch" to come up with the funds. But over the past nearly 30 years Mr. Kaufman has turned Farmington Hills, Michigan-based H.W. Kaufman Group, where he is chairman, president and CEO, into a leading international specialty brokerage, managing general agent, wholesaler and insurance enterprise.

In 1996, the year he took the company private, its flagship unit Burns & Wilcox reported $271.7 million in premium volume and $38 million in gross revenue. Last year, the company reported $2.41 billion in premium volume and $600 million in gross revenue.

For his achievements in building H.W. Kaufman, his leadership position in the industry and his contributions to developing the next generation of insurance industry leaders, Mr. Kaufman received the *Business Insurance* Lifetime Achievement Award during the U.S. Insurance Awards presentation in New York in July.

Alan Jay Kaufman

Pursuing his passions

Encouraged to pursue his passions while growing up, Mr. Kaufman's interests originally lay far from insurance. Attending Detroit public schools, he was an Eagle Scout interested in science and a keen sportsman who hoped to play sports in college. A serious knee injury curbed his sporting ambitions but his scientific bent and love of animals led him to enter Michigan State University intending to become a veterinarian.

But he had previously run his own small enterprises, including a landscaping service, and had been exposed to his father's insurance business, which the elder Mr. Kaufman founded in 1969. He was also interested in civics and the law, so eventually he switched to the university's business school and after graduating attended law school at the University of Notre Dame.

Interested in international law, while at Notre Dame he spent a year abroad studying at the London School of Economics. While he was there in 1972 he spent the summer working at C.E. Heath, a Lloyd's of London broker and underwriting agency.

"I worked at the brokerage at C.E. Heath, and I also worked on the floor of Lloyd's at a box, so that summer was an exceptional experience," Mr. Kaufman said.

Back in Detroit, he started practicing law, specializing in litigation, including some insurance work, before starting his own firm in 1977. The firm represented insurance companies, including work with Lloyd's, and did other commercial work, including real estate.

"The firm grew, and I was happy, but I also saw as an entrepreneur that I was limited as to what I could do financially," Mr. Kaufman said.

His father had taken H.W. Kaufman public in the 1980s to fund acquisitions and with each acquisition he discussed the deals with his son, who grew excited about the growth of the business.

> "I thought that the best way to take over the company — for the future, for me — would be to take the company private and become the sole shareholder."

So, in the early 1990s, when his father was getting to the point where he wanted to retire and sell his interest in the company, Mr. Kaufman started talking to him about the possibility of taking over the company.

"I had a very small interest in it, but I decided this is an opportunity of a lifetime," he said.

Complicating the plan, though, was his desire to take H.W. Kaufman private. The company had only funded one of its acquisitions with shares, largely because at the time insurance brokerages were not seen as companies whose stock would grow significantly and sellers wanted cash. Yet, it still had to shoulder the regulatory and legal costs and burdens associated with a public company.

"I thought that the best way to take over the company — for the future, for me — would be to take the company private and become the sole shareholder," Mr. Kaufman said.

Going private

It was a long and complicated leveraged buyout process, which had to be an arm's length transaction not involving funding from his father. Mr. Kaufman had to raise

See LIFETIME AWARD page 25

ABOUT THE AWARD

The *Business Insurance* Lifetime Achievement Award recognizes an individual whose outstanding contributions have had a lasting impact on the insurance and risk management sector. The honorees are also inducted into the *Business Insurance* Hall of Fame. The award was first presented in 2017 to Patrick G. Ryan, chairman and CEO of Ryan Specialty Holdings Inc. The 2018 honoree was Maurice R. Greenberg, chairman and CEO of C.V. Starr & Co. Inc.; the 2019 honoree was Martin P. Hughes, executive chairman of Hub International Ltd.; the 2020 honoree was Kevin Kelley, retired vice chairman of Liberty Mutual Insurance Co.'s Global Risk Solutions business; the 2021 honoree was Brian Duperreault, who retired as executive chairman of American International Group Inc. later that year; and the 2022 honoree was J. Patrick Gallagher Jr., chairman, president and CEO of Arthur J. Gallagher & Co.

QBE®

We'll focus on risk, so you can focus on *your business*

As the world evolves, so will your opportunities – and your risks.

Customized insurance from QBE can help you manage it all. Because insuring what's most important to you and your business takes the protection, service and expertise of a global leader.

Discover QBE's diversified mix:

Specialty
- Financial Lines
- Accident & Health
- Aviation
- Personal Insurance

Commercial
- Middle Market P&C
- Programs
- Specialty Casualty

Crop

> Together, we'll create a solution so no matter what happens next, you can stay focused on your future.

For more information, visit us at qbe.com/us

Commercial **Crop** **Specialty**

QBE and the links logo are registered service marks of QBE Insurance Group Limited. ©2023 QBE Holdings, Inc.
This literature is descriptive only. Actual coverage is subject to the terms, conditions, limitations and exclusions of the policy as issued.

LIFETIME AWARD

Continued from page 23

funding personally, including mortgaging his home. "It was the biggest gamble of my life."

The deal closed in January 1996. His father stayed on as president of Burns & Wilcox and remained associated with the company until his death in 2001. The rest of the staff were retained, many of whom are still with the company.

One of the first major actions Mr. Kaufman took was to buy an insurance company to provide the brokerage with some flexibility in placing risks when other insurers backed away from markets.

Initially, he formed a captive and fronting company before buying USF Insurance Co. in 2001. He later changed its name to Atain Insurance Co.

"It has enabled us to write business in certain states where companies had pulled out or where we couldn't get contracts with companies because some companies would have an exclusive with a competitor," he said.

Atain also does business with other wholesalers, and it writes only about 5% of business generated by Burns & Wilcox, he said.

Mr. Kaufman continued to make acquisitions and expanded the company beyond its Midwest base, including key acquisitions in California, Louisiana and Texas.

There was significant consolidation in the brokerage sector, and sometimes it took an innovative approach to secure a deal. For example, the owner of Southern Insurance Services Inc., a brokerage in New Orleans, was pursued by several buyers in 2000, but Mr. Kaufman approached him to find out what he wanted out of a deal.

"I said, 'What do you really want to do?' He said, 'I want one check. I want to call it a day, including my building.' I said, 'Done.'"

Other buyers did not want the building, but Mr. Kaufman said he simply took it as part of the deal and later sold it.

"People sometimes get involved in the minutiae," he said. "I did not want the building either, but I wanted the company."

The arrival of private equity funding in the insurance sector has driven up the cost of acquisitions in recent years. He first saw the influence of private equity in the industry when he tried to buy Crump Group Inc. when Marsh & McLennan Cos. Inc. sought to divest the wholesaler in 2005. While he held in-depth discussions with Marsh McLennan, he was outbid by a substantial amount by private-equity firm J.C. Flowers & Co. LLC.

As a long-term participant in the business, though, he said he's never been tempted to use private equity funding to make acquisitions because the investors usually sell the companies they buy after a few years.

"They're going to run things in a different way than the way I want to see a business run, so we've never taken money from the outside all these years," he said.

International push

He continued to make deals, particularly as he looked to expand the company internationally.

In 2012, H.W. Kaufman bought Chesterfield Insurance Group in London, which gave it an operation in a market it had long traded with, and the deal also allowed it to expand into Canada, where Chesterfield also had operations. Burns & Wilcox now has offices in several locations in Canada, which doesn't have a separate surplus lines market but there is a high demand for specialty brokerage expertise, Mr. Kaufman said.

The Lloyd's brokerage and U.K. operations have grown as the company has made more acquisitions. Burns & Wilcox also established operations in Amsterdam and Santiago, Chile.

H.W. Kaufman continues to be privately owned and two of Mr. Kaufman's three children chose to join the business, after also qualifying as lawyers. Among other corporate roles, Daniel Kaufman is president of Burns & Wilcox, and Jodie Kaufman Davis is president of Burns & Wilcox Canada, which she joined after working at an international law firm.

"I said, 'What do you really want to do?' He said, 'I want one check. I want to call it a day, including my building.' I said, 'Done.'"

Outside of the company, Mr. Kaufman is involved in several nonprofit organizations, including the Detroit Zoological Society, and in 2016 he endowed a professorship in insurance at the Eli Broad College of Business at Michigan State.

"They have an excellent business school, but they did not have one class on insurance," he said. Now, the school has an insurance and risk management minor.

Looking ahead, he sees insurance as a great business for anyone looking for a career.

"You don't have to sell insurance; you have to sell the company. People have a choice of where to go, but they need insurance. That's not going to change," he said.

What can the right insurance do for you?

TRANSFORMING IDEAS INTO VALUE

AIG Learn more at aig.com

Broker Team of the Year

Willis Towers Watson

When a major entertainment services company issued a request for proposal for its global casualty program in 2022, Willis Towers Watson PLC responded with months of consultation, before and after the award of the business.

"This was the best-run RFP of my 30-year career," said George Haitsch, technology, media and telecommunications industry leader and managing director in Philadelphia for WTW, describing a "marquee new client" for the broker.

"Brokers prefer to be in contact with a prospective client prior to the RFP," and the engagement period for the client covered about six months, both before and after the RFP was submitted, he said.

The client had recently put in place a new risk management team which "made themselves accessible and available" for multiple demonstrations and presentations, going through about a half-dozen demos of the broker's analytical tools,

George Haitsch

Mr. Haitsch said.

The company chose to renew its casualty lines alone and and "spent hours as a team getting to know their broker partners," Mr. Haitsch said.

The program included areas such as workers compensation, where coverage was restructured to yield several hundreds of thousands of dollars in savings while raising the retention level.

For general liability and auto liability, the broker was able to add twenty coverage enhancements, including limited pollution coverage. In addition, the company was able to reduce its total cost of risk, he said.

Modeling different outcomes was a key part of the process, using tools including WTW's limits adequacy model in evaluating the umbrella and excess liability program, where ultimately the client took on $20 million in additional coverage, Mr. Haitsch said.

At the time the program was placed in mid-2022, "market conditions were stabilizing for primary casualty," while the excess and surplus lines market was "still more challenging and fluid," he said. The harder market was "definitely a factor which created more work for brokers," he said.

As a former risk manager himself — for 10 years at German software giant SAP SE prior to joining WTW 13 years ago — Mr. Haitsch said he can appreciate both sides of the renewal process.

When he worked as risk manager, he said he viewed himself "as marketing SAP to potential strategic partners who were going to underwrite and take on risks material to me."

Matthew Lerner

> "This was the best-run RFP of my 30-year career."
>
> George Haitsch, Wiilis Towers Watson

FINALISTS

- **Conner Strong & Buckelew** — The broker's employee benefits captive team used innovative techniques to lower overall health care costs for organizations across the United States.
- **Hylant Group Inc.** — The broker's team helped build an occurrence-based program in a tough market environment that secured the necessary limits at significant savings.
- **Marsh McLennan Agency** — The Marsh LLC unit's national accounts team, which was formed in 2018 to service upper middle-market companies, has grown significantly while retaining nearly all its clients during the hard market.
- **Newfront Insurance** — The broker's team used captives to mitigate increased costs affecting the real estate sector and built relationships with underwriters to offer options to clients that were not otherwise available.

Community Outreach Project of the Year (Donations)

Marsh McLennan

The murder of George Floyd by police in 2020 was a turning point for Marsh & McLennan Cos. Inc., one that led to the creation of a program that has donated more than $2 million to racial justice organizations around the world.

Marsh McLennan acted quickly after Mr. Floyd's death. "Our executive committee immediately took action and hosted a series of safe-space sessions with our Black colleagues to listen, learn and understand what we could be doing better," said Katy Rodriguez, Marsh McLennan's New York-based social impact leader for the U.S. and Canada.

The company decided to commit $5

Katy Rodriguez

million over three years under its Leading the Change initiative to support organizations that advocate for greater equality for Black people. As part of its commitment, the brokerage created the Social Justice Double Match Program, which doubles employee donations to advocacy groups.

The program has contributed about $2.3 million to more than 200 organizations. About 1,600 Marsh McLennan employees have seen their donations doubled under the program, which has no cap on the amount it will match.

"We can amplify our colleagues' individual efforts through this program" and create "more meaningful change," Ms. Rodriguez said.

The program allows employees to select any organization working toward achieving racial justice. "We look at their mission and if it aligns to that broad criterion, it is approved," Ms. Rodriguez said.

Often, employees are associated with the organizations they support, through volunteering, serving on boards or other connections to the groups, she said.

Among the recipients of donations are well-known organizations such as the NAACP's Legal Defense and Educational Fund, and the American Civil Liberties Union Foundation Inc.

Donations have also gone to lesser-known organizations such as We The Protesters Inc., which seeks to reform public safety policy, and Race Forward, a group that addresses structural racism as part of its mission.

"We have also supported universities that have a predominately Black population," Ms. Rodriguez said.

The company hopes to continue the work addressed by the program after it expires at the end of this year, she said.

"We recognize that tackling systemic issues like racism require more sustained efforts," Ms. Rodriguez said, "and we are reviewing the process … and exploring whether there are additional ways to make a positive impact in the long term."

Michael Bradford

> "Our executive committee immediately took action and hosted a series of safe-space sessions with our Black colleagues to listen, learn and understand what we could be doing better."
>
> Katy Rodriguez, Marsh McLennan

FINALISTS

- **AmTrust Financial Services Inc.** — The insurer's AmTrust Cares program matches employee donations to selected nonprofit organizations.
- **Hylant Group Inc.** — The broker made a $1 million donation to build The Ribbon, a 1,000-foot loop trail and ice-skating surface, and revitalize riverfront space in Toledo, Ohio.
- **Pennsylvania Lumbermens Mutual Insurance Co.** — The insurer supported the St. Baldrick's Foundation to fight childhood cancer.
- **QBE North America** — The insurer partnered with a conservation finance nonprofit whose projects have decreased the risk of catastrophic wildfire and increased resiliency.

Community Outreach Project of the Year (Pro Bono and Volunteer)

Axis

When the COVID-19 pandemic made in-person volunteering difficult, Axis Capital Holdings Ltd. found a creative way to boost funding for an organization that provides health, educational and other services to people in extreme poverty.

Over several months, Axis developed the Bridging Worlds Challenge, an interactive, quiz-like virtual experience that gives potential donors, volunteers and existing corporate partners of Adara Group a deeper understanding of the work that the Sydney-based organization is doing to help the needy around the world.

The project created a way of "giving back virtually" at a time when in-person volunteering was difficult or impossible, said Noreen McMullan, New York-based chief people officer at Axis.

> "Most of us had never done anything like this before, so it was a challenge. But people really enjoyed building something unfamiliar from scratch."
>
> Noreen McMullan, Axis

Noreen McMullan

As the pandemic has waned, the Bridging Worlds Challenge continues to generate benefits for Adara.

The group has held events featuring the challenge in several countries, attracting significant donations that have helped fund meals for schoolchildren, trained health workers in newborn care, sponsored midwives, provided school supplies and more in poor communities.

"Over the course of an hour, they develop a deeper understanding of the everyday lives of Adara's communities," Ms. McMullan said of the interactive challenge. "And they get a sense of the work being done and the immense impact a donation can make."

Developing the project was not without its own challenges for Axis employees in time zones far from Australia. Much of their work was done during evenings to account for the time difference between their offices and Adara's location, she said.

Axis put the project together at no cost to Adara, Ms. McMullan said.

"Most of it was done with the talent we have in-house," she said. "Most of us had never done anything like this before, so it was a challenge. But people really enjoyed building something unfamiliar from scratch."

The Bridging Worlds Challenge has been so successful that it has led to a spinoff, Ms. McMullan said.

The company's parents and caregivers resource group has partnered with Adara to create a kids and family version of the challenge, which was designed to introduce that audience to the "important work of the philanthropic partnerships," she said.

The newest version of the challenge debuted recently, Ms. McMullan said. "The culture of volunteering and giving back at Axis goes out to the families and children who see what we do," she said.

Michael Bradford

FINALISTS

- **American International Group Inc.** — The insurer provides support, and legal and regulatory guidance to Reporters Shield, an organization protecting investigative journalism.
- **Higginbotham** — The brokerage's Higginbotham Helps initiative supported restaurants struggling through the pandemic, a program it expanded to include other volunteer initiatives.
- **Liberty Mutual Insurance Co.** — The insurer's Corporate Strategy and Research Group worked on a volunteer engagement with HopeWell, a greater Boston-based nonprofit.
- **Zurich North America** — In-house lawyers in the insurer's legal services department volunteer to advise people with limited means on immigration, criminal records relief and other matters.

AON

Certainty in a Shifting Landscape

Organizations today must address evolving and increasingly interconnected risks — while making complex decisions that can significantly impact balance sheets and earnings volatility.

At Aon, our job is to ensure every client is better informed, better advised and able to make better risk mitigation, retention and transfer decisions.

aon.com

A smarter way to risk

wtwco.com

Diversity & Inclusion Initiative of the Year

Alliant

The realization that it can be difficult for minority students to make inroads in the insurance industry led a team at Alliant Insurance Services Inc. to develop a summer internship program designed to open career possibilities.

Launched last year, Alliant Fellows is tailored for college students who might be unfamiliar with the insurance industry as a viable career path.

The program, created by members of Alliant's diversity, equity and inclusion department, helps the students with tasks such as skill building and relationship building.

"The idea behind the fellows program is to open up the entire insurance industry to them, from working with marketing to accounting to mergers and acquisitions to speaking with producers in different fields, so they can get a true handle on what the industry's all about," said Lilian Vanvieldt, San Diego-based executive vice president and chief diversity and inclusion officer at Alliant.

Lilian Vanvieldt

> "We didn't want the students to just decide what they wanted and then go into the industry; we wanted them to explore it."
>
> Lillian Vanvieldt, Alliant

The insurance industry tends to be white and male dominated, which isn't "nefarious" but a reality in a legacy industry in which books of business are often passed down, she said.

Participants in the paid internship program have three consecutive summers to learn the ins and outs of insurance.

"We didn't want the students to just decide what they wanted and then go into the industry; we wanted them to explore it," said Aaisha Hamid, an Alliant assistant vice president and diversity, equity and inclusion manager.

The goal is to give students a holistic experience when exploring the industry, Ms. Hamid said.

"There's not a lot of proactive outreach effort," she said. "That's something we've changed with the fellowship program."

As a millennial working in the insurance sector, Ms. Hamid said she connected with people who joined the industry by accident and realized that a proactive effort was needed for the sector to recruit new talent from a variety of backgrounds.

Since Alliant has offices in most major U.S. cities, participants can choose where they want to attend the program, which provides a salary, housing and food stipend.

"It's not just a traditional internship where you get a salary and that's it," Ms. Vanvieldt said. "We actually help to move them to where they need to be."

Jon Campisi

FINALISTS

- **Beazley PLC** — The insurer's claims team's diversity strategy includes working with more law firms run by minority, female and LGBTQ+ owners, and ensuring that their legal services partners reflect the communities they serve..
- **Marsh & McLennan Cos. Inc.** — The company's Racial Inclusion & Social Equity MBA/Master's Fellowship provides Black MBA/Master's candidates with a practical business curriculum and an exploration of solutions to racial and social justice issues.
- **USI Insurance Services Inc.** — The broker's diversity in hiring initiative trains talent acquisition teams to locate more diverse, underrepresented candidates and helps managers recognize unconscious bias.
- **Willis Towers Watson PLC** — The broker developed a virtual development program designed to increase the number of women in senior leadership roles. The program combines group learning and discussion combined with one-on-one mentoring opportunities.

For your captive solutions.

We listen closely to understand your company's risk and all its complexities. Then we can create the right combination of risk management services and coverage to help you save time and energy, and unlock your company's potential.

We're serious about commitment to service and we've been recognized for it, again and again.

Protect What Matters
Scan to visit our site

AXA XL is a division of AXA Group providing products and services through three business groups: AXA XL Insurance, AXA XL Reinsurance and AXA XL Risk Consulting. In the US, the AXA XL insurance companies are: Catlin Insurance Company, Inc., Greenwich Insurance Company, Indian Harbor Insurance Company, XL Insurance America, Inc., XL Specialty Insurance Company and T.H.E. Insurance Company. Not all insurers do business in all jurisdictions nor is coverage available in all jurisdictions.

AXA, the AXA and XL logos are trademarks of AXA SA or its affiliates. © 2023

Insurance Consulting Team of the Year

BDO USA

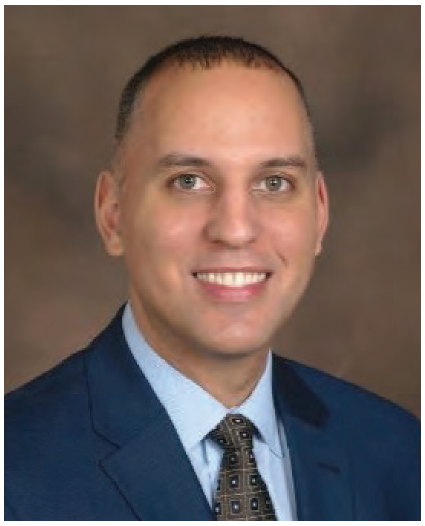
Rising workers comp claims and employee turnover sent the city of Torrance, California, in search of help to ease the increasingly difficult burden of meeting obligations to injured workers.

BDO USA LLP was called in and got to work quickly in October 2020. Results weren't slow to follow.

In six months, changes implemented as a result of BDO's work saved the city $2 million, an amount it expects to grow to around $5 million by the end of this year. Torrance also expects a 25% reduction in the cost of incurred workers comp claims, which is forecast to save $8 million year-over-year.

"They were dealing with a lot of issues around turnover," said Jake Acosta, a New York-based director and leader of the claims advisory practice at BDO USA. Among them, the departure of the city's workers comp manager left Torrance struggling with how to meet its claims obligations, primarily from police and firefighters, he said.

Budget cuts added to the city's problems, making it difficult to attract and retain workers comp personnel, Mr. Acosta added.



Jake Acosta

After an initial assessment, BDO suggested the city outsource the claims work to a third-party administrator. Torrance agreed, and Sedgwick Claims Management Services Inc. was hired to take over the work.

"They (Torrance officials) asked us to also put together guidelines," Mr. Acosta said, that outlined how the city's workers comp department could provide oversight to the TPA.

Around this time, the workers comp manager left the job and BDO took the role on an interim basis.

"We redid a lot of their processes; we made sure that the claims that were owed were paid," Mr. Acosta said. Because California law mandates fines if workers comp claims aren't paid within a certain period, the moves ensured that timely payments avoided those costs and any fraudulent claims were identified and denied before time ran out, he said.

"The way to avoid that is to do a very proactive investigation" that includes reviewing medical records, he said of ferreting out fraudulent claims. "They owed some payments because they weren't timely in denying them."

The city's workers comp claims are declining partly because BDO has helped Torrance become more proactive in getting some injured workers back on the job, Mr. Acosta said. "Now that they have a much more updated process and Sedgwick is helping them, our forecast is a lot of these smaller, non-severe claims will probably be closed within the first 30 days," he said.

Michael Bradford

> "Now that they have a much more updated process and Sedgwick is helping them, our forecast is a lot of these smaller, non-severe claims will probably be closed within the first 30 days."
>
> Jake Acosta, BDO USA

FINALISTS

- **Aon PLC** — The broker created the ESG Performance Index, a tool that allows energy sector clients to demonstrate their ESG performance.
- **Axa XL** — The insurer's risk consulting unit offers customized risk management solutions and consulting services.
- **Corporate Risk Solutions** — The consultancy overhauled a sustainable construction materials company's insurance program.
- **Spring Consulting Group LLC** — The Alera Group unit combines consulting and actuarial expertise across employee benefits and property/casualty lines.

Insurance Underwriting Team of the Year

Zurich North America

Zurich North America's exporters package coverage allows companies that ship products or whose employees travel overseas to bind coverage online, sometimes without the direct involvement of an underwriter.

The coverage available through its Exporter Solutions Digital Platform includes international general liability, workers compensation, excess auto liability, and accident and health, said Andy Zoller, Dallas-based head of international for U.S. commercial insurance at the insurer.

The platform is designed for small and mid-sized international exporters with annual premiums up to $25,000 and which generally average about $2,500, he said.

> "Using information from a client, a registered broker can input data and parameters, receive an automated quote and bind coverage with a keystroke or mouse click."
>
> Andy Zoller, Zurich North America

Andy Zoller

The business must "not have any true foreign exposures — strictly exporting with no physical locations or legal entities outside of the U.S.," he said.

Binding coverage can take as little as 15 minutes, compared with about 90 minutes for manual submissions, and may not involve an underwriter's direct touch, Mr. Zoller said.

Using information from a client, a registered broker can input data and parameters, receive an automated quote and bind coverage with a keystroke or mouse click, according to Mr. Zoller.

He recounted the instance of the first broker to use the system, who was able to quote and bind coverage for a client in just a few minutes.

There are about 200 registered brokers across roughly 20 brokerages using the system, according to Zurich.

"We know it saves us well over an hour-and-a-half worth of time on an underwriter's desk with keystrokes, reviews" and other tasks, Mr. Zoller said.

Zurich is examining other business lines where the technology could be deployed such as financial lines and accident and health, which could use similar platforms for their small business, he said.

Scaling the technology for larger accounts, though, is more complex because those policyholders face issues such as compliance that make the exercise more difficult.

The business has seen about 300 submissions since it was launched in April 2022.

In all, it took about a year to finish the system. The technology was built in-house with collaboration from an external design firm on appearance.

Matthew Lerner

FINALISTS

- **Axa XL** — The Axa SA unit's North America construction underwriting team addresses complex risks through insurance, claims handling, loss-prevention education and the adoption of new risk-reducing technologies.
- **Fortegra Specialty Insurance Co.** — The insurer launched captive-based property coverage for mid-sized policyholders and a flexible management liability program for nonprofits.
- **Loadsure Ltd.** — The insurtech managing general agent and Lloyd's coverholder uses historic and real-time industry data, artificial intelligence and automation to deliver digital freight insurance products.
- **Ryan Specialty LLC** — The company's Alive Risk managing general underwriter's ESA Crew Cover includes standard general liability limits as well as a membership to the Event Safety Alliance, for event production freelancers.

Legal Team of the Year

Covington & Burling

Covington & Burling LLP has been involved in a host of high-profile insurance recovery cases over the past few years, including several related to losses stemming from the COVID-19 pandemic.

Much of the work they do is for clients that are household names such as Exxon Mobil Corp., Walt Disney Co. and the National Football League.

"We have over 100 lawyers in the insurance practice," said Ben Lenhart, Washington-based partner and co-chair of the firm's insurance recovery practice. That includes 23 partners dedicated to insurance coverage work, another 20 who act as counsel and more than 60 associates.

The firm has recovered more than $20 billion for policyholders in the last 35 years, Mr. Lenhart said.

"We only work for policyholders, which are generally large companies," Mr. Lenhart said. The firm, which has its largest office in Washington and significant operations in other cities, is at any given time handling 300 to 400 coverage matters, he said.


Ben Lenhart

About 10% of those cases involve litigation or arbitration, according to Mr. Lenhart. "The other 90% generally never go to court; they get resolved through settlements," he said. "A small settlement would be $5 million or $10 million, and large settlements are hundreds of millions of dollars."

General liability cases, directors and officers liability claims and, increasingly, cyber-related disputes make up much of the firm's work, Mr. Lenhart said.

Disputes arising from the COVID-19 pandemic have kept the firm busy with cases, including Major League Baseball's billion-dollar claim against its underwriters.

Covington & Burling handles Walt Disney Co.'s case against insurers over hundreds of millions of dollars in losses on more than 200 media productions that were hit by the pandemic. And the firm represents the National Hockey League in a case seeking recovery of more than $1 billion in pandemic-related losses from its property and business interruption insurers.

"We represent Merck in the largest cyber claim in history," Mr. Lenhart said, and Exxon Mobil in its $1 billion case coverage related to a gasoline additive, which he cited as two of its most prominent and challenging cases.

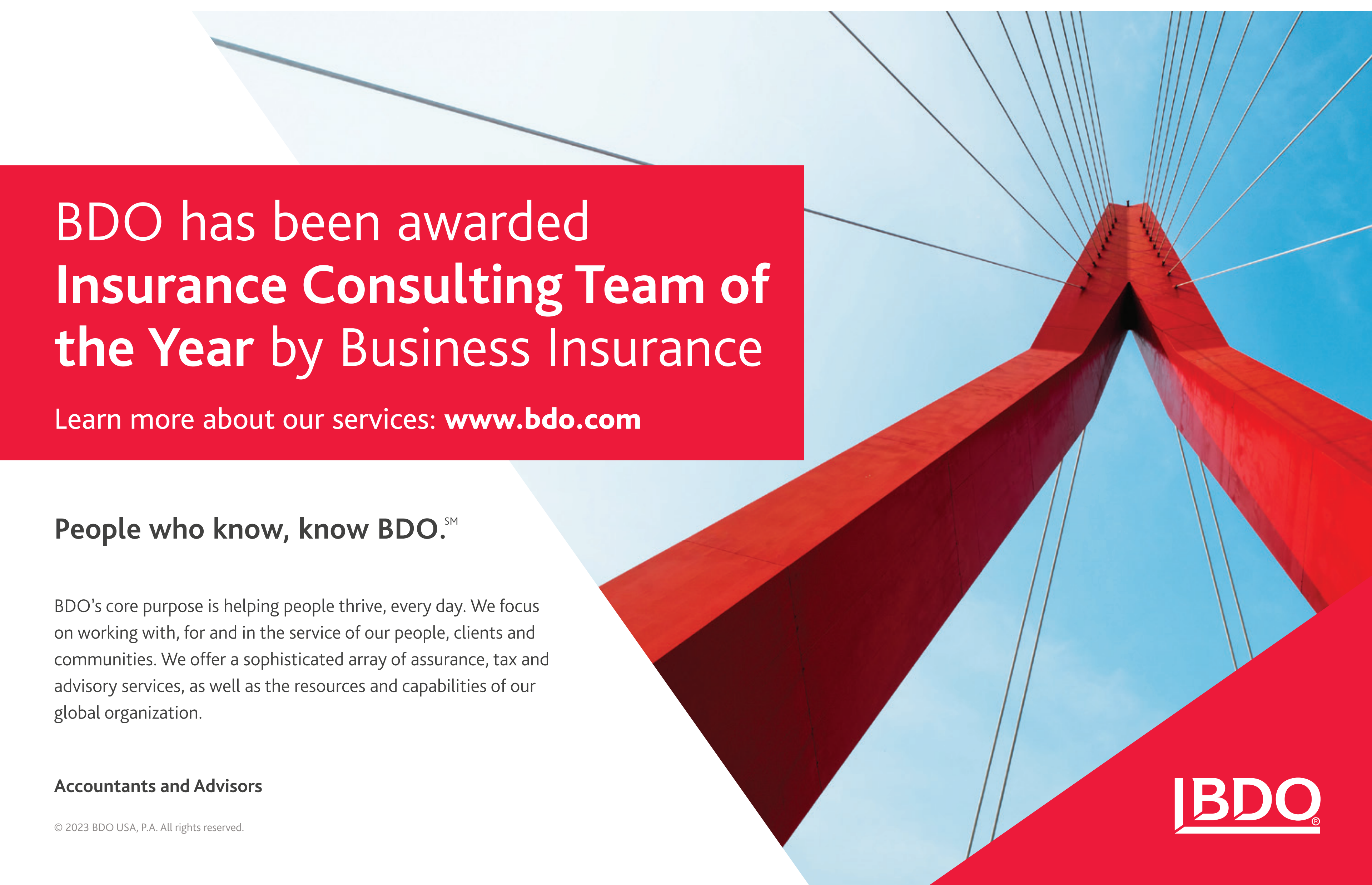
The firm's success is partly down to its ability to recruit "some of the best and the brightest" and retain them, Mr. Lenhart said. "In the last 20 years we have not had a single insurance partner leave for a competitor. That is a remarkable fact," he said.

Michael Bradford

> "In the last 20 years we have not had a single insurance partner leave for a competitor. That is a remarkable fact."
>
> Ben Lenhart, Covington & Burling

FINALISTS

- **Anderson Kill P.C.** — The firm's insurance recovery attorneys have recovered billions in judgments and settlements for policyholders over the course of nearly four decades.
- **Bailey Cavalieri LLC** — The firm offers diverse and practical services to insurers in connection with directors and officers liability insurance and related products.
- **Blank Rome LLP** — The firm's insurance recovery practice works with policyholders across industries and has recovered billions, including in landmark rulings.
- **Pasich LLP** — The boutique firm focuses on high-value, high-profile, complex insurance recovery and litigation.



Risk Management Team of the Year

Carhartt/CorVel

Workers at apparel company Carhartt Inc. spend much of their days sewing garments, a task the company's risk management team and risk management services provider CorVel Corp. knew was leading to ergonomic injuries.

The company has spent years tackling the issue, doing everything from changing workstations to modifying hours, said Ashley Arvin, a registered nurse, safety specialist and workers compensation administrator at Carhartt in Irvine, Kentucky.

The company's efforts got a big push when it enlisted the help of artificial intelligence in January 2022 at its sewing facility in Irvine — a program that, using a video recording of workers at their stations, could pinpoint postures and practices that were possibly causing aches and pains to backs, shoulders, necks, arms and legs.

"Those workers began to see that if they continue to do that motion over and over again, which is a repetitive motion, that they're eventually going to cause harm," Ms. Arvin said. "We all can become complacent in our daily jobs and just look over those things. This has really brought a lot more attention to the associates and the way that they work."


Ashley Arvin

The company can show the videos to illustrate the ergonomic assessment. "Then we're able to really fix those issues at the workstation because we get feedback pretty quickly," Ms. Arvin said.

The program, offered by industrial software company Humantech Ergonomics, cost $8,500 to set up, with an annual fee of $6,000, according to Ms. Arvin, who called the return on investment "tremendous."

In 2021, the facility had 16 ergonomics-related workers compensation claims. It ended 2022 with just eight, which resulted in savings of $94,000 at the facility. The program is now being rolled out at other facilities, Ms. Arvin said.

"Not only did we reduce our number of work injuries but also the cost associated with those," she said.

Claudia Hausmann, Louisville, Kentucky-based regional account manager at CorVel, said Humantech "fell in line with what Carhartt was doing before" and that the company already had a good track record for preventing injuries.

"The team, they're very compassionate, and they're about their associates and working diligently to prevent injuries," she said. "They're very proactive by making sure that all the workstations are ergonomically sound, so they were already working on that."

Louise Esola

"We all can become complacent in our daily jobs and just look over those things. This has really brought a lot more attention to the associates and the way that they work."

Ashley Arvin, Carhartt

FINALISTS

- **Fairfax County, Virginia/CorVel** — The county partnered with CorVel to change its workers comp program so employees viewed it as an aid to overcoming injury and returning to work.
- **Howard Hughes Corp./Everest Insurance** — The company partnered with its insurer to establish a customized approach to managing risks and preventing workplace injuries.
- **Oakbridge Insurance Agency LLC** — The broker helped a high-risk client that was repeatedly turned down for coverage reduce its premium and lower claims.
- **United Educators Management Co.** — The risk retention group transformed its risk control incentive program to drive members to adopt proven risk management practices.

TPA Team of the Year

Gallagher Bassett Services Inc.

When Oklahoma University Health's risk officer resigned in 2021, the organization found itself without adequate representation to handle its claims management.

The health care system contacted Gallagher Bassett Specialty to assess its insurance program, which was weeks away from renewals, and formulate a plan.

From there, a partnership was forged that resulted in an in-person approach to claims and litigation management, said Chicago-based Bill Bower, senior vice president-director of healthcare at the Gallagher Bassett Services Inc. division.

Mr. Bower put together a team of Gallagher Bassett attorneys to tackle OU Health's needs and develop a plan for the organization. The team included Shannon Bickham, a vice president with Gallagher Bassett Specialty; Tyler Brooks, an assistant vice president; and Karen Salmon, a senior vice president.

"Since Tyler and I are here in Oklahoma City, we really bring flexibility to the account where we're not claims attorneys who are a few states away or something like that," Ms. Bickham said. "We're really able to be a resource, a very hands-on resource, to OU Health and to the university in any way that they want us."


Bill Bower

"This is just a unique opportunity where Shannon and I can provide real-time advice being the boots on the ground there and being able to be accessible to OU's risk and legal offices as well as having that constant line of communication," Mr. Brooks said.

Mr. Bower said that while litigation management is important, health care organizations that aim to reduce risk need to get "closer to the bedside. They need to prevent bad things from happening."

The team created a committee structure enabling a multi-disciplinary approach to assess events and determine "how can we stop this from happening again," Mr. Bower said.

Through committee work, the team evaluates prior cases and related patient care to identify "opportunities for the organization so that they can take the learnings from the event and translate that into process improvement," he said.

The goal is to prevent bad occurrences that could turn into "expensive lawsuits," Mr. Bower said.

Ms. Bickham and Mr. Brooks said involving physicians in the process has been beneficial.

"The big picture here is we're helping our client achieve better outcomes for their patients," Mr. Brooks said.

Jon Campisi

Health care organizations that aim to reduce risk need to get "closer to the bedside. They need to prevent bad things from happening."

Bill Bower, Gallagher Bassett

FINALISTS

- **Davies Group** — The company's U.S. division's services include providing clients with industry knowledge, such as updates on relevant legislative trends affecting claims litigation.
- **CorVel Corp.** — The company used telehealth and other technology to streamline communication among injured workers, care providers and case managers to achieve better results for all involved.
- **Helmsman Management Services LLC** — The company, a unit of Liberty Mutual Insurance Co., used technology to maintain exceptional customer service during the Great Resignation and the COVID-19 pandemic.
- **McLarens Inc.** — The company's agriculture TPA team's approach to agriculture and food industry claims includes instructional lessons on how to improve the claims-handling process.

Wholesale Brokerage Team of the Year

RT Specialty

RT Specialty's wholesale construction specialty insurance team handles challenging risks that need an innovative approach, its leaders say.

Chad Hall, Tampa, Florida-based president, and Erik Davis, Los Angeles-based managing director, at RT Specialty, a unit of Ryan Specialty LLC, specialize in wrap-up programs where construction or repair problems develop and insurance that was provided previously is no longer available.

"We're not doing vanilla stuff. We're doing all the nastiest, hardest stuff," Mr. Hall said. "We cut our teeth" and "thrive on that," he said.

The team is "heavily weighted toward project solutions," Mr. Davis said.

"We had to build specialized language in insurance products to pick up prior work that was incomplete and make it part of the final work product. We call those takeover wrap-ups."

Chad Hall, RT Specialty

Chad Hall

Erik Davis

"Our team is known nationally for complex protections" that serve the contracting market, Mr. Hall said.

Several of the wrap-up programs they devised emerged because of the distressed economy after the 2008 financial crisis, where banks had a number of incomplete construction projects and in 2010 "all the projects came back to life," Mr. Hall said.

RT Specialty developed products that would cover the projects through to completion, Mr. Hall said.

"But it was more than just completing them, because most insurance products won't take over" existing projects, he said. "We had to build specialized language in insurance products to pick up prior work that was incomplete and make it part of the final work product. We call those takeover wrap-ups."

Demand for the coverage is rising again, including for a major project where an insurer wrote a policy that paid out millions of dollars, but another insurance policy was needed to repair the building, Mr. Hall said.

Among its innovations, RT designed wrap-ups to provide coverage for supply chain risk in modular construction, accessing offsite and manufacturer exposures. Modular construction involves standardized building units that can be constructed at a remote location before being assembled on-site.

The team has also developed an apartment wrap-up program that allows for the conversion of apartments to condominiums for a pre-negotiated additional premium at the policy's inception, as well as a program focusing on sellers' interest that covers 10 years.

RT Specialty's team has "30-plus members that are bicoastal" and operates in all 50 states and internationally, with significant portions of the team operating in Southern California and Florida, said Mr. Davis.

Judy Greenwald

FINALISTS

- **CRC Insurance Services Inc.** — The wholesaler's Redondo Beach, California, brokerage team was able to leverage strong insurer relationships and new capacity to provide solutions for disrupted placements.
- **Risk Placement Services Inc.** — The broker's property team accessed new capacity and developed solutions for clients facing some of the toughest risk management challenges.
- **Synapse Partners LLC** — The company designed and built a proprietary data management platform that leverages specialty insurance data and allows retail brokers to cross sell products.
- **XS Brokers Insurance Agency Inc.** — The broker created a service agreement that includes reports and data analytics to support strategic growth partnerships.

Modern insurance calls for advanced technology.

Xceedance helps you transform.

Working without the latest technology can be costly for you and your customers.

We provide bespoke technology solutions that seamlessly integrate into your existing workflow, increasing business efficiency and helping you keep up with customer demands.

Insurance empowers change. Xceedance empowers insurance.

xceedance
Your way forward

Scan the QR code or visit
xceedance.com/empower
to learn more.

GIVE YOUR EMPLOYEES THE BEST

We provide the solution from diagnosis to treatment

Emerge Wellness closes the gap on missed appointments, unnecessary treatments and overcoming the barriers that physical therapy and home health alone cannot.

Emerge Wellness works to go beyond paperwork and checking "vitals" by delving into the site specific outcomes to more accurately diagnose a complaint. We provide an objective test that not only leads to accurate diagnoses but also implements effective prevention strategies. Working to cut employer expenses

Emerge is there each step of the way with continued care on your employees' terms, at their convenience with programming and support built specifically for each individual. Our aim is to improve overall health, wellness and vitality with an elevated level of care.

Our Services

- Complete Wellness Evaluation
- Personalized programming
- unlimited communication and tracking from certified athletic trainers
- direct access to our unique platform with "live" virtual classes and an extensive library of instructional videos.

Why Choose Us

Our Mission is to use our award winning Electrodiagnostic Functional Assessment (EFA) in the enhancement of EMG range of motion and functional tests to a offer more objective assessment and provide the gold standard in objective evaluation of Musculoskeletal conditions.

Learn more at www.emergedx.com or contact us at mpearsall@emergedx.com


BUSINESS INSURANCE INNOVATION AWARDS

The *Business Insurance* Innovation Awards program celebrates innovative new products and services designed for commercial insurance buyers.

The program, which is in its 14th year, recognizes outstanding work performed by a broad range of service providers, including insurers, brokers and technology companies.

This year's nominations included a broad swath of risk management services, ranging from technology to help companies mitigate and respond to catastrophe risks and cyberattacks to initiatives to improve worker health and use captives to offer voluntary benefits.

The 12 winners were selected by an independent panel of judges composed of professional risk managers, who assessed the more than 70 entries.

The 2023 Innovation Awards judges were Andrew Adams, senior manager-corporate risk management at The Kraft Heinz Co.; Courtney Davis Curtis, assistant vice president, risk management and resilience planning, at the University of Chicago; Audrey Rampinelli, senior vice president, risk management and insurance services, at Mastercard Inc.; Jennifer Reno, global risk manager at QVC Inc.; Carlos Sintes, claims manager at Fortune Brands Innovations Inc.; and Dave Wingo, senior director of risk management at Terex Corp.

The winners were recognized at the U.S. Insurance Awards dinner in New York in July.

Profiles of the winners follow.

Gavin Souter, editor

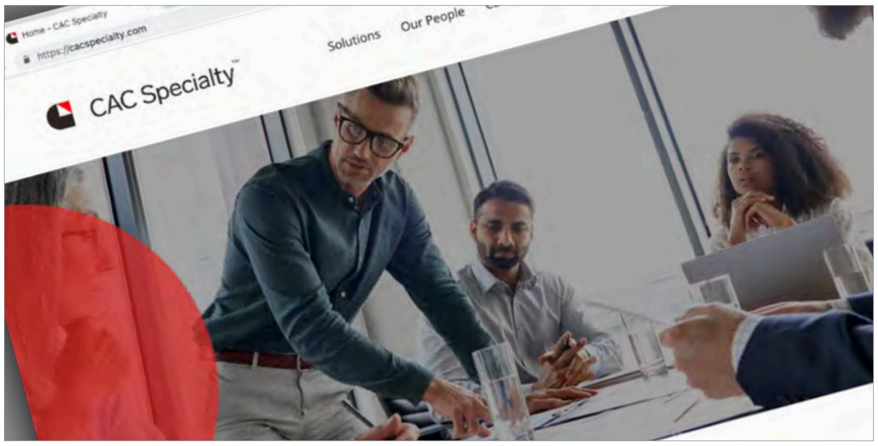
THE 2023 WINNERS






CAC Specialty

INTELLECTUAL PROPERTY PORTFOLIO INSURANCE



Protecting intangible intellectual property against infringement can be costly and time consuming.

Some studies indicate that investments in intellectual property comprise about two-thirds of the world's assets, said Andrew Mutter, Chattanooga, Tennessee-based senior vice president and co-leader of contingent and litigation risk for CAC Specialty.

But "accreting IP is a high-value proposition," he said. "The problem can be that it takes a long time for there to be a return on their investment."

The only "real way to do that" has been to sell some of the portfolio of intellectual property, which includes patents, in the open market, which "always results in making less money than you should," said Shai Silverman, New Haven, Connecticut-based senior vice president, contingent risk, at CAC Specialty.

Mr. Mutter said CAC's intellectual property portfolio insurance "creates certainty" around high-quality patents and provides returns on revenue "that allow you to get better lending than would otherwise be possible, to plow back into your company, keeping the lights on."

Under CAC's program, an insurance policy guarantees licensing fees over several years on the basis of a company's portfolio of intellectual property. Policyholders can then borrow against the insurance policy at a lower cost because of the insurance backup, Mr. Silverman said. CAC's in-house investment bank, Dorset Peak, secures the loan.

Coverage starts at $20 million and can increase to more than $100 million, Mr. Mutter said.

"It's a very efficient and effective way to get IP owners a portion of value for their use, without having to give up a large amount of upside" and reduce their capital, Mr. Silverman said.

Most of the 10 leading insurers in the contingent risk market will be participating in the program, said Mr. Mutter, who did not identify them further.

The first program was placed early this year. In that case, CAC insured a specific portfolio of patents on behalf of a company that had spent several years developing the portfolio. This allowed CAC to secure a debt facility for the company from Dorset Peak.


Andrew Mutter


Shai Silverman

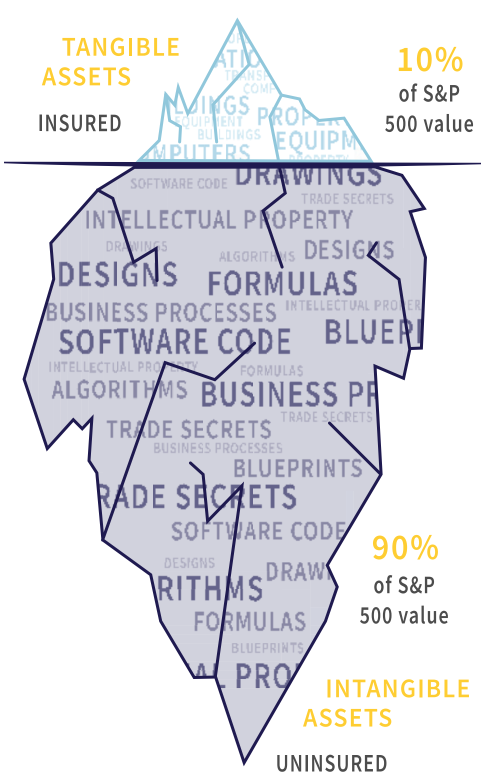
CAC is working on several more programs, Mr. Mutter said, adding the market has been receptive.

"This is solving a problem in particular in the IP space that's been persistent," he said. "There's been a real desire to find a way to do exactly what this solution does."

Judy Greenwald

Crown Jewel Insurance

CROWN JEWEL PROTECTOR



Trade secrets and intellectual property are tough assets to insure for corporate policyholders.

To try to address the problem, Crown Jewel Insurance developed The Crown Jewel Protector policy, which covers the loss in value that a business sustains if its trade secrets are stolen and made public or leaked to a competitor and offers legal and forensic support after a loss.

Crown Jewel is a Miami-based company affiliated with New York-based managing general underwriter Balance Partners LLC. Lloyd's of London insurer Chaucer Insurance Group PLC is the lead underwriter for the policy, and the program is brokered by Acrisure LLC's London-based wholesale unit.

"Right now, we have committed capacity of $21 million, but we are still negotiating with some additional carriers and anticipate we will continue adding other line slips, particularly as the demand grows," said Mary Guzman, Crown Jewel's founder and CEO.

According to a 2020 American Intellectual Property Law Association survey, it takes an average of 2.7 years at an average cost of $4.4 million to litigate trade secret misappropriation cases.

Ms. Guzman said that in her previous position as a cyber liability insurance broker, one of her frustrations was that cyber insurers would not cover the value of trade secret assets, in particular intellectual property assets.

The insurers cited problems such as how to value the assets and how to settle claims.

Ms. Guzman said she "listed each of the challenges and ticked off" in her head ways she could develop a process to make insurance available.

She also spoke with executives at Fortune 500 companies about "what keeps them up at night," and many responded it was fear of the theft of their ideas. "We just didn't have a good answer for it," she said.

Ms. Guzman said she began developing the idea of Crown Jewel Protector in 2019 but "really didn't start in earnest writing policy wording and putting feelers out to vendors and third-party service providers until 2020, during the pandemic."


Mary Guzman

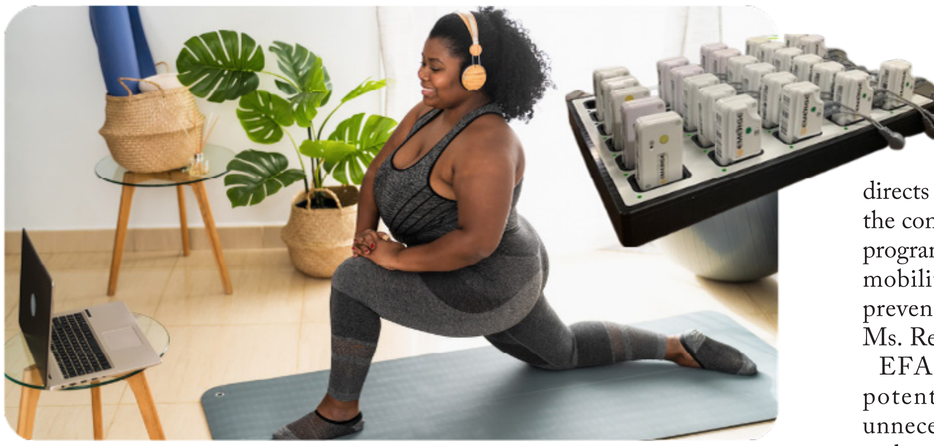
"I was doing a lot of research on trade secrets law" and how to develop a valuation process, she said.

"We're really just getting started, and we do have a handful of clients that seem very interested in fast forwarding this process to get it approved" and to potentially purchase the insurance within the next couple of months, she said.

Judy Greenwald

Emerge Diagnostics

EFA WELLNESS



Entering the wellness sector was a natural progression for Emerge Diagnostics Inc.

The Carlsbad, California-based company, which in 2011 began offering electrodiagnostic functional assessment, or EFA, tests to diagnose and identify the location, extent, nature and age of soft tissue injuries, saw an opportunity to use its resources to try to prevent injuries.

EFA Wellness, introduced this year, is part of the trend of seeking to identify health concerns before an injury occurs, said Mary Rose Reaston, Emerge Diagnostics' co-founder, chief of operations and chief scientific officer.

"We found that workers comp is just a slice of the pie, because musculoskeletal disorders are a $50 billion annual spend in the U.S.," Ms. Reaston said. "We would be remiss if we didn't enter into the wellness space."

Emerge Diagnostics' telemedicine technology can be used to diagnose musculoskeletal conditions of any muscle group, with a focus on back, neck, shoulder and extremities, and can identify repetitive-stress injuries from afar using telemedicine technology involving sensors, Ms. Reaston said.

The wellness program then directs the worker to a fitness program — the company partners with several online programs — to help improve the worker's mobility and strength, which can help prevent a workers compensation claim, Ms. Reaston said.

EFA Wellness, which helps reduce potential misdiagnoses and prevent unnecessary or inappropriate surgeries and treatments, provides a good baseline on worker health, she said.

The program can also be used to address a significant issue in the workers comp sector: aging workers, Ms. Reaston said.

Aging workers tend to recover slower than younger workers, according to workers comp claims data, and identifying and treating issues early — a cornerstone of EFA Wellness — could be a better solution than a wait-and-see approach following an injury, she said.

"There's been a shift in medicine," she said of the trend away from treating diseases to attempting to prevent them. "That's where our wellness program fits in," she said.

Providing guidance and service after the assessment is an important element that goes beyond tradition wellness initiatives, Ms. Reaston said. "If you just give somebody a wellness evaluation, if you give somebody just bloodwork … then it's, 'What do I do with it?,'" she said.

Louise Esola

Mary Rose Reaston

2023 Business Insurance Innovation Award

ZURICH

Zurich API Connector Solution – International Programs

Learn more

© 2023 Zurich American Insurance Company. All rights reserved.

FM Global

CLIMATE RESILIENCE PRODUCT SUITE

Climate change and its repercussions have become a top concern for governments, companies and the general public with increases in catastrophe losses, both insured and uninsured.

With the heightened threats, FM Global saw an opportunity to enhance offerings to its property insurance policyholders by culling location data and using artificial intelligence to assess risk factors and suggest improvements to make organizations more resilient to climate change risks.

The company's Climate Resilience suite of products was created to help policyholders get an early handle on such perils as convective storms, tornadoes and hurricanes to better prevent worst-case scenarios.

"We assess and we quantify and help them mitigate climate-related risks … because climate has become more frequent, more severe, (and) we're seeing those losses," said Carmelina Borsellino, Johnston, Rhode Island-based staff vice-president, chief engineer, at FM Global.

The products in the Climate Resilience suite include the FM Global Climate Risk Report, created from area risk and engineering data, which gives companies a grasp of potential perils using site reports; FM Global Climate Reporting Aid, which provides detailed risk reports to investors in line with regulated financial disclosures; and FM Global Resilience Credit, which provides premium credits to policyholders that take measures to mitigate property exposures.

Ms. Borsellino said the company spent years collecting site visit data on properties, so the Climate Resilience package was a next step in catering to policyholders' needs and enables companies to better protect their sites.

"We just wanted to be able to use our data that we're collecting from our boots-on-the-ground visits and be able to take that and use artificial intelligence, advanced analytics, and be able to help clients prioritize (mitigation strategies) specifically from a climate risk report," she said.

The new services, which were launched last year, have been well-received, as more FM Global policyholders in North America especially seek to better understand climate risks and how to make their business more resilient, Ms. Borsellino said.

Carmelina Borsellino

On climate risks, "you're starting to really see change in that mindset," she said. "Maybe we weren't talking about this as much five years ago, but I am definitely seeing a shift in discussions with our clients. It's becoming more top of mind than it was, I would say, even a year ago."

Louise Esola

Liberty Mutual

ADVANCED PREDICTIVE ANALYTICS CONSULTING SERVICES

A desire to improve outcomes and better manage risk for commercial policyholders in the workers compensation, general liability and commercial auto sector led Liberty Mutual Insurance Co. to develop its advanced predictive analytics consulting services last year.

The services enable the insurer's policyholders to better manage risk by developing mitigation strategies to prevent losses before they occur, said Weymouth, Massachusetts-based William Carey, Liberty Mutual's managing director of client analytics and developer of the services.

Liberty Mutual takes a data science approach, using predictive modeling to aid policyholders and brokers in managing risks proactively.

After conducting statistical screenings, the insurer develops a picture of factors that might contribute to policyholders' risks.

In one screening, the analysis found that almost 40% of a policyholder's claims could be addressed by its own policies, company actions and decisions, Mr. Carey said.

"We recognized a need for forward-looking metrics and at the same time businesses were asking for it," he said. "They're trying to move beyond that looking-in-the-rearview-mirror approach."

Mr. Carey said the proactive nature of the program helps the insurer "go deeper" and uncover "what's actually predictive of success."

"It's been a tremendous learning experience to see what are the different factors in different industries that really resonate," Mr. Carey said.

So far, the predictive analytics program has been successfully used primarily in workers compensation, helping companies understand the link between their employees, operations and outcomes, he said.

For example, it can help identify employee staffing and retention challenges or whether employee turnover is having a significant effect on injury rates, Mr. Carey said.

The program helps companies identify which behaviors are most risky, allowing them to "intervene and take action" upfront, he said.

Given the program relies on data, ideal participants are employers with several years' worth of claims history, but Liberty Mutual can work with others that are interested in using the service but who may not have extensive data available, Mr. Carey said.

William Carey

Mr. Carey said it took two to three years of working with larger policyholders to test the services and see how "reproduceable it was for others," and the general reception among those that have used the service has been positive.

Some policyholders have saved millions of dollars in workers comp costs using the services, he said.

Jon Campisi

Marsh

CYBER PATHWAY

The rise in ransomware incidents amid the COVID-19 pandemic and another increase more recently, paired with a related increased focus by insurers on specific cybersecurity controls, left some organizations unable to secure cyber liability insurance coverage.

In addition, organizations that were declined coverage often were not given specific direction on what they needed to do to secure cyber insurance.

To address the problem, Marsh LLC developed its Cyber Pathway insurance program. The product allows the brokerage's clients that were previously deemed uninsurable for cyber risks to secure coverage while improving their cyber hygiene and use of controls, or posture.

Marsh began talking with insurers about participating in the program in early 2022 and made it available through a pilot program in last year's fourth quarter. The program was formally launched in March 2023, said Tim Marlin, Washington-based Marsh cyber product development leader for the United States and Canada.

The program lets organizations, particularly those with less mature cybersecurity programs in place, access cyber coverage along with detailed guidance on how to improve their cyber risk profile, which will then allow coverage enhancements, he said.

"We no longer have to tell clients they are uninsurable," Mr. Marlin said.

A lot of the work "was making sure the policy language provided that very specific level of clarity so clients understood what their pathway was," along with ensuring that clients with a more "nascent" security profile could access cyber insurance, he said. "That took a lot of discussions."

The program also includes a self-assessment tool for organizations to evaluate their cybersecurity and assistance from the broker's cyber marketplace, which can help establish relationships with vendors on behalf of Marsh clients to access specific controls recommended by insurers.

More than 100 of the broker's clients have been through the evaluation process so far, with some deciding to obtain coverage immediately and one-third of those implementing the recommended controls being covered within 30 days. Other Marsh clients have used the recommendations from insurers as a "roadmap" to prioritize investments in controls and make their security profile more robust before buying insurance, Mr. Marlin said.

Tim Marlin

The program also allows chief information and chief security officers to use specific recommendations when they make requests to their governing boards, he said.

Matthew Lerner

Marsh

UKRAINE 'AsOne' CARGO FACILITY

Russia's 2022 attack on Ukraine, a major exporter of grain, resulted in shippers having cargo insurance suspended as underwriters exercised war exclusions.

Many of the shippers were clients of Marsh LLC, which sent the broker in search of a remedy, said Jay Payne, London-based senior vice president in Marsh Specialty's global marine, cargo and logistics practice. Existing insurers, however, were unable to provide the coverage needed.

With the marine cargo market, which is centered in Lloyd's of London, roiled by the continuing Russia-Ukraine war, Marsh decided to build a facility.

In June 2022, it initiated conversations with underwriters aimed at persuading them to buy into the initiative and provide capacity, starting with Ascot Group Ltd., which ultimately was the lead insurer on the AsOne cargo facility that launched in July 2022.

Mr. Payne said Marsh spoke to approximately 50 underwriters over the course of the month, with about half the insurers joining the facility and providing capacity.

"It was really navigating the market and underwriters who would take on the risk and be able to provide capacity," he said.

The facility can provide limits up to $50 million, Mr. Payne said. So far, the largest shipment insured under the program was just in excess of $30 million in value; 125 shipments have been made using the coverage, moving more than 17 million metric tons of grain worth about $2.7 billion, according to the most recent figures available.

Initially conceived as a response to Marsh clients seeking to replace canceled cover, the facility was also opened to all Lloyd's policyholders, Mr. Payne said. About 90% of the policyholders using the facility are Marsh clients and the remainder came through other Lloyd's brokers.

The facility, though, was suspended July 18 after the agreement to maintain a United Nations-sponsored safe passage corridor for grain shipments, upon which coverage was dependent, was canceled by Russia, which has since said any ships in the area will be assumed to be carrying military cargo.

As of late August, Russia had shown little interest in renewing the agreement and has repeatedly bombed Ukrainian export facilities, resulting in substantial damage.

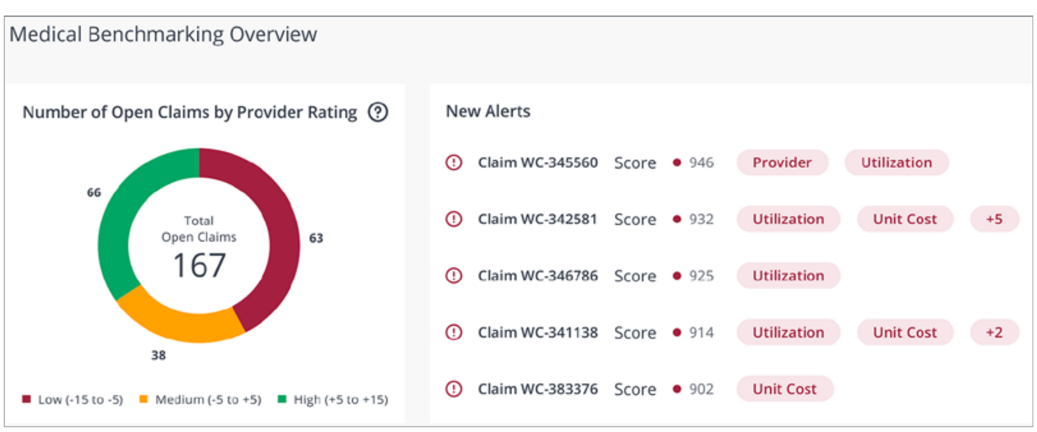
Jay Payne

Mr. Payne said Marsh is discussing trying to maintain coverage, even in the absence of the grain export agreement. The corridor previously was closed and coverage suspended in November 2022 when Russia temporarily withdrew from the export agreement.

Matthew Lerner

Milliman

NODAL MEDICAL BENCHMARKING FOR WORKERS COMPENSATION



Realizing the potential benefit of comparing treatment costs in workers compensation to the group health setting spurred Milliman Inc. to launch its Nodal Medical Benchmarking for Workers Compensation program.

The product enables Milliman to measure the performance of providers in the comp sector against those treating similarly injured patients in group health.

Organizations are able to benchmark what they pay for services against peers using the same services, said Chicago-based Michael Paczolt, a principal and consulting actuary at Milliman.

"We're able to drill down by differences in region, differences in terms of utilization and unit costs across different service categories," he said.

The program uses a medical data set representing a third of all U.S. adults across all 50 states, Mr. Paczolt said. It's a collaboration between Milliman's property/casualty and health care teams.

Health care experts assembled medical data on diagnoses, procedures and treatments, and claims professionals helped identify injury and treatment medical codes, enabling a cost comparison between comp and group health.

Mr. Paczolt said the tool offers clients a way to compare comp and group health performance that can be updated as claims continue to mature.

"It's an automated process where they're able to see how things perform," he said. "From there, they can use it tactically on a claim-by-claim basis to understand potential targets for different types of services and outcomes."

The program provides a way to "dig into that information to understand what's causing the differences," he said.

Through the program, Milliman can help clients develop strategies to reduce comp claim costs by determining the "right treatment plan, the right provider, and at the right price."

And while cutting costs is the primary driver, the program also gives clients tools to explore other strategies, such as bundled payments.

Michael Paczolt

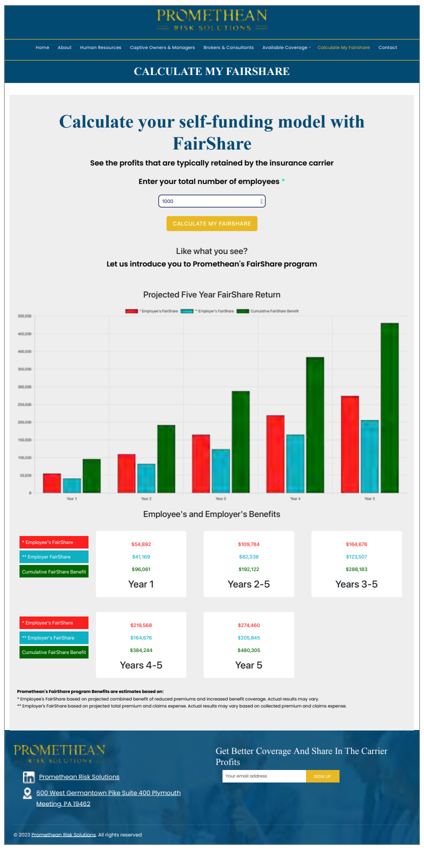
Medical data can be complex, and benchmarking can help simplify processes by summarizing information in an "easy to consume and understandable way where you don't have to be a clinician in order to get value out of this," Mr. Paczolt said.

"You'll be able to see trends within your data cost differential," he said. "It's really sort of making sense out of all that messy data."

Jon Campisi

Promethean Risk Solutions

FAIRSHARE



Numerous companies offer voluntary benefits, but often the profitability of coverage offered goes unnoticed to the sponsoring employers, according to Kirk Watkins, founder and president of Promethean Risk Solutions.

Coverages such as critical illness, accidental injury, hospital indemnity, legal insurance and identity theft typically have loss ratios of between 25% to 30%.

"There's one program I worked with that had \$4 million in premium at a 12.8% loss ratio," Mr. Watkins said.

"Being 100% employee paid, they are out of sight, out of mind. In fact, a lot of finance and risk people don't even know whether the company offers them or not because they don't show up on anybody's (profit and loss statement)," he said.

As a result, employers are missing out on an opportunity to lower premiums and increase benefits for their employees.

Plymouth Meeting, Pennsylvania-based Promethean created a captive — Tennessee-domiciled FairShare Insurance Co. — to allow employers to participate in the risk without having to invest in a captive, Mr. Watkins said.

Promethean takes a standard commission on the business and fronting insurers are paid a 15% to 20% administrative fee, he said. The employee benefits risks are reinsured into FairShare with the scope of benefits expanded and premiums reduced so that loss ratios rise to about 50%.

The company does similar programs for tenants, associations, franchisees and other large organizations, Mr. Watkins said.

"The policyholder gets better coverage for less premium, and the sponsoring organization gets 100% of the underwriting profits," he said.

Underwriting profits from employee benefits governed by ERISA must be used to benefit employees, so employers can use those to broaden existing coverages or offer new ERISA coverages, Mr. Watkins said.

"And if the employer offers things like ID theft, electronic product coverage or pet insurance, the surplus from those lines of coverage can be used for anything the employer and the HR department wants," he said.

With targeted loss ratios of only 50% there's no need to reinsure the risks in the commercial market but the risks can be retroceded to participating companies' own captives to increase their third-party premium, which can have tax benefits, Mr. Watkins said.

"We made it so that you don't need to have an insurance company because we have FairShare, but if you do have a captive, you'll get all the benefits that you normally would get because we'll retrocede it out," he said.

Gavin Souter

Kirk Watkins

Marsh

At Marsh, possibility is our purpose — helping our clients achieve success by becoming more resilient.

Continuing a tradition of innovation excellence, Marsh is proud to have received two *Business Insurance* Innovation Awards. Congratulations to our colleagues and to all of the winners.

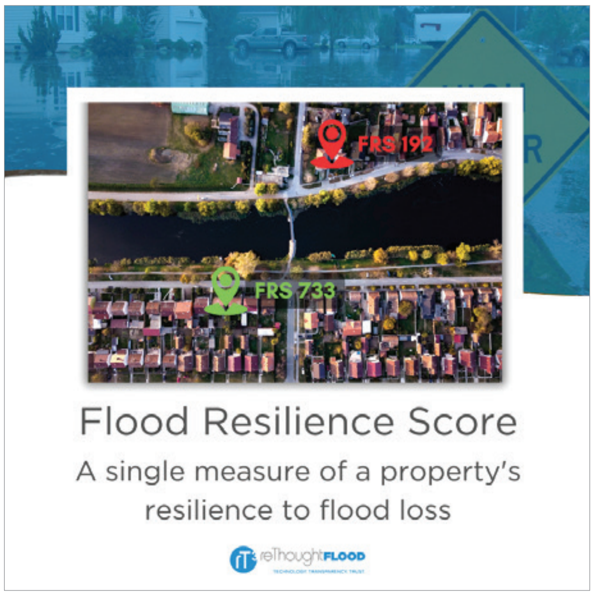
marsh.com

A business of Marsh McLennan

Copyright © 2023, Marsh LLC. All rights reserved. 69850

reThought Insurance

FLOOD RESILIENCE SCORES



Uncertainty around flood risk has made commercial underwriters wary of the peril for years, and growing losses related to climate change have heightened concerns.

When reThought Insurance Corp. formed in 2017, the founders saw flood insurance as a market where technology could be brought to bear to improve underwriting and risk mitigation, said Cory Isaacson, Broomfield, Colorado-based co-founder and CEO of the managing general agent.

"We looked at a lot of different things, but the flood market was tremendously compelling," said Mr. Isaacson, who had previously worked as chief technology officer at catastrophe modeler Risk Management Solutions Inc.

He also had a personal interest in the flood insurance market, having suffered a moderate uninsured flood in his home. He said he was deterred from buying coverage against future events by the steep premium and the limited coverage under the National Flood Insurance Program he was quoted.

One of the problems that underwriters face with flood risk is that existing catastrophe models vary significantly in the estimated exposures they produce for the peril, Mr. Isaacson said.

Flood models are excellent tools, but they are not designed to effectively underwrite specific individual risks, he said. "Flood is really a peril of inches. You can be on one side of a building, or another side and you have much, much different risk characteristics."

To develop its Flood Resilience Scores, reThought identified about 100 million buildings in the United States and did a "bottom up" analysis supported by artificial intelligence for each site, Mr. Isaacson said. The analysis considered 160 different attributes, including building features and weather patterns, he said.

It took two-and-a-half years and "trillions of calculations" to develop the scoring tool, Mr. Isaacson said.

The flood score incorporates changing weather patterns. Previously, flood risk was largely associated with proximity to rivers and other water sources, but warming temperatures have increased flooding from rain, he said.

On a historical basis, the scores have proved to be more than 90% accurate,


Cory Isaacson

Mr. Isaacson said.

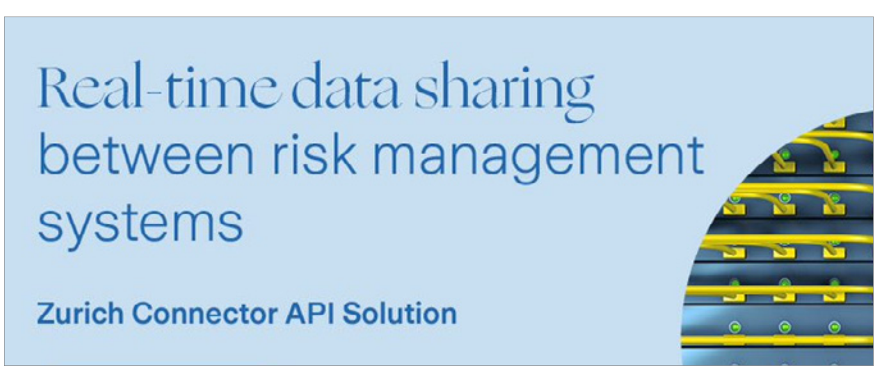
The scores, which like credit scores top out at around 900, can be used to help mitigate risks and improve underwriters' confidence, he said.

"Capacity providers are gaining more confidence, and getting more capacity into the funnel is the answer to being able to have an affordable flood product for everybody," Mr. Isaacson said.

Gavin Souter

Zurich North America

API CONNECTOR SOLUTION



Risk managers at large multinational businesses that buy global insurance programs can spend hours finding and sorting through risk and insurance data to send to their brokers and insurers.

Seeking program information from insurers that then has to be uploaded into organizations' risk management information systems also takes time.

The need for a more efficient way for data to be shared between Fortune 500 policyholders and the global insurance market led Zurich North America to develop an application programming interface that would digitally connect the two.

Global insurance programs can be complex and require risk managers to keep track of large volumes of data, said Andy Zoller, Dallas-based head of international programs for U.S. commercial insurance at Zurich North America.

"Say there's a thousand-schedule location and currently they're having to upload that data into their system. They have to upload a spreadsheet, mail it to us. We then have to upload it on our end," Mr. Zoller said.

Or, if a risk improvement action is made locally, then the customer has to update its system, he said.

API Connector Solution enables risk management and insurance data to be exchanged in real-time, he said.

The interface includes insurance program, policy and exposure information, data on claims and loss scenarios, risk improvement actions and details on captive insurance, he said.

"The main point is to give the customers their data as quickly as possible in the format that they want. It wasn't like the data wasn't available before, but it was just coming in different formats and took a lot longer," Mr. Zoller said.

After embarking on a test phase with several Europe-based policyholders a few years ago, Zurich launched the interface globally last year.

Interest in the API Connector Solution is growing. More than 10 companies have onboarded and another 20 are in the pipeline, Mr. Zoller said. Any policyholder that has a risk management information system can be connected, he said.

It's "a one-by-one discussion because with any remnant system it's been tailored to a customer's needs, so we have to take that into consideration as we're connecting the two systems," Mr.


Andy Zoller

Zoller said.

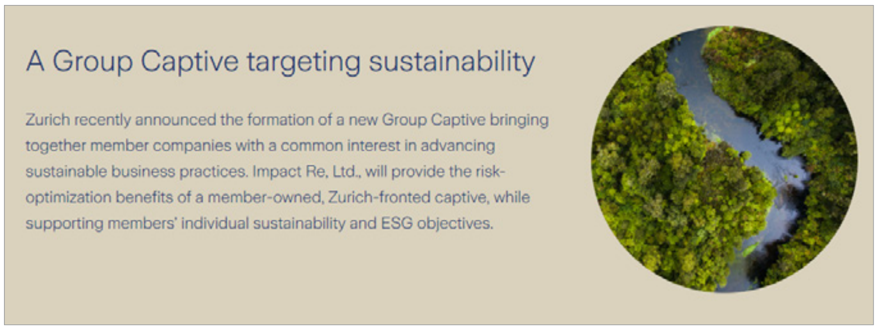
Zurich is also in talks with several global brokers about using the technology, he said.

"The international insurance space at this moment is going through a digital transformation. We were looking at ways to be a little bit different and provide that data in a format that our customers really use," Mr. Zoller said.

Claire Wilkinson

Zurich North America

IMPACT RE SUSTAINABILITY CAPTIVE



Finding a way to bring together like-minded businesses that are vested in risk management but also committed to sustainability led Zurich North America to develop Impact Re Ltd., a group captive insurer.

Sustainability is a business imperative for many companies as they focus on environmental, social and governance issues in their operations, said Dawn Hiestand, Schaumburg, Illinois-based executive vice president and head of captives at Zurich North America.

"For this particular captive, we were focused on the environmental components of a company's business and understanding how we can bring not only aligned values from a company perspective but really the innovative services and products that we have to the marketplace," Ms. Hiestand said.

Impact Re — originally Envision Re — which launched in January, is domiciled in the Cayman Islands, fronted by Zurich and managed by Waukee, Iowa-based Innovative Captive Strategies.

The member-owned captive offers auto, general liability and workers compensation coverages on a primary basis along with risk management programs to companies in various industries with a sustainability focus.

As businesses look to reduce their carbon footprint and energy consumption, they are increasingly accountable to various legal, compliance and regulatory requirements and standards, Ms. Hiestand said.

"For businesses that are vested in risk management and in containing losses a member-owned group captive allows them to package their insurance coverages into a single structure and to own a component of that risk," Ms. Hiestand said.

Zurich conducts a standard risk assessment of prospective members of the captive as well as a sustainability assessment of their carbon footprint and energy consumption.

The idea is not to hold them to any single standard but to provide baseline data and a report from which they can develop or adjust their sustainability strategy.

The group captive is managed by a subset of committees. In addition to risk control, finance and underwriting committees, Impact Re has a sustainability committee.

"This committee is accountable for helping not only individual members but the captive overall, and holding them accountable to meeting their sustainability commitments," she said.


Dawn Hiestand

The captive has attracted five members so far, including a solar installation company and a transportation services company with an electric fleet, and has a robust pipeline of additional members, she said.

Industries are at different points in their sustainability strategy, Ms. Hiestand said. "They have different challenges, and the diversity allows the sharing of best practices across industries," she said.

Claire Wilkinson

SPECIAL REPORT

EXCESS & SURPLUS LINES

E&S market remains difficult for buyers

INSIDE

BY JUDY GREENWALD
jgreenwald@businessinsurance.com

Rates are increasing for many excess and surplus lines insurance buyers as business continues to flow into the sector from standard insurance markets, and while the pace of increases is slowing in some lines it is likely the hard market will endure.

For buyers, the rate of increases for property catastrophe coverages is a challenge, and for surplus lines insurers the increasingly competitive directors and officers liability and cyber liability markets are a concern (see story page 47).

Meanwhile, there has been a slowdown in companies entering the sector, and the long-term prospects for newcomers are unclear (see story page 47).

The E&S sector is also subject to the same stresses hitting the admitted market, including high jury awards and inflation worries as well as concerns over how the current hurricane season develops.

Generally, though, experts say the E&S sector is flourishing.

It is "as strong as it's ever been and continuing to get stronger," said Erich Bublitz, Kansas City, Kansas-based head of excess and surplus for AmTrust Financial Services Inc.

As a general rule, the sector "continues to be disciplined," even with the new entrants, Mr. Bublitz said.

"Overall, we're still very much in a hard market," said Steve Girard, Alpharetta, Georgia-based regional president of Markel Group

Inc.'s southeast region.

"Certainly, the pace of rate increases has slowed, but halfway through the year, we're still seeing pretty good rate increases in most products" and sizeable increases in property, especially in Florida, he said.

Rate increases overall are slowing but not declining, said Nick Davies, West Hartford, Connecticut-based CEO of managing general agency Aurenity LLC.

The sector is "business specific. It may even be customer specific," said Sanjay Godhwani, Boston-based president of Berkshire Hathaway Specialty Insurance Co. North America. "This is a market with lots of different speeds."

"We're not necessarily seeing universal themes cutting through the entire E&S marketplace," said Matt Dolan, president of North America Specialty at Liberty Mutual Insurance Co. and its Ironshore unit.

The introduction of capital in some lines "is leading to rate pressure and softening," including D&O and cyber, he said.

Meanwhile, "the health care space is reasonably disciplined," while property is "at the other end" of the continuum, Mr. Dolan said.

"We're seeing a lot of pressure because of property insurance," said Kimberly Smid, New York-based chief underwriting officer, E&S, Americas, for Axa XL, a unit of Axa SA. "There's a lot of requests for pricing relief."

Observers say the E&S sector's outlook overall is for continued growth.

"I think it's going to stay very firm and continue to expand," said Timothy W. Turner, president of Chicago-based Ryan Specialty LLC.

Mr. Davies of Aurenity said a confluence of factors, including social inflation — or higher court awards and settlements — economic inflation, climate change and cyber risks are pushing business into the sector, "which is probably a long-term situation."

E&S lines "will continue to be robust. Certainly, our submissions tell us this is the case today," said John Burkhart, president, specialty lines, at Houston-based Skyward Specialty Insurance Group Inc.

Standard & Poor's Corp. reported that

See **SURPLUS** page 48

CYBER SOFTENS, RANSOMWARE ATTACKS RENEW CONCERNS

Cyber liability and public company directors and officers liability insurance are showing signs of increased competition, with rates for some risks falling, a trend that runs counter to the modestly higher rates in other areas of the excess and surplus lines sector.

But experts say the trend in cyber in particular could change quickly if there is a further uptick in ransomware claims.

Michael Drummond, head of cyber and tech E&O at San Francisco-based insurtech managing general agency At-Bay Inc., said, "We're seeing a lot more competitiveness," particularly in new business, in cyber and "a lot of pressure on rates."

A few years ago, most insurers offered only $5 million in capacity. Now, many are offering $10 million again. Some markets are also easing their underwriting guidelines, Mr. Drummond said.

With that happening, and ransomware claims picking up, "they're effectively moving in two directions, which is not a great recipe for long-term success," he said.

Cyberint, a Petah Tikvah, Israel-based cybersecurity company, reported a 67% increase in second-quarter ransomware cases worldwide, compared with the first quarter, and a 97% increase from 2022's second quarter.

"The cyber market is starting to flatten and there's been some clear rate deceleration," said Timothy W. Turner, president of Chicago-based Ryan Specialty LLC. But there has also been a resurgence of ransomware losses, "and so the claims have spiked back up in that segment," he said.

There could be "another wave of tightening if these ransomware claims continue to accelerate," he said.

Steve Girard, Alpharetta, Georgia-based regional president of Markel Group Inc.'s southeast region, said the cyber market "has definitely crested from where it was in the past two years, with rates coming down a little bit, but we think that will be short-lived, and the market cannot support rate decreases."

The market can change quickly, said Sanjay Godhwani, Boston-based president of Berkshire Hathaway Specialty Insurance Co. North America. If rates fall as the insurance sector becomes more competitive, it is "just as likely to switch right back" if ransomware attacks increase and loss costs go up.

There is also increasing competition in public company D&O. "We've never seen such a quick swing" from a hard market, said Liz King Kramer, New York-based president of excess and surplus lines at Munich Re Specialty Insurance.

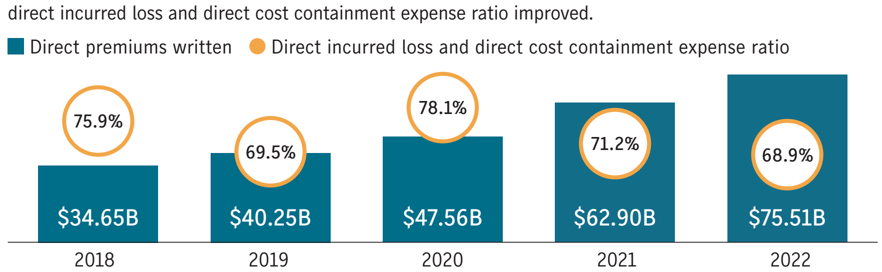
"We are actually being more cautious in that space right now because it seems like the market is chasing after top line growth," she said.

Mr. Girard said of D&O, "It is one of the few product lines where we're currently seeing fairly meaningful softening, to the point where we are walking away from some business."

Judy Greenwald

EXCESS AND SURPLUS INDUSTRY PREMIUMS

In 2022, excess and surplus industry premiums rose while the direct incurred loss and direct cost containment expense ratio improved.



Source: S&P Global

New entrants benefit from hard market as demand grows

New entrants' success in excess and surplus lines will depend on several factors, including when they entered the market, the layers in which they operate and the availability of secure but reasonably priced reinsurance, brokers and other experts say.

While some will thrive in what remains an attractive market for insurers, others may find it tougher going, they say.

"Some of them will be successful, and some of them won't," said Liz King Kramer, New York-based president of excess and surplus lines at Munich Re Specialty Insurance.

There have been about two dozen new entrants in the market over the past few years. They include Ategrity Specialty Insurance Co. in Scottsdale, Arizona; San Francisco-based Resilience Cyber Insurance Solutions LLC; London-based Inigo Ltd. and Helix Underwriting Partners Ltd.; and Vantage Group Holding Ltd. in Bermuda.

"We've seen a number of new entrants over the last few years attracted by the market, but anecdotally there's evidence that the number of new entrants has slowed," said Nick Davies, West Hartford, Connecticut-based CEO of managing general agency Aurenity, which began operations in January 2022.

Mr. Davies said given reinsurance capacity constraints, it is tough for both MGAs and insurers "to get off the ground."

Reinsurance rates have soared for many cedents this year.

"It's beginning to slow down in terms of new (managing general underwriters) and new players in the E&S space," said Timothy W. Turner, president of Chicago-based Ryan Specialty LLC. "It's much more difficult to start an MGU than it was a year ago," because of capacity constraints.

In addition, concerns have arisen over those companies associated with the fraudulent letter of credit scandal surrounding Vesttoo Ltd., with some rushing to replace reinsurance capacity that had been secured via the online reinsurance intermediary.

"The industry is waking up to fronting companies," with managing general underwriters having "some real challenges and difficulties," Mr. Turner said.

Generally, though, new entrants will enjoy the benefits of the hard market, experts say.

"I think they all intend on staying for a period of time as long as rates continue to increase," said Joel Cavaness, president of Rolling Meadows, Illinois-based Risk Placement Services Inc., a unit of Arthur J. Gallagher & Co.

"I haven't seen anybody leave the marketplace," he said. "So far, the new entrants are sticking around," and he said he expects that to continue.

For the most part, companies that have entered the market are "here for the long term" and have been disciplined in their underwriting approach, said Dave Obenauer, CEO of wholesaler CRC Group in Mendham, New Jersey.

"As long as the demand's there," and there is expertise on the managing general agency side, "that'll continue to be a growth story," he said.

But some established insurers say the new entrants could face challenges.

Sanjay Godhwani, Boston-based president of Berkshire Hathaway Specialty Insurance Co. North America, said that in most cases, new capacity is usually deployed in the excess layers, so, depending on rates, discipline and losses, "it can end up good or bad."

Matt Dolan, president of North America Specialty at Liberty Mutual Insurance Co. and its Ironshore unit, distinguished between the new entrants of 2020 and 2021 and those who came later.

The relatively older entrants "have a little bit of traction and I think some of them have gained some momentum and a level of credibility" compared with those that entered later in the cycle, he said.

Mr. Davies of Aurenity said the outlook will be specific to the MGAs entering the market, "but those focused on underwriting profit over underwriting scale" have a better chance of success. "We certainly count ourselves as having a much better chance of making it through a difficult time" in terms of rate and capacity, he said.

Eventually, the point of having too many new markets will be reached, said Jayson Taylor, Denver-based head of excess casualty at Argo Group, said. "There's only so much business to go around," he said.

Judy Greenwald

SPECIAL REPORT

LARGEST SPECIALTY INTERMEDIARIES*

Ranked by 2022 wholesale premium volume from property/casualty and employee benefits placements

								PERCENTAGE OF TOTAL BUSINESS				
Rank	Company/Principal officer	2022 total premium volume	Percent change	2022 wholesale property/casualty premium	Percent change	Percent from property/ casualty	Percent from employee benefits	Underwriting manager	Wholesale broker	MGA	Lloyd's of London coverholder	Wholesale employees
1	**CRC Group** Charlotte, North Carolina www.crcgroup.com Dave Obenauer, CEO	$35,434,082,050	44.9%	$16,679,017,495	13.1%	47.1%	52.9%	3.1%	75.2%	14.9%	6.8%	5,317
2	**Amwins Group Inc.** Charlotte, North Carolina www.amwins.com Scott M. Purviance, CEO	$33,140,886,257	13.1%	$27,680,069,435	16.1%	83.5%	16.5%	0%	72.5%	26.0%	1.5%	7,120
3	**Ryan Specialty LLC** Chicago www.ryanspecialty.com Patrick G. Ryan, chairman-CEO	$19,900,000,000	19.2%	$19,900,000,000	19.2%	100%	0%	0%	66.0%	30.2%	3.8%	3,850
4	**Risk Placement Services Inc.** Rolling Meadows, Illinois www.rpsins.com Joel Cavaness, president	$6,300,000,000	14.5%	$6,300,000,000	14.5%	100%	0%	20.0%	41.0%	34.0%	5.0%	3,225
5	**Bridge Specialty Group** Daytona Beach, Florida www.bridgespecialtygroup.com Stephen Boyd, president	$4,400,000,000	22.2%[1]	$4,400,000,000	22.2%[1]	100%	0%	3.0%	50.0%	43.0%	4.0%	1,700
6	**Specialty Program Group LLC** Summit, New Jersey www.specialtyprogramgroup.com Chris Treanor, president-CEO	$3,620,618,919	38.1%	$2,817,949,423	35.1%	77.8%	22.2%	36.0%	45.0%	18.0%	1.0%	889
7	**Victor Insurance Managers Inc.**[2] New York www.victorinsurance.com Charles Williamson, CEO	$3,339,000,000	13.2%	$3,339,000,000	13.2%	100%	0%	73.0%	0%	27.0%	0%	N/A
8	**Jencap Group LLC** New York www.jencapgroup.com John Jennings, CEO	$3,060,000,000	45.7%	$3,060,000,000	45.7%	100%	0%	0%	52.0%	40.5%	7.5%	1,200
9	**One80 Intermediaries Inc.** Boston www.one80intermediaries.com Matthew Power, president	$3,058,154,523	36.7%	$2,850,098,097	35.8%	93.2%	6.8%	41.0%	21.0%	29.0%	9.0%	884
10	**AmRisc LLC** Spring, Texas www.amrisc.com Brian Reid, CEO	$2,475,112,324	14.1%	$2,475,112,324	14.1%	100%	0%	20.0%	0%	65.0%	15.0%	381

*Companies listed in *BI* directory. N/A = not available. [1]Restated. [2]Formerly Victor Insurance Holdings.

Source: *BI* survey

SURPLUS

Continued from page 47

E&S premium increased for the fourth straight year in 2022, rising to $75.51 billion, up 20% from 2021 and more than double the 2018 total of $34.65 billion.

Premium for the sector may increase to more than $90 billion this year, said Alex Bargmann, co-founder and CEO of Pathpoint Inc., a San Francisco-based digital E&S brokerage that focuses on small accounts.

There will be "strong double-digit growth" in the surplus lines market this year, although not as much as in 2021, with rates moderating a bit midyear, even if they are still increasing, said David Blades, associate director of the industry research team at Oldwick, New Jersey-based rating agency A.M. Best Co. Inc.

Some experts, however, raise concerns about the E&S outlook.

"There continues to be a big, open question right now," as to what happens with the 2023 wind season, said Dave Obenauer, CEO of wholesaler CRC Group in Mendham, New Jersey.

"We saw last year it only took one hurricane" to "really change the market," he said. "This is an important wind season from that perspective." Hurricane Ian in September 2022 caused an estimated insured loss of $63 billion.

Concerns also center around macroeconomic issues.

Mr. Obenauer said, "The question remains of how much more interest rates might need to increase to address inflation," which affects insurers' exposure bases.

"It's been more than 30 years since inflation has been as high as it's been now, in 2023," said Bill McElroy, portfolio director of casualty at Aspen Insurance Group in New York.

"Even though economic inflation appears to be easing a little bit, it's still not in the rear-view mirror," and we are "staring straight ahead at social inflation," Markel's Mr. Girard said.

The combination of nuclear jury verdicts, litigation funding and increases in catastrophe losses is leading people to protect their balance sheets, said Joel Cavaness, president of Rolling Meadows, Illinois-based Risk Placement Services Inc., a unit of Arthur J. Gallagher & Co.

"Cases are settled at very high numbers today because (defendants) are afraid to go to trial," said Alan Jay Kaufman, chairman, president and CEO of the H.W. Kaufman Group.

Rethink

the status quo

Redefine

what's possible

Realize

outstanding outcomes

RYAN
SPECIALTY

Infusing energy and differentiated expertise into everything we do, Ryan Specialty offers a dynamic suite of innovative specialty insurance products and services to take on the world's toughest risks. We deliver industry-leading outcomes to brokers, agents and carriers.

Wholesale Brokerage | Binding Authority | Underwriting Management

ryanspecialty.com

SPECIAL REPORT

LARGEST PROPERTY/CASUALTY WHOLESALERS

Ranked by 2022 wholesale premium volume from property/casualty placements*

							PERCENTAGE OF TOTAL BUSINESS				
Rank	Company/Principal officer	2022 premium volume	Percent change	2022 gross revenue	Percent change	Percent surplus lines	Underwriting manager	Wholesale broker	MGA	Lloyd's of London coverholder	Wholesale employees
1	**Amwins Group Inc.** Charlotte, North Carolina www.amwins.com Scott M. Purviance, CEO	$27,680,069,435	16.1%	$2,177,864,550	15.0%	70.5%	0%	72.5%	26.0%	1.5%	7,120
2	**Ryan Specialty LLC** Chicago www.ryanspecialty.com Patrick G. Ryan, chairman-CEO	$19,900,000,000	19.2%	$1,725,200,000	20.4%	74.1%	0%	66.0%	30.2%	3.8%	3,850
3	**CRC Group** Charlotte, North Carolina www.crcgroup.com Dave Obenauer, CEO	$16,679,017,495	13.1%	$1,980,905,859	18.6%	71.0%	3.1%	75.2%	14.9%	6.8%	5,317
4	**Bridge Specialty Group** Daytona Beach, Florida bridgespecialtygroup.com Stephen Boyd, president	$4,400,000,000	22.2%[1]	$437,000,000	11.5%[1]	85.0%	3.0%	50.0%	43.0%	4.0%	1,700
5	**Jencap Group LLC** New York www.jencapgroup.com John Jennings, CEO	$3,060,000,000	45.7%	$306,500,000	48.8%	66.0%	0%	52.0%	40.5%	7.5%	1,200
6	**Brown & Riding Insurance Services Inc.** Dallas www.brownandriding.com Chris A. Brown, chairman; Jeffrey J. Rodriguez, president-CEO	$1,966,880,322	25.7%	$146,226,344	24.4%	83.6%	0%	98.8%	0.8%	0.4%	323
7	**ARC Excess & Surplus LLC** Jericho, New York www.arcbrokers.com Christopher Cavallaro, executive chairman; Michael Cavallaro, president-CEO	$1,069,000,000	7.5%	$107,000,000	11.5%	45.0%	7.5%	85.0%	7.5%	0%	198
8	**Maximum Independent Brokerage LLC** Chicago www.maxib.com Joe Messina, president-CEO	$411,264,157	6.7%	$27,751,344	7.4%	60.0%	0.5%	0.5%	98.0%	1.0%	90
9	**XS Brokers Insurance Agency Inc.** Quincy, Massachusetts xsbrokers.com Adam W. Devine, CEO	$325,000,000	20.4%	$38,288,149	23.2%	98.0%	0%	50.0%	30.0%	20.0%	175
10	**Arlington/Roe & Co. Inc.** Indianapolis, Indiana www.arlingtonroe.com James A Roe, president-CEO	$289,000,000	15.1%	$29,806,000	11.6%	42.0%	0%	36.0%	63.0%	1.0%	172

*Companies deriving 50% or more of their premium from wholesale brokerage. [1]Restated.

Source: *BI* survey

LARGEST MULTILINE WHOLESALERS*

Ranked by 2022 total premium volume including property/casualty and employee benefits

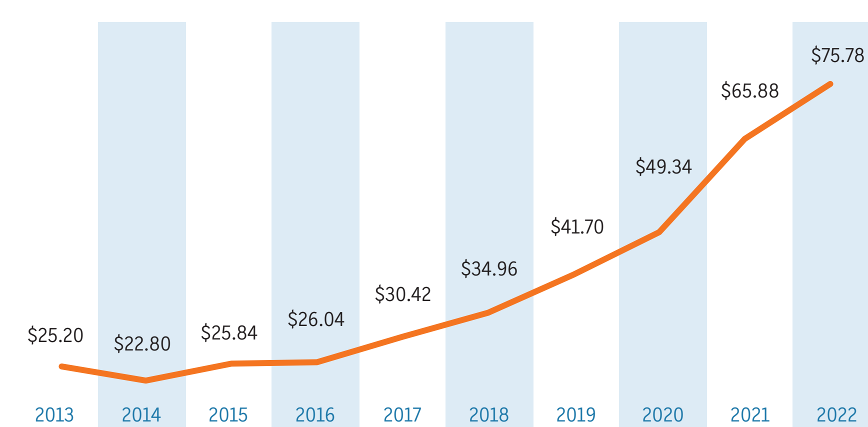
Rank	Company	2022 premium volume	% increase (decrease)
1	CRC Group	$35,434,082,050	44.9%
2	Amwins Group Inc.	$33,140,886,258	13.1%
3	Ryan Specialty LLC	$19,900,000,000	19.2%
4	Bridge Specialty Group	$4,400,000,000	22.2%[1]
5	Jencap Group LLC	$3,060,000,000	45.7%
6	Brown & Riding Insurance Services Inc.	$1,966,880,322	25.7%
7	ARC Excess & Surplus LLC	$1,069,000,000	7.5%
8	Maximum Independent Brokerage LLC	$411,264,157	6.7%
9	XS Brokers Insurance Agency Inc.	$325,000,000	20.4%
10	Arlington/Roe & Co. Inc.	$289,000,000	15.1%

*Companies deriving 50% or more of their premium from wholesale brokerage. [1]Restated.

Source: *BI* survey

PREMIUM TRENDS

Written premiums of the top 10 property/casualty wholesalers, in billions of dollars



Source: *BI* survey

RT RYAN® TURNER SPECIALTY

ACCIDENT & HEALTH CASUALTY CYBER ENVIRONMENTAL & CONSTRUCTION PROFESSIONAL MARINE PERSONAL LINES
PROFESSIONAL & EXECUTIVE PROPERTY SURETY TRANSACTIONAL RISK WORKERS' COMPENSATION BINDING AUTHORITY

LARGEST MGAs/UNDERWRITING MANAGERS/LLOYD'S COVERHOLDERS

Ranked by 2022 wholesale premium volume from property/casualty placements*

							PERCENTAGE OF TOTAL BUSINESS				
Rank	Company/Principal officer	2022 premium volume	Percent change	2022 gross revenue	Percent change	Percent surplus lines	Underwriting manager	Wholesale broker	MGA	Lloyd's of London coverholder	Wholesale employees
1	**Risk Placement Services Inc.** Rolling Meadows, Illinois www.rpsins.com Joel Cavaness, president	$6,300,000,000	14.5%	$600,000,000	12.8%	65.0%	20.0%	41.0%	34.0%	5.0%	3,225
2	**Victor Insurance Managers Inc.**[1] New York www.victorinsurance.com Charles Williamson, CEO	$3,339,000,000	13.2%	N/A	N/A	10.0%	73.0%	0%	27.0%	0%	N/A
3	**One80 Intermediaries Inc.** Boston www.one80intermediaries.com Matthew Power, president	$2,850,098,097	35.8%	$359,390,437	32.8%	44.0%	41.0%	21.0%	29.0%	9.0%	884
4	**Specialty Program Group LLC** Summit, New Jersey www.specialtyprogramgroup.com Chris Treanor, president-CEO	$2,817,949,423	35.1%	$502,254,000	67.4%	85.0%	36.0%	45.0%	18.0%	1.0%	889
5	**AmRisc LLC** Spring, Texas www.amrisc.com Brian Reid, CEO	$2,475,112,324	14.1%	$324,196,314	6.2%	70.0%	20.0%	0%	65.0%	15.0%	381
6	**Burns & Wilcox Ltd.** Farmington Hills, Michigan www.burnsandwilcox.com Alan Jay Kaufman, chairman-CEO	$2,410,000,000	10.3%	$600,000,000	10.1%	80.0%	7.5%	46.0%	40.0%	6.5%	1,584
7	**Acrisure P&C Wholesale**[2] Grand Rapids, Michigan www.acrisure.com Bob Arowood, president	$1,838,500,000	N/A	$209,300,000	N/A	N/A	35.0%	20.0%	35.0%	10.0%	N/A
8	**Johnson & Johnson Inc.** Mount Pleasant, South Carolina www.jjins.com Francis Johnson, CEO	$1,003,012,013	25.2%	$190,355,419	13.5%	85.0%	30.0%	15.0%	30.0%	25.0%	452
9	**U.S. Risk Insurance Group LLC** Dallas www.usrisk.com Randall Goss, CEO	$714,004,149	(35.1%)	N/A	N/A	N/A	39.0%	32.0%	29.0%	0%	300
10	**Novatae Risk Group** Grapevine, Texas www.novatae.com Richard Kerr, CEO	$706,800,000	15.7%	$72,000,000	37.1%	51.0%	0%	45.0%	45.0%	10.0%	367

*Companies that derive more than 50% of their wholesale premium from acting as a managing general agent, underwriting agent or Lloyd's of London coverholder. N/A = not available. [1] Formerly Victor Insurance Holdings. [2] Formerly Appalachian Underwriters Inc.

Source: *BI* survey

MANAGING GENERAL AGENTS

Ranked by percentage of MGA business

Rank	Company	Percent
1 (tie)	CargoCorp Underwriters	100%
1 (tie)	Preferred Property Program Inc.	100%
3	Novum Underwriting Partners	80%
4	AmRisc LLC	64%
5	Distinguished Programs	50%

Source: *BI* survey

UNDERWRITING MANAGERS

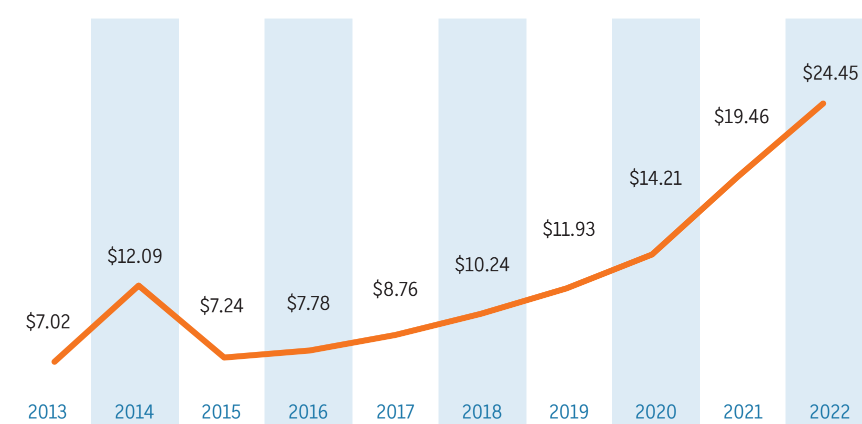
Ranked by percentage of underwriting business

Rank	Company	Percent
1	Victor Insurance Managers Inc.	73%
2	Distinguished Programs	50%
3	One80 Intermediaries Inc.	41%
4	U.S. Risk Insurance Group LLC	39%
5	Acrisure P&C Wholesale	35%

Source: *BI* survey

PREMIUM TRENDS

Written premium of the top 10 MGAs/underwriting managers, in billions of dollars



Source: *BI* survey

If they can do it, we can place it.

WHAT ABOUT A STARTUP WATERPARK?

Every risk starts with a big, bold idea. And at RPS, we believe that every risk deserves the most secure placement. That's why we never say no when it comes to finding trusted markets for unprecedented business ventures. Let's talk about what's new, what's next, and what's possible.

www.rpsins.com

RPS℠ RISK PLACEMENT SERVICES

RPS42368
© 2022 Risk Placement Services, Inc.

SPECIAL REPORT

LARGEST U.S.-BASED SURPLUS LINES INSURERS

Ranked by 2022 nonadmitted direct written premiums

Rank	Company/Principal officer	2022 nonadmitted direct premiums	2021 nonadmitted direct premiums	Percent change	2022 gross premiums	2021 gross premiums	Percent change	2022 net income	2021 net income	Percent change
1	**National Fire & Marine Insurance Co.** Omaha, Nebraska www.nationalindemnity.com Donald F. Wurster, president	$3,800,358,787	$3,409,023,818	11.5%	$4,077,195,274	$3,602,314,864	13.2%	$1,462,934,735	$153,080,584	855.7%
2	**WRB**[1] Greenwich, Connecticut www.berkley.com William R. Berkley, executive chairman; W. Robert Berkley Jr., president-CEO	$3,250,564,091[2]	$2,841,668,138[2]	14.4%	$3,256,053,383[2]	$2,845,262,575[2]	14.4%	$17,508,769[2]	$15,760,843[2]	11.1%
3	**Nationwide**[3] Scottsdale, Arizona www.nationwide.com Russ Johnston, president	$2,765,652,943[2]	$2,598,959,050[2]	6.4%	$7,445,054,392[2]	$7,162,984,867[2]	3.9%	$256,117[2]	$1,1066,726[2]	(97.7%)
4	**Lexington Insurance Co.** Boston www.lexingtoninsurance.com Louis D. Levinson, president-CEO	$2,737,686,903	$2,352,015,808	16.4%	$9,593,600,014	$9,036,242,945	6.2%	$583,438,882	$793,280,191	(26.5%)
5	**AEGIS** **(Associated Electric & Gas Insurance Services Inc.)** East Rutherford, New Jersey www.aegislink.com William P. Cullen, president-CEO	$2,649,521,000	$2,377,763,000	11.4%	$2,649,521,000	$2,377,763,000	11.4%	$138,785,000	$229,784,000	(39.6%)
6	**Markel Group Inc.**[4] Glen Allen, Virginia www.markelcorp.com Thomas S. Gayner, co-CEO; Richard R. Whitt, III, co-CEO	$2,499,021,677	$2,056,583,744	21.5%	$7,040,700,174	$2,760,478,111	155.1%	$225,249,081	$416,021,837	(45.9%)
7	**Chubb Group**[5] Philadelphia www.chubb.com John J. Lupica, president-chairman	$2,423,223,620[6]	$2,368,078,979	2.3%	$2,507,482,604[6]	$2,449,405,275	2.4%	$1,117,322[6]	$9,745,715	(88.5%)
8	**Liberty Mutual Holding Co. Inc.** Boston www.libertymutualgroup.com Matthew Paul Dolan, president-CEO, North America Specialty	$2,235,951,490	$2,191,882,900	2.0%	$2,294,285,212	$2,224,056,921	3.2%	$11,493,421	$11,099,270	3.6%
9	**Indian Harbor Insurance Co.** Stamford, Connecticut www.axaxl.com Joseph Tocco, president-CEO	$2,011,327,604	$1,915,384,066	5.0%	$2,034,440,374	$2,010,315,801	1.2%	$5,285,784	$14,857,112	(64.4%)
10	**Axis Surplus Insurance Co.** Alpharetta, Georgia www.axiscapital.com Carlton Maner, president	$1,578,139,829	$1,243,952,900	26.9%	$1,578,649,271	$1,243,963,486	26.9%	$1,928,028	($5,100,005)	(137.8%)

[1]Includes Admiral Insurance Co., Berkley Assurance Co., Berkley Specialty Insurance Co., Gemini Insurance Co., Intrepid Specialty Insurance Co., Nautilus Insurance Co. [2]From annual statements. [3]Includes Freedom Specialty Insurance Co., National Casualty Co., Scottsdale Indemnity Co., Scottsdale Insurance Co., Scottsdale Surplus Lines Insurance Co. [4]Formerly Market Corp. [5]Includes Chubb Custom Insurance Co., Executive Risk Specialty Insurance Co., Illinois Union Insurance Co., Westchester Surplus Lines Insurance Co. [6]From annual statements for Illinois Union Insurance Co. and Westchester Surplus Lines Insurance Co.

Source: *BI* survey

NET INCOME

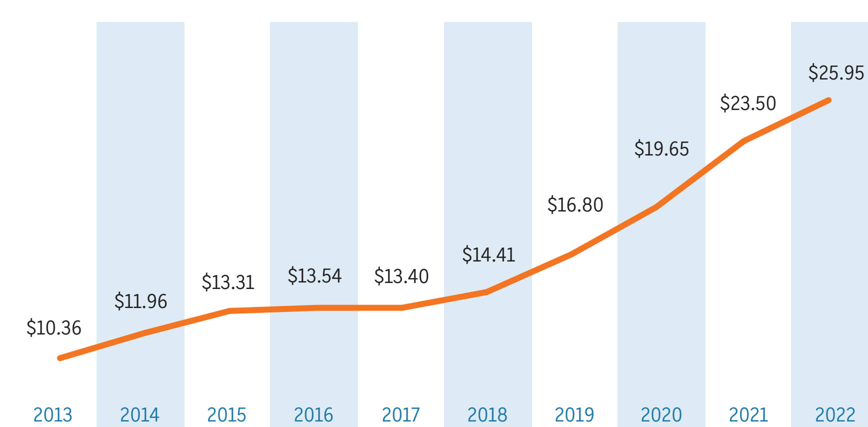
Top surplus lines insurers, ranked by 2022 net income

Rank	Company	2022 net income
1	National Fire & Marine Insurance Co.	$1,462,934,735
2	Lexington Insurance Co.	$583,438,882
3	Houston Casualty Co.	$398,619,680
4	The Hanover Insurance Group	$230,810,199
5	Markel Group Inc.	$225,249,081
6	RSUI Indemnity Co.	$143,271,138
7	AEGIS (Associated Electric & Gas Insurance Services Inc.)	$138,785,000
8	Mt. Hawley Insurance Co.	$94,335,368
9	IAT Insurance Group	$88,903,011
10	Western World Insurance Co.	$71,683,648

Source: *BI* survey

PREMIUMS TRENDS

Nonadmitted direct premiums of the top 10 U.S.-based surplus lines insurers, in billions of dollars



Source: *BI* survey

There's a reason you can't name the second guy who walked on the moon.

It's not nice, it's not kind, it's just an ugly fact: to the winner go the spoils. We think those spoils belong to you. In fact, we've built an entire company dedicated to helping you show up first with the best option for your client. **Because we all know what happens to the guy who shows up second.**

AMWINS
We help you win.

SURPLUS LINES PREMIUMS AND TAXES BY STATE

	GROSS SURPLUS LINES PREMIUMS WRITTEN				SURPLUS LINES TAXES COLLECTED			
State	2022	2021	2020	Percent change 2021-2022	2022	2021	2020	Percent change 2021-2022
Alabama	$1,012,435,019	$835,245,068	$661,266,230	21.2%	$72,595,994	$54,935,012	$46,315,099	32.1%
Alaska	$206,943,294	$197,309,957	$169,278,241	4.9%	$5,047,123	$4,416,063	$3,663,724	14.3%
Arizona	$1,353,249,186	$1,049,173,399	$762,416,961	29.0%	$42,855,211	$31,188,799	$22,473,019	37.4%
Arkansas	$443,989,022	$390,301,425	$322,134,345	13.8%	$16,952,022	$15,233,270	$12,355,608	11.3%
California	$20,072,703,110	$15,814,238,929[1]	$12,608,178,817[1]	26.9%	$471,537,167	$427,063,843[1]	$350,686,154[1]	10.4%
Colorado	$1,832,131,373	$1,611,138,768	$1,182,383,332	13.7%	$56,024,158	$48,457,302	$36,217,453	15.6%
Connecticut	$787,838,641	$667,536,098	$504,725,005	18.0%	N/A	N/A	N/A	N/A
Delaware	$365,554,695	$325,377,172	$189,821,410	12.3%	$10,517,269	$9,378,110	$5,276,864	12.1%
District of Columbia	$507,460,750	$354,655,326	$369,426,850	43.1%	$10,149,215	$7,093,107	$7,388,537	43.1%
Florida	$12,050,718,555	$9,550,707,093	$7,562,394,241	26.2%	$557,517,341	$413,038,167	$336,707,168	35.0%
Georgia	$2,678,345,679	$2,037,205,121	$1,645,677,101	31.5%	$107,133,827	$81,488,205	$65,827,084	31.5%
Hawaii	$485,201,449	$377,065,009	$295,925,218	28.7%	$22,707,428	$17,646,642	$14,375,736	28.7%
Idaho	$275,338,965	$259,543,347	$211,420,085	6.1%	$4,130,762	$3,893,774	$3,171,761	6.1%
Illinois	$3,640,885,057	$2,954,549,226	$2,108,551,065	23.2%	$127,435,827	$103,420,805	$73,803,436	23.2%
Indiana	$1,123,243,743	$878,250,032	$784,068,523	27.9%	$28,081,094	$21,956,251	$19,601,713	27.9%
Iowa	$569,386,522	$457,014,539	$406,387,108	24.6%	$7,169,036	$5,088,110	$4,068,433	40.9%
Kansas	N/A	$442,143,299	$369,724,742	N/A	$32,800,558	$26,506,583	$18,057,634	23.7%
Kentucky	$510,510,945	$372,712,671	$307,141,693	37.0%	$15,315,328	$11,178,992	$9,214,252	37.0%
Louisiana	$2,608,011,671	$2,172,638,076	$1,825,832,509	20.0%	$126,488,567	$105,372,889	$88,552,828	20.0%
Maine	$190,226,475	$161,278,048[1]	$125,946,509[1]	17.9%	$5,378,134	$4,542,371[1]	$3,547,913[1]	18.4%
Maryland	$1,025,507,764	$869,499,223	$632,765,160	17.9%	$29,892,972	$25,952,377	$18,913,790	15.2%
Massachusetts	$1,967,042,150	$1,451,587,840	$1,390,676,725	35.5%	$78,681,686	$58,063,514	$55,627,069	35.5%
Michigan	N/A	N/A	N/A	N/A	$35,169,029	$27,550,640	$23,007,217	27.7%
Minnesota	$1,074,078,289	$909,318,753	$756,297,742	18.1%	$32,222,349	$27,279,563	$22,688,932	18.1%
Mississippi	$822,756,817	$663,504,676	$568,865,095	24.0%	$32,914,398	$26,538,538	$22,756,348	24.0%
Missouri	$985,231,000	$847,098,000	$740,994,000	16.3%	$47,568,837	$41,316,801	$36,565,258	15.1%
Montana	$229,500,036	$183,129,750	$174,631,053	25.3%	$6,311,251	$5,036,068	$4,738,655	25.3%
Nebraska	$384,769,338	$312,304,747	$257,302,849	23.2%	$11,183,750	$9,062,331	$7,451,289	23.4%
Nevada	$785,319,666	$553,657,878[1]	$440,622,911	41.8%	$27,486,269	$19,378,021[1]	$15,421,850	41.8%
New Hampshire	$191,185,479	$171,796,274	$126,805,410	11.3%	$5,744,169	$5,153,944	$3,804,162	11.5%
New Jersey	$3,022,816,458	$2,335,259,205	$2,039,653,054	29.4%	$132,229,654	$111,362,803	$97,934,184	18.7%
New Mexico	$251,167,586	$203,237,493[1]	$169,341,428[1]	23.6%	$7,914,571	$6,558,302[1]	$5,305,610[1]	20.7%
New York	$7,619,369,770	$6,644,874,018	$5,118,021,821	14.7%	$266,897,143	$233,442,178	$180,227,952	14.3%
North Carolina	$1,696,855,120	$1,359,142,801	$1,009,020,889	24.8%	$84,373,381	$67,427,909	$49,872,671	25.1%
North Dakota	$196,180,623	$163,025,751	$134,871,667	20.3%	$3,432,940	$2,852,941	$2,360,273	20.3%
Ohio	$1,863,157,061	$1,524,722,168	$1,217,305,888	22.2%	$92,133,272	$75,953,750	$60,364,791	21.3%
Oklahoma	N/A	$748,557,652	$733,836,638	N/A	N/A	$44,913,459	$44,030,198	N/A
Oregon	$866,546,467	$740,120,891	$589,263,333	17.1%	$19,930,620	$15,009,613	$13,553,043	32.8%
Pennsylvania	$2,456,571,169	$2,999,157,407	$1,750,528,348	(18.1%)	$73,041,120	$63,782,249	$51,451,413	14.5%
Rhode Island	$290,499,093	$251,374,936	$100,069,008	15.6%	$11,125,726	$9,630,304	$3,876,099	15.5%
South Carolina	$1,406,520,723	$1,143,687,030	$1,007,847,583	23.0%	$87,873,987	$70,275,131	$60,470,855	25.0%
South Dakota	$131,154,645	$112,756,422	$87,501,134	16.3%	$3,314,520	$2,857,554	$2,205,496	16.0%
Tennessee	$1,400,264,411	$1,112,731,125	$954,700,935	25.8%	$68,513,810	$55,452,654	$46,376,202	23.6%
Texas	$11,690,313,909	$9,324,351,959	$8,004,173,121	25.4%	$561,011,663	$440,473,583	$383,676,539	27.4%
Utah	$710,810,886	$590,847,736	$480,231,389	20.3%	$30,209,462	$25,110,029	$20,409,834	20.3%
Vermont	$99,232,712	$106,426,137	$78,750,684	(6.8%)	$2,976,981	$3,192,784	$2,362,521	(6.8%)
Virginia	$1,231,097,184	$1,127,960,468	$1,073,164,704	9.1%	$27,591,346	$26,366,370	$24,922,529	4.6%
Washington	$2,056,834,083	$1,789,413,015	$1,371,009,664	14.9%	$41,138,435	$35,792,266	$27,420,958	14.9%
West Virginia	N/A	N/A	$149,710,948	N/A	N/A	N/A	$6,573,092	N/A
Wisconsin	$793,364,826	$697,862,286	$527,656,471	13.7%	$23,800,945	$20,935,869	$15,829,694	13.7%
Wyoming	$117,454,396	$118,164,039	$94,755,340	(0.6%)	$3,523,632	$3,544,921	$2,842,660	(0.6%)

[1]Restated. N/A = Not available.

Source: *BI* survey

CORVEL

Raising the bar for care. Lowering risk for clients.

At CorVel, we build industry-leading solutions that get people back to health and business back on track. Leveraging the latest technology and always showing up with compassion, we're dedicated to being a partner you can count on for the most comprehensive care.

Raise the bar at corvel.com

COMMENTARY

Pushing the limits of workers comp

Workers are increasingly reporting feeling stressed at work, which is a problem for employers in terms of how they provide relief for them but also in how they respond to workers compensation claims that allege workplace pressures significantly contributed to or caused an illness or injury.

Work-related anxiety is not new and comes in many forms, ranging from the physical and mental stress that many manual workers have endured for centuries to the psychological pressures on professional employees performing crucial tasks and the extreme expectations that sales staff often live with.

Traditional methods of dealing with the issue, such as a smoke break or a three-martini lunch, are also well known but clearly problematic.

Gavin Souter
EDITOR

In recent times, the issue has been exacerbated by technological developments that have blurred the lines between work and personal life by enabling people to work at any time and in any place. While the added convenience may be seen as a benefit, many people must long for the days when they could leave their workplace at 5 p.m. and not have to be concerned about work again until 9 a.m. the next day; many others are too young to have experienced such an idyllic world.

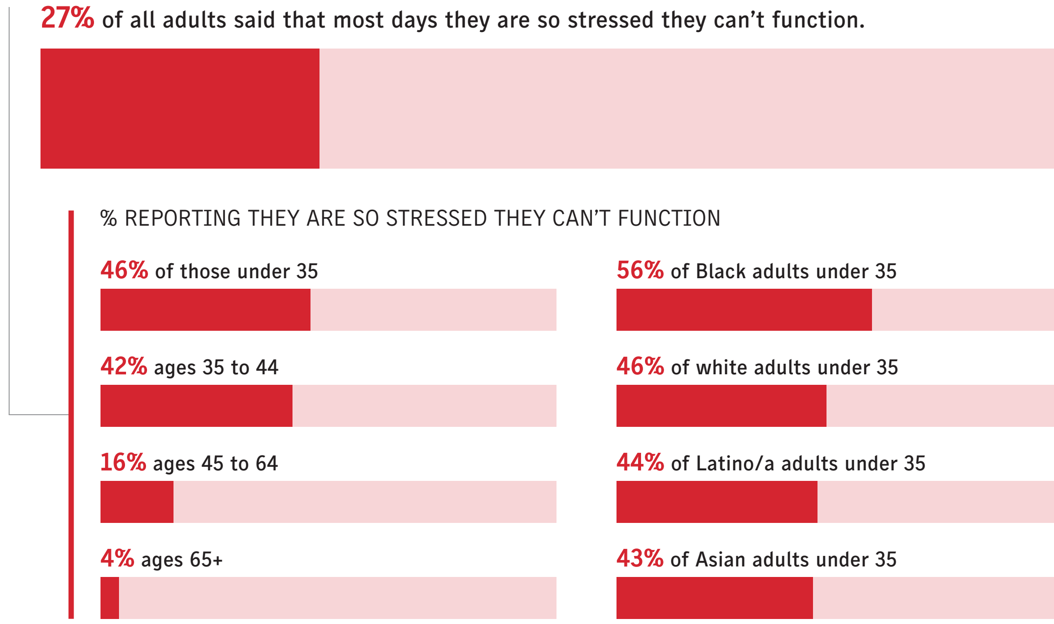
The COVID-19 pandemic accelerated the trend and added to or intensified workplace stressors, including health and safety concerns, lack of personal interaction, and the numerous pressures unrelated to work that dominated people's lives.

As we report on page 8, workplace stress is also a factor in workers comp claims, with employees claiming they suffered stress-related illnesses as a direct result of burnout at work. A New York appeals court recently ruled against two employees and other courts should be careful about opening the door to such claims, unless the working environment is identified as the principal contributor to the illness. Few would doubt that work contributes to stress, but often there are factors outside the workplace, including pre-existing conditions, that contribute to the problem.

That does not let employers off the hook in terms of supporting workers and prioritizing employee well-being. They have a duty to care for their workers, and adjusting work hours, providing stress management programs, engaging in empathetic communication, and ensuring workers are not overloaded can go a long way to reducing workplace stress.

Workers comp has evolved in numerous ways since the "grand bargain" between employers and workers was sealed more than a century ago, but it is still fundamentally designed to respond to work-related injuries. The seriousness of the problem of stress in the workplace should not be diminished, but expanding workers comp benefits to cover illnesses or injuries that are not predominantly caused by work will only drive up claims costs and potentially have far-reaching consequences for the whole system.

STRESS AND ITS IMPACT ON ABILITY TO FUNCTION



Source: American Psychological Association

VIEWPOINT

Cyber disclosure reset

BY CLAIRE WILKINSON
cwilkinson@businessinsurance.com

Recently issued U.S. Securities and Exchange Commission cybersecurity rules requiring public companies to quickly disclose material cyber breaches will increase liability risks for directors and officers and could lead to narrower insurance coverage.

As we report on page 10, under the new rules, companies must determine an incident's materiality and file an Item 1.05 Form 8-K, generally within just four business days.

The information submitted must include the nature, scope and timing of the incident and its impact on an organization's financial condition and operations. Companies must describe their processes for assessing, identifying and managing material risks from cybersecurity threats. They are also required to describe the board of directors' oversight of risks from cybersecurity threats and management's role and expertise in managing material risks from such threats. These disclosures must be included in annual reports starting Dec. 15.

These mandatory disclosure rules will have wide-ranging consequences. At the very least, compliance burdens will increase. Businesses will need to strengthen their cyber risk management plans and be prepared to assess whether their existing cybersecurity controls are adequate. They also need to review their internal processes around reporting cyber breaches and be ready to disclose material cybersecurity incidents in a very short time frame. Involving company boards and committees that are responsible for cybersecurity in these processes is critical.

Just how the changes will play out in insurance markets remains to be seen. Cyber liability accounts, which saw rates skyrocket following a rising number of ransomware attacks during the pandemic, have since seen rates stabilize. The average rate increase for cyber liability was 3.6% in the second quarter, according to a Council of Insurance Agents & Brokers survey. That was down from 8.4% in the first quarter and 26.8% in the prior year's second quarter. Insurers also added capacity, as noted by 40% of respondents to the CIAB survey. Cyber controls have drawn greater scrutiny by insurers, and businesses have been more focused on mitigating losses, which may have contributed to the renewed interest in writing cyber liability coverage and less severe premium increases.

Greater transparency around material cyberattacks and the risk controls deployed by companies overall could be beneficial as it will increase the amount of data available to insurers, helping them to assess and more accurately underwrite cyber risks. However, businesses will need to ensure the information they provide in their insurance applications matches the information they disclose in their SEC filings.

Meanwhile, public company directors and officers, many of whom have come under increased scrutiny for their handling of cybersecurity incidents in recent years, are more likely to be targeted by investor lawsuits. D&O liability rates continue to decrease, albeit at a more moderate pace, but this could change in response to a perceived increase in board-level risks. More coverage gaps could follow if insurers introduce additional cyber-related exclusions in D&O policies or D&O exclusions in cyber policies.

Risk managers tackling their next insurance renewals will need to ensure their organizations are prepared for the new regime and adequately protected when the next breach happens.

Addressing workplace hygiene to mitigate the cost and risk of infectious disease

David Wheeler is acting executive director of the Reckitt Global Hygiene Institute, a nonprofit established in 2020 to support research into hygiene health through focused research and other measures to benefit public health globally. He can be reached at secretariat@mail.RGHI.org.

Over the past few years, employee wellbeing has moved from being a consideration to an expectation in the workplace. Discussions have grown to encompass everything from physical to mental health, and businesses have been tasked with meeting evolving employee needs across this spectrum. As companies evaluate what this means for their benefits programs, workplace offerings and business cultures, they would be remiss to gloss over how employee wellness — and, relatedly, workplace hygiene — affects their risk profile.

Improving workplace hygiene is much more than just a worthwhile pursuit for company leadership or human resources executives. It's also important for risk managers to consider how hygiene fits into their overall risk management approach. Ultimately, workplace hygiene can influence employee health, business health and the bottom line.

Hygiene, health and productivity

While COVID-19 presents a particularly resonant example of how infectious disease can affect the bottom line — as well as the broader economy — pandemics are not the only cause for concern.

Other pathogenic threats affect the workforce every day, and some with big consequences. Consider the flu: The Centers for Disease Control and Prevention estimates that the flu caused 9 million to 41 million illnesses, 140,000 to 710,000 hospitalizations, and 12,000 to 52,000 deaths annually in the United States between 2010 and 2020. When employees are sick with the flu — even if they continue to work but aren't operating at full capacity — productivity declines.

Risk managers need to know which hygiene interventions in the workplace will be the most cost-effective to determine what is and is not a worthwhile mitigation tactic.

Acute respiratory infections including the flu are among the most prevalent causes of missed work, accounting for about one third of sick days. Yet, each year as we move into flu and respiratory infection season, we accept absenteeism as inevitable, rather than look for a proactive approach to minimize the disruption.

The common cold costs businesses up to 111 million workdays lost each year. This leads to a $16.6 billion loss in on-the-job productivity annually. Protecting the workforce from infection must be an essential component of a company's risk mitigation strategy.

This is especially important as companies reconsider their approach to sharing office space among employees. Regardless of how often facilities are used, the way people act and interact within the facilities matters. Considerations around sharing desk space, working in open-concept or closed-office settings, the accessibility of hand sanitizer and other hygiene-related decisions can influence disease spread. For many companies, in-person collaboration time is precious, and hybrid schedules mean employees have limited time to work together in person. So, absenteeism may take a more significant toll because it can cut into that limited in-person collaboration time. While it's true that some elements of protecting employees from disease are not in a company's direct control — after all, disease exposure and transmission can also happen in employees' personal lives — risk managers need to consider ways to prioritize more hygienic, safer workspaces.

Investment in resilience

Here's the catch: We still lack a declarative, neutral body of scientific evidence to help risk managers do this effectively. There are, however, certain intuitive actions risk managers can take to support workplace hygiene. These include making hand sanitizer readily accessible, installing air-filtration systems and implementing policies encouraging workers to stay home when they are not feeling well. Notably, some of these smaller-scale interventions rely on employee cooperation and the value employees place on adopting them.

For risk managers to know for sure which measures will be the most successful in protecting worker health, we need a more robust evidence base of scalable, unassailable hygiene science. Investing in hygiene research that conclusively reveals the best practices is critical. So is understanding the economics of implementing these best practices. Risk managers need to know which hygiene interventions in the workplace will be the most cost-effective to determine what is and is not a worthwhile mitigation tactic. Otherwise, risk managers themselves risk relying on interventions that may not pay off in terms of employee health or the company's financial health.

COVID-19 shed light on our need to be better prepared for what's on the horizon, whether it's a pandemic or the next flu surge, or something else entirely.

Reducing business risk

Infectious diseases will continue to pose challenges. COVID-19 shed light on our need to be better prepared for what's on the horizon, whether it's a pandemic or the next flu surge, or something else entirely. Rather than accepting that businesses will be short-staffed during cold and flu season, or writing off viruses as "something going around," businesses need to take action to prevent disease transmission inside and outside the workplace. Creating effective risk mitigation plans, however, will require thorough research into what works and what doesn't work, what motivates people to adopt hygienic habits, what interventions are the most cost-effective, and more.

Gone are the days when we can sit idly by in the face of infectious diseases. It's not only reckless to overlook the threat of infections as a risk to employees, but it is also bad business. Hygiene must be a risk management consideration — employees, businesses and the health of our economy depend on it.

Mulberri introduces cyber insurance MGA

■ Mulberri, an artificial intelligence insurance platform that focuses on small and medium-sized companies, said it is introducing a cyber insurance managing general agency, with policy limits of $250,000 and $500,000.

The Mulberri Cyber Insurance MGA is underwritten by insurers at Lloyd's of London, with Park National Insurance Co. as the insurer, and placed by Acrisure Re, Acrisure LLC's reinsurance division, Sunnyvale, California-based Mulberri said in a statement.

Mulberri said in May it was introducing its Risk Engine, a risk assessment tool for workers compensation underwriters.

Next Insurance adds excess liability cover

■ Insurtech Next Insurance Inc. has added umbrella and excess liability to its range of coverages for small businesses.

The Palo Alto, California-based insurer will offer the excess coverage, which follows the conditions of its primary coverage, in 41 states, a Next Insurance statement said.

The coverage will be available directly through Next Insurance's online portal and through agents.

The maximum limit available is $2 million per occurrence and $2 million aggregate.

Embroker teams with Cowbell, password firm

■ San Francisco-based insurtech Embroker Inc. said it is partnering with cyber insurer Cowbell Cyber Inc. and a password management provider.

The company said it will offer Cowbell cyber insurance to existing and prospective policyholders. Pleasanton, California-based Cowbell specializes in small and medium-sized enterprises.

Embroker said its partnership with New York-based Dashlane USA Inc. will give its customers access to cyber protection.

MGA Loadsure unveils ocean cargo insurance

■ Managing general agent and Lloyd's coverholder Loadsure Ltd. said it has launched Danube dynamic ocean cargo insurance and Huron ocean cargo and stock throughput insurance.

The coverages offer limits up to $10 million per conveyance and up to $10 million for named storage locations with Huron stock throughput insurance, including coverage for catastrophic perils, a Loadsure statement said.

The policies include all-risk coverage for goods in transit or at storage facilities with Huron, and door-to-door protection from physical loss or damage, including acts of God, loading damage, flooding, fire, roof collapse and theft, the statement said.

PRODUCTS & SERVICES

BRP launches government contracting specialty practice

■ BRP Group Inc. said it has established a government contracting center of excellence to support federal contracting clients with property/casualty, employee benefits and retirement insurance coverages.

The specialty practice also features mergers and acquisitions due diligence and in-house compliance support, a BRP statement said.

The practice will be led by Kevin FitzPatrick, BRP's senior director of sales.

It will help clients with challenges such as controlling fringe expenses; designing programs to help improve employee attraction and retention; risk management strategy; Defense Base Act and international coverage; and cyber liability insurance, the statement said.

The practice will include The Government Technology Insurance Co., or GovTech, and GovConHealth, which provides strategies to federal contractors to control employee benefits expenses.

CFC adds coverage of title to shares risks

■ London-based CFC Underwriting Ltd. said it expanded its suite of transaction liability insurance policies to cover title to shares risks.

Title to shares insurance is available on an excess basis up to a maximum limit of $150 million for losses arising out of a breach of title and ownership representations and warranties in a mergers and acquisitions deal.

Coverage can be placed as part of a single buy-side representations and warranties placement, CFC said.

The policy covers standard representations and warranties, including the seller not being the legal or beneficial owner of shares in the target company or interest in a private-equity fund; target shares being subject to an undisclosed mortgage, charge or encumbrance; title to shares being defective due to a previous document or instrument not being properly registered; and noncompliance with shareholder consents.

Nationwide, MGU partner on stop loss insurance

■ Nationwide Insurance said it is partnering with a managing general underwriter to provide medical stop loss insurance.

Nationwide said Beverly, Massachusetts-based SL Management Partners LLC will provide additional access to mid-sized employers with self-funded employee health care plans.

It said SL Management recently took over Oklahoma City, Oklahoma-based American Fidelity Assurance Co.'s direct stop loss division.

Sedgwick unit focuses on government sector

■ Sedgwick Claims Management Services Inc. announced the launch of Sedgwick Government Solutions, a business to further expand its administrative and managed care offerings to the federal government.

The announcement follows its 2021 acquisition of Managed Care Advisors Inc., a Bethesda, Maryland-based government contracting company and provider of workers compensation and specialty health plan products and services to the federal government.

Sedgwick Government Solutions is focused on developing and implementing specialized health programs, products and services tailored to the government sector, the company said in a statement.

DEALS & MOVES

Marsh McLennan Agency acquires broker Graham

Marsh McLennan Agency, the small and midsized brokerage unit of Marsh LLC, said it has acquired Philadelphia-based brokerage Graham Co.

Terms were not disclosed.

All 215 Graham employees, including Ken Ewell, president and chief operating officer, and Bill Graham, chairman, will join Marsh McLennan Agency and continue to work from the company's offices in Philadelphia and New York, a Marsh McLennan Agency statement said.

NSM buys contractor, construction specialist

NSM Insurance Group said it has completed the acquisition of Shield Commercial Insurance Services Inc., a Palm Desert, California-based managing general underwriter specializing in general contractor and construction liability business.

Shield provides general liability, excess liability, workers compensation, inland marine and contractors professional and pollution liability coverages to small and mid-sized general contractors.

Shield has 42 employees, all of whom will be joining NSM, a spokeswoman for the Conshohocken, Pennsylvania-based managing general agent said.

Risk Strategies makes Ohio acquisition

RSC Insurance Brokerage Inc., which does business as Risk Strategies Co., and Premier Financial Corp. jointly said that Risk Strategies has acquired Ohio-based First Insurance Group from Premier Financial Corp. of Defiance, Ohio.

Terms of the deal were not disclosed.

First Insurance Group, founded in 1946, has nine offices throughout Ohio offering a range of commercial and personal lines coverages including commercial and personal property/casualty, health, life and employee benefits, a joint statement said.

Gallagher acquires retail agency, MGA

Arthur J. Gallagher & Co. said it has acquired The Andersen Group, a retail agency based in Chantilly, Virginia.

Separately, Gallagher said its Pen Underwriting Ltd. unit has acquired Fender Marine AS, a specialty managing general agent based in Bergen, Norway.

Terms of the transactions were not disclosed.

PEOPLE

"I have always been very active in my community, and I love working with my hands. My dream is to be part of revitalizing the sense of community in neighborhoods by building or rebuilding front porches where people can meet, laugh and share hopes and dreams. A 'Porches for Peace' nonprofit is my retirement vision."

UP CLOSE

Dan Kovac

NEW JOB TITLE: San Antonio-based U.S. chief risk officer, Hiscox USA

PREVIOUS POSITION: San Antonio-based P&C chief risk officer, USAA

OUTLOOK FOR THE INDUSTRY: Someone told me early in my career that without the insurance industry, individuals and businesses could not accumulate wealth or own anything tangible without the very real fear that a single incident could destroy a lifetime of work. As long as people are involved in any endeavor that creates value, our industry will be right there protecting it, and the outlook is bright.

GOALS FOR YOUR NEW POSITION: Hiscox has been insuring businesses since 1901, and we were one of the first in the U.S. to deliver a customer-friendly digital service to business owners. My goal as chief risk officer is to support the mission and strategy of the firm and continue to develop the risk management capabilities in the U.S. to insure an ever-changing landscape of businesses.

CHALLENGES FACING THE INDUSTRY: I've never had a period in my 30-plus-year career where something "big" isn't afoot. And at every juncture, insurance companies and the industry must grapple with new challenges. This period is no different. Cyber risk, climate change, the rise of artificial intelligence, and the economic environment all present novel challenges that demand innovation. It is also why I love our industry; insurance professionals always rise to the occasion.

FIRST EXPERIENCE: My first job out of college was as an insurance agent. Having the experience of selling, marketing and meeting with customers has certainly informed my journey and choices as an insurance professional. Agents, brokers and sales professionals have the toughest jobs in the industry, and I have a deep respect for the work they do every day.

ADVICE FOR A NEWCOMER: Get really comfortable learning, because your learning journey will never end. And that is a wonderful thing. Then take what you've learned and innovate. Then learn some more. You're entering a very well-established industry but one that is always willing and able to adapt to meet the changing needs of customers.

DREAM JOB: I have always been very active in my community, and I love working with my hands. My dream is to be part of revitalizing the sense of community in neighborhoods by building or rebuilding front porches where people can meet, laugh and share hopes and dreams. A "Porches for Peace" nonprofit is my retirement vision.

COLLEGE MAJOR: Broadcast journalism

LOOKING FORWARD TO: Hiscox, of course, can trace its roots back to the early 1900s and has expertise in some specialized market segments that I'm really excited about engaging in. And because I love working with people, meeting new colleagues is always top on the list.

FAVORITE MEAL: I grew up in West Africa and so some of the traditional Liberian dishes are my favorite.

FAVORITE BOOK: Ready to nerd out with me? "Implementing Enterprise Risk Management," by James Lam

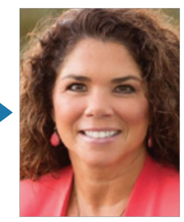
HOBBIES: I love old cars. I am currently rebuilding a 1970 Land Rover Series IIA.

FAVORITE TV SHOW: "Yellowstone," at the moment

ON A SATURDAY AFTERNOON: Spending time with our kids — doesn't matter what the activity is.

ON THE MOVE

Liberty Mutual Insurance Co. promoted **Amy Gross** and **Nikki Lankford** within the insurer's global risk solutions North America business. Ms. Gross, based in Boston, will lead a team of underwriters dedicated to middle-market private-equity firms, in addition to her existing role of overseeing Liberty Mutual's global private-equity practice. Ms. Lankford, based in Atlanta, will lead field underwriting teams. She was formerly regional executive for the Mid-Atlantic region.



Hylant Group Inc. named **Anne Marie Towle** CEO of its global risk management business, a newly created role. She will continue as CEO of global captive solutions. Ms. Towle was named one of the 2019 *Business Insurance* Women to Watch.

Willis Towers Watson PLC named **Juan Mascaro** hospitality segment leader within the real estate, hospitality and leisure division of corporate risk and broking, North America. Previously, New York-based Mr. Mascaro was a regional underwriting executive at Sompo International Holdings Ltd.

American International Group Inc. named AIG Re CEO **Christopher Schaper** global chief underwriting officer. Kean Driscoll, previously CUO of AIG's general insurance business, left in March.

Axa XL, a unit of Axa SA, named **Adele Smith** head of mid-market generalist. Previously, New York-based Ms. Smith was vice president, commercial underwriting officer, at CNA Financial Corp.

Marsh LLC named former President of Marsh U.S. **Pat Donnelly** president of Marsh Specialty and global placement, succeeding **Lucy Clarke**. Ms. Clarke will join Willis Towers Watson PLC as president, risk and broking, effective in the third quarter of 2024.

SEE MORE ONLINE

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

All´s fair in love and workloads

Love comes second to ambition, according to a recent survey of 1,000 workers that found 75% of them would be willing to sacrifice their romantic relationships or marriages for a successful career.

In its survey, resume-builder site Zety.com also examined types of workers, pitting “high-performing” “A players” against “B players,” classified as those “typically misconstrued as less valuable to company success, when in reality, they are competent, steady performers who consistently meet expectations while maintaining a work-life balance.”

(So there.)

Overall, 80% of participants believe that being an A or B player is a matter of motivation, and 55% of respondents think that A players’ “impact is overestimated,” and 76% assert that B player employees are neglected.

Can´t squeeze Kraft over mac & cheese

Just how long it takes to peel away the plastic on a microwavable cup of Velveeta Shells and Cheese appears to be at the heart of a Hialeah, Florida, woman’s lawsuit that was dismissed by a federal judge.

A federal judge in Miami tossed the case against Kraft Heinz & Co., which was accused in the proposed $5 million class-action lawsuit of allegedly misleading consumers by promising it takes only 3½ minutes to prepare a cup of microwavable Velveeta macaroni and cheese, Reuters reported.

The judge said consumer Amanda Ramirez “lacked standing” in her complaint over packaging that said her macaroni and cheese would be “ready in 3½ minutes” because it did not include time to remove the lid, add water and stir in a cheese sauce pouch, according to the report.

Historic settlements would send firms up in smoke

When it comes to verdicts, what’s after nuclear? Extinction, apparently.

History’s largest legal settlement — the tobacco industry’s infamous 1998 settlement of $206 billion — would be $383.4 billion today, according to research that analyzed the nuclear settlements of the past, accounting for inflation and the 2023 economy.

Legal services company High Rise Financial LLC looked at the 10 largest settlements — from tobacco’s four largest companies to Dow Corning Corp.’s breast implants — and found the “unfathomable” verdicts of the past, ranging from a high of $206 billion to $3.2 billion, would have shut businesses down when adjusted to 2023 conditions.

“While many of these companies still operate today, these scandals and settlements would spell the end for several, and all would suffer significant reputational damage,” a High Rise Financial spokesman said in a statement. “Both that financial and reputational damage would undoubtedly be exacerbated in the modern age, and the survival of these companies would seem increasingly unlikely.”

Man has beef with Taco Bell

In a classic case of the provided food doesn’t meet the expectations of that which is advertised, a New York man is suing Taco Bell, alleging the fast-food restaurant short-changed customers on beef, beans and other fixings.

In a proposed class-action lawsuit filed in federal court in New York, Frank Siragusa accuses the chain of deceptive trade practices, saying online ads for its Crunchwrap Supreme, Mexican Pizza and various other menu items did not match the products, according to Insider.com.

The suit, accessed by the news outlet, included side-by-side photos of Taco Bell’s ads for the Crunchwrap Supreme, Vegan Crunchwrap, Grande Crunchwrap, Mexican Pizza and Veggie Mexican Pizza, next to actual photos of the items.


Toni Morrison won the Presidential Medal of Freedom, but an AI model still had issues with one of her books.

Iowa district uses AI to find books to ban

Watch out, Karen. AI is coming for your job.

A school district in Iowa has used artificial intelligence to ban books that contained sexual content to comply with a new state law that effectively calls on districts to remove controversial materials.

Through a bill signed into law in May, schools are prohibited from “instruction related to gender identity and sexual orientation in school districts, charter schools and innovation zone schools in kindergarten through grade six.”

The move by Mason City Community School District to deploy AI to comply resulted in the removal of 19 books from the shelves of its libraries in grades 7-12, according to media reports.

Among the most popular casualties were “The Handmaid’s Tale” by Margaret Atwood, the Pulitzer Prize-winning “Beloved” by Toni Morrison, and “The Kite Runner” by Khaled Hosseini.

Things go sideways.

KNOW YOU'RE COVERED.

Sometimes things at work are unexpected. No matter what happens, LUBA is here to help get things back to normal.

Find out more at www.LUBAwc.com/sideways

888-884-5822 | Rated A- Excellent by A.M. BEST

LUBA
WORKERS' COMP.
A CASUALTY INSURANCE COMPANY


MORE IMAGINATION.
MORE TO LOVE
FROM APPLIED.®
Workers' Compensation • Transportation – Liability & Physical Damage • Construction Liability • Fine Art & Collections
Homeowners – Including California Wildfire & Gulf Region Hurricane • Structured Insurance • Financial Lines • Surety
Aviation & Space • Environmental & Pollution Liability • Real Estate • Reinsurance • Warranty & Contractual Liability
Infrastructure • Entertainment & Sports
...And More To Come.
It Pays To Get A Quote From Applied.®
Learn more at auw.com/MoreToLove
or call sales (877) 234-4450
APPLIED
UNDERWRITERS
©2023 Applied Underwriters, Inc. Rated A- (Excellent) by AM Best. Insurance plans protected U.S. Patent No. 7,908,157.