DRIVING CHANGE: Surge in electric vehicles sparks insurance concerns - PAGE 4

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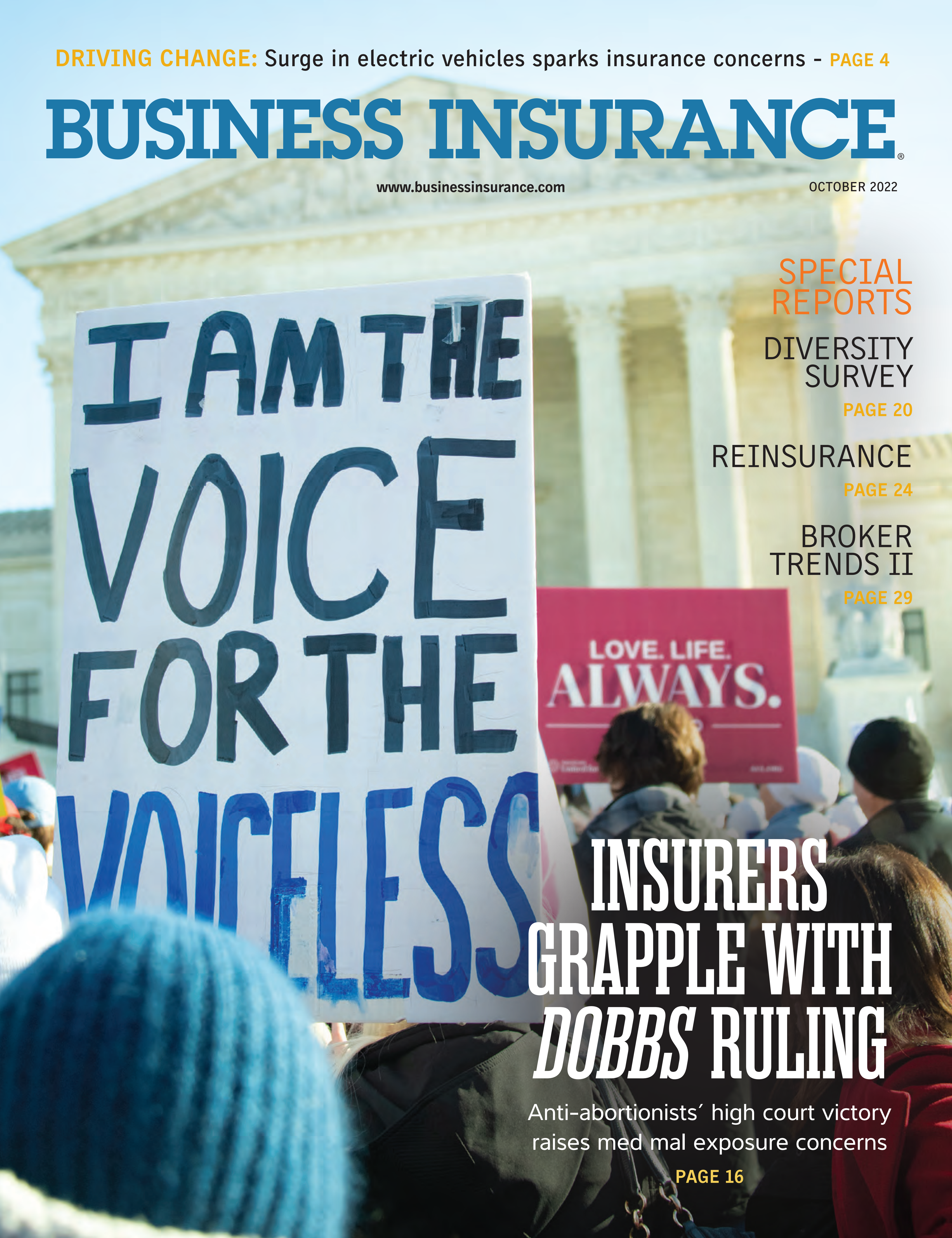

INSURERS GRAPPLE WITH *DOBBS* RULING

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COVER STORY

INSIDE

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Electric vehicles add to auto risks

BY CLAIRE WILKINSON
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Businesses converting to electric fleets following recent regulatory moves will likely see higher insurance costs initially — driven by increased values and repair costs — though they are expected to stabilize over time.

President Joe Biden in August signed the Inflation Reduction Act, which includes various rebates and tax credits for more efficient energy applications, including electric vehicles.

Also in August the California Air Resources Board approved a rule that will require all new passenger vehicles and light trucks sold in the state to be zero-emission by 2035. Other states are likely to follow suit, according to news reports.

Nearly 450,000 EVs were sold in the U.S. in 2021, up 83% from the previous year, according to a report by CCC Intelligent Solutions Inc. Hybrid EVs and plug-in hybrids saw 970,000 sales in 2021, an increase of 84%. Tesla Inc. continues to have the largest share of EV new registrations, but automakers such as Ford Motor Co. and General Motors Co. are also investing heavily in electrification.

It's not yet clear how EV adoption will affect commercial auto coverage, said Michael Stankard, Detroit-based managing director of the manufacturing and automotive practice at Aon PLC.

From a liability perspective, EVs do not appear to be more, or less, hazardous than combustion engine vehicles, and the impact on premiums is likely neutral, Mr. Stankard said. "Typically, a powertrain of a vehicle doesn't cause accidents, it's human driving," he said.

Premiums for physical damage coverages will likely be higher because of the cost of batteries in EVs, he said. That applies to both commercial and personal lines, though the cost will likely "level out in a couple of years," he said.

Some EVs are more expensive to fix, due mainly to the cost of batteries and advanced technologies on board, which in turn may give rise to product liability risks, said David Carlson, U.S. automotive and manufacturing industry practice leader and U.S. and Canada climate and sustainability leader for Marsh LLC, who is based in Cleveland.

"At some point in time, there will be a leveling out period when there are more of these cars on the road and more aftermarket parts," Mr. Carlson said.

The various parts and components that go into EVs typically cost more than those of gas-powered vehicles, said Robert Hartwig, clinical associate professor and director, Risk and Uncertainty Management Center, at the University of South Carolina's Darla Moore School of Business.

"The value of the vehicle itself is an important determinant of insurance costs, whether we're talking about personal or commercial auto," Mr. Hartwig said.

That means replacement vehicles will cost more, and repairs on EVs are also modestly higher, even though they have fewer moving parts than the equivalent gas-powered vehicle, he said.

Insurers will observe the claim, loss frequency and severity trends of EVs and will adjust rates accordingly, Mr. Hartwig said.

Darcy Johnson, Boise, Idaho-based senior underwriter at National Truck Underwriting Managers Inc., a unit of Amwins Group Inc., said the biggest concern with electric trucks is that they can be extremely heavy due to the added weight of batteries.

"They're going to be overweight before you even put loads on them. … The batteries are positioned right on the frames of the semis on both sides. They're almost targets for smaller cars to hit," Ms. Johnson said.

Because the batteries are the main source of power on the vehicles, the physical damage rates are going to be "extremely expensive" due to the cost of parts, she said.

While nearly all EVs come equipped with connected car technology and advanced driver assistance systems that have safety benefits, these add to costs, according to a July report by CCC Intelligent Solutions.

Its analysis found that EVs have higher average repair costs than their non-EV counterparts, said Susanna Gotsch, Chicago-based senior director and industry analyst at CCC.

Total cost of repairs averaged $4,041 for EVs vs. $3,191 for non-EV models among small non-luxury cars, CCC said in the report.

EVs also have longer repair times because repair productivity is lower, Ms. Gotsch said.

"Anytime you introduce new technology into the collision repair industry — or any industry for that matter — it takes time to get those technicians up and running," she said.

It's more difficult to determine loss-related damage to EVs than to internal combustion engine vehicles, because the vehicle systems are more interconnected, said Ryan Mandell, Greenville, South Carolina-based director of claims performance at Mitchell International Inc., part of Enlyte Group LLC.

When an EV is involved in a collision, it can cause internal damage that isn't immediately evident, such as to the vehicle's cooling system, which can add to the complexity, cost and time of repairs, he said.

Supply chain disruptions are also exacerbating the availability and costs of various materials needed to complete EV repairs, several experts said.

A major component of EVs is graphite, much of which is sourced from China, said Andy Blancher, director, commercial auto and emerging issues, at Verisk Analytics Inc. in Jersey City, New Jersey. "That can leave the EV industry uniquely exposed to supply chain disruptions, leaving insurers on the hook for inflated repair and replacement costs," he said.

BENEFITS VS. COSTS OF EVS

A 2020 study by the Insurance Institute for Highway Safety/Highway Loss Data Institute found that:

- **Injury claim rates** for occupants of electric vehicles were about 40% lower than for occupants of comparable conventional vehicles during the period from 2011 to 2019.
- The **added weight** of EVs, due to heavy batteries, protected vehicle occupants in a crash.
- While collision claim frequencies were lower for EVs, **claim severities** were higher, particularly when EVs first came on the market. However, this gap has closed over time. In 2019, claim severities were about equal.

In a 2022 update, the IIHS/HLDI found that EVs were associated with lower collision and property damage liability frequencies, similar collision claim severities, and higher property damage liability severities than conventional gas-powered cars.

TECHNOLOGY GENERATES EXPOSURES

The growing rollout of electric vehicles across the United States will likely lead to improvements in efficiency and safety, but businesses converting to electric fleets still face emerging liability exposures in the short term.

Electric vehicles, including hybrids, present several vulnerabilities, said Andy Blancher, director, commercial auto and emerging issues, at Verisk Analytics Inc. in Jersey City, New Jersey.

High-voltage cables that run through EVs can present bodily injury risk to vehicle occupants being extracted following an accident and to first responders, such as firefighters, Mr. Blancher said.

The charging infrastructure required for EVs raises cybersecurity concerns with the potential for hacking of data at public charging stations, Mr. Blancher said.

Verisk plans to add a class to its general liability program with respect to electric vehicle charging stations next year.

EVs can also lead to ancillary risks that aren't readily apparent, said David Carlson, Cleveland-based U.S. automotive and manufacturing industry practice leader and U.S. and Canada climate and sustainability leader for Marsh LLC.

If an EV is parked in a garage, does that become a property exposure if the vehicle's battery catches fire, Mr. Carlson said. "I've had to field that question from more than one parking tower," he said.

How extreme weather can affect an electric truck's range is another concern, given the lack of charging infrastructure across the country, said Darcy Johnson, Boise, Idaho-based senior underwriter at National Truck Underwriting Managers Inc., a unit of Amwins Group Inc.

"In extreme weather conditions pulling heavy loads, how is that battery going to hold, and can the truck get there on time?" Ms. Johnson said.

Claire Wilkinson

Comp sector widens scope of recovery efforts

LOUISE ESOLA
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Much of what directs the trajectory of a workers compensation claim has little to do with the claim itself — the injury, the prognosis — and much to do with the claimant's everyday life, such as where they live or how much money they have in the bank.

Experts say focusing on the so-called "social determinants of health" of an injured worker has the potential to drive better outcomes for injuries and is in line with "whole-worker" health and advocacy trends in workers comp in recent years.

"We all said, 'We need to be better advocates,'" said Kimberly George, Chicago-based global head, innovation & product development, at Sedgwick Claims Management Services Inc.

"Then it really got into 'well, how do we do it?'" she said.

"Do they have ambulatory barriers? Food insecurity? Language barriers? Health literacy? Do they live in an area that's prone to crime and violence? Do they have transportation? What are their living conditions? All of those things are very interconnected" when it comes to recovering from an injury, said Mariellen Blue, Wayne, Pennsylvania-based national director of case management services at Genex, a division of workers comp services conglomerate Enlyte Group LLC.

According to the American Hospital Association, 40% of a patient's health is associated with socioeconomic factors and 10% is based on physical environment, while only 20% is connected to medical care. Aware of this issue, the Centers for Medicare & Medicaid Services this year adopted a coding methodology for tracking such issues as "problems related to upbringing" and "problems related to housing and economic circumstances." Thirty percent is attributed to health choices.

Workers comp experts say the industry is catching on.

For a report released in August, Chicago-based managed care provider Rising Medical Solutions held a series of focus groups with employers, insurers, state funds and third-party administrators. It found that many believed training on societal risk factors "that go beyond the walls of the workplace, such as housing instability or food insecurity," can help improve outcomes, as can applying "community resources and social interventions for injured employees with potential health disparities."

The topic was discussed at the Workers' Compensation & Risk Conference in Dana Point, California, in September, with panelists — a claims handler for a facilities management company whose claims mostly arise from janitorial work, a return-to-work specialist and a workers comp defense lawyer — stressing the importance of addressing social issues.

It's estimated that as much as 80% of an individual's health is connected to factors related to the person's environment, and a work injury can launch a chain of events that can hinder return to work, said panelist Rafael Gonzalez, a partner at Charlotte, North Carolina-based Cattie & Gonzalez PLLC, citing a common data point.

When an injury occurs, "all hell breaks loose" in an unhealthy environment, he said. "We see that in our claims. Are they able to pay rent now? Because if they are not, then they are not paying attention to their claim. They are solely focused on, 'I just lost the roof over my head.'"

Panelist Chad Beinschroth, Winchester, California-based claims manager at facilities management company ABM Industries Inc., said the loss of income that comes with an injury is often the No. 1 concern among injured workers. That loss and the inability to work sets off a "chain reaction" that can affect housing and financial security, he said.

"These are the conditions where people live, learn, work and play that affect their daily lives; that affects their health and their quality of life," said panelist Debra Livingston, Tampa, Florida-based CEO of ReEmployability Inc., which provides return-to-work services for injured workers.

That can translate into missed forms or missed appointments — costly issues for payers and employers that aim to rehabilitate injured workers, she said.

"Asking why" can be the first step in understanding what is going on in an injured worker's life outside of the injury, Ms. Livingston added.

Ask "why they didn't show up to a doctor's appointment? Why they didn't cooperate with return to work? Why are they not taking that medication? Ask them why," she said. "There could be a plethora of reasons."

Ms. George of Sedgwick said nurses and case managers, by applying better interview techniques, can pick up on specific aspects of social determinants of health and communicate those findings both to the doctor and to the adjuster. This can also help find solutions and apply resources for the worker, she said.

"This is something TPAs can and are doing," she said. Examples include finding temporary housing for workers who are recovering or sending meal kits to workers who live in so-called food deserts where getting to a grocery store is difficult, she said.

Claims handlers who know more about an injured worker's life challenges can help make available community resources for the injured worker, who may not realize that he or she could be eligible for government benefits such as disability or Social Security, the panelists in Dana Point said.

IMPACT OF SOCIAL DETERMINANTS OF HEALTH

Social determinants of health have a tremendous effect on an individual's health regardless of age, race or ethnicity.

Socioeconomic factors 40%
- Education
- Job status
- Family & social support
- Income
- Community safety

Health behaviors 30%
- Tobacco use
- Diet & exercise
- Alcohol use
- Sexual activity

Health care 20%
- Access to care & quality of care

Physical environment 10%
- Environment

Source: American Hospital Association; ProMedica

IMPROVING WELL-BEING OF WORKERS NEED NOT COME AT EXTRA COSTS

While compensability is always a concern — an insurer or an employer isn't typically willing to pay for factors that aren't directly related to the claim — paying attention to outside issues can have benefits for payers, experts say.

"The fear has always been that we don't want to address it because we don't want to pay for it," said Mariellen Blue, Wayne, Pennsylvania-based national director of case management services at Genex.

"It's not necessarily that the claims payer would ultimately be responsible for any costs associated (with solutions), but we're looking at doing something to address these outside factors. Will that eventually, in turn, decrease the cost of claims?"

Ms. Blue said she believes so.

Chad Beinschroth, a Winchester, California-based claims manager at facilities management company ABM Industries Inc. who's walked injured janitors through the workers comp process, said listening and understanding, and explaining the process, go a long way and can keep claims from landing in litigation and the claimant leaving a job.

"They're really worried about money, so it's just natural for them to go to an attorney to get some type of legal help," he said. "And then that just goes down a huge rabbit hole."

"There's no easy fix because it's systemic at every single level and where do you start the focus?," Mr. Beinschroth said, adding that issues of social determinants in health in a claim "can be death by a thousand cuts" for recovery.

"To be as successful as possible it has to be focused on customer service," he said.

Louise Esola

Remote exposures alter complexion of comp

BY LOUISE ESOLA
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With more people working from home, workers compensation has become a 24-hour exposure for employers, some experts say.

Estimates show an increase in the number of employers allowing telecommuting or hybrid arrangements since the COVID-19 pandemic, and alleged work-from-home injuries are resulting in comp claims.

Details of contested claims show the difficulties employers face in determining their validity. At least one state has passed a law aimed at adding clarity to the issue.

"When a person works in an office, they're going to the office at a set period of time. But when you're working from home, you may get up at 10 o'clock and do work, or you may do it at one in the morning or two in the morning. There's no real arbiter of stoppage of what you can and can't do within a timeframe," said Patrick Edwards, Chicago-based area senior vice president and workers compensation practice leader for Risk Placement Services Inc.

RPS, a unit of Arthur J. Gallagher & Co., last month released a report identifying work from home as one of the issues that will have an impact on workers comp in the future; that expanded exposure, less employer control of the environment, and mental health are concerns. Working from home will also affect the coming-and-going workers comp rule in most states and is likely to complicate investigations because of the lack of witnesses, according to the report.

> "When you're working from home, you may get up at 10 o'clock and do work, or you may do it at one in the morning or two in the morning. There's no real arbiter of stoppage."
>
> Patrick Edwards, Risk Placement Services

Anticipating more people working from home was the reason behind a first-of-its kind law in Ohio that specifies what constitutes an injury occurring in one's home. The law, which went into effect Sept. 23, provides parameters for what constitutes a work-related injury outside of the employer's physical domain, an issue that has been raised in courtrooms across the country with varying results.

H.B. 447, crafted in response to the pandemic and passed earlier this year, states that unless conditions are met compensability is barred for "an injury or disability sustained by an employee who performs the employee's duties in a work area that is located within the employee's home and that is separate and distinct from the location of the employer."

The law states that three factors must apply for an at-home injury to be compensable: that the injury or disability arose out of the worker's employment; that it was caused by a special hazard of the employment activity; and that it was sustained in the course of an activity undertaken by the employee for the exclusive benefit of the employer.

Philip Fulton, a Columbus, Ohio-based attorney who represents injured workers under the Philip J. Fulton Law Office, helped draft the law on behalf of the Ohio Chamber of Commerce.

"The language only codifies what I had to prove previously for one of my clients who was injured while working from home," he said. "I believe because of COVID and the new reality that many now work from home, the chamber wanted some assurance on the elements for a compensable injury if injured at home."

In creating the bill, Ohio lawmakers looked at other states and cases in which work injuries occurred at home, finding that the laws and rulings varied — what was compensable in one state was found not compensable in another, according to Mr. Fulton. He said Ohio's law makes compensable cases fact-specific: for example, a person tripping down the staircase of their home en route to feeding their dog, versus a person tripping while trying to retrieve something work-related.

Timothy Zix, a partner and chair of the workers compensation practice group at Taft Stettinius & Hollister LLP in Cincinnati, said the Ohio law is "good news" for employers. While there has not been much case law in Ohio stemming from employees injured while working from home, a scan of cases nationwide shows that incidents do occur, and the claims are often litigated.

Among the examples Mr. Zix cited was a woman in Tennessee working at home who was attacked by a neighbor and whose injury was found to be not compensable. By contrast, injuries suffered by a telecommuting man shot in his home in New York during a robbery were deemed compensable.

In another case, a man in Utah slipped and fell while shoveling snow in his driveway in an effort to retrieve a FedEx package; his injuries were found to be compensable.

And then there's the worker who trips on a pet — which has happened in several states with varying results, according to attorneys.

"It's just kind of all over the board," Mr. Zix said. "Ohio is trying to give employers a little bit of help with the special hazard requirements" for an injury to be found in the course and scope of employment.

The law would not apply to repetitive stress injuries, such as carpal tunnel, according to Christopher Ward, an attorney with Calfee, Halter & Griswold LLP in Columbus.

"In Ohio, carpal tunnel syndrome is typically handled as an occupational disease instead of an injury," he wrote in an email. "There can be traumatic (carpal tunnel syndrome), which could be classified as an injury and come under this new language/law which changed the definition of injury, but typically it is handled as an (occupational disease), which has its own test to establish (compensability)."

HOME WORKERS

The American Community Survey by the U.S. Census Bureau, released last month, shows the number of Americans working from home tripled over a three-year period.

- **5.7%** of workers, or **9 million** people, worked from home in 2019 versus **17.9%**, or **27.6 million**, in 2021.
- **2021** marked the highest number and percentage of people working from home recorded since the survey began in 2005.
- **48.3%** of workers in the District of Columbia worked from home, the highest percentage of home-based workers among states and state equivalents in 2021. Washington (24.2%), Maryland (24.0%), Colorado (23.7%) and Massachusetts (23.7%) had the highest percentage of home-based workers.

ABANDONING THE OFFICE

A Gallup Inc. survey conducted in June 2022 to gauge the future of work from home found:

- Approximately **56%** of full-time employees in the United States — more than **70 million** workers — say their job can be done working remotely from home; coining the term "remote-capable employees."
- As of June 2022, **half of remote-capable employees** were working part of the week at home and part onsite, three in 10 were exclusively working remotely, and two in 10 were entirely on-site.
- Hybrid work has increased in 2022, from **42%** in February to **49%** in June, and is expected to further increase to **55%** of remote-capable workers by the end of 2022 and beyond.
- Fully on-site work is expected to remain "a relic of the past" with only **two in 10** remote-capable employees currently working entirely on-site, and about the same number expecting to be entirely on-site in the future — down from 60% in 2019.


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NEWS ANALYSIS

ESG concerns rise, insurance reach restricted

BY CLAIRE WILKINSON
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Environmental, social and governance factors are playing a growing role in mergers and acquisitions activity, but so far this is having a limited affect on the insurance coverage that underpins deals.

Recent research suggests that ESG is having a growing influence on M&A activity and corporate strategy. Some 42% of experts said ESG plays an important role in their organization's M&A activity, while 68% said it will become even more important over the next two years, according to a report by Coleman Research Group released in August. Respondents comprised experts involved in M&A activities and ESG within their organizations across Coleman's global network in the Americas, Europe, the Middle East and Africa, and Asia-Pacific.

While there is greater scrutiny of ESG risks, and buyers have stepped up their due diligence of target companies, ESG has yet to influence pricing and terms for representations and warranties insurance, which covers potential liabilities arising from mergers and acquisitions, experts say.

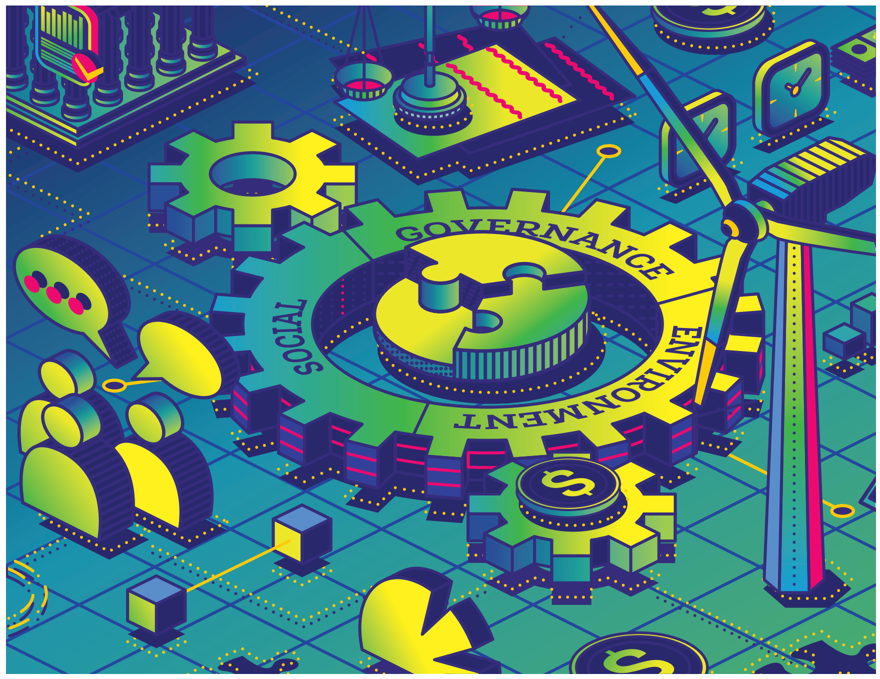
ESG is top of mind for insurers in general and may affect their appetite for underwriting certain transactions, said Simon Tesselment, chief broking officer, transaction solutions, EMEA, at Aon PLC in London.

Several large corporations, including insurers, some of which write M&A coverage, have made public statements that they are no longer happy to support certain industries, such as polluting businesses in the energy sector, Mr. Tesselment said.

Insurers may decline certain transactions based on corporate appetite or underwriting guidelines, but only a few are taking hardline positions affecting a small segment of deals, he said.

"A deal we did in London two or three years ago was a coal-related business. We did secure terms and get it covered, but there was very limited appetite in the market. No one is necessarily going to play back to you they are going to decline a deal because of ESG concerns, but they'll find a way to turn it down for numerous reasons," Mr. Tesselment said.

Private equity fund mandates typically now include an ESG component and limited partners, and other institutional investors are increasingly making investment decisions based on ESG performance, said Matthew Wiener, Houston-based managing director at Aon PLC.

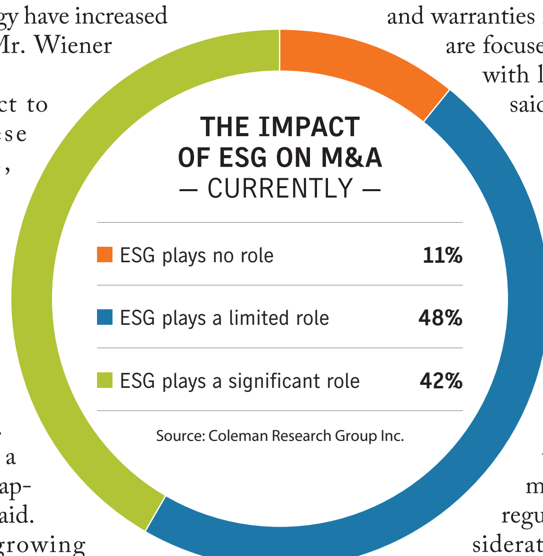


This has played out in the energy sector in the U.S. and abroad, as investments in renewable energy have increased significantly, Mr. Wiener said.

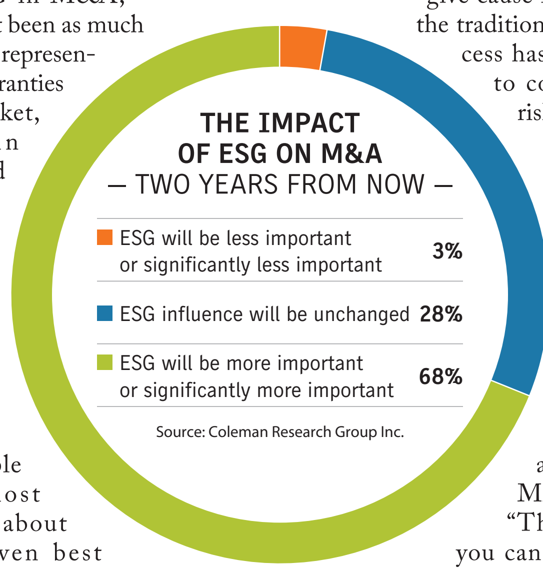
"With respect to insuring these transactions, I've seen more renewable energy transactions being underwritten in the last 18 months than I did in the prior five years. There's been a huge influx of capital there," he said.

There is a growing focus on ESG in M&A, but there hasn't been as much of a shift in the representations and warranties insurance market, especially in the U.S., said Stavan Desai, New York-based head of Americas transactional liability at Mosaic Insurance Holdings Ltd.

"When people say ESG, most are thinking about industry-driven best practices — companies should be doing this — whereas, on the other hand, reps and warranties for the most part are focused on compliance with laws," Mr. Desai said.



ESG-related regulation so far has focused on public companies and SEC reporting requirements, he said. "From a private company perspective there are not that many new ESG regulations and considerations that would give cause for concern, and the traditional diligence process has been sufficient to cover most ESG risks," he said.



Insurer appetite will differ by company, and for risks that are more difficult to place, such as private gun manufacturing and coal mines, ESG is a consideration, Mr. Desai said.

"That's not to say you can't find reps and warranties insurance for either of those categories, but the number of quotes brokers get back will traditionally be fewer on more ESG-risky targets than others," he said.

ESG as a topic is not coming up in private middle market acquisition deals in the way it is arising in the public securities world, said Randi Mason, co-head of the corporate practice at law firm Morrison Cohen LLP in New York.

"We are not seeing reps and warranties addressing ESG per se, and we're not seeing reps and warranties excluding ESG as a topic. That being said, ESG is an umbrella term, and a lot of components that make up ESG are getting heightened attention," Ms. Mason said.

For example, cybersecurity and data privacy are coming under greater focus, she said.

"A decade ago, we had to convince clients to let us do diligence; now issues of data privacy and security take up a lot of diligence time and are given real real estate in purchase agreements," Ms. Mason said.

Even before ESG became a hot topic, environmental risks have been a consideration in mergers and acquisitions — for example if a chemical company with a known environmental legacy liability was being acquired, said Jonathan Mitchell, Atlanta-based director, client advisory, at brokerage Founder Shield.

> "When people say ESG, most are thinking about industry-driven best practices — companies should be doing this — whereas, on the other hand, reps and warranties for the most part are focused on compliance with laws."
>
> Stavan Desai,
> Mosaic Insurance Holdings Ltd.

Questions and concerns around whether a company is complying with employment laws and with the Fair Labor Standards Act which establishes minimum wage and overtime pay, have also been a focus, Mr. Mitchell said.

Social issues concerning diversity, pay equity and the #MeToo movement are gaining more attention, he said.

From the insurance perspective, "ESG is evolving as we speak," and it will have a growing role going forward, Mr. Mitchell said.

Surplus lines market attracts more business

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Wholesale commercial insurance markets are seeing increased business as policyholders, brokers and prospective buyers seek alternatives to continuing firm primary market rate conditions and capacity constraints.

The growth in the nonadmitted market was reflected in comments from sources attending this year's Wholesale & Specialty Insurance Association's Annual Marketplace in San Diego in September and in a sector report from A.M. Best & Co. released just ahead of the conference.

Total U.S. surplus lines direct premiums written rose to a record $82.65 billion in 2021, according to Best. The 25% year-over-year premium growth last year was the largest rise since 2003. Best's data also showed surplus lines premiums growing to their current level from just $11.66 billion in 2000.

The largest players in the surplus lines market are insurers at Lloyd's of London, with an aggregate market share of 16.6%; followed by Berkshire Hathaway Inc. and American International Group Inc. both at 5%, according to Best.

While the steep rate increases in the primary market appear to be moderating, rates are still rising and capacity withdrawals from troubled areas such as catastrophe-exposed property risks have made the nonadmitted market more appealing, sources say. Surplus lines insurers face fewer regulatory constraints than admitted insurers but often charge higher premiums.

As a result of the hardening market, business has been flowing into surplus lines insurance markets from the primary side as policyholders and brokers seek alternatives.

"We have seen a large influx of business into the excess and surplus marketplace," said John Anthony, senior vice president for excess and surplus wholesale, contract property and casualty, excess and umbrella in Scottsdale, Arizona, for Nationwide Insurance Co.

Tumult in the primary markets has prompted policyholders and brokers to explore other options.

"A number of retail brokers were challenged with the dramatic change in the market conditions and needed to find capacity or product expertise in certain lines of coverage," said Jack Kuhn, Berkeley Heights, New Jersey-based president of Westfield Specialty, a unit of Westfield Insurance Co.

Exposures not adequately covered by primary markets can be addressed through the excess markets, experts say.

"We see more buyers moving into excess and surplus because of the flexibility we have around rate and form," said Bob Mescher, senior vice president at Admiral Insurance Group, a unit of W.R. Berkley Corp. in Mount Laurel, New Jersey. "As a marketplace, excess and surplus lines is set up to respond to the business that doesn't fit" in the general commercial insurance marketplace.

Ben Johnson, Boston-based senior vice president, wholesale field operations, for Liberty Mutual Insurance Co.'s global risk solutions division, said that in addition to macroeconomic pressures and primary coverage rate hikes, continued consolidation in the retail brokerage market by private equity groups and "roll-up" agencies has also helped push business into the wholesale markets as choices dwindle.

Most sources suggested that firm rates and capacity constraints are likely to continue in the wholesale and specialty insurance market for the remainder of this year and into 2023, even as some areas moderate.

"The market is still tight but more stable than it has been in recent years," said Bill McElroy, portfolio director for casualty with Aspen Insurance Holdings Ltd. In New York. "Capacity is still tight in certain areas, and we expect that to be the case for the balance of the year and into 2023. We're not expecting any major shifts."

Wholesale markets continue to benefit from capacity issues in the primary market.

"We're very bullish" that market conditions will continue in the short term absent any major capital shifts in the primary market, Mr. Anthony said. He added that despite the exodus of players and capacity from catastrophe-exposed coastal properties, Nationwide still has measured appetite in the space.

Some sectors may see rate moderation.

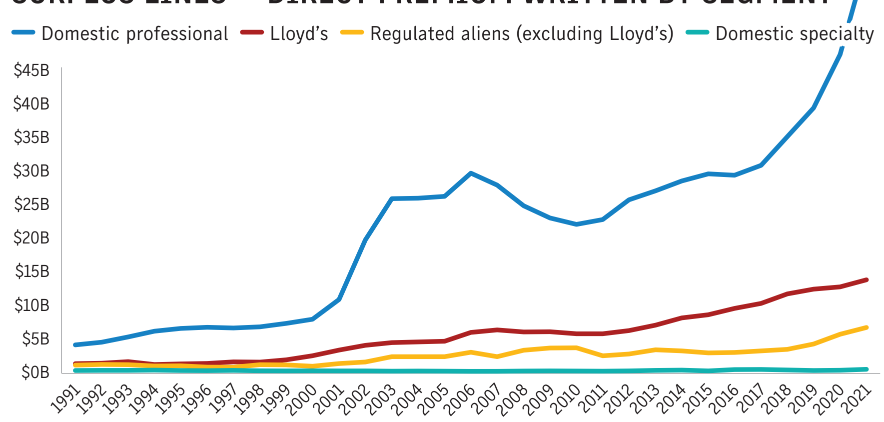
"We'll continue to see rate moderation on desirable classes of business, including commercial construction and manufacturing," said Bill Wilkinson, president of national casualty brokerage in Alpharetta, Georgia, for Risk Placement Services Inc.

While in general terms rate increases continue to exceed loss cost trends across most of Axis Capital Holdings Ltd.'s portfolio, there is evidence of some lines seeing moderation, such as public companies directors and officers liability coverage, said Vincent Tizzio, CEO of Axis Specialty Insurance and Reinsurance.

Other lines may continue to be challenging.

"This will be the hardest property market we've seen since Katrina. I see a significant capacity crunch in property," said Liberty's Mr. Johnson.

SURPLUS LINES — DIRECT PREMIUM WRITTEN BY SEGMENT



Source: A.M. Best Co. Inc.

ADVANCES IN TECHNOLOGY TOOLS PLAY BIGGER ROLE IN UNDERWRITING

Policyholders and brokers are using technology to help differentiate submissions amid capacity constraints and hard-market conditions, while insurers are also turning to technology to bolster underwriting and growth, according to experts at the Wholesale & Specialty Insurance Association's Annual Marketplace in San Diego last month.

The variety and availability of technology tools "just keeps expanding," said Vanessa Sullivan, New York-based senior vice president, excess and surplus underwriting manager, for Munich Re Specialty Insurance, part of Munich Reinsurance Co. She added brokers are also embracing technology and analytics to a greater degree and that "as an underwriter, I'm always looking for that extra data."

Such new tools and information can be used to differentiate submissions, said Christa Nadler, Chicago-based area executive vice president, property broker, for Risk Placement Services Inc., a unit of Arthur J. Gallagher & Co.

"Ten years ago, we couldn't open up Google Earth to take a look at what the roof looks like. Now, we can include in our submission a picture of the roof," where previously such an image might have required the use of an aircraft, she said.

Technology can also help fuel growth and sharpen underwriting among insurers.

"We've made large investments in advanced analytics, as well as technology platforms," to bolster underwriting processes, said John Anthony, senior vice president for excess and surplus wholesale, contract property and casualty, excess and umbrella in Scottsdale, Arizona, for Nationwide Mutual Insurance Co.

"We're doing a lot on the information technology side to support the business to be as efficient as possible. We'll continue to make those investments," said Jack Kuhn, Berkeley Heights, New Jersey-based president of Westfield Specialty, a unit of Westfield Insurance Co. He added that such investments would be "significant" as the company builds out its capabilities for new lines of coverages during the coming years.

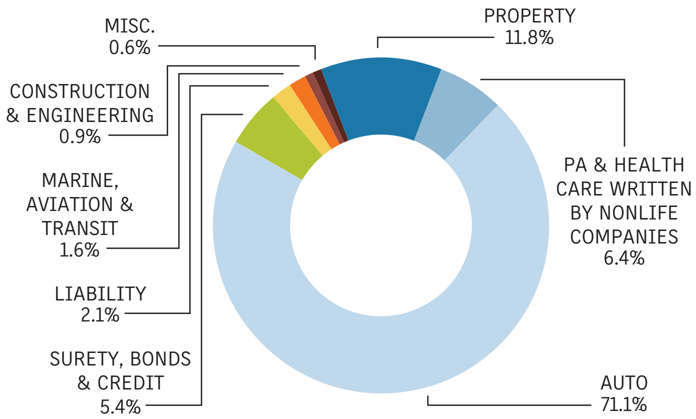
Matthew Lerner

PROFILE: BULGARIA

53
GLOBAL P/C MARKET RANKING

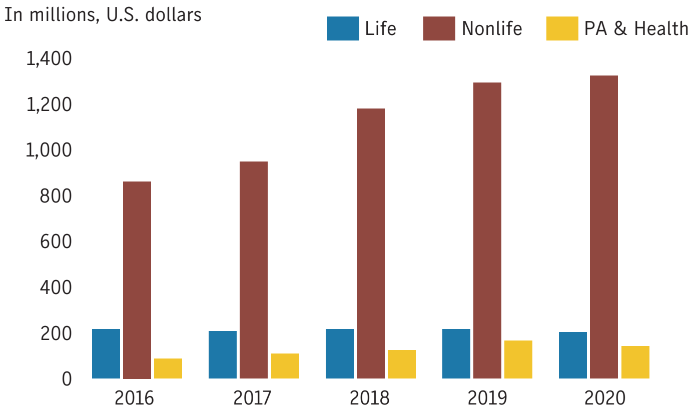
Although there has been steady growth in Bulgaria's GDP over the past five years — except for 2020 due to the COVID-19 pandemic — insurance penetration has shown only a small improvement and is still only just above 2%. Market participants are trying to increase awareness of insurance but say the cultural expectation of the population is that the state will step in when events cause hardship, and governments have done little to rebut this assumption. Since Bulgaria joined the European Union at the start of 2007, a volume of premium has regularly been lost to global and pan-European programs, as well as companies writing business under freedom of services and freedom of establishment. Fronting still remains common, and coinsurance is a growing feature that is helping to keep reported premium within the Bulgarian market.

MARKET SHARE

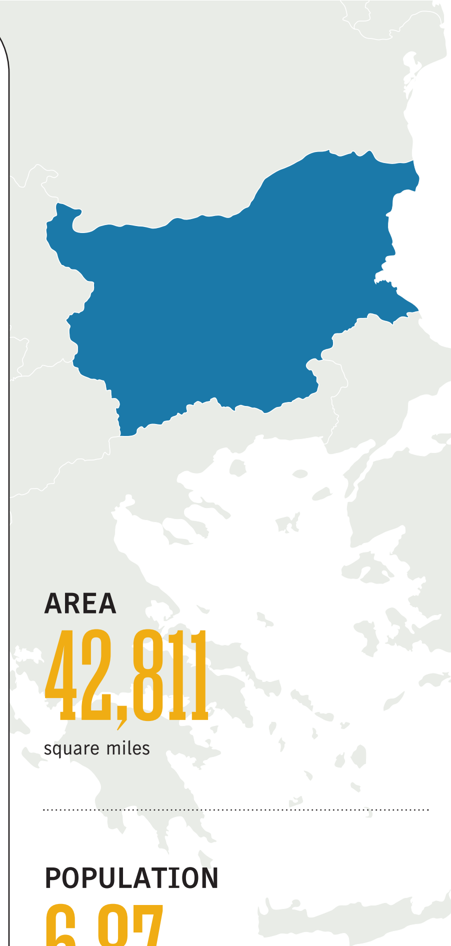


MARKET GROWTH

In millions, U.S. dollars



Source: Axco Global Statistics/Industry Associations and Regulatory Bodies



AREA

42,811
square miles

POPULATION

6.87
million

MARKET CONCENTRATION

55.53%
market share of top five insurers

2022 GDP CHANGE (PROJECTED)

2.8%

MARKET DEVELOPMENTS

Updated August 2022

- Recently released figures for 2021 show that the nonlife market — excluding personal accident and health care — recorded gross written premiums of BGN 2.64 billion ($1.60 billion), an increase of 15.9% over 2020. The largest class, motor — representing 70.8% of the nonlife market — increased by 8.1%.
- Bulgaria's real GDP shrank by 3.8% in 2020 amid the COVID-19 pandemic. The nonlife market experienced limited premium growth that year, with gross written premium (including nonlife personal accident and health care) of BGN 2.44 billion, a 1% increase over 2019.
- In February 2020 the Ministry of Agriculture, Food and Forestry announced a proposal to create a voluntary climate compensation fund that would cover losses for such events as crop hail.
- Following consultations among various market stakeholders, it was decided that moral damages to relatives of victims of auto accidents would be capped, and a provision was included in the Act Amending and Supplementing the Insurance Code calling for the Financial Supervision Commission, Ministry of Health and Ministry of Labor and Social Policy to issue a regulation setting out the cap. As this report was being prepared, the proposals for setting a cap remained a work in progress.
- The FSC is implementing a major change to the auto third-party liability market by introducing a bonus malus system, which adjusts rates based on claims history. Initial drafts of the bonus malus proposal had not been popular with various interested parties, including policyholders, and revisions are being made by the FSC to build in more sensitivity to driver history rather than that of the vehicle itself.

COMPULSORY INSURANCE

- Professional indemnity for insurance brokers, insurance agents, independent appraisers, land surveyors, cartographers, notaries, auditors, lawyers, doctors and certifiers of electronic signatures
- Workers compensation (state scheme)
- Auto third-party liability
- Personal accident for passengers on public transport
- Air carriers and aircraft operators liability
- Shipowners liability for marine oil pollution (financial guarantee or insurance)
- Nuclear liability

NONADMITTED

By law insurers must be locally licensed to carry on insurance business in Bulgaria. At the same time there is nothing in the law to indicate that insurance must be purchased from locally licensed 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, but unlicensed insurers may not solicit business.

INTERMEDIARIES

Brokers and agents must be licensed before they can do business in Bulgaria. There is no legal requirement for Bulgarian brokers only to place business with admitted insurers or for Bulgarian insurers only to accept business from Bulgarian brokers. Brokers involved in nonadmitted placements do not have to warn buyers that the insurer is not subject to local supervision.

MARKET PRACTICE

Most foreign-invested risks are covered by local policies. Because of the perceived need for local servicing, freedom of services has not supplanted fronting.

Tunnel construction delay not covered

■ The Washington Supreme Court unanimously held that the breakdown of a tunnel boring machine that led to a two-year delay in the construction of a tunnel in Seattle is not covered by insurance, in a victory for Munich Re and other insurers.

The tunnel boring machine, dubbed "Bertha," began operating in July 2013, according to the ruling in *Seattle Tunnel Partners and Washington State Department of Transportation, Hitachi Zosen U.S.A. Ltd. v. Great Lakes Reinsurance (UK) PLC et al.*

It stopped working in December 2013 and did not go back into service until December 2015, with the project unable to continue during that two-year period as the machine was disassembled, removed and repaired, the ruling said.

Seattle Tunnel Partners and WSDOT sought coverage under the builders all-risk insurance policy Seattle Tunnel had obtained from Munich Re unit Great Lakes Reinsurance and other insurers.

The insurers denied coverage, and Seattle Tunnel and WSDOT filed suit.

"At issue in WSDOT's petition for review is whether the loss of use or functionality of the insured property constitutes 'physical loss' or 'physical damage' that triggers coverage," said the ruling, which affirmed a Washington Court of Appeals decision.

"WSDOT does not allege the tunneling work itself suffered any loss or damage that is physical," the ruling said. Rather, it "argues it was deprived of *its use* of the tunneling works due to the physical blockage" of the tunnel boring machine.

"For coverage under the Policy, the loss of use of the insured property must be caused by some physical condition impacting the insured property," the ruling said.

Policyholders score rare COVID victory

■ The Vermont Supreme Court in late September became the first state high court to rule in policyholders' favor in COVID-19-related business interruption litigation, holding that the virus may have caused direct physical damage.

The 3-2 ruling in *Huntington Ingalls Industries Inc. et al. v. Ace American Insurance Co. et al.* overturned a trial court that had dismissed the lawsuit filed by the Newport News, Virginia-based military shipbuilding company and its Burlington, Vermont-based captive, Huntington Ingalls Industries Risk Management LLC, against its reinsurers, which include Chubb Ltd. unit Ace American.

The decision follows pro-insurer rulings by state supreme courts in Iowa, Massachusetts, Oklahoma, South Carolina, Washington and Wisconsin, as well as by many federal district and appeals courts on the issue.

The Vermont Supreme Court, in reinstating the litigation and remanding the case for further proceedings, said the complaint sufficiently pleads that the virus causes direct physical damage.

"The virus causing COVID-19 has been continuously present at insured's shipbuilding facilities" and adheres to surfaces, the ruling said.

"This process of the virus 'adhering' to surfaces caused 'detrimental physical effects' that 'altered and impaired the functioning of the tangible material dimensions' of the property, the ruling said, in quoting the complaint.

The minority opinion stated that "as matter of law, human-generated droplets containing SARS-CoV-2 cannot cause 'direct physical loss or damage to property' under this insurance policy. No future litigation can change that reality."

Insurers must cover Godiva settlement

■ A Delaware court ruled that Sompo International Holdings Ltd. and American International Group Inc. units must cover the maker of Godiva chocolates under their directors and officers liability policies in the settlement of a dispute over the company's Belgian origins.

The original storefront for chocolate sold by New York-based G-New Inc., which does business as Godiva Chocolatier Inc., was in Brussels, and because of this Godiva's products display the phrase "Belgium 1926," according to the ruling by the state court in *G-New Inc. dba Godiva Chocolatier Inc. v. Endurance American Insurance Co. and National Union Fire Insurance Co. of Pittsburgh PA.*

Sompo unit Endurance had provided Godiva with a private company D&O policy with a $10 million limit, while AIG unit National Union provided $20 million in coverage in excess of the $10 million in coverage that incorporated the same terms and conditions, according to the ruling.

In early 2019, two plaintiffs sued Godiva, asserting the Belgium 1926 label misled consumers. They filed litigation in 13 New York and California courts, charging violation of consumer protection statutes and common law. The cases were later consolidated in U.S. District Court in New York, according to the ruling.

Mediation resulted in a settlement whose terms included Godiva paying up to $15 million in monetary relief and $5 million in attorneys fees.

Sompo and AIG refused to cover the settlement, and Godiva filed suit in the Delaware court, alleging breach of contract and breach of the implied covenant of good faith and seeking coverage from the insurers for its settlement and defense costs.

In ruling the settlement agreement was a covered loss, the court said, "The Endurance Policy language provides broad coverage. It covers settlement and many types of damages."

Hostile workplace lawsuit reinstated

■ A federal appeals court overturned a lower court and reinstated hostile work environment and constructive discharge claims filed by a former assisted living facility worker who was allegedly subjected to racial epithets by the 6-year-old grandson of the facility's owners, among other incidents.

Tonya R. Chapman had worked for two periods at the Oakland Living Center Inc. facility in Rutherfordton, North Carolina, where she was subjected to multiple instances of racial harassment and other discrimination, according to the ruling by the 4th U.S. Circuit Court of Appeals in Richmond, Virginia, in *Tonya R. Chapman v. Oakland Living Center Inc. et al.*

Ms. Chapman said she felt compelled to resign for good in the summer of 2018 after repeatedly being called a racial epithet by a 6-year-old who was the owners' grandchild and a supervisor's son.

Ms. Chapman filed suit in U.S. District court in Asheville, North Carolina, charging hostile work environment and constructive discharge under Title VII of the Civil Rights Act of 1964.

The district court granted the facility summary judgment dismissing the case and was overturned by a unanimous three-judge appeals court panel.

The decision analyzed three "n-word" incidents, including one in which the boy indicated he was repeating a disparaging comment about Ms. Chapman from his father, a supervisor at the facility.

"The fact that the three n-word incidents were perpetrated by a six-year-old boy does not preclude a finding that those incidents are sufficiently severe or pervasive to alter Chapman's conditions of employment and create an abusive work environment," the ruling said, in reinstating her claims and remanding the case for further proceedings.

DOCKET

COVID SUIT VERSUS CHUBB UNIT DISMISSED

A federal judge has dismissed COVID-19-related business interruption litigation filed against a Chubb Ltd. unit by producers of the "Morning Show" television series, citing the plaintiff's failure to claim direct physical loss or damage. The U.S. District Court in Los Angeles also dismissed the breach of contract charge filed by Los Angeles-based Always Smiling Productions LLC in response to Chubb National Insurance Co.'s refusal to extend or offer a new policy with comparable terms, according to the ruling. Always Smiling said it incurred losses of about $34.9 million in connection with the March 2020 shutdown of the comedy, which is broadcast on Apple+.

BURGER KING RULE VIOLATES FEDERAL LAW

A requirement by Burger King, 99% of whose restaurants are independently owned franchisees, that workers who leave one Burger King cannot go to work at another for at least six months without prior written consent, violates federal antitrust law, a federal appeals court said, in overturning a lower court ruling. Burger King, which is operated by Miami-based Restaurant Brands International, had franchisees sign these "no hire" agreements from at least 2010 until at least September 2018, according to the ruling by the 11th U.S. Circuit Court of Appeals in Atlanta,

WELLS FARGO ORDERED TO PAY WHISTLEBLOWER

The U.S. Department of Labor's Occupational Safety and Health Administration ordered Wells Fargo & Co. to pay more than $22 million to a former executive whom the bank allegedly fired for reporting financial misconduct. OSHA found that Wells Fargo violated the Sarbanes-Oxley Act's whistleblower provisions when it terminated the senior manager, who had repeatedly voiced concerns to area managers and the corporate ethics line about conduct the manager believed violated financial laws, including alleged wire fraud.

Bill Mudge has been at the helm of the Workers' Compensation Insurance Rating Bureau of California for 11 years as president and CEO, after spending nearly three decades in the insurance industry, mostly in leadership roles. Based in Oakland, California, Mr. Mudge spoke with *Business Insurance* Assistant Editor Louise Esola about workers compensation in the largest state economy in the nation and the future of the business. Edited excerpts follow.

Bill Mudge

WORKERS' COMPENSATION INSURANCE RATING BUREAU OF CALIFORNIA

Q Much of your career was spent working for insurers. What pulled you toward working on the data side?

A I spent 27 years in the California workers compensation market on the insurance company side, beginning in 1984. It's been quite a journey — once as an observer and participant and now a data researcher. I've seen nearly 40 years of California workers comp and all of its ups, downs and sideways. I came here at the request of the WCIRB board, having been CEO of two insurance companies, including one I started from scratch in the mid-2000s, CompWest Insurance Co. California is the largest workers comp market in the world, certainly in the country, making up about 20% of the market in the U.S. It was an opportunity to get my hands on all of the industry's data, not just the data that I had available to me from the insurance companies that I ran but my competitors. And now they're all our members. And so working collaboratively with them as members in this industry has been really just a joy for me, rather than competing with them on the playing field.

Q In the comp industry, the state of business in California is followed closely nationwide. Why is that?

A The pure size of the California economy and the California workers comp system. It is the biggest. If you're an insurer and you focus on writing workers comp, it's hard not to have a big portfolio in California. So it has a lot of attention from that standpoint. Also, I think people look at California as a bit of a bellwether on the changing nature of comp, as trends could move across the country.

Q What are some of the top issues right now?

A Number one is COVID. It's not going away. We're almost now at 300,000 reported claims; two-thirds of them have been accepted into the claim system. We have more COVID claims reported in 2022 with the variants than we had in all of 2021. Long COVID is represented in one of five cases overall and probably the iceberg under the waterline that we're worried about. I think the medical community is struggling with trying to define what is long COVID and what are the symptoms related to that. Certainly we're starting to see long COVID-related cases in the data. What does that mean to potential things like permanent disability when people can't go back to work? I don't know. The medical community is keeping their eyes on trying to understand what that means.

The second issue is the economy. We were humming along pre-pandemic and then everybody went home, lots of people lost their jobs, and then job switching started to occur, too. People that came back to work said, "I'm not going to work doing that anymore. I'm going to do something else." And so we're seeing — and not surprising because we saw it coming out of the Great Recession — there's a real correlation between economic recovery and increasing claims frequency. We're seeing that across California. We're also seeing less-experienced workers versus experienced workers. And less-experienced workers that are not as trained, not as skilled, early on have a higher propensity to become injured on the job.

The increase in cumulative trauma claims, medical inflation and rising medical-legal costs are also issues.

Q The workers comp market has been stable for years. Do you see this continuing?

A I don't think it is stable now for all the reasons I mentioned. In fact, it's a bit unstable at the moment and costs are rising. Even in a competitive market, at some point, you have to price for the underlying costs. I think the golden days are probably behind us right now.

Q What can be done?

A The silver lining in all this is that workers are getting paid a lot more money, and higher wages equate to higher premiums, at least on the insurance side, and higher premiums can cover a lot of costs without rate increases. But I think probably we'll need both of those to start to stabilize the combined ratio in this system. And safety. I think it's got to be forefront for employers, whether it's all these COVID safety protocols we've all come to learn or whether it's good old-fashioned training workers. I think it's back to the ABCs of how to run a safe place to work, and if the claim doesn't happen, that's a good thing.

Q Everybody's involved with data right now in the workers comp industry. They're embracing it. What are some of your thoughts about the place of data in this industry?

A It's really a data-driven business, and whether you're on the claim side or whether you're on the underwriting side we have a lot of tools for members to help them with benchmarking and insights and all of that. And we provide data to both insurers and agents and brokers to help take some of the transactional friction out of the system and streamline the process of transacting insurance in California. It's just going to intensify — trying to get a view of what's going on in the system now, not what was going on in the system when a policy and its data came into us after it was final audited some 20 months or so from policy inception. We are really trying to understand what's going on now. Data is going to be more and more important in a dynamic system like we're living in right now.

Even in a competitive market, at some point, you have to price for the underlying costs. I think the golden days are probably behind us right now.

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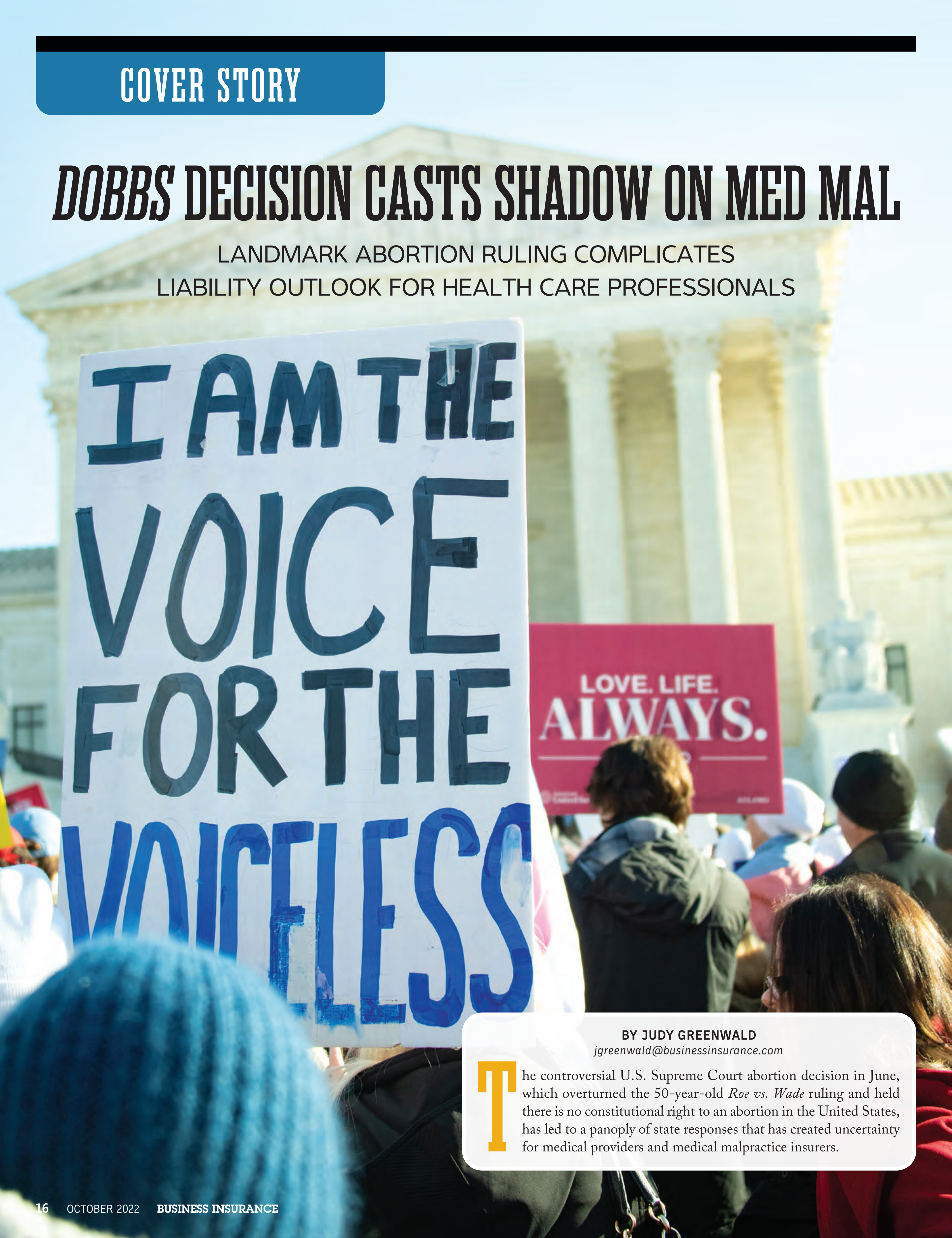
**As of June 30, 2022, and agencies under letter of intent*

DOBBS DECISION CASTS SHADOW ON MED MAL

LANDMARK ABORTION RULING COMPLICATES LIABILITY OUTLOOK FOR HEALTH CARE PROFESSIONALS



BY JUDY GREENWALD
jgreenwald@businessinsurance.com

The controversial U.S. Supreme Court abortion decision in June, which overturned the 50-year-old *Roe vs. Wade* ruling and held there is no constitutional right to an abortion in the United States, has led to a panoply of state responses that has created uncertainty for medical providers and medical malpractice insurers.

The ruling created numerous ambiguities that may ultimately have to be addressed by courts and state legislatures, and underwriters will also have to respond.

While much of the focus on the effects of the ruling on medical providers has been on obstetricians and gynecologists, who have traditionally accounted for a significant percentage of medical malpractice claims, there is also some concern about its impact on fertility clinics, among others (see story page 18).

The decision also came against the backdrop of a hardening medical malpractice market (see story below).

Writing the court's 6-3 majority opinion in *Dobbs vs. Jackson Women's Health Organization*, Justice Samuel J. Alito Jr. said, "The Constitution makes no reference to abortion, and no such right is implicitly protected by any constitutional provision."

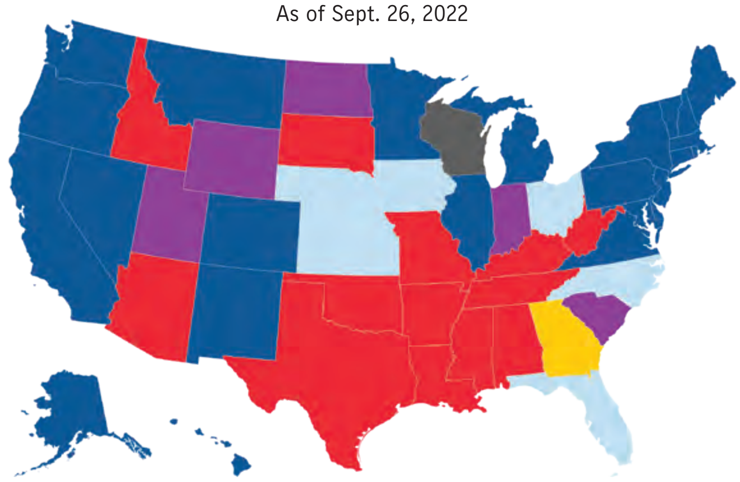
The ruling effectively moved the decision on whether abortion is legal to state legislatures and triggered a range of legislative moves. Some states are essentially banning abortions, some are imposing selective restrictions, and others are continuing to permit them (see map).

Experts say it may take years before the liability issues raised by the decision are settled.

"It's almost as much of a gut punch for physicians as it is to women," said Robert E. White, president of Napa, California-based TDC Group, which includes med mal insurer The Doctors Co., pointing to the 50 years that abortions have been permitted under federal law.

ABORTION ACCESS IN THE U.S.

As of Sept. 26, 2022



- Abortion banned (13 states)
- Status of pre-Roe ban unclear (1 state)
- Abortion ban temporarily blocked, abortion legal (5 states)
- 6 week LMP gestational limit in effect (1 state)
- Abortion available, pre-viability gestational limit in effect (6 states)
- Abortion available (24 states and DC)

LMP = Last menstrual period
Source: Kaiser Family Foundation

"It's anyone's guess" as to the *Dobbs* ruling's impact on medical malpractice rates, the litigation it will generate, and what kind of claim frequency and severity will be associated with it, he said.

While *Dobbs* does not directly affect the med mal market, it creates many potential concerns for it, including legal uncertainties, said Paula Sullivan, Chicago-based senior vice president at Marsh LLC. "Basically, it exacerbates an already challenging market."

While activity considered criminal under state law is not covered under med mal policies, there is "a lot of uncertainty on a state-by-state basis in terms of what can be provided" in coverage with respect to the legal scrutiny around medical procedures and changes in standards of care, she said.

The uncertainty requires a state-by-state analysis, for instance, to determine which states do not allow for exceptions for the life of the mother, Ms. Sullivan said.

"The uncertainty and the concern that this decision raises for our health care providers just further increases the scrutiny of carriers and makes it a continued difficult product line to underwrite," she said.

"Physicians and facilities that deliver care now have a tightrope to walk in states with restrictions," said Rob Francis, Birmingham, Alabama-based executive vice president, health care professional liability, for med mal insurer ProAssurance Corp. Physicians must be aware of the law in the states where their patients reside, he said.

States that restrict access to abortion are creating new avenues to file civil lawsuits, said Mike Stinson, vice president, public policy and legal affairs, for the Rockville, Maryland-based Medical Professional Liability Association. The issue has "obviously opened up a new level of risk that is a concern."

Questions remain about how some of the laws apply and the degree to which civil lawsuits will be filed to try to enforce some of them, he said. In Mississippi, for instance, abortion is illegal except if the mother's life is in danger or in cases of rape that have been reported to law enforcement.

In anti-abortion states where protocols

See **DOBBS** next page

Insurance buyers face prolonged difficult market

The medical malpractice insurance market is tough for buyers and is expected to remain so for the foreseeable future.

One particular cause for concern is the increase in telehealth since COVID-19, which some say is leading to more claims.

The market is challenging, with premiums and deductibles increasing, capacity constrained and coverage restricted, said Paula Sullivan, Chicago-based senior vice president at Marsh LLC.

With $10 million jury verdicts no longer rare and combined ratios in excess of 100%, med mal insurers no longer have the same reserve redundancies to draw upon as in past years, which "is going to continue to require real underwriting discipline," said Pete Reilly, Springfield, Pennsylvania-based North American healthcare practice leader and chief sales officer at Hub International Ltd.

"The first half of the year has shown some signs of correction, although underwriting results are still showing signs of pressure, with rate increases in the 5% to 15% range, and larger increases in the higher excess layers, which is where many carriers have experienced significant losses," said Dan Joyal, vice president at EPIC Insurance Brokers & Consultants in Boston.

Rates are increasing by up to 20%, said Chris Zuccarini, managing director of Risk Strategies Co. Inc.'s national health care practice in Radnor, Pennsylvania, who focuses on physician groups. Groups that are a good risk with little adverse claims activity can still find competitive rates, he said.

Ms. Sullivan said she anticipates continued rate increases in the 5% to 15% range, depending on the state.

Many insurers have significantly reduced capacity, with $15 million layers replacing $20 million layers, for instance, and $5 million replacing $10 million, although capacity remains abundant, Mr. Joyal said.

Insurers are also encouraging their policyholders to increase their retentions or deductibles, particularly in the hospital segment, and this trend is expected to continue, he said.

Meanwhile, "there is growing concern" about telehealth-related claims because of the rapid growth in the use of the technology over the past three years, Mr. Joyal said.

Claims have "absolutely gone up," Mr. Reilly said. The segment is riskier because of misdiagnoses, which "shouldn't surprise anyone" given telehealth's reliance on video screens and phones, he said.

Observers have said that while the use of telehealth technology has declined somewhat from the pandemic's height, it is expected to remain an integral part of health care.

There are risks inherent in its use in addition to the risk of misdiagnosis, experts say.

More telehealth is being administered by physician assistants or other nonphysician personnel, which "may give rise to issues," if they are doing more than they have been trained for, or are relied on too much, Mr. Zuccarini said.

There is concern as well that doctors are not forming personal relationships with patients with telemedicine, which increases the chances of more claims, he said.

Judy Greenwald

DOBBS

Continued from previous page

have either not been developed or are not being followed, there are concerns related to the transfer of patients across state lines and follow-up treatment, said Chris Zuccarini, managing director of Risk Strategies Co. Inc.'s national health care practice in Radnor, Pennsylvania.

"The uncertainty and the concern that this decision raises for our health care providers just further increases the scrutiny of carriers and makes it a continued difficult product line to underwrite."

Paula Sullivan, Marsh

There is also ambiguity about what to do in cases in anti-abortion states in which a physician does not want to delay treatment of women in distress, such as in cases of an ectopic pregnancy, Mr. Zuccarini said, pointing to the federal 1986 Emergency Treatment and Labor Act, which requires anyone coming into emergency departments to be stabilized and treated regardless of ability to pay.

"You can't delay treatment because the situation could become catastrophic, and you've taken an oath to do what you can to help," he said.

One of the uncertainties emerging from the *Dobbs* decision is care for women who have had miscarriages or ectopic pregnancies and how those situations apply, Ms. Marshall said.

Mr. White said that while there is no coverage under med mal insurance for criminal activity, a plaintiff might be able to pursue a negligence claim. "I don't know that it's going to have a lot of impact other than causing a lot of coverage questions for insurance companies," he said.

There is also concern about residents in anti-abortion states crossing state lines to a state where abortions are legal for the procedure, observers say.

Physicians must be prepared for an influx of patients from other states with whom they have not had a previous relationship, and ensure there is proper follow-up care, Mr. Zuccarini said.

"It's a bit of stretch to say antiabortion states will pursue physicians in other states, but we just don't know how aggressive these (anti-abortion) states are going to be," Mr. Francis said.

Max G. Gaujean, a senior trial attorney with Benvenuto & Slattery in Roslyn, New York, which works exclusively with med mal insurer EmPRO Insurance Co., said issues may arise, for instance, if a woman from a state with limits on abortion goes to Illinois, which has expansive abortion access, for abortion-related services, then develops complications upon her return home. A doctor may face trouble providing care based on the ambiguity of the law, with each state having its own criteria.

In anti-abortion states, in cases in which medical decisions intended to save a mother's life or to prevent severe bodily injury or impairment are made, the questions in some instances will be who is making the decision and whether that was the reason an abortion was conducted, Mr. Stinson said.

"I don't know that it's going to have a lot of impact other than causing a lot of coverage questions for insurance companies."

Robert E. White, TDC Group

Until there are substantive court decisions clarifying what the limits are, physicians must use their best judgment, but it is not certain how much protection they will have, he said.

Chad Follmer, health care practice leader at Woodruff Sawyer & Co. in San Francisco, said that "from a purely med mal" perspective, he doesn't know of any insurer that would exclude a claim, for instance, from a California doctor working on Texas patients if the physician is licensed in Texas.

But practicing medicine in states where the physician has no license, will "absolutely" create a problem "and *Dobbs* has nothing to do with that," he said.

Med mal policies may cover defense costs if state licensing boards in anti-abortion states go after physician's licenses, experts say.

Meanwhile, most insurers "currently are remaining silent" on the abortion issue, Mr. Follmer said.

"They're trying to get their arms around it" and do not "want to come out of the chute" and say they are excluding everything *Dobbs* related, he said. Everyone is "kind of waiting for someone else to blink."

MED MAL RISK MANAGEMENT

Risk management steps health care practitioners and institutions can take to avoid abortion-related medical malpractice claims include:

- Keep on top of the laws in your state and adjoining states.
- In anti-abortion states, develop protocols for potential life or death situations, such as ectopic pregnancies, including determining who makes the decisions in these cases.
- Address the issue of physician training in abortion procedures in anti-abortion states, in particular for those who specialize in gynecology and obstetrics.
- Make decisions on the issue of issuing prescriptions across state lines.
- Consult with underwriters, brokers and legal counsel, preferably together.
- Recognize medical professionals' antipathy to being restrained by risk managers.

Source: *Business Insurance* interviews

Ruling's reach may extend to frozen embryos

One legal issue that may arise out of the U.S. Supreme Court's June ruling in *Dobbs vs. Jackson Women's Health Organization* is the fate of the many frozen embryos in fertility clinics.

An editorial in the July issue of the New England Journal of Medicine estimates there are tens of thousands of embryos cryo-preserved at in vitro fertilization laboratories, and unused ones are often destroyed.

While some believe the *Dobbs* ruling will not affect embryos that have not been implanted in women's uteruses, others say that although the ruling does not mention IVF its reach may determine their fate, particularly where there are plans for their disposal.

"That is a nuance that's not clear. It will only be clear if things go to trial," said Rob Francis, Birmingham, Alabama-based executive vice president, health care professional liability, for med mal insurer ProAssurance Corp.

"In certain states, the law can be interpreted to say a fertilized egg or embryo is considered a life, and a clinic's disposing of that could be considered a criminal act," said Paula Sullivan, Chicago-based senior vice president with Marsh LLC.

It puts many people in a difficult position with regard to fertilized, frozen eggs, Ms. Sullivan said.

Observers point out that Oklahoma's law, for instance, which was enacted before the *Dobbs* ruling, defines an unborn child as "a human fetus or embryo in any stage of gestation from fertilization until birth."

Also, there is the question of who owns the embryo, said Pete Reilly, Springfield, Pennsylvania-based North American healthcare practice leader and chief sales officer at Hub International Ltd.

What if the embryos are in one state and the mother in another? "There are so many pieces to the layers of this onion, I don't think there's an answer yet," Mr. Reilly said.

Chris Zuccarini, Radnor, Pennsylvania-based managing director of Risk Strategies Co. Inc.'s national health care practice, said the issue may affect other medical specialties such as oncologists, in cases in which it is believed an abortion may enhance a cancer sufferer's chances of survival.

Judy Greenwald

Diversity in the workplace

INSURANCE SECTOR SEES PROGRESS

BY ANDY TOH
atoh@businessinsurance.com

More than 60% of insurance professionals say their companies have made changes to improve their diversity and inclusion practices in the past year, according to the latest *Business Insurance* survey on diversity in the insurance workplace.

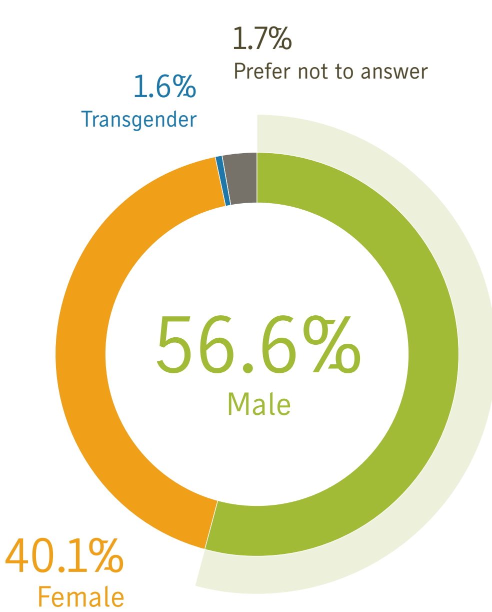
A quarter of the total respondents say they have already seen improvements or changes in their organization's diversity and inclusion efforts, and about half say it will take at least a year to see improvements and changes.

Business Insurance commissioned Signet Research Inc. to conduct the 6th annual diversity survey between July 6 and Aug. 15. It was distributed via email and social media, and more than half of the 1,130 responses received came from millennials. The results from both methodologies were combined.

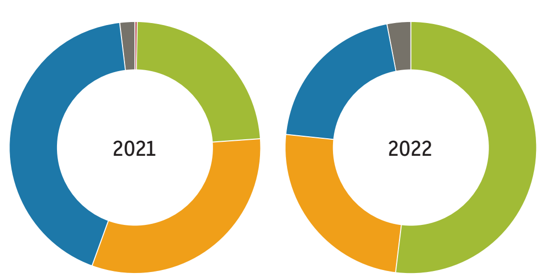
The respondents are U.S.-based professionals who indicated they work or worked for a company that sells or distributes insurance, or who are or were involved as buyers of insurance for their organization. The base used is the total answering each question.

Following is the profile breakdown of this year's survey respondents, with some percentages not totaling 100% due to rounding:

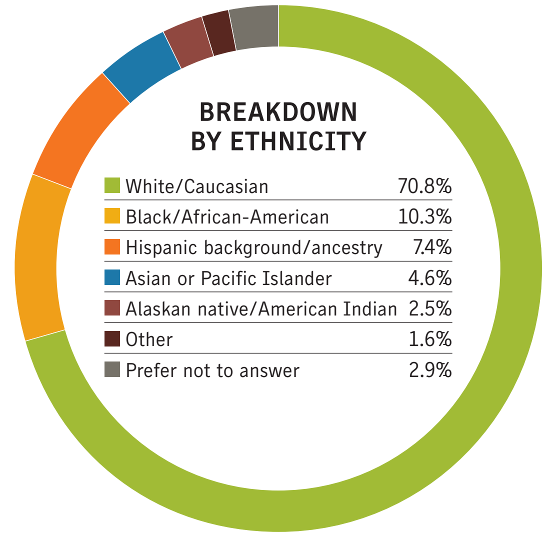
BREAKDOWN BY GENDER



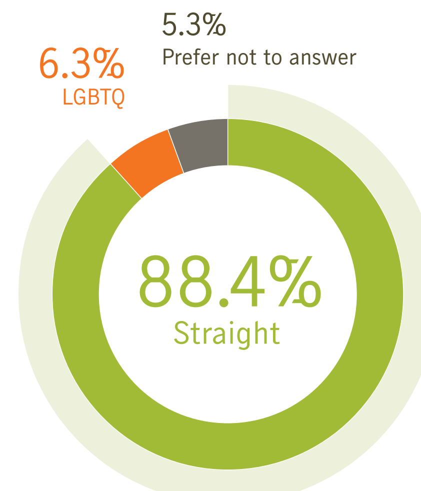
BREAKDOWN BY GENERATION



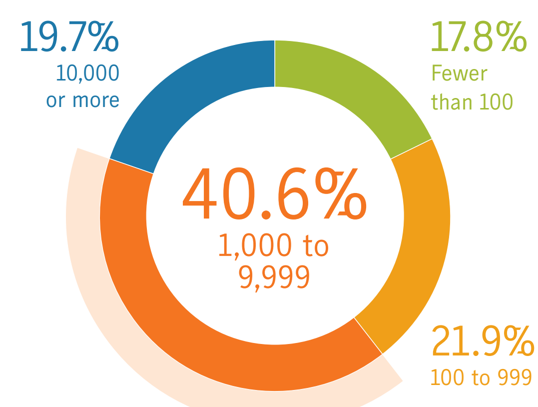
	2021	2022
Generation Z (born 2001 or later)	0.2%	0.0%
Millennials or Generation Y (born 1980 to 2000)	23.9%	**52.0%**
Generation X (born 1965 to 1979)	31.5%	24.6%
Baby Boomers (born 1946 to 1964)	**42.7%**	20.3%
Traditionalists or Silent Generation (born 1945 or earlier)	1.8%	3.0%



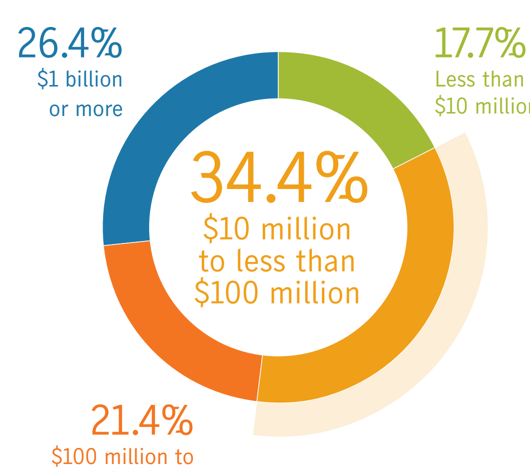
BREAKDOWN BY SEXUAL ORIENTATION



COMPANY SIZE BY FULL-TIME EMPLOYEES



COMPANY SIZE BY ANNUAL REVENUE



DIVERSITY AND INCLUSION

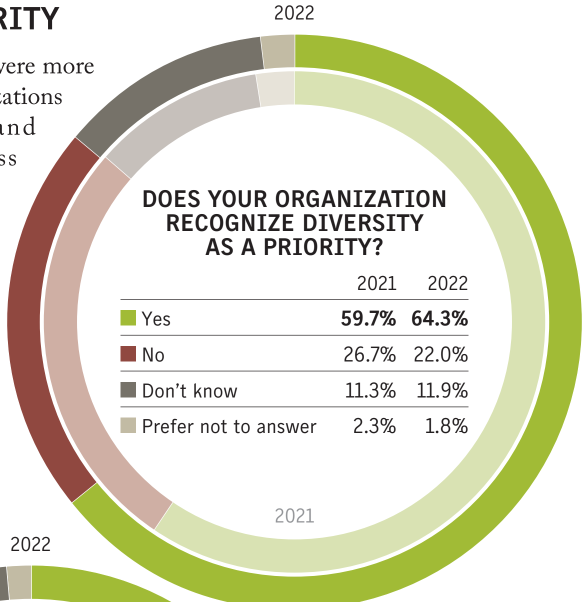
We asked respondents if they feel that there is diversity and inclusion at their workplace. More than 60% said there are both diversity and inclusion, while 22.8% said there is diversity but no inclusion, and 11.3% said there is neither.

Male and white respondents are more likely to feel that there is both diversity and inclusion at their workplace. Younger workers are more likely to feel there is diversity but no inclusion compared with older Gen-X and baby boomer workers.

	ALL	Male	Female	White	Nonwhite	Millennials	Gen-X	Baby boomers
There is diversity and inclusion at your workplace	62.4%	**68.6%**	**55.4%**	**65.6%**	**54.1%**	57.8%	64.0%	73.4%
There is diversity but no inclusion at your workplace	22.8%	22.0%	23.3%	19.0%	33.9%	**30.3%**	**16.3%**	**13.8%**
There is neither diversity nor inclusion at your workplace	11.3%	8.4%	15.2%	12.2%	9.5%	10.0%	15.1%	8.5%
Other	3.5%	1.0%	6.1%	3.2%	2.5%	1.9%	4.6%	4.3%

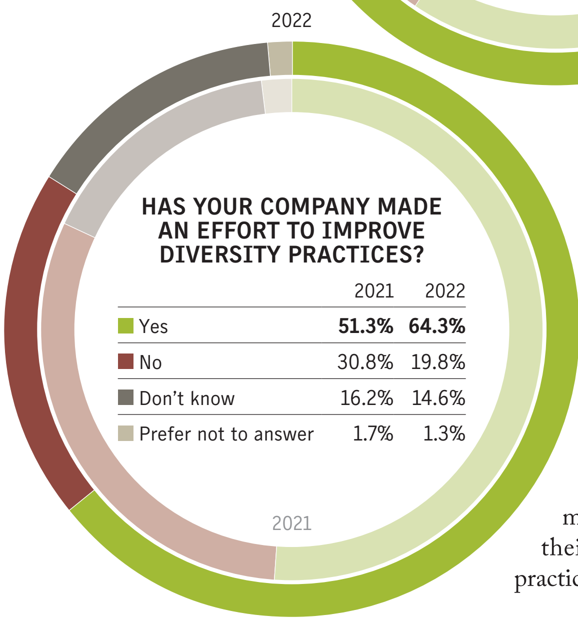
DIVERSITY PRIORITY

Respondents this year were more likely to say their organizations recognize diversity and inclusion as a business priority than last year.



DOES YOUR ORGANIZATION RECOGNIZE DIVERSITY AS A PRIORITY?

	2021	2022
Yes	**59.7%**	**64.3%**
No	26.7%	22.0%
Don't know	11.3%	11.9%
Prefer not to answer	2.3%	1.8%



HAS YOUR COMPANY MADE AN EFFORT TO IMPROVE DIVERSITY PRACTICES?

	2021	2022
Yes	**51.3%**	**64.3%**
No	30.8%	19.8%
Don't know	16.2%	14.6%
Prefer not to answer	1.7%	1.3%

However, the good news is that 64.3%, compared with 51.3% last year, of respondents said their companies have made changes to improve their diversity and inclusion practices in the past year.

Insurance professionals at larger companies are more likely to feel that diversity and inclusion is considered a business priority in their organization. Only 33.9% of survey respondents from companies with fewer than 100 employees, compared with 77.2% from companies with 10,000 or more employees, said their company made changes to improve its diversity and inclusion practices in the past year.

DIVERSITY PRIORITY

	Fewer than 100 employees	100 to 999 employees	1,000 to 9,999 employees	10,000 or more employees
Yes	50.6%	58.9%	69.4%	75.0%

EFFORT TO IMPROVE

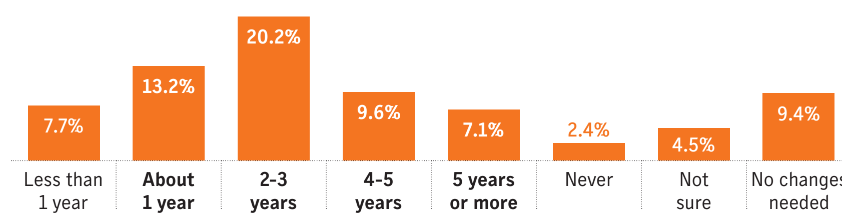
	Fewer than 100 employees	100 to 999 employees	1,000 to 9,999 employees	10,000 or more employees
Yes	**33.9%**	62.6%	73.0%	**77.2%**

MAKING PROGRESS

A quarter of the insurance professionals surveyed said they have already seen changes or improvements in their organization's diversity and inclusion efforts. About half said it will take at least a year to see any changes.

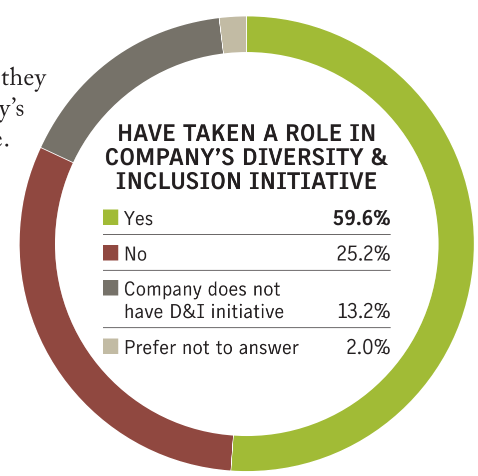
HOW LONG WILL IT TAKE?

	ALL	Fewer than 100 employees	100 to 999 employees	1,000 to 9,999 employees	10,000 or more employees
Already see changes	**26.0%**	27.0%	24.7%	26.1%	29.7%



TAKING PART

Almost 60% of respondents said they have taken a role in their company's diversity and inclusion initiative. Participation rates are much higher among younger professionals than their older co-workers: 68.3% for millennials, 55.2% for Gen-X, and 42.3% for baby boomers.



HAVE TAKEN A ROLE IN COMPANY'S DIVERSITY & INCLUSION INITIATIVE

Yes	**59.6%**
No	25.2%
Company does not have D&I initiative	13.2%
Prefer not to answer	2.0%

	Millennials	Gen-X	Baby boomers
Have taken a role in the company's diversity and inclusion initiative	**68.3%**	55.2%	42.3%

OPTIMISM

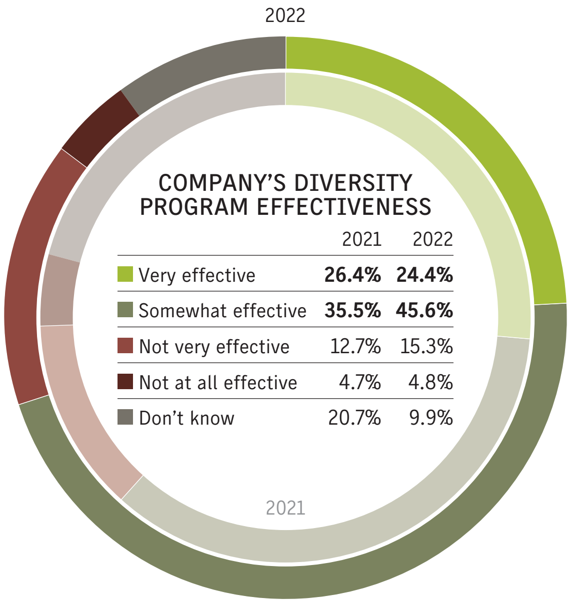
More than half of the respondents are optimistic about the prospect of diversity-related changes coming to the industry, with the younger generations being more likely to be optimistic compared with the generation before them.

	ALL	Millennials	Gen-X	Baby boomers
Optimistic, real change will follow	**52.6%**	**61.0%**	**49.8%**	**43.0%**
Pessimistic, no change in status quo	21.8%	24.6%	20.3%	16.4%
Don't know	25.7%	14.3%	29.9%	40.6%

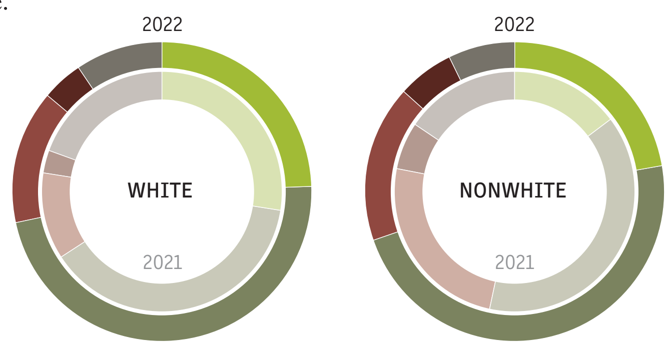
RESEARCH

DIVERSITY PROGRAM EFFECTIVENESS

Seventy percent of respondents, compared with 61.9% last year, rated their company's diversity practices as very or somewhat effective.



There was an increase from 53.6% last year to 69.9% this year among nonwhite respondents who rated their company's diversity practices as very or somewhat effective.



	White 2021	White 2022	Nonwhite 2021	Nonwhite 2022
Very effective	27.6%	24.7%	**14.8%**	**22.5%**
Somewhat effective	38.5%	47.1%	**38.8%**	**47.4%**
Not very effective	11.5%	14.4%	24.5%	16.9%
Not at all effective	3.0%	4.6%	6.6%	6.0%
Don't know	19.4%	9.2%	15.3%	7.2%

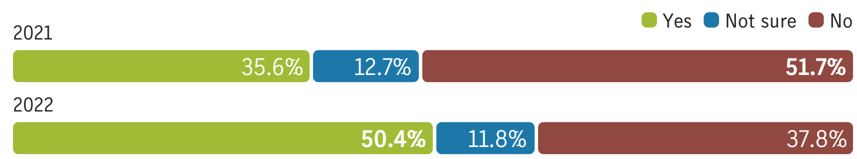
Overall, female and nonwhite respondents are less likely than their male and white counterparts to rate their companies' effort to increase diversity and inclusion as good or very good.

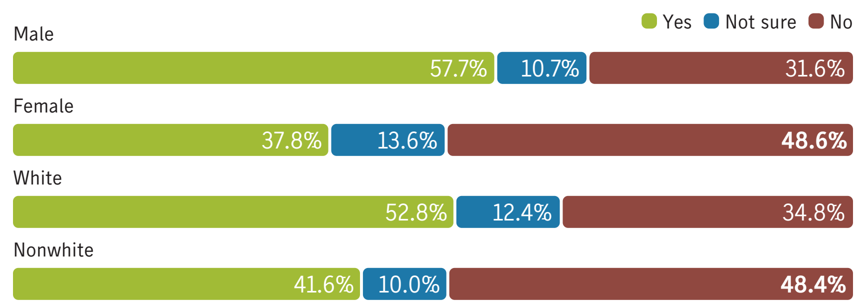
DIVERSITY PROGRAM EFFORTS — GOOD OR VERY GOOD

	ALL	Male	Female	White	Nonwhite
Gender	68.9%	72.2%	65.9%	70.5%	67.2%
Ethnicity	59.5%	62.9%	53.6%	60.3%	54.5%
Age	59.1%	61.0%	57.8%	59.8%	59.7%
Race	58.7%	60.3%	55.7%	61.1%	50.0%
Veteran status	58.1%	61.4%	51.0%	60.0%	48.5%
Sexual orientation	56.8%	60.8%	51.0%	60.0%	49.8%
Religion	49.7%	54.0%	43.7%	51.8%	45.2%
Disability	48.2%	52.4%	39.8%	50.2%	39.0%

SUFFICIENT DIVERSITY

More than half of respondents said there is sufficient diversity in the industry, which is a marked change from last year when half said there was insufficient diversity. More female and nonwhite respondents said there is insufficient diversity in the insurance workforce compared with male and white respondents, consistent with past years' surveys.





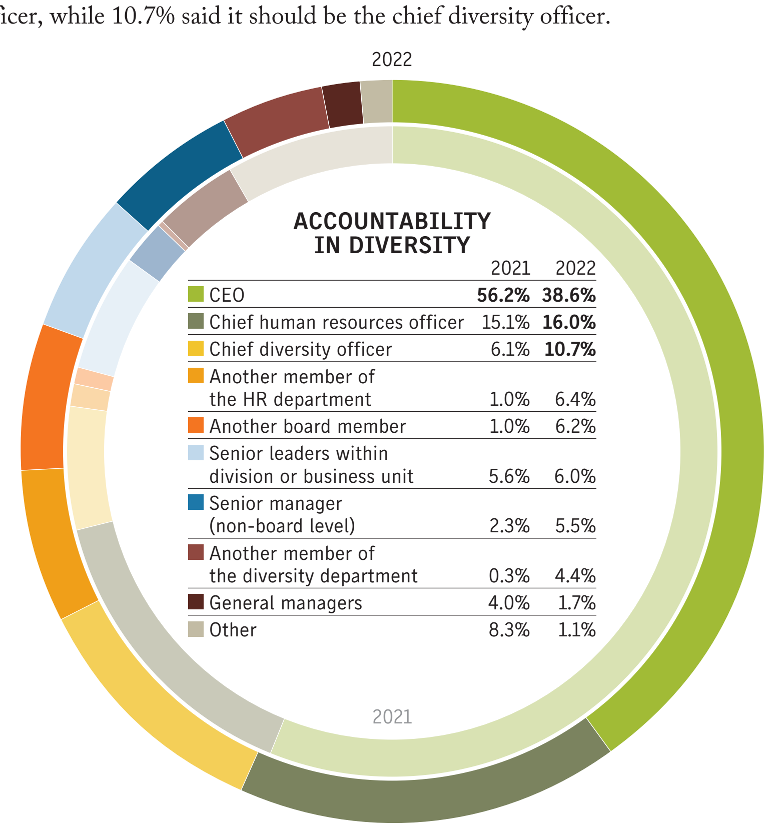
DISCRIMINATION

When asked whether they have experienced discrimination in the insurance industry, female respondents are more likely (55.0%) than male respondents (38.1%) to say they have. More than half (54.2%) of nonwhite insurance professionals say they have experienced discrimination compared with 41.8% of their white colleagues.

	ALL	Male	Female	White	Nonwhite
Yes	44.4%	**38.1%**	**55.0%**	**41.8%**	**54.2%**
No	47.6%	53.9%	37.3%	53.2%	30.8%
Not sure	6.4%	6.1%	7.0%	3.8%	13.0%
Prefer not to answer	1.6%	1.9%	0.7%	1.2%	2.0%

ACCOUNTABILITY IN DIVERSITY

While most respondents said CEOs should be accountable for their company's diversity, the percentage who said so dropped quite significantly, from 56.2% last year to 38.6% this year. Sixteen percent said it should be the chief human resources officer, while 10.7% said it should be the chief diversity officer.



In general, across all groups, the view is that having women and/or minorities in leadership positions can help with a company's diversity and inclusion practices. However, only 9.9% of the total respondents said they have a woman as their CEO, and just 8.1% said they have a minority person as CEO.

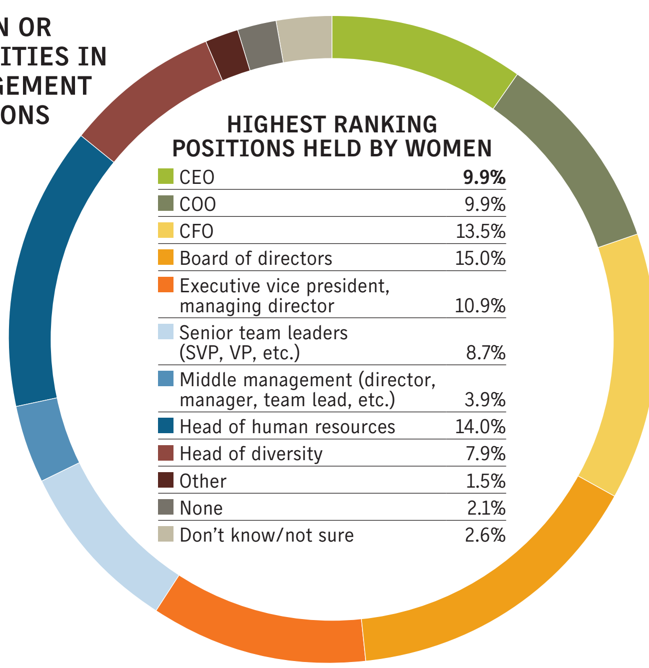
HAVING WOMEN IN LEADERSHIP POSITIONS

	ALL	Male	Female
Helps with company's diversity and inclusion practices	**49.0%**	**50.2%**	**53.3%**
Undermines company's diversity and inclusion practices	10.8%	8.3%	11.9%
Would make no difference	26.7%	27.6%	23.5%
Company does not have diversity and inclusion practices	7.1%	8.3%	5.2%
Don't know	6.4%	5.6%	6.1%

HAVING MINORITIES IN LEADERSHIP POSITIONS

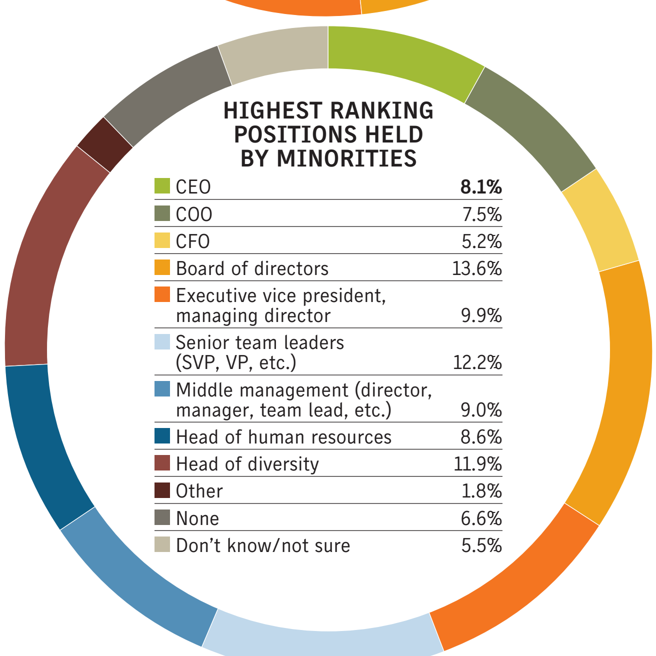
	ALL	White	Nonwhite
Helps with company's diversity and inclusion practices	**51.4%**	**54.0%**	**53.4%**
Undermines company's diversity and inclusion practices	10.8%	10.6%	10.5%
Would make no difference	24.9%	23.7%	25.1%
Company does not have diversity and inclusion practices	6.9%	6.2%	6.5%
Don't know	6.0%	5.5%	4.5%

WOMEN OR MINORITIES IN MANAGEMENT POSITIONS



HIGHEST RANKING POSITIONS HELD BY WOMEN

CEO	**9.9%**
COO	9.9%
CFO	13.5%
Board of directors	15.0%
Executive vice president, managing director	10.9%
Senior team leaders (SVP, VP, etc.)	8.7%
Middle management (director, manager, team lead, etc.)	3.9%
Head of human resources	14.0%
Head of diversity	7.9%
Other	1.5%
None	2.1%
Don't know/not sure	2.6%



HIGHEST RANKING POSITIONS HELD BY MINORITIES

CEO	**8.1%**
COO	7.5%
CFO	5.2%
Board of directors	13.6%
Executive vice president, managing director	9.9%
Senior team leaders (SVP, VP, etc.)	12.2%
Middle management (director, manager, team lead, etc.)	9.0%
Head of human resources	8.6%
Head of diversity	11.9%
Other	1.8%
None	6.6%
Don't know/not sure	5.5%

We asked respondents to rank what they thought should be the top three priorities for diversity and inclusion in the industry. Here are the results:

TOP PRIORITIES SHOULD BE

Retention and development of diverse talents	40.4%
Developing a robust pipeline of high-potential diverse talents	34.2%
Demonstrating fairness in performance and compensation decisions	28.5%
Ensuring diversity at all levels of management	27.3%
Ensuring diversity in the workplace in general	23.4%
Managing cross-generational issues	22.3%
Creating a more inclusive culture	19.1%
Developing accountability and measurement of diversity	17.9%
Leveraging diversity for business goals	17.6%
More diverse recruitment and selection	11.2%
Better reflecting our customers	7.2%
None of the above	3.2%

Here are ways companies can help support their employees with their diversity and inclusion efforts:

WAYS TO IMPROVE

Provide me with networking opportunities (e.g. engage with professionals; build lasting relationships)	53.1%
Provide me with professional development opportunities (e.g. mentorships, training, workshops, webinars, speakers)	46.8%
Provide me with empowering opportunities (e.g. confidence-building; emotional support and hope; safe spaces for conversation)	43.8%
Provide me with something tangible (e.g. enhanced employee benefits; compensation-pay equity)	35.8%
None of the above	15.4%
Other	3.5%

SPECIAL REPORT

REINSURANCE

Costs, climate, inflation portend higher rates

INSIDE

BY GAVIN SOUTER
gsouter@businessinsurance.com

MONTE CARLO, Monaco — Reinsurance buyers will likely face rate hikes at Jan. 1, 2023, renewals as reinsurers say exposures are increasing due to rising costs and climate change and inflation is pushing claims higher.

In addition, reinsurance capital is decreasing as higher interest rates attract investors to other investments and some reinsurers pull back, squeezing reinsurance capacity while demand is rising.

Gathering in Monte Carlo last month for the Rendez-Vous de Septembre, which traditionally marks the start of the year-end renewal season, reinsurers and reinsurance brokers said property reinsurance pricing is set to see significant increases, and casualty insurers will likely see lower ceding commissions as losses rise.

"We are definitely in a shifting, hardening market — no question," Jill Beggs, Warren, New Jersey-based head of North American reinsurance at Everest Re Group Ltd., said at the meeting, which was held in person for the first time since the COVID-19 pandemic hit in early 2020.

Reinsurance rates were flat or included modest rises for many cedents at Jan. 1, 2022, renewals but increases at spring and mid-year renewals were often larger.

"Once we started having the inflation discussions post 1/1, that's really when the market started hardening," Ms. Beggs said.

"There's a sense that there's just not enough money in the system to be able to fund loss," said Tim Gardner, New York-based global CEO of Lockton Re, a unit of Lockton Cos LLC.

While the Florida market differs from many other markets — in particular because of the way insurance claims rights can be assigned to a third party — the mid-year increases Florida cedents saw set a tone for the reinsurance market, he said.

> "We are definitely in a shifting, hardening market — no question."
>
> Jill Beggs,
> Everest Re Group Ltd.

"One of the things we very much felt was in June and July the momentum shifted in reinsurers' favor," Mr. Gardner said. "It started to have a knock on beyond just cat."

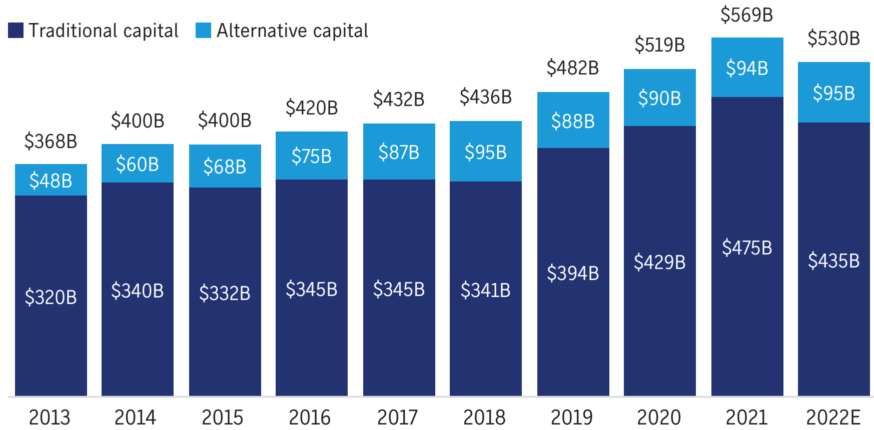
As insurers assess the effect of inflation on insured values, they will likely seek to buy increased reinsurance limits totaling between $10 billion and $15 billion, said David Priebe, New York-based chairman of Guy Carpenter & Co. LLC.

"Against that backdrop, we haven't yet seen equivalent capital step up to reenter the market to meet that increased demand," he said.

Several reinsurers have pulled back property catastrophe capacity over the past year.

Pricing will likely increase as a result and be felt hardest in secondary peril coverages, such as wildfires and winter storms, where inflation has increased the size of the losses, so they are more likely to penetrate reinsurance programs, Mr. Priebe said.

GLOBAL REINSURANCE —
TOTAL DEDICATED REINSURANCE CAPITAL



Source: Guy Carpenter & Co. LLC; A.M. Best Co. Inc.

Catastrophe rates

Premium increases for U.S. property catastrophe risks will be "very material" at year-end to reflect increased inflation and rises in exposure, said Jean-Jacques Henchoz, CEO of Hannover Re.

"After a few years of heightened activity, we need to see significant adjustments to the terms and conditions," Mr. Henchoz said.

Increased inflation will lead to economic volatility, said Torsten Jeworrek, chair of Munich Re's reinsurance committee.

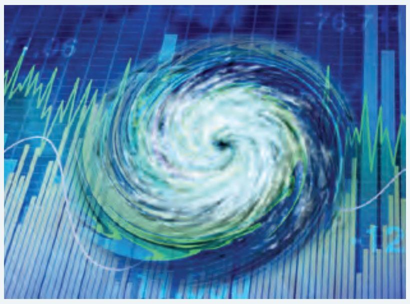
"The next renewal is much, much more challenging than last year's where we had a much more economically stable environment," he said.

> "There's a sense that there's just not enough money in the system to be able to fund loss."
>
> Tim Gardner,
> Lockton Re

Modeled loss costs, including materials, labor and other factors, have increased by 20% over the past 12 months for some property exposures in the United States, said Marcus Winter, president and CEO of Munich Re U.S. in Princeton, New Jersey.

"There have been price increases on the reinsurance side but not to the extent that is necessary, and that's why we expect significant price corrections in the next 12 months," he said.

See **MARKET** page 27



ILS market likely to rally as capacity needs grow

MONTE CARLO, Monaco — The insurance-linked securities market cooled in some areas in the second quarter, as economic turmoil and higher interest rates pushed investors into other investment vehicles, but market participants expect it to rebound.

Higher demand for reinsurance capital and the attraction of insurance risk as an investment uncorrelated to other capital markets investments should bolster the ILS market, they said during meetings at the Rendez-Vous de Septembre reinsurance meeting in Monte Carlo last month.

Catastrophe bond issuance fell 8.9% in the second quarter, compared with the same period last year, according to a recent report by Swiss Re Ltd. But estimated overall alternative market capital increased about 1% year-over-year, according to Guy Carpenter & Co. LLC.

Turmoil in the broader capital markets this year affected capital raising in the ILS market, but the market appears to have stabilized, said David Priebe, New York-based chairman of Guy Carpenter.

Interest in ILS is returning as reinsurance and retrocessional reinsurance capacity demand increases, he said.

"I think you're going to see a continued increased ILS issuance and appetite," Mr. Priebe said.

Higher interest rates increase the yield on ILS funds held in trust but also create other attractive credit investments for investors, he said. Insurance investments, though, still offer a diversified asset class to investors.

Political and economic turmoil and rising interest rates have resulted in investors reducing alternative investments, said Bill Cooper, head of capital advisory at TigerRisk Partners LLC.

With less money going into the market, investors will likely look for insurance vehicles and managers that have a strong track record in the alternative capital market, he said.

Catastrophe losses over the past several years have resulted in "investor fatigue," said Michael Millette, founder of New York-based Hudson Structured Capital Management Ltd. during a panel discussion sponsored by Munich Re Ltd. at the Rendez-Vous.

While reinsurance rates are rising, which will benefit ILS investors, they still need to increase 20% to 30% to reflect increased exposures, he said.

ILS capital managers are "more bullish" about the market and cedents were reassured about the ILS market's sustainability when investors continued to invest capital after large catastrophe losses in 2017, said Paul Schultz, CEO of Aon Securities, a unit of Aon PLC, during the panel discussion.

"As we get to the different products within the ILS space, we're seeing a better match today of the type of investors and investment horizon they have for that particular risk profile, so that in itself leads to sustainability and growth," he said.

Lockton Re, a unit of Lockton Cos. LLC, launched a capital markets division during the Rendez-Vous.

"It's particularly timely given the constraints we expect to see in the cat market," said Tim Gardner, New York-based global CEO of Lockton Re.

The division will not have a profit and loss statement to fulfill, Mr. Gardner said.

"What we really want is for them to be able to work with clients in conjunction with the broker teams to say, 'Is it a treaty solution? Is it a bond solution? Is it a hybrid?' and really explore the full gamut of the optionality and then put forward a very agnostic view," he said.

Gavin Souter

MARKET

Continued from page 25

Demand for reinsurance coverage in the U.S. is such that some cedents returned to the market for additional capacity after the June 1 and July 1 renewals were completed and Munich Re already agreed in early September to a Jan. 1, 2023, renewal contract with one of its cedents, Mr. Winter said.

Increased concentration of people in catastrophe-exposed areas, increased insurance penetration and increased wealth are the main drivers of higher reinsurance claims, said Thierry Léger, group chief underwriting officer at Swiss Re.

"There have been price increases on the reinsurance side but not to the extent that is necessary, and that's why we expect significant price corrections in the next 12 months."

Marcus Winter, Munich Re U.S.

The effects of climate change will also drive up claims but not to the same degree as the other drivers, he said.

"Only 20% of the increase between now and 2040 will be due to climate change," he said.

The reinsurance market is at a similar inflection point as the insurance market five years ago, when substantial, multiyear rate increases began, said Laurent Rousseau, CEO of SCOR.

Casualty

Casualty insurers will likely see lower ceding commissions on proportional treaties at year-end, experts say. Reinsurers pay ceding commissions to insurers to cover business acquisition costs and other expenses and then share in the profitability or loss on the book of business.

Ceding commissions on casualty reinsurance increased significantly at Jan. 1 renewals but have since moderated and will likely decrease further at year-end, as inflation and so-called social inflation, or higher judgments and settlements, drive up liability claims, Ms. Beggs of Everest said.

While ceding commissions vary by program, "it's not uncommon" to see them in the low-to-mid 30% range, she said.

Underlying casualty insurance prices have increased over the past three years and reinsurers have been willing to pay high ceding commissions to access the portfolios, Mr. Gardner of Lockton said.

But as losses increase, some ceding commissions may decrease, he said.

Reinsurers eye cyber potential, remain wary of expansive risks

BY GAVIN SOUTER
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MONTE CARLO, Monaco — The market for cyber liability reinsurance is stable but is unlikely to grow significantly until more sophisticated underwriting tools are developed to assess the risks, reinsurance leaders say.

While the world's largest reinsurers plan to maintain their levels of cyber reinsurance premium, better computer models to measure exposures are needed, they said during presentations and meetings at the Rendez-Vous de Septembre reinsurance meeting in Monte Carlo last month.

In 2021, the worldwide cyber insurance market premium was close to $10 billion, and by 2025 the market should grow to more than $20 billion as the world becomes more dependent on digital processes, said Torsten Jeworrek, chair of Munich Re's reinsurance committee.

Mr. Jeworrek said the demand is there and that the reinsurance industry "might lose relevance" if it doesn't have the "ambition" to meet it through products and services.

Recent loss experience, though, has led to a reduction in insurance capacity and increased prices, with cyber liability rates in the United States, the world's biggest cyber market, increasing about 80% since 2020, Mr. Jeworrek said.

Munich Re recorded $1.4 billion in cyber liability premium in 2021, representing about a 14% market share, he said.

Silke Sehma, a member of the reinsurer's executive board.

"In the future, we will be able to slightly grow, but for the time being we are fine with what we have," she said.

Cyber limits have contracted, and insurers have significantly increased rates so the profitability of the portfolios is better, said Tim Gardner, New York-based global CEO of Lockton Re, a unit of Lockton Cos LLC.

"I think reinsurers are pretty comfortable reinsuring the business, the problem is just capacity; we're running out of capital to support the business," he said.

Everest Re Group Ltd. is looking to grow its cyber book, said Jill Beggs, Warren, New Jersey-based head of

"One of the things we're going to continue to work on is how do we develop more capacity for cyber. One of the keys to unlock that is having a greater understanding of modeling systemic cyber risk."

David Priebe, Guy Carpenter & Co.

SCOR SE's cyber premium stands at about $200 million, which is a relatively small proportion of its overall $9 billion in premium, said Laurent Rousseau, CEO of the Paris-based reinsurer.

"The main reason for this lack of development has been uncertainty around what is our accumulation," he said.

Reinsurers are unsure of probable maximum loss estimates because cyber risk is evolving so quickly, Mr. Rousseau said.

Hannover Re SE has about $550 million in cyber premium volume, said North American reinsurance for the reinsurer.

"We want to be intentional about how we're writing cyber, but we do think, given the changes in the rating environment, that there is an opportunity for us to deploy more capacity in the cyber market," she said.

Everest recently hired former Nationwide Mutual Insurance Co. cyber underwriter Catherine Rudow to the newly created position of global head of cyber reinsurance.

Demand for cyber reinsurance has grown as commercial and personal lines insurers expand their cyber premium, said David Priebe, New York-based chairman of Guy Carpenter & Co. LLC.

"One of the things we're going to continue to work on is how do we develop more capacity for cyber. One of the keys to unlock that is having a greater understanding of modeling systemic cyber risk," he said.

Improved modeling would also give capital markets investors more confidence in cyber risk assessment and provide more capacity via insurance-linked securities, he said.

Verisk Analytics Inc. has modeled cyber risk for about five years but earlier this year decided not to invest further in cyber models until the insurance market stabilizes, said Jay Guin, Boston-based executive vice president and chief research officer, extreme event solutions, at the catastrophe modeling company.

"Right now, the market is quite chaotic, because there are many companies that are reducing exposure or excluding the exposure, so we have taken a decision to observe for a while," he said.

Denexus Inc. is piloting a cyber risk quantification tool for the renewable energy sector, said Jose Seara, CEO of the Sausalito, California-based cyber risk company.

The company has collected cyber risk data from a group of energy companies since 2020 and is working with insurers, reinsurers and ILS providers to build probability models, he said.

The company uses a cloud-based system, which incorporates blockchain technology, to enable the parties to securely share information on the risks, Mr. Seara said.

WORLD'S LARGEST REINSURANCE BROKERS

Ranked by gross revenue from reinsurance brokerage and related activities*

Rank	Company	2021 gross revenue	2020 gross revenue	% increase (decrease)	2021 employees	Officers
1	Aon's Reinsurance Solutions	$1,997,000,000	$1,816,000,000	10.0%	3,037	Andy Marcell, CEO
2	Guy Carpenter & Co. LLC	$1,867,000,000	$1,696,000,000	10.1%	2,974	Dean Klisura, CEO
3	Gallagher Re[1]	$925,000,000[2]	$130,000,000[2]	611.5%	N/A	James Kent, global CEO
4	Howden Re[3]	$220,000,000[2]	N/A	N/A	130[4]	David Howden, CEO; Elliot Richardson, chair-Howden RE
5	TigerRisk Partners LLC[3]	$160,000,000[2]	$145,000,000	10.3%	250[4]	Rod Fox, executive chairman; Rob Bredahl, CEO
6	Lockton Reinsurance[5]	$155,405,000	$87,500,000	77.6%	270	Timothy Gardner, global CEO
7	McGill and Partners Ltd.	$123,000,000[4]	$60,000,000[4]	105.0%	428[4]	John Lloyd, chairman; Steve McGill, CEO
8	Miller Insurance Services LLP	$120,000,000	$110,000,000	9.1%	220	Greg Collins, CEO; James Hand, CEO-designate
9	UIB Holdings (UK) Ltd.	$78,148,456[6]	$74,067,838[6]	5.5%	575	Bassem Kabban, chairman-group CEO
10	Holborn Corp.	$50,300,000	$46,600,000	7.9%	69	Frank Harrison, chairman-CEO

*Includes all reinsurance revenue reported through holding and/or subsidiary companies. [1]Acquired Willis Re, Dec. 1, 2021. [2]*BI* estimate. [3]Howden Group Holding announced on June 9, 2022, that it has entered into an agreement to acquire TigerRisk Partners LLC in a deal expected to close in Q1, 2023. The combined reinsurance business will have close to $400 million in reinsurance brokerage revenue. [4]From company's website. [5]Formerly Lockton Re. [6]British pound 2021 = USD$1.35; 2020 = USD$1.3662. N/A = Not available.
Source: *BI* survey

WORLD'S LARGEST REINSURERS

Ranked by unaffiliated gross premium written in 2021[1]

		REINSURANCE PREMIUMS WRITTEN				RATIOS		
		LIFE AND PROPERTY/CASUALTY		PROPERTY/CASUALTY ONLY				
Rank	Company	Gross	Net	Gross	Net	Loss	Expense	Combined
1	Munich Reinsurance Co.	$46,836,000,000	$44,417,000,000	$32,610,000,000	$31,482,000,000	68.7%	30.9%	99.6%
2	Swiss Re Ltd.	$39,202,000,000	$36,965,000,000	$23,131,000,000	$22,381,000,000	67.4%	29.7%	97.1%
3	Hannover Rück SE[2]	$31,443,000,000	$27,344,000,000	$21,773,000,000	$18,827,000,000	69.3%	28.7%	98.0%
4	Canada Life Re	$23,547,000,000	$23,514,000,000	N/A	N/A	N/A	N/A	N/A
5	SCOR SE	$19,933,000,000	$16,242,000,000	$9,319,000,000	$7,939,000,000	72.0%	28.6%	100.6%
6	Berkshire Hathaway Inc.	$19,906,000,000	$19,906,000,000	$14,285,000,000	$14,285,000,000	71.9%	23.3%	95.1%
7	Lloyd's of London[3]	$19,343,000,000	$14,263,000,000	$19,343,000,000	$14,263,000,000	65.8%	29.4%	95.2%
8	China Reinsurance (Group) Corp.	$17,808,000,000	$16,181,000,000	$6,956,000,000	$6,608,000,000	66.6%	28.4%	95.1%
9	Reinsurance Group of America Inc.	$13,348,000,000	$12,513,000,000	N/A	N/A	N/A	N/A	N/A
10	Everest Re Group Ltd.	$9,067,000,000	$8,536,000,000	$9,067,000,000	$8,536,000,000	71.6%	26.5%	98.1%

[1]All non-USD currencies converted to USD using foreign exchange rate at company's fiscal year-end. [2]Net premium written data not reported; net premium earned substituted.
[3]Lloyd's premiums are for reinsurance only. Premiums for certain groups in the rankings also may include Lloyd's Syndicate premiums when applicable. N/A = Not available.
Source: A.M. Best Co. Inc.

TOP 10 GLOBAL PROPERTY/CASUALTY REINSURANCE GROUPS

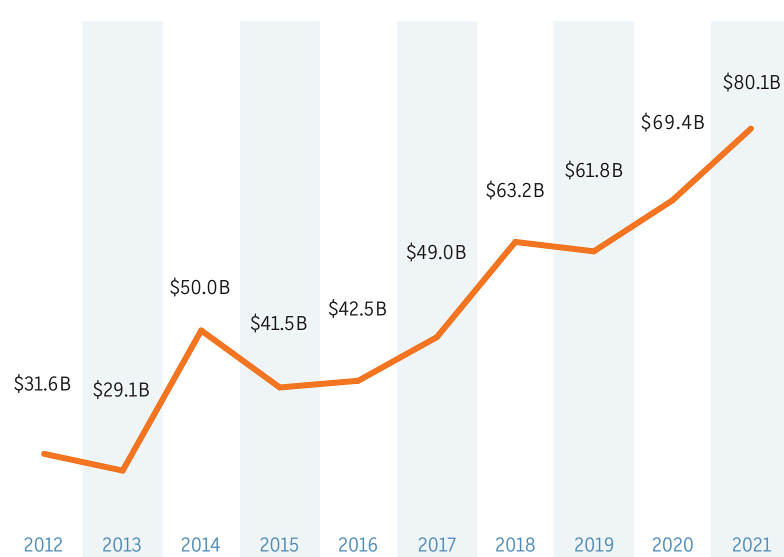
Ranked by unaffiliated gross premium written in 2021[1]

		REINSURANCE PREMIUMS WRITTEN	
		PROPERTY/CASUALTY ONLY	
Rank	Company	Gross	Net
1	Munich Reinsurance Co.	$32,610,000,000	$31,482,000,000
2	Swiss Re Ltd.	$23,131,000,000	$22,381,000,000
3	Hannover Rück SE[2]	$21,773,000,000	$18,827,000,000
4	Lloyd's of London[3]	$19,343,000,000	$14,263,000,000
5	Berkshire Hathaway Inc.	$14,285,000,000	$14,285,000,000
6	SCOR SE	$9,319,000,000	$7,939,000,000
7	Everest Re Group Ltd.	$9,067,000,000	$8,536,000,000
8	RenaissanceRe Holdings Ltd.	$7,834,000,000	$5,939,000,000
9	China Reinsurance (Group) Corp.	$6,956,000,000	$6,608,000,000
10	PartnerRe Ltd.	$6,557,000,000	$5,511,000,000

[1]All non-USD currencies converted to USD using foreign exchange rate at company's fiscal year-end. [2]Net premium written data not reported; net premium earned substituted. [3]Lloyd's premiums are for reinsurance only. Premiums for certain groups in the rankings also may include Lloyd's Syndicate premiums when applicable.
Source: A.M. Best Co. Inc.

10-YEAR TREND OF U.S. REINSURANCE

Net premiums written for U.S. reinsurers increased 15% in 2021 from 2020. Net premiums written for major U.S. property/casualty reinsurers, 2012-2021, in billions of dollars.



Source: Reinsurance Association of America

Broker mergers and acquisitions continue

These pages present the second set of results from *Business Insurance*'s annual survey of agents and brokers; the first was published in July. Additional 2022 rankings include the top 25 benefits brokers by growth, most productive agents and brokers, brokers to watch, top brokers of wholesale business, fastest-growing brokers and largest commercial retail brokers.

This continues to be a busy period for mergers and acquisitions. Eight of last year's top 100 agents and brokers were acquired, leaving room for new entrants to the list of brokers to watch (ranked 101 to 110). In fact, five out of the 10 brokers to watch did not rank last year.

If you are a broker with $10 million or more in year-end 2021 revenue and growing, email Andy Toh at atoh@businessinsurance.com to be added to the invite list to participate in the 2023 survey.

TOP 25 BENEFITS BROKERS BY GROWTH

Ranked by rate of growth in 2021 employee benefits revenue*

Rank	Company	2021 employee benefits revenue	% increase	% of total revenue
1	High Street Insurance Partners Inc.	$55,000,000	646.6%	18.9%
2	Keystone Agency Partners	$10,000,000	233.3%	12.5%
3	World Insurance Associates LLC	$36,644,662	221.7%	16.3%
4	PCF Insurance Services	$75,000,000	108.3%	12.7%
5	Oakbridge Insurance Agency LLC	$6,508,000	105.2%	12.3%
6	Alkeme Inc.	$10,000,000	100.0%	16.3%
7	Marshall & Sterling Enterprises Inc.	$26,661,979	86.3%	25.7%
8	Baldwin Risk Partners LLC	$196,781,093	71.3%	27.4%
9	The Hilb Group LLC	$141,811,332	60.0%	35.3%
10	Higginbotham	$159,357,000	59.0%	35.4%
11	Sunstar Insurance Group	$12,054,000	52.6%	14.0%
12	Digital Insurance Inc., dba OneDigital	$268,700,000	51.4%[1]	40.0%
13	The Partners Group Ltd	$23,923,443	47.5%	50.2%
14	RSC Insurance Brokerage Inc., dba Risk Strategies Co.	$196,350,478	44.8%	20.6%
15	IMA Financial Group Inc.	$92,267,427	42.7%	20.6%
16	BroadStreet Partners Inc.	$223,440,000	40.7%	19.5%
17	Cobbs Allen/CAC Specialty	$13,636,017	36.4%	9.4%
18	AssuredPartners Inc.	$532,902,549	32.6%	26.1%
19	C3 Risk & Insurance Services	$5,050,000	32.1%	23.8%
20	Alera Group	$451,000,000	30.3%	48.4%
21	Cross Financial Corp., dba Cross Insurance	$39,877,000	26.9%	16.1%
22	CCIG	$1,649,924	25.2%[1]	8.1%
23	Alliant Insurance Services Inc.	$568,969,413	22.5%[1]	21.8%
24	BXS Insurance	$26,627,933	22.2%	19.6%
25	Swingle, Collins & Associates	$1,598,087	21.3%	5.4%

*To be ranked brokers must have generated $500,000 or more in employee benefits revenue in 2021. Companies deriving more than 49% of their gross revenue from personal lines are not ranked. [1]Restated 2020 revenue.

Source: *BI* survey

BENEFITS SPECIALISTS

Brokers specializing in employees benefits, ranked by percentage of business*

Company	2021 employee benefits revenue	% increase (decrease)	% total
LHD Benefit Advisors LLC	$9,020,000	10.0%	67.5%
Willis Towers Watson PLC	$5,042,000,000	4.7%	57.1%
CBIZ Benefits & Insurance Services Inc.	$158,200,000	5.2%	56.1%
MJ Insurance Inc.	$22,213,551	11.4%	52.0%
NFP Corp.	$891,755,280	13.5%[1]	51.6%

*Companies with 51% or more of brokerage revenue from employee benefits. [1]Restated 2020 revenue.

Source: *BI* survey

MOST PRODUCTIVE AGENTS AND BROKERS

Intermediaries ranked by 2021 brokerage revenue per employee*

		Brokerage revenue per employee			Brokerage revenue			Employees		
Rank	Company	2021	2020	% increase (decrease)	2021	2020	% increase (decrease)	2021	2020	% increase (decrease)
1	Woodruff Sawyer & Co.	$464,708	$351,991[1]	32.0%	$272,783,778	$197,819,000[1]	37.9%	587	562	4.4%
2	Cobbs Allen/CAC Specialty	$444,851	$371,652	19.7%	$145,021,560	$89,568,050	61.9%	326	241	35.3%
3	York International Agency LLC	$429,100	$414,669	3.5%	$28,320,588	$23,636,158	19.8%	66	57	15.8%
4	HMS Insurance Associates Inc.	$353,288	$326,838	8.1%	$47,693,864	$45,430,468	5.0%	135	139	(2.9%)
5	Truist Insurance Holdings Inc.	$351,593	$319,239	10.1%	$2,862,673,000	$2,433,560,000	17.6%	8,142	7,623	6.8%
6	The Graham Co.	$325,242	$377,509	(13.8%)	$68,300,777	$63,043,937	8.3%	210	167	25.7%
7	Edgewood Partners Insurance Center, dba EPIC Insurance Brokers & Consultants	$315,222	$297,257	6.0%	$892,077,000	$802,594,990	11.1%	2,830	2,700	4.8%
8	RSC Insurance Brokerage Inc., dba Risk Strategies Co.	$292,013	$296,550	(1.5%)	$955,174,183	$657,749,000	45.2%	3,271	2,218	47.5%
9	Lockton Cos. LLC	$289,779	$252,435[1]	14.8%	$2,703,060,000	$2,145,696,000[1]	26.0%	9,328	8,500[1]	9.7%
10	Starkweather & Shepley Insurance Brokerage Inc.	$288,998	$271,425[1]	6.5%	$71,960,481	$66,227,625	8.7%	249	244[1]	2.0%
11	Alliant Insurance Services Inc.	$284,308	$399,638	(28.9%)	$2,613,929,997	$1,781,184,713	46.8%	9,194	4,457	106.3%
12	Ames & Gough Inc.[2]	$281,818	$300,000	(6.1%)	$15,500,000	$13,500,000	14.8%	55	45	22.2%
13	Choice Insurance Services LLC	$278,769	$284,304	(1.9%)	$23,695,334	$22,460,012	5.5%	85	79	7.6%
14	M3 Insurance Solutions Inc.	$277,622	$265,181	4.7%	$91,615,379	$81,675,781	12.2%	330	308	7.1%
15	The Plexus Groupe LLC	$270,839	$227,240	19.2%	$33,313,237	$27,723,309[1]	20.2%	123	122	0.8%
16	Alera Group	$266,000	$263,636[1]	0.9%	$931,000,000	$580,000,000[1]	60.5%	3,500	2,200	59.1%
17	Holmes Murphy & Associates Inc.	$263,756	$252,548	4.4%	$258,217,000	$246,487,000	4.8%	979	976	0.3%
18	IMA Financial Group Inc.	$262,469	$2,398,323	9.4%	$448,034,424	$288,518,219[1]	55.3%	1,707	1,203	41.9%
19	M&T Insurance Agency Inc.	$262,238	$256,250	2.3%	$37,500,000	$36,900,000	1.6%	143	144	(0.7%)
20	Sterling & Sterling LLC, dba SterlingRisk	$260,634	$265,769	(1.9%)	$62,552,054	$61,924,084	1.0%	240	233	3.0%
21	Bowen, Miclette & Britt Insurance Agency LLC	$260,543	$264,816	(1.6%)	$54,713,935	$56,141,004	(2.5%)	210	212	(0.9%)
22	Sterling Seacrest Pritchard Inc.	$260,067	$236,697	9.9%	$77,760,056	$69,588,789	11.7%	299	294	1.7%
23	Christensen Group Inc.	$259,616	$245,080	5.9%	$45,173,206	$38,967,785	15.9%	174	159	9.4%
24	Fisher Brown Bottrell Insurance Inc.	$257,347	$232,015	10.9%	$50,182,592	$45,706,955	9.8%	195	197	(1.0%)
25	Baldwin Risk Partners LLC	$256,900	$304,464	(15.6%)	$719,320,000	$426,249,000	68.8%	2,800	1,400	100.0%

*Companies with more than 50 employees assigned to brokerage. Brokerages that derive more than 49% of their revenue from personal lines are not ranked. [1]Restated. [2]Formerly Ames & Gough Insurance/Risk Management Inc.

Source: *BI* survey

BEYOND THE TOP 100 BROKERS

BROKERS TO WATCH

Ranked by 2021 brokerage revenue generated by U.S.-based clients

2022 rank	2021 rank	Company	2021 brokerage revenue	% increase (decrease)
101	100	Otterstedt Insurance Agency	$23,662,211	2.2%*
102	NR	Choice Insurance Services LLC	$23,458,381	5.5%
103	NR	Dwight Andrus Insurance Inc.	$21,400,514	16.2%
104	NR	C3 Risk & Insurance Services	$21,229,000	37.0%
105	102	Wallace Welch & Willingham Inc.	$21,011,912	1.8%
106	103	CCIG	$20,415,216	11.1%
107	NR	R.W. Troxell & Co., dba Troxell	$19,448,881	1.1%
108	104	Ames & Gough Inc.[1]	$15,500,000	14.8%
109	NR	Harmon Dennis Bradshaw Inc.	$13,394,081	19.5%
110	105	LHD Benefit Advisors LLC	$13,365,000	10.0%

NR = not ranked. *2020 brokerage revenue restated. [1]Formerly Ames & Gough Insurance/Risk Management Inc.

TARGET INDUSTRIES

Industries targeted by the brokers to watch

Industry	No. of brokers	Percent
Construction	8	80%
Transportation/logistics	7	70%
Automotive	6	60%
Health care	6	60%
Real estate	6	60%
Agribusiness	4	40%
Technology	4	40%
Higher education	3	30%
Aviation	2	20%
Biotechnology	2	20%
Pharmaceutical/ chemical	2	20%

TARGET CLIENTS

Target clients by revenue among the brokers to watch

Revenue	No. of brokers	Percent
Up to $10 million revenue	5	50%
More than $10 million up to $50 million	9	90%
More than $50 million up to $100 million	8	80%
More than $100 million up to $500 million	6	60%

Source: *BI* Survey

TOP BROKERS OF WHOLESALE BUSINESS*

Ranked by 2021 wholesale revenue, including property/casualty

Rank	Company	2021 wholesale revenue	2020 wholesale revenue	% increase (decrease)
1	Brown & Brown Inc.	$1,050,177,188	$918,400,177	14.3%
2	Arthur J. Gallagher & Co.	$937,462,000	$805,791,000	16.3%
3	RSC Insurance Brokerage Inc., dba Risk Strategies Co.	$269,577,802	$135,200,000	99.4%
4	Hub International Ltd.	$259,615,000	$192,956,487	34.5%
5	Alliant Insurance Services Inc.	$244,381,867	$206,914,711[1]	18.1%
6	Lockton Cos. LLC	$153,426,000	$124,449,000	23.3%
7	USI Insurance Services LLC	$122,333,570	$112,550,234	8.7%
8	Willis Towers Watson PLC	$121,000,000	$240,000,000	(49.6%)
9	NFP Corp.	$95,117,334	$51,631,740	84.2%
10	Acrisure LLC	$69,635,414	$59,958,749	16.1%

*Brokers deriving less than 50% of revenue from wholesale brokerage business. [1]Restated.

Source: *BI* survey

FASTEST GROWING BROKERS

Ranked by rate of growth in 2021 U.S. brokerage revenue*

Rank	Company	2021 revenue	% increase
1	High Street Insurance Partners Inc.	$291,000,000	330.1%
2	Keystone Agency Partners	$80,000,000	233.3%
3	World Insurance Associates LLC	$224,438,434	188.0%
4	The Liberty Co. Insurance Brokers Inc.	$105,000,000	159.2%
5	PCF Insurance Services	$590,000,000	151.1%
6	Alkeme Inc.	$61,320,000	104.4%
7	Reliance Partners LLC	$36,330,000	84.5%[1]
8	Oakbridge Insurance Agency LLC	$52,920,000	73.5%
9	Patriot Growth Insurance Services LLC	$214,870,000	72.8%
10	Baldwin Risk Partners LLC	$719,320,000	68.8%
11	Alera Group	$931,000,000	60.5%[1]
12	Cobbs Allen/CAC Specialty	$142,121,129	58.7%
13	IMA Financial Group Inc.	$448,034,424	55.3%[1]
14	Relation Insurance Inc.	$179,340,000	54.9%
15	The Hilb Group LLC	$402,247,000	54.3%

Rank	Company	2021 revenue	% increase
16	Alliant Insurance Services Inc.	$2,608,702,137	46.8%
17	Foundation Risk Partners Corp.[2]	$327,629,000	46.3%[1]
18	RSC Insurance Brokerage Inc., dba Risk Strategies Co.	$926,518,958	45.2%[1]
19	Acrisure LLC	$2,690,011,392	43.8%
20	Higginbotham	$450,393,000	42.5%
21	Woodruff Sawyer & Co.	$272,783,778	37.9%[1]
22	C3 Risk & Insurance Services	$21,229,000	37.0%
23	BroadStreet Partners Inc.	$1,145,200,000	33.1%
24	Digital Insurance Inc., dba OneDigital	$672,415,000	30.2%[1]
25	Heffernan Group	$146,880,177	26.4%[1]
26	Marshall & Sterling Enterprises Inc.	$103,772,158	25.4%
27	Lockton Cos. LLC	$1,975,936,860	24.8%[1]
28	Leavitt Group	$354,192,000	21.7%
29	The Plexus Groupe LLC	$33,313,237	20.2%[1]
30	York International Agency LLC	$28,320,588	19.8%

*Companies with less than $1 million in brokerage revenue and/or deriving more than 49% of their brokerage revenue from personal lines are not ranked. [1]Restated 2020 revenue. [2]Formerly Acentria Insurance and Corporate Synergies Group LLC, reporting under parent company.

Source: *BI* survey

LARGEST U.S. COMMERCIAL RETAIL BROKERS

Ranked by 2021 commercial retail brokerage revenue from U.S. offices

Rank	Company	2021 commercial retail revenue*	% increase (decrease)	% of U.S. brokerage revenue
1	Marsh & McLennan Cos. Inc.	$5,342,000,000	17.7%	57.2%
2	Aon PLC	$2,971,000,000	11.5%[1]	54.5%[1]
3	Arthur J. Gallagher & Co.	$1,873,719,000	13.4%	40.1%
4	Acrisure LLC	$1,634,042,761	63.5%	60.7%
5	Alliant Insurance Services Inc.	$1,436,223,677	39.7%[1]	55.1%[1]
6	Lockton Cos. LLC	$1,260,231,000	35.3%	63.8%
7	Hub International Ltd.	$1,188,868,000	18.2%	49.1%
8	Willis Towers Watson PLC	$1,065,000,000	5.6%[1]	23.7%[1]
9	Brown & Brown Inc.	$1,047,857,835	22.9%	35.0%
10	AssuredPartners Inc.	$1,044,687,048	18.6%	51.8%
11	USI Insurance Services LLC	$1,028,683,876	9.5%	47.9%
12	BroadStreet Partners Inc.	$794,080,000	36.3%	69.3%
13	Truist Insurance Holdings Inc.	$723,388,000	2.0%	25.3%
14	Edgewood Partners Insurance Center, dba EPIC Insurance Brokers & Consultants	$573,079,000	16.7%	64.2%
15	Alera Group	$435,000,000	108.1%	46.7%
16	RSC Insurance Brokerage Inc., dba Risk Strategies Co.	$380,173,642	29.9%	41.0%
17	NFP Corp.	$350,847,013	12.0%	22.3%
18	PCF Insurance Services	$340,000,000	141.1%	57.6%
19	Digital Insurance Inc., dba OneDigital	$325,843,000	11.7%[1]	48.5%[1]
20	IMA Financial Group Inc.	$302,248,640	70.2%[1]	67.5%[1]
21	Baldwin Risk Partners LLC	$265,514,985	94.9%	36.9%
22	Higginbotham	$234,268,000	32.2%	52.0%
23	Woodruff Sawyer & Co.	$233,595,000	48.8%	85.6%
24	Foundation Risk Partners Corp.[2]	$201,600,000	70.0%	61.5%
25	Leavitt Group	$197,975,000	19.4%	55.9%
26	Insurance Office of America Inc.	$186,512,423	14.2%[1]	73.0%[1]
27	The Hilb Group LLC	$181,987,520	39.7%	45.2%
28	Cobbs Allen/CAC Specialty	$129,161,761	72.7%	90.9%
29	Holmes Murphy & Associates Inc.	$125,139,000	8.0%	49.5%
30	Cross Financial Corp., dba Cross Insurance	$119,915,000	3.4%	48.4%
31	High Street Insurance Partners Inc.	$119,000,000	200.1%	40.9%
32	Cottingham & Butler Inc.	$104,970,000	13.9%	39.3%
33	World Insurance Associates LLC	$103,792,736	138.9%	46.2%
34	Hylant Group Inc.	$101,779,762	13.0%	63.2%
35	Insurica Inc.	$100,062,144	13.0%	72.5%
36	Heffernan Group	$99,415,448	29.6%[1]	67.7%[1]
37	BXS Insurance	$96,034,880	7.7%	71.0%
38	Paychex Insurance Agency Inc.	$79,000,000	4.2%	32.1%
39	AmeriTrust Group Inc.	$76,322,792	(4.2%)	62.5%
40	CBIZ Benefits & Insurance Services Inc.	$74,800,000	51.4%	26.5%
41	Insurors Group LLC	$73,469,520	(2.2%)	75.0%
42	The Liberty Co. Insurance Brokers Inc.	$71,400,000	144.5%	68.0%
43	Unison Risk Advisors	$70,571,740	1.5%	47.2%
44	Relation Insurance Inc.	$69,646,000	31.7%	38.8%
45	TrueNorth Cos. LLC	$68,425,000	22.3%	66.2%
46	Sunstar Insurance Group	$61,046,000	19.5%	70.9%
47	The Graham Co.	$56,506,381	12.9%	82.7%
48	Houchens Insurance Group Inc.	$53,982,577	9.4%	73.7%
49	Patriot Growth Insurance Services LLC	$53,350,000	54.6%	24.8%
50	Marshall & Sterling Enterprises Inc.	$52,710,603	11.0%	50.8%

*Excluding revenue from placement of employee benefits. [1]Restated 2020 revenue.
[2]Formerly Acentria Insurance and Corporate Synergies Group LLC, reporting under parent company.
Source: *BI* survey

TARGETS OF THE TOP 15

TARGET INDUSTRIES

Industries targeted by the top 15 brokers of U.S. business

Industry	Number of brokers	Percent
Agribusiness	14	93%
Construction	14	93%
Financial Services	14	93%
Health care	14	93%
Public sector/government	14	93%
Real estate	14	93%
Transportation/logistics	14	93%
Aviation	13	87%
Energy	13	87%
Higher education	13	87%
Marine	13	87%
Nonprofit organizations	13	87%
Private equity/investment capital	13	87%
Technology	13	87%
Automotive	11	73%
Food and beverage	11	73%
Retail	11	73%
Mining	10	67%
Entertainment	9	60%
Power industry	9	60%
Biotechnology	8	53%
Consumer durables	8	53%
Pharmaceutical/chemical	8	53%
Consumer nondurables	7	47%
Clothing, textile	7	47%
Rail	7	47%
Media	6	40%
Telecommunications	5	33%

TARGET CLIENTS

Target clients by revenue among top 15 brokers of U.S. business

Revenue	Number of brokers	Percent
Up to $10 million revenue	6	40%
More than $10 million up to $50 million	8	53%
More than $50 million up to $100 million	9	60%
More than $100 million up to $500 million	9	60%
More than $500 million up to $1 billion	5	33%
More than $1 billion up to $3 billion	4	27%
More than $3 billion up to $5 billion	3	20%
More than $5 billion up to $10 billion	2	13%

Source: *BI* Survey

MARKET PULSE

PRODUCTS & SERVICES

Aon unveils strategy, tech consulting group

■ Aon PLC introduced a strategy and technology group to provide advice on claims efficiency, performance benchmarking, market share trends, actuarial analysis and capital structuring.

The group's offerings include a range of technology products designed to aid in capital deployment decisions, Aon said.

Colin Forrest, formerly EMEA leader of Willis Towers Watson PLC's insurance consulting and technology practice, is CEO of the new group.

RPS, Old Republic partner on social services cover

■ RPS Signature Programs, a Risk Placement Services Inc. unit, said it is introducing a social services insurance program through a partnership with Old Republic International Corp. unit Old Republic Special Insurance Underwriters.

RPS, which is a unit of Arthur J. Gallagher & Co. Inc., said the coverage is for classes of business including adoption and foster placement agencies, substance abuse programs, mental health counseling centers, residential care facilities, home health care, outpatient in-home hospital care, adult respite care and foundations.

The program includes auto liability, $1 million limit, auto physical damage; crime, $1 million limit; general liability, $1 million/$3 million limit per occurrence; professional liability, $1 million limit per occurrence; umbrella/excess, up to a $5 million limit; management liability, $1 million per occurrence; fiduciary liability, $1 million per occurrence; and abusive conduct, $1 million per occurrence.

Axis offering cyber, professional liability cover

■ Bermuda-based Axis Capital Holdings Ltd. said it is offering cyber and professional liability coverage for companies with up to $2 billion in revenue.

Written for small and mid-sized businesses, the Axis Cyber Technology and Miscellaneous Professional Liability policy can include coverage for cyber risks, technology errors and omissions, and miscellaneous professional liability.

The coverage is available on an admitted and nonadmitted basis.

Moody's Analytics adds ESG assessment system

■ Moody's Analytics said it has launched a service that allows users to integrate environmental, social and governance factors into commercial underwriting and portfolio management activities.

Moody's teamed with Chaucer Insurance Group PLC, a U.K.-based insurer and reinsurer, to develop ESG Insurance Underwriting Solution.

The service combines data on public and private companies with an assessment tool to help identify relationships between ESG factors and financial risk metrics such as claims frequency and loss ratios.

Lexington offers cover for small, midsize business

■ Lexington Insurance Co. said it has launched Lexington Middle Market Casualty, a team of underwriters focusing on coverage for small and midsize businesses.

The team, led by Paul McLaughlin, senior underwriting manager at Boston-based Lexington, brings together casualty underwriters from Lexington and small commercial brokerage teams from affiliate Western World Insurance Co. to offer general liability coverage to construction, manufacturing, retail, real estate and other sectors.

Premiums for the coverage will range from $7,500 to $75,000, Lexington said.

Howden launches carbon negligence, fraud cover

■ U.K.-based Howden Broking Group Ltd. said it has developed coverage to protect against third-party negligence and fraud in the voluntary carbon credit market.

Howden partnered with carbon finance company Respira International and investment manager Nephila Capital to develop the coverage, which a Howden spokesman said will be written to limits of up to 2% of the coverage written on underlying risks. The product will be wrapped around books of independently verified, high-quality carbon credits, the broker said.

"For the voluntary carbon market to grow by $50 billion by 2030, buyers need to be able to trust that the carbon credits they are buying are removing the promised volume of carbon from the atmosphere," Charlie Langsdale, head of climate risk and resilience at Howden, said in a statement.

Nephila's Lloyd's of London Syndicate 2357 is the lead market on the coverage. Capacity of $100 million will be available during the first year, rising to $500 million in the second year, according to the Howden spokesman.

RT Specialty offering excess cyber capacity

■ Wholesaler RT Specialty said it is introducing a facility that offers up to $15 million in excess cyber coverage capacity per account.

RT Specialty said EmergIn Risk, a Ryan Specialty Group Inc. unit, underwrites the facility and is supported by a consortium of insurers including Aspen Insurance Holdings Inc., Coaction Specialty Insurance Group Inc. and Skyward Specialty Insurance Group.

Jonathan Reiner, executive vice president of RT ProExec Chicago, said in a statement the capacity will be useful in supporting the cyber insurance programs of policyholders with more than $1 billion in revenue.

MGU expands hospitality program

■ Suitelife Underwriting Managers, part of RSG Specialty LLC, a unit of Ryan Specialty Group LLC, said it has added coverage for franchise hotels to its portfolio.

Available limits are up to $15 million per location and $50 million per policy for building, real property and business interruption coverage, depending on construction type, RSG said.

General liability limits are $1 million per occurrence/$2 million general aggregate and $2 million products aggregate limit. Liquor liability limits of $1 million/$1 million are also available.

The program, which is backed by an A+ rated insurer, focuses primarily on 3-star full-service franchise hotels, limited-service hotels, and smaller independent or boutique hotels and is available in all states except Alaska and Hawaii.

An alternative market providing coverage for distinguished inns, B&Bs, non-franchised independent hotels, and hunting and fishing lodges is also available, the Exton, Pennsylvania, managing general underwriter said.

DEALS & MOVES

Acrisure purchases digital platform B2Z

Acrisure Inc. said it has acquired B2Z Insurance, a digital platform that places coverage for small businesses.

Terms of the deal were not disclosed.

B2Z was formed during the COVID-19 pandemic as a market for business owners to obtain quotes and arrange coverages that include general liability, workers compensation, professional liability and cyber. It is licensed in 47 states, according to its website.

Grand Rapids, Michigan-based Acrisure said the acquisition complements its partnership announced earlier this year with QuickInsured, which offers digital sales of personal lines insurance.

Westfield agrees to buy Lloyd's syndicate from Argo

Westfield Insurance Co. said it will enter the international specialty insurance market with the $125 million acquisition of Lloyd's of London Syndicate 1200 from Argo Group International Holdings Ltd.

The acquisition, expected to close in the first half of 2023, follows Westfield Center, Ohio-based Westfield's purchase last year of the renewal rights on Argo's U.S. specialty property business for an undisclosed amount.

The Lloyd's syndicate acquisition is the first step in establishing a global franchise for Westfield, the insurer's president and CEO, Ed Largent, said in a statement.

Davies Group acquires Florida-based TPA

London-based claims management company Davies Group Ltd. said it has acquired Johns Eastern Co. Inc., a third-party administrator and adjusting company based in Sarasota, Florida.

Terms of the transaction were not disclosed.

Davies said in a statement that the deal will strengthen its independent adjusting and catastrophe response capabilities in North America.

Truist buys Texas Capital's premium finance unit

Texas Capital Bancshares Inc. said it had agreed to sell its insurance premium finance unit to Truist Financial Corp. for $3.4 billion, in a bid to re-focus on its core businesses and manage expenses.

COMMENTARY

Price pressures pummel buyers

Insurance buyers face an uncertain outlook over the next year. While the sharp primary rate increases of the past four years appear to have eased, prices are still rising, and general economic conditions and other market forces may preclude much further easing.

Inflation is driving up claims and repair costs for property insurers, and casualty insurers continue to cite so-called nuclear verdicts and higher settlements as reasons for liability rate hikes.

Add to the mix the disruption resulting from the war in Ukraine and the ever-present effects of climate change, and pressure to raise insurance prices is unlikely to subside.

Reinsurers meeting in Monte Carlo, Monaco, last month — yes, it is a strange place for an industry constantly fretting about costs to meet — were clear in their messaging that they plan to increase prices at year-end renewals. And that was before the first major hurricane of the season had formed in the Atlantic.

Gavin Souter
EDITOR

Of course, there was an element of talking up rates, but there were few contradictory voices at the meeting. If insurers pay more for their own coverage, it will only make insurance price increases more likely.

In addition, premium continues to pour into the surplus lines market. While it's good news for buyers that they have additional sources of capacity in the nonadmitted market, it usually involves an additional cost.

All this comes while companies from all sectors face higher credit costs and the growing prospect of a recession.

While insurers need to protect their own businesses, they also need to remain relevant for their customers. Commerce can't function without insurance, but its cost can be stifling.

It's easy to say that technological innovation is the answer to the problem, and to some extent it has to be, but improved technology also adds another burden. As we report on page 4, innovative technologies, such as electric vehicles, create great solutions, but they can be expensive to fix or replace if things go wrong.

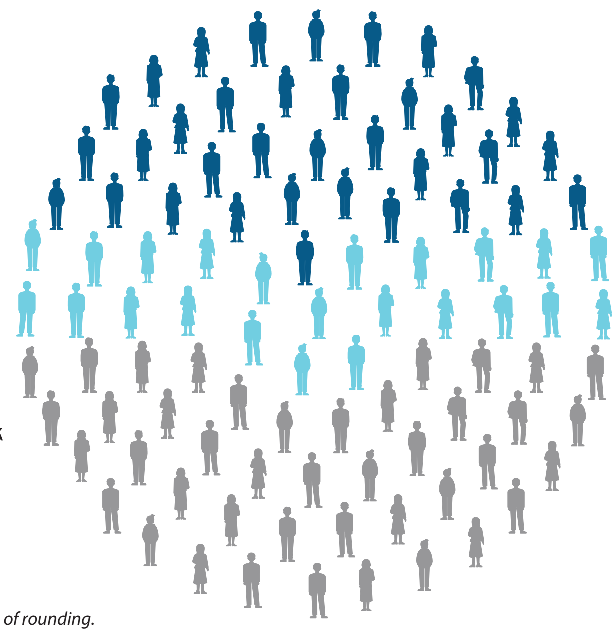
The technology that insurers are employing themselves is also advancing, though. While the surge in insurtech investment that started five or six years ago hit a bump this year, the market has evolved. More consideration is being given to how technology companies and existing insurers can work together to improve the insurance underwriting and buying process.

With many insurtechs realizing they need to work with incumbent insurers rather than try to push them aside, and insurers acknowledging that incremental technological change is no longer sufficient, the prospect of a more efficient insurance market looks more likely. Such developments won't fix the problem of living in a riskier world, but they should go some way to making it more bearable.

AVAILABILITY OF REMOTE-WORK OPTIONS

Of job holders in the United States, 58% — the equivalent of 92 million people — say they can work remotely at least part of the time.

		Number of workers
Offered remote work on a full-time basis	35%	55 million
Offered remote work part time or on occasion	23%	36 million
Not offered remote-work opportunities	42%	66 million



Note: Figures may not sum because of rounding.

Source: McKinsey American Opportunity Survey Spring 2022

VIEWPOINT

Untangling remote injuries

BY CLAIRE WILKINSON
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Working from home can be precarious. The household printer is upstairs and the dog lives under my desk, so it's not a stretch to imagine a scenario where I trip over the dog and/or slip on the stairs as I run up to retrieve a document. And what if I schedule an early Zoom interview and spill my cup of coffee in my lap at my desk or get tangled in the laptop cord in the pre-dawn hours? Then there are the incessant package deliveries at the front door, which may contain work-related materials, and require lifting or dragging sometimes heavy items across the front porch. At some point, it will snow and I'll have to shovel the walk in order to retrieve the latest issue of *Business Insurance* from the mailbox.

While some workforces were already remote, many employers are grappling with how to manage a flexible workforce, perhaps a hybrid of remote and in the office, that is unlikely to return to the five-day-a-week, in-office routine seen before the COVID-19 pandemic.

Employers typically have a plan they follow to prevent or handle slips, trips and falls in the workplace, but what happens when home is now the office and employees are injured while completing work-related tasks during "work hours" that no longer fit within the once-clearcut 9-5? As we report on page 8, work from home has fast become an issue that will hit employers and workers compensation insurers, with increased exposures and the likelihood of injuries among their chief concerns.

Each case needs to be evaluated individually, and workers comp laws differ by state, so investigating how an injury happened at home and whether workers comp benefits apply is likely to be more complex and time-consuming, especially if there are no witnesses.

Injured workers are likely to find it more difficult to prove their injury occurred in the course and scope of employment, and employers will have a harder time establishing whether a claim is genuine. Questions will also arise as to how the coming-and-going rule, which applies to workers who are injured in the course of a regular commute to and from the workplace, and which, with some exceptions, sets a pretty clear line that workers comp benefits do not apply during a typical commute, will respond. If there is good news for employers, it is that state lawmakers — Ohio in the first instance — are starting to put some parameters around what constitutes a work-related injury that occurs at home.

As flexible work arrangements become the norm it's not just the risks of slips, trips and falls that are concerning. A recent poll in the United Kingdom found working from home caused an increase in back problems among young adults, with two-thirds of 18- to 29-year-olds saying they suffered back pain during the pandemic. The poll also found that more than 20% said they worked from bed when at home, while one in six sat on a sofa.

If in-person ergonomic reviews of home office setups are a thing of the past, employers will have to find different ways to keep workers safe and to prevent repetitive stress injuries, such as carpal tunnel. As the future of work continues to shift, employers need to be prepared and ready to manage the risks. Fortunately, advances in technology and lessons learned during the pandemic should help.

The slow migration to data-driven risk pricing in marine insurance

John Ellis is head of U.S. ocean marine at Canopius USA in New York. He can be reached at john.ellis@canopius.com.

In a sharp departure from the past, U.S. marine insurers are turning their attention to pricing tools and relying more on data analytics when it comes to setting rates. Indeed, insurers have slowly come around to accepting an idea that once was heresy — that more appropriate rating comes not only from the wisdom of years of experience, but also from data that can clearly show patterns of loss and risk and therefore lead to more adequate rates to fund claims.

Historically, insurers in lines such as marine have employed a great deal of autonomy in setting rates, relying primarily on "experience rating." And during periods when interest rates were higher and investment returns significant there was even less pressure on pricing, as high interest rates enabled overall profit for insurers, even when underwriting profits were elusive.

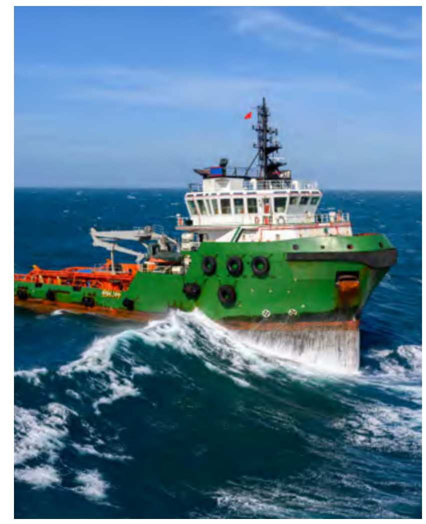
This seismic shift toward the use of pricing tools to set more precise rates arguably benefits the greater good. Charging an adequate premium from all participants to allow for payments being made to the few that sustain loss or damage is not only a noble idea but critical for commerce to continue and welcomed by most who own assets and run businesses.

Despite the more prevalent use of rating tools by marine insurers, there continues to be a wide disparity in rates for the same risks. Using past data to predict the future is still a very subjective process. With the ever-present potential for catastrophe activity, rogue actors, financial changes with policyholders, etc., rating tools can only provide a basis from which to act. They cannot, nor will they likely ever be able to, give absolutely correct pricing or guarantee a desired result.

Disparities in pricing remain

Apart from analytics, there are factors that affect how insurers derive what they deem to be an adequate rating. First and foremost, not every insurer is duty bound to use actuarial rating on a specific risk. When underwriters use a rating tool, there remains considerable latitude between the price the rating tool dictates and the final rate provided.

For example, when faced with a lack of statistically significant data, or an unfavorable rating from the tool, underwriters often make use of various insurer credits to arrive at a price they predict will allow them to win the business. For instance, an underwriter may apply a credit on the overall rate for a tug that is only operated during the day. Conversely, underwriters may apply a debit, or a surcharge, to a rate if this risk is worse than predicted by the tool. An example of this would be adding an additional charge to a tug that ventures out of the area for which it was originally rated. These credits and debits vary significantly between insurers, as does the individual underwriter's desire to use them and their ability to implement them. It stands to reason that an underwriter is far more likely to turn to insurer credits to derive favorable rates for a desirable account.



Insurers' use of exposure rating and/or loss rating, two distinct but equally important aspects of underwriting, is another contributor to rate disparities. Every account should be rated on both an exposure and a loss basis. Exposure ratings rely on analytics and underwriting experience of the class of vessel being assessed to derive a baseline rate, whereas loss basis rating accounts for prior loss history. If the claims record is clean, then ostensibly the exposure rating can work as the means to set rates, as loss rating will have little to no impact.

If losses are present, however, exposure rating alone might be inadequate to achieve the desired loss ratio. When this happens, more premium than experience rate provides could be necessary to account for the extra cost to underwriters resulting from the loss history.

Oftentimes when underwriters are faced with an account with a history of losses, they decide to rate up on a loss basis only. This addresses only one component of the rating process — loss history.

Underwriters would be better off going through the process of exposure rating as well to make certain that both loss history and exposure are taken into account to arrive at more reliable rating. Ideally, rating tools used will consider both exposure and losses when delivering a rate for a specific risk.

Internal and external considerations

Perhaps the most warranted factor contributing to inconsistencies in rate setting is the difference in internal expense loads between insurers. Expense loads are a justifiable reason for disparate rates being applied to the same risks by different underwriters and the truest differentiator within insurers' control. Insurers with lower expenses should be able to charge lower premiums for the same risk than those with higher expenses.

These factors are critical to keep in mind when thinking about pricing, because insurance is abstract by nature. Underwriters do not have the benefit of hindsight; they never know the actual correct price to charge until the policy period has expired.

And while boards and actuaries hate this, underwriters cannot escape the element of uncertainty when accepting a risk for a set price and conditions, at least in the fixed premium world in which most marine insurers operate. Thankfully, the increased reliance on pricing tools makes the risk a safer bet.

This gets us to where we are today: making more and better use of rating tools. As an industry, marine insurers have done a reasonably good job of collecting data over the years. Their shortfall lies in the ability to mine that data and use it to formulate tangible assumptions to derive a more statistically significant rating.

Although improving, there is still considerable latitude in underwriters' hands. Two insurers using the same rating tool may derive vastly different pricing for the same risk based on their interpretation of the data provided by the tool as well as their tendency to fall back on familiar pricing practices such as the use of credits. Once the data becomes more dependable for all marine carriers, expense loads should be the biggest price differential.

While U.S. marine insurers have made tremendous strides to catch up to other lines that have been using actuarial data for longer periods of time, we have a ways to go. Until we reach the place where all insurers view the same risk in a similar rating paradigm and are able to reduce expense loads through more efficient processes and therefore drive lower premiums, we will continue to see disparate ratings for the same risk.

Although pricing variance is not a bad thing in the interest of free trade and avoidance of monopolistic activities, a smaller gap and fewer outliers will lend credibility to the reliance on rating tools.

PEOPLE

“I started my insurance executive experience working at American International Group Inc. after a company executive at the time referred me for an underwriting analyst job after meeting him on the golf course while caddying.”

UP CLOSE

Deuayne Crawford

NEW JOB TITLE: New York-based head of cyber, Northeast region, Axa XL, a division of Axa SA.

PREVIOUS POSITION: New York-based underwriting manager, Ironshore, a unit of Liberty Mutual Insurance Co.

OUTLOOK FOR THE INDUSTRY: I have a positive outlook on the cyber industry despite its infancy as a product compared with the age of other insurance products. I think more innovation is coming in the fight against ransomware, for example. Clients, insurers, brokers and other stakeholders in the cyber insurance ecosystem are going to be more intentional about using their minds collectively to be successful in the industry. Despite my eagerness for more and new information related to cyber, I take a humble approach to cyber insurance underwriting because I know there are things that I haven’t learned yet.

GOALS FOR YOUR NEW POSITION: I plan to promote collaboration and teamwork. We are most effective when we work together and support one another. I think this will drive customer service excellence. I also want to use our current and future technologies to make our jobs easier, including sharing technology ideas and best practices to make the underwriting process more seamless. I have so many personal stories and examples of how we made processes easier with solutions that already exist in our current technologies. I’m going to promote a culture where we purposely share ideas with one another. I’m fortunate because this type of culture already exists on our team.

CHALLENGES FACING THE INDUSTRY: One of the biggest challenges is limited awareness of the dangers that can come through the internet. In an ideal world, everyone would know not to click on any suspicious emails. Tell your family, tell your friends, tell your coworkers, tell anyone you know and care about to avoid falling victim to ransomware or any internet scam. Spreading the word will raise awareness, therefore limiting one major vector of cyberattacks, for example.

FIRST EXPERIENCE: I started my insurance experience working at American International Group Inc. after a company executive at the time referred me for an underwriting analyst job after meeting him on the golf course while caddying. We are still friends today. I’m glad I met him and got a chance to know about this cool industry.

ADVICE FOR A NEWCOMER: Be positive. Listen to the perspective of others. Be empathetic. Keep learning. Have fun.

DREAM JOB: Professional golfer. I have been practicing a lot over the last 20 years and have not improved much, so golf also keeps me humble. I like the game mainly because it endorses brotherhood and respect. It also brought some really good friends into my life.

COLLEGE MAJOR: As an undergraduate at SUNY Binghamton, I earned a dual major in financial economics and English. In graduate school at Boston University, I earned a master’s degree in insurance management. I also thought it was relevant to get CPCU and RPLU+ insurance designations, which have impacted my career positively.

LOOKING FORWARD TO: Collaborating with my team, listening to everyone and sharing ideas. I’m looking forward to more education and more innovation.

FAVORITE MEAL: After immersing myself in New York for so many years — I was born on the island of Jamaica — it’s difficult to choose a favorite meal today because there are so many great dishes out there from so many awesome places around the world. If I were to choose a favorite, though, I’d say Jamaican jerk chicken. It’s so good that I can have it for breakfast, lunch, dinner or just for a snack.

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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*.

ON THE MOVE

Brown & Brown Inc. named **Brian Dermond** managing director, multinational leader, of the Daytona Beach, Florida-based brokerage. He replaces Olga Collins, who left to become CEO of Worldwide Broker Network. Mr. Dermond, based in Atlanta, most recently was head of field operations with American International Group Inc.’s WorldRisk multinational operation.

Aon PLC appointed London-based **Luise O’Gorman** global head of ESG transaction advisory services in its mergers and acquisitions and transaction solutions practice, a newly created role. Ms. O’Gorman had been an independent consultant.

McGriff Insurance Services Inc. named **Paul Zederbaum** practice leader of its newly formed Private Equity Risk Advisors. Mr. Zederbaum, based in Charlotte, North Carolina, joins McGriff from Lockton Cos. LLC, where he was director of client services in Charlotte.

Alera Group Inc. named New York-based **Mervin McCormack** senior vice president, director of property/casualty market relationships. Previously, Mr. McCormack was executive vice president and chief marketing officer at Foa & Son Corp., an Alera company.

Waleed K. Husain has joined Ryan Specialty Holdings Inc. as its first chief risk officer. Mr. Husain, who is based in Chicago, most recently served as senior vice president of risk management at Wintrust Financial.

Willis Towers Watson PLC said former Marsh LLC executive **Christian Ryan** has rejoined the firm as industry specialties leader for corporate risk and broking North America. Mr. Ryan, based in Dallas, succeeds the retiring Tom Coughlin and most recently served as Dallas office head and south-central zone risk segment leader at Marsh.

The gig is up (in the polls)

The main disadvantage of working in the gig economy is a lack of employee benefits, according to 39% of respondents in a poll of 1,000 Americans conducted by online career site Zety.

Irregular working hours (37%) and unstable income (35%) ranked second and third.

These challenges, however, apparently will not deter the 88% of workers who would consider doing a gig job until retirement and the 54% of respondents who plan to find a full-time job in the next year but still want to do a gig job on the side, according to the poll.

The main advantages of a gig job, respondents said, are independence, according to 58%; flexibility (50%); and variety (43%).

A win for the sole of a luxury shoe

The Beijing Intellectual Property Court in China in September ruled in favor of luxury fashion designer Christian Louboutin against Guangdong, China-based company Wanlima in a legal battle over its famous red soles, which are trademarked, according to the Fashion Law Blog.

High-end designer brand Louboutin sued Wanlima for selling lookalike red-soled heels in several of its stores and at the department store Beijing New World Centre, contending it was a violation of China's Anti-Unfair Competition Law, the blog reported.

The court said Louboutin proved its "'red sole shoes' product and red sole decoration have a high market reputation, have established solid connections with the relevant public, and have the distinctive feature of distinguishing the source of the product." The court awarded Louboutin damages and legal expenses and ordered Wanlima to cease sales of red-soled footwear.

KNIEVEL FALLS SHORT IN CLAIM TO FAME BEYOND THE GRAVE

Looks like Evel Knievel was not successful in his latest stunt: suing Disney.

The 9th U.S. Circuit Court of Appeals in San Francisco dismissed a lawsuit filed by K and K Promotions Inc., which owns the intellectual property and publicity rights for the late stuntman, against Walt Disney Studios Motion Pictures, claiming that the makers of the film "Toy Story 4" modeled the character Duke Caboom after Mr. Knievel, who died in 2007.

The ruling on the trademark lawsuit, affirming an earlier dismissal by the U.S. District Court for the District of Nevada, stated that "unlike Evel Knievel, Duke Caboom is a fictional character in an animated film about toys that come to life.

"Disney has also added significant expressive content to the mark to make it different from Evel Knievel. In particular, Disney created a character with a different name, appearance, and backstory than Evel Knievel. Disney did not suggest that Evel Knievel was involved in 'Toy Story 4', nor was Evel Knievel mentioned in the film."

Mattel not toying with snack firm

Mattel Inc. asked a federal judge in Los Angeles to dismiss its lawsuit against hip-hop-inspired snacks brand Rap Snacks Inc. over its Nicki Minaj-inspired "Barbie-Que Honey Truffle" potato chips, which Mattel argued violated its "Barbie" trademark rights, Reuters reported.

Mattel's lawyers dropped the dispute just over a month after filing the complaint, which claimed the newest version of rapper-inspired chips by the Miami-based snack company created customer confusion and a false association with Barbie dolls.

The terms of any settlement were not disclosed, and the attorneys involved did not respond to requests for comment, Reuters reported. Ms. Minaj has long used "Barbie" as part of her persona, yet she was not a defendant.

Lights, cameras, gastroparesis

That's one way to get it out there that your health insurer won't pay for an effective treatment to cover your vomiting disorder.

Actress Sandy Honig filmed herself vomiting repeatedly outside an Anthem Blue Cross Blue Shield office in Los Angeles to fight the company's decision to not cover one treatment for her gastroparesis, which causes paralysis in the digestive tract.

She posted the video on YouTube, along with this explainer: "I've been struggling with a stomach disorder called gastroparesis, which causes me to vomit almost everything I eat. My insurance denied coverage for a procedure, so I went to their office to appeal their decision."

An Anthem spokesperson told Buzzfeed: "Our clinical team has carefully reviewed her case and our medical policies, and the existing medical evidence does not support the treatment she is requesting for her condition."


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