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BEST'S REVIEW®

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AM BEST'S MONTHLY INSURANCE MAGAZINE

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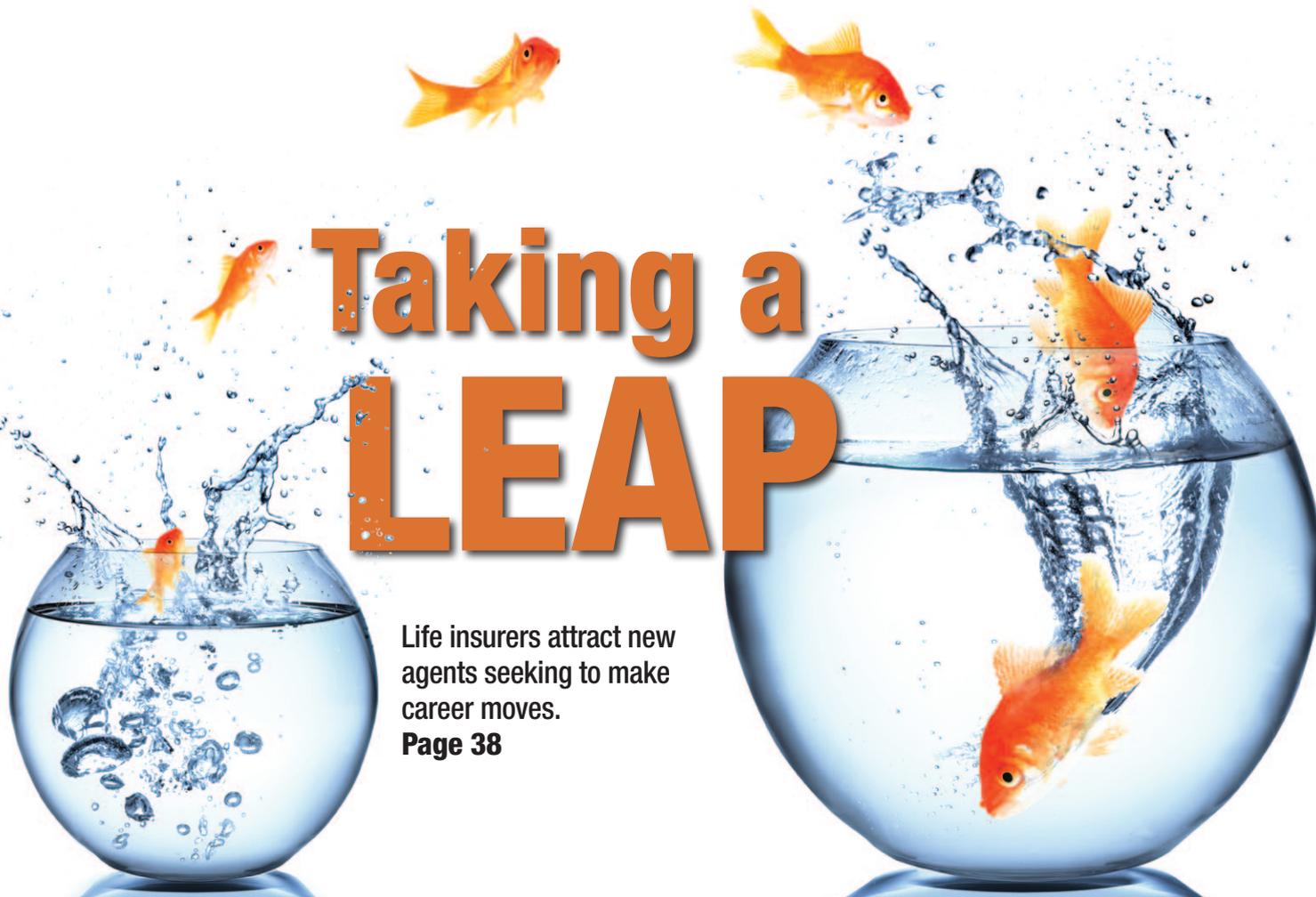
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BEST'S REVIEW®

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AM BEST'S MONTHLY INSURANCE MAGAZINE



Taking a LEAP

Life insurers attract new
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FARMOWNERS INSURANCE

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In your business, growth is everything. At PHLI, we protect the farmowners industry, with coverage designed for a variety of farm and ranch operations such as beef cattle, sheep, goat, horse and hog farms as well as nurseries, orchards and vineyards. Our programs provide liability, property, vandalism, and more benefits. They also include our signature Bell Endorsement, offering 10 more coverages—such as Identity Theft Expense and Image Restoration and Counseling—at no additional charge. PHLI Farmowners Solutions. For all your growing needs. **Call 800.873.4552 or visit PHLI.com.**



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Life Insurers Recruit Agents While Building Digital Sales Approaches

The September issue also includes AM Best's exclusive ranking of the Top Global Reinsurance Groups as well as an interview with NAMIC's Neil Alldredge.

As U.S. life insurers move through the second half of 2021 and ahead to 2022, they face a variety of challenges.

In a report published earlier this year, AM Best said its outlook for the U.S. life insurance market segment remained at negative. Challenges cited included lackluster top-line revenue growth, narrow investment margins and the need for significant levels of capital investment to modernize the business model.

At the operational level, challenges include the need to focus on distribution, largely as a result of the pandemic, as well as the need to pivot to a virtual sales strategy.

September is Life Insurance Awareness Month. This month, *Best's Review* examines life insurance sales and distribution. Although the industry is increasing its efforts to enhance its virtual sales strategy, most life insurers still rely on face-to-face sales.

In the cover story, "Taking a Leap," *Best's Review* looks at the challenges involved with recruiting and retaining life insurance agents.

Best's Review spoke with Primerica CEO Glenn Williams, who shares that nearly 90% of the company's life insurance advisers have come from outside the insurance industry. They enter a career that he says allows them the opportunity to use their entrepreneurial skills and create their own businesses, earn a living and help clients prepare for the future.

He expects that number could climb even higher as COVID-19 is reinvigorating individuals

to seek career changes that won't tether them to a desk from 9 to 5, offering them a new and different work experience.

Life insurers, meanwhile, also are working at developing their virtual sales capabilities. In "Life Insurers Look for Big Things in Small Packages as They Target Middle Market in Online Sales," *Best's Review* examines how insurers are using technology to reach new markets.

Life insurers are increasingly finding scale in smaller, direct-to-consumer policies.

Mutual insurers share center stage, with an interview with Neil Alldredge, head of NAMIC, and a list of the top 25 U.S. mutual insurers ranked by gross premiums written.

Every other year, *Best's Review* polls readers and others in the industry to find out which risk management and insurance programs have been doing a standout job of preparing young people for a career in insurance. We'd like to hear from you. Send us an email and let us know which schools you think deserve recognition.

One last note. Check out *Best's Review* magazine online at www.bestreview.com. We have begun to update content more frequently, adding post-print-deadline and immediacy to our coverage. We are posting new content on a more regular basis. BR

Patricia Vowinkel
Executive Editor
patricia.vowinkel@ambest.com

The Question:

Which college risk management and insurance programs stand out for their work in preparing young people for a career in insurance?

Email your answer to bestreviewcomment@ambest.com or scan the QR code to submit your response.

Responses will be published in What Readers Say in a future issue.



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NEW LIFE FOR LIFE INSURANCE

Best's Review looks at the adaptations life insurers have made over the past year and the opportunities they have discovered.

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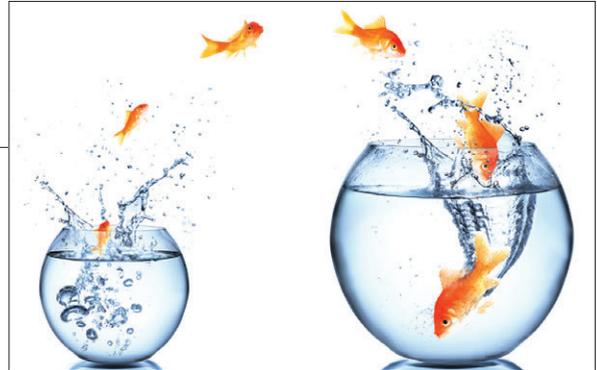
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Life Insurers Look for Big Things in Small Packages as They Target Middle Market in Online Sales

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The scale of the insurance industry plus its lack of technological sophistication have venture capitalists eyeing insurtechs.

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Neil Alldredge talks to AM Best TV about the organization's future post-COVID and how mutuals' unique business model serves them well.

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Ranked by gross premiums written.

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Berkley Luxury Group

Offers Insurance Solutions For Luxury Real Estate and Fine Dining Restaurants Nationwide

RUTHERFORD, N.J. — Berkley Luxury Group, a Berkley Company offers nationwide insurance solutions with two divisions, Berkley Luxury Real Estate Specialists and Berkley Fine Dining Specialists.

The name is designed to identify the company as an operating unit of Berkley, one of America's largest commercial line writers, and what Berkley Luxury Group offers: tailored, all-inclusive insurance solutions for luxury condo, co-op, rental properties and fine dining restaurants.

Berkley Luxury Group entertains Class A office buildings which are defined as luxury properties that attract premier tenants and are professionally managed and well maintained. These buildings feature first class tenant improvements and betterments as well as state of the art infrastructure and technology.

The company, headquartered in Rutherford, New Jersey, with offices in New York City and Chicago, writes luxury real estate

business in the District of Columbia, Georgia, Illinois, Maryland, Massachusetts, Minnesota, New Jersey, New York, Pennsylvania and Virginia. Berkley Luxury Group also writes fine dining business in these states, as it does in Arizona, California, Connecticut, Georgia, Michigan, Missouri, Nevada, New Mexico, North Carolina, Ohio, Oregon, South Carolina, Tennessee and Wisconsin with plans to continue expanding its restaurant division nationwide.

Berkley Luxury Group has the underwriting and claims expertise and responsiveness to deliver exceptional service to these two very specialized luxury markets, plus access to the strength and stability of a large, well known and highly regarded corporation. Berkley Luxury Group reminds their producer partners and insureds of their commitment to satisfying the needs and wants of those who work in luxury real estate and fine dining.

To learn more about Berkley Luxury Group and its insurance and risk management services and products, visit www.berkleyluxurygroup.com.

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Insurers Increasingly Seeing Private Equity Enter Investment Portfolios and the Boardroom

Once seen as a realm of buyouts and structured finance, private equity firms are learning to appreciate insurers for the lower yield and reliable credit markets they represent. Meanwhile, insurers stung by low interest rates see a chance for higher investment yields with private equity.

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REINSURANCE

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Private mortgage insurance has grown 19% from 2016 to 2020, reaching \$6.4 billion in 2020, according to AM Best.

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Responsible Reinsurance



During this pandemic, it's become clearly evident that what has made us successful in the past is not sufficient for us to thrive into the future. Advances in digital data, artificial intelligence, computing power, genomics and precision medicine are staggering. Innovation-driven transformational change across our ecosystem forces us to reimagine the future of life insurance underwriting.

SCOR recognizes that life insurance inherently serves a societal need. Embracing the social responsibility of what we do and how we do it is imperative in the evolution of our industry. To learn more, read this article by SCOR thought leader and head of Underwriting Innovation, Al Mele.

Best's Rendez-Vous de Septembre Briefing Will Be Virtual

Sept. 9: VIRTUAL. MiN Workshop: Morocco, Microinsurance Network.   

Sept. 13: VIRTUAL. Reinsurance Market Briefing – Rendez-Vous de Septembre, AM Best.  
 

Sept. 13-16: NAIIA Annual Conference 2021, National Association of Independent Insurance Adjusters, Hilton Head, S.C.   

Sept. 13-17: HYBRID. NAIC Insurance Summit – Part 2, National Association of Insurance Commissioners, Kansas City, Mo. 

Sept. 15-16: VIRTUAL. Insurance Market Briefing – Canada, AM Best.    

Sept. 19-22: HYBRID. NAMIC's 126th Annual Convention, National Association of Mutual Insurance Companies, Nashville, Tenn.   

Sept. 23-25: HYBRID. In2Risk, CPCU Annual Meeting, The Institutes CPCU Society, Orlando, Fla.  

Sept. 27-29: VIRTUAL. IIS Global Insurance Forum, International Insurance Society. 

All events subject to change as organizations monitor developments regarding COVID-19. For a full list of conferences and cancellations, visit www.bestreview.com/calendar.

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September Is Life Insurance Awareness Month

Best's Review features a look at life insurers' distribution channels and the industry's focus on attracting new talent. Coverage begins on page 37.



Connect With Us to Get the Best Industry Perspective



NAMIC 126th Annual Conference

When: September 19–22, 2021 | **Where:** Nashville, Tennessee / Virtual
 AM Best is a supporting sponsor and exhibitor at booth 213.

Note that event details are subject to change. For the latest conference information, visit www.ambest.com/review/calendar.html.

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Our Insight, Your Advantage™



FM Global Names New President, CEO to Succeed Thomas A. Lawson, Makes Executive Appointments

Also, Westfield taps former Vantage Risk head to lead new specialty venture and Beazley names new chief operating officer.

Commercial property insurer FM Global named Malcolm C. Roberts president and also elected him to the company's board of directors. Roberts will succeed Thomas A. Lawson as chief executive officer on Jan. 1, 2022.

Formerly executive vice president, Roberts assumed the role of president on Aug. 1 and will succeed Lawson when he retires on Dec. 31 after 42 years with the company. Lawson, CEO since 2015, will remain chairman of FM Global's board of directors.

As president, Roberts, who joined FM Global in 1995, is responsible for the strategic and operational direction of the Johnston, R.I.-based company, which insures nearly \$10.2 trillion in business property in more than 130 countries, according to the company.

Bret N. Ahnell, executive vice president, was named chief operating officer and will run insurance operations globally. He previously managed staff operations, most recently FM Global's Americas operations.

Kevin S. Ingram, executive vice president and chief financial officer, was promoted to senior executive vice president and chief financial officer. He will continue to oversee all finance and risk management operations.



Malcolm Roberts

Deanna Fidler, senior vice president, chief human resources officer, was named executive vice president, chief administrative officer. Fidler will oversee human resources, diversity and inclusion, strategy and business enablement, technology, and the FM Global Academy.

Randall E. Hodge, senior vice president, chief underwriting officer, was named executive vice president, staff insurance operations. Hodge will oversee underwriting and reinsurance, engineering and research, FM Approvals, claims, client service and marketing, and data analytics.

George J. Plesce, senior vice president, chief client experience and sales officer, was promoted to executive vice president, U.S., Latin America and sales. He will oversee regional insurance and engineering operations and global business development.

James R. Galloway will head FM Global's Canada and specialty industries division while continuing as executive vice president with oversight of international operations and AFM, which provides commercial property insurance for the middle market.

—Staff Report

Acrisure Hires Global Insurance Leader as Part of Company's Tech Transformation

Acrisure has hired Grahame Millwater as head of global insurance to enable the broker's transformation into a broader fintech financial services company.

The company said it is putting in place the operational and strategic elements to align its core insurance broker business around Millwater's leadership.



Grahame Millwater

Millwater most recently served as president of Acrisure international and global markets. He joined the company in 2018 after the acquisition of Beach & Associates, a global reinsurance intermediary that he led from 2013.

In late 2020, Beach & Associates became Acrisure Re, fully representing Acrisure's reinsurance broking and corporate risk advisory division.

Before working at Beach & Associates, Millwater served in several senior positions during a 27-year tenure with Willis Group. He was CEO of Willis Re from 2004 and then became president of Willis Group in 2008 with responsibility for all the global and international businesses outside North America.

The company is preparing to enter into additional business segments following the recent announcement of a new asset management division.

Recently, Acrisure Re launched a London-based cyber division with cyberrisk model partner Kovrr to take advantage of opportunities in the hardened market. The new division, led by Tom Quy, will offer a product that merges the global insurance broker's advisory and analytical capabilities with insurtech Kovrr's "unique approach to risk modeling," according to the company.

Marsh and Guy Carpenter Announce Senior Appointments to Leadership Teams

Marsh and Guy Carpenter have announced senior appointments to their leadership teams. Marsh has named Dominic Samengo-Turner to succeed Paul Moody as chief executive officer Marsh Specialty, U.K. and Ireland, and Guy Carpenter has named Moody U.K. CEO, Guy Carpenter.



Dominic Samengo-Turner

The global head of facultative reinsurance at Guy Carpenter, Samengo-Turner will transition to his new role Sept. 1, subject to regulatory approval. He will be based in London and report to Chris Lay, CEO, Marsh, U.K. & Ireland, and Lucy Clarke, president of Marsh Specialty and global placement.

Samengo-Turner previously served as head of Marsh Specialty, Asia, after Marsh's acquisition of JLT. He has more than 35 years' experience in global and specialty markets and also spent 23 years at Willis Towers Watson in several leadership roles before joining JLT in 2015, according to a company statement.

Moody also will transition to his new role on Sept. 1, subject to regulatory approval. Based in London, he will assume responsibility for Guy Carpenter's U.K. property/casualty business. He has held his current position of CEO, Marsh Specialty, U.K. & Ireland since 2018. During his 22 years with Marsh, Moody has developed and led successful strategic growth initiatives in the U.K. financial lines and specialty divisions.

In other developments, Toby Wemyss has been named as global head of facultative reinsurance, Guy Carpenter, and will be based in London. He is expected to join the company in the fourth quarter of 2021 from Willis Towers Watson, where he has been global head of facultative for the past four years. Wemyss also has served as regional CEO of Central & Eastern Europe, Middle East and Africa and CEO of Global Markets, International for Willis Towers Watson.

Zurich Insurance Chief Investment Officer Resigns; Group Chief Platform Officer Named

Urban Angehrn, Zurich Insurance Group's chief investment officer, has resigned to head up the Swiss Financial Market Supervisory Authority, FINMA.

Angehrn has been group chief investment officer since July 2015 and a member of the group's executive committee, according to Zurich. He is slated to become FINMA's chief executive officer on Nov. 1, according to FINMA's board of directors.

Angehrn will succeed Mark Branson, who left FINMA on May 31. Jan Blöchliger is currently serving as interim CEO and will remain in the position until Oct. 31.

As a result of Angehrn's resignation, Peter Giger, currently chief risk officer and a member of Zurich's executive committee, will take on the additional responsibilities as group chief investment officer on an interim basis until a permanent successor has been identified, according to a Zurich statement.

Angehrn has worked at Zurich for more than 14 years and also serves as chairman of the board of directors of Zurich Life Insurance Co., as well as chairman of the board of trustees of the Zurich Insurance Group Pension Plan. He previously held various roles at Winterthur, Credit Suisse First Boston and JP Morgan, according to a FINMA statement.

In other Zurich news, Frank Verkerk was named group chief platform officer, a new role created to accelerate the development of digital services to meet changing customer needs.

Verkerk transitioned to his role on Aug. 16 and will work closely with Zurich's global business platforms business unit, under the leadership of Jack Howell, to speed up development of digital and modular services. Verkerk will focus on enabling open platforms with third parties for Zurich businesses to quickly develop and integrate next-generation insurance-as-a-service solutions. He will be based in Zurich, according to a company statement.

Verkerk joins Zurich from ABN Amro, where he was the chief digital officer responsible for digital transformation.



Urban Angehrn



Frank Verkerk

AIG Executive to Head Up New Cyberrisk Company CyberAcuView

Mark Camillo was appointed chief executive officer of CyberAcuView, a new company formed by a group of cyber insurers with an eye on enhancing cyber risk mitigation efforts in the insurance industry.

Camillo most recently served as head of cyber, Europe, Middle East and Africa for American International Group Inc.

AIG, Axis Capital, Beazley, Chubb, Hartford, Liberty Mutual and Travelers are among the cyber insurance underwriters sponsoring and supporting CyberAcuView, the new company said in a statement.

Founding members will provide industry best practices to improve resilience to cyber risk; engage with regulators, law enforcement and other security agencies to counter cybercrime and the rapid rise of ransomware; develop systemic risk solutions and advance cyber policy language to improve market efficiencies; and analyze cyber trends to provide enhanced visibility on cyberattacks and the causes of loss to allow insurers to identify critical controls and educate policyholders on loss prevention strategies.

Also part of the CyberAcuView leadership team are Monica Lindeen, former Montana insurance commissioner and past president of the National Association of Insurance Commissioners, as director of regulatory affairs; and James Schweitzer, a veteran of the Federal Bureau of Investigation and former chief operating officer of the National Insurance Crime Bureau, as director of law enforcement engagement.

Legal & General America Hires Deputy CEO

Legal & General America has hired a deputy chief executive officer to coordinate all aspects of the business's digital transformation as the company seeks growth opportunities in the U.S. market.

Thomas Olunloyo, who joined LGA on July 1, will be a key member of the executive leadership team and lead the strategic direction and management of the business with emphasis on information



Mark Camillo

technology, marketing, operations and underwriting and actuarial work, LGA said in a statement.

Olunloyo has been CEO of Legal & General Reinsurance since 2017, and before that was chief actuary and chief investment officer beginning in 2014.

He led L&G Reinsurance's development into new markets and new technologies, including spearheading the L&G Group's first Pension Risk Transfer transaction in Canada and embracing the use of blockchain and automation for the PRT business, the company said.

Westfield Taps Former Vantage Risk CEO to Head New Specialty Insurance Business

Westfield, a super-regional property/casualty insurance company with a 173-year history, is entering the specialty insurance business with the launch of Westfield Specialty and has appointed insurance industry veteran Jack Kuhn as president.

On July 2, Kuhn stepped down as chief executive officer of the insurance division at reinsurance startup Vantage Risk Ltd., which he joined in November 2020.

Before that, Kuhn served as Sompo International global CEO for about two years, joining Sompo in April 2017 after serving five years as global insurance CEO for Endurance Specialty Holdings Ltd., according to his LinkedIn profile.



Jack Kuhn

Beazley Names Chief Operating Officer

Beazley named Troy Dehmann as chief operating officer and a member of the company's executive committee.

He succeeds Ian Fantozzi, who was appointed to lead Beazley's recently established digital business unit, the company said in a statement.

Dehmann has more than 20 years of leadership experience in finance, operations and business transformation within the financial services sector. Most recently he was global COO for finance operations and core finance at HSBC.

Dehmann spent almost seven years at HSBC in London, with roles also including global COO of business finance and global head of cost management.



Troy Dehmann



Thomas Olunloyo

Aspen Insurance Holdings Names Group Chief Investment Officer

Aspen Insurance Holdings Ltd. has named Aileen Mathieson to succeed Bryan Astwood as group chief investment officer, effective Nov. 15.

Mathieson will be based in London and will join the group executive committee.



Aileen Mathieson

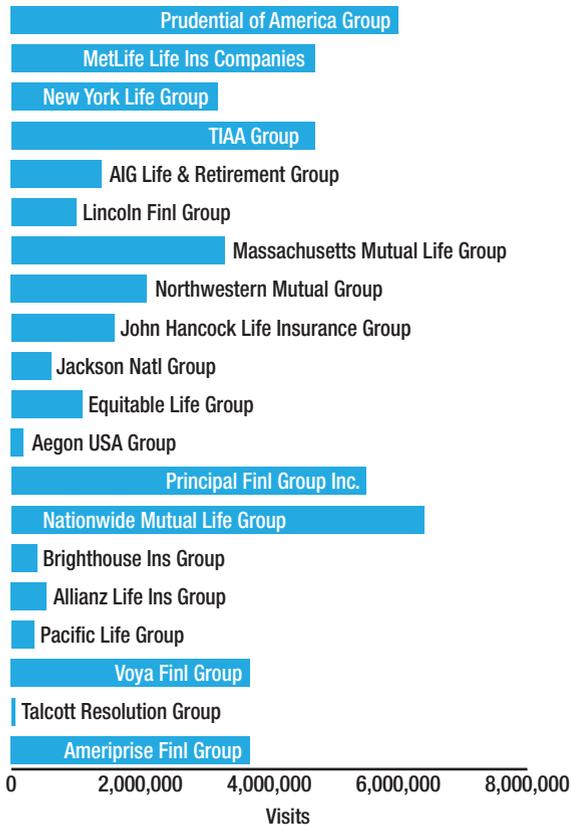
Astwood, who is retiring, will continue to work as an adviser to Mark Cloutier, group executive chairman and chief executive officer, and he will remain a director of Aspen Bermuda Ltd., according to a company statement.

Mathieson has more than 15 years of investment and financial experience and joins Aspen from Aberdeen Standard Investments, where she was global head of insurance. Before this, she was CIO, U.K. life for Zurich and during her career also held senior finance roles at Nucleus Financial Group plc, Standard Life Group, Diageo plc and EMI Music, according to the company. **BR**

Web Traffic: Visits to Top US Life/Health Insurers

Home Sweet Homepage:

Web analytics provider Semrush's ranking of home page visits of the Top U.S. Life/Health Insurers based on admitted assets.



Source: www.semrush.com
Reported traffic for July 2021.

What Readers Say

Cryptocurrency Feedback

Reader responses to The Question posed in the July issue of *Best's Review* concerning the future of cryptocurrencies in the insurance industry.

To the Editor:

I believe that cryptocurrency will have a future in the insurance industry. At the basic level, I think that insurers should be considering accepting payment of premiums via cryptocurrencies such as Bitcoin, Litecoin, or stable coins such as USDT.

Cryptocurrency has the ability to dramatically increase the velocity of money throughout the entire financial system. At a higher level, there will be tremendous opportunities to leverage decentralized finance for the insurance industry. However, regulatory constraints will always be an impediment to truly leverage the potential of cryptocurrencies.

Sincerely,

William D. Kelso, CPCU

President and CEO
Specialty Risk of America
Springfield, Illinois

To the Editor:

I think it [cryptocurrency] will fade out, even with the large banks backing it. Too many ways to manipulate the value.

Randall S. Close, CIC

Principal
Wise Insurance Agency
Somerset, Pennsylvania

Masthead: Forestay

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Sponsorship Deal With PGA Continues; Insurance Advertisers' Overall Spend Dipped Slightly in 2020

American Family Insurance extends its PGA Tour tournament sponsorship, and sectors like life insurance saw a drop in advertising spending last year during the pandemic while auto insurers slightly increased their spend.

Seven More Years

AMERICAN FAMILY INSURANCE has extended its title sponsorship of the American Family Insurance Championship tournament—one of the premier events on the PGA Tour Champions schedule—through 2027.

Also during that time, the Steve Stricker American Family Insurance Foundation will remain as the host organization of the event. The foundation was established in 2013 to support charities, educational initiatives and organizations aimed at building strong families and healthy kids and empowering them to chase and achieve their dreams.

The championship began in 2016 and is played annually in Madison, Wisconsin. Since its inception, the tournament and associated events held in Madison in



conjunction with the event, including a concert and a charity run, have raised \$10.2 million for the American Family Insurance Children's Hospital and hundreds of other nonprofit organizations.

COVID'S Impact on Advertising Spend

COVID-19 has caused a considerable drop in advertising spending across many nations and industries. But while it's difficult to determine the overall impact the pandemic has had on insurers' advertising spend, the industry across several major lines of business saw only a slight decrease in overall spend last year to \$4.6 billion from \$4.7 billion in 2019, according to media intelligence firm Kantar Media.

Advertising spend among life insurers in 2020 dropped to \$163 million from \$216 million the prior year, and those in the homeowners and personal property space also spent fewer dollars on advertising, from \$626 million in 2019 to \$429 million last year, Kantar reports. But insurers in the medical and dental insurance sector held their spending relatively steady at \$1.17 billion from \$1.16 billion in 2019, and those in the auto insurance sector slightly increased their spend from \$2.7 billion in 2019 to slightly more than \$2.8 billion last year, according to Kantar.

This year, Geico, which once again leads the pack of auto insurance advertisers, has during this year's first quarter already spent more than one-third (\$300 million) of the \$848



million total spent on advertising last year. McKinney, Texas-based Globe Life, however, has already surpassed last year's ad spend at nearly \$12 million from \$10 million spent over 12 months last year, according to Kantar.

Despite a slight overall decline in advertising spending last year in industries like insurance, this year global advertising sales across various sectors are projected to rise 14% to \$657 billion, according to media investment and intelligence firm Magna. In the U.S. alone, advertising spending, Magna projects, could reach a new all-time high of \$259 billion, up 12.5% from 2020. **BR**

Lori Chordas is a senior associate editor. She can be reached at lori.chordas@ambest.com.

UK Treasury, Lloyd's Team Up on Reinsurance Scheme

The scheme covers costs incurred if lockdowns are reimposed that cause the cancellation of a live event.

by David Pilla

The U.K. government announced a £750 million (\$1.04 billion) live events insurance scheme in partnership with Lloyd's underwriters to boost the live events industry in the country in the wake of COVID-19 restrictions.

The government partnered with Lloyd's on a "Live Events Reinsurance Scheme" as part of the U.K. Treasury's "Plan for Jobs," Treasury said in a statement. Under the scheme, the government will act as a reinsurer.

The pandemic is not over, but Treasury said that with a sufficiently high proportion of the population vaccinated, "the country can learn to live

"The events sector supports hundreds of thousands of jobs across the country, and I know organizers are raring to go now that restrictions have been lifted."

Rishi Sunak
Chancellor of the
Exchequer

with COVID-19 without the need for the strict economic and social restrictions." Treasury said the events scheme, which will support live events across the United Kingdom that are open to the public, will cover costs incurred if government COVID-19 restrictions such as the reimposition of national or sectoral lockdowns cause the cancellation of an event.

According to Treasury, the live events sector is worth more than £70 billion annually to the economy and supports more than 700,000 jobs, including small businesses and the self-employed.

The scheme was launched in partnership with Lloyd's and the government "following intensive discussions" with the government and leading Lloyd's contingency underwriters, the Lloyd's Market Association said in a statement.

Participating syndicates include Arch, Beazley, Dale Underwriting Partners, Hiscox and Munich Re. The scheme, slated to run from September

2021 to September 2022, will support live events across the United Kingdom for which the public can purchase tickets, such as music festivals and business events, the LMA said.

"The launch of this scheme highlights the significant strengths and willingness of the Lloyd's market to find innovative solutions to its customers' needs," said Patrick Davison, underwriting director, LMA, in a statement. "Supported by the LMA, it is the culmination of a significant intellectual and financial investment by managing agents."

"The events sector supports hundreds of thousands of jobs across the country, and I know organizers are raring to go now that restrictions have been lifted," said Chancellor of the Exchequer Rishi Sunak in a statement.

He said the lack of the right kind of insurance "is proving a problem, so as the economy reopens I want to do everything I can to help events providers and small businesses plan with confidence right through to next year."

BR

David Pilla is news editor. He can be reached at david.pilla@ambest.com.

Regulatory Update

Workers' comp ruling and China extends agreement.

Workers' Comp:

A federal appeals court has ruled that the Texas Division of Workers' Compensation may not enforce a law capping fees charged by air ambulance companies transporting injured workers.

The panel decision by the 5th Circuit Court of Appeals is the third appellate court to rule that the federal Airline Deregulation Act prevents the states from imposing workers' compensation price regulations on interstate air carriers. The latest ruling notes that the Fourth and 10th circuit courts also decided that the federal act preempts state workers' compensation regulation of prices.

Hong Kong: China's insurance regulator extended its preferential treatment for the Hong Kong insurance industry for another year. The China Banking and Insurance Regulatory Commission extended the preferential treatment under the China Risk Oriented Solvency System to June 30, 2022, allowing the capital requirements of mainland Chinese insurers ceding businesses to qualified Hong Kong reinsurers to be lowered continuously, the Hong Kong Insurance Authority said in a statement.

The move helps to enhance cross-border financial connectivity and active participation and support of Hong Kong in both China's Belt and Road Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area development, strengthening Hong Kong's advantages as a regional insurance hub and promoting diversified socio-economic development, the HKIA said.

The Evolution of Work: Our Post-Pandemic Return to the Office

Employees want flexibility, but insurance is a relationship business. As the world returns to a new normal, companies that don't prioritize relationships will be at a competitive disadvantage.

By **Tony Kuczinski**

The world is opening back up and businesses are announcing plans for employees to return to the office. Some companies are resuming a traditional schedule of five days in the office, others are implementing hybrid solutions, and still very few others are shifting to a fully remote workforce. While I see headlines referring to this as a post-pandemic work revolution, I consider it the start of a new way of working evolution, one which will continue for years to come.

While the same unfortunately cannot be said for many small-business owners worldwide, many insurance industry leaders shared my experience during the pandemic: watching with pride as their workforce discovered innovative ways to operate in a virtual environment. With the right people and technology, we were able to conduct most aspects of the insurance and reinsurance processes—from sales and underwriting to claims handling and settlement—on a remote basis.



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Companies were successful, thanks to the strong relationships that existed before the pandemic. The trust and mutual respect, built up over the years, played a role in our ability to adapt to remote work.

Nevertheless, insurance is a relationship business, and we have all felt a lack of human connection during the past year and a half. We had no choice during the pandemic, but as the world returns to a new normal, companies that don't prioritize relationships will be at a competitive disadvantage.

I'm referring not only to relationships with clients, which are at the heart of what we do, but also to face-to-face interaction with colleagues, managers and mentors. These co-worker relationships are key to developing talent in our industry, as early career professionals gain insight and expertise from more experienced colleagues, akin to an apprenticeship model.



Simply put, part of the learning comes from working with others. This is just one of the reasons a primarily remote workforce is likely not a successful long-term solution for our industry.

I've heard theories that companies want employees back in the office so they can be closely supervised. From my perspective, this is categorically untrue. I believe strong leaders support returning to the office not because they don't trust employees to work remotely, but rather because of the magic that happens when human beings interact—the collaboration, the education, the mentoring, the spontaneous discussions that lead to innovative solutions.

At the same time, we've learned a great deal since the beginning of the pandemic and two points have become clear: Employees want flexibility to manage their lives, and they are

able to accomplish many tasks just as well while working remotely. In some cases, they can be even more effective out of the office, especially when tackling individual projects that require quiet and concentration.

What is the solution? Like many other companies, we are initiating a hybrid approach to meet our objective: to become even more successful by balancing employee flexibility with business needs. Each company must select the model that best supports its goals.

There will be challenges as we launch a hybrid workforce, some we have anticipated and others that will become apparent once businesses begin operating in this new way. We need to evaluate, reassess and adjust, while keeping our business objectives and customers top-of-mind. The evolution of the new way of working is just beginning. **BR**

Health Apps Must Focus on Immediate Desires (Put Down the Doughnut)

Human motivation should be at the heart of digital wellness design.

By **Leigh Allen, Peter Hovard and Carmela Tedesco**

Insurers are no longer just talking about wellness; they're investing in programs, technologies and tools designed to help more people live longer, healthier lives. Yet, as with any effort designed to influence human behavior, wellness initiatives can force insurers to weigh complex trade-offs. Recent research by Reinsurance Group of America offers a window into how wellness programs and products can use the power of our human tendency for short-term thinking to achieve long-term priorities.

Digital health and wellness application options are readily available to consumers. As of 2020, over 400,000 health apps have been available for download from app stores, according to Imaginovation. Clearly, product designers see the potential of digital solutions to address



Allen **Hovard** **Tedesco**

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health challenges, and life and health insurers are integrating wellness services into product offerings more than ever. RGA surveyed 107 global carriers to reveal wellness is a significant industry focus, with 85% of respondents noting that implementing wellness is a priority.

According to the survey results, more than half of respondents are currently providing wellness offerings, including wellness products linked to insurance products (71%), wellness enablers or digital tools and apps (67%) and mental health support (54%). When asked what strategies were driving this interest, respondents said improving underwriting was not a major motivating factor. Rather than focus on the use of data from wellness devices to better assess risk, respondents are embracing wellness as a path to improve the health and well-being of existing policyholders



and, in doing so, to enhance brand loyalty.

Insurers' focus on in-force management makes sense, yet success relies on the far less straightforward task of altering human behavior. While, in theory, healthy activity should always be a top priority, often people knowingly exhibit unhealthy behaviors, from neglecting to exercise to adopting bad dietary habits. Behavioral studies suggest that a number of biases and influences can cause an individual's priorities to waver from moment to moment, and this changeability should be a consideration when designing and marketing wellness products. Often, people are driven less by long-term goals, such as better health, than by more immediate, hedonistic, and socially relevant goals.

It's easy for wellness product and app designers to target users' long-term health needs while staying blind to the short-term motivations that

often drive behavior. That's why insurers surveyed reported pursuing a variety of techniques, such as personalization (60%), rewards (54%), predictive technology (48%), and gamification (46%), to keep each policyholder focused on their wellness goals. Evidence suggests that making these targets more immediately gratifying and achievable could prove particularly effective when driving behavior change. Beyond smart digital design, wellness programs and products need propositions and marketing strategies that appeal to short-termism to ensure consumer engagement.

Understanding how motivations and goals change and tailoring communications accordingly will help insurers to drive widespread adoption of app-driven wellness programs within their portfolios. The technology is not the motivation; the technology supports the motivational approach. **BR**



BIG WIN

The Billion-Dollar Question: What's the Allure of Investing in Insurtechs?

The scale of the insurance industry plus its lack of technological sophistication have venture capitalists eyeing insurtechs.

by Caribou Honig

Insurtech. It's a term that barely existed five years ago even though technology has always played some role in insurance. The word evokes a multitude of visceral responses, ranging from disdain to excitement, from industry executives.

Best's Review contributor **Caribou Honig** is chairman and co-founder of InsureTech Connect, as well as a partner at SemperVirens Venture Capital. He can be reached at bestreviewcomment@ambest.com.



Yet, as indicated by reports from Willis Towers Watson and others, venture capital has flocked to the category at an almost inexplicable pace.

Why? What justifies the accelerating pace of funding? What might be the logic of investors wiring literally billions of dollars into these startups? The answers might indicate not just the future of insurtech, but also hint at the future of insurance.

As with most topics, it's helpful to start by following the money. Specifically, consider how venture capitalists construct a portfolio of

investments and what they expect from those startups, or what is often called “VC math.” As a venture-stage investor, the goal is to deliver five times the returns on the money entrusted to me, within 10 years or so. That’s five times overall, not five times on each investment.

Success in venture capital hinges on asymmetric risk. When I write a check, I expect one-third of the investments will crater—a total write-off. Another one-third will be mediocre, returning the principal or a bit more. Success of the fund will depend on a handful of winners in the portfolio. The operative question is not how many losers I have; rather, it’s all a function of the magnitude of my winners. If I have a few investments that deliver 50 times, my losing bets will be forgiven and forgotten.

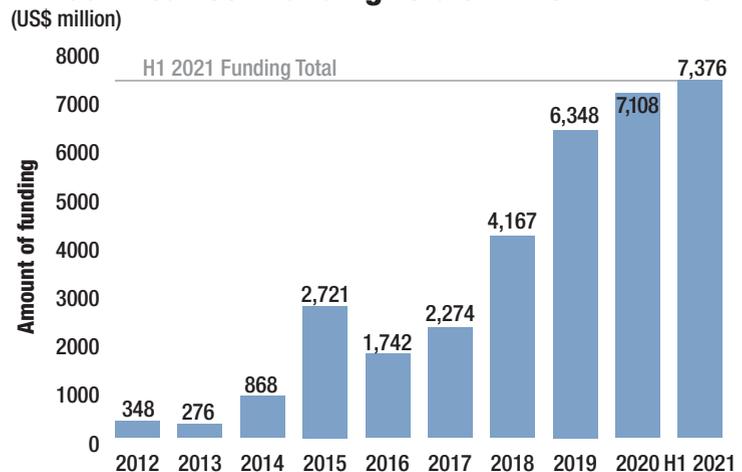
Considered in light of all the venture capital pouring into insurtech, the implication is clear: Venture capitalists must believe there are opportunities to get 50 times if they invest in the right insurtech startup.

Here’s why: Venture capitalists salivate when they see a huge market. In the spirit of not preaching to the choir, everyone reading *Best’s Review* is aware of the scale of our industry. Insurance is crucial to a well-functioning economy in developed countries, and emerging markets present almost unlimited growth opportunities. Startups don’t need to dominate an insurance category to deliver a huge win. Capturing even 1% market share can easily justify multibillion-dollar outcomes.

Venture capitalists also salivate when technology has yet to be deployed. The internet has been a catalyst for change in many white-collar industries such as banking, media and travel. Insurance lagged. Since then, we have seen a long list of additional, foundational technologies come to pass, including satellite data, smartphones, a mature cloud infrastructure, and breakthroughs in machine intelligence, to name just a few. These present the opportunity to deliver enormous value for startups and incumbents alike.

In fact, there are two types of startups to unlock this potential. Business-to-business startups sell solutions to deploy basic technology for the

Annual Insurtech Funding Totals — 2012 - H1 2021



Source: © (2021) Willis Towers Watson. Used with permission.

benefit of existing brokers and carriers. Compare that to customer-facing startups, which build upon those technologies to compete head-to-head against incumbents. Many venture capitalists orient to one type of startup or the other, but they share the common thesis that the insurance industry as a whole will derive huge benefits from technology.

They also like to identify vulnerable incumbents. No doubt this will stir some controversy. While there is room for honest debate, many in the venture community do see insurance as an industry full of vulnerable incumbents. Much of that arises from the lack of widespread technology adoption mentioned above, and an over-reliance on legacy technology. Many see an even bigger opening as the natural result of legacy culture: Successful companies often struggle to anticipate and adapt to competition from new entrants ... until it’s too late.

Consider the current environment—a huge market plus pent-up technology plus a belief that incumbents will be slow to respond. Taken together, these create the conditions to support the 50 times outcomes required by VC math. With big exits across the category recently, many venture capitalists who placed early insurtech bets saw their conviction affirmed and well rewarded.

Success begets success, and in the venture world, big exits drive a positive-feedback cycle. With ever more funding for these startups available, insurtech has established itself as a mainstream venture category. As it fulfills its promise, we will see innovation further accelerate to the benefit of both the insured and the industry itself. **BR**



NAMIC's New President-CEO Embarks on a Mission 'to Be the Voice of the Mutual Industry'

Neil Alldredge talks to AM Best TV about the organization's future post-COVID and how mutuals' unique business model serves them well.

by John Weber

Mutuals must grapple with the partisan political environment, the uncertainty of the economy and a challenging regulatory environment, said Neil

John Weber is a senior associate editor. He can be reached at john.weber@ambest.com.

Alldredge, president and chief executive officer of the National Association of Mutual Insurance Companies.

Alldredge has a long and varied career with NAMIC. He joined the association in 1999, leading its state legislative, regulatory, and international advocacy efforts for 17 years.

In 2017, he was named senior vice president of corporate affairs where he led NAMIC's membership retention and recruitment events and education, public affairs, compliance, and marketing and technology initiatives.

Following is an edited transcript of the interview with AM Best TV.

You've been with NAMIC for over 20 years, which means you really know mutuals from the inside out. I can't imagine that there's a whole lot of ramp-up for you in this position.

There's always things to learn, for sure. NAMIC, for the size of the trade association ... we have a \$25 million-ish budget overall. We're fairly diverse for our size including our own insurance company, NAMICO, which insures and sells professional liability insurance coverage to our member companies. I'll be the chair of the board of that insurance company.

I've got some stuff to learn on that end of things. Certainly, the nuts and bolts of NAMIC, the advocacy side, the public affairs side, the services we provide member companies I'm pretty familiar with after being here for 20 years. As always, in this role, there's things to learn. I'm looking forward to it.

You're taking over NAMIC at a pretty unique time just as we seem to be coming out of a pandemic. How much of an impact did this past year and a half have on mutuals and on NAMIC?

It's something I don't think any of us ever thought we would have to guide an organization through. It had an impact on us at NAMIC in terms of our operations. We do a lot of in-person education events for member companies, an annual convention that you've been to, and several others throughout the year. We had to pivot all of those to virtual.

Now we're bringing them back. Our management conference and CEO roundtable event was actually in-person in late June at The

Greenbrier. Someone told me that they believe it was the first in-person insurance event in the world. That may be the case.

It was great to see everybody. There was definitely enthusiasm. Unwinding all of those things and then putting them all back together again here has been a challenge.

Certainly, there's a great story to tell here when it comes to the mutual insurance industry. You and I talked maybe a year ago or so about the shift that a lot of companies did, for instance, to remote work.

Many people have this view of the mutual industry that it's this sleepy corner of the industry. It's been around forever and ever,

in some cases 150 or 200 years. The companies aren't necessarily on the forefront of change in everybody's mind.

The pandemic has shown that the mutuals pivoted to this remote work seamlessly. They continued to serve their policyholders and provide the coverage that they needed. That's their only mission. That's the reason why they exist. It gives them a clarity of purpose.

That remote work pivot was something. If you would have lined up many of the analysts of the industry and said, "How do you

think the mutual sector is going to do in six months if we have to send everybody home and work from home for a year?" I doubt many would tell you that it would have been a good experience.

The reality of that has proven just the opposite. It's shown that these companies are nimble, or they're agile. They can serve their mission. They can move at the speed they need to to serve their customers. It's really been great to see.

From that perspective, it's a challenge, for certain. But it's something that they're built to last. They've been through Great Depressions and world wars and all of those things. They really are

"My vision for this organization is to innovate. We need to invest in some new technology ourselves but also to keep doing what we're doing and to make the organization seem familiar."

Neil Alldredge
National Association of Mutual Insurance Companies

durable entities, and they're really meant to serve their policyholders.

That being the case, do you think mutuals may actually somehow be uniquely positioned in a way that their stock brethren are not as we emerge from all this chaos of the past year and a half?

Certainly, their financial strength has helped them. Their balance sheets are very strong. Eighty-five percent of the mutual industry has been around for over 100 years. That durability, that strength has really served them well right now. They can take the long-term view. They don't have to recover in a quarter, the way a stock insurer may from a stock-price perspective.

They can take the steps they need to recover. That's truly a strength of this structure that has been around forever and doesn't get a lot of attention, but it really works in this context.

You used the word "challenge" a couple of times. What are the challenges mutuals face in this new economic environment that we're in?

There are several. We've got the challenges of just the economy itself, broadly speaking, and the uncertainty that still exists there. It's a challenging regulatory environment right now. The insurers are facing a host of issues. We advocate for them every day in the halls of Congress or in the state Capitols.

Recently, there was a federal court hearing on the HUD rule [the Implementation of the Fair Housing Act's Discriminatory Effects Standard], the rule that we're challenging and have been challenging for, it seems like, a decade now.

There were also two hearings in the U.S. Senate banking committee. That's just a normal week. [In July and August] there was also an NCOIL meeting and the NAIC meeting. There's always a set of issues.

Right now, the political environment—it's so partisan and so challenging to operate in that it creates new problems for the industry, it seems like, every week. That's really what our mission is here at NAMIC and it's what we're here to do, is to represent the interests of our member companies in those bodies.

What are your plans and vision for NAMIC as you take the reins of the organization?

This organization, like I said, it's a great place. It's full of wonderful members. We've grown a lot in the last 15 years. In the last five years alone, we've added over 100 new member companies. We're up to over 1,500 companies that are members of NAMIC.

In the personal lines market, for instance, NAMIC members underwrite 65% of the auto market and a little over half of the homeowners market. Those are also the areas where there are lots of challenges. Those areas are the ones that generate controversy, generally speaking, in legislative bodies.

My vision for NAMIC is to not just continue to grow—we will do that, we will find new ways to serve member companies—but really to grow into ourselves and be the voice of the mutual industry wherever that needs to happen, whether that's in Washington, whether that's in the halls of the state capitols, internationally, wherever it may be.

NAMIC is the voice of the mutual industry. My vision for this organization is to innovate. We need to invest in some new technology ourselves but also to keep doing what we're doing and to make the organization seem familiar.

Our biggest challenge is we've got to reconnect our member companies to the organization as well. Just as we've all been separated, the companies have been separated from their association. That's one of our top priorities—to accomplish that goal to reconnect the staff. We've been working remotely ourselves.

We're going to reconnect everybody here shortly and the same thing with member companies. I look for NAMIC to continue to grow, continue to be a voice of the mutual industry, and to continue to be the organization that everybody knows so well. **BR**

AM Best TV



Go to www.bestreview.com to watch the interview with Neil Alldredge.

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Best's Rankings**Largest 25 U.S. Mutual Life Insurers 2020**

Ranked by gross premiums written.

(US\$ thousands)

Rank	AMB#	Company	Gross Premiums Written	Capital & Surplus
1	069714	New York Life Group	\$38,644,111	\$19,610,021
2	069702	Massachusetts Mutual Life Group	38,426,441	27,224,605
3	069515	Northwestern Mutual Group	20,928,587	24,966,719
4	070822	Nationwide Mutual Life Group	17,809,850	9,162,992
5	069720	Pacific Life Group	13,414,114	11,364,193
6	070203	Mutual of Omaha Group	11,362,863	3,623,453
7	069685	Guardian Life Group	10,397,785	7,759,742
8	069565	Securian Financial Insurance Group	10,253,565	3,363,606
9	070262	CMFG Life Group	5,932,651	2,175,025
10	069754	Western & Southern Financial Group	5,730,823	5,533,712
11	070399	OneAmerica Group	5,603,214	1,910,751
12	070126	State Farm Life Group	5,485,479	13,751,506
13	069722	Penn Mutual Group	3,935,239	2,261,031
14	069790	Ameritas Life Group	3,615,329	1,750,687
15	069953	National Life Group	3,486,343	2,566,830
16	070031	Blue Cross & Blue Shield of KS Group	2,459,876	898,583
17	008851	Mutual of America Life Insurance Company	2,262,975	729,894
18	069717	Ohio National Life Group	1,535,355	1,064,507
19	070369	American Enterprise Group	1,171,153	616,093
20	070446	Companion Life Insurance Group	961,821	341,736
21	070358	NGL Insurance Group	946,086	430,969
22	069724	Physicians Mutual Group	857,674	1,102,074
23	070125	Sentry Life Insurance Group	728,819	371,449
24	069617	Pan-American Life Ins Group	666,328	422,573
25	069845	Trustmark Insurance Group	513,858	488,115

Source: **Best's Rankings****Largest 25 U.S. Mutual Property/Casualty Insurers 2020**

Ranked by gross premiums written.

(US\$ thousands)

Rank	AMB#	Company	Gross Premiums Written	Capital & Surplus
1	000060	Liberty Mutual Insurance Companies	\$90,439,533	\$22,840,960
2	000088	State Farm Group	69,004,720	126,077,124
3	005987	Nationwide Group	43,051,314	16,484,284
4	000124	American Family Insurance Group	22,436,091	7,489,004
5	004354	Auto-Owners Insurance Group	10,166,292	13,781,333
6	018502	FM Global Group	6,970,256	15,358,701
7	000086	Sentry Insurance Group	6,358,940	6,533,441
8	000856	State Auto Insurance Companies	5,454,565	1,209,838
9	000730	Westfield Group	5,040,754	2,708,457
10	000302	COUNTRY Financial Property Casualty Grp	3,576,065	3,100,883
11	018236	Encova Mutual Insurance Group	2,756,722	1,767,625
12	000106	Alfa Insurance Group	2,717,417	1,245,740
13	000346	EMC Insurance Companies	2,652,872	1,565,523
14	004284	Federated Mutual Group	2,551,404	3,975,186
15	018522	Amica Mutual Group	2,395,801	3,007,564
16	004202	Utica National Insurance Group	2,385,833	1,256,682
17	018754	Texas Farm Bureau Group	2,336,465	1,083,791
18	003917	Grange Insurance Pool	2,335,222	1,570,494
19	018154	Tennessee Farmers Insurance Companies	2,222,976	3,238,591
20	000598	Shelter Insurance Companies	2,050,502	2,171,789
21	003168	Donegal Insurance Group	1,901,462	563,298
22	000468	Acuity, A Mutual Insurance Company	1,780,920	2,645,582
23	004233	Farm Bureau Property & Casualty Group	1,729,929	1,783,816
24	004029	State Insurance Fund WC Fund	1,610,727	8,953,538
25	000964	West Bend Mutual Insurance Company	1,457,922	1,400,516

Source: 

BEST'S REVIEW® ISSUES & ANSWERS:

- Mutual Success
- Surplus Lines
- Insurtechs

Industry experts discuss the importance of building relationships with agency partners; an update on the E&S market and how striking a balance between human insights and technology improves the claims process for the customer.

Interviewed Inside:



David Nelson
Nationwide E&S/Specialty



Davis Moore
WSIA



Simon Oddy
Baker Tilly



Bernard Regan
Baker Tilly

PASSIONATE & SINCERE

Randi Last

Burns & Wilcox

Las Vegas, NV

Agent since 2018



**Meet Business Partner ID #2691.
Or as we call her, Randi.**

“Everyone needs a fairy godmother,” Randi says. For her, that includes playing the part at volunteer events for children. “I’m just there to make them smile.” At Nationwide, that’s how we feel about our partners. In putting the best of E&S together, it’s like we have our own magic wand.

Hear more of Randi’s real-life fairy tales and how we are **PASSIONATE & SINCERE** about making E&S wishes come true at nationwide.com/best

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Mutually Successful Partnerships

David Nelson, Senior Vice President, Contract Underwriting for Nationwide E&S/Specialty, said establishing deep relationships with agency partners are the cornerstone of the industry. “The connections and relationships built at the underwriting level are the backbone of Nationwide E&S,” he said. Following are excerpts of an interview.



David Nelson

Senior Vice President, Contract Underwriting
Nationwide E&S/Specialty



“Our strong relationships with partners are a key differentiator in the marketplace. Ultimately, this is a people business, and those relationships drive our mutual success.”

What does mutual success look like for a carrier focused on E&S and specialty markets?

More than anything, mutual success is based on trust in the partnership. It's important for us to have the open communication and partnership in the relationship where feedback can be shared directly and we can learn from one another. With our distribution partners, there needs to be an ability to identify future market trends and unmet needs so we both can be prepared for what's coming. Our joint capabilities and capacity as carriers and agents are critical to remain viable to each other and to our insured. Ultimately, this yields success.

With increased M&A activity in distribution, how does mutual success play out?

M&A is an active component in our industry and will likely continue to be going forward. We need to make sure we're providing dynamic engagement with all sizes and scopes of agents to remain viable to a distribution channel with widening gaps of their operational models. One of the ways this plays out is through technology and our ability to transact business in a systematic manner, enabling ease, speed, and efficiency. Once an M&A is announced, as a partner we believe our ability to seamlessly participate in integrations is a value add.

What is the importance of focusing on underwriting profitability, and how can a carrier help distribution partners be mutually successful while managing profitability?

First and foremost, we have to remain vigilant in underwriting, matching price to risk appropriately. We need to continue to leverage all that data and analytics has to offer, using predictive tools to help our partners and underwriters continue to drive profitable retention. Further, we need to drive price adequacy by utilizing insights from advanced analytics, by actuarial work on loss cost modeling, and by sophisticated risk selection and modeling techniques. At the end of the day, if underwriting profitability doesn't exist, we likely don't have a mutually successful partnership.

How would you define Nationwide E&S/Specialty's approach to top-notch service for partners? How are you working to add value for partners to achieve mutual success?

We define the optimal customer experience when an agency partner feels that their success and satisfaction is the No. 1 priority when interacting with us. This entails many aspects of the interactions, including proactive partnership management, customer engagement, the will and desire to creatively find solutions for the agency's account issues, and the focus on collaborative, constructive, and frictionless interactions. We are heavily investing in analytical tools and resources while we're leveraging 38 years of E&S-specific data to gain insights and to differentiate our engagement with our partners. Additionally, we're investing in specialized talent and expertise throughout the value chain. Most importantly, we continue to invest in priorities that create value for our distribution partners and drive mutual success.



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E&S Continues to Grow

Davis Moore, Vice Chairman, Brokerage, Amwins and President of WSIA, said surplus line carriers continue to maintain a higher proportion of secure financial ratings than the overall property and casualty market, with 100% of surplus line companies maintaining AM Best's secure ratings, and no financial impairment through midyear 2020. Following are excerpts of an interview.



Davis Moore

Vice Chairman, Brokerage, Amwins
President, WSIA



“The wholesale and specialty market is healthy, vibrant and growing, and will continue to provide value to our trading partners.”

Go to the Issues & Answers section at www.bestreview.com to watch an interview with Davis Moore.

What is the outlook for the wholesale specialty and surplus lines market and WSIA members?

The wholesale specialty and surplus line segment is performing really well, and indicators are good for continued growth after challenging years in 2017 and '18. In 2019, our insurance carriers began taking corrective rate actions, and that gained traction into 2020. A 2021 major update from the 15 states with stamping offices reports the total surplus lines premium reported for those offices during the first half of the year was \$24 billion, which is an increase of nearly 22% over the first half of the prior year. That total was comprised of 2.6 million total filings, which is also up 7.2% over the same period last year. Our market is at a record level of premium. AM Best's 2020 Special Report found that surplus lines insurers' market share has more than doubled in the last 20 years. Now it's 7.8% of total property and casualty premiums, and surplus line accounts for just over 16% of commercial lines premium currently. We experienced growth of 12.8% surplus lines premium in 2019 that totaled \$56.3 billion in surplus lines premium.

How do emerging risks impact the specialty and surplus lines industry?

Emerging and complex risks are often not well covered or eligible for the standard market, making them good opportunities for WSIA members. The wholesale specialty and specialty market serves as an innovator for new and emerging risks, and our members are well trained to be creative and adaptive. The world is changing and becoming more risky as a result of trends we're seeing from increased frequency and severity of weather events and other factors such as social inflation, and nuclear verdicts. Cyberrisk is an excellent real-time example. Expertise is absolutely critical, and specialty coverage is necessary for cyber coverage. Now, with a significant increase in cyber and ransomware threats resulting in surging claims, it's a very challenging line of business that WSIA members are well positioned to manage. The E&S market will continue to be responsive and provide much needed capacity and specialty coverage for these types of exposures.

What value does wholesale distribution deliver to the retail agent and the insured?

We provide tremendous value. Retail agents and insureds can look to WSIA member wholesale brokers for our expertise, access to markets, capacity that our carriers provide, and relationships that we've spent developing and maintaining over the past several years. We're able to provide creative solutions for virtually all types of complex risks, and perhaps as importantly, we're often able to tailor or customize coverage that's not otherwise available to our customers in the standard market. Also, like many other industries, expectations have risen. Our retail trading partners want us not just to assist with a transaction, but also to provide market intelligence well in advance of a transaction so that they can better manage the expectations of their clients. That's particularly important in a transitional market like the one we're operating in today. I think it's important to point out that there's no additional cost associated with seeking a wholesale quote. A 2016 Conning Inc. analysis concluded that wholesale distribution does not increase the cost of a transaction to the insured.



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The Human Touch

Simon Oddy and Bernard Regan of leading advisory CPA firm Baker Tilly discuss striking the balance between human insights and technology to improve the commercial insurance claims process for the customer.



How would you describe the commercial insurance industry's relationship with modernization?

It's an interesting relationship. The traditional perspective of commercial insurance is slow toward modernization. But the whole point of business interruption insurance is to get a company back to doing what it does best, which is run its business and be responsive to the customers' demands for a streamlined process. If the claims process is somewhat deficient in addressing that need to recover quickly, insurtech is trying to take a good look and see where they can help improve things.

What are the benefits of automation in the BI claims management process?

We're seeing more advanced technology investment on the commercial insurance side. Part of what commercial insurers are doing at the moment is learning from and adopting what personal lines insurers have been doing for years with technology, AI and machine learning. Automation is eradicating bottlenecks, increasing efficiencies, and building more proactive communication processes. It's about evolving the human side and the technology side and melding them together to come up with platforms that work for everybody involved in the claims process.

Why is it important for commercial insurers to leverage both human insight and technology to improve the customer experience?

The race for technology and automation must be taken cautiously. We've found that fast forwarding to full automation in the claims process is not without risk. An insurance claim becomes personal, particularly in the small-and-medium enterprise space within the industry. It's an emotional process. It's a stressful process. By trying to fast-forward too quickly into full automation, there's a risk that the human touch is lost. We've recognized that. While we're automating some of the BI claims process, we're making sure that Quantum, Baker Tilly's business interruption claims calculation platform, is supported by real people.

What are the top considerations for selecting the right BI claims processing platform for your business?

You first need to consider who developed the platform. Is the tool technology driven or based on hands-on experience and

Simon Oddy

Partner
Baker Tilly



Bernard Regan

Principal
Baker Tilly



Go to the Issues & Answers section at www.bestreview.com to watch the entire interview with Simon Oddy and Bernard Regan and learn more about Quantum, Baker Tilly's business interruption claims calculation platform.

then transformed into a technology solution? With Quantum, we've tried to harness and automate our experience and dovetail that with a human touch. Next, consider how the platform got to where it is today. What's the plan for further development and enhancement? Is it going to be a one-and-done? Or, is it that there's a plan for enhancements, feedback loops, and versions of the platform that roll out thereafter? We're at the beginning of the modernization journey, so I would encourage anybody looking at a digital platform or a technology-based solution to consider what the future of that platform looks like. In an industry dealing with wide-area damage scenarios like hurricanes and wildfires, we need the foresight to assess large volumes of business interruption claims and communicate with a high volume of policyholders instantly and efficiently. This means that future scalability of your technology solution will be an important consideration.



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Private Equity



Insurers Increasingly Seeing Private Equity Enter Investment Portfolios and the Boardroom

Once seen as a realm of buyouts and structured finance, private equity firms are learning to appreciate insurers for the lower yield and reliable credit markets they represent. Meanwhile, insurers stung by low interest rates see a chance for higher investment yields with private equity.

by Terrence Dopp

By all accounts, the deal announced in July between Blackstone and American International Group Inc. was notable in size and scope.

The private equity firm will spend \$2.2 billion to buy a 9.9% stake in AIG's Life & Retirement group in an all-cash transaction. At the same time, Blackstone plans to acquire AIG's interests in a U.S. affordable housing portfolio for \$5.1 billion and will manage an initial \$50 billion existing AIG investment portfolio.

The three components of the single transaction encapsulated a recent trend in the insurance industry—the increasing interplay between private equity (PE) and insurance. PE firms have been buying up insurers in the race for permanent capital, while at the same time insurers looking for investment returns also have been stepping up their willingness to place parts of their investment portfolios within private equity.

Gilles Dellaert, who heads Blackstone's insurance business, said the trend began with the low-interest rate environment and the desire to increase returns. Insurance companies paired up with asset managers to gain access to higher

Key Points

Trend: The admitted assets of private equity-owned insurers have swelled since the 2008 financial crisis, at the same time insurers eye the asset class as a more attractive place to park their money.

Insurers: Stung by years of low rates and searching for a higher yield, insurers are increasing partnerships with asset managers that specialize in private equity and the amounts of money they put into it.

Private Equity Firms: In some respect, they're finding more reason to believe owning a stake in insurers will bolster access and create new markets for the credit and lending products they sell.

yielding products beyond in-house investment managers. It grew from there as the firms began to recognize that insurers presented a newer set of opportunities in their own right.

Dellaert didn't address specifics of the AIG deal directly because it hasn't closed; however, he said Blackstone has differed slightly in that it hasn't sought to outright buy insurance companies in most deals, instead focusing on taking minority stakes.

"Certain asset managers saw opportunities to buy into insurance companies," Dellaert said. "This trend is clear and it's only accelerated. Insurance companies' in-house investment operations oftentimes are not really set up to be competitive against some of these newer entrants because

Terrence Dopp is a senior associate editor. He can be reached at terry.dopp@ambest.com.



“This is about an evolution of our business model to lower yield, lower risk, and serving a broader base of audience within an insurance company context.”

Gilles Dellaert
Blackstone

they don't have the same direct origination or sourcing capability that a firm like ours has.”

Deals such as the AIG transaction provide firms like Blackstone with a new avenue beyond their traditional portfolios of private equity and opportunistic real estate with yields as high as 20% in favor of continuing to build out their credit and lending operations.

“For us, what is attractive is that it gives us scale into those business lines,” Dellaert said. “This is about an evolution of our business model to lower yield, lower risk, and serving a broader base of audience within an insurance company context. And ultimately generate a fee model that is lower in nature than the PE business is but very well diversifying as a result and additive.”

Private equity rang in 2021 with several large transactions.

In January, one transaction saw Blackstone acquire Allstate Life Insurance Co. and some subsidiaries from Allstate Corp.—excluding Allstate Life Insurance Company of New York—for \$2.8 billion. A month later, Elliott Investment Management took an undisclosed stake in annuity writer Principal Financial Group Inc.

Prime Targets

On the private equity end, the 2008 financial crisis prompted some managers to begin seeking investments with a longer horizon than the traditional buy-out model, and insurance companies fit that bill, according to *Best's Special Report: Insurance Companies Remain Prime Targets for Private Equity*. The firms zeroed in on life and annuity insurers with their large balance sheets that offered both a reliable stream of invested assets and a permanent source of stable capital.

The July 2021 report from AM Best found at least 70 private equity-owned insurance companies, dubbed PE insurers, and the total of admitted assets grew to \$604.1 billion at year-end 2020 from \$67.4 billion in 2011. The report noted that these numbers exclude offshore operating companies used by some entities due to incompatibility of that data. The pattern is most pronounced within annuities, which accounted for 70% of premiums written at PE insurers, the report found.

Private equity firms also infused the insurers with capital for rapid growth, which the report noted is something “insurers do not typically execute well.” They also tended to bolster the capital and surplus of the acquired insurers.

At the same time, insurers had an appetite for investing in private equity in 2020.

The book-adjusted/carrying value of U.S. insurers' investments in private equity increased by 14.8%, with life and annuity providers accounting for \$71.7 billion or 75% of the total in a five-year high, according to another Best's Special Report, *Private Equity Investments Still Attractive to US Insurers*.

“As private equity investment values continue to rise, the number of private equity investments is growing as well, slightly over 10,000 throughout the insurance industry, making 2020 the seventh year that the number has increased—up roughly 40% since 2013,” the June 2021 report said.

Luke Schlafly, global head of insurance solutions at PineBridge Investments, said in the current environment insurance companies are looking for more ways to drive net investment income, particularly in life and annuities. Doing so has caused many to partner with asset managers that provide them with ways to step outside of their traditional investment spaces in a quest for yield.



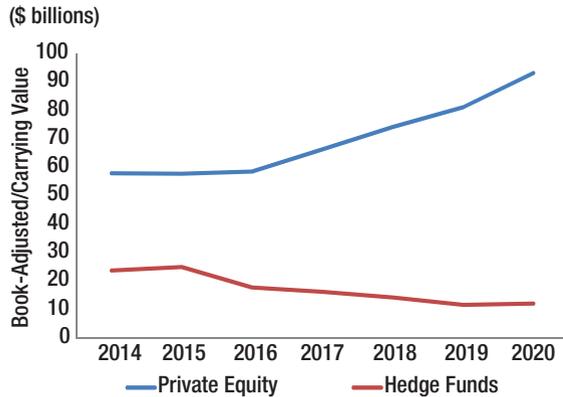
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Alternative Asset Trends



Source: AM Best data and research

“If there’s a need for greater returns and income, then of course insurance companies are also going to look to partner with asset managers that they believe have strategies that fit into that but are differentiated relative to historically what they invested in,” Schlafly said. “This trend makes a lot of sense.”

Along with being more attractive in terms of potential investment return, private equity investments are also more favorable in some instances because of the way they are marked to value compared to public equities, Schlafly said. “If they can both generate a higher return and with less accounting volatility, that’s of course a good combination.”

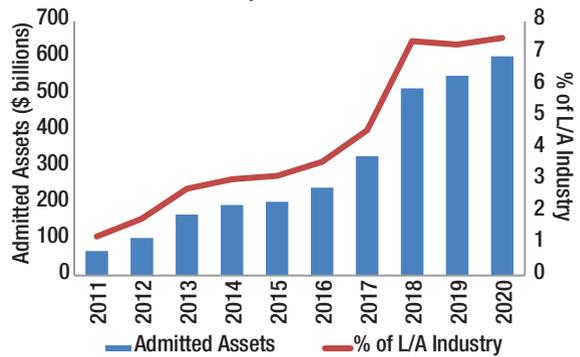
Looking at the private equity market as a whole, it isn’t hard to understand the allure for insurance companies, which have dealt with both the long-term drop in interest rates and the pandemic’s impact on private markets.

Brian Keleher, associate analyst at AM Best, said that PE insurers have had a higher net yield since 2016 compared to the broader industry—performing better in different asset classes, such as Schedule BA, common stocks—and they also have maintained a lower expense ratio. Part of that extra yield comes from the nature of PE: Half of their bond portfolios were in private placements over the last two years, compared to just 37% for the life and annuity industry in 2020.

“These private placements are often cheaper and offer better returns than public bonds,” he said. “These companies are less concerned about the less liquid nature of the private placement, but want to earn the extra yield.”

Another difference between PE insurers and traditional firms has been a greater willingness to tilt toward cash and shorter-term investments. Since 2010, these PE insurers have held double

Private Equity Insurers—Admitted Assets, 2011-2020



Source: BESTLINK

the allocation of cash and short-term investments, around 6%, compared to non-PE-owned peers, Keleher said.

Tom Rosendale, AM Best senior director, said at the moment the deals make sense for the seller and the buyer. From the PE vantage, many insurance companies looking to sell off some of their fixed-annuity business simply find the current interest rate environment unattractive. Many don’t count the line as their core business and often don’t have the risk appetite or the expertise to manage investment through the current spread compression.

“Of course the environment got even more unattractive from that perspective as we entered the pandemic,” Rosendale said, citing a drop in the 10-year Treasury. “Things are difficult from that perspective, and so a lot of companies who don’t view those lines of business as core to their business models are finding, as they do their ERM analyses, that it makes sense to off load some of this business.”

Often, PE companies find they can tweak the investment portfolios associated with insurance liabilities to widen that spread, Rosendale said.

“Within traditional private equity, insurers are really just looking for good partners that can create the highest multiples, or IRR, on their capital,” Schlafly of PineBridge said. “There’s been less structuring or customization for insurance companies, and I don’t expect that to change as the NAIC really doesn’t want equity or equity-like investments finding their way on to the debt schedule in state filings.”

BR

AM Best TV



Go to www.bestreview.com to watch a video about the growing presence of private equity firms in the insurance industry.

New Life for Life Insurance

Life insurers have adjusted to many changes over the past year and their adaptations have uncovered opportunities.

The pandemic caused many consumers to recognize the need for insurance coverage resulting in an increased need for financial advisers. At the same time, life insurance agents are leaving their jobs because of burnout and lack of training, resulting in a sudden need to fill those empty positions for life insurers. “Taking a Leap” looks at how the solution is coming from outside the insurance industry with applicants from

backgrounds as varied as teaching and nursing.

The pandemic also brought about a shift in how life policies are sold. It accelerated plans for automated efficiencies in underwriting and direct sales. “Life Insurers Look for Big Things in Small Packages as They Target Middle Market in Online Sales” reports how life insurers uncovered a path to new customers—those who want term policies and a simple way to buy them. Also included are Best’s Rankings of the Top U.S. Life/Health Insurers.

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Taking a Leap

Life insurers attract new agents seeking to make career moves.

by Lori Chordas

Nurses, teachers, accountants, construction workers, sports coaches and others from all walks of life are increasingly making their move into life insurance. They're changing their careers in search of the flexibility, freedom, control and ability to help others that comes from being a life insurance agent.

They're joining the ranks as life insurers work to recruit new agents from both inside and outside the sector as the industry finds itself at a crossroads. The impending retirement of baby boomers over the next decade and low retention rates are challenging recruiters to keep pace with the growing demand for agents.

In the case of Primerica, nearly 90% of its life insurance advisers have come from outside the insurance industry into a career that CEO Glenn Williams said allows them the opportunity to use their entrepreneurial skills and create their own businesses, earn a living and help clients prepare for the future.

He expects that number could climb even

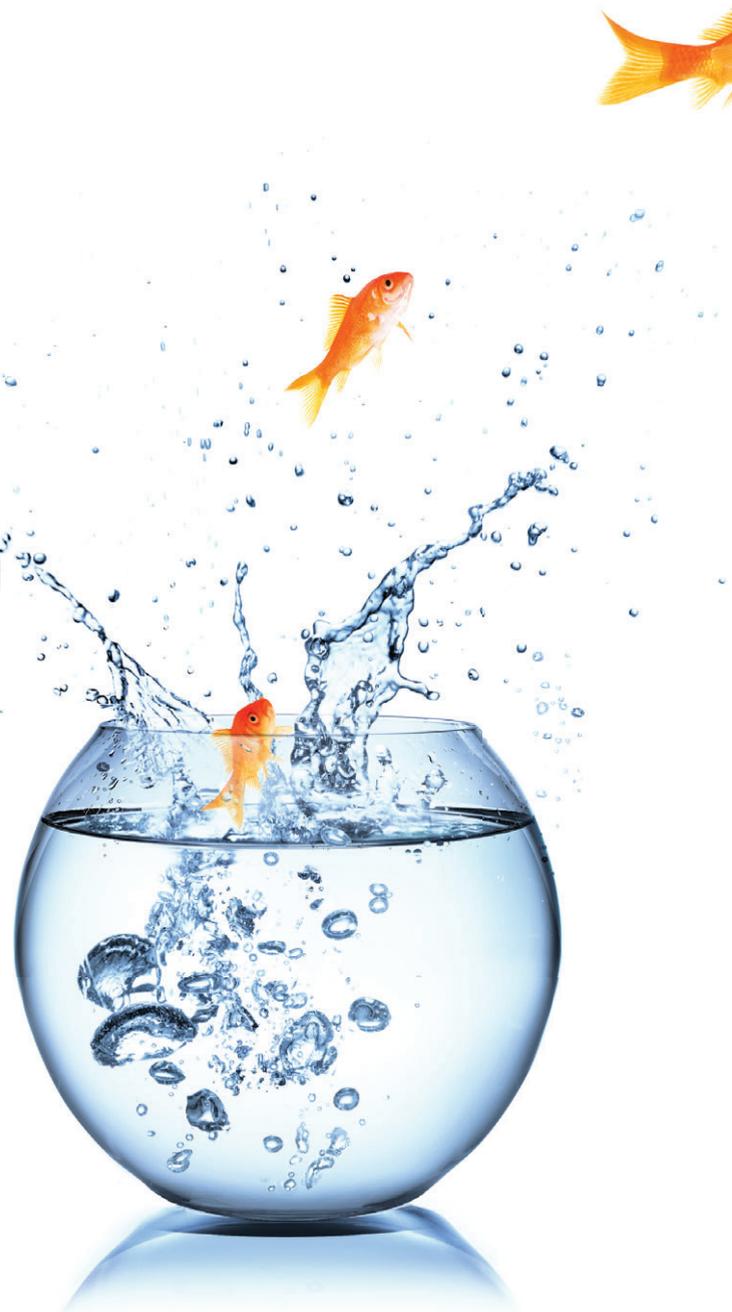
Lori Chordas is a senior associate editor. She can be reached at lori.chordas@ambest.com.

higher as COVID-19 is reinvigorating individuals to seek career changes that won't tether them to a desk from 9 to 5, giving them something different than their current post.

Primerica isn't alone. While the largest subset of industry agent candidates is typically drawn from financial services, LIMRA data comparing April to October 2020 versus the same period the prior year found candidate testing for field sales positions increased 31%, driven by prospects from hospitality, health care, transportation, construction and IT.

Filling the Need

The industry is finding ways to replenish its





ranks because of a high agent turnover rate. Nearly 90% of agents across various lines of insurance, including life, quit within three years, according to life insurance agency management system provider AgencyBloc. Rising competition from direct and digital channels, the challenge of finding new prospects and the threat of rejection all have a hand in that trend.

In addition, industry experts say relatively flat life insurance sales in recent years and a 3% decline in new business annualized premium in the U.S. last year, according to AM Best data, are also creating some concerns for agents whose livelihoods are largely dependent on commissions from sales.

Key Points

Help Wanted: The number of agents needed in the life insurance sector is expected to grow in the coming years.

Examining Retention Rates: But many of the new recruits that will come into the industry won't stay, as retention rates among agents are significantly low, especially after three years on the job.

Coming From Nontraditional Places: While life insurers look at young talent and those within the financial services to help fill the impending talent gap, professionals from outside the industry, such as firefighters, teachers and accountants, also are aspiring to become agents and make a career change into the sector.



Nearly 90% of Primerica's life insurance advisers have come from outside the insurance industry.

Glenn Williams
Primerica

The exodus of agents from the industry is also a costly blow to life insurers and financial services organizations not only in terms of the loss of valuable talent but also in terms of the time, resources and technology that they're investing to get a new agent through their first three years on the job.

Kathy Reid, vice president of talent solutions at LIMRA, said, "if an insurance company hired 100 agents and has 22 still under contract at the end of three years, their investment in each of those 22 agents, according to LIMRA data, is approximately \$102,600." She noted that about a quarter of those who leave insurance companies do not leave the industry.

The exodus couldn't come at a worse time. COVID-19 and the more than 4 million global deaths left in its wake has forced individuals to confront their mortality, raised the awareness of life insurance and heightened the need for more agents.

Since the start of the pandemic in March 2020, the number of Americans working with financial advisers climbed to 38% from 29% before COVID-19, according to Northwestern Mutual's latest Planning & Progress Study.

But as the need for life agents intensifies, the industry last year—particularly in the early months of the pandemic—saw its number of agent recruits fall 6%, according to LIMRA.

The number of affiliated or career life insurance agents contracted to sell policies for a single insurer also has been steadily declining over the past two decades. The growth in the number of independent agents, which continue to make up the bulk of the sector's producers, has slowed in recent years, increasing only slightly from 190,000 in 2013 to 197,000 in 2018—the latest year of data available from LIMRA.

Life insurers are pulling out all the stops to change that.

Agent recruitment and development is part of Primerica's lifeblood, and Williams said the company has a number of programs and initiatives in place, such as networking, in-house licensing training and building a diverse workforce, aimed at creating that success.

Northwestern Mutual is focused on building up its agent force by offering prospects tools such as an enhanced digital client experience, extensive training programs and teaming arrangements that provide support and "an appealing entry point for new advisers who, for whatever reason, don't want to start on a purely independent model," said Tim Gerend, chief distribution officer.

LIMRA has long assisted life insurers on their candidate journeys and helped them redefine and recalibrate their processes toward what agent recruits and companies value most, Reid said. In July, LIMRA launched RightChoice to help companies tailor the way they assess sales candidates to align with their goals.

"Because companies are looking for a one-size-fits-all solution to recruiting and selecting new producers, RightChoice allows companies to build out a process that works for them," she said. "Hiring managers can form an assessment program suited to their sales culture, creating an engaging, well-rounded experience that examines multiple dimensions of a candidate."

As technology increasingly makes its home in nearly every corner of the life insurance sector, it's also become a critical part of the agent recruitment process with tools such as virtual recruiting, used extensively during the height of the pandemic, and social media.

"Something like LinkedIn is a far better driver of quality agent candidates than general job boards where people may not know anything about

(Continued on page 42)

Retention Plans: How Life Insurers Are Getting Agents to Stay on the Job

As life insurers recruit new agents into their organizations, the challenge many will face is keeping them there.

Only 15 of every 100 recruits will still be with their hiring companies after four years, according to LIMRA.

What's driving that trend? Duford Insurance Group's David Duford, who has created a website as well as sales and marketing systems to recruit and train new and experienced insurance agents to become top producers, offers a glimpse into that answer.

"Often life insurance agents quit because they don't see the business of selling insurance as a good fit," he said.

Life insurance brokers, insurers and others are also eagerly working to alleviate agent burnout often caused by potential rejection or other stress-related issues.

A number of agents also run out of prospects or money to invest in new leads, while some leave the profession to contend with personal issues like health or divorce, Duford said.

But he said life insurers have the opportunity to alleviate some of those concerns by helping new agents build up their books of business and developing programs that offer them the best chance of success.

"Let's face it, this isn't an easy job," said Kathy Reid, vice president of talent solutions at LIMRA. "You need to have the right person who is willing to work through some difficulties at the beginning of their career to see success on the other side."

Once they do, she noted, "it is one of the most noble and rewarding professions that allows individuals to help others get through some very challenging times."

At Primerica, retention begins the minute an agent is onboarded, CEO Glenn Williams said.

"Companies that fail to effectively train agents about their products and processes and teach them how to engage with today's consumers stand the chance of losing them," he said.

"So we're doing everything we can to provide our agents that training and offer them a turnkey system that allows them to become licensed, pass

their exams and learn new skills." Williams noted Primerica's retention of licensed agents after the first year is 6% higher than the industry average, at 84%.

New York Life is also focused on improving agent retention through mentorship programs and partnerships such as its recent collaboration with The American College of Financial Services.

After completion of modular development tracks in financial guidance, retirement planning, wealth advisory, business solutions and estate planning, the company's financial professionals can attain relevant designations from the college and earn specialist titles only available to graduates.

Even before the onset of COVID-19, New York Life was supporting its new financial professionals with streamlined training programs "to support virtual prospecting and the Zoom-based sales cycle and further innovating with digital tools that identify consumer needs and match them with appropriate solutions," said Michael Lackey, vice president and head of recruiting and development.

Luke Kaplan, president of life insurance and annuity brokerage at Gallagher, said it's important that employers deliver on the promises they make to candidates during the hiring process.

"They can do that by helping agents find potential leads and business development opportunities, identify what their niches are and surround them with the right resources and education goals needed to build that pipeline," he said.

On his website, Duford points out yet another reason why some agents fall out of insurance: Many don't always feel their employers support them during tough times.

But companies such as New York Life are going the extra mile to dispel that concern. Lackey said during the height of the pandemic, the company assured its agents there would be no production-related terminations, offered established agents a bonus on eligible commissions, covered their health care premiums and waived their general office rent and group insurance costs, and offered new agents a stipend and access to low-interest loans.



“Life insurers can really stand out from their peers competing for the same talent by training new hires about the industry and their products, helping them identify leads and teaching them how to build their own businesses.”

Katie Martineau
Guardian Life

(Continued from page 40)

the industry or the job,” Reid said. “Social media, if done correctly, allows companies to fine-tune their ideal candidate profile, getting it down to almost a science to find candidates with the right competencies and skill sets they’re looking for.”

Among those competencies, noted Guardian Life’s head of field recruiting Katie Martineau, are resiliency, perseverance, interpersonal skills, and an entrepreneurial spirit.

The rest, she said, is trainable.

That’s good news for new agents who may be coming from other industries with little or no knowledge about insurance.

According to LIMRA, 33% of candidates with nontraditional backgrounds come into the industry knowing “nothing or very little” about a financial services sales career, compared to just 17% of candidates with traditional financial backgrounds.

“But that’s the beauty of this career,” Martineau said.

“There is no specific education required for agents, and life insurers can really stand out from their peers competing for the same talent by training new hires about the industry and their products, helping them identify leads and teaching them how to build their own businesses,” she said.

The Road Ahead

As life insurers work vigorously to fill newly created and vacant agent posts, some left open by the pandemic and individuals’ moves into other professions, the demand will only continue to intensify in the coming years.

Today, the average age of a career agent in the

U.S. is 44 years old; that increases to 62 for an independent agent, LIMRA’s Reid said.

That means that in the coming years, experts say, life insurers could stand to lose half of their agent forces to retirement.

But many are hoping to fill that gap with young talent and professionals like military veterans, who, in recent years, have increasingly been transitioning into agent roles.

Northwestern Mutual’s Gerend also expects a continued influx of what he calls “occupationally disturbed” career-changers moving from nontraditional backgrounds and sales roles in other industries into life insurance.

As technology and automation from AI and other tools continue to take over many facets of the industry, it’s raising concerns about the need for life insurance agents. But Gerend said that need has never been greater.

As a result, he said, insurers will need to increasingly focus on diversifying the industry and their talent pipelines to fill that need.

As life insurers rely on both traditional approaches and new ways to recruit talent and build up their agent forces, David Duford, of Duford Insurance Group, offers them these relevant words of advice: “Don’t sugar coat anything.”

“Agents don’t want to be told this business is easy. They’ve heard that enough in their prior jobs,” said Duford, who has created a website and sales and marketing systems to recruit and train new and experienced insurance agents to become top producers. “They want to be told the truth, and companies that do that will succeed in building a large, diverse constituent of agents who will be successful and dedicated to their employers and careers for a long time.”

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Age at Nearest Birthday	Unisex	Male	Female	Age at Nearest Birthday	Unisex	Male	Female
20	0.58	0.65	0.39	60	1.59	1.70	1.44
21	0.55	0.61	0.37	61	1.74	1.85	1.57
22	0.52	0.58	0.37	62	1.88	2.00	1.68
23	0.49	0.54	0.35	63	2.00	2.13	1.81
24	0.45	0.49	0.35	64	2.14	2.27	1.93
25	0.40	0.44	0.33	65	2.34	2.49	2.12
26	0.39	0.42	0.33	66	2.51	2.68	2.27
27	0.38	0.40	0.32	67	2.72	2.89	2.46
28	0.38	0.40	0.32	68	2.99	3.18	2.70
29	0.38	0.40	0.32	69	3.35	3.56	3.03
30	0.37	0.39	0.32	70	3.83	4.10	3.42
31	0.37	0.38	0.32	71	4.40	4.71	3.93
32	0.37	0.38	0.32	72	5.33	5.57	4.41
33	0.38	0.39	0.33	73	6.11	6.46	5.16
34	0.39	0.40	0.34	74	7.06	7.57	6.03
35	0.40	0.42	0.34	75	8.17	8.47	6.08
36	0.41	0.43	0.34	76	8.47	9.08	6.88
37	0.42	0.45	0.37	77	8.83	9.35	7.77
38	0.44	0.47	0.40	78	9.45	9.89	8.41
39	0.47	0.49	0.42	79	10.09	10.59	9.00
40	0.49	0.52	0.42	80	14.03	14.48	12.23
41	0.51	0.54	0.42	81	15.22	15.65	13.54
42	0.53	0.56	0.44	82	16.68	17.11	14.96
43	0.56	0.58	0.48	83	18.63	19.19	16.39
44	0.59	0.61	0.52	84	21.58	22.17	19.24
45	0.63	0.66	0.54	85	25.35	26.11	22.31
46	0.68	0.70	0.59	86	29.98	30.62	26.58
47	0.74	0.76	0.65	87	34.87	35.87	30.85
48	0.79	0.81	0.71	88	41.20	42.18	37.29
49	0.83	0.85	0.74	89	49.25	50.38	44.70
50	0.89	0.92	0.76	90	59.52	62.98	51.95
51	0.96	1.00	0.81	91	80.31	85.02	58.07
52	1.03	1.08	0.85	92	101.10	113.08	64.48
53	1.08	1.12	0.90	93	126.85	141.34	71.41
54	1.12	1.16	0.95	94	136.12	150.46	78.76
55	1.16	1.21	0.98	95	145.95	160.79	86.59
56	1.21	1.27	1.07	96	155.01	170.07	94.76
57	1.30	1.38	1.17	97	164.57	179.88	103.34
58	1.40	1.49	1.27	98	174.70	190.28	112.39
59	1.49	1.59	1.35	99	185.41	201.28	121.90

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Life Insurers Look for Big Things in Small Packages as They Target Middle Market in Online Sales

Online life insurance distribution picks up steam after more than a year of business disruptions forced the industry to quickly pivot. The companies are finding scale in smaller, direct-to-consumer policies.

by Terrence Dopp

The pandemic brought about some positive changes for life insurers, according to Sean Conrad, a vice president, actuary at Hannover Re. Lockdowns pushed the industry to step up its plans for automated efficiencies in underwriting and direct sales, he said. The result was uncovering a path to new customers—those who want term policies and a simple way to buy them.

In the process, the industry discovered that selling a vast number of quickly issued policies completely online could offer scale. And there was money in the play.

“If you thought about the time to underwrite a policy being pretty consistent, whether it was a \$10 million policy or \$200,000, everyone’s time spent—compensation per hour—was spent searching out

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Key Points

Shift: After years of focusing on higher face amounts and premiums to cover underwriting costs, insurers are discovering that it's profitable for them to sell a larger quantity of online policies issued quickly and at less cost.

Mix: The shift allows them to find scale in quantities of smaller policies and concentrate human time on larger policies and cases involving issues that require extra attention.

Backlash: From the standpoint of the bedrock independent agents, the shift threatens to cut them out of the mix and leaves consumers with less-than-ideal coverage.



“If technology is enabling a digital application and an underwriting decision, it’s not as much of an incremental cost in a human’s time to be involved. So those economies help with the product pricing, but also for distribution or the producers.”

Sean Conrad
Hannover Re

the larger policies and larger premium cases,” he said. “Now because it’s economical to distribute life insurance to everyone, it’s made the middle market more attractive, more viable.”

That protection gap? He and others think the move could be a key turning point in whittling it down.

In the past, everyone with comparable ages and histories was assessed on the same basic underwriting grids. Now, insurers can spend human hours on those cases where it makes sense, and use digital underwriting and distribution in those instances for which it doesn’t.

The result is the life insurance industry is

expanding its marketing to younger people and those in the middle of the income scale, as well as setting up a new paradigm for distribution, Conrad said.

“Those economies are made possible from technology,” he said. “If technology is enabling a digital application and an underwriting decision, it’s not as much of an incremental cost in a human’s time to be involved. So those economies help with the product pricing, but also for distribution or the producers.”

Sales Numbers

The shift is on display in data from LIMRA that tracks how much life insurance consumers are buying and the distribution channels companies use.

In the term life category, which had about 22% market share, new premium increased 7% in the first quarter of 2021 and new policy count was up 11% over the same quarter a year earlier. In fact, that last number represented the strongest growth in new policy count recorded since 2000 and about 60% of term writers reported growth in both premium and policy sales, according to LIMRA.

The combination of whole and term life drove growth in the first quarter of the year, together comprising a full 88% of all policies sold during the period. The group cited the policies as “straightforward, easy-to-understand” products that appealed to consumers looking to obtain some coverage or expand on what they already had.

In fact, in the fourth quarter of 2020, LIMRA found total life insurance new premium dropped 8% compared to a record-setting year prior quarter. Yet total policy sales were up 2%, and term, both new premium and policy sales, both grew by 4%.

Six of the top 10 writers reported increases for the year, and it proved to be the highest year for new policy sales since 1999, according to LIMRA.

Fidelity & Guaranty Life Insurance Co., which has expanded its use of digital underwriting in recent years, sold \$50 million in new indexed universal life premium in 2020, which represented a 30% increase from the prior year, said Steve Sanders, senior vice president of life distribution. The company has actually moved nearly all policies involving a person under 50 applying for less than \$1 million in coverage to “exam free” methods, he said.

In fact, Sanders said the company's sales have surged in the so-called middle market to the point that, in the third quarter of 2020, LIMRA ranked it No. 3 in total year-to-date IUL policy count—the largest IUL sales increase of any carrier from 2019.

“There is a direct cost to the medical exams and APSs [attending physician statements] when applied across tens of thousands of policies issued each year,” Sanders said. “Secondly, this new process of underwriting allows the business to scale more effectively as policy volumes increase.”

An Agent's Perspective

But not everyone is happy about this.

Neil Himmelstein, president of full-service brokerage Main Street Planning Group on New York's Long Island, said the movement toward smaller, digitally issued policies inherently cuts out independent agents, who guide would-be consumers through the thicket of decisions and provide insight on the often-confusing process of buying life insurance.

Without a Sherpa to guide them through the application cycle, consumers may end up with term policies that don't serve them well and that could backfire on the entire industry, he said.

“With any distribution model—you can look at health insurance or anything else—one of the things that causes administrative costs are salespeople,” Himmelstein said. “So, if you can eliminate agents or general agents like I am and they can sell direct to the consumer, then you effectively are more profitable or can lower your price because effectively there's no middle man.”

Himmelstein said only a small percentage of term life policies actually wind up paying a death benefit as historically many lapse before the policy is up. He also said that consumers may not get good deals on other policy specifics, such as convertibility, that an experienced independent agent can target and shop for the best match to a customer's needs. The shift in distribution is about trimming costs by treating every life insurance customer identically, and that could lead to more people with ill-fitting policies who, as a result, allow them to lapse, he said.

“If they can cut costs they are going to and we're a cost factor,” he said, referring to insurance companies. “As a general agent, I'm a whole other level cost factor. If they can make me extinct, they will.”

Conrad, of Hannover Re, disagreed.



“With any distribution model—you can look at health insurance or anything else—one of the things that causes administrative costs are salespeople. So, if you can eliminate agents or general agents like I am and they can sell direct to the consumer, then you effectively are more profitable or can lower your price because effectively there's no middle man.”

Neil Himmelstein
Main Street Planning Group

The shift doesn't immediately cut out all intermediaries, he said. It changes the role they play and the same advantages presented to insurance companies are likely to filter down, he said.

“It's a lower commission, but because they aren't spending as much time on that customer it can be favorable for everyone,” Conrad said. “It makes it more accessible for customers and more economically viable for insurers and distribution. Those things kind of come together.”

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Best's Rankings

Top 25 U.S. Life/Health Insurers – 2021 Edition

U.S. Life/Health – 2020 Ordinary Life Average Policy Size and Lapse Ratios

Ranked by 2020 ordinary life business issued.

2020 Rank	2019 Rank	Company/Group	AMB#	Ordinary Life Issued (\$'000)		Average Policy Issued			
				2020	2019	2018	2017	2016	
1	1	Northwestern Mutual Group	069515	\$163,979,291	\$516,626	\$508,864	\$487,848	\$480,903	\$459,461
2	2	Lincoln Finl Group	070351	105,842,510	869,272	981,709	691,053	606,706	385,948
3	5	State Farm Life Group	070126	100,278,830	165,583	162,815	139,471	138,400	132,203
4	8	Primerica Group	070183	99,582,536	300,785	315,563	304,378	295,939	292,686
5	3	New York Life Group	069714	96,939,747	331,452	313,567	301,030	298,924	287,815
6	7	Massachusetts Mutual Life Group	069702	85,606,061	705,506	647,847	617,719	539,165	427,257
7	4	Prudential of America Group	070189	83,370,859	713,767	691,323	692,409	519,244	538,882
8	9	Principal Finl Group Inc.	020516	68,393,159	945,584	994,954	1,033,078	974,796	946,342
9	11	Protective Life Group	069728	65,465,117	517,912	478,503	488,749	533,454	528,239
10	6	AIG Life & Retirement Group	070342	62,264,056	424,712	512,298	512,810	469,168	471,856
11	14	Aegon USA Group	069707	55,813,298	310,079	168,050	160,178	174,857	181,074
12	12	Pacific Life Group	069720	54,169,537	766,915	729,822	741,646	806,492	876,618
13	10	Legal & Gen America Group	069539	52,851,875	587,988	597,227	581,041	592,218	586,406
14	13	Natl Life Group	069953	51,802,135	336,133	324,221	320,263	298,299	290,355
15	16	Globe Life Group	070443	41,557,717	21,631	20,577	21,269	20,919	21,538
16	17	Guardian Life Group	069685	40,463,283	920,268	851,307	832,647	823,756	791,720
17	15	John Hancock Life Insurance Group	069542	37,908,497	1,051,728	913,924	1,028,934	1,121,371	1,108,302
18	23	Sammons Enterprises Group	070533	37,492,164	485,065	410,926	373,517	361,305	339,064
19	19	USAA Life Group	070364	29,967,766	460,370	451,378	403,098	400,425	383,912
20	22	Penn Mutual Group	069722	29,359,344	1,022,404	934,996	804,305	771,295	701,577
21	20	Nationwide Mutual Life Group	070822	26,417,453	462,969	480,852	465,616	430,602	387,113
22	18	Allstate Life Group	070106	25,038,010	122,481	124,146	125,164	119,398	110,406
23	21	Equitable Life Group	070194	20,684,222	760,282	804,458	744,593	714,472	718,050
24	28	Amer Natl Group	070166	19,674,558	164,260	161,038	143,423	133,837	121,720
25	26	Farmers New World Life Ins Co	006373	18,911,314	239,809	238,287	231,489	214,273	201,794
Total U.S. L/H Stock Cos				\$1,054,818,724	\$161,100	\$155,153	\$146,958	\$142,952	\$136,903
Total U.S. L/H Mutual Cos				\$754,933,450	\$234,761	\$235,125	\$220,545	\$216,182	\$197,178
Total U.S. L/H Fraternal Cos				\$37,080,579	\$114,949	\$117,414	\$112,547	\$106,741	\$95,337
Total U.S. Life/Health Industry				\$1,846,832,753	\$183,110	\$178,204	\$167,987	\$163,441	\$153,171

Source: BESTLINK – Statement File – L/H, US; Data as of: July 12, 2021



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Our Insight, Your Advantage™



Average Policy In Force					Lapse Ratio Published					Renewal Premium Persistency				
2020	2019	2018	2017	2016	2020	2019	2018	2017	2016	2020	2019	2018	2017	2016
\$328,888	\$319,320	\$309,535	\$300,869	\$291,696	3.3	3.7	3.9	3.9	3.8	94.5	94.2	93.8	94.5	94.5
254,129	230,448	211,165	199,242	188,130	4.6	5.7	4.8	4.3	4.1	71.0	71.3	73.0	74.4	73.3
124,863	121,177	117,468	114,846	112,112	4.5	5.5	5.0	5.4	5.6	94.1	93.9	92.9	93.2	93.0
289,610	287,465	282,587	277,802	273,394	6.2	7.6	7.8	7.6	6.9	92.2	91.2	91.2	91.4	91.8
195,154	188,824	182,497	173,930	167,374	4.1	4.8	4.4	5.0	5.1	94.3	93.3	93.6	94.1	94.0
395,835	373,385	342,291	321,648	300,853	3.3	-1.4	4.7	4.8	4.3	94.0	94.1	95.2	94.9	93.6
313,466	310,444	297,602	286,389	272,643	3.5	3.1	4.3	4.1	3.5	78.0	78.4	76.5	79.6	79.4
751,221	723,089	688,869	650,138	602,226	1.6	1.8	2.1	2.1	2.2	93.3	92.1	91.9	91.8	91.5
265,113	259,116	253,415	266,405	256,429	6.2	4.9	5.2	4.1	5.0	78.0	92.0	86.8	86.4	88.6
241,179	226,272	203,837	183,108	166,582	3.0	3.1	2.9	3.6	5.3	90.9	89.6	92.0	92.2	90.9
137,610	133,719	128,509	127,200	132,724	5.4	7.0	5.9	6.4	4.1	84.7	96.5	93.7	92.6	91.5
99,722	85,520	75,476	71,769	67,397	3.8	6.0	5.9	5.0	4.7	78.7	75.3	72.2	74.5	72.3
573,827	568,719	563,642	560,529	556,860	3.5	3.9	3.5	3.7	3.8	94.7	96.8	94.8	95.3	95.8
276,079	262,049	247,580	234,006	223,391	5.7	6.2	6.1	6.2	6.5	85.4	86.1	89.0	88.6	87.0
15,103	15,239	15,479	15,546	15,848	14.4	14.0	16.7	18.1	20.7	92.4	91.2	90.9	91.0	90.8
343,672	318,169	300,450	276,668	335,034	3.9	4.0	3.8	3.6	3.6	95.0	94.6	95.7	95.4	95.5
343,268	325,852	328,802	296,642	275,497	4.4	9.7	-0.3	4.8	5.3	77.1	81.0	83.5	79.2	78.7
279,322	263,011	255,073	248,793	241,235	4.7	5.0	5.1	4.5	4.4	69.2	63.1	52.0	50.8	54.2
366,750	360,122	353,804	349,126	344,535	2.7	3.1	3.0	2.8	2.5	96.2	95.5	95.3	95.1	96.2
528,499	480,057	459,411	427,721	394,471	3.0	3.6	4.3	3.7	4.0	85.5	79.0	76.9	78.2	75.4
269,316	255,086	240,148	227,506	214,581	3.3	3.9	4.5	4.0	4.2	78.2	85.2	78.5	78.5	71.5
201,065	187,326	178,137	175,461	163,193	6.6	7.0	6.8	1.6	7.1	79.9	96.8	90.5	89.7	91.0
95,110	95,168	92,102	91,137	89,490	4.4	4.3	4.8	4.4	4.7	84.9	87.4	85.8	87.9	86.4
82,999	76,269	70,112	64,537	59,077	6.0	7.3	7.5	7.5	7.7	91.4	90.1	88.6	90.1	89.9
188,812	184,901	180,512	176,027	171,722	4.7	5.2	5.5	5.5	5.8	96.0	94.8	94.5	94.2	94.5
\$116,584	\$111,524	\$107,069	\$106,946	\$112,230	5.5	5.2	5.8	5.3	4.7	83.7	85.2	82.1	85.0	85.8
\$170,461	\$162,353	\$153,643	\$129,576	\$122,643	4.0	4.3	4.7	4.7	4.6	90.0	90.1	89.9	90.7	89.7
\$65,077	\$62,804	\$60,464	\$60,062	\$57,440	3.5	4.1	4.0	3.5	3.4	90.5	92.7	92.9	93.3	92.8
\$124,148	\$118,457	\$113,248	\$109,795	\$112,741	5.1	5.0	5.6	5.2	4.7	86.4	87.3	85.2	87.2	87.4

U.S. Life/Health – 2020 Total Life Issued

Ranked by 2020 total life business issued.

(\$ Thousands)

2020 Rank	2019 Rank	Company/Group	AMB#	Total Life Issued	% Change
1	2	Hartford Life & Accident Ins Co	007285	\$322,731,428	68.0
2	1	Lincoln Finl Group	070351	250,560,052	-10.0
3	3	New York Life Group	069714	182,066,052	1.1
4	9	Securian Finl Ins Group	069565	172,252,754	81.6
5	5	Northwestern Mutual Group	069515	164,732,346	2.6
6	6	MetLife Life Ins Companies	070192	156,217,644	18.2
7	4	Prudential of America Group	070189	137,930,311	-18.3
8	10	State Farm Life Group	070126	100,412,375	9.7
9	13	Primerica Group	070183	99,582,536	19.5
10	8	Principal Finl Group Inc.	020516	98,834,078	-5.6
11	7	Unum Ins Group	069743	93,217,467	-15.4
12	11	Massachusetts Mutual Life Group	069702	87,998,260	-2.1
13	14	Guardian Life Group	069685	78,727,331	7.5
14	17	Meiji Yasuda US Life Group	070499	76,509,309	26.9
15	19	Protective Life Group	069728	66,741,451	42.3
16	12	AIG Life & Retirement Group	070342	62,265,126	-30.7
17	16	Mutual of Omaha Group	070203	59,993,594	-9.1
18	23	Aegon USA Group	069707	59,155,040	43.9
19	20	Pacific Life Group	069720	54,169,537	18.1
20	18	Legal & Gen America Group	069539	52,873,976	-7.8
21	22	Natl Life Group	069953	51,802,135	22.0
22	21	Sun Life Finl Group	069740	47,841,220	9.2
23	24	Globe Life Group	070443	43,369,156	15.7
24	25	John Hancock Life Insurance Group	069542	37,908,497	1.7
25	33	Sammons Enterprises Group	070533	37,506,044	61.1
Top 25 Insurers				\$2,595,397,719	8.1
Total U.S. Life/Health Industry				\$3,315,537,174	5.5

Source: BESTLINK – Statement File – L/H, US; Data as of: July 13, 2021

U.S. Life/Health – 2020 Total Life In Force

Ranked by 2020 total life business in force.

(\$ Thousands)

2020 Rank	2019 Rank	Company/Group	AMB#	Total Life In Force	% Change
1	1	MetLife Life Ins Companies	070192	\$4,484,460,183	-0.8
2	2	Prudential of America Group	070189	4,445,044,636	1.8
3	3	Great-West Life Group	070366	3,738,631,154	13.7
4	4	New York Life Group	069714	3,125,037,440	35.2
5	5	Lincoln Finl Group	070351	2,294,678,967	6.2
6	7	Northwestern Mutual Group	069515	1,996,928,125	4.5
7	6	RGA Group	069611	1,901,671,044	-2.8
8	8	SCOR Life US Group	070253	1,820,253,275	-0.7
9	9	Securian Finl Ins Group	069565	1,802,476,165	11.2
10	10	Munich Amer Group	069170	1,687,661,876	16.5
11	11	Swiss Re Life Group	070469	1,596,687,053	11.2
12	14	AIG Life & Retirement Group	070342	1,275,605,547	5.7
13	12	Aegon USA Group	069707	1,269,405,201	-2.2
14	13	Hannover Life Reassur America	068031	1,248,098,403	-2.4
15	15	Hartford Life & Accident Ins Co	007285	1,156,349,227	1.8
16	17	State Farm Life Group	070126	1,006,922,527	5.0
17	16	Protective Life Group	069728	996,674,367	-3.0
18	18	Principal Finl Group Inc.	020516	955,178,595	10.8
19	20	Massachusetts Mutual Life Group	069702	838,365,074	7.2
20	19	Unum Ins Group	069743	825,393,818	-1.4
21	21	Legal & Gen America Group	069539	782,579,727	3.1
22	23	Primerica Group	070183	757,190,328	6.1
23	24	Guardian Life Group	069685	722,368,021	3.4
24	25	Voya Finl Group	070153	668,420,966	-2.7
25	26	John Hancock Life Insurance Group	069542	664,391,064	1.9
Top 25 Insurers				\$42,060,472,783	5.6
Total U.S. Life/Health Industry				\$55,390,174,977	4.5

Source: BESTLINK – Statement File – L/H, US; Data as of: July 13, 2021

U.S. Life/Health – 2020 Group Life Issued

Ranked by 2020 group life business issued.

(\$ Thousands)

2020 Rank	2019 Rank	Company/Group	AMB#	Group Life Issued	% Change
1	1	Hartford Life & Accident Ins Co	007285	\$322,700,081	68.0
2	3	MetLife Life Ins Companies	070192	150,876,908	19.1
3	8	Securian Finl Ins Group	069565	150,522,731	112.8
4	2	Lincoln Finl Group	070351	144,717,542	-9.0
5	5	New York Life Group	069714	85,126,305	4.0
6	4	Unum Ins Group	069743	83,332,377	-14.9
7	9	Meiji Yasuda US Life Group	070499	76,446,724	27.1
8	7	Prudential of America Group	070189	54,559,452	-23.2
9	12	Sun Life Finl Group	069740	47,819,645	9.2
10	10	Mutual of Omaha Group	070203	41,486,898	-8.9
11	13	Guardian Life Group	069685	38,264,048	-3.9
12	14	Tokio Marine US Life Group	069195	31,760,641	5.1
13	11	Principal Finl Group Inc.	020516	30,440,919	-32.4
14	6	Voya Finl Group	070153	29,988,341	-58.7
15	18	AAA Life Group	070388	13,295,746	21.1
16	19	Dearborn Life Ins Group	069637	13,071,836	31.6
17	17	UnitedHealth Life Companies	069973	12,099,113	4.9
18	15	Symetra Life Group	070123	10,539,480	-27.8
19	20	Anthem Life Cos	070064	10,537,778	7.1
20	25	Equitable Life Group	070194	9,031,450	99.0
21	21	5 Star Life Ins Co	008069	7,169,371	-21.3
22	16	Oneamerica Group	070399	7,085,685	-47.9
23	24	Zurich Amer Life Group	070470	4,749,865	-3.7
24	22	USABLE Life	009350	4,326,553	-36.3
25	23	Nationwide Mutual Life Group	070822	3,641,685	-35.3
Top 25 Insurers				\$1,383,591,174	11.8
Total U.S. Life/Health Industry				\$1,427,606,926	10.5

Source: – Statement File – L/H, US; Data as of: July 13, 2021

U.S. Life/Health – 2020 Group Life In Force

Ranked by 2020 group life business in force.

(\$ Thousands)

2020 Rank	2019 Rank	Company/Group	AMB#	Group Life In Force	% Change
1	1	MetLife Life Ins Companies	070192	\$4,013,018,772	0.1
2	2	Great-West Life Group	070366	3,399,466,282	15.3
3	5	New York Life Group	069714	2,023,356,637	62.3
4	3	Prudential of America Group	070189	2,011,697,619	3.5
5	4	Securian Finl Ins Group	069565	1,584,410,406	12.4
6	7	Lincoln Finl Group	070351	1,181,284,390	9.6
7	6	Hartford Life & Accident Ins Co	007285	1,154,583,703	1.8
8	8	Unum Ins Group	069743	757,407,188	-1.2
9	10	Munich Amer Group	069170	582,026,324	51.9
10	9	Meiji Yasuda US Life Group	070499	464,087,852	7.3
11	12	Guardian Life Group	069685	291,449,946	1.0
12	11	Sun Life Finl Group	069740	288,047,806	-6.1
13	13	Mutual of Omaha Group	070203	273,531,719	11.4
14	15	Tokio Marine US Life Group	069195	240,359,848	1.9
15	16	Voya Finl Group	070153	212,074,915	3.3
16	17	Principal Finl Group Inc.	020516	148,857,535	-5.2
17	18	Anthem Life Cos	070064	119,668,117	3.7
18	21	Swiss Re Life Group	070469	108,080,044	9.9
19	20	Dearborn Life Ins Group	069637	105,854,601	1.9
20	22	UnitedHealth Life Companies	069973	86,506,786	7.0
21	23	AAA Life Group	070388	85,112,611	12.3
22	19	RGA Group	069611	81,985,358	-24.8
23	24	Zurich Amer Life Group	070470	76,737,044	2.8
24	26	John Hancock Life Insurance Group	069542	71,455,152	12.2
25	25	Symetra Life Group	070123	68,503,988	5.5
Top 25 Insurers				\$19,429,564,643	9.4
Total U.S. Life/Health Industry				\$20,368,518,175	8.8

Source: – Statement File – L/H, US; Data as of: July 13, 2021

U.S. Life/Health – 2020 Ordinary Life Issued

Ranked by 2020 ordinary life business issued.

(\$ Thousands)

2020 Rank	2019 Rank	Company/Group	AMB#	Ordinary Life Issued	% Change
1	1	Northwestern Mutual Group	069515	\$163,979,291	2.8
2	2	Lincoln Finl Group	070351	105,842,510	-11.2
3	5	State Farm Life Group	070126	100,278,830	9.8
4	8	Primerica Group	070183	99,582,536	19.5
5	3	New York Life Group	069714	96,939,747	-1.3
6	7	Massachusetts Mutual Life Group	069702	85,606,061	-2.7
7	4	Prudential of America Group	070189	83,370,859	-14.7
8	9	Principal Finl Group Inc.	020516	68,393,159	14.7
9	11	Protective Life Group	069728	65,465,117	40.5
10	6	AIG Life & Retirement Group	070342	62,264,056	-30.7
11	14	Aegon USA Group	069707	55,813,298	46.9
12	12	Pacific Life Group	069720	54,169,537	18.1
13	10	Legal & Gen America Group	069539	52,851,875	-7.8
14	13	Natl Life Group	069953	51,802,135	22.0
15	16	Globe Life Group	070443	41,557,717	18.4
16	17	Guardian Life Group	069685	40,463,283	21.1
17	15	John Hancock Life Insurance Group	069542	37,908,497	1.7
18	23	Sammons Enterprises Group	070533	37,492,164	61.5
19	19	USAA Life Group	070364	29,967,766	1.0
20	22	Penn Mutual Group	069722	29,359,344	21.0
21	20	Nationwide Mutual Life Group	070822	26,417,453	3.9
22	18	Allstate Life Group	070106	25,038,010	-22.9
23	21	Equitable Life Group	070194	20,684,222	-17.7
24	28	Amer Natl Group	070166	19,674,558	8.5
25	26	Farmers New World Life Ins Co	006373	18,911,314	0.1
Top 25 Insurers				\$1,473,833,339	3.6
Total U.S. Life/Health Industry				\$1,846,832,753	2.5

Source: – Statement File – L/H, US; Data as of: July 12, 2021

U.S. Life/Health – 2020 Ordinary Life In Force

Ranked by 2020 ordinary life business in force.

(\$ Thousands)

2020 Rank	2019 Rank	Company/Group	AMB#	Ordinary Life In Force	% Change
1	1	Prudential of America Group	070189	\$2,429,351,953	0.5
2	2	Northwestern Mutual Group	069515	1,991,522,486	4.5
3	4	SCOR Life US Group	070253	1,786,143,252	-1.4
4	3	RGA Group	069611	1,772,018,842	-2.7
5	5	Swiss Re Life Group	070469	1,488,607,009	11.3
6	8	AIG Life & Retirement Group	070342	1,267,430,340	5.7
7	6	Hannover Life Reassur America	068031	1,245,677,461	-2.4
8	7	Aegon USA Group	069707	1,242,449,920	-2.3
9	9	Lincoln Finl Group	070351	1,113,377,171	2.8
10	11	Munich Amer Group	069170	1,105,288,102	3.7
11	10	New York Life Group	069714	1,101,680,802	3.4
12	13	State Farm Life Group	070126	993,648,559	5.1
13	12	Protective Life Group	069728	953,615,293	-2.8
14	15	Massachusetts Mutual Life Group	069702	808,124,335	7.3
15	18	Principal Finl Group Inc.	020516	806,321,059	14.3
16	14	Legal & Gen America Group	069539	782,418,797	3.1
17	17	Primerica Group	070183	757,180,840	6.1
18	16	Genworth Finl Companies	070527	647,801,637	-9.2
19	20	John Hancock Life Insurance Group	069542	592,935,797	0.7
20	19	BrightHouse Ins Group	070516	574,937,047	-4.7
21	21	Pacific Life Group	069720	546,047,251	6.2
22	23	Allstate Life Group	070106	544,243,715	10.7
23	24	Equitable Life Group	070194	482,000,438	-0.5
24	22	MetLife Life Ins Companies	070192	467,934,552	-7.6
25	26	USAA Life Group	070364	461,766,350	3.0
Top 25 Insurers				\$25,962,523,008	1.8
Total U.S. Life/Health Industry				\$34,886,253,030	2.1

Source: – Statement File – L/H, US; Data as of: July 12, 2021

U.S. Life/Health – 2020 Term Life Issued

Ranked by 2020 term life business issued.

(\$ Thousands)

2020 Rank	2019 Rank	Company/Group	AMB#	Term Life Issued	% Change
1	1	Northwestern Mutual Group	069515	\$122,908,181	1.6
2	3	Primerica Group	070183	99,582,536	19.5
3	2	Lincoln Finl Group	070351	92,769,142	-0.5
4	5	State Farm Life Group	070126	88,538,912	10.5
5	9	Principal Finl Group Inc.	020516	64,260,866	19.5
6	7	New York Life Group	069714	63,229,568	3.1
7	12	Protective Life Group	069728	56,546,713	61.6
8	4	AIG Life & Retirement Group	070342	55,099,701	-32.1
9	8	Legal & Gen America Group	069539	52,787,597	-7.7
10	6	Prudential of America Group	070189	50,891,504	-29.8
11	10	Massachusetts Mutual Life Group	069702	50,460,975	0.2
12	11	Pacific Life Group	069720	44,674,133	26.5
13	17	Aegon USA Group	069707	35,890,596	96.9
14	13	USAA Life Group	070364	29,034,605	0.9
15	15	Guardian Life Group	069685	28,891,444	33.7
16	23	Sammons Enterprises Group	070533	28,599,473	85.9
17	19	Natl Life Group	069953	24,610,554	52.4
18	16	John Hancock Life Insurance Group	069542	22,547,056	22.5
19	14	Allstate Life Group	070106	20,365,286	-23.5
20	24	Penn Mutual Group	069722	19,990,853	33.9
21	18	Globe Life Group	070443	19,405,534	20.0
22	22	Farmers New World Life Ins Co	006373	16,373,867	4.6
23	21	Southern Farm Bureau Life Ins Co	007053	14,650,374	-7.8
24	26	Amer Natl Group	070166	13,871,325	12.2
25	20	Equitable Life Group	070194	13,689,520	-14.9
Top 25 Insurers				\$1,129,670,315	6.4
Total U.S. Life/Health Industry				\$1,356,284,520	4.3

Source: – Statement File – L/H, US; Data as of: July 12, 2021

U.S. Life/Health – 2020 Term Life In Force

Ranked by 2020 term life business in force.

(\$ Thousands)

2020 Rank	2019 Rank	Company/Group	AMB#	Term Life In Force	% Change
1	1	SCOR Life US Group	070253	\$1,785,936,121	-1.4
2	2	RGA Group	069611	1,741,395,672	-2.6
3	3	Prudential of America Group	070189	1,520,041,696	-1.6
4	4	Swiss Re Life Group	070469	1,484,004,675	11.3
5	6	Northwestern Mutual Group	069515	1,253,116,237	5.1
6	5	Hannover Life Reassur America	068031	1,210,998,968	-2.5
7	7	Munich Amer Group	069170	1,104,536,565	3.7
8	8	AIG Life & Retirement Group	070342	1,092,128,147	6.6
9	9	Aegon USA Group	069707	917,432,855	-3.2
10	10	Legal & Gen America Group	069539	774,876,281	3.2
11	11	Primerica Group	070183	755,091,644	6.2
12	12	State Farm Life Group	070126	752,797,637	6.5
13	13	Lincoln Finl Group	070351	731,117,964	6.3
14	15	Principal Finl Group Inc.	020516	662,402,697	17.3
15	14	Protective Life Group	069728	583,861,616	-3.9
16	17	New York Life Group	069714	561,524,356	4.2
17	16	Genworth Finl Companies	070527	492,065,448	-10.4
18	20	USAA Life Group	070364	436,311,872	3.3
19	18	BrightHouse Ins Group	070516	417,513,775	-5.5
20	19	Voya Finl Group	070153	411,835,608	-5.2
21	24	Massachusetts Mutual Life Group	069702	391,207,628	33.4
22	22	Allstate Life Group	070106	389,236,981	12.4
23	21	Pacific Life Group	069720	387,129,832	7.3
24	23	Berkshire Hathaway Group	070158	379,157,275	9.8
25	25	Equitable Life Group	070194	244,925,633	-1.6
Top 25 Insurers				\$20,480,647,183	2.6
Total U.S. Life/Health Industry				\$25,546,780,269	2.0

Source: – Statement File – L/H, US; Data as of: July 12, 2021

U.S. Life/Health – 2020 Credit Life Issued

Ranked by 2020 credit life business issued.

(\$ Thousands)

2020 Rank	2019 Rank	Company/Group	AMB#	Credit Life Issued	% Change
1	1	Life of the South Group	069913	\$10,259,702	-2.6
2	3	CMFG Life Group	070262	7,117,196	-15.1
3	2	Amer Health & Life Ins Co	006062	6,985,247	-31.1
4	4	Securian Finl Ins Group	069565	4,496,017	-4.7
5	7	Central States H & L Group	070363	3,097,283	46.3
6	5	Amer Natl Group	070166	2,443,667	-12.0
7	6	Plateau Group	070039	1,721,811	-23.1
8	8	Assurant US Life Companies	070135	687,095	-60.3
9	9	Fransisco Life Ins Co	008800	639,268	-8.0
10	10	Amer Federated Life Ins Co	068071	573,001	10.4
11	11	MetLife Life Ins Companies	070192	487,114	-0.6
12	12	SWBC Life Ins Co	009027	429,130	-10.3
13	13	Pekin Life Ins Group	070155	387,733	-13.7
14	20	Kentucky Natl Life Ins Group	070538	294,265	88.8
15	16	Berkshire Hathaway Group	070158	230,761	16.7
16	15	Old Spartan Life Ins Co, Inc.	007878	189,836	-22.2
17	14	Protective Life Group	069728	189,215	-36.9
18	21	Wichita Natl Life Group	069833	127,982	-11.2
19	18	Popular Life Re	060399	114,731	-40.7
20	19	Trans-City Life Ins Co.	008051	103,411	-34.7
21	22	Gulf Guar Life Ins Co	008081	94,305	-25.1
22	24	Assurity Life Ins Group	070511	94,264	0.8
23	25	Universal Life Ins Co	060097	64,880	-14.9
24	27	Fndn Life Ins Co of AR	068338	48,601	-5.2
25	23	MAPFRE Life Ins Co of Puerto Rico	007981	45,510	-56.1
Top 25 Insurers				\$40,922,025	-13.4
Total U.S. Life/Health Industry				\$41,073,435	-13.7

Note: Data for some companies in this report has been received from the NAIC.

Source: – Statement File – L/H, US; Data as of: July 12, 2021

U.S. Life/Health – 2020 Credit Life In Force

Ranked by 2020 credit life business in force.

(\$ Thousands)

2020 Rank	2019 Rank	Company/Group	AMB#	Credit Life In Force	% Change
1	1	RGA Group	069611	\$47,666,844	76.6
2	2	CMFG Life Group	070262	18,516,968	-7.8
3	3	Amer Health & Life Ins Co	006062	11,076,737	-7.3
4	12	Berkshire Hathaway Group	070158	8,115,992	606.4
5	4	Securian Finl Ins Group	069565	7,813,699	-9.1
6	5	Assurant US Life Companies	070135	6,541,196	-9.3
7	7	Life of the South Group	069913	5,097,675	-0.5
8	6	Central States H & L Group	070363	4,532,394	-12.5
9	8	MetLife Life Ins Companies	070192	2,220,450	-6.2
10	9	Amer Natl Group	070166	1,777,031	-10.8
11	10	Plateau Group	070039	1,631,137	-14.6
12	11	Cooperativa de Seguros de Vida de PR	007607	1,455,871	-5.5
13	15	Pekin Life Ins Group	070155	792,076	-7.7
14	16	SWBC Life Ins Co	009027	769,584	-9.7
15	13	Protective Life Group	069728	736,984	-24.6
16	14	Pavonia Life Ins Co of Michigan	009129	693,512	-22.5
17	18	Fransisco Life Ins Co	008800	611,445	6.0
18	17	LDS Group	069572	576,651	-15.2
19	21	Amer Federated Life Ins Co	068071	564,822	4.7
20	20	Trans-City Life Ins Co.	008051	545,304	0.6
21	19	Popular Life Re	060399	496,072	-12.0
22	22	Munich Amer Group	069170	347,450	-18.1
23	23	Great-West Life Group	070366	321,508	-10.6
24	30	Kentucky Natl Life Ins Group	070538	265,528	38.1
25	28	Universal Life Ins Co	060097	208,989	-1.4
Top 25 Insurers				\$123,375,919	21.0
Total U.S. Life/Health Industry				\$124,986,859	20.0

Note: Data for some companies in this report has been received from the NAIC.

Source: – Statement File – L/H, US; Data as of: July 12, 2021



Booming Housing Market Plus Low Interest Rates Boost Reinsurance and Private Mortgage Insurance

Private mortgage insurance has grown 19% from 2016 to 2020, reaching \$6.4 billion in 2020, according to AM Best.

by Meg Green

Low interest rates and rising home prices are driving growth in private mortgage insurance. As the line has grown, so too has the PMI writers' reliance on reinsurance—especially reinsurers in Bermuda.

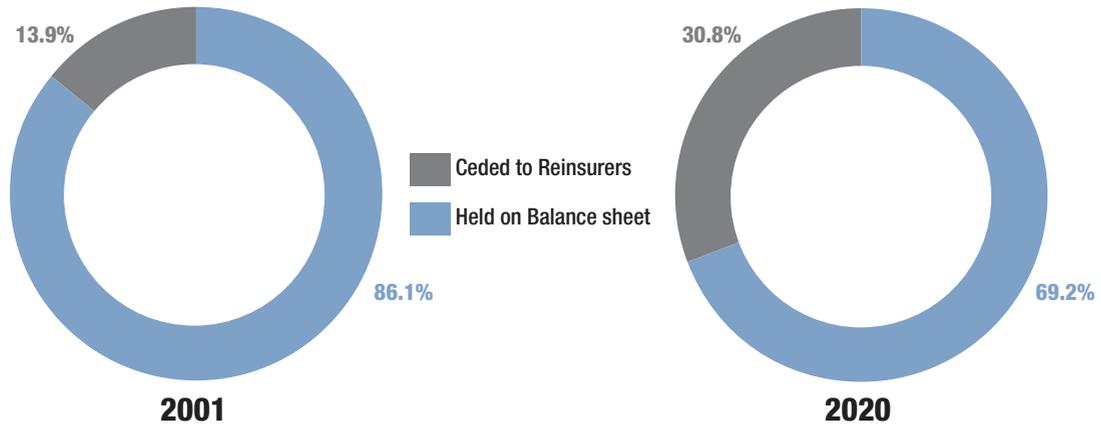
Meg Green is a senior associate editor. She can be reached at bestreviewcomment@ambest.com.

PMI reached record levels in 2020, and while it is projected to be lower this year, it may still be the second highest in history, said Wai Tang, senior director, AM Best.

“The U.S. private mortgage insurance market performed better than we expected when the U.S. got into the pandemic,” Tang said.

While the unemployment rate spiked early on

PMI Reinsurance Growth



Source: BESTLINK

in the COVID-19 pandemic in 2020, rates improved quickly, Tang said. The GDP bounced back after the initial shock of the pandemic, he said. Americans also doubled their savings from about 7% 10 years ago to 15% today, Tang said.

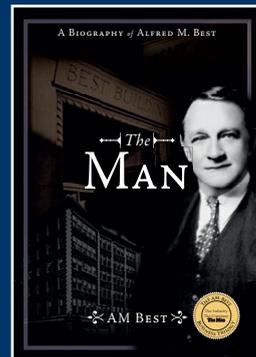
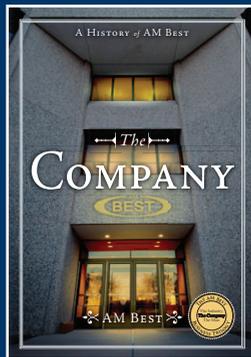
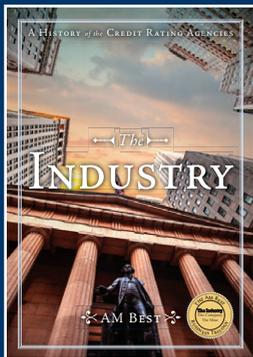
“All of this is contributing a positive factor to the industry,” Tang said.

Those macroeconomic conditions tied with interest rates that remain at historic lows and a

booming housing market have fueled mortgage refinancing and mortgage originations, he said.

The PMI Factor

PMI “plays a critical role in making home ownership possible for many Americans,” said John Huff, president and chief executive officer of the Association of Bermuda Insurers and Reinsurers. “It simply eases the burden of



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PMI reached record levels in 2020, and while it is projected to be lower this year, it may still be the second highest in history.

Wai Tang
AM Best

putting that down payment together which is so important for home ownership and also to build wealth. It allows Americans from all ways of life to get a home more quickly.”

PMI has grown 19% from 2016 to 2020, reaching \$6.4 billion in 2020, according to AM Best.

As PMI has grown, the business also has shifted to rely on reinsurance more. About 30% of PMI is reinsured today, compared to about 14% 20 years ago.

Private mortgage insurers used to “employ a buy-and-hold strategy, which means that only a fairly limited amount of the businesses was ceded to the traditional reinsurance market. The majority of this risk was held on [insurers’] own balance sheets,” Tang said.

The new updated Private Mortgage Insurer Eligibility Requirements in 2015 may be helping to fuel that change, he said.

Private mortgage insurers are required to carry more capital under the updated eligibility requirements, which mortgage insurers need to meet to insure loans acquired by Fannie Mae and Freddie Mac. The regulations increased capital requirements from 4% of risks carried to 7%-8% of risks carried to ensure that private mortgage insurance companies have adequate liquidity and claims-paying capacity during periods of economic stress, according to the U.S. Mortgage Insurers’ website.

In addition to traditional reinsurers, private mortgage insurers also have turned to the capital markets to shift some risk from their balance sheets. Mortgage insurance-linked securities have grown from less than a third of a billion dollars in 2015 to just shy of \$5 billion in 2020, according to Artemis.

Much of both the traditional reinsurance and ILS business has found a home in the Bermuda market, Huff said.

“Bermuda had about 30% of that reinsurance for private mortgage insurance in 2016. The most recent data from 2020 shows that over half of that mortgage reinsurance is protected by Bermuda’s strong reinsurance market,” Huff said.

“It’s a number we’re very proud of—the Bermuda market helping Americans with home ownership. Such an important issue, particularly in minority communities where the ability to accumulate wealth in the first generation, buying a home is so important in that area,” Huff said.

AM Best has a negative outlook on the U.S. mortgage insurance market over concerns including the potential for further lockdowns if the various variants of the COVID-19 virus continue to spread and the potential spike in defaulted loans at the end of the forbearance periods in September.

“Despite that, there are some mitigating measures that we think may position PMI insurers for a solid comeback once the pandemic eases,” Tang said.

Those factors include: strong mortgage underwriting standards; the better risk-adjusted capital position of private mortgage insurers; the federal government’s stimulus program; forbearance programs offered by the Federal Housing Administration; lower-than-expected delinquencies; and a rebound in the mortgage-linked securities market.

“We are watching it very closely, and we may revisit the outlook soon,” Tang said. **BR**

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Go to www.bestreview.com to watch a video about the private mortgage insurance market.



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Best's Rankings

Top 50 World's Largest Reinsurance Groups – 2021 Edition

Ranked by unaffiliated gross premiums written in 2020.

(US\$ millions)¹

Ranking	Company Name	Reinsurance Premiums Written				Total Shareholders Funds ²	Ratios ³		
		Life & Non-Life		Non-Life Only			Loss	Expense	Combined
		Gross	Net	Gross	Net				
1	Munich Reinsurance Company	45,846	43,096	30,237	29,011	36,845	74.7	30.9	105.6
2	Swiss Re Ltd.	36,579	34,293	21,512	20,636	27,258	78.7	30.3	109.0
3	Hannover Rück SE ⁴	30,421	26,232	20,568	17,449	14,543	72.8	29.1	101.9
4	SCOR S.E.	20,106	17,910	8,795	7,695	7,588	70.2	30.1	100.2
5	Berkshire Hathaway Inc.	19,195	19,195	13,333	13,333	451,336	80.8	25.4	106.2
6	China Reinsurance Group Corporation	16,665	15,453	6,422	6,020	15,772	68.0	33.8	101.8
7	Lloyd's ^{5,6}	16,511	12,213	16,511	12,213	45,010	73.7	33.9	107.6
8	Canada Life Re	14,552	14,497	N/A	N/A	21,137	N/A	N/A	N/A
9	Reinsurance Group of America Inc.	12,583	11,694	N/A	N/A	14,352	N/A	N/A	N/A
10	Korean Reinsurance Company	7,777	5,432	6,427	4,229	2,261	84.6	14.9	99.6
11	Everest Re Group Ltd.	7,282	6,768	7,282	6,768	9,726	76.3	26.7	103.0
12	PartnerRe Ltd.	6,876	6,301	5,377	4,826	7,327	79.5	26.5	106.0
13	General Insurance Corporation of India ⁷	6,481	5,773	6,310	5,608	7,289	91.7	21.4	113.1
14	RenaissanceRe Holdings Ltd.	5,806	4,096	5,806	4,096	7,560	74.0	27.9	101.9
15	AXA XL	5,326	4,201	5,326	4,201	13,238	80.5	30.5	111.0
16	Transatlantic Holdings, Inc	5,237	4,845	5,237	4,845	5,377	72.9	30.7	103.6
17	Arch Capital Group Ltd. ¹¹	4,201	2,995	4,201	2,995	13,929	76.0	35.8	111.8
18	MS&A Insurance Group Holdings, Inc. ^{7,8}	3,922	N/A	3,922	N/A	15,007	N/A	N/A	101.7 ¹²
19	Assicurazioni Generali SpA	3,831	3,831	1,122	1,122	39,056	80.8	29.4	110.2
20	R+V Versicherung AG ⁹	3,785	3,785	3,785	3,785	2,641	83.1	24.5	107.6
21	MAPFRE RE, Compañía de Reaseguros S.A. ¹⁰	3,600	3,003	3,004	2,416	2,175	69.1	29.3	98.4
22	Sompo International Holdings, Ltd.	3,580	3,088	3,580	3,088	7,386	67.2	29.5	96.7
23	The Toa Reinsurance Company, Limited ^{7,8}	3,104	2,579	2,226	1,801	2,792	72.4	35.0	107.4
24	AXIS Capital Holdings Limited	2,809	1,979	2,809	1,979	5,296	76.4	27.4	103.8
25	Validus Reinsurance, Ltd.	2,409	1,823	2,409	1,823	3,439	77.4	27.8	105.2
26	Caisse Centrale de Réassurance	2,292	2,107	2,155	1,975	6,493	94.4	15.5	109.9
27	Pacific LifeCorp	2,283	1,771	N/A	N/A	17,452	N/A	N/A	N/A
28	Odyssey Group Holdings, Inc.	2,214	2,123	2,214	2,123	4,774	66.9	28.7	95.6
29	Taiping Reinsurance Co. Ltd ⁸	2,098	1,765	1,327	1,089	1,557	70.7	33.2	103.9
30	Peak Reinsurance Company Ltd	1,966	1,517	1,867	1,420	1,487	71.0	26.5	97.4
31	IRB - Brasil Resseguros S.A.	1,846	1,034	1,846	1,034	819	102.3	29.7	132.0
32	SiriusPoint Ltd. ¹³	1,828	1,241	1,826	1,238	2,437	80.7	32.6	113.3
33	Aspen Insurance Holdings Limited	1,661	1,302	1,661	1,302	2,998	74.2	27.6	101.8
34	Qianhai Reinsurance Co., Ltd.	1,574	1,020	386	324	475	75.6	23.1	98.7
35	Deutsche Rückversicherung AG	1,490	958	1,391	915	376	66.5	34.1	100.5
36	QBE Insurance Group Limited	1,417	1,245	1,417	1,245	8,492	83.9	25.2	109.1
37	Tokio Marine & Nichido Fire Insurance Co., Ltd. ^{7,14}	1,372	1,083	1,372	1,083	17,374	N/A	N/A	103.7
38	American Agricultural Insurance Company ¹²	1,291	420	1,291	420	639	83.6	17.5	101.2
39	Markel Corporation	1,131	960	1,131	960	12,815	69.8	33.9	103.7
40	Allied World Assurance Company Holdings, AG	956	873	956	873	4,377	69.1	26.5	95.6
41	Fidelis	855	411	855	411	2,034	55.7	32.6	88.3
42	Chubb Limited	832	731	832	731	59,441	62.3	30.2	92.5
43	Lancashire	814	519	814	519	1,539	59.6	50.8	110.4
44	W.R. Berkley Corporation ¹⁴	810	N/A	810	N/A	631	N/A	N/A	95.3
45	African Reinsurance Corporation	805	651	744	600	1,017	62.4	37.6	100.1
46	Nacional de Reaseguros, S.A.	747	590	608	452	497	66.8	30.7	97.6
47	Hiscox Ltd	743	193	743	193	2,354	102.0	33.1	135.2
48	DEVK Re	703	654	695	646	1,565	71.8	28.0	99.8
49	Central Reinsurance Corporation	655	608	549	504	576	71.7	26.5	98.2
50	Qatar Reinsurance Company, Limited	652	547	652	547	750	106.3	34.2	140.5

¹ All non-USD currencies converted to USD using foreign exchange rate at company's fiscal year-end.² As reported on balance sheet, unless otherwise noted.³ Non-Life only.⁴ Net premium written data not reported, net premium earned substituted.⁵ Lloyd's premiums are reinsurance only. Premiums for certain groups within the rankings also may include Lloyd's Syndicate premiums when applicable.⁶ Total shareholders' funds includes Lloyd's members' assets and Lloyd's central reserves.⁷ Fiscal year ended March 31, 2021.⁸ Net asset value used for total shareholders' funds.⁹ Ratios are as reported and calculated on a gross basis.¹⁰ Premium data excludes intergroup reinsurance.¹¹ Based on Arch Capital Group Ltd. consolidated financial statements and includes Watford Re segment.¹² Data and ratios based on US statutory filing.¹³ Figures represent the combined pro-forma 2020 position of SiriusPoint taking into account the merger between Third Point Reinsurance Ltd. and Sirius International Insurance Group, Ltd. in February 2021.¹⁴ Ratios are based on the group's operations.

N/A = Information not applicable or not available at time of publication.

Source: AM Best data and research



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Coalition Enters Cyber Excess Market in Canada

The move follows on the heels of Coalition's launch into the country's insurance market in 2020.

by David Pilla

Cyber insurance and security company Coalition said it will enter the excess cyber insurance market in Canada.

With the move, Coalition will extend its reach beyond primary insurance coverage in Canada to provide brokers with excess cyber liability and

technology errors and omissions insurance for accounts with up to C\$5 million (US\$4 million) in aggregate limits for companies with up to C\$1 billion in revenue, the company said in a statement. The new excess capacity is backed by Arch Insurance Canada Ltd., Coalition said.

Its entry into the Canadian E&S market will help protect businesses with enhanced coverage and free access to Coalition's cybersecurity capabilities,

David Pilla is news editor. He can be reached at david.pilla@ambest.com.



AM Best: Growing Interest in Identity Theft Coverage Compels Insurers to Evolve

The COVID-19 pandemic has increased exposure to the digital world and the frequency and severity of personal cyber crimes have become more prevalent.

by John Weber

Identity theft insurance is fast becoming a must-have option as digital transactions, cloud storage and the online exchange of information become more common due to the COVID-19 pandemic.

The increased exposure is driving the need for insurers to evolve and re-evaluate their policies and coverages.

Following is an edited transcript of an interview with AM Best Associate Director David Blades and Associate Analyst Lauren Magro.

What's fueling this growing industry interest in personal ID and theft in coverage?

Magro: Primarily fueling this growing interest in the personal identity theft coverage is that increased exposure to the digital world, as you mentioned. That has definitely been exacerbated by the pandemic.

John Weber is a senior associate editor. He can be reached at john.weber@ambest.com.

When stay-at-home orders were first implemented in addition to travel restrictions, an enormous amount of communications, transactions, they were all transferred onto online platforms. Most of them still remain there to this day.

That, coupled with both the frequency and the severity of personal cyber crimes in our world today becoming more prevalent, users are more susceptible to the risk.

How are insurers currently providing the coverage?

Magro: Insurers differ slightly in how they're currently providing the coverage, whether that be a standalone policy or a package policy. Many insurers that do offer it as a package policy offer the identity theft coverage as a part of either a homeowners, a condo's or renters' insurance for an additional cost, while others may offer a lower limit of coverage for no additional cost.

Given that increased interest in identity theft coverage, we could definitely see further

“The companies that can develop the products that keep pace with the increasing number of threats that are faced, with regards to cyber liability and personal cyber liability—those companies will prove their mettle over time and they’ll be the most valuable companies from the standpoint of this marketplace.”

David Blades
AM Best



developments in the future in terms of how the coverage is offered.

How profitable is this line of coverage?

Blades: Profitability for this line of insurance is somewhat difficult to pinpoint. Some of that picks up on what Lauren said, in terms of the way that different companies provide the coverage. Some, as she said, provide it as part of a package policy, so again, it can be difficult to identify, from a premium and law standpoint.

To this point, based on the data that is available, writing ID theft insurance has been profitable in the aggregate. I do have to mention that loss sensitivity is somewhat elevated due to the low premium base for the coverage and the potential volatility, in terms of the severity of losses that can happen, again, when you’re dealing with a low premium base.

The profitability could be volatile. From that standpoint, based on what we’ve seen to this point, the coverage is basically profitable.

One thing that helps that profitability when you think about it is the intrinsic diversification of this line of coverage, given the large policyholder base when you’re talking about, obviously, personal identification and all the people, obviously, that need the coverage.

From that standpoint, that helps, in terms of the profitability in the aggregate. Another inherent factor that helps ID theft from a profitability standpoint is if you look at it, when a business is hacked and an individual’s personal information is compromised, it’s the insurance company for the business that is responsible for monitoring, and mitigating, and handling the claim.

From that standpoint, for those exposures, that’s

covered on the business’s coverage. Again, from that perspective, that somewhat mitigates the loss activity that you do see on the personal ID line.

What kind of opportunities might exist for insurers as we move forward?

Blades: There are great opportunities for those insurers that come to the plate with products that can deal with the fact that we have moved into a highly digitized environment, much more so than in the past. There’s greater awareness for the security that’s needed for personal cyber and ID theft protection.

The companies that can develop the products that keep pace with the increasing number of threats that are faced, with regards to cyber liability and personal cyber liability—those companies will prove their mettle over time and they’ll be the most valuable companies from the standpoint of this marketplace.

The other thing is companies that can help offer value-added services to their clients so it helps them, from a loss control standpoint of being more aware of things on a proactive basis, in terms of how to protect themselves.

What kind of safeguards, and what kind of protections they need to put in place, how they need to help, from their own standpoint, protect their information—that’s going to be even more valuable.

For the insurers that prove themselves in the marketplace, not only in bringing the products, but in also providing those value-added services, that’s where those companies will be able to differentiate themselves and separate themselves from other competitors. That’ll reflect in their premium writings as we go forward.

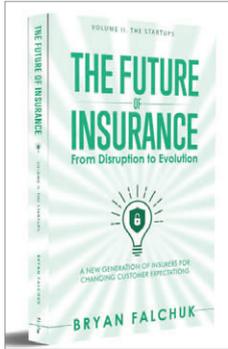
BR

Author Looks at the Future of Insurance for Startups



Bryan Falchuk's latest book also addresses how a new generation of carriers is rethinking customers' evolving needs.

The Future of Insurance: From Disruption to Evolution, Volume II. The Startups



Insurance industry veteran and author Bryan Falchuk peered into what the future may hold for legacy carriers in his first book, *The Future of Insurance: From Disruption to Evolution, Volume 1. The Incumbents*. Now in the latest book in his series he takes another glimpse into the future but this time for insurance startups. Through a series of insights and stories, eight startup

carriers and MGAs share ways they are innovating and evolving their businesses and meeting the needs of changing customer expectations.

Following is an edited transcript of an interview with AM Best TV.

Can you tell us a bit about the new book?

This is a continuation of a story I started last year that looked at how legacy carriers are breaking through barriers or handcuffs to try to innovate and evolve. The context in that book is not just COVID-19 and changing customer expectations but also the threat of disruptors and the rise of startups. Startups are doing interesting things to free themselves from some of the handcuffs

AM Best TV



Go to www.bestreview.com to watch the interview with Bryan Falchuk.

that those on the legacy side live with daily. I wanted to look at the other side of that coin and dig into the stories of those startups to see if it's really that simple.

Is it just a clean sheet and they can do whatever they want or are there roadblocks like those on the incumbent side face? The grass is not green anywhere unless you're willing to garden. These startups have fascinating stories and interesting journeys with some highs and lows.

We're seeing many MGA startups these days. Are we in something of an MGA renaissance as a result of insurtech?

MGAs today may have a different meaning than they did 10 years ago. Then it was a broker with some direct access to a piece of the market. They had some underwriting and product creation in-house.

Now an MGA, at least in the context of these startups, is a stepping stone. It's the path that you go on, maybe as a digital broker or agent. You become an MGA to get your product out there and tested. Today, the MGA idea is really attractive. It's not just a special kind of broker, but it's an enabler of building something new.

What are the lessons of legacy carriers that might apply to startups?

In the first book I talk about how it's important for legacy carriers to look to their customers for answers and to listen to and engage with their employees. That applies to startups, too. Customers are central to startups and why many exist in the first place. Also, anytime we're doing a project, it's easy to get taken off course. Like incumbents, startups also need to remain focused. In fact, it's imperative to their survival. **BR**

—John Weber

John Weber is a senior associate editor. He can be reached at john.weber@ambest.com.

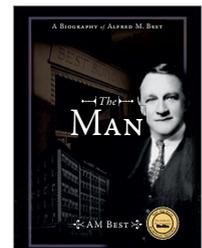
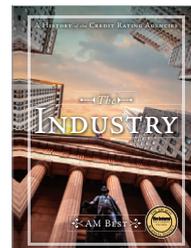
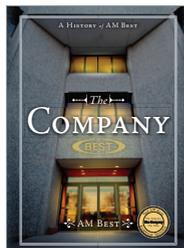
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Health Insurance Startup's App Can Predict Cost of Any Medical Procedure

Sidecar Health CEO: Price transparency and incentives are changing health care.



Sidecar Health App

By giving consumers the cost of health care procedures upfront and the ability to shop around, Patrick Quigley, chief executive officer and co-founder of Sidecar Health, hopes to change the industry.

Sidecar has an app that provides “100% transparency” using an algorithm that can predict the cost of any medical procedure, according to Quigley. Following is an edited transcript of an interview with AM Best TV.

What is Sidecar Health?

Sidecar Health is a totally new approach to health insurance. Our approach lowers the cost of care for consumers while, at the same time, increasing access to health care, which we all want. It's all driven by the power of paying for care upfront.

How does it work?

We actually give all of our members a Visa benefit card. When consumers want to access care, they use this card. What's special about this card is it connects to our claims accounts.

Then, we combine it with an app. What the app does that's very special is it provides 100% transparency on what the benefits are under our plan for anything you can do in the U.S. health care system, as well as what a fair price is for it.

Meg Green is a senior associate editor. She can be reached at bestreviewcomment@ambest.com.

How do you get that data?

Lots of research. We've built an algorithm that can actually predict what the cost is for any medical procedure. There's 170,000 things you can do in the U.S. health care system. We can predict the cost of any of those 170,000 things at any ZIP code in the U.S.

How are you different from the traditional health care insurer?

(In) traditional health care ... you pay a \$10 or \$50 copay. Then you hope it's all going to work out.

Ours is different because the consumer is in charge. The consumer knows the benefits, knows what a fair price is, and engages with the health care system.

How many states are you in currently?

That's a great question. We're a very young company. We've only been in the market for just under two years. For our uninsured product, we're actually in 16 states right now, mostly in the Southeast, but also in Maryland, and Ohio, and Indiana. Arizona, as well.

We're also on file in five new states. By the end of the year, we expect to be in 20, 21 states. We're coming up on California, for example, (and) Pennsylvania. **BR**

—Meg Green

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Panelists Examine a Global Reinsurance Market Grappling With COVID, Natural Disasters

Professionals also offer their thoughts on the captive insurance sector as well as current economic and industry outlooks for the Caribbean region.

Streaming Live

AM Best's Briefing: Global Reinsurance Market Perspectives

AM Best analysts and industry executives will discuss the impact of recent claims that were dominated by the pandemic and higher frequency of natural disasters. Panelists also will cover pricing trends in an environment where risk is becoming more difficult to price, while new capital is being deployed cautiously.

Wednesday, Sept. 8, 9 a.m. ET

Insurance Defense 101: What Insurers Need From Today's Counsel

A panel of insurance and legal experts will examine the evolving relationship between insurers and outside counsel, including expectations for expertise, responsiveness, specialization and resources. Panelists also will review how firms can enter into or expand their presence in this vital sector of legal defense. **This complimentary AM Best Webinar is hosted by Best's Insurance Professional Resources.**

Wednesday, Sept. 8, 2 p.m. ET

State of the Surplus Lines Market

A panel of industry leaders in the surplus lines sector of the U.S. insurance market will review the market and a new report about that sector. **This complimentary AM Best Webinar is co-sponsored by the WSIA Education Foundation and Lexington Insurance Co.**

Thursday, Sept. 16, 11 a.m. ET

On Demand

Emerging Trends and the Wholesale Insurance Market: How the Industry Is Adapting

As social inflation continues to impact businesses across all industries, the wholesale market is becoming an attractive—and, sometimes, the only—option for brokers to place niche risks. This is especially true for the public entity and health care industries. A panel of insurance experts discusses the wide-ranging issues and trends, from traumatic brain injuries to opioid addiction, shaping the wholesale market. **This complimentary AM Best Webinar was sponsored by Liberty Mutual Insurance.**

AM Best's Briefing: Captives' Flexibility and Control Enable Them to Outperform Commercial Peers

A panel of AM Best analysts and industry leaders reviews market, regulatory and risk issues affecting the captive insurance sector.

AM Best's Briefing: Caribbean Market Perspectives from the C-Suite

AM Best analysts and insurance leaders examine current economic and industry trends in the Caribbean markets; the impact of COVID-19; and regional outlooks, challenges and opportunities in the year ahead.

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Insurers Can Make Their Voices Heard in Conversations Concerning Climate Change

Also, industry professionals examine the effects of human services staffing shortages and the relationship between diversity and inclusivity and profitability.

On Demand

Insurers Can Lead on Climate Change

With interests on both the underwriting and asset sides, insurers can play a pivotal role in climate change discussions, said Jérôme Haegeli, group chief economist, Swiss Re; Rob Schofield, director, North Carolina Policy Watch; and Jeff Amthor, assistant vice president, AIR.



Jérôme Haegeli

Munich Re Specialty Insurance E&S President: Inclusion Necessary to Reach Diversity's Full Potential

Diverse and inclusive teams are 30% more profitable, said Jill Beggs, Munich Re Specialty Insurance president, excess and surplus lines.



Jill Beggs

Praesidium CEO: Insurers Assessing Impact of Human Services Staffing Shortages, Hybrid Programs

Insurers are considering the risks of organizations that serve vulnerable populations now facing staffing shortages and running hybrid virtual programs, said Aaron Lundberg, president and CEO, Praesidium.



Aaron Lundberg

ABIR: \$19 Billion in New Capital Entered Bermuda in 2020-2021

Bermuda has seen a boost in capital infusions to launch new startups and scale up existing players, said John Huff, president and CEO of the Association of Bermuda Insurers and Reinsurers.



John Huff

Visit www.ambest.com/ambtv to see new and archived video from AM Best TV.



EIS: Like Everyone Else, Insurers Look to Better Customer Experience Through Technology

Also, AM Best Audio explores why insurance customers' digital demands, spurred by the pandemic, aren't going away anytime soon.

Insurance Innovation Focuses on Customer Experience

Tony Grosso, chief marketing officer for EIS, said that, as in every other industry, insurers are using digital technology to enhance the customer experience.

Insurance Customers Demanding Digital Channels

Insurance customers' online purchases, spurred by the pandemic, will likely continue after the masks come off, said Doug Caccese, president of personal lines at ISO. **BR**

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Trending News Includes Top Global Brokers - 2021 Edition and Catastrophe Coverage

Other trending content includes an AM Best webinar on cyber insurers and coverage of the Florida condo collapse.

Trending: *Best's Review*

1. Top Global Insurance Brokers - 2021 Edition
2. Winds of Change: Derechos, Snowstorms and Other Catastrophes Are Becoming a Growing Problem for Insurers
3. US Tax Changes Could Make Life Insurance More Popular
4. Standing the Test of Time - 2021 Edition
5. Guardian Life's CEO Andrew McMahon Wants the Mutual Insurer to Spend 2021 Looking Within

Trending: BestWire \$

1. Judge: Demolished Florida Condo's \$48 Million Coverage 'Inadequate'
2. Circuit Court Sides With Insurer in COVID-19 BI Case
3. Florida Places Gulfstream Property and Casualty in Administrative Supervision
4. As Insurtechs Raise Capital, Legacy Insurers Scale Up Their Own Technology
5. Todd Cunningham, Head of Strategic Solutions at Zurich North America, Dies at 60

Trending: AM Best Webinars

1. AM Best's Briefing: Ransomware Threatens Profitability, How Will Cyber Insurers React?
2. COVID-19's Impact on the Future of Insurance Claims Management
3. How Auto Insurers Are Leveraging Market Disruptions Accelerated by COVID-19
4. How Innovation and Customer Centric Technology Are Improving Outcomes for Commercial Insurers
5. Bridging the Troubled Water Protection Gap: How New Data, Tools Enable Better Insurance Flood Coverage

Trending: AM Best TV - News Coverage

1. McKinsey: AI Will Be 'Ubiquitous' in Insurance Industry
2. Insurers Harnessing Technology to Boost Wildfire Mitigation Efforts
3. Assurant CEO: The Future Is the Gig Economy
4. Panel: Auto Insurers 'Changed on a Dime' During COVID-19 Pandemic
5. US Assure: Builders' Risk Insurers Are Bullish on Housing Market

These were the top trending items from May 23-July 23. Features, news articles and videos were based on page views. Webinars were based on webinar attendance.

The above content can be viewed on demand at www.bestreview.com, or by visiting AM Best's home page at www.ambest.com.

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Trending Research Includes Reports on Private Equity and Ransomware

Other trending research includes a report on the impact of ESG factors on AM Best ratings and a report on Florida's difficult market.

Trending: Best's Special Reports

1. Insurance Companies Remain Prime Targets for Private Equity \$
2. First Look: Three-Month 2021 Property/Casualty Financial Results \$
3. Impact of ESG Factors on AM Best's Rating Actions \$
4. P/C Snapshot: Statutory Underwriting Results for Full Year 2020 \$
5. First Look: Three-Month 2021 Life/Annuity Financial Results \$

Trending: Best's Market Segment Reports

1. Ransomware and Aggregation Issues Call for New Approaches to Cyber Risk \$
2. Market Segment Outlook: India Non-Life Insurance
3. As Government Backstops End, Trade Credit Insurers Are Well-Prepared
4. Market Segment Outlook: Mexico Insurance
5. Price Competition Inhibits Growth Potential of Kenya's Insurance Market

Trending: Best's Commentary

1. Florida's Difficult Market Continues to Challenge Insurers
2. US Supreme Court Decision Upholding the ACA Is Favorable for US Health Insurers
3. German Insurers Well-Positioned to Respond to Natural Catastrophes in 2021

Trending: AM Best TV - Research Coverage

1. April Inflation Spike May Be 'Disconcerting,' but Likely Temporary
2. Insurers Reassessing Cyber Risk Due to Ransomware, Aggregation Risks
3. Insurers Increased Private Equity Investments in 2020
4. Even Without Hurricanes, Florida Insurers Face Hurdles
5. Cannabis Insurance Market Poised for Growth

These were the top trending research and commentary reports from May 23 to July 23.

\$ Payment or subscription required.

Best's News & Research Service subscribers can download PDF copies of all Best's Special Reports, Best's Commentaries and Best's Market Segment Reports along with supporting spreadsheet data at www.ambest.com.

This edition lists all Credit Rating actions that occurred between July 1 and July 31, 2021. For the Credit Rating of any company rated by AM Best and basic company information, visit the AM Best website at www.ambest.com/ratings/access.html or download the ratings app at www.ambest.com/sales/ambmobileapp.

Operating Companies

Rating Action	Business Type	Company Name/ Ultimate Parent	AMB#	Current		Previous		Domicile
				FSR ICR	Outlook/ Implications	FSR ICR	Outlook/ Implications	
AMERICAS LIFE/HEALTH								
+	H	4 Ever Life Insurance Company BCS Financial Corporation	007363	A a	Stable Stable	A- a-	Positive Positive	Illinois
+	L	4 Ever Life International Limited BCS Financial Corporation	095152	A a	Stable Stable	A- a-	Positive Positive	Bermuda
+	L	American Benefit Life Insurance Company Liberty Life Group Trust	060382	A- a-	Stable Stable	B++ bbb+	Positive Positive	Oklahoma
+	H	AvMed, Inc. SantaFe HealthCare, Inc.	064074	B bb	Stable Positive	C++ b+	Positive Positive	Florida
+	H	BCS Insurance Company BCS Financial Corporation	003251	A a	Stable Stable	A- a-	Positive Positive	Ohio
+	L	Capitol Life Insurance Company Liberty Life Group Trust	006186	A- a-	Stable Stable	B++ bbb+	Positive Positive	Texas
+	H	Christian Fidelity Life Insurance Co AMERCO	006217	A a	Stable Stable	A- a-	Positive Positive	Texas
⚑	L	Columbian Life Insurance Company Columbian Mutual Life Insurance Company	068009	B u bb+ u	Developing Developing	B bb+	Stable Negative	Illinois
⚑	L	Columbian Mutual Life Insurance Company Columbian Mutual Life Insurance Company	006243	B u bb+ u	Developing Developing	B bb+	Stable Negative	New York
+	L	Liberty Bankers Life Insurance Company Liberty Life Group Trust	007011	A- a-	Stable Stable	B++ bbb+	Positive Positive	Oklahoma
+	L	Monitor Life Insurance Co of New York Fairfax Financial Holdings Limited	008664	A a	Stable Stable	A- u a- u	Developing Developing	New York
+	H	National Teachers Associates Life Ins Co Horace Mann Educators Corporation	006588	A a	Stable Stable	A- a-	Stable Stable	Texas
+	L	NTA Life Insurance Company of New York Horace Mann Educators Corporation	061754	A a	Stable Stable	A- a-	Stable Stable	New York
+	L	Oxford Life Insurance Company AMERCO	007890	A a	Stable Stable	A- a-	Positive Positive	Arizona
+	H	Priority Health Spectrum Health System	068977	A a+	Stable Stable	A a	Stable Positive	Michigan
⚑	L	Prudential Retirement Ins & Annuity Co Prudential Financial, Inc.	009144	A+ u aa- u	Positive Positive	A+ aa-	Stable Stable	Connecticut
-	H	Unified Life Insurance Company	060366	B+ u bbb- u	Negative Negative	B++ u bbb+ u	Negative Negative	Texas
New	L	Wysh Life and Health Insurance Company Northwestern Mutual Life Insurance Co	062272	A- a-	Stable Stable	NR nr		Wisconsin
AMERICAS PROPERTY/CASUALTY								
⚑	P	American Compensation Insurance Company State Automobile Mutual Insurance Co	011419	A- u a- u	Positive Positive	A- a-	Stable Stable	Minnesota
↕	P	Aviva Insurance Company of Canada Aviva plc	085748	A a+	Positive Positive	A a+	Stable Stable	Ontario
⚑	P	Bloomington Compensation Insurance Co State Automobile Mutual Insurance Co	013035	A- u a- u	Positive Positive	A- a-	Stable Stable	Minnesota
⚑	P	Boston Indemnity Company, Inc. Skyward Specialty Insurance Group, Inc.	004657	A- u a- u	Developing Developing	A- a-	Stable Stable	South Dakota
↕	P	Cameron Mutual Insurance Company Cameron Mutual Insurance Company	000861	B bb+	Stable Negative	B bb+	Stable Stable	Missouri

Rating Action: (+) Upgrade; (-) Downgrade; (New) Initial Rating; (⚑) Under Review; (↕) Change in Outlook; (⚑) Rating Withdrawal; (✓) Rating Affirmation.

Outlook: Positive, Negative, Stable. **Implications:** Positive, Negative, Developing. **Business Type:** P = Property/Casualty (Non-Life); L = Life; H = Health; T = Title; C = Composite.

Rating Action	Business Type	Company Name/ Ultimate Parent	AMB#	Current		Previous		Domicile
				FSR ICR	Outlook/ Implications	FSR ICR	Outlook/ Implications	
AMERICAS PROPERTY/CASUALTY (CONTINUED)								
↕	P	CAMICO Mutual Insurance Company	010748	B++ bbb	Stable Positive	B++ bbb	Stable Stable	California
⊕	P	Discovery Insurance Company	011631	B+ bbb-	Stable Stable	B bb+	Positive Positive	North Carolina
↕	P	Elite Insurance Company Aviva plc	085742	A a+	Positive Positive	A a+	Stable Stable	Ontario
⊕	P	Frank Winston Crum Insurance Company Frank Winston Crum Ins Holdings Corp.	012601	B++ bbb+	Stable Stable	B++ bbb	Stable Stable	Florida
🚩	P	Meridian Security Insurance Company State Automobile Mutual Insurance Co	003333	A- u a- u	Positive Positive	A- a-	Stable Stable	Indiana
🚩	P	Milbank Insurance Company State Automobile Mutual Insurance Co	000628	A- u a- u	Positive Positive	A- a-	Stable Stable	Iowa
⊕	P	Mt. Morris Mutual Insurance Company	010723	B++ bbb+	Stable Stable	B++ bbb	Stable Stable	Wisconsin
⊕	P	Natl Independent Truckers Ins Co, A RRG	075492	B++ bbb+	Stable Stable	B++ bbb	Stable Positive	South Carolina
🚩	P	Patrons Mutual Ins Co of Connecticut State Automobile Mutual Insurance Co	000753	A- u a- u	Positive Positive	A- a-	Stable Stable	Connecticut
↕	P	Pilot Insurance Company Aviva plc	085779	A a+	Positive Positive	A a+	Stable Stable	Ontario
🚩	P	Plaza Insurance Company State Automobile Mutual Insurance Co	011322	A- u a- u	Positive Positive	A- a-	Stable Stable	Iowa
🚩	P	Rockhill Insurance Company State Automobile Mutual Insurance Co	013023	A- u a- u	Positive Positive	A- a-	Stable Stable	Arizona
↕	P	S&Y Insurance Company Aviva plc	066504	A a+	Positive Positive	A a+	Stable Stable	Ontario
↕	P	Scottish & York Insurance Company Ltd Aviva plc	085788	A a+	Positive Positive	A a+	Stable Stable	Ontario
↕	P	Southern General Insurance Company Insurance House Holdings, Inc.	003836	B bb+	Positive Positive	B bb+	Stable Stable	Georgia
New	P	Spinnaker Specialty Insurance Company Hippo Enterprises Inc.	020983	A- a-	Stable Stable			Texas
🚩	P	State Auto Insurance Co of Wisconsin State Automobile Mutual Insurance Co	003591	A- u a- u	Positive Positive	A- a-	Stable Stable	Wisconsin
🚩	P	State Auto Insurance Company of Ohio State Automobile Mutual Insurance Co	012383	A- u a- u	Positive Positive	A- a-	Stable Stable	Ohio
🚩	P	State Auto Property & Casualty Ins Co State Automobile Mutual Insurance Co	002475	A- u a- u	Positive Positive	A- a-	Stable Stable	Iowa
🚩	P	State Automobile Mutual Insurance Co State Automobile Mutual Insurance Co	000855	A- u a- u	Positive Positive	A- a-	Stable Stable	Ohio
New	P	SUNZ Insurance Company Prominence Holdings, LLC	011410	A- a-	Stable Stable	NR nr		Florida
↕	P	Synergy Comp Insurance Company Synergy Holdings, Inc.	013809	A- a-	Positive Positive	A- a-	Stable Stable	Pennsylvania
↕	P	Traders General Insurance Company Aviva plc	085795	A a+	Positive Positive	A a+	Stable Stable	Ontario
New	P	Vantage Risk Specialty Insurance Company Vantage Group Holdings Ltd.	023285	A- a-	Stable Stable	NR nr		Illinois
☑	P	Vault E&S Insurance Company CC VH Co-Invest LP	020586	A- a-	Stable Stable	A- u a- u	Developing Developing	Arkansas
☑	P	Vault Reciprocal Exchange CC VH Co-Invest LP	020564	A- a-	Stable Stable	A- u a- u	Developing Developing	Florida
🚩	P	Western Home Insurance Company	003561	NR nr		A+ aa-	Stable Stable	Minnesota

Rating Action: (⊕) Upgrade; (−) Downgrade; (**New**) Initial Rating; (🚩) Under Review; (↕) Change in Outlook; (🚩) Rating Withdrawal; (☑) Rating Affirmation.

Outlook: Positive, Negative, Stable. **Implications:** Positive, Negative, Developing. **Business Type:** P = Property/Casualty (Non-Life); L = Life; H = Health; T = Title; C = Composite.

Rating Action	Business Type	Company Name/ Ultimate Parent	AMB#	Current		Previous		Domicile
				FSR ICR	Outlook/ Implications	FSR ICR	Outlook/ Implications	
EUROPE, MIDDLE EAST & AFRICA								
↕	P	Aviva Insurance Limited Aviva plc	078773	A a+	Positive Positive	A a+	Stable Stable	United Kingdom
↕	C	Aviva International Insurance Limited Aviva plc	085047	A a+	Positive Positive	A a+	Stable Stable	United Kingdom
New	P	Gar-Bo Försäkring AB Gar-Bo AB	077042	B++ bbb+	Stable Stable	NR nr		Sweden
+	P	GBG Insurance Limited Elm Bidco, L.P.	071294	B++ bbb+	Stable Stable	B++ bbb	Stable Positive	Guernsey
New	P	Greenval Insurance Company DAC BNP Paribas SA	090329	A- a-	Stable Stable	NR nr		Ireland
New	P	Internatl General Ins Co (Europe) SE International General Ins Holdings Ltd.	083419	A a	Stable Stable	NR nr		Malta
↔	P	R&Q Theta Designated Activity Company Randall & Quilter Invest Hldgs, Ltd.	078224	NR nr		A a+	Stable Stable	Ireland
ASIA-PACIFIC								
↕	P	DB Insurance Co., Ltd. DB Insurance Co., Ltd.	087968	A a+	Positive Positive	A a+	Stable Stable	South Korea
🇳🇿	L	Fidelity Life Assurance Company Limited	090784	A- u a- u	Developing Developing	A- a-	Stable Stable	New Zealand
↕	P	Malayan Insurance Co., Inc. Pan Malayan Mgmt & Investment Corp	077617	B++ bbb+	Stable Stable	B++ bbb+	Stable Negative	Philippines
—	P	PT Asuransi Jasa Indonesia PT Bahana Pembinaan Usaha Indonesia	078591	B u bb u	Negative Negative	B++ u bbb u	Negative Negative	Indonesia
🇻🇳	P	PVI Insurance Corporation HDI V.a.G.	091542	B++ u bbb+ u	Developing Developing	B++ bbb+	Positive Positive	Vietnam
🇻🇳	P	PVI Reinsurance Joint-stock Corporation HDI V.a.G.	091541	B++ u bbb u	Developing Developing	B++ bbb	Stable Stable	Vietnam
☑	P	Singapore Reinsurance Corporation Ltd Fairfax Financial Holdings Limited	085224	A- a-	Stable Stable	A- u a- u	Developing Developing	Singapore
AMERICAS								
↕	P	Active Capital Reinsurance, Ltd. Pine Holdings Corp.	093065	A- a-	Positive Positive	A- a-	Stable Stable	Barbados
New	P	Genesis Global Insurance (SAC) Ltd. Colonial SA Compañía Seguros	074742	B++ bbb+	Stable Stable			Bahamas
New	P	International Traders Insurance Co Ltd KAYLIN CORP, LTD	057640	B++ bbb+	Stable Stable			Turks and Caicos
🇦🇩	P	Nagico Insurance Company Limited Nagico Holdings Limited	090585	B++ u bbb+ u	Positive Positive	B++ bbb+	Stable Stable	Anguilla
🇳🇱	P	Natl Gen Ins Corp (NAGICO) NV Nagico Holdings Limited	089215	B++ u bbb+ u	Positive Positive	B++ bbb+	Stable Stable	St. Maarten
↕	P	Quálitas Compañía de Seguros SA de CV Quálitas Controladora, S.A.B. de C.V.	083016	B+ bbb-	Positive Positive	B+ bbb-	Stable Stable	Mexico

Holding Companies

Rating Action	Company Name	AMB#	Current		Previous		Domicile
			FSR ICR	Outlook/ Implications	FSR ICR	Outlook/ Implications	
↕	Aviva plc	085909	a-	Positive	a-	Stable	United Kingdom
🇺🇸	State Auto Financial Corporation	058469	bbb- u	Positive	bbb-	Stable	Ohio

Rating Action: (+) Upgrade; (-) Downgrade; (**New**) Initial Rating; (🇳🇿) Under Review; (↕) Change in Outlook; (↔) Rating Withdrawal; (☑) Rating Affirmation.

Outlook: Positive, Negative, Stable. **Implications:** Positive, Negative, Developing. **Business Type:** P = Property/Casualty (Non-Life); L = Life; H = Health; T = Title; C = Composite.

GUIDE TO BEST'S FINANCIAL STRENGTH RATINGS – (FSR)

A Best's Financial Strength Rating (FSR) is an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. An FSR is not assigned to specific insurance policies or contracts and does not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. An FSR is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser. In addition, an FSR may be displayed with a rating identifier, modifier or affiliation code that denotes a unique aspect of the opinion.

Best's Financial Strength Rating (FSR) Scale

Rating Categories	Rating Symbols	Rating Notches*	Category Definitions
Superior	A+	A++	Assigned to insurance companies that have, in our opinion, a superior ability to meet their ongoing insurance obligations.
Excellent	A	A-	Assigned to insurance companies that have, in our opinion, an excellent ability to meet their ongoing insurance obligations.
Good	B+	B++	Assigned to insurance companies that have, in our opinion, a good ability to meet their ongoing insurance obligations.
Fair	B	B-	Assigned to insurance companies that have, in our opinion, a fair ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
Marginal	C+	C++	Assigned to insurance companies that have, in our opinion, a marginal ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
Weak	C	C-	Assigned to insurance companies that have, in our opinion, a weak ability to meet their ongoing insurance obligations. Financial strength is very vulnerable to adverse changes in underwriting and economic conditions.
Poor	D	-	Assigned to insurance companies that have, in our opinion, a poor ability to meet their ongoing insurance obligations. Financial strength is extremely vulnerable to adverse changes in underwriting and economic conditions.

* Each Best's Financial Strength Rating Category from "A+" to "C" includes a Rating Notch to reflect a gradation of financial strength within the category. A Rating Notch is expressed with either a second plus "+" or a minus "-".

Financial Strength Non-Rating Designations

Designation Symbols	Designation Definitions
E	Status assigned to insurers that are publicly placed, via court order into conservation or rehabilitation, or the international equivalent, or in the absence of a court order, clear regulatory action has been taken to delay or otherwise limit policyholder payments.
F	Status assigned to insurers that are publicly placed via court order into liquidation after a finding of insolvency, or the international equivalent.
S	Status assigned to rated insurance companies to suspend the outstanding FSR when sudden and significant events impact operations and rating implications cannot be evaluated due to a lack of timely or adequate information; or in cases where continued maintenance of the previously published rating opinion is in violation of evolving regulatory requirements.
NR	Status assigned to insurance companies that are not rated; may include previously rated insurance companies or insurance companies that have never been rated by AM Best.

Rating Disclosure – Use and Limitations

A Best's Credit Rating (BCR) is a forward-looking independent and objective opinion regarding an insurer's, issuer's or financial obligation's relative creditworthiness. The opinion represents a comprehensive analysis consisting of a quantitative and qualitative evaluation of balance sheet strength, operating performance, business profile and enterprise risk management or, where appropriate, the specific nature and details of a security. Because a BCR is a forward-looking opinion as of the date it is released, it cannot be considered as a fact or guarantee of future credit quality and therefore cannot be described as accurate or inaccurate. A BCR is a relative measure of risk that implies credit quality and is assigned using a scale with a defined population of categories and notches. Entities or obligations assigned the same BCR symbol developed using the same scale, should not be viewed as completely identical in terms of credit quality. Alternatively, they are alike in category (or notches within a category), but given there is a prescribed progression of categories (and notches) used in assigning the ratings of a much larger population of entities or obligations, the categories (notches) cannot mirror the precise subtleties of risk that are inherent within similarly rated entities or obligations. While a BCR reflects the opinion of A.M. Best Rating Services, Inc. (AM Best) of relative creditworthiness, it is not an indicator or predictor of defined impairment or default probability with respect to any specific insurer, issuer or financial obligation. A BCR is not investment advice, nor should it be construed as a consulting or advisory service, as such; it is not intended to be utilized as a recommendation to purchase, hold or terminate any insurance policy, contract, security or any other financial obligation, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser. Users of a BCR should not rely on it in making any investment decision; however, if used, the BCR must be considered as only one factor. Users must make their own evaluation of each investment decision. A BCR opinion is provided on an "as is" basis without any expressed or implied warranty. In addition, a BCR may be changed, suspended or withdrawn at any time for any reason at the sole discretion of AM Best.

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GUIDE TO BEST'S ISSUER CREDIT RATINGS – (ICR)

A Best's Issuer Credit Rating (ICR) is an independent opinion of an entity's ability to meet its ongoing financial obligations and can be issued on either a long- or short-term basis. A Long-Term ICR is an opinion of an entity's ability to meet its ongoing senior financial obligations, while a Short-Term ICR is an opinion of an entity's ability to meet its ongoing financial obligations with original maturities generally less than one year. An ICR is an opinion regarding the relative future credit risk of an entity. Credit risk is the risk that an entity may not meet its contractual financial obligations as they come due. An ICR does not address any other risk. In addition, an ICR is not a recommendation to buy, sell or hold any securities, contracts or any other financial obligations, nor does it address the suitability of any particular financial obligation for a specific purpose or purchaser. An ICR may be displayed with a rating identifier or modifier that denotes a unique aspect of the opinion.

Best's Long-Term Issuer Credit Rating (Long-Term ICR) Scale

Rating Categories	Rating Symbols	Rating Notches*	Category Definitions
Exceptional	aaa	-	Assigned to entities that have, in our opinion, an exceptional ability to meet their ongoing senior financial obligations.
Superior	aa	aa+ / aa-	Assigned to entities that have, in our opinion, a superior ability to meet their ongoing senior financial obligations.
Excellent	a	a+ / a-	Assigned to entities that have, in our opinion, an excellent ability to meet their ongoing senior financial obligations.
Good	bbb	bbb+ / bbb-	Assigned to entities that have, in our opinion, a good ability to meet their ongoing senior financial obligations.
Fair	bb	bb+ / bb-	Assigned to entities that have, in our opinion, a fair ability to meet their ongoing senior financial obligations. Credit quality is vulnerable to adverse changes in industry and economic conditions.
Marginal	b	b+ / b-	Assigned to entities that have, in our opinion, a marginal ability to meet their ongoing senior financial obligations. Credit quality is vulnerable to adverse changes in industry and economic conditions.
Weak	ccc	ccc+ / ccc-	Assigned to entities that have, in our opinion, a weak ability to meet their ongoing senior financial obligations. Credit quality is vulnerable to adverse changes in industry and economic conditions.
Very Weak	cc	-	Assigned to entities that have, in our opinion, a very weak ability to meet their ongoing senior financial obligations. Credit quality is very vulnerable to adverse changes in industry and economic conditions.
Poor	c	-	Assigned to entities that have, in our opinion, a poor ability to meet their ongoing senior financial obligations. Credit quality is extremely vulnerable to adverse changes in industry and economic conditions.

* Best's Long-Term Issuer Credit Rating Categories from "aa" to "ccc" include Rating Notches to reflect a gradation within the category to indicate whether credit quality is near the top or bottom of a particular Rating Category. Rating Notches are expressed with a "+" (plus) or "-" (minus).

Best's Short-Term Issuer Credit Rating (Short-Term ICR) Scale

Rating Categories	Rating Symbols	Category Definitions
Strongest	AMB-1+	Assigned to entities that have, in our opinion, the strongest ability to repay their short-term financial obligations.
Outstanding	AMB-1	Assigned to entities that have, in our opinion, an outstanding ability to repay their short-term financial obligations.
Satisfactory	AMB-2	Assigned to entities that have, in our opinion, a satisfactory ability to repay their short-term financial obligations.
Adequate	AMB-3	Assigned to entities that have, in our opinion, an adequate ability to repay their short-term financial obligations; however, adverse industry or economic conditions likely will reduce their capacity to meet their financial commitments.
Questionable	AMB-4	Assigned to entities that have, in our opinion, questionable credit quality and are vulnerable to adverse economic or other external changes, which could have a marked impact on their ability to meet their financial commitments.

Long- and Short-Term Issuer Credit Non-Rating Designations

Designation Symbols	Designation Definitions
d	Status assigned to entities (excluding insurers) that are in default or when a bankruptcy petition or similar action has been filed and made public.
e	Status assigned to insurers that are publicly placed, via court order into conservation or rehabilitation, or the international equivalent, or in the absence of a court order, clear regulatory action has been taken to delay or otherwise limit policyholder payments.
f	Status assigned to insurers that are publicly placed via court order into liquidation after a finding of insolvency, or the international equivalent.
s	Status assigned to rated entities to suspend the outstanding ICR when sudden and significant events impact operations and rating implications cannot be evaluated due to a lack of timely or adequate information; or in cases where continued maintenance of the previously published rating opinion is in violation of evolving regulatory requirements.
nr	Status assigned to entities that are not rated; may include previously rated entities or entities that have never been rated by AM Best.

Rating Disclosure: Use and Limitations

A Best's Credit Rating (BCR) is a forward-looking independent and objective opinion regarding an insurer's, issuer's or financial obligation's relative creditworthiness. The opinion represents a comprehensive analysis consisting of a quantitative and qualitative evaluation of balance sheet strength, operating performance, business profile and enterprise risk management or, where appropriate, the specific nature and details of a security. Because a BCR is a forward-looking opinion as of the date it is released, it cannot be considered as a fact or guarantee of future credit quality and therefore cannot be described as accurate or inaccurate. A BCR is a relative measure of risk that implies credit quality and is assigned using a scale with a defined population of categories and notches. Entities or obligations assigned the same BCR symbol developed using the same scale, should not be viewed as completely identical in terms of credit quality. Alternatively, they are alike in category (or notches within a category), but given there is a prescribed progression of categories (and notches) used in assigning the ratings of a much larger population of entities or obligations, the categories (notches) cannot mirror the precise subtleties of risk that are inherent within similarly rated entities or obligations. While a BCR reflects the opinion of A.M. Best Rating Services, Inc. (AM Best) of relative creditworthiness, it is not an indicator or predictor of defined impairment or default probability with respect to any specific insurer, issuer or financial obligation. A BCR is not investment advice, nor should it be construed as a consulting or advisory service, as such; it is not intended to be utilized as a recommendation to purchase, hold or terminate any insurance policy, contract, security or any other financial obligation, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser. Users of a BCR should not rely on it in making any investment decision; however, if used, the BCR must be considered as only one factor. Users must make their own evaluation of each investment decision. A BCR opinion is provided on an "as is" basis without any expressed or implied warranty. In addition, a BCR may be changed, suspended or withdrawn at any time for any reason at the sole discretion of AM Best.

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Mergers, Acquisition, State Action and Name, Domiciliary and Ownership Changes

WellCare Health Plans of Tennessee, Universal and Western General are among the U.S. life/health and property/casualty insurers that have experienced a corporate change.

LIFE/HEALTH

Mergers

National Mutual Benefit (AMB# 006794), Madison, Wis. This company merged with and into Western Fraternal Life Association on Jan. 1, 2021.

WellCare Health Plans of Tennessee Inc. (AMB# 062346), Knoxville, Tenn. This company changed its name to Rhythm Health Tennessee Inc. on March 1, 2021.

Western Fraternal Life Association (AMB# 007225), Cedar Rapids, Iowa. National Mutual Benefit merged with and into Western Fraternal Life Association and the company changed its name to BetterLife on Jan. 1, 2021.

Domiciliary Changes

PacifiCare of Nevada Inc. (AMB# 064219), Las Vegas. This company redomesticated from Nevada to Utah on March 22, 2021.

Western Fraternal Life Association (AMB# 007225), Cedar Rapids, Iowa. This company redomesticated to Wisconsin from Iowa on Jan. 1, 2021.

PROPERTY/CASUALTY

Merger

Universal Insurance Company of North America (AMB# 012713), Sarasota, Fla. This company merged with and into Universal North America Insurance Co. on June 30, 2021.

Name Changes

Crystal Ridge Specialty Insurance Co. Inc. (AMB# 023285), Chicago. This company changed its name to Vantage Risk Specialty Insurance Co. on July 2, 2021.

Southern County Mutual Insurance Co. (AMB# 020973), Richardson, Texas. The name of this company was changed to GEICO Texas County Mutual Insurance Co. on June 17, 2021.

Acquisition & Ownership Change

Western Home Insurance Co. (AMB# 003561), Edina, Minn. This company was sold as a shell to Obsidian Insurance Holdings Inc. by Western National Mutual Insurance Co. on July 1, 2021.

State Action

Western General Insurance Co. (AMB# 003560), Calabasas, Calif. This company was placed into conservatorship on May 26, 2021.

BR

Partners Say Amazon Digital Insurance Network Offers Growth Potential

Marsh: Organizations are increasingly seeking to offer a variety of insurance products to third parties and customers, with a digital-first delivery strategy.

Amazon's new digital insurance network, formed in partnership with Marsh, helps connect all of the moving parts of the insurance ecosystem in a key small-business channel, according to Karnina Szymanski, Bold Penguin's president of insurance.

Her company and others fueling the Amazon Insurance Accelerator said such partnerships are rising and offer growth potential. Accelerator distribution and underwriting participants are a mix of legacy and insurtech companies.

Anita Sathe, U.S. affinity leader at global broker partner Marsh, said assisting Amazon with the launch of its own insurance network "fits squarely in Marsh's growth strategy. Organizations are increasingly seeking to offer a variety of insurance products to third parties and customers, with a digital-first delivery strategy."

Marsh is working with an increasing number of such clients, she added. While most coverage will be written through Marsh, insurtech Next is directly participating in the accelerator, deepening a partnership formed earlier with Amazon Business to offer multiple small-business products.

William Arbuckle, head of sales and business development at Next, said partnerships provide an additional channel for growth, "alongside paid media, word-of-mouth, external agents" and more.

Amazon announced the accelerator as part of an expansion of its decades-old "A-to-Z guarantee" that set return policies for products sold and fulfilled by third-party sellers. Now, Amazon is pledging to settle defective product property damage or personal injury claims for the 80% of instances when it said the cost would fall under \$1,000.

—Renée Kiriluk-Hill

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VCIA: Vermont New Captive Licenses Experience Growth Spurt in 2020

The hard market in insurance has spurred many organizations to look at their risk and how to finance it.

Rich Smith, president, Vermont Captive Insurance Association, said hard-market conditions helped spur an increase in new state captive licenses to 38. The state has 24 or 25 new licenses in a good year.

Following is an edited transcript of an interview with AM Best TV.

Vermont is celebrating 40 years as a captive domicile. Is the VCIA also 40 years old?

No, we were formed a couple years after the initial legislation and the industry got off the ground, so we'll be celebrating our 36th anniversary this year. VCIA's been around for a long time, representing the industry both here in Vermont, but also throughout the country.

Vermont's had a pretty active year this year, hasn't it?

It's been incredibly active. Last year, Vermont licensed about 38 new captives. A good year for Vermont is usually around 24, 25 new captives. Obviously, the hard market plays a role there as well. This year, already, I think the numbers I saw in mid-June were over 25 new captives already licensed in Vermont. I think they're going to have another banner year. [Deputy Commissioner Vermont Insurance Division] Dave Provost and his team just do an incredible job, and they just keep churning out the captives.

What do you suppose is driving that?

The hard market has spurred a lot of organizations to look at their risk and how they finance their risk. We'd already seen some growth in the smaller to midsize enterprise, express an interest in captives. The utilization of cells within the captive insurance sphere provides a good starting point for a lot of these organizations, but certainly, the hardening market in the traditional lines have pushed a lot of folks to look at captives.



Rich Smith

I understand that there's some new captive legislation in Vermont.

Yes. Every year, we go to the Legislature. I work with Dave Provost and his team at the Department of Financial Regulation, and my legislative committee. What we do is go every year to the Legislature with a bill that we both have agreed on in terms of what we would like to see. This year was no different. Some years, we have bigger items in them. Some years, they're just real tweaks to make sure that the legislation, the regulatory work of the department,

is streamlined and keeps up with the evolving nature of captives. This year, there weren't any major pieces, but just again, honing the legislation, making sure we're listening to the industry.

The state is taking part in an experimental blockchain program as it pertains to captives. Can you explain that?

One of the things the state is looking at is potentially the establishment of a digital risk exchange that would use blockchain technology at its core. What this would do would allow—what we hope it will do—will open up more capacity in the capital markets. What I would call the more traditional capital markets on Wall Street and other places as well, for captives to seek something other than the more traditional reinsurance contracts that they already utilize. There is a lot of experimentation with fintech, blockchain, trying to open up, trying to change the traditional insurance and the captive insurance marketplace to keep up with the emerging risks that are out there. **BR**

—John Weber

AM Best TV



Go to www.bestreview.com to watch the interview with Rich Smith.

Masthead: Backstay

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Cosby, Weinstein Attorney Advises Insurers to Clearly Define Policy Exclusions and Coverages

Recent sexual assault cases involving celebrities like Bill Cosby and Harvey Weinstein highlight the need for policies such as homeowners and personal excess liability insurance to cover defamation and civil claims.

by Lori Chordas

Attorney Jeffrey L. Schulman, a partner in the New York City office of Pasich LLP, has represented Bill Cosby and Harvey Weinstein in their high-profile cases of sexual misconduct that helped usher in the #MeToo movement. Now he's stressing how insurance coverage such as homeowners and personal excess liability policies can be used to cover sexual misconduct and other types of civil claims such as defamation.

Schulman spoke to *Best's Review* about how certain coverages were used in the high-profile cases and what insurers need to consider when writing policies that potentially could become part of litigation involving sexual misconduct, defamation of character and other types of claims. Following is an edited transcript of Schulman's interview with AM Best TV.



Jeffrey L. Schulman

What should insurers consider when writing policies that could be impacted by losses or coverage disputes from sexual misconduct, product recall, the #MeToo movement or other types of claims?

I'm often asked this question and I chuckle because, as a policyholder-side coverage lawyer, I'm one of the last people the insurance industry is interested in hearing from about how to write their policies. But it's important for insurers to remember that policies are contracts of adhesion. They're drafted by insurers, and insureds rarely have an opportunity to negotiate terms.

Whether the insured is a business or individual, if an insurer is willing to write a policy but wants to include a sexual misconduct exclusion, the insured really doesn't have the bargaining power

to leave it out. You can have that discussion but at the end of the day an insured may be faced with a policy that provides narrower coverage and broader exclusions than they would ideally like. Insurers are squarely obligated to clearly and unambiguously articulate the risks that they're willing to cover and those they want to exclude.

Failing to do so creates ambiguity. An insured doesn't have to prove that a liability is not excluded. An insurer has to show that its interpretation of a policy exclusion is the only reasonable one. That is because two reasonable interpretations equal ambiguity and that, according to the law in essentially every state, means coverage. **BR**

How can homeowners and personal excess liability insurance policies be used to cover claims like in the Cosby and Weinstein cases?

Many of those policies provide coverage for personal injury, which include libel, slander, and defamation, among other things. Public accusations of wrongdoing against public figures such as Bill Cosby and Harvey Weinstein are often responded to with public denials of those accusations. That is arguably a challenge to the credibility and truthfulness of the accuser and maybe their motivations for making allegations in the first place. Merely denying allegations has, at least in some instances, given rise to alleged damages based on claims of defamation, slander or libel as in some of the recent high-profile cases.

Lori Chordas is a senior associate editor. She can be reached at lori.chordas@ambest.com.

AM Best TV



Go to www.bestreview.com to watch the interview with Jeffrey L. Schulman.

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