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AM BEST'S MONTHLY INSURANCE MAGAZINE

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AM BEST'S MONTHLY INSURANCE MAGAZINE

We Meet Again

In what may be an indicator, the Wholesale & Specialty Insurance Association held its Annual Marketplace in person in November–and the San Diego event drew its second-highest turnout ever. Many organizers are planning for an in-person component to their meetings in 2022.

Insurance Events Coverage Pages 32-39

Best's Review's Online Archives


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On the Road Again–at Least for Now

The January issue includes a look at the possible return of in-person events in 2022 and coverage of industry innovations past and present.

For the first time since February 2020, AM Best TV traveled to attend an in-person industry conference.

This time it was the Wholesale Specialty & Insurance Association's Annual Marketplace, held in San Diego in November. The event drew its second-highest turnout ever.

In the January issue, *Best's Review* presents "We Meet Again," a photo essay that tells the story of the WSIA event.

The Risk and Insurance Management Society, meanwhile, also held its Enterprise Risk Management conference in New York City in November, its first in-person event since January 2020.

"You could really feel the energy in the room," said RIMS CEO Mary Roth. "It was great to see old friends and passionate risk professionals after having a year of a pause."

In "Welcome Back: Conference Leaders See a Cautious Return to In-Person Events," *Best's Review* spoke with Roth and Stuart Ruff-Lyon, vice president of events and exhibitions at RIMS and the immediate past chair of the Professional Convention Management Association's board of directors, about how RIMS is preparing for its annual conference in April.

The feature includes a listing of insurance events for 2022. While most organizers were planning a return to live events in 2022, the rise of the omicron variant in early December raised concerns, once again, about traveling and large gatherings.

With so many people working remotely, especially in the early days of the pandemic, insurers had to accelerate their digital plans and increased their efforts on innovation.

January is Insurance Innovation Awareness Month and innovation is a theme that runs throughout much of the issue.

In "In Innovation, It's Not the Most Obvious Changes That Make the Biggest Impacts," *Best's Review* spoke with industry leaders about the innovations that laid the groundwork for today's advances.

Distribution is another area that is seeing innovation and change. In "Embedded Insurance Gaining Steam as Insurers Build Distribution Partnerships," *Best's Review* examines the rise of embedded insurance and why insurers are building partnerships to expand this business market.

In "Haven Technologies Looks to Digital Platforms, Not Policies, as Product in Latest MassMutual Spinoff," *Best's Review* spoke with leaders at Haven Technologies and parent company MassMutual about plans to market the digital platform created to run Haven Life.

"In order to compete in the future world, carriers are going to have to modernize, they're going to have to transform. It's been put off," said Yaron Ben-Zvi, chief executive officer at Haven Technologies.

The January issue also features a conversation between insurtech veteran Caribou Honig and Ilya Bodner, the founder of Bold Penguin, in "An Entrepreneur's Story: Questions for Ilya Bodner, Founder of Bold Penguin."

In "Crum & Forster Moves Forward as Cyber Insurance, New Technologies Emerge," *Best's Review* spoke with Marc Adee, chairman and chief executive officer of Crum & Forster, about the company, its history and plans as it celebrates its 200th anniversary.

The January issue also includes Best's Rankings of the top insurers in India and the MENA region. BR

Patricia Vowinkel
Executive Editor
patricia.vowinkel@ambest.com

The Question:

What overlooked areas of insurance should insurtechs consider focusing on?

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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Cover design by Angel Negrón. Photo by Kim Bjorheim.

American Farm Bureau Federation to Convene in Atlanta

Jan. 7-12: American Farm Bureau Convention, American Farm Bureau Federation, Atlanta.

Jan. 19: St. John's Insurance Leader of the Year Award Dinner, St. John's University School of Risk Management, New York.

Jan. 31-Feb. 3: Private Placements Industry Forum, Private Placements Investors Association, Miami.

Feb. 4: Artemis ILS NY 2022, Artemis, New York.

Feb. 7-10: Surplus Lines Management, Wholesale & Specialty Insurance Association, Atlanta.

Feb. 9-11: World Captive Forum, Business Insurance, Aventura, Fla.

Feb. 13-16: 2022 Crop Insurance Industry Annual Convention, National Crop Insurance Services, Indian Wells, Calif.

Feb. 21-24: Cat Risk Management 2022, Reinsurance Association of America, Orlando, Fla.

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.*

Attending Exhibiting Speaking Hosting Sponsoring Video

January Is Insurance Innovation Awareness Month
The insurance market has undergone profound changes in the past two decades, thanks to innovations driven largely by data, analytics and technology, according to industry leaders. *Best's Review* takes a look at these innovations and their effects on the marketplace. Coverage begins on page 20.

AIG Names Chief Financial Officer, Creates Global Chief Actuary Post

Also, Allianz appoints first chief analytics officer and the former director of the Federal Insurance Office joins Brookfield Asset Management.

American International Group Inc. named Shane Fitzsimons to succeed Mark Lyons as executive vice president and chief financial officer. Lyons has been named to the newly created role of EVP, global chief actuary and head of portfolio management.

Shane Fitzsimons

Mark Lyons

Both appointments are effective Jan. 1, and they will both remain members of AIG's executive leadership team and report to Peter Zaffino, president and chief executive officer, AIG, according to a company statement.

Fitzsimons joined AIG in July 2019 as global head of shared services. He has held roles with increasing responsibility, most recently serving as EVP and chief administrative officer, which included head of financial planning & analysis. Fitzsimons also oversaw the implementation of AIG 200 across AIG.

Previously, he spent 23 years at GE, 13 of which as an officer, in operational and financial leadership roles across the United States, Asia, and Europe, including global head of shared services, CFO for all international operations, head of financial planning and analysis across GE and CFO of GE Aviation Services, according to the company.

In his newly created role, Lyons will oversee AIG's global actuarial and ceded reinsurance functions, and lead ongoing improvements and repositioning in AIG's commercial and personal insurance portfolio, the company said.

Lyons joined AIG in July 2018 as chief actuary, general insurance, with more than 40 years of experience in the insurance industry. He assumed the role of CFO, AIG in December 2018. Before joining AIG, he was EVP, CFO and treasurer of Arch Capital Group Ltd. He was previously chairman and CEO of Arch Worldwide Insurance Group after serving in various capacities within Arch Insurance U.S. operations. Prior to Arch, Lyons held positions of increasing responsibility at Zurich U.S., Berkshire Hathaway and previously at AIG, according to a company statement.

AIG also appointed Elias Habayeb as CFO, life and retirement; Elaine Rocha as global chief investment officer, AIG; and Ted Devine as global head of AIG 200.

—Staff Report

New York Life Appoints Successor to Retiring CEO

New York Life's board of directors named Craig DeSanto to succeed Ted Mathas as chief executive officer.

Mathas, who has held the title of CEO for almost 14 years, plans to retire April 15 but will remain chairman of the board in a non-executive capacity for a transition period, according to the company.

DeSanto has served as New York Life's president since July 2020 and as a member of the company's board of directors since February 2021. He will retain the title of president upon assuming the CEO role, according to a company statement.

DeSanto joined New York Life in 1997 as an actuarial summer intern and was promoted into roles of increasing responsibility across the company's finance and business operations, which included leading the institutional and individual life insurance businesses. In 2015, DeSanto was appointed leader of the company's strategic businesses, where he strengthened and further diversified a portfolio of businesses that complement and support the company's core individual life insurance business. Today, these businesses generate the majority of New York Life's earnings, nearly 50% of dividends paid, and approximately half of the company's life insurance sales, according to the company.

Craig DeSanto

In 2018, DeSanto assumed oversight for New York Life's retail annuity business line. In 2019, he added oversight of New York Life Investment Management, the company's $450 billion multi-boutique third-party asset management business serving institutions and individuals around the world. In 2020, DeSanto led the effort to successfully close the acquisition of Cigna's group life and disability business, now known as New York Life Group Benefit Solutions. The acquisition is the largest in New York Life's history, the company said.

Marsh McLennan Names Group President, Selects New Guy Carpenter CEO

Marsh McLennan promoted John Doyle to group president and chief operating officer of Marsh McLennan and Dean Klisura to succeed Peter Hearn as president and chief executive officer of Guy Carpenter.

John Doyle

The changes are effective Jan. 1.

Doyle formerly was president and CEO of Marsh, a position he held since 2017. In his new role, he will work closely with President and CEO Dan Glaser to realize the enterprise's overall strategic business and operational objectives. The CEOs of Marsh, Guy Carpenter, Mercer and Oliver Wyman will report to Doyle, who, in turn, will report to Glaser, according to a company statement.

Dean Klisura

He will continue as vice chair of the company.

Klisura, president of Guy Carpenter, also was appointed vice chair of Marsh McLennan and succeeds Hearn on Marsh McLennan's executive committee. Klisura had been with Marsh for almost 30 years, serving in executive leadership roles in Marsh's Global Placement and Advisory Services and Global Specialties businesses before joining Guy Carpenter in 2020, according to the company.

Hearn will continue in his role as vice chair of Marsh McLennan, focusing on sales and colleague development initiatives. He will continue to report to Glaser, the company said.

Martin South, formerly president of Marsh U.S. and Canada, succeeds Doyle as president and CEO of Marsh. He also was appointed vice chair of Marsh McLennan and will join Marsh McLennan's executive committee. South has more than 30 years of global insurance experience, including serving as CEO for Marsh's Asia-Pacific region, Marsh U.K. & Ireland and Marsh Europe, the company said.

Dominic Burke, vice chair of Marsh McLennan, plans to retire in mid-January. Burke, former CEO of Jardine Lloyd Thompson, joined Marsh McLennan following its acquisition of JLT in 2019, according to a company statement.

Pat Donnelly, formerly head of Marsh Specialty for Marsh U.S. and Canada, succeeds South as president of Marsh U.S. and Canada.

Donnelly will oversee Marsh's insurance brokerage and risk advisory businesses across the United States and Canada. He will report to South and join the executive committee, according to a company statement.

Donnelly has over 20 years of experience and has served in his current role since 2019, when JLT was acquired by Marsh McLennan. Previously, he was CEO of JLT Specialty U.S. and held executive leadership positions at Aon Risk Solutions, according to the company.

JoAnn Martin, Former Ameritas CEO, Dies at Age 67

JoAnn Martin, former Ameritas chief executive officer and longtime industry and community leader, has died at the age of 67.

In July, Martin was diagnosed with a rare degenerative neurological disease that progressed rapidly, according to her obituary.

Martin was born Sept.

JoAnn Martin

20, 1954, in Plainview, Nebraska. A lifelong Nebraskan, she grew up on a farm and attended a one-room school through sixth grade and then public high school, graduating in 1972. Martin attended the University of Nebraska-Lincoln, majoring in accounting. She graduated with high distinction in 1975 while passing all components of the Certified Public Accountant examination by the age of 20. She earned her Master of Science degree in business administration from Colorado State University in 1982, according to her obituary.

Martin began her professional career at the Touche Ross & Co. accounting firm in 1976. She joined Ameritas, then called Bankers Life Nebraska, in 1984 as an audit division manager. She rose through the company, serving the next 35 years in various key leadership roles.

She was elected Ameritas CEO in 2009, a role she served in until her retirement in 2020, according to BestWire. As CEO, Martin set the pace and was essential to the growth of Ameritas through a significant transition period. Under Martin's leadership, Ameritas assets grew 61%, and the total number of customers grew 75%. By almost all measures, the company is at least 50% larger than it was when she became CEO, according to a previous Ameritas statement.

Martin also served as a board member for publicly traded companies NRC Health and Nelnet. She also was just the second woman to serve as chair of the American Council of Life Insurers in its 113-year history. She participated in numerous other business and community roles and also volunteered for many school and community causes.

Martin is survived by her husband, two daughters and three granddaughters.

Willis Towers Watson Names Global Head of Broking and Broking Strategy

Willis Towers Watson appointed Hugo Wegbrans as global head of broking and strategy in its risk and broking segment.

He will join the company early this year from Aon, where he most recently was leader of global strategies for its commercial risk solutions business. Before that, he was global chief broking officer. He spent the majority of his 35-year career with Aon, WTW said.

Hugo Wegbrans

WTW also named Clare Muhiudeen as head of Asia, succeeding Scott Burnett, who was promoted to chief commercial officer in the risk and broking operations worldwide. Muhiudeen will be responsible for driving business growth and directing Willis Towers Watson's client and colleague experience across its business segments in Asia. She will be based in Hong Kong, according to a company statement.

Muhiudeen has 30 years of experience in human capital consulting, serving clients and leading large, multi-disciplinary teams across various international markets including Asia-Pacific, Central and Eastern Europe and the Middle East, and Latin America. Most recently, she led the company's human capital & benefits segment across WTW International and worked with multinational companies in a range of sectors, including engineering, airlines, luxury brands, telecommunications, professional services and many more, according to the company.

In addition, Ben Crookenden was appointed head of facultative for WTW's risk and broking business in Asia. Crookenden brings 17 years of industry experience, including 12 years in Southeast Asia. Previously, he served at UIB Singapore, JLT and JLT Risk Solutions Asia, according to WTW.

Hiscox Appoints Interim Group Chief Financial Officer

Hiscox Ltd. named Liz Breeze as interim group chief financial officer, subject to regulatory approval, while the search for a permanent group CFO is conducted.

Effective Jan. 1, Breeze fills the vacancy left by former Group CFO Aki Hussain, who takes over as chief executive officer this month, according to BestWire. She will be based in London and join the group executive committee, the company said.

Liz Breeze

Breeze joined Hiscox in 2012 and has held a number of senior finance roles across the group, including group technical accountant, head of finance for Hiscox U.K., and, most recently, chief financial officer for Hiscox Re & ILS. As part of the Hiscox Re & ILS leadership team, Breeze has driven significant improvements in both financial systems and capital efficiency, according to the company. She is a chartered accountant, having trained with KPMG, and previously worked as part of their insurance practice in London and Bermuda.

Insurtech Hippo Selects First Chief Claims Officer

Insurtech Hippo named Grace Hanson as its first chief claims officer, effective this month.

Hanson will oversee the growth of Hippo's claims organization as the company expands to reach more than 90% of U.S. homeowners this year, according to a company statement.

Grace Hanson

Hanson also will extend the company's use of technology and data to increase claims efficiency and ensure that customers are able to complete claims with limited effort and an empathetic shoulder to lean on throughout the process, according to the company.

Hanson joins Hippo from Hiscox, where she was the chief claims officer. Hanson built deep experience with insurtech companies as senior vice president chief claims officer of Homesite Insurance, the first insurer to offer a fully digital homeowners product. In her role, Hanson built a claims organization that not only handled 400% growth in eight years but also was at the forefront of using emerging technology, the company said.

Allianz Insurance Names First Chief Analytics Officer

Allianz Insurance has named Chris Varley to the newly created position of chief analytics officer, effective in March.

Varley will be responsible for growing capabilities in data and pricing, to deliver a single analytics strategy across Allianz Insurance, the company said.

Chris Varley

Varley joins Allianz from Willis Towers Watson, where he was senior director, responsible for the commercial lines pricing, product, claims and underwriting consulting proposition. In this role, Varley developed and delivered cutting-edge analytics in the commercial insurance market and had worked with Allianz at a group and U.K. level, according to a company statement.

Before WTW, Varley was with Zurich Insurance for 13 years in various roles, most recently as head of underwriting transformation, responsible for defining and leading the underwriting transformation program, which focused on data-led decision making, according to the company.

Brookfield Appoints Vice Chair of Insurance Solutions Business

Brookfield Asset Management appointed Michael McRaith as vice chair of its insurance solutions business.

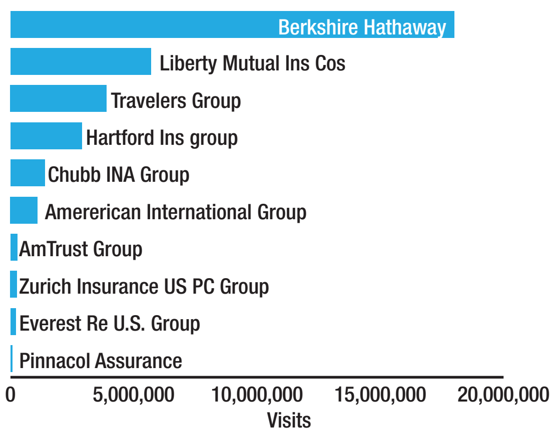
Michael McRaith

In this newly created role, McRaith will participate in all aspects of Brookfield's global insurance operation.

He most recently was a managing director at Blackstone. He served for nearly six years as the first director of the Federal Insurance Office in the U.S. Department of the Treasury. Before joining Treasury, he served for more than six years as the director of the Illinois Department of Insurance, including as an officer of the National Association of Insurance Commissioners. He was a private practice lawyer in Chicago before his government service, according to a company statement. BR

Web Traffic: Visits to US Workers' Compensation Writers

Berkshire Hathaway leads web analytics provider Semrush's ranking of the top U.S. Workers' Compensation Writers based on 2020 market share.



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For a full listing of Best's Rankings, please visit *news.ambest.com*.

MASTHEAD

FORESTAY

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AMERICAS (NCSA)

WORLD HEADQUARTERS
1 Ambest Road,
Oldwick, NJ 08858
Phone: +1 908 439 2200

MEXICO CITY
Av. Paseo de la Reforma 412 Piso 23,
Col. Juárez, Alcadía Cuauhtémoc, C.P. 06600, México, D.F.
Phone: +52 55 1102 2720

EUROPE, MIDDLE EAST & AFRICA (EMEA)

LONDON
12 Arthur Street, 6th Floor,
London, UK EC4R 9AB
Phone: +44 20 7626 6264

AMSTERDAM
NOMA House, Gustave Mahlerlaan 1212,
1081 LA Amsterdam, Netherlands
Phone: +31 20 308 5420

DUBAI*
Office 102, Tower 2, Currency House, DIFC,
P.O. Box 506617, Dubai, UAE
Phone: +971 4375 2780
*Regulated by the DFSA as a Representative Office

ASIA-PACIFIC (AP)

HONG KONG
Unit 4004 Central Plaza,
18 Harbour Road, Wanchai, Hong Kong
Phone: +852 2827 3400

SINGAPORE
6 Battery Road,
#39-04, Singapore
Phone: +65 6303 5000

ADVERTISING

SENIOR ACCOUNT MANAGERS
Christine Girandola: +1 908 894 9563, *christine.girandola@ambest.com*
Brian McGoldrick: +1 908 894 9552, *brian.mcgoldrick@ambest.com*
SALES INQUIRIES
+1 908 439 2200, ext. 5399 ***advertising_sales@ambest.com*** ***www.ambest.com/advertising***

EDITORIAL

EXECUTIVE EDITOR **Patricia Vowinkel, +1 908 439 2200, ext. 5540**
EDITOR **Lynna Goch** MANAGING EDITOR **Tom Davis** COPY AND PRODUCTION EDITOR **Amy Baratta**
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CIRCULATION **Linda McEntee**
NEWS INQUIRIES ***news@ambest.com***

PRODUCTION SERVICES

SENIOR MANAGER **Susan L. Browne**
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Branding and Data Help to Meet Today's Customer Expectations

Marsh McLennan Agency's chief marketing officer discusses the importance of viewing B2B marketing as an audience of individuals and why digital marketing must make this a priority now and in the future.

by Lori Chordas

Steven Handmaker

Evolving customer expectations and changes brought about by COVID-19 are placing a greater emphasis on branding, digital marketing and data.

"Quality data and understanding your audience is paramount nowadays, and time is such a valuable commodity. Customers expect their preferences to be known and understood not just by the companies trying to do business with them but also those they aren't doing business with," said Steven Handmaker, chief marketing officer at Marsh McLennan Agency.

Marketers need to develop messages and content that "create an experience that customers find valuable, saves them time, isn't repetitive and makes things efficient," he said.

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

How are customer expectations changing the way we now look at insurance, and how is marketing to consumers evolving to meet those needs?

Customer expectations are increasing, and it's up to us as marketers to figure out how to make sure that we're following the Amazon model of using data for good, trying to be helpful, useful, and showing that we understand our audience. Our industry brings tremendous value to the table for our customers. We all have to continue to find creative and smart ways to make sure that they fully understand and perceive that value.

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

One of the things that COVID-19 did was place a spotlight on digital channels and communications. What digital channels and tools worked for your company?

Digital marketing is marketing. Nowadays, you almost can't separate the two. Most of the face-to-face or print things that we would consider ourselves traditionally doing now all have some digital component to them. The real challenge is to focus ultimately on and remember that it's about the experience of the people that we're communicating those messages to. We can make a world of smart, helpful and useful information available across the digital landscape, but not every message is right for every individual's interest.

We don't want to bombard our audience with 14 daily messages, even if all of those messages are perfectly right for them. It takes some effort to be strategic in our outreach, to think about how we're doing it. It's B2B marketing, but our audience is made up of individuals. As we think about digital marketing, we need to make this a top priority now and for the future.

How has the pandemic changed the way marketers are thinking about their brands?

One of the things that MMA found is that the pandemic seemed to create what I'll call a "flight to quality," where folks wanted to be with organizations that they could trust and rely on. This wasn't the time to take chances. The MMA brand benefited greatly from that desire for reputation and stability. BR

AM Best TV

Go to *www.bestreview.com* to watch the interview with Steven Handmaker.

At Large

The Misguided Pursuit of Developing Markets

Are they really worth the risk?

By **Bill Pieroni**

With the increasing globalization and interdependence of insurance markets, as well as pursuit of growth and profit, it is natural for insurers to consider international expansion. Conventional wisdom suggests that developing markets hold the greatest opportunity.

This line of reasoning is understandable—however, the facts do not, in general, support it. The insurance industry's collective interest in developing markets is not justified by their actual potential growth and value capture.

Types of Global Markets

ACORD recently analyzed more than 11,000 carriers across 100 countries to determine how premium growth and value are distributed globally, and how country-specific factors influence strategies, tactics and outcomes.

We found that the most useful metrics for classifying each market were current insurance penetration, and the change in that penetration over the last 10 years. "Insurance penetration," in this case, was defined as direct premiums written as a percentage of national GDP. Mature markets were those with higher-than-average insurance penetration, but increasing at a lower-than-average rate. The rest were classified as "developing."

It is worth noting that some developing insurance markets are not ones that would normally be thought of as "developing countries." For example, Norway and Singapore, despite having robust, developed overall economies, are developing markets for insurance purposes.

Best's Review contributor **Bill Pieroni** is president and CEO of ACORD. He can be reached at *bestreviewcomment@ambest.com.*

Outcomes and Performance

Developing markets represent 12% of global direct premiums, but accounted for only 9% of premium growth over the last 10 years. While insurance is becoming an increasingly important part of developing economies, their relative share of the global market is shrinking. The premium growth rate is not keeping up with the averages.

The above figures exclude the two largest developing markets, China and South Korea. These two countries are among the 10 largest global insurance markets, and are growing rapidly. They

are undeniably becoming more relevant. However, they present significant challenges. South Korea is the most unprofitable insurance market among the top 10—in fact, carriers operating there destroyed value over the last 10 years equal to 11% of the total value generated by the rest of the world. China, while selectively profitable for domestic insurers, represents a unique environment for others. Regulatory and cultural factors, among others, appear to create barriers for non-domestic carriers.

Opportunities

Simply put, the facts do not justify the en masse pursuit of developing markets. However, opportunities for success do exist across all types of markets.

Insurers considering entry into a developing market must consider two key questions. First, is there a compelling business case for expanding into the market, aligned with your stakeholders' goals and objectives? Perhaps your commercial clients include multinational firms operating in these countries, your investors see opportunity there or activities there support your widely understood core mission.

Second, what are the capability imperatives in this market, and can you execute them? Carriers need to understand the uniqueness of each developing market at a granular level. Demographics, regulatory requirements, economic trends, and other factors shape each environment. Insurers cannot simply import operating models that have worked for them in other markets and expect success. They must thoroughly consider whether their current and potential capabilities align with those necessary to thrive in each unique market. BR

Caribou Honig

Ilya Bodner

An Entrepreneur's Story: Questions for Ilya Bodner, Founder of Bold Penguin

Insurtech veteran Caribou Honig discusses insurtech strategy with an entrepreneur who launched a company later acquired by American Family.

by Caribou Honig

The year was 2016. Insurtech was barely a recognized term in the boardroom and nascent as a category in venture capital. In that year, a credible entrepreneur by the name of Ilya Bodner came to pitch me to invest in his whimsically named company, Bold Penguin.

Bodner described his intent to better connect carriers and independent agents providing coverage for small businesses. He spoke to the "technology stack" his team was building and how he would get the flywheel spinning by also providing leads to the agents. Bold Penguin was primed, he said, to create a two-sided marketplace with network effects and the cost efficiencies of software.

I passed on the offer thinking, "This is either a genius concept or strategically bankrupt, and I cannot figure out which."

Five years later, the company was acquired by American Family Insurance Group—by all accounts, a success for its venture capital backers—and Bodner continues at the helm to pursue his vision for the company. American Family is No. 12 in AM Best's ranking of the Top 200 Property/Casualty Writers based on 2020 net premiums written. Following is an interview with Bodner.

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*.

Well, now I know Bold Penguin was actually a genius concept. When did you know as well?

Can I say 2015 when I first came up with it? Seriously though—I knew it had legs when I started really talking to agents and carrier leaders and saw how much the concept resonated. We were tackling a problem that had plagued their organizations for years. We visited over a hundred agencies on a massive roadtrip in 2016 and it was clear that we'd hit a hot button focusing on solving small-commercial insurance.

I might argue there are two types of insurtech startups. Some are trying to compete head-on and put the existing players out of business. Other startups are trying to bring the benefits of tech to the incumbents. Bold Penguin falls in the latter category. What are the distinct challenges of partnering with existing players?

Certainly there's the initial challenge of getting in the door, of trying to sell a new technology to organizations with many decades of history and layers of stakeholders. You're dealing with technology debt, existing workflows and tackling that "build or buy" decision. But we've been very fortunate with our partners in that each one has truly been a partnership, working side by side to solve their biggest small-commercial challenges. We've learned from each other and grown together and it's been an incredibly rewarding journey.

"Underwriting is another area that is very ripe for the next wave of innovation. As an industry, we aren't yet leveraging data and technology to its full potential in this space, to the detriment of the entire value chain."

Ilya Bodner
Bold Penguin

Well in that case, what advice would you give to the chief strategy officers or heads of business development at brokers, carriers and reinsurers as they think about partnering with insurtechs?

First off, you must be able to build and leverage application programming interfaces. With APIs, you can connect to distribution platforms, like the Bold Penguin Terminal, and sell products to hundreds of thousands of small businesses. Also, APIs are required to leverage new data solutions. We have a new data science team tackling submissions and coverage analysis. The insurance industry has to be able to leverage these and other solutions through API feeds.

I've written previously in *Best's Review* about VC math—the fact that venture capital is fundamentally geared to investing in asymmetrically big winners. Are there any product categories or parts of the insurance value chain you think are especially ripe to produce "asymmetrically big winners?"

Underwriting is another area that is very ripe for the next wave of innovation. It hits on several key areas that impact a number of stakeholders relevant to distribution, product and customer experience. As an industry, we aren't yet leveraging data and technology to its full potential in this space, to the detriment of the entire value chain.

To my own surprise, it turns out that COVID-19 became a tailwind for many startups in the insurance sector. I'd be remiss if I didn't ask how it affected Bold Penguin. While recognizing the human toll, was there a silver lining as it affected your business?

I've seen COVID discussed as a forcing mechanism of sorts when it comes to digitization and I think there's some truth to that. The overnight pivot to a largely virtual world removed the training wheels in a sense—it was sink or swim. We were in the fortunate position of being there to support our partners during that time as well as onboard new partners, some of whom were incentivized to fast-track elements of their digital transformations to meet the changing needs of their customers. So I'd say that COVID did increase the pace of adoption and innovation for us and many others across the industry.

Bodner's experience building Bold Penguin holds several lessons for those trying to predict the future of insurance. Partnerships have proven crucial for nearly all successful insurtech startups and that will likely continue. Embracing pivotal technologies—including, but not limited to, APIs—is key to unlocking new opportunities. Finally, a mindset of optimism and commitment to overcome obstacles—such as investors who fail to recognize the genius of an idea—is a key ingredient to driving success in our industry. BR

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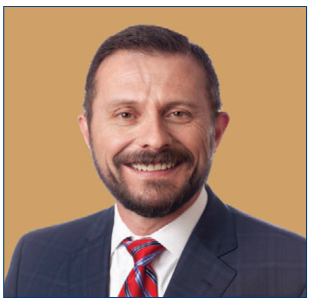

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Bureau of Captive & Financial Products
Department of Insurance

Trinidad Navarro
Insurance Commissioner

BUREAU OF CAPTIVE & FINANCIAL INSURANCE PRODUCTS
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Wilmington, DE 19801
302-577-5280 | captive.delaware.gov
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ISSUES & ANSWERS:

INNOVATION SHOWCASE

An expert discusses the future impact of digitalization and how reinsurers help to drive innovation in the insurance industry.

Interviewed Inside:

Carl Christensen
Swiss Re

View past Issues & Answers sections at
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Digital Transformation

Carl Christensen, head of L&H platforms & data solutions, Swiss Re, said that with some 1,200 life and health insurers worldwide, there is a wide range of legacy systems in the market. "Most of them are very much different, in terms of the platform and the technology they selected, and many have begun to move forward with big digital transformation initiatives," he said. Following are excerpts from an interview.

Swiss Re

Carl Christensen
Head of L&H Platforms & Data Solutions
Swiss Re

"Insurers are finding alternative ways to adopt digitalization by focusing on the agent while still utilizing some of their back office systems to optimize the cost and investment."

Go to the Issues & Answers section at *www.bestreview.com* to watch an interview with Carl Christensen.

In this day and age of digital platforms and channels, are life insurance agents really necessary?
It's been the question we've been asking ourselves for quite a while now. If we look back to the dot-com boom, people said that the end of the agents would happen around 2010. Today we recognize most of the business is still written by agents. Agents continue to play a pivotal role in giving advice, particularly in the life space. That will continue to be the case for quite a while. The key question we should recognize, though, is, "Do agents work independently of digital capabilities?" There, I would say, "No." That tenure is starting to come to its end as more and more agent firms that have not adopted digitalization are struggling to achieve the earnings and the penetrations they should to sustain for the long term.

How can the sales process become more efficient with the use of both agents and technology?
Two models are evolving, one recognizes that you can have lead generation done in a much more effective way by recognizing the particular needs of clients and by making sure that agents cater the right product to the right consumer.

The second, most likely more impactful model, is around the agents being able to digitalize their engagement with their end-consumers. It enables the agent to move back into a more direct-to-consumer model, where they can still engage in a very digital manner and apply what they're best at, which is to give advice.

What role do reinsurers play in driving innovation?
Reinsurers have been consolidators of risk knowledge and risk transfer for a very long time now. In the last decade, our focus has evolved to also recognize that we can play a role in innovation for our primary clients. As such, reinsurers have developed a number of solutions that will help innovate the market in a more digital way. In the life and health arena, our core product is Magnum, an underwriting solution that processes 15 million cases a year in 27 countries. Clearly, it is a tool that helps digitalize the area of underwriting to make decisions much more quickly to assist agents and also primaries with a direct-to-consumer model.

We are also providing more solutions in the insurance value chain. We have launched a claims solutions called CARE. We're also launching analytics solutions. In the end, we also try to make sure that we can create associated wellness and health solutions to enable the evaluation of people's well-being to develop new products for the future and assist in product innovation.

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In Innovation, It's Not the Most Obvious Changes That Make the Biggest Impacts

Whether it's technical, analytic or systemic change, the insurance industry has undergone profound transformation, industry leaders say.

by Lori Chordas

In the insurance industry, data and modernization can no longer be ignored.

Industry leaders say a host of innovations largely driven by data, analytics and technology have rightfully pushed the market forward over the past two decades. Not only have those innovations helped the industry move more quickly, they've also helped companies to launch products and initiatives more easily and helped them underwrite and analyze their own operations and markets with greater accuracy. AM Best TV recently spoke with several industry leaders about these innovations and their impact on the insurance market. They included Bill Pieroni, chief executive officer at ACORD; Deb Smallwood, senior partner at Strategy Meets Action; Mario Vitale, president of Resilience; and Bill Jenkins, a managing partner with Agile Insurance Analytics. Following is an edited transcript of interviews with them.

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

When you look back over the past 20 years, what are some of the innovations that have

most changed the insurance industry, and why?

Pieroni: First and most profound would be straight-through processing and real-time underwriting. Twenty years ago, there was still a great deal of manual underwriting at the desk and a huge effort was required to rate, price and ultimately buy cover. There's been a profound change, not only within personal lines, but even in small commercial and mid-market. We now have real-time straight-through processing in the underwriting area.

There is also internal and third-party data utilization—taking data at the moment of value, such as when you receive first notice of loss, when there's a call from a customer, or as you're thinking about an underwriting or marketing decision, a cross-sell or a retention action. The ability of the industry today versus 20 years ago to turn data into information that can't be ignored at the moment of value is truly innovative and unique.

Lastly is IT sourcing. Twenty years ago, most carriers, brokers and independent agents needed to own and oftentimes operate their data centers and IT infrastructure. The on-demand computing revolution that we have—cloud computing applications, professional IT services—is having a profound impact in driving down scale and scope economies.

A small regional carrier, a small broker or a large carrier all have the same overall economics and access to the same types of capabilities, both IT processing as well as applications. Straight-through processing and underwriting, data leverage, and IT sourcing are the three most profound innovation impacts I see.

Smallwood: Probably the most significant, largest innovation changes were predictive models, the beginning of artificial intelligence and bringing data into the transaction process. If we look back at the turn of the century, insurance was different. Every aspect, role, process and use of technology were all anchored in core systems. We've had such an evolution of digital, mobile and customer. When you start to overlay artificial intelligence and the whole platform economy, a lot has changed.

A great example of an innovative tipping point in the industry was at the turn of the century when Progressive started using predictive models and external data in the actual transaction process. Fundamentally, we've always used data and predictive models, but we actually brought it out of the actuarial back office into the transaction processing for the underwriter. In real-time automation, Progressive was able to understand, assess and price the risk they wanted and reject those they did not.

"You have virtually 100% of the cost of a carrier going into underwriting and claims, and you've got less than 8% of the insurtech spend devoted to improving those areas. We need more innovative solutions around underwriting and claims."

Bill Pieroni
ACORD

At that time, we really thought it was just bringing new models into the process and creating automation, but it really facilitated significant changes in our industry. It facilitated straight-through processing and moving data capture out to the agents in the channels, and changed the underwriting process. It has also facilitated direct sales and the evolution of products.

Vitale: I don't think the insurance industry has ever won the award for "most innovative." I mean, take financial services, for example. In just a few clicks or swipes of your phone, we can today securely send money around the world. Health care is another industry that has made huge gains in innovation with life-saving medical technologies and disease detection. I've been in the insurance business for 45 years, so I can say that we've certainly made some important gains since the typewriter and the paper copies of everything.

I would say the biggest change, though, is the speed by which we are able to transact business. That speed came from the introduction of new technical capabilities, the computer, mobile devices, etc. Everything from an insured sending information to their retail broker, a retail broker filing a submission to an insurer, the pricing of product to the binding of the coverage, the agreement of terms and conditions, and policy issuance. When I first started in the business, everything was done on paper and was produced on a typewriter, and then sent by mail. It all used to take a month—or longer. Today, all of that can be done in less than a week.

I think the real change we are starting to see in the insurance industry is that our clients expect the same innovation, speed and comprehensive service they see in financial services or health care. Customer experience is really driving innovation for us. It's what is happening right now as we're talking about it, and it's how we use that going forward that will drive more significant changes that will benefit everyone in the insurance value chain.

Jenkins: There have been a number of technology and processes being touted as innovation that have been around for a number of years. Many have been, however, enhanced and have become more sophisticated in their use. The lack of wholesale use of these innovations have been the result of organizational culture and overall organizational leadership in most cases.

Two significant innovations impacting our industry that stick out in my mind are the use of analytics and the digitization of the organization. Both have resulted in major changes in the way insurers do business. These innovations have impacted the types of staff, processes, technologies and organizational structures companies employ today.

What is your favorite innovation over the past two decades that few realize was innovative?

Pieroni: New capacity in the form of alternative risk transfer. In 2021, the ART market was about 56% of all of the total risk financing versus 44% for guaranteed cost market. When you think about the ART market, it's exploded to include not only catastrophe bonds but also captives, risk retention groups and financial options. The innovation around who and what solutions can best serve those wishing to transfer and mitigate risk is unique and innovative. Over the last 20 years, brokers have played a profound role in driving alternative forms of risk transfer. I don't know that many people think about that as innovative. When you think about nearly a doubling of capacity in the marketplace without a doubling of the balance sheets of carriers through innovative mechanisms, that's something truly unique and special.

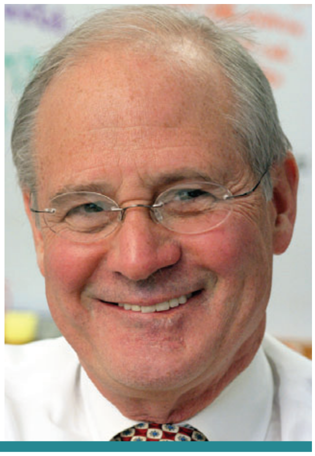
Smallwood: Over the last seven to 10 years, we have had an explosion of insurtechs, many with the mindset that "we're going to disrupt the industry." What I love about insurtechs is the assortment we have across the ecosystem. We have insurers, MGAs, digital agents and those that are part of distribution, underwriting, claims, data, new-user interfaces and IoT. To me, the insurtechs are the innovative ones. They're showing us that the business of insurance and the entire experience can be different and how to do it.

Vitale: Much of this has to depend first on the specific product itself. In the auto insurance world, the introduction of telematics, for example, was a great leap forward in allowing us to better understand driver behavior and use vehicle data to indicate better or worse risk. If we were talking about climate control or weather-related products, we'd be talking about satellites and the technologies around predicting hurricanes, storms and floods so we could take preventive measures and give people notices about upcoming storms that they didn't have 50 years ago.

If we were to pick anything from homeowners to automobile to commercial risk, a lot of it has to do with the technology for that product book. The one that I'm most excited about that sits over all of that is artificial intelligence. Today we can teach machines to make the kinds of decisions that we as humans had to make before. We start to realize with the kind of world growth that we've had and how much risk transfer has grown in all product lines and all over the world, there are so many more transactions. Taking the cost and effective efficiency, and delivering what it is we do in the insurance business into the process, artificial intelligence has

“In the past, insurance organizations differentiated themselves from three perspectives: pricing, product or service. Today, I believe it’s data that is a company’s differentiator.”

Bill Jenkins
Agile Insurance Analytics



really helped by taking the cost out of it.

In auto insurance, for example, when you have a claim, you can take a picture and begin to file that claim on the spot by using machine-taught devices to help adjust that claim faster. In the world of cyber, we’re using the ability we have with technology today to understand risks and vulnerabilities in real time, and by the capabilities of the computer, artificial intelligence and programming help decide how to make companies safer and more resilient.

Jenkins: I see change from a handful of perspectives—people, cultural, organizational, technology and process changes. I believe an organization has to have all of those components addressed when they put in innovation.

If an organization doesn’t have all of these components addressed then the chances of an innovation being successful and being embraced fully within the organization are going to be reduced. An example of an innovation I lived when working at a large P&C carrier was in the development/building of a commercial lines core processing system that impacted all of the above-mentioned components of people, culture, organization, technology and process.

What types of innovations get too much attention, and which get too little?

Pieroni: Innovations that commoditize what we do are troublesome. We, as an industry, put people’s lives and businesses back together and restore people to normal as best we can after a peril.

New carrier models that emphasize price competition tend to cloak themselves in improved experience or ease of doing business. But in the end, they’re commoditizing what we do, and that doesn’t benefit insureds, carriers, brokers and independent agents who spend their days trying to understand and solve clients’ needs. Yes, there’s some marginal cost savings to a customer, but in the end, it’s so trivial relative to actual loss costs. The new carrier models and aggregator sites that we see rising, not only within the United States but particularly in the U.K., Western Europe and parts of Asia, that’s a real problem. Again, it commoditizes.

There’s nothing wrong with price transparency, as long as it comes with service transparency, balance sheet, claims-paying ability, and carriers’ and agents’ ability to add value to the solution. When they train consumers to focus only on price, I’m bothered by those commodity technologies.

Where do we receive too little? Insurtech is obviously in the press these days and there are billions of dollars being invested in it. At ACORD, we track about 2,000 insurtech initiatives, and we’ve done it over the last decade or so. Interestingly enough, when you look to underwriting and claims, less than 8% of insurtech spend is going to those areas. Underwriting for most property/casualty carriers is about 30% of the premium dollars; claims is 70%.

You have virtually 100% of the cost of a carrier going into underwriting and claims, and you’ve got less than 8% of the insurtech spend devoted to improving those areas. We need more innovative solutions around underwriting and claims. Candidly, it’s hard. You have to know what you’re doing. It requires experience, time and resources. There’s some risk associated in executing it. That does not receive enough attention.

Smallwood: We’ve been talking about innovation for a long time. I can go back to 2012 to an SMA Summit. We were defining innovation.

"Customer experience is really driving innovation for us. It's what is happening right now as we're talking about it, and it's how we use that going forward that will drive more significant changes that will benefit everyone in the insurance value chain."

Mario Vitale
Resilience

There are three things that get too much attention. One is innovation labs. Pooling people and organizations outside of the operations and building proofs of concepts initially was fun, and they were fine to explore and test different things. But, in essence, these proofs of concept never made their way back into the business operations.

Secondly, we're still focusing a lot of time, energy, money and resources on core systems. They are not innovation. They could be part of your transformation journey. They are foundational. The third is we spend a lot of cycles also around digital. Digital is the automation of engagement or the experience. It's portals, self-service, technology-enabling automation, but to me, that's not innovation.

The one that doesn't get enough attention, which is where I get really passionate and excited about, is customer experience and design thinking. If you think about the majority of those insurtechs or even about Apple and the design of iPhones, it's design thinking. It's really empathy and understanding the customer.

When you start to go with outside-in thinking, that's where the innovation will happen. That's where we'll start to redefine either processes, roles or technology. To me, design thinking is the gateway into real innovation.

Jenkins: I'm a data guy. I believe that data still does not get the attention that is needed, even though it is somewhat of a buzzword in this industry. If you speak with CEOs, they will all tell you that they're happy with the data they have. But if you get into more detail with them, you'll find out that they're not happy with what they get and that the data they possess is being used or is available to provide them the information they need and expect to run the business. Unfortunately, this is a common theme with most carriers.

In the past, insurance organizations differentiated themselves from three perspectives: pricing, product or service. Today, I believe it's data that is a company's differentiator. Each company possesses different data, whether it be what is captured, how it is used, etc. We hear a lot about technology, pricing and product changes, whereas most carriers can have these changes in place and available in the marketplace within an 18-month time frame.

Many of these technology changes have been around for years. It's just a matter of how they're using them today. For example, we hear a lot about cloud technology. Today, it's no longer seen as a disruptive type of technology. Many praise cloud computing as a major innovation. Again, a technology that has been available for many years.

Years ago, we used the term "timesharing" for cloud computing. Timesharing was much slower and much less sophisticated, but used universally. Although cloud computing has now become more prevalent, I think that the hype on cloud computing is over-hyped. Many carriers still are hesitant to use this technology. And while it's a fine technology and offers a tremendous benefit, I see it as being over-hyped.

What is it that most people think they know about innovation, but they're wrong?

Pieroni: Too many people looking at innovation think that it's the "what are you going to do, and how are you going to do it?" But in reality, it's less about how and what you're innovating and more about when and where. When is that innovation going to become viable for the marketplace to use? Where might it become viable?

Also, it's about culture. In the end, the culture of an organization, along with its shared values, work norms, teaming environment and rules of engagement are key factors in determining whether or not an innovation is going to be successful or could be rejected by an organization or industry. ACORD tracks 2,000 insurtech innovations globally. We also study which ones make it, which ones don't and why. There are a number of common factors that are required but not sufficient to make it. One of the key factors is are you driving that innovation in a culture that's going to embrace it, use it and leverage it?

Smallwood: The word innovation is scary to many. Go back 10 or even 20 years, it wasn't a common word in our industry nor was transformation. I remember, it was about seven years ago, one of our clients said, "We don't use those words." So, insurance has come a long way. Here is where we have gone wrong. Innovation isn't about throwing everything out and starting over. It's not the big splash. It's not creating the iPhone for insurance. It's not about reinventing or reimagining every aspect of what we do. It is about picking a process or a product and reimagining and redesigning it.

The best scenario I can give is the evolution of the suitcase. To me, innovation for insurance is the suitcase. Suitcases have been used by human beings to carry their belongings for a long time. But about 20 plus years ago, an airplane pilot said there's got to be a better way to carry a suitcase. They took a small suitcase, tilted it on its side and put a long handle and two wheels on it, and voilà, everyone is now wheeling suitcases.

To me, innovation is how do we take something that is practical and successful and works and make it even better? Now we have suitcases with four wheels, and they swivel. It isn't this big, massive thing. It's really about looking at things a little differently with a new lens.

Vitale: Everybody can classify almost anything as innovation, and sometimes it's recreating exactly something that had been done before by someone else and calling it a different name. Today, in order to make a quicker, better decision, we can make it in real time with all the information at our fingertips. That's quite powerful. Whether it's your iPad, iPhone or another mobile device, having that information readily available when you need it most to communicate or make a decision is very powerful. That's what we see the entire industry on the verge of revolutionizing right now.

Jenkins: Not all innovation is equal. One innovation seen as "outstanding" in the eyes of some may not be seen as that "outstanding" by others. An aspect in making innovation successful and is overlooked is the need for having a formal process or discipline followed. The innovation identified needs to solve a particular business problem and provide value to the organization. Even doing this does not guarantee that an innovation will be fully embraced.

To be successful, innovation must have the support mechanisms (the back room and infrastructure support) for the adoption and support of the innovation to sustain it going forward. This supporting function is often overlooked by many companies.

What did insurers who are now considered innovative do over the past 20 years that non-innovators did not?

Pieroni: I believe they did three things. One, they moved to a model incrementally. Incremental change can be oxymoronic, but they did it incrementally to a 24-by-7 interaction, enabling consumers, insureds, brokers and counterparties to interact with that entity on a round-the-clock basis.

Next would be omnichannel, the ability to interact on that 24/7 basis via phone, face to face, mail or email. Lastly is self-service and looking at how you can enable personal and commercial lines insureds to do things like endorsement processing and first notice of loss.

Collectively, it's about investing in a set of capabilities, business processes, inputs, outputs, tasks, key performance indicators, IT, data, applications, infrastructure, skill sets, shared values, work norms and culture to do that 24/7 interaction, omnichannel and self-service. Those three things are truly innovative. You see leaders today who are gaining share with very superior combined ratios possessing those capabilities. They're almost a baseline capability for sustainable, profitable growth.

Smallwood: I believe that those companies who have accelerated in innovation, there is executive leadership and the board support have a vision of a future innovative state, and have focused on the culture, people and then the technology investments around it. These companies have given the permission to act and be a little different. They stayed the course, continued to invest and didn't give up when things got murky or hard.

Also a change in accepting failures and quick decisions to cancel and move on. Historically, many have initiatives that take years and millions of dollars spent. It's about quickly making decisions and giving permission to fail fast. Innovation is an evolution. It is a journey. This isn't a couple of quick investments and we're done. Instead, it's the next-generation leaders that have a vision and have stayed the course.

Vitale: One of the things that innovators have done that non-innovators have denied is the idea of trying to move legacy systems that burden large insurers into one cohesive system by which they could operate, model and improve. I know that a lot of insurers have, through acquisitions and other ways, always battled with the inefficient operations of several legacy systems that are not integrated. It's created a real drag on IT budgets to be able to move forward into modern technology in one consistent way.

The great innovators today are looking at CTUs and artificial intelligence and to essentially outsource all of that manual labor that used to be done by thousands of people.

I look at some of the startups today. Many larger ones are looking at outsourcing a great deal of these decisions to artificial intelligent companies that help teach machines how to process that business more effectively and efficiently, and not outsourcing to highly-educated, low-cost professionals but to machines that have learned to do the behavior that humans used to do. That's a real innovation, and I think that's the direction the industry is moving toward. Those that are starting up without legacy systems have the benefit of jumping ahead of others in that area. Time will tell, but it's certainly an issue that the new startups are attempting to do right now where I know a lot of the companies that have been around for a long time are struggling.

Jenkins: I guess the great example of this is the use of data from companies like Progressive, Allstate and Geico. What they did was balance the tradition of insurance culture and thinking against the new ideas and new ways of doing things that were being brought into the company/industry. Insurance carriers are well known for being risk-averse. What you're looking to do with innovation is the introduction of new ideas that are going to change processes and the way people think insurance should be run—i.e., "this is the way I have always done this."

You're always going to have the naysayers and receive passive outward resistance. To overcome this resistance, you need to have a CEO or a member or members of the senior management team who are going to champion the cause of innovation. Fortunately, I'm beginning to see a lot of innovation "championing" today as I speak with CEOs.

There's a new mindset of CEOs coming into these jobs who see change as good and who are getting more interested and involved in technology as they see the benefits of technology. These CEOs are also focusing more on getting better information and around issues like better understanding their customer base so that they can design more personalized services and products and to do more personalized pricing.

To be successful in these areas they need to get the proper talent, and those organizations did that. They were able to harness the data that was available across the entire insurance value chain to determine how this data could satisfy their innovation strategies around pricing and service. These companies collaborated not only within their companies but outside of their organizations to find how companies seen as leaders were using data to further their strategies for success. Companies like American Airlines and Harrah's were researched by Progressive to understand new ways of using data. This represents using the process of benchmarking or looking outside to see how other industries were using innovative ways to enhance their businesses.

A requisite of innovation includes having a corporate culture that promotes and accepts failure as a means of progress. This mindset has to be reinforced and promoted throughout the organization. That's what I see innovative organizations like the Progressives of the world doing. Take a step back and you see new entrants, such as Lemonade, coming into the insurance space and using data innovatively. Many companies that are traditional in the way they do things need to change their mindset and the culture if they wish to become an innovative company.

What areas of insurance will see innovation?

Pieroni: I mentioned the dearth of insurtech

“Innovation isn’t about throwing everything out and starting over. It’s not the big splash. It’s not creating the iPhone for insurance. It’s not about reinventing or reimagining every aspect of what we do. It is about picking a process or a product and reimagining and redesigning it.”

Deb Smallwood
Strategy Meets Action

investments in underwriting and claims of less than 8% percent. It’s my hope that it will be underwriting and claims.

We need increased levels of digitization and integration across core underwriting and claims. I think that AI enablement is going to be key in helping to drive innovation there.

These things tend to be quiet because they truly are unique and a differentiated source of advantage if you can get it right. Right now, ACORD has 36,000 members globally, and many are driving real innovation internally, with not much fanfare. But they are thinking about how they can digitize the value chain, integrate those two capabilities, and leverage deep learning, machine learning and AI to improve the efficiency and effectiveness of the core.

Smallwood: So often the focus is front and middle office, all about distribution, underwriting and claims. The low profile, not the right attention, is all about culture and talent. I believe that with COVID and work from home, being able to hire anyone from anywhere in the world, retiring baby boomers and with this new generation coming in, we have to look at insurance from an innovation culture and from a new generation of talent, with reinvented roles.

We often start with automation, technology and data, and then move it into process and people. I believe that what we’ll start to see, and we’re seeing a bit already, is the culture and people, then process and technology. That’s where I believe we need to begin.

Jenkins: It’s always the backroom and the folks in it who are making the engine run. That’s the area that I see great opportunities for things like artificial intelligence, machine learning and the use of data. There are now a number of different artificial intelligence and machine-learning functions coming about, using algorithms and band development that take in the data. The plethora of data that has become available over the last five years is amazing.

The organizations who are innovative and who are developing AI and analytics tools are using all types of data today to do innovative things like sophisticated two-way chatbots and analyzing who their customers are and what types of products and services suit their needs.

Vitale: At the end of the day, it’s how we transact business in a way that brings lower cost to the insurance buyer. How can we make risk transfer more effective and efficient by putting more of the cost on that side of the equation rather than on the operating cost side of it?

As we start to shift in that direction using some of the things we just talked about, you have to take cost of each dollar spent on insurance out so everybody can see more value.

Look at the pay-as-you-drive approach in auto coverage—pay only for as much as you drive. It works for all parties because it’s based on seamless technology, human involvement when necessary—but otherwise is AI-driven. It’s thriving.

That model is one of the ways to help reduce cost by focusing on the risk transfer portions of real use rather than the cost of operating a full-time venture.

Those are the kind of things I’m excited about. We’ll see where the industry goes. BR

AM Best TV

Go to *www.bestreview.com* to watch the interviews with Bill Jenkins, Bill Pieroni, Deb Smallwood and Mario Vitale.

Embedded Insurance Gaining Steam as Insurers Build Distribution Partnerships

Insurers look to embedded coverage as a growth distribution channel.

by Renée Kiriluk-Hill

Renée Kiriluk-Hill is an associate editor. She can be reached at *renee.kiriluk-hill@ambest.com.*

Key Points

What It Is: Embedded insurance is coverage offered at the point of purchase to a consumer.

Possibilities: In property/casualty, the sector could account for more than $700 billion of gross written premiums by 2030, according to one expert.

Future: Partnerships between legacy carriers and insurtechs offering embedded services are gathering steam.

Embedded insurance is a massive property/casualty market opportunity that will change how insurance products are created and distributed, according to Simon Torrance, founder of London-based Embedded Finance & Super App Strategies.

Offered at the point of purchase of some other product, service or platform, the format takes advantage of a business partner's data to offer more accurate rates while narrowing coverage gaps, according to experts working in the space.

Embedded will likely beat out other distribution methods globally because it's offered at a point of need and is convenient, and consumers already trust the brand or service provider offering the embedded product, said Dave Brune, Cover Genius president for the Americas. He said he thinks the COVID-19 pandemic is rapidly accelerating growth because consumers became "much more comfortable with buying their products digitally. Online trust only grew."

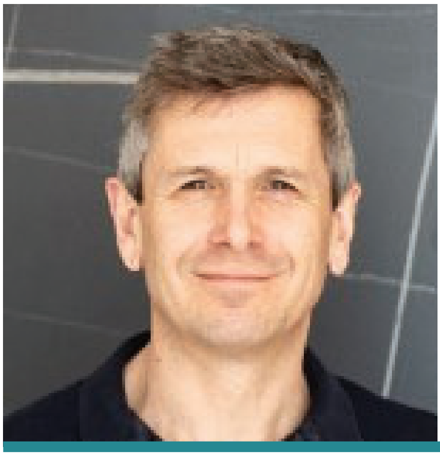
In property/casualty, the sector could account for more than $700 billion of gross written premiums by 2030, or 25% of the global market, said Torrance. Data sharing is less sensitive in property/casualty, which can give embedded products an edge. He hasn't projected the reach in life and health insurance.

Torrance assigned a $3.5 trillion market valuation to software-based businesses enabling embedded property/casualty insurance. They wouldn't necessarily be insurance companies. Competition could come from startups or large technology companies like Amazon or Tesla, he added.

Torrance said the appeal of embedded products is understandable as traditional products are "complicated, inflexible, expensive, regularly mis-sold, difficult and annoying to buy." But change is slow to come in established markets. "The real cutting-edge innovation is where the need is heaviest," Torrance said, which is the reason he describes China as the world leader in embedded insurance.

"Alipay is way, way ahead of everybody else. It's really early days for the rest of the world," he said of Ant Group's Alipay, which jumped to the lead by creating an insurtech platform connecting demand and supply in a new way in a large, underserved market. It has 2,000 "customized, affordable and flexible" life and property/casualty products from 90 insurance suppliers.

Insurers in China have gained low-cost access to a new customer base, innovative product



The appeal of embedded products is understandable as traditional products are "complicated, inflexible, expensive, regularly mis-sold, difficult and annoying to buy."

Simon Torrance
Embedded Finance & Super App Strategies

assistance, improved pricing and underwriting results and better claims management with automated servicing and advanced fraud detection, Torrance said. Among carriers, he said Ping An is the leader in the space after launching adjacent channels for telemedicine and vehicle and real estate transactions—avenues ripe for embedded financial services products.

One factor constraining growth in places like the United Kingdom and United States is pre-digital age regulation that may not address embedded product sales, said Torrance.

Mergers and Acquisitions

That hasn't stopped mergers and acquisitions, fundraising or partnerships. Next Insurance acquired digital insurance agency AP Intego, an embedded insurance specialist placing more than $200 million in business coverage nationally, and formed Next Connect to expand its presence in small commercial. AP Intego built technology to distribute small commercial products, notably workers' compensation coverage, through some of the largest small-business software providers in the United States, including Intuit, Gusto, Square and Toast. Acting as an aggregator and licensed agent, it embedded products with payroll companies that lacked an internal insurance option, said Steve Hauck, managing director at AP Intego for more than seven years and now Next partnerships vice president.

The initial pairing—for workers' compensation insurance—was so synergistic that Hauck referred to it as a magic moment. AP Intego's partners improved their competitiveness with the added insurance service because it was convenient, easy and more accurate for their small-business customers, said Hauck. New customers can link their workers' compensation policy to their payroll information. Premiums are based on an actual amount, eliminating the need to true-up the bill at year end. The insurance application process feels like a small business is still on a payroll company's site, a hallmark of embedded insurance, Hauck said, while noting his team believes many small businesses would rather buy an additional product from an already-trusted supplier.

The partner is happy to increase customer wallet share and retention. "The more products they sell the stickier it becomes," said Hauck. There's nothing stopping a business partner from opening a licensed agency after insurance sales climb. But Torrance said it's an unlikely outcome outside of companies "with a lot of money and vision to do it yourself."

Next Connect lessens the risk by acting "almost as a wholesaler," sharing its sales commission with business partners. It remains competitive, Hauck added, because it only pays for booked business, and it doesn't need to pay Google to generate traffic.

Each distribution method has its quirks. Insurance companies in the embedded space surrender control of product presentation to partners, said Hauck. AP Intego never lost a partner, he said, but his company and partners have worked to improve attachment rates. It's about presenting the right coverage and price at the right time to a partner's customers. "There are so many classes of business and types of businesses, finding the three rights is very complex," said Hauck.

And insurance partners can't count on their reputation to sell a policy, because a purchaser won't necessarily know their insurer at the point of purchase. But they will have more data on a potential policyholder to help underwrite the policy. In an old-school relationship, a small-business owner would have a relationship with a bank, an insurance agent and an accountant, but none of it would connect. In 2021, software is "eating the world," Hauck said. "It's especially useful and efficient to have a single operating system in software, managing things that used to be linear relationships."

Cover Genius started as a full-stack insurance distribution platform for mobility, retail, travel and shared-economy partners in Europe in 2014 and expanded to operations and offices around the world. It has embedded products into the purchase flow at companies like retailer Wayfair and travel company booking.com, said Brune. It offers embedded coverage from traditional carriers, who turn to insurtechs to fill in their technology gaps.

Partnerships

Such partnerships between legacy carriers and insurtechs offering embedded services are gathering steam.

In the third quarter, insurtech carrier Vouch closed on $90 million in new funding to expand business lines crafted for startups and create embedded products for partners. Investor SiriusPoint Ltd. is providing multiyear underwriting capacity. W.R. Berkley Corp. recently invested in insurtech platform Sure, which wants to expand products and geography while streamlining embedded insurance.

And aggregator Insurify raised $100 million after expanding to home quoting and launching two embedded products through partnerships with Nationwide and Toyota Insurance Management Solutions.

At insurtech Root Inc., co-founder and Chief Executive Officer Alex Timm predicted the future of car insurance will change noticeably because partnerships and embedded platforms will work better for consumers. His company has an embedded product partnership with online used-car dealer Carvana.

No one enjoys the process of buying insurance, said Chloe Johnston, Root director of business development, so embedding coverage within another purchase eliminates the hassle. "Embedding our product leverages our leading quote tooling and can be adapted quickly to our partner's experience. Meeting customers where they are, in the products they already use to seamlessly drive a superior customer experience can certainly give agile companies an advantage," Johnston said.

Torrance recently formed what he calls a peer group of 10 of the largest insurers interested in embedded insurance. Legacy insurance companies may have application programming interfaces on platforms that improve function, but Torrance only knows of one with a digital platform created for business-to-business-to-consumer embedded coverage—Swiss Re's iptiQ. Three Swiss Re iptiQ subsidiaries create digital life, health, and property/casualty products that can be marketed and sold under a partner brand name.

Brune pointed out embedded insurance may be required by a service or product provider, but a customer is free to attain coverage through another channel. Also, one embedded offering can lead to others. For instance, he said a property manager overseeing a number of landlords or businesses may offer an embedded business owners policy and renters coverage and maybe pet insurance. An embedded travel insurance offering may hatch related products such as event and ticketing, benefiting businesses and end users, said Brune. Cover Genius works with multiple legacy carriers, including Starr, Markel and global partners. And, Brune said, it has a long list of brands in its pipeline.

At this point in the evolution of embedded coverage, Torrance said strategy is "absolutely the most important thing. You need to work out where to play and how to win. There are many different options for insurance companies and players." He compares it to Lego building blocks. An insurance company can build its own start-to-finish embedded insurance model, assemble configurations from their own and other company systems, or just share their building pieces to reconfigure "in creative ways." BR

Welcome Back: Conference Leaders See a Cautious Return to In-Person Events

Although the pandemic has forced events to be held using hybrid formats, the in-person element offers attendees a chance to reconnect with colleagues. It's a delicate balancing act as health safety remains a priority.

by Lori Chordas

After a nearly two-year pause, insurance industry professionals are once again starting to gather, as some industry conferences return to in-person formats. In November 2021, the Risk and Insurance Management Society held its Enterprise Risk Management conference in New York City, the society's first in-person event since January 2020.

RIMS CEO Mary Roth and Stuart Ruff-Lyon, vice president of events and exhibitions at RIMS and the immediate past chair of the Professional Convention Management Association's board of directors, discussed with AM Best TV the return to in-person conferences and how RIMS is gearing up for its annual conference, RIMS 2022 Riskworld, which is scheduled for April 10-13 in San Francisco.

Roth said she hopes the recent ERM in-person event is just the beginning. "You could really feel the energy in the room. It was great to see old friends and passionate risk professionals after having a year of a pause. It was wonderful to make new acquaintances, which is another part of live events. In addition to seeing the RIMS members and risk professionals, I got to see a lot of the RIMS staff, who I hadn't seen in over a year, because we've been a completely remote workforce. It was great to be back together, and we hope it's just the beginning."

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 Mary Roth and Stuart Ruff-Lyon.

Following is an edited transcript of the discussion with Roth and Ruff-Lyon.

What was the reaction of attendees to being able to once again gather with those in the industry?

Roth: I think they felt the same excitement as we did. The hallways and the networking breaks were buzzing. The education sessions were more powerful and even more impactful because you got to see and feel the speakers and the presentations in person. In those sessions, there was this renewed focus of meeting new people and discussing challenges.

In addition, we had industry partners there that came with great insights in their products and services related to environmental, social and governance and enterprise risk management. Also, we had a really great showing from our board of directors, who were also clamoring to be at a face-to-face meeting. All around, it was welcomed by everybody who was able to attend in person.

What surprises, if any, did you find from being back in person?

Roth: The biggest surprise was how normal it felt. You go back into those same roles and habits that you had from when we could meet face to face and in person over two years ago. Going in, I think we were apprehensive. Was it going to work? Were people going to really embrace it? The surprise was that I think it felt normal. Also, the other surprise—we had a really great mobile app. So it was the traction of the mobile app, really to navigate the sessions, as well as navigating with those that weren't there in person.

Overall, no big surprises, but that was the surprise. Also, attendees were so considerate of each other's preferences, which was also really great to see as we gear up for RIMS Riskworld.

What social distancing measures, vaccination requirements and other safety controls did you put in place in order to bring people back in person at the recent conference?

Ruff-Lyon: Before we took any measures, we did a lot of research. Our events team attends a lot of different conferences to study what works and doesn't work, not just in relation to the vaccine and social distancing but to all other things related to events. We're always looking for enhancements we can make to RIMS events to make them better, more engaging and safer. For the ERM conference we had smaller table settings. Normally a table would seat eight to 10 people. There we only had four chairs around them.

We definitely could have put more tables into the room but we didn't, to try to keep it a safe and socially distanced meeting. We had a lot of hand-sanitizing stations and even a hand-sanitizing product that we gave out at our registration desk.

It's important to remember that RIMS headquarters has implemented a proof-of-vaccination requirement for all of our events that we run through our headquarters office. That's also something that was required by the City of New York for the ERM conference but also something that's going to be required by San Francisco for RIMS Riskworld coming up in April.

Before making any decision, though, the RIMS board and staff reviewed business event data that not only supported the decision from a health standpoint but also indicated a strong attendance response. We were looking at the health and safety of our attendees and the reputational harm to RIMS should an outbreak occur.

Also, we had really great feedback from our exhibitor and sponsor community to help guide us in this decision to make sure that we were doing the right things, not only for our attendees but also for our supporters and sponsors as well.

What has the past 20 months taught everyone in terms of conferences and gatherings and how do you see that changing the way conferences and events will be held going forward?

Ruff-Lyon: As an event professional I would say that it's just really rewarding to see how much people value events. We've seen that's so important. People have been wanting to get back in person now for a couple of years, as we've navigated this pandemic.

That's been rewarding to see just how powerful and impactful events really are for an organization. I think the biggest lesson is that people will return to normal at their own pace. We have to make sure that we're respectful of that, and being as inclusive as possible for everyone's comfort levels. Additionally, that's why we're having Riskworld as a hybrid conference.

A lot of conferences in the future will have that hybrid component that will offer both the in-person opportunity to learn and engage and network, but also one that will offer a virtual component for those who can't travel, those whose companies don't fund their travel or those who maybe aren't comfortable to travel still. However, that means a lot of additional work for the event professionals, I would say, because we're now basically running two separate conferences simultaneously. It requires extra reliance on partnerships. I believe there's definitely going to be a learning curve overall in the events industry for this, as we find this new normal of hybrid events.

As you plan conferences in the coming years, have terms and conditions of the venues that will be hosting the events changed in any way?

Ruff-Lyon: Yes, absolutely, they have. Cancellation policies are definitely changing. There are changes to force majeure language constantly. The runway to negotiate and come to agreement on contractual language is taking a little bit longer now, as more legal terms are involved, and everyone's trying to protect themselves and their own bottom lines.

Just like risk management, the event business is a relationship business. RIMS is so fortunate to have some of the best relationships we could possibly have within the events industry. We have great communication and partnership with our host cities, our hotel communities, convention centers and all of our local vendors. That's just key to navigating these new contractual terms and everything for the events industry.

An example of that would be canceling a city or venue, but rescheduling them for future years. We would also try to reschedule our hotels if we have to cancel. We are truly partners in this and it's not just a transactional business relationship.

What are your plans for Riskworld 2022?

Roth: We will be moving forward with the hybrid event. The pandemic has really changed in-person meetings. We saw a lot of benefits from actually holding RIMS Live this past year that people outside of the United States and North America really wanted to attend the RIMS events. It's an opportunity for us to reach a more global, widespread audience of risk professionals. It also allows us to reach other professionals within an organization that have risk management responsibilities—individuals in audit, compliance, cybersecurity professionals, human resources, finance and legal.

It allows even junior staff members in some of our organizations that normally wouldn't be able to come to an annual conference to attend a hybrid event. There will be requirements for proof of vaccination for Riskworld.

For the ERM conference and future conferences, we'll work with a vendor who will manage the proof-of-vaccination process for us. San Francisco requires this, so for the immediate future, those are our plans. Obviously, we will monitor and follow CDC requirements and best practices as we move forward.

What will be the theme of the upcoming annual conference and what can participants expect to see at the event?

Roth: The RIMS annual conference is where the world's risk management community meets, whether that's in person or virtual. As we try to distance ourselves from the pandemic and quarantine, we realize that life and business will not be the same, so Riskworld will address a world of new risks.

It will address a world of new business strategies and processes that risk professionals and organizations have had to adapt. It will also address a world of new expectations for risk management. We've seen great changes in what risk managers are required to do, what they're getting involved and engaged with. We've designed an education event around that. We're confident that we're going to deliver the best and most relevant content. We're confident that the networking is going to explode. Networking online is great, but nothing beats that in-person interaction.

Even more so than in the past, those hallway meetings, those meetings in the exhibit hall, those meetings in session rooms will be critical to our attendees. We're excited to welcome back all of our exhibitors who provide such needed solutions for risk professionals to manage a world of new risks.

When you look back over the last two years since the last time RIMS hosted its annual conference, what has changed, and what are some of the new risks that have emerged or evolved over that time?

Roth: I would say a great deal has changed. I will honestly say I've missed those last two in-person RIMS annual conferences. I am just ready to be back together with our members and constituents in San Francisco. Obviously, organizations are now facing the complexities of resuming operations post pandemic. We're still fighting through the pandemic. You can't watch the news without understanding the major concerns with supply chain and the concerns of risk professionals and their organizations when it comes to getting products to customers.

Cybersecurity remains a top priority, especially with a greater dependence on technology. Our entire workforce is remote, and for many organizations, most of their workforces are working remotely.

The impact of the pandemic on our workforces, changing expectations as well as the impact on their physical and mental well-being when they're not in an office environment, where they're not constantly being monitored for doing things safely. It puts an additional stress and onus on the organizations to make sure that our employees are safe and their well-being is cared for. ESG risks, climate change, social issues, the way we manage our organizations and our people are prime examples of things that have been on our radar but really are heightened, and business interruption.

We saw what the pandemic did for many businesses around the world, and everybody has been impacted. We are continuing to make sure

Schedule of Popular Insurance Events

Status of select insurance industry conferences and meetings, 2022.

DATES	NAME	ORGANIZATION	TYPE	LOCATION
Jan. 7-12	American Farm Bureau Convention	American Farm Bureau Federation	Live	Atlanta
Jan. 19	St. John's Insurance Leader of the Year Award Dinner	St. John's	Live	New York
Feb. 4	Artemis ILS	Artemis	Live	New York
Feb. 7-10	Surplus Lines Management	WSIA	Live	Atlanta
Feb. 9-11	World Captive Forum	Business Insurance	Live	Miami
Feb. 21-24	RAA Cat Risk Management Conference	Reinsurance Association of America	Live	Orlando, Florida
March 1-2	PLUS D&O Symposium	PLUS	Live	New York
March 1-3	NAMIC- Claims Conference	NAMIC	Hybrid	Orlando, Florida
March 6-8	CICA 2022 International Conference	Captive Insurance Companies Association	Live	Tucson, Arizona
March 6-9	Refocus Conference	ACLI	Live	Las Vegas
March 20-23	WSIA Insurtech Summit	WSIA	Live	New Orleans
March 23-25	NAMIC- Commercial & Personal Lines Seminar	NAMIC	Hybrid	Chicago
April 4-7	Envision 2022	AIR Worldwide	Hybrid	Miami
April 10-13	Riskworld	Risk and Insurance Management Society	Hybrid	San Francisco
April 12	Philly I-Day	Insurance Society of Philadelphia	Live	Philadelphia
April 14-15	FAIA Sales and Leadership Conference	Florida Association of Insurance Agents	Live	Orlando, Florida
April 19-21	Global Insurance Symposium	GIS	Live	Des Moines, Iowa
April 24-26	Auto Insurance Report National Conference 2022	Risk Information	Live	Dana Point, California
April 24-27	IMUA 91st Annual Conference	Inland Marine Underwriters Association	Live	Savannah, Georgia
May 3-5	2022 Group and Worksite Benefits Conference	LIMRA	Live	Boston
May 24-25	InsurTech Insights Americas	InsurTech Insights	Live	New York
June 5-8	IASA Xchange	IASA	Live	Baltimore
June 5-8	National Flood Conference	APCIA	Live	Washington, D.C.
June 7-9	InsureTech Connect Asia	InsureTech Connect	Live	Singapore
June 13-15	Bermuda Captive Conference	Bermuda Business Development Agency	TBD	TBD
June 26-29	Management Conference	NAMIC	Live	Carlsbad, California
July 13-16	NCOIL Summer Meeting	NCOIL	Live	Jersey City, New Jersey
Aug. 8-11	VCIA 2022 Conference	Vermont Captive Insurance Association	Live	Burlington, Vermont
Sept. 10-14	Les Rendez-Vous de Septembre	Les Rendez-Vous de Septembre	Live	Monte Carlo
Sept. 11-14	WSIA Annual Marketplace	WSIA	Live	San Diego
Sept. 18-21	NAMIC Annual Convention	NAMIC	Live	Dallas
Sept. 20-22	InsureTech Connect	InsureTech Connect	Live	Las Vegas
Oct. 7-11	Insurance Leadership Forum	Council of Insurance Agents and Brokers	Live	Colorado Springs, Colorado
Oct. 23-26	Baden-Baden Reinsurance Meeting	Baden-Baden Kur & Tourismus	Live	Germany
Nov. 9-11	PLUS Conference	PLUS	Live	San Diego
Nov. 16-19	NCOIL Annual Meeting	NCOIL	Live	New Orleans

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*.
Source: Event hosts

that we've learned from these experiences and how we can be better prepared for the future.

What do you foresee for the future of in-person conferences in the coming months and years, and what words of advice do you have for event organizers and for attendees who may be contemplating whether or not they're ready to return to in-person events?

Ruff-Lyon: In-person events are definitely returning, which I'm really excited to see. I guess my advice would be to really listen to your attendees, your stakeholders and your business communities. It's important to understand their needs and what they're looking for moving forward. As an example of that, I would say that the RIMS members have really let us know they appreciate the safety measures that we are putting in place, and they're ready to come back to in-person meetings.

Also, event professionals and organizations really need to build their digital capabilities. For the foreseeable future, most events will be hybrid. People really need to find the right partners, the right vendors, the right teams who can help them with this transformation. Frankly, event professionals need to remember that they're not alone. Just like RIMS is a community for global risk professionals, there are communities for event organizers. BR

Events

We Meet Again

In what may be an indicator, the Wholesale & Specialty Insurance Association held its Annual Marketplace in person in November–and the San Diego event drew its second-highest turnout ever. Many organizers are planning for an in-person component to their meetings in 2022.

Photo Essay by Kim Bjorheim

Kim Bjorheim is managing news editor, video production services. He can be reached at *kim.bjorheim@ambest.com.*

Brady R. Kelley, WSIA executive director, wears a green wristband to signal that he is ready for handshakes at the conference. Kelley said that more than 4,500 people attended the conference in person. While that number is down slightly from the 5,049 attendees in 2019, the 2021 conference ranks only second behind the 2019 conference in most attendees ever for the annual event. Kelley said that the high number of attendees surprised him considering the circumstances. “I think that’s a sign that the members are super enthused to be together and the market is doing pretty well.”

Conference organizers provided color-coded wristbands for attendees to signal their individual comfort levels with physical contact and social distancing.

Brenda (Ballard) Austenfeld, managing director, RT Specialty, and treasurer, WSIA board of directors, is interviewed by AM Best TV's John Weber. (Ballard) Austenfeld said that much planning and thought went into how to safely handle a large gathering. "We're thrilled to be here, we're so excited that all the precautions were taken and we look forward to the next one," she said.

The conference had to comply with California law, which requires proof of vaccination or a negative COVID-19 test within 72 hours of arrival. Both vaccination verification and COVID-19 tests were handled on-site as part of the registration process for the conference.

The WSIA Annual Marketplace was held at the Manchester Grand Hyatt and Marriott Marquis San Diego. The outdoor space between the two adjacent hotels provided multiple meeting spaces and also was the location for the tent housing the conference registration and on-site vaccine verification.

Two conference attendees hug while a masked hotel staffer replaces a bottle of hand sanitizer on a conference table in the background. Face masks were optional for guests and most conference attendees chose not to wear them. Proof of COVID-19 vaccination or a negative test was required for all conference attendees.

Haven Technologies Looks to Digital Platforms, Not Policies, as Product in Latest MassMutual Spinoff

The new company, which looks to market the digital platform created to run Haven Life, is betting the wave of innovation in life insurance has not yet peaked and that more players will look to buy instead of build as they upgrade.

by Terrence Dopp

The concept seems simple enough: The easiest way for a life insurance carrier to become more profitable is by selling more policies. Tried, true and tested.

But what if there's another way to find value in what you're doing?

That's the prospect behind Haven Technologies, a spinoff of Haven Life, which is nestled under the wing of insurance titan Massachusetts Mutual Life Insurance Co. The idea behind the venture is that the biggest issue facing life insurers is a technology gap in the computer systems that take a customer from the initial quote through claims management.

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

Key Points

Product: Haven Technologies will offer companies both the "end-to-end" technology developed when MassMutual created Haven Life to market direct-to-consumer term products as well as migration services for older systems.

Company: The new entity, which began operating late last fall, will function independently from its peer organizations, with insurance carriers and financial professionals as its customers. It is headquartered in New York.

Movement: The COVID-19 pandemic shifted normal patterns of business and highlighted the need for life insurers to be centered on customer behaviors and adopt new technology in their operations.

> "In order to compete in the future world, carriers are going to have to modernize, they're going to have to transform. It's been put off."
> **Yaron Ben-Zvi**
> Haven Technologies

So, if Haven Life proved able to get up and running with a system built from the ground up, why not carve out a niche for a new subsidiary to sell that technology to carriers while its sister organizations focus on getting policies issued?

"What we know is that the industry is lagging in technology transformation," said Yaron Ben-Zvi, chief executive officer of Haven Technologies. "It's not all that surprising really. Financial services more broadly tend to lag more consumer-facing markets. Insurance tends to lag more transactional parts of financial services, and life insurance tends to lag P&C when it comes to technology and moving things forward."

Ben-Zvi was the founding chief executive of Haven Life, which initially set a goal of selling term policies up to $1 million in about 20 minutes and was billed as the "adult startup." The new entity has more than 300 employees and is based in New York.

He declined to estimate the potential market for Haven Technologies products or give revenue projections, but he did address the important role carriers like Haven will have in the industry's future.

"It's taken a while but what we believe is that, if we look over the next five to 10 years, we know that this is no longer a 'nice-to-have;' it's a 'must-have,'" Ben-Zvi said. "In order to compete in the future world, carriers are going to have to modernize, they're going to have to transform. It's been put off."

Spinning Off

Haven Technologies is really a second-generation subsidiary of MassMutual.

It first founded Haven Life in May 2015 in an attempt to connect with a younger, digital-native population. The result was a brand-new, consumer-focused product that was chartered from the start to operate without the constraints of a more traditional model of life insurance and the older systems that plagued most carriers. The unique approach—startup in spirit—allowed Haven Life to operate as an independent subsidiary yet enjoy the backing and stability of MassMutual.

As Ben-Zvi tells it, there are three main advantages to upgrading systems: Newer platforms are more cost-effective (up to 50% less to run) and more convenient for both customers and advisers, and they allow companies to bring new products to market more quickly.

The last point was proven in March 2020 when MassMutual began planning for its HealthBridge program, which offered free online life insurance policies to front-line health care workers and volunteers fighting COVID-19. By mid-April of that year, the company had rolled it out by offering up to $3 billion in coverage to people in Massachusetts and Connecticut.

The following month, it was expanded to five other states and quickly went nationwide. "We worked with them and in under a month got a new product up and running and to market, which was a time scale that was unheard of," Ben-Zvi said. "We've seen that as just one example."

Building a new system from the ground up can be a costly and time-consuming undertaking, while purchasing their platform off the shelf offers new and established players a way to compress both the time frame and outlay involved.

The company launched late last fall, making precise quantification difficult but Ben-Zvi said interest so far has been robust both through industry conferences and inquiries at the Haven Technologies website. Those showing interest run the gamut from established carriers looking for an upgrade and private equity firms who have acquired large, closed blocks of business, to P/C companies with life operations who are looking for new opportunities to cross-sell their products.

MassMutual, which has been a mutual insurer since its founding in 1851, offers products ranging from protection to accumulation. In the Top 25 U.S. Life/Health Groups contained in Best's Rankings U.S. Life/Health 6-Month 2021 Financial Results, ranked by six-month 2021 admitted assets as of June 30, it held the fourth-place spot in growth of its admitted assets, with its $357.01 billion rising 1.4% in the first half of 2021. Its operating entities have a Best's Financial Strength Rating of A++ (Superior).

Gareth Ross, head of enterprise technology and experience at MassMutual, said they gradually recognized an opportunity in marketing the technology platform that underlies Haven Life's direct-to-consumer offering and his company's core life offerings beyond customers to an audience that includes financial professionals and underwriters. Haven Technologies will operate independently from MassMutual, including having its own board of directors, business goals and objectives, technology footprint and employees.

"We know other providers are also seeking these benefits, including a better digital experience for customers and financial professionals, as well as operational efficiencies, and Haven Technologies can provide those capabilities," he said.

Reaching the estimated 102 million Americans with a protection gap identified by industry tracker LIMRA has been key for the industry. LIMRA has found direct-to-consumer and digital sales are seeing prime growth, which older technology can inhibit.

Ross said digital transformation is a critical

> There's a feeling within the industry that the most pressing need from a technology standpoint is to improve customer-focused systems.
>
> **Ed Kohlberg**
> AM Best

piece of MassMutual's strategy, allowing the company to reach customers "on their terms."

In addition to the Haven Technologies move, in 2021 it launched the Advisor360 platform involving over 7,000 financial professionals, as well as online insurance agency Flourish and Blueprint Income, which he describes as a comparison engine for annuity providers. In all cases, the aim is a more digitally centered product, he said.

"We remain strategically focused on transforming to grow in a digital world, with plans to make all of our customers' journeys digitally enabled," Ross said. "Additionally, we are always looking for opportunities that help us provide the best technology to deliver a seamless digital experience."

Ed Kohlberg, an AM Best director, said the COVID-19 pandemic was an accelerator to the movement that was already underway in the industry toward a heavier digital presence as traditional face-to-face sales and medical exams became impossible at first and then just cumbersome for some consumers.

He likens the Haven Technologies spinoff to the acquisition by Prudential of Assurance IQ in 2019. In that instance, Assurance IQ was growing a direct-to-consumer platform that Prudential bought for $2.35 billion in a move that allowed it to capture a greater piece of online sales without the lengthy development of a totally new system.

A May 2021 Best's Special Report, "*Reinsurance, Autos and Health the Most Innovative Lines of Business,*" found that, overall, more than two-thirds of life and annuity rating units are assessed as moderate (46%) or minimal (24%) in terms of technological innovation. Because the industry has such a long tail to its operations, it has lagged other corners of the insurance world such as auto coverage and health insurance in modernization.

There's a feeling within the industry that the most pressing need from a technology standpoint is to improve customer-focused systems, Kohlberg said. Solutions have been a mix of large players building or acquiring new systems in an effort to correct the situation, he said.

"We're seeing the large players in the industry certainly make a move at getting these platforms and having these platforms available and the smaller to midsized players can join in on the platforms," he said. "For the smaller and midsized players, they don't have the deep pockets. They don't have the ability to get it wrong because it eats into their capital and it's an expensive game to play."

The Middle

Startups tend to fall on a continuum.

They can range from older, established players striking out on their own all the way down to the upstart disrupters looking to redefine an industry. Ben-Zvi said the reality of Haven Life was that it fell somewhere between those two ends but not purely in either camp.

"We're the magical combination of the best of both," he joked.

"I think we're unique in that we bring not only technology but the experience of having technology born out of real-life needs," he said. "Also, there are just a lot of people doing really interesting things out there right now." BR

Life Insurers Not Free of COVID-19 Yet, as Virus Impacts Younger Populations

The delta variant pushed up the number of pandemic-related deaths for working-age people in the U.S. A mix of investment gains and business diversification across segments could help ameliorate potential costs.

by Terrence Dopp

Life insurers told investors in their 2021 third-quarter earnings reports that virus-related deaths had increased above expectations, showing that COVID-19 is continuing to have a significant impact on the industry. With unknowns surrounding emerging variants, insurance experts say the outlook for 2022 remains unclear.

The head of Prudential's U.S. Businesses said during his company's earnings announcement that deaths in the third quarter were three times what the company initially expected. Life insurer Unum Group reported a similar finding, saying deaths had doubled during the third quarter of 2021.

"We were expecting 30,000 deaths and we saw 95,000," said Andrew Sullivan, executive vice president and head of Prudential's U.S. businesses. About half of the total was concentrated in the southern U.S., he added.

A year and a half into the COVID-19 pandemic, life insurers via a flurry of third-quarter earnings calls and statements notified investors that virus-

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

Key Points

Rising: While initial hopes were for a gradual decline in COVID-19 mortality as vaccinations picked up and the pandemic ebbed after more than a year, some life insurers cited general population deaths as high as three times initial projections.

Segment: As the COVID-19 mortality rate began to rise for younger people in their working years, the increase was seen primarily in the group life segment of their books.

Time: Industry advocates such as the American Council of Life Insurers said the true impact on the industry will take time, although the increase is seen as more of a short-term earnings drag than a long-term threat.

related deaths had increased and that the ages of those who were dying had crept downward into the working-age population. Sullivan reported in his company's earnings call that deaths among working-age Americans in the 35-to-54 range tripled.

"The average age of our group block is in the neighborhood of 46 years old," Sullivan said. "Second, as you probably know and expect, we have a large national account book of business and have a very strong share in health care, in retail and in manufacturing. These are areas where front-line workers are out and about by the definition and nature of their job and therefore more exposed."

That last fact can partially soften the impact of the rise, as some companies saw the increase come in the group life segment. Those policies are generally offered as workplace benefits and often have smaller face values based on annual salaries, compared to the individual market.

Also important to note is that across the industry results were positive from an earnings standpoint and gains in other business segments offset the impacts experienced in the group life portion of insurers' books.

Yet some companies reported rising claim costs.

Prudential Financial Inc., in its earnings results for the third quarter of 2021, said its group benefits business reported a loss of $135 million compared to adjusted operating income of $22 million in the same period a year earlier. The third quarter of 2020, for reference, was also during the pandemic and notably pre-vaccine. Sullivan called the results

"The recovery from COVID has been delayed longer than we anticipated by the delta variant but we do expect to see a recovery ahead."

Richard P. McKenney
Unum

unfortunate and said his company is "proud" to be able to pay off related claims.

Prudential saw its third-quarter net attributable income rise slightly to $1.53 billion, even with the increase in claims, compared with $1.49 billion for the same period a year earlier. Assets under management reached $1.73 trillion in the three-month period. Chairman and Chief Executive Officer Charles Lowrey attributed the growth to good investment performance and consumer demand.

Variants, Younger People

Aegon N.V., a multinational insurer that counts the U.S. as a core market, also saw adverse claims experience. The company cited both COVID-19 and a higher average claim size as drivers of a trend that outweighed even increased fees due to higher equity markets and business growth. The operating result from the Americas decreased €112 million (US$125.87 million) to €60 million for the period, the company reported.

Across the company, Aegon reported operating results decreased to €443 million, a 16% drop from the third quarter of 2020.

These developments occurred as variants became the watchword in the U.S. and globally.

Variants are a mutated form of the virus that differ slightly from previous strains and can become more transmissible or more virulent. The third-quarter results track the rise of the delta variant, which the Centers for Disease Control and Prevention said can be twice as contagious as the original virus and broadened its infection reach to both younger people and those vaccinated through less-common "breakthrough" cases.

According to the Health System Tracker compiled by the Peterson Center on Healthcare and Kaiser Family Foundation, COVID-19 had dropped to the seventh-leading cause of death in the U.S. by July 2021. But as the summer drew to a close, the virus became a more common cause of death among Americans 35-54 and by September it was the leading cause of death in that age group and second-most common among all Americans after heart disease.

In fact, the daily death average in the U.S. reached 1,899 in September, behind the 2,078 attributed to heart disease and just above the 1,636 from cancer, the group found.

A Continuation

Mortality increases in the third quarter of 2021 are a continuation of trends that first emerged at the end of 2020 and first quarter 2021, where COVID began to be a more dominant cause of insured mortality, said R. Dale Hall, managing director of the Society of Actuaries Research Institute. Hall said most results also continued a pattern that had seen excess mortality in the group life segment raised by about 30%.

"The pandemic is causing about two-thirds of the excess mortality," he said. "For individual life, the fourth quarter of [2020] had excess mortality of 22%, doubled from the third quarter of [2020]."

Recent information from the CDC showed continued mortality due to Alzheimer's, diabetes, liver disease, hypertension and Parkinson's, all with large deteriorations, according to Hall. "That continues on from the finding of a 2020 study on population mortality for people of working ages and those types of conditions are becoming more prominent and continuing into 2021," he said.

Not all news has been dour for insurers.

In December AM Best revised its market segment outlook for the life and annuity industry to stable, up from the negative outlook assigned early in the pandemic as uncertainty loomed. In the upward revision, analysts cited record levels of capitalization and earnings that have improved. While noting that death claims have impacted earnings, the outlook report points to strong product sales in the second and third quarters of 2021.

"Although the life/annuity segment faces some hurdles heading into 2022, we think that the industry

"The implications are still emerging for the life insurance industry. Nobody knows exactly how COVID will impact the long-term mortality of the country yet."

Paul Graham
American Council of Life Insurers

will be able to address these challenges because of the improvement in capitalization, profitability, and ERM practices resulting from the COVID-19 crisis," according to the Best's Market Segment Report, *Market Segment Outlook: U.S. Life/Annuity*. Louis Silvers, a senior financial analyst with AM Best, said companies to date have been wary for the most part of making rock-solid attributions for the increase. Potential theories, he explained, include the deaths being clustered in states with lower vaccination rates, the fact that the impact of earlier waves of the virus were concentrated among older populations and higher vaccination rates among senior citizens.

"The investment performances for these companies have really glossed over any impact from slightly increased mortality and companies have not generally been unlocking their mortality assumptions, which mean that they don't see increased mortality as something that's permanent in the future," Silvers said.

This trend closely mirrors the experience of life insurer Unum Group, which is optimistic about the future despite seeing a drop in income from its U.S. group life segment.

In early November, Unum reported companywide net income of $328.6 million for the third quarter of 2021, above the $231.1 million it saw during the same period a year earlier. But digging down a step, in the group life and accidental death and dismemberment line of business, it reported an adjusted operating loss of $67.1 million for the third quarter of 2021 compared to adjusted operating income of $13.9 million in the year-prior quarter.

Richard P. McKenney, Unum's president and chief executive officer, told analysts during an earnings presentation that in addition to about twice the U.S. deaths anticipated during the period, the company experienced higher costs for short-term disability coverage. In one notable development, he said the younger populations tend to actually have larger benefits than Unum's other customers.

"The recovery from COVID has been delayed longer than we anticipated by the delta variant but we do expect to see a recovery ahead," McKenney said.

Beware Scale

Silvers said that higher levels of the deaths within working-age people can mute the financial impacts of each claim because group insurance policies acquired through the workplace generally have lower face amounts than individual life policies. In turn, individual life policies tend to have a higher average age insured, but there's still a question of scale.

"It's smaller face amount so certainly the impact is going to be more diffuse. But on the other hand, if there is a trend that they are seeing it is more likely the claim counts going up, the frequency going up," he said. "On the one hand, each individual death does not have as much of an impact, but on the other hand, if you're seeing a trend that means that there's probably more to it in terms of a bunch of small policies having these claims."

Paul Graham, senior vice president, policy development at industry advocacy group American Council of Life Insurers, said it will take time to know the full impact the COVID-19 pandemic has on mortality and the life insurance industry, including the most recent quarter. Before the onset of the pandemic the U.S. opioid crisis was affecting mortality and offsetting other positive factors such as healthier lifestyles and medical advancements, he said.

"The implications are still emerging for the life insurance industry," he said. "Nobody knows exactly how COVID will impact the long-term mortality of the country yet." BR

Photo courtesy of Crum & Forster

Crum & Forster Moves Forward as Cyber Insurance, New Technologies Emerge

The 200-year-old company is keeping up its tradition of "looking out there at the horizon and seeing what's new and interesting" as the insurance industry experiences significant changes, said Marc Adee, Crum & Forster's chairman and CEO.

by John Weber

Crum & Forster has been a mainstay in the insurance industry for two centuries. Now the company is coming to grips with some of the industry's most significant changes ever and the multiline insurer has found itself adapting to—and even embracing—the evolution of insurance in technology and society.

Marc Adee, Crum & Forster's chairman and CEO, spoke with AM Best TV about how the 200-year-old company is adapting to the ongoing

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

HEADQUARTERS: A view of Crum & Forster's campus in Morristown, New Jersey. The company is celebrating its 200th anniversary this year.

changes in the industry, particularly with cyber insurance, insurtechs and environmental, social and governance becoming more prominent.

Following is an edited transcript of the interview.

Tell us a little bit about Crum & Forster's history and origin.

Crum & Forster, now coming up on our 200th anniversary this year, goes way back to New York and Capt. Richard Whiley setting up The North River Insurance Co. to insure buildings in New York and has had a checkered career since then. We were a publicly traded company. We were owned by Xerox. Ultimately, in the late '90s, Fairfax bought Crum & Forster. Since then we've been developing our diversified book of specialty insurance products up to scale.

At a Glance: Crum & Forster

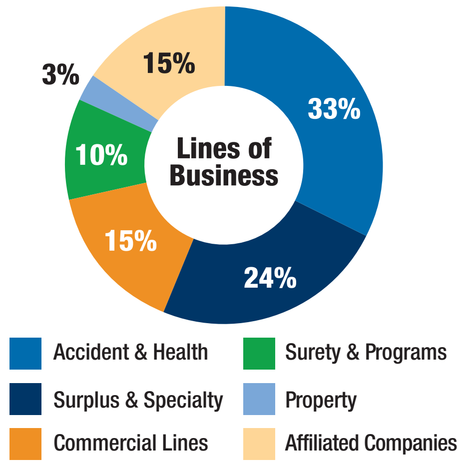
Incorporated: Feb. 6, 1822, as The North River Insurance Co., domiciled in New York

Headquarters: Morristown, New Jersey

Number of Employees: 3,000

Number of Offices: 30-plus nationwide

AM Best Financial Strength Rating: AM BEST A Excellent



Sources: Crum & Forster; New Jersey Department of Banking and Insurance

What are some of the significant coverages Crum & Forster has offered over the years?

We were one of the first to write workers' compensation. We were one of the first to write package policies before that was a thing. We were one of the first in the excess and surplus lines space. If you're around that long you get to see everything up close.

Coming into the modern age, we're one of the first to write pet insurance. We're maybe a little later to the cyber game but this will be considered the early days of cyber. We're trying to keep up that tradition of looking out there at the horizon and seeing what's new and interesting for us.

You mentioned Xerox owning Crum & Forster. How did that happen and how did it work out?

It did not work out that well. If you think about it, Xerox had discovered a lot of the things that are now everyday—the mouse, and the graphical user interface at their Palo Alto Research Center. They basically gave that to Apple for free and, in the meantime, were buying Crum & Forster.

If you think about that era, that was a tough time for insurance companies. A lot of the environmental issues, and some of the long-tail lines, started to show up to the party right after Xerox bought Crum. The first time I was with Crum in the mid-'90s it was part of the Xerox era and they were trying to spin off all the different pieces. The Crum & Forster of today is the piece that held that name and didn't get spun off.

When did Fairfax come into the picture? What's it like being owned by a Canadian company?

Fortunately, Fairfax bought us in the late '90s. The Fairfax guys are great. Prem's [Prem Watsa, CEO of Fairfax Financial Holdings] great. He's built a good company over the last 37 years. The culture is awesome. They've got a very decentralized approach. A lot of his speaking points for all those years are very consistent with today's push for social corporate responsibility. He does a great job, from that standpoint. We like being part of Fairfax at this point and it's been a good run for us.

AM Best has a long and storied history, like Crum & Forster, and we've spent a lot of time and effort bringing our story to our employees. How is C&F doing that with your employees?

What has been interesting over the last few years, with people working from home, we've wrestled with: How do you take your culture to that next level, with 3,000 people working in 3,000 different locations? As I'm sure, a lot of people felt their culture was centralized in their office building. Now, that's not the case. A lot of what we do is a lot more dialing up the communications.

One of the more interesting ones is, I've been sending out a weekly note to all the employees every Friday that tells what's going on at Crum or what's going on with me. It's been pretty interesting because now I get a lot of feedback from people who are in offices or other locations, such as their homes, that I wouldn't normally have had contact with.

Establishing all those connections across the company, it does take a lot more work but it's been very satisfying. It's a fun way to do it. We're looking at how we take that up a notch. We spend a lot of time making Crum a great place to work.

Like I said, a lot of that had been focused on what we do when we're all together and now it's going to be: how do we do that with people in their home offices? Then, putting that externally, how do we make Crum & Forster a great company to partner with over the long term? As we look out at the next 100 or 200 years we want to find partners who want to grow old with us as it were. We'll see how that goes.

Has that work-from-home environment been a major disruptor and what are some of the major disruptors in the industry as you see it?

It's been eye-opening. It's been good for everybody. People are fighting it a little bit now, or everybody's in that middle of trying to figure it all out. We've embraced it.

It makes it more interesting for us, in terms of hiring people. It gives people a working arrangement that they can continue longer than they might have otherwise. There are a lot of benefits from the work-from-home. We still have the office option, obviously.

Work-from-home and the hybrid, the way people have embraced it, has been good. As far as other disruptors, when people talk about insurtechs, I'm not as worried about that. I think that is good for everybody. That keeps everybody on their toes. Somebody will come up with something interesting and then all of us will copy it.

For big disruptions, we're more about keeping our eyes on some of the big incumbent players that are more likely to come up with something interesting than some of the insurtechs who might be more innovating on the marketing side.

Probably, the other big one, COVID itself, was interesting. We all know it could have been a lot worse than it was. As we look at our enterprise risk management models and what went wrong, we had COVID on the list of things that could cause trouble but we totally got wrong how it was going to impact and the second-order effects.

I would say there, we're looking hard at aggregations of things like cyber, silent cyber, catastrophes, the next pandemic. Things like that could be really disruptive and so trying to crystallize: What did we learn from COVID? As an industry we dodged what could have been a much worse situation.

Social inflation is probably another one that could be pretty disruptive. Definitely it's not a pro business or pro insurance world out there right now.

That's been manifesting in some, I would say, lawsuit abuse. That's one that needs to get reformed. I don't think it's good for the business but it's definitely not good for the country either. That's one that, hopefully, people will give some attention to so that it doesn't disrupt us too much down the road.

Let's go back to the insurtechs that you were just talking about. What are the insurtechs and/or technologies that you're keeping an eye on in the insurance industry?

I would say the biggest one, the most interesting one for us right now, is the machine-learning tools that maybe two or three years ago were very esoteric. The people we had thinking about them, it was like they were talking about science fiction. Now it's bread and butter.

A lot of our secret sauce, in terms of how we think about the business and how we decide what we're going to do and not do, is driven by these machine-learning algorithms. That's a huge difference from where we were a few years back, where the people who could build the machine learning or AI were going to disrupt everyone. Now most people are incorporating that into how they look at the business.

There's definitely a societal mistrust of AI, or machine learning, or algorithms, however you want to think about that. To the extent that people are using those in their rate filings, that's going to make for an interesting discussion on the regulatory front. You've got AI algorithms that are inherently hard to explain and now you're trying to explain them in a filing to the states.

Ultimately we're going to have to resolve how that all works out. Some of those technologies are super interesting and evolving quickly. It's almost like magic when you look at what some of the people can do with those tools.

How much of an impact is ESG having, particularly on a diversified portfolio?

Fairfax has been big on giving back to the local communities. For as long as I can remember we've been doing that at Crum.

On the social front, you've got a lot of people who are in that next generation who are excited to engage and take that to the next level. That's been fun to watch. That's evolved. That dovetails into what I think is a huge opportunity for the industry, with looking for maybe a more diverse employee base.

"As far as other disruptors, when people talk about insurtechs, I'm not as worried about that. I think that is good for everybody. That keeps everybody on their toes. Somebody will come up with something interesting, and then all of us will copy it."

Marc Adee
Crum & Forster

The way I look at that is not many of us came to the insurance business fully prepared for what an insurance company does. Because of that, the industry has built up all these self-study mechanisms. Whether it's the Institutes, or the actuarial society in my case, you've got these ways to get people up to speed.

If we can get that message out there that, "Hey, this is the kind of business where you can walk in the door cold and we'll get you where you need to go," if we can get that message out there with groups of people who otherwise might not be thinking that insurance is something for them, that's a huge win for the business.

That's the social aspect. Governance is something that everybody's had on their mind for a long time, so I don't think that's a big difference. The environmental part is where it gets a little harder to predict. What does that mean? Where do you stop, in terms of who's socially unacceptable insured? Who gets to make that determination?

I've seen recently pressure on people to not insure certain groups. That doesn't seem like the right angle to stop somebody from doing something objectionable. That's a slippery slope. For us the nice thing about diversification is if something isn't working out we've got other things in the hopper that'll take up the slack.

Any regulatory concerns on your mind?

Yes, I would say other than the general idea that the regulatory framework reflects a lagged opinion of society. Right now being anti-corporate isn't going to make it easy for us to operate.

In some sense, how do we get the message out that we're doing good work and greasing those skids of progress? That's a message that we probably have to hit more often.

Where do you see Crum & Forster headed, near term and long term? You mentioned employees being around 100 years from now.

With us, our longevity is about the culture. How do we build that culture? Like I said earlier, the world's changing. The work-from-home world is going to make things interesting.

When we think about longevity, we've got the platform and the product capabilities. Getting people excited about working for us over a long period of time and be able to build their career, we spend a lot of time focusing on that, learning and development and career paths and trying to get that embedded in the culture.

Then there is a huge people aspect to this business still. I'm not sure we'll ever mechanize that or automate that away. I'm not looking forward to the day when they do that.

We are looking for partners who want to have a long-term relationship with us and we want to make sure that we can honor our side of that.

For us, we're looking at continuing to grow and fine-tune our underwriting model and make life interesting for employees and partners. If we can do that over time we should be in good shape. BR

AM Best TV

Go to *www.bestreview.com* to watch the interview with Marc Adee.

AM Best: COVID-19, Catastrophes Continue to Shape Asia-Pacific Reinsurance Markets

by David Pilla

COVID-19, catastrophe losses and competition are among the major issues shaping Asia-Pacific reinsurance markets now and in the near future, according to AM Best analysts.

Low interest rates, regulatory developments and digitalization also are playing key roles in the region's development, said analysts in an AM Best market briefing at the virtual 17th Singapore International Reinsurance Conference.

COVID-19 has become the catalyst of digital transformation in the (re)insurance industry, said Christie Lee, senior director, analytics - North East Asia. She said it forced (re)insurers to speed up the digital agenda. Most reinsurers are seeking to improve operational efficiency and the digital customer experience while others are exploring new capabilities and partnering with insurtechs, she said.

COVID-19 is projected to be a $40 billion loss for the industry, down from initial $100 billion estimates and a sizable but manageable loss, said Greg Carter, managing director, analytics. AM Best doesn't see major rating changes from COVID-19 but issues such as business interruption are complex and may take time to resolve, he said.

On the life side, mortality related to COVID-19 is

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

lower than initially expected but will continue to develop, he said.

AM Best is maintaining a stable outlook for the global reinsurance market, said Carter. He said the rating agency sees improved performance across the market.

Claims uncertainty, COVID-19, secondary perils and social inflation are among the headwinds for the reinsurance market, said Carter. He also noted risk modeling issues, new capital coming into the market, low interest rates and the risk for a smaller role for insurers and reinsurers in an evolving economy. The rise in importance of secondary perils is a significant trend in recent years as are the rising cyber losses, reflecting the increasing interconnectivity of economies, he said.

On the plus side, the reinsurance industry is seeing good pricing trends and increased underwriting discipline, said Carter. Reinsurers are starting to meet their cost of capital; there is a disciplined limited impact from new entrants; the segment remains well capitalized and has greater input and convergence with the insurance-linked securities sector, which he said the market no longer sees as a threat; and reinsurance is one of the most innovative segments of the industry.

The list of the top 10 reinsurers in both the nonlife and life segments has remained fairly stable in recent years, according to AM Best's ranking. But Carter noted in the nonlife segment, the Asia-Pacific region recently saw representation by Korean Re and China Re, which are now ranked eighth and

India

Following is an excerpt from the *Best's Country Risk Report*.

- The Country Risk Tier (CRT) reflects AM Best's assessment of three categories of risk: Economic, Political, and Financial System Risk.
- India, a CRT-4 country, has moderate levels of financial system risk and high levels of economic and political risk.
- GDP contracted 8% in 2020 and is projected to grow by 12.5% in 2021. India was already facing a growth slowdown before the global COVID-19 pandemic and has been hit particularly hard by both the initial outbreak of the pandemic and the emergence of the delta variant.
- Inflation in 2020 was 6.2%, and is expected to be 4.9% in 2021. Inflation was high despite weak demand in 2020 owing to currency depreciation.

Economic Risk: *High*

- India's growth outlook for 2021 has been damaged by the emergence of the delta variant of COVID-19 and a slow vaccine rollout, which have suppressed consumer spending. Consumption accounts for over 70% of GDP and may take some time to fully normalize, since the government aimed to fully vaccinate the population by the end of 2021.

Political Risk: *High*

- With his Bharatiya Janata Party (BJP) winning a significant majority in the 2019 elections, Narendra Modi is serving a second term as prime minister. The next parliamentary elections are scheduled for 2024. Until then, the BJP's focus will be on economic growth and job creation, with a particular emphasis on boosting India's rural economy; however, these initiatives have been hampered by the outbreak.

Vital Statistics 2020		
Nominal GDP	USD bn	2708.77
Population	mil	1378.6
GDP Per Capita	USD	1,965
Real GDP Growth	%	-8.0
Inflation Rate	%	6.2

United Nations Estimates		
Literacy Rate	%	74.4
Urbanization	%	34.5
Dependency Ratio	%	9.5
Life Expectancy	Years	69.7
Median Age	Years	28.4

Insurance Statistics		
Insurance Regulator	Insurance Regulatory and Development Authority of India (IRDAI)	
Premiums Written (Life)	USD mil	81,251
Premiums Written (Non-Life)	USD mil	26,741
Premiums Growth	%	0.1

Regional Comparison	
	Country Risk Tier
India	CRT-4
China	CRT-3
Indonesia	CRT-4
Kazakhstan	CRT-4
Russia	CRT-4

Sources: IMF, UN, Swiss Re, Axco and AM Best

Financial System Risk: *Moderate*

- The insurance industry is regulated by the Insurance Regulatory and Development Authority (IRDA).

ninth, respectively, in the Top 15 Global Non-Life Reinsurance Groups ranking. General Insurance Corp. of India is No. 10.

Capacity in recent periods has outpaced demand among players in the Southeast Asia reinsurance market, said Kanika Thukral, senior financial analyst.

Domestic reinsurers in Southeast Asia have demonstrated technical unprofitability in the past five years, with 2017 the only exception, said Thukral.

She said Southeast Asian reinsurers did well compared with international reinsurers in relation to the COVID-19 pandemic due to lower business interruption claims experience supported by exclusions put in place after the 2003 SARS outbreak. In 2020, reinsurers also benefited from improvement in claims experience of the region's primary insurers in lines such as travel, motor and workers' compensation due to COVID-19 restrictions.

Reinsurers in Northeast Asia have been diversifying in recent years to minimize the impact of natural catastrophes on their books, said Lee. The reinsurance markets in Japan and South Korea are mature, while those such as China are developing.

Lee said China Re has grown quickly to sixth place in the AM Best Top 50 Reinsurer ranking, benefiting from strong growth on the life reinsurance segment in the past few years.

Northeast Asia reinsurers have collectively had better underwriting results than the AM Best Global Top 50, said Lee. They have had relatively small losses related to COVID-19 than their international

Best's Rankings

Largest 30 India Insurers – 2022 Edition

Ranked by 2020 gross premiums written.
(US$ thousands)

Rank	Company	Gross Premiums Written	Capital & Surplus
1	Life Insurance Corporation of India	55,068,779	868,553
2	SBI Life Insurance Company Ltd.	6,862,207	1,420,180
3	General Insurance Corporation of India	6,419,814	6,996,758
4	HDFC Life Insurance Co. Ltd.	5,268,576	1,179,481
5	ICICI Prudential Life Insurance Co. Ltd.	4,879,325	1,245,256
6	New India Assurance Company Limited	4,512,487	5,145,356
7	Max Life Insurance Company Limited	2,596,894	410,723
8	United India Insurance Company Limited	2,302,529	937,573
9	National Insurance Company Limited	1,983,054	389,402
10	ICICI Lombard General Insurance Co. Ltd.	1,955,441	1,108,238
11	Oriental Insurance Company Limited	1,797,901	1,065,448
12	Bajaj Allianz General Insurance Company	1,723,859	1,027,465
13	HDFC ERGO General Insurance Co. Ltd.	1,699,219	444,273
14	Bajaj Allianz Life Insurance Company Ltd.	1,641,992	1,465,926
15	Tata AIA Life Insurance Company Limited	1,516,399	295,049
16	Kotak Mahindra Life Insurance Co. Ltd.	1,515,735	552,344
17	Aditya Birla Sun Life Insurance Co. Ltd.	1,334,807	327,478
18	Star Health and Allied Insurance Co. Ltd.	1,282,005	476,838
19	Tata AIG General Insurance Company Ltd.	1,170,799	474,726
20	IFFCO TOKIO General Insurance Co. Ltd.	1,164,006	379,200
21	Reliance General Insurance Company Ltd.	1,147,758	281,112
22	SBI General Insurance Company Limited	1,134,949	384,466
23	PNB MetLife India Insurance Company Ltd.	823,781	194,140
24	Canara HSBC Oriental Bank Com Life Ins.	698,594	174,014
25	Reliance Nippon Life Insurance Co. Ltd.	646,762	187,317
26	Cholamandalam MS General Ins Co. Ltd.	600,856	261,014
27	IndiaFirst Life Insurance Company Ltd.	553,779	105,898
28	Future Generali India Insurance Co. Ltd.	532,396	155,425
29	Exide Life Insurance Company Limited	453,995	164,826
30	Go Digit General Insurance Limited	442,885	167,934

Source: BESTLINK

counterparts, but have seen increasing large risk losses in Taiwan, Japan and South Korea in the past two years.

Other headwinds for these reinsurers included hard retrocession rates and lower capacity, low interest rates and regulatory developments, she said.

On the plus side are positive pricing trends, opportunities to raise capital via hybrid instruments and supplementary bonds and increasing ILS use. She said regulators in Singapore and Hong Kong are encouraging ILS development.

An interesting issue in the China market has been the rapid development of the agricultural reinsurance market, in which premium levels in 2020 reached $12.5 billion, said Lee. China Agricultural Reinsurance Co. Ltd., which began operations at the end of 2020, has registered capital of $2.5 billion and 20% compulsory cession for subsidized policies, she said.

Christie Lee

AM Best currently has a mix of stable and negative outlooks for Asia-Pacific markets, said Myles Gould, head of analytics – South East Asia, Australia and New Zealand.

The outlook is negative for the India nonlife segment because of several persistent headwinds and the economic fallout from COVID-19, he said. Gould said this environment is expected to worsen underwriting results and the investment outlook for this sector.

Competitive market conditions and poor pricing in core business lines also contribute to the negative outlook, he said.

The Indonesia nonlife segment also has a negative outlook on weaker-than-expected economic recovery amid mobility restrictions due to COVID-19, claims escalation in credit insurance and higher investment risks and low interest rates, said Gould.

Malaysia's nonlife outlook is stable despite an expectation of muted economic growth prospects due to COVID-19 and low interest rates, said Gould.

The Philippines nonlife segment has a stable outlook despite significant natural catastrophe exposure, a near-term economic slowdown due to COVID-19 and competition in fire insurance, he said. Long-term growth prospects for the country are a key positive consideration.

For Vietnam, the nonlife outlook is stable despite short-term social and economic consequences from COVID-19 and low interest rates, said Gould. Long-term growth prospects related to a digital transformation in distribution, regulatory advances and a potential rise in foreign shareholding are positive trends.

A recent Best's Market Segment Report, *Market Segment Outlook: Vietnam Non-Life Insurance,* states AM Best expects Vietnam's nonlife insurance segment to continue expanding, albeit at a modest pace in view of the challenging economic backdrop over the short term. Health and personal accident insurance are likely to remain the primary growth drivers as the COVID-19 pandemic raises public awareness on health and mortality risks. However, this could be offset by a deceleration in group health insurance as domestic industries and businesses implement cost-cutting measures.

In Japan, AM Best has a stable outlook for nonlife despite a slowdown in economic activity related to COVID-19, said Lee. Premium growth and rate increases are supported by fire insurance, she said. Insurers in Japan had low net exposure to business interruption and event cancellation losses.

On the downside, Lee said Japanese insurers have potential rate cuts in voluntary motor insurance rates and higher reinsurance costs for natural catastrophe coverage.

In South Korea, AM Best revised its outlook to stable from negative on automobile rate hikes, improved loss experience and an interest rate rebound, said Lee.

The AM Best outlook for China nonlife is negative on premium pressure from motor reform, higher investment risk and execution risks from rebalancing of business and investment portfolios, she said.

Those factors were partly offset by health and agricultural insurance premium growth, a quick economic recovery from COVID-19 and strong regulatory involvement, she said. BR

SKYLINE SHOT: An aerial view of Dubai, the most populous city in the United Arab Emirates.

A Cautious Recovery for the Gulf Cooperation Council Nations

The Middle East and North Africa region includes a diverse mix of markets, regulatory systems and political environments.

by *Best's Review* Staff

The market segment outlook for the Gulf Cooperation Council nations—Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates—remains negative after it had been changed to negative during the early days of the COVID pandemic, according to Alex Rafferty, associate director, analytics, AM Best, speaking at AM Best's MENA Insurance Market Briefing – Dubai, held in October.

A range of positive and negative factors defines the insurance market in the region, Rafferty said.

"Some of the headwinds appear to be moderating," Rafferty said, adding later in his presentation, "We maintain a cautious view."

Those headwinds include:

- Persisting COVID-19-driven uncertainty and risk of further oil price volatility, which maintain economic pressures across the region.
- Expectations of strains on premium growth and development opportunities.
- Pricing adequacy concerns amid intense market competition.

***Best's Review* staff** can be reached at *bestreviewcomment@ambest.com*.

- Financial market fluctuations and depressed real estate valuations.
- Liquidity pressures and potential for delays in cash collection.

Tailwinds include:

- Insurers are generally well capitalized and proving resilient to shock scenarios.
- Economic conditions are recovering.
- Regulatory oversight and controls are tightening.
- Some regional geopolitical tensions are easing.
- Opportunities are emerging for market consolidation and mergers and acquisitions.

"Following several years of persisting soft market conditions, pricing and terms in the Middle East and North Africa are turning in favor of the region's reinsurers," according to the *Best's Market Segment Report: MENA Reinsurance: Improving Market Conditions Signal Change for Region's Reinsurers*.

"The current market hardening, partly a byproduct of global reinsurance trends, and partly in response to regional underwriting performance strains, is a clear tailwind for reinsurance providers in the region," according to the report's authors, which included Rafferty. BR

Best's Rankings

Largest 30 MENA Insurers – 2022 Edition

Ranked by 2020 gross premiums written.
(US$ thousands)

Rank	Company	Country of Domicile	Gross Premiums Written	Capital & Surplus
1	Harel Insurance Company Ltd.	Israel	4,479,250	1,657,712
2	Migdal Insurance Company Limited	Israel	4,042,987	2,021,750
3	Qatar Insurance Company Q.S.P.C.	Qatar	3,383,907	2,275,664
4	Phoenix Insurance Company Ltd	Israel	3,239,652	1,929,414
5	Clal Insurance Company Limited	Israel	2,996,427	1,702,639
6	BUPA Arabia for Cooperative Insurance Co	Saudi Arabia	2,785,787	1,040,696
7	Company for Cooperative Insurance	Saudi Arabia	2,416,320	749,116
8	Menorah Mivtachim Insurance Company Ltd.	Israel	2,210,604	659,946
9	Gulf Insurance Group K.S.C.P.	Kuwait	1,470,477	386,218
10	Turkiye Sigorta A.S.	Turkey	1,207,316	485,515
11	Orient Insurance PJSC	United Arab Emirates	1,156,482	915,355
12	Allianz Sigorta A.S.	Turkey	1,105,189	550,052
13	Abu Dhabi National Insurance Co PJSC	United Arab Emirates	1,092,520	682,675
14	Anadolu Anonim Turk Sigorta Sirketi	Turkey	1,088,933	424,455
15	Ayalon Insurance Company Limited	Israel	1,003,024	201,325
16	Oman Insurance Company P.S.C.	United Arab Emirates	976,224	563,912
17	WAFA Assurance	Morocco	950,726	679,133
18	Gulf Insurance and Reins Co KSC (Closed)	Kuwait	835,980	151,746
19	Al Rajhi Company for Cooperative Ins	Saudi Arabia	728,721	296,616
20	Royale Marocaine d'Assurance	Morocco	n/a	n/a
21	Aksigorta A.S.	Turkey	716,220	168,916
22	Medgulf KSA	Saudi Arabia	675,825	202,573
23	AXA Sigorta A.S.	Turkey	632,704	340,053
24	Misr Insurance Company	Egypt	613,124	1,479,149
25	AXA Insurance (Gulf) B.S.C.(c)	Bahrain	584,673	331,648
26	SAHAM Assurance Maroc	Morocco	581,949	508,438
27	AtlantaSanad Assurance	Morocco	560,567	400,325
28	AXA Assurance Maroc	Morocco	553,089	491,602
29	Misr Life Insurance Company	Egypt	496,434	708,456
30	HDI Sigorta A.S.	Turkey	472,200	146,080

n/a - Data not available at time of publication. Position in ranking is based upon 2019 premium.
Source: BESTLINK

ESG and Insurance Credit Ratings: Frequently Asked Questions

AM Best believes that communicating how it views environmental, social and governance factors in the context of insurance credit ratings will provide greater transparency to the market. This frequently asked questions document was developed to provide additional background and context.

Editor's Note: The following is an excerpt from *Best's Commentary: ESG and Insurance Credit Ratings: Frequently Asked Questions.* Go to *www.ambest.com* to access the full report.

ESG and Credit Ratings

Why is ESG important to a (re)insurer's financial strength?

AM Best's view is that ESG factors, when material and relevant, play an important role in the financial strength of a (re)insurance company. As our perspective is forward looking, AM Best seeks to understand all the risks and opportunities that could impact the (re)insurer's financial strength and creditworthiness. AM Best's analysis includes identifying the impact of credit factors that are related to ESG on a (re)insurer's credit ratings. Certain ESG factors may not impact a (re)insurer's financial strength today but may do so in the future or may become more relevant. ESG factors have the potential to affect positively or negatively any of the building blocks considered in AM Best's analysis: Balance Sheet Strength, Operating Performance, Business Profile, or Enterprise Risk Management.

Property and Casualty (Re)Insurers

For most P/C (re)insurers, environmental factors such as climate risk (the changing frequency and severity of weather-related events) may pose a severe threat to the balance sheet, as they may result in material, rapid, and unexpected consequences on capitalization, as well as elevated operating performance volatility. AM Best has always considered environmental risks a key part of its analysis and conducts stress testing to see how a (re)insurer's capital position can withstand shock events. Moreover, the ability to model weather-related events can vary greatly by company, peril, and market, so an understanding of gross and net exposures, as well as the management of these risks, is important to ensure that climate-related risks are captured appropriately. For some P/C (re) insurers, other ESG factors may be more important, such as environmental litigation (pollution and contamination) or social inflation for casualty insurers.

Life and Health (Re)Insurers

Environmental factors may also be relevant to L/H (re)insurers, particularly those that may have exposures to stranded assets owing to longer-duration investment portfolios and are thus more susceptible to transition risk. Furthermore, L/H (re)insurers that take into account changing demographics, which could affect longevity, mortality, and morbidity assumptions, would be viewed as prudent.

Governance

Governance is relevant for all (re)insurers and is captured under AM Best's Enterprise Risk Management building block. Governance, which can impact financial strength, has always been an important consideration in AM Best's ERM framework evaluation. Solid corporate governance is essential for establishing a company's risk culture as well as implementing the structures, processes, and policies by which a (re)insurer abides by. The governance aspect of ESG takes into account financial and non-financial risks, including insurance activities, financial irregularities, management or board disputes, regulatory intervention or solvency breaches, and fraud monitoring. The severity of incidents is important to credit quality.

Will ESG impact my rating?

AM Best considers numerous credit factors, including those that fall under the E, S and G, when they are material and relevant to the financial strength of a (re)insurer. In our rating analysis, we consider a rating factor (including ESG factors) relevant only if we believe it will have an impact on financial strength within our time horizon (typically 36 months). The impact of ESG factors on financial strength can vary based on the type of company, the company's balance sheet exposure on both the asset and liability sides, the level of risk transfer, and the markets in which the (re)insurer operates. ESG factors may become more important to financial strength over the longer term.

If a (re)insurer is a good environmental steward will that improve its rating?

Not necessarily. Credit rating factors and ESG factors may not always intersect, and positive (or negative) ESG factors may have no impact on credit quality. Although good internal practices such as recycling programs and internal sustainability targets may improve a company's image, they may not impact financial strength.

Will ESG-related questions be added to the Supplemental Ratings Questionnaire (SRQ)?

AM Best already requests information pertaining to exposure management and stress testing in its SRQ but does not anticipate adding new ESG-specific items to it at this time. However, we reserve the right to obtain additional information on ESG or any topic we feel is relevant to the evaluation of the credit rating.

How has climate risk been factored into the assessment of financial strength?

AM Best's approach to assessing climate risks and opportunities includes assessment of a company's climate exposures, its strategic business plans, and how these exposures can affect creditworthiness over the rating time horizon. For climate risks, AM Best considers the impact of physical, transition, and climate-related liability risks.

Weather-related events are considered a severe threat to insurers' balance sheet strength because of the often significant, rapid, and unexpected impact of such losses. AM Best expects (re)insurers accepting climate-related risks to be able to demonstrate that they can effectively manage these risks, including consideration of the increased severity and frequency of weather-related events, and that they have the financial wherewithal to withstand potential losses.

When calculating overall risk exposure, (re)insurers may want to consider both their investing and underwriting operations, and include investments that may be affected by climate risk, such as coastal properties at risk of flooding due to rising sea levels.

The financial impact of climate risks will vary depending on a company's mix of business and geographic exposures. Its business profile and the level of reinsurance protection will dictate underlying volatility in financial metrics and the ability to generate profitable returns.

Risk management plays an important role in a company's ability to effectively model weather-related events and factor climate risk into the pricing and modeling of risks. A key area for consideration is the availability of appropriate data and analytical tools to accurately model weather-related events. Overexposure, inadequate modeling, or insufficient protection arising from an event are concerns if losses fall outside of AM Best's or the company's expectations. For life insurers, climate risk can change the pattern and resistance to infectious disease, which could affect future mortality and morbidity rates. BR

Mergers, Acquisitions and Name and Ownership Changes

Sunset Life, Victoria National and Alestri Insurance Co. are among the U.S. life/health and property/casualty insurers that have experienced a corporate change.

LIFE/HEALTH

Mergers

Allstate Life Insurance Company of New York (AMB# 007291), Hauppauge, N.Y. This company merged with and into Wilton Reassurance Life Company of New York on Nov. 1, 2021.

Intramerica Life Insurance Co. (AMB# 006572), Hauppauge, N.Y. This company merged with and into Wilton Reassurance Life Company of New York on Nov. 1, 2021.

Name Changes

ALIC Reinsurance Co. (AMB# 076727), Charleston, S.C. This company changed its name to ELIC Reinsurance Co. on Nov. 5, 2021.

Allstate Assurance Co. (AMB# 007289), Northbrook, Ill. This company changed its name to Everlake Assurance Co. on Nov. 8, 2021.

Allstate Life Insurance Co. (AMB# 006027), Northbrook, Ill. This company changed its name to Everlake Life Insurance Co. on Nov. 8, 2021.

Medica Health Plans of Florida Inc. (AMB# 065032), Miami, Fla. This company changed its name to Preferred Care Network of Florida Inc. on July 1, 2021.

Medica HealthCare Plans Inc. (AMB# 065011), Miami, Fla. This company changed its name to Preferred Care Network Inc. on July 1, 2021.

Acquisitions & Ownership Changes

Allstate Assurance Co. (AMB# 007289), Northbrook, Ill. This company was acquired by Everlake US Holdings Co., an affiliate of an investment fund associated with Blackstone Inc., from Allstate Financial Insurance Holdings Corp., a wholly owned subsidiary of The Allstate Corp., on Nov. 1, 2021.

Allstate Life Insurance Co. (AMB# 006027), Northbrook, Ill. This company was acquired by Everlake US Holdings Co., an affiliate of an investment fund associated with Blackstone Inc., from Allstate Insurance Co., an indirect wholly owned subsidiary of The Allstate Corp., on Nov. 1, 2021.

Sunset Life Insurance Company of America (AMB# 007104), Kansas City, Mo. This company was acquired by Bona Holdings LLC, a subsidiary of Cordillera Holdings LLP, on Nov. 1, 2021.

PROPERTY/CASUALTY

Merger

Victoria National Insurance Co. (AMB# 012059), Columbus, Ohio. This company merged with and into Victoria Fire & Casualty Co. on July 1, 2021.

Acquisitions & Ownership Changes

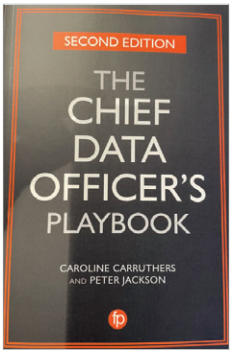
Alestri Insurance Co. (AMB# 012240), Seattle, Wash. Physicians Insurance A Mutual Company sold its one-third ownership interest in the company equally to COPIC Insurance Co. and Michigan Professional Insurance Exchange on March 31, 2021.

Alestri Insurance Co. (AMB# 012240), Seattle, Wash. Michigan Professional Insurance Exchange sold its 50% ownership interest in the company to COPIC Insurance Co. on Sept. 30, 2021. As such, COPIC Insurance Co. has become the sole shareholder of the company. BR

Author: Evolving Chief Data Officer Role Is Focused on Data Literacy, a Culture of Data

Peter Jackson also highlights the need for organizations to include chief data officers in the C-suite.

The Chief Data Officer's Playbook



As companies increasingly recognize the value of data and view it as a game changer, many are turning to chief data officers to lead the charge.

"Today, companies want datasets quicker because they need to make faster decisions," said Peter Jackson, chief data and analytics officer at Exasol and the former director of group data sciences at Legal & General. "They also need datasets that they can trust." Jackson, who co-authored both the first and second editions of the book, *The Chief Data Officer's Playbook*, with Caroline Carruthers, CEO of global data consultancy Carruthers and Jackson, said chief data officers are instrumental in helping organizations achieve those goals.

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

What inspired you and Caroline to write the book?

We met in 2016 while presenting at a data conference. We looked at each other over a cup of coffee and said, "Wouldn't our jobs be a lot easier if there was a manual or handbook about how to do our jobs? Let's try to help our fellow professionals and the people who are becoming chief data officers and write the playbook on how to do it from our experience."

AM Best TV

Go to *www.bestreview.com* to watch the interview with Peter Jackson.

How is the chief data officer's role evolving?

We've seen what you might call the rise of the chief data officer over the last decade. More organizations are appointing a CDO because they see that there is value in the proper management and governance of data, but also in leveraging value and insight through to data science from data. Recently, the CDO has become a more senior role within organizations that have truly understood that data is a differentiator.

What is data literacy and how can it be used?

Data literacy is about an organization and everyone in it understanding the data value chain from the moment the data is captured, such as through an app or a digital platform. Data literacy is also being able to use the data to tell a story. If you can't tell a story that changes the behavior of your organization or customers, you're just creating a nice visualization but you're not changing anything.

How can chief data officers leverage real-time dynamic data to help solve market problems?

One of the roles of the CDO is to look outside of the organization to think about other datasets that may be used to answer those questions. I've seen that happen increasingly with COVID. In my role at Legal & General during the start of the pandemic, we wanted to understand how markets were going to behave and what were going to be the blockers and changers in the market. We had to think almost outside of the box, perhaps laterally, about what other datasets we could bring in and whether we had the capability to do that. We then had to analyze them to give us a clue as to what was happening or what was going to happen. BR

—Lori Chordas

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

Insurer Provides App to Address COVID-19's Impact on Mental Health

The app will help people connect to insurers' support networks, according to Swiss Re.

Mental Wellness App

Insurers continue to find innovative ways to deal with the COVID-19 pandemic's impact on mental health. Swiss Re has teamed up with a leading mental health platform, Wysa, to create an app that will help consumers better track their mental well-being and connect to insurers' existing support networks.

Jolee Crosby, Swiss Re's head of Life & Health Global Core Solutions, Underwriting & Medical Reimbursement, spoke to AM Best Audio about how the app can be helpful amid the COVID pandemic. Following is an edited transcript of the interview with Crosby.

How has risk assessment changed, and how are underwriters responding to these changes?

If you think about life and health and the practices of how we underwrite risk, until the last couple years, nothing hardly changed. Underwriters typically used discrete buckets of risk. They relied upon these age and amount grids to make underwriting decisions.

Then, all of the sudden, even before COVID, we started to get these new data sources that were coming into the world of risk assessment. Then COVID hit. All of a sudden, insurance companies had no choice but to adapt unless they wanted to be left behind. That's exactly where we are now.

How does the industry capitalize on changes in new forms of data and data collection while also meeting regulatory and data privacy concerns?

Swiss Re has always been at the forefront. We've been a knowledge leader on these things. We help our clients go through the process.

It's really important that reinsurers and insurers invest in digital and tech capabilities. That's how we get the new data sets. That's how we understand the insights from the data. That's how we get to the more precise underwriting risk assessment that we're all looking for.

It's also important that insurers put an equal emphasis on communication and behavioral science skills in this new world. What that means is taking all this data and making meaning from it.

What are insurers doing to address mental health as the industry's understanding of risk expands beyond traditional physical measures?

We've focused on two areas in particular. One is our Wysa partnership. Wysa is a leading mental health platform. What we've done is we are developing an app with them that's specifically designed for insurance. It helps consumers track their mental well-being.

It also—this is really important—improves the links to helping someone get the support they need from a clinical health professional. We think of it as definitely a win-win. We know the earlier we can intervene in someone's mental well-being, the better they are. BR

—John Weber

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

AM Best Audio

Go to *www.bestreview.com* to listen to the interview with Jolee Crosby.

Top Content Includes Reports About Ransomware, Cyberthreats and Potential Losses

Other trending content includes *Best's Review's* ranking of the top global insurance brokers, features on insurtechs and a report on credit scoring.

Trending: *Best's Review*

1. Top Global Insurance Brokers - 2021 Edition
2. Cyberattacks: Insurers Defend Against Ransomware
3. After Record Wildfire Seasons, Insurers Now Feeling the Heat
4. Homeowners Insurtech Segment Expands Lines, Forms Partnerships, Adds Services
5. Maturing Auto Insurtech Segment Looks to Highlight Shopping Options, Education to Grow

Global Brokers

Trending: BestWire $

1. Update: Travelers Seeks Personal Auto Rate Hikes in 40 States as Claims Severity and Frequency Rise
2. Washington Insurance Commissioner, APCIA Continue Sparring Over Credit Scoring Orders
3. Study: Cyber Exposure Could Inflict $12.5 Billion Hit to US Property Insurance Market
4. Some Trade Groups Slam Reintroduction of Federal PRIA Bill
5. Incoming President Wants NAIC to Be More Inclusive, Leaner

Personal Auto

Trending: AM Best Webinars

1. What Insurers Need to Know About Next-Gen Cyberthreats
2. Dishing on Data—Advice From Data Scientists on How to Leverage Traditional and Non-Traditional Data Sources
3. How Next-Gen Telematics and Vehicle Build Data Are Driving Better Risk Assessment for Auto Insurers
4. How Active Risk Management Drives Better Insurance Underwriting

Cyberthreats

Trending: AM Best TV - News Coverage

1. APCIA: Insurers Should Not Be Liable for Pandemic BI Losses, Now or Ever
2. IICF: Insurance Industry Steps Up Charitable Giving, Volunteerism During Pandemic
3. WSIA Panel: Duress Creates Tailwinds for Specialty Lines
4. Swiss Re: US Life Insurance Protection Gap at $25 Trillion
5. Sompo's Sparro: Industry Hasn't Caught Up on Rate Yet

BI Losses

These were the top trending items from Sept. 23, 2021, to Nov. 23, 2021. 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*.

$ Payment or subscription required.

Trending Research Includes Reports on ESG and Insurers' A&E Incurred Losses

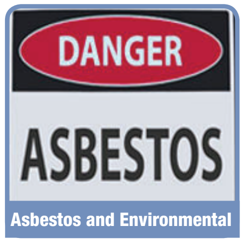
Other trending research includes a report on key LIBOR transition dates as well as reports on the commercial and private passenger auto markets.

Trending: Best's Special Reports

1. US Insurers' Perceptions of ESG $
2. Navigating the NAIC's New Risk-Based Capital Factors $
3. First Look: Nine-Month 2021 Property/Casualty Financial Results $
4. Key LIBOR Transition Dates on the Horizon $

Trending: Best's Market Segment Reports

1. Insurers' A&E Incurred Losses Still Declining; Funding Remains on Target $
2. Mutual Life Insurers Gain M&A Momentum While Pivoting for the Pandemic $
3. Workers' Compensation Still Outpacing Other Lines $
4. Near-Term Profitability Still Elusive for US Commercial Auto Writers $
5. Myriad Factors Unsettling the US Private Passenger Auto Insurance Market $



Trending: Best's Commentary

1. ESG and Insurance Credit Ratings: Frequently Asked Questions
2. OECD Announces Agreement Toward Global Minimum Tax
3. Thailand Insurers Offer Innovative Vaccine Allergy Product, but Underwriting Risks Remain
4. More Generous: European Commission Proposes Solvency II Review Rules
5. No Ratings Impact on Peru's Insurers from Recent Sovereign Downgrades

Trending: AM Best TV - Research Coverage

1. Global Reinsurance Capital Grew in 2020, Despite Volatile Investment Markets
2. Global Risks Becoming More Complex, Nat Cat Costs Rising
3. COVID-19, Social Inflation, Cat Activity Shape Reinsurance Environment
4. Mutual Insurers Weathered Pandemic Better Than Expected
5. Expanding Opportunities Boost Surplus Lines Growth

These were the top trending research and commentary reports from Sept. 23, 2021, to Nov. 23, 2021.

$ 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.*

Panel Members Discuss Unlocking Value From Data at Speed

Professionals also explore ESG and its relationship to the ratings process and examine outlooks for various segments in the U.S. insurance market.

Streaming Live

Unlocking Value From Data at Speed

Only one in six insurers can claim to be a Data Master and is, on average, 22% more profitable. A panel of insurance industry leaders and data scientists will explore which types of investments and use cases are being prioritized to drive innovation. **This complimentary AM Best Webinar is sponsored by Capgemini.**

Thursday, Jan. 27, 11 a.m. ET

On Demand

AM Best's Briefing – ESG: A Review of Frequently Asked Questions and Incorporation Into the Ratings Process

Chief Ratings Officer Stefan Holzberger moderates an interactive discussion about the relevance of Environmental, Social and Governance to financial strength and the incorporation of ESG into the ratings process. Topics include ESG rating factors that are relevant and material to financial strength; where ESG is captured in the ratings process; frequently asked questions; and inclusion of ESG in Best's Credit Reports. Panelists include AM Best Rating Services staff members Maura McGuigan, director, criteria, and Jessica Botelho-Young, associate director, analytics.

How Identity Management Drives Customer Experience and Reduces Risk for Commercial Insurers

Now more than ever, commercial insurance carriers must focus on protecting their customers' data and keeping their assets secure from identity fraud and cybercrime. Protecting their business from these risks at the point of quote, renewal and claim is essential to success. However, balancing the need for an effective security strategy with the need to elevate customer experience in a digital world can be confusing and overwhelming. A panel of insurance experts explores how an effective identity authentication and verification strategy can provide the protection required, while exceeding customer expectations. **This complimentary AM Best Webinar was sponsored by LexisNexis Risk Solutions.**

Benchmarking Discussion: How Current and Emerging Auto Insurance Trends Will Affect Carrier Results

Benchmarking is critical to understanding how an individual carrier's own results are being affected by broader market conditions versus conditions unique to their own book of business. A panel of auto insurance experts examines market trends and how auto carriers might respond. **This complimentary AM Best Webinar was sponsored by LexisNexis Risk Solutions.**

AM Best's 2022 US Market Outlook Briefing – Key Factors to Consider

Senior AM Best analytical staff members address key factors driving rating trends including interest rates, hardening pricing environment, the post-pandemic economic recovery, rising litigation costs and capacity. The discussion includes outlooks for such segments as health, life and annuity, personal lines, commercial lines and reinsurance. Participants include moderator Stefan Holzberger, chief ratings officer, as well as panelists John Andre, managing director; Jackie Lentz, director; and Michael Porcelli, Sally Rosen and Carlos Wong-Fupuy, all senior directors.

For details or to register for webinars, go to *http://www.ambest.com/conferences/webinars.asp*

Best's Review delivers a comprehensive package of property/casualty and life/health insurance industry news, trends and analysis monthly. Find us on the internet at *www.bestreview.com.*

The latest edition of *Best's Guide to Understanding The Insurance Industry* is available on Amazon.

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For VCIA, New Leadership and Legislative Changes Are on Tap for 2022

Also, industry professionals discuss the modest improvement for rates as well as the challenge of remotely building relationships and training staff.

On Demand

VCIA's Smith: New Year Will Bring Leadership, Legislative Changes

Vermont Captive Insurance Association President Rich Smith chose January to step down to coincide with a captive bill being brought to the state Legislature.

Rich Smith

Sompo's Sparro: Industry Hasn't Caught Up on Rates Yet

Chris Sparro, EVP and CEO US Insurance, Sompo, said rates have improved, but given the loss environment and inflation, remain insufficient.

Chris Sparro

Insurance House: E&S Challenged to Reinvent Distribution, Training

The pandemic and different workforce expectations are compelling the excess and surplus sector to reexamine how it remotely builds relationships and trains staff, said Jacque Schaendorf, Insurance House chief executive officer.

Jacque Schaendorf

RPS' Nadler: Automation Will Gain With Smaller Accounts

Christa Nadler, executive vice president, property, Risk Placement Services, said some recent catastrophes have caught underwriters by surprise.

Christa Nadler

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

LexisNexis: Carriers Need to Update Their Approach to Insurance Fraud in the Digital Age

Also, AM Best Audio explores how ransomware actually may help cybercriminals steal data.

Insurance Fraud: Rethinking Approaches in the Digital Age

Kim Brown, director of product management, LexisNexis Risk Solutions, explains why carriers are seeing an increase in fraud and what they can do to mitigate the problem.

Ransomware as a Service Helps Cyber Thieves Steal Data

Thomas Kang, North American head of cyber, tech and media for Allianz Global Corporate & Specialty, explains how hacker groups such as REvil and DarkSide sell or rent their hacking tools to help other malicious actors. BR

Visit *www.ambest.com/ambaudio* to listen to new and archived audio from AM Best Audio.

This edition lists all Credit Rating actions that occurred between Nov. 1 and Nov. 30, 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 FSR ICR	Current Outlook/ Implications	Previous FSR ICR	Previous Outlook/ Implications	Domicile
AMERICAS LIFE/HEALTH								
Initial Rating	L	777 Re. Ltd. Brickell Insurance Holdings LLC	074522	A- a-	Stable Stable			Bermuda
Rating Withdrawal	L	Allstate Life Insurance Co of New York	007291	NR nr		A u a+ u	Positive Positive	New York
Rating Affirmation	L	Blue Cross Life Insurance Co. of Canada	068557	A- a-	Negative Negative	A- u a- u	Negative Negative	New Brunswick
Outlook Change	L	Dearborn Life Insurance Company Health Care Svc Corp, a Mut Legal Res Co	007322	A a+	Stable Stable	A a+	Positive Positive	Illinois
Outlook Change	L	Dearborn Natl Life Ins Co of New York Health Care Svc Corp, a Mut Legal Res Co	068158	A a+	Stable Stable	A a+	Positive Positive	New York
Outlook Change	H	GHS Health Maintenance Organization Health Care Svc Corp, a Mut Legal Res Co	068932	A a+	Stable Stable	A a+	Positive Positive	Oklahoma
Outlook Change	H	GHS Insurance Company Health Care Svc Corp, a Mut Legal Res Co	011405	A a+	Stable Stable	A a+	Positive Positive	Oklahoma
Outlook Change	H	HCSC Insurance Services Company Health Care Svc Corp, a Mut Legal Res Co	007048	A a+	Stable Stable	A a+	Positive Positive	Illinois
Outlook Change	H	Health Care Svc Corp, a Mut Legal Res Co Health Care Svc Corp, a Mut Legal Res Co	009193	A a+	Stable Stable	A a+	Positive Positive	Illinois
Rating Withdrawal	L	Intramerica Life Insurance Company	006572	NR nr		B++ u bbb+ u	Positive Positive	New York
Outlook Change	H	Lewer Life Insurance Company Lewer Financial Services, L.P.	007393	B+ bbb-	Positive Positive	B+ bbb-	Stable Stable	Missouri
Initial Rating	L	North End Re Ltd. Brookfield Asset Mgmt Re Partners Ltd.	074713	A- a-	Stable Stable			Bermuda
Outlook Change	L	Oceanview Life and Annuity Company Oceanview Holdings Ltd.	060701	A- a-	Positive Positive	A- a-	Stable Stable	Colorado
Outlook Change	L	Oceanview Reinsurance Ltd. Oceanview Holdings Ltd.	071654	A- a-	Positive Positive	A- a-	Stable Stable	Bermuda
Outlook Change	L	Order of United Comml Travelers of Amer	008181	B bb+	Stable Stable	B bb+	Stable Negative	Ohio
Initial Rating	L	Sagicor Reinsurance Bermuda Ltd. Sagicor Financial Company Ltd.	071395	A- a-	Stable Stable			Bermuda
Under Review	L	Sunset Life Insurance Company of America Cordillera Holdings LLP	007104	B++ u bbb+ u	Developing Developing	B++ bbb+	Stable Negative	Missouri
AMERICAS PROPERTY/CASUALTY								
Rating Withdrawal	P	Alestri Insurance Company* COPIC Trust	012240	NR nr		B++ bbb+	Stable Stable	Washington
Rating Affirmation	P	American Hallmark Insurance Co of Texas Hallmark Financial Services, Inc.	001728	A- a-	Negative Negative	A- u a- u	Developing Developing	Texas
Outlook Change	P	Ategrity Specialty Insurance Company Ategrity Specialty Holdings LLC	020603	A- a-	Negative Negative	A- a-	Stable Stable	Delaware
Upgrade	P	Briar Creek Mutual Insurance Company	004753	A a	Stable Stable	A- a-	Positive Positive	Pennsylvania
Downgrade	P	British American Insurance Company Austin Industries, Inc.	003695	A a	Stable Stable	A a+	Stable Negative	Texas
Outlook Change	P	Capitol Indemnity Corporation Alleghany Corporation	000235	A a	Stable Positive	A a	Stable Stable	Wisconsin
Outlook Change	P	Capitol Specialty Insurance Corporation Alleghany Corporation	001960	A a	Stable Positive	A a	Stable Stable	Wisconsin

*Ratings were downgraded to B++/ bbb+ from A-/a- on Nov. 11, 2021. Ratings were withdrawn on Nov. 11, 2021.

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 FSR ICR	Current Outlook/ Implications	Previous FSR ICR	Previous Outlook/ Implications	Domicile
AMERICAS PROPERTY/CASUALTY (CONTINUED)								
Downgrade	P	Chautauqua Patrons Insurance Company	010564	B++ bbb	Stable Stable	B++ bbb+	Stable Negative	New York
Outlook Change	P	Enumclaw Property & Casualty Ins Co Mutual of Enumclaw Insurance Holding Co	012511	A- a-	Positive Positive	A- a-	Stable Stable	Oregon
Outlook Change	P	Explorer Insurance Company Ernest Rady Trust	002852	A a	Stable Positive	A a	Stable Stable	California
Upgrade	P	First Chicago Insurance Company Warrior Invictus Holding Company, Inc.	003138	B bb	Stable Stable	B- bb-	Stable Stable	Illinois
Upgrade	P	GEICO Marine Insurance Company Berkshire Hathaway Inc.	011390	A++ aaa	Stable Stable	A+ aa	Stable Stable	Nebraska
Under Review	P	Golden Bear Insurance Company M J Hall & Company Inc	001719	A u a u	Negative Negative	A a	Stable Stable	California
Rating Affirmation	P	Hallmark County Mutual Insurance Company Hallmark Financial Services, Inc.	010445	A- a-	Negative Negative	A- u a- u	Developing Developing	Texas
Rating Affirmation	P	Hallmark Insurance Company Hallmark Financial Services, Inc.	010612	A- a-	Negative Negative	A- u a- u	Developing Developing	Arizona
Rating Affirmation	P	Hallmark National Insurance Company Hallmark Financial Services, Inc.	014154	A- a-	Negative Negative	A- u a- u	Developing Developing	Arizona
Rating Affirmation	P	Hallmark Specialty Insurance Company Hallmark Financial Services, Inc.	010838	A- a-	Negative Negative	A- u a- u	Developing Developing	Oklahoma
Outlook Change	P	HDI Global Insurance Company HDI V.a.G.	002878	A a+	Positive Positive	A a+	Stable Stable	Illinois
Outlook Change	P	HDI Specialty Insurance Company HDI V.a.G.	023144	A a+	Positive Positive	A a+	Stable Stable	Illinois
Outlook Change	P	ICW Casualty Insurance Company Ernest Rady Trust	023181	A a	Stable Positive	A a	Stable Stable	Nevada
Outlook Change	P	ICW National Insurance Company Ernest Rady Trust	000181	A a	Stable Positive	A a	Stable Stable	California
Outlook Change	P	ICW Premier Insurance Company Ernest Rady Trust	023182	A a	Stable Positive	A a	Stable Stable	Nevada
Outlook Change	P	IMT Insurance Company IMT Mutual Holding Company	000530	A a	Stable Stable	A a	Negative Negative	Iowa
Outlook Change	P	Insurance Company of the West Ernest Rady Trust	004667	A a	Stable Positive	A a	Stable Stable	California
Outlook Change	P	KAMMCO Casualty Company, Inc. Kansas Medical Mutual Insurance Company	022317	B++ bbb+	Stable Stable	B++ bbb+	Stable Negative	Kansas
Outlook Change	P	Kansas Medical Mutual Insurance Company Kansas Medical Mutual Insurance Company	011382	B++ bbb+	Stable Stable	B++ bbb+	Stable Negative	Kansas
Upgrade	P	Kansas Mutual Insurance Company	000536	A a	Stable Stable	A- a-	Positive Positive	Kansas
Upgrade	P	Mesa Underwriters Specialty Insurance Co Selective Insurance Group, Inc.	013842	A+ aa-	Stable Stable	A a+	Positive Positive	New Jersey
Outlook Change	P	Mutual of Enumclaw Insurance Company Mutual of Enumclaw Insurance Holding Co	000374	A- a-	Positive Positive	A- a-	Stable Stable	Oregon
Outlook Change	P	New England Mutual Insurance Company Quincy Mutual Fire Insurance Company	013575	A+ aa-	Stable Stable	A+ aa-	Negative Negative	Massachusetts
Outlook Change	P	Patrons Oxford Insurance Company Quincy Mutual Fire Insurance Company	004204	A+ aa-	Stable Stable	A+ aa-	Negative Negative	Maine
Outlook Change	P	Platte River Insurance Company Alleghany Corporation	012488	A a	Stable Positive	A a	Stable Stable	Nebraska
Upgrade	P	Prescient National Insurance Company Prescient Holdings, LLC	013594	A a	Stable Stable	A- a-	Positive Positive	North Carolina
Outlook Change	P	Prime Insurance Company Prime Holdings Insurance Services, Inc.	013308	A a	Stable Positive	A a	Stable Stable	Illinois
Outlook Change	P	Quincy Mutual Fire Insurance Company Quincy Mutual Fire Insurance Company	000796	A+ aa-	Stable Stable	A+ aa-	Negative Negative	Massachusetts

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Rating Action	Business Type	Company Name/ Ultimate Parent	AMB#	Current FSR ICR	Current Outlook/ Implications	Previous FSR ICR	Previous Outlook/ Implications	Domicile
AMERICAS PROPERTY/CASUALTY (CONTINUED)								
Upgrade	P	Selective Auto Ins Co of New Jersey Selective Insurance Group, Inc.	013079	A+ aa-	Stable Stable	A a+	Positive Positive	New Jersey
Upgrade	P	Selective Casualty Insurance Company Selective Insurance Group, Inc.	014421	A+ aa-	Stable Stable	A a+	Positive Positive	New Jersey
Upgrade	P	Selective Fire and Casualty Insurance Co Selective Insurance Group, Inc.	014420	A+ aa-	Stable Stable	A a+	Positive Positive	New Jersey
Upgrade	P	Selective Insurance Co of New England Selective Insurance Group, Inc.	012663	A+ aa-	Stable Stable	A a+	Positive Positive	New Jersey
Upgrade	P	Selective Insurance Co of South Carolina Selective Insurance Group, Inc.	002019	A+ aa-	Stable Stable	A a+	Positive Positive	Indiana
Upgrade	P	Selective Insurance Co of the Southeast Selective Insurance Group, Inc.	002020	A+ aa-	Stable Stable	A a+	Positive Positive	Indiana
Upgrade	P	Selective Insurance Company of America Selective Insurance Group, Inc.	000826	A+ aa-	Stable Stable	A a+	Positive Positive	New Jersey
Upgrade	P	Selective Insurance Company of New York Selective Insurance Group, Inc.	000351	A+ aa-	Stable Stable	A a+	Positive Positive	New York
Upgrade	P	Selective Way Insurance Company Selective Insurance Group, Inc.	003555	A+ aa-	Stable Stable	A a+	Positive Positive	New Jersey
Outlook Change	P	Sequentis Reinsurance Company Limited Ategrity Specialty Holdings LLC	095900	A- a-	Negative Negative	A- a-	Stable Stable	Bermuda
Outlook Change	P	Starr Indemnity & Liability Company Starr International Company, Inc.	013853	A a	Stable Positive	A a	Stable Stable	Texas
Outlook Change	P	Starr Insurance & Reinsurance Limited Starr International Company, Inc.	013930	A a	Stable Positive	A a	Stable Stable	Bermuda
Outlook Change	P	Starr Specialty Insurance Company Starr International Company, Inc.	023127	A a	Stable Positive	A a	Stable Stable	Texas
Outlook Change	P	Starr Surplus Lines Insurance Company Starr International Company, Inc.	013977	A a	Stable Positive	A a	Stable Stable	Texas
Upgrade	P	United Security Health & Casualty Ins Co Warrior Invictus Holding Company, Inc.	008442	C++ b	Stable Stable	C+ b-	Stable Stable	Illinois
Outlook Change	P	VerTerra Insurance Company Ernest Rady Trust	011653	A a	Stable Positive	A a	Stable Stable	Texas
Rating Withdrawal	P	Victoria National Insurance Company	012059	NR nr		A+ aa-	Stable Stable	Ohio
Outlook Change	P	Wadena Insurance Company IMT Mutual Holding Company	013117	A a	Stable Stable	A a	Negative Negative	Iowa
Downgrade	P	Wawanesa Mutual Insurance Company Wawanesa Mutual Insurance Company	085802	A a	Stable Stable	A a+	Stable Stable	Manitoba
Initial Rating	P	Western Home Insurance Company Obsidian Insurance Holdings, Inc.	021080	A- a-	Stable Stable	NR nr		Minnesota
EUROPE, MIDDLE EAST & AFRICA								
Outlook Change	C	Al Ittihad Al Watani Soc Gen Asr Proche Nasco Ultimate Holding Limited	090592	B+ bbb-	Negative Negative	B+ bbb-	Stable Stable	Lebanon
Initial Rating	P	Compagnie Algerienne des Assur	095826	B bb+	Stable Stable	NR nr		Algeria
Rating Affirmation	P	Enel Insurance N.V. Enel S.p.A.	094069	A- a-	Stable Stable	A- u a- u	Developing Developing	Netherlands
Outlook Change	P	HDI Global Network AG HDI V.a.G.	078321	A a+	Positive Positive	A a+	Stable Stable	Germany
Outlook Change	P	HDI Global SE HDI V.a.G.	077779	A a+	Positive Positive	A a+	Stable Stable	Germany
Outlook Change	P	HDI Global Specialty SE HDI V.a.G.	086486	A a+	Positive Positive	A a+	Stable Stable	Germany
Outlook Change	L	HDI Lebensversicherung AG HDI V.a.G.	085842	A a+	Positive Positive	A a+	Stable Stable	Germany

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 FSR ICR	Current Outlook/ Implications	Previous FSR ICR	Previous Outlook/ Implications	Domicile
EUROPE, MIDDLE EAST & AFRICA (CONTINUED)								
Outlook Change	P	HDI Reinsurance (Ireland) SE HDI V.a.G.	091913	A a+	Positive Positive	A a+	Stable Stable	Ireland
Outlook Change	P	HDI V.a.G. HDI V.a.G.	085259	A a+	Positive Positive	A a+	Stable Stable	Germany
Initial Rating	P	MS Amlin Insurance SE MS&AD Insurance Group Holdings, Inc.	087266	A a	Stable Stable	NR nr		Belgium
Downgrade	P	Saudi Arabian Insurance Co B.S.C. (c) Mawarid Holding Company	092458	B+ u bbb- u	Negative Negative	B++ bbb	Stable Stable	Bahrain
Under Review	C	Seguradora Internacional de Moçambique Banco Comercial Português, S.A.	093000	B u bb u	Developing Developing	B bb	Stable Stable	Mozambique
Outlook Change	P	Sigurd Rück AG Saipem S.p.A.	095043	A- a-	Negative Negative	A- a-	Stable Stable	Switzerland
Outlook Change	P	Starr Europe Insurance Limited Starr International Company, Inc.	095856	A a	Stable Positive	A a	Stable Stable	Malta
Outlook Change	P	Starr International (Europe) Limited Starr International Company, Inc.	094943	A a	Stable Positive	A a	Stable Stable	United Kingdom
Outlook Change	P	Starr International Insurance (CH) AG Starr International Company, Inc.	074683	A a	Stable Positive	A a	Stable Stable	Switzerland
Outlook Change	C	Talanx AG HDI V.a.G.	055436	A a+	Positive Positive	A a+	Stable Stable	Germany
ASIA-PACIFIC								
Under Review	P	EFU General Insurance Limited EFU General Insurance Limited	077151	B+ u bbb- u	Negative Negative	B+ bbb-	Stable Stable	Pakistan
Initial Rating	P	Etiqa General Insurance Berhad Malayan Banking Berhad	086408	A- a-	Stable Stable	NR nr		Malaysia
Under Review	L	Kiwi Insurance Limited New Zealand Post Limited	092400	A- u a- u	Developing Developing	A- a-	Stable Stable	New Zealand
Outlook Change	P	Starr International Ins (Asia) Limited Starr International Company, Inc.	090772	A a	Stable Positive	A a	Stable Stable	Hong Kong
Outlook Change	P	Starr Intl Ins (Singapore) Pte. Ltd Starr International Company, Inc.	091708	A a	Stable Positive	A a	Stable Stable	Singapore
Outlook Change	P	Starr Prop & Cas Ins (China) Co, Ltd Starr International Company, Inc.	091102	A a	Stable Positive	A a	Stable Stable	China
Initial Rating	P	ZhongAn Online P & C Insurance Co., Ltd.	094081	A- a-	Stable Stable	NR nr		China
AMERICAS								
Outlook Change	P	HDI Global Seguros, S.A. HDI V.a.G.	086923	A a+	Positive Positive	A a+	Stable Stable	Mexico
Upgrade	L	Worldwide Medical Assurance, Ltd. Corp. Landeshut Holding Ltd.	091354	A- a-	Stable Stable	B++ bbb+	Positive Positive	Panama

Holding Companies

Rating Action	Company Name	AMB#	Current FSR ICR	Current Outlook/ Implications	Previous FSR ICR	Previous Outlook/ Implications	Domicile
Outlook Change	Ategrity Specialty Holdings LLC	046840	bbb-	Negative	bbb-	Stable	Delaware
Rating Affirmation	Hallmark Financial Services, Inc.	051075	bbb-	Negative	bbb- u	Developing	Nevada
Upgrade	Selective Insurance Group, Inc.	058466	a-	Stable	bbb+	Positive	New Jersey

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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 Version 121719

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.

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Representative	Mobile Phone	Email Address	Office	Area Covered
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Brad Mazur, Managing Director	+1 (908) 268-0763	brad.mazur@ambest.com	USA (NJ)	BMU; CAN; CAR; USA & US Territories (PR & VI)
Brendan Tyne, Senior Account Manager	+1 (908) 323-1412	brendan.tyne@ambest.com	USA (NJ)	BMU; CAN; CAR; USA & US Territories (PR & VI)
Arthur Snyder IV, Account Manager	+1 (908) 894-8040	arthur.snyderIV@ambest.com	USA (NJ)	BMU; CAN; CAR; USA & US Territories (PR & VI)
Daniel Giunta, Account Manager	+1 (908) 455-6249	daniel.giunta@ambest.com	USA (NJ)	BMU; CAN; CAR; USA & US Territories (PR & VI)
Nick Charteris-Black, Managing Director	+44 20 7397 0284	nick.charteris-black@ambest.com	London	EMEA
Edem Kuenyehia, Director	+44 20 7397 0280	edem.kuenyehia@ambest.com	London	Sub-Saharan Africa
Riccardo Ciccozzi, Director	+44 20 7397 0309	riccardo.ciccozzi@ambest.com	London	Southern Europe
William Mills, Director	+44 20 7397 0323	william.mills@ambest.com	London	Northern Europe
Róisín Gallagher, Associate Director	+44 20 7397 0261	roisin.gallagher@ambest.com	London	Europe
Carlos De la Torre, Senior Director	+52 55 7903 5420	carlos.delatorre@ambest.com	Mexico City	Latin America
Scott Ryrie, Managing Director	+65 9636 3678	scott.ryrie@ambest.com	Singapore	AP & US Territories (AS, GU & MP)
Jillian Toh, Senior Analyst	+65 6303 5011	jillian.toh@ambest.com	Singapore	Oceania; Southeast Asia & US Territories (AS, GU & MP)
Vasilis Katsipis, General Manager	+971 4375 2782	vasilis.katsipis@ambest.com	Dubai	MENA; South & Central Asia

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Chris Pini, Senior Director	+1 (908) 295-5637	christopher.pini@ambest.com	USA (NJ)	BMU; CAN; CAR; USA & US Territories (PR & VI)
Bryan Martyn, Director	+44 20 7397 0292	bryan.martyn@ambest.com	London	EMEA, AP and US Territories (AS, GU and MP)

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Bryan Martyn, Director	+44 20 7397 0292	bryan.martyn@ambest.com	London	EMEA, AP and US Territories (AS, GU and MP)
Aidan Porter, Senior Account Manager	+44 20 7397 0311	aidan.porter@ambest.com	London	UK
Christine Girandola, Senior Account Manager	+1 (908) 894-9563	christine.girandola@ambest.com	USA (NJ)	BMU; CAN (Eastern Provinces); CAR; USA (Eastern Region) & US Territories (PR & VI)
Brian McGoldrick, Senior Account Manager	+1 (908) 894-9552	brian.mcgoldrick@ambest.com	USA (IL)	CAN (Western Provinces); USA (Western Region)

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Rich Petri, Account Representative	+1 (908) 872-5174	rich.petri@ambest.com	USA (NJ)	Non-US; USA & US Territories (PR & VI)
Heather Prasch, Associate	+1 (908) 947-5429	heather.prasch@ambest.com	USA (NJ)	USA (Western Region)
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Kellie Bodmer, Senior Account Manager	+1 (908) 328-6098	kellie.bodmer@ambest.com	USA (NJ)	BMU & USA (NY)
Jay Eihausen, Senior Account Manager	+1 (908) 894-9587	jay.eihausen@ambest.com	USA (IL)	USA (Mid-Western Region)
Debbie Giordano, Account Manager	+1 (908) 335-0938	debbie.giordano@ambest.com	USA (PA)	USA (Mid-Atlantic Region)
Danny Heffernan, Senior Account Manager	+1 (908) 894-9560	christopher.heffernan@ambest.com	USA (GA)	CAR; USA (South Central Region) & US Territories (PR & VI)
Sue Kjaer, Senior Account Manager	+1 (908) 894-9557	sue.kjaer@ambest.com	USA (MA)	USA (New England Region)
Mark Kuhlman, Senior Account Manager	+1 (908) 894-9561	mark.kuhlman@ambest.com	USA (TX)	USA (Western Region & TX)
Patrick McCahill, Account Manager	+1 (908) 268-0765	patrick.mccahill@ambest.com	USA (NJ)	USA (South Atlantic Region & NY)
Alan F. Pacer, Senior Account Manager	+1 (908) 894-9589	alan.pacer@ambest.com	USA (IL)	USA (IL)
Jennifer Rudy, Account Manager	+1 (732) 266-8644	jennifer.rudy@ambest.com	USA (MI)	CAN & USA (North Central Region)
Brian Schlesinger, Associate Director	+1 (908) 894-9586	brian.schlesinger@ambest.com	USA (NJ)	BMU; CAR; USA (Eastern Region) & US Territories (PR & VI)
Bryan Martyn, Director	+44 20 7397 0292	bryan.martyn@ambest.com	London	EMEA, AP and US Territories (AS, GU and MP)
Aidan Porter, Senior Account Manager	+44 20 7397 0311	aidan.porter@ambest.com	London	UK
Darren Hewitt, Account Representative	+44 20 7397 0303	darren.hewitt@ambest.com	London	EMEA, AP and US Territories (AS, GU and MP)

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Bryan Martyn, Director	+44 20 7397 0292	bryan.martyn@ambest.com	London	EMEA, AP and US Territories (AS, GU and MP)
James McMyne, Senior Account Manager	+1 (908) 255-8764	james.mcmyne@ambest.com	USA (NJ)	BMU; CAN; CAR; USA & US Territories (PR & VI)
Barry Finan, Account Manager	+1 (908) 300-7343	barry.finan@ambest.com	USA (NJ)	BMU; CAN; CAR; USA & US Territories (PR & VI)

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Brenda Nickel, Supervisor	+1 (201) 572-3070	brenda.nickel@ambest.com	USA (NJ)	USA & US Territories (PR & VI)
James LoVaglio, Client Engagement Specialist	+1 (908) 303-2090	james.lovaglio@ambest.com	USA (NJ)	USA & US Territories (PR & VI)

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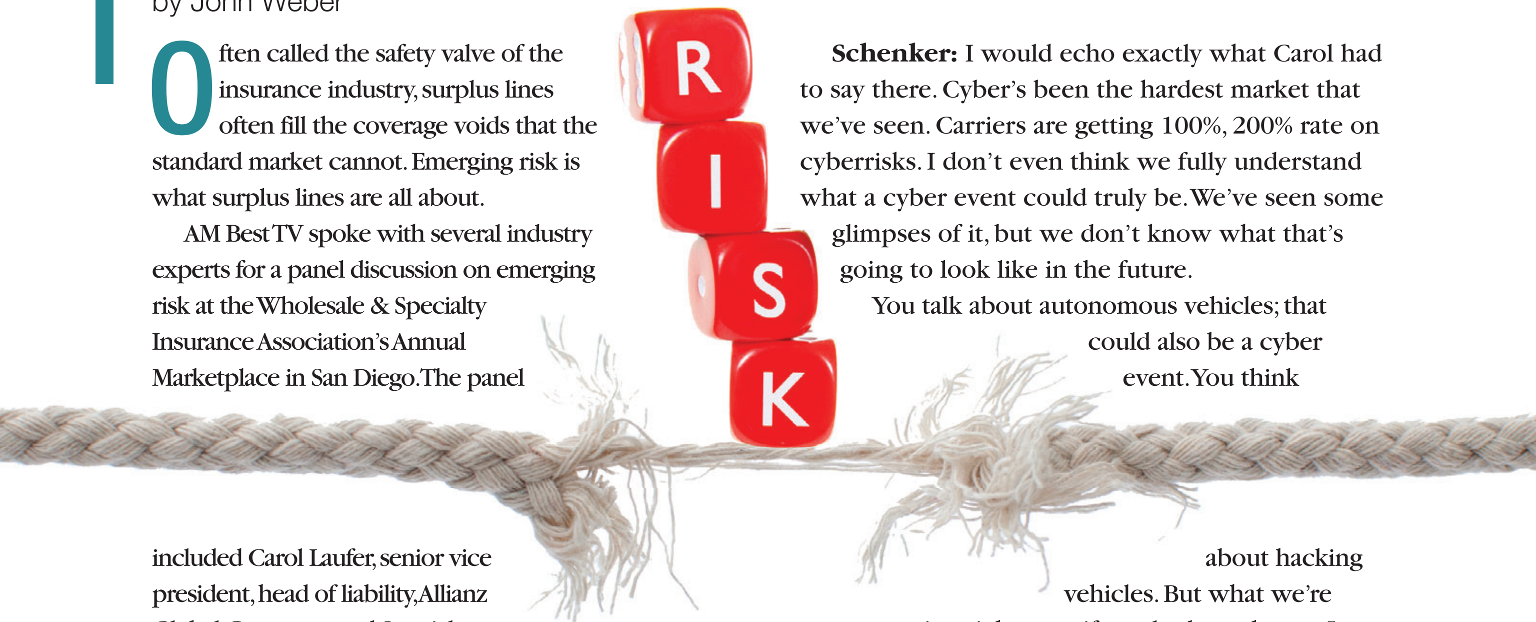
WSIA Panel Identifies Cyber, Online Merchants and Autonomous Vehicles as Key Emerging Risks

Attendees at the Wholesale & Specialty Insurance Association's Annual Marketplace said the E&S sector is experiencing new capital and entities at a rapid pace.

by John Weber



Often called the safety valve of the insurance industry, surplus lines often fill the coverage voids that the standard market cannot. Emerging risk is what surplus lines are all about.

AM Best TV spoke with several industry experts for a panel discussion on emerging risk at the Wholesale & Specialty Insurance Association's Annual Marketplace in San Diego. The panel included Carol Laufer, senior vice president, head of liability, Allianz Global Corporate and Specialty; Heather Schenker, vice president for P&C programs, Nationwide; and Brenda (Ballard) Austenfeld, managing director, RT Specialty, and president of RT Specialty's National Property Practice.

Following is an excerpt of the interview.

Where is the opportunity coming from over the next few years?

Laufer: I would certainly start with cybersecurity. That's a growing field. It's being looked into as it changes every day.

In addition, I'm interested in smaller business, which is similar to the niche businesses in that there's all of these online sellers selling products. How are they going to get insurance for their products?

While vehicles are not completely automated yet—and that's not in the near term—what is in the near term are certain aspects of vehicles that are becoming automated. Where is that insurance going to sit? Is it going to sit with individual auto insurance or is it going to become products liability insurance?

In the very near future, I'm keeping my eyes on those three areas.

Schenker: I would echo exactly what Carol had to say there. Cyber's been the hardest market that we've seen. Carriers are getting 100%, 200% rate on cyberrisks. I don't even think we fully understand what a cyber event could truly be. We've seen some glimpses of it, but we don't know what that's going to look like in the future.

You talk about autonomous vehicles; that could also be a cyber event. You think about hacking vehicles. But what we're seeing right now, if you look out here—I read an article this morning that there are container ships lined up from LA to San Diego. That is because they can't even get those container ships out of port and get everything off of those.

I do think autonomous vehicles, probably trucks, are going to be the first thing that we're going to start to see on the roadway, just to deal with the changing economy.

I think another thing that's going to be interesting is going to be parametrics, as the climate is changing and we are starting to see more and more weather events. How are we going to address those weather events in the future? That's where parametrics could be really interesting, as far as how they resolve some of those issues.

(Ballard) Austenfeld: I like to say, "In today's world, what is now the definition of catastrophic loss?" Back in the day, it was literally just earthquake or hurricane.

In today's world, we now have flooding, tornadoes that we've always had, too—but the intensity level—wildfires, and even rioting. Segments in areas that we never would have anticipated. Yet, I believe the severity piece of that is really what's driving the different view from carriers and the buyers of insurance. BR

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