Life Settlements:
The 'Ferrari in the Garage'
Page 30

Best's Rankings:
Top Latin America Insurers
Page 46

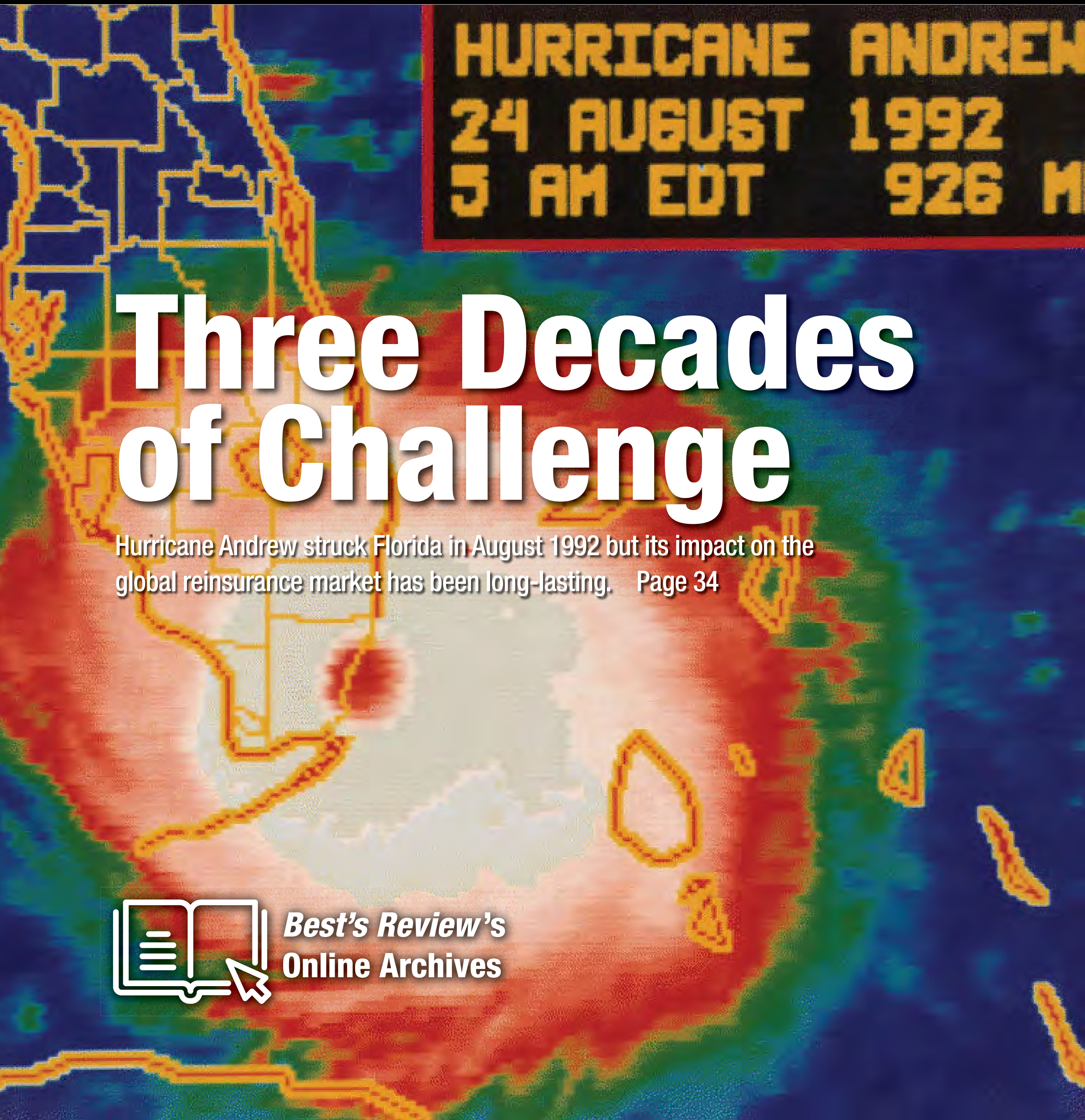
Best's Rankings:
Top US Cyber Insurers
Page 48

ISSUES & ANSWERS:
Captives and Domicile Solutions
Starting on Page 19

BEST'S REVIEW®

August 2022 • Volume 123 • Issue 8
www.bestreview.com

AM BEST'S MONTHLY INSURANCE MAGAZINE



Three Decades of Challenge

Hurricane Andrew struck Florida in August 1992 but its impact on the global reinsurance market has been long-lasting. Page 34

Best's Review's
Online Archives


SCOR
The Art & Science of Risk
Driving Change
Extending protection and peace of mind to as many individuals as possible is a core focus of SCOR. To do this, we provide a broad array of capabilities for co-creating new, customer-centric life insurance programs. The carriers and providers in our vast ecosystem are passionate about driving change and designing, developing and delivering exciting solutions.
To learn more, please contact Manisha Dias, head of our Strategic Partnerships team, at mdias@scor.com.
www.scor.com

Hurricane Andrew 30 Years Later: A Tale of Challenges and Success for Florida, Bermuda

Best's Review examines the impact of Hurricane Andrew on its 30th anniversary. The issue also includes coverage of life insurance settlements and rankings of the largest U.S. cyber and largest Latin America insurers.

For the insurance industry, it was a storm to remember.

Hurricane Andrew made landfall near Homestead, Florida, on Aug. 24, 1992. With maximum sustained winds of 165 mph at landfall, the storm flattened homes and caused insured losses of more than $30 billion in 2021 dollars. Today, 30 years later, it still ranks as one of the most costly storms to hit the United States.

The storm forced some insurers out of business. It also marked a turning point in the use of technology to model catastrophes and estimate losses. And Bermuda, known mainly as a domicile for captives, began to emerge as a center for reinsurance.

August is Reinsurance Awareness Month. In "30 Years After Hurricane Andrew, Bermuda Reinsurers, Florida 'Joined at the Hip,'" *Best's Review* speaks with industry experts about the changes that came about in the storm's aftermath.

Hurricane Andrew is one of only a few hurricanes that have made landfall as a Category 5 storm, with winds of 157 mph or higher on the Saffir-Simpson Hurricane Wind Scale. Researchers are preparing for more storms with winds in excess of 200 mph.

In "FIU Extreme Events Director: Prototype Facility Will Test Forces of a 'Category 6' Hurricane," *Best's Review* speaks with Richard Olson, the director of the Extreme Events Institute at Florida International University about FIU's efforts to design and prototype a facility to test winds of 200 mph, waves and storm surge.

Reinsurers are very familiar with losses from hurricanes and some have begun to adjust their business to reduce volatility from catastrophes. Reinsurers will have an opportunity to discuss their concerns next month at Rendez-Vous de Septembre in Monte Carlo, Monaco. AM Best is scheduled to hold a reinsurance market briefing at the conference.

The Vermont Captive Insurance Association's annual conference, meanwhile, takes place this month in Burlington, Vermont. AM Best TV will be there to cover the event. AM Best's Dan Ryan and Dan Teclaw are scheduled to participate.

In "Protected Cell Structures Fuel Captive Growth," *Best's Review* examines the latest developments in the captive market.

The life insurance feature this month focuses on life settlements. In "Startup Founder Hopes to Help People Find 'Ferrari in the Garage' by Taking Life Settlements Mainstream," *Best's Review* speaks with Lucas Siegel, the founder and chief executive officer of Harbor Life Settlements.

The August issue also includes Best's Rankings of the largest U.S. cyber insurers, the largest Latin America insurers, and the largest U.S. property/casualty insurers ranked by direct premiums written by line. BR

Patricia Vowinkel
Executive Editor
patricia.vowinkel@ambest.com

The Question:

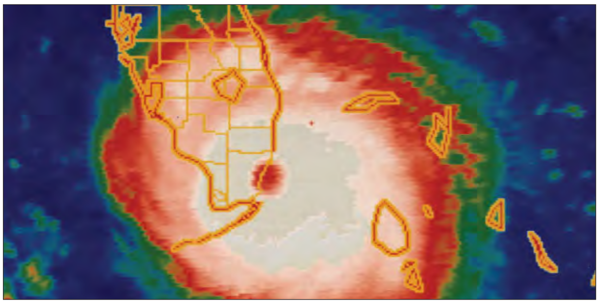
How should commercial coverage change to better protect today's commercial customers?

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.

CONTENTS

CATASTROPHES



ISSUES & ANSWERS

CAPTIVES

LIFE INSURANCE


You'll like us because there's nobody like us.

AM BEST SINCE 1899

CONTENTS (continued)

LATIN AMERICA INSURERS

CYBER INSURANCE

BEST'S RANKINGS

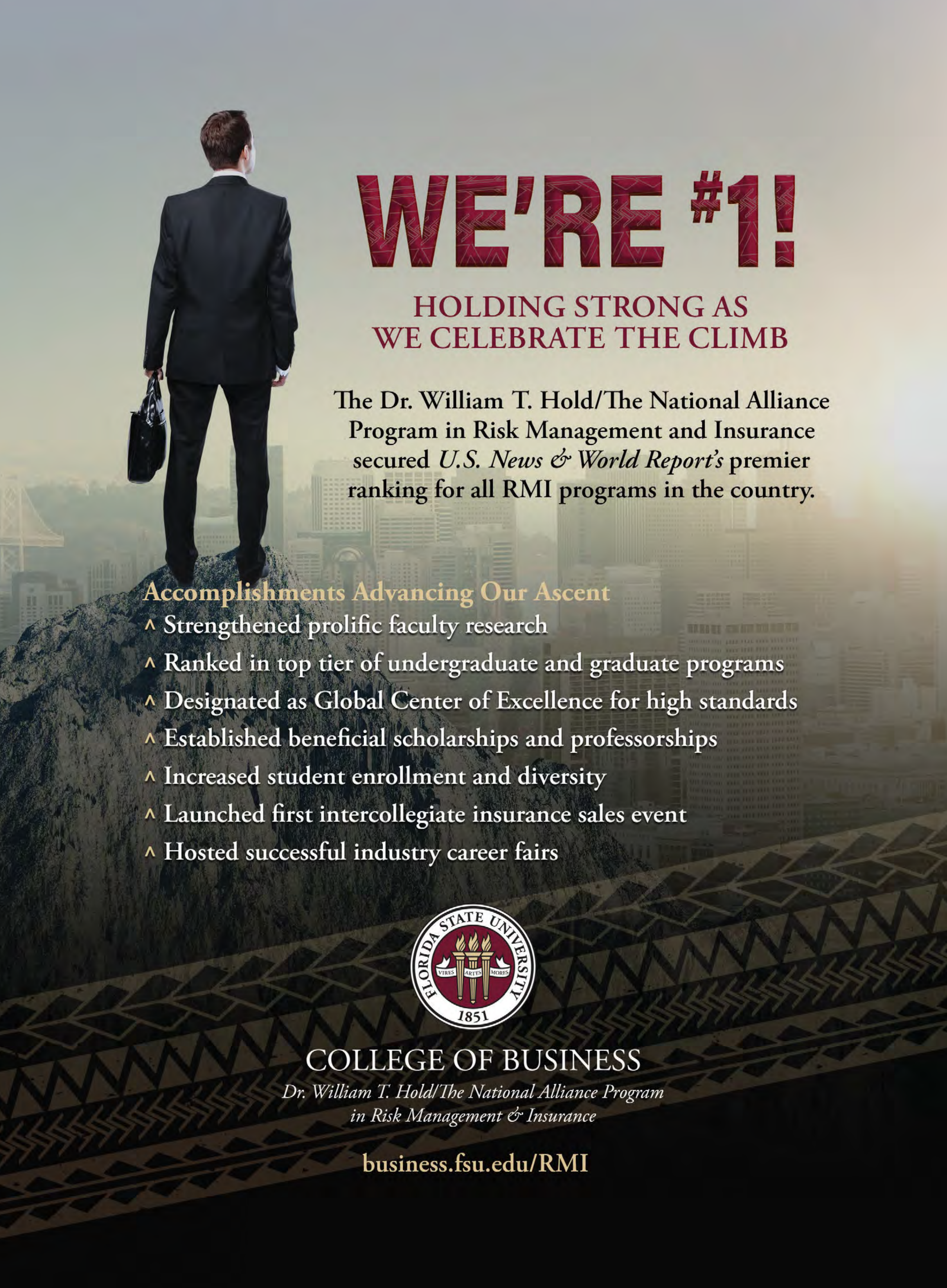
Visit *news.ambest.com* for a full listing of Best's Rankings.

COLUMNS

DEPARTMENTS

ADVERTISERS

Cover design by Angel Negrón.


WE'RE #1!
HOLDING STRONG AS
WE CELEBRATE THE CLIMB
The Dr. William T. Hold/The National Alliance Program in Risk Management and Insurance secured *U.S. News & World Report's* premier ranking for all RMI programs in the country.
Accomplishments Advancing Our Ascent
^ Strengthened prolific faculty research
^ Ranked in top tier of undergraduate and graduate programs
^ Designated as Global Center of Excellence for high standards
^ Established beneficial scholarships and professorships
^ Increased student enrollment and diversity
^ Launched first intercollegiate insurance sales event
^ Hosted successful industry career fairs
FLORIDA STATE UNIVERSITY
VIRES ARTES MORES
1851
COLLEGE OF BUSINESS
Dr. William T. Hold/The National Alliance Program in Risk Management & Insurance
business.fsu.edu/RMI

AM Best to Speak at Captive Insurance Conference

Aug. 3-5: SOA/LIMRA Supplemental Health, DI & LTC Conference, Society of Actuaries and LIMRA, Washington, DC, USA.

Aug. 7-9: APCIA Emerging Leaders Conference, American Property Casualty Insurance Association, Denver, CO, USA.

Aug. 8: ICCIE Anniversary Celebration, International Center for Captive Insurance Education, Burlington, VT, USA.

Aug. 8-11: VCIA 2022 Conference, Vermont Captive Insurance Association, Burlington, VT, USA.

Aug. 9-13: NAIC Summer Meeting, National Association of Insurance Commissioners, Portland, OR, USA.

Aug. 28-31: Insurance Tech Summit Latin America, Executive Business Meetings, Miami, FL, USA.

Sept. 9: Insurance Market Briefing – Canada, AM Best, Toronto, Ontario, Canada.

Sept. 10-14: Rendez-Vous de Septembre, Monte Carlo, Monaco.

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

August Is Reinsurance Awareness Month
Thirty years ago, in August 1992, Hurricane Andrew made landfall in Florida, fundamentally changing the face of the global reinsurance market. Coverage begins on page 34.

Liberty Mutual to Welcome New Chief Executive Officer, Secretary in 2023

Axa XL names global chief underwriting officer and Scor appoints successor to retiring CEO of reinsurance.

Timothy Sweeney

Damon Hart

Liberty Mutual Insurance named Timothy M. Sweeney to succeed David H. Long as chief executive officer in January 2023.

Sweeney also becomes a member of the board of directors effective immediately.

Long has been at Liberty Mutual for 37 years, becoming president in 2010, CEO in 2011 and chairman in 2013. Under his leadership as CEO, Liberty Mutual has grown to the sixth-largest global property/casualty insurer and has been recognized with numerous awards for its philanthropic, workplace culture, and diversity, equity and inclusion efforts, Liberty Mutual said in a statement.

"Liberty Mutual has been a part of my life for nearly four decades. The company has experienced significant change, challenges and transformation over the years, and I'm fortunate to have been a part of it all," said Long in a statement. "Tim is an outstanding leader who will continue to drive the organization forward, harnessing the strength of our global organization."

Sweeney, who is based in Boston, will become the 10th CEO in Liberty Mutual's 110-year history and has been at the company for nearly 30 years. He was appointed president in 2021, overseeing the organization's three business units—global risk solutions, global retail markets and Liberty Mutual Investments. Sweeney previously served in a variety of senior leadership positions, including president, in GRM, the company's global personal and small commercial insurance division, according to the company.

Also effective in January 2023, Liberty Mutual named Damon Hart as secretary. This new role is in addition to his current role as executive vice president and chief legal officer.

Mark Touhey, EVP, corporate secretary and chief of staff to the chief executive officer, will retire at the end of 2022, according to the company.

In his additional role as secretary, Hart will be responsible for overseeing governance for the company's board of directors. Hart, who has been part of the company's executive leadership team since 2021, will report to Sweeney, the company said.

Hart joined Liberty Mutual in 2014 and was promoted to deputy chief legal officer in 2020 before his current appointment. Prior to this, he served as senior vice president and deputy general counsel for litigation and coverage, overseeing the interests of Liberty Mutual and providing enterprise-wide coverage advice and opinions. He also spent several years as deputy general counsel for Employment Legal, according to a company statement.

Touhey has worked at Liberty Mutual for 28 years, serving in multiple senior leadership positions across the global risk solutions business unit, talent and enterprise services and corporate finance departments. He has served in his current role since 2016, overseeing the company's board of directors engagement and corporate governance and community investments. He also has led the organization's corporate strategy and research department, according to a company statement.

—Staff Report

Prudential Plc Names Former Manulife Exec as Group Chief Executive Officer

Prudential plc named Anil Wadhwani as group chief executive officer effective Feb. 25, 2023, subject to regulatory approval from the Hong Kong Insurance Authority.

Mark FitzPatrick, interim group CEO, will continue to lead the business and will support Wadhwani in his transition. FitzPatrick succeeded Mike Wells, who retired in March after 26 years with the company.

Wadhwani has more than 30 years of experience, predominantly in Asia, combining strategic vision and execution in some of the world's biggest companies. Wadhwani also has significant and proven digital experience, having driven the modernization of technology platforms across 13 markets in Asia in his most recent role as CEO of Manulife's Asia region, according to a company statement.

He will be based in Hong Kong, where he currently resides, the company said.

Wadhwani has not been appointed for a fixed term, but his service contract contains a notice provision under which either party may terminate upon 12 months' notice, according to a regulatory disclosure.

Anil Wadhwani

Prudential also announced Nic Nicandrou, CEO, Asia and Africa, will leave after 13 years with the company to seek opportunities outside the group. With the announcement of the appointment of a permanent group CEO, the role of CEO, Asia and Africa will cease, according to a company statement.

Axa XL Names Global Chief Underwriting Officer

Axa XL named Libby Benet as global chief underwriting officer. She succeeds Nancy Bewlay, who was recently named chief executive of reinsurance.

Benet will have responsibility for underwriting governance, pricing, risk aggregation and global product strategy, according to Scott Gunter, Axa XL chief executive officer.

Libby Benet

Benet joined Axa XL in 2020 assuming the new role of CUO for cyber. In this role, she closely monitored the cyberrisk portfolio and exposure from an aggregated global product view. When Axa XL implemented its new operating model, she expanded her role, assuming global CUO responsibilities for all financial lines, including cyber, according to a company statement.

Prior to Axa XL, Benet managed her own consultancy, where she assisted insurance company clients in the development and implementation of new insurance products and consultation on the set up of underwriting and claims systems and feedback on reinsurance purchasing. Her insurance career also includes positions with Beazley, General Reinsurance and Zurich, the company said.

Scor Names Successor to Retiring CEO of Reinsurance

Scor named Stuart McMurdo to succeed Michel Blanc as chief executive officer of reinsurance. Blanc will retire in January 2023 after 31 years with Scor.

Scor also appointed Catherine Fassi to succeed McMurdo as regional CEO of Europe, Middle East and Africa, and Canada for property/casualty.

Stuart McMurdo

McMurdo joined Scor in 2018 as CEO of Scor U.K. and the Scor Syndicate and became regional CEO for EMEA in 2020. His leadership was essential to improve the financial performance of the Scor Syndicate and to bring together the P/C platform in EMEA, the company said.

Prior to joining the company, McMurdo was the head of reinsurance for Santam Ltd., South Africa's largest short-term insurer. His responsibilities included both the buying of reinsurance for the group and the establishment of Santam Re, a business writing inwards reinsurance from selected territories around the world. Before joining Santam, McMurdo was general manager of one of South Africa's leading retail brokerages, after spending 11 years with the Hannover Reinsurance Group in various management roles, both in South Africa and Germany, according to his company bio.

A recruitment process has been initiated to replace McMurdo as CEO of the Scor Syndicate and Scor U.K., and he will remain CEO of these two entities until the end of this recruitment process and regulatory approval, the company said.

Fassi joined Scor in 2013 as P/C chief accounting officer and subsequently held various roles within the P/C finance team. In 2019, she was promoted to Scor P/C deputy chief financial officer, and then in 2020 to Scor P/C CFO, according to her company bio.

MetLife Names Vice President-Head of Federal Government Relations

MetLife Inc. named Chris Rosello to succeed Maggie Gage as vice president and head of federal government relations.

Gage left the company earlier this year. Rosello will lead the team responsible for representing MetLife's interests before key federal stakeholders. He will be based in Washington, D.C., and report to Susan Greenwell, senior vice president and head of global government relations, the company said.

Rosello joins MetLife from HSBC, where he most recently served as executive vice president and head of U.S. public affairs and led the planning, coordination and execution of the bank's federal, state and regulatory strategy, according to a company statement.

Chris Rosello

Prior to joining HSBC in 2017, Rosello was senior vice president of federal government relations at Wells Fargo, where he coordinated with internal business partners to implement Dodd-Frank Act provisions. Previously, he served in multiple roles in the U.S. Treasury Department, including as acting assistant secretary for legislative affairs, as well as in roles with the U.S. House Financial Services, according to the company.

HDI Global Announces Changes to Management Board

HDI Global named David Hullin to succeed Jens Wohlthat and take over the entire international business on the management board.

The company also announced Andreas Luberichs stepped down from the management board of HDI Global SE, by mutual agreement, to pursue new challenges.

David Hullin

Wohlthat will retire at the end of September. He grew up in South Africa and has spent his entire professional career at HDI. He started in 1980 as an apprentice at the HDI head office in Hannover before holding various positions in industrial insurance and foreign business. In 1996, he became section leader of liability foreign before joining the management board of HDI International Holding AG in 2002. Since 2006, Wohlthat has been a member of the management board of HDI Global SE, according to a company statement.

Hullin will be responsible for the entire business of the industrial lines division of the Talanx Group outside Germany. Previously, Hullin was responsible for continental Europe, North and South America, the United Kingdom and Ireland, while Wohlthat's area of responsibility covered Asia-Pacific, Africa and the Global Network. Wohlthat will continue to remain available to HDI Global in an advisory capacity, according to the company.

Since May 2019, Hullin has been a member of the management board of HDI Global SE. Initially, he was responsible for the areas of property, engineering insurance, marine, multirisk and the Europe division. Since the beginning of 2022, he has worked together with Wohlthat looking after all international markets. He has 27 years of experience in reinsurance and in international primary insurance at the Talanx Group, the company said.

Luberichs successfully launched the new organization for business in Germany and he leaves the management board after completing this time-limited transformation task. Upon his departure, Barbara Klimaszewski-Blettner is responsible for business in Germany. She has more than 12 years of experience in the insurance industry, including 10 years in industrial insurance, and has held various positions including with Allianz Global Corporate Solutions.

Currently, she heads the southeast region at HDI Global with the locations Munich, Nuremberg and Leipzig. Klimaszewski-Blettner as managing director below the management board will report to Edgar Puls, the chairman of the management board of HDI Global SE, according to a company statement.

Insurtech Lemonade Names Head of Government Relations

Insurtech Lemonade named Scott Fischer, New York's former chief insurance regulator, as head of government relations and co-general counsel of Lemonade Insurance Co.

Scott Fischer

Fischer will serve as co-general counsel alongside Bill Latza, who has been a core part of Lemonade's team from its beginning and plans to retire at the end of the year.

As Lemonade's first head of government relations, Fischer will provide strategic counsel regarding laws and regulations impacting the company and guide strategy around relationships with key stakeholders throughout the insurance regulatory community, according to a company statement.

Fischer joins the company from global law firm DLA Piper, where he was a partner and represented international, national, and local insurers and producers in their regulatory and compliance activities. Most notably, Fischer worked with New York's insurance regulator for nearly 10 years, ultimately becoming the top insurance regulator by serving as the executive deputy superintendent for insurance in the New York State Department of Financial Services before departing the public sector, according to the company.

"Scott played a make-or-break role in Lemonade's early days, as the regulator who scrutinized our business, gave us a hard time, and ultimately gave us our license," said Daniel Schreiber, Lemonade chief executive officer and co-founder, in a statement. "He was a thoughtful, fair-minded, and exacting regulator, and his deep familiarity with insurance regulation on the one hand and Lemonade on the other make him the ideal leader of our government relations efforts."

SiriusPoint Adds to Exec Leadership Team, Names UK Country Branch Manager

SiriusPoint Ltd. promoted Patrick Charles to global head of property/casualty insurance and services and to the company's executive leadership team. Darryl Siry, chief technology officer, also was appointed to the executive leadership team.

Patrick Charles

Charles has 20 years of underwriting and strategic management experience. He joined SiriusPoint in September 2021 as head of Americas property/casualty insurance to manage and grow the company's U.S. P/C insurance business. He is responsible for the company's global strategy in P/C insurance, the expansion of SiriusPoint's strategic partnerships, and the development of products and services to support new and existing partnerships, according to a company statement.

Siry is an experienced technology, marketing, and operations executive. He joined SiriusPoint in May 2021 to lead the company's technology integration and to develop an efficient and scalable operating platform across the global business. Siry is also responsible for the development of the managing general agency operating platform, which supports SiriusPoint's strategic partnerships, and for maximizing the value of SiriusPoint's insurtech partnerships and investments, according to the company.

In addition, as the global specialty insurer and reinsurer enters its previously announced strategic partnership with Mosaic Insurance, Robert Harman, SiriusPoint London chief executive officer and managing director of Sirius International Managing Agency, will transition to Mosaic to continue his role as CEO of the managing agency, the company said.

The partnership includes an investment in Mosaic to support continued growth, providing Mosaic with access to global licenses and infrastructure, and the planned sale of SiriusPoint's Lloyd's Managing Agency. The sale is subject to Lloyd's and regulatory approvals. SiriusPoint will retain its U.K. branch operations, inclusive of Syndicate 1945, according to a company statement.

To that end, SiriusPoint named Bobby Heerasing, who joined the company in October 2021 as head of international strategic business development, as SirusPoint U.K. country branch manager. Heerasing will be responsible for establishing and executing profitable growth strategies and operating plans for SiriusPoint's London branch and syndicate, inclusive of the company's reinsurance and insurance and services platforms, according to the company.

QBE Re Names Interim Managing Director

QBE named Peter Wilkins as interim managing director of QBE Re. He succeeds Steve Postlewhite, who leaves the business after a four-year tenure.

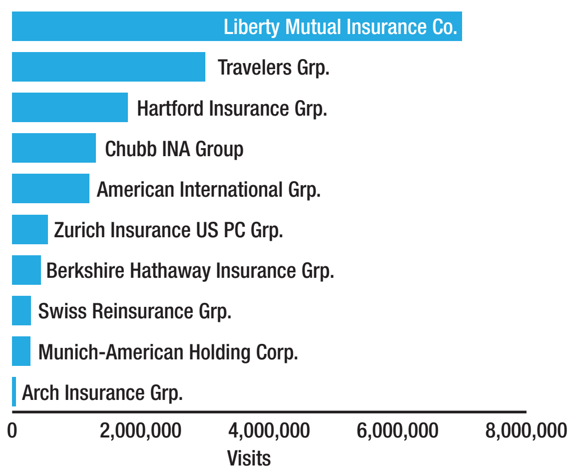
A search is underway for a new managing director.

Wilkins will oversee QBE Re's new global alignment strategy and development plans.

In May, Wilkins was appointed to the newly created role of chief underwriting officer, QBE Re, taking ownership of underwriting performance, strategy, and planning. BR

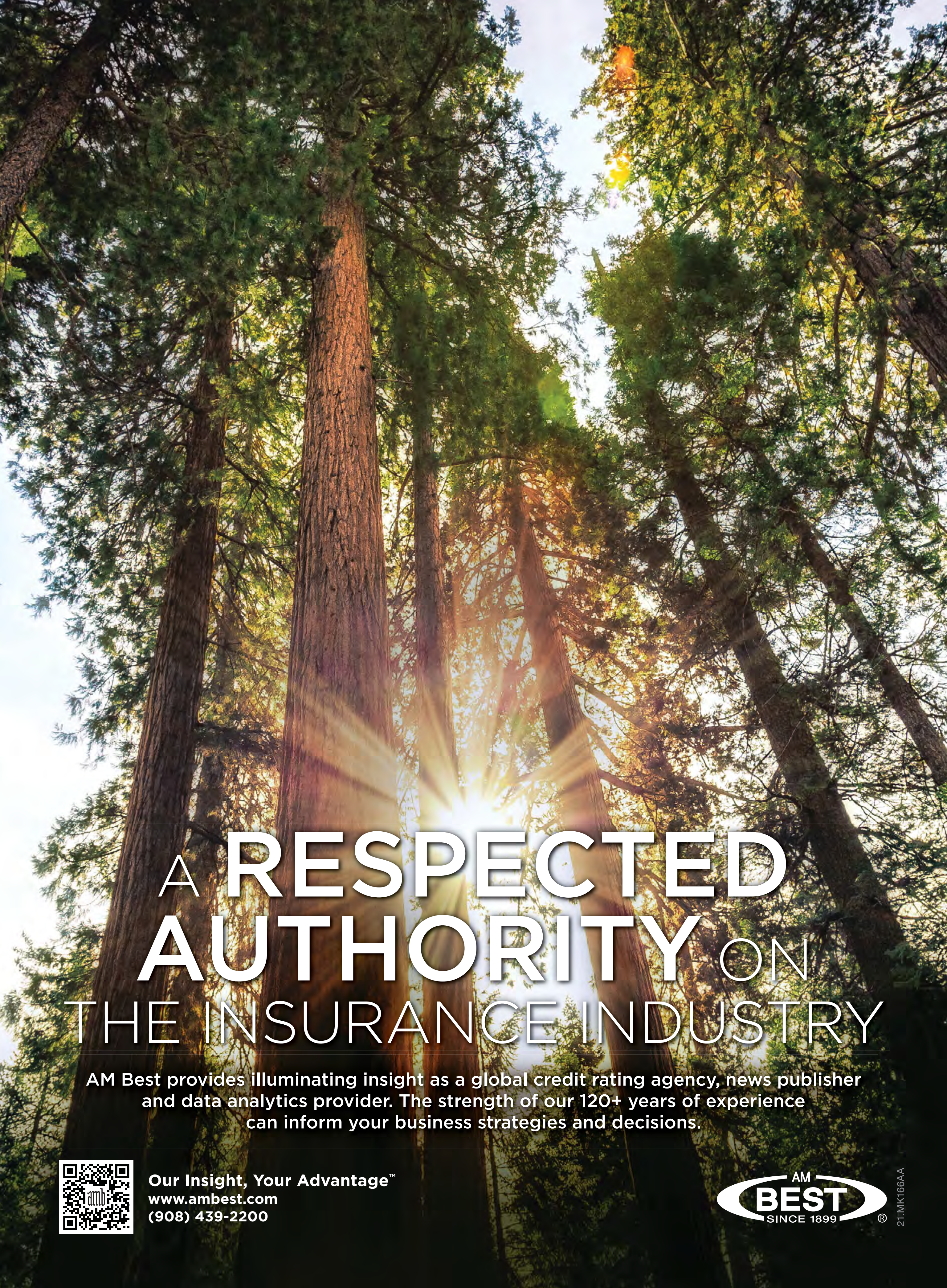
Web Traffic: Visits to Top Cyber Insurance Writers' Sites

Liberty Mutual leads web analytics provider Semrush's ranking of cyber insurers.



Source: *www.semrush.com*
Reported traffic for June 2022.

Visit *news.ambest.com* for a full listing of Best's Rankings.



A RESPECTED AUTHORITY ON THE INSURANCE INDUSTRY
AM Best provides illuminating insight as a global credit rating agency, news publisher and data analytics provider. The strength of our 120+ years of experience can inform your business strategies and decisions.
Our Insight, Your Advantage™
www.ambest.com
(908) 439-2200
AM BEST SINCE 1899 ®
21.MK166AA

MASTHEAD

FORESTAY

Background illustrations on both mastheads are of HMS Victory. To learn more about The Nelson Collection at Lloyd's, visit *www.ambest.com/nelson*.

Monthly Insurance Magazine Published by AM Best

BEST'S REVIEW®

A.M. BEST COMPANY, INC.

Oldwick, NJ

CHAIRMAN, PRESIDENT & CEO **Arthur Snyder III**

SENIOR VICE PRESIDENTS **Alessandra L. Czarnecki, Thomas J. Plummer**

GROUP VICE PRESIDENT **Lee McDonald**

A.M. BEST RATING SERVICES, INC.

Oldwick, NJ

PRESIDENT & CEO **Matthew C. Mosher**

EXECUTIVE VICE PRESIDENT & COO **James Gillard** EXECUTIVE VICE PRESIDENT & CSO **Andrea Keenan**

SENIOR MANAGING DIRECTORS **Edward H. Easop, Stefan W. Holzberger, James F. Snee**

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 MANAGER

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**

SENIOR ASSOCIATE EDITORS **Lori Chordas, Terrence Dopp, John Weber** ASSOCIATE EDITORS **Anthony Bellano, Timothy Darragh, Renée Kiriluk-Hill**

NEWS EDITOR **David Pilla**

GROUP VICE PRESIDENT, PUBLICATION AND NEWS SERVICES **Lee McDonald**

CIRCULATION **Linda McEntee**

NEWS INQUIRIES ***news@ambest.com***

PRODUCTION SERVICES

SENIOR MANAGER **Susan L. Browne**

LEAD DESIGNERS **Andrew Crespo, Angel Negrón** DESIGNERS **Amy Herczeg, Barbara Marino, Laura-Ann Russello, Jenica Thomas**

ONLINE RESOURCES

BEST'S REVIEW EDITORIAL CALENDAR: *www.bestreview.com/editorialcalendar*

CONTRIBUTOR AUTHOR GUIDELINES: *www.bestreview.com/guidelines*

REPRINTS AND PERMISSIONS: *www.ambest.com/permissions*

BEST'S REVIEW, Issue 8, August 2022 (ISSN 1527-5914) is published monthly by A.M. Best Company, Inc. Editorial and executive offices: 1 Ambest Road, Oldwick, NJ 08858-9988. A one-year subscription is $72. A two-year subscription is $137. Subscriptions: *www.bestreview.com/subscribe.* Telephone: +1 908 439 2200. Fax: +1 908 439 3971.

Printed and bound by Fry Communications, Inc.

Made in the USA

Bill Protects Insurers Serving Medical Marijuana Vendors

Pennsylvania's new law prohibits government agencies from banning, discouraging or penalizing financial services firms from providing service to a "legitimate" cannabis-related company or its employees.

by Timothy Darragh

A Pennsylvania bill protecting financial institutions, including insurance carriers, from legal consequences when they do business with licensed medical marijuana providers has received Gov. Tom Wolf's signature.

Wolf signed H.B. 331, a bill to allow credit unions to hold savings promotional programs, but which also had the medical marijuana language amended onto it.

The new law prohibits government agencies from banning, discouraging or penalizing financial services firms from providing service to a "legitimate" cannabis-related company or its employees.

It also covers owners, directors, shareholders and employees from being penalized or sanctioned for fines solely because the financial institution provided services to the cannabis-related company.

However, the new law only addresses state-related actions. Marijuana remains a Schedule I substance under the federal Controlled Substances Act, which means it is considered to have high potential for abuse and is not approved by the Food & Drug Administration as medication and is therefore illegal.

The Insurance Federation of Pennsylvania said it was pleased the legislation passed and was signed by Wolf.

> "But for it to have its intended impact—allowing insurers and financial institutions to provide services to legal cannabis businesses—we need passage of the corresponding federal law."
>
> **Sam Marshall**
> **Insurance Federation of Pennsylvania**

"But for it to have its intended impact—allowing insurers and financial institutions to provide services to legal cannabis businesses—we need passage of the corresponding federal law," said Sam Marshall, chief executive officer of the federation.

"Our hope is that the overwhelming bipartisan support shown in states like Pennsylvania will encourage our federal lawmakers to do the same."

A representative of the Pennsylvania Cannabis Coalition declined to comment.

Before getting to Wolf, the legislation easily passed the Senate and then the House.

Advocates of relaxing laws on medical or personal use of marijuana had their hopes on the Safe and Fair Enforcement Banking Act of 2021, which was attached to the National Defense Authorization Act but is now stalled in Congress. BR

Timothy Darragh is an associate editor. He can be reached at *timothy.darragh@ambest.com*.

Regulatory Update

In the News

Illinois proposes new auto insurance legislation and Louisiana deals with lack of homeowners coverage.

Auto Insurance: A data call initiated by the Illinois Department of Insurance suggests some automobile insurance companies took advantage of the early stages of the pandemic to pad their profits, state officials said.

The department said proposed legislation will clarify and strengthen its authority when using regulatory tools such as market conduct examinations to investigate the practices of insurance companies and data calls.

Homeowners Insurance: Louisiana Insurance Commissioner Jim Donelon's news conference on July 5 drew attention to a package of catastrophe reform bills passed recently by the state Legislature.

Donelon said roughly 75,000 homeowners were scrambling to find coverage this summer after the withdrawal of Maison Insurance Co. from the state and the insolvencies of Lighthouse Property Insurance Corp. and Southern Fidelity Insurance Co.

The rush to obtain coverage from Louisiana Citizens Property Insurance Corp., the property insurer of last resort, was so massive that agencies across the state had to bring in staff in the early morning or have them work past 6 p.m. so they could access Citizens' overwhelmed application system, he said.

Citizens has temporarily increased its capacity and will have permanent technological improvements soon, Donelon said.

The Insurance Industry Makes the World Safer and More Resilient

The insurance industry's role in making the world a better place goes well beyond the "repair-and-restore" phase of a crisis.

By Tony Kuczinski

In my last column, "Insurance Industry Offers a Noble Value Proposition," I suggested we need to spread the word about insurance as an excellent career choice. Like many of my colleagues, I did not set out to work in insurance, but I am very glad I made the decision to do so. In my experience, those of us who work in the industry truly enjoy our profession for a number of reasons detailed in that last column, including our commitment to making the world safer and more resilient.

Over and over again, we hear that prospective employees—especially young people—want more than a salary and benefits. They are looking for purpose. As a result, they seek positions where they will feel connected to something larger, and insurance is an excellent option. Our industry has a long tradition of positive contributions to society, even though it's largely unseen and often unacknowledged.

The insurance industry's role in making the world a better place goes well beyond the primary aspect we play in the "repair-and-restore" phase of a crisis. Yes, a fundamental piece of our value proposition is helping with the rebuilding of lives, businesses, communities and societies. But we are also significantly involved in ways that are not as well known. Our efforts begin long before a devastating event—predicting, preventing and minimizing potential damage, making the world safer and more resilient.

Statements such as these—"building safer and more resilient societies" or "making the world a better place"—may sound like inspirational headlines or a collection of "feel-good" buzzwords. However, every day the insurance industry quietly influences many areas, including improving road safety, rebuilding critical infrastructure and increasing environmental resilience. We are an integral part of a much larger group focused on these ambitious goals, including federal and

Best's Review contributor **Tony Kuczinski** is chief executive officer of Munich Re US P&C Cos. He can be reached at *bestreviewcomment@ambest.com.*

state government agencies, local communities, regulators, financial institutions, nonprofits, global charities and other members of the private sector.

The opportunity to be part of the solution to some of the world's most serious problems is a very attractive element in "the war for talent." The insurance industry has a significant impact in making the world safer and more resilient in several ways:

- driving behavior through general risk awareness and education, with a focus on the benefits of prevention.
- investing in innovative and cutting-edge technology to create "predict-and-prevent risk" products and services.
- sharing our data-driven knowledge and insights to better understand various risks and mitigation methods.
- partnering with public entities, nonprofits and academia.
- conducting research and thought leadership.
- supporting nonprofits such as the Institute for Highway Safety and the Insurance Institute for Business and Home Safety.
- monitoring key legislation that promotes resiliency.

We all know insurance is a very competitive business, but when it comes to the industry's reputation, it should not be about selling a product or one company taking market share from another. From this perspective, we are not competitors.

We need to come together to advocate for our industry to spread the word about the noble cause that we support and how we attract new talent. BR

Risk Adviser

Rising Costs, Supply Chain Issues Impact Business Income Cover

Agents can work with their manufacturing clients to review their current business income protection and limits and educate them on the increased risks related to business income.

By **Matthew S. Mitchell**

Between supply chain disruptions, inflation and staffing challenges, manufacturers are facing some potentially significant business interruption risks of late—risks that can push business income losses over policy limits. The good news is an appropriate business income limit and contingency plans can help offset risks like these, enabling business owners to avoid unnecessary financial exposure.

Business income is commonly included in many property policies, but calculating proper limits is often challenging, especially with costs and added time that are much different than they may have been just a few years ago. As a result, agents increasingly are working with manufacturing clients to take a close look at their increased business income exposures, keeping in mind the potential cascading effects of supply chain and logistic issues.

Best's Review contributor **Matthew S. Mitchell** is president, middle market at The Hanover Insurance Group Inc. He can be reached at *bestreviewcomment@ambest.com*.

Business income coverage: Five key areas to consider in today's market.

1. Cost and availability of materials, equipment, and inventory: U.S. manufacturers are increasingly dependent on overseas suppliers for raw materials, goods and machinery. This dependency, coupled with just-in-time manufacturing where there is little excess on hand and extended wait times, creates increased risk.

2. Leveraging new automation: More and more manufacturers are utilizing automation to meet demand and ease labor market challenges, implementing robotics to eliminate manual tasks and leveraging end-to-end automation and computer numerical control, or CNC, machines to complete finished products in a single operation. However, these technologies can be more expensive to repair and replace, so this is an important consideration.

3. Building restoration: When a manufacturing facility requires repair, rebuild or restoration, it may face increased costs of materials, added time

to acquire the materials and potential delays. Manufacturers oftentimes may not realize their coverage is inadequate in this area until it is too late. Restoration that may have taken six months can now take well over a year and have cascading effects on the future of the business.

4. Temporary relocation and interdependency: Manufacturers' business continuity plans often rely on temporary locations to continue production. With many facilities running production shifts around the clock, limited time may be available for another manufacturer to use their facilities to mitigate a loss. In addition, with interdependent locations, an issue at an upstream location could result in a significant negative downstream impact on total production.

5. Supply chain resiliency: A loss during a peak season, whether within the manufacturer's operation or in the supply chain, can be difficult to overcome. A resilient supply chain considers underlying vulnerabilities in the chain. Common vulnerabilities include product complexity and supplier networks, transportation, and financial resiliency. Businesses need to consider the level of susceptibility to unforeseen events and look for ways to reduce their impact, offsetting that with appropriate business income coverage.

The Agents' Role

Current and comprehensive business continuity plans are a manufacturer's first line of defense when faced with an interruption. Agents can encourage clients to take advantage of carrier resources for the development of these plans, while encouraging clients to consider back-up supply chains to also help mitigate risks.

Independent agents are well positioned to serve as valued advisers to their manufacturing clients as they look to navigate this complex market. Agents can work with their manufacturing clients to review their current business income protection and limits, educate them on the increased risks related to business income and call attention to potential downstream impacts. BR

Special Advertising Section

BEST'S REVIEW®

ISSUES & ANSWERS:

CAPTIVES AND DOMICILE SOLUTIONS

Industry experts discuss how to choose a captive manager and the role of actuaries in captive management.

Interviewed Inside:

Daniel Linton
Pinnacle Actuarial Resources

Christopher J. Flatt
AIG Programs & Captive Solutions

View past Issues & Answers sections at
www.bestreview.com/issuesanswersarchive.asp

Actuarially Sound

Daniel Linton, Senior Consulting Actuary, Pinnacle Actuarial Resources, said that for a captive insurer, discussions regarding capital deployment strategy is the ideal time for the actuary, the captive manager, and the captive owner to engage in productive dialogue about opportunity—and risk. "The types of risks that keep you up at night," he said.

PINNACLE ACTUARIAL RESOURCES

Daniel Linton
Senior Consulting Actuary
Pinnacle Actuarial Resources

"When it's time to deploy capital, you want to make sure that you're leaving enough economic capital to support the operations of the captive to manage the risks that are already there."

Visit the Issues & Answers section at *www.bestreview.com* to watch an interview with Daniel Linton.

What is the actuary's role in the formation of a captive?

The actuary serves as a trusted adviser—playing a critical role in the formation phase of a captive. First, the actuary needs to be heavily involved in setting the overall structure of the captive —determining what coverages should be considered, as well as how much risk should be retained (i.e., risk tolerance). Ideally, this advisory relationship should be a dialogue between the actuary, the captive manager, and the captive owner to set a solid foundation for how the captive will operate in the coming years. In addition, the actuary will construct an actuarial analysis that will set rates and estimate the expected losses that will flow through the captive in the captive's first years of operation. Based on sound actuarial understanding of expected losses, the actuary can build a set of pro forma financial statements which will give stakeholders an understanding of the overall feasibility of the proposed structure.

Do reinsurance costs and available capital play into that decision?

Absolutely. It's a balancing act between reinsurance costs and how much capital the captive wants to hold. For example, rather than carry a $500,000 per occurrence limit, a captive owner chooses a $250,000 per occurrence limit. The result would be a lower capital requirement because the captive is taking on less risk. On the other hand, it increases your reinsurance costs because you're buying more reinsurance in the commercial market. It's a sophisticated balance that will vary from captive to captive based on risk tolerance.

What is the actuary's role as the captive grows up?

When the captive grows up, the actuary is going to serve two primary roles. The first is to review incurred claims and present an analysis of estimated outstanding losses (i.e., reserves). That gives captive management an opportunity to understand how actual claim development compares with projections derived from the previous actuarial report. Further these analyses give guidance to management on what they should book as reserves on the balance sheet. What follows is the actuary's review of the booked reserves and the issuance of the statement of actuarial opinion—a document that must be filed with the insurance department, or other regulatory body, where the captive is domiciled. Secondly, the actuary will set the expected losses for the upcoming policy period—similar to the exercise performed during the feasibility phase. During this time, the actuary, the captive owner, and the captive manager can discuss other opportunities available to the captive—whether it be introducing new coverages, expanding limits, etc.

How important is the actuary's relationship with the captive manager?

It's very important. I have found that the better the communication between the captive manager and actuary, the better the captive operates. It opens up the lines of communication, providing a conduit to respond to unexpected events quickly and efficiently. A sound relationship allows all parties, ideally including the actuary, captive manager and captive owner, to have meaningful discussions about the results of the actuarial report. That, in turn, provides all with key insights and hopefully agreement into how much capital is necessary to support the operations of the captive. Capital deployment should be an area of strategic opportunity for the captive and should be evaluated and planned for carefully.

Share this edition at ***www.bestreview.com/issuesanswersarchive.asp.***

Captive Solutions

Christopher J. Flatt, President, AIG Programs & Captive Solutions, said the company develops innovative, customized captive programs for clients. Following are excerpts from an interview.

Christopher J. Flatt

President & CEO Glatfelter Insurance Group
President, AIG Programs & Captive Solutions

"Captive management is all about service."

What is driving growth in captives?

Whenever clients experience things like increasing premium rates, coverage restrictions, or reduced capacity, they look for alternatives and captives are often the option to which they turn. For example, large companies that already own a captive can expand the use of captives by adding new lines of business or adding increased net retentions or limits to their program. We are also seeing more mid-sized companies looking at whether a captive might be right for them, either through the use of cell captive facilities or joining a group captive program. Certainly more challenging lines (e.g., property, cyber, D&O, professional liability) and industries (transportation, health care, construction/energy) are driving a lot of the growth currently, but the interest is widespread.

What should a captive consider in selecting a captive manager?

Captive Management is all about service, so important considerations for a prospective captive owner include:

- The manager's experience and expertise—review the services they provide, how long have they operated and how many clients they have in their portfolio.
- Industry reputation—ask the domicile regulators, captive law firms, auditors, etc. about what they have experienced with the manager. Getting these third-party views is important to choosing the right captive manager.
- Staffing levels, tenure, and turnover—people provide the service and low turnover typically leads to higher consistency of service.
- Domiciles the manager operates in—it is important to be sure they can operate in the domicile that is right for the client.

What should a captive consider when selecting a domicile?

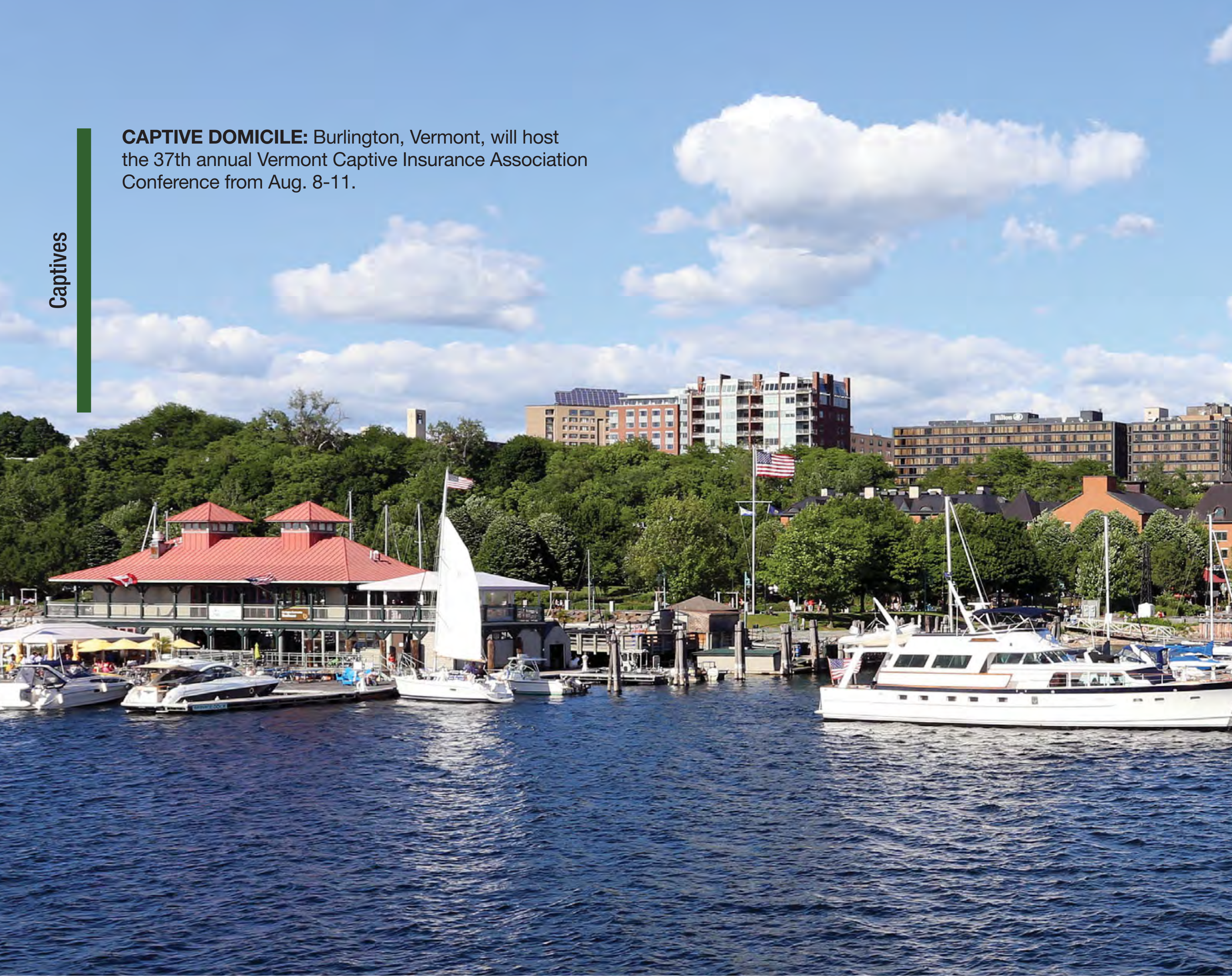
- Regulatory Environment—domicile should have a clear regulatory framework while providing a degree of flexibility for the regulator to apply to each situation.
- Infrastructure—established domiciles typically have more services available (managers, audit, tax, legal, etc.).
- Taxes—captive owners should review both premium tax and federal tax implications with their professional advisers.
- Cost—some domiciles can be a bit less expensive than others—but typically the costs are similar.

How is AIG Captive Solutions meeting the needs of its captive clients?

AIG Captive Solutions develops innovative, customized captive programs for clients employing AIG's extensive knowledge and collaborating across our underwriting, claims, credit, legal and actuarial teams. AIG has been in the captive business for over 50 years, and knows that captive clients value expertise, creativity and responsiveness to their needs. We deliver these solutions across three businesses:

- Group Captives—provides fronting and excess risk transfer to large member owned captives for primary casualty (i.e., Auto, GL, and WC);
- Fronting provides fronted paper for nearly any line of business, admitted and non-admitted paper, and typically reinsured to single parent captives;
- Captive Management—provides captive feasibility studies, formation services and ongoing domicile management for captives. Also sponsors and manages protected cell captive facilities in Bermuda and Vermont.

To learn more about AIG Captive Solutions, you can visit *https://www.aig.com/business/why-aig/captive-solutions*.



CAPTIVE DOMICILE: Burlington, Vermont, will host the 37th annual Vermont Captive Insurance Association Conference from Aug. 8-11.

Protected Cell Structures Fuel Captive Growth

A hardening insurance market is among the factors resulting in more captives, nearly 20% of which are protected cells.

by Anthony Bellano

The number of new protected cell captives has been on the upswing across the United States in the past few years as the overall captive sector also has seen an increase in captive formations.

The growth in the captive formations has been fueled by a hardening insurance market while cell captives have become increasingly popular because they are a simpler, cheaper option for companies to enter the market, and can lead to bigger things.

Some 18% of new captives formed over the past two years industrywide were protected cells, compared with just 8% three years ago, Marsh Captive Solutions Managing Director Michael Serricchio said. "Cells are really great, especially for middle-market, medium-size corporates," Serricchio said.

Anthony Bellano is an associate editor. He can be reached at *anthony.bellano@ambest.com.*

Excluding Bermuda and the Cayman Islands, cell activity was concentrated in four domiciles, all in the U.S.—North Carolina, Vermont, Tennessee, and Delaware—according to a report from Strategic Risk Solutions, which provides captive management and advisory services.

North Carolina saw the biggest growth, with the addition of 157 new cells and the loss of 29 existing ones, bringing the state's total to 667, according to the report. Vermont added 100 new cells and lost 10 existing ones, which brought its total to 485 protected cells. In Delaware, 45 new cells were added, but 104 existing cells were lost, resulting in a total of 466. Tennessee welcomed 65 new cells while at the same time losing 35, for a total of 341 protected cells, the report said.

A protected cell company, also known as a sponsored cell or segregated account company, is an insurance company that offers the benefits of a single-parent captive without the need, and associated time and expense, to create a separate legal insurance entity, according to Marsh.

Hardening markets present opportunities for new structures, according to *Best's Market Segment Report: Captives' Flexibility and Control Enable Them to Outperform Commercial Peers*. The cell structure is being more broadly developed under various names such as Segregated Account

Key Points

Growth Spurt: Some 18% of new captives formed over the past two years were protected cells, compared with just 8% three years ago, according to Marsh.

Protected Cell Leaders: Excluding Bermuda and the Cayman Islands, cell activity was concentrated in four domiciles, all in the U.S.: North Carolina, Vermont, Tennessee, and Delaware.

State Legislation: Delaware recently approved the use of captives by corporations to cover directors, officers, employees and other indemnifiable people, while Vermont clarified rules surrounding parametric contracts.

"They're a great solution for all kinds of businesses. They're often touted as ideal for smaller businesses due to the lower cost and ease of entry and exit, but I've seen some very large companies form cells for simplicity and ease of management as well."

David Provost
State of Vermont
Department of Financial Regulation—Captive Insurance Division

Company, Segregated Portfolio Company, Protected Cells or Incorporated Cells, according to the report.

"For owners of small to medium-sized enterprises across a wide variety of industries and businesses, cell companies may provide general business protection. Some captive managers and professional insurance management teams offer a platform or access to a risk pool under a tightly written policy with a broad menu of coverages, ranging from active shooter to small-airplane coverage, all of which are covered under the same risk pool despite the variety of claims. No financial support is commingled. They are 'only' required to share losses under the terms of the pool and, in most cases, provide ongoing proof of financial wherewithal and viability, as well as collateral," the report said.

Cell captives can be used as a steppingstone for employers who may want to move into a single-parent captive in the future, said Chelsea Carter, Artex Risk Solutions business development-account executive.

"For example, employers may face timing restrictions or coverage placement challenges that require an expedited entry into alternative risk solutions," Carter said. "Cell captives provide employers with a quick and easy solution to finance their risk but can also be easily transitioned into a single-parent captive when the time is more appropriate."

Captive formations of all types have been growing since late 2020 as the economy began to recover and a hard insurance market persisted.

In 2020 and 2021, Serricchio said Marsh formed about 200 new captives, which grew what he called an "astonishing" $3.4 billion in premium.

Nick Hentges, co-CEO of Captive Resources, a consultant to member-owned group captive insurance companies, said the company added more than 1,000 new members during the pandemic, including more than 500 new captives in 2021.

Vermont insurance regulators licensed 45 new captive insurance companies in 2021, the fourth-highest year of growth in the 40-year history of the state's captive sector, state officials said earlier this year. The growth in captives brought the total to 620 licensed captives—589 active and 31 dormant captives—31 more than it had at the end of 2020. The department added its largest one-year total in 2003, when it licensed more than 70 new captives.

Vermont's 52 sponsored cell captives host nearly 500 cells and separate accounts, in addition to the licensed captive companies.

"They are growing as fast as the overall captive market," David Provost, deputy commissioner of captive insurance for the State of Vermont Department of Financial Regulation—Captive Insurance Division, said of protected cells. "They're a great solution for all kinds of businesses. They're often touted as ideal for smaller businesses due to the lower cost and ease of entry and exit, but I've seen some very large companies form cells for simplicity and ease of management as well."

The intent of the law in Vermont is to allow a cell to do pretty much anything a stand-alone captive can do, and regulation of the cells is balanced to the risk retained, Provost said.

The number of captives worldwide totals a reported 6,027 captives, up from 4,951 in 2006, although the market suffered a 2.5% decline from 2015 to 2020, according to a report from Strategic Risk Solutions.

“It was kind of an interesting perfect storm for captive growth because the industry was not traveling all over the world and regulators were able to deal with huge volumes of new captive applications.”

Michael Serricchio
Marsh Captive Solutions

The AM Best report said the number of U.S. domestic captives declined marginally from 3,182 in 2019 to 3,107 in 2020, a 2.4% decrease. AM Best attributed the decline to increased scrutiny by the Internal Revenue Service regarding 831(b) captives and the rise in economic uncertainty from the pandemic during the first half of 2020 which likely resulted in a small number of captive closures as well as a reduced number of new formations.

“As economic activity and confidence resumed, and the hardening insurance market persisted, the flexible, adaptable, and innovative solutions that captives afford their owners continued to prevail,” AM Best said.

“As a result, there was an increase in captive applications in late 2020 and early 2021, with a growing interest in captive cells as a more expeditious and efficient solution in a challenging market,” the report said.

“Cells effectively borrow a third party insurance management and licensing platform to address certain risk transfers more quickly, with smaller amounts of capital investment, and gain professional oversight so they don’t have to take their eyes off the primary business that they are insuring. Further, these are easier to close (or go dormant) when a hard market softens or when a business sponsoring a cell closes or sells. They are also able to restart should a market turn again or should another business need arise if they have left their capital in the cell, which many do for a period of time since distribution is a taxable event,” the report said.

AM Best rates more than 200 global captive insurers in a variety of jurisdictions, according to the report.

“The COVID-19 pandemic disrupted supply chains and put enormous financial pressure on nearly all industries and companies worldwide,” according to a Marsh report, which said captives experienced record growth in virtually every area. The number of automotive captives, for instance, grew 28% from 2019 to 2020, the most of any industry, according to the Marsh report *Global growth affirms captives’ value in solving business challenges*.

“We’re seeing the growth within new and existing captives be tied more to the expansion of how employers will use their captive insurance vehicles and fund for different types of insurance,” Artex’s Carter said.

“That could be using the captive to fund for increased retentions on their primary lines of coverage, the ability for the captive to participate in a quota share arrangement higher up the insurance tower, or even looking to have their captive access reinsurance markets directly.”

The pandemic gave insurers the chance to reevaluate how they do things, Jonathan Habart, director of captive insurance, Tennessee Department of Commerce & Insurance, previously told AM Best TV. As a result, a number of new types of captives are emerging, such as cannabis captives and pandemic coverage through their business interruption policies.

For many companies, time is of the essence right now because of the financial strains related to the global health pandemic, geopolitical issues and other factors. The pandemic equaled the hard market, which equaled captive growth, and “that’s why I think we saw so much of it,” Serricchio said.

“I think the reason folks, regulators, actuaries, brokers, and state insurance departments were able to take on that growth is because they were hunkered down. It was kind of an interesting perfect storm for captive growth because the industry was not traveling all over the world and regulators were able to deal with huge volumes of new captive applications," he said.

Serricchio said the captive growth is tied to challenging market conditions and is spread across different lines of coverage, including property, liability, directors and officers, cyber and workers' compensation, among others.

"We saw all of those lines growing and challenged, so the captive industry responded and you saw a lot of captives form," Serricchio said.

States' Actions

States also have been passing legislation that can contribute to the growth of the captive insurance market.

Delaware recently approved the use of captives by corporations to cover directors, officers, employees and other indemnifiable people, as long as they acted in good faith and there is no reasonable cause to believe their conduct was unlawful.

The action was taken in response to a hardening market, Delaware Department of Insurance Senior Policy Adviser Christina Haas said in an email.

"In many cases, there has been a sharp increase in premium, more exclusions, resulting in less coverage," Haas said. When premiums began to dramatically rise in 2020, she said the Delaware General Assembly worked to enact the legislation quickly.

No new captive insurers had been approved in the state resulting from this legislation as of June 10, Haas said. In all, Delaware has 748 captives.

Recent legislation enacted in Vermont also clarified laws surrounding captives. The bill clarifies the ability of Vermont's captive insurance companies to enter into the parametric risk transfer contracts, which pay a sum in the case of a quantifiable event, such as a hurricane of a specific category hitting a specific area, whether the contract holder suffers a loss or not.

In signing the bill into law, Vermont Gov. Phil Scott said parametric contracts are becoming more common as a form of protection against catastrophic events.

"We always thought it was legal anyhow, but we wanted to put it into the statute to make sure it was very clear that it was approved by the department," Provost said."It's one of those things that kept popping up. We were getting questions about whether or not it was acceptable, so we just decided to put it right in there to make clear that it was."

"Vermont's always on the cutting edge of new and innovative thinking," Serricchio said. He said he expects other states to follow suit because, for the most part, these types of contracts are not excluded by law.

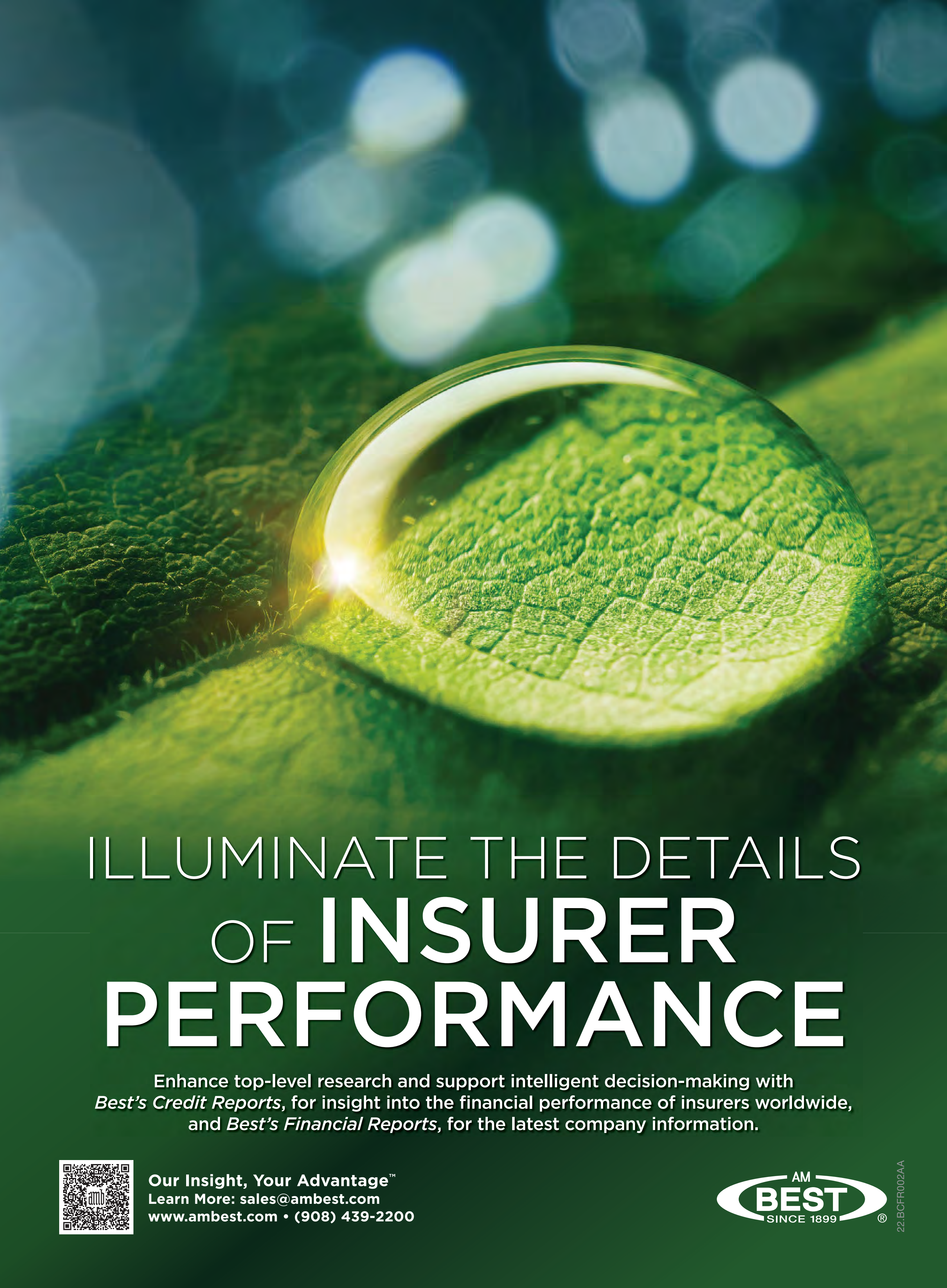
"It gets people thinking about it," Serricchio said. "It gets captive owners thinking about it. It gets them talking to reinsurers. I have predicted for a couple of years that parametrics would grow in captives, and I think you're starting to see that."

"The fact that Vermont has incorporated it into their overall insurance strategy is a good thing because it gives employers the ability to have another avenue to consider when structuring the insurance needs in light of some of the changes within the market," Carter said. "Ultimately, each domicile will have to make the decision as to what works best for the domicile, how the domicile will grow and what they want to be able to offer their captive owners."

Serricchio said he expects to see growth to continue among these captives and the new captives as they expand their existing lines of coverage.

"I do think you're going to see some growth in the next 18 months," Serricchio said. "I don't know if it's going to be as stellar as the last two years, but the activity, the phone calls, the education that we do continues and it hasn't slowed down. We actually hired some more folks to take on new feasibility studies and new educational sessions with our clients. When you have a lot of new captives and they get formed with one, two or three lines of coverage, year after year, they want to do more, and they want to increase."

"It is hot," Provost said of the current captive market. "Anybody in captives is busy right now. Every domicile I talk to is having record years or near record years. Every captive manager is loaded up with existing business and new business. It's a hard market still and whenever that happens, captives start getting active again. The insurance market permanently loses a fair chunk of business every time they go through hard markets like that." BR


ILLUMINATE THE DETAILS
OF INSURER
PERFORMANCE
Enhance top-level research and support intelligent decision-making with *Best's Credit Reports*, for insight into the financial performance of insurers worldwide, and *Best's Financial Reports*, for the latest company information.
Our Insight, Your Advantage™
Learn More: sales@ambest.com
www.ambest.com • (908) 439-2200
AM BEST SINCE 1899 ®
22.BCFR002AA

Startup Founder Hopes to Help People Find `Ferrari in the Garage' by Taking Life Settlements Mainstream

Lucas Siegel, the founder and chief executive officer of Harbor Life Settlements, wants to make the life settlements industry resemble how homes are sold and bought online. By doing that, he's hoping his company and the larger industry will grow by making the process more transparent and navigable for consumers.

by Terrence Dopp

At first glance, the real estate market isn't an obvious comparison when it comes to anything touching on the life insurance industry.

Yet the property market is exactly where Lucas Siegel, founder of Harbor Life Settlements, is looking for inspiration as he tries to grow both his company and the settlements space beyond a niche and into the mainstream.

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

Key Points

Marketplace: Harbor Life Settlements is looking to create an end-to-end process like Zillow or eBay that allows people to determine the value of their life insurance policies and list them for competitive bidding.

Overlooked: With a mix of resistance on the part of life insurers and a market that can be confusing, the life settlements industry is valued at $7.3 billion a year, although Siegel and others say it should be even bigger.

Lapsing: Each year, many consumers let their life policies lapse with just the cash surrender value covered by providers. Siegel and brokers already in the space want to see that change.

“We believe fundamentally that people have the right to know the value of their assets. Period. They have the right to know the value of their house. They have the right to know the value of their car. And they have the right to know the resale value of their life insurance policy.”

Lucas Siegel
Harbor Life Settlements

He’s looking toward the “Zillowfication” of a previously opaque world: creating an open market for buying and selling policies—akin to the online real estate portal that he hopes builds consumer confidence and entices more into the industry. Along the way he wants to make selling insurance policies a go-to component of finance to the benefit of individuals and the larger industry.

“We see the asset class, and the future of this asset class, as something that should be created off a template of real estate,” Siegel said. “If you were selling your house, would you sell it to the one guy with a sign that says ‘We buy ugly houses?’ Or would you put it on MLS [multiple listing service] and try to get a bunch of offers to try and drive up the price?”

Siegel describes Harbor Life Settlements as really a marketing technology company operating within the world of life settlements rather than as an entity focused solely on insurance-related products. He said just 2% of those who would benefit from selling a policy wind up doing so.

“Every year in the U.S. there are some $200 billion in life policies that are lapsing that could have been sold. People just don’t know,” he said. “That means 98% of the time people are just throwing away their assets that they could have sold.”

Overlooked Option

At their most simple level, life settlements are the sale of life insurance policies for a sum that is above what the carrier would pay out for the cash surrender value but less than the full death benefit. The buyer of the policy must pay all premiums throughout the life of the insured, making life expectancy a critical part of the transactions.

According to a 2021 report by Conning Insurance Research, the life settlements market saw a fifth straight year of growth in the amount of face value settled in 2020 even amid the disruption caused by the COVID-19 pandemic. The virus could even be a factor in growth going forward as so-called COVID long-haulers look to settle policies.

The firm’s average 10-year forecast of the industry’s growth is about $233 billion and the outlook calls for annual volume of new settlements of $7.3 billion, both figures up from previous estimates. The industry is evolving more toward the direct-to-consumer market, the report said.

To grow it, Siegel is hoping to entice greater consumer interest through My Policy Predictor, an online tool that functions much like the online Zestimate real estate calculators on the website Zillow, which allow homeowners to gauge an approximate value of their home. Based upon that number, they can then decide whether to list the property.

On the professional side, the company also has developed an artificial intelligence tool that combs through the client books of financial advisers and flags those policies ripe for a settlement. Brokers can then notify people of the potential value.

Asset Value

In both cases, if the clients assume the price is attractive enough, they can then list the policy through an online auction site on which prospective buyers—hopefully—bid up the price. Harbor Life Settlements bought the underlying code for the exchange from eBay and the theory is similar in that a consumer will offer the policy and receive bids.

Siegel is betting that increased knowledge on the part of policyholders will translate to a greater comfort and willingness to sell.

Christopher Conway
ISC Services

> Because consumers don't know selling a policy is an option, "it creates in the public's mind a perception that this is not the van Gogh in the basement. It's an obligation and nothing more."

"We believe fundamentally that people have the right to know the value of their assets. Period," he said. "They have the right to know the value of their house. They have the right to know the value of their car. And they have the right to know the resale value of their life insurance policy."

The prime benefits are twofold, he said.

First, expanding the market and making life settlements more common will create an enormous new source of liquidity for Americans, Siegel said. At the same time, he said every net-worth calculation prepared by advisers based solely on surrender values is wrong and the process will become more common through education and transparency.

It's also designed to take an underwriting process that traditionally stretches as much as three months and compress it into a one-minute stage driven by AI.

Siegel said life settlement underwriting has traditionally been painful and inexact, and he called estimating life expectancy "brutal." Data-hoarding by carriers has been a long-standing problem, he said.

"They have all the data but they make money because 90% of people lapse their policy—they pay for 30 years and get nothing," Siegel said. "The less transparent settlements are, the more lapsation will happen, which increases their net worth."

Christopher Conway, a principal and chief development officer at life expectancy underwriter ISC Services, said insurance companies are in the business of taking premiums and managing money rather than paying death benefits. The marketing of life insurance as a needed liability rather than an asset has created a climate in which policyholders too often simply don't know selling a policy is an option.

"That establishes within the consumer's mind a different perspective about that instrument than it actually possesses or should be applied to it," Conway said. "It creates in the public's mind a perception that this is not the van Gogh in the basement. It's an obligation and nothing more."

Hidden Fees

In 2021, ordinary life insurance lapses fell to a 10-year low of 4.1%, according to *Best's Special Report: US Life: Earnings Decline in 2021 Despite Highest New Premium Growth in Over Three Decades.* To put that number in context, in 2020 there was a total of more than $55.3 trillion of in-force life insurance across the industry.

Yuhmei Chen, a senior financial analyst covering insurance-linked securities at AM Best, said the life settlements industry has gotten more attention since its beginning with viatical settlements in the early 1980s during the onset of the HIV crisis. In many states, regulations also have become more stringent, she said.

Settlements have faced pushback from the life insurance industry because lapse rates are factored into the business models and pricing of most insurance contracts, she said. As a result, some insurance carriers raise the cost of insurance for certain specific products. Still, Chen said the lack of transparency has crimped the business.

"What people talk about a lot are the hidden fees—the commissions to the broker and the providers' fees," she said. "Brokers are supposed to work for the sellers, the policyholders, to get them the highest price to sell the policy but from the provider's point of view, they want to be able to buy a policy for the least price."

Brokers retain a large amount of the control over the process and can factor in those fees, as well as their relationship with prospective buyers, as they present offers to clients. "As a seller you don't really know how many bidders there are because you get the information from the broker. I think that's the thing," Chen said.

John Welcom, who is founder and CEO of Welcome Funds (JW), a life settlements broker in Florida, and chairman of the Life Insurance Settlement Association, said most states have regulations concerning transparency that include upfront disclosure of all fees and a full accounting of the bids JW receives for a policy.

"The fact is that transparency happens on a majority of the transactions that we close," Welcom said. "Every regulated state has a different law and we have a notice of disclosure within our applications for each state so that we can comply."

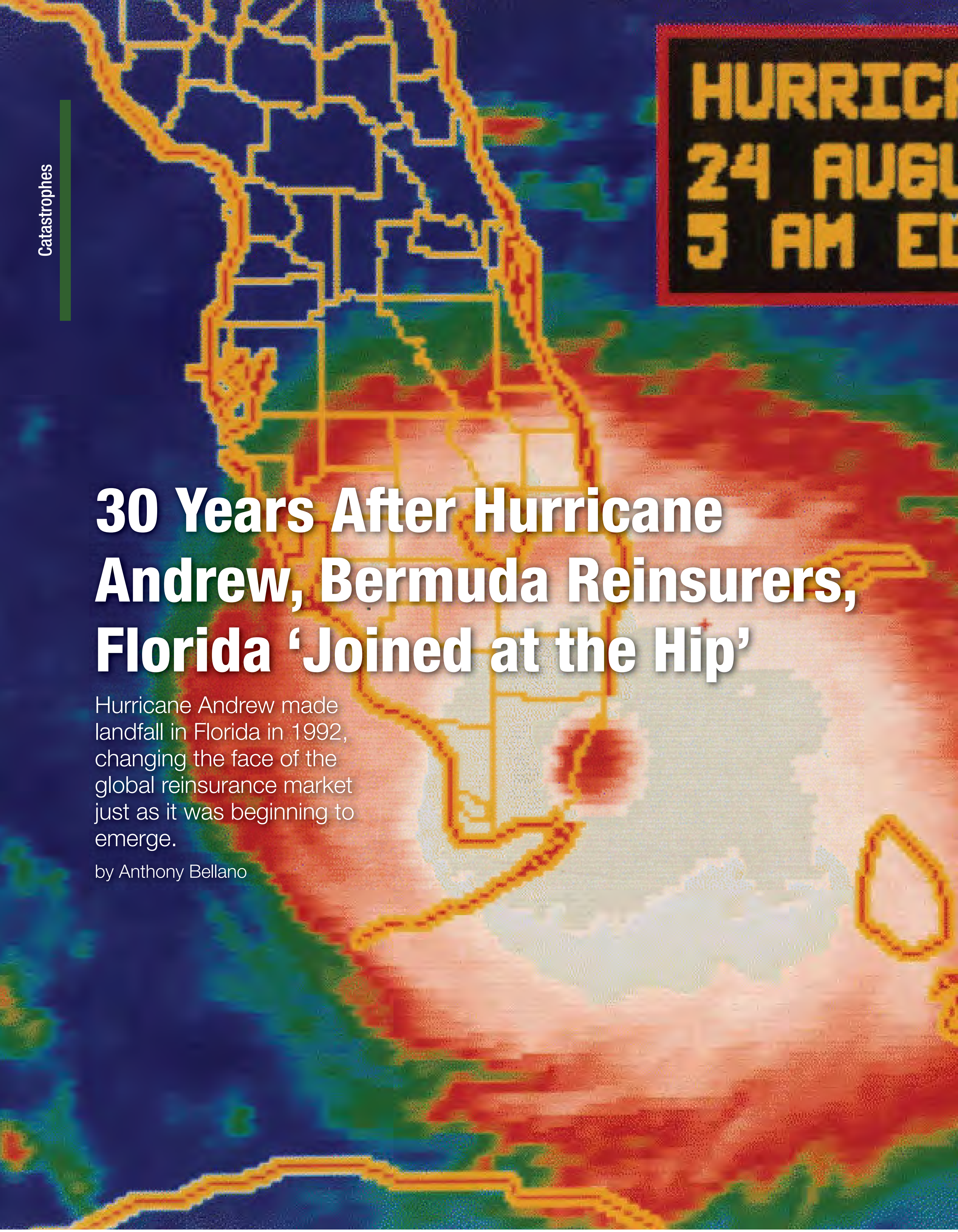
Enough Room

Steven Shapiro, president and chief executive officer at New York-based Q Capital Strategies, a life settlement provider and servicer, said as a buyer in the transactions he's worked with both brokers and bought policies on Harbor Life's platform. He doesn't see the two as mutually exclusive and said one possible outcome is consumers gravitating to whichever means makes sense in their case.

Brokers by nature gravitate to larger policies, while technology-focused solutions might be the right choice for people who are looking to sell policies with a smaller face value, he said.

"I think there's space for both of them. They're just two different approaches," Shapiro said. "One is using a technology approach to the bidding process and the other is just using a more personal approach to relationships and calls. I think there's a place for both of them."

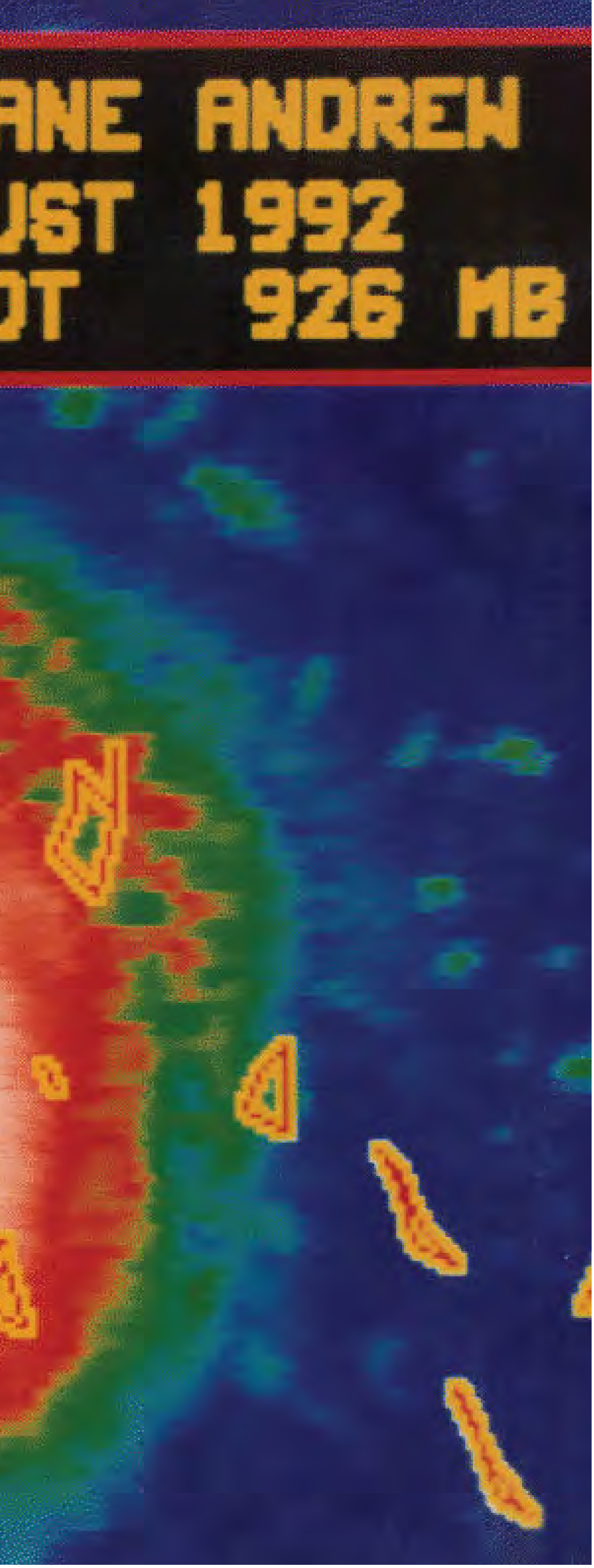
Siegel said the technology and Harbor Life Settlements together will change the entire life insurance industry as it inverts the traditional model of how both consumers and advisers view settlements. "They've got a Ferrari sitting in the garage that they didn't even realize they had," he said. "It's going to liberate financial advisers to give financial advice." BR



30 Years After Hurricane Andrew, Bermuda Reinsurers, Florida ‘Joined at the Hip’

Hurricane Andrew made landfall in Florida in 1992, changing the face of the global reinsurance market just as it was beginning to emerge.

by Anthony Bellano



Key Points

The Situation: Hurricane Andrew, which made landfall in Florida in 1992, spurred the rise of the Bermuda reinsurance market.

Aftermath: Bermuda reinsurers currently provide more than 60% of the hurricane reinsurance in Florida and Texas.

Speed Bump: Bermuda reinsurers are concerned about fraud and litigation currently facing the Florida homeowners market.

Thirty years ago, the Bermuda reinsurance market was just beginning to emerge when Hurricane Andrew hit Florida on Aug. 24, 1992. The storm caused some $30 billion in insured losses in 2021 dollars, according to the Insurance Information Institute, fundamentally changing the face of the global reinsurance market.

The storm's aftermath spawned eight new reinsurance companies domiciled in Bermuda, enterprise risk management, risk-based capital requirements and the use of catastrophe models.

It also placed the Bermuda reinsurance market in the forefront of global reinsurance coverage. Bermuda reinsurers make up about 36% of the global reinsurance market based on property/casualty net premiums earned, according to AM Best. Domestically, they provide more than 60% of the hurricane reinsurance in Florida and Texas, according to the Association of Bermuda Insurers and Reinsurers.

"Bermuda has a vested interest in seeing a healthy Florida, a stable Florida where companies provide valuable coverage and survive an event to trade into new markets and new cycles," said Bermuda Business Development Agency Chairman Stephen Weinstein. "The challenges that Florida has encountered over these last few years are not only a challenge for Florida consumers and Florida insurers, but to their partners in Bermuda."

"Florida and Bermuda are connected virtually at the hip," RenaissanceRe Senior Vice President and Chief Underwriting Officer for Property Justin O'Keefe said, noting that over the last few years, matters of litigation have contributed to RenaissanceRe reducing its participation in the Florida market.

One of only four Category 5 hurricanes to hit

Anthony Bellano is an associate editor. He can be reached at *anthony.bellano@ambest.com*.

the continental United States in the last century, Hurricane Andrew caused immense destruction that led to the insolvency of several Florida insurers.

The aftermath saw the birth of eight reinsurers that came to be known as the Class of 1993: Mid Ocean Reinsurance Company Ltd., Global Capital Re, Cat Ltd., Tempest Re, LaSalle Re, RenaissanceRe, PartnerRe and IPCRe Limited. RenaissanceRe still operates independently today; the others were acquired by other insurance/reinsurance entities, according to AM Best analysts. French mutual insurance group Covéa last month said it had completed its acquisition of PartnerRe from investment group Exor NV.

Every dollar of capital for newly formed reinsurers in the immediate aftermath of Hurricane Andrew ended up in Bermuda, Weinstein said. "Every company that I was associated with chose Bermuda for what at the time was a robust regulatory environment," Weinstein said. "To some degree its location—90 minutes outside of New York—was helpful, but so also the speed with which the capital was able to form and get into the market, which remains an advantage in Bermuda today."

Forging Other Changes

There are other ways in which Hurricane Andrew changed the market. Over the last 30 years, there has been a significant increase in the use of technology as well as the pace of change across all facets of risk management, according to AM Best Senior Director Richard Attanasio.

"In particular, the availability and affordability of property-specific details has fostered a greater understanding of risk profiles and a deeper view of what drives losses and how to mitigate them where possible," Attanasio said. "For the most part, companies today have a significantly better understanding of their exposures and potential range of outcomes in different scenarios than they had previously."

"Hurricane Andrew was the catalyst for the advent of what we now call enterprise risk management and risk-based capital requirements in the reinsurance industry today," AM Best Director Steve Chirico said. "The concept of exposure management in the form of specific risk modeling, potential loss accumulation, rate on line and per-risk pricing came to the forefront as reinsurers that took heavy losses recalibrated their organizations, and new company formations learned from the lessons of the existing companies. The existing reinsurers and the 'reinsurance class of 1993' utilized data and technology to model risk, exercise underwriting discipline, and expand geographically in order to mitigate losses from the lessons learned from Hurricane Andrew."

Aon Edge President and Chief Executive Officer John Dickson spoke about how the storm accelerated the development of the wind model, as well as the use of catastrophe models.

"The industry was slowly and reluctantly moving in that direction," Dickson said. "Actuarial science is robust and mature and has been tested and proven to be reliable. You can have 10 years of no events and actuarial science will say you have a credible experience period, you have enough business written that the tenets of actuarial science apply, but you can have this outlier event that upends your balance sheet. You have to balance the two."

Put to the Test

In Florida, there was a near total lack of catastrophic weather for 12 years after Andrew hit in 1992. But in 2004, four hurricanes struck the Sunshine State in a six-week span, according to the National Weather Service. Hurricanes Charley, Frances, Ivan and Jeanne hit Florida between Aug. 13 and Sept. 26. This was the first real test of the revamped reinsurance sector covering Florida risk.

O'Keefe said RenaissanceRe began to grow at that point, becoming one of the largest reinsurance companies serving Florida by 2008, with Florida risk a significant part of RenaissanceRe's catastrophe insurance portfolio.

O'Keefe said that, while the emergence of the use of technology was important, companies had to keep in mind it was only part of the answer.

"Human involvement in underwriting is still really critical in the overall insurance/reinsurance business, particularly in catastrophe underwriting," O'Keefe said.

The industry learned several lessons, including that "the concept of cash flow underwriting and managing an insurer predicated on premium growth, if left unchecked, will manifest in huge eventual losses without an educated view of

“The challenges that Florida has encountered over these last few years are not only a challenge for Florida consumers and Florida insurers, but to their partners in Bermuda.”

Stephen Weinstein
Bermuda Business Development Agency

pricing and exposure management,” Chirico said.

“The concept of risk-based capital requirements replaced the old fixed-capital standards in use prior to the early 1990s. Risk-based capital has been through several iterations as it has responded to the increased complexity of operating a (re)insurer in today’s world,” he said.

Bermuda reinsurers often paid the insurer when the insurer pays a claim, O’Keefe said. “RenRe has been known at times to step up and pay valid reinsurance claims in a very timely manner and in a manner that eliminates the cash flow distress for our clients,” he said. “It’s the week after an event where insurance companies are out on the road with their catastrophe response teams writing checks, and cash flow is very important for them financially.”

Chirico added that Florida improved its development standards. “Florida building codes were vastly improved to decrease the impact of future hurricanes. It is widely recognized that South Florida building codes are some of the most stringent in the United States,” Chirico said.

Weinstein said that, at this point, one of the most understood hazards in the world is the Florida hurricane. “Market participants have investigated significantly to assess the potential frequency and severity of the storms, how they respond to specific types of construction in Florida, and what actually exists in Florida. The global reinsurance industry has pioneered techniques to absorb and apply data to support capital allocation, and nowhere has this been done more robustly, thoroughly or continuously than for Florida,” Weinstein said.

He said that while the industry understands hurricanes are a climate-driven risk, it is still something it struggles with. This encompasses wildfires, too.

“The science is out there, the tools are out there in the broader world to be imported into our industry, and to collaborate with partners to provide solutions that boost everyone’s financial and pragmatic resiliency to these climate-driven risks,” Weinstein said. “To ignore them won’t lessen the risk.”

“Whether driven by climate risk or changing demographics with people moving to more exposed areas, volatility in results continues to be an issue,” Attanasio said. “Accordingly, the management of catastrophe risk remains a critical factor in the industry—particularly for those in higher-risk areas. The second issue is the increased occurrences of so-called secondary perils—events such as wildfires, tornadoes, etc. These events have become just as impactful as larger events such as a Hurricane Andrew.”

Florida’s active litigation environment is also an issue. The current trend began in 2017, O’Keefe said, with attorney’s fees and the number of claims and lawsuits that followed a hurricane season that included six major hurricanes resulting in an exceptional amount of loss.

“It’s our job to match desirable, well-structured risk with the most efficient capital,” O’Keefe said, adding that the influx of litigation has made it difficult for RenaissanceRe to match risk assumptions with investor capital.

“It doesn’t mean that RenaissanceRe does not take Florida exposures,” O’Keefe said. “However, we’ve had to reposition how RenRe assumes Florida hurricane risk and change our portfolio construction around that. We have reduced our support of the admitted homeowners domestic

“Hurricane Andrew was the catalyst for the advent of what we now call enterprise risk management and risk-based capital requirements in the reinsurance industry today.”

Steve Chirico
AM Best

marketplace and transferred a lot of our allocated capital to other ways to support the risk in Florida, such as commercial lines.”

He said RenaissanceRe remains committed to Florida, but the state needs to find a way to “limit the additional volatility that the fraudulent behavior and increased litigation environment adds to risk portfolios.”

Combating Fraud, Other Challenges

Weinstein said the fraud associated with these losses in Florida is one of the industry’s biggest problems.

To combat this fraud, Weinstein said, the industry needs two things: public policy reform and private sector innovation. He said he’s pleased with some of the aspects featured in the legislation to reform the troubled homeowners market that was signed by Gov. Ron DeSantis in late May.

“I’m encouraged by some of the features in this bill, in particular the changes around the contingency fee multiplier,” Weinstein said. “I’m encouraged by some of the trends we’ve started to see and will see in the Florida court system over time. But we also have an opportunity in the private sector. It takes both, and I think a mix of underwriting practices, ranging from contract to claims practices and the implementation of technology to sort out the wheat from the chaff, are real opportunities for the private sector to enter into Florida, a large and important growing jurisdiction and market, and continue to play the role that the private sector can play, adding real value.”

Despite the reinsurance sector’s strong Florida roots, the state’s impact on the reinsurance market is limited due to diversification over the years, Chirico said.

In fact, Bermuda reinsurers write 20% of broker-placed European property catastrophe reinsurance and supply 40% of U.K. broker-placed property catastrophe reinsurance market, according to the Association of Bermuda Insurers and Reinsurers.

Globally, ABIR members and other Bermuda reinsurers covered 51% of reported liabilities for New Zealand’s aggregated 2010 and 2011 earthquakes, 50% of reported losses for the 2012 Costa Concordia cruise liner sinking and have presences in Canada, Japan, Chile and elsewhere.

“Having said that, Florida is an important market and reinsurers are exposed to the same issues as the ceding companies with which they partner including assignment of benefits, an adverse litigation environment, political tensions, commodity inflation, and anemic investment returns,” Chirico said.

“It’s been three decades of challenge, but also three decades of success,” Weinstein said. “Who might have thought in the aftermath of Hurricane Andrew we’d see what we’ve seen, with the growth of dozens of homegrown Florida companies innovating new business models to continue providing coverage to Florida consumers, partnering with providers of capital in Bermuda and around the world to keep all their promises over these decades. We have to be clear-eyed about the challenges that the world’s peak-risk market is going to face, but it’s also OK to celebrate the successes that we’ve had together.” BR

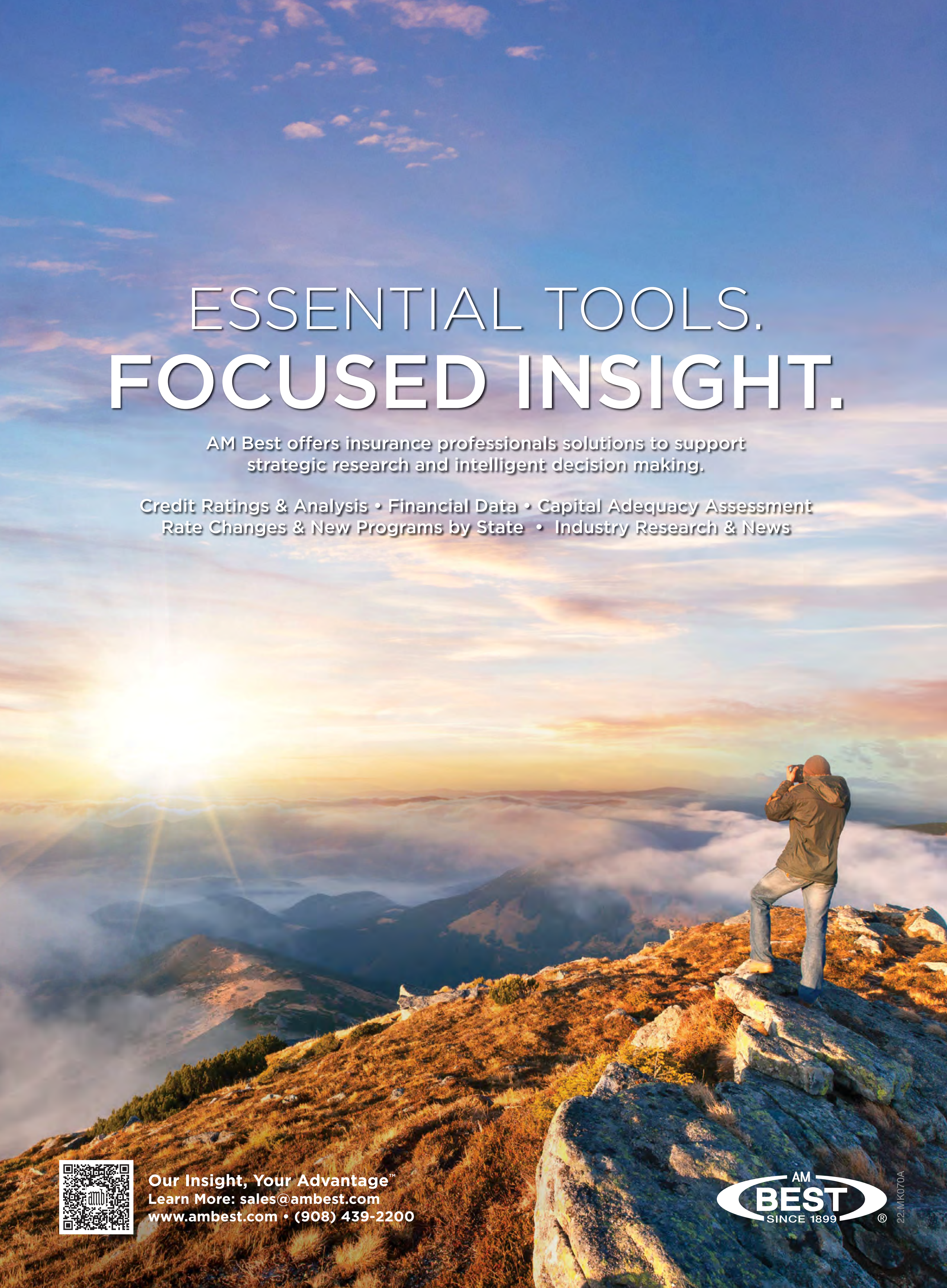

ESSENTIAL TOOLS.
FOCUSED INSIGHT.
AM Best offers insurance professionals solutions to support strategic research and intelligent decision making.
Credit Ratings & Analysis • Financial Data • Capital Adequacy Assessment
Rate Changes & New Programs by State • Industry Research & News
Our Insight, Your Advantage™
Learn More: sales@ambest.com
www.ambest.com • (908) 439-2200
AM BEST SINCE 1899 ®
22.MK070A

Photo courtesy of NSF-NHERI Wall of Wind, Florida International University

FIU Extreme Events Director: Prototype Facility Will Test Forces of a 'Category 6' Hurricane

Hurricanes are becoming more powerful and destructive. One of the goals of the facility is to anticipate and learn from what a Category 6 hurricane would bring. The damage and destruction from a 185 mph sustained event hitting a highly developed U.S. coastline would be unprecedented.

by Lori Chordas

The intensity of hurricanes continues to rise, resulting in higher sustained wind speeds and increased flooding and storm surge. Since 1924, there have been more than three dozen documented hurricanes in the North Atlantic that packed wind speeds of 157 miles per hour or higher and reached a Category 5 level on the Saffir-Simpson Hurricane Wind Scale.

As waters in the Atlantic continue to warm, the potential is created for storms to intensify even more and produce sustained wind speeds that

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

WALL OF WIND: Current research at Florida International University is leading to performance-based designs that are making a significant impact on mitigating hurricane damage and influencing enhanced building codes. To perform hurricane mitigation research, the wind engineering team at the Extreme Events Institute's International Hurricane Research Center and College of Engineering and Computing at FIU has built the largest and most powerful university research facility of its kind, capable of simulating a Category 5 hurricane. The National Science Foundation has designated the Wall of Wind as one of the nation's major "Experimental Facilities" under the Natural Hazards Engineering Research Infrastructure program.

could reach as high as 200 mph. Richard Olson, director of the Extreme Events Institute at Florida International University, spoke with AM Best TV about FIU's reception of a National Science Foundation grant to design and prototype a facility to test winds of 200 mph, waves and storm surge.

"What we're hoping to do is inform the public sector and the private sector and the insurance industry to get ahead of the loss curves so that the reserves and coverages are tailored for what is coming, not for what has happened in the past."

Following is an edited transcript of the interview.

Can you tell us about the award that FIU received from the National Science Foundation and your plans to create a new state-of-the-art storm testing facility that will be able to test the forces of a storm with wind speeds in excess of 200 mph?

The key to understanding what we're facing is to try to stay with and hopefully ahead of nature as nature changes. Hurricanes have three components. They have the wind, of course, which everyone realizes, but there's also the storm surge and the wave action on top of the storm surge. That leads to flooding and water impacts.

People forget that you hide from wind but you run from water. Water is the actual principal cause of death in most hurricanes. Our intention is to design and prototype a facility that can integrate extreme winds, storm surge water movement, wave action, and then flooding. You have to get all of the components of a hurricane together in a single experimental facility if we want to truly understand not only what we're facing, but what we will be facing in the years to come.

How will you be partnering with other universities and private companies to design and construct the facility's prototype?

Our university partners, it's a power group. I call it the Dream Team for research—University of Florida, Oregon State University, Stanford, Notre Dame, Georgia Tech, Illinois, Colorado State, Wayne State, and the private firm Aerolab, which has extensive experience with wind tunnel creation.

When you look at the combination of research expertise, it's really important, because this is a complementary team where everybody brings a particular experience and expertise to the table. It's a research dream team, as far as I'm concerned, although our researchers—they're more modest than I am. I can't imagine a better team of research universities.

What's driving the rising intensity of hurricanes in the Atlantic basin, and is that prompting the need for a new category to the Saffir-Simpson scale? What would be the characteristics and benefit of creating a Category 6 designation?

First, I have to say that Category 6 does not officially exist for the National Hurricane Center, NOAA's National Hurricane Center. Category 5 starts at 157 mph wind speed.

I have to tell you, when I saw Hurricane Patricia off the west coast of Mexico in 2015, Patricia hit 214 mph. Then in 2019, we had Dorian next door to us in the Bahamas. Dorian hit 185 mph sustained, right next door to South Florida.

Truth of the matter is, Dorian swung at the last minute, thankfully, to the north, but for several days,

"Our intention is to design and prototype a facility that can integrate extreme winds, storm surge water movement, wave action, and then flooding. You have to get all of the components of a hurricane together in a single experimental facility if we want to truly understand not only what we're facing, but what we will be facing in the years to come."

Richard Olson
Extreme Events Institute at Florida International University

it looked like it was heading up 8th Street in Miami. That really got our attention. This is more personal. When I see a storm at 185 mph or 180 even, anything above that, it just feels like a different … I know I'm not supposed to say that it's a thing, but it felt like a different animal. I was looking at that storm and I was going—I've been through a few hurricanes here—I am really scared.

It looked different, and I saw those numbers. For us here, we call this our Cat 6 project.

What potential physical damages and other types of losses could a storm of that magnitude cause?

You have your finger on the key question. When you looked at a hazard that is changing, a hazard that is increasing, Dr. Rick Knabb at The Weather Channel, who is a former director of the National Hurricane Center, captured it by saying these storms are bigger, stronger, wetter, slower.

The loss curve, the loss estimates—we have to get ahead of those, because right now, it isn't just additive. There are points, obviously, when we're looking at very extreme winds, and storm surge, and wave action, where we're going to see or we have the risk of damage and destruction that we've just never seen before.

You already talked about Dorian and some of the other hurricanes that we've seen over the years. In recent years, are there other hurricanes in the Atlantic basin that would fall into what we maybe would call the designation of a Category 6 event?

We've seen what can happen with our urbanization and our coastal development, and the way that we get hit, especially within the first 10 to 15 miles of the coastline, by the combinations of wind and water. That includes flooding. None of us will forget Hurricane Katrina in New Orleans and then the storm surge along the Gulf Coast.

These are learning events—actually, they're teaching events—but you have to be paying attention to do the learning. For me, Hurricane Dorian in 2019 was a teaching event that we missed, because it didn't hit us, because it swung north.

We didn't actually pay enough attention to what could have happened with 185 mph sustained storm hitting a major urban area like Miami. We have to get ahead of what storms like Dorian will present to us. It's a challenge to learn from what nature is doing and how nature is changing. The damage and destruction from a 185 mph sustained event hitting a U.S. coastline that is highly developed would be unprecedented.

How will the research from the testing facility be used? How will those findings aid in the creation of more-resilient communities and protecting civil infrastructure during extreme events?

One of the keys to what we call community resilience is to see not only the physical components, but how the physical components of resilience will mesh with social, economic and even political aspects. The public wants to be able to trust science and government that we can get ahead of these increasing hazard events.

For me, when you look at resilience, you're looking at it as a multidimensional requirement, and we have to include social, economic, policy, political, public health along with the evolving hazard. It is the challenge of the next 30 to 50 years.

How will insurers be able to use the research and benefit from the findings?

What we're hoping to do is inform the public sector and the private sector and the insurance industry to get ahead of the loss curves so that the reserves and coverages are tailored for what is coming, not for what has happened in the past.

Craig Fugate, the director of FEMA in the Obama administration, had three words to describe resilience. He said insurance is resilience.

No truer words have ever been spoken. The key to that is that the insurance industry is the backbone, you might say, the financial backbone for most people to be able to bounce back, which is vernacular understanding of resilience.

Without the insurance industry, and without them being, in a sense, together with nature and, from my point of view, ahead of natural hazards, we are going to be in deep trouble. They need to be on the curve and, I would say, ahead of it, of potential losses.

The losses look like they're going to be going up with these more intense hurricanes.

What are the next steps for the new storm testing facility? When will it be operational? When do you expect to start seeing data and results from the testing?

The National Science Foundation is very careful with its funding. This is a design and prototype project because NSF is not going to invest in a large-scale facility—I mean, the eventual facility could be the size of a football stadium—they're not going to do that until we can demonstrate with our university research partners that the design is feasible and that the prototype at a scale, that they're both feasible. At that point, then the science and the engineering will come together for a major proposal.

Now, time frame. There is a chance that we could retrofit an existing facility and add fans, etc. That's one option. The other option is to build a new facility from the ground up, brand new. We don't know yet, because there's a cost-effectiveness, there's a trade-off. Maybe a retrofit would work. Maybe it would be better to do a facility from the ground up.

I don't expect us to be able to make that decision until the end of this year, 2022, maybe earlier.

Then we will do the prototype, and then if everything proves out, then this integrated or combination, if we go with a different option, then this kind of research, which would be wind, surge, wave, flooding, I would say in three to four years, we could hopefully be starting that.

Then it's a question of construction. I think we're still looking six, seven years out. We're trying to go as fast as we can, but you can't go too fast or you'll make a mistake.

FIU's Extreme Events Institute has been doing so many exciting things over the years. Can you share some of the other projects that you've been working on?

We work very closely with NOAA's National Hurricane Center, which is on the FIU campus. It's a big campus, so there's a bit of a drive. You don't walk there. We have been working with them very closely on storm surge in the Caribbean Basin. Not just the islands, but also the east coasts of the Central American nations.

One of the more exciting aspects to it is that we're providing the technology that supports high-resolution but low-cost storm surge mapping. In many countries, when you get an evacuation order, and you don't trust or you have had bad experiences with previous evacuation orders, you don't follow the evacuation. That's what we call life safety risk. We're very enthused about that.

We also have the hurricane public loss model, which is a wind-based model for insurance losses in the state of Florida. One other project that is the basis for what we're doing is the current Wall of Wind, which is a hurricane simulator capable of reaching Category 5, 157 mph. I've seen it hit 162 and it shook me up. BR

AM Best TV

Visit *www.bestreview.com* to watch the interview with Richard Olson.

AM Best Retains Negative Outlook on Peru's Insurance Industry

According to *Best's Market Segment Report: Market Segment Outlook: Peru Insurance*, overall, economic conditions continue to recover from the pandemic, due to the country's macro-stability. However, many of the actions taken to enhance economic recovery have aroused political interest, creating challenges for the current and future performance of the insurance market.

AM Best is maintaining its Negative outlook on Peru's insurance industry, based on the following factors:

- The extended negative impact of the early withdrawals in the private pension funds (PPFs) on revenues and results.
- The difficult underwriting conditions going into 2022, as companies aim to reflect claims experience in key life and health segments.
- The lower capital base in the system as a whole.

Partially mitigating these factors is the industry's solid capitalization despite a lower capital base, in conjunction with active and responsive regulation, which provides insurers financial flexibility.

Economy Recovering, Still Facing Challenges

As the impact of the pandemic on Peru's economy continues to subside and economic growth recovers, the country still faces domestic and global challenges. The disruptions in global supply chains and rising oil, gas, and grain prices have driven inflation to levels well above the central bank's target, while domestic political instability remains a challenge not only for the insurance industry but also for many insurance-related industries. The IMF expects GDP to grow around 3% in 2022 after substantial growth of 13.3% in 2021, following the 11% contraction in 2020 due to the pandemic. The implementation of public expenditure and sufficient fiscal and monetary policies are key for a sustainable recovery, particularly for domestic consumption and construction.

Claims experience continues to recover to pre-pandemic levels, further negatively impacted by early withdrawals of the insurance component from the Private Pension Funds (PPF). In AM Best's view, controlled distribution of benefits, as well as ongoing dialogue among Congress, the PPFs, and the central bank, is critical to avoid distress in Peru's financial markets and insurance industry. However, proposed changes to the PPF system aim to eliminate the mandatory pension savings scheme and make enrollment in the system voluntary. The proposed reform could adversely affect earnings and the distribution of benefits over the short term, while the insurance industry promotes alternative life and savings offerings, such as in the years following 2016 when the government approved early surrenders of individual accounts for pensioners over the age of 65. However, this time withdrawals are unlikely to migrate to the insurance system, as many eligible beneficiaries are facing economic distress instead of planning for retirement.

FINANCIAL CENTER: A view of the San Isidro district in Lima, Peru. As of December 2021, Peru's insurance market amounted to USD4.4 billion in premiums, with a penetration rate of 2% of GDP.

AM Best will continue to monitor the financial markets for any disruptions that could negatively affect the insurance industry's solvency.

A Concentrated Market

As of December 2021, Peru's insurance market amounted to USD4.4 billion in premiums, with a penetration rate of 2% of GDP. The non-life segment accounted for 47.9%, and the life segment, 52%. As of May 2022, the market consisted of 18 companies, with six accounting for 80% of the market share. The country has a developed regulatory framework that encompasses microinsurance and alternative distribution channels, and although IFRS 17 is not mandatory yet, many companies are already working toward implementation.

Risk-Adjusted Capitalization Impacted by Market Developments

Risk-adjusted capitalization as of December 2021 remained at what would be considered the strongest levels if the industry is seen as an operating insurance company according to the AM Best's Capital Adequacy Ratio (BCAR) score. This measure points to the excess (expressed as percentage) of available capital over net required capital in a 1-in-250 year scenario. Net required capital accounts for assets as well as underwriting and business risks, in addition to net probable maximum losses for catastrophic events, adjusted for covariance.

Based on data from Superintendencia de Banca, Seguros y AFP (Peru's insurance regulator), AM Best calculated a BCAR score of 52%, depicting a larger growth rate in risk requirements than in available capital, versus the 2020 score of 63%. The industry's available capital side contracted by around 8.8%, due mainly to lower unrealized valuations on investments, lower net income and capital outflows from cumulative results. On the capital requirements side, growth was driven by investment risk (a sovereign downgrade during 2021) and to a lower extent by net premium risk.

The unrealized loss on investments comes from a heightened perception of risk because of political uncertainty and global conditions, in conjunction with rate hikes to counteract inflationary pressures, as Peru's central bank raised the reference rate by 225 basis points during the second half of 2021. The system's reported surplus has also diminished due to dividend payments by the dominant market participants, as the three largest insurance companies account for around 67% of the industry's equity.

Net Income and Risk-Adjusted Capitalization

Net income has been limited by the resurgence in claims and an increase in administrative expenses as businesses start returning to normalcy. Life-related claims specifically from the private pension funds have shown the greater relative increase, such as survivor annuities, fixed annuities and credit life. On the health side, COVID claims continued to push claims during the first half of 2021, while on the property/casualty side, the rebound in auto usage, along with inflationary pressures, the scarcity of spare parts, and recovering car sales, have pushed the cost of claims higher. We will continue to monitor the Peruvian sol's parity with the U.S. dollar and its effects on claims costs, investment income, and asset-liability management.

The net required capital component of the BCAR scores is still being influenced by higher capital requirements for Peruvian securities following the sovereign downgrade in 2021. In addition, required capital mandates capital for underwriting risks, recognizing the large growth in the life segment, including those coverages provided to private pension funds. The BCAR score takes into account the increase in prices in the life business owing to the pandemic, but its full effect on the health business will not be clear for some time. System reserves remain ample, and releases may be possible in 2022 if the life segment starts to perform better than expected, as severity diminishes.

Challenges Leading to Opportunities

In AM Best's view, the challenges Peru's insurers face could lead to significant opportunities. A higher unaffiliated population to the PPF system could help boost microinsurance offerings targeted for this segment under the current regulatory framework. In competitive lines such as life, health, and auto, the advantage will be to companies able to create efficient administrative structures and valuable insurance solutions (amid a recovering economy). The surety segment will continue to depend on public expenditures, infrastructure, and political decisions. Overall, economic conditions continue to recover from the pandemic, due to the country's macro-stability. However, many of the actions taken to enhance economic recovery have aroused political interest, creating challenges for the current and future performance of the insurance market. Despite insurers' experience navigating similar political and economic cycles in the past, further positive developments would be needed for a Stable outlook. BR

Best's Rankings

Largest Latin America Insurers – 2022 Edition

Ranked by 2020 gross premiums written.

(US$ thousands)

Rank	AMB #	Company/Group	Country of Domicile	Gross Premiums Written	Capital & Surplus
1	085165	Bradesco Saúde S.A.	Brazil	4,910,436	1,709,788
2	093357	Amil Assistencia Medica Internacional SA	Brazil	3,801,017	2,527,258
3	085612	Grupo Nacional Provincial S.A.B.	Mexico	3,670,634	873,702
4	092225	Sul América Companhia de Seguro Saúde	Brazil	3,533,986	1,419,266
5	084188	MetLife México, S.A.	Mexico	2,860,470	993,666
6	077089	BBVA Seguros México, S.A. de C.V.	Mexico	2,327,836	809,019
7	085571	AXA Seguros, S.A. de C.V.	Mexico	2,036,839	1,067,468
8	084189	Brasilseg Companhia de Seguros, S.A.	Brazil	1,870,139	332,485
9	085590	IRB - Brasil Resseguros S.A.	Brazil	1,845,732	849,408
10	087168	Porto Seguro Companhia de Seguros Gerais	Brazil	1,827,455	780,371
11	093956	Notre Dame Intermédica Saúde S/A	Brazil	1,751,079	1,079,473
12	083016	Quálitas Compañía de Seguros SA de CV	Mexico	1,677,674	547,110
13	085870	Seguros Monterrey New York Life SA de CV	Mexico	1,650,086	804,302
14	089951	Bradesco Vida e Previdência SA	Brazil	1,553,316	1,439,155
15	078644	Citibanamex Seguros, S.A. de C.V.	Mexico	1,538,796	461,183
16	086279	Seguros de Vida Suramericana S.A.	Colombia	1,447,465	531,204
17	085883	MAPFRE Seguros Gerais S/A	Brazil	1,354,500	527,891
18	078007	Seguros Banorte SA de CV Grupo Banorte	Mexico	1,353,379	1,476,999
19	084237	Tokio Marine Seguradora S.A.	Brazil	1,290,045	682,315
20	077317	Rímac Seguros y Reaseguros	Peru	1,212,816	644,106
21	093896	Hapvida Assistencia Medica Ltda	Brazil	1,189,589	489,388
22	086855	Bradesco Auto/Re Cia de Seguros	Brazil	1,048,475	325,135
23	077318	Pacifico Compañia Seguros y Reaseguros	Peru	1,022,399	690,358
24	089953	Caixa Seguradora S.A.	Brazil	1,019,500	507,635
25	077145	Banco de Seguros del Estado	Uruguay	1,016,081	426,258
26	093564	Central Nacional Unimed - Coop Central	Brazil	997,484	291,084
27	086238	Instituto Nacional de Seguros	Costa Rica	989,623	1,730,495
28	077080	MetLife Chile Seguros de Vida S.A.	Chile	987,187	658,568
29	077981	Chubb Seguros Mexico S.A.	Mexico	950,365	379,549
30	087006	Seguros Inbursa, S.A.	Mexico	947,125	1,336,217

Source: BESTLINK and AM Best research; data as of June 30, 2022.

OUT OF GAS: Fuel reserves in North Carolina were depleted after the Colonial Pipeline was shut down by a ransomware attack in 2021.

AM Best: With Cyberattacks Becoming More Complex, US Cyber Market to Remain Hard

Rate increases are driving a large part of the premium growth and are expected to continue to rise through 2022.

Editor's Note: The following is an excerpt from the *Best's Market Segment Report: US Cyber: The Hardest of the Property/Casualty Markets*. Visit *www.ambest.com* to access the full report.

Cybercrime, in the form of high-profile attacks on educational institutions, hospitals, and other establishments, garnered significant headlines throughout 2021. These attacks, most notably the Colonial Pipeline ransomware hack in May 2021, underscore the urgency of addressing cyberthreats, which require brokers, underwriters, managing general agents, and customers to work together, along with some legislative and regulatory involvement. Despite the ongoing growth in cyber claims in 2021, cyber insurers' underwriting performance still improved, due largely to strong rate increases, which exceeded 30% in the fourth quarter. The segment also benefited from an overall decrease in cost-containment expenses.

Cyber insurance originated as a liability cover; insureds were covered for third-party claims when hackers stole clients' or employees' personal data. In recent years, however, first-party claims or ransomware have become dominant. Should insurers pay ransomware? Does paying the ransom encourage bad actors? The majority of respondents to an audience poll conducted at AM Best's Review & Preview conference in March 2022 believe that, yes, ransomware should be covered because it is an important value for the clients. The rising frequency and severity of ransomware attacks suggest that insurers need to be more proactive with their clients' cyberrisk profiles to prevent these incidents.

Cyber exposure may exist through general liability policies or property policies as "silent cyber"—cyberrisk that was unintended or unpriced for. For example, Merck's claim in the 2017 NotPetya attack represents just that: a cyberattack leading to a claim on a property policy. This begs the question: Can silent cyber be eliminated? A slight majority of the respondents at the Review & Preview conference believe that "No, it can never be completely eliminated." Even most of those who believe silent cyber could eventually be eliminated think there is still a long way to go. Insurers need to be aware of potential silent cyber exposures in any commercial policy, including general liability, property, and other casualty covers.

Severe Impact on Institutions

Institutions are particularly vulnerable to ransomware attacks. Lincoln College in Illinois has closed its doors permanently because of an attack on its systems. Hospitals and government institutions are also high on cyber criminals' lists of potential targets—and Russia's invasion of Ukraine has sparked further worries about potential attacks on government institutions. An attack on a single government institution could have a far-reaching impact, as the May 2022 attack in Costa Rica by the Conti ransomware group showed. The NotPetya attack demonstrated that what might be intended as a local attack can quickly spread and cause extensive collateral damage. Because of the lack of geographic or political boundaries for these attacks, insurers are focusing on what cyber protections their insureds have in place—as well as what services they can offer to strengthen those protections.

Cyber DPW Continues to Grow

Cyber direct premiums written have grown steadily since they were first reported in 2015, doubling in the five years from 2015 to 2020 and rising 75% in 2021. The growth was strongest among standalone cyber policies, which were up 95%. Standalone policies have always accounted for a majority of the cyber premium but rose from 60% to 65% of all premium in 2021. Rate increases drove a large part of the premium growth; we expect rates

Best's Rankings

US Cyber Insurance – Top 20 Insurers – 2022 Edition

Ranked by 2021 total standalone and packaged cybersecurity direct premiums written.
($ millions)

Rank 2020	Rank 2021	Company	2021 DPW	2020 DPW	20-21 DPW Chg (%)	Market Share (%)	% of Cyber DPW Standalone	% of Cyber DPW Packaged	2020 Loss & DCC Ratio	2021 Loss & DCC Ratio	Est. UW Exp. Ratio	Est. Comb. Ratio
1	1	Chubb INA Grp.	473.1	404.1	17.1	9.9	0.0	100.0	61.0	76.9	23.7	100.6
8	2	Fairfax Financial (USA) Grp.	436.4	108.5	302.1	9.1	100.0	0.0	55.7	51.9	22.3	74.2
2	3	XL Reinsurance America Grp.	421.0	293.0	43.7	8.8	100.0	0.0	98.2	86.5	21.5	108.0
11	4	Tokio Marine US PC Grp.	249.8	86.3	189.3	5.2	77.2	22.8	45.5	43.8	27.8	71.6
3	5	American International Grp.	240.6	228.4	5.3	5.0	99.3	0.7	100.6	130.6	23.6	154.2
4	6	Travelers Grp.	232.3	206.8	12.3	4.9	82.6	17.4	85.5	72.7	30.5	103.2
5	7	Beazley USA Insurance Grp.	200.9	177.7	13.0	4.2	95.1	4.9	47.9	38.7	24.2	62.9
7	8	CNA Insurance Cos.	181.4	119.6	51.6	3.8	12.5	87.5	106.1	87.7	26.9	114.6
26	9	Arch Insurance Grp.	171.2	16.0	967.3	3.6	83.9	16.1	24.9	9.2	26.7	35.9
6	10	AXIS US Operations	159.1	133.6	19.1	3.3	90.5	9.5	46.2	105.2	26.0	131.2
13	11	Zurich Insurance US PC Grp.	151.9	64.4	135.7	3.2	89.9	10.1	40.4	76.9	22.2	99.1
14	12	Liberty Mutual Insurance Co.	138.2	41.9	230.2	2.9	45.3	54.7	30.0	95.2	27.2	122.4
12	13	Sompo Holdings US Grp.	133.5	72.6	83.9	2.8	100.0	0.0	114.1	54.3	20.7	75.0
10	14	BCS Financial Grp.	132.0	86.6	52.5	2.8	56.9	43.1	59.1	80.1	27.5	107.6
9	15	Hartford Insurance Grp.	123.2	102.9	19.7	2.6	16.4	83.6	29.4	18.6	30.7	49.3
25	16	Munich-American Holding Corp Cos.	120.0	17.8	572.2	2.5	3.1	96.9	73.8	69.0	25.2	94.2
20	17	Swiss Reinsurance Grp.	103.8	23.7	338.9	2.2	100.0	0.0	42.6	32.7	31.3	64.0
22	18	Alleghany Corporation Grp.	88.6	22.8	287.7	1.9	93.5	6.5	42.8	20.5	28.9	49.4
29	19	W. R. Berkley Insurance Grp.	81.3	14.7	454.5	1.7	73.7	26.3	6.5	36.9	25.5	62.4
16	20	Berkshire Hathaway Insurance Grp.	70.6	37.4	88.8	1.5	40.5	59.5	25.8	-64.7	17.5	-47.3
		Top 5	**1,820.9**	**1,120.5**	**39.0**	**38.1**	**66.0**	**34.0**	**78.4**	**79.1**	**23.3**	**102.3**
		Top 10	**2,765.8**	**1,774.2**	**48.6**	**57.9**	**60.8**	**39.2**	**75.9**	**74.0**	**24.7**	**98.7**
		Top 20	**3,908.7**	**2,258.9**	**67.9**	**81.9**	**59.0**	**41.0**	**70.8**	**67.9**	**24.6**	**92.6**
		Total Standalone	**3,108.6**	**1,618.3**	**28.2**	**65.1**				**72.8**	**26.0**	**98.8**
		Total Package	**1,666.7**	**1,135.0**	**13.5**	**34.9**				**59.0**	**25.3**	**84.3**
		Total P/C Industry	**4,775.4**	**2,753.4**	**73.5**	**100.0**	**65.1**	**34.9**	**67.6**	**66.5**	**25.3**	**91.8**

Source: BESTLINK

to continue to rise through 2022. The number of policies in force also grew, mainly standalone policies.

Cyber growth is far outpacing that of the overall property/casualty industry. Some of the growth is being driven by the overall hardening of commercial insurance prices owing to inflation fears, fallout from the pandemic, and general weakening of the investment market. However, the pandemic also brought to the fore the change in work environments and a greater need for cyber protection, in both company defenses and cyber insurance.

Claims Are Up

Through 2018, the majority of cyber-related claims were on packaged policies. However, that changed in 2020, and claims on standalone policies are now the majority—and growing. Standalone policies, with a much smaller share of the overall policy count, are more often subject to claims. These policies are usually purchased by more sophisticated clients with more data and more financial resources.

First-party ransomware claims are also growing, both by number of claims and as a share of total claims. Cyber insurance started mainly as third-party coverage to protect against cybercriminals stealing and selling client data. But criminal behavior has shifted in recent years, from stealing data to holding operations hostage. The growth in cryptocurrencies, which are difficult to trace, and the immediacy of payments make ransomware much more attractive for a criminal enterprise.

Additionally, the number of claims on standalone first-party policies has grown by an average of 38% over the past five years, compounded by worsening severity as well as the growing sophistication of ransomware criminals—owing to their awareness of victims' financial wherewithal to optimize their ransomware demands. However, claims frequency as measured by policy count seems to be dropping, although the exposure base for cyber policies is inconsistent.

Who's Insuring Cyber?

Chubb remains the largest writer of cyber insurance by premium, while Fairfax has become the second-leading insurer overall and the leading standalone writer, surpassing XL Reinsurance America. Berkshire Hathaway's acquisition of Alleghany will place the combined group among the top 10 cyber writers. Hartford writes the most cyber insurance policies, outpacing the next three largest writers (Berkshire Hathaway, Farmers Insurance Group, and The Cincinnati Insurance Companies) combined. Definitions of standalone and packaged policies appear to be open to interpretation, and there is ample room for clarity.

[The chart on page 48] shows each group's underwriting expense ratio estimated by using the group's own underwriting expense ratio for Other Liability–Claims Made business as reported in the Insurance Expense Exhibit (IEE). Based on this estimate, the aggregate combined ratio of the top five insurers by premium exceeds 100. Even more concerning, actual underwriting expenses may be even higher than the overall line. Services provided during the underwriting process—evaluating cyber defenses in place, assisting in upgrading cyber defenses, and warning clients when threats are detected—all drive up underwriting expenses. In light of the high combined ratio, further rate increases in the segment are likely, though we expect the size of the rate increases to moderate.

Cyber Data on Captives Is Limited

With cyberattacks becoming more complex due to the seemingly never-ending pandemic, and the invasion of Ukraine (among other factors), we expect the cyber market to remain hard for some time. The hardening market and a lack of capacity has made captives an attractive risk management option for corporations. Given their flexibility, captive insurers can customize policies that can mitigate the growing threat of these attacks. As a result, parent organizations can more quickly assess the damage and devise a plan of action toward recovery.

Sufficient and reliable cyber data for captive insurers does not exist. With the exception of most risk retention groups, captive insurers do not generally file with the National Association of Insurance Commissioners; their filings are either audited GAAP/IFRS filings or via the shorter versions of statutory filings required by the governing jurisdiction, which do not require insurers to provide data as in the NAIC Cybersecurity and Identity Theft Insurance Coverage Supplement. However, many captive domiciles have shown interest in having captives provide this level of detail, which will improve future transparency.

Parent companies or individual members of group captives typically secure such coverage from the commercial market. Given the premium increases in recent years, captive insurers are conducting detailed feasibility analyses and due diligence that will allow them to include at least a manageable layer of cyber coverage for their parents. The parent companies spend millions of dollars on their IT security systems and infrastructure every year, training their staff and requiring strict adherence to cyber policies and procedures from their employees as well as third-party service providers. Given the proximity to their parents (physically, culturally and enterprise-wide), captives can be used as a strategic tool to provide cyber coverage.

RRGs and group captives aim to provide their members with a full menu of policy options that include cyber coverage—albeit manageable and limited. Both pure and group captives must understand and appreciate the great complexity that cyber poses and conduct detailed underwriting and risk management on the policies that they would offer. In other words, simply a hard commercial market should not be the main reason to transfer the cyber exposure to the captives.

In 2021, based on NAIC data, RRGs wrote approximately $19.0 million in cyber premiums with limited coverage ($50,000 to $250,000). However, some pure captives are writing multimillion-dollar limits and premiums. Captives are using third-party technology and forensic cyber consultants to help with underwriting, with regular monitoring of the parent's cybersecurity policies, procedures, and testing.

Growth of Cyber MGAs/MGUs

In recent years, many cyber managing general agents and managing general underwriters have created their own captive or specialty insurers. By doing so, these entities retain a share of each risk they underwrite, fueling additional growth while demonstrating their long-term commitment to underwriting a profitable and sustainable book on a global scale. MGAs and MGUs benefit from working closely with their policyholder and insurance brokers. As a result, they are able to recommend measures for policyholders to improve their cyber profiles and practices, while they work with brokers to create customized coverage. At-Bay, Coalition, Corvus, Cowbell, and Resilience are prominent entities in this area.

Comprehensive Risk Management Strategies Are Paramount

Given the growing complexity of cyberrisk, cyber insurance is becoming a critical element of businesses' risk management strategies. As an important part of the ecosystem, insurers will need to develop clear risk appetite guidelines for how much cyberrisk to assume and limits on the nature of the risks underwritten by industry, geography, size of the insured, etc. Underwriting practices need to be clear on a number of risk controls: using multifactor authentication, securing open ports, patching policies, accessing controls, training, etc. MFA has become a minimum necessity for obtaining cyber coverage.

Cyberrisk modeling is improving as more data becomes available, and threat vectors are being modeled with stochastic simulations of frequency and severity scenarios. However, these are not anywhere close in maturity to natural catastrophe models, such as those for hurricanes. In addition, there has not been a real-world test of these models, which makes validating them a challenge. Questions such as "What does a 1-in-100 cyber event look like?" are still hypotheticals. Nevertheless, there is value in modeling since the process of validating assumptions, parameterization, discussion of results, and comparison of events will give insureds—and underwriters—a better understanding of the risks. Insurers can use these models to measure their exposures against their appetites and to determine capital allocations and reinsurance strategies.

Regulators around the globe—not just the NAIC—should consider requiring that insurers break out cyber metrics in their financial statements, which will do much to improve accuracy and consistency of these metrics. It will also enable stakeholders to analyze trends and profitability and to develop best cyber practices for a healthier marketplace. BR

Best's Rankings

U.S. Property/Casualty – 2021 Direct Premiums Written by Line – 2022 Edition

($ Thousands)

Business Line	Direct Premiums Written	% of Total	% Chg	Adjusted Loss Ratio 2021	Adjusted Loss Ratio 2020	Leading Writer	AMB #	% Market Share	% of Writer Total DPW	Second Leading Writer	AMB #	% Market Share	% of Writer's Total DPW
Private Passenger Auto Liability	$152,917,433	19.2	3.2	66.0	57.9	State Farm Group	000088	15.6	33.9	Progressive Ins Group	000780	14.9	47.1
No-Fault	16,352,865	2.0	-0.3	71.2	59.7	Berkshire Hathaway Ins	000811	18.9	6.0	Progressive Ins Group	000780	17.5	5.9
Other Liability	136,564,568	17.1	3.6	65.3	57.7	State Farm Group	000088	15.6	30.3	Progressive Ins Group	000780	14.6	41.2
Homeowners Multiple Peril	119,742,721	15.0	8.3	69.1	66.8	State Farm Group	000088	18.4	31.4	Allstate Ins Group	000008	8.8	25.4
Private Passenger Auto Physical Damage	108,690,758	13.6	6.6	72.0	56.0	State Farm Group	000088	16.4	25.4	Berkshire Hathaway Ins	000811	13.8	29.2
Other Liability	107,122,749	13.4	21.4	59.1	63.4	Chubb INA Group	018498	7.7	30.3	Liberty Mutual Ins Cos	000060	4.6	11.8
Occurrence	64,074,312	8.0	16.2	61.5	66.4	Assurant P&C Group	018523	7.4	52.8	Chubb INA Group	018498	7.3	17.2
Claims -Made	41,734,819	5.2	31.3	55.7	57.8	XL Reins America Group	018557	8.5	45.5	Chubb INA Group	018498	8.2	12.6
Excess Workers' Compensation	1,313,619	0.2	2.0	41.6	63.3	Tokio Marine US PC Group	018733	45.0	5.7	W. R. Berkley Ins Group	018252	16.6	2.6
Workers' Compensation	52,247,198	6.5	2.1	51.1	48.9	Travelers Group	018674	6.8	11.5	Hartford Ins Group	000048	6.3	24.3
Commercial Multiple Peril	49,969,114	6.3	7.4	60.2	61.2	Travelers Group	018674	8.0	12.9	Chubb INA Group	018498	5.5	10.2
Non-Liability	32,640,691	4.1	7.4	66.1	66.5	Travelers Group	018674	7.6	8.0	Chubb INA Group	018498	7.0	8.5
Liability	17,328,423	2.2	7.5	49.1	51.6	Travelers Group	018674	8.6	4.8	Tokio Marine US PC Group	018733	6.4	10.8
Commercial Auto Liability	41,555,836	5.2	18.5	66.4	68.3	Progressive Ins Group	000780	16.6	14.2	Travelers Group	018674	5.6	7.5
No-Fault	833,541	0.1	-0.3	57.9	55.2	Progressive Ins Group	000780	15.5	0.3	Amer Transit Ins Co	004660	8.3	27.3
Other Liability	40,722,295	5.1	18.9	66.6	68.6	Progressive Ins Group	000780	16.6	14.0	Travelers Group	018674	5.6	7.4
Inland Marine	29,817,684	3.7	14.9	49.4	63.8	Liberty Mutual Ins Cos	000060	13.7	9.8	CNA Ins Cos	018313	12.2	28.9
Fire	18,961,520	2.4	12.9	66.4	61.0	FM Global Group	018502	6.4	21.6	Amer Intl Group	018540	5.4	6.9
Allied	18,604,590	2.3	12.0	77.0	82.7	FM Global Group	018502	11.5	38.2	Travelers Group	018674	5.0	3.0
Mult Peril Crop	14,888,373	1.9	37.5	75.8	91.2	Chubb INA Group	018498	17.7	9.7	QBE North America Ins Group	005658	16.9	39.9
Comm Auto Phys Damage	12,402,172	1.6	12.9	56.3	50.9	Progressive Ins Group	000780	14.4	3.7	Travelers Group	018674	5.3	2.1
Medical Professional Liability	11,214,989	1.4	10.0	55.2	57.5	Berkshire Hathaway Ins	000811	17.3	3.8	Doctors Co Ins Group	018083	9.5	84.2
Surety	7,437,757	0.9	7.3	17.6	22.9	Liberty Mutual Ins Cos	000060	12.7	2.3	Travelers Group	018674	12.7	3.0
Mortgage Guaranty	5,715,827	0.7	-0.5	5.4	35.7	Mortgage Guar Group	003014	19.6	100.0	Arch Ins Group	018484	19.5	21.0
Group Accident & Health	4,988,456	0.6	5.5	61.3	66.9	Fairfax Financial (USA) Group	003116	14.5	7.6	Chubb INA Group	018498	9.9	1.8
Farmowners Multiple Peril	4,979,525	0.6	5.1	64.8	69.1	Nationwide Group	005987	11.4	2.9	Farm Bureau P&C Group	004233	7.5	21.9
Earthquake	4,776,898	0.6	11.4	2.3	8.3	CA Earthquake Authority	012534	18.9	100.0	FM Global Group	018502	12.1	10.3
Ocean Marine	4,653,057	0.6	11.5	52.5	55.0	Amer Intl Group	018540	15.0	4.7	Berkshire Hathaway Ins	000811	7.8	0.7
Product Liability	4,428,399	0.6	4.3	52.5	47.5	Chubb INA Group	018498	10.9	1.8	Allianz US PC Ins Companies	018429	5.7	4.5
Warranty	4,085,119	0.5	20.1	55.3	56.4	AmTrust Group	018533	22.4	16.5	Courtesy Ins Co	010863	14.3	83.1
Federal Flood	3,149,567	0.4	3.4	47.7	26.1	Wright National Flood Insurance Company	012582	23.7	99.7	Assurant P&C Group	018523	16.7	5.9
Aircraft	2,530,477	0.3	14.5	53.1	59.9	Starr Intl Group	018756	17.3	9.6	Amer Intl Group	018540	12.1	2.1
Credit	2,510,136	0.3	7.9	26.4	57.0	Allianz US PC Ins Companies	018429	15.7	7.1	Great Amer P & C Ins Group	004835	12.2	4.0
Boiler and Machinery	2,392,002	0.3	10.8	36.1	55.0	FM Global Group	018502	34.6	14.8	Travelers Group	018674	6.9	0.5
Other Accident & Health	2,370,750	0.3	1.6	77.2	85.5	State Farm Group	000088	31.5	1.1	CNA Ins Cos	018313	10.4	2.0
Fidelity	1,421,933	0.2	7.2	28.5	42.9	Chubb INA Group	018498	17.0	0.9	Travelers Group	018674	16.1	0.7
Private Crop	1,267,688	0.2	13.6	88.6	126.7	Zurich Ins US PC Group	018549	20.8	1.8	Sompo Hldgs US Group	018878	15.5	3.0
Private Flood	1,050,352	0.1	42.9	43.3	62.0	Zurich Ins US PC Group	018549	16.1	1.1	Amer Intl Group	018540	14.9	1.1
Burglary and Theft	487,824	0.1	7.3	51.0	69.6	Zurich Ins US PC Group	018549	16.0	0.5	Travelers Group	018674	14.4	0.2
Financial Guaranty	398,015	0.0	-16.5	-91.8	89.8	Assured Guar Group	004017	73.5	100.0	Build America Mutual Assur Co	014981	12.9	100.0
International	52,649	0.0	14.2	2.0	-0.5	Chubb INA Group	018498	70.1	0.1	IAT Ins Group	018567	26.5	0.8
Aggregate Write-ins	1,324,212	0.2	-5.6	67.8	70.1	XL Reins America Group	018557	30.2	5.1	Arag Ins Co	010790	9.8	100.0
Total P/C Industry	**798,155,779**	**100.0**	**9.5**	**62.6**	**61.2**	**State Farm Group**	**000088**	**8.8**	**100.0**	**Berkshire Hathaway Ins**	**000811**	**6.5**	**100.0**

Note: Data for some companies in this report has been received from the NAIC.
Reflects Grand Total (includes Canada and U.S. Territories)
Source: BESTLINK — State/Line (P/C Lines) - P/C, US; data as of June 9, 2022

Best's Rankings

U.S. Commercial Multi Peril – 2021 Direct Premiums Written – 2022 Edition

($ Thousands)

2021 Rank	2020 Rank	Company/Group	AMB#	2021 Direct Premiums Written	% Change in Premiums	Market Share (%) 2021	Market Share (%) 2020	Market Share (%) 2019	Adjusted Loss Ratios 2021	Adjusted Loss Ratios 2020	Adjusted Loss Ratios 2019	% of Company Premiums
1	1	Travelers Group	018674	$3,980,072	5.8	8.0	8.1	8.3	51.0	50.0	50.5	12.9
2	3	Chubb INA Group	018498	2,769,209	13.1	5.5	5.3	5.2	61.8	74.2	61.0	10.2
3	2	Liberty Mutual Ins Cos	000060	2,696,190	0.3	5.4	5.8	6.0	50.8	63.6	46.3	6.5
4	4	Nationwide Group	005987	2,585,397	7.3	5.2	5.2	5.4	69.1	75.5	54.9	13.3
5	5	Hartford Ins Group	000048	2,382,394	10.5	4.8	4.6	4.7	49.6	52.2	52.2	17.6
6	6	Tokio Marine US PC Group	018733	2,137,281	5.4	4.3	4.4	4.6	57.1	55.4	58.6	20.8
7	7	State Farm Group	000088	1,839,326	8.3	3.7	3.7	3.7	92.4	72.5	58.0	2.6
8	8	Farmers Ins Group	000032	1,660,407	4.3	3.3	3.4	3.5	61.1	60.8	49.6	6.6
9	9	Auto-Owners Ins Group	004354	1,520,702	13.2	3.0	2.9	2.8	56.0	60.6	53.6	15.3
10	10	Cincinnati Ins Cos	004294	1,350,109	2.1	2.7	2.8	2.8	39.9	63.6	61.6	22.5
11	11	CNA Ins Cos	018313	1,288,715	5.1	2.6	2.6	2.5	53.0	66.2	46.5	10.2
12	12	Hanover Ins Group Prop & Cas Cos	004861	1,228,680	5.6	2.5	2.5	2.6	59.1	54.5	47.2	22.6
13	13	Erie Ins Group	004283	1,076,112	7.8	2.2	2.2	2.2	50.5	42.4	51.6	13.7
14	14	Allstate Ins Group	000008	958,709	0.5	1.9	2.1	2.1	55.2	44.5	46.3	2.3
15	15	Amer Intl Group	018540	891,206	8.3	1.8	1.8	1.5	71.4	57.9	79.6	6.0
16	18	Amer Family Ins Group	000124	843,765	12.5	1.7	1.6	1.7	77.2	74.7	79.8	6.7
17	17	Berkshire Hathaway Ins	000811	822,696	8.4	1.7	1.6	1.5	81.0	73.5	68.8	1.6
18	16	W. R. Berkley Ins Group	018252	818,029	4.7	1.6	1.7	1.7	63.2	54.6	48.6	9.9
19	21	Greater NY Group	003326	710,267	16.0	1.4	1.3	1.1	71.0	48.5	49.5	95.6
20	19	Zurich Ins US PC Group	018549	690,339	-0.1	1.4	1.5	1.4	72.3	73.0	73.4	4.6
21	22	Church Mutual Ins Group	018887	648,196	8.2	1.3	1.3	1.2	67.9	80.7	65.7	58.1
22	23	AmTrust Group	018533	631,152	19.8	1.3	1.1	1.1	73.0	63.7	62.7	11.4
23	24	Markel Corp Group	018468	611,658	18.0	1.2	1.1	1.8	110.8	80.9	68.2	8.2
24	25	Fairfax Financial (USA) Group	003116	515,386	9.7	1.0	1.0	1.0	55.6	64.4	53.8	5.4
25	26	Brotherhood Mutual Ins Co	000221	502,870	12.4	1.0	1.0	0.9	81.2	74.6	64.3	78.1
		Top 25 Writers		**$35,158,867**	**6.5**	**70.4**	**71.0**	**72.0**	**61.4**	**61.5**	**55.6**	**7.8**
		Total U.S. P/C Industry		**$49,969,114**	**7.4**	**100.0**	**100.0**	**100.0**	**60.1**	**61.2**	**55.6**	**6.3**

Reflects Grand Total (includes Canada and U.S. Territories).
Source: BESTLINK — State/Line (P/C Lines) - P/C, US; data as of June 9, 2022

Best's Rankings

U.S. Homeowners Multiple Peril – 2021 Direct Premiums Written – 2022 Edition

($ Thousands)

2021 Rank	2020 Rank	Company/Group	AMB#	2021 Direct Premiums Written	% Change in Premiums	Market Share (%) 2021	Market Share (%) 2020	Market Share (%) 2019	Adjusted Loss Ratios 2021	Adjusted Loss Ratios 2020	Adjusted Loss Ratios 2019	% of Company Premiums
1	1	State Farm Group	000088	$22,046,155	11.8	18.4	17.8	17.9	68.7	71.5	58.8	31.4
2	2	Allstate Ins Group	000008	10,500,630	7.4	8.8	8.8	9.2	73.4	54.9	51.9	25.4
3	3	Liberty Mutual Ins Cos	000060	8,382,682	10.2	7.0	6.9	6.9	68.0	60.7	51.9	20.2
4	4	USAA Group	004080	7,988,445	8.5	6.7	6.7	6.6	76.8	69.2	68.4	31.6
5	5	Farmers Ins Group	000032	7,608,035	6.4	6.4	6.5	6.8	71.0	71.7	40.9	30.4
6	6	Travelers Group	018674	5,557,121	14.2	4.6	4.4	4.1	65.9	60.5	55.8	18.0
7	7	Amer Family Ins Group	000124	5,001,632	12.6	4.2	4.0	3.9	62.4	62.3	61.8	39.8
8	8	Nationwide Group	005987	3,522,394	5.3	2.9	3.0	3.1	72.5	75.4	57.5	18.1
9	9	Chubb INA Group	018498	3,210,874	3.1	2.7	2.8	2.9	61.2	56.4	62.5	11.8
10	10	Progressive Ins Group	000780	2,217,188	16.9	1.9	1.7	1.6	77.3	77.2	67.0	4.6
11	12	Erie Ins Group	004283	1,956,184	8.1	1.6	1.6	1.7	63.9	62.2	68.5	24.9
12	11	Auto-Owners Ins Group	004354	1,915,941	4.7	1.6	1.7	1.7	61.1	62.5	56.2	19.3
13	13	Universal Ins Hldgs Group	018752	1,582,352	10.5	1.3	1.3	1.2	66.6	67.2	82.3	94.7
14	24	Citizens Property Ins Corporation	011712	1,260,866	68.1	1.1	0.7	0.5	44.4	48.1	73.8	69.5
15	14	Amer Intl Group	018540	1,068,007	-3.8	0.9	1.0	1.1	-13.5	48.0	86.3	7.2
16	21	Tokio Marine US PC Group	018733	1,057,312	26.9	0.9	0.8	0.7	76.0	57.9	67.7	10.3
17	15	CSAA Ins Group	018460	1,053,685	7.4	0.9	0.9	0.9	61.1	77.8	25.1	25.1
18	16	Amica Mutual Group	018522	964,274	1.6	0.8	0.9	0.9	73.5	63.0	57.3	42.4
19	19	Heritage Ins Hldgs Group	018891	915,520	1.5	0.8	0.8	0.8	57.7	53.7	63.6	78.1
20	18	Hartford Ins Group	000048	909,829	-1.8	0.8	0.8	0.9	46.6	10.3	44.0	6.7
21	20	Auto Club Enterprises Ins Group	018515	890,840	4.2	0.7	0.8	0.8	64.2	42.0	52.4	19.1
22	17	United Ins Group	018881	814,525	-12.9	0.7	0.9	0.8	109.0	84.2	67.1	60.7
23	28	Mercury Gen Group	004524	810,343	20.3	0.7	0.6	0.6	61.4	62.6	53.3	20.9
24	23	Assurant P&C Group	018523	809,285	7.3	0.7	0.7	0.7	44.7	49.9	38.6	9.0
25	22	COUNTRY Financial PC Group	000302	792,212	5.0	0.7	0.7	0.7	59.7	79.9	65.2	28.4
		Top 25 Writers		**$92,836,331**	**9.4**	**77.5**	**76.8**	**77.0**	**67.7**	**64.8**	**57.0**	**21.5**
		Total U.S. P/C Industry		**$119,742,721**	**8.3**	**100.0**	**100.0**	**100.0**	**69.1**	**66.8**	**58.5**	**15.0**

Reflects Grand Total (includes Canada and U.S. Territories).
Source: BESTLINK — State/Line (P/C Lines) - P/C, US; data as of June 9, 2022

Best's Rankings

U.S. Medical Professional Liability – 2021 Direct Premiums Written – 2022 Edition

($ Thousands)

2021 Rank	2020 Rank	Company/Group	AMB#	2021 Direct Premiums Written	% Change in Premiums	Market Share (%) 2021	2020	2019	Adjusted Loss Ratios 2021	2020	2019	% of Company Premiums
1	1	Berkshire Hathaway Ins	000811	$1,944,101	13.4	17.3	16.8	16.9	48.7	48.0	55.3	3.8
2	2	Doctors Co Ins Group	018083	1,070,669	11.2	9.6	9.4	9.4	47.1	45.9	43.0	84.2
3	3	ProAssurance Group	018559	739,157	-7.2	6.6	7.8	8.8	56.2	58.4	78.7	70.3
4	4	CNA Ins Cos	018313	638,680	4.9	5.7	6.0	5.7	50.3	70.4	59.5	5.1
5	5	Coverys Companies	018359	574,677	10.0	5.1	5.1	5.0	65.7	74.0	63.0	75.5
6	7	MAG Mutual Companies	018940	417,943	13.2	3.7	3.6	3.4	55.4	55.8	98.7	90.0
7	6	MCIC Vermont (A RRRG)	012014	384,988	-9.4	3.4	4.2	4.1	94.6	85.9	105.9	96.0
8	8	Liberty Mutual Ins Cos	000060	307,729	17.1	2.7	2.6	2.2	71.5	72.4	36.8	0.7
9	13	Chubb INA Group	018498	201,437	33.2	1.8	1.5	1.4	103.8	144.9	38.9	0.7
10	9	Constellation Ins Group	018840	187,775	8.7	1.7	1.7	1.7	36.9	56.0	63.8	94.0
11	14	W. R. Berkley Ins Group	018252	184,835	26.6	1.7	1.4	1.3	47.0	47.9	46.8	2.2
12	11	ISMIE Mutual Group	018644	173,748	4.5	1.6	1.6	1.6	54.3	50.9	43.5	98.8
13	10	PRI Group	018957	167,227	-1.5	1.5	1.7	1.7	48.8	15.9	-32.7	98.5
14	12	Controlled Risk Ins Co of VT, Inc	011814	167,011	1.6	1.5	1.6	1.7	52.8	63.4	60.6	90.3
15	15	Curi Hldgs Group	018072	159,592	14.4	1.4	1.4	1.5	37.9	43.6	42.8	100.0
16	16	Alleghany Corp Group	018640	153,834	14.6	1.4	1.3	1.3	34.8	55.9	49.2	5.8
17	18	State Volunteer Mutual Ins Co	003706	121,872	7.2	1.1	1.1	1.2	27.2	24.1	35.5	99.9
18	17	Physicians Ins Mutual Group	018103	118,435	-6.2	1.1	1.2	1.1	54.8	57.7	53.3	86.0
19	21	Fairfax Financial (USA) Group	003116	117,749	25.1	1.1	0.9	0.8	45.9	76.4	57.3	1.2
20	19	COPIC Ins Group	018866	115,876	13.0	1.0	1.0	0.9	44.6	34.6	45.8	97.6
21	20	NCMIC Group	018579	99,545	2.7	0.9	1.0	1.0	49.1	47.2	30.7	76.1
22	23	Markel Corp Group	018468	96,367	13.0	0.9	0.8	0.9	37.7	41.2	65.5	1.3
23	24	Natl Group	018249	95,183	14.7	0.9	0.8	1.0	32.0	33.7	21.1	100.0
24	26	Medical Mutual Group (MD)	005006	93,466	22.5	0.8	0.8	1.0	63.1	59.0	23.7	99.6
25	22	Mutual Ins Co of Arizona Group	018867	89,041	4.2	0.8	0.8	0.9	50.0	51.4	30.3	100.0
		Top 25 Writers		**$8,420,937**	**8.4**	**75.1**	**76.2**	**76.7**	**54.0**	**57.1**	**57.4**	**5.1**
		Total U.S. P/C Industry		**$11,214,989**	**10.0**	**100.0**	**100.0**	**100.0**	**55.2**	**57.5**	**58.1**	**1.4**

Note: Data for some companies in this report has been received from the NAIC.
Reflects Grand Total (includes Canada and U.S. Territories).
Source: BESTLINK — State/Line (P/C Lines) - P/C, US; data as of June 9, 2022

Best's Rankings

U.S. Total Auto – 2021 Direct Premiums Written – 2022 Edition

($ Thousands)

2021 Rank	2020 Rank	Company/Group	AMB#	2021 Direct Premiums Written	% Change in Premiums	Market Share (%) 2021	2020	2019	Adjusted Loss Ratios 2021	2020	2019	% of Company Premiums
1	2	Progressive Ins Group	000780	$44,527,901	14.2	14.1	13.2	12.3	66.8	55.2	62.2	92.1
2	1	State Farm Group	000088	42,500,105	3.5	13.5	13.9	14.1	72.9	57.5	61.9	60.4
3	3	Berkshire Hathaway Ins	000811	39,104,294	11.1	12.4	11.9	12.2	74.2	64.6	72.8	75.8
4	4	Allstate Ins Group	000008	28,368,450	4.0	9.0	9.2	9.5	67.9	52.5	59.4	68.5
5	5	USAA Group	004080	15,738,755	-0.2	5.0	5.3	5.1	77.4	65.3	82.0	62.3
6	6	Liberty Mutual Ins Cos	000060	15,313,181	6.8	4.9	4.8	4.8	61.6	57.0	65.9	36.9
7	7	Farmers Ins Group	000032	13,247,286	3.9	4.2	4.3	4.6	62.6	56.0	62.1	53.0
8	8	Travelers Group	018674	8,301,921	7.1	2.6	2.6	2.6	58.7	55.3	63.9	26.8
9	9	Nationwide Group	005987	7,248,992	-2.5	2.3	2.5	2.7	63.2	61.1	61.1	37.3
10	10	Amer Family Ins Group	000124	5,772,086	5.9	1.8	1.8	2.0	61.6	55.2	65.8	45.9
11	11	Auto-Owners Ins Group	004354	4,761,161	4.8	1.5	1.5	1.5	62.0	60.3	66.4	48.0
12	12	Kemper PC Companies	018908	4,554,325	8.7	1.4	1.4	1.3	76.2	59.1	61.3	93.3
13	13	Erie Ins Group	004283	4,110,930	0.7	1.3	1.4	1.3	68.3	59.1	73.8	52.2
14	14	Auto Club Enterprises Ins Group	018515	3,724,620	4.4	1.2	1.2	1.2	72.0	57.9	68.6	79.9
15	15	CSAA Ins Group	018460	2,959,018	4.8	0.9	1.0	1.0	56.9	50.6	60.8	70.6
16	16	Mercury Gen Group	004524	2,872,860	3.3	0.9	0.9	1.0	59.9	50.8	61.6	74.3
17	17	Hartford Ins Group	000048	2,776,276	5.2	0.9	0.9	0.9	58.8	55.1	63.3	20.5
18	20	Sentry Ins Group	000086	2,020,657	10.2	0.6	0.6	0.6	60.8	57.9	61.3	66.9
19	19	Old Republic Ins Group	000734	2,019,245	7.2	0.6	0.6	0.5	66.5	73.7	73.9	39.2
20	18	Auto Club Group	000312	1,945,389	-3.8	0.6	0.7	0.8	65.3	61.3	64.5	69.0
21	21	Chubb INA Group	018498	1,792,158	6.3	0.6	0.6	0.6	60.4	64.0	58.9	6.6
22	23	Hanover Ins Group Prop & Cas Cos	004861	1,634,125	4.0	0.5	0.5	0.6	50.7	58.1	67.8	30.1
23	22	Zurich Ins US PC Group	018549	1,612,363	-0.6	0.5	0.6	0.5	70.5	76.9	69.2	10.7
24	24	MAPFRE North America Group	018801	1,486,982	-2.6	0.5	0.5	0.6	58.0	53.2	64.8	65.4
25	29	Markel Corp Group	018468	1,442,733	27.1	0.5	0.4	0.3	63.6	59.8	53.2	19.4
		Top 25 Writers		**$259,835,813**	**6.4**	**82.3**	**82.5**	**82.6**	**68.3**	**58.1**	**65.3**	**53.7**
		Total U.S. P/C Industry		**$315,566,199**	**6.5**	**100.0**	**100.0**	**100.0**	**67.7**	**58.2**	**65.7**	**39.5**

Reflects Grand Total (includes Canada and U.S. Territories).
Source: BESTLINK — State/Line (P/C Lines) - P/C, US; data as of June 9, 2022

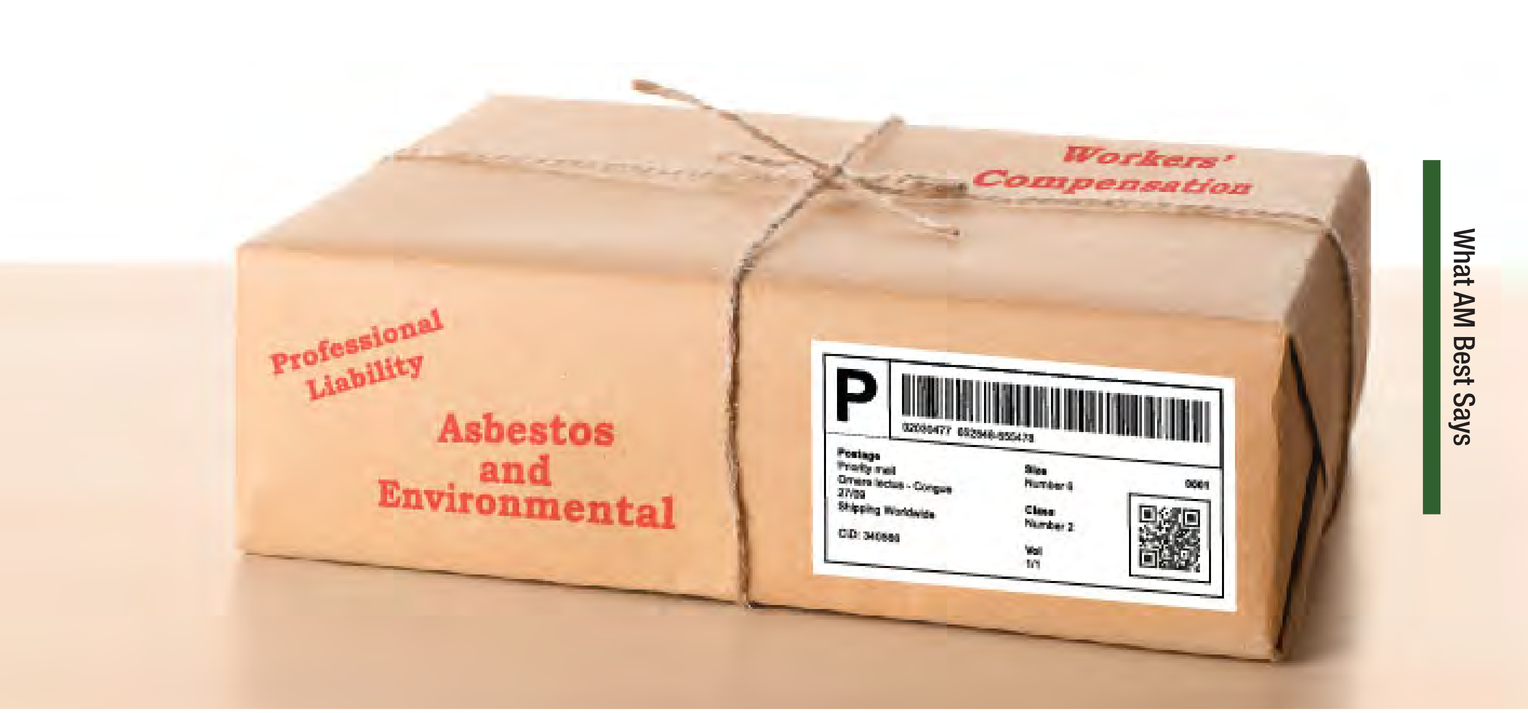
Best's Rankings

U.S. Workers' Compensation – 2021 Direct Premiums Written – 2022 Edition

($ Thousands)

2021 Rank	2020 Rank	Company/Group	AMB#	2021 Direct Premiums Written	% Change in Premiums	Market Share (%)			Adjusted Loss Ratios			% of Company Premiums
						2021	2020	2019	2021	2020	2019	
1	1	Travelers Group	018674	$3,547,060	-5.1	6.8	7.3	7.5	51.4	62.6	50.3	11.5
2	2	Hartford Ins Group	000048	3,293,689	10.1	6.3	5.9	6.0	46.4	49.7	48.6	24.3
3	7	AmTrust Group	018533	2,449,896	25.2	4.7	3.8	3.9	45.9	35.0	42.2	44.1
4	3	Zurich Ins US PC Group	018549	2,354,376	-5.7	4.5	4.9	4.7	51.7	48.6	52.9	15.7
5	4	Chubb INA Group	018498	2,203,827	-4.0	4.2	4.5	4.3	43.3	23.2	43.2	8.1
6	5	Liberty Mutual Ins Cos	000060	2,086,375	-6.7	4.0	4.4	4.6	54.9	54.4	44.9	5.0
7	6	Berkshire Hathaway Ins	000811	1,927,849	-3.5	3.7	3.9	4.1	45.6	43.1	41.9	3.7
8	9	State Ins Fund WC Fund	004029	1,733,104	7.6	3.3	3.2	3.6	66.8	89.0	70.4	100.0
9	8	AF Group	018680	1,667,442	-0.1	3.2	3.3	3.1	52.9	56.1	52.1	74.6
10	10	Old Republic Ins Group	000734	1,292,040	-0.8	2.5	2.6	2.5	55.1	54.7	54.6	25.1
11	14	State Compensation Ins Fund	004028	1,235,451	14.7	2.4	2.1	2.1	76.8	80.5	38.8	100.0
12	12	Great Amer P & C Ins Group	004835	1,179,982	1.3	2.3	2.3	2.3	39.9	40.9	39.3	15.5
13	13	W. R. Berkley Ins Group	018252	1,139,401	4.8	2.2	2.1	2.2	52.4	48.7	45.8	13.8
14	11	Amer Intl Group	018540	1,103,342	-7.2	2.1	2.3	2.6	90.0	55.6	41.4	7.5
15	16	TX Mutual Ins Co	011453	923,449	0.0	1.8	1.8	1.9	47.9	54.1	52.3	100.0
16	17	CNA Ins Cos	018313	842,970	3.4	1.6	1.6	1.5	42.0	48.5	40.8	6.7
17	15	ICW Pool	002967	835,665	-13.3	1.6	1.9	1.9	47.2	43.3	47.7	91.1
18	18	Fairfax Financial (USA) Group	003116	752,801	7.5	1.4	1.4	1.5	28.9	31.4	31.7	7.9
19	20	Arch Ins Group	018484	655,835	3.8	1.3	1.2	1.1	45.6	44.0	51.6	12.3
20	19	Starr Intl Group	018756	589,005	-11.1	1.1	1.3	1.2	66.7	37.1	25.7	12.9
21	24	Markel Corp Group	018468	585,006	17.5	1.1	1.0	1.0	46.8	40.6	38.9	7.9
22	21	Employers Ins Group	018602	582,608	2.1	1.1	1.1	1.2	46.2	39.0	44.3	100.0
23	23	Pinnacol Assur	003471	539,424	5.4	1.0	1.0	1.1	66.8	60.2	57.4	100.0
24	27	SAIF Corp	003480	521,964	13.9	1.0	0.9	0.9	138.4	70.7	90.8	100.0
25	22	CopperPoint Ins Group	018724	478,237	-16.0	0.9	1.1	1.0	43.8	42.8	47.9	80.8
		Top 25 Writers		**$34,520,798**	**1.1**	**66.1**	**66.7**	**67.8**	**52.7**	**49.9**	**47.1**	**12.8**
		Total U.S. P/C Industry		**$52,247,198**	**2.1**	**100.0**	**100.0**	**100.0**	**51.1**	**48.9**	**47.6**	**6.5**

Reflects Grand Total (includes Canada and U.S. Territories).
Source: BESTLINK — State/Line (P/C Lines) - P/C, US; data as of June 9, 2022



AM Best: Legacy Segment Faces Challenges of Inflation and Adoption of IFRS 17

AM Best analysts report that a combination of motivated sellers and active buyers with capital to deploy is expected to keep deal flow in the legacy market buoyant in 2022 and beyond.

Editor's Note: The following is an excerpt from *Best's Special Report: Motivated Sellers and Active Buyers Fuel Buoyant Market for Non-Life Run-Off Reserves.* Visit *www.ambest.com* to access the full report.

Activity in the global non-life legacy (run-off) insurance market is buoyant. Over recent years, the sector has seen a steady increase in the number of transactions executed. Run-off is no longer seen as an option of last resort and indicative of failed operations. Increasingly, (re) insurers are using the legacy insurance segment as part of their capital and risk management strategies, often for long-tailed insurance liabilities.

A multitude of demand and supply-side drivers are fueling the momentum. The current hardening conditions in the live market, demand for greater capital and operational efficiencies and an influx of capital deployed into run-off consolidators are all significant factors.

However, competition in the segment is high, and pricing pressures have the potential to weigh on prospective margins. Additionally, uncertainties around reserve adequacy and the impact of social and wider inflationary trends on long-tail liability valuations present headwinds to those operating in the segment.

Global Run-Off Reserves Continue to Rise

According to PwC's latest non-life legacy survey—Global Insurance Run-off Survey—global run-off liabilities amounted to USD 860 billion in 2021, and have been increasing over recent years (2018: USD 730 billion). The growth in run-off reserves from discontinued business held on the balance sheets of insurers is a strong contributory factor to the currently active legacy market.

The survey also identifies the U.S. as the largest single market for run-off reserves, representing 45% of the global estimate. States such as California, Florida and New York are among the largest contributors to the total. AM Best notes that the U.S. has long been an active market for legacy insurance transactions, given its size and the unique stock of long-tail reserves built up over time due in significant measure to the role of the U.S. legal system.

The UK and Ireland also have a long history in the run-off segment. Similar to the U.S., reserves for asbestos and other industrial exposures have been the subject to legacy transactions for many years. Furthermore, the Reinsurance to Close (RITC) structure within the Lloyd's market has provided a regular mechanism for syndicates to close older years of account into more recent open years and with third parties.

Given the long-duration tail associated with casualty classes, insurance liabilities associated with workers' compensation, professional liability, asbestos and environmental and other liability lines have comprised the lion's share of run-off reserves on companies' balance sheets and are the reserves typically subject to run-off transactions.

Rising inflation, driven either by economic or social factors, is adding increasing complexity to the accurate estimation of casualty liabilities, increasing the risk of adverse reserve development for insurers carrying these reserves. This can motivate an insurer and their stakeholders to execute transactions that insulate them from legacy deterioration.

On the other hand, property and damage-related classes of business are generally more short-tail in nature, with the final liability and exposure of the insurer determined relatively quickly after the date of loss. These reserves typically do not lead to protracted run-off periods and have historically been less prevalent in run-off transactions.

Legacy Market Dynamics: Motivated Sellers

The drivers for insurers engaging with the run-off market are numerous. AM Best has observed that capital management, addressing under-performing business segments, operational efficiency, reducing uncertainty and risk management considerations all play a role. In the context of the prolonged low interest rate environment of recent years, there is increased need for insurers to leverage all aspects of their operations to generate returns sufficient to meet their cost of capital.

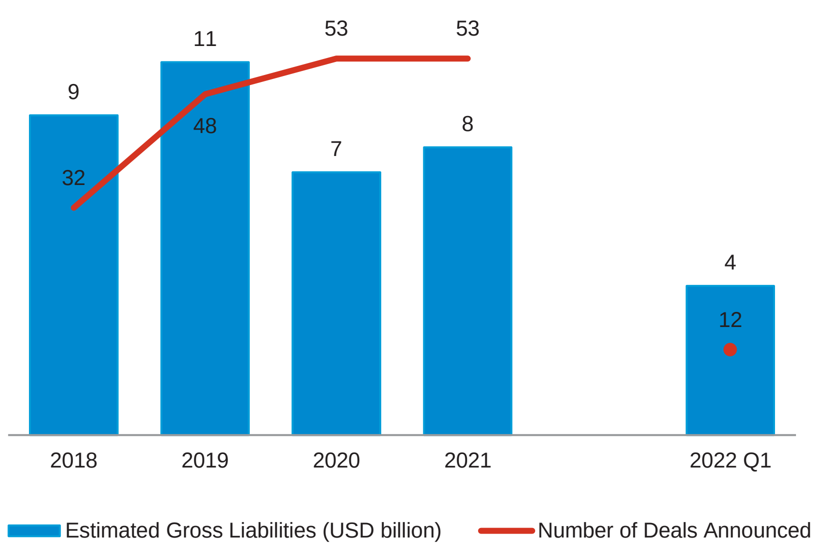
Entering into a transaction to dispose of legacy liabilities is designed to provide the incumbent insurer with finality for the business or portfolio in question. Whether the aim is economic, operational or legal finality, the insurer transfers risk to a counterparty with the transaction.

The wider implementation of risk-based regulatory solvency regimes has contributed to greater visibility of capital utilization, allocation and efficiency. Accordingly, the extent to which legacy reserves for discontinued business weigh on insurers' solvency capital requirements and risk-adjusted returns can be more easily identified, and the potential benefits of entering into a third-party run-off transaction can be better quantified.

Capital released following a legacy transaction can be quickly reallocated to business segments more accretive to earnings, and supportive of the organization's current business strategy. Good pricing conditions in many primary insurance markets underline this benefit, with capital released from legacy business able to be deployed

Run-Off – Estimated Gross Liabilities and Number of Deals

(2018-2022 Q1)



Source: PwC

into well-priced business in core segments.

The motivation to improve operational efficiency is also a significant driver of demand for legacy transactions. The management of legacy liabilities can be both time consuming and costly for an insurer.

Maintaining legacy IT systems and infrastructure is often burdensome, which along with dedicated claims and actuarial resources, can contribute to operational inefficiencies and an earnings drag for an insurer.

Additionally, legacy portfolios are often not managed actively, resulting in longer claims settlement times, greater potential for reinsurance disputes and the build-up of additional expenses over the run-off period. Through entering into a run-off transaction, an insurer can often transfer operational responsibility and claims management to the counterparty, providing operational finality.

Entering into a legacy transaction also mitigates uncertainty arising from volatile reserving books, or underperforming business segments, providing insurers the ability to "clean up" balance sheets and protect prospective earnings from the adverse deterioration of legacy reserves. In keeping with this, recent efforts in the Lloyd's market to remediate and strengthen underwriting performance have been a catalyst for Lloyd's syndicates seeking out solutions for their legacy and underperforming liabilities.

Legacy Market Dynamics: Active Buyers and New Market Entrants

The legacy market includes traditional reinsurers, such as Berkshire Hathaway Inc.'s National Indemnity Company, and specialist run-off consolidators—companies focused on the acquisition of run-off operations and providing exit solutions to the insurance market. A recent influx of capital into the niche run-off consolidator segment, along with new market entrants, such as the 2020 launch of Marco Capital, is fueling activity in the legacy market.

Capital inflows are reflective of market opportunities, given the potential scale of the market and stock of global legacy reserves. Market estimates suggest in excess of USD 5 billion has been contributed to the segment in recent years. While capital providers are diverse in nature, the segment has increasingly seen an influx of private equity and institutional backers attracted by the potential for returns uncorrelated to financial markets and other insurance-linked securities (such as catastrophe bonds).

Legacy market participants, both established and recent start-ups, have increasingly sought access to the Lloyd's market. Performance improvement initiatives within the Lloyd's market have supported deal flow and the establishment of dedicated RITC syndicates. As of April 2022, there are six specialist RITC syndicates operating at Lloyd's. This represents a doubling of the number of RITC focused syndicates since 2019, with the entrance of Premia, Compre and most recently Marco Capital.

The run-off segment is a competitive marketplace. Successful operators must exhibit pricing discipline, robust due diligence processes and transaction execution capabilities. Furthermore, the ability to meet the counterparty credit requirements of the transaction partner, for example, through the use of a sufficiently rated balance sheet or high quality collateralized solution, is central in demonstrating sufficient financial strength to protect policyholders over the run-off period.

Run-off consolidators use several levers to generate value from their acquisitions. The favorable run-off of the reserves acquired is a core profit driver, as are the returns generated on invested assets backing those liabilities. In many cases, operational and claims control is included for portfolios subject to reinsurance solutions, which allows the acquirer to manage the reserves and reinsurance recoveries in a proactive and strategic manner, thereby reducing settlement amounts and costs.

The ability to determine the ultimate claims cost accurately is crucial in identifying value opportunities and to protect against the risk of adverse deterioration post-acquisition. Given the long-tail nature of liabilities often subject to legacy transactions, appropriate reserving assumptions are a critical consideration. Current emerging inflationary trends, coupled with social inflation effects, present clear headwinds to the sector's ability to preserve reserve adequacy over the run-off period.

With the recent increase in the capacity deployed, the run-off sector is set to remain highly competitive over the coming years. Ultimately, this enhanced competition may pressure prospective returns and companies' ability to meet their cost of capital.

Legacy Insurance Deals Landscape

Legacy transaction volumes picked up into 2021 following COVID-19-related disruption. This momentum has carried over into early 2022, with several large transactions announced to date for estimated total liabilities of USD 4.2 billion.

In any one year, the legacy market often includes a small number of particularly large transactions, making year-on-year volume comparisons appear somewhat volatile. Furthermore, transactions are often complex and weighted toward the end of the year, meaning that delays in completion can materially impact the volumes transacted in that year.

AM Best believes that, with the combination of motivated sellers and active buyers with capital to deploy, deal flow in the legacy market is expected to remain buoyant in 2022 and beyond.

Regulatory Focus

Regulators play a significant role in the legacy market, with transactions and acquisitions subject to regulatory approvals ahead of completion. For run-off consolidators, demonstrating their ability to meet evolving regulatory demands is a dynamic that must be managed actively.

Regulatory focus ultimately aims to ensure policyholder protection—both from a financial strength and conduct perspective—throughout the run-off period, a risk that can be elevated when there are changes in counterparties and contract administrators. For regulators in the UK and the European Union, recent focus has fallen on the operational capabilities of run-off players to handle transacted liabilities and the ultimate exit strategies of the segment's backers.

Regulatory developments are also fueling the segment. In certain jurisdictions, such as in the UK through its Part VII Transfer mechanism, legal insurance business transfers have long been possible. In others, it remains an emerging tool. Insurance regulators in the U.S. state of Oklahoma approved the U.S.'s first third-party Insurance Business Transfer in 2021. While several U.S. states, such as Rhode Island and Vermont, also have insurance business transfer legislation, the successful completion in Oklahoma sets the stage for wider legal finality solutions in U.S. markets.

IFRS 17

Run-off segment operators that report under International Financial Reporting Standards (IFRS) face several important considerations with the upcoming implementation of IFRS 17 in 2023. Compared with the existing IFRS 4 standard, IFRS 17 will reduce variations in treatment across geographies. One area in which IFRS 17 will have an impact is the emergence of profit. Under the current standard, profit may be recognized on transaction completion, but under IFRS 17, profit will be recognized as services are rendered over the coverage period, with this coverage period being the settlement period of the run-off liabilities. IFRS 17 is required to be applied retroactively, which may result in significant restatement of opening balance sheets on adoption. Additionally, the discounting of liabilities presents a material change from current practice, and may provide a more economic view of casualty books.

AM Best expects most run-off consolidators adopting IFRS 17 to apply the General Measurement Model (GMM) of IFRS 17, as opposed to the simplified Premium Allocation Approach (PAA). This reflects the generally long-tail nature of the coverage period for legacy transactions under IFRS 17, and is viewed as carrying increased complexity. It is not only acquirers of legacy portfolios that are set to be impacted by the introduction of IFRS 17. In a small number of instances, what was originally considered to be a finality solution may no longer be the case.

In particular, RITC transactions in the Lloyd's market with non-aligned counterparties may be required to be accounted as reinsurance contracts, rather than finality solutions. This would have the effect of requiring the disposing party to continue recognizing the gross liabilities on its balance sheet, along with a reinsurance asset relating to the RITC counterparty, after the RITC transaction rather than reflecting a disposal.

A requirement to re-recognize previous reserves subject to RITC transactions would bring significant operational burden given that the claims and policy data are normally held by the broker and RITC counterparty rather than the reinsuring syndicate. BR

Gun Manufacturers Lose Legal Challenge to New York Law

Best's Underwriting Reports and *Best's Loss Control Reports* provide insight into the lines of coverage, exposures and loss control for gun manufacturers.

Gun manufacturers have lost a legal challenge to a New York law that allows firearm sellers, manufacturers and distributors to be sued by the state, cities or individuals for creating a "public nuisance" that endangers the public's safety and health.

U.S. District Judge Mae D'Agostino in Albany rejected a request by the National Shooting Sports Foundation and gun manufacturers, including Smith & Wesson Brands Inc. and Sturm, Ruger & Co. Inc., to enjoin enforcement of the statute.

The National Shooting Sports Foundation, a trade group for the firearms industry, has said it plans to appeal.

The ruling comes amid growing pressure for tougher gun regulations after fatal mass shootings in Buffalo, New York and in Uvalde, Texas earlier this year.

Former New York Governor Andrew Cuomo in July 2021 signed the legislation making it easier to bring civil lawsuits against gun manufacturers and dealers by bypassing blanket immunity provided to the industry under federal law, according to a Bloomberg report.

Other gun control legislation has been gaining traction at the federal and state level.

The Senate passed a bipartisan measure in June, which includes enhanced background checks for those under 21, funding for mental health and school safety, incentives for states to implement "red flag" laws and limits on the "boyfriend loophole."

A recent settlement between a gun manufacturer and victims of the Sandy Hook school shooting could also embolden other plaintiffs, according to *The Hill*.

Earlier this year, the gun manufacturer Remington reached a settlement with the families of nine victims of the 2012 Sandy Hook school shooting. The lawsuit argued that the manufacturer's marketing of the weapon had violated Connecticut consumer law, according to *The New York Times*.

The financial settlement is being paid by insurance companies that had represented Remington, which is in bankruptcy.

Best's Underwriting Reports identifies 10 lines of coverage for gun manufacturers: Automobile Liability, General Liability: Premises and Operations, General Liability: Products – Completed Operations, Workers' Compensation, Crime, Property, Business Interruption, Inland Marine, Equipment Breakdown and Cyber Insurance.

Best's Hazard Index ranks the risk exposure for the lines of business as Low (1-3), Medium (4-6), High (7-9) and Very High (10).

Following are excerpts of the Lines of Coverage reports that have the highest hazard index rankings.

Best's Hazard Index

Line of Coverage	Best's Hazard Index
General Liability: Products – Completed Operations	10
Inland Marine	8
Crime	6
Cyber Insurance	6

Lines of Coverage

General Liability: Products – Completed Operations

Gun manufacturers will face a severe General Liability: Products – Completed Operations exposure due to the potential of critical injury or death from defective or malfunctioning guns. Claims could also arise from the inadequate testing of guns, inaccurate or confusing product instructions and warnings, the distribution of defective products and the use of guns that are recalled or discontinued.

Inland Marine

There will be a serious Inland Marine exposure for gun manufacturers. If the insured offers delivery services to customers, Transit coverage will be needed. For those that offer gunsmithing and warranty services, Bailee coverage will likely be necessary for customer-owned guns that are shipped to the insured and left in its care, control and custody. Valuable Papers and Records will be necessary to protect important documents, such as gun patents, contracts with dealers and gun retailers, and information for law enforcement agencies. An Equipment Floater will be needed for hand tools and equipment, portable electronic devices, and mobile equipment.

Crime

There will be a significant Crime exposure for gun manufacturers. Typically, there is little cash kept on the premises because transactions are normally made by check, electronic funds transfer (EFT), or credit/debit card. However there may be an employee dishonesty exposure from the potential pilferage of guns, ammunition, gun parts (e.g. frames, slides, plates, movable parts, and more), or embezzlement.

Cyber

Gun manufacturers will experience a significant Cyber Insurance exposure. They must be able to guard valuable data that is stored on their servers. Therefore, protecting and maintaining the insured's computers, servers, and networks, both physically and digitally (e.g., from computer viruses or hacking attempts) is essential.

Loss Control

On-Site Inspection:

- What are the types and amounts of products made by the gun manufacturer?
- Are warning labels attached to all guns?
- No outward indication on the trailer of what is being hauled?
- Are delivery vehicles equipped with anti-theft alarms?
- Have surveillance cameras been installed in loading dock areas?
- What is the level of security on the premises?
- Does the insured have a wired or wireless computer network?
- Does the insured keep computer servers on the premises, or is this service contracted out to a third-party (i.e., cloud computing) provider?

– *Best's Review* Staff

For more on this and other risk classifications, visit Best's Underwriting & Loss Control Resources.

Author: Companies Must Use Discipline When Making Technology Choices

RightSure's Jeff Arnold says companies must consider why and how they are using technology.

Tech-Enabled, Tech-Forward or Tech-Shackled: Which Are You?

Jeff Arnold, founder of RightSure Insurance Group, is also author of the book *Tech-Enabled, Tech-Forward or Tech-Shackled: Which Are You?* Despite whatever category they fall into, he said companies can successfully integrate technology into their operations by making it a collaborative effort and focusing on the end goal, thereby turning what is often a confusing undertaking into a more disciplined thought process.

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

How did the idea for the book come about?

Each year I take a week to get away from emails, phone calls and meetings to focus entirely on life goals, write and maintain clarity and direction for my company. It was one of those mornings where I'm staring into my cup of coffee and these thoughts just kind of rage into my mind, so I quickly cataloged, memorized and wrote them down because the universe was speaking to me something very clear that said, "Jeff, you often run out and adopt the latest technology without fully understanding where it fits."

After some critical self-dialogue and deep introspection, I had the epiphany that I'm either tech-forward, tech-enabled or tech-shackled because sometimes I don't apply the discipline needed before I run out and try to integrate technology into my life or organization.

Can you describe each of those categories?

Tech-enabled, as I describe it, is a company that integrates technology to make them more efficient. A tech-forward company uses technology to revolutionize a process or change an industry, while a tech-shackled company adopts technology that interferes with or inhibits the agent or customer journey.

You have to be very intentional and dedicate time to critically challenge your decision. Press it up against where you want your company to be or why you're using this technology. We all agree that technology is integral, relative and must be adopted. If you're going to be an effective executive, you have to discipline and intentionally critically think about why you are using the technology.

Every company, managing general agency and agency has fallen into each of these categories with respect to how to change it. That's why I hope my primer can be a personal reminder to clarify your thoughts about why you're integrating or adopting a particular technology.

What do insurers need to do to successfully integrate technology into their firms?

Always challenge your thoughts, prejudices, beliefs and the end use of a particular technology. Is it to make it easier for clients, staff, accounting, finance or IT? Make sure that the end goal aligns each step along the way with the new technology that you're trying to roll out. BR

—Lori Chordas

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

AM Best TV

Visit *www.bestreview.com* to watch the interview with Jeff Arnold.

App Provides Tips to Homeowners Before a Disaster Strikes

The app from the National Association of Insurance Commissioners allows people to track their home inventory.

Home Inventory App

An accurate home inventory gives an insurance carrier the information it needs to help settle claims after a catastrophic event. The National Association of Insurance Commissioners has an app that allows people to quickly and easily build their inventory before such a situation occurs.

The app also provides tips on handling catastrophic events and guidance on filing a claim if a disaster strikes. *Best's Review* discussed the app with Laura Kane, director of communications for the NAIC.

Following is an edited transcript of an interview with Kane.

Please tell us about the need for the NAIC Home Inventory App.

We were working on a consumer campaign called "What the Flood!" and that is really focused on a few things, helping people understand their risks, understand what's covered and what isn't covered, and then, of course, helping them through the claims process.

As we were working on the campaign, we decided we needed to offer consumers a tool that would help them with the claims process, which allows them to get that home inventory cataloged, in a convenient way.

What does the app do?

It offers people mitigation tips, things that they can do before a disaster strikes so that, hopefully, it won't be as impactful. It also enables them to categorize their belongings by room, to include things like the photograph and QR codes, to get an accurate inventory, which can easily be downloaded to their claim form. It also offers tips on how to file a claim, should they need to.

How can the app be useful?

The app is useful for everybody because, as you know, when disaster strikes, a lot of homeowners have not taken the time to do an accurate home inventory, or the home inventory is lost.

The beautiful thing about this is it enables you to keep it on your phone, have photos and access to all of your stuff, and easily add to it as you start to get more stuff, and so it makes it easier for insurance companies and better for homeowners.

How does the app make the experience more user-friendly?

I think because it takes you from the very beginning, by offering people tips such as clearing away defensible space from their homes, making sure that they don't have flying objects in their patio—should they be expecting a hurricane. BR

—Tom Davis

Tom Davis is managing editor. He can be reached at *tom.davis@ambest.com*.

AM Best TV

Visit *www.bestreview.com* to watch the interview with Laura Kane.

Top Content Includes Top Global Brokers, Standing the Test of Time and World's Largest Insurers

Other trending content includes coverage of the troubled Florida property market, ESG and California's insurance commissioner race.

Trending: *Best's Review*

1. Top Global Insurance Brokers - 2022 Edition
2. Standing the Test of Time - 2022 Edition
3. Stormy Weather: In Florida, Property Claims Face Litigation Backlog
4. World's Largest Insurance Companies - 2022 Edition
5. ESG Under Insurance Regulatory Spotlight


Global Brokers

Trending: BestWire $

1. Field of Nine Candidates Vying for California Insurance Commissioner Nod
2. Best's Rankings: Progressive Surpasses State Farm to Become Largest US Total Auto Writer in 2021
3. Warren Buffett Retains Chairman Post, Says Progressive's Investing Doesn't Match Its Underwriting Strength
4. Florida Orders Southern Fidelity to Wind Down From Its 'Hazardous' Condition
5. DeSantis Signs Florida Insurance Reforms, but Concern Remains for Hurricane Season

California

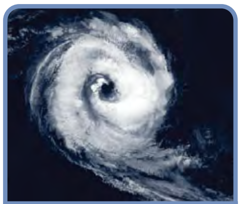
Trending: AM Best Webinars

1. Key Trends Influencing Today's Auto Insurance Policy Life Cycle
2. Impact of Regulatory Changes on the Insurance Landscape
3. How Insurers Are Reducing Customer Churn and Building Loyalty
4. How Layered Protection Supports Insurance Identity Fraud Management
5. IMCA/AM Best Marketing Leader Lunch With Foremost Insurance's Jeff Bair


Auto Insurance

Trending: AM Best TV - News Coverage

1. Aon's Bowen: La Nina Conditions Could Create Another Above-Average Hurricane Season
2. Travelers' Ives: New Hires at Greater Risk of Workplace Injury
3. Beazley's Greenwood and Karimali: Complexity of Risks Rise, but Most Leaders Remain Optimistic
4. Vlogging, Work Pressures Accelerate Potential for Distracted-Driving Accidents
5. Vermont's Provost: Retiring After More Than Two Decades, but Happy to Pass the Captive Torch


Hurricanes

These were the top trending items from April 23-July 7, 2022. 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.

Go to *www.ambest.com/advertising* to learn more about how to advertise in *Best's Review*, BestWire, AM Best Webinars and AM Best TV.

Trending Research Includes Reports on IFRS 17, the London Market and Best's Impairment Study

Other trending research includes reports on D&O, U.S. MPLI and the Florida property market.

Trending: Best's Special Reports

1. IFRS 17: Transitioning to a Standard With New Concepts and Terminology
2. P/C Snapshot: Insurers Navigate Pandemic and Elevated Secondary Perils $
3. Best's Impairment Rate and Rating Transition Study — 1977 to 2021 $
4. Strong Performance, New Investments Drive Growth in Insurers' Private Equity Allocations $
5. Vertical Integration Momentum Builds as U.S. Health Insurers Seek to Expand Capabilities $

Trending: Best's Market Segment Reports

1. D&O Insurance: Positive 2021 Results, but the Segment Still Faces Formidable Challenges $
2. Market Segment Outlook: London Market Insurance
3. Difficult Environment for US Medical Professional Liability
4. Market Segment Outlook: South Korea Non-Life Insurance
5. Market Segment Outlook: India Non-Life Insurance

Trending: Best's Commentary

1. Troubled Florida Property Market Participants Under Immense Pressure
2. Despite New Reform Law, Florida Property Insurers to Face Continued Financial Pressures $
3. Embedded Insurance Gradually Gaining Traction
4. Market Preparedness for IFRS 17 in the MENA Region Varies
5. Spike in Pandemic-Related Claims for Taiwan's Non-Life Segment

Trending: AM Best TV - Research Coverage

1. AM Best's Briefing - The Florida Property Market in Flux
2. AM Best: Elevated Loss, Litigation Challenge Florida Property Insurers
3. AM Best's Briefing: State of the U.S. Medical Professional Liability Sector 2022
4. AM Best's Briefing - D&O Market: Start of a New Underwriting Cycle?
5. AM Best: Negative Outlook Maintained for UK Non-Life Sector

---

These were the top trending research and commentary reports from April 23-June 23, 2022.

$ 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 to Explore the State of the Captive Insurance Sector

Professionals also examine how insurers can counter climate change through resiliency and discuss the wholesale insurance market.

Streaming Live

AM Best's Briefing - State of the Captive Market

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

Wednesday, Aug. 3, 2 p.m. ET

On Demand

How Insurers Are Countering Climate Change by Building Resiliency

Climate change is significantly affecting people and businesses. Not surprisingly, it is a top concern for policyholders and insurers worldwide. However, for proactive insurers, climate change also can be an opportunity to enable purpose through actions by actively building climate-resilient business models and propositions. A panel of insurance and risk experts discuss what the insurance industry can and should be doing in leading the way in solving the climate crisis, and what areas they should focus on to start small and accelerate their journey. Participants include Seth Rachlin, EVP, Global Insurance Industry leader, Capgemini; Ajish Gopan, VP and global head, Insurance Insights & Data, Capgemini; Tej Vakta, global head, Financial Services Sustainability Solutions, Capgemini; Hanno Mijer, global head, Zurich Resilience Solutions, Zurich Insurance Co.; Sean Rider, chief revenue officer, One Concern; and Sean Kevelighan, chief executive officer, Insurance Information Institute. **This complimentary AM Best Webinar was sponsored by Capgemini.**

Webinar Highlights

How Auto Insurers Are Leveraging Market Disruptions Accelerated by COVID-19

Insurance professionals explore insights that can help organizations make the best decisions now and in the future. **This complimentary AM Best Webinar was sponsored by LexisNexis Risk Solutions**.

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

A panel of insurance experts discusses the wide-ranging issues and trends shaping the wholesale market. **This complimentary AM Best Webinar was sponsored by Liberty Mutual Insurance**.

How Active Risk Management Drives Better Insurance Underwriting

An active risk management program is the best way to stay on top of changing risks and be ready to address potential loss ratio and premium leakage on your renewal book. Panel members explore best practices, types of changes to look for, and the data that helps in understanding potential problems. **This complimentary AM Best Webinar was sponsored by LexisNexis Risk Solutions**.

View This and Other AM Best Webinars

- AM Best's Briefing - Cyber: Increasing Demand, Skyrocketing Prices, Accelerating Risks. How Do Insurers React? BR

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.

To Read the Magazine Online
Go to *www.bestreview.com.*

On Social Media
Go to *@AMBestCo* on Twitter, follow AM Best Information Services on LinkedIn and on YouTube.

For information about how to follow AM Best on social media, go to *www.ambest.com/socialmedia*.

Allianz Executive Warns Businesses Must Be Ready for Rising Social Unrest

Also, industry professionals discuss Tornado Alley shift, lack of disability insurance and a surge in auto telematics adoption.

On Demand

Allianz: Businesses Must Prepare for Rising Social Unrest

Srdjan Todorovic

The cost-of-living crisis, on the heels of the pandemic and social media amplifications, has created an environment ripe for civil unrest, said Srdjan Todorovic, head of Global Political Violence & Hostile Environment Solutions at Allianz.

LIMRA's Tumicki: Some Patients Lacking Insurance Turn to Savings When Unable to Work

Elaine Tumicki

One-fourth of Americans say they would withdraw money from their retirement accounts or incur withdrawal penalties if they are disabled and need money to replace lost income, said Elaine Tumicki, corporate vice president, LIMRA.

A Shift in Tornado Activity Could Change the Risk Profile in Certain States, Drive New Crop Losses

Steve Bowen

A shift in Tornado Alley to the south and east could bring increased property, crop, auto and other losses to states such as Alabama, Mississippi and Kentucky, while states in the central U.S. might soon see fewer insured losses.

TransUnion's Jackson: Inflation Pushing Insurance Consumers Toward Telematics

Michelle Jackson

Inflation drove a 33% surge in auto telematics adoption in the first quarter of 2022, said Michelle Jackson, senior director, personal property and casualty, TransUnion, referencing a new study.

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

ProAssurance Corp. CEO: Pricing, Inflation, Large Jury Awards Affecting MPLI Sector

Also, AM Best audio explores how carriers are streamlining the auto claims process.

ProAssurance Corp. CEO: Pricing, Inflation, Large Jury Awards Hold MPLI Sector in Flux

Abundant capacity is seen as a price depressant across the medical professional liability insurance sector, said Edward L. "Ned" Rand Jr., chief executive officer, ProAssurance Corp.

Workflow Solutions Changing Auto Claims for Carriers

Tanner Sheehan, vice president and general manager, U.S. claims at LexisNexis Risk Solutions, discusses how carriers are making the claims process fast, efficient and fair. 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 June 1 and June 30, 2022. 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								
Rating Affirmation	L	777 Re. Ltd. 777 Partners LLC	074522	A- a-	Stable Stable	A- u a- u	Developing Developing	Bermuda
Upgrade	H	Amer Family Life Assur Co of Columbus Aflac Incorporated	006051	A+ aa	Stable Stable	A+ aa-	Stable Positive	Nebraska, USA
Upgrade	H	Amer Family Life Assur Co of New York Aflac Incorporated	006063	A+ aa	Stable Stable	A+ aa-	Stable Positive	New York, USA
Outlook Change	L	American Retirement Life Insurance Co Cigna Corporation	008831	A a	Stable Positive	A a	Stable Stable	Ohio, USA
Initial Rating	L	Aurora National Life Assurance Company Reinsurance Group of America, Inc.	006139	A+ aa-	Stable Stable	NR nr		California, USA
Upgrade	H	Blue Cross & Blue Shield of Mississippi Blue Cross & Blue Shield of Mississippi	060217	A a+	Stable Stable	A a	Stable Positive	Mississippi, USA
Upgrade	L	Bluebonnet Life Insurance Company Blue Cross & Blue Shield of Mississippi	068175	A a+	Stable Stable	A a	Stable Positive	Mississippi, USA
Outlook Change	H	Cigna Dental Health of California, Inc. Cigna Corporation	060171	A a	Stable Positive	A a	Stable Stable	California, USA
Outlook Change	H	Cigna Dental Health of Florida, Inc. Cigna Corporation	060173	A a	Stable Positive	A a	Stable Stable	Florida, USA
Outlook Change	H	Cigna Dental Health of Maryland, Inc. Cigna Corporation	060176	A a	Stable Positive	A a	Stable Stable	Maryland, USA
Outlook Change	H	Cigna Dental Health of Missouri, Inc. Cigna Corporation	064702	A a	Stable Positive	A a	Stable Stable	Missouri, USA
Outlook Change	H	Cigna Dental Health of New Jersey, Inc. Cigna Corporation	060184	A a	Stable Positive	A a	Stable Stable	New Jersey, USA
Outlook Change	H	Cigna Dental Health of Ohio, Inc. Cigna Corporation	060179	A a	Stable Positive	A a	Stable Stable	Ohio, USA
Outlook Change	H	Cigna Dental Health of Pennsylvania Cigna Corporation	060180	A a	Stable Positive	A a	Stable Stable	Pennsylvania, USA
Outlook Change	H	Cigna Dental Health of Texas, Inc. Cigna Corporation	060181	A a	Stable Positive	A a	Stable Stable	Texas, USA
Outlook Change	H	Cigna Dental Health of Virginia, Inc. Cigna Corporation	064706	A a	Stable Positive	A a	Stable Stable	Virginia, USA
Outlook Change	H	Cigna Dental Health Plan of Arizona Cigna Corporation	060170	A a	Stable Positive	A a	Stable Stable	Arizona, USA
Outlook Change	H	Cigna Health and Life Insurance Company Cigna Corporation	006871	A a	Stable Positive	A a	Stable Stable	Connecticut, USA
Outlook Change	H	Cigna HealthCare of Arizona, Inc. Cigna Corporation	068726	A a	Stable Positive	A a	Stable Stable	Arizona, USA

Outlook: Positive, Negative, Stable. **Implications:** Positive, Negative, Developing. **Business Type: P** = Property/Casualty (Nonlife); **L** = Life; **H** = Health; **T** = Title; **C** = Composite.
Opinion Modifiers: u = Under Review; **sf** = Structured Finance; **i** = Indicative Credit Rating Modifier; **s** = Syndicate Credit Rating Modifier

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 (CONTINUED)								
Outlook Change	H	Cigna HealthCare of California, Inc. Cigna Corporation	068912	A a	Stable Positive	A a	Stable Stable	California, USA
Outlook Change	H	Cigna HealthCare of Colorado, Inc. Cigna Corporation	068864	A a	Stable Positive	A a	Stable Stable	Colorado, USA
Outlook Change	H	Cigna HealthCare of Connecticut, Inc. Cigna Corporation	068865	A a	Stable Positive	A a	Stable Stable	Connecticut, USA
Outlook Change	H	Cigna HealthCare of Florida, Inc. Cigna Corporation	068860	A a	Stable Positive	A a	Stable Stable	Florida, USA
Outlook Change	H	Cigna HealthCare of Georgia, Inc. Cigna Corporation	068753	A a	Stable Positive	A a	Stable Stable	Georgia, USA
Outlook Change	H	Cigna HealthCare of Illinois, Inc. Cigna Corporation	068867	A a	Stable Positive	A a	Stable Stable	Illinois, USA
Outlook Change	H	Cigna HealthCare of Indiana, Inc. Cigna Corporation	068536	A a	Stable Positive	A a	Stable Stable	Indiana, USA
Outlook Change	H	Cigna HealthCare of New Jersey, Inc. Cigna Corporation	068862	A a	Stable Positive	A a	Stable Stable	New Jersey, USA
Outlook Change	H	Cigna HealthCare of North Carolina, Inc. Cigna Corporation	068570	A a	Stable Positive	A a	Stable Stable	North Carolina, USA
Outlook Change	H	Cigna HealthCare of South Carolina, Inc. Cigna Corporation	068594	A a	Stable Positive	A a	Stable Stable	South Carolina, USA
Outlook Change	H	Cigna HealthCare of St Louis, Inc. Cigna Corporation	068877	A a	Stable Positive	A a	Stable Stable	Missouri, USA
Outlook Change	H	Cigna HealthCare of Tennessee, Inc. Cigna Corporation	068878	A a	Stable Positive	A a	Stable Stable	Tennessee, USA
Outlook Change	H	Cigna HealthCare of Texas, Inc. Cigna Corporation	068828	A a	Stable Positive	A a	Stable Stable	Texas, USA
Outlook Change	H	Cigna National Health Insurance Company Cigna Corporation	006203	A a	Stable Positive	A a	Stable Stable	Ohio, USA
Outlook Change	L	Cigna Worldwide Insurance Company Cigna Corporation	008944	A a	Stable Positive	A a	Stable Stable	Delaware, USA
Downgrade	H	ConnectiCare, Inc. EmblemHealth, Inc.	068517	C ccc+	Stable Negative	C+ b-	Negative Negative	Connecticut, USA
Outlook Change	L	Connecticut General Life Insurance Co Cigna Corporation	006266	A a	Stable Positive	A a	Stable Stable	Connecticut, USA
Upgrade	H	Continental American Insurance Company Aflac Incorporated	007411	A+ aa	Stable Stable	A+ aa-	Stable Positive	Nebraska, USA
Upgrade	H	Delta Dental Insurance Company Dentegra Group Inc	009147	A a+	Stable Stable	A a	Stable Positive	Delaware, USA
Upgrade	H	Delta Dental of California Dentegra Group Inc	068800	A a+	Stable Stable	A a	Stable Positive	California, USA
Upgrade	H	Delta Dental of New York, Inc. Dentegra Group Inc	064594	A a+	Stable Stable	A a	Stable Positive	New York, USA
Upgrade	H	Delta Dental of Pennsylvania Dentegra Group Inc	064557	A a+	Stable Stable	A a	Stable Positive	Pennsylvania, USA
Downgrade	H	EmblemHealth Insurance Company EmblemHealth, Inc.	008034	C ccc+	Stable Negative	C+ b-	Negative Negative	New York, USA

Outlook: Positive, Negative, Stable. **Implications:** Positive, Negative, Developing. **Business Type: P** = Property/Casualty (Nonlife); **L** = Life; **H** = Health; **T** = Title; **C** = Composite.
Opinion Modifiers: u = Under Review; **sf** = Structured Finance; **i** = Indicative Credit Rating Modifier; **s** = Syndicate Credit Rating Modifier

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 (CONTINUED)								
Downgrade	H	EmblemHealth Plan, Inc. EmblemHealth, Inc.	064601	C ccc+	Stable Negative	C+ b-	Negative Negative	New York, USA
Downgrade	H	Health Ins Plan of Greater New York EmblemHealth, Inc.	068985	C ccc+	Stable Negative	C+ b-	Negative Negative	New York, USA
Rating Affirmation	L	Lombard International Life Assurance Co BTO LIA Holdings (Cayman), L.P.	007142	A- a-	Negative Negative	A- u a- u	Negative Negative	Pennsylvania, USA
Rating Affirmation	L	Lombard International Life Ltd. BTO LIA Holdings (Cayman), L.P.	094344	A- a-	Negative Negative	A- u a- u	Negative Negative	Bermuda
Rating Affirmation	L	Lombard Intl Life Assur Co (Bermuda) Ltd BTO LIA Holdings (Cayman), L.P.	094345	A- a-	Negative Negative	A- u a- u	Negative Negative	Bermuda
Rating Affirmation	L	Lombard Intl Life Assur Co of New York BTO LIA Holdings (Cayman), L.P.	068237	A- a-	Negative Negative	A- u a- u	Negative Negative	New York, USA
Outlook Change	H	Loyal American Life Insurance Company Cigna Corporation	006671	A a	Stable Positive	A a	Stable Stable	Ohio, USA
Rating Affirmation	L	Merit Life Insurance Co. 777 Partners LLC	006703	A- a-	Stable Stable	A- u a- u	Developing Developing	Texas, USA
Rating Affirmation	H	Moda Health Plan, Inc. Oregon Dental Service	011437	B+ bbb-	Negative Negative	B+ u bbb- u	Negative Negative	Oregon, USA
Rating Affirmation	H	Oregon Dental Service Oregon Dental Service	064364	B+ bbb-	Negative Negative	B+ u bbb- u	Negative Negative	Oregon, USA
Outlook Change	H	Provident American Life & Health Ins Co Cigna Corporation	006932	A a	Stable Positive	A a	Stable Stable	Ohio, USA
Rating Withdrawal	L	Triple-S Blue, Inc., I.I.* GuideWell Mutual Holding Corporation	006135	NR nr		B bb	Stable Stable	Puerto Rico, USA
AMERICAS PROPERTY/CASUALTY								
Rating Withdrawal	P	1st Auto & Casualty Insurance Company** Wisconsin Reinsurance Corporation	011233	NR nr		B+ bbb-	Negative Negative	Wisconsin, USA
Outlook Change	P	AMERIND Risk Management Corporation	020751	A- a-	Negative Negative	A- a-	Stable Stable	New Mexico, USA
Upgrade	P	Anchor General Insurance Company Badani Family Trust	000364	B+ bbb-	Stable Stable	B bb+	Positive Positive	California, USA
Rating Withdrawal	P	Armed Forces Insurance Exchange***	003240	NR nr		B+ bbb-	Negative Negative	Kansas, USA
Upgrade	P	California Healthcare Ins Co, Inc. A RRG	011230	A a	Stable Stable	A- a-	Positive Positive	Hawaii, USA
Upgrade	P	Celina Mutual Insurance Company Celina Insurance Group	002077	A a	Stable Stable	A- a-	Positive Positive	Ohio, USA
Downgrade	P	Danbury Insurance Company NLC Insurance Companies Pool	011046	B++ bbb+	Stable Negative	A- a-	Negative Negative	Massachusetts, USA
Downgrade	P	Hingham Mutual Fire Insurance Company NLC Insurance Companies Pool	000478	B++ bbb+	Stable Negative	A- a-	Negative Negative	Massachusetts, USA
Initial Rating	P	Intrepid Casualty Company W. R. Berkley Corporation	021259	A+ aa-	Stable Stable	NR nr		Iowa, USA

* The ratings were reduced to bb/B on June 22, 2022, and subsequently withdrawn.
** The ratings were affirmed on June 9, 2022, and subsequently withdrawn.
*** The ratings were affirmed on June 15, 2022, and subsequently withdrawn.

Outlook: Positive, Negative, Stable. **Implications:** Positive, Negative, Developing. **Business Type: P** = Property/Casualty (Nonlife); **L** = Life; **H** = Health; **T** = Title; **C** = Composite.
Opinion Modifiers: u = Under Review; **sf** = Structured Finance; **i** = Indicative Credit Rating Modifier; **s** = Syndicate Credit Rating Modifier

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)								
Initial Rating	P	Intrepid Specialty Insurance Company W. R. Berkley Corporation	021258	A+ aa-	Stable Stable	NR nr		Iowa, USA
Rating Withdrawal	P	Liberty First RRG Insurance Company	013788	NR nr		E e		Utah, USA
Upgrade	P	Miami Mutual Insurance Company Celina Insurance Group	004694	A a	Stable Stable	A- a-	Positive Positive	Ohio, USA
Upgrade	P	Multinational Insurance Company Ancon Investment Corporation	014362	A- a-	Stable Stable	B++ bbb+	Positive Positive	Puerto Rico, USA
Outlook Change	P	NAMIC Insurance Company, Inc. National Association of Mutual Ins Cos	010961	A a	Stable Stable	A a	Negative Negative	Indiana, USA
Upgrade	P	National Mutual Insurance Company Celina Insurance Group	002078	A a	Stable Stable	A- a-	Positive Positive	Ohio, USA
Downgrade	P	New London County Mutual Insurance Co NLC Insurance Companies Pool	000696	B++ bbb+	Stable Negative	A- a-	Negative Negative	Connecticut, USA
Upgrade	P	Pacific Star Insurance Company Badani Family Trust	013755	B+ bbb-	Stable Stable	B bb+	Positive Positive	Wisconsin, USA
Outlook Change	P	Preferred Mutual Insurance Company	000774	A a+	Stable Stable	A a+	Stable Negative	New York, USA
Outlook Change	P	Southern Trust Insurance Company Santee Partners, LP	004040	A- a-	Stable Stable	A- a-	Negative Negative	Georgia, USA
Outlook Change	P	Southern Vanguard Insurance Company InsVest Special Partner LLC	012223	A- a-	Stable Stable	A- a-	Negative Negative	Texas, USA
Upgrade	P	Stonetrust Commercial Insurance Company Chou Associates Management Inc.	012429	A- a-	Stable Stable	B++ bbb+	Positive Positive	Nebraska, USA
Upgrade	P	Stonetrust Premier Casualty Insurance Co Chou Associates Management Inc.	020725	A- a-	Stable Stable	B++ bbb+	Positive Positive	Nebraska, USA
Rating Affirmation	P	Sutton National Insurance Company 777 Partners LLC	020625	A- a-	Stable Stable	A- u a- u	Developing Developing	Oklahoma, USA
Rating Affirmation	P	Sutton Specialty Insurance Company 777 Partners LLC	020810	A- a-	Stable Stable	A- u a- u	Developing Developing	Oklahoma, USA
Downgrade	P	Thames Insurance Company, Inc. NLC Insurance Companies Pool	003774	B++ bbb+	Stable Negative	A- a-	Negative Negative	Connecticut, USA
Outlook Change	P	West Bend Mutual Insurance Company	000964	A a+	Positive Positive	A a+	Stable Stable	Wisconsin, USA
Upgrade	P	West Virginia Farmers Mutual Ins Assn Celina Insurance Group	010244	A a	Stable Stable	A- a-	Positive Positive	West Virginia, USA
Rating Withdrawal	P	Wisconsin Reinsurance Corporation**** Wisconsin Reinsurance Corporation	002791	NR nr		B+ bbb-	Negative Negative	Wisconsin, USA
Upgrade	P	Wright National Flood Insurance Company Brown & Brown, Inc.	012582	A a	Stable Stable	A- a-	Stable Stable	Texas, USA
EUROPE, MIDDLE EAST AND AFRICA								
Outlook Change	P	CIGNA Europe Insurance Co S.A. - N.V. Cigna Corporation	089527	A a	Stable Positive	A a	Stable Stable	Belgium
Outlook Change	P	CIGNA Global Insurance Company Limited Cigna Corporation	076979	A a	Stable Positive	A a	Stable Stable	Guernsey

**** The ratings were affirmed on June 9, 2022, and subsequently withdrawn.

Outlook: Positive, Negative, Stable. **Implications:** Positive, Negative, Developing. **Business Type: P** = Property/Casualty (Nonlife); **L** = Life; **H** = Health; **T** = Title; **C** = Composite.
Opinion Modifiers: u = Under Review; **sf** = Structured Finance; **i** = Indicative Credit Rating Modifier; **s** = Syndicate Credit Rating Modifier

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 AND AFRICA (CONTINUED)								
Outlook Change	C	CIGNA Life Ins Co of Europe S.A. - N.V. Cigna Corporation	083121	A a	Stable Positive	A a	Stable Stable	Belgium
Downgrade	P	Kelvin Re Limited Cowen Inc.	093711	B+ u bbb- u	Developing Developing	A- u a- u	Negative Negative	Guernsey
Outlook Change	C	Kenya Reinsurance Corporation Limited Kenya Reinsurance Corporation Limited	085416	B bb+	Stable Stable	B bb+	Stable Negative	Kenya
Rating Affirmation	L	Lombard International Assurance S.A. BTO LIA Holdings (Cayman), L.P.	077132	A- a-	Negative Negative	A- u a- u	Negative Negative	Luxembourg
Downgrade	C	Milli Reasurans Turk Anonim Sirketi Turkiye Is Bankasi A.S.	085454	B- bb-	Negative Negative	B u bb u	Negative Negative	Turkey
Downgrade	P	National Grid Ins Co (Isle of Man) Ltd National Grid plc	086910	A- a-	Stable Stable	A a	Stable Stable	Isle of Man
Rating Affirmation	P	Saudi Arabian Insurance Co B.S.C. (c) Mawarid Holding Company	092458	B+ bbb-	Negative Negative	B+ u bbb- u	Negative Negative	Bahrain
Rating Withdrawal	P	SCOR Switzerland AG	084820	NR nr		A+ aa-	Stable Stable	Switzerland
ASIA-PACIFIC								
Upgrade	L	Aflac Life Insurance Japan Ltd. Aflac Incorporated	095857	A+ aa	Stable Stable	A+ aa-	Stable Positive	Japan
Downgrade	P	Bangkok Insurance Public Company Limited	086195	B++ bbb+	Stable Stable	A- a-	Negative Negative	Thailand
Under Review	P	Cathay Century Insurance Co Ltd Cathay Financial Holding Co., Ltd.	077106	A u a u	Negative Negative	A a	Stable Stable	Taiwan
Under Review	P	Hotai Insurance Co., Ltd. Ho Tai Motor Co., Ltd.	086271	A u a u	Negative Negative	A a	Stable Stable	Taiwan
AMERICAS								
Initial Rating	P	British Caribbean Insurance Co Ltd ICD Investments Limited	093385	B++ bbb	Stable Stable	NR nr		Jamaica
Upgrade	L	Dentegra Seguros Dentales, S.A. Dentegra Group Inc	091484	A a+	Stable Stable	A a	Stable Positive	Mexico

Holding Companies

Rating Action	Company Name	AMB#	Current FSR ICR	Current Outlook/ Implications	Previous FSR ICR	Previous Outlook/ Implications	Domicile
Upgrade	Aflac Incorporated	058003	a	Stable	a-	Positive	Georgia, USA
Outlook Change	Cigna Corporation	044026	bbb	Positive	bbb	Stable	Delaware, USA
Rating Affirmation	LIA Holdings Limited	046085	bbb-	Negative	bbb- u	Negative	United Kingdom

Outlook: Positive, Negative, Stable. **Implications:** Positive, Negative, Developing. **Business Type: P** = Property/Casualty (Nonlife); **L** = Life; **H** = Health; **T** = Title; **C** = Composite.
Opinion Modifiers: u = Under Review; **sf** = Structured Finance; **i** = Indicative Credit Rating Modifier; **s** = Syndicate Credit Rating Modifier

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

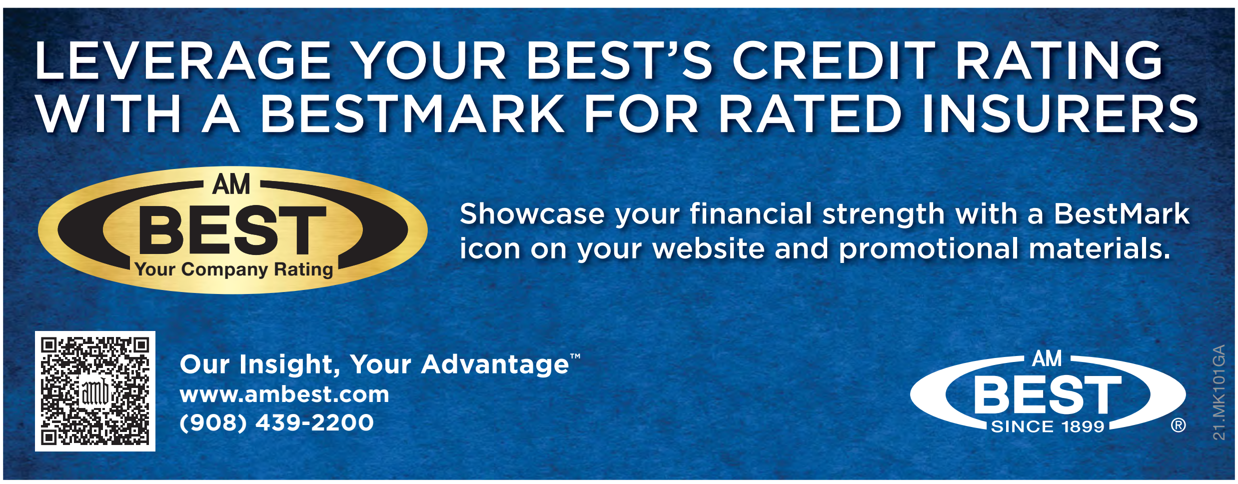
Designation Symbols	Designation Definitions
E	Status assigned to insurers that are publicly placed, via court order into conservation or rehabilitation, or the international equivalent, or in the absence of a court order, clear regulatory action has been taken to delay or otherwise limit policyholder 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.

For the most current version, visit www.ambest.com/ratings/index.html. BCRs are distributed via the AM Best website at *www.ambest.com*. For additional information regarding the development of a BCR and other rating-related information and definitions, including outlooks, modifiers, identifiers and affiliation codes, please refer to the report titled "Guide to Best's Credit Ratings" available at no charge on the AM Best website. BCRs are proprietary and may not be reproduced without permission.

 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.

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.

For the most current version, visit www.ambest.com/ratings/index.html. BCRs are distributed via the AM Best website at *www.ambest.com*. For additional information regarding the development of a BCR and other rating-related information and definitions, including outlooks, modifiers, identifiers and affiliation codes, please refer to the report titled "Guide to Best's Credit Ratings" available at no charge on the AM Best website. BCRs are proprietary and may not be reproduced without permission.

 Version 121719

Name and Ownership Changes, Mergers, Acquisitions and State Actions

Royalty Capital Life Insurance, Viva Seguros and Southern Fidelity are among the U.S. life/health and property/casualty insurers that have experienced a corporate change.

LIFE/HEALTH

Merger

Royalty Capital Life Insurance Co. (AMB# 060739), Jefferson City, MO, USA. This company merged with and into Family Benefit Life Insurance Co. on March 1, 2022.

Acquisition & Ownership Change

Royalty Capital Life Insurance Co. (AMB# 060739), Jefferson City, MO, USA. This company was acquired by First Trinity Financial Corp. from Royal Capital Corp. on Jan. 4, 2022.

PROPERTY/CASUALTY

Merger

Viva Seguros Insurance Co. (AMB# 022012), Niles, IL, USA. This company merged with and into Unique Insurance Co. on Jan. 1, 2022.

Name Changes

Associated Indemnity Corp. (AMB# 021264), Petaluma, CA, USA. This company changed its name to WCF Select Insurance Co. on April 5, 2022.

Colonial Lloyds (AMB# 001788), Fort Worth, TX, USA. This company changed its name to Roadrunner Indemnity Co. on April 1, 2022.

Genworth Mortgage Insurance Corp. (AMB# 002742), Raleigh, NC, USA. This company changed its name to Enact Mortgage Insurance Corp. on Feb. 7, 2022.

Vesta Insurance Corp. (AMB# 001813), San Antonio, TX, USA. This company changed its name to DNA Insurance Co. on Jan. 26, 2022.

Acquisitions & Ownership Changes

Colonial Lloyds (AMB# 001788), Fort Worth, TX, USA. This company converted from a Texas Lloyds plan to a Texas fire and casualty company and was acquired by Insurors Indemnity Co. on April 1, 2022.

Rampart Insurance Co. (AMB# 002649), Amherst, NY, USA. This company was acquired by United Americas Insurance Co. from ILS Property & Casualty Re Ltd. on March 30, 2022.

State Actions

Southern Fidelity Insurance Co. (AMB# 013017), Tallahassee, FL, USA. This company was placed into insolvent liquidation on June 15, 2022.

State National Fire Insurance Co. (AMB# 002830), Baton Rouge, LA, USA. This company was placed into insolvent liquidation on Jan. 7, 2022. BR

In Other News ...

A roundup of news from publishers around the globe. Access to some sites may require registration or subscription.

AM Best's Preferred Publisher Participants

Preferred Publisher Program

Artemis | *www.artemis.bm*
Sydney, Australia flood loss estimate rises to $122m

Asia Insurance Review | *www.asiainsurancereview.com*
Malaysia: Digital insurance and takaful to spur insurance penetration

Benefits Pro | *www.benefitspro.com/*
These are the 10 costliest claim conditions of 2021

Bermuda: Re+ILS | *www.bermudareinsurancemagazine.com/*
Different strokes: ILS is much more than an alternative

Business Insurance | *www.businessinsurance.com*
Brokers prosper despite uncertain economy

Captive Insurance Times | *www.captiveinsurancetimes.com/*
IRS files petition in Florida captive summons

Captive International | *www.captiveinternational.com/*
The next big thing: Insurance-as-a-Service

Carrier Management | *www.carriermanagement.com*
The Next Wave of Climate Change Litigation: Industrial Meat

Claims Journal | *www.claimsjournal.com/*
Viewpoint: The Role of Natural Language Processing in Claims Management

Claims Magazine | *propertycasualty360.com/claims-magazine/current-issue*
Deepfakes and Claims Automation

Commercial Risk | *www.commercialriskonline.com/*
Ferma urges Czech EU Council presidency to focus on captives, insurance gaps and cyber risk

Commercial Risk Europe | *www.commercialriskonline.com/cr-europe*
UK solicitors urged to help stem rising tide of ransomware payments

Emerging Risks | *https://emergingrisks.co.uk/*
Europe's flawed energy policy will exacerbate current crisis

Forbes Advisor | *www.forbes.com/advisor/*
Best Life Insurance Companies of July 2022

Global Reinsurance | *www.globalreinsurance.com/*
Mid-year renewals: Inflation takes its toll

Global Risk Manager | *www.commercialriskonline.com/global-risk-manager*
Inflation to drive 'difficult conversations' at renewals, warn brokers

Health Payer Specialist | *www.healthpayerspecialist.com*
Talent War Intensifies Insurers Up the Ante in Compensation

Inside P&C | *www.insidepandc.com/*
InsurTech: Building a Coalition of equity and underwriting capital

Insurance & Investment Journal | *https://insurance-portal.ca/*
Regulatory enforcement report summarizes 2022 sanctions

Insurance Age | *www.insuranceage.co.uk/*
Opinion: Unpicking the regulator's 'Dear CEO' letters

Insurance Asset Risk | *www.insuranceassetrisk.com/*
An irreversible shift: Insurance investment adapts to a world of climate extremes

Insurance Insider | *www.insuranceinsider.com/*
Executive pay: Large equity awards send InsurTech leaders to top of 2021 rankings

Insurance Journal | *www.insurancejournal.com/magazines/*
Construction Market & Risks Report

Insurance Post | *www.postonline.co.uk/*
Government and insurers warned to 'wake up' to planning reform before Flood Re ends

Insurance Times | *www.insurancetimes.co.uk/*
Emerging BazarCall ransomware targeting small businesses, CFC warns

InsuranceAsia News | *insuranceasianews.com/*
APAC free trade pact could boost premiums by US$29bn

InsuranceERM | *www.insuranceerm.com/*
IMF urges Irish supervisor to focus on intra-group reinsurance

Intelligent Insurer | *www.intelligentinsurer.com/*
Calling budding broking entrepreneurs: 'we've got capital, expertise, experience'

Life Annuity Specialist | *www.lifeannuityspecialist.com*
Fraudsters Increasingly Take Aim at Speedy Life Underwriting

Middle East Insurance Review | *www.meinsurancereview.com/*
UAE: Motor insurance premium rates of many insurers fall to floor limits

National Underwriter P/C | *www.propertycasualty360.com/national-underwriter-property-casualty/issue-gallery*
Car brands linked to the most speeding tickets in 2022

P&C Specialist | *www.pandcspecialist.com/*
Demand Swells for Telematics as Rates Increase

Reinsurance News | *www.reinsurancene.ws/*
Russia's invasion of Ukraine could cause 30-40% rises in aviation insurance

Retirement Income Journal | *retirementincomejournal.com*
Why Annuity Issuers Use Bermuda Reinsurance

Risk & Insurance | *riskandinsurance.com/*
3 Types of Cyber Threat Actors and Their Motivations

Risk.Net | *www.risk.net/*
When stagflation looms, investors get no satisfaction

Strategic Risk | *www.strategic-risk-europe.com/*
Insurers must build new, data-led markets

The Insurer | *www.theinsurer.com/*
The growing pains of ESG

ThinkAdvisor | *www.thinkadvisor.com/*
Estate Planning for LGBTQ+ Couples: What to Discuss With Clients

Thompson's World Insurance News | *http://thompsonsnews.com/*
B.C. brokers face loss of CNS coverage

Trading Risk | *www.trading-risk.com/*
PRA opens consultation on reforms to UK's ISPV regime

Publications and sites listed above are participants in AM Best's Preferred Publisher Program.
www.ambest.com/sales/preferredpublisher

US Insurance Trade Groups Fight Defense Bill Adding Cyber Insurance Regulation

Industry groups say in addition to the increased costs and security concerns, their members don't collect the kind of granular data that would be sought.

A coalition of property/casualty insurance trade groups is urging Congress to reject language in a defense reauthorization package that would include new regulations requiring additional spending to collect data not collected by insurers now.

Writing to U.S. Reps. Bennie Thompson and John Katko, the chairman and ranking member of the House Committee on Homeland Security, the trade groups said they support public/private solutions to the growing threat of cyberattacks.

However, language added to the National Defense Authorization Act goes too far, they said.

The language calls for creation of an Office of Cyber Statistics that has "misguided provisions" requiring insurers to file data on covered cyber claims.

"If passed, this language would be an unwarranted intrusion into the contractual relationship between insurance providers and their customers," the coalition said. "It would also serve as a precursor to a reporting mandate that would present a host of challenges on businesses of all sizes due to significant costs, limits on the availability of information sought, and potential new enforcement issues."

The letter was signed by representatives of the National Association of Mutual Insurance Companies, the Independent Insurance Agents and Brokers of America, the American Property Casualty Insurance Association and the Council of Insurance Agents and Brokers.

In addition to the increased costs and security concerns, the trade groups said their members don't collect the kind of granular data that would be sought and that information collected by legal counsel representing companies victimized in a cyberattack is privileged.

"The proposal could lead to putting insurers in a difficult situation between promptly paying valid claims or failing to report information," it said.

Finally, the letter said insurers—primarily regulated on the state level—are already heavily regulated. Now, it said, they are facing more oversight by the federal Cybersecurity and Infrastructure Security Agency and potentially the U.S. Securities and Exchange Commission.

Attempts to obtain comment from Thompson's and Katko's offices were not immediately successful.

When the National Association of Insurance Commissioners met at the Spring Meeting, one of the main attractions was the Innovation, Cybersecurity and Technology (H) Committee, which made its debut on a national stage.

—Timothy Darragh

Best's Insurance Professional Resources

The following are newly qualified members in AM Best's claims industry resource.

Best's Recommended Insurance Attorneys

MPPL Business Law
Law Firm
Timisoara, Romania • +40 356 269 707

Best's Recommended Expert Service Providers

Jerry Birnbach LLC
Retail Experts
Somers, NY, USA • 917-691-4853

U.S. Legal Support, Inc.
Litigation Services
Houston, TX, USA • 312-961-8447

For information about these firms and *Best's Insurance Professional Resources*, visit *http://claimsresource.ambest.com/search/DirectoryCenter.aspx*

Insurers Don't Have to Pay Hurricane Ida Expenses

Judge ruled carriers don't have to cover homeowners' loss-of-use expenses in Louisiana.

An administrative law judge has ruled that the Louisiana Department of Insurance overstepped its bounds in ordering insurers to cover loss-of-use claims filed by residents fleeing Hurricane Ida despite not being under a mandatory evacuation order.

Judge Patrick Moore's ruling said Insurance Commissioner Jim Donelon's Directive 218 exceeded his authority. Donelon argued parish officials along the Louisiana coast did not have enough time to assess the conditions to determine if a formal evacuation order was necessary.

"Only 74 hours elapsed between the time of the first advisory from the National Hurricane Center about the formation of Tropical Depression Nine and the landfall of Hurricane Ida as a Category 4 hurricane with winds up to 150 mph," the directive, issued Sept. 7, 2021, said.

The directive ordered carriers to cover homeowners' loss-of-use expenses regardless of whether their policies included a civil authority requirement.

"To the extent any insurance contract may contain any language that implies the need for a civil authority to issue an evacuation order, they shall treat the multiplicity of actions taken by all public officials and the spirit and intent of all communications issued by all public officials as being tantamount to an order to evacuate that fulfills any such policy requirement," it said.

The ruling is a victory for State Farm, the biggest homeowners writer in the state, which, after the hurricane hit, said it would not follow a blanket order but follow the policies it wrote for homeowners.

The company appreciates the judge's ruling, State Farm said in a statement. "Following the terms of the contract ensures fair treatment for all of our customers, regardless of the storm or their location. We know this has been a difficult time for many Louisiana residents and we empathize with all those who were impacted by Hurricane Ida."

—Timothy Darragh

Lease Renewal Not Final, but Lloyd's Expects to Remain at Lime Street Building

The company says as it adapts to new structures and flexible ways of working, it will continue to think about the future requirements for the spaces and services its marketplace needs.

Leasing arrangements have yet to be finalized, but Lloyd's said it plans to remain at its 1 Lime St. building in London.

"We're building the marketplace of the future, which means having both a fully integrated digital offering and a thriving physical space for our market to convene," Lloyd's said in an email. "While our workplace strategy and future leasing arrangements remain under consideration, our preference is to stay in the building if the right terms are agreed. We remain on course to confirm our plans later this year."

Lloyd's earlier said it was considering options for its 1 Lime St. headquarters.

"As we adapt to new structures and flexible ways of working, we are continuing to carefully think about the future requirements for the spaces and services our marketplace needs," a Lloyd's spokesperson said in an email.

"Currently, like many other organizations, we are considering a range of options around our workspace strategy and the future leasing arrangements for Lloyd's. We are aiming to share our plans during 2022."

In its annual report, Lloyd's said the most significant of the leases it has is the 1986 (1 Lime St.) building. "There is an option to terminate the lease in 2026," Lloyd's said in the report. "There has been no management decision to exercise the break before the end of the lease in 2031." BR

—David Pilla

Update

The list of Life/Health Insurers Rated A or Higher for 75 Years that ran with "Standing the Test of Time – 2022 Edition" in the July issue of *Best's Review* did not include all qualifying organizations. The updated list is published below.

Life/Health Insurers Rated A or Higher for 75 Years

AMB#	Company Name	First Year Rated	A or Better Since	Consecutive Years Rated A or Better	Rating
006508	Guardian Life Ins Co of Amer	1928	1947	75	A++
006493	Canada Life Assurance Company	1928	1945	77	A+
007101	Sun Life Assur Co of Canada	1928	1946	77	A+
006087	American National Insurance Co	1928	1941	82	A
006724	Minnesota Life Insurance Co	1928	1940	82	A+
006962	Protective Life Insurance Co	1928	1940	82	A+
006664	Lincoln National Life Ins Co	1928	1940	83	A+
006688	Manufacturers Life Ins Co	1928	1939	83	A+
006695	Massachusetts Mutual Life Ins	1928	1939	83	A++
006244	Columbus Life Insurance Co	1928	1938	84	A+
006294	COUNTRY Life Insurance Company	1933	1933	89	A+
006704	Metropolitan Life Ins Co	1928	1928	94	A+
006820	New York Life Insurance Co	1928	1928	94	A++
006845	Northwestern Mutual Life Ins	1928	1928	94	A++
006974	Prudential Ins Co of America	1928	1928	94	A+
007069	Standard Insurance Company	1928	1928	94	A
007243	Western & Southern Life Ins Co	1928	1928	94	A+
006150	Principal Life Insurance Co	1928	1928	95	A+
006903	Penn Mutual Life Insurance Co	1928	1928	95	A+

Source: AM Best data and research. Ratings as of May 9, 2022

MASTHEAD
BACKSTAY

Background illustrations on both mastheads are of HMS Victory. To learn more about The Nelson Collection at Lloyd's, visit *www.ambest.com/nelson.*

AM Best Business Development

Representative	Mobile Phone	Email Address	Office	Area Covered
RATING SERVICES				
Brad Mazur, Managing Director	+1 (908) 268-0763	brad.mazur@ambest.com	USA (NJ)	BMU; CAN; CAR; USA & US Territories (PR & VI)
Brendan Tyne, Associate Director	+1 (908) 323-1412	brendan.tyne@ambest.com	USA (NJ)	BMU; CAN; CAR; USA & US Territories (PR & VI)
Arthur Snyder IV, Senior 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, Senior 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	CAR & LATAM
Scott Ryrie, Managing Director	+65 9636 3678	scott.ryrie@ambest.com	Singapore	AP; IN & US Territories (AS, GU & MP)
Vasilis Katsipis, General Manager	+971 4375 2782	vasilis.katsipis@ambest.com	Dubai	MENA; South & Central Asia

Learn about AM Best Rating Services: *www.ambest.com/aboutratingservices*

INFORMATION SERVICES

Learn about AM Best Information Services: *www.ambest.com/aboutinformationservices*

Advertising Services

Representative	Mobile Phone	Email Address	Office	Area Covered
Bryan Martyn, Director	+44 7970 799332	bryan.martyn@ambest.com	London	EMEA, AP & US Territories (AS, GU & MP)
Aidan Porter, Senior Account Manager	+44 7702 947679	aidan.porter@ambest.com	London	UK
Brian McGoldrick, Senior Account Manager	+1 (908) 894-9552	brian.mcgoldrick@ambest.com	USA (IL)	CAN (Western Provinces); LATAM; USA (Western Region) & US Territories (PR & VI)

Learn about Advertising Services: *www.ambest.com/aboutadvertising*

Professional Resource Services

Representative	Mobile Phone	Email Address	Office	Area Covered
Doug Doremus, Associate Director	+1 (908) 229-9965	doug.doremus@ambest.com	USA (NJ)	AP; BMU; CAN; CAR; EMEA; LATAM; USA & US Territories (AS, GU, MP, PR & VI)
Lori Sadukas, Associate	+1 (908) 255-8991	lori.sadukas@ambest.com	USA (NJ)	USA (Eastern Region)

Learn about Professional Resource Services: *www.ambest.com/aboutprofessionalresources*

Ratings, News & Data Analytic Services

Representative	Mobile Phone	Email Address	Office	Area Covered
Maryrose Paar, Director	+1 (908) 894-8039	maryrose.paar@ambest.com	USA (PA)	BMU; CAN; CAR; LATAM; USA & US Territories (PR & VI)
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; LATAM; 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)
Maryrose Paar, Director	+1 (908) 894-8039	maryrose.paar@ambest.com	USA (PA)	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; LATAM; USA (Eastern Region) & US Territories (PR & VI)
Bryan Martyn, Director	+44 7970 799332	bryan.martyn@ambest.com	London	EMEA; AP & US Territories (AS, GU & MP)
Aidan Porter, Senior Account Manager	+44 7702 947679	aidan.porter@ambest.com	London	UK
Darren Hewitt, Account Representative	+44 20 7397 0303	darren.hewitt@ambest.com	London	EMEA; AP & US Territories (AS, GU & MP)

Learn about Ratings, News & Data Analytic Services: *www.ambest.com/ratingsnewsdataanalytics*

Redistribution Services

Representative	Mobile Phone	Email Address	Office	Area Covered
Bryan Martyn, Director	+44 7970 799332	bryan.martyn@ambest.com	London	EMEA; AP & US Territories (AS, GU & MP)
James McMyne, Senior Account Manager	+1 (908) 255-8764	james.mcmyne@ambest.com	USA (NJ)	BMU; CAN; CAR; LATAM; USA & US Territories (AS, GU, MP, PR & VI)
Barry Finan, Account Manager	+1 (908) 300-7343	barry.finan@ambest.com	USA (NJ)	BMU; CAN; CAR; LATAM; USA & US Territories (AS, GU, MP, PR & VI)

Learn about Redistribution Services: *www.ambest.com/aboutredistribution*

Regulatory Filing Application Services

Learn about Regulatory Filing Application Services: *www.ambest.com/aboutregulatoryfilingsoftware*

Insurance Coverage Questions Surround Emerging NIL Industry

The name, image and likeness environment in college sports is compared to the wild, Wild West, and this includes the insurance aspect.

by Anthony Bellano

In the world of big college sports, things don't always play out the way they're supposed to. The star pitcher for your university's baseball team can lock up a name, image and likeness (NIL) deal, and is suddenly benched after a few bad outings. "How do you insure that?" Stephens Insurance Senior Vice President and General Counsel Patrick McAlpine asked. The answer is different depending on the state, and it's part of what former University of Kansas football player Pat Brown describes as "the wild, Wild West."

The rules are the result of O'Bannon v. NCAA, a 2009 lawsuit brought against the National Collegiate Athletic Association by former UCLA basketball player Ed O'Bannon, who sought compensation over the use of his NIL in a video game. His victory opened the door for other athletes to be compensated, and the NIL world exploded in 2021 with the emergence of collectives, groups of alumni and boosters who are not associated with the university who arrange NIL deals with athletes.

"These bunch of individuals or these bunch of entities are just collectively working together, and there's no real governing structure," McAlpine said. "That makes it really hard to insure anything if there's not an entity, a corporation, an LLC or something like that because underwriters are immediately going to have problems with an unincorporated group of people, especially doing something novel like this."

Brown, director of risk management & insurance and an investment adviser for Edmonds Duncan, said athletes have to be concerned about getting injured, and they also have to be aware that they may now be a target because of the money they make. "If an athlete gets into a scenario where he or she signs a contract, but then they don't fulfill the obligation, is that company going to come after that athlete?" Brown said. "In this litigious society that we are in, I can certainly see something like that happening."

Another question concerns the issue of catastrophic injury coverage for athletes. The NCAA, which oversees the governance of college sports, has disability insurance in place for "exceptional student athletes" playing at member institutions who obtain pre-approved financing, according to the NCAA's website. It protects them against future loss as a professional athlete, and is administered by three subsidiaries of Tokio Marine, HCC.

Brown said he wonders if the emergence of NIL money will impact scholarship and Pell Grant money to the point where the student-athlete will be on their own to get insurance.

Sean Clifford, a current Penn State University football player who founded Limitless NIL to help student athletes navigate their way through this new frontier, said there is currently no issue with the NCAA program. He can see the potential issues.

In January, Stephens Insurance announced that it had reached an NIL deal with University of Arkansas linebacker Bumper Pool. "In Arkansas, our NIL law says that we actually have to continue payments for the contracted period, even if they don't play, they get hurt or they leave the team," McAlpine said. "You have to structure your contract to take into account for that, at some cost." BR

Anthony Bellano is an associate editor. He can be reached at *anthony.bellano@ambest.com*.


GET THE BEST PERSPECTIVE FOR NAVIGATING RISK
Best's Financial Strength Ratings • Best's Issuer Credit Ratings
Best's Issue Credit Ratings • Best's Rating Evaluation Service
Best's Rating Assessment Service • Best's Preliminary Credit Assessment
Best's Performance Assessment for Delegated Underwriting Authority Enterprises
Our Insight, Your Advantage™
www.ambest.com
(908) 439-2200
AM BEST SINCE 1899 ®
21.MK166B1A