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BEST'S REVIEW®

December 2022 • Volume 123 • Issue 12
www.bestreview.com
AM BEST'S MONTHLY INSURANCE MAGAZINE

Be Prepared

MassMutual Chairman and CEO Roger Crandall plans to double down on the company's digital approach and is ready to shift its product mix in response to changing conditions. Page 32

***Best's Review*'s**
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In New Year, Insurers Face Prospects of Inflation and Recession; *Best's Review* to Debut New Online Format

The December issue includes *Best's Review*'s annual listing of top auditors and actuaries as well as rankings of U.S. surplus lines insurers and U.S. inland marine, U.S. ocean marine and U.S. fire and allied writers.

As 2022 comes to a close, insurers see uncertainty on the horizon, with inflation often cited as one of their top concerns for the new year. Senior executives, in their third-quarter earnings conference calls, spoke about the inflationary environment and its impact on business.

Massachusetts Mutual Chairman and CEO Roger Crandall spoke with *Best's Review* about how the life insurer plans to meet the coming year's challenges. In "MassMutual Prepares for the Worst Amid 2023 Warning Signs," Crandall spoke about the company's core strengths and how he aims to be flexible in the face of rising interest rates and shifting market demands.

A quick pulse check of the larger industry showed a fair share of doom and gloom at year's end. While losses from catastrophes certainly added up this year and inflation raised concerns, insurers also should be able to benefit from higher rates.

In "Mix of Forces Set to Shape Insurance Markets in Coming Year," *Best's Review* spoke with leaders about the issues set to influence the markets.

"What I'm expecting is that pricing will remain rational and that pricing will continue to reflect the underlying loss cost trends," said Robert Hartwig, director, Risk and Uncertainty Management Center, Darla Moore School of Business, University of South Carolina. "So does that mean the overall market will be harder? Potentially not, but pricing will likely be at level pace that would allow insurers to generate reasonable underwriting results."

In "Insurers' Balance Sheets Increasingly See Unrealized Losses in Rising Asset Management Challenge," *Best's Review* spoke to AM Best and other industry experts about the impact of rising interest rates on insurers and their investments.

December is Goods and Cargo Awareness Month. In "Keep on Trucking: Online Shopping Helped Drive Inland Marine Premiums Over the Last Decade," *Best's Review* examines the growth in direct written premiums in the inland marine segment. The issue also includes rankings of the top U.S. inland marine, U.S. ocean marine and U.S. fire and allied writers.

The December issue also features *Best's Review*'s exclusive ranking: "Top Audit and Actuarial Firms."

In "COVID-19 Mortality Trends, Interest Rates and Climate Change Seen as Key Issues for Actuaries in 2023," Nik Godon, director of insurance consulting and technology at WTW, said actuaries should expect a fair amount of uncertainty next year.

The December issue also includes a ranking of the top U.S. surplus lines insurers.

Note: Beginning in January, *Best's Review*'s online magazine will move to a new, interactive format, which can be found at *bestsreview.ambest.com*. BR

Patricia Vowinkel
Executive Editor
patricia.vowinkel@ambest.com

The Question:

Should insurers break out cyber metrics in their financial statements?

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

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

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INLAND MARINE INSURANCE

BEST'S RANKINGS

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

COLUMNS

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Cover design by Andrew Crespo.
Photo courtesy of MassMutual

AM Best to Speak at IASA Xchange Lite Virtual Event

Dec. 1: Joint Industry Forum, Insurance Information Institute, New York, NY, USA.

Dec. 8: AM Best's Networking Reception, AM Best, New York, NY, USA.

Dec. 12-16: NAIC Fall Meeting, National Association of Insurance Commissioners, Tampa, FL, USA.

Dec. 15: VIRTUAL. IASA Xchange Lite, Insurance Accounting & Systems Association.

Jan. 6-11: American Farm Bureau Convention, American Farm Bureau Federation, San Juan, PR, USA.

Jan. 18: St. John's Insurance Leader of the Year Awards Dinner, St. John's University, New York, NY, USA.

Feb. 5-7: APCIA Emerging Leaders, American Property Casualty Insurance Association, Charleston, SC, USA.

Feb. 10: Artemis ILS NYC, Artemis, New York, NY, USA.

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

December Is Goods and Cargo Awareness Month
Best's Review examines the growth of inland marine insurance—thanks in part to the explosion in popularity of online shopping and the need to keep goods moving nationwide—and how the line has handled pandemic-related challenges. Also included are AM Best's rankings of the top U.S. ocean marine and inland marine insurers. Coverage begins on page 48.

Zurich Insurance Group Names Successor to Retiring Farmers CEO

Marsh McLennan appoints a new president and CEO, SiriusPoint hires a new CFO and Munich Re and Allianz Trade announce changes to their boards of management.

Raul Vargas

Jeff Dailey

Zurich Insurance Group appointed Raul Vargas to succeed Jeff Dailey as chief executive officer of Farmers Group Inc., a wholly owned subsidiary, and as a member of the Zurich Group executive committee.

All changes are subject to regulatory approvals and are effective Jan. 1, 2023.

Dailey, who is retiring after 11 years as CEO, joined Farmers Group in 2007. He will continue as chairman of the Farmers Group, the company said in a statement.

"Jeff has made a positive impact at Farmers over more than a decade of leadership and service," said Mario Greco, Zurich Group chief executive officer. "He has successfully led the organization by delivering strong results, driving technological innovation and fostering a culture of collaboration."

Vargas is currently president of distribution, life and financial services for Farmers Group. He oversees the sales and distribution activities, in addition to Farmers New World Life and Farmers Financial Solutions, according to the company.

Vargas has more than 20 years of international leadership experience across Latin America and Europe. His extensive career with Zurich includes eight years as CEO of Zurich Santander Insurance America, according to a company statement.

"He has a strong track record growing one of our largest retail businesses by delivering product innovations and optimizing distribution, while improving the experience of customers," Greco said.

—Staff Report

Marsh McLennan President and CEO to Retire; Successor Named

Photo: Business Wire

John Doyle

Marsh McLennan has appointed John Q. Doyle to succeed Daniel S. Glaser as president and chief executive officer, effective Jan. 1, 2023.

Glaser will retire from Marsh McLennan at year end, following a decade of leading the company through what the company called in a statement a period of extraordinary growth and change. Glaser has served as president and CEO since 2013. Prior to 2013, Glaser served as group president and chief operating officer of the company. He rejoined Marsh McLennan in December 2007 as chairman and CEO of Marsh, returning to the firm where he began his career in 1982, it said.

Doyle served as group president and COO of Marsh McLennan since January 2022 and prior to that was president and CEO of Marsh, the company's risk advisory and insurance solutions business, from 2017 to 2021, the company said.

Doyle is an insurance industry veteran with more than 30 years of management experience in commercial insurance underwriting and brokerage. He began his career at American International Group Inc. and held several executive positions at the insurer, including CEO of AIG, and president and CEO of AIG property and casualty in the United States, according to the company.

Upon his retirement as president and CEO, Glaser also will retire from the company's board of directors. Doyle will join the board as a director effective Jan. 1, 2023, the company said.

Allianz Re Names Chief Marketing Officer


Denis Pehar

Allianz Re has named Denis Pehar as chief marketing officer, with two to succeed his former roles.

Wolfgang Wopperer will succeed Pehar as head of property/casualty business (third party) in Europe, the Americas, Middle East and Africa, effective Jan. 1, 2023. In addition, Reto Schneider succeeded Pehar as global head of agriculture, effective Nov. 1.

In his new role, Pehar will further develop Allianz Re's global third-party business strategy and will promote its implementation for continued profitable growth. He joined Allianz Re in 2013 and has been leading various client management teams in P/C and agriculture since then, according to a company letter.

Wopperer has been head of reinsurance internal Western Europe and Latin America. He has held various management positions throughout his reinsurance career and has broad experience in the external reinsurance market, according to the company.

Schneider has been regional head of agriculture since 2018 and location head Zurich. He joined the company in 2017 from Swiss Re, where he had developed his global experience in the agriculture business, the company said.

Insa Adena, head of CMO middle office, and Kenrick Law, chief executive officer Singapore and head of P&C business Asia-Pacific (third party), will remain in their current positions, the company said.

Former Guy Carpenter Exec Joins SiriusPoint as CFO


Steve Yendall

SiriusPoint appointed Steve Yendall to succeed David Junius as chief financial officer, effective Oct. 31.

Junius resigned to pursue other opportunities. Yendall has 25 years of reinsurance industry experience. He reports to Scott Egan, chief executive officer, and becomes a member of SiriusPoint's executive leadership team, according to the company.

Yendall joined the company from Guy Carpenter, where he most recently was managing director Canada and North America. Prior to that, he was CFO and chief operating officer at RSA Canada Group, where he also served as a member of both RSA Canada Group of Companies board of directors and RSA Insurance Agency Inc. board of directors. Yendall has held numerous financial, operational and insurance advisory roles over his career at companies including RSA Canada Group, Ernst & Young, and Accenture, according to a company statement.

Munich Re Announces Board of Management Changes

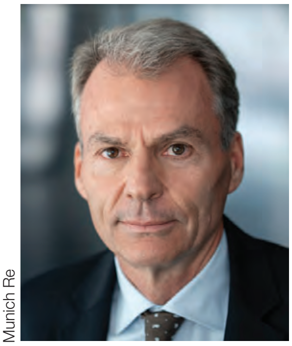


Photo: Munich Re

Thomas Blunck

The Supervisory Board of Munich Re appointed Thomas Blunck to succeed Torsten Jeworrek as the chair of the reinsurance committee of the group's board of management, effective Jan. 1, 2023.

Jeworrek, who will step down from the board of management on Dec. 31 at his own request, has been with the company for a total of 32 years and has been a member of the board of management for 20 years, the company said in a statement.

Blunck joined the board of management in 2005. In addition to becoming the chair of the reinsurance committee, he also will chair the global underwriting and risk committee. On the board of management, he also will be responsible for data and analytics, Internet of Things, corporate underwriting, claims, accounting, reinsurance development, controlling and central reserving for reinsurance, and information technology. Stefan Golling will take responsibility for capital partners on the board of management, according to a company statement.

The supervisory board also appointed as new members of the board of management Clarisse Kopff, effective Dec. 1, and Mari-Lizette Malherbe, effective Jan. 1, 2023. Kopff will head the Europe and Latin America nonlife division. Malherbe will succeed Blunck and take over responsibility for the life and health division, according to the company.

Kopff had been with the Allianz Group for the past 21 years, most currently based in Paris, where she was Allianz Trade's chief executive officer. She was previously chief financial officer at Allianz France and Euler Hermes, the company said.

Malherbe has been with Munich Re since 2007, and to date headed the life and health reinsurance

Europe and Latin America divisional unit from London, according to the company.

Allianz Trade Names CEO-Chair for Board of Management

Allianz Trade has named Aylin Somersan Coqui to succeed Clarisse Kopff as chief executive officer and chairperson of the board of management of Allianz Trade, subject to regulatory approval.

Aylin Somersan Coqui

Coqui began her career as a financial analyst at Morgan Stanley in 1998, and then joined the Allianz Group in 2002. She served in various positions with Allianz Global Investors and PIMCO before holding multiple international leadership roles within the group, including chief financial officer and then CEO at Allianz Turkey, chief human resources officer at Allianz SE and board member and labor director at Allianz Deutschland AG. Since 2020, she has been group risk chief officer at Allianz SE, according to a company statement.

Allianz Trade offers trade credit insurance and is a specialist in the areas of surety, collections, structured trade credit and political risk, it said. Allianz Trade is the trademark used to designate a range of services provided by Euler Hermes.

Universal Insurance Holdings Appoints Chief Claims Officer

Universal Insurance Holdings Inc. has appointed William Degnan as chief claims officer.

William Degnan

Degnan was previously executive vice president, claims of Alder Adjusting Corp., Universal's wholly owned claims adjusting subsidiary. He will continue to lead enterprise-wide claims processing and adjusting, overseeing over 300 professionals and multiple third-party relationships, according to a company statement.

Degnan has been with Universal since 2011. Prior to serving as EVP of Alder Adjusting Corp., he held various positions of increasing responsibility within Universal's claims department, the company said.

Universal Insurance is a holding company offering property/casualty insurance and value-added insurance services.

Fortitude Re Names President-Chief Executive Officer

Fortitude Re appointed Alon Neches to succeed James Bracken as president and chief executive officer.

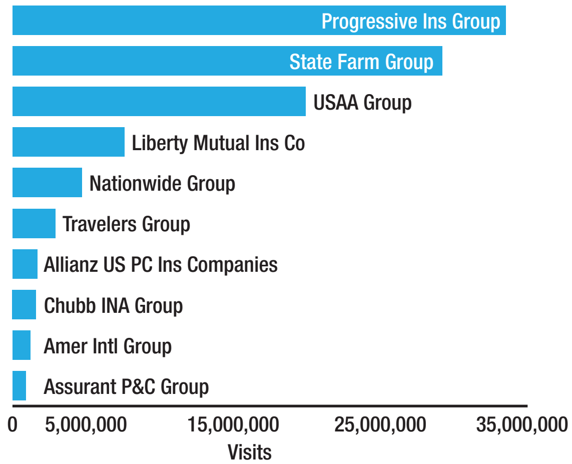
Alon Neches

Bracken stepped down to pursue other opportunities and will be available to assist in the transition during the months ahead. Neches also will join Fortitude Re's board of directors, the company said.

Under Bracken's leadership, Fortitude Re was successfully carved out of American International Group Inc. and has evolved into a leading independent reinsurance franchise with a strong balance sheet and world-class capabilities tailored to serve a growing base of global insurance clients and their policyholders, according to a company statement.

Web Traffic: Visits to US Inland Marine Writers

Progressive leads web analytics provider Semrush's ranking of the top 10 U.S. Inland Marine Writers based on 2021 direct premiums written.



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

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

Neches is an insurance industry veteran with more than 20 years of experience as an operator, investor and adviser in regulated industries. He has deep knowledge of Fortitude Re's business, having held various senior executive roles at AIG, including global treasurer and head of corporate development, where he was involved in the creation of Fortitude Re. Neches joins from global investment firm Carlyle, where he was a partner and managing director in Carlyle Insurance Solutions. In that role, he worked closely with Fortitude Re's senior management in building the business, the company said.

Zurich Insurance Names Group Chief Underwriting Officer

Penny Seach

Zurich Insurance Group appointed Penny Seach to succeed Hayley Robinson as group chief underwriting officer, effective Jan. 1, 2023.

Robinson, who has held the role since June 2021, decided to step down at the end of the year for family health reasons. She will continue in her role through the end of the year, working alongside Seach to ensure a seamless transition, the company said.

Seach is currently chief underwriting officer Europe, Middle East and Africa. She has more than 25 years of insurance experience with various multinational insurance companies. She joined Zurich in 2017 and has a strong track record of leading large diverse teams across geographies and disciplines, according to a company statement.

Seach joined the company from American International Group, where she worked for more than five years, lastly as regional head of casualty Asia-Pacific. She also has held roles at RSA, Chubb, and Ace, according to her LinkedIn profile.

MS Amlin Underwriting Names CEO

MS Amlin Underwriting Ltd. appointed Andrew Carrier to succeed Johan Slabbert as chief executive officer.

Slabbert has been named in the newly created role of CEO of MSIG Holdings (U.S.A.) Inc.

Carrier is currently MS AUL's chief underwriting officer and will transition to his new role on Jan. 1, 2023, subject to regulatory approval. He has more than 20 years of leadership experience in international (re)insurance markets, taking up his new role after two years as MS AUL's CUO. He has played a pivotal role in transforming MS AUL's underwriting strategy and portfolio, creating a more sustainable future for the company and helping it return to profitability, according to a company statement.

Andrew Carrier

Prior to his time at MS AUL, Carrier spent six years at Everest Re, where he was responsible for the firm's London Market, Continental Europe, and Asia Pacific reinsurance operations. His career also includes serving as group CUO at Argo for seven years and more than 20 years at Kiln, the company said.

Slabbert will be responsible for driving forward the U.S. growth strategy of Mitsui Sumitomo Insurance —MS AUL's parent company—as it seeks to build on its growing domestic foundations following the proposed acquisition of Transverse LLC, in August this year, subject to regulatory approval. Slabbert will remain with MS AUL until the end of the year to support a smooth transition and regulatory handover, the company said.

Insurtech Hippo Appoints Chief Human Resources Officer

Kelly Wolf

Kelly Wolf joined Hippo as chief human resources officer, according to the company.

Wolf will lead Hippo's human resources team and will be responsible for critical people-centered functions including employee relations, talent acquisition and management, and leadership development, the company said.

Wolf has more than 20 years of experience leading diverse HR organizations. She joins Hippo from online retailer Zulily, where she was vice president of people, overseeing human resources, talent acquisition, diversity, equity and inclusion and more. Prior to that, Wolf led various people-centric teams, including employee relations, talent management and leadership development, at Amazon and Shopbop.com, according to a company statement. BR

MASTHEAD
FORESTAY

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BEST'S REVIEW®

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At Large

After COVID-19, Insurance Industry Must Adapt to Emerging Risks

Expect the industry in 2023 to place a stronger focus on systemic and cascading risks, particularly those connected to catastrophic events.

By Tony Kuczinski

The end of the year is traditionally the time we look back over the past 12 months, review various "best of" lists and reflect on changes since the last time we flipped over to a new calendar year.

Contemplating the final days of this year led me to thoughts of December 2020 and 2021, when our biggest concern was COVID and the ongoing effects of the pandemic. Thankfully, the pandemic is no longer top of mind. Nevertheless, I am reminded of the old adage, "The more things change, the more they remain the same"—especially in our business.

In the insurance industry, risk is always with us, whether it takes the novel form of a worldwide pandemic or the natural catastrophes we know all too well. While we may join in a collective sigh of relief about lessening COVID issues, we can't get too comfortable. No matter what is happening around the world and no matter what technological advancements are being rolled out, our industry must continually adapt and improve how we manage, respond to and underwrite risk. That never changes.

However, one thing I do expect to change in 2023 and beyond is a stronger focus on systemic and cascading risk. "Systemic risk" refers to a single incident potentially affecting multiple aspects of an economy, an industry or an individual business at the same time. For example, a cyber breach might cause a business to suffer concurrent operational, capital market and reputational losses, significantly compounding the negative impact of a single event.

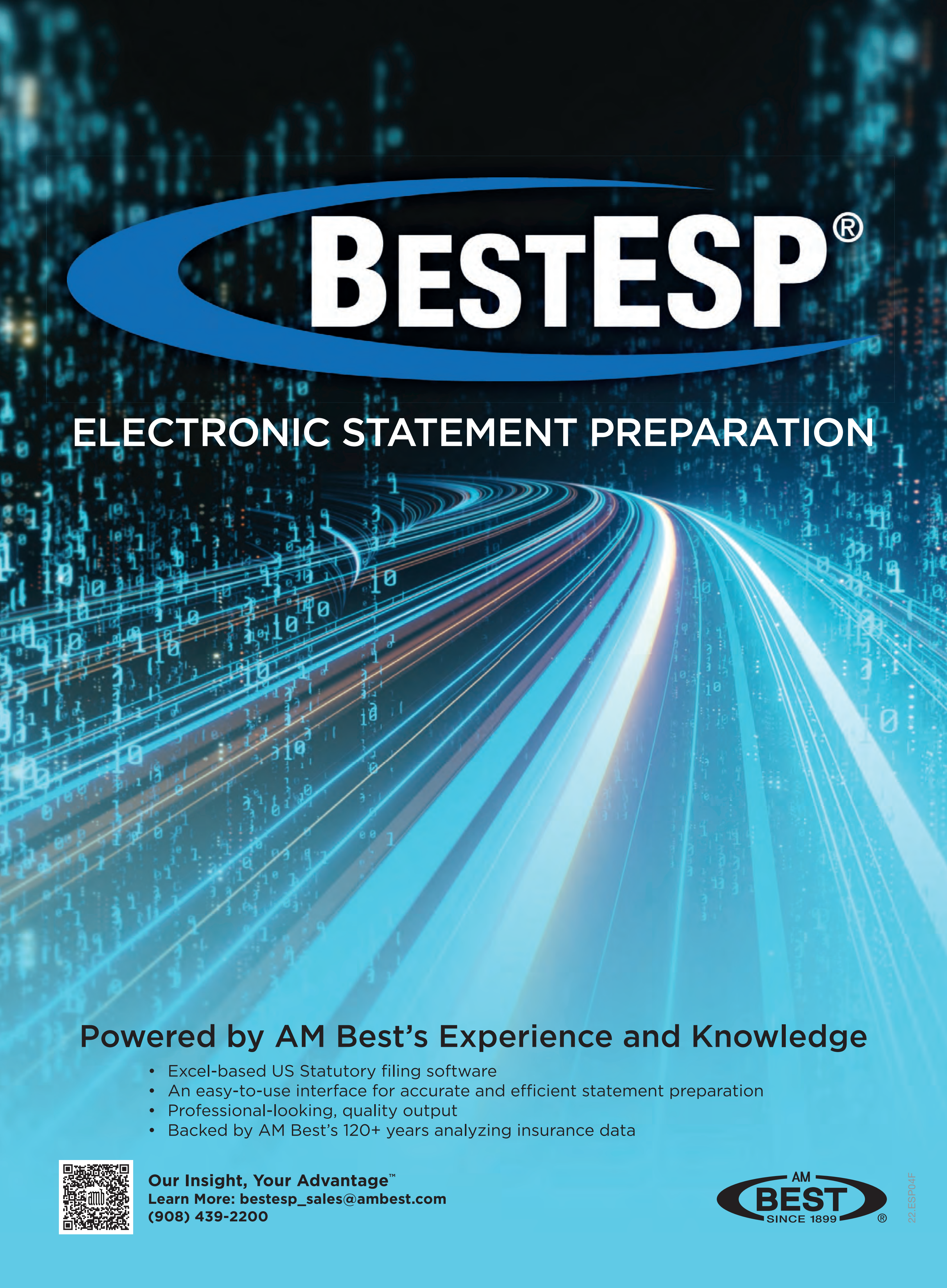
"Cascading risks" have grown as the world is increasingly connected, impacting both "traditional" and "newer" exposures. A region's ability to recover from a natural catastrophe could be affected by supply chain shortages, global inflation or a war thousands of miles away. Similarly, a cyberincident impacting a popular software program could prove disastrous for countless firms worldwide.

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.*

We know that a natural disaster may not necessarily correlate to additional risk exposure outside a specific region in the same way that a single cyber event could have an extended national or global impact. However, as the intensity and frequency of weather-related natural catastrophes continue to increase due to climate change, the impact of these events will expand as well. Recently, we've seen that social and economic inflation, as well as supply chain issues, can reach beyond local and national boundaries to have a global impact. In other words, considering all these factors, the world today is a riskier place than it used to be, especially for our industry.

Some things that won't change, however, are the competitive aspect of the (re)insurance business and the cyclical nature of the market. Competition notwithstanding, there are ways that we can respond collectively to some of the issues that we will continue to face. As I've said in the past, it is critical that insurance and reinsurance companies and their partners come together to tackle the significant challenges facing our communities, our economy and our industry.

As we look to 2023 and beyond, I aspire to see a variety of players in our industry—from established leaders to innovative startups—join forces on these macroissues. Whether it is ensuring an ongoing sustainable cyberrisk solution, helping to reduce carbon dioxide emissions, driving a move to stronger and more sustainable building codes or improving the reputation of the insurance industry to win the war for talent, a joint effort to address these issues will benefit not just our industry, but society as a whole. BR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BEST'S REVIEW® ISSUES & ANSWERS:

• Agriculture
• Insurance Platform and Experience Modernization

Experts discuss the new trends and challenges in the agriculture insurance market and how technology is helping insurers achieve digitalization of their business processes.

Interviewed Inside:

Nathan Bleich
Philadelphia Insurance Cos.

Meera Krishnamurthy
Cognizant

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

Underwriting Agribusiness

Nathan Bleich, vice president of Agribusiness Underwriting for Philadelphia Insurance Cos., said most agribusiness clients may not fully understand all the ins and outs of insurance. “Agents have to help them understand some of their unique exposures and what they need coverage for,” he said. Following are excerpts from an interview.

PHILADELPHIA INSURANCE COMPANIES

A Member of the Tokio Marine Group

Nathan Bleich
Vice President of Agribusiness Underwriting
Philadelphia Insurance Cos.

“Agribusiness agents have to help clients understand their exposures and what they need coverage for. Then they need to be a coverage expert.”

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

What are some of the trends and challenges in the agribusiness?

There’s a lot going on right now in the agribusiness space, from inflation to severe weather challenges and changes. There’s also wildfires taking place, especially in the western part of the country. Then there’s the availability of water to irrigate crops that’s becoming more of a challenge, and the utilization of precision agriculture, variable-rate technology, and the ability to apply water to more areas that need it. These are just some of the trends that are pertinent in today’s marketplace.

What is the most important thing agents should know about supporting agricultural clients?

They really need to know their business. What’s important to them? What do they want to cover? What are their liability exposures? Make sure they’ve got coverages that are custom tailored to those needs. They need to help them understand their exposures. They also need to know the carrier’s risk appetite. What does the insurance company want to write? What do they target? What are they really good at? Then, finally, financial stability. Is that insurance company going to be there in the time of a claim, which is when insureds need them the most.

What impact has inflation and supply issues had on agribusiness?

Inflation is a fact of life right now. For farmers, ranchers and agribusiness clients, they have to worry about increased fuel costs, increased fertilizer costs, increased seed costs. Their equipment and vehicle repairs are higher as well. This means less profit, and loans cost more and may be harder to get. From an agency standpoint, they may have to shop their insurance. If they are taking increases on their policies, it may be a time for them to shop their insurance and find the best fit for them for the best price. As those margins go down in other areas, they’re going to ask, “Hey, how much is my insurance costing me?” On top of that, the cost of claims has increased. Newer autos are harder to get, so a lot of people are repairing their old ones, but those costs have certainly increased with inflation.

How have wildfires impacted farmers and ranchers?

It’s been a huge impact, especially in the western part of the country. Whether it be dwelling or structural fires, equipment losses, crop insurance losses, damage to their crops, smoke taint to their crops or other commodities. Then just the difficulty of finding insurance coverage that covers them adequately. It’s definitely been a challenge. From a mitigation standpoint, there’s some things that they can do. They can have a plan ahead of time. Be prepared for when that event occurs.

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

Digital Revolution

Meera Krishnamurthy, Senior Vice President and Global Head of Insurance for Cognizant, said "from our experience and servicing clients in both the life and property and casualty sector globally, we can say with certainty that there is no one size that fits all solutions." Following are excerpts of an interview.

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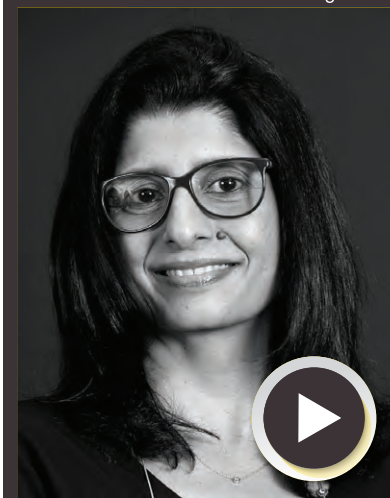
Meera Krishnamurthy
Senior Vice President
Global Head of Insurance for Cognizant



"We are the largest system integrator in the insurance industry in North America."

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

How has insurance digitized in the last decade with the integration of new technologies and industry platforms?

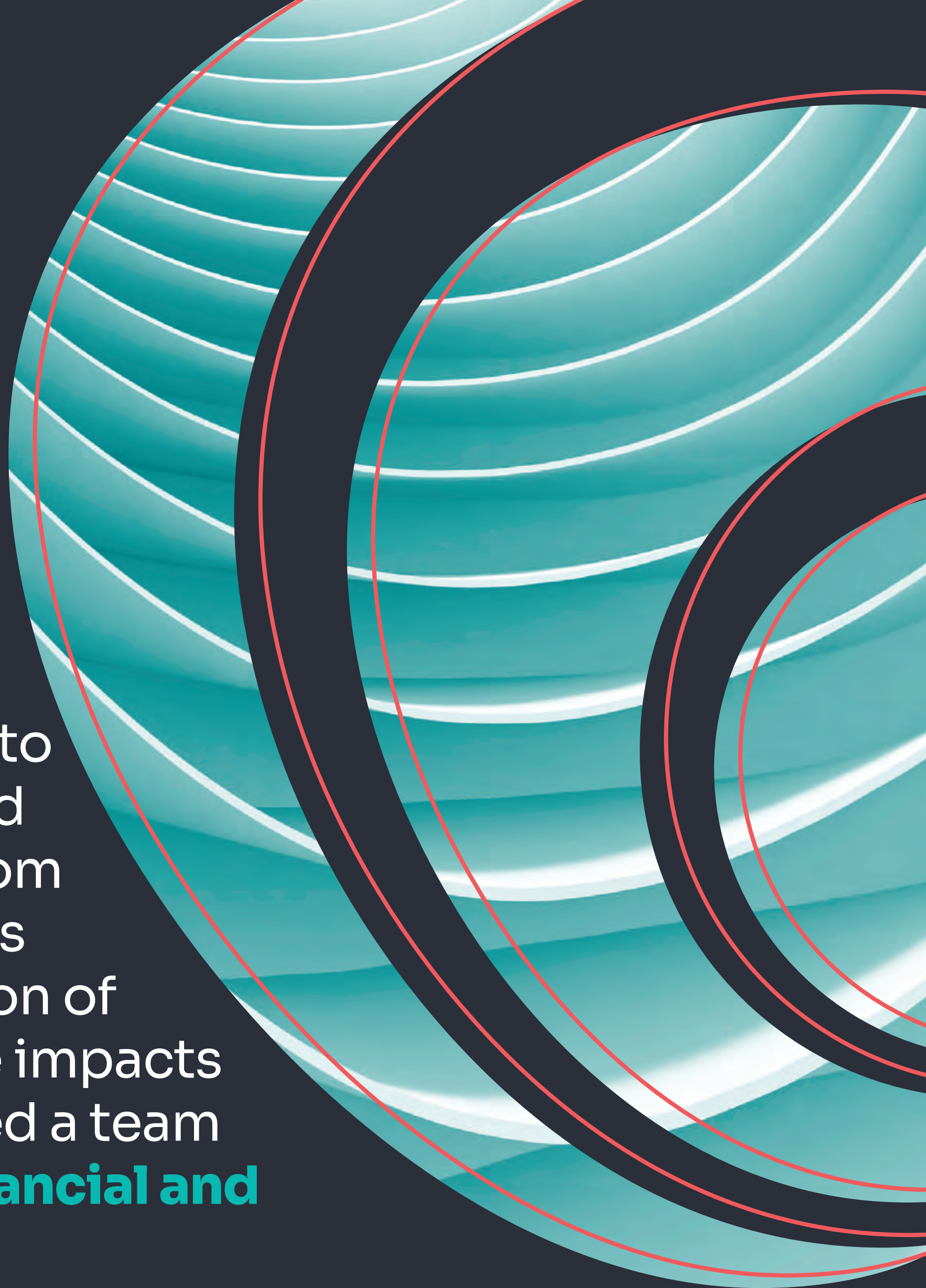
The insurance industry is finally making real progress with digital. Virtually all insurers started in a rudimentary place, where every document at every stage of the insurance life cycle was on paper, and every document had to pass through human hands for things to get done. I still remember the giant storage spaces, whole floors of large buildings in fact, where all that paper was permanently housed in filing boxes! That visual—plus the record retention risks and service challenges—prompted most insurers to start by digitizing all that paper. Fast forward a few years, and insurers have discovered that they can skip right over the paper stage by doing things electronically, and in the process they capture and generate data that has a lot of utility.

Where do you still see opportunities for insurers to accelerate their business transformation?

For life insurers, we typically see carriers get stymied by a set of blockers, like a growing stack of legacy technology that is really hard to retire. Or an inability to bring new thinking about business processes or business models into the mix. And both of those things are perfectly rational. It is not easy to retire legacy technology, and the industry has seen plenty of failed attempts through the years. On innovation, traditionally it has simply been a risk/reward mismatch. The old business models have hundreds of years of success, so setting them aside to try something newer and risky is quite a leap. Carriers need to think creatively about solving their biggest problems in sequence. On the P/C side, we see tremendous opportunities as carriers develop functional ecosystems. In other words, the ability to combine best practices, great data, and modern technology in innovative ways, without building it yourself. It turns out one of the best things about the insurtech revolution is that we're learning as an industry to bring capabilities together in a test-and-learn model.

How is Cognizant leveraging new insurance platforms and ecosystems in insurance and how has that impacted its clients/partners?

At Cognizant, we generate value for insurers who are addressing core systems challenges by providing two essential things: deep platform and domain expertise, and a service palette that enables strategic flexibility. As the largest SI [system integrator] in North American insurance, we have knowledge across all major platforms and lines of business, for every step of the insurance value chain. Our advisory capabilities help customize solutions to every client's specific needs. In addition, we have deep-dive technology expertise across the domains that drive the digital conversation like AI, data, automation, application engineering, and cloud. All that knowledge comes together in a wide range of models which we tailor to client needs, balancing risk and speed.



Top Audit and Actuarial Firms

Ranked by loss reserves.

by *Best's Review* Staff

Best's Review presents its ranking of the top auditors and actuaries. These rankings focus on independent accountants who audit an insurer's annual financial statements and on third-party actuaries who provide an annual statutory actuarial opinion regarding an insurer's policy and claim reserves.

These listings of auditor and actuarial firms include only insurance companies with statements that listed auditors or external actuaries. The insurer population includes U.S. and Canadian companies that file with AM Best. Unlike the annual statutory audit, for which the insurer must use an independent certified public accountant, the actuarial opinion may be provided by an internal actuary, which is an actuary directly associated with the insurer. The data are derived from individuals or firms in the context of providing an annual audit or actuarial opinion. Many of the individuals or firms listed in the tables are likely to have additional insurance clients for which they perform a variety of other services, but such services are not reflected in this survey's data. The primary task of audit firms working with insurance companies is to certify the audits of financial statements. That means they must understand statutory-based financial accounting.

They also stay abreast of developments among regulatory bodies, particularly the National Association of Insurance Commissioners in the United States, to ensure compliance with current standards. Rankings for both the auditing and actuarial firms are based on the loss reserves held

The Auditors and Actuaries Special Section is sponsored by Johnson Lambert.

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

by their client insurance companies. Again, as described in the methodology, not all insurers are included, and not all client relationships between insurance companies and their auditing and actuarial firms have been reflected.

For property/casualty insurers, loss reserves are the total of loss and loss adjustment expense reserves.

For health insurers, loss reserves are the sum of:

1. Claims unpaid, less reinsurance ceded.
2. Accrued medical incentive pool and bonus amounts.
3. Unpaid claims adjustment expense.
4. Aggregate health policy reserves.
5. Property/casualty unearned premium reserves.
6. Aggregate health claim reserves.

For life insurers, loss reserves are the sum of:

1. Aggregate reserves for life and for accident and health.
2. Liabilities for deposit type contracts.
3. Life policy and contract claims.

Count for each sector (P/C, life and health) includes companies for which an auditor or actuary was listed on the statements of companies designated in that sector, plus where they were listed by other companies that also had reserves of that sector's type. For example, some companies designated as health carriers report P/C loss reserves in addition to health reserves; those companies are included in the count for the P/C sector, in addition to being included in the client count for the health sector. BR

Actuary Firm – 2022 Edition	P/C Loss Reserves (US$000)	P/C Count
PricewaterhouseCoopers	60,451,289	74
Beneficial Consultants	54,863,660	7
Ernst & Young	46,457,993	89
KPMG	40,796,508	62
Milliman	35,710,281	152
Willis Towers Watson	23,563,184	142
Deloitte	14,528,251	38
TMNA Services	6,670,567	6
Pinnacle Actuarial Resources	3,595,506	63
Regnier Consulting Group	3,559,372	51
Merlinos & Associates	2,062,230	85
Perr & Knight	1,315,160	46
The Actuarial Advantage	1,053,838	13
Streff Insurance Services	1,025,910	31
EVP Advisors	854,730	24
Christopher Gross Consulting	847,217	1
Oliver Wyman	783,566	16
Central Actuarial Solutions	782,788	6
Actuarial Advisors	770,893	16
FTI Consulting	723,983	4
Kufera Consulting	549,396	31
SG Risk	470,155	9
LWCC	459,893	1
Huggins Actuarial Services	457,503	17
Lewis & Ellis	440,682	24

Source: AM Best data and research

Actuary Firm – 2022 Edition	Life Loss Reserves (US$000)	Life Count
Milliman	21,428,497	19
Consultant Robert Haneberg	20,481,843	1
Lewis & Ellis	10,929,953	44
Miller & Newberg	8,160,761	19

Actuary Firm – 2022 Edition (continued)	Life Loss Reserves (US$000)	Life Count
PricewaterhouseCoopers	7,771,231	10
Griffith Ballard & Company	7,115,185	12
Guggenheim Insurance Services	6,183,836	1
Willis Towers Watson	5,948,315	7
Allen Bailey & Associates	4,746,690	9
Actuarial Resources Corporation	2,395,246	6
Steimla & Associates	1,353,712	5
Rudd and Wisdom	1,190,947	28
Hause Actuarial Solutions	974,648	25
Actuarial Management Resources	974,161	5
Deloitte	582,725	1
Wakely	538,685	2
Bruce and Bruce	537,610	2
Bruce & Associates	426,777	1
CPS Actuaries	303,260	11
Everence Services	278,736	2
DJOrr Consulting	237,424	1
RGA Enterprise Services	202,204	1
Davies Insurance Services	176,340	1
Agee & Associates	123,621	9
Gwise Consulting	97,445	1

Source: AM Best data and research

Actuary Firm – 2022 Edition	Health Loss Reserves (US$000)	Health Count
Milliman	12,742,636	178
Ernst & Young	4,677,658	20
Lewis & Ellis	1,934,165	19
Optum	1,806,989	19
Wakely	1,443,547	39
PricewaterhouseCoopers	1,176,557	12
Oliver Wyman	981,246	15
NovaRest Actuarial Consulting	945,884	1
Deloitte	439,503	11
KPMG	399,032	6
Lake Consulting	338,725	2
Willis Towers Watson	252,042	3
Barry, Dunn, McNeil & Parker	143,682	1
Lumeris Healthcare Outcomes	132,265	2
Lucerna Health	75,799	2
Aetna Resources	70,906	1
CBIZ	66,382	11
RSM US	54,864	2
Mulberry Management	46,038	4
Lee Benefits Consulting	42,767	3
Axene Health Partners	38,054	2
Bolton Health Actuaries	36,703	3
Crooks Actuarial Consulting	30,221	4
HealthCare Analytical Solutions	30,019	1
Actuarial Solutions	27,418	2

Source: AM Best data and research

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consulting services to fit the needs of insurance companies and insurance-re

Auditor Firm – 2022 Edition	P/C Loss Reserves (US$000)	P/C Count
PricewaterhouseCoopers	223,993,058	233
Ernst & Young	192,765,981	235
Deloitte	176,710,472	151
KPMG	126,887,647	185
Johnson Lambert	15,022,736	128
EisnerAmper	10,428,798	12
Baker Tilly	6,036,702	30
Mazars	5,889,070	38
BDO	3,042,664	30
Crowe	2,951,568	75
BKD	2,898,666	34
Strohm Ballweg	2,389,638	32
Plante Moran	2,341,662	29
Grant Thornton	1,991,033	17
Dixon Hughes Goodman	1,412,875	22
RSM	1,229,311	34
State Auditor General	1,122,369	1
Eide Bailly	1,084,366	7
MCM	676,156	4
Jaynes, Reitmeier, Boyd & Therrell	610,827	12
Mountjoy Chilton Medley	524,459	3
JLK Rosenberger	521,930	27
Brown Schultz Sheridan & Fritz	478,680	29
KMH	465,300	7
Johnson, Lauder & Savidge	443,930	13

EisnerAmper's ranking was changed after including data from two insurance organizations that were not part of the original calculation.
Source: AM Best data and research

Auditor Firm – 2022 Edition	Life Loss Reserves (US$000)	Life Count
PricewaterhouseCoopers	1,802,463,495	97
Deloitte	733,331,742	112
KPMG	641,214,615	72
Ernst & Young	597,685,451	98
Seward & Monde	24,937,913	1
BKD	17,102,400	18
Johnson Lambert	9,575,446	14
BDO	9,019,002	11
RSM	8,929,330	14
H2R CPA	5,700,899	7
Strohm Ballweg	4,785,296	5
JLK Rosenberger	3,698,464	10
Eide Bailly	3,580,929	8
Larson & Company	3,198,723	4
Kerber, Eck & Braeckel	3,022,622	13
Grant Thornton	3,017,524	8
Armanino	2,762,138	7
EisnerAmper	2,546,254	7
Mazars	1,244,901	3
Hosack, Specht, Muetzel & Wood	1,032,177	3
Dalby, Wendland & Company	997,191	1
Carr, Riggs & Ingram	662,609	7
Baker Tilly	620,662	11

Auditor Firm – 2022 Edition (continued)	Life Loss Reserves (US$000)	Life Count
Crowe	446,715	2
Frank J Baker & Company	404,020	1

Source: AM Best data and research

Auditor Firm – 2022 Edition	Health Loss Reserves (US$000)	Health Count
Ernst & Young	41,978,981	185
Deloitte	27,901,831	147
PricewaterhouseCoopers	20,217,233	127
KPMG	14,740,739	114
Grant Thornton	4,464,815	25
Baker Tilly	1,861,177	20
BKD	1,212,203	23
RSM	1,119,618	19
Eide Bailly	972,482	14
Plante Moran	887,343	35
CliftonLarsonAllen	759,701	12
Accuity	634,758	3
Moss Adams	377,757	10
Kernutt Stokes	253,153	2
Carr, Riggs & Ingram	193,238	6
Wipfli	177,340	8
BDO	176,467	6
Centeno Figueroa & Co.	155,761	1
Marcum	153,784	1
Dixon Hughes Goodman	152,379	2
FORVIS	139,510	2
Baird, Kurtz & Dobson	135,287	1
McGee, Hearne & Paiz	120,521	2
Baker Newman Noyes	92,542	5
Brown Smith & Wallace	86,003	1

Source: AM Best data and research

COVID-19 Mortality Trends, Interest Rates and Climate Change Seen as Key Issues for Actuaries in 2023

Nik Godon, director of insurance consulting and technology at WTW, says actuaries can expect a lot of uncertainty and volatility in 2023. Godon was one of the speakers at the Society of Actuaries' ImpACT conference.

by Patricia Vowinkel

Actuaries don't typically like uncertainty, but that's what they can expect in 2023, according to Nik Godon, director of insurance consulting and technology at WTW.

Elevated mortality trends, rising interest rates and climate risk were the key topics during a roundtable discussion at a recent SOA ImpACT conference in Orlando, Florida. The conference brought together more than 1,600 actuaries to discuss the hot topics in the industry and help further continuing education for actuaries.

Key Points

Mortality Trends: Will there be permanent impacts that might change long-term mortality as a result of COVID?

Interest Rates: Interest rates have been on the rise this year, but is it sustained or will it be temporary?

Climate Risk: Companies will come under more pressure to disclose their investments.

In addition to its conference, the Society of Actuaries has also launched two new programs for actuaries. An SOA spokesman said the organization has developed a new certificate program for actuaries and others working with data topics involving climate risk that will begin

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in February 2023. The SOA also has launched a new affiliate membership supporting the pipeline for new actuaries. Visit the Society of Actuaries at *www.soa.org* for more information.

Godon was one of the panelists on "WTW Roundtable – The Circus is in Town: Rising Interest Rates, Long-Term Impacts of COVID-19 Mortality, and More!" Godon spoke with *Best's Review* about these key topics. The following is an edited transcript.

The roundtable discussion covered three key topics: interest rates and the economy, COVID-19 mortality, and climate risk. What were some of the key takeaways from those discussions?

I'll start with COVID mortality. So in 2020, everyone was asking if the increased mortality was just a blip. You go through 2021 and it no longer seems like it's a blip and then it's continued in 2022. So, not necessarily at the same levels as what was seen in 2020 and 2021, but certainly still having a material impact on the excess deaths in the U.S. The conversation we had at the roundtable was around the fact that we now know this is likely not just a temporary blip.

In the short term, actuaries are expecting that there's still going to be some amount of elevated deaths. It's not just COVID. There's been an overall increase in the entire U.S. of excess deaths, with COVID being one of the causes. But then other causes have also increased as well recently, such as excess deaths from accidents or overdoses.

So there's just this expectation that mortality may be elevated in the near term. A lot of actuaries think there's still going to be an extension into 2023 of some kind.

But then the broader question is, are there permanent impacts here that might change long-term mortality as a result of COVID? You hear discussions about long COVID, but you've also had millions of Americans who had COVID, many of them asymptomatic cases, many of them mild cases, but also many severe cases. And that leaves us with a lot of uncertainty. Is there going to be a permanent impact? And if so, how much might it be?

Should you be assuming some form of increase in mortality, relative to what you thought it might be before COVID?

Some actuaries argue COVID killed off the elderly and those with pre-existing conditions, meaning it simply accelerated a bunch of deaths and maybe the people who are still around are stronger. So maybe mortality will be slightly improved going forward.

We speak to many different companies and actuaries, and there's all sorts of opinions on what may or may not happen from a long-term perspective.

There generally seems to be consensus that in the short term you are still going to have some excess mortality happening. But the real debate is over the long term. Are things going to be worse or better? We just don't know at this point in time. Depending on what actuarial exercise you're doing, some caution or prudence in what you're assuming, with sensitivity testing in either direction, may be the way to go.

What about the economic issues?

[The year] 2022 has been very volatile. There has been a lot of rapid movement both in inflation and interest rates going up.

Part of the roundtable message was volatility is likely going to continue. And from an interest rate perspective, generally people assume: "Oh, interest rates are up. You guys have been complaining for such a long time that they've been low. Aren't you just super happy?"

The answer to that question depends on the blocks of business that you have. For longer-term business, like long-term care and universal life, interest rates going up is generally going to benefit the insurance companies longer term. But insurance companies also have other blocks like fixed deferred annuities where lots of people have 3% guarantees from older days. A lot of the concern had been how long are they going to keep these policies? All of a sudden now you have this really fast increase in interest rates and people with what were thought to be attractive guarantees of 3% can now go and get a new contract at 5% or more guaranteed for five, seven, 10 years and so on.

Are you going to start to see any sort of surrender increase from people leaving to buy new contracts? And when that happens, because interest rates have gone up so much, credit spreads have widened, will companies have to take losses on the sales of their assets? Depending

"Part of the roundtable message was volatility is likely going to continue. And from an interest rate perspective, generally people assume: 'Interest rates are up? You guys have been complaining for such a long time that they've been low. Aren't you just super happy?' The answer to that question depends on the blocks of business that you have."

Nik Godon
WTW

on your mix of business, you could have some negative impacts in certain blocks and then in others you could have significant positive impacts if policyholders stay.

There are many people who think if inflation continues to be high, the Fed will continue to increase interest rates. And so that's another question. We've been on a 30-year, at least, downward trend of interest rates. And it sort of bottomed with COVID when you had a 50 basis point 10-year Treasury.

Ever since then, it had been coming up. And then in 2022 after March it really rapidly went up. There have been some times in the last 30 years where interest rates did go up 2% or more in a year. But those periods generally were followed by further decreases and rates continued to be low.

Therefore, there's this possible short-term benefit of interest rates going up. But do you think it's going to be sustained or is it temporary? And so, as an example, if we go into recession and maybe inflation gets tamped down, then you would expect the Fed to start going in the other direction because unemployment's going up and maybe they did too much in increasing interest rates too high.

That goes back to my volatility question. It's hard to know where interest rates may go based on all these other factors, inflation being one of them. There's just many drivers of the significant increase in inflation and which ones will be stopped and or be fixed?

You can think of the war on Ukraine. That's at least part of the driver of increased energy prices and inflation. What if the war all of a sudden ends? Does that then ease some of the pressure on inflation? But you've still got supply chain issues. In the U.S. and many countries, you had all of this pent-up consumption demand from people who were locked up in COVID that has been released. That doesn't necessarily go away in the short term either.

So a lot of the question on inflation is, is it temporary? When will it slow down? Does that then ease the pressure on interest rates? Does that then mean interest rates are going to come back down at some point? There's just a lot of uncertainty right now.

The other comment I'll make is a lot of insurance companies over the last few years, as interest rates have been low, have been lengthening the duration of their bonds to protect against further declines in interest rates. And some have also been going riskier to compensate for investment yields that have been coming down.

Those things now are putting companies, at least relative to before, in a worse position to benefit from the rise in interest rates. If you had bought longer bonds, interest rates going up means the losses on those bonds will have been bigger and you don't have as much money rolling over to take advantage of these higher interest rates.

If you've gone riskier—we've seen the stock market went down a lot. But there's also been spread widening on some of the riskier bonds, too. So once again, if you've gone riskier, you're potentially seeing more of these riskier assets with greater potential losses if you have to sell them. So some of the actions that companies have taken to try to compensate for the lower interest rate environment could mean that, in some instances, they may take more losses and may not be able to benefit as much from the rise in interest rates.

What about climate change?

Climate risk is a core issue for property and casualty companies. They have to worry about storms, fires, floods and the property damage that comes from these natural disasters. From a life insurance perspective, it's less immediately obvious how climate risk impacts life insurance actuaries on this topic.

For starters, there are more demands now coming on insurance companies on the investment side in particular. What are you investing in? What is your climate footprint? Are you investing in companies that are potential contributors to an increase in climate risk?

There's pressure on companies in terms of disclosing what are you investing in and what's the climate impact of those investments. You've also got more risk in some cases depending on where your assets are. Do you have a lot of real estate investment in Florida as an example?

And so you have to think about what do I want to invest in? What are the risks on some of these assets?

On the life insurance risk side, another question is what will climate risk, global warming, do from a mortality perspective? You would think if climate risk continues to get worse that possibly there might be some longer-term impacts from both a health perspective as well as a mortality perspective. You certainly can see when there's large heat waves, there typically are excess deaths that happen in the elderly population.

Drought and lack of water is another effect of climate change. There are many places right now that are starting to run out of water. What does that mean from a health detriment perspective? How do people handle that?

So on the life insurance risk side, it is not fully clear yet how climate is going to impact mortality. Thus, there is more short-term focus on what's the impact on the asset and investment side of things.

Should actuaries be concerned about the climate risk issue?

Climate is a new developing topic that actuaries should become or at least start to be aware of because their companies are going to have to start disclosing more information on it.

Actuaries also want to try to be in on developing a better understanding and assessment of the impact of climate risk, including what scenarios should we look at as an insurance company. Actuaries are wanting to be part of the solution rather than just reacting to it. There's new courses and training being developed from an actuarial perspective to provide some more insight and background for those who are interested in those topics, such as the climate risk certificate under development by the SOA. Because we do think this topic is going to be growing in importance.

Are there any other issues or topics that are on the minds of actuaries as we head into 2023?

There's a lot of change going on because of financial reporting changes for public insurance companies that start on Jan. 1, 2023. You've got the U.S. GAAP changes known as LDTI—Long Duration Targeted Improvements. If you are an international company, you've got IFRS 17. Some companies have a few more years to deal with the U.S. GAAP changes. If they're privately held, they have at least two more years until 2025. There's a significant amount of effort in the entire industry, not just for actuaries but for accountants, too, to get ready for reporting on what, in some cases, are very significant changes in how insurance business is reported.

There are questions on whether these reporting changes will drive longer-term changes in what products are offered and how we view profitability. That's certainly an ongoing big topic that will continue to be a challenge for people well into 2023 and possibly beyond. So that still is a very hot topic.

M&A is certainly something still having a significant impact on the industry. Companies are evaluating whether or not they want to divest of annuity blocks or UL blocks. So that continues to be a hot topic.

Finally, topics around innovation and modernization continue to be at the forefront of industry discussions. The greater use of data in underwriting and ethical considerations surrounding that continue to be an important topic that is growing in importance from an actuarial perspective. BR

Photo courtesy of MassMutual

MassMutual Prepares for the Worst Amid 2023 Warning Signs

As 2022 draws to a close, Chairman and CEO Roger Crandall seeks to build on the company's strengths in technology and annuities as any number of issues—inflation, interest rates, the Russian invasion of Ukraine and energy volatility—weigh on his mind.

by Terrence Dopp

With even the Federal Reserve warning a recession could be in the cards for 2023, Massachusetts Mutual Life Insurance Co. Chairman and Chief Executive Roger Crandall hopes to gird against any potential rough patches by going more digital.

By bolstering its migration to a new, more efficient platform, Crandall said the digital investment will allow MassMutual to better attract customers in a tightened sales environment and will make their products more attractive to distributors. He said the effort will streamline its operational costs

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

Key Points

Tech Focus: MassMutual plans to continue to invest in its technology platforms.

Life Products: The company plans to be flexible to respond to the changing interest rate environment and consumer demand.

Looking Ahead: Inflation, rising interest rates, recession and geopolitical risks are concerns for 2023.

while improving both the internal and external experience. At the same time, he said the company is focused on preparing its balance sheet and product mix as needed to avoid trouble.

"This is the most anticipated downturn in a long time," Crandall said. "But it's hardly the first rodeo for MassMutual seeing downturns. So we want to make sure we get a breadth of product, a breadth of distribution, and then the balance sheet to make sure that we're going to be able to provide what our policyholders always look for from us."

The digital investments continue the company's efforts to build on its technology since it founded Haven Life in 2015, when it hoped to capture a younger audience through an all-digital product. The new outfit, which was designed to operate as a startup at heart within the older company, has operated as an independent subsidiary while enjoying the backing of MassMutual. Crandall said nearly 60% of MassMutual policies are written using its less costly and quicker platform.

Early this year, the company spun off Haven Technologies. That venture is based on the premise that the largest issue confronting the life insurance industry is a technology gap in the computer systems that take a customer from the initial quote through claims management.

As a result, Haven Technologies sells a digital platform to carriers. The aim is to create a new area of revenue growth outside of pure life and annuities, he said. "We need to use technology to reach everybody," Crandall said. "And that's where the investments we've made, again, personified really in the spin out of Haven Technologies, I think sets us up for some continued growth ahead right now."

> "This is the most anticipated downturn in a long time. But it's hardly the first rodeo for MassMutual seeing downturns. So we want to make sure we get a breadth of product, a breadth of distribution, and then the balance sheet to make sure that we're going to be able to provide what our policyholders always look for from us."
>
> **Roger Crandall**
> **Massachusetts Mutual Life Insurance Co.**

Outside Forces

As 2022 closes, the potential for a looming recession, a major land war in Europe and rising interest rates that have pushed down other areas of investments have conspired to create an uncertain road ahead.

"The Fed is raising rates aggressively, the economy is seeming strong, but everyone's feeling really nervous in part because inflation is the highest it's been since my dad worked at MassMutual," said Crandall, whose father was a salesman there for 30 years. "It's been kind of quite a year, but from a MassMutual perspective, it's also been really a phenomenal year."

One of the biggest questions in life insurance at the moment is how rising interest rates and a potential recession may impact the roster of products carriers offer and which ones are competitive. Just as a decade of economic growth in a low-rate environment forced companies to shift their offerings, the road ahead could be just as impactful.

MassMutual also needs to concentrate on the products it offers and find ways to remain flexible in responding to market forces, Crandall said.

Ordinary life insurance was MassMutual's largest insurance line at 30.7%, and individual and group annuities were 33.5% and 33.4%, respectively, according to AM Best. The company is the eighth largest U.S. life/health carrier with $100 billion of total life insurance policies issued.

With its $3.5 billion acquisition of American Financial Group Inc. subsidiaries in 2021, MassMutual gained access to the Great American Life Insurance Co. —rebranded as MassMutual Ascend —and its two insurance brands, Annuity Investors Life Insurance Co. and Manhattan National Life Insurance Co. MassMutual Ascend and its subsidiaries had about $40 billion of traditional fixed and indexed annuity reserves at the close of 2020, the company said. While the 2022 annual report hasn't been released yet, Crandall said annuity sales are up almost 100% this year following a strong decade and sales of life insurance products grew by nearly 14% year-over-year. Even so, should the short- and long-term yield curve invert and remain so for a while, the company is ready to shift greater emphasis to its smaller universal life segment in response.

The company is also prepared to shift toward income and fixed annuities if they become what is most attractive to the market. And, of course, maintaining both a broad distribution system and capitalization will be important, he said.

"Making sure that our advisers have the right products to sell and then continuing to invest in technology for our agents is important," Crandall said. "We want to be ready for whatever the market brings us there."

As far as its own balance sheet, MassMutual is focusing on bolstering its capital position to ensure if there is a recession the company can carry through. While there's been unease for life insurers looking at the current economic climate and unrealized investment losses, there still haven't yet been any wholesale problems for the industry. How that situation develops will be a determining factor in the coming 12 months, Crandall said.

"So talk about the year ending differently than it started, right?" Crandall said. "The question is, are we going to have a credit cycle? Remember, we actually haven't had much in the way of credit losses. We haven't had a lot of impairments.

"The industry is in good shape and MassMutual is in good shape. We have over $33 billion of total adjusted capital, the highest level we've ever had, strong RBC, strong asset quality," Crandall said.

The various underwriting entities of MassMutual have Best's Financial Strength Ratings ranging from B++ (Good) to A++ (Superior).

The company was rated by AM Best as having the balance sheet strength assessed as the strongest in a July credit report with a diversified investment portfolio, risk-adjusted capitalization and strong liquidity.

The Road Ahead

It's no surprise that Crandall's thoughts would turn to the year ahead as this one comes to a close. He cites geopolitical risk—he called Russia's invasion "horrific"—as a top-level issue, along with inflation and volatility of energy prices and world currencies that can spill over. Another area that keeps him worried is a cyberattack, possibly from Russia as part of the war, and the need for insurers and the broader economy to be prepared for it.

The dual challenges of inflation and recession are also major concerns. The Fed raised rates six times during 2022, including multiple 0.75 percentage point increases starting in July as the fight against inflation took priority and other indicators warned of recession. The Fed said it will monitor economic indicators such as inflation, labor markets and public health in assessing any future rounds of increases.

That marks a sharp departure from the lengthy low interest rate environment of recent years. Interest rates dipped amid the 2008 financial crisis and remained at low levels for over a decade. They again flirted with zero in the first half of 2020 as the COVID-19 pandemic closed down economies.

The balancing act the Fed must pull off is ensuring the increases are steep enough to curb inflation near four-decade highs but not at such a rate that it plunges the U.S. economy into a deep recession. After a September rate increase, the Fed's Federal Open Market Committee predicted a rise in unemployment to 4.4% in the coming year along with gross domestic product growth of 1.2%.

"I think one of the great questions going into 2023 is, is the Fed going to overshoot here and drive us into a recession in the attempt to get inflation under control?" he said. "The simple answer is, we don't know. We want to be prepared in case that happens, as we always are."

The rising rates have prompted volatility in equities markets. Crandall said as a mutual life insurer his company's exposure to publicly traded stocks is small.

Given the rate of Fed rate hikes, he said MassMutual will need to monitor in near-real time its pricing structure. "It's not unusual now to have moves in a day that you might have seen in a month all that long ago. You need to make sure you're very kind of quick on your pricing there," he said. "On the product side, that's really where we've been focused."

At the same time that it readies for 2023, MassMutual still needs to keep an eye on long-term operations. Crandall said it intends to continue to focus on technology improvements, responding to the needs of a post-pandemic workforce and growing its presence in the sought-after middle market.

"You really don't want to see high unemployment and consumers having trouble paying their bills and paying their car loans and their mortgages and rents, etc.," he said. "I think the concern about the economy really tipping into a real recession will be the other part of my trifecta of things to worry about today." BR

Insurers' Balance Sheets Increasingly See Unrealized Losses in Rising Asset Management Challenge

A new consequence of rising interest rates rears its head as unrealized losses crop up. For insurance asset managers, one option might lie in taking paper losses after a decade of low rates crimped investments.

by Terrence Dopp

Insurers are seeing unrealized losses in their long-dated bond portfolios swell as the Federal Reserve raises interest rates, adding pressure at a time when stocks are down and recessionary fears are in the air.

With all indications signaling the Federal

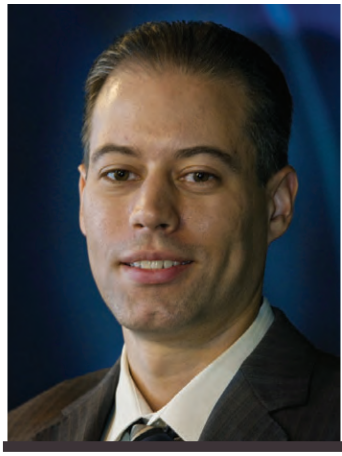
Terrence Dopp is a senior associate editor. He can be reached at *terry.dopp@ambest.com*.

Key Points

Rising: The Fed has raised rates six times in 2022, most recently in early November, and doesn't appear ready to reverse course anytime soon.

Impact: As new publicly traded debt carries a higher interest payment, the corollary is that debt that was previously issued becomes less attractive and falls in resale value.

High: In fact, AM Best estimates the value of all unrealized losses across the industry was even greater than those seen at the beginning of the COVID-19 pandemic.



"That's going to come through over five or seven or eight years, but the mark-to-market is now. So you have a large short-term detriment and a long-term tailwind."

Erik Miller
AM Best

Reserve is unlikely to reverse the increases anytime soon, the issue could become one of the defining factors of asset management for insurers going forward. After a decade of studiously plotting new places to park cash, they are finding the gulf widening between what's on the books now and new business.

Patryk Carwinski, a portfolio manager with Asset Allocation and Management LLC in Chicago, said the heavy reliance on investment-grade bonds on the part of the insurance industry has resulted in unrealized losses regardless of whether they held long- or shorter-duration debt. Life carriers, which tend to congregate at the longer end of the maturities scale, have been hit the hardest, he said.

AAM had $25.7 billion in assets under management for 121 insurance company clients as of Sept. 30.

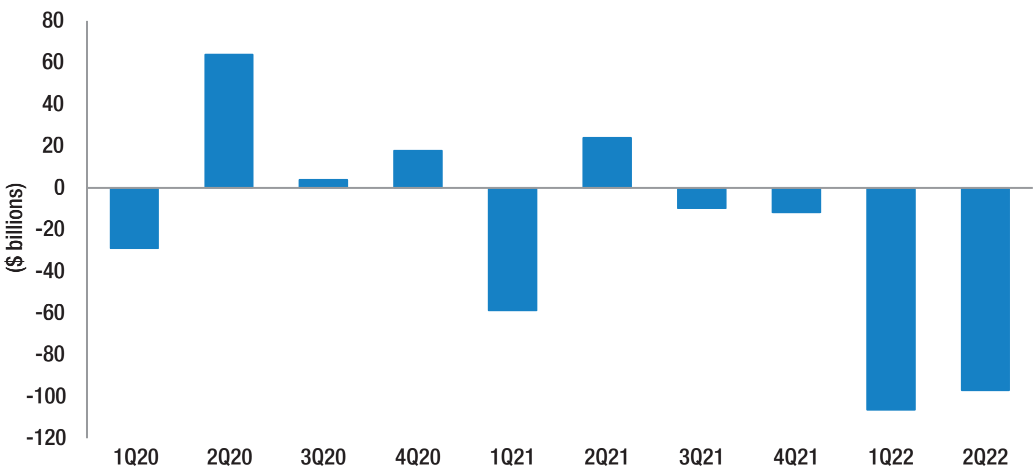
"These unrealized loss positions in their portfolios will continue to persist for some time," Carwinski said. "They don't have to realize those losses. It does prevent them from being a little more active in the portfolio than we would normally be. Portfolios are underwater, and as a manager, I can't make certain trades without considering the profit and loss impact for a company."

The rationale is simple.

Those bonds continue paying the same amount. At the same time, as rates rise, every newly issued debt instrument pays a higher coupon. As investors gravitate toward the higher interest rates, the resale value of existing bonds issued at the lower rates craters because they have a smaller return.

The public debt market offers insurers known returns without the wider swings equities markets can make. Yet after years of low rates and easy money nibbled away at the returns found on that

US GAAP – Unrealized Gain/Loss on Fixed Maturities by Quarter, 1Q20-2Q22



Source: BESTLINK

“Many insurers probably don’t want to crystallize those losses. I think insurers are definitely going to have more flexibility on new premiums or new assets versus trying tor reallocate existing ones, especially if they are sitting on some unrealized losses.”

Luke Schlafly
PineBridge Investments

market, 2022 saw volatility in bond pricing as participants waited to see see just how far rates can rise in an effort to avoid betting on bonds that lose value with subsequent rate hikes.

Rising Losses

According to an October *AM Best Special Report: Rising Interest Rates Leading to Large Losses on Fixed Maturities,* unrealized losses on investment portfolios through the second quarter had exceeded those suffered in the first quarter of 2020, at the start of the pandemic and the economy-sputtering lockdowns.

In a November *AM Best Commentary: Impact of Rising Interest Rates on Insurers’ Balance Sheets Will Depend on Accounting Method Used*, AM Best found the impact depended on accounting methods. “Insurers using a market value approach saw available capital decline significantly; those using an amortized cost approach reported no effect on available capital,” the report said.

Erik Miller, associate director at AM Best, said the mark-to-market declines are sure to be seen across the industry as newer bonds gain in attractiveness. However, he said the concern is less in that area and more concentrated on the liquidity issue and the need to increase surpluses. For instance, he said a company that bought a public 30-year bond, the value could be down as much as 30% to 40% in the current market. The longer the maturity, the greater the impact will be. “Think about companies with an average duration of five or seven or eight years,” Miller said. “That’s going to come through over five or seven or eight years, but the mark-to-market is now. So you have a large short-term detriment and a long-term tailwind.”

The trend could be clearly seen in companies’ second- and third-quarter earnings reports across the larger insurance industry and in many lines of coverage. While rising rates are a good thing in the long run as investment assumptions rise, the shorter-term squeeze can’t be ignored, he said.

On the Books

Cincinnati Financial Corp. in late October reported a $418 million net loss for the period, primarily due to a $557 million decline in investments. For the quarter, the company reported a $514 million drop in its fixed maturities portfolio and $1.87 billion during the first nine months of 2022 in unrealized investment gains and losses - fixed maturities.

At the mid-point of 2022, Employers Holdings Inc. reported an unrealized drop in its second-quarter earnings. The Nevada-based carrier, which focuses on providing workers’ compensation coverage to employees at small businesses concentrated in low- and medium-risk industries, reported a net loss of $15.6 million in the quarter compared to a net income of $26.4 million in the same period a year earlier. The company reported a realized and unrealized investment loss of $50.1 million.

For Assurant Inc., a New York property/casualty carrier focused on covering major consumer purchases, the losses were more than just paper. In the third quarter, the company reported a 95% drop in net income to $7.3 million from $151 million a year earlier. Among the items cited by the company as a drag on earnings was “an increase in net realized losses from sales of fixed maturity securities.”

Prudential Financial Inc., which posted a $284 million net loss in the third quarter of 2022, reported a gross total of $25.6 million in unrealized losses on its public fixed income holdings.

"This is not unique to us. We believe it's an issue for the broader industry and it's economic in nature," said Ken Tanji, Prudential's chief financial officer. "We'll manage the change in the rate environment and we'll maintain regulatory capitals consistent with our AA financial strength objectives. But there is a short-term impact on our statutory capital."

He said the full extent of the issue is unknown because rates aren't done moving and industry leaders will need to speak with regulators if changes become needed.

Staunching Losses

Carwinski of AAM said the good news is that if a company is able to manage their portfolios appropriately—where they've invested, the duration of their assets and if they're matched with their liability profile with duration—the losses should remain on paper unless they need to go to the portfolio to cover liquidity needs.

For companies that report earnings using the Generally Accepted Accounting Principles stand, they will be required to report the changes as investment losses. For companies reporting on a statutory basis, the bonds are amortized over the maturity, meaning as long as money keeps coming in they won't see the same level of losses.

The impact of the unrealized losses varies by carrier and segment and those carriers with greater allocations to long-duration bonds are the most vulnerable, according to the October Best's Special Report. Currently, maturing bonds can be reinvested at higher coupon rates, thus leading to greater investment income.

Additionally, property/casualty and health insurers have nearly doubled the percentage of bonds maturing within the next year than the life/annuity insurers do on average—15% compared to 7%. Bonds maturing in the near term will be a favorable development, as the proceeds from these bonds can be invested at a higher rate in the higher interest.

Jason Hopper, AM Best associate director, said coming out of the financial crisis companies sought lower durations for new bond investments, shrinking the bucket of maturities over 20 years instead opting for maturities around 10 or 15 years. "Their barbell got a little bit tighter," Hopper said. "My guess would be that something similar might happen now if companies anticipate continued rate increases so they don't lock themselves in."

The AM Best report said unrealized losses were expected to grow throughout the remainder of 2022 and into 2023 as fallout from the rate increases works its way through the system.

In approving the November increase, the Fed's Federal Open Market Committee also released guidance that more increases could be on tap depending on economic conditions. "In determining the pace of future increases in the target range, the Committee will take into account the cumulative tightening of monetary policy, the lags with which monetary policy affects economic activity and inflation, and economic and financial developments," the FOMC said at the time.

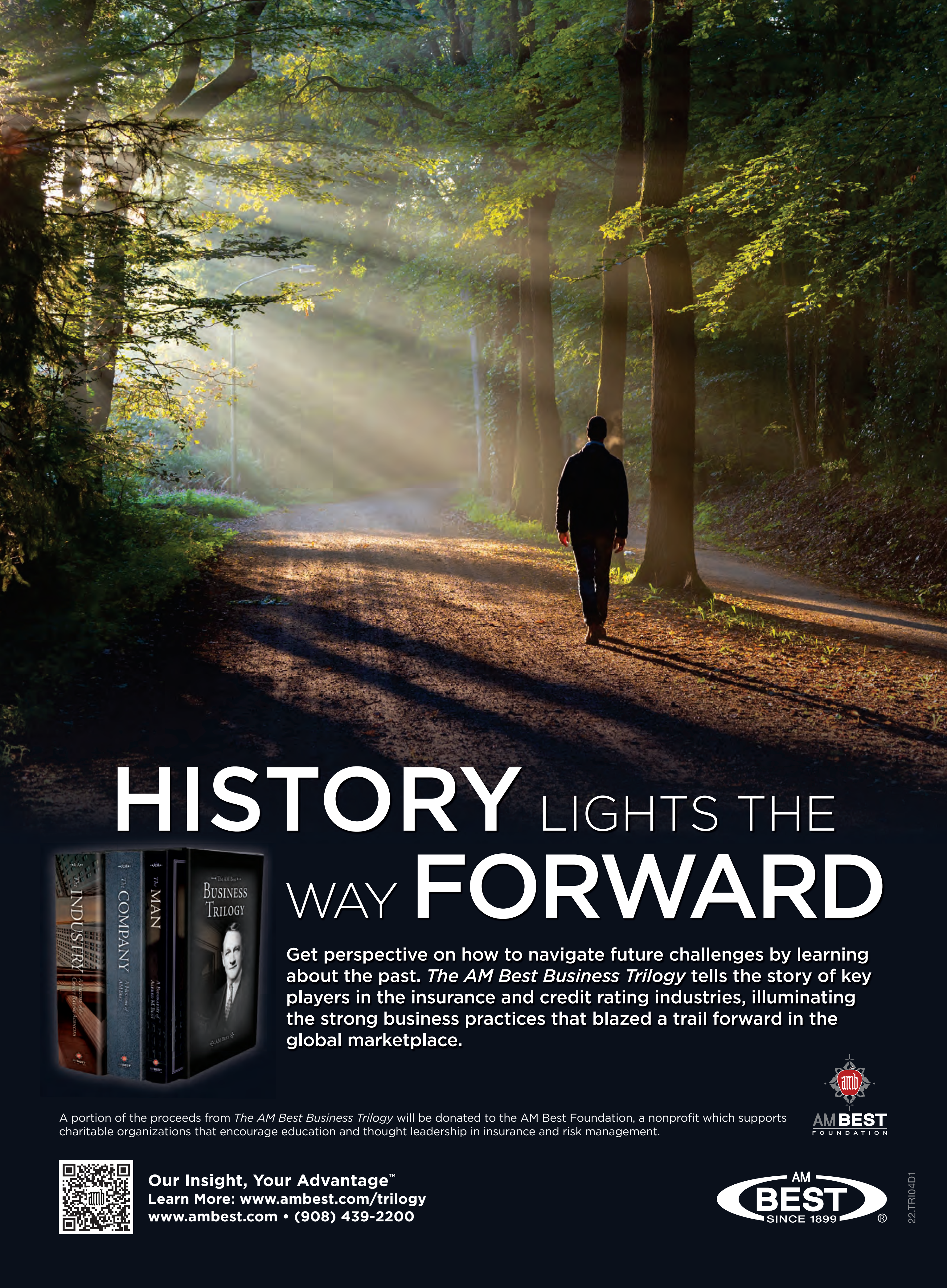
Luke Schlafly, global head of insurance investment solutions at PineBridge Investments, said he anticipated an "interesting" year ahead in the world of asset management for insurers, as the broader fixed-income class offers more compelling yields than in years past. As an example, the high-yield asset class finally fits its name again.

And insurers are grappling with how to take advantage of those opportunities while their existing bond portfolio is in a significant unrealized loss position.

Schlafly's firm had $133.4 billion in total assets under management as of the end of September.

Both he and Carwinski said they don't see rising rates ending the growing practice of investing in alternative asset classes, though, including private debt. While the spreads between those assets and public bonds have narrowed, those securities offer insurers the ability to control risk through bespoke credit agreements and structuring, Schlafly said.

"When you have a lot of unrealized losses, it does constrain your ability to change your asset allocations quickly," he said. "Many insurers probably don't want to crystallize those losses. I think insurers are definitely going to have more flexibility on new premiums or new assets versus trying to reallocate existing ones, especially if they are sitting on some unrealized losses." BR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STORMY STROLL: People walk past the New York Stock Exchange in New York City's financial district.

Drew Angerer/Getty Images

Mix of Forces Set to Shape Insurance Markets in Coming Year

Inflation, recession, interest rates and more present new concerns for insurers.

by Tom Davis

The insurance industry heads into 2023 facing a very different environment from just a year ago, with inflation hitting 40-year highs, interest rates on the rise after years of "lower for longer" and the expectation of escalating unemployment rates.

The industry also is under pressure from severe weather, social inflation and the threat of more insolvencies in the Florida market.

"Both insurers and reinsurers alike find themselves facing a sharp rise in inflation, which together with sustained high expenditures for major claims is adversely impacting the profitability of the entire industry," Michael Pickel, chief executive officer, E+S Rückversicherung AG, said in a statement.

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

Key Points

Economic Troubles: A recession, continued inflation and more rounds of severe weather are considered inevitable, and industry leaders and analysts say they're prepared to deal with the effects.

Financial Losses: Industry leaders say insurers should brace for losses in both commercial and personal lines, especially because of a potential slowdown in home construction and other recessionary factors.

Regulatory Factors: Pricing typically lags inflation in the insurance market because of regulatory roadblocks, so industry leaders say a broader conversation about pricing in certain catastrophe-prone states is due.

Industry leaders say they're prepared to deal with these issues as they continue to provide coverage for policyholders and take on new opportunities.

Personal lines insurers say one of their biggest worries is that they will face regulatory roadblocks that will prevent them from keeping up with inflationary pressures. The personal lines market typically lags behind other industries in terms of pricing, largely because of legislative resistance thrown up by states such as California, said Neil Alldredge, president and chief executive officer, National Association of Mutual Insurance Companies.

Eventually, rates catch up; otherwise, the losses continue to pile up, companies become insolvent or they pull out of states where they can't do business and make a profit, industry leaders say. "In the regulatory approval process, you have states like California simply that are not going to approve rate filings—period," Alldredge said. "So, you know, the longer that continues, the worse that [inflation pressure] gets in terms of California for instance."

Allstate Corp, in its third-quarter earnings statement in early November, said auto and home insurance prices continue to be increased, reflecting cost inflation. Plans to reduce personal lines insurance in states with unacceptable auto and home insurance margins were being expanded the company said.

The California Department of Insurance in mid-November approved a 6.9% personal auto rate increase for an Allstate subsidiary. The insurance department had been witholding action on automobile rate requests since the early weeks of the COVID-19 pandemic. The increase was the first California auto rate increase for Allstate in almost five years, the company said.

Dealing With Recession

The consensus in the insurance industry is that there will be recession in the United States and throughout much of the world in 2023, said Robert Hartwig, director, Risk and Uncertainty Management Center, Darla Moore School of Business, University of South Carolina. In the United States, Hartwig doesn't expect a deep one: In fact, he said he believes it will be a "relatively shallow recession in comparison to what we experienced during the financial crisis in 2007 and 2008." But Hartwig and other industry leaders say the downturn will be enough to have a widespread impact on the insurance industry.

"All that places pressure on insurers to find new ways to cover their claims exposure, which means rates are likely going to be increasing," Alldredge said.

Hartwig estimates the consumer price index will rise 4.4% in 2023 after increasing 8.2% in 2022, but some insurers say their industry could see even worse numbers. Property and casualty insurance claims inflation, in fact, has been rising faster than the underlying index in recent years, far outpacing increases in premiums, according to a 2022 report from the American Property Casualty Insurance Association entitled *Property Insurers Challenged by Skyrocketing Inflation and Natural Disasters*.

Inflation rose to a 40-year high just as U.S. private P/C insurers faced an $11.3 billion net underwriting loss in third quarter 2021. Insurance-incurred losses and loss-adjustment expenses increased by 17.8% in the third quarter last year compared to the third quarter 2020, according to the APCIA report.

Auto repair costs have been trending higher than the underlying rate of inflation, with the latest numbers showing they were up 11.1% year-over-year in September, including an increase of 1.9% since August, said Robert Gordon, APCIA senior vice president, policy, research and international.

Inflation will pressure insurers to increase rates, but Hartwig indicated he doesn't believe the industry's market will be hard in 2023; he prefers to call it a "firm market." "What I'm expecting is that pricing will remain rational and that pricing will continue to reflect the underlying loss cost trends," he said. "So does that mean the overall market will be harder? Potentially not, but pricing will likely be at level pace that would allow insurers to generate reasonable underwriting results."

Others are not so convinced. Kristof Terryn, chief executive officer, Zurich North America, said supply chain issues are expected to remain a problem and the war in Ukraine could affect energy prices. That fact could cause the cost of supply and materials to rise again, impacting the manufacturing industries and, ultimately, the companies that insure them. "They're [energy prices] much more severe in Europe but you see it here in the U.S. So it definitely has an impact on the economy on prices," he said.

"The inflationary pressures of just putting two $85,000 cars back together again when they crash—that's not a catastrophe necessarily, but it's just more expensive to fix those because their cars are more expensive," said NAMIC's Alldredge.

Alldredge and Terryn agreed that another driver for a continuing hard market will be social inflation

> "With a general slowdown on the commercial side and then on the personal line sides, the expectation is that new home construction will also slow and as a result of higher mortgage interest rates."
>
> **Robert Hartwig**
> University of South Carolina

as the industry deals with rising claims costs and record-high payouts in litigation. "The hard market is driven by a couple of underlying factors now and a lot of them actually are not directly related to real GDP growth or the lack thereof," Terryn said.

Severe Weather

Even if inflation "cooled" nationally, Hartwig said, issues with property and casualty and homeowners insurance will continue to be "a never-ending problem," particularly in the coastal states.

Hurricane Ian is expected to have losses exceeding $50 billion, and severe weather and other related issues have led to industry losses on the casualty side that have gone up by almost 60%, Terryn said. "It's still in the early days and there's a lot of different estimates out there in terms of what is the size of the industry loss, but it is a massive event and it will reduce the capacity that is available in the property market," he said. "So property for sure is going to be a rock-hard market next year."

Terryn said he believes the weather events of the past five years are continuing to pressure the market to keep prices high to prevent even bigger losses. "You're just seeing growing risk exposures and if you then think about the inflation components in there as well, property premiums will continue to have to rise," he said.

Storm damage repair materials, in particular, are rising largely because of global inflationary pressures, Alldredge said. The cost of lumber and other materials will rise as supply chain issues remain. "And there are density issues. There was a lot more development today when Hurricane Ian hit in Southwest Florida than there was even 15 years ago. And so there's just more buildings able to be destroyed," he said. Even before Ian, the additional effects of higher rebuilding costs in the wake of major disasters—a phenomenon known as "demand surge"—combined with supply chain disruptions pushed up the price of construction materials by 44.1% between December 2019 and December 2021, according to the APCIA report.

California also will continue to experience problems because of the wildfires, Hartwig said. But Florida will continue to deal with high catastrophe losses and "a market that was completely dysfunctional" before Hurricane Ian, potentially driving more insurers to leave the state, shrink their presence or—in a few instances—go into insolvency.

"I think something that will draw attention—and is already drawing a bit of media attention—is that we are experiencing a rash of insolvencies in the property/casualty insurance industry. These insolvencies will generate interest not only in those states affected, but potentially at the federal level," Hartwig said.

Hartwig believes there will continue to be a broader conversation about the adequacy of regulation in certain catastrophe-prone states. He suggested that steps could be taken at the federal level that regulate the solvency issues in Florida and Louisiana "in the face of what's certain to be a continued escalation of catastrophe losses due to climate change as well as population and economic growth in vulnerable areas."

"This is already an issue that's on the radar scope of Congress and various financial regulatory agencies, with banks already required to make disclosures on these issues. It would not surprise me to see an expansion of this type of regulation," he said. "There will be noise coming out of certain markets such as Florida in 2023, but Florida has problems of its own making, particularly with respect to rampant abuse of its legal system," he added.

Playing Catch-Up

Personal lines insurers are very challenged in times of volatile or rapidly escalating inflation because there is a long lag time in catching up with rising costs, insurance leaders say. The time to identify increasing cost trends, model and determine necessary rate increases, file and obtain regulatory approval, sell the product, and provide the full period of coverage may take anywhere from nearly 12 months to 36 months, the APCIA's Gordon said. The problem, he said, is the industry is "very challenged when you have volatile or rapidly escalating inflation, because it's really hard to catch up with rising costs."

"High inflation often triggers political resistance to insurance rate increases, even when the real net increase is minimal or negative. The recent escalation of personal lines loss ratios suggests it will take insurers a while to stabilize underwriting results," he said.

But Alldredge said legislators shouldn't stand in the way of insurance companies raising rates. It's the best way to keep them in business, he said. "You know, it's a challenging environment. Insurers need to take steps to make sure that they protect their solvency," he said. "We want them to be here for the next Hurricane Ian. That's the way this system is supposed to work. And if that means they have to increase their rates to be here, then that's what they should do."

More troubling, Gordon said, is that loss ratios in the current highly competitive market for both auto and homeowners insurance are "very, very high."

"And even if inflation were to slow down, prices will still be increasing, and they are increasing faster for several categories of insurance cost inputs than the CPI," he said.

Paul Blume, senior vice president, state government and member relations, APCIA, said political overreach on top of inflation is highly problematic in California.

"On the auto insurance side, there have also been significant delays in reviewing and approving rate filings. This results in companies holding rates in place for over two years, which means they're not covering the costs of the increases associated with inflation, supply chain disruptions, or legal system abuses."

There are regulatory overreach problems regarding the California FAIR Plan, the homeowners market of last resort, Blume said. The FAIR Plan sued the state's insurance commissioner because he was mandating that it offer an HO-3-type policy that is available in the private market, Blume said, and this would put the FAIR Plan in competition with the private market.

> "The inflationary pressures of just putting two $85,000 cars back together again when they crash—that's not a catastrophe necessarily, but it's just more expensive to fix those because their cars are more expensive."

Neil Alldredge
National Association of Mutual Insurance Companies

However, Blume said, the FAIR Plan's purpose is not to compete with the private market; rather, it is intended to be the market of last resort. In addition, he said, the commissioner also is not allowing private insurers to include reinsurance costs in rate development and has publicly stated that the FAIR Plan does not need to purchase reinsurance, despite state law specifically allowing the FAIR Plan rates to cover reinsurance costs.

The commissioner would prefer to have the private market provide "free" reinsurance to the FAIR Plan, but his action goes directly against the Legislature's desire to protect California consumers, Blume said. With reinsurance, if claims exceed the ability of the FAIR Plan to cover the claims, the reinsurer would pay the claims; under the commissioner's proposal, such losses would be passed on to every California policyholder, many of whom do not live in high-risk areas, Blume said.

"There's a bubbling crisis just under the surface right now in California. On the regulatory side, the regulator seems not to acknowledge that inflation is impacting the cost of things insurance pays for, but inflation does not stop at the doors of insurance companies. Insurers are impacted by rising costs just like every other industry," he said.

Other Weak Economic Signs

Hartwig said the slowdown in the economy will be accompanied by an increase in the unemployment rate, which he believes will eventually rise to 5% or 5.5% after being at close to 3.7% for most of 2022. Hartwig said things could be somewhat worse for other major economies, including the U.K., for instance, and some other Western European countries that are particularly impacted by high energy prices.

Alldredge said job losses mean fewer workers to insure, so the insurance industry won't capture as much premium. "Some troubling areas there, but you also have a smaller claims exposure at the same time. That seems to be what's going on in some of the costs and the workers' comp system," he said.

Because of the expected recession, Hartwig said the industry should brace for a deceleration in growth in both commercial and personal lines, especially because of a looming slowdown in home construction and other recessionary factors. "With a general slowdown on the commercial side and then on the personal line sides, the expectation is that new home construction will also slow and as a result of higher mortgage interest rates," he said.

On the investment side of the business, the industry has had to contend with low interest rates for years, which kept returns on invested assets low.

"[In past years,] more people were having more severe weather losses, but at least we had pretty good results on our investment portfolio," Alldredge said. "But at the moment, that's not the case. Hopefully that's more temporary. The good news about that is interest rates are going up, and insurers should benefit from that from an investment perspective."

Hartwig said insurers will have material unrealized capital losses going into 2023. But, he said, higher interest rates "will provide the industry with a much-needed tailwind in terms of generating investment income. The return on invested assets in 2021 reached a 60-year low."

"So that's the sort of silver lining in all of this," he said. BR

APCIA: Inflation Will Make the P/C Industry Pay in 2023

The American Property Casualty Insurance Association is worried that inflation exacerbated by natural disasters such as Hurricane Ian and social inflation will make the industry suffer next year.

by Tom Davis

Continued inflation in 2023 will be especially problematic for a property and casualty insurance industry that's already confronted with the painful costs of natural disasters such as Hurricane Ian and the hefty, rising price tag of litigation and social inflation, according to officials from the American Property Casualty Insurance Association.

Best's Review interviewed three APCIA leaders who warned about the potential troubles facing the P/C industry, still reeling from the rising costs of litigation that have led to record-high legal payouts, with some in the tens of billions of dollars. Participants included Robert Gordon, senior vice president, policy, research and international; Nat Wienecke, senior vice president, federal government relations; and Paul Blume, senior vice president, state government and member relations. Following is an edited transcript of the interview.

Do we have an insurance industry that is facing a hard market across the board, particularly in the P/C industry?

Robert Gordon

Gordon: So, the short answer is yes. Inflation has become a top challenge for the insurance industry, including a broad swath of issues such as economic inflation, social inflation—which we call legal system abuse—and supply chain constraints. … We expect that Hurricane Ian will test some of the recent legal reforms in Florida and exacerbate some of the very tight supplies for home rebuilding goods and labor, further pressuring auto and property insurance losses overall.

Why do higher energy prices raise insurance rates?

Wienecke: Everything in America and around the world is touched by the price of fuel. So, delivering building supplies as fuel prices go

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

up—that's a pressure on building supplies. Even if you look at the inputs on cars, for example, how much of the car body is made out of petroleum products? The seats are made out of petroleum products. Tires may have petroleum products. So even the cars themselves, as those get higher, that's potentially problematic.

Nat Wienecke

You are bracing for continued losses in commercial and personal lines?

Gordon: The commercial lines have proven a little more able to get rates more quickly than the personal side. There's just not as much political resistance there. The personal lines have a little bit extra to catch up. … However, just like the personal auto lines are suffering very severe inflation, so are the commercial lines. For example, legal system abuse really hits commercial auto insurance more than a number of the other lines. So, I think you're seeing some very steep challenges in commercial auto.

Can any steps be taken at the federal level to deal with the solvency issues as a result of Hurricane Ian and other catastrophes?

Paul Blume

Blume: The state guaranty fund system [in Florida and elsewhere] is there for a reason—to backstop any insolvencies. The companies that have gone into liquidation in Florida are not large companies. They were started up to help take business out of [Citizens Property Insurance Corp.] When they expanded into other states, perhaps they expanded too far and too fast. But these companies have not been, at least thus far, large companies. With that said, if other regulators do what they're doing in California and arbitrarily withhold the rate that is needed, then that is contrary to their role to regulate for solvency. BR

Keep on Trucking: Online Shopping Helped Drive Inland Marine Premiums Over the Last Decade

The growing inland marine segment added $15.7 billion in direct written premium from 2011 through 2021, aided by the escalation in online shopping.

by Anthony Bellano

Miles of highway teeming with 18-wheelers. Amazon, FedEx and UPS trucks negotiating neighborhood streets throughout the day. These are the signs of a changing world, one that has become more dependent on online shopping, with goods being shipped all over the country. While it saw a boom during the COVID-19 pandemic, online shopping was on the rise even before that, and the line of insurance that covers it has exploded over the last decade.

Inland marine insurance covers products, materials and equipment when transported over land, via truck or train, or while temporarily warehoused by a third party. The direct written premiums associated with the line have more than doubled in the last 10 years, according to BestLink, increasing from $14.1 billion in 2011 to $29.8 billion in 2021.

In total, 17 of the top 25 inland marine writers achieved double-digit annual premium growth in 2021, with both Allianz and Nationwide passing the $1 billion mark in annual premium, AM Best said in its *Market Segment Report: Inland Marine Rebounding from Pandemic Obstacles*.

Rich Soja, global head of inland marine and North American head of inland marine for Allianz Global

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

Corporate & Specialty, said there are a variety of reasons that the current market is favorable for inland marine growth, including rate and demand. AGCS sees 25.3% of its premiums come from inland marine, with a primary focus on construction and freight shipping. Between those two segments, AGCS sees a virtual 50-50 split, Soja said. "Most companies are getting a positive rate year-over-year on their renewals. Construction has been very active for a variety of reasons," Soja said. "In the transportation sector, there's been high demand for our clients' services."

The inland marine segment grew at 8% a year from 2011 through 2019, according to the recent AM Best report. Even after a 2% dip in 2020 due to the pandemic, the line rebounded 15% in 2021, as travel and cargo movement restrictions were lifted.

Andrew Cadelli, vice president of inland marine for CNA Insurance, said the rebound happened faster than he expected. CNA sees 28.9% of premiums from inland marine, with more of a focus on construction, Cadelli said. "At the end of the day, goods still had to move from point A to point B," Cadelli said. "I would say the first half of the year [2020] dipped noticeably, but then it rebounded pretty quickly when we realized that we still have to move on with civilization. We found ways to more conveniently shop and more conveniently stock stores, those types of things."

The line rebounded from the pandemic by changing the way it did business and taking advantage of an increase in demand. That demand brought with it maintenance issues that come with keeping trucks on the road longer. Like everyone else, the industry is also remaining wary of a possible recession, and depending on whom you ask, that impact could have lasting consequences.

Key Points

Changing World Growth: The growth of online shopping fueled the emergence of last-mile delivery shipping, creating a new category of drivers as long-haul truckers exit the industry.

Double-Digit Premium Growth: In total, 17 of the top 25 inland marine underwriters achieved double-digit annual premium growth in 2021, according to a recent AM Best report.

The Proof Is in the Premiums: Direct written premiums from the industry as a whole shot up to $29.8 billion in 2021, from $14.1 billion in 2011.

The Emergence of Last-Mile Delivery and Pandemic Impacts

As online shopping becomes more popular, there is more demand for drivers and their services. The

"Given our country's pattern of consumer spending via online platforms, the last-mile delivery part of the trucking industry is booming."
Jessica Frankovich
Inland Marine Underwriters Association

last-mile delivery market itself has been projected to grow to $66 billion by 2026, from $39.57 billion in 2020, according to a 2020 Valuates report.

"The value of new trucks hitting the road is significantly more than the trucks they are replacing," said Jessica Frankovich, Inland Marine Underwriters Association chair and executive vice president, Custom Property & Inland Marine for Seneca Insurance Co., a wholly owned subsidiary of Crum & Forster. "New vehicles are scarce, so many insureds are taking salvage. Given our country's pattern of consumer spending via online platforms, the last-mile delivery part of the trucking industry is booming, which is also contributing to premium growth."

Cadelli said that many truckers who had been employed by large trucking firms as contractors found other less costly and asset-intensive roles by entering the last-mile delivery industry.

"We saw many owner-operators that owned their own trucks and contracted with large carriers, sold their truck/assets and became last-mile operators or small firms shifted to a more local focus," Cadelli said. "The fleets that were created in the last two years are amazing. You look outside in the neighborhood and you see five trucks fly by throughout the day."

The amount of freight being shipped is nearing pre-pandemic highs, but is still slightly down from the August 2019 peak. According to indexed stats from the U.S. Bureau of Transportation Statistics, freight being shipped in April 2020 was about 25% higher than the average amount of freight that was being shipped in 2000. In August 2019, it was 42% higher. Shipping was nearing that level again as of February of this year, when it was 40% higher.

Like most industries, both the shipping companies and the insurers changed the way they did business.

"When I talk to a lot of brokers and some of the larger freight logistics companies, there's been a complete shift in the landscape of what they're actually doing," Cadelli said. "There's been a lot of different contracts, a lot of different channels for these companies to pivot into that they were probably just trying to get by early on in the pandemic days. They've now actually generated completely different divisions, completely different revenue sources for them. A lot of companies that were hauling washing machines are now doing truck load freight for large logistics companies. It allowed a lot of the smaller and mid-size companies to weather the last few years better than they otherwise would have."

AGCS developed an app that allows it to inspect facilities through the use of cell phones. Using the app is now a permanent part of the company's process, along with on-site inspections.

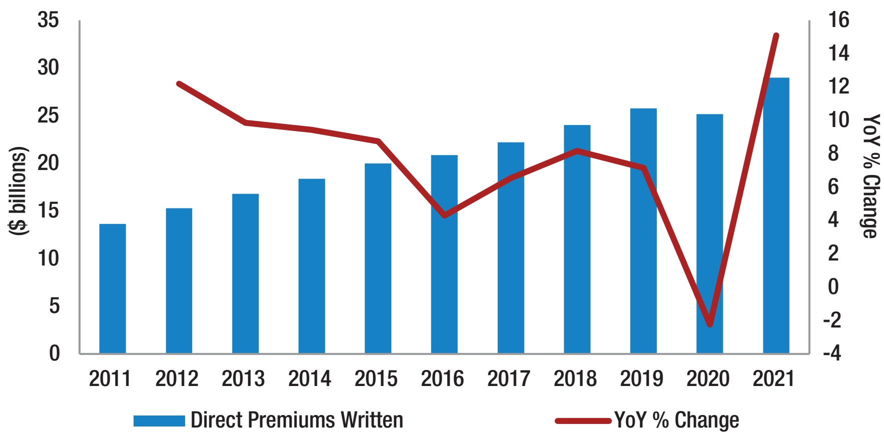
"How we survey our insureds has changed to a certain degree," Soja said. "For two years, our transportation insureds and other clients within marine wouldn't let us on site because of COVID," he said. "We would normally go out and send a fire inspection engineer out to an insured location. We had to come up with different ways of making sure that what we thought was going on was going on."

Maintenance Struggles to Keep Up With Mileage

But the growth has come with challenges, including insureds keeping up with demand by keeping trucks on the road longer. The end result is maintenance issues that result in more claims for insurers to handle.

"Trailers catching on fire as a result of improper maintenance—we've seen a bit more than in previous years," Soja said. "Since times are good, motor carriers want to keep trucks on the road, so they skip an occasional maintenance issue. If there is damage to the vehicle, you try to get it right back on the road as soon as possible because the demand is there and you want to capitalize on the demand that is being presented to you. In addition to the perennial issue of a shortage of quality drivers, we are concerned about overrunning vehicles, maybe not doing as much maintenance because business is good and you want to capitalize."

US Inland Marine – Direct Premiums Written



Source: BESTLINK

"Any time there's a recessionary environment and expenses have to be cut, maintenance isn't as much of a spend as it otherwise is," Cadelli said. "In a lot of these large fleets, the mechanic staff is pretty large, and if you're not able to staff that, you may not be able to turn around the maintenance on a truck on a normal schedule like you could."

Frankovich said although people are returning to in-person work, there are still fewer cars on the road than there were pre-COVID; in the meantime, there are now more trucks out there.

As for theft, the industry reported a 15% decrease in cargo thefts in 2021, Frankovich said. In the first quarter of 2022, CargoNet reported thefts were down 73%, as there were fewer thefts that target consumer goods such as toilet paper, Frankovich said.

The challenge that has received the most coverage is an ongoing driver shortage for long-haul trucking, due in part to the increase in last-mile delivery drivers.

AM Best Senior Industry Analyst Christopher Graham wonders if some former long-haul drivers are now driving trucks for some of the major online retailers. "Not that you need a CDL to drive those Amazon Prime vans, but if you have the experience with the CDL, it probably helps you get that job," Graham said. "It's probably a better job than long-haul trucking."

"If you're a professional driver and you've been driving across the country for 10 years and then you get an offer to stay at home with your family and just do around-town deliveries, that's a pretty good setup," Soja said. "The construction industry is competing with the transportation industry for labor from a certain perspective, as well."

"What the pandemic created was an environment in which truckers didn't want to be away from home," Cadelli said. "Whether it was through saving stimulus money or the availability to work locally, you had a lot of people that decided to exit the industry. We did see a migration of people. I'm not sure what brings them back."

Frankovich said the driver-training process is

Best's Rankings

Top 5 US Inland Marine Writers — 2022 Edition

Ranked by 2021 direct premiums written.

($ Thousands)

2021 Rank	Company / Group	AMB#	2021 Direct Premiums Written	% of Company Premiums
1	Liberty Mutual Ins Cos	000060	$4,077,531	9.8
2	CNA Ins Cos	018313	3,637,508	28.9
3	Chubb INA Group	018498	1,743,341	6.4
4	Allianz US PC Ins Companies	018429	1,401,633	25.3
5	Amer Intl Group	018540	1,385,366	9.4

Source: BESTLINK — State/Line (P/C Lines) - P/C, US; data as of Oct. 3, 2022.

"Whether it was through saving stimulus money or the availability to work locally, you had a lot of people that decided to exit the [long-haul trucking] industry. We did see a migration of people. I'm not sure what brings them back."

Andrew Cadelli
CNA Insurance

a challenge for many in the industry. A large part of the industry is facing a driver shortage, in part because there is a longer lead time for training and licensure for long-haul truckers. The industry adapts quickly, so it's easier to find last-mile delivery drivers. Therefore, the industry adapts and modifies routes where it can, she said.

Cadelli said a recession could be a bridge for some people who entered the industry through last-mile deliveries to get into long-haul trucking. Graham said that if companies like Amazon were to go more autonomous with its last-mile deliveries, their drivers may find their way into long-haul trucking.

According to a Straits Research report published in September, the global autonomous last-mile delivery market was valued at $11.90 billion in 2021, and it was expected to reach $84.90 billion by 2030. The line uses mobile robots that can quickly and autonomously deliver small packages, mail, or groceries, according to the report.

The impact of rising gas prices on the industry is becoming significant, as well, with the average truck putting on over 100,000 miles per year, Frankovich said.

Then there's the growing possibility of an imminent recession. In addition to his view of a recession as a possible bridge, Cadelli said drivers who left the industry altogether might find their way back.

"As unemployment increases, employment in the trucking space might increase as well," Cadelli said. "Some of the people who might have left the industry who are either not working today or have found themselves in a position that may not exist might actually come back to the trucking space and might help some of those things out."

Cadelli said he doesn't envision a recession that lasts long. "At this point in time, barring any sort of geopolitical event or monetary policy mistake, a recession is probably going to be short and shallow, which I think would really not have much of an impact. We might see a slight dip in revenue, but perhaps not."

A prolonged recession would have the most impact on logistics and warehousing, Cadelli said. Soja said he believes contractors would be able to weather the storm better than trucking, particularly those building projects as part of the infrastructure bill.

Graham said a recession would "absolutely have an impact" on the industry. "When you have a recession, certainly private construction's going to slow. Private construction is a larger chunk than public construction."

In transportation, motor carriers operate on a relatively thin margin, Soja said. "What we've seen in the past is when demand dries up, revenue opportunities go down. That margin begins to whittle away and we see a greater number of bankruptcies as we head into a recession for transportation carriers."

Frankovich concurred. "From a shipping standpoint, a recession will lead to less consumer demand for goods, which will lead to less manufacturing, which will lead to lower shipping activity. Of course, anytime we enter into a recession, we anticipate a forced shrinkage of the employment market. Layoffs will most likely include both trucking and construction."

"Lower shipping activity may result from ongoing inflationary pressures if the U.S. moves toward a recession," AM Best said in its report. "However, inflationary pressures on cargo values could lead to premium increases that outpace the drop in goods shipped." BR

Best's Rankings

Top 25 US Ocean Marine Writers – 2022 Edition

Ranked by 2021 direct premiums written.

($ 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	Amer Intl Group	018540	$698,123	11.4	15.0	15.0	15.2	30.6	37.4	29.6	4.7
2	2	Berkshire Hathaway Ins	000811	363,777	2.8	7.8	8.5	8.1	43.5	81.5	68.3	0.7
3	3	Travelers Group	018674	317,341	7.9	6.8	7.1	6.9	54.6	50.4	54.3	1.0
4	4	Chubb INA Group	018498	305,865	15.2	6.6	6.4	6.8	64.5	20.3	36.2	1.1
5	6	Starr Intl Group	018756	300,556	17.8	6.5	6.1	5.9	77.0	78.7	91.7	6.6
6	5	Tokio Marine US PC Group	018733	285,455	11.8	6.1	6.1	5.1	50.6	62.4	56.0	2.8
7	7	Hartford Ins Group	000048	181,145	6.4	3.9	4.1	4.6	51.9	93.9	86.3	1.3
8	9	CNA Ins Cos	018313	168,813	12.4	3.6	3.6	3.5	67.9	60.2	59.9	1.3
9	8	Great Amer P & C Ins Group	004835	168,607	10.0	3.6	3.7	3.0	33.9	48.6	54.5	2.2
10	10	Intact US Ins Group	018458	148,855	5.0	3.2	3.4	3.2	54.3	59.5	45.4	9.3
11	11	Liberty Mutual Ins Cos	000060	141,219	6.2	3.0	3.2	2.8	63.6	56.7	66.3	0.3
12	12	Markel Corp Group	018468	138,786	10.9	3.0	3.0	3.4	54.8	40.1	60.1	1.9
13	16	Amer Steamship Owners Mut P & I Assn	000161	130,365	41.0	2.8	2.2	2.9	73.5	49.7	48.5	100.0
14	15	Zurich Ins US PC Group	018549	110,961	11.7	2.4	2.4	2.3	54.7	47.9	57.4	0.7
15	13	Allianz US PC Ins Companies	018429	110,386	4.6	2.4	2.5	4.3	38.4	75.3	93.4	2.0
16	14	XL America Companies	018557	95,729	-3.7	2.1	2.4	2.8	70.5	71.9	72.2	1.2
17	18	Ascot Ins U.S. Group	018915	87,189	32.6	1.9	1.6	0.8	62.0	57.8	39.7	14.9
18	17	Sompo Hldgs US Group	018878	79,322	8.4	1.7	1.8	1.8	65.2	59.1	66.8	1.2
19	21	Nationwide Group	005987	74,971	46.3	1.6	1.2	0.3	75.2	77.0	68.2	0.4
20	19	Farmers Ins Group	000032	64,170	5.1	1.4	1.5	1.5	49.3	69.2	72.1	0.3
21	20	Hanover Ins Group Prop & Cas Cos	004861	52,429	-1.3	1.1	1.3	1.2	34.9	32.7	31.4	1.0
22	23	Argo Group	004019	48,870	16.5	1.1	1.0	0.7	35.1	38.2	46.4	2.4
23	22	RLI Group	003883	48,817	15.1	1.1	1.0	1.0	49.1	44.1	53.9	3.7
24	29	Swiss Reins Group	003262	45,821	36.0	1.0	0.8	1.0	47.6	25.4	35.5	1.8
25	27	MS&AD US Ins Group	018782	45,759	21.2	1.0	0.9	0.8	76.5	43.5	45.6	8.2
		Top 25 Writers		**$4,213,331**	**11.1**	**90.5**	**90.9**	**91.4**	**52.3**	**55.3**	**57.4**	**1.3**
		Total U.S. P/C Industry		**$4,653,092**	**11.5**	**100.0**	**100.0**	**100.0**	**52.5**	**55.0**	**58.4**	**0.6**

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 Oct. 10, 2022.

Best's Rankings

Top 25 US Inland Marine Writers – 2022 Edition

Ranked by 2021 direct premiums written.

($ 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	Liberty Mutual Ins Cos	000060	$4,077,531	4.9	13.7	15.0	14.4	64.8	73.2	66.5	9.8
2	2	CNA Ins Cos	018313	3,637,508	3.1	12.2	13.6	13.3	54.6	66.8	58.0	28.9
3	3	Chubb INA Group	018498	1,743,341	14.1	5.9	5.9	5.1	53.4	79.7	50.7	6.4
4	8	Allianz US PC Ins Companies	018429	1,401,633	66.4	4.7	3.3	4.8	39.1	108.3	41.9	25.3
5	4	Amer Intl Group	018540	1,385,366	25.4	4.7	4.3	6.2	8.9	39.2	41.6	9.4
6	7	Nationwide Group	005987	1,145,187	19.6	3.8	3.7	3.3	68.6	69.5	64.7	5.9
7	5	Assurant P&C Group	018523	1,105,613	5.7	3.7	4.0	4.4	34.4	33.5	40.4	12.3
8	9	Zurich Ins US PC Group	018549	977,282	28.9	3.3	2.9	2.6	31.8	37.5	28.8	6.5
9	6	FM Global Group	018502	809,406	-17.7	2.7	3.8	4.5	122.7	79.2	32.9	14.4
10	10	Travelers Group	018674	788,738	5.0	2.7	2.9	2.9	46.4	51.0	48.2	2.6
11	12	Progressive Ins Group	000780	721,679	27.6	2.4	2.2	1.8	37.6	50.5	42.2	1.5
12	11	State Farm Group	000088	721,624	6.4	2.4	2.6	2.5	44.4	44.9	42.6	1.0
13	14	Trupanion Ins Group	018971	634,808	38.4	2.1	1.8	1.3	65.3	65.7	65.2	100.0
14	13	XL America Companies	018557	518,293	7.9	1.7	1.9	1.5	46.0	63.2	63.9	6.7
15	16	Markel Corp Group	018468	502,211	37.3	1.7	1.4	1.3	39.2	47.3	48.1	6.8
16	15	Great Amer P & C Ins Group	004835	428,175	12.6	1.4	1.5	1.3	42.5	40.3	34.8	5.6
17	17	Fairfax Financial (USA) Group	003116	395,043	28.6	1.3	1.2	1.6	58.6	66.4	61.6	4.1
18	31	Starr Intl Group	018756	344,419	88.5	1.2	0.7	0.4	19.3	53.3	68.1	7.5
19	19	Old Republic Ins Group	000734	337,196	13.0	1.1	1.2	1.2	22.4	30.6	31.2	6.5
20	20	Hanover Ins Group Prop & Cas Cos	004861	335,590	16.5	1.1	1.1	1.0	40.2	41.0	46.5	6.2
21	24	Fortegra P&C Group	018686	313,735	37.0	1.1	0.9	0.9	11.5	11.6	6.8	30.2
22	18	USAA Group	004080	307,665	1.9	1.0	1.2	1.2	30.8	25.2	29.9	1.2
23	29	Munich-Amer Hldg Corp Cos	018753	295,865	47.0	1.0	0.8	0.5	48.2	49.3	48.5	9.1
24	25	OH Indemnity Co	004813	282,890	25.8	1.0	0.9	0.6	48.7	51.0	51.5	59.0
25	26	Berkshire Hathaway Ins	000811	281,346	26.0	0.9	0.9	1.2	60.4	55.6	52.7	0.5
		Top 25 Writers		**$23,492,144**	**13.6**	**78.8**	**79.7**	**81.0**	**50.6**	**61.1**	**50.6**	**5.5**
		Total U.S. P/C Industry		**$29,817,684**	**14.9**	**100.0**	**100.0**	**100.0**	**49.3**	**63.8**	**49.0**	**3.7**

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 Oct. 3, 2022.

Best's Rankings

Top 25 US Fire and Allied Writers – 2022 Edition

Ranked by 2021 direct premiums written.

($ 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	Zurich Ins US PC Group	018549	$4,739,014	21.7	7.6	7.3	7.2	69.1	113.7	84.3	31.6
2	2	Chubb INA Group	018498	4,287,090	28.8	6.8	6.2	6.5	81.2	83.9	59.9	15.8
3	3	FM Global Group	018502	3,930,208	20.4	6.3	6.1	5.2	61.8	48.5	50.9	70.1
4	4	Sompo Hldgs US Group	018878	3,483,700	21.9	5.6	5.4	5.3	82.0	105.4	104.2	53.0
5	6	QBE North America Ins Group	005658	3,245,828	48.1	5.2	4.1	4.0	82.5	93.3	92.0	51.5
6	5	Amer Intl Group	018540	2,970,238	12.5	4.7	4.9	5.0	60.6	85.1	64.5	20.1
7	7	Travelers Group	018674	1,961,691	9.5	3.1	3.4	3.4	52.6	40.3	57.9	6.3
8	9	Liberty Mutual Ins Cos	000060	1,904,337	19.0	3.0	3.0	3.2	63.9	71.1	51.2	4.6
9	8	Assurant P&C Group	018523	1,725,776	1.7	2.8	3.2	3.6	42.2	34.0	39.9	19.2
10	10	Farmers Ins Group	000032	1,426,168	10.4	2.3	2.4	2.6	57.2	50.1	44.1	5.7
11	11	Berkshire Hathaway Ins	000811	1,397,099	24.7	2.2	2.1	1.7	60.7	55.6	50.3	2.7
12	15	Fairfax Financial (USA) Group	003116	1,359,624	34.8	2.2	1.9	1.8	76.8	94.7	68.7	14.2
13	12	Great Amer P & C Ins Group	004835	1,310,714	23.7	2.1	2.0	2.2	63.5	67.3	83.5	17.3
14	16	Tokio Marine US PC Group	018733	1,161,851	26.4	1.9	1.7	1.8	65.6	74.0	91.6	11.3
15	13	Allianz US PC Ins Companies	018429	1,133,389	11.2	1.8	1.9	1.8	80.4	81.4	50.6	20.4
16	19	FMH Ins Group	018171	1,127,900	36.5	1.8	1.6	1.8	50.2	77.9	101.9	98.7
17	14	XL America Companies	018557	973,055	-4.4	1.6	1.9	1.9	44.1	107.7	84.8	12.5
18	22	Starr Intl Group	018756	901,509	26.2	1.4	1.3	1.0	84.2	70.5	74.5	19.7
19	18	CA Earthquake Authority	012534	901,285	6.8	1.4	1.6	1.7	0.0	-0.3	0.0	100.0
20	17	USAA Group	004080	890,868	1.5	1.4	1.6	1.8	63.3	49.7	53.2	3.5
21	23	Alleghany Corp Group	018640	758,541	15.6	1.2	1.2	1.1	49.4	70.1	36.2	28.5
22	20	Wright National Flood Insurance Company	012582	747,384	2.6	1.2	1.4	1.5	44.6	25.4	48.9	100.0
23	25	Nationwide Group	005987	730,954	16.4	1.2	1.2	1.2	80.2	67.8	41.5	3.8
24	26	Munich-Amer Hldg Corp Cos	018753	714,092	19.5	1.1	1.1	1.0	66.1	63.2	47.7	22.1
25	24	Selective Ins Group	003926	711,156	11.1	1.1	1.2	1.2	62.2	53.4	43.2	19.4
		Top 25 Writers		**$44,493,471**	**19.2**	**70.9**	**69.9**	**69.7**	**65.5**	**74.0**	**67.5**	**13.3**
		Total U.S. P/C Industry		**$62,711,873**	**17.4**	**100.0**	**100.0**	**100.0**	**66.0**	**69.1**	**61.5**	**7.9**

Reflects Grand Total (includes Canada and U.S. Territories).

Source: BESTLINK —State/Line (P/C Lines) - P/C, US; data as of Oct. 10, 2022.

Best's Rankings

US Fire and Allied Lines - Top Writers by State, Canada and US Territories - 2021 – 2022 Edition

Ranked by 2021 direct premiums written.

($ Thousands)

State	2021 Rank	2020 Rank	No. of Cos.	Direct Premiums Written	% of Grand Total	% Change in Premiums	ALR[1]	DDCCE[2]	Market Share Agency Writer[3]	Market Share Direct Writer[4]	Leading Writer	% Market Share	Second Leader	% Market Share
AL	31	31	468	$735,261	1.2	20.5	97.0	3.7	77.5	22.6	Chubb INA Group	7.0	Zurich Ins US PC Group	5.7
AK	47	46	247	143,103	0.2	-3.8	42.4	1.5	53.8	46.2	FM Global Group	15.9	Western Natl Ins Group	13.8
AZ	36	35	487	529,640	0.8	6.7	64.0	1.3	71.1	28.9	Zurich Ins US PC Group	7.9	Chubb INA Group	7.5
AR	33	32	452	631,891	1.0	14.3	83.8	1.0	65.9	34.1	Farm Bureau Mutual Ins Co of Arkansas	8.8	Sompo Hldgs US Group	7.7
CA	1	1	486	6,951,739	11.1	12.0	31.9	1.3	74.9	25.1	CA Earthquake Authority	13.0	FM Global Group	7.3
CO	26	27	467	895,082	1.4	18.8	76.0	1.3	74.0	26.0	Chubb INA Group	10.3	Zurich Ins US PC Group	9.6
CT	39	39	430	424,608	0.7	7.5	37.2	1.4	69.9	30.1	FM Global Group	8.2	Zurich Ins US PC Group	6.5
DE	50	52	386	110,149	0.2	17.0	20.3	0.3	81.1	18.9	Zurich Ins US PC Group	17.7	Selective Ins Group	8.8
DC	52	50	333	107,826	0.2	-0.6	41.4	1.7	73.6	26.4	FM Global Group	16.6	Travelers Group	13.3
FL	3	2	477	6,620,883	10.6	13.6	25.2	3.0	90.4	9.6	Citizens Property Ins Corporation	8.4	Assurant P&C Group	7.1
GA	16	12	535	1,243,105	2.0	15.8	54.7	1.4	74.7	25.3	Sompo Hldgs US Group	10.5	FM Global Group	7.1
HI	41	41	262	368,877	0.6	27.9	17.5	0.9	92.1	7.9	Heritage Ins Hldgs Group	14.7	Tokio Marine US PC Group	12.4
ID	44	44	406	266,777	0.4	20.3	114.1	0.7	80.6	19.4	Chubb INA Group	17.7	QBE North America Ins Group	14.8
IL	5	5	545	2,353,086	3.8	30.7	47.8	0.9	80.1	19.9	Great Amer P & C Ins Group	9.4	Zurich Ins US PC Group	9.3
IN	17	20	502	1,242,031	2.0	28.9	27.6	0.6	82.1	17.9	QBE North America Ins Group	9.5	Sompo Hldgs US Group	8.7
IA	8	14	453	1,632,344	2.6	52.1	38.5	0.1	91.4	8.6	Chubb INA Group	16.2	FMH Ins Group	13.4
KS	10	17	465	1,394,077	2.2	31.7	44.6	0.2	86.6	13.4	Zurich Ins US PC Group	15.7	Chubb INA Group	11.3
KY	32	33	463	649,263	1.0	20.4	95.6	1.6	71.1	28.9	Sompo Hldgs US Group	11.7	Zurich Ins US PC Group	9.9
LA	9	8	429	1,506,208	2.4	17.6	398.4	9.8	78.0	22.0	Sompo Hldgs US Group	6.6	Wright National Flood Insurance Company	6.5
ME	49	49	360	140,506	0.2	14.0	25.6	0.5	65.3	34.7	FM Global Group	12.6	Chubb INA Group	6.4
MD	37	37	460	510,217	0.8	10.4	34.8	1.3	72.9	27.1	FM Global Group	8.6	Travelers Group	8.4
MA	28	25	439	866,691	1.4	10.9	26.8	1.6	75.8	24.2	FM Global Group	10.5	Travelers Group	6.8
MI	24	24	467	933,000	1.5	16.6	65.3	1.4	78.6	21.4	Zurich Ins US PC Group	8.8	Auto-Owners Ins Group	6.4
MN	7	7	449	1,722,532	2.7	26.5	63.4	0.5	90.8	9.3	Zurich Ins US PC Group	18.0	QBE North America Ins Group	10.9
MS	34	34	433	588,848	0.9	11.2	77.9	1.7	71.9	28.2	Sompo Hldgs US Group	16.6	Liberty Mutual Ins Cos	6.5
MO	15	15	481	1,250,710	2.0	17.5	49.0	1.0	74.6	25.4	Chubb INA Group	17.7	Zurich Ins US PC Group	6.7
MT	42	43	372	347,313	0.6	30.7	155.7	0.3	87.2	12.8	Chubb INA Group	25.6	QBE North America Ins Group	24.6
NE	12	18	422	1,331,087	2.1	35.5	51.0	0.2	93.7	6.4	Zurich Ins US PC Group	20.3	QBE North America Ins Group	16.1
NV	40	40	431	388,632	0.6	20.8	50.2	2.3	68.2	31.8	QBE North America Ins Group	14.3	FM Global Group	10.7
NH	51	51	381	108,279	0.2	14.2	21.6	1.5	68.6	31.4	FM Global Group	10.4	Zurich Ins US PC Group	6.8
NJ	19	13	464	1,164,058	1.9	8.5	99.4	3.1	80.1	19.9	Selective Ins Group	7.9	Zurich Ins US PC Group	7.0
NM	45	45	408	259,340	0.4	18.0	93.2	0.5	74.5	25.5	Sompo Hldgs US Group	12.1	Amer Intl Group	11.8
NY	4	4	517	2,408,749	3.8	7.8	42.8	2.5	76.6	23.4	FM Global Group	8.6	Travelers Group	7.6
NC	14	9	490	1,268,766	2.0	13.2	97.3	0.8	74.8	25.2	Zurich Ins US PC Group	9.8	QBE North America Ins Group	6.4
ND	13	16	379	1,294,662	2.1	22.3	135.9	0.1	93.7	6.3	QBE North America Ins Group	26.9	Chubb INA Group	21.6
OH	11	10	532	1,340,297	2.1	20.7	37.9	1.0	79.3	20.7	Zurich Ins US PC Group	10.0	FM Global Group	7.9
OK	29	30	435	794,555	1.3	23.7	85.2	2.4	71.7	28.3	Sompo Hldgs US Group	9.7	QBE North America Ins Group	7.5
OR	35	36	437	579,763	0.9	21.7	62.6	0.7	68.3	31.7	QBE North America Ins Group	9.7	FM Global Group	8.3
PA	18	11	582	1,197,968	1.9	9.9	60.9	2.1	72.5	27.5	FM Global Group	9.6	Travelers Group	7.0
RI	46	48	366	144,048	0.2	11.3	40.4	2.0	71.5	28.6	FM Global Group	8.0	Zurich Ins US PC Group	6.1
SC	22	21	480	975,773	1.6	10.0	21.3	1.1	70.0	30.0	Berkshire Hathaway Ins	13.0	Chubb INA Group	9.0
SD	21	26	383	1,036,638	1.7	36.4	83.2	0.1	95.6	4.4	Chubb INA Group	28.6	QBE North America Ins Group	15.7
TN	23	23	516	945,511	1.5	15.2	71.5	1.5	63.9	36.1	FM Global Group	10.2	Sompo Hldgs US Group	7.6
TX	2	3	550	6,653,092	10.6	18.0	107.0	2.5	80.5	19.5	Sompo Hldgs US Group	10.4	Chubb INA Group	5.8
UT	43	42	437	325,832	0.5	16.8	30.0	0.7	61.9	38.1	FM Global Group	14.1	Amer Intl Group	6.2
VT	54	53	350	73,194	0.1	-21.0	30.8	2.3	69.9	30.1	Allianz US PC Ins Companies	16.1	FM Global Group	8.3
VA	30	29	500	752,828	1.2	7.0	34.5	0.9	70.4	29.6	Zurich Ins US PC Group	10.4	USAA Group	8.8
WA	20	19	451	1,115,928	1.8	14.0	91.0	1.0	68.6	31.5	Zurich Ins US PC Group	9.1	FM Global Group	8.9
WV	48	47	384	140,872	0.2	4.1	38.8	2.1	66.2	33.8	FM Global Group	8.3	Liberty Mutual Ins Cos	7.5
WI	27	28	475	878,241	1.4	19.3	41.3	0.7	84.6	15.4	Zurich Ins US PC Group	13.6	QBE North America Ins Group	9.0
WY	53	54	369	103,375	0.2	20.1	34.0	0.5	73.3	26.7	QBE North America Ins Group	16.2	FM Global Group	8.1
Amer. Samoa	58	58	5	8	0.0	-96.8	-100.0	-90.8	97.8	2.2	Tokio Marine US PC Group	97.8	FM Global Group	2.2
Guam	55	56	39	53,749	0.1	1.4	4.8	0.3	99.6	0.4	DB Ins US Group	43.8	Aioi Nissay Dowa Ins Co Ltd. GUO ***	13.1
Puerto Rico	38	38	90	462,387	0.7	6.4	10.0	2.5	85.1	14.9	MAPFRE North America Group	22.7	Multinational Ins Co	13.0
U.S. Virgin Is.	56	55	54	47,046	0.1	-24.1	15.4	3.7	94.3	5.7	Underwriters at Lloyd's, London (VI)	72.6	Guardian Ins Group	9.2
Canada	25	22	52	901,440	1.4	8.4	35.8	0.9	32.8	67.2	FM Global Group	45.7	Swiss Reins Group	14.5
Other	6	6	95	1,794,414	2.9	21.0	65.7	1.1	73.4	26.6	Fairfax Financial (USA) Group	48.4	Chubb INA Group	14.6
N. Mariana Is.	57	57	11	5,572	0.0	26.3	516.2	0.8	100.0	0.0	First Net Ins Co	57.6	DB Ins US Group	36.9
Grand Total			**1,304**	**$62,711,873**	**100.0**	**17.4**	**66.0**	**1.7**	**78.9**	**21.1**	**Zurich Ins US PC Group**	**7.6**	**Chubb INA Group**	**6.8**

Note: Data for some companies in this report has been received from the NAIC.
1. ALR: Adjusted loss ratio is direct losses incurred divided by the difference between direct premium earned and dividends paid to policyholder.
2. DDCCE: Direct defense and cost containment expense ratio is the former allocated loss adjustment expense (ALAE) ratio.
3. Insurers that distribute primarily through independent agents.
4. Insurers that distribute primarily through a direct-selling system or an exclusive agency system.
Source: BESTLINK —State/Line (P/C Lines) - P/C, US; data as of Oct. 10, 2022.

Best's Rankings

Top 25 US Surplus Lines Insurers – 2022 Edition

Ranked by 2021 direct premiums written.
($ Thousands)

Rank	AMB#	Company	Surplus Lines DPW	Surplus Lines Market Share (%)
1	002428	National Fire & Marine Ins Co	$3,406,774	4.1
2	003292	Scottsdale Insurance Company	2,544,315	3.0
3	002350	Lexington Insurance Company	2,350,906	2.8
4	003759	Evanston Insurance Company	2,056,584	2.5
5	011340	Indian Harbor Insurance Co	1,905,074	2.3
6	013033	Endurance American Spec Ins Co	1,624,566	1.9
7	013977	Starr Surplus Lines Ins Co	1,440,373	1.7
8	003535	AIG Specialty Insurance Co	1,435,246	1.7
9	004433	Westchester Surplus Lines Ins	1,390,371	1.7
10	012562	QBE Specialty Insurance Co	1,284,541	1.5
11	013105	United Specialty Insurance Co	1,257,729	1.5
12	013866	Ironshore Specialty Ins Co	1,244,541	1.5
13	012515	AXIS Surplus Insurance Company	1,243,936	1.5
14	003557	Steadfast Insurance Company	1,193,788	1.4
15	012619	Landmark American Ins Co	1,138,386	1.4
16	012096	Everest Indemnity Insurance Co	1,063,466	1.3
17	011123	Crum & Forster Specialty Ins	1,039,513	1.2
18	003538	Columbia Casualty Company	1,029,061	1.2
19	012078	Liberty Surplus Ins Corp	964,279	1.2
20	012523	Arch Specialty Insurance Co	963,358	1.2
21	012118	Gemini Insurance Company	878,534	1.1
22	003510	Illinois Union Insurance Co	826,206	1.0
23	012604	James River Insurance Co	820,501	1.0
24	003286	Houston Casualty Company	799,995	1.0
25	003837	Great American E & S Ins Co	789,037	0.9
Top 25 Insurers			**$34,691,080**	**42.0**
Total U.S. Surplus Lines Market			**$82,652,576**	**100.0**

Source: AM Best data and research

AM Best: Inflation Will Impact Insurance in 2023, but Expect Moderation

Three AM Best analysts discuss expectations of a hard market, and in commercial lines, most of the premium growth will come from price increases due to the impact of social inflation and economic inflation.

by Tom Davis

Inflation will impact insurers in 2023, but the industry shouldn't expect the same "acceleration" that's hit other parts of the economy because it's taken steps to keep itself stable in recent years, according to AM Best.

Three AM Best analysts spoke about how the insurance market will continue to harden in 2023 but in moderation. Participants included Ann Modica, associate director and senior economist; Sridhar Manyem, director of industry research and analytics; and David Blades, associate director. Following is an edited transcript of the interview.

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

So what is the outlook for the insurance industry next year?

Modica: Everything is based on the economy, which is expected to slow to 1.6% in 2022 and

"The economically sensitive lines of business are going to be the commercial lines—you're still going to see some of those impacts and that will extend to commercial auto, general liability and workers' comp."

David Blades
AM Best

1.0% in 2023 according to the IMF. But even these projections might be somewhat optimistic given the current environment that we're in. If you look at the monetary tightening that the Fed has been doing—they increased the Fed funds rate by 275 basis points in total this year, which brings the current rate from 3% to 3.25%. And this still hasn't brought down inflation.

How does that impact the insurance industry?

Manyem: You'll see that the effect on the underwriting is that it's going to bleed into the price. So you're going to see the hardening prices, the hardening market that we're seeing will extend into 2023. The pace of change will depend on the volume and type of risks that are being insured. We are seeing some moderation.

Blades: We're seeing lines hardening and we'll continue to see that, but it will be tempered to some extent. The economically sensitive lines of business are going to be the commercial lines—you're still going to see some of those impacts and that will extend to commercial auto, general liability and workers' comp. So much happens with catastrophe and social inflation, which seems to ride on the back of the general inflation. Insurers have to deal with claims inflation, which is rising at a pace that's faster than the economic inflation, and the insurance industry has to deal with losses that could lead to insolvencies and companies pulling out of states.

Modica: Generally, inflation is going to continue to be a concern over the medium term. The Fed is projecting that inflation will not return to its target of 2% until 2025.

So over the medium term we can expect higher inflation and by higher, I mean above the Fed's target of 2%. It's kind of hard to believe: Not that long ago, the Fed was concerned about low inflation. But the concerning part of the most recent inflation release was that core inflation has continued to increase, with higher prices driven by housing and medical care services, which is always a concern because these types of inflations tend to be sticky. It's not like energy costs, which are very volatile.

"Generally, inflation is going to continue to be a concern over the medium term. The Fed is projecting that inflation will not return to its target of 2% until 2025."

Ann Modica
AM Best

> "If you're looking at sector by sector, there's going to be a nominal exposure growth due to inflation because of increasing auto parts and labor costs and all the labor shortage that we're seeing and the rebuilding that has to be done with Ian and Fiona."
>
> **Sridhar Manyem**
> AM Best

You also have the regulatory roadblocks that are typically thrown up, especially California. Doesn't that also potentially cause a lag in rates?

Blades: There's somewhat of a limiting impact from the regulatory standpoint in terms of the companies being able to take action quickly because they have to get the rate. In some cases, they have to file them and get them approved, etc. Some of that business can be really acutely in need of those very increases.

Do you see less or more exposure growth and not just because of Hurricane Ian?

Manyem: If you're looking at sector by sector, there's going to be a nominal exposure growth due to inflation because of increasing auto parts and labor costs and all the labor shortage that we're seeing and the rebuilding that has to be done with Ian and Fiona. So that's definitely going to contribute to increased risks in terms of housing and auto on the personal lines side. On the commercial side … most of the premium growth is going to come from price increases as you are seeing because of the impact of social inflation, the impact of economic inflation. We expect real exposure growth may be anemic because of pressures on the economy. With all these rate increases and risks being hard to place we are seeing more shifts into the surplus lines and nonadmitted markets as well.

Blades: There are a lot of potential headwinds, but there's also some stability. We have some tailwinds competing with the headwinds because over the last few years we've definitely seen general liability underwriters pushing rate increases and achieving these rate increases.

Will the industry have very large unrealized capital losses going into 2023?

Manyem: I believe that you're going to see increased unrealized losses on companies' balance sheets compared to previous years. The magnitude of unrealized losses will depend on the duration and maturity profile of specific companies. P/C insurers with shorter durations may expect to see some benefit from reinvestment in this increasing interest rate environment. The key thing is how much longer this is going to continue and the effect on credit. I think that's a relative unknown.

Modica: We have seen credit spreads widened for the various asset classes. So that could definitely put pressure on some companies depending on what they've invested.

So insurers need to do whatever they need to do, and usually it means raising premiums to keep themselves profitable, even solvent, in the face of political resistance. Is that fair to say?

Manyem: One of the key characteristics of insurance is also affordable premiums. For a line like flood insurance, if the actuarially calculated premiums become unaffordable because of high risks, economic issues etc., then it begs a bigger question of affordability. It's a social problem that's going to be a challenge over the next few years as construction in high flood-prone/wildfire-prone/hurricane-prone areas have caused population density in these high-risk areas, and how society—the economy, government, insurers—deal with the challenge of protecting these areas. BR

No Kidding: Goat Yoga Presents a Whole New World of Liabilities

Best's Underwriting Reports and *Best's Loss Control Reports* provide insights into the lines of coverage, exposures and loss control associated with yoga and its specialties, which include practicing in the presence of goats.

This fall, an entertainer from Nashville filed—and then dropped—four separate lawsuits against comedian Kevin Hart, media personality Khloé Kardashian, actress Sophie Turner and singer Maren Morris over their participation in goat yoga.

For those unfamiliar with the trend, goat yoga is exactly what its name implies: performing yoga in the company of goats. The concept was conceived on an Oregon farm in 2016, and the activity has steadily gained in popularity since 2017, according to Best's Underwriting & Loss Control Resources. It is now offered throughout the United States and in parts of Canada, and even has migrated to Australia and a few locations in Europe. Baby goat yoga and yoga using Nigerian Dwarf goats are common versions.

According to celebrity news website RadarOnline.com, country singer Chezney McGoat claimed the celebrities caused him emotional distress after they used the goats as entertainment. The complaints, dropped just days after they were filed in Cheatham

County, Tennessee, sought $5,000 from each defendant. While emotional distress is not listed as an insurance liability by Best's Underwriting & Loss Control Resources, there are certainly hazards that go along with an activity in which goats actively climb onto the backs of humans practicing yoga.

There are more common issues yoga studios face, though. *Best's Underwriting Reports* has identified eight lines of coverage for yoga studios and has ranked the risk exposure associated with the challenges they face.

Those lines are Automobile Liability; General Liability: Premises and Operations; Professional Liability; Workers' Compensation; Crime; Property; Business Interruption; and Inland Marine.

Best's Hazard Index ranks the risk of exposure for the Lines of Business as Low (1-3), Medium (4-6), and High (7-9). Following are excerpts from the Lines of Coverage reports that have the highest hazard index rankings.

Best's Hazard Index

Line of Coverage	Best's Hazard Index
Workers' Compensation	5
General Liability: Premises and Operations	4
Professional Liability	4
Property	4
Business Interruption	4

Lines of Coverage

Workers' Compensation

Exposures: Slips, trips, and falls. Back, knee, neck, and wrist injuries. Dehydration. Heat cramps. Heat exhaustion. Electrical shocks. For workers who spend many hours on computers, eye fatigue and repetitive motion injuries (RMIs), such as carpal tunnel syndrome.

General Liability: Premises and Operations

Exposures: Slips, trips, and falls. Electrical shocks. Burns from portable heaters. Injuries to students. There may be additional exposures if the insured's yoga business conducts classes or personalized instruction off the premises. Offering certain types of yoga also may result in additional exposures.

Professional Liability

Exposures: Student injuries due to improper instruction. Dehydration. Heat cramps. Heat exhaustion. Students attempting poses that are beyond their capabilities can result in injuries. Improperly adjusting a student's position (i.e., repositioning the arms, legs, hips) that results in injury to the student. Sexual misconduct charges arising from adjusting a student who does not want to be touched. Injuries due to a lack of pre-screening students for medical conditions.

Property

Exposures: Ignition sources include faulty wiring, malfunctioning electrical equipment, kitchen equipment (if used), and possibly smoking (although on-site smoking will be unusual). Fire load consists of yoga merchandise (e.g., mats, towels, yoga benches, apparel), office furniture and equipment, paper, and trash. Computers used on the premises will also be covered under this line. Heating equipment could be a source of ignition in hot yoga studios. If the insured owns a valuable audio sound system or audio-visual equipment, that property may be covered here.

Business Interruption

Exposures: Dependent on location. Most would relocate to another site in the area with relatively little difficulty, except for "hot" yoga studios, which would require customization and, therefore, would be more likely to repair or rebuild. Peak season.

Loss Control

Items to Investigate:

- Goats used during yoga pre-screened for gentleness and a willingness to interact closely with humans.
- Does the insured require prospective participants in goat yoga to first sign waivers recognizing the hazards of close proximity with live farm animals?
- Waivers for goat yoga note that live animals have been known to nibble at, or jump on, yoga students without warning.
- Do yoga instructors that transport goats for yoga classes at off-site locations first obtain permission, and any required permits, to bring the goats onto these off-site premises?

On-Site Inspection:

- What is the layout of the premises?
- What is the condition of the insured's floors and floor coverings?
- Are "Employees Only" signs posted at entrances to all areas from which visitors are restricted?
- Are hazards posed by any adjacent buildings?
- Does the insured sell retail items (e.g. yoga mats, towels, and possibly apparel) in a retail area on the premises? BR

—Anthony Bellano

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

Best's Rankings

Commercial Inland Marine Filings by Rate Impact Greater Than 10%

Commercial inland marine insurers made more than 30 filings for rate increases of greater than 10% with a disposition date from Jan. 1 to Oct. 1, 2022. For additional coverage of the commercial inland marine market, see page 48.

Company / Group	AMB#	Overall % Rate Impact	State	Disposition Date	Effective Date	Filing Status
Triton Ins Co	003298	75.00%	CA	9/26/2022	9/26/2022	Approved
Nationwide Group	005987	69.50%	OR	3/10/2022	10/1/2022	Approved
Nationwide Agribusiness Ins Co	003539					
Nationwide Group	005987	49.90%	VA	1/21/2022	10/1/2022	Approved
Nationwide Mutual Ins Co	002358					
Berkshire Hathaway Ins	000811	46.00%	MT	1/12/2022	1/1/2022	Approved
Central States Indemnity Co. of Omaha	002660					
Berkshire Hathaway Ins	000811	39.80%	MO	9/8/2022	10/1/2022	Approved
Central States Indemnity Co. of Omaha	002660					
Great Amer P & C Ins Group	004835	38.80%	GA	3/14/2022	6/1/2022	Approved
Mid-Continent Cas Co	000606					
Great Amer P & C Ins Group	004835	38.80%	OH	3/31/2022	6/1/2022	Approved
Mid-Continent Cas Co	000606					
Great Amer P & C Ins Group	004835	38.80%	NC	3/14/2022	6/1/2022	Approved
Mid-Continent Cas Co	000606					
Great Amer P & C Ins Group	004835	38.80%	IA	3/9/2022	6/1/2022	Approved
Mid-Continent Cas Co	000606					
Great Amer P & C Ins Group	004835	38.80%	ID	7/13/2022	8/1/2022	Approved
Mid-Continent Cas Co	000606					
Great Amer P & C Ins Group	004835	38.80%	NE	3/23/2022	6/1/2022	Approved
Mid-Continent Cas Co	000606					
Great Amer P & C Ins Group	004835	38.80%	UT	3/10/2022	6/1/2022	Approved
Mid-Continent Cas Co	000606					

Company / Group	AMB#	Overall % Rate Impact	State	Disposition Date	Effective Date	Filing Status
Great Amer P & C Ins Group	004835	38.80%	VT	4/5/2022	6/1/2022	Approved
Mid-Continent Cas Co	000606					
Great Amer P & C Ins Group	004835	38.80%	SD	3/8/2022	6/1/2022	Approved
Mid-Continent Cas Co	000606					
Great Amer P & C Ins Group	004835	38.80%	MI	3/31/2022	6/1/2022	Approved
Mid-Continent Cas Co	000606					
Great Amer P & C Ins Group	004835	38.80%	LA	4/25/2022	6/1/2022	Approved
Mid-Continent Cas Co	000606					
Great Amer P & C Ins Group	004835	38.80%	MO	4/12/2022	6/1/2022	Approved
Mid-Continent Cas Co	000606					
Great Amer P & C Ins Group	004835	38.80%	ND	3/28/2022	6/1/2022	Approved
Mid-Continent Cas Co	000606					
Great Amer P & C Ins Group	004835	38.80%	CT	3/9/2022	6/1/2022	Approved
Mid-Continent Cas Co	000606					
Great Amer P & C Ins Group	004835	38.80%	DE	3/25/2022	6/1/2022	Approved
Mid-Continent Cas Co	000606					
Great Amer P & C Ins Group	004835	38.80%	MT	3/7/2022	6/1/2022	Approved
Mid-Continent Cas Co	000606					
Nationwide Group	005987	18.70%	CO	7/7/2022	7/1/2022	Approved
Nationwide Agribusiness Ins Co	003539					
Nationwide Mutual Ins Co	002358					
Nationwide Group	005987	17.60%	PA	3/30/2022	10/1/2022	Approved
Nationwide Mutual Ins Co	002358					
Liberty Mutual Ins Cos	000060	14.70%	CO	2/23/2022	4/1/2021	Approved
OH Cas Ins Co	002378					
RLI Group	003883	14.50%	MT	5/6/2022	11/1/2022	Approved
Contractors Bonding & Ins Co	002719					
RLI Group	003883	13.20%	ID	5/18/2022	9/1/2022	Approved
Contractors Bonding & Ins Co	002719					
Global Indemnity Group	018669	12.40%	DC	5/3/2022	1/1/2022	Approved
Amer Reliable Ins Co	000150					
Liberty Mutual Ins Cos	000060	11.90%	CO	2/23/2022	4/1/2021	Approved
West Amer Ins Co	011354					
Jewelers Mutual Ins Group	018905	11.30%	CO	1/29/2022	6/15/2021	Approved
Jewelers Mutual Ins Co, SI	000532					
Grange Ins Pool	003917	10.60%	GA	8/29/2022	11/1/2022	Approved
Grange Ins Co	000422					
Grange Ins Pool	003917	10.60%	GA	8/29/2022	11/1/2022	Approved
Grange Indemnity Ins Co	011777					
Sentry Ins Group	000086	10.60%	CA	9/30/2022	9/30/2022	Approved
Sentry Select Ins Co	002224					
Liberty Mutual Ins Cos	000060	10.20%	CO	2/23/2022	4/1/2021	Approved
OH Security Ins Co	002379					
Grange Ins Pool	003917	10.20%	GA	8/29/2022	11/1/2022	Approved
Trustgard Ins Co	010778					

Note: The disposition date refers to the date a department of insurance considers each submission to be closed, regardless of the final status.
Source: Best's State Rate Filings; data as of Oct. 31, 2022.

Harnessing Insurance and Risk Transfer Tools to Improve Resilience

Carolyn Kousky examines the complexity of risk transfer markets and how to secure a resilient future.

Understanding Disaster Insurance: New Tools for a More Resilient Future

The rising frequency and intensity of natural disasters is threatening our way of life and livelihoods. While insurance and risk transfer markets are powerful tools for adapting to the rise of those catastrophic events and climate change, often they are misunderstood, said Carolyn Kousky, Ph.D., associate vice president, economics and policy at the Environmental Defense Fund and author of the new book, *Understanding Disaster Insurance: New Tools for a More Resilient Future*.

The following is an edited transcript of the AM Best TV interview with Kousky.

How did the idea for the book come about?

Globally, many risks are going up, and that can be costly for people and businesses. Climate change is increasing the frequency and severity of extreme events. We see growing interconnections in our economies and societies. Technology is changing at a breakneck pace and there is often sufficient attention to reducing risks. That makes insurance more important to secure financial resilience and well-being. It also makes insurance harder to get and more expensive because those risks stress the industry. In the face of that challenge, there are emerging new discussions, partnerships and innovations around how we can harness the tools of insurance and risk transfer to improve our resilience, sustainability, equity and recovery. I think of these new innovations as centered around the use of insurance for the greater good.

While insurance and risk transfer markets can be powerful tools for adapting to climate change, why are they often misunderstood?

Insurance is not like most products people buy. You buy it hoping you never have to use it. It's a risk management tool. You pay a little bit in the good years to be protected in those bad years. There's also limits on what insurance can do and what risks you can transfer. We can't get insurance for very small or frequent risks because the transaction costs of that would make it too expensive and not worthwhile.

At the other end, we can't transfer very catastrophic risks because in the extreme, very big risks are uninsurable. For example, business interruption losses from shutdowns at the start of the pandemic were very costly because they were so widespread that paying all those BI losses would have bankrupted insurers. There are limits on the ability to transfer these highly correlated and catastrophic risks.

What do you hope readers will take away from your book?

I hope they see insurance not as boring, confusing or frustrating, but as an important tool for our well-being in the face of growing disaster risk. BR

—Lori Chordas

AM Best TV

Visit *www.bestreview.com* to watch the interview with Carolyn Kousky.

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

J.D. Power: P/C Insurer App, Digital Investments Not Enough to Offset Rates

Carriers invested heavily to modernize the insurance experience. Is it paying off?

App Investment

It's so simple, right? Someone swipes right on their cell phone, presses the app icon and the world of property and casualty insurance unfolds in front of their eyes. Carriers should be pleased that the money they've invested in modernizing their product will make insurance more accessible and help their bottom line, right?

Well, the answer may be more complicated than that.

J.D. Power released a study this year showing how the streamlined user experience, seamless customer support and improved navigation that were supposed to define the digital transformation of the P/C insurance industry have been "overpowered by rising rates."

The report, *U.S. Insurance Digital Experience Study*, showed how overall customer satisfaction with insurers' digital offerings has been on the decline, despite significant investments in customer-facing websites and mobile apps.

Robert M. Lajdziak, director of insurance intelligence at J.D. Power, said insurers keep "upping the ante" on technology but the improvements are being offset "by frustration among customers who are going online to shop for a better rate—and not finding one."

Lajdziak spoke about how the report shows that people are choosing not to use digital tools or educational resources to help them through the insurance-purchasing process. Following is an edited transcript of the interview.

Aren't apps supposed to make the whole experience user-friendly and maybe make it even more accessible no matter what the cost is?

You would think so. But what we're seeing is, especially in terms of down-market insurance companies—everybody is racing to the app finish line and the tools aren't where they should be.

Is it because an app is supposed to make the experience user-friendly but sometimes things are hard to find or it's just hard to navigate?

It depends on the carrier. So we're talking about an app. Somebody like a USAA or a State Farm—they have navigation issues just because they have so many different products and services. When we go to somebody much more simple, they don't have those same issues.

What about apps that allow you to shop for policies. Are people not finding them easy to use?

I wouldn't go that far. In terms of the shopping specifics, what we're seeing in our data is that customers are—yes, they're shopping but they're not finding better prices. No surprise there. But what we're seeing more recently is that they're shopping and using features like [the chat function] to get a better perspective on why they're not seeing a better price or why they're not getting a better quote than what they think they should.

What was the overall surprising result, would you say?

What we're seeing overall is that customers are just jaded by what they're getting from auto premium increases and that is really just hampering the rest of their insurance experience. If we look at even homeowners specifically, most homeowners policies are bundled with auto. Bundled homeowners are down year over year in terms of customer satisfaction and it's specific to having auto premium increases. So, yes, I'm not surprised with the results. BR

—Tom Davis

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

Automaker Initiatives in Insurance Lead the List of *Best's Review* Articles

Other trending content includes Best's Rankings, coverage of mutual insurers and news of industry layoffs.

Trending: *Best's Review*


Automakers

1. Automakers Build New Insurance Future
2. Top Global Insurance Brokers — 2022 Edition
3. Whittling Down: In 2023, Cuna Mutual Group Prepares to Rebrand and Focus on Middle Market
4. Expansion Spurs Growth for US P/C Mutuals Moving Up the Charts
5. At a Glance — Auto Insurance Initiatives

Trending: BestWire $


Layoffs

1. Insurtech Hippo Lays Off 70 Employees
2. Best's Rankings: Progressive Surpasses State Farm to Become Largest US Total Auto Writer in 2021
3. Insurtech Foresight CEO: 40 Employees Laid Off as Technology Upgrade Eliminates Manual Labor
4. Berenberg: Hurricane Ian Could Churn Out Losses Up to $2.7 Billion for Four Reinsurers
5. AIG, Liberty Mutual, Others Resisting Boy Scouts $2.3 Billion Abuse Settlement

Trending: AM Best Webinars


Surplus Lines

1. Inside Today's Surplus Lines Market
2. How Imagery Models Are Delivering Ground Level Truth for Underwriting Risk
3. How Insurers Are Improving Auto Claims Experience by Focusing on Customer Satisfaction

Trending: AM Best TV - News Coverage

Cyber

1. Philly I-Day Cyber Panel: It's Less About the Information and More About Defenses
2. Insurers Are Customizing Work Life to Meet Employees 'Where They're At'
3. IGI's Jabsheh: Reinsurers Coming to Grips With Volatility, Changing Risk Landscape
4. WSIA Emerging Risk Panel: Inflation, Secondary Perils, Social Inflation Among Emerging Risks
5. HSB's Riggs: Insurers Increasingly Employ Sensor Technology to Mitigate Risk

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These were the top trending items from Aug. 23-Sept. 23, 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*.

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Trending Research Includes Reports on Rising Interest Rates and Private Equity

Other trending research includes a market segment outlook on U.S. personal auto and a report on the insurance-linked securities market.

Trending: Best's Special Reports

1. Rising Interest Rates Leading to Large Unrealized Losses on Fixed Maturities $
2. Private Equity Continues to Make Inroads in Life/Annuity Segment $
3. First Look: Six-Month 2022 US Property/Casualty Financial Results $
4. US P/C Rating Actions Varied as Insurers Face Pressure From Loss Trends $
5. First Look: Six-Month 2022 US Life/Annuity Financial Results $


Interest Rates

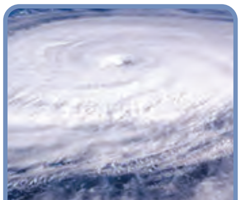
Trending: Best's Market Segment Reports

1. Global Reinsurance: More Stable and Improved Results Following Shift From Property Catastrophe Risks
2. Market Segment Outlook: US Personal Auto
3. Supply and Demand Dynamics on Full Display in the Insurance-Linked Securities Market
4. Global Reinsurance - The European Big Four
5. US Homeowners Line Well Capitalized but Weather Events Pose Significant Uncertainty $

Reinsurance

Trending: Best's Commentary

1. Hurricane Ian Will Test Florida's New State-Run Reinsurance Program
2. Reinsurer Losses Related to Florida Specialists Continue to Climb Despite No Significant Storms
3. US Insurers Have Minimal Investments in ILS and Cat Bonds
4. Hurricane Fiona Insured Losses Depend on Recovery and Resilience
5. Manageable Impact of Super Typhoon Nanmadol on Insured Losses


Florida

Trending: AM Best TV - Research Coverage

1. AM Best Reinsurance Market Briefing - Rendez-Vous de Septembre
2. AM Best's Mosher: DUAEs Present Growth Opportunity for Insurers
3. AM Best: Hurricane Ian Expected to Test Florida's New State-Run Reinsurance Program
4. AM Best's Holzberger: Discussions Build Around Property Cat Pullback
5. AM Best: Surplus Lines Segment Saw Record-High Direct Premiums Written in 2021


Reinsurance

These were the top trending research and commentary reports from Aug. 23-Oct. 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.*

Panelists Discuss Workers' Comp Market, Explore Generational Trends in the Courtroom

Professionals also examine how insurers can use modern product management to weather economic downturns.

On Demand

AM Best's Briefing - The Workers' Comp Market: What to Expect in the Year Ahead

Senior AM Best analytical staff and leading industry experts explore the state of the workers' compensation market and emerging trends in underwriting, reserving and claims. Topics of discussion include the effects of inflation on the current claims environment and reserves; the impact of economic and unemployment challenges on the workers' compensation market; pricing; and the use of machine learning and artificial intelligence in pricing, claims and reserving. Moderator Sridhar Manyem, director, AM Best, is joined by panelists Richard Ives, vice president, Travelers; Brijesh Kumar, founder & CEO, 4aiSoft; and Gordon McLean, senior financial analyst, AM Best.

Generational Effects on Juries and Litigation Outcomes

Juries are expected to increasingly reflect the perspective of post-baby boomers, many of whom don't share their parents' views on corporate conduct, social responsibility and appropriate redress. This panel discussion focuses on how insurers are preparing for these attitudinal shifts, including changes in how they present, manage cases and communicate. Participants include Peri Alkas, insurance and reinsurance partner, Phelps Dunbar LLP; Michon Spinelli, partner, Ropers Majeski; and Lorie Sicafuse, Ph.D., litigation consultant, Courtroom Sciences Inc. **This complimentary AM Best Webinar was hosted by Best's Insurance Professional Resources.**

How Insurers Can Navigate Economic Downturns Through Modern Product Management

In today's dynamic markets, carriers with best-in-class speed to market and customer experience will win. Carriers can leverage modern product management practices and platforms to continually drive responses to product, underwriting, marketing, economic, and pricing challenges. Carriers that struggle to understand where to cut and where to invest in a recessionary environment can diminish their growth trajectory for three years post-recession. This webinar reviews how the right data, processes, and technology can help address the three types of dangers and related costs from sub-optimal reactions to market conditions and the eight dimensions of product management excellence and how to master them all, as well as how to drive best-in-class user experience into the carrier's product management process. Also shared is a case study that demonstrates carriers can improve combined ratios by 1.5 to 3.0 and grow direct premiums by 10% to 15% in positive economic environments. In recessionary environments, best-in-class carriers show starkly different results starting with the recession and continuing for more than three years after the recession. Panelists include Ajish Gopan, vice president & global head, Insurance Insights & Data, Capgemini; Tim Hyman, enterprise chief underwriting officer-auto, American Family Insurance; Rajesh Iyer, global head, AI & machine learning, Financial Services Insights & Data, Capgemini; Marty Ellingsworth, executive managing director, P&C Insurance Intelligence Group, J.D. Power; and Adil Khan, assistant vice president, Data Science, CNA Insurance. **This complimentary AM Best Webinar was sponsored by Capgemini.**

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

Assessments, Best Practices Designations Help MGAs Stand Out, Zurich Exec Says

Also, professionals examine the increased use of sensor technology to mitigate risk and discuss how to stem the insurance industry's talent shortage.

On Demand

Zurich's Olson: MGAs Should Distinguish Themselves to Carriers

Denise Olson

Denise Olson, head of programs, Zurich North America, said managing general agents can demonstrate their quality through assessments and meeting best practices designations. Olson spoke with AM Best TV at Target Markets' 22nd Annual Summit, held in Scottsdale, Arizona.

Accelerant's Radke: Most Insurer-Program Relationships 'Don't Feel Like a Partnership'

Jeff Radke

Jeff Radke, CEO and co-founder, Accelerant Holdings Bermuda, said his organization provides a platform that brings delegated underwriting authority enterprises and risk-capital providers into a shared environment. Radke spoke with AM Best TV at the LIIFT 2022 conference in New York City.

HSB's Riggs: Insurers Increasingly Employ Sensor Technology to Mitigate Risk

John Riggs

Sensor technology is a valuable tool against fire, water and equipment risk for insurers, especially during business off hours when threats are more likely to go unnoticed, said John Riggs, chief technology officer and senior vice president, Applied Technology Solutions, HSB Group.

Gallagher Bassett's Hampshire: Insurance Industry Racing to Stay Ahead of Silver Tsunami

Chris Hampshire

Chris Hampshire, vice president, Gallagher Bassett and global president, CPCU Society, said the insurance industry must better position as an attractive career or risk further talent shortages. Hampshire spoke with AM Best TV at Philly I-Day 2022.

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

Cybersecurity Is Top of Mind in Today's Business Environment, Travelers Survey Says

Also, AM Best Audio explores how fraud detection false positives can be costly from the standpoint of both revenue and customer satisfaction.

Travelers' Francis: Cyberthreats Are Top Concern for Decision Makers

Tim Francis, vice president, enterprise cyber lead at Travelers, discusses the 2022 Travelers Risk Index survey that found today's business environment is riskier compared with a year ago. Most of those surveyed think a cyberattack on their company or organization is inevitable.

TransUnion's McElroy: False Positives Can Reduce Customer Satisfaction

Mark McElroy, executive vice president and head of insurance for TransUnion, discusses a new report showing that false positives as part of fraud detection can cost businesses as much as $100 billion in revenue globally.

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This edition lists all Credit Rating actions that occurred between Oct. 1 and Oct. 31, 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								
Initial Rating	L	Advantage Life Assurance I.I. Advantage Insurance Inc.	062525	B++ bbb+	Stable Stable			Puerto Rico, USA
Initial Rating	L	Advantage Life Puerto Rico A.I. Advantage Insurance Inc.	062524	B++ bbb+	Stable Stable			Puerto Rico, USA
Rating Affirmation	L	Best Meridian Insurance Company BMI Financial Group, Inc.	060007	A- a-	Negative Negative	A- u a- u	Negative Negative	Florida, USA
Downgrade	L	Catholic Order of Foresters	006191	B++ bbb+	Stable Stable	A- a-	Negative Negative	Illinois, USA
Initial Rating	L	GCU	009807	A- a-	Stable Stable	NR nr		Pennsylvania, USA
Upgrade	L	Guaranty Income Life Insurance Company Kuvare Holdings LP	006504	A- a-	Stable Stable	B++ bbb+	Stable Stable	Iowa, USA
Outlook Change	L	Illinois Mutual Life Insurance Company	006542	A- a-	Stable Stable	A- a-	Negative Negative	Illinois, USA
Downgrade	H	Unified Life Insurance Company	060366	B u bb+ u	Negative Negative	B+ bbb-	Negative Negative	Texas, USA
AMERICAS PROPERTY/CASUALTY								
Rating Affirmation	P	Aegis Security Insurance Company LD Investments LLC	003716	B++ bbb+	Stable Negative	B++ u bbb+ u	Negative Negative	Pennsylvania, USA
Upgrade	P	ALPS Property & Casualty Insurance Co ALPS Corporation	011054	A a	Stable Stable	A- a-	Positive Positive	Montana, USA
Upgrade	P	American Commerce Insurance Company Fundación MAPFRE	002065	A a+	Stable Stable	A a	Stable Stable	Massachusetts, USA
Under Review	P	American Hallmark Insurance Co of Texas Hallmark Financial Services, Inc.	001728	A- u a- u	Negative Negative	A- a-	Negative Negative	Texas, USA
Under Review	P	Bondex Insurance Company Builders Insurance (A Mutual Captive Co)	013884	B++ u bbb u	Positive Positive	B++ bbb	Stable Stable	New Jersey, USA
Under Review	P	Capitol Indemnity Corporation Berkshire Hathaway Inc.	000235	A u a u	Positive Positive	A a	Stable Positive	Wisconsin, USA
Under Review	P	Capitol Specialty Insurance Corporation Berkshire Hathaway Inc.	001960	A u a u	Positive Positive	A a	Stable Positive	Wisconsin, USA
Upgrade	P	Citation Insurance Company Fundación MAPFRE	002851	A a+	Stable Stable	A a	Stable Stable	Massachusetts, USA
Outlook Change	P	Colorado Farm Bureau Insurance Company Southern Casualty Holding Company	000278	A+ aa-	Negative Negative	A+ aa-	Stable Stable	Mississippi, USA
Upgrade	P	Commerce Insurance Company Fundación MAPFRE	004663	A a+	Stable Stable	A a	Stable Stable	Massachusetts, USA
Upgrade	P	Commerce West Insurance Company Fundación MAPFRE	003131	A a+	Stable Stable	A a	Stable Stable	California, USA
Under Review	P	Covington Specialty Insurance Company Berkshire Hathaway Inc.	013859	A+ u aa- u	Positive Positive	A+ aa-	Stable Stable	New Hampshire, USA
Rating Withdrawal	P	EMC Reinsurance Company* Employers Mutual Casualty Company	002808	NR nr		B++ bbb+	Stable Stable	Iowa, USA

* The ratings were downgraded to bbb+/B++ from a/A on Oct. 3, 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)								
Under Review	P	Fair American Insurance and Reins Co Berkshire Hathaway Inc.	003727	A+ u aa- u	Positive Positive	A+ aa-	Stable Stable	New York, USA
Under Review	P	Fair American Select Insurance Company Berkshire Hathaway Inc.	022013	A+ u aa- u	Positive Positive	A+ aa-	Stable Stable	Delaware, USA
Outlook Change	P	Founders Insurance Company Pennsylvania National Mutual Cas Ins Co	012345	A- a-	Positive Positive	A- a-	Stable Stable	New Jersey, USA
Under Review	P	Hallmark County Mutual Insurance Company Hallmark Financial Services, Inc.	010445	A- u a- u	Negative Negative	A- a-	Negative Negative	Texas, USA
Under Review	P	Hallmark Insurance Company Hallmark Financial Services, Inc.	010612	A- u a- u	Negative Negative	A- a-	Negative Negative	Arizona, USA
Under Review	P	Hallmark National Insurance Company Hallmark Financial Services, Inc.	014154	A- u a- u	Negative Negative	A- a-	Negative Negative	Arizona, USA
Under Review	P	Hallmark Specialty Insurance Company Hallmark Financial Services, Inc.	010838	A- u a- u	Negative Negative	A- a-	Negative Negative	Oklahoma, USA
Under Review	P	Landmark American Insurance Company Berkshire Hathaway Inc.	012619	A+ u aa- u	Positive Positive	A+ aa-	Stable Stable	New Hampshire, USA
Outlook Change	P	Louisiana Farm Bureau Casualty Ins Co Southern Casualty Holding Company	002844	A+ aa-	Negative Negative	A+ aa-	Stable Stable	Louisiana, USA
Upgrade	P	MAPFRE Insurance Company Fundación MAPFRE	002365	A a+	Stable Stable	A a	Stable Stable	New Jersey, USA
Outlook Change	P	Mississippi Farm Bureau Casualty Ins Co Southern Casualty Holding Company	000513	A+ aa-	Negative Negative	A+ aa-	Stable Stable	Mississippi, USA
Outlook Change	P	Partners Mutual Insurance Company Pennsylvania National Mutual Cas Ins Co	000194	A- a-	Positive Positive	A- a-	Stable Stable	Wisconsin, USA
Outlook Change	P	Penn National Security Insurance Company Pennsylvania National Mutual Cas Ins Co	010637	A- a-	Positive Positive	A- a-	Stable Stable	Pennsylvania, USA
Outlook Change	P	Pennsylvania National Mutual Cas Ins Co Pennsylvania National Mutual Cas Ins Co	002397	A- a-	Positive Positive	A- a-	Stable Stable	Pennsylvania, USA
Under Review	P	Platte River Insurance Company Berkshire Hathaway Inc.	012488	A u a u	Positive Positive	A a	Stable Positive	Nebraska, USA
Initial Rating	P	Research Insurance Company Limited Battelle Memorial Institute	072123	A- a-	Stable Stable			Bermuda
Under Review	P	RSUI Indemnity Company Berkshire Hathaway Inc.	012603	A+ u aa- u	Positive Positive	A+ aa-	Stable Stable	New Hampshire, USA
Outlook Change	P	Southern Farm Bureau Casualty Ins Co Southern Casualty Holding Company	000844	A+ aa-	Negative Negative	A+ aa-	Stable Stable	Mississippi, USA
Under Review	P	Transatlantic Reinsurance Company Berkshire Hathaway Inc.	003126	A+ u aa- u	Positive Positive	A+ aa-	Stable Stable	New York, USA
EUROPE, MIDDLE EAST AND AFRICA								
Under Review	P	Calpe Insurance Company Limited Berkshire Hathaway Inc.	092592	A+ u aa- u	Positive Positive	A+ aa-	Stable Stable	Gibraltar
Under Review	C	Ghana Reinsurance PLC	090035	B u bb u	Negative Negative	B bb	Stable Stable	Ghana
Initial Rating	P	Great Lakes Services UK Limited Munich Reinsurance Company	043032	A+ aa	Stable Stable			United Kingdom
Under Review	P	Net Insurance S.p.A. Net Insurance S.p.A.	089932	B+ u bbb- u	Developing Developing	B+ bbb-	Stable Stable	Italy
Outlook Change	P	Peak Reinsurance AG Fosun International Holdings Ltd.	088364	A- a-	Negative Negative	A- a-	Stable Stable	Switzerland

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)								
Under Review	P	TransRe Europe S.A. Berkshire Hathaway Inc.	086500	A+ u aa- u	Positive Positive	A+ aa-	Stable Stable	Luxembourg
Under Review	P	TransRe London Limited Berkshire Hathaway Inc.	093227	A+ u aa- u	Positive Positive	A+ aa-	Stable Stable	United Kingdom
ASIA-PACIFIC								
Outlook Change	P	Adamjee Insurance Company Limited Adamjee Insurance Company Limited	085699	B bb+	Stable Negative	B bb+	Stable Stable	Pakistan
Under Review	P	CMB Wing Lung Insurance Company Limited China Merchants Bank Co., Ltd.	084822	A- u a- u	Positive Positive	A- a-	Positive Positive	Hong Kong
Downgrade	P	EFU General Insurance Limited EFU General Insurance Limited	077151	B bb+	Stable Negative	B+ bbb-	Stable Stable	Pakistan
Outlook Change	C	General Insurance Corporation of India General Insurance Corporation of India	086041	B++ bbb+	Stable Negative	B++ bbb+	Stable Stable	India
Rating Withdrawal	L	Iris Life Limited Partners Group Holdings Limited	091593	NR nr		A u a u	Negative Negative	New Zealand
Outlook Change	P	Jubilee General Insurance Company Ltd	086770	B+ bbb-	Negative Negative	B+ bbb-	Stable Stable	Pakistan
Under Review	P	Kommesk-Omir Insurance Company JSC Centras Capital LLP	092322	B- u bb- u	Developing Developing	B- bb-	Stable Stable	Kazakhstan
Outlook Change	C	Peak Reinsurance Company Limited Fosun International Holdings Ltd.	091406	A- a-	Negative Negative	A- a-	Stable Stable	Hong Kong
AMERICAS								
Rating Affirmation	L	Best Meridian International Ins Co SPC BMI Financial Group, Inc.	086911	A- a-	Negative Negative	A- u a- u	Negative Negative	Cayman Islands
Downgrade	L	Colina Insurance Limited AF Holdings Ltd.	089077	B++ bbb+	Stable Stable	A- a-	Negative Negative	Bahamas
Downgrade	L	Family Guardian Insurance Company Ltd FamGuard Corporation Limited	087111	B++ bbb+	Stable Stable	A- a-	Negative Negative	Bahamas
Upgrade	P	Gulf Insurance Limited Assuria N.V.	087112	B+ bbb-	Positive Positive	B bb	Stable Stable	Trinidad and Tobago
Rating Affirmation	P	IRB - Brasil Resseguros S.A.	085590	A- a-	Negative Negative	A- u a- u	Negative Negative	Brazil
Outlook Change	P	RF&G Insurance Company Limited G.A. Roe & Sons Limited	095896	B++ bbb	Stable Positive	B++ bbb	Stable Stable	Belize

Holding Companies

Rating Action	Company Name	AMB#	Current FSR ICR	Current Outlook/ Implications	Previous FSR ICR	Previous Outlook/ Implications	Domicile
Under Review	Alleghany Corporation	058309	a- u	Positive	a-	Stable	Delaware, USA
Downgrade	Colina Holdings Bahamas Limited	055763	bb+	Stable	bbb-	Negative	Bahamas
Downgrade	FamGuard Corporation Limited	087110	bb+	Stable	bbb-	Negative	Bahamas
Under Review	Hallmark Financial Services, Inc.	051075	bbb- u	Negative	bbb-	Negative	Nevada, USA
Under Review	Transatlantic Holdings, Inc.	058477	a- u	Positive	a-	Stable	Delaware, 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

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

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

Best's Financial Strength Rating (FSR) Scale

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

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

Financial Strength Non-Rating Designations

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

Rating Disclosure – Use and Limitations

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

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

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

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

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

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

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

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

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

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

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In Other News ...

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

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Asia Insurance Review | *www.asiainsurancereview.com*
Singapore: Authorities launch digital banker's guarantee or insurance bond system

Auto Insurance Report | *https://riskinformation.com/*
Telematics Policyholders Find Disconnect Between Driving Behavior and Discounts

Business Insurance | *www.businessinsurance.com*
CDC releases new opioid prescribing guidelines

Captive Insurance Times | *https://www.captiveinsurancetimes.com/*
Burcu Akdoganlar swaps Sompo Sigorta for Turkcell

Captive International | *https://www.captiveinternational.com/*
Loss development factors: a primer for captives

Carrier Management | *www.carriermanagement.com*
How to Create Fully Integrated, Personalized Telematics Offerings—And Make a Profit

Claims Journal | *https://www.claimsjournal.com/*
FAA Mandates Seaplane Inspections After Puget Sound Crash

Claims Magazine | *https://www. propertycasualty360.com/claims-magazine/current-issue/*
Does insurance coverage continue when a named policyholder dies?

Commercial Risk | *https://www.commercialriskonline.com/*
Conservative approach required for captives writing cyber, say experts

Commercial Risk Europe | *https://www.commercialriskonline.com/cr-europe/*
EU agency says geopolitical volatility has radically altered cyber threat landscape

Global Reinsurance | *https://www.globalreinsurance.com/*
Egypt moots catastrophe pool to build climate resilience

Global Risk Manager | *https://www.commercialriskonline.com/global-risk-manager/*
US D&O prices fall in Q3

Insurance & Investment Journal | *https://insurance-portal.ca/*
Decumulation strategies diversify

Insurance Age | *https://www.insuranceage.co.uk/*
Biba issues series of commitments after FCA flat insurance report

Insurance Journal | *https://www.insurancejournal.com/magazines/*
National Flood Insurance Program Extended to Mid-December

Insurance Post | *https://www.postonline.co.uk/*
Analysis: Top insurtechs report combined £100m in losses and £200m in debt

Insurance Times | *https://www.insurancetimes.co.uk/*
Insurers may be 'forced to scale back services' as BoE hikes interest rates

InsuranceAsia News | *https://insuranceasianews.com/*
SIRC: Capacity woes and rising rates dominate Asia renewals

InsuranceERM | *https://www.insuranceerm.com/*
US P&C underwriting results expected to be worst since 2011

Intelligent Insurer | *https://www.intelligentinsurer.com/*
Redefining D&I for the next generation

Life Annuity Specialist | *https://www.lifeannuityspecialist.com*
One Product From Life Insurers That's Selling Itself Right Now

Middle East Insurance Review | *https://www.meinsurancereview.com/*
UAE: 9 insurers form Unemployment Insurance Pool that will start operating on 1 Jan 2023

National Underwriter P/C | *https://www.propertycasualty360.com/national-underwriter-property-casualty/issue-gallery*
How succession planning can save your independent insurance agency

P&C Specialist | *https://www.pandcspecialist.com/*
Carriers' Move into Non-Admitted Lines Could Reshape P&C Market

Property Insurance Report | *https://riskinformation.com/*
Florida Lawsuits Raining Down On Storm-Battered Marketplace

Risk & Insurance | *https://riskandinsurance.com/*
Delivering Safety Training for Gen Z Will Require Explaining the Why

Risk.Net | *https://www.risk.net/*
Fed official confirms US targeting 2025 for Basel III adoption

Strategic Risk | *https://www.strategic-risk-europe.com/*
COP27: 'Tangible progress' essential to close climate finance gap

The Insurer | *https://www.theinsurer.com/*
Property underwriters to increasingly differentiate among buyers post Ian

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Slow secondary trading amid uneven Ian pricing recovery

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Lost Evidence Figures Into Subrogation Claims

Additional coverage includes the addition of six attorneys at Tressler and the recognition of a Phelps partner by a legal industry publication.

Stutman Law attorney Kevin McBeth reminds insurance carriers and attorneys to encourage their insureds to preserve the scene of a loss until an adequate scene inspection can be conducted. In the absence of hard evidence, it can be difficult to move a claim forward.

This was nearly the case at a Texas home that was insured by a client of the law firm that deals exclusively with subrogation cases. After living in the home for about a month, the insured discovered water coming through drywall in a third-floor closet.

Kevin McBeth

"By the time the homeowner discovered the problem, water had already traveled down multiple floors and caused substantial damage throughout the home," the law firm, whose website features a blog concerning this case, said in a statement.

The contractor they called in to fix the leak immediately went to work, fixing the damages before the insured had the chance to call their insurance company or Stutman.

"So, everything was completed by the time we were made aware of the loss," McBeth said.

Thus, the homeowner missed out on the opportunity to have insurance professionals, experts and engineers come to the home to conduct a full investigation. All hope was not lost for the homeowner, though. Fortunately, the homeowner took some pictures of the scene before the contractor's work began.

"We were very fortunate in this case because our insured had the foresight to take some photographs once the wall had been opened. They actually got some photographs of the nail that had pierced the line," McBeth said.

This evidence, as well as the testimony of both the insured and the contractor, ultimately resulted in Stutman's New Loss team reaching a settlement with the builder's insurance company for about $165,000. This was about 80% of the client's total damages, the law firm said.

"Even in those instances where evidence is modified or lost, it's not a situation where you immediately want to give up hope or close a subrogation investigation down," McBeth said. "There can be secondary evidence like what we had in this particular case, which can still give you the basis to advance your claim forward."

Stutman Law focuses on subrogation cases only and is headquartered in Fort Washington, Pennsylvania.

—Anthony Bellano

Tressler LLP Expands Western US Presence

Tressler LLP has announced that six attorneys from the law firm Wade & Lowe have joined Tressler's Orange County and Los Angeles offices.

Attorneys Edmond D. Wade, William R. Lowe, Jeffrey M. Carson, Amy K. Hulick, Renee A. Dutton and Christina N. Hoffman have joined the firm to expand Tressler's presence in California.

Wade specializes in automobile insurance law and coverage. He serves as an arbitrator on the State Bar Court and has been an arbitrator in the Los Angeles Superior Court arbitration program. Lowe specializes in insurance coverage issues relating to the duties to defend and indemnify actions under various liability policies. He defends both first- and third-party bad faith actions involving claims handling, coverage, cancellations and statutory liability.

Carson handles all areas of insurance coverage law including assisting clients with Special Investigation Unit investigations, insurance policy interpretation, issues regarding independent counsel, bad faith litigation, actions for declaratory relief, disputes between multiple co-insurers and related appeals. Hulick represents insurers in insurance coverage disputes. She provides clients with coverage analysis and opinions involving business and personal liability policies, which include issues related to defamation, libel, slander, automobile liability, construction defects, premises liability, assault and battery, negligence, elder abuse, insurance fraud, privacy rights, wrongful eviction and habitability claims.

Dutton's practice areas include insurance coverage and litigation, and the defense of insureds in a variety of civil lawsuits. She specializes in assisting carriers with the efficient handling of settlement demands and preservation of evidence requests.

Hoffman handles all phases of litigation from client development to settlement and trial. Her litigation experience includes matters related to product liability, catastrophic injury, class action lawsuits, environmental law, toxic torts, employment, privacy, property rights disputes, nuisance and habitability, education and disability-related discrimination.

Tressler and Wade & Lowe are both known as experienced insurance coverage and litigation firms.

Phelps Partner Makes 2022 South Trailblazers List

Phelps partner LaToya Merritt has been selected as one of *The American Lawyer*'s 2022 South Trailblazers. The October issue of this industry publication recognizes professionals in the South who have moved the needle in the legal industry. Merritt was chosen for her work with clients on employment issues and her commitment to creating pathways to success for diverse attorneys at all levels of the legal profession.

LaToya Merritt

Merritt leads the labor and employment group in Phelps' Jackson, Mississippi, office and helps clients handle claims of discrimination, harassment and civil rights and constitutional rights violations. She also conducts diversity training and educational programs for companies throughout the region and has trained hundreds of executives and managers on employment law and constitutional law issues.

In addition to her practice, Merritt spearheads the firmwide diversity and inclusion committee, which guides Phelps' diversity, equity and inclusion initiatives to, as Merritt notes, "lead the way forward in our profession by pushing education, transparency and the unique benefits, especially for our clients, that diverse experiences bring to the table."

Merritt is also deeply engaged in her community. She's active in local and national bar associations and sits on the boards of the Grambling University Foundation and Canopy Children's Solutions. She's also a 2016-2017 fellow of the Leadership Council on Legal Diversity and a graduate of Leadership Jackson and has been recognized by Jackson Public Schools for her commitment to helping the district and its students.

Phelps is a full-service law firm of more than 350 attorneys in Texas, Louisiana, Mississippi, Alabama, Florida, North Carolina, and London. Phelps consists of six core practice groups: admiralty, business, health care, insurance, labor and employment, and litigation.

Qualified Member Law Firm Publishes Article on Interlocutory Appeal

In a recent article, attorney W. Thomas Chappell from Qualified Member law firm Woods Rogers Vandeventer Black, with assistance from summer associate Alexa Kathol Macumber, looks at interlocutory appeal, a process that occurs when an issue is so pressing that an appellate court resolves it before the case proceeds to final judgment in the trial court.

To read the article, visit *https://vanblacklaw.com/appellate/civil-interlocutory-appeals-in-virginia/.*

Best's Insurance Professional Resources

The following company is a newly qualified member in Best's Recommended Expert Service Providers - Consultants.

Clear Advantage Risk Management
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Delray Beach, FL, USA • 561-276-9158

For information on the firms highlighted in this issue and Best's Insurance Professional Resources, visit *www.claimsresource.ambest.com/search/DirectoryCenter.aspx*

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AM Best Business Development

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Former Olympic Hockey Hopeful Takes Competitive Spirit Into the Insurance Arena

Insurers shouldn't be afraid to fight for their insureds in court, says Prime Insurance CEO Rick Lindsey.

by Anthony Bellano

Do you believe in miracles? In 1980, the United States men's hockey team did. It overcame all odds to defeat the favored Soviet Union en route to winning Olympic gold. Rick Lindsey, the president, chairman and chief executive officer of Prime Insurance Co. and Prime Property & Casualty Insurance, says he was inspired by that team, which he saw firsthand when he was invited to try out for the squad in 1979.

Lindsey, a Utah native, played on a travel team and attended a hockey school each summer with University of Wisconsin coach Bob Johnson and Art Berglund, an International Ice Hockey Federation Hall of Famer. When he was 19, he was invited to try out for the Olympic team. He didn't make the team, but the experience served as a wake-up call for Lindsey, who said he realized it was "time to get a real job."

Rick Lindsey

"It made me very motivated to jump into something that I have knowledge of," said Lindsey, who was also working at his dad's MGA at the time. Lindsey started his own company in 1982, and began doing national programs for groups and associations after Congress passed the Liability Risk Retention Act of 1986.

He says he owes a lot to his Olympic hockey experience. "I think that whole youth experience and the Olympic hockey team experience gave me the confidence to believe in myself and a team," Lindsey said. "I have 300 employees now, and I'm blessed to have people who believe. When other people look at it, they don't believe it. There's no way you're doing that unless you have a bunch of wins, and you have a long history of winning lawsuits."

One of the main things he's learned, Lindsey said, is that high-risk ventures aren't high risk if you can trust your insureds. That's why he's very outspoken when it comes to litigation: Lindsey says insurers shouldn't be afraid to fight for their insureds in court, and asserts that anyone who believes the headlines about so-called "nuclear verdicts"—where insurers are finding themselves on the wrong end of billion-dollar judgments —is "drinking the punch of the enemy."

As an example, Lindsey points to a case in which a Florida jury awarded $411.73 million to a plaintiff who was injured in a 45-vehicle pileup in 2018 and had filed a lawsuit against a trucking company Prime insured. Once the headlines settled down, Prime was able to negotiate, ultimately paying out $991,000, according to a press release issued by Prime in 2020.

"Reality is what you can collect, not some fake verdict that you put out there and put on your website," Lindsey said. He noted the people who are most fearful of nuclear verdicts are the insurers themselves. "That's what surprises me."

He says when he knows the lawyer is right, he will pay up and move on. When he believes he's right, though, he will fight. Lindsey says the key for insurers is to partner with insureds who will be willing to fight lawsuits. It's just as important to keep insureds happy, paying claims when they should be paid.

His approach has worked so far, and the results sometimes surprise his critics. In 2010, Prime Insurance was successfully defended in what was believed to be the first victory in Mississippi for an insurer in a Hurricane Katrina lawsuit.

"The jury said, 'If my insurance company would have treated me the way Prime treated this guy, I would've been happy,'" Lindsey said. "Every claim I look at I think, 'What if it was me on the other side?'" BR

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