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BEST'S REVIEW®

January 2023 • Volume 124 • Issue 1

bestsreview.ambest.com

AM BEST'S MONTHLY INSURANCE MAGAZINE

Their Future Selves

Startups, insurtechs and investors pursue new opportunities with ready-to-go insurance shells.
Page 26

***Best's Review*'s**
Online Archives

A New Year, a New Look Online

The January issue of *Best's Review* examines the increased interest in shell companies as startups seek to expand into the carrier sector. Coverage also features a look at industry executives who retired or passed away in 2022 as well as rankings of the largest India and largest MENA insurers. A new online format of *Best's Review* debuts this month.

Shell company transactions are not new for the insurance industry. But they have taken on new life in recent years as insurtech startups and others have been acquiring shell companies as a way of expanding into the carrier sector.

These deals often smooth the way for startup companies and managing general agencies transitioning to full-stack insurers. How these deals come about and the process involved in these transactions, however, can often seem opaque. In the January issue of *Best's Review*, "A Shell of Their Future Selves: How Insurer Acquisitions Spur Faster Growth" examines the processes, benefits and risks of insurance shell transactions.

AM Best Managing Director John Andre said the driving force behind interest in shell transactions often parallels a surge in startups. The insurance industry has seen a wave of insurtech startups in recent years and they have been one of the factors raising the bar on the industry's use of innovative technology.

January is Insurance Innovation Awareness Month. The January issue includes highlights from AM Best's published perspectives on innovation in "AM Best's Innovation Criteria."

As the new year gets underway, *Best's Review* presents coverage of industry executives who retired or passed away in 2022. Among those who retired were Robert A. DiMuccio, chairman and CEO of Amica Mutual; Daniel S. Glaser, president and CEO of Marsh McLennan; and Teresa L. White, president, Aflac U.S. Coverage on the retirees can be found at "New Year Brings New Look to Industry Leadership." Obituaries can be found at "In Memoriam: Insurance Industry Leaders of 2022."

The January issue also includes coverage of the Florida insurance market. Go to "Best's Rankings: Florida Leads Nation in Homeowners Premium" for the article, which includes AM Best data highlighting insurers that write at least $2,000 of Florida homeowners multiperil coverage, and key financial information, including Best's Ratings.

In the life insurance sector, a notable announcement in the third-quarter earnings season was a $2.6 billion loss reported by Lincoln Financial, attributed largely to a reserving change. In "Lincoln Financial Sees Lapse Rates Plummet for Over-75s," *Best's Review* examines why Lincoln Financial reported it was forced to increase reserves, along with the possible impacts of changes in policyholder lapses, should this issue occur within the broader industry.

The insurance industry has a full schedule of in-person events planned for 2023. Go to "Insurance Industry Events Swing Back Into Action" for more information about upcoming conferences, dates and where they will be held. This calendar can be used throughout the year as a handy reference to industry events.

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

Note: Beginning this month, *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
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What's Coming Up

In the February issue, *Best's Review* will examine recent high-profile ransomware attacks and developments in the cyber insurance market. The issue also will include coverage of U.S. plans to create a national cyber insurance program to counter catastrophic cyberattacks. The March issue will cover developments in the global reinsurance brokerage sector following Arthur J. Gallagher & Co.'s $3.25 billion acquisition of Willis Re in 2021.

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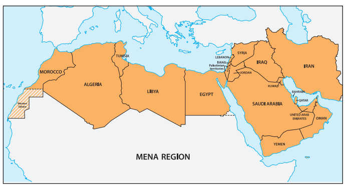

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Visit *news.ambest.com* for a full listing of Best's Rankings.

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AM Best to Speak at APCIA Emerging Leaders Conference

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.

Jan. 18-20: 16th India Rendezvous, Asia Insurance Review & GIC Re, Mumbai, India.

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

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

Feb. 14-15: D&O Symposium, Professional Liability Underwriting Society, New York, NY, USA.

Feb. 15-17: Florida Insurance Market Summit, Aon & Colodny Fass, Orlando, FL, USA.

Feb. 26-March 1: ACLI ReFocus, ACLI, Las Vegas, NV, USA.

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

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January Is Insurance Innovation Awareness Month
Innovation is becoming increasingly critical for the long-term success of all insurers. *Best's Review* examines how startups, insurtechs and others have been pursuing new opportunities with ready-to-go shell companies. Coverage begins on page 24.

AIG Extends CEO's Employment for Five Years

SiriusPoint International president-CEO announces plans to retire, retired Chubb executive returns as chief culture officer and RenaissanceRe names chief underwriting and chief portfolio officers.

American International Group Inc. announced that it entered into an agreement with Peter Zaffino, president, chief executive officer and chairman of the board, that secured Zaffino's employment through Nov. 10, 2027.

Calling Zaffino "a visionary, insightful leader," John G. Rice, speaking on behalf of the AIG board of directors, praised the CEO for his "ability to execute comprehensive transformational programs that turn his strategic vision into tangible, measurable success."

Peter Zaffino

"Under Peter's leadership, AIG has delivered on ambitious operational and financial objectives and is well-positioned to continue to drive long-term value for the company's shareholders and other stakeholders," he said in a statement.

"Over the past few years, our global team has executed a complex, multi-faceted turnaround and transformation to elevate AIG's performance," Zaffino said in a statement. "We instilled a culture of underwriting and operating excellence, dramatically changed our risk tolerance, and transformed the way we work and collaborate across the organization. I look forward to continuing to build on our significant momentum on our journey to become a top-performing company and market leader in everything we do."

In September 2022, Zaffino said AIG had completely repositioned the business over the past five years to tackle problems in its core property/casualty business. The group needed to significantly cut volatility in its P/C business and move away from taking large positions on single risks, he said. Through its transformation process, he said, AIG found the life and retirement and general insurance businesses would "drive more value for AIG stakeholders" as separate companies.

Zaffino joined AIG in July 2017 as global chief operating officer. In December 2019, he also was appointed president, and in March 2021 he took on the additional role of CEO. He was named chairman of the board as of January 2022, according to his company bio.

Zaffino has more than 30 years of experience in the insurance and reinsurance industry. He joined AIG from Marsh McLennan, where he was chairman of the risk and insurance businesses (Marsh and Guy Carpenter) beginning in 2015, in addition to serving as CEO of Marsh since 2011. Prior to his role at Marsh, Zaffino was president and CEO of Guy Carpenter from 2008 to 2011, a company he first joined in 2001. Before joining Guy Carpenter, Zaffino served in executive roles at several market-leading companies, including a portfolio company of GE Capital that specialized in alternative risk insurance and reinsurance, according to his company bio.

—Staff Report

Markel Corp. Co-CEO Moves to Solo Role

Markel Corp. said Thomas S. Gayner, co-chief executive officer, will become sole CEO upon the retirement of Richard R. Whitt III, co-CEO, on Jan. 1.

Also effective on that date, Jeremy A. Noble, senior vice president and chief financial officer, will become president of Markel's global insurance engine.

Thomas Gayner

As CEO, Gayner will lead the continued growth of Markel's group of businesses and investments, which are organized as three engines of insurance, investments and Markel Ventures. All of Markel's businesses share a culture referred to as the Markel Style, and Gayner is responsible for the perpetuation of that culture, as well as ensuring capital flows to the best opportunities to create long-term value, according to a company statement.

In his new role, Noble is responsible for the strategy, oversight and operation of Markel's global insurance engine, which includes the company's insurance and reinsurance operations, State National and Nephila. Noble has been working closely with Whitt and leaders across the insurance business to ensure a seamless transition, the company said.

SiriusPoint International President-CEO to Retire

Monica Cramér Manhem, president, International Reinsurance, CEO, SiriusPoint International, and a member of SiriusPoint's executive leadership team, has decided to retire, according to the company.

David Govrin

In addition, the company said, David Govrin was promoted to the expanded role of global president of SiriusPoint and chief underwriting officer and Dhruv Gahlaut joined the company and the executive leadership team as head of investor relations and chief strategy officer,

Cramér Manhem will remain in her role and continue to lead the company's international business as she works with SiriusPoint CEO Scott Egan to appoint a successor, the company said.

Prior to the merger of Sirius Group and Third Point Re, Cramér Manhem was the president of Global Reinsurance at Sirius. She was also the president and CEO of Sirius International Insurance Corp., the largest reinsurance company in Scandinavia, according to her company bio.

Cramér Manhem, who joined Sirius in 1985, has been a director of the board since 2014. She has held several key underwriting positions throughout her career, including business unit manager/area underwriter for Scandinavia, southern Europe, Latin and Central America, and the Nordic markets, her company bio said.

Between 1989 and 2014, she was head of the Outwards Reinsurance Department, responsible for all group retrocession purchasing, her company bio said.

Govrin brings 32 years of industry experience to the SiriusPoint leadership team with a background that includes reinsurance brokerage, investment banking, capital markets, private equity, and underwriting, according to his company bio.

He has served in a variety of senior positions at Third Point Reinsurance and was most recently president of Third Point Reinsurance (USA) Ltd., a position he held since May 2019. He also served as head of business development for Third Point Reinsurance, and began at Third Point Re in April 2017 as an executive vice president, underwriting, his company bio said.

Gahlaut joins the company from Resolution Life and has over 15 years of experience in the global financial sector, with roles spanning the insurance industry and equity research. He also held roles at Legal & General, HSBC and RSA Insurance, his company bio said.

Retired Chubb Exec Returns as Chief Culture Officer

Chubb Ltd. appointed Darryl Page to succeed Ivy Kusinga as vice president, Chubb Group and chief culture officer, effective Jan. 9.

Darryl Page

Kusinga is leaving the company. Page will oversee Chubb's culture and diversity, equity and inclusion strategy. He is returning to Chubb after retiring in July 2022.

Page has more than 35 years of experience in the insurance industry. Most recently, he led Chubb's International personal lines business from 2012 to 2022. Before joining Chubb, he served as president of personal insurance at Fireman's Fund in the United States and during his 27-year career at Allstate, he served as chairman of Allstate Canada, according to a company statement.

Canopius UK Chief Executive Officer Plans to Step Down

Canopius released a statement from Neil Robertson, group chief executive officer, stating Sarah Willmont, United Kingdom CEO, has decided to leave Canopius, effective July 1, after a period of "gardening leave."

Sarah Willmont

Willmont was promoted to her current role in May 2022 during a reorganization of its global underwriting organization, according to BestWire. She has been with Canopius since May 2013 and joined the company as a joint active underwriter, according to her LinkedIn profile.

"Throughout her time at Canopius, Sarah has been a driving force in the success of the company and become a widely respected underwriting leader in our industry. I'd also like to recognize Sarah's passion and dedication in steering our work on inclusion and diversity. On behalf of everyone at Canopius, I would like to extend our thanks and appreciation for all that Sarah has contributed and we wish her well for the future," Robertson said in a statement.

WoodmenLife Names First Female President-CEO

Denise McCauley

WoodmenLife has named Denise McCauley to succeed Patrick L. Dees as president and chief executive officer. When McCauley assumes the leadership role, she will be the first female president and CEO in the organization's history.

Dees also will step down as chairman of the WoodmenLife national board of directors, according to a company statement.

McCauley is the executive vice president and chief operating officer, secretary for WoodmenLife. She began her WoodmenLife career in 2008 as vice president, core operations. In 2011, she was promoted to senior vice president, operations, and in 2015, she was named EVP and COO. Prior to joining WoodmenLife, McCauley held various senior positions in the financial services industry, according to the company.

Dees began his career with WoodmenLife in 1988 as a sales representative in Angleton, Texas. He became a regional director in 1996, serving in that position in several states. In 2009, he moved to the WoodmenLife home office in Omaha, Nebraska, where he held various senior management positions before being appointed president and CEO in March 2017, the company said.

Helvetia Insurance CEO to Retire; Board Starts Search for Successor

Philipp Gmür

Helvetia Insurance Group Chief Executive Officer Philipp Gmür said he will step down later this year from the position he has held since 2016.

The company's board of directors has started the search for a successor, Helvetia said in a statement.

"After 30 years at the Helvetia Group, of which I spent 13 years as CEO of the Swiss domestic market and seven years as group CEO, the time has come to start a new chapter," he said in a statement.

Board of Directors Chairman Thomas Schmuckli said Gmür made what will be a lasting impact on the group. Under his leadership Helvetia "developed into a leading all-line insurer in its domestic market" as Gmür also advanced internationalization, line expansion and new business models.

Sun Life Names EVP-Chief Risk Officer

Tom Murphy

Sun Life appointed Tom Murphy to succeed Colm Freyne as executive vice president and chief risk officer.

Freyne will retire from Sun Life on May 1, after serving 20 years with the company. He transitioned to the role of special adviser to the chief executive officer and will support Murphy in his onboarding to the CRO role and provide strategic advisory support to the executive team until his retirement.

Freyne joined Sun Life in 2003 and has held various progressive, executive roles with the company. From 2009 to 2017, he served as Sun Life's chief financial

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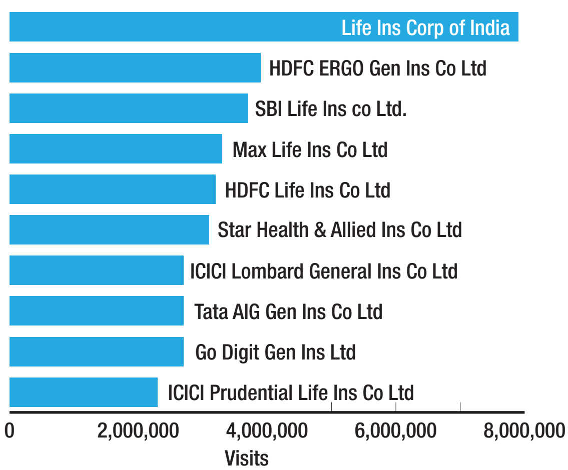
Web Traffic: Visits to India Insurers

Life Insurance Corp. of India leads web analytics provider Semrush's ranking of the largest India insurers based on 2021 gross premiums written.



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

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

officer and then moved into the role as CRO in 2017, according to a company statement.

As CRO, Murphy will lead all aspects of risk management across Sun Life globally, including financial, insurance, credit, operational and enterprise risk. He also will have oversight responsibility for the global actuarial and asset liability management functions, the company said.

Murphy was president of fixed income and head of institutional business for SLC Management, Sun Life's alternatives asset manager. He has more than 25 years of global asset management experience. He joined SLC Management in 2018 as head of affiliate development and business strategy. Prior to that, he was a senior partner with Mercer for 20 years, where he built and led the company's investment management businesses in Europe and also led Mercer's North American investments and actuarial businesses, according to the company.

Brit CEO Steps Down; Successor Named

Matthew Wilson

Brit Ltd. named Martin Thompson to succeed Matthew Wilson as group chief executive officer and executive chairman of Ki, subject to regulatory approval.

Wilson, who stepped down, continues to work within the Fairfax Financial Holdings Group as an executive advisory director.

Wilson returned as Brit CEO in September 2022 following a leave of absence to undergo treatment for a rare form of blood cancer, according to BestWire. In stepping down as CEO and becoming an executive advisory director to Fairfax, Wilson will be able to prioritize his own health and spend more time with his family, according to a company statement.

Wilson has been at Brit since 1999, becoming group CEO in 2018, and has been pivotal in creating its inclusive, innovative and underwriting-centric culture, culminating in the formation of Ki, the first algorithmically underwritten syndicate in Lloyd's. He also served on the board of the Lloyd's Market Association from 2011-2022 and has been closely involved in driving and supporting a number of marketwide initiatives, the company said.

Thompson was interim group CEO during Wilson's leave of absence. A highly experienced leader in the insurance sector, Thompson was president and CEO of RSA Canada before joining the Fairfax Group in 2021, the company said.

RenaissanceRe Taps Group Chief Underwriting Officer, Chief Portfolio Officer

David Marra

RenaissanceRe named David Marra as group chief underwriting officer and Ross Curtis as chief portfolio officer, effective Jan. 1.

In his new role, Marra is responsible for developing and executing the company's underwriting strategy, including risk appetite, client engagement, and business and product development. Marra also joins RenaissanceRe's Governance Committee, according to a company statement.

Marra was the CUO for the casualty/specialty segment and president of Renaissance Reinsurance U.S. Inc. He has been with RenaissanceRe since 2008, according to the company.

In his newly created role, Curtis is responsible for the execution of RenaissanceRe's gross-to-net strategy, advancing the company's ability to create attractive portfolios and match those portfolios with the most appropriate capital. Curtis will oversee risk tolerance, portfolio optimization, deployed underwriting capital, and the claims function.

Curtis was the group CUO for RenaissanceRe and has held underwriting roles of increasing leadership since 1999, the company said.

Axa XL Appoints Exec to Lead New Underwriting Innovation Office

Rose Hall

Axa XL has launched an underwriting innovation office in the Americas to drive innovation in support of business initiatives and has named Rose Hall as head of innovation, Americas.

The office will liaise across Axa XL's business lines and support functions in the Americas, including client distribution, underwriting and risk engineering/consulting, to support innovation initiatives that range from incremental to disruptive. Hall joined Axa XL in 2015 as a construction risk engineer and most recently served as vice president, head of construction innovation. BR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Insurance Marketing

Marketing Success Comes From Knowing Your Business at a Granular Level and Customers' Evolving Needs

It's also important for marketers to use their passion for the business and industry to recruit talent from outside the sector to bring diverse perspectives and skills to their firm, says Baldwin Risk Partners' Rich Tallo.

As customers' needs evolve, so does their desire for personalized experiences and privacy. Insurance marketers play a vital role in meeting those needs by delivering on customers' expectations of personalization while also providing a well-defined strategy that clearly outlines what customer data to capture to ensure it's used in a transparent manner, said Rich Tallo, chief marketing officer at Baldwin Risk Partners, an insurance distribution holding company. He was the featured guest in a recent webinar sponsored by AM Best and the Insurance Marketing & Communications Association.

Following is an edited transcript of Tallo's comments.

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

In building and maintaining a corporate culture that supports customers, where does marketing fit in?

In our firm, we believe colleagues who are energized by the company's mission, vision and purpose will undoubtedly deliver a differentiated experience to clients. Those are not mutually exclusive in my mind.

We have a document created by the firm's founders called Azimuth, which is a corporate constitution of sorts that outlines the mission, vision and core values of the firm. It's very specific in terms of the promises we make to clients, carriers, communities and shareholders.

Many companies have something similar, but they are only as good as their implementation. For me, who was on the outside before coming into our company, I read the document, but you only know if it's real when you live it and you're in it. I've been very gratified to see that it is real, and we live in it and aspire to it and it comes to life in many ways around the firm.

I think marketers can bring that voice of the customer within a company and champion some of that outside-in thinking. Marketers should have a strong point of view, rooted in good objective research and insights about how a particular business decision or direction can impact customer experience. Marketers will be most effective when that is baked into the broader culture of a company.

What priorities are you most focused on right now and how do you expect them to change in the next one to two years?

We're focused on brand work at the moment. We're partnering with leaders within the firm, our operating group leaders and marketing teams. We're also helping advisers anticipate and exceed some of the expectations our clients have for us and further differentiate the company in our offerings.

We're working internally with our leadership team and our chief colleague officer on nurturing the firm's culture and colleague engagement. It is an intimate and critical component of our brand and who we are, and how we do what we do for clients and each other.

Rich Tallo

We just announced a partnership with the University of South Florida to invest significantly in their risk management and insurance program. It will be named the Baldwin Risk Partners School of Risk Management and Insurance. Growing our own and attracting a new and diverse group of the best and brightest to our industry is very important to our firm.

What advice do you have for marketers looking to get into the industry?

I wish more marketers thought of our industry more top of mind. There's such tremendous social value in what our industry does to enable commerce, risk-taking, innovation, growth and expansion, and it's a very rewarding industry to work in.

My advice for marketers is to learn the business. We are all better marketers when we understand at a deep level how the business functions, what clients' needs and perspectives are, what happens at claims time, how the language of the policy matters.

I was extremely fortunate early in my career to have some mentors and leaders who put me in meetings that maybe ostensibly I didn't belong in, but I learned a lot about how the insurance business works. Ultimately, that makes me a better marketer. It lends more credibility and depth to the recommendations we make for how to deploy the arrows in the marketing and communications quiver to support the business and drive growth. BR

AM Best TV

Visit *bestsreview.ambest.com* to watch the webinar with Rich Tallo.

At Large

Informational Scale and Scope: The Key to High Performance

Size doesn't really help insurers do better, according to an ACORD study. Better underwriting and claims efficiency will help carriers successfully acquire, develop and retain customers in an evolving industry.

By **Bill Pieroni**

Conventional wisdom suggests economies of scale exist in every industry—that as firms increase in size and/or scope, they experience superior financial outcomes. ACORD studied the 200 largest carriers around the world, evaluating operating and performance metrics over a 10-year period, to see if this holds true in insurance.

Perhaps surprisingly, the research revealed no correlation between a company's scale (referring to volume, e.g., writing more premium) and/or scope (implying variety, e.g., of customers and products) and superior financial performance. Scale and scope in premiums written, geographies served, lines of business, customer segments—none of these played any role in achieving better financial outcomes.

Informational Scale and Scope

But perhaps this should not surprise us after all. Strong financial performance in our industry is driven by execution across core insurance functions: underwriting and claims. Insurers must be efficient and effective in these areas to successfully acquire, develop, and retain customers—and subsequently grow and create value. Why would size really help insurers do this better? The key to improving claims and underwriting is not a carrier's size or reach. It's data that becomes information that can't be ignored.

Indeed, our research did reveal economies of scale among those carriers that outperform their peers—not traditional scale and scope, but informational scale and scope. The good news is that this goal is attainable for virtually any carrier, regardless of its size. The industry has seen an explosion of capabilities in recent decades, causing an unprecedented accessibility to large

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amounts of increasingly accurate, transparent data—as well as the tools to make that data available for insight at the moment of value. The research shows that ongoing, thoughtful investment and deployment of these capabilities is reflected in financial performance—insurers achieving informational economies of scale have an advantage in delivering both value and growth.

Play to Your Strengths

However, the path to achieving informational scale and scope will likely look different for large, diverse carriers versus smaller, more focused carriers. Insurers need to understand and play to the inherent strengths of their operating models to successfully integrate key capabilities and data.

For example, large carriers typically have greater capacity and more resources. These insurers should use those assets to build a robust technology and data infrastructure, allowing them to operate more efficiently and effectively across the enterprise. On the other hand, smaller, more focused carriers have the benefit of local insight—an advantage larger players may struggle to replicate. These smaller insurers better understand the customer segments and communities in which they operate and can utilize their data-driven insights to provide those customers with highly tailored service and support.

Insurers both large and small can realize the benefits of informational scale and scope, but it will require thoughtful integration of tools that increase access to data, leveraged at the right time and in the right manner, to produce superior outcomes. BR

Risk Adviser

Workers' Comp Fraud Costly for Industry

Many carriers have added data analytics, artificial intelligence tracking and software identification to catch and prosecute fraudsters.

By Lance Ewing

After discovering he had a gift for complete healing of others, a young minister was demonstrating his powers of medical healing by making a blind man see, a deaf man hear, and a lame woman walk. As the minister approached a man in an arm cast, the man jumped up and stumbled backward. "Keep your hands off me!" the man cried. "I am on workers' comp." Or so the story goes.

Workers' compensation in the United States had its start in Wisconsin in 1911. That same year, nine other states legislated workers' compensation acts to protect employees. Today, all 50 states, the District of Columbia and the U.S. territories have workers' compensation regulations in place. Moreover, all of them have had workers' compensation fraud units created to combat the over $30 billion in workers' compensation fraud that occurs annually, according to the Coalition Against Insurance Fraud.

Like the Greek mythological creature known as Hydra, workers' compensation fraud is a multiheaded monster. An employee embellishing a medical condition is only one of the heads. Workers' compensation fraud occurs when health care providers bill for services never performed, when employers underreport payroll, when attorneys and or claims adjusters enable fraud, when an employee fakes and reports an injury or illness as well as myriad other persons commit fraud. And like the mythological beast, once one fraudulent case is discovered, prosecuted, and cut off, another one or two materializes to be fought. The axiom of "cut off one head and two more will grow" is relevant in the battle against workers' compensation fraud.

The question is, why? The answer is because there are too many fraudsters (unscrupulous employers, attorneys, employees, and more so medical providers) and not enough checks, balances, audits, law enforcement resources or rigorous "feel the pain" of retribution. The workers' compensation system was built on trust. That trust and integrity has been eroded over the years to be replaced by "gaming the system" to make what is perceived to be easy money. Employers can be some of the worst fraudsters. An estimated $20 billion in premium fraud is caused by employers' underhanded tactics, including

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misclassifying workers and underreporting payroll according to Valen Analytics. Historically, there has been a popular presumption that those committing the costliest type of workers' compensation fraud have been claimants themselves whose actions, such as double dipping or claims for false injuries, drive up the cost of workers' compensation insurance. While claimants are a part of the fraud scheme in workers' compensation, fraud is growing among medical providers. As the world of medicine, patient care and billing changes so does the fraud conducted by medical doctors, clinics, hospitals, pharmacists, and other medical professionals. Blatant fraud occurs when providers bill for treatments that never occurred, were unnecessary or where two or more medical providers receive kickbacks from specialists and other treatment providers. With technology there is provider upcoding, where a provider charges for a higher-priced treatment than the one performed. Another fraud is self-referrals, when medical providers refer a patient to a clinic or laboratory in which the provider has a financial interest. Pharmacists will use product switching fraud. This is where a pharmacy or other provider charges for one type of product but dispenses a cheaper version.

Most major carriers writing workers' compensation have special investigative units that investigate employer and employee fraud. But carriers have broadened their investigations and continue to fight alongside state and local law enforcement in using data analytics, artificial intelligence tracking, software identification, sting operations, and old-fashioned investigative work to catch and prosecute medical fraudsters, as well as those others who continue to scam the workers' compensation system. BR

Regulatory/Law

Two Words Play a Key Role in Opioid Litigation

In coverage litigation over the opioid suits, the issue is whether the damages the governmental entities seek to recoup are "because of" bodily injury.

By **Rob Tugander**

Big insurance claims can sometimes turn on interpreting a single word or two. The phrase "because of" wouldn't seem to stir much debate, but those two words have proven key to whether insurers owe a defense to drug companies sued by state and local governments over the opioid epidemic.

Governmental entities across the nation have sued pharmaceutical companies and others for their improper distribution of opioids, which the governments claim led to opioid overuse and addiction and caused a public health crisis. The governments allege economic losses, such as the costs of increased law enforcement, judicial expenditures, emergency medical care and substance abuse treatment programs.

Commercial general liability policies typically pay "sums the insured becomes legally obligated to pay as damages because of bodily injury or property damage." In coverage litigation over the opioid suits, the issue is whether the damages the governmental entities seek to recoup are "because of" bodily injury.

Yes, opioid victims sustained bodily injuries. And the governments may have incurred costs in responding to emergencies and treating those victims. But the governmental entities themselves did not sustain bodily injury.

Photo by Andrew Lichtenstein/Corbis via Getty Images

So, for insurance purposes, the question is: What connection must there be between the damages sought and the injury to satisfy the "because of" test? State supreme courts in Ohio and Delaware have recently taken up this issue and both have found that there must be more than just a tenuous connection between the damages and the injury.

In Acuity v. Masters Pharmaceutical Inc., the Ohio Supreme Court looked to the common meaning of the phrase "because of" and found that it means "by reason of" or "on account of." Applying this meaning, it determined that an adequate connection would exist when the damages sought are for losses asserted by: (1)

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the person injured; (2) a person recovering on behalf of the injured person; or (3) a person or organization that directly suffered harm because of another person's injury—in which case, the existence and cause of the injury must be proved.

The court found that all these conditions were absent. The governments didn't seek damages for bodily injury they sustained themselves or derivatively. Nor did they seek damages for any particular opioid-related injury to a citizen. Instead, the governments tied their claimed losses to the aggregate economic injuries they experienced as a result of the opioid epidemic and not to any particular bodily injury. The court found the governments' claimed damages were not "because of" bodily injury. Thus, the insurer had no duty to defend the drug company against the governments' suits.

In Ace American Insurance Co. et al. v. Rite Aid Corp. et al., the Delaware Supreme Court also found that the policy required more than some linkage between the bodily injury and the damages sought. To satisfy the "because of" test, the claim must arise from a bodily injury and the damages sought must be tied to that specific injury. The court found that the government's claims were tied not to an individual injury but to a public health crisis; the success of these claims didn't depend on proving bodily injuries. In fact, the court noted, the government plaintiffs expressly disclaimed any bodily injury damages. The insurers thus had no duty to defend.

Not all courts have held this way. But these two decisions provide a logical approach to the issue that other courts might find persuasive. BR

Lincoln Financial Sees Lapse Rates Plummet for Over-75s

After years of venturing into areas that put some of their products in direct competition with investment vehicles, insurers are hard-pressed to predict policyholder lapses and surrenders, thanks to interest rate hikes and a looming recession.

by Terrence Dopp

Conventional wisdom has it that rising interest rates coupled with a potential recession on the horizon could mean life insurers see an increase in lapses and surrenders.

Yet, for an industry giant, the opposite proved true in the third quarter of 2022.

Lincoln Financial, the eighth largest U.S. life insurer by admitted assets as of September 2022 Best's Rankings, was forced to take a $1.8 billion charge in the quarter as customers over the age of 75 actually held on to guaranteed universal life policies at a higher clip than the company anticipated. As a result, it was forced to increase its reserves to cover the cost of paying out more death benefits than it had built into its budget.

Ellen Cooper, Lincoln's president and chief executive officer, said the charge was brought on when the company reconciled its own GUL experience for late-duration policies—i.e., older policyholders—with industry research. The company posted a $2.6 billion net loss in the quarter, attributed largely to the reserving change and another $634 million goodwill loss.

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Key Points

Falling: Lincoln Financial Group was forced to take a $1.8 billion charge in the third quarter of 2022 as lapse rates fell below anticipated levels in its guaranteed universal life segment.

Rising: The industry is expected to see lapses increase as inflation and a possible recession in 2023 force some consumers to look for places to tighten the belt. At the same time, rising interest rates make other investments prime candidates to entice policyholders to take their money somewhere else.

Fragmentation: Expect the numbers to rise and fall unevenly among insured populations and product types.

The GUL products are permanent life policies with guarantees they will stay in-force if the insured continues paying a certain minimum premium, Cooper said in a recent earnings presentation. "Because of this guarantee, GUL is subject to long-term assumption risk," she said.

AM Best downgraded the financial strength ratings it assigns to A (Excellent) from A+ (Superior) for The Lincoln National Life Insurance Co. and subsidiary Lincoln Life & Annuity Company of New York in light of the charge. The shift reflected a reduction in its enterprise risk management assessment to appropriate from very strong due to the capital volatility.

Josh Stirling, founder of the Insurance Collaboration to Save Lives and a former insurance equities analyst, attributes such charges to a simple factor: COVID-19 changed everything from financial decisions to basic health assumptions that lead people to shift traditional patterns in some cases. His view is that higher retention is likely to be the result of people becoming aware of health problems and reflect a growing desire to retain protection products.

"Morbidity leads mortality and lapse rates suggest morbidity," Stirling said. "A person with a morbidity is less likely to let their policy lapse."

In the case of Lincoln Financial, the $1.8 billion change in their GUL lapsation assumptions was the prime driver of a total impact of $2.2 billion for the segment. In a set of slides distributed in its most recent earnings report, the company said lapse rates declined during the COVID-19 pandemic and have remained lower than historical experience.

The issue is whether, in the post-COVID world of life insurance, persistency takes a hit now that the most acute health fears begin to subside in a population that rushed to secure protection against the unknown. As 2023 remains an open book, the question of whether lapses and surrenders fall or rise in the near future is top of mind for those who track the industry.

Going Up

Consultancy Forrester Research Inc., in an outlook for the coming year, predicted 2023 might prove to be the choppiest year for the overall insurance industry since the financial crisis of 2008.

Consumers and small businesses could face cash flow issues during the course of the year, leading them to either shrink cover or forgo insurance where possible. The outfit projected as much as a 20% increase in lapses as inflation and rising interest rates drive a hardening market at the same time consumers face a cash squeeze.

"It's across the industry, not just for life but life in some ways may be more acute," Ellen Carney, a principal analyst with Forrester, said.

"Do you eat? Do you heat your house? Do you fill your car with gas? Or do you pay the premiums

“Do you eat? Do you heat your house? Do you fill your car with gas? Or do you pay the premiums on your life insurance now that we’ve gotten beyond the end of the world that 2020 was and COVID just seems like the forever flu. Life insurance is more discretionary.”

Ellen Carney
Forrester Research Inc.

on your life insurance now that we’ve gotten beyond the end of the world that 2020 was and COVID just seems like the forever flu,” Carney said. “Life insurance is more discretionary.”

Lincoln’s case may prove to be a canary-in-the-coal-mine for the industry heading into 2023, as the Federal Reserve hints that the spate of increases seen the prior year could slow down but are not set to cease outright. After four consecutive increases of three-quarters of a percentage point each in 2022, the Federal Open Market Committee has signaled future increases are likely to be a half percentage point and will follow a review of economic conditions.

Sebastian Kohls, an associate partner with McKinsey & Co., said lapse rates for life insurance products tend to maintain a “tight relationship” with larger economic conditions. In some cases, particularly with annuities, that’s already beginning to creep into view though unemployment remains low and the U.S. hasn’t tipped into recession, he said.

“Over the last, say, 10 years it didn’t move as much as we’re now expecting it to move,” he said. “You usually see, of course, a lot of relation with interest rates. Of course, that varies a bit by product and by segment, but as interest rates go up, you see more people lapse or surrender as you find better alternatives elsewhere.”

AM Best maintained its stable outlook for the U.S. life insurance industry in a November *Market Segment Report: Market Segment Outlook: US Life/Annuity*.

Among the strong points the report cited were high levels of risk-based capital, product de-risking and regular stress-testing as part of risk management practices. However, the report noted ongoing concerns of market volatility including rapid interest rate increases and legacy liabilities in “risky” products such as long-term care, universal life with secondary guarantees and variable annuities.

“Although higher interest rates create an economic benefit owing to improved investment yields, other dynamics in the industry should continue to be monitored,” the report said. “These include market-sensitive lapse rates, asset credit risk, and the ongoing need to attract talent.”

Diverging Lapses

As the economy shifts, and if consumers feel pressured, the industry could see lapses and surrenders become more fragmented or break down among products and demographic groups rather than a uniform result. Translation: For a younger policyholder, it might make financial sense to pull out of a universal life policy to take their money elsewhere. Yet the same impetus might have no impact on a 75-year-old policyholder, who likely has a shorter investment horizon and sees a moribund equities market.

Investment Competition

Jason Ralph, a McKinsey partner, said insurers’ shift to so-called capital-light products without guarantees in recent years has put them directly into competition with investment products rather than the traditional insurance world. At the same time, the industry is seeing the business cycle change after the COVID-19 pandemic sparked interest in life insurance and some products saw significant sales increases and first-time buyers.

The question is whether rising interest rates and higher levels of financial stress prompt the same reactions among all policyholders. The results could break down differently for people who hold shorter, term products compared to a GUL policy or anything with a savings or investment component.

"You've seen a significant interest in insurance products with COVID and as a result you basically have to think of new customers untrained in the market and we don't know their behaviors because they wouldn't have bought without this exogenous event," he said. " So as a result, we don't know how sticky they are."

Ralph said the shift to products that are less capital intensive has removed some long-term exposures on the books. Yet, by limiting guarantees in some cases it has also removed one of those aspects that tend to make products "stickier," or raise retention rates.

"You're incentivized to maintain this for the long term," he said. "If you think about some of the more RILA-type products, they're investment products and now you're competing with other investment products. So as rates start to go up you see more competition from other equivalent-type investment products. Bond yields are higher than insurance products, so I might be more likely to move my money away from an insurance product into a bond—particularly if I purchased it recently or during COVID."

He and Carney both said volatility in stocks is also a wild card that may deter some consumers from lapsing or withdrawing the money. A guarantee may not appear sky high, but it also isn't exposed to the wild swings that can be seen with traditional stock investing.

Carney said the industry can take a lesson from investment banking titan JPMorgan Chase.

Early in the pandemic, as fears of an economic rout were rampant, the company turned to collections experience teams, which poured over client books to ascertain details such as its customers' life stages, employment histories and asset levels. The goal was to be able to identify those who were most stressed and build a bond to ensure that when the turmoil passed they were first in line.

In the cases of insurers, that will mean predicting which customers may be most at-risk of lapsing and which ones carriers most want to retain, as well as finding a way to" take care

"You've seen a significant interest in insurance products with COVID and as a result you basically have to think of new customers untrained in the market and we don't know their behaviors because they wouldn't have bought without this exogenous event. So as a result we don't know how sticky they are."

Jason Ralph
McKinsey & Co.

of them." That will require an investment in data sciences and a visionary leader, she said.

"What the smart insurance carriers are going to do is they'll use their predictive analytics and they're going to look at the customers who are most likely to lapse or non-perpetuate a policy that might be coming up at this time," she said. "They're going to give them extra TLC and they're going to change that relationship around. That's what the smart ones are going to do. That not only will help them navigate this kind of situation we're in right now but also build loyalty and build evangelism." BR

Innovation

AM Best's Innovation Criteria

AM Best formally adopted its criteria procedure, "Scoring and Assessing Innovation," in March 2020. The criteria procedure, along with the update to Best's Credit Rating Methodology, outlines how AM Best explicitly considers an insurance company's innovation efforts in its rating process.

Innovation is becoming increasingly critical to the long-term success of all insurers. With innovation, companies can develop sustainable competitive advantages and better respond to external challenges such as evolving consumer preferences, growing business complexity, shifting market dynamics, and ever-expanding technological advancements. Companies need innovation to outpace competitors, fend off potential external disruptors, and promote organizational longevity.

Insurers can gain a competitive advantage by improving efficiencies through innovation. Technological developments tend to be the innovations that receive the most fanfare. However, while technology plays an important role in providing tools for innovation, innovation is not all about technology. Many insurers have historically found nimble ways to adapt to an ever-changing market environment without having to become sophisticated technology players. To keep up with current innovation developments, insurance innovators rely on diverse sources, including employees, customers, and consultants. When innovators are faced with challenges requiring innovations outside of their core competencies, many have demonstrated their willingness to make investments and form partnerships.

Given the accelerating pace of innovation and magnitude of change, insurance companies that fail to innovate may find it difficult to sustain long-term success/profitability and may ultimately be subject to anti-selection and loss of relevance. Those insurers that successfully incorporate innovation will likely strengthen their organizations, increase their customer base, and improve their efficiency, supporting their financial strength.

AM Best's innovation initiative is two-pronged: (1) all rated companies are scored and then given an innovation capability assessment; and (2) as outlined in Best's Credit Rating Methodology, AM Best explicitly considers whether a company's innovation efforts, or lack thereof, have had a demonstrable impact (positive or negative) on its long-term financial strength in its business profile building block.

Defining Innovation

AM Best defines innovation as a multi-stage process whereby an organization transforms ideas into new or significantly improved products, processes, services, or business models that have a measurable positive impact over time and enable the organization to remain relevant and successful. These products, processes, services, or business models can be created organically or adopted from external sources.

There are several key aspects to AM Best's definition of innovation. First, innovation can take many forms—it is not limited to a particular type of innovation or technological development. The definition also allows for flexibility regarding the source of innovation; for some organizations, innovation through adoption may prove to be the most appropriate path, as there may be inherent barriers to innovation in the organization.

Second, AM Best expects the output of the innovation process—those new or significantly improved products, process, services, or business models—to have a measurable impact. Some level of risk-taking and possible project "failure" is an expected part of any innovation program, but companies receiving the highest innovation scores will have a demonstrable success in innovating. Without productive results, the resources consumed by the innovation process will be a financial drain rather than an aid.

Third, innovation is a dynamic and ongoing process, as well as a long-term commitment. Companies receiving high scores will be those that treat innovation as part of a continuous cycle of organizational growth and development, and that successfully integrate their "new-stream" innovations with their mainstream legacy operations.

Business Profile Building Block

Historically, AM Best has captured innovation indirectly through the various building blocks of its Credit Rating (rating) process. The revised BCRM incorporates innovation as the ninth subcomponent of the business profile building block.

Innovation always has been important for the success of an insurance company, but with the increased pace of change in society, climate and technology, it is becoming increasingly critical to the long-term success of all insurers.

As part of the criteria, insurers are placed into an innovation assessment category: leader, prominent, significant, moderate or minimal.

Companies assessed as being more innovative (i.e., leader and prominent) differentiate themselves by credibly quantifying the results of their innovation efforts. Leaders further distinguish themselves by pushing the innovation ceiling of the industry and responding to market pressures by offering new products to solve emerging needs.

Those companies assessed as significant recognize the need to innovate but may not have yet developed deep connections between their investments, resources and behaviors that are necessary to drive results and tangible outputs.

Innovation may not be a priority for insurers that receive an innovation capability assessment of moderate, owing to limited resources. Moderately innovative companies are not necessarily behind the curve. For these companies, there may be early signs of innovation outputs, but a track record is needed to determine their commitment to innovation, said Edin Imsirovic, associate director, AM Best Rating Services. The least innovative insurers, or those that receive an innovation capability score of minimal, frequently operate in heavily regulated lines of business or have fewer competitive pressures, which may provide little incentive to innovate. BR

A Shell of Their Future Selves: How Insurer Acquisitions Spur Faster Growth

Insurers and potential insurers purchase shell companies to expedite the process of expanding their businesses and becoming full-stack insurers, rather than starting from the ground up in each state.

by Anthony Bellano

John Swigart and Dax Craig founded Pie Insurance as a managing general agent in 2017, but they always had their sights set on the MGA becoming a full-stack insurance company. They made their move in 2021, acquiring Western Select Insurance Co. to obtain the shell company's license and expand into new states while taking on risk.

"It's not the same as buying an actual business," said Swigart, who serves as the company's chief executive officer. "If you're buying an ongoing business, you would take on that business's liabilities. This is literally, 'I just want the licenses and the different lines of business that this company can write, and I don't want any surprises coming up from the balance sheet.'"

The practice is not uncommon. Within the last year, pay-per-mile insurance agent Metromile bought Mosaic Insurance and transitioned most customers over to what is now Metromile Insurance Co. Insurtech Kin acquired a shell carrier with 43 state licenses, rebranding it as Kin Interinsurance Nexus. Insurtech Openly acquired a shell with licensing in 17 states and rebranded it as Openly Insurance Co.

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

Key Points

Faster Pace: Insurers find that the practice of acquiring shell companies helps them grow more rapidly than awaiting approvals to get started state by state.

Insurtech Rush: Pie Insurance is among the personal lines insurtechs that have acquired shell companies to help grow their business and become full-stack carriers.

Looking Down the Road: The trend of buying shells will continue as companies want to quickly enter a market, insurers say.

Insurers are purchasing shells as an opportunity to expand their businesses, with insurtechs using them as a means to becoming full-stack carriers. Those interested in acquiring shells can find them through consultants, reinsurance brokers, auditors and actuarial firms and companies that specialize in mergers and acquisitions.

Aaron Prisco, president and chief executive officer of Propel Advisory Group, said there can be anywhere between five and 20 "shell deals" that close in a given year. The deals can take from three and four months to well over a year to complete, he said. They often can take as much time and resources as other merger and acquisition insurance company deals.

And as Swigart said, acquiring a shell isn't the same as purchasing other businesses, mainly because shells are companies that exist only on paper, with no offices and no employees. The term tends to have a negative connotation because they usually make news when used for a tax evasion or money laundering scheme, but that's not why most exist.

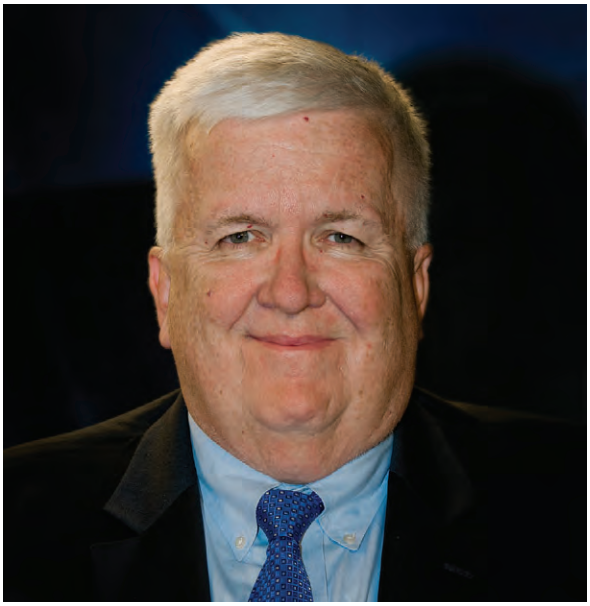
Acquisition Process

AM Best Managing Director John Andre said that shells frequently come from two sources: companies that were once thriving but fell on hard times and ended up becoming inactive, and those that were acquired as part of a larger deal, but their license ended up outliving its usefulness to the acquirer. He said in the United States, the process for approval varies widely by state and by the lines licensed. Andre said an acquirer can save a significant amount of time acquiring a shell because it doesn't have to go through different processes multiple times.

"If you were to start one from scratch without having any insurance company that you control, you would have to apply for a license in your state of domicile in particular," said Swigart. "In many cases, other states have seasoning requirements, where they require you to be writing business for two, three, sometimes five years before they grant you a license for that line of business in their state. The build-out process can take quite a while."

Swigart said the first step is for the insurer to let it be known it is interested in acquiring a shell company. There won't be a lot of responses because there isn't a large market for shell acquisitions. Prisco's company, Propel, is among the largest brokers that deal with shell acquisitions and, in fact, it deals in all aspects of insurance M&A. Another major broker is Merger and Acquisition Services. Both companies keep data on available shells.

Prisco said it is important for insurers to remember that when they purchase a shell, they are purchasing the stock of the whole company. This includes not only all the licenses for that company, but also that company's assets and liabilities. However, what are known as "clean shells" can be purchased without liability and



"When there's a need for a new company or an opportunity in a new market, anytime there's a new trend in startups, that probably would drive the desire for shells."

John Andre
AM Best

without any chance for liability. Pie acquired Western Select as a "clean shell."

Prisco said everyone has their own definition of what a clean shell is. "Most targets have written direct premium at one point so there will usually be some open case reserves or potential liabilities that may arise regardless of the different types of reinsurance contracts and/or indemnification agreed upon. There are several methods to reduce such exposure; however, the ultimate decision becomes the willingness of a purchaser to take on the credit risk that a seller will be solvent to indemnify such liabilities in the future."

He said if an insurer possesses multiple licenses in the same state via multiple entities after an acquisition, the owner can merge the entities, keep them separate, or even voluntarily surrender a certificate of authority, "but there's not an option to sell off an individual or multiple license(s), unless you're selling the whole company with all of the licenses."

"I frequently get the question from companies that just want to buy the license or ask if they can sell off one [or more] of the licenses, and that's not the case," Prisco said. "You're really buying/selling a company. You can't separate the licenses."

It takes some work on the part of the seller to acquire a clean shell, Swigart said. "That's why there's a fee on a per-license basis because there is some work and some effort for them to do various reinsurance agreements and so forth. They have to do some work."

"If there's assets in the shell, you're basically buying the assets," Andre said. "For instance, if there's a shell with $3 million of assets in it. You're going to pay $3 million for the shell representing the approved assets, plus something for the license(s)."

Expansion Opportunities

Prisco said the value of shell transactions can vary greatly. "When you consider a shell valuation, it's usually the adjusted capital and surplus, plus a multiple per state. That multiple range can be wide and is driven by many factors, not just what state licenses the company holds. We have recently seen transactions ranging anywhere from $50,000 to $250,000 per state. Certain domestics sell at a discount and companies with more states traditionally sell for a premium. The more populous states tend to draw a higher premium, while stronger indemnities are certainly worth more."

There also might be some work to do for the company that's acquiring the shell, even a clean one. Since the shell is an inactive company, the licenses might be dormant, Andre said.

"The license might be stale, and there might be a process to reactivate them or maybe some compliance aspect that you have to consider," Andre said. "That said, from what I have heard, it is still a quicker path to getting started for a company/investor entering a U.S. market."

Pie began by dealing exclusively in workers' compensation, but had been looking to expand, Swigart said. In Western Select, Pie acquired a company that covered not only workers' compensation but also commercial auto and some general liability, among other lines. Pie also was able to expand the license count after acquiring Western Select. Pie also recently entered into a joint venture with Ford to provide distribution, underwriting, servicing and claims for new auto insurer Ford Pro Sure.

"When we bought it, it had three licenses, in Illinois, New York and California, all very important states for us," Swigart said. "We have since added licenses to that company. It has about 20 licenses today."

Swigart said he and Craig wrestled with the idea of acquiring a shell as opposed to starting their own full-stack insurer, and it's one they'll wrestle with as they continue to acquire shells. Pie is currently working on acquiring a second shell, he noted, and would consider more in the future if they are the right fit.

"Once we have a few that we own and we have a broad licensing already, we may be able to invest the time and actually start our own companies from scratch," Swigart said. "It is a little bit easier and faster to add states to an already licensed company than to get that first license and then add states. Some states will waive their seasoning requirements and some states won't, so it's a negotiation with each state. As we go and build that history of writing on our own insurance companies, it will get easier and easier."

Swigart said Pie wants to control its own insurance companies. Its goal is to retain about 20% of the premium on its balance sheet and cede the rest to its reinsurance partners. He made it clear that while Pie chose to go this route, insurtechs can become full-stack carriers without acquiring a shell.

"It's a matter of where do you find your competitive advantage. If it's purely and primarily in distribution, you may not need to do this path, but for us, the way we want to serve our customers, we feel this is the best path," Swigart said. "There's multiple ways to solve this challenge."

While not speaking specifically about Pie, Prisco said that when an MGA starts producing a significant amount of premium, he thinks it only makes sense for most of them to buy a shell instead of paying a fronting fee and controlling their own paper. He pointed to Tesla, which last year acquired inactive California insurance company Balboa Insurance Co. and two subsidiaries in an effort to expand the insurance arm of the automaker's footprint. It already had a presence in Texas, Illinois, Arizona and Ohio, with plans to expand into Oregon and Virginia, before acquiring Balboa and its 49 state licenses.

"They [pilot tested] their product, via the fronting route," Prisco said. "At the end of the day, they got their product up and running successfully. They used fronting paper, and then when they had successful scale, they decided to move on to their own full-stack."

Tesla isn't an insurtech, but this acquisition happened at the same time as the rush of shell acquisitions by insurtechs, particularly those in personal lines insurance. There tends to be an increase in transactions involving shells when a new industry is emerging, Andre said.

New Trend

One recent trend involved fronting groups. Last year, Obsidian Insurance Holdings Inc. acquired Western Home Insurance Co. as part of a push to expand its national footprint, including into California. In August, Mitsui Sumitomo Insurance Co. Ltd. agreed to acquire Transverse Insurance Group LLC to build a U.S. presence.

In December 2021, Concert Group Holdings Inc. said it had formed Concert Specialty Insurance Co., an excess and surplus lines carrier domiciled in Montana.

"We formed Concert to provide a higher level of client focus and responsiveness to captive and program clients that have been underserved," Chief Executive Officer Jonathan Reiss said in a statement at the time. "With both an admitted and an E&S carrier, we now have the ability to write business on a broad basis, offering a full range of risk solutions to our clients."

Andre and Prisco said other markets also have been active, including program writers and E&S formations.

"When there's a need for a new company or an opportunity in a new market, anytime there's a new trend in startups, that probably would drive the desire for shells," Andre said.

"The most recent trend is actually on the life and annuity side, with the desire to write annuities. There seems to be a rush from third-party money thinking they can enter the annuity space and be profitable—in particular from an AUM perspective," Prisco said. "You see new product trends come to market where they need a shell, but you also have your traditional carriers that have new product development internally. It doesn't always have to be a rush of something new. It can be a large A-rated carrier that wants to buy a shell."

An example of this is the Nassau Companies of New York. That company's recent acquisition of shell company Delaware Life Insurance Company of New York is the most recent in a string of acquisitions made by Nassau. It "follows several others made by Nassau over the previous couple of years and is in line with their current growth strategy of acquiring small to midsized life/annuity blocks of business, while continuing to grow annuity sales," AM Best said in a ratings analysis following the transaction.

Prisco said he expects the demand for shell acquisitions to remain high for the foreseeable future. "There's an employment crunch everywhere, and you see that in the regulatory environment, as well. Simply going to a state with an application and having them grant a certificate of authority quickly is unlikely. In fact, with the lack of resources at the insurance departments, our sense is that the application process is actually slowing down. As such, I think the demand for shells will continue to stay high. It might cost a lot more to buy something, but time to market is still the No. 1 reason to acquire a shell." BR

Learn More

Concert Group Hldgs, Inc (AMB# 044981)

Concert Specialty Ins Co (AMB# 021191)

Kin Ins Group (AMB# 018977)

Kin Interinsurance Nexus (AMB# 021330)

Metromile Ins Company (AMB# 022954)

Mitsui Sumitomo Ins Co Ltd (AMB# 084422)

Transverse Ins Group (AMB# 018931)

Nassau Companies of New York (AMB# 050888)

Delaware Life Ins Co of New York (AMB# 009513)

Obsidian Ins Hldgs, Inc (AMB# 044571)

Openly LLC (AMB# 045365)

Openly Insurance Co (AMB# 021406)

Pie Group (AMB# 045081)

Pie Casualty Ins Co (AMB# 012272)

Tesla Inc (AMB# 045238)

Tesla Ins Co (AMB# 000195)

For ratings and other financial strength information visit *www.ambest.com*

In Memoriam: Insurance Industry Leaders of 2022

Best's Review remembers insurance leaders who died over the last year.

Robin Chan Yau-hing

Robin Chan Yau-hing, chairman of Asia Financial Holdings Ltd, died in April at age 90. Chan was born in 1932, the eldest son of Chin Sophonpanich, one of the founders of Bangkok Bank, Thailand's largest financial corporation. He was active in business and politics.

Chan was the chairman of Asia Financial and was also the chairman of Asia Insurance as well as holding similar responsibilities in other subsidiaries. In addition to directorships of many other companies, he held the position of adviser to the board of directors of Bangkok Bank, according to his company biography.

Chan was very active in community affairs, being elected as a deputy to the Chinese National People's Congress in 1988, 1993, 1998 and 2003. He was the chairman of the Chinese General Chamber of Commerce from 1998 to 2002 as well as the ex-officio life honorary chairman. He also held the presidency of the Chiu Chow Chamber of Commerce for several years. In addition, he was the founding chairman and current president of the Hong Kong Federation of Overseas Chinese Associations, the bio said.

Edward H. Dissinger

Edward Harvey Dissinger, a former Aetna and Lockton executive, died in September after a long battle with Alzheimer's. He was 78.

He began his career in insurance sales working with Aetna Inc. in 1969. From there, he joined Lockton as one of the company's earliest employees and worked in insurance sales.

In 2001, Dissinger started his own company, Dissinger Insurance Services, to provide for the high school and college athletic insurance market. His company, now called Dissinger Reed, is run by his son-in-law Christian, his obituary said.

Dissinger was born in Chanute, Kansas, in 1944. He was the star quarterback of the 1961 Manhattan High football team, which went on to win the state football championship his senior year. His team finished the season with a 9-0 record, according to his obituary.

In 1962, Dissinger headed to Kansas State University to pursue a degree and play football. K-State became one of his lifelong passions and joys, which he eventually shared with his son, Grant. Unfortunately, his long football career eventually led to his Alzheimer's diagnosis at a young age, the obituary said.

In July 2015, Dissinger Reed said it was breaking new ground with statewide concussion insurance for high school athletes.

In January 2019, Dissinger Reed said it covered more than 650,000 young athletes under its HeadStrong concussion insurance program. K&K Insurance is the managing general underwriters for the Nationwide Insurance coverage. In order to write coverage, Chief Executive Officer Christian Reed said at the time that Nationwide required a minimum of 3,500 participants to spread risk in a program that continued to grow on an annual premium of $1.50 per athlete for up to $25,000 of treatment.

Rhonda S. Ferguson

Rhonda Smith Ferguson, Allstate's chief legal officer, general counsel and secretary, died in April after a long battle with cancer.

Ferguson battled the disease over the past several years, winning multiple times and living her life to its fullest throughout, according to a post by her family on her LinkedIn profile. She kept her condition largely private and chose to lean on her faith and family to live the way she wanted.

Ferguson joined Allstate in August 2020 as executive vice president, chief legal officer, general counsel and secretary. She previously worked at Union Pacific Railroad where she had served as executive vice president, chief legal officer and corporate secretary and was responsible for all legal, regulatory and corporate governance initiatives. Ferguson joined Union Pacific in 2016 after nearly a decade as vice president, corporate secretary and chief ethics officer at FirstEnergy, an electric utility in her home state of Ohio, according to a previously issued press release from the company.

"While many of us are grieving the loss of Rhonda, we must not forget all she accomplished in a relatively short period of time. As Martin Luther King Jr. once said, 'It does not matter how long you live, but how well you do it.' Rhonda did it well and we are better off because she was on this earth. I am celebrating her life in between the tears," Michelle Coleman Mayes, general counsel & secretary, The New York Public Library said in a post on Ferguson's LinkedIn profile.

Bill Lisle

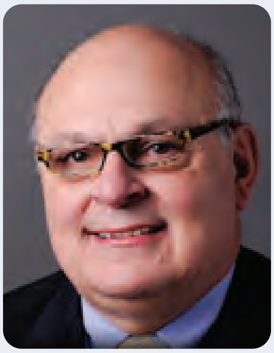
Bill Lisle, regional chief executive and group distribution officer at AIA, died in April at the age of 57. Lisle spent more than 30 years in the insurance industry. He joined AIA in January 2011 and his influence on AIA's development included a range of leadership roles throughout the organization. Most recently, Lisle was regional chief executive and group chief distribution officer, providing leadership to AIA's businesses in Thailand, Vietnam, India and Sri Lanka, and to the group's agency and partnership distribution functions, according to a company statement.

From December 2012 to May 2015, Lisle took on the role of chief executive officer of AIA's operations in Malaysia, where he led the large-scale and successful integration of ING Malaysia after its acquisition by the group. In addition, Lisle served as a director of various companies within the group, including AIA Co. Ltd., AIA Vietnam, AIA Australia, and AIA New Zealand. He was also a director of Tata AIA Life Insurance Co. Ltd., according to the company.

Prior to taking up the position at AIA, Lisle was the managing director of South Asia at Aviva plc, since May 2009.

"Lisle was an extraordinarily capable leader who had an enormous, positive impact on countless people at AIA and in our communities across Asia. Bill was also an exemplary family man, and our thoughts and deepest condolences go out to his beloved family," according to a statement from AIA.

Daniel H. Kugler



Daniel H. Kugler, principal of Risk Management & Insurance Consultancy LLC, died unexpectedly in May. He was 68. Prior to joining Risk Management & Insurance Consultancy in October 2020, he was vice president of enterprise risk management for the REV Group and director for the Center for Insurance & Risk Management at the University of Wisconsin Oshkosh College of Business.

Kugler taught risk management courses for UW Oshkosh, Concordia University of Wisconsin, Butler University, and the Risk Management Insurance Society. Kugler held numerous insurance designations and credentials and received awards for a number of his programs over the years, according to his obituary.

He loved vacationing with his family and his "Dan Stories" were unparalleled and evoked heartfelt laughter, according to his obituary.

Donald F. Mango

Donald F. Mango, former senior vice president, chief actuary and chief risk officer at Everest Re Group, died in April at the age of 58 at home with his family beside him.

Mango was born Oct. 24, 1963, in San Francisco, and raised in Houston, instilling in him his long-time love of grits and rock music, according to his obituary.

Mango was the star "calculator" of his high school's math team. He graduated from Rice University, cum laude, in 1985 with a mechanical engineering degree and stumbled upon an actuarial assistant job listing in 1986 and applied on a whim.

Mango became a fellow of the Casualty Actuarial Society, was named CAS vice president of research & development, and served two terms on the CAS board. He was a board member of NLC Insurance Cos., a member of the American Academy of Actuaries, and a Chartered Enterprise Risk Analyst. He traveled the world as a speaker at industry conferences and authored numerous award-winning actuarial papers.

Juan C. Andrade, president and chief executive officer of Everest, said the company would honor Mango's legacy by establishing the Don Mango Scholarship at the Greenberg School of Risk Management, Insurance and Actuarial Study at St. John's University. In addition, he said the company will also create the Don Mango Award for Innovation to recognize Everest employee excellence.

"Don was a legend in our industry and had an immeasurable impact on Everest's business and culture,"Andrade said in a statement. "Don's tireless pursuit of innovation in the risk profession is an inspiration."

Mango spent more than 30 years as an actuary and thought leader in insurance, reinsurance, enterprise risk management, innovation and insurtech at companies including Guy Carpenter, GE Insurance Solutions and Munich Re. He joined Everest Reinsurance Co. in September 2018 as global head of actuarial pricing and modeling and was later promoted to group SVP, chief actuary and chief risk officer in March 2020, according to an earlier press release from Everest Re.

Michael F. Neidorff

Michael F. Neidorff, chairman and chief executive officer of health care company Centene Corp., died in April after a long illness.

Neidorff, who was born in Altoona, Pennsylvania, joined Centene as CEO in 1996 and led the company from a $40 million single health plan to a multinational $125 billion health care enterprise serving 25 million members, Centene said. Centene has grown to nearly 76,000 employees in all 50 states and three other countries.

"Michael Neidorff was a visionary leader in health care. Today, the company he built provides health care for nearly one in 15 vulnerable individuals, and his life's work has transformed the delivery of care," the company said in a statement.

Billy Pinson

Billy Pinson, president of Tapco Underwriters, a division of CRC Group, died unexpectedly in June. He was 61.

Pinson began his career with Tapco and was a leading force in the insurance industry for more than 35 years. His tireless dedication and the outstanding team he built were major factors in the success of Tapco, according to a company statement.

Pinson was truly loved by all who knew him, not only within CRC Group but across the entire industry, the company said. When people described him, they couldn't help but smile when remembering his unfailing kindness and genuinely sweet spirit. He loved to sing and was often known to pair his signature Gucci loafers with a Hawaiian shirt and shorts. His sense of humor was never far from the surface, and his laugh brought joy to any room, the company said.

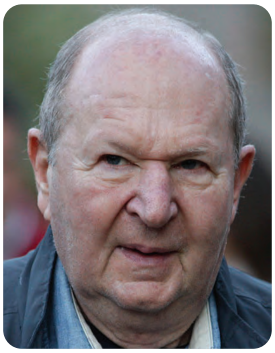
Deborah Senn

Former Insurance Commissioner Deborah Senn died in February from complications related to pancreatic cancer. She was 72.

In 1992, the Democrat defeated a 16-year incumbent to make history as Washington state's first female insurance commissioner. She was re-elected in 1996. Senn was a consumer advocate known for becoming personally involved in the cases of individuals being denied potentially lifesaving medical care. She also sponsored legislation ending insurance discrimination against domestic-violence victims and was an advocate for Holocaust victims denied insurance benefits, according to an article in the *Seattle Times*.

Senn's subsequent bids for elected office were unsuccessful, losing to Maria Cantwell in the 2000 Democratic primary for the U.S. Senate and to Rob McKenna in the 2004 general election for Washington attorney general.

Louis A. Simpson



The former president and chief executive officer of Geico and the man who, along with Warren Buffett, for years controlled all of Berkshire Hathaway's investments died in January at the age of 85. Louis A. Simpson had a 50-year financial career. Born in Chicago, he received a bachelor's degree in economics and accounting in 1958 from Ohio Wesleyan University and a master's degree from Princeton University, according to his obituary in the *Chicago Tribune*.The following years had him working at a Chicago investment firm as partner then leaving for Los Angeles, where he joined an asset management company in 1970, according to his obit.

In 1979, Jack Byrne, the CEO of Geico, was looking for a new chief investment officer to run Geico's investment portfolio. He identified four candidates and sent them to Omaha, Nebraska, to meet Buffett, who was a shareholder. "And after a four-hour interview with Lou, he called me and said: 'Stop the search. That's the fella.'" Simpson was elected president and CEO, capital operations, of Geico in May 1993. Three years later, Geico became a wholly owned subsidiary of Berkshire Hathaway, which paid $2.3 billion to buy the half of the company that it didn't already own, his obit said.

Larry Willeford

Larry Willeford, president and chief executive officer of First Acceptance Corp., died unexpectedly in October. He was 65.

Willeford was appointed president and CEO of Acceptance Insurance in November 2021 to succeed Ken Russell, who had remained closely involved in the company as a strategic adviser and board member. Russell will lead Acceptance in an interim capacity to ensure the continuity of its operations, according to a company statement.

Willeford attended Texas State University before beginning an insurance career spanning 42 years. He joined the team at Acceptance Insurance as its chief claims officer in October 2016 before serving as president and chief operating officer starting in 2019, the company said.

Under Willeford's leadership, the company in 2022 was named to *Forbes*' annual list of America's Best Midsize Employers, Best Employers for New Graduates, and Best Employers for Diversity, according to the company.

"Larry Willeford was a visionary leader who exemplified our service vision of taking care of each other," the company's board of directors said in a statement. "Larry always put people first, and he was dedicated to the success of everyone at Acceptance Insurance."

–Staff Reports BR

New Year Brings New Look to Industry Leadership

Some of the insurance leaders who announced retirement plans in 2022 included Robert A. DiMuccio, chairman and CEO of Amica Mutual; Daniel S. Glaser, president and CEO of Marsh McLennan; David H. Long, CEO of Liberty Mutual; and Teresa L. White, president, Aflac U.S.

Michel Blanc, **Scor**

Scor said Michel Blanc will retire as chief executive officer of reinsurance in January 2023 after 31 years with the company.

Barbara Edwards, **Timothy Darragh** and **Renée Kiriluk-Hill** contributed to this report.

Pat Blandford, **Tokio Marine Highland**

Pat Blandford stepped down as chief executive officer of Tokio Marine Highland, a property/casualty insurance underwriting agency, after serving nearly 20 years in multiple leadership roles, including CEO since 2018, the company said.

Wyatt Blackburn, **Everspan Group**

Wyatt Blackburn has retired as president of Everspan Group, a specialty property/casualty insurance platform owned by Ambac Financial Group. Blackburn will assume the role of vice chairman of Everspan Holdings and become a member of the Everspan Holdings board of directors. Blackburn joined Everspan in July 2020, bringing nearly 40 years of experience to the role, including 35 as executive vice president and chief operating officer of State National, according to a company statement.

Philip Bradley, **Axa Insurance DAC**

Philip Bradley planned to retire on Dec. 31, 2022, as chief executive officer of Axa Insurance DAC's operations in the Republic of Ireland and Northern Ireland, after a 44-year career. He joined Axa in 1978 and has held various roles in the United Kingdom, France and Ireland.

J. Richard Braun, **Choice Financial**

J. Richard Braun, founder, president and chief executive officer of Choice Financial Group, has retired from the company but will remain on the board, the company said.

Steve Coates, **Pool Re**

Steve Coates will retire in early 2023 as chief underwriting officer after 10 years with the company.

Charles Cooper, **Axa XL**

Charles Cooper has decided to step down as chief executive of reinsurance after more than 20 years as a senior executive in the company's reinsurance business.

Jeff Dailey, **Farmers Group**

Jeff Dailey will be retiring as president and chief executive officer of Farmers Group Inc., a wholly owned subsidiary of Zurich Insurance Group, and was retiring as a member of the Zurich Group executive committee. Dailey was appointed to the role of president and CEO in January 2012. He joined the company in 2007. He will continue as chairman of the Farmers Group.

Patrick L. Dees, **WoodmenLife**

Patrick L. Dees will be retiring as president and chief executive officer of WoodmenLife. The timeline for his retirement from his roles, as well as chairman of the WoodmenLife national board of directors, will be established in the coming months, according to a company statement.

Robert A. DiMuccio, **Amica Mutual Insurance Co.**

Robert A. DiMuccio planned to retire as chairman and chief executive officer of Amica Mutual Insurance Co. at the end of 2022 after 31 years of service, including the past 17 years as CEO. DiMuccio joined Amica in 1991 as vice president in accounting, was promoted to senior vice president, and, in 1996, was awarded the additional title of treasurer. DiMuccio was then named chief financial officer in 2001 and executive vice president in 2003, before being named president and CEO in 2005. The title of chairman was added in 2008, according to a company statement. During the COVID-19 pandemic, DiMuccio and his staff developed, implemented and managed a successful work-from-home staffing plan that enabled the company to maintain its customer service standards, it said.

Mark Drummond-Brady, **Marsh**

Mark Drummond-Brady retired in March 2022 as vice chairman of Marsh. Drummond-Brady joined Marsh in 2019 following Marsh McLennan's acquisition of Jardine Lloyd Thompson Group plc. Drummond-Brady spent 32 years at JLT, prior to the merger with Marsh in April 2019. He held a number of roles during that time. He started his career as an officer in the British Army before entering the insurance industry, according to a company statement.

Mike Duffy, **Canopius Group**

Mike Duffy, group chief underwriting officer, will retire in May after more than 16 years with Canopius Group. Duffy joined the company in January 2006 as head of direct and facultative property, progressing throughout his tenure to serve as chief executive officer of Canopius managing agents, before he became group CUO. He will remain at Canopius until May to oversee an orderly transition to his successor. Duffy has been in the insurance industry for more than 40 years and has held many roles in the London market and also worked abroad, most notably in New York. He joined Canopius from Ace INA, where he was an underwriter and previously was a managing director at Guy Carpenter, according to his LinkedIn profile.

James Eaton, **Beazley**

Beazley announced in February 2022 the retirement of James Eaton, head of specialty lines. Beazley said Eaton would remain in charge throughout 2022 and a succession plan would be announced later. Eaton's career spanned almost 40 years in the insurance market, the past 16 years at Beazley. Eaton joined Beazley in 2006 as a program and treaty underwriter in specialty lines, having previously been a broker.

Doug Elliot, **Hartford Financial Services**

Hartford Financial Services said Doug Elliot would retire as the company's president effective Dec. 31, 2022, after more than 11 years with the company. Elliot oversaw the integration of the Navigators Group Inc., a global specialty underwriter, after Hartford acquired it in 2019. Prior to joining Hartford in 2011, Elliot served as chief executive officer of Hartford Steam Boiler after a long career in the insurance industry. He started his career in public accounting, the company said.

Ray Farmer, **South Carolina Department of Insurance**

Ray Farmer, director of the South Carolina Department of Insurance, stepped down from his post in April 2022, ending a career of more than 50 years in insurance. Farmer said he spent most of his career at the former American Insurance Association, where he reached the position of vice president. Former South Carolina Gov. Nikki Haley asked Farmer to take the director's position in 2012. Six years later, Gov. Henry McMaster asked that he remain in office. In 2020, Farmer served as president of the National Association of Insurance Commissioners. Haley awarded him the Order of the Palmetto, the state's highest civilian honor, for extraordinary lifetime service and achievements of national or statewide significance. The NAIC also renamed its distinguished leadership award the Raymond G. Farmer Award for Exceptional Leadership.

Neal Fuller, **Amerisafe**

Amerisafe Inc. said Neal Fuller planned to retire as chief financial officer in 2022. Fuller, who has more than three decades of insurance leadership experience, joined Amerisafe in 2015 as executive vice president and CFO. Fuller planned to remain with the company for a period of time to assist in the transition, the company said.

Guido Fürer, **Swiss Re**

Swiss Re said that Guido Fürer, the company's group chief investment officer and country president Switzerland, has decided to retire, effective March 31, 2023, after 25 years with the company, the past 10 years as group CIO. Fürer said he is retiring to spend more time with his family and dedicate himself to his pro bono activities on various foundation boards. He joined Swiss Re in 1997 as managing director at Swiss Re new markets, and from 2001 to 2004, he worked for Swiss Re's private equity unit.

Daniel S. Glaser, **Marsh McLennan**

Marsh McLennan said Daniel S. Glaser planned to retire as president and chief executive officer at the end of 2022, following a decade of leading the company through what it called a period of extraordinary growth and change. Glaser served as president and CEO since 2013. Prior to 2013, he 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, the company said. Upon his retirement as president and CEO, Glaser also planned to retire from the company's board of directors.

Dennis R. Glass, **Lincoln Financial Group**

Dennis R. Glass retired as chief executive officer of Lincoln Financial Group in 2022 after a 15-year tenure. Glass is chairman of the board of directors for Lincoln National. Prior to his role as CEO, Glass was president and chief operating officer of Lincoln Financial Group from April 2006 until July 2007, according to the company. He served as president and chief executive officer of Jefferson Pilot Corp., which merged with Lincoln Financial in 2006.

Philipp Gmür, **Helvetia Insurance Group**

Helvetia Insurance said Philipp Gmür will step down as group chief executive officer in mid-2023. He has held the position since 2016.

Gregory J. Gutting, **Erie Indemnity Co.**

Erie Indemnity Co. Executive Vice President and Chief Financial Officer Gregory J. Gutting plans to retire on April 30, 2023, according to a filing with the U.S. Securities and Exchange Commission. Gutting joined Erie in 1985 as a corporate accountant. Gutting served as interim CFO from October 2015 to August 2016, when he was appointed to the position, according to his company bio.

Mitsuo Kurashige, **Prudential Financial**

Prudential Financial said Mitsuo Kurashige will retire as chief executive officer of Japanese insurance operations on Dec. 31, 2022. He was head of the Japan business for 11 years and will stay on part time as a director. He joined Prudential Life Insurance Cos. Ltd. in 1991, according to a company statement.

David H. Long, **Liberty Mutual**

Liberty Mutual said David H. Long would retire as chief executive officer at the end of 2022 and serve as the company's executive chairman of the board of directors. Long has been at Liberty Mutual for 37 years, becoming president in 2010, CEO in 2011 and chairman in 2013. Under his leadership as CEO, Liberty Mutual has grown to the sixth-largest global property/casualty insurer and has been recognized with numerous awards for its philanthropic, workplace culture, and diversity, equity and inclusion efforts, Liberty Mutual said in a statement.

Price Lowenstein, **Chubb**

Chubb said Price Lowenstein was planning to retire as division president of Sovereign Risk Insurance Ltd., an underwriter of political risk insurance and reinsurance. Lowenstein has led Sovereign since he helped create the company in 1997 and was planning to assist with the transition in an advisory capacity through the end of 2022.

Gilles Meyer, **Echo Re**

Echo Re said Gilles Meyer retired in May 2022 as chief executive officer after five years with the company.

Andy Moss, **Phoenix Group**

Phoenix Group said in September that Andy Moss was retiring as Life Companies CEO and Heritage Group director after 18 years at the company.

Paul O'Shea, **Enstar Group Ltd.**

Enstar said Paul O'Shea will retire as president of Enstar Group Ltd. in March 2023 after 28 years serving the company and its predecessor, Castlewood Ltd. O'Shea will remain as a member of the board of directors of Enstar. O'Shea has been a director since the company's formation in 2001 and is a company co-founder. O'Shea was named president of Enstar Group in December 2016.

John Polak, **Texas Windstorm Insurance Association**

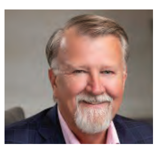
The Texas Windstorm Insurance Association said John Polak was retiring as general manager, effective year-end 2022. Polak joined TWIA in 2011.

Working with state legislators, the Texas Department of Insurance, and other stakeholders, Polak put TWIA on a more solid financial footing and improved the association's accountability and transparency. He steered the response to Hurricane Harvey, which put more than $1.3 billion into the recovery of the state, according to an association statement.

Prior to joining TWIA, Polak held the positions of chief executive officer, chief operating officer, chief information officer, and chief underwriting officer in insurance companies ranging from large national and international carriers to midsize regional carriers.

David Provost, **Vermont Department of Financial Regulation**

David Provost retired as deputy commissioner of the Captive Insurance Division at the Vermont Department of Financial Regulation at the end of the summer of 2022. Provost has more than 30 years of experience in captive insurance in both the private and government sectors. In 2001, he joined Vermont's then-Department of Banking, Insurance, Securities and Health Care Administration and was appointed to the role of deputy commissioner of the captive insurance division in 2008 by then-Gov. James Douglas. Provost was the third to lead the division in 40 years, according to the Captive Insurance Division.



Randy Ramlo, **United Fire Group Inc.**

United Fire Group announced the retirement of Randy Ramlo as chief executive officer after 38 years with the company, the past 15 as CEO. Ramlo stepped down in August 2022.

Jim Ridling, **Alabama Department of Insurance**

Jim Ridling stepped down from his position as

Alabama insurance commissioner at the end of June 2022. A 14-year veteran of the commissioner's office, Ridling served in that post, which is appointed by the governor, longer than anyone else. The IBHS in May named Ridling as the recipient of its inaugural Lifetime Achievement in Resilience Award. During his tenure, Ridling created the Insurance Fraud Bureau within the department and helped recruit more than a dozen property/casualty companies to cover the state's coastal areas, according to a statement from Gov. Kay Ivey. Ridling also was active with the National Association of Insurance Commissioners, serving as Southeast Zone chairman for 10 years. The NAIC re-accredited the insurance department under Ridling three times, the statement said.

Bob Rusbuldt, The Independent Insurance Agents & Brokers of America

The Independent Insurance Agents & Brokers of America, known as the Big "I", said Bob Rusbuldt will retire as president and chief executive officer on Aug. 31, 2023. Rusbuldt is the longest tenured Big "I" top executive. Rusbuldt joined the association in 1986 and was named CEO in 2001 after leading the government affairs department at the Big "I" for many years. He has overseen many major Big "I" initiatives including the inception of Big "I" Markets, a market access program for agent members; the formation of BIRC, a reinsurance company; and InsurBanc, a bank catering to independent insurance agencies' needs.

Renee Schaaf, Principal Financial Group

Principal Financial Group said in February 2022 that Renee Schaaf was retiring as president of retirement and income solutions after 41 years with the company. Schaaf departs Principal after serving in key leadership roles across the organization. Most recently, she led Principal through the transformation of its retirement business with the acquisition and integration of the Wells Fargo Institutional Retirement and Trust, according to a company statement.

Scott Sleyster, Prudential Financial

Prudential Financial said Scott Sleyster was retiring as head of international businesses and PGIM. Sleyster announced he will retire during the first quarter of 2023 after 35 years with the company. Prior to leading the international businesses, Sleyster held senior roles in Prudential's treasury, retirement, and investment management units, and served as chief investment officer, the company said.

Elisabeth Stadler, Vienna Insurance Group

Elisabeth Stadler will retire as chief executive officer of Vienna Insurance Group AG at the end of June 2023. At her own request, Stadler will not extend her mandate, which expires on June 30.

Teresa L. White, Aflac U.S.

Aflac Inc. announced the retirement of Teresa L. White, president, Aflac U.S., effective March 31, 2023. White has served as president since September 2014. White has more than 20 years of experience leading operations and driving revenue growth, created a vision for Aflac U.S. and has been a steady force in the execution of the company's long-term strategy, according to a company statement. She is responsible for driving a strategy aimed to expand both distribution and product offerings, including standing up the broker distribution channel and launching the consumer markets platforms, as well as actively onboarding strategic acquisitions like Empowered Benefit, Aflac Northern Ireland, Argus and Zurich. During her tenure, Aflac has realized record annual new sales and record premium persistency, the company said.

Richard R. Whitt, Markel

Markel Corp. announced the retirement of Richard R. Whitt, co-chief executive officer. After 31 years with Markel and six years as co-CEO, Whitt plans to retire by March 31, 2023.

Since joining the company in 1991, Whitt has held many senior leadership positions, including president and chief operating officer from 2010 to 2015. He also served as controller; vice president, treasurer and controller; executive vice president and chief administrative officer of Markel's international operations; chief financial officer; and co-chief operating officer. Whitt led Markel in a variety of acquisitions including Alterra, Nephila and State National, broadening the company's abilities to address clients' most complex risk needs. After stepping down, Whitt will remain with the company in a consulting role to ensure a seamless transition, according to a company statement. BR

Best's Rankings: Florida Leads Nation in Homeowners Premium

The Sunshine State's storm-prone location and litigation troubles are compelling carriers to reevaluate their approach to the market, or retreat from it entirely.

by Renée Kiriluk-Hill

Florida is the third-most-populated U.S. state but generated $12.4 billion of homeowners direct premium in 2021, the most of any of the states. That's more than California, the most populous state, with $11.2 billion of homeowners direct premium, and second-most-populous Texas, with $11.9 billion, according to BestLink. Florida's storm-prone location and challenging litigation environment keep it prominent among U.S. states for losses and cost of homeowners insurance.

Total direct premiums for homeowners carriers in Florida continue to grow, rising 11.7% from 2020 to 2021. Florida's rise was the fourth-largest one-year percentage increase in 2021, behind California and fast-growing Idaho and Montana. Direct premiums for homeowners carriers, total United States, reached $119.7 billion in 2021, an 8.4% rise from 2020.

BestLink reports information on 142 insurance carriers that reported $2,000 or more in direct written premium for homeowners coverage in Florida in 2021. Insurers operating in Florida's homeowners market range from national organizations, such as State Farm or USAA, to insurers whose primary focus is on Florida or several of its coastal neighbors, such as Universal Property & Casualty Insurance or Florida Peninsula Insurance Co.

Best's Financial Strength Ratings for 104 AM Best-rated carriers writing some level of homeowners coverage in Florida range from B+ (Good) to A++ (Superior).

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

Making Changes

Market dynamics over the past year have led carriers to re-evaluate their approach to Florida property exposures. For example, Bankers Insurance Group announced in July 2022 it was filing to exit homeowners business in Florida. In its letter informing agents of the news, Bankers Insurance Group cited its concerns about maintaining its ability to meet Government-Sponsored Enterprise requirements. "We want to remind you we maintain a financial strength rating of at least B+ from AM Best, meeting the requirement for mortgage lenders Fannie Mae and Freddie Mac."

Shareholder-owned GSEs were chartered by the U.S. Congress to facilitate mortgage and agricultural lending, including the Federal National Mortgage Association, commonly known as Fannie Mae, and Federal Home Loan Mortgage Corp., or Freddie Mac. They incorporate references to AM Best designations in their insurance evaluation materials.

The Federal Housing Finance Agency, working with the U.S. Department of Housing and Urban Development, regulates Fannie Mae, Freddie Mac and the 11 Federal Home Loan Banks.

- Freddie Mac sets a requirement that AM Best-rated insurers and reinsurers must possess a Financial Strength Rating of B+ or better, and nonadmitted insurers must hold a minimum rating of A (Excellent).
- HUD requires AM Best-rated insurers and reinsurers hold an FSR of A- (Excellent) or better and "Financial Performance Index Rating" of VI or better.
- Fannie Mae requires AM Best-rated insurers and reinsurers hold an FSR of B (Fair) or better.
- The U.S. government owns Government National Mortgage Association, or Ginnie Mae, which sets an AM Best rating at B+ or better. Ginnie Mae is the primary financing system for government-insured or -guaranteed mortgage loans.

Bankers Insurance Group is not alone in retreating from Florida's homeowners market. According to Mark Friedlander of the Insurance Information Institute, 13 companies stopped writing home insurance in Florida last year. Three have since become insolvent. Of the remaining 10, three have said that they are voluntarily exiting homeowners lines in Florida. The remaining seven have called the moratorium on new business temporary but haven't said when they could resume writing. Many cite state legislative inaction to disincentivize trial attorneys from filing suit against property carriers, said Friedlander. Companies that have stopped or limited writing new business last year include:

- United Property and Casualty – January (exiting homeowners in the state)
- Florida Farm Bureau – February
- TypTap – February
- St. Johns – February (later declared insolvent)
- Lighthouse – February (later declared insolvent)
- Lexington (AIG) – March (exiting homeowners in the state)
- Southern Fidelity – May (later declared insolvent)
- People's Trust – May
- Heritage – June
- Bankers (through First Community) – June (exiting homeowners in the state)
- Centauri – June
- Progressive – June
- Universal – June

Florida's non-automobile property/casualty insurance market has seen multiple insolvencies in 2022, starting with St. Johns Insurance Co. in February; Avatar Property & Casualty Insurance Co. in March; Louisiana-based Lighthouse Property Insurance Corp. in April; Southern Fidelity Insurance Co. in June; and Weston Property & Casualty Insurance Co. in August. FedNat Insurance Co. was put into receivership in September. These followed the insolvency of Gulfstream Property and Casualty

(Continued on page 48)

Key Points

Exposures: Bankers Insurance Group cited its concerns about maintaining its ability to meet Government-Sponsored Enterprise requirements. "We want to remind you we maintain a financial strength rating of at least B+ from AM Best, meeting the requirement for mortgage lenders Fannie Mae and Freddie Mac."

Insolvencies: Florida's non-automobile property/casualty insurance market has seen multiple insolvencies in 2022, starting with St. Johns Insurance Co. in February and Avatar Property & Casualty Insurance Co. in March.

Reinsurance: Each year, insurers operating in the Sunshine State cede billions of premium dollars in reinsurance. Business retention rates, defined as the percentage of a company's gross writings that are retained for its own account, range from low single digits to 100%.

Best's Rankings

Florida Homeowners Writers, Selected Financial Indicators – 2023 Edition

Based on 2021 data.

Reflects companies that write at least $2,000 of Florida homeowners multiperil coverage.

($ Thousands)

AMB#	NAIC#	Company Name	AMB Group Name	AMB Group Number	Best's Financial Strength Rating - Current	Best's Financial Strength Rating Outlook/Implication - Current	Financial Size Category	Single company rank (dpw)	Market share (dpw) FL HO
020930	016835	Accredited Specialty Insurance Company	Randall Group	018738	A-	Stable	IX	101	0.03
004854	026417	ACE Insurance Company of the Midwest	Chubb INA Group	018498	A++	Stable	XV	48	0.45
003716	033898	Aegis Security Insurance Company	LD Investments Group	018948	B++	Stable	VII	107	0.02
000103	010014	Affiliated FM Insurance Company	FM Global Group	018502	A+	Stable	XV	130	0.00
002349	019402	AIG Property Casualty Company	American International Group	018540	A	Stable	XV	23	1.18
003535	026883	AIG Specialty Insurance Company	American International Group	018540	A	Stable	XV	100	0.03
003563	029068	Amer Family Connect Prop and Cas Ins Co	American Family Insurance Group	000124	A	Stable	XV	104	0.02
000120	010111	American Bankers Insurance Co of Florida	Assurant P&C Group	018523	A	Positive	XIII	47	0.45
002034	019380	American Home Assurance Company	American International Group	018540	A	Stable	XV	92	0.05
013765	012841	American Integrity Ins Co of Florida	...	000000	NR	...	...	8	2.78
021040	016883	American Mobile Insurance Exchange	...	000000	NR	...	...	98	0.04
013020	012314	American Modern Ins Co of Florida, Inc.	Munich-American Holding Corp Companies	018753	A+	Stable	XV	69	0.18
003285	042722	American Modern Property & Casualty Ins	Munich-American Holding Corp Companies	018753	A+	Stable	XV	81	0.09
003533	028401	American National Property & Casualty Co	American National Prop & Cas Group	002947	A	Stable	XIV	108	0.01
013990	013563	American Platinum P & C Insurance Co	Universal Insurance Holdings Group	018752	NR	...	...	91	0.05
002049	042978	American Security Insurance Company	Assurant P&C Group	018523	A	Positive	XIII	135	0.00
001708	041998	American Southern Home Insurance Company	Munich-American Holding Corp Companies	018753	A+	Stable	XV	115	0.01
012150	010872	American Strategic Insurance Corp.	Progressive Insurance Group	000780	A+	Stable	XV	33	0.71
013075	012359	American Traditions Insurance Company	...	000000	NR	...	...	27	1.03
002162	019976	Amica Mutual Insurance Company	Amica Mutual Group	018522	A+	Stable	XV	54	0.38
003240	041459	Armed Forces Insurance Exchange	...	000000	NR	...	...	95	0.04
010106	012196	ASI Assurance Corp.	Progressive Insurance Group	000780	A+	Stable	XV	75	0.14
013917	013142	ASI Preferred Insurance Corp.	Progressive Insurance Group	000780	A+	Stable	XV	5	3.49
012630	010717	Aspen Specialty Insurance Company	Aspen US Insurance Group	018783	A	Stable	XV	124	0.00
013083	012813	Auto Club Insurance Company of Florida	Auto Club Group	000312	A	Stable	IX	25	1.17
013879	013139	Avatar Property & Casualty Insurance Co	...	000000	NR	...	...	45	0.52
010826	022390	Aventus Insurance Company	...	000000	B++	Stable	VI	139	0.00
003630	032603	Berkley Insurance Company	W. R. Berkley Insurance Group	018252	A+	Stable	XV	87	0.05
013830	012961	Canopius US Insurance, Inc.	...	000000	A-	Stable	XII	96	0.04
012128	010835	Castle Key Indemnity Company	Allstate Insurance Group	000008	B+	Stable	VIII	16	1.81
010648	030511	Castle Key Insurance Company	Allstate Insurance Group	000008	B+	Stable	VIII	32	0.79
013118	012573	Centauri Specialty Insurance Company	AU Holding Company Group	018943	NR	...	...	52	0.40
002713	038989	Chubb Custom Insurance Company	Chubb INA Group	018498	A++	Stable	XV	99	0.03
011578	012777	Chubb Indemnity Insurance Company	Chubb INA Group	018498	A++	Stable	XV	134	0.00
000258	010677	Cincinnati Insurance Company	The Cincinnati Insurance Companies	004294	A+	Stable	XV	76	0.12
011712	010064	Citizens Property Insurance Corporation	...	000000	NR	...	...	2	10.16
022327	028860	Clear Blue Insurance Company	Clear Blue Insurance Group	018868	A-	Stable	VIII	60	0.30
022328	037745	Clear Blue Specialty Insurance Company	Clear Blue Insurance Group	018868	A-	Stable	VIII	78	0.11
001987	018961	Crestbrook Insurance Company	Nationwide Group	005987	A+	Stable	XV	118	0.00
012247	010953	Cypress Property & Casualty Insurance Co	InSure Homes Group	018619	NR	...	...	31	0.82
022601	015894	Dover Bay Specialty Insurance Company	State Farm Group	000088	A	Negative	VI	113	0.01
013077	012482	Edison Insurance Company	Florida Peninsula Group	018790	NR	...	...	19	1.60
002146	021261	Electric Insurance Company	...	000000	A	Stable	IX	97	0.04
003759	035378	Evanston Insurance Company	Markel Corporation Group	018468	A	Stable	XV	83	0.08
003761	035181	Executive Risk Indemnity Inc.	Chubb INA Group	018498	A++	Stable	XV	138	0.00
003288	040169	Farmers Casualty Insurance Company	Farmers Insurance Group	000032	A	Stable	XV	79	0.10
002084	020281	Federal Insurance Company	Chubb INA Group	018498	A++	Stable	XV	14	2.19
000711	010790	FedNat Insurance Company	...	000000	NR	...	...	9	2.71
002570	037710	First American Property & Cas Ins Co	First American PC Companies	018511	...	...	...	123	0.00
011572	013990	First Community Insurance Company	Bankers Financial Group	018902	B+	Negative	VI	55	0.37

Direct premiums written FL HO	% FL of Total Direct Business	Direct combined ratio (%) FL HO	Adjusted loss ratio (%)	Direct business - total	Net leverage	Gross leverage	Operating ratio	Npw to phs	Return on phs (roe)	Reins recoverable to phs	Combined ratio	Current liquidity - annual	Business retention	Surplus as regards policyholders
3,140	3.9	83.14	46.98	79,961	0.6	2.6	738.6	0.0	(14.7)	92.5	718.4	82.3	0.9	72,433
55,801	56.5	63.13	48.48	98,724	0.3	0.3	0.0	0.0	2.2	0.0	0.0	292.7	0.0	41,927
1,944	1.1	86.06	41.98	177,356	4.3	8.0	97.5	2.0	(8.8)	192.3	100.0	83.6	52.9	66,110
124	0.0	65.82	42.57	1,151,478	0.8	1.0	68.2	0.2	16.7	14.5	77.5	227.3	57.8	2,822,554
146,489	9.4	32.31	11.44	1,550,771	0.4	0.4	0.0	0.0	(2.7)	0.0	0.0	310.2	0.0	57,310
3,623	0.2	22.02	8.20	1,453,256	0.6	0.6	0.0	0.0	3.8	0.0	0.0	232.1	0.0	56,519
2,170	0.2	30.10	4.11	1,153,311	0.4	0.6	0.0	0.0	1.1	12.9	0.0	210.6	0.0	558,674
55,987	1.0	33.11	11.80	5,569,779	5.1	16.2	75.6	2.0	47.6	289.4	81.8	88.6	19.8	589,100
5,800	1.4	29.15	8.25	410,349	2.4	3.8	83.0	0.5	14.7	107.1	102.7	111.6	64.9	7,661,528
344,820	76.2	85.67	58.92	452,700	5.8	11.9	94.5	2.5	2.6	292.3	95.5	91.7	43.6	79,474
4,417	88.6	76.17	13.85	4,987	0.3	0.3	123.6	0.1	0.0	0.0	129.9	849.3	76.2	27,110
22,250	98.3	92.13	37.86	22,642	3.2	3.2	100.2	1.1	(4.2)	0.0	102.4	107.7	83.3	17,091
11,646	1.1	53.65	24.28	1,036,852	3.0	3.0	101.2	0.4	0.7	0.0	102.1	36.4	5.0	126,971
1,676	0.2	87.55	17.41	961,279	2.1	2.2	90.2	0.9	9.0	4.9	95.5	134.6	80.0	821,197
6,275	72.5	77.20	48.63	8,652	0.3	0.8	39.3	0.0	25.6	18.3	42.9	322.1	(27.4)	16,104
22	0.0	216.19	189.83	1,249,943	3.8	4.9	93.7	1.9	18.0	19.1	102.4	84.5	66.4	482,011
839	1.4	74.87	32.86	61,015	2.6	2.6	100.6	0.9	(5.9)	0.0	102.3	70.3	61.7	40,062
88,666	6.8	66.02	35.70	1,307,148	6.0	6.5	111.3	2.9	(22.3)	22.2	113.7	117.0	91.0	543,916
128,033	87.2	74.58	52.03	146,808	5.9	9.1	93.3	2.5	9.6	97.1	94.5	111.5	52.7	31,017
47,330	2.1	100.44	62.36	2,225,999	1.5	1.5	104.1	0.7	6.5	0.2	109.3	166.4	98.3	3,258,511
4,844	6.9	112.77	72.58	70,563	2.6	3.3	114.2	1.2	(7.5)	26.0	118.2	146.2	75.6	44,266
17,118	84.6	51.89	29.22	20,234	0.5	1.2	107.6	0.2	(0.9)	47.3	113.7	399.7	48.8	49,643
432,399	79.6	83.09	61.57	542,957	1.6	3.5	104.9	0.3	(0.6)	62.6	114.1	148.3	7.0	120,223
236	0.0	156.92	125.41	746,554	5.0	10.2	97.6	1.6	0.8	372.7	101.0	99.3	54.9	274,607
144,651	50.8	95.54	73.49	284,829	3.3	3.5	102.5	1.5	1.7	8.0	107.3	124.5	90.5	201,041
63,935	82.9	189.18	140.95	77,110	(4.3)	(8.0)	378.5	999.9	(99.9)	0.0	379.3	47.3	35.0	(27,959)
4	0.0	24.00	0.00	24,568	0.6	2.7	51.3	0.2	4.0	108.0	61.9	258.8	18.0	27,015
6,720	0.5	62.27	25.96	1,320,681	3.7	4.3	81.1	1.2	17.3	45.4	88.4	83.3	85.3	6,817,535
4,678	2.6	79.29	36.47	178,737	3.1	3.8	93.2	1.6	(0.5)	39.0	94.8	123.5	84.5	110,564
224,350	99.7	75.83	59.79	225,076	0.8	7.0	0.0	0.0	1.3	154.8	0.0	134.5	0.0	15,512
97,806	97.8	72.81	55.76	99,972	1.8	2.0	104.6	0.8	(6.3)	9.0	110.3	155.2	89.1	264,733
49,439	31.0	80.57	52.72	159,668	2.9	9.5	(99.9)	0.0	(10.9)	422.2	(99.9)	33.9	0.6	29,032
3,848	1.7	32.48	17.99	227,111	0.2	0.2	0.0	0.0	1.9	0.0	0.0	401.4	0.0	245,990
37	0.0	134.50	27.13	348,473	0.5	0.5	0.0	0.0	0.6	0.0	0.0	132.0	0.0	183,242
14,479	0.3	48.49	17.17	4,516,729	2.3	2.3	78.9	0.8	30.4	4.7	87.6	130.7	96.4	7,246,753
1,260,866	69.5	79.55	44.38	1,814,135	0.6	0.7	93.1	0.2	1.2	3.2	108.8	324.2	74.9	6,526,508
37,592	7.1	134.34	101.30	526,721	0.4	12.1	399.3	0.0	1.1	680.8	121.4	381.2	(0.1)	106,085
13,179	2.9	45.91	20.48	449,176	0.2	6.8	999.9	0.0	2.7	385.2	996.0	366.5	0.0	154,139
505	0.1	106.70	91.72	525,240	2.4	2.4	0.0	0.0	1.9	0.8	0.0	42.5	0.0	68,060
101,618	69.4	46.39	44.18	146,485	2.4	6.1	(99.9)	0.0	(48.1)	262.1	(99.9)	154.6	(3.8)	42,341
999	3.6	27.16	2.08	27,677	1.1	3.8	186.1	0.4	(21.9)	246.7	191.2	200.0	56.1	37,071
198,336	99.5	115.07	78.99	199,268	6.0	14.3	96.6	2.1	5.3	488.1	97.4	87.0	38.5	35,768
4,605	2.0	80.24	45.46	229,571	2.4	2.4	79.2	0.6	6.6	0.2	91.7	97.2	97.8	373,778
10,020	0.5	76.72	30.59	2,056,584	4.3	5.6	81.4	1.3	33.9	79.2	87.0	115.8	72.0	1,291,530
16	0.0	248.92	34.01	171,799	4.3	4.3	86.6	1.3	11.8	0.0	94.4	100.2	100.0	1,681,750
12,852	2.7	57.73	44.53	469,646	2.2	2.2	0.0	0.0	(3.0)	0.0	0.0	49.8	0.0	71,493
271,619	4.1	74.47	49.80	6,649,217	4.1	4.1	83.3	1.2	12.9	0.0	94.4	78.1	80.9	4,635,976
336,210	50.2	108.80	77.77	669,348	4.8	15.1	180.0	1.3	(91.0)	646.6	183.2	78.5	25.8	130,217
266	1.0	77.42	2.44	26,754	2.0	2.1	147.2	0.8	(4.4)	0.6	149.8	161.0	88.6	30,433
46,016	33.6	100.80	71.85	137,132	4.4	9.5	131.7	1.6	(31.8)	201.9	135.6	105.4	33.9	28,784

Best's Rankings

Florida Homeowners Writers, Selected Financial Indicators – 2023 Edition (Continued)

Based on 2021 data.

Reflects companies that write at least $2,000 of Florida homeowners multiperil coverage.

($ Thousands)

AMB#	NAIC#	Company Name	AMB Group Name	AMB Group Number	Best's Financial Strength Rating - Current	Best's Financial Strength Rating Outlook/Implication - Current	Financial Size Category	Single company rank (dpw)	Market share (dpw) FL HO
011872	010647	First Floridian Auto and Home Ins Co	Travelers Group	018674	A-	Stable	VIII	70	0.17
010764	033588	First Liberty Insurance Corporation	Liberty Mutual Insurance Companies	000060	A	Stable	XV	68	0.18
002446	024724	First National Insurance Co of America	Liberty Mutual Insurance Companies	000060	A	Stable	XV	132	0.00
012201	010897	First Protective Insurance Company	...	000000	NR	...	...	4	3.89
013984	013648	Florida Family Home Insurance Company	Florida Family Group	018761	B++	Negative	VII	51	0.43
011975	010688	Florida Family Insurance Company	Florida Family Group	018761	B++	Negative	VII	35	0.70
003590	031216	Florida Farm Bureau Casualty Ins Co	Southern Farm Bureau Casualty Group	004237	B++	Stable	VIII	38	0.61
011337	021817	Florida Farm Bureau General Insurance Co	Southern Farm Bureau Casualty Group	004237	B++	Stable	VIII	41	0.54
013087	010132	Florida Peninsula Insurance Company	Florida Peninsula Group	018790	NR	...	...	15	2.16
002189	011185	Foremost Insurance Co Grand Rapids, MI	Farmers Insurance Group	000032	A	Stable	XV	37	0.62
001897	011800	Foremost Property and Casualty Ins Co	Farmers Insurance Group	000032	A	Stable	XV	80	0.10
012120	021253	Garrison Property and Casualty Ins Co	USAA Group	004080	NR	...	...	66	0.19
011678	010182	GeoVera Specialty Insurance Company	GeoVera U.S. Insurance Group	025045	A	Negative	VIII	57	0.35
002085	020303	Great Northern Insurance Company	Chubb INA Group	018498	A++	Stable	XV	94	0.04
002229	029424	Hartford Casualty Insurance Company	Hartford Insurance Group	000048	A+	Stable	XV	126	0.00
002231	019682	Hartford Fire Insurance Company	Hartford Insurance Group	000048	A+	Stable	XV	140	0.00
002612	037478	Hartford Insurance Co of the Midwest	Hartford Insurance Group	000048	A+	Stable	XV	67	0.19
002232	030104	Hartford Underwriters Insurance Company	Hartford Insurance Group	000048	A+	Stable	XV	128	0.00
014558	014407	Heritage Property & Casualty Ins Company	Heritage Insurance Holdings Group	018891	NR	...	...	6	3.26
013895	012944	Homeowners Choice Prop & Cas Ins Co	HCI Insurance Group	018848	NR	...	...	12	2.43
022141	017221	Homesite Insurance Company	American Family Insurance Group	000124	A	Stable	XV	61	0.26
022142	011156	Homesite Insurance Company of Florida	American Family Insurance Group	000124	A	Stable	XV	129	0.00
020566	039640	Independent Specialty Insurance Company	Markel Corporation Group	018468	A	Stable	X	85	0.07
011340	036940	Indian Harbor Insurance Company	XL America Companies	018557	A+	Stable	XV	72	0.15
020690	016603	Kin Interinsurance Network	Kin Insurance Group	018977	NR	...	...	34	0.71
014027	038920	Kinsale Insurance Company	...	000000	A	Stable	X	77	0.12
020593	016255	KW Specialty Insurance Company	...	000000	A-	Negative	VII	110	0.01
023019	016023	Lemonade Insurance Company	Lemonade Insurance Group	018982	NR	...	...	106	0.02
002350	019437	Lexington Insurance Company	American International Group	018540	A	Stable	XV	30	0.84
002282	023035	Liberty Mutual Fire Insurance Company	Liberty Mutual Insurance Companies	000060	A	Stable	XV	56	0.36
014994	014568	Maison Insurance Company	...	000000	NR	...	...	136	0.00
002699	038970	Markel Insurance Company	Markel Corporation Group	018468	A	Stable	XV	121	0.00
003596	031968	Merastar Insurance Company	Kemper PC Companies	018908	A-	Stable	XII	142	0.00
022318	015715	Monarch National Insurance Company	...	000000	NR	...	...	64	0.21
001750	043001	Narragansett Bay Insurance Company	Heritage Insurance Holdings Group	018891	NR	...	...	114	0.01
002428	020079	National Fire & Marine Insurance Co	Berkshire Hathaway Insurance Group	000811	A++	Stable	XV	39	0.60
012273	022608	National Specialty Insurance Company	Markel Corporation Group	018468	A	Stable	X	53	0.39
002358	023787	Nationwide Mutual Insurance Company	Nationwide Group	005987	A+	Stable	XV	49	0.45
002594	037877	Nationwide Property & Casualty Ins Co	Nationwide Group	005987	A+	Stable	XV	71	0.17
002363	023841	New Hampshire Insurance Company	American International Group	018540	A	Stable	XV	105	0.02
002822	040231	Old Dominion Insurance Company	American Family Insurance Group	000124	A	Stable	XV	116	0.01
013848	012954	Olympus Insurance Company	...	000000	NR	...	...	17	1.65
002385	020346	Pacific Indemnity Company	Chubb INA Group	018498	A++	Stable	XV	109	0.01
013934	013125	People's Trust Insurance Company	...	000000	NR	...	...	20	1.56
002643	037257	Praetorian Insurance Company	QBE North America Insurance Group	005658	A	Stable	XV	90	0.05
013308	012588	Prime Insurance Company	Prime Insurance Group	018823	A	Stable	VIII	119	0.00
013816	012873	Privilege Underwriters Reciprocal Exch	Tokio Marine US PC Group	018733	A+	Stable	X	22	1.23
004456	024252	Progressive American Insurance Company	Progressive Insurance Group	000780	A+	Stable	XV	102	0.02
012562	011515	QBE Specialty Insurance Company	QBE North America Insurance Group	005658	A	Stable	XV	42	0.54
011946	043044	Response Insurance Company	Kemper PC Companies	018908	A-	Stable	XII	137	0.00

Direct premiums written FL HO	% FL of Total Direct Business	Direct combined ratio (%) FL HO	Adjusted loss ratio (%)	Direct business - total	Net leverage	Gross leverage	Operating ratio	Npw to phs	Return on phs (roe)	Reins recoverable to phs	Combined ratio	Current liquidity - annual	Business retention	Surplus as regards policyholders
20,531	49.1	117.97	77.35	41,817	0.5	0.6	103.9	0.2	(0.2)	1.8	119.5	397.6	89.4	163,921
22,591	5.0	69.49	58.00	448,395	0.1	0.1	0.0	0.0	(0.5)	0.0	0.0	999.9	0.0	20,272
96	0.0	18.94	1.45	540,892	0.0	0.0	0.0	0.0	1.8	0.0	0.0	999.9	0.0	61,866
482,184	68.7	88.45	53.62	702,262	4.5	12.2	96.3	2.1	12.4	355.1	97.9	101.6	33.4	113,909
53,231	99.1	67.46	48.85	53,723	2.5	3.2	99.2	1.1	(6.3)	24.8	102.0	148.7	36.9	17,417
86,216	81.2	93.23	64.56	106,187	2.6	4.5	99.5	1.1	(8.2)	52.2	102.0	134.5	45.1	51,994
75,239	66.0	84.44	63.04	114,075	3.6	4.0	127.7	1.6	(33.4)	4.7	130.9	128.7	82.7	185,515
67,190	27.2	71.43	62.07	247,311	0.0	0.3	0.0	0.0	1.8	0.1	0.0	999.9	0.0	15,268
267,609	99.8	96.18	60.79	268,151	3.4	8.3	101.9	1.0	3.1	260.1	105.9	91.7	31.4	82,248
76,740	2.8	62.38	25.74	2,726,246	0.9	0.9	0.0	0.0	3.1	0.0	0.0	122.5	0.0	1,411,183
11,877	9.4	53.53	20.00	125,813	1.7	1.7	0.0	0.0	1.3	0.0	0.0	64.1	0.0	19,738
24,154	0.8	63.81	45.53	3,127,037	3.3	3.4	97.7	1.8	9.1	3.8	100.7	114.3	89.6	1,571,413
43,099	18.2	148.55	72.66	236,658	9.1	27.4	92.4	1.0	10.4	999.9	92.9	149.6	8.9	20,220
4,903	0.4	103.19	88.89	1,310,595	0.6	0.6	0.0	0.0	2.3	0.0	0.0	169.1	0.0	414,638
186	0.0	64.08	25.38	1,065,414	2.4	2.4	77.5	0.7	13.0	0.0	92.1	130.5	56.4	924,476
4	0.0	974.97	67.76	2,191,091	1.6	1.9	60.3	0.4	13.6	20.8	95.6	69.9	80.7	11,743,353
23,718	2.9	49.29	43.99	828,251	0.4	0.4	58.3	0.1	4.9	0.0	92.1	422.3	6.6	506,000
182	0.0	68.89	35.69	1,483,884	2.6	2.6	79.2	0.7	13.5	0.0	92.1	133.9	29.5	608,680
403,863	61.9	89.60	65.67	652,324	8.0	13.5	111.9	2.7	(23.2)	278.4	113.0	109.1	50.4	120,036
301,506	85.5	66.54	36.58	352,450	5.2	7.9	97.2	2.2	0.8	132.9	99.0	104.2	62.6	120,481
32,425	3.2	59.86	34.25	1,006,976	2.8	3.1	0.0	0.0	1.4	11.0	0.0	28.8	0.0	79,465
137	0.1	80.66	20.61	150,851	1.1	1.1	0.0	0.0	0.5	0.3	0.0	85.2	0.0	20,940
8,346	4.2	68.59	32.88	200,646	0.7	10.5	72.3	0.3	5.3	662.1	79.0	332.4	8.5	62,895
18,228	1.0	52.60	26.23	1,915,384	5.4	5.4	82.1	1.0	17.4	0.0	89.3	121.3	4.9	92,695
87,737	88.5	89.27	60.29	99,165	3.7	7.7	192.6	1.5	(92.7)	167.2	194.1	112.9	39.3	25,853
14,307	1.9	45.11	18.04	764,373	2.9	3.4	70.7	1.1	24.6	25.9	76.1	146.0	86.4	606,910
1,538	13.1	99.56	37.43	11,720	0.3	0.3	(99.9)	0.0	(5.3)	0.0	(99.9)	707.3	(19.3)	104,322
2,094	0.6	95.45	71.19	372,861	3.2	7.5	113.4	1.0	(22.2)	149.9	113.8	132.5	27.3	99,364
104,581	4.4	88.55	60.97	2,352,025	3.7	5.9	85.3	0.8	17.8	166.4	100.9	107.1	65.5	4,654,919
45,047	1.4	87.55	49.64	3,234,698	4.2	4.2	93.8	1.2	17.1	0.0	103.0	95.9	83.3	2,161,115
21	#DIV/0!	17.84	0.00	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
319	0.0	59.87	8.54	645,637	1.0	1.2	87.6	0.3	25.2	11.7	92.2	109.2	93.0	1,932,397
2	0.0	103.13	77.17	4,821	3.9	3.9	0.0	0.0	(14.4)	3.6	0.0	119.3	0.0	17,985
26,064	100.0	123.92	90.41	26,064	2.1	3.1	93.3	1.0	9.8	70.4	96.9	143.0	78.3	20,256
897	0.2	33.87	9.90	460,608	3.9	9.7	106.9	1.5	(12.8)	271.4	107.3	104.6	33.6	101,634
74,471	2.2	80.98	38.65	3,427,586	1.1	1.1	89.9	0.3	28.4	0.2	95.4	206.4	90.7	11,517,922
48,350	16.2	301.01	234.22	298,912	1.2	13.8	74.2	0.4	6.2	859.8	79.0	201.0	9.1	69,292
55,233	1.9	76.66	50.05	2,885,396	2.5	2.8	101.2	0.9	9.1	17.0	105.0	51.0	90.6	15,433,589
20,471	1.3	80.25	64.24	1,587,854	13.1	13.2	0.0	0.0	8.9	6.8	0.0	6.2	0.0	32,487
2,100	0.3	113.48	75.25	646,609	0.5	0.5	0.0	0.0	(2.3)	0.0	0.0	269.7	0.0	64,563
812	0.6	190.87	159.97	129,584	0.0	0.0	0.0	0.0	1.6	0.0	0.0	999.9	0.0	20,603
204,259	88.8	77.53	56.84	230,145	0.8	15.0	89.7	0.0	1.4	662.1	88.7	81.2	(26.5)	38,428
1,650	0.3	47.70	17.79	628,198	3.9	3.9	84.6	1.2	13.6	0.0	94.4	110.2	100.0	3,702,668
193,530	70.1	87.80	62.13	275,997	3.4	9.4	94.7	1.3	13.3	349.3	100.3	104.1	34.2	72,663
6,288	1.7	47.27	25.83	380,945	3.8	8.5	99.0	1.3	5.5	378.2	101.7	78.8	37.1	109,307
389	0.2	26.98	0.72	244,923	2.4	2.9	71.2	1.0	33.1	30.2	74.8	108.3	76.0	185,862
152,175	9.8	65.51	30.22	1,556,737	3.5	7.6	120.8	1.6	(33.4)	208.4	120.7	88.6	46.6	463,631
2,600	0.1	38.69	21.21	2,734,726	2.6	2.8	91.7	1.1	7.4	9.1	93.3	93.0	15.9	390,993
66,750	5.2	69.62	36.96	1,284,636	3.8	17.6	99.8	1.3	(1.0)	866.4	101.7	84.5	14.7	143,579
16	0.6	22.23	19.39	2,643	0.1	0.1	0.0	0.0	4.8	0.0	0.0	235.7	0.0	27,904

Best's Rankings

Florida Homeowners Writers, Selected Financial Indicators – 2023 Edition (Continued)

Based on 2021 data.
Reflects companies that write at least $2,000 of Florida homeowners multiperil coverage.
($ Thousands)

AMB#	NAIC#	Company Name	AMB Group Name	AMB Group Number	Best's Financial Strength Rating - Current	Best's Financial Strength Rating Outlook/Implication - Current	Financial Size Category	Single company rank (dpw)	Market share (dpw) FL HO
013123	012563	Safe Harbor Insurance Company	Ocean Harbor Insurance Companies	018764	NR	...	...	44	0.53
022029	015341	Safepoint Insurance Company	...	000000	NR	...	...	40	0.59
003785	036560	SafePort Insurance Company	IAT Insurance Group	018567	A-	Negative	VII	84	0.08
022607	013815	Safety Specialty Insurance Company	Tokio Marine US PC Group	018733	A++	Stable	XV	43	0.53
003292	041297	Scottsdale Insurance Company	Nationwide Group	005987	A+	Stable	XV	58	0.33
011468	010117	Security First Insurance Company	...	000000	NR	...	...	11	2.47
013017	010136	Southern Fidelity Insurance Company	...	000000	NR	...	...	28	0.99
012991	012247	Southern Oak Insurance Company	...	000000	NR	...	...	26	1.06
011676	010190	Southern-Owners Insurance Company	Auto-Owners Insurance Group	004354	A++	Stable	XV	89	0.05
022321	024376	Spinnaker Insurance Company	Spinnaker Insurance Group	018968	A-	Stable	VIII	63	0.21
011432	044776	StarStone Specialty Insurance Company	Core Specialty Insurance Group	018975	A-	Positive	XII	88	0.05
012235	010739	State Farm Florida Insurance Company	State Farm Group	000088	A-	Stable	XI	3	6.66
010681	012831	State National Insurance Company, Inc.	Markel Corporation Group	018468	A	Stable	X	74	0.14
003557	026387	Steadfast Insurance Company	Zurich Insurance US PC Group	018549	A+	Stable	XV	112	0.01
012478	025180	Stillwater Insurance Company	Stillwater Insurance Group	018606	A-	Stable	VIII	82	0.09
004496	016578	Stillwater Property and Casualty Ins Co	Stillwater Insurance Group	018606	A-	Stable	VIII	86	0.07
014175	014012	Stonegate Insurance Company	Producers National Group	018798	NR	...	...	117	0.01
020810	016848	Sutton Specialty Insurance Company	Sutton National Group	018947	A-	Stable	VIII	103	0.02
000884	022683	Teachers Insurance Company	Horace Mann Insurance Group	004934	A	Stable	IX	131	0.00
010600	029050	Tower Hill Preferred Insurance Company	Tower Hill Group	018636	NR	...	...	18	1.63
012359	011027	Tower Hill Prime Insurance Company	Tower Hill Group	018636	NR	...	...	29	0.90
013312	012538	Tower Hill Signature Insurance Company	Tower Hill Group	018636	NR	...	...	10	2.66
020786	022225	Trisura Insurance Company	Trisura US Insurance Group	018944	A-	Stable	IX	133	0.00
002174	021709	Truck Insurance Exchange	Farmers Insurance Group	000032	A	Stable	XV	36	0.67
020873	016881	Trusted Resource Underwriters Exchange	...	000000	A-	Stable	VI	111	0.01
002235	029459	Twin City Fire Insurance Company	Hartford Insurance Group	000048	A+	Stable	XV	141	0.00
022603	015885	TypTap Insurance Company	HCI Insurance Group	018848	NR	...	...	21	1.46
011998	010655	Unique Insurance Company	Producers National Group	018798	NR	...	...	122	0.00
012311	010969	United Property & Casualty Ins Co	United Insurance Group	018881	NR	...	...	7	3.23
000934	025941	United Services Automobile Association	USAA Group	004080	A++	Stable	XV	13	2.25
011600	010759	Universal North America Insurance Co	Universal Insurance Group of Puerto Rico	018672	B++	Negative	VII	50	0.43
012123	010861	Universal Property & Casualty Ins Co	Universal Insurance Holdings Group	018752	NR	...	...	1	10.43
022613	015900	US Coastal Property and Casualty Ins Co	US Coastal Insurance Group	018896	NR	...	...	62	0.22
004049	025968	USAA Casualty Insurance Company	USAA Group	004080	A++	Stable	XV	24	1.17
004865	018600	USAA General Indemnity Company	USAA Group	004080	A++	Stable	XV	46	0.49
020586	016237	Vault E&S Insurance Company	Vault Insurance Group	018961	A-	Negative	VIII	65	0.20
020564	016186	Vault Reciprocal Exchange	Vault Insurance Group	018961	A-	Negative	VIII	59	0.32
002086	020397	Vigilant Insurance Company	Chubb INA Group	018498	A++	Stable	XV	120	0.00
002861	040428	Voyager Indemnity Insurance Company	Assurant P&C Group	018523	A	Positive	XIII	93	0.05
003132	013196	Western World Insurance Company	American International Group	018540	A	Stable	XV	125	0.00
004127	011932	White Pine Insurance Company	Conifer Insurance Group	018792	B+	Stable	VII	127	0.00
000975	013234	Wilshire Insurance Company	IAT Insurance Group	018567	A-	Stable	X	73	0.14

Reflects companies that write at least $2,000 of Florida homeowners multiperil coverage.
Source: BESTLINK – Statement File - P/C, and State/Line (P/C Lines); data as of Oct. 27, 2022.

Direct premiums written FL HO	% FL of Total Direct Business	Direct combined ratio (%) FL HO	Adjusted loss ratio (%)	Direct business - total	Net leverage	Gross leverage	Operating ratio	Npw to phs	Return on phs (roe)	Reins recoverable to phs	Combined ratio	Current liquidity - annual	Business retention	Surplus as regards policyholders
65,511	74.7	68.92	47.72	87,757	5.5	8.2	104.9	2.5	(8.8)	124.1	106.5	122.7	64.0	22,614
72,702	44.6	81.93	49.40	163,043	2.0	13.0	(99.9)	0.0	2.4	585.7	(99.9)	88.3	(9.8)	40,800
9,994	8.4	197.76	180.84	118,284	2.8	3.9	131.5	0.9	(10.4)	63.4	138.9	96.5	48.6	61,614
65,584	33.1	41.69	21.88	197,984	1.3	3.6	(99.9)	0.1	12.1	88.1	(99.9)	277.7	3.4	120,539
41,412	1.6	84.97	52.14	2,544,315	7.8	12.8	0.0	0.0	7.8	472.0	0.0	5.2	0.0	163,456
305,827	78.0	81.54	44.43	392,037	2.8	11.0	143.1	0.8	(18.1)	452.6	152.0	72.3	13.6	63,472
122,458	39.4	95.16	82.72	311,016	9.1	21.8	242.6	2.5	(99.9)	778.9	241.2	61.6	33.4	42,109
131,964	87.0	72.84	42.19	151,637	4.7	6.7	106.9	2.5	(15.6)	64.2	106.5	130.2	64.9	40,107
6,320	1.1	85.43	49.33	554,970	4.0	4.0	112.1	1.4	(10.1)	0.2	119.2	124.2	90.0	368,777
26,227	5.5	101.73	71.78	473,954	1.4	8.9	107.0	0.1	(0.5)	401.5	113.4	71.4	3.5	131,777
6,407	1.0	13.61	9.47	623,486	1.2	2.1	95.2	0.5	(1.2)	53.0	96.4	132.1	61.7	733,844
825,872	87.0	69.39	37.51	949,226	2.2	2.5	80.5	0.9	10.7	10.9	80.2	158.5	83.2	916,559
17,386	1.7	214.63	176.78	1,029,712	0.6	5.6	74.9	0.1	6.7	332.8	79.0	78.2	5.1	548,858
1,192	0.1	32.57	5.54	1,196,133	0.3	2.9	0.0	0.0	1.7	205.2	0.0	226.4	0.0	507,120
11,609	4.4	72.03	38.92	262,854	2.4	2.5	94.7	1.3	16.6	3.5	101.1	117.4	94.6	280,668
8,148	4.4	73.53	39.81	183,334	0.7	1.2	61.7	0.2	23.0	19.1	87.5	206.4	9.9	115,597
617	2.0	32.43	15.01	30,787	3.3	3.9	104.8	1.3	(15.1)	43.6	105.8	113.3	87.4	20,164
2,570	9.9	63.02	28.39	26,037	0.2	0.6	118.6	0.0	(3.6)	19.9	155.0	360.1	17.0	100,252
99	0.1	196.39	161.87	179,661	3.1	3.6	90.8	1.4	19.3	54.2	99.8	95.1	99.8	136,876
201,629	89.0	81.20	45.74	226,654	5.6	18.2	123.4	1.8	(26.6)	578.6	125.5	94.3	20.6	26,519
111,293	48.1	139.18	90.73	231,388	2.4	8.1	171.3	0.6	(32.5)	341.9	174.6	95.0	20.0	81,088
329,429	83.2	80.26	44.67	395,770	6.4	23.1	168.7	1.5	(66.0)	831.0	171.9	87.6	15.0	40,163
39	0.1	222.74	176.60	47,727	0.2	0.7	(26.1)	0.0	(2.6)	25.1	(0.1)	175.9	5.9	158,924
82,516	6.1	113.15	65.01	1,348,671	4.2	4.5	102.5	1.7	2.9	23.3	102.8	51.5	93.6	758,062
1,382	100.0	117.52	18.45	1,382	0.0	0.1	(99.9)	0.0	(10.6)	3.3	(83.4)	999.9	(99.9)	43,268
4	0.0	347.44	6.44	1,763,540	2.1	2.1	80.2	0.6	11.9	0.0	92.1	156.8	9.3	282,716
180,511	91.6	71.33	42.97	197,165	3.9	5.1	113.6	1.8	(44.3)	36.6	114.0	122.4	67.1	93,357
313	0.3	61.78	47.70	106,586	7.8	9.3	116.0	2.9	(35.1)	40.5	117.3	100.4	72.9	33,168
401,030	44.6	126.63	80.89	898,357	5.6	15.2	131.6	1.6	(25.1)	663.2	133.8	49.4	30.8	169,245
279,423	3.0	87.89	58.68	9,231,482	0.6	0.6	100.5	0.3	1.4	1.7	114.0	100.7	94.8	33,352,437
53,609	21.0	135.71	88.74	254,754	3.1	8.9	140.5	1.0	(32.3)	316.2	145.4	89.5	26.5	68,926
1,294,053	77.8	92.39	67.35	1,662,599	6.1	8.7	111.6	2.9	(29.6)	109.7	112.8	103.7	65.1	378,750
27,568	98.1	55.33	31.36	28,106	1.8	2.5	99.4	0.9	3.4	27.0	99.2	142.8	67.7	26,194
145,132	1.8	63.48	43.67	7,851,050	2.2	2.3	99.4	1.1	7.7	7.8	102.9	124.1	97.7	6,805,557
60,439	1.2	68.80	48.89	5,041,302	3.1	3.3	96.8	1.7	10.8	8.0	100.2	121.9	95.9	3,000,787
24,436	30.8	60.33	35.31	79,435	0.9	1.1	180.8	0.3	(23.6)	8.6	187.2	197.9	42.2	127,143
40,263	33.7	84.62	49.44	119,512	5.4	6.6	201.0	1.5	(76.9)	65.3	187.8	52.0	36.2	29,661
371	0.1	43.48	11.82	406,800	0.3	0.3	0.0	0.0	1.4	0.0	0.0	252.6	0.0	354,696
5,765	2.8	71.71	27.16	203,105	4.5	6.0	91.7	2.1	16.4	65.0	95.3	102.2	51.7	49,670
191	0.0	(75.85)	(87.97)	389,502	1.5	2.2	(99.9)	0.0	25.6	67.2	(99.9)	93.2	0.0	204,756
184	0.7	999.99	999.99	27,126	2.9	3.5	104.3	1.2	(5.9)	37.4	105.8	114.8	84.9	23,603
17,676	13.8	71.37	43.36	127,820	3.3	3.4	105.0	1.4	17.4	9.1	109.6	135.3	99.6	149,483

(Continued from page 41)

in 2021 and Florida Specialty Insurance in 2019. None of the insolvent companies was rated by AM Best at the time of insolvency.

A variety of insurance ratios measure company performance in different categories. Ratios that compare premium written to policyholder surplus are known as leverage ratios. Those include:

- Gross leverage ratio is the sum of net leverage and ceded reinsurance leverage. Gross leverage ratios range from sub-1 to 27 for insurers reporting homeowners coverage in Florida.
- Net leverage ratios are the sum of a company's net premiums written and net liability ratios. Net leverage ratios range from sub-1 to 13 for insurers writing homeowners coverage in Florida.

Current liquidity measures the proportion of liabilities covered by unencumbered cash and unaffiliated investments excluding real estate. Liquidity ratios range from low single digits to well beyond 100% for insurers writing homeowners coverage in Florida.

Each year, insurers operating in the Sunshine State cede billions of premium dollars in reinsurance. Business retention rates, defined as the percentage of a company's gross writings that are retained for its own account, range from low single digits to 100%. Much of Florida's reinsurance support comes from reinsurers based in Bermuda. "Florida and Bermuda are connected virtually at the hip," RenaissanceRe Senior Vice President and Chief Underwriting Officer for Property Justin O'Keefe said.

The reinsurance recoverables to policyholder surplus ratio measures insurers' dependence on reinsurance and their potential exposure to reinsurance collectability issues. Reinsurance recoverables to PHS ratios range from zero to multiple hundreds of percent for insurers writing homeowners coverage in Florida.

In a related note, AM Best in September 2022 published a commentary, *Reinsurer Losses Related to Florida Specialists Continue to Climb Despite No Significant Storms.* Shortly after the report was issued, Hurricane Ian made landfall in southwest Florida with 150 mph winds. The (re)insurance industry expects losses of tens of billions of dollars from wind, storm surge and flood damage.

AM Best defines Florida personal property specialists as regional insurers domiciled in Florida with predominate exposures to Florida personal property insurance. The commentary found "Florida's personal property specialists show a significantly higher dependency on reinsurance than the industry average," and "reinsurance recoverable and ceded premiums among this group were 5.7 times policyholder surplus level in 2021, compared with an industry average of only 0.5 times."

Three ratios measure insurers' ability to generate underwriting profitability:

- The combined ratio after policyholder dividends measures a company's overall underwriting profitability. A combined ratio of less than 100 indicates the company has reported an underwriting profit. Combined ratios for insurers writing homeowners coverage in Florida for 2021 range from well below 100 to multiple hundreds.
- The operating ratio measures a company's overall operating profitability from underwriting and investment activity. An operating ratio of more than 100 indicates a company is unable to generate profits from its underwriting and investment activities. Operating ratios for insurers writing homeowners coverage in Florida range from well under 100 to multiple hundreds.
- Total return on PHS measures a company's overall after-tax profitability from underwriting and investment activity, divided by the mean of prior and current year-end surplus. This measure includes capital gains/losses. Total return on PHS ratios for carriers writing homeowners in Florida range from well below zero to more than 47.

Insurance companies reporting premium for homeowners multiperil in Florida in 2021 are listed in the accompanying table, along with a selection of ratings, data and ratios.

Companies are listed in alphabetical order, with their single company rank by market share reported in an interior column. Information in the exhibit on homeowners multiperil coverage is drawn from BestLink. BR

Insurance Industry Events Swing Back Into Action

The insurance industry looks forward to a busy schedule of in-person events in 2023. The schedule includes Riskworld in Atlanta, Georgia, in late April/early May and InsureTech Connect in Las Vegas, Nevada, in late October/early November.

Schedule of Popular Insurance Events

Dates	Name	Organization	Type	Location
Jan. 6-11	American Farm Bureau Convention	American Farm Bureau Federation	Live	San Juan, PR, USA
Jan. 18	St. John's Insurance Leader of the Year Award Dinner	St. John's University	Live	New York, NY, USA
Jan. 22-24	2023 January Large Agents Conference	ALTA	Live	Scottsdale, AZ, USA
Feb. 1-3	World Captive Forum	Business Insurance	Live	Miami, FL, USA
Feb. 5-7	APCIA Emerging Leaders Conference	APCIA	Live	Charleston, SC, USA
Feb. 7-8	Verisk Elevate	Verisk (formerly AIR Worldwide)	Live	Salt Lake City, UT, USA
Feb. 10	Artemis ILS	Artemis	Live	New York, NY, USA
Feb. 14-15	PLUS D&O Symposium	PLUS	Live	New York, NY, USA
Feb. 14-16	NAMIC Claims Conference	NAMIC	Live	Orlando, FL, USA
Feb. 26-March 1	ReFocus Conference	ACLI	Live	Las Vegas, NV, USA
Feb. 27-March 2	RAA Cat Risk Management Conference	Reinsurance Association of America (RAA)	Live	Orlando, FL, USA
March 5-7	2023 CICA International Conference	Captive Insurance Companies Association	Live	Rancho Mirage, CA, USA
March 8-10	NAMIC Commercial & Personal Lines Seminar	NAMIC	Live	Chicago, IL, USA
March 22-25	NAIC Spring Meeting	NAIC Spring Meeting	Live	Louisville, KY, USA
April 2-5	WSIA Insurtech Summit	WSIA	Live	Nashville, TN, USA
April 11-14	Verisk Envision 2023	Verisk (formerly AIR Worldwide)	Live	Scottsdale, AZ, USA
April 13-14	FAIA Sales and Leadership Conference	Florida Association of Insurance Agents (FAIA)	Live	Tampa, FL, USA
April 18-20	Global Insurance Symposium	GIS	Live	Des Moines, IA, USA
April 23-25	Auto Insurance Report National Conference 2023	Risk Information	Live	Dana Point, CA, USA

Photo by Edem Kuenyehia

Dates	Name	Organization	Type	Location
April 24-26	2023 Life Insurance and Annuity Conference	LIMRA	Live	Salt Lake City, UT, USA
April 30-May 3	IMUA 92nd Annual Conference	Inland Marine Underwriters Association	Live	Tucson, AZ, USA
April 30-May 3	Riskworld	Risk & Insurance Management Society	Live	Atlanta, GA, USA
May 1-3	2023 Mid-Year Meeting	Target Markets	Live	Boston, MA, USA
May 30-June 1	InsureTech Connect Asia	InsureTech Connect	Live	Singapore
June 4-7	IASA Xchange	IASA	Live	Minneapolis, MN, USA
June 4-7	National Flood Conference	APCIA	Live	Washington, DC, USA
June 6-8	Meeting of Reinsurance Officials (MORO) 2023	ICMIF	Live	Des Moines, IA, USA
June 7-8	InsurTech Insights Americas	InsurTech Insights	Live	New York, NY, USA
June 13-15	AHIP 2023	AHIP	Live	Portland, OR, USA
June 19-21	AIRMIC Conference 2023	AIRMIC	Live	London, England
June 25-28	Management Conference	NAMIC	Live	Quebec City, Quebec, Canada
July 16-18	2023 Compliance & Legal Sections Annual Meetng	American Council of Life Insurers	Live	Las Vegas, NV, USA
July 19-23	NCOIL Summer Meeting	NCOIL	Live	Minneapolis, MN, USA
July 25-27	Re Contracts	Reinsurance Association of America (RAA)	Live	New York, NY, USA
Aug. 7-9	2023 LIMRA Advanced Sales Forum	LIMRA	Live	Chicago, IL, USA
Aug. 7-10	VCIA 2023 Conference	Vermont Captive Insurance Association	Live	Burlington, VT, USA
Aug. 10-11	GIS Leadership Symposium	Gamma Iota Sigma	Live	Columbus, OH, USA
Aug. 10-12	Summer Leadership Conference	Florida Association of Insurance Agents (FAIA)	Live	Palm Coast, FL, USA
Aug. 13-17	NAIC Summer Meeting	NAIC	Live	Seattle, WA, USA
Sept. 9-13	Les Rendez-Vous de Septembre	Les Rendez-Vous de Septembre	Live	Monte Carlo, Monaco
Sept. 11-13	Bermuda Captive Conference	Bermuda Business Development Agency	Live	Bermuda
Sept. 11-14	RIMS Canada Conference	RIMS	Live	Ottawa, Ontario, Canada
Sept. 17-20	WSIA Annual Marketplace	WSIA	Live	San Diego, CA, USA
Sept. 17-20	NAMIC Annual Convention	NAMIC	Live	National Harbor, MD, USA
Sept. 29-Oct. 3	Insurance Leadership Forum	Council of Insurance Agents and Brokers	Live	TBD
Oct. 16-18	23rd Annual Summit	Target Markets	Live	Scottsdale, AZ, USA
Oct. 22-24	LIMRA Annual Conference	LIMRA	Live	National Harbor, MD, USA
Oct. 22-26	Baden-Baden Reinsurance Meeting	Baden-Baden Kur & Tourismus	Live	Baden-Baden, Germany
Oct. 31-Nov. 2	InsureTech Connect	InsureTech Connect	Live	Las Vegas, NV, USA
Nov. 15-18	NCOIL Annual Meeting	NCOIL	Live	Columbus, OH, USA
Nov. 28-30	Cayman Captive Forum	Insurance Managers Association of Cayman	Live	Grand Cayman, Cayman Islands
Nov. 28-30	ICMIF Americas Conference 2023	ICMIF	Live	Belo Horizonte, Brazil
Dec. 4-6	PLUS Conference	PLUS	Live	Las Vegas, NV, USA

Source: Event hosts. Visit *www.ambest.com/calendar* for a full list of upcoming insurance events.

AM Best: Opportunities Arise for MENA Reinsurers, Amid Divergent Economic Conditions

Longer-term prospects for the reinsurance market may transpire from growing product offerings in primary markets.

Editor's Note: The following is an excerpt from *Best's Market Segment Report: Opportunities Arise for MENA Reinsurers, Amid Divergent Economic Conditions*. Visit *www.ambest.com* to access the full report.

Principal Takeaways

- Hardening reinsurance market conditions in the region, as well as changes in reinsurers' appetites as to where they deploy their capital, have sustained the positive price momentum over recent renewal seasons.
- Reinsurance capacity in the region continues to be highly changeable and dynamic, sourced through global reinsurance players, regionally domiciled reinsurers, and reinsurance groups from Africa and Asia.
- Divergent economic conditions are expected to continue across the region for oil-exporting and oil-importing countries.
- Operational challenges and deteriorating country risk landscapes in several countries have weighed negatively on AM Best's view of the financial strength of the reinsurers domiciled and operating there.

Hardening markets conditions over 2021 continued to benefit regional reinsurers domiciled in the Middle East and North Africa (MENA). Positive pricing momentum has been maintained over recent renewal seasons, driven by changes in the region's reinsurance capacity providers, rising claims inflation, elevated frequency of large loss events and improved market discipline. Current market conditions contrast to the persisting soft market experienced in the region prior to 2020, themselves a by-product of plentiful capacity and high levels of price competition.

The reinsurance pricing environment in the MENA region reflects both regional drivers, such as recent underwriting performance strains, as well as global reinsurance trends, and are a clear tailwind for reinsurance providers in the region. In general, AM Best views the region as having good reinsurance growth potential, supported by rebounding economic activity, the extraction of natural resources, and intentions to increase insurance penetration across the region.

However, MENA reinsurers are facing fresh and varying challenges, from supply chain disruptions and inflationary pressures to elevated economic, financial and political instability in certain markets. AM Best notes that the region is not homogenous, and that what is a positive driver for one market, such as buoyant oil prices, can be a negative contributor for others, and consequently for the regional reinsurers operating there. In this context, AM Best views deteriorating country risk factors in several of the region's markets as a negative credit trend.

Over 2021, the MENA region experienced a general improvement in economic conditions as countries rebounded following the COVID-19 pandemic.

In AM Best's view, this provided a solid platform for (re)insurance market opportunities. In March 2022, AM Best revised its market segment outlook on the Gulf Cooperation Council (GCC)—a significant, and largely oil-reliant, sub-section of the MENA region—to Stable from Negative owing to rallying oil prices driving economic recovery, increased opportunities for insurance sector growth and recovering financial markets. Several of the economies in the region are heavily reliant on hydrocarbon industries.

The current buoyant oil price environment, attributable to supply concerns amid excess demand for oil and energy linked to post-pandemic activity and disruption caused by Russia's invasion of Ukraine, is expected to have a substantial impact on the region's economies. Insurance markets in the region are reliant on government spending—notably from infrastructure projects—for a sizable share of premium growth. These risks are typically heavily ceded by primary insurers to reinsurance partners, and have provided profitable underwriting opportunities for the region's reinsurers. BR

Best's Rankings

Largest MENA Insurers – 2023 Edition

Ranked by 2021 gross premiums written.

(US$ Thousands)

Rank	Company	AMB#	Country of Domicile	Gross Premiums Written	Capital & Surplus
1	Harel Ins Co Ltd.	088583	Israel	$4,813,382	$1,942,163
2	Migdal Ins Co Ltd	086742	Israel	4,238,244	2,637,437
3	Phoenix Ins Co Ltd	071355	Israel	3,644,108	2,122,668
4	Qatar Ins Co Q.S.P.C.	078335	Qatar	3,499,416	2,329,512
5	Clal Ins Co Ltd	086738	Israel	3,457,513	2,189,440
6	BUPA Arabia for Cooperative Ins Co	090701	Saudi Arabia	3,039,160	1,120,113
7	Co for Cooperative Ins	085885	Saudi Arabia	2,728,470	811,460
8	Menorah Mivtachim Ins Co Ltd.	088582	Israel	2,100,542	820,621
9	Gulf Ins Group K.S.C.P.	090842	Kuwait	1,826,967	830,983
10	Orient Ins PJSC	078593	United Arab Emirates	1,363,564	1,013,885
11	Abu Dhabi Natl Ins Co PJSC	085825	United Arab Emirates	1,161,964	770,976
12	Ayalon Ins Co Ltd	086737	Israel	1,062,239	201,798
13	Turkiye Sigorta A.S.	084967	Turkey	1,055,823	393,374
14	WAFA Assur	091808	Morocco	994,146	674,703
15	Anadolu Anonim Turk Sigorta Sirketi	084959	Turkey	964,670	317,751
16	Oman Ins Co P.S.C.	078177	United Arab Emirates	963,615	606,896
17	Allianz Sigorta A.S.	084964	Turkey	885,494	414,432
18	Al Rajhi Co for Cooperative Ins	091869	Saudi Arabia	736,838	339,214
19	Gulf Ins Group (Gulf) B.S.C. (c)	090814	Bahrain	633,272	377,673
20	Aksigorta A.S.	084956	Turkey	627,908	113,253
21	Walaa Cooperative Ins Co	090704	Saudi Arabia	624,492	216,445
22	SAHAM Assur Maroc	078961	Morocco	614,840	520,201
23	AXA Assurance Maroc	078564	Morocco	608,960	470,925
24	Medgulf KSA	088904	Saudi Arabia	597,094	270,921
25	AtlantaSanad Assur	090319	Morocco	590,741	405,778
26	Misr Ins Co	085257	Egypt	553,553	1,451,457
27	AXA Sigorta A.S.	083738	Turkey	532,294	300,335
28	Hachshara Ins Co, Ltd.	094373	Israel	513,139	119,299
29	Misr Life Ins Co	092571	Egypt	491,516	544,955
30	HDI Sigorta A.S.	083228	Turkey	432,081	113,763

Source: BESTLINK; data as of Nov. 30, 2022.

India's Regulator Unveils 'Insurance for All' Reforms

The regulator is seeking to "create a progressive, supportive, facilitative and forward looking regulatory environment" that will be more competitive, with more choices and affordability for policyholders.

by David Pilla

India's insurance regulator unveiled an "insurance for all" strategy with the goal of allowing every citizen access to life, health and property insurance within the next 25 years.

Every enterprise in India will also have access to insurance solutions and the Indian insurance market will be made more attractive worldwide by 2047 through an effort launched by the Insurance Regulatory and Development Authority of India, the regulator said in a statement. The regulator is seeking to "create a progressive, supportive, facilitative and forward looking regulatory environment" that will be more competitive, with more choices and affordability for policyholders, the IRDAI said.

The regulator said its reform agenda follows the government's aim to create financial inclusion while accelerating reforms.

Among proposals approved at the IRDAI's recent annual meeting, the insurer registration process will allow freer opportunities to invest in insurers.

Corporate agents will be allowed to partner with as many as nine insurers rather than the current limit of three, and insurance marketing firms can partner with six insurers rather than the current limit of two, said the IRDAI.

The regulator said it is loosening its regulatory sandbox limits by allowing insurers and intermediaries up to 36 months to experiment with ideas and products rather than the previous six-month limit. The sandbox will also allow for a review of rejected applications.

The IRDAI said it is also getting rid of certain restrictions on other forms of capital such as

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subordinated debt and preference shares and raising the threshold limits for such capital.

Proposed reinsurance regulatory changes in India would help create a more open market in the country but Europe's industry trade group said there would still be unnecessary restrictions on foreign reinsurers.

Insurance Europe's Reinsurance Advisory Board welcomes an exposure draft by the Insurance Regulatory and Development Authority of India on proposed draft amendments to its reinsurance regulations, which include changes on an order of preference that would work toward a more open and balanced reinsurance market, it said at the time.

The IRDAI earlier released the exposure draft on reinsurance rules that propose changes affecting how reinsurance is regulated in the country. BR

Best's Rankings

Largest India Insurers — 2023 Edition

Ranked by 2021 gross premiums written.

(US$ Thousands)

Rank	Company/Group	AMB#	Gross Premiums Written	Capital & Surplus
1	Life Ins Corp of India	085485	$56,683,347	$1,378,482
2	SBI Life Ins co Ltd.	090253	7,781,539	1,539,143
3	HDFC Life Ins Co Ltd	077629	6,086,857	2,050,799
4	Gen Ins Corp of India	086041	5,722,096	7,594,922
5	ICICI Prudential Life Ins Co Ltd	089580	4,960,570	1,213,464
6	New India Assur Co Ltd	086043	4,878,009	5,166,297
7	Max Life Ins Co Ltd	078465	2,968,309	423,228
8	ICICI Lombard General Ins Co Ltd	078522	2,458,219	1,253,973
9	Bajaj Allianz Life Ins Co Ltd	090263	2,135,706	1,448,626
10	United India Ins Co Ltd	085412	2,125,424	696,787
11	Oriental Ins Co Ltd	086044	1,934,206	898,348
12	Tata AIA Life Ins Co Ltd	090169	1,912,955	299,842
13	Agriculture Ins Co. of India Ltd.	090297	1,846,106	713,472
14	Bajaj Allianz General Ins Co	078529	1,825,953	1,168,326
15	HDFC ERGO Gen Ins Co Ltd	091786	1,815,237	473,766
16	Natl Ins Co Ltd	086042	1,814,449	764,681
17	Kotak Mahindra Life Ins Co Ltd	090261	1,723,592	581,324
18	Aditya Birla Sun Life Ins Co Ltd	090264	1,607,730	337,515
19	Star Health & Allied Ins Co Ltd	090649	1,518,108	613,249
20	Tata AIG Gen Ins Co Ltd	090168	1,415,121	593,953
21	Reliance Gen Ins Co Ltd	090260	1,258,729	311,577
22	SBI Gen Ins Co Ltd	091275	1,226,239	393,674
23	IFFCO TOKIO Gen Ins Co Ltd	088747	1,141,278	428,733
24	PNB MetLife India Ins Co Ltd	090262	973,131	179,345
25	Canara HSBC Oriental Bank Com Life Ins	091056	780,002	170,884
26	Go Digit Gen Ins Ltd	095983	697,593	261,966
27	IndiaFirst Life Ins Co Ltd	091014	686,857	65,324
28	Reliance Nippon Life Ins Co Ltd	090255	666,993	192,820
29	Cholamandalam MS General Ins Co Ltd	077802	642,806	263,697
30	Future Generali IN Ins Co Ltd	090666	557,577	167,410

Source: BESTLINK ; data as of Nov. 30, 2022.

AM Best: Numerous Pressures Create Tough Terrain for Personal Auto Insurers

Inflationary pressures, supply chain challenges and costly repairs of technologically advanced autos are combining to squeeze profit margins for U.S. personal auto insurers.

Editor's Note:The following is an excerpt from *Best's Market Segment Report: Numerous Pressures Create Tough Terrain for Personal Auto Insurers*. Visit *www.ambest.com* to access the full report.

Principal Takeaways

- Following a year when the industry's underwriting performance weakened, ongoing inflationary challenges and corresponding rate inadequacy led to significant deterioration in 2021 private passenger auto results—a trend that has continued through 2022.
- Recent profitability deterioration encompasses both liability and physical damage coverages.
- Factors leading to increased loss severity include higher fatality rates, increased repair costs for newer vehicles, higher used car prices, supply chain and labor market challenges, and rising medical costs.
- Auto insurers have encountered difficulties obtaining state regulatory approval for needed rate increases, compounding premium inadequacy.
- Digital and technological innovations have improved operations and risk management for auto insurers and should continue to provide benefits over the medium to long term.
- Insurers remain vigilant pursuing higher rates in response to loss cost pressures.

Inflationary pressures, supply chain disruptions, and higher costs associated with technological advancements are squeezing profit margins for private passenger (personal) auto insurers. Despite the best efforts of carriers to pursue rate increases and use available pricing tools more judiciously, personal auto insurers are having difficulty staying ahead of deteriorating severity trends. The direct incurred loss ratio through the first half of 2022 deteriorated by more than 13 percentage points compared with the first half of 2021. The 2021 six-month incurred loss ratio of 62.2 represented a return to levels experienced before the COVID-19 pandemic took hold in the U.S. The combination of government-imposed restrictions and employers moving to a remote environment resulted in significantly less traffic on U.S. roadways and a considerable drop in the loss ratio during the first half. As lockdowns ended and traffic levels increased, loss frequency returned to normal, contributing to the 75.4 incurred loss ratio for the first half of 2022, revealing just how rapidly loss-related factors have worsened.

The adverse loss severity trend is attributable to a combination of factors that have severely diminished prospects for near-term improvements:

- Rising medical costs for individuals injured in auto accidents
- Higher fatality rates from accidents
- Increased costs to repair newer, more sophisticated vehicles
- Supply chain delays and labor market challenges adding to rental car costs as policyholders wait for extended periods to have their cars repaired
- Higher used car prices

Insurers Seek Rate Adequacy

Carriers continue to pursue rate adequacy, but staying ahead of the current severity trends has been challenging. The process for filing for rate changes varies by regulatory jurisdiction and may be very time-consuming. With accelerated loss cost trends, many carriers have found effectively addressing rate needs in a timely fashion a challenge. The full-year 2021 underwriting results for private passenger auto insurers show that following positive trends in 2018 and 2019 and the pandemic-induced underwriting ratios that were more favorable than normal, results began reverting to a less favorable direction in 2021. The aggregate loss and loss adjustment expense (LAE) ratio for property/casualty carriers deteriorated in 2021, which led to a nine-point increase in the combined ratio. The 2021 loss and LAE ratio of 77.7 represented the worst result since 2017; however, it is only one point higher than the 76.6 average from 2011 through 2021. The recent results validate the notion that the improvement in underwriting results was curtailed in 2021. AM Best believes pressure on underwriting results will continue to be experienced over the near-term.

During the past decade, the loss experience for auto liability coverage has consistently been a little worse than the experience for physical damage coverages written by private passenger auto insurers. Higher average paid claims led to a consistent uptick in the auto liability loss and LAE ratio from 2012 to the high point during this period in 2016. However, in 2021, while auto liability results were largely in line with, if not better than, pre-pandemic results from 2018 and 2019, auto physical damage results moved the overall private passenger auto combined ratio higher. The industry's physical damage underwriting ratios (both the loss and LAE and combined ratios) in 2021 were worse than at any other time during the 2012-2020 period. This was influenced by a high degree of flood losses associated with Hurricane Ida. Over time, it appears that physical damage underwriting ratios generally fall within a relatively narrow range outside of the occasional spike driven by catastrophes. Newer vehicles with enhanced safety features are more commonplace and may ultimately have a favorable impact on loss frequency, but they also have higher repair costs. With access to both needed parts and qualified labor still constrained, despite the overall improvement in unemployment, the cycle time for auto repairs has lengthened considerably, resulting in additional loss cost pressures.

As of midyear 2022, according to the U.S. Department of Labor, the cost of motor vehicle parts and equipment was up by 13% year over year, indicating that the pressure on auto physical damage claim costs is increasing.

Deteriorating liability and physical damage results led to a more than $4.0 billion underwriting loss in 2021 for private passenger auto insurers. Net premiums earned for personal auto increased minimally, by 2.6%, in calendar year 2021, while net incurred losses jumped by over 24%. Loss adjustment and other underwriting expenses attributable to this line of business remained relatively static. BR

Maple Syrup Producers Concerned About Impacts of Climate Change

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

People love to put maple syrup on their breakfast pancakes, and it's almost time for producers to begin harvesting that sweet, sticky elixir. Producers collect the sap from sugar maple trees from February to April each year, but they are becoming concerned about the impacts climate change could have on their industry.

Changing weather patterns are resulting in earlier and more unpredictable tapping seasons, according to the Ontario Maple Syrup Producers' Association. Very short production seasons are likely to become more frequent, and the availability of labor is likely to be impacted as a result of the seasonal fluctuations.

"Syrup producers are also concerned about the impacts that extreme weather events, such as wind and ice storms, may have on the health of their sugarbushes," the U.S. Department of Agriculture said in a report on the issue. "In adapting the maple industry to climate change, it will be important to utilize and promote adaptation strategies that can meet immediate as well as long term needs."

David Lutz, a research assistant professor of environmental studies at Dartmouth College, told *Forbes* in 2019 that maple syrup producers may want to adapt their technologies and collections logistics sooner rather than later to tackle the issues likely caused by climate change.

The OMSPA recommends in its report that producers should invest in technology to reduce the amount of sap that needs to be boiled and use electric tools such as chainsaws and utility task vehicles to reduce the use of secondary fuels. It says that in the United States, the Proctor Maple Research Center at the University of Vermont is exploring the use of technology to produce better yields.

Best's Underwriting Reports has identified eight lines of coverage for maple syrup producers and has ranked the risk exposures associated with the challenges facing the industry.

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

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

Best's Hazard Index

Line of Coverage	Best's Hazard Index
Property	7
General Liability: Products - Completed Operations	5
Business Interruption	5

Lines of Coverage

Property

The Property exposure for maple syrup producers will be substantial. Fire is the biggest source of loss for this industry because boiling and other heating processes are typical steps in making maple syrup. Most sugarhouses (i.e., buildings where maple syrup is produced) are made of wood, and many are located in or near the maple grove where sap is collected. Given the high temperatures at which the sap must be boiled, and the subsequently high chance of fire in a wooden building located amid trees, there will be a possibility of a catastrophic loss.

General Liability: Products - Completed Operations

The General Liability: Products — Completed Operations exposure for maple syrup producers will be moderate. Pure maple syrup has a fairly long shelf life if properly produced and packaged. Possible causes of loss and complaints from consumers could include foreign bodies, such as pieces of bark, small insects or other microorganisms in the product, and chipped or cracked bottles or other defective containers (such as decorative tins).

Business Interruption

The Business Interruption exposure for maple syrup producers will be moderate. In the rare instance that an insured's entire sugarbush (i.e., orchard) burns down, the loss would likely be total. A more likely exposure is damage to or the loss of the insured's sugarhouse (i.e., where maple syrup is made through processes that generally require high heat). Most losses will occur during the peak sugaring season, roughly from February into April (depending upon the local climate), because that is the only time the sugarhouse, with its heat-producing equipment, is in use.

Loss Control

On-Site Inspection:

- What are the age, construction and condition of the insured's building(s)?
- Are hazards posed by any adjacent buildings?
- What is the insured's layout?
- Where is the sugarhouse (i.e., building where maple syrup is produced) located? How close is the structure to a water source that could be used for firefighting?
- Types and amounts of products made and sold by the insured
- Does the insured also sell other edible items, such as pancake mixes, cheeses and crackers, and gift baskets with gourmet foods?
- Production equipment—number, age, type, condition
- Does the insured operate a retail store or a roadside stand on the premises?
- What type of equipment does the insured use as part of its operation?
- What is the construction of the insured's sugarhouse? BR

—Anthony Bellano

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

California Grants Allstate First Auto Rate Hike in Nearly Five Years

Private passenger auto rate hikes slowed dramatically in 2020 in California and ground to a halt in 2021, AM Best state rate data shows.

The California Department of Insurance, which had been withholding action on automobile insurance rate requests since the early weeks of the COVID-19 pandemic, has approved a 6.9% personal auto rate increase for an Allstate subsidiary.

The increase, sought by Allstate Northbrook Indemnity Co., was the first California auto rate increase for Allstate in almost five years, the company said.

Insurance Commissioner Ricardo Lara earlier said he has been holding off on rate requests for private passenger auto as he claimed a number of carriers overcharged consumers who cut back on their driving during the pandemic. Insurers facing higher claims costs have sought widespread increases because of increased claims severity, but Lara pushed back.

Allstate said the company worked closely with the department to obtain approval for the rate hike, adding the company believes it is "a positive first step to address auto profit challenges in California."

Earlier, CDI spokesman Michael Soller said Lara was holding off on auto rate changes because he wanted to protect consumers and hold carriers to account.

"Many private passenger auto insurers … overcharged their policyholders during the pandemic and haven't given enough back to consumers," Soller said in August. "The California Department of Insurance is reviewing data from auto insurance companies deemed to have the largest gaps between what was owed and has been refunded to determine how best to close the gap on auto-insurance premiums owed to drivers." BR

– Timothy Darragh

For the full list or to get more on this and other state rate filings, visit Best's State Rate Filings.

Best's Rankings

California Private Passenger Filings by Rate Impact Greater Than 1%

Based on disposition dates from Jan. 1 to Dec. 31 covering years 2020 and 2021. For 2022, disposition date was from Jan. 1 to Dec. 1.

2022

Group	Company Name	AMB#	Overall % Rate Impact	Program	Disposition Date	Effective Date
Allstate Ins Group	Allstate Ins Group	000008	6.90%	Various Sublines	10/30/2022	12/28/2022
Allstate Ins Group	Allstate Northbrook Indemnity Co	003791	6.90%	Various Sublines	10/30/2022	12/28/2022

2021

Group	Company Name	AMB#	Overall % Rate Impact	Program	Disposition Date	Effective Date

2020

Group	Company Name	AMB#	Overall % Rate Impact	Program	Disposition Date	Effective Date
Hartford Ins Group	Hartford Ins Group	000048	4.90%	Mature/Senior Operators	5/20/2020	5/20/2020
Hartford Ins Group	Trumbull Ins Co	002610	4.90%	Mature/Senior Operators	5/20/2020	5/20/2020
Hartford Ins Group	Hartford Ins Group	000048	3.70%	Mature/Senior Operators	5/20/2020	5/20/2020
Hartford Ins Group	Hartford Underwriters Ins Co	002232	3.70%	Mature/Senior Operators	5/20/2020	5/20/2020
Markel Corp Group	Markel Corp Group	018468	12.30%	RVs/Motor Homes/ Travel Trailers	4/7/2020	4/1/2020
Markel Corp Group	Markel Amer Ins Co	000602	12.30%	RVs/Motor Homes/ Travel Trailers	4/7/2020	4/1/2020
Markel Corp Group	Markel Corp Group	018468	12.30%	Motorcycles	4/7/2020	4/1/2020
Markel Corp Group	Markel Amer Ins Co	000602	12.30%	Motorcycles	4/7/2020	4/1/2020
CSE Ins Group	CSE Ins Group	003023	9.90%	Various Sublines	3/30/2020	4/1/2020
CSE Ins Group	CSE Safeguard Ins Co	001963	9.90%	Various Sublines	3/30/2020	4/1/2020
CSE Ins Group	CSE Ins Group	003023	9.90%	Various Sublines	3/30/2020	4/1/2020
CSE Ins Group	CSE Safeguard Ins Co	001963	9.90%	Various Sublines	3/30/2020	4/1/2020
Mercury Gen Group	Mercury Gen Group	004524	3.00%	Non-Standard	3/20/2020	3/20/2020
Mercury Gen Group	Orion Indemnity Co	000980	3.00%	Non-Standard	3/20/2020	3/20/2020
Auto-Owners Ins Group	Auto-Owners Ins Group	004354	6.90%	Various Sublines	3/17/2020	3/17/2020
Auto-Owners Ins Group	California Capital Ins Co	003136	6.90%	Various Sublines	3/17/2020	3/17/2020
Auto-Owners Ins Group	Eagle West Ins Co	003125	6.90%	Various Sublines	3/17/2020	3/17/2020
Kemper PC Companies	Kemper PC Companies	018908	5.84%	Various Sublines	3/13/2020	3/13/2020
Kemper PC Companies	Alliance United Ins Co	012207	5.84%	Various Sublines	3/13/2020	3/13/2020
Tokio Marine US PC Group	Tokio Marine US PC Group	018733	6.20%	Various Sublines	2/11/2020	2/11/2020
Tokio Marine US PC Group	Tokio Marine America Ins Co	012340	6.20%	Various Sublines	2/11/2020	2/11/2020
Tokio Marine US PC Group	Trans Pacific Ins Co	002882	6.20%	Various Sublines	2/11/2020	2/11/2020
	Aegis Security Ins Co	003716	14.80%	Motorcycles	3/2/2020	11/1/2019
Progressive Ins Group	Progressive Ins Group	000780	4.20%	RVs/Motor Homes/ Travel Trailers	2/4/2020	2/4/2020
Progressive Ins Group	Progressive Cas Ins Co	002407	4.20%	RVs/Motor Homes/ Travel Trailers	2/4/2020	2/4/2020
Progressive Ins Group	Progressive Direct Ins Co	000649	4.20%	RVs/Motor Homes/ Travel Trailers	2/4/2020	2/4/2020
	Aspire Gen Ins Co	022030	11.50%	Various Sublines	1/15/2020	1/15/2020
	Sterling Casualty Ins Co	013808	4.60%	Various Sublines	1/13/2020	1/13/2020

Source: Best's State Rate Filings; data as of Dec. 2, 2022.


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Author: Cyber Insurance Ineffective in Curbing Cybersecurity Losses

Josephine Wolff examines how insurers and others can make cyber insurance a more effective cyberrisk management tool.

Cyberinsurance Policy: Rethinking Risk in an Age of Ransomware, Computer Fraud, Data Breaches, and Cyberattacks

The number of data breaches and other types of cybersecurity incidents continues to rise, and many businesses are turning to cyber insurance to provide coverage for any resulting liability, business interruption, regulatory fines and repairs to result from those attacks.

But while cyber insurance is a vital tool in providing those coverages, it has neither improved cybersecurity nor reduced cyberrisk, said Josephine Wolff, an associate professor of cybersecurity policy at the Fletcher School of Law and Diplomacy at Tufts University, in her book, *Cyberinsurance Policy: Rethinking Risk in an Age of Ransomware, Computer Fraud, Data Breaches, and Cyberattacks*.

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

Why do you believe cyber insurance has not improved cybersecurity or curbed those losses?

This is one of the most controversial parts of the book and it's something I think insurers feel is a lot to put on them. I've had insurers say, "Why should we be improving cybersecurity? That's not our job. Our job is to spread losses so nobody goes bankrupt responding to a cyberattack."

One of the problems we have in cybersecurity is there is a very small set of incidents that must be reported. We don't know where these attacks are happening, how frequently and how much they cost.

Insurers collect data about their customers and the losses and claims they file. Insurers say they can use that data to generate empirically grounded results about what people should be doing for cybersecurity. Also, they believe policy renewal is a good time to find effective security practices, such as "if you want to renew a policy, you have to implement these 10 things that we found work to drive down the rate of cyberattacks." That's the piece of this that has been missing for many years.

What can insurers, governments, and others do to make cyber insurance a more effective tool for cyberrisk management?

It's important for those buying and selling cyber insurance to have more clarity and certainty about what it does and doesn't cover. It's about concretely specifying what's an act of war when talking about cyberspace, or what's going to be excluded as a state-backed cyberattack.

It's also about questions like: What is a computer crime? What kinds of cyber-related risks will be covered under each piece of these policies? BR

—Lori Chordas

AM Best TV

Visit *bestsreview.ambest.com* to watch the interview with Josephine Wolff.

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

The General: App Helps Make Car Insurance Choices Amid Inflation

The General hopes to reduce its own expenses allowing people to self-manage their car-insurance-buying experience.

Car Insurance App

In inflationary times, one of the biggest concerns insurers and their policyholders have is rising car insurance premiums. Cars cost more to repair and parts can be more difficult to get amid supply chain disruptions.

Shanna Barlow, manager of digital products at The General, an agency that focuses on auto insurance and a subsidiary of PGC Holdings Corp., an affiliate of American Family Insurance, spoke about her company's app and how it's intended to make the whole car-insurance-buying experience more efficient, as well as serve as a model for an industry that's working to hold the line on premiums. Following is an edited transcript of the interview.

What is the inspiration for the app?

The inspiration for the app is really quite basic: to make things and processes easier for customers. We want to be there to serve our clients and our customers where they want to do business with us, when they want to do business with us.

How does the app automate claims processing and streamline the whole insurance purchasing process?

From a claims perspective, our customers have the ability to go out and submit their first notice of a loss. When they do have a claim, they can easily access our app and their policy information.

How is The General specifically equipped to provide this tool?

Specifically, we do have some technologies that are at play, but mostly it's around the data prefill that we have for our customers. Enabling our customers to log in through very simple means, whether that's their password and ID, or fingerprint ID, or social logins. Making that intuitive to access our authenticated space.

From a business standpoint, this obviously helps The General because it makes it more accessible for everybody to purchase insurance. Is that fair to say?

It does help The General in twofold, that we do see some growth in the sales application for that, in addition to allowing our customers to self service when they want, how they want. It really does help us reduce overall expenses inside the company, as well as provide valuable benefits for our customers that they want and that they've asked for.

Given the situation with inflation and the rise in premiums, how does it help in that regard?

Having that automation at hand really does help facilitate that process and close our window from a claims perspective of how long those are open and get our claim adjusters the information that they need right away in order to continue to process that claim. BR

—Tom Davis

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

AM Best TV

Visit *bestsreview.ambest.com* to watch the interview with Shanna Barlow.

Automaker Initiatives Remain at Top of List of *Best's Review* Articles

Other trending content includes top global brokers, coverage of industry layoffs and Berkshire Hathaway's third-quarter underwriting loss.

Trending: *Best's Review*


Automakers

1. Automakers Build New Insurance Future
2. Whittling Down: In 2023, Cuna Mutual Group Prepares to Rebrand and Focus on Middle Market
3. Top Global Insurance Brokers — 2022 Edition
4. At a Glance — Auto Insurance Initiatives
5. Top 25 US Commercial Auto Writers —2022 Edition

Trending: BestWire $


Layoffs

1. Kemper Lays Off 3% of Workforce, Cites Inflation and Other COVID-19 Impacts
2. Best's Rankings: Progressive Surpasses State Farm to Become Largest US Total Auto Writer in 2021
3. Berkshire Hathaway 3Q Insurance Underwriting Loss Widens to $962 Million, Led by Geico
4. Cincinnati Financial Posts $418 Million Third-Quarter Net Loss on Stock Valuation Drop, Combined Ratio Up Due to Hurricane Ian
5. Florida Citizens Reports $3.8 Billion in Ian Losses; NFIP Losses Could Reach $5.3 Billion

Trending: AM Best Webinars

Risk

1. How Imagery Models Are Delivering Ground Level Truth for Underwriting Risk
2. How Insurers Are Improving Auto Claims Experience by Focusing on Customer Satisfaction
3. Working Together to Mitigate Nat Cat Risk in Challenging Climate Times
4. How Insurers Can Navigate Economic Downturns Through Modern Product Management
5. Generational Effects on Juries and Litigation Outcomes

Trending: AM Best TV - News Coverage


Cyber

1. Philly I-Day Cyber Panel: It's Less About the Information and More About Defenses
2. IOA's Bridges: Rates, Cyberrisk, Weather Challenge Agribusiness
3. IGI's Jabsheh: Reinsurers Coming to Grips With Volatility, Changing Risk Landscape
4. HSB's Riggs: Insurers Increasingly Employ Sensor Technology to Mitigate Risk
5. Conner Strong's Tiagwad Honored by Peers at ISOP Gala

These were the top trending items from Sept. 23-Nov. 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 *bestsreview.ambest.com*, or by visiting AM Best's home page at *www.ambest.com*.

$ Payment or subscription required.

Trending Research Includes Reports on Commercial Auto and ID Theft/Personal Cyber Coverage

Other trending research includes reports on the U.S. homeowners line, title insurance and private flood insurance.

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. ID Theft and Personal Cyber Coverage Becoming Essential $
4. Declining Yields Leading to P/C Insurers' Investments in Riskier Assets $
5. Private Placements, Structured Securities Now a Bigger Part of Fixed-Income Portfolios for Health Insurers $


Interest Rates

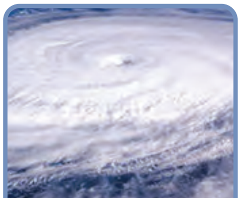
Trending: Best's Market Segment Reports

1. Hints of Trouble Resurface for Commercial Auto After Bright 2021 $
2. US Homeowners Line Well Capitalized but Weather Events Pose Significant Uncertainty $
3. Solid Results for Title Insurers Amid a Volatile Landscape $
4. US Workers' Compensation Generates Solid Profits but the Future Remains Uncertain $
5. NFIP Adrift but Private Flood Insurance Gains Traction $


Commercial Auto

Trending: Best's Commentary

1. Hurricane Ian Will Test Florida's New State-Run Reinsurance Program
2. Impact of Rising Interest Rates on Insurers' Balance Sheets Will Depend on Accounting Method Used
3. UK Life Insurers' Balance Sheets Resilient Amid Gilt Market Turbulence
4. UK Solvency II Reform Likely to Drive Investment Portfolio Restructuring
5. Reinsurer Losses Related to Florida Specialists Continue to Climb Despite No Significant Storms


Florida

Trending: AM Best TV - Research Coverage

1. AM Best: Insurance Growth in Some Asia Markets Could Outperform the Economy
2. AM Best: Hurricane Ian Expected to Test Florida's New State-Run Reinsurance Program
3. AM Best: Inflation in Asia Will Have Greater Impact on Longer-Tailed Lines
4. AM Best: Workers' Comp Generates Solid Profits Despite Uncertain Future
5. AM Best: Private Equity Continues to Make Inroads in Life/Annuity Segment

Asia

These were the top trending research and commentary reports from Sept. 23-Nov. 23, 2022.

$ Payment or subscription required.

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

Panel to Hold Briefing on Reinsurance, Discuss Recent Renewals

Professionals also will examine the implications of video surveillance on liability and damage evaluation and explore what's ahead for insurers.

Streaming Live

AM Best's Briefing – Reinsurance: Roundtable Discussion on Renewals and What 2023 May Hold

Senior AM Best ratings analysts will discuss the recent renewals with Liz Cunningham, chief executive officer of Somers Re, and Aditya Dutt, president of Aeolus Capital Management.

Monday, Jan. 23, 10 a.m. ET.

Always On: How Video Surveillance Is Changing Liability and Damage Evaluation

Insurance, legal and claims experts examine how the ubiquity of video capture and recording is opening new avenues to claims evaluation, along with new concerns over privacy, accuracy and standards of evidence. Panelists include Daniel Herbert, president/CEO, Three Griffins Inc.; Brian Schneider, president, Schneider & Associates Claim Services; Christopher Kende, partner, Hill, Betts & Nash LLP; and Rachel Cooper, senior counsel, product liability & regulation, McMillan LLP. **This complimentary AM Best Webinar is hosted by Best's Insurance Professional Resources**.

Thursday, Feb. 16, 2 p.m. ET.

On Demand

AM Best's Briefing - 2023 Outlook: Challenging Conditions Ahead

Senior AM Best ratings staff discuss key factors such as economic headwinds, pricing conditions, innovation, social inflation, mortality and morbidity trends, and loss frequency and severity. The panel presents AM Best's outlooks and explains the key factors that will affect the insurance industry landscape in 2023 and beyond. Topics covered include P/C commercial lines, P/C personal lines, life and annuity, health, reinsurance, and delegated underwriting authority enterprises. Moderator and Chief Rating Officer Stefan Holzberger is joined by Managing Director John Andre and Senior Directors Michael Lagomarsino, Michael Porcelli, Sally Rosen, Greg Williams and Carlos Wong-Fupuy.

IMCA/AM Best Marketing Leader Lunch With Fortegra's Holly Bohn Pittman

In this roundtable discussion, Holly Bohn Pittman, executive vice president and chief marketing officer of Fortegra, a global specialty insurer with more than $2.45 billion in assets, covers branding, customer engagement, diversity, women's issues, entrepreneurship and advice for marketers. Other panelists include Peter van Aartrijk, principal, Aartrijk, and IMCA CMO Council member; Lee McDonald, group vice president, AM Best; and Lori Chordas, senior associate editor, AM Best TV. **This was a joint presentation of the Insurance Marketing & Communications Association (IMCA) and AM Best.** BR

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

Munich Re Life: M&A, Tech, Distribution Changing the Look of Life Insurance Space

Also, professionals discuss the effects of Delaware's new captive rules and examine how inflation is constraining emerging insurance markets.

On Demand

Munich Re's Giguere: M&A, Technology, Distribution Changing Landscape of Life Insurance

Marc Giguere, president and CEO of Munich Re Life U.S., discusses challenges and trends in the U.S. life insurance industry, which he says is well positioned to help policyholders live longer and healthier lives.

Marc Giguere

Aon's Kraeger: New Delaware Rules Widen Captive-Based D&O Coverage

Kristin Kraeger, chief brokering officer, Aon, said Delaware's move to allow captives to cover Side A claims in directors and officers coverage will lead to more opportunities to use captives. Kraeger spoke with AM Best TV at the Delaware Captive Insurance Association Fall Forum.

Kristin Kraeger

AM Best: Economic Pressures Constraining Emerging Insurance Markets

Catherine Thomas and Angela Yeo, senior directors, AM Best, said inflation is affecting consumers' ability to carry coverages such as flood. Both spoke at AM Best's Europe Insurance Market & Methodology Briefings – London.

Catherine Thomas

Angela Yeo

Saint Joseph's University Honors Michael Angelina

Insurers gathered in Philadelphia to celebrate this year's Maguire Academy of Insurance and Risk Management Executive of the Year Award recipient, Michael Angelina, executive in residence of the Maguire Academy at Saint Joseph's University.

Michael Angelina

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

Insurance Industry Embracing Digital Claims Payments, One Inc. CEO Says

Also, AM Best Audio explores why insurers and brokers have shied away from doing business with cannabis dispensaries.

One Inc.'s Drysdale: Insurers Moving Toward Digital Claims Payments

Ian Drysdale, CEO, One Inc., discusses the rapid transformation of insurers embracing digital claims payments to help enhance customer experience.

Embroker's Jennings: Cannabis Dispensaries Face Challenges Obtaining Insurance

Ben Jennings, chief revenue officer for Embroker, explains that despite the rapid growth of cannabis-related business, insurers and brokers have been reluctant to target their services toward dispensaries. BR

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

This edition lists all Credit Rating actions that occurred between Nov. 1 and Nov. 30, 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						
Outlook Change	L	Brooke Life Insurance Company Jackson Financial Inc.	068117	A a	Stable Positive	A a	Stable Stable	Michigan, USA
Under Review	L	Delaware Life Insurance Co of New York Group 1001 Insurance Holdings, LLC	009513	A- u a- u	Negative Negative	A- a-	Stable Stable	New York, USA
Downgrade	L	First Penn-Pacific Life Insurance Co Lincoln National Corporation	006904	A a	Negative Negative	A a+	Stable Stable	Indiana, USA
Downgrade	L	Genworth Life and Annuity Insurance Co Genworth Financial, Inc.	006648	B- bb-	Negative Negative	B bb+	Stable Negative	Virginia, USA
Upgrade	L	Genworth Life Insurance Co of New York Genworth Financial, Inc.	060026	C++ b+	Stable Stable	C++ b	Stable Stable	New York, USA
Upgrade	L	Genworth Life Insurance Company Genworth Financial, Inc.	007183	C++ b+	Stable Stable	C++ b	Stable Stable	Delaware, USA
Outlook Change	L	Jackson National Life Ins Co of New York Jackson Financial Inc.	060216	A a	Stable Positive	A a	Stable Stable	New York, USA
Outlook Change	L	Jackson National Life Insurance Company Jackson Financial Inc.	006596	A a	Stable Positive	A a	Stable Stable	Michigan, USA
Upgrade	H	Lewer Life Insurance Company Lewer Financial Services, L.P.	007393	B++ bbb	Stable Stable	B+ bbb-	Positive Positive	Missouri, USA
Downgrade	L	Lincoln Life & Annuity Co of New York Lincoln National Corporation	006239	A a+	Stable Negative	A+ aa-	Stable Stable	New York, USA
Downgrade	L	Lincoln National Life Insurance Co Lincoln National Corporation	006664	A a+	Stable Negative	A+ aa-	Stable Stable	Indiana, USA
Downgrade	L	Order of United Comml Travelers of Amer	008181	B bb	Stable Stable	B bb+	Stable Stable	Ohio, USA
Outlook Change	H	ShelterPoint Insurance Company ShelterPoint Group, Inc.	008994	A- a-	Positive Positive	A- a-	Stable Stable	Florida, USA
Outlook Change	H	ShelterPoint Life Insurance Company ShelterPoint Group, Inc.	009877	A- a-	Positive Positive	A- a-	Stable Stable	New York, USA
Upgrade	L	Standard Life and Casualty Insurance Co Manhattan Life Group, Inc.	007408	B++ bbb	Stable Stable	B+ bbb-	Positive Positive	Utah, USA
Rating Withdrawal	L	XL Life Ltd	073313	NR nr		B++ bbb+	Stable Stable	Bermuda
		AMERICAS PROPERTY/CASUALTY						
Upgrade	P	AES Global Insurance Company The AES Corporation	075701	A a	Stable Stable	A- a-	Stable Stable	Vermont, USA
Rating Withdrawal	P	Center Mutual Insurance Company*	003712	NR nr		A- a-	Stable Stable	North Dakota, USA
Initial Rating	P	Concord Specialty Insurance Company Revolutionary Holding Company LLC	020972	A- a-	Negative Negative	NR nr		South Dakota, USA
Outlook Change	P	FHM Insurance Company LUBA Mutual Holding Company	012015	B+ bbb-	Positive Positive	B+ bbb-	Stable Stable	Florida, USA
Outlook Change	P	Founders Insurance Company Utica Mutual Insurance Company	004332	A a	Stable Positive	A a	Stable Stable	Illinois, USA
Outlook Change	P	Graphic Arts Mutual Insurance Company Utica Mutual Insurance Company	000428	A a	Stable Positive	A a	Stable Stable	New York, USA
Outlook Change	P	Northern Mutual Insurance Company	003611	A- a-	Stable Stable	A- a-	Positive Positive	Michigan, USA
Upgrade	P	Peace Hills General Insurance Company Samson Cree Nation	086955	B++ bbb+	Stable Stable	B++ bbb	Stable Stable	Alberta, CAN
Downgrade	P	RAM Mutual Insurance Company	004814	A- a-	Negative Negative	A a	Negative Negative	Minnesota, USA
Outlook Change	P	Republic-Franklin Insurance Company Utica Mutual Insurance Company	000798	A a	Stable Positive	A a	Stable Stable	Ohio, USA

* The ratings were affirmed at A-/a- on Nov. 17, 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

				Current		Previous		
Rating Action	Business Type	Company Name/ Ultimate Parent	AMB#	FSR ICR	Outlook/ Implications	FSR ICR	Outlook/ Implications	Domicile
		AMERICAS PROPERTY/CASUALTY (CONTINUED)						
Outlook Change	P	Utica Lloyd's of Texas Utica Mutual Insurance Company	012318	A a	Stable Positive	A a	Stable Stable	Texas, USA
Outlook Change	P	Utica Mutual Insurance Company Utica Mutual Insurance Company	000946	A a	Stable Positive	A a	Stable Stable	New York, USA
Outlook Change	P	Utica National Assurance Company Utica Mutual Insurance Company	011953	A a	Stable Positive	A a	Stable Stable	New York, USA
Outlook Change	P	Utica National Insurance Co of Ohio Utica Mutual Insurance Company	014164	A a	Stable Positive	A a	Stable Stable	Ohio, USA
Outlook Change	P	Utica National Insurance Co of Texas Utica Mutual Insurance Company	002825	A a	Stable Positive	A a	Stable Stable	Texas, USA
Outlook Change	P	Utica Specialty Risk Insurance Company Utica Mutual Insurance Company	002826	A a	Stable Positive	A a	Stable Stable	Texas, USA
Initial Rating	P	West Virginia Mutual Insurance Company MAG Mutual Holding Company	013014	A a+	Stable Stable	NR nr		West Virginia, USA
Outlook Change	P	Western Pacific Mutual Ins Co, A RRG	011238	A- a-	Stable Stable	A- a-	Negative Negative	Colorado, USA
		EUROPE, MIDDLE EAST AND AFRICA						
Outlook Change	P	Al Fujairah National Insurance Co PJSC	090711	B++ bbb	Negative Negative	B++ bbb	Stable Stable	United Arab Emirates
Downgrade	C	Al Ittihad Al Watani Soc Gen Asr Proche Nasco Ultimate Holding Limited	090592	B u bb+ u	Negative Negative	B+ bbb-	Negative Negative	Lebanon
Upgrade	P	Chaucer Insurance Company DAC China Investment Corporation	095994	A a+	Stable Stable	A a	Stable Positive	Ireland
Rating Affirmation	C	First Insurance Co Al Salam Bank B.S.C.	091584	B++ bbb+	Stable Stable	B++ u bbb+ u	Developing Developing	Jordan
Rating Withdrawal	P	RiverStone Insurance (Malta) SE CVC Capital Partners	091791	NR nr		A- a-	Stable Stable	Malta
Rating Affirmation	C	Solidarity Bahrain B.S.C. Al Salam Bank B.S.C.	088717	B++ bbb+	Stable Stable	B++ u bbb+ u	Developing Developing	Bahrain
		ASIA-PACIFIC						
Upgrade	P	China Continent Prop & Cas Ins Co Ltd China Investment Corporation	090956	A a+	Stable Stable	A a	Stable Positive	China
Upgrade	L	China Life Reinsurance Company Ltd. China Investment Corporation	090957	A a+	Stable Stable	A a	Stable Positive	China
Upgrade	P	China P&C Reinsurance Company Ltd China Investment Corporation	088692	A a+	Stable Stable	A a	Stable Positive	China
Upgrade	C	China Reinsurance (Group) Corporation China Investment Corporation	090955	A a+	Stable Stable	A a	Stable Positive	China
Upgrade	L	China Reinsurance (Hong Kong) Co Ltd China Investment Corporation	071783	A a+	Stable Stable	A a	Stable Positive	Hong Kong
Outlook Change	P	PGA Sompo Insurance Corporation	089331	B+ bbb-	Positive Positive	B+ bbb-	Stable Stable	Philippines
		AMERICAS						
Initial Rating	C	Global Protection Reinsurance Ltd. Corporación Ficohsa S.A.	071616	B++ bbb	Stable Stable			Barbados

Holding Companies

			Current		Previous		
Rating Action	Company Name	AMB#	FSR ICR	Outlook/ Implications	FSR ICR	Outlook/ Implications	Domicile
Upgrade	Genworth Financial, Inc.	059780	b+	Stable	b	Stable	Delaware, USA
Upgrade	Genworth Holdings, Inc.	059197	b+	Stable	b	Stable	Delaware, USA
Outlook Change	Jackson Financial Inc.	055931	bbb	Positive	bbb	Stable	Delaware, USA
Downgrade	Lincoln National Corporation	058709	bbb+	Negative	a-	Stable	Indiana, 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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A Best's Credit Rating (BCR) is a forward-looking independent and objective opinion regarding an insurer's, issuer's or financial obligation's relative creditworthiness. The opinion represents a comprehensive analysis consisting of a quantitative and qualitative evaluation of balance sheet strength, operating performance, business profile and enterprise risk management or, where appropriate, the specific nature and details of a security. Because a BCR is a forward-looking opinion as of the date it is released, it cannot be considered as a fact or guarantee of future credit quality and therefore cannot be described as accurate or inaccurate. A BCR is a relative measure of risk that implies credit quality and is assigned using a scale with a defined population of categories and notches. Entities or obligations assigned the same BCR symbol developed using the same scale, should not be viewed as completely identical in terms of credit quality. Alternatively, they are alike in category (or notches within a category), but given there is a prescribed progression of categories (and notches) used in assigning the ratings of a much larger population of entities or obligations, the categories (notches) cannot mirror the precise subtleties of risk that are inherent within similarly rated entities or obligations. While a BCR reflects the opinion of A.M. Best Rating Services, Inc. (AM Best) of relative creditworthiness, it is not an indicator or predictor of defined impairment or default probability with respect to any specific insurer, issuer or financial obligation. A BCR is not investment advice, nor should it be construed as a consulting or advisory service, as such; it is not intended to be utilized as a recommendation to purchase, hold or terminate any insurance policy, contract, security or any other financial obligation, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser. Users of a BCR should not rely on it in making any investment decision; however, if used, the BCR must be considered as only one factor. Users must make their own evaluation of each investment decision. A BCR opinion is provided on an "as is" basis without any expressed or implied warranty. In addition, a BCR may be changed, suspended or withdrawn at any time for any reason at the sole discretion of AM Best.

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 Version 121719

Corporate Changes

State Actions and Name and Domiciliary Changes

Time Insurance, Progressive Property and Catlin Specialty are among the North American life/health and property/casualty insurers that have experienced a corporate change.

LIFE/HEALTH

State Actions

Bankers Life Insurance Co. (AMB# 008448), Durham, NC, USA. This company was placed into insolvent liquidation on Nov. 21, 2022.

Colorado Bankers Life Insurance Co. (AMB# 008502), Durham, NC, USA. This company was placed into insolvent liquidation on Nov. 21, 2022.

North Carolina Mutual Life Insurance Co. (AMB# 006835), Durham, NC, USA. This company was placed into insolvent liquidation on Oct. 31, 2022.

Time Insurance Co. (AMB# 007126), Madison, WI, USA. This company was placed into insolvent liquidation on Sept. 1, 2022.

PROPERTY/CASUALTY

Name Changes

Digital Affect Insurance Co. (AMB# 020646), New York, NY, USA. This company changed its name to Coalition Insurance Co. on Sept. 15, 2022.

Discover Specialty Insurance Co. (AMB# 011763), Hartford, CT, USA. The name of this company was changed to Travelers Specialty Insurance Co. on Sept. 1, 2022.

Illinois State Bar Association Mutual Insurance Co. (AMB# 011236), Chicago, IL, USA. This company changed its name to ISBA Mutual Insurance Co. on July 18, 2022.

Saskatchewan Mutual Insurance Co. (AMB# 085787), Saskatoon, SK, Canada. This company changed its name to Sandbox Mutual Insurance Co. on Nov. 1, 2022.

State Action

FedNat Insurance Co. (AMB# 000711), Sunrise, FL, USA. This company was placed into insolvent liquidation on Sept. 27, 2022.

Domiciliary Changes

Catlin Specialty Insurance Co. (AMB# 010092), Oklahoma City, OK, USA. This company redomesticated to Oklahoma from Delaware on Aug. 23, 2022.

Obsidian Pacific Insurance Co. (AMB# 021080), Wilmington, DE, USA. This company redomesticated to Delaware from Minnesota on Sept. 30, 2022.

Progressive Property Insurance Co. (AMB# 013878), St. Petersburg, FL, USA. This company redomesticated from Florida to Louisiana on April 1, 2022. BR

In Other News ...

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

AM Best's Preferred Publisher Participants

Preferred Publisher Program

Artemis | *www.artemis.bm*
Cat bond fund recovery dented by spread widening price adjustments

Asia Insurance Review | *www.asiainsurancereview.com*
India: Finance Ministry proposes composite licence for insurers

Benefits Pro | *https://www.benefitspro.com/*
Workers looking for options amid growing concerns over inflation, recession

Bermuda: Re+ILS | *https://www.bermudareinsurancemagazine.com/*
New era: insurers for decarbonisation

Business Insurance | *www.businessinsurance.com*
State appeals court upholds pro-policyholder COVID ruling

Captive Insurance Times | *https://www.captiveinsurancetimes.com/*
An agile approach to captive ownership

Captive International | *https://www.captiveinternational.com/*
Fraud in the blockchain space

Carrier Management | *www.carriermanagement.com*
Falling Short: Insurers Not Realizing Operations Modernization Plans

Claims Journal | *https://www.claimsjournal.com/*
Pickleball Explosion in Florida Creating New Hits and Misses for Insurers, Agents

Claims Magazine | *https://www.propertycasualty360.com/claims-magazine/current-issue/*
The biggest factors impacting home insurance heading into 2023

Commercial Risk | *https://www.commercialriskonline.com/*
How exposed is your captive to inflation?

Commercial Risk Europe | *https://www.commercialriskonline.com/cr-europe/*
EU set to impose bloc-wide criminal penalties for breaching Russia sanctions

Emerging Risks | *https://emergingrisks.co.uk/*
Ethnic workers looking to leave as financial services failings highlighted

Forbes Advisor | *https://www.forbes.com/advisor/*
How To Prepare For The Next Hurricane

Global Reinsurance | *https://www.globalreinsurance.com/*
Mixed picture for global reinsurers YTD results

Global Risk Manager | *https://www.commercialriskonline.com/global-risk-manager/*
More work needed to promote insurance sector inclusivity, say panellists

Health Payer Specialist | *https://www.healthpayerspecialist.com/*
Troubled Payer Takes Step To Keep Key Executives

Inside P&C | *https://www.insidepandc.com/*
Q3 statutory loss data is out: Trends reflect impact of inflation and Ian

Insurance & Investment Journal | *https://insurance-portal.ca/*
Employment Insurance sickness benefit period increasing

Insurance Age | *https://www.insuranceage.co.uk/*
Under 20% of firms meet FCA expectations on attestation records

Insurance Asset Risk | *https://www.insuranceassetrisk.com/*
EIOPA open to the idea of a transition risk capital charge

Insurance Insider | *https://www.insuranceinsider.com/*
Lloyd's confirms Blueprint Two cost remains unchanged at £300mn

Insurance Post | *https://www.postonline.co.uk/*
Analysts report decrease in cyber attacks so far in 2022

Insurance Times | *https://www.insurancetimes.co.uk/*
Briefing: Autumn Statement is not all good news for insurers

Intelligent Insurer | *https://www.intelligentinsurer.com/*
UK insurers talk the talk on fair pricing, but can't put proof to paper

Life Annuity Specialist | *https://www.lifeannuityspecialist.com*
Salary Disclosure Law Spurs 'Insane' Ranges as Lawyers Get Ready

Middle East Insurance Review | *https://www.meinsurancereview.com/*
UAE: Central Bank tightens supervision of insurers' funds with intermediaries

National Underwriter P/C | *https://www.propertycasualty360.com/national-underwriter-property-casualty/issue-gallery*
The P&C industry's most common compliance, conduct complaints

P&C Specialist | *https://www.pandcspecialist.com/*
PC Carriers Ranked by Most (And Least) Stressed Employees

Reinsurance News | *https://www.reinsurancene.ws/*
Insurance bill for Australian storms & floods reaches $12.3bn: ICA

The Insurer | *https://www.theinsurer.com/*
Postcard from Baden-Baden: new battlegrounds emerge ahead of 1.1

ThinkAdvisor | *https://www.thinkadvisor.com/*
How Mutual Fund Revenue Sharing Hurts Retirement Savers

Thompson's World Insurance News | *http://thompsonsnews.com/*
National Adaptation Strategy released

Trading Risk | *https://www.trading-risk.com/*
Cat bond investors push back on terms as hard market bites

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www.ambest.com/sales/preferredpublisher

How Insurance Professionals Are Responding to Evolving Cyberthreats

Additional coverage includes new Marshall Dennehey director of marketing.

Duc Nguyen is the managing partner of digital forensics and cyber claims at United Litigation Discovery. Nguyen, who has more than 20 years of professional experience in software development, criminal investigations, insider threat investigations, cyber claims and litigation support, spoke with John Czuba, managing editor of Best's Insurance Professional Resources, about the challenges of handling cyber claims. Following is an edited transcript of the interview.

Duc Nguyen

There have been so many changes in the past couple of years since COVID hit, and everyone being remote for the better part of almost two years now. What changes have you seen as a result in cyber over the past few years?

These are really metric driven. These changes are shocking and eye-opening. Go back to about 2015, and you have cyber claims that weren't scaling above a million [dollars] in damages. From about 2015, there's about a 400-plus increase in percentage of incidents having at least a million [dollars] in reported losses.

At the same time, there's been a shift in the attack vectors, changing from malware sites, to now the dominant attack vector has made headlines all over the place, but has been predominantly phishing attacks. That's switched over, because if you think about it, one of the easiest ways to enter into an organization is emails. Everybody has emails, and you just send out email blasts with phishing content in there, and someone's bound to click on it.

What do insurance carriers in particular need to focus on today related to risk management?

This is interesting. There's been a lot of effort in developing robust assessments for the application process. You go back several years, and the typical application process was just really check boxes, but not too many questions. Now, you're seeing very specific questions about types of cybersecurity products and technologies, whether they're in place at the interested party trying to get insurance. There needs to be more of that, building out this robust assessment, maybe even bringing on board third-party vendors to help out with that assessment to get a full picture of what kind of risk the carrier is looking to take on.

Cyber has really changed and evolved since 2015. How has cyber coverage changed in that timeline as well?

There was a time when the coverages were light, they were more geared toward providing just a few services. Now, you're seeing very specific services being offered, like investigations and additional support from outside vendors to help with companies getting an audit in place for PCI [Payment Card Industry] compliance.

Then also, the recertification to come back into compliance with regulatory needs and whatnot for PCI compliance concerns. Those weren't traditionally in policies that I've seen a few years back, but now you're starting to see coverages and language in there for very specific items. There's even more defined language now about limiting what's being covered. Whereas there would be vague language about data recovery or data restoration coverage, now I'm seeing language where it's very specific to only restoring data from backup tapes and backup media, whatever your old backup might have been. They're limiting the data restoration to just that effort right there, and not … If you read it black and white, it doesn't even talk about recovering data that's been impacted by the cyber event. So encrypted data, lost data, or anything like that, it's very defined to backup tapes.

When carriers are looking to protect themselves from cyber situations, what's important for them to focus on in the claims process now?

What I've seen that's been helpful has been starting an open dialogue with the insured brokers that will keep the claims process moving along in an amicable fashion, being able to attack only low-hanging fruit, the items that aren't contentious, and coming up with payment decisions early on, and at a frequent enough cadence that it keeps the process moving along.

Then tackle the more contentious issues along the way as well but leave that for a more robust conversation. There doesn't need to be a delay in the items that are clearly supported, clearly within claims coverage categories, appropriate and necessary, reasonable for that type of incident. Those are the payments that should be made early and often enough that it keeps everything moving along through the claims process.

What do you see for the future of cyber claims?

I'd like to see the movement toward what you see in the auto coverage right now, where there are various apps. Different carriers have the apps that monitor driving behavior, and it can help with discounts and premiums. That might not work for cyber claims, but what might work is maybe a cadence to bring in some kind of assessment. Whether that's quarterly, half year, maybe just the annual, so they can come back to renew.

Have that metric there that, one, it could help with the renewal process, but, two, there might be services that the carrier has in their vendor pool, in their network, that a smaller company at the insured side might not be

John Czuba is managing editor of Best's Insurance Professional Resources. He can be reached at *john.czuba@ambest.com.*

aware of because [of] budgeting reasons. They might not have a full, robust IT department, but there might be services and resources available from the carrier side within their pool of resources there that they could offer. That assessment would shine a light on a lot of issues or deficiencies that somebody seeing that type of information would be able to say, "Hey, we could bring somebody on board" or "Here are a list of vendors that fit that need and could help you out." Again, if it's coming from the carrier side, one, it's a preferred vendor. They've been vetted, and they may even come with preferential rates. I'd like to see something like that come into the future of cyber claims. BR

AM Best Audio

Visit *bestsreview.ambest.com* to listen to the interview with Duc Nguyen.

Marshall Dennehey Hires New Director of Marketing and Business Development

Jennifer L. Becker

Jennifer L. Becker has joined Marshall Dennehey as director of marketing and business development. Becker is a highly accomplished legal marketing professional with nearly 15 years of communications and business development experience. She most recently worked at Fox Rothschild LLP, where she assisted various practice groups of the firm with their business development and marketing efforts. Prior to Fox, she spent seven years at Stradley Ronon Stevens & Young, first as a communications manager and then business department manager. She also has worked at the global Am Law 100 firms Skadden and Patton Boggs.

Becker replaces Joseph S. Goldshear, who has served as the firm's marketing director for 14 years. He will assist in her transition to department leadership and then will assume a senior marketing consultant role in January prior to his planned retirement in 2024.

"We feel lucky to bring such talent to the position," said G. Mark Thompson, Marshall Dennehey's president and CEO. "Jen's background in law and communications, and her depth of experience working at some of the most prestigious law firms in the world, will enable her to build upon Joe's legacy and bring our marketing initiatives and endeavors to the next level."

Becker holds a Juris Doctor from William & Mary School of Law where she was a member of the *William & Mary Law Review*. She is additionally a graduate of Syracuse University's S.I. Newhouse School of Public Communications where she earned a B.S./B.A. in Public Relations and Political Science. A member of the Legal Marketing Association, she is a former president of the Philadelphia chapter of Law Firm Media Professionals.

Marshall Dennehey is a civil defense law firm with nearly 500 attorneys in 19 offices in seven states.

Best's Insurance Professional Resources

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

Central State Forensic
Forensic Engineering
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Cincinnati, Ohio, USA 45242
513-310-6202

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

Industry Updates

Lloyd's Markets Chief: Property and Specialty Lines See Dislocations Going Into 2023

The confluence of high inflation, rising interest rates, elevated catastrophe losses and uncertain capital flows is apparently without recent precedent, but Lloyd's says its 2023 plan is on target in terms of attritional loss ratio, and operating expenses are on plan.

Lloyd's has been watching dislocations in its property and specialty markets as the 2023 underwriting year deals with inflation and high catastrophe losses among other issues.

"Recent weeks have demonstrated a dislocation in property and specialty markets that is beyond what Lloyd's underwriters had forecast when they submitted their 2023 plans in September," said Chief of Markets Patrick Tiernan in a market update video. While upbeat about the market overall, he said recent developments "will require us to up our game in the coming weeks and months."

The confluence of high inflation, rising interest rates, elevated catastrophe losses and uncertain capital flows "appears to be without recent precedent," said Tiernan.

Noting the Lloyd's 2023 plan is on target in terms of attritional loss ratio and operating expenses are on plan, Tiernan said the market expects top-line growth of 14.3% at constant exchange rates and gross written premiums are expected to be £56 billion ($68.4 billion), largely driven by inflation.

"For the majority of classes this implies double-digit rate increases for at least another year," he said.

The Lloyd's market was anticipating peak inflation around the end of 2022 tapering into 2023. If the tapering isn't enough, the market will have to take measures accordingly, said Tiernan.

Lloyd's is planning for property premium of about £18 billion in 2023, or about one-third of its book, said Tiernan.

Hurricane Ian showed the market is adapting well to catastrophe losses, he said.

Lloyd's is estimating claims of $2.3 billion to $3 billion to the Lloyd's market from Ian. The claims are net of reinsurance and based on third-quarter data provided by Lloyd's syndicates, Lloyd's said at the time.

> "Recent weeks have demonstrated a dislocation in property and specialty markets that is beyond what Lloyd's underwriters had forecast when they submitted their 2023 plans in September."
>
> **Patrick Tiernan**
> **Lloyd's**

Tiernan said Lloyd's has "the headroom" to grow the catastrophe book sensibly and is ready to respond quickly to "well-considered submissions."

If there are opportunities to make risk-adjusted rate increases above planned submissions, Lloyd's expects underwriters will make changes to their plans where warranted, he said.

War-affected classes such as political violence, trade credit, terrorism, aviation and land and marine war represent about £6 billion in premiums, just over 10% of the Lloyd's total book, said Tiernan.

The estimated net loss for Lloyd's of about £1.1 billion from the Ukraine conflict remains a manageable event, with 95% of it being that incurred but not reported losses that remain unchanged since the second quarter, he said.

Lloyd's continues to work with governments on complex aviation claims and on marine lines on the safe passage of grain through Black Sea conflict zones, said Tiernan.

Marine underwriters in the market are dealing with late developments for renewals about exclusionary contract language and new aggregation issues among other things, he said.

All other lines of business make up about 60% of the Lloyd's portfolio, with cyber and directors and officers liability among highlights, said Tiernan.

Cyber continues to be the fastest growing liability class in Lloyd's, which he said manages over 20% of the global premiums. Return on risk capital in this line has moderated but growth is encouraged for expert syndicates, he said.

D&O is the only major class that has seen positive rate changes and a negative return on risk capital, said Tiernan.

Lloyd's has a current Best's Financial Strength Rating of A (Excellent). BR

—David Pilla

MASTHEAD
BACKSTAY

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AM Best Business Development

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Dog's Best Friend: More Humans Protecting Pets Through Health Insurance

The number of homes with pets is growing, and the number of pets that are covered by insurance has exploded.

by Anthony Bellano

In 1982, Nationwide subsidiary Veterinary Pet Insurance issued the country's first pet health insurance policy for screen star Lassie. Forty years later, pet insurance is growing rapidly, and VPI, now Nationwide pet insurance, is at the forefront.

Overall, pet insurance in the United States grew 30%, to $2.6 billion from $2 billion in 2020, according to the North American Pet Health Insurance Association. At the end of 2021, approximately 4.41 million pets were insured across North America, up 27.7% from the previous year, according to the organization's 2022 *State of the Industry Report*.

The report states that nearly 20 companies offer pet health insurance in the United States, Nationwide pet insurance President and Chief Pet Officer Heidi Sirota said. "Veterinary medicine has advanced greatly over the years, and many treatment options we have for humans can now be done to save the lives of our pets," Sirota said. "These treatments can run into the thousands of dollars."

The American Animal Hospital Association estimates the lifetime cost of owning a pet can be as much as $55,000 for dogs and $45,000 for cats.

Sirota said pet health insurance covers accidents, illness and/or wellness, each with varying degrees of coverage and reimbursement. Nationwide had $176.63 billion in direct premiums written in 2021, up from $144.31 billion in 2020. It leads the industry, but it isn't the only company that's growing in the pet health insurance world.

American Pet Insurance Co. serves as the underwriter for Seattle-based Trupanion, which is growing internationally. It acquired Smart Paws GmbH, which operates in Germany and Switzerland. It will expand into the Czech Republic and Slovakia with the acquisition of Royal Blue s.r.o., the parent company of PetExpert. It also started a joint venture with Aflac to offer pet health insurance in Japan.

Luxembourg-based JAB Holding Co. has said it aims to become a global leader in pet insurance and pet health. Fairfax Financial Holdings Ltd. sold all of its interests in Crum & Forster Pet Insurance Group and Pethealth Inc. to JAB-majority owned Independence Pet Group and affiliates for $1.4 billion.

JAB subsidiary Pinnacle Pet Group will acquire Netherlands-based pet insurer Veterfina Verzekeringsmaatschappij N.V. and its European subsidiaries for an undisclosed amount.

It also acquired Germany-based AGILA Tierversicherung AG from the Wertgarantie Group, and formed a strategic alliance with BNP Paribas Cardif to offer pet insurance in the United Kingdom, Europe, the Middle East, Asia and Latin America.

JAB expects to cover more than 2.1 million pets in 2023. It anticipates its pet health gross written premiums and pet health service revenues will exceed $1.2 billion by that time.

"I can't speak for the veterinarians who founded the company more than 40 years ago, but clearly they were visionaries," Sirota said. "They introduced pet health insurance in this country to address the changing dynamic of pets becoming part of the family." BR

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

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