



UNITED KINGDOM:

Autonomous vehicles and the impact on the insurance industry
Page 16



BERMUDA:

Development of Bermuda Reinsurance Market
Page 10



THE UNITED STATES:

Flexibility and Strength Are the Keys to Building Business Resilience
Page 13

IRL

INSURANCE RESEARCH LETTER

Covering the world of insurance since 1966.
International. Independent. Innovative.

It is estimated that 40 percent of small businesses do not recover from natural or man-made disasters.

~ Arnold F. Mascali

Page 13





ReferenceConnect[®] The search engine for insurance.

ReferenceConnect is the only insurance search engine that gives you a single, easy-to-use website to find the information you need to write business faster and more accurately. ReferenceConnect has over 40 of the top publications, all in one single place. Stop searching through multiple websites and manuals and save your team hours every day.

Take a look: vertafore.com/stopsearching





A.B. Hodges

A.B. Hodges
Editor in Chief

irl@irletter.com
Follow us [@isinsurance](#)

Insurance Research Letter
412 N. Western Avenue
Lake Forest, Illinois 60045-2134
USA
+1 (312) 287-6021

Subscribers to the *Insurance Research Letter (IRL)* are entitled to receive further **free** consultation on material published.

Add the **Insurance Research Letter** to your [Vertafore ReferenceConnect](#) library.

Editor's Letter

It's not just the brokers' compensation that needs review

Continuing from last month's editorial CEO broker compensation, it has now been reported that US P&C insurer CEO bonus jumped to 393 percent of salary in 2017 from 225 percent of salary in 2016, according to a study by consulting firm Compensation Advisory Partners (CAP). Included in the P&C sample were Allstate, AIG, Assurant, Chubb, CNA, Hartford Financial Services Group, Progressive, Travelers and XL Group. Overall, the P&C sector saw revenue growth of 4.6 percent at median for the P&C businesses in 2017, outpacing prior year increase of 2.6 percent at median, according to the study.

That a small idea could take on Lloyd's of London boggles the mind yet it happened

This month we begin looking at the development of the Bermuda market and how it came to be. From a small idea Bermuda grew to take on the venerable Lloyd's market. It really all started in the Bahamas but a stupid move to tax premiums sent the oil company captives to look for another domicile. Next month we will begin a question and answer series with a man who has forgotten more than most people know about the Bermuda market. *Please feel free to email questions to irl@irletter.com*

Chicago's Aon Center getting a sky deck

The 83-story building was built in 1972 and was originally known as the Standard Oil Building. Aon has had its name of the building since 1999. In 2015 the Atlanta-based Piedmont Office Realty Trust entered into a binding agreement to sell its largest asset, Aon Center, at 200 E. Randolph St., to The 601W Companies, a New York private real-estate investment company. If this is project approved and built it could be a big earner for the owner. In 2014 the [sky deck at the Willis Tower earned \\$25 million](#). Since the Aon Center is in the middle of the tourist action on Chicago's lakefront Millennium Park, it will likely capture a lot of the tourist dollars looking for an aerial thrill.

Highlights

Development of Bermuda Reinsurance Market

Read how and why Bermuda became the Silicon Valley of the global reinsurance industry on [page 10](#). This is the first of a number of articles chronicling the fascinating creation and development of Bermuda as a key player in the world of insurance.

Flexibility and Strength Are the Keys to Building Business Resilience

It is estimated that 40 percent of small businesses do not recover from natural or man-made disasters. Larger businesses are not immune either, as more than 40 percent of those listed on the S&P 500 reported that the 2017 hurricanes would impact third-quarter results last year. So, companies are now preparing for business interruption with greater urgency and professional focus. Businesses with effective recovery plans combined with appropriate risk transfer will survive and thrive, while those who don't will be left behind. Resiliency starts with a strong plan, focused on how to respond when (not if) business is interrupted. Companies need to be more imaginative of the potential causes of interruption and create more flexible plans that address the following... Read this informative article on [page 13](#)

Navigating through the Insurtech Movement

Recently, we have all either been reading or hearing about the "insurgency" of the Insurtech Movement. Anxieties, yes... opportunities, galore! The question that keeps popping-up is, "How are we, the insurance industry and its various components, going to navigate through this invigorating and rapidly growing development?" Learn how Insurgent is able to assist in providing the services needed to launch a product quickly and cost effectively using its' [MGA-In-A-Box™](#) on [page 11](#)

Using Social Media Surveillance For Carpal Tunnel and TBI

Read how monitoring social media gives adjusters information that allows them to engage legal counsel or IME in a targeted, meaningful way, with the goal of reducing overall claim expense and claim duration on [page 11](#)

School and Workplace Violence: Focusing on the Real Solution

Read why the violence solution is behavior,

Aon Center Sky Summit

Building height: 1,136 ft.



Description: A gondola-like compartment with windows and see-through floor lifts out and over the side the building

Opened: After plans approved could take two years to build

Floor: Observatory on 82, Sky Summit on 82.5 and 83

Height: 1,117 to 1,136 feet

Capacity: 22 passengers at a time

Sources: Tribune reporting Rendering: Grisko

@ChiTribGraphics

not guns on [page 11](#). As a population, we have become far too accustomed to “smaller shootings” and the media and news-cycle churns past these “minor” violence events. School and workplace violence is preventable.

Terrorism Re-Visited

As the media bombards us with jihadist, radicalized Muslim incidences of terrorism, would it surprise you to know that domestically, the probability is not a radical Muslim attack, it is homegrown radicalism, such as... Read this informative article complete with maps showing where attacks have taken place on U.S. soil on [page 13](#)

Autonomous vehicles and the impact on the insurance industry

Not so long ago, the idea of having autonomous vehicles on our roads was confined to the realms of science fiction films and yet, in 2018, it is thought that completely driverless cars will be a reality in the not too distant future. Many of the large car manufacturers are working towards this reality, but what does this mean for the insurance sector? Autonomous vehicles present a number of issues and questions as far as the insurance industry is concerned. Learn more on [page 16](#)

Links to Expert Commentary

Expert educational & interesting content

YouTube: [The Insurance Research Letter Live!](#)

Testimonial: “Great videos – very interesting and informative.” ~ [Robert Hartwig](#), Clinical Associate Professor & Co-Director, Center for Risk and Uncertainty Management at University of South Carolina & Former President and Economist, The Insurance Information Institute ([I.I.I.](#))

[Insurance Research Letter Blog](#)



Karen Masullo

*School and Workplace Violence:
Focusing on the Real Solution*
[Page 11](#)

Karen is the Chief Intelligence Officer and EVP for Firestorm. Together with Jim Satterfield, Firestorm COO and President, she launched the Firestorm Predictive Intelligence Practice in 2012. Karen directs the Predictive Intelligence Analyst teams for the practice area, in addition to Marketing and Content teams. In addition to serving as the Firestorm Predictive Intelligence advisor, she also serves on the Firestorm Expert Council and delivers Predictive Intelligence Analysis and social media strategy and policy services for Firestorm clients. Karen brings specific experience in senior level marketing leveraging emerging technologies to Firestorm. Her passion and experience are focused on technology innovation from the customer point-of-view with drivers being extraordinary service, policy development and training, risk mitigation, customer usability and customer and community interaction.

Email: kmasullo@firestorm.com

Tel: (770) 643-1114



Sandy Welker

Navigating through the Insurtech Movement
[Page 11](#)

Sandy is an Executive Vice President of Insurgent Consulting. The majority of her career has been with Norman-Spencer Agency, Inc., a large MGA with home office in Dayton, Ohio. Utilizing her strong insurance operations experience, she works with insurtechs, agents, brokers and carriers to provide solutions and services essential to launch new insurance products and programs.

Email: sandywelker@insurgent-consulting.com

Tel: (937) 432-352

NEWS Quizzical

1. What is Asgardia?
 - a) A Romanian auto physical damage insurance policy
 - b) A proposed Space Kingdom
 - c) A side effect of drinking too much probiotic liquid
 - d) A digestive disorder caused by lack of sleep
2. How many ‘potentially’ active volcanoes are there in the United States?
 - a) 12
 - b) 37
 - c) 100
 - d) 169
3. How many cases of Islamist domestic terrorism were there between the years of 2008 and 2016?
 - a) 63
 - b) 122
 - c) 54
 - d) None

See [The Back Page](#) for the answers

Contents

- 3 Editor’s Letter**
- 4 Contributors**
- 6 Synopsis**
NewsBriefs: Companies & People
- 6 ABC REVIEW: Agent-Broker -Consultant Review**
ABC Review: Companies & People
- 8 ISN Country Insurance Information: Global Briefs**
Market briefs by country
- 9 Recently Published**
- 10 Americas**
 - Bermuda
 - Development of Bermuda Reinsurance Market
 - The United States
 - Navigating through the Insurtech Movement
 - Using Social Media Surveillance for Carpal Tunnel and TBI

School and Workplace Violence:
Focusing on the Real Solution
Terrorism Re-Visited
Flexibility and Strength Are the Keys to Building Business Resilience

- 16 Europe**
United Kingdom
Autonomous vehicles and the impact on the insurance industry

- 18 The Back PageSM**
News Quizzical answers
Of Interest – *Why insurance has a future; Ever hear of Juneteenth?; JetBlue and animals on planes*
Do you know? – *What Asgardia is?*
Words and Definitions to help insurance professionals – *Controlling the cost of health care*



Sean A. Ahrens
Terrorism Revisited
Page 13

Sean is a protection (security) resiliency leader/expert consultant with over twenty years of achievement,

focusing on the development/administration of cost effective programs that reduce security exposures within domestic and international markets. He is a well-known security/resilience leader; whose achievements span the globe. He has assessed/audited hundreds of organizations/operations for compliance with best practices and regulatory requirements. Mr. Ahrens has also offered thought leadership in the development of security standards and guides and also participates on the ASIS Commercial Real Estate Council (CREC). A former founding member of the ASIS (American Society for Industrial Security) commission on guidelines, he has contributed to several security guides and standards and continues his work now with the Council on Tall Buildings and Urban Habitat (CTBUH) in the creation of a guide to support proactive resilience planning for future tall towers. Sean A. Ahrens, MA, CPP, FSyl, CSC is the Security Market Group Leader with Affiliated Engineers, Inc. a multi-disciplinary consulting and Engineering firm that provides security consulting, assessment, training workplace violence planning and technology design solutions for projects worldwide.

Email: sahrens@acieng.com

Tel: (312) 977-2857



Helena Coates
Autonomous vehicles and the impact on the insurance industry
Page 16

Helena is a Legal Director and recently joined EC3 Legal from a large City law firm. Her background is in dispute resolution and insurance claims. She has a number of years of experience in acting for insurers and reinsurers.

Email: helena.coates@ec3legal.com

Tel: +44 (0) 203 553 4880



Andrew Barile
Development of Bermuda Reinsurance Market
Page 10

Andy is the President and Chief Executive Officer of Andrew Barile Consulting Corporation,

Inc., an insurance and reinsurance consulting firm that services agencies, corporations, law firms, and insurance and reinsurance companies. Mr. Barile has built intricate knowledge of the insurance and reinsurance marketplaces through over 40+ years of industry-wide experience. Mr. Barile has several years of insurance carrier experience, including his time as a Director at U.S. Property & Casualty Surplus Lines Insurance, where he worked in 1979-1980. Mr. Barile has experience on the agent side of the business as President and CEO of Insurance Agency Programs, Inc. from 1992-1997. Prior to founding his consulting firm in 2001, Mr. Barile was the President of the Commercial Division at Arrowhead General Insurance Agency from 1997-2001. His expertise canvasses wholesale insurance brokerage, excess and surplus lines, MGAs, admitted and non-admitted insurers, direct and broker market reinsurance, Bermuda Reinsurance, and Captives. Mr. Barile has been published numerous times in various media and scholarly journals. He also provides insurance and reinsurance litigation consulting services to law firm and is designated as a Chartered Property & Casualty Underwriter (CPCU).

Email: abarile@abarileconsult.com

Tel: (619) 507-0354



Joe Drozda
Navigating through the Insurtech Movement
Page 11

Joe is an Executive Vice President of Insurgent Consulting. He is an innovative, analytical and

passionate leader with experience in building successful, high performing teams. With a background that includes executive oversight, strategic planning and consulting / professional services, at both large, public corporations and mid-sized, privately-held companies; Joe has experience in delivering solutions that drive revenue and overall bottom line growth.

Email: joedrozda@insurgent-consulting.com

Tel: (937) 432-1618



Arnold F. Mascali
Flexibility and Strength Are the Keys to Building Business Resilience
Page 13

Arnie is the President and Founder of Procor Solutions + Consulting.

He is an attorney and risk management professional with thirty years of experience in all aspects of property and casualty insurance law and claims. He began his career as an insurance trial attorney in New York and New Jersey and quickly developed a reputation as a leading insurance expert. In 2001, Mr. Mascali joined Aon and rose to Managing Director of Aon's Global Property Risk Consulting group and a member of the Aon Global Risk Consulting US Operations Board. While at Aon, Mr. Mascali managed the response to some of the largest property and business interruption claims in history, arising out of catastrophes such as September 11th, Hurricanes Katrina and Ike, and numerous other man-made and natural disasters. In 2012, Mr. Mascali founded Procor Solutions + Consulting, a leading risk, disaster, and insurance claims management firm that focuses on improving business resilience by providing expertise in disaster planning and response, property/business interruption loss mitigation and risk technology. In just five years, Procor has worked with organizations across the country, managing many of the largest and most complex disasters and property/business interruption recoveries. In addition, Mr. Mascali has been appointed as an appraiser of losses arising from Superstorm Sandy and other recent events. Most recently, Procor has responded to clients impacted by Hurricanes Harvey, Irma and Maria with new and innovative service offerings, such as creating an Employee Disaster Recovery program, as well as assisting businesses with expertise in claims preparation, forensic accounting, property analysis and business interruption losses.

Email: amascali@procorllc.com

Tel: (800) 871-5832



Marci De Vries-Todt
Using Social Media Surveillance for Carpal Tunnel and TBI
Page 11

Marci is the CEO of Fraud Sniff, Inc.,

a software company that locates, downloads & distributes social media content about WC/liability claimants to their adjusters. Her online technical and linguistic algorithm skills predate Google, which has allowed her to launch and sell two search technology companies prior to starting Fraud Sniff. She was also an adjunct professor of Marketing & Social Media for six years at The Johns Hopkins University Whiting Engineering School. Fraud Sniff has been one of the 50 fastest growing companies in Maryland for the past three years.

Email: marci@fraudsniff.com

Phone: (616) 826-5365



Have a question?

Email us
[@ irl@irletter.com](mailto:irl@irletter.com)

Follow us on Twitter

[@insinsurance](https://twitter.com/@insinsurance)

INSURANCE RESEARCH LETTER

ISSN #0892-0540 • Vol. 52 No. 7

ISSN #2165-2740 • Vol. 21 No. 7
(digital)

EDITOR-IN-CHIEF

A. B. Hodges

GRAPHIC DESIGN

[Turcotte O'Keefe, Inc.](#)

ADVERTISERS

[Firestorm](#)

[GMG Underwriters](#)

[IRMI Captive.com](#)

[unisonSteadfast](#)

[Vertafore](#)

Synopsis

Volume 29, Number 7, July 2018

Companies

NewsBriefs

AIG looks for acquisitions, JVs in Brazil

American International Group is looking for acquisition opportunities and joint ventures in Brazil to grow its business in the region, [Estadão](#) reported. [AIG](#) is looking to cover small and medium-sized enterprises especially in the judicial guarantee segment due to lack of capacity and competition.

Argo rebrands recent Italian acquisition

Argo Group International Holdings ([Argo](#)) has announced the rebranding of subsidiary Ariscom to ArgoGlobal Assicurazioni SpA following the acquisition by Argo Group in March. As announced in April, **Giovanni Tucci** serves as managing director of the business and reports to **Matt Harris**, head of Europe, Middle East and Asia. “This new branding further unifies the company and reflects Argo’s extensive ambitions for the Italian marketplace,” said Harris. “By aligning our Italian operation with the Argo brand, we will be better able to realize our growth aspirations across continental Europe and leverage the strength of Argo Group to generate new distribution channels. ArgoGlobal Assicurazioni SpA provides us with an exceptional platform in one of the continent’s largest and best performing non-life insurance markets. We now have the requisite local infrastructure, team and client network to complement Argo Group’s expertise, product innovation and proven digital solutions, which will enable us to grow first in Italy and then in additional markets in which we have identified longer-term growth opportunities.”

Chubb Introduces Insurance for Artisan Contractors through Its New Digital Platform

Range of Coverage Options Offers Protection against the Unique Exposures of Small Business Owners in Skilled Trades – [Chubb](#) is now offering insurance solutions to cover the unique risks faced by artisan contractors. This coverage is available through Chubb’s new digital platform – the Chubb Small Commercial Marketplace®, which is designed to help modernize the placement and service of small business insurance, and features a complete and customizable suite of products for skilled trade professionals. Additional information on Chubb Small Commercial Insurance’s suite of products can be found [HERE](#)

Hyperion buys 10% stake in Lloyd’s managing agency Apollo

[Hyperion Insurance Group](#), which owns brokers Howden, RKH and underwriting division [DUAL](#), has acquired a 9.9 percent stake in Apollo Partners. Apollo Partners is the holding entity for Lloyd’s managing agency Apollo Syndicate Management ([ASML](#)), which manages Syndicate 1969 at Lloyd’s – a multi-line syndicate operating across 12 main classes of business. For the 2018 underwriting year ASML has also established a reinsurance Special Purpose Arrangement 6133 (SPA), which focuses on property treaty lines.

Syndicate 1969 was established in 2009 and ASML was authorised as a stand-alone managing agency by Lloyd’s in 2015. Capacity managed by ASML has grown from £160m in Syndicate 1969 for the 2015 underwriting year to £260m across Syndicate 1969 and the SPA combined for the 2018 underwriting year.

This comes on the heels of Hyperion Insurance Group announcement June 7 that it purchased a controlling interest in the Asia and EMEA arms of **International Planning Group (IPG)**, an Asian life insurance broker

serving high-net-worth individuals and businesses.

Markel International gains Indian license to write reinsurance business

[Markel International](#) has been granted a licence by the Insurance Regulatory and Development Authority ([IRDA](#)) of India to write reinsurance business in the country. Capacity will be provided by Markel’s Syndicate 3000 at Lloyd’s and written through the Lloyd’s India platform. [Markel India](#) will provide treaty and facultative reinsurance to local Indian insurers, in a broad range of commercial classes. It will initially focus on marine, energy, contingency, trade credit, and professional and financial risks. Markel India will be led by **Deepika Mathur**, who has had some 20 years’ experience in the Indian insurance industry, most recently as Executive Vice President at HDFC Ergo, the Indian/German joint venture general insurance company, with responsibility for the casualty and financial lines business.

RSA receives regulatory approval for new subsidiary in Luxembourg

[RSA](#) has received licence approval for its [new insurance subsidiary in Luxembourg](#) from the regulator, the Commissariat aux Assurances ([CAA](#)). RSA Luxembourg has been established in preparation for the UK’s exit from the European Union to ensure there is no disruption to business with EU-based customers and other business partners. Existing EU branch business of RSAI PLC will be transferred to RSA Luxembourg (RSAL) by way of a Part VII Transfer and then directly onto the RSAL licence from January 1, 2019.

RSA worked closely with the CAA to ensure the new company fully complies with the European Insurance and Occupational Pensions Authority ([EIOPA](#)) guidance on Brexit.

The Schinnerer Group Rebrands as Victor

[The Schinnerer Group](#) has announced that it is rebranding as **Victor**, a name reflective of the firm’s history and its new global operating model. [Victor is the world’s largest managing general underwriter \(MGU\)](#), currently servicing greater than \$1 billion in premium. The Schinnerer Group’s businesses will take up the Victor brand over the next year, and combine to operate as a global entity. This includes Victor O. Schinnerer & Company in the U.S., ENCON in Canada, Bluefin Underwriting in the UK, Mees & Zoonen in Italy and the Netherlands and Schinnerer’s operation in Bermuda. Recent Schinnerer Group acquisitions, ICAT and Dovetail Insurance, will also be part of the Victor global business but retain their current names. Watch the video [HERE](#)

Swiss Re acquires stake in Kenyan insurer

[Swiss Re](#) is buying a nearly 14 percent stake in Kenya-based insurer **Britam Holdings Ltd.** for \$47 million. Britam Holdings Limited ([Britam](#)), previously known by as British-American Investments Company, is a diversified financial services group and is listed on the Nairobi Securities Exchange.

People

ArgoGlobal Strengthens Credit and Political Risk Offering with Appointment of Daniel Byrne

[ArgoGlobal](#) announced the appointment of **Daniel Byrne** as credit and political risk underwriter. Mr. Byrne takes up his role with immediate effect and will report to **Jeremy Shallow**, credit and political risks class underwriter. Mr. Byrne brings nearly a decade of underwriting experience to ArgoGlobal. He joins from Aspen Insurance UK Ltd., where he most recently served as acting global head, credit and political risk. Mr. Byrne joined the business as an underwriting graduate, and held roles as underwriting assistant and as credit and political risk underwriter.

Chubb Limited Appoints David Furby to Lead European Region

[Chubb Limited](#) announced:

- **David Furby** has been named Senior Vice President, Chubb Group and Regional President, European Group. Currently he is Vice President, Chubb Group and Division President, Commercial Property & Casualty, for Overseas General Insurance, the company's international general insurance business. In his new role, Mr. Furby will have overall responsibility for the general management and business results for all Chubb operations in the U.K. and Ireland and the Continent of Europe. The appointment will be effective July 1, subject to regulatory approval.
- **Andrew Kendrick**, who has led the company's European operations as Regional President since 2004, plans to retire from Chubb, and a distinguished four-decade career in the insurance industry, at year-end. Mr. Kendrick will continue to serve as Senior Vice President, Chubb Group, and as executive chairman of the European Group through the end of 2018, focusing primarily on regulatory matters, including the company's Brexit plans and duties related to the Chubb European Group Board of Directors and its Joint Underwriting Control Committee.
- **Timothy O'Donnell** has been named Vice President, Chubb Group and Division President, Commercial Property & Casualty for Overseas General Insurance, succeeding Mr. Furby. Currently, Mr. O'Donnell serves as Executive Vice President, Financial Lines, and Chief Operating Officer of Commercial Property & Casualty for Overseas General Insurance. In his new role, he will be responsible for the company's international commercial P&C insurance business, including property, casualty, professional lines, energy and marine product lines. Both Mr. Furby and Mr. O'Donnell will report to **Juan C. Andrade**, Executive Vice President, Chubb Group and President, Overseas General Insurance.

Chubb Appoints Steven Goldman Executive Vice President, Financial Lines, Overseas General Insurance

[Chubb](#) announced that **Steven F. Goldman** has been named Executive

Vice President, Financial Lines for Overseas General Insurance, the company's international general insurance business in 51 countries.

In his new role, Mr. Goldman will have responsibility for Chubb's international financial lines division including directors and officers liability, financial institutions, errors and omissions, transactional risk and cyber risk businesses. The appointment is effective July 1. Mr. Goldman will be based in New York and report to Timothy O'Donnell. Succeeding Mr. Goldman is **Michael Mollica**, who has been named Executive Vice President of Financial Lines, North America. Mr. Mollica has more than 20 years of industry experience. He will be based in New York and report to Scott Meyer, Division President, Financial Lines, North America.

Liberty Mutual names president of distribution for global risk solutions

[Liberty Mutual Insurance Co.](#) has named **Shaun E. Kelly** president of distribution for the company's global risk solutions unit. Mr. Kelly will lead distribution and marketing for global risk solutions in this newly created position, a spokesman said in an email. Most recently, he was president of the unit's North America specialty unit, according to a statement. The insurer named **Matthew Dolan** president of North America specialty to replace Mr. Kelly. He was most recently president of Ironshore U.S., according to the statement. Mr. Kelly, based in New York, and Mr. Dolan, based in Simsbury, Connecticut, will report to **Dennis Langwell**, president of global risk solutions.

Liberty Mutual Unit Appoints Matt Waters Chief Underwriting Officer and Senior Vice President

Mr. Waters will lead the areas of Liberty Mutual's National Insurance Specialty unit that provide a full range of primary and excess products to large and mid-size construction and energy companies through brokers. Mr. Waters returns to National Insurance Specialty from a stint as chief product & underwriting officer of Liberty Mutual's group disability and life operation, which was recently sold. Prior to that position, he served as chief underwriting officer for National Insurance Specialty - Energy. Mr. Waters started with Liberty Mutual in 1997, as a commercial underwriter.



Steven F. Goldman



Shaun Kelly



Matthew Dolan

Agent, Broker, Consultant News

BB&T to be renamed McGriff Insurance Services

BB&T Insurance Services is dropping the BB&T name and assuming the company's successful insurance subsidiary, McGriff Insurance Services which it acquired in 2003. The rebranding comes just prior to the close of BB&T's acquisition of Regions Insurance Group. The deal for Regions, which has 31 offices across the Southeast, Texas and Indiana, is expected to close in the third quarter, the statement said. The Regions operations will become a part of the rebranded entity.

Arthur J. Gallagher has acquired a 65% stake in Zurich-based broker

Founded in 1997, Hesse & Partner and Hesse Consulting GmbH Hesse is a commercial property/casualty broker and consultant offering coverages and risk advisor services primarily to industrial, manufacturing and construction clients with a particular specialism in the waste-to-energy industry. Following the deal, **Guido Hesse**, **Tanja Jung** and other Hesse associates will continue to operate from their Zurich location under the direction of **Vyvienne Wade**, head of Gallagher's overseas division.

Marsh loses trademark case against InsurTech start-up Marshmallow

In May of this year, a small UK InsureTech company named [Marshmallow](#) won a trademark battle with Marsh. In a judgment revealed by Marshmallow, the Intellectual Property Office (IPO) ruled that the words 'marsh' and 'marshmallow' would be very well known to the average consumer, and said the two names would convey "very different conceptual messages." (Insurance Business, Lucy Hook) [Note: Marshmallow – "Car insurance tailored for people who've moved to the UK. Launching later this year."]

Marsh to Acquire Wortham Insurance

[Marsh](#) announced that it has reached agreement to acquire Houston-based [Wortham Insurance](#), one of the premier independent insurance brokerage firms in the United States. Founded in 1915, Wortham has more than 530 colleagues based in its Austin, Dallas, Fort Worth, Houston, and San Antonio offices. It provides property/casualty insurance, surety, personal lines, and employee benefits advice and solutions to a wide range of businesses and individuals throughout the US, with particular expertise in energy, power, construction, and retail sectors in addition to managing several specialty programs. Upon completion of the transaction, Marsh will expand its footprint in Texas to include the Austin and Fort Worth markets and will merge its existing operations in Dallas, Houston, San Antonio, New Orleans and Tulsa with Wortham. The combined business will operate as [Marsh Wortham](#) with **Richard M. Blades**, who is currently Chairman of Wortham, as its CEO. He will report to **Martin South**, President of Marsh's US and Canada division. Mr. Blades will also serve as Chairman of Marsh's Energy & Power Practice in the US.

Price Forbes launches new broking entity-Price Forbes Risk Solutions Ltd (PFRS)

[Price Forbes & Partners](#), part of the [Ardonagh Group](#) of companies, has announced the launch of a new broking entity in the name of Price Forbes Risk Solutions Ltd (PFRS) to broaden and enhance the expertise of The Ardonagh Group. PFRS will operate as an Appointed Representative of Price Forbes & Partners and exist as a subsidiary operating within the International & Specialty segment of Ardonagh. PFRS will be headed by **David Barrie** and specialize in Reinsurance business, both Treaty and Facultative with the aim of maximizing opportunities across the group.

Ryan Specialty Group

It will pay (dividends) to keep an eye on this company. Just shy of eight years old, RSG's Underwriting Managers business has 80 lines of business



and more than 250 specialty underwriters. The formation of RyanRe under the guidance of **Mike O'Halleran** is nothing short of brilliant. This development plus the recent capital infusion from **Onex** sets the stage for some interesting speculation.

Ryan Specialty Group Announces Formation of RyanRe Underwriting Managers

Coming fresh out of retirement **Michael D. O'Halleran** has rejoined **Patrick G. Ryan** to launch a reinsurance managing general underwriter, RyanRe Underwriting Managers (RyanRe). Working through reinsurance brokers, RyanRe can underwrite treaty and facultative reinsurance and will focus on property, casualty and professional liability. Executive Chairman, Mike O'Halleran, along with the CEO and President, **Brian Boornazian**, are leading RyanRe. Mike O'Halleran can be reached at Mike.O'Halleran@ryansg.com, (312) 635-7793; and Brian Boornazian can be reached at Brian.Boornazian@ryansg.com, (860) 796-9791

Ryan Specialty Group Announces Investment by Onex

Ryan Specialty Group ([RSG](#)) announced that it has entered into a long-term strategic relationship with Onex Corporation (Onex). The Onex investment is comprised of \$150 million of preferred equity and \$25 million of common equity. The purpose of this new investment is to provide capital to continue RSG's successful growth strategy and M&A activity.

People

Chily stepping down as chief executive officer AJ Gallagher UK

Arthur J. Gallagher & Co. have announced that the head of the company's UK-based Brokerage and Underwriting division, **Grahame "Chily" Chilton**, will be stepping down from his role as CEO later this year. Subject to regulatory approval, **Simon Matson**, currently head of Gallagher's London Market and Alesco businesses, will be appointed Chilton's successor and assume the UK brokerage and underwriting CEO role.

JLT Re hires Guy Carp broker

JLT FAC, part of JLT Reinsurance Brokers Ltd., the reinsurance broking unit of Jardine Lloyd Thompson Group P.L.C., has named **Joe Vitale** to be head of casualty. Mr. Vitale will be joining JLT from Guy Carpenter where he was a senior vice president. He is expected to assume his new job, based in New York, in August, subject to contractual obligations.

Onshore energy specialist joins Miller

Ryanne Smith has joined Miller to further strengthen its energy capabilities for North American intermediaries and clients worldwide. Ryanne specialises in onshore energy. At Miller, she will be working with Daniel Nicholls and Graeme Valentine, focusing on North American oil and gas, midstream, power & utilities and renewable energy. Originally from Houston, Texas, Ryanne has strong experience of both the US and London markets, having worked as a retailer and marketer in energy for both Marsh and Lockton in Houston; and for the Onshore Energy and Structured Credit & Political Risks teams at RKH Specialty in London. Ryanne will work closely with Miller's other North American specialists across its breadth of specialist areas.

Recently Published

Managing & Measuring Environmental Exposure

Allianz Global Corporate & Specialty (AGCS) published a new report – “Measuring And Managing Environmental Exposure: A Business Sector Analysis of Natural Capital Risk” – read (or print) the 31-page report [HERE](#)

Global Management of Environmental Risk

Not to be outdone, Chubb in collaboration with global law firm Clyde & Co explores the impact of environmental risk on multinational businesses.

It is an updated version of a report that was first published in 2015 and focuses in particular on how recent increases in global legislation have become the biggest change to environmental risk in years. It reviews the different types of environmental risks facing a multinational corporation, and how traditional risk management techniques are leaving companies exposed to unnecessary risks – both financial and reputational. Read (or print) the 16-page report [HERE](#)

Global Briefs



Macedonia – The Associated Press reported that Greece and Macedonia reached an historic agreement on June 12 to end a bitter 27-year name dispute that had kept the smaller and younger country out of international institutions such as NATO, the two countries’ prime ministers announced. The former Yugoslav republic’s new name for both domestic and international purposes will be **Republic of North Macedonia**.

Russia – local market growth rate up nearly 20% in Q1

The market growth rates during the Q1 increased fourfold. GWP in the amount of RUB 377.4 billion (USD 5.9 billion) exceeded by 19.3 percent the result of Q1 2017, when the growth rate amounted to 5.3 percent,

according to the statistics published by the Central Bank of Russia.

Serbia – Top 3 insurers accounted for almost two thirds of total market

The Serbian insurance market experienced a 2.4 percent y-o-y increase in Q1 GWP to RSD 24.7 billion (€208 million), according to the NBS’s (National Bank of Serbia) quarterly figures.

Slovakia – Fiscal changes in the insurance industry postponed for January 2019

The introduction of the new 8 percent tax on non-life insurance premiums in Slovakia was postponed from October 2018, to January 2019, to allow insurance companies prepare for the change, the country’s parliament decided on June 7.

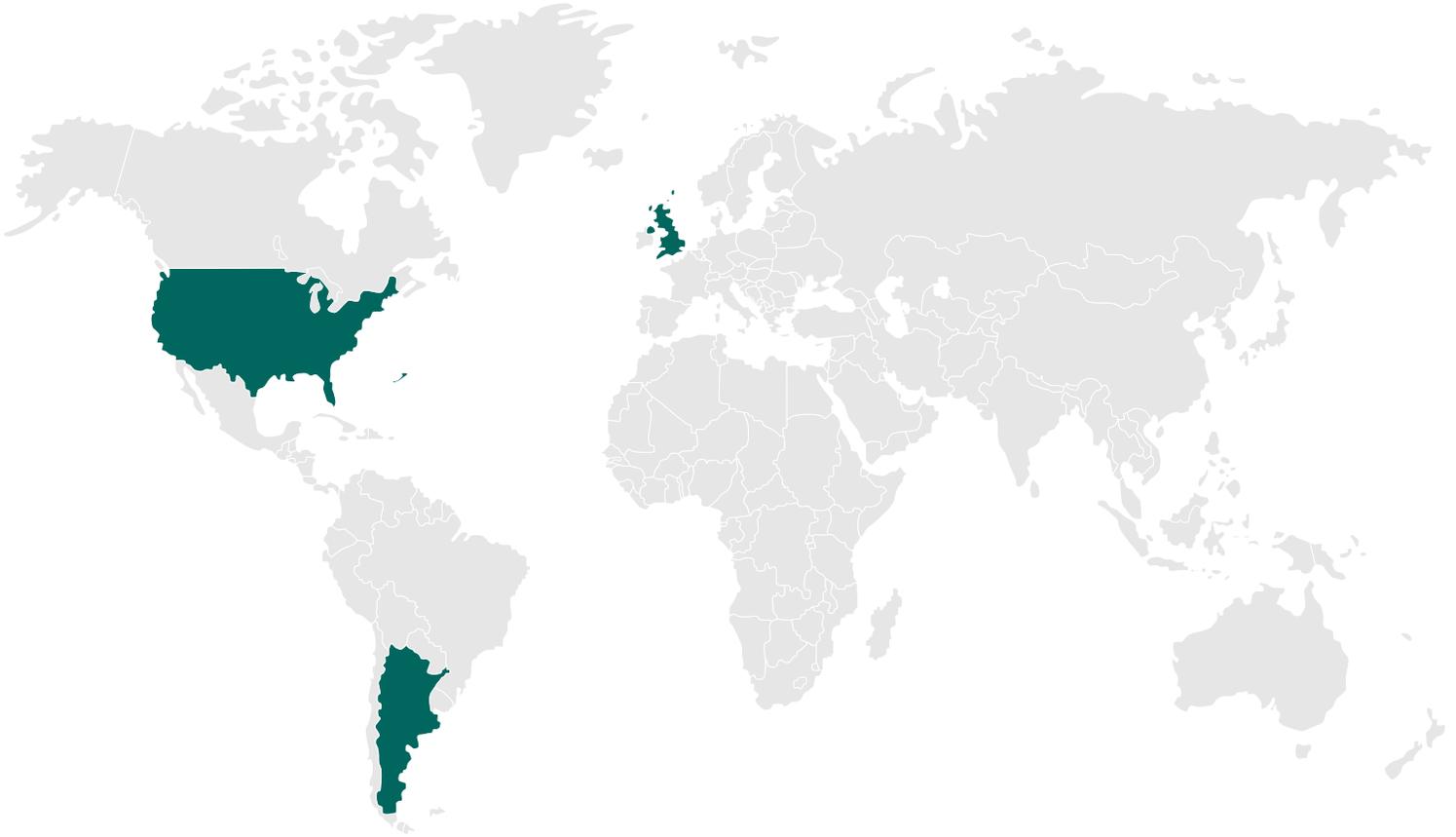
United States – Despite steadily increasing premiums, U.S. auto insurance customers are more satisfied with their carriers than ever. According to the **J. D. Power 2018 U.S. Auto Insurance Study**, insurers are beginning to get the customer interaction formula right, offering a mix of digital and live interactions that keep customers engaged with their brands across all channels, and there was also a growth in telematics. Read the study [HERE](#)



Insurance specialists for foreign package,
K&R, accident, DBA and political risk
www.gmgunderwriters.com | 215.867.3764



WORLD NEWS



Americas

BERMUDA 

Development of Bermuda Reinsurance Market

By Andrew Barile

The first of a series by Reinsurance expert, Andrew Barile, whose career has more than expanded the growth of the Bermuda reinsurance market. In the next issue of the Insurance Research Letter we will move into a question and answer format. Please feel free to email questions to irl@irletter.com

In the middle of the 1970's, there was general agreement among the captive insurance company tax lawyer experts that corporation owned captives needed to write "third party reinsurance" to qualify as an insurance company for Federal Income Tax purposes. The Bermuda domiciled captives created the Bermuda reinsurance market and the captive manager was very willing to sign the Ceding Company Reinsurance Placement Slip for the reinsurance broker. Following the expansion of some 400 captive insurance companies into the reinsurance market, the Bermuda reinsurance market was born. The ANECO Re public offering, the first initial public offering of a Bermuda reinsurance company provided the necessary education that led to the formation of privately owned reinsurers, TRENICK Re and ACE and XL of Bermuda and Cayman Islands. These were not Bermuda captives but Bermuda Reinsurance companies.

The Bermuda government recognized early on that it could become both the domicile of choice of not only for the Bermuda captive owned by a Fortune 500 corporation, but the domicile of choice for the Bermuda reinsurance company funded by private investors. Bermuda became the Silicon Valley of the global reinsurance industry. Asset management companies told their investment bankers about Bermuda and its ability to access capital to form reinsurance companies. Tax incentives bring the hedge funds. Less restrictive investment regulations bring the CFO's of the major insurance groups to join AIG's American International Insurance Company and begin to understand how offshore reinsurance can improve the financial performance of domestic insurance companies. Education begins at the Bermuda Monetary Authority, and the Bermuda Insurance Institute to support the growth of Bermuda. CEO's of the major insurance brokerage firms expand their offices in Bermuda. Lloyd's brokers start visiting Bermuda with global reinsurance opportunities. The major investment banks, and Goldman Sachs, began to give Bermuda credibility as a well-established international insurance jurisdiction.

As global communication continues to improve, reinsurance managements begin to recognize that using your global reinsurance platform in the Bermuda domicile has many advantages. The Internet begins to contribute to global expansion of reinsurance buying as Bermuda keeps pace with technology and begins to rival Lloyd's of London on the world reinsurance stage.

THE UNITED STATES

Navigating through the Insurtech Movement

By *Sandy Welker and Joe Drozda*

Recently, we have all either been reading or hearing about the “insurgency” of the Insurtech Movement. Anxieties, yes...opportunities, galore! The question that keeps popping-up is, “How are we, the insurance industry and its various components, going to navigate through this invigorating and rapidly growing development?”

Our journey starts with understanding the Insurtech Movement and its objectives. It is an innovative and technological initiative whose objective is to create greater efficiencies and economic savings by developing and cultivating insurance products, services and distribution models which align themselves with the identifiable buying habits and interests of the insurance consumer.

Subsequently, the emergence of start-up technology companies have caught the attention of not only Insurance Carriers and Reinsurers, but insurance Managing General Agents (MGA) and Program Administrators (PA) alike. Insurance Carriers and Reinsurers are scrambling to either partner with these start-ups or to create internal “think-tank” incubators. All have the same objective of quickly bringing to market the type of insurance products, services and distribution channels that suit an evolutionary consumer community.

As adherents to developing, servicing and delivering specific products to niche industries, MGAs and PAs are also embracing the Insurtech Movement with the hope of utilizing innovations within their own operations in order to be responsive to their clients, whether it be the direct consumer or their distribution network of independent agents.

While studying insurtechs entrance into our industry, it became apparent that many insurance services need to be incorporated throughout the life cycle of a successful product launch from concept to implementation. The expertise required in licensing, compliance, distribution, rating, procedures, bordereau reporting, accounting, and many other needs play a fundamental role to properly test the viability of a product/platform. This expertise can be obtained two ways: One, through the arduous task of learning, developing and implanting; or two, finding the right partner that can provide these various integral insurance services.

Insurgent Consulting, using its featured product [MGA-In-A-Box™](#), is designed to be that partner. They are able to identify these needs and provide the solutions to help bring new products to market as quickly as possible. As a spinoff of Norman-Spencer Agency, Inc., Insurgent inherently comes with a full-service MGA infrastructure, along with strong industry relationships. Through [MGA-In-A-Box™](#), Insurgent is able to assist in providing the services needed to launch a product quickly and cost effectively.

To utilize a term used within the software industry, [MGA-In-A-Box™](#) has the ability to “Plug and play” its various professional services within all of the stages of new product development beginning with idea generation, during the launch, and through the continued support of the product’s distribution. Again, each situation will be unique and will evolve to a solution that works best for the success of all parties involved.

Insurgent is currently working with multiple pilot programs. The experience and expertise within the team, along with over 80 combined years of experience in the program administration space continues to draw attention. For more information about Insurgent and [MGA-In-A-Box™](#), visit their website at <http://insurgent-consulting.com/>.

About Insurgent Consulting: Recently founded, Insurgent offers proficiency in each area of the insurance industry that can be leveraged by insurers, agents, wholesalers, InsurTech businesses and venture capitalists. Combined insurance experience of over 80 years allows the Insurgent team

to identify solutions, provide expertise and leverage industry partnerships to create a competitive advantage for clients while fostering the growth of insurance programs or bringing them to market.

For more information about Insurgent, please visit <http://insurgent-consulting.com/>.

Using Social Media Surveillance for Carpal Tunnel and TBI

By *Marci De Vries-Todtz*

SIU (Special Investigations Unit) has long been used successfully for observable/easily photographed injuries such as knee/back/shoulder issues, because an investigator can simply capture the claimant on film getting in and out of a car against their current restrictions. Other injuries such as Carpal Tunnel Syndrome (CTS) or Traumatic Brain Injury (TBI), however, proved difficult to clearly demonstrate in a photo whether someone was thinking clearly or pinching/grasping objects with their fingers. Social media monitoring is a significant solution for injuries that cannot be photographed through a telephoto lens.

Using social media to inform a CTS claim is extremely effective. For instance, if a claimant posts multiple lengthy posts every day, the sheer volume of typing is a warning in and of itself that the claim may be exaggerated. But SIU can go deeper than that; Social media is often used by claimants to promote their side-hustle (if they have one). Claimants with CTS have been exposed running henna tattoo parlors, making and selling stained glass windows, making and selling hammered copper jewelry and painting hundreds of miniature paintings. We also see carving, riflery, horsemanship, and so on. At the very least, there are many photos posted of claimants grasping a fork as they prepare to eat meals at restaurants.

TBI can be addressed using multiple avenues online. For instance, if the claimant belongs to groups or discussion boards, good information about their cognitive abilities is displayed in the level of conversation they engage in online in social media or elsewhere. Additionally, claimants may indicate in their social media profiles that they are on the PTA or on the condo association board. In that case, minutes from the meetings can be recovered, showing the intellectual contributions of the claimant in multiple meetings. Claimants may also post multiple selfie photos, showing themselves smiling in a wide variety of locations. They may also post about trips or rock concerts they have attended, often with accompanying photos. One TBI claimant even took a selfie inside a mosh pit.

In all of these cases a single photo may not prove useful, however since social media is ongoing, SIU has the ability to capture content continuously in order to dispel a good day defense. It is also important to remember the impact of friends and relatives’ content. In the case of a serious TBI or a CTS surgery, relatives discuss the situation on their own profiles with extended family. Surgery photos and milestones reached are celebrated in spouse or children’s profiles help adjusters accurately understand the level of care needed by claimants both today and in an ongoing manner.

Monitoring social media in these ways gives adjusters information that allows them to engage legal counsel or IME in a targeted, meaningful way, with the goal of reducing overall claim expense and claim duration.

School and Workplace Violence: Focusing on the Real Solution

By *Karen Masullo, Chief Intelligence Officer, Firestorm*

The violence solution is behavior, not guns

Noblesville, Santa Fe, Kentucky, Parkland, Palmdale, Ocala, Raytown, Birmingham...for 2018, there are more. Or how about January 23, 2018? Does that date mean anything to you? It does to the families of Bailey Nicole Holt and Preston Ryan Cope, both fifteen-years-old the day they were

murdered, and to the eighteen people injured in the event when a fifteen-year-old shooter opened fire at Marshall County High School in Kentucky. Most people have no recollection of this event because it was not given the level of coverage as would be for a “mass” shooting event.

“If it bleeds it leads” ~ Eric Pooley, 1989

As a population, we have become far too accustomed to “smaller shootings” and the media and news-cycle churns past these “minor” violence events. School and workplace violence is preventable. There is a clear call to action, and there is a readily available solution. The solution however, is not a quick-fix.

Discussions must focus on a true solution. The key to change is implementing a process for identifying those on a path to violence and intervention before the weapon comes into the facility.

The violence solution is *behavior*, not guns. The solution can be found in understanding behavior, not adding modalities to limit casualties. When asked, every organization states: *“we have something”*

“Something” is Clearly Not Enough.

Banning certain types of firearms, arming teachers or employees, or active shooter training is something — if properly implemented, that may reduce the number of deaths — but is not a total solution.

Without a total solution, the frequency of these events will continue to increase. We must shift our focus away from guns. Any focus on firearms, or “Last Stand™” efforts, distracts the discussion from a solution to treat the *real* cause, the disease.

We must respond when behavioral warning signs first arise before the violent act occurs. Without this change, we will continue to see more school violence and loss of life in our nation’s schools and in our workplaces. No one wants to call a family and share that their loved one is not coming home today.

Recent Legislation

In March of 2018, the California High Court ruled that colleges have a duty to protect their students from foreseeable violence in the classroom. In its decision, the California Supreme Court stated that “...it’s reasonable for students, who must attend classes and labs to obtain a degree, to expect that their schools will provide some safety in the classroom. This is especially true when the school is aware of the risk.”

Many institutions of higher education say their general liability policies

fall short on covering the expense an institution may face following a violent incident. Expenses can include victim lawsuits, lost revenues from enrollment, building repairs or total reconstruction, legal fees, medical expenses and counseling. Many schools also engage crisis management experts and other crisis communication and critical decision support services.

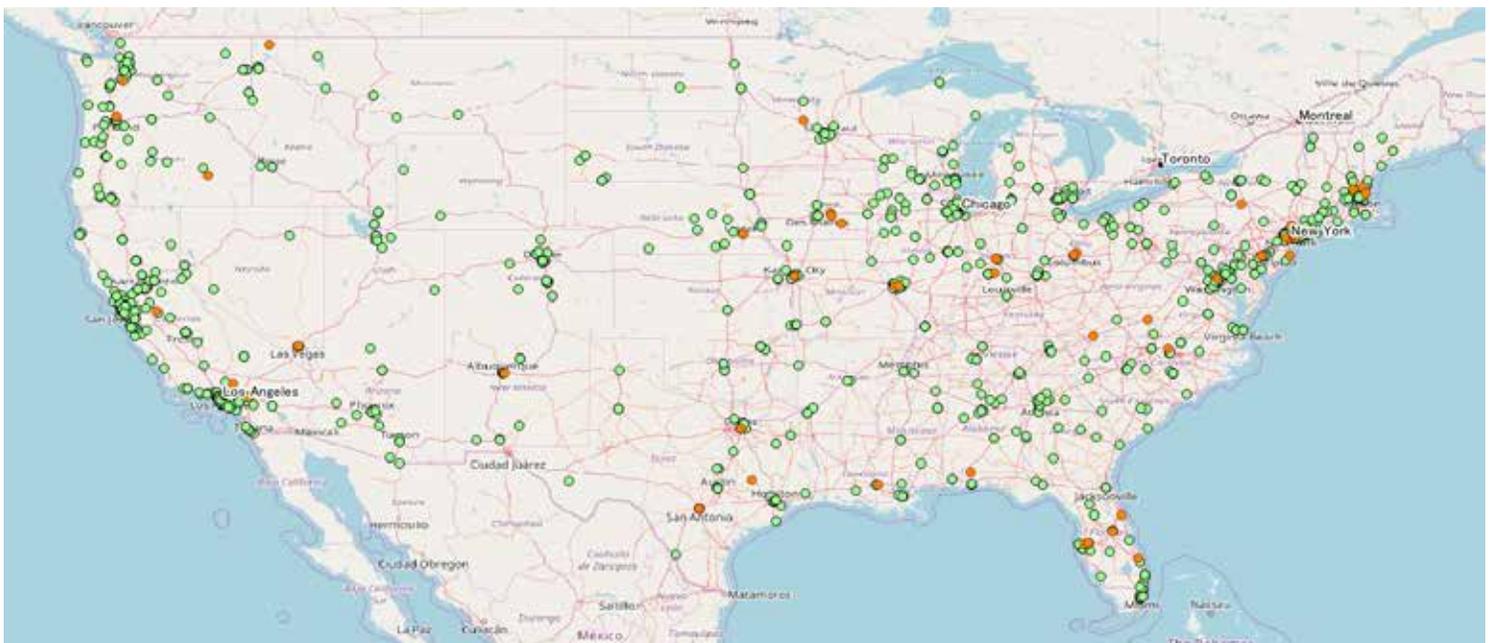
As we have discussed previously in The Letter, understanding insurance coverages and specialty coverages is critically important to the survival of many institutions and organizations. Penn State payouts on Sandusky abuse claims now top \$100M; the Virginia Tech shooting costs are estimated to have been \$48M; The cost of initial hospitalizations alone for victims of gunshots is more than \$700 million annually. Average initial hospitalization cost per patient is approximately \$24,000-32,000. For patients with complications, the costs of treatment and recovery are many times that.

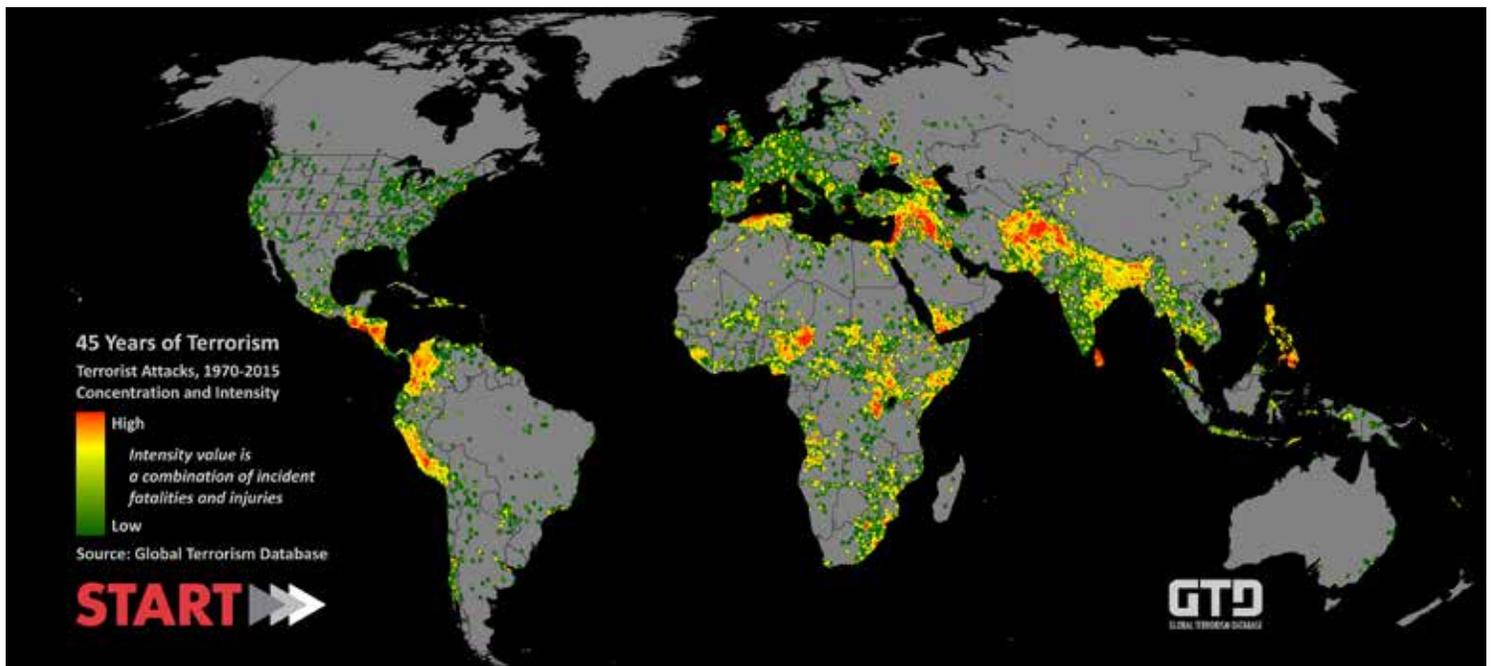
Review Insurance Coverages, and then Start at the Beginning

On May 10, 2018, an experienced and prestigious group of experts gathered together at The National Press Club in Washington, D.C. to discuss the plague of deadly weapons violence in our schools. Round-table participants included the Albert family, a family directly affected by the shooting at Marjory Stoneman Douglas High School, Dr. Jeff Jackson, President Georgia Independent School Association, Suzy Loughlin, Insurance expert, Firestorm Co-Founder and co-architect of the best-practices, nine-step #ShareTheFormula, Brenda Truelove, Program Manager/Corporate Engagement, College of Continuing Studies for The University of Alabama and host school of the Behavioral Risk Threat Assessment (BeRThA®) eLearning Platform, Mina Lux, Award-winning founder of MEELO Logic Artificial Intelligence, and Hart Brown, COO of Firestorm (formerly of HUB Insurance), and MEELO AI pilot test designer. The panel was moderated by former ABC News White House Correspondent Ann Compton.

The panel discussed the creation of a best-practices formula to identify behaviors of concern and respond appropriately from the very beginning. It is available to anyone free of charge from <http://sharetheformula.com>. More than ten years of research have been invested to develop the formula for school and workplace violence prevention: every solution has a formula and we know that this formula must be shared. Use the hashtag #ShareTheFormula and download and #ShareTheFormula from <http://sharetheformula.com>

We *must* be outraged about all institutional and organizational violence;





Source: Phoenix7777 (Author) - Own work Data source: National Consortium for the Study of Terrorism and Responses to Terrorism (START). (2017). Global Terrorism Database [Data file] - Retrieved from <https://www.start.umd.edu/gtd>

outraged enough to start at the *beginning* of the violence cycle, rather than the end.

Terrorism Re-Visited

By Sean A. Ahrens, CPP, FSyl, CSC

As the media bombards us with jihadist, radicalized Muslim incidences of terrorism, would it surprise you to know that domestically, the probability is not a radical Muslim attack, it is homegrown radicalism, such as:

- Right wing: Including white supremacists, anti-abortionists, militias and members of the so-called Patriot and sovereign citizens movements.
- Left wing: Including religious, animal right militants, environmentalists, anarchists and Black Lives Matter/ Black Identity Extremists sympathizers.

According to the non-for-profit Center for Investigating Reporting (CIR) and its website RevealNews.com there have been only 63 cases of Islamist domestic terrorism between the years of 2008 and 2016, with most of the plots being detected and prevented. Interestingly, of these acts, the number of deaths inflicted by radical Islamist is higher primarily because of the Fort Hood shooting that occurred in 2009. While Islamist terrorism occurs with less frequency, it is more likely to have a larger impact than right/left wing groups.

Terrorist incidents map of the United States 1970–2016. A total of 2,758 incidents are plotted. Orange: 2016; Green: 1970-2015

Terrorist Behavior

According to the National Institute of Justice (NIJ), in an article written by Brent Smith PhD, “Terrorists live close to their targets, and engage in a great deal of preparation...” However, the drawback to this extensive planning is the discovery by those trying to prevent a terrorist occurrence. As a result, the author believes that domestically we have had fewer attacks because our public/private partnerships are working.

This is evidenced by the number of people that have been arrested for terrorist material support/foiled plots, such as the left wing religious sect that planned to attack the then Sears Tower in Chicago Illinois in 2006.

The longer it takes to prepare the attack, the more likely it is to be detected. Jihadist terrorist have seemed to recognize this and have now moved more and more to a call to arms where they hope to radicalize those domestically. Arming them with information, resources and the tools/knowledge to commit these types of low-tech acts with short planning cycles and maximized effects, i.e. homemade explosives, vehicle ramming and shootings. This being compared to abroad, where there has been a resurgence of hostage taking to maximize media attention.

Outlook

If the University of Maryland’s Global Terrorism Database (GTD) is any indication, statistically and domestically, we will continue to see acts that likely will employ more low-tech types of tactics, such as incendiary devices, explosive and firearms (likely long rifles).

The author also believes that we will see a weaponized drone equipped with an explosive, incendiary or firearm event within the next 5 years. There could also be a resurgence of parcel incendiary/explosive devices directed to those of high worth because the ease of access and the media attention that would be created.

Any terrorist act will require some degree of preparation and site familiarity to be most effective. While we can harden the target, transfer our risk, the real key to minimizing the impact of these events is rooted in our vigilance and continued public/private partnerships along with our continued education and call to action – “if-you-see something, say something”.

Flexibility and Strength Are the Keys to Building Business Resilience

By: Arnold Mascali, President and Founder, Procor Solutions + Consulting

It is estimated that [40% of small businesses](#) do not recover from natural or man-made disasters. Larger businesses are not immune either, as more than 40% of those listed on the S&P 500 [reported](#) that the 2017 hurricanes would impact third-quarter results last year. In fact, 2017 disasters are estimated to have caused more than [\\$300 billion in damages](#), which will grow

as the full extent of business income losses become clearer. So, companies are now preparing for business interruption with greater urgency and professional focus. Businesses with effective recovery plans combined with appropriate risk transfer will survive and thrive, while those who don't will be left behind.

Resiliency starts with a strong plan, focused on how to respond when (not if) business is interrupted. Companies need to be more imaginative of the potential causes of interruption and create more flexible plans that address the following: weather-related issues common in their geographic region; man-made events such as fires, explosions and water leakage; more common today, cyber risk; as well as myriad risks presented by the inter-connectivity of our world. All identified risks need to be considered, and an independent response plan should be created for each, simultaneously. One-sized disaster plans do not fit all exposures.

Once the risks are identified and a plan is created, partners, such as restoration companies, are needed. Best practices suggest having an emergency responder under contract to ensure a timely and effective response. Too many policyholders were left without help following Harvey and Irma simply because they could not get a reputable company to respond quickly to them post-storm. In addition, generators always provide an added-line of defense in the case of power outages, and a fuel partner, or sometimes the restoration company, could provide diesel fuel to power generators.

Planning for interruption to revenue streams extends beyond just property owned by the business. Areas that are particularly vulnerable should be examined – what happens when the business itself is not damaged, but public property, such as roads, bridges, tunnels, or power grids are impacted? Business owners should ask themselves if operations could be transferred to other locations, or if other contingencies could be activated until the public property is repaired. This also applies if the damage is not to insured property, but rather property owned by a key supplier or customer. For example,

Ford Motor Company recently temporarily halted production of a popular vehicle because of a fire at a key supplier's manufacturing facility.

If a business determines it cannot adequately prepare for damage to dependent properties, two common insurance products can prove critical: Ingress/Egress coverage and Contingent Business Interruption ("CBI") coverage. Ingress/Egress coverage provides insurance for business income losses resulting from the inability to access an insured location. This type of coverage helped business in California after fires and mudslides left roads and access points to businesses impassable.

CBI provides protection when a key customer or supplier's property is damaged or destroyed, causing an income loss to the insured business. CBI insurance could offset income losses connected to the damage at the manufacturing facility, providing protection for that income stream. For smaller businesses, they may be at a greater risk of business devastation if a *customer* suffers property damage, rather than if the business itself is damaged. CBI could be the answer in those circumstances.

Now, imagine an organization's property is not impacted by an event, but the homes and automobiles of its workforce are destroyed or damaged. How will the business continue to operate without its greatest asset – its people? This was the case for one of our Procor Solutions + Consulting customers, a Fortune 500 company, who, following Hurricane Harvey, provided recovery teams for its employees in Houston, Texas. That kind of planning can be the difference between recovery and business devastation.

The tragic 2017 storm season proved, again, that resiliency starts with planning. Business continuity planners and insurance brokers should be consulted and engaged to assist in the evaluation of exposures and risk management alternatives. So, when should you plan? President Kennedy once advised, "the time to repair the roof is when the sun is shining."



FIRESTORM[®] **America's Crisis Coach[®]**

Since 2005, Firestorm has assisted clients in transforming crisis into value.

The Firestorm PREDICT. PLAN. PERFORM.[®] methodology combines best practice consulting with proven crisis management expertise, empowering clients to manage risk and crisis.



Captive.com is ...

- The **first and most authoritative** online resource for unbiased information on the alternative market
- **Free access** to anyone with no sign-in required
- Captive thought leader **videos**
- **Designed for** tablets and smartphones
- **New** Learning Center: online CE and CPE credit



Editors John Salisbury and John Foehl have more than **50 years of combined expertise** in the captive arena.

About IRMI

IRMI was the first publisher of reference content covering the field of risk finance in 1983 with the publication of *Risk Financing*, a comprehensive reference resource on all aspects of traditional and alternative market approaches. IRMI also publishes the first newsletter to cover the field of captives, *Captive Insurance Company Reports*, as well as two comprehensive books on the subject of captive insurance. Learn more at IRMI.com/Go/Captives.

Contact Monica Sturgeon
for advertising opportunities at
(800) 827-4242, ext. 379, or Monica.S@irmi.com





Europe

UNITED KINGDOM

Autonomous vehicles and the impact on the insurance industry

By *Helena Coates*

Not so long ago, the idea of having autonomous vehicles on our roads was confined to the realms of science fiction films and yet, in 2018, it is thought that completely driverless cars will be a reality in the not too distant future.

Many of the large car manufacturers are working towards this reality, but what does this mean for the insurance sector? Autonomous vehicles present a number of issues and questions as far as the insurance industry is concerned.

There has been some discussion around whether these vehicles will eventually eliminate accidents altogether rendering certain types of motor insurance redundant. This is because the majority of vehicle accidents are caused by driver error and the theory then is that autonomous technology will at least significantly reduce collisions and accidents through advanced safety features.

If autonomous vehicles are too safe there will be no liability and if there is no unknown then there may be no insurable interest at all, but how can we ever fully understand how safe these vehicles will be or what the associated risks are without the experience and historical data to predict this accurately? It is almost impossible to test vehicles in every imaginable condition and so surely there must always be an element of risk? It seems eminently implausible for risk to be completely eliminated in such an unpredictable world and when relying on such innovative technology and this is exactly what insurance is there to do; provide protection for the unexpected and the industry must therefore evolve with the technology.

What's more, as the technology develops, so too does the knowledge outside of the specific field of technology; every computer device or system is vulnerable to hacking and cyber attacks. It is not beyond the realms of reality to imagine that hackers might access the navigation systems or similar or that a systems failure of some description could create problems either for a single vehicle or for a network of vehicles where they are connected to one another. There is also a risk that the technology could be used to carry out terrorist attacks using vehicles as we have seen more recently in a number of vehicle related attacks across the world. This in turn, would have an impact on non-motor lines of business such as cyber and terrorism.

Automated driving is already here, but as technology develops, it is likely that cars will be able to travel without the driver being involved at all and this raises further issues concerning the apportioning of liability and the related insurance cover in the event of an accident.

There are different levels of autonomous vehicles, which are graded from 0 to 4 with 0 being no automation to 4 which is no human intervention. Most vehicles are at level 1 with some automation such as anti-lock brakes. Many vehicles are level 2 with technology such as lane centering, auto braking, and blind spot warnings and most car manufacturers are developing some sort of level of automation for their vehicles.

The level of automation will affect the requirement for insurance since level 1 vehicles will still have a certain amount of driver intervention. It will also have an impact on liability should an accident occur. What happens, for example, if a level 2 or 3 autonomous car swerves to miss a pedestrian and injures the occupant of the vehicle instead? What if the driver had the ability to do something such as apply the brakes? With fully autonomous vehicles, this is a lot more straightforward. The liability question is rather



more complicated, however, when considering level 2 or 3 autonomy where the car can handle certain tasks on its own but a driver may still be ultimately in charge.

As far as the insurance position is concerned the question which arises is which policy responds; would it be the manufacturer's product policy or the driver's motor policy. This will depend on the facts and circumstances of the accident and the analysis will not differ hugely from any other product liability claim, for example, where there is always a process to establish liability and sometimes that liability will be shared.

To determine liability for collisions involving automated cars, black boxes will be required to establish whether the driver or the vehicle was in control at the time of the accident. It will then be up to the courts in the usual way to decide on liability and it is almost certain that there will be a number of disputes through which legal liability is determined over time.

While there is still driver involvement, it seems unlikely that motor insurance will become completely redundant. In addition, a comprehensive motor insurance policy would also usually cover loss due to theft and fire, which will presumably still be required.

Although autonomous and driverless cars are likely to lead to a reduction in premiums, it is also fair to assume, however, that there will be a corresponding reduction in the number of claims. Proposed black box technology should also reduce the number of fraudulent claims so insurers may also save money because there is less need to investigate fraudulent claims and less fraudulent claims which are paid. The outlook is not, therefore, entirely bleak for the motor insurance industry particularly when you look at the possible increased premiums for less traditional lines of business resulting from this new technology such as cyber and terrorism.

It is difficult to predict what the impact of driverless cars will be for the insurance sector due to the level of uncertainty in the future. What is certain is that we are living in a world in which the risk landscape is constantly evolving. It is important for the industry to continue to keep pace with these changes (as it is doing with initiatives like the Automated Driving Insurance Group) and there is the need to adapt to meet the development of non-traditional risks and exposures since these present not only as challenges but also as opportunities for the industry and autonomous vehicle technology is no exception to this.

Take advantage of the worldwide brokers' network!

- + unisonSteadfast is a global network of **550** highly competent and professional medium-sized independent brokerage companies and correspondents with **20,000** employees generating a premium volume of about US \$ **25** billion.
- + Represented in more than **130** countries worldwide, unisonSteadfast provides independent insurance solutions for medium-sized companies in all economically significant regions.
- + Co-ordinated from its headquarters in Hamburg, as well as from Chicago and Sydney, the network currently services over **3,000** multinational accounts.

 **Worldwide service**
High-quality and compliant cross-border insurance services and solutions

 **Industry expertise**
Professionals for any type of business – from automotive to construction, energy and mechanical engineering to real estate and transport

 **Reporting**
IT-based global reporting via cloud solution and unison app

 **Assistance**
Close co-operation with insurers, loss adjusters, property restoration companies

 **Market power**
Creating market power by leveraging size and volume of our members

 **Excellent market access & Lloyd's**
Direct access to the London market through our own Lloyds broker

Wolfgang Mercier
President & CEO
wolfgang.mercier@unisonSteadfast.com

Katja Makedanz
Senior Account Manager
katja.makedanz@unisonSteadfast.com

unisonSteadfast Corp.
200 South Wacker Drive, Suite 3100
Chicago, IL, 60606, USA

unisonSteadfast AG
Chilehaus C, Burchardstr. 13
20095 Hamburg, Germany

info@unisonSteadfast.com

Words and Definitions *to help insurance professionals*



Controlling the cost of health care

By Keith Purvis

The management of health care is not an easy job. This month's Words and Definitions looks at the British National Health Service's (NHS) approach to the problem. In the UK cost control focuses on the price of drugs (the usual English word for medicines, incidentally). The institute that does the cost-benefit analysis for the NHS, the National Institute for Health and Care Excellence (NICE) uses a measurement called

the "Quality Adjusted Life Year" (QALY). One QALY is equal to one year of life in perfect health. QALYs are calculated by estimating the years of life remaining for a patient following a particular treatment and weighting each year with a quality-of-life score (on a 0 to 1 scale). It is often measured in terms of the person's ability to carry out activities of daily living and the extent to which there is freedom from pain and mental disturbance.

Thus NICE assumes that state of health is a function of the length and quality of life, and combines these values into a single score. So if a drug costing GBP 5,000 gives a patient half a year of perfect life quality, the

QALY is GBP 10,000. If the quality of life for this period were only 25, the QALY would be GBP 40,000. For five years of perfect life, the QALY would be GBP 1,000. The NHS QALY limit is GBP 30,000,

and this is with few exceptions strictly applied. (As was recently pointed out, if Stephen Hawking's medical treatment had been subject to NICE scrutiny in the 1960s, he would not have survived.) It is, however, the elderly who are dependent on a particular drug who are most seriously affected by this system, particularly since the NHS is the only provider of treatment for chronic conditions in the UK. This is because all private health insurers cover acute conditions only.

In Germany there is widespread concern that pharmaceutical companies tend to overprice their products, and a German version of NICE would certainly solve that problem. So what, if anything, is disturbing about the UK model? The utilitarian philosophy that underlies it? The arrogance of those who assume that the quality of human life is quantifiable, perhaps? Or the apparently heartless inflexibility of its application?

But in the face of demographic trends and new forms of therapy, some of them enormously expensive, all systems of health care are subject to the same pressures as the NHS. And at least NICE is transparent. How do German (and others) health insurers cope with this problem?

* Keith Purvis for [Versicherungswirtschaft](#) June 2018 (a Presse Internationale des Assurances Member publication)

Of Interest

Why insurance has a future...

Husband asks wife, did you face any issues reaching home, wife says not much, just missed the exit, but I managed... (select image to view video)



News Quizzical Answers (page 4)

1.d*; 2.b; 3.a**

* The USGS defines as 'potentially active' those that have erupted within the last 10,000 years. Outside of Hawaii, almost all of these volcanoes are scattered throughout the American West and Alaska as part of the "Ring of Fire," a string of volcanoes circling the Pacific Ocean along the boundary of the Pacific plate. Learn more [HERE](#) from the American Geosciences Institute – fascinating...worthwhile

** According to the non-for-profit Center for Investigating Reporting ([CIR](#)) and its website RevealNews.com there have been only 63 cases of Islamist domestic terrorism between the years of 2008 and 2016, with most of the plots being detected and prevented.

Did you know?



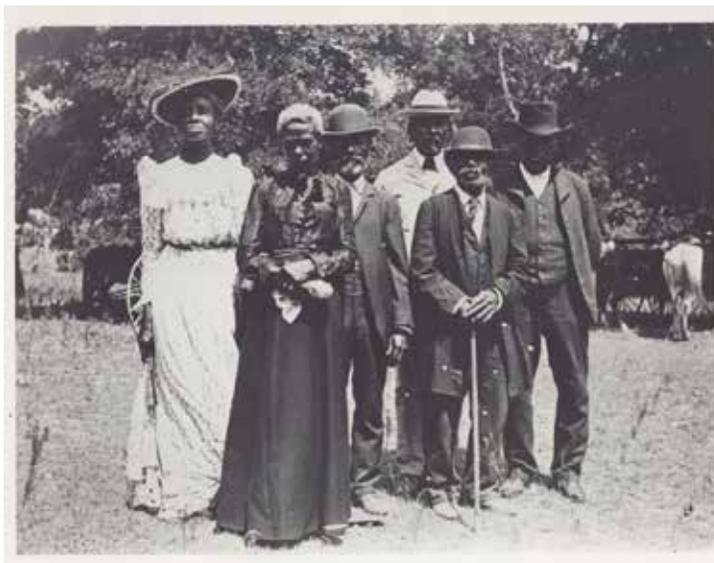
Igor Ashurbeyli

What Asgardia is?

[Asgardia](#) is the prototype of a free and unrestricted society which holds knowledge, intelligence and science at its core along with the recognition of the ultimate value of each human life. **Asgardia**, also known as the Space Kingdom of **Asgardia**, is a proposed nation in outer space.

They have adopted a constitution and intend to access outer space free of the control of existing nations. Asgardia was founded just 20 months ago, and it already has about 200,000 citizens, a constitution and an elected parliament. It has a leader, Igor Ashurbeyli, who was inaugurated on June 18, 2018. It also has grandiose ambitions. It wants to build up a population of 150 million within 10 years. It plans to set up “space arks” with artificial gravity in outer space where humans could live permanently. **Asgardia** – named after Asgard, a world in the sky in Norse mythology – says its citizens now live in more than 200 countries, outnumbering the United Nations’ 193 member states. [Becoming a citizen online is free](#). You can become an Asgardian [HERE](#).

If you’re considering signing up for citizenship, you might be interested to know that people from the United States make up the largest group (26,605). At the bottom of the list is 1 individual each from Sao Tome and Principe, Liechtenstein, Palau, Lesotho, Tuvalu, Tonga, Marshall Islands, Cook Islands and Jersey.



By Mrs. Charles Stephenson (Grace Murray)
 - The Portal to Texas History Austin History
 Center, Austin Public Library. Public Domain,
<https://commons.wikimedia.org/w/index.php?curid=879725>

Ever hear of Juneteenth?

Juneteenth, also known as **Juneteenth Independence Day** or **Freedom Day**, is an American holiday that commemorates the June 19, 1865, announcement of the abolition of slavery in the U.S. state of Texas, and more generally the emancipation of enslaved African-Americans throughout the former Confederacy of the southern United States. Its name is a portmanteau of ‘June’ and ‘nineteenth’, the date of its celebration. Juneteenth is recognized as a state holiday or special day of observance in forty-five states. Read more [HERE](#)

JetBlue limits the type of animals allowed on flights

This now includes dogs, cats and miniature horses. Really?

From the JetBlue website ([Service and emotional support animal travel](#)):

- **Service Animals:** A service animal has been trained to perform a specific task to assist the customer traveling such as pathfinding, providing stability, alerting to sounds, etc.
- **Emotional Support Animals:** An emotional support animal or psychiatric service animal provides comfort to support a customer’s **diagnosed mental or emotional disorder**. Emotional support animals need not have specific training for that function, while psychiatric service animals are task trained. All must be trained to behave appropriately in a public setting. Acceptable emotional support and psychiatric service animals are limited to dogs, cats, and **miniature horses**. Your animal must behave appropriately in a public setting and have required documentation as noted below.

Bookmark IRLetter.com

CONNECT WITH **IRL**



YouTube:

https://www.youtube.com/channel/UCp_UWxvTD530uT6bv8bGPdw

Twitter:

<https://twitter.com/isninsurance>

LinkedIn:

<https://www.linkedin.com/in/alexanderbhodges/>

Facebook:

<https://www.facebook.com/insurance-servicesnetwork/>

"If you can read just one insurance publication, read the Insurance Research Letter".

~ Patrick G. Ryan, Chairman and CEO, Ryan Specialty Group (RSG)

Easy to Subscribe:

Subscribe to the Insurance Research Letter, ISN Country Insurance Market Guides or both @ <https://irletter.com/subscriptions/>

Suggestions, contributions and comments:

irl@irletter.com

A monthly publication of International Research Services, a Division of Insurance Services Network Corporation

412 N. Western Avenue, Lake Forest, Illinois 60045-0455 USA

Telephone: +1.312.287.6021

Email: irl@irletter.com



pia | Presse
Internationale
des Assurances
Member

Dedicated to Sharing Insurance News