

DIET DRUGS: Comp sector wary of funding 'Hollywood' weight loss treatments - **PAGE 6**

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SPECIAL REPORTS

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Sources:

¹ Milliman Complex and Catastrophic Workers' Compensation Claims Cost Analysis for Paradigm-October 2020

² Paradigm case data, 2018-2022



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COVER STORY

High-profile deaths at the hands of police in recent years have had a major impact on the law enforcement liability insurance market as underwriters factor in potential litigation, a wary and sometimes hostile public, and a shortage of qualified police candidates. **PAGE 14**

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ALTERNATIVE SHIPPING FUELS

Shipowners' adoption of alternative fuels brings potential safety risks and marine coverage challenges. **PAGE 4**

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The workers comp industry appears in no hurry to cover less-invasive weight loss medications. **PAGE 6**

INTERNATIONAL

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VIEW FROM THE TOP

JIM SHEVLIN

Jim Shevlin was named president of ESIS Inc., Chubb Ltd.'s third-party administration business, last year after spending most of his career in property/casualty insurance. He joined Ace Ltd. in 2001, and after it bought Chubb Corp. in 2016 he was involved in merging the insurers' operations. Mr. Shevlin shares his impressions of the TPA business and the sector's future. **PAGE 13**



OFF BEAT

Dwight Schrute narrowly edges out Velma and Mr. Spock in a RIMS Riskworld vote for best risk manager. **PAGE 43**



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Alternative ship fuels raise safety concerns

BY CLAIRE WILKINSON

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The use of alternative fuels and technologies in shipping is growing as the industry moves to reduce greenhouse gas emissions, but added safety risks are a concern and could reduce the availability and raise the cost of marine insurance coverage.

Risks associated with the transition to low and zero-emission fuels will need to be carefully managed, as shipowners and operators face increased pressure from regulators, investors and other stakeholders to decarbonize their fleets, experts say.

International Maritime Organization regulations aim to reduce carbon emissions in international shipping by at least 40% by 2030 and 70% by 2050 from 2008 levels, while an initial target for a 50% cut in annual greenhouse gas emissions by 2050 could be revised in July.

Ships transport around 80% of global trade and account for about 3% of global greenhouse gas emissions, according to the World Economic Forum.

While most ships are still powered by internal combustion engines and run on conventional fuel oil or diesel, a growing number have switched to liquefied natural gas. Others use biofuels or methanol, and other alternatives, including ammonia and hydrogen, are being tested. There are also electric-powered vessels.

Decarbonization will transform how the shipping industry operates but comes with additional risks that may have unintended consequences, said Rahul Khanna, London-based global head of marine risk consulting at Allianz Global Corporate & Specialty SE, a unit of Allianz SE.

Uncertainty over the availability and cost of alternative fuels raises the likelihood of supply chain risks, and as new technologies for ships using alternative fuels are introduced, the risk of machinery breakdown claims could potentially increase — at least initially, Mr. Khanna said.

Other concerns include the toxic, corro-



sive and combustible nature of some fuels, handling and storage challenges, lack of port and refueling infrastructure, and crew safety exposures, sources said.

The insurance industry is trying to help policyholders navigate the new risk environment and providing capacity for new technologies, said Mike Gosselin, London-based global leader, energy and transition risk, at Liberty Mutual Insurance Co.

“However, it is challenging because for some of this we don’t have 20 years of actuarial data. We’re basically leaning into the risk and figuring it out,” Mr. Gosselin said.

Since alternative fuels are not yet in widespread use in the shipping sector, direct feedback from insurers has been limited so far, said Chris Law, New York-based senior vice president-marine risk engineering and loss control for Aon PLC.

“I think it’ll be insurable. It’s just a ques-

tion of getting underwriters comfortable that there isn’t an elevated risk profile associated with new fuels,” he said.

Regulatory, classification society and flag administration requirements ensure vessels are built and operated to certain standards, giving insurers greater confidence, he said.

As with any new technology there’s a learning curve, but the net zero targets being set by regulators are accelerating the pace at which the industry needs to understand how alternative fuels perform and how to manage them, said Kelly Malynn, ESG strategic lead for the marine division, at Beazley PLC in London.

“It’s the right thing to do, but that concentrates and increases the potential risks,” Ms. Malynn said.

Insurance pricing changes are not yet needed because only a small proportion of marine policyholders are using alternative

fuels and those tend to be larger companies with established safety procedures, operating brand-new vessels that are high value anyway, she said.

The transition to alternative fuels will have implications for both marine hull and liability insurance provided by protection and indemnity clubs, said Stephen Harris, London-based senior vice president in the marine, cargo and logistics practice of Marsh Specialty.

Eventually it will become a major consideration as insurers decide which risks they want to write and how much premium to charge, “but we haven’t seen any evidence yet that insurers are discounting insurance for those that use cleaner fuels,” Mr. Harris said.

Since Jan. 1, IMO rules require individual ships to be tested for carbon emissions during annual surveys and be graded on a scale of A through E on performance, he said. While shipowners can work to improve the grades, “those E vessels are going to find it increasingly tough to find insurers with the appetite to cover them,” he said.

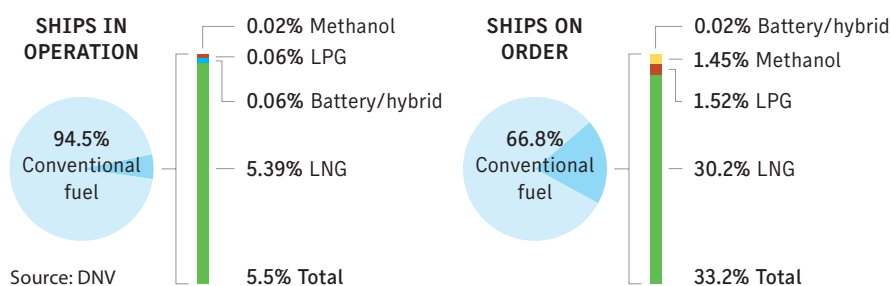
Different fuels change the risk profiles of vessels and are among the factors that underwriters will consider when assessing a risk, said Charlie McCammon, Philadelphia-based vice president in the marine risk consulting practice at Willis Towers Watson PLC.

Liquefied natural gas, for example, is considered a mature alternative fuel option, and information provided by classification societies, which insurers use to evaluate vessels, has determined that LNG is a “manageable risk,” Mr. McCammon said. “It’s always possible to find insurance for those types of vessels,” he said.

With fuels like ammonia and hydrogen, there’s a lack of historical data and experience is untested, said Jarek Klimczak, New York-based senior risk consultant, marine, at Axa XL, a unit of Axa SA.

“It’s a little bit like experimentation, and over time we’ll build actual experience,” Mr. Klimczak said.

Alternative fuel uptake in the world fleet by gross tonnage



CONTROLS, TRAINING VITAL IN MOVES TO DECARBONIZE WORLD’S FLEETS

Crew training and establishing proper safety control and management procedures will be critical as shipowners and operators look to deploy alternative fuels, experts say.

Safety management procedures need to be fuel-specific, said Kelly Malynn, ESG strategic lead for the marine division at Beazley PLC in London.

“You may need to have different fire detection and management

systems and training depending on the fuel you’re using, because the fuel may behave differently in a crisis scenario,” Ms. Malynn said.

“It’s about ensuring that knowledge is there for these newer fuels.”

Fuels have different safety and exposure profiles, said Chris Law, New York-based senior vice president-marine risk engineering and loss control for Aon PLC. Hydrogen, for

example, is very combustible, he said.

“There are going to be all sorts of additional safety controls around how you transfer hydrogen, how you store it on board, how you monitor for potential leaks,” Mr. Law said.

Training crew to have the knowledge and skills to handle and maintain alternative fuels is important, said Jarek Klimczak, New York-based senior risk consultant, marine, at Axa XL, a unit of Axa SA.

“The entire staff that operates the vessel onboard and onshore needs to be trained,” to mitigate risks of misusing the fuel, he said.

Changes in maintenance programs may also be needed due to the different fuel properties, Mr. Klimczak said. “Shipowners will need to comply with requirements and guidance from the engine manufacturers,” he said.

Claire Wilkinson



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Comp sector unlikely to buy into diet meds trend

BY LOUISE ESOLA

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While obesity is considered one of the most common comorbidities among injured workers that can impede their recovery, and insurers and employers have funded weight loss programs and expensive surgeries, the workers compensation industry is unlikely to cover increasingly popular and less-invasive weight loss medications, experts say.

Semaglutide, which goes by brand names Ozempic and Wegovy, is a diabetes drug that has been making headlines as it also causes patients to lose weight by slowing down the digestive system and quelling the appetite. A “Hollywood effect” is also driving its popularity, as film stars have knowingly taken the drug to lose weight.

Unless a patient is diabetic, the drug is typically not covered by insurance, and studies show that when a patient stops taking the drug the weight creeps back on. It also comes with a list of potential side effects ranging from the more common nausea and constipation to thyroid cancer and gallbladder disease.

It’s the side effects and the need to take the drug over the long term that will keep workers comp payers from covering it, experts say.

“It is a drug; it does have side effects. It does have consequences, and, if it is not monitored properly, people could harm themselves,” said Reema Hammoud, Southfield, Michigan-based assistant vice president of clinical pharmacy for Sedgwick Claims Management Services Inc.

Hypothetically, if the drug is prescribed to an injured worker and covered under comp, the payer also inherits side effects



as part of the claim, and if the claimant is kept on the drug indefinitely — as most semaglutide patients are — then it’s the payer that’s charged with continuous monitoring, Ms. Reema said, adding, “We have to be careful about that.”

The industry rarely voluntarily covers costs related to weight loss despite the correlation between recovery and obesity, said Stuart Colburn, a shareholder of Downs & Stanford P.C., headquartered in Dallas.

In a 2012 study, the Boca Raton, Florida-based National Council on Compensation Insurance found that claims with an obesity comorbidity have 81% higher lost-time costs compared with claims involving non-obese injured workers. Other, smaller studies have since reinforced the idea that some injured workers won’t recover or costs will be higher if their weight is not addressed.

A study published in 2016

in the Journal of Occupational Environmental Medicine looked at comp claims in Louisiana and found that overweight workers with major injuries were more than twice as likely to incur costs of \$100,000 or higher.

And another study in 2016 found that an obesity diagnosis could prolong a workers comp claim by 55% compared with claims for injured workers who are not overweight. That analysis, by Harbor Health Systems, a division of One Call Care Management that manages a workers comp medical provider network, also found that surgery rates increased 140% when an injured worker was obese.

The courts have also embraced the connection, in some cases ordering bariatric surgery for injured workers, which can cost up to \$30,000, and even exercise programs. (See related story.)

“We do have case law from various states,” Mr. Colburn said. “They say reasonable and

necessary medical treatment would include something so invasive as bariatric surgery. No payer that I know of is going to just voluntarily as a matter of rule go ahead and volunteer to do that.”

Mr. Colburn and others say semaglutide’s popularity could push it into the comp system, and that state courts could have set a precedent.

Even those currently managing claims say weight loss drugs could creep into comp, as some claimants could see them as less invasive than surgery.

“We haven’t seen evidence of that approach surface within our pharmacy data as of yet, but this is not beyond the realm of possibility given the attention these drugs are receiving for weight loss effects,” Nikki Wilson, senior director of clinical pharmacy services at Enlyte LLC, wrote in an email.

“I see the main roadblocks being the issues of compensability,” Ms. Wilson wrote.

Rich Ives, Hartford, Connecticut-based vice president of business insurance claims for Travelers Cos. Inc., said the industry is cautious when paying for comorbidities that are not part of a claim but understands the need to address issues outside of an original injury and is looking for ways to work with employers and benefits programs on issues such as obesity.

“If that condition is making the overall workplace injury more expensive because the recovery is longer, why wouldn’t you help? And that’s where we’re trying to find ways that we can help provide aids that don’t necessarily add to the cost of the workers compensation claim but can help make it better without paying for something that we don’t own.”

OVERWEIGHT ADULTS IN THE US

30.7%

of adults 20 and older are considered overweight, according to body-mass index measurements.

42.4%

of them have obesity, which is defined as having a high BMI.

9.2%

have obesity that is considered severe.

Source: National Center for Health Statistics, National Health and Nutrition Examination Survey

STATE COURT RULINGS PROVIDE PRECEDENT FOR WEIGHT LOSS IN COMP CLAIMS

Court rulings shed light on how the workers compensation industry could continue to grapple with paying for weight loss that is not related to an original workplace injury.

Such rulings include:

- In 2022, the Court of Appeals of North Carolina, in *Robin Kluttz-Ellison v. Noah’s Playloft Preschool and Erie Insurance Group*, ordered a workers compensation insurer to cover bariatric surgery for a preschool owner and operator who needed knee replacement surgery related to a workplace injury, but was told she needed to lose a significant amount of weight in order for the surgery to be successful.

- In 2019, the Arkansas Court of Appeals, in *Shela Lybyer v. Springdale School District*, ordered a school district

to cover weight loss costs for a custodian who injured her back while moving wrestling mats and whose doctor said back surgery was necessary but could not be successful unless she lost weight.

- In 2009, the Court of Appeals of Indiana, in *Boston’s Gourmet Pizza v. Adam Childers*, ruled that a pizza restaurant must cover an injured cook’s temporary total disability benefits related to weight loss surgery that his doctor said would be required to fully recover from a back injury the cook suffered after he was hit by a refrigerator door at work.

- In 2009, the Oregon Supreme Court, in *SAIF v. Sprague*, ordered a workers comp insurer to reimburse for gastric bypass surgery an injured salesman had in 2000, nearly 25 years after he had injured

his knee while lifting materials. The court ruled that the weight loss surgery was necessary for knee surgery to be effective.

- In 1993, the Supreme Court of Minnesota, in *Hopp v. Grist Mill*, ordered an employer to cover bariatric surgery for a production line worker who was obese when she injured her knee and whose doctor said weight loss was “essential” in the treatment of the injury.

- In 1988, in *Fontenot v. Citgo Petroleum Corp.*, the Louisiana Court of Appeals affirmed an order that required the energy company to pay the cost of a swimming exercise program at a local YMCA for an injured utilities worker and a reasonable allowance for expenses in attending the sessions.

- In 1987, the Oregon Court of

Appeals, in *Van Blokland v. Oregon Health Sciences University*, reversed an earlier ruling that found a weight loss program was not compensable and unrelated to a workers compensation claim. The claimant in the case had suffered a work-related knee injury that she argued caused her to gain weight.

- In 1983, the Supreme Court of California, in *Braewood Convalescent Hosp. v. Workers’ Comp. Appeals*, affirmed an order for an insurer to cover an injured worker’s post-injury participation — on the advice of three doctors — in a weight loss program in North Carolina, along with temporary disability compensation during participation in the program and associated expenses.

Louise Esola

Medicare pricing changes could cost comp

BY JON CAMPISI

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The Centers for Medicare & Medicaid Services recently updated its reimbursement rates for medical services, and experts are monitoring how the changes may affect workers compensation medical fee schedules and insurance rates.

The extent of the effect on workers comp will vary by jurisdiction because some states base comp medical fee schedules on Medicare while others do not. But any change to medical costs is seen as an area to watch in comp, as the industry pays attention to medical inflation as a potential cost-driver. The rate changes were less than 2% (see related story).

States that base their fee schedules on Medicare automatically incorporate the changes into their updated schedules, while other states may use them as a benchmark, the Boca Raton, Florida-based National Council on Compensation Insurance said in a report in April addressing the annual CMS update.

"Some states may completely ignore what CMS is doing in setting their own rates," said NCCI actuary Jon Sinclair, one of the report's coauthors. "It's sort of hyper-specific to each state how their fee schedules work and what they consider each year when updating them."

Any immediate effect on insurance rates is also unknown, and rates may increase or decrease, said Steve Bennett, Washington-based assistant vice president for workers compensation programs and counsel for the American Property Casualty Insurance Association. "That will be up to the statistical rating organizations to see how those play out."

A spokesman for the New York State Workers' Compensation Board said the



CMS updates will not directly affect rate settings in that state's comp system.

"CMS data is only one of several factors that the board considers when it periodically updates its various fee schedules," he said.

Alex Swedlow, president of the California Workers' Compensation Research Institute, said updating fee schedules can have a direct effect on the cost of medical care in comp, but that other factors are taken into consideration.

"There are so many additional inputs to rates in an open rating environment like California that it would be hard to put a percentage on how much a (CMS) rate change influences the rates," Mr. Swedlow said.

While California is a "very expensive state as measured by loss adjustment expenses and frequency, our fee schedules for medical care are largely established at 120% of Medicare. That means we're reimbursing at 20 points better than the largest

payer in the state," Mr. Swedlow said.

Charles Cordova, an economist with the New Mexico Workers' Compensation Administration, said in an email that he expects the CMS changes to result in a small overall increase in medical costs in the state's comp system, and any rate change will be minor compared with normal market fluctuations.

While CMS increased reimbursement rates for facilities, as well as for durable medical equipment and supplies, it decreased payment rates for physician services this year, and physician costs make up about 40% of nationwide medical expenditures in comp, according to the NCCI.

Many states base their physician fee schedules on CMS reimbursement rates.

Providers are unlikely to refuse comp patients if changes are pushed through, experts say.

"We wouldn't expect any shifts in provider participation, as we're always striving to maintain rates that are fair for providers and

payers," stated the spokesman for the New York State Workers' Compensation Board.

Mr. Swedlow, of the CWCRI, said California has a provider shortage. In 2030, the state is projected to be short 34,000 doctors and 45,000 nurses.

"There's very little workers compensation can do about that," Mr. Swedlow said. "It's not as if we can open up our own medical schools and hospitals to train future physicians and nurses. That's a much more troubling issue in terms of dealing with the access to care problem."

Ramona Tanabe, president and CEO of the Workers Compensation Research Institute, said if a state did look to decrease physician reimbursement rates in medical fee schedules, it would likely consider the effect it might have on comp patients.

"I don't think any policymakers want to have the effect of impeding access to care for injured workers," she said.

MEDICARE STATES

States that base medical fee schedules for hospital outpatient and ambulatory surgery centers on Medicare will be most affected by changes in pricing at the federal level.

Those states, plus Washington, D.C., are:



Colorado	North Carolina
Connecticut	Oklahoma
Georgia	South Carolina
Indiana	Tennessee
Mississippi	Texas
New Mexico	West Virginia

Source: National Council on Compensation Insurance

MEDICAL INFLATION, HIGH COURT RULING INFLUENCE LEVEL OF INCREASES

Recent changes to medical service reimbursement rates by the Centers for Medicare & Medicaid Services may have the strongest effect on pricing for services at medical facilities, but much depends on the type of care a patient receives, according to experts.

Under the CMS updates, hospital inpatient facilities this year will receive a reimbursement rate increase of 1.4% while the rate for ambulatory surgery centers will go up by 1.9% from 2022.

Jon Sinclair, an actuary with Boca Raton, Florida-based National Council on Compensation Insurance, said CMS updates its base rates to account for changes in the prices of goods and services used by facilities in treating Medicare patients, which could affect comp.

Hospital outpatient and ambulatory

surgery centers account for two-thirds of nationwide facility costs in workers comp; the remaining third comes from hospital inpatient facilities.

One reason for the 2023 facility base rate percentage increase is fallout from the U.S. Supreme Court decision in *American Hospital Association v. Becerra*, which concerned drug reimbursements for hospitals participating in a program that enables the purchasing of medications from drug manufacturers at discounted rates.

The high court ruled the Department of Health and Human Services improperly paid lower reimbursement rates to some hospitals that obtained the lower cost drugs because federal law doesn't allow HHS to unilaterally make Medicare reimbursement cuts.

Kara Newbury, director of government

affairs and regulatory counsel for the Alexandria, Virginia-based Ambulatory Surgery Center Association, wrote in an email that the only reason ambulatory surgical centers received a higher reimbursement rate than hospital outpatient facilities this year was the "anomaly" caused by the *Becerra* decision.

Ms. Newbury said ambulatory surgery centers are small businesses that receive no federal subsidies for providing care to comp patients and others, and thus need to remain profitable to stay open.

"Therefore, they cannot afford to perform large numbers of procedures for which the reimbursement does not cover the costs they incur to provide them," Ms. Newbury wrote.

Ms. Newbury said hospital outpatient facilities have historically received

much higher reimbursement rate increases than surgical centers, and that "future disparities remain uncertain until other rules are finalized."

To assess the effect of Medicare payment rates and policies on comp, types of procedures would also need to be considered, she said.

Charles Cordova, an economist with the New Mexico Workers' Compensation Administration, said ambulatory surgery center guidelines in his state are based on CMS rates, and that surgery center costs represent about 5% of total medical costs in the state, at an estimated \$7.2 million.

He said this year's CMS increase for surgery centers would likely only result in a total medical payment increase of about 0.2% in New Mexico.

Jon Campisi



ATLANTA 2023

RISKWORLD

APRIL 30–MAY 3



CYBER RATE HIKES TAIL OFF AS SECURITY IMPROVES, CAPACITY RISES

BY GAVIN SOUTER AND
MATTHEW LERNER

Cyber liability policyholders who saw steep increases in insurance costs and cuts in coverage over the past two years are seeing rates stabilize or fall, experts say.

New entrants to the cyber insurance market have brought additional capacity and underwriters have insisted on improved cybersecurity as a condition of coverage, they said during interviews at Riskworld, the Risk & Insurance Management Society Inc.'s annual conference, last month.

But ransomware remains a threat, with attacks increasing this year, they said.

"The market is in a state of stabilization right now. And when we look at rates, generally speaking, we're talking about minus five to plus five," said Stephanie Snyder Frenier, senior vice president, business development leader-professional and cyber solutions, at CAC Specialty in Chicago.

Increased capacity and improved cybersecurity are driving down cyber rates, said Joe Peiser, New York-based head of commercial risk solutions, North America, at Aon PLC. Aon saw cyber liability rates fall 8% in the first quarter and expects rates to fall by 15% to 25% at future renewals, he said.

"We're seeing a leveling in the market and pricing landscape right now. Capacity has stabilized," said Rich DePiero, New York-based executive vice president and head of Sompo Pro, a unit of Sompo International Holdings Ltd.

In addition, policyholders can build larger coverage towers with lead lines expanding to \$10 million from \$5 million.

"We started seeing a deceleration of rate increases in the third quarter of last year," said New York-based Meredith Schnur, cyber brokerage leader, U.S. and Canada, at Marsh LLC. "By the time we turned the corner into 2023, increases averaged 20% to 30%, and now, through the first quarter, new data shows an average rate increase of 11%."

The deceleration follows two to three years of substantial rate increases and the addition of new capacity, she said.

Following large cyber losses in 2020 and into 2021, the price increases in



2021 and 2022 "were as steep and as drastic as I've seen in any line of business," said Mario Vitale, New York-based president of Resilience Cyber Insurance Solutions LLC.

But cyber liability has a shorter tail than many other liability lines because the losses are driven by issues such as ransom demands, business interruption and loss of data, he said. As a result, underwriters can see that 2022 was a more favorable year from a claims standpoint, he said.

"Conditions have softened. We really noticed it in November of last year," said Bobby Bianconi, Hartford, Connecticut-based head of U.S. technology and cyber at Aspen Insurance Holdings Ltd.

Policyholders and insurers are integrating cybersecurity efforts with risk transfer considerations, Mr. Vitale said.

Many companies implement suggestions from insurers about how to improve cybersecurity, said New York-based Dan Frusciano, head of cyber underwriting, global risk solutions North America, at Liberty Mutual Insurance Co.

"They're making the right investments in the tools to really protect what's important," he said. For example, policyholders are better informed about the assets they need to protect, the security patches they need to apply, and educating employees on cyber risks.

In addition to lower premiums, policyholders with improved cybersecurity are obtaining better terms, such as the removal of coinsurance requirements for ransomware risks, Mr. Frusciano said.

"Boards see cyber coverage as sort of a belt and suspenders — a necessary thing — but your CFOs are more looking at the value propositions given that premiums are so expensive," said Carey Almond, Atlanta-based director of corporate insurance at Colonial Pipeline Co., during a cyber session at the conference.

Alternative capacity is also entering the market. Marsh LLC has seen a 75% increase in the number of captives under management writing cyber in the last two years.

The addition of cyber reinsurance capacity through insurance-linked securities could also expand the market, said Ms. Snyder Frenier of CAC Specialty. Beazley PLC and Hannover Re SE announced cyber ILS deals earlier this year.

One downside for policyholders, some insurers are imposing the war exclusion drafted by Lloyd's of London, which bars coverage for major cyberattacks by nations or state-sponsored cybercriminals, among other things.

Many insurers in the United States are sticking with existing war exclusions with a cyber terrorism carve back to maintain some coverage and are increasing their market share as a result, Ms. Snyder Frenier said.

While ransomware attacks are still occurring, policyholders are more frequently able to recover their data from their backup data storage facilities and avoid paying the ransoms, said Mr. Frusciano of Liberty Mutual.

But the nature of the risks is changing, Ms. Snyder Frenier said. For example, ransomware attacks initially targeted personally identifiable information that companies held, but now they are more frequently targeting confidential corporate information.

The cyber risk management environment changes rapidly due to increasingly sophisticated cyberattacks, said Mr. Vitale of Resilience. Unlike in property risk management, where highly protected risks remain stable, cybersecurity needs constant monitoring, he said.

There has also been a significant increase in ransomware claims this year, with some in March and April involving large ransoms, said Ms. Schnur of Marsh.

Claire Wilkinson contributed to this report.

Close to 9,000 people attended Riskworld, the Risk & Insurance Management Society Inc.'s 2023 conference in Atlanta April 30-May 3.

The annual event attracted insurance and risk management professionals from across the United States and numerous people from overseas.

Attendees discussed difficulties in the property insurance market, signs of relief in the cyber liability market, challenges in workers compensation claims, and alternative risk financing solutions, among other topics.

Following is some of *Business Insurance's* coverage of the conference. More coverage from RIMS is available at businessinsurance.com.

COMMERCIAL BUYERS WEIGH ALTERNATIVE RISK FINANCING

BY CLAIRE WILKINSON AND MATTHEW LERNER

Buyers continue to explore alternative risk financing options such as captives, parametrics and insurance-linked securities as property insurance market conditions remain challenging.

They are also making greater use of data and analytics, as they look to differentiate their business and demonstrate better risk control to insurers, experts say.

In the soft market, policyholders show less tendency to invest in risk improvement, said Scott Ewing, Martins Ferry, Ohio-based head of risk consulting in the Americas for Axa XL, a unit of Axa SA. "Now, in a lot of cases, it's a condition of coverage," he said.

Policyholders that better manage and improve their risks are likely to get a better result in the hard property insurance market, Mr. Ewing said during Riskworld.

In a market where the amount and cost of capital is beyond risk managers' control, focusing on the quality of the data they provide to insurers regarding their organization's valuations is critical, said Crystal Flack, Dallas-based vice president, real estate and hospitality practice, at McGriff Insurance Services LLC.

"Are we doing everything that we can to show our risks in the best possible light and to present it in a way where a carrier can look at it, model it against their book and say, 'Yes, it makes sense



for us to continue to be partners at a rate that isn't debilitating," Ms. Flack said.

Large account and larger middle market policyholders are "frustrated" with continuing property rate increases and are looking at alternative ways to insure or self-insure property risks, based on the price points for coverage, said Michael Chang, head of corporate risk and broking for North America at Willis Towers Watson PLC.

WTW is seeing "a lot more use" of parametric products, Mr. Chang said.

There's been a consistent interest among more sophisticated policyholders in captives in the past two years, said Alfred Bergbauer, New York-based head of captives, multinational, programs and TPA services at the Hartford Financial Services Group Inc.

"Almost everyone is looking at restructuring their property programs because of the availability of limits, pricing and introduction of higher deductibles and restrictive terms and conditions. For clients that have the balance sheet and the risk sophistication to look at risk financing in a different way, captives are just another tool," Mr. Bergbauer said.

Cell captives and single-parent captives are responding well to property risk, said Michael Serricchio, Norwalk,

Connecticut-based managing director of Marsh Captive Solutions, a unit of Marsh LLC.

Marsh has seen 7% growth in property premium in captives under its management in North America in the past two years, to \$10 billion in premium, he said.

"You're seeing fronted reinsurance, you're seeing quota shares, you're seeing excess. You're seeing captives take participations of property layers that you've never seen before," Mr. Serricchio said.

The next marker for the industry will be the June 1 and July 1 reinsurance renewals, which have a heavy focus on U.S. property catastrophe business, including Florida.

Looking beyond mid-year, market conditions will depend in part on how the Atlantic hurricane season plays out.

"I do think that it's going to smooth out in '24," said Joe Peiser, New York-based head of commercial risk solutions, North America, at Aon PLC.

"The current market will be satisfied with the rate and the values that they have," Mr. Peiser said.

In addition, capacity will likely increase as more ILS investments come into the market, he said.

Gavin Souter contributed to this report.

ENGAGEMENT WITH WORKERS KEY STRATEGY AFTER INJURY

BY LOUISE ESOLA

A lawyer representing insurers and employers in workers compensation litigation said the biggest complaint he hears from injured workers — often in front of a judge — is: "My employer just forgot about me. They never called me."

It's why return-to-work programs that are ingrained into the business and are compassionate are vital to getting claims resolved, according to presenters at Riskworld.

"You want to have your company brand supporting the program," said Zachary Rubinich, Philadelphia-based partner at Rawle & Henderson LLP. "You want to have the collaborative, integrated team approach. That's where you will get your best outcomes."

Xavier Trapp, Atlanta-based senior manager of claims for Floor & Décor Holdings Inc., said a return-to-work program that involves constant communication is essential. Most injured workers want to work, and money is always a concern, he said.

"If I get injured at work, my very first thought is: 'Where's my next paycheck?'" he said. "If you've never been in a situation where you've had to worry and be anxious like that, that could be incredibly debilitating to you."

"The way that we structure (our program) is we have constant communication with our injured workers. And we don't just rely upon our (third-party administrator) or insurer to make those kinds of calls. It starts and ends with us."

Of the company's 14,000 workers, only about 30 are typically out of work at a time for an injury, he said.

In addition to Floor & Décor's weekly conversations with the injured worker, calls often follow doctor appointments. Overall, the company involves its risk manager, the worker's supervisor and human resources personnel in the process to assess the injured worker's health and well-being.

"If the process fails, that's our fault," Mr. Trapp said.



WELLNESS BENEFITS EASE WORKERS COMP CLAIMS PROCESS

BY LOUISE ESOLA

Companies with robust benefits plans that include such perks as employee assistance and leave programs have a better handle on the risk of complicated workers compensation claims that include stress and anxiety, according to disability experts.

"These are absolutely connected," said Bryon Bass, San Francisco-based senior vice president at Sedgwick Claims Management Services Inc., of the link between benefits programs that focus on worker wellbeing and good outcomes in workers comp at Riskworld.

Co-presenter Kimberly George, Chicago-based global head of product development and innovation at Sedgwick, listed



several factors she called "stress and anxiety influencers" that impede recovery for injured workers: pain, financial problems, the stigma of being injured, family issues, fear and life change.

"If you don't acknowledge what is going on with that individual, then you're not able to understand the barriers to recovery, and you may not be able to help that injured worker," she said.

The solutions often can be found in group health benefits, said Mr. Bass, who encouraged attendees to provide more

information to claimants on what is provided by their employers under other programs that are often underutilized.

As many as 98% of employers offer employee assistance programs that help with mental health, but only a small amount of employees — 2% in some cases — take advantage of them, Ms. George said.

Some EAPs are designed around reintroducing into the workforce an employee who has been out for a long illness — a collaboration that can work seamlessly with workers comp, Mr. Bass said.

"They actually engage the EAP in the process, and the EAP engages with the team to begin to work on a way to show acceptance of that individual coming back into the work environment," he said.

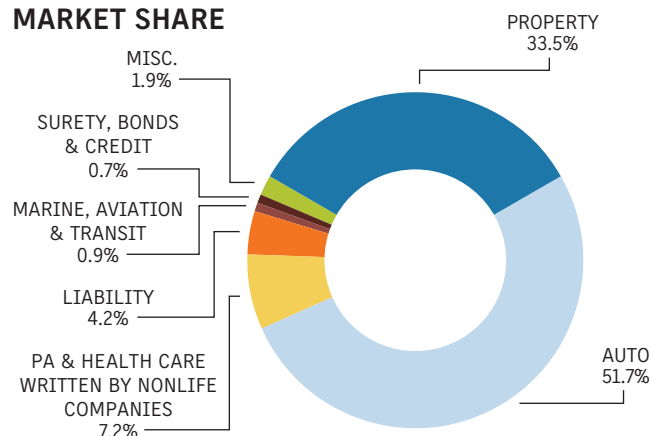
"They can collaborate to ensure that that person has the support that they need to return to work. We wouldn't typically think about using EAP for those types of resources."

PROFILE: HUNGARY

42
GLOBAL
P/C MARKET
RANKING

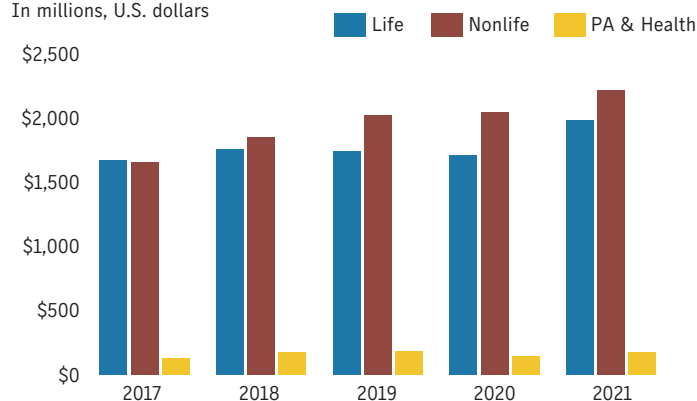
Hungary, admitted to the European Union in 2004, has developed a sophisticated insurance market, partly because of the prevalence of foreign insurers, which write over 90% of premiums. Many large enterprises have business interruption cover; brokers control over 80% of the commercial lines market; and internet brokers are an important and accepted part of the auto third-party liability and travel insurance markets. Because of relatively low natural perils exposure and historically benign loss experience, rates for all classes of business are low. A recent lessening of competition has allowed premium rates to stabilize or slowly rise. According to preliminary figures for the first three quarters of 2022, year-over-year premium growth accelerated to 13%, driven mainly by Hungary's high inflation rate, following limited premium growth in 2020 and 2021, mainly due to COVID-19.

MARKET SHARE



MARKET GROWTH

In millions, U.S. dollars



Source: Axco Global Statistics/Industry Associations and Regulatory Bodies

COMPULSORY INSURANCE

- Auto third-party liability
- Workers compensation (state scheme)
- Third-party liability and/or professional indemnity for occupations and professions including insurance brokers, lawyers, auditors and doctors in private practice
- Liability insurance for air carriers for injury to passengers and damage to baggage or goods during international journeys. Third-party liability insurance for airport operators, air traffic controllers, domestic aircraft operators and drone operators
- Railway operators liability (financial guarantee or insurance)
- Shipowners liability for marine oil pollution (financial guarantee or insurance)

NONADMITTED

Unlicensed insurers are not allowed to carry on insurance activity in Hungary. It is unclear from the wording of the insurance law whether insurance buyers and/or intermediaries are allowed to place business with nonadmitted insurers outside the European Economic Area. Insurers and intermediaries from EEA states (all EU member states, Iceland, Liechtenstein and Norway) may provide insurance under freedom to provide services.

INTERMEDIARIES

Agents and brokers must be licensed to do insurance business in Hungary. There is no explicit legal requirement for Hungarian brokers only to place business with admitted insurers or for Hungarian insurers only to accept business from Hungarian brokers.

MARKET PRACTICE

Because of the uncertain meaning of the insurance act, brokers advise their clients to act as if nonadmitted insurance is not allowed.

MARKET DEVELOPMENTS

Updated May 2023

- The Hungarian government has imposed an additional insurance tax, known as the extra profit tax, on insurers and business lines subject to insurance tax. Tax rates depend on the insurer's gross written premiums for risks located in Hungary and ranged from 4% to 14% of premiums between July 1 and Dec. 31, 2022, and from 2% to 12% this year.
- Insurers' solvency margin ratios were greatly reduced in 2022 by the combined effects of the extra profit tax and rising interest rates, which cut the valuation of their bond portfolios.
- Because of the continuing impact of the extra profit tax this year, it is estimated that only three insurers will be profitable at the end of the year and that all insurers will need capital injections to maintain minimum solvency. There is fear that some foreign parent companies will be unwilling to commit additional capital to a country that seems hostile to their interests. Some observers believe that the ulterior purpose of the extra profit tax is to push foreign owners to sell their Hungarian businesses, with the only buyers — at a suitable discount — likely to be the state and private interests connected with it.
- Although Hungary had the highest inflation rate in the European Union at the beginning of this year, it is expected to subside as the year progresses. Most insurers have yet to increase their property rates to cover increased reinsurance costs and inflationary increases in the cost of settling partial loss claims. This may have to happen later in the year.

AREA

35,918
square miles

POPULATION

9.67
million

MARKET CONCENTRATION

71.1%
market share of top five insurers

2023 GDP CHANGE (PROJECTED)

0.5%

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LEGAL BRIEFS



Injunction reaffirmed against brokers

■ A federal judge agreed to reaffirm and expand an injunction against several former USI Insurance Services LLC brokers who left to join rival Lockton Cos. LLC but refused to issue an injunction against Lockton.

In February, the U.S. District Court in Tampa, Florida, ordered five former USI brokers to honor the nonsolicitation and nondisclosure clauses in the employment agreements they signed with their former employer. The case is *Matthew Simmons, Sheila Murray, Jack Mitchell, Jackie Rodriguez, Madison Liefert and Emily Carter v. USI Insurance Services LLC*.

The brokers sued USI seeking a ruling that the restrictions in the agreements were illegal and unenforceable when they left the brokerage.

The district court ruled that its preliminary injunction would remain in place, and further extended its prohibitions to two additional former USI employees now working at Lockton.

“However, the Court finds that USI has not shown — at least at this juncture based on limited discovery — a substantial likelihood of success on the merits of its claims against Lockton sufficient to obtain an injunction requiring Lockton to end its newly formed business relationships with former USI client/accounts,” the ruling said.

It stated that “based on the evidence presented,” Matthew Simmons, the leader of the team that joined Lockton, and Jack Mitchell, another of the departed employees, “were plainly predisposed to breach” their employment agreements “rather than being induced to do so by Lockton.”

Court reinstates work case involving noose

■ A federal appeals court overturned a lower court and reinstated a hostile work environment charge filed by a former factory worker who was allegedly threatened with a noose by a coworker.

The 6th U.S. Circuit Court of Appeals in Cincinnati, however, affirmed a lower court’s dismissal of race discrimination and retaliation claims, according to its ruling in *Tyrone Rembert v. Swagelok Co.*

Mr. Rembert, who is Black, started as a temporary employee at Solon, Ohio-based Swagelok’s hardware production facility as a tool crib operator in January 2017. He said he was subjected to race-based harassment daily, including on one occasion by a co-worker who made a noose out of hose pipe and told him, “This is what we do around here,” according to the ruling.

Mr. Rembert said a supervisor did not respond to his complaints.

In August 2017, Mr. Rembert was convicted of domestic violence, a fourth-degree misdemeanor. He was later offered a permanent position at Swagelok but did not report the conviction. After learning of it, Swagelok revoked its permanent job offer and ended Mr. Rembert’s temporary employment.

Mr. Rembert sued Swagelok in U.S. District Court in Cleveland, charging race discrimination, retaliation and hostile work environment in violation of Title VII of the Civil Rights Act of 1964 and state law. The district court granted the company summary judgment dismissing the case.

In reinstating the hostile work environment claim and remanding the case for further proceedings, a three-judge appeals court panel said Mr. Rembert had successfully pleaded he belonged to a protected group and had suffered unwelcome harassment that was race-based and “sufficiently severe or pervasive to alter the conditions of employment and create an abusive work environment.”



Insurers prevail in COVID appeal

■ The New Hampshire Supreme Court joined most other state high courts and ruled against policyholders in COVID-19 business interruption litigation.

The unanimous ruling by the state’s high court in *Schleicher and Stebbins Hotels LLC v. Starr Surplus Lines Insurance Co. et. al.*, which was filed by 23 hotels against seven insurers, overturned a lower court ruling that had granted plaintiffs partial summary judgment.

As was the case in other pro-insurer rulings on the issue, a three-judge panel of the New Hampshire court held that the COVID-19 virus’ presence on the hotels’ premises did not cause “direct physical loss of or damage to property” under the

hotels’ coverage.

“The fact that the property could become a vector for transmission of a virus that poses a risk to human health due to the presence of SARS-CoV-2 in the air at the property is not relevant to the question of whether there has been ‘physical loss of or damage to property,’ because the policies insure property, not people,” the ruling said.

Vermont’s high court is the only state supreme court to rule in a policyholder’s favor to date.



Aon sues Alliant, former fac brokers

■ Aon PLC sued Alliant Insurance Services Inc. and 10 of its former employees last month in U.S. District Court in Chicago, charging it had launched a “premeditated unlawful raid” on Aon’s facultative reinsurance group.

The lawsuit, *Aon PLC, Aon Corp. and Aon FAC Inc. v. Alliant Insurance Services Inc., Louis Ambriano et al.*, charges that beginning on April 19, Alliant used its “illicit playbook” to hire 26 Aon employees, take business from Aon’s top U.S. facultative reinsurance clients and obtain confidential and trade secret information.

The lawsuit seeks preliminary and permanent injunctions against the former employees, a return of all Aon documents in their possession and damages, among other demands.

The lawsuit states Alliant’s conduct was an attempt “to steal Aon’s U.S. facultative reinsurance broking business to gain entry into the reinsurance market and jumpstart the launch of Alliant Re,” and that Alliant did not have a reinsurance division nor did it compete in the reinsurance broking industry before the “raid.”

Alliant’s actions showed “blatant disregard for the Former Employees’ confidentiality, non-solicitation, and non-servicing obligations to Aon,” the lawsuit says.

Alliant announced April 25 that it was introducing a reinsurance brokerage division and had hired Nicholas Ambriano, who as executive managing director had overseen Aon’s national facultative reinsurance operation.

The lawsuit cites dozens of lawsuits filed against Alliant by various brokers.

Alliant said in a statement that it “Competitors have sought to suppress employee mobility through the excessive use of litigation.”

DOCKET



IRONWORKER’S SUIT WRONGLY DISMISSED

The California Court of Appeals reversed a trial court’s granting of summary judgment to a general contractor sued by an ironworker who was injured while working on a construction project at Stanford University. The appellate court ruled the lower court wrongly dismissed the suit filed against Devcon Construction Inc. by Jose Hernandez, who was injured in February 2018 when a dirt bench next to an excavation pit gave out. Mr. Hernandez, an employee of subcontractor Pacific Steel Group, sued Devcon, but the company argued it could not be held liable for injuries to subcontractor employees.

HVAC COMPANY SETTLES DISCRIMINATION CASE

The U.S. Equal Employment Opportunity Commission said a Maryland heating, ventilation and air conditioning design and installation services company will pay \$210,000 to settle a pay discrimination lawsuit in which it was charged with paying female employees less than their male counterparts. The EEOC said in a statement that Clinton, Maryland-based Mechanical Design Systems Inc., which operates in the greater Washington, D.C., area, paid female project managers significantly less than their male colleagues despite having more experience and seniority.

COURT REINSTATES RETALIATION CASE

A federal appeals court reinstated a retaliation lawsuit filed by a fired University of Michigan custodial supervisor, pointing to the short time period between her support for a disabled former worker and her termination. Plaintiff Karen Zarza, who is now deceased, worked for the university from 2003 to 2017, according to the ruling by the 6th U.S. Circuit Court of Appeals in Cincinnati in *Joshua Zarza, substituted party on behalf of Karen Zarza, deceased, v. Board of Regents of the University of Michigan*.



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Jim Shevlin was named president of ESIS Inc., Chubb Ltd.'s third-party administration business, last year after spending most of his career in property/casualty insurance. He started out in personal lines and later spent several years at American International Group Inc. before joining Ace Ltd. in 2001. In 2008, he was named regional executive for the Southwest in Dallas and moved on in 2010 to run the Southeast region from Alpharetta, Georgia, where he managed all the insurer's offerings. After Ace bought Chubb Corp. in 2016, he was involved in merging the operations of the insurers. He recently spoke with *Business Insurance* Editor Gavin Souter about his impressions of the TPA business and the future of the sector. Edited excerpts follow.

Jim Shevlin

ESIS

Q What are your impressions of the TPA sector?

A The last couple of years obviously have been interesting in the TPA space. We've had our challenges as we've come through the pandemic with staffing and so on, which everybody has had in the marketplace. ... The great resignation provided some challenges to the marketplace, so how do we rebuild some of that experience that decided to retire either because they could retire, or they were looking for a change? It's been interesting for us to be able to go out there and present ourselves and provide solutions and create a partnership in the risk management community.

Q How difficult is it to attract people in the TPA market at the moment?

A With the right approach we've been able to find talent in the marketplace. Part of it is providing the right culture and opportunity to educate folks on why they want to become part of our organization and how we can help them to succeed. Part of that is putting together a strong learning and development approach so that we're doing the right thing by training our folks, putting them in the right position to grow, and then hopefully create a career opportunity for them.

So, we've had to rebuild a little bit and staffing has been a common theme throughout almost every industry that we touch. We're in a pretty good spot; my opportunity is to find the right folks that want to learn, and I can help them learn, give them the opportunity to be successful.

The other part of it is we've got to provide them with the right tools and capabilities, so technology platforms, which we've made a big investment in, we will continue to invest in.

In the pandemic, we saw folks retire with a lot of years of experience and you don't rebuild that overnight ... but if I can train folks the right way and use technology and data the right way, we can position our folks for success.

Q Where do you see the TPA business headed?

A It's in a good position right now. I just got off a phone call with a risk manager and he was expressing their challenges. They have limited resources, so there's a good opportunity for us in how we position our capabilities to help the risk management community in areas that they feel stressed, and they don't have enough resources or enough capabilities.

Also, we're seeing more and more clients taking larger retentions, so they're putting more of their dollars at risk, and they want to make sure that they're partnering with the right TPA that has the capabilities to help them manage the cost of risk effectively, short term and long term.



Q Are there any particular areas where you see opportunities?

A We see it in our standard services — work comp, auto and general liability areas — but I also see opportunities in our medical programs group as we continue to offer solutions to our clients for better care of their employees at the time of injury and through the process.

Then a growth area for us is what we call our specialty claims area — medical malpractice, professional liability, tough products liability — so we bring a skill set there that helps us differentiate ourselves in the marketplace.

Also, absence management is an area where we're seeing a good opportunity for growth as companies are looking for that one solution to manage all the absence management related to an employee, whether it's short- or long-term disability or workers comp.

Lastly, there's what we call Chubb global risk advisors where we are selling loss control and risk management prevention services to our clients on a bundled and unbundled basis.

Q Do you see lasting consequences of the pandemic for the TPA sector, both from the perspective of losses and how you operate your business?

A As the severity of the pandemic declined, some states loosened up on the requirements of reporting, but if that changes we can adapt very quickly to it.

From a staffing standpoint, one of the things we've had to adapt to is work from home. We allow our employees a flexible work schedule, but we also believe in being together in an office environment for learning. We're bringing in folks with limited experience and we want to make sure that they're learning face to face, and then also impromptu conversations or learning opportunities are invaluable.

Q Do you think increased use of data and technology is going to have a significant effect on the TPA sector?

A It will have positive effects. We see this as a people-related business. When somebody's injured, they want to talk to somebody who can walk them through the expectations of what they're going to be faced with and they want to have that understanding. We're using technology where we think it can create efficiencies in the claim process — how can I identify a claim situation, based on our database of information, that ... might be something that could turn out to be worse than what it looks like on the surface? How do we use predictive modeling to help us identify a claim that might get out of control and that we can address earlier and make sure we're taking the right steps in that process, too?

We're always learning about data — how do we use it more effectively and how do we use it in the right way, so that we provide the best level of service and the best outcomes?

There's no doubt that data will continue to influence us in a positive way.

We're always learning about data — how do we use it more effectively and how do we use it in the right way, so that we provide the best level of service and the best outcomes?

INSURERS BACK AWAY FROM POLICE LIABILITY

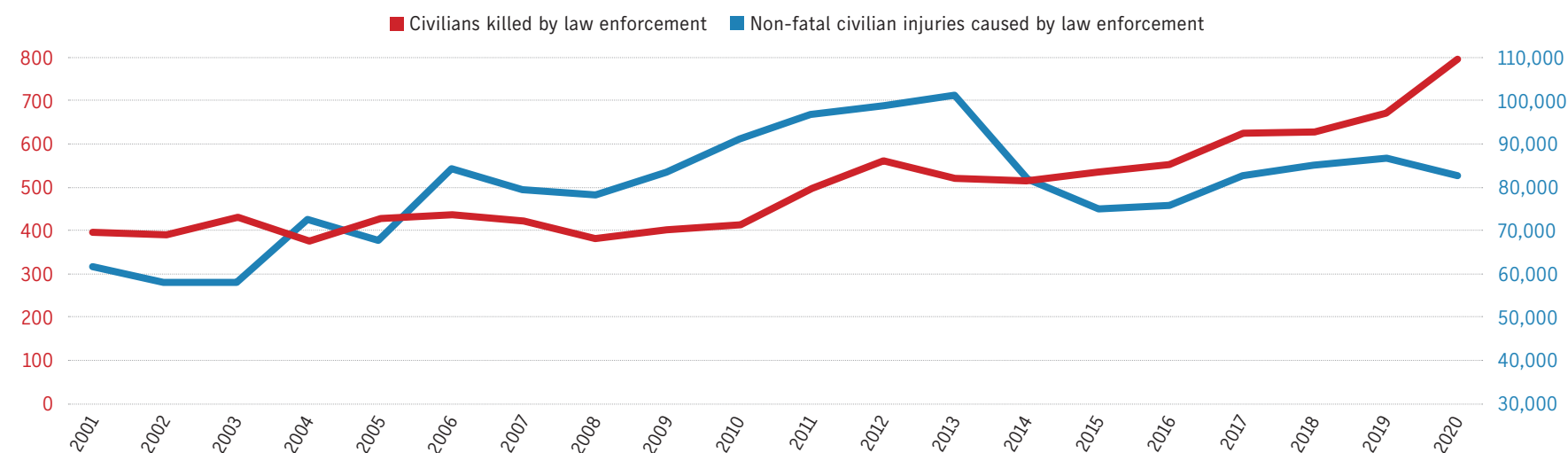
High-profile incidents
fuel law enforcement's
risk management,
insurance challenges

BY JUDY GREENWALD

jgreenwald@businessinsurance.com

Three years after the murder of George Floyd by a Minneapolis police officer, law enforcement departments across the United States continue to struggle with the risk management repercussions of Mr. Floyd's killing and similar incidents.

POLICE INTERACTIONS IN THE U.S. (2001-2020)



Source: University of Illinois Chicago, Centers for Disease Control and Prevention (CDC)

In addition to Mr. Floyd's death by asphyxiation during an arrest in 2020, other high-profile incidents include Breonna Taylor's shooting death by police in Louisville, Kentucky, the same year and Tyre Nichols being beaten by police officers in Memphis, Tennessee, in January. Mr. Nichols died three days later.

The deaths have had a significant impact on the law enforcement liability insurance market as underwriters factor into their considerations litigation arising from such incidents, a wary and sometimes hostile public, rising court awards and a shortage of qualified police candidates.

Observers say insurers are generally seeking price hikes ranging from single-digit percentages to 20%, depending on the risk. While some say the market is more stable compared with a couple of years ago, it remains relatively hard and is not expected to soften soon.

The risk is either covered on a standalone basis or as part of public entity coverage, which is often written by pools. While a greater number of law enforcement entities obtain their coverage as part of a general public entity package bought by a municipi-

pality, larger police departments are more likely to buy their own insurance.

Major issues facing police departments include dealing with disturbed individuals and recruitment (see related stories).

"We're still very careful about putting out too much capacity in the wrong jurisdiction, where public sentiments are still somewhat negative for law enforcement."

Mark Dillard,
Public Risk Underwriters of Texas

The number of insurers writing law enforcement liability insurance has declined from about 30 several years ago to about 10, and limits have also contracted.

"You really have to build a lot of limits" to create a coverage tower, said Lindsay Cunningham, Seattle-based North

American public sector and education industry division leader for Willis Towers Watson PLC.

Insurers rarely offer more than \$5 million in limits in any one layer, exclusions are broadening, and rates are increasing, brokers say.

"We're still very careful about putting out too much capacity in the wrong jurisdiction, where public sentiments are still somewhat negative for law enforcement," said Mark Dillard, president of Richardson-based Public Risk Underwriters of Texas.

Many underwriters "won't look at the class," said Alan Mooney, CEO of Hamilton-based Amwins Bermuda Ltd., a unit of Amwins Group Inc. There are insurers that have decided to stop writing that particular line or are continuing to do so with sublimits and applying aggregate limits, he said.

But there are geographical variations, said Daniel Howell, managing director of Alliant Public Entity, a unit of Alliant Insurance Services Inc., in Seattle.

"It ranges from firm in most parts of the country to very firm, bordering on hard-

ening, in certain jurisdictions," including major metropolitan areas where there are no tort caps.

The market has stabilized since 2020 and 2021, when there was much debate over the issue of police, including calls to defund police departments "but it stabilized on the high side," said Anthony DiBernardino, national public entity and education practice leader for USI Insurance Services LLC in Philadelphia.

"The claims are the same," he said. "What's changed is, claims are on the rise, and clients that have never before seen claims" are now encountering them, while higher court awards are driving up settlements.

Insurers are concerned about the unpredictable nature of police-related risks, said Jose Peralta, Washington-based managing director, U.S. public sector, and national practice leader, commercial risk, at Aon PLC.

"There's a perception of volatility, and that's causing much of the consternation we're seeing from the carriers," he said.

See **POLICE** page 17

Departments in crisis mode over recruitment, manpower issues

The negative publicity generated by police killings is making recruitment a challenge for many law enforcement agencies, which can increase liability costs, experts say.

Police recruitment is in crisis, said Jeb Brown, senior counsel with Liebert Cassidy Whitmore in Los Angeles, who represents public entities.

"People that might otherwise become officers are looking at other opportunities," he said. "That's just a reality of today's environment."

"Every agency that I'm aware of certainly has a deficit of 10% to 20% of officers" for whom positions have been authorized, but they can't find suitable candidates for the positions, Mr. Brown said.

"Departments are having a heck of a time filling vacancies," said Scott MacLatchie, a partner with Hall Booth Smith LLP in Charlotte, North Carolina.

The candidate shortage puts pressure on departments' operational controls, training and support, said Lindsay Cunningham, Seattle-based North American public sector and education industry division leader for Willis Towers Watson PLC.

Departments cannot replace officers who leave for training, which creates a personnel shortfall and other issues such as fatigue, which can negatively affect decision-making, Mr. Brown said. "All of those issues lead to liability."

Some law enforcement agencies are offering signing, housing or childcare

bonuses to attract recruits, he said.

Ms. Cunningham said that in some cases counties have made mutual aid agreements with other counties to provide additional police manpower if needed.

The personnel shortage raises the issue of whether police departments may be lowering their hiring standards, Mr. Brown said.

In addition to state law that establishes standards as to who can be hired, "everyone knows that if you start reducing standards, there is likely to be negative consequences," he said.

Mark Dillard, president of Richardson-based Public Risk Underwriters of Texas, said that while compromising their standards is not desirable, "some are



having to, to some extent, to help fill the vacancies and put people on patrol."

Judy Greenwald



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POLICE

Continued from previous page

Insurers are “looking for a lot of information about policies and procedures and adherence to best practices,” Mr. Peralta said. In addition, they are concerned about incidents being picked up by social media, leading to large settlements, he said.

When insurers provide the coverage, it is often with very large deductibles and low limits, said Edward Cooney, partner and senior account executive with broker Conner, Strong and Buckelew in Parsippany, New Jersey, who works with New Jersey’s Municipal Excess Liability Joint Insurance Fund. The Parsippany-based fund insures about 550 municipalities, about 90% of which have law enforcement exposure.

He said the fund has not had problems obtaining coverage because of its loss history.

“There’s a perception of volatility, and that’s causing much of the consternation we’re seeing from the carriers.”

Jose Peralta, Aon

Underwriters are approaching risk “with increased scrutiny and a much more thorough evaluation of the law enforcement agency’s risk profile,” said Terry McCann, president of RT Specialty Chicago, a unit of Ryan Specialty Holdings Inc.

“The insurance companies that have not withdrawn are tightening up the offerings that they’ve made or broadening (their coverage) and charging an appropriate premium” when they extend coverage to include civil rights violations or wrongful use of force, he said.

“They’re going to look at factors such as training protocols, internal policies, complaint history and community relations,” Mr. McCann said.

Many experts point to public perception as a factor driving the increased claims.

After the outcry following the murder of Mr. Floyd, prospective jurors are more likely to question law enforcement operations, which changes the profile of liability risks, said Jeb Brown, senior counsel with Liebert Cassidy Whitmore in Los Angeles, who represents public entities.

People “are inclined to give the benefit of the doubt” to the accused rather than the police officer, for whom “it’s an uphill battle to defend,” Mr. Dillard said.

“Often, it’s easier to just pay a small, monetary settlement as a frivolous payment” rather than to defend a lawsuit, said Tom Kulhawik, Stamford, Connecticut-based Northeast regional program manager for the Commission on Accreditation for Law Enforcement Agencies, who retired as police chief of Norwalk, Connecticut, in January.

Sandra McFarland, New York-based senior vice president in Marsh LLC’s U.S. public entity casualty placement practice, said, “We’re definitely seeing more stabilization this year than we have in prior years, but we haven’t really seen additional capacity, or carriers putting up additional limits, so the outlook is for continued rate increases.”



Police prioritize training on mental health issues in response to incidents involving mentally ill

Incidents in which unarmed apparently mentally ill people are killed by police are a major factor driving the public’s negative perception of law enforcement, and many police departments are responding with increased training to try and prevent future deaths.

Recent statistics are difficult to find, but there have been numerous reports of individual cases.

In December, for example, Guillermo Medina, who was reportedly having a mental health crisis, was shot by Culver City, California, police responding to a call regarding a domestic violence incident in which he was allegedly threatening his wife with a gun, according to news reports. Mr. Medina was unarmed.

His family later filed a lawsuit against the police department.

“Many cities are trying to bring in social workers as well as mental health professionals to work with their police force to respond in cases where there’s somebody” experiencing a mental health crisis, said Sandra McFarland, New York-based senior vice president in Marsh LLC’s U.S. public entity casualty placement practice.

Issues surrounding police in general and access to mental health services bleed together and the increase in the frequency in which police officers encounter such situations, whether individuals are armed or not, increases their exposure if an incident occurs, said Adam Miholic, Chicago-based consultant, global captive solutions, for Hylant Group Inc.

Insurers want information about police departments’ mental health procedures, including training in de-escalation techniques, said Lindsay Cunningham, Seattle-based North American public sector and education industry division

leader for Willis Towers Watson PLC.

“We all like to believe that someone could talk a mentally ill person into submitting to authority, but that’s not always the case,” said Mark Dillard, president of Richardson-based Public Risk Underwriters of Texas.

Steps to address this issue are being taken, experts say.



“Departments are doing a better job of de-escalating the situation” and are more aware of the need to delay a forced entry or wait for mental health support, Mr. Dillard said.

Tom Kulhawik, who retired as police chief of Norwalk, Connecticut, in January, said Norwalk’s and other departments have embedded social workers.

“We have seen a real turn” toward social workers assisting the police departments in this area, said Mr. Kulhawik, who is now Stamford, Connecticut-based Northeast regional program manager for the Commission on Accreditation for Law Enforcement Agencies.

Many departments, especially in California, require police officers to take a 40-hour course in crisis intervention training, said Howard Jordan, Oakland, California-based consultant with Sloan Sakai Yeung & Wang LLP, who

is a former Oakland police chief.

Some departments have taken a step further and designated certain officers as risk response team officers who respond to calls when it is believed there is a mental health crisis, he said.

Police officers are required to notify supervisors and request the team’s assistance to help resolve the situation without force.

“It’s been effective,” Mr. Jordan said. It gives police departments “more tools to address something they’re not really trained to do,” he said.

Mr. Jordan said police departments that have embraced this approach have seen improvements, although he acknowledged not everyone is “really enthusiastic” or “is really going to do a good job.”

One tool increasingly used by police in their encounters with the public is body cameras, experts say.

In some cases, the cameras can help exonerate the police, but in other cases that footage can provide evidence for plaintiffs, Mr. Dillard said.

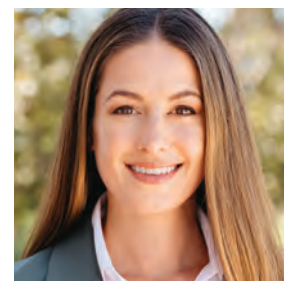
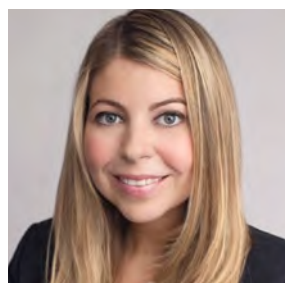
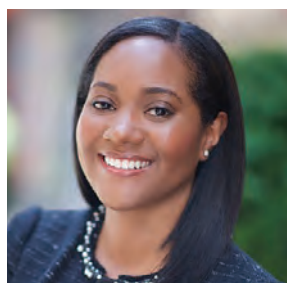
“But the body-worn cameras are absolutely a net positive,” he said.

“They can also serve to dramatize just how dangerous the job can be,” Mr. Dillard said.

Body cameras are very helpful, said Keith Hummel, Camden, New Jersey-based associate director at J.A. Montgomery Risk Control, who works with Parsippany-based Municipal Excess Liability Joint Insurance Fund in New Jersey. New Jersey mandates that police use body cameras.

“They cut down on the number of complaints and people can see what the officers are actually dealing with,” said Mr. Hummel, who is a retired chief of police of Vorhees, New Jersey.

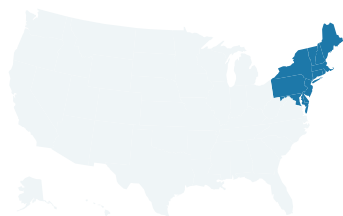
Judy Greenwald



BUSINESS INSURANCE BREAK OUT AWARDS

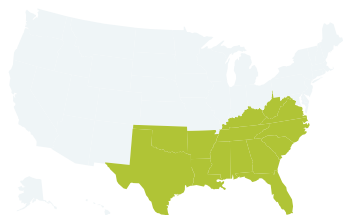
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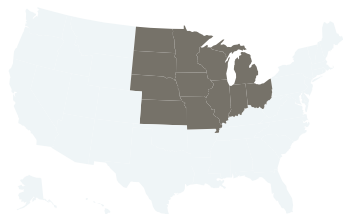
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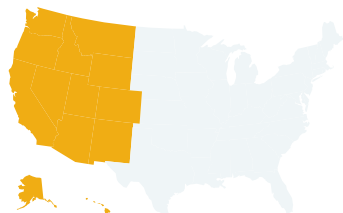
MIDWEST

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A difficult market in many lines, rapidly changing technology and a tough litigation environment are all testing the abilities of the outstanding leaders honored in the *Business Insurance* 2023 Break Out Awards, but they are rising to the challenges.

With backgrounds ranging from busking to real estate sales, the diverse group of up-and-coming executives, which includes several Beatles fans as well as

country music enthusiasts, is set to help shape the evolving insurance and risk management sector.

The 40 honorees selected for the awards program represent some of the most talented leaders emerging in the industry. To be eligible for the award, nominees must work in commercial insurance or related sectors and cannot have worked in the field for more than 15 years.

To maintain diversity in geography and types of organization, the honorees are grouped in four regions of the United States: Northeast, South, Midwest and West. All of the nominations — which highlighted the nominees' client-service skills, expertise and leadership qualities

— were reviewed by *BI* editors. After selecting finalists, we contacted references to learn more details about the nominees' achievements.

The winners will be honored at live events in Chicago, New York and Los Angeles. Information on attending the events is available at businessinsurance.com.

In the following pages you can read interviews with all of this year's winners and learn their views on navigating the hard market and problems they think need fixing in their sector, as well as their more youthful ambitions and what they like to do outside of work.

Edited excerpts follow.

Gavin Souter, editor

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ERIK BARNES

Underwriting manager, cyber and technology errors and omissions

Axa XL, a unit of Axa

New York

Erik Barnes joined what was then XL Catlin in June 2018 as a senior underwriter and was promoted to underwriting manager in June 2022. Prior to that he had been an underwriter and associate underwriter with Ironshore Insurance, now a unit of Liberty Mutual Insurance Co. He began his insurance career with regional middle-market retail broker Conner Strong & Buckelew, where he supported the major accounts team.

How are technological advances affecting your job?

As a cyber underwriter this is very relevant, because there are so many new

products and offerings now from a cybersecurity perspective that are available for organizations of all types. There are new security tools that help deal with new threats to offer to clients to help them improve their overall cybersecurity posture and seeing that improvement is exciting.

What do you wish more people knew about insurance?

That it's a hidden gem when it comes to career opportunities — it has everything. It will give you a good work-life balance, and you don't need to be a genius at math. From a career perspective, there's something for everyone. There are endless opportunities for all types of personalities and skill sets.

What's something about you that would surprise people?

I used to busk. In Philadelphia on street corners. In subway stations in New York City, I would play my guitar and sing as people were getting on and off the train. During college it helped pay the rent and for textbooks.

Favorite hobby or pastime?

I love swimming laps — I do it three to four times a week. And hiking with my dog. I love anything outdoors.

Favorite song?

"Fever to the Form" by Nick Mulvey.



HERMAN BRITO

Managing director, East Zone practice leader, marine, cargo and logistics

Marsh LLC

New York

Herman Brito joined Marsh directly after graduating from Trinity College in Hartford, Connecticut, with a bachelor's degree in public policy and law. While in college, he interned at Morgan Stanley, Arthur J. Gallagher & Co. and the Massachusetts State House and considered law school before joining Marsh in 2012.

What's your advice on navigating the current insurance market?

The most important aspect is probably listening, and it's more easily said than done. This includes understanding what clients are up against as well as listening to the markets and their issues, in addition

to keeping up with macro trends.

How are technological advances affecting your job?

In a very positive way. Digital advancements are affecting the supply chain industry, and transportation companies are becoming more nimble with real-time tracking, while other tools allow us to connect and transact in a seamless manner.

What's a problem that needs fixing in your sector?

The standardization of data. If all insurance companies and brokers start collecting information in a standardized format, then we can provide meaningful benchmarking and forward-looking analytics. If we all do a better job of partnering to standardize how we collect information, we will become smarter about the risks we take on, and we'll be much better brokers and underwriters.

Favorite hobby or pastime?

If you were to ask me this a year ago, I would have said going out for a run, because that's the one time to yourself. My favorite hobby now is reading to my daughter. It's so much fun when you open a book and her eyes just widen up. There's no moment like it.

Favorite song?

"Ol' Sweet Day" by AHI. It's a song I've been singing to my daughter.

AIG is proud to support the 2023 Business Insurance Break Out Awards

Congratulations to this year's honorees, including our own Arielle Moody



**AUBRIE CUNNINGHAM**

Senior vice president,
business intelligence and analytics

MedRisk LLC

King of Prussia, Pennsylvania

Aubrie Cunningham's plan to be a clinical health care professional changed course when she took a health care informatics class at Drexel University in Philadelphia and became fascinated with health care data and analytics. She went on to get her master's degree in health care administration from St. Joseph's University and began working in customer service for MedRisk in 2013.

What's your advice on navigating the current insurance market?

Be a disruptor. Look for new, out-of-the-box ways to be better, more efficient, more effective. The mindset of the industry has

shifted to innovation, and everyone is much more open-minded to new ideas, so it's about taking advantage of that.

How are technological advances affecting your job?

They drive our day-to-day decision-making. We rely so heavily on emerging and advancing technologies and incorporating those into our business model. Being able to evaluate past trends, see real-time data and predict future outcomes has completely changed the way we operate.

32**What do you wish more people knew about insurance?**

It's very rewarding. From the workers comp side, everything we do is centered around the injured worker. Understanding how you're helping this person get back to work, or to the life they had before getting injured, can be such a rewarding experience.

What's something about you that would surprise people?

I have a really adventurous side. I have been lucky enough to experience a lot of once-in-a-lifetime opportunities with my family and I am always looking for the next thing to check off our bucket list.

Favorite song?

Anything by Billy Joel. My 3-year-old daughter now requests "Uptown Girl" whenever we are in the car.

**DARRYL HARDING**

Senior underwriter

kWh Analytics Inc.

Coventry, Connecticut

Darryl Harding joined kWh in May 2021 after spending just over eight years as a senior production underwriter with Hartford Steam Boiler, a Munich Re company. He began his underwriting tenure as a small commercial renewal underwriter with Hartford Financial Services Group Inc.

How are technological advances affecting your job?

We can use new data that has never been available before, and we can build upon it with existing experience and knowledge. We need to be able to merge existing knowledge and experience with all the new data to solve new problems.

What's a problem that needs fixing in your sector?

Much of the industry isn't about technology and is using data from decades ago. We have the opportunity to move forward, but we're slow.

What do you wish more people knew about insurance?

I wish more people understood all the different aspects of insurance — from how a customer buys insurance, how a broker looks at insurance, how insurance carriers look at their own insurance, and how reinsurance works. There are so many different parties and so many different angles.

What's something about you that would surprise people?

My first job, in high school, was as a janitor. I've done a little of everything. I've worked in retail, at a golf course; I've been a butcher, a baker, just not a candlestick maker.

Favorite hobby or pastime?

Cooking, but since I have two toddlers, all I ever get asked for is macaroni and cheese. My favorite thing to cook is Mexican food or barbecue.

What did you want to be when you grew up?

A race-car driver, but that probably had to do with video games and the "Fast & Furious" movies than anything else.

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Vice president, underwriting-media liability, specialty insurance

QBE North America

New York

Daniella Granata joined QBE in July 2013 as a senior underwriter and served as assistant vice president prior to taking her current role in April 2022. She began her career in banking, working first for U.S. Trust — now Bank of America Private Bank — and later for Lehman Brothers and Barclays Capital before moving to insurance with QBE.

What's your advice on navigating the current insurance market?

Maintain strong relationships and stay on top of the trends and emerging risks. We always have to put ourselves in our clients' shoes to understand what they need.

44**How are technological advances affecting your job?**

On the media liability side, the development of new technology and software changes the way we look at our book of business and makes us look at risk differently.

What do you wish more people knew about insurance?

How important it is to the client and how interesting it is. Insurance can give businesses the ability to take risks and grow. Media in particular is one of the most interesting lines — working with a documentary filmmaker or learning about something you've never known about before.

What's something about you that would surprise people?

I started in banking, and it was kind of a happy accident that I ended up in insurance after a former colleague in banking who worked at QBE got me an interview. I had always been interested in film and in an offhanded way backed into something in which I'd always been interested.

Favorite hobby or pastime?

Binge watching TV shows. I love what I do and always joke it's part of my job. I thoroughly enjoy it and always have, but I look at it differently now. I look at shows and think, "I wonder if they got clearance on this."

**ARIELLE MOODY**

Northeast underwriting manager,
foreign casualty national accounts

American International Group Inc.

New York

Arielle Moody became interested in insurance while attending Temple University in Philadelphia after a professor recommended the course of study. She has worked mostly in foreign casualty since landing her first insurance job at Ace Ltd., the predecessor of Chubb Ltd.

What's your advice on navigating the current insurance market?

To continue to be curious and do things differently. It's really good to have that component in your makeup because things are always changing. Every day is an opportunity to learn something new, so I try to share knowledge.

36**How are technological advances affecting your job?**

In my job in underwriting, data is really important. For us, data is, and will always be, an asset. Technology is helping us, and I really can't imagine how life was without technology.

What's a problem that needs fixing in your sector?

Data collection of global insurance is a pain point for many because it is a very manual process, and I do believe that automation technologies could help speed up this manual task of collecting the data. By doing that, it would make life more efficient in our day-to-day job as underwriters.

What's something about you that would surprise people?

I continue to mentor youth in the foster care system in New York City.

Favorite hobby or pastime?

One of my favorite hobbies, which I started in 2017, was collecting pieces of artwork from countries that I visit.

What did you want to be when you grew up?

I actually wanted to be a journalist.

Favorite Song?

"My Shot" by Lin-Manuel Miranda from "Hamilton."



KEVIN REGA

Production underwriting supervisor,
environmental division

Great American Insurance Group Inc.

Exton, Pennsylvania

As a geologist, Kevin Rega worked in environmental consulting before joining the environmental division of Great American about six years ago. With his interest in risk and the statistics associated with environmental problem solving, the insurance industry seemed like a good fit. He began developing coverage proposals for complex environmental risks soon after joining the insurer, and in his current role, which he has held for about a year, his responsibilities include leading a team of underwriters in the environmental division.

What's your advice on navigating the current insurance market?

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There is a lot of attention directed toward emerging contaminants. PFAS have been around for a while, but there are plenty of other potential contaminants out there. We have to be ahead of the wider knowledge base, so that we can be more prepared to make underwriting decisions around what might become a problem.

How are technological advances affecting your job?

There isn't a lot of impact other than making the use of our tools easier and our underwriting more efficient.

What do you wish more people knew about insurance?

Not all insurance is driven or circulated around personal lines. People are impacted by insurance in their daily lives; it allows development, reinvestment, use of cash and funds in other ways.

Favorite hobby or pastime?

I really love skiing. I'm looking forward to introducing my children to that hobby as they grow older.

What did you want to be when you grew up?

When I was in kindergarten, I drew a big picture with crayons about how I wanted to be a builder.

Favorite song?

"Time," by Pink Floyd.



DOMINIC RUPPRECHT

Partner

Reed Smith LLP

Pittsburgh

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How are technological advances affecting your job?

It's making things both much easier and much more complicated all at the same time. I can do everything from any place in the world. As long as I have an internet connection, I can take a deposition from just about any place. I can do a policy review, advise a client, settle a case, mediate a case from anywhere I want, which is great.

What's a problem that needs fixing in your sector?

Email. People are firing off emails left and right, and so often a phone call de-escalates problems.

What do you wish more people knew about insurance?

It's fun and interesting and challenging. At the end of the day, all I try to do is help fix problems, and that's certainly not what every corporate litigator would be saying about what their job is.

What's something about you that would surprise people?

In March, I was in all five performances of the Pittsburgh Opera's production of "The Marriage of Figaro."

What did you want to be when you grew up?

I actually wanted to be a lawyer. More specifically, I wanted to be Ben Matlock.



XL Insurance

Celebrating our Break Out Star!



Erik Barnes

Underwriting Manager, Cyber & Technology
2023 Honoree

We applaud Erik, along with all of the other Break Out Award honorees, for their commitment to the industry. AXA XL is committed to building a global workplace where all employees are treated with dignity and respect and where individual differences are encouraged and valued.

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MATT WAGNER

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Manager of construction property for metro New York & construction business execution leader

Zurich North America

New York

Matt Wagner began his career with Willis Towers Watson PLC as a risk management analyst, a role that enabled him to become adept at construction broking, client advocacy, claims and engineering. He later joined the construction property team at Zurich North America where he manages a book of business ranging from large contractors to developers.

What's your advice on navigating the current insurance market?

Be prepared to be agile. The market never ceases to amaze from the perspective that it is ever evolving, and it is ever changing.

How are technological advances affecting your job?

The insurance space is a little bit behind the technology pace that the rest of the world seems to be moving at. Customers have a strong desire for insurers in general to catch up and to be able to meet the speed at which they are growing.

What's a problem that needs fixing in your sector?

I think just a lot of transparency for new and innovative products. A lot of things remain the way that they always have been but because the construction industry's growing and evolving in so many different ways, there are different needs in the marketplace that require creative solutions.

What do you wish more people knew about insurance?

I wish that people knew how creative it can be and how rewarding it can be. It is a highly collaborative workforce; it's a very competitive workforce.

Favorite hobby or pastime?

Tailgating with my family at Northwestern football games.

What did you want to be when you grew up?

When I was a young guy, I really wanted to be an archaeologist. I found mummies fascinating. I loved "Jurassic Park," "Indiana Jones."



MATT WALSH

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Partner, senior account executive

Conner, Strong & Buckelew LLC

Philadelphia

Insurance is in Matt Walsh's blood. His grandfather, dad and uncle were all in the industry, and he became interested from an early age. While attending Bucknell University, the New Jersey native interned at Conner, Strong & Buckelew in Philadelphia. He was offered a job there after graduating and has been with the firm ever since.

What's your advice on navigating the current insurance market?

The market right now is obviously in a state of flux. I think the advice is, you've got to have strong relationships with your clients, you've got to have strong relationships with your marketplace, your

underwriters, your wholesale partners. You've got to be up front with them on what's going to happen but give them the confidence that you're going to come up with options, come up with solutions.

How are technological advances affecting your job?

The industry has come a long way and still has a long way to go in certain technologies. There are a lot of menial tasks that can probably be streamlined with technology.

What do you wish more people knew about insurance?

There are so many different avenues that you can take, whether it's on the claims side, brokerage side, underwriting, actuary, risk management, loss control, safety — there are so many different opportunities and paths in the industry.

What's something about you that would surprise people?

I live about a mile from the Philadelphia sports complexes, and I am a die-hard Pittsburgh sports fan and raising my young kids to be diehard Pittsburgh sports fans as well.

What did you want to be when you grew up?

Probably quarterback for the Pittsburgh Steelers when I was a young kid or maybe a catcher for the Pittsburgh Pirates.



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BRENT ALLRED

Transportation practice leader and managing director
Higginbotham Insurance & Financial Services
Chattanooga, Tennessee

A symposium at the University of Mississippi in Oxford sealed Brent Allred's fate, leading him to eventually enroll in the school's risk management and insurance program when he learned there was 99% job placement after graduation. "There was just a sheer need for young people," he said. His niche became transportation insurance, where no day — or claim — is the same, and some days "just throw you for a loop."

What's your advice on navigating the current insurance market?

Communicate expectations with your customers based on what you know.

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How are technological advances affecting your job?

Telematics — that's electronic logging devices, cameras or GPS systems that are in trucks. We use that to develop a rate based on driving behavior, versus just looking at a motor vehicle record. It's helping sort out the bad apples.

What's a problem that needs fixing in your sector?

There's been an epidemic created with attorneys who say, "If we have any kind of accident with a big truck so much money is guaranteed." We have to fight that narrative. Fight harder even when sometimes it's going to be costly.

What do you wish more people knew about insurance?

It's recession proof. We're in a situation right now with economic uncertainty. Insurance is compulsory in most states.

What's something about you that would surprise people?

I know more '60s, '70s and '80s music than anybody my age.

Favorite hobby or pastime?

Playing golf.



ZACH ATYA

Senior insurance products manager
At-Bay Inc.
Washington, D.C.

Zach Atya's lifelong fascination with technology started with his parent's computers. "I used to take them apart," he said. "It all started with tinkering with computers" and eventually led to helping others understand technology. Today, he helps companies tackle their evolving cybertechnology risks and is known for explaining complicated issues in plain language. Having spent a decade at Measured Insurance LLC, he began his new role at At-Bay this month.

What's your advice on navigating the current insurance market?

We are lucky to be living in an age where we have emerging technologies such as pre-

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How are technological advances affecting your job?

Artificial intelligence is the first thing that comes to mind. These emerging technologies can be used to identify bad actors and cybercriminals. That's something that requires constant consideration and reevaluation.

What do you wish more people knew about insurance?

There's something for everybody in insurance. I have immense fascination for the legal world and the world of business, but I also don't want to compromise my love for technology. Maybe there's someone who likes architecture, and so they could look at working with architects and engineers in professional liability.

What's something about you that would surprise people?

I enjoy writing. I'd like to write a fiction book of some sort, perhaps in the realm of science fiction. Creative writing is something that has always been an outlet.

Favorite song?

"Eleanor Rigby," by The Beatles. It was a kind of revolutionary song in the way that it brought together the traditional elements of rock with an orchestra.



ZACH BOWLING

Executive vice president, branch leader
Amwins Group Inc.
Tampa

Zach Bowling's plans to become a restaurateur after he graduated with a hospitality degree in 2009 were thwarted by the lingering Great Recession, leading him to instead join the insurance industry as an underwriter. Fifteen years later, Mr. Bowling leads the Amwins Tampa, Florida, branch as a specialist in the inland marine/transportation sector.

What's your advice on navigating the current insurance market?

Try to learn as much as you can and build those insurance fundamentals. We as an industry tend to focus too much on if somebody has an insurance background or experience, or if they went to school

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to learn insurance, but a lot of what you need to know can be learned on the job. It's important, especially as we work with younger people, to reassure them that nobody's an expert overnight.

How are technological advances affecting your job?

Technology is really important to what we do. It helps us every day with improving processes and communication. We're able to capture so much data on so many industry subsets, and we can use that data to our advantage to pinpoint potential opportunities and create products.

What's a problem that needs fixing in your sector?

Transportation is a really challenging marketplace. Capacity is challenging because we've had a lot of turbulence over the past few years with the legal environment in certain regions. A challenge all underwriters are facing right now is bandwidth. There are so many accounts coming in the door, and there's not enough underwriters to support the business coming in, and they are limited in what they can offer.

What's something about you that would surprise people?

I love heavy metal music.

Favorite hobby or pastime?

Hanging out with my family and my dogs. And I love cooking and traveling.



DUSTIN CHO

Partner
Covington & Burling LLP
Washington, D.C.

Dustin Cho represents policyholders in insurance coverage disputes that often appear ripped from the headlines: an alleged Russian cyberattack that insurers unsuccessfully argued met the bar for a war exclusion; concussion claims by former National Football League players; and the seemingly ever-present COVID-19 business interruption litigation still winding through the courts.

What's your advice on navigating the current insurance market?

Policyholders consult with me on wording issues when they're placing or renewing insurance. More policyholders should pay more attention to things like that. Obvi-

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ously, brokers can and should help policyholders, but lawyers are focused mostly on the claims end, and wording matters where the rubber hits the road on some of these claims. Lawyers can help policyholders get the wording right and negotiate for clarifications where it's possible and appropriate.

How are technological advances affecting your job?

The biggest impact has been for me video hearings and meetings and depositions. Everything can be done much more easily by video.

What's a problem that needs fixing in your sector?

Too many insurers too often won't pay covered claims — in particular if it's a big loss. There just aren't sufficient deterrents to discourage an insurer from dragging its feet or trying to find ways to deny a claim when it's just a big claim. That shouldn't be a basis for denying a claim.

Favorite hobby or pastime?

I've got a 3-year-old son, so there's little time for other stuff. But my pastime now is something I still love and get to do: playing with Legos with my son. We build a lot of things.

What did you want to be when you grew up?

I wanted to be a cowboy. Obviously, that didn't pan out.



TRACEY FALLON

Underwriting team leader
CRC Group
Charlotte, North Carolina

Tracey Fallon's life in insurance began while she was majoring in sociology — the study of people — at Long Island University and working at her parent's small commercial insurance agency. It wasn't the crunching of numbers or that it was a family business that kept her interest. It was the people. "I'm a people person, and just sitting behind a desk wasn't for me," she said. "So, I started working as a broker and never looked back."

What's your advice on navigating the current insurance market?

Be as innovative as possible in the current hard market. Try to find new solu-

tions and stay on top of trends. Set yourself apart by being informed, responsive, and, most important, make sure to be communicative of the latest changes to your clients.

What's a problem that needs fixing in your sector?

More diversity, inclusion and equity initiatives, and more women in leadership in the insurance industry. My boss is a woman, and I see how differently she manages. Our whole industry is mostly men. It's nice to see a woman who is a boss and who is a mom.

What do you wish more people knew about insurance?

It's a relationship business and not all about numbers and Excel spreadsheets. Relationships are the heart of insurance; selling, trusting and maintaining your relationships is vital to long-term success.

What's something about you that would surprise people?

I relocated to Charlotte, North Carolina, two years ago and now live in the South after living my entire life in New York and my adult life in New York City.

What did you want to be when you grew up?

I wanted to be in the public relations business, planning events. It's partly why I love this job. I get to do marketing stuff.

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JASMINE GILBERT

Data and analytics leader,
global risk consulting, North America
Aon PLC
Tampa, Florida

When Jasmine Gilbert graduated from Florida State University, her goal to work in insurance consulting was put on hold. She wanted to pursue data and analytics, not actuarial-based, but there were few opportunities. After she worked as a demand planner and buyer for a large beauty company, the landscape shifted in insurance, and in 2014 she joined Aon as an operational analyst.

What's your advice on navigating the current insurance market?

Innovation should be at the center of every organization's growth strategy. There should be a focus on strength-

ening technology and the talent that supports innovation. ... Bold decisions will be rewarded in the current insurance market.

How are technological advances affecting your job?

A lot of my counterparts would not agree with this, but I would say technological advances are enablers for my job in analytics. Technology has totally transformed insurance.

What do you wish more people knew about insurance?

Making sure that diversity, equity and inclusion are part of the picture in eliminating bias in our products and services — I think people need to know that and support those efforts.

Favorite hobby or pastime?

I enjoy traveling and creating memories with family, but I guess my favorite hobby would be self-care practices like resting, painting or sculpting — different ways to decompress and be creative.

What did you want to be when you grew up?

I wanted to be a ballet dancer. I performed internationally in ballet, pointe and tap.

Favorite song?

"Blackbird," by The Beatles.

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JOHN HOWELL

Partner
Wiley Rein LLP
Washington

John Howell joined Wiley Rein in 2008 on the day Lehman Brothers declared bankruptcy, an event that influenced his career. While there was a contraction in the demand for legal services at the time, he recalled, there were many insurance claims related to directors and officers liability policies and coverage for financial institutions. The amount of work for D&O clients grew during the financial crisis, and since then he has continued in the firm's insurance practice, representing professional liability insurers in complex litigation, arbitration and mediation.

What's your advice on navigating the current insurance market?

There are a lot of complex transactions these days ... which are generating a lot of cases. It is important, especially in underwriting, to understand the details of the transactions. By the time it comes to my desk, it can be tough to unravel.

How are technological advances affecting your job?

Technological advances affect the claims we see, whether it is bitcoin or electric vehicle companies that made representations that their shareholders ended up being unhappy with.

What's a problem that needs fixing in your sector?

It's important to keep building on the work a lot of people in our industry have been doing on diversity and inclusion.

What's something about you that would surprise people?

During the pandemic I started restoring antique furniture.

What did you want to be when you grew up?

I wanted to be a businessman and go to a lot of lunches and wear suits. I wear a suit occasionally but I don't take as long of a lunch as I thought I would.

Favorite song?

"This Year," by the Mountain Goats.

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SCOTT MARTIN

Cyber practice leader and healthcare team leader
RCM&D, an affiliate of Unison Risk Advisors
Glen Allen, Virginia

Scott Martin worked as an intern at RCM&D while attending Virginia Tech. He returned around 12 years later, at a time when cyber risk was developing as an insurance line and was tapped to help build that book of business. In 2021 he was named team leader in RCM&D's health care practice.

What's your advice on navigating the current insurance market?

You have to develop relationships, be proactive and help educate clients. Develop a sound relationship that can weather a lot of the disruption that we're seeing now.

What's a problem that needs fixing in your sector?

Early on, all our insurer partners were approaching (cyber risk) differently, as they have for the past 10 or 15 years. The more consistent we can get and understand where our clients need to focus, and the more transparent we are on why this is important and what's expected, the better off we are as a whole.

What do you wish more people knew about insurance?

How many different directions you can go within the space. There is so much opportunity within the industry.

What's something about you that would surprise people?

I am blessed to have four very young children. While juggling a shifting landscape in the insurance market, the fun is at home and I get to juggle four crazy kids. And I'm blessed to have a wife that does a lot of the heavy lifting.

Favorite hobby or pastime?

Barbecue and woodworking.

What did you want to be when you grew up?

First it was a firefighter, then, more consistently in the early years, a soccer player.

Favorite song?

"Hooked on a Feeling," by Blue Swede.

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ANDREW MUTTER

Senior vice president and
co-leader of contingent risk insurance
CAC Specialty
Chattanooga, Tennessee

With a background in teaching and law, Andrew Mutter made his way back to his hometown of Chattanooga in 2016. After practicing law there, he joined CAC Specialty, finding his prior experience in the insurance recovery practice at an Atlanta firm served him well. He co-leads a team that has placed over \$3 billion in contingent risk business in the last two years.

What's your advice on navigating the current insurance market?

The contingent risk market is maturing. It's also hardening. As that happens, you are going to need experienced brokers that can navigate those waters.

How are technological advances affecting your job?

I see growth in the future for legal analytic data to profile exposures and liabilities to help in underwriting. ChatGPT and large language models will seriously enhance that trend.

What do you wish more people knew about insurance?

Candidly, I just wish that they understood that (contingent risk insurance) is out there more. A lot of sophisticated law firms, corporates and litigants are unaware that this exists.

What's a problem that needs fixing in your sector?

The market needs more people who understand the business of the law from an economic and financial standpoint.

Favorite hobby or pastime?

I like sporting clays and am getting more into bird hunting.

What did you want to be when you grew up?

A teacher and a writer, and I still write. I taught for four years then realized I needed to go to law school.

Favorite song?

John Denver's "Take Me Home, Country Roads."

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STEVEN PEREIRA

Partner/vice president, property and casualty
USI Insurance Services LLC
Coral Gables, Florida

Steven Pereira had no plans to leave his job at HR software company Paycom until persistent broker partners convinced him he belonged in the insurance business. Just over four years ago, he joined USI and quickly made his mark. He is the top revenue producer in all of USI, his team boasting a 98% retention rate and new business revenue of around \$2.7 million last year.

What's your advice on navigating the current insurance market?

Not every transaction has to have a winner and a loser. All three parties can get together on collaborative ways to mitigate what is becoming a tough insurance market.

How are technological advances affecting your job?

The adoption of virtual meetings has been critical to our growth and efficiency. The adoption of telematics from a business operator standpoint and the openness and willingness from insurers to understand and consider telematics ... that's been huge as well.

What's a problem that needs fixing in your sector?

Egregious claims verdicts. In the current economic conditions there have been quite a few opportunistic situations, whether it is an opportunistic claimant or plaintiffs attorney.

What do you wish more people knew about insurance?

There are tons of opportunity in this industry — especially for my generation.

Favorite hobby or pastime?

I grew up in New York so I'm a huge Giants, Mets and Knicks fan. Over the last three years I've picked up golf, and I definitely enjoy that.

Favorite song?

I grew up listening to the Billy Joels of the world. But I was born and raised in Brooklyn, so I would be lying if I told you that Biggie and Jay-Z weren't a part of my playlist.

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BUSINESS INSURANCE

**BREAK
OUT** AWARDS
2023

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Kapil Mohan on his
2023 Business Insurance
Break Out Award**



Kapil Mohan
SVP – Risk Management
GB North America



NICK ANTONIOU

Executive reinsurance underwriter
ICW Group Insurance Cos.
Chicago

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A love of math led Nick Antoniou to a degree in actuarial science from the University of Illinois Urbana-Champaign and a career in reinsurance. He started out as an underwriting assistant, then became a reinsurance underwriter, a role that was a good fit for his more extrovert personality. He joined ICW in 2021 to help grow its start-up reinsurance business.

What's your advice on navigating the current insurance market?

What's worked for me throughout my whole career and even more so in this current market is, firstly, accountability. If I say I'm going to do something I like to make sure I get it done. The other side

of that coin is knowing when and how to say no, and that is a little more important in this market. If I know I can't do something — for example, if somebody brings me a line of business that we are at capacity for, or we don't want to write any more — it's better for me to be transparent and upfront about it. Open communication and being transparent about what you can and cannot do is hugely important.

How are technological advances changing your job?

Recently we've seen the first foray into generalized AI with large language models such as ChatGPT and Bard. In the next five years we could be looking at this like when smartphones came out. Once enterprise-type software that ties into it becomes more vetted and available, I think it's going to be an interesting, dynamic switch in the industry that's going to dramatically increase efficiency.

What's something about you that would surprise people?

I'm from Cyprus in the Mediterranean. I grew up there and came to the U.S. for college.

Favorite hobby or pastime?

I've taken up pickleball lately.

What did you want to be when you grew up?

I started off wanting to be a veterinarian.



LOREN CRABTREE

Senior client manager, executive risk
Oswald Cos.
Cleveland

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Loren Crabtree was working at a grocery store when her dad went to dinner with the HR manager of an agency that was expanding and looking to recruit people without an insurance background. That led to her first role in the industry in 2015. "I mainly thought insurance was a steppingstone and would give me time to go back to school, but it ended up being something I really liked," she said.

What's your advice on navigating the current insurance market?

As much as we put into completing applications, not everything is a checkbox. Clients with operational technology might configure their systems a certain

way, and it might not look great on paper, but it's what works for them and actually is secure. Sometimes you have to tell that story to an insurer.

What's a problem that needs fixing in your sector?

We have many generations working in insurance. Baby boomers are waiting longer to retire, and as technology advances we tend to cater more toward millennials and Gen X, and now Gen Z is entering the workforce. Bridging that gap between how different generations work together and the skills everybody brings is important. Gen Z might be able to figure out new technology quickly, but they might be afraid to pick up the phone. In the coming years, we'll see how we work together and form bonds, especially with remote or hybrid working.

What's something about you that would surprise people?

During the beginning of the pandemic I needed to stay busy, so I signed up for all the classes I needed to finish my associate degree and I completed it in just a few weeks.

Favorite hobby or pastime?

I'm an avid crafter. My 5-to-9 is working on craft projects.

Favorite song?

My Spotify No. 1 song last year was "Matilda," by Harry Styles.



EVELYN KIM

Director, strategic solutions and innovation
Aon PLC
Chicago

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With a background in accounting, Evelyn Kim didn't know much about insurance when she landed in Bermuda after college on a three-year contract with PricewaterhouseCoopers International Ltd. as a captive insurance auditor. When her contract was up, she wasn't ready to leave the island or the industry and became a senior account executive managing captive insurers for Aon Bermuda. She now leads Aon's newly formed strategic solutions and innovation team in Chicago.

What's your advice on navigating the current insurance market?

Expect the unexpected because anything can happen. Enterprise risk management

is all about expecting a 1 in 100-year event to happen and not discounting far-fetched ideas. You have to be realistic and pragmatic but be open to changes and curious about what's happening and ask questions.

How are technological advances affecting your job?

Captives have been at the forefront of technological changes. We've worked with a lot of tech companies on the West Coast who don't know the insurance industry or that carriers aren't known to be flexible and nimble and quick. Captive insurance can plug that gap and offer a flexible tool.

What do you wish more people knew about insurance?

Insurance gets a bad rap. There is always something new — a new risk, new ways to quantify and new ways to mitigate the risk. It's as fast moving as it can be and exciting.

Favorite hobby or pastime?

I love watching documentaries. And I enjoy hosting events at my home and bringing people from every walk of life together.

Favorite song?

I have a favorite genre. Growing up in Toronto, I lived in a very diverse community with people from the Caribbean and listened to soca music. Anytime I'm in the car I blast it — it's just happy music.



JAMES McNITT

Health care practice leader
Risk Placement Services Inc.
Chicago

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James McNitt joined Risk Placement Services in 2014 after working at an insurer for several years. "When people talk about sales, I think about cold calling, but really this is a relationship business. That's one of the things that has helped me to thrive," he said. In his current role, he leads a team that specializes in placing medical professional liability coverage for hospitals, nursing homes and other health care entities.

How are technological advances affecting your job?

Technological advances impact a lot of the facilities that we insure. For example, during COVID, when employees weren't allowed to show up, robots were being

used in nursing homes as a way to communicate to residents. ... It's also impacting us in the way that we communicate and underwrite with our carrier partners. We're seeing more and more online binding and quoting portals for the smaller transactional type of accounts.

What do you wish more people knew about insurance?

I wish more people knew that it is a business that is really important to how the world turns and how the economy functions. A lot of the average person's insurance experience is with their home and auto, and for younger people insurance may seem like more of a burden that has to be purchased because your landlord requires it or because you need it to be able to legally drive in a state. I think people don't quite understand that insurance helps businesses stay afloat in the event of a claim.

Favorite hobby or pastime?

Cars and anything related to cars — buying them, racing them, playing with them, building them.

What did you want to be when you grew up?

Not an insurance broker. A professional soccer player.

Favorite song?

"While My Guitar Gently Weeps," by the Beatles.



KAPIL MOHAN

Senior vice president, client services
Gallagher Bassett Services Inc.
Chicago

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A childhood love of problem-solving led Kapil Mohan to study engineering at college and ultimately to a career in insurance. He had worked in management consulting for nine years when a professional connection with Mike Hessling, CEO-North America at Gallagher Bassett, led him to the industry in 2018.

What's your advice on navigating the current insurance market?

Many traditional risks are declining, at least on a frequency basis, and that's primarily because workplaces are getting safer. There's a shift to services in the economy, so there are fewer people in hazardous jobs, and technology related to the workplace has

improved. However, new risks are emerging, whether it's climate, cyber, product, infectious diseases or reputational risks. When they occur, they can result in significant financial costs to the organization. It's important for risk managers and organizations to understand their exposure to these different risks and plan accordingly.

How are technological advances affecting your job?

Technology is benefiting our jobs, eliminating administrative tasks, and allowing our people to focus on things that add greater value or require a higher skill set. ... We've invested significantly in decision support tools that help our front-line adjusters with everyday claims tasks, such as reserving, flagging claims that need attention or a specific resource, so they can intervene and change the course of that claim.

What's a problem that needs fixing in your sector?

Attracting top talent. Nothing can disperse a dinner group faster than telling them you work in insurance, but that's a misconception, because it's one of the most interesting sectors.

What's something about you that would surprise people?

I'm training for my first triathlon.

Favorite song?

"Enter Sandman," by Metallica.



CHEYENNE SCHULTE

Vice president, unit leader
Lockton Cos. LLC
Kansas City, Missouri

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Fresh out of college, Cheyenne Schulte was searching for a career that was interesting and provided opportunities for growth. She chose to attend Lockton's associate account manager program. She now specializes in construction and private equity at Lockton and has a particular "passion for construction demolition."

What's your advice on navigating the current insurance market?

Start early and make sure you are prepared to tell your story. With the current market, we are still finding phenomenal results for our direct clients, but a lot of that comes from being proactive. We work on renewals 140 days out from their renewal date.

We talk with them and strategize.

How are technological advances affecting your job?

In a positive way. We're able to do a lot more benchmarking and providing analytics and statistics to our clients, to see how they have been tracking compared to their peers — whether from limits they purchased or their rates in different areas, especially in construction.

What's a problem that needs fixing in your sector?

At the end of the day, our goal is to do what's best for our client. Making sure we are all sharing our experiences and what does and doesn't work is important. In the construction industry, they are going after so many projects and if there is a loss, or a claims scenario that happens, sharing lessons learned with peer groups is beneficial.

Favorite hobby or pastime?

Traveling with my husband and making memories. We're very spontaneous, and if we have an opportunity to experience something new, we will take it. Recently, we went to Switzerland and Greece, and it was phenomenal. Just being free and not really having a game plan is great.

Favorite song?

"Don't Blink," by Kenny Chesney, because being present in the moment is so important.



AMANDA STANTZOS

Vice president, cyber & tech
E&O underwriting
Corvus Insurance Holdings Inc.
Chicago

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A university risk management class led Amanda Stantzos to a rewarding career. A professor who said all of the students would need jobs named some places that were hiring, so she applied to one of them and was hired before she graduated. She began her career at NAS Insurance Services, specializing in cyber liability insurance. She joined Corvus in 2019.

How are technological advances affecting your job?

They affect it positively. We're able to have a greater understanding of our clients and to underwrite and quote faster.

We can also see parts of the risk that we couldn't previously see.

What's a problem that needs fixing in your sector?

My sector needs to be more stable. Right now, we're on a roller coaster ride shifting between hard and soft markets. Cyber is not new, but there is still a lot to learn about it, and stability will come in our industry. The market is softening — prices are coming down and there is more capacity.

What do you wish more people knew about insurance?

I wish they knew there are so many different parts to it that they could get into. People think of insurance as auto, life and health, but there are so many different coverage lines and jobs. You could be an insurance lawyer, on the claims team, an actuary, underwriter or broker.

What's something about you that would surprise people?

I really enjoy baking, and I happen to make delicious bagels!

Favorite hobby or pastime?

My hobby and my meditation is working out at the gym. I go at 6 a.m. every morning like a crazy person. It's my happy place, where I can put my phone in the locker for an hour and decompress.



JORDAN THOMAS

Assistant vice president, E&S casualty
Ascot Group Ltd.
Indianapolis

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Jordan Thomas switched majors to risk management and insurance at Butler University when one of his business professors, Zach Finn, after several attempts, recruited him. He went on to take a master's degree in RMI and after an internship at Burns & Wilcox, where he liked the variety of excess and surplus lines, he decided to pursue E&S underwriting.

What's your advice on navigating the current insurance market?

We've got to get back out and build our networks. The pandemic really put a stop to in-person meetings, but with all this turbulence there are more and more accounts flooding the marketplace,

and people are going to gravitate toward working with the folks that they know, like and trust.

How are technological advances affecting your job?

My specialization is "wheels" business, and the big factor there is telematics. As tech gets more and more integrated, it's going to change how we view and underwrite risks. But the big thing is, especially with AI, we're quickly going to make advances to fully autonomous vehicles. It's going to be a big shift, and if the industry is not ahead of it we're going to be caught pretty flat-footed.

What do you wish more people knew about insurance?

I wish more people knew it's fun, exciting and a unique industry. We get a bad rap as boring, old, stodgy, deep-pockets type of people that don't like to pay claims, but there's a lot more to it.

What's something about you that would surprise people?

I'm an avid hiker and a motorcycle rider. My wife and I hiked Patagonia three years ago.

What did you want to be when you grew up?

A pilot. I'm a big fan of "Top Gun." When I had to get glasses and contacts, I pivoted into something new.



DAVID WALTERS

Growth officer and principal
Gibson Insurance Agency Inc.
South Bend, Indiana

David Walters was looking for scholarship opportunities for college in his junior year of high school when he came across a full-ride opportunity to study risk management and insurance at Indiana State University. Winning one of the three scholarships offered, he enrolled in the program thinking he'd eventually move into another line of business. But his experience during various internships hooked him on insurance broking.

What's your advice on navigating the current insurance market?

You've got to start early in the process. Attention to values and program nuances are more important than ever.

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If you want to get the attention of an underwriter who is inundated with a lot of submissions, you have to create ways to stand out, and most of that is achieved through effective risk management programs.

How are technological advances affecting your job?

It's largely enhanced the brokerage experience. Some of the day-to-day tasks that should have been and could have been automated years ago finally have been.

What do you wish more people knew about insurance?

It's amazing all the career paths that somebody can get into. It's also amazing the number of people I talk to that fall into insurance.

What's something about you that would surprise people?

I thoroughly enjoy theater — Broadway, plays, musicals — but no participation.

Favorite hobby or pastime?

I love to travel. We're big into investing in experiences for our family.

What did you want to be when you grew up?

For the longest time, I wanted to be a physician and then I did an internship at Riley Hospital for Children, and I fainted three times in one week.



BREE WILLIAMS

Vice president, corporate risk
Ventas Inc.
Chicago

Graduating from law school during the financial crisis in 2010, Bree Williams joined a law firm where she worked with a small niche practice of insurance coverage attorneys. She found she liked working in insurance and interacting with clients. Five years later, she joined Amtrust Financial Services Inc. and in 2019 moved to Ventas, a real estate investment trust.

How are technological advances affecting your job?

When I started here, we didn't have the ability to aggregate our data. Now, we are getting a handle on it. It's helped us to better understand our risks, and data analytics have helped us understand

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where we should focus our energies.

What's a problem that needs fixing in your sector?

The persistent increase in aberrant verdicts, specifically in the health care and senior living space, is a significant problem. I am working with others in our sector to determine ways to address the issue.

What do you wish more people knew about insurance?

How integral insurance is to business in general. This is a huge industry, and there is a lot of creativity we can bring to it. It's a complex area that can be involved in all aspects of business.

Favorite hobby or pastime?

Playing with my puppy, Edie. I got her in July, and she is a mini bernedoodle. I've been going to a local forest preserve and taking long walks with her, and it's been a ton of fun.

What did you want to be when you grew up?

I always wanted to be a lawyer. My dad taught high school government and history, and I felt that he wanted to be a lawyer. We would get into discussions and arguments about issues, and he inspired that in me.

Favorite song?

"Dissident," by Pearl Jam.

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CHRISTINE BEAULIEU



CHEYENNE SCHULTE

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CHRISTINE BEAULIEU

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Assistant vice president, team lead
Lockton Cos. LLC
Los Angeles

Rather than say she fell into insurance, Christine Beaulieu instead says she “face-planted” into the industry. After graduating from Texas Christian University in 2016, a referral from a family friend led her to Lockton’s training academy. Since then, Ms. Beaulieu has moved up from account manager to serving as a commercial team lead, focusing on complex middle-market and national accounts.

What’s your advice on navigating the current insurance market?

It all boils down to communication. We’re being forced to get more creative and think outside the box in ways we’ve never really had to before. But when

every stone is overturned and every option is exhausted, it really comes down to communicating with both our carrier partners and our clients.

What’s a problem that needs fixing in your sector?

For many years, we’ve been delivering bad news to clients on the property front. It’s been a lot of years of back-to-back rate increases, albeit some years larger than others, and the messaging is the same. We have to get better at explaining the complexities of the insurance market to our clients, because it can’t just be, “It’s a tough market out there — you’re getting a rate increase.”

What do you wish more people knew about insurance?

How dynamic it is. The term insurance has a bit of a stigma, and not a lot of people understand what it entails. Once you start to peel back the onion you realize it’s risk management, it’s consulting, it touches many of the business industries like accounting and finance. It’s much more dynamic than it gets credit for.

What did you want to be when you grew up?

A sports broadcaster for college football.

Favorite song?

I love singing Whitney Houston’s “I Will Always Love You” in the car.



BRENDEN BEEG

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Business development manager, North America
Descartes Insurance Solutions Agency Inc.
Denver

Brenden Beeg’s love of golf led him to the insurance industry. Shortly before college graduation, his grandfather told him many of his friends who worked for insurance agencies were golfers and suggested he consider insurance as a profession. A college career day led to a job with a Tokio Marine HCC unit. He joined Descartes in 2022.

How are technological advances affecting your job?

Advances in satellite imagery and technology and IoT sensors have given us more granularity in risk analysis, and therefore pricing can be more stable in the long run.

What’s a problem that needs fixing in your sector?

Right now, especially in the hard market, there are restrictive terms and gaps in coverage in the economic sense, and so parametric insurance offers more flexibility and can fill in many of those restrictive gaps in coverage — for example, non-damage business interruption or contingent supply chain-related exposure.

What do you wish more people knew about insurance?

That there are a lot of niches in the insurance industry, and that from a career perspective there’s a lot of interesting scenarios that you can come across. And it can be exciting, in that insurance is all over the world, and in a lot of unique places, and so you can travel for insurance business to a city like Paris.

What’s something about you that would surprise people?

That I had been in Hawaii for seven years.

Favorite hobby or pastime?

Golf was my first love and is still a favorite pastime. I would say now surfing is right up there, too — I have to travel for it now.

Favorite song?

“Still Beating” by Mac DiMarco.



CHRIS GIUFFRE

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Chief operating officer
USQRisk Insurance Services LLC
Newport Beach, California

Chris Giuffre, whose mother was a managing director and global practice leader with Marsh LLC’s FINPRO practice, attended his first Risk & Insurance Management Society Inc. annual conference when he was a child. Before joining USQRisk, which specializes in alternative risk transfer solutions, in 2020, he was risk operations officer at LeaseLock Inc., a developer of financial technology for rental real estate owners and operators.

What’s your advice on navigating the current insurance market?

Creativity and innovation are really going to be big drivers for navigating the current

marketplace. Just given the climate, given how our climate has been changing rapidly, and given the macroeconomic and political factors, from a global perspective we’re seeing all that translated into a hardening market, so effectively navigating the insurance marketplace now requires quite a bit of innovation and creativity.

How are technological advances affecting your job?

They’re making life easier for us. Being a startup and building from the ground up, we have the luxury of building internet technology in a way that suits our business.

What’s a problem that needs fixing in your sector?

Capacity, and having capacity that is willing to look at more de novo opportunities or to look at more esoteric risks.

What’s something about you that would surprise people?

In my free time, I participate in ranch sorting. It’s an event where you move cattle on horseback. On weekends, I’m in my Wranglers and a cowboy hat.

What did you want to be when you grew up?

For a long time, I wanted to be an architect. At one point in time, I wanted to be a ski bum, and as I got older I thought environmental law is a pretty interesting opportunity or career as well.



RANI GUPTA

41

Insurance recovery partner
Covington & Burling LLP
Palo Alto, California

Rani Gupta, who grew up in Chicago, had planned to be a journalist, but she became interested in law while working for a nonprofit organization that did legal work for journalists. She graduated from Stanford Law School and has spent her entire professional career at Covington & Burling.

What’s your advice on navigating the current insurance market?

It’s important for policyholders to be looking at the risks that may lie ahead and trying to make sure that there are not any gaps, because the market changes so quickly, and the insurance policies can evolve so quickly. I think we see that

sometimes people are making a short-term decision for premium, but they may regret it later on when they’re trying to recover the money.

How are technological advances affecting your job?

It’s certainly changed what we do in terms of remote litigation and arbitration, so I have much less of the 6 a.m. flight to a case management conference and much more in terms of remote hearings and the like.

What’s a problem that needs fixing in your sector?

In terms of law, finding the right balance as to remote and in person is difficult.

What do you wish more people knew about insurance?

Basically, there’s an insurance component to every case, so when there’s a big kind of new or novel issue in the law, there’s oftentimes a new and novel insurance claim being litigated or fought against right alongside it.

What’s something about you that would surprise people?

I’m really organized in my professional life and kind of on the ball, but in my personal life I’m constantly losing my keys.

Favorite hobby or pastime?

If I have free time, I like to spend it with my kids and playing basketball with my sons.



ENJONLI HUTCHISON

41

Manager of risk management
Amerisure Mutual Insurance Co.
Dallas

Enjonli Hutchison, whose mother grew up as a migrant worker and became a respiratory technician, and whose father was a water deliveryman, was the first in her family to graduate from college. After receiving her biochemistry degree, she worked as a scientist before switching to occupational safety, then risk management consulting. She joined Amerisure in 2018 and was promoted to her current position in 2021.

How are technological advances affecting your job?

Technological advances broaden our horizons. We're able to provide the same type of services for someone who's three

or four states away as we do for someone who's maybe 30 minutes from our current location.

What's a problem that needs fixing in your sector?

We have come to the end of the road in the things that everyone has been doing for a long time, and with the evolution of the complexity of a lot of our clients, it's really important to be innovative.

What do you wish more people knew about insurance?

I wish more people knew about the different opportunities and careers in insurance. There's a lot of untapped knowledge in other degree programs outside your typical insurance degrees that would bring benefit to a lot of organizations, and I say that out of experience — I would never have thought of coming into insurance out of college with a biochemistry degree.

What's something about you that would surprise people?

I have to talk to people quite often, and I do a lot of presentations, but I'm actually really shy.

What did you want to be when you grew up?

I wanted to be a scientist and started out as a scientist and decided right away I didn't like being in a lab all day long.



MICHELLE LANDVER

39

Senior vice president and principal
Newfront
San Francisco

Michelle Landver grew up in personal lines insurance, working summers at her family's agency, but after graduating from Pepperdine she sought to branch out and tried commercial lines. Starting off at Bolton & Co., she moved to Marsh & McLennan Agency in 2012 and joined Newfront in 2021.

What's a problem that needs fixing in your sector?

If we want to attract new people into what I think is an incredibly wonderful industry, we have to be competitive and show that we have a culture-first approach, and we have to show that we are flexible. Everyone wants to feel ful-

filled by their work, so it's not just about doing the job but also about feeling like your opinion matters.

What do you wish more people knew about insurance?

I wish people knew that it is a dynamic, interesting, evolving business where you get the opportunity to learn how a company does what it does. I focus on consumer product brands and companies, and I love the fact that when I go to the store and I buy something, I have an understanding of how that product was made, how it was transported, how it got to the shop and how it was designed.

What's something about you that would surprise people?

I grew up in Los Angeles and I told my parents I wanted to be on TV, so they got me an acting agent when I was 13, and I did a couple of TV commercials when I was a kid.

Favorite hobby or pastime?

I have 2-year-old and 4-year-old daughters so my hobbies these days usually entail doing a fun activity with them.

Favorite song?

My older daughter's favorite Taylor Swift song is "Message in a Bottle," and I'm on board with that.



ROBERT SCHIMKE

34

Assistant vice president-Alliant Specialty
Alliant Insurance Services Inc.
Sacramento, California

After growing up with insurance as the family business, Robert Schimke insisted he wanted nothing to do with the industry when he graduated from college. But a few years in technical recruiting made him realize he wanted a better work-life balance, and a family friend turned mentor advised him to give insurance a try. He joined Alliant in 2016 and hasn't looked back since. Mr. Schimke currently works as a producer with a focus on public entities.

What's your advice on navigating the current insurance market?

Patience, and you have to be very flexible. It's very difficult right now and learning how to be patient and roll with

the punches is very useful. And be honest and straightforward with people.

How are technological advances affecting your job?

The ability to work remote and the advances in that has certainly helped me. The advances in smart schedule of values and data analytics is also useful.

What do you wish more people knew about insurance?

How rewarding a career and profession it can be. It is not as scary and intimidating as some might think. The insurance world is great, and, unfortunately, it's a well-kept secret to those graduating college. They really don't know this can be a really rewarding career path.

What's something about you that would surprise people?

I love to cook anything and everything.

Favorite hobby or pastime?

I really like to play golf and go fishing. I also enjoy spending time with my family and friends, and I am excited to be a first-time girl dad in 2023.

What did you want to be when you grew up?

A rockstar.

Favorite song?

"Blinding Lights," by The Weeknd.



CARLOS TORREZ

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Vice president
Poms & Associates Insurance Brokers LLC
Albuquerque, New Mexico

Carlos Torrez was doing what he had always wanted to do, working in real estate and refereeing basketball games in various conferences, including the NCAA Division II Rocky Mountain Athletic Conference and the Lone Star Conference. He met Dan Foley, a referee who worked in the insurance industry, and they became fast friends. After Mr. Foley heard Mr. Torrez on the phone with real estate clients and prospects, he hired him in 2014 to work at Poms in the brokerage's Albuquerque office.

What's your advice on navigating the current insurance market?

There is a lot that can be done by bro-

kerages that focus on the value-added resources of risk management. Having a proactive approach to risk management gives insureds a plan of action and is looked at positively by carriers. We formulate a submission showing what we are doing now, and in the next six months, to reduce claims.

How are technological advances affecting your job?

There are a lot of tools available that help us to better communicate and work with our clients. This is helpful for our approach as a consultant or partner in providing ergonomics, human resources, safety and OSHA training.

What do you wish more people knew about insurance?

I wish clients understood that any policies or procedure they have in their day-to-day operations can affect their rates and the pricing they receive from carriers.

What's something about you that would surprise people?

I lived in Alaska when I was in college, and I worked for the Forest Service there.

Favorite hobby or pastime?

I have kids who are 9, 7 and 5 years old, so it's baseball, soccer, dance and karate.

Favorite song?

"Fancy Like," by Walker Hayes.



MARCO VIGNALI

Director of corporate underwriting
Pie Insurance Holdings Inc.
Denver

After obtaining a degree in accounting and audit, Marco Vignali interviewed with several accounting firms, and realized that wasn't what he wanted to do. While exploring his options, the topic of insurance came up. There was a large brokerage in the area where he ended up being hired. Later, he moved into underwriting at Appalachian Underwriters Inc. He joined Pie Insurance in 2018.

How are technological advances affecting your job?

We've done a lot of work to provide the right kind of tools for our team so they can efficiently work through the easy things and spend more time on the

complicated risks.

What's a problem that needs fixing in your sector?

The asymmetry that exists within insurance. We, the carriers, have all the data, so we can predict what is going to happen over time. Insureds often don't know what all that data means, so they may not understand the impact some catastrophic events can have and why their rates may have gone up.

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What's something about you that would surprise people?

I have somewhat of a southern accent because I grew up in Memphis, Tennessee, but I was born in Germany and my parents are British. So, when people listen to my folks talk, they are surprised.

What did you want to be when you grew up?

When I was a kid, I wanted to be a pilot. Unfortunately, I'm a little too tall, and my eyesight is terrible, so when I turned 11 that went out the window. I could take it up as a hobby, but I certainly can't fly for the Air Force.

Favorite song?

"Everlong," by Foo Fighters. My wife and I bonded over Foo Fighters when we met, and an acoustic version of the song is what she walked down the aisle to when we got married.



TAYLOR WALKER

Chief insurance officer
Loadsure Ltd.
Denver

A sailing enthusiast, Taylor Walker attended SUNY Maritime College in New York intending to join the shipping industry. After making connections in the marine insurance sector while in college, though, he became a marine underwriter. Last year, Mr. Walker, who lives on the East Coast, joined Loadsure's Denver-headquartered U.S. operations, where he has global responsibilities.

What's a problem that needs fixing in your sector?

An insured is not always sitting on their limit of liability. Insurance companies buy reinsurance based on their maximum limit exposed and their aggregates, and

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that price trickles down. What we want to understand is, what is your exposure in real time in that location, so you don't have to sit on that limit all year round. Your price for a static location in Florida in December and January can be significantly cheaper than it is in August and September.

What do you wish more people knew about insurance?

I wish assureds knew that all of us in the industry really do care about them and what's best for them. I feel like a lot of people paint us as the big bad insurance company ... but I've never met a claims adjuster that didn't really care about the person they were paying the claims for.

What's something about you that would surprise people?

I'm a competitive racing sailor and one of my favorite things is to be able to get out into some of the world championship events and test my skills against the best in the world.

What did you want to be when you grew up?

I wanted to be a whale trainer after seeing "Free Willy."

Favorite song?

My top song (on Spotify) in the last 60 days has been "Great Balls of Fire," by Jerry Lee Lewis.

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2023 Property Insurance Survey

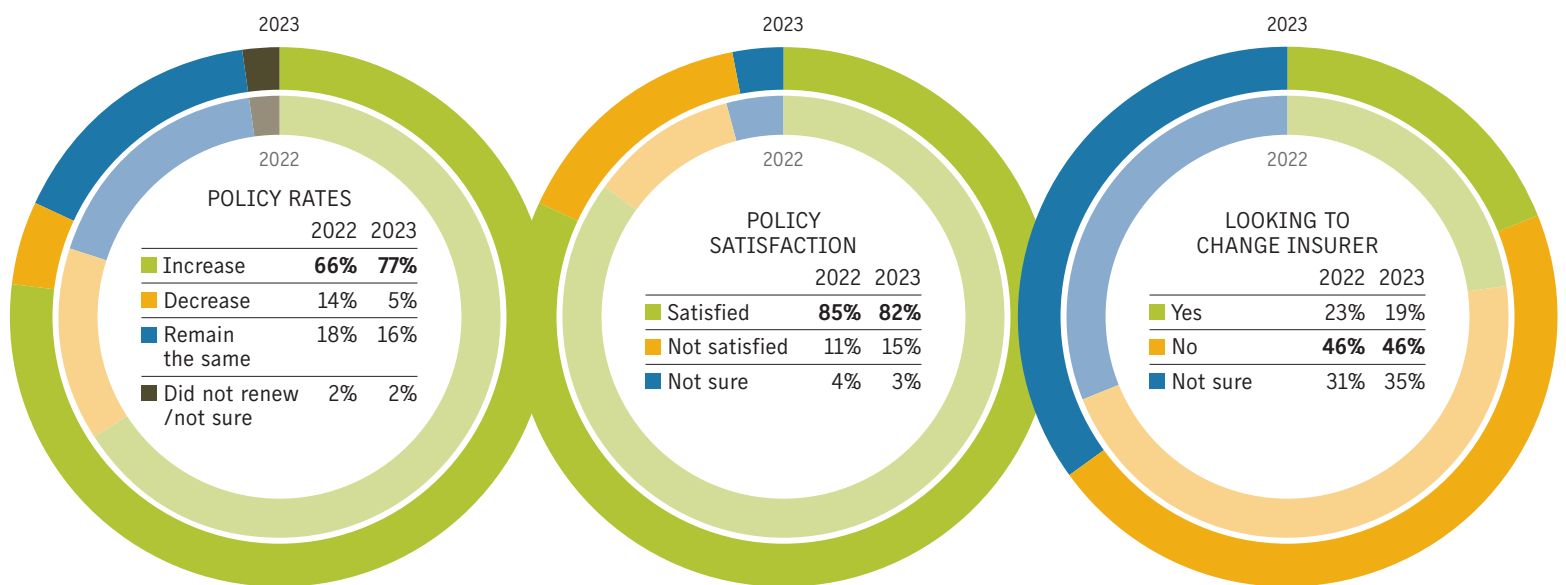
BY ANDY TOH
atoh@businessinsurance.com

More than three-quarters of the risk managers who participated in this year's *Business Insurance* property insurance survey said they saw their rates increase at renewal this year, compared with 66% in 2022. Less than a fifth of respondents said they are looking to change insurers, with 82% indicating they are satisfied with their current policies. The last time respondents switched their property insurers was about 7.9 years ago on average.



RATES & SATISFACTION

The satisfaction level dropped to 82% from 85% last year, and 77% of respondents, compared with 66% last year, said they saw their property rates increase at renewal this year.

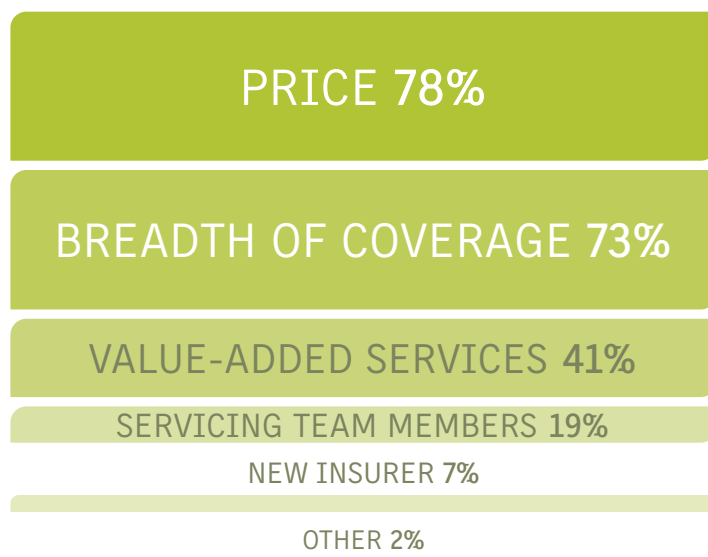


Business Insurance commissioned Signet Research Inc. to conduct the annual online survey, which drew 528 responses. However, only responses from 128 risk managers and insurance buyers who are involved with insurance purchase decisions for their organizations were used in the report. The base used is the total answering each question.

FACTORS

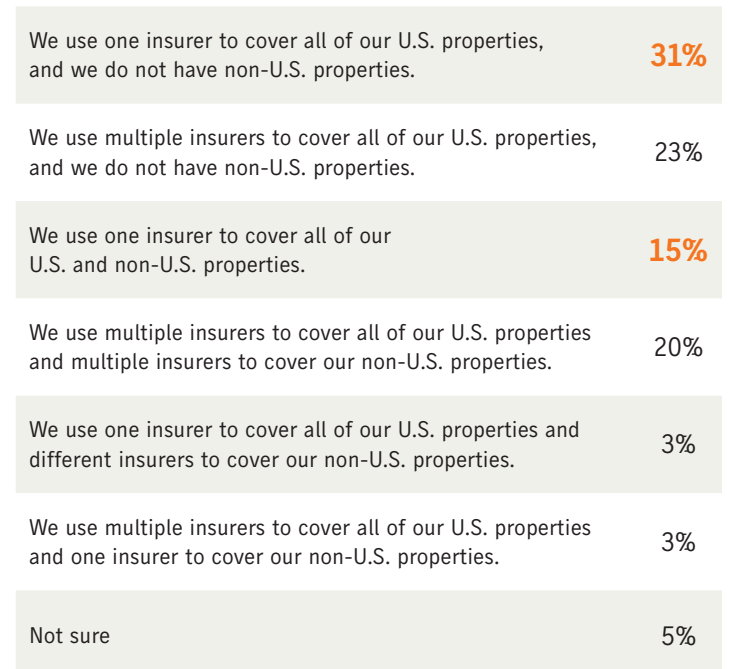
Price, breadth of coverage and value-added services are the top three most important factors that motivate risk managers to switch their policies.

Price, breadth of coverage and value-added services rank as the top three most important factors that will motivate risk managers to switch their organization's policies.



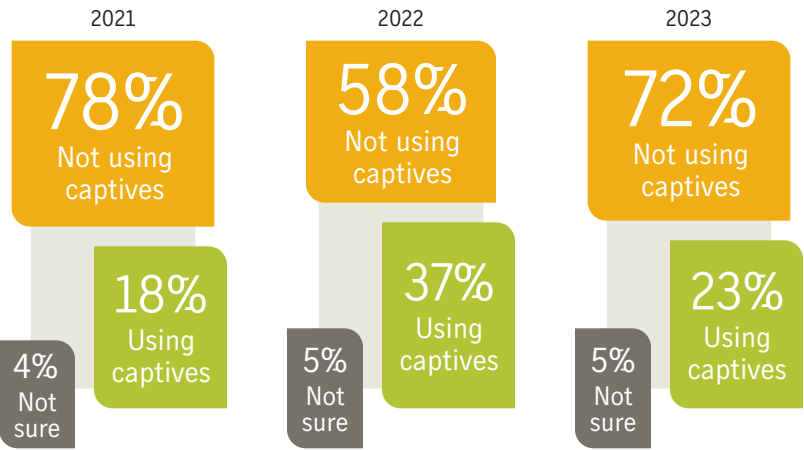
INSURERS

An average of 12.5 insurers participate in an organization's property insurance program, covering an average of \$2.1 billion in total asset value, with an average total premium of \$4.8 million. This compares with an average of 12.5 insurers covering an average of \$1.3 billion in total asset value at an average of \$4 million total annual premium in 2022. Just like last year, 46% of this year's respondents use only one insurer to cover all their properties.



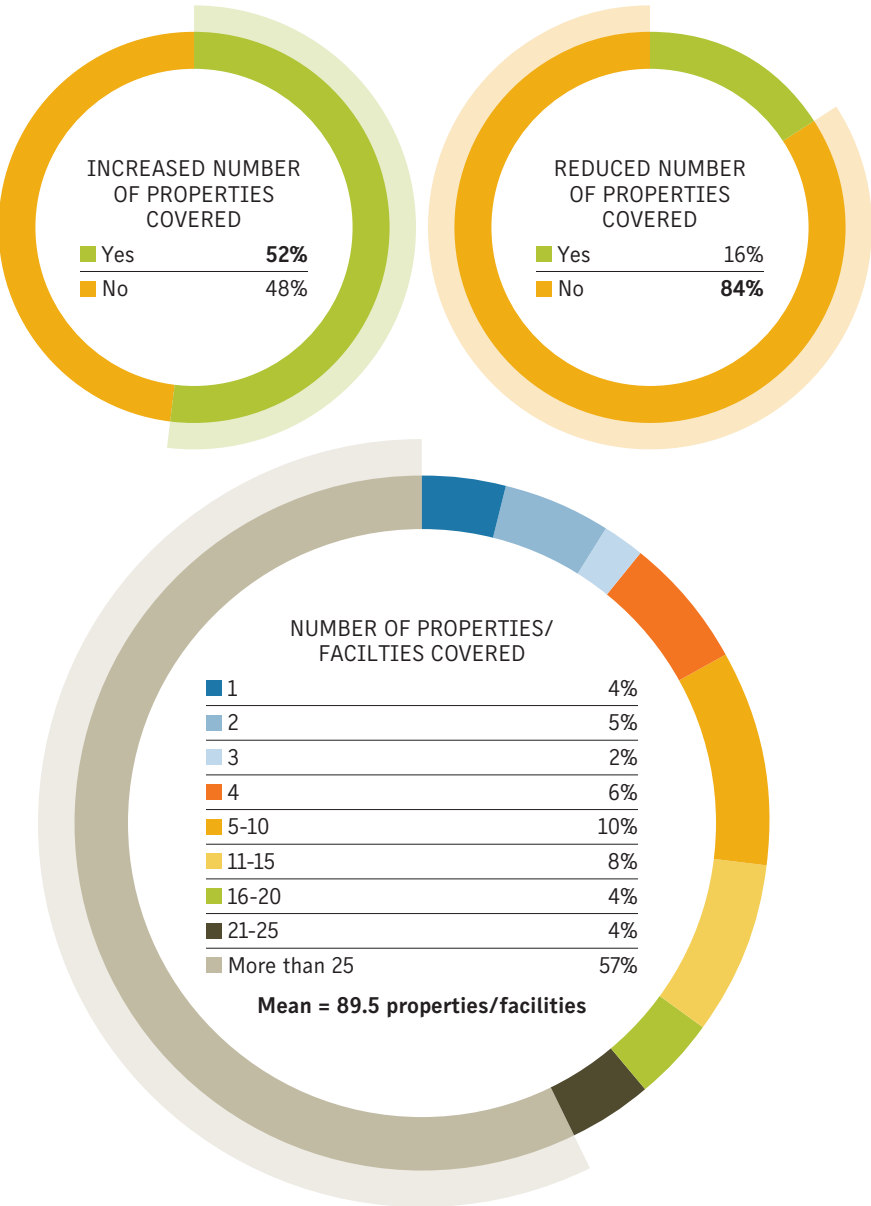
CAPTIVES

The percentage of respondents that use captives to insure some or all of their risks decreased to 23% from 37% last year.



PROPERTIES COVERED

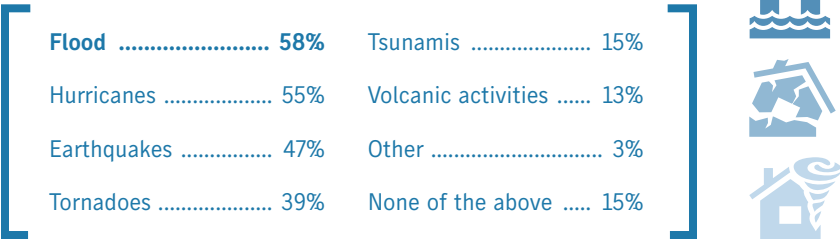
More than half of respondents said they have increased the number of properties covered under their property insurance program in the past year; only 16% said they have reduced the number. Overall, there is an average of 89.5 properties or facilities covered per property insurance program, up from 68.4.



Fifty-two percent of respondents said they have increased the number of properties covered under their company's property insurance program, and 16% said they have reduced the number.

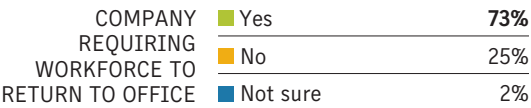
COVERED ZONES

More than half of the respondents said they have properties that are in flood-prone zones.



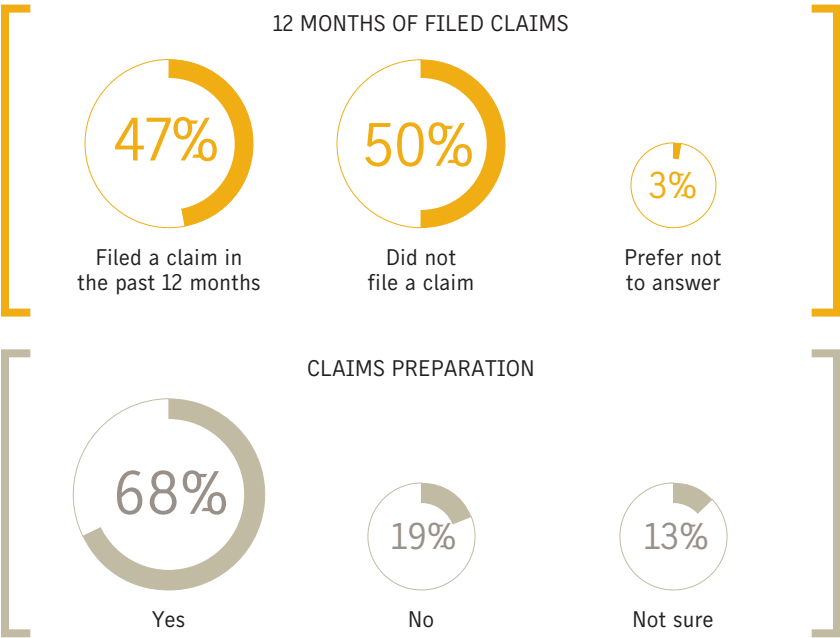
RETURN TO OFFICE

As businesses emerge from the pandemic, 73% of survey respondents said their companies are requiring their workforce to return to the office.



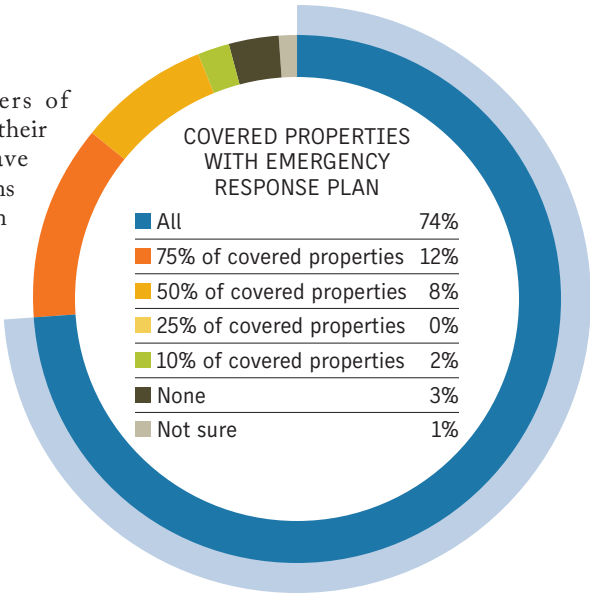
CLAIMS

In the past 12 months, 47% of the respondents have filed property insurance claims. Sixty-eight percent of respondents said their policies include cost of claims preparation.



EMERGENCY RESPONSE PLAN

Nearly three quarters of respondents said all of their covered properties have emergency response plans and their organization updates the plans on average every 2.4 years.



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 - Legal Team of the Year
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WORKERS COMPENSATION



Employers face a more aggressive OSHA

BY LOUISE ESOLA

lesola@businessinsurance.com

INSIDE

ROAD MAP

A step-by-step breakdown on dealing with a safety investigation from the initial visit by OSHA inspectors through contesting workplace citations. **PAGE 36**

PERSPECTIVES

Cutting back on workplace safety and loss control programs to save money can have unintended consequences. **PAGE 38**

The Department of Labor is beefing up its enforcement activity under the Occupational Safety and Health Administration. There has been a 20% increase in OSHA inspectors under the Biden administration and the implementation of several targeted enforcement programs that aim to rein in violations that put workers in dangers related to falls, trenches and heat exposure.

There are also changes to the way OSHA calculates fines: instance-by-instance citations that could see employers facing fines for each instance of a safety violation, potentially adding up to hundreds of thousands of dollars in fines — for example, an individual fine for every worker not wearing a hard hat.

There are also policy changes that make it easier to get on the agency's severe violator list, which comes with greater fines and more scrutiny of other facilities.

"All this is to say is that OSHA is becoming

much more aggressive in its citations," said Courtney Malveaux, Richmond, Virginia-based principal and co-leader of the workplace safety and health practice group at Jackson Lewis P.C. and former labor commissioner of Virginia.

"Those former four-figure citations are now coming back as six-figure citations." On the following two pages is a road map of the OSHA investigation process.

See **ROAD MAP** page 36

The OSHA Road Map

1. The visit

Any employer can be visited by a government workplace safety inspector. Major injuries, such as an amputation, or a workplace death always result in a visit from OSHA. Worker complaints also are common drivers for inspections, experts say.

However, “sometimes OSHA inspectors are just out in the field and — particularly this is true at construction sites — they drive by and see somebody working on an elevated platform, 20 feet up without fall protection,” said John Ho, New York-based chair of Cozen O’Connor P.C.’s OSHA practice. “Also, OSHA can randomly inspect you as well.”



2. Fact-finding

OSHA’s initial visit for inspection often includes interviews with workers to gather evidence. If a violation is noted, the employer can immediately correct, which can result in a modified citation with fewer charges, experts say.

“There is definitely an opportunity during that inspection process to engage with the inspector,” said Andrew Brought, a Kansas City, Missouri-based partner with Spencer Fane LLP. An employer may ask an inspector whether, based on information from interviews and a walkthrough, there is anything that indicates a potential violation of the standards.

“OSHA smiles on employers that correct hazards immediately, during the inspection, and will take that into account in terms of good faith,” said Courtney Malveaux, a principal at Jackson Lewis P.C. “It is the corrections that are done prior to the inspection that are a good argument to vacate the citation.”

Companies can also conduct their own inspection, Mr. Brought.

“The only time you get OSHA’s case file is if you litigate the case,” he said.



4. Pitfalls

Experts say the process is wrought with potential pitfalls: If an employer targeted employees who reported a safety hazard, OSHA's whistleblower protections would be triggered; employers must adhere to the 15-day timeline, or the citation becomes final; and employers that decide to pay the fine — often a less-expensive option than litigation — should first consider the

implications of agreeing with OSHA's safety assessment.

Lower safety ratings, higher workers compensation insurance rates, future contracts and the potential for future OSHA inspections are at stake, Mr. Ho said. "All business considerations need to be carefully considered before they resolve it, fight it and continue on appeal," he said.

3. The citation

An employer that receives an OSHA citation has 15 working days to contest it.

"That is literally like a one- or two-paragraph letter that you send to OSHA, essentially saying, I'm contesting the citations," Mr. Ho said. "You don't really have to explain why, and you don't have to argue your defenses."

Rather than formally contest, an employer may also request an informal conference to go over the specifics of what was found in OSHA's investigation and discuss whether it can negotiate down a citation, oftentimes to a less-than-serious violation.

5. Contest

When an employer contests a citation the litigation process begins, and it and its legal representatives will gain access to OSHA's records on the inspection — a discovery process that is reserved only for contested citations.

From here, an administrative law judge of the Occupational Safety and Health Review Commission will consider both sides of the case. The issue may also be further appealed to the full commission and, if further appealed, a U.S. Court of Appeals.

Worker morale, well-being starts with safety



Dan Killins is director, risk advisory services, for Employers Holdings Inc., which offers workers compensation insurance and services. He is based in Orlando, Florida, and can be reached at dkillins@employers.com.

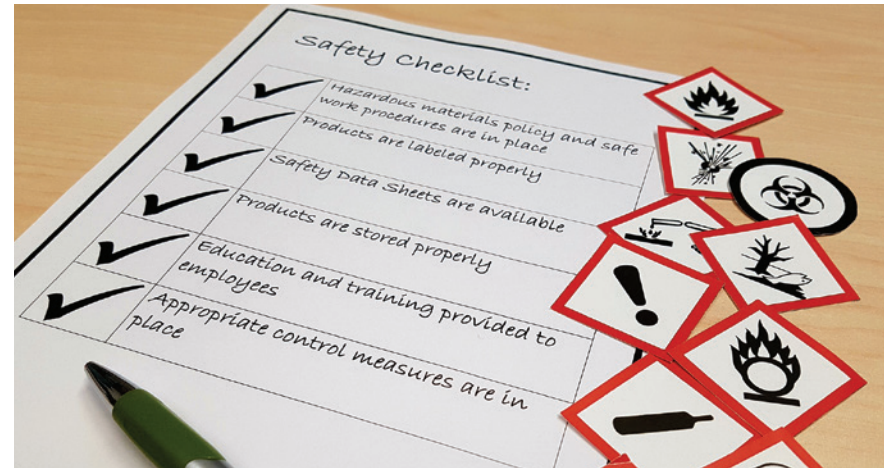
In challenging economic times, many companies are faced with very tough choices about where to allocate their limited resources. One area that is often cut back on when the budget is tight is workplace safety and/or loss control programs. However, this can lead to unintended consequences when you consider the economic impact of workplace accidents.

The National Safety Council reports that the economy lost \$163.9 billion in 2020 due to the direct and indirect costs associated with workplace injuries. That makes the average cost per medically consulted injury roughly \$44,000. The good news is that the risk of workplace injuries can be reduced. Rather than cutting back on workplace safety and/or loss control programs when they are needed most, strategically investing in these programs can provide employers with significant benefits, both in the short and long term.

Most obviously, investing in a strong safety program can help prevent workplace accidents and injuries. This not only protects employees from harm, but it can also potentially save the company money by reducing workers compensation claims, insurance premiums and medical costs. A strong safety program can also cut down on costs associated with lost productivity due to employees being away from work, not to mention the additional time needed to train employees on new tasks to replace an injured worker. According to the Society for Human Resource Management, the average cost to recruit a new employee is nearly \$4,700, with the full hiring process costing many times that.

Beyond protecting employees and reducing costs, investing in safety programs can also help companies comply with Occupational Safety and Health Administration and various state regulations, avoiding costly fines and/or compliance-related legal action. Safety rules, regulations and guidelines are constantly evolving, so it is important for companies to stay informed, ensure they are in compliance and have well-documented processes. Using the free expertise and resources available from their workers compensation insurer is a great place for businesses to start.

Companies can also benefit from partnering with safety organizations and experts from OSHA and NSC to stay current on the latest safety best practices and regulations and gain valuable insights and resources for improving safety programs and ensuring compliance. For example, OSHA offers free on-site consultations to small and medium-sized businesses, and the National Safety Council offers free



educational webinars, toolkits and posters to assist with safety training.

Internally, safety programs can help improve employee morale and productivity. When employees feel safe and supported in the workplace, they are more likely to be engaged and motivated to perform their best. This can result in higher-quality work, better customer service, less absenteeism and, ultimately, increased profitability for the company.

According to AlertMedia's 2023 State of Employee Safety Report, 81% of respondents believe physical safety is important in the workplace, while 71% of employees don't think their employers are following through on safety promises. This indicates a gap between how important workers consider safety and how many of them perceive that their employers prioritize it. With 46% of respondents saying they are more likely to stay with an employer that genuinely cares about their safety, business owners should take note of how important the feeling of safety in the workplace is for employee retention.

Another important element of a strong safety program is providing safety training for employees. This can include training on safety and emergency procedures, hazard identification and reporting, housekeeping and sanitation, and just about any topic relevant to the business' operations. The key to an effective training program is operationalizing safety – by incorporating safety training into the day-to-day business, rather than something that only happens once a year.

This approach to safety training can lead to a host of positive outcomes. It shows employees that safety is a priority for the business, as opposed to something that gets in the way of productivity. It also provides a kind of "drip irrigation" system of safety awareness, so that employees aren't expected to remember that one item from the eight-hour vendor-sup-

plied safety training class nine months ago. Lastly, and I believe most importantly, it works to create an atmosphere of interdependence, where employees begin to look out for one another and are more likely to report unsafe behaviors. It becomes the language of the workplace.

Investing in safety involves more than just policies and procedures, it's also about creating a safety culture within the company. This means promoting safety as a core value and encouraging employees to incorporate safety into their daily activities. A strong, positive safety culture can lead to greater engagement and ownership among employees, which can further improve business outcomes.

Finally, it is important for companies to regularly evaluate the effectiveness of their safety programs and make necessary adjustments. This can involve analyzing safety and accident data, soliciting regular feedback from employees and conducting real-time safety observations. By continually improving their safety programs, companies can ensure that they are providing the best possible protection for their employees, learning from their dynamic, ever-changing workplaces and maximizing their return on investment in safety.

In conclusion, investing in safety programs is a wise choice for companies, even in challenging economic times. There is a large body of evidence making a very strong business case for safety and health in the workplace and employees want an employer that cares about their safety and well-being. By working to prevent workplace accidents and injuries, complying with regulations, engaging employees early and often, and building a strong, resilient culture, companies can reap significant benefits from these investments over time. It is important for companies to view safety as an integral part of their business strategy and prioritize it accordingly.

Mosaic offering primary cyber cover globally

■ Mosaic Insurance Holdings Ltd. said it is offering primary cyber insurance globally, with up to \$20 million in capacity.

The Bermuda-based insurer said it is working in partnership with Palo Alto, California-based Safe Security, a cyber risk management company.

Mosaic said in its statement it has been offering cyber excess coverage for the past two years.

MGA launches program for distressed comp risks

■ Seaglass Insurance Group announced the launch of a workers compensation program for distressed businesses with high injury rates in the manufacturing and social service sectors.

The Estero, Florida-based managing general agent, licensed in all states, provides services intended to drive down workers compensation insurance costs and improve safety.

The “distressed/high mod program” will help companies establish risk management protocols that are intended to reduce insurance expenses and lead to a safer work environment, according to a statement.

Coalition offering nonprofit executive risks coverage

■ Coalition Inc. said it is introducing executive risks insurance coverage for not-for-profit organizations.

The San Francisco-based managing general agent said the coverage includes directors and officers liability, employment practices liability, fiduciary liability and crime insurance.

The company said it offers complementary services including a hotline for pre-claim issues, training for employees and boards of directors, and assistance with handbooks.

Liberty rolls out national comp practice

■ The Liberty Company Insurance Brokers Inc., a privately held insurance brokerage headquartered in Gainesville, Florida, announced the launch of its National Complex Workers’ Compensation Practice Group.

Liberty managing partner Kirk Aguilar, a former Brown & Brown Inc. executive will lead the team.

The group will also include staff with workers comp experience with middle-market clients across various



Marsh partners on pharma warranty program

■ Marsh LLC said it has partnered with New Brunswick, New Jersey-based Octaviant Financial Inc. to offer a warranty program to pharmaceutical manufacturers that develop gene, cell and specialty therapies.

The warranties reimburse health care payers, including Medicaid and Medicare, should an advanced therapy treatment fail to deliver the expected medical outcomes on a given patient, Marsh said.

Each warranty program, including the trigger, will be tailored to an individual pharmaceutical company and type of gene therapy.

Pharmaceutical manufacturers will self-fund their individual warranty program and may use various strategies to transfer the risk, including captives and reinsurance.

Octaviant Financial will help select the benefit trigger, which may rely on clinical trial data and other outcome measures to help ensure a pharmaceutical company is offering the most competitive warranty possible to payers.

industries, including manufacturing, wholesale and distribution, health care, security, and restaurant/hospitality, according to a Liberty statement.

Sedgwick unveils AI tool Sidekick

■ Sedgwick Claims Management Services Inc. announced the introduction of an artificial intelligence tool, Sidekick, a Microsoft OpenAI GPT-4 integration designed to improve workflow for insurance claims professionals.

The platform is aimed at improving claims documentation speed and accuracy and will automate other routine tasks.

The tool allows claims professionals to “expedite the cycle time of a claim and spend more time on the things that are fundamental to both the claims experience and the claims outcome,” Sedgwick CEO Michael Arbour said.

CorVel Corp. offers claims AI platform

■ Workers compensation administrator CorVel Corp. announced the integration of a generative artificial intelligence platform into its claims system.

The CareMC claims platform, which is the latest of the company’s Cogency-IQSM service offerings, uses artificial intelligence to automate certain tasks.

“Generative AI will revolutionize claims administration in the next several years, transforming how insurance companies, third-party administrators, and medical management firms manage claims processing,” CorVel President and CEO Michael Combs said in a statement.

Automated tasks to be handled through the new platform include summarizing medical documents, answering questions, extracting keywords and bringing overlooked items to the attention of nurses or claims adjusters.

Sentry tool assesses injured worker risk factors

■ Sentry Insurance announced the development of a predictive modeling tool designed to help identify early risk factors in injured worker cases.

The Injured Employee Complexity Factor Models will look at early factors in workplace injury claims, such as chronic pain and psychosocial risks, which are believed to prolong and prevent successful injured worker recovery.

The Stevens Point, Wisconsin-based insurer said that average comp claims involving early risk factors can remain open longer and cost employers more.

Risk factors can include anxiety, stress, lack of familial support, financial concerns, fear of re-injury and difficulty adjusting to physical and emotional changes.

Patriot inks deal with cybersecurity firm

■ Patriot Growth Insurance Services LLC announced a strategic partnership with Ponte Vedra Beach, Florida-based Tekris Inc., a cybersecurity company that serves small to medium-sized businesses.

The company will help Patriot’s clients mitigate cyber and technology risks to secure more favorable coverage, the brokerage said in a statement.

DEALS & MOVES

IMA Financial acquires North Carolina agency

IMA Financial Group Inc. said it has acquired Charlotte, North Carolina-based ECM Solutions.

Terms of the deal were not disclosed.

ECM Solutions will operate as an IMA company, and its 80 employees will continue serving clients from its offices in Charlotte and Greenville, South Carolina, led by President Jeff Haney and partners John Ketner and Jae McGuirt, according to an IMA statement.

Alliant purchases oil and gas specialist

Alliant Insurance Services Inc. said it has acquired Odessa, Texas-based McAnally Wilkins LLC, which specializes in coverages of the oil and gas service industry.

Terms of the deal were not disclosed.

McAnally Wilkins has 90 employees, all of whom will join Alliant, according to an email from a spokeswoman.

Gallagher buys Leavitt Los Angeles unit

Arthur J. Gallagher & Co. said it has acquired Leavitt Insurance Services of Los Angeles, a unit of Leavitt Group.

Terms of the deal were not disclosed.

Woodland Hills, California-based Leavitt Insurance Services of Los Angeles offers commercial property/casualty insurance and employee benefits consulting in the Southwest.

Hub acquires construction specialist

Hub International Ltd. said it has acquired the assets of Wooditch Co., a privately held commercial insurance, risk management and employee benefits services company.

Terms of the deal were not disclosed.

Hub said Irvine, California-based Wooditch’s construction industry specialization, which includes construction, supports its specialty practice in this area.

Acrisure to buy Portuguese broker

Acrisure LLC has agreed to acquire broker Universalis Corretora de Seguros of Portugal.

Terms of the transaction were not disclosed.

Universalis was founded in 1971 and has more than €25m (\$27.1 million) in annual premium, according to Acrisure.

Weight loss meds require caution

Obesity has long been identified as a major impediment to healing injured workers, so it might be tempting for workers compensation payers to latch on to a “miracle” weight loss drug to help employees get back to work and cut their own costs.

Everyone from tech billionaires to Hollywood stars and social media influencers is reportedly using the diabetes drug semaglutide, which goes by brand names Ozempic and Wegovy, to shed unwanted pounds, and the trend has raised questions about whether it should be used more widely.

With obesity considered one of the most common comorbidities in workers comp claims, the potential for the drug to, say, help a worker with an injured knee get back to work more quickly seems obvious.

But, as we report on page 6, the industry is wary of introducing semaglutide into the comp system, and rightly so.

The first consideration is the potential side effects of the drug. While the Food and Drug Administration has approved at least one brand of the drug for chronic weight management in adults with obesity, potential side effects include some serious conditions, such as thyroid cancer and gallbladder disease.



Gavin Souter
EDITOR

Secondly, the drug needs to be prescribed for the long term or else patients often regain weight after they stop taking it. Such extended prescriptions might be appropriate for treatments covered in the wider health care environment but don't fit well with the usually more limited scope of comp.

In addition, if semaglutide did fall within the comp sector, payers would be on the hook for monitoring patients for its continued use and side effects, which could lead to limitless expenses.

That's not to say that workers shouldn't expect employers to take a wider view of health care that can help address obesity — promotion and support of wellness programs to help keep workers healthy, and consideration of mental health factors in the treatment of physical injuries can both be important factors in speeding return to work.

By prioritizing sustainable interventions and treatments payers and employers can effectively mitigate the risks associated with weight loss medications while still supporting injured workers.

Employers can still consider allowing the use of weight loss drugs in the future, especially if courts hold them responsible for paying for more extreme obesity treatments. So far, employers have only rarely been required to pay for expensive bariatric surgery to treat weight loss in comp cases, but if that trend widens, carefully monitored use of long-term medications may be the better option.

For now, though, the industry's cautious approach to covering weight loss medications like semaglutide is justified. Rather than following pharmacological fads and reaching for the latest pill bottle, injured workers should be helped and encouraged to lead healthier lives to prevent injuries and to speed recovery when they do occur.

WEIGHT LOSS DRUGS

Semaglutide, which goes under the brand names Ozempic and Wegovy, is a drug used to treat diabetes. In addition, in 2021 the Food and Drug Administration approved its use to treat long-term weight management.

5.9%

A 2022 study of 175 patients found an average total body weight loss percentage of 5.9% at three months.

10.9%

After six months, the average total weight loss percentage increased to 10.9%.

Source: The Journal of the American Medical Association

VIEWPOINT

The leadership blueprint

BY CLAIRE WILKINSON

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Agile, creative, flexible, innovative and patient. These are some of the attributes that can help executives successfully deal with challenging insurance markets, according to *Business Insurance's* 2023 Break Out Award winners when we asked them: What's your advice on navigating the current insurance market?

Creativity and innovation were common themes as honorees spoke about how hard insurance markets and emerging risks require different approaches and solutions. Building on the momentum to develop alternatives, evolving technologies such as predictive analytics and artificial intelligence are changing the risk landscape and helping to provide answers. One honoree noted that the industry is more open to new ideas and that there's a need to take advantage of that shift. Another responded that the focus should be on strengthening technology and the talent that supports innovation to drive business growth.

In what is a fluid and dynamic market environment, it's notable that relationships remain highly valued and regarded as the bedrock of successful transactions. After emerging from a prolonged period of virtual handshakes, many of the award winners remain committed to developing strong relationships, even while embracing the advances that digitization brings. “We've got to get back out and build our networks,” one honoree said.

Interestingly, business relationships aren't limited to being between broker and client or insurer and policyholder. Several award winners pointed to the importance of developing connections that encompass all parts of the market and potential partners, which perhaps underscores the need to try multiple avenues and options to secure the best outcomes for

customers, whether in procuring coverage or working through a claim.

Sustainable relationships also need to be backed and nurtured by hard and soft skills. Several award winners acknowledged the importance of developing technical knowledge and expertise, not necessarily by going to school to learn insurance, but by being receptive to learning on the job and sharing information. By getting ahead of trends and staying informed, honorees said they are better able to educate customers on market changes.

So-called people or interpersonal skills are as critical as knowledge in difficult insurance markets, though. Listening to others — not necessarily easy to do when faced with yet another round of premium increases or unexpected losses — requires understanding not just what risk managers are up against, but also what the markets' concerns may be, one award winner said. “We always have to put ourselves in our clients' shoes to understand what they need,” another said.

As critical as listening is the ability to openly communicate good and bad news. Communicating what you know when navigating markets in a state of flux is helpful to manage customer expectations, several award winners said. Transparency and honesty, it seems, are more respected and appreciated than making promises that can't be delivered. Knowing when and how to say no and being open about what you can and cannot do is a little more important in this market, one award winner said. “When every stone is overturned and every option is exhausted, it really comes down to communicating with both our carrier partners and our clients,” another winner said.

It's that fearlessness that has buoyed this year's cohort of BOA winners along their impressive career paths to-date. That willingness to be bold and creative will drive them forward in their careers regardless of insurance market conditions.

The intersection of cybersecurity risk reporting and insurance — past, present and future



Lenin Lopez is a corporate securities attorney at Woodruff Sawyer & Co. in San Francisco. He can be reached at llopez@woodruffswayyer.com.

As companies continue to transition to digital technologies to conduct their operations, cyber-related risk exposures and the severity of cyber-related incidents continue to increase. For public companies, this has translated into an interesting evolution in the disclosure of cyber-related governance, risk and incidents.

The evolution of disclosure

Public companies listed on a U.S. exchange have an ongoing obligation to disclose information that would be material to an investor's investment decision. For U.S. domestic issuers, the two disclosure documents that provide the best window into a company's financial performance, material risks, and corporate governance structure, including its risk management strategy, are its annual report on form 10-K and the proxy statement for its annual meeting of shareholders.

Take Microsoft Corp., for example. In its 10-K filed in 2010, it bundled the risk of a major cyberattack within its discussion of other catastrophic risks, such as a major earthquake, weather event or terrorist attack. Those risks took up about half a page. That same year, Microsoft's governance-related risk oversight discussion didn't mention cybersecurity. Note that Microsoft wasn't alone in how it approached cyber-related disclosure at that time.

Fast forward to Microsoft's most recent filings: cybersecurity risk, data privacy and platform abuse risks take up over four pages of its risk disclosure. Microsoft also provides robust disclosure regarding how its board and management team exercises oversight of cybersecurity risk.

This approach has become commonplace. Notably, some companies have started to reference cyber liability insurance in their risk discussions. A common formulation looks like this:

"Although we currently maintain errors, omissions, and cyber liability insurance policies covering security and privacy damages, this insurance is limited in scope and subject to exceptions, conditions and coverage limitations and may not cover any or even a substantial portion of the costs associated with any compromise of our information systems or confidential information. In addition, we cannot be certain that the insurance we currently maintain will continue to be available to us at rates we believe are commercially reasonable."

How did we get from minor references to cyber risk to several pages worth of related disclosure? Four events stick out in my mind.

The first is guidance that the U.S. Securities and Exchange Commission issued in

2011 that expressed the regulator's views regarding disclosure obligations related to cybersecurity risks and incidents.

The second is a combination of large data breaches, including a 2013 attack at Yahoo Inc. and a 2017 breach at Equifax Inc. — the credit bureau carried a \$125 million cyber liability insurance policy at the time of the breach and to date the breach has cost the company approximately \$2 billion. It was around this time that more companies began to mention cyber liability insurance in their filings.

The third event was the SEC's 2018 update of its 2011 guidance. While the SEC provided more color around disclosure, including specifically making a reference to insurance, the fact that it was just guidance led to varying approaches to disclosure.

Lastly, not satisfied with the state of cyber-related disclosures, in March 2022 the SEC issued proposed rules that would require cybersecurity risk management, strategy, governance and incident disclosure by public companies.

Why disclosure matters

From an investor perspective, robust company disclosure regarding exposure to cybersecurity threats and how those threats are managed by the company strengthens investors' ability to make informed investment decisions.

Securities fraud lawsuits have been brought against some companies that have suffered cyber breaches. Plaintiffs have alleged that companies concealed known risks or vulnerabilities, and in some instances they have brought actions against boards and managements for alleged failure to carry out their oversight duties of material risks — cyber risk being a material risk that seems to permeate across industries. From a company perspective, robust company disclosure in this area, along with strong related governance practices and risk management strategies, can help provide a basis for companies to defend themselves against these types of lawsuits.

Another reason this type of disclosure matters is that it requires that a company goes through the exercise of assessing its exposure to risk, related processes and benchmarking against peers. Benefits from this exercise include improved disclosure and improved cyber-related risk management and governance processes.

What's next?

Some public companies have already reacted to the SEC's proposed cybersecurity disclosure rules by improving cyber-related disclosure, reassessing

management and board expertise and improving governance and/or risk management controls. Those of us in the insurance and risk management industry expect cyber-related disclosure to change in three ways.

1. Increased disclosure of cyber risks and incidents: Disclosure around cyber risks and incidents will become more detailed and specific, as investors and regulators like the SEC demand more transparency and accountability. The SEC's proposed rules have accelerated the move for some companies and given others a road map on how to improve. As an example of the latter, Hanesbrands Inc. publicly reported that it had become subject to a ransomware attack in May 2022. Its disclosure generally tracked with what was prescribed in the SEC's proposed cybersecurity disclosure rules that were issued a few months earlier.

2. Greater detail on cyber risk management: Companies will disclose more information about their cyber risk management practices. Notably, the SEC's proposed rules require companies to disclose whether they have any directors with cybersecurity expertise. For those boards that do not have directors with cyber expertise, we should expect to see more discussion about how the board is briefed, educated and advised on this topic. We should also expect to see more cybersecurity experts promoted to or recruited into the C-suite as chief information security officers.

3. Increased disclosure about insurance coverage: While many companies have already started to incorporate general disclosure of cyber liability insurance in their discussion of cyber risks, we should expect to see this continue, especially as coverage limitations and exclusions in cyber liability insurance policies may pose their own risks. However, we should not expect — nor is it a particularly good idea — companies to be overly disclosive about the details of their cyber liability insurance programs, including the actual limits they are purchasing. No one wants to see this otherwise good disclosure turn into a target for bad actors.

Outlook

As disclosure in this area continues to expand, so will the breadth of information available to investors, regulators, plaintiffs attorneys and those of us in the risk management and insurance industry. This should allow us to better assess a company's overall risk profile to improve cybersecurity risk mitigation strategies and develop bespoke cyber liability insurance programs.



"I'm excited to learn the wholesale side of the brokerage business because I've always been on the retail side. I look forward to taking what I've learned and applying it to new challenges."

UP CLOSE

Florence Levy

NEW JOB TITLE: Denver-based executive vice president, Insuretrust.

PREVIOUS POSITION: Denver-based cyber incident management director, Marsh LLC.

OUTLOOK FOR THE INDUSTRY: From a cyber perspective, the industry is always changing, but the stronger the industry becomes in anticipating cyber threats and helping clients prepare for them, the more positive the outlook. We're coming out of a hard cyber market cycle where "market corrections" were made by underwriters to improve profitability, and it's created a much more stable environment. Cyber is typically considered a nascent industry when it comes to insurance, but it is important to remember that cyber insurance has been around in some form for almost 25 years, so we have a solid foundation to support a positive outlook.

GOALS FOR YOUR NEW POSITION: One of my primary goals is to get back to one of my greatest strengths and where I truly thrive, which is building relationships. I'm looking forward to being an integral part of our strategic growth initiatives, enhancing Insuretrust's comprehensive client solutions through our Cyber Secure platform. I also want to be available to mentor and invest in the next generation of brokers.

CHALLENGES FACING THE INDUSTRY: The biggest challenge in the cyber industry is the fact that the risk is constantly evolving, making it difficult to stay ahead of the threat landscape. The risk was originally focused on privacy concerns, but it has morphed into more complex cybersecurity challenges.

FIRST EXPERIENCE: Right out of law school, I joined a large brokerage firm that had just launched a technology risk group incorporating individuals from a wide variety of backgrounds, from traditional insurance to consulting and finance.

ADVICE FOR A NEWCOMER: Be curious. Always be willing to learn. Be enthusiastic about what you do, and make sure to ask lots of questions. I've been in the industry for more than 20 years and I still learn something new every day.

DREAM JOB: When I retire, I want to become a yoga instructor.

LOOKING FORWARD TO: I'm excited to learn the wholesale side of the brokerage business because I've always been on the retail side. I look forward to taking what I've learned and applying it to new challenges.

COLLEGE MAJOR: I earned a B.A. in communications from the University of Michigan and a J.D. from the University of Denver.

FAVORITE MEAL: I love sushi followed by some high-quality chocolate.

FAVORITE BOOK: "The Catcher in the Rye."

HOBBIES: Yoga is one of my favorite ways to take care of myself. I also enjoy skiing, travel and supporting the arts, particularly dance.

FAVORITE TV SHOW: "Ted Lasso" is my current favorite.

ON A SATURDAY AFTERNOON: I love spending time with my family and friends, being in the yoga studio, or enjoying a walk outside with our dog. In the winter, I am on the ski slopes.

ON THE MOVE



CFC Underwriting Ltd. named **Michael Phillips** cyber practice leader for the U.S., a newly created role. Previously, Mr. Phillips was chief claims officer at Resilience Cyber Insurance Solutions LLC. He is based in New York.



Marsh & McLennan Cos. Inc. appointed **Carolina Klint** managing director, chief commercial officer Europe. Ms. Klint, who is based in Stockholm, will remain risk management leader for continental Europe at broking unit Marsh LLC. She was named one of the *Business Insurance* Women to Watch in 2013.



Thomas C. Uzzo has been named vice president, reinsurance, at Alliant Re, a unit of Alliant Insurance Services Inc. Mr. Uzzo was most recently a managing director at Aon PLC. Alliant in April announced plans to launch Alliant Re, a reinsurance brokerage division.



Chubb Ltd. named London-based **Mark Homan** division president, international property and casualty, for Overseas General Insurance. He succeeds Timothy O'Donnell, who is retiring from the company. Previously, Mr. Homan was chief operating officer for the international property and casualty division.



Berkshire Hathaway Specialty Insurance Co. appointed **Hilary Browne** to the newly created role of deputy global chief underwriting officer. Dublin-based Ms. Browne was previously global chief underwriting officer, casualty and health care, and deputy head of Europe at the specialty insurer.



Vantage Group Holdings Ltd. named Connecticut-based **Richard Wall** head of U.S. financial lines, a newly created position. Previously, Mr. Wall was senior vice president, head of management liability.

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Same song, dance in music legal woes

Looks like plaintiffs are likely to continue getting in on music industry lawsuits, according to one artist who faced a years-long legal battle over similar song chords.

British musician Ed Sheeran, who prevailed in a lawsuit filed against him on the grounds that his “Thinking out loud” sounded too similar to the late Marvin Gaye’s “Let’s get it on,” was thinking out loud for CBS News viewers when he said lawsuits are a fact of life for artists and the music production industry as a whole.

The risk lies in the math of it all, he said, as many musicians and companies have faced similar litigation.

“There’s four chords that get used in pop songs and there’s however many notes, eight notes or whatever, and there’s 60,000 songs released every single day,” Mr. Sheeran told CBS News.

Risk managers, do not try this at work

A salesman for a paper company elects himself to create a fire emergency plan for his colleagues, and then sets a fire in the office by throwing a cigarette into a wastepaper basket quipping, “Today, smoking is going to save lives.” All to test coworkers’ knowledge of his emergency plan.

This person, apparently, would make a great risk manager.



Rainn Wilson, who portrayed Dwight Schrute from “The Office”

So said attendees at Riskworld, the Risk & Insurance Management Society Inc.’s annual conference, who were given the chance by an exhibitor to vote on which fictional character would make the best risk manager: Dwight Schrute from “The Office,” Velma from “Scooby-Doo,” or Spock from “Star Trek.”

It was close: Mr. Schrute got 39% of the votes, Velma 37% and Spock 23%.

AIRLINE BREWS SOLUTION TO DRUNK PASSENGERS



What’s the latest buzz with inflight beverage service? JetBlue Airlines is the first to fly into the territory of serving nonalcoholic beer, a move industry experts say likely comes after the pandemic years’ drunken shenanigans that had passengers brawling with flight attendants.

During the pandemic, several airlines temporarily enacted prohibition strategies after those alcohol-fueled travelers caused major disruptions, resulting in notorious flight delays and horrible antics aired on social media, according to the industry forum flyertalk.com.

As KLM Royal Dutch Airlines reported, drinking a little too much in a flight might make you “seem more drunk in the air than you would on the ground after consuming the same amount of alcohol” because of the altitude, dry cabin air, and the diuretic effect of alcohol.

Workplaces flush with meetings

Time to schedule a meeting about one of the biggest issues affecting the workplace? Don’t go there.

Productivity is suffering at the hands of “inefficient” meetings, according to a workplace report issued by Microsoft.

The software company found that since February 2020, people are in three times more Microsoft Teams meetings and calls per week at work, a 192% jump since the pandemic began.

The effect is staggering: two-thirds of workers struggle to get work done because of long meetings.

But are the meetings effective? (Cue toilet flush.) More than half of people (58%) said it’s difficult to brainstorm in a virtual meeting or catch up if they joined a meeting late (57%), and that the action items following a meeting are often unclear (55%).



Big problem for luxury brands

And just like that, having your brand mentioned on the “Sex and the City” spinoff “And Just Like That” is a now risky business — and not the opposite, as it was in the past when the mention of Manolo Blahniks, Hermes Birkin bags and anything Dior had women rushing to Sak’s and Neiman Marcus to channel their favorite character.

So say the producers of the new show, now in its second season, who are calling the “dicey” issue of trying to score high-end clothing and accessories for filming the “Peloton effect,” according to Entertainment Weekly.

In the first season’s pilot, Mr. Big died after a ride on his Peloton, creating a headache for the popular exercise bike’s marketing department, which resorted to using the company’s in-house cardiologist to peg other factors of Mr. Big’s lifestyle that may have caused his heart attack: cigars, steaks and cocktails.



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