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50TH ANNIVERSARY ISSUE

50 YEARS

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YEARS

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Gavin Souter
EDITOR

Business Insurance turns 50

In October 1967, the Vietnam War was raging, the race to the moon was still being run, the first African-American Supreme Court justice was sworn in, “Hair” premiered in New York’s East Village, Lulu topped the Billboard Hot 100 and actuaries still used slide rules.

The month also saw the launch of *Business Insurance*, a magazine targeting people — usually men, back then — involved in the burgeoning field of risk management.

The magazine was the brainchild of G.D. Crain, the founder of Crain Communications Inc., a business-to-business publishing firm based in Chicago, and its first editor was his son, Rance Crain. The Crain family owned *Business Insurance* until 2016, when it was sold to its current owner, Adam Potter, founder and CEO of the Claims and Litigation Management Alliance.

From the beginning, *Business Insurance* sought to differentiate itself from competitors in the field of insurance publishing by writing with the concerns of the commercial buyers of insurance in mind rather than those of the companies selling the products. And the magazine’s staff today owe a debt a gratitude to all the editors and reporters who, over the years, shaped its voice and built its reputation.

Reading through the archives of *Business Insurance*, the differences between the risk management and insurance sector of the late 1960s and the industry today are stark. Most obviously, the

names of the players have changed. While well-known brands such as AIG, The Hartford and Travelers still feature in the industry, albeit transformed from the companies they were 50 years ago, others — The Home, INA, Reliance and many more — are gone or have been absorbed by other groups. And in the intervening years, numerous others have started then merged or disappeared.

And among brokers, the tally of once-major firms — the so-called alphabet houses — no longer trading seems even longer: Alexander & Alexander, Corroon & Black, Frank B. Hall, Fred S. James, Johnson & Higgins, and the list goes on and on.

But more than just the names, the way of doing business has changed, too. While it’s still very much a relationship business and the basic structure of insurance coverage is similar to that of 50 years ago, other parts of the risk management process have been transformed.

Total cost of risk, captive insurance, claims-made coverage, catastrophe modeling, employment practices liability insurance, enterprise risk management and cyber crime were in their infancy or unknown in 1967.

Perhaps the biggest change has been the use of technology, which has increased the resources available to risk managers and allowed them to dispense with many mundane tasks and concentrate on bigger issues.

In this special 50th Anniversary edition of *Business Insurance*, we look back on the past half century and the stories and people that have shaped the sector we report on. We hope you enjoy reading the articles and profiles as we all prepare for the next 50 years, which are likely to see vastly more changes than the past 50.

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50 YEARS: TRENDS

FOR BREAKING NEWS
COVERAGE, VISIT
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50 YEARS: TIMELINE

Business Insurance takes a look back at the past five decades with stories highlighting the most interesting and important developments of each year. From the riots of the 1960s through the financial crisis of the early 21st century, risk management played its part. **PAGE 12**



50 YEARS: PEOPLE

Renowned as a people business, relationships between risk managers and industry players underlie the market. Read about some of the personalities who left a stamp on the sector. **PAGE 24**



Insurance market adapts to changing world

BY JUDY GREENWALD

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Industry consolidation, more and better data, the emergence of the Bermuda market and alternative capital, technological developments and the hard — then softer — market swings are among the key trends that have impacted the insurance industry over the past 50 years, say executives.

But in some basic ways, many say, the industry has stayed remarkably unchanged, including in its continuing viability and emphasis on personal relationships.

The 1980s liability crisis was a key industry development, said Joe Peiser, New York-based head of North American broking for Willis Towers Watson P.L.C. in New York. That crisis, which was caused by asbestos and environmental litigation, “nearly bankrupted Lloyd’s of London, and it had a direct impact on the creation of the Bermuda market, which has been a fundamental event in the liability insurance world,” he said. It also led to corporate capital’s entry into Lloyd’s, he said.

Another major change has been the better use of data. Hurricane Andrew in 1992 “really kind of changed our industry in a material way, because, until then, I think a lot of reinsurance underwriters were using seat-of-the-pants technology to evaluate how they booked catastrophe risk,” said Michael O’Halleran, former Aon Benfield executive chairman, who retired from that post in May 2017.

Andrew “necessitated a new way to do business” and led to the emergence of models and “certainly a lot more transparency,” regulatory oversight “and the ability to have a much better understanding of the data behind the numbers,” said Mr. O’Halleran.



Perhaps because of the increasing amounts of data available today, the industry no longer has the cycles of the past, where “truly hard markets” over short periods of time were followed by long slides in rates, said Scott Barraclough, president and CEO of Mount Laurel, New Jersey-based Admiral Insurance Group, a unit of W.R. Berkley Corp.

Another change is that 25 to 50 years ago, brokers, insurers and reinsurers “seemed to have very clear boundaries” as to the business they handled, while now insurers and reinsurers “are figuring out ways to get licensed so they can sell direct,” said David J. Bresnahan, Boston-based executive vice president of Berkshire Hathaway Specialty Insurance Co. The industry also is “now in an age where people are becoming more and more accustomed to buying things online,” he said.

Retired risk manager P. Richard Hack-

enburg, whose final professional role was vice president of insurance and risk control services at New York-based FOJP Service Corp., said there are “fundamental risks that exist today that didn’t even concern us back 45 years ago,” when he entered the insurance business, including terrorism and cyber security.

Capital is also being used “more efficiently and effectively today than it used to be,” because of technology and the industry’s knowledgeability. “The people in the business today understand the accumulation of risk and the correlation of risk exposures,” said Mr. Hackenburg, who lives in Southport, North Carolina.

Jamie Crystal, executive vice president at Crystal & Company in New York, said, “In 1989, it was not unusual for 20 different syndicates at Lloyd’s to each participate on risks,” sometimes providing \$1 million to \$3 million of coverage each,

“where today, the same placement may need only three or four syndicates each with \$25 million in capacity for a \$100 million placement.”

The industry is also better able to analyze the business and understand the risks, leading to fewer insolvencies, said M. Steve DeCarlo, CEO of Charlotte, North Carolina-based AmWINS Group Inc., pointing to the disappearance of the New York Insurance Exchange, a Lloyd’s-type venture, among other markets.

While technology has been a big help in the business, it has also affected the quality of the industry’s relationships, some observers say. “You could have an underwriter and broker sitting literally three blocks away, and they won’t talk,” but send emails back and forth instead, said Mr. Crystal.

However, “the days of the three-hour martini lunch are gone, and thank God for it,” said Mr. Hackenburg. The business’s diversity has also increased and one’s gender, sexual orientation or creed “doesn’t make any difference.” The “good old boy network” is gone, he said, adding, “It was time somebody buried it.”

What has not changed is that insurance remains a “people business,” said Mr. DeCarlo, who began working in the industry in 1980. “The foundation of the industry is the trust people have in each other,” he said.

“At the end of the day, we put people’s lives back together,” said J. Patrick Gallagher Jr., chairman, president and CEO of Arthur J. Gallagher & Co., pointing to the industry’s response to hurricanes Harvey and Irma in September 2017.

That has always been the case, but “the way we do it has changed dramatically over the past 50 years, and has made our clients safer and better for their employees,” Mr. Gallagher said.

MORE CHALLENGES AHEAD FOR INSURANCE SECTOR



The insurance industry will have its hands full in the years ahead addressing issues including a surfeit of capital, a talent shortage and the challenges of technology, observers say. “The industry has amassed a

tremendous amount of capital and surplus. It’s going to have to figure out how to keep that surplus” and must look at ways to use it effectively, said retired risk manager P. Richard Hackenburg, who lives in Southport, North Carolina.

One of the industry’s biggest challenges is “to attract and retain talent,” said Jamie Crystal, executive vice president at Crystal & Company in New York, who added he was pleased about the increasing number of universities offering insurance courses.

Observers warn of a coming talent shortage as the baby boomer

generation retires.

“There’s going to be a labor crunch,” while at the same time the insurance industry no longer has the training programs of years gone by, said Roger Andrews, former risk manager for Cynthiana, Kentucky-based E.D. Bullard Co., which manufactures personal protective equipment.

Technology will increasingly become important, say experts. It is going to continue to change the way the industry underwrites and provides services, and will bypass those who “are not willing to innovate and change,” said Mr. Crystal.

For example, he asked, “Why do we have annual policies, when a huge segment of our economy is moving to the internet gig-sharing economy, where work is now being done on a project basis instead of an annual basis?”

The good news, said J. Patrick Gallagher Jr., chairman, president and CEO of Arthur J. Gallagher & Co., is that while other industries may disappear, “insurance isn’t going away.”

“We are probably the most important business on the planet because there is no business without insurance,” he said.

Judy Greenwald



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Captives move from alternative to mainstream

BY JERRY GEISEL

Once just a dot on the insurance market landscape, captive insurers have become a mainstream risk management tool over the past 50 years.

While exact figures are not available, experts say roughly 100 to 200 captives were operating in 1967, the year *Business Insurance* was launched. Today, about 7,000 captives are licensed in domiciles around the world, according to *BI* surveys.

“Captives used to be called the alternative risk market. Now, captives are a major part of the commercial insurance marketplace,” said Tom Jones, a partner with McDermott, Will & Emery L.L.P. in Chicago.

The 7,000 captives number understates how many organizations now fund at least a portion of their risks through captive insurers. For example, about 1,600 educational institutions obtain a wide range of casualty coverages through one Vermont-based captive, United Educators Insurance, a Reciprocal Risk Retention Group, whose premium volume soon is expected to hit the \$200 million mark, up from \$25 million nearly two decades ago.

The captive’s growth, says Janice Abraham, United Educators’ Bethesda, Maryland-based president and CEO, has been fueled by several factors, including “staying true to its mission of providing broad coverage, stable pricing, super claims handling and focusing on risk prevention.”

Several factors, experts say, have played key roles in the continuing surge in the number of captives. A basic one has been the huge expansion in the number of U.S. states that permit their formation.

One of those states — Vermont, whose 1981 law made it the first in the U.S. to



effectively compete with popular offshore captive domiciles — has been the world’s third-largest captive domicile for many years, trailing only Bermuda and the Cayman Islands. At the end of 2016, 584 captives were licensed in Vermont.

“Vermont was the first state to pass appropriate captive legislation and then develop a good regulatory structure,” said Art Koritzinsky, captive advisory leader for the Americas with Marsh Captive Solutions in Norwalk, Connecticut.

Roughly 30 U.S. states followed in Vermont’s footsteps and also passed captive measures, while others, such as Tennessee, whose original captive law goes back to the early 1970s, predating Vermont’s, enhanced their statutes.

Those state legislative actions “opened up the captive market to a lot more employers, who believed it would be easier to set up a captive” in a U.S. state than offshore, said Jon Harkavy, vice president and general counsel with captive manager

Risk Services L.L.C. in Washington.

“The proliferation of onshore domiciles was a big change. Although seen as a threat initially by some, at the end of the day competition was good for the industry and has raised standards for all domiciles,” said David McManus, president and CEO of captive manager Artex Risk Solutions Inc. in Hamilton, Bermuda.

Soaring premiums and a severe cutback in capacity in the traditional insurance markets, first in the mid-1980s and then in the early 2000s, also were key catalysts.

“One of the biggest factors in captive growth was the crisis in the liability insurance marketplace,” said Bruce Wright, a partner with the law firm Eversheds Sutherland (US) L.L.P. in New York.

“Insurers were dropping out of markets. Employers saw if commercial insurers could not provide coverage, they would have to take new alternative risk transfer approaches, such as forming captives,” said Michael Douglas, director of business

development-captive insurance at Aon Global Risk Consulting in Philadelphia.

Congress also spurred captive growth in 1986. Legislators approved a measure expanding a 1981 law that authorized a special type of captive, known as a risk retention group, to write all commercial casualty coverages except workers compensation for member owners nationwide after meeting the licensing requirements of just one state. That eliminated the need and cost for RRGs to have insurers issue policies in states in which they were not licensed.

For example, in Vermont in 1987, the first year after Congress expanded the Risk Retention Act, the state licensed 51 captives, including 16 RRGs. Four years earlier, Vermont licensed just 10 captives.

“The key in 1987 was the hard market combined with changes in the Risk Retention Act,” said David Provost, Vermont’s deputy commissioner of captive insurance in Montpelier.

The easing of certain federal requirements also enabled captives to take on new risks. Since 2000, more than three dozen employers, including Archer-Daniels Midland Co., Google Inc., Microsoft Corp. and United Technologies Corp., have won U.S. Labor Department permission to use their captives to fund employee benefit risks, such as life insurance and long-term disability.

Changes in technology also have made it faster and easier for companies to decide if a captive makes sense. “Today, what would have taken days and days to measure the diversification effect of noncorrelated risks in captives can now be done in a fraction of that time,” said Jim Swanke, director of risk consulting at Willis Towers Watson P.L.C. in Minneapolis.

CAPTIVE INSURERS HELP COVER RISKS THAT BECOME EVER MORE COMPLICATED

The number of captive insurers has skyrocketed over the past five decades, with growth certain to continue.

“The need for captives as a risk management tool will continue to expand over time. The world is getting more complicated, and risk management continues to become more sophisticated,” said Charles Lavelle, a senior partner with Bingham Greenebaum Doll L.L.P. in Louisville, Kentucky.

Experts concur that increasingly in the years ahead, employers will tap their captives to cover cyber risks.

“Corporations would love to buy broader coverage and higher limits than are commercially available. It is hard to believe that cyber risks will not be covered in some way through their captives,” said David

McManus, president and CEO of captive manager Artex Risk Solutions Inc. in Hamilton, Bermuda.

At the same time, more employers will likely tap their captives to fund stop-loss coverage for their health care plans.

“Employers are saying, ‘Why can’t we manage this risk, like other risks, through our captives?’” said Kathleen Waslov, a senior vice president with Willis Towers Watson P.L.C. in Boston.

Growth also will come from smaller firms.

“Even the big insurance brokerages are encouraging midmarket-size employers to set up captives,” said Len Crouse, a partner with JLT Insurance Management (USA) L.L.C. in Burlington, Vermont, and the state’s former deputy commissioner of captive insurance.

Still, others note, while captive owners will continue to find new risks to cover, the lines of coverage insured or reinsured through captives “will continue to be 75% to 80% traditional property and casualty, with the bulk of the latter in workers comp,” said Hugh Rosenbaum, a retired principal with Willis Towers Watson and now an independent consultant in London.

Captive changes also could occur on the legislative front. For example, for years federal lawmakers have been considering proposals to expand coverages that risk retention groups — a special type of captive that Congress first authorized in 1981 — can offer to their policyholder-owners.

Currently, RRGs can provide coverage for all commercial casualty risks except workers compensation.

RRGs have waged a long-running but so far unsuccessful drive to convince lawmakers to allow RRGs to write property coverage for their members. The latest proposals would limit that expansion to RRGs whose policyholders are small and midsize tax-exempt nonprofit organizations.

While lawmakers have not displayed much interest in such an expansion, some say that could change. “I believe that ultimately good people will decide to move past political disagreements and enact the right policy for small and midsize nonprofits,” said Pamela Davis, founder, president and CEO of Alliance of Nonprofits for Insurance, Risk Retention Group, which is headquartered in Santa Clara, California, and was licensed in Vermont in 2000.

Jerry Geisel



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*Balance sheets as of 09/30/2016 for the Berkshire Hathaway National Indemnity group of insurance companies.

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Risk management transformed

BY GAVIN SOUTER

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The discipline of risk management has come a long way over the past 50 years. In 1967, much of the job of risk managers related to insurance buying and interacting with insurers and brokers on loss prevention and claims.

While insurance remains a key tool of risk managers in 2017, changes in the market and technological developments have created a role that's focused on managing risk in a more sophisticated way and looking beyond the hazard risks traditionally associated with insurance, experts say.

As a result, the role of risk managers within their organizations has taken on more significance as they are called on to assess more diverse exposures.

The hard market of the 1980s forced organizations to retain and manage risk more proactively, and technological developments — especially over the past 10 years — have enabled risk managers to access data and take a more forward-looking view of risk, experts say.

"When I first came out of the insurance business, I looked on risk management as a negative thing — you were trying to analyze the possibility of some future negative event occurring and respond intelligently to it," said H. Felix Kloman, a retired risk management consultant. Mr. Kloman worked as an insurance broker in the 1960s and was an early contributor to *Business Insurance* before becoming a risk management consultant in the early 1970s. He retired from Towers Perrin in 1993.

Most companies turned to insurance as their primary response to risks, he said. "I realized that insurance should not only not be the primary response, it was a rather negative response ... and one to be avoided if you possibly could," Mr. Kloman said.

Risk managers should view adverse events as possibilities to improve things going forward rather than seek to restore operations to the way they were prior to an event, he said.

Today, risk managers have access to an immense amount of data that allows them to be more proactive in managing risks, he said.

Access to data has changed the discipline of risk management and risk managers' interactions with insurers, said Carol A. Arendall, vice president of safety and risk management at US Foods Inc. in Rosemont, Illinois, who has worked in risk management for more than 30 years.

"Back in the day, underwriting meetings were so important, and you would go and meet with people and talk about the risk. Today, underwriters churn out a quote



based on the data," she said.

While the data may make the process more scientific, it can also have a negative effect, especially if a company changes its approach to risk management or brings in a new risk manager, Ms. Arendall said.

"The data is always historical, it's only facing backward, and if you are going to base everything on a company based on what they did previously ... that sometimes can hurt if you are not willing to see where the company is going forward," she said.

The technology used to process the data has greatly changed the job of risk managers, said David North, president and CEO of Sedgwick Claims Management Services Inc. in Memphis, Tennessee.

"The pace of change is so fast now that the changes that have happened over the past 10 years eclipsed the previous 40," he said. "The world has become so much more connected, and the ability to respond is so much faster."

The speed of response is especially noticeable in the processing of documents, Ms. Arendall said.

"When I first started in risk management, if you were lucky you'd get your insurance policies delivered in 90 days. Then you'd get all the endorsements to correct the errors. And if you were getting a policy from London, sometimes you wouldn't get a policy until it expired. Now, you receive most of the policies at binding," Ms. Arendall said.

The development of risk management information systems has also sped up processes, said Mr. North.

"In the early days of RMIS, the focus was on gathering information — you spent 90% of the time gathering information and 10% of the time doing something with it. But today that's been reversed," he said.

But risk managers still need to manage

their data collection, said Ms. Arendall.

"With a RMIS, you can slice and dice your data, but it's only as good as the data that goes into the system. Risk managers need to understand what their data is," she said.

RMIS systems themselves will be turning 50 next year, said Robert G. Petrie, president and CEO of Origami Risk L.L.C. in Chicago.

Guyon Saunders founded what became Corporate Systems, the company behind the first RMIS, in 1968. And, said Mr. Petrie, "what Corporate Systems introduced solved the problem of how you understand what your cost of risk is if you've got data with multiple insurance companies or third-party administrators. It took claims data from different insurance companies and put it in the same place on a mainframe system and let people analyze the data. But still it just consolidated the reporting process."

In the 1980s, risk management information systems were developed to add more data about exposures, and different modules to help assess and manage risks were added in the early 2000s, Mr. Petrie said. In the past few years, they have been developed further to push the risk management process throughout organizations, he said.

In addition to RMIS, other risk management tools have developed as risk managers have been called upon to look at enterprisewide risks, said George Haitzsch, global client advocate at Willis Towers Watson P.L.C. in Philadelphia and former risk manager for SAP S.E. in Walldorf, Germany.

"The tools that professional risk managers have available over time have evolved — alternative forms of capital, alternatives to purchasing insurance have definitely evolved," he said.

TECHNOLOGY, DATA ANALYTICS EMPOWER RISK MANAGERS

Technological developments and greater use of data underlie much of the evolution of risk management over the past 50 years and are likely to change the role of the risk manager even more going forward, experts say.

"I think we are just at the forefront of seeing the utilization of data and analytics transform how professionals are approaching the profession of risk management," said George Haitzsch, global client advocate at Willis Towers Watson P.L.C. in Philadelphia and former risk manager for SAP S.E. in Walldorf, Germany.

The greater use of data will elevate the position of risk managers, he said.

"There will be somewhat of a larger voice for risk managers with respect to investment due diligence and helping set direction for the company, because more and more there's an inherent understanding that with risk comes reward," Mr. Haitzsch said.

Already, risk managers are involved in broader enterprisewide discussions and decisions, and that trend is likely to accelerate, said Carol A. Arendall, vice president of safety and risk management at US Foods Inc. in Rosemont, Illinois.

"We are not going to go down the path of introducing a new process without involving risk management. You don't want to get a shiny new initiative in place and then find out that there were all kinds of downsides to it," she said.

Technological developments, in particular greater use of mobile- and cloud-based technology, will help integrate risk management processes throughout an organization, said Robert G. Petrie, president and CEO of Origami Risk L.L.C. in Chicago.

Mobile applications are "pushing the technology out from five or 10 users in the risk management department to hundreds and sometimes thousands of users throughout an organization," he said.

Gavin Souter





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Safety act expanded employer responsibilities

BY GLORIA GONZALEZ

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Business Insurance is older than the U.S. Occupational Safety and Health Administration. But the 1970 passage of the Occupational Safety and Health Act that created the agency is considered a watershed moment in the workplace safety arena.

OSHA officially launched in April 1971, with George Guenther appointed as the agency's first director. An April 2017 report called "Death on the Job" by the AFL-CIO union estimates that 553,000 employee lives have been saved since the passage of the statute.

"Before that, the recognition that employers have the responsibility to provide a safe workplace and that workers have a right to a safe workplace did not



U.S. DEPARTMENT OF LABOR

The Occupational Safety and Health Act was signed into law on Dec. 29, 1970, by President Richard M. Nixon, culminating nearly a century of endeavors by the states and the federal government to mitigate the vulnerabilities of employees exposed to hazards of the industrial age.

exist," said David Michaels, the longest-serving assistant secretary of labor for occupational safety and health, under the Obama administration, and professor in the Department of Environmental and Occupational Health at the Milken Institute School of Public Health at The George Washington University in Washington. "That's the largest advance in the last 50 years."

OSHA's establishment, as well as the creation of its sister agency, the Mine Safety and Health Administration under the Federal Mine Safety and Health Act of 1977, contributed to the beginning of a yet-to-be-completed shift away from the notion that employees were always at fault for getting hurt on the job and that most workplace fatalities and injuries were unpreventable, experts say.

"These theories were dangerous in that their application led to inadequate preventive programs or (programs) that were misdirected and unsuccessful," Mr. Michaels said, adding that "the least successful way to prevent (injuries) is to focus on stopping human error. We're all human, and we all make mistakes. Instead of focusing on errors because errors are inevitable, we need to build systems that mitigate the effects of errors. Unfortunately, this misbegotten theory is still alive in a lot of the behavioral-based safety programs, and it really needs to be eradicated."

On the workers compensation side, the exclusive remedy system was created to allow injured workers to be covered for medical expenses and loss of earnings after workplace accidents in return for giving up the right to sue their employers. But the plaintiffs bar has convinced state legislatures to amend laws to allow employers to be sued for tort negligence if they engage in gross negligence or willful misconduct, said Edwin Foulke, an Atlanta-based partner at Fisher Phillips L.L.P. and a former assistant secretary of labor for occupational safety and health under President George W. Bush. "Now, you have that trade-off being changed, particularly in the last 10 years," he said.

But other experts say the situation has worsened for injured workers since the publication of the seminal 1972 Report of the National Commission on State Workmen's Compensation Laws. The

'The least successful way to prevent (injuries) is to focus on stopping human error ... Instead of focusing on errors because errors are inevitable, we need to build systems that mitigate the effects of errors.'

David Michaels,
George Washington University

PROGRESS HAS BEEN MADE ON SAFETY, BUT WHAT ELSE SHOULD BE DONE?

Federal regulators have made strides in establishing and implementing standards to mitigate work-related fatalities and injuries, and voluntary efforts have also contributed to improved safety in the workplace, but more could be done, according to some experts.

The U.S. Occupational Safety and Health Administration's silica rule, which lowers the permissible exposure limits for workers to silica dust and mandates that employers incorporate certain equipment and procedures to reduce risks, was adopted during the last year of the Obama administration after decades in the making. However, the agency has been unable to establish a safety and health program management standard amid fierce

opposition, settling for a long-awaited update to its 1989 voluntary guidelines in 2016.

Also missing from OSHA's standards list is an ergonomics standard. Up until this year, the only time the Congressional Review Act was successfully used to overturn a federal regulation was in 2001, when President George W. Bush and Congress derailed the agency's efforts to regulate ergonomics via a formal standard.

"It would be nice to have a standard, but the way it was written under Clinton was so terrible Bush needed to get rid of it," said Paul Esposito, president of STAR Consultants Inc. in Annapolis, Maryland. "It's just unfortunate that OSHA's never figured out how to put something decent back.

But the industry recognizes that this is such a significant cost, not only mentally to the worker, but fiscally to the insurance companies. The ergonomic programs have grown and matured even without regulation — just in response to risk."

The previous approach to workplace safety was compliance-focused, but it had limited impact in addressing injury causation, said Jim Smith, Boca Raton, Florida-based director of risk control services for Arthur J. Gallagher & Co. and president of the American Society of Safety Engineers.

"Now we see more of a risk-based approach in the safety business," he said. "You're looking at the highest risks that have the most probability and severity, and you try to put your



report, commissioned as part of the OSH Act, concluded that the states' primary responsibility for the workers comp program should be conserved, but also determined that the protections afforded to workers were generally "inadequate and inequitable" and made 84 recommendations to improve the system, with 19 deemed essential.

'People in the workers comp industry are deeply opposed to any kind of federal intervention to set some kind of standard. On the other hand ... the current situation is leading time and time again to states reducing benefits.'

Emily Spieler,
Northeastern University School of Law

However, a 2016 U.S. Department of Labor report warned that injured workers faced great risk of falling into poverty because of the failure of state workers comp systems to provide them with adequate benefits. Workers pay about 50% of the costs related to their occupational injuries and illnesses out of pocket, with only 21% of the costs borne by the comp system and 13% paid by health insurance, according to a 2012 study published in the *Journal of Occupational and Environmental Medicine*.

"I would say, in most cases, workers comp fails workers," said Deborah Berkowitz, senior fellow with the National Employment Law Project in Washington. "It's really all about companies disowning their obligations. I think the workers comp system is incredibly broken."

limited resources toward addressing those first and then work down the line. It's not there yet in the entire industry of safety, but we've been moving there in the last three to four years, and we're going to continue to move that way because nobody has enough time, resources and money to fix everything."

"As much as (the Occupational Safety and Health Act) was a landmark at the time, right now it's seen as the floor as I think it should be," said John Dony, director of the Campbell Institute at the National Safety Council in Itasca, Illinois. "Compliance is the minimum."

Advances in technology such as wearables and drones and the use of data is leading to another wave of innovation in the safety area, he said.

"The challenge is how do we integrate and use all this information at a time when we're just inundated with data?"

Mr. Dony said.

Gloria Gonzalez

States such as West Virginia have made it increasingly difficult for injured workers to receive benefits, including deeming them ineligible if they cannot prove the workplace was the primary cause of their injuries or requiring doctors to apportion the extent to which the workplace led to the injuries and limiting their benefits accordingly, said Emily Spieler, Hadley Professor of Law at Northeastern University School of Law in Boston and a former commissioner of the West Virginia

Workers' Compensation Fund.

"I think we do have a problem in that we have this state-by-state system where states continue to be extremely concerned that they may not be competitive with other states," she said. "I know that people in the workers comp industry are deeply opposed to any kind of federal intervention to set some kind of standard. On the other hand, we really have a problem because the current situation is leading time and time again to states reducing

benefits because they feel compelled by issues of business competitiveness to make changes. I don't think there's any good evidence that corporations are making business siting decisions based upon the cost of workers compensation, but there's certainly a lot of chatter about that. I think the only way to even begin to think about dealing with that problem is by having some kind of national intervention, and I don't think that's at the top of anyone's list in Congress right now."

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Insurance timeline

A brief history of time in the insurance and risk management sector

BY GAVIN SOUTER
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For the past 50 years, *Business Insurance* has covered risk management and the commercial insurance industry. While it's impossible to encapsulate all that history in a few pages, the following timeline summarizes stories we've covered over five decades, provides snapshots of the industry and the world around it and traces how both have developed over the past half-century.



1967

1967

The first issue of *Business Insurance* hit mailboxes on Oct. 30, 1967. The magazine was the brainchild of G.D. Crain, founder of Crain Communications Inc. Mr. Crain came up with the idea for



a magazine dedicated to the needs of the corporate insurance buyer decades earlier while working as a stringer for another insurance publication. The first editor of *BI* was his son, Rance Crain, and the first issue looked at a new benefits plan for Ford Motor Co., a vote by the National Association of Insurance Commissioners to endorse a proposed amendment to the Internal Revenue Code that would provide tax deferrals for reserve funds set aside to pay for riot and other catastrophic losses, and news that an American freighter built in 1944 that sank off the coast of Alaska while carrying a cargo of fertilizer was covered by syndicates at Lloyd's of London. Also, that year, the Age Discrimination in Employment Act was passed. Other anti-discrimination laws were passed over the next several decades, creating liabilities for employers and eventually leading to a market for employment practices liability insurance.

1968

1968

The assassination of Martin Luther King Jr. in April 1968 led to rioting in inner cities throughout the nation — Baltimore, Chicago, Louisville, Kentucky, Washington and elsewhere — and by July insurers were taking action to reduce their exposure to riot damage. *Business Insurance* reported that several insurers, under pressure from reinsurers to reduce their exposures, were canceling commercial property policies in inner cities. *BI* reported that the insurers viewed the move as “passing the responsibility” of riot losses — which they viewed as a social problem — to state and federal governments. But several risk managers at retailers contacted by *BI* said they had not had their coverage canceled. “So far, there haven't been any cancellations — thank God!” a J.C. Penney & Co. spokesman said.



1969

1969

The first U.S. members of Lloyd's of London were admitted in 1969. Seven wealthy U.S. citizens became members — each staking their fortunes to underwrite risks in the famous insurance market.



One of the members, Philip I. Berman, president of Hess's department store in Allentown, Pennsylvania, explained to *BI* that as a non-insurance professional he had to have a net worth of at least \$240,000 to become an underwriting member — or “name” — at Lloyd's. After its near-collapse in the early 1990s, Lloyd's changed its capital base, where individual members were liable down to their cuff links, and allowed corporations to invest in the market. In 1969, the market also decided, it would admit British women as members to the previously male-only domain. Countess Inchcape became the first female member. In 1973, Liliana Archibald became the first female broker at Lloyd's. She started as an export credit broker and went on to work at Adam Brothers, specialists in contingency liability.





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50 YEARS: TIMELINE

1970

1970

President Richard Nixon signed the Occupational Safety and Health Act of 1970 into law on Dec. 29. The law, which was first proposed by the Johnson administration, was opposed by several business groups, but its enactment led to the formation of the U.S. Occupational Safety and Health Administration in April 1971. Closing



in on its 50th anniversary, OSHA has formulated, implemented and enforced numerous workplace health and safety rules targeted at nongovernment organizations. Its first standard, issued in June 1972, limited workplace exposure to asbestos. While the agency has been criticized by some for implementing onerous and ineffective standards and by others for not living up to its mission to protect workers, workplace fatalities and injuries have plummeted since the early 1970s. According to OSHA, worker deaths were down to 13 per day in 2015 from about 38 per day in 1970, while worker injuries and illnesses were down to 3.0 incidents per 100 workers in 2015 from 10.9 per 100 in 1972.

1971

Lloyd's of London has reputedly insured numerous odd risks over the years — Betty Grable's legs and Egon Ronay's taste buds, for example — and in 1971 things were no different. While it took a while to find a lead underwriter, the market insured the prize money in a contest to find the Loch Ness monster, which allegedly lurked in the Scottish lake. Whisky merchants promoting Cutty Sark scotch offered £1 million to anyone who caught the mythical, or — depending on your point view — elusive creature. The merchants, Berry Bros. and Rudd of London, paid a premium of \$6,000. The market determined that there was a 400-to-1 chance that the monster would be caught. If it were caught, the underwriters would become its sole owners, the policy stipulated, and any arguments as to the authenticity would be settled by the curator of Britain's Natural History Museum. The underwriters made a profit on the transaction.



1971

1972

1972

Colorado became the first U.S. state to pass legislation that actively encouraged the formation of captive insurers. Brokerage Frank B. Hall & Co., which about two decades later was bought by Aon Corp., was one of the first companies to set up a captive management firm in Colorado. One of the big advantages that Colorado was thought to have over Bermuda was a 1% premium tax compared with the 4% federal excise tax that was paid on premiums allocated to U.S. risks covered in Bermuda. Captives would grow in popularity over the following decades as various court rulings clarified how they could be used by corporations to retain risk. As their popularity grew, the number of domestic and off-shore domiciles multiplied, and Colorado's fortunes slipped. While Bermuda remains the largest captive domicile, Colorado is currently ranked 56th.



1973

Record liability awards were a big focus in 1973. In February of that year, a jury awarded more than \$4 million to a 13-year-old boy who was paralyzed from the neck down after a schoolyard fight in San Francisco. The award was the largest personal injury liability award at the time. The boy, Kelley Niles, was taken to Mount Zion Hospital, where he was examined and sent home. On a second trip to the hospital, it was determined that he was bleeding inside his brain and was operated on, but irreparable damage had already occurred. The hospital was insured by syndicates at Lloyd's of London. Later in the year, in a record malpractice suit, a 3-year-old boy, Larry Miedema, was awarded \$21 million over 65 years after he suffered brain damage due to delayed treatment at an emergency room. The hospital was insured by The Hartford Insurance Co. and the doctor's primary insurer was Employers Commercial Union Insurance Co.



1974

1974

The March 3, 1974, crash of a Turkish Airlines DC-10 outside Paris that killed 346 was the deadliest air crash in history at the time, and it remains the fourth-deadliest crash on record. The crash was later determined to have been caused by an improperly secured cargo door at the rear of the plane that caused a sudden decompression. The aircraft's hull was insured for \$20 million, largely in the London market, *Business Insurance* reported. The aircraft's manufacturer, McDonnell-Douglas Corp., had



\$100 million in aviation products liability coverage in place. It was a bad day for aviation underwriters, as they also faced \$10 million in losses from a British Airways super-VC10, which was hijacked en route from Mumbai to London and burned by the two hijackers at Amsterdam airport after the passengers and crew were released.

1975

The mid-1970s medical malpractice crisis was a dominant theme throughout 1975. At the start of the year, hearings began in Washington to discuss federally sponsored solutions to the problem of lack of affordable coverage for doctors and hospitals. By year-end, many medical professionals were turning to mutual and state-sponsored pools for med mal coverage. On the West Coast, doctors were engaged in work stoppages because they were unable to obtain affordable insurance. Med mal rates would rise sharply again a decade later, triggering tort reform efforts in some states. Directors and officers liability insurance was also in the headlines when five lawsuits alleging securities law violations by Mattel Inc. were settled out of court for \$30 million, which at the time was the largest D&O settlement ever recorded.



1976

1976

In 1976, capacity and pricing concerns had shifted to product liability and professional liability. Soaring jury awards had led some risk managers to conclude that limits as high as \$200 million were insufficient, *Business Insurance* reported in an April edition that was dedicated to covering the crisis. But even if they could afford such high limits, capacity was not available, as several insurers had pulled out of the market. "We're being dollared to death" by nuisance suits, complained one risk manager. Others blamed insurers for indiscriminately penalizing good and bad risks to make up for their own underwriting and stock market losses. Problems persisted, culminating in a liability crisis a decade later.



1977

Looting and arson that followed the 1977 New York blackout was largely uninsured, *Business Insurance* reported. The July 13-14 power failure began when lightning struck a substation, triggering a sequence of events that darkened most of New York's five boroughs.



The blackout hit the city when it was going through a severe financial crisis and a broiling heat wave, and while the so-called Son of Sam serial killer, David Berkowitz, was still on the loose, adding to the tension. Stores and businesses were looted in many areas of the city, and more than 1,000 fires were set. However, only about 3% of the more than \$1 billion in estimated losses were insured, *BI* reported. Lack of business interruption coverage for small businesses created the gap between insured and economic losses.

1977

1978

1978

Legislation to create what was hailed as a Lloyd's of London-style insurance market in New York was passed midway through 1978. While it took another two years before the New York Insurance Exchange was up and running, many New York-based brokers were excited by the prospect of creating insurance syndicates in the city. Insurers, with whom the syndicates would compete, were less keen, with some expressing fears that the syndicates would not be held to the same regulatory standards as existing insurers and reinsurers. As it turned out, the exchange, which was the largest of several U.S. exchanges that popped up during that time, only lasted about seven years, with many of the syndicates facing insolvency at the time of the closure.



1979

Five years after the Turkish Airlines crash near Paris, another disaster involving a DC-10 shook the aviation insurance market in May 1979. An American Airlines aircraft headed to Los Angeles crashed soon after takeoff in Chicago when an engine separated from the left wing. There were 273 people killed, including two on the ground. United States Aircraft Insurance Group led the hull and liability coverage for American Airlines, but most of the risk was covered by the London market, where it was placed by brokerage Alexander & Alexander Services Inc., *Business Insurance* reported. The crash was eventually determined to have resulted from damage caused during a maintenance procedure. The safety record of DC-10s, which came into service in 1971, improved over the years, and the planes continued to be used for scheduled passenger flights until 2014 by some airlines.



1980

1980

The Comprehensive Environmental Response, Compensation and Liability Act, commonly known as the Superfund law, was passed in 1980 as Congress faced growing pressure to clean up sites around the country that had been polluted by decades of industrial waste disposal. One of the first so-called Superfund sites was Love Canal, New York, a community near Niagara Falls where Hooker Chemical & Plastics Corp. had dumped chemicals in a landfill between 1947 and 1952. Hundreds of families had to abandon their homes when carcinogenic chemicals leached into soil and basements. The Superfund law imposed joint and several liability on any parties deemed responsible for pollution, including past and present owners, regardless of whether they were negligent or operating in accord with then-industry standards when they disposed of the waste. The law led to years of litigation between polluters, their insurers and plaintiffs alleging they'd been harmed by pollution. Hooker, which had been bought by Occidental Petroleum Co., had \$150 million in liability insurance limits by the time the Superfund law was introduced, *Business Insurance* reported.



1981

In response to the continuing product liability crisis, the Product Liability Risk Retention Act passed Congress and was signed into law by President Ronald Reagan. The law allowed manufacturers with similar exposures to band together to self-fund their product liability risks in groups exempt from most state regulation or to purchase insurance as a group. The hope was that the law would introduce more competition into the market and lower rates. At the time, insurers said they did not expect many risk retention groups would be formed and that effective tort reform was the answer to the crisis. The takeup of RRGs was generally slow but accelerated after the law was amended in 1986 to cover all commercial liability risks. Many of the early RRGs were formed in Vermont, but more states targeted captive and RRG business and there are now more than 200 RRGs all over the United States.



50 YEARS: TIMELINE

1982

1983

1984

1985

1986

1987



FLICKR - ROGER W

1982

A year after it bought British broker Alexander Howden P.L.C., the then-second largest broker in the world, Alexander & Alexander Services Inc., alleged that former directors of the British broker had siphoned \$56 million of Howden's funds and used the money, among other things, to buy works of art and a stake in a Swiss bank. The suit, which was later settled, began a legal saga involving some of the best-known figures at Lloyd's of London, including Howden's chairman Kenneth Grob and Lloyd's underwriter Ian Posgate, who made his name taking on huge slices of business in the marine war risk market. Mr. Posgate, nicknamed Goldfinger for his ability to make big profits for himself and his investors, was already viewed as a loose cannon by the Lloyd's establishment, who had accused him of overwriting his syndicates' capacity. Mr. Posgate denied misappropriation of Howden's funds and in an interview with *Business Insurance* said he was a victim of "the most appalling frame-up." He was suspended from underwriting by Lloyd's and later faced criminal charges, along with Mr. Grob and two others, over his alleged actions but was acquitted at trial.

1983

The April 4, 1983, edition of *Business Insurance* featured a special report on the asbestos crisis, which was the first in a series that the magazine ran. Claims related to massive litigation by workers and others alleging they had incurred often deadly health conditions after inhaling asbestos fibers, a mineral that was used for decades to make fire-resistant materials. At the time, insurers had already been hit with 20,000 claims, and hundreds of thousands more were expected. Asbestos litigation went on for years, and claims are still affecting insurers' earnings. More than 30 years after the *BI* special report, rating agency A.M. Best Co. Inc. estimated that U.S. property/casualty insurers can ultimately expect to pay \$100 billion in third-party liability asbestos claims.



1984

The aftermath of the poisonous gas leak in Bhopal, India, was one of the major stories for *Business Insurance* at the end of 1984. The leak at the Union Carbide Corp. pesticide plant, which saw the release of at least 30 tons of toxic gas, is still one of the world's worst industrial disasters. The plant was



surrounded by shantytowns, and the toxic gas spread around the area. Estimates of the dead and injured vary greatly, with some saying 3,000 died and others saying the toll was 10 times that figure, including related

deaths in the years that followed. More than 500,000 were exposed to the leak. Union Carbide had \$200 million in liability insurance in place at the time, *Business Insurance* reported. In 1989, Union Carbide paid \$470 million to settle litigation in India related to the leak. The cause of the release remains disputed, with Union Carbide holding that a chemical reaction took place after water entered a chemical tank due to worker sabotage. Others maintain that underinvestment in safety and poor maintenance, among other things, were the cause.

1985

Corporate policyholders took matters into their own hands to solve the liability crisis — which had seen capacity halve and premiums more than double as several insurers and reinsurers folded or pulled out of liability business after suffering big losses — with the formation of Ace Ltd. Conceived by executives at Marsh & McLennan Cos. Inc., the insurer, which was managed from Bermuda, was funded by more than 20 corporate sponsors who together ponied up about \$260 million in founding capital. The facility eventually provided \$100 million excess of \$100 million in general liability coverage. One risk manager *Business Insurance* spoke to at the time labeled Ace "the only game in town" for excess liability cover. The next year, a similar facility was established, XL Insurance Co., that offered complementary coverage attaching at \$25 million. Again organized by Marsh & McLennan, the facility was capitalized by 68 corporate sponsors. The two insurers eventually went public, expanded their lines of coverage, grew significantly through acquisitions and are now global insurers and reinsurers.



1986

After months of discussions between insurers, regulators and commercial buyers, the Insurance Services Office introduced the commercial general liability form to replace the comprehensive general liability form in the first major overhaul of general liability coverage since the early 1970s. A product of the huge growth in tort claims, the form was intended as a means for insurers to clarify or limit their coverage. The policy had both an occurrence wording, where losses that occur during a policy period are covered regardless of when the claims are filed, and a claims-made wording, where losses are covered when both the incident and the claim are made during the policy period. Commercial buyers preferred the traditional occurrence form as it gave them wider, longer-lasting protection. Indeed, one risk manager quoted by *Business Insurance* said claims-made policies "should not be considered 'insurance.'" Nevertheless, the policy wording was launched in an extremely tight liability market, and in October of 1986 a *BI* survey of risk managers found that more than half had been forced to accept the claims-made wording for at least some of their coverages. But by renewal time the following year, most risk managers were reporting that they had secured occurrence-based coverage again.



1987

Insurance executive and risk manager pay featured prominently in the pages of *Business Insurance* in 1987. An analysis of insurers' proxy filings showed that Saul Steinberg, CEO of Reliance Group Holdings Inc., was the highest-paid insurer executive by far, taking home \$4.19 million in cash compensation — while the median cash compensation of the 30 insurer and reinsurer CEOs analyzed by *BI* was \$670,000. Mr. Steinberg and Reliance would face tougher times in the late 1990s, and the insurer filed for bankruptcy in 2001. Mr. Steinberg was forced to sell his extensive art collection and palatial Manhattan apartment, which was once owned by John D. Rockefeller Jr. Risk managers also experienced better financial times in 1987 as bonuses rebounded. According to a Logic Associates survey, the highest-paid risk managers worked for big consumer products manufacturers and earned more than \$150,000 in salary and bonus.



1988

1988

On July 6, 1988, an explosion on an oil rig off Scotland in



the North Sea killed 167 workers. Caused by a gas leak, the explosion on the 12-year-old Piper Alpha platform led to a huge insurance loss. The claims also exposed weaknesses in the so-called LMX spiral at Lloyd's of London — which was celebrating its tercentenary that year — where underwriters insured and reinsured the same risk several times over, often losing track of their exposure to the risk. The Piper Alpha loss eventually



totaled \$1.4 billion, which at the time was the worst man-made disaster. The platform was operated by Occidental Petroleum Corp. and accounted for about 10% of North Sea oil and gas production.

1989

Three disasters — one man-made and two natural — hit insurers in 1989.



In March, the Exxon Valdez oil tanker struck a reef in Alaska's Prince William Sound, spilling 11 million gallons of oil into the state's pristine environment. Twenty-five years after the disaster, oil was still present on the local beaches. Exxon Corp. paid \$2 billion in cleanup costs and \$1 billion to settle litigation. It recovered about \$780 million from insurers. Insurers faced a far bigger bill later



in the year when Hurricane Hugo slammed into South Carolina in September. The storm, which packed winds of 125 mph, caused insured losses of \$4.2 billion. In the Charleston area alone, more than 300,000 buildings were damaged. Then, in October, an earthquake struck the San Francisco area, killing 63, injuring thousands and causing nearly \$1 billion in insured losses. The quake also delayed the World Series between cross-town rivals the Oakland A's and San Francisco Giants when it struck shortly before the scheduled start of Game 3. After a 10-day delay, the series resumed and the A's swept the Giants.

1990

The collapse of the H.S. Weavers line slip rocked the London market in 1990 and reverberated through the United States. The line slip, which was backed by London market insurers later collectively known as the KWELM companies, provided significant capacity for U.S. general liability and professional liability risks since being formed in 1972, but the companies went into liquidation under a weight of losses with liabilities of more than \$5 billion. Other liability insurers were prepared to step in and write the business, but only at significantly higher premiums, *Business Insurance* reported. The KWELM companies took more than 15 years to run off, although creditors eventually received larger payouts than were expected at the time of the collapse.



1991

Operation Desert Storm, where a U.S.-led coalition retook Kuwait after it was invaded by Iraq, led to a flurry of activity in insurance markets. Marine and aviation war risk underwriters in London dramatically increased rates in the run-up to the January invasion, and political risk capacity dried up for businesses in the Middle East, *Business Insurance* reported. The situation grew more heated after the war started, with underwriters canceling coverage and driving up rates for war and terrorism coverages. "For some risks, there is no price now," a leading Lloyd's of London underwriter told *BI*. Lloyd's for the first time opened on a Sunday to accommodate short-term premium quotes. Over the following weeks, rates eased when it became clear that the U.S. and its allies had air superiority over the Iraqi forces. As underwriters grew more comfortable, they started offering additional coverages with Lloyd's underwriters launching a policy to cover malicious damage and sabotage to land-based risks.



1992

1992

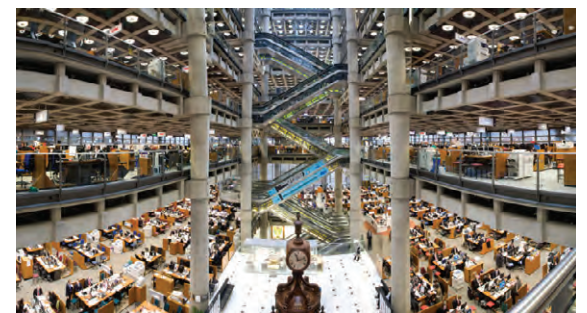
Hurricane Andrew made landfall a few miles south of Miami on Aug. 24,



1992, and tore through the city of Homestead, Florida, destroying more than 63,500 homes, damaging more than 100,000 others, and killing 65 people. The Category 5 hurricane caused \$26.5 billion in economic damage, of which \$15.5 billion was insured. The storm, which was the strongest to hit the mainland U.S. in decades, reshaped the catastrophe reinsurance market. In particular, eight highly capitalized reinsurers were founded in Bermuda within a year of the storm, taking advantage of the surge in prices. While most of the reinsurers have since been absorbed by other companies, their formation marked the beginning of the modern Bermuda reinsurance market. In addition, the storm provided the stimulus for the growth of the then-nascent catastrophe modeling industry.

1993

In the early 1990s, it became apparent that Lloyd's of London faced problems of a magnitude that threatened the market's existence, and in 1993 it started taking significant steps to try and address them. Plagued by long-tail liability claims and a string of catastrophe losses, Lloyd's names — the thousands of individuals who pledged their fortunes to support Lloyd's syndicates — faced big losses and went to court blaming their troubles



on mismanagement. Lloyd's responded to the crisis by publishing its first-ever business plan, which, among other things, recommended that the market introduce limited liability corporate capital and the segregation of past liabilities. The plans went into effect later with the creation of Equitas Ltd. to run off the past liabilities, accompanied by a settlement agreement with most of the aggrieved names. Today, most of Lloyd's underwriting capital is provided by corporate entities.

50 YEARS: TIMELINE

1994

1994

On Jan. 17, 1994, the Northridge earthquake shook the greater Los Angeles area, killing more than 60 and causing total economic damages of \$44 billion. Only about \$15 billion of the damage was insured, due to limited uptake of earthquake coverage and the high deductibles imposed for that coverage. The quake, which registered 6.7 on the Richter scale, crumpled freeways, collapsed numerous



buildings and caused delays for several TV shows filmed in the Los Angeles area. The quake also caused havoc knocking out local services and creating “a utility emergency like we’ve never seen before,” a local police commander told *Business Insurance*.

1995

In a contentious reorganization, multiline insurer Cigna Corp. split its operations into active and runoff business, shifting its pre-1987 asbestos and environmental exposures into a separate entity, Brandywine. The controversial move, which was opposed by several other insurers, reflected the difficulties that several well-established insurers faced in the 1990s as they struggled with long-tail liability losses that were a drag on their ongoing operations. Earlier that year, Zurich Insurance Group scuttled a conventional takeover of The Home Insurance Co., a New York insurer that was struggling with old liability losses, when it came in with an offer that, rather than take over The Home and responsibility for its liabilities, established a \$1.3 billion reinsurance contract to cover The Home’s long-tail liabilities while Zurich received the renewal rights to The Home’s ongoing business.



1996

The redomestication of General Electric Corp.’s insurer, Electric Mutual Liability Insurance Co., to Bermuda from Massachusetts was a big controversy in 1996. Shortly after the move in late 1995, EMLICO declared itself insolvent by more than \$500 million because of under-reserving for GE asbestos and pollution claims. The filing stunned regulators and reinsurers in the United States. During months of litigation that followed, EMLICO’s reinsurers charged that GE controlled EMLICO and engineered its move to Bermuda in part to speed up reinsurance recoveries under more favorable Bermuda liquidation laws. GE denied the charges, and the disputes were later settled.



1997

Consolidation among insurance brokers was a major theme of the 1990s. Aon Corp. had grown at a rapid rate throughout the 1980s and 1990s with a series of high-profile deals, including the purchase of Frank B. Hall in 1992 and Alexander & Alexander Services Inc. in early 1997. For the first time, Aon eclipsed Marsh & McLennan Cos. Inc. as the world’s largest broker. But Marsh & McLennan soon recovered the top spot after it bought rival Johnson & Higgins in a \$1.8 billion deal. Brokers were in the spotlight again later in the year after a memo leaked to *Business Insurance* revealed that Marsh & McLennan had directed its brokers to consolidate some commercial placements through its Global Broking Center. The arrangement, which Marsh & McLennan said increased efficiency, also included contingent commission payments to Marsh & McLennan. While contingent commissions, which insurers paid to brokers based on the volume and profitability of the business that brokers placed with them, had been paid for years, some risk managers feared that the consolidation among brokers would enable them to use their clout to extract bigger payments from insurers, which might influence the placement of business.



1998

1998

It wasn’t only brokers that were merging in the 1990s. In the spring of 1998, a \$70 billion deal between Travelers Group and Citicorp hit the headlines. The massive union between a bank and an insurer, creating a “financial services supermarket,” was seen as a logical step in the delivery of holistic risk management. The merger did not work out, however, and Travelers’ property/casualty business was spun off from the group four years later. The merger was another in a line of deals where various insurers had repositioned themselves. A few years earlier, Aetna Inc. got out of the property/casualty business when it sold those operations to Travelers. A year after the Citicorp/Travelers deal, Cigna Corp. sold its property/casualty operations to Ace Ltd. The deal allowed Cigna to concentrate on its health insurance business and provided Ace with a global platform.



1999

The closing year of the 20th century saw a flurry of information technology activity as businesses around the world frantically implemented Y2K-compliance strategies. The bug in computer programming, whereby the year was denoted by only two digits, leaving no difference between the year 1900 and 2000, was expected to wreak havoc in systems globally when Dec. 31, 1999, ticked over to Jan. 1, 2000. In the end, few significant problems were reported. Hundreds of billions of dollars, however, was spent remediating systems and creating Y2K “patches.” Several large policyholders claimed remediation costs from insurers under “sue and labor” clauses in their property policies. The clauses originated in marine policies to compensate shipowners for costs incurred to prevent a larger loss,



for example, if cargo were jettisoned to save a foundering ship. Courts generally ruled for insurers in the Y2K cases.

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50 YEARS: TIMELINE

2000

2000

Low- or no-tax domiciles, Bermuda in particular, came under fire in 2000 from insurers and lawmakers in the United States who were eager to close the so-called Bermuda tax loophole. The U.S. insurers argued that they were at a disadvantage to competitors owned by Bermuda-based parents because the Bermuda-owned companies could reinsure large chunks of their business with their parent organizations and the investment income on the reserves accumulated tax-free. “We just want the playing field to be level. If Congress believes it’s OK to keep the laws the way they are, they should be willing to allow U.S. companies to do the same thing,” one insurance executive told *Business Insurance*. Later in the year, a bill was introduced that would impose additional taxes on U.S. insurance risks reinsured by affiliates located in domiciles with tax rates of 7% or less. Known as the Neal Bill after its co-sponsor, Rep. Richard E. Neal, D-Mass, the measure would be introduced several times over the next several years — most recently in 2016 — but has yet to make it into law.



2001

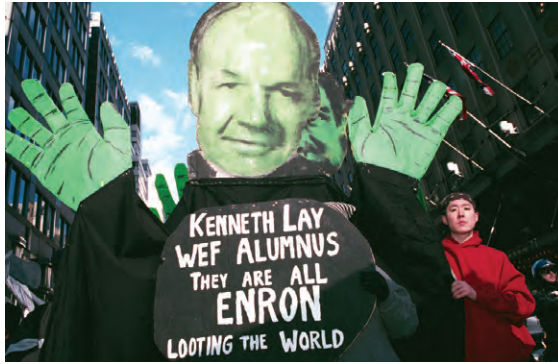
The insurance industry lost hundreds of its own in the terrorist attacks of Sept. 11, 2001. Several insurance organizations had offices in the World Trade Center, which collapsed after two hijacked jets were flown into the Twin Towers. Among them, Marsh & McLennan Cos. Inc. lost 295 staff and 63 consultants working in its WTC office, and Aon lost 176 staff in the attack. The risk manager for the Port Authority of New York and New Jersey, Barry Glick, whose office was in the WTC, and Joseph Grillo, risk finance analyst for the Port Authority, were also killed. The attacks, which killed nearly 3,000 people in the U.S., had a lasting effect on the insurance and reinsurance markets. The insured loss from the attack was about \$30 billion, which resulted in another surge of reinsurance formations in Bermuda and led to the creation of a government backstop for terrorism losses, the Terrorism Risk Insurance Act — commonly known as TRIA. Disputes over claims also led to a lengthy legal battle over whether the attacks constituted one occurrence or two under the WTC’s \$3.55 billion insurance contract. Ultimately, insurers paid about \$4.55 billion under the various policies.



Disaster may be largest loss ever page 3 Europe tightens security page 17

2001

2002



2002



A series of corporate accounting scandals shook the directors and officers liability insurance market in 2002, with insurers suspending underwriting in some sectors and pushing for rate hikes of 100% or more in others. The troubles began a year earlier with the collapse of Enron Corp., but the problems were compounded in 2002 with scandals at WorldCom, Tyco International P.L.C. and other corporations. In addition to prompting a reaction in insurance markets, the scandals sparked action in Congress, where the Sarbanes-Oxley Act was signed into law by President George W. Bush in July 2002. The law sought to make senior executives more accountable and mandated more financial disclosures, among other things. Critics of the law viewed it as costly red tape that put U.S. companies at a disadvantage to international competitors, but the law’s advocates said it encouraged more ethical corporate behavior and made management more accountable to shareholders. The debate continues.

2003

The invasion of Iraq by the United States and its allies caused a rush of activity in international insurance markets as commercial policyholders sought coverage for war risks. The London market, which traditionally leads the marine war risk market, was offering coverage, but rates were changing daily as the conflict unfolded, *Business Insurance* reported. The war also saw a rush to buy terrorism coverage as companies with facilities in the Middle East sought protection. Underwriters in London were also offering coverage for third-party liability exposures stemming from terrorism.



A U.S. security company bought coverage to protect itself against the risk of a client suffering an attack and then suing the security company for negligence, *Business Insurance* reported.

2004

2004

In October 2004, then-New York Attorney General Eliot Spitzer sued Marsh & McLennan Cos. Inc., charging the brokerage with self-dealing and bid-rigging in the placement of its clients’ business to maximize contingent commissions for the brokerage, among other things. The suit was the opening salvo in Mr. Spitzer’s attack on the insurance sector, which later also included investigations into the finite risk market. The investigations led to settlements in the hundreds of millions paid by industry companies, reopened the controversy over contingent commission payments, undercut the finite risk market and led to the resignation of several high-profile industry executives, including Maurice R. Greenberg, the legendary American International Group Inc. chief. The insurance investigations added to Mr. Spitzer’s reputation as the “Sheriff of Wall Street.” His prosecution of white-collar crime burnished his political reputation and resulted in his election as governor of New York, but he was later forced to resign after a prostitution scandal.



2005

Three hurricanes over two months devastated underwriting results in 2005. In August, Hurricane Katrina barreled down on New Orleans, leading to levee breaches that flooded several neighborhoods. The storm killed more than 1,300 and caused economic losses of \$125 billion, about half of which was insured. Claims disputes after the storm centered on issues such as whether damage was caused by wind, wind-driven rain or flood, and whether the losses were covered under standard property policies and the size of deductibles that applied. Three weeks later, Hurricane Rita hit Texas and Louisiana, causing economic losses of \$16 billion and insured losses of \$12 billion. A month after Rita, Hurricane Wilma tore through Florida, causing \$22 billion in economic damages and \$12.5 billion in insured losses. The rate hikes that followed triggered another round of reinsurance formations in Bermuda.



2006

2007

2008

2009

2010

2011

2006

While alternative capital had been sniffing around the reinsurance sector for more than a decade, it started flowing in during the years after Hurricane Katrina. So-called sidecars were set up, often with hedge fund capital,



as limited-purpose companies that typically offered insurers and reinsurers quota share reinsurance, with the underwriting being performed by an affiliate reinsurer. About five new sidecars with about \$2 billion in capital were established in 2006. Investors liked sidecars because they gave them a low-cost way to quickly enter the reinsurance market when prices were high and exit when prices fell. The year also saw record issuance of catastrophe bonds as primary insurers grew more comfortable with the alternatives to traditional reinsurance. The sidecars and cat bonds remain popular, and the alternative reinsurance market has grown rapidly over the past 10 years as pension funds, hedge funds and other investors are attracted by vehicles that allow them to invest in risks that are uncorrelated to traditional investment risks.

2007

The trial of four former executives of General Reinsurance Corp. and an American International Group Inc. reinsurance official got underway in 2007, nearly two years after their indictments, but it would take several more years before their fates were finally determined. Ronald E. Ferguson, the former CEO of Gen Re, was the most high-profile of the defendants, who faced allegations that they conspired to inflate AIG's loss reserves by \$500 million with a pair of bogus reinsurance transactions. Mr. Ferguson was well-known in actuarial circles for helping to formulate the Bornhuetter-Ferguson loss reserving method in the early 1970s. The former executives were found guilty in 2008 and faced fines and prison sentences. In 2011, an appeals court overturned the convictions, saying the trial judge erred in allowing prosecutors to use a line graph tracing AIG's stock price, which the court said was prejudicial. A retrial was set for 2013, but the defendants settled with the federal government in 2012 by paying fines and admitting that some aspects of the deal were fraudulent.



2008

The insurance industry had for centuries been a quiet enabler of business, working behind the scenes to help other companies in the commercial limelight, but in 2008 the insurance sector was thrust center stage in a financial horror show. While signs of a coming crisis were signaled earlier in the year by troubles at other financial institutions embroiled in the subprime mortgage crisis, by autumn American International Group Inc., previously one of the most successful insurers in the world, had to be bailed out by the federal government to save it from collapse after its disastrous involvement in the credit default swap market. In a series of transactions, AIG received more than \$182 billion in bailout funds as the government feared that — because of the insurer's position in the derivatives market — its collapse would have a spiraling effect on global financial markets. After the bailout, which saw the government take a 79.9% ownership stake in the insurer, AIG sold off a long list of assets to raise funds to repay the government over the course of the next four years. The insurer also saw a string of CEOs come and go before and after the crisis, after being run by just two executives for the prior 80-plus years. Things got so bad that it even rebranded its property/casualty insurance operations as Chartist Inc. for a few years before reverting back to AIG.



2009

Fallout from the financial crisis spread in 2009. Insurers reported miserable results for 2008, as investment losses dragged down profits of the largest commercial insurers by more than 70%. The problems were worse for some than for others. In May 2009, Hartford Financial Services Group Inc. revealed it would be accepting \$3.4 billion in federal bailout funds under the Troubled Asset Relief Program, or TARP. The insurer's longtime CEO, Ramani Ayer, announced his retirement shortly after the TARP deal. Hartford, which had invested heavily in mortgage-backed securities, also secured a \$2.5 billion capital infusion from Allianz S.E. It repaid the TARP funds less than a year later. Meanwhile, earlier in the year, Swiss Re Ltd., which also faced big investment losses, raised \$2.6 billion by selling a 25% stake in the reinsurer to Warren Buffett's Berkshire Hathaway Inc. Mr. Buffett sold down his holding several years later as the reinsurance sector saw surplus capacity.



2010

In another consequence of the financial crisis, Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act in July 2010. The law focused primarily on banks and other investment firms and was part of an effort to minimize the chaos of 2008 being repeated, but it also had implications for insurers. American International Group Inc. in particular was subject to the law's provisions. AIG was one of several nonbank institutions tagged as "too big to fail" and was designated as a systemically important financial institution. SIFIs face tighter regulation and stricter capital requirements.



AIG only shed its SIFI status in September 2017 after it had significantly streamlined its operations. The law also created the Federal Insurance Office to advise federal authorities on insurance matters and coordinate federal policy on international insurance issues, among other things. The law also included provisions intended to simplify surplus lines regulation and taxation.

2011

Washington state won praise in 2011 for its efforts to curb opioid addiction,



which had become an acute problem, particularly in the workers compensation system. "It's one of the most tragic outcomes in workers comp, someone comes in with a back sprain that otherwise would have resolved on its own, and they wind up dying of an overdose," one expert told *Business Insurance*. Washington's guidelines set out to curb opioid prescriptions by bringing pain management experts into the process once a specific dosage is reached, among other things. A pilot program was introduced in 2007 and was updated in 2010. In 2011, data showed that in 2010 the rate of deaths related to opioid use among workers comp claimants had fallen by 50% compared with a year earlier. Despite the success of the program and others like it, opioid abuse remains a significant concern in the workers comp sector and society broadly.

50 YEARS: TIMELINE

2012

2013

2014

2015

2016



2012

While Florida and other parts of the Southeast and South are usually seen as the areas of the mainland United States most vulnerable to windstorms, it was the people and businesses of the Northeast that felt the brunt of Superstorm Sandy in the fall of 2012. The slow-moving giant storm, which affected much of the Eastern Seaboard, produced record storm surge and widespread damage in New York and New Jersey. Parts of the New York City subway system were flooded, homes and businesses along the New Jersey shoreline were wrecked, and three feet of snow was dumped in West Virginia. Insured losses from the storm totaled around \$30 billion. The storm put a new focus on resilience of businesses and infrastructure, and prompted more interest in the alternative insurance and reinsurance markets. The following year, New York's Metropolitan Transportation Authority purchased a \$200 million catastrophe bond when it faced price increases and reduced capacity at its May renewal, becoming one of the first direct policyholders to tap the cat bond market.

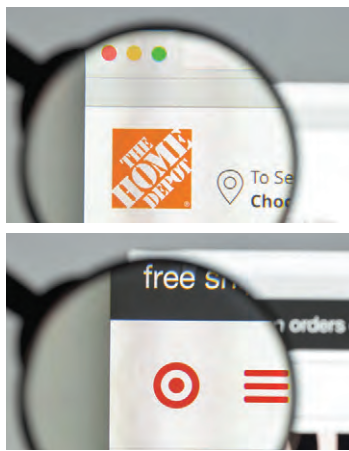
2013

The National Football League agreed to pay \$760 million to settle concussion-related liability claims covering more than 18,000 retired players. The players alleged they had been misled about the dangers of concussions and had suffered various neurological and cognitive problems related to head injuries. Two years later, when the settlement was finally approved, the cap was removed at the urging of the judge overseeing the case, and the NFL agreed to pay each player who suffered serious medical conditions because of concussion up to \$5 million each. The settlement is far from the last word on concussion-related liability, with former college players also going to court seeking compensation. Players in other sports, such as hockey, also have alleged that concerns over the medical consequences of concussion were ignored or underplayed by officials.



2014

Concerns over cyber breaches had been voiced for years, and insurers offered limited protection for the risks, but relatively few businesses bought the coverage. But 2014 saw a leap in data breaches and a growing awareness of the need for protection, although policyholders remained frustrated at the coverage restrictions. The troubles started during the 2013 holiday period, when retailer Target Corp. was hacked through a remotely accessible air conditioning system. Then in 2014, a stream of high-profile organizations including Home Depot Inc. and Sony Corp. announced data breaches. Insurers and brokers subsequently reported sharp increases in cyber liability sales. Target had \$100 million of cyber liability coverage in place, *Business Insurance* reported, but its total breach-related costs added up to close to \$300 million.



2015

Another wave of mergers and acquisitions hit the property/casualty insurance sector in 2015 as large insurers sought to grow in a stagnant market and overseas insurers bought into the U.S. market. Among the deals, Chinese conglomerate Fosun International Ltd. announced in January 2015 that it would buy Meadowbrook Insurance Group Inc. for more than \$400 million, becoming the first Chinese company to buy a U.S. insurer outright. Fosun would go on to buy surplus lines insurer Ironshore Inc., in which it already had a 20% stake, for about \$1.8 billion later in the year, although it sold the unit to Liberty Mutual Insurance Co. about a year later. The year also saw two big deals involving two former policyholder-owned facilities that originated in Bermuda. XL Group P.L.C. announced in January that it was buying Catlin Group Ltd., which operated the largest syndicate at Lloyd's of London, for \$4.3 billion. Then in July, Ace Ltd. announced a megamerger with Chubb Corp. whereby it would pay \$28 billion for one of the most well-known brands in the business. Ace would keep the brand alive, naming the merged company Chubb Ltd.



2016

Growing efforts by states to allow employers to opt out of the traditional workers compensation system slid backward in 2016 when the Oklahoma Supreme Court struck down as unconstitutional a 2014 law that had allowed employers to provide alternative benefit plans for injured workers. Oklahoma had been the first among several states that sought to follow the lead of Texas, which had long been



the outlier state allowing employers to opt out of the century-old workers comp system. Under the so-called grand bargain in all other states, injured workers receive care for workplace injuries and compensation for lost work time regardless of fault in return for, in most circumstances, giving up the right to sue their employer. Advocates of the opt-out laws argue they provide greater flexibility for employers, allowing them to provide enhanced benefits at a lower cost. Critics say they are a means of lowering employer costs at the expense of worker rights. Despite the setback of the Oklahoma ruling, several states continue to explore workers comp opt-out legislation.

The people and businesses of the Northeast felt the brunt of Superstorm Sandy in the fall of 2012. The slow-moving giant storm produced record storm surge and widespread damage. Parts of the New York City subway system were flooded and businesses along the New Jersey shoreline were wrecked. Insured losses from the storm totaled about \$30 billion.



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50 YEARS: PEOPLE

Insurance is famously a people business. Relationships between risk managers, brokers, insurers, reinsurers and others underlie the market and help seal deals. Thousands of individuals have shaped the modern commercial insurance market over the past 50 years, creating innovative products and coverages, building up existing companies and launching new ones, introducing new technologies and developing new risk management techniques. In the following pages, we profile 50 industry personalities whose vision, expertise and business savvy has left a stamp on the sector.



EUGENE R. ANDERSON

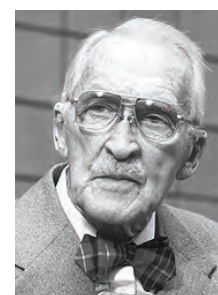
Eugene R. Anderson, a founding member of New York-based insurance recovery firm Anderson Kill & Olick P.C., was known as the “dean of policyholder attorneys.” Mr. Anderson, who died in 2010, often used insurance coverage as a mechanism for social reform, taking insurers to court to fund environmental cleanups, medical treatment for asbestos cancers and experimental treatment of advanced breast cancer, and to pay to rebuild black churches in the U.S. South that had been targeted by arsonists. He also was a frequent speaker at industry events. An orphan, Mr. Anderson grew up poor during the Great Depression, living in foster homes and an orphanage, and putting himself through high school and college. Unconcerned about social trappings, Mr. Anderson kept his kindergarten certificate on his wall rather than his Harvard Law School degree.



Judy Greenwald

DOUGLAS BARLOW

Douglas Barlow, the “godfather of risk management,” blazed trails in the industry over decades as a lawyer, risk manager and educator. He formulated the “cost of risk” concept, which he defined as the sum of insurance premiums, self-funded losses, risk control expenses and other administrative costs. A Rhodes scholar who earned law degrees at Oxford University and McGill University in Montreal, Mr. Barlow made his mark as risk manager for Toronto-based farm equipment maker Massey-Ferguson Ltd. from 1959 to 1972. There, he was credited with creating the first global insurance and risk management program, and in 1965 he launched one of the earliest captive insurers to write Massey-Ferguson’s primary property and liability coverages. From 1971 to 1972, Mr. Barlow was the first Canadian president of the American Society of Insurance Management Inc., precursor of the Risk & Insurance Management Society Inc. He died in 1998.



Louise Esola



INGA BEALE

Inga Beale is the first-ever female chief executive of Lloyd’s of London. A pioneer of diversity and inclusion in the industry, Ms. Beale began her insurance career as an underwriter at Prudential P.L.C. in London, spent 14 years in various roles at GE Insurance Solutions and was group CEO of Converium Ltd., leading its turnaround before it was sold to Scor S.E. in 2007. She also was global chief underwriting officer at Zurich Insurance Group Ltd. and group chief executive of Lloyd’s managing agency Canopus Group Ltd., now Sompso Canopus, before being appointed Lloyd’s CEO in 2014. Openly bisexual, Ms. Beale launched the Pride@Lloyd’s LGBT employee resource group and in 2015 was named No. 1 on the OUTstanding LGBT executive power list. Alongside her insurance career, Ms. Beale was a competitive rugby player for the London Wasps into her 30s.

Sarah Veysey

WILLIAM R. BERKLEY

As co-founder of an investment firm while still an MBA student at Harvard, William R. Berkley showed precocious talent and vast ambition. That firm, which was established in 1967 with \$2,500, grew into one of the largest insurance holding companies in the U.S., with units throughout the country and around the world. W.R. Berkley Corp. bought its first insurance unit, Houston General Insurance Co., in 1973 and then sold it for twice the purchase price 14 months later. Other acquisitions were held onto for longer, however, and the company now has 54 operating units in 16 countries. While it specialized in buying regional and specialty insurers, it also bought reinsurers and last year reported revenue of \$7.7 billion. Mr. Berkley passed the CEO mantle to his son in 2015 but remains executive chairman and the largest shareholder of the Greenwich, Connecticut-based company.



Gavin Souter

ROBERT H. BENMOSCHE

Robert H. Benmosche faced a daunting task when he became president and CEO of American International Group Inc. in 2009. AIG had nearly collapsed a year earlier at the onset of the Great Recession because of noninsurance activities and had been kept afloat by an influx of more than \$180 billion in federal financial assistance, which made the federal government AIG’s de facto owner. Mr. Benmosche, a former CEO of MetLife Inc., was brought in by the U.S. Treasury Department and AIG’s board to turn the insurance giant around. He proved equal to the task, divesting noncore businesses as he drove to repay the government in full. The aggressive program paid off, and AIG completed its repayment in 2012. Mr. Benmosche, who had earlier revealed that he had cancer, retired in 2014 and died in 2015.




Mark A. Hofmann

GEORGE M. BETTERLEY

A lifetime of work in the field led many to call George M. Betterley the “dean of risk management.” Beginning after the Korean War in the risk management consulting firm started in 1932 by his father, P.D. Betterley, the younger Mr. Betterley went on to spend 45 years improving the field of risk management. With his brother, Delbert, Mr. Betterley bought the firm, then known as Betterley Associates, in the 1960s. In 1975, each brother started his own firm, with George Betterley opening Betterley Consulting Group in Boston. He spent decades tirelessly advocating the practice of risk management to corporate executives, universities and others and sold his firm to Tillinghast-Towers Perrin in the 1980s. He retired from Betterley Consulting Group in 1991. He was the recipient of the Risk & Insurance Management Society Inc.’s 1998 Dorothy & Harry Goodell Award, the organization’s highest honor.



Matthew Lerner



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50 YEARS: PEOPLE



J. HYATT BROWN

J. Hyatt Brown is currently the chairman of the board of Brown & Brown Inc., a publicly owned insurance brokerage with more than 7,000 employees and over 200 offices in 41 states and three foreign offices. Mr. Brown, who served as chief executive officer of the firm from 1961 to 2007, helped build Brown & Brown through a string of acquisitions of rival agents and brokers from its humble beginnings as a small family-owned insurance agency in Daytona Beach, Florida, with eight employees. A charismatic businessman, Mr. Brown was elected to the Florida House of Representatives in 1972 and subsequently re-elected. He also served as speaker of the Florida House from 1978 to 1980. Mr. Brown is a graduate of the University of Florida, where he was named a Florida Blue Key Leadership Honorary and is a member of the University Hall of Fame.

Louise Esola

JOHN F. BURTON JR.

The debate over the fairness of the workers compensation “grand bargain,” in which injured workers are covered for medical expenses and loss of earnings after workplace accidents in return for giving up the right to sue their employers, continues today — and John F. Burton Jr. has been one of the key voices in this debate. Mr. Burton was chair of the committee that produced the seminal 1972 Report of the National Commission on State Workmen’s Compensation Laws. The report, commissioned as part of the Occupational Safety and Health Act of 1970, concluded that the states’ primary responsibility for workers comp programs should be conserved, but that the protections afforded to American workers were generally “inadequate and inequitable.” He was dean of the School of Management and Labor Relations at Rutgers University in Piscataway, New Jersey, from 1994 to 2000 and maintains a workers comp website.



Gloria Gonzalez



JOHN J. BYRNE

John J. “Jack” Byrne could not be content with saving just one company. He started in the industry at his family’s firm but left to join Travelers Insurance Co. and rose through the ranks. After being passed over as president of the insurer, he joined GEICO in 1976 and is widely credited with pulling the insurer back from the edge of insolvency. The turnaround so impressed Warren Buffett that he bought the company. Mr. Byrne went on to join Fireman’s Fund Insurance Co. in 1985, becoming instrumental not only in the company’s turnaround but also its eventual initial public offering — the largest in U.S. history at the time — before the company was ultimately sold to German insurer Allianz S.E. in 1991. He then went on to bid for the Home Insurance Co. but, when that deal fell through, founded White Mountains Insurance Group Ltd. Mr. Byrne died in 2013.

Matthew Lerner

KAREN CLARK

Catastrophe modeling pioneer Karen Clark has been at the forefront of that discipline for over three decades, going from research associate to founding two firms, one of which bears her name. It was 1983 when, as a research associate at Commercial Union Insurance Co. in Boston, Ms. Clark began developing a simulation model to estimate property losses for hurricanes. The model was released in 1986 and became the basis for the hurricane model with which she launched AIR Worldwide Corp. in 1987, where she stayed for 20 years before leaving as president and CEO in April 2007, having sold the firm to Insurance Services Office in 2002. She founded Karen Clark & Co. in Boston in August 2007, which continues to push the boundaries of modeling with open-source platforms aimed at allowing greater freedom and flexibility to users.



Matthew Lerner



WARREN BUFFETT

For Warren Buffett, the “Oracle of Omaha,” it’s all about the power of the float when it comes to insurance. Mr. Buffett, one of the richest people in the world, believes that the float — where insurers enjoy investment gains on premiums before paying claims — is key to the success of Berkshire Hathaway Inc. As chairman of Berkshire, a one-time textile manufacturer that he grew into a conglomerate with interests ranging from railroads to candy, he has been a force in the insurance and reinsurance world for decades. He added to that influence in 2013 when he launched Berkshire Hathaway Specialty Insurance Co., a commercial property/casualty group headed by several former American International Group Inc. executives. Although many of his recent acquisitions have been outside the world of insurance, he appears unlikely to abandon the businesses that provides him with the float he so treasures in the foreseeable future.

Mark A. Hofmann

MICHAEL A. BUTT

Michael A. Butt currently is chairman of the board of Axis Capital Holdings Ltd. But he also was one of the architects of today’s thriving Bermuda insurance and reinsurance marketplace, having served as president and CEO of Mid Ocean Ltd., one of the first property catastrophe reinsurance specialists to form on the island after Hurricane Andrew in 1992. Mr. Butt began his career in London, was chairman of Sedgwick Ltd. from 1982 to 1986, and from 1987 until 1992 was chairman and CEO of Eagle Star Holdings Ltd. In 1998, Mid Ocean was acquired by XL Capital Ltd., and Mr. Butt served as a director at XL until 2002, when he joined Axis. Among numerous directorships and honors, Mr. Butt was a member of the Geneva Association, was chairman of the Association of Bermuda Insurers and Reinsurers, was awarded a lifetime achievement award by the Bermuda Insurance Institute, and was a member of the board of INSEAD.



Sarah Veysey



STEPHEN CATLIN

Stephen Catlin began his insurance career in 1973 in that most quintessentially British of roles — tea boy. He will retire in December 2017 having built the largest syndicate at Lloyd’s of London and selling his company, Catlin Group Ltd., to XL Group Ltd. in 2015 to create a global insurer and reinsurer. Mr. Catlin, who will remain a consultant to the combined firm, XL Catlin, and continues to serve as chairman of the Insurance Development Forum, became a deputy underwriter in 1982 specializing in energy and excess-of-loss business. He founded his own managing agency, Catlin Underwriting Agencies Ltd., in 1984. Multiline syndicate 2003 grew to become the largest at Lloyd’s. He also has served as chairman of the Lloyd’s Market Association, on the Council of Lloyd’s, as a director of Equitas Ltd., as a member of the Lloyd’s Franchise Board and as president of the Insurance Institute of London.

Sarah Veysey

ROBERT CLEMENTS

Robert Clements, who joined the insurance industry in 1957 at Royal Insurance Co., went from a long career at Marsh & McLennan Cos. Inc., where he was president and a member of the brokerage’s board of directors until 1996, to playing a key role in the development of the Bermuda insurance market. Mr. Clements founded Bermuda-based Arch Capital Group Ltd. in 1995, and helped set up Ace Ltd., XL Capital Ltd., a predecessor to XL Group Ltd., and Mid-Ocean Reinsurance Ltd. in Bermuda. Mr. Clements also co-founded and was a director of Ironshore Inc. in Bermuda, and founded Integro Insurance Brokers in 2005. Mr. Clements, who died in 2010, was viewed by many as a visionary who helped shape the insurance industry in a variety of ways. He has been described as a “towering figure” who had a powerful impact on the lives of many in the industry.



Judy Greenwald



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50 YEARS: PEOPLE



JOHN R. COX

John R. Cox, Ace Ltd.'s founding chairman and first employee, helped establish Bermuda as a key player in the market for U.S. liability insurance. Mr. Cox, who died in February 2017, played a critical role in forming the consortium of 34 blue chip U.S. corporations that founded Ace in 1985 in response to the capacity crisis for U.S. liability risks. He retired from Ace in 1990. Mr. Cox began his career in the insurance industry as an accounting clerk at American International Group Inc. He later joined the Insurance

Company of North America, becoming president and, in 1981, senior executive vice president and chief operating officer of the insurer's parent company, INA Corp. When INA merged with the Connecticut General Life Insurance Co. to form Bloomfield, Connecticut-based Cigna Corp., Mr. Cox became executive vice president for its property/casualty insurance operations.

Judy Greenwald

CHRIS DODD AND BARNEY FRANK

The names of former Senate Banking Committee Chairman Chris Dodd, D-Conn., and former House Financial Services Committee Chairman Barney Frank, D-Mass., will always be linked, and for good reason. The two lawmakers crafted the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, which represented one of the most sweeping reforms of the financial services industry in U.S. history, subjecting financial institutions to stringent regulations in an effort to prevent a repeat of the Great Recession. It also established a formal role for the federal government in the property/casualty



insurance industry with the establishment of the Federal Insurance Office. While many in the insurance industry supported the creation of FIO, the act's creation of the Financial Stability Oversight Council drew more than a little criticism from insurers, who claimed that it subjected certain insurers to regulatory oversight that was more



appropriate for banks. Sen. Dodd did not run for re-election in 2010 and became chairman of the Motion Picture Association of America in 2011. Rep. Frank did not seek re-election in 2012 and later wrote the book "Frank: A Life in Politics from the Great Society to Same-Sex Marriage."

Mark A. Hofmann

JAMES FLORIO

Former Rep. James Florio, D-N.J., will be remembered for a key initiative that vexed risk managers and insurers for decades. He crafted the Comprehensive Environmental Response, Compensation and Liability Act of 1980, which created the Superfund to pay for cleaning up the nation's most polluted sites and subjected corporations to liability for acts that were legal when they occurred. The result of CERCLA, while rehabilitating hazardous waste sites, was years of litigation as potentially responsible parties for the pollution sued one another over allocation of liability. But he won plaudits for promoting the Liability Risk Retention Act of 1986, which expanded the 1981 Product Liability Risk Retention Act to allow risk retention groups to write all types of commercial liability coverage except workers compensation. He left Congress in 1990 to serve one term as New Jersey governor. He is currently in private practice.



Mark A. Hofmann



JOHN DINGELL

Former House Energy and Commerce Committee Chairman John Dingell, D-Mich., looked at state insurance regulation a generation ago and didn't like what he saw. A spate of insurer insolvencies and repeated incidents of offshore insurance fraud led the sometimes prickly lawmaker to issue a report called "Failed Promises" in 1990. Its sharp criticism of state regulation raised the question of whether the federal government should play a role. He later introduced a bill that would have given it a role in overseeing insurer solvency. But it failed, and the issue of federal insurance regulation faded after the 1994 Republican landslide. Although some industry groups continued to advocate an optional federal charter for insurers with interstate business, even that vanished with the Great Recession. Rep. Dingell retired in 2014 as the longest-serving member of the U.S. House of Representatives after a tenure of nearly 60 years.

Mark A. Hofmann

BRIAN DUPERRREULT

When American International Group Inc. was looking for a new CEO in 2017 after announcing a big financial loss, Wall Street analysts were united in saying the insurer needed a respected underwriting veteran with turnaround experience to reassure shareholders and win the trust of AIG employees. It seemed almost inevitable, then, that the AIG board would approach Brian Duperreault. Having spent 20 years at AIG, starting out as an actuary, Mr. Duperreault knew the business and was a proven leader with a wide range of executive experience — from growing Ace Ltd. into a global player and turning around Marsh & McLennan Cos. Inc. after the Spitzer crisis to launching startup insurer and reinsurer Hamilton Insurance Group Ltd. The only question, it seemed, was whether he'd want the job. Evidently he did, and Mr. Duperreault took on the top job at AIG in May 2017, quickly making his mark on the insurer.



Gavin Souter



JAY S. FISHMAN

Jay S. Fishman transformed the U.S. property/casualty insurance industry by managing one of the biggest mergers in the industry's history, which created the company now known as Travelers Cos. Inc. Mr. Fishman became chairman and CEO of The St. Paul Cos. Inc. in October 2001, overseeing efforts to restructure the insurer — including a withdrawal from medical malpractice liability business and reinsurance — to improve profitability. The company merged with then-Travelers Property Casualty Corp. in April 2004, with Mr. Fishman at the helm of the combined company. Travelers is now the top writer of workers compensation insurance in the United States. Mr. Fishman served as the executive chairman of the board of Travelers from December 2015 until his August 2016 death at the age of 63 from amyotrophic lateral sclerosis, more commonly known as Lou Gehrig's disease.

Gloria Gonzalez

J. PATRICK GALLAGHER JR.

J. Patrick Gallagher Jr. has taken what began as his family's Chicago-area brokerage and transformed it into an international powerhouse. Mr. Gallagher, who began as an intern in 1972 and is currently chairman and CEO of Arthur J. Gallagher & Co., has pursued an aggressive strategy of growth through acquisition over the past couple of decades, seeking out both traditional insurance brokerages and agencies and benefits-oriented firms to grow the company. His vision has extended beyond the borders of the United States, as Gallagher has acquired major brokerages in Australia, Britain and elsewhere. The firm now has operations in more than 30 countries and is the fourth-largest brokerage in the world. As Gallagher has announced a string of acquisitions quarter after quarter, there's no sign that its growth-through-acquisition strategy is likely to be replaced anytime soon.



Mark A. Hofmann



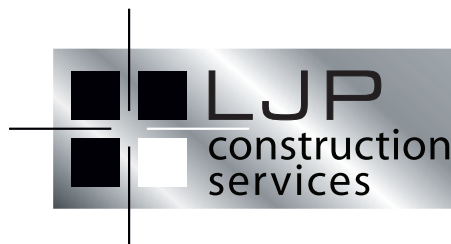
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50 YEARS: PEOPLE



STEVEN GLUCKSTERN

In 1988, Steven Gluckstern and Michael D. Palm co-founded Bermuda-based Centre Reinsurance Holdings Ltd., which focused on finite reinsurance, a form of reinsurance that specifically incorporates the time value of money. While not strictly new in its approach, Centre Re was considered innovative at the time. Finite reinsurance eventually came under regulatory scrutiny over the issue of whether it involved the transfer of risk. Zurich Insurance Group Ltd., an original Centre Re investor, became its sole owner in 1993. Mr. Gluckstern and Mr. Palm, who both worked as teachers before founding Centre Re, were involved in the reinsurance industry for a relatively short period of time. Mr. Gluckstern went on to become involved in numerous business enterprises, while Mr. Palm died of complications of AIDS in 1988 at age 47.

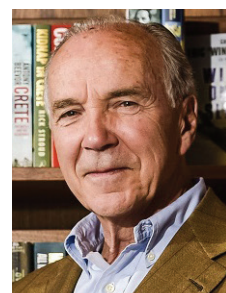
Judy Greenwald

MAURICE R. GREENBERG

Maurice R. Greenberg, more commonly known as “Hank,” after the 1930s Detroit Tigers slugger, has arguably had a bigger influence on the commercial property/casualty insurance market than any other insurance executive over the past half century. Growing American International Group Inc. from a handful of units with a market value of \$300 million when it went public in 1969 into a financial services giant with a market value of \$180 billion in 2004, he headed a company that was hugely influential in the overall market and dominated various specialty areas. Forced out of AIG during the Eliot Spitzer investigations into finite risk coverage, Mr. Greenberg started building another insurance group, C.V. Starr & Co. Inc., while fighting Mr. Spitzer’s allegations and filing his own lawsuits. A suit originally brought by Mr. Spitzer was settled in 2017. Mr. Greenberg’s defamation suit against Mr. Spitzer is ongoing.



Gavin Souter



ROBERT HISCOX

Robert Hiscox took on his father’s business and grew it into one of the largest multiline syndicates at Lloyd’s of London. Hiscox Ltd. is now one of the FTSE250 — the largest 250 publicly listed companies in the United Kingdom — and is incorporated in Bermuda and has offices in 14 countries. As deputy chairman of Lloyd’s during the Reconstruction and Renewal process that saved the market from collapse during the 1990s, Mr. Hiscox was a driving force behind the admission of corporate capital to Lloyd’s. A former underwriter of fine art business, Mr. Hiscox is a keen art collector and in 1998 opened the Hiscox Art Café, intended as an alternative place to do business and to promote the work of up-and-coming artists. Well-known for both his philanthropy and his outspoken nature, Mr. Hiscox retired from the role of honorary president of Hiscox in February 2017.

Sarah Veysey

AJIT JAIN

A measure of how well Ajit Jain, head of Stamford, Connecticut-based Berkshire Hathaway Reinsurance Group, is regarded by Berkshire Hathaway Inc. Chairman Warren Buffett is a comment Mr. Buffett made in the company’s annual letter in February 2017. There he attributed the success of the unit, which provides huge amounts of capacity to the reinsurance market, in large part to Mr. Jain, who is known for taking large, unorthodox risks. “If there were ever to be another Ajit and you could swap me for him, don’t hesitate,” said Mr. Buffett of Mr. Jain, who has long been seen as his possible successor. The unassuming Mr. Jain, who was born in India, joined Berkshire in 1986 by way of Harvard Business School. Mr. Buffett hired Mr. Jain to build the reinsurance business even though Mr. Jain has said he knew little of insurance or reinsurance at the time.



Judy Greenwald



EVAN GREENBERG

Many thought Evan Greenberg was destined to lead a storied insurance brand, but not the one he ended up molding. A son of industry icon and former American International Group Inc. boss Maurice R. Greenberg, Evan Greenberg made a low-key entrance into the company and rose to be heir apparent. Like his elder brother Jeffrey Greenberg before him, however, he abruptly left AIG while his father was still CEO and showing no sign of stepping down. After taking some time off, he joined rival insurer Ace Ltd. in 2001, which was headed by fellow AIG alum Brian Duperreault. Mr. Greenberg succeeded Mr. Duperreault as CEO of Ace in 2004. He continued to grow the insurer, making acquisitions around the globe, but it was in 2015 that he announced by far his most significant deal with the purchase of Chubb Corp. for close to \$30 billion, creating a global insurance powerhouse that continues to trade under the better-known Chubb name.

Gavin Souter

CHERI HAWKINS

Cheri J. Hawkins broke new ground when she became the first female president of the Risk & Insurance Management Society Inc. in 1990. She began her career in risk management in 1971 when she joined Weyerhaeuser Inc. and eventually rose to assistant treasurer and director of insurance of the timberlands owner before retiring in 1996. Ms. Hawkins also served on several boards of directors, including the Vermont Captive Insurance Association and Panol Insurance Co., a subsidiary of the U.S. Olympic Committee, and she was also on the board of governors of the Bermuda Risk Exchange Association. In 2000, *Business Insurance* honored Ms. Hawkins as one of the Leading 100 Women in the insurance industry, which celebrated the achievements of outstanding women in a male-dominated industry. She died in 2013 after an extended bout with pneumonia.



Louise Esola



MARTIN HUGHES

Martin Hughes is set to step down as chairman and CEO of Hub International Inc. at the end of 2017 after a career which saw him take the Chicago-based brokerage from about \$50 million in revenue in 1999 to nearly \$2 billion annually as the seventh-largest brokerage in the world according to *Business Insurance*’s latest ranking. Along the way, Hub has acquired more than 400 brokerages in its march up the ranks of the world’s largest brokers. While its majority owner, San Francisco-based private equity firm Hellman & Friedman L.L.C. acquired Hub in 2013, employees hold some 30% of the firm. Mr. Hughes began his career as a sales trainee in the early 1970s with Mack & Parker Inc. in Omaha, Nebraska. From 1990 to 1999, he was president of Mack & Parker, now part of Hub International Midwest Ltd. He will stay on as executive chairman of Hub after he is succeeded by Marc Cohen on Jan. 1, 2018.

Matthew Lerner

RON JUDD

Granville E. “Ron” Judd served for 24 years as the Risk & Insurance Management Society Inc.’s executive director and is widely credited for helping to establish the organization’s reputation in the world of risk management. What was then the American Society of Insurance Management, recruited him from the Glass Container Manufacturing Institute. During his tenure at RIMS from 1967 to 1991, he brought greater recognition to the unique role of risk managers and helped boost their traditional image from mere buyers of insurance to one of vital executives with a range of insurance and loss-control responsibilities, capable of keeping businesses afloat in times of strife. Mr. Judd also helped make the RIMS annual conference what it is today: a must-attend event for risk managers and insurance industry executives seeking the latest information on various types of risk, with 200 educational session options. Mr. Judd died in 2000.



Louise Esola

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50 YEARS: PEOPLE



KEVIN H. KELLEY

American International Group Inc. unit Lexington Insurance Co. became the largest excess and surplus lines insurer in the world under the leadership of Kevin H. Kelley. Mr. Kelley served as Lexington's chairman and CEO from 1997 to 2008. He had been elected president and CEO in 1987, after holding a variety of leadership roles within the company. He was also executive vice president of AIG's property/casualty group, among other positions. Mr. Kelley left Lexington Insurance in 2008 to become CEO of Ironshore Inc., where he has served since. Ironshore's acquisition by Liberty Mutual Insurance Co. was completed in May 2017. Mr. Kelley, a lifelong New England resident, is also chairman of the board of overseers of St. John's University School of Risk Management in New York, along with being a member of the Council on Foreign Relations.

Judy Greenwald

EDITH F. LICHOTA

Edith F. Lichota was one of the first women to reach the top of the risk management profession. She was named Risk Manager of the Year in 1987, becoming the first woman and first financial institution risk manager to receive the honor. The Risk Management Hall of Fame, a joint venture of the Risk & Insurance Management Society Inc. and American International Group Inc., traced Ms. Lichota's career from tackling product liability litigation issues in the mid-1960s with Work Wear, a small company in western Ohio, to the 1980s, when she was named senior vice president of risk management at Irving Trust Co., then the country's 20th-largest bank. She also spearheaded the development of Bankers Insurance Co. Ltd., the first captive insurer for the commercial banking industry, which was based in Bermuda. At the time of her death in 1994, she was vice president of administration at Bankers and a risk management consultant.



Louise Esola



DAVID MICHAELS

The U.S. Occupational Safety and Health Administration, established in April 1971, struggled for decades to adopt new standards to protect workers from silica and beryllium exposures — until David Michaels came along. OSHA's longest-serving assistant secretary from 2009 until he stepped down in January 2017, he is an epidemiologist who understands better than most how hazardous such exposures can be to employees and led the effort to establish new regulations for both silica and beryllium, adopted in the last year of the Obama administration. He also propelled the development of OSHA's controversial electronic record-keeping rule, established in 2016, seeing it as a valuable tool to force employers to pay attention to and mitigate workplace hazards. Mr. Michaels returned to academia after leaving OSHA and is a professor in the Department of Environmental and Occupational Health at George Washington University in Washington.

Gloria Gonzalez

H. LINCOLN MILLER

When H. Lincoln Miller, then a New York insurance broker, saw draft legislation put together around 1980 that would, if passed, make Vermont the first U.S. state with a competitive captive insurer law, he was impressed. U.S. companies, he reasoned, would have an alternative to going offshore if they wanted to set up a captive. But he didn't keep his beliefs to himself. He discussed the proposal with Al Moulton, then Vermont's commissioner of economic development. Mr. Moulton discussed the proposal with Vermont insurance regulators, who soon backed it. In 1981, Vermont lawmakers approved the measure on a near-unanimous vote, putting the state on a path to becoming the largest U.S. captive domicile and the third-largest in the world. Soon after the legislation passed, Mr. Miller, now retired, established captive manager Vermont Insurance Management, which has helped set up dozens of captives in Vermont.



Jerry Geisel



DONALD KRAMER

Donald Kramer started out as an observer and analyst of the insurance industry but became one of its most active participants, running and growing a string of reinsurers. In the 1960s and early 1970s, Mr. Kramer worked as an analyst for various Wall Street investment houses and as an investment banker focusing on the insurance sector. In the mid-1970s, he founded Kramer Capital Consultants, consulting with troubled insurers. In 1984, he purchased a shell company and developed NAC Re Corp., which was taken public and eventually bought by XL Group Ltd. After Hurricane Andrew hit in 1992, he formed a Bermuda catastrophe reinsurer, Tempest Reinsurance Ltd., later bought by Ace Ltd., which he joined as vice chairman. After more catastrophes in 2005, he formed Ariel Reinsurance Ltd., later bought by Goldman Sachs. He went on to found ILS Capital Management Ltd., which he currently runs.

Gavin Souter

JACK LOCKTON

Jack Lockton entered the insurance business in 1964 and joined his parents' insurance firm two years later as its first employee. Years later, he became chairman of Kansas City, Missouri-based Lockton Cos. L.L.C., now the world's largest privately held independent insurance brokerage. "I was attracted by the entrepreneurial opportunity and the money," Mr. Lockton said, according to the company. "I'd sell to the guy next to me while I was pumping gas, to the lady I'd pick up my laundry from, to the guys at the Jaycees." A company video about Mr. Lockton, who died in 2004 at age 61, is entitled "Absolute Force of Nature." Mr. Lockton's brother, David M. Lockton, is now chairman and CEO of the brokerage, which continues to expand geographically as well as vertically through its areas of expertise and is ranked as the world's ninth largest brokerage.



Judy Greenwald



PETER MIDDLETON

Peter Middleton joined Lloyd's of London as CEO just as the extent of the market's near-fatal liabilities were coming to light in the 1990s. He was widely credited for the conciliatory stance he took with Names, the individual investors at Lloyd's who wrote with unlimited liability, many of whom were facing personal ruin and were suing underwriters for the long-tail liabilities dating from the 1980s that brought the market to the brink of collapse. Serving alongside Chairman Sir David Rowland, the two put into place the Reconstruction and Renewal process. Principal among the efforts spearheaded by Mr. Middleton were the formation of Equitas Ltd., a runoff reinsurer that took on Lloyd's pre-1993 long-tail liabilities, and the admission of corporate capital to the market. He left Lloyd's to become CEO for U.K. and Europe at Salomon Bros. Mr. Middleton, who rode a motorcycle and spoke fluent French, died in 2014.

Sarah Veysey

DAVID NORTH

Sedgwick Claims Management Services Inc. has flourished and become the largest third-party administrator in the United States thanks to the leadership of David North. Mr. North, president and CEO of the Memphis, Tennessee-based company, joined Sedgwick in 1995. He began his insurance industry career in 1978 as a fire protection engineer at Atlantic Mutual Insurance Co. in Chicago after serving as a volunteer firefighter in Detroit and in the Air Force from 1973 to 1978. He joined Gallagher Bassett Services Inc., a unit of Arthur J. Gallagher & Co., in 1979, and also held positions at Adjustco and Johnson & Higgins before joining Sedgwick. In its early years, Sedgwick focused on providing claims administration for workers compensation, but the company has branched out into lines such as the managed care, Family and Medical Leave Act and health care professional liability markets and made multiple acquisitions under Mr. North's direction.



Gloria Gonzalez

BUSINESS INSURANCE® 2018 EVENTS CALENDAR



World Captive Forum | January 31 - February 2

Fort Lauderdale Marriott Harbor Beach Resort & Spa, Florida | BusinessInsurance.com/conference/WCF

Retail, Restaurant & Hospitality Conference* | February 7-9

Renaissance Dallas Hotel, Texas | BusinessInsurance.com/conference/RRH

Workers Compensation Conference* | May 22-24

Westin Chicago River North | BusinessInsurance.com/conference/WC



Break Out Awards | June 2018

Regional events | BusinessInsurance.com/conference/BreakOut

Construction Conference* | September 26-28

Chicago Marriott Downtown Magnificent Mile | BusinessInsurance.com/conference/Construction



Diversity & Inclusion Institute | Dates TBD

Regional events | BusinessInsurance.com/conference/diversityinclusion

Risk Management Roundtable | October 10

New York | BusinessInsurance.com/conference/RMR



Innovation Awards | October 10

New York | BusinessInsurance.com/conference/Innovation

Cyber Summit* | October 10-11

New York | BusinessInsurance.com/conference/Cyber



Women to Watch Conference & Awards EMEA* | November 15-16

London | BusinessInsurance.com/conference/WomentoWatchEMEA

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50 YEARS: PEOPLE



BRIAN O'HARA

Brian O'Hara was an insurance industry veteran when the liability crisis hit in the mid-1980s, having worked at General Reinsurance Corp. and Trenwick Group Ltd., among other companies. But it was his role as the founding president and first employee of what was then XL Insurance (Bermuda) Ltd. where he made his biggest mark. The insurer, backed by corporate policyholders who could not find sufficient capacity for their liability exposures during a capacity crunch, offered significant excess liability limits. The insurer diversified, went public and saw huge growth via numerous acquisitions, becoming one of the leading members of the modern Bermuda market. Mr. O'Hara was named CEO in 1994 and led XL for the next 13 years, before retiring as CEO in 2007. The road was not always smooth as XL ran into reserving problems related to some of its acquisitions, which led to a significant share price drop, but it eventually recovered.

Gavin Souter

MIKE OXLEY

Within months of becoming chairman of the House Financial Services Committee in January 2001, Rep. Mike Oxley, R-Ohio, faced two major challenges. One was whether the federal government should take steps to assure insurance coverage for catastrophic terrorist events in the wake of the Sept. 11, 2001, terrorist attacks on New York and elsewhere. The other, made urgent by the collapse of Enron Corp. in late 2001, was what the federal government should do to promote more accountability in corporate governance. The late Rep. Oxley, who died in 2016, tackled them both. He introduced the Terrorism Risk Insurance Act on Nov. 1, 2001, which created a federal reinsurance backstop for insurers facing claims from catastrophic terrorist attacks; and the Corporate and Auditing Accountability, Responsibility, and Transparency Act of 2002, better known as the Sarbanes-Oxley Act, to improve corporate governance.



Mark A. Hofmann



MIKE ROGERS

If the issue of cyber security has a Paul Revere, his name is Mike Rogers. The former Republican representative from Michigan used his position as chairman of the House Intelligence Committee to warn repeatedly of the threat to U.S. interests presented by both nation states and others engaged in cyber attacks. To promote more effective cyber security efforts, Rep. Rogers introduced the Cyber Intelligence Sharing and Protection Act first in 2011 and again in 2013. The measure sought to encourage the government to share information on cyber threats, though concerns lingered about the amount of protection the bill offers for private information. The bill won approval in the U.S. House of Representatives in both incarnations, but it faced a threatened veto from President Barack Obama and was not considered by the Senate. Rep. Rogers did not seek re-election in 2014 and is currently host of the CNN program "Declassified."

Mark A. Hofmann

PATRICK G. RYAN

Starting in the industry fresh out of college as a life insurance agent, Patrick G. Ryan went on to build one of largest insurance brokerages in the world. After four years as an agent, and intent on running his own business, he formed Pat Ryan & Associates in Chicago in 1964 to sell credit life and auto liability coverage through auto dealerships. In the mid-1970s, building on that success, he began a series of acquisitions that would eventually turn his specialized brokerage and underwriting agency into what is now Aon P.L.C. When he retired from Aon in 2008, the brokerage operated in 120 countries and had revenue of more than \$7 billion. But that was not to be the end. He went on to found brokerage and underwriting manager Ryan Specialty Group L.L.C. in 2010, which has grown into one of the largest wholesalers in the United States.



Gavin Souter



PAUL O'NEILL

Paul O'Neill never bought into the notion that employers had to sacrifice safety for profits. His unshakable belief in the ability to achieve a zero-incident workplace revolutionized the workplace safety industry. When Mr. O'Neill became CEO of Pittsburgh-based aluminum manufacturer Alcoa Corp. in 1987, the company had a rate of 1.86 lost workdays per 100 workers. But he zealously pushed to achieve zero fatal and serious injuries — an initiative that often encountered internal resistance. He argued that "safety should never be a priority — safety should be like breathing." Mr. O'Neill proved that safety and business profitability can go hand in hand as Alcoa's lost workday rate dropped to 0.20 while its market value jumped to \$27.5 billion from \$3 billion. He retired as chairman of Alcoa's board before becoming the U.S. Treasury Secretary in January 2001.

Gloria Gonzalez

FREDERIC REISS

Frederic Reiss, who studied engineering in college and later became an insurance broker, is widely credited as the father of the captive insurance industry. Mr. Reiss, who lived in Ohio, first began to explore the captive concept in the mid-1950s and is said to have coined the term "captive" while referring to an insurance subsidiary he helped form for an Ohio steel company. In 1962, he launched a captive management company, International Risk Management Ltd. in Bermuda, widely recognized as the island's first captive manager. With the support of local accounting, banking and legal organizations, as well as reinsurers, Mr. Reiss helped dozens of organizations launch captive insurers. He promoted the advantages of offshore captives, including more independence from the ups and downs of the commercial insurance marketplace, as well as the accumulation of tax-free profits. Mr. Reiss died in 1993.



Jerry Geisel



SIR DAVID ROWLAND

Sir David Rowland steered Lloyd's of London through the darkest hours of the market's history. Appointed as the first full-time chairman of Lloyd's in 1993, he took on the job while Lloyd's stood on the brink of disaster following huge marine, natural catastrophe, pollution and asbestos-related losses. Sir David, who joined Lloyd's from brokerage Sedgwick Ltd., set in motion the Reconstruction and Renewal plan that rescued the market from collapse. The plan included the admission of corporate capital to the market, a limitation on the liability borne by Names and the establishment of Equitas Ltd., the run-off reinsurer that took on Lloyd's pre-1993 liabilities. When the plan was completed, Sir David rang the historic Lutine Bell at Lloyd's for an unprecedented three times: once to regret the pain and suffering members suffered; a second time to mark the completion of the R&R plan; and a third time to mark the market's new beginning.

Sarah Veysey

GUYON SAUNDERS

The insurance industry owes Guyon Saunders a debt of gratitude because he understood the power of information and became the father of the risk management information system. Working in his father's insurance business during the late 1960s gave him the foundation he needed to improve the way claims were handled. Mr. Saunders founded Computer Claims Control to help businesses harness the information necessary to control insurance claims costs, including detailed information on the location of accidents within a business and what factors most contributed to such claims costs. His company became Corporate Systems in 1972 and continued growing and serving Fortune 500 and public-sector clients until being acquired by Marsh Inc. in 2004, at which point it became CS Stars L.L.C. with almost 500 employees. Mr. Saunders was also named 2001 Man of the Year by The Amarillo Globe-News for his local community activities.



Matthew Lerner

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50 YEARS: PEOPLE



VICTOR SCHWARTZ

The name Victor Schwartz has been synonymous with liability reform for decades. Since the mid-1970s, Mr. Schwartz — at one time the youngest dean of a law school in the country — has been involved in the drive to reform the civil justice system. He was principal author of the federal Product Liability Risk Retention Act of 1981 and a longtime proponent of uniform product liability standards. Although divisions within the business community ultimately doomed the product liability reform effort, Mr. Schwartz and his allies scored legislative victories such as enactment of the General Aviation Revitalization Act of 1994, which limited product liability for older aircraft. Over the next two decades, other victories followed in Congress, such as passage of the Class Action Fairness Act of 2005, which placed certain interstate class actions in federal, rather than state, courts. Mr. Schwartz now serves as general counsel of the American Tort Reform Association.

Mark A. Hofmann



ROBERT S. SPENCER

Robert S. Spencer is widely known for his efforts to build and share knowledge about risk management in the pursuit of creating sound industry standards and principles, leading to his legacy as the namesake of the Spencer Educational Foundation Inc. Established in 1979 in his memory after his death that same year, the New York-based foundation has made millions available for student scholarships and educational grants in the area of risk management. In addition to serving as vice president of insurance for Fuqua

Industries Inc., where he developed the firm's risk management program, Mr. Spencer served as president of the Risk & Insurance Management Society Inc. from 1977-1978 and as a vice president of the New York-based organization from 1974-1977 as well as in all officer positions for the Atlanta Chapter of RIMS, including president in 1973.

Matthew Lerner

ELIOT SPITZER

In 2004, then-New York Attorney General Eliot Spitzer, the so-called sheriff of Wall Street, turned his attention to the commercial insurance sector after aggressively using the power of subpoena to investigate alleged criminal wrongdoing in the securities industry. Mr. Spitzer alleged that some of the world's largest brokers and insurers conspired to rig quotes for commercial clients to maximize contingent commissions. He also targeted the finite risk sector, alleging the arcane reinsurance structures were used fraudulently by several reinsurers and insurers. The charges and allegations were eventually settled at a cost of billions to the sector and led to the resignation of several high-profile insurance executives, but also resulted in greater transparency of commission structures. Mr. Spitzer went on to become governor of New York and later resigned in disgrace amid a prostitution scandal. Later he became a TV host and columnist.

Gavin Souter



V. PREM WATSA

India-born billionaire V. Prem Watsa founded Toronto-based Fairfax Financial Holdings Ltd., whose units include Odyssey Re Holdings Corp. and Crum & Forster, in 1985 and is its chairman and CEO. The company reported \$45.11 billion in total assets for the first half of 2017. After arriving in Canada from India, he paid his way through the University of Western Ontario's MBA program by selling air conditioners and furnaces door to door. Mr. Watsa has been dubbed the "Warren Buffett of Canada" because he adheres to Mr. Buffett's philosophy of value investing, but he has been described as having a higher risk tolerance than Mr. Buffett. In addition to insurance, Mr. Watsa has investments in numerous other companies, including Armonk, New York-based IBM and Waterloo, Ontario-based BlackBerry Ltd. He has been credited with predicting the 1987 market crash and Japan's crash in the 1990s.

Judy Greenwald



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