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AM BEST'S MONTHLY INSURANCE MAGAZINE

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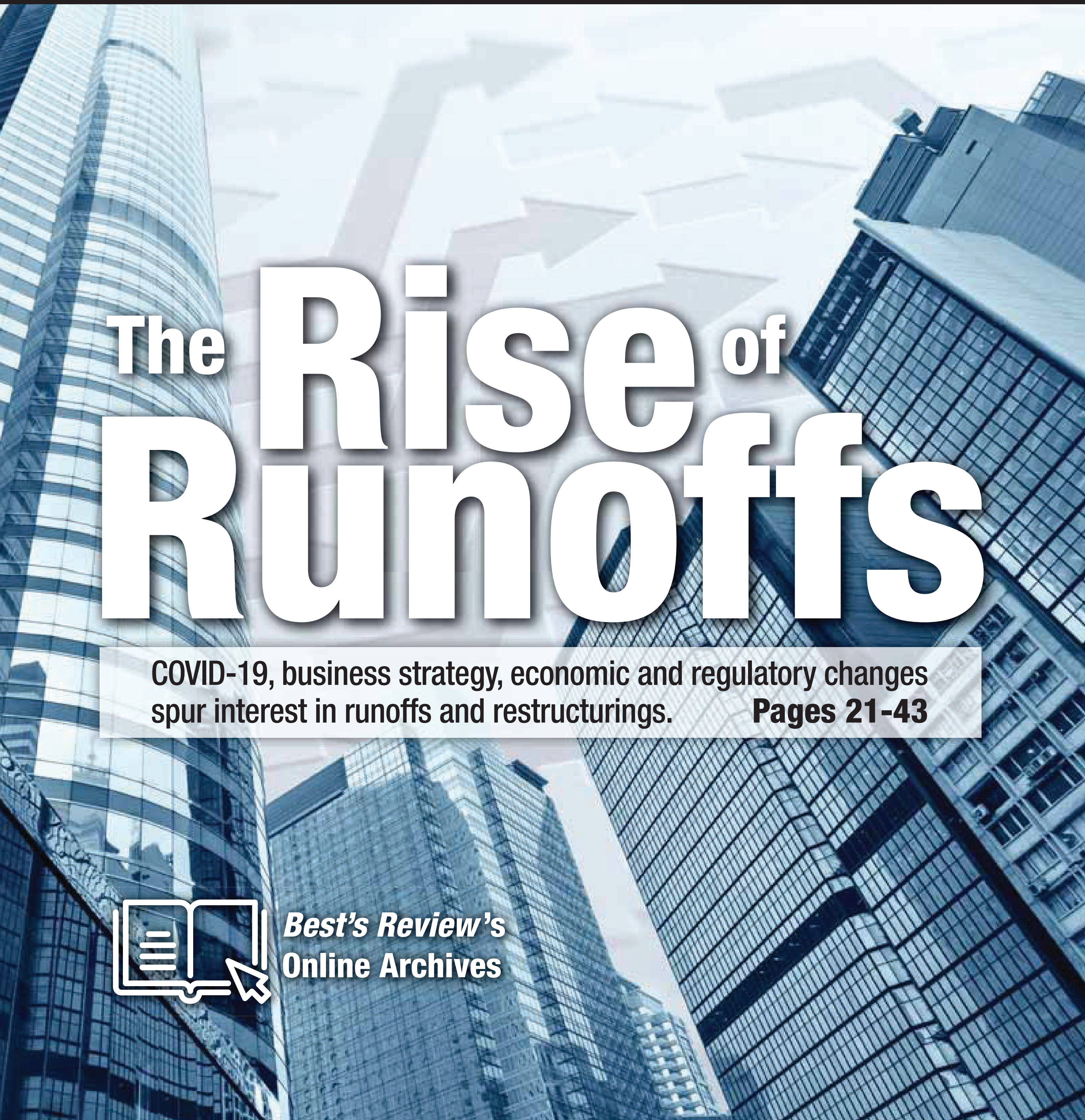

The Rise of Runoffs

COVID-19, business strategy, economic and regulatory changes spur interest in runoffs and restructurings. Pages 21-43

Best's Review's
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An Insurance Journey

Significant coronavirus-related losses and legal battles over coverage may force some insurers to rethink their strategic game plans.

Life as an insurer gets its start with high hopes.

Demand for a new type of coverage emerges. Resources are allocated as underwriters begin writing the new business.

Eventually, certain lines of business run out of steam for one reason or another. It may be that the business did not do as well as expected. Or senior management decides to allocate resources differently. Some insurers may do so poorly that they end up in receivership and may eventually become insolvent.

The May issue of *Best's Review* looks at the end stage of the insurance industry life cycle—the runoffs, restructurings and rehabilitations.

Even during "normal times" the industry has a rhythm, an ebb and flow of successes and failures. During these times of pandemic, strategic questions about the best use of resources may become even more relevant.

Throughout the United States and globally, nonessential businesses have had to close and many people have lost their jobs.

The statistics are staggering. As of early April, some 16.8 million lost their jobs in the three weeks before Easter. That amounted to about 1 in 10 U.S. workers, the biggest, fastest loss of jobs since record-keeping began in 1948, according to the Associated Press.

The full significance of what has been happening is still hard to fully understand. AM Best's Ann Modica spoke about the economy:

"Growth in the United States will slow dramatically in the second quarter due to social distancing efforts as they reverberate throughout the economy. We basically need to cause a recession in order to curtail the spread of the disease. This will impede consumer spending significantly. As a result, we do see a consumer-led recession starting in the second quarter of 2020 and likely continuing throughout the year. In addition to weak consumer spending, we also see weakness in U.S. exports, global growth is also being affected by the coronavirus as all the countries around the world are affected."

The coming months will be marked by regulatory and legal battles over coverage and losses. As these events unfold, insurers may take a closer look at their operations and review their strategic alternatives.

May is Runoff and Restructuring Month. In "The Rise of Runoffs," *Best's Review* looks at developments in an extremely active nonlife run-off and legacy management market.

"Making the Move" looks at how states are revising insurance regulations to allow for more insurance business transfers.

In "Heading Off Track," *Best's Review* looks at a few insurers that have been ordered into rehabilitation and the overall trend in rehabilitations and liquidations.

"Losing Weight" examines closed blocks of life insurance.

The May issue of *Best's Review* also includes the 2019 Corporate Changes. This had previously been published annually in the June issue. Starting this June, *Best's Review* will begin to publish the Corporate Changes on a more timely basis, each month rather than just annually.

Patricia Vowinkel
Executive Editor
patricia.vowinkel@ambest.com

The Question:

Tell us some positive stories about how you've helped clients during the COVID-19 pandemic.

Email your answer to *bestreviewcomment@ambest.com*.

Reader responses will be published in a future issue.

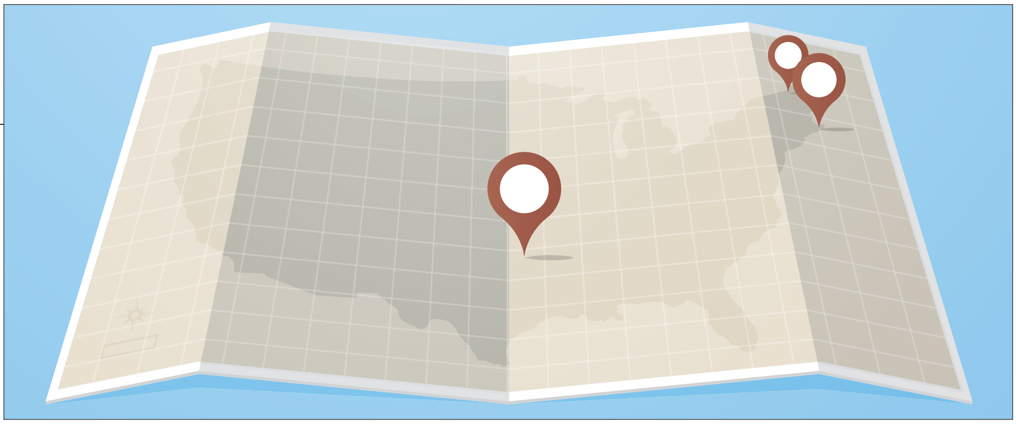
Contents

RUNOFFS

In this special section, *Best's Review* looks at regulations and trends in the run-off market.

The Rise of Runoffs

After transforming its reputation and broadening its scope, the run-off market could play an important role in the wake of COVID-19.



Making the Move

Insurance business transfers are poised to take off in the U.S. as more states enact laws and regulations allowing the process.

Heading Off Track

A Pennsylvania long-term care insurer is the newest member of the cohort of insurers that have been ordered into receivership over the years. Improved regulations and risk-based capital standards, however, are significantly slowing down that trend.

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RUNOFFS (CONTINUED)

Cover design by Andrew Crespo.

COVID-19 Causes Many Industry Events To Be Held as Virtual Conferences

May 4–7: VIRTUAL: RMS Exceedance Risk Management Solutions.

May 11–13: VIRTUAL: CAS Spring Meeting, Casualty Actuarial Society.

May 11–14: VIRTUAL: AAIS Main Event, American Association of Insurance Services.

May 12: VIRTUAL: NCCI Annual Issues Symposium, National Council of Compensation Insurance.

May 17–20: Farm Bureau Human Resources Conference, American Agricultural Insurance Company, Gulf Shores, Ala.

May 20-22: VEBB Conference, Voluntary Employee Benefits Board, Austin, Texas.

May 27-29: Dig-in: The Digital Future of Insurance 2020, Digital Insurance, Austin, Texas.

May 31-June 3: National Flood Conference, American Property Casualty Insurance Association, Baltimore.

June 1-2: Seminar on Reinsurance, Casualty Actuarial Society, Philadelphia.

June 3: 5th Annual Canadian Fixed Income Investments in Pensions Forum, ALM Media, Toronto.

June 4–7: 123rd IIAG Annual Meeting, Convention and Trade Show and 52nd YAC Annual Conference, Independent Insurance Agents of Georgia, Fernandina Beach, Fla.

June 5–6: Farm Bureau Insurance Accounting & Information Systems Conference, American Agricultural Insurance Company, St. Louis, Mo.

June 7–10: IASA 2020, Insurance Accounting & Systems Association, St. Louis, Mo.

June 8–10: SOA Health Meeting, Society of Actuaries, Chicago.

June 10: VIRTUAL: InsiderTech New York, Insurance Insider.

June 11–13: IAIP International Convention, International Association of Insurance Professionals, Louisville, Ky.

June 13–16: 2020 FMS Forum, Financial Managers Society, Scottsdale, Ariz.

June 14–17: WCCP Claims Management & Leadership Conference, Workers' Compensation Claims Professionals, Bonita Springs, Fla.

June 14–17: PRIMA Annual Conference, Public Risk Management Association, Nashville.

All events subject to change. For a full list of conferences and cancellations, visit *www.BestReview.com/calendar*

May Is Runoff and Restructurings Month

Runoffs are a natural part of the insurance life cyle. *Best's Review* explores this aspect of the industry, as well as the restructuring and rehabilitation of distressed carriers. Coverage begins on page 21.

USAA Long-Time Employee Named New CEO

Also: AIG names Jon Hancock as CEO, International General Insurance; new commissioner in NH and co-founder of Axis to retire after 50-year career.

USAA has named Wayne Peacock to succeed Stuart Parker as president and chief executive officer. Parker is retiring after more than 21 years with USAA, with more than five years as the CEO.

"Wayne has served in a broad range of key assignments at USAA for over 30 years and is absolutely committed to our members and our employees," said USAA Board Chairman Admiral Tom Fargo.

Wayne Peacock

Peacock, who has been with USAA since 1988, has direct experience in numerous areas across USAA. For the past three years, he has served as the president of the Property & Casualty Insurance Group, USAA's largest business. In addition to P&C, he has led strategy, marketing, call centers, technology, shared services and corporate real estate.

"Serving the military community is my passion, and it's an honor to follow a legacy of great leaders at USAA," said Peacock.

Parker joined USAA as a financial planner in 1998. Since then, he has held roles as head of financial planning services, P&C president, chief financial officer and chief operating officer.

"It has been an honor to serve at USAA for nearly my entire civilian career," said Parker. "I am deeply appreciative of the loyal support and friendship from the board, fellow USAA employees and members and wish our team great success."

Jim Syring, current executive vice president chief administration officer, has been named to succeed Peacock as president of Property & Casualty. Syring is a retired U.S. Navy Vice Admiral who has been responsible for USAA's technology, security, procurement and facility operations.

—Staff Report

Hanover Insurance Group Names President of Professional Liability

Hanover Insurance Group Inc. named Sarah Medina as president of professional liability.

Sarah Medina

Medina joined Hanover in 2014. In her new role, Medina will work closely with Hanover's specialty leadership team to enhance the company's portfolio of professional liability products. She now will also be responsible for Hanover's lawyers professional liability and architects and engineers books of business, as well as for continuing to build on the company's strategy for small specialty business.

New Hampshire Names Insurance Commissioner

Chris Nicolopoulos, the former president and chief executive officer of the New Hampshire Association of Insurance Agents, has been confirmed as New Hampshire's insurance commissioner.

Chris Nicolopoulos

He succeeds John Elias, who resigned Dec. 31, citing family reasons. Nicolopoulos will fill out the rest of the term through June, 2023. Elias recently joined Acadia Insurance as its senior vice president and chief underwriting officer.

Before leading the insurance agents association, Nicolopoulos was an associate at Preti, Flaherty, Beliveau & Pachios and government affairs director at the New Hampshire Association of Realtors.

Brown & Brown Names Chief People Officer

Brown & Brown Inc. has named Julie Turpin as chief people officer.

Turpin has more than 20 years of experience in executive roles in varied industries with U.S.-based and global operations. Most recently, she served as the chief executive officer for the Advocator Group, a subsidiary of Brown & Brown, where she led a team of more than 550 teammates providing advocacy services and Medicare set-aside services.

Prior to that, Turpin was with GCG Risk Management Consultants, as principal and head of operations, and with Marsh USA, as senior vice president and head of operations of the Midwest Zone.

Marsh Names CEO of Victor Insurance

Brian Hanuschak

Marsh has named Brian Hanuschak chief executive officer of Victor Insurance Holdings.

Hanuschak most recently served as president of Victor North America and prior to that was president of Victor O. Schinnerer & Co., now Victor U.S. In his expanded role, he will oversee Victor's global businesses including Victor North America, ICAT, Dovetail, and Victor International.

Admiral Group Names First Female CEO

Milena Mondini de Focatiis

Admiral Group plc has named Milena Mondini de Focatiis to succeed David Stevens as Admiral Group chief executive officer after a 12-month transition period. She will be the first female CEO for Admiral.

Mondini de Focatiis, the group's current head of U.K. and European insurance, will be promoted to group CEO-designate and join the board as an executive director in due course. Mondini de Focatiis will assume the CEO role after the transition period and replaces Stevens, who has notified the board of his intention to retire in 12 months.

Mondini de Focatiis joined Admiral in 2007 and was most recently appointed head of U.K. and European insurance in July 2019. She has been a member of the leadership team throughout her time at Admiral. Her previous roles included CEO of ConTe.it, Admiral's Italian insurance business, which she founded in 2008. Before joining Admiral, she worked as a consultant for Bain & Co. and Accenture.

Stevens co-founded Admiral in 1991 and has been group CEO since May 2016. He will continue to work for the group in a part-time advisory capacity after the transition period.

Evertas Names First Global Head Of Intelligence and Investigations

Evertas, a cryptoasset insurance company, has named Robert Chamberlain as its first global head of intelligence and investigations.

In his new role at Evertas, Chamberlain will be directing a group of interdisciplinary intelligence professionals that offer intelligence and investigations solutions to both public and private sector clients who have significant exposure to cryptoasset-related risk.

Earlier in his career, he was instrumental in establishing the first market intelligence capability for PwC and was a member of the corporate intelligence practice at IBM.

AIG Names Jon Hancock as CEO, International General Insurance

Jon Hancock

American International Group Inc. has named Jon Hancock as chief executive officer, international general insurance.

Hancock will lead the international operations of AIG's general insurance business. Since 2016, Hancock served as director of performance management at Lloyd's.

Prior to Lloyd's, Hancock spent 26 years at RSA in roles of increasing responsibility, including serving as managing director, U.K. commercial, which encompassed RSA's European Specialty businesses, and global broker relationship director. Previously, he served as RSA's CEO, Asia and Middle East, and held chief underwriter and risk roles in both developed and emerging markets.

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The Insurance Information Source

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CNA Names New EVP and CFO

CNA has named Al Miralles to succeed James Anderson as executive vice president-chief financial officer.

Al Miralles

Miralles joined CNA in 2011 as senior vice president, treasurer and head of investments. In 2014, he became president of the long-term care business. In early 2018, he was appointed to the role of executive vice president and chief risk officer of CNA.

FBL Financial CIO Charles Happel to Retire

FBL Financial Group Inc. said Charles T. Happel, chief investment officer, will retire around mid-2020.

Charles T. Happel

Happel joined the company in 1984 as a Farm Bureau Financial Services agent, moving to the corporate office in 1986. Over the next 15 years, he held various positions in investments, and became securities vice president in 2001; vice president, investments in 2008; and was named CIO in 2009.

Chairman and Co-Founder of Axis To Retire, Successor Named

Axis Capital Holdings Ltd. has named Henry B. Smith to succeed Michael Butt as chairman-elect of the board of directors. Smith will transition to his new role on Sept. 16 and replaces Butt, who will retire from the company after a 50-year career.

Smith has served as a member of the Axis Capital board of directors since May 2004 and as lead independent director since May 2012. He is the former chief executive officer and president of W.P. Stewart & Co. Ltd.

Butt, a co-founder of Axis, was appointed chairman of the Axis Capital board of directors in September 2002. Butt has held numerous leadership roles within the industry which have included serving as chairman of Sedgwick Ltd.; chief executive officer of Eagle Star Holdings plc and Eagle Star Insurance Co.; CEO of MidOcean Ltd.; and director of XL Capital Ltd. and Farmers Insurance Group. BR

Getting the Word Out

Arrowhead's Tom Kussurelis discusses the role marketers play in communicating and navigating through global crises and what they need to do to gain value in their organizations.

by Lori Chordas

Global crises, such as the outbreak of COVID-19, can be challenging for marketers tasked with keeping the lines of communication open and flowing, and uncovering new ways to share those messages. But it can also be an opportune time to promote the strength and resiliency of their organizations and the value they provide to stakeholders, said Tom Kussurelis, executive vice president and chief operating officer at Arrowhead General Insurance Agency, a subsidiary of Brown & Brown.


Tom Kussurelis

"This is a time when brands are made, and how we behave now is something people will remember after the fact. It is during high-pressure times when our style and communications matter, and information shared during these times needs to be consumable, relevant and actionable," he said. Kussurelis, the former chief marketing officer of the San Diego-based national program administrator and managing general agency, participated in a March 20 webinar sponsored by AM Best and the Insurance Marketing and Communications Association.

Following is an edited transcript of that interview.

What are some survival tips for marketers during a global crisis?

It's important to keep engaged with customers, teammates, carriers, producers and others, and to recognize that marketing and advertising plans that made sense prior to a crisis might not be as effective during the event.

Often insurance gets reduced to commodity. The relationships we have during a crisis and how we build upon those can move us beyond commodity and to deeper relationships at that moment.

One thing we stopped doing from a marketing perspective and tried to get our arms around ... was general broad-based communications for advertising products.

Things that we put in the queue [prior to the crisis] with different advertising sources that are now popping up, if we're not reviewing those with fresh eyes daily, can come across really tone-deaf.

You don't want to be advertising about some ancillary matter to a restaurant that is struggling to stay in business and you're talking to them about something that's completely irrelevant to their life at that moment.

That's not going to be a good way for people to remember us.

What do insurance marketers need to know and do to earn respect and value within their organization?

Marketing should be most concerned about the reputation of the firm and protecting the brand. Doing that creates an immediate connection to the highest levels of the organization.

Taking the posture of risk management first is very important. What we say matters, and it's important to connect and gain that respect for the reputation of the brand.

Across all communications, the golden rule always applies. Treat others as you'd like to be treated. That goes back to listening, speaking and building relationships. BR

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

Next Wave

Crisis Response

Insurance professionals can be "helpers" during, and after, the coronavirus pandemic.

By **Carly Burnham**

Last month, I said I would share another story about crying in the workplace. But with the current state of the COVID-19 pandemic, I couldn't quite focus on that. I'll revisit that story in my next column.

This month, I'm struck by the sudden changes to our lives.

In my own home, my husband is an ER doctor. He has seen some of the worst of this pandemic, and he is likely to see worsening conditions over the next few months. Even with the work he has been doing and the cases he has been seeing, we still talk almost daily about how privileged we are. His strength during this time is reassuring, and his compassion for my complaints about being unable to go to Pub Trivia or having to miss out on attending the various insurance conferences over the spring is almost unbelievable.

We have all heard Mr. Roger's quote about his mom's advice to him as a boy during "scary times." She told him, "Look for the helpers."

We can each point out folks who are making a positive impact on their community. My husband is one of them.

But I want to challenge each person reading this to go beyond looking for a helper and to find a way to *be* a helper.

How can we do that?

First, as insurance professionals, we should consider what we know about risk avoidance, prevention and mitigation and begin to think about how we can better prepare for these sorts of incidents in the future.

We have spent a lot of time thinking about the next property or cyber catastrophe. Let's turn our attention to other risks. How can we help businesses prepare for future pandemics? What other types of global events can we imagine that we should prepare for? In this instance, I do believe the business interruption that we're experiencing is uninsurable, so what other techniques can we recommend to our clients?

For businesses that are still running, can we offer services that help them out right now? As they make changes to their business model, are we prepared to help them with new cyberrisks,

Carly Burnham, CPCU, MBA, has been in the insurance industry since 2004. She blogs at InsNerds.com and can be reached at *bestreviewcomment@ambest.com.*

auto liability concerns, or workers' comp exposures?

Reach out to your clients and talk through their plans over the next few months. Help them make decisions with all the information they ought to have and offer them your expertise in preventing risk if possible.

I have always believed that insurance is a pro-social service. And, I am now arguing that insurance cannot solve every financial issue that business owners will face. We cannot simply cover business interruption to prevent the reputational challenges that will come if we deny these claims. But we *can* find opportunities to be the helper with the resources and skills that we already have. Looking for sustainable opportunities to assist in this environment should be at the front of all of our minds.

And, of course, as members of our own local communities, we should endeavor to do the things that everyone is trying to do right now. Be kind, be a bit more giving, be supportive of your local businesses.

I don't believe any of us will be able to be a helper every day throughout this crisis. We will each need time to rest, and our work will occasionally feel like the least important thing in the world. But, if we can practice gratitude and try to be a helper more days than not, I believe we can get through this. And then we can all regroup for a candid lessons-learned session that will allow us, both personally and as an industry, to be stronger over time. BR

Rescued By Runoff

The formation of Equitas almost 25 years ago ultimately saved Lloyd's.

By **Stephen Catlin**

It's been nearly a quarter-century since the creation of Equitas, the most important property/casualty run-off vehicle ever. Equitas is one of the greatest success stories of the past 50 years, even if few in the industry today talk about it.

In the mid-1990s, Lloyd's of London was near collapse. Lloyd's underwriters had lost what was then an astounding £9 billion ($26 billion in today's money) between 1988 and 1992. Lloyd's 34,000 Names, the wealthy individuals who at the time supplied 100% of Lloyd's capital base, were caught up in the crisis. As Names, they had assumed unlimited liability for claims against the syndicates they had funded, and therefore they could be held responsible for unpaid claims ... even after they died. Many Names went bankrupt, and at least 15 committed suicide.

Why did Lloyd's lose so much money? An avalanche of asbestos and pollution claims against liability policies, some with no aggregate limits, written by Lloyd's syndicates was the major reason. Another factor was the LMX (London Market Excess of Loss) spiral, through which the cost of catastrophe claims was inflated as they were reinsured dozens of times among Lloyd's syndicates. Exacerbating matters, some Lloyd's underwriters had made what can only be described as bone-headed decisions.

In a fight for survival, Lloyd's embarked on its Reconstruction and Renewal Program. The program introduced numerous reforms, including an overhaul of Lloyd's antiquated capital base. However, the most important work was the creation of a new company, Equitas, to serve as a lifeboat (some called it a "bad bank") to reinsure all of Lloyd's liabilities prior to 1993. Once freed of its crippling past, Lloyd's could concentrate on rebuilding its business.

It took three years for a team of actuarial experts to calculate how much money Equitas would need to be solvent. The original £11.2 billion premium (approximately $31.8 billion today) paid to Equitas in September 1996 was the largest reinsurance premium ever paid. At the time, Equitas was the largest corporate start-up in history with total assets of £16 billion at inception (about $30.2 billion today).

Once established, Equitas acted independently of Lloyd's, with its own management and board of directors. The only formal link between the two was that Lloyd's was entitled to appoint one

Best's Review contributor **Stephen Catlin** is the founder of Convex Group and Catlin Group and former executive deputy chairman of XL Catlin. He is a member of the International Insurance Society's Insurance Hall of Fame. He can be reached at *bestreviewcomment@ambest.com*.

person to the Equitas board. That person was me.

One of the biggest problems Equitas inherited from Lloyd's was a seriously flawed claims adjusting structure. There was little uniform strategy among syndicates for managing complex and contentious claims; that increased costs and complicated settlements. Equitas quickly changed that.

Equitas' strategy was to settle liabilities as quickly as possible. It believed, as I still do, that a disputed claim is likely to become more costly if it is left to mature. However, Equitas' management also understood that individual settlements rarely stood alone; a settlement could influence related claims for years to come, so decisions had to be made carefully. Management also knew the more settlements it could make, the deeper the discount it could negotiate with future claimants who would worry that Equitas could run out of money. Finally, Equitas pioneered sophisticated techniques for settling asbestos and pollution claims that allowed these liabilities to be settled for significantly less than had been reserved.

While critics alleged Equitas would go broke, it did not. Ten years after it was formed, Equitas was in a sufficiently strong position to negotiate whole-account reinsurance transactions with Berkshire Hathaway that provided $7 billion of reinsurance coverage above Equitas' existing reserves. That protection finally put a cap on the Names' unlimited liability, and they even shared a £50 million payment.

Equitas still exists as a legal entity, although the runoff is now managed by Berkshire Hathaway. Lloyd's still has its share of problems, but one thing is clear: Lloyd's would probably not be around today if Equitas had never been created. BR

Meeting Demands

Segmentation and personas research and data show life insurers how customers want to be reached.

By Patrick Garrett

Understanding the consumer's purchasing journey is no longer a luxury for insurers in today's market. It is a necessity. Carriers need to step out of the box when it comes to the ways they engage with consumers, who are looking for simpler, more personalized ways to find and buy insurance products. These changes are creating a novel life and health insurance ecosystem where effective personalization and segmentation are becoming vital to success.

Customer segmentation has emerged as a key differentiator for insurers. Segmentation is not new, and companies have long used it to analyze their customers by categories including age, gender, occupation and income. But today's sophisticated algorithms take segmentation to a new level. They are driven by artificial intelligence and the newest thinking in data science.

These new algorithms are increasingly granular. Specific correlations and segmentations let companies group customers by individual attitudes, shopping and buying behaviors and motivations, and existing and potential barriers to purchase. For example, the retirement market can now be segmented by age, job tenure, job satisfaction, propensity to save, and life insurance product preference. Even financial behavior and literacy can be factored in.

Best's Review contributor **Patrick Garrett** is vice president of digital distributions at RGAX LLC. He can be reached at *patrick.garrett@rgax.com.*

Harnessing Digital Data

Digital behavior—that is, how customers interact with and respond to digital marketplaces—has also become an effective way to segment customers.

Every time a customer views a product webpage, adds an item to a virtual cart, clicks through to look at product features, scrolls away, or suddenly leaves the point of purchase, they are painting a digital picture of who they are as a shopper and buyer.

Customer demand for personalization is leading insurers to offer new options tailored to buyer personas. What are buyer personas? Think of personas as composites built using existing client profiles, preferred prospect profiles and market research. Personas are used to enhance

product design and give companies insight into the wants and needs of the customers they serve—or want to serve in the future.

This approach often incorporates psychographic data for more reliable insights into what makes a customer tick (and what might convince them to buy). It also enables companies to develop multidimensional profiles that provide a tailored marketing experience for each customer segment.

Rising to New Challenges

The service standards customers expect from any company continue to be high and they are rising. Customers today want more than value. They want better offerings. And they're willing to share data if it leads to products that meet their specific needs and can be bought on their preferred channels.

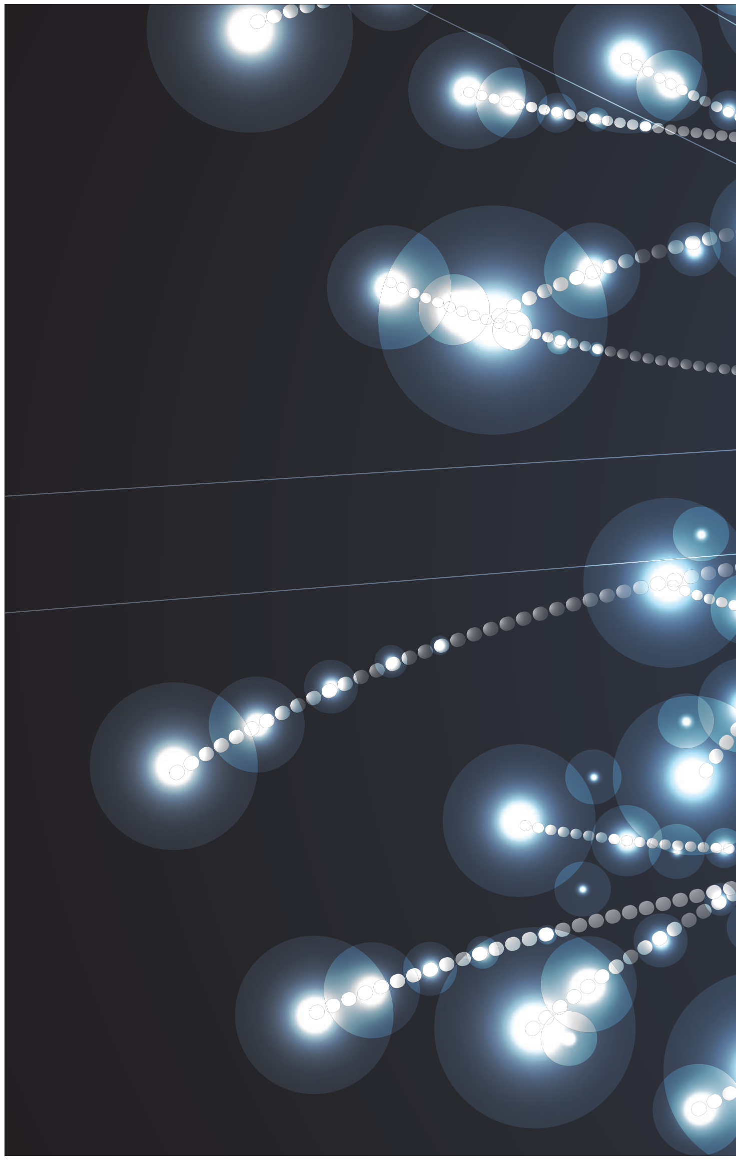
For insurers, the strategy of developing an omnichannel sales framework is gaining traction. The reasoning is simple: Segmentation and personas provide research and data that show exactly how today's customers want to be reached.

Additionally, as more and more businesses move toward this model, personalized experiences will become normal, not exceptional. And industries that don't embrace this fact risk being left behind.

What is evolving for life insurers today is an ecosystem of interconnected services, designed to attract customers and strengthen carrier loyalty. Building such an ecosystem is becoming a vital part of our industry's ongoing transformation into a business that adapts quickly and organically to evolving customer needs. BR

Technology

Getting Personal



How artificial intelligence and personalization are reshaping insurance.

By Mike de Waal

As the insurance industry continues to embrace insurtech, use of artificial intelligence will no longer be a novelty, but the norm. Insurers will have higher expectations for customized experiences and a higher degree of personalization.

Looking toward the next decade, insurers and brokers will have to consider how to use blockchain and artificial intelligence as a tool to transform the most important piece of all—user experience. They can do that in several ways:

Moving toward personalized insurance. Artificial intelligence makes it feasible for insurers to personalize coverages and rates. To do this they need AI and access to trustworthy, accurate data sources. Those sources, including sales databases, data from wearables and user preference data, offer companies much deeper insight and allow them to contextualize behaviors to make more rational decisions.

Studies show that nearly 80% of customers are happy to provide their insurers with additional data if it means they could benefit from a lower premium. Trials are being done on wearables data to help insurers accurately price individual travel, life and health insurance.

Enhancing customer experiences. The sheer volume of calls and transactions that insurers process daily is sparking movement toward AI. Chatbots and other AI-based insurtech applications are fielding more of these calls and communications. The industry is quickly moving toward customers self-managing claims. AI is providing more guidance to customers, and it has become increasingly difficult for them to differentiate between machine and human interaction.

As the industry evolves, big data and AI are combining to create new efficiencies that are transforming the customer experience. For insurance industry executives, a passing knowledge of AI isn't enough.

It needs to be viewed as a cornerstone of company culture.

Investments to take insurers' insurtech strategies to the next level are needed as part of their ongoing business strategy, or they'll

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run the risk of lagging behind their more progressive competitors.

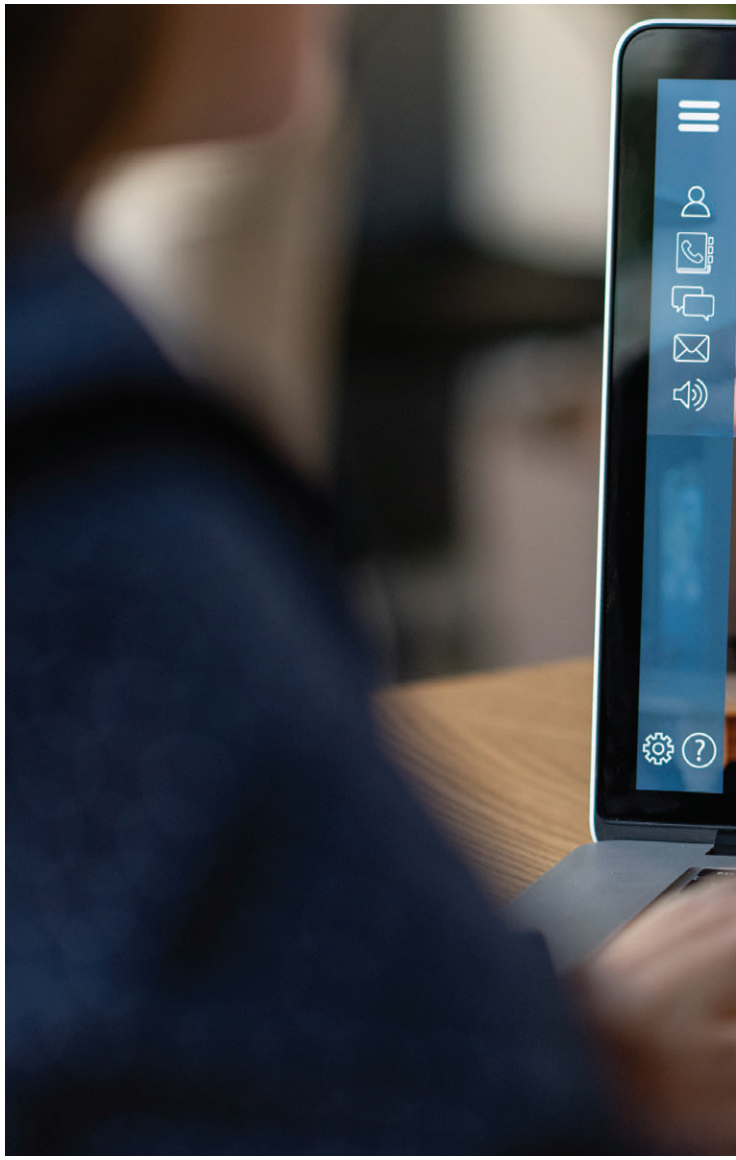
Data scrubbing and personalized sales. Insurers can't serve customers well without correct individual information. It's labor-intensive for humans to find and correct errors. With group plans, for instance, census data obtained during quoting is often incomplete. AI can analyze a census to make smart decisions regarding each insured's missing and incorrect data. It also can boost sales by analyzing group attributes and providing customized options to maximize the attractiveness of the offer.

But AI can do more than just correct and input census data. A group insurance carrier may receive requests for proposals in many different formats, such as email text, Microsoft Word documents, and PDFs with text or embedded images. Recent advances in data extraction from unstructured digital sources include novel techniques, such as "deep biaffine attention for neural dependency parsing." Dependency parsing is a technique for annotating sentences to make it easy for both humans and computers to understand, frequently used in algorithms for image captioning and language translation. Biaffine attention increases performance, resulting in a more reliable method for extracting quoting information from a PDF or an email. This new method improves straight-through processing and personalization in group and individual insurance. With the help of AI, the industry is finally moving from one-size-fits-all to a more personalized approach. BR

Home Sweet Workplace?

Companies are facing privacy and cybersecurity issues as more people work remotely due to COVID-19.

By **Theodore P. Augustinos**



The current environment created by the coronavirus pandemic creates a host of issues and challenges for insurers and producers. Claims and coverage issues already have emerged and will continue to do so. Insurers and producers now also face issues and challenges that are arising in the remote work environment necessitated by the need for physical distancing that has resulted in the closures of offices. Among the most important and difficult are those related to privacy and cybersecurity.

Existing privacy and cybersecurity programs of insurers and producers should be designed to specifically address remote access. Most, however, would not contemplate that all or nearly all personnel would be working remotely, simultaneously, and for an extended period. It is important to maintain sound privacy and cybersecurity practices in the face of the need for insurers and producers to keep personnel as productive as possible while working remotely over a period of weeks and perhaps months.

From the perspective of privacy and cybersecurity, what should insurers and producers be addressing in the remote work environment?

• **Revisit your risk assessment**. Consider the new and increased risks presented by more personnel working remotely, in many cases for the first time. The updated risk assessment will drive decision-making related to privacy and cybersecurity enhancements appropriate to the remote work environment.

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• **Technical safeguards**. Personnel working remotely will need equipment. Many will not have company-issued laptops and other devices, but will be using home computers and other personal devices. To the extent that personnel will be using home computers and personal devices, deploy technical safeguards such as secure portals, apps and programs to protect the environment. Virtual private networks and multifactor authentication facilities will need to accommodate the increased population of users. Personnel should be required to update technical settings including auto-logoff, and to update and strengthen passphrases to keep information secure.

• **Administrative safeguards**. Privacy and cybersecurity policies should be reviewed and refreshed as necessary to address new challenges and vulnerabilities. For example, if the existing remote

access policy restricts remote access to particular personnel or to company-issued devices, make well-documented adjustments necessary to avoid violations of the existing policy while maintaining the appropriate level of privacy and cybersecurity. Similarly, existing policies could restrict the removal of data, including paper, from the company's facilities. Given that personnel may expect to be working remotely for an extended period, with little or no on-site support, they may need more access to more data for a longer period. Administrative safeguards should be amended accordingly, including by implementing enhanced or new ways of monitoring the removal and off-site use and retention of data.

Personnel may be using new, third-party facilities to interact remotely with others, including services designed for videoconferencing, such as Zoom.

Existing policies should restrict the engagement of third-party services to host these events. Given the potential vulnerabilities, as illustrated by the recent publicized problems with Zoom, privacy and cybersecurity personnel should focus on all types of services for which personnel may be looking to third parties in the effort to perform their job functions remotely. Administrative safeguards should restrict the ability to use these services unless they have been vetted by the appropriate privacy and cybersecurity staff.

Policies should also account for, and attempt to control, the shared home environment, where personal devices that use Alexa, Google, or Siri can listen to conversations occurring in the background, thereby potentially exposing confidential work-related calls and virtual meetings. BR

Runoffs and Restructuring

Runoff once was a dirty word in insurance, and run-off providers were compared to vultures. But transferring an insurance portfolio is no longer seen as a black eye on an insurance company.

The run-off market has evolved in recent years to be more than simply a place to unload toxic liabilities. Now, insurers use run-off transactions as part of their capital efficiency strategies. With COVID-19 launching economies into recession, the run-off market could be a valuable tool in helping insurers release encumbered capital and enhance liquidity. Check out “The Rise of Runoffs” for more on the role of runoffs.

European insurers have been running off old parts of their businesses for decades, but the practice has only recently gained traction in the United States. “Making the Move” explores the regulatory efforts underway to allow insurance business transfers.

Insurers frequently run off distressed portfolios. When an insurance company is financially distressed, however, courts and regulators intervene with a process called rehabilitation. “Heading Off Track” tells the story of how one Pennsylvania insurance company found itself ordered into rehabilitation.

In the life segment, the majority of insurers say closed blocks of business account for more than 50% of premiums. But these blocks can be difficult to administer and unprofitable. “Losing Weight” looks at strategies for dealing with these policies.

In this special section, *Best’s Review* focuses on runoffs and rehabilitation.

Contents

The Rise of Runoffs

After transforming its reputation and broadening its scope, the run-off market could play an important role in the wake of COVID-19.

by Kate Smith

"How do you feel about the term 'vulture capital'?"

That was the first question Eric Haller faced in an interview last year about the run-off market. The CEO of Fleming Re, a Bermuda-based run-off provider founded in late 2018, wasn't surprised by the question. Run-off providers long had a reputation as picking over the remains of struggling businesses.

But the nonlife run-off market of 30 years ago, or even 10 years ago, is not the run-off market of today. The segment has evolved, particularly over the past three to five years, into a versatile tool for life insurers. And as the threat of global recession looms, this segment of the industry could find itself taking center stage by year end.

Kate Smith is managing editor of *Best's Review*. She can be reached at *kate.smith@ambest.com*.

Key Points

Versatile Tool: Once used to offload toxic liabilities, runoffs now are a strategic tool for capital efficiency.

Promising Partner: Runoffs could be a prime source of liquidity as insurers try to rebound from the coronavirus.

Interest Abounds: Investors have already shown interest in the run-off space.

"Historically, because of the toxic liabilities—asbestos, environmental, etc.—there were a lot of distressed positions and solvency issues," Haller said. "Some in the industry had the perception that run-off carriers acted as 'vultures.' Due to this, runoff didn't have the best reputation associated with it.

"But we've seen a shift in that paradigm, where both the run-off providers and the counterparties have recognized that transactions can be used as a tool to help with risk management, to help with liquidity, and to solve other problems beyond just disposing of bad liabilities."

That shift shows in the deal flow. According to PwC, the nonlife run-off and legacy management market has been tremendously active. The consulting firm, which publishes an annual survey on the global run-off market, said nearly 100 deals were completed between its 2018 and 2019 surveys. And nonlife run-off liabilities rose to $790 billion in 2019, an 8% increase over 2018.

Sellers, PwC said, are looking for capital efficiency, profitability and operational savings.

"You didn't see the appetite to exit five or 10 years ago," John Marra, senior partner and insurance deals leader at PwC, said. "Management teams have a lot more confidence and empowerment to think strategically about liabilities that are distracting the management team. They're not core to the businesses. There's clearly a mandate for companies in the industry to ring-fence those liabilities and to effect a reasonable exit. I call it a determined seller. That's the profile we see today."

Before the coronavirus pandemic battered the globe, experts would have said run-off deals were likely to continue increasing in 2020. Now, they say, deals are all but certain to increase.

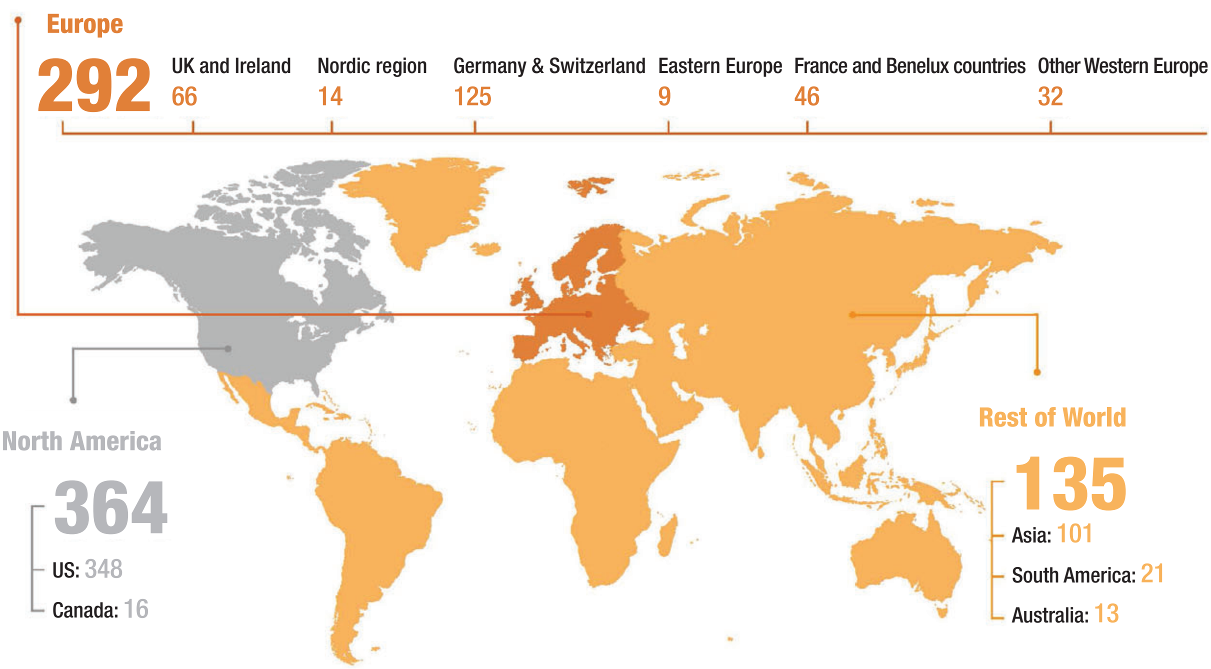
"Absolutely I think there will be more transactions," Marra said. "Not immediately. But we do think later this year into next year there will be more folks looking to exit."

While there is speculation that the global pandemic could put pressure on liability lines, there is near certainty that it will create strain on the investment side. As insurers seek greater liquidity, they very well may consider run-off transactions.

"There could be a host of potentially distressed

Run-Off Market by Region – 2019

A geographic breakdown of estimated nonlife run-off reserves.
(US$ billions)



Excludes long-term-care business.
Reprinted with permission from *Global Insurance Run-off Survey 2019* © 2019 PwC. All rights reserved. PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see *www.pwc.com/structure* for further details.

runoffs coming out of the current situation," Paul Corver, global head of M&A for Randall & Quilter Investment Holdings, said. "But it's not necessarily caused by impacts on the liability side of the balance sheet; the impact is perhaps more likely on the asset side of the balance sheet, where maybe the investments by the company have not been as risk averse as they thought, which can result in a significant hit to the capital supporting the business. In addition, reinsurers may be equally impacted, creating greater credit risk for the company.

"If companies begin to be concerned with the asset side of the balance sheet, then they might start looking at a transfer of some of their liabilities in order to free up capital."

Broadening Scope

Run-off transactions rose to prominence with the asbestos crisis. But today's deals have broadened beyond toxic liabilities.

The most commonly transacted lines in the United States, which accounts for 44% of global legacy liabilities, are workers' compensation, commercial automobile and professional indemnity, according to PwC. Global liabilities are $790 billion, with $348 of that in the United States.

In the United Kingdom, cargo and construction lines are most active. And motor deals are driving growth across the globe, ranking among the top two most popular lines for runoff in Brazil, Argentina, Japan, South Korea, Germany and Switzerland.

"There's a growing realization by insurance and reinsurance companies of the benefits of doing something proactive with their run-off business," Corver said. "I've been in the run-off industry for 30 years. Run-off business used to be deemed to be a dirty, toxic matter, and people steered away from admitting they had any, even though runoff is inevitably a straightforward part of the insurance cycle. In theory, every policy goes into runoff when it expires."

Mergers and acquisitions have become a common source of deal activity, as acquirers look to transfer liabilities they do not have the desire or expertise to manage. Captives also are a prime source; in the face of a hardening market, risk managers might run off certain years of a program in order to free up capital to support their new strategy of increasing retentions. And sometimes companies change jurisdictions or fronting companies and would like to get rid of certain liabilities as a result.

"Distress in the market can often benefit the run-off industry because companies will want to do something proactive to stabilize or normalize their business, and that could be disposal of legacy liabilities."

Paul Corver
Randall & Quilter

"It's important to clarify that it's no longer limited to discontinued lines," Haller said.

Since the financial crisis of 2008, companies have become more focused on capital efficiency and analyzing their balance sheets to see which liabilities are absorbing capital that could be used better elsewhere.

At the same time, run-off providers have been looking for new ways to service the industry.

"We recognized that we could use these same tools and start providing other benefits to our counterparties—whether it be releasing trapped

"As companies have more demand for liquid capital, they're going to turn to as many sources as they can to unlock capital within the company to support its operations."

Eric Haller
Fleming Re

capital, cutting off a tail, providing a solution for an M&A transaction where the acquired company does not want the historical liabilities," Haller said. "There are additional solutions that the run-off providers have been able to offer. There is an increased level of recognition and appreciation from the industry and counterparties. Overall, the reputation of the run-off providers has improved. The combination of those three items has driven the demand and the increased number of run-off transactions in today's market."

Run-off providers make money in several ways—by favorably managing claims, investing reserves (i.e., "float"), consolidating lines of business to reduce costs and, of course, by pricing the transaction properly. It seems not a week goes by without an announcement of a new run-off deal. Firms like Enstar, Premia, Catalina, Randall & Quilter and RiverStone regularly are floated as potential bidders on transactions. These well-established run-off providers, along with new providers like Fleming Re, have proven they can see deals through.

"Because the transactions have gotten done, there's credibility and a diminished view on execution risk," PwC's Marra said. "That makes the folks looking to exit feel better, that the buyers can get these transactions done, that they can get regulatory approval, that they can get good outcomes in discussions with rating agencies."

That reputation will serve the market well in the coming year, when the aftermath of COVID-19 sends sellers and investors to the run-off space.

Coronavirus Crisis

The coronavirus pandemic has created economic uncertainty and distress. Both of those dynamics create opportunities for run-off providers.

"When market conditions start to go south, run-off opportunities increase," said Scott Mangan, associate director, global reinsurance, AM Best Rating Services. "So it's very reasonable to assume we'll see more run-off activity if there's a recession."

Respondents to PwC's survey described the run-off space as "recession proof." R&Q's Corver wouldn't go that far, but understands that rationale.

"Potentially it is, because where there is distress there can be opportunity for us," he said. "Distress in the market can often benefit the run-off industry because companies will want to do something proactive to stabilize or normalize their business, and that could be disposal of legacy liabilities."

The coronavirus crisis has put the world on tilt, halting the global economy and sending shock waves through the stock markets. Though the total insured losses from the pandemic are still unknown, the expectation is the crisis will lead to a bump in run-off activity later this year.

"This has had a significant impact on global markets. As with most market disruptions, it causes a demand for liquid capital," Haller said. "Given that a significant driver for run-off transactions is to release encumbered capital, demand for run-off solutions should increase.

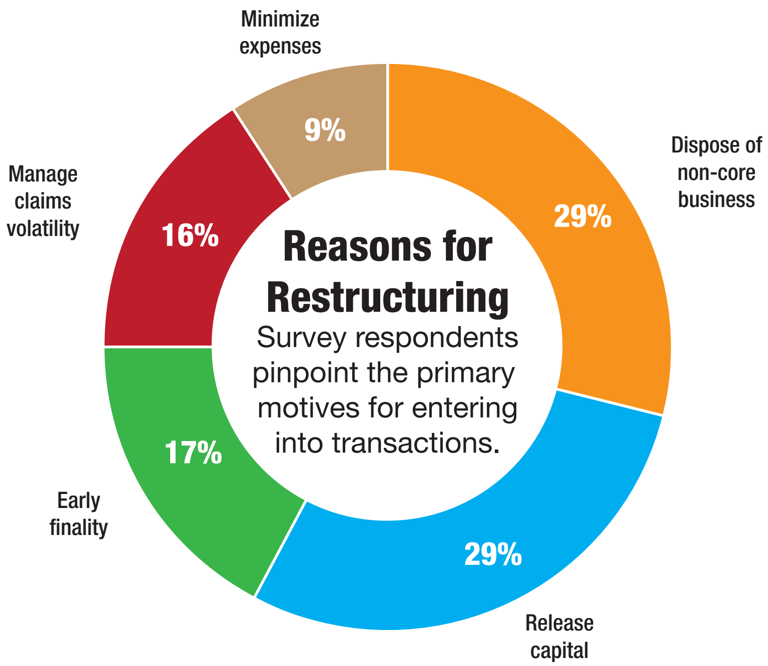
"As companies have more demand for liquid capital, they're going to turn to as many sources as they can to unlock capital within the company to support its operations."

While that capital may come at a loss, it could have the upside of improving a company's capital position.

"Here's where this gets really interesting," Marra said. "What's sort of unique about run-off transactions is that a realistic goal is exiting a block of business without having significant loss. It's rare that you exit with a gain or on a positive cash basis. It's often a loss, often net cash out of the company.

"But the pluses are an improved RBC (risk-based capital) ratio because those liabilities are removed and, importantly, the ability to tell a different story going forward to shareholders, policyholders, reinsurers, regulators and rating agencies."

The prospect of more deals raises questions about capacity and whether there will be enough buyers in the market to support deal activity.



Source: PwC *Global Insurance Run-off Survey 2019*

Investor Interest

Wealth investors and capital funds are already involved in this space, and more are standing at the door. "I've never seen this level of capital interested in this space," PwC's Marra said. "That's a comment I've been making for three years. And every time I say it, there's even more capital that comes into the space."

More than 70% of respondents in PwC's survey said they expect investor interest in runoffs to increase over the next two years. There is a risk of investors being swayed elsewhere, though.

"There's definitely an interest," AM Best's Mangan said. "That said, because of what is going on in the capital markets right now, maybe some of these investors may think they could get a better return in other asset classes."

Fleming Re's Haller sees the diversification offered by the run-off market as a draw that should keep investors interested.

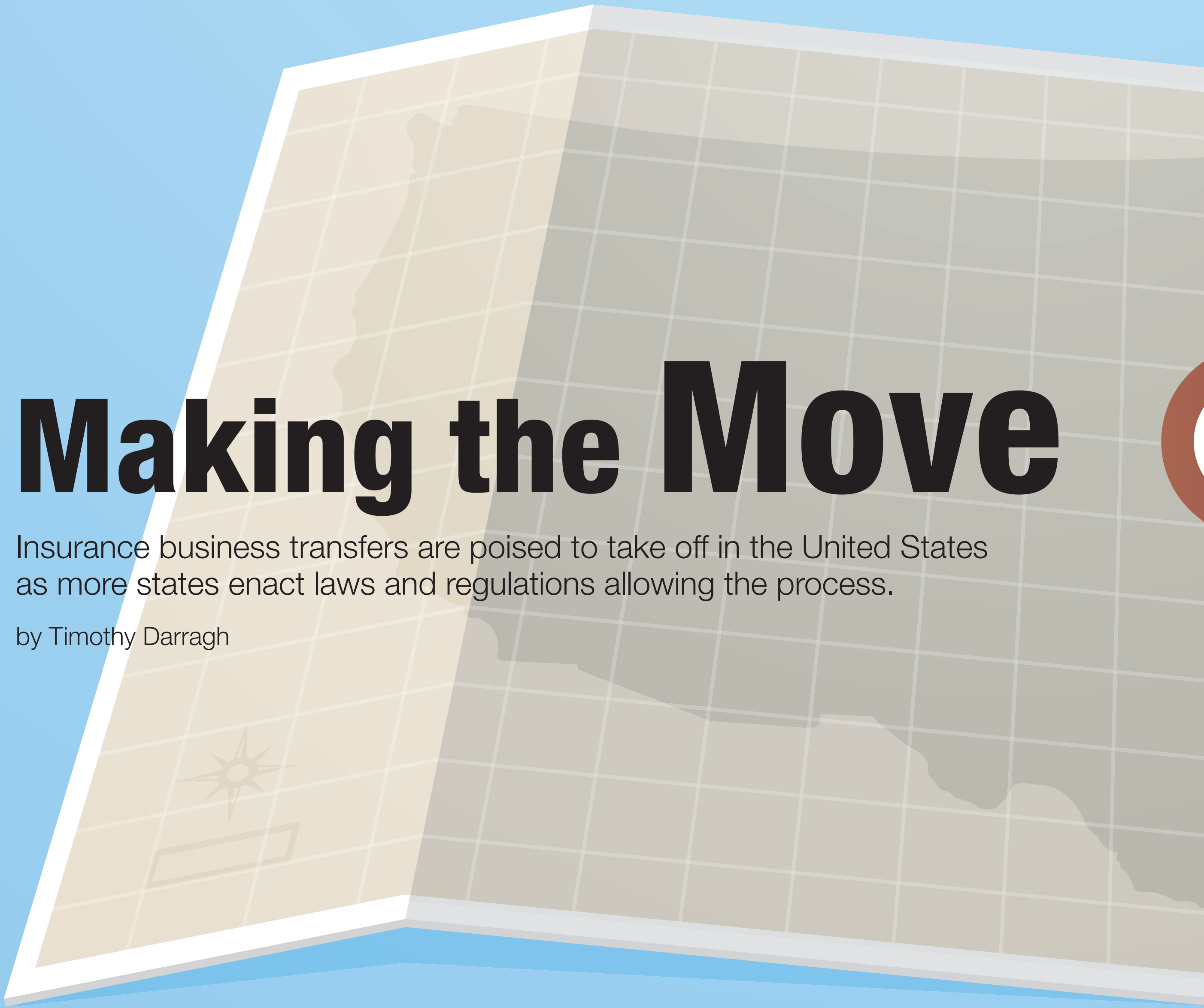
"The run-off markets aren't closely correlated to other investment opportunities," Haller said. "Market disruptions are going to increase demand. From an investor standpoint, they will consider the uncorrelated nature of a run-off business and our ability to generate attractive risk-adjusted returns, and they'll want to deploy capital into attractive run-off opportunities."

Randall & Quilter's Corver doesn't anticipate a rush of new players entering the market. Rather, he said, new capital likely will be funneled through established players.

"They'll tap into established run-off players to take advantage of the expertise and experience of the sector," Corver said. "A new player coming in with new faces and just a big bag of cash wouldn't necessarily be attractive to sellers or to regulators."

That's already been happening. In November, The Carlyle Group and T&D Holdings announced plans to acquire a 76.6% ownership stake in Fortitude Re from American International Group for $1.8 billion. The deal, which is expected to close in mid-2020, positions Fortitude Re to become a "premier provider of retroactive reinsurance and legacy run-off management solutions." One month later, the Ontario pension plan for municipal employees (OMERS) announced it was buying a 40% stake in RiverStone UK, Fairfax Financial's U.K. run-off provider.

"We've clearly seen an interest from private money—financial sponsors, alternative asset managers, private equity, pension funds," Marra said. "There's so much capital ready to jump in." BR



Making the Move

Insurance business transfers are poised to take off in the United States as more states enact laws and regulations allowing the process.

by Timothy Darragh

After nearly 20 years of watching European insurers make better use of their capital by safely transferring off old parts of their businesses, their American counterparts appear poised to start taking advantage of regulations that would provide cleaner transfers in the United States.

Timothy Darragh is an associate editor, *BestWeek*. He can be reached at *timothy.darragh@ambest.com*.

Oklahoma, Rhode Island and Vermont already have state laws that allow insurance business transfers (IBTs) providing certainty and legal finality, according to the National Association of Insurance Commissioners.

Oklahoma may be first to see how insurers view the IBT process. Oklahoma Insurance Commissioner Glen Mulready signed off on its first transfer, from Providence Washington Insurance Co. to the Oklahoma-based Yosemite Insurance Co., in

November. The plan now is in a public comment period before a state court. Final approval could come in May.

More states may be updating their regulations soon, as long as they are not overwhelmed long term by the COVID-19 pandemic.

Two committees within the NAIC are working on building a model law, with the goal of getting to final approval by late this year. The National Council of Insurance Legislators passed an IBT

Key Points

The Issue: European laws have allowed insurers to transfer old parts of their businesses to other entities to free up capital for over 20 years.

What's Changed: Several U.S. states have enacted laws that allow insurers to take part in business transfers.

What to Expect: More states may be updating their regulations soon and two committees within the NAIC are working on building a model law to allow for more insurance business transfers.

Without the thorough review of an insurance business transfer, the nightmare scenario would have a situation where a loss portfolio transfer is made and the reinsurance company taking the business becomes insolvent.

Michael Ridgeway
Odom & Sparks

model act at its spring meeting—one of the last mass gatherings in the industry before the COVID-19 virus shut down public meetings.

"We believe after these initial transactions there will be a lot more activity in this space," Mory Katz, chief executive officer of ProTucket Insurance Co., said. "They're waiting for all that regulatory infrastructure to come to fruition."

Consultancy PwC, in its most recent *Global Insurance Run-off Survey*, found that there appears to be an appetite to pursue transfer solutions by U.S. insurers as part of their capital management strategies.

"Participants in our survey largely agreed that the U.S. will continue to be a highly active market and also feature deals of a significant size," it said in the report.

The PwC report estimated nonlife run-off liabilities have risen to nearly $800 billion worldwide, with the United States' share of that about $348 billion.

Without the IBT, much of that money is sitting on the sidelines because of the need to reserve for unwanted old business, said Robert Fettman, a lawyer at Debevoise & Plimpton in New York City.

"A ceding insurer transferring the liabilities to the assuming reinsurer is unlikely to have certainty that it will be able to achieve legal finality and terminate their exposure to future liability," he said. "As a consequence, capital is trapped and unable to be deployed for more beneficial purposes."

Without the thorough review of an IBT, the nightmare scenario would have a situation where a loss portfolio transfer is made and the reinsurance company taking the business becomes insolvent, said Michael Ridgeway, counsel at Odom & Sparks in Norman, Oklahoma. No guaranty association backs up the reinsurance company and the ceding company doesn't have any assets to pay any claims that may arise, he said.

The IBT is designed to mitigate that threat.

$348 billion

Estimated nonlife run-off liabilities in the United States.

Source: PwC *Global Insurance Run-off Survey 2019*

One Example

ProTucket became the first insurer domiciled in Rhode Island to provide insurance run-off portfolio transfer solutions under Rhode Island's Voluntary Restructuring of Solvent Insurers Law. ProTucket in 2018 obtained $35 million needed to accept insurance portfolios for runoff, as parent Pro US Holdings received the cash infusion from Swiss Reinsurance Co. Ltd. to create its first protected cell.

ProTucket also is working on an IBT now, Katz added.

The Rhode Island law, like Oklahoma's, was based on Part VII of the U.K.'s Financial Services and Markets Act, Katz said.

Since then, at least 253 insurance business transfers have taken place in the U.K. without a single insolvency, he said.

The dearth of insolvencies is in part due to the in-depth review by regulators and the courts, and the independent actuarial analysis of the book of business to be transferred, said Fettman.

"The Part VII procedures," he said in an email, “We believe after these initial transactions there will be a lot more activity in this space. They’re waiting for all that regulatory infrastructure to come to fruition.”

Mory Katz
ProTucket Insurance Co.

“include safeguards for appropriate reserving (including independent expert reports), policyholder/insured notice, and regulatory and judicial involvement, which are similar to those found in the IBT process.”

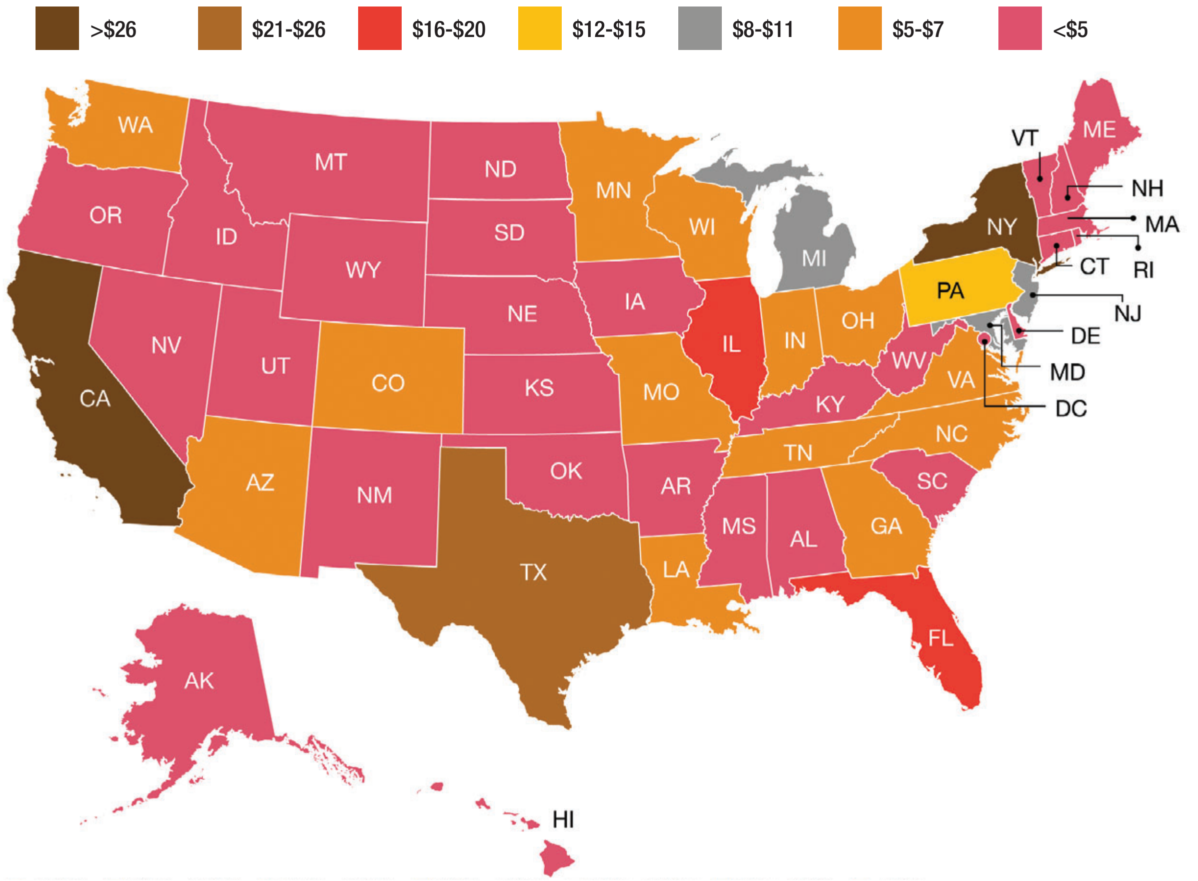
Many prominent insurer groups with extensive operations in the U.S., including the U.K. operations of The Hartford, AIG, Fairfax, St. Paul, Swiss Re, Zurich and Lloyd’s of London, have all engaged in Part VII transfers, and are familiar with the process, Fettman said.

Regulators also have had experience with them, since some of the Part VII transfers have involved books of business covering U.S. risks in surplus lines or reinsurance that have required review, he said.

Before the passage of IBT and insurer division statutes, Fettman said, one of the few avenues available to U.S. insurers to transfer insurance

Overview of U.S. Nonlife Run-Off Liabilities by State

(US$ Billions)



liabilities with legal finality for the transferor was through assumption reinsurance, which seeks to substitute a new insurer for the original one under a block of insurance policies.

State and common law generally require consent of the policyowner to release the ceding insurer from liability in an assumption reinsurance transaction, Fettman said.

Obtaining the consent of potentially thousands of policyowners is an expensive and time-consuming task and often one that does not result in obtaining the consent of all policyholders, he said.

Adding to the complexity of such transactions now in the U.S., are the different state insurance departments, which would weigh in during the process, said Robert Romano, a partner specializing in business transfers at Locke Lord in New York City. Some states whose approvals are not legally required may nevertheless want to independently review a transfer of their policyholders in a transfer approved by other states, he said.

"That's where the real rub comes in," Romano said. "This process, though subject to court approval and a hearing to entertain objections from all parties, including policyholders and regulators, is intended to bind all of these people wherever they may be despite the fact that they have not agreed."

Using a hypothetical example of an insurer in Florida wanting to transfer a block of business to a company in Rhode Island, Romano said the whole process of the IBT is meant "to provide comfort

$800 billion

Estimated nonlife run-off liabilities worldwide.

Source: PwC *Global Insurance Run-off Survey 2019* that … the Rhode Island process—its regulatory review, analysis, safeguards and court approval—will assure that the Rhode Island company has sufficient solvency to do business and assure that policyholders are not adversely affected.

"It's very complicated legally to do these things," he said. "That's why a court has to be involved."

To start, the transferee insurer has to be domiciled in a state that has adopted IBT law.

According to a paper on the process in Rhode Island ProTucket filed with the NAIC, the act requires that notice of the proposed transfer be provided to policyholders, contract parties and other interested parties, including insurance regulators and guaranty funds of other states that may have interests in the IBT.

It also requires extensive disclosure of financial information of the transferee insurer; an expert report that will evaluate the impact on transferring and nontransferring policyholders and contract parties; an independent evaluation by the Rhode Island Division of Insurance Regulation; and approval by the regulator overseeing the transferor, the paper said.

"Most importantly, there is complete judicial review of the IBT plan, and before the transaction will be approved, the transferee insurer must satisfy the [Rhode Island] court that the transfer does not materially adversely affect policyholders, reinsureds or claimants," it said.

Those who may be adversely affected can file an objection with the court, it said.

But in the end, the IBT process is designed to leave policyholders of the transferred business in the same or better shape than they were before the transfer, said Ridgeway's colleague at Odom & Sparks, John Sparks. Sparks agreed with Ridgeway that an IBT undergoes "an incredible amount of scrutiny."

Once approved, the transferee insurer is subject to the continuing authority of the division.

Differences in Laws

There are some differences between the Rhode Island and Oklahoma laws. Rhode Island's law, which was amended two years ago to make IBTs more attractive, is limited to transfers of run-off books of business for property and casualty, according to the NAIC. The Oklahoma Act applies to active and run-off books, and covers property/casualty, life, health and other "suitable" lines, it said.

"A ceding insurer transferring the liabilities to the assuming reinsurer is unlikely to have certainty that it will be able to achieve legal finality and terminate their exposure to future liability. As a consequence, capital is trapped and unable to be deployed for more beneficial purposes."

Robert Fettman
Debevoise & Plimpton

Rhode Island and Oklahoma's laws were the only state IBT laws in NAIC's 2019 analysis.

A company also can seek to separate off an old line of business using a state's division statute, which requires the same technical analysis of the impact on policyholders as in an IBT, but court approval is not required, he said.

It's the legal finality of the IBT that makes the extra effort worthwhile, said Sparks.

"If you're a company wishing to transfer business and redeploy your capital," he said, "the benefits of the finality of that justify the additional effort to make it happen." BR

Heading Off Track

A Pennsylvania long-term care insurer is the newest member of the cohort of insurers that have been ordered into rehabilitation over the years. Improved regulations and risk-based capital standards, however, are significantly slowing down that trend.

by Lori Chordas

Senior Health Insurance Company of Pennsylvania was once part of a growing cohort of U.S. long-term care insurers.

But by the middle of 2019, inaccurate actuarial assumptions and poor pricing on LTC products, lower-than-expected income on invested assets and unexpected changes in the market had taken a significant toll on the company and its bottom line, leaving it with fewer than 48,000 policyholders and a nearly $500 million surplus deficit, said Patrick Cantilo, the co-founder and managing partner of law firm Cantilo & Bennett.

In January, Pennsylvania officials ordered SHIP into rehabilitation—the first step to insolvency for some companies.

SHIP is not alone. Since 2018, a handful of other insurers have been handed a similar fate.

Last year the Superior Court of Wake County, North Carolina placed Colorado Bankers Life Insurance Co. in rehabilitation. This past March, private passenger auto insurer Windhaven National Insurance Co. was ordered into liquidation, just one month after being placed into rehabilitation by the Texas Department of Insurance.

Rehabilitation is used by state insurance regulators to deal with financially troubled companies. If the

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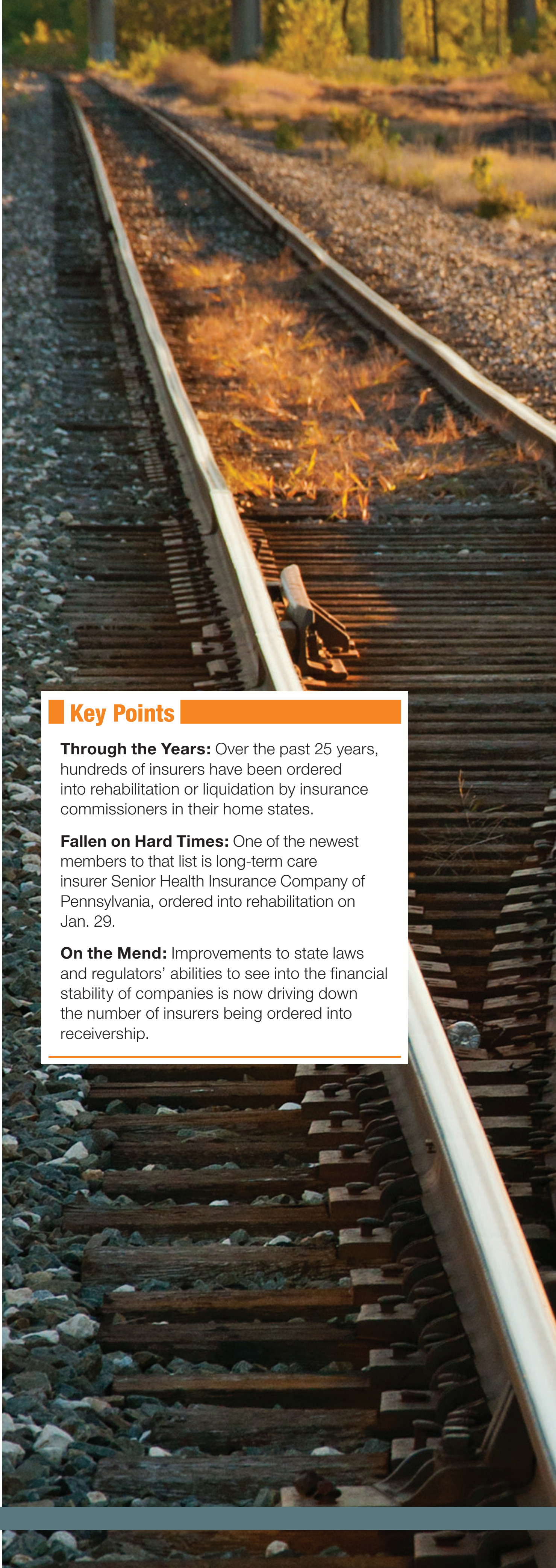


Key Points

Through the Years: Over the past 25 years, hundreds of insurers have been ordered into rehabilitation or liquidation by insurance commissioners in their home states.

Fallen on Hard Times: One of the newest members to that list is long-term care insurer Senior Health Insurance Company of Pennsylvania, ordered into rehabilitation on Jan. 29.

On the Mend: Improvements to state laws and regulators' abilities to see into the financial stability of companies is now driving down the number of insurers being ordered into receivership.

court approves, the court appoints the regulator as rehabilitator, said Joseph M. Belth, professor emeritus of insurance at Indiana University.

The objective, he said, is to preserve the company "to allow it to emerge from rehabilitation as a going concern. To meet that objective, the rehabilitator may modify the company's operations, sell the company in whole or in part, merge the company into another company, or change provisions of the company's policies. When rehabilitation fails, liquidation is a last resort. If the court approves, state guaranty associations become involved in an effort to minimize the losses to policyholders."

The rehabilitation of insurance companies has long grabbed national headlines.

During the 1990s in Florida, Hurricane Andrew, which in today's dollars generated nearly $29 billion in insurance claims payouts, led several of the state's insurers into rehabilitation before eventually forcing some to go belly-up, including Regency Insurance Co., Great Republic Insurance and Ocean Casualty Insurance.

For SHIP, the path to needing rehabilitation has been long and winding.

The company opened its doors in 1887 as the Home Beneficial Society, and in the mid-1990s was acquired by Conseco and renamed Conseco Senior Health Insurance Co. After years of financial ebbs and flows, Conseco's assets at the turn of the 21st century stood at $2.32 billion, according to AM Best.

Challenges with the LTC business led the company to stop selling new policies in 2003. It was spun off by Conseco and, in discussions with the Pennsylvania Department of Insurance, was transferred to newly-formed nonprofit Senior Health Care Oversight Trust to run off SHIP's remaining long-term care policies.

In 2008, SHIP began running off Conseco Senior Health's LTC business, which had been in runoff for five years before SHIP took over the business, Belth wrote in a Dec. 9, 2019 blog post.

Last summer SHIP, after filing an annual statement revealing the company to be insolvent, was given an opportunity to regain its financial footing in the market by filing a corrective plan with state regulators. But the company could not devise a plan to restore the insurer's risk-based capital above the required company action level, according to the state filing.

After years of financial struggles that finally came to a head, on Jan. 29 Commonwealth Court of Pennsylvania President Judge Mary Hannah Leavitt ordered SHIP into rehabilitation, appointing Pennsylvania Insurance Commissioner Jessica Altman as SHIP's rehabilitator and imposing an April 22 deadline to file a preliminary rehabilitation plan for the company.

In late March, Cantilo, the special deputy rehabilitator appointed by Altman to manage SHIP's rehabilitation, was busy crafting that plan. He said it will offer existing policyholders a series of options to pay more premium or reduce "underpriced" benefits, in an attempt to stave off liquidation.

Leveling Off

Since 1991, regulators around the country have ordered more than 80 life and health insurers doing business in multiple states into some form of receivership.

A number of property/casualty insurers, too, have fallen on hard times over the years, and between 1993 and 2017, 305 became insolvent, according to the National Conference of Insurance Guaranty Funds, a nonprofit, member-funded association that provides national assistance and support to state P/C guaranty funds.

Recently, however, the number of financially impaired insurers ordered into rehabilitation or liquidation has tapered off significantly across all lines.

"In fact, we're now only seeing about two to five a year," said NCIGF's chief executive officer, Roger Schmelzer.

Among the small cohort of insurers that succumbed to that fate in 2019 was Kansas-based medical professional liability insurer Physicians Standard Insurance Co., which was placed in rehabilitation in August under the supervision of the state's insurance department.

Also last year, the insurance commissioner for Puerto Rico announced in September the liquidation of Integrand Assurance Co. which had been hit hard by claims arising from Hurricane Maria and had been recently placed under regulatory supervision by the insurance department. In October 2019, Integrand Assurance announced plans to appeal the liquidation order.

Improved data and information gathering, which facilitates better pricing and reserve setting, has helped fuel a decrease in rehabilitations and

State regulators are doing "a tremendous job of supervising insurers, and they're working hard to attempt to turn them around if they get into financial trouble."

Peter Gallanis
National Organization of Life and Health Insurance Guaranty Associations

liquidations, Schmelzer said.

He also credits improved state regulation and risk-based capital standards with "refining regulators' ability to see into companies and make judgements about whether they can remain viable."

The good news, Schmelzer said, is that most insurers can.

But that hasn't always been the case.

Lessons Learned

The rehabilitation of SHIP is yet another black eye for the long-term care industry, which over the years has taken a hit due to low investment returns, higher-than-expected claims and poor pricing.

In 2017, the LTC market experienced one of the most significant insurer failures.

On March 1, 2017, Penn Treaty Network America and its subsidiary American Network Insurance Co. were ordered into liquidation by the Commonwealth Court of Pennsylvania after mispriced premiums, increasing life spans, low interest rates and an eight-year legal battle made it impossible for the company to keep its head above water.

Cantilo, who has worked on Penn Treaty's rehabilitation in addition to SHIP's, sees several similarities between the two LTC writers.

Along with comparable actuarial considerations, both carriers, he said, "have very similar policies, although the average age of Penn Treaty's policyholders is a bit younger—at around 80, compared to mid-to-late 80s for SHIP's policyholders."

Also, at the time of rehabilitation, both companies were saddled with a growing deficit and tumbling assets.

At year-end 2018, SHIP's total assets had fallen to $2.19 billion from more than $2.9 billion in 2014, according to AM Best.

By the time Penn Treaty moved from rehabilitation to liquidation, it had just $500 million in assets to cover long-term care claims projected at that time to be $4.6 billion, according to the Pennsylvania Insurance Department.

Poor pricing of policies, Cantilo added, also severely impacted the insurers' bottom lines, particularly for Penn Treaty, which had a reputation for aggressively pricing LTC products.

That's been a challenge for many LTC writers over the years.

When long-term care insurance burst onto the scene in the 1970s, little data was available to show how the liability would perform over time.

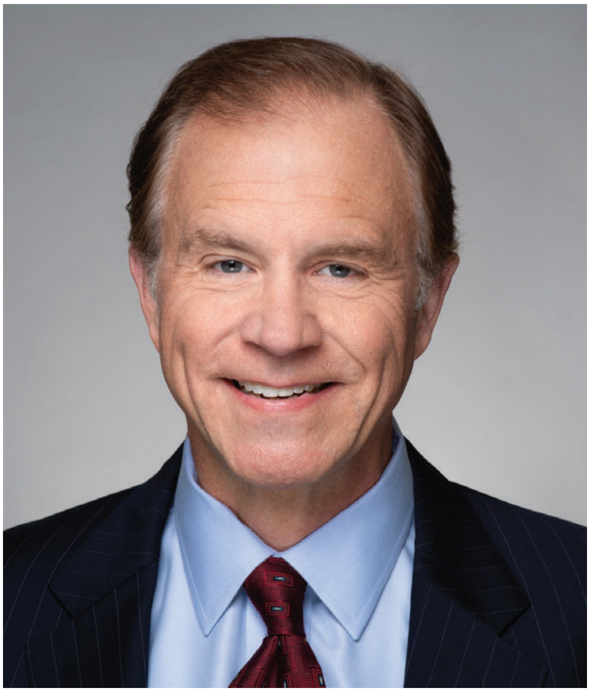
"Actuaries and insurance executives that designed the product established benefits and prices based on assumptions about policyholder behavior derived from other lines of insurance, such as life, health and disability," Cantilo said. "Fifty years later, we're seeing that wasn't an efficacious way of making assumptions because those liabilities behave very differently."

Assumptions about how often and how long LTC policyholders would go on claim and how much it would cost for those claims often were inaccurate.

"Only over time did we learn that policyholders hold onto LTC policies much more fiercely than other lines, and lapsation rates for LTC policies are much lower than for other areas," Cantilo said. "Those kinds of miscalculated assumptions can have a dire consequence on an insurer's financials, such as with Penn Treaty and what we're now seeing with SHIP."

Regulators and others in the industry are hoping to change that.

Last year, the National Association of Insurance Commissioners convened a Long-Term Care Insurance Task Force charged with developing a



Improved state regulation and risk-based capital standards are helping to drive the decline in the number of insurance company rehabilitations and liquidations, and "refining regulators' ability to see into companies and make judgements about whether they can remain viable."

Roger Schmelzer
National Conference of Insurance Guaranty Funds

consistent national approach for reviewing LTC insurance rates that result in actuarially appropriate increases being granted by the states in a timely manner, and eliminates cross-state rate subsidization.

The Road Ahead

While the number of insurance companies being placed into receivership has recently declined, there are some concerns that lower interest rates and unprecedented changes to the economy caused by the global outbreak of COVID-19 and other issues could again drive that trend upward.

But National Conference of Insurance Guaranty Funds' Schmelzer is hopeful that improved regulation, conservatively managed companies with high reserves and a well-capitalized insurance industry will help the industry weather those storms and keep insurers solvent.

The industry was put to the test during the 2008 global financial crisis.

However, "no nationally significant life or property/casualty insurer" became insolvent during that time, said Peter Gallanis, president of the National Organization of Life and Health Insurance Guaranty Associations, NCIGF's counterpart in the life/health sector.

Less fortunate, smaller insurers that succumbed to that fate during that time "had less than $1 billion in combined liabilities to policyholders, most of which was fully protected through the insurance receivership process and guaranty associations," Gallanis wrote in a chapter of the book, *Modernizing Insurance Regulation*.

Insurance guaranty associations are state-sanctioned organizations that protect policyholders and claimants after an insurer is placed into liquidation.

"Today state regulators are doing a tremendous job of supervising insurers, and they're working hard to attempt to turn them around if they get into financial trouble," Gallanis said.

Insurers, too, are doing their part through ongoing critical assessment of their own operational and financial risks, said Gallanis, who prior to joining NOLHGA was a special deputy insurance receiver for the state of Illinois, where he managed the administration of 80 insolvent domestic insurers across all lines.

SHIP is hopeful that it has the tools needed to regain the confidence of regulators and receivers.

However, some fear that may be a tall order for a company that ended 2018 with a net loss of $0.5 billion and total liabilities that exceeded total admitted assets by $0.44 billion, according to SHIP's financial statements.

But Cantilo remains optimistic.

Many of SHIP's policies provide very generous coverage that's not necessarily indispensable to policyholders, he said.

"If we can have them reduce their coverage to what they need and reduce liability substantially to get closer to what we can afford to pay over time, we're hoping we can avoid liquidation and continue providing meaningful coverage to the company's remaining 48,000 policyholders," Cantilo said. BR

A Promise Made

After Penn Treaty Network America was ordered into liquidation by the Commonwealth Court of Pennsylvania in 2017, solvent insurers, their owners and others were left to pick up the cost of claims for the company's 76,000 aging policyholders through state guaranty associations.

Since that time, the guaranty associations of the states where policyholders reside have paid more than $2.5 billion in claims to Penn Treaty policyholders, said Peter Gallanis, president of the National Organization of Life and Health Insurance Guaranty Associations.

NOLHGA, a voluntary association made up of life and health insurance guaranty associations of all 50 states and the District of Columbia, was founded in 1983 to help the associations coordinate their efforts to provide protection to policyholders impacted by life and health insurance company insolvencies.

Insurers are required to be a member of the insurance guaranty association in every state in which they sell policies to protect the interests of their insureds and beneficiaries if a company is placed in liquidation.

Guaranty funds were created in the late 1960s "as a promise kept on a promise made" to maintain an essential safety net for policyholders by covering the outstanding claims of insolvent insurers, said Roger Schmelzer, CEO of the National Conference of Insurance Guaranty Funds, NOLHGA's counterpart in the property/casualty market.

Guaranty fund payouts are set by the statutes establishing the guaranty association in a state and typically pay the amount of coverage stipulated by the policy or $300,000, whichever is less.

Since the 1980s, NOLHGA's life and health insurance guaranty associations have provided protection to more than 2.6 million policyholders, guaranteed more than $25.6 billion in coverage benefits and contributed nearly $8.97 billion toward the fulfillment of insurer promises.

In the property/casualty market, the guaranty fund system has paid out more than $30 billion on approximately 600 insolvencies since 1976, Schmelzer said.

Today, the overall assessment capacity of the P/C guaranty fund system, which renews annually, tops $8.8 billion, he said.

The overall assessment capacity for the life and health guaranty system, which also renews annually, is more than $13 billion, Gallanis said.

Guaranty associations in Texas and Florida are gearing up to soon begin paying claims of policyholders impacted by the recent liquidation of two P/C insurers in their states.

In March, private passenger auto insurer Windhaven National Insurance Co. was ordered into liquidation at the request of the Texas Department of Insurance, just two months after its parent Windhaven Insurance was liquidated by the Florida Department of Financial Services.

The Florida guaranty association will be hardest hit. Around the time of the order, Windhaven Insurance had 54,187 policies in force and 5,427 open claims, according to the Texas Department of Insurance.

In Texas, Windhaven National reported 6,066 policies in force and 548 open claims, as of Feb. 23, according to the state's insurance department.

The department has been appointed Windhaven National's liquidator, and Risk and Regulatory Consulting LLC is the special deputy receiver in charge of conducting the liquidation.

According to the order, Windhaven National failed to have admitted assets at least equal to all its liabilities together with the minimum surplus of $5 million required to be maintained.

Life and health insurance guaranty associations are once again standing at the ready, in the event their statutory obligations are triggered, to pay claims for another LTC insurer whose future hangs in the balance.

On Jan. 29, Senior Health Insurance Company of Pennsylvania was ordered into rehabilitation by the Commonwealth Court of Pennsylvania. Pennsylvania Insurance Commissioner Jessica Altman, SHIP's rehabilitator, and Patrick Cantilo, the special deputy rehabilitator in charge of managing the rehabilitation, had until April 22 to file a preliminary plan to rehabilitate the company.

However, if the plan fails and SHIP is eventually ordered into liquidation, "such an order of liquidation would trigger the statutory obligations" of guaranty associations in about 46 states to step in and pay the claims of the company's policyholders, Gallanis said.

Runoffs

Losing Weight

Closed-block policies make life insurers less agile and are costly to maintain. But there are ways to shed this unproductive line of business.

by Terrence Dopp

Life insurance is a long game. Think in terms of windows that can last decades. Even 50 years or more.

That long of a time frame can leave insurers with a problem that's part technology and part market forces: what to do with those policies that may be older or unprofitable? Vinod Kachroo, chief information officer at SE2, said consolidation in the industry has only accelerated the issue.

Welcome to closed-block life.

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

Key Points

Issue: Life insurance and annuities providers are grappling with blocks of policies that are no longer sold but still on their books.

Players: Firms are finding a niche in advising legacy carriers on solutions.

The Fix: Typically, insurers have turned to reinsurance, runoffs, "lift and shifts" or a combination to lower their costs.

"Most of these companies, particularly tier-one and tier-two companies, have grown through M&A. They've grown through acquisitions. So they have a big cobweb of legacy technologies and platforms which are somewhat loosely tied together and creating a very, very high level of complexity."

Vinod Kachroo
SE2

Closed blocks of life insurance are essentially a segregated group of policies and contract obligations as well as the assets that back them. The stack of policies is deemed "closed" because no business flows into it with the exception of renewal premiums, and it continues until the final policy of the bunch is no longer in force.

Kachroo and his firm help carriers deal with closed blocks of life and annuities policies, the policies that are still active though the carrier no longer sells that product. The company, which falls under the Eldridge Industries umbrella, has more than $100 billion in assets under management and has converted 2.5 million policies from legacy computer systems onto its digital platform since being founded in 2005.

"Most of these companies, particularly tier-one and tier-two companies, have grown through M&A. They've grown through acquisitions," he said.

"So they have a big cobweb of legacy technologies and platforms which are somewhat loosely tied together and creating a very, very high level of complexity. Complexity from a technology perspective and technology from a maintenance perspective; complexity from an operating model perspective. So it is a huge problem to solve and a fantastic opportunity," added Kachroo.

Kachroo speaks of the "conversion factory" that mixes technology, process and people with SE2's unique actuarial-led conversion methodology to enable the deals.

While he holds the firm's client list close to the vest, recent publicly announced deals have included one multiyear agreement announced in October 2019 with several insurance subsidiaries of Nassau Financial Group to convert and manage existing policies spread across multiple legacy systems onto its Aurum digital platform. In February, SE2 announced it was working with USAA Life Insurance Company to offer a new annuity product.

Closed blocks make up a big part of insurers' business. While current figures were not available, in its 2016 *Managing Life Insurance Closed Blocks* report, Celent found 85% of insurers polled had such business in their portfolio. One third of the respondents had over 1 million policies that were closed, while two-thirds had between 100,000 and 250,000. Annuity policy volumes were on average 100,000 to 250,000 for each insurer.

The majority of insurers said their closed blocks accounted for more than 50% of their premiums.

In the United States, the first wave of closed blocks resulted from insurance companies demutualizing in the late 1990s and early 2000s, according to the report.

Tom Scales, who heads up North American life and health insurance research at Celent, said he looks at this issue in terms of 150 years. Someone may well be still honoring a policy written 75 years ago. Likewise, policies written today could still be active 75 years from now.

In the intervening time, major tax changes radically alter the life insurance industry, as happened in the 1980s. Competition and investment strategies change the game. And as a result, carriers are often left holding policies that are no longer on the front burner but still need to be dealt with, he said.

"The systems they're running now could be 10, 20, 30, 40 or even 50 years old and that's not even that surprising. So they're really struggling with digital," Scales said. "It really all comes down to the length of time of a policy."

Stepping In

These chunks of business can be tough to administer and downright unprofitable.

As carriers deal with the weight of closed blocks, a number of smaller firms have sprung up offering them advice on strategies to deal with these policies that remain on the books even though the products have been discontinued. Strategies tend to center around three options: letting these legacy blocks run off; outsourcing them; or finding new ways to monetize the customers.

At Life.IO, a New Jersey-based sister firm of Kachroo's SE2 and part of Eldridge, Chief Executive Jon Cooper said closed-block solutions are a small but important part of their business. They often look beyond the "lift-and-shift" strategy that sees carriers transfer those policies to a third party, and recommend either monetization or a combination of the two.

Some closed blocks may remain unprofitable and can be shed, reinsured or put into runoff, Cooper said. In others he advises insurers on how to comb through the pile and discern those customers who may present an opportunity to sell newer products and bundle newer products on top of those life policies they already have.

"At the end of the day, it's expensive to acquire new customers and you have these hundreds of thousands or millions of existing customers," Cooper said. "The carriers haven't done much traditionally to build that brand affinity and that stickiness within their client base."

Making it more difficult, he said, life insurance was traditionally bought through advisers. As a result, some policyholders may know they hold a given product but aren't aware of which carrier they even use. As the advising industry has shifted to more of a transactional relationship that problem has grown, Cooper said.

"It's not one-size-fits-all," he said. "Every carrier's got a decidedly different play depending on what their customer base looks like; what products they have in their portfolio; and the age or demographics of their client base."

Kachroo said SE2 offers insurers a way to save as much as 40% on administering older policies.

"This is not an IT project. It is a major transformation and for you to create a new platform and then migrate to that platform is a huge investment of knowledge and people," he said. "Even if you have the dollars, it'll be hard for those companies to find the knowledge and the right people."

Scales, of Celent, said time is an issue in figuring out how to deal with these policies. Recently, a client estimated about 6% a year for attrition for its closed blocks. "If you just do the simple math, that's 16, 17 years to get those policies off the books even if you closed them and kept them in your shop," Scales said.

"The whole 'how do we reinvent our back office' conversation is second only to 'how can we change the way we do life insurance underwriting' in topics I talk about with insurers. Really, they're struggling with this. So it's a big deal." BR

"It's not one-size-fits-all. Every carrier's got a decidedly different play depending on what their customer base looks like; what products they have in their portfolio; and the age or demographics of their client base."

Jon Cooper
Life.IO


Minor adjustments
can have a
major impact

Follow the Leaders

Industry professionals share insights with AMBestTV on what professional skills are needed and how business cultures should evolve.

"The leadership has to be committed to the innovation, and then they have to adjust the culture.

The insurance industry is a very old industry, and what happens is there's a lot of times where everything's been done the same way and that's the way they do it and they're not looking to change.

Leadership may want to change, but they need to make sure they instill that, and that's why I mention the fact they have to have everybody looking out toward the same mission of what they're trying to do.

To get change into the organization and get people to feel that leadership has to push it. They have to accept the fact that failure is going to come, the old adage of fail fast and accept that.

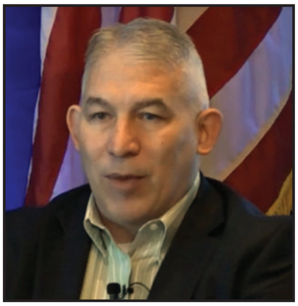
Leaders have to be open with their people and the communication is constant to get that change to move through. It's a difficult part of the communication and getting people to move in the same way is always a difficult piece."

Matthew C. Mosher
President & CEO
AM Best Rating Services

"I actually see when we evaluate people on behalf of our clients for C-suite, there's three different distinct areas you focus on—skills which are learned, attributes which are inherent, and an experience. It's like three legs of the stool. They're now becoming equal.

That's a great thing. That in itself is an opportunity for emerging leaders to take the next step and leap, if you will. Now people are starting to recognize it's not just about the experience and how many years. It's about the difference that you make. Adaptability and ability to demonstrate adaptability is incredibly important. Technology savviness. That doesn't mean just knowing how to use your CRM. It means being able to adapt to different types of technology and suggest different types of technology. Collaboration has been talked about throughout the [Emerging Leaders] conference. That's incredibly important."

Greg Jacobson
Co-Chief CEO
The Jacobson Group



"For me, it's being available. When you're in the office, have an open-door policy. Make time for that minute because it gives you an opportunity to deal with what concerns they may have. It also gives you the opportunity to get some feedback as well.

The other thing would be the old adage of walking around in management. Why walk around? Walk around and talk to people and then see what's going on in their lives that day. That's important for realizing that what they think, what they're feeling is important. As we work with younger professionals and as they develop, it's important to help them find what their passion is. What do they want to do? Because they come out of college, they think they might want to be in claims. They do that for a couple of years and maybe that's not what they want to do for the rest of their career. Allowing them to realize that there are other opportunities, and if the initial one's not the one they're passionate about, let's work on finding something else, too."

Mike Maurer
Divisional Director of Business Development
Accident Fund Insurance Company of America

Visit *www.ambest.tv* to watch the video interviews with these executives.

Feeling the Effect

Photo by Jonas Gustavsson/Sipa USA Sipa via AP Images

The possible impact COVID-19 will have on commercial property insurance lines remains uncertain, but it is likely many claims will be coming before the courts.

by Laura Foggan and Michael A. Sabino

Insurers and reinsurers are grappling with the implications of COVID-19 for underwriting losses in a wide range of coverage lines. Exposures are by no means limited to life and health coverage. Other lines of coverage also will be called upon to respond, including property/casualty insurance, directors and officers/management liability, workers' compensation/employers' liability, and specialty lines such as event cancellation, travel insurance, and more. The difficulty in assessing the likely impact of COVID-19 on the industry stems from at least two sources: remaining uncertainty in projecting the full impact of the disease itself, and unpredictability in forecasting how courts will handle policyholders' potentially innovative claims seeking recovery under commercial business lines of coverage.

Both public and private responses to the COVID-19 pandemic reflect efforts to reduce the severity of the virus' impact—on individuals and on the economy. Despite these efforts, businesses across the globe have already felt the effect of the virus. *The Wall Street Journal* has reported that the U.S. and Europe saw record declines in business activity in March, as economic activity slowed around the world as a result of measures aimed at containing the new coronavirus. As losses mount,

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Foggan


Sabino

SORRY, WE'RE CLOSED: U.S. commercial businesses, like those in New York's largely empty Times Square in March, are looking to their insurance policies to cover their losses from lack of customers due to the coronavirus lockdown.

Key Points

What Happened: The spread of COVID-19 is causing businesses to turn to their insurance policies to cover losses.

At Risk: Most lines are expecting claims including property/casualty insurance, directors and officers/management liability, workers' compensation/employers' liability, and specialty lines such as event cancellation, travel insurance and more.

Looking Ahead: It is essential that legislators—and the courts—recognize the limits of insurance in accordance with policy terms and exclusions.

pressures on insurers are growing. Regulators and legislators are asking questions about the extent to which insurers will cover losses related to COVID-19, and policyholders are pressing a variety of claims for coverage.

Emerging Pressures

On March 18 a bipartisan request from 18 members of Congress asked that insurers treat "financial loss due to COVID-19 as part of policyholders' business interruption coverage." The letter stressed: "as the international community works to mitigate the evolving threat of this virus, America's businesses are, understandably, concerned about the potential financial impact the continued global spread of COVID-19 may have on their operations."

The American Property Casualty Insurance Association, National Association of Mutual Insurance Companies, and other trade groups responded, emphasizing their "commitment to identifying and implementing solutions to the ongoing economic challenges caused by COVID-19 and to providing immediate liquidity and economic support to those in need." Yet the trade groups made clear that business interruption policies do not, and were not designed to, provide coverage against communicable diseases such as COVID-19. Their response also stated: "The U.S. insurance industry remains committed to our consumers and will ensure that prompt payments are made in instances where coverage exists."

This exchange reflects the real pressures being placed on insurers to find coverage where it may not exist, and to respond to the economic stresses with payouts, whether properly within the coverage of their policies–or not. The National Association of Insurance Commissioners has urged that "as Congress considers further legislative proposals to address the devastating impacts of COVID-19 pandemic, we would caution against and oppose proposals that would require insurers to retroactively pay unfunded COVID-19 business interruption claims that insurance policies do not currently cover." On a bright note, recognizing the difficulties of insuring against pandemic risk, Congress also has discussed proposed legislation that would provide a go-forward mechanism for a federal backstop for pandemic risk insurance. If enacted, it would create a reinsurance program similar to the Terrorism Risk Insurance Act for pandemics, by capping the total insurance losses that insurance companies would face.

Members of Congress are not the only ones exerting pressure on the industry. A number of state legislatures, including Massachusetts, New Jersey, New York, and Ohio, are considering bills [as of early April] that would mandate that insurers pay business interruption claims, regardless of any virus-related exclusion. Some of these proposals would be applicable only to insureds in the jurisdiction with 100 or fewer employees, and all propose some form of relief for paying insurers through assessments against all licensed insurers in the state. Each of these proposals would retroactively alter the terms of private insurance contracts, and if enacted would almost certainly draw challenges based on constitutional protections against such governmental actions. Supporters of the bills will point to the emergency proclamations regarding the COVID-19 pandemic to contend that these measures are justified, but there are substantial questions about their viability.

Legislative proposals—or, as discussed below, judicial holdings—providing for insurers to shoulder the losses of COVID-19 without regard to policy terms would be shortsighted, as well as unjust. Courts such as the United States Court of Appeals for the Fourth Circuit in *Pennsylvania National Mutual Casualty Insurance Co. v. Roberts*, have discussed the dangers of "holding an insurance company liable for risks for which it never contracted and for which it never received premiums."

They have recognized that, if an insurance company cannot limit its risk through policy definitions and terms, "it will be unable to determine the precise risks assumed under a contract, which in turn will prevent it from accurately pricing coverage."

"Not only will this hinder rational underwriting, but the higher premiums necessary to compensate for this rising uncertainty will be passed on to policyholders everywhere." Moreover, as the NAIC noted, "while the U.S. insurance sector remains strong, if insurance companies are required to cover such claims, such an action would create substantial solvency risks for the sector, significantly undermine the ability of insurers to pay other types of claims, and potentially exacerbate the negative financial and economic impacts the country already is experiencing."

COVID-19 Claims Under Commercial Business Policies

Beyond legislative action, insurers are beginning to see claims and litigation seeking insurance coverage for economic loss and liability resulting from COVID-19. Although initial assessments stated that property and business income coverage should not face excessive exposures, policyholder advocates have made clear they will challenge the assumptions that most such claims are not covered. Commercial policies offering business interruption or business income coverage are likely to be among those business lines at the forefront of insurance claims for COVID-19-based losses.

This is borne out by recently filed claims. For instance, restaurateur Cajun Conti LLC sued its insurer in Orleans Parish, Louisiana on March 16 in what is likely the first of many coverage disputes over business income losses under an "all-risk policy," which allegedly covers "direct physical loss unless the loss is specifically excluded or limited" without a virus exclusion.

Native American Chickasaw and Choctaw tribes have sued several insurers seeking coverage for financial losses sustained because their casinos and related hospitality operations cannot be used for their intended purpose because of civil emergency orders. More than a dozen Chicago-based owners and operators of restaurants and movie theaters have sued their insurer for allegedly giving short shrift to business interruption claims, and renowned restaurants The French Laundry and Bouchon Bistro brought suit to recover, among other things, losses sustained by restaurant operations following an ordered shutdown. These are just the beginning of a possible onslaught of claims.

Many other companies impacted financially by COVID-19 will look to their insurers to recover, asserting claims under property policies in hopes of recouping business losses arising from any closure of operations—seeking "business interruption (BI)," "contingent business interruption (CBI)," "civil authority" or similar coverage. Many of these claims will be excluded under the plain language of virus and contamination exclusions, which often form a part of commercial property policies. If policies do not reflect such exclusions, a key issue under widely used policy language for the viability of any COVID-19 claim for BI, CBI or civil authority coverage will be whether the policy trigger of physical damage can be met by a coronavirus claim and, if so, how. Most property policies that cover business income loss provide that, to be covered under any policy part, the loss must "be caused by direct physical loss of or damage to property at premises" described in the policy declarations.

Policyholder advocates will contend that "contamination" of a premises should qualify as direct physical loss of or damage to property. They will point to prior case law involving friable asbestos in buildings, smoke rendering a facility uninhabitable, and ammonia fumes, among other factual settings, in a search for authority to support their views. Yet even if contamination could qualify as direct physical loss, policyholders will likely be unable to prove, in nearly all instances, that their business premises was contaminated and business income loss was caused by an alleged contamination of the property.

In most cases, policyholders would need to claim that preventative action to avoid contamination can trigger the policy. Similar arguments will be made over business income loss from government shut-downs. There will be pressure to cover such claims as preventive measures, for instance. In the coming weeks and months, these issues will become the battleground in efforts to shoehorn business losses into widely issued commercial property forms.

D&O Coverage

COVID-19 also has prompted swift action by the plaintiffs' securities bar, with at least two COVID-19-based securities actions being filed by mid-March. A putative class action by investors against Norwegian Cruise Lines, filed in federal court in Florida, alleges the cruise line employed misleading sales tactics related to the outbreak that endangered the lives of customers and crew members and that, as a result, statements about the company's business and operations were materially false and misleading or lacked a reasonable basis.

In another D&O suit, pharmaceutical company Inovio Pharmaceuticals Inc. and its chief executive officer were targeted in federal court in Pennsylvania based on the CEO's statements about the company's development of a COVID-19 vaccine. The complaint asserts investor claims based on the allegation that misleading statements—later found to be false—had prompted a surge in the pharmaceutical company's share price, followed by a stock drop.

As more public companies make disclosures through SEC filings or public statements, more suits will follow. SEC Chair Jay Clayton recently acknowledged that the effects of COVID-19 "may be difficult to assess or predict with meaningful precision both generally and as an industry- or issuer-specific basis" and that "actual effects will depend on many factors beyond the control and knowledge of issuers." But he also warned that "how issuers plan for that uncertainty and how they choose to respond to events as they unfold can nevertheless be material to an investment decision."

Recent "event-driven" securities claims, where stock drops after a materially adverse event have prompted claims against a company for allegedly failing to adequately disclose the risk, are a model for potential claims by plaintiffs firms watching COVID-19 events.

Other D&O suits may allege specific management failures in relation to emerging standards of care and regulatory requirements. Some of these D&O claims may be covered, but one issue likely to arise is the effect of exclusions for bodily injury and property damage. While some exclusions simply provide that the insurer "will not cover claims for bodily injury," others are broader, barring coverage for "any claim arising from, related to, or in any way connected with, directly or indirectly bodily injury or property damage…." The application of these provisions could come into play, as will exclusions for virus and pollution.

Commercial General Liability Coverage

General liability insurers, particularly those who may insure the hospitality or public entertainment industries, also will face claims as a result of COVID-19 events. These may involve both premises/operations claims brought by infected individuals who allege an insured failed to exercise reasonable care in guarding against, or warning of, the risk of viral exposure to customers or invitees, and products claims based on the contention that a product failed to perform as promised, i.e., to safeguard someone from exposure to COVID-19.

Insurers for companies in the health care and pharmaceutical industry face exposure, as do insurers of the hospitality industry, transportation and retail sectors. But insurers of manufacturers and others are not immune from liability claims. The Insurance Information Institute has stated that liability is "among the largest insurance lines with the greatest potential exposure to COVID-19-related claims."

Already, two passengers have sued Princess Cruise Lines alleging passengers were unreasonably exposed to COVID-19 and left at risk of contracting the virus. They allege the company took a "lackadaisical approach" to customer safety, and failed to properly screen customers for the virus.

Their suit highlights the risk of liability exposure arising from failure to follow and communicate emerging standards of care under public health guidelines. More claims will follow, as individuals and businesses seek to shift the costs of bodily injuries and economic harm by making claims against others.

In advancing these claims, policyholder advocates will look to precedents such as cases finding coverage—despite pollution and mold/bacteria exclusions—for claims against a hotel related to a Legionnaire's disease outbreak. Claims also may involve allegations about the failure of protective equipment, or failure to provide masks, hand sanitizer, and lack of hand sanitation stations to prevent third-party harm.

Commercial general liability (CGL) policies often contain exclusions that should bar coverage for these claims. For instance, CGL policies generally bar coverage for claims arising from the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants, and define pollutants to include irritants or contaminants. But policyholders will contend that pollution exclusions address environmental cleanup issues, not indoor air quality, and this is an issue on which courts have divided. There are other exclusions for mold, bacteria and viruses, and many policies expressly exclude communicable or transmitted disease, although some offer sub-limited coverage.

The viability of claims under CGL policies will depend on their individual terms, the facts presented, and the forum in which they are litigated. If COVID-19-related claims are not excluded, these claims may pose future exposure to insurers under CGL policies as pressure grows to find relief for individual and businesses' economic and other losses.

Other Coverages

COVID-19 is predicted to substantially impact workers' compensation and employers' liability coverage. According to the III, this is particularly the case for insurers providing coverage to medical professions and first responders, as well as transportation and retail. Workers' compensation coverage varies across states, but one key point is that, for workers' compensation coverage to respond, the source of infection must be directly work-related. This will serve as a break on some potential claims. But new exposures may be presented from work-related injury to employees working from home in new telework arrangements.

Specialized coverages, such as event cancellation, travel insurance and trade disruption policies will also be implicated. Where communicable disease exclusions aren't in place, several disputes about the reach of event cancellation policies already have emerged, centering on voluntary decisions versus "inability" of the insured to commence or maintain the event. These claims may well enter on the timing of decisions in relation to government directives such as those limiting gathering sizes, restricting travel and directing individuals to shelter in place.

Finally, cyber-related events have surged, directed at individuals searching the internet for information about COVID-19 and at the new use of telework by hundreds of thousands of employees. The growth in telework, particularly by employees who may not have experience working remotely, translates to an increased vulnerability to cyberattack. Although cyber insurers will face more claims and greater exposures as a result of COVID-19, the heightened exposure is not expected to be on a scale that would create systemic concerns.

Looking Ahead

Commercial insurers are facing extraordinary pressures to respond to the devastating economic impacts of the COVID-19 pandemic. While shouldering losses to their investment portfolios, launching remote work plans, and taking necessary steps to protect their own workforce from unnecessary risk, insurers are moving forward to evaluate, investigate and pay covered claims, including claims arising from COVID-19.

The insurance mechanism is essential to society and it works well to spread risk associated with business and societal activities. But as the NAIC explained in its statement about Congressional action relating to COVID-19, insurance "is not typically well-suited for a global pandemic where virtually every policyholder suffers significant losses at the same time for an extended period." It is essential that legislators—and the courts—recognize the limits of insurance in accordance with policy terms and exclusions. BR

Look Before You

Data lakes are not a good fit for every insurer.

by Bill Jenkins

Insurance carriers can get quickly enamored with new technologies. In some instances, a CEO reads about the benefits of an emerging technology and wants the company to use it. This can result in the company's IT organization scrambling to adopt this technology to appease the CEO. As this scenario unfolds, other projects are dropped, delayed, reduced in scope or suffer inaction. This reaction does not allow the needed due diligence to implement this new technology, i.e., the ramifications to processes, technologies, human resources and organizational structure.

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This scenario is playing out in many organizations today as senior management examines their company's use of big data. To store unstructured data, many company executives believe they must create a data lake. This solution is intriguing to many CIOs because the organization can now (potentially) bypass the investment and implementation of the building blocks needed to manage and control the data being put into the company's data warehouse.

However, if unmanaged raw data is dumped into the data lake it can create a "data swamp." The lake becomes overwhelmed by data that is of poor quality, lacks proper synchronization and cannot be easily identified or located. Again, the company has wasted not only significant time and money but also the opportunity costs of dropping other needed projects.

What goes unrecognized by the company

is that data lakes also need to have similar data governance, data management and data quality processes and practices as a data warehouse.

The question then becomes whether an insurance carrier should invest in maturing their existing data warehouse or invest in developing and implementing a data lake.

Both data warehouses and data lakes are designed and meant to store large volumes of data. However, each serves a different purpose and requires different types of skills to be successfully used. The major similarities and differences between the two are explained below.

Data Warehouse

This concept became fashionable in the 1970s and 1980s. Data warehouses were populated with transactional/operational data to be used primarily for managers to view the financial and operational health of the organization. The warehouses contained the data used to report to regulatory and financial rating agencies, as well as to support "business intelligence" with "data marts" that are part of the overall data warehouse.

Data is generally based on pre-established management reporting requirements and is filtered, cleansed, structured and standardized prior to being placed into the warehouse. This upfront data preparation process—called "schema on write"—involves significant effort and investment. It ensures that this stored data is of high fidelity for regulatory reporting and possesses the reliability needed to manage the company.

Data Lake

The concept of a data lake was introduced about 10 years ago. It is a way to capture and store unstructured/raw data or big data. Such data can be used to obtain deeper insights into customers and products/services by gathering customers' sentiments, buying habits and lifestyles and aligning their needs to the organization's products and services.

Another driver for a data lake is the ability to include data from multiple sources so the company gets a complete picture of its operations while undertaking data exploration and discovery via advanced analytics.

The raw data can be captured with little upfront data preparation prior to it being stored. It is kept in raw form and transformed when it is to be used. This transformation process is known as "schema on read."

Areas of Commonality

Both data warehouses and data lakes have commonalities, including:

- The data extracted, positioned and used from each should address a specific business question or need and be driven by the organization's business and data strategy, thereby providing business value.
- Both can capture and store structured and unstructured data (although not a common function of the data warehouse).
- Both are business-driven, not IT-driven
- Both require that the data used be properly managed and structured. It should be noted that as data is loaded into the data lake there is the need to index and attach identifiers (metadata—the need to provide context to the data) to make sense of it, and to follow certain data quality processes. As data in the lake begins to be repetitive in structure and use, the modeling of this data should be undertaken to show the relationship between the captured data.
- Development and administration of both repositories should be overseen by an enterprise data governance process and committee.
- Both afford the user a data source from which to run analysis and make business decisions
- Both require that operational staff have the proper skill sets to manage, control and administer data.

Pros and Cons

Developing a list of each repository's pros and cons is a good place to begin one's analysis on the direction an organization might want to pursue in developing either a data warehouse or a data lake.

Pros of the Data Warehouse

- It is well-established and a proven solution using mature tool sets and technologies.
- The architecture is based on data models that provide metadata to enable understanding.
- Data is stored in accordance with data model design, using normalization for quality and traceability, and star or snowflake schema for data mart aggregation and analytics.
- Due to its structured schema on write, it traditionally delivers good performance.
- The data feeds numerous BI reporting applications and satisfies needed regulatory and financial rating reporting needs.
- It is well-suited for business users who need to work with pre-aggregated and pre-integrated information targeted for historical analytics applications.

Cons of the Data Warehouse

- Traditionally, storage costs are generally more expensive because a data lake is more likely to exist in a virtual or cloud storage environment.
- It is built more on specialized hardware which is generally more expensive and more difficult to scale for large data sets.
- The time needed to build out each business component in order for the business to receive value from the data can be quite lengthy.
- It is not designed for big data, thereby limiting its effectiveness and restricting the capture of certain types of data.
- Data is limited to descriptive or historic analytics.
- The data captured is for predefined purposes and is limited structurally.
- Given the data warehouse's highly structured architecture, adding new data is time consuming and complex, thus reducing its flexibility and agility.

Pros of the Data Lake

- It handles many types of data from social media, census and other public data related to insurance lines of business, thereby affording a higher benefit as it provides value to more users.
- Storage is generally commoditized, is built on less expensive hardware and generally exists in the cloud.

Data Lakes vs. Data Warehouses

Features	Data Lake	Data Warehouse
Data Structure	Raw: Structured and unstructured	Structured, pre-processed
Purpose of Data	Exploration	Company reports and analysis
Users	Highly skilled (data scientists)	Business professionals
Flexibility/Agility	Flexible and quick to update	Time-consuming and complex
Storage	Designed for low-cost storage	Expensive storage/fast process
Data Granularity	Low level of detail	Summary level
Tools	Can use open-source tools	Mostly commercial tools

- As more diverse data is input into the data lake, proper governance and quality processes and practices need to be used.
- All types of data can be loaded, which allows the data to be explored for new and unforeseen purposes that are targeted for supporting investigation into defined areas or niches.
- Data can be assessed for doing predictive models and prescriptive analytics.
- Experiments can result in the formation of artificial intelligence and machine learning.
- Data is only transformed when it is to be used, giving it agility and flexibility. There is the need to employ certain management, governance and quality processes into the overall process.
- Less expense and shorter start-up time is needed as the data structure and data requirements are not defined until the data is to be used.

Cons of the Data Lake

- Security and privacy processes and technologies are immature.
- Skill sets are lacking for this type of technology among current IT staffs.
- Data lake applications tend not to support partial or incremental loading.
- Changes will be needed in existing governance, management and strategies of data to properly manage the data lake.
- The captured data must be monitored to prevent it from becoming obsolete or unusable—i.e., a "swamp."
- It is difficult to build a business case for a data lake since much of the stored data is used for "discovery" and "what if" scenarios.

Which Works Better?

In deciding which data repository to pursue, a company should undertake a review of its data plans, processes, technologies, skill sets and organizational structure, as well as how data savvy the organization is overall.

It's hard to avoid the magnetic pull of new technologies. And there are certainly some benefits to using a data lake over a data warehouse (specifically in the area of analytics and business intelligence). However, due to the insurance industry's lack of effective data management, control and use of data, most carriers are not positioned to entertain data lake structures. In fact, very few carriers have incorporated big data into their decision-making or analytics efforts today.

A 2018 survey conducted by the data solutions firm Syncort found insurers were most concerned with improving their data governance and data quality processes (due primarily to regulatory challenges). These findings also suggested that before carriers embark on building a data lake, they become more proficient in the management and governance of their data, because as additional regulations concerning data management and data quality come into play, the pressure for carriers to address their practices will become more intense.

As carriers move along this data management curve, and as the tools and technologies used for data lakes mature, the company's data warehouse can become a resource for data lake exploration and implementation. The data lake should not be seen as a replacement for the data warehouse. A data lake, however, can become a powerful tool for business intelligence and analytics … the kinds of things that make insurers competitive in the marketplace. BR

When the Show Can't Go On

AM Best analysts discuss the ins and outs of event cancellation insurance, a part of the inland marine insurance line, with AMBestTV.

by John Weber

From conferences, to concerts, to the Olympic Games, cancellations and postponements have swept across the globe amid COVID-19 outbreaks. With this comes a renewed focus on event cancellation insurance.

Samiksha Gupta, an AM Best Rating Services financial analyst, and Sam Hanig, senior industry analyst, discussed a new AM Best Commentary, *Event Insurers May Have to Rethink Their Strategies*, with AMBestTV.

Following is an edited version of the transcript.

Who usually buys this type of insurance?

Hanig: First, let's make sure we understand the product. Event insurance is an insurance which helps provide for circumstances where an event needs to be canceled for unexpected reasons, and the insured incurs additional costs because of the cancellation.

These costs can include lost deposits, lost down payments. There might be costs associated with rescheduling the venue, and there might even be marketing costs associated with advertising the rescheduled event. These types of events where event insurance can be purchased are a pretty broad set of personal and commercial gatherings.

In terms of who are the customers, individuals are the customers, and businesses and organizations are the main customers of event insurance. Individuals might seek event insurance for weddings, birthdays, or graduation parties, while businesses and organizations might seek event insurance for events like conferences, conventions, concerts, sporting events, and a lot more.

In terms of covered perils, these are always going to be contract-specific, but in general, covered perils include events like snowstorms or unexpected floods, but it can also include perils like terrorism, war, a key speaker may be unable to attend, or the venue may become unavailable.

Do we have any idea of how much event cancellation premium is written annually?

Hanig: It's difficult to measure exactly industrywide event insurance premiums as they are not captured distinctly in our annual statements. Instead, they're grouped with other coverages as part of the inland marine line of business. While we might not have a sense for an exact annual premium volume, we do have some sense for how much a policy may cost.

We know small events at small venues can cost between $500 and $1,500 and can be written for about $0.90 for every $100 of limit purchase. Prices are always going to vary commensurate with risk. If an event covers multiple days, has a large number of guests, the prices are going to be a lot greater.

Prices also depend on coverage. If a coverage is offered for reduced attendance, includes liquor liability, or also includes marketing expenses for the event rescheduling, this will also bump up the price for the insured.

Prices are going to be dependent on covered versus excluded perils. An all-risk policy is going to be more expensive than a policy with many exclusions.

How is communicable disease treated on these policies, and do you expect that to change in the future?

Gupta: Event cancellation coverage is generally not an imperiled coverage, therefore, anything that is beyond the control of the insured is covered, unless specified otherwise.

Communicable diseases is usually an optional

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AMBestTV

Go to *bestreview.com* to watch the interview with Samiksha Gupta and Sam Hanig.

coverage, but in most cases of large events, it is bought by the insureds, and how pandemic diseases will be treated on the policies is generally dependent on the contract language and its interpretation.

Generally, a lot of the insurance carriers pay 70% to 80% of policy limits for a full cancellation, and about 20% to 50% of the limit for a rescheduled event.

This is because an event cancellation policy is written on a net ascertained loss basis, that is losses adjusted for recoveries and expenses not incurred. If an event is postponed, the primary loss is mostly the extra expenses incurred to postpone the event.

Of course, now we expect all of this to change, because insurer awareness of communicable diseases increased following the 2003 outbreak of SARS, after which insurance contracts began to list pandemic exclusions, with SARS specifically named as an exclusion.

With another outbreak and pandemic outbreak within a span of 20 years, a lot of the insurers are already looking at moving to a complete communicable disease exclusion going forward.

To what extent can losses on this line of business impact the carriers that write it?

Gupta: It's too early. It's too early for the market to assess the likely quantum of insurance losses from COVID-19, but early indications show that virus-related loss exposures from event cancellations should be manageable for insurers and reinsurers given the relatively small size of this line and the use of policy limits, sub-limits, and exclusions.

As opposed to some other impacted lines of business like business interruption, D&O, workers' comp, or losses on assets. For example, the world's biggest event this year was undoubtedly the Tokyo Olympics, with anticipated coverage of approximately $2 billion, but the postponement reduced the insurance exposure to much less than it would have been if the event were canceled.

Reinsurers including Swiss Re and Munich Re, which have greater market share of event management and cancellation covers are expected to be impacted more than others. BR

Best's Rankings

U.S. Property/Casualty – 2019 Financial Results

Top 25 Writers

Ranked by net premiums written as of Dec. 31, 2019.
($ Thousands)

Company or Group Name	Net Premiums Written	Admitted Assets	Policyholder Surplus	% CHANGE DPW	NPW	ADMT ASTS	PHS	DPW/ PHS	GPW/ PHS	NPW/ PHS	LIA/ PHS	NET LEV	A/DIV INC/ NPE	COMB 12 MOS 2019	12 MOS 2018
State Farm Group	$65,100,455	$209,659,340	$116,183,154	-0.4	-0.6	9.5	15.3	0.6	0.6	0.6	0.8	1.4	7.6	98.7	97.3
Berkshire Hathaway Ins	53,754,763	394,253,492	216,264,319	6.1	7.9	24.0	34.4	0.2	0.4	0.2	0.8	1.0	27.3	97.6	95.9
Progressive Ins Group	37,578,689	49,279,905	13,605,108	16.2	15.2	15.8	17.9	2.9	5.8	2.8	2.6	5.4	9.7	90.8	90.3
Allstate Ins Group	34,036,467	56,085,458	20,015,996	5.3	5.4	7.1	12.4	1.7	3.2	1.7	1.8	3.5	11.9	92.6	94.1
Liberty Mutual Ins Cos	32,268,379	86,761,352	20,556,456	2.9	1.4	4.9	3.8	1.7	4.3	1.6	3.2	4.8	4.4	103.8	99.4
Travelers Group	27,214,083	82,876,671	20,680,308	6.8	5.5	3.7	2.3	1.4	3.6	1.3	3.0	4.3	14.9	95.6	96.2
USAA Group	22,981,339	55,067,727	30,473,048	6.8	6.9	13.0	10.4	0.8	1.2	0.8	0.8	1.6	5.3	101.3	103.3
Chubb INA Group	18,122,447	71,228,889	17,552,920	6.3	-6.9	-0.6	-5.5	1.3	3.5	1.0	3.1	4.1	12.3	94.0	85.5
Nationwide Group	17,992,806	52,540,509	15,748,603	1.2	0.2	3.4	10.0	1.2	2.7	1.1	2.3	3.4	1.8	104.1	108.4
Amer Intl Group	14,818,252	66,467,060	17,430,661	-6.0	6.1	-6.1	0.0	0.7	2.6	0.9	2.8	3.7	8.9	108.8	124.0
Farmers Ins Group	14,493,557	30,383,997	6,214,689	1.6	3.3	-0.1	9.1	3.3	8.7	2.3	3.9	6.2	8.4	100.4	101.2
Hartford Ins Group	11,871,251	45,887,006	13,419,415	4.2	3.2	6.6	19.2	0.9	2.2	0.9	2.4	3.3	20.7	98.2	100.5
Amer Family Ins Group	11,841,650	23,881,484	7,007,190	3.5	4.3	4.8	-9.5	1.6	3.0	1.7	2.4	4.1	4.9	105.3	106.8
Auto-Owners Ins Group	8,585,830	23,883,306	12,396,486	7.6	7.4	7.6	7.3	0.7	0.8	0.7	0.9	1.6	15.8	96.7	96.6
Fairfax Financial (USA) Group	7,632,626	24,635,486	7,061,665	14.8	9.8	9.5	5.9	1.0	2.1	1.1	2.5	3.6	4.6	100.0	97.7
Erie Ins Group	7,478,390	20,080,247	9,482,892	5.1	5.5	9.9	10.3	0.8	1.1	0.8	1.1	1.9	3.2	105.0	103.1
CNA Ins Cos	6,953,530	44,070,099	10,774,251	3.6	5.9	1.1	3.7	1.0	1.4	0.6	3.1	3.7	19.6	109.5	110.2
Munich-Amer Hldg Corp Cos	6,639,450	22,789,653	5,002,746	0.2	-2.0	3.3	0.0	0.5	2.0	1.3	3.6	4.9	1.0	107.4	108.0
Tokio Marine US PC Group	6,612,944	27,705,104	8,346,111	3.3	5.5	7.0	3.8	0.9	1.1	0.8	2.3	3.1	13.3	101.0	96.7
W. R. Berkley Ins Group	6,131,338	21,519,889	6,010,268	6.6	7.1	6.6	7.5	1.1	2.2	1.0	2.6	3.6	11.3	93.8	93.6
Everest Re US Group	5,797,634	13,578,094	3,739,140	22.0	14.8	7.4	2.4	0.7	2.5	1.6	2.6	4.2	6.7	98.2	128.2
Cincinnati Ins Cos	5,379,896	14,935,214	5,619,676	5.8	6.9	9.4	14.2	0.9	1.1	1.0	1.7	2.7	12.3	93.4	96.0
Alleghany Corp Group	5,344,634	19,903,402	6,959,531	17.2	14.5	4.3	7.3	0.3	1.1	0.8	1.9	2.7	13.5	99.8	104.3
Great Amer P & C Ins Grp	4,689,656	13,595,745	3,341,408	6.4	7.9	7.9	16.2	1.9	3.0	1.4	3.1	4.5	12.4	92.8	91.8
The Hanover Ins Grp Prop & Cas Cos	4,580,867	9,555,647	2,484,028	5.3	4.2	5.9	14.4	2.0	3.4	1.8	2.8	4.6	10.3	95.9	96.2
Top 25 Writers	**$437,900,932**	**$1,480,624,773**	**$596,370,068**	**4.8**	**4.6**	**9.9**	**17.0**	**0.7**	**1.5**	**0.7**	**1.5**	**2.2**	**11.3**	**98.5**	**98.9**
Top 100 Writers	**$572,105,884**	**$1,939,800,658**	**$755,496,361**	**5.0**	**3.6**	**9.2**	**15.2**	**0.8**	**1.5**	**0.8**	**1.6**	**2.4**	**11.2**	**98.6**	**99.3**
Total U.S. PC Industry	**$637,082,152**	**$2,197,061,840**	**$864,863,227**	**5.2**	**3.6**	**8.9**	**14.1**	**0.8**	**1.5**	**0.7**	**1.5**	**2.2**	**11.0**	**98.9**	**99.2**

Source: AM Best

U.S. Life/Health – 2019 Financial Results

Top 25 U.S. Life/Health Groups

Ranked by admitted assets as of Dec. 31, 2019.
($ Thousands)

Company or Group Name	Admitted Assets	12-Month % Chg	Separate Account Assets	Net Premiums Written	12-Month % Chg	After-Tax Net Oper Gain	Realized Gains/ Losses	C&S + AVR	12-Month % Chg	Adj C&S/ Adj Liab (%)
Prudential of America Group	$634,495,223	9.8	$430,159,456	$42,529,774	-0.4	$551,396	-$2,526,287	$19,867,904	-0.9	10.7
Metropolitan Life & Affiliated Cos	427,561,094	4.4	141,525,548	31,474,621	-10.4	5,862,074	-621,363	21,033,586	2.6	7.9
New York Life Group	344,669,365	6.1	56,145,036	29,241,712	-0.3	1,151,915	-138,164	26,965,064	8.7	10.3
TIAA Group*	328,222,663	3.9	47,849,509	15,534,431	-1.2	1,741,364	-331,243	45,247,775	4.2	19.2
AIG Life & Retirement Group	308,074,515	8.6	100,350,827	21,107,351	348.8	362,786	-37,216	12,265,203	2.5	6.3
Northwestern Mutual Group	290,428,110	6.7	34,832,186	18,796,809	5.5	572,426	702,099	30,419,312	13.8	13.5
Lincoln Finl Group	286,375,316	11.9	159,593,422	26,412,460	118.9	498,129	-20,950	9,063,216	3.3	7.7
Massachusetts Mutual Life Group	279,977,588	9.9	76,658,810	23,067,480	-0.7	598,174	-44,566	23,676,039	24.5	13.2
John Hancock Life Insurance Group	274,504,157	10.9	159,304,960	16,146,059	113.6	890,753	120,315	11,696,657	4.4	11.3
AXA Equitable Group	221,871,807	13.9	150,825,733	15,053,172	13.3	2,587,118	1,229,649	9,122,010	10.1	14.6
Aegon USA Group	214,490,623	10.6	135,753,011	21,668,460	5.3	3,769,242	486,850	11,159,978	8.1	16.5
Principal Finl Group Inc.	210,161,368	13.6	128,469,662	10,407,113	7.3	1,058,737	-71,145	6,379,714	0.1	8.5
Nationwide Mutual Life Group	195,158,238	14.5	114,785,770	17,975,535	3.6	313,943	-295,708	9,568,889	28.9	13.5
Brighthouse Ins Group	194,644,731	8.6	121,815,987	7,109,406	5.8	1,956,750	-960,341	9,689,178	31.8	15.3
Allianz Life Ins Group	162,158,730	11.7	37,869,903	13,180,049	7.8	-482,733	982,731	8,853,702	20.6	7.7
Pacific Life Group	152,901,693	12.8	60,191,610	14,007,173	9.4	912,468	836,179	11,256,178	5.6	13.8
Talcott Resolution Group	122,028,824	3.5	104,397,772	114,177	101.6	691,735	-95,990	3,476,184	-12.0	24.6
Ameriprise Finl Group	113,548,994	9.1	82,580,858	3,642,296	-35.1	1,458,837	-798,470	2,892,279	-13.4	10.3
Sammons Enterprises Group	103,946,100	4.7	7,512,416	6,690,906	-5.1	548,654	-57,440	6,935,613	7.7	7.7
Thrivent Finl for Lutherans	102,221,368	12.9	34,481,927	4,966,576	-0.3	965,916	23,716	11,900,698	13.4	21.3
Athene Life Group	97,878,459	16.8	10,193,687	3,070,287	-47.4	244,013	-51,031	2,768,066	13.1	3.2
Protective Life Group	87,418,733	17.8	15,008,494	24,895,770	55.7	-309,646	-267,424	5,315,764	14.5	7.9
State Farm Life Group	81,833,204	4.9	1,482,338	5,540,428	3.3	671,976	1,206	14,960,968	12.5	22.9
Guardian Life Group	80,162,193	6.1	9,580,510	9,286,067	-13.0	861,357	-269,893	8,761,402	8.0	14.2
Global Atlantic Group	69,866,098	16.3	5,516,667	6,991,151	6.8	416,788	-216,854	3,341,810	6.6	5.5
Top 25	**$5,384,599,194**	**9.2**	**$2,226,886,099**	**$388,909,262**	**20.5**	**$27,894,173**	**-$2,421,338**	**$326,617,189**	**8.8**	**11.5**
Top 100	**$6,946,705,966**	**8.4**	**$2,516,654,896**	**$621,369,221**	**14.3**	**$44,048,141**	**-$1,358,257**	**$473,355,270**	**8.9**	**12.0**
Total U.S. Life/Health Industry	**$7,066,857,412**	**8.4**	**$2,519,710,342**	**$645,151,189**	**14.1**	**$45,452,368**	**-$1,255,141**	**$494,362,044**	**8.8**	**12.2**

* TIAA's assets are significantly understated. Most of its separate account assets are in its affiliate, CREF.
Source: AM Best

Best's Analysis

Best's Research

AM Best is continuously analyzing the impact of COVID-19 on the global insurance industry, by both geography and line of business. While the global reinsurance outlook remains stable, outlooks for many countries and lines have turned negative as a result of the pandemic.

A selection of recent industry research:

Market Segment Report: United Kingdom Life
The financial markets have responded quickly to the outbreak of COVID-19.

April 3, 2020 - 7 Pages

Market Segment Report: US Life
Strong capital and liquidity, improved risk management may help life/annuity insurers survive COVID-19 challenges.

April 3, 2020 - 3 Pages

Market Segment Report: US Health
Outlook for health segment remains Stable despite wide impact of COVID-19.

April 3, 2020 - 5 Pages

Market Segment Report: US Annuity
US annuity outlook turns Negative as sudden financial market woes pressure writers.

April 3, 2020 - 3 Pages

Market Segment Report: Italy Life
Earnings will be affected by volatility in financial markets and the potential for further asset devaluations.

April 3, 2020 - 6 Pages

Market Segment Report: Global Reinsurance
Our outlook for the global reinsurance industry remains at Stable, owing to a favorable pricing environment for non-life reinsurance and a stable global market environment for life reinsurance.

April 3, 2020 - 6 Pages

Market Segment Report: Global Non-Life Reinsurance
Our outlook for the global non-life reinsurance industry remains at Stable, owing to a favorable pricing environment, among other factors.

April 3, 2020 - 4 Pages

Market Segment Report: Global Life Reinsurance
Our outlook for the global life reinsurance industry remains at Stable, owing to strong capitalization and other factors.

April 3, 2020 - 4 Pages

Market Segment Report: France Life
The COVID-19 outbreak may slow insurers' ability to transform their business mix, at least in the medium term.

April 3, 2020 - 7 Pages

Market Segment Report: Canada Property/Casualty
We are maintaining a Stable outlook based on the segment's solid risk-adjusted capital and increasingly sophisticated underwriting and distribution capabilities and ERM practices.

April 2, 2020 - 3 Pages

Market Segment Report: Canada Life/Annuity
We have revised our outlook to Negative—segment balance sheets are strong, but near-term operating performance will be hurt owing to COVID-19 and the disruption to the markets.

April 2, 2020 - 3 Pages

Commentary: Global Reinsurers Resilient in Face of Adversity
The global reinsurers are well-capitalized and should be able to withstand temporary setbacks owing to COVID-19.

April 2, 2020 - 3 Pages

Commentary: Best's Credit Ratings, Sovereign Credit Risk, and Country Risk FAQs
We provide responses to questions on how we handle sovereign credit issues and the application of country risk in our ratings process.

March 31, 2020- 3 Pages

Market Segment Report: Mexico Insurance
Outlook for Mexico's insurance market moves from Stable to Negative as a result of the COVID-19 pandemic's economic effects.

March 27, 2020 - 3 Pages

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

The Changing Impact Of COVID-19; Virtual Claims Handling May Be New Normal

AM Best analysts discuss the impact of the coronavirus on the U.S. insurance sector and the outlook for global reinsurance in an AM Best webinar. Also, the insurtech movement is uncovering new pathways for insurers.

On Demand

COVID-19 Implications for US Insurance And Reinsurance Markets

AM Best analysts review the changing impact of COVID-19 on AM Best's U.S. insurance sector and global reinsurance outlooks, as well as discuss additional rating considerations.

Speaking Up on Silent Cyber

Insurers have responded to cyberrisk with new products and services, but cyber exposures affect many areas. A panel examines how cyber claims are evolving, where coverage areas are shifting and the emerging areas of liability exposure.

AM Best's Outlook on Mexico's Insurance and Surety Markets

AM Best Latin America shares its assessment on key areas of concern regarding the impact of COVID-19 on the insurance industry in Mexico.

Digital Intelligence in Underwriting

A panel of life insurance underwriting experts examine the evolving capabilities of artificial intelligence, machine learning and how they are helping underwriting professionals assess risk with greater speed and accuracy, drawing on a wider range of data and tools.

Streaming Live

The Time for Virtual Claims Handling?

Social distancing has forced many carriers to accelerate virtual claims handling. How do claims departments utilize data and analytics to improve the transition?

Tuesday, May 26, 2 p.m. ET

The Perils and Promise of Insurtech

A panel of insurance technology experts will examine how insurers are learning and profiting from the new wave of entrants into the insurance technosphere.

Wednesday, May 27, 2 p.m. ET

Webinar Highlights

Innovative, Compliant Predictive Models

A panel discussion reviews predictive modeling and compliance implications. Panelists discuss how regulatory changes can be an opportunity for innovation.

View These and Other AM Best Webinars

- State of the Directors & Officers Insurance Sector
- Current Trends in the ILS Market

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

AMBestTV

COVID-19 Turmoil Is Taking a Toll

AMBestTV and AMBestRadio report on the insurance implications of the COVID-19 pandemic and the resulting economic turmoil.

On Demand

AIR's Stransky: Hackers Leverage Coronavirus Concern To Promote Cyberattacks

Scott Stransky, vice president of emerging risk modeling, AIR Worldwide, said worries over COVID-19, combined with more people working outside of offices, are creating opportunities for phishing and other cyber exposures.

Scott Stransky

Novarica SVP: COVID-19 Could Put Pressure On Workers' Comp, Life Insurers

The quickly spreading COVID-19 virus could spike workers' compensation and life insurance claims, said Mitch Wein, senior vice president, consulting and research, Novarica.

Mitch Wein

AM Best: US Health Insurers Adjust to COVID-19 Spread

Health insurers are bracing for increased frequency and severity of claims due to COVID-19, said Sally Rosen, senior director with AM Best Rating Services.

Sally Rosen

Visit *www.ambest.com/video* to see new and archived video from AMBestTV.

AM Best: Response to COVID-19 Crisis Will Involve Range of Initiatives

James Gillard, executive vice president and chief operating officer, and Stefan Holzberger, chief rating officer, both of AM Best Rating Services, said the organization is taking steps to examine and monitor all facets of the insurance industry in light of the coronavirus outbreak, including stress testing, gathering data from rated companies, issuing additional research and more.

Stefan Holzberger and James Gillard

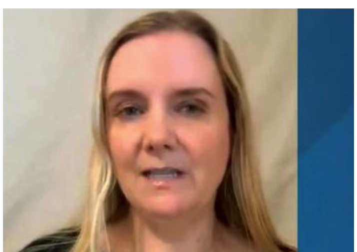
AM Best: Market Segment Outlook For US Life/Annuity Revised to Negative

Kenneth Johnson, senior director, AM Best Rating Services, said the change to a negative outlook is based on the impact of the COVID-19 outbreak, slowing economic conditions and record-low interest rates.

Kenneth Johnson

AM Best: Recession Length Depends on COVID-19 Path

Ann Modica, economist, AM Best Rating Services, says "We basically need to cause a recession in order to curtail the spread of the disease."



Ann Modica

Looking at Risk, Suggestions for Agents

Industry experts talk with AMBestAudio about contingency plans and communication during the coronavirus pandemic.

FM Global Chief Underwriter: Coverage of the Coronavirus Is a Risk Management 'Dilemma'

While the COVID-19 outbreak isn't likely to trigger most commercial property policies, it is forcing risk managers to review contingency plans, said Jeff Beauman, vice president and chief underwriter of FM Global.

Communicating to Agents Amid COVID-19 Misinformation

Jennifer Torneden, senior vice president and head of distribution, Aon Affinity, explains the need for insurers to communicate to agents what they should be discussing with clients during the coronavirus outbreak.

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BEST'S REVIEW®

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Best's Credit Rating Actions

This edition lists all Credit Rating actions that occurred between March 1 and March 31, 2020. For the Credit Rating of any company rated by AM Best and basic company information, visit the AM Best website at *www.ambest.com/ratings/access.html* or download the ratings app at *www.ambest.com/sales/ambmobileapp*.

Operating Companies

Rating Action	Business Type	Company Name/ *Ultimate Parent*	AMB#	Current FSR ICR	Current Outlook/ Implications	Previous FSR ICR	Previous Outlook/ Implications	Domicile
U.S., CANADA AND BERMUDA LIFE/HEALTH								
—	L	Brooke Life Insurance Company *Prudential plc*	068117	A a+	Stable Negative	A+ aa-	Stable Stable	Michigan
⚑	H	ConnectiCare, Inc. *EmblemHealth, Inc.*	068517	C+ u b- u	Negative Negative	C+ b-	Negative Negative	Connecticut
⊕	L	Crown Global Insurance Company of Amer *Crown Global Ins Group LLC*	061740	A- a-	Stable Stable	B++ bbb+	Positive Positive	Delaware
⊕	L	Crown Global Life Ins (Bermuda) Limited *Crown Global Ins Group LLC*	073497	A- a-	Stable Stable	B++ bbb+	Positive Positive	Bermuda
⊕	L	Crown Global Life Insurance Limited *Crown Global Ins Group LLC*	072100	A- a-	Stable Stable	B++ bbb+	Positive Positive	Bermuda
⚑	H	Group Health Incorporated *EmblemHealth, Inc.*	064601	C+ u b- u	Negative Negative	C+ b-	Negative Negative	New York
⚑	H	Health Ins Plan of Greater New York *EmblemHealth, Inc.*	068985	C+ u b- u	Negative Negative	C+ b-	Negative Negative	New York
⚑	H	HIP Insurance Company of New York *EmblemHealth, Inc.*	008034	C+ u b- u	Negative Negative	C+ b-	Negative Negative	New York
—	L	Jackson National Life Insurance Co of NY *Prudential plc*	060216	A a+	Stable Negative	A+ aa-	Stable Stable	New York
—	L	Jackson National Life Insurance Company *Prudential plc*	006596	A a+	Stable Negative	A+ aa-	Stable Stable	Michigan
⊕	L	Lincoln Life Assurance Company of Boston *Lincoln National Corporation*	006627	A+ aa-	Stable Stable	A a+	Stable Stable	New Hampshire
⚑	L	PartnerRe Life Reinsurance Co of America *EXOR N.V.*	061745	A+ u aa- u	Developing Developing	A+ aa-	Stable Stable	Arkansas
⚑	L	PartnerRe Life Reinsurance Co of CA *EXOR N.V.*	066889	A+ u aa- u	Developing Developing	A+ aa-	Stable Stable	Ontario
U.S., CANADA AND BERMUDA PROPERTY/CASUALTY								
⇅	P	American Capital Assurance Corp *AmCap Holdings, LLC*	013307	A- a-	Negative Negative	A- a-	Stable Stable	Florida
⚑	P	American Hallmark Insurance Co of TX *Hallmark Financial Services, Inc.*	001728	A- u a- u	Negative Negative	A- a-	Stable Stable	Texas
New	P	AMERIND Risk Management Corporation	020751	A- a-	Stable Stable			New Mexico
⇅	P	Bear River Mutual Insurance Company	000209	A- a-	Stable Stable	A- a-	Negative Negative	Utah
⇅	T	Connecticut Attorneys Title Insurance Co *CATIC Financial, Inc.*	010038	B++ bbb	Negative Negative	B++ bbb	Stable Stable	Vermont
⊕	P	Countryway Insurance Company *Virginia Farm Bureau Mutual Insurance Co*	003206	A a	Stable Stable	A- a-	Positive Positive	New York
⊕	P	Dealers Assurance Company *iA Financial Corporation Inc.*	001791	A a	Stable Stable	A- a-	Positive Positive	Ohio

Rating Action: (⊕) Upgrade; (—) Downgrade; (New) Initial Rating; (⚑) Under Review; (⇅) Change in Outlook; ( ) Rating Withdrawal; ( ) Rating Affirmation.
Outlook: Positive, Negative, Stable. **Implications:** Positive, Negative, Developing. **Business Type: P** = Property/Casualty (Non-Life); **L** = Life; **H** = Health; **T** = Title; **C** = Composite.

Rating Action	Business Type	Company Name/ *Ultimate Parent*	AMB#	Current FSR ICR	Current Outlook/ Implications	Previous FSR ICR	Previous Outlook/ Implications	Domicile
U.S., CANADA AND BERMUDA PROPERTY/CASUALTY (CONTINUED)								
☑	P	Echelon Insurance *CAA Club Group*	087031	B++ bbb+	Stable Negative	B++ u bbb+ u	Developing Developing	Ontario
—	P	Echelon Prop & Cas Insurance Company *Lockhart Companies, Inc.*	012679	B- u bb- u	Negative Negative	B bb	Stable Stable	Illinois
⇅	P	Farmers Fire Insurance Company	003059	B++ bbb	Stable Positive	B++ bbb	Stable Stable	Pennsylvania
—	P	Germantown Insurance Company *Phila Contributionship Mutual Holding Co*	000413	A- a-	Negative Negative	A a	Negative Negative	Pennsylvania
—	P	Guardian Insurance Company, Inc. *Lockhart Companies, Inc.*	011328	B++ u bbb u	Negative Negative	B++ bbb+	Stable Negative	U.S. Virgin Islands
⚑	P	Hallmark County Mutual Insurance Company *Hallmark Financial Services, Inc.*	010445	A- u a- u	Negative Negative	A- a-	Stable Stable	Texas
⚑	P	Hallmark Insurance Company *Hallmark Financial Services, Inc.*	010612	A- u a- u	Negative Negative	A- a-	Stable Stable	Arizona
⚑	P	Hallmark National Insurance Company *Hallmark Financial Services, Inc.*	014154	A- u a- u	Negative Negative	A- a-	Stable Stable	Arizona
⚑	P	Hallmark Specialty Insurance Company *Hallmark Financial Services, Inc.*	010838	A- u a- u	Negative Negative	A- a-	Stable Stable	Oklahoma
⇅	P	McMillan-Warner Mutual Insurance Company	012380	B++ bbb	Negative Negative	B++ bbb	Stable Stable	Wisconsin
New	P	Mobilitas Insurance Company of Arizona *CSAA Insurance Exchange*	020790	A a+	Stable Stable	NR nr		Arizona
New	P	Obsidian Insurance Company *Obsidian Insurance Holdings, Inc.*	020624	A- a-	Stable Stable			Ohio
⚑	C	Partner Reinsurance Company Ltd *EXOR N.V.*	084424	A+ u aa- u	Developing Developing	A+ aa-	Stable Stable	Bermuda
⚑	P	Partner Reinsurance Company of the U.S. *EXOR N.V.*	002671	A+ u aa- u	Developing Developing	A+ aa-	Stable Stable	New York
⚑	P	PartnerRe America Insurance Company *EXOR N.V.*	012329	A+ u aa- u	Developing Developing	A+ aa-	Stable Stable	Delaware
—	P	Philadelphia Contributionship *Phila Contributionship Mutual Holding Co*	003112	A- a-	Negative Negative	A a	Negative Negative	Pennsylvania
—	P	Philadelphia Contributionship Ins Co *Phila Contributionship Mutual Holding Co*	003111	A- a-	Negative Negative	A a	Negative Negative	Pennsylvania
—	P	Providence Mutual Fire Insurance Company	000787	B++ bbb+	Stable Stable	A- a-	Negative Negative	Rhode Island
New	P	SFM Mutual Insurance Company *SFM Mutual Insurance Company*	001929	A- a-	Stable Stable	NR nr		Minnesota
New	P	SFM Safe Insurance Company *SFM Mutual Insurance Company*	022387	A- a-	Stable Stable	NR nr		Minnesota
New	P	SFM Select Insurance Company *SFM Mutual Insurance Company*	011304	A- a-	Stable Stable	NR nr		Minnesota
—	P	Sirius America Insurance Company *China Minsheng Investment Group Corp Ltd*	002642	A- u a- u	Negative Negative	A a	Negative Negative	New York
—	C	Sirius Bermuda Ins Co Ltd *China Minsheng Investment Group Corp Ltd*	051994	A- u a- u	Negative Negative	A a	Negative Negative	Bermuda
⊕	P	Virginia Farm Bureau Mutual Insurance Co *Virginia Farm Bureau Mutual Insurance Co*	002549	A a	Stable Stable	A- a-	Positive Positive	Virginia

Rating Action: (⊕) Upgrade; (—) Downgrade; (New) Initial Rating; (⚑) Under Review; (⇅) Change in Outlook; (⇥) Rating Withdrawal; (☑) Rating Affirmation.
Outlook: Positive, Negative, Stable. **Implications:** Positive, Negative, Developing. **Business Type:** **P** = Property/Casualty (Non-Life); **L** = Life; **H** = Health; **T** = Title; **C** = Composite.

Rating Action	Business Type	Company Name/ *Ultimate Parent*	AMB#	Current FSR ICR	Current Outlook/ Implications	Previous FSR ICR	Previous Outlook/ Implications	Domicile
U.S., CANADA AND BERMUDA PROPERTY/CASUALTY (CONTINUED)								
⊕	P	Virginia FB F & C Ins Co *Virginia Farm Bureau Mutual Insurance Co*	002548	A a	Stable Stable	A- a-	Positive Positive	Virginia
⊕	P	Virginia FB Town and Country Ins Co *Virginia Farm Bureau Mutual Insurance Co*	011667	A a	Stable Stable	A- a-	Positive Positive	Virginia
EUROPE, MIDDLE EAST AND AFRICA								
New	N	Accelerant Insurance Limited *Accelerant Holdings LP*	071760	A- a-	Stable Stable			Malta
⚑	C	Covéa Coopérations *Société de Groupe d'Assurance Mut Covéa*	059781	A u a+ u	Developing Developing	A a+	Stable Stable	France
⇥	P	Insurance Company London-Almaty JSC *Dostyk Leasing LLP*	090887	NR nr		C++ b+	Positive Positive	Kazakhstan
⇅	C	Jordan French Insurance Company Ltd	092479	B bb+	Stable Stable	B bb+	Positive Positive	Jordan
⚑	C	Partner Reinsurance Europe SE *EXOR N.V.*	078853	A+ u aa- u	Developing Developing	A+ aa-	Stable Stable	Ireland
⚑	P	PartnerRe Ireland Insurance DAC *EXOR N.V.*	088621	A+ u aa- u	Developing Developing	A+ aa-	Stable Stable	Ireland
—	P	Qatar General Insurance & Reins Co QPSC *Qatar General Insurance & Reins Co QPSC*	085452	B++ bbb+	Stable Negative	A- a-	Negative Negative	Qatar
—	P	Sirius International Ins Corp (publ) *China Minsheng Investment Group Corp Ltd*	086396	A- u a- u	Negative Negative	A a	Negative Negative	Sweden
ASIA PACIFIC								
⇥	P	National Insurance Company Limited	086042	NR nr		C ccc	Negative Negative	India
⇥	P	Oriental Insurance Company Limited	086044	NR nr		B+ bbb-	Negative Negative	India
CARIBBEAN AND LATIN AMERICA								
New	C	Aseguradora General, S.A. *Luensi, S.A.*	078162	B++ bbb	Stable Stable	NR nr		Guatemala
—	P	CESCE Fianzas México, S.A. de C.V. *Compañía Española de Seguros de Crédito*	092650	B++ bbb	Stable Stable	B++ bbb+	Stable Stable	Mexico
⇅	L	Insignia Life S.A. de C.V. *Proyecto Insignia, S.A.P.I. de C.V.*	091458	B+ bbb-	Positive Positive	B+ bbb-	Stable Stable	Mexico
⚑	P	IRB - Brasil Resseguros S.A.	085590	A u a u	Negative Negative	A a	Stable Stable	Brazil

Holding Companies

Rating Action	Company Name	AMB#	Current ICR	Current Outlook/ Implications	Previous ICR	Previous Outlook/ Implications	Domicile
⊕	Crown Global Ins Group LLC	025000	bbb-	Stable	bb+	Positive	Delaware
⚑	Hallmark Financial Services, Inc.	051075	bbb- u	Negative	bbb-	Stable	Nevada
⚑	PartnerRe Ltd.	058444	a- u	Developing	a-	Stable	Bermuda
—	Sirius International Group, Ltd.	051995	bbb- u	Negative	bbb	Negative	Bermuda
—	Sirius International Ins Group, Ltd.	055654	bbb- u	Negative	bbb	Negative	Bermuda

Rating Action: (⊕) Upgrade; (—) Downgrade; (New) Initial Rating; (⚑) Under Review; (⇅) Change in Outlook; (⇥) Rating Withdrawal; (☑) Rating Affirmation.
Outlook: Positive, Negative, Stable. **Implications:** Positive, Negative, Developing. **Business Type: P** = Property/Casualty (Non-Life); **L** = Life; **H** = Health; **T** = Title; **C** = Composite.

BEST'S FINANCIAL STRENGTH RATING GUIDE – (FSR)

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

Best's Financial Strength Rating (FSR) Scale

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

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

Financial Strength Non-Rating Designations

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

Rating Disclosure – Use and Limitations

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

Financial Size Category

To enhance the usefulness of ratings, AM Best assigns each rated (A++ through D) insurance company a Financial Size Category (FSC). The FSC is based on adjusted policyholders' surplus (PHS) in U.S. dollars and may be impacted by foreign currency fluctuations. The FSC is designed to provide a convenient indicator of the size of a company in terms of its statutory surplus and related accounts.

Many insurance buyers only want to consider buying insurance coverage from companies that they believe have sufficient financial capacity to provide the necessary policy limits to insure their risks. Although companies utilize reinsurance to reduce their net retention on the policy limits they underwrite, many buyers still feel more comfortable buying from companies perceived to have greater financial capacity.

Class	Adj. PHS ($ Millions)	Class	Adj. PHS ($ Millions)
I	Less than 1	IX	250 to 500
II	1 to 2	X	500 to 750
III	2 to 5	XI	750 to 1,000
IV	5 to 10	XII	1,000 to 1,250
V	10 to 25	XIII	1,250 to 1,500
VI	25 to 50	XIV	1,500 to 2,000
VII	50 to 100	XV	2,000 or greater
VIII	100 to 250		

For the most current version, visit www.ambest.com/ratings/index.html. BCRs are distributed via the AM Best website at *www.ambest.com*. For additional information regarding the development of a BCR and other rating-related information and definitions, including outlooks, modifiers, identifiers and affiliation codes, please refer to the report titled "Guide to Best's Credit Ratings" available at no charge on the AM Best website. BCRs are proprietary and may not be reproduced without permission.

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

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

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

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

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

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

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

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

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

Rating Disclosure: Use and Limitations

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 Version 121719

Annual Corporate Changes 2019

All companies listed are life/health or property/casualty insurers in the United States and Canada.

Keep Up With Corporate Changes

Beginning with the June issue, *Best's Review* will run corporate changes in the magazine throughout the year instead of running a full year's worth in one issue. This will provide readers with more up-to-date information.

Life/Health

NEW COMPANIES

AmeriHealth Caritas New Hampshire Inc. (AMB# 062341), incorporated Jan. 7, 2019 in New Hampshire.

WellCare Health Insurance Company of New Hampshire Inc. (AMB# 062342), incorporated Jan. 9, 2019 in New Hampshire.

Centene Venture Company Florida (AMB# 062349), incorporated Feb. 12, 2019 in Florida.

WellCare of Missouri Health Insurance Co. (AMB# 062352), incorporated Feb. 11, 2019 in Missouri.

Vantage Health Plan of Arkansas Inc. (AMB# 062356), incorporated Feb. 7, 2019 in Alaska.

Bright Health Insurance Company of Florida (AMB# 062360), incorporated Feb. 5, 2019 in Florida.

Hamaspik Inc. (AMB# 062365), incorporated Feb. 6, 2019 in New York.

SSM Health Insurance Co. (AMB# 062373), incorporated May 10, 2019 in Missouri.

Align Senior Care MI, LLC (AMB# 062375), incorporated Jan. 8, 2019 in Michigan.

Bright Health Insurance Company of Illinois (AMB# 062376), incorporated Feb. 15, 2019 in Illinois.

Longevity Health Plan of Oklahoma Inc. (AMB# 062379), incorporated Jan. 23, 2019 in Oklahoma.

Align Senior Care Inc. (AMB# 062391), incorporated Jan. 28, 2019 in Virginia.

Omaha Supplemental Insurance Co. (AMB# 062363), incorporated Jan. 7, 2019 in Nebraska.

WellCare Health Insurance Company of Washington Inc. (AMB# 062384), incorporated Jan. 10, 2019 in Washington.

MERGERS

Blue Cross and Blue Shield of Georgia Inc. (AMB# 060075), Atlanta. This company merged into Blue Cross Blue Shield Healthcare Plan of Georgia Inc. on Jan. 1, 2019.

Cass County Life Insurance Co. (AMB# 068266), Dallas. This company merged into Jefferson Life Insurance Co. on June 30, 2019.

Fidelity Standard Life Insurance Co. (AMB# 068332), Brinkley, Ark. This company merged into an affiliate Fidelity Standard Life Insurance Co., formerly Jefferson Life Insurance Co., on Sept. 30, 2019.

Forethought National Life Insurance Co. (AMB# 068262), Houston. This company merged into Forethought Life Insurance Co. on Dec. 31, 2019.

NexDent Dental Plans Inc. (AMB# 065159), Portland, Ore. This company merged into Advantage Dental Plan Inc. on May 31, 2019.

Oceanview Life and Annuity Co. (AMB# 062359), Colorado. This company merged into Oceanview Life and Annuity Co. (formerly Longevity Insurance Co.) on Sept. 17, 2019.

Pennsylvania Life Insurance Co. (AMB# 006905), Harrisburg, Pa. This company was merged into Nassau Life Insurance Company of Texas on Sept. 30, 2019.

Programmed Life Insurance Co. (AMB# 009426), Scottsdale, Ariz. This company merged into North American National Re Insurance Co. on Feb. 8, 2019.

TPM Life Insurance Co. (AMB# 007114), Oklahoma City. This company merged into AmFirst Insurance Co. on July 1, 2019.

Transamerica Advisors Life Insurance Co. (AMB# 009537), Little Rock, Ark. This company merged into Transamerica Life Insurance Co. on July 1, 2019.

Vision Service Plan (AMB# 064473), Columbus, Ohio. This company merged into Vision Service Plan Insurance Co. on June 1, 2019.

NAME CHANGES

Aetna Better Health of Iowa Inc. (AMB# 061924), New Albany, Ohio. This company changed its name to Aetna Health of Ohio Inc. on July 24, 2019.

Aetna Health Inc. (AMB# 064366), Southfield, Mich. This company changed its name to Aetna Health of Michigan Inc. on Feb. 13, 2019.

Care 1st Health Plan (AMB# 064143), Monterey Park, Calif. This company changed its name to Blue Shield of California Promise Health Plan on Jan. 1, 2019.

Catholic Family Fraternal of Texas - K.J.Z.T. (AMB# 062337), Austin, Texas. This company changed its name to KJZT Family Life on Jan. 31, 2019.

Constitution Life Insurance Co. (AMB# 006273), Houston. This company changed its name to Nassau Life Insurance Company of Texas on June 27, 2019.

Consumers Life Insurance Co. (AMB# 006275), Cleveland. This company changed its name to MedMutual Life Insurance Co. on March 29, 2019.

Corvesta Life Insurance Co. (AMB# 008115), Phoenix. This company changed its name to Clear Spring Health Insurance Co. on April 22, 2019.

Dearborn National Life Insurance Co. (AMB# 007322), Chicago. This company changed its name to Dearborn Life Insurance Co. on Feb. 22, 2019.

Financial Assurance Life Insurance Co. (AMB# 008094), Dallas. This company changed its name to Upstream Life Insurance Co. on Jan. 24, 2019.

Great Western Life Insurance Co. (AMB# 006458), Bozeman, Mont. This company changed its name to US Alliance Life and Security Co. - Montana on Jan. 9, 2019.

Gundersen Health Plan, Inc. (AMB# 064204), Onalaska, Wis. This company changed its name to Quartz Health Plan Corp. on May 20, 2019.

Gundersen Health Plan Minnesota (AMB# 065112), La Crescent, Minn. This company changed its name to Quartz Health Plan MN Corp. on May 20, 2019.

Humana Behavioral Health Inc. (AMB# 062077), Irving, Texas. This company changed its name to Humana Benefit Plan of Texas Inc. on Sept. 26, 2019.

Jaimini Health Inc. (AMB# 064732), Rancho Cucamonga, Calif. This company changed its name to Starmount Managed Dental of California Inc. on Sept. 12, 2019.

Jefferson Life Insurance Co. (AMB# 009521), Dallas. This company changed its name to Fidelity Standard Life Insurance Co. on Sept. 17, 2019.

Liberty Life Assurance Company of Boston (AMB# 006627), New Hampshire. This company changed its name to Lincoln Life Assurance Company of Boston on Sept. 1, 2019.

Lily Life Insurance Co. (AMB# 068191), Austin, Texas. This company changed its name to Senior Life Insurance Company of Texas on April 4, 2019.

Longevity Insurance Co. (AMB# 060701), Addison, Texas. This company changed its name to Oceanview Life and Annuity Co. on Sept. 13, 2019.

MONY Life Insurance Company of America (AMB# 008091), Phoenix. This company changed its name to Equitable Financial Life Insurance Company of America on Dec. 13, 2019.

Neighborhood Health Plan Inc. (AMB# 068744), Somerville, Mass. This company changed its name to AllWays Health Partners Inc. on Jan. 8, 2019.

OrthoNet of the Mid-Atlantic Inc. (AMB# 064992, Delaware. This company changed its name to Optum Networks of New Jersey Inc. on Aug. 23, 2019.

OV Acquisitions Inc. (AMB# 062359), Denver. This company changed its name to Oceanview Life and Annuity Co. on April 10, 2019.

Physicians Plus Insurance Corp. (AMB# 068683), Madison, Wis. This company changed its name to Quartz Health Insurance Corp. on May 20, 2019.

Piedmont WellStar HealthPlans Inc. (AMB# 065163), Marietta, Ga. This company changed its name to WellStar Health Plan Inc. on Nov. 8, 2019.

The Pyramid Life Insurance Co. (AMB# 006977), Overland Park, Kan. This company changed its name to Nassau Life Insurance Company of Kansas on March 11, 2019.

SCOR Global Life (Canada Branch) (AMB# 066849), Montreal. The name of this branch was changed to SCOR SE (Canada Branch) April 1, 2019.

Unity Health Plans Insurance Corp. (AMB# 068781), Sauk City, Wis. This company changed its name to Quartz Health Benefit Plans Corp. on May 20, 2019.

ACQUISITIONS & OWNERSHIP CHANGES

Corvesta Life Insurance Co. (AMB# 008115), Phoenix. This company was acquired by Clear Spring Health Holdings LLC, a wholly owned subsidiary of Delaware Life Insurance Co., on April 1, 2019.

Individual Assurance Company, Life, Health & Accident (AMB# 008437), Edmond, Okla. This company was acquired by LifeShield National Insurance Co. from IAC Group Inc., a subsidiary of Bramante Investments LLC, on July 22, 2019.

Longevity Insurance Co. (AMB# 060701), Addison, Texas. This company was acquired by Oceanview US Holdings Corp., a subsidiary of Oceanview Holdings Ltd., from Dresher Run I LLC, a subsidiary of the Penn Mutual Life Insurance Co. on Sept. 10, 2019.

Merit Life Insurance Co. (AMB# 006703), Fort Worth, Texas. This company was acquired by Brickell Insurance Holdings LLC from Springleaf Finance Corp. on Dec. 31, 2019.

National Teachers Associates Life Insurance Co. (AMB# 006588), Addison, Texas. This company's parent, NTA Life Enterprises LLC, was acquired by Horace Mann Educators Corp. on July 1, 2019.

NexDent Dental Plans Inc. (AMB# 065159), Portland, Ore. This company was acquired by Advantage Dental Plan Inc. on May 31, 2019.

The Ohio State Life Insurance Co. (AMB# 006853), Dallas. This company was acquired by NexAnnuity Holdings Inc. from United Fidelity Life Insurance Co. on July 1, 2019.

Ozark National Life Insurance Co. (AMB# 006877), Kansas City, Mo. This company was acquired by National Western Life Insurance Co. from CNS Corp. on Jan. 31, 2019.

Pennsylvania Life Insurance Co. (AMB# 006905), Harrisburg, Pa. This company was acquired by Nassau Life Insurance Company of Texas from UAC Holding Inc. on Sept. 30, 2019.

Piedmont WellStar HealthPlans CORRECT Inc. (AMB# 065163), Marietta, Ga. Effective Aug. 31, 2019, WellStar Health System Inc. became the sole owner of the company through its acquisition of the 50% ownership formerly held by Piedmont Healthcare Inc.

Professional Life & Casualty Co. (AMB# 006952), Scottsdale, Ariz. This company was acquired by Heritage Life Insurance Co. on June 3, 2019.

Puritan Life Insurance Co. (AMB# 068115), Austin, Texas. This company was sold to PLAZ Holdings LLC, a subsidiary of Calton Holdings LLC, on Sept. 16, 2019.

QCA Health Plan Inc. (AMB# 064050), Little Rock, Ark. This company was acquired by Centene Corp. from QualChoice Holdings Inc. on April 1, 2019.

QualChoice Life and Health Insurance Co. (AMB# 007304), Little Rock, Ark. This company was acquired by Centene Corp. from QualChoice Holdings Inc. on April 1, 2019.

Trusted Health Plan Michigan Inc. (AMB# 064686), Detroit. This company was acquired by Health Alliance Plan of Michigan from Trusted Health Plans Inc. on Sept. 13, 2019.

Wisconsin Collaborative Insurance Co. (AMB# 062129), Waukesha, Wis. The ownership of the company changed to be Crossroads Acquisition Corp., an indirect wholly-owned subsidiary of Anthem Inc., owning 55% and Advocate Aurora Health Inc. owning 45% of the outstanding shares of the company on Dec. 31, 2019.

STATE ACTIONS

Atlantis Health Plan Inc. (AMB# 064705), New York. This company was placed into insolvent liquidation on April 11, 2019.

Bankers Life Insurance Co. (AMB# 008448), Durham, N.C. This company was placed in rehabilitation on June 27, 2019.

Colorado Bankers Life Insurance Co. (AMB# 008502), Durham, N.C. This company was placed in rehabilitation on June 27, 2019.

Community Care Alliance of Illinois, NFP (AMB# 065194), Chicago. This company was placed in rehabilitation on March 8, 2019.

Family Health Network, Inc. (AMB# 033517), Chicago. This company was placed in rehabilitation on March 8, 2019.

Pavonia Life Insurance Company of Michigan (AMB# 009129), Southfield, Mich. This company was placed into rehabilitation on July 9, 2019.

Scottish Re (U.S.) Inc. (AMB# 008785), Dover, Del. This company was placed in rehabilitation on March 6, 2019.

Senior American Insurance Co. (AMB# 060294), Fort Washington, Pa. This company was placed into insolvent liquidation on Sept. 3, 2019.

Southland National Insurance Corp. (AMB# 008225), Durham, N.C. This company was placed in rehabilitation on June 27, 2019.

Southland National Reinsurance Corp. (AMB# 062247), Durham, N.C. This company was placed in rehabilitation on June 27, 2019.

DOMICILIARY CHANGES

Aetna Better Health of Iowa Inc. (AMB# 061924), New Albany, Ohio. This company redomesticated to Ohio from Iowa on Feb. 22, 2019.

Great Western Insurance Co. (AMB# 009362), Des Moines, Iowa. This company was redomesticated to Iowa from Utah on Dec. 1, 2019.

Longevity Insurance Co. (AMB# 060701), Addison, Texas. This company redomesticated to Colorado from Texas on Sept. 13, 2019.

Merit Life Insurance Co. (AMB# 006703), Fort Worth, Texas. This company redomesticated to Texas from Indiana on Jan. 28, 2019.

Professional Life & Casualty Co. (AMB# 006952), Scottsdale, Ariz. This company redomesticated from Illinois to Arizona on June 3, 2019.

Puritan Life Insurance Co. (AMB# 068115), Tempe, Ariz. This company redomesticated to Arizona from Texas on Sept. 16, 2019.

Puritan Life Insurance Co. of America (AMB# 007358), Tempe, Ariz. This company redomesticated to Arizona from Texas on Sept. 16, 2019.

Reserve National Insurance Co. (AMB# 006998), Chicago. This company was redomesticated to Illinois from Oklahoma on Nov. 1, 2019.

Tier One Insurance Co. (AMB# 062191), Omaha, Neb. This company redomesticated to Nebraska from Oklahoma on March 11, 2019.

TPM Life Insurance Co. (AMB# 007114), Oklahoma City. This company redomesticated to Oklahoma from Pennsylvania on June 14, 2019.

PROPERTY/CASUALTY

NEW COMPANIES

Vanderbilt Insurance Co., Risk Retention Group (AMB# 020648), incorporated July 1, 2019 in South Carolina.

Clearcover Insurance Co. (AMB# 023460), incorporated March 20, 2019 in Illinois.

Surya Insurance Company Inc., Risk Retention Group (AMB# 020663), incorporated Jan. 8, 2019 in Alabama.

Kin Interinsurance Network (AMB# 020690), incorporated June 24, 2019 in Florida.

Alert Auto Insurance Co. (AMB# 020731), incorporated March 22, 2019 in Florida.

Cable Insurance Co. (AMB# 020732), incorporated April 8, 2019 in Florida.

MERGERS

Agrinational Illinois Insurance Co. (AMB# 020556), Decatur, Ill. This company merged with and into Agrinational Insurance Co. on April 16, 2019.

Argonaut Limited Risk Insurance Co. (AMB# 003540), Chicago. This company merged with and into Argonaut Insurance Co. on Dec. 31, 2019.

Argonaut-Southwest Insurance Co. (AMB# 002058), Chicago. This company merged with and into Argonaut Insurance Co. on Dec. 31, 2019.

Citizens Mutual Insurance Co. (AMB# 000615), Columbia, Mo. This company merged with and into Everett Cash Mutual Insurance Co. on May 1, 2019.

The Farmers' and Mechanics' Mutual Insurance Association of Cecil County Inc. (AMB# 010135), North East, Md. This company merged with and into Windsor-Mount Joy Mutual Insurance Co. on Aug. 31, 2019.

Farmland Mutual Insurance Co. (AMB# 000366), Des Moines, Iowa. This company merged with and into Nationwide Mutual Insurance Co. on Jan.1, 2019.

First Choice Casualty Insurance Co. (AMB# 022045), Las Vegas. This company merged with and into Benchmark Insurance Co. on June 1, 2019.

German Mutual Insurance Co. (AMB# 010510), Napoleon, Ohio. This company merged with and into its affiliate Goodville Mutual Casualty Co. on Dec. 31, 2019.

Le Mars Insurance Co. (AMB# 000556), Le Mars, Iowa. This company merged with and into Atlantic States Insurance Co. on Dec. 1, 2019.

Mutual Insurance Association of Southern Indiana (AMB# 010332), Evansville, Ind. This company merged with and into German Mutual Insurance Company of Indiana in 2019. Also, the survivor changed its name to Oakwood Mutual Insurance Co.

Northwestern National Insurance Company of Milwaukee, Wisconsin Segregated Account (AMB# 012702), Milwaukee. This company merged with and into Northwestern National Insurance Company of Milwaukee, Wisconsin on March 22, 2019.

PACO Assurance Co. (AMB# 011823), Springfield, Ill. This company merged with and into Podiatry Insurance Company of America on Dec. 31, 2019.

PacWest Administrators Inc. (AMB# 073959), Scottsdale, Ariz. This company merged into Leavitt Group Enterprises Inc. on July 9, 2019.

Physicians' Insurance Program Exchange (AMB# 013085), Berwyn, Pa. Effective March 27, 2019, the company converted from a reciprocal insurance exchange to a stock insurance company by merging with and into PIPE Conversion Corp. Concurrently, PIPE Conversion Corp. became a wholly owned subsidiary of Positive Physicians Holdings Inc. Immediately after the conversion PIPE Conversion Corp. and PCA Conversion Corp. (formerly Professional Casualty Association) merged into PPIX Conversion Corp. (formerly Positive Physicians Insurance Exchange) to form Positive Physicians Insurance Co.

Professional Casualty Association (AMB# 012676), Berwyn, Pa. Effective March 27, 2019, the company converted from a reciprocal insurance exchange to a stock insurance company by merging with and into PCA Conversion Corp. Concurrently, PCA Conversion Corp. became a wholly owned subsidiary of Positive Physicians Holdings Inc. Immediately after the conversion PCA Conversion Corp. and PIPE Conversion Corp. (formerly Physicians' Insurance Program Exchange) merged into PPIX Conversion Corp. (formerly Positive Physicians Insurance Exchange) to form Positive Physicians Insurance Co.

Select Markets Insurance Co. (AMB# 002057), Chicago. This company merged with and into Argonaut Insurance Co. on Dec. 31, 2019.

Sequoia Indemnity Co. (AMB# 013076), Las Vegas. This company merged with and into Sequoia Insurance Co. on June 30, 2019.

Sheboygan Falls Insurance Co. (AMB# 000831), Sheboygan Falls, Wis. This company merged with and into Atlantic States Insurance Co. on Dec. 1, 2019.

Southern Fidelity Property & Casualty Inc. (AMB# 014389), Tallahassee, Fla. This company merged with and into Capitol Preferred Insurance Co. on March 1, 2019.

Titan Indemnity Co. (AMB# 000548), San Antonio. This company merged with and into Titan Insurance Co. on Jan.1, 2019.

United States Sports Insurance Co., LLC (AMB# 056865), Washington, D.C. This company merged with and into ICDC, Ltd. on Feb. 28, 2019.

Wilmington Insurance Co. (AMB# 012189), Wilmington, Del. This company merged with and into National Insurance Company of Wisconsin Inc. on June 4, 2019. Concurrently, National Insurance Company of Wisconsin Inc. was renamed Wilmington Insurance Co.

NAME CHANGES

@Home Insurance Co. (AMB# 000577), Woodbridge, N.J. This company changed its name to AtHome Insurance Co. on Dec. 13, 2019.

Advantage Workers Compensation Insurance Co. (AMB# 012068), Sandy, Utah. This company changed its name to WCF National Insurance Co. on July 15, 2019.

Aioi Nissay Dowa Insurance Company of America (AMB# 003746), New York. This company changed its name to MSIG Specialty Insurance USA Inc. on Jan. 1, 2019.

Alterra America Insurance Co. (AMB# 002061), Bedford, Texas. This company changed its name to Pinnacle National Insurance Co. on Sept. 30, 2019.

American Mining Insurance Co. (AMB# 010436), Urbandale, Iowa. This company changed its name to Berkley Casualty Co. on Jan. 1, 2019.

American Modern Surplus Lines Insurance Co. (AMB# 020791), Amelia, Ohio. This company changed its name to Bridgeway Insurance Co. on Oct. 28, 2019.

American Sterling Insurance Co. (AMB# 023399), Merrill, Wis. This company changed its name to CM Indemnity Insurance Co. on Dec. 19, 2019.

Ameriprise Insurance Co. (AMB# 013104), De Pere, Wis. This company changed its name to American Family Connect Insurance Co. on Oct. 1, 2019.

Arch Excess & Surplus Insurance Co. (AMB# 012254), Kansas City, Mo. This company changed its name to Arch Property Casualty Insurance Co. on May 21, 2019.

Atlant**a International Insurance Co.** (AMB# 002126), Flushing, N.Y. This company changed its name to Wellfleet New York Insurance Co. on Jan. 14, 2019.

AXA Art Insurance Corporation (AMB# 020646), New York. This company changed its name to Digital Affect Insurance Co. on Jan. 14, 2019.

Commercial Casualty Insurance Co. (AMB# 010634), Fort Wayne, Ind. This company changed its name to Wellfleet Insurance Co. on March 5, 2019.

CSAA Mid-Atlantic Insurance Co. (AMB# 012049), Glendale, Ariz. This company changed its name to Mobilitas General Insurance Co. on Sept. 27, 2019.

EnTitle Insurance Co. (AMB# 013957), Independence, Ohio. This company changed its name to Radian Title Insurance Inc. on May 8, 2019.

Everspan Financial Guarantee Corp. (AMB# 000109), Madison, Wis. This company changed its name to Everspan Insurance Co. on July 9, 2019.

Excalibur National Insurance Co. (AMB# 022672), Slidell, La. This company changed its name to Lighthouse Excalibur Insurance Co. on July 1, 2019.

Executive Insurance Co. (AMB# 003066), Staten Island, N.Y. This company changed its name to Gramercy Indemnity Co. on May 21, 2019.

Farmington Mutual Insurance Co. (AMB# 010200), Medford, Wis. This company changed its name to United Mutual Insurance Co. on April 2, 2019.

Financial American Property and Casualty Insurance Co. (AMB# 020631), Kerrville, Texas. This company changed its name to Transverse Insurance Co. on Aug. 5, 2019.

HCC Specialty Insurance Co. (AMB# 012531), Oklahoma City. This company changed its name to Tokio Marine GRV Re Inc. on March 15, 2019.

IDS Property Casualty Insurance Co. (AMB# 003563), De Pere, Wis. This company changed its name to American Family Connect Property and Casualty Insurance Co. on Oct. 1, 2019.

IInnovative Physician Solutions, Risk Retention Group Inc. (AMB# 071147), Burlington, Vt. This company changed its name to Innovative Physician Solutions Captive Insurance Co. on July 29, 2019.

Mapfre Insurance Company of New York (AMB# 000869), Garden City, N.Y. This company changed its name to Plymouth Rock Assurance Corporation of New York on Aug. 19, 2019.

Mobilitas Insurance Company of America (AMB# 020790), Glendale, Ariz. This company changed its name to Mobilitas Insurance Company of Arizona on Sept. 27, 2019.

National Building Material Assurance Co. (AMB# 020623), North Danville, Ind. This company changed its name to Rock Ridge Insurance Co. on Jan. 9, 2019.

PartnerRe Insurance Company of New York (AMB# 020728), New York. This company changed its name to Cerity Insurance Co. on Aug. 23, 2019.

Podiatry Insurance Company of America (AMB# 001832), Springfield, Ill. This company changed its name to ProAssurance Insurance Company of America on Dec. 31, 2019.

QBE Seguros (AMB# 013088), San Juan, Puerto Rico. This company changed its name to Òptima Seguros on Sept. 11, 2019.

Rutgers Enhanced Insurance Co. (AMB# 020672), Louisville, Ky. This company changed its name to Hornbeam Insurance Co. on March 22, 2019.

Savers Property and Casualty Insurance Co. (AMB# 000524), Clayton, Mo. This company changed its name to Superior Specialty Insurance Co. on Jan. 31, 2019.

SOBC Alpha Insurance Co. Limited (AMB# 020582), Connecticut. This company changed its name to SOBC DARAG Alpha Insurance Co. Ltd. on Aug. 20, 2019.

SOBC Insurance Company Limited (AMB# 020581), Connecticut. This company changed its name to SOBC DARAG Insurance Co. Ltd. on July 31, 2019.

21st Century Insurance Company of the Southwest (AMB# 011877), Lewisville, Texas. This company converted from a fire and casualty insurance company to a domestic surplus lines insurer in Texas and changed its name to American Federation Insurance Co. on Oct. 10, 2019.

Unigard Indemnity Co. (AMB# 020625), Sun Prairie, Wis. This company changed its name to Sutton National Insurance Co. on Jan. 11, 2019.

Virginia Physicians Risk Retention Group Inc. (AMB# 014212), Bigfork, Mont. This company changed its name to Virginia Physicians Indemnity Co. on March 27, 2019.

WRM America Indemnity Co. (AMB# 013912), Uniondale, N.Y. This company changed its name to Cedar Insurance Co. on Jan. 29, 2019.

ACQUISITIONS & OWNERSHIP CHANGES

American Modern Surplus Lines Insurance Co. (AMB# 013062), Amelia, Ohio. Munich-American Holding Corp. contributed the capital stock of this company to Munich Re America Corp. on July 2, 2019.

Ashmere Insurance Co. (AMB# 002755), Bradenton, Fla. This company was acquired by SUNZ Insurance Co. from National Fidelity Holdings Inc. on March 11, 2019.

Centerline Property and Casualty Insurance Co. (AMB# 018869), Knoxville, Tenn. On Jan. 1, 2019, this company converted from a pure captive insurance company to a fully regulated property and casualty insurance company domiciled in the State of Tennessee.

Doctors Direct Insurance Inc. (AMB# 013783), Oak Park, Ill. This company was acquired by Practice Protection Inc. on April 22, 2019.

Excalibur National Insurance Co. (AMB# 022672), Slidell, La. This company was acquired by Lighthouse Property Insurance Corp. on April 30, 2019.

Executive Insurance Co. (AMB# 003066), Plainview, N.Y. This company was acquired by Gramercy Risk Holdings LLC on April 3, 2019.

Financial American Property and Casualty Insurance Co. (AMB# 013059), Kerrville, Texas. This company was sold as a shell to Transverse Insurance Group LLC by Financial American Holdings Corp. on June 28, 2019.

First Choice Casualty Insurance Co. (AMB# 022045), Las Vegas. This company was acquired by Benchmark Insurance Co. from Nevada Mutual Insurance Co. on Feb. 19, 2019.

Gillford Mutual Insurance Co. (AMB# 010941), Lake City, Minn. This company reorganized as of Jan. 1, 2019 as a statewide mutual insurance company domiciled in the State of Minnesota under Statute 66A. This company was previously organized under Minnesota Statute 67A as a township mutual insurance company.

Global Reinsurance Corporation of America (AMB# 003046), New York, N.Y. This company and its parent, Global U.S. Holdings Inc. were acquired by Randall & Quilter America Holdings Inc. from Axa DBIO S.C.A. on May 2, 2019.

The Guarantee Company of North America (AMB# 085021), Toronto. This company was acquired by Intact Financial Corp. from Princeton Holdings Ltd. on Dec. 2, 2019.

HCC Specialty Insurance Co. (AMB# 012531), Oklahoma City. Ownership of this company was transferred to Tokio Marine North America Inc. by Avemco Insurance Co. on March 8, 2019.

Hospitals Insurance Co. (AMB# 000157), New York. This company was acquired by The Doctors Co., an Interinsurance Exchange from Hospitals Insurance Holding Company LLC on July 31, 2019.

IDS Property Casualty Insurance Co. (AMB# 003563), De Pere, Wis. This company was acquired by AmFam Inc., a subsidiary of American Family Insurance Mutual Holding Co., from Ameriprise Financial Inc. on Oct. 1, 2019.

Innovative Physician Solutions, a Risk Retention Group Inc. (AMB# 071147), Burlington, Vt. This company was acquired by SOBC DARAG Holding Co. Ltd., converted to a pure Vermont domicile captive from a risk retention group and was placed in run-off on July 1, 2019.

Mapfre Insurance Company of New York (AMB# 000869), Garden City, N.Y. This company was acquired by Plymouth Rock Assurance Corp. on Jan. 1, 2019.

National Farmers Union Property and Casualty Co. (AMB# 000676), Sun Prairie, Wis. This company was acquired by National General Holdings Corp. from General Casualty Company of Wisconsin, a subsidiary of QBE Insurance Group Ltd., on Aug. 1, 2019.

New Mexico Property and Casualty Co. (AMB# 013095), Albuquerque, N.M. This company was acquired by Peachtree Casualty Insurance Co. on Sept. 3, 2019.

North American Title Insurance Co. (AMB# 011842), Concord, Calif. This company was acquired by States Title Inc. from Lennar Corp. on Jan. 7, 2019.

OHIC Insurance Co. (AMB# 003778), Columbus, Ohio. This company was sold as a shell to Obsidian Insurance Holdings Inc. by The Doctors Company, an Interinsurance Exchange on Dec. 22, 2019.

PartnerRe Insurance Company of New York (AMB# 003025), New York. This company was acquired by Cerity Group Inc., a wholly owned subsidiary of Employers Holdings Inc., from Partner Reinsurance Company of the U.S. on July 31, 2019.

Plans' Liability Insurance Co. (AMB# 010597), Worthington, Ohio. On July 12, 2019, all of the company's shareholders tendered their shares to BCS Financial Corp.

Plans' Liability Insurance Co. (AMB# 010597), Worthington, Ohio. In December 2019, BCS Financial Corp. sold all of the company's outstanding shares to an unaffiliated third party.

Public Service Insurance Co. (AMB# 000792), Chicago. On Jan. 9, 2019, Premia Holdings Ltd. acquired certain assets and liabilities of the company, including its operating company shell, its wholly owned subsidiary Western Select Insurance Co. and the direct insurance business for both companies from MCC Financial Holdings Inc. for cash. In addition, Premia Holdings Ltd. and its affiliates provided capital and quota share reinsurance support. As a result, the company was removed from rehabilitation.

QBE Seguros (AMB# 013088), San Juan, Puerto Rico. This company was acquired by Grupo Optima Inc. from QBE Latin America Insurance Holdings S.L. on Aug. 6, 2019.

Rider Insurance Co. (AMB# 011504), Springfield, N.J. This company was acquired by Palisades Safety and Insurance Association from the Bleiwise family on Oct. 17, 2019.

Rutgers Enhanced Insurance Co. (AMB# 012522), Cherry Hill, N.J. This company was acquired by Hardscuffle Warranty Investment Co. LLC from American European Insurance Co. on March 22, 2019.

State National Fire Insurance Co. (AMB# 002830), Baton Rouge, La. This company was acquired by Columbus Holdings LLC from Kilpatrick Life Insurance Co. on July 12, 2019.

Syncora Guarantee Inc. (AMB# 012303), New York. This company was acquired by Star Insurance Holdings LLC from Syncora Holdings Ltd. on Dec. 30, 2019.

21st Century Preferred Insurance Co. (AMB# 002796), Harrisburg, Pa. This company was sold as a shell to Trisura Specialty Insurance Co. by 21st Century Centennial Insurance Co. on Nov. 1, 2019.

United Americas Insurance Co. (AMB# 003802), New York. This company was acquired by Acumen Holdings Ltd. from IRB International Corp. on Jan. 15, 2019.

Western Professional Insurance Co. (AMB# 012240), Seattle. On July 31, 2019, a stock purchase agreement was executed for the purchase of a one-third ownership interest of the company by Copic Insurance Co. and a one-third ownership interest of the company by Michigan Professional Insurance Exchange from Physicians Insurance, a mutual company.

Worth Casualty Co. (AMB# 012439), Fort Worth, Texas. This company was acquired by Incline Insurance Group LLC from Agricultural Workers Mutual Auto Insurance Co. (Ag Workers) on Dec. 20, 2019. Merfax Financial Group LLC and Ag Workers maintain equity interest in Incline Insurance Group LLC of 85.1% and 14.9%, respectively.

STATE ACTIONS

American Country Insurance Co. (AMB# 002735), Schaumburg, Ill. This company was placed into rehabilitation on July 8, 2019.

American Service Insurance Co. (AMB# 001777), Schaumburg, Ill. This company was placed in rehabilitation on July 8, 2019.

Broadway Insurance & Surety Co. (AMB# 022051), Fairfield, N.J. This company was placed in rehabilitation on March 22, 2019.

Capson Physicians Insurance Co. (AMB# 014153), Austin, Texas. This company was placed into rehabilitation on Feb. 11, 2019.

Capson Physicians Insurance Co. (AMB# 014153), Austin, Texas. This company was placed into insolvent liquidation on June 28, 2019.

Florida Specialty Insurance Co. (AMB# 010672), Sarasota, Fla. This company was placed into insolvent liquidation on Oct. 2, 2019.

Gateway Insurance Co. (AMB# 010621), Schaumburg, Ill. This company was placed in rehabilitation on Oct. 18, 2019.

Geneva Insurance Co. (AMB# 011847), Indianapolis. This company was placed into insolvent liquidation on July 8, 2019.

Integrand Assurance Co. (AMB# 003534), San Juan, Puerto Rico. This company was placed in rehabilitation on May 31, 2019.

Integrand Assurance Co. (AMB# 003534), San Juan, Puerto Rico. This company was placed into insolvent liquidation on Sept. 25, 2019.

Lancet Indemnity Risk Retention Group Inc. (AMB# 013998), Las Vegas. This company was placed in rehabilitation on April 12, 2019.

Northwestern National Insurance Company of Milwaukee, Wisconsin (AMB# 002374), Madison, Wis. This company was placed into insolvent liquidation on May 2, 2019.

Paramount Insurance Co. (AMB# 004700), Pikesville, Md. This company was placed into insolvent liquidation on Jan. 9, 2019.

Physicians Casualty Risk Retention Group Inc. (AMB# 014207), Montgomery, Ala. This company was placed in rehabilitation on Aug. 16, 2019.

Physicians Standard Insurance Co. (AMB# 014204), Topeka, Kan. This company was placed in rehabilitation on Aug. 20, 2019.

Physicians Standard Insurance Co. (AMB# 014204), Topeka, Kan. This company was placed into insolvent liquidation on Dec. 1, 2019.

Real Legacy Assurance Co. (AMB# 003828), Guaynabo, Puerto Rico. This company was placed into insolvent liquidation on Jan. 18, 2019.

Spirit Commercial Auto Risk Retention Group Inc. (AMB# 014391), Las Vegas. This company was placed into insolvent liquidation on Oct. 24, 2019.

Spirit Commercial Auto Risk Retention Group Inc.

(AMB# 014391), Las Vegas. This company was placed in rehabilitation on Feb. 27, 2019.

Windhaven Insurance Co. (AMB# 013129), Doral, Fla. This company was placed in rehabilitation on Dec. 12, 2019.

DOMICILIARY CHANGES

Acadia Insurance Co. (AMB# 011295), Urbandale, Iowa. This company redomesticated from New Hampshire to Iowa on Feb. 25, 2019.

Advantage Workers Compensation Insurance Co. (AMB# 012068), Sandy, Utah. This company redomesticated to Utah from Indiana on Jan. 1, 2019.

AIG Property Casualty Co. (AMB# 002349), Chicago. This company was redomesticated to Illinois from Pennsylvania on Dec. 31, 2019.

Alterra America Insurance Co. (AMB# 002061), Bedford, Texas. This company redomesticated to Texas from Delaware on Sept. 30, 2019.

American Sterling Insurance Co. (AMB# 023399), Merrill, Wis. This company redomesticated to Wisconsin from California on Jan. 10, 2019.

Berkley Regional Insurance Co. (AMB# 011945), Urbandale, Iowa. This company redomesticated from Delaware to Iowa on Feb. 22, 2019.

Clarendon National Insurance Co. (AMB# 001975), Dallas. This company redomesticated to Texas from Illinois on Feb. 8, 2019.

Colonial American Casualty & Surety Co. (AMB# 003739), Schaumburg, Ill. This company redomesticated from Maryland to Illinois on Feb. 28, 2019.

Colorado Farm Bureau Insurance Co. (AMB# 000278), Ridgeland, Miss. This company redomesticated from Colorado to Mississippi on July 1, 2019.

Consumers Insurance USA Inc. (AMB# 011775), Murfreesboro, Tenn. This company redomesticated from Tennessee to Ohio on June 18, 2019.

Direct Insurance Co. (AMB# 011320), Winston-Salem, N.C. This company redomesticated to North Carolina from Tennessee on Sept. 30, 2019.

Direct National Insurance Co. (AMB# 000681), Little Rock, Ark. This company redomesticated from Arkansas to North Carolina on May 20, 2019.

Empire Fire and Marine Insurance Co. (AMB# 002147), Schaumburg, Ill. This company redomesticated from Nebraska to Illinois on Feb. 28, 2019.

Gateway Insurance Co. (AMB# 010621), Schaumburg, Ill. This company redomesticated to Illinois from Missouri on Oct. 18, 2019.

Imperial Fire and Casualty Insurance Co. (AMB# 011376), Baton Rouge, La. This company redomesticated from Louisiana to North Carolina on May 20, 2019.

Liberty Mutual Personal Insurance Co. (AMB# 013107), Dover, N.H. This company was redomesticated to New Hampshire from Massachusetts on Dec. 31, 2019.

Mendakota Insurance Co. (AMB# 011656), Nashville, Tenn. This company redomesticated from Minnesota to Tennessee on June 28, 2019.

Mendota Insurance Co. (AMB# 010737), Nashville, Tenn. This company redomesticated from Minnesota to Tennessee on June 28, 2019.

National Farmers Union Property and Casualty Co. (AMB# 000676), Sun Prairie, Wis. This company redomesticated to North Carolina from Wisconsin on Sept. 16, 2019.

Rutgers Casualty Insurance Co. (AMB# 001838), New Hampshire. This company was redomesticated to New Hampshire from New Jersey on Nov. 12, 2019.

Rutgers Enhanced Insurance Co. (AMB# 020672), Louisville, Ky. This company redomesticated to Kentucky from New Jersey on March 22, 2019.

Spirit Mountain Insurance Co. Risk Retention Group Inc. (AMB# 071159), Montgomery, Ala. This company redomesticated from the District of Columbia to Alabama on Feb. 8, 2019.

StarNet Insurance Co. (AMB# 012245), Urbandale, Iowa. This company redomesticated from Delaware to Iowa on Feb. 25, 2019.

Superior Specialty Insurance Co. (AMB# 000524), Dover, Del. This company redomesticated to Delaware from Missouri on May 16, 2019.

21st Century Preferred Insurance Co. (AMB# 020786), Harrisburg, Pa. This company redomesticated to Oklahoma from Pennsylvania on Dec. 30, 2019.

Wilmington Insurance Co. (AMB# 010794), Wilmington, Del. This company redomesticated to Delaware from Wisconsin on July 3, 2019.

A Changing Market

Increased litigation and COVID-19 present new challenges for insurers of senior care facilities.

COVID-19 will have an impact on insurance coverage for senior care facilities, but the fallout may be mitigated in part by a market that was already hardening before the virus hit as insurers review their approach to these facilities.

With respect to the general and professional liability coverages, insurers and reinsurers are reconsidering their approach to nursing home coverage in light of COVID-19, said Joanne Wankmiller, Boston-based national senior care practice leader with broker Marsh. Several carriers have issued a moratorium on new submissions for the next 60 days and one or two are considering COVID-19 exclusions, she said.

Wankmiller said regulations in some states limit insurance carriers' ability to nonrenew and/or cancel coverage.

"The senior care industry needs protection on a federal level to provide them with tort immunity from the COVID-19 pandemic crisis or insurance coverage for the sector may very well be almost impossible to secure in a post-COVID-19 world," she said.

A senior facility in Washington state has widely been considered the epicenter of the pandemic. The Life Care Center in Kirkland, Washington had been linked to at least 37 COVID-19 deaths. As of March 30, more than 400 of 15,000 U.S. nursing facilities had an outbreak of coronavirus—among residents, staff or both— according to the Centers for Disease Control and Prevention.

Coverage could change to become more restrictive for senior facilities hit by COVID-19, including sublimits or absolute exclusions for infectious disease including viruses, Wankmiller said in an email. Carriers would apply any changes most likely to all geographies, she said.

John Atkinson, executive vice president and managing director, said Willis Towers Watson is "seeing five or six major carriers actively writing business in this space, and we're seeing a couple of them looking at potential COVID-19 language going forward."

Some carriers have stopped writing new business for senior care accounts due to COVID-19, said Amanda Fioretti, assistant vice president, AmWINS Program Underwriters Inc. "Several other carriers have developed a communicable disease exclusion and are using this exclusion on a case-by-case basis. A majority of carriers are requiring completion of an infection control application to review coverage."

"The ability or capacity of any insurer to limit or withdraw coverage in the current environment will be severely restricted," said Robert Raber, associate director, AM Best Rating Services. "Regulators, legislatures and recently filed legal actions are creating conditions where greater coverage is an expectation."

Raber said it's likely the specialized coverage forms that writers use going forward will begin to include additional provisions to exclude COVID-19-related losses and/or clarify coverage available in pandemic situations. These changes would most likely be at renewal of the policies.

The effect of COVID-19 on insurance pricing may be hard to define as pricing for senior facilities had already been hardening before the virus hit, said Atkinson. "We've been in the midst of a significantly hardening liability market for senior care and long-term care for the past 18 to 24 months."

Even before COVID-9 hit, the marketplace for senior care providers was changing quickly, said Wankmiller. "Adverse loss experience from both a frequency and severity perspective as a result of increased litigation across the country and certainly in some states like Kentucky, California, Illinois, New Mexico, Florida and New Jersey, have severely impacted the long-term care and senior living sectors of the industry."

Wankmiller said insurance carriers were, on average, increasing pricing 10% to 30% "and even more in some difficult venues and for providers with claims activity."

She said "a few carriers had left the general and professional liability market for senior care providers altogether, restricted coverage, increased deductibles and retentions, and reduced the amount of limit they had historically been willing to provide."

The market for senior care and the overall health care market were hardening prior to COVID-19, said Fioretti. She said several carriers had pulled out or pulled back and pricing was on the rise due to an increase in litigation costs. Any future changes in insurance pricing due to COVID-19 "will be determined by the emergence of litigation activity," said Fioretti.

—David Pilla

Price Check

Study: COVID-19 treatment could cost insurers up to $556 billion over next two years.

The cost to health insurers for testing and treating Americans infected with the coronavirus could amount up to $556 billion—about one quarter of the $2 trillion pandemic relief package—over the next two years, a new study said.

The actuarial study, done for America's Health Insurance Plans by Wakely Consulting Group, attempted to quantify a cumulative price tag for COVID-19 testing/treatment for 2020 and 2021. Costs ranged from $56 billion to $556 billion over the two-year time period, depending on whether the national infection rate is at the low end of 10% or the higher end of 60%.

It looked at the impact across commercial, Medicare Advantage and Medicaid managed care lines.

"This new data provides us with better insight to help policymakers, private sector leaders and other stakeholders understand the investments required to successfully care for every American subjected to this life-threatening virus," Matt Eyles, president and chief executive officer of AHIP, said in a statement.

Assuming a 20% infection rate, the report estimates that more than 50 million Americans will become infected, at least 5.5 million will require hospitalization and 1.3 million will require intensive care. For each person admitted into intensive care, costs, on average, could exceed $30,000, AHIP said.

"As significant an impact as the virus has already had in several countries around the world, and in several states, the potential impact of the continued virus proliferation on our health care system could be immense," the report said.

It warned a wide variation in variables made it difficult to cast precise cost projections.

"Given the asymptomatic nature of many confirmed COVID-19 cases and gaps in U.S. testing capacity from the outset of the crisis, it is impossible at this stage to identify the true incidence rate," it said.

In a March 19 commentary, AM Best said its outlook for the health insurance industry currently remains stable.

"AM Best acknowledges that there is a potential for deterioration in capital from both an earnings and investment perspective," it said. "However, the favorable earnings trends over the past few years has resulted in the strengthening of risk-adjusted capitalization for health insurers, which should aid in withstanding the financial impacts, both claims and investment market related, of the coronavirus."

AHIP appealed to congressional leaders for help. It urged Congress to open a special COVID-19 enrollment period for the Heathcare.gov Affordable Care Act exchanges, extend premium subsidies and create a temporary pandemic federal risk mitigation program to stabilize carriers hit by outsized coronavirus claims.

—Frank Klimko

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On Display

Plans are underway for a new interactive museum in London that aims to tell the global story of insurance and attract new talent to the industry.

by Lori Chordas

Imagine traveling through space, riding in a self-driving car, feeling the powerful rumbles of an earthquake and sailing on the ill-fated Titanic all in one day.

Simulations and exhibits could soon bring those experiences to life in a new Insurance Museum (IM) experience in London.

The "free-to-enter" IM is set to open in spring 2021, and will share the heritage story of insurance through physical artifacts, experiential exhibits, video installations and content focused on global events that have had a major impact on the industry, including the 1666 Great Fire of London, 1906 San Francisco earthquake, climate change, Sept. 11, the Intelstat 603 space rescue, Hurricane Katrina and the 1912 sinking of the Titantic, said project manager Jonathan Squirrell.

When the Chartered Insurance Institute moved its head offices out of the historic Aldermanbury building in 2018 to its new home next door to the original site of the Lloyd's Coffee House on Lombard Street in London, CEO Sian Fisher asked former CII president Reg Brown to lead a working group to decide what to do with the CII's collection of insurance relics, rare books, fire marks and other artifacts that were in storage and inaccessible to the public.

"Brown seized the idea and opportunity of creating the IM with the worthy aim of educating the public about insurance; enticing insurers, brokers and other stakeholders to share and display their historic items and memorabilia," Squirrell said.

He said the plan is to create a "phase one, pop-up museum to enable the physical creation and perfection of the museum concept" before moving to a permanent residence in about six years.

Currently a search for a venue to house the pop-up museum is underway in London's historic EC3 area, "the heartland of insurance," Squirrell said.

"We want visitors to walk out of the museum and be surrounded by both the history and the modern world of insurance in the world's financial capital," he said.

Along with seed funding provided by the CII, donations are being sought from individuals and businesses to support the Insurance Museum Initiative ("IM IN"), which aims to build cross-market funding for the museum venue development and delivery.

At the end of March, nearly £40,800 (US$47,262) has been raised through the IM website, and corporate supporters continue to sponsor the initiative from a Who's Who list of industry leaders including Aon, Swiss Re, Hiscox, Axa, IGI and Marsh.

The initial goal, Squirrell said, is to raise £3 million (US$3.7 million) to fund the venture. Then, along with revenue generated from paid events, donations and the museum's coffee and gift shops, he hopes to raise an additional £3 million annually for exhibitions, operations and staffing and to build the funds for the permanent visitor venue.

Squirrell said he hopes the IM, which will include the delivery of a documentary film series and digital resources, will one day be used as a template for other museums across the globe. BR

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