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AM BEST'S MONTHLY INSURANCE MAGAZINE

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BEST'S REVIEW®

May 2024 • Volume 125 • Issue 5

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AM BEST'S MONTHLY INSURANCE MAGAZINE

For the Defense

Insurance defense counsel say they need insurers' full support as they face an energized plaintiffs bar, a *Best's Review* survey reveals.

Legal Coverage
Pages 28-39



G. Mark Thompson,
president and CEO of
Marshall Dennehey



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Litigation, Insurers and Their Outside Counsel

Insurance defense attorneys responded to an exclusive *Best's Review* survey about the state of the relationship between insurers and their outside counsel. The May issue also examines the insurance media sector and includes a ranking of the largest P&I clubs and coverage of the bridge disaster in Baltimore.

U.S. insurers have often been viewed as the “deep pockets” in U.S. commercial litigation. The outside counsel tasked with protecting those deep pockets is now facing an increasingly well-funded plaintiffs bar.

Litigation funders—companies that finance U.S. commercial lawsuits in exchange for a cut of any recoveries—committed \$2.7 billion to new U.S. litigation funding deals in 2023, according to a report from litigation finance advisory firm Westfleet Advisors.

While that is down from \$3.2 billion in 2022, that still represents a significant source of capital to finance plaintiffs' litigation.

Defense attorneys have been feeling the impact.

Best's Review conducted a survey of the legal members of *Best's Insurance Professional Resources*, asking 16 questions about the relationship between insurers and their outside counsel.

In “For the Defense: Insurers' Cost-Cutting Mindset Strains Relationship With Defense Counsel,” *Best's Review* spoke with defense attorneys about the challenges they are facing in today's legal climate.

The U.S. insurance industry has identified legal system abuse as one of its most critical issues. In “Munich Re, APCIA Execs: Insurers Look To Quell Ad-Driven Legal Abuse,” Maura Freiwald, head of casualty for Munich Re US, and Jim Whittle, vice president and counsel to the American Property Casualty Insurance Association, spoke about how legal system abuse and litigation funding are leading to nuclear verdicts against insurers and what the industry is doing to combat the practice.

The U.S. commercial litigation finance industry, meanwhile, is also undergoing change, according to the Westfleet report.

“Last year's results are indicative of an industry in a state of flux, with some notable players exiting the industry, numerous professionals making lateral moves, and capital commitments to new deals contracting by nearly 14%,” the report said.

The Westfleet report noted the impact of contingent risk insurance.

“Some speculation exists that the prevalence of contingent risk insurance in the last few years has started to have a measurable impact on commercial litigation financing activity,” according to the report.

Westfleet acknowledged the increased utilization of contingent risk insurance but said “we do not believe it has materially displaced litigation finance except in areas such as appellate monetizations.”

The May issue of *Best's Review* also examines the state of the insurance media sector. May is Insurance Media Awareness Month and in “Insurance Professionals Find New Routes To Get Their Messages Out,” *Best's Review* reports on the ways insurance news and messaging has changed, with insurers now relying more heavily on blogs, videos and podcasts.

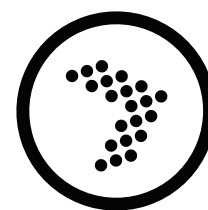
The May issue also features an exclusive ranking of the largest P&I clubs and reports on the bridge disaster in Baltimore and its potential impact on the insurance industry.

BR

Patricia Vowinkel
Executive Editor
patricia.vowinkel@ambest.com

What's Coming Up

The June issue of *Best's Review* will feature a three-part special presentation, “How Insurance Asset Managers Are Negotiating the New Investment Environment,” a joint effort by AM Best TV and *Best's Review*. The presentation was scheduled to air on AM Best TV in May. The June issue also will include a ranking of the largest European insurers.



LEGAL ISSUES

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This special section includes coverage of a *Best's Review* survey of insurance defense attorneys, as well as interviews with other industry executives about legal system abuse and litigation.



FOR THE DEFENSE

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For the Defense: Insurers' Cost-Cutting Mindset Strains Relationship With Defense Counsel

Insurance defense attorney members of Best's Insurance Professional Resources who responded to an exclusive *Best's Review* survey say they remain committed to the insurance industry but warn that counsel-insurer relationships are under stress because of a penny-wise, pound-foolish litigation approach adopted by some insurers. Meanwhile, an increasingly well-funded plaintiffs bar continues to rack up nuclear verdicts.



FOR THE DEFENSE: SURVEY

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State of the Insurance Defense Counsel Survey Says:

Forty-five insurance defense attorneys responded to a *Best's Review* poll about the most significant issues confronting the profession and its relationship with insurers. The 16-question survey covered such topics as economics, legal climate and tone of attorney-client relationships. Some of the results follow.



LEGAL SYSTEM ABUSE

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Munich Re, APCIA Execs: Insurers Look To Quell Ad-Driven Legal Abuse

As nuclear and thermonuclear verdicts continue to escalate, so will risk for insurers and the cost for the victims and policyholders, industry leaders say.



LITIGATED CLAIMS

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Prime CEO: Tide of Litigated Claims, Like Bad Divorces, Enrich Lawyers

Insurers should fight back and not always give in to unreasonable settlements that are a prime factor in the rising tide of litigated claims, according to Rick Lindsey, Prime Insurance Co. chairman, president and chief executive officer.

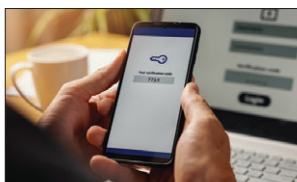


ISSUES & ANSWERS

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Cyber Developments

An industry leader discusses how cyber insurance is evolving with technological threats shaping the landscape.



CYBER

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AM Best: Cyber Insurance Could Outpace D&O Coverage in Premium Volume

Christopher Graham, senior industry analyst, AM Best, said cyber may surpass directors and officers insurance in premium volume due to its rapid growth and changing market demands. He spoke at the PLUS Cyber Symposium.



LIFE INSURANCE

Page 22 **Swiss Re Imprint Looks To Mine Gold in Closing Life Insurance Gap**
IptiQ works in partnership with call centers, independent agents and brokerage organizations—and even life insurers—to extract existing customer data. The aim of that effort is to find any gaps that exist and target solutions for closing them.



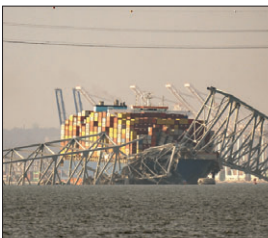
ARTIFICIAL INTELLIGENCE

Page 26 **Connecticut Issues Bulletin on AI Use in Insurance**
The bulletin, No. MC-25, sets out guidelines for insurers' governance of the development, acquisition and use of certain AI technologies and systems, according to the state's department of insurance.



INSURANCE MEDIASPHERE

Page 40 **Insurance Professionals Find New Routes To Get Their Messages Out**
As traditional media relegates insurance beat reporting to the past, insurers use podcasts, blogs, social media and trades to disseminate their work.



PROTECTION AND INDEMNITY CLUBS

Page 48 **Container Ship Owner, Manager Seek Legal Shield Against Baltimore Disaster Claims**
The petitioners said they claim exoneration from liability for any and all losses or damage from the event and from any claims for damages that have been or may be filed.

BEST'S RANKINGS

Page 50 **Members of the International Group of P&I Clubs – 2024 Edition**
Ranked by 2022 gross premiums written.

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

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AM Best To Speak at NAIC International Insurance Forum



May 1-4: TIPS Section Conference in Hollywood, American Bar Association, Hollywood, CA, USA.  



May 2: Re/Insurance Outlook USA 2024, Intelligent Insurer, New York, NY, USA.  



May 3: LIIFT NYC 2024, The Lighthouse Collective, New York, NY, USA. 


May 5-6: JP Morgan Asia Insurance 1x1 Forum, JP Morgan, Hong Kong. 

May 5-9: Riskworld 2024, Risk and Insurance Management Society, San Diego, CA, USA.  

May 7: IASA Metro NY/NJ Chapter 2024 Annual Education & Golf Outing, Insurance Accounting & Systems Association Inc., Kenilworth, NJ, USA.  


May 7-10: 2024 NAIIA National Conference, National Association of Independent Insurance Adjusters, San Antonio, TX, USA.  


May 8-10: 2024 MPL Association Conference, Medical Professional Liability Association, Washington, DC, USA.  



May 13-15: 2024 NCCI Annual Insights Symposium, National Council of Compensation Insurance, Orlando, FL, USA. 


May 14-16: 2024 Mid-Year Meeting, Target Markets Program Administrators Association, Tampa, FL, USA. 



May 15-16: BIBA Conference 2024, British Insurance Brokers' Association, Manchester, England, UK.  


May 16-17: NAIC International Insurance Forum, National Association of Insurance Commissioners, Washington, DC, USA. 




May 21: Philly I-Day, Insurance Society of Philadelphia, Philadelphia, PA, USA. 


May 29: Program Manager Conference and Awards 2024, The Insurer/World Business Media Group, New York, NY, USA.  

May 30: 14th International Conference, Insurance Europe, Helsinki, Finland. 

June 1-5: 50th AIO Conference and Annual General Assembly, African Insurance Organization, Windhoek, Namibia.  

June 2-5: National Flood Conference, American Property Casualty Insurance Association, Washington, DC, USA. 


June 3-5: IASA Xchange Conference, Insurance Accounting & Systems Association Inc., Pittsburgh, PA, USA.   


June 3-5: Airmic Annual Conference 2024, Association of Insurance and Risk Managers in Industry and Commerce, Edinburgh, Scotland, UK. 

June 4-6: InsureTech Connect Asia, InsureTech Connect, Singapore. 

June 5-6: Insurtech Insights USA, Insurtech Insights, New York, NY, USA. 

June 12: AM Best's Market Briefing – Italy, AM Best, Milan, Italy. 

June 12-13: Agricultural Risk Inspection School, National Association of Mutual Insurance Companies, Columbus, OH, USA. 

June 12-14: FAIA's 120th Anniversary Convention and Education Symposium, Florida Association of Insurance Agents, Orlando, FL, USA. 



Scan for a full list of conferences and events.

 Attending  Exhibiting  Speaking  Hosting  Sponsoring  Video

May Is Insurance Media Awareness Month

Insurers have pivoted to the use of podcasts, blogs, social media and trade publications to push their work as traditional media makes insurance beat reporting a thing of the past. Coverage, which includes listings of insurance-focused podcasts and trade publications, begins on page 40.



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Lockton Executive Chairman Returns to CEO Role as Company Welcomes a New Executive Vice President-Operations

Markel names chief operating officer, Kemper appoints permanent CFO and Axis Capital hires global CIO.

Ron Lockton has returned to the role of chief executive officer of Lockton, an independent insurance broker and consultant, as Peter Clune stepped down from the position.

"In the nearly four years that I've served as executive chairman of Lockton, I have remained active in the company's management and decision making, and I am honored and excited to be given the opportunity to serve once again as CEO," Ron Lockton, who was previously CEO from 2017 to 2020 and served as chairman during Clune's tenure as CEO, said in a statement.

"Jack Lockton founded this company with an unwavering belief that by focusing on our clients, fostering a great company culture, and remaining private, we would build and mobilize an exceptional company. I carry that belief today, and I couldn't be more excited for



Ron Lockton



Steve Goldenberg

what the future holds for us," Ron Lockton said.

The company also announced it hired Steve Goldenberg as executive vice president, operations.

Goldenberg will work alongside the global executive team to lead strategic initiatives, recruit talent, and build innovative solutions to continue the firm's growth efforts. He will be

based in Kansas City, Missouri, the company said.

Goldenberg joins from Aon, where he held several senior leadership roles throughout his 15-year tenure, including most recently serving as global chief operating officer, commercial risk solutions. Prior to Aon, Goldenberg spent several years at McKinsey & Co., according to a statement.

—Staff Reports

Markel Taps EVP-Chief Operating Officer

Markel Group Inc. named Mike Heaton as executive vice president and chief operating officer.

Heaton will oversee the day-to-day operations for Markel Group, with an intentional focus on pursuing the best capital allocation opportunities, attracting and supporting top company leaders, and amplifying the cultural values in the Markel style, according to a company statement.

Most recently, he was EVP, where he led the transformation from Markel Corp. to Markel Group Inc. by establishing a more formal holding company identity, structure and team. From 2016 to 2022, Heaton served



Mike Heaton

as president of Markel Ventures, and he was COO of Markel Ventures before that, the company said.

Tokio Marine Shuffles Executive Leadership

Tokio Marine North America promoted Caryn Angelson to succeed Mika Nabeshima as executive officer at Tokio Marine Holdings and chief diversity and inclusion officer.

Nabeshima is taking over the role of chief sustainability officer.

In addition, Tokio Marine Kiln appointed Matthew Shaw to succeed Brad Irick as chief executive officer, subject to regulatory approval.



Caryn Angelson

Irick has been named co-head of international business for Tokio Marine Holdings Inc., which is the parent company of Tokio Marine Group, to drive its international growth ambitions.

Angelson will lead Tokio Marine Holdings' global diversity and inclusion efforts. She has served as deputy CDIO since 2022, the company said.

Angelson joined Tokio Marine in 2001 in the human resources department of Tokio Marine America. By 2011, Tokio Marine experienced significant growth, marked by numerous acquisitions, and the company began considering the establishment of a shared services entity to support its newly acquired U.S. companies.

Angelson was named chief human resources officer for this emerging entity, Tokio Marine North America Services, overseeing administration, corporate communications and facilities. At the same time, she assumed the role of chief legal officer, according to a company statement.



Matthew Shaw

Angelson has a background in law and prior to joining the company, she practiced at prominent law firms as a litigator, specializing in employment and human resource matters, the company said.

Shaw has been chief underwriting officer of Tokio Marine Kiln since 2020. With 40 years of experience in the insurance industry, he has been the architect behind a transformational underwriting strategy that has led to significant performance improvements for the company in the past four years, according to a company statement.

Irick has led Tokio Marine Kiln since Jan. 1, 2020, under a strategy that puts people, culture and performance at the center of its success, which has seen it achieving consistent profitability as one of the largest and highest-performing insurers at Lloyd's, the company said.

With these changes, Vivek Syal, chief risk officer, TMK, was appointed chief underwriting officer, subject to regulatory approval. Syal joined TMK in 2017 and has played an instrumental role in developing and leading the vision and strategic direction of the business.

Kemper Appoints Permanent CFO

Kemper has named Bradley Camden, interim chief financial officer, as permanent CFO.



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He will report to Joseph P. Lacher Jr., Kemper's president, chief executive officer and chairman.

Camden succeeds James McKinney, who worked at Kemper for seven years and served as a senior adviser to the company when Camden took over as interim CFO in September 2023, the company said.



Bradley Camden

Camden joined Kemper in 2020 as treasurer and has since led many of the company's critical strategic initiatives, including the formation of Kemper Bermuda Ltd. and the Kemper Reciprocal exchange, as well as the company's capital market management, and asset and liability management and risk management initiatives. He is also a key lead on the company's corporate development activities.

Prior to Kemper, Camden spent 15 years at Northern Trust Asset Management, where he served in a number of finance leadership roles including head of long duration fixed income, head of active and quantitative strategies, and director of fixed income strategy, the company said.

Axis Capital Welcomes New Global CIO

Axis Capital Holdings Ltd. appointed Stephen Lord as global chief information officer and Robert Barriero as global head of strategic sourcing and corporate real estate.

In his new role, Lord will report directly to Vince Tizzio, president and chief executive officer, and will

serve on the company's executive committee. He joins Axis from Hartford, where his most recent role was CIO, global specialty, corporate systems, Hartford Investment Management Co., and enterprise architecture.

Previously, Lord was CIO at Navigators Group and also held technology leadership roles at Endurance. Earlier in

his career, Lord spent six years with Axis, holding a number of leadership roles, including CIO accident & health, global chief technology officer, and CIO reinsurance, according to a company statement.

In his newly created role, Barriero will oversee the company's vendor management and facilities teams as one consolidated unit. Most recently, Barriero served as head of property management, Americas at Morgan Stanley, following earlier leadership and management roles at Cushman & Wakefield, Deutsche Bank, Pfizer and Goldman Sachs, among others, the company said.



Stephen Lord

Lloyd's Makes Interim General Counsel Permanent

Lloyd's named Interim General Counsel Claire Schrader as permanent general counsel.

Schrader will be responsible for managing legal risk at Lloyd's, a role she has been performing on an interim basis since August 2023. She remains a member of Lloyd's executive committee, the company said.

Schrader is a qualified solicitor, with more than

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20 years of experience in law and the insurance sector. She has been with Lloyd's since 2000, during which time she has built a strong reputation among her colleagues in the corporation and throughout the market as a trusted legal adviser, according to a statement. Schrader has an extensive knowledge of the insurance industry and the frameworks (both regulatory and otherwise) that form the backbone of the Lloyd's market, according to a company statement.



Claire Schrader

Howden Names Group Chief Operating Officer

Howden hired David Shalders as group chief operating officer. He will join as an executive member of the Howden Group board and become a member of the global leadership team.

Shalders, who will be based in London, joins Howden from London Stock Exchange Group, where he was COO and head of integration. He has more than 30 years of experience in integration, technology and operations in the financial services sector, having previously worked as group operations and technology director at Willis Towers Watson and having spent 19 years at The Royal Bank of Scotland. He also has held roles at UBS, JPMorgan and Accenture, according to a company statement.



David Shalders

Axa XL Appoints Global CUO-Specialty

Axa XL announced that Anne Marie Elder has taken on the newly created role of global chief underwriting officer, specialty.

Elder will collaborate with regional underwriting operations to set the strategic direction, and support business development, of Axa XL's collective marine, aerospace and specialty niche portfolios under a newly created global specialty branch, which is part of Axa XL's global chief underwriting office. The GCUO works with Axa XL's regional underwriting teams to support profitable growth, assisting with underwriting discipline, pricing, risk aggregation and global product strategy.

She will be based in Hartford, Connecticut, and will report to Libby Benet, global chief underwriting officer, according to a company statement.

Elder previously served as Axa XL's global CUO, marine. She joined the company in 2011 and has led the global marine team since 2019. Prior to joining Axa XL, she held positions with Hartford, Allianz and CNA Insurance, the company said.

Elder is an alum of the United States Merchant Marine Academy and served in the United States Naval Reserve, according to the company.



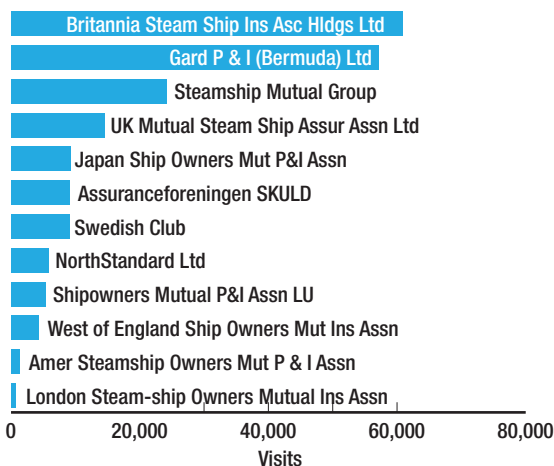
Anne Marie Elder

Nationwide Taps New Personal Lines President

Nationwide named Casey Kempton to succeed Beth Riczko as president of the personal lines business unit.

Web Traffic: Visits to Top P&I Club Sites

Britannia Steam Ship Insurance Association Holdings Ltd. leads web analytics provider Semrush's ranking of most-visited P&I club sites.



Note: North of England merged with The Standard Club Ltd. on Feb. 20, 2023, to form NorthStandard Ltd.

Source: www.semrush.com.

Reported traffic for March 2024.



Scan for a full listing of Best's Rankings.

Riczko was appointed in October 2023 to lead Nationwide's underwriting initiative across the organization's property/casualty business group, according to a previous company statement.

Kempton comes to Nationwide from Chubb, where she most recently served as executive vice president, digital business officer responsible for emerging small business digital acquisition channels via direct-to-consumer affinity partnerships, e-brokers and agent-carrier connectivity.

Prior to that, she led the personal lines agency channel at Hartford Financial, including oversight of field sales performance, distribution strategy, marketing and product portfolio management.

She also spent time with the Ace Group, accountable for global personal and commercial lines as well as leading the operations and information technology for the Latin America region.



Casey Kempton

HDI Global Names Chief Commercial Officer

Industrial insurer HDI Global SE appointed David Vigier as chief commercial officer.

In addition, Vigier gradually will take over from Etienne de Varax as head of captives in the French branch of HDI Global, and de Varax will dedicate his time entirely to leading HDI Enablers together with Eric Jolly-Pottuz. HDI Enablers is the center for risk finance solutions within HDI Global and offers affinity solutions, virtual captives, captive reinsurance solutions and parametric insurance solutions for various markets, according to HDI Media.

The dual role as CCO and future director of captive strategy fits with HDI Global's strategy, which focuses on offering captive solutions, the company said.

Vigier, who has more than 25 years of experience in the insurance industry, joined HDI Global in September 2023 from Erget Group after previously holding leading roles at Sanlam Pan Africa, Europcar Mobility Group and American International Group, according to a company statement.



David Vigier

QBE Taps Exec Director-International Markets

QBE promoted Kevin Shallow to executive director, international markets, subject to regulatory approvals.

He will be responsible for Lloyd's and company market operations across international markets, with operations in London, Singapore, Dubai, Canada and the United States. He also will take responsibility as joint active underwriter of Syndicate 2999, the company said.

Shallow had served as director of marine based in the United Kingdom, a role he held since 2022. He joined QBE in 2005 and has more than 18 years of experience in the industry, including time spent in Singapore developing QBE's Asian marine business, according to a company statement.

Shallow also developed QBE's portfolio solutions underwriting unit in the London market and managed it until 2022, driving significant growth, the company said.



Kevin Shallow

LSM Fills New Post for Head of Energy-London

Liberty Specialty Markets promoted James Boyle to the newly created role of head of energy, London.

Boyle will report to both Melanie O'Neill, chief underwriting officer, London, and Ronald Bolaños, LSM's CUO and global head of energy, the company said.

He and his team will continue to work closely with LSM's in-house risk engineers and claims team to provide agile solutions for clients and brokers, the company said.

Boyle has more than 15 years of London market experience.

He joined Liberty in 2021 as senior underwriter, onshore energy, before being promoted in 2022 to underwriting manager, onshore energy.

He was previously vice president, senior underwriter, onshore energy for Swiss Re. Boyle's first London market role was in 2007, according to the company.



James Boyle

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WORLD HEADQUARTERS

A.M. Best Company, Inc.
A.M. Best Rating Services, Inc.
1 Ambest Road, Oldwick, NJ, USA 08858
Phone: +1 908 439 2200

MEXICO CITY

A.M. Best América Latina, S.A. de C.V.
Av. Paseo de la Reforma 412, Piso 23,
Col. Juárez, Alcaldía Cuauhtémoc, C.P. 06600, México, D.F.
Phone: +52 55 1102 2720

EUROPE, MIDDLE EAST & AFRICA (EMEA)

LONDON

A.M. Best Europe - Information Services Ltd.
A.M. Best Europe - Rating Services Ltd.
12 Arthur Street, 8th Floor,
London, UK EC4R 9AB
Phone: +44 20 7626 6264

AMSTERDAM

A.M. Best (EU) Rating Services B.V.
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1081 LA Amsterdam, Netherlands
Phone: +31 20 308 5420

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ACCOUNT MANAGER
Suzanne Ruffa: +1 908 399 6275
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EDITORIAL

EXECUTIVE EDITOR **Patricia Vowinkel: +1 908 882 1771**

EDITOR **Tom Davis**

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BEST'S REVIEW, Volume 125, Issue 5, May 2024 (ISSN 1527-5914) is published monthly by A.M. Best Company, Inc. Editorial and executive offices: 1 Ambest Road, Oldwick, NJ, USA 08858-9988. A one-year subscription is \$84. A two-year subscription is \$160. Subscriptions: bestsreview.ambest.com/subscribe. Telephone: +1 908 439 2200.

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All In On AI: Blend Tech With People To Drive Value

Artificial intelligence is a game changer in insurance. The industry needs to get on board or be left behind.

By **Alex Wells**

Artificial intelligence made a big splash in 2022 with the release of online tools such as ChatGPT. But for insurers, AI has been part of our process for years.

That's because AI is well suited for the data-heavy insurance industry, and we have always been at the forefront of adopting new technology to help analyze, underwrite and manage risk.

The latest advances in AI technology—often referred to as generative AI or large language models—offer insurers the potential to help their customers by providing more targeted risk analyses and risk management and, ultimately, greater customer satisfaction. But that's only if insurers, underwriters and brokers embrace that potential.

Data, Data and More Data

There are multiple ways that insurers and their customers can benefit from using AI, from optimizing employee decision-making and improving operational efficiency to extracting valuable insights from vast amounts of data and assisting in daily tasks.

When it comes to underwriting, data and analytics are the cornerstones. Through AI and predictive analytics, data can be processed more easily, efficiently and accurately. AI has the potential to take raw data and develop new risk characteristics to provide a more accurate insurance product.



Best's Review contributor **Alex Wells** is head of U.S. Middle Market, Zurich North America. He can be reached at bestreviewcomment@ambest.com.



For the insurance industry, the real allure of AI is transforming unstructured data into structured data. Unstructured data has no predefined format or organization, making it much more difficult to collect, process and analyze. Examples include text, video files, audio files, mobile activity, social media posts and satellite images.

Structured data is highly organized and formatted so that it's easily searchable in data stores. Examples include dates and times, phone numbers, banking transactions, customer names and addresses, and product prices.

A People Business

The benefits of AI in insurance are undeniable. But hurdles remain in integrating the new technology into the underwriting process.

Despite the emphasis on data and analytics,



insurance has been and will remain a business focused on personal interactions. People matter, and there is no technology that can replace insurers, brokers and customers collaborating to protect a business from a variety of risks.

This is particularly true with middle market businesses. Every business, regardless of its size, believes its risks are unique and, as such, expects a personalized approach to developing risk transfer and risk management solutions. The good news is that the combination of strong data and the proper utilization of AI tools can improve an insurer's ability to provide a more complete risk analysis that is tailored to the specific needs of a business.

With more data—and more opportunity to turn that data into structured data—insurers can go beyond comparing apples to apples when underwriting risk. A widget maker in Iowa, for

example, may be very different than a bakery in New York City.

But a deeper, AI-fueled look at their respective businesses could reveal that they have something in common in the way they source materials or the fire or flood risks at their facilities. These insights can be shared and help both the widget maker and the bakery make critical decisions that can prevent major losses.

Tools, Not Rules

Individual underwriters are the keys to ensuring that AI tools are used effectively to support customers. When introducing new ways of working, it is important to give them tools, not rules.

By embracing AI, the insurance industry can enhance operations, improve risk assessments and deliver greater value to customers.

BR

Small Businesses Face Workers' Comp Challenges; Many Underutilize Carrier Resources

Insurance agents play a role in advising small businesses and guiding them to mitigate workers' compensation losses and improve employee health and safety.

By **Charles F. Hamann**

In today's dynamic marketplace, small businesses face a wide array of risks. As a result, small-business owners must seek insurance programs to protect against these risks, while at the same time identifying strategies to proactively prevent loss. Being vigilant about potential risks, such as workers' compensation claims, ensures business continuity without major setbacks. Workplace injuries can lead to major business disruptions, especially as medical inflation reaches an all-time high and medical appointment wait times can keep employees out of work longer than expected.

At the same time, the risk landscape, including workers' compensation, continues to grow more complex, placing an even greater emphasis on the pivotal role of independent insurance agents. Empowering small businesses through tailored risk management strategies offered by carriers helps improve employees' health and the return-to-work process.



Best's Review contributor **Charles F. Hamann** is president of small commercial at The Hanover. He can be reached at bestreviewcomment@ambest.com.



Understanding Small-Business Owners' Priorities

In conjunction with Statista, we recently surveyed small-business owners to better understand their approach to workers' compensation insurance. As it relates to this coverage, price remains a key consideration for small businesses that have not experienced a claim. Conversely, for those businesses that have experienced one or more workers' compensation claims, risk management services and the claims process are prioritized over price. Small-business owners with a history of a claim activity understand the disruption a loss can cause and the value of a cohesive, proactive approach to workplace risk mitigation. In fact, 91% of small-business owners said services are a very important aspect of their workers' compensation purchasing decision.

These business owners are looking for new solutions like on-the-job trainings and demonstrations (for both management and employees) to ensure continuous learning and improvement.



Empowering Clients Through Proactive Engagement

The good news is the data showed business owners rely on the advice of their independent agents—more than two-thirds report their agents' recommendations strongly influence their insurance decision-making process. As trusted advisers, agents have an opportunity to educate small-business customers on tailored solutions that extend beyond traditional insurance coverage.

Despite small-business customers recognizing the importance of risk management services, there remains a disparity between perception and implementation. Nearly all, or 91%, of the small-business owners surveyed believe they have a top-tier safety program with the right prevention measures in place. Yet, the results of the study reveal the stark reality that many small-business customers do not leverage common risk management resources offered by their carrier partners.

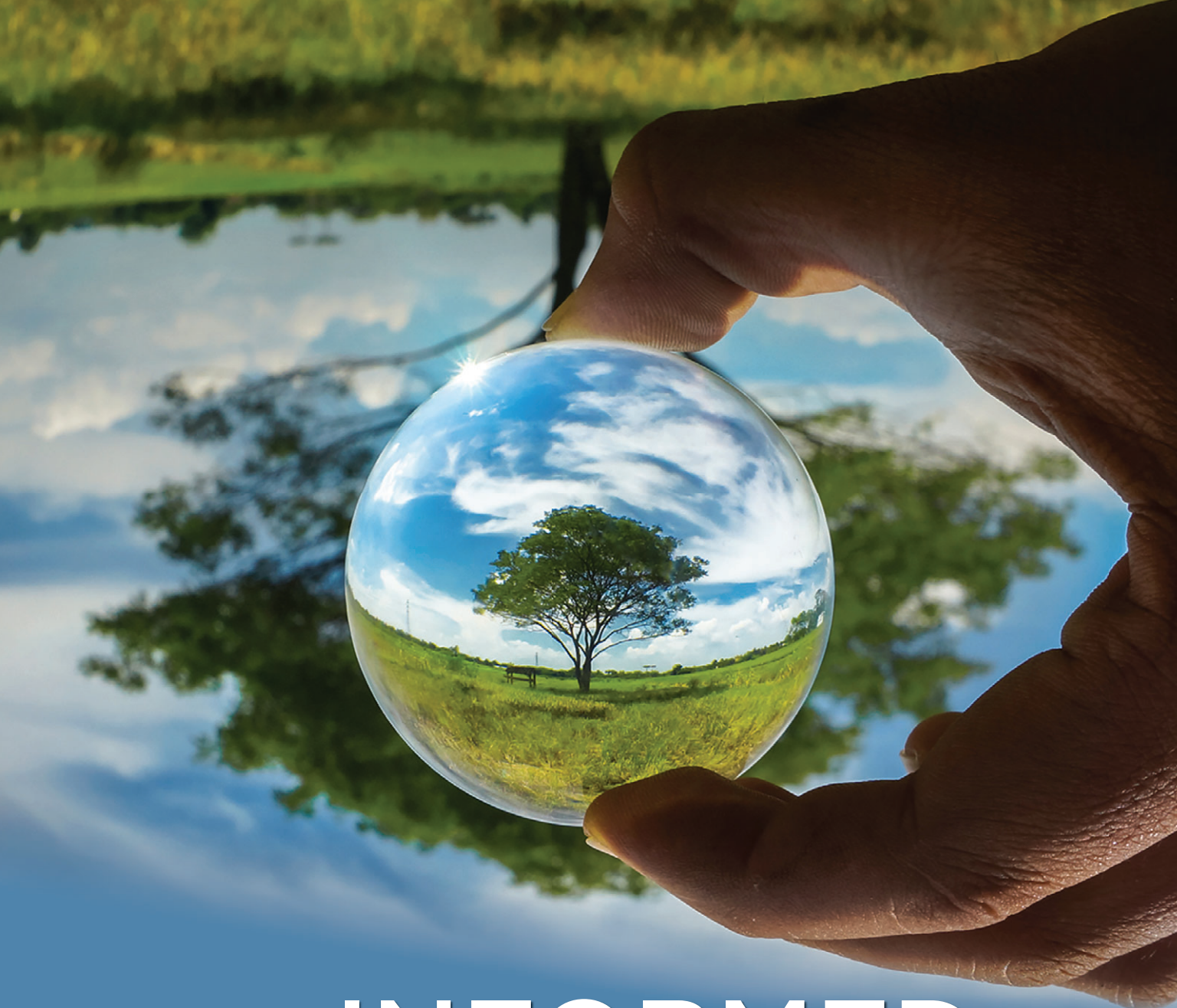
For example, only about 33% take advantage of telematics to monitor safe driving. Only 35%

utilize nurse triage services to help provide injured employees guidance on the right level of care. A triage nurse would advise an injured employee as to the best course of medical treatment—whether it be self-care, urgent care, or emergency room. This enables employees to get the right level of care, while helping manage appropriate costs by providing timely advice. Another often overlooked area is business continuity planning resources, which can help avoid business interruption in the event of an injury. Interestingly, only 38% of businesses take advantage of these valuable programs.

Navigating Future Challenges Together

Looking ahead, small-business owners anticipate significant changes that could impact their workers' compensation insurance programs. From shifts in business operations to changes in workforce dynamics, these factors underscore the need for ongoing education and regular employee safety updates that serve as a differentiator to attract and retain talent.

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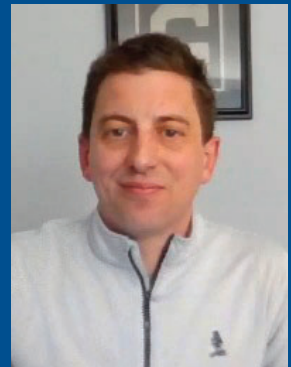
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BEST'S REVIEW® ISSUES & ANSWERS: CYBER DEVELOPMENTS

An industry leader discusses how cyber insurance is evolving with technological threats shaping the landscape.



Interviewed Inside:



Tim Nunziata
Nationwide

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Into the Breach: Plan Ahead for Cyberrisks

Tim Nunziata, Vice President and Head of Cyber Risk, Commercial E&O at Nationwide, said that when it comes to a cyber incident, the idea of being able to put a plan in place post-breach is not realistic. “The idea is to have your breach coach in place, have your legal services there, have everyone know what the plan is, and then test that plan,” he said. Following are excerpts from an interview.



Nationwide®

How is cyberrisk evolving?

Advancements in technology are rapidly expanding the threat landscape in cyberrisk—the implementation of AI across a number of areas, both from the bad actor standpoint but also the insured standpoint. The technology components to cyberrisks not only create more sophisticated bad actors and incidences, but also enable clients to have more sophisticated responses and controls in place to mitigate some of those. The advancement of technology is accelerating not only the number of attacks that we’re seeing, but also the sophistication through more targeted phishing attacks, social engineering, and ransomware incidences.

How is the insurance industry keeping up with that evolution?

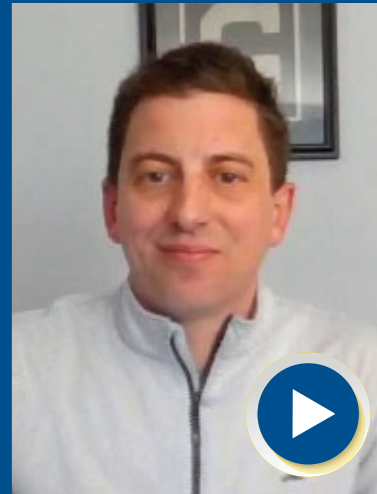
We’ve been talking for years about how quickly cyberrisk is evolving, but in the grand scheme of things, it’s a relatively immature line of coverage compared to many of the other financial and professional lines. We need more data and more information, which unfortunately for the carriers, is driven by claims experience. That increased claims activity over the last three years has provided insureds and insurance companies with an incredible amount of information to evaluate risk and exposure to better implement pre-breach services to mitigate incidences.

Are companies aware of the threats their businesses face as a result of today’s cyberrisk landscape?

Absolutely. There’s a fiduciary responsibility in boardrooms for organizations to be prepared when a cyber incident happens, and to put their organization in the best place to mitigate any fallout. Not only is the idea of organizational awareness more prevalent, but the risk mitigation knowledge that the insurance industry has, which we can transfer to companies, their employees, and to business associates throughout all aspects of

Tim Nunziata

Vice President and Head of Cyber Risk, Commercial E&O
Nationwide



“We do cyber fire drills so that if something happens, we’re prepared to respond to it.”

Visit the Issues & Answers section at bestsreview.ambest.com to watch an interview with Tim Nunziata.

the process, has expanded and has greater depth. Organizations now understand how to better mitigate certain ransomware fallout or certain malware issues.

What makes Nationwide a leader in cyber protection coverage?

What differentiates Nationwide is our ability to provide a full suite of network security, privacy, media, and ancillary errors and omissions products that provide an organization with the protection that can support its cybersecurity posture. That, coupled with the long-standing history of Nationwide’s brand recognition and ability to service clients across a number of insurance lines, means that we’re in this for the long haul, understanding that this is not an opportunistic play, but rather an opportunity for us to create a long-standing solution for organizations.

AM Best: Cyber Insurance Could Outpace D&O Coverage in Premium Volume

Christopher Graham, senior industry analyst, AM Best, said cyber may surpass directors and officers insurance in premium volume due to its rapid growth and changing market demands. He spoke at the PLUS Cyber Symposium.

by John Weber

The cyber insurance market is growing so fast that it could have “heavier premium” than directors and officers by April, one month following the conference where Christopher Graham, senior industry analyst, AM Best, spoke with AM Best TV.

Graham discussed the state of the cyber market at the 2024 PLUS Cyber Symposium, held in March. Following is an edited transcript of the interview.

How do you see the state of the cyber market these days?

Well, it's still softening. We're still seeing some price decreases. Even where there are increases, they're not keeping pace with inflation. It's effectively a decrease for the insurer relative to the exposure that's

John Weber is a senior associate editor. He can be reached at john.weber@ambest.com.

there. Right now, that's probably going to stay for a while, but you know one incident could turn it quickly as well.

Are there regulatory and financial issues as far as insurers are concerned?

Oh, absolutely. With cyber, we haven't had one large industry event yet that could really test the capacity of the market. So that's still out there looming over everybody. What type of loss would it be before it gets into, [or] moves from an earnings event into a capital event?

You also have a lot of it being written by surplus lines carriers, which works well for cyber in that the surplus lines underwriters can tailor the wording of the policy to meet what the insured needs. The downside is, for the insured, obviously like any other surplus





“The claims aren’t as severe as they were. That’s helped with the profitability. That seems to be sustainable.”

Christopher Graham
AM Best

lines policy, there’s no guarantee fund backing it. Those are certainly concerns in the general marketplace for cyber.

Generally speaking, is cyber profitable?

It has been for the past year. It was profitable almost from its run-up until the pandemic when the ransomware hit everything and it’s been profitable ever since the pricing got corrected, so it seems like something that’s been managed well in that regard by the insurers.

How do you sustain that profitability?

There’s a couple of things going on. Right now, a lot of it is through reinsurance to guarantee the capacity and get some ceding commissions as well. About 50% of the direct writings for cyber gets reinsured. That’s much higher than the rest of the property/casualty insurance industry. So, that’s giving the backstop that the primary carriers need to have the capacity to grow their books.

With that backstop, what are the opportunities for cyber?

There’s going to be demand coming everywhere and that’s really where the opportunity is going to come. Pricing has softened in part because of all the corrections that were put into the policies after the ransomware spike of 2020 through early ’22, but it wasn’t just the pricing that was corrected. A lot of policy language, a lot of multifactor authentication became necessary. There was basically a cleanup of cyber hygiene.

Claims became a little less severe, even if frequency has gone up again recently. The claims aren’t as severe as they were. That’s helped with the profitability. That seems to be sustainable. There’s

going to be demand constantly because we’re moving into a more digital world every day. It’s going to be demand that drives the growth.

Direct premiums written in cyber have exceeded directors and officers insurance. Surprised to hear that?

No. Look, we haven’t seen the official 2023 annual statements yet, but it’s not going to surprise me at all for that to happen. You look at cyber—[it] has been growing rapidly, from like \$5 billion in 2019 to \$10 billion in 2022. It’s only going to keep growing. D&O, there we’re seeing some pricing decreases. You’re seeing less demand on D&O because there’s less transactional coverage needed. There are fewer IPOs. The IPOs that are happening are less likely to be SPACs now. So, a lot of the heavy demand for D&O, in that regard on the transactional side, has gone away.

Cyber is going to keep growing. It’s not going to surprise me at all if a month from now [in April], when we have all the annual statements from all the insurers and all the data in, that cyber would be heavier premium than D&O.

BR



Scan to watch the interview with Christopher Graham.



Swiss Re Imprint Looks To Mine Gold in Closing Life Insurance Gap

IptiQ works in partnership with call centers, independent agents and brokerage organizations—and even life insurers—to extract existing customer data. The aim of that effort is to find any gaps that exist and target solutions for closing them.

by Terrence Dopp

Broadly speaking, life insurance policies diverged over one fault line in recent years: underwriting. The choice has been between traditionally underwritten policies involving bloodwork and teams of underwriters or the newer, instant-issue policies that caught fire during the COVID-19 pandemic.

But what if there was a middle ground between the two?

That's where iptiQ Life S.A. sees itself operating.

"The fully underwritten process can sometimes take quite a long time," said Niels Keuker, regional market executive, iptiQ Americas, a unit of Swiss Re Ltd.

"The other end of the spectrum is hardly any underwriting—a more guaranteed-issue type of approach, which is super easy for a consumer and convenient because you don't have to answer any medical question but clearly an insurance carrier then has to build in some protections in the rates," he said. "We want to find the middle ground."

IptiQ began operations in Europe about eight years ago and has since grown to write policies in the United States under the banners of Elips Life Insurance Co. and the Lumico Life Insurance Group.

Keuker said the company primarily focuses on life, health and final expense in the country, while it also does property/casualty coverage in Europe.

U.S. products include term life, whole life, final expense coverage and Medicare supplemental coverage on the health side. Keuker likes to speak of iptiQ as a "B2B2C" company, dedicated to helping other carriers find and address protection gaps within their existing books of business.

AM Best, in a Best's Credit Report, cited Swiss Re's strength in designating iptiQ's balance sheet strength as strongest. It also cited strong operating performance and a very favorable business profile in a financial report on the company.

All of this is aimed at the elusive protection gap, the difference between the level of coverage, or complete lack thereof, that people currently have and what their real-world needs are. Life insurers have long coveted the opportunity for gaining more sales through closing that gap.

In April 2023, life insurance industry group LIMRA found 52% of American adults reported owning life insurance, with 41% of the insured and uninsured adults saying they don't have adequate coverage. On a base level, that means LIMRA found more than 100 million U.S. adults didn't have enough life insurance.

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

“If you think about the middle market segment, that’s a tough segment because case sizes are clearly not as big as you sometimes have in higher net worth segments of the market. So, finding an efficient way for a distribution partner to close the sale and for consumers to find an affordable solution is really important.”

Niels Keuker
iptiQ Americas



“If you think about the middle market segment, that’s a tough segment because case sizes are clearly not as big as you sometimes have in higher net worth segments of the market,” Keuker said. “So, finding an efficient way for a distribution partner to close the sale and for consumers to find an affordable solution is really important.”

The object isn’t the purely digital focus other companies have tried. Rather, iptiQ centers around blending data and the human touch as needed.

The company has three defining features, Keuker said.

First, it offers a modern digital platform free of the legacy systems. That allows it to offer flexibility in how both distributors interact with it and the way consumers perform self-service tasks. He called the system “modular.”

Second, the products themselves blend both the digital and human. Keuker said the goal is to sit in the sweet spot between the old and the new.

The third takes the form of a range of marketing and sales support the company offers to its partners.

“It’s about on the front end, in the sales process and in the quoting process, but also on the back end as part of the claims journey,” Keuker said.

For example, the company uses a technology platform and the amassed data along with the questionnaires given to customers to allow

distributors to issue quick—sometimes instant—decisions. On the back end, technology also speeds up claims.

Keuker said iptiQ works in partnership with call centers, independent agents and brokerage organizations—and even life insurers—to mine existing customer data. The aim of that effort is to find any gaps that exist and target solutions for closing them.

In an industry where the old adage is that life insurance is sold not bought, an advantage of the system and its targeted approach lies in the business leads generated by this process, Keuker said.

Producers get a mix of knowing which consumers to target, the right offer to make and the right timing.

Also helping this effort, he said the company can lower costs for consumers, building an incentive for them to take advantage of the offers. The company has seen up to a 20% improvement in conversions rates for sales leads, he said. Because agents can be more productive more often, he said iptiQ can bring down acquisition costs for the industry.

“If you think about a block of in-force customers, you might have bought that policy 10 or 15 years ago and what you thought you needed might not be sufficient anymore,” he said. “So, we help our partners understand what the opportunities are in their books and that becomes highly effective.” **BR**

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Leading AI Platforms Respond to Question About Nuclear Verdicts



Nuclear verdicts are one of the insurance industry's most pressing problems. Three artificial intelligence large language models offer their takes on what the industry can do to reduce their likelihood.

What can insurers do to reduce the likelihood of nuclear verdicts?

Several artificial intelligence large language models say education and protection are the most common and useful steps that insurers can take. But the AI platforms also note the issue is serious enough that insurers should push for legal reforms and highlight how massive judgments make insurance less affordable.

The following are edited versions of how each responded:

Anthropic's Claude 3

There are a few key things insurers can do to help reduce the likelihood of nuclear verdicts:

- **Implement robust risk management practices** with their insureds. This includes thorough safety audits, employee training programs, and requiring strict adherence to safety protocols and regulations. Demonstrating a strong safety culture can help defend against allegations of gross negligence.
- **Retain top legal counsel** specializing in defending against high-exposure claims. Experienced attorneys can craft compelling narratives and make persuasive arguments to counter plaintiff tactics designed to inflame juries.
- **Support tort reform initiatives** to place caps on noneconomic and punitive damages. Some states have enacted laws limiting runaway jury awards.
- **Educate the public, legislators and courts** on the societal costs of nuclear verdicts via coordinated industry public relations campaigns.

Managing the nuclear verdict risk requires a proactive, multifaceted approach by insurers—in underwriting risks, handling claims, and defending

cases at trial. Early identification and intervention in problematic cases is critical.

ChatGPT-4

Reducing the likelihood of nuclear verdicts—extraordinarily large jury awards that exceed what the facts of a case might justify—is a priority for insurers, as these verdicts can significantly impact their financial stability and the affordability of insurance for everyone. Insurers can adopt several strategies to minimize the risk:

- **Enhanced risk assessment and underwriting:** By improving risk assessment models and underwriting practices, insurers can better identify and mitigate the risks of insuring entities that may be prone to lawsuits that could result in nuclear verdicts. This may involve stricter guidelines for industries with higher litigation risks or implementing more comprehensive evaluation criteria.
- **Invest in legal defense:** Building a strong legal defense team, either in-house or through partnerships with reputable law firms, is crucial. Insurers should invest in legal expertise specializing in defending against claims that could lead to nuclear verdicts, focusing on attorneys with a track record of mitigating such outcomes.
- **Use of data analytics:** Employing advanced data analytics and artificial intelligence can help insurers predict which cases are more likely to result in nuclear verdicts. This involves analyzing patterns from past cases, judicial tendencies, and jury behaviors to identify potential high-risk claims early on.
- **Pre-litigation settlements:** Encouraging pre-litigation settlements, when appropriate, can also reduce the risk. Settling out of court might involve higher upfront costs but can avoid the unpredictability of jury

awards. Insurers should develop strategies to negotiate fair settlements that are satisfactory to all parties involved.

- **Education and training:** Providing education and training for the insured on risk management practices can help prevent incidents that lead to lawsuits. This could involve training on safety protocols, compliance with regulations, and best practices for documentation and reporting.

These strategies, combined with a thorough understanding of the dynamics at play in litigation and jury decision-making, can help insurers mitigate the risk of facing nuclear verdicts. It's a complex challenge that requires a multifaceted approach, balancing legal, operational, and strategic considerations.

Google Gemini Advanced ✨

Strategies for insurers:

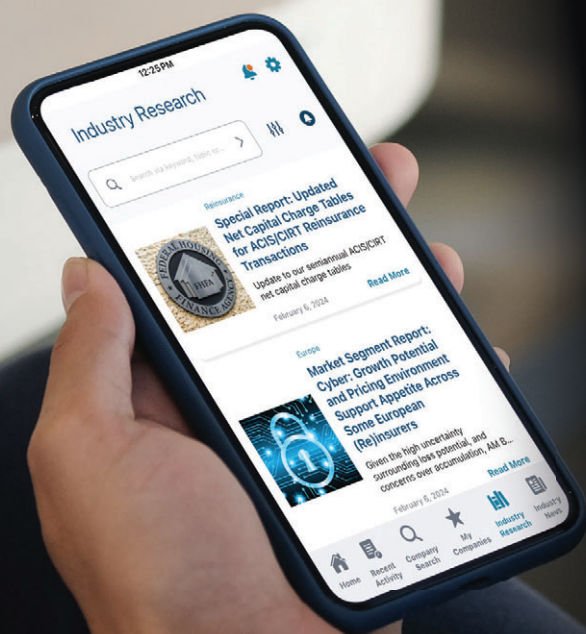
- **Thorough risk assessment:** Identify clients with higher potential for severe lawsuits. Implement enhanced risk mitigation

measures for them.

- **Strong legal defense:** Partner with law firms that have a strong track record defending against nuclear verdict cases.
- **Data-driven analysis:** Invest in tools to analyze legal trends, verdicts and other data. This can help identify patterns, predict potential nuclear verdicts and inform proactive strategies.
- **Industry advocacy:** Support legal reforms that aim to create greater fairness in the tort system. This might include advocating for caps on noneconomic damages (such as pain and suffering); promoting transparency in attorney fees; and supporting changes that reduce opportunities for frivolous lawsuits.
- **Collaboration:** Proactive engagement with clients plays a critical role in risk identification and mitigation.

By implementing a combination of these measures, insurers can reduce the likelihood of nuclear verdicts and protect themselves from the potentially devastating financial consequences. **BR**

—Staff Reports



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Connecticut Issues Bulletin on AI Use in Insurance

The bulletin, No. MC-25, sets out guidelines for insurers' governance of the development, acquisition and use of certain AI technologies and systems, according to the state's department of insurance.

by Timothy Darragh

Building on a model bulletin adopted by the National Association of Insurance Commissioners, the Connecticut Department of Insurance has issued a bulletin to licensed carriers providing guidance about the “fair and ethical use” of artificial intelligence in insurance.

The bulletin, No. MC-25, forms guidelines for insurers' governance of the development, acquisition and use of certain AI technologies

and systems, the department said in a statement.

The bulletin also advises insurers about the type of information and documentation that the department may request during market conduct investigations and examinations, according to the statement.

Insurance Commissioner Andrew Mais said the goal is to balance fairness while unleashing innovation.

“Connecticut is one of the first states to proactively address the challenges and opportunities arising from the integration of AI in the insurance

Timothy Darragh is a senior associate editor. He can be reached at timothy.darragh@ambest.com.

“Connecticut is one of the first states to proactively address the challenges and opportunities arising from the integration of AI in the insurance industry.”

Andrew Mais

Connecticut Department of Insurance



industry,” Mais said in a statement. “In the ever-evolving realm of technology, this bulletin provides insurers with guidance to responsibly navigate the complexities of AI, and helps ensure accurate, fair, and transparent outcomes for consumers.”

According to the statement, Connecticut’s bulletin that was issued in February encourages innovation while recognizing risks such as inaccuracies, unfair discrimination, data vulnerability and lack of transparency. Recognizing the NAIC’s guidance, the department said those principles “emphasize the importance of the fair and ethical use of AI, accountability, compliance with state laws and regulations, transparency, and need for a safe, secure, fair and robust system.”

Further, it outlines guidelines for governance structures, accountability, monitoring, audit protocols and training within the AIS Program

and requires Connecticut domestic insurers to complete an annual Artificial Intelligence Certification by Sept. 1.

The NAIC Executive Committee and plenary approved a model bulletin in December 2023 on the use of algorithms, predictive models and artificial intelligence by insurers that includes the word “bias,” which trade groups said does not meet the legal standard used by the industry. In so doing, the NAIC leadership followed the path chosen by the Innovation, Cybersecurity and Technology (H) Committee, which discussed deleting the term, changing it to “unfair discrimination” or modifying it to “statistical bias.”

In the end, the committee, which met Dec. 1, decided to leave the document unchanged in the interest of getting important guidance to the states. **BR**

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For the Defense: Insurers' Cost-Cutting Mindset Strains Relationship With Defense Counsel

Insurance defense attorney members of Best's Insurance Professional Resources who responded to an exclusive *Best's Review* survey say they remain committed to the insurance industry but warn that counsel-insurer relationships are under stress because of a penny-wise, pound-foolish litigation approach adopted by some insurers. Meanwhile, an increasingly well-funded plaintiffs bar continues to rack up nuclear verdicts.

by William Borden

Insurers are waging courtroom battles on behalf of clients, facing off against a plaintiffs bar armed with marketing-, research- and neuroscience-enabled courtroom strategies that can result in

headline-worthy settlements and verdicts.

Combating legal system abuse is among the insurance industry's top priorities, according to the American Property Casualty Insurance Association. Insurers have boosted reserves for social inflation costs, lowered limits, raised deductibles and accelerated rate increases in a number of impacted lines.

William Borden is managing editor. He can be reached at william.borden@ambest.com.

“I don’t think there are enough younger lawyers filling the ranks of retiring defense lawyers except maybe in the large law firms in larger metropolitan areas. For the smaller defense law firms of three to 15 lawyers, it is already difficult to compete with the larger firms.”

Mark Perkins
Perkins & Associates LLC



Yet, some insurers may be constraining their own courtroom prospects by emphasizing cost-cutting in working with outside defense counsel, according to *State of the Defense Counsel*, a *Best’s Review* poll involving legal members of Best’s Insurance Professional Resources. Some defense counsel chafe at insurers’ close monitoring of legal spending, insurer-directed litigation guidelines, tighter payment terms and frequent challenges to billable time.

Phil R. Richards, partner at Richards & Connor PLLP in Tulsa, Oklahoma, said this approach is straining the once-close relationship between insurance claims representatives and defense counsel.

“The thing that started driving that deterioration was the change that I saw in the insurance industry, [that they were] referring to panel counsel as vendors rather than their lawyers,” Richards said. “It became more of a commercial relationship and I think that lost some of that sense of trust and loyalty that we had in previous years. I don’t think lawyers like to think of themselves as the equivalent of the businesses that sell insurance companies paper clips, reams of paper or copy machines.”

The Challenge of Compensation

The 16-question *Best’s Review* survey found that 96% of insurance defense attorneys who responded indicated they experienced frustrations related to fee caps, billing guidelines or payment timelines.

Mark Perkins, an attorney with Louisiana-based Perkins & Associates LLC, said one of the biggest changes he has seen over the years is that insurer audits will sometimes unilaterally reduce legal bills 5%-10%. Some attorneys say they are getting paid

paralegal rates to do attorney work.

“It is very difficult to get the job done in catastrophic claims without putting in the hours necessary to adequately defend the client,” Perkins said. “Unfortunately, at one time, there were defense firms that didn’t adequately explain the work they were doing, which caused the use of litigation codes and, later, auditing of bills. I have also known of lawyers who charged exorbitant fees just because they could, while others would never consider it.”

Many survey respondents—who were not required to provide their names—indicated that they found insurers to be “arbitrary” about cutting fees. One respondent said the “auditing can be downright silly at points” and the compensation is often too low. “We spend an inordinate amount of time writing long, detailed descriptions of simple everyday attorney tasks just to get paid,” another wrote.

Said another: “There is nothing more disheartening and demotivating than extensive billing cuts.”

A relatively recent challenge for defense attorneys is that many experienced insurance claims people retired during the COVID pandemic, said G. Mark Thompson, president and CEO of Marshall Dennehey, a Philadelphia-based civil defense law firm. Experienced claim staff are often replaced by those with less experience in managing litigated claims.

Many insurers also adopted practices to maintain arm’s-length relationships between claims professionals and outside counsel.

While some defense attorneys said relationships with insurers have become more strained, others noted insurers are sophisticated customers of legal

services and rely on the guidance and advice of their attorneys.

“I’ve often thought that the insurance industry is the most astute consumer of legal services in the world,” said Patrick Brennan, shareholder and chairman of Milwaukee-based Crivello, Nichols & Hall. “And with that, there’s a great deal of respect that they give to us by virtue of having defense attorneys on their panel counsel. We’re there for a reason—it’s because they trust our judgment.”

That includes giving the client professional guidance, as well as steering tasks to the most appropriate level to ensure that billing is fair, Brennan said.

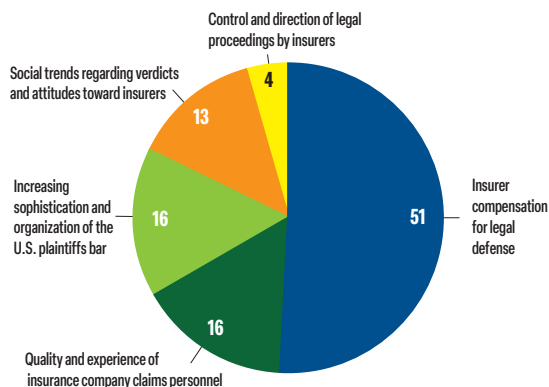
‘Monday Morning Quarterbacking’

But many of the survey’s respondents say some insurers don’t pursue an effective legal strategy because they’re too focused on the bottom line.

More than half of the attorneys who responded to the poll—24 of 45—said they have encountered difficulties with insurance companies regarding case management or strategy decisions. Attorneys were critical of “Monday morning quarterbacking,” overworked and poorly trained adjusters, and “check-the-box” processes that don’t take into account variables in each case.

Nearly 30% of respondents said insurance companies do not provide adequate resources and support to effectively defend cases. “They like to ‘nickel-and-dime’ you and simply refuse to pay for full support to try a case or work it up,” one of the attorneys wrote.

Rank the Biggest Challenges Facing the Insurance Defense Industry Today (%)



Source: State of the Insurance Defense Counsel survey of legal members of Best’s Insurance Professional Resources.

“I have noticed that some carriers were not ‘prepared’ to handle big claims,” one respondent said. The respondents also suggested that the insurers are getting outmatched in their dealings with the plaintiffs’ attorneys.

Seventeen of the 45 respondents, or 38%, ranked “increasing sophistication and organization of the U.S. plaintiffs bar” either first or second among challenges, while 36% ranked “social trends regarding verdicts and attitudes toward insurers” in their top two.

Nuclear Verdicts

The survey found that more than 90% of respondents acknowledge the frequency and size of insurance settlements—particularly the so-called “nuclear verdicts” that have impacted the industry’s legal strategy.

“I think that the nuclear verdicts have been a shock to the entire industry,” said Brennan, who noted that each client has a unique level of risk aversion. “There may have been, for good reasons, an inclination toward more settlements than usual during the pandemic when plaintiff attorneys were not expecting to get to trial for a long time. They were probably settling for less than what they would have done otherwise. So that goes in cycles.”

Trouble with potential nuclear verdicts begins before the juries even decide on the damages. Insurance defense attorneys feel compelled to spend heavily to avoid an outsized verdict and also to counter a plaintiffs bar that is increasingly armed with better data, research and resources. But insurers may choose not to fund the costly experts and other expenses that might be necessary to match the plaintiffs’ defense efforts.

Some attorneys, however, find that engaging experts can help resolve cases more quickly. Perkins pointed to a case in which his law firm, which works primarily in insurance defense for the commercial auto and trucking industry, sought to establish that the stroke a plaintiff suffered a day after being struck by a vehicle wasn’t caused by the traumatic accident. Perkins & Associates knew it needed highly qualified, very experienced and well-vetted experts to prove its case.

The move worked. Ultimately, the plaintiff settled for far less than the tens of millions of dollars they originally sought. The favorable settlement, however, came at a steep price. Overall expenses for all experts hired and deposed exceeded \$250,000,

reflecting the high cost of conducting trials that can weigh on whether winnable cases should be settled.

Perkins said the approach varies by client when it comes to their approach to costs. “It seems that every case that the client is willing to spend on the experts, we can settle for a very reasonable amount,” he said. “For the cases that we spend less on the front end, we end up paying more later.”

A majority of respondents, 53%, say that they have encountered difficulties with insurance companies regarding case management decisions. While 71% of those surveyed indicated they feel they are getting adequate resources to effectively defend cases, the remainder said they do not. Among the comments received on that point, respondents cited as factors the difficulty of hiring experts, “paying paralegal rates for tasks better performed by attorneys,” and constraints on the ability to research a case.

Attorneys sometimes grapple with insurers about case strategies or desired outcomes. While about half say it is rare to have these disagreements, 43% of the attorneys who responded to the poll said they occur

sometimes. The disputes include refusing to settle what some called “bad cases.”

A Narrowed Field

The American Bar Association says there were 1.32 million attorneys nationwide as of the end of 2022, which is below 1.35 million counted in 2019. Attorneys say corporate law has evolved as a bigger draw for new graduates.

“There is most definitely a shortage of insurance defense attorneys, particularly in smaller metropolitan areas,” said Perkins. “Although the population exceeds 500,000 in northwest Louisiana, many young lawyers want to be in New Orleans, Houston or Dallas ... You can imagine how difficult it is to get young lawyers to move to the more rural areas of Louisiana. This is the same problem from Mississippi to Montana.

“I don’t think there are enough younger lawyers filling the ranks of retiring defense lawyers except maybe in the large law firms in larger metropolitan areas,” Perkins said. “For the smaller defense law firms of three to 15 lawyers, it is already difficult to compete

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“It became more of a commercial relationship and I think that lost some of that sense of trust and loyalty that we had in previous years. I don’t think lawyers like to think of themselves as the equivalent of the businesses that sell insurance companies paper clips, reams of paper or copy machines.”

Phil R. Richards
Richards & Connor PLLP

with the larger firms, but then finding a young lawyer willing to move to smaller cities and still work 10 to 12 hours per day to bill eight hours is nearly impossible.”

“Typically, an insurance defense panel firm cannot offer the kind of salary to attract top law graduates and that goes for staff and paralegals,” Brennan said. “Also, it applies equally to keeping good lawyers.”

Brennan said an insurance defense firm offers an opportunity for young lawyers to gain litigation and trial experience.

Lawyers’ Suggestions

While more money was among the suggestions from survey respondents, many of the suggestions focused on improving counsel-insurer relationships, namely better communications and trusting that the defense counsel has insurers’ interests at heart. Attorneys who responded to the survey had these suggestions:

- “Encourage attorneys to come and speak with the adjusters. Treat them like a partner and not the enemy.”
- “Pay so the discovery process could be more fully resourced. Lighten expectations regarding status reports and evaluations.”
- “Remove third-party vendors from budgeting and billing and shifting responsibility back to claims personnel managing the files.”
- “A better approach would be to have the client insurance carrier address any billing concerns directly with the legal team.”

Beyond the realm of attorney-client relationships, there is a broader environment to consider in litigation. Several attorneys had referred to the need to improve education about the litigation process

and some of the consequences of nuclear verdicts. Ultimately, the hope is to avoid creating a lottery mindset around litigation.

Perkins says elected judges and state legislatures that are heavily represented by the plaintiffs bar have heightened the challenges that insurance defense attorneys face. Revised approaches to calculating medical costs “create a windfall for the plaintiffs bar.”

Perkins also suggests that a better screening process is needed for experts because sometimes the methodology used is “not scientifically established.” Federal Rule 702 has been changed to require greater vetting of the experts’ methodology, but this requires time and expense to properly counter these “experts.”

When all is said and done, however, 98% of respondents plan to continue to represent insurance organizations as defense counsel on a long-term basis. Some said their lengthy experience has helped with “extremely gratifying work” and good working relationships with clients. Others say after a long time that it’s too late “to change horses at this point.”

“I prefer working for companies that are trying to determine the truth, as opposed to inflating the damages for those who claim an injury is worse than it is,” one of the respondents said. “In my experience, most companies I defend want to know if they are liable, then what is a reasonable settlement.”

“It’s a mindset. I love litigation and am naturally a cynic when it comes to injuries,” another respondent said. “The alternative is plaintiff work. No thanks.”

BR

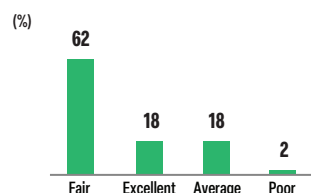


Scan for more information about these firms and Best’s Insurance Professional Resources.

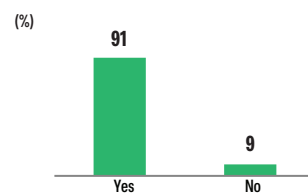
State of the Insurance Defense Counsel Survey Says:

Forty-five insurance defense attorneys responded to a *Best's Review* poll about the most significant issues confronting the profession and its relationship with insurers. The 16-question survey covered such topics as economics, legal climate and tone of attorney-client relationships. Some of the results follow.

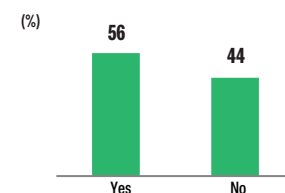
How would you characterize relations between insurance companies and outside counsel?



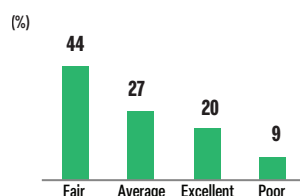
Have the frequency and size of insurance-related settlements changed over the last five years?



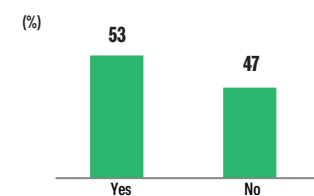
Have you been involved in virtual litigation?



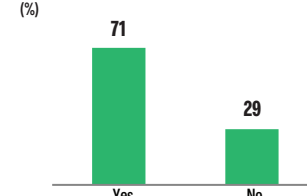
How effective are insurance company clients at conveying their expectations and case strategies to defense counsel?



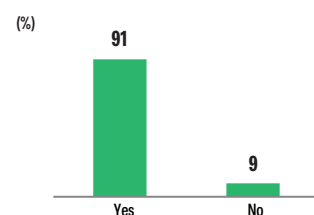
Have you encountered difficulties with insurers regarding case management or strategy decisions?



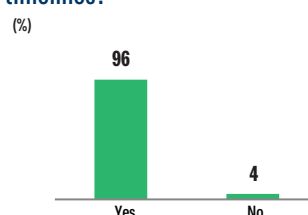
Do you feel that insurance companies provide adequate resources and support for you to effectively defend cases?



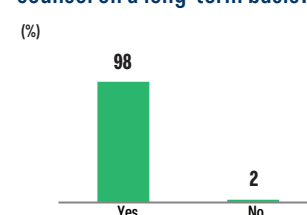
Do billing and payment practices of insurance companies impact your work?




Have you experienced frustrations related to fee caps, billing guidelines, or payment timelines?



Do you plan to continue to represent insurance organizations as defense counsel on a long-term basis?



Source: *State of the Insurance Defense Counsel* survey of legal members of Best's Insurance Professional Resources.



NEED A
LAWYER?

Munich Re, APCIA Execs: Insurers Look To Quell Ad-Driven Legal Abuse

As nuclear and thermonuclear verdicts continue to escalate, so will risk for insurers and the cost for the victims and policyholders, industry leaders say.

by John Weber

Nuclear verdicts and legal system abuse are hot topics in the insurance industry, and consumers are largely unaware that huge settlements impact American households, even for those who have no connection to a lawsuit.

Munich Re, in conjunction with the American Property Casualty Insurance Association, recently conducted a survey with consumers about issues related to legal system abuse and the need for legislation to make changes.

John Weber is a senior associate editor. He can be reached at john.weber@ambest.com.

Maura Freiwald, head of casualty for Munich Re US, and Jim Whittle, vice president and counsel to the APCIA, talked to AM Best TV about how legal system abuse and litigation funding are leading to nuclear verdicts against insurers and what the industry is doing to combat the practice. Following is an edited transcript of the interview.

Who did you talk to for the survey and what were some of the questions?

Whittle: We're pleased to have joined with Munich Re in producing this survey. It's actually a Harris poll and it's about 2,000 who participated.

The questions sort of ran the gamut of people's awareness about legal system abuse. I think that the results speak for themselves. People are largely concerned about it and largely unaware of precisely how impactful it is.

What was the purpose of the survey?

Freiwald: The purpose of this survey is to raise awareness among consumers, the insurance industry and business community that change is needed. If we don't do anything about this, legal system abuse will lead to higher insurance premiums, financial strain on insurers, and also the depletion of municipal resources.

Most consumers don't necessarily know that legal system abuse hits everyone's budget and that the investors, not necessarily the injured parties or the policyholders, are the ones that are making huge profits from these lawsuits or verdicts. This survey shows that consumers want legislators to take action. As nuclear and thermonuclear verdicts continue to escalate, so will risk for insurers and the cost for the victims, policyholders.

What were some of the findings of the survey?

Whittle: Some of the highest findings, I think, were that people understand how impactful lawyer advertising is, for example, in terms of both generating demand for more claims and litigation that benefits the trial lawyers, obviously.

Secondarily, one of the major takeaways is how little they know about investment in claims themselves that are being pursued against defendants, civil defendants around the country.

Finally, I think it was only a third of people who were aware of what we like to call the tort tax. You often hear that referred to amongst members of our community who are examining this issue: \$3,600 a year on average across the nation, only about a third of people are aware of that. I think when they realize how impactful that is for them personally, it really sharpens their interest and understanding of the issue.

How big of a problem is legal system abuse, and just how did we get to where we are today?

Freiwald: In the past decade, the insurance and reinsurance industry has used metrics to gain better



“There are several factors that are impacting the reason why we're here today—public sentiment, the public mistrust of companies, the jury pools that are shifting around the country, and a very well-organized and a very well-funded plaintiffs bar, especially with regard to attorney advertising and third-party litigation funding.”

Maura Freiwald
Munich Re US

understanding of the impact of legal system abuse, but it's complex. The data does not necessarily become readily available. The lines of business that are most impacted by legal system abuse are commercial auto, general liability, including products liability, medical malpractice, professional liability, and D&O.

There are several factors that are impacting the reason why we're here today—public sentiment, the public mistrust of companies, the jury pools that are shifting around the country, and a very well-organized and a very well-funded plaintiffs bar, especially with regard to attorney advertising and third-party litigation funding. Just last week, I attended an industry presentation by ATRA [American Tort Reform Association], and they



“Some of the highest findings, I think, were that people understand how impactful lawyer advertising is, for example, in terms of both generating demand for more claims and litigation that benefits the trial lawyers, obviously.”

Jim Whittle

American Property Casualty Insurance Association

reported that in 2023, \$2.4 billion were spent on more than 26 million attorney ads. That’s 5% more than what they spent in 2022.

With regard to third-party litigation funding, that allows hedge funds or other contributors to fund lawsuits, subsidizing litigation costs on behalf of the plaintiffs in exchange for a portion of their judgment or their settlement. The amount of money invested in litigation funding also continues to grow. In 2022, Westfleet Advisors put out a study ... there’s about \$13.8 billion in assets under management by litigation funders.

Now, there is no evidence that legal system abuse is slowing down in 2023, but there is evidence that the severity is almost uniformly rising. In the five years prior to the pandemic, there was a 178% increase in the number of nuclear verdicts and the median value of those settlements increased by 41%. In the absence of transparency regarding third-party litigation funding, the escalation of attorney ads and the uncertainty of the tort system, this just adds complexity to the modeling and the pricing of the casualty lines of business.

What are some of the factors contributing to legal system abuse?

Whittle: I think that Maura actually covered some of these, but I think I have to emphasize legal advertising. I think that is incredibly important. Just in terms of television advertising, the last year that we saw numbers fully available, we’re talking about \$1.4 billion being spent simply on TV ads [and] over a course of five years, \$6 billion. I think it’s important to recognize that this is actually a form of reptile theory.

You have to give the plaintiffs bar a lot of credit here. Beginning in the early 2000s, they started to identify psychological trends and efforts that

they would make to try to influence jury decision-making.

One of those, and it came out in the famous book published in 2009 called *Reptile*, is about a revolution of the plaintiffs bar in terms of how they prosecute cases. So what they’ve said is, “These companies are bad. You have to act to protect people.” They’re relying on a very primitive center of the brain, a fight-or-flight response and that plaintiffs need protection, society needs protection and so jurors are out there to try to help protect all of us and this is being applied across the board.

When you look at legal advertising, you can see it as plainly as anything there. They’re talking about dangerous drugs, dangerous vehicles, all sorts of danger and how you need to act to protect everyone. So, you’ve got this sort of synergy that’s going in terms of the theory of the plaintiffs or in how they behave. And then their application of that across all sorts of issues—legal advertising, reptile theory, jury anchoring, another effort by the trial bar to basically plant a dollar value in the minds of a jury, and it becomes incredibly hard to work against in terms of a defendant and/or a civil defendant. **BR**

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Prime CEO: Tide of Litigated Claims, Like Bad Divorces, Enrich Lawyers

Insurers should fight back and not always give in to unreasonable settlements that are a prime factor in the rising tide of litigated claims, according to Rick Lindsey, Prime Insurance Co. chairman, president and chief executive officer.

by Renée Kiriluk-Hill

Prime Insurance Co. Chairman, President and Chief Executive Officer Rick Lindsey wants carriers and their policyholders to stop feeding the legal costs “dragon” with unreasonable settlements that he considers a prime factor in the rising tide of litigated claims.

Property/casualty carriers that fight back, raise rates and anticipate everyone will file a claim at some point won’t need to abandon customers by exiting markets, Lindsey said.

Large carriers—what he called the “big boys”—should stop piling on exclusions and upping deductibles, said Lindsey, because litigation is further fueled by under-insurance and split coverage, such as fire on one policy, wind on another, flood on a third.

In a perfect world, Lindsey said he would like to see all of the lawyers handling insurance claims benched. But carriers would need to pay claims fairly.

He compares a litigated claim to a bad divorce in which couples who can’t agree on how to split their property “give all of their money to the lawyers.”

Insurers need to pay when the policyholder was liable or suffered a loss, just as divorcing parties need

to split assets. “It’s simple. It’s common sense. It’s math,” Lindsey said.

“Most nuclear verdicts are fake news,” he added, because few people have the resources, or liability limits, to pay them.

He said decades in the business have failed to dim his passion for its rights and wrongs. Maybe it’s the ice hockey player in him, or the racing boat competitor. As a teen, he was invited to try out for the U.S. Olympic hockey team. He still takes to the ice.

Lindsey calls insurance a hands-on sport: “You have to be involved ... When you’re at fault, you pay. You don’t make people sue you. Take away the incentive. Lawyers make their money from insurers being bad partners.”

Prime even took on the state of Mississippi, which alleged the carrier should have been held responsible for claims covering federal and state disaster relief efforts following Hurricane Katrina in 2005.

According to Prime, 11 other charged insurance companies entered into settlements with the state, costing them millions of dollars. However, Prime said it refused to capitulate to “what amounted to legal plunder” and prevailed in court.

Lindsey started in the industry in 1979, when he joined his father’s managing general agency. In the 1980s, he was “into tort reform” but has since

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



“You have to be involved ... When you’re at fault, you pay. You don’t make people sue you. Take away the incentive. Lawyers make their money from insurers being bad partners.”

Rick Lindsey
Prime Insurance Co.

learned he can win even in its absence, he said.

In his opinion, insurers started down a slippery slope when they began outsourcing some claims years ago to law firms, which then morphed into third-party administrators.

In this century, outsourcing the work to other countries sounds good because it’s cheap, he said, but consumers don’t like it and it’s too easy for claims handled remotely to go south and enter the litigation zone.

“If you make a mistake, we should step up and pay. We have to be involved. If you didn’t, we want to fight. It’s as simple as that,” said Lindsey.

He likes the word “simple.” But the CEO has been deposed more than 110 times. He’s not a lawyer, but jokes he has spent more time in court than most attorneys.

He shows up at trials when he doesn’t need to, a move he said reassures nervous policyholders.

Lindsey will spend \$300,000 or more to defend what he considers frivolous litigation. He’ll take a case to court even when it seems like the plaintiff will win a sympathy verdict.

Prime and Mega Trucking recently won a suit filed in Florida in which the plaintiff was thrown from his vehicle, suffering multiple fractures, surgeries, an above-the-knee amputation and about \$1.9 million in medical bills.

The man’s attorney sought \$15 million in damages. Lindsey said the man was speeding and driving recklessly at an intersection while the truck driver had video and eyewitness testimony on his side.

“First, you can’t sue if you weren’t wearing a seat belt. But nobody enforces those laws,” said Lindsey. In this case, he said Prime had offered the injured man more than \$500,000, a “gift they should have taken” instead of “swinging for the fences.”

A jury agreed the plaintiff was responsible for the accident. Because the defense won at trial, Prime will, as usual, seek to recoup the hundreds of thousands of dollars spent on defense costs.

Plaintiff attorneys and their clients are regularly surprised when this happens. Lindsey says, “You have to play the game the way the opponents play it.”

If losing plaintiffs can’t reimburse Prime’s legal fees, Lindsey said they can head back to court and declare bankruptcy. It happens infrequently, he said.

Lindsey said he would like the U.S. legal system to reflect that of the United Kingdom, where the “loser pays” legal costs for similar lawsuits. He isn’t hopeful. However, “in any contract you have the ability to put that wording in ... Most lawyers won’t. It hurts their industry,” said Lindsey.

A few years ago, Prime and its policyholder, Top Auto Express, were found liable for an accident and ordered to pay nearly \$412 million. The policyholder, who had a single-vehicle business, had apparently fled the country and didn’t appear in court, said Lindsey.

Prime later satisfied the judgment with \$1 million, the policy limit. It also protected Top Auto from the remainder. “We had offered them the \$1 million before the case went to trial, which is what most truckers carry,” said Lindsey. “That’s all they could ever get.”

Ever-increasing policy limits contribute to the frequency of litigated claims, he said. “The first thing a plaintiff’s lawyer wants to know is what’s the limit. They’re going to try to create more leverage. Lawyers aren’t nice. They want to bowl you into settling,” he said.

“If you’re not liable you have enough coverage at any limit. When I started, I could only sell a \$3,000 limit,” he added.

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Insurance Professionals Find New Routes To Get Their Messages Out

As traditional media relegates insurance beat reporting to the past, insurers use podcasts, blogs, social media and trades to disseminate their work.

by Anthony Bellano

When Robert Hartwig was in a leadership position with the Insurance Information Institute, part of his job was to maintain a list of contacts at the major news outlets. As a longtime

industry watcher with no direct ties to a company, he often played the role of analyst, observer, sage and adviser whenever the media came calling.

"I literally had a Rolodex of these contacts," said Hartwig, who currently serves as director of the Risk and Uncertainty Management Center at the University of South Carolina's Darla Moore School

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



of Business. “Sometimes we would plant ideas with them. It wasn’t unusual for these reporters—after they called us about something they wanted to cover—to say, ‘So is there anything else going on that would make for an interesting piece?’

“You never hear that anymore because it’s not their beat.”

The Rolodex may have practically disappeared, but an insurer’s ability to get its message out has not. Instead, modes of communication have changed, evolved and diversified in recent years. Notably, there

are more “thought leaders” in the industry now than there were decades ago, distributing their ideas through social media and trade publications. Insurers also no longer have to rely on traditional media to channel their concepts; now they’re using blogs, videos and podcasts to dispense information unfiltered and uncut.

Thought Leadership

In the past, large daily newspapers often had a beat reporter dedicated to writing about the business of insurance. Insurance leaders are now putting out



“I think the trades do a great job showcasing the work the industry does, showcasing the interesting people and how they make a difference in managing some of the greatest challenges facing our world.”

Beth Jarecki
Omnia Paratus

more content that’s ready-made for the consumer and others in the industry, and they’re doing it through more direct means.

“The investment in proprietary content from the market over the last decade has been enormous, and the quality of this content has improved significantly over time. Although there’s still some that reads as very ‘sales-y,’ I think organizations have figured out that that doesn’t really work. It’s got to be insightful and it’s got to be thoughtful,” said Alex Hearn, founder and chief executive officer at insurance information curator Slipcase. “The ability to position yourself as a thought leader through generating genuine, value-add content has become essential in such a competitive marketplace. Since we’ve started, we’ve seen a massive movement to that.”

When Hearn, a former property broker, started the London-based Slipcase more than a decade ago, he envisioned it working initially as a social media channel for insurers. But he soon learned through feedback that what was really wanted was a portal to discover content and information relevant to their focus in the industry—not just another social tool.

Now, the platform offers what Hearn calls “contextual intelligence” by curating intelligent hyperlinks to blogs, podcasts, videos, social media, thought leadership and news pieces from the most reputable sources across the web and distributing based on user preferences. The company also publishes reports, including the recent *Opportunity in Complexity in a Post AI World* that the company produced in partnership with communications consultant Omnia.

According to the report, leading insurance firms have almost doubled their press release output in one year.

“By the end of Q2 2023, well over a third (37%) of all content published was in the form of press releases (up from 19% in Q2 2022),” the company said. “If current trends continue, this form of communication will account for more clicks than traditional articles by Q2 2024, leading to an inevitable refocus of communication strategies.”

Andrea Wells, vice president of content for Wells Media Group Inc., said she uses press releases and different forms of thought leadership to help her when she is developing her own stories. She has been writing for the *Insurance Journal* for a little more than 20 years.

“A thought leadership piece, while they are critical and have a place in the industry—they are generally providing one side of the story,” Wells said. “It’s always been my goal to tell all sides of the story, so that when a reader comes to independent trade press, they have the whole picture.”

The Trades

Wells Media Group includes *Insurance Journal*, *Carrier Management*, and *Claims Journal*, each of which has its own audience. The target audience for *Insurance Journal*’s print magazine is independent agents and brokers, while its daily newsletter reaches a broader audience, Wells said. *Carrier Management* targets the C-suite executive for property casualty carriers, while *Claims Journal* appeals to those who deal with claims daily.

Beth Jarecki, U.S. chief executive officer of Omnia Paratus, Omnia’s U.S. arm, calls trade publications the “lifeblood of the industry.” Her organization helps provide content for trade publications and other media as part of its mission to assist companies with media relations and social media optimization.

She said trade publications dive deeper into the business and risk, and they look at the industry in ways traditional media doesn't. They also effectively use social media, particularly LinkedIn, and other innovative methods as effective vehicles to get their message out.

"They're all innovating with podcasts, video. They have their own awards. They have events. They're really part of the insurance community," Jarecki said. "I think the trades do a great job showcasing the work the industry does, showcasing the interesting people and how they make a

difference in managing some of the greatest challenges facing our world."

Part of the innovation is trade publications being more open to accepting columns from the industry's leaders than before, said Jarecki. *Best's Review*, published by AM Best, a global credit rating agency, news publisher and data analytics provider specializing in the insurance industry, is one of the industry publications that accepts columns from industry leaders.

Russ Banham, a former executive editor at *The Journal of Commerce* who now writes as a freelancer for a number of trade publications, said he finds the

Although More Faint, the Insurance Beat Goes On

There was once a time when the traditional insurance media would go beyond the breaking news stories to cover the insurance industry.

Long before the advent of social media, blogs and podcasts, there were beat reporters at many news organizations who would regularly provide in-depth coverage of the industry and get the details behind a big story.

Those stories weren't all consumer-focused, either, as they commonly are now. Nor did insurers have to compete for coverage against the emerging tech sector and other industries.

"I might talk about this and discuss how modeling might help insurers better understand risk and produce rates that are more accurate, and maybe help reduce the number of insolvencies in the industry," said Robert Hartwig, who currently serves as director of the Risk and Uncertainty Management Center at the University of South Carolina's Darla Moore School of Business.

Hartwig recalled how, when he was in a leadership position at the Insurance Information Institute, he would rely on the media's help when he found himself locked in a battle with trial lawyers who claimed insurers were using loopholes to avoid paying a large number of claims after major disasters.

"What I was able to do was a survey of all of our member companies to get a sense of how many claims had been filed, how many had been closed, how many were in the process of being paid and how many were in dispute," said Hartwig. "I was then able to provide that to the insurance beat reporters, all of whom knew me and knew I was credible. It was solid information coming from a solid source. They were

willing to sit and talk with me about that, and then they would go ahead and publish it, and it would become part of the narrative."

For his part, Hartwig said he would routinely speak with the *New York Times*, *Wall Street Journal*, *Los Angeles Times*, *Chicago Tribune*, *Hartford Courant*, *Miami Herald*, *New Orleans Times-Picayune* and many others. Many of those daily newspapers had beat reporters dedicated to covering insurance.

"Someone who might have been a coveted interview back in those days would've been [Maurice R. 'Hank'] Greenberg in his glory days at AIG. He was selective in granting interviews and access to his inner chamber. That would've been considered an incredible get, even if you were the *Wall Street Journal* or the *New York Times* or *Forbes* or *Fortune*," Hartwig said.

There are some exceptions to the rule. For its part, the *Wall Street Journal* remains dedicated to the insurance beat. Leslie Scism retired last summer after covering the industry for 30 years, but Jean Eaglesham has since picked up insurance coverage for the paper.

Chris Sharkey, associate director of public relations for AM Best, said he's seen some publications bring back insurance-focused reporters as some news events that heavily impact insurance, such as climate change, grab headlines.

"That said, we still work with some folks who are new to insurance—perhaps a general reporter and their editor put an assignment in their lap that morning—and so in speaking to the specific issues that they are covering, we also try to educate them," he said.



“It wasn’t unusual for these reporters—after they called us about something they wanted to cover—to say, ‘So is there anything else going on that would make for an interesting piece?’ You never hear that anymore because it’s not their beat.”

Robert Hartwig
University of South Carolina

journalists who cover the industry today to be “more knowledgeable, sophisticated and articulate when it comes to managing broker and carrier balance sheets and helping clients in their risk identification, management and mitigation actions.”

“Obviously, these facets make reporting on the industry more thorough, useful and actionable. In a capitalistic economy, insurance greases the wheels of commerce,” Banham said. “These days, the grease is more refined.”

The trades have grown from a magazine-only industry to one that now includes daily online coverage and e-newsletters. Along with publishing *Best’s Review*, AM Best runs BestWire, a daily news wire service, at news.ambest.com; produces and distributes BestDay, a daily e-newsletter; and rounds up its top stories for the week in Best’s News, an e-newsletter distributed every Friday.

“Most people I know in the industry get some kind of email every day with insurance news. Lots of different organizations put out e-newsletters, and everyone has their favorite,” Jarecki said. “There’s still room for all of these players. Some trades speak more to the broker, some of them speak more to the insured, and some speak to the carrier community in general.”

Thomson Reuters apparently saw the value of trades when it recently acquired World Business Media Ltd., which includes *The Insurer* and other insurance publications, for an undisclosed amount. In a statement, Reuters President Paul Bascobert said the company plans to invest in the insurance/reinsurance media business “to increase its coverage and reach, and we believe we will be able to bring services of greater value to our customers in this sector.”

Reuters previously had an insurance beat writer,

and Hartwig said the acquisition could be “a good move in the sense that insurance issues will be covered more broadly in Reuters” via the trades.

“They could syndicate some of what *The Insurer* does and run it through Reuters more broadly through their wire service,” Hartwig said. “My guess is that some of the journalists at *The Insurer* are capable and perhaps willing to broaden how they cover the insurance industry so there could be wider appeal.”

Many of the insurance trade associations have their own publications, including *Leader’s Edge*, which is owned by the Council of Insurance Agents & Brokers.

Video/Podcasts

Insurance publications innovate with audio and visual technology such as podcasts and video. AM Best is often acknowledged as a pioneer of such innovation in insurance media, and the innovation ultimately spread.

“In the early 2000s, I was bringing my clients to the AM Best studio to do interviews, and that was the only option to get them in front of a camera,” Jarecki said. “Now, video interviews are virtual and when you go to a conference, you see people with microphones, strolling around doing podcasts and video segments, so that has really changed.”

Chris Sharkey, associate director of public relations for AM Best, said his company’s use of video interviews predates its current studio—which Sharkey noted was in use long before others in the media took that step—with the on-camera interviews taking place in offices in front of backdrops. The practice eventually spread throughout the industry.

Insurance-Focused Podcasts

A growing number of podcasts have popped up in recent years to offer insights into the insurance industry.



Age of Independence	The Enlightened Agent	The Insurance Podcast
Agency Freedom	Fix My Insurance Agency	Insurance Pro Blog Podcast
Agency Intelligence	FNO: InsureTech Podcast	Insurance Refocused
Agency Nation Radio	iCANVoice	Insurance Uncut
Agent Survival Guide Podcast	InsTech - Insurance & Innovation With Matthew Grant	It's Not Just Insurance
Alliant Specialty Podcasts	The Insurance Broker Podcast	Life Insurance Academy Podcast
AM Best Audio Podcast	The Insurance Buzz	McKinsey on Insurance
Awkward Insurance	Insurance Coffee House Podcast	NAMIC Insurance Uncovered Podcast
Behind the Headlines (with Sam Casey)	Insurance Covered	Profiles in Risk
Best's Insurance Law Podcast	The Insurance Dudes Podcast	Reinventing Insurance
Blog - Insurance Exam Audio Lessons	The Insurance Guys Podcast	Vertafore Insurance Podcast
Connected Insurance Podcast	Insurance Journal Podcast	The Voice of Insurance
Digital Insurance Pint	Insurance Matters	Zalma on Insurance
Doing Insurance Right!	Insurance for the New Possible	Zurich Insurance Podcast

The newest emerging media comes in the form of podcasts, he said.

"The popularity of podcasts speaks to the preferences in the way people want to consume media these days," Sharkey said. "A podcast is something you can dip in and out of. People seem to be more in tune with audio and visual than they are with print these days. It's a little more informal. You get more plain English, real-speak out of people, and I like that about podcasts."

"Podcasts can be particularly useful for business leaders because they offer the opportunity to communicate directly with stakeholders," according to the *Opportunity in Complexity in a Post AI World* report. "While cuts may be made for length, leaders can speak in their own words rather than be paraphrased or edited into a narrative not of their own making."

Sharkey said AM Best is looking to add more podcasts as part of its media program, which provides participating publishers and podcasters access to the company's industry-standard news, research, credit reports, ratings and data. It makes the job of writing about insurance easier for members of the media, including those who sometimes may be assigned the story as one of a number of items to do that day.

"It's easy things they can put into their story to amplify, to add some meat," Sharkey said. "We're a valuable source for media covering insurance and with the media program, we have more people able to get to our data and information."

The Future

Ironically, Sharkey said the mainstream media has dipped its toes back into consumer-focused coverage of the insurance industry, but it's largely done so in reaction to global news events and trends.

One reason is the impact of climate risks on insurance. Those in the industry note the traditional media's interest in insurance spikes when there is big news, such as 9/11 and the debate about the Affordable Care Act. Climate change and its impact on property/casualty insurance could be one of those moments, as stories have begun to appear in newspapers and on TV and radio.

This is happening in Florida, home to many climate catastrophes, where Mark Friedlander, director of corporate communications for the Insurance Information Institute, said the NBC affiliate in West Palm Beach has a reporter who covers insurance virtually every day of the week. Additionally, the *Sun Sentinel* in southern Florida has a business reporter focusing on property and health insurance, among other topics. Friedlander

Global Insurance Trade Publications

More than 50 publications report on insurance news from around the world.



*Artemis	*FundFire	Journal de l'assurance
*Asia Insurance Review	*Global Reinsurance	Journal of Risk and Insurance
Auto Insurance Report	*Global Risk Manager	*Leader's Edge
*BenefitsPro	*Health Payer Specialist	*Life Annuity Specialist
*Bermuda: Re+ILS	*Insurance & Investment Journal	*Middle East Insurance Review
Best's Review	*Insurance Age	Modern Insurance Magazine
*Business Insurance	*Insurance Asset Risk	*P&C Specialist
Canadian Underwriter	*Insurance Business America	Property Insurance Report
*Captive Insurance Times	*Insurance Day	*PropertyCasualty360
*Captive Intelligence	*Insurance Insider	*(Re)in Asia
*Captive International	*Insurance Insider ILS	*Reinsurance News
Captive Review	*Insurance Insider US	*Retirement Income Journal
*Carrier Management	*Insurance Journal	*Risk & Insurance
*Claims Journal	*Insurance News	*Risk.net
*Commercial Risk	*Insurance Post	*Rough Notes
*Commercial Risk Europe	*Insurance Times	*Strategic Risk
Continuity, Insurance & Risk Magazine	*InsuranceAsia News	*The Insurer
Coverager	*InsuranceERM	*ThinkAdvisor
Digital Insurance	*InsuranceNews.com.au	*Thompson's World Insurance News
*Emerging Risks	InsurTech Magazine	
*Forbes Advisor	*Intelligent Insurer	

Note: * Denotes publications that participate in AM Best's Media Program - Publisher.

said he hears from these outlets regularly.

"When you have a market that was volatile for so long and has so many issues that impact consumers on a day-to-day basis, it resonated to the point where TV outlets have assigned reporters to cover insurance full time," Friedlander said.

In California, home to wildfires that have had a severe impact on property/casualty insurance, Friedlander has seen more coverage from the *San Francisco Chronicle*, *Los Angeles Times* and *San Jose Mercury News*. Digital publications with no consistent insurance angle, such as *Inside Climate News* and Politico's *E&E News*, have increased their coverage. Even National Public Radio and *Newsweek* have stepped up their flow of insurance news, he said.

As the traditional media is becoming more drawn to the market, the trades are working hard to keep up with the changing media environment, Wells said.

"Everybody that is on board is very invested in our success going forward," Wells said. "We're exploring how newer technology tools, such as AI,

can help us now and in the future. There's a lot of pressure on the press today to maintain profitability. Hiring journalists, hiring audio/visual people, hiring new salespeople, it takes some effort. We're going to continue to do that."

At the same time, Hartwig said he is concerned about the rise of artificial intelligence in the media, including the possibility of AI-generated articles becoming the norm. He said this has already appeared in the financial media, noting he can tell some stories have been written by AI or some kind of algorithm.

"All they do is insert the share price of the company," Hartwig said. "An algorithm says it went up or down, and it throws in a few things that are clearly being pulled in from existing databases. I am concerned that coverage of the industry will become more algorithmic and AI-generated. There could be an increase in the volume of articles related to insurance, but literally at some point, there won't be anybody to call. Maintaining relationships with journalists is going to become even more challenging."

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Container Ship Owner, Manager Seek Legal Shield Against Baltimore Disaster Claims

The petitioners said they claim exoneration from liability for any and all losses or damage from the event and from any claims for damages that have been or may be filed.

by David Pilla



Photo by Kent Nishimura/AFP via Getty Images

The owner and manager of a container ship that crashed into the Francis Scott Key Bridge in Baltimore has filed a petition in a Maryland federal court in an effort to head off potential liabilities of up to \$43.7 million as an investigation gets underway to determine the cause of the disaster.

David Pilla is a senior associate editor. He can be reached at david.pilla@ambest.com.

Grace Ocean Pte Ltd., owner of the Singapore-flagged container ship Dali, and Synergy Marine Pte Ltd., which manages the vessel, filed a petition for exoneration from or limitation of liability in U.S. District Court in Maryland.

“Subject to an express reservation of rights, petitioners offer an interim stipulation of value in the amount of \$43,670,000 (i.e., sound value



MARITIME CATASTROPHE: Part of the steel frame of the Francis Scott Key Bridge in Baltimore, Maryland, sits on top of the container ship Dali after the vessel struck the bridge on March 26, 2024, and caused it to collapse.

of the vessel plus pending freight less repair costs and salvage costs),” the petition said. “... The value in the interim stipulation is expected to be substantially less than the amount that has been or will be claimed for any losses or damages arising out of the casualty. Petitioners will file an amended stipulation for value once the repair and salvage costs are finally determined.”

The petition claims the event “was not due to

any fault, neglect or want of care on the part of petitioners, the vessel, or any persons or entities for whose acts petitioners may be responsible.”

While an investigation of the damage to the vessel is ongoing, the petitioners estimate repair costs of at least \$28 million, salvage costs of at least \$19.5 million and freight costs of about \$1.17 million.

The petitioners claim they are “aware of



“The claim has the potential to approach or exceed the \$1.5 billion paid for the costly Costa Concordia salvage operation in 2012.”

John A. Miklus

American Institute of Marine Underwriters

potential demands or claims against them and/or the vessel arising out of the casualty. The identity of all such potential claimants and the amounts of their claims have not yet been fully determined.”

The petitioners said they claim exoneration from liability for any and all losses or damage from the event and from any claims for damages

that have been or may be filed.

Marine protection and indemnity insurer Britannia said the investigation into the Dali's collision with the bridge is being directed by a “unified command and joint information center” set up to coordinate responses and provide information. Investigators include the U.S. Coast Guard, Maryland Department of

Best's Rankings

Members of the International Group of P&I Clubs – 2024 Edition

Ranked by 2022 gross premiums written.
(US\$ Thousands)

Rank	AMB#	Company/Group	Country of Domicile	2022 Gross Premiums Written	2021 Gross Premiums Written	2022 Capital & Surplus	2021 Capital & Surplus
1	093867	Gard P & I (Bermuda) Ltd	Bermuda	\$972,105	\$1,016,888	\$1,260,451	\$1,278,281
2	088837	UK Mutual Steam Ship Assn Ltd	United Kingdom	509,931	353,707	430,445	488,306
3	087197	Assuranceforeningen SKULD	Norway	494,065	430,802	401,205	370,701
4	094744	North of England Protecting & Indem Assn	United Kingdom	447,719	406,156	420,862	433,636
5	090016	Steamship Mutual Group	Bermuda	407,500	308,500	454,400	473,600
6	057726	The Standard Club Ltd	Bermuda	345,900	294,200	265,000	310,200
7	084144	West of England Ship Owners Mut Ins Assn	Luxembourg	295,797	268,644	230,752	251,185
8	089451	Japan Ship Owners Mut P&I Assn	Japan	286,957	180,904	205,470	180,686
9	089453	Shipowners Mutual P&I Assn LU	Luxembourg	270,825	257,464	337,369	396,436
10	044837	Britannia Steam Ship Ins Asc Hldgs Ltd	United Kingdom	258,140	216,931	510,032	587,869
11	085716	Swedish Club	Sweden	229,682	200,544	149,374	186,939
12	077980	Amer Steamship Owners Mut P & I Assn	United States	185,825	175,605	44,410	63,671
13	032640	London Steam-ship Owners Mutual Ins Assn	United Kingdom	137,046	215,777	113,526	164,003

Note: North of England Protecting & Indem Assn merged with The Standard Club Ltd on Feb. 20, 2023, to form NorthStandard Ltd.
Source: [BESTLINK](#); data as of April 4, 2024.

the Environment, Maryland Transportation Authority, Maryland State Police and Dali manager Synergy Marine.

“Reinsurers will bear the bulk of the insured cost of the collapse of the Francis Scott Key Bridge in Baltimore,” said Mathilde Jakobsen, senior director, analytics, AM Best. “Liability cover for most shipping vessels is provided through protection and indemnity insurers known as P&I clubs.”

Jakobsen said the P&I segment is dominated by the members of the International Group of P&I Clubs, which collectively insure approximately 90% of the world’s oceangoing tonnage. As part of the International Group’s pooling arrangements, member clubs mutually reinsure each other by sharing claims above \$10 million. Additionally, the group buys general excess-of-loss reinsurance cover up to \$3.1 billion in the open market, Jakobsen said.

“Liability claims will significantly impact the International Group of P&I Clubs and their extensive reinsurance program,” said John A. Miklus, president, American Institute of Marine Underwriters. “The claim has the potential to approach or exceed the \$1.5 billion paid for the costly Costa Concordia salvage operation in 2012.”

Lloyd’s Chief Executive Officer John Neal recently said he sees a “complex and expensive” industry loss after the container ship crashed into the bridge.

Lloyd’s expects a “normal level” of loss for the Baltimore bridge collapse after the span was rammed by a container ship on March 26, Neal said. The good news is that the event is an insured loss, Neal said in a recent webinar. The vessel, the bridge and the port authority in Baltimore are insured, showing the value of insurance in a complex and expensive loss, he added.

It will take time to determine insured losses for the Dali, as a number of investigations will be involved while efforts get underway to move the ship and tally the damage to the bridge, said Rahul Khanna, global head of marine risk consulting, Allianz Commercial.

While determination of the cause is awaiting an investigation, it appears there may have been a loss of power and propulsion on the container



“Reinsurers will bear the bulk of the insured cost of the collapse of the Francis Scott Key Bridge in Baltimore. Liability cover for most shipping vessels is provided through protection and indemnity insurers known as P&I clubs.”

Mathilde Jakobsen
AM Best

ship before it hit the bridge as it appeared lights were going on and off in the last few moments, going by video and other evidence, Khanna said. However, that is uncertain, he added.

Khanna said the number of loss incidents has remained stable in recent years with the number of incidents at about 3,000 worldwide. What has risen is the dollar value of losses and this is due to the “exponential” increase in the size of vessels. Port infrastructures were originally built for vessels that were smaller than those in use today.

The Francis Scott Key Bridge was built in 1977, when the largest vessels were built to contain a few thousand containers, Khanna said. Container ships today can carry about 25,000 containers, he said.

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Briefing Panel: Casualty Insurance Lines Reemerge Amid Social Inflation

Panelists participating in an AM Best analytical briefing discussed how social inflation has been exacerbated by third-party litigation financing and the recent changes in jury attitudes toward corporations.

by Terrence Dopp

After climate risks and property inflation pushed casualty insurance to the back burner somewhat, it has returned to being “front and center” as the sector grapples with the impacts of social inflation and rising claim sizes, according to AM Best’s head of industry research.

Sridhar Manyem, senior director, industry research and analytics, AM Best, said rising reserve risk is contributing to increased volatility, especially the problems with accident years 2015-2019.

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

The industry’s net loss reserves remain redundant by about \$11 billion even after a \$6 billion deficiency for asbestos-related and environmental reserves, he said.

“With the increase in mass torts, with the increase in economic and social inflation, it’s come back front and center,” Manyem said during the webinar, titled *AM Best’s Briefing—Casualty: How Insurers Are Managing Social Inflation and Mass Tort Risk*.

Along with Manyem, panelists included Mia Finsness, global executive underwriting officer casualty at Markel, and Amanda Lyons, executive



“The industry as a whole is still struggling with the distortions caused by COVID, the return of economic inflation, continued increase in social inflation and court backlogs slowly starting to reopen after COVID.”

Sridhar Manyem
AM Best

managing director at Aon Reinsurance Solutions.

“The industry as a whole is still struggling with the distortions caused by COVID, the return of economic inflation, continued increase in social inflation and court backlogs slowly starting to reopen after COVID,” Manyem said. “At the same time, social inflation has been exacerbated by third-party litigation financing and the recent changes in jury attitudes toward corporations.”

Finsness said as far back as 2018, the industry began seeing large verdicts that inflated costs and it took prominence as an issue the following year.

“It was the topic of discussion in and into 2019, and then COVID happened and everything was replaced by that discussion,” she said. “But social inflation certainly didn’t go away.”

Closed courts may have temporarily obfuscated the issue, she said. As a result, the timeline was delayed and now the issue is back with a “vengeance,” Finsness said.

“And I think worse than ever,” she said. “Some of the dynamics leading to the current era of social inflation include just a real hatred of large companies and insurance companies by the public, by the jurors, rising inequality—just a sense that money is like Monopoly money now.”

At the same time, shifts in the U.S. population have caused some states that historically weren’t known for large verdicts to morph into places where mega-verdicts are increasingly seen. She cited Georgia as an example, saying the shift has proved to be at times rough for insurers, who may have written policies there five or six years ago.

“Maybe they weren’t charging enough. Maybe they weren’t putting on adequate terms and conditions,” Finsness said. “This is the challenge we have with casualty business is it is long-tail and

you necessarily have to be looking in a crystal ball in order to anticipate what the claims are going to look like and how much you need to be pricing in light of that future environment.”

As far back as 2014, carriers have worked to bring down limits and push rates, said Lyons. In order to control costs, she said carriers should be more disciplined in determining which cases go to trial and which cases are settled to avoid so-called nuclear verdicts.

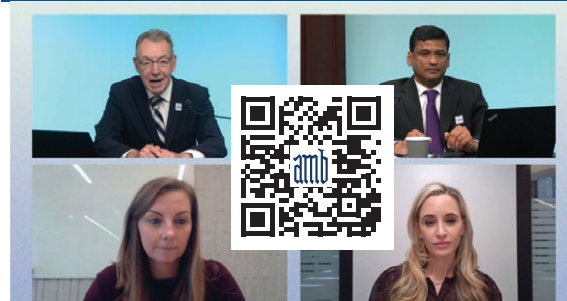
“In many cases, we see clients that are now at 10-plus years of significant rate increases, many of those in the double digits, and even that compounding rate over a decade has not been able to solve the profitability issue there,” Lyons said.

As a leading cause of insolvency, Manyem said adverse reserve development, and adequacy more generally, is something AM Best will watch.

“An unexpected or larger-than-anticipated changes in an insurer’s reserve position could materially affect our assessment of the company’s balance sheet strength and the enterprise risk management capabilities of an insurance company,” he said.

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AM Best TV



Scan to watch AM Best’s Briefing — Casualty: How Insurers Are Managing Social Inflation and Mass Tort Risk.

Thanks to Rising Pickleball Injuries, Insurance Is Now a Major Player in the Game

An injury that forced 66-year-old golf legend Bernhard Langer to miss his final Masters Tournament puts a spotlight on the risks involved with pickleball.

Two-time Masters champion Bernhard Langer was set to make his final competitive appearance at Augusta National in April, but the 66-year-old German golfer faced an unexpected setback when he tore his Achilles tendon while playing pickleball. He will miss the tournament for only the second time in 40 years, according to The Associated Press.

He's not alone when it comes to injuries sustained on the pickleball court. Pickleball has been described as America's fastest-growing sport—a title it maintained for the third year in a row, according to the Sports & Fitness Industry Association's 2024 *Topline Participation Report*. The sport grew 51.8% from 2022 to 2023, the report said, and has increased 223.5% since 2020.

Depending on the source, estimates of the number of U.S. pickleball players vary widely—ranging anywhere from more than 13 million to upwards of 48 million people. In June of last year, UBS investment bank analysts estimated that pickleball injuries would account for more than 65,000 emergency room visits and result in between \$250 million and \$500 million in medical costs in 2023, according to media reports.

In fact, USA Pickleball, which governs the sport, recommends that the owners of clubs that have pickleball courts should obtain Participant Accident Insurance Coverage to reduce and/or ultimately avoid any medical-related damages from a claimant, according to the Best's Underwriting & Loss Control Resources report titled *Pickleball Clubs and Courts*.

Pickleball clubs and courts can be found almost anywhere, including malls or their own stand-alone buildings, according to the report. "Clubs will typically have more than 15 indoor and outdoor courts, space for lessons, administrative/executive offices, restrooms, a lobby/reception area, segregated locker/changing rooms, a lobby/reception area, and storage space. Some will have a retail area where sport-related merchandise is sold," the report said.

The court itself consists of a baseline; a non-volley



zone, also known as "the kitchen," where players are not allowed unless the ball has bounced within its boundaries; a center line; sidelines; and service areas on either side of the court. Like tennis, pickleball can be played by either two people one-on-one, known as singles, or by two teams of two competing against each other, known as doubles, who use paddles to hit the ball across the center net. The winner is the first to reach 11 points, with a two-point cushion.

In addition to players' medical claims, pickleball court owners often face noise complaint lawsuits from residents who live nearby because of the loud sound made when the paddle, typically made from a composite material, hits the hard plastic ball with multiple holes that resembles a whiffle ball.

Best's Underwriting Reports has identified seven lines of coverage for pickleball courts and clubs: Automobile Liability; General Liability: Premises and Operations; Workers' Compensation; Crime; Property; Business Interruption; and Inland Marine.

Best's Hazard Index ranks the risk of exposure for the lines of business as Low (1-3), Medium (4-6), High (7-9), and Very High (10).

Following are excerpts from the Lines of Coverage reports that show the highest index rankings:

Best's Hazard Index

Line of Coverage	Best's Hazard Index
General Liability: Premises and Operations	8
Workers' Compensation	5
Crime	4
Business Interruption	4
Inland Marine	4

Lines of Coverage

General Liability: Premises and Operations

There will be a serious General Liability: Premises and Operations exposure for pickleball clubs and courts because of the number of daily visitors who could be injured on the premises. Player injuries can include ankle sprains, dislocated shoulders, muscle strains, wrist fractures, broken bones and concussions.

There is also the potential for slips, trips and falls in wet areas, such as showers, and the outdoor courts (after inclement weather). This exposure will increase if the insured holds overnight pickleball camps, tournaments on site, or other off-site events that draw larger crowds and spectators in attendance.

Clubs that sell food and/or pickleball equipment will experience a slight General Liability: Products — Completed Operations exposure. A Cyber Insurance liability exposure also will exist for most clubs from theft of customer credit card information.

Workers' Compensation

Pickleball clubs and courts will have a moderate Workers' Compensation exposure. Employees could sustain strains and sprains due to lifting, bending and stretching. Slips, trips and falls are possible anywhere on site. Employees also may have to work at heights while repairing lights. Employees performing administrative tasks could experience repetitive motion injuries (RMIs) as well as eye strain from working at computers. The exposure will be increased for clubs that hold large tournaments or sponsor pickleball camps.

Crime

The Crime exposure for pickleball clubs will be minor. Members could use cash to pay for their recurring fees, or to pay for food or pickleball-related merchandise, if offered. Cashless means (e.g., debit/credit cards) also will be accepted. There may be an employee dishonesty exposure.

Business Interruption

The Business Interruption exposure for pickleball clubs and courts will be minor. Because outdoor pickleball courts require a large, open area to operate, relocation may be difficult. Most businesses will probably prefer to rebuild rather than relocate in the event of a total loss.

The time it takes to rebuild depends on the size of the insured's facilities. Large pickleball clubs and courts may have several buildings on the premises (e.g., retail shop, restaurant); a loss to more than one structure will extend the time needed to rebuild.

Replacing equipment and supplies will not be difficult. Outdoor pickleball courts will experience a peak season during the warm weather.

Inland Marine

Pickleball clubs and courts will have a minor Inland Marine exposure. Valuable Papers and Records coverage will be essential to protect customer data and contracts, renting and leasing agreements, as well as accounting and employment information. An Equipment Floater will be essential for the various devices and pickleball gear taken off site. A Fine Arts Floater also may be needed.

Loss Control

On-Site Inspection:

- How many pickleball courts does the insured have on the premises and where are they located (i.e., indoors or outdoors)?
- Are boundaries clearly marked between pickleball playing areas and those designated for visitors?
- What is the condition of the insured's floors and floor coverings?
- What is the type of material used for the insured's pickleball courts?
- Are outdoor pickleball courts surrounded by fencing or walls?
- If the nets have center straps, are the anchor pins firmly fixed in the court?
- If applicable, is an OSHA form 300A posted in an area viewable by employees?
- What is the level of security on the premises?
- What types of tools and pickleball equipment does the insured have on hand?

Items To Investigate:

- How dependent is the insured on location and reputation for business operations?
- Are the insured's employees ever invited to attend conventions, seminars, or tournaments?
- What are the average and maximum number of visitors to the facility on a daily and weekly basis?
- How many workers does the insured employ, and what are their training, experience, and duties?
- What are the average and maximum amounts of cash on the premises daily?

BR

— Anthony Bellano



Scan for more on this and other risk classifications in Best's Underwriting & Loss Control Resources.

Podcast Aims To Help Agents With Insuring Seniors

Sarah Rueppel hosts the *Agent Survival Guide Podcast*, which dispenses industry updates on Medicare Advantage and Part D prescription plans and helps agents stay compliant while offering sales and marketing advice.

by John Weber



The *Agent Survival Guide Podcast* aims to help agents learn how to properly market and sell Medicare Advantage plans—Medicare coverage administered through private insurers—and supplemental coverage, while avoiding some of the regulatory pitfalls associated with a fast-growing market.

AM Best TV spoke with Sarah Rueppel, host of the *Agent Survival Guide Podcast*, about how the program dispenses advice to help seasoned pros and those new to the market of selling health coverage to seniors. Rueppel, a digital content producer for Ritter Insurance Marketing, drew from her background in the insurance industry and radio broadcasting to establish the podcast in 2017. The following is an edited transcript of an interview with Rueppel.

What was the impetus for putting the whole podcast together?

I think originally we had started out as a newsletter, then that sort of transitioned into a blog that had its own stand-alone site. One of the things that seemed natural to me was that for someone driving around in their car, heading to appointments, things like that, they're not necessarily in front of a desk, able to read long blog posts or articles or anything like that. But if they had a podcast they could take with them, they could listen to that between appointments as they're traveling to and from work. It just seemed like something that was a better fit for where the insurance agent actually does their business.

John Weber is a senior associate editor. He can be reached at john.weber@ambest.com.

Tell us a little bit about the podcast itself.

We do a lot of different types of episodes. We have our core blog adaptations, which are basically we take our blog articles and format them, fix up the script, make it sound like it's not being read. Then we present that in an episode format. Then we also have a lot of other different content like "The Friday Five," where we try to bring through all of the different news and headlines and things that agents might have missed while they're out doing appointments, doing what they do best—selling.

So we try to come in and kind of be the ones to bring in that information for them so that they don't have to seek it out. We also do an agent app series where we try to highlight apps that could be helpful for a businessperson as they're going through their day-to-day. Then we also have interviews with different industry leaders. We talk about marketing tips. So it's a really wide range. We're basically here to educate, empower and inform. I absolutely love learning. I hope to bring that same level of love of learning, and growing, and developing to our agents.

What sort of guests do you have?

We have had a couple of different carrier representatives and people who work in marketing for different carriers. We have had guests on. We had Andrew Saksa and Luke Acree from ReminderMedia. They are both really big in kind

FORECAST THE IMPACT OF CHANGING CONDITIONS ON FINANCIAL STRENGTH

In today's rapidly changing market conditions, *Best's Capital Adequacy Ratio Model - P/C, US* delivers the tools you need to assess an insurer's risk-adjusted capitalization through customizable risk scenarios, using a model consistent with AM Best's rating methodology.

NOTE: The results or output created by use of the *Best's Capital Adequacy Ratio (BCAR) Model* ("Output") is for informational and internal purposes only, and such Output may not match or be consistent with the official BCAR scores that AM Best publishes for the same rating unit. The Output is not guaranteed or warranted in any respect by AM Best. The *BCAR Model* is a non-rating services product, and its purchase is not required as part of the rating process.



CELEBRATING
125
YEARS

23.MK157/2

of the marketing side of things. We've partnered with them to create a product that we can give to our agents and sort of help them with their marketing efforts rather than having them focus on the things that maybe aren't in their wheelhouse. It kind of lets them focus on the sales side and does some of those marketing turnkey things for them so that they can just put those out and they're able to not have to spend all of that time thinking about the different things that you need to focus on when you're actually marketing.

[We're] trying to get a lot more professionals and carriers to come in and kind of see that there are ways that they can present and talk to the industry, talk to the agents, and provide value to them without necessarily talking plan specifics [and] they can talk about this—the details about Medicare Advantage. This is how you go through and set yourself up to be able to sell this product. These are all the things you need to know, and of course, all of the compliance side of things. That is something huge in our industry, and it's something huge that we try to focus on as well to make sure we are properly communicating that information with our agents.

Are you getting feedback from your listeners?

We do get a lot of feedback, not always topic suggestions. I would love to hear more topic suggestions but a lot of times we do get people writing in, emailing in and kind of asking to meet with or talk with some of our representatives and our specialists so it's really cool to see that we are connecting people who have questions with people who can answer those questions for them and give them the really specific areas for their market. Because I think that's something that not everyone has the ability to give their audience—that direct pipeline to a physical person that they can talk to.

"We talk about marketing tips. So it's a really wide range. We're basically here to educate, empower and inform. I absolutely love learning. I hope to bring that same level of love of learning, and growing, and developing to our agents."

Sarah Rueppel
Agent Survival Guide Podcast

What are some of the big questions that you're hoping to answer for your listeners?

I think some of the biggest questions that we try to answer are really the questions about how do we do what we're trying to do. How do you sell these products? How do you go about doing certifications? What is the process like? How do you market your business? What does marketing look like? For a lot of people, if they're coming through and they're just working in the sales part of everything, they don't have time to go through and do, like, the social media marketing—setting up those

accounts, posting on a regular basis. We try to give them the information that they need to know how to do it but then we also provide the information to be able to do those things.

So what's the future of the Agent Survival Guide?

Well, I think in the future, we are looking to do a lot more video episodes. We've been working toward that, but also a lot more interviews. We really want to get a lot more industry experts on and just really try and pick their brains and be able to continue being the resource that we have been and just grow and develop and absolutely bring the most amount of knowledge that we possibly can to our agents. **BR**



Scan to watch the interview with Sarah Rueppel.



Bill Ending Louisiana Three-Year Rule Passes House Vote

The bill would give carriers authority to not renew up to 5% of their policies and carriers would be able to ask the insurance commissioner's office to allow for greater numbers of non-renewals, according to a legislative digest.

by Timothy Darragh

Louisiana Insurance Commissioner Tim Temple's plan to deregulate property insurance in the state has been advancing since the House of Representatives recently passed a bill to eliminate the consumer-friendly, three-year rule.

The House moved the bill, H.B. 611, on a 72-32 vote. The measure would phase in an end to the state's unique three-year rule, which prohibits a property carrier from not renewing a policyholder who is up to date on payments once the policyholder has been with the carrier for three years.

A Senate measure also is moving forward, having passed on a 28-9 vote.

Backers of the bills say they will make the marketplace more attractive to carriers that will have the ability to manage their risk more effectively. Both bills, which would go into effect in 2025, would give carriers authority to not renew up to 5% of their policies in any parish. Carriers would be able to ask the commissioner's office to allow for greater numbers of non-renewals, according to a legislative digest.

Timothy Darragh is a senior associate editor. He can be reached at timothy.darragh@ambest.com.

Former Insurance Commissioner Jim Donelon was a supporter of the rule, which he said kept carriers from leaving loyal customers high and dry. It is unclear how many policyholders would be affected under the three-year rule.

In addition to the three-year rule repeal, Temple also called for a switch to a file-and-use system, which he said would modernize rate- and form-filing. That would increase carriers' speed to market for new insurance products and give consumers more options, he said.

Temple also said he will eliminate a desk rule that gave commissioners authority to cap insurers' profitability, allow companies to self-report minor market violations and provide more guidance to consumers and carriers when they have questions about how a regulation should be interpreted.

One item he said the insurance department would keep is the property-fortify program, which issued grants of up to \$10,000 to homeowners and business owners to strengthen their properties from hurricane winds and water.

BR

Louisiana Homeowners Multiperil Approved Rate Filings by Overall Effect With Increases of 15% or Greater

Based on an effective date beginning on April 1, 2023, through April 1, 2024.

Group Name	Company Name	AMB#	Overall Effect	Effective Date	Program	Best's State/Line - P/C, US Market Share %
Southern Farm Bureau Cas Group	Southern Farm Bureau Cas Group	004237	75.82%	8/1/2023	Non-Specific	0.18%
Southern Farm Bureau Cas Group	Louisiana Farm Bureau Casualty Ins Co	002844	75.82%	8/1/2023	Non-Specific	0.18%
	Louisiana Farm Bureau Mutual	000561	75.82%	8/1/2023	Non-Specific	4.72%
Progressive Insurance Group	Progressive Insurance Group	000780	70.03%	1/1/2024	Apartments/ Condominiums	4.53%
Progressive Insurance Group	Progressive Property Insurance Company	013878	70.03%	1/1/2024	Apartments/ Condominiums	4.51%
Progressive Insurance Group	Progressive Insurance Group	000780	49.80%	6/2/2023	Apartments/ Condominiums	4.53%
Progressive Insurance Group	Progressive Property Insurance Company	013878	49.80%	6/2/2023	Apartments/ Condominiums	4.51%
Tower Hill Group	Tower Hill Group	018636	40.14%	1/2/2024	Mobile/Manufactured Home	0.46%
Tower Hill Group	Tower Hill Prime Insurance Company	012359	40.14%	1/2/2024	Mobile/Manufactured Home	0.46%
AU Holding Company Group	AU Holding Company Group	018943	37.40%	12/1/2023	Non-Specific	1.98%
AU Holding Company Group	Centauri National Insurance Company	020585	37.40%	12/1/2023	Non-Specific	1.98%
AU Holding Company Group	AU Holding Company Group	018943	36.40%	12/1/2023	Preferred Program	1.98%
AU Holding Company Group	Centauri National Insurance Company	020585	36.40%	12/1/2023	Preferred Program	1.98%
Southern Farm Bureau Cas Group	Southern Farm Bureau Cas Group	004237	35.19%	5/15/2023	Non-Specific	0.18%
Southern Farm Bureau Cas Group	Louisiana Farm Bureau Casualty Ins Co	002844	35.19%	5/15/2023	Non-Specific	0.18%
Southern Farm Bureau Cas Group	Louisiana Farm Bureau Mutual Ins Co	000561	35.19%	5/15/2023	Non-Specific	4.72%
Southern Farm Bureau Cas Group	Southern Farm Bureau Casualty Ins Co	000844	35.19%	5/15/2023	Non-Specific	
Farmers Insurance Group	Farmers Insurance Group	000032	34.54%	1/1/2024	Non-Specific	3.04%
Farmers Insurance Group	Foremost Insurance Co Grand Rapids, MI	002189	34.54%	1/1/2024	Non-Specific	2.17%
Shelter Insurance Companies	Shelter Insurance Companies	000598	32.73%	8/12/2023	Non-Specific	1.76%
Shelter Insurance Companies	Shelter Mutual Insurance Company	002319	32.73%	8/12/2023	Non-Specific	1.76%
Progressive Insurance Group	Progressive Insurance Group	000780	31.31%	1/1/2024	Non-Specific	4.53%
Progressive Insurance Group	Progressive Property Insurance Company	013878	31.31%	1/1/2024	Non-Specific	4.51%
Southern Farm Bureau Cas Group	Southern Farm Bureau Cas Group	004237	29.97%	5/15/2023	Non-Specific	0.18%
Southern Farm Bureau Cas Group	Louisiana Farm Bureau Casualty Ins Co	002844	29.97%	5/15/2023	Non-Specific	0.18%
Southern Farm Bureau Cas Group	Louisiana Farm Bureau Mutual Ins Co	000561	29.97%	5/15/2023	Non-Specific	4.72%
Southern Farm Bureau Cas Group	Southern Farm Bureau Casualty Ins Co	000844	29.97%	5/15/2023	Non-Specific	
	Louisiana Farm Bureau Mutual	000561	29.68%	2/1/2024	Mobile/Manufactured Home	4.72%
Southern Farm Bureau Cas Group	Southern Farm Bureau Cas Group	004237	29.68%	2/1/2024	Mobile/Manufactured Home	0.18%
Southern Farm Bureau Cas Group	Louisiana Farm Bureau Casualty Ins Co	002844	29.68%	2/1/2024	Mobile/Manufactured Home	0.18%
Southern Farm Bureau Cas Group	Southern Farm Bureau Casualty Ins Co	000844	29.68%	2/1/2024	Mobile/Manufactured Home	
Liberty Mutual Insurance Cos	Liberty Mutual Insurance Cos	000060	29.13%	10/15/2023	Various Sublines	7.69%
Liberty Mutual Insurance Cos	Safeco Insurance Company of Oregon	012425	29.13%	10/15/2023	Various Sublines	1.58%
Liberty Mutual Insurance Cos	Liberty Mutual Insurance Cos	000060	29.03%	10/15/2023	Various Sublines	7.69%
Liberty Mutual Insurance Cos	Safeco Insurance Company of America	002448	29.03%	10/15/2023	Various Sublines	3.02%
Shelter Insurance Companies	Shelter Insurance Companies	000598	28.73%	8/12/2023	Various Sublines	1.76%
Shelter Insurance Companies	Shelter Mutual Insurance Company	002319	28.73%	8/12/2023	Various Sublines	1.76%
Allstate Insurance Group	Allstate Insurance Group	000008	27.40%	2/29/2024	Apartments/ Condominiums	14.45%
Allstate Insurance Group	Allstate Insurance Company	002017	27.40%	2/29/2024	Apartments/ Condominiums	4.03%
Shelter Insurance Companies	Shelter Insurance Companies	000598	25.80%	8/12/2023	Mobile/Manufactured Home	1.76%
Shelter Insurance Companies	Shelter Mutual Insurance Company	002319	25.80%	8/12/2023	Mobile/Manufactured Home	1.76%
American Family Ins Group	American Family Ins Group	000124	24.89%	8/10/2023	Non-Specific	0.75%
American Family Ins Group	Homesite Insurance Company	022141	24.89%	8/10/2023	Non-Specific	0.75%

Group Name	Company Name	AMB#	Overall Effect	Effective Date	Program	Best's State/Line - P/C, US Market Share %
Progressive Insurance Group	Progressive Insurance Group	000780	24.53%	4/5/2023	Non-Specific	4.53%
Progressive Insurance Group	Progressive Property Insurance Company	013878	24.53%	4/5/2023	Non-Specific	4.51%
Gulf States Group	Gulf States Group	018978	24.20%	7/31/2023	Non-Specific	1.55%
Gulf States Group	Gulf States Insurance Company	023073	24.20%	7/31/2023	Non-Specific	1.55%
Farmers Insurance Group	Farmers Insurance Group	000032	22.06%	3/15/2024	Mobile/Manufactured Home	3.04%
Farmers Insurance Group	Foremost Property and Casualty Ins Co	001897	22.06%	3/15/2024	Mobile/Manufactured Home	0.13%
Liberty Mutual Insurance Cos	Liberty Mutual Insurance Cos	000060	20.05%	12/16/2023	Various Sublines	7.69%
Liberty Mutual Insurance Cos	Liberty Personal Insurance Company	003028	20.05%	12/16/2023	Various Sublines	2.08%
Tokio Marine US PC Group	Tokio Marine US PC Group	018733	19.90%	8/15/2023	Non-Specific	1.35%
Tokio Marine US PC Group	Privilege Underwriters Reciprocal Exch	013816	19.90%	8/15/2023	Non-Specific	1.27%
Horace Mann Insurance Group	Horace Mann Insurance Group	004934	19.89%	8/1/2023	Various Sublines	0.43%
Horace Mann Insurance Group	Teachers Insurance Company	000884	19.89%	8/1/2023	Various Sublines	0.35%
Ocean Harbor Ins Companies	Ocean Harbor Ins Companies	018764	19.00%	12/15/2023	Non-Specific	0.20%
Ocean Harbor Ins Companies	Ocean Harbor Casualty Insurance Company	011218	19.00%	12/15/2023	Non-Specific	0.20%
	Allied Trust Insurance Company	022605	18.80%	7/5/2023	Non-Specific	2.65%
Hanover Ins Group P&C Cos	Hanover Ins Group P&C Cos	004861	18.80%	2/1/2024	Various Sublines	0.61%
Hanover Ins Group P&C Cos	The Hanover Insurance Company	002225	18.80%	2/1/2024	Various Sublines	0.40%
Liberty Mutual Insurance Cos	Liberty Mutual Insurance Cos	000060	18.80%	12/16/2023	Tenants/Renters	7.69%
Liberty Mutual Insurance Cos	LM Property and Casualty Insurance Co	004785	18.80%	12/16/2023	Tenants/Renters	
Liberty Mutual Insurance Cos	Peerless Insurance Company	002394	18.80%	12/16/2023	Tenants/Renters	0.02%
Amica Mutual Group	Amica Mutual Group	018522	18.60%	6/1/2023	Various Sublines	0.19%
Amica Mutual Group	Amica Mutual Insurance Company	002162	18.60%	6/1/2023	Various Sublines	0.19%
Farmers Insurance Group	Farmers Insurance Group	000032	17.17%	3/15/2024	Mobile/Manufactured Home	3.04%
Farmers Insurance Group	Foremost Insurance Co Grand Rapids, MI	002189	17.17%	3/15/2024	Mobile/Manufactured Home	2.17%
Safepoint Insurance Group	Safepoint Insurance Group	018987	17.00%	7/1/2023	Non-Specific	1.98%
Safepoint Insurance Group	Safepoint Insurance Company	022029	17.00%	7/1/2023	Non-Specific	1.49%
Allstate Insurance Group	Allstate Insurance Group	000008	15.70%	2/29/2024	Mobile/Manufactured Home	14.45%
Allstate Insurance Group	Allstate Insurance Company	002017	15.70%	2/29/2024	Mobile/Manufactured Home	4.03%
Liberty Mutual Insurance Cos	Liberty Mutual Insurance Cos	000060	15.42%	12/16/2023	Various Sublines	7.69%
Liberty Mutual Insurance Cos	LM Insurance Corporation	010765	15.42%	12/16/2023	Various Sublines	0.03%
	Louisiana Farm Bureau Mutual	000561	15.30%	12/1/2023	Non-Specific	4.72%
Southern Farm Bureau Cas Group	Southern Farm Bureau Cas Group	004237	15.30%	12/1/2023	Non-Specific	0.18%
Southern Farm Bureau Cas Group	Louisiana Farm Bureau Casualty Ins Co	002844	15.30%	12/1/2023	Non-Specific	0.18%
Southern Farm Bureau Cas Group	Southern Farm Bureau Casualty Ins Co	000844	15.30%	12/1/2023	Non-Specific	
Vault Insurance Group	Vault Insurance Group	018961	15.10%	5/1/2023	Non-Specific	0.30%
Vault Insurance Group	Vault Reciprocal Exchange	020564	15.10%	5/1/2023	Non-Specific	0.24%
Southern Farm Bureau Cas Group	Southern Farm Bureau Cas Group	004237	15.04%	12/1/2023	Non-Specific	0.18%
Southern Farm Bureau Cas Group	Louisiana Farm Bureau Casualty Ins Co	002844	15.04%	12/1/2023	Non-Specific	0.18%
Southern Farm Bureau Cas Group	Southern Farm Bureau Casualty Ins Co	000844	15.04%	12/1/2023	Non-Specific	
	Louisiana Farm Bureau Mutual	000561	15.04%	12/1/2023	Non-Specific	4.72%
Forza Insurance Group	Forza Insurance Group	018985	15.00%	6/1/2023	Non-Specific	4.14%
Forza Insurance Group	Elevate Reciprocal Exchange	021466	15.00%	6/1/2023	Non-Specific	0.00%
Forza Insurance Group	SureChoice Underwriters Reciprocal Exch	021105	15.00%	6/1/2023	Non-Specific	4.14%

Note: The State Rate listings include multiple rows with the filing company (or companies) and its group together.
Source: Best's State Rate Filings; data as of April 2, 2024.

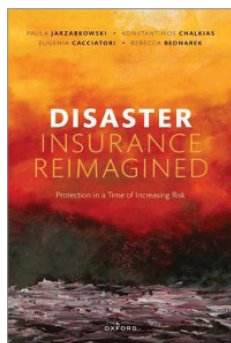
—Patricia Vowinkel



Scan for the full list or to get more on this and other Best's State Rate Filings.

Authors: Price, Inaccessibility Challenge Escalating Need for Disaster Insurance

As disaster insurance becomes increasingly unaffordable or more difficult to find, protection gap entities help maintain coverage and improve financial and physical resilience to disaster.



Disaster Insurance Reimagined: Protection in a Time of Increasing Risk

In 2023, overall losses from natural disasters topped \$250 billion,

with insured global losses of approximately \$95 billion, according to industry reports. While the rising frequency and intensity of those events highlight even more the need for disaster insurance, the coverage is now under threat in many contexts, becoming unaffordable or withdrawn entirely, according to the authors of the book *Disaster Insurance Reimagined: Protection in a Time of Increasing Risk*.

The book was written by Paula Jarzabkowski, professor of strategy at The University of Queensland Business School; Konstantinos Chalkias, a senior lecturer in the University of London's Birkbeck Business School; Eugenia Cacciatori, a senior lecturer in management at Bayes Business School, City, University of London; and Rebecca Bednarek, an associate professor of strategic management at Victoria University of Wellington.

Following is an edited transcript of the interview with Jarzabkowski, Chalkias, Cacciatori and Bednarek.

How did the idea for the book come about?

Jarzabkowski: We have been studying the global reinsurance sector for decades, and it became

apparent how difficult it is for the insurance and reinsurance sectors to cover the growing protection gap. We started to focus specifically on what we term “protection gap entities,” or PGEs, which are government legislated, not-for-profit insurers that provide protection for otherwise hard-to-insure perils. We studied 17 PGEs providing insurance in 49 countries around the world.



Paula Jarzabkowski

Can you talk about the growing need for disaster insurance and if many individuals and businesses currently have the coverage?

Chalkias: Climate change, urbanization and population growth have significantly elevated the global risk landscape and are increasing the frequency and severity of disaster events around the world. The interconnected global economy, coupled with growing geopolitical instability, further amplifies the impact of disasters. Disaster insurance provides market capital to stabilize economies after catastrophic losses—enabling individuals and communities to recover in the aftermath of disasters. However, disaster insurance is becoming unavailable or unaffordable in many countries that rely on insurance for recovery. PGEs, as a collaboration between governments, insurers and communities, are, therefore, increasingly important to address gaps in disaster protection.



Konstantinos Chalkias

Cacciatori: There is a huge gap in insurance cover and lack of awareness and funding is an element

of that. People tend to insure less than is ideal for high-loss, low-frequency events, but other factors increasingly play a role, including that insurance is becoming more expensive and less available in the places where it's most needed.



Eugenia Cacciatori

In what way is disaster insurance now under threat and what's driving that?

Bednarek: The backdrop for all of this is escalating risk in the context of a climate emergency. Our research explains how risk can become uninsurable, as we see prices rise based on the frequency and severity of losses. Insurance is at the forefront of this climate emergency, and the cracks are beginning to show as insurers are rightly reluctant to put policies on properties prone to frequent losses. Insurers are also reluctant to insure when the severity of a loss is surprising, so they often withdraw from offering policies for disaster in the context of surprising losses. This issue of frequent and severe losses is where PGEs come into play, usually set up by governments in collaboration with insurers.



Rebecca Bednarek

What do you hope readers will take away from your book?

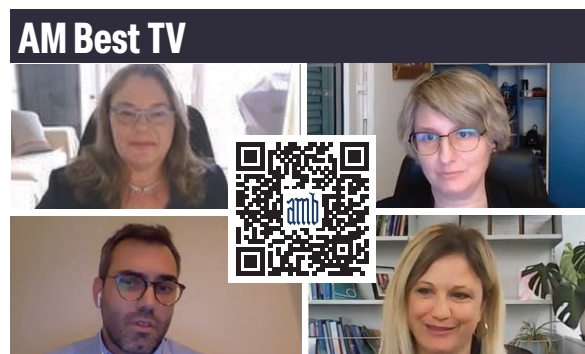
Jarabkowski: We know that insurance is important and that highly insured countries recover more quickly after a disaster—physically, emotionally and socially. Countries with high insurance penetration can even have a spike in their GDP after a disaster because global capital inflows to rebuild and to

replace technologies and old assets can actually increase, creating a wealth gain. What concerns us is that the disaster component of insurance is in something of an existential crisis. As the disasters get worse, insurance retreats from disaster, as we've seen, where some insurers are refusing to offer insurance policies. In parts of the U.S., U.K., Europe and Australia, we see the insurance and reinsurance market withdrawing from certain types of volatility or being withdrawn in more subtle ways by simply raising prices until it is unaffordable.

We hope people in advanced economies will look toward PGEs as one way to stop sleepwalking into this crisis of unavailable insurance. PGEs also have a role to play in post-disaster liquidity in developing economies—helping counteract at least some of the effects of climate change, and supporting disaster response. Finally, our book explains how PGEs can help make insurance a source of increased disaster resilience and climate adaptation. **BR**

—Lori Chordas

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



Scan to watch the interview with Paula Jarabkowski, Konstantinos Chalkias, Eugenia Cacciatori and Rebecca Bednarek.

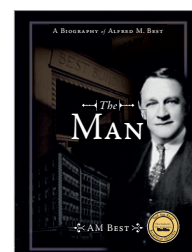
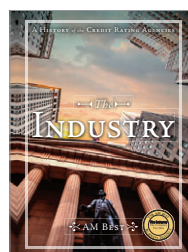
AM Best Business Trilogy

AM Best details the history of AM Best, the history of credit rating agencies, and the life of Alfred M. Best.

The Company—A History of AM Best

The Industry—A History of Credit Rating Agencies

The Man—A Biography of Alfred M. Best



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Trending: *Best's Review*

1. Private Equity Pouring Into DUA Market as Investors Seek Liquidity, Growth
2. Crafting an Insurance Education To Provide a Broad Range of Skills
3. Temple Professor Wants Future Insurance Professionals 'To Hit the Ground Running'
4. Student Engagement Is Paramount for FSU Insurance Program
5. Insurance Veteran, Consumer Advocate Schmit Brings 'Creative Destruction' to Wisconsin



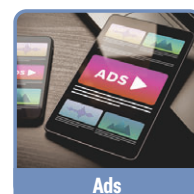
Trending: *BestWire* \$

1. Lincoln Financial Announces 5% Workforce Reductions on Tap in 2024
2. More Layoffs Underway at Liberty Mutual
3. North Carolina Commissioner Races Competitive on Both Sides
4. AM Best Affirms Credit Ratings of CNA Financial Corporation and Its Subsidiaries
5. AM Best Affirms Credit Ratings of Genworth Financial, Inc. and Its U.S. Life Subsidiaries



Trending: *Best's News Via AM Best Mobile App* \$

1. UK Life MGA Known for Ad With Serial Killer Told by Partners To Stop Writing Business
2. Best's News: Narrowing Margins in Medicare Advantage
3. Best's Special Report: Rating Downgrades in US Property/Casualty Insurance Segment Outpace Upgrades in 2023
4. AM Best Comments on Credit Ratings of Core Specialty Insurance Holdings, Inc. and American National Group Following Announced Sale of Specialty Markets Group
5. North Carolina Hearing on 50.6% Dwelling Hike Delayed



Trending: *AM Best Informational Webinars*

1. How Insurers Are Combating Legal System Abuse
2. IMCA and AM Best Marketing Leader Lunch With Axis' Joe Cohen



Trending: *AM Best TV - Best's News*

1. Generative AI, Emerging Risks Open New Frontiers for ILS Sector
2. Conning CIO: Life and P/C Portfolios Endured Roller Coaster Ride in 2023
3. PLUS Attendees: AI Is Blurring the Lines Between D&O and Cyber Liability Coverages
4. Swiss Re's Tobler: Systemic Cyber risks Require Larger-Scale Solutions
5. American Modern Insurance Group CEO: Independent Agents Weigh In on Future of Insurance



These were the top trending items from Jan. 22-March 22, 2024. Mobile app articles were the top stories from March 1-31, 2024. Features, news articles and videos were based on page views. Webinars were based on webinar attendance.

The above content can be viewed on demand at bestsreview.ambest.com or by visiting AM Best's home page at www.ambest.com.

\$ Full access to all content may require a subscription.

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Trending Research Includes a Market Segment Report on Insurance-Linked Securities

Other trending research includes special reports on U.S. P/C downgrades outpacing upgrades and U.S. life/health upgrades leading downgrades.

Trending: Best's Special Reports

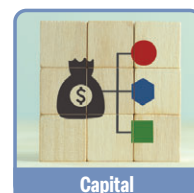
1. US Property/Casualty Downgrades Outpace Upgrades in 2023 \$
2. US Life/Health Upgrades Slightly Outpace Downgrades in 2023 \$
3. EMEA Benchmarking — Early Signs Insurance Market Is Stabilizing Amid Uncertain Geopolitical Environment
4. Growing Number of Life/Health Insurers Outsourcing Investment Management \$



P/C

Trending: Best's Market Segment Reports

1. Disciplined Deployment of Capital Pays Off in Record-Breaking Year for ILS \$
2. US Property/Casualty: Weather, Reinsurance, and Inflation Drive Results — Again \$
3. US D&O: Not Out of the Woods Yet Despite What Declining Rates Imply \$
4. US Health Insurers Expected To Remain Resilient Amid Challenges in 2024 \$



Capital

Trending: Best's Commentary

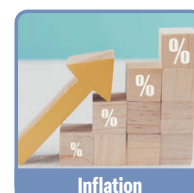
1. Despite Heightened Risks, Casualty Reinsurance Renewals See Modest Price Changes
2. Increased Regulatory Scrutiny of Bancassurance To Impact Vietnam Insurance Industry
3. Impact on (Re)Insurance Markets Likely Limited Amid Heightened Political Tension in West Africa
4. Narrowing Margins in Medicare Advantage



Reinsurance

Trending: Best's Research Via AM Best Mobile App

1. Market Segment Report: US Property/Casualty: Weather, Reinsurance, and Inflation Drive Results — Again \$
2. 2024 Best's Rankings: Top 20 P/C Managing General Agents — 2024 Edition
3. Market Segment Report: Disciplined Deployment of Capital Pays Off in Record-Breaking Year for ILS \$
4. Special Report: First Look: 2023 US Property/Casualty Financial Results \$



Inflation

Trending: AM Best Analytical Briefings

1. AM Best's Briefing - Captives: Insurance Review and Current Conditions
2. AM Best's Briefing - Cyber: Moderating Pricing & Cautious Underwriting, Even as Risks Resurface
3. AM Best's Briefing - Stop-Loss Market: Seeing Growth Potential While Facing New Challenges and Risks
4. AM Best's Briefing - State of the Florida P&C Market: Views on Hurricane Season, Legislation, and Reinsurance



Captives

Trending: AM Best TV - Best's Research

1. AM Best: Farm Bureau Insurers Are Navigating Underwriting Challenges
2. AM Best: IFRS 17 Frequently Asked Questions
3. AM Best: P/C Insurers Cut Expenses in the Wake of Deteriorating Personal Lines Results
4. AM Best: US Economy's Soft-Landing May Experience a Bumpy Road



Underwriting

These were the top trending research and commentary reports from Jan. 22-March 22, 2024. Mobile app reports were from March 1-31, 2024.

\$ Payment or subscription required.

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

Note: Best's Research includes Best's Special Reports, Best's Market Segment Reports, Best's Commentary and AM Best Analytical Briefings.



Panelists Discuss Growth, Other Recent Developments in Delegated Underwriting Authority Enterprise Sector

Professionals also explore the U.S. medical professional liability insurance market and examine secondary perils impacts and mitigation strategies.

Streaming Live

AM Best's Briefing – Delegated Underwriting Authority Enterprises: Keeping Up With Market Dynamics

Senior AM Best analytical and research staff and Conning insurance research experts explore recent developments in the delegated underwriting authority enterprise sector. Topics of discussion include the growth in the market based on NAIC statutory filing disclosures and Conning's reestimation of the DUA market share given data gaps. Participants also discuss the implications of increased private equity ownership of DUAEs, examine recent events in the fronting market, explore DUA/insurer relationships, and review benchmarking metrics of performance assessment outcomes. Moderator Sridhar Manyem, senior director of research, AM Best, is joined by panelists Alan Dobbins, director, insurance research, and Lauryn Kothavale, vice president, insurance research, both of Conning; and Dawn Walker, associate director, DUA, AM Best.

Thursday, May 23, 2 p.m. ET.

IMCA and AM Best Marketing Leader Lunch With Berkley Select's Lisa Rowland

In this live, interactive roundtable discussion, Lisa Rowland, assistant vice president of marketing and distribution at Berkley Select, will discuss rebranding strategies; innovation in marketing; the creation of strategic marketing campaigns; and methods for attracting the next generation of marketing talent to the insurance industry. Joining Rowland are Dave Evans, senior associate, Aartrijk, and IMCA CMO Council member, and Lori Chordas, senior associate editor, AM Best. **This AM Best Webinar is a joint presentation of the Insurance Marketing & Communications Association (IMCA) and AM Best.**

Friday, May 17, 12 p.m. ET.

AM Best's Briefing – Medical Professional Liability Sector: The State of the US Market

AM Best analytics personnel and insurance industry leaders review the state of the U.S. medical professional liability insurance sector. The discussion follows the publication of AM Best's annual special report on the state of the medical professional liability market. Participants include Sharon Marks, director, and Vicky Riggs, associate director, both of AM Best; Robert White, chief operating officer, The Doctors Company; Eric Anderson, interim president and CEO, MPL Association; and Megan Sullivan-McIntyre, head of TransRe's medical malpractice team.

Wednesday, May 1, 11 a.m. ET.

On Demand

From Convective Storms to Flood: The Growing Impact of Secondary Insurance Perils

While natural catastrophes such as hurricanes and earthquakes grab all the headlines, secondary perils, including flood, convective storms and wildfires, lurk in the shadows, posing significant threats to businesses and individuals alike. An expert panel explores secondary perils, also known as non-peak perils, discussing their definition and how they differ from primary risks as well as identifying secondary perils commonly encountered. Other topics covered include understanding how secondary perils can impact insurance coverage and claims processes; learning proactive approaches to mitigate the risks posed by secondary perils and safeguard assets; and gaining insights from real-world examples that illustrate the consequences of overlooking secondary perils. Panelists include Tehya Duckworth, SVP, property underwriting manager, Munich Re US; Joe Bonanno, SVP, E&S property underwriting manager - Northeast and Midwest, Munich Re Specialty Insurance; and Sean Kevelighan, CEO, Insurance Information Institute. **This AM Best Webinar was sponsored by Munich Re.**

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WHEN RATINGS CHANGE, YOU NEED TO ACT FAST

Best's Alert Service offers insurance agents and brokers a way to monitor changes to Best's Credit Ratings and other important insurer information effortlessly. With custom notifications, you'll always be aware of developments that impact the insurers whose policies you recommend or compete with.



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24.BAS016C



AM Best: Despite Headwinds, US Health Insurance Sector Expected To Thrive in 2024

Also, professionals discuss how AI integration can bring about new D&O exposures and explore the economy's impact on builders' liability insurance.

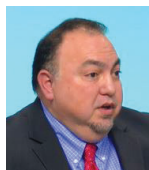
On Demand

AM Best: US Health Insurers Expected To Stay Resilient Amid Challenges

AM Best Senior Director Sally Rosen and Director Joseph Zazzera review a new Best's Market Segment Report that finds the U.S. health segment is likely to thrive in 2024, despite several headwinds.



Sally Rosen



Joseph Zazzera

McGill's Shah: Integrating AI Brings Host of New D&O Exposures

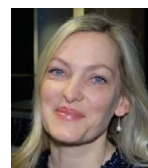
Nirali Shah, partner, financial lines team, and head of U.S. D&O for McGill and Partners, said companies should be proactive in evaluating artificial intelligence, including in operations like hiring and recruiting, and ensuring that policies and procedures are in place. Shah spoke with AM Best TV at the 2024 PLUS D&O Symposium in New York City.



Nirali Shah

Arch's Slawson: Host of Factors Drive D&O Market, Impact Pricing

Kirsten Slawson, senior vice president, Executive Assurance division, Arch Insurance Group, said new competitors and a minimal flow of initial public offerings and reverse mergers are pushing down rates. Slawson spoke with AM Best TV at the 2024 PLUS D&O Symposium in New York City.



Kirsten Slawson

US Assure's Ferguson: US Construction on Upswing

Alan Ferguson, president, US Assure, discusses economic factors that builders face and how they impact builders' liability insurance.



Alan Ferguson



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Number of Insurance M&A Transactions Rise Slightly in 2023, According to Annual Conning Report

Also, AM Best Audio examines a Biden administration proposal that seeks to eliminate the use of prior authorization by private health insurers.

Conning Report Shows Modest Increase in 2023 Insurance M&A

Scott Hawkins, head of insurance research at Conning, discusses the company's annual mergers and acquisitions report that shows insurance M&A rose from 125 in 2022 to 143 in 2023.



Scan to listen to new and archived audio from AM Best Audio.

Biden Proposal Would Curb Prior Authorization

Erik Wissig, chief operating officer of individual coverage health reimbursement arrangement health care platform SureCo, discusses a new set of rules from the Biden administration that seeks to halt private health insurance companies' use of prior authorization—a practice that requires insurance company permission before obtaining medication or having a procedure done.

BR



STAND OUT IN A CROWDED FIELD

MGAs, MGUs, Program Managers, Coverholders: Want to catch the attention of insurers who need your services? Scan the code to find out how a Best's Performance Assessment for Delegated Underwriting Authority Enterprises can set you apart from your competition.



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This edition lists all Credit Rating actions that occurred between March 1 and March 31, 2024. 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		Previous		Domicile
				FSR ICR	Outlook/ Implications	FSR ICR	Outlook/ Implications	
AMERICAS LIFE/HEALTH								
Downgrade	L	Government Personnel Mutual Life Ins Co Government Personnel Mutual Life Ins Co	006470	B++ bbb+	Stable Stable	A- a-	Negative Negative	Texas, USA
Downgrade	L	GPM Health and Life Insurance Company Government Personnel Mutual Life Ins Co	006837	B++ bbb+	Stable Stable	A- a-	Negative Negative	Texas, USA
Rating Affirmation	L	ivari Sagicor Financial Company Ltd.	066805	A- a-	Stable Stable	A- u a- u	Developing Developing	Ontario, CAN
Rating Withdrawal	H	Moda Health Plan, Inc. ¹ Oregon Dental Service	011437	NR nr		B u bb u	Negative Negative	Oregon, USA
Rating Withdrawal	H	Oregon Dental Service ² Oregon Dental Service	064364	NR nr		B u bb+ u	Negative Negative	Oregon, USA
Under Review	L	Pillar Life Insurance Company Pillar Insurance LLC	062521	B+ u bbb- u	Developing Developing	B+ bbb-	Stable Stable	Pennsylvania, USA
Initial Rating	L	Revol One Insurance Company Spartan Insurance Holdings, LLC	009129	B++ bbb	Stable Stable	NR nr		Michigan, USA
Rating Withdrawal	H	Texas Health + Aetna Health Insurance Co ³ CVS Health Corporation	062199	NR nr		A a	Stable Stable	Texas, USA
Rating Withdrawal	H	Texas Health + Aetna Health Plan Inc. ⁴ CVS Health Corporation	062200	NR nr		A a	Stable Stable	Texas, USA
AMERICAS PROPERTY/CASUALTY								
Outlook Change	P	American Inter-Fidelity Exchange	001776	A- a-	Positive Positive	A- a-	Stable Stable	Indiana, USA
Initial Rating	P	Arch Group Reinsurance Ltd. Arch Capital Group Ltd.	043283	A+ aa-	Stable Stable			Bermuda
Rating Affirmation	P	Arkansas Mutual Insurance Company Curi Holdings, Inc.	013991	A a	Stable Stable	A u a u	Developing Developing	Arkansas, USA
Rating Withdrawal	P	AXA Insurance Company	003718	NR nr		A+ aa-	Stable Stable	New York, USA
Upgrade	P	Broome Co-operative Insurance Company	010924	A a	Stable Stable	A- a-	Positive Positive	New York, USA
Under Review	P	Centerline Insurance Company Watkins Associated Industries, Inc.	018869	B++ u bbb+ u	Negative Negative	B++ bbb+	Stable Stable	Tennessee, USA
Under Review	P	Chiron Insurance Company Pharmacists Mutual Insurance Company	020616	A- u a- u	Negative Negative	A- a-	Stable Stable	Iowa, USA
Under Review	P	Church Mutual Insurance Company, S.I. Church Mutual Holding Company, Inc.	000259	A u a u	Negative Negative	A a	Stable Stable	Wisconsin, USA
Upgrade	P	ClearPath Insurance Company Harford Mutual Insurance Group, Inc.	023287	A a	Stable Stable	A- a-	Positive Positive	Maryland, USA
Under Review	P	CM Regent Insurance Company Church Mutual Holding Company, Inc.	013136	A u a u	Negative Negative	A a	Stable Stable	Wisconsin, USA
Under Review	P	CM Vantage Specialty Insurance Company Church Mutual Holding Company, Inc.	022600	A u a u	Negative Negative	A a	Stable Stable	Wisconsin, USA
Rating Withdrawal	P	Conifer Insurance Company ⁵ Conifer Holdings, Inc.	000291	NR nr		C u ccc u	Negative Negative	Michigan, USA

¹ The ratings were downgraded from bb+/B to bb/B on March 15, 2024, and subsequently withdrawn.

² The ratings were downgraded from bbb-/B+ to bb-/B on March 15, 2024, and subsequently withdrawn.

³ The ratings of a/A were affirmed on March 13, 2024, and subsequently withdrawn.

⁴ The ratings of a/A were affirmed on March 13, 2024, and subsequently withdrawn.

⁵ The ratings were downgraded from bbb-/B+ to ccc/C on March 14, 2024, and subsequently withdrawn.

Outlook: Positive, Negative, Stable. **Implications:** Positive, Negative, Developing. **Business Type:** P = Property/Casualty (Nonlife); L = Life; H = Health; T = Title; C = Composite.

Opinion Modifiers: u = Under Review; sf = Structured Finance; i = Indicative Credit Rating Modifier; s = Syndicate Credit Rating Modifier

Rating Action	Business Type	Company Name/ Ultimate Parent	AMB#	Current		Previous		Domicile
				FSR ICR	Outlook/ Implications	FSR ICR	Outlook/ Implications	
AMERICAS PROPERTY/CASUALTY (CONTINUED)								
Initial Rating	P	Emerald Bay Specialty Insurance Company Emerald Bay Risk Solutions, LLC	021716	A- a-	Stable Stable			Arizona, USA
Rating Affirmation	P	Farm Bureau Mutual Ins Co of Arkansas	000353	B+ u bbb- u	Negative Negative	B+ u bbb- u	Negative Negative	Arkansas, USA
Under Review	P	First Community Bankers Ins Co, LLC Oxford Insurance Companies	020831	A u a u	Negative Negative	A a	Stable Stable	Tennessee, USA
Initial Rating	P	Incline Americas Insurance Company Merfax Financial Group, LLC	021754	A- a-	Stable Stable			Texas, USA
Outlook Change	P	Kentucky Associated Gen Contractors SIF	055002	A- a-	Positive Positive	A- a-	Stable Stable	Kentucky, USA
Initial Rating	P	Lone Peak Insurance Company Cadence Innovations Group, Inc.	020862	B++ bbb+	Stable Stable	NR nr		Utah, USA
Rating Withdrawal	P	McMillan-Warner Mutual Insurance Company ^s	012380	NR nr		B- bb-	Negative Negative	Wisconsin, USA
Downgrade	P	Medical Mutual Ins Co of North Carolina Curi Holdings, Inc.	003668	A a	Stable Stable	A u a+ u	Developing Developing	North Carolina, USA
Downgrade	P	Medical Security Insurance Company Curi Holdings, Inc.	010744	A a	Stable Stable	A u a+ u	Developing Developing	North Carolina, USA
Rating Affirmation	P	MMIC Insurance, Inc. Curi Holdings, Inc.	002659	A a	Stable Stable	A u a u	Developing Developing	Minnesota, USA
Rating Affirmation	P	MMIC Risk Retention Group, Inc. Curi Holdings, Inc.	014387	A a	Stable Stable	A u a u	Developing Developing	District of Columbia, USA
Initial Rating	P	Mozart Insurance, Ltd. Anhimida Ltd.	043267	B++ bbb	Stable Stable			Bermuda
Under Review	P	Oxford Insurance Company LLC Oxford Insurance Companies	020782	A u a u	Negative Negative	A a	Stable Stable	Delaware, USA
Under Review	P	Oxford Insurance Company MT LLC Oxford Insurance Companies	021477	A u a u	Negative Negative	A a	Stable Stable	Montana, USA
Under Review	P	Oxford Insurance Company NC LLC Oxford Insurance Companies	020784	A u a u	Negative Negative	A a	Stable Stable	Delaware, USA
Under Review	P	Oxford Insurance Company TN LLC Oxford Insurance Companies	020783	A u a u	Negative Negative	A a	Stable Stable	Tennessee, USA
Under Review	P	Pharmacists Mutual Insurance Company Pharmacists Mutual Insurance Company	000320	A- u a- u	Negative Negative	A- a-	Stable Stable	Iowa, USA
Under Review	P	Pie Casualty Insurance Company Pie Group Holdings, Inc.	012272	A- u a- u	Negative Negative	A- a-	Stable Stable	Illinois, USA
Rating Withdrawal	P	ProAssurance Casualty Company	002698	NR nr		A a+	Stable Stable	Michigan, USA
Initial Rating	P	Rodeo Insurance Company ConocoPhillips	021742	A a+	Stable Stable			Texas, USA
Outlook Change	P	SECURA Insurance Company SECURA Insurance Mutual Holding Company	000483	A a+	Stable Negative	A a+	Stable Stable	Wisconsin, USA
Outlook Change	P	SECURA Supreme Insurance Company SECURA Insurance Mutual Holding Company	011792	A a+	Stable Negative	A a+	Stable Stable	Wisconsin, USA
Downgrade	P	State Farm General Insurance Company State Farm Mutual Automobile Ins Co	002478	B bb+	Stable Negative	A a	Negative Negative	Illinois, USA
Rating Affirmation	P	Stillwater Insurance Company WT Holdings, Inc.	012478	A- a-	Negative Negative	A- u a- u	Negative Negative	California, USA
Rating Affirmation	P	Stillwater Property and Casualty Ins Co WT Holdings, Inc.	004496	A- a-	Negative Negative	A- u a- u	Negative Negative	New York, USA

⁶ The ratings of bb-/B- were affirmed on March 26, 2024, and subsequently withdrawn.

Outlook: Positive, Negative, Stable. **Implications:** Positive, Negative, Developing. **Business Type:** P = Property/Casualty (Nonlife); L = Life; H = Health; T = Title; C = Composite.
Opinion Modifiers: u = Under Review; sf = Structured Finance; i = Indicative Credit Rating Modifier; s = Syndicate Credit Rating Modifier

Rating Action	Business Type	Company Name/ Ultimate Parent	AMB#	Current		Previous		Domicile
				FSR ICR	Outlook/ Implications	FSR ICR	Outlook/ Implications	
AMERICAS PROPERTY/CASUALTY (CONTINUED)								
Initial Rating	P	SWBC Property and Casualty Insurance Co Southwest Business Corporation	021440	A- a-	Stable Stable	NR nr		Texas, USA
Initial Rating	P	SWBC RE, Ltd. Southwest Business Corporation	071364	A- a-	Stable Stable			Bermuda
Under Review	P	The Pie Insurance Company Pie Group Holdings, Inc.	021134	A- u a- u	Negative Negative	A- a-	Stable Stable	Ohio, USA
Upgrade	P	Triple-S Propiedad, Inc. GuideWell Mutual Holding Corporation	000370	A- a-	Stable Stable	B++ u bbb u	Positive Positive	Puerto Rico, USA
Rating Affirmation	P	UMIA Insurance, Inc. Curi Holdings, Inc.	002582	A a	Stable Stable	A u a u	Developing Developing	Utah, USA
Rating Withdrawal	P	White Pine Insurance Company ⁷ Conifer Holdings, Inc.	004127	NR nr		C u ccc u	Negative Negative	Michigan, USA
Rating Withdrawal	P	Wisconsin Municipal Mutual Insurance Co ⁸	010683	NR nr		B++ bbb+	Positive Positive	Wisconsin, USA
EUROPE, MIDDLE EAST & AFRICA								
Outlook Change	C	Middle East Insurance Company Plc Middle East Holding Company	089837	B bb+	Stable Stable	B bb+	Stable Negative	Jordan
Rating Affirmation	P	Premier Insurance Co Ltd Premier Underwriting Holdings (GI) Ltd	092597	B+ bbb-	Negative Negative	B+ u bbb- u	Negative Negative	Gibraltar
Rating Withdrawal	P	Stonefort Insurance S.A. ⁹ ACS, Actividades de Construcción y Serv	094361	NR nr		A- a-	Stable Stable	Luxembourg
ASIA-PACIFIC								
Outlook Change	P	Hanoi Reinsurance Joint Stock Corp HDI V.a.G.	091541	B++ bbb	Stable Positive	B++ bbb	Stable Stable	Vietnam
Rating Withdrawal	P	The Hollard Insurance Company Pty Ltd ¹⁰ IVM Intersurer B.V.	077924	NR nr		A- a-	Stable Stable	Australia
AMERICAS								
Outlook Change	L	Insignia Life S.A. de C.V. Proyecto Insignia, S.A.P.I. de C.V.	091458	B u bb u	Positive Positive	B u bb u	Developing Developing	Mexico

Holding Companies

Rating Action	Company Name	AMB#	Current		Previous		Domicile
			ICR	Outlook/ Implications	ICR	Outlook/ Implications	
Rating Withdrawal	Conifer Holdings, Inc. ¹¹	052626	nr		c u	Negative	Michigan, USA
Rating Affirmation	WT Holdings, Inc.	052484	bbb-	Negative	bbb- u	Negative	Tennessee, USA
Upgrade	Generali France S.A.	083077	a-	Stable	bbb+ u	Positive	France

⁷ The ratings were downgraded from bbb-/B+ to ccc/C on March 14, 2024, and subsequently withdrawn.

⁸ The ratings of bbb+/B++ were affirmed on March 13, 2024, and subsequently withdrawn.

⁹ The ratings of a-/A- were affirmed on March 15, 2024, and subsequently withdrawn.

¹⁰ The ratings of a-/A- were affirmed on March 21, 2024, and subsequently withdrawn.

¹¹ The rating was downgraded from bb- to c on March 14, 2024, and subsequently withdrawn.

Outlook: Positive, Negative, Stable. **Implications:** Positive, Negative, Developing. **Business Type:** P = Property/Casualty (Nonlife); L = Life; H = Health; T = Title; C = Composite. **Opinion Modifiers:** u = Under Review; sf = Structured Finance; i = Indicative Credit Rating Modifier; s = Syndicate Credit Rating Modifier

GUIDE TO BEST'S FINANCIAL STRENGTH RATINGS – (FSR)

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

Best's Financial Strength Rating (FSR) Scale

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

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

Financial Strength Non-Rating Designations

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

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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).

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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.

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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.
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Names Changes, Mergers and State Action

Empire HealthChoice HMO, Clarno Mutual and Transverse Insurance are among the U.S. life/health and property/casualty insurers that have experienced a corporate change.

LIFE/HEALTH

Name Changes

Empire HealthChoice HMO Inc. (AMB# 064368), New York, NY, USA. This company changed its name to Anthem HealthChoice HMO Inc. on Jan. 1, 2024.

Lombard International Life Assurance Co. (AMB# 007142), Philadelphia, PA, USA. This company changed its name to Axcelus Financial Life Insurance Co. on Jan. 22, 2024.

North American Insurance Co. (AMB# 062630), Oklahoma City, OK, USA. This company changed its name to Knighthood American Life Insurance Co. on Jan. 22, 2024.

PROPERTY/CASUALTY

Mergers

Clarno Mutual Insurance Co. (AMB# 010948), Monroe, WI, USA. This company merged with and into Mt. Morris Mutual Insurance Co. on Jan. 1, 2024.

Racine County Mutual Insurance Co. (AMB# 010398), Franksville, WI, USA. This company merged with and into Mt. Morris Mutual Insurance Co. on Jan. 1, 2024.

Name Changes

Transverse Insurance Co. (AMB# 020631), Dallas, TX, USA. This company changed its name to MS Transverse Insurance Co. on Jan. 16, 2024.

Transverse Specialty Insurance Co. (AMB# 020633), Dallas, TX, USA. This company changed its name to MS Transverse Specialty Insurance Co. on Jan. 18, 2024.

West Bend Mutual Insurance Co. (AMB# 000964), West Bend, WI, USA. This company converted to a stock insurance company, changed its name to West Bend Insurance Co. and became an indirect, wholly owned subsidiary of a newly organized mutual holding company, West Bend Mutual Holding Co., on Jan. 1, 2024.

State Action

Go Insurance Co. (AMB# 021643), Oklahoma City, OK, USA. This company was placed into insolvent liquidation on March 8, 2024.

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Tokio Marine HCC Executive: Ransomware Losses Extend Beyond the Actual Ransom To Include Recovery Costs

Ransomware costs can include extortion payments, lost income, recovery and potential litigation, said Jacob Ingerslev, senior vice president, Tokio Marine HCC.

Publicly reported cyberattacks have surged, Jacob Ingerslev, senior vice president, Tokio Marine HCC, told AM Best TV, noting all indications point to ransomware reaching record high levels. Following is an edited transcript of the interview, which took place at the recent 2024 PLUS Cyber Symposium in New York City.

How are you seeing the market for 2024 when it comes to cyber?

I think we have to look at what took place last year. By all indications, it was a record year across pretty much all the cyber claims from ransomware to data breach to business email compromise. We also saw numerous widespread events, and as we've moved into 2024, that's really continued.

You mentioned ransomware. We're hearing more and more about that. Are you seeing an uptick in ransomware?

You have to look at different signals and some of the signals we're looking at are a record high number of ransom payments for any year, so far. Then we're seeing a big uptick in victims on leak sites. That's where you end up if you do not pay ransom. That's another strong indication. Then publicly reported attacks are up dramatically as well. So, I think those are all indications that ransomware is reaching

record high levels.

What are typical costs associated with these types of attacks?

When the ransomware wave began back in 2018-2019, it was typically extortion payment. A lot of people paid extortion, unfortunately, and then they might have business income loss and some recovery costs. Now, every ransomware attack is almost a data breach, which triggers additional costs, notification, credit monitoring. You will likely be sued if there's enough data volume that's out there.

Typically for that piece there's really no discount when you do pay ransom. So, if you have recovered your network, they took some information. It's advisable not to pay because there's probably going to be litigation anyway. That's really sort of how the two—data breach and ransomware—have merged in the last few years.

Even in 2023 we saw numerous attacks that actually only involved data exfiltration and extortion. Not a successful business model for the cybercriminals, but they can take a lot more time negotiating and putting a lot of pressure on victims that way.

Are you seeing the use of artificial intelligence when it comes to these sorts of attacks?

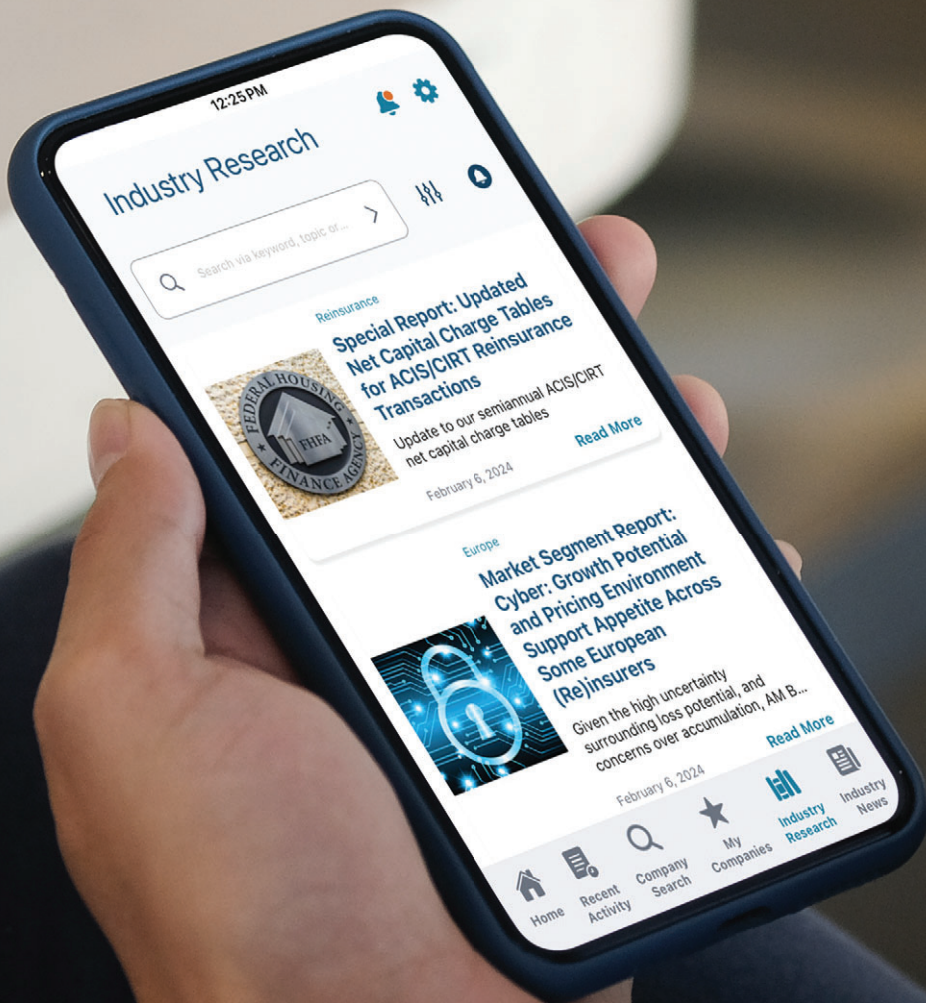
We're not seeing evidence of really sophisticated AI-driven attacks yet, but what we are seeing is a change in speed and scalability. I think threat actors have become much faster at detecting and exploiting new vulnerabilities and impacting many more victims in the same go-around. That's what we're seeing.

Perhaps there are a couple of concerning trends, more so in the wire transfer fraud side of the house, where you see deepfakes and it could be deepfake videos or deepfake audios.

—John Weber



Scan to watch the interview with Jacob Ingerslev.



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Missouri Legislation To Let Farm Bureau Sell Health Insurance Exempt From Affordable Care Act Standards

The bill would allow the Missouri Farm Bureau to offer personalized policies, providing preventive care, hospitalization and emergency services, to its members. A GAO report cautions about potential consumer risks of plans.

The Missouri House approved a bill that would permit the state's Farm Bureau to sell health insurance plans exempt from federal requirements under the Affordable Care Act.

The measure, H.B. 2082, cleared the House 104-21 in late March and was set to be reviewed by the state's Senate, according to the House website.

It would allow the Missouri Farm Bureau to offer personalized policies to members, the bureau said in a statement issued after the passage. The plans provide preventive care, hospitalization, emergency services, prescriptions and telehealth, as well as vision and dental coverage aimed at consumers who are currently uninsured or under-insured due to high costs or limited options, MOFB said.

MOFB President Garrett Hawkins said access to health coverage is a significant barrier for young people looking to return to the farm or start their own business. As a result, many are forced to take jobs that have employer-sponsored plans.

"This legislation is about real people, with a real problem, and we are bringing forth a real solution,"

Hawkins said. "People need a way to protect their families' risk, without breaking the bank, and we applaud the House of Representatives for taking this step today."

Six states, including Tennessee, Iowa, Kansas, South Dakota, Texas and Indiana, currently allow farm bureaus to sell health insurance, according to a July 2023 report by the federal Government Accountability Office. The plans are exempt from some Patient Protection and Affordable Care Act requirements.

"These coverage arrangements—which we refer to as alternatives to health insurance—may advertise lower upfront costs and greater flexibility to consumers than traditional health insurance options," the GAO's report said. "However, according to government and private industry stakeholders, they may pose risks to consumers because they may lack the protections imposed by PPACA requirements, such as guaranteed coverage for maternity and mental health benefits."

—Terrence Dopp

State Insurance Panel Stalls on Bill Cutting Louisiana Citizens Surcharge After Deadlocked Vote

The bill would have reduced by half the 10% premium surcharge on policies issued by Louisiana Citizens Property Insurance Corp., the state's insurer of last resort.

The Louisiana House Insurance Committee has deadlocked on a measure that would cut by half the premium surcharge for homeowners covered by the state-backed Louisiana Citizens Property Insurance Corp.

The panel split 9-9 on the measure, known as H.B. 524, during an April 3 hearing, prompting sponsor Rep. Matthew Willard to voluntarily

withdraw it. The move will allow it to be reconsidered in the future. The bill would have reduced to 5% from 10% the surcharge on policies issued by the company, the state's insurer of last resort, in a market that has been described in an industry study as having the least affordable homeowners coverage.

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—Terrence Dopp

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Todd Burrows, Senior Account Manager	+1 908 268 5642	todd.burrows@ambest.com	USA (NJ)	BMU; CAN; CAR; USA & US Territories (PR & VI)
Daniel Giunta, Account Manager	+1 908 455 6249	daniel.giunta@ambest.com	USA (NJ)	BMU; CAN; CAR; USA & US Territories (PR & VI)
Nick Charteris-Black, Managing Director	+44 20 7397 0284	nick.charteris-black@ambest.com	London	EMEA
Edem Kuenyehia, Director	+44 20 7397 0280	edem.kuenyehia@ambest.com	London	Sub-Saharan Africa
Riccardo Ciccozzi, Director	+44 20 7397 0309	riccardo.ciccozzi@ambest.com	London	Southern Europe
William Mills, Senior Director	+44 20 7397 0323	william.mills@ambest.com	London	Northern Europe
Róisín Gallagher, Associate Director	+44 20 7397 0261	roisin.gallagher@ambest.com	London	Europe
Carlos De la Torre, Senior Director	+52 55 7903 5420	carlos.delatorre@ambest.com	Mexico City	LATAM & CAR
Rob Curtis, Managing Director	+65 9633 6118	robert.curtis@ambest.com	Singapore	AP
Johnathan Wong, Analyst	+65 8940 9780	johnathan.wong@ambest.com	Singapore	AP
KaiJun Chan, Analyst	+65 9824 2401	kaijun.chan@ambest.com	Singapore	AP
Simon Saensurin, Associate	+65 8907 0874	simon.saensurin@ambest.com	Singapore	AP
Vasilis Katsipis, General Manager	+971 4375 2782	vasilis.katsipis@ambest.com	Dubai	MENA; South & Central Asia
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Arthur Snyder IV, Senior Director	+1 908 894 8040	arthur.snyderIV@ambest.com	USA (NJ)	BMU; CAN; CAR; LATAM; USA & US Territories (PR & VI)
Aidan Porter, Senior Account Manager	+44 7702 947679	aidan.porter@ambest.com	London	UK
Brian McGoldrick, Senior Account Manager	+1 908 894 9552	brian.mcgoldrick@ambest.com	USA (IL)	USA (West, Midwest, Southwest, Southeast Regions)
Suzanne Ruffa, Account Manager	+1 908 399 6275	suzanne.ruffa@ambest.com	USA (NY)	BMU; CAN; CAR; LATAM; USA (Northeast Region) & US Territories (PR & VI)
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Lori Sadukas, Associate	+1 908 255 8991	lori.sadukas@ambest.com	USA (NJ)	USA (Eastern Region)
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Arthur Snyder IV, Senior Director	+1 908 894 8040	arthur.snyderIV@ambest.com	USA (NJ)	BMU; CAN; CAR; LATAM; USA & US Territories (PR & VI)
Maryrose Paar, Director	+1 908 894 8039	maryrose.paar@ambest.com	USA (PA)	BMU; CAN; CAR; LATAM; USA & US Territories (PR & VI)
Brian Schlesinger, Associate Director	+1 908 894 9586	brian.schlesinger@ambest.com	USA (NJ)	BMU; CAR; LATAM; USA (Eastern Region) & US Territories (PR & VI)
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Jay Eihausen, Senior Account Manager	+1 908 894 9587	jay.eihausen@ambest.com	USA (IL)	USA (Mid-Western Region)
Debbie Giordano, Account Manager	+1 908 335 0938	debbie.giordano@ambest.com	USA (PA)	USA (Mid-Atlantic Region)
Danny Heffernan, Senior Account Manager	+1 908 894 9560	christopher.heffernan@ambest.com	USA (GA)	CAR; LATAM; USA (South Central Region) & US Territories (PR & VI)
Sue Kjaer, Senior Account Manager	+1 908 894 9557	sue.kjaer@ambest.com	USA (MA)	USA (New England Region)
Mark Kuhlman, Senior Account Manager	+1 908 894 9561	mark.kuhlman@ambest.com	USA (TX)	USA (Western Region & TX)
Patrick McCahill, Account Manager	+1 908 268 0765	patrick.mccahill@ambest.com	USA (NJ)	USA (South Atlantic Region & NY)
Jennifer Rudy, Senior Account Manager	+1 732 266 8644	jennifer.rudy@ambest.com	USA (MI)	CAN & USA (North Central Region)
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Bryan Martyn, Senior Director	+44 7970 799332	bryan.martyn@ambest.com	London	EMEA; AP & US Territories (AS, GU & MP)
James McMyne, Senior Account Manager	+1 908 399 1550	james.mcmyne@ambest.com	USA (NJ)	BMU; CAN; CAR; LATAM; USA & US Territories (AS, GU, MP, PR & VI)
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Coverage Conundrum: Lack of Affordable Homeowners Insurance Can Overburden the American Dream

Data show that, for some, affording homeowners insurance has become a growing difficulty. Residents in rural areas and certain cities are more likely to go without coverage.

by William Borden

Homeownership is often equated with the American dream. Homes are often a family's largest asset, greater than the average retirement account, according to Pew Research Center.

But the reality is that rising home prices have dampened affordability, and the cost of coverage is leading some homeowners to drop their insurance—or “go bare.”

Citing U.S. census data, the Consumer Federation of America published a report, *EXPOSED: A Report on 1.6 Trillion Dollars of Uninsured American Homes*, that found 6.1 million homeowners—about 1 in 13—are uninsured.

“We’re seeing the most vulnerable homeowners right now going without,” said Sharon Cornelissen, an author of the report and director of housing at the Consumer Federation of America. The report shows lower income homeowners and a disproportionate number of Black and Hispanic homeowners are going without insurance.

The Consumer Federation of America’s report found that rural areas and the cities of Miami, Houston and Detroit were among the areas most likely to lack homeowners coverage.

In its November 2023 research brief, *Homeowners Insurance Affordability: Countrywide Trends and State Comparisons*, the Insurance Research Council, which is affiliated with The Institutes, found that Louisiana had the least affordable homeowners insurance, where the cost of coverage was measured against average household income. The IRC, using

data from 2020, said the average homeowners coverage cost was \$1,311 or about 1.93% of household income. On average, homeowners insurance accounted for 3.84% of annual income of a household in Louisiana, while Florida (3.79%), Oklahoma (3.66%), and Mississippi (3.64%) had similar struggles with affordability.



Compounding the affordability issue, homeowners’ replacement costs had surged 55% from the end of 2019 through 2022, said Dale Porfilio, IRC president and chief insurance officer for the Insurance Information Institute.

The situation is particularly troublesome in coastal areas. AM Best has a

negative outlook for the U.S. homeowners segment and a March 22 Best’s Market Segment Report noted how “escalating construction costs, heightened CAT risk exposure, and elevated reinsurance costs” have prompted some insurers to exit certain markets, further constraining coverage options. Florida, California and Louisiana, among others, have seen insurers leave due to underwriting losses. And with fewer options, homeowners may not have a cheaper alternative to turn to for coverage.

On a very key point, Porfilio and Cornelissen agree that homes should have coverage to prevent housing stock from deteriorating and turning the American dream of homeownership into a burden. Cornelissen noted many damaged homes remain that way because homeowners do not have enough resources to fix them.

“People have to live in a flooded house or where there’s mold or fire damage and smoke damage,” she said, noting how it can affect the health of residents.

William Borden is managing editor. He can be reached at william.borden@ambest.com.

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