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NOVEMBER 2020

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## RETROFITTING WORKPLACES

Employers take steps  
to manage the risks  
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# BI's publisher builds global brand with acquisitions

**B**eacon International Group Ltd., the publisher of *Business Insurance*, announced the acquisition of insurance media companies on three continents.

The acquisitions, which together with *Business Insurance* account for more than a million monthly page views, are: Rubicon Media Ltd., London-based publisher of Commercial Risk Europe, Commercial Risk Africa, Commercial Risk Asia and International Programme News; INS Communications Pte. Ltd., Singapore-based publisher of Asia Insurance Review and Middle East Insurance Review; and WorkCompCentral, based in Camarillo, California, and serving

the U.S. workers compensation insurance sector. The newly acquired media hold top regional readership in their respective markets among insurance, reinsurance and related risk financing, risk transfer and risk management leaders and providers, said Steve Acunto, founder and chairman of Beacon.

Beacon properties also include the 131-year-old Insurance Advocate, cable television programming and other media. The company, headquartered in Greenwich, Connecticut, employs more than 120 professionals including journalists and business representatives on five continents and in 18 key cities.



## INSIDE



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Transitioning to female proves to be business as usual, writes Wynne Nowland, CEO of Bradley & Parker. **PAGE 57**

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Amid ever-changing federal, state and local rules and guidelines, companies face numerous challenges as they reconfigure workspaces and manage the risk of returning employees to work in a pandemic. **PAGE 20**

## SPECIAL REPORTS: PROFESSIONAL LIABILITY & CYBER RISK

The COVID-19 pandemic continues to disrupt the industry, as brokers face the potential prospect of litigation tied to denied business interruption claims. Meanwhile, the cyber insurance market is hardening due to the soaring frequency and severity of ransomware attacks. **PAGES 24-31**

## 3<sup>RD</sup> ANNUAL U.S. INSURANCE AWARDS

*Business Insurance* profiles the winners of its 2020 U.S. Insurance Awards, which recognize teams of industry professionals in 14 categories. And Kevin Kelley is featured as this year's Lifetime Achievement Award honoree. **PAGE 34**

### NEWS ANALYSIS

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Medical facilities are caught between persistent PPE shortages and complying with OSHA guidelines. **PAGE 8**

### RISK MANAGEMENT

Wildfires are an increasing concern for insurers, but experts say there are ways to mitigate exposure. **PAGE 10**

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Norway's marine hull, protection and indemnity, and energy insurance markets are globally significant. **PAGE 14**

### VIEW FROM THE TOP

### OFF BEAT

Jim Stanard, Renaissance Re founder and former TigerRisk chairman, releases his second music album. **PAGE 63**



### ERIC UMMEL

Eric Ummel is general manager of Mobilitas Insurance Co., a recently launched unit of CSAA Insurance Group that has been taken on as an insurer for Lyft Inc. in 11 states. The one-time Boeing Co. industrial engineer discusses why CSAA, a member of AAA's auto insurance operations, has moved into commercial lines and the issues arising from gig-economy insurance. **PAGE 18**





# Events sector tries unconventional approach

BY ANGELA CHILDERS

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The convention industry went from robust to bust virtually overnight when the COVID-19 pandemic shut down the U.S. in March. While the industry has successfully pivoted to virtual events, there is optimism that in-person events will resume next year, even if they look very different from conferences and trade shows past, experts say.

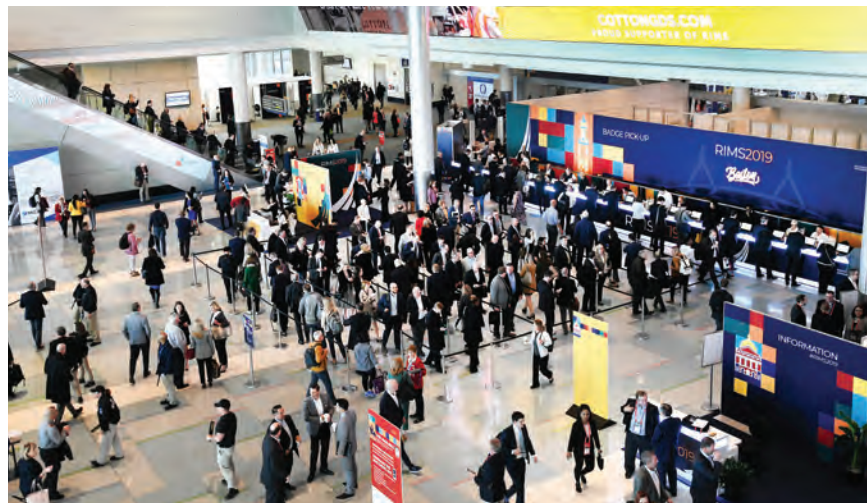
“The pandemic has undoubtedly devastated the events industry right now,” said Stuart Ruff-Lyon, 2020 chairman of the board of Chicago-based Professional Convention Management Association and vice president of events and exhibitions for the Risk and Insurance Management Society Inc. in New York. “While we try to safely return to face-to-face events, we’re looking at every aspect: how can we do this differently? How can we best manage under the new reality we’re currently experiencing? Have all risks about possible exposure been mitigated?”

RIMS, which canceled its 2020 annual conference scheduled for Denver, is planning a hybrid event — part live in Chicago, part virtual — for the 2021 conference.

In the first quarter of 2020, the most recent data available from database firm Statista, revenue in the exhibition industry saw its greatest decline ever of 15%.

In late February, when it was evident that COVID-19 was here to stay, the convention department at MGM Resorts International began immediately putting protocols in place to prevent the spread of COVID-19 — mainly focusing on food and beverage service — even though no one was certain how the virus was spread, said Stephanie Glanzer, MGM’s chief sales officer, based in Las Vegas.

Over the past seven months, MGM has created a detailed safety protocol for how clients can safely convene, and the casino

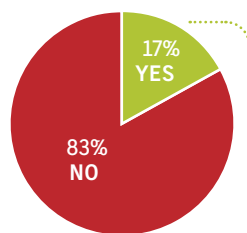


has begun hosting some small groups, she said. The plan is continuously being updated to reflect the constantly shifting federal, state and local requirements, she added.

Questions remain over what exactly a convention venue will look like in the future, said Carolyn Richmond, New York-based chair of the hospitality practice group at Fox Rothschild LLP. Some of the likely changes include the elimination of buffets and long lines, improved heating, ventilation and air conditioning systems, increased cleaning crews, required health declarations for attendees and personal information for contact tracing purposes, and expanded safety departments to ensure that health and safety protocols are followed, she said.

The Professional Event Management Association based in Chicago surveyed its members in mid-September to find out how many had attended face-to-face events and how they viewed their experience.

**Have you attended a face-to-face event in the last few months requiring the use of personal protective equipment and other safety protocols?**



**Of those who answered YES**

**65%** It was worth all the precautions and safety measures — I would do it again.

**31%** It was OK, but I don’t see this as a viable option for most groups.

**4%** Not at all enjoyable — I wouldn’t do it again.

“Most of the attention is being spent on proving to the potential customer that the venue has everything organized,” such as eliminating wait-in-line registration, checking room temperatures, setting up rooms appropriately for social distancing, and limiting the number of people who can participate in a panel discussion, Ms. Richmond said.

In October, MGM began offering rapid COVID-19 testing and screening to its conference packages, providing opportunities to screen and test each attendee and provide a health pass to all those who tested negative, Ms. Glanzer said. The attendees could also be contained in a “bubble” of guest rooms, meeting spaces and entertainment zones to minimize exposure risks, she said.

In mid-September, the Alabama Captive Insurance Association held its annual conference in person in Birmingham, Alabama with about 150 total attendees over the two-day period and a litany of COVID-19 protection protocols in place.

The association selected a much larger venue than it normally would have needed to allow for social distancing and planned its social events at outdoor venues, said Justin Law, the Montgomery, Alabama-association’s managing director of student initiatives. Vendors sponsored branded hand sanitizer and face masks, and the association also created a wrist-band program, letting attendees choose between red, meaning they were very COVID-conscious, or yellow, meaning they might be open to an elbow bump, he said.

The association also made sure to negotiate a flexible cancellation policy with the facility to allow the group to cancel if federal, state or local policies changed, jeopardizing the event, he said. More than a month after the event, no attendees had reported a positive COVID-19 test to the association.

Despite the protocols and changes, a big question for many organizers is the liability they can face if a conference-goer contracts COVID-19 at an event, said Greg Stevning, Indianapolis-based vice president in Marsh LLC’s U.S. entertainment and media industry practice.

“The other issue is corporate travel,” he said. “A lot of corporations have put bans on traveling, so even if they have these events, is anybody going to come?”

While the legal issues surrounding in-person events “seem to change almost daily or weekly depending on the jurisdiction,” Ms. Richmond is hopeful for the future of the conference industry.

“This is a big challenge, but hotels, convention halls and caterers, they’re all looking at new ways to do things,” Ms. Richmond said. “These people are in the business of hospitality and they will adapt.”

## RATE INCREASES HIT ALREADY HARDENING EVENT CANCELLATION MARKET

Conference organizers facing an uncertain future must brace for jurisdictional restrictions on gatherings along with liability fears surrounding COVID-19 exposure at any future event, and as a result, they will likely pay a lot more for less insurance, experts say.

“The marketplace has been crushed by COVID claims, and although there’s not going to be communicable disease coverage moving forward, it doesn’t mean rates aren’t going to go up,” said Greg Stevning, Indianapolis-based vice president in Marsh LLC’s U.S. entertainment

and media industry practice. “Rates are going to go up substantially.”

Pre-pandemic, the majority of his clients’ convention policies did not exclude communicable diseases, and trade show policies were “silent” on the subject, Mr. Stevning said. All policies now will have a communicable disease exclusion, but the capacity for the coverage overall has shrunk by as much as 25%, he said.

“The marketplace for events, especially umbrella and excess, was very, very firm before this,” said Michael Drayer, Atlanta-based chief commercial officer of Aon

PLC’s media and entertainment group.

“Now you throw in event cancellation losses and the exclusionary language. Carriers are getting out of the business because of the exposure. Even if you have a creative idea and a way to write the business in a way that provides proper rate ... boards of directors and leaders are saying ‘we’re absolutely not doing business in this space until there is a vaccine.’”

In the event cancellation market, “basically you can’t find the coverage,” Mr. Drayer said. And the losses will not be fully felt, he said, until early 2022

because some policies are multiyear and postponements have also pushed back the reporting of those full losses, he said.

Cost for the coverage, on average, has doubled in the past year, with rates rising even more in certain parts of California because of earthquakes and wildfires and in hurricane-prone coastal cities in Texas or Florida, Mr. Stevning said. Insurers are also excluding civil commotion in the U.S., and U.K. insurers are generally declining to write any civil commotion coverage in the U.S. until after the election, he said.

Angela Childers



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# Lack of guidelines complicates COVID-19 care

BY LOUISE ESOLA

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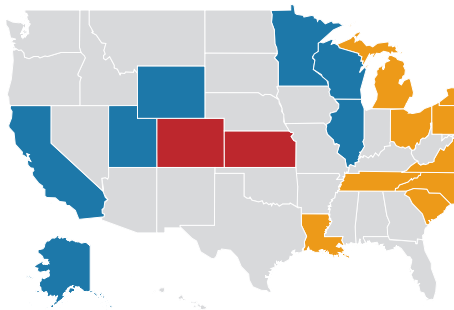
Evidence-based medicine is a mainstay in the workers compensation industry, and those aiming to treat workers with COVID-19 are relying on an ever-changing list of experimental and unproven treatments.

Yet experts say that, anecdotally, the infections among workers whose COVID-19 claims are accepted as being work-connected are generally not serious, and few require hospitalization, where more expensive treatments are approved on a case-by-case basis as needed.

The anti-viral infusion of the drug remdesivir, which became a household name when President Donald Trump received the treatment while hospitalized for COVID-19, can only be provided to a hospitalized patient — and few comp claimants are hospitalized, according to experts. While figures are not available,

## PRESUMPTION MEASURES

As of late October, nine states had passed laws that under some conditions classify COVID-19 as an occupational illness, presumed to have been contracted at work. Lawmakers in 13 other states are considering or have considered such presumption measures. Bills in two of those states failed. Many of the laws and proposals are “rebuttable,” meaning an employer can contest whether a worker was infected at work. Some only apply to prescribed types of workers, labeled “essential” in many states.



■ Laws passed ■ Bills introduced ■ Bills failed  
Source: National Council on Compensation Insurance



Reuters

at least two third-party administrators in July reported COVID-19 hospitalizations among workers at 2% to 5%.

“The large majority of the claims are the ones where they do not need treatment but need to quarantine at home with a mild illness,” said Jennifer Mason, Tampa, Florida-based vice president of claims for third-party administrator Broadspire, a subsidiary of claims firm Crawford & Co.

“These are minor claims, minimal lost time, maybe one doctor visit and a few medications to help support the patient,” said Dr. Teresa Bartlett, Troy, Michigan-based senior vice president of medical quality for third-party administrator Sedgwick Claims Management Services Inc.

Yet which medications to prescribe, and cover, is somewhat of a moving target for workers compensation stakeholders, who for years have adhered to evidence-based care, of which, when it comes to COVID-19, there is little to go on.

“The short answer is there are no clinical treatment guidelines for COVID-19 specifically,” said Joe Paduda, Skaneateles, New York-based principal for the comp consulting firm Health Strategy Associates LLC. “There’s no adequate science behind it,” he said, adding that a major concern is

that statements from the federal government on treating the virus “appear to be inconsistent from time to time.”

“As far as treatment goes, we are following evidence-based guidelines ... that change on a regular basis weekly,” said Dr. Lisa Shaw O’Connor, Fremont, California-based associate clinical director of utilization review for Genex Services LLC.

To date, 15 states have in place law-enacted workers comp formularies, or drug lists of approved medications for certain conditions; insurers, third-party administrators and pharmacy benefits managers have adhered to their own independent formularies, or drug treatment guidelines, for several years. As of October, not all state formularies had addressed COVID-19 care.

For the most part, both states and comp payers rely on the Official Disability Guidelines drug list developed by Austin, Texas-based MCG Health LLC or the American College of Occupational and Environmental Medicine to manage and update their formularies. Both entities have addressed COVID-19.

However, the guidelines are fluid and the workers comp industry is traditionally unused to treating widespread infectious diseases, according to experts.

“Unfortunately we don’t know what

works and what doesn’t,” Mr. Paduda said. “Comp has historically dealt with injuries and not disease,” said Mark Pew, Atlanta-based senior vice president of product development and marketing for pharmacy benefits manager Preferred Medical. “Comp is learning as they go.”

The drug hydroxychloroquine, for example, was in the early weeks of the pandemic touted as a therapy to suppress the immune system response to COVID-19 and was at the time approved by the Food and Drug Administration for emergency use authorization. In June, the FDA issued a warning against the drug outside of the hospital setting due to side-effects.

Meanwhile, both ODG and ACOEM guidelines have listed the drug as a COVID-19 treatment. The ACOEM guidelines, updated in August, do not recommend the drug after the first three days of COVID-19 symptoms. Both organizations declined to comment.

Phil Walls, Tampa, Florida-based chief clinical officer for myMatrixx, an Express Scripts company, said the question of formularies, guidelines and recommendations comes up frequently among clients. That some treatments were made political muddied the issue, he said, adding that myMatrixx does not recommend the drug.

Most of the treatments MyMatrixx is promoting are those that provide “supportive care,” such as steroids. “They make sense,” Mr. Walls said. “If it assists a patient with symptoms, I have no objection.”

Dr. Bartlett said that in addition to drugs that suppress symptoms of the virus, such as cough suppressants, steroids and inhalers, antibiotics to treat secondary bacterial infections are also commonly approved for workers who contract COVID-19. She said the typical drug spend for a COVID-19 patient is “way under” \$500.

“It is a lot of symptom mitigation and requests for over-the-counter symptom relief. If anything (for prescriptions) we are seeing a request for a short term of steroids,” Dr. Shaw O’Connor said.

## EXPERIMENTAL COVID-19 TREATMENTS PRESENT EMPLOYERS WITH DILEMMA

Prescribing experimental drugs for COVID-19 workers comp treatments carries the potential for long-term complications and high costs, as adverse side-effects of any treatment in the comp scheme fall under the original injury claim, legal experts say.

“There’s a general principal in workers comp that any medical malpractice or adverse reaction that is part of the treatment for an injury falls on the employer covering the injury,” said Carin

Burford, a Birmingham, Alabama-based shareholder with Ogletree, Deakins, Nash, Smoak & Stewart P.C.

“That’s one reason why an employer might want to question, is this reasonable and medically necessary?” said Ms. Burford, who is also an adjunct professor at the University of Alabama School of Law.

Michael Sullivan, El Segundo, California-based general managing partner of the workers comp defense firm Michael

Sullivan & Associates LLC, said whether to opt for experimental treatments depends on the employer.

“What do they want to authorize? There aren’t going to be (workers comp treatment guidelines) on the new treatments coming out, and how far do you want to go in paying for a treatment that may just be emerging?” Mr. Sullivan said.

“If you provide meds that cause an additional negative impact, the work comp payer owns that injury too,” said

Joe Paduda, Skaneateles, New York-based principal of the comp consulting firm Health Strategy Associates LLC. “It’s you’re damned if you do, damned if you don’t.”

That conundrum for payers could create legal issues later on, Ms. Burford said. “I think litigation is possible. We are not just dealing with whether (COVID-19) is compensable. The next question is, are we on the hook for experimental treatments? That is going to be an open question.”

Louise Esola



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# Medical facilities enter gray area on safety

BY ANGELA CHILDERS

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Shortages of mandatory personal protective equipment for health care workers persist as the pandemic rages on, leaving organizations caught between supply-chain issues and complying with shifting guidelines from the U.S. Occupational Safety and Health Administration.

OSHA on Oct. 2 released updated guidance allowing field offices to use their “discretion” when issuing citations for violations related to shortages of respirators — specifically N95 masks that filter most airborne particles — or other supplies. However, experts say it is unlikely that OSHA will give employers a pass on violations.

“A lot of citations have come out against employers related to respiratory protection ... and fit testing,” said Cressinda Schlag, of counsel in the Austin, Texas, office of Jackson Lewis P.C. “It’s really still up to the individual area office and also the inspector to decide if enforcement discretion is appropriate. It’s really unclear what the circumstances would be” for the investigator not to cite for respiratory guidance violations.

The guidance is “now reflecting the reality” of the situation, said Kennell Sambour, Los Angeles-based associate at Littler Mendelson P.C.

“As much as hospitals are trying to comply with mandatory respirator programs and fit testing, the reality is there is a bottleneck in N95s,” he said. “I think this guidance makes clear to investigators that they can look at other contingency plans that hospitals have made with respect to shortages of N95s. But they had better be able to show that they’re making a good faith effort to comply.”

OSHA guidance requires that fit testing be conducted annually on the use of respirator masks. In hospitals, N95 respirators are among the most-used equipment to protect workers from coronavirus, which



## RESPIRATOR FIT

The U.S. Occupational Safety and Health Administration’s October guidance stated that the agency would use its discretion on a case-by-case basis when considering issuing citations for respirator non-compliance if the employer is:

- Using tight-fitting powered air-purifying respirators to protect workers against COVID-19 if annual fit-testing was not feasible due to shortages of respirators, such as N95s.
- Monitoring fit-testing supplies and making good faith efforts to obtain fit-testing supplies.
- Using engineering controls, work practices and/or administrative controls to reduce the need for respiratory protection.
- Maintaining a fully compliant respiratory protection program, other than compliance with fit-testing requirements.

Source: OSHA

is airborne and transmitted via droplets, according to medical experts.

The most common fit-test method uses an instrument to measure a mask’s effectiveness in protecting against airborne pathogens, but because the test punctures the mask, it cannot be reused.

And, because respirator sizing is not standardized, a fit test only covers the specific brand, make and model of respirator used by that employee during the test, according to the U.S. Centers for Disease Control and Prevention.

On Oct. 9, OSHA announced that it issued citations comprising more than \$400,000 in penalties to 25 health care and residential care organizations between Sept. 25 and Oct. 1 for COVID-19 violations, including failure to provide respirator fit tests and proper training on the use of respirators.

Respiratory protection violations are typically classified as “serious” with fines of up to \$13,494 per violation.

Despite the “discretion” guidance issued in early October, an OSHA spokeswoman said in an email last month that the agency’s standards “remain in place and enforceable, and they will continue to be as workers return to their workplaces.”

The agency is urging medical facilities to prioritize “available fit-testing supplies to protect employees who must use respirators for high-risk procedures,” she said.

Employers need to know which employ-

ees have been fit tested on which equipment, including N95s but also N100s, P100s, N99s and R95s, along with the brands and sizes, and know exactly what they have in stock, said Bill Schwacke, Philadelphia-based health practice leader at Origami Risk LLC.

Hospitals need to understand their supply level and what it may look like in the short term and “nine months from now,” he said. “That’s hard to do given the volatility of the situation and how frequently it’s changing.”

Health care organizations in California are facing “a whole other beast” with the California Division of Occupational Safety and Health “actively going after employers for not having respiratory protection both for COVID exposure and also wildfire exposure right now,” Ms. Schlag said. “Cal/OSHA has not released any guidance or enforcement memorandum indicating that they will exercise discretion.”

From Aug. 25 through the end of September, Cal/OSHA issued 28 COVID-19-related citations to employers, including three to medical centers for fit-test violations and two to medical centers for having workers without respiratory protection.

California employers that cannot fit test because of availability will need to “demonstrate that it was infeasible or impossible” to comply with cited standards, Ms. Schlag said.

“Cal/OSHA is taking the position that employers need to have the right controls, including the right PPE, and if PPE is not available, there needs to be engineering or administrative control that either eliminates or reduces potential exposure to the hazard. It does put a real challenge on employers.”

“I would not be surprised if we see more citations issued, whether it’s failure to provide adequate fit testing or whether it’s a failure to provide PPE,” Mr. Sambour said. “I don’t expect to see Cal/OSHA letting up on this.”

## GROCERY STORES STRUGGLE TO UNPACK PANDEMIC SAFETY PRACTICES AMID FINES

The U.S. Occupational Safety and Health Administration continues to zero in on retailers, particularly grocery stores, as they grapple with how to protect their workers and avoid fines, experts say.

“For most of the industry, across the board among grocery retailers and wholesalers, this is an area under attack right now” when it comes to compliance issues, said Brandon Takahashi, Los Angeles-based partner with Fox Rothschild LLP.

In October, the California Department of

Industrial Relations fined five Los Angeles-area grocery stores a total of \$104,380 for violations including not updating workplace safety plans and training, failing to timely report COVID-19 deaths, and failing to install barriers between workers and customers. Complaints from workers prompted most of the inspections, according to citation data.

Federal OSHA has also reported a 30% surge in worker whistleblower complaints this year, with more than 3,000 related to

the pandemic.

Eric Conn, Washington-based founding partner of Conn Maciel Carey LLP, said grocery stores, like health care settings, were forced to change business practices immediately in the pandemic as “they are as essential as it gets” and will continue to see new regulations.

“The industry was one of the first to get creative with engineering controls,” such as building protective barriers between clerks and customers before federal regulators

required them, he said. Yet, managing safety continues to be a “big challenge,” he added.

Grocery stores continue to face issues such as personal protective equipment shortages, which have been experienced in other industries including health care, and resistance from customers to comply with mask mandates, Mr. Conn said.

“The masks ... that’s where we are seeing the surge in whistleblower activity,” he said.

Louise Esola

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# Planning, modeling for catastrophic fires take on renewed urgency as losses mount

BY MATTHEW LERNER

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**W**ildfires have become an increasing concern for the insurance industry as losses over the past few years have grown into the tens of billions of dollars annually.

Multiple factors including continued development and past mismanagement of wildfires have fed the growth of fire, sources say, but there are ways to fight back, mitigate exposures and improve the resilience of structures.

Late last month, over 7,000 firefighters continued to battle 22 wildfires across California, 12 of which remained major incidents, according to the California Department of Forestry and Fire Protection, known as Cal Fire, in Sacramento.

In addition, Colorado is seeing a record wildfire season. The Cameron Peak Fire consumed over 200,000 acres late last month, according to the InciWeb Incident Information System of the U.S. Forest Service. The Pine Gulch Fire burned 139,000 acres.

Jeff Amthor, assistant vice president, AIR Worldwide, part of Verisk Analy-

*“We do not have much history to guide us in allocating the expected losses. Large insured wildfire losses are a fairly recent development.”*

J. Paul Newsome Jr.,  
Piper Sandler Cos.



As fires continue to encroach into urban areas, firefighters are stretched thin.

tics Inc. in Boston, cautions that the fire season is not over and that 11 of the 20 most destructive fires in California history started in the last quarter of the year.

While causes run the gamut, lightning ignited many fires this year, according to Mr. Amthor.

It has been only recently that lightning has been a major cause of fires, according to Philip Cunningham, senior scientist at AIR Worldwide. This year, he said, “there were tens of thousands of lightning strikes which caused hundreds of fires.”

Wildfire insurance losses for 2020 have yet to be tallied but may not top the record losses of recent years past, said J. Paul Newsome Jr., Chicago-based managing director at investment brokerage Piper Sandler Cos.

“My sense is the insured wildfire losses will be less than the records we saw in recent years, but that is very hard to accurately predict,” he said. “The wildfires continue to burn so it is entirely possible insured losses will increase greatly.”

Total claims for wildfires in November

2018, the most destructive wildfire month in California history, topped \$12 billion, according to a 2019 statement from the California Department of Insurance.

It can be tough to estimate wildfire insurance losses. “We do not have much history to guide us in allocating the expected losses. Large insured wildfire losses are a fairly recent development,” Mr. Newsome said.

“Wildfire is escalating in terms of losses and the way it impacts insurance companies,” said Michael Young, vice president, model product management at catastrophe

## INSURER’S INSOLVENCY ALERTS INDUSTRY TO HEIGHTENED RISK

**W**hile wildfires have traditionally not been viewed as events that can threaten the solvency of insurers, one California insurer was left insolvent due to losses sustained during the 2018 California wildfires.

The infamous Camp Fire started in Butte County, California, on Nov. 8, 2018, and by Nov. 16 the fire had destroyed 18,793 structures and killed at least 85 civilians, according to the California Conservation and Liquidation Office serving the California Insurance Commissioner.

Later that month, Merced Property

and Casualty Co. informed the California Insurance Commissioner that due to the Camp Fire, its financial status would be negatively affected to the extent that the insurer would be insolvent.

The commissioner filed an application for appointment as liquidator on Nov. 30, 2018. Following a court hearing, the personal lines insurer was declared insolvent. As of year-end 2019, Merced in coordination with the California Insurance Guarantee Association had paid about \$71.2 million in expenses and loss payments to policyholders.

“That was really a wakeup call for

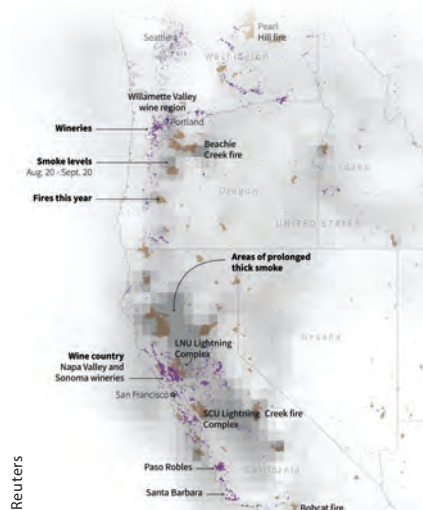
the insurance industry,” said Michael Young, vice president, model product management at catastrophe modeler Risk Management Solutions Inc. in Newark, California, which has since developed a probabilistic wildfire model.

Wildfire has traditionally been thought of as an “attritional risk,” one that builds losses but within a manageable range, he said.

The Merced insolvency served as a catalyst for increased attention to wildfire losses.

It was “one of the things that really sparked us to develop the model,” Mr. Young said.

Matthew Lerner



## HUMAN INSTINCT TO PUT OUT FIRES MAY IMPEDE NATURE'S WAY OF MANAGING FOREST UNDERGROWTH

Years of forestry mismanagement have unwittingly contributed to the creation of larger, more intense, faster moving wildfires, observers say. “Decades ago, the notion that we should put out all the fires as soon as they start didn’t allow natural forest management,” said Lou Gritzo, vice president, manager of research for FM Global, based in Norwood, Massachusetts. “Natural systems are fuel factories,” said Dave Sapsis, wildland fire scientist at the California Department of Forestry and Fire Protection’s fire and resource

assessment program. Forests were not allowed to burn, which naturally clears away accumulated underbrush, according to multiple sources. “We’ve impeded nature’s management of the forests” by adopting such aggressive firefighting policies, said Michael Young, vice president, model product management at catastrophe modeler Risk Management Solutions Inc. in Newark, California. “Then when the forest did burn it burned hotter and those wildfires were faster, and that’s a trend that’s

continuing,” Mr. Gritzo said. The destructive force of the fires and the intensity and spread throughout wildfire areas is exacerbated by the accumulation of fuel, Mr. Young said. Jeff Amthor, assistant vice president, AIR Worldwide, part of Verisk Analytics Inc. in Boston, said that not all Western forestry was mismanaged. “Most ecosystems in the West are well adapted to fire,” he said. *Matthew Lerner*



modeler Risk Management Solutions Inc. in Newark, California. “Now that this peril is getting larger, more severe, it needs a higher level of sophistication in terms of insurance modeling.”

“The challenge now is that the losses are going up and the acres burned are increasing,” said Lou Gritzo, vice president, manager of research for FM Global, based in Norwood, Massachusetts. “That’s gotten the attention of businesses because they are now starting to see the losses and business insurers are starting to see the losses as opposed to it being some homes in the mountains.”

After the large wildfire losses of 2017 and 2018, the insurance market started looking for improved catastrophe models to assess the risk, he said.

Ground fires, Mr. Gritzo said, burn low and consume dead vegetation on the ground. Surface fires, the most common, burn lighter vegetation in the forest such as shrubs and sometimes the bottoms of trees and lower branches. Crown fires, the most severe, burn the top of vegetative matter.

Crown fires spread the fastest and loft the most embers, which can travel for miles, and are a leading cause of structure ignition and spreading of fires, he said.

“Assume Mother Nature is going to throw burning pieces of wood everywhere, and that anything those burning pieces can ignite probably will,” Mr. Gritzo said.

### Risk mitigation

The best way to reduce losses is to focus on reducing the vulnerability of businesses, Mr. Gritzo said.

Some risk mitigation is quite easy and not costly, such as raking and landscape maintenance, and closing vents to combat smoke damage, he said.

If water is available, plants should be watered to make sure they don’t dry out, Mr. Gritzo said.

Inflammable items within the vicinity of a structure should also be disposed of to create a “survivability zone” of roughly five feet, said Mr. Young of AIR. “Cleaning that first five feet is a very important factor.”

### CALIFORNIA FIRE SUMMARY (2020 YEAR TO DATE)



**8,685**  
NUMBER OF WILDFIRES



**4,129,924**  
NUMBER OF ACRES BURNED



**31**  
CONFIRMED FATALITIES



**9,247**  
STRUCTURES DAMAGED OR DESTROYED

Source: State of California

Commercial structures often have large parking lots and don’t have a lot of ornamentation, like homes may, providing a built-in clear zone and reducing potential ignitable substances.

Space separation between buildings and avoiding any type of combustible construction is also important, Mr. Gritzo said. “Having a noncombustible envelope of the building” is critical, he said.

Risk mitigation should begin with a structure’s location, said Mr. Amthor of AIR. Too much development continues “the incursion into the wildland where the risk is very high,” he said.

Developers “continue to build in areas where there are wildfires,” Mr. Young said. “The reason why we’re getting more fires occurring in populated areas is related to how close they are to heavy vegetation areas.”

“Urban conflagration” over the past five

years has also allowed fires to continue into urbanized areas with burning structures igniting adjacent structures, he said.

Materials are also one of the key determinants, Mr. Young said. For example, California has banned the use of wood shake products and wood shingle for the past 10 years.

Mitigating exposure to fire damage should include “quick and responsive” fire protection systems to capture otherwise damaging fires, said Dave Sapsis, wildland fire scientist, Cal Fire, fire and resource assessment program. “A robust fire protection system can protect key vulnerable assets. Risk is never reduced to zero, but it can be effectively managed.”

“Some 30% to 60% of structures within a fire footprint survive the fire,” Mr. Young said.

California has been “relatively proactive with building code provisions.”

“In terms of hardening against embers and things, as far as we know, with a limited sample size, the new construction codes really are effective,” Mr. Amthor said.

Enforcement of codes, however, varies by location.

Local authorities drive building code enforcement and “there is a lot of variability on how combustible construction is enforced,” Mr. Gritzo said. “It literally varies state by state, county by county, town by town,” he said.

### Modeling developments

Modeling efforts for wildfires are still catching up to those for other natural catastrophes such as hurricanes and earthquakes.

The models, said Mr. Young, have been “a function of relative priority. Hurricanes and earthquakes have always been solvency-level types of perils. I think it’s only been recently in the past five years we started to see wildfires events get into that \$10 billion range.”

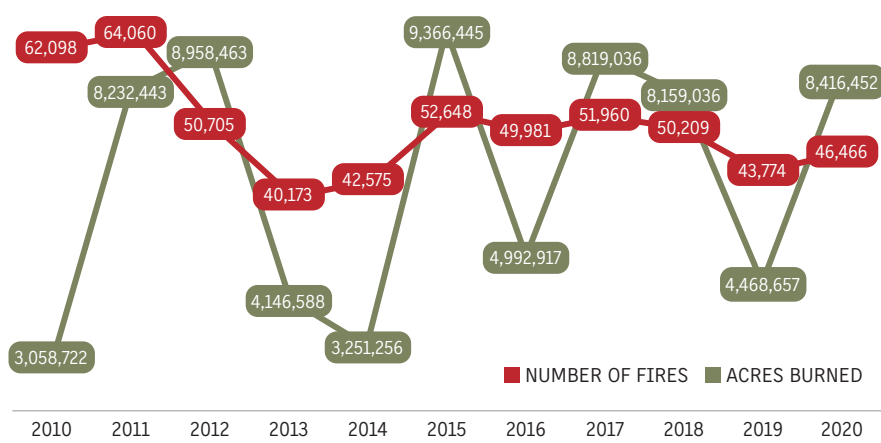
“The wildfire modeling community is still in the early stages of maturity,” Mr. Gritzo said. “There had not been a demand. There certainly is a demand now for probabilistic models.”

“We know a lot more about how much hurricanes can cost insurance companies because we have suffered a large number of hurricanes over a long period of time,” Mr. Newsome said.

Data on real-time fire spread and intensity needs improvement, although use of satellite and other means of remotely sensing fire and heat is increasing, Mr. Sapsis said. “While the data environment has improved significantly over the last 20 years, it is still challenging.”

Clients are contacting RMS regarding the timing and availability of its new fire model, Mr. Young said, adding that RMS is working with the National Association of Insurance Commissioners and state regulators to inform them about the models. “To be honest, I think it’s still early days and a lot of insurance companies are still trying to figure out how to manage this risk,” he said.

### NATIONAL YEAR-TO-DATE FIRE STATISTICS (1/1 - 10/21)



Source: National Interagency Fire Center (NIFC)



## Practical stance needed on diversity

BY GAVIN SOUTER

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The insurance industry would benefit from a more diverse workforce, but attracting minority candidates to the industry remains a challenge, experts say.

Recruitment policies need to be better targeted and companies should offer practical support to minority employees when they join, experts say.

In particular, Black men, who are under-represented in the industry, need to be made aware of the opportunities in the insurance industry, they say.

From a business perspective, insurers need to build diverse staffs that reflect their customers, said Susan Johnson, chief diversity and inclusion officer at Hartford Financial Services Inc.

"We are in business to pay claims, and the people that are on the phones and the policyholders that are calling in present the gamut," she said during a session of the American Property Casualty Insurance Association's annual meeting, which was held virtually last month.

Ideas about talent recruitment have to fit with insurers' financial strategy, and diverse teams have been proven by external and internal studies to help companies become more successful, said Jack Salzwedel, chairman and CEO of American Family Mutual Insurance Co. in Madison, Wisconsin, during the session.

"This is not just a moral issue, this is a profit and loss, strategic plan issue for us," he said. "This is an imperative for us to win in the marketplace."

Senior leaders at insurers need to help people throughout their organizations understand the link between diversity, innovation and profit, Mr. Salzwedel said.

Speakers during sessions of *Business Insurance's* Diversity & Inclusion Conference, which was also held virtually last month, agreed that senior executives should lead diversity efforts.

However, while senior executives often understand the importance of diversity and inclusion, "all too often it doesn't filter down to middle management," said Herbert



Mitchell, Charlotte, North Carolina-based senior vice president, client services at Sedgwick Claims Management Inc. "You are seeing some changes, but it's a slow process."

Few colleges and high schools offer insurance-related programs, he said.

Large companies do recruit from historically Black colleges and universities, but they should take a strategic approach to recruiting from the schools, said Ngozi Nnaji, founder and managing partner at Ako Insurance Consulting LLC in Middletown, Connecticut.

"Start the conversation around coming into your organization with not (with) 'Can you fill the position?' but 'Are you a candidate that we can grow, develop and retain through a career path,'" she said.

Companies should also be aware of the difficulties that Black recruits have when they join an insurer without a network or family in the industry or other connections, Ms. Nnaji said.

"It's really important when we have diverse talent that we set them up for success, whether it's joining networks like the National African American Insurance Association or even internal (employee resource groups)," she said.

Insurance organizations often fail to recruit Black men, in particular, which is often due to their lack of exposure to the sector, said Larry Phillips, assistant vice president, culture and inclusion at Arthur J. Gallagher & Co. in Rolling Meadows, Illinois.

Gallagher, which has a significant book of

education business, uses its connections with school district clients to offer information sessions and classroom presentations to K-12 students, Mr. Phillips said.

Taking the opportunity to reach out through schools will help bring more Black males into the industry and also improve relationships with clients, he said.

"It turns out to be a win-win-win for all parties involved," Mr. Phillips said.

Black males can also be recruited to the industry through internship opportunities, but employers need to consider the financial circumstances of minority interns, he said.

"Underpaid internships may be unrealistic for many demographics, particularly Black males," Mr. Phillips said.

Once diversity efforts take hold, the industry should see Black males better represented in senior roles, he said.

When Black men join insurance industry companies, it is often difficult to find mentors that look like them to support them, said Kevin Husbands, territory distribution leader at American International Group Inc. in Atlanta.

And as there are so few Black men in senior positions at insurers, mentorships can easily be disrupted when they leave to take other jobs, he said.

"We have to talk about building a pipeline of talent not only in the beginning years of a career, but also the folks that exude and exhibit actual potential and talent who are already in the organization," Mr. Husbands said.

The insurance industry should be challenged to improve diversity and produce metrics to support the efforts, said Daniel Aronson, managing director at Marsh LLC in New York.

"People do this with energy, they say we have to reduce our carbon footprint by x amount by this date. Let's do the same thing," he said. "We need to make some bold and lofty goals, and it's going to be over time, but I think the whole industry needs to buy in."

## EMPLOYERS REACT TO TOUGH YEAR

The pandemic may have halted office interactions for much of the country, but insurance leaders are continuing to prioritize diversity and inclusion initiatives and help their employees cope with the stresses they've faced this year.

When news of the death of George Floyd in Minneapolis and the resulting protests spread across the country, leaders at NFP Corp. and the insurer's D&I board collaborated to develop ways to communicate with employees about the events, including retaining a therapist who had experience with trauma, was a person of color, and could "relate in a more direct way to the team," said Ginnette Quesada-Kunkel, New York-based executive vice president and chief human resources officer at NFP.

The events of the year led Zurich North America's head of diversity and inclusion, Lauren Young, to add "more conversation, more empathy and more compassion" to her D&I plan.

"Everybody was just hurting, some more than others, and what we really needed to do was hit the reset button," she said.

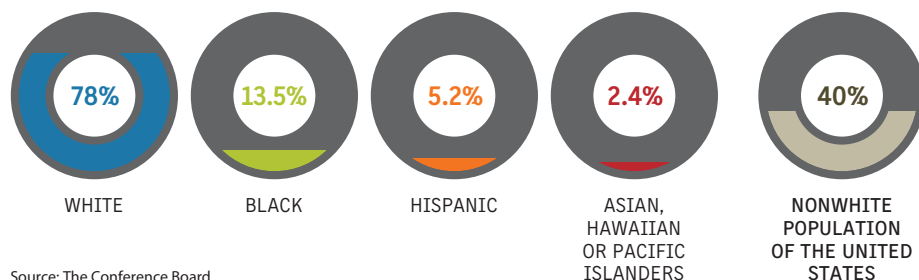
The insurer decided to close all its U.S. offices on June 19 to mark Juneteenth, giving workers the time to "educate themselves on some of the struggles many were facing as a result of COVID and systemic racism," she said. Zurich also held a town hall with seven Black leaders from throughout the organization who described their experiences and the challenges they have faced in their careers and personal lives.

Crawford & Co. has also made empathy a cornerstone of its communications, and recently updated its mandatory unconscious bias training to reflect the current environment, said Bob Jett, Atlanta-based chief privacy officer and lead IT counsel at the insurer. In addition, the company has been trying to find better ways to support its employees who are parents, particularly single mothers and fathers who are working, caregiving and educating their children at home, he said.

Angela Childers

### BOARD LEVEL DIVERSITY

Of the 658 board members whose race is identified by S&P 500 companies:



Source: The Conference Board



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## PROFILE: NORWAY

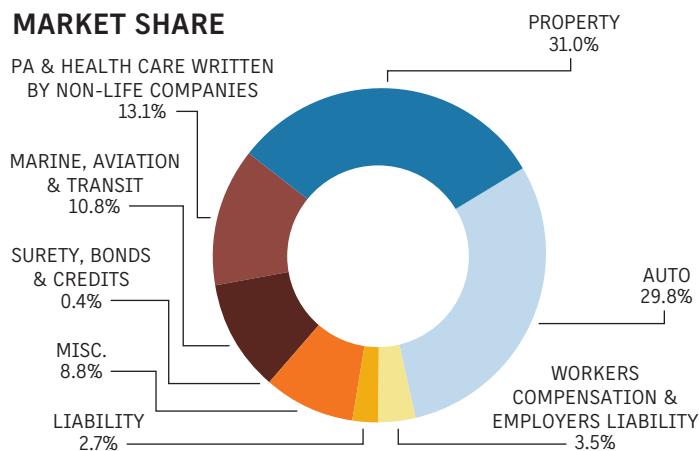
# 25

GLOBAL  
P/C MARKET  
RANKING

Despite its comparatively small population, Norway's insurance market is relatively large by international standards. The Norwegian nonlife market is sophisticated and well-developed, and its domestic insurers offer a broad range of products. The non-marine market is concentrated into four main companies: Gjensidige Forsikring, If Skadeforsikring, Fremtind Forsikring and Tryg Forsikring. Some new companies have tried to establish themselves in some private lines and niche areas to try and take market share from the larger insurers, but they either close relatively quickly or seem happy to be acquired by the main companies. The Norwegian marine hull, protection & indemnity, and energy insurance markets are globally significant, and while the business from domestic buyers is substantial, around 80% reportedly comes from major international shipowners.

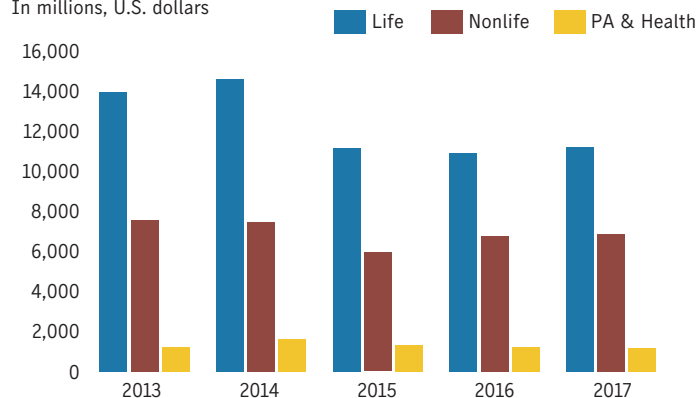
### MARKET SHARE

PA & HEALTH CARE WRITTEN BY NON-LIFE COMPANIES



### MARKET GROWTH

In millions, U.S. dollars



Source: Axco Global Statistics/Industry Associations and Regulatory Bodies

### COMPULSORY INSURANCE

- Auto third-party liability
- Workers compensation (part private market, part state cover)
- Third-party liability for pharmaceutical laboratories, including clinical trials
- Professional indemnity for insurance brokers
- Natural perils in property covers
- Liability insurance against injury or damage caused by aircraft operators
- Shipowners liability against marine oil pollution (financial guarantee or insurance)

### NONADMITTED

Unauthorized insurers cannot carry on insurance activity in Norway. At the same time, with some exceptions, there is nothing in the law that indicates that insurance must be purchased from authorized insurers. This is generally interpreted to mean that insurers can issue policies from abroad, with exceptions, if approached by a buyer and/or an intermediary. Insurers from European Economic Area member states (all EU member states, Norway, Iceland and Liechtenstein) may provide insurance under freedom of services legislation.

### INTERMEDIARIES

Brokers and agents are required to be authorized to do insurance business. Intermediaries are allowed to place business with nonadmitted insurers. Intermediaries involved in nonadmitted placements do not have to be registered with the financial supervisory authority Finanstilsynet. Brokers involved in nonadmitted placements are not required to warn buyers that their insurer is not subject to local supervision.

### MARKET PRACTICE

There is nothing to prevent an insurance buyer from obtaining cover outside Norway on a nonadmitted basis, but in practice most industrial/commercial risks are placed with local insurers.

### MARKET DEVELOPMENTS

Updated September 2020

- At the time this report was in preparation the full impact of the COVID-19 pandemic on the Norwegian insurance market remained to be seen. Initial reports suggest that any business interruption coverage in commercial policies will not be triggered unless specific pandemic cover has been arranged.
- Premium income for nonlife insurance in 2019 totaled NOK 73.99 billion (\$7.57 billion), up more than 7% over 2018. Both domestic business, which is essentially non-marine, and international business, including marine hull, energy, and protection & indemnity, are extremely competitive. Because of this, while premiums have increased, they have not always kept up with inflation. While business has tended to be profitable, insurers decided that remedial pricing action was required in 2018 because of some underlying profitability issues and began pushing through rate increases across all market segments into 2019 and 2020.
- On Jan. 1, 2019, nonlife insurance companies DNB Skade and SpareBank1 Forsikring merged to form Fremtind Forsikring to write nonlife insurance covers from both owners. Following this merger, Fremtind Forsikring is now the third-largest nonlife insurer in the market.
- One of Norway's largest loss events to date occurred Jan. 7, 2020, when a fire erupted from an Opel Zafira car parked in the garage at Stavanger Airport. The multistory structure contained 1,300 cars at the time, and it is possible that all might have to be written off, either destroyed by the fire or total losses from soot and other causes. If all are written off, the insured loss could be over NOK 320 million. The loss of the parking garage itself is put at about NOK 200 million.



### AREA

148,730  
square miles

### POPULATION

5.47  
million

### MARKET CONCENTRATION

78.4%  
market share of top five insurers

### 2020 GDP CHANGE (PROJECTED)

(6.3%)

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## COVID-19 ruling favors policyholders

■ A North Carolina state court judge ruled in favor of a group of restaurants in pandemic-related business interruption litigation, holding the state's order to close the restaurants was a covered physical loss under their policies.

Sixteen restaurants had filed suit against the Cincinnati Insurance Co. in state court in Durham seeking a declaratory judgment the insurer must replace their lost business income and extra expenses under their coverage, according to the ruling in *North State Deli, LLC et al. v. The Cincinnati Insurance Co., et al.*

The Morris Insurance Agency Inc. in Washington, North Carolina, was also named as a defendant in the litigation.

Under the policies' "ordinary meaning," plaintiffs suffered a direct physical loss when they "were expressly forbidden by government decree" from accessing their property, the ruling said.

Cincinnati argued that "the policies do not provide coverage for pure economic harm in the absence of direct physical loss to property, which requires some form of physical alteration to property."

The court said, "Even if Cincinnati's proffered ordinary meaning is reasonable, the ordinary meaning set forth above is also reasonable, rendering the Policies at least ambiguous," and any ambiguity should be construed against the insurer.

The policies did not have a virus exclusion and other exclusions were inapplicable, the court said in ruling in the plaintiffs' favor.

Cincinnati Insurance said in a statement, "The prevailing view by courts around the country has been that an economic loss alone doesn't qualify as direct physical damage or loss to property."

All but a handful of decisions — most of them by state courts — have gone against plaintiffs in pandemic-related business interruption cases.

## Shareholders sue Royal Caribbean

■ Shareholders have filed a putative class-action securities lawsuit charging Royal Caribbean Cruises Ltd. and its cor-

porate officers with securities law violations in connection with the COVID-19 pandemic.

The shareholders contend the Miami-based cruise line made false and misleading statements about the pandemic's impact and had lax safety protocols, according to *City of Riviera Beach General Employees Retirement System vs. Royal Caribbean Cruises Ltd., Richard Fain, Jason Liberty, and Michael Bayley*.

The Riviera Beach, Florida-based pension plan filed the suit in U.S. District Court in Miami.

The lawsuit states that during the first quarter, hundreds of COVID-19 cases were reported on at least 13 Royal Caribbean ships, which "later resulted in multiple fatalities and wrongful death lawsuits against the Company," while the cruise line assured the investing public its safety protocols were aggressive and would ultimately contain the virus.

Two lawsuits have been filed against the company for allegedly failing to protect its crewmembers, the complaint said.

The lawsuit, which charges the cruise line with violating securities law, notes the company's stock price dropped significantly during the first quarter.

The company suspended its cruises in March.

Similar lawsuits have been filed against Norwegian Cruise Lines Holdings Ltd. and Carnival Corp., both of which are Miami-based.



## Widow's negligence claims rejected

■ The widow of an Iowa cookie factory worker who died after his arms were pulled into a sizing roller failed to show negligence on the part of coworkers to clear the exclusive remedy bar of the state Workers Compensation Act.

In *Tisor v. Hollerauer*, the Iowa Court of Appeals unanimously affirmed a district court's ruling that there was not sufficient evidence to show that four plant supervisors knew the roller machine needed additional guarding.

Patrick Tisor worked for Shearer's Foods LLC in Burlington, Iowa, as an oven operator for the cookie and cracker manufacturer. In December 2016, before produc-

tion started for the day, his co-workers found him unconscious with both arms pulled up under the sizing roller. He died from his injuries three days later.

Prior to the accident, no employee had ever been injured by a sizing roller at the plant, though a worker had injured two fingers on the conveyor band the previous year, and an Iowa Occupational Safety and Health Administration inspector cited Shearer's for inadequate machine guarding, but the report did not pinpoint the sizing rollers as presenting a danger.

Devon Tisor, Mr. Tisor's widow, brought a negligence lawsuit against the plant director, the company's safety director and two others. A district court granted summary judgment to the employees, and Ms. Tisor appealed.

The appellate court affirmed the decision, saying the IOSHA report did not put the supervisors on notice that an unguarded nip point on the sizing roller would "probably lead to injury, amputations or death."

## No compensation for spoiled beer

■ A beer distributor whose supply was spoiled when Walt Disney Co. refused delivery because of the pandemic shutdown cannot be compensated for business interruption losses under its insurance coverage, a federal district court ruled.

Walt Disney Co. unit Walt Disney Parks and Resorts US Inc. voluntarily closed on March 15 and subsequently refused to accept the beer from Orlando, Florida-based Harvest Moon Distributors, with whom it had a contract, according to the ruling by the U.S. District Court in Orlando in *Harvest Moon Distributors Inc. v. Southern-Owners Insurance Co.*

The beer later spoiled, according to the ruling.

Harvest Moon sued its insurer, Lansing, Michigan-based Southern-Owners, after it refused to pay its claim for the spoiled beer. The court granted the insurer's motion to dismiss the case.

The court agreed with Harvest Moon that the distributor had suffered a direct physical loss to its property, the beer.

However, while Harvest Moon's policy covered the loss of income if its operations were suspended, it did not cover Disney's suspended operations, the ruling said.

"There is no allegation that Disney is Plaintiff's *only* buyer, and, therefore, Disney's unwillingness or inability to purchase the beer effectively terminated *all* of Plaintiff's business activities," the ruling said.

The court also said that while Harvest argued the pandemic caused its losses, and pandemic events were not expressly excluded from coverage, the loss "arose from Disney's act of refusing the beer, not from the pandemic. COVID-19 itself did not damage Plaintiff's beer."

## DOCKET



### MINER'S TREATMENT RULED COMPENSABLE

A miner who contracted flesh-eating bacteria after scraping his knuckle on a locker after work is entitled to workers compensation for the months-long treatment he received, the Wyoming Supreme Court ruled. In the *Matter of the Workers Compensation Claim of Vinson v. Vinson*, the court unanimously ruled that the state's Office of Administrative Hearings erred in holding that Michael Vinson's illness was not compensable because of state statute's "illness or communicable disease" exclusion. Mr. Vinson worked in a trona mine owned by Tata Chemicals Soda Ash Partners Ltd.

### COURT DENIES WIDOW DEATH BENEFITS

The widow of a New York corrections officer failed to show that a workplace injury 12 years earlier was causally related to his heart failure and subsequent death, a state appeals court ruled in affirming a decision by the New York Workers Compensation Board. Holly Turner filed a claim for workers compensation death benefits after the death of her husband in 2016. The former corrections officer had last worked for the state Department of Corrections and Community Supervision in 2004, and had been classified as permanently partially disabled in 2007.

### SHELL OIL NOT LIABLE IN ROUSTABOUT INJURY

A roustabout failed to show that an oil rig owner was negligent when he injured his back moving a washing machine on the offshore platform. In *Hosey v. Shell Oil Co.*, the U.S. District Court for the Eastern District of Louisiana in New Orleans granted summary judgment to the company, finding it had no control over the method or manner used by contractors in moving the washing machine on a rig in the Gulf of Mexico.



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Eric Ummel is general manager of Mobilitas Insurance Co., a recently launched commercial insurance unit of CSAA Insurance Group, a member of AAA's auto insurance operations. After working as an industrial engineer at Boeing Co., in 1993 he joined Safeco Insurance, which is now a unit of Liberty Mutual Insurance Co., where he worked in a wide range of areas, including commercial insurance product management. He joined CSAA in 2019 to develop and launch Mobilitas. The Glendale, Arizona-based insurer recently announced that it has been taken on as an insurer for Lyft Inc. in 11 states, and it also offers commercial insurance coverage directly to gig economy drivers. *Business Insurance* Editor Gavin Souter recently spoke with Walnut Creek, California-based Mr. Ummel about why CSAA was moving into commercial lines and the issues arising from gig-economy insurance. Edited excerpts follow.

## Eric Ummel

MOBILITAS

### Q As a personal lines insurer, why is CSAA getting into commercial risk?

**A** CSAA, which is predominantly a personal auto insurer but also has a substantial home insurance business, knew that in the personal auto sector in particular ownership models were changing.

A lot of carriers are thinking about how they can diversify their risk portfolio, knowing that the sharing economy and the emergence of ride-sharing, car-sharing and vehicle subscriptions will ultimately put pressure on revenues in the personal insurance space when people choose not to have cars or not to have as many cars. There just will not be as many premium revenues. So carriers are trying to figure out how can they focus on what they do really well in the personal insurance space but explore and pursue markets where they can achieve net new written premium and rebalance their portfolio.

Sometimes carriers have their own commercial insurance company, so it's a matter of where you deploy capacity and create the balance that way, but for a company like CSAA, which was exclusively a personal insurance carrier, the opportunity was to launch into commercial insurance in a way in which we could leverage our own assets, our own infrastructure.

As CSAA looked at the sharing economy and the commercial auto mobility sector, the actual exposures looked an awful lot like personal passenger auto. They are on commercial paper and require a different infrastructure, but we could leverage our own assets to address things like claims and operations service in this sector without having to fully reinvent ourselves in other lines of business.

### Q What are some of the problems insurers need to overcome with ride-sharing risks?

**A** No. 1, as insurers we want to have as much loss history as we possibly can. The ride-share sector now has got some years behind it, but there is still a need to get more loss history and trend history to make sure we are getting adequate rate for risk. It's also quite dynamic, so the loss history we have with one insuring arrangement might look a little bit different in terms of prospective trends than another. All of that means it is challenging for insurers to make sure that they are getting the right rate.

Another challenge that insurers face generically in the gig economy is that we love to have lots of information about individual drivers and the exposures involved. Oftentimes with the larger risk transfers we don't have individual driver information, so we aren't able to achieve rate segmentation. It's not prohibitive, but one of the challenges is how do we get more information — rating information and pricing information — on the individual exposures.



For policies covering individual drivers, it's a different exposure when you have people in the car with a ride share than it is when you are working on deliveries. Right now a lot of that distinction is opaque so pricing can become a challenge, and I think the opportunity to get more granular in how we understand the drivers and exposures will allow us to better manage the premiums that customers pay.

### Q Do you use technology to track driver behavior?

**A** We do. The (transportation network companies) have their app and that does track mileage, and that's the rating basis for the large risk transfers. We have not used behavior-based driving attributes on the individual driver policy yet, but we really believe that that is going to be the future.

On the technology side with the mRoam policy, that's the individual policy, we do have a digital quote-bind-issue capability that has been really successful out of the gate. We have 85% to 90% of inquiries complete the quote. We are really happy with that part of the technology, and we are looking forward

to continuing to adjust the product.

### Q How does the pandemic affect ride-sharing risks?

**A** The ride-sharing business has seen a real reduction in ridership, although that has rebounded as the economy has reopened in fits and starts. For insureds, because the large ride-share policies are based on mileage, the premiums go down with the exposure going down. Also, with lower volume of vehicles on the road the frequency of loss is lower.

### Q What do you see as the potential for the gig-economy insurance market?

**A** It's not just about ride-share. We think ride-share will recover and grow but the gig economy really includes other growth areas such as grocery and package delivery and medical supplies delivery, and we think that will continue to grow.

No one thinks that the present circumstances define how we'll behave as an economy and a society in the future. The pandemic is a moment in time, but eventually we'll normalize behaviors. We think that some of the things that we've discovered during the economic downturn and the pandemic, like the ease and efficiency of grocery and package delivery, will continue to create opportunities for drivers and businesses in the gig economy.

### Q What other commercial lines areas are you looking at?

**A** Within commercial auto we are in the process of developing a last-mile delivery insurance product and in future iterations of that product a really important component of that will be telematics. We think that not only the ability to provide mileage-based and behavior-based ratings but also to be able to deliver individualized loss control information digitally, by leveraging technologies like on-board cameras, will provide a lot of opportunities for insurers to provide value to fleet owners and to their drivers.

In the future we'll also be looking at the sharing economy in commercial property. We are thinking a lot about home-sharing and businesses like that. And we would like to be a part of insurance solutions for autonomous-driving vehicles and drone delivery.

"No one thinks that the present circumstances define how we'll behave as an economy and a society in the future."





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# THE PANDEMIC WORKPLACE

As employers modify office spaces to accommodate social distancing and other safety measures amid the COVID-19 outbreak, legal and practical challenges ensue

BY CLAIRE WILKINSON

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**P**lexiglass barriers, sensor-controlled lighting, touchless elevators and HVAC systems designed to improve air filtration are among the physical changes being made or considered by businesses as they reopen their work sites.

While many of the changes are necessary to comply with social distancing guidelines, companies face numerous challenges as they reconfigure workspaces and manage the risk of returning employees to work in a pandemic, experts say.





## OFFICE SPACE

# 19%

Only 19% of companies believe their office needs will stay the same over the next three years.

# 51%

About half of respondents anticipate an increase in office space, and 30% are planning a decrease.

**OF THOSE PLANNING TO INCREASE THEIR OFFICE SPACE, THERE ARE TWO KEY DRIVERS:**

# 72%

Physical distance requirements

# 68%

Need for collaboration areas

Source: PwC US Remote Work survey (June 25, 2020)

Prior to COVID-19 many organizations had implemented the open office concept and a very communal way of working, said David Barry, Willis Towers Watson PLC's national director of casualty risk control, who is based in Overland Park, Kansas.

"The precautions that you need to take in a pandemic and the precautions that people are going to want to take post-COVID are opposed to that open office concept and the communal concept," Mr. Barry said.

Initially, after the pandemic hit, there was a wide expectation that office-based work would decline and people would continue to work from home even when it was safe to return to a workplace, said New York-based Sheri Wilbanks, head of the global casualty risk consulting team at Axa XL, a unit of Axa SA.

"Overwhelmingly what we're seeing is that while there will be an increase to the amount of hours that people spend working from home that it won't continue to be 100% work from home for many companies," Ms. Wilbanks said.

With the number of hours that people work from home increasing, however, there will be a shift in the kind of office space required, she said.

"Maybe where you had a large building in Manhattan you might downsize that and have more satellite locations closer to where people's houses and families are," Ms. Wilbanks said.

Recent surveys point to new work patterns going forward. Employees will spend just 50% of their time in a traditional office setting, 42% of their time in a home-based or remote location and 7% in a co-working space, according to a September survey of

corporate real estate professionals conducted by Atlanta-based nonprofit association CoreNet Global.

Complying with social distancing requirements is a priority for businesses, though it can be tough to manage in certain buildings or office areas, experts say.

Ever-changing federal, state and local guidance adds another layer of complexity. On Oct. 21, the Centers for Disease Control and Prevention expanded its definition of a COVID-19 "close contact," which will further complicate worksite health and safety compliance for employers.

**"While there will be an increase to the amount of hours that people spend working from home ... it won't continue to be 100% work from home for many companies."**

Sheri Wilbanks,  
Axa XL

Companies must rethink how they use their space, and controlling the population density can be challenging, said Brian Dove, USI Insurance Services LLC's national real estate practice leader, based in Dallas.

For example, in areas such as New York City there are limits on the number of people allowed in building elevators. "If you can put two people in an elevator instead of 15, they're going to be standing there awhile," Mr. Dove said.

If only 25% of employees are allowed into the office on a given day,

it's possible to space them out physically via an "open seating concept," provided there's an empty cubicle or other space between each employee, he said.

Spacing is especially challenging for industrial facilities, some of which have been operating as essential businesses and continuing production at full speed, said David Klein, Washington-based insurance partner at Pillsbury Winthrop Shaw Pittman LLP.

"Maintaining social distance consistent with the operation of machinery is very costly to think about," Mr. Klein said.

Nevertheless, managers at such facilities worry a great deal about risks to their employees, contractors and vendors who come onto their premises, he said.

Amalgamated Life Insurance Co. in White Plains, New York, was considered an essential business under state guidelines issued in March, said Ellen Dunkin, the insurer's senior vice president, general counsel and chief risk officer and a vice president at the Risk and Insurance Management Society Inc.

"Our offices never closed during the lockdowns," Ms. Dunkin said. Initially, all staff were sent home, and later less than 10% came into the office, she said.

People were spaced to meet social distancing requirements, she said. Then in May the insurer started looking at how it could have more staff return to the office while meeting state guidelines.

"We process insurance claims, and those people sit fairly close together. We started looking at a lot of things like spacing and what we would need

to do in terms of safety and plexiglass and how the cubicles could be reconfigured," said Ms. Dunkin, who is on Amalgamated Life's COVID-19 back to work taskforce.

While the backs of the cubicles were high and faced the windows, the fronts were low and along the passageways, so Amalgamated Life flipped them so that the high pieces of cubicle were at the front, she said.

"Cubicles that didn't already have high spacing between them, we installed plexiglass, and we took tables and chairs out of the lunchroom and out of the break rooms," Ms. Dunkin said.

Beginning July 4 Amalgamated Life started rotating people back into the office, with no more than a 50% occupancy rate, to comply with state guidelines. "It's not always the same people every day. Different people rotate in," Ms. Dunkin said.

Larry Glasser, director of risk management at Amerijet Holdings Inc. in Miami said the air cargo company has remained fully functional from an operations perspective, but staff who could carry out their work remotely were directed to do so.

Amerijet has relocated necessary staff that must remain in the office to larger spaces, he said.

For example, an area of community open workspaces that previously housed 50 staff has been reconfigured. "Workstations that normally would hold six people around them, now have one, possibly two people," Mr. Glasser said.

In areas like the operations command center where "people at consoles in a dark room" monitor

See **WORKSPACE** next page

## PROFESSIONAL LIABILITY EXPOSURES POSSIBLE FOR FIRMS REVAMPING OFFICES

**A**rchitects and engineers who are reshaping workspaces amid the pandemic need to review their contracts and insurance coverage to mitigate potential professional liability exposures, experts say.

Much like attorneys and doctors, architects and engineers have licensing and education requirements that allow them to practice professionally, said Kevin Collins, architects and engineers practice leader at Victor Insurance Managers Inc., the underwriting unit of Marsh LLC, in Bethesda, Maryland.

"Part of that licensing commitment is a requirement to protect the physical health and safety of the people they are designing for," he said.

"The real precipice of the issue is how do you align that obligation that every architect and engineer has to focus on and put it into an environment where there is clearly a public health and safety issue

with COVID-19 and possibility of that transmission," Mr. Collins said.

Firms need to be cautious about advertising warranties or guarantees or portraying themselves as experts in social distancing, said

Michelle Picklesimer, underwriting director at Burns & Wilcox Ltd. in Farmington Hills, Michigan.

"I don't think anybody can say they would be an expert in reconfiguring the space for communicable diseases. Historically, everything is changing on a daily basis. They need to make sure they're not overexposing themselves and take a look at what they're assuming under contract," Ms. Picklesimer said.

In general, reconfiguration is a risk management tool as opposed to a risk

aggravator, said Rachel Horsch, San Francisco-based real estate partner at Pillsbury Winthrop Shaw Pittman LLP.

However, anyone involved in designing reconfigurations "would want to be

concerned that they're not presenting configurations as guarantees against spread of virus," Ms. Horsch said.

The American Institute of Architects in June released various

resources, including a risk management plan for buildings and an updated re-occupancy tool, to help employers safely reopen buildings amid the pandemic.

Firms should look to get as much knowledge and information as possible from Centers for Disease Control and Prevention guidelines and their industry

associations, experts say.

"The main issue that architects and engineers are being faced with right now is there's not a lot of tried-and-true answers," Mr. Collins said.

Firms should review their contracts and agreements with "a critical eye" to see if there are any weaknesses or ways in which the language makes them more susceptible to issues arising from projects, he said.

Reputation management is an important insurance coverage for architects and engineers, Ms. Picklesimer said. For instance, if it was determined that professional negligence resulted in a virus outbreak that could affect a firm's reputation and require a public relations specialist to rebuild their brand, she said.

Firms should also review their pollution liability coverage and whether COVID-19 meets the definition of a pollutant in their policy language, she said.

Claire Wilkinson



# COVER STORY



## OFFICE LOCATION

### 71%

Seventy-one percent of survey respondents reported that their company will not shy away from city-center locations in densely packed urban areas that require the use of public transport, unchanged from a May/June survey. 29% of respondents indicated that their company would shy away from such locations in the future, unchanged from the previous survey.

### 66%

When asked "Will pandemic readiness on the part of cities and localities become more of a factor in your company's site-selection plans?" 66% of respondents said "Yes," up from 50% in the previous survey. 34% percent said "No," down from 50% in the previous survey.

Source: CoreNet Global survey

Amerijet's cargo aircraft and flights, any staff who don't need to be in that community setting have been moved to other areas vacated by administrative staff, said Mr. Glasser, who is also president of the Broward County Chapter of RIMS.

"Where we cannot socially distance, we've put up as many barriers as we possibly can," he said. This includes providing personal protective equipment, such as masks and face shields, to staff and installing plexiglass partitions for desks.

Workers compensation insurers have started asking questions about prevention and testing of their workers, he said.

COVID-19 is changing everything that's happening at the workplace, including how people are housed and spaced and how they interact with technology, said David Wald, Chicago-based CEO and co-founder of Aclaimant Inc., a risk management technology firm.

There are also secondary implications. "If you're in real estate and hospitality you also have the public coming into your workspace so (it's about) finding ways to safely mitigate those individuals from entering buildings and penetrating the perimeter, whether it's shields or physical separations between employees or tenants and the public," Mr. Wald said.

Exactly what physical changes companies should make to the office isn't completely clear because health guidance around the pandemic continues to evolve, experts say.

"We're learning as we go. A lot of places are looking to not only increase distance between employees, to give them more space between each other, they're looking at making physical changes to the air filtration systems," Ms. Wilbanks said.

Low UV light systems that go beyond regular sanitizers to disinfect air and surface particles are among the other physical changes being made, she said.

Many architecture and engineering firms are exploring how to design office spaces more effectively with pandemics in mind, from desk spacing to air filtration, said Kevin Collins, architects and engineers practice leader at Victor Insurance Managers Inc., the underwriting unit of Marsh LLC,

based in Bethesda, Maryland.

But right now, "the focus is more on retrofit or how to get people back in the office," he said.

Still, there are risk management steps that architects and engineers should consider when taking on projects to reconfigure and design commercial spaces as companies come back into the work environment, experts say. (See story page 21)

Even as they make physical changes to office space to comply with health guidelines and to mitigate pandemic-related risks, companies may face potential liability exposures, experts say.

Some of the concerns related to office reconfigurations are unrelated to COVID-19, they say.

High-tech features such as automatic doors and touch-free elevators can fail and cause injury, for example.

"Any time you rearrange an office you need to make sure you evaluate the ergonomics of the office and how people will interact with their new office surroundings," Mr. Barry said.

Injuries related to repetitive stress or manual material handling are the biggest risks, so companies need to do what they can to limit the amount of stress placed on a worker's body, he said.

In the commercial real estate sector, companies operate in different jurisdictions that are in different phases of reopening, if they're reopening at all, Mr. Klein said. This can give rise to elevated liability if "you arguably have any choice" about whether to bring employees onto the premises and "you make the choice to do so," he said.

The situation is prompting many questions around employment-related liability and workers compensation and related insurance issues, Mr. Klein said.

"I don't think anyone at this stage would claim to have a foolproof design that's going to protect workers 100% from potential transmission exposure," Ms. Wilbanks said. However, employers are required to show a duty of care that they are looking out for the best health of their employees, she said.

That involves an assessment of the risk their employees might face throughout their regular course of work and providing the right training and equipment, she said.

## COVID-19 RAISES BAR ON COMPLIANCE RISK

COVID-19 has put a spotlight on compliance risk as companies try to navigate varying local, state and federal guidelines and orders on how to maintain and reopen their work sites. Compliance risk, always a concern for risk managers, has become even more critical, said Ellen Dunkin, senior vice president, general counsel and chief risk officer at Amalgamated Life Insurance Co. in White Plains, New York.

For example, beginning in March New York Gov. Andrew Cuomo began issuing directives during the COVID-19 pandemic, and the orders were frequently amended, she said.

Amalgamated was considered an essential business under New York state guidelines issued in March, she said.

"We had to make sure we'd filed the right plans and were meeting all of the orders coming out of the governor's

office," she said.

Communicating information to employees in a way that makes them feel comfortable about returning to the office is key, she said.



Varying state guidelines and mandates can be challenging for companies to navigate, said David Wald, Chicago-based CEO and co-founder of Aclaimant Inc., a

risk management technology firm.

"Different individual states began passing a variety of different mandates, executive orders that put different levels of burden and also different burdens on every different employer," Mr. Wald said.

Depending on whether a company is a cross-state or multi-state employer there's a patchwork of regulations and potential hurdles it has to deal with, he said.

For example, businesses could be required to contact trace, assess workers' quarantine compliance if they travel, manage independent contractors, assess risk levels and provide documentation.

"Some states have conflicting guidance between their executive orders and mandates," Mr. Wald said. For an employer to be able to stay compliant with each state requirement would likely require a full-time dedicated employee in every state, he said.

Claire Wilkinson

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A photograph of a man in a wheelchair holding a baby. The man is smiling and looking towards the camera. He is wearing a grey long-sleeved shirt and dark blue jeans. The baby is wearing a white and black striped shirt and dark pants. The background shows some greenery and a building.

Dana M.  
Injured worker



## PROFESSIONAL LIABILITY

# Brokers in the crosshairs of COVID-19 claims

BY JUDY GREENWALD

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**T**he prospect of policyholders filing business interruption-related litigation against their brokers is hovering over the insurance brokers errors and omissions market.

While few brokers have been named as defendants so far in policyholders' legal efforts to recover COVID-19-related business interruption expenses, that may change, experts say.

They expect that if insurer-directed efforts remain largely unsuccessful, policyholders eventually will turn to the brokers that placed the coverage to compensate them for their losses.

Meanwhile, the market is undergoing increases.

"It's a market that's in flux," with uncertainty around COVID-19, as well as the effects of the economic downturn

and the shutdown of small and mid-sized businesses, said Paul King, Dallas-based senior vice president and national management and professional services director at USI Insurance Services LLC.

"It's going to turn into a nightmare for insurance agents and brokers because it's such a new problem," said Frederick J. Fisher, president of El Segundo, California-based Fisher Consulting Group.



“We do see markets asking traditional underwriting questions related to COVID-19 and limiting their writing of any E&O based on how much commercial business they do.”

Mark Lann,  
Rockwood Programs Inc.

Over the past several months, more than 1,250 suits have been filed by policyholders against insurers seeking coverage for business interruption losses resulting from government-mandated lockdowns. Insurers have won most of the early decisions on the grounds that the businesses were determined not to have sustained the necessary physical damage to trigger coverage, but policyholders have also scored some victories.

There’s a good chance insurance agents and brokers will be in plaintiff attorneys’ “crosshairs,” said Erik Knauer, assistant vice president with Richmond, Virginia-based wholesaler Kinsale Insurance Co.’s professional liability division.

“I don’t see insurance agents and brokers” facing significant indemnity because of the issue, “but we are anticipating having to defend claims,” he said.

In many cases, claims against brokers likely won’t emerge until coverage battles with insurers have been resolved, said Matthew C. Kramer, New York-based executive vice president, professional liability & healthcare for Arch Insurance Group Inc.



Arch writes most of its book of broker E&O business through a managing general agency, Orange, California-based CITA Insurance Services.

Even if eventual claims are frivolous, “they must still be defended,” Mr. Kramer said.

Jeff Kulikowski, senior vice president, errors and omissions leader, U.S. insurance, at Sompo International Holdings Ltd. in New York, said the market will remain in flux until the legal landscape can be assessed with more certainty.

Jeffrey Allen, Short Hills, New Jersey-based head of Willis Towers Watson PLC’s professional services practice for North America, who focuses on large

brokers, said that with many businesses shutting down because of the pandemic, “there could be a case for business interruption that may not be covered.”

Brokers could also face more direct liabilities related to the virus, he said.

For example, if employees or clients of a brokerage become ill with the virus they may “attempt to blame the particular enterprise for a failure to warn or a lack of safety precautions,” Mr. Allen said.

Whether those fears materialize “remains to be seen,” but if they do, it will lead to more claims and additional price increases, he said.

“We do see markets asking traditional underwriting questions related to

“I don’t see insurance agents and brokers” facing significant indemnity because of the issue, “but we are anticipating having to defend claims.”

Erik Knauer,  
Kinsale Insurance Co.

## Higher retentions help mitigate rate hikes

Errors and omissions insurance prices for insurance brokers are increasing. Rates have risen in the “10% to 20%-plus range” and will likely increase further, said Jeffrey Allen, Short Hills, New Jersey-based head of Willis Towers Watson PLC’s professional services practice for North America, who focuses on large brokers.

“The E&O market for big brokers is quite hard, meaning prices are correcting upwards,” he said.

The market began to change last year, and rates have increased further this year as capacity has declined, Mr. Allen said.

In some cases, insurers withdrew from writing large property/casualty brokers or brokers that place property/casualty and benefits business, he said.

“A lot of our clients are asking for higher retention actions, simply to buffer some of the larger increases we’re seeing” and make premiums “a bit more

palatable,” said Jeff Kulikowski, senior vice president, errors & omissions leader, U.S. insurance, at Sompo International Holdings Ltd. in New York.

### BROKER E&O DRIVERS

Factors affecting insurance brokers’ errors and omissions insurance market include:

- Higher rates
- Higher retentions
- Carve back of defense costs indemnification
- Fewer insurers offering coverage
- Introduction of communicable disease exclusions
- Possible expansion of business interruption litigation

Source: *Business Insurance* market interviews

A handful of insurers have introduced a temporary moratorium on quoting new business and, even where there is no moratorium, insurers are “leery about jumping in on a new risk, especially in the commercial space because of concerns” that COVID-19-related losses could increase in frequency and severity, said John Delaplane, Chicago-based senior vice president with R-T Specialty LLC.

In addition, it is not uncommon to see defense costs, which had been outside the standard limits during the soft market, being carved back, he said.

More of the same is expected. The market is going “to get harder, like anything else, but is certainly not going to disappear,” Frederick J. Fisher, president of El Segundo, California-based Fisher Consulting Group, said, adding insurers will not conduct business with brokers who do not have E&O coverage.

Judy Greenwald

COVID-19 and limiting their writing of any E&O based on how much commercial business they do, and also being a little more guarded in how much limits they’ll write to one particular agent,” said Mark Lann, executive vice president at managing general agency Rockwood Programs Inc., a Claymont, Delaware-based unit of Tokio Marine HCC.

Meanwhile, market participants, including Kinsale, have added communicable disease exclusions to property and general liability policies since March “to get us out of clarifying our position on COVID,” Mr. Knauer said. So far, the exclusions have not been tested, he added.

Another concern for E&O underwriters is the prospect of a possible recession, observers say. Any time businesses shutter “bad things happen financially. There is an immediate push to find some responsibility, which creates additional claims activity,” Mr. Knauer said.

Many believe, however, that the insurance business is recession proof, said John Delaplane, Chicago-based senior vice president at R-T Specialty LLC. Even if there were a recession, “insurance brokers will still be busy during that time and will still purchase the limits that they do currently,” he said. “I don’t think that affects the marketplace too much, frankly.”

# Accountants watch, wait on economic fallout

BY MATTHEW LERNER

mlerner@businessinsurance.com

Accountants professional liability insurance policyholders have seen largely modest rate increases amid the hardening property/casualty market, but concerns linger over whether accountancy firms could be drawn into litigation related to the economic downturn.

While it's tough to forecast whether many lawsuits will be filed over business failures stemming from the drop in economic activity that has followed the coronavirus lockdowns, if they do start mounting, accountants may be drawn into the legal fights, experts say.

"Using the 2008 economic downturn as a very rough guidepost, it would be foolish to dismiss the potential correlation between failed businesses and claims against accountants," said David Collins, senior vice president, programs, in New York for Worldwide Facilities LLC.

There are many factors still in play, however, including the possibility of future government stimulus actions and the resilience of individual businesses, Mr. Collins said.

"We've not seen increased litigation," said Kristen Peed, corporate director, risk management and insurance, in Cleveland for CBIZ Inc. and a board director of the Risk & Insurance Management Society Inc.

As government programs that have supported the economy end, however, businesses could come under additional pressure, she said.

"I don't know how the economy is going to recover in the next six to nine months, and that's really going to help determine what the shape of future litigation is going to look like," Ms. Peed said.

Owners of failed businesses may bring claims against their accountants, but most of them will likely be defensible, although not without considerable litigation costs, Mr. Collins said.



## BY THE NUMBERS

**1/3** Only about a third of small businesses employ the services of a professional accountant, yet 82% use accounting software to balance their books.

**50%** About 80% of small businesses survive their first year, while that number drops to 70% at the end of the second year and around 50% after five years.

**99.9%** 99.9% of businesses in the U.S. are small businesses, owing to the rather large threshold of 500 employees or fewer.

**<500** The SBA's Office of Advocacy defines a small business as one with fewer than 500 employees.

**30M** As of 2018, there are 30.2 million small businesses operating in the U.S.

**22M** 22 million of the small businesses in the U.S. are individually operated and have no employees other than the owner.

Source: U.S. Chamber of Commerce

"Claims indicators may not begin to more fully materialize until first or second quarter 2021," he said.

"We haven't seen a marked increase in claims to date, but business failures can often lead to claims activity," said Dave Sukert, Philadelphia-based senior vice president at Aon Affinity Insurance, the national program administrator for the American Institute of Certified Public Accountants member insurance programs. "We continue to closely monitor activity."

Rates for accountants professional liability risks are seeing mainly modest increases, sources said.

"We're definitely seeing these rate increases in the low single digits," Ms. Peed said. "Some insurers are looking for double-digit increases."

Capacity has not been a problem in the accountants professional liability market, Ms. Peed said, as any capital that leaves is replaced by another insurer. "That's what's keeping the rates from spiking too much at this point."

The same is true in the excess market for accountants professional liability. Any excess capacity that drops out "is easily replaced," said John Soular, New York-based vice president of IronPro, a unit of Liberty Mutual Insurance Co.'s Ironshore. "I haven't seen the struggles to obtain capacity in accountants I have seen in other lines."

The modest single-digit increases for accountants professional liability insurance compare with double-digit increases for other professional liability sectors, he said.

Garrett Koehn, San Francisco-based president, western U.S. with CRC Insurance Services Inc., a unit of Truist Insurance Services Inc., said he has even seen declining rates.

"Interestingly, we have had a decline in average rates year to date, and at the same time growth of around 15% in the number of accounts," Mr. Koehn said.

He added, this "implies that more accounts are moving into the wholesale market and at the same time the accounts are on the smaller side."

One challenge accountants are facing due to the sharp increase in remote working and other restrictions related to the pandemic is an expanded cyber threat, said Nick Graf, assistant vice president of information security, specialty risk control in Las Vegas for CNA Financial Corp.

"It definitely has changed how we look at accounts," he said.

Exposures shifted, Mr. Graf said, "in some ways maybe more so than any of us had initially thought. It was a good reminder to us that prior to this many of our insureds did not have remote workforces," or didn't have laptops assigned to every employee.

"All of a sudden, if they don't have a work laptop, they may be forced to use their own computer," Mr. Graf said. "What level of security does that computer have?"

As a result, ransomware attacks have increased as hackers try to take advantage of the situation, he said.

Accounting firms are a high-exposure target and working from home increases vulnerability for the sector, said Mr. Koehn of CRC. "These claims are frequent now across many industries."

"Cyber exposure is always a material concern, and with more people working remotely, that exposure has increased," said Mr. Sukert of Aon.

A tool businesses can use to help mitigate the risk is endpoint detection response, a more comprehensive system than traditional anti-virus software, Mr. Graf said. "From our own claims experience, when a company deploys EDR, that goes a long way to stopping those infections before they turn into large business events."

The cost of the technology is not onerous, Mr. Graf said. "That's been the good news we've been able to tell our insureds," he said. "Here's a better tool set for you and it's not really going to cost a lot more."

## TECHNOLOGY BRIDGES GAP BUT REMOTE AUDITING RISKS INCREASE

Travel and other restrictions born of the coronavirus pandemic have not hindered accountants too much, but they should still be aware of the increased exposures they could face, sources say.

"Most auditors review documentation which can be provided securely electronically. Remote audits have become fairly commonplace, and technology has bridged the travel gap," said David Collins, New York-based senior vice president, programs, at Worldwide Facilities LLC.

He recommends, though, that auditors

take extra care to document audit cancellations, tasks they could not perform as a result of a canceled or remote audit, and any implications the canceled or remote audit may have for a client.

"With any service firm, fulfilling contracts in a timely fashion given the hurdle of COVID poses a challenge," said New York-based John Soular, vice president of IronPro, a unit of Liberty Mutual Insurance Co.'s Ironshore. The insurer is monitoring any increase in challenges with audits during the pandemic, but so far it has not

been a significant issue.

Remote auditing is an issue that has been raised, but most auditors appear to be working through it, said Garrett Koehn, San Francisco-based president, western U.S. and regional director with CRC Insurance Services Inc., a unit of Truist Insurance Services Inc.

"Accountants are providing professional advice in a more remote world, which can lead to an impairment to their usual standards. Traditional risk management infrastructure may need to be rethought,

as well as methods of supervision and oversight," said Josh Slater, accountants professional liability product manager at Travelers Cos. Inc.

While most tasks can be done remotely, there is no substitute for client visits and contact, said Dave Sukert, Philadelphia-based senior vice president at Aon Affinity Insurance.

"The closer contact with the clients and the inventory allows for better control against fraud," he said.

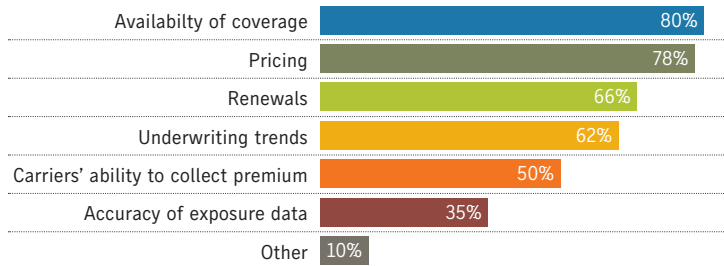
Matthew Lerner



## COVID-19'S IMPACT ON THE INDUSTRY

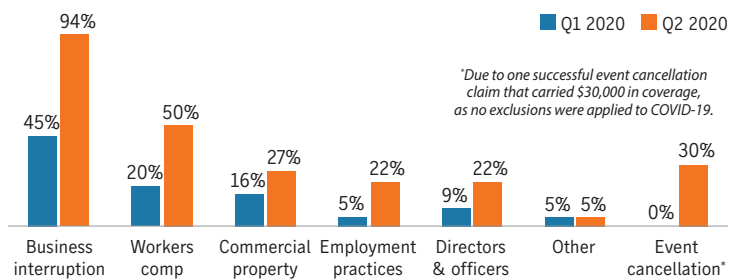
The Council of Insurance Agents and Brokers conducted its second-consecutive quarterly COVID-19 supplemental survey and found that the availability of coverage, pricing, renewals, and underwriting trends were some of the areas of business affected by the pandemic.

### AREAS IMPACTED BY COVID-19



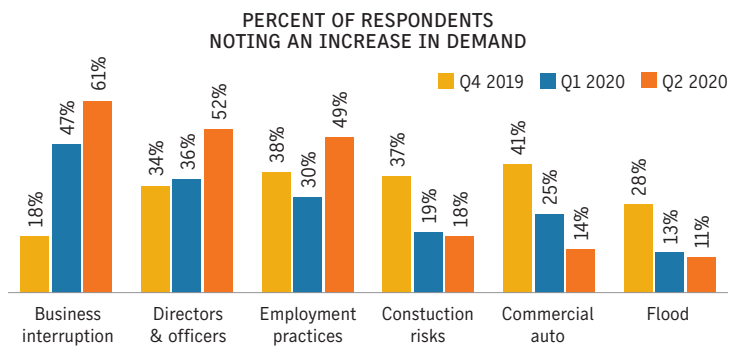
### CLAIMS ACTIVITY

Respondents reporting increased COVID-19-related claims activity for commercial lines in the second quarter, compared with the first quarter.



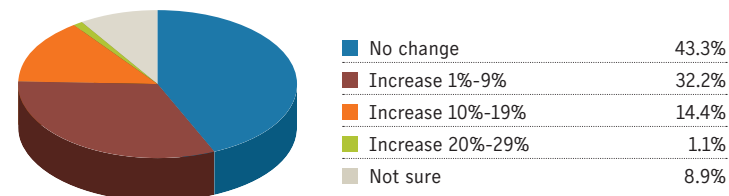
### DEMAND

Demand continued to decrease for lines of business that are relatively insulated from the impact of the pandemic, and there was a corresponding increase in lines most directly impacted.



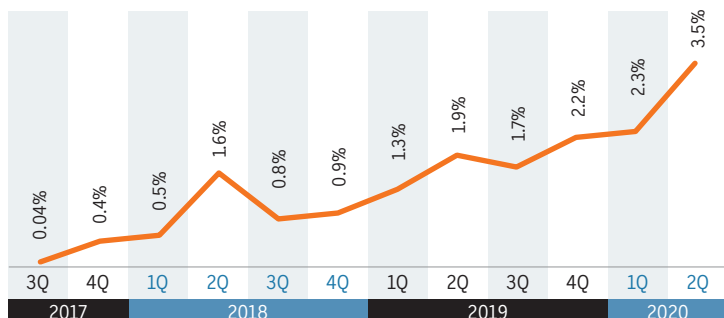
### BROKER E&O PRICING

During the second quarter, 47.7% of survey respondents saw increases in premium rates for broker errors and omissions coverage.



### RENEWAL PRICING

Average broker E&O renewal pricing changes by quarter since 2017



Source: Council of Insurance Agents & Brokers

The National Association of Insurance Commissioners issued a data call in May 2020 to determine the relative size of the market and potential exposure for losses due to business interruption related to COVID-19.

The two-part data call sought total premium written and claims and losses for all policies with business interruption coverage from all insurance groups and any individual insurers not part of a group that wrote business interruption coverage in 2019.

■ Businessowners policy ■ Other than businessowners policy

### PREMIUM BY BUSINESS TYPE

Policy type	Businessowners policy	Other than businessowners policy	Total
Total premium written	\$9,919,595,690	\$38,814,670,259	\$48,734,265,949
Business interruption premium written	\$132,350,763	\$2,299,392,133	\$2,431,742,896

### NUMBER OF POLICIES IN FORCE BY BUSINESS TYPE

Small-business policies (100 or fewer employees)	3,328,167	3,589,857
Medium business policies (101 to 500 employees)	33,308	596,036
Large business policies (501 or more employees)	3,056	148,163
<b>Total policies</b>	<b>3,364,531</b>	<b>4,334,056</b>

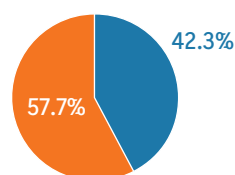
### PERCENT OF POLICIES WITH EXCLUSION

Small-business policies with exclusion	95.2%	71.7%
Medium business policies with exclusion	97.9%	81.3%
Large business policies with exclusion	99.6%	77.5%
<b>All business policies with exclusion</b>	<b>95.1%</b>	<b>73.2%</b>

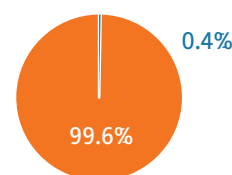
### PERCENT OF POLICIES WITH PHYSICAL LOSS REQUIREMENT

Small-business policies with physical loss requirement	98.8%	95.9%
Medium business policies with physical loss requirement	100.0%	96.3%
Large business policies with physical loss requirement	100.0%	96.6%
<b>All business policies with physical loss requirement</b>	<b>98.8%</b>	<b>96.0%</b>

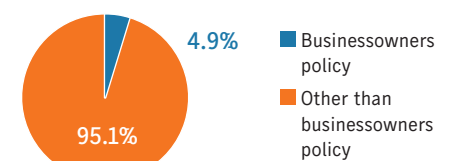
### CLAIMS REPORTED



### PAID LOSSES



### CLAIMS CLOSED WITH PAYMENT



### LOSSES

	JUNE	JULY	AUGUST	SEPTEMBER
Case incurred losses	\$1,193,301,114	\$1,550,035,393	\$1,123,367,797	\$1,172,023,804
Paid loss	\$38,795,934	\$96,645,367	\$160,831,194	\$244,559,055
Average paid loss	\$50,384	\$86,911	\$80,577	\$79,428
Average claim amount (paid and reserved)	\$19,922	\$30,880	\$24,217	\$27,645
<b>NUMBER OF CLAIMS</b>	<b>JUNE</b>	<b>JULY</b>	<b>AUGUST</b>	<b>SEPTEMBER</b>
Number of claims reported	181,995	193,749	201,043	201,140
Claims closed without payment	122,096	143,295	154,655	158,744
Number of claims opened	59,129	49,342	44,392	39,317
Claims closed with payment	770	1,112	1,996	3,079

Source: National Association of Insurance Commissioners



## CYBER LIABILITY

# Ransomware attacks add to market strain

BY JUDY GREENWALD

[jgreenwald@businessinsurance.com](mailto:jgreenwald@businessinsurance.com)

### CYBER THREATS

Factors that have amplified cyber risk include in 2020:

- Alternate modes of work
- Different technology utilization
- Less familiar modes of data movement and exchange
- Rebalancing of supply-chain dynamics and third-party reliance
- Key personnel risk
- Management and staff distraction
- Facility access and collaboration constraints
- Ability to deal with a “double whammy” crisis of COVID-19 and cyberattack
- Rogue actor motivation

Source: Guy Carpenter & Co. LLC

**T**he cyber insurance market is hardening, driven by a turn in the pricing cycle that is exacerbated by ransomware’s soaring frequency and severity.

Rates are increasing at least 5% to 10% in primary layers, with even higher jumps in excess lines, and bigger increases are expected.

Policyholders and insurers are struggling to keep up with the increasingly sophisticated ransomware criminals, who often lurk silently in a company’s computer system for months, then threaten the firm with up to seven-figure ransomware demands and the release of confidential information.

The percentage of ransomware incidents in which data has been removed by criminal hackers increased from 8.7% in the first quarter to 22% in the second, according to Beazley PLC.

Criminals also often infiltrate backup systems, leaving companies with few options other than paying the ransom.

The situation has led to discussion in

the market about introducing sublimits, co-insurance and higher deductibles to deal with growing losses. Meanwhile, insurers are introducing more stringent underwriting standards.

At the same time, the market is contending with increased regulation.

Further complicating the situation is the number of employees working from home because of COVID-19, which has led in some cases to relaxed security standards.

The hardening market reflects, in part, a turn in the cycle, experts say.

“We’re seeing the result of, frankly, years of a soft market from a pricing perspective and what was a pretty robust

period of coverage expansion from about 2013 to 2018,” said Dan Burke, San Francisco-based national cyber practice leader for Woodruff Sawyer & Co.

At the same time, the market is under pressure “from the increase of frequency and severity from ransomware,” said Shiraz Saeed, New York-based cyber risk national practice leader for Starr Insurance Cos.

Historically profitable cyber books have become unprofitable, while insurers continue to wrestle with the issue of “silent” cyber, whether there is cyber coverage in traditional property/casualty policies not designed to cover the risk, according to observers.

Meanwhile, MS Amlin Underwriting Ltd. has said it is exiting the Lloyd’s cyber insurance market, and Argo Group has said it is de-emphasizing its internal focus on underwriting monoline cyber risks, according to spokespeople.

Experts say other insurers that are not major players may leave the market.

Fueled in large part by ransomware



## CYBER POLICYHOLDERS FACE TANGLE OF REGULATIONS

Policyholders face cyber-related national, state and international regulatory issues, ranging from federal fines for paying off cyber criminals to EU data rules.

In October, the U.S. Department of the Treasury's Office of Foreign Assets Control warned that those who make ransomware payments related to "malicious cyber-related activities" risk sanctions.

The Treasury Department notice was not new information but a reminder it is illegal to pay funds to terrorist organizations, said Graeme Newman, London-based chief innovation officer for CFC Underwriting Ltd.

There are many, however, that will



continue to pay ransomware demands and not take the warning seriously until there are a few heavy fines issued, said Evan Taylor, Charlotte, North Carolina-based senior vice president of NFP Corp.

Meanwhile, biometric data may become more of an issue for policyholders.

Experts note that several states have

followed the lead of Illinois and its Biometric Privacy Act and enacted their own biometric data privacy measures.

In August, U.S. Sens. Jeff Merkley, D-Oregon, and Bernie Sanders, I-Vermont, introduced a bill to create a National Biometric Information Privacy Act.

Policyholders must also comply with the European Union's General Data Protection Regulation and the California Consumer Privacy Act.

Cyber-related issues continue "to be a regulatory quagmire for policyholders," said Anthony Dagostino, New York-based global cyber and technology practice leader for Lockton Cos. LLC.

*Judy Greenwald*

demands, losses have increased dramatically, observers say. If something is to be done about this across the industry, "it needs to be done soon because we all want this industry to be sustainable," said Joe DePaul, New York-based head of FINEX cyber/E&O for North America at Willis Towers Watson PLC.

Observers say the relatively uncomplicated days of worrying about simple data breaches and the release of personally

identifiable information are gone.

"You have an enemy that is constantly changing their tactics, so once you increase your defenses, or really deal with one type of attack, they then change their attack methods" to one that is more advanced, said John A. Coletti, New York-based chief underwriting officer for cyber and technology in North America for Axa XL, a unit of Axa SA.

The problem is widespread and is not

confined to a specific industry or size of risk.

"The insurers with more substantial experience in the cyber insurance marketplace are probably feeling the most pain from the spike in ransomware activity" and are trying to find better ways to evaluate policyholders, said Brent Reith, U.S. practice leader, errors and omissions and cyber for Aon PLC.

There will be changes in capacity,

whether through reductions in total limits, sublimits or coinsurance, said Richard DePiero, New York-based senior vice president and U.S. cyber product leader for Sompo Pro, the U.S. professional liability insurance unit of Sompo International Holdings Ltd.

Insurers are also asking policyholders more questions.

"We're seeing carriers respond with some heightened underwriting around ransomware," with several asking clients to broaden their submissions to be more thorough and to discuss how they're dealing with the threat, said Robert Parisi, New York-based managing director and cyber product leader for Marsh LLC.

"They're asking a lot more questions about control, but they're also taking a more proactive approach by partnering with information technology security vendors to detect more vulnerabilities," said John Farley, managing director of the cyber liability practice for Arthur J. Gallagher & Co. in New York.

A year ago, a policyholder could answer "no" to the question of whether it had an instant response plan and required dual factor authentication to access email, and still get full limits, but that is no longer the case, said Evan Taylor, Charlotte, North Carolina-based senior vice presi-

See **CYBER RISK** page 30

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## CYBER RISK

Continued from page 29

dent of NFP Corp.

“Insurers are getting a lot pickier about what risks they want to write, and there are more back-and-forth conversations on what would have been written quickly 12 or 24 months ago,” he said.

This is less true in the small-market sector for cyber risks, which remains competitive, and where there is still a lot of pressure to ask fewer questions, said Tom Zeilman, Hartford, Connecticut-based vice president of Hartford Steam Boiler Inspection & Insurance Co., a unit of Munich Reinsurance Co.

For others, the market will remain challenging, experts predict. “I can certainly see things getting more difficult if you’re a client or a broker looking to purchase cyber insurance,” Mr. Burke said. “Pricing is going up, coverage is getting harder to find” and capacity is an issue.

“This looks like it’s going to continue,” Mr. Parisi said of the hardening.

“The question is how aggressive the price increases will be and how much they will accelerate,” he said.

## Remote work may make systems vulnerable, but not the only factor in rising cyber incidents

**C** OVID-19 may have intensified the growing problem of ransomware, as more people work remotely on their less-secure home systems, some expert say.

Employees tend to be more relaxed with respect to security when they work from home, leaving their computers more vulnerable to ransomware attacks, which often take the form of phishing, they say.

Emails that “might have gotten stopped at a firewall, now might get through” as people use their own virtual private network, said Robert Parisi, New York-based managing director and cyber product leader for Marsh LLC.

While such attacks occurred in the past, they’ve “become customized for the current environment,” he said.

Companies are faced with the complexity of having, say, 5,000 workers in as many locations, where before everyone was in just two or three places, said Graeme Newman, London-



based chief innovation officer for CFC Underwriting Ltd.

“It’s definitely been a challenge” for many companies “merely because you lose the structure of an office environment,” said Nadia Hoyte, New York-based U.S. practice leader for USI Insurance Services LLC.

“We have seen phishing attacks very much on the rise, simply because we find employees are not in their normal environment,” and they can no longer go to someone’s office and say, “Hey, take a look at this,” said Kristi Dauphinais, head of cyber and technology for Beazley

PLC in Dallas. “That kind of immediate feedback is no longer available.”

Not everyone sees a clear connection between remote work during the COVID-19 pandemic and a rise in ransomware attacks.

Tim Francis, Hartford, Connecticut-based enterprise cyber lead for Travelers Cos. Inc., said, “It’s a little bit hard to ascertain ... because they’re intertwined to some extent.” The increase in working from home “hasn’t seemingly yet created a significant increase in claims,” he said.

John A. Coletti, New York-based chief underwriting officer for cyber and technology in North America for Axa XL, a unit of Axa SA, also said he didn’t see the correlation between working from home and ransomware.

If COVID-19 “had never occurred, I think we’d be having the same conversation right now about ransomware anyway,” he said.

Judy Greenwald

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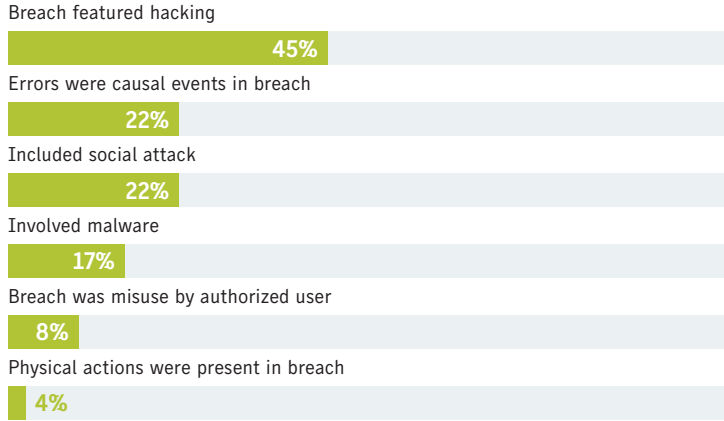




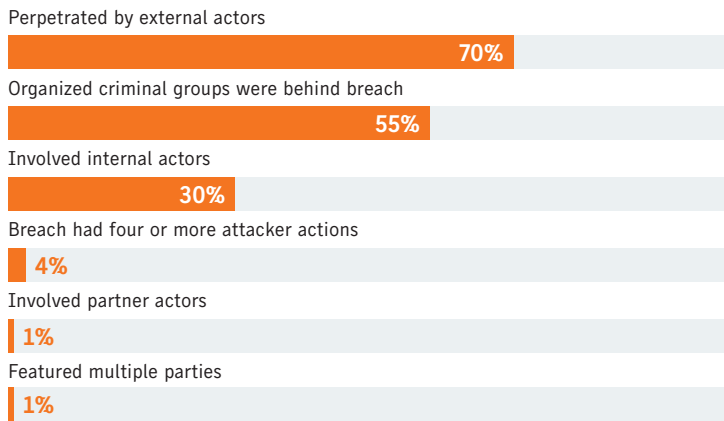
# CYBERSECURITY THREAT 2020

Verizon analyzed a record 157,525 incidents for its 2020 Data Breach Investigation Report. Of these, 32,002 met its quality standards and 3,950 were confirmed data breaches.

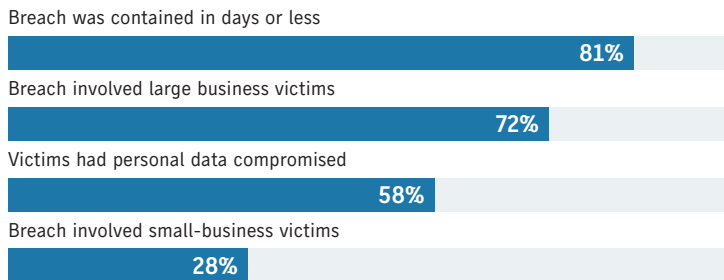
## WHAT TACTICS ARE UTILIZED?



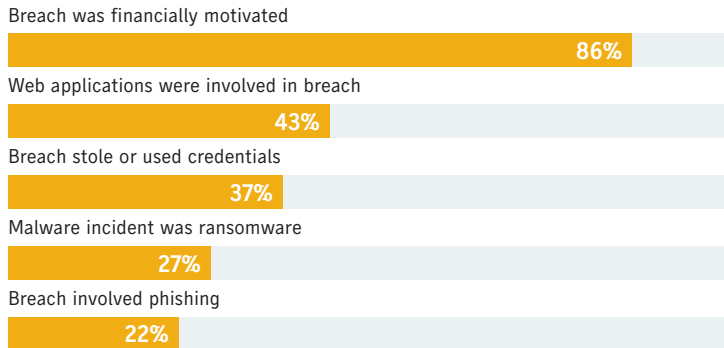
## WHO'S BEHIND THE BREACHES?



## WHO ARE THE VICTIMS?



## WHAT ARE THE OTHER COMMONALITIES?

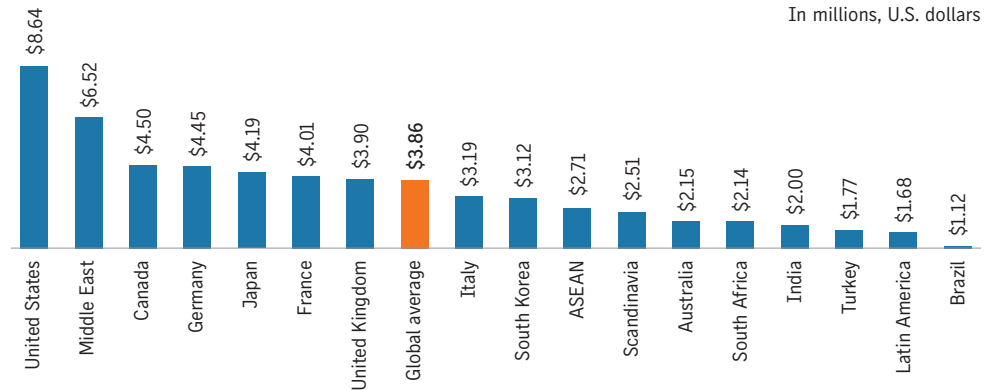


Source: Verizon

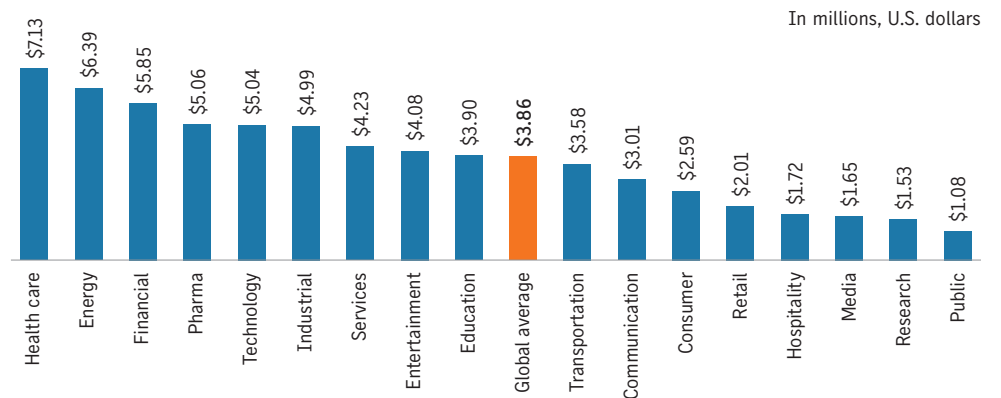
## COST OF A DATA BREACH

For its 2020 Cost of Data Breach Report, Ponemon Institute recruited 524 organizations that experienced data breaches between August 2019 and April 2020. To ensure the research was relevant to a broad set of companies, the organizations in the study comprised various sizes, spanning 17 countries and regions, as well as 17 industries. Researchers interviewed more than 3,200 individuals who were knowledgeable about the data breach incidents in their organizations.

### AVERAGE TOTAL COST OF A DATA BREACH – BY COUNTRY OR REGION



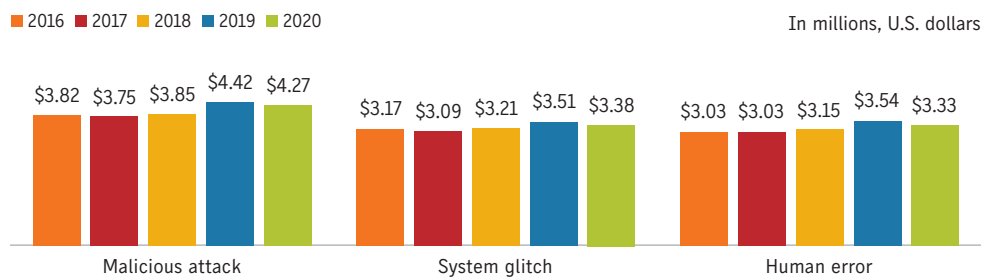
### AVERAGE TOTAL COST OF A DATA BREACH – BY INDUSTRY



### AVERAGE TOTAL COST OF A DATA BREACH – BY ORGANIZATIONAL SIZE



### TREND IN AVERAGE TOTAL COST – BY ROOT CAUSE OF THE DATA BREACH



Source: Ponemon Institute and IBM Security

## CYBERSECURITY STATISTICS FOR 2020

### DATA BREACHES BY THE NUMBERS

Hackers attack every **39 seconds** on average, 2,244 times a day.  
Data breaches exposed **4.1 billion** records in the first half of 2019.  
Average cybersecurity spending per employee is **\$1,178**.

### WHERE DO CYBERATTACKS COME FROM?

**48%** of malicious email attachments are office files.  
**34%** of data breaches involve internal actors.  
**65%** of groups use spear-phishing as the primary infection vector.  
**94%** of malware is delivered by email.

### ARE YOU AT RISK?

**53%** of firms have over **1,000** sensitive files open to every employee.  
On average, every employee has access to **17 million** files.  
Only **5%** of folders are properly protected.  
**61%** of companies have over **500** accounts with non-expiring passwords.

Source: Varonis

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Comedian



**Lori Seidenberg**  
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Founder and President, Beacon International Group



**Kevin Kelley**  
Retired Vice Chairman, Liberty Mutual Insurance Co. - Global Risk Solutions  
2020 BI Lifetime Achievement Award Winner

## BUSINESS INSURANCE

# U.S. INSURANCE AWARDS

Celebrating Today.  
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This year, the *Business Insurance* U.S. Insurance Awards, like many other awards presented during 2020, took on a different format.

Instead of taking place live in New York, in the interests of safety during the coronavirus pandemic, the awards, which recognize outstanding achievements in insurance and risk management, were presented virtually in September.

Kevin Kelley, retired vice chairman of Liberty Mutual Insurance Co.'s global risk solutions business and former CEO of Ironshore Inc. and Lexington Insurance Co., received the Lifetime Achievement Award and was inducted into the *Business Insurance* Hall of Fame (see profile page 36).

The award recognizes individuals who have made outstanding contributions to the risk management and insurance sector over the course of their careers.

In addition, teams of professionals across the industry were recognized for specific projects which they collaborated on in the field of commercial insurance.

Finalists in 14 categories were selected by *Business Insurance* staff from 170 nominations. The winners were selected by a panel of more than 50 risk managers who independently assessed each of the finalists.

The awards event also raises funds for the *Business Insurance* Scholarships, which are administered by the Spencer Educational Foundation Inc. This year's scholarship recipients are Liam Benjamin, an actuarial science major at St. John's University in New York, and Felipe Valladares, an actuarial science major at North Central College in Naperville, Illinois.

Profiles of the 2020 winners follow. A replay of the event is available at [businessinsurance.com](http://businessinsurance.com).

Gavin Souter, editor

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(firms with less than \$500 million in revenue)

Oswald Cos.

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**Broker Team of the Year**  
(firms with more than \$500 million in revenue)

Risk Optimization Group at Beecher Carlson, a unit of Brown & Brown Inc.

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**Insurance Underwriting Team of the Year**

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**Legal Team of the Year**

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**Crawford**

# Congratulations

to this year's U.S. *Business Insurance* Award winners!


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**BUSINESS INSURANCE LIFETIME ACHIEVEMENT AWARD**

# KEVIN KELLEY

**BY GAVIN SOUTER**

gsouter@businessinsurance.com

In a career that has spanned nearly 50 years, Kevin Kelley has seen a lot of change in the world of insurance, and as a leader in one of the industry's most dynamic sectors he's played a key role in its development.

Starting out in the early 1970s, he's experienced the ups and downs of pricing cycles, the emergence of new liabilities, the challenges of the financial crisis, the influx of new capital into the industry and the consolidation that followed.

And it has been Mr. Kelley's ability to adapt and thrive amid all the transitions in the excess and surplus lines market through his time at Lexington Insurance Co., Ironshore Inc. and most recently Liberty Mutual Insurance Co. that has marked him out as a top industry leader, said Shaun Kelly, a former senior executive at all three insurers and longtime colleague of Mr. Kelley.

"He always had a notion of innovation, whether it be product or approach to the market. In the E&S market, innovation is a key quality and Kevin has that in spades," he said.

In recognition of his industry leadership and numerous achievements, Mr. Kelley was presented with the *Business Insurance* Lifetime Achievement Award during the virtual U.S. Insurance Awards last month.

In addition to his work in the insurance sector, Mr. Kelley, who retired as vice chairman of Liberty Mutual Insurance Co.'s Global Risk Solutions business in January, has served on the boards of many community organizations in New England and elsewhere.

Born in Boston, he grew up in West Bridgewater, Massachusetts, and attended Cardinal Spellman High School in nearby Brockton, where he now chairs the board of trustees. After graduating from Boston University in 1972 with a degree in business administration, he initially considered a career in commercial real estate, commercial banking or urban development, but in a tough job market he joined Fireman's Fund and went through the insurer's underwriter training program.

He left to join Lexington as a casualty underwriter in 1975 and remained with the American International Group Inc. surplus lines unit for more than 30 years.

A few years into his time at Lexington he was asked to design a new department.

"I was able to design a department around the more specialized areas within the E&S world and that was about half of our casualty business," Mr. Kelley said.

Four years later, he was placed in charge



Kevin Kelley

of all of Lexington's casualty business, and in early 1987 AIG's then CEO, Maurice R. Greenberg, named Mr. Kelley CEO of Lexington.

"I was only 36 at the time, so it was a phenomenal opportunity," Mr. Kelley said.

Mr. Greenberg, who now heads Starr Insurance Cos., is a strategic leader who also has a knack for spotting problems as soon as they arise, Mr. Kelley said.

"At AIG, you really did run your business, so you were exposed to really significant executive opportunity. Obviously, you were being challenged quite a bit by (Mr. Greenberg) and others, and if things got a little off track you were held accountable," he said. "That was a PhD; there's no question about the value of the experience."

In the 21 years he headed Lexington, the insurer grew from under \$1 billion a year in gross written premium to about \$10 billion and about a 20% share of the excess and surplus lines market, Mr. Kelley said.

"We knew clients were always looking for solutions of a different type, so we listened. We were very willing to work with brokers who had those clients, and we were able to come up with novel solutions," he said.

During Mr. Kelley's tenure, the insurer faced several major tests, including Hurricane Katrina in 2005, he said.

"In an event like that, insurance is the first responder of liquidity. We had five major clients in New Orleans, and we knew we had total losses for all five of them, so we made the decision to just pay the full limit because, No. 1, they are not going to be able to get the documentation because it's ruined and, No. 2, they need the dough. Probably to this day they've

never forgotten that," Mr. Kelley said.

The insurer also grew by launching new products in response to new liabilities arising out of changes in federal law.

"A new federal act can create liabilities, and if you are the first one to understand what those liabilities are and you can design a product that helps clients understand what those liabilities are, and you can help the client mitigate those exposures, you really have something," he said.

For example, after the Civil Rights Act of 1991 expanded the right for workers to bring discrimination claims against their employers, Lexington launched an employment practices liability insurance coverage, which has since become a staple purchase for many corporations.

"We always challenged ourselves to be creative. We always had a goal that a certain percentage of our top line would come from things that we didn't do three or five years ago," Mr. Kelley said.

While Lexington remains the largest surplus lines insurer, AIG has faced tougher times. In the early 2000s it came under attack during investigations in the insurance industry led by then-New York Attorney General Eliot Spitzer. In 2005, Mr. Greenberg retired.

Mr. Kelley said he felt an obligation to the Lexington staff and AIG's new leadership to remain after Mr. Greenberg left,

but in 2008, when AIG came under even more pressure during the financial crisis, he decided it was time to leave.

"It was gut-wrenching, but the chief reason why I left was because I began to see the brokers and the clients select against us, and you can't run an insurance company when that happens," he said.

Mr. Kelley soon had a chance to return to the market, when the late Bob Clements, a longtime Marsh & McLennan Cos. Inc. executive who helped launch several insurers, asked him to be CEO of Ironshore, a specialty insurer launched in 2006.

With the Ironshore offer and some other opportunities on the table, Mr. Kelley went out on a Sunday run to consider his options. A longtime marathoner, Mr. Kelley ran his first in the late 1970s and another in the 1990s, but after the Sept. 11, 2001, terrorist attacks he ran them regularly after deciding to do something each year that personified perseverance and completed 18 marathons before easing back.

Coming back from the run that Sunday, he decided to take Mr. Clements' offer.

When Mr. Kelley became CEO of Ironshore, he adopted a similar strategy as he had at Lexington but was able to write lines such as directors and officers liability and environmental liability, which had been handled by different units at AIG.

In addition, Mr. Kelley recruited talented people from rival insurers. "It's the people you gather that determines the outcome, and we were able to attract a real high level of people, and, perhaps most importantly, they didn't leave," he said.

Mr. Kelley and his team built on their relationships with senior brokerage executives and always tried to be "loud in the market," he said.

The company grew from about \$400 million in gross written premium in 2008 to about \$2.3 billion when Liberty Mutual bought Ironshore in 2017.

After a couple of years as a senior executive in Liberty Mutual's large account business, Mr. Kelley decided to retire at the beginning of this year.

"It's been a phenomenal learning experience. I enjoyed being a CEO, but I also enjoy no longer being a CEO," he quipped.

## ABOUT THE AWARD

The *Business Insurance* Lifetime Achievement Award recognizes an individual whose outstanding contributions have had a lasting impact on the insurance and risk management sector. The 2018 honoree was Maurice R. Greenberg, chairman and CEO of C.V. Starr & Co. Inc. Mr. Greenberg and the 2017 honoree, Patrick G. Ryan, chairman and CEO of Ryan Specialty Group LLC, were also the first inductees into the *Business Insurance* Hall of Fame in 2018 and last year were joined by the 2019 winner Martin P. Hughes, executive chairman of Hub International Ltd.





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## Broker Team of the Year (firms with less than \$500 million in revenue)

# Oswald

From the start of his 36 years at Oswald Cos. — a Cleveland-based brokerage and risk management firm — health, education and human services organizations have been on the radar screen of Executive Vice President William Brancovsky.

One of his first challenges was finding coverage for an orphanage in Ohio. “They had a bad event with an employee and a child. After that, their carrier was non-renewing and they couldn’t get coverage,” Mr. Brancovsky said. Coverage was eventually found, but finding adequate insurance for some of these organizations remains a challenge, he said.

Oswald now has about 350 nonprofit organizations as clients, ranging from cultural and psychiatric institutions to found-



William Brancovsky

dations. Mr. Brancovsky and the brokerage’s health, education and human services team of about a dozen employees are dedicated in their search for coverage for these clients. Based on that dedication, Oswald has been recognized with *Business Insurance*’s 2020 U.S. Insurance Award for Broker Team of the Year (firms with less than \$500 million in U.S. revenue).

“Right now is a hard market, and we’re

going through difficult times,” he said. “If an organization has any type of foster care exposure, forget it. There is nobody writing foster care in this country. It’s been a very difficult 12 to 18 months and it’s not getting any better.”

Issues include the rising costs of insurance claims resulting from increased litigation, plaintiff-friendly legal decisions and larger jury awards, all of which have led to the hardening insurance market, Mr. Brancovsky said.

Added to this is the COVID-19 pandemic. “COVID-19 has not helped. Carriers are coming out with exclusions to COVID events,” he said.

To put their clients in a better position, Mr. Brancovsky said the team has focused on a number of fronts, including working with the states and lobbyists to cap lawsuits. They are also looking at alternative insurance solutions, including risk retention groups, risk purchasing groups, self-insurance and captive insurance companies.

In addition, he said, the company’s risk management division of safety and loss-prevention professionals is working to create best-in-class clients. This includes helping organizations write policies and

procedures for hiring employees, conducting engineering studies to make sure employees are safe, and also taking steps to promote auto and driver-related safety.

“This all goes part and parcel with an organization’s insurance program,” he noted. “The better risk you are, the more attention you’ll get in the marketplace.”

Caroline McDonald

## FINALISTS

• **Gaspar Insurance Services Inc.** — Gaspar offers a range of services to clients, including a department that offers advice on employee safety, employment best practices and in-house claims handling, among other things.

• **Genesee General** — Genesee provides insurance resources across the United States and recently added coverage options for the cannabis industry.

• **Burnham Benefits Insurance Services Inc.** — A women-owned brokerage, Burnham Benefits recently added a property/casualty division to expand resources for its clients.

• **The Liberty Co.** — Headed by a former movie producer, The Liberty Co. has doubled its revenue over the past 18 months and expects to double in size again this year.

“Right now is a hard market, and we’re going through difficult times. If an organization has any type of foster care exposure, forget it.”

William Brancovsky,  
Oswald

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## Broker Team of the Year (firms with more than \$500 million in revenue) Beecher Carlson, a unit of Brown & Brown

**B**eecher Carlson formed the Risk Optimization Group in June 2018 to give clients added flexibility as insurance markets began to harden.

“We saw two and a half years ago that the market was starting to turn,” said Jay Sampson, Atlanta-based executive managing director of the Risk Optimization Group.

So many clients had been buying insurance so cheaply for so long “they were on autopilot,” he said, adding that as that changed, “they needed tools and the ability to combat what was happening in the marketplace.”

The Risk Optimization Group, which won the *Business Insurance* 2020 U.S. Insurance Award for broker team of the year, comprises Beecher Carlson’s non-insurance placement activities, including the analytics team, the captive management team, claims and risk control services.

“We help companies evaluate their risk appetite and buy accordingly and help them understand the volatility around taking more risk,” Mr. Sampson said, noting a review and analysis can show a client different methods of covering their exposures.

“A lot of companies can buy less insurance,” Mr. Sampson said. “A lot of com-



Jay Sampson

panies in the large commercial risk management space can probably retain a lot more risk.”

Generally, but not always, the group’s findings lead to a client restructuring its commercial insurance program, sometimes with the use of a captive. On average, customers buy less monoline insurance, Mr. Sampson said.

“Usually we find the client is going to

“A lot of companies can buy less insurance. A lot of companies in the large commercial risk management space can probably retain a lot more risk.”

Jay Sampson, Beecher Carlson

end up taking on more risk,” he said. “A captive is a tool which can be used to retain risk. It allows more flexibility than funding an exposure on the balance sheet without a captive.”

Clients are primarily large commercial but not exclusively. The savings must be sufficient to justify taking on the additional risk, Mr. Sampson said.

For the transaction that led to the award, the client determined its risk appetite as a percentage of earnings per share, and that appetite was large. Much of the client’s insurance program, including property and umbrella liability coverage, was canceled and written in a captive instead, Mr. Sampson said. The captive then went out and bought specific excess insurance above the client’s “appetite threshold” of \$100 million.

In so doing, the client was able to reduce its insurance spend by 60%, and because it was a three-year deal put in place in June 2018, “for the last two years, they have

not participated in the hard market.” Mr. Sampson said.

Matthew Lerner

### FINALISTS

• **Alliant Insurance Services Inc.** — Alliant’s Silicon Valley office in San Jose, California, serving the construction and real estate markets, has seen rapid growth since opening in January 2016.

• **AssuredPartners Inc.** — AssuredPartners’ Central Florida team specializes in creating insurance programs for condominium, townhome and homeowner’s associations.

• **Marsh LLC** — Marsh’s cyber brokerage practice places coverage for cyber and errors & omissions clients including multinationals requiring coverage for businesses in markets worldwide.

• **NFP Corp.** — In 2019, NFP hit double digits in revenue growth and acquisitions as it also focused on diversity and earned a place on *BT’s* Best Places to Work in Insurance list for the third consecutive year.



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## Community Outreach Project of the Year (donations)

# Higginbotham

**H**igginbotham Insurance Group created the Higginbotham Community Fund as an outreach program designed to reflect the broker's mission statement: "vision and values."

The fund's performance has so far surpassed all expectations; it has supported nonprofits and charities in the United States and abroad and this year has aided the company's response to the COVID-19 pandemic. It has also garnered *Business Insurance's* U.S. Insurance Award for Community Outreach Project of the Year (Donations).

Since its creation in 2011, the Higginbotham Community Fund has raised \$2.7 million in employee contributions and pledges. It was particularly energized in 2018 when employees donated \$110,000 in honor of Tracy Jackson, a commercial lines supervisor who lost her battle

*"We don't know how long COVID-19 will continue, but we will keep supporting as long as we can."*

Rusty Reid, Higginbotham



Rusty Reid

with leukemia.

On North Texas Giving Day, the company contributed to nonprofit organizations "that were close to Tracy's heart," said Rusty Reid, chairman and CEO of Fort Worth, Texas-based Higginbotham.

The Higginbotham Community Fund again expanded to support local businesses and first responders coping with COVID-19.

Mr. Reid proposed that the fund contribute to the company's restaurant clients to help feed first responders. "We have provided more than 25,000 meals from our clients to nonprofits and first responders fighting COVID-19," he said. "We don't know how long COVID-19 will continue, but we will keep supporting as long as we can. It's to support our clients in a time of need, and we want to play our part."

It also raised \$160,000 for nonprofits and first responders battling hurricanes and wildfires.

One international fund that has had a big impact on both the company and the charity is the Zoe Empowers Program in Africa, which works to help orphans and other vulnerable children overcome poverty.

"We were able to send representatives from a number of our 16 offices to Africa to see first-hand what the Zoe Project was doing for children," Mr. Reid said, adding that, "We have built a culture within our firm to give back to our communities."

Employee participation in the Higginbotham Community Fund is currently about 80%. "My goal now is for 100%

participation," Mr. Reid said. "As we have grown from 12 employees in 1986 to 1,300 and expanded geographically, it's been great to see our teammates embrace the idea of giving back."

*Caroline McDonald*

### FINALISTS

• **H.W. Kaufman Financial Group Inc.** — In 2019, H.W. Kaufman Group launched the 50 Days of Giving Challenge, a global and corporate-wide effort in honor of the company's 50th anniversary.

• **KCIC LLC** — For the past several years, KCIC has participated in the Race for Every Child, an annual 5K run/walk that raises funds and awareness for Children's National Hospital in Washington. Last year it helped lead the event and held several other fund-raising efforts.

• **NFP Corp.** — NFP established a corporate partnership with Year Up, an organization that works to help young adults who lack access to higher education and career opportunities.

• **Risk Placement Services Inc.** — The Cambridge, Maryland, office of Risk Placement Services has for several years raised funds for United Way's Imagination Library Program and last year raised a record-breaking amount.



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## Community Outreach Project of the Year (pro bono and volunteer) Crawford

Employees of Crawford & Co. are serious about giving back to their communities. Through their annual Global Day of Service program, now in its 12th year, employees have undertaken projects to benefit veterans, children who have suffered from abuse and neglect, and children and families in need.

Last year, Crawford employees from 50 offices around the world participated, contributing a total of 2,300 volunteer hours, said Bonnie Sawdey, chief people officer at Crawford's Atlanta headquarters.

"It's wonderful because we encourage our employees to bring their families and friends, and we choose events that they can all participate in," Ms. Sawdey said. "We also extend the invite to other companies that we partner with, such as contractors we work with."

The claims management company's



Bonnie Sawdey

Global Day of Service is the winner of *Business Insurance's* 2020 Community Outreach Project of the Year (Pro Bono and Volunteer).

Each Crawford location identifies an organization in its area that can support the number of volunteers planned for the event, "and at some of our offices we have quite a few people," she said. "In Atlanta, for example, we have about 500 people

and each year about 200 volunteers."

Last year, she said, the Atlanta office partnered with United Way, which helped with advanced planning and implementation.

Despite rainy weather, about 140 volunteers from the office painted a concession stand, built picnic tables and set up an outdoor classroom at an Atlanta high school. They also restored a garden that had become overgrown. The area was weeded and new soil added so that teachers could plant the garden with their students, Ms. Sawdey said.

"Another cool thing, they had culinary students at that school," she said. "They came in and cooked breakfast and prepared lunch for our volunteers."

This year's Global Day of Service, normally held in October, will also include November and will take place despite the COVID-19 pandemic. "It's changed things," Ms. Sawdey said. "We know we will have to take additional precautions and think differently."

In Atlanta, for example, "We're thinking about doing a food drive and then delivering the food to local pantries," she said. "With Thanksgiving approaching, we recognize that organizations will need

our support more than ever."

To expand their charity program even more, last year the company launched a paid-time-off day volunteer program. "This way, during a calendar year employees can give back to an organization they are passionate about," Ms. Sawdey said.

Caroline McDonald

### FINALISTS

- **American International Group Inc.** — AIG partnered with law firm Gibson Dunn & Crutcher LLP to help asylum seekers find sanctuary in the United States.
- **Everest Insurance** — The Everest Stamps Out Hunger initiative raised money and organized volunteers to fight starvation and food insecurity worldwide.
- **Hylant Group Inc.** — Hylant's Cincinnati office raised funds to support the Children's Heart Association of Cincinnati and support its SCRATCH-golf program, which provides sporting opportunities for children with congenital heart defects.
- **Scor SE** — The Scor Employee Activities Committee provides community outreach support for employees, including their work with Concrete Safaris' gardening initiative in New York's Harlem neighborhood.

"With Thanksgiving approaching, we recognize that organizations will need our support more than ever."

Bonnie Sawdey, Crawford & Co.

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## Diversity & Inclusion Initiative of the Year

# Liberty Mutual

Sometimes the best way to improve communication and understanding is to see on a big screen what works and what doesn't.

Such is the thinking behind Liberty Mutual Insurance Co.'s "Inclusion in Action" video series, which aims to raise inclusion awareness through short skits that portray real-life scenarios, according to Debra Lacy, Houston-based assistant director, diversity and inclusion for Liberty Mutual.

Viewed by more than 35,000 Liberty Mutual employees since the launch in 2018, and now part of onboarding for new employees, the nine videos address principles at the core of Liberty Mutual's diversity and inclusion program.

These principles include be trustworthy; try on other peoples' viewpoints; practice self-focus; it's OK to disagree; and it's not

It's "important for people to step up and give their perspective and step back when it's appropriate."

Debra Lacy, Liberty Mutual



Debra Lacy

OK to blame, shame or attack yourself or others.

The "Inclusion in Action" program won the *Business Insurance* 2020 U.S. Insurance Award for Diversity and Inclusion Initiative of the Year.

While other diversity and inclusion video series are widely available, Liberty Mutual "wanted to have something that was specific to our guidelines for inclu-

sion," Ms. Lacy said.

The insurer worked with an outside company to determine several principles to focus on and then created its own series of six- to nine-minute videos, which it is now offering to other companies at tiered pricing.

In one example — in addressing the principal of "be trustworthy" — an employee shares with a colleague that he is engaged to marry his boyfriend. The colleague then tells an entire office, which the man later says violated trust, as he would have liked to share his news.

The "Inclusion in Action" program includes follow-up activities, such as topics for discussion.

The Liberty Mutual inclusion series "really does create conversations and communication that can break down walls," Ms. Lacy said. "When you look at where we are today in America, it is that much more important for people to step up and give their perspective and step back when it's appropriate ... to see things from (another's) point of view. It's important to be able to disagree but not blame or shame people."

"People relate to the videos," she said.

Louise Esola

### FINALISTS

- **American International Group Inc.** — AIG's Accelerated Leadership Development Program offers a six-month efficacy training program for mid-level high-potential and high-performing talent from underrepresented groups, including employees from ethnic minority groups.
- **Hub International Ltd.** — The Hub Women's Network offers tools, resources and educational programming to foster the professional development of women in the organization and the industry.
- **Selective Insurance Group** — Selective's diversity and inclusion focus includes the Women's Agency Leadership and Women at Work initiatives, which include conferences to provide opportunities for female agents to network, share ideas and participate in high-impact training sessions.
- **The Jenkins Agency Inc.** — The minority-owned company recently launched a scholarship program for Black college students studying risk management and insurance or showing an interest in the industry, providing financial support for travel to risk management and insurance conferences and/or study abroad.

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# Insurance Consulting Team of the Year KCIC

It took 40 professionals, skilled in technology, economics, insurance and more, 11 weeks to mine over 1,300 insurance policies, including more than 15,000 pages across 22 coverage programs, to find and decipher coverage to help cover a large liability payout.

Nick Sochurek, a senior manager who leads the team at the Washington-based consulting firm, said KCIC LLC prides itself on being at the intersection of advanced technology and insurance industry knowledge to better understand policies that can span years and thousands of pages. Mr. Sochurek and his colleagues are the recipients of *Business Insurance's* 2020 U.S. Insurance Award for Insurance Consulting Team of the Year.

"We use technology to extract those key terms from policies and put that into a database," he said. "By doing so, we are taking thousands and thousands of data points, exclusions, etc., to understand how



Nick Sochurek

some policies work with other policies."

Mr. Sochurek said the firm specializes in product liability claims and that some

common themes have emerged in recent years: asbestos, bankruptcies and pharmaceuticals. Another area is sexual abuse claims from religious institutions, which are "challenging" because of the nature of the claims.

"Where we come in, we are not defending anyone," he said. "We are looking for ways to help organizations that are facing this kind of crisis; we are trying to help them locate insurance assets that they purchased long ago, but lost track of, in order to pay. That doesn't make those survivors whole, but it is part of the equation."

Otherwise, plaintiffs with valid claims or cases could see a company or organization go bankrupt before being able to collect on an award or settlement, he said.

The real-life example of a consulting contract — the 11-week journey through 15,000 pages of policy wordings — led to the discovery of assets to pay out claims, he said.

*Louise Esola*

**FINALISTS**

- **Aon PLC** — Developed by a team of claims management professionals, safety consultants and program developers, Aon's spectrum analytics is an

online interactive workers compensation claims performance dashboard that provides users the ability to identify and quantify key loss and cost-driving issues and trends.

- **Charles Taylor Technical Services** — The firm uses technology to identify potential risks and mitigate losses before they occur. It offers full-service engineering, specialty consulting, project management and forensics capabilities to a wide range of organizations in the public and private sectors, covering a range of engineering disciplines such as electrical, structural, civil, marine, aviation, nuclear and petrochemical.

- **FTI Consulting** — FTI Consulting's Global Insurance Services team supports the strategic requirements of boards and senior executives to govern and guide, protect assets, improve business operations and achieve performance goals and compliance requirements.

- **Trion Group** — The Marsh & McLennan Cos. Inc. unit developed a proprietary model for employee benefits captives that provides pre-structured fronting arrangements with insurers and administration, enabling employees to purchase voluntary benefits.

"We are taking thousands and thousands of data points, exclusions, etc., to understand how some policies work with other policies."

Nick Sochurek, KCIC



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## Insurance Underwriting Team of the Year (all property/casualty)

# Liberty Mutual

**E**volving consumer needs and new technologies in the transportation sector have led to the growth of ride-hailing, vehicle-sharing, car subscription and autonomous vehicles. Along with this have come unique coverage challenges, calling for more customization of policies for both commercial and consumer uses.

“There has been a lot of need in the market for insurance solutions for large commercial fleets, as well as private passenger auto and consumer capabilities,” said Nick Grant, manager of countrywide product, new mobility, at Liberty Mutual Insurance Co. in Boston.

Mr. Grant, who works in the insurer’s retail markets unit, and David Blessing, chief underwriting officer, sharing economy and new mobility at Liberty Mutual, also in Boston, began collaborating on the development of such solutions. The success of those efforts helped Liberty Mutual win *Business Insurance’s* 2020 U.S. Insurance Award for Insurance Underwriting Team of the Year (all property/casualty).

“We found that we were both working separately a few years ago pursuing this space,” Mr. Grant said. “As an organization we decided to take a step back and look at



Nick Grant

David Blessing

how we could better deliver solutions to the market and take advantage of the diverse capabilities of Liberty Mutual in a cohesive fashion as opposed to separately.”

What they found, he said, was that “we have large risk solutions, private passenger auto capabilities and different claims capabilities that we could consolidate, and different product and underwriting opportunities that we could merge.” The

“If you think about traditional auto coverages, it’s per vehicle, and that doesn’t lend itself well to the types of businesses we are underwriting.”

David Blessing, Liberty Mutual

result was the Mobility Pod, which creates custom insurance solutions for the evolving transportation sector.

“This is a time-saver and we’re learning so much from each other,” Mr. Blessing said. “If you think about traditional auto coverages, it’s per vehicle, and that doesn’t lend itself well to the types of businesses we’re underwriting. Their model is that someone is using someone else’s car, some of the time for some purpose.”

Because of these diverse needs, tailoring solutions to the exposures has been key. “We open up more access to our channels and offer more opportunities for growth than the commercial master policy-type solution we might have been providing otherwise,” Mr. Blessing said.

Mr. Grant added, “A big part of the progress we’ve been able to make is good old-fashioned teamwork, having executive sponsorship and creating visibility across the organization. Key was the

buy-in across the organization up to the high levels.”

Caroline McDonald

### FINALISTS

- **AmWins Group Inc.** — AmWins Special Risk Underwriters division offers middle-market property capacity, including catastrophe coverage, in a tightening market.
- **Euclid Transactional LLC** — Founded in 2016, Euclid Transactional offers a range of coverages for transactional risks arising from mergers and acquisitions.
- **International Re Ltd.** — International Re created an insurance and reinsurance product for high-performing middle-market business owners with captives.
- **ProSight Specialty Insurance Group Inc.** — ProSight’s construction team created Release of Information during Construction of your Home, which offers coverage for luxury home builders and remodelers.



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# Insurance Underwriting Team of the Year (management liability/professional liability/cyber liability) Coalition

Coalition Inc.'s mission as a company is to solve cyber risk, according to Joshua Motta, co-founder and CEO of the San Francisco-based cyber insurance and technology firm.

That "does not mean eliminating security failures, which is largely what the cybersecurity industry has attempted to do," by designing and selling antivirus and other applications designed to make a company secure, he said.

"We do not believe that is possible, and at the end of the day, cybersecurity is not a technical problem. It's a risk management problem for solving cyber risks" and helping companies survive technological and security failures, he said.

The winner of the *Business Insurance* 2020 U.S. Insurance Award for Underwriting Team of the Year (management liability/professional liability/cyber liability), Coalition tackles these challenges by



Joshua Motta

helping its customers become productive and more competitive, enabling them to

embrace technology without additional risk, Mr. Motta said.

"There is not a single company in this country not dependent on a working computer, internet connection and access to data," Mr. Motta said. Having those taken away "can be extremely painful" and even force a company out of business, he said.

"Everything we do is oriented around solving cyber risk, how do we help them prevent bad things from happening," but in the event of a cyberattack, Coalition "provides a safety net of insurance to recover if the worst were to come to pass," Mr. Motta said.

He cited as an example a not-for-profit Florida organization that worked with the state to distribute funds to child-development centers and day-care facilities for early-education initiatives.

After COVID-19 hit, the organization was forced to work remotely, and cyber criminals took advantage of this by compromising the organization's email. The cyber criminals used an individual's email to convince the organization to wire funds to a bank account that they controlled.

"This was very convincing" because COVID-19 was used as the pretext for

the change in instruction, Mr. Motta said. As a result, \$1.5 million due to go to a child development center went to the criminals instead.

The organization had coverage under its Coalition policy, but the insurer also helped it recover all but \$500, Mr. Motta said.

Judy Greenwald

**FINALISTS**

- **American International Group Inc.** — AIG draws on its expertise to provide holistic cyber coverage and incorporate affirmative cyber coverage into traditional property/casualty policies.
- **AmTrust Financial Services Inc./Kovrr** — AmTrust/Kovrr's dashboard allows underwriters to run an assessment on each prospective insured that includes data on validated cyber-risk factors.
- **CNA Financial Corp.** — CNA's Allied Healthcare Facilities business unit has developed risk-control strategies and provided market insight, as well as hands-on risk control assessments of major health care companies' senior leadership.
- **CNA Financial Corp.** — CNA's Epack 3 modular management liability policy combines clear, concise language with a flexible policy structure.

"Everything we do is oriented around solving cyber risk, how do we help them prevent bad things from happening," while Coalition "provides a safety net of insurance to recover if the worst were to come to pass."

Joshua Motta, Coalition



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Insurtech Initiative of the Year (analytics, compliance, other risk management applications)

# Gallagher Bassett

**G**allagher Bassett Services Inc. saw a need for a system to look beyond an injured worker's risk profile to determine which strategies produce the best care outcomes. When Jeffrey Austin White, senior vice president and product manager of workers compensation, joined the third-party administrator in 2017 he brought with him knowledge from co-authoring studies with Johns Hopkins Medicine that connected improved outcomes to compliance with evidence-based care guidelines.

This strive to create a better system for monitoring claim trajectory and ensuring treatment provided to workers is evidence-based led to the creation of the patent-pending Treatment Quality Index, which enables Gallagher Bassett's staff to understand and evaluate medical treatments faster than ever before, Mr. White said, earning the group the *Business Insurance* 2020 U.S. Insurance Award for Insurtech Initiative of the Year.

"We do not have a good understanding within our industry of what's appropriate and necessary (treatment) given a specific type of injury," he said. "There is a lot of diversity in the way providers treat injured workers," which can vary by state, locale



Jeffrey Austin White Jennifer Cogbill

and even the education levels of providers.

By monitoring medical treatments based on best practices, Gallagher Bassett's TQI can flag anomalies so that nurses can review to see if the treatment is inappropriate or unnecessary and make recommendations to adjusters for the best course of care if it falls outside evidence-based guidelines, Mr. White said.

The platform also flags workers who

have disability durations that exceed what would be anticipated based on the injury type so that case managers can investigate the reasons behind the lag in improvement, said Jennifer Cogbill, vice president of GBCare.

If the physician is providing treatment that doesn't align with evidence-based medicine, a field case manager can offer direction or recommend a substitute provider if the worker is receiving "disruptive treatment," she said.

With the implementation of the TQI, about 90% of Gallagher Bassett's claimants are now being treated based on evidence-based guidelines about 90% of the time, Mr. White said.

The TQI has also led to a 25% drop in indemnity claims requiring nurse intervention as well as a double-digit reduction in average pay per claim, Ms. Cogbill said.

"It's our responsibility to make sure the injured worker gets back to work and their family and a normal life, and we're making sure physicians follow evidence-based medicine ... and acting in the injured worker's best interest," Mr. White said.

The TQI also can identify early treatments that aren't evidence-based or appro-

priate for the claim, Ms. Cogbill said. For instance, the system may flag prescriptions of opioids, compound medicines or topicals if they aren't proven to provide a benefit for a particular injury, she said.

Angela Childers

#### FINALISTS

- **kWh Analytics Inc.** — The firm's development of Solar Revenue Put helps solar investors reduce the cost of capital with an insurance-based production guarantee of a percentage of expected energy output.
- **Marsh LLC** — The brokerage's Blue[i] Claims analytics platform helps workers compensation clients to better manage their comp spend and improve worker outcomes.
- **American Association of Insurance Services** — The association developed its openIDL platform in 2018. The blockchain platform streamlines regulatory reporting processes by enabling the secure and permission-based collection and sharing of statistical data.
- **Corvus Insurance Holdings Inc.** — The insurtech managing general underwriter's Corvus Scan identifies cyber risks through a non-invasive scan of an organization's web-facing assets, then rates risks based on their severity.

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Insurtech Initiative of the Year (underwriting and insurance platforms)

## Swiss Re Corporate Solutions

Swiss Re Corporate Solutions' Pop Storm, an online parametric hurricane coverage platform, is bringing data-driven coverage to small and middle-market enterprises. It's also brought the Swiss Re Ltd. unit a *Business Insurance* 2020 U.S. Insurance Award for Insurtech Initiative of the Year (underwriting and insurance platforms).

Pop Storm went live in 2019 with Texas, Louisiana, Florida, South Carolina and North Carolina. "This year we expanded by adding Mississippi, Alabama and Georgia," said Martin Hotz, head of parametric natural catastrophe in Zurich for Swiss Re Corporate Solutions.

Most parametric transactions in the property insurance line of business are relatively large, bespoke deals, Mr. Hotz said. "Small and medium-sized corporations are equally exposed to natural catastrophe such as hurricanes. We realized the product applies to all company sizes, but for smaller businesses a more efficient way of distribution is needed."

That's where the Pop Storm platform comes in, as an efficient distribution channel, he said. "It's very efficient for the broker to deal with and also gives the client a speedy quote" and potentially



Martin Hotz

Cole Mayer

same-day turnaround.

Limits available on the platform are \$500,000 to \$5 million, said Cole Mayer, vice president in San Francisco with Swiss Re Corporate Solutions. Coverage is typically for a single location – one latitude and one longitude point each. A larger, bespoke transaction of the type handled off the platform could involve hundreds of such locations, he said.

The single-location simplicity of the structure "tends to lend itself to smaller clients," along with the available limits, which Mr. Mayer said are "on the lower end of what you might see in the larger corporate or public entity space."

Parametric hurricane coverage secured through the portal is based on three variables: location, the attachment point and the limit, Mr. Mayer said.

Three payout tables are offered online showing wind speeds and corresponding payouts. The Platinum level has the lowest attachment point and is therefore the most responsive. The Gold level occupies the middle space, and the Silver level, with the highest attachment point, is the least expensive as it will respond to fewer events.

Pricing varies substantially based on these three factors. A policy with the lowest limit could be purchased for "thousands of dollars," Mr. Hotz said.

Swiss Re Corporate Solutions uses RMS HWind, part of catastrophe modeler Risk Management Solutions Inc. of Newark, California, to verify wind speeds for claims, and payouts can typically be settled within days, Mr. Mayer said.

Matthew Lerner

The Pop Storm platform is "very efficient for the broker to deal with."

Martin Hotz, Swiss Re Corporate Solutions

### FINALISTS

- **Cover Genius Pty Ltd.** — Cover Genius co-creates insurance products with partners in more than 60 countries and every U.S. state with distribution through its XCover platform.
- **Bold Penguin Inc.** — Online digital insurance exchange Bold Penguin launched its new Agent Terminal in fall 2019 to help serve the small commercial sector.
- **FM Global** — FM Global/HyperScience-The Intelligent Automation team at FM Global is using the latest in robotic process automation and machine learning to speed up accounts payable invoice processing within its organization.
- **Stable Coverage Inc.** — Stable's parametric insurance platform covers more than 3,000 commodities in 40 countries, allowing agri-food businesses to protect themselves from the substantial risk of pricing volatility.


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## Legal Team of the Year

# Wilson Elser Moskowitz Edelman & Dicker

Already a rapidly growing sector in the insurance industry, cybersecurity and data protection have become even more critical for organizations dealing with the COVID-19 pandemic. The legal team at Wilson Elser Moskowitz Edelman & Dicker LLP, which has a track record of assisting clients with cyber issues, is responding to the crisis.

The firm's work in tackling cybersecurity issues earned it *Business Insurance's* 2020 U.S. Insurance Award for Legal Team of the Year.

"This is a very hot topic, in terms of how to protect a company against cyber threats and mitigate the risk of having a remote workforce and what measures they should have in place," said Anjali Das, a partner at Wilson Elser who chairs its national cybersecurity and data privacy practice team in Chicago.

"We have seen a huge uptick in cyber-re-



Anjali Das

lated claims," she said. "COVID-19 has actually multiplied the number of claims

because the reality is that with the current remote workforce, there is a lot more potential for hacking and cyber threats than there has been."

People working from home, often using personal laptops and cellphones, may not have the same levels of security and privacy protection as they would at their desktop computer, Ms. Das said. Added to this, personal email accounts are being hacked more and more frequently.

"We've seen growth, for example, in fraudulent wire transfers, because the same kinds of checks and balances and protocols may not be used. They are also more prone to being phished or clicking on fraudulent emails," Ms. Das said.

With a cyber team already in place, Wilson Elser is prepared to help organizations get through a cyberattack and the ensuing investigation, and deal with any privacy-law compliance issues. "We run a 24/7 hotline, so our team has to be prepared at any point in time. We're ready to drop everything when we need to," Ms. Das said.

She added that while organizations are responding and making cybersecurity a serious priority, the issue is not going away anytime soon.

"Organizations need to realize that this isn't just a blip," she said. "I think the long-term trend will be for more organizations to be virtual."

Added to this is an uptick in global breaches. "This goes back to the fact that we have a global economy," Ms. Das said.

*Caroline McDonald*

### FINALISTS

• **Anderson Kill P.C.** — A policyholder law firm, Anderson Kill was lead counsel in numerous successful coverage disputes over the past several years.

• **Liberty Mutual Insurance Co.** — Liberty Mutual's in-house legal team uses technology and a disciplined approach to protect, defend and advance the interests of the insurer, its policyholders and business partners.

• **Pasich LLP** — Pasich is a boutique insurance recovery law firm offering a variety of specialties including legal services related to natural disasters, where it has helped policyholders achieve significant recoveries for wildfire losses, among other things.

• **Wiley Rein LLP** — Wiley Rein provides legal services and strategic counseling to insurers. The firm has scored several high-profile victories for clients over the past several years.

In the area of cybersecurity, "We've seen growth, for example, in fraudulent wire transfers, because the same kinds of checks and balances and protocols may not be used."

Anjali Das, Wilson Elser Moskowitz Edelman & Dicker

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## Risk Management Team of the Year Adecco USA / Marsh

**W**hen Susan Shemanski, vice president of corporate risk management at The Adecco Group, joined the staffing company four years ago, its safety department was manually reviewing 6,000 safety evaluations for its clients every year.

A need to improve safety and to reduce the paper trail by using technology was a priority, said Ms. Shemanski, who is based in Jacksonville, Florida.

In 2017, Adecco partnered with Marsh Risk Consulting and put in place an online platform that allows its team to automatically review clients and evaluate safety messages.

“We went from reviewing 6,000 paper documents every year to only 11% of those,” Ms. Shemanski said.

Adecco and Marsh won the *Business Insurance* 2020 U.S. Insurance Award for Risk Management Team of the Year.

Working with Marsh, Adecco then focused on its top 15 clients to identify the risks they faced and the strategies needed to improve safety for their workers and lower the cost of accidents at client locations.

“Being a temporary staffing company, we don’t have control of the workplace,”



Susan Shemanski Shanna Levesque

Ms. Shemanski said.

“One of the reasons we chose Marsh as our safety vendor is that they do a lot with behavior-based safety, so influencing the way in which our workers would do the work more so than making changes to the workplace.”

The challenge is “a little different for Adecco” because the company does not control the work environment, said

Shanna Levesque, a senior vice president in the consulting solutions practice of Marsh Advisory, a unit of Marsh LLC.

“It’s not their manufacturing equipment, it’s not their forklift. We have to take a non-traditional approach to behavior-based safety to make it work, to bridge that for them,” Ms. Levesque said.

As Marsh and Adecco analyzed the loss data, it became clear that many worker injuries were coming from ergonomic movement, such as lifting boxes, stocking shelves and other material handling.

That’s when Adecco partnered with Clemson, South Carolina-based technology company Modjoul Inc. to deploy its SmartBelt technology to workers.

The SmartBelt measures how workers move — for example, if they are bending or twisting unsafely during the course of their work, Ms. Shemanski said.

Marsh then analyzes the data gathered to determine whether to bring in an ergonomist or other specialist to address any problem it discovers and make safety recommendations.

This combination of technology and being strategic on safety resulted in a 41% drop in losses at one client, Ms. Shemanski said.

“The belts alone aren’t going to reduce losses, but it’s taking that data and putting the right safety measures in place,” she said.

Claire Wilkinson

### FINALISTS

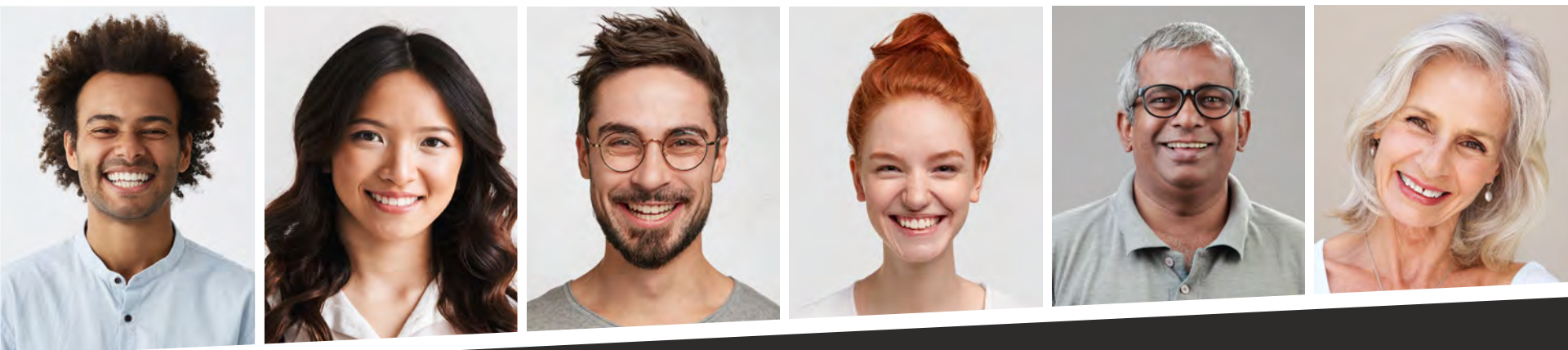
• **Sysco Corp./CorVel Corp.** — CorVel and Aon PLC worked with food service company Sysco Corp., deploying technology and big data to improve its risk management and workers compensation claims processes.

• **Compass Group/Marsh LLC/Markel Corp.** — Compass Group partnered with Marsh and Markel to create a liability insurance policy tailored to the needs of a pop-up restaurant concept.

• **Silverstein Properties Inc.** — Silverstein Properties’ risk management team found creative ways to work with brokers, engineers and insurers to secure the renewal of its terrorism and all-risk property insurance program.

• **Baystate Health/Spring Consulting Group** — Baystate Health’s risk manager continued to expand the integrated health care delivery system’s use of its captive insurer to better manage its total cost of risk, informed by analysis from Spring Consulting.

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## TPA Team of the Year

# CorVel

When Tennessee brought CorVel Corp. on as its new third-party administrator in 2014, the state's workers compensation program had no central reporting structure and no statewide return-to-work program.

In five years, the third-party administrator has reduced the state's workers comp medical costs by nearly \$4 million and cut drug costs by 30% since it partnered with Tennessee. In addition, total temporary disability payments fell from \$3.6 million in 2015 to \$723,000 in 2019 with the implementation of a new return-to-work program. This success earned CorVel the *Business Insurance* 2020 U.S. Insurance Award for TPA Team of the Year.

When CorVel won the bid to tackle workers comp for all Tennessee state workers, the TPA had to change the way things were done in the state for 20 years, and it wasn't all smooth sailing, said Jason Wheeler, a Nashville-based account executive with CorVel who oversaw the transition of the program.

"At the time, it was a big hot button for them," he said. "They had been disconnected. ... Certain agencies had their own agendas. The treasury department



Jason Wheeler

wanted to formalize that and make everything more consistent, so everyone was accountable."

CorVel designated about 500 of the state's 80,000 workers as responsible for reporting claims electronically through its system.

"It put some responsibility on their shoulders, and it took a while for them to realize that this was a good thing and

was going to make their lives easier," Mr. Wheeler said. "That was really the beginning of the success with the state, just getting those claims reported accurately and more timely."

In 2015, the TPA introduced a return-to-work program, starting small with the Tennessee Department of Corrections, which saw substantial improvements in its indemnity costs and lost time in just one year, leading to a statewide rollout in 2016.

Another significant challenge was learning that the state had unpaid medical bills going back nearly seven years, leading to a difficult few months for CorVel's bill review workers and "a lot of sleepless nights," Mr. Wheeler said.

But Tennessee saw its total workers comp program spend drop 38% at the end of 2019 compared with the state's final year with its prior TPA. Open claim counts also fell to 1,403 at year-end 2019 from 2,315 prior to the TPA changeover.

"(We have) a really good partnership ... working together with the goal in mind of saving money on total cost of risk and making sure employees are taken care of," Mr. Wheeler said.

Angela Childers

*"(We have) had a really good partnership ... with the goal in mind of saving money on total cost of risk."*

Jason Wheeler, CorVel


### FINALISTS

• **Sedgwick Claims Management Services Inc.** — Sedgwick's crisis care program provides 24/7 support to its clients to manage all aspects of care for catastrophic injuries.

• **Helmsman Management Services LLC** — The TPA's OneVoice program changed the language used by its claims professionals to make it more understandable, inclusive and supportive, which has reduced a lot of confusion and stress for injured workers.

• **Broadspire Services Inc.** — Broadspire's Senior Nurse Review Program helps to effectively manage medical care at crucial points in care which reduces medical costs and improves claim closure.

• **Gallagher Bassett Services Inc.** — The work of the TPA's claims operation team in charge of handling Miami-Dade County Public Schools has resulted in significant savings for the district.

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## Wholesale Brokerage Team of the Year

# Brown & Riding

**T**imothy M. Pedersen Jr. has a metaphor for what it's like to place excess liability coverage for transportation risks.

"At the end of the day, we're looking to put a puzzle together, and we've got to figure out which pieces go in which spot," said Mr. Pedersen, Chicago-based senior vice president, principal and transportation practice leader at Brown & Riding Insurance Services Inc.

The brokerage is the winner of the *Business Insurance* 2020 U.S. Insurance Award for Wholesale Brokerage Team of the Year.

The team invests significant time and resources exploring multiple options, including pricing, timelines and objectives, and communicates these to its clients. Mr. Pedersen said.

"At the end of the day, we're looking to put a puzzle together, and we've got to figure out which pieces go in which spot."

Timothy M. Pedersen Jr., Brown & Riding



Timothy M. Pedersen Jr.

"We need to figure out what's the best way to utilize each carrier's capacity and structure the tower most efficiently," said Mr. Pedersen, who leads a team of nine, most of whom are in Chicago.

"We have to keep in mind that we're insuring somebody's livelihood and all of their employees, so what's the best product we can come up with? It's a mixture of terms and price, so that they can keep

their business running," he said. The team's premium volume has grown over five-fold since 2014.

While some policyholders want the most comprehensive coverage, regardless of price, others have a fixed budget, so there cannot be one approach for everyone, according to Mr. Pedersen.

He cited the 2019 example of a hay bailer and distributor that had experienced a large non-auto loss "and they were worried about their capacity being blown."

He said that, mid-term, "we had to go and place an excess auto tower over the current tower," whose limits had been exhausted.

"We found a solution after two other wholesalers had been approached and gone to market unsuccessfully. We were able to secure the limits needed for the insured to continue operating their business without worrying about where they had insurance if something else happened," Mr. Pedersen said.

In another example, from 2017, a convenience store chain with a "heavy" auto fleet learned its lead excess insurer was not renewing its business, "so we had to go ahead and secure capacity for that lead," Mr. Pedersen.

"We had to bifurcate the excess tower between general liability and auto in the lead, and then combine the towers on top," he said.

"It's a pain in the butt, but it's fun," Mr. Pedersen said of his team's work.

Judy Greenwald

### FINALISTS

• **Genesee General** — Genesee General's Charlotte, North Carolina-based wholesale brokerage team focuses on excess commercial property/casualty accounts, including professional liability.

• **R-T Specialty LLC** — R-T Specialty's Chicago-based professional liability team has achieved growth in the areas of commercial management liability, technology errors and omissions, professional liability, medical professional liability and financial institutions.

• **Synapse Services LLC** — Synapse Services' legal and environmental risk team offers a multi-disciplinary approach and fresh perspective for environmental insurance coverage and claims.

• **UCPM Environmental Insurance Inc.** — The UCPM Environmental Insurance team's new products include its online lender environmental coverage, which helps streamline the loan process.

# A COMMAND OF THE CYBER LANDSCAPE

Wilson Elser's Cybersecurity & Data Privacy Practice is proud to have been selected as the *Business Insurance* Legal Team of the Year.

We accept this honor on behalf of the many clients who entrust us with their cyber-related needs. Our team members are happy to assist you with any or all of our cyber services.

- Data Breach Response
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- Cyber Risk Management
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## FM Global unveils Canadian, specialty sectors

■ FM Global has combined its Canadian, forest products and chemical industries businesses into a single division, the Johnston, Rhode Island insurer said.

The Canada and specialty industries division will be headed by James P. O'Brien, formerly senior vice president and Central USA division manager.

Ken Lavigne, head of the insurer's Canada division, is retiring at year-end. Johnell R. Holly, currently operations senior vice president and manager of FM Global's New York operations, will succeed Mr. O'Brien as Central USA division manager.

Previously, the chemical industries and forest products operations were separate sectors within FM Global, a spokesman for the insurer said in an email.

Both are high-hazard industries that require specialized risk management expertise, he said.

## Injury recovery service teams with Coventry

■ PeerWell Inc., a San Francisco-based remote musculoskeletal recovery platform for injured workers, announced a partnership with Coventry Healthcare to offer custom care to injured workers facing surgery.

PeerWell captures information on injuries with remote patient monitoring, which it uses to customize individual care plans. Frontline case management teams can verify patient engagement and tailor treatment and continuity of care between the patient and stakeholders, according to a statement.

Tammy Brady, vice president of clinical product development at Coventry, said its surgical nurse liaisons and case management teams will have access to the PeerWell platform when surgery is recommended for an injured worker.

With PeerWell's daily digital PreHab and ReHab platform, injured workers are guided through a complete recovery centered on physical therapy, life management, nutrition, pain and wellness, and health literacy, according to PeerWell's statement.

## AmTrust, Employers added to quoting platforms

■ AmTrust Financial Services Inc. and Employers Holdings Inc. have been added to two commercial insurance quoting platforms.

New York-based Semsee Corp. announced that agencies will be able to receive AmTrust workers compensation insurance quotes and quotes on the



## Willis, insurers partner on real estate program

■ Willis Towers Watson PLC said it has partnered with nine insurers to offer a real estate program providing expanded property and liability coverages for several industries.

Coverage under the Real Estate Differentiated Broking Solutions program will be provided by Allianz SE, AmTrust Financial Services Inc., CNA Financial Corp., Crum & Forster, Hartford Financial Services Group, QBE Insurance Group Ltd., Sompo International Holdings Ltd., The Travelers Cos. Inc. and Zurich Insurance Group.

The program focuses on real estate holding and other investment offices, hotels, rooming houses, camps and other lodging, golf courses and shopping malls, Willis Towers Watson said in a statement.

Expanded property coverages available include a \$1 million limit for contingent time element, civil authority coverage with a five-mile radius and electronic vandalism coverage.

insurer's other product lines.

Spokane, Washington-based IBQ Systems Inc. said in a statement that Reno, Nevada-based Employers' workers compensation line has been added to its personal and commercial lines quoting platform.

## Zurich launches business travel product

■ Zurich North America announced a business travel accident insurance product aimed at helping employers protect their traveling employees in the event of

a health emergency.

The Schaumburg, Illinois-based insurer is offering "customizable coverages" that include emergency overseas medical care, medical and security evacuation and repatriation, and travel inconvenience. The product's 24/7 travel assistance service offers an app that includes destination intelligence, itinerary information, travel alerts and access to emergency services for covered employees.

The app also has a portal for employers that gives them a view of their traveling population and allows them to monitor potential risks as well as communicate with their travelers. Options on the app include a COVID-19 heat map.

According to a Zurich spokeswoman, COVID-19 would be considered like any other illness under its business travel accident policies.

## Mitchell International offers claims analysis tool

■ Mitchell International Inc. has launched a tool that allows workers compensation and auto casualty claims organizations that analyze medical provider treatment and billing behaviors to identify activities that may be connected to fraud, waste or abuse, the insurance software firm announced.

The provider data explorer tool visually depicts claims data to compare medical provider behaviors, as well as peer-to-peer comparisons to identify outlier claims, according to San Diego-based Mitchell.

The tool also tracks metrics related to provider behavior, including treatment duration and frequency, billing and adjustment tendencies and procedure code accuracy.

## Sedgwick unveils portal for COVID-19 reporting

■ Sedgwick Claims Management Services Inc. launched a COVID-19 intake portal intended to make it easier for California employers to report positive test results.

On Sept. 18, Gov. Gavin Newsom signed into law H.B. 1159, which took effect immediately and created a presumption for certain classes of workers who contracted COVID-19 that they did so on the job. The law also requires employers to calculate outbreaks using specific criteria and mandates that all positive tests from Sept. 18 onward be reported to their claims administrators within three business days. For positive COVID-19 cases between July 6 and Sept. 17, an employer has 30 days to report.

The Sedgwick portal is a cloud-based system that allows employers to record positive tests and exposure events to the third-party administrator online.

## DEALS & MOVES

### Arch to buy Bermuda reinsurer

Arch Capital Group Ltd. will acquire Watford Holdings Ltd. for approximately \$622 million, Arch said in a statement.

Bermuda-based Watford will continue to operate as a standalone business following the closing of the deal, which is expected in the first quarter of 2021, the statement said.

Arch, which founded Watford as a reinsurer with a nontraditional investment strategy in 2014 before later taking it public, owns approximately 13% of Watford's outstanding shares.

Marc Grandisson, Arch's president and CEO, said "we are pleased to deepen our existing strategic and financial investment" in Watford.

### Alera acquires Massachusetts agency

Alera Group Inc. said it has acquired Gordon Atlantic Insurance Agency.

Terms of the transaction were not disclosed.

Norwell, Massachusetts-based Gordon provides commercial and personal coverage to clients in the Northeast.

The broker will join Alera through its local firm Sylvia Group. Gordon has about 15 employees, who will continue in their roles.

### NFP expands in Europe with British broker buy

NFP Corp. acquired British broker Ernest R. Shaw Ltd., in a deal that expands its footprint in the European market, NFP said in a statement.

Terms of the deal were not disclosed. ER Shaw is a property/casualty broker that provides niche coverages, NFP said.

Principals Peter Miller and Graham Meacher will join NFP and report to John Paul Allcock, managing director of property/casualty at NFP.

### Worldwide Facilities purchases MGU

Wholesale insurance broker Worldwide Facilities LLC of Los Angeles has acquired managing general underwriter Hunt Jorgensen LLC of Maywood, New Jersey, Worldwide said in a statement.

Terms of the transaction were not disclosed.

The firm's Maywood office will be led by Dave Collins, senior vice president for Worldwide Facilities.



## Here's to returning to the old normal

The insurance and risk management sector has for decades revolved around a dependable calendar of events that bring people together to exchange ideas, make new contacts, learn about new trends and, of course, socialize.

Some were held in cavernous convention halls, others were at high-end resorts, and many were at more run-of-the-mill venues, but they all served the purpose of bringing together people in a business that is famously dependent on relationships.

Around this time of year, many people would be winding down their travel after a busy fall schedule, tossing the last broken tchotchke in the garbage and lamenting how many hours they'd spent on planes or in nondescript hotels.

But there were plenty of perks, too — many of us who were around when the Risk & Insurance Management Society Inc. held its annual conference in Honolulu still can't believe we were paid to go there.

All of this stopped in March when the COVID-19 pandemic hit. Numerous trade shows were abruptly canceled and others were moved online to avoid the risk of infection.

There's a lot to be said for the virtual conferences and webinars that were quickly organized to

help fill the gap that opened. When you are working from home, or as some say living at work, tuning in to hear expert panels offer insights into topics of interest at any time of the day and then seamlessly slipping back into your regular routine is easy, convenient and an efficient use of time.

But the educational element of conferences is only part of the experience. Meeting people you never expected to meet, hearing things you didn't expect to hear and developing business ties you hadn't thought to make have always been some of the main reasons for attending a conference.

While many online events include features such as virtual breakouts and meeting rooms, they are not the same and don't allow for the same level of interaction as live events.

As we start looking forward to 2021, the prospect of another year huddled at home or in a half-empty office logging in to watch another far-off keynote conference speaker stare into a computer camera is disheartening for many.

Fortunately, we are beginning to see signs that the industry is adapting and offering at least some level of personal interaction via local meetings with safety protocols strictly enforced, or hybrid meetings that offer attendees the option of attending live or virtually.

While we are all adapting to the new environment and enjoying some of the advantages that have arisen out of the mass experiment in new working conditions that was foisted upon us, it will be good to return to some of the old routines and see people in the flesh again. Anyway, isn't it about time RIMS went back to Hawaii?



**Gavin Souter**  
EDITOR

### COVID-19 TAKES TOLL ON INSURANCE CONFERENCES

Major U.S. insurance industry events canceled or made virtual in 2020

- ~~Captive Insurance Companies Association~~ – March **CANCELED**
- ~~Risk & Insurance Management Society Inc.~~ – May **CANCELED**
- ~~Public Risk Management Association~~ – June **CANCELED**
- Vermont Captive Insurance Association – August **VIRTUAL**
- Wholesale & Specialty Insurance Association – September **VIRTUAL**
- American Property Casualty Insurance Association – October **VIRTUAL**
- Insurance Leadership Forum – October **VIRTUAL**
- InsureTech Connect – October **VIRTUAL**
- American Society for Health Care Risk Management – October **VIRTUAL**
- Professional Liability Underwriting Society – November **VIRTUAL**

### VIEWPOINT

## Keeping up with the CDC

BY CLAIRE WILKINSON

[cwilkinson@businessinsurance.com](mailto:cwilkinson@businessinsurance.com)

Last month, the U.S. Centers for Disease Control and Prevention expanded its definition of who is a “close contact” of someone with COVID-19. Previously, the CDC defined a close contact as someone who had spent 15 minutes or more within six feet of an individual infected with the virus.

In its Oct. 21 update, the CDC changed this to “someone who was within six feet of an infected person for a cumulative total of 15 minutes or more over a 24-hour period starting from two days before illness onset — or, for asymptomatic patients, two days prior to test specimen collection — until the time the patient is isolated.” People who are considered close contacts are meant to quarantine and get tested for coronavirus.

The shift, which means three five-minute exposures over the course of a 24-hour period would meet the criteria of the expanded definition, broadens the scope of contacts of an infected individual who would need to be alerted and included in contact tracing. In doing so, it complicates what is already a tough situation for employers.

A case study published the same day on the CDC site describes how a 20-year old correctional officer in Vermont apparently contracted COVID-19 despite having never spent 15 consecutive minutes within six feet of individuals with coronavirus. The employee had 22 brief interactions with inmates who later tested positive for the virus for an estimated cumulative total of 17 minutes during his work shift.

During all interactions, the correctional officer wore a microfiber cloth mask, gown and eye protection. The inmates had worn masks for most interactions with the officer that occurred outside a cell

but did not wear masks during several encounters in a cell doorway or in the recreation room.

The officer reported no other known close contact exposures to individuals with COVID-19 outside work and no travel outside Vermont during the 14 days preceding illness onset. Community transmission was also relatively low at the time with just 20 cases per 100,000 individuals, the study said. The officer was the only one of 13 correctional employees who tested positive for coronavirus despite not meeting the definition of close contact, the CDC said.

The case “adds to the scientific knowledge of the risk to contacts of those with COVID-19 and highlights the importance of wearing face masks to prevent transmission,” the CDC said in a statement.

The study raises several questions such as whether all individuals were wearing their masks over their mouth and nose, whether exposure to the six inmates each at varying levels of contagiousness may have played a role, not to mention that this was just one case report.

With the CDC's expanded definition of close contact, the task of identifying people who may have been infected with the virus becomes more nuanced.

Employers, already facing numerous safety and liability challenges of reopening worksites while complying with social distancing requirements, may now need to track not only engagement between employees but also account for the cumulative total time spent together in the course of the workday. Brief encounters in hallways and breakrooms are all potential risk aggregators.

Employee health questionnaires, personal protective equipment, temperature checks and cleaning protocols are all preventive steps that companies can take before an employee even reaches their building or office floor. But the latest federal health guidance makes the question of how to keep a workplace safe even more complicated.



# Transgender CEO explains how her transition was business as usual



Wynne Nowland is CEO of Bradley & Parker Inc., a privately held insurance, risk management and financial services firm based in Melville, New York.

**O**n a sunny Tuesday following the long Memorial Day weekend of 2017, my morning routine began as it did every day. Rising at about 5:30 a.m., letting the dog out, making coffee and sitting down to enjoy it while skimming *The Wall Street Journal* and *The New York Times* with my giant Schnauzer curled up at my feet, as is her habit. Next up, my usual exercise outside in the warm months, followed by getting ready for work. Things started to feel a little different when I carefully applied my makeup. You see, this was the first day I would be going to work as a woman.

I'm a rarity in more ways than one. I've worked at the same insurance firm for over 30 years. Up until three years ago, I worked at Bradley & Parker as a man. And about six months before that sunny Tuesday, I had officially assumed the position of CEO after having unofficially led the firm for the previous few years due to the serious illness of our then president.

Before I walked in the door that first day, I had prepared some of my colleagues over the weekend with a series of messages and phone calls, and I sent an email to the entire staff a few hours before my arrival. The insurance industry is known for its conservative nature, and I had more than my fair share of trepidation as to how my colleagues would take my news. Knowing Bradley & Parker's employees and our company values, I shouldn't have worried. We've always been an inclusive and welcoming firm, with such policies as allowing women to work from home after childbirth long before telecommuting was in fashion. I was met that day with virtually universal support and more than a few hugs.

Of course, there were challenges, such as changing company documents, taking new headshots and the inevitable "bathroom question" that always seems to accompany any discussion of the transgender community. But they were all sorted out in very short order, pretty much without a blip. I was truly surprised at how easy the situation was handled at work. I've always strived to lead with empathy and mentor the team whenever possible, and I often think this allowed me to bank some goodwill with the employees. While I'm sure many didn't understand or totally agree with what I was doing, they were willing to give me the benefit of the doubt and let me transition into my most authentic self.

I'm humbled to report that the support I received was overwhelmingly positive, but I also received my share of haters. One particularly negative anecdote I recall completely backfired on the



perpetrator, a team member who had become disgruntled by a new hire and couldn't wait to gossip about my news with one of our competitors. Surprisingly to him, it resulted in one of the nicest emails of support I received from the CEO of that firm.

The next task was to alert our insurance carrier partners and major clients, most of whom I was still engaged with even after I had become the CEO. The response from them was much the same as it had been from our own team. I received many emails and calls of support wishing me the best and pledging that nothing in our business relationship would change. I was shocked the day after we notified all our business partners by the delivery of an expensive bottle of champagne courtesy of a favorite client.

*I think most of us believe that businesspeople should be judged for their performance on the job and their ethics rather than by their gender, sexuality, sexual orientation, skin color, social class, religion or age. Regrettably, though, we also know that frequently isn't the case.*

As I write this article, I have the benefit of perspective, as my transition happened three years ago. It pleases me now to share the feedback from employees, clients and partners wasn't some temporary facade to be politically correct, but rather genuine and solid support that, if anything, seems to be even stronger now. Our company has been able to grow by about 20%

during this time period, in what all of us in the insurance industry know is a very competitive environment. We've grown through some unique value-added services but mostly through the teamwork of our committed professionals.

Of course, this is how it should be. In my opinion, the gender representation of anyone should be a non-event. I think most of us believe that businesspeople should be judged for their performance on the job and their ethics rather than by their gender, sexuality, sexual orientation, skin color, social class, religion or age. Regrettably, though, we also know that frequently isn't the case.

For some reason, prejudices still remain. It is why this country still needs laws to protect people against discrimination in the workplace. This June, the Supreme Court heard a case that put one of those most important protections into jeopardy. To summarize, the court was ruling on whether Title VII of the 1964 Civil Rights Act applied to sexual orientation and gender presentation. In a 6-3 ruling, the court held that it did, and Justice Neil Gorsuch stated in his majority opinion: "Today, we must decide whether an employer can fire someone simply for being homosexual or transgender. The answer is clear. An employer who fires an individual for being homosexual or transgender fires that person for traits or actions it would not have questioned in members of a different sex. Sex plays a necessary and undisguisable role in the decision, exactly what Title VII forbids."

I think the six justices were in tune with the opinions of most citizens. That has certainly been my experience, as evidenced by the reactions and deeds of my teammates, clients and insurance carrier partners. It's business as usual here at Bradley & Parker.





“My goal is to add a seasoned perspective to a brokerage platform that will aggressively dedicate resources to client engagements and provide our clients with a consistent, individualized level of service.”

## UP CLOSE

### Larry Shapiro

**NEW JOB TITLE:** San Francisco-based senior vice president, mergers and acquisitions, team leader for representations and warranties insurance, Alliant Insurance Services Inc.

**PREVIOUS POSITION:** San Francisco-based senior vice president, mergers and acquisitions, Willis Towers Watson PLC.

**OUTLOOK FOR THE INDUSTRY:** August and September saw a marked uptick for both strategic and financial sponsor acquisitions in North America. This recent deal activity has been led by sectors that were less adversely impacted by the pandemic relative to the rest of the economy, including technology and software targets, as well as health care acquisitions. I agree with expectations that this increased deal activity will continue through the fourth quarter.

**GOALS FOR YOUR NEW POSITION:** My goal is to add a seasoned perspective to a brokerage platform that will aggressively dedicate resources to client engagements and provide our clients with a consistent, individualized level of service as we help them navigate the transactional insurance market.

**CHALLENGES FACING THE INDUSTRY:** This year’s events have challenged our industry, just as it has challenged the broader M&A market and the global community at large. Locally, the transactional insurance industry has experienced new trends in coverage scope and pricing, more significant claims activity, changes to the underwriting options available to clients, as well as new risks with which buyers, sellers and underwriters alike must contend.

**FIRST EXPERIENCE:** My first exposure to transactional liability insurance was as counsel to an institutional investor.

**ADVICE FOR A NEWCOMER:** Hop on in; the water’s fine. Seriously, having recently transitioned positions myself, I think quite highly of any newcomer willing to gamble on themselves in these times.

**DREAM JOB:** If I could blink and have younger knees, I would be a combination mountain guide/camp chef/sommelier.

**LOOKING FORWARD TO:** Is it too on-the-nose to say, “Seeing people, in person?”

**COLLEGE MAJOR:** Sociology. While it never helped me in interviews, it sure does help keep things in context these days.

**FAVORITE MEAL:** I’m a big fan of fairly simple foods with terrific ingredients. And I moved from Brooklyn to Berkeley, so local sourcing is now fully ingrained in me. With that in mind, meatball parmesan wins out over everything else.

**FAVORITE BOOK:** My favorite is still “The Count of Monte Cristo.” It has everything: career advancement, love, hope, betrayal, imprisonment, despair, friendship, escape, riches, prestige, tons of suspense and, of course, patience and revenge.

**HOBBIES:** Besides mastering the art of tuning out cartoon soundtracks, I enjoy taking advantage of what the NorCal outdoors can offer. Hiking, cycling, tennis, camping and a beginner’s attempt at gardening rounds out my list of hobbies these days.

**TV SHOW:** It’s a toss-up between “Deadwood” and “Curb Your Enthusiasm.” I struggle with every episode of “Curb,” but you grow to love the discomfort. And then there’s “Deadwood” — it’s hard to sum up why it’s so great. Perhaps it’s the mix of the bare brutality and the not-so-subtle need for society. Or maybe it’s just the fear of pigs.

**ON A SATURDAY AFTERNOON:** Saturdays usually start with an early morning hike, which bleeds into a farmer’s market trip, a scolding about bringing home too many things, and then I practice tuning out those cartoon songs.

## SEE MORE ONLINE

Visit [www.businessinsurance.com/ComingsandGoings](http://www.businessinsurance.com/ComingsandGoings) for a full list of this month’s personnel moves and promotions. Check our website daily for additional postings and sign up for the weekly email. *Business Insurance* would like to report on senior-level changes at commercial insurance companies and service providers. Please send news and photos of recently promoted, hired or appointed senior-level executives to [editorial@businessinsurance.com](mailto:editorial@businessinsurance.com).

## ON THE MOVE



MedRisk LLC named **Danielle Lisenbey** president, replacing Ken Martino, who was promoted to CEO in September. Ms. Lisenbey, based in King of

Prussia, Pennsylvania, had been global president of Broadspire Services Inc. Ms. Lisenbey was named in *Business Insurance*’s Women to Watch in 2013.



Chubb Ltd. appointed New York-based **Nandini Mani** executive vice president, claims for overseas general insurance. Previously, Ms. Mani was deputy general counsel and head

of global litigation, the statement said.



AF Group’s Accident Fund Insurance Company of America named Lansing, Michigan-based **Steve Cooper** to the new role of president of AF Group’s workers compensation division.

Previously, Mr. Cooper was president of AF Group’s United Wisconsin Insurance Co. and Third Coast Insurance Co.



Swiss Re Corporate Solutions named New York-based **Laura Coppola** global head of its financial and professional liability business. Previously, Ms. Coppola was

head of casualty and financial and professional liability, North America. Ms. Coppola was named among the 2018 *Business Insurance* Women to Watch.



Sedgwick Claims Management Services Inc. named Chicago-based **John Stanzi** president of casualty operations for the Americas. Mr. Stanzi, previously managing

director, will take over the role from Jim Ryan, previously named chief operations officer of the Americas.



Marsh LLC appointed Philadelphia-based **Katherine Keefe** to the new position of U.S. cyber incident management leader. Previously, Ms. Keefe was head of breach

response services for Beazley PLC and before that was a health care attorney.



**BUSINESS INSURANCE**

# BEST PLACES TO WORK 2020



## Best Places program lists leading insurance industry firms

**B**est Places to Work in Insurance is an annual feature presented by *Business Insurance* and Best Companies Group that ranks the agents, brokers, insurers and other providers with the highest levels of employee engagement and satisfaction.

The 2020 report features 100 companies of various sizes, from 25 employees to more than 7,500. What these honorees have in common is a commitment to attracting, developing and retaining great talent through a combination of culture, benefits and other programs that their employees value.

Harrisburg, Pennsylvania-based Best Companies Group identifies the leading employers in the insurance industry

by conducting a free two-part assessment of each company. Through an employer questionnaire on policies, practices and demographics and a confidential employee survey, Best Companies Group assembles the data points and analyzes them according to eight core focus areas:

- Leadership and planning
- Corporate culture and communications
- Role satisfaction
- Work environment
- Relationship with supervisor
- Training, development and resources
- Pay and benefits
- Overall engagement

The program divides employers into the categories of small, or those with 25-249 employees; medium, for organizations with 250-999 employees; and large, those with 1,000 or more employees. The 2020 overall winners, by employer size, are:

- S** Burnham Benefits Insurance Services
- M** Assurance
- L** West Bend Mutual Insurance Company

The following report highlights what makes these and other companies in the insurance industry among the best places to work.

LARGE EMPLOYER CATEGORY (1,000+ U.S. Employees)				SMALL EMPLOYER CATEGORY (25-249 U.S. Employees)					
Rank	Company	U.S. Employees		Rank	Company	U.S. Employees			
1	West Bend Mutual Insurance Company	1,363		1	Burnham Benefits Insurance Services	114	35	Reliance Partners LLC	113
2	Lockton Companies	5,036		2	Cavignac & Associates Insurance Brokers	59	36	Fred C. Church Insurance	163
3	CBIZ Benefits and Insurance Services, Inc.	1,477		3	Pritchard & Jerden	92	37	MGIS	63
4	Philadelphia Insurance Companies	1,992		4	Captive Resources	224	38	White & Associates Insurance Agency	79
5	NFP Corp	3,705		5	Lipscomb & Pitts Insurance LLC	128	39	Transtar Insurance Brokers, Inc.	35
6	Higginbotham	1,159		6	McConkey Insurance & Benefits	101	40	BKCW Insurance	40
7	AF Group	1,540		7	Socius Insurance Services, Inc.	79	41	C3 Risk & Insurance Services	62
8	USI Insurance Services	7,578		8	RBN Insurance Services	35	42	Liberty Insurance Associates, Inc.	32
9	Ryan Specialty Group	2,426		9	Simply Business	128	43	QEO Insurance Group	96
10	Risk Strategies	1,864		10	VAST	51	44	IPMG	114
11	Shelter Insurance Companies	1,990		11	Connor & Gallagher OneSource (CGO)	83	45	The Plexus Groupe LLC	118
12	Everest Re Group, Ltd.	1,368		12	Cobbs Allen	212	46	Rockingham Insurance Company	95
13	Risk Placement Services	1,713		13	RogersGray	200	47	Simkiss & Block	55
				14	One Agents Alliance (OAA)	25	48	VUMI Group	51
				15	MassMutual Arizona	85	49	Outline Insurance Inc	29
				16	SIG	69	50	Odell Studner	59
				17	Commercial Insurance Group LLC dba BIGFOOT INSURANCE	49	51	Avalon Risk Management Insurance Agency LLC	130
				18	Sterling Seacrest Partners	192	52	Prime Insurance Company	168
				19	The Partners Group, Ltd.	165	53	Rathbone Group LLC	76
				20	Associated Insurance and Risk Management Advisors	89	54	Frank Winston Crum Insurance	55
				21	American Global LLC	73	55	Lyons Companies	44
				22	Plastridge Insurance	85	56	Wallace Welch & Willingham Inc.	111
				23	Sahouri Insurance	51	57	AHT Insurance	200
				24	The Ashley Group	25	58	Deeley Insurance Group	60
				25	ECBM Insurance Brokers & Consultants	80	59	WNC Insurance Services, Inc.	232
				26	Kapnick Insurance Group	173	60	Bold Penguin	104
				27	Virtual Benefits Administrator	56	61	A.I.M. Mutual Insurance Companies	179
				28	Virtus LLC	42	62	The WRC Group	100
				29	Christensen Group, Inc.	151	63	Signal Administration, Inc.	63
				30	Apex Benefits	69	64	Texas Municipal League Intergovernmental Risk Pool	247
				31	SET SEG	85	65	Scottish American	164
				32	Networked Insurance Agents LLC	111	66	VGM Insurance & Financial Solutions Inc	58
				33	American Integrity Insurance Group LLC	238	67	Davies	134
				34	One General Agency	41	68	MarketScout	53
							69	Berkley Industrial Comp	50
							70	Acclamation Insurance Management Services	186





# BEST PLACES TO WORK 2020

## Large employer (1,000+ employees)

### West Bend Mutual Insurance Company

West Bend Mutual Insurance Company is the top-ranked large employer in the 2020 Best Places to Work in Insurance. The West Bend, Wisconsin-based company has more than 1,300 associates and has been in business for over 125 years. Its associates especially value West Bend's support for the community and encouragement of volunteerism, as well as

its flexible, family-oriented benefits.

**Lockton Companies**, a longtime Best Places to Work in Insurance honoree, took second place in the large-employer category for the second consecutive year. Among the things Lockton's more than 5,000 U.S. associates value are its culture of service and caring, celebration of individual achievements and social

events. For the second year, Lockton has offered Associate Dreams, a program that celebrates associates by providing time and/or money to make a goal reality.

**CBIZ Benefits and Insurance Services, Inc.** earned third-place honors among large employers for the second straight year as a Best Place to Work in Insurance. Cleveland, Ohio-based CBIZ has nearly 1,500 employees,

who strongly value the firm's flexible work benefits, relaxed

dress code and volunteering program.



West Bend Mutual employees send off a graduate of Project Search, an internship and employability training program for young adults with disabilities.



West Bend Mutual employees practice social distancing while making masks for field associates.

1

2

3

**West Bend Mutual Insurance Company**

**Lockton Companies**

**CBIZ Benefits and Insurance Services, Inc.**

## Medium employer (250-999 employees)

### Assurance

A longtime honoree as a Best Place to Work, Assurance earned honors in the medium size category of Best Places to Work in Insurance. The Schaumburg, Illinois-based agency has 530 employees, who value the firm's branded perks program, a culture of helping workers recharge with onsite fitness and recreational equipment, and paid time off for volunteering.

Chicago-based **Origami Risk** was the runner-up in the medium size category. The provider of cloud-based risk

management software has a people-centered culture that has earned it honors as a Best Place to Work in Insurance for three straight years. Founded in 2009, Origami today has 291 employees, who value the company's frequent recognition of individual achievements, focus on empowering employees, and an annual colleague conference.

Third place went to **IMA Financial Group**. The Denver, Colorado-based brokerage was established more than 40 years ago. Its 800 associates



Group outings in 2019 were one way Assurance helped its employees unwind.

value IMA's commitment to supporting communities and its flexibility in helping

associates strike a balance between their professional and personal lives.

1

**Assurance**

2

**Origami Risk**

3

**IMA Financial Group**

## Small employer (25-249 employees)

Top honors in the small-employer category of Best Places to Work in Insurance went to **Burnham Benefits Insurance Services** (see

profile on next page). In second place in the category was **Cavnac & Associates Insurance Brokers**, a San Diego-based brokerage firm

with 59 employees. **Pritchard & Jerden**, an Atlanta-based brokerage with 92 employees, placed third.

1

**Burnham Benefits Insurance Services**

2

**Cavnac & Associates Insurance Brokers**

3

**Pritchard & Jerden**



A wine tasting was a popular event in 2019 for these Burnham Benefits Insurance Services employees.



# BEST PLACES TO WORK 2020



## Insurers/Providers

### Euler Hermes

Euler Hermes USA, a Baltimore, Maryland-based trade credit insurance subsidiary of Germany's Allianz S.E., is the top insurer/provider in the 2020 Best Places to Work in Insurance. Earning recognition as a Best Place to Work for the second straight year, Euler Hermes USA focuses on helping businesses manage risks to their accounts receivable,

protect against bad debt and enhancing working capital. The company's 380 employees particularly enjoy its paid parental leave, flexible telecommuting and working hours, and culture of training and lifelong learning. Euler Hermes USA also offers employees international mobility, to live in other countries and develop their careers.



Euler Hermes employees, wearing red, show their passion for making a difference for their customers and community.

### Agents/Brokers

#### BEST PLACES TO WORK IN INSURANCE 2020: AGENTS/BROKERS

Rank	Company	U.S. Employees	Rank	Company	U.S. Employees
1	Burnham Benefits Insurance Services	114	39	Transtar Insurance Brokers, Inc.	35
2	Cavnignac & Associates Insurance Brokers	59	40	Holmes Murphy	992
3	Pritchard & Jerden	92	41	Lockton Companies	5,036
4	Assurance	530	42	BKCW Insurance	40
5	Lipscomb & Pitts Insurance LLC	128	43	C3 Risk & Insurance Services	62
6	McConkey Insurance & Benefits	101	44	Liberty Insurance Associates, Inc.	32
7	Socius Insurance Services, Inc.	79	45	QEO Insurance Group	96
8	RBN Insurance Services	35	46	IPMG	114
9	Simply Business	128	47	BXS Insurance	645
10	VAST	51	48	CBIZ Benefits and Insurance Services, Inc.	1,477
11	Connor & Gallagher OneSource (CGO)	83	49	Baldwin Risk Partners	848
12	Cobbs Allen	212	50	The Plexus Groupe LLC	118
13	RogersGray	200	51	Propel Insurance	347
14	One Agents Alliance (OAA)	25	52	Simkiss & Block	55
15	MassMutual Arizona	85	53	VUMI Group	51
16	SIG	69	54	Outline Insurance, Inc.	29
17	Commercial Insurance Group LLC, dba Bigfoot Insurance	49	55	SageSure	300
18	Sterling Seacrest Partners	192	56	Odell Studner	59
19	The Partners Group, Ltd.	165	57	Avalon Risk Management Insurance Agency LLC	130
20	Associated Insurance and Risk Management Advisors	89	58	PayneWest Insurance	701
21	American Global LLC	73	59	NFP Corp.	3,705
22	Plastridge Insurance	85	60	Lyons Companies	44
23	Sahouri Insurance	51	61	Higginbotham	1,159
24	The Ashley Group	25	62	Wallace Welch & Willingham, Inc.	111
25	ECBM Insurance Brokers & Consultants	80	63	Paychex Insurance Agency	947
26	Kapnick Insurance Group	173	64	AHT Insurance	200
27	IMA Financial Group	800	65	USI Insurance Services	7,578
28	Brown & Riding	287	66	Ryan Specialty Group	2,426
29	Hylant	745	67	Deeley Insurance Group	60
30	Virtus LLC	42	68	WNC Insurance Services, Inc.	232
31	Christensen Group, Inc.	151	69	INSURICA	566
32	Apex Benefits	69	70	Risk Strategies	1,864
33	Networked Insurance Agents LLC	111	71	Signal Administration, Inc.	63
34	One General Agency	41	72	Scottish American	164
35	Reliance Partners LLC	113	73	VGM Insurance Services	58
36	Fred C. Church Insurance	163	74	Risk Placement Services	1,713
37	MGIS	63	75	Davies	134
38	White & Associates Insurance Agency	79	76	MarketScout	53
			77	Acclamation Insurance Management Services	186

#### BEST PLACES TO WORK IN INSURANCE 2020: INSURERS/PROVIDERS

Rank	Company	U.S. Employees
1	Euler Hermes	380
2	SET SEG	85
3	American Integrity Insurance Group LLC	238
4	Amerisure	695
5	West Bend Mutual Insurance Company	1,363
6	Philadelphia Insurance Companies	1,992
7	Rockingham Insurance Company	95
8	Continental Western Group	262
9	Prime Insurance Company	168
10	Tokio Marine America	335
11	Frank Winston Crum Insurance	55
12	AF Group	1,540
13	A.I.M. Mutual Insurance Companies	179
14	The WRC Group	100
15	Shelter Insurance Companies	1,990
16	Texas Municipal League Intergovernmental Risk Pool	247
17	Everest Re Group, Ltd.	1,368
18	Berkley Industrial Comp	50

### Burnham Benefits Insurance Services

Irvine, California-based benefits brokerage and consulting firm Burnham Benefits Insurance Services is the top agent/broker in the 2020 Best Places to Work in Insurance. Since 2013, Burnham has appeared annually on the list of Best Places to Work. Burnham's more than 100 employees appreciate their employer's

commitment to social and environmental performance, career development programs, work/life harmony and year-round celebrations. As a certified B Corp, Burnham is recognized for meeting standards of community engagement and environmental performance, accountability and transparency.



Burnham Benefits Insurance Services employees gathered in 2019 to help Habitat for Humanity build homes.





# BEST PLACES TO WORK 2020

## How insurance firms attract talent

What does it take to join the list of the Best Places to Work in Insurance? A number of attributes set apart the companies on the 2020 list. One frequently cited quality is flexibility, which honorees demonstrated heroically during the coronavirus pandemic. Many of the Best Places to Work in Insurance have flexible work policies, which were widely used as governments imposed lockdowns and quarantines to contain the pandemic.

While employees also appreciate perks and amenities, a longer-lasting component of satisfaction stems from honorees' focus on cultures of employee engagement and career development.

Best Companies Group analyzes the responses to confidential employee surveys in eight core areas. These areas show significant differences between the best employers and those that did not make this year's list:

**Leadership and planning.** This area includes understanding of the company's strategy, confidence in leadership, adequate planning and follow-through and care about employees' well-being. For all companies on the 2020 list, the number of positive responses in this area averaged 91%, vs. 82% for companies that failed to

make the list.

**Corporate culture and communications.**

Components of this area include clear and frequent communication, trust, a spirit of cooperation, a feeling that employees are valued and a culture of diversity. Positive responses averaged 90% for companies on the list, and 81% for other companies.

**Role satisfaction.** This area looks at how employees like the work they do, their ability to balance work and life, and whether they feel valued and part of a team. Positive responses averaged 91% for the top employers, vs. 87% for others.

**Work environment.** Positive responses about physical working conditions, comfort and safety averaged 94% for the top employers and 91% for others.

**Relationship with supervisor.** Fairness, respect, trust and feedback are elements of this area. For the Best Places to Work, positive responses averaged 92%, vs. 88% for other employers.

**Training, development and resources.** Initial and ongoing training, adequate and dependable equipment, room to advance and promotions for good work are among the components of this area. Positive responses for the top employers averaged 85%, vs. 80% for others.

**Pay and benefits.** Fair compensation and satisfaction



Cavignac & Associates Insurance Brokers team members volunteer at an annual surf clinic for the Challenged Athletes Foundation.

with benefits such as paid vacation, health care, dental and retirement plans are among the components of this area. For the Best Places to Work in Insurance, positive responses averaged 89%, and 77% for other employers.

**Overall engagement.** This area includes employees' overall satisfaction with the employer, a sense of pride in working there, willingness to give extra effort, willingness to recommend the employer's products or services, and recommend working there to others. Positive responses here averaged 93% for the Best Places to Work in Insurance, and 87% for employers not on the list.

### HOW TO GET INTO BPTW

To participate in the Best Places to Work program, an organization must:

- Be a for-profit or non-profit business
- Be publicly or privately held
- Have a facility in the United States
- Employ at least 25 people in the United States
- Be in business for at least 1 year

Eligible insurance organizations are: retail agents/brokers, wholesale brokers/managing general agents, reinsurance intermediaries, claims services companies, benefit brokers and consultants, property/casualty insurers, group life/health insurers, and reinsurers. Non-profit insurance associations or service organizations aligned with the commercial insurance industry also are eligible.

**For more information and to participate in the 2021 program, please contact Susan Stilwill at 312-636-7222 or [sstilwill@businessinsurance.com](mailto:ssstilwill@businessinsurance.com), or visit [www.bestplacestoworkins.com](http://www.bestplacestoworkins.com).**



A frequent sight for employees at all of this year's Best Places to Work, video conferences kept SET SEG team members connected as they worked remotely.

VIEW THIS YEAR'S FULL LISTING AT  
[BusinessInsurance.com/BPTW2020](http://BusinessInsurance.com/BPTW2020)

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## Work-from-home TP conundrum

**T**he next pandemic toilet-paper concern: Who pays for it for work-from-home employees?

The wire service Reuters took a stab at the question: “As the world convulses in crisis, and tens of millions of us dig in for the long haul of working from home, one question looms large: Who pays for the coffee, tea and toilet paper?”

Reporting from Amsterdam, the answer there is: the employer, to the tune of two euros, or \$2.40, per day. The wire service then quoted a researcher who came up with the number:

“That’s meant to cover not only coffee, tea and toilet paper used in work hours, but also the extra gas, electricity and water, plus the depreciation costs of a desk and a chair — all essentials that you’d never dream of paying for in the office.”

## In HOA, mulch ado about nothing

**T**here’s the pandemic and natural disasters, and now this: a homeowners’ association in Littleton, Colorado, is at war with a resident over the color of his garden mulch.

Homeowner Isaac Puckett filed a countersuit against his HOA, which is suing him for damages over a choice of garden mulch that is not in line with the “red cedar gorilla hair” mulch that is pre-approved, the Denver Channel reported.

Mr. Puckett alleges he put in an application with the HOA to do some garden work in front of his townhouse. When he didn’t hear back, he started the work and after completing the project, the HOA came back rejecting his request.

The HOA said in a lawsuit filed over the summer that his choice of black mulch wasn’t the recommended type.

“They are asking for damages for the community,” Mr. Puckett said.



# RENAISSANCE MAN ENSURING HIMSELF A SECOND CAREER



www.jimstanardmusic.com

**“I**nsurance Legend Cuts Second Album” is not a headline most of us thought we’d ever see, but here we are.

Jim Stanard, founder of Renaissance Re, and until recently chairman of TigerRisk Partners LLC, has released his second album, “Color Outside the Lines.”

Mr. Stanard founded Renaissance Re in 1993 and in 2008 teamed with Rod Fox to form broker/adviser TigerRisk Partners.

An early wont for music gave way to a career in insurance but never entirely left the 71-year-old former executive.

“I always felt that music was my unfinished business,” he said. “I played a lot in the ‘60s and early ‘70s, but then I got busy with other stuff” — stuff that eventually became Ren Re and TigerRisk.

## Ill-planned scene got carried away

**F**reeze! This is really bad television production planning.

A jewelry heist scene for “NCIS: New Orleans” got real when officers with the neighboring St. Bernard Parish Police Department — alerted by a business owner unaware gun-toting actors were shooting a scene — showed up and pointed guns at the actors, who are suing CBS, according to media reports.



Two actors and the jewelry store owner filed their lawsuit in Los Angeles alleging they were misled into shooting the scene at a strip mall without gaining necessary permits.

The network has filed a motion to dismiss, arguing that the case should have been filed in Louisiana and not California, according to reports.



## ‘Dog phobia’ comp claim lacks bite

**A**meter reader in Cathlamet, Washington, claimed she could not go back to work because of a dog bite and subsequent post-traumatic stress disorder was found to have six dogs at home and a different diagnosis — malingering — according to her doctor.

Linda Lashell Jordan was charged with workers compensation fraud after collecting \$186,000 for her injury and subsequent mental health diagnosis that she claimed left her unable to work because she would faint at the sight of dogs, the Washington State Department of Labor and Industries charged.

The department began investigating her in 2018, more than a decade after she was bitten by a dog while working for the Pacific County Public Utility District and four years after claiming her “dog phobia” made her disabled. An investigator visited her home and was greeted by three small French bulldogs. Later, he watched her three large boxers swarm around her, according to the department.

# WOMEN TO WATCH

#BI\_WOMENTOWATCH

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- Sophia Dunér**, Aon Reinsurance Solutions
- Nina Duft**, American International Group Inc.
- Jackie Hyde**, Stanmore Insurance Brokers Ltd.
- Victoria Jewell**, McLarens Global Ltd.
- Tracy Lee Kus**, Aon PLC
- Vered Lobel**, American International Group UK Ltd.
- Kera McDonald**, Swiss Re Corporate Solutions
- Melanie O'Neill**, Liberty Specialty Markets
- Nilay Ozden**, Marsh Ltd.
- Petra Riga**, Zurich Insurance Group
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