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# HALL OF FAME

35 of the insurance industry's  
most visionary leaders

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Where to find the money  
to finance your agency's  
growth strategy

## GET WITH THE PROGRAM

What's happening in the  
program business space –  
and why agents should care

## TIME FOR FRESH BLOOD?

The industry's  
prospects for new talent  
in the year ahead





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### SPECIAL REPORT

## HALL OF FAME 2017

IBA presents 35 leaders whose unparalleled achievements, successful track records and tireless community service have made them standouts in the insurance industry

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# Learning from disaster season

**W**hether it was the diabolical rainfall of Hurricane Harvey, the drama of Irma or the devastation of two successive earthquakes in Mexico, disaster season has struck North America, leaving destruction in its wake. Insurance, of course, is meant to pick up the pieces and help put lives together again – but instead, frustration often swirls over the level of service provided when the public needs it the most.

“I find it somewhat amusing, seeing these [other] agencies on Facebook, saying, ‘We don’t have any power; place your claims direct,’” David Vaandering, owner of M&L Insurance Agency in southeast Florida, told *IBA* shortly after Hurricane Irma. “Really? Pre-storm, they have their cellphones everywhere, saying, ‘Call me for a quote anytime; I’m always available.’ I just don’t run my business like that. This is the time we’ve got to be here.”

## The insurers and brokers who don’t deliver when the going gets tough risk undermining what has been a strong response from the industry

The insurers and brokers who don’t deliver when the going gets tough risk undermining what has been a strong response from the industry in spite of significantly stretched resources. Even Irma, deemed the lesser of the two hurricanes in terms of impact to the US mainland, was estimated to have prompted \$3.1 billion in claims by September 22, according to Florida’s Office of Insurance Regulation. Despite the huge burden, however, insurers reportedly donated more than \$15 million out of their own pockets to relief efforts in Texas and Florida.

Still, it’s clear there are lessons to be learned from the back-to-back disasters – especially in regard to flood insurance. “The flood insurance situation needs to be completely redone,” Allstate CEO Tom Wilson said at an investor conference in New York in September, adding that he would like to see a streamlined system that covers flood and wind damage, rather than the current “patchwork” of federal flood insurance and some state-backed insurers covering wind and hail.

The existing National Flood Insurance Program was reportedly \$25 billion in debt even before the hurricanes hit, so it’s clear reform – but what should that look like? If you want to have your say and hear from the experts about how to better respond when the next flood-focused catastrophe strikes, make sure you attend our Future of Flood Summit in Miami on November 16. Full details can be found at [futureoffloodsummit.com](http://futureoffloodsummit.com).

*The team at Insurance Business America*

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### EDITORIAL

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Paul Lucas

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Sam Boyer, Jordan Lynn, Bethan Moorcraft,  
Lucy Hook, Ryan Smith

### News Writers

Lyle Adriano, Louie Bacani, Krizzel Canlas,  
Terry Gangcuangco, Mina Martin, Gabriel Olano

### Staff Writers

Tim Garratt, Hannah Go, Libby McDonald,  
Joe Rosengarten, Heather Turner

### Copy Editor

Clare Alexander

### CONTRIBUTORS

Andrew Barile

### ART & PRODUCTION

**Design Manager** Daniel Williams

**Designer** Joenel Salvador

**Production Manager** Alicia Chin

**Traffic Manager** Ella Dayandante

### SALES & MARKETING

**Vice President** Cathy Masek

**Media Sales Managers** Chris Wills, Chris Anderson, Desiree McCue, Megan Roth

**Mktg & Comms Manager** Lisa Narroway

### CORPORATE

**Chief Executive Officer** Mike Shipley

**Chief Operating Officer** George Walmsley

**Chief Information Officer** Colin Chan

**Human Resources Manager** Julia Bookallil

### Editorial Inquiries

[paul.lucas@keymedia.com](mailto:paul.lucas@keymedia.com)

### Subscription Inquiries

[subscriptions@keymedia.com](mailto:subscriptions@keymedia.com)

### Advertising Inquiries

[cathy.masek@keymedia.com](mailto:cathy.masek@keymedia.com), [chris.wills@keymedia.com](mailto:chris.wills@keymedia.com),  
[chris.anderson@keymedia.com](mailto:chris.anderson@keymedia.com), [megan.roth@keymedia.com](mailto:megan.roth@keymedia.com)



Key Media

7807 E. Peakview Ave., Suite 115  
Centennial, CO 80111, USA

tel: +1 720 316 0151 [www.keymedia.com](http://www.keymedia.com)

Offices in Denver, London, Toronto, Sydney, Auckland, Manila, Singapore, Bengaluru

**Insurance Business America is part of an international family of B2B publications and websites for the insurance industry**

### Insurance Business Canada

[john.mackenzie@kmimedia.ca](mailto:john.mackenzie@kmimedia.ca) T +1 416 644 8740

### Insurance Business UK

[jonathan.connelly@keymedia.com](mailto:jonathan.connelly@keymedia.com) T +44 20 7193 0935

### Insurance Business Australia

[peter.smith@keymedia.com.au](mailto:peter.smith@keymedia.com.au) T +61 2 8437 4700

### Insurance Business NZ

[peter.smith@keymedia.com.au](mailto:peter.smith@keymedia.com.au) T +61 2 8437 4700

### Insurance Business Asia

[peter.smith@keymedia.com.au](mailto:peter.smith@keymedia.com.au) T +61 2 8437 4700

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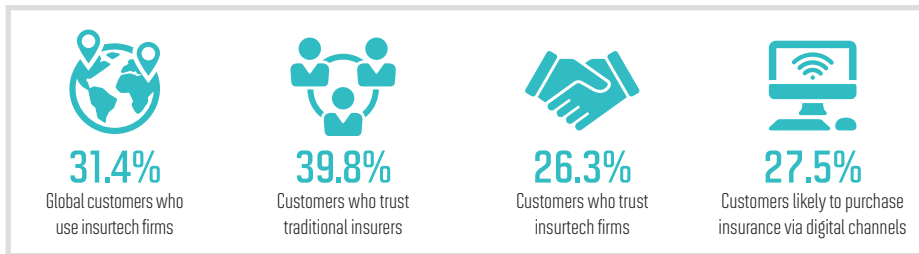
STATISTICS

# Cracking the code

Making the most of digital channels requires understanding young, tech-savvy consumers

**CONSUMERS** – especially young, tech-savvy ones – are forcing global insurers to alter long-held business practices. The 2017 World Insurance Report highlights a distinct preference among all consumers for tech-enabled services such as the ability to renew or cancel policies online or get instant claims notifications via a mobile app.

Tech-savvy millennials are leading the charge: Across the board, more than two-thirds of this group expressed a desire for tech-friendly services from their insurers. That's hardly surprising, given that last year's World Insurance Report revealed that more customers were likely to access their insurer via a computer (33.2%) than an agent (30.6%).

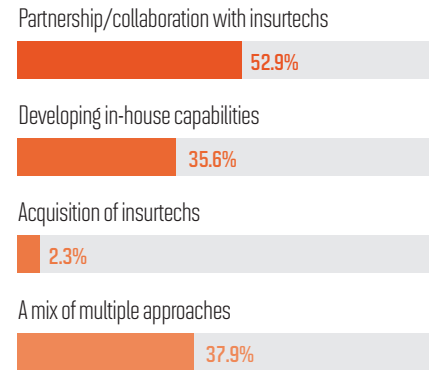


Source: Capgemini and EY, World Insurance Report 2017

## INSURANCE VERSUS INSURTECH

Insurtech is often feared as a fierce competitor to traditional insurance firms, but the consumers surveyed for the World Insurance Report rated traditional insurers higher than insurtechs in a number of areas, including fraud protection and personal interaction. Cost, efficiency and social networking were the primary areas where insurtech firms won consumers' hearts and minds.

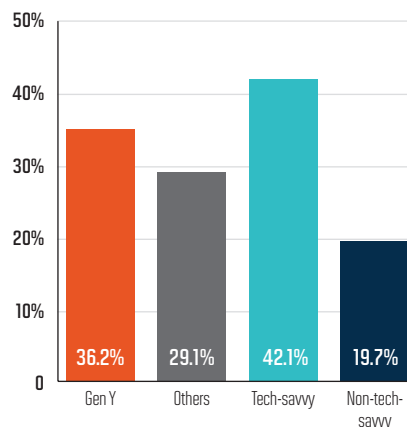
## HOW INSURERS LEVERAGE TECH



## LIKELY TO BUY

Tech-savvy consumers offer a golden opportunity for insurers – they're twice as likely to buy multiple products from the same company.

### Customer likelihood to buy additional products

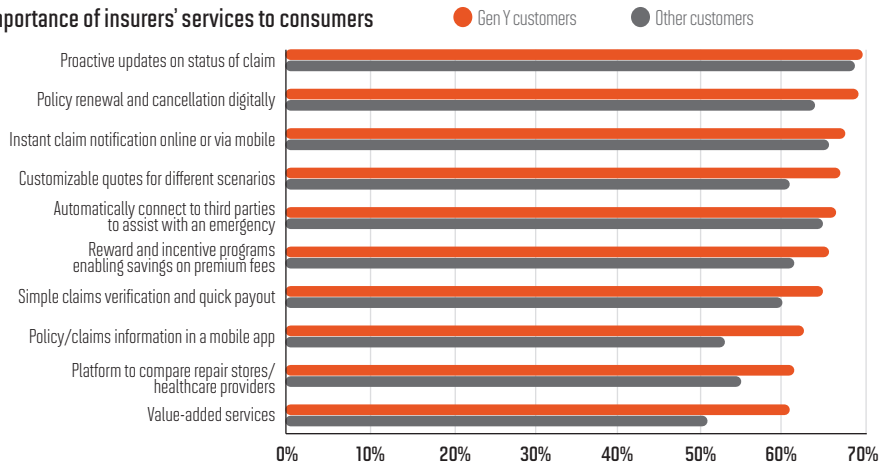


Source: Capgemini and EY, World Insurance Report 2017

## APPEALING TO GEN Y

Younger customers want to be reached in a variety of ways, and older customers often weren't far behind in expressing the same desire. This suggests that insurance firms wanting to attract new customers would do well to respond to the growing demand for digital touchpoints.

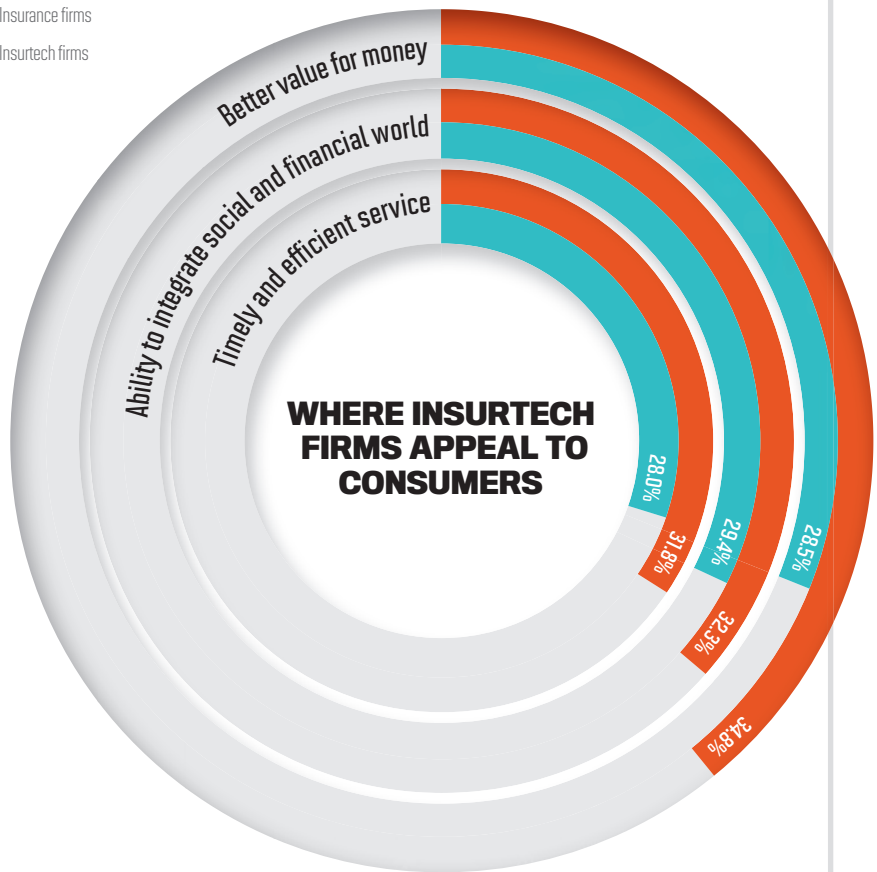
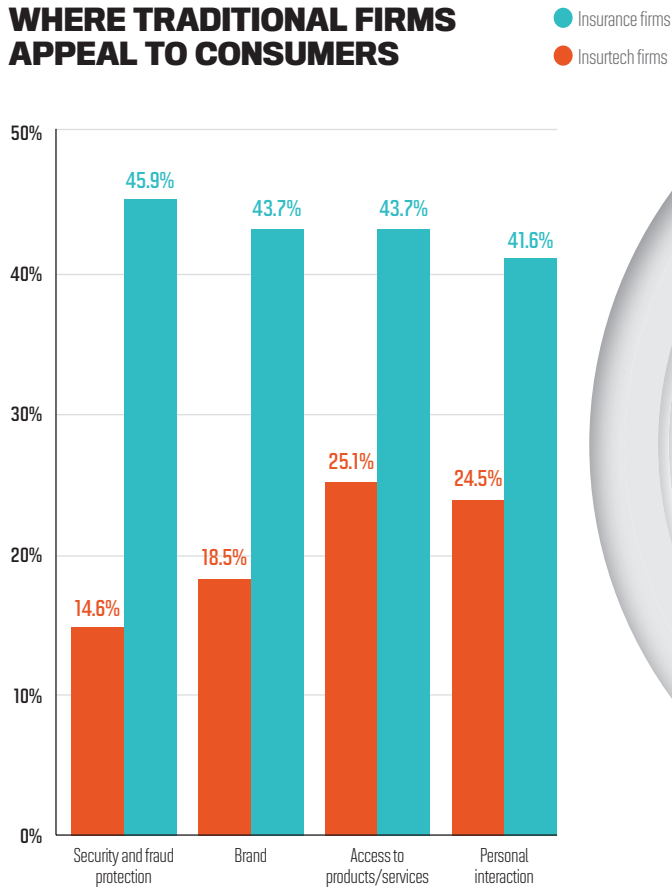
### Importance of insurers' services to consumers



Source: Capgemini and EY, World Insurance Report 2017



## WHERE TRADITIONAL FIRMS APPEAL TO CONSUMERS

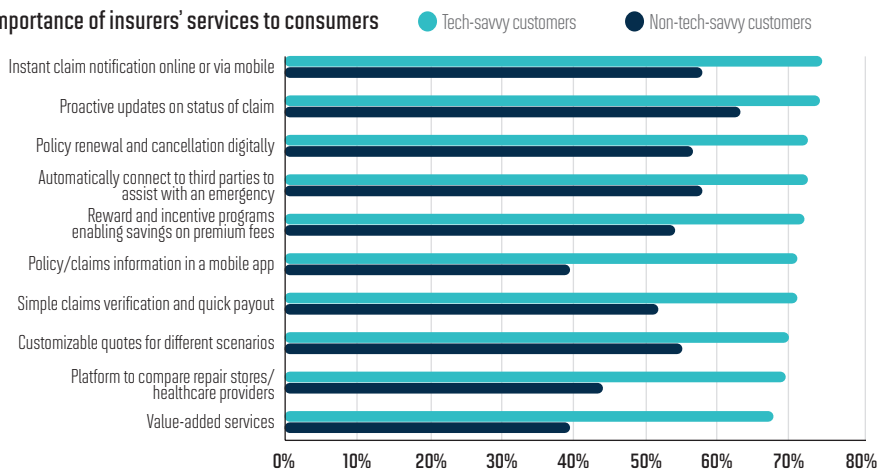


Source: Capgemini and EY, World Insurance Report 2017

## COURTING THE TECH-SAVVY

The priorities of tech-savvy versus non-tech-savvy consumers were more divergent. While many tech-savvy consumers unsurprisingly placed great importance on the availability of digital transactions, fewer than half of their non-tech-savvy counterparts were interested in services like mobile apps and comparison platforms.

### Importance of insurers' services to consumers

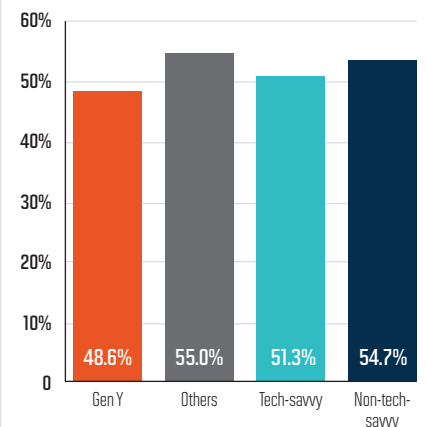


Source: Capgemini and EY, World Insurance Report 2017

## PRONE TO ATTRITION

Now for the bad news: Young and tech-savvy customers aren't exactly loyal. Both groups were less likely to stay with their current insurers.

### Likelihood of staying with current insurer



Source: Capgemini and EY, World Insurance Report 2017

## HEAD TO HEAD



# How do cyber insurance products need to evolve?

Does the recent Equifax breach signal a need for more robust cyber insurance policies?



**Matt Sherman**

Senior vice president of reinsurance and programs  
NAS Insurance

"The evolution of cyber insurance is a constant. Given the fact that consumers now expect that their 'secure' data has already been compromised in one way or another, managing this is a new reality.

Thus, homeowner's insurance companies are all racing to consider ways to extend cyber protection to their customers. A combination of identity theft and personal cyber insurance is emerging.

It's uncomfortable to accept the fact that our personal data is constantly at risk, but new services that come with personal cyber insurance should help bring remedies to market and bring consumers some peace of mind."



**Robert H. Rosenzweig**

National cyber risk practice leader  
Risk Strategies Company

"The Equifax breach does not highlight any deficiencies in current cyber liability insurance product offerings. Standard cyber liability insurance products provide reimbursement for incident response expenses such as legal guidance, forensics, public relations, notification to affected individuals, and the offer of credit monitoring and remediation. These policies also provide coverage for legal defense costs, indemnity and regulatory proceedings.

There is certainly need for further product development in the area of business interruption and the valuation of compromised proprietary intellectual property, but the Equifax incident is well served by current offerings."



**Mark Robinson**

President  
UPS Capital

"Cyber insurance products must evolve to address the varying needs and complexities of today's businesses. Most claims are first-party liability, so policies should include coverage for public relations, forensics investigation, breach notification and other elements to protect a business. Hackers have become more sophisticated; cyber deception coverage protects against phishing and social engineering, another important evolution for cyber insurance.

Additionally, products should address personal injury protection within today's social media environment. Defamation, libel, slander, emotional distress, copyright and other forms of intellectual property infringement need to be considered."

## INADEQUATE COVERAGE?

Within hours of the massive data breach of more than 140 million consumers' private details, Equifax had the first lawsuit filed against it; hundreds of others have followed. In a statement to investors, the company said it "will incur legal, forensic consulting and other costs related to the incident. Equifax carries cybersecurity, crime, general liability and other lines of insurance, and we have begun discussions with our carriers regarding the incident." However, in its annual report, Equifax itself noted the limits of its coverage: "Our property and business interruption insurance may not be adequate to compensate us for all losses or failures that may occur. Also, our third-party insurance coverage will vary from time to time in both type and amount, depending on availability, cost and our decisions with respect to risk retention."





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# The insurance job market

Insurance companies are bullish about continued staffing growth in the next 12 months – but what’s the current recruitment outlook for the industry?

**INSURANCE COMPANIES** have reported confidence in continued growth of both staffing and revenue. Sixty-two percent of insurance companies surveyed by The Jacobson Group and Ward Group in their Mid-Year US Insurance Labor Outlook Study said they expect to hire more staff in the next 12 months. So where are the roles – and, given the saturated employment market, where are the candidates?

Jay Rollins, president of InsuranceJobs.com, says that in the US, the most common searches by job-seekers – and the most common employer postings – remain client-centric positions.

“I would say the most popular job searches

haven’t resulted in the expected job losses.

More than a quarter of respondents to the Mid-Year US Insurance Labor Outlook Study said that automation of roles will be “the primary reason for reductions in staff during the next 12 months.” That isn’t actually happening, though, says Jeff Rieder, partner and head of Ward Group. Despite the industry’s new focus on automation and data analysis, traditional brokering positions don’t seem to be in jeopardy.

“The reality is that despite the massive investment [in tech efficiencies], it’s making companies smarter about their policyholders and smarter about how to settle a claim efficiently ... but it’s not necessarily eliminating



“The reality is that despite the massive investment in tech efficiencies ... it’s not necessarily eliminating people”

Jeff Rieder, Ward Group

... are for claims, sales and customer service,” he says, “and that matches the most job categories posted by employers.”

Yet the industry continues to shift. The specter of automation remains the biggest cause for concern, but companies’ investments in tech efficiencies and automation

people to do [those roles].”

According to the Bureau of Labor Statistics, unemployment in the US insurance industry remains almost nil, at just 2%. Plenty of baby boomers continue to retire at the top end of the spectrum, and there are a lot of people jumping ship throughout the



industry, but the ranks keep filling.

Greg Jacobson, CEO of The Jacobson Group, attributes this to a tightening of the market. The low unemployment, he says, is something that has long been predicted.

“We’re in a long trend, according to our study, of increasing employment in the insurance industry,” Jacobson says. “What’s not talked about a lot is that the insurance industry has been growing substantially. Since the recession, the insurance carrier market – not including brokers – has grown about 6.5%, and it’s actually now almost at the employment level of the [highest point] of the last 20 years. And if you look at the insurance industry as a whole – insurance carriers and related activities, which includes sales, producers, brokers – we’re at an all-time high ... since 2000. I think a lot





## MARKET EXPECTATIONS



62% of insurance companies plan to increase staff during the next 12 months



10% of insurance companies expect a decrease in staff during the next 12 months



81% of insurance companies expect to grow revenue in the next year (10% higher than the January outlook)



26% of insurance companies say automation is the biggest threat to industry jobs

Sources: Mid-Year US Insurance Labor Outlook Study, The Jacobson Group and Ward Group

of that is growth in salespeople ... with more competitors out there.”

Since 2015, the group’s labor market

number of companies that plan on reducing staff over the next 12 months,” he says. “I am not in any way predicting a downturn in



**“We’re in a long trend, according to our study, of increasing employment in the insurance industry”**

**Greg Jacobson, The Jacobson Group**

studies have consistently seen around 65% or 66% of companies predicting they’ll be recruiting more staff. That number actually dipped slightly to 62% in the most recent study, Jacobson says, although he acknowledges that “that’s still a very high rate.”

“But we’ve also seen an increase in the

employment in the insurance industry. It’s just interesting that the numbers seem to be waning a little bit. I don’t think this is a big trend, but it might be a slight slowing down of a really, really hot market.”

At the individual level, Jacobson points out that employees today are more prone to

skip from one job to another. Voluntary resignation numbers from the Bureau of Labor Statistics back up that claim. For the finance sector, including insurance, the voluntary resignation figure in 2009 was 9.8%; today, it has jumped to 13.2%.

“I think people define loyalty to their employer in a different way than they used to,” Jacobsen says. “They define their loyalty [now] as giving all they have when they’re there. But if other opportunities come up that might be better, that might advance their career, then people are more open to that.”

Jacobson predicts this trend could grow as boomers continue to retire. Once older workers who were more inclined to spend their entire careers at one firm are gone, he says, they will be replaced by younger professionals who are more apt to move around. **IE**

## CORPORATE

ACQUIRER	TARGET	COMMENTS
Arthur J. Gallagher & Co.	Ballard Benefit Works	Ballard is a Michigan-based employee benefits and healthcare finance brokerage
Arthur J. Gallagher & Co.	Lincoln Financial Management	Headquartered in Nebraska, Lincoln is an employee benefits consultant and brokerage firm
Axis Capital Holdings	Novae Group	Axis reached a deal to buy the Lloyd's insurer after upping its bid to \$605 million
Centene	Fidelis Care	The private insurer acquired the nonprofit for \$3.75 billion
Charles Taylor	Metro Risk Management	The deal is part of Charles Taylor's plans to extend its US workers' compensation claims capabilities
Evergreen Insurance & Risk Management	Pro Surety Bond	Pro Surety provides web-based insurance solutions and surety bond services
First Light Program	Piedmont Transportation Underwriters	Both companies are specialty MGAs based in Florida
HUB International	Stellarus Benefits	The purchase of Stellarus will allow HUB to expand its presence in Wisconsin
Specialty Program Group	Monarch E&S Insurance Services	The Monarch brand will remain in place, and CEO Derek Borisoff will continue with the company



### Gallagher snaps up two employee benefits brokerages

Arthur J. Gallagher & Co. has expanded its reach in the employee benefits space with the acquisition of two firms: Michigan-based Ballard Benefit Works and Nebraska-based Lincoln Financial Management.

Ballard, founded in 2009 by Justin Spewock, offers consulting services to public, private and nonprofit clients, primarily in Michigan, Florida and Washington, DC. Lincoln Financial Management, meanwhile, dates back to 1993 and offers a full range of health and welfare products and services to businesses and individuals throughout the US. The staff and executive teams of both brokerages will stay on under the Gallagher umbrella.

## PRODUCTS



### UPS Capital adds cyber product for SMEs

UPS Capital, a subsidiary of UPS, has launched a cyber liability product for small and mid-sized businesses that covers security breach response, cyber extortion, and income and digital asset restoration, as well as third-party expenses like litigation, fines and investigation. "As companies become increasingly digital, there are more opportunities for attacks," said UPS Capital president Mark Robinson. "And nearly two-thirds of cyberattacks are perpetrated on small and medium-sized businesses, putting them at the forefront of the activity."

### XL Catlin offers aviation cover via online platform

XL Catlin has adopted a new online platform to help brokers immediately quote, bind and deliver an enhanced personal and business aircraft insurance policy. The service is available via the VB Bind Speed platform; XL Catlin also joined AeroQuote's network to help facilitate the quoting process. "Our aviation brokers and clients will definitely enjoy the ease of this platform," said XL Catlin's Eric Donofrio. "Even more so, they will enjoy the significantly enhanced coverage, specifically designed to address the liability and loss exposures our P&B aviation clients [face]."



## Munich Re banks on a driverless future

The world's biggest reinsurer is embracing the driverless era with a partnership with Mobileye. Munich Re is subsidizing Mobileye's driver-assistance tech – which warns drivers of pedestrians and unintended lane departures – as an add-on for commercial fleets. The reinsurer hopes to collect data from around 500,000 vehicles to help prepare for the rise of self-driving automobiles. "What we're looking to do here is work with our clients to help them understand the key loss drivers within their auto portfolio, and help identify which types of losses are preventable," said Munich Re's Mike Scrudato.



## Jetty aims to roll out renter's product nationwide

Insurtech startup Jetty has announced plans to take its renter's insurance products nationwide by the end of the year. Jetty's products help customers meet landlord requirements, such as getting renter's insurance coverage, posting a security deposit and finding a lease guarantor. Its renter's insurance policy also protects normal household contents like furniture and clothes. The products, which are already available to consumers in 13 states, will be offered on an individual basis or as a product bundle.



## AXA launches flight delay insurance

AXA has launched a new flight delay insurance product called Fizzy, which will use smart contracts based on the Ethereum blockchain to process payouts. Fizzy will offer compensation to policyholders whose flights are delayed by more than two hours – a concept that is common in travel insurance but unique in isolation. "What Fizzy offers is parametric insurance because it uses a parameter (flight statistics) to trigger the performance of a contract," AXA said. "You know in advance how much you will be reimbursed if your flight is delayed."

# PEOPLE

NAME	LEAVING	JOINING	NEW POSITION
Lou Capparelli	N/A	Chubb	Executive vice president of global casualty
Marc Cohen	N/A	HUB International	CEO
Dave Fitzgerald	AIG	Starr Companies	Global chief claims officer
Peter Huber	N/A	Zurich Insurance Group	CEO of Zurich International
Paul James	The Hanover Insurance Group	Insurance Recovery Group	President and CEO
Bill Rabl	Chubb	AIG	CEO of AIG Risk Management
Pat Regan	N/A	QBE	Group chief executive
Ken Smith	Marsh USA	Willis Towers Watson	Market leader
Richard Spiro	Chubb	The Hilb Group	CEO
Christina Tom	Aspen Insurance	AXIS Insurance	Vice president

## IRG names new CEO



Insurance Recovery Group [IRG] has appointed Paul James as its new president and CEO. James brings more than 25 years of industry experience to the role, most recently serving as vice president of The Hanover Insurance Group.

James' key priorities will be to continue the momentum IRG has built over the last decade, including the growth of its Insurance Subrogation Group. "Subrogation is one of the firm's core strengths," James said in a statement. "I see significant opportunities to expand subrogation services and capabilities to insurers, reinsurers, self-insurers, insurance syndicates, third-party administrators, managing general agents, captives and independent adjustment companies."

## Aspen's marine VP jumps to Axis



Axis Insurance has named Christina Tom as vice president and renewable energy underwriter. Tom has nearly 15 years of industry experience under her belt, including serving as VP of inland marine at Aspen Insurance. Tom will be based in San Francisco as part of Axis' global renewable energy team, where she will be responsible for leading its West Coast business.

"We are seeing strong momentum building behind our US renewable energy business, and Christina's appointment is a key step as we expand our footprint to the West Coast, a booming renewable energy market," said Tom Cain, vice president and US renewable energy head for Axis Insurance.



# WORKERS' COMP UPDATE

## NEWS BRIEFS



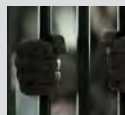
### Main supreme court ponders medical pot coverage

The Maine Supreme Judicial Court will soon decide whether workers' compensation insurance should pay for a millworker's medical marijuana. In 2015, the Maine Workers' Compensation Board ordered that Sedgwick Claims Management Services, the company that administers the insurance plan for the plaintiff's former workplace, reimburse him for medical marijuana prescribed to treat a back injury sustained on the job. However, Sedgwick is arguing that insurers can't be forced to pay for marijuana because it is illegal under federal law and that the Justice Department could prosecute insurers for reimbursing people for purchasing illegal drugs.



### Suspected workers' comp fraudster faces jail time

New Jersey businessman Oneill Medina is facing up to five years in jail for allegedly committing insurance fraud to get lower premiums on his workers' compensation policy. Prosecutors allege that Medina, who owns a commercial roofing operation, grossly understated the number of employees working for him in order to commit insurance fraud in 2015 and 2016. "Falsifying payroll information ultimately hurts honest companies by increasing their insurance costs," attorney Sean F. Fulton told the *Courier-Post*.



### California WC scammer sentenced to jail time

A California man has pleaded guilty to attacking a coworker and then filing a fake insurance claim. In a 2014 altercation with a forklift driver at a plant in Irvine, California, Randal Brown

McKay dared the other employee to "hit him" with the forklift before assaulting him. McKay falsely claimed he was struck by a pallet on the forklift, told Irvine police he had been assaulted and later filed a workers' compensation claim. McKay received six months in jail and five years' probation for assault and making a false insurance claim.



### Charles Taylor expands claims capabilities with acquisition

In an effort to extend its US workers' compensation claims capabilities, Charles Taylor has acquired Metro Risk Management [MRM] from Nautilus International Holding Corporation. Based in Southern California, MRM provides state and federal workers' comp claims administration services. The acquisition will bring 13 highly experienced workers' comp claims specialists to the Charles Taylor team, expanding its presence on the West Coast in support of its third-party administrator growth in the US. Christopher Schaffer, US CEO for Charles Taylor, added that the acquisition of MRM will also enhance the company's ports and terminals, marine, casualty, and cyber TPA business.



### Florida regulators put the brakes on workers' comp insurer

Insurance regulators have ordered Fort Lauderdale-based Guarantee Insurance, which specializes in workers' compensation, to stop writing new business. The Florida Office of Insurance Regulation placed the insurer under administrative supervision on August 18. According to a report from SNL.com, the state order came two weeks after an independent financial audit expressed "substantial doubt" about the company's ability to operate, revealing that Guarantee had "overstated" its year-end financial health for 2016.

# Workers' comp lags behind in technology

The workers' comp sector has been especially reluctant to embrace technology – to its detriment

'If it ain't broke, don't fix it' is a mindset that's potentially limiting growth in the US workers' compensation insurance industry. Despite boasting successful books across the country, workers' comp is seriously lagging in one respect: technological innovation.

This lag is "hugely concerning" for the sector, according to Tim Davis, director of operations at Powers Insurance and Risk Management and sister company Valley Insurance Agency Alliance.

"The workers' comp insurance industry is lagging behind other insurance sectors when it comes to technology," Davis says. "It has been a profitable industry over the past 10 years, so there hasn't been huge motivation to jump into the tech world and spend heaps of money to advance the industry further."

Some key players have recognized the benefits of technology and have already made investments, especially in the claims management space, where there are plenty of opportunities to use technology to enhance the claims process and drive down costs.

"Technology can benefit everything in the workers' comp space," Davis says. "It's a paramount information tool for insurance brokers that will help us be more productive and consultative with our clients and help us

guide clients towards fitting workers' comp policies and risk management tools.

"For carriers," he adds, "technology is hugely beneficial for claims management and helping to control and mitigate claims costs. It's also very important for under-

**"We need to try to get ahead of the game instead of being a reactive industry"**

writers, who can use technology to research, review and analyze industry trends and how class code trends are evolving. We need to try to get ahead of the game instead of being a reactive industry."

A common point of concern is that technology and predictive data analytics could threaten the human workforce, but Davis dismisses that worry.

"I don't believe brokers' jobs are at risk because of technology," he says. "The broker's advice is always going to be paramount in workers' comp, especially when it comes to identifying and suggesting proper class codes for a risk. If clients are left to do that themselves through an app, there could be some serious misclassification issues."



**Carol Sipe**  
President and CEO  
SUMMIT

**Years in the industry**  
28

**Career highlight**  
Florida-based Summit was founded in 1977 to provide group workers' compensation self-insurance programs for trade associations

## ■ Q&A

# An investment, not an expense

### ● What are the challenges posed by workers' compensation in the Southeast compared to other regions of the US?

We haven't seen many challenges that are unique to a particular region. We see more fluctuations by state – workers' compensations laws vary from state to state, and the major differences are driven by economic influences and regulatory environments.

### ● What are the key messages agents need to get across to clients when they're selecting a carrier?

Workers' comp coverage is so much more than just a business expense; it's an investment for your clients' bottom lines and, more importantly, their employees. Choosing a workers' comp carrier is about deciding who they want protecting their employees and business. Selecting an experienced and stable carrier that has demonstrated expertise in helping to prevent and mitigate losses makes a difference.

### ● How can agents help clients maximize their workers' compensation investment?

Experienced carriers have a lot more to offer besides workers' comp coverage, so it's important that agents educate policyholders about tools and resources that are available. Loss prevention reps are not inspectors looking to penalize a business; they are consultants who offer valuable insight into workplace safety. A premium auditor's goal is not to charge more, but to ensure that a policyholder's premium adequately reflects the actual coverage the business needs. In fact, audits can often lead to a premium refund.

If a carrier has return-to-work resources, agents should encourage their clients to use them. Return-to-work programs can control costs and create better claims outcomes.

### ● What have been the key developments in the workers' comp market in 2017, and what issues should agents be aware of going forward?

Predictive analytics and Big Data are playing a larger role in workers' comp. Premium rates are trending down for many states, and we're seeing constitutional challenges to state workers' comp laws, similar to the Castellanos v. Next Door Company case in Florida.

Medical spend – in hospitals and on prescriptions in particular – is still on the rise, and that's concerning for employers. Climbing medical costs drive up premiums and can increase the policyholder's experience modification factors, or mods. Agents really need to focus on educating their clients on ways to control losses and to attain or maintain low mods.

There's also the issue of medical marijuana and the complexities that brings. Details of drug-free workplace policies will require a second look, and there's also the question of whether workers' comp will be required to cover medical marijuana as a part of a patient's treatment.



# How tech can make brokers' lives easier

Technological innovations can create greater efficiency for brokers – but not if they don't adapt



Imagine being able to easily catalog the entire contents of your home with a mobile app. It's now possible with Cover Insurance's Magic Cam. But it's more than just a fun and unique way for clients to inventory their possessions – it also saves a time for insurance brokers, especially in the claims management space. It's one of many tools the insurtech startup is using to automate 95% of the admin work traditional insurance companies still do.

"Technology can make insurance brokers'

lives easier by improving efficiency in the workplace, but brokers need to adapt in order to embrace it," says Tommy Zhang, account manager at Cover Insurance. "It's an opportunity to reduce all of the admin work that usually comes with being an insurance broker – onboarding, applications, claims services and customer service. Leveraging technology can allow brokers to focus on their advisory role."

Human interaction will always be paramount in the insurance industry, especially

when it comes to advising and educating clients. Every quote offered by Cover Insurance is backed up by a licensed insurance agent who reviews the coverage with the insured or applicant. But the initial point of contact is usually made via technology.

"There are lots of benefits to working in a mobile-first environment," Zhang says. "At Cover Insurance, we do our outreach via text and in-app messaging. Onboarding is just so much easier with a mobile app. Customers are used to getting their information online

**"Leveraging technology can allow brokers to focus on their advisory role"**

and many have done personal research before approaching carriers or brokers for assistance. Using a mobile app to communicate makes outreach very simple and allows customers to get back to you quickly and easily."

The uptake of technology in the claims space has been widespread. Take Cover Insurance's Magic Cam – if a client files a home insurance claim, there shouldn't be any dispute in terms of the home inventory.

"We have those items cataloged at our end so that our users have a better claim experience," Zhang says, "and again, that goes back to us being more efficient with our time. A claim dispute can eat up your day as an insurance broker, so we're exploring all options possible to cut down on that in any way, shape or form."

## NEWS BRIEFS



### Car safety systems could lead to complacency

According to recent studies by the Insurance Institute for Highway Safety [IIHS], drivers who use car safety systems might be less vigilant. Two studies looked into the effectiveness of technology that prevents cars from drifting into another lane and warns drivers of vehicles in their blind spots. The positive results showed that "technology really can save lives," said IIHS VP Jessica Cicchino. However, the IIHS also discovered that drivers using automated systems became lazy behind the wheel, ignoring the limitations of safety technology.



### Insurance giants introduce blockchain solution

B3i [Blockchain Insurance Industry Initiative], a group of global insurers and reinsurers that includes Allianz, Liberty Mutual, Swiss Re and XL Catlin, has unveiled an integrated blockchain solution for the industry. The group said the new platform uses state-of-the-art distributed ledger technology to enable secure, confidential and efficient transactions. The short-term focus is on handling reinsurance contracts, but the goal is "to build an efficient worldwide industry platform for market participants to more easily cede, handle and trade risks."





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Laird Rixford

President

INSURANCE  
TECHNOLOGIES  
CORPORATION [ITC]**Years in the industry**

15

**Fast fact**

Rixford is the creator of AgencyBuzz, ITC's automated agency marketing tool

## ■ Q&A

# A transformation, not a disruption

### ● Tell us about ITC and your company culture.

Since its founding in 1983, ITC's culture has always focused on moving the industry forward through the use of technology. Through the years, ITC has maintained its entrepreneurial spirit, allowing a nimble, startup-like environment while having a heritage and history within the industry.

### ● What are the most exciting recent developments in the US insurtech market?

The most exciting developments include innovative ways to rate consumers online, autonomous connected vehicles, telematics, usage-based insurance and claims automation. While there are many concerns that these burgeoning technologies will disrupt the industry, many of the latest advancements will supplement how consumers currently buy, agents sell and carriers service insurance policies.

### ● How can technology be used to enhance efficiency for insurance brokers and agents?

Agents have had access to technologies that increase efficiency within their organizations since the early 1980s – technology like comparative raters and agency management systems. The majority of the new technologies will allow agents to sell and service their clients more quickly. When agents can shorten the sales and service process, they can spend more time doing what they are great at: selling insurance.

### ● What would you say to those who are concerned about job loss due to insurtech?

When you set aside the 20-year-old 'doom and gloom' prognostication of technology and the internet removing the agent from the distribution process and look at what is really happening, you'll see that the industry needs more, not fewer, professionals. Newer technologies need actuaries, behavioral scientists, analytic experts, information technology, online marketers and many more. Just as the industry transformed itself from rating manuals, paper applications and file cabinets to comparative raters, online binding and agency management systems, this is a transformation, not a disruption.

### ● How do you expect insurtech to develop and emerge over the next 12 months?

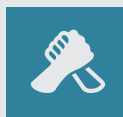
Slowly. Right now, the largest impact of insurtech is internal to the carriers. They are improving how they consume usage-based insurance, telematics and automation of policy service and claims. These improvements will assist agents and brokers in how they provide service to insureds – again, allowing them more time to sell.

Beyond automation and data, many insurtech investments are geared toward changing the existing lead channel. Even here, agents continue to have a leg up, as they are great at providing the consultative and knowledgeable sales cycle today's consumers continue to demand.



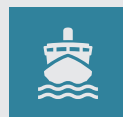
### Auto-Owners Insurance expands new tech center

Auto-Owners Insurance, which opened an information technology center last year in Grand Rapids, Michigan, has announced a \$1 million expansion of the office and the addition of 60 new jobs, supported in part by a grant from the Michigan Development Corp. "Auto-Owners Insurance has grown tremendously in the past year, and we expect that upward trend to continue for several years, so it's imperative that our Grand Rapids technology center grows with the demand," said Auto-Owners SVP Jim Schumacher.



### Velocify acquired by mortgage tech provider

Mortgage software company Ellie Mae has announced it will acquire Velocify, which provides sales acceleration software for insurance and other industries. The \$128 million deal is expected to close in the fourth quarter. "A digital transformation is occurring across the financial services industry, especially in the mortgage vertical in which Velocify has a leading position," said Velocify president and CEO Nick Hedges. "By joining forces with Ellie Mae, we are very excited to extend [our] capability throughout the consumer buying cycle."



### Are autonomous ships the future?

It's only a matter of time until autonomous and smart shipping technology becomes a reality, according to Stephen Harris, SVP of Marsh's global marine practice. Interest is being driven by a combination of rising transport volumes, mounting environmental concerns, technological advancements, cost-reduction issues and an impending shortage of qualified sailors. While smart shipping technology has clear benefits, Harris said it could also lead to legal and regulatory hurdles, especially when it comes to deciphering liability.

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# STAYING ON TASK

Nautilus Insurance Group president **Thomas Kuzma** talks about the never-ending job of bringing new technology to the insurance business

**THOMAS KUZMA** has spent 31 years – nearly half his life – at Nautilus Insurance Group. He moved to the excess & surplus insurer in 1986 after starting his career in the underwriting department of another E&S carrier. This year, Kuzma celebrates his 20th anniversary as Nautilus' president and CEO.

"I've always enjoyed what I do," Kuzma says. "Being part of Berkley has been great as well. W.R. Berkley Corporation is a Fortune 500 company that is decentralized, allowing its operating units to run their individual businesses autonomously; we stay close to our customers and know our businesses better than anyone."

After all these years, Kuzma remains passionate about Nautilus. "I am absolutely committed to making Nautilus the best it can be," he says, "and I've acted on many opportunities over the years to build our team and our reputation."

In fact, Kuzma has his sights firmly fixed on making Nautilus the top E&S market, while focusing on profitability above all else. "We want to be the number-one market for all of our wholesalers' offices," he says. "We have to earn it by being excellent

in everything we do, always finding ways to improve."

One of the ways Nautilus will set itself apart, Kuzma says, is by continually embracing new technology.

"We all know personal lines offerings are becoming more automated," he says. "We need to provide our customers – both wholesalers and our ultimate customers, the insureds – with good, prompt service

**"We all know personal lines offerings are becoming more automated. We need to provide our customers ... with good, prompt service and information-sharing as appropriate. Technology improvements must be constant"**

"We must have fast and furious technology that's constantly improving to get information into our agents' hands so they can make decisions," he says. "Technology also enables us to handle claims much more efficiently."

Efficiency is paramount in today's insurance industry, and Kuzma believes the commercial insurance business as a whole could stand to become more efficient.

and information-sharing as appropriate. Technology improvements must be constant."

## **Walking the walk**

Nautilus doesn't just talk about improving efficiency, though: Kuzma refers to a major effort underway at the company to develop a new claims management system, which is expected to be ready in 2018.

"Our ClaimCenter platform is a multi-



## PROFILE

**Name:** Thomas Kuzma

**Company:** Nautilus Insurance Group

**Title:** President and CEO

**Based in:** Scottsdale, Arizona

**Years in the industry:** 40

**Fast fact:** A graduate of Arizona State University, Kuzma began his tenure with Nautilus in 1986 as an underwriter.



# INDUSTRY ICON

year project involving three Berkley companies that will provide better claims service and claims management,” he says. “ClaimCenter will help us handle claims more quickly and allow us to use claims analytics for claims management, as well as underwriting pricing and coverage. Nautilus cannot stand still, and technology is the way we’ll remain relevant in this market.”

Additionally, Kuzma points to ongoing work on the company’s Online Nautilus Experience [O.N.E.] underwriting system.

“We want the experience of doing busi-

**“E&S is a people business. You’ve got to have those connections ... Speed matters, and people matter. We strive to use technology in a balanced way so our interactions aren’t simply emails and text messages”**

ness with Nautilus to be positive and fast,” he says. “Our agents will write upwards of 150,000 policies this year. That’s a lot of transactions. Our technology systems and agent interfaces for all product lines must allow our agents to get the information they need and provide the quote to the insured through the retailer so they can make a decision, bind coverage and issue the policy ... all in a matter of minutes.”

Kuzma emphasizes the ongoing nature of work on this front, as well as the need to meld technology with the human element. While quality self-service systems are imperative for Nautilus, so too is nurturing strong face-to-face relationships.

“Our underwriters meet with our agency underwriters on a regular basis,” Kuzma says. “E&S is a people business. You’ve got to have

those connections. People appreciate that we’re here and we follow up. Speed matters, and people matter. We strive to use technology in a balanced way so our interactions aren’t simply emails and text messages.”


### Achieving the vision

Outlining some of what’s on the horizon, Kuzma talks about Nautilus’ continued focus on achieving its strategic vision for the year 2020.

“We look for 10% growth year-over-year while ensuring underwriting profitability,”

he says. “We’re targeting faster execution through expert project management in claims and our operational workflow areas. Profitable growth can come from improving efficiencies and remaining focused on customer service. We don’t expect to see a seller’s market necessarily, but we will see what happens after the recent hurricanes. Those types of catastrophes generally cause the market to tighten up.”

Kuzma is excited about the business opportunities he sees in times to come.

“It’s a matter of execution, of getting the right people in the right seats and getting out there to make it happen. Nautilus is well positioned to do that, given our 32 years in business and our successes so far,” he says. “We can’t rest on our laurels. We have to always be looking to improve.” 

## NAUTILUS BY THE NUMBERS



**1985**

Year Nautilus Insurance Company was founded



**374**

Rank of W.R. Berkley Corporation, Nautilus' parent company, on the Fortune 500 list



**75%**

Percentage of Nautilus' business in casualty lines (the remaining 25% is in property lines)



**840**

Classes of business Nautilus' producer partners have binding authority for



**134**

Additional classes of business Nautilus considers on a submit basis





# Waking the sleeping giant

If third-party administrators can harness the value of years of accrued data, writes **Andrew Barile**, it will change the game forever

**AS THE INSURANCE** industry grapples with how to survive in a changing business, third-party administrators [TPAs] need to consider the expansion of their services to meet the needs of insureds. These claims administration firms are the industry's 'sleeping giant.' Pursuing the new technology being created by high-tech insurance startups will provide TPAs access to an expanse of accurate historical underwriting information they can use to provide independent, objective quotes for alternative risk insurance products.

TPAs have as their focus a mission to be the insurance industry's service provider of choice. However, while their original responsibilities typically included claims administration, loss control, risk management information systems and risk management consulting, at a time when the corporate insured's buying habits are being altered dramatically by technology and economics, we expect TPAs to expand their services to include designing and implementing alternative risk insurance products for their clients.

The middle-market corporate buyer of insurance will compel the industry to offer more alternative risk insurance products – products that lower insurance costs and enable the buyer to capture underwriting and investment income. Alternative risk program development and administration will include such unique products and services as pure and group captives, deductible reimbursement policies, manuscripted

policies and certificates, fronting and new insurance product coverages, segregated cell and rent-a-captive programs, agency captive feasibility studies, and group captive and risk retention groups. All of these unique insurance products can continue to grow regardless of whether the market is soft or hard.

**“New technology will allow accountants, TPAs and insurance carriers to identify financially successful insureds that are potential candidates for alternative risk insurance products”**

Independent and accurate assessment of individual claims plays an important part in determining the price of an insurance product, so access to historically adequate and accurate claims data is vital to the success of alternative risk insurance products. New technology on the horizon will allow accountants, TPAs and insurance carriers to identify financially successful insureds that are potential candidates for alternative risk insurance products.

No longer will an insurance broker be able to secure commissions for six straight years of renewals for a loss-free client. Brokers will need to recognize that their clients are being educated by these other entities, so perhaps it's time to consider more than just a guaranteed-cost insurance policy. As financial performance increases,

the insured will be educated on deductible buy-back policies, captive feasibility studies, micro-captive alternatives and segregated cell captives.

Having been an active participant in the captive insurance industry for 40 years, I have watched three large global brokers monopolize the captive insurance companies owned by Fortune 500 corporations. Recognizing this, accountants have begun to create an opportunity for themselves using the micro-captive insurance product. We expect to see more of this in the future as accountants' technology for micro-captives continues to improve.

As insurance companies' analytical technology advances, underwriters will be trained to offer alternative risk insurance products to insureds. This too will be a game-changing shift from the current custom and practice in which the broker always recommends insurance coverages and insurance products. Startups such as Lemonade have demonstrated that an insurance carrier

can perform product development when management considers this to be their core competency.

Finally, we recognize that tech giants like Google, Facebook and Amazon live off the credo that the more data you have, the better your product. Will this eventually lead to one of these tech companies acquiring a TPA that has the accurate historical loss information data to offer a superior alternative risk insurance product? **IB**

**Andrew Barile** has more than 40 years of experience spanning the entire insurance distribution system. He provides insurance and reinsurance consulting services to law firms, captive insurance companies, insurance agencies and corporations.



## SPECIAL REPORT

# HALL *of* FAME



*IBA's Hall of Fame brings together 35 of the insurance world's most recognizable individuals, all of whom have made their mark on the industry*

**WHILE THE** term 'hall of fame' usually brings to mind sports stars, *Insurance Business America* is bringing the coveted recognition to the insurance industry. The 35 inductees on the following pages represent *IBA's* inaugural class of leaders, pioneers and role models who have set the benchmark for the rest of the industry to

follow. These Hall of Famers – all of whom boast at least 35 years of insurance experience – are at the forefront of the industry, inspiring those around them with their wealth of knowledge and accomplishments, and consistently proving themselves to be the best the American insurance industry has to offer.



## STEPHEN CATLIN

Executive deputy chairman

### XL CATLIN

Although Stephen Catlin is set to retire as executive deputy chairman of XL Group at year's end, his numerous contributions to the industry are worthy of mention. Catlin began his insurance career in 1973 at BL Evens & Others on Syndicate 264 at Lloyd's, becoming deputy underwriter and market leader for excess-of-loss reinsurance and energy accounts in 1982.

In 1984, Catlin founded Catlin Underwriting Agencies, which later became part of Catlin Group. He served as Catlin Group's CEO throughout its history and served as the active underwriter of Lloyd's Syndicate 1003 (and later Syndicate 2003) until May 2003. Upon completion of XL's acquisition of Catlin Group in 2015, Catlin was appointed executive deputy chairman of XL Group. That same year, he was inducted into the International Insurance Society's Insurance Hall of Fame.

Despite handing over the reins at XL Catlin – he announced his retirement as executive deputy chairman in April and is currently serving as a special advisor to XL's CEO, Mike McGavick, until the end of the year – Catlin will continue to serve as chairman of the Insurance Development Forum and as a visiting fellow at the Oxford University Centre for Corporate Reputation.

## ALISON J. RENNER

President, life sciences

### RT SPECIALTY

Boasting more than four and a half decades of insurance experience, Alison Renner has dedicated her career to life sciences, particularly pharmaceutical product liability. In 1985, she co-founded A.J. Renner & Associates; five years later, the firm launched the first-of-its-kind product liability program known as RenneRx Insure, which still serves the generic and specialty pharmaceutical industry.

When RT Specialty acquired A.J. Renner & Associates in 2015, Renner was appointed president of the firm's life sciences division, providing risk management consulting and insurance services to the pharmaceutical, healthcare and cannabis industries.

Earlier this year, Renner served as a panelist at the *Insurance Business* masterclass Cannabis Cover 2017 Colorado, where she shared her knowledge and perspective on cannabis insurance coverage and the rapidly expanding marijuana industry.

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# SPECIAL REPORT

## RILEY BINFORD

Executive vice president

### CHARITY FIRST INSURANCE SERVICES

Riley Binford got his first taste of the insurance world in high school, filing and typing policies for his father's insurance agency. "I was exposed very early on to insurance terms and insurance speak over the dinner table," he says. "My mother was the office manager of my dad's agency, so my sister and I would sit at the dinner table hearing about all types of claims and other issues at the office." It wasn't until Binford graduated from college that he landed his first real insurance position as a commercial property underwriter for Aetna Casualty & Surety.

Over the course of his 38-year career, Binford has witnessed the incredible resiliency of the industry, which has withstood everything from natural catastrophes and terrorist attacks to economic downturns and market changes. "It really is remarkable how our industry just keeps on going through some of the toughest of times," he says. "It's pretty cool to be a part of that."

As for the future of insurance, Binford's vision is twofold. First, he cautions against the excess capital in the industry that's driving prices and underwriting appetite. Second, he hopes "we stop trying to turn insurance into a commodity. It's already happened to a certain extent with some personal lines and small commercial, but there are market disruptors that would like to commoditize all aspects of insurance. Insurance agents and brokers should fight this trend, as they are a valued advisor to their insurance customers."



## J. PATRICK GALLAGHER JR.

Chairman, president and CEO

### ARTHUR J. GALLAGHER & CO.

In 1972, Patrick Gallagher joined Arthur J. Gallagher as an intern, and he's since moved up the ranks to become chairman, president and CEO of one of the insurance industry's most recognizable companies. Gallagher started working full-time in 1974 as a production account executive and was promoted to vice president of operations in 1985. Just 18 years after joining the company, Gallagher was named president and COO in 1990; he was appointed CEO five years later and chairman of the board in 2006.

Apart from his leadership role at AJG, Gallagher has impacted many other areas of the industry. He joined the board of trustees of the American Institute for Chartered Property Casualty Underwriters in 2003 and serves on the board of founding directors of the International Insurance Foundation and of InnerWorkings. In addition, he serves on the advisory council of Boys Hope/Girls Hope and the board of advisors for Catholic Charities, and is a member of the Economic Club of Chicago, the Executives' Club of Chicago and the Commercial Club of Chicago. Gallagher has also been honored for his support of the Spencer Educational Foundation, and by the Lord Mayor of the City of London in recognition of his contributions to the Lloyd's insurance market and his support of the Gallagher Lifelong Learning scholarships.

## LITA MELLO

Senior vice president, recreation division

### K&K INSURANCE GROUP

Lita Mello joined K&K Insurance in 1982. Starting out by insuring fairs and festivals, she then moved into the firm's motorcycle dealership program. She was promoted to vice president of that division before being named vice president of K&K's venues and gaming division. During her tenure there, she helped increase written premium to more than \$90 million, making it the largest division within K&K at the time.

Most recently, Mello was promoted to senior vice president of the recreation division, where she manages the daily operations of several diverse programs and works with some of the most prestigious and well recognized venues in the nation, including sports, music, pari-mutuel, convention and entertainment facilities.



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## EVAN HECHT

CEO

### THE FLOOD INSURANCE AGENCY

Beginning his career in 1975 as a Nationwide business insurance agent, Evan Hecht served as a business sales manager for Nationwide for four years before establishing The Flood Insurance Agency, a retail and wholesale insurance agency specializing in flood insurance. The company, which operates as a program administrator for Lexington Insurance Company, underwrites and distributes Private Market Flood, an alternative to FEMA flood insurance.

The Flood Insurance Agency has been at the forefront of the flood insurance industry for more than 25 years. Immediately recognizing FEMA's misstep in the implementation of the Biggert-Waters Act of 2012, Hecht took the opportunity to present his concerns to many state insurance commissioners, which resulted in him being asked to address all 50 insurance commissioners at an NAIC meeting.

Within days of the act's implementation, Hecht had launched a private flood insurance alternative, providing immediate relief to what headlines aptly called "skyrocketing" flood insurance premiums. Just over three years old, the program now insures more than \$4 billion worth of property insurance, covering 21,500 risks, and has registered more than 2,000 independent agencies in 37 states to market the program.

Due to his extensive knowledge, Hecht has been called upon by lenders and state banking associations to provide compliance instruction on the federal mandatory purchase of flood insurance requirements. Most recently, Hecht served as a presenter and panelist at the *Insurance Business* masterclasses Cat Risk 2017 California and Flood Risk 2017 Florida. In November, he will discuss the future of flood beyond the impending reauthorization of the NFIP at the 2017 Future of Flood Summit in Miami.







## Saving the Chemical Industry Money on their Insurance Premiums

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# SPECIAL REPORT



## THOMAS M. KUZMA

President and CEO

NAUTILUS INSURANCE GROUP

**Humble beginnings:** Kuzma's first insurance job was with Great Southwest Fire Insurance Company in 1977.

After 31 years at Nautilus, including 20 years as its president and CEO, Thomas Kuzma has devoted half of his life and all of his passion to making the company an exemplary partner for its managing general agents. Driven to improve the company in an always-evolving marketplace, Kuzma leads Nautilus to make continual changes in products, services and technology. He also learned early on to always hire and keep the best people. Never allowing Nautilus to stand still, he believes in hard work, creative solutions, putting in time and doing what needs to be done.

Looking toward the future, Kuzma believes the digital world can help Nautilus enhance information and knowledge, better manage risks, and improve responses, service, and the cost of insurance, but he also understands there will always be a need for strong relationships with people who can handle the process.

Kuzma's dedication and passion for building strong partnerships, along with his commitment to customer service excellence and long-term underwriting profitability, have been his trademarks throughout his career. He is grateful to the E&S industry and the many mentors who have guided him through his 40-year career in insurance, and he enjoys mentoring young professionals, supporting their growth and advancement based on their unique skills and experience.



## ARTHUR B. SEIFERT

President

GLATFELTER PROGRAM MANAGERS

**Fun fact:** Growing up, Seifert wanted to be a stand-up comic.

Starting out in the industry nearly four decades ago, Arthur Seifert began as a casualty underwriting trainee at Reliance before moving into an underwriter role at the company. Since taking on the role of president at Glatfelter Program Managers in 2011, Seifert has provided oversight of each program budget, including agency profit and loss. In addition, he works closely with direct reports in the planning and implementation of sales and marketing objectives, policies, and programs, as well as the promotion of associate development, all while managing two large regional retail insurance agencies.

Currently, Seifert is a member of the board of directors for York Symphony, the Pennsylvania Coalition Against Rape and the United Way of York County, where he also sits on the executive committee. In addition, he is an emeritus board member of the Target Markets Program Administrators Association.

As for the future of insurance, Seifert says: "I hope the profession will throw off the shackles of the past and adopt new tools while maintaining the foundational truth that our profession is all about relationships."



## KEVIN J. WOLFE

US marine head, Northeast zone  
Global head, project cargo

### ALLIANZ GLOBAL CORPORATE & SPECIALTY [AGCS]

Kevin Wolfe has held a variety of underwriting and management positions during his 40-plus years in the commercial insurance industry, primarily in the ocean cargo, inland marine and related property markets. He began his career as a trainee at Talbot, Bird & Co., a specialized marine insurer in Manhattan. After that, he held various underwriting and management positions with leading P&C insurers, including Eagle Star Insurance Co., Atlantic Mutual, Liberty International Underwriters and Beazley Insurance, in addition to opening and managing his own marine brokerage.

In 2007, Wolfe joined Fireman's Fund Insurance Company, which is now part of AGCS, where he served for a year as the Mid-Atlantic cargo field manager before accepting the Northeast zone marine head role based in New York. In 2010, he combined that with a role as global head of project cargo.

Recognizing his own success in focusing on specific industry segments, Wolfe has some advice for insurance professionals just beginning their careers: "Embrace the adage 'knowledge is power.' Learn as much as you can about your respective business segment. Continue to develop a strong technical expertise – it will serve you well throughout your career. It also makes it much easier to then engage clients, recognize their risk exposures and needs, and develop proper solutions."

Over the years, Wolfe has been involved in several industry educational platforms, including the IMUA and AIMU, and he teaches continuing education courses for marine insurance professionals. He is also a widely recognized global expert in project cargo, often speaking at industry events and quoted in various media outlets.



## SPECIAL REPORT



## PATRICK G. RYAN

Founder, chairman and CEO

RYAN SPECIALTY GROUP

A widely respected global insurance leader, Patrick Ryan has been the founder and leader of some of the industry's most well known companies over the past five decades. As chairman and CEO of Ryan Specialty Group, Ryan oversees an international holding company with offices across North America and Europe. Prior to launching RSG, Ryan served as chairman and CEO of Aon Corporation, which he also founded, for 41 years.

Over the course of his career, Ryan has received numerous accolades, including the Horatio Alger Award in 1987, which honors those who are dedicated to the principles of integrity, hard work, perseverance and compassion for others. In 2008, Ryan was inducted into the American Academy of Arts and Sciences, elected to the International Insurance Society Hall of Fame and received the Ernst and Young Entrepreneur of the Year Lifetime Achievement Award.

For 37 years, Ryan has been a member of the board of trustees at his alma mater, Northwestern University, serving as chairman for 14 years. Northwestern honored him with the Northwestern Alumni Association Medal of Honor in 2013, recognizing his professional accomplishments and exemplary volunteer service, as well as his outstanding record of service to the university. Ryan also served as chairman of Chicago's Olympic bid committee to host the 2016 Olympic Games.



## JIM MASIELLO

Founder, Chairman and CEO

SIAA

Jim Masiello has a long track record within the industry of starting businesses and guiding them to success. He is the founder of several Masiello Group entities in many industries, including insurance, real estate, commercial leasing, real estate development, employment services, financial services and travel. He has also consulted and lectured on P&C compensation and incentives for agency producers based on cross-selling initiatives.

Unique to Masiello's endeavors is his ability to enrich the lives of others, as evidenced through his most successful business: SIAA. Masiello created the Satellite Agency Network [SAN Group] in 1983 and grew it to more than 350 member agencies in New England and Eastern New York. The successful SAN Group model was replicated at the national level to form Strategic Insurance Agency Alliance [SIAA] in 1995. SIAA currently has 49 master agencies covering all 48 contiguous states and has signed 6,530 independent insurance member agencies writing more than \$6.8 billion in premium, making SIAA the largest independent insurance agency partnering national network.

Over the course of his career, Masiello has been awarded with numerous industry recognitions and has been active in several community and industry-related organizations. He once served as mayor for the city of Keene, New Hampshire, for two terms, and he has chaired the New Hampshire State Board of Education, served as president of the Greater Keene YMCA and was president of the New Hampshire Life Underwriters Association, among many other contributions to community, political, insurance and statewide organizations.



An underwater scene with various household items floating in the water, including a sofa, a chair, a table, a lamp, and some papers. The water is blue and has ripples. A white circle is superimposed over the scene, containing the main text.

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# SPECIAL REPORT



## GLENN W. CLARK

Owner and CEO

### ROCKWOOD PROGRAMS

As owner and CEO of Rockwood Programs, a Wilmington, Delaware-based insurance agency that serves as the administrator of several nationwide management liability programs, Glenn Clark is a recognized expert in insurance product distribution and direct response marketing techniques.

Prior to the launch of Rockwood Programs, Clark held executive-level positions in several Fortune 500 insurance companies, including AIG and Allstate. While at AIG, Clark served as president of UNAT Direct, a Paris-based AIG subsidiary that marketed insurance and financial services to consumers in a number of European countries.

In addition to establishing Rockwood Programs, Clark has also launched two national organizations – the Target Markets Program Administrators Association and the CHART [CoverHolders And Risk Takers] Exchange – to help support two unique niches within the industry.

Active within his church and his community, Clark supports several faith-based ministries, including Barnabas West Chester, the Bridge Academy and Business as Missions.



## JERRY MURPHY

Executive vice president

### AMWINS BROKERAGE OF TEXAS

**“On the future of insurance:** “Artificial intelligence doesn’t provide the human element that insurance is best at delivering. My hope is for a slowing of the dismantling of the human element in the provision of insurance.”

After starting his career at AIG Risk Management and then moving on to roles at Alexander & Alexander and a small private firm to provide reinsurance placement services, Jerry Murphy

co-founded Murphy Page Insurance in 1982 to take advantage of the major hardening in the insurance industry. Building upon years of experience within the London market, he developed a specific buffer excess product (GL/AI/MEL) designed to meet the capacity crunch in the marketplace.

Over the next 11 years, Murphy oversaw the firm’s evolution as an MGA for several carriers, offering both casualty and property policies. Murphy Page established a non-standard auto program and developed unique coverages, such as a guest passenger liability policy for the trucking industry and a seven-day dealer protection policy for new and used auto dealers. In 2010, following a few acquisitions, Murphy became executive vice president of AmWINS Brokerage of Texas. Today, his team is one of only two units within AmWINS that specializes in delivering injury coverage solutions for employees and independent contractors. Murphy is widely recognized as an expert in the ‘non-subscription’ or ‘opt-out’ policy, having authored numerous policy forms and developed exclusive policy offerings and market capacity.

Murphy is an active supporter of insurance industry associations and causes. He co-founded and serves as a board member for the Association for Responsible Alternatives to Workers’ Compensation and is dedicated to the preservation of Texas elective employer law and its expansion to other states.

## CHARLES H. DANGELO

President and COO

### STARR COMPANIES

Charles H. Dangelo is president and chief operating officer of Starr Insurance Holdings, where he provides leadership for several insurance companies and subsidiaries under the Starr brand. He serves as president and CEO of Starr Indemnity & Liability Insurance Company and Starr Surplus Lines Insurance Company, and as vice chairman of Starr’s Bermuda-based insurance company, Starr Insurance and Reinsurance Limited. Dangelo is also a fellow of the Casualty Actuarial Society.

Prior to joining Starr, Dangelo was vice president and chief reinsurance officer for AIG, where he was responsible for the management of ceded and assumed reinsurance divisions, including US property & casualty, international property & casualty and worldwide life insurance. In addition, he served as senior vice president and a member of the board of directors for all of AIG’s domestic property & casualty companies, as well as president of AIG Global Risk Management. Prior to his time at AIG, Dangelo spent 24 years at CNA Insurance in various management roles.



## JACK MCGRAW

Founder, president and CEO

THE MCGRAW GROUP/PACIFIC SPECIALTY INSURANCE COMPANY

Born and raised in Omaha, Nebraska, Jack McGraw grew up destined for an insurance career – his native city was a renowned regional insurance hub where many young natives tried to hack their way into a booming business. Celebrating his 87th birthday this December, McGraw has spent an impressive 70 years in the insurance industry, 64 of which have been in a full-time executive position.

McGraw's illustrious career began in high school, when he took a job working for Central National Insurance Company. Since then, he has aided countless companies in opening up new offices, improving processes and spearheading innovative initiatives. Today, McGraw is responsible for the conception and growth of the McGraw Group of Affiliated Companies, in addition to being active on the board.

He credits his wife, Joan, with being the backbone of the business. "When I left as president of El Dorado and we decided to start our own general agency, I needed a good partner very quickly," he says. "It turned out that partner was my own wife." Looking ahead, McGraw hopes to see the industry grow with more family-owned, neighborhood businesses like his to balance out the major corporations.

Distilling his seven decades in the industry into a single lesson, McGraw says nurturing talent is key. "I have to believe that the management of people has to be the core of any good business," he says. "You need to understand who is doing what so that you can create cohesion in the workplace. Hiring good employees and delegating tasks is crucial to consistency in business."



## MICHAEL D. RICE

Managing director and chairman of RSG Underwriting Managers

RYAN SPECIALTY GROUP

Currently serving as a managing director of Ryan Specialty Group [RSG] and chairman of RSG Underwriting Managers, Michael Rice joined RSG in 2010, following a career spanning more than 40 years with Aon Corporation and its predecessor companies. Prior to RSG, Rice was an executive vice president at Aon and served as CEO of several subsidiaries specializing in the national distribution of insurance products via independent brokers, wholesale brokerages, managing general underwriters and direct marketers.

## SPECIAL REPORT

**MARK REAGAN**

Chairman, global construction practice

**MARSH**

Currently serving as chairman of Marsh's global construction practice, Mark Reagan has more than four decades of construction risk management experience. Prior to his role at Marsh, Reagan was managing director of Aon's Construction Services Group. He also previously held roles at Willis, AIG and Seaboard Surety Company.

**ANTHONY MARKEL**

Vice chairman

**MARKEL CORPORATION**

Part of the third generation of family leadership at Markel Corporation, Anthony Markel joined the insurer in 1964, and he has been serving the insurance world in the decades since. In 1986, he was part of the leadership team that took the company public; since that time, Markel Corporation has grown into an international insurer and reinsurer.

**MARTIN P. HUGHES**

CEO and chairman of the board

**HUB INTERNATIONAL**

CEO and chairman of the board at HUB International, Martin Hughes has more than 40 years of experience in the insurance brokerage industry, first starting in 1973 as a sales trainee at Mack & Parker. Hughes eventually became president at Mack & Parker (now a part of HUB International Midwest) from 1990 to 1999 and served as chairman of the board from 1999 to 2001.

Hughes recalls his days at Mack & Parker, where he worked on the 10th floor of the Rookery Building in Chicago: "It is an historic building in

Chicago and noteworthy because it was considered the first skyscraper in the city when it was built back in the late 1800s," he says. "We left the building in 1985 due to the fact that Continental Bank, which was one door to the south, bought the building. When HUB went public on the NYSE in 2002, we started our IPO road show in Chicago, and the first place the JPM bankers took me to was an investment house located on the 10th floor of the Rookery Building. I considered it not only to be ironic, but a very good sign."

Outside of his duties at HUB, Hughes has served as chairman of Assurex International, a worldwide insurance service organization, and presently serves as secretary for the Council of Insurance Agents and Brokers. He is also a board member for Mount Carmel High School and is a member of the Economic Club of Chicago and the Executives' Club of Chicago.

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## JOHN HALEY

CEO and director

### WILLIS TOWERS WATSON

Currently the CEO and director of Willis Towers Watson, John Haley has been with the international firm since 1977. Throughout his career, he has held a variety of roles, including consulting actuary to several of the company's largest clients; manager of the Washington, DC, consulting office; and leader of the global retirement practice. In 1998, Haley was named CEO, and the company has since grown tremendously under his guidance.

In addition to his responsibilities in leading Willis Towers Watson, Haley serves on the board of directors of MAXIMUS and the Miami Cancer Institute. He is a fellow of the Society of Actuaries and the Conference of Consulting Actuaries, and has served as a trustee of the Actuarial Foundation. Previously, he served on the board of Hudson Global, a firm that specializes in executive searches, specialty staffing and related consulting services.

**“On the future of insurance:** “I’m very hopeful about the future of insurance. Many carriers are at the forefront of innovation and emerging trends, which could have a far-reaching impact on society. The continuing development of technology as a risk-management tool, combined with the digital transformation and evolution of Big Data, analytics, wearable and mobile devices, and the Internet of Things, will create innovative change across the industry for years to come.”

## SPECIAL REPORT

**SHARON H. EMEK**

Founder and CEO

**WORK AT HOME VINTAGE EXPERTS**

Sharon Emek is the founder and CEO of Work At Home Vintage Experts [WAHVE], an innovative talent solution that engages professionals phasing into retirement who work remotely from home on a contract basis for insurance firms across the country. Prior to WAHVE, Emek served as a partner with CBS Coverage Group, was founder and CEO of The Emek Group, and also served as a professor at Rutgers University.

Throughout her prolific career, Emek has appeared in various media outlets, and she often speaks publicly on insurance and management topics. In recent years, Emek has been the recipient of numerous awards and recognitions, including the 2016 SmartCEO Brava Award and being named to *IBA's* Elite Women list in 2016. She also received the 1882 Fellow Award in 2014, becoming the first woman to receive the highest honor presented by IIABNY.

Heavily involved with industry and community affairs, Emek served on the IIABNY board for 10 years and is past chair, and she has also been a board member of the Agents Council for Technology. Outside of insurance, she is the co-author of *Answers for Managers*, which addresses everyday questions for business managers.

**DAVID LOCKTON**

Chairman

**LOCKTON COMPANIES**

In June, David Lockton received EY's Entrepreneur of the Year Lifetime Achievement Award in recognition of his years of entrepreneurial leadership, achievements and vision. For more than four decades, Lockton has been part of the core leadership for the world's largest privately held independent brokerage, having served as president, CEO and as chairman for the last 15 years. He has deftly led the company through years of immense growth and high client retention with a "unique ability to take [Lockton Companies'] culture, business and values and combine them with long-term thinking," in the words of former Lockton president and CEO Glenn Spencer.

At the beginning of his career, Lockton decided to abandon his dream of being a lawyer to become a broker after seeing the good start his brother got and the great potential the industry presented for those who were willing to work hard. He believes "that modest beginning is what drives our culture today." When his brother passed away in 2004, Lockton stepped up during a tumultuous time, making sure the company stayed on track as a family-owned, privately held firm and retained its core values and culture.

Apart from seeing the company through significant milestones such as hitting the \$1 billion revenue mark in 2013 and the rapid expansion of its operations across the globe, Lockton was responsible for developing Lockton Companies' innovative Claims Cost Control program and for growing its financial services segment, property and M&A practices, and employee benefits consulting operation.

Outside the insurance industry, Lockton remains active in civic and community affairs in Kansas City and leads the company's employees to contribute large amounts of time and money annually to various nonprofits in different countries. An avid outdoorsman, Lockton personally participates in charitable activities such as bike rides and obstacle runs to help raise awareness and funds for health-related causes.



## TOM CLARK

President

### NATIONWIDE EXCESS & SURPLUS/SPECIALTY

Tom Clark brings more than 33 years of technical and leadership experience in the insurance industry to Nationwide. He joined the E&S/Specialty team in September 2014 as a senior vice president and assumed the role of president in December 2015. Leading a \$3 billion organization and more than 1,700 associates, Clark is focused on delivering profitable growth by strengthening distribution partnerships, effectively managing resources and creating a great environment for associates.

Prior to joining Nationwide E&S/Specialty, Clark served as senior vice president of field operations for Allied Insurance. Prior to that, he held the same role at Harleysville, in addition to serving as vice president of Harleysville's New Jersey branch office. He has also been a commercial lines executive for the Mid-Atlantic region of Fireman's Fund and held various other industry roles, including special risk manager for the Treiber Group (now part of RPS) and western area marketing manager for Clarendon National Insurance Company. He started his insurance career at Cigna Corporation, where he worked as a business development manager and underwriting services manager.

Deeply committed to corporate citizenship, Clark sits on the board of St. Mary's Food Bank Alliance in Phoenix and is also the leader for Nationwide's National Pride Associate Resource Group.

"The one thing I've learned throughout my years in the industry is that you need to work hard and/or be more deliberate in soliciting and optimizing the intellectual power of the people you work with," Clark says. "My hope for the future of insurance is that we can continue to enhance the image of this industry to attract and retain the best talent."





# SPECIAL REPORT



## TOM QUAKA

Senior vice president

FCCI INSURANCE GROUP

**“Most valuable lesson:**  
“Relationships can last a lifetime; events and circumstance do not.”

Tom Quaka currently serves as senior vice president of FCCI Insurance Group. Before FCCI's acquisition, Quaka was president and CEO of Mississippi Insurance Managers and Brierfield Insurance Company. Prior to that, he spent two years as vice president of Brickell Insurance Agency, and before that, he was with the New Hampshire Insurance Group, an AIG subsidiary, for 18 years.

Quaka has served the insurance industry in numerous capacities over the last 40 years. He has been a member of the ISO Advisory Committee, the National Council of Compensation Insurance Rating and Classification Committee, and the Mississippi Legislative Task Force for regulatory reform. He has also been part of various legislative

advisory committees, focusing on uninsured motorist, medical malpractice and windstorm legislation. He is also past president of the Mississippi Society of Chartered Property and Casualty Underwriters and of the Workers' Compensation Assigned Risk Pool.

Quaka has also served on the Technical Conference and Executive Committees of the Independent Insurance Agents Association of Mississippi. The association recognized his dedication and achievements in 1991, awarding him with its highest honor, the prestigious J.H. Johnson Memorial Award for distinguished service to the insurance industry.

Quaka is recognized nationally in insurance education, having been a member of the national faculty of the Certified Insurance Counselors Institute for 20 years, presenting technical insurance seminars across the country. He continues to teach property & casualty courses throughout the state for the Independent Insurance Agents of Mississippi and is currently teaching the Agents E&O Program on behalf of Swiss Re. He has been recognized with a Distinguished Service Award from the Insurance and Risk Management School.



## ROBERT E. MACKOUL

CEO

THE MACKOUL GROUP OF COMPANIES

When Vietnam combat veteran Robert Mackoul was discharged from the US Navy in 1969, he had a wife and son, no real education, and no real career opportunities. He joined the Penn Mutual Life Insurance Company as an agent and began selling life and disability insurance. Now, 47 years later, Mackoul has built three successful insurance companies that generate more than \$80 million in annual premium volume: Mackoul & Associates, New Empire Group and The Mackoul Group of Florida.

Mackoul has been blessed with many long-term key staff members and family partners, including his wife, Deborah, and three sons, Rob, Ed, and Jared, in New Empire Group and Mackoul & Associates. His formula has been to create a family culture for the entire organization that is based upon annual agency and individual goals. “Our business is a second family for everyone,” he says, “giving all a sense of ownership in the success of the organization.”

Over the years, both Mackoul and his agencies have been recognized nationally for their success and contributions to the industry and to charity. He is a past President of the Tri-County New York 'Big I' and a member of numerous industry organizations. Mackoul has also been an active participant in Long Island youth athletic programs, managing boys' baseball and girls' softball programs and tournament teams for more than three decades. His annual charity Saints & Sinners Golf Classic, which benefits St. Mary's of Brooklyn, is a sold-out event every year.

A photograph of golfer Jimmy Walker. He is wearing a dark blue polo shirt with 'Burns & Wilcox' on the left chest, 'BELLAGIO LAS VEGAS' on the right chest, and a 'Titleist' patch on the left sleeve. He is also wearing a dark blue cap with 'Insperty' on it. He is holding a golf club and looking off to the side. The background is a blurred outdoor setting with trees and a blue sky.

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2016 PGA Champion  
Burns & Wilcox Brand Ambassador

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# SPECIAL REPORT



## PAUL KRUMP

Executive vice president and president of North America insurance

CHUBB

After the 2016 completion of the largest deal in the insurance industry, which merged ACE and Chubb to form the biggest publicly traded property & casualty insurer, Paul Krump immediately hit the ground running, becoming the executive vice president of the new Chubb Group and president of its North America commercial and personal lines. The first day after closing, Krump and the rest of the team at Chubb launched the cross-selling and upselling of the company's combined portfolio of products and promoted its expanded set of market segment expertise. Krump continues to hold executive operating responsibility for Chubb's retail commercial P&C businesses, catering to the middle market and small commercial customer segments in North America.

Krump has been with Chubb since 1982, when he started as a commercial underwriting trainee. Since then, he has held many positions within Chubb across its operations in Europe and the US, including serving as COO before the acquisition.

In addition to his plethora of responsibilities at Chubb, Krump serves on the executive committee of the Council of Insurance Company Executives and on the board of trustees of the Institutes, a professional development and research organization for risk management and insurance.



## JOE HUTELMYER

Chief underwriting officer

AMWINS TRANSPORTATION UNDERWRITERS

**Fun fact:** Hutelmyer was married at an AAMGA convention in Hawaii and renewed his vows when the convention returned to the state 20 years later.

A Philadelphia native, Joe Hutelmyer began his insurance career as a casualty underwriting trainee for The Hartford Insurance Company upon graduating from Drexel University. After working as a senior casualty underwriter at The Hartford and product manager for the Insurance Company of North America, Hutelmyer moved to North Carolina in 1981 to become the senior vice president of Seaboard Underwriters.

Hutelmyer went to Travelers Specialty Insurance in 1996 to oversee the development of Travelers' specialty transportation division before returning to Seaboard Underwriters later that year. Seven years later, AmWINS Group acquired Seaboard, and the firm was later rebranded as AmWINS Transportation Underwriters, with Hutelmyer as the company's president and chief operating officer. In January 2017, Hutelmyer was named chief underwriting officer for AmWINS Transportation Underwriters, where his responsibilities include underwriting oversight, company relations and product development.

Hutelmyer shares his extensive industry knowledge with the leaders of tomorrow as a guest lecturer in the risk management and insurance program at Appalachian State University. In addition, he is actively involved in insurance industry associations, having served as president of AAMGA, as well as chancellor of AAMGA University. He also currently serves on multiple advisory boards.

Reflecting on his four decades in the insurance business, Hutelmyer says: "The industry has provided me and my family with many opportunities, and I've been blessed to enjoy this occupation for the past 41 years. Not only are two of my sons in the business, but I've had the privilege of traveling the world, learning how other markets work and making lifelong friends through my career in insurance."



## ALAN JAY KAUFMAN

Chairman, President and CEO

### H.W. KAUFMAN GROUP

Originally set on becoming a veterinarian, Alan Jay Kaufman, the son of a Lloyd's broker, ultimately pursued an illustrious legal career, including serving as vice counsel of Panama. In 1996, Kaufman purchased H.W. Kaufman Group from his late father, taking the company private. Under his leadership, H.W. Kaufman and its companies have experienced double-digit annual growth, achieving more than \$1.5 billion in revenue in 2016, including \$1.2 billion in annual premium from Burns & Wilcox, the firm's flagship brand.

In recognition of his entrepreneurial leadership, Ernst & Young awarded Kaufman the Entrepreneur of the Year Award in the business services category for Michigan and Northwest Ohio in June 2011. In 2013, he received the Distinguished Alumni Award from his alma mater, Michigan State University. Most recently, he was named to *IBA's* Hot 100 list for the second time in 2017 in recognition of his commitment to developing talent. That dedication is evident in his founding of the Kaufman Institute, which provides ongoing professional development opportunities for the company's employees. "The insurance industry is short on talent and has a short bench on future leadership," Kaufman says. "Our industry's current leaders need to focus more on bringing in recent graduates. Through endowments, scholarships, partnerships and education programs, Burns & Wilcox and my family have led the way to attract more students to discover the wealth of opportunities of an insurance career."

Understanding that giving back is part of a successful career, Kaufman is also an active philanthropist, dedicating his time, energy and resources to educational, civic, community and business organizations.



# SPECIAL REPORT



## JOHN HAHN

Co-founder and CEO

### EPIC INSURANCE BROKERS

Responsible for the leadership and executive management of EPIC, John Hahn has been in the insurance business for more than 35 years. His accomplishments range from building well known platforms and brands on

both the wholesale and retail side of the business to successfully launching startup companies and co-founding products and programs.

From 1985 to 2003, Hahn was the founder, president and CEO of Tri-City Brokerage. Under his leadership, Tri-City grew organically to become one of the nation's largest and most successful wholesale and surplus lines brokers. In 2003, he orchestrated the sale of Tri-City to the BISYS Group, becoming president of BISYS Commercial Insurance Services after the acquisition. Four years later, Hahn left BISYS and, in partnership with co-founder Dan Francis and insurance industry investor Stone Point Capital, began the journey of building EPIC. Today EPIC boasts nearly \$300 million in revenue, has more than 1,100 associates across the country and is the 17th largest US retail insurance broker.

Looking toward the future of insurance, Hahn emphasizes the need for the industry to attract new talent, while offering a word of caution on the use of technology. "We [must] improve our ability to attract the best and brightest talent and make a concerted effort as an industry to train and retain the millennial generation," he says. "There is much focus on technology today, and while I believe technology and data analytics will drive efficiencies and add value in the distribution system, this is still an advisory business that requires building trusted relationships one-on-one – not by using a mobile device."



## JAMES A. ROE

President and CEO

### ARLINGTON/ROE

James Roe has been serving the insurance industry from the day he joined Arlington/Roe, the MGA and wholesale insurance broker his father founded in 1964. In 1987, Roe took over the business as president and has since grown the company from \$7.5 million to more than \$205 million today. Although growing up, Roe aspired to be a priest and then a lawyer so he could serve and lead people in their time of need, he found that insurance fulfilled his desire to serve his community.

Throughout his career, Roe has supported numerous insurance organizations and their initiatives at both the state and national levels. He is past president of the AAMGA and past director of NAPSLO, and he has served on various legislative committees. Roe and his team also actively participate in and support the local activities of state organizations such as the Independent Insurance Agents and Brokers of America and Professional Insurance Agents.

Outside of his industry involvements, Roe devotes time to the community by serving on the board of Scecina Memorial High School and leading his company to support a philanthropic organization every month.





## KEVIN H. KELLEY

CEO

### IRONSHORE

Following a distinguished career as chairman and CEO of AIG's Lexington Insurance Company, which he built into a leading excess & surplus lines insurer, Kevin Kelley joined Ironshore in 2008 as CEO. Under his leadership, Ironshore has expanded its international presence with a network of offices offering diverse specialty insurance coverages on a global platform. Prior to his time at Ironshore and Lexington, Kelley was executive vice president of AIG Property Casualty Group and president of AIG Domestic Personal Lines. He has also been a director of C.V. Starr & Company and Starr International Companies.

Kelley has been recognized for his dedication to community service, including serving as chairman of the board of overseers for the St. John's University School of Risk Management and as a member of the Council on Foreign Relations.



**Fun fact:** Kelley once had the opportunity to bring Eric Clapton and Cream to a high school concert he was promoting. Instead, he chose another group that never went anywhere.



# SPECIAL REPORT



## JOSEPH V. TARANTO

Chairman of the board

EVEREST RE GROUP

Named chairman and CEO of Everest Re Group in 1994 – back when it was known as Prudential Reinsurance Company – Joseph Taranto currently serves as chairman of the board at the international reinsurance and insurance group. With more than 35 years in the insurance industry, Taranto has gained significant insight into the global property and casualty market sectors, and he is an acknowledged leader and visionary, having established a superior long-term track record of performance.

A graduate of Brooklyn College and a fellow of the Casualty Actuarial Society, Taranto began his career in the actuarial department at AIG in 1975 and quickly distinguished himself as a leader within this large organization. He

rapidly advanced to become manager of the actuarial department and then moved to underwriting, taking on the role of senior vice president at AIG subsidiary National Union. In 1986, Taranto was named president of Transatlantic, a private company whose sole source of business was AIG. Taranto helped transform Transatlantic into a global reinsurer with clients throughout the world. In 1990, he successfully led the initial public offering of Transatlantic, where he remained president until assuming his role at Everest Re.

In 1995, with less than \$700 million in capital, Taranto led the initial public offering of the newly named Everest and steered the company toward becoming one of the top 10 reinsurers in the world, now with more than \$8 billion in capital and premiums in excess of \$6 billion. Recently, Everest Re was recognized for its accomplishments by being added to the coveted S&P 500 index.

## PATRICIA GUINN

Board member

ALLIED WORLD

Patricia Guinn brings more than four decades of insurance experience to her current role as a member of the board of directors of Allied World Assurance Company Holdings, a global provider of innovative P&C and specialty insurance and reinsurance solutions. In 2015, Guinn retired from Willis Towers Watson, where she served as managing director of the firm's risk and financial services segment, as well as serving as a member of its Management Committee. Prior to that, Guinn held various management and leadership positions at one of Willis Towers Watson's predecessor companies, Towers Perrin, which she joined in the mid-1970s.

In 2014, Guinn was the recipient of the Actuarial Foundation's Insurance Legends Award; she is also a fellow of the Society of Actuaries, a member of the American Academy of Actuaries and a Chartered Enterprise Risk Analyst.



## RICHARD ALDORISIO

Executive vice president,  
primary casualty insurance

SOMPO INTERNATIONAL

Richard Aldorisio has worked for a number of different organizations since he started as an underwriting trainee at Greater New York Mutual more than four decades ago. Today, he serves as EVP of primary casualty at Endurance Insurance, a division of Sompo.

The majority of Aldorisio's career has involved specialty casualty lines of business, imparting an important lesson. "Respect the product and the business," he says. "As insurance professionals, we serve an important role as the oil that lubricates the machinery of commerce."

Looking to the future, Aldorisio points to the need for insurance professionals to fully understand a client's risks. "The lines of distinction between an insured's business/operational risk and fortuitous, typical insurance loss are becoming increasingly blurred," he says. "We need professionals who truly understand the business whose assets they are protecting. Most importantly, we need to grasp an insured's perception of the risks they face. It is imperative that we develop cost-efficient, effective methods of delivering our products so that an insured's assets are properly protected, while making certain that the same insured clearly understands the scope of coverage provided."



## SUSAN PRESTON

Founder and president

### PROFESSIONAL PROGRAM INSURANCE BROKERAGE

“When I first moved to California, I had no idea what I wanted to do, so I decided to try insurance or banking,” says Susan Preston, founder and president of Professional Program Insurance Brokerage [PPIB]. “These industries seemed to have opportunities to move up. Luckily, CSE Insurance Company gave me a job 38 years ago.”

For her first two months on the job, Preston fielded questions about homeowner’s and auto insurance for CSE before moving on to Blodgett & Associates, where she learned commercial insurance. When the firm needed someone to service churches, Preston took on that role (her main qualification was being a minister’s daughter), thus becoming the firm’s first-ever female broker/agent and subsequently vice president of sales. In 1993, Preston parted ways with Blodgett & Associates so she could establish PPIB. “Unusual programs were always my interest long before it became the fashionable choice it is today,” she says. “I took my tattoo, beauty and tanning clients and left the ‘vanilla’ business. Twenty-four years later, many clients are still with PPIB.”

Preston recognizes the endless potential in the insurance industry – after all, she has been able to reinvent herself many times over the course of her career. “There is no need to get stuck in a rut doing the same things year after year,” she says. “PPIB has programs for circuses, pyrotechnics, dispensaries, cryotherapy, e-cig products liability and body piercing, just to name a few. I have come a long way from insuring churches. If the insurance industry could get the message to young people that there are many exciting ways to go, prospective employees would be knocking at our doors.” **IB**





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\*This is intended as a brief overview of the coverages offered.

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INSURANCE BUSINESS AWARDS  
2017 FINALISTS

# Insurance BUSINESS AMERICA *Awards* 2017

Thursday, October 26, 2017  
The Navy Pier | Chicago

A thousand nominations came in from across the nation to acknowledge the best and brightest companies, teams and individuals in our industry. It is with honor that we now present to you the Finalists of the inaugural Insurance Business Awards America.

Together with our publisher, Key Media, we would like to thank the Insurance Business community of readers and our event partners who continue to make this event a success.

Join us as we announce the winners and celebrate our industry's successes at a glamorous black-tie gala ceremony hosted by TV celebrity Alfonso Ribeiro on October 26<sup>th</sup> 2017 at The Navy Pier in Chicago. To book a table today, contact [events@keymedia.com](mailto:events@keymedia.com).

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## RETAIL AGENCY OF THE YEAR

MORE THAN \$75M  
IN REVENUE

- Alliant Insurance Services
- Aon
- Arthur J. Gallagher & Co.
- Brown & Brown Insurance
- Crystal & Company
- Hays Companies
- Higginbotham
- HUB International
- Hylant
- Leavitt Pacific Insurance Brokers
- Lockton Companies
- NFP
- Risk Strategies Company
- USI Insurance Services
- Willis Towers Watson
- Woodruff-Sawyer & Co.

## RETAIL AGENCY OF THE YEAR

\$75M IN REVENUE  
OR LESS

- ABD Insurance and Financial Services
- Bowen, Milette & Britt Insurance Agency
- Cobbs Allen
- Eagan Insurance Agency
- Frank H. Furman
- John M. Glover Agency
- Lawley
- Lovitt & Touché
- Marshall & Sterling Insurance
- The Horton Group
- Troxell
- TrueNorth Companies

## NETWORK / ALLIANCE OF THE YEAR

MEMBERSHIP OF 100  
AGENCIES OR GREATER

- SecureRisk
- Strategic Insurance Agency Alliance
- Smart Choice
- The Iroquois Group
- The ISU Group of Companies

## NETWORK / ALLIANCE OF THE YEAR

MEMBERSHIP OF 100  
AGENCIES OR FEWER

- Agency Network Exchange
- Insurance Producers Network
- Pennsylvania Insurance Alliance
- TechAssure
- Valley Insurance Agency Alliance



# INSURANCE BUSINESS AWARDS 2017 FINALISTS

## INSURANCE INDUSTRY EMPLOYER OF CHOICE

MORE THAN 100  
EMPLOYEES

- ABD Insurance & Financial Services
- Allianz
- Aon Risk Solutions
- Bolton & Company
- FM Global
- Higginbotham
- Holmes, Murphy and Associates
- Marsh & McLennan Agency
- NSM Insurance Group
- RLI
- SeibertKeck Insurance Agency
- USI Insurance Services

## INSURANCE INDUSTRY EMPLOYER OF CHOICE

100 EMPLOYEES  
OR FEWER

- Abram Interstate Insurance Services
- Acentria Insurance
- Frank H. Furman
- G&N Insurance
- Klinger Insurance Group
- Owen-Dunn Insurance Services
- Troxell

## THE AWARD FOR DIVERSITY & INCLUSION

- Aon
- Auto-Owners Insurance
- Hiscox
- Philadelphia Insurance Companies
- QBE Insurance Group
- The Hartford
- Travelers
- Zurich North America

## THE AWARD FOR PHILANTHROPY & COMMUNITY SERVICE

- AIG
- Argo Group
- Auto-Owners Insurance
- Chubb
- EMC Insurance Companies
- Liberty Mutual Insurance
- Philadelphia Insurance Companies
- QBE Insurance Group
- Starr Companies
- Sentry
- The Hartford
- Travelers
- Zurich North America



THE AWARD FOR  
**CORPORATE  
SOCIAL  
RESPONSIBILITY**

- AIG
- AmWINS Group
- Aspen Insurance Holdings
- Chubb
- Liberty Mutual Group
- Selective Insurance Group
- USI Insurance Services
- XL Catlin
- Zurich North America

THE IBA MAGAZINE  
READERS' CHOICE  
AWARD FOR  
**BEST DIGITAL  
SERVICE  
PROVIDER**

- Applied Systems
- CoreLogic
- EZLynx
- HawkSoft
- IBQ Systems
- Insurance Technologies Corporation
- NetRate Systems
- Newton by Agency Systems
- Nexsure
- ReSource Pro
- Vertafore

THE AWARD FOR  
**RISK TEAM  
OF THE YEAR**

- BP Energy Company
- Charles Schwab
- City of Philadelphia
- Cook Group
- Dallas/Fort Worth International Airport
- Facebook
- Kimberly-Clark
- The Smithsonian Institution

THE AWARD FOR  
**WHOLESALE  
PARTNER OF  
THE YEAR**

- All Risks
- AmWINS Group
- Appalachian Underwriters
- Bass Underwriters
- Brown & Riding
- Burns & Wilcox
- CRC Swett
- Genesee General
- Hull & Company
- K&K Insurance Group
- Risk Placement Services
- RT Specialty
- Sullivan Brokers
- U.S. Risk Insurance Group
- Worldwide Facilities





# INSURANCE BUSINESS AWARDS 2017 FINALISTS

## THE AWARD FOR **BEST WHOLESALE SPECIALIZED PRACTICE - COMMERCIAL PROPERTY**

- Atlantic Specialty Lines
- Breckenridge Insurance Group
- Distinguished Programs
- Empire State Brokerage Services
- Gorst & Compass
- Hull & Company
- Johnson & Johnson
- MacNeill Group
- Monarch E&S
- RIC Insurance
- TAPCO Underwriters
- The Jack Nebel Companies

## THE AWARD FOR **BEST WHOLESALE SPECIALIZED PRACTICE - CONSTRUCTION**

- Arlington/Roe & Co.
- Atlas General
- BTIS
- Empire State Brokerage Services
- Gorst & Compass
- Hull & Company
- Johnson & Johnson
- RT Specialty
- SIS Wholesale Insurance Services
- TKG Wholesale Brokerage

## THE AWARD FOR **BEST WHOLESALE SPECIALIZED PRACTICE - ENVIRONMENTAL**

- American Risk Management Resources Network
- Beacon Hill Associates
- Environmental Risk Managers
- Freberg Environmental Insurance
- Program Brokerage Corporation Environmental Liability Practice

## THE AWARD FOR **BEST WHOLESALE SPECIALIZED PRACTICE - PROFESSIONAL LIABILITY**

- Apogee Insurance Group
- Capital Special Risk
- Chris-Leef General Agency
- Gorst & Compass
- MacNeill Group
- Monarch E&S
- RIC Insurance
- Risk Innovations
- SIS Insurance Services
- Socius Insurance Services



THE AWARD FOR  
**TOP  
WHOLESALE  
BROKER OF  
THE YEAR**

- **Daniel Lazarz**  
CRC Swett
- **Donny Alberico**  
AmWINS Group
- **Doug Flake**  
Brown & Riding
- **Jeff Cunningham**  
American Risk Management  
Resources Network
- **Roger Ware**  
Genesee General

THE AWARD FOR  
**YOUNG GUN  
OF THE  
YEAR**

- **Andrew L. Eagan**  
Eagan Insurance  
Agency
- **Brian Davidian**  
RT Specialty
- **Corie Gist**  
HUB International
- **Daniel J. Kaufman**  
H.W. Kaufman Financial  
Group / Burns & Wilcox
- **Daniel Steadman**  
InsCipher
- **Derek Crumpler**  
Burns & Wilcox
- **Ian Bell**  
Socius Insurance Services
- **Kyle Burnett**  
XL Catlin
- **Matt Banaszynski**  
Independent Insurance  
Agents of Wisconsin
- **Nicole Ricigliano**  
Markel Corporation
- **Reyanna Sheets**  
Norman-Spencer  
Agency
- **Ryan Buttrey**  
Safety National
- **Sara Von Tersch**  
NFP

THE AWARD FOR  
**AGENCY  
CEO OF  
THE YEAR**

- **Anthony (Tony) Chimino**  
Assurance
- **Doug Hammond**  
NFP
- **Kendall McEachern**  
Acentria Insurance
- **Mike Sicard**  
USI Insurance Services
- **Robert Cohen**  
IMA Financial Group
- **Rusty Reid**  
Higginbotham
- **Steve Brockmeyer**  
Bolton & Company

THE AWARD FOR  
**WOMAN OF  
DISTINCTION**

- **Barbara Bufkin**  
Hamilton
- **Catherine Mulligan**  
Zurich North America
- **Cindy G. Paulin**  
Eagan Insurance  
Agency
- **Darlene Diplock**  
HUB International
- **Deirdre Manna**  
PCIAA
- **Denise Johnson**  
Independent Insurance  
Agents of Oklahoma
- **Janet Dell**  
Marsh ClearSight
- **Keri Kish**  
Wholesale & Specialty  
Insurance Association
- **Lisa A. Lindsay**  
Private Risk Management  
Association
- **Marya Propis**  
AIG
- **Michele Comtois**  
Marsh & McLennan Agency
- **Susan L. Combs**  
Combs & Company
- **Yiana Stavrakis**  
Specialty Program Group





# INSURANCE BUSINESS AWARDS 2017 FINALISTS

## THE MIDWESTERN INSURANCE ALLIANCE AWARD FOR **TOP PRODUCER OF THE YEAR**

- **Alex Michon**, Lockton Companies
- **Brian Scrocca**, Alliant Insurance Services
- **Dave Kauffman**, Lechner and Stauffer
- **David Schawe**, Arthur J. Gallagher & Co.
- **Jacqueline Roth**, Bolton & Company
- **Jett Abramson**, AmWINS Group
- **Kendall McEachern**, Acentria Insurance
- **Marcia Hahn**, Arthur J. Gallagher Risk Management Services
- **Robert Jellen**, HUB International
- **Ryan Moss**, Higginbotham
- **Scott Meyer**, Willis Towers Watson
- **Stacey Owen**, PrimeGroup Insurance
- **Steve Fisk**, Marsh & McLennan Agency
- **Tamara A. Knight**, Esser Hayes Insurance Group



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# The means for expansion

Making investments in the business is crucial for any insurance agency, but what's the best way to secure financing?

**BANKS AND** other institutions that provide financing to the insurance industry play an integral role in enabling agencies to expand their books of business. In the current insurance landscape, standing still is akin to going backwards, and any agency that isn't continuously looking for ways to grow by making investments in its business could face a battle to survive.

The vast majority of insureds value having an agent at the end of a phone, but in reality, that value proposition may not be enough for an agency to maintain its business going forward. Money talks, and a lot of it is being spent right now on trying to encourage clients to transition their business to low-cost alternatives.

"Everybody is going after the agency clients: Close to \$2 billion a year is being spent by the investment community on trying to work out how to disintermediate agents from their clients," says Robert J. Pettinicchi, executive vice president of InsurBanc. "Money is being spent on trying to get access to the consumer that the agent controls, so savvy agents need to make investments in their business, technology and people."

## Growth mindset

Investing in the future is a core driver of success in today's market. While implementing strategies that enable organic growth should be a top priority, creating growth through acquisitions should also be a key consideration for ambitious agencies.

An acquisition has the potential to add strength to an agency by obtaining multiple growth drivers in one fell swoop, including qualified people, specialty business lines, and access to new markets and geographies.

"Some of those new staff members could also be future owners of the business," Pettinicchi says. "An acquisition helps to grow your business and make it more valuable, but you could also create an embedded population of people who may be able and willing to

buy it at some point.”

While borrowing funds to invest is a sensible option for most modern agencies, some owners seem to have an unhealthy approach to debt. Debt is not necessarily the enemy it is often painted out to be, and allocating funds for payments to former owners and outstanding loans is not uncommon. However, Pettinicchi has noticed a worrying and growing trend among agency owners, who often focus on securing funds for the longest possible loan term, which is often not the most advisable strategy.

Before securing financing, agency



“Money is being spent on trying to get access to the consumer ... so savvy agents need to make investments in their business, technology and people”

Robert J. Pettinicchi, InsurBanc

owners should think about whether they are borrowing for the right purposes. In most cases, they should also attempt to borrow the money for the shortest reasonable timeframe.

“By repaying it on a faster basis, an agency effectively gives itself the ability to leverage, should it need to borrow again, go to market or capitalize on an opportunity,” Pettinicchi

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# SECTOR FOCUS: FINANCING

## SIX WAYS FINANCING CAN POSITION AN AGENCY FOR THE FUTURE



Acquisition loans



Succession and recapitalization loans



Lines of credit and working capital



Partner buy-ins



Improve the business's scope, operations or facilities



Address a need for cash flow

says. “I see that mistake being made – an agency owner may say a deal works for them if they can pay it over 15 years, but they should really be looking at what they can reasonably borrow over five to seven years. That’s an important consideration because, in two or three years, there may be another opportunity that the agency wants to take advantage of.”

### Where to spend

Pettinicchi identifies investments in human capital as the most effective way an agency can use its funds. Yet those investments come with specific complexities, and an agency needs to figure out how to hire producers who can actually produce within their environment and business model. Agency owners need to

method that suits their lifestyle. Technology investments also enable an agency to streamline their own internal processes, increasing efficiency and cutting expenditures. With insurtech and fintech firms putting more and more money toward separating agencies from their clients, investing in technology is no longer an option – it’s a base requirement.

“At this point in time, if you are not keeping pace with all of the technological advances and access to Big Data, you will quickly fall behind your competition,” Dennen says.

He adds that any insurance agency that isn’t growing is dying. “You have two choices,” he says. “Either you don’t have the energy to optimize the value of your business, and making changes or enhancements to get that



“You have two choices: Either you don’t have the energy to optimize the value of your business ... so you start exploring the sale process. Or you have the desire, but lack the roadmap or capital”

*Rick Dennen, Oak Street Funding*

set up a program that appropriately compensates those who do produce and identifies those who do not. The harsh reality is that those non-producers dissipate the value of an agency and keep it from reaching its potential.

“Depending on the five-year plan of your business,” says Rick Dennen, founder, president and CEO of Oak Street Funding, “it may be time to assess your management team and make some necessary changes in poor performers and find top talent to replace – you will be liberated.”

Investments in technology are also crucial. The modern consumer has far greater demands than ever before and expects to be able to communicate when they want via a

value is not a priority, so you start exploring the sale process. Or you have the desire, but lack the road map or capital.”

### Sourcing funding

The financing provided to the industry today could easily be taken for granted. Traditionally, banks were not interested in lending money to agencies, particularly small and medium-sized ones, and financing in the space was largely private. The reluctance of traditional banks to finance investments in insurance agencies was one the key drivers behind the creation of InsurBanc 16 years ago.

It became clear to Pettinicchi and his partners that banks didn’t understand the value of

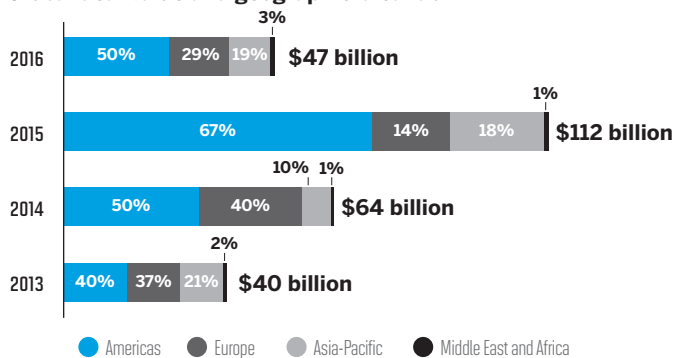


## INSURANCE M&A BY THE NUMBERS

Although M&A in the insurance industry cooled off in 2016 after the highs of 2015, the volumes seen last year were close to 2013 levels.

- ⬇️ **58%**  
 decrease in the total value of deals, compared with 2015
- ⬇️ **16%**  
 decrease in the total volume of deals, compared with 2015
- ⬇️ **12**  
 number of deals above \$1 billion, down from 24 in 2016

### Global deal value and geographic breakdown



Source: EY, Global Insurance M&A Themes 2017

lending to an insurance agency. They were slow to understand how agencies worked, how their cash flow was generated and how they created value. Luckily, that thinking has been turned on its head, and there are now several specialty lenders that provide financing to agencies.

In addition to financing acquisitions, InsurBanc also funds internal perpetuation deals. Although the seller in these deals is usually willing to accept a portion of the proceeds in payments over time, they are also increasingly eager to secure a significant chunk of the money upfront.

“Banks can provide that immediate liquidity that’s often needed to make these perpetuation deals happen,” Pettinicchi says. “There are different pieces to the financing puzzle, and banks certainly provide a really important piece.”

Any agency looking to secure financing from a bank needs to take steps to make itself an attractive, safe bet. That means getting serious about streamlining, documenting and striving to improve internal processes, people, finances and strategies.

“You don’t hide information from your doctor, therapist or your lawyer, and you need to approach a lender the same way,” Dennen says. “Transparency with your lender is the best way to uncover and determine what the best debt structure is for your business. Have your financials and strategic plan ready to share with the lender so they can assess what lending is available to you.”

“Do I need to sell my agency because everyone else is? I’m not ready to retire.”

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# In good health

With its regulation changes and highly politicized nature, healthcare is one of the most complex industries to insure. But for savvy brokers, the opportunities are endless

**THE HEALTHCARE** industry never seems to be able to find a moment of calm. As one of the most highly politicized businesses in America, it's subject to ever-evolving government regulations and is rife with complexity. On top of all that, the way that healthcare is being delivered is changing, and more players are entering the space in an attempt to take advantage of the opportunities available in a huge market. Just as healthcare leaders are being forced to adapt, so is insurance.

Few industries have as many serious risk exposures as healthcare, and insurance plays a crucial role in enabling healthcare organizations and providers to fulfill their roles without the fear of financial and professional ruin.

## Risky business

The need for cyber insurance has been the hot topic of 2017 across all industries, but it's an issue healthcare has faced for some time. The sector has long been a target of hackers eager to get a hold of patients' valuable personal information.

"The release of patient information through a cyber breach can cause so many problems, so there are myriad regulations at federal and state level that need to be coordinated," says Thomas Hayden, Midwest healthcare practice leader at Willis Towers Watson. "Some health systems serve

patients in multiple states, each of which has different regulations, so it can be tricky to address all of the regulatory issues in the aftermath of a cyber event."

In an attempt to mitigate their cyber risks, healthcare organizations and systems are investing heavily in cybersecurity and implementing more advanced vetting systems for contracting work to third parties. Healthcare companies have recognized the importance of ensuring that any third party they employ is properly insured

"Our stand-alone products are proven to work, and most healthcare clients are buying stand-alone coverage," he says, "but some other underwriters who specialize in property and medical malpractice are trying to demonstrate some added value by providing coverage."

Medication mix-ups are another costly exposure for healthcare systems. Despite efforts to implement strategies to reduce errors, the human factor and the susceptibility of overworked employees to make

**"The industry is concerned about cyber-related exposures that might crop up through telemedicine. The technology is moving quickly, and we are waiting to see where and when it fails"**

**Thomas Hayden, Willis Towers Watson**

and can manage their own risk appropriately, because third-party contractors are often responsible for major breaches.

Some healthcare policies offer cyber as an add-on, while other firms require healthcare organizations to buy a stand-alone policy, which, according to Hayden, causes some confusion.

mistakes means it's difficult to see an end to these types of claims.

Just last month, 16 patients and their relatives filed a negligence suit against Pittsburgh's Jefferson Hospital for the theft of Oxycodone by a pharmacy technician. The drug was intended for patients who were recovering from surgery or accidents, or had

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been diagnosed with late-stage cancer; it was replaced with pills that are ineffective in treating pain.

“[There was] at least a four-month period where patients in pain, who needed pain relief, did not get their pain relief and remained in pain,” said attorney Alan Perer. “It only came to light when a patient’s daughter looked at the pill that was being given by a nurse to her mother and said it did not look like an Oxycodone.” Fellow attorney Jennifer Webber added: “This isn’t something that the hospital discovered, and that’s what’s so upsetting about this.”

The pharmacy technician responsible for the crime has already pleaded guilty and been sentenced to six to 12 months in prison, plus three years of probation, but the suit looks to hold Jefferson Hospital to account for failing to prevent the Oxycodone theft.

#### Emerging threats

As with every industry, technology is making its mark on healthcare and changing the way services are provided. In particular, the adoption of telemedicine – where technology is used to interface

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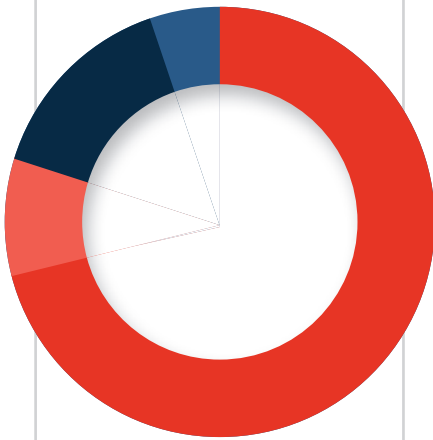
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## SECTOR FOCUS: HEALTHCARE

## THE HEALTH SYSTEM LANDSCAPE



- **4.4%**  
Large health systems/national chains
  - 10+ hospitals
  - Multi-region or multi-state footprint
- **14.9%**  
Mid-tier health systems
  - Two to nine hospitals
  - Local regional/metropolitan area footprint
- **7.3%**  
Academic Medical Centers (AMCs)
  - Academically affiliated
  - Independent and multi-hospital systems
  - Local regional/metropolitan area footprint
- **73.4%**  
Small community health systems
  - Independent
  - Located in urban, suburban and rural markets

Source: Deloitte, "The Great Consolidation"

with patients and deliver medical services remotely – has increased significantly in recent years.

Telemedicine has proved to be an effective tool in providing care to patients who live in remote, rural communities or who may be unable to travel to a physical healthcare site. Telemedicine services can be provided over video chat and remote monitoring devices, and many big players in the tech space are developing and launching apps to optimize these services.

The rise of telemedicine has benefited both healthcare providers and their patients, but it is creating some new risk exposures. There has yet to be a string of claims directly related to telemedicine, but underwriters

space. Larger organizations are swallowing up smaller companies in an effort to gain market share – a trend that shows no signs of abating anytime soon. The insurance implications of an acquisition can be complex and, as with issues around cyber regulation, are often geographical. If a Chicago-based health system that has only operated within Illinois acquires an organization based in Michigan, for example, it will face a slew of risks.

“The potential exposures and market pressures could be completely different,” Hayden says, “so it’s important for the healthcare system to really focus on the unique risks of each geography.”

The recent \$3.75 billion purchase of nonprofit Fidelis Care by private health

“Forward-thinking health systems are really looking at their tolerance for risk and the amount of risk to transfer. I think that using analytics to assess the tolerance of the organization is where this going”

Thomas Hayden, Willis Towers Watson

are observing cautiously as the technology advances at a rapid rate.

“To this point, telemedicine has only been used by licensed physicians to review patients, and the technology has not created a situation for a medical malpractice claim,” Hayden says. “The industry is also concerned about other cyber-related exposures that might crop up through telemedicine. For example, what would happen if a power outage occurred and a radiologist was unable to read a scan remotely? The technology is moving quickly, and we are waiting to see where and when it fails.”

The increased level of consolidation is also continuing to impact the healthcare

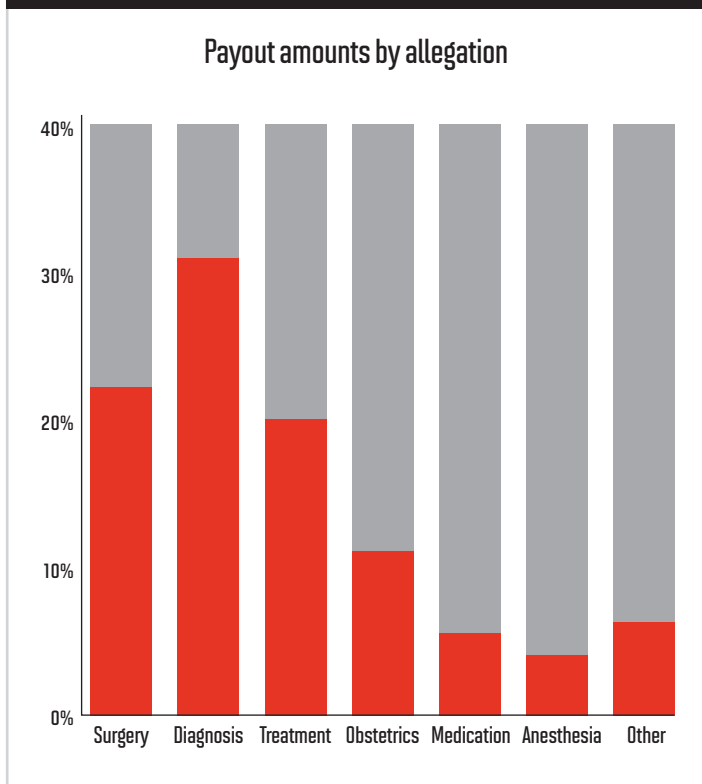
insurer Centene is an example of the acquisition trend. According to Centene, the purchase will expand its government-sponsored healthcare plan into New York, effectively giving Centene a leadership position in the country’s four largest managed care states by membership: California, Florida, New York and Texas.

As more health systems enter the health plan business, they are taking on risk that traditionally has been handled by health maintenance organizations [HMOs] and other plans. Although some health systems have experienced such risk through Medicare and Medicaid contracts, for some, it’s a new exposure. Errors created in the operation of a

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## THE BIGGEST MALPRACTICE RISKS



Source: 2016 Medical Malpractice Payout Analysis, Deidrich Healthcare

managed care plan are more akin to that of a financial institution than a healthcare provider.

Similarly, there has been greater scrutiny of Medicare and Medicaid bills by the federal and state governments. "There is the potential for billing errors for those healthcare systems," Hayden says. "If the federal government alleges that a healthcare system has over-billed or billed for too many procedures, there are all kinds of risks associated with that, including fines and penalties."

Although it's too early to tell how claims might be impacted by Medicaid reforms, Hayden has noticed a downward pressure on revenues in the healthcare sector, which could impact how organizations approach insurance. "Forward-thinking health systems are really looking at their tolerance for risk and the amount of risk to transfer," Hayden says. "That might mean bigger self-insured retentions, higher limits or lower limits of liabilities. I think that using analytics to assess the tolerance of the organization is where this going." 

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# Fisher Brown Bottrell Insurance

**Scott Woods**, president of Fisher Brown Bottrell Insurance, shares how his agency is responding to the industry's hottest trends

## **IBA: What has been the main challenge for Fisher Brown Bottrell?**

**SW:** The primary challenge is perpetuation. I think we are facing a talent shortage in the industry among both agencies and carriers. While some would say that the focus of concern should be on the sales or producer side of the business, I think there is also a big lack of talent on the service side of the house. We have employed strategies to bring people into the business and to create opportunities to hire new talent in the various marketplaces we are in.

## **IBA: How have you approached developing the next generation?**

**SW:** We developed a training program for individuals who are coming out of college that is open to all degrees. While this has been successful, along the way, our program participants suggested that we look at implementing a robust intern program that could potentially result in permanent placement.

We decided to adopt the intern approach, and this has worked very well for us, as well as for the students. It's been a good way for interns to have an opportunity to look at the agency environment and decide if that's something they are interested in. It's also given the agency an opportunity to evaluate the candidates' skill sets.

## **IBA: In light of the recent storms that have hit the South, what do you expect the long-term effects will be for the industry?**

**SW:** The last time the Florida panhandle had a significant event was Hurricane Ivan in 2004, followed by Hurricane Katrina that hit Mississippi and Louisiana. Besides wind, both Hurricane Harvey and Hurricane Irma produced significant flooding events.

This leads us to the question of what's going on with the National Flood Insurance Program reform and funding. If we continue to have more events like this and if losses increase, we would anticipate some tightening of rates, which is natural following major storm events. If storm frequency and severity increase, I think we also need to improve focus on our clients – how can we help them prepare better, and if they have a claim, how can we speed up that process?

With Harvey and Irma, we had two events

occurring very close to each other. There are only so many people capable of adjusting claims, so that can affect the time it takes for a client to get attention and their claim handled. I believe it's important to think about claims triage and how we could possibly use technology more effectively to provide quicker claims response. For instance, I saw one company considering using drone fleets that you could GPS to a specific location for an initial look at damage. I think this will make us seek solutions that are more effective to provide better service to our clients.

## **IBA: How do you think technology is impacting the industry?**

**SW:** There seems to be a lot of angst about insurtech, with questions about how it's going to affect the insurance industry as a whole. The real question is, what could new technology do for our clients?

For example, today if I had an accident, I

## **SCOTT WOODS' UNLIKELY PATH INTO INSURANCE**

An attorney by trade, Scott Woods practiced law for a number of years, working in corporate municipal finance. He was working for Trustmark National Bank in a public finance capacity when the bank acquired the Dan Bottrell Agency in 1999. Woods was sent to the agency to help integrate the firm into the bank. "At the time, I was supervising several non-interest income units for the bank," he says. "Going to the agency was supposed to be a temporary six-month assignment, and now here I am going into my 17th year."





“There seems to be a lot of angst about insurtech, with questions about how it’s going to affect the insurance industry as a whole. The real question is, what could new technology do for our clients?”

could take a photo and upload the image to my insurance company, and they could send me a check for the damage. But is it going to show all the damage to my car, or would it be better for someone to be hands-on and look at the car to see exactly what is going on? This is a good use of technology that is

convenient and quick, but is it the best solution for our clients?

The fact that there’s a lot of innovative thinking and product development going into how can we do things differently and more effectively is really an important trend that makes insurtech beneficial. **IB**

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**Ownership:** Wholly owned subsidiary of Trustmark National Bank and is one of the largest bank-owned agencies in the US

Risk management is not a game.

# Programmed for success

In this special feature, *IBA* takes a closer look at the state of program business in 2017 and where it might be headed in the future

**PROGRAM BUSINESS** is playing an increasingly important role in today's complex insurance industry. Carriers can set the rates and the underlying fundamentals of the product, while a managing general agency or managing general underwriter tailors and markets the offering to its client base. The process eliminates much of a carrier's expense in getting a product to market and

business had increased by more than 25%, demonstrating the segment's steadily growing presence in the insurance market.

"As the commercial property insurance market softened over recent years, carriers and program facilities became more aggressive from a rate, premium and deductible standpoint and, in some cases, enhanced their property coverage form to secure a competitive



"Program business has been expanding into various product lines. In today's market environment, retail agents can access programs for a variety of risks and can consider an array of coverage solutions"

**Andrew Branoff, AIC**

enables the MGA or MGU to boost its value proposition by becoming a one-stop shop that offers white-label policies to its customers.

The latest data on program business from the Target Markets Program Administrators Association [TMPAA] reveals that the space almost doubled between 2010 and 2014, going from \$17.5 billion to \$32.3 billion. The TMPAA found that 82% of program administrators reported increases in premiums in 2014, and nearly one in five said their

edge in the marketplace and improve their ability to retain existing business and market share," says Andrew Branoff, president and CEO of Apartment Insurance Consultants [AIC].

The latest data on program business will be released by the TMPAA this fall, and industry insiders are expecting it to show a trend of continued growth. According to Branoff, programs that have followed a controlled and stabilized growth trajectory while maintaining a focus on underwriting stan-



dards and loss control prevention are best positioned for success.

“Program business has been expanding into various product lines,” he says. “In today’s market environment, retail agents can access programs for a variety of risks and can consider an array of coverage solutions.”

Different programs have different access points to the market. Some programs limit access to a specific assigned wholesaler, while others might be available after agency review and appointment with a program manager. Certain carriers are opting to offer their program offerings directly to the retail agent.

“Programs are evolving and becoming increasingly important in the competitive landscape of the commercial property market, commercial liability market and overall insurance industry,” Branoff says. “At AIC, our program offerings include coverage enhancements and enabling our retail agents to offer a program solution for property coverage that includes boiler/machinery, terrorism, law and ordinance, cyber coverage, emergency evacuation, and relocation coverage.”

### Forecast for 2018

The performance of program business is intrinsically connected to the overall insurance marketplace. Although the space continues to grow, Branoff says carriers injected new capacity and capital into the property market at a lower level last year than in 2014 and 2015.

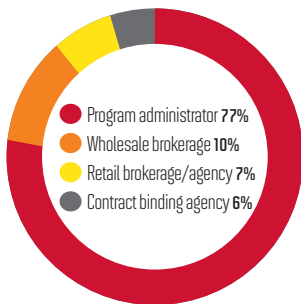
“Carriers have continued to fight to hold their market share in 2017, resulting in a continued competitive market,” he says. “Changes in deployment of capacity are driven by carrier catastrophic loss events, consecutive periods of underwriting losses and other economic factors, like interest rates and investment income.”

The insurance industry has been hit hard recently, and program business has not escaped unscathed. Losses related to wind, flood and storm surge damage caused by Hurricane Mathew last year had a muted effect on the on the deployment of capacity, pricing, coverage and the overall property CAT market. But it’s a different story with recent hurricanes Harvey and Irma. AIR Worldwide forecast total insured losses for Irma between \$20 billion and \$40 billion; risk modeling firm RMS estimates that Harvey caused insured losses of between \$25 billion and \$35 billion.

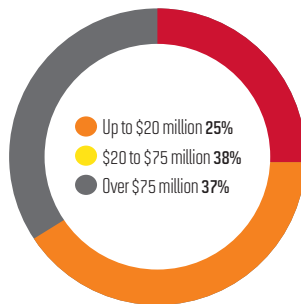
Lloyd’s of London underwriter Hiscox is predicting that the price of property insurance in the US will spike in the wake of Harvey and Irma. “This will definitely have the impact of eliminating price reductions,” Hiscox CEO Broniek Masojada told Reuters. “I think that loss-affected areas will see price rises. The bigger-ticket property area will see price rises because that was a very underpriced area beforehand.”

Masojada also predicted the price hikes won’t be limited to areas impacted by the storms, a viewpoint Branoff agrees with. “These two catastrophic events occurring in 2017 are expected to have an effect

### How TMPAA members describe their firms



### Total gross written premiums for programs



### Top 3 lines of business underwritten

1. Liability
2. Property
3. Excess/umbrella

### Bottom 3 lines of business underwritten

1. Financial and political risk
2. Medical malpractice
3. Marine and aviation

Source: TMPAA State of Program Business Study 2015

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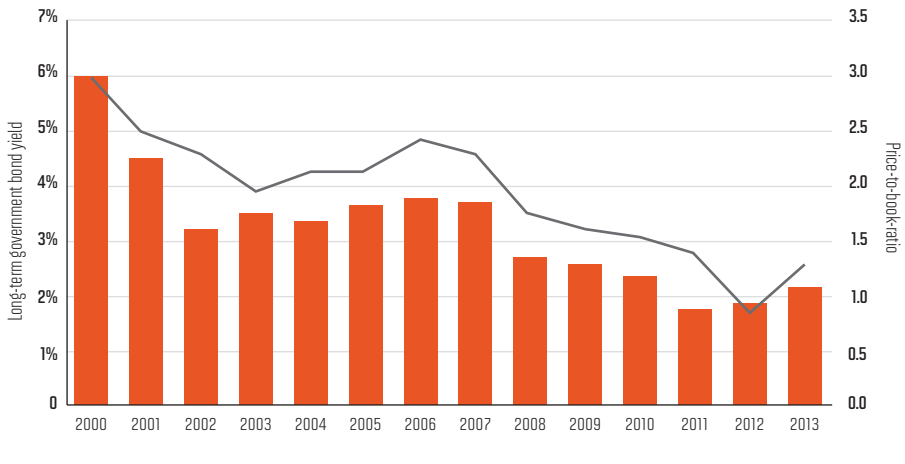


# SECTOR FOCUS: PROGRAM BUSINESS



## THE EFFECT OF INTEREST RATES

As interest rates rise and fall, so too do insurers' price/book ratios.



Sources: Swiss Re Economic Research & Consulting (2000-2001), Capita IQ, Datastream (2012-2013)

on the overall commercial property market moving forward – specifically the flood market and coastal property market,” he says.

Another macro factor that could impact the program business space is the shifting economic landscape in the US. The global economy is experiencing synchronized growth, spurred by the domestic US economy. Central banks across the globe are tightening monetary policy and moving away from the quantitative easing that became widespread in the aftermath of the global financial crisis.

The Federal Reserve raised rates to 1.25% in July, and Fed chair Janet Yellen told Congress that the central bank expects to keep raising rates. Insurance insiders are keeping a close eye on the Fed’s moves.

“A sharp rise in interest rates would likely result in carriers moving capital away from the insurance marketplace,” Branoff says, “possibly reducing available capacity, which would be expected to induce the market to harden, meaning likely changes in coverage and pricing increases.”

## The road ahead

Despite the myriad benefits of predictive modeling programs and applications, the most recent TMPAA study found a limited uptake of predictive modeling among program business administrators.

Almost 40% of program administrators said they do not engage in predictive modeling, while 26% said they do use it, and 28% said their carriers use predictive modeling. Branoff has noticed that many carriers – and many program managers – refer to AIR and RMS reports to analyze predictive modeling results.

“Probable maximum loss reports, average annual loss reports, mean damage ratios, exposure analysis, etc., are all part of the modeling and analysis,” he says. “Tornado and wind/hail have affected and continue to affect carrier loss records, and the newest carrier modeling software incorporates convective storm probability.”

Going forward, Branoff expects program administrators to continue broadening coverage offerings with enhancements in an attempt to differentiate themselves from the crowd in this competitive space. The approach many are taking to the burgeoning cyber space illustrates how program business is attempting to boost its market share.

“Cyber coverage is understood to be the fastest-growing insurance product,” Branoff says, “and it’s becoming more of a coverage concern for property lines of coverage and is expected to have continued increasing demand moving forward.”

Branoff encourages brokers and agents to continually study the market in order to understand any industry changes as they happen. Being late to the party with a new product or facility could be detrimental to a broker or agent’s bottom line.

“It’s important to be a salesperson, relationship manager and a technician,” Branoff says. “If you can harness these skills, you are well positioned.” **IE**

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# LONDON BOUND

**Glenn Dorr** has long been working toward his ultimate goal of being part of Lloyd's of London – which makes reaching it that much sweeter

Dorr's father and grandfather had their own brokerage, so his family life included office visits most weekends and holidays, as well as many evening phone calls between his father and potential new recruits

"I wanted to insure big things like buildings and entertainers – more exotic things. I grew up wanting to guide my own destiny"

**1970s**  
GETS A  
TASTE OF  
INSURANCE



**1987**

**FALLS IN LOVE WITH A CITY**

Dorr's desire to spend a semester abroad culminated in him studying political science in London, where he promptly fell in love with the city

"It made me look outside my own country and realize that I wanted to work on a global scale and that I had to work out how to do that. I made London a centerpiece of my life. If I were to add up all the days I've spent in London, it would be years"

**1989**  
**DIPS HIS TOE INTO THE SALES POOL**

Fresh out of college and armed with a plan to eventually get into insurance, Dorr leapt into sales by way of commercial real estate

"I wanted to get out there and sell – and sell something tangible. I convinced this guy to hire me for 100% commission. He took me in, and I ended up doing pretty well in that business – but I knew that it wasn't what I wanted to do long-term"



**1994**  
**REALIZES HIS DESTINY**

Dorr joined Aon as an assistant vice president. The job involved working with high-net-worth clients, which ultimately exposed him to Lloyd's

"I was able to convince my boss to send me to London for two weeks – I sat at an underwriter's box for the first time and decided I needed to make Lloyd's my career"

**2005**  
**FOCUSES ON UNDERWRITING**

As a VP at HCC Specialty Underwriters, a Lloyd's coverholder offering entertainment and specialty insurance, Dorr again focused on high-net-worth individuals, eventually honing in on strategic distribution to retail brokers in the US

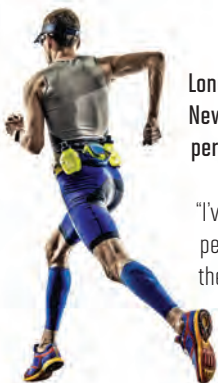
"I saw the opportunity to learn the underwriting part of the business. Everything we insured or reinsured was back at Lloyd's"



**2017**  
**RUNS THE WORLD**

A New York resident, Dorr happened to be in London on September 11, 2001. When he returned to New York days after the towers had fallen, he set a personal goal of running the New York marathon – which turned out to be the first of many

"I've run 10 since then. Just this year, I reached my personal goal to run the World Marathon Majors – the Boston, Chicago, New York, London, Berlin and Tokyo marathons"



**2012**  
**REACHES LLOYD'S**

An industry acquaintance alerted Dorr to a new position being created at Lloyd's – a regional director for the Northeast US – which he was able to snag

"The job I have today didn't exist eight years ago; Lloyd's created this position because the world has become more complicated. It's a way to get as close to the customer as possible. It's an amazing way to fulfill my goal of working for Lloyd's but still be local. I bought into Lloyd's from the start and never looked back"





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Rosemarie Marshall  
Vice President  
AmWINS Group, Inc  
Aspiring Chef  
General Star Broker

"I love to cook for my friends. My grandmother told me to always use authentic Italian ingredients with her recipes. She also encouraged me to be creative... to have fun expanding my own culinary repertoire.

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"Whether I'm solving unusual risk management problems for my clients or creating a sumptuous Italian feast for my friends, I've found my recipe for success."

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## BLONDE BOMBSHELL

In her off hours, **Dawnn Stone-Stojkovic** often slips into the guise of an iconic movie legend

**WHEN SHE** did a favor for a friend by dressing up as Marilyn Monroe for a hair show, Dawnn Stone-Stojkovic never imagined the effect it would have on her life. But Stone-Stojkovic – once an actress and model; now a Utah-based insurance agent – went on to enter a contest for practice, using the same choreographed performance and costume. When the other contestants told her she should look into professional celebrity impersonation, it was the catalyst for a new career. “I said, ‘People do this for a living?’ I had never heard of such a thing.”

From there, Stone-Stojkovic’s celebrity impersonation became a full-time job that ultimately included a spot in the Legends in Concert show on a casino boat off Port Canaveral. These days, that work has taken a backseat to her insurance job, but she still performs as her various alter egos on weekends and evenings. “I love music, and I love to perform,” she says, “and you don’t get to sing in an insurance agency!”

Stone-Stojkovic’s character playbook includes stars like Jane Russell, Dolly Parton and “Vogue”-era Madonna, but Marilyn’s appeal seems to be particularly enduring. Just recently, Stone-Stojkovic met a 5-year-old who knew all the words to “Diamonds Are a Girl’s Best Friend.”

“She’s still getting fans now,” Stone-Stojkovic says. “It’s amazing how Marilyn resonates with people.”

20

Marilyn Monroe-themed outfits in Stone-Stojkovic’s wardrobe

20

Marilyn Monroe songs in her repertoire

10

Celebrities Stone-Stojkovic has impersonated

*In addition to Marilyn Monroe, Stone-Stojkovic has impersonated Elvira, Lucille Ball and Mae West*



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