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# IRL

**INSURANCE RESEARCH LETTER**

Covering the world of insurance since 1966.  
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## **Crisis Stress: Part 4 – Concentration, Memory and Focus**

– By **Dr. Robert C. Chandler**  
*Visiting Professor of Communication  
Lipscomb University*  
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# Editor's Letter

## 'Tis the Season

At this time of the year my thoughts (and I hope yours) turn to helping those less fortunate and feeling blessed for what I (we) have. Yet day after day much of what I read and hear is ugly and hateful.

It's a pivotal time in the world with bigotry, bombings, and wars. And forest fires, hurricanes, pipe bombs and mass shootings, and hacking and cyber threats. What's wrong?

I think one place to start is by never ever using the 'hate' word. Don't say it. Don't write. Don't think it. Hate is very unbecoming and conjures up very unpleasant thoughts. We need to heal the world. Over the years I have discussed concerns and wonderment at the human condition off-line so to speak with a longtime friend in Argentina.

Because of what's going on and especially after the shooting recently at a synagogue in Pittsburgh, I asked this old friend – an Argentine Jew – to write a personal piece. I implore you to read Mauricio's *I Still Hope* in the Argentina section. Words can move you and his words ring true to my simple ears with a certain resignation based on history but his sense of faith and what is good in the world may yet come to pass. Let's all hope so.

Do not let anyone use the 'hate' word. Correct them if you hear it. And lastly, in this season of goodwill, try and make every day a good day even when you personally feel down. Try a random act of kindness every day whether opening a door for someone, smiling to someone or just being a friend to someone. Before I get off the soapbox, if you practice doing or saying something nice to anyone even a complete stranger, you will never have a bad day. Try it.

## Guest Editorial

### Brexit and Mrs May's agreement on financial services

By George Worsley

Confusion reigns as Brexit stumbles. While Mrs May and European leaders say they have agreed a deal, many parliaments, including the UK's have said they do not accept the terms of the Brexit deal Mrs May is pompously spouting to the country. Almost every opposition group cites different arguments and the Brexiters themselves have nothing like unanimity on even the simplest issues like whether the word "agreement" is spelled with a capital letter or not. It must be centuries ago that this country had been so aimless, directionless and leaderless.

Mrs May has said she is delivering on the wish of the people for Brexit but they never knew in 2016 what the terms of Brexit would be. As it stands now,

there is quite a bit for the Remainers who get the customs union and single market for goods several years to come. Pity about financial services but the City Boys will somehow sort out something. The DUP in Northern Ireland is preparing to pull out of the agreement keeping the Tories in power; Scotland is grumbling and Wales is holding its breath. In the days of Henry VIII, Mrs May's head would be lying beside the block after she gave way on Gibraltar, allowing Spain to have a say on the Rock's future involvement with the UK. The Falklands will be next.

The title of that popular Last Night of the Proms sea shanty "Britannia Rules the Waves" is changing to "Britannia Waves the Rules"!

## Got a tip for us?

If you want to provide tips or documents to be considered for publication in the Insurance Research Letter, email us at [irl@irletter.com](mailto:irl@irletter.com). We are always looking for ways to provide interesting content and connect with our readership. Any and all suggestions and ideas are welcomed and will be considered. The best ideas each calendar quarter will receive a signed piece of original art painted by me, your editor.

## Highlights

### I Still Hope

It seems that hate has been with us since men first marked a few signs on clay tablets, thousands of years ago, to commemorate kings, business deals, and wars. Should we fight hate? Definitely yes, to protect our offspring, neighbors and ourselves, and also those who disagree with us. [Page 12](#)

### US Tax Reforms – Impact on Bermuda Update

Bermuda has long been an attractive jurisdiction for financial services. The obvious reason for this is a beneficial tax regime, but that is not the only reason why organisations establish or do business on the island. [Page 13](#)

### Making an M&A Match

Learn *Why Company Culture is Key to Success* – Mergers and acquisitions offer a strategic opportunity for a business to thrive. The right deal can enhance an already strong brand, open new markets, and bring together leaders who can multiply each other's growth. It can give talented individuals the chance to succeed in a larger environment and maximize their expertise in innovative ways. [Page 14](#)

### Crisis Stress: Part 4 – Concentration, Memory and Focus

In the first three parts of this short four-part essay series, I briefly summarized some of the ways in which a crisis affects people in terms of physiological reactions including the Acute Stress Response (ASR) and some (but not all) of the various psychological

and cognitive effects of such stress on crisis managers and their performance. In this fourth and final essay in this series, I will cover some of the recent research on diminished memory and recall abilities rising from acute stress factors during crises. [Page 14](#)

### Customer/Prospect Data Warehouses – Buy, Borrow or Build?

We are now in the rosy afterglow of In-sureTech, and Insurance technology themes have surfaced. AI data warehousing to more closely understand their current clientele appears to be an industry-wide initiative. We love data warehouses and the customer insights that can be generated from querying the data. No question. [Page 16](#)

### Are You Prepared For An Active Shooter Event At Your School?

We have not had a child die in America in a school fire in over 50 years. Unfortunately

we cannot say the same for violence. What should schools do to increase security and safety? Every individual in any organization must be trained and know what decisions to make, and when. [Page 16](#)

### The Future of Insurance, and How Insurance of the Past Has Failed Us

For most of us, our home is our largest purchase and shelters our prized possessions. But a home is more than that. It's our safe place, where we can be ourselves; the feeling of comfort when you come home from a long trip; the sound of children's feet running to meet us at the door when we get home. [Page 17](#)

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News Quizzical answers

Of Interest –

Do you know? – *Australia population growth spurt*

Words and Definitions to help insurance professionals – *Lithium-ion batteries*

## NEWS Quizzical

- How much money did Lloyd's lose in 2017?
  - \$769 million
  - \$1.26 billion
  - \$2.56 billion
  - \$3.69 billion
- Which of the following is not a Navy SEAL motto?
  - “Ready to Lead, Ready to Follow, Never Quit”
  - “The only easy day was yesterday!”
  - “Under pressure, you don't rise to the occasion, you sink to the level of your training. That's why we train so hard.”
  - “Duty, Honor, Country”
- Research shows that most mergers and acquisitions fail. What percent?
  - 30%
  - 60%
  - 76%
- Back by popular demand. The following words are alternate titles for several well-known Christmas carols. 100 percent correct assures you of a full Christmas stocking. Go to The Back Page for the answers
  - Quadruped With Crimson Proboscis
  - Eight P.M. to Six A.M. Without Noise
  - Minuscule Hamlet in the Near East
  - Ancient Benevolent Despot
  - Adorn the Vestibule
  - Exuberance Directed to the Planet
  - Listen, Aerial Spirits Announcing
  - Trio of Monarchs
  - Yonder in the Hay Rack
  - Cherubim Audited From Aloft
  - Assemble, Everyone Who Believes
  - Hallowed Post Meridian
  - Fantasies of a Colorless December 25
  - Tin Tinniculations
  - A Dozen 24-Hour Yule Periods
  - Befall During the Transparent Bewitching Hour
  - Homo Sapien of Crystallized Vapor
  - Desire a Pair of Incisors on December 25
  - I Spied My Maternal Parent Osculating
  - Perambulating Through a December Solstice Fantasy

See *The Back Page* for the answers



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*Alternative Global Risk Management*  
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Andy Andrew Barile MBA CPCU is the Chief Executive Officer of Alternative Global Risk Management Mr.

Barile has built intricate knowledge of the insurance and reinsurance marketplaces through over 40+ years of industry-wide experience. Mr. Barile has several years of insurance carrier experience, including his time as a Director at U.S. Property & Casualty Surplus Lines Insurance, where he worked in 1979-1980. Mr. Barile has experience on the agent side of the business as President and CEO of Insurance Agency Programs, Inc. from 1992-1997. Mr. Barile was the President of the Commercial Division at Arrowhead General Insurance Agency from 1997-2001. His expertise canvasses wholesale insurance brokerage, excess and surplus lines, MGAs, admitted and non-admitted insurers, direct and broker market reinsurance, Bermuda Reinsurance, and Captives. Mr. Barile has been published numerous times in various media and scholarly journals.

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*Making an M&A Match*  
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Scott is Executive Vice President and Chief Acquisitions Officer of Brown & Brown. Always pursuing new avenues for business

growth, Scott has been an integral part of Brown & Brown's diversification of capabilities and strategic expansion, now totaling more than 240 offices across North America, Bermuda, the Cayman Islands, and the United Kingdom. As Executive Vice President and Chief Acquisitions Officer, Scott's aggressive approach and knowledge of Brown & Brown's business segments drive the organization's expansion strategy. Scott has been a part of Brown & Brown for more than 25 years. Before taking on the role of Chief Acquisitions Officer, Scott held a number of other positions, including Regional President, Regional Executive Vice President, Profit Center Leader, producer, and marketing representative. Scott has served in various advisory and board capacities for Central Indiana Insurance Agents, United Way of Volusia County, United Way of Indianapolis, and the Boys and Girls Club of Indianapolis. Scott has also served on various regional and national insurance carrier advisory councils including The Council of Insurance Agents & Brokers Council on Employee Benefits Executives Board and holds a Certified Insurance Counselor (CIC) designation. Scott is a graduate of Vanderbilt University, where he received a degree in Political Science. Scott resides in Daytona Beach, Florida with his wife and three children.

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**Dr. Robert C. Chandler**  
*Crisis Stress: Part 4 – Concentration, Memory and Focus*  
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Firestorm Expert Council member Robert C. Chandler, Ph.D. is an

internationally recognized expert on topics related to disaster, crisis and emergency contexts. His subject matter expertise also includes aspects of communication, leadership, decision making, team and group communication, crisis and emergency communication, message composition, audience variables and meaning, comprehension and understanding. Dr. Robert Chandler currently holds an appointment as Visiting Professor at Lipscomb University where he founded the Forum on Crisis and Consequence Management and he oversees graduate academic and professional development educational offerings in the areas of health communication, crisis and consequence management, crisis and emergency communication, public relations, advertising, intercultural communication, and organizational communication.

Dr. Chandler is the author, editor or co-author of nine books and more than 175 academic and professional papers. His research and applied models have been widely adopted and he is an acclaimed speaker and featured presenter. His academic subject matter expertise is wide ranging and includes areas of intercultural communication, leadership, teamwork, communication assessment, persuasion, health communication, risk communication and advocacy. His more than 30 years of ground-breaking research into social scientific variables related to messages, comprehension, understanding, decision-making and human behavior has been applied in a wide range of practical applications and as solutions for fundamental challenges in both routine and extreme contexts. His focused research for communication and decision making during stress, high stress and hyper stress contexts has produced groundbreaking theoretical and practical applications. He is also a highly praised speaker and presenter, researcher, educator, accomplished trainer, and valued consultant.

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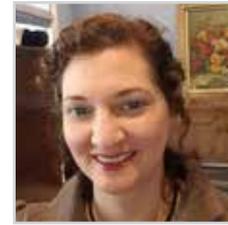
**Helena Coates**  
*US Tax Reforms – Impact on Bermuda Update*  
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Marci is the CEO of Fraud Sniffi, Inc., a software company that

locates, downloads & distributes social media content about WC/liability claimants to their adjusters. Her online technical and linguistic algorithm skills predate Google, which has allowed her to launch and sell two search technology companies prior to starting Fraud Sniffi. She was also an adjunct professor of Marketing & Social Media for six years at The Johns Hopkins University Whiting Engineering School. Fraud Sniffi has been one of the 50 fastest growing companies in Maryland for the past three years.

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**Mauricio Kitaigorodski**  
*I Still Hope*  
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Mauricio is a certified translator (English > < Spanish), Accredited by "Colegio de Traductores Públicos

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**Assaf Wand**  
*The Future of Insurance, and How Insurance of the Past Has Failed Us*  
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Assaf Wand is the CEO and Co-Founder of Hippo Insurance, an InsurTech company

that's reimagining home insurance through the lens of homeowners – building policies with more comprehensive coverage for today's consumers at up to 25 percent less than competitors. Hippo Insurance is available to homeowners in over a dozen states throughout the US and will be available to more than 60 percent of the nation's homeowners by the end of 2018. Tel: Hippo Insurance @ 877-838-8866 | Email: [helo@myhippo.com](mailto:helo@myhippo.com)

## Synopsis

Volume 29, Number 12, November 2018

### Companies NewsBriefs

#### Axa takes control of Chinese Joint Venture

Axa is acquiring the remaining 50 percent stake in its Chinese joint venture – Axa Tianping Property and Casualty Insurance Co. Ltd. – for €584 million (\$661 million).

#### Generali has earmarked up to four billion euros for acquisitions and growth as it looks to asset management and high-margin business in Latin America and Asia to fuel earnings.

**Jaime Anchústegui**, Generali International CEO, announced that the group is seeking new acquisitions in Brazil, Mexico, Turkey and Spain. “Spain is one of the group’s most profitable countries and most efficient subsidiaries, with great capacity for innovation. Spain is a healthy, very competitive market, and we want to keep growing there”, he added. “We are mainly a European company that generates over 80% of premium revenue, but Latin America and Asia are growth areas. We also want to grow in Brazil and Mexico. Turkey is the gate between East and West, a large, well-organized country. Any opportunities will be analyzed with great interest”. Anchústegui added that Latin America is full of opportunities. “We are very interested in Argentina, where we are leaders, even though there are great macroeconomic and political challenges. There is a lot of talent there. Although we had to leave Colombia and Peru, we would like to return if we find the right partners”.

#### Liberty Mutual overhauls excess casualty business

Effective January 1, 2019 [Liberty Mutual](#) is increasing its capacity for the business to \$100 million (from \$50 million), for both Liberty Mutual National and Ironshore, the insurer announced. Starting next year, all admitted excess casualty business for retail policyholders will be underwritten by Liberty Mutual, and all non-admitted excess casualty business and admitted and non-admitted wholesale business will be underwritten by Ironshore Inc.

#### Liberty Mutual Enhances Insurance Agents Errors & Omissions Program

To better protect insurance agents, Liberty Mutual has strengthened its

**Agents Errors & Omissions Program**, significantly enhancing, clarifying and revising key forms and endorsements. New coverage provisions include:

- Pure claims-made form
- Enhanced reducing and waiver of deductible provisions
- Increased supplemental payments provision for loss of earnings and regulatory defense
- Enhanced settlement provision
- Data compromise included with increased sub-limits
- Broadened coverage for carrier insolvency

For inquiries or further information contact [agentseo@libertymutual.com](mailto:agentseo@libertymutual.com) and a program representative will respond.

Zurich to Partner with World Economic Forum on Cyber Security

Zurich Insurance Group is stepping up its support for public-private efforts to combat cyber-threats by sealing a new partnership with the World Economic Forum (Forum). Zurich will become a partner of the Forum’s [Global Centre for Cybersecurity](#), which aims to build the first global platform for governments, businesses, experts and law enforcement agencies to collaborate on cybersecurity challenges. Cyberattacks have risen to 5th in the ranking of global risks to doing business, from 8th last year, according to [a survey of executives](#) (video [2:52]) by the World Economic Forum, in partnership with Zurich. Cyberattacks were named as the top risk in 19 countries, collectively accounting for 50 percent of global GDP. Watch [YouTube](#) video (2:17)

### People

#### Lloyd’s COO to leave

Lloyd’s said its chief operating officer, Shirine Khoury-Haq, is stepping down, the third big change this year at the insurance market. Ms. Khoury-Haq, who has been at Lloyd’s for almost five years, worked to digitize the London reinsurance market. Lloyd’s appointed former QBE Insurance Group Ltd. boss John Neal as chief executive officer in September to replace its first female CEO, Inga Beale, and in May the insurance market’s CFO said he would leave. The departures follow a tough 2017 for Lloyd’s, when it racked up a £2 billion (\$2.56 billion) loss after a series of natural disasters.



Shirine Khoury-Haq

# Agent, Broker, Consultant & Risk Manager Review

## Arthur J. Gallagher & Co. Acquires 6 Brokers in November

Arthur J. Gallagher & Co. announced the following acquisitions in November – details of each can be read [HERE](#)

Date	Acquisition
11/26/2018	Arthur J. Gallagher & Co. Acquires R.T. Beers & Company Insurance Services, Inc.
11/26/2018	Arthur J. Gallagher & Co. Acquires Buckman-Mitchell, Inc.
11/20/2018	Arthur J. Gallagher & Co. Acquires JP Tech Insurance Services, Inc.
11/08/2018	Arthur J. Gallagher & Co. Acquires Meridian One Corporation
11/02/2018	Arthur J. Gallagher & Co. Acquires Group Benefits Strategies
11/01/2018	Arthur J. Gallagher & Co. Acquires Beam Insurance, Inc.



Lucy Clarke

## Marsh combines specialty unit with JLT

Marsh & McLennan Companies (MMC) is set to merge the specialty teams of Marsh and JLT into one combined specialty business, Marsh-JLT Specialty. JLT Specialty CEO **Lucy Clarke** has been named president of the new unit, which will become effective upon completion of MMC's previously announced £4.3 billion acquisition of JLT. Based in London, Clarke will be directly responsible for Marsh-JLT Specialty's energy, credit, marine, financial and professional, private equity and M&A (PEMA), construction, and aerospace business worldwide, and will become a member of the Marsh executive committee. In addition to becoming vice chairman of MMC and a member of the MMC executive committee, current JLT Group CEO **Dominic Burke** will assume the role of chairman of Marsh-JLT Specialty and will also continue to be based in London. Meanwhile, **Mark Drummond Brady**, JLT deputy group CEO, will become vice chairman of Marsh, based in London. He will also become a member of the Marsh executive committee. **Dean Klisura** will take on the position of president of Marsh Global Placement. In this capacity, he will be responsible for placement protocols and standards across all lines within Marsh. He will also lead the non-specialty placement operations of Marsh, including Bowring Marsh and existing multi-line placement hubs. Klisura will remain a member of the Marsh executive committee and will continue to be located in New York. Clarke, Drummond Brady and Klisura will all report to **John Doyle**, president and CEO of Marsh.



Michael Reynolds

## People

### Aon appoints Richard Jones as executive chairman of Asia reinsurance

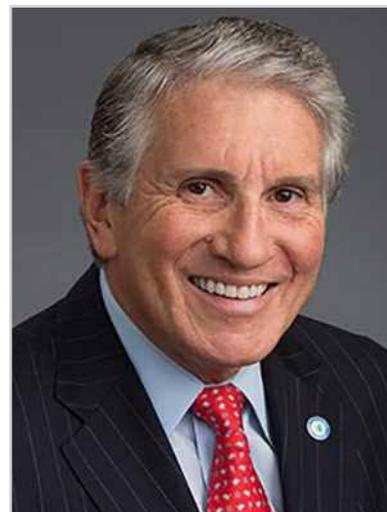
Aon has appointed **Richard Jones** as executive chairman of its reinsurance solutions business in Asia, effective May 2019, Artemis reported. In the new role, Jones will be responsible for business development and supporting clients across the region. He will be based out of Singapore and report to **George Attard**, CEO Asia of the reinsurance solutions business. Jones will join Aon from Guy Carpenter & Co. L.L.C., where he is chairman of the Asia Pacific region.

### Mike Reynolds, CEO of JLT Re has stepped down from his position

No word on where he might end up but Marsh probably isn't on the list.

### WTW Announces New Chairman

Willis Towers Watson announced that, three years after the merger of Willis and Towers Watson, **James McCann** will complete his current term as Chairman of the Board. He will continue to serve as a Director and as Chairman of the Nominating and Governance Committee. Victor Ganzi will succeed Mr. McCann as Chairman of the Board on January 1, 2019.



Victor Ganzi

## Recently Published

### A.M. Best: Special Report: First Look – Nine-Month 2018 Property/Casualty Financial Results

The segment's underwriting income improved significantly, as written and earned premiums outpaced the growth in incurred losses and expenses during the first nine months of 2018. The U.S. property/casualty (P/C) industry's net underwriting income improved in the first nine months of 2018 to \$3.5 billion, compared with a \$21.2 billion underwriting loss in the same prior-year period. The data is derived from companies' nine-month 2018 interim statutory statements received as of Nov. 19, 2018, representing an estimated 97 percent of the total P/C industry's net premiums written. The nine-month 2018 underwriting results were driven by growth in net premiums written of 11.3 percent over the same prior-year period. Loss and loss adjustment expenses (LAE) incurred remained flat, while underwriting expenses and policyholder dividends increased, by 12.2 percent and 3.0 percent, respectively. With premium increases outpacing the growth in incurred losses and expenses during the first nine months of 2018, the combined ratio for the industry improved 6.7 points from the prior-year period to 97.6. In addition, catastrophe losses in the first nine months of 2018 returned to a more normalized level and accounted for an estimated 5.1 points on the nine-month 2018 combined ratio, compared with 9.9 points in the prior-year period. To access a copy of this special report, please visit [http://www3.ambest.com/bestweek/purchase.asp?record\\_code=280333](http://www3.ambest.com/bestweek/purchase.asp?record_code=280333)

### Cyber and data loss overtake regulatory concerns as top priority facing senior managers

Willis Towers Watson, in conjunction with Allen & Overy, has published its 6th annual Directors' liability report – "[D&O: Personal Exposure to Global Risk](#)" which outlines the changing risk culture affecting senior management. According to the survey, cyber-attack and data loss/breach top the list of risks which are causing directors most concern. These risks of cyber-attack and data loss have now overtaken regulatory and other investigations as the most concerning for directors. 51 percent of public companies this year said that they had experienced either a significant cyber-attack or a sizeable data loss in the past year. The comparable figure in 2017 was just 30 percent.

### Guy Carpenter: Terrorism: A Maturing Market Meets an Evolving and Expanding Peril

Download this report [Guy Carpenter Releases Terrorism: A Maturing Market Meets an Evolving and Expanding Peril](#). Executive Summary: Commentary from both within and without the (re)insurance industry in-

creasingly points to an undeniable fact: The nature of the terrorism threat facing society has changed considerably in the last 20 years. Previously, governments and (re)insurers structured their mitigation strategies and responses to deal with attacks that were large in scale, such as the events of September 11, 2001 in the United States and the IRA bombing campaign in the United Kingdom. Recently, though, we have seen a spate of smaller, less sophisticated, yet no less appalling acts of terrorism across geographies that involve mass casualties and fear-inducing events. Australia, Belgium, France, Germany, Indonesia, Spain, the United Kingdom and the United States are a few of the countries where such acts have occurred. And the type of threat will continue to change as new technologies and opportunities reveal themselves to terrorist organizations – cyber terrorism is an example of a newly developing frontier within the peril.

### Marsh: Commercial Insurance Pricing Increased in Third Quarter 2018

Global commercial insurance pricing increased for the fourth consecutive quarter in the third quarter of 2018, according to Marsh's quarterly *Global Insurance Market Index*, a proprietary measure of global commercial insurance premium pricing change at renewal, representing the world's major insurance markets and comprising nearly 90 percent of Marsh's premium. View full 9-page report [HERE](#)

### RAA released 9-Month 2018 Underwriting Results

In a survey of reinsurers' statutory underwriting results conducted by the Reinsurance Association of America ([RAA](#)), a group of 18 U. S. property/casualty reinsurers wrote \$45.5 billion of net premiums during the nine-months ended September 30, 2018, improved from 34.2 in the same period in 2017. The combined ratio for the group was 98.2 percent, an improvement from the 111.9 percent combined ratio reported for the same period in 2017. The combined ratio is attributable to a 72.5 percent loss ratio and an expense ratio of 25.7 percent. Policyholders' surplus was \$180.2 billion, an increase from \$170.5 billion in the prior quarter. Visit the RAA's website to view the nine-months underwriting reports for 2018/2017 [HERE](#)

### Swiss Re Institute's latest global report

The latest sigma "[Global economic and insurance outlook 2020](#)", has been published today. Swiss Re Institute forecasts that global economic growth will remain solid over the next two years, but at a slowing pace. This will support insurance premium growth, with most demand coming from emerging Asia. Access the [full report here](#). Also, watch [YouTube](#) intro (1:15)



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### China – Allianz receives CBIRC approval for preparatory establishment of China's first fully-owned foreign insurance holding company

Allianz announced that it has received approval from the China Banking and Insurance Regulatory Commission (CBIRC) for the preparatory establishment of an insurance holding company in China. The company - Allianz (China) Insurance Holding Company Limited - will be China's first-ever wholly-owned insurance holding company by a foreign insurer, and will be based in Shanghai. This holding structure will anchor Allianz Group's long-term commitment to China by enhancing its strategic and financial flexibility to capture business opportunities and drive long-term success in the market. When fully established, Allianz (China) Insurance Holding Company Limited will be strongly capitalized according to its application.

### Gibraltar – Gibraltar insurers to lose passporting rights

The UK's decision to leave the EU creates some uncertainty for Gibraltar-domiciled insurers, A.M. Best is warning in a report.

### Latin America – Cybersecurity: Important for only 6% of LatAm Corporations

According to a survey by International Data Corporation (IDC) on

investment and cybersecurity strategies of Latin American Corporations, 2018 outlays in this area will increase 12.5 percent; however, the range among different countries is very wide: Mexico and Brazil concentrate 66 percent of 2018 investments in cybercrime protection. In its '[Semiannual Security Spending Guide](#)', IDS reports that a little over 3.03 billion dollars were spent in cybersecurity during 2017, with 70 percent centered in three sectors: finance, manufacture and distribution, and services. The survey shows as well that the main problem of 45 percent of corporations is hiring cybersecurity professionals due to the lack of technical training, while 59 percent of corporations have no plans to invest in specific security solutions for mobile environments.

### Latvia – BMW, Audi and Toyota the most popular brands among the car thieves

BMW, Audi and Toyota are the brands most targeted by the car thieves in Latvia, as well as seven to 12 years old automobiles, a representative of BALTA Insurance – member of the PZU Group, stated for the LETA news agency. They find BMW 5 Series is especially attractive. Yet our statistics of car theft claims shows that nobody is safe from thieves – motor own damage (MOD) compensations have been paid also to owners of Volkswagen, Mercedes Benz, Subaru, Toyota, KIA, Nissan, Land Rover, Volvo, Mini, Hyundai, Opel and Lexus cars. At present, the value of car theft claims filed with Balta is in the range from €1,200 to €50,000. Thieves steal vehicles of all ages, but most often they cause losses to owners of seven to 12 years old autos. According to the same source, car theft claims have risen by nearly 50 percent this fall in comparison with the summer season. Most cars are stolen to be dismantled and sold as spare parts. (XPRIMM)

### Russia – Russia to impose stiffer fines on tech sector

Russia plans to impose stiffer fines on technology firms that fail to comply with Russian laws, sources familiar with the plans said, raising the stakes in the Kremlin's fight with global tech giants such as Facebook and Google. Over the past five years, Russia has introduced tougher internet laws that require search engines to delete some search results, messaging services to share encryption keys with security services and social networks to store Russian users' personal data on servers within the country. The plans for harsher fines are contained in a consultation document prepared by the administration of President Vladimir Putin and sent to industry players for feedback, according to three sources familiar with the draft document.

Reuters

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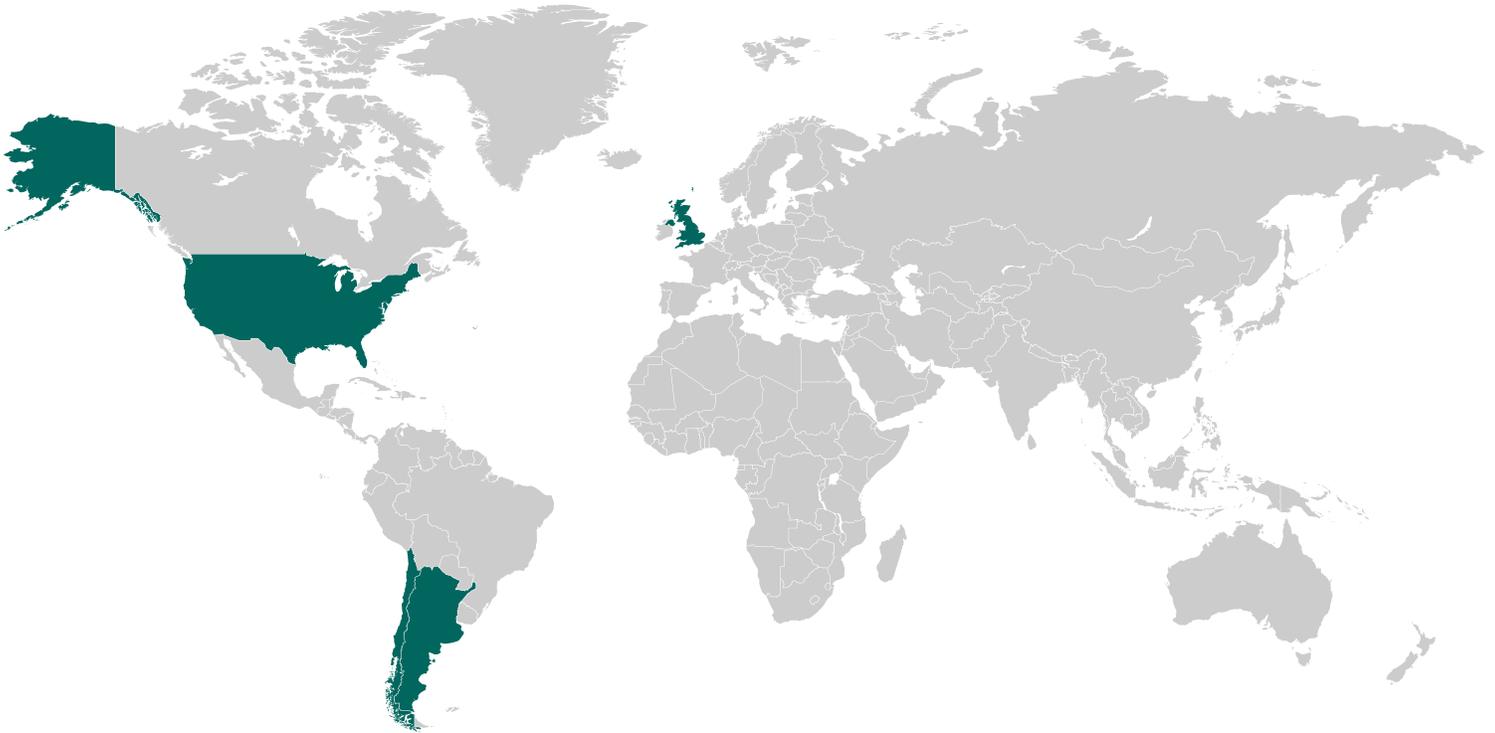
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## Americas

### ARGENTINA



#### I Still Hope

By *Mauricio Kitaigorodzki*

It seems that hate has been with us since men first marked a few signs on clay tablets, thousands of years ago, to commemorate kings, business deals, and wars.

Should we fight hate? Definitely yes, to protect our offspring, neighbors and ourselves, and also those who disagree with us.

“Jewish life is blossoming again in Germany- an unexpected gift after the Shoah,” said German chancellor Angela Merkel during her speech on November 9 at a Berlin synagogue on the 80th anniversary of Kristallnacht.

Berlin police had barred a far-right march planned in the German capital, on the grounds it would be unacceptable to hold it on the same day as the rest of the country was commemorating Jewish victims of Nazi violence.

However, an appeal court overturned the police decision, because it was of the view that the constitutional rights to freedom of expression and assembly were paramount.

Anti-Semitism is raising again its ugly head in many countries, including the United States, often concealed under the excuse of anti-Zionism.

Criticism should be always welcome, but what should we draw the line

between honest disagreement and hate? Or, in other words, between anti-Zionism and anti-Semitism?

In 2015, Dutch rap artist Ismael Houlich, better known as “Ismo,” was acquitted of a charge brought against him regarding [lyrics that maligned Jewish and other people](#) – “I hate Jews more than Hitler”. Ismo said that when he said ‘Jews’, he actually meant ‘Zionist Jews who made Palestine smaller than my neighborhood’.

After the Pittsburgh Synagogue massacre last October 27, Simon Wiesenthal Center founder and dean, Rabbi Marvin Hier, told The New York Times, “We may be at the beginning of what happened to Europe, the consistent anti-Semitic attacks. If it is not nipped in the bud ... I am afraid the worst is yet to come.”

1980 years earlier, in 38 A.D., synagogues in Alexandria, Egypt, were destroyed. Jews were attacked by mobs who maimed their victims or burned them to death. Twelve hundred years later, Jews were still being attacked — in [Munich in 1285](#), 180 Jews were burned to death in their synagogue following a blood libel.

In every century, the gruesome history of Jew hatred has repeated itself through horrendous violence and general indifference, if not with gusto.

My country, Argentina, is no exception. A total of 113 people (most of them Jews) were murdered in Buenos Aires, first when the Israel Embassy was bombed (1992 - 29 dead) and then when a bomb car crashed against AMIA, the largest Argentine Jewish institution (1994 - 85 dead), a tragedy that was considered the largest attack against Jewish targets outside Israel

since WWII.

I am no historian, philosopher or sociologist. I'm just a translator. As a Jew whose parents and grandparents arrived in Argentina before the Holocaust, I still remember when, walking with my dad to his office back in the early 50s, he warned me not to speak Yiddish on the street.

Bariloche (where I now live) is a beautiful ski resort in Southern Argentina where Erich Priebke (one of the SS officers responsible for the 1944 massacre of 335 Italians in the Ardeatine caves in Rome, as reprisal for 33 police officials killed by a bomb in Italy's capital) had lived unmolested and under his own name until he was discovered in 1994 by an American journalist. In 1995, German and Italian justice authorities cooperated to facilitate his extradition to Italy where he was judged for those killings and got a life sentence. Many in Bariloche could not accept that the man who had always been such a "good neighbor" could have done it.

Priebke was a leading figure in the Bariloche German community and the chairman of the local German Association that manages the "Primo Capraro" German school.

About 2015 my daughter was asked to join the school to teach German folk dances. She agreed and is doing a great job. So, I still have hope in my own minimalist way.

I know that this may be a very naïve look on life, but I want and need to hope. For the sake of my children and grandchildren, I refuse not to hope.

Would not be surprised if it turns out that I am wrong.

But I shall hope until my last day.

## BERMUDA



### Alternative Global Risk Management

By Andrew Barile MBA CPCU

AGRM's mission is to work with the owners of Retail Insurance Agents throughout the United States and provide unique insurance solutions. The principals have over 100 hundred years of insurance and reinsurance experience with operational experience in the entire insurance and reinsurance distribution system, i.e. Retail, Wholesale, E&S, MGA, Carrier, Front, Reinsurance, Bermuda Reinsurer.

Here are prime examples of Alternative Global Risk Management, Inc. [www.aggrm.com](http://www.aggrm.com) insurance solutions:

- An East Coast Retail Insurance Broker needs the establishment of a captive Insurance program/group captive
- A Retail Insurance Broker needs a new carrier for its specialty commercial Auto insurance program
- A West Coast excess and surplus lines broker needs to become a program administrator for an A-Rated excess and surplus lines insurance company
- A retail insurance broker is in need of an insurance product development for a new insurance product never sold in the United States before.
- A managing general insurance agency is in need of a new insurance company market.
- AGRM has the expertise and experience to solve your insurance agency problem.

## CHILE



### Insurers Stop Supporting Carbon Emitting Project

A number of global insurers and reinsurers (including Swiss Re, Lloyd's Re and Allianz) announced that they will stop investments and financing for projects involving carbon emitting industries.

Decarbonization is one of the cornerstones and priorities of the energy industry. Discussion groups, short and long term programs and shutdown of power plants are among the measures being adopted not only in Chile but also worldwide to reduce carbon emissions. The awareness of pollution caused by thermoelectric plants and the phenomenon of renewable energy sources have impacted the insurers and reinsurers of these companies, leading (re)insurance market leading players to announce that they will stop investing and financing in carbon based industries.

German group Allianz was one of the first to report this decision ("Allianz is eliminating carbon"), followed by several others. Swiss Re, for instance, informed that they would "not reinsure companies with more than 30 percent exposure to thermal carbon", adding that this is an additional step to focus the group in "managing sustainability of carbon related risks and support the transition to low carbon economies". AXA, in turn, said that they will speed up their commitment with the fight against climate change.

#### Is Chile ready?

No Chilean insurer announced their exit from the coal business, but experts said that this is the world trend that would soon replicate in this country. Carlos Finat, Executive Director of the Chilean Renewable Energy Association (ACERA) pointed out that no industrial operation in any field can operate without extensive insurances for their production facilities. Hugh Rudnick, director of consultants SYSTEP ([www.systep.cl](http://www.systep.cl)) held that "this is an essential initiative to achieve mitigation goals for the greenhouse effect. "This is a trend for the market and for multinational power groups such as Enel and Engie".

Enel has announced that they will achieve 100 percent decarbonization by 2050, while the French group Engie also has specific plans in Chile with the decommissioning of their Tocopilla Units 12 and 13 that generate 170 MW, and will invest in about 1,000 MW of renewable energy projects.

## THE UNITED STATES



### US Tax Reforms – Impact on Bermuda Update

By Helena Coates

Bermuda has long been an attractive jurisdiction for financial services. The obvious reason for this is a beneficial tax regime, but that is not the only reason why organisations establish or do business on the island. The regulatory environment is also favourable and there is a significant pool of talent which has been developed over the years making Bermuda something of a hub for innovation and the development of alternative investments structures.

As reported in our January 2018 edition of this publication, there has been much speculation as to the impact of the US Tax Cuts and Jobs Act of 2017 on Bermuda as an offshore jurisdiction. The concern is that the Act would discourage US insurers and/or multi-national insurers with US operations from investing premiums earned in the US into Bermuda and other offshore territories.

The legislation was passed into law on 22 December 2017 introducing a number of changes aimed at increasing the funds available for US businesses to invest in their US based companies. One way in which the legislation seeks to achieve this is by cutting corporate taxes from 35 per cent to 21 per cent which of course reduces the incentive for US organisations to send money offshore. The Act also introduces the Base Erosion and Anti-Abuse Tax (BEAT), which effectively penalises companies that use offshore vehicles to reduce their tax liabilities. The purpose of the BEAT tax (as the name suggests) is to mitigate the erosion of the US tax base by increasing the tax payable on business transferred from the US to offshore affiliates.

Previously, US insurers could use premium earned in the US to purchase reinsurance from affiliate companies in offshore jurisdictions with tax ad-

vantages such as Bermuda. The BEAT tax changes this and so it was widely anticipated that it would have a negative impact on offshore jurisdictions like Bermuda.

The impact of reducing US tax rates whilst simultaneously increasing taxes from premium ceded to offshore companies is of course to shift the cost advantage away from offshore jurisdictions back to the US. This in turn will reduce the benefit of investing in Bermudian entities insofar as tax is concerned and that impact is potentially two-fold in that not only will US insurers be less incentivised to cede premium to their affiliated reinsurers in Bermuda, but Bermudian insurers will also likely be encouraged to transfer capital to or keep capital in their US subsidiaries.

The tax reform is being implemented gradually starting at an increase of 5 per cent in 2018 growing to 10 per cent next year and up to 12.5 per cent by 2026. This is in addition to the excise tax that is charged on premiums paid to overseas reinsurers. It is not clear exactly what the extent of this financial impact will be on Bermuda and it is likely that the true impact will only be seen once the maximum BEAT tax of 12.5 per cent is in force by 2026.

According to an AM Best Report from September of this year<sup>1</sup>, reinsurers have responded to the new tax regime by (i) decreasing the size of inter-company reinsurance arrangements or eliminating them completely, (ii) moving capital to onshore balance sheets, (iii) forming new offshore Bermuda entities that elect to be US tax payers and restructured their treaties from a global quota share to excess of loss or stop-loss policies.

Reactions such as these are bound to have some effect on Bermuda as an offshore territory for financial services especially combined with other challenges such as the growth in M&A activity and Brexit. Having said this, the other advantages of operating in Bermuda should go some way to mitigating the possible impact. Areas of interest such as ILS, alternative capital vehicles and other innovative structures which comply with the new tax requirements but also allow reinsurance to flow outside of the US as well as other similar non-tax benefits for reinsurance affiliates based in Bermuda will no doubt assist and continue to draw business to the island.

1. Best's Market Segment Report. Global Reinsurance: Optimism Fizzles, It's Back to the "New Normal". September 4, 2018

## Making an M&A Match

By Scott Penny, Chief Acquisitions Officer, Brown & Brown, Inc.

### Why Company Culture is Key to Success

Mergers and acquisitions offer a strategic opportunity for a business to thrive. The right deal can enhance an already strong brand, open new markets, and bring together leaders who can multiply each other's growth. It can give talented individuals the chance to succeed in a larger environment and maximize their expertise in innovative ways.

But what should happen, and what does happen, are often two different things. Research shows that most mergers and acquisitions fail. For instance, management consulting firm L.E.K. studied more than 2,500 M&As that took place over a 17-year period and found that [around 60 percent of deals led to lower shareholder value](#) after they closed.

Why do so few mergers and acquisitions deliver? Lack of cultural fit is the top reason, along with the inability to successfully integrate. In a [McKinsey & Company survey](#), 92 percent said past deals would have "substantially benefitted" from greater cultural understanding.

The right cultural fit allows two companies to truly become one. Shared values, ideals, and goals make it more likely that leaders are speaking the same language from the very beginning of negotiations through integration. A common service philosophy assures both companies that their customers will continue to be treated well, no matter the name on the door. Similar philosophies on recruiting, developing, and rewarding employees also gives both companies confidence that their commitment to retaining top talent is

shared.

Brown & Brown Insurance has acquired more than 500 agencies during our 79 years in business, and as part of our decentralized sales and service model, daily operations and decision-making power remain with our local offices. Because we are confident that like-minded companies we acquire share our core values and culture, office leaders have the flexibility to craft and adapt solutions to fit local market challenges and the unique needs of their customers. This autonomy also allows them to maintain the prideful relationships that made them a desirable acquisition candidate in the first place, a key factor in their continued success.

### Courtship and Culture

So how do you determine whether a potential acquisition target or merger partner will be a cultural fit?

Start with a strategic opportunity that makes financial sense. Then, get to know company leadership personally and professionally. Ask about their values and work styles, as well as their outside interests. Talk to them about culture. Ask them about their team.

In today's competitive marketplace, a good acquisition target is in demand and will have partnership options available to them. A company with a solid culture, talented team, and a strong commitment to the future will not finalize any deal without a clear picture of what life will be like after the acquisition. Lay it all on the table – share your business model and priorities, how you think about your customers, carrier partners, and teammates, and talk about why it is great to be a part of your team.

If a deal is right – making sense financially and fitting culturally – the final acquisition is just the beginning of a successful, long-term partnership.

We believe that this approach to our clearly-defined growth strategy has served Brown & Brown well. We will soon eclipse \$2 billion in annual revenue with more than 9,000 teammates in approximately 240 offices. In 2018, we have made 21 acquisitions, including the largest in our history with the purchase of Hays Companies. This move has added another 700 teammates and annualized revenues of approximately \$200 million to our portfolio.

Many factors contribute to the success of an acquisition, but, above all else, culture will always remain at the heart of our M&A strategy.

## Crisis Stress: Part 4 – Concentration, Memory and Focus

By Dr. Robert C. Chandler, Visiting Professor of Communication Lipscomb University

In the first three parts of this short four-part essay series, I briefly summarized some of the ways in which a crisis affects people in terms of physiological reactions including the Acute Stress Response (ASR) and some (but not all) of the various psychological and cognitive effects of such stress on crisis managers and their performance. In this fourth and final essay in this series, I will cover some of the recent research on diminished memory and recall abilities rising from acute stress factors during crises.

Acute crisis stress affects many memory functions and other cognitive functioning of the brain. There are different levels of stress and the high levels can be intrinsic or extrinsic. Acute stress is a stressor that arises from an immediate perceived threat. The research on the effects of acute crisis stress on human memory and recall paints a complex portrait that resists simple descriptions. The main line of research findings suggests that acute crisis stress can impair both short and long-term memory, and one's ability to recall even well-rehearsed skills, abilities and behaviors, as well as the formation of new memories that would have expected to have formed during crisis contexts.

While other studies have to the contrary suggested instances where acute stress can enhance memory both in terms of recall and the formation of new memories during peak periods of acute stress. It is useful to remind



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## Crisis Stress: Part 4

– Concentration, Memory and Focus  
Insights by: Dr. Robert C. Chandler, Lipscomb  
University Visiting Professor of Communication,  
Firestorm Expert Council Member

ourselves that different people experience acute stress differently and not all of us react to experienced stress the same way as others even when we do experience it. It is possible that uncertain certain circumstances and for certain people that acute stress might function to suppress memories and either aid or hinder the formation of new memories.

### Working Memory

Working memory is the ability to temporarily store information to manipulate it for performing complex tasks, such as reasoning or decision making. Working memory is affected by acute crisis stress. However, studies on stress has been shown to both improve and impair working memory. Changes in working memory reaction time, an increase in false alarms and mistakes, and faster information processing have all been findings from the research on acute crisis stress and working memory. On the other hand, anxiety has been found to be disruptive to working memory capacity and loading.

### Acute Stress Response (ASR) and Memory

Anecdotal testimony about acute crisis stress and memory formation is contradictory. Stressful, aversive events are extremely well remembered, or people seem unable to recall the experience or any specific aspect of it.

Scientific research has also produced mixed findings. For example, research on post-traumatic stress provides support pointing to the deep-rooted formation of indelible (unforgettable) memories during acute stress contexts. If acute stress does serve to enhance memory formation that would suggest that the ability for forming memories is evidently beneficial for survival, but the very same mechanism may become maladaptive and lead to posttraumatic stress disorders (PTSD). The less than fully satisfying conclusion is that crisis stress can have impairing, enhancing, or absolutely no influence on memory systems, recall, or new memory formation.

ASR-released hormones are known to enhance post-learning consolidation of aversive memories but are also thought to have immediate effects on attentional, sensory, and mnemonic processes at memory formation.

The effects of acute stress on memory include possible interference with a person's capacity to encode memory and the ability to retrieve or recall

previously remembered information. During times of high stress, the body reacts by secreting various stress hormones into the bloodstream. Over-secretion of stress hormones may impair long-term delayed recall memory, but can enhance short-term, immediate recall memory. This aspect is particularly relative in emotional memory. The hippocampus, prefrontal cortex and the amygdala are affected. One class of stress hormone responsible for negatively affecting long-term, delayed recall memory is the glucocorticoids (GCs), the most notable of which is cortisol. Glucocorticoids facilitate and impair the actions of stress in the brain memory process. Under routine circumstances, the hippocampus regulates the production of cortisol through negative feedback because it has many receptors that are sensitive to these stress hormones. However, an excess of cortisol can impair the ability of the hippocampus to both encode and recall memories. These stress hormones are also hindering the hippocampus from receiving enough energy by diverting glucose levels to surrounding muscles.

### Memory Retrieval and the Formation of New Memories During Crises

Acute stress can also affect a person's neural correlates which may interfere with the memory formation. During a stressful time, a person's attention and emotional state may be affected, which could hinder the ability to focus while processing experiences. However, there is a widely accepted construct that assumes that acute stress with incidents that are negative (bad or traumatic experiences) are retained as memories and that these memories are long-lasting and persistent.

Stress can also enhance the neural state of memory formation. Several studies have suggested that acute stress, the Acute Stress Response (ASR) and glucocorticoids, which are released as part of the ASR, may work generally to enhance new memory formation while they simultaneously impair memory retrieval. This might be the case if the brain regions involved in the retrieval of the memory correspond to the regions targeted by glucocorticoids. Further, there may also be differences in the type of information which is either being remembered or being forgotten while being exposed to acute stress. There is some contradictory research on this question to be found in the literature review. One study found that in some cases neutral

stimuli tended to be remembered, but salient (emotional) stimuli tended to not be remembered during crisis stress contexts. In other studies, however, the opposite result was observed (neutral information was not remembered, and emotional information was remembered in crisis contexts).

The importance and relevance of the information to the individual may also be a variable as to whether the event information is to be remembered. If stressful context event information is salient and valent to a person, the event information is more prone to be stored in permanent memory.

It is also possible that an important factor in determining what will be remembered and what will be forgotten is the timing of the perceived stressful exposure and the timing of the retrieval. For emotionally salient information to be remembered, the perceived stress must be induced before encoding, and retrieval must follow shortly afterwards. In contrast, for emotionally-charged stimuli to be forgotten, the stressful exposure must be after encoding, and retrieval must follow a longer delay.

Acute stress appears to impair the accuracy of autobiographical-experienced memories. After exposure to an emotional and stressful negative event, personal flashback memories can occur. Aspects of autobiographical memory, episodic memory, the memory system regarding specific events, and semantic memory, the memory system regarding general information about the world, are all impaired by an event that induces a stressful response. This causes the recall of an experience of a specific event and the information about the event to be recalled less accurately.

The major effect of acute crisis stress on memory recall is that it may improve consolidation of memory, while it also impairs the retrieval of memory. In other words, while one may be able to remember event information (quite significantly if it is negative salience information) relating to a stressful situation afterwards, while during a stressful situation it is difficult for some to recall specific previously remembered information.

### Malleability of Memory

One final aspect about memory as we consider acute crisis stress is the malleability of memory. Recent studies (including those investigating the unreliability of eyewitness testimony) have found that it is feasible and not all that difficult to implant “false” memories in people and have them recall those as if they were real and true memories. Further, recent gerontological research findings suggest that the tendency for the human brain to generate false memories on their own to “fill in the gaps” of remembered experiences may increase as we age (our brains are trying to be helpful).

The idea that an acute high stress crisis would affect our ability to retrieve memories, use our working memory, and affect our ability to form (or forget) new memories is quite easy to grasp. What we choose to do with knowledge of this human factor vulnerability is up to us.

### Conclusion for the Four-Part Essay Series

During disasters and emergencies, people are affected by the stresses and challenges of events. These events can sometimes be quite traumatic. For those who are enduring and surviving during a high-stress situation, we should be attentive to the ways in which such events affect them and change them. In addition to recognizing and adapting to those with whom we work or manage (who are under tremendous pressures during crises) we as crisis managers are likewise affected by the stresses of these events. Even emergency responders and crisis managers who are usually well-trained professionals with specialized technical and professional knowledge appropriate to deal with a wide range of emergencies, dangers, and disasters can be significantly impacted by crisis events and high-pressure situations.

We must be aware of these human factors and adapt to them to perform effectively during crises.

## Customer/Prospect Data Warehouses – Buy, Borrow or Build?

By Marci De Vries-Todtz

INSURANCE RESEARCH LETTER • December 2018

We are now in the rosy afterglow of InsureTech, and Insurance technology themes have surfaced. AI data warehousing to more closely understand their current clientele appears to be an industry-wide initiative. We love data warehouses and the customer insights that can be generated from querying the data. No question.

However, we are starting to see additions to the warehouses that may become problematic. Several carriers are planning data warehouses to harvest and store information about prospects instead of current customers. A proprietary data warehouse for business prospecting might not be appropriate as a DIY solution. Here’s why:

We worked with the marketing industry a few years ago as they experimented with data warehousing. In an act of industry-wide hubris, many marketing companies decided to build their own warehouses for generating detailed, actionable insights about prospects. Each company felt their data warehouse would be better than everyone else’s. Within five years, most of the prospecting data warehouses failed due to lack of tech infrastructure, inability to continue generating the volume of data needed for insights, and misunderstanding of AI/data mining techniques. The marketing industry has since morphed its data acquisition to a “Buy/Borrow” model, where data warehouse companies generate data with the intent to sell to others. Users who want to run highly targeted campaigns based on AI criteria within existing data warehouses buy or borrow the data sets that are meaningful to their objectives.

Insurance Carriers can borrow from this industry experience. The takeaway is this: Insights about your own customers are unique to your business and should be warehoused and mined in a proprietary data solution of your own creation. Building a warehouse that generates prospective customer insights from public sources like social media could be considered a duplication of efforts with expert providers of data insights. Data warehouses have already been generating data for decades from all sources of data – Census, demographics, psychographics, mail, Internet, you name it, and they have excellent tools for extracting correct insights from their data for rent or purchase. It may be a better use of resources to learn how to leverage these tools vs. building tools from scratch.

So, should Insurance carriers build their own data warehouse from scratch or rather buy/borrow the data from a warehouse provider?

Insurance Carriers do need a warehouse to manage customer data and harvest insights about their current customers from a lifestyle, purchasing, risk and morphology perspective. This data can directly impact the bottom line. Should they pump the breaks once they start looking for new customers in the sea of “All of social media?” Probably.

## Are You Prepared For An Active Shooter Event At Your School?

By James W. Satterfield

We have not had a child die in America in a school fire in over 50 years. Unfortunately we cannot say the same for violence. What should schools do to increase security and safety? Every individual in any organization must be trained and know what decisions to make, and when. **Immediate, dynamic response** in an active shooter event can improve outcomes.

So where do you start? Focus on three things: **conduct** an informed site assessment and address gaps and weaknesses, **confirm** and test your emergency and crisis management plans align to best practices, and **commit** to training your students, teachers, staff, and parents on your plans.

### 1. Conduct a Site Assessment – LOOK

- Look at your school through the eyes of someone who might want to cause the children, staff, or property harm.
- Look at your emergency procedures and see if they match what is possible given your site.
- Look at your facility, locks, entry controls and cameras.

- Look at your policy for controlling access to the facility?
- Look at your basic protocols and plans and training for lockdown, lockout, evacuation and shelter-in-place.
- Look at the adequacy of your supplies for emergency situations? Most have medical supplies but little else. Do you have pediatric tourniquets, evacuation ropes, mylar blankets, and food and water supplies to last several days.
- Look at your relationships. Do you have both nearby and more remote relocation (at least one mile away) sites and have you determined how you will travel to those sites if needed?
- Look at your ability to quickly alert staff of an emergency via a PA and does that PA work outside to alert those on the playground?

These are but a few examples of the questions you should be asking. The time to ask these questions is not during the emergency, it is now.

Many schools are implementing more advanced physical security features, and some are implementing security in the design of new buildings, but keep in mind this is not necessary to have a secure building. Sometimes minor adjustments can make a world of difference. The Secret Service can travel essentially anywhere with the president and adapt the environment to be secure. In the same vein, all child care centers can tweak their physical security, without needing to drastically change their core or culture.

## 2. Confirm Your Preparedness and Response Planning and Test Exercises

Who wrote your plans? What is their level of experience and background in school emergency response, crisis management, child safety, best practices? Would you write a cookbook if you did not know how to cook?



EVACUATE



SHELTER-IN-PLACE



LOCKOUT



LOCKDOWN

Ensure the plan has the primary response protocols of lockout, lockdown, evacuation and shelter-in-place and ensure these basic procedures are available and known by all staff. Once in place conduct regular test exercises to assure everyone knows their roles and options.

In the event of an emergency, do you have a reunification plan? How will you alert teachers and parents? Does your plan use plain language alerts or code words? Have you thought of plans for those with language or disability issues? Once your plans are completed, make all emergency plans readily available and update them to reflect any renovations or changes to procedure. Share them not just with staff, but with parents, guardians, board members, student teachers and other program stakeholders.

## 3. Commit to Critical Incident Response Training

Response must be contextual. Experience-based training empowers effective response.

### 3 Stages of Critical Incident Response:

Sense Danger



Evaluate Response Options



Commit to Action



Follow the Navy Seals' motto: "Under pressure, you don't rise to the occasion, you sink to the level of your training. That's why we train so hard." Ensure your new emergency preparedness plan is put into action by spending time training your staff. Training should be thorough and instruct all teachers, staff, and students in appropriate responses to everything ranging from evacuation to severe weather, to how to act in the event of a violent attack. Staff members with strong training are more confident and feel more empowered to carry out emergency plans.

When your school has a strong security, safety, and crisis plans, your staff members will not be the only ones feeling more confident. The families that entrust your center with the care of their children count on the fact that you will be able to protect their child in an emergency. Parents find great peace of mind when they know their children are in a secure setting. Safety and security are major differentiating factors for many parents when they are deciding on schools.

## The Future of Insurance, and How Insurance of the Past Has Failed Us

By Assaf Wand

For most of us, our home is our largest purchase and shelters our prized possessions. But a home is more than that. It's our safe place, where we can be ourselves; the feeling of comfort when you come home from a long trip; the sound of children's feet running to meet us at the door when we get home. It's where we raise our families and make memories.

So when disaster strikes your home, it turns your world upside down in an instant—leaving you praying that your home insurance has your back. Unfortunately for many, that's not always the case. [Two-thirds of American households are underinsured](#). Which means that when your kitchen catches fire, your basement floods or a tree falls on your roof, you might not have the coverage you need to replace and rebuild.

The home insurance industry is failing tens of thousands of families each year at the time they need it the most. InsurTech innovators are working to fix this.

### Home Insurance Hasn't Kept up With the Times

Traditional home insurance has not evolved with the times—and that's a big problem for modern homeowners.

Home insurance may be one of the last products that you can't easily buy online. It's still sold almost exclusively through insurance agents. While agents can help sift through the fine print, they also focus on upselling more expensive products—after all, that's how they make their money.

Then, there's the policy itself, which offers 'standard' coverage for things that today's households don't even own anymore, and makes you pay extra for the things you really need. So when it comes time to file a claim, you find you're covered for pewter bowls and cassette tapes, but not for your home office equipment or water damage caused by a clogged sewage line.

So what did you pay that agent for again?

### Home Insurance for the Modern Household

InsurTech is the future of the insurance industry, taking everything that's wrong with home insurance—the confusing forms, the outdated policy, the agent as middleman—and fixing it. Here's how we're doing it:

#### • Better Coverage:

We redesigned our coverage from the ground up, removing the stuff that no one owns anymore (like savings bonds and fur coats) and increasing coverage for things that today's homeowner needs (like computers and home offices).

Next, we upped your payout if a loss does happen. Our standard policy pays the replacement cost of your belongings instead of their depreciated value, and we automatically increase coverage if rebuilding costs surge after a catastrophe.

Where do you start?	Training for all staff on "behaviors of concern"	A Threat Management Team that is trained to review and understand behaviors and what needs to be done.
What do you need to do right now?	An open source intelligence monitoring program that allows the leadership and your Threat Management Team understand what is being said and receive early warnings from social media postings?	An anonymous reporting tool for notifying when a behavior is observed.
What do you need to have in place?	A central repository where all reported behavior gets logged	A detailed process for developing action plans to monitor individuals identified as needing assistance.

Finally, we expanded the breadth of coverage to provide more comprehensive protection. All our policies may include coverage for damage to service lines (water, sewage), water backup, and breakdown of expensive home equipment like boilers and HVAC helping you avoid unpleasant surprises down the road.

**• Lower Cost:**

We offer a better product at a better price because we use modern technology to run more efficiently, we don't use expensive commissioned agents and we don't spend insane amounts of money on things like Super Bowl ads. That's savings in your pocket.

**• Fast and Easy:**

Our online application is simple, clear and mostly pre-filled based on available data about your new home. You can get a price quote and purchase your policy online in minutes—even from your mobile phone.

**Feel Confident You're Covered**

Homeowners insurance shouldn't be something you push to the back of your mind until you need it—only to then be let down. Homeowners should have the confidence that comes with being truly covered from the beginning, so they can focus on enjoying their home. Because peace of mind is what home insurance should be all about.

**Of Interest**



**Bodyguard on Netflix**

The six-part political thriller tells the story of Principal Protection Officer David Budd, who is assigned to protect controversial British home secretary Julia Montague. The very first episode throws viewers into a nail-biting stand-off featuring former military man Budd and a potential suicide bomber. The action never lets up. A great binge watch – curious? Watch the trailer [HERE](#)

**Did you know?**

The **population of Australia** is projected to grow by 5 million to reach 30 million in 11 to 15 years. Based on current trends, Australia's population is projected to reach 30 million people between 2029 and 2033, according to the latest figures released by the Australian Bureau of Statistics (ABS). Population projections are based on assumptions of future levels of fertility, life expectancy and migration, which are guided by recent population trends. Anthony Grubb, director of demography at the ABS, said: "The projected time for the nation to grow by 5 million people on current indications will be similar, if not a little shorter, than the 14 years it took to grow from 20 million to 25 million. Looking further ahead, based on the medium of our three main projection assumption series, Australia could add a further 10 million to our current 25 million by the year 2043. However under our higher range of fertility, mortality and migration assumptions, the population would reach 35 million five years earlier in 2038. Conversely, under lower assumptions, the population would only reach 35 million a decade later in 2053."

**News Quizzical Answers (page 4)**

1.c; 2.d\*; 3.b\*\*; 4.see below

\* United States Army motto

\*\* Management consulting firm L.E.K. studied more than 2,500 M&As that took place over a 17-year period and found that [around 60 percent of deals led to lower shareholder value](#) after they closed.

1. Quadruped With Crimson Proboscis – Rudolph the Red Nose Reindeer. 2. Eight P.M. to Six A.M. Without Noise – Silent Night. 3. Minuscule Hamlet in the Near East – 0 Little Town of Bethlehem. 4. Ancient Benevolent Despot – Good King Wenceslas. 5. Adorn the Vestibule – Deck The Hall. 6. Exuberance Directed to the Planet – Joy to The World. 7. Listen, Aerial Spirits Announcing – Hark, The Herald Angels Sing. 8. Trio of Monarchs – We Three Kings. 9. Yonder in the Hay Rack – Away in a Manger. 10. Cherubim Audited From Aloft – Angels We Have Heard on High. 11. Assemble, Everyone Who Believes – Oh Come All Ye Faithful. 12. Hallowed Post Meridian – Oh Holy Night. 13. Fantasies of a Colorless December 25 – I'm Dreaming of a White Christmas. 14. Tin Tinniculations – Silver Bells. 15. A Dozen 24-Hour Yule Periods – The Twelve Days of Christmas. 16. Befall During the Transparent Bewitching Hour – It Came Upon a Midnight Clear. 17. Homo Sapien of Crystallized Vapor – Frosty the Snowman. 18. Desire a Pair of Incisors on December 25 – All I Want For Christmas is My Two Front Teeth. 19. I Spied My Maternal Parent Osculating – I Saw Mommy Kissing Santa Claus. 20. Perambulating Through a December Solstice Fantasy – Walking in a Winter Wonderland. Results: 15-20 Correct: You don't need any Yuletide spirit; 10-14 Correct: You could use something in your stocking!; 5-9 Correct: Are you sure you have the right holiday?; 1-4 Correct: Surely you jest?

## Words and Definitions *to help insurance professionals*



### Lithium-ion batteries

By Keith Purvis

A battery is an electro-chemical store of energy, and if damaged physically or exposed to heat, it may go into thermal runaway (violently overheat), catch fire or even explode. Traditionally, batteries were mainly of the lead-acid type found in cars, and these are still important. In normal conditions they are safe and reliable, the main risks being short circuits and the spillage of acid. However, since the early nineties lithium-ion batteries (abbreviated

as LIBs) have been developed and are used for a wide range of applications. They have many advantages. They do not self-discharge (lose power) as quickly as other types of battery and are adaptable. Their high energy density makes them ideal for use in consumer durables, such as mobile phones, laptops, tablets, electric cigarettes, cameras and other devices for which lightness and power are vital. They are also used in electric cars, in the aviation industry and increasingly in energy storage systems and the grid.

The energy density of LIBs coupled with the highly reactive nature of lithium makes them extremely flammable, however. At worst they can overheat to a temperature of 1,000 C or more and explode like a firework, and there have been fatal accidents as well as a dangerous and expensive

aviation incident. The size of the battery is also a risk factor: the larger the LIB, the greater the fire load, a matter of concern with respect to electric vehicles. Insurers of both property damage and business interruption are increasingly factoring the lithium battery risk into their premiums, which over time will make some goods more expensive. Risk management measures attempt to control the fire risk at the manufacturing, transport, storage and utilization stages. Because there are safety mechanisms in LIBs that slow down the initial combustion process, giving time to control overheated batteries, and since water is effective against overheating, well-placed spray sprinklers can contain a fire. Furthermore, there are regulations stipulating the number of larger batteries that can be stored in one place.

Since 2018 LIBs have been classified as dangerous wares for goods in transit and appropriate safety measures are mandatory, the rules for aviation being even stricter. The insurance of grids, at least in the UK, is confined to a few specialist insurers, some requiring broader property coverage for a renewable energy facility or power plant. Unfortunately, sub-standard LIBs manufactured in countries with lax safety standards can be bought cheaply on the Internet, making it highly desirable that production be stepped up in Europe as a matter of urgency.

\* Keith Purvis for *Versicherungswirtschaft* November 2018 (a Presse Internationale des Assurances Member publication)

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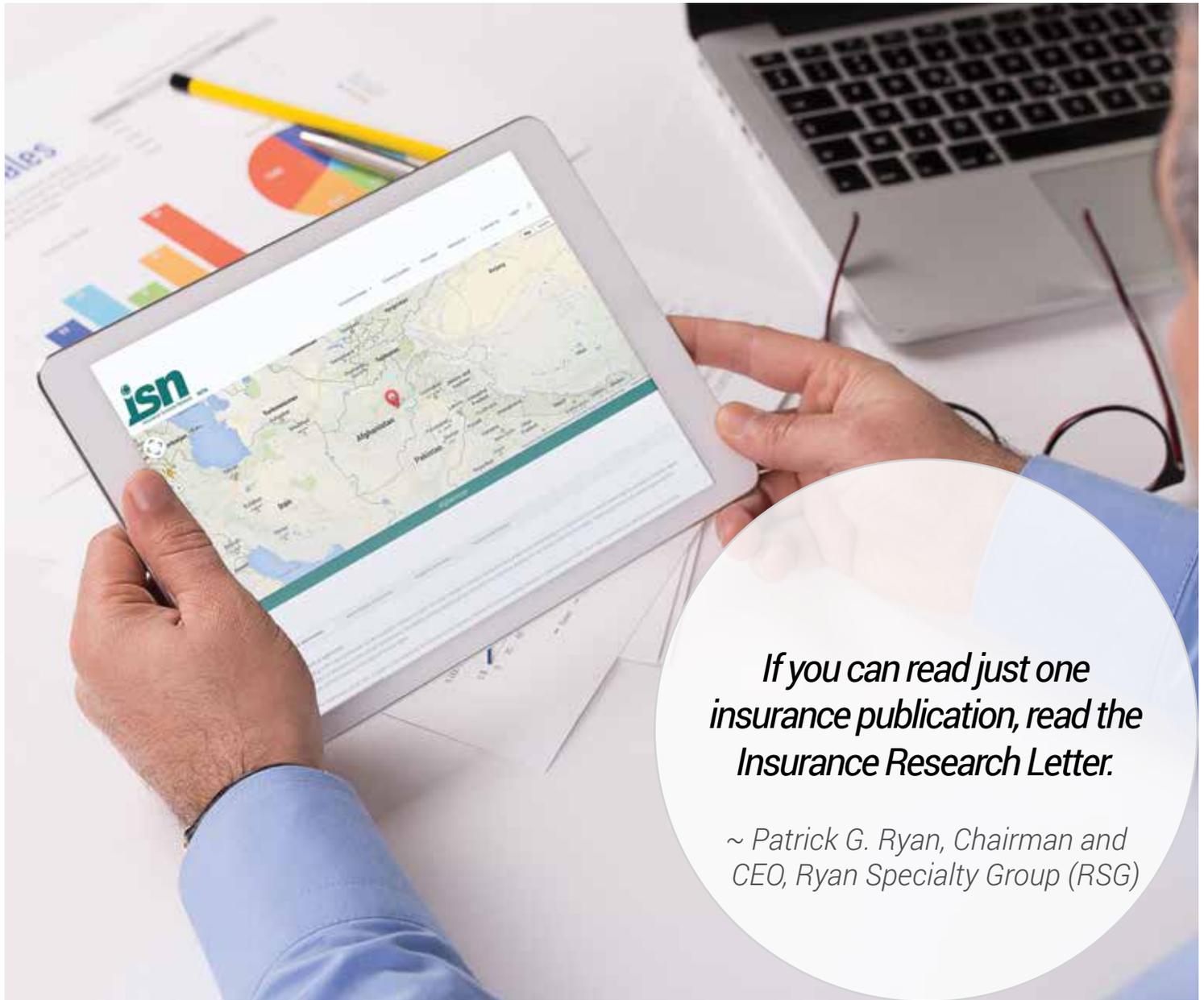
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