



Subscriber
Exclusive

2023

TOP 100 CARRIER MANAGEMENT FEATURES BY TOPIC

A collection of Executive Summaries for easy reference

About This Collection

A Look Back: Carrier Management Classics

In February 2023, Carrier Management marks its 10th anniversary of publishing content tailored for property/casualty insurance executives, directors and future leaders. Carrier Management members have free access to our exclusive content, including our most popular feature articles.

For easy reference, we've collected executive summaries of the 100 most popular features—10 for each full year we've published—so that you can quickly browse and locate the articles you need. The summaries are arranged by topic.

You'll find classics like "Five Key Traits CEOs Look for When Hiring Talent" by former Crum & Forster CEO Doug Libby from 2013; "What Black Swan Author Nassim Taleb Has to Say About Insurance" from 2015; and "An Open Letter to My Younger Self: Leadership Tips and Career Advice" by former Aspen Insurance CEO Mario Vitale from 2016. More recent titles include a CM Exclusive, "Google's Insurance Strategy Could Be a Game Changer" from 2021; "The New 'Jake From State Farm'" from 2020; and last year's most popular article, "Actuaries vs. Underwriters: Behavioral Scientist Explains the Age-Old Battle."

Our journey through the top titles of 2013-2022 will also bring you up to speed on the hottest topics of the last 10 years—predictive analytics, InsurTech and social inflation, among others—and deliver practical advice to help you meet some of today's business challenges related to hiring, retention, growth, performance and even stress management.

On the final pages of this compilation, we list all the articles by year, ranked in order of reader views on the Carrier Management website.

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Technology and Automation

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Tasks Done by Agents, Underwriters, CEOs Can Be Automated: McKinsey

Year Rank: #5 (2015)

[Link: bit.ly/3W9YEXP](https://bit.ly/3W9YEXP)

Executive Summary:

Machines can take over many activities of nearly every one of 750 occupations studied by researchers from McKinsey Global Institute—including chief executive officers and several occupations related to the insurance industry.

Some details of the Institute's findings were published in McKinsey Quarterly and a Harvard Business Review article, both in 2015. Their analysis focused on 2,000 activities involved in jobs ranging from home health aide to CEO, and the researchers found that 45 percent of work activities could be automated using already demonstrated technology. Another 13 percent could be automated if “technologies that process and ‘understand’ natural language were to reach a median level of human performance,” the researchers said. Put another way: for 60 percent of U.S. jobs, 30 percent or more of the activities can be automated with available or announced technologies.

Insurance sales agents and insurance underwriters fall within the 60 percent of U.S. jobs for which 30 percent or more of job tasks can be automated. Claims adjusters, CEOs and actuaries are also vulnerable, but to a smaller degree.



Out of the 750 occupations analyzed by McKinsey, all the insurance professionals and CEOs fall somewhere between professions for which none of the activities can be automated (massage therapists, clergy, home health aides) and professions that can be replaced with total automation (sewing machine and package-filling machine operators).

*Author:
Susanne Scalfane*

The Impact of Robots Replacing Humans in the Workplace

Year Rank: #8 (2015)

[Link: bit.ly/3U00czV](https://bit.ly/3U00czV)

Executive Summary:

As more companies begin to use robots in the workplace, many are beginning to weigh the risks and the types of claims that might arise from their use.

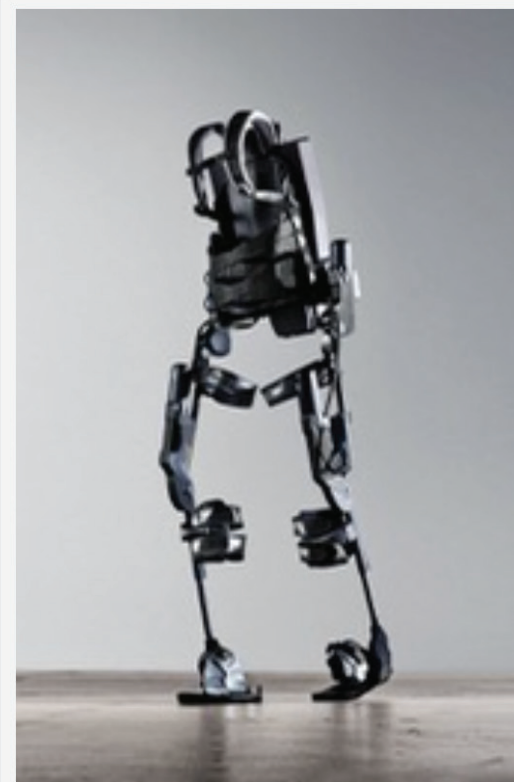
The injuries are already being documented. A German worker, for example, was killed by a robot in a VW auto manufacturing plant.

The Occupational Safety & Health Administration's website warns of potential dangers involved with advanced robotic systems in the workplace. OSHA cited a Maine textile manufacturer for exposing workers to carpet trimming robots, which were able to extend their arms beyond a safe perimeter, potentially striking the robots' operators or nearby employees. OSHA also said that studies in Sweden and Japan determined many robot-related injuries were the result of programming, maintenance, installation or repair error.

New technology aside, experts see workers compensation claims as adjusting to the technology. In other words, injuries caused by robots would be treated the same way as injuries due to any other, more traditional workplace tools. An injury caused by a robot at work, for example, would lead to the worker filing a workers comp claim, but then the employer might file a products liability claim if the robot design contained any flaws. Developers, meanwhile, will need to be aware of the liability risks their robots create.

Author:

Denise Johnson is a freelance journalist based in Arizona. She is also the former editor of Claims Journal. Reach her at denisehjohnson@yahoo.com.



Ekso Bionics exoskeleton (Photo: Ekso Bionics)

AI and Insurance: Are Claims Jobs in Danger?

Year Rank: #2 (2017)

[Link: bit.ly/3bmJZpK](https://bit.ly/3bmJZpK)

Executive Summary:

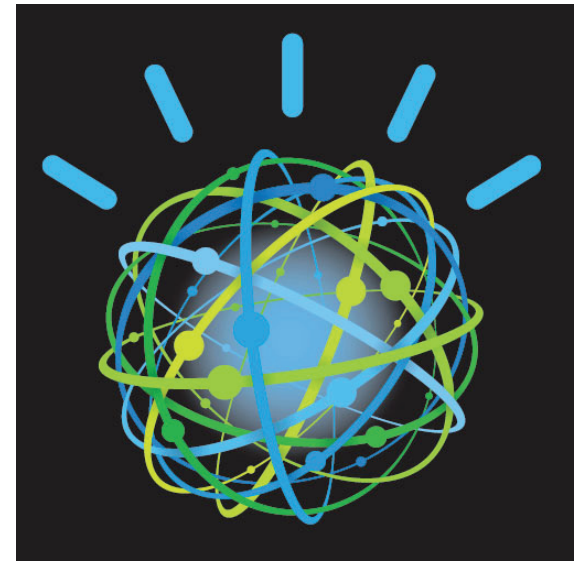
Mirroring the actions of at least one large Western insurer, a Japanese life insurer announced it would introduce cognitive computing in its claims department in late December 2016. In the first of two articles about artificial intelligence and insurance, Carrier Management reports on carrier efforts to use cognitive technology to replace or to work alongside their existing claims processing staff, focusing on the news from Fukoku Mutual Life Insurance and earlier disclosures from Zurich Insurance.

Unlike other insurers, Fukoku indicated that its new system would displace a portion of its workforce. At Zurich, executives said the nature of jobs is changing, with the carrier targeting process improvements and other automation initiatives aimed at increasing efficiency and technical excellence.

The article includes links to a dozen prior Carrier Management articles addressing the impact of artificial intelligence and cognitive computing on insurance industry jobs and underwriting exposures.

In Part 2 of the two-part series of articles ([Are Underwriters, Agents Endangered by AI?](#)), Carrier Management aggregates research from various sources about the impact of automation on underwriters and agents, as well as on professions outside the industry—businesses they insure.

*Authors:
CM Editors*



Are Underwriters, Agents Endangered by AI?

Year Rank: #3 (2017)

[Link: bit.ly/3hgd7Ps](https://bit.ly/3hgd7Ps)

Executive Summary:

“Meet your new underwriter.”

That’s the caption under a photo of a robotic hand holding a pen that the digital news outlet Quartz (qz.com) used to introduce an article about an insurer using cognitive technology powered by IBM Watson to replace a portion of its workforce.

The insurer was Japanese life insurer Fukoku Mutual Insurance, and the jobs at risk were actually medical claims processors not insurance underwriters.

In the second of two articles about artificial intelligence and insurance, Carrier Management aggregates research about AI’s impact on underwriters and agents, as well as on professions outside the industry—businesses they insure. Included are summaries of an earlier Carrier Management article written by Dr. Anand Rao and Joseph Calandro of PwC specific to the insurance industry ([Artificial Intelligence in Commercial Insurance](#)) and details of a report released by the Obama White House in December 2016 relating to all

industries.

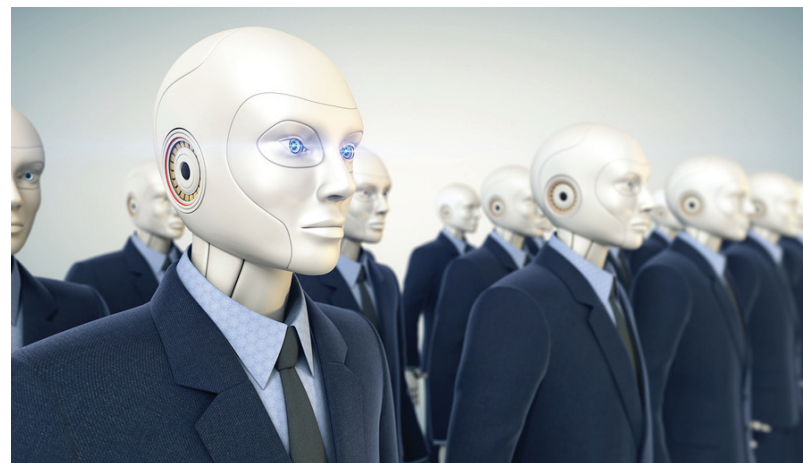
Rao and Calandro believe AI applications can augment decision-making of commercial underwriters for emerging and complex risks. For example, natural language engines can continuously evaluate a large number of news and social media sources to report on key concepts underlying new risks.

Of particular interest to commercial auto underwriters, the White House report details the potential displacement of workers in driving-dominant professions as advancements in computer vision and related technologies make fully automated vehicles feasible.

The first article in the Carrier Management series ([AI and Insurance: Are Claims Jobs in Danger?](#)) reports on carrier use of cognitive technology to replace or work alongside existing claims processing staffs.

Authors:

CM Editors



What Is Blockchain and How Does It Work?

Year Rank: #7 (2017)

[Link: bit.ly/3VP6yIW](https://bit.ly/3VP6yIW)

Executive Summary:

While everyone talks about blockchain, also known as mutual distributed ledger technology, just a few people actually know what this technology can do and how it could someday revolutionize the insurance industry, just by streamlining back-office processes.

“Mutual distributed ledgers are records of transactions, which are shared, can’t be changed, are stored in multiple locations with no central ownership,” explained Michael Mainelli, executive chairman at Z/Yen, a London-based technology company and think tank. “I can add transactions to the ledger—for example, correcting a misspelled name—but there’s always a permanent record of the original document as well as the corrected document,” he said. “It’s a multi-organizational database with a super audit trail.”

Paul Meeusen, Swiss Re’s head of Finance and Treasury Services, uses an everyday analogy to explain blockchain. “I tell people to think of it as a 1) dropbox [the distributed ledger], 2) that is secure and 3) has

intelligence.”

Rather than everyone transacting business on their own, with a distributed ledger, for example, the broker, the cedent and the panel of reinsurers share information. Meeusen said such sharing makes business sense because “when a nat-cat loss event happens, it’s the same base underlying risk and data that affects all of us on the risk.”

Mainelli explains what makes the technology secure and describes why he believes blockchain will help the wholesale insurance market work as never before.

In a related article, “[A Brave New World: First Reinsurance Product Heads to Blockchain](#),” Meeusen and others describe the first use of blockchain for a reinsurance transaction.

Author:

L.S. Howard



The Insurance Jobs of the Future

Year Rank: #8 (2020)

[Link: bit.ly/3W0zO0q](https://bit.ly/3W0zO0q)

Executive Summary:

The insurance industry is in the grip of a workforce transformation. As wide-ranging automated technologies assume manual employee tasks across the insurance value chain, functions and related jobs are being reimagined.

Titles like designer, architect and analyst will replace the traditional claims adjuster and underwriter. The high-demand insurance jobs of the future will be “hybrid jobs” that bring together technical data analysis with softer skills like communication and team management. Rather than progressing their careers based on continuous attainments in functional expertise, future insurance professionals will perform “super jobs,” moving flexibly across the enterprise to collaborate with peers in other functions.

From a recruitment standpoint, insurers will no longer look to hire “veteran” claims adjusters, underwriters and actuaries whose expertise is limited to computational skills. Robots execute these tasks faster, cheaper and better. In fact, 35-40 percent of traditional underwriting tasks can be automated.

Instead, carriers will look to hire people with emotional intelligence, a broad set of soft social skillsets like interpersonal communications, motivation, empathy and self-awareness.

New roles and titles will be designed to inspire people in their cross-functional collaborations and generate positive team-work-driven outcomes. These jobs and titles include chief behavioral scientist, chief customer experience officer and chief people officer.

Author:

Russ Banham is a Pulitzer-nominated business journalist and an author.



The Journey to Build the Auto Insurer of the Future

Year Rank: #3 (2021)

[Link: bit.ly/3Dhixzy](https://bit.ly/3Dhixzy)

Executive Summary:

Active customer engagement complete with service offerings and incentives to promote safer driving are hallmarks of Allstate's Drivewise and Milewise telematics programs, which ultimately benefit society overall and the insurer as well, according to Allstate VP David MacInnis and IoT Insurance Observatory Director Matteo Carbone. Here, they describe Allstate's journey to build an auto insurer of the future and highlight a key driver that makes or breaks acceptance of telematics technology and data-driven services: value sharing with customers.

According to IoT Insurance Observatory data, Allstate has over 2 million continuous connections across all programs, representing almost 10 percent of cars currently connected with an auto insurer at a global level, making Allstate a global leader in adopting telematics. Getting to this point started with a vision and a core belief that data and analytics will drive the future of transportation.

Allstate's current telematics products—Drivewise and Milewise—aim to make roads safer by helping customers identify and understand safe driving habits while also giving them more control and transparency over auto insurance rates.

The article documents a 10-year journey of progressively developing Allstate's telematics competency. Highlights included:

- 2010 launch of Allstate's first device-based telematics program, Drivewise.
- Launch of its first smartphone-based program in 2014-2015.
- Creation of Arity, a subsidiary fully dedicated to the telematics technology, in 2016.
- Introduction of integrated car health with engine alerts, gamification and Allstate Rewards in 2016. The year also marked the



pilot of Allstate's pay-per-mile program, with rapid state launches starting in 2018.

- Allstate's introduction of crash detection in 2020.

As of May 2021, more than 20 percent of Allstate auto policyholders were enrolled and connected into a telematics program in states and companies where they were available.

Allstate's behavioral change approach has two main anchor points: identifying behaviors that are predictive of crashes and the ability to explain desired behavior changes to the customer.

Authors:

David MacInnis is Vice President, Product Management-Telematics and Usage Based Insurance at Allstate.

Matteo Carbone is Director of the IoT Insurance Observatory and board member of Net Insurance. He was Guest Editor of the Carrier Management Q3 2021 special report, "Insurance Is Getting Connected," about IoT insurance applications. A frequent contributor, he was also a guest editor for Carrier Management's 2018 featured magazine section, "[Startups Face Off Against Established Players](#)"; co-editor Adrian Jones)

Telematics Has Kept the Promise: Allstate's Journey Continues

Year Rank: #9 (2022)

[Link: bit.ly/3OOBL6I](https://bit.ly/3OOBL6I)

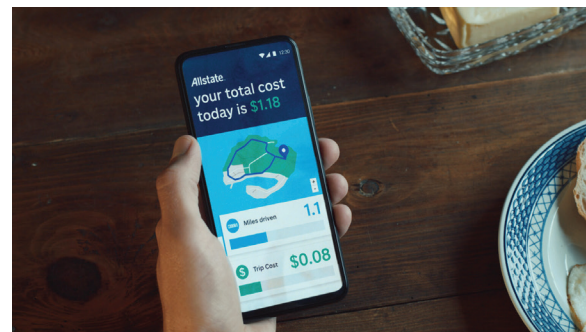
Executive Summary:

Allstate's David MacInnis and the IoT Insurance Observatory's Matteo Carbone wrote an article for the third-most popular feature published on Carrier Management in 2021 ([The Journey to Build the Auto Insurer of the Future](#)), detailing features like active customer engagement, service offerings and incentives to promote safer driving that are built into Allstate's Drivewise and Milewise telematics programs. In this June 2022 follow-up, MacInnis and Carbone explore evidence on take-up rates and double down on their efforts to explain the benefits of telematics for society and for insurers, using Allstate's journey as an example.

They explain that telematics has been on personal insurers' radar for many years and has recently reached a tipping point. The article serves as a call to action for a more informed usage of telematics data in the insurance sector as some insurance professionals are still skeptical that telematics is gaining traction.

The article explores how COVID-19 boosted interest in telematics, with Allstate personal lines telematics programs growing significantly since first-quarter 2020. New business adoption of these telematics programs has increased 100 percent relative to pre-COVID levels, the authors write.

They explain that telematics represent a new way of thinking about auto insurance, with the IoT paradigm allowing insurers to



take smarter action than in the traditional disconnected physical world. The article outlines reasons for adopting telematics, which include enhancing the customer experience, improving core insurance processes, developing new business opportunities based on usage of telematics data, and providing positive externalities to society.

Authors:

David MacInnis is Vice President, Product Management-Telematics and Usage-Based Insurance at Allstate.

Matteo Carbone is Director of the IoT Insurance Observatory and board member of Net Insurance. He was Guest Editor of the Carrier Management Q3 2021 special report, "Insurance Is Getting Connected," about IoT insurance applications. A frequent contributor, he was also a guest editor for Carrier Management's 2018 featured magazine section, "[Startups Face Off Against Established Players](#)"; co-editor Adrian Jones)

Leadership and Managing People

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Five Key Traits CEOs Look for When Hiring Talent

Year Rank: #1 (2013)

[Link: bit.ly/3Pm15R4](http://bit.ly/3Pm15R4)

Executive Summary:

What do CEOs look for when they hire talent?

Former Crum & Forster CEO Doug Libby said the answer is game changers.

These are individuals who are visionaries in their specialties. They see the status quo as an impediment and are willing to act on their convictions. They think differently but in a realistic and doable fashion. Game changers see opportunities off to the side when everyone else is looking down the same path.

Libby said game changers must be:

- **Intellectually curious.** He looks for candidates who are willing to learn all the elements of the business, not just their particular specialty. Insurance is a complex and demanding field. To really understand it, you need to have a working knowledge of underwriting, claims management, regulatory issues, accounting and finance, loss control, actuarial reserves, IT, and marketing.
- **Willing to handle tough assignments.** Candidates must be willing to learn all parts of the business by taking on tough assignments. In other words, step up and volunteer. Your contribution will be enormous, and you will gain the respect and admiration of your boss and management.
- **Creative.** Business creativity is questioning every premise, challenging conventional wisdom, not accepting the “truth” of something merely because everyone else views it as obvious, and then thinking through to a new and more viable solution.

(This article was based on a presentation made by Libby at the IICF Women in Insurance Global Conference in New York on June 13, 2013)



Author:

Douglas M. Libby is the Former Chairman and Chief Executive Officer of Crum & Forster.

How Topgrading Helped One Commercial Insurer Hire Nearly All 'A'-Level Managers

Year Rank: #4 (2013)

[Link: bit.ly/3BtWNBq](https://bit.ly/3BtWNBq)

Executive Summary:

Argo Group nearly doubled its hiring of topnotch, "A"-level managers over a five-year period using a hiring protocol known as Topgrading—a rigorous process designed to eliminate much of the mystery involved in screening résumés and vetting candidates' statements about their own strengths and weaknesses.

"Before we did Topgrading...roughly half of the population we hired we would have called A's, and half we would have called B's or C's," Kevin Silva, Argo's former SVP of human resources, explained in an Argo case study featured on Topgrading's website. "We have found that since we have done Topgrading, virtually all the individuals or about 96 percent [of management personnel the company has hired since] are A players."

Topgrading pioneer Brad Smart's process incorporates several basic principles. First and foremost, job candidates should convey not just snippets about high points or lows during their career history but more of a full-out documentation of that history. The strategy ensures that an employer is taken through the candidate's total career—"every job. And for every job you delve into every success, failure, key decision and key rela-



tionship," said Smart.

Candidates filling out Topgrading's career history form must include the reasons they moved on from each former post—making absolutely clear whose decision that was—and also make guesstimates as to how each of their former supervisors would rate them on a scale of 1 to 5.

Finally, the form clearly conveys to job seekers that if they should make it through the Topgrading process, they'll ultimately need to arrange reference calls between their former bosses and the firm now courting them.

Author:

Janet Aschkenasy was a freelance writer based in New York City.

Talent Risk: A Killer Torpedo?

Year Rank: #9 (2013)

[Link: bit.ly/3UOF9PB](https://bit.ly/3UOF9PB)

Executive Summary:

The most gifted professionals in property/casualty insurance organizations can also bring those organizations down if carriers don't employ value-based ERM processes to manage talent risks, said risk expert Sim Segal, president of SimErgy Consulting.

Masterminds are individuals who are paid highly for mastery of a particular topic. They are widely respected throughout their industries and within their organizations.

But masterminds also create a large vacuum when they leave.

"They are very difficult to replace. They also tend not to share information," he said, suggesting that the brightest talents are often somewhat insecure and deliberately choose not to share their expertise or develop others.

Segal suggested looking at "rare talent concentration risk" as a talent-management issue.

"Diffuse the responsibility" by having a

committee pinpoint groups of rare talent within the organization. The company then can institute enhancements, such as a strong succession plan for the mastermind to protect the firm.

Segal had similar advice about mitigating risks created by **rainmakers**. "These are people who make it rain. They bring in the money. They make growth happen."

He said the typical progression of events is "recognition of talent, massive rapid growth and then implosion," noting that things come crashing down as the rainmaker's money-making activities go unscrutinized.

"Organic growth is really tough, so if you find somebody who can actually grow organically, they tend to get bushels of money thrown in their direction, and they get all obstacles moved out of their way"—including corporate audit and the constraints of other operational guidelines. This lack of scrutiny and accountability may lead to bad behaviors, excessive perks, and often even theft and fraud.

He recommended having an ERM policy to automatically enhance scrutiny when there is abnormally high growth emerging. The policy would kick in routinely under specified growth conditions and confrontation with the rainmaker can be avoided.

Author:

Susanne Sclafane



How to Manage Workaholics

Year Rank: #10 (2013)

[Link: bit.ly/3FM5c5y](https://bit.ly/3FM5c5y)

Executive Summary:

Workaholics tend to live in extremes, with great job satisfaction and creativity on the one hand and high levels of frustration and exhaustion on the other hand. A Florida State University study offers managers practical ways to help these employees stay healthy and effective on the job.

The researchers studied more than 400 employees in professional and administrative occupations and found about 60 percent of these workers identified themselves as workaholics who characteristically “feel guilty when taking time off.”

These self-identified workaholics reported positive and negative career consequences. For example, workaholics reported they gave more effort compared to other workers, but they also experienced more tension. They were more willing to help others, yet were more likely to view co-workers as feeling entitled.

The study found that “there is an optimal level of workaholism for job effectiveness and positive health. However, when in excessively low or high ranges, both the company and the employee are likely to suffer.”

Researchers said leaders should meet with workaholics to determine what physical and social resources they need and then help increase their accessibility to those resources in fair and reasonable ways.



Managers often assume that workaholics simply want others to get out of their way, but most just want to contribute to the company, achieve personal success and see how their efforts affect the bottom line.

Managers also need to have more realistic expectations. Workaholics are often the company’s most productive employees—serving as the manager’s “go-to” worker when an important project surfaces or a deadline looms. However, because they are so valuable, managers have a tendency to run workaholics into the ground, promising a future chance to recharge that often never happens.

Putting Out the Fire at Fireman's Fund

Year Rank: #1 (2014)

[Link: bit.ly/3iKgqyv](https://bit.ly/3iKgqyv)

Executive Summary:

Five CEOs in seven years, a revolving door of senior leadership made rating agencies and the entire insurance industry wonder what was going on at Fireman's Fund Insurance Co. Add to this the September 2014 decision by parent company Allianz to absorb the insurer's commercial lines business.

Here, leadership experts discuss the high cost of CEO turnover in the wake of that news.

Rita McGrath, an associate professor at Columbia Business School, said that CEO turnover draws an organization's focus and energy away from more productive pursuits. "Everything comes to a crashing halt while the whole company plays musical chairs. The message comes across that the company is either fundamentally lacking in good leadership or otherwise suffering from some flaw that causes a parade of executives to just pass through."

Former Fireman's Fund CEO Chuck

Kavitsky blamed persistent leadership changes on the widely divergent cultures in place at Allianz and Fireman's Fund.

"Philosophically, Allianz Global is extremely conservative in everything they do. They're one of those companies that if they experience exponential growth, they're more afraid of that than a small loss, whereas we in the U.S. tend to be more entrepreneurial."

McGrath agreed that operating a subsidiary in a foreign country can be challenging.

"Germans tend to be more conservative and risk-averse. Some insurance products that are par for the course in the U.S., such as workers compensation, are seen as undesirable or even distasteful to a German parent. From what I know of Fireman's Fund culture, it was not exactly hard-charging and results-driven," she said.

Author:

Russ Banham is a Pulitzer-nominated business journalist and author of 24 books.



Making the Leap From Manager to Executive

Year Rank: #2 (2014)

[Link: bit.ly/3UQVS4I](https://bit.ly/3UQVS4I)

Executive Summary:

Greater self-awareness and mindfulness of external stakeholders are among the ways in which managers must broaden their perspectives as they move from management to executive roles.

As a manager, you spend most of your time focusing on the team you oversee. As an executive, creating organizational strategy requires looking in different directions: up at the executives or board above you, out at competitors and the wider business world, and inward to assess your leadership strengths and weaknesses.

Formal executive education can help with the steep learning curve, which these days includes figuring out how to tap into analytics for marketing and knowing the baby steps of innovation.

A few essential topics that executive education programs should address.

- **Measuring marketing success.** Understanding the capabilities of measures like marketing ROI to assess the productivity of past spending, as well as measures like customer lifetime value and customer acquisition costs to project future profitability, and customer satisfaction statistics like Net Promoter scores, should be necessary background for all leaders.

- **Informing the street view.** Whether you're at a publicly held Fortune 1000 company or a privately held business, understanding how you fit into the broader industry is key to making future decisions. You need to understand the core drivers that create value in your organization and how those drivers are viewed from the outside.

- **Self-awareness.** The road to becoming a true leader starts with a deep, genuine sense of self-awareness. Once you better understand



yourself and how you best operate, you'll be better able to build a winning and cohesive team.

Authors:

Lou Centini, an executive coach, was Senior Director, Executive Education and Lecturer of Business Administration at The Darden School, University of Virginia, when he co-authored this article.

Susan Kearney, CPCU, ARM, AU, AAI, was a Senior Director of Knowledge Resources at The Institutes when she co-authored this article. Kearney, now an Associate Director for the Maguire Academy of Insurance and Risk Management at Saint Joseph's University (according to her LinkedIn bio), is an expert in commercial underwriting, reinsurance and management.

Everything You Always Wanted to Know About Knitting and Gender Bias in the Insurance Industry

Year Rank: #4 (2014)

[Link: bit.ly/3FLj7cn](https://bit.ly/3FLj7cn)

Executive Summary:

Innovation Consultant Karen A. Morris stitches together clues that reveal her own unconscious gender bias and explains why the “stick to your knitting” axiom should not apply to insurance industry leadership.

Communities rely on the premise of belonging—and of course every “us” has its “them.” Conscious discrimination and bias regarding “us” and “them” has been explicitly challenged in a sizable chunk of the world. In our businesses, we have had decades of (legal, social, moral and strategic) imperatives, prompts and incentives to confront conscious bias.

The problem is the relatively paltry impact of substantial investments in diversity and inclusion on C-suite participation ratios, whether of gender, race, sexual orientation or physical ability.

We all share, to different degrees, subconscious taxonomies of attributes and actions based on gender. For example, the tension between our perceptions of “femininity” and our archetypal perceptions of “leadership.”



Instinctively, we positively align male characteristics and traditional leadership attributes: forceful, self-confident, decisive, aggressive, hard-hitting, tough, ambitious and so forth. Conversely, these same attributes tend to be construed negatively when manifest in women.

At an organizational level, a context that causes women to “cop out” or “opt out” wastes human potential. There is no credible evidence that women’s gamut of leadership styles and capabilities are lesser than men’s. Indeed, a confluence of influential thinkers assert that many qualities we admire as feminine—empathy, collaboration, intuition and caring—are the superlative assets of a 21st century leader.

Author:

Karen A. Morris is a consultant to the insurance industry, specializing in all aspects of innovation strategy and execution. She was also the Guest Editor of Carrier Management’s Sept/Oct. 2018 magazine, [“Risks On The Radar: How Will Insurers and Reinsurers Influence the Future?”](#) Over the course of her career, she held C-suite and advisory roles for several major global insurers—among them, W.R. Berkley, American International Group and Chubb. Reach her at karen.morris2@yahoo.com.

Dealing With the Most Difficult People and Conversations at Work

Year Rank: #3 (2015)

[Link: bit.ly/3Yb2EW9](https://bit.ly/3Yb2EW9)

Executive Summary:

Drawing from the 2015 book “We Need to Talk,” author and business coach Andrea Lee recommends a three-question model, “The Delta Model,” to productively move stalled or difficult business conversations forward.

The model removes excess emotions, hidden agendas and complexity, she says. It can also be used in one-on-one conversations or in groups.

Those four words—“we need to talk—are not easy words in the workplace, Lee wrote, because they strike “fear into the hearts of the bravest business people,” including those in the property/casualty insurance industry.

People avoid initiating difficult conversations, she said, due to challenges in talking about touchy topics and also because they’re not well-versed at having difficult conversations. It is a positive thing to broach difficult topics and conversations because by bringing these issues up all parties involved can look forward to better health and productivity with the stress relief brought on by the talk. “It frees up energy to be creative and reframes the negative emotions by changing their meaning,” Lee said.



Ways to accomplish this include stopping meetings that are unproductive and dull and saying “no” more often. By having conversations about tough things, both parties can create a better working environment.

Author:

Andrea J. Lee was founder of Thought Partners International, which operates “Wealthy Thought Leader University” – an internationally-known company that helps entrepreneurs disrupt the status quo. Andrea has coached actively and continuously since 2003. She authored the book, We Need to Talk,” which includes sample in-person, phone and email conversations in an easy-to-use toolbox designed to help people generate better questions and answers that resolve stress in the workplace, in meetings, workshops or in management and leadership. For more information visit www.AndreaJLee.com

How Great Leaders Display Authenticity
Year Rank: #6 (2015)

[Link: bit.ly/3uG86ma](https://bit.ly/3uG86ma)

Executive Summary:

In an article entitled “[Making a Case for Servant Leadership](#),” Executive Coach Marcel Schwantes introduced readers to the idea that applying daily practices of servant leadership is really the best way to engage workers to perform at a high level. Schwantes returned here to kick off a six-part series delving deep into the best practices of what a servant leader is and does.

In Part 1, Schwantes provided eight ways great leaders display authenticity—one of the foundations of effective servant leadership, according to the Organizational Leadership Assessment created by Professor Jim Laub.

Schwantes wrote: “Today, we are finding that organizations around the world are changing their attitudes toward leadership. Leadership has been written and talked about for decades, with great authors defining it in different ways and calling it by different names. In the end, the simple truth is that leadership and life are about people and relationships. It’s about who you are, not what you do.

“Consequently, servant leadership has emerged over the last 20 or 30 years on a grand scale in some of the most admired and successful companies on the planet.”

To become a servant leader, Schwantes said must unlearn a number of traits, starting with the way we have traditionally viewed what leadership is.



Author:

Marcel Schwantes is Managing Principal and Co-Founder of Leadership from the Core—a servant leadership development company in the business of creating better bosses and healthier organizations. Visit <https://www.marcel schwantes.com/>

Industry 'Groping in Dark' to Attract Millennials, Duperreault Says

Year Rank: #7 (2015)

[Link: bit.ly/3BsnmXA](https://bit.ly/3BsnmXA)

Executive Summary:

Boring is not a description of the insurance industry that sits well with Brian Duperreault.

But it's one that the majority of millennials use to explain why insurance has little appeal as a career choice.

"For someone whose whole career has been dedicated to an industry that promises to protect, that really hurts," he said. "At the very least, we've done a terrible job in helping people to understand the value in what we do," said the industry veteran, then leader of Hamilton Insurance Group (later head of AIG as of 2017) during an address at the International Insurance Society's Global Insurance Forum in June 2015.

At the time of his address, Duperreault said that the industry's struggles to attract young, tech-savvy employees was an existential threat to the industry, and he pleaded with insurers to work together to find a solution.

He explained that it was important to understand millennials, or "digital natives." They are all about being team players, and they want their careers to have a purpose. They don't just want to work but to build things during their careers and lives that matter. Social media is also important to their lives and collaborative experiences, and crowdsourcing is key to everything from fundraising to business capital for millennials, he suggested.

Author:

Susanne Sclafane



Are You Leadership Material? 'Executive Presence' Defined

Year Rank: #10 (2015)

[Link: bit.ly/3GBdo88](https://bit.ly/3GBdo88)

Executive Summary:

The road to the C-suite isn't simply paved with hard work and great performance. Individuals with an intangible skill set known as "executive presence" are more likely to garner sponsorship from senior leaders to help advance their careers, according to research from the Center for Talent Innovation.

SVP Sandra Scharf reported on the sponsorship effect and the qualities that characterize "executive presence."

While mentors give you guidance, sponsorship helps a budding executive gain career traction and the plum assignments. Sponsorship, also means major praise from a sponsor at high-level meetings, and cover while an executive-to-be grows into roles that stretch his or her capabilities.

Scharf also noted that a sponsor makes an employee or budding executive more likely to ask for a raise, stay engaged and be satisfied with professional progress and advancement.

In return, however, an individual with a sponsor has to earn the sponsor's advocacy and respect, proving dependability and trust,

and showing off skills that stand out from the pack.

Executive presence doesn't just come from sponsorship, however. Future executives most also display gravitas, which includes qualities such as grace under fire, emotional intelligence, and the ability to speak truth to power. Vision and charisma also help.

Author:

Sandra Scharf was a Senior Vice President at the Center for Talent Innovation and Managing Director of its consulting arm, Hewlett Consulting Partners when she authored this article. In 2023, she is an Associate Partner for McKinsey & Company, according to her LinkedIn profile.



The Underwriting Staffing Challenge: Recruitment Strategies for a Vanishing Talent Pool

Year Rank: #2 (2016)

[Link: bit.ly/3CPBP0h](https://bit.ly/3CPBP0h)

Executive Summary:

Amid what was undoubtedly the most competitive recruiting environment the industry had ever faced, the talent pinch was hitting especially hard within the underwriting function in 2016, according to Jacobson's Joyce Dunn, who offered two solutions: developing the next generation of underwriting talent and implementing interim staffing strategies to meet immediate needs.

Problematically, many millennials mistakenly view an insurance career as limited to working as an agent or in claims. They have not been exposed to the wealth of other career opportunities available within the industry—including underwriting, she notes.

In order to combat this, insurers must focus on proactively engaging and educating students on the opportunities they may have within the underwriting industry. Dunn suggested that carriers leverage their current millennial workforces as a resource and sounding board for their company engagement activities. “Enlist them as the face of your initiatives and encourage them to share their passion and experience with their own insurance career path. Amplify these efforts on social media sites and other forums that young professionals frequent. Join your industry peers in collectively branding insurance careers as ‘Stable. Rewarding. Limitless’ by pledging your support industrywide movements,” she wrote.



For more immediate needs, Dunn said contract subject-matter experts were ready to meet growing demand. Traditionally these interim professionals have been relied upon to fill unexpected vacancies or to assist with term projects. However, they present a unique solution to the growing skills gap, with insurers turning to these professionals as trainers or as a complement or even supplement to their traditional permanent employees.

Author:

Joyce Dunn, Vice President and Managing Director of The Jacobson Group, a global provider of talent to the insurance industry. As a member of Jacobson's executive search practice, Dunn manages C-level, vice president and other executive-level searches for life, health, property, casualty and reinsurance organizations. Reach her at jdunn@jacobsononline.com.

Why a Five-Hour Workday May Make Sense

Year Rank: #6 (2016)

[Link: bit.ly/3WdT3M6](https://bit.ly/3WdT3M6)

Executive Summary:

In a special guest opinion, Stephan Aarstol, CEO and founder of Tower, a holistic beach-lifestyle company, explained why he moved his company to a five-hour workday.

Explaining the impetus for the experiment, Aarstol said: “The American workforce has become lazy. I estimate, conservatively, that knowledge workers are four times as efficient as they were 20 years ago.”

At Tower, workers have an 8 a.m. to 1 p.m. workday, with no lunch. Then, they leave.

“In my mind, moving to a five-hour workday killed two birds with one stone. More free time means a better quality of life, and increased bandwidth due to heightened pressure yields more production.

Right now, America is losing on both fronts—except I chose to do something about it,” he wrote.

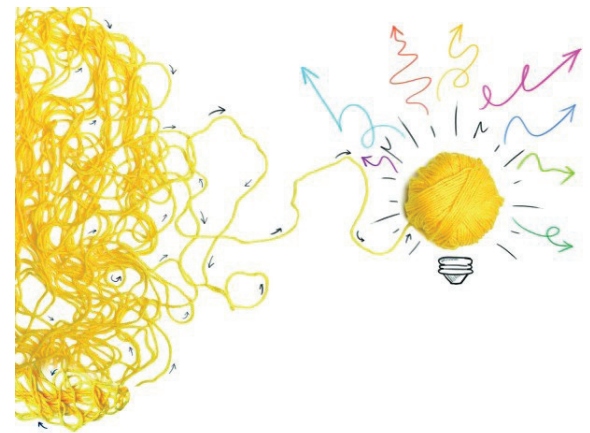
“What surprised me was how visceral a reaction—both positive and negative—people had to this simple experiment we were doing...While the five-hour workday garnered rave reviews overseas, Americans have approached it skeptically,” he wrote.

The idea of working less doesn’t jibe with the hard-working, big-earning ideal the American workforce so proudly identifies with, he reasoned. “Our country is so caught up in our image as an efficient, high-grossing entity that we’re blind to the notion of improving our workforce— no matter how valid the idea,” he asserted.

“For a beach lifestyle brand like ours, this move made sense. Revenue and profits are way up, and we’re attracting great talent,” wrote the CEO, who is also the author of *The Five-Hour Workday: Live Differently, Unlock Productivity, and Find Happiness*.”

Author:

*Stephan Aarstol is the author of *The Five-Hour Workday: Live Differently, Unlock Productivity, and Find Happiness*. He is CEO and founder of Tower, a holistic beach-lifestyle company.*



Five Ways to Turn Top Performers Into Leaders

Year Rank: #9 (2016)

[Link: bit.ly/3W5a0IA](https://bit.ly/3W5a0IA)

Executive Summary:

Unlike learning new on-the-job tasks, which employees can grasp quickly, management skills take time and training to develop as part of employees' overall strategic plan, according to Mary Ann Cook of The Institutes.

She offered five ways for insurers to help top performers develop their leadership skills as they take on more responsibility:

- 1. Assign them different jobs** throughout your company, from claims and auditing to marketing. True emerging leaders will welcome the challenge of learning new skills, and they'll learn a lot about how your company really operates in the process.
- 2. Put them on a formal development plan.** Employees need to be self-aware of their strengths and weaknesses. Accelerate the process by working with top performers to create individualized formal development plans, complete with goals, deadlines, and training and development opportunities. An added bonus: Development plans will appease top performers' quests for growth, and allow them to see future with your firm, making them less vulnerable to being poached competitors.
- 3. Give them a problem to solve**, allowing them to become accustomed to doling out assignments—and letting co-workers get used to accepting those tasks from a former peer.
- 4. Teach them to inspire**, by giving future leaders a chance to get in front of people and inspire them by leading a training session or giving a presentation. They'll quickly see the soft skills needed to motivate others are as challenging as any technical skill they've mastered during their careers.



- 5. Let (some) top performers fail.** Make sure your organization is structured to reward top performers who don't want to be managers.

Author:

Mary Ann Cook, MBA, CPCU, AU, AAI, was Senior Vice President of Knowledge Resources and Content Development at The Institutes at that time she authored this article. In 2023, she is Executive Director, Maguire Academy of Insurance and Risk Management at Saint Joseph's University, according to her LinkedIn profile.

Why Insurers Should Look for Emotional Intelligence in Hiring and How to Spot It

Year Rank: #10 (2017)

[Link: bit.ly/3WcH41q](https://bit.ly/3WcH41q)

Executive Summary:

Rapidly shifting business environments and evolving business models are moving companies large and small—including insurers—to hire and promote individuals with the emotional strength, self-awareness and social skills necessary to ride out turbulent times while motivating their teams to forge ahead.

Here, Harvey Deutschendorf, an emotional intelligence expert, explains why companies need emotionally intelligent leaders now and provides seven tips for spotting future leaders with high levels of emotional intelligence, or EI.

The sought-after skill is actually a collection of personal traits including self-awareness, empathy and self-regulation, which have come to be described together with the single term “emotional intelligence.”

The realization that EI has become an important predictor of job success, even surpassing technical ability, has been growing over the last number of years.

According to Deutschendorf, leaders with high levels of EI:

1. Are able to manage their stress levels.
2. Understand and cooperate with others.
3. Are good listeners Are open to feedback.
4. Are empathetic.
5. Set a good example.
6. Make thoughtful and thorough decisions.

The article lists seven interview questions to help employers spot EI when hiring, and highlights answers that demonstrate high EI levels. Among the questions:

- What bothers you most about people?
- Tell me about a day when everything went wrong.
- What can you teach me?

- Who do you admire and why?
- Do you ever think of having your own company? What kind of people would you hire?

Author:

Harvey Deutschendorf is an emotional intelligence expert, internationally published author and speaker. To take the EI Quiz, go to theotherkindofsmart.com. His book, “The Other Kind of Smart: Simple Ways to Boost Your Emotional Intelligence for Greater Personal Effectiveness and Success,” has been published in four languages. Follow him on Twitter @theeiguy.

Juggling All the Talents: The Value of Older Workers in the Insurance Industry

Year Rank: #6 (2017)

[Link: bit.ly/3BoUfUX](https://bit.ly/3BoUfUX)

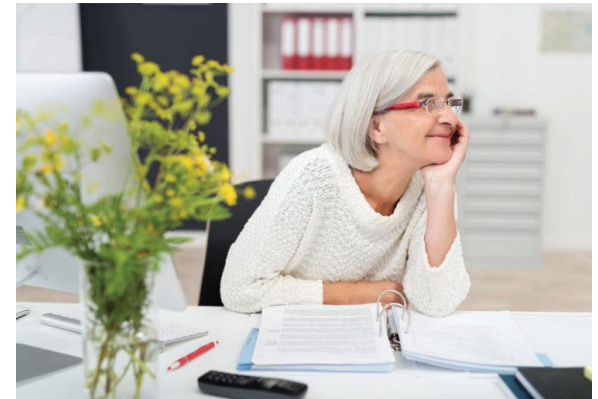
Executive Summary:

While a lot has been written about the need for insurers to attract younger professionals to the industry, retaining older workers may be equally important, according to German academics who have found that when it comes to performing complex insurance industry tasks, productivity increases with age.

A 2016 study by Professor Matthias Weiss and Professor Axel Börsch-Supan looked at a large unnamed German insurance company. “The overall level of productivity was more or less flat across the age range,” Weiss said. “However, when we looked at more complex tasks carried out by members of staff, we discovered that productivity increased with age. At the same time, we found that more simple tasks saw productivity decrease with age.

Two counteracting forces are at work. First, functions like cognition, retentiveness, flexibility, muscle strength, sight, and many biometric indicators deteriorate from early age onward. This implies a negative relation between age and productivity.

“On the other hand, experience, composure and the ability to deal with human nature are



also important for productive working, and they appear to increase with age....”

Weiss stressed that the study has limitations and that he could not say if it was wise or unwise to have a 50-year-old worker in an insurance company with 20 years of experience of working at another insurer.

“If an insurance professional grows old within the company, then productivity increases when it comes to complex tasks, because they know how both the industry and the company work,” said Weiss. For insurers, “retention of staff is a very important part of management.”

Author:

Marc Jones is a freelance writer based in London.

How Insurance Carriers Can Create Workplaces That Attract People and Business

Year Rank: #8 (2017)

[Link: bit.ly/3W5aTku](https://bit.ly/3W5aTku)

Executive Summary:

CannonDesign's Mark Hirons describes the interior office redesign projects his firm worked on with Zurich North America, Lockton and the University of Utah, sharing details about engaging employees in the design process and about design aspects that promote excitement, team interaction, idea-sharing and innovation.

Two years before Zurich opened its new North American headquarters, a 783,000 square-foot building serving 3,000-plus employees, Zurich built two pilot floors and had 150 employees spend 12 weeks testing out four different work environments. They were able to test furniture, technology, organization and layout and to weigh in on all of it via surveys, town hall meetings and group feedback. The data collected informed decision-making around natural light, the inclusion of private enclaves, sit/stand desks and more.

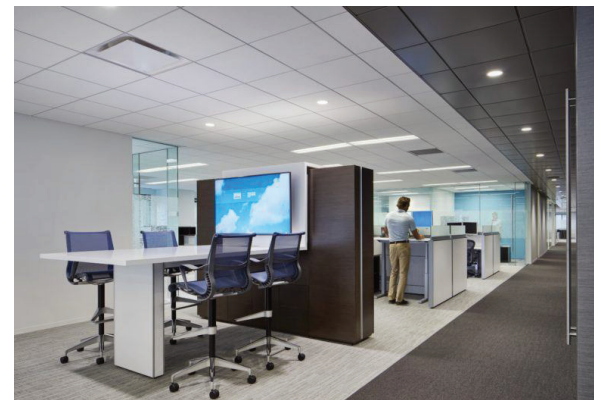
Lockton's workplace focused on energy and collaboration. In addition to offering sit/stand control on every desk, physical barriers are lowered to promote communication and connectivity. A central café offers the ultimate collaboration space, equipped with a full bar, ping-pong table, café seating and a training space with moveable doors.

At Zurich, feedback during the pilot phase revealed Zurich employees were not interested in ping-pong tables and couches. They viewed these types of furniture as a hindrance to being efficient. In addition, while Zurich employees enjoyed open, collaborative workplaces, they also really enjoyed enclaves—private spaces designed for individual, focused work. Employees at Zurich also indicated a preference for an environment filled with natural light.

The author recommended measuring employee satisfaction not only in pilot projects but after workplace redesign is complete.

Author:

Mark Hirons, AIA, IIDA, LEED AP, is a Principal at CannonDesign and one of the leading international interior architects/designers for corporate environments. Hirons has worked with leading insurance firms including Zurich, Allstate, Lockton and State Farm.



CEO Perspective: Giving 100 Percent to Build, Sustain Culture

Year Rank: #10 (2017)

[Link: bit.ly/3uKLTmU](https://bit.ly/3uKLTmU)

Executive Summary:

The clearer the culture, the stronger the company, wrote Bob O’Leary, then-CEO of Philadelphia Insurance, who noted that the “just show up” and give 100 percent philosophy of the founder is still sustained today as the company recruits disciplined, entrepreneurial, trustworthy employees committed to a high sense of urgency.

The passions of employees line up with the insurer’s two biggest business segments—nonprofit and human services insurance and fitness and wellness insurance—and PHLI rewards commitments to both with time off.

O’Leary noted that insurance companies need not strive to replicate the “cool” cultures of Google and Apple exactly to attract young people to the industry. Instead, finding the right culture to help achieve your company’s goals is essential. When people connect with a culture, they enjoy their work and working environment. When they enjoy coming to work and the people they work with, everyone is motivated and a company is more productive.

O’Leary stayed at Philadelphia Insurance for almost 40 years because of his belief in the culture, he wrote. “The PHLI culture has evolved over our 55-year history but continues to be based on fundamental values: always do what’s right and deliver on commitments.”

Author:

Bob O’Leary is Chairman of Philadelphia Insurance Companies. He was also President and Chief Executive Officer when he wrote this article in 2017.



The Road to Greatness: Transforming Culture From Complacency to Ownership

Year Rank: #9 (2018)

[Link: bit.ly/3P7g6WN](https://bit.ly/3P7g6WN)

Executive Summary:

Seeing unrecognized potential within a company that had accepted mediocrity and financial underperformance as its destiny, Joseph Lacher and a new management team at Kemper helped to reinvigorate employees to aspire to greatness, instilling a culture in which they act like owners in everything they do to accomplish the noble mission of helping customers dealing with crises.

Here, Lacher, the chief executive officer and president of Kemper, describes the culture he found when he joined the company in 2015, and steps taken to change it.

“We centered our culture management approach around one key tenet that would be most meaningful in helping achieve our strategy, that we felt everyone could understand, relate to and rally around: ownership. Act like an owner in everything you do. Be a world-class operator in your role and area of responsibility. Be intellectually curious enough to seek out information you need and be accountable for the decisions you make,” he wrote.

Still, leaders can’t dictate a feeling of ownership, accountability and responsibility or make people share the same ideals, he wrote. Lacher went on to described steps taken to “assemble a like-minded, diverse and high-performing team that had the power to enable all levels of individual contributors and managers to aspire to



greatness,” and the channels through which these leaders engaged the full enterprise. These included a series of town halls that took place to engage frontline employees with Kemper’s strategic plan and what it meant to act like an owner. The frontline supervisors and middle managers were the most influential group in driving employee behavior and beliefs and enabling an environment where people felt empowered to reach higher, he wrote.

“We must always believe we’re capable of something higher, that change is necessary and that there’s no limit to what we can achieve. Having the culture to support that mindset is important. In fact, there may be nothing more important,” he concluded.

Author:

Joseph P. Lacher Jr. is the President and Chief Executive Officer of Kemper Corporation.

The Remote Workforce Culture: Welcome to the Disruption

Year Rank: #1 (2019)

[Link: bit.ly/3uwysqG](https://bit.ly/3uwysqG)

Executive Summary:

A year before COVID-9 pandemic lockdowns forced carriers to allow their staffs to work from home instead of coming into the office, Sharon Emek, president and CEO of Work At Home Vintage Experts, shared other reasons for leaders to consider the leap to remote work at their companies.

“Finding the right talent has become more challenging, particularly if your search is limited to a local candidate pool,” she wrote. In addition, workers demand better work-life balance, she said, sharing statistics on the amount of pre-pandemic being done remotely.

But shifting to partial remote or all remote involves a cultural shift too. “A company’s culture and an employee’s sense of belonging to the corporate family is not about real estate or physically being in the same office with each other,” she noted.

Using the example of a company that already made the leap to virtual, she said this particular company set a standard that all employees would be treated with respect and dignity, and worked to build processes to reinforce a sense of belonging. Rethinking performance reviews, for example, was one area to tackle. Instead of the old-fashioned method of delivering once-a-year report cards to workers and treating

them like children, the virtual company’s managers meet with each employee once a month using a shared OneNote folder that contains questions about work, goals and family. Bad performers and cultural misfits are identified quickly, and performance issues are addressed as they happen, not once or twice a year.

Emek also described an onboarding process that allows new hires to shadow employees in all departments, instead of just the one person doing training, the value of “take-what-you-need time-off,” virtual holiday parties and retreats at destination-style resorts—paid for with the money saved by eliminating real estate and overhead costs.

Author:

Sharon Emek, Ph.D., CIC, is President and CEO of Work At Home Vintage Experts, an innovative contract staffing talent solution. WAHVE matches retiring insurance professionals leaving the regular workforce to insurance firms to meet their full- or part-time staffing needs. Reach Emek at sharon.emek@wahve.com.



Five Leadership Lessons From an Insurance Industry VP

Year Rank: #3 (2019)

[Link: bit.ly/3Yj1Iiv](https://bit.ly/3Yj1Iiv)

Executive Summary:

As Rick Stoll climbed up the leadership ladder, the 2018 Vice President of Commercial Underwriting Products at Verisk learned a series of leadership lessons along the way. In this article, he shares five key lessons:

1. It's OK to take your time—sometimes.
2. Manage ‘tight to loose.’
3. Hold team members accountable.
4. Match the level of oversight with the level of risk.
5. You are accountable for the performance of every member of your team.

“Many business leaders will talk about the importance of decisiveness and the ability to make smart, fast, definitive decisions to optimize their team’s effectiveness. While I don’t disagree with the importance of decisiveness, I do believe there are times when a leader isn’t well served by speed just for the sake of being decisive,” he writes, summarizing the first lesson and following up with

several examples illustrating the right time to defer a decision.

With reference to the second lesson, Stoll describes how he shied away from a tight micromanagement style, expecting team members to reach out to him if they had concerns or needed help with assignments. But that’s a dangerous assumption for new team members, he writes, recommending that leaders set expectations that they will manage “tightly” up front, later loosening the reins when team members prove themselves.

Working at Verisk, a data organization that helps customers make decisions about risk every day, Stoll is well-placed to deliver the fourth lesson, which also resonated with the insurance carrier audience. “If you’re losing sleep over something you’ve delegated, then you’ve delegated too much,” he wrote.

Author:

Rick Stoll is a Vice President at Verisk.



The Coming Talent War Over Millennials and Their Transformational Skills

Year Rank: #6 (2019)

[Link: bit.ly/3Pk90yg](https://bit.ly/3Pk90yg)

Executive Summary:

Brenda Leadley, senior vice president and head of HR Americas at Allianz Global Corporate & Specialty, described a war on the near-term horizon between companies fighting to attract millennials and the transformational skills they possess. The skills include digital competencies in artificial intelligence, data science and frontier risk management—management of risks such as cyber or reputational risk—fields where jobs did not exist 10 years ago.

Coming to terms with millennial employees will be one of the great business challenges in the next five years, she wrote, stating a conclusion reached in the AGCS Trend Compass 2019. The AGCS Trend Compass 2019 assesses 25 trends, such as digital platforms, green mobility and machine learning, with the challenge of the millennial workforce identified as one of the socio-economic trends to have immediate impact on companies within the next two to five years.

Leadley argued that it will be an existential challenge to create work environments that millennials will embrace to the point that they'll stay put.

What do millennials want?

Millennials have different career aspirations than those often portrayed, she wrote, noting that a 2017 study by Allianz of over 5,000 millennials in five countries, "Millennials: Work, Life and Satisfaction," revealed that the majority showed a longing for more traditional career path, and valued job security and stability. They didn't want to be job-hopping.



Still, millennials have a preference for agile environments that respond quickly to changes rather than having a strict process or procedure, and for environments creating a sense of autonomy and flexibility in everything from working conditions and scheduling to work-life balance and remote working opportunities.

"The mindset of recruitment managers also needs to change so that we are not just hiring for like-to-like roles but to build a workforce with the ability to successfully adapt the business in an age of disruption," Leadley wrote.

Author:

Brenda Leadley is senior vice president and Head of HR Americas at Allianz Global Corporate & Specialty.

5 Tips to Keep Employees From Leaving

Year Rank: #3 (2022)

[Link: bit.ly/3FJYk93](https://bit.ly/3FJYk93)

Executive Summary:

The Great Resignation was a big topic of conversation in 2022 as employees left their jobs in droves, with some seeking higher paychecks and others looking for more challenging or rewarding careers. Still others were searching for a job with purpose.

Carrier Management compiled some expert tips to help companies retain employees amid the turbulence.

Among them, executive coach Susan Peppercorn advised in a Harvard Business Review article to conduct a “stay interview” rather than waiting for the exit interview to find out about employees’ career goals and motivations.

Work culture expert Denise Hamilton, CEO and founder of WatchHerWork, wrote in a strategy+business article that employers can combat The Great Resignation by arranging a “great renegotiation” with their employees. In doing this, businesses can rethink their fundamental way of operating, including roles, schedules, key performance indicators, individual performance metrics and more.

A separate Axios article advised something similar, but called it a “great reorganization.” The article said many of the employees who want to quit their jobs don’t necessarily want to leave their companies. The employee might want a higher-level position or to have a different role, but they also want to retain the friendships and reputation they’ve built within a company. This means companies will have to rethink their hiring practices and biases.



Other tips in the article discuss concepts like rehiring retired employees who are looking to re-enter the workforce and ensuring that employees see their career development as a priority within the company.

*Author:
Kimberly Tallon*

Underwriting & Pricing

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Price Optimization: A Dangerous Method?

Year Rank: #2 (2013)

[Link: bit.ly/3YiaKvR](https://bit.ly/3YiaKvR)

Executive Summary:

Actuary J. Robert Hunter, who was also Director of Insurance for the Consumer Federation of America, discussed price optimization, saying the technique is actuarially unsound and unfairly discriminatory.

Price optimization (PO) bases premiums on the maximum amount that a consumer is expected to be willing to pay rather than calculating premiums based on projected costs, such as claims, overhead and profit.

Using complex market segmentation models, consultants are slicing and dicing consumers in order to guess how much more different groups of policyholders and prospective policyholders are willing to pay before they decide to turn elsewhere for their insurance needs, Hunter said. Prices are then increased (optimized) to squeeze as much out of customers as the consultants tell insurers they can get. In other words, by using price elasticity models, an insurer can raise the price of insurance above the cost-based level for some segments of the population who are unlikely to change insurers. Thus, two policyholders with identical risks as determined by cost-based methods would pay different prices for the same policy.



Hunter saw the practice as the rejection of actuarial standards for the sake of increased profits at the expense of unwitting policyholders. He said that using a variable pricing scheme as PO proposes does not belong in the insurance marketplace, particularly in lines where the state requires purchase of insurance (e.g., auto insurance) or coverage is required as a condition of a loan (e.g., homeowners insurance).

Hunter urged state regulators to investigate insurers' underwriting methods and stop the use of price optimization.

Author:

J. Robert Hunter, now retired, was the Director of Insurance for the Consumer Federation of America in Washington. He is also a past Texas insurance commissioner, a Fellow of the Casualty Actuarial Society and a member of the American Actuaries.

**Chubb CUO Sees
Small-Biz Market
More Reachable With
Low-Touch Underwriting**

Year Rank: #3 (2018)

[Link: bit.ly/3Heh15S](https://bit.ly/3Heh15S)

Executive Summary:

Answering questions via email about the intersection of underwriting and automation, and about his path to the underwriting leadership role, Chubb Global Underwriting Officer Ross Bertossi, whose roots are in writing complex long-tail medical malpractice insurance business, described Chubb's efforts to raise the proportion of its untouched small commercial business.

"Our general aim is to increase underwriting efficiency, part of which is to use technology to increase the percentage of no-to low-touch policies.

"With noncomplex, homogenous types of risks, particularly for small commercial business, you can foresee a world where three-quarters of policies are processed on a straight-through basis or untouched—and improvements in artificial intelligence can even get that number closer to 100 percent.

This is where the industry is headed in the not-too-distant future," he said.

Bertossi didn't foresee the same trajectory

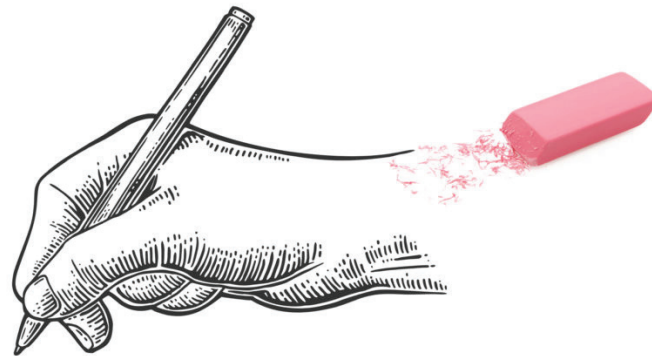
for large account business.

Such business "requires intuitive thinking, interactive questioning," he said of large account business, explaining that any business for which pricing isn't based on solely financial calculations "will likely always need some level of human interaction."

"Some business will always have an intermediary—a broker or an agent—and by the nature of that business, it will require human interaction," he added.

"Coverage like directors and officers liability, large account primary workers compensation and general liability, large account excess casualty are examples of areas that will likely require human experience and intuition that technology is not yet able to match. D&O, for example, requires questions to the responsible party of the senior management of a company that need to be evaluated in order to make an informed decision on coverage."

"While technology can facilitate that, there is still a large role that human intuition plays in underwriting," he said.



Predictive Analytics and Data Science

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Predictive Analytics: Bringing Price Elasticity Concepts to P/C Insurance

Year Rank: #6 (2013)

[Link: bit.ly/3Pkjitty](https://bit.ly/3Pkjitty)

Executive Summary:

Regulatory hurdles, a tradition of cost-plus pricing and maybe even an outright aversion to the word “discrimination” have combined to hold insurers back from reaping the full benefits of applying some of the basic economic principles that are commonly used in other industries—industries that charge consumers different prices for the same product or service, wrote experts at Fractal Analytics and Assured Research.

Thoughtful selection of prices is key to maximizing revenue and profit. Research by the authors reveals that if P/C insurers adopt advanced pricing strategies that consider customer elasticity differences, they can boost their revenues by roughly 3 percent and returns-on-equity by 1 percent, on average.

Price elasticity of demand (PED) essentially refers to the responsiveness—elasticity—of a customer in terms of the quantity of a product he or she will buy when the price of that product changes.

Some P/C insurers exploit the relative inelasticity of policyholder demand (on a limited basis). Insurers, for example, may account for elasticity differences when applying single-digit discounts to multiyear auto policyholders, even when their loss experience suggests steeper discounts are possible. Business insurers also may offer modest package discounts when the data suggests their loss experience could support a more substantial package-policy bonus.

Big data and predictive analytics offer new avenues for research and application of PED concepts in insurance. The idea the researchers seek to advance is segmenting consumers based on their behaviors—not by characteristics that insurance regulations identify as unfair, such as race or religion.



Authors:

Deepak Ramanathan was Vice President of Fractal Analytics and a leader in their Insurance practice at the time he wrote this article. In 2023, he is Head of Data Science at Amazon, according to his LinkedIn profile.

Ed Combs was an Insurance adviser to Fractal Analytics at the time he wrote this article. Combs has more than 30 years of experience in the P/C insurance industry, including executive positions at Progressive and 21st Century, where he was Senior Vice President of Marketing and Product Management. In 2023, he's an Adjunct Assistant Professor at St. John's University, according to his LinkedIn profile.

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Five Myths About Predictive Analytics You Can't Afford to Believe

Year Rank: #7 (2013)

[Link: bit.ly/3uGVLxZ](http://bit.ly/3uGVLxZ)

Executive Summary:

Advances in technology, as well as new data sources and implementation capabilities, are changing the game for P/C carriers, but optimal use is difficult for those clinging to five common myths.

1: Only large carriers can utilize predictive analytics effectively.

Technology-based modeling can work on a very small dataset compared with more traditional approaches because the new tools are able to mine all of a carrier's data to find interactions among relevant variables. While the technology can be costly, it is not unusual for small and midsize carriers to reap benefits from predictive analytics projects that are five- to 10-times the project cost.

2: It takes too long to realize value from a predictive analytics project.

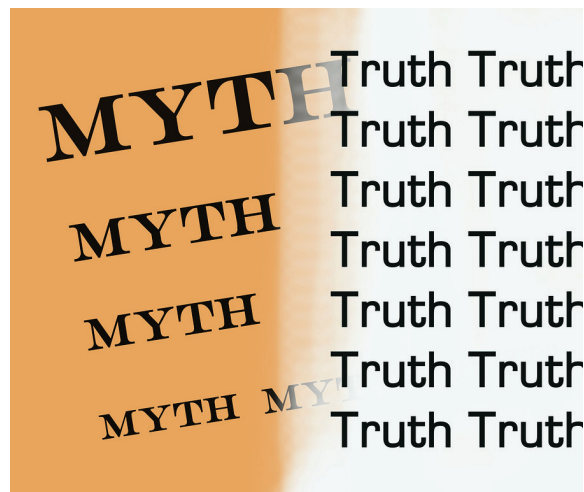
Today's machine-learning-based tools provide fast results on existing carrier data, dramatically lowering the time lag between analysis and implementation. A company can generally use whatever data it has and find enough predictive signal to complete an analysis.

3: Predictive analytics are only for personal and small commercial lines of business.

Commercial lines tend more toward an underwriting approach to pricing and risk management, assuming the computer can never replace the underwriter. But an underwriter's skills and intuition can't always be applied perfectly as markets change and more data becomes available through third-party sources and other forms of data, such as telematics.

4: Predictive analytics are only for pricing and underwriting.

Predictive analytics is also useful in customer acquisition, target marketing,



broker management, cost reduction, retention management and claims process management.

5: We're already getting everything we can out of our data.

It's not a matter of how much data, or even how "clean" your data is; it's a matter of using the best available technology to analyze the data—replacing traditional linear models with toolsets capable of automatically identifying all relevant variables and analyzing the predictive power of interactions among them.

Authors:

Wade Bontrager was President and CEO of EagleEye Analytics.

Christopher Tait, FCAS, MAAA, is a Principal and Consulting Actuary in the Philadelphia office of Milliman Inc., one of the world's largest providers of actuarial and related products and services.

Predictive Modeling: A Breakdown

Year Rank: #6 (2014)

[Link: bit.ly/3YdDpT1](https://bit.ly/3YdDpT1)

Executive Summary:

In Part 1 in a series of articles on the pitfalls of predictive modeling, actuary Ira Robbin provides a general overview and discusses the problems of outliers, missing data, biased samples and hidden variables.

The term “predictive model” refers to a generalized linear model or other related model. Given data on the attributes of individuals, a GLM can be constructed to use information on some of the attributes of an individual to predict another attribute.

Among the possible pitfalls:

- The modeler may throw out (or cap) some unusually large input values or outcomes as “outliers.” Some outliers are errors; some are bad data; some are correct but in a context different from the one assumed by the modeler; and still others are extreme yet legitimate values.

- Often there are individuals on whom the data is incomplete. A question the modeler faces is whether to throw out all such records in the database or attempt to fill in missing

fields with likely values. Related is the problem of data that is not missing but should be. Sometimes those collecting data will fill in missing fields with default values.

- The validity of extending predictions from a model to a different set of data rests on the assumption that the sample used to train the model was unbiased. In many cases, however, it is really a sample of convenience—data that a company has on its existing customer base, for example. Self-selection also frequently introduces bias: Those who reply to a survey are often different from the general population.

- Statistical analysis on its own can only show whether an input is correlated to the output variable. This does not imply a causal relation.

Author:

Ira Robbin has a Ph.D. in Math from Rutgers University and a bachelor's degree in Math from Michigan State University. Now semi-retired, he held a position with AIG as a Property/Casualty reserving actuary at the time he wrote this article. Previously, he held positions with P&C Actuarial Analysts, Endurance, Partner Re, CIGNA PC and INA working in several corporate, pricing and research roles. He has written papers and made presentations on risk load, capital requirements, ROE, price monitoring, excess of aggregate pricing, Solvency II, CAT pricing and other topics.



Does Analytics Mark the End of Underwriter Influence?

Year Rank: #7 (2016)

[Link: bit.ly/3ULq5SI](https://bit.ly/3ULq5SI)

Executive Summary:

Almost every aspect of underwriting and product management is being fundamentally transformed as carriers find new ways of utilizing and applying data, according to co-authors Karlyn Carnahan of Celent and Dax Craig of Valen Analytics.

But while analytics provides a powerful tool that can help organizations find eye-opening opportunities to improve underwriting, it's not as simple as just buying a model. Carnahan and Craig describe four major considerations along the underwriting analytics path:

- **Data and tools:** Companies need to assure their existing data is cleansed, consolidated and linked where possible, including third-party data.

- **Use cases:** Predominant use cases focus on risk assessment, matching pricing to risk assessment and book profiling (and taking action to shift the book to a more profitable composition). Related considerations are whether to use staff or external consultants.

- **Operations:** Simply having a model isn't enough. Carriers must assure the use of the model—that when certain conditions exist, underwriters take the appropriate actions.

- **Governance:** Insurers need to constantly measure model outcomes and refine ideas, tweak models as they learn from them, and assure the models are implemented consistently and appropriately.

In the section on Operations, the authors note that one thing that may stand in the way of adopting an analytic approach could be a corporate culture that encourages individuals to rely on their intuition and experience when making decisions.



Gaining benefits from predictive analytics requires a devotion to cultural, organizational and procedural changes in addition to the technology aspects, they write.

Authors:

Karlyn Carnahan is a Director in Celent's insurance practice focused on issues related to systems implementation and assuring post-implementation value. Reach her at kcarnahan@celent.com.

Dax Craig was the CEO of Valen Analytics, an Insurity Company, at the time he co-authored this article. In 2023, he is Co-Founder and President of Pie Insurance.

If the Insurance Industry Were Netflix, Amazon or Apple

Year Rank: #8 (2016)

[Link: bit.ly/3YjpFWE](https://bit.ly/3YjpFWE)

Executive Summary:

Like Netflix, Amazon and Apple, insurers have been using analytics to understand customers, but the similarity probably ends there for most insurers, according to Eric Huls, chief data science officer for Allstate.

“We’re going to get 40 or 50 pieces of information on [each consumer], so we can get extremely specific in the prices we offer, [and] then we turn around and we offer one-size-fits-all service for all of those customers,” said Huls.

Speaking at a 2016 conference, he indicated that insurers are waking up to the idea that they should be using analytics not simply for risk selection and pricing but also to understand customer needs and to create value for customers going forward. Netflix and Amazon tailor customer experiences based on behavioral patterns revealed through data and analytical algorithms.

“If Netflix were an insurance company, [then] instead of understanding how I’ve interacted with it in the past, it would see me as this 37-year-old white guy who is an actuary,” Huls said, noting that movie titles like “A Beautiful Mind” would be suggested solely based on an insurer classification system instead.

“Other people who met the same profile would get the exact same recommendations from the insurance company—not based on their own historical patterns.”

Offering similar scenarios in which he imagined Amazon and Apple as insurers—using analytics for their needs rather than customer needs—Huls concluded: “Even though we don’t think of these companies as competitors, these are the types of companies that are setting customer expectations.”

Author:

Susanne Sclafane



How to Use Big Data to Prevent Claims Instead of Paying Them

Year Rank: #10 (2016)

[Link: bit.ly/3UOBhyc](http://bit.ly/3UOBhyc)

Executive Summary:

With policyholders carrying barometers disguised as smartphones in their pockets every day and telematics devices capturing car locations, insurers and their customers stand to gain big benefits from big data, according to experts.

In hard numbers, \$5 billion in auto hail claims could be eliminated, for example, said Andrew Rice, vice president of Analytics for The Weather Company, who described an experiment between The Weather Company and insurers in which The Weather Company delivered personalized text messages about severe weather to insureds that went beyond the general alerts from the National Weather Service.

People tend to ignore general NWS alerts because they've gotten so many in the past and the events they were warned about didn't actually happen. But when an alert personally informs the insured that his or her

car is about to get demolished by hail at given location, most insureds will take action to move it, preventing a claim.

Rice, who described benefits of a data partnership between IBM and The Weather Company, said the amount of local weather data is exploding because iPhones and Samsungs have weather sensors built into them to measure temperature, humidity and pressure. Pressure readings are consistent whether a phone is in or out of pocket. "We're going to know in real time which pockets get hit by a tornado," Rice said, explaining that a tornado is basically a rapid pressure drop.

"That will help our prediction of a tornado and help [insurers] know immediately after a disaster where the disaster zone actually was," he said.

*Author:
Susanne Sclafane*



Year Rank: #9 (2020)

[Link: bit.ly/3Yb8EoU](https://bit.ly/3Yb8EoU)

Executive Summary:

Despite an abundance of optimism over analytics, artificial intelligence and more, the insurance industry still has challenges realizing the potential benefits of these new insights.

Upon simple examination, consultant Craig Bedell said the reasons are rather straightforward. “Actionable insights” are only valuable when applied to the day-to-day business of insurance and its processes and decision-making.

Bedell said he was speaking from the perspective of an insurance business professional with 30-plus years as an underwriter, branch manager, broker and home office professional; not so much from the additional 17-plus years of observation he had as an insurance industry lead for three international technology companies, all with heavy focus on analytics.

He said there is absolutely nothing wrong with analytic efforts, the tools that are available or the insights that are being developed by many insurance companies. What's missing is commitment to the most important part of the equation: decision management and process redesign.

What value does a risk or severity score provide if it is not affecting the business



decision-making process around consideration, pricing, or terms and conditions? The same goes for buyer propensity, customer segmentation, fraud scoring, claims severity and next-best offer. Also, how can the value of that analytic insight accurately be measured if it isn't being consistently employed?

An even bigger issue: If the business unit isn't involved in deciding what aspects of its decision-making routines might benefit from analytics insights or automation, then how can the analytics efforts be anything but a hit-and-miss effort?

Author:

Craig Bedell, ARM, leads Bedell Consulting.

Executive Spotlight, Company Profile

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It's Not About AIG, Says Berkshire's Peter Eastwood

Year Rank: #3 (2013)

[Link: bit.ly/3PkTiD2](https://bit.ly/3PkTiD2)

Executive Summary:

Peter Eastwood, the president of Berkshire Hathaway Specialty Insurance, revealed plans for the newest entrant into the U.S. E&S market. At the start of week No. 7, the startup already had business on the books and 40 professionals in five offices, he said, framing long-term goals with no mention of any desire to surpass the company he left behind—American International Group.

Here are some of the topics Eastwood discussed during his interview with Carrier Management.

Why he chose to set up the operation with Berkshire Hathaway and not AIG: “Berkshire Hathaway is an organization that both knows and values the insurance business. The team and I were attracted to that...”

Berkshire has a balance sheet that allows us to take risk...A company with a big balance sheet and strong financial ratings will assure customers that when a loss takes place, they'll be around to pay it and continue to

write the business.

The other thing that's appealing about Berkshire Hathaway is its brand. Its reputation broadly in corporate America is one of integrity, of smart business, of doing the right thing.”

The importance of company culture: “We want to make sure the people we bring into the organization really fit. We want to work collaboratively. We want to work effectively as a team. [That requires] people who are putting the larger interests of the group and the Berkshire Hathaway organization first and foremost in their minds when they make decisions, and thinking secondarily about themselves.

Getting that right will ensure that we've got the right culture to move the organization forward, and importantly, that we create the right value proposition for customers—the reasons they want to do business with us...”

Author:
Susanne Sclafane



Peter Eastwood

The Greenberg Interview: Spitzer, AIG, Bailout, Foreign Trade and More

Year Rank: #5 (2013)

[Link: bit.ly/3PmIXq1](https://bit.ly/3PmIXq1)

Executive Summary:

Maurice “Hank” Greenberg helped build American International Group into the world’s largest insurer by forging relationships around the globe. He did not, however, have a relationship with the man he says forced him out of AIG—former N.Y. Attorney General Eliot Spitzer.

In this interview, Greenberg said Spitzer’s attacks weakened AIG’s management to the point where directors worried more about their own liability than about the corporation. Spitzer also distracted executives who dropped many risk management practices that had been in effect during decades of growth and had kept the financial products division from engaging in the type of very high-risk endeavors that eventually led to AIG’s financial problems.

“The board had completely rolled over for Spitzer. They didn’t know what was going on. They abandoned all the risk management controls that we had had. Many of the people that were very critical left the company,” Greenberg said.

Greenberg helped build AIG into the world’s largest insurer with a market value of \$180 billion, forging relationships, inventing products and opening markets around the globe.

All was well until 2005, when Spitzer entered the scene.

The cornerstone of Spitzer’s attack against Greenberg was a finite reinsurance transaction with General Re for which no evidence of wrongdoing by Greenberg was produced.

The man who had relationships with political and business leaders across the United States and the globe did not have a relationship with the man in his own backyard who he says brought him down.

“I never met him [Spitzer]. I met him after he came after me. But I doubt that we would ever have a close relationship. He stood for things that I would never stand for,” Greenberg said.

*Author:
Andrew Simpson*



Maurice “Hank” Greenberg

Inga Beale: The Backstory of Lloyd's Incoming CEO

Year Rank: #8 (2013)

[Link: bit.ly/3UP7yoH](https://bit.ly/3UP7yoH)

Executive Summary:

Official biographies of Inga Beale, who became the first woman to lead Lloyd's as CEO, reveal her prior leadership of a struggling Converium in the 1990s as a milestone of her career.

But to understand where she gained the strength to persevere when times looked bleakest at Converium, and what gave her the desire to be “top boss” of several insurance organizations, you’d have to hear Beale talk about her adventures with an ultra-marathoner in Australia or her life-changing encounter with the office manager at a broadcasting company.

Everyone in the office treated this woman like a boss, she said of the latter, “and she wore trouser pants to the office.”

“It gave me some sort of extra confidence that I’d never had before. I thought, ‘I’m going to go back [to the insurance job] and I’m going to be me and I’m going to wear pants to the office.’” She eventually went back to London and reclaimed the underwriting job that she had left a year earlier, but with “a totally different mindset.”

Beale also spoke of her adventures backpacking during her year off.

During a trip to Australia, she met an ultra-marathoner who set out to run 3,000 miles around Australia and convinced Beale to join him.

While the pair didn’t make it all the way to their goal, “what it taught me is how strong women can be.”

Although the marathoner had to urge her forward at the beginning of the trip, “after about 1,500 miles, he was getting tired. So,

then I had to find the strength to motivate both of us.”

“I would never do it again in my entire life, but it [revealed] the strength that we have. This came really to life when I was in the Converium situation,” she said, referring to the period when Converium was fighting a hostile takeover by SCOR.

Beale went on to describe three success factors—performance, image and exposure.

Author:

Susanne Sclafane



Inga Beale

Reversal of Fortune: How One CEO Went From Behind Bars to the Front of Insurance Technology

Year Rank: #3 (2016)

[Link: bit.ly/3W7Wcx6](https://bit.ly/3W7Wcx6)

Executive Summary:

When entrepreneur Louis Ziskin said, “My best days are in front of me,” he wasn’t kidding. Ziskin had spectacularly built an eight-figure business in a scant four years and then lost it all in an instant. A crafty, highly capable businessman in the wrong game, he was busted for the largest-ever U.S. government seizure of the drug 3,4-methylenedioxymethamphetamine (or Ecstasy).

In 2001, Ziskin and two associates were convicted on charges of smuggling millions of doses. He was incarcerated for 12 years.

A changed man since his release in 2012, Ziskin parlayed his estimable business chops into the launch of DropIn Inc., one of the more talked-about startups in the fast-growing insurance technology space dubbed InsurTech in 2016.

Starting with a crowdsourced independent contractor network of 60,000 droppers—contracted smartphone users who provide live video feeds to insurance claims adjusters—and taking flight in the world of InsurTech with drones as well, Ziskin found backers in Silicon Valley by capturing the minds of believers who measured him in terms of how far he had come from a checkered past.

“I’ve always had a head for business. Figuring out real-world, hard economic facts is the best part of my day. Now I get to do it without fearing for my life,” Ziskin told Journalist Russ Banham, in this riveting portrait of an insurance industry CEO, told mainly by investors and associates who found in Ziskin a leader who is honest, self-aware and inspiring.

(Editor’s Note: In 2020, Ziskin stepped down from his role as DropIn CEO to start up a new venture, SuperCall, a celebrity video chat application that allowed regular folks to video chat with their favorite show business celebrities, athletes, and business gurus. In late 2021, media reports, including one in the [Los Angeles Times](#), reported that Ziskin was arrested in Thailand on a kidnapping charge. The alleged kidnapping was a related to a business dispute over nitrile gloves during the COVID-19 pandemic. At the time, DropIn stated that it was investigating the matter and that the media was presenting false and misleading reports about the case. Since then, [CNN has published information from its own investigation](#) of the fraudulent sale of used medical gloves to Ziskin and others, reporting on Ziskin’s legal efforts to alert U.S. authorities, his release from Thailand and the subsequent indictment of the glove sellers by Thai authorities.)

Author:

Russ Banham is a Pulitzer-nominated business journalist and author of 24 books.



Louis Ziskin

Chubb CFO Bancroft: Getting It Done

Year Rank: #4 (2016)

[Link: bit.ly/3iWgD1Q](https://bit.ly/3iWgD1Q)

Executive Summary:

At Chubb Limited, C-suite executives view strategy as small part of a formula for success, according to Chief Financial Officer Phil Bancroft.

Chubb Limited was created from the combination of ACE Limited and Chubb Corp. on Jan. 14, 2016—a single step in a long-term growth strategy. But more time and energy is spent on executing strategy than developing it, he revealed in this profile of the company and the leader of the global finance function.

Part of an executive management team that believes in putting capital to use—with expansion into more than 20 countries during his tenure and roughly \$8 billion in acquisitions over the prior eight years—Bancroft also explained that his “force of will” fit in with the “can-do” culture that simply believes in getting things done.

The Temple University graduate, who worked his way through school as a mechanic in a teabag factory and then moved on to a 20-year career in public accounting, joined ACE when the budding \$10 billion company had just acquired the P/C operations of CIGNA. The finance function of what became a \$50 billion-plus global enterprise (at the time of the interview) was structured to support the strategy of continued building. Members of the 1,200 finance team had direct reporting lines to both the local management and the global function headed by Bancroft in 2016.

Layers of structural complexity belie the description Bancroft uses to sum up strategy plan in one word: simple. “It really does come down to, ‘OK, now do as you said you’re going to do,’” he said.

(Editor's Note: Bancroft retired from his role as CFO of Chubb in mid-2021)

Author:

Susanne Sclafane



Phil Bancroft

Standing Up a New Insurance Carrier: Super Regional State Auto Goes Digital for Real

Year Rank: #4 (2017)

[Link: bit.ly/3BvJfoS](https://bit.ly/3BvJfoS)

Executive Summary:

A lot of property/casualty insurers talk about digital transformations but the change taking shape at a midsized super regional carrier in Columbus, Ohio was different from the rest, executives of the carrier said.

“Ours is a real one,” Michael LaRocco, chair and chief executive officer of State Auto Insurance Companies told Carrier Management during an interview in November 2017. “As other people talk about it, we’re actually doing it,” he said, referring to an 18-month effort to stand up a separate greenfield platform for new policyholders on which all transactions are absolutely paperless.

“No paper, no cash, no checks. The transaction is all e-signature. You pay with your credit card, or by giving us your checking account. That type of digital transformation is the core of what we’ve done,” he said.

LaRocco used phrases like “going all in” to describe the bold moves the super regional carrier was making to push forward on a complete digital transformation. While “all in” means that customers in all lines and all states will be able to move onto the digital



platform, it does not mean direct-to-customer sales as independent agents remained the core of carrier’s distribution strategy, he and other executives disclosed during an in-depth interview, also revealing that State Auto was willing to lease its digital platform to other small regional or small mutual agency carriers.

Those regionals and mutuals that don’t do something in the changing environment are “going to be dead men walking,” LaRocco said.

(Editor’s Note: Liberty Mutual acquired State Auto in a \$1 billion all-cash deal that closed in March 2022.)

Author:
Susanne Sclafane

How Root Insurance Did What Other Insurers Only Imagined

Year Rank: #5 (2020)

[Link: bit.ly/397Nsyq](https://bit.ly/397Nsyq)

Executive Summary:

Having achieved unicorn status with a \$1 billion valuation less than two years after its official October 2016 debut, InsurTech carrier Root Insurance seemed like an overnight success.

The growth trajectory is hard to miss at the time of a 2020 Carrier Management interview, whether measured by VC funding dollars, premiums, employee counts, app downloads or ZIP codes served. But the early days were slow going, according to CEO Alex Timm.

“We didn’t even know if we were going to sell a single policy,” he said. “When we launched the app originally, we got almost no traction at all.”

Timm believes Root ultimately succeeded because of its central vision for insurance: a technology-driven model allowing for fair and accurate pricing based on driving behavior.

The InsurTech focuses on the best drivers. “We’re the only ones that’ll just ‘underwrite out’ the worst 10-15 percent of drivers,” Timm said, noting those drivers are responsible for the majority of accidents. This allows Root to offer aggressive discounts for good drivers.

Timm said customer experience also made a difference. Rather than having to install a separate device, drive around for six months and then ship it back to the carrier, Root offered customers a smartphone app. Drivers downloading the Root app agreed to a test



Alex Timm

drive over two to three weeks (depending on driving frequency), with the accelerometer and other smartphone sensors collecting data on more than 200 driving variables (like braking, turning speed, miles driven, texting while driving).

Having a staff that’s deep in engineering talent and continually investing in the technology stack are other differentiators. “You can have an idea for a new product and launch it at Root within two weeks,” he said.

“Everybody at Root is responsible for innovating and having a good idea. There are no politics, there’s no committee...It’s not based on title. It’s just really based on how fast people can move and whether or not they will test the right idea.”

Author:
Susanne Scalfane

CM Exclusive: Google's Insurance Strategy Could Be a Game Changer

Year Rank: #1 (2021)

[Link: bit.ly/3sbArhM](https://bit.ly/3sbArhM)

Executive Summary:

The January 2021 announcement that Henna Karna, formerly global chief data officer at insurer AXA XL, had been retained by Google to lead its Global Insurance & Risk Management Industry Solutions initiative was greeted by the insurance and InsurTech industries with a mixture of awe and alarm.

Karna, well-known for work in leading digital transformations and data initiatives over the course of a 25-year career in insurance, brought experience along with a vision to partner with the insurance industry—rather than disrupt it—to her new role.

Google's cloud-based data and analytics platform offers insurers advanced data analytics, content delivery, AI and machine learning, video classification and recognition, 3D visualization, custom models that detect emotion, workspace productivity and collaboration, natural language processing, and a fully managed environment to run containerized applications.

Rather than compete directly with insurance carriers or disintermediate insurance

brokers and agents, Karna seeks to reshape and refocus the insurance narrative on the end customer. "Today, the basis of competition for insurance companies are things like price, claims experience and policy wordings," she said. "Tomorrow, those fundamentals will be table stakes."

The offering also helps make a carrier's products more customer-centered, competitively differentiating an insurer against its peers in areas like loss prevention, risk management, coverage breadth, financial limits of protection and pricing.

"The possibility of working in an environment that intrinsically values people ignited my own passion to help the world become safer, which I believe insurers have the opportunity to do, by sharpening their focus on the end customer's loss exposures," she said. "We can help them do that."

Author:

Russ Banham is a Pulitzer-nominated business journalist and an author.



Creating the USAA for the Gig Economy: Buckle CEO

Year Rank: #8 (2021)

[Link: bit.ly/3veuVME](https://bit.ly/3veuVME)

Executive Summary:

Like other InsurTechs featured in Carrier Management, Buckle is intent on taking credit score out of the formula for auto insurance pricing and building a business model around the notion of fairness. In fact, Buckle's founders ultimately aim to create a full financial services platform that also actually extends credit to a group that's predominately subprime: the soldiers of the gig economy, including Uber and Lyft drivers and DoorDash delivery workers.

"Providers of gig services are marginalized by the stigma of bad credit, which often intersects with race," said Marty Young, co-founder of Buckle. According to Young, a former U.S. Army officer and later National Guard chaplain with advanced degrees in business, operations research and theology, "Buckle seeks to legitimize [gig workers] so they can climb the socioeconomic ladder."

With goals of moving gig economy workers up from subprime credit status into the middle market, Young joined forces with nonstandard auto insurance agent Dustin Walsey to create an InsurTech modeled on the credit, insurance and advocacy platform that USAA built for members of the military.

When we looked at insuring gig workers, we knew we would fail unless we had a mindset of going all-in creating the USAA of the gig economy," he explained. "We knew we would have to solve the whole problem"—insurance and credit and advocacy—"not just part of the problem," said Young,

Drawing from his own background in the military, in automotive retail and in the turnaround restructuring world, Young also envisions a place for a different kind of InsurTech—one that deconstructs the pieces of an insurance carrier into claims handler,



paper provider and risk taker and prepares for a future when reinsurers and tech oligopolies offer insurance and everything else.

*Author:
Susanne Scalfane*

Executive Viewpoints

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Executive Insight: How to Elevate a P/C Carrier From 'Good to Great'

Year Rank: #3 (2014)

[Link: bit.ly/3Yjb3GK](https://bit.ly/3Yjb3GK)

Executive Summary:

In 2014, it had been 13 years since business consultant Jim Collins analyzed the successful transformations of companies ranging from Kimberly-Clark to Wells Fargo in his business book, "Good to Great: Why Some Companies Make the Leap...and Others Don't." Here, Michael D. Miller, president and chief operating officer of Scottsdale Insurance Company in 2014, explained how he and his predecessor, Max Williamson, applied the book's concepts to a specialty property/casualty insurance company.

Scottsdale Insurance Company began to look at its operation late in 2002 with an eye on the future and what it would take to continue its leadership position in the excess and surplus lines market. Among the "Good to Great" concepts that had an impact on the company:

- **Good is the enemy of great.** Scottsdale had been a success story for many years. "To improve the overall operation and our approach to the market, we had to overcome

the belief that we were good enough," Miller wrote.

- **Level 5 leadership.** A level 5 leader is "an individual who blends extreme personal humility with intense professional will." These characteristics have been the foundation for the leaders of Scottsdale. Miller said Scottsdale leaders have always maintained a culture of inclusion/access, core values and a focus on relationships. As for professional will, it is always the company first before any personal agenda. Hard work and effective execution were key to making the changes we needed to succeed in the future.

Author:

Michael D. Miller was the president and chief operating officer of Scottsdale Insurance Company. He launched Ategrity Specialty Insurance Company in 2018.



Who Said It? Executives Predict the Future of Insurance

Year Rank: #5 (2017)

[Link: bit.ly/3FnLoEL](https://bit.ly/3FnLoEL)

Executive Summary:

Nine InsurTech leaders, five traditional carrier chief executive officers, six more property/casualty carrier executives and another half-dozen experts with ties to the insurance industry (service providers, investors and legal advisors) responded to a series of questions about the future of insurance posed by Carrier Management in September 2017.

Among the questions:

What major changes do you see on the horizon for the property/casualty insurance industry in the next 10 years?

What will insurance companies, insurance leaders, the industry and its workforce look like in the next decade?

What risks will they insure?

How will insurance products and services be distributed?

Sharing their visions of what's on the horizon between 2017 and 2027, executives

of incumbents and founders of InsurTechs offered these observations and more:

- In a decade, our venerable, well-established carriers with legacy systems and cultures—if they manage to survive—will be anachronistic.
- Insurance companies are resilient, and they can continue to be resilient if they move quickly and decisively.
- We believe the new entrants looking to disintermediate brokers and agents often underestimate the difficulty of customer acquisition and the value of advice.

Respondents included: Christopher Swift, CEO, The Hartford; Kathleen Reardon, CEO, Hamilton Re; Tim Attia, CEO, Slice Labs; Ilya Bodner, CEO, Bold Penguin; Guy Goldstein, CEO, Next Insurance.

Author:

Susanne Sclafane



Why Auto Insurance Companies Should Drop Credit Score

Year Rank: #5 (2021)

[Link: bit.ly/36eZ4Re](https://bit.ly/36eZ4Re)

Executive Summary:

“It is our responsibility to customers to do all we can to eliminate bias from the processes, models and systems we use to price insurance products,” wrote Alex Timm, CEO of Root Insurance.

In October 2020, Carrier Management asked P/C carrier executives to tell us what issues they care about and how their companies and others can work to right social wrongs. Here, Root’s CEO answered the call, describing his company’s commitment to eliminate a rating factor that exacerbates inequality in auto insurance—credit scores—and invites others to join him.

Timm opened the article noting that COVID-19 exacerbated socioeconomic inequality and exposed vast racial and economic disparities in America. Millions have lost their jobs, and research shows that historically under-resourced communities have been hit especially hard both by the virus itself and the economic fallout.

“The auto insurance industry has an opportunity to help those communities recover and eliminate a longstanding source of bias. We believe the time is right to take steps to create meaningful change,” Timm wrote.

Stating that over 90 percent of U.S. auto insurers use credit scores to price policies, Timm noted that this situation means that people with lower credit scores are often forced to pay more, even if they are the safest drivers on the road.

“Relying on credit scores entrenches bias into pricing, which disproportionately impacts historically under-resourced communities, recent immigrants, and those facing economic crises such as job losses and large medical expenses,” he wrote.

“At the end of the day, we should all agree that the best drivers should pay the lowest rates, regardless of their demographics or credit score,” he concluded.

Author:

Alex Timm is the Co-Founder and Chief Executive Officer of Root Insurance Co.



Executive Viewpoint: Five ESG Trends for the Insurance Industry in 2022

Year Rank: #5 (2022)

[Link: bit.ly/3GXnYVP](https://bit.ly/3GXnYVP)

Executive Summary:

Throughout 2022, the term ESG—environmental, social, governance—became a more familiar acronym in boardrooms, customer conversations, and even in day-to-day internal discussions.

Francis Hyatt, chief sustainability officer at Liberty Mutual Insurance, wrote about five related trends he believes will take center stage as it continues to gain traction.

He wrote that both strong governance and broad employee engagement will be critical to ESG success as these issues are rapidly evolving and expectations continue to rise for companies to keep pace. He said high expectations will also be placed on executive ownership to ensure integration of ESG concepts across their business.

He added that he believes society's shift to a low-carbon future will result in the largest reallocation of capital in history, which comes with risks and opportunities for underwriting and investing. Advancing the energy transition will likely require collaboration and innovation with customers and partners. He advised property/casualty insurers, who are already known for their role

as risk advisers, to take an inclusive approach that supports customers as they navigate their own transition journeys.

Hyatt said he also sees a need for more public-private partnership and customer education on climate resiliency as ESG becomes a bigger part of the conversation, adding that businesses of all kinds will need to ensure they are fulfilling their social contract to protect employees and communities.

Finally, he wrote that more transparency and data across the enterprise and down the value chain will be needed as accountability and transparent reporting will be critical factors in illustrating progress.

Author:

Francis Hyatt is the Chief Sustainability Officer at Liberty Mutual Insurance.



Managing Yourself

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Managing Executive Stress Year Rank: #7 (2014)

[Link: bit.ly/3uPJvLD](https://bit.ly/3uPJvLD)

Executive Summary:

When stress is unmanageable and prolonged, it can leave individuals feeling overwhelmed and exhausted and lead to poor physical health, anxiety, depression and even suicide. A focused approach to supporting executives in managing stress and building strong mental health can impact both business and personal success in the long term.

There are several actions employers can take to help leaders manage stress in the workplace:

- Implement initiatives that reduce stigma and make it easy to discuss and obtain assistance for managing stress and more significant mental health concerns. This could occur in the form of awareness campaigns that highlight the importance of maintaining mental health, the effectiveness of mental health support and the availability of confidential resources.

- Ensure executives value and understand the importance of taking time off—even if only unplugging from email and phones for just a few hours a day. Establishing a strong team of people who can be trusted to execute in the executive's absence can be effective in alleviating stress and allowing the executive to take time off to re-energize.

- Conduct an inventory of stress triggers. This approach allows the executive to develop positive, focused responses to those triggers. Other methods for managing stress include engaging in hobbies or other activities that encourage the separation of work and personal time.

- Employee assistance programs are an effective, confidential way for individuals to discuss their concerns with an objective third party. Employers may want to consider estab-

lishing a focused network of mental health professionals and clinicians who have experience working specifically with executives and understand their unique circumstances and challenges.

Authors:

Kathleen Mahieu, MBA, MEd, was the Leader of Behavioral Health Consulting at Aon Hewitt, when she co-authored this article.

Denise Heybrock, LCPC, is a Behavioral Health and Well-Being Specialist at Aon Hewitt.



An Open Letter to My Younger Self: Leadership Tips and Career Advice

Year Rank: #1 (2016)

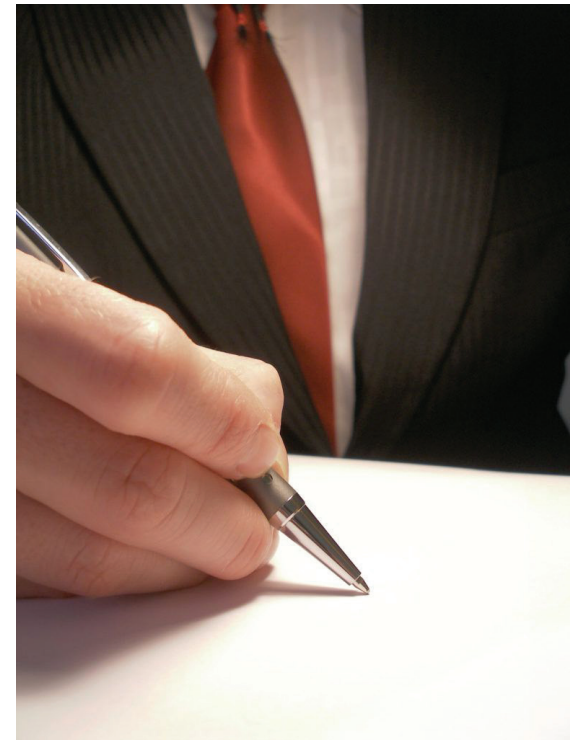
[Link: bit.ly/3UOlrmw](https://bit.ly/3UOlrmw)

Executive Summary:

Mario Vitale retired from his position as CEO of Aspen Insurance on June 30, 2016, after four decades in the industry. As he stepped down, he reflected on the lessons of his career in a letter to his younger self with advice on listening and learning, trusting your intuition, forming relationships, and behaving well in the face of adversity or change.

Among the words of advice he penned to Mario V at age 25:

- In your twenties, spend more time listening than talking, do lots of reading and volunteer for special projects/assignments.
- Tasks matter, but the main role of a good leader is to motivate and inspire other people to perform tasks to their optimal ability. You need to build relationships, network and engage with your team.
- As your career progresses, you'll need to learn the art of smart delegation and how to lead other leaders.
- Emotional intelligence can't be taught in a book. It grows from life experience and establishing the confidence in yourself to trust your intuition.
- It's OK to say "no" if you are not comfortable with the direction of an initiative, and do not let other people push you into decisions you are not comfortable with. Trust your instincts.
- Your behavior will always be watched closely by leaders and can be an excellent opportunity for you to demonstrate your commitment, loyalty and focus... Being impatient, losing focus, making knee-jerk decisions and losing your temper are just a few of the ways that your behavior could negatively impact career advancement.



Author:

Mario Vitale was CEO of Aspen Insurance before retiring on June 30, 2016. In 2023, he is CEO of Resilience Cyber Insurance Solutions.

20 Tips for Leaders: Developing Your Emotional Intelligence

Year Rank: #7 (2019)

Link: bit.ly/2CGFIoT

Executive Summary:

There are no shortcuts to becoming an emotionally intelligent leader. It's hard work.

For individuals who didn't start their insurance careers with EI competencies that they developed in school or in life, the process of building self-management skills or strengthening the neurocircuits that power empathy involves motivation, support, planning and practice, according to renowned EI researcher Daniel Goleman.

"You have to make an intentional effort," says Goleman.

Details of his ideas about the elements of EI and development strategies are summarized in a separate 2019 article, "[Stop Hiring for Insurance, Tech Smarts; Hire for EI to Find True Leaders](#).) But for leaders who are getting acquainted with the basics, Assistant Editor Kimberly Tallon gathered 20 tips from the writings of Goleman, his followers and other researchers in the field.

Among the 20:

1. Take the first step by doing a quick self-assessment. Ask yourself self-reflective questions such as: Are you aware of your limitations, blind spots and areas of growth? When faced with distressing emotions and conflict, are you able to quickly recover after you work through it?

5. Don't be afraid to give negative feedback. It's important to get to know your employees and to have an understanding of their lives outside the office, but being too empathetic may actually hinder your ability to lead.

8. One breath. Then two. Executives who are aware of emotional states—theirs and others—can communicate more fully to

people. Transition times between meetings offer them an opportunity to pause, breathe, train their attention on the present moment, and settle into stillness for five or 10 minutes.

19. Remember to be human in a crisis. When disaster strikes, communicate clearly and show empathy and compassion. Too many leaders take the cautious route, following the advice of their legal or financial departments, which often leaves them looking uncaring or disconnected.

Author:

Kimberly Tallon



**The Art of Magnetic
Communication:
10 Secrets of Great Leaders**

Year Rank: #8 (2019)

[Link: bit.ly/3FMO1te](https://bit.ly/3FMO1te)

Executive Summary:

Carrier executives who want people to follow them shouldn't rely on commands. Instead, they should tap into their magnetism. According to Executive Coach Marsha Egan, that means engaging their authentic, congruent, self-confident, relatable and caring selves; delivering exceptionally clear messages; and sharing their values, goals and dreams.

In this 2019 article, Egan, a past president of the CPCU Society and a recurring contributor to Carrier Management, summed up the ideas in a list of 10 secrets of magnetic communicators.

The top three are summarized below:

1. Magnetic communicators are authentic.

"Before you can convince anyone of anything, you must believe in who you are and what you stand for," Egan write. By being authentic, you effectively give permission to your followers to be authentic as well.



2. Their actions and words are congruent. "It is difficult to follow someone who says one thing and then behaves in another way....Your congruency equates to believability, which attracts those with similar values."

3. They know and live their values. "Magnetic communicators are not wishy-washy about their values and goals. They have clarity of purpose, and that is congruent with their personal and professional values....When you are clear on your values, and you live your values, you telegraph a consistent message that can engage and attract supporters."

Author:

Marsha Egan, CPCU, CSP, PCC, is a Success Strategist and CEO of The Egan Group, a Nantucket, Mass.-based professional coaching firm. An ICF Certified Professional Coach and Certified Speaking Professional, she is a leading authority on workplace productivity and interpersonal success strategies. She is the author of "Inbox Detox and the Habit of Email Excellence" (Acanthus 2009) available on Amazon and at <http://MarshaEgan.com/store>.

Egan is a former president of the CPCU Society. She is also the leader of the online leadership coaching group "Great Points Coaching Online" <http://MarshaEgan.com/greatpoints>. Reach her at marsha@marshaegan.com.

10 Phrases Confident Leaders Use

Year Rank: #4 (2021)

[Link: bit.ly/3wtJOpB](http://bit.ly/3wtJOpB)

Executive Summary:

Executive Coach Marsha Egan offers a list of 10 phrases that demonstrate leadership confidence. The common threads among these are honesty, sincerity, transparency, trust, respect, support, appreciation and energy. Above all, they focus on the “we” not “I”—on communicating “with” people not “to” them.

The first three phrases listed in the article are:

1. “Ask me anything.”

This phrase exudes openness. It basically reflects that the leader is available, wants to make sure that team members feel comfortable talking with him or her, and in a non-punitive way.

2. “Here is what is going on and what it means to you.”

This phrase reflects honesty and respect. By not sugarcoating an issue and sharing not only the truth about what is happening but also a view from the team member’s perspective in a transparent way, the leader builds trust and understanding.

3. “No.”

Writes Egan: “Strong leaders are decisive. Leaders make decisions, and sometimes they are not popular. There are times when some things simply cannot be done or approved. When the answer is no, the leader shares that point of view, provides the explanation, and does his or her best to make sure

the decision is understood.

“Can you help me?” and “That was my mistake,” are other phrases that made Egan’s list.

Author:

Marsh Egan, CPCU, CSP, PCC, is a Success Strategist and CEO of The Egan Group, a Nantucket, Mass.-based professional coaching firm. An ICF Certified Professional Coach and Certified Speaking Professional, she is a leading authority on workplace productivity and interpersonal success strategies. She is the author of “Inbox Detox and the Habit of Email Excellence” (Acanthus 2009) available on Amazon and at <http://MarshaEgan.com/store>.

Egan is a former president of the CPCU Society. She is also the leader of the online leadership coaching group “Great Points Coaching Online” <http://MarshaEgan.com/greatpoints>. Reach her at marsha@marshaegan.com.



Actuaries vs. Underwriters: Behavioral Scientist Explains the Age-Old Battle

Year Rank: #1 (2022)

[Link: bit.ly/3nGcHkS](https://bit.ly/3nGcHkS)

Executive Summary:

At a Casualty Actuarial Society meeting in May 2022, Dr. Gleb Tsipursky, chief executive officer of Disaster Avoidance Experts, outlined in his keynote speech what he sees as CAS members' and risk management professionals' communication problem.

Tsipursky spoke at the CAS Spring Meeting about how understanding behavioral science and the ways people misinterpret data can be a useful tool for actuaries and other risk management professionals.

He said that actuaries are tasked with the difficult job of communicating risk to underwriters, who often don't want to hear about such a challenging topic. This can lead to a communication divide.

The future-of-work consultant and author of books titled "[Never Go With Your Gut: How Pioneering Leaders Make the Best Decisions and Avoid Business Disasters](#)," and "Returning to the Office and Leading Hybrid and Remote Teams: A Manual on Benchmarking to Best Practices for Competitive Advan-

tage" offered behavioral science concepts to help risk management professionals understand this dynamic, as well as suggestions for how to move past it and create effective communication.

The consultant shared a method to help property/casualty risk professionals communicate with those who are risk averse using the acronym EGRIP, which stands for emotions, goals, rapport, information and positive reinforcement. He walked the audience through each step, adding that it's not only important for actuaries to communicate clearly and effectively, but also for property/casualty insurance industry leaders to put their ego aside and listen so they can deal with risks in a timely manner.

Author:
Susanne Sclafane



Innovation

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Inside the Minds of Insurance Innovators

Year Rank: #4 (2015)

[Link: bit.ly/3iSuxC2](https://bit.ly/3iSuxC2)

Executive Summary:

Executives of property/casualty insurance companies are not always eager to share their ideas. Words ranging from “proprietary” to “secret sauce” are usually spoken as their representatives politely decline requests to reveal what their companies are up to. But when Carrier Management reached out to two-dozen industry leaders, 16 took the time to share their thoughts on what we consider to be this year’s hot topic in P/C insurance: innovation.

How does your company support innovation? What have your efforts created? And what stands in your way?

Those are just a few of the questions that these leaders take the time to answer.

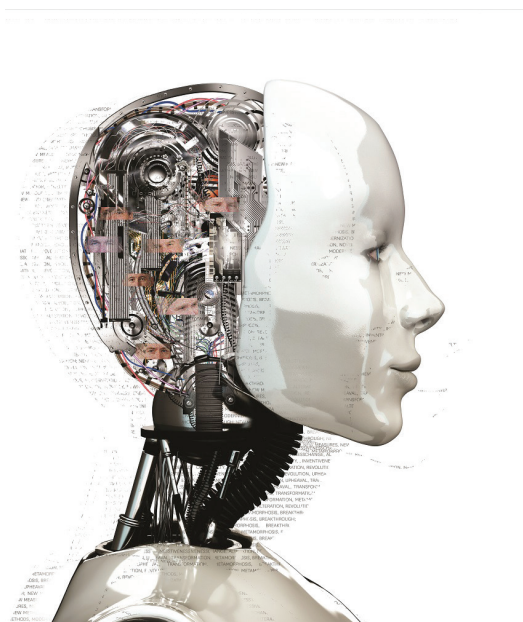
You’ll read answers from 11 carrier representatives (including seven carrier CEOs) and five providers of P/C insurance services (brokerage, modeling and consulting). The companies represented: Navigators

Group Inc. (now part of The Hartford), Argo, Ironshore Inc. (part of Liberty Mutual), OneBeacon (now Intact Insurance Specialty Solutions), Assurant Inc., American Modern Insurance Group, Progressive, Gen Re, XL Catlin (now AXA XL), PwC, Guy Carpenter, Hamilton USA, AIR Worldwide/Verisk, KPMG, ACE Group (now part of Chubb).

Innovation is both exciting and necessary, and there are obstacles.

Stanley A. Galanski, who was then Navigators president and CEO, explained that regulatory requirements and legal cases have made it harder to innovate. “It is increasingly difficult to simply express a grant of insurance coverage,” he said. “As a result, our policies have become more complex and legalistic rather than simplified.”

*Author:
Susanne Sciafane*



**Berkshire Hathaway Direct:
'Challenging the Normal'
With Three Pages**

Year Rank: #4 (2019)

[Link: bit.ly/3iWos7I](https://bit.ly/3iWos7I)

Executive Summary:

Berkshire Hathaway's 2016 launch of biBERK Insurance Services, offering small business commercial insurance directly to consumers, and the 2019 unveiling of THREE—a three-page comprehensive insurance policy for small businesses—were generating a lot of commentary and industry buzz when this article published.

"Is this actually a legal contract?" wrote Bill Wilson, author of "When Words Collide," in a LinkedIn article titled "Warren Buffett's New 3-Page Small Business Insurance Policy."

Berkshire Direct President Peter Shelley, a casualty actuary by training, spoke to CM a few weeks after news of THREE hit the wires, explaining how biBERK customer feedback sparked the THREE innovation and how the idea of "challenging the normal" guided daily activities for Shelley and a team of innovators charged with viewing insurance from a different vantage point—that of its customers.

Analyzing biBERK potential sales that didn't close, "one of our learnings is that there is a need for a simple policy that covers [small businesses] for what they are...They don't think of themselves as a work comp risk or a GL risk or a property risk. They think of themselves as a restaurant or a barber shop or plumber, and the insurance product as designed doesn't treat them that way."

As for the need to simplify, "I think there's universal acceptance in the insurance world that the actual policies we sell are far from optimal," he said. "If you sit down and read a BOP policy, it's very, very difficult to navigate. It's generally been written by lawyers for lawyers and reviewed by lawyers."

Addressing THREE criticisms that varied

from "there's no exclusion" for X to "there's no explicit coverage grant" for Y, Shelley said, "We're trying to offer a broader coverage than what I think most policies have given consumers today."

Why three pages and not two or four?

"Because my boss told me it was going to be three pages," said Shelley, referring to Berkshire Hathaway Vice Chair Ajit Jain.

Author:

Susanne Scalfane



Demand Soars for Parametric Insurance to Cover Pandemic Business Interruptions

Year Rank: #3 (2020)

[Link: bit.ly/3F9Vusc](https://bit.ly/3F9Vusc)

Executive Summary:

In early 2020, there were no COVID-19 claims filed for coverage under PathogenRX, a parametric insurance policy designed to provide business interruption insurance in the event of a pandemic. That's because no company bought the policy developed by Marsh, Munich Re and Metabiota between the May 2018 launch and the pandemic's start.

But demand soared for this type of coverage after the pandemic began. The prospect of tying the insurance to blockchain technology to create smart contracts that can pay out with limited human involvement would make it even more valuable, brokers said.

"As you can imagine, there's an enormous amount of demand for the product right now," said Peter Lacovara, senior vice president and leader of Marsh's Alternative Risk practice, who joined Marsh in January 2020. "Risk managers have become painfully aware their property insurance

policies exclude pandemic events."

While there may still be time to buy the product for a future pandemic, COVID-19 is off limits. "Unfortunately, it's too late. The coronavirus is excluded from coverage," he said. "That would not have been the case as recently as last November [2019]. But you can't buy insurance for your house when it's already on fire."

Traditional property insurance policies cover business interruption losses only when the insured premises are physically damaged by an event precipitating the claim. In hindsight, companies could have transferred the business interruption risks of COVID-19 by purchasing PathogenRX or other parametric products marketed by insurers and the ILS (insurance-linked securities) market, which sources risk-bearing capital from investors.

Author:

Russ Banham is a Pulitzer-nominated business journalist and an author.



One Year In: How Insurers Are Doing on AM Best Innovation Assessments

Year Rank: #7 (2021)

[Link: bit.ly/3uLHCOl](https://bit.ly/3uLHCOl)

Executive Summary:

In this article, AM Best analysts gave Carrier Management readers a glimpse of how carriers were performing on the rating agency's innovation assessments.

Just over a year after the rating agency started using the innovation assessment criteria unveiled in early 2020, the analysts found that only 1 percent of rated companies earned the highest scores as innovation "leaders," and many struggled to transform innovation efforts into results. In other words, rated company innovation output scores lagged far behind innovation input scores in the two-part assessment.

AM Best released Scoring and Assessing Innovation, the rating agency's formalized criteria for measuring a company's innovativeness, in March 2020. Within weeks of its official launch, the methodology was put to the test by the COVID-19 pandemic.

In mid-2021, when AM Best looked at

scoring trends, examined innovation efforts by line of business, evaluated regional approaches to innovation and dissected innovation scores by category (financial size, financial strength rating, business profile and operating performance), one clear takeaway emerged: While the pandemic has forced businesses to cram years' worth of innovations into one year, most companies still have a long way to go.

AM Best's innovation scores are the sum of two factors: an input score and an output score. Innovation input scores are based on leadership, culture, resources, and processes and structure. Output scores are based on results and levels of transformation. Innovation scores are then translated into five innovation capability assessment categories: Leader, Prominent, Significant, Moderate and Minimal.

In 2021, more than half of carrier rating units scored Moderate versus 19 percent for Significant, 6 percent for Prominent and 1 percent for Leader. In addition, 18 percent of the assessments indicated Minimal innovation. Overall, these results remain closely aligned to preliminary assessments. Also in keeping with the earliest assessment in 2020, in 2021 AM Best found reinsurers with higher percentages of Leader and Prominent innovation scores than primary carriers.

Authors:

Jason Hopper is Associate Director of Credit Rating Criteria Research for AM Best.

Edin Imsirovic is Associate Director, Analytics, for AM Best.



InsurTech Earnings and Trends

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Bigger and Redder: A Look at Q1 '18 for Lemonade, 'Other InsurTech Carriers

Year Rank: #1 (2018)

[Link: bit.ly/3UKgqMi](https://bit.ly/3UKgqMi)

Executive Summary:

In a series of articles published by Carrier Management starting in 2018, InsurTech watchers Matteo Carbone and Adrian Jones presented overall loss ratio, expense ratio and combined ratio results from statutory filings of the three InsurTech carriers, Lemonade, Root and Metromile. In their first article, “Dispatches From InsurTech Survival Island: [Five Takeaways From Statutory Financials](#),” published in April 2018, Carbone and Jones detailed the trio’s poor underwriting results for the full-year 2017.

Following up on that prior analysis, in this first installment of a two-part article, the authors looked at the insurers’ first-quarter 2018 numbers—Lemonade, here, and the others in Part 2 (“[Q1 Loss Ratios Unsustainably High for InsurTech Carriers Root and Metromile](#)”)

They found the three U.S. InsurTech startups growing rapidly in early 2018—years before going public and well before Lemonade, then a rental insurer, acquired pay-per-mile auto insurer, Metromile. At the time, growth on the top line wasn’t helping the bottom lines of the trio, including auto insurer Root. All three bottom lines were reported in red ink.

“Results that are bigger and blacker remain elusive for Lemonade, Root and Metromile,” Carbone and Jones wrote, stressing three ideas that were central to their early analyses of these companies:

- We think highly of their management teams and long-term potential.
- All three have a lot of runway and time to perfect their

business models.

- We produce this analysis not to critique their management. We want to help investors, entrepreneurs, and traditional industry insurers to understand what is happening in InsurTech through a lens of insurance fundamentals and facts rather than dogmatic opinion-mongering.

In the end, Carbone and Jones addressed key questions about whether loss ratios decline with scale. Along the way, they commented on a key part of Lemonade’s business model—the Giveback to policyholders’ selected charities, [drawing a response from representatives of the behavioral science and AI company](#).

Authors:

Matteo Carbone is Director of the IoT Insurance Observatory and board member of Net Insurance. Carbone was the Guest Editor of the Carrier Management 3Q2021 special report, “Insurance Is Getting Connected,” about IoT insurance applications. A frequent contributor, Carbone was also a guest editor for Carrier Management’s 2018 featured magazine section, “Startups Face Off Against Established Players” ; co-editor Adrian Jones)

Adrian Jones was a reinsurance executive who spent some time writing about InsurTech when this article was published in 2018. In 2022, he is a partner at HSCM Ventures, still writing and commenting about InsurTech trends at industry conferences and in social media posts. A frequent contributor, Jones was also a guest editor for Carrier Management’s 2018 featured magazine section, “Startups Face Off Against Established Players” ; co-editor Mattos Carbone)



Where Is the InsurTech Capital of the World?

Year Rank: #2 (2018)

[Link: bit.ly/2o4vW8j](https://bit.ly/2o4vW8j)

Executive Summary:

There was a time not so long ago when Hartford, Conn., was widely known as the “Insurance Capital of the World.”

Hartford has work to do to reclaim that title.

But with insurance technology companies opting to start up in U.S. cities like Silicon Valley, New York and Chicago, and in places like London, Singapore and Shanghai outside the United States, can any one city lay claim to the title “InsurTech Capital of the World?” Carrier Management’s editors asked in 2018. It depends on the counting method being used, we concluded, highlighting the point with details of an analysis provided exclusively to Carrier Management by [Venture Scanner \(venturescanner.com\)](https://venturescanner.com), an analyst and technology-powered research firm. Venture Scanner’s data revealed that the cities of London, New York and San Francisco ranked highest by a simple count of the number of InsurTechs in each city. Looking at concentrations of funding dollars instead, London sank to 12th place, with Palo Alto and San Francisco, Calif., commanding the two top spots—each with over \$2 billion.

Analyzing some of the underlying data for the 196 individual InsurTechs ranked in the top three cities on both lists, Carrier Management editors set out to examine several questions: Why did cities with small numbers of startups—like Shanghai and Palo Alto—have such large total funding amounts? Why did London have a low funding level compared to New York and San Francisco, with similarly high startup counts? And which of these cities was the capital of property/casualty InsurTechs?

London had a higher percentage of P/C InsurTechs than either New York or San Francisco, making the home of Lloyd’s the P/C InsurTech Capital of the World by sheer number of startups.

The city rankings that Venture Scanner provided to Carrier Management only included cities with five or more InsurTechs. At the time, Hartford, Conn., didn’t make the cut but was working hard to get back on the world map of insurance capitals.

The article also discussed a separate analysis by Celent about an InsurTech revolution that as revealed by Venture Scanner’s data—happening in the Startup Nation of Israel.

Author:

Susanne Sclafane



**Hands Still Tied at
Lemonade, CEO Says
Year Rank: #5 (2018)**

[Link: bit.ly/3VIT2Ai](https://bit.ly/3VIT2Ai)

Executive Summary:

Accompanying a top-ranked article of 2018, “[Bigger and Redder: A Look at Q1 ’18 for Lemonade, Other InsurTech Carriers](#)”—an analysis of the financial results of InsurTech carriers Lemonade, Root and Metromile—this related article digs deeper into questions that InsurTech analysts asked about Lemonade.

Was Lemonade being transparent enough about the size of a flat fee for services that Lemonade Insurance Company paid to its parent, Lemonade, Inc.? And how would any changes in that fee, and Lemonade’s high loss ratios impact its ability give back funds to charities designated by its policyholders?

The Giveback is often highlighted by Lemonade’s executives of a key differentiator of its business model, and while InsurTech watchers Matteo Carbone and Adrian Jones agreed that this was one of the company’s most intriguing features, they were doubtful that fees, claims and reinsurance costs cutting into the premium pie of individual policyholder cohorts would leave much left over for their selected charities.

Here, Carrier Management reported on an exchange of social media posts between the two analysts and Lemonade Chief Executive Officer Daniel Schreiber. The article provides detailed explanations of the flat service fee and the Giveback from Schreiber and from writeups and blog posts on the company website.

In his “[Why I Tied My Hands](#)” blog post, Schreiber explained the flat fee by referencing a tale about Ulysses, who bound his hands to avoid temptation. In the case of Lemonade, the temptation is the inclination to avoid paying claims. “I run an insurance company, and I’m tempted to deny your claims. You see, every dollar I don’t pay you, is a dollar more to our profits,” he wrote, introducing the idea that every insurance company leader—virtuous or not—is tempted in this way because of the way insurance is structured.

By simply deciding to take a specified portion of every premium dollar collected upfront, treating the rest as beyond the company’s reach, the temptation to underpay claims is avoided. “It’s not our money,” Schreiber said.

*Author:
Susanne Scalfane*



Who's Next? The Value of MGAs vs. Carriers

Year Rank: #6 (2018)

[Link: bit.ly/3HzHEmO](https://bit.ly/3HzHEmO)

Executive Summary:

In this article published a few months after InsurTech Next Insurance [decided to convert from a digital managing general agency to a licensed insurance carrier](#) for small businesses, Carrier Management compiled the comments from Next Chief Executive Officer Guy Goldstein and others about why they came down on one side or the other.

“We want to be able to take some of the risk of insurance upon ourselves and to be able to offer fully tailored products to entrepreneurs. This will allow us to better control the holistic experience and to continue to innovate faster,” said Goldstein, offering Next’s reasons for becoming a carrier.

Said Alex Timm, CEO of Root, which started its life as a carrier, “We really thought, in order to disrupt insurance, we had to jump right in the middle of it.” He added, “We don’t have to get permission from somebody else to go do something. We’re really in control of our own destiny.”

Jetty chose the MGA route, but CEO Jeff Rudoy explained, “We have very specific requirements in terms of our carrier partners”—in particular, Jetty wanted to manage its technology. “Basically, all we were looking for was capital. And there are a lot of carriers out there that had requirements around giving us their insurance back end, which we were not willing to take. They wanted to own more of the product experience.”



“There’s no way on God’s green earth that I was smarter than [Chubb CEO] Evan Greenberg or [Chubb Vice Chair] John Lupica or [The Hartford President] Doug Elliot—or all the guys that make the product for us,” said Ted Devine, who was then CEO of Insureon. (Devine is currently an executive at AIG).

The article includes analysis of relative valuations of carriers vs. MGAs and customer impact.

Author:
Susanne Sclafane

Root and Lemonade: Real Unicorns or Ponies in Halloween Costumes?

Year Rank: #2 (2019)

[Link: bit.ly/3VRplga](https://bit.ly/3VRplga)

Executive Summary:

Authors Matteo Carbone and Sri Nagarajan provide a first-quarter 2019 of overall loss, expense and combined ratios results for a trio of VC-backed InsurTech carriers—Lemonade, Root, and Metromile, continuing a series of articles that Carbone and another InsurTech watcher (Adrian Jones) kicked off in 2018. After reporting poor 2018 underwriting results, here, the authors find improved loss ratios but a continued need to play a price game to drive top-line growth.

All three grew their top lines by double-digits in first-quarter 2019, with Root sprinting the fastest (direct written premiums grew 75 percent), and Lemonade and Metromile returning to growth mode after experiencing premium drops in fourth-quarter 2018.

“Lemonade has gone through a year of higher focus on the technical sustainability of their book of business. The gross loss ratio has significantly improved, but the quarterly evolution of the written premium has lost momentum. The gross written premium profile is not resembling the “hockey stick” that the high growth tech companies are

expected to deliver,” the authors wrote, noting a 17 point improvement in the rental insurer’s loss ratio compared to the prior quarter.

In contrast, Root was showing average quarterly growth of 85 percent in the last four quarters—without a clear path of improvement in its loss ratio. Root’s gross loss ratio fluctuated near 100, with reserve development for not yet paid claims worsening the picture. “So, even though one of the authors (Matteo Carbone) considers Root’s try-before-you-buy telematics customer onboarding the best he has seen at the international level, their structural underpricing of the risks seems to be the main driver of the company’s exponential growth.”

Bottom line: The loss ratios of all three, though improving, were still much higher than the average loss ratios in the market and “not sustainable in the medium term, which shows that these players are still underpricing the risks in order to sustain their growth,” the authors wrote.

Matteo Carbone is Director of the IoT Insurance Observatory and board member of Net Insurance. He was Guest Editor of the Carrier Management 3Q2021 special report, “Insurance Is Getting Connected,” about IoT insurance applications. A frequent contributor, Carbone was also a guest editor for Carrier Management’s 2018 featured magazine section, “Startups Face Off Against Established Players”; co-editor Adrian Jones)

Sri Nagarajan was co-founder of Camino Ventures, an AI/ML powered FinTech. At the time he co-authored this article Camino Ventures was helping clients demystify AI to drive business results, with a special focus on InsurTech and digital transformation for financial services. (Nagarajan is currently Senior VP, U.S. Bank, according to his LinkedIn profile.)



A Quarantine Dispatch on Metromile, Lemonade and Root's Financials

Year Rank: #6 (2020)

[Link: bit.ly/3iSB3IN](https://bit.ly/3iSB3IN)

Executive Summary:

Continuing a series of articles about statutory financials of relevant U.S. InsurTech carriers, Matteo Carbone and Sri Nagarajan analyzed quarterly statutory statements from Q3 and Q4 2019 for Metromile, Lemonade and Root.

They focused on standard key performance indicators (KPIs), particularly loss ratio: Metromile's loss ratio was stable in the lower 70s for all of 2019. The carrier started selling its claims tools to other insurers, but the performance on its own book didn't tell a great story for this new business. More broadly, the usage of telematics data on claim processing had potential to reduce the loss ratio at an international level.

Lemonade was on a trajectory of improving its underwriting results, with a consistent decline in its loss ratios—moving from a loss-ratio of 88 in fourth-quarter 2018 to a loss ratio of 61 in fourth-quarter 2019. Lemonade celebrated its use of advanced AI-powered fraud detection in ensuring “bad risks” are caught, assessed and filtered out. But a slowdown in premium growth suggested that an increase in pricing could be the main driver of this technical profitability recovery.

Root experienced exponential growth in 2019—its portfolio was three times bigger at the end of 2019 than it was at the end of 2018. However, the company ended 2019 with a loss ratio of 100, paying out in claims effectively an amount equivalent to the premiums received. The Root team is smart, and the analysts believe they are deliberately underpricing the risks to attract customers. Theoretically, telematics could allow the company to improve its loss ratio through behavioral change and the use of data in

claims processing to anticipate first notice of loss and enhance the effectiveness of its claim handling processes.

Authors:

Matteo Carbone is Director of the IoT Insurance Observatory and board member of Net Insurance. Carbone was the Guest Editor of the Carrier Management 3Q2021 special report, “Insurance Is Getting Connected,” about IoT insurance applications. A frequent contributor, Carbone was also a guest editor for Carrier Management's 2018 featured magazine section, “Startups Face Off Against Established Players”; co-editor Adrian Jones)

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Lemonade Aftertaste: Will Reinsurers Keep Covering Unprofitable InsurTechs?

Year Rank: #10 (2020)

[Link: bit.ly/3Hy3uWK](https://bit.ly/3Hy3uWK)

Executive Summary:

Lemonade disclosed a significant cession to reinsurers in its July 2020 IPO filing. The InsurTech made a substantial quota share reinsurance agreement with seven reinsurers, in which it ceded 75 percent of its premiums and losses to the reinsurers, with reinsurers paying a 25 percent ceding commission to Lemonade for every premium dollar ceded.

The quota share agreement “largely eliminates the bottom-line volatility inherent in traditional insurance companies...making us capital-light, buffering our gross margins from the vicissitudes of claims and leaving room for our gross margins to grow,” Lemonade stated in the registration statement.

The IPO ushered in a new role for reinsurers—as significant venture capital investors in innovative startups presenting the possibility of long-term profitable growth.

It’s a risk, but “reinsurers have been willing to take some early losses, seeing it as the price of admission to support the customer of the future,” said SCOR’s Adrian Jones.

Executives from Clearcover, Metromile and Next attributed their success in subsequent years to their reinsurer partners.

“Reinsurance has been very important to us; we’ve used reinsurance pretty heavily since the beginning,” said Kyle Nakatsuji, co-founder and CEO of Clearcover.

Dan Preston, CEO of Metromile, said reinsurance “has been an absolutely critical part of the InsurTech growth story, acting as a really important capital source for InsurTech.... In our case, reinsurers have been partners through quota share agreements and



as investors.”

“Reinsurance has been a key enabler for innovation in the insurance space,” agreed Sofya Pogreb, who was then chief operating officer at Next Insurance. “We and other InsurTech startups have been able to take extensive advantage of reinsurance capacity to go to market quickly and manage the risks of a very volatile book of business.”

Author:

Russ Banham is a Pulitzer-nominated business journalist and an author.

VC Viewpoint: The Insurance Carrier Is Back in Fashion

Year Rank: #2 (2021)

[Link: bit.ly/3bNJKbl](https://bit.ly/3bNJKbl)

Executive Summary:

Matthew Jones, principal of fintech venture firm Anthemis and author of CM's VC Viewpoint series, cited an awareness of "dependency risk" as one of the drivers that put the insurance carrier model back in vogue. He also provided some factors for InsurTechs to consider in determining whether making the transition from MGA to carrier is really the right move.

If you were a distributor of insurance, the model was obvious: You structured yourself as an MGA. It was genius. You got to be active in the insurance market, but without the need for an unwieldy balance sheet and the regulation that came with it.

But in early 2021, the insurance carrier was back in fashion.

The attractiveness of the full-stack strategy is largely driven by the shortfalls of the MGA approach. Entrepreneurs running an MGA don't have full control over the value chain. While MGAs own the customer relationship and take on the task of trying to convince

someone to buy insurance, they are dependent on the carrier. If the carrier decides to stop writing a particular kind of business tomorrow, that's it. You're out of the market. If you want to launch a new product, that's a collaborative process with your insurer partner, likely over several months.

Another problem is the uncertain exit landscape, Jones said, as insurers and reinsurers have not yet proven to have the appetite for large, transformative tech MGA acquisitions.

Faced with a lack of total control, dependency risk and an uncertain exit landscape, entrepreneurs are turning to becoming an insurer themselves more than ever.

Major reinsurers also have played a vital role in enabling new carriers to be established. The reinsurance industry has largely proved itself to be commercially savvy, quick to support and patient for profits.

Author:

Matthew Jones is a Venture Partner at Anthemis, and Chief Strategy Officer of Cowbell.



How to Value an InsurTech

Year Rank: #6 (2021)

[Link: bit.ly/3gL7Nk3](https://bit.ly/3gL7Nk3)

Executive Summary:

Stock drops and lawsuits told the tale of some disappointed investors in publicly traded InsurTechs in 2021. But it may well be that investors were looking at the wrong metrics in assessing prospects before making their bets on the InsurTech class of 2020.

“Technology is cool, but insurance is difficult,” Lindene Patton, former senior vice president and in-house counsel at Zurich Insurance, told Insurance Journalist Russ Banham.

The stories of startups like Root and Lemonade are cautionary tale for early investors and future shareholders in InsurTech insurers, who may be reading the wrong tea leaves in assessing their prospects, Patton and other experts said.

“Investors forget to look at the fundamentals—things like attracting a market, generating revenues across a period of time, future growth plans, and whether or not the technology underpinning the insurer will make the organization more efficient over the long term,” said Patton, a partner at Earth and Water Law Group, a Washington, D.C.-based law firm.

“What’s getting InsurTech investors in trouble is that they’re using the same metrics to gauge a technology company’s future performance when gauging an InsurTech company’s future performance,” said Nicholas Lamparelli, then chief underwriting officer at reThought Insurance, a tech-centric managing general agency focused on climate and natural catastrophe insurance.



Robert Hartwig, an associate clinical professor of Finance and Insurance at the University of South Carolina’s Moore School of Business, delivered a blunt assessment: “Investments in most InsurTechs have about the same degree of rational appeal as an investment in Dogecoin.”

Adrian Jones, managing director and partner at Hudson Structured Capital Management Ltd., observed that InsurTech insurers have yet to live up to their promise because insurance is a business of consistent growth, and InsurTech founders are pitching breakneck growth. “The insurance business is typically not a land grab; it’s one of consistent and steady maturation,” he explained.

Author:

Russ Banham is a Pulitzer-nominated business journalist and author of 24 books.

While Funding Levels Rise, So Do InsurTech Death Rates

Year Rank: #10 (2021)

[Link: bit.ly/3hppyZ3](https://bit.ly/3hppyZ3)

Executive Summary:

While the aggregate InsurTech funding level for the first-half of 2021 soared past the amount raised for InsurTech businesses for the entire year 2020, InsurTechs continued to quietly shut their doors with much less fanfare.

When Willis Towers Watson [reported a surge in InsurTech funding to \\$7.4 billion in the first-half of 2021](#), just one paragraph of the firm's [Quarter InsurTech](#) Briefing referred to the fact that more than 450 InsurTechs have failed over the past decade. But it's an important update, the study's author, Andrew Johnston told Carrier Management.

"Most of the InsurTechs that we know about are the very, very successful ones or the ones that have attracted a lot of capital," he said, referring to knowledge of the general public. "But they really are not reflective of the global InsurTech scene. I reckon that it might be something like 3,000 InsurTechs globally, and a lot of them come and go,

right? They're quite serious but their successes are limited," said Johnston, who was then global head of InsurTech at Willis Re. (Editor's Note: Johnston is now head of Global InsurTech at Gallagher Re.)

The failure count—456 failures—was a rough estimate. To come up with the figure, Willis Towers Watson totaled up those businesses that:

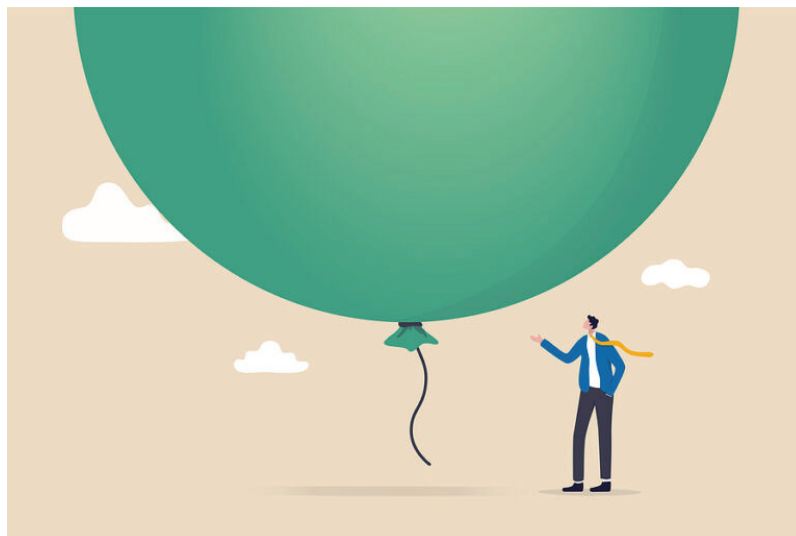
- Had raised less than \$10 million overall
- Had not exited (through an IPO or M&A)
- Had not raised any capital in over 24 months, and
- Were outside the top 25 percentile in CB Insights' platform Mosaic Score.

CB Insights Mosaic Score is a predictor of individual company health, the Briefing report noted.

The article also reported on remarks made by Johnston and other experts at an industry conference, where they spoke about an InsurTech bubble being created by exuberant investors in the space stoking high valuations.

Author:

Susanne Sclafane



Why InsurTechs Should Be Scared of the Reinsurer's Veto

Year Rank: #4 (2022)

[Link: bit.ly/3En7Z3M](https://bit.ly/3En7Z3M)

Executive Summary:

Ian Gutterman, CEO of Informed Insurance, wrote in this June article for Carrier Management that several Florida-based home insurers have recently failed. While the exact number of Florida failures varies depending on the date from which they're counted and individual definitions of failure, Gutterman used the lessons of the Florida property insurance market to deliver a warning to InsurTechs who are relying on reinsurers to fund their growth.

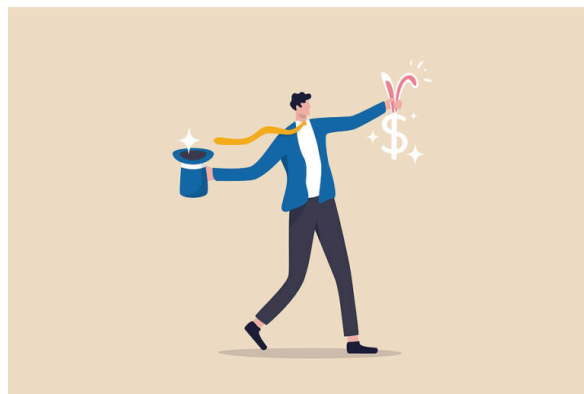
He said that part of the reason for failures in Florida's property market is because those companies were unable to purchase reinsurance, something he calls the Reinsurer's Veto. This is when a company is so dependent on reinsurance that its future is in the hands of the reinsurance community, he wrote.

Gutterman, who is also a longtime insurance industry investor and analyst, described the perils of wholesale funding in this article and cautioned underwriting-based InsurTechs who have grown by using reinsurance for cheap capital that this strategy is doomed to fail.

Informed Insurance is a next-generation insurance startup on a mission to reinvent homeowners insurance through a more transparent, consumer-first approach. The company will operate as a digital marketplace for personal lines insurance and is led by Gutterman and fellow industry veteran, Jim Farmer.

Author:

Ian Gutterman is an accomplished investor, thought leader and entrepreneur in the insurance space with more than 20 years of portfolio management experience at several leading asset managers. Leveraging his industry expertise, Gutterman identified an opportunity to create a next generation InsurTech, Informed Group Inc., with a mission to bring greater transparency to consumers seeking better information and better coverage. Prior to founding Informed, he served as a Portfolio Manager with Balyasny Asset Management and Adage Capital Management, where he specialized in the insurance sector. He previously held roles as an Analyst and Portfolio Manager at Fidelity Investments. Reach him at ian@joininformed.com.



Risk Management/ Emerging Risks

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The Current Scientific Consensus on Climate Change and Hurricanes—It May Surprise You

Year Rank: #8 (2014)

[Link: bit.ly/3PoUeWX](https://bit.ly/3PoUeWX)

Executive Summary:

Risk expert Karen Clark reviewed the current scientific consensus on whether human activity has already had an impact on hurricanes, what impacts anthropogenic warming are likely to have on hurricane activity in the 21st century, and what this means for insurers and insured losses.

Given the current state of knowledge in 2014, scientists cannot conclude that human activities have had any influence on hurricane activity to date, she wrote. According to the Intergovernmental Panel on Climate Change (IPCC), “There is low confidence in any observed long-term increases in tropical cyclone activity (i.e., intensity, frequency, duration) after accounting for past changes in observing capabilities.”

While the data seem to suggest we’re experiencing more major (Category 3, 4 and 5) hurricanes over the past few decades, there is scientific disagreement over what is causing the increase—internal variability, human influences or natural forcings.

With respect to hurricane losses, there is scientific agreement that, to date, the most significant driver of increasing losses is increasing property values in hazardous coastal areas. Over the past few decades, U.S. hurricane losses have about doubled every 10 years due to demographic factors.

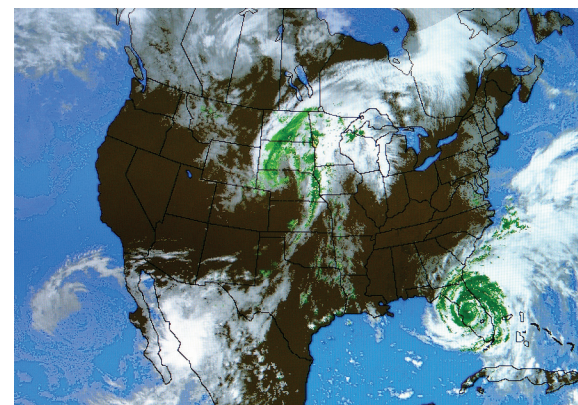
It is very likely that if unmitigated, these demographic trends will continue to drive up insured losses well into this century, and the most effective ways to control the rising costs of hurricanes would be to implement and enforce better building codes and land-use planning strategies.

Anthropogenic climate change is likely to impact hurricane activity later in the 21st century. The frequency of storms is likely to

decrease or remain the same, but hurricanes are likely to become more intense—possibly with maximum wind speeds 2-11 percent higher by the end of the century.

Author:

Karen Clark, the President of Karen Clark & Co., is internationally recognized as the founder of the first catastrophe modeling firm and as the expert in the field of catastrophe risk assessment and management. She may be reached at info@karenclarkandco.com.



**Top 10 Questions Boards
Should Ask About
Enterprise Risk
Management
Year Rank: #9 (2014)**

[Link: bit.ly/3iX91w3](https://bit.ly/3iX91w3)

Executive Summary:

The complexity of enterprise risk management poses special difficulties for P/C insurance company board members who are being asked to play a larger role in risk governance. To adequately assess ERM program effectiveness, board members must cut through the usual ERM updates and get answers to more incisive questions, said ERM Consultant Sim Segal, who proposed 10 questions to help directors better understand the ERM programs of their organizations. Among them:

- **Are we excluding some areas of the enterprise?** High-growth or high-profit business units may resist scrutiny by corporate ERM, using their political power along with a presumption that the gains outweigh any potential risks. Small or immature businesses are sometimes excluded from the ERM process because they are deemed immaterial.
- **Are we omitting the most important types of risks?** Most programs fail to quantify strategic



risks and operational risks. Strategic risks include strategy execution risks, competitor risks, regulatory risks and governance risks; operational risks are risks such as human resources-related risks and technology risks.

- **Are we missing some of the biggest threats?** What most often takes down an organization is the combination of two or more risk events occurring simultaneously. To identify the biggest threats to firm survival, ERM programs must use models that simulate multiple concurrent risk events.
- **Are we ignoring our own experts' risk and business intelligence?** A critical mistake made by many ERM programs is to plug stochastically generated scenarios directly into the ERM model, bypassing their internal subject matter experts—those closest to the risk and to the business to which it relates.
- **Are our risk disclosures suboptimal?** A robust ERM program provides an opportunity to communicate to external stakeholders—particularly regulators, rating agencies and shareholders—the company's superior capabilities in managing risk and how this enhances shock resistance and increases the odds of achieving strategic plan goals. However, many companies miss these opportunities, send the wrong signals and even expose the organization to great risk through suboptimal risk disclosures.

Author:

Sim Segal is President and Founder of SimErgy Consulting, a firm specializing exclusively in enterprise risk management. He is also the author of Corporate Value of Enterprise Risk Management (Wiley, March 2011). Segal is Interim Director of ERM Programs at Columbia University, leading the development of an ERM Masters curriculum. He may be reached at sim@SimErgy.com.

What Black Swan Author Nassim Taleb Has to Say About Insurance

Year Rank: #1 (2015)

[Link: bit.ly/3YfAEk3](https://bit.ly/3YfAEk3)

Executive Summary:

Black Swan Author Nassim Nicholas Taleb gave a short course on risk taking to insurers gathered at the KPMG Insurance Industry Conference in 2015, praising them for knowing how to limit their losses contractually and warning them not to adopt the risk-taking behavior of financial professionals.

“We’re not good at risk taking,” the former options trader and renowned author said. Speaking at the conference, Taleb discussed the difference between well-behaved risks—for which the “portfolio effect” of diversification works well for traders and insurers of non-catastrophe lines—and extreme tail risks.

He also noted that the only time insurers got into trouble was when they learned how to lose money from financial types during the financial crisis.

Taleb also pointed out the limits of predictive modeling, emphasizing its limits for socioeconomic variables. No risk model predicted the economic crisis of 2018, he said, arguing that extreme events are never captured within the models before they occur. However, he said that predictive models can work when predicting a result for a cross-section of the population. They produce valuable data for terrorism and fraud risks, he argued, adding that “stereotypes can pretty much predict who is going to be committing fraud.”

Author:

Susanne Sclafane



67 Emerging Risks Nobody Is Talking About

Year Rank: #2 (2015)

[Link: bit.ly/3FjTOV3](https://bit.ly/3FjTOV3)

Executive Summary:

Everybody knows about climate change and catastrophes, the Internet of Things and the cloud, the on-demand economy and online shopping, autonomous vehicles and robots in the workplace, terrorism and pandemics, 3-D printing and cyber theft, and political instability and economic uncertainty. Insurance professionals have been talking about these and many other emerging risks for years.

But what's lurking in the shadows? What insurance and organizational risks of the immediate or distant future are being overlooked? What are the risks facing insurance carrier executives and organizations and underwriters that are flying under the radar?

Carrier Management offered 67 risks nobody was talking about in 2015. The number of risks was what we had room to publish, but we knew there were more. Some were not what you would necessarily expect. One that made the list: narcissistic executives. That's because they're most likely to engage in risky business practices. Multitasking employees was another trouble spot. While multitasking is valued in the workplace, it turns out less-focused employ-

ees are also less productive.

(Editor's Note: Carrier Management continues to report on hidden risks in a monthly "Risk Alerts" newsletter. [Signups for free subscriptions to Risk Alerts and other newsletters are available online.](#))

As insurers focus on modernizing their operations, and other companies do the same, they also might want to consider outdated job descriptions as a risk to watch. This becomes an issue if companies fail to redefine jobs as their strategies evolve, and new hires take on responsibilities.

Author:

Andrew Simpson



'Underwriting by Google' Leads to Wrong Answers on Autism Drivers

Year Rank: #9 (2019)

[Link: bit.ly/3Hu77gx](https://bit.ly/3Hu77gx)

Executive Summary:

"I don't know what the next asbestos will be, but it will be whatever causes autism."

The authors of this article, executives from InsurTech Praedicat, reported the prediction from the chief underwriting officer of a property/casualty insurance company, along with the fact that the rate of autism spectrum disorders (ASD) has increased dramatically since the 1960s, attributable to at least three factors: a change in diagnostic practices, increased awareness and an increase in incidence.

The increased incidence might mean that autism is the signature disease of some environmental exposure that has become widespread since the 1960s, they wrote. As of the date of the article's publication, however, there was no environmental driver of autism spectrum disorders with strong enough science to support litigation, they reported.

Understanding that insurance underwriters were nonetheless worried about commercial products that might be identified as ASD triggers for genetically susceptible populations in the future, they set out to replace "underwriting by Google" activities that can easily lead carriers astray—identifying the most likely candidates emerging in early stage research and dismissing some popular theories.

Among the likely candidates are endocrine disruptors—external chemicals altering normal hormone function (identified based on the observation that autism rates are four-times higher for boys than girls). Brominated flame retardants, such as DecaBDE and hexabromocyclododecane (HBCDD), used in furniture and insulation materials fall in this



category.

Also, the observation that people with ASD also often have gastrointestinal disorders has led researchers to investigate the role of the gut microbiome in autism—potentially implicating gut microbiome disruptors, including antibiotics and Acetaminophen.

The authors also noted a study showing a rather striking temporal correlation between the use of glyphosate (the active ingredient in Roundup) and the rise in U.S. autism rates.

The Praedicat experts concluded the article by revealing that vaccines, aspartame and EGBE (a solvent in Windex) were not linked to autism in any scientific literature, even though theories of causation were popular on the Internet at the time.

Authors:

Robert T. Reville is the Chief Executive Officer of Praedicat.

Adam Grossman, Ph.D., is Praedicat's Senior Scientist and Vice President of Modeling

Operations and Finance

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What It Takes to Be a P/C Insurer COO: Executive Recruiter Views

Year Rank: #10 (2014)

[Link: bit.ly/3UURO3s](https://bit.ly/3UURO3s)

Executive Summary:

The leaders of operations at property/casualty insurance companies carry various titles and have a wide range of responsibilities—so different, in fact, that even industry executive placement experts have a hard time defining this category of professionals.

Here, experts Gregory Jacobson and Erin Hamrick discussed the qualities they look for when placing COOs at P/C insurers.

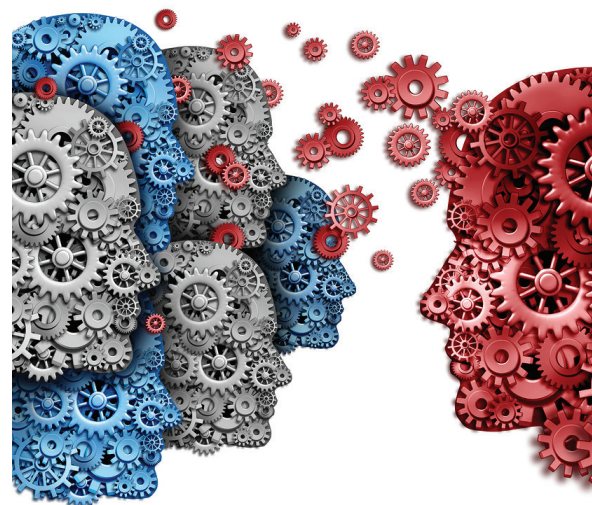
The role of the COO—and the qualities needed for the position—depend on a number of factors, including class of business, mix of business, organization size and the personality of the CEO.

What qualities do carriers look for in COO candidates?

Hamrick said it depends on whether the role is focused on setting strategy or execution. For execution, “you want someone who’s highly disciplined. They know how to effectively corral people and hold their hands—to guide them down the path to get them all working well together... To do that, you have to have your ego in your hip pocket. You have to know how to manage others...to get them to buy into what it is you’re trying to do without force, which is easier said than done.”

Jacobson added that “a COO has to be a broad thinker. A COO has to be someone who understands all of those levers [that go into producing solid results]. When people come from one discipline, they can be trained to think that it’s all about underwriting or it’s all about claims or it’s all about finance. But as a COO, you have to blend all those disciplines together and see the big picture.”

This article was part of [an award-winning series of articles, “Making P/C Operations Work: From Calm Multitaskers to Maniacs with a Passion,”](#) published in the February 2014 edition. The series won the top honors in category, “B-to-B Series of Articles: General Interest,” from media company Folio, which recognizes the best design and editorial work in the magazine and publishing industry annually.



How Nationwide Is Transforming Commercial Lines—and More: Q&A With P/C President and COO Berven

Year Rank: #2 (2022)

[Link: bit.ly/3mnUBne](https://bit.ly/3mnUBne)

Executive Summary:

Mark Berven, chief operating officer of insurer and financial services company Nationwide P/C, spoke with Carrier Management in 2022 about how major investments in technology and talent led to record volume of \$19 billion in 2021 and \$1 billion in net operating profit.

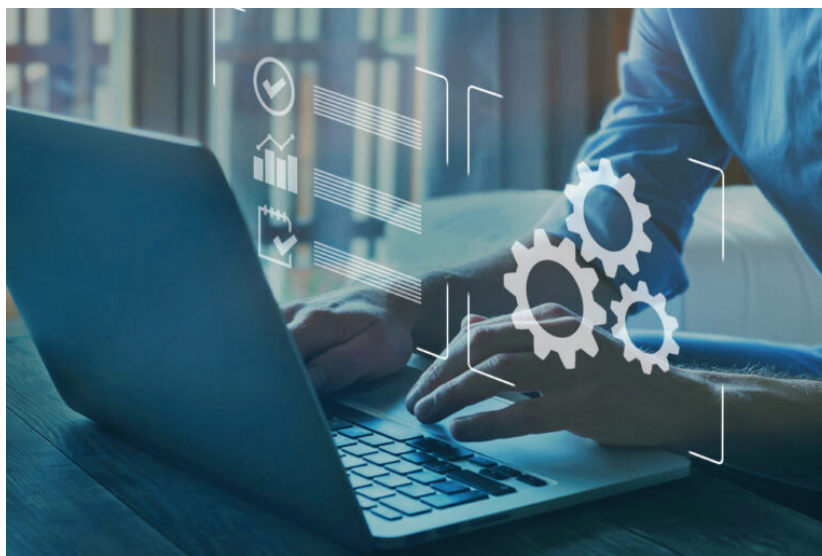
The company began making these investments in the mid-2010s. To fuel the investments, Nationwide has taken out over a billion dollars in property/casualty expenses since 2015, with another half billion on deck. Years later in 2021, the Fortune 100 company reported the strongest earnings in its history - \$2.8 billion in operating income with sales of over \$50 billion, another record number.

Berven said one key to success has been a mutual structure that allowed the company to make decisions to modernize faster than public competitors. Included in the efforts

on the commercial side were investments in new platforms to make small business easier for agents and brokers to place, moves to develop specialties in distinct sectors of the middle market, and even leaps into the world of reinsurance and global account business. Along the way, Nationwide spent roughly \$750 million in technology investments. In 2020, the company made a five-year, \$160 million investment in talent in which it equipped associates with digital literacy and future capabilities training.

In this interview with Carrier Management, Berven described the future-focused transformations of both Nationwide's personal and commercial lines operations that started seven years ago, propelling the businesses to new heights in 2021.

*Author:
Susanne Sciafane*



Strategy and Execution

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The Trouble With Incentive Compensation

Year Rank: #5 (2014)

[Link: bit.ly/3Yg0btm](https://bit.ly/3Yg0btm)

Executive Summary:

Management must manage. An incentive compensation formula will not be sufficient, argued Willis Re's David Ingram.

Here, he described the evolution of incentive compensation programs and uses examples to demonstrate why they will fail to align incentives with corporate goals.

Incentive compensation began with the intent to increase the alignment of top management with shareholder interests. As incentives have become a larger and larger proportion of total compensation, both employees and management have come to treat the incentive compensation program as the primary and often the sole important communication to a highly compensated employee about what they must accomplish.

But organizational goals are drastically more complex than any incentive compensation program. Boards and management need to recognize this and move back to a system where all players understand that the incentive compensation program only conveys a part of the message about employee goals and objectives.

Management must take back the role of communicating the full strategies of the firm and everyone's role in achieving not just their own compensation goals but the full range of corporate goals.

Management also must provide ongoing feedback to all employees about how their actions enhance or detract from the company's ability to meet its basic needs.

The "set the formula and walk away" approach leaves employees with an airtight argument when they abuse the incentive comp system—that they thought they were doing what the company wanted from them.



Author:

Dave Ingram was Executive Vice President at Willis Re (now Gallagher Re), at the time he authored this article. He was previously in the insurance ratings group of Standard and Poor's, where he led the initiative to incorporate ERM into insurance ratings. Ingram has also held executive positions within insurance companies and is a frequent writer and speaker on ERM. In 2023, he works as a part-time consultant for Actuarial Risk Management, an Austin-based boutique actuarial consulting firm.

How to Keep Top Talent After an Acquisition

Year Rank: #9 (2015)

[Link: bit.ly/3FL3od9](https://bit.ly/3FL3od9)

Executive Summary:

How do you keep top talent after an acquisition?

Pay for performance is a universal standard for compensation programs, but using performance metrics alone is not the best strategy for retaining executives or key employees of an acquired company, according to consultants from Towers Watson's Executive Compensation group (now Willis Towers Watson). They cautioned that many other considerations should be in play before pay for performance is meted out.

Drawing insights from a cross-industry survey, they offered some retention pay tips for P/C insurers engaging in M&A activity. Executives, for example, should pursue a thoughtful process focusing on who should be kept on after an acquisition, such as employees who have might have the best ability to affect the outcome of the transaction. Employers should also zero in on staff who have unique and critical skills—employees who will be important to ensuring a smooth transition after an acquisition.

The competition for talent is also something to consider, they said, meaning executives should focus those retention bonuses on employees who are based in regions, industries and certain job categories where the competition for talent is particularly tough. Retention agreements for senior executives are also useful—documents that combine both pay for performance and pay-to-stay provisions.

Authors:

Steve Hinden, a Director in the Executive Compensation practice of Towers Watson at the time this article was published, is currently a Senior Director for Willis Towers Watson in New York, N.Y.

Marc Roloson, a Senior Analyst in the Executive Compensation practice of Towers Watson at the time this article was written, is currently a Senior Director, Work & Rewards Industry Leader for WTW.



Distribution, Customer Engagement

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Practical Tips for Disrupting Insurance Distribution

Year Rank: #5 (2016)

[Link: bit.ly/3VOqtkM](https://bit.ly/3VOqtkM)

Executive Summary:

Creating anything less than an online agency directly offering bindable insurance rates from a limited selection of carriers won't cut it for technology companies trying to disrupt insurance distribution, according to an InsureTech executive.

CoverHound CEO Keith Moore delivered a how-to list for disrupting insurance distribution, explaining his company's formula of developing a "trusted advisor for curated choice" to create a winning experience for customers. He suggested that innovation in insurance distribution isn't about changing existing channels and isn't even about offering digital insurance quotes without advice, noting at one point that consumers not only want someone to whittle down carrier choices for insurance policies but also to help them make the final carrier and quote selection.

Drawing an analogy Amazon's customer experience, he noted that if Amazon said the price of a hammer was \$9 while an online shopper was loading his cart, and then hiked the price to \$33 at checkout, that customer probably wouldn't come back. "That's a horrible shopping experience," he said. "That's exactly how auto and home insurance is working today on the web."

What does it take to build an insurance agency of the future?

Moore listed these six factors:

1. Consistency in fulfillment
2. Ability to transition across carriers
3. NPS driven
4. Trusted advisor for curated choice
5. Proven end-to-end experience
6. Customized experience (from a marketing partner perspective)

Editor's Note: Broker Brown & Brown announced that it would [acquire CoverHound in late 2020](#). Moore is [now the CEO of Embedded Insurance](#), an InsurTech he co-founded in 2022.

*Author:
Susanne Sclafane*



Stop Wasting Your Money on Customer Experience

Year Rank: #9 (2017)

[Link: bit.ly/3uEniA6](https://bit.ly/3uEniA6)

Executive Summary:

Faced with increasingly commoditized markets, more insurers were launching customer experience improvement programs to differentiate themselves in 2017. However, there's something many of these companies don't yet realize: The vast majority of their programs will fail, said Watermark Consulting's Jon Picoult.

Failures not only cost a lot of time and money; they could also cause a company to lose credibility with employees or even customers.

Picoult offered three markers that indicate your company has the executive commitment necessary for the program to succeed.

1. Consistency

Companies that succeed recognize the need to embed customer experience in their DNA, to make it an integral and enduring part of how they do business.

2. Appreciation of Scope

Creating an environment that cultivates customer-centricity requires setting myriad organizational switches in the right position: hiring and training practices, performance measurement and recognition programs, compensation and incentive systems, IT infrastructure and business processes, customer research and feedback instruments, just to name a few.

Customer experience initiatives are not just about a good tagline, clever marketing campaign, or even about sending satisfaction surveys to customers or putting staff through soft-skills training. These may be components of a customer experience improvement effort, but they alone hardly constitute a robust one.

3. Receptiveness to a New Economic Calculus

Effective customer experience design frequently involves upstream improvements that pay dividends downstream, often in a totally different organizational unit, cost center and time period. That economic calculus can be unsettling for some organizations.

Author:

Jon Picoult is Founder & Principal of Watermark Consulting, a customer experience advisory firm that helps companies impress their customers and build brand loyalty. As a consultant and keynote speaker, he has advised thousands of executives across some of the world's foremost brands. He is the author of the book, "From Impressed To Obsessed: 12 Principles for Turning Customers and Employees into Lifelong Fans," published in 2021. Contact Picoult at www.watermarkconsult.net or follow him on Twitter @JonPicoult.



**The Future of Small
Business Insurance
Distribution:
What Can We Expect?
Year Rank: #7 (2018)**

[Link: bit.ly/3FcvTsh](https://bit.ly/3FcvTsh)

Executive Summary:

When Next Insurance Co-Founder and Chief Executive Officer Guy Goldstein envisioned the future of distribution of small business insurance policies back in 2018, he started with the premise that the process was outdated “from start to finish,” lagging behind “business norms that have come to be expected in our current digital era.”

In this article for Carrier Management, he wrote: “Agents are the middlemen, selling small businesses policies that may not suit their needs, as no agent can be an expert in the nuanced requirements of every small business. What is clear: A plumber does not need the same insurance coverage as a personal trainer, and the agent figure is not a source of tailored information, nor can they influence the policy itself.”

In Goldstein’s future world, all underwriting would be done online, employing “specific technologies to analyze relevant websites and gather data from third parties,” ultimately providing SMBs with tailored insurance policies in as little as five minutes.

“By removing agents and cutting down on manual work in servicing policies, SMBs will be purchasing insurance that is cheaper than ever,” he forecasted, as he expanded on

the idea of tailoring high-quality insurance policies instead of offering blanket, one-size-fits-all policies to all types of businesses. (A year later, Goldstein would have to [back-track on the idea of removing agents](#) from the process. “The reason we decided to work with agents is because there’s a lot of customers who prefer to work with agents. They trust them, they trust their advice. The agents are smart. They know exactly what the customer needs, and can help them,” he would [say during a conference in 2021](#), explaining, however, that the experience between agents and Next is “100 percent digital for the agent.”

Goldstein’s vision of InsurTechs tapping into third-party data sources to tailor policies in just minutes is becoming reality, according to content published in [Carrier Management’s fourth-quarter 2022 magazine](#).)

Author:

Guy Goldstein is the CEO and co-founder of Next Insurance, a technology-based small business insurer.



Alive and Well: Reports of the Death of the Independent Agent Were Greatly Exaggerated

Year Rank: #8 (2018)

[Link: bit.ly/3HjzUnP](https://bit.ly/3HjzUnP)

Executive Summary:

Despite years of dire warnings predicting the imminent demise of the independent agent, Deloitte's Sam Friedman believes these intermediaries are here to stay—as long as they continue to provide valuable advice and services to their customers.

Here, Friedman, who previously worked as a journalist covering the insurance industry, recalls that many of the earliest articles he wrote—back in 1981—reported on dire warnings in a series of studies and expert pronouncements predicting the imminent demise of the independent agent, supposedly doomed to eventually go the way of the milk man and buggy whip makers.

More than three decades later, agents survived all the “apocalyptic buzz,” he observed in this opinion piece. Still, agents shouldn't take their long-term existence for granted, Friedman warned advising them to step up their games in an increasingly self-service, web-driven age.

The article sets forth some of the reasons that small business buyers surveyed by Deloitte said remain attached to human intermediaries, including fear of leaving coverage gaps if they try to go it alone, and feeling incapable of grasping subtle differences in policy language.

On the other hand, technology has a bigger place in the world of the agent, Friedman wrote reporting on some of the ideas advanced at the Insuretech Connect conference in 2018. One example: “By digesting and retaining policy, rating and underwriting manuals that agents are unlikely to recall off the top of their heads, [AI] systems might help reduce an agency's mistake rate and errors and omissions exposure.” In addition, “smart” customer service systems could



conceivably flag opportunities for new sales or identify potential trouble spots that a live agent should look into while freeing up time for analytics-driven prospecting and consultative services.”

Author:

Sam Friedman is Insurance Research Leader with Deloitte's Center for Financial Services in New York.

Agents, Brokers and the Future of Insurance Distribution

Year Rank: #5 (2019)

[Link: bit.ly/3bkvnqE](https://bit.ly/3bkvnqE)

Executive Summary:

Heading into the future, agents are positioned to become stronger as they continue to evolve to meet the needs of customers and carriers. Distribution representatives described the evolution of the sales side to Insurance Journal Editor Andrea Wells, in this article republished by Carrier Management.

Lectured for years about adding value, agents are positioning themselves to offer products and services their customers want when and how they want them, Wells reported. And in terms of carrier-agency relations, agents are maneuvering to a point where they may now have the upper hand, and some carriers need them more than they perhaps ever have, she reported, drawing initially on the insights of Dennis Chookaszian, University of Chicago professor and the former CEO of CNA. Chookaszian said the power balance in the industry has shifted from years past when underwriting was king, providing figures on how much of an insurance transaction's profit is derived from distribution vs. underwriting.

Heading further into the future, experts told Wells that the lines between agency

types would continue to blur. "That's all kind of gone out the door," said Matt Masiello, CEO of Strategic Insurance Agency Alliance, referring to old definitions of agency types—captive, independent and direct channels—which were becoming less and less useful as online aggregators started claiming they were independent agencies, box stores were selling insurance and traditional captive agency carriers were opening doors to independent agents.

The bottom line: Consumers are looking for choice and they don't delineate between agency channels, experts said, describing opportunities for independent agencies and other distributors, and ways that some were building and maintaining local identities or ties to targeted markets in an increasingly tech-focused world where Uber was defining customer experiences.

Author:

Andrea Wells



At Long Last, an Insurance Company Proud of Its Human Agents—and Telling the World

Year Rank: #10 (2019)

[Link: bit.ly/3VRnWXa](https://bit.ly/3VRnWXa)



Executive Summary:

Two industry consultants, Matteo Carbone and Steve Anderson, explained why they liked the message of a State Farm television commercial celebrating humanity in the insurance process, and encouraged other carriers to start telling their stories in support of insurance agents.

At the time, comments on various social platforms ranged from calling the commercial “creepy” and “hilarious,” with some criticizing State Farm for launching an “attack ad” against InsurTech rival Lemonade.

“Be proud of your business model,” the two authors urged carriers. “In the past years, technology arrogance and a sort of ‘politically correct tech’ speak have forced the storytelling of the largest insurers around the world to shyly hide that real people generate the vast majority of their business.”

The authors did not describe the commercial itself, sometimes titled “State Farm Robo Agent” on social media posts. Featuring basketball players Chris Paul and James Harden, actor Oscar Nunez portrayed a human State Farm Agent—sporting a red polo shirt and khakis—who offered to help take care of a claim involving a dented car in the driveway. “How may I assist you fine gentleman?” the machine-generated voice of a similarly outfitted robot agent asked, as the robot entered the scene wearing a slightly pinker shirt.

Referring to the “cheap knockoff robots” being built by “budget insurance companies,” Nunez said: “One thing is certain—these bots don’t have the compassion of a real State

Farm agent.”

The humanoid agent insisted that it too had compassion as water spurted from its eye sockets (robot tears). “I am so sorry for you au-to-mo-bile,” he continued, laying his head on the car hood and flailing his arms aimlessly as if to embrace the vehicle in sympathy.

“We love this ad,” wrote Carbone and Anderson, delivering their calls to action for traditional carriers to be proud of their agents and to become better communicators—to develop the consistent and modern approaches to storytelling that Lemonade had mastered.

Authors:

Matteo Carbone is Director of the IoT Insurance Observatory and board member of Net Insurance. Carbone was the Guest Editor of the Carrier Management 3Q2021 special report, “Insurance Is Getting Connected,” about IoT insurance applications. A frequent contributor, Carbone was also a guest editor for Carrier Management’s 2018 featured magazine section, “Startups Face Off Against Established Players”; co-editor Adrian Jones)

Steve Anderson is President of The Anderson Network. A trusted authority on insurance technology, productivity and innovation, Anderson has spent his 35-plus-year career helping the insurance industry understand, integrate and leverage current and emerging technologies. He has been a speaker for national carriers and small and midsize agencies and is on the faculty of credentialing organizations teaching thousands of insurance professionals. Anderson’s first book, “The Bezos Letters: 14 Principles to Grow Your Business Like Amazon,” published by Morgan James Publishing, became available in September 2019.

The New 'Jake From State Farm'

Year Rank: #1 (2020)

[Link: bit.ly/3USIXRe](https://bit.ly/3USIXRe)

Executive Summary:

In 2020, “Jake from State Farm” returned to television with an unexpected twist: Instead of a middle-aged white guy, Jake was now a younger Black man.

State Farm’s updated ad was one of a number of P/C insurers’ advertising campaigns that increasingly acknowledged diversity in the world around them—and in the customers they hoped to reach. Other featured ads included Allstate’s commercials with “24” actor Dennis Haysbert; rapper Snoop Dogg and former NBA great Shaquille O’Neal promoting The General Insurance; and actor Leslie Odom Jr., famous for his role in Broadway’s “Hamilton” musical, performing in Nationwide television ads. Progressive had its Motaur campaign, with a half-man/half-motorcycle character played by a Black actor, while Travelers hit diversity notes by featuring Black families in more traditional advertising campaigns.

These efforts stood out during a spring and summer filled with American protests for equality and against police brutality.

State Farm, Nationwide and The Hanover explained to Carrier Management steps they’ve taken regarding diversity and advertising and how those approaches fit as part of their broader philosophy on the issue.

State Farm Public Affairs Specialist Gina Morss-Fischer said the company unveiled its updated “Jake from State Farm” ad to give it a new twist but also update its iconic “Like a Good Neighbor State Farm is there” campaigns. “The original Jake was actually an employee. He did great delivering his famous line, ‘Uh...khakis.’ However, this expanded role is very demanding and is best filled by an actor,” she said.



“The Jake character embodies all of us at State Farm. Jake isn’t a call center rep or an agent or a claims rep. He transcends job titles. He represents who we are as a company—a helpful humanization of what a good neighbor should be. He can be any race or gender.”

Author:

Mark Hollmer was an Editor for Carrier Management when this article was written.

Why Direct Carriers Do Better During Inflationary Periods

Year Rank: #6 (2022)

[Link: bit.ly/3LxzHOa](https://bit.ly/3LxzHOa)

Executive Summary:

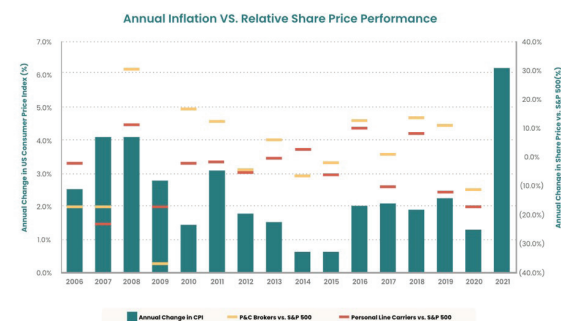
Inflation dominated the conversation in 2022.

Sean Harper, CEO and co-founder of Kin Insurance, wrote in this February 2022 article for Carrier Management that inflation has a larger impact on the insurance industry than most other industries. However, inflation doesn't affect all areas of the insurance industry in the same way. Insurance carriers typically suffer during inflationary periods while insurance distributors do well, he said.

For insurance carriers, the challenges with inflation are manifold. While many industries can respond to supply chain issues, labor shortages, and rising energy costs by raising prices, insurance carriers can't do this in a competitive market. They risk being the first to raise rates, likely sending policyholders looking for a new company. Carriers also have regulatory hurdles to overcome. Companies writing on an admitted basis have to file their rates with state insurance departments. This means giving actuarial justification for increases.

On the other hand, insurance distributors—agents and brokers—generally have better economics than insurance carriers, with higher margins, lower volatility, and lower capital requirements, he said. They also don't suffer the negative impacts of rising loss costs because they aren't responsible for paying claims. Distributors may have some parts of their revenue, called contingent commissions, that are impacted by loss ratios, but the majority of their income comes from commissions that are a fixed percentage of premiums, according to Harper.

The article goes on to say that because distributors have increased margins and want to grow during inflationary periods, while



carriers have decreased (and even negative) margins and don't want to grow, this creates a misalignment of interests. Harper said scarce capacity doesn't negate the benefits insurance distributors enjoy in an inflationary environment, but without misaligned interests, the benefits would be even greater.

The article includes a hypothetical numerical example, assuming a 10 percent shock to both loss costs and operating costs for the carrier and the agent, showing that the carrier suffers an underwriting loss until it can adjust rates and the impacts of the rate changes flow through earnings. The agent continues to earn a profit as inflation hits and makes even more after than before inflation as carriers raise prices, which flow through to increase commissions.

Author:

Sean Harper is the CEO and co-founder of Kin Insurance. Previously, Harper founded FeeFighters, a payments company bought by Groupon, and TSS-Radio, an ecommerce company that became an Inc. 500 fastest-growing company. Before becoming an entrepreneur, Harper was a consultant at the Boston Consulting Group and an investor at Longworth Venture Partners. He holds an AB from the University of Chicago, where he studied economics and computer science, and an MBA from the University of Chicago Booth School of Business.

Market and Outlook

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Commercial Auto: Profitability Issues Remain, But There's Light at the End of Tunnel

Year Rank: #4 (2018)

[Link: bit.ly/3iMgGNq](https://bit.ly/3iMgGNq)

Executive Summary:

Carrier Management readers were eager for any news of an imminent turnaround in the commercial auto insurance line in mid-2018. But analysts observing the industry aggregate financial results offered only faint glimmers of hope, pointing to the use of analytics in pricing and risk selection as possible improvement drivers “down the road.”

Delivering the main message of the article, James Auden, managing director of Fitch Ratings, said: “Commercial auto is pretty far from an underwriting profit. There will not be a return to profitability in the immediate term.” Fitch had just released its report on the line’s results for the [full-year 2017](#), documenting [an unbroken seven-year stretch of underwriting losses](#).

Other analyses disclosed more sobering trends:

- The first-quarter 2018 Council of Insurance Agents & Brokers survey said premium increased for the 27th consecutive quarter by an average of 7.7 percent. Some brokers saw jumps as high as 30 percent on some accounts; others said carriers pulled out of monoline auto altogether.
- A 2017 report from Conning said the combined ratio rose 20 points from the period 2007 through 2016 to 112 percent. The turn to unprofitability was abrupt, after several years of below-100 combined ratios in 2003 through 2010.

The deterioration wasn’t attributable “simply to one or two isolated factors.” Instead, “numerous trends...converged all at once, catching the industry off guard after complacency from an extended period of favorable results,” Conning said.

Factors cited in the article included: an

improved economy putting more vehicles on the road; trucking company hires of inexperienced drivers; increased use of in-vehicle technology, distracting drivers and fueling higher repair costs. Beyond those, this was one of the first Carrier Management articles to explicitly tie poor commercial auto results to the growth of litigation funding. “Indications are that more bodily injury claims are being litigated and settlement verdicts are higher, hitting seven figures in more cases,” the article says, providing a definition and examples of commercial auto litigation outcomes.

Author:

Mark E. Ruquet is an award-winning insurance journalist and freelance writer based in New York.



P/C Industry Profits in Current Cycle Lagging Last Hard Market

Year Rank: #7 (2022)

[Link: bit.ly/3rXkzAg](https://bit.ly/3rXkzAg)

Executive Summary:

U.S. property/casualty insurers have benefited from significant increases in commercial premium rates for nearly three years. However, recent industry statutory underwriting performance improvement was dampened by several factors, including persistently high natural catastrophe losses and claims related to the COVID-19 pandemic, limiting the market to slightly better than break even underwriting gains, according to Fitch Ratings.

James B. Auden wrote in a January 2022 article for Carrier Management that the market shift to a hardening phase, occurring before the market reached a weaker soft market nadir of previous periods, was a testament to improvements in underwriting practices and better information systems promoting quicker recognition of adverse trends. However, he said stability in recent results and challenges in further boosting profits and returns are representative of a highly competitive market and less attractive profit fundamentals and macro-factors.

Auden said that the market combined ratio could approach the 95 range in 2022-2023, as past rate increases flow through earned premiums—barring excessive losses from catastrophes or other unforeseen events. That said, he listed a number of uncertain factors that could reduce the chance for consistent long-term favorable underwriting margins, including competitive forces and rate hike fatigue, inflation risks, litigation costs and jumbo verdicts, automobile insurance weakness, workers compensation dete-



rioration, and equity market performance.

Author:

James B. Auden, CFA, is Managing Director, North American Non-Life Insurance at Fitch Ratings. Reach him at jim.auden@fitchratings.com.

Claims/Legal

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It's Not Over: Social Inflation Will Be Around for Some Time

Year Rank: #7 (2020)

[Link: bit.ly/2T3ck5Q](https://bit.ly/2T3ck5Q)

Executive Summary:

The conditions underlying social inflation will plague the P/C insurance industry for the next few years, warn William Wilt and Alan Zimmermann of Assured Research.

The frequency and severity of tort claims has increased. Prior-year reserves will need to be reviewed, and pricing will have to be adjusted to reflect future loss expectations. But prices don't adjust in a vacuum, and the authors expect there will be a contraction in capacity as some insurers pull away from the market and higher loss reserves create the need for a greater level of allocated capital.

Settlement strategies will also have to be reconsidered as defendants and their insurers, by extension, shy away from the unpredictability of jury trials. Even companies that have heretofore avowed to fight existing claims will ultimately begin to consider settlements.

Reinsurance strategies will also need to be re-evaluated. While most reinsurance attention is paid to property coverages, liability

protection is also an important risk management tool.

(Note: For insurance purposes, the definition of social inflation includes the increased propensity to sue, rising jury awards and expanding judicial theories beyond the four corners of the contract.)

What's causing social inflation?

- The perception of "fair and equitable" compensation has been altered—i.e., people have forgotten the value of \$1 million. In addition, juror attitudes toward big businesses have hardened, and they often look to "stick it to the man" through large jury awards.

- Plaintiffs' attorneys are getting better at using data to influence awards. Part of this has been fueled by third-party litigation funding, which has allowed them to advertise more and spend more on data research.

- Large jury verdicts in marquee mass tort cases have encouraged more suits and led to rising jury awards in "regular tort" cases.

Authors:

William Wilt is president of Assured Research.

Alan Zimmermann is managing director of Assured Research.



Social Inflation Hitting the Insurance Industry Hard

Year Rank: #8 (2022)

[Link: bit.ly/3UVkdpE](https://bit.ly/3UVkdpE)

Executive Summary:

Social inflation is the rise in insurance claims costs over economic inflation, and as it increases, it is creating unanticipated claims costs and risks for insurers so that pricing no longer accurately reflects risk, Paul Mang, chief innovation officer at Guidewire, wrote in this August article for Carrier Management.

In this article, he wrote that although insurers know social inflation is a problem, they are struggling to measure it and come up with a concrete response. He said that insurers need to become well versed in social and legal trends, just as they are in other types of claims trends, and apply advanced data and analytics in order to make a difference in the industry.

Step one, he said, is recognizing that social inflation is a human risk. By analyzing claims and policy experience together with behavioral data, insurers can build a detailed understanding of the link between behavioral indicators and liability management factors. In doing so, they can build predictive models that can measure levels of social inflation and price risk appropriately.

Mang wrote that if insurers can learn to apply non-traditional data and advanced risk models, they should be able to navigate the growing social inflation challenge.

Author:

Paul Mang is Chief Innovation Officer at Guidewire, a leading provider of predictive analytics, risk insights and business intelligence solutions for the P/C insurance industry. He is the former Global CEO of Analytics at Aon plc.

Commercial Litigation Funding and Social Inflation: A Non-Sequitur

Year Rank: #10 (2022)

[Link: bit.ly/3HX1EeQ](https://bit.ly/3HX1EeQ)

Executive Summary:

While some in the insurance industry have called for the regulation of commercial litigation funding on the grounds that it is a key driver of social inflation, in this March article for Carrier Management, Dai Wai Chin Feman, director of commercial litigation strategies at Parabellum Capital, presented an opposing view that commercial litigation funding does not meaningfully contribute to social inflation.

Alternatively, he argued that it should be welcomed by the insurance community as a way to decrease costs and increase exposure to meritorious affirmative litigation risk.

In this article, he described the differences between consumer and commercial litigation funding, noting that commercial funders focus on areas where insurance coverage is rare. He also offered data to show that the industry is too small to materially contribute to social inflation. In his view, regulation reforms being pushed by insurers and reinsurers would increase insurance costs and prolong case durations.

Finally, after listing various litigation insurance solutions that are offered by top brokers, he noted that the insurance industry has opportunities to increase exposure to commercial funding in ways that would be mutually beneficial and lead to a net positive for insurers without allowing a "social inflation stamp" to stand in the way.

Author:

Dai Wai Chin Feman is Director of Commercial Litigation Strategies at Parabellum Capital, a litigation finance firm based in New York. He was previously a litigator at Dorsey & Whitney and Satterlee Stephens where he represented, among others, insurance carriers and brokers.



Special Report

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**The P/C Insurance Industry's
#MeToo Moments:
Part 1 of a Series**

Year Rank: #10 (2018)

[Link: bit.ly/3BhsDBj](https://bit.ly/3BhsDBj)

Executive Summary:

This is the first of a Carrier Management four-part series looking at sexual harassment in the property/casualty insurance industry. In Part 1, Carrier Management, Insurance Journal and Claims Journal editors spoke directly and at length with four women who shared their accounts of alleged harassment. Subsequent installments focus on one woman's individual story, the legal perspective on whether sexual harassment challenges have improved, and also present Carrier Management survey results and reader perspectives on the issue.

The accounts detailed were not independently verified. Of the four accounts listed in this article, one individual was willing to be on the record, two were willing to use partial names, and one agreed to speak anonymously. After careful discussion and debate, Carrier Management chose, instead, to use pseudonyms.

One woman, identified in the article as “the liability supervisor” working in the claims department of regional insurer, described the conduct of the director to whom she reported. “He would continually call me into his office to talk about nonrelated work items. We would be having conversations, and he would stop mid-sentence to tell me how beautiful I was, to tell me how beautiful my eyes were, to tell me just how amazing I was. It was every single conversation.”

“I couldn't change careers. I couldn't change jobs readily because I was a single parent and that was my income. I was very emotionally distraught by the harassment and the attention that was being directed at me,” she said.

A similar account came from a woman identified only as “the commercial account manager.”

“I never told HR what happened because he made it clear that he could make or break me there. He had been there for well over 10 years, and he was a big-time producer there and money talks,” she said. “I was a new person, fresh off a divorce and needed my job because I have kids.”

Authors:

Amy O'Connor, Denise Johnson and Mark Hollmer



8 Things That Will Never Be the Same in Insurance After COVID-19

Year Rank: #2 (2020)

[Link: bit.ly/3hayly7](https://bit.ly/3hayly7)

Executive Summary:

Only weeks into the COVID-19 pandemic, Neptune Flood's Jim Albert predicted some lasting changes for the insurance industry, including:

- Work-from-home (WFH) will become the norm rather than the exception. Many businesses were forced to adopt a WFH model during the pandemic despite longstanding management resistance. This transition was aided by videoconferencing applications like Zoom and Microsoft Teams. Companies saw benefits such as decreased operational costs, closer team relationships and, in many cases, increased productivity.

- The entire home inspection process will be automated. Insurers will offer apps allowing a potential policyholder to conduct a virtual inspection, or an existing insured to record damage via video. Insurers can validate damage and loss via drone.

- Insurance shopping will become an online experience. Consumers expect to purchase

insurance with the same ease they order groceries or clothing online. Insurers will need to offer one-stop engagement where the consumer starts the quote and finishes the bind in the same simple online transaction.

- Artificial intelligence (AI) and machine learning (ML) will become embedded in sales and service workflows. AI and ML require fewer resources and enable predictive channeling of sales requests, giving carriers the tools to perform proactive unsolicited marketing.

- Carriers will humanize the industry, helping to establish trust with consumers and the general public. Consumers look for businesses that “do the right thing,” are referred by trusted friends and associates, and have a respected brand. Insurers need to be able to build trust via their website, social media and business partner network. They should post reviews and ratings directly on their website; use understandable language rather than industry jargon in communication; and emphasize their humanity through community engagement.

Author:

Jim Albert is founder and chairman of Neptune Flood.



CEO Viewpoint: How COVID-19 May Impact P/C Insurance—Now and Going Forward

Year Rank: #4 (2020)

[Link: bit.ly/3baWZ1F](https://bit.ly/3baWZ1F)

Executive Summary:

In the early days of the pandemic, Cape Analytics CEO Ryan Kottenstette made predictions about the likely near- and long-term impacts COVID-19 would have on the insurance industry.

The First 8-12 Weeks (through June 2020): Stock and credit market shocks will hit carrier balance sheets and capital reserves but likely will have a minimal impact on the operating side. Some carriers will struggle to maintain business operations efficiently in the face of remote work. The pandemic will test cloud-first infrastructure for core systems, PAS, placement systems and vendor systems. Certain lines of business will be materially depressed (BOP policies for restaurants, for example). This may doubly impact carriers if the government forces them to cover pandemic-related losses even if they were previously excluded from policies.

Temporary “New Normal” (12-15 months, through June 2021): Remote work will become a business necessity. Carriers will continue adopting technologies that can aid in the risk selection and adjusting process without the need for in-person contact for field inspectors and adjusters. Expect a rebound in lines like restaurant BOP as businesses rebuild. There may be a large drop in personal vehicle utilization as many consumers stay home, which may positively impact loss ratios for auto insurers due to fewer collisions and other claims.



Long-Term Changes: The successful adoption of cloud-first processes and systems will be optimized and become the new operational norm. The landscape of insurance products may also change, with a shift toward usage-based insurance policies. We'll also likely see the integration of pandemic risk models into policies with more specific exclusionary language and, perhaps, additional insurance products that target a future event. Business interruption may be carved out as a new standalone exposure.

Author:

Ryan Kottenstette is the Chief Executive Officer of Cape Analytics.

Racism in Insurance: How Things Can Change

Year Rank: #9 (2021)

[Link: bit.ly/35qOnuG](https://bit.ly/35qOnuG)

Executive Summary:

Move out of your comfort zone. Embrace failure.

The two ideas are ever-present in articles telling property/casualty insurance leaders what they need to do to create innovative cultures and build the momentum to speed their companies forward on enviable upward growth curves.

But with white insurance leaders unwilling to budge from the security of what's familiar, and Black executives discouraged from risky ventures that could either propel their careers forward or result in failure, the industry has yet to embrace another key driver of organizational success: racially diverse workforces and leadership teams.

While Black professionals in the insurance industry often experience the need to prove their abilities in order to be promoted to positions of responsibility and leadership, they see white men scaling their company's org charts without records of success to demonstrate their potential to lead. Here, two Black executives—Michael Chang, who was then CEO of Global Risk Solutions for Sampo International, and Abel Travis, vice president of Fundamental Underwriters, a division of AF Group, discussed inequitable “proof vs. potential” standards that were also revealed in a survey of Black insurance professionals posted on LinkedIn. They also described the pressure to avoid failure—a particular burden that stifles risk-taking in an industry that should be rewarding “fail-fast-and-learn” models of innovation.

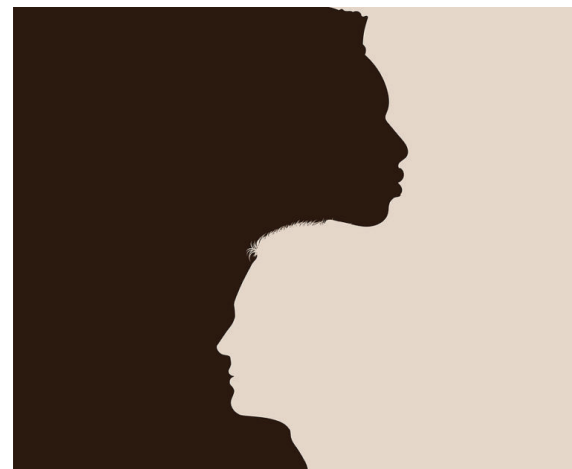
(Editor's Note: In October 2022, Chang joined WTW as Head of Corporate Risk and Broking, North America.)

“You can see others from other communities that haven't had the background but might have a connection either in the industry or might resemble the person that's the hiring manager...Without the experience, they are still more likely to get that job based on what people see as their potential to be successful in that job,” Travis said.

“If you really want more people to stay in this industry, to make it diverse, you have got to really change what the top looks like *immediately* to get that type of result,” Chang said.

Author:

Susanne Sclafane



2013

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[Five Key Traits CEOs Look For When Hiring Talent](#)

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[Price Optimization: A Dangerous Method?](#)

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[It's Not About AIG, Says Berkshire's Peter Eastwood](#)

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[How Topgrading Helped One Commercial Insurer Hire Nearly All 'A'-Level Managers](#)

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[Five Myths About Predictive Analytics You Can't Afford to Believe](#)

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[Talent Risk: A Killer Torpedo?](#)

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[What It Takes to Be a P/C Insurer COO: Executive Recruiter Views](#)

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[Stop Wasting Your Money on Customer Experience](#)

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[Where Is the InsurTech Capital of the World?](#)

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[Chubb CUO Sees Small-Biz Market More Reachable With Low-Touch Underwriting](#)

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[Hands Still Tied at Lemonade, CEO Says](#)

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[Alive and Well: Reports of the Death of the Independent Agent Were Greatly Exaggerated](#)

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[The Road to Greatness: Transforming Culture From Complacency to Ownership](#)

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[The P/C Insurance Industry's #MeToo Moments: Part 1 of a Series](#)

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[The Remote Workforce Culture: Welcome to the Disruption](#)

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[Root and Lemonade: Real Unicorns or Ponies in Halloween Costumes?](#)

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[Berkshire Hathaway Direct: 'Challenging the Normal' With Three Pages](#)

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[Agents, Brokers and the Future of Insurance Distribution](#)

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['Underwriting by Google' Leads to Wrong Answers on Autism Drivers](#)

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[At Long Last, an Insurance Company Proud of Its Human Agents—and Telling the World](#)

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[How Root Insurance Did What Other Insurers Only Imagined](#)

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[A Quarantine Dispatch on Metromile, Lemonade and Root's Financials](#)

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[It's Not Over: Social Inflation Will Be Around for Some Time](#)

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[The Insanity of Analytics in Insurance](#)

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[Lemonade Aftertaste: Will Reinsurers Keep Covering Unprofitable InsurTechs?](#)

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