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INSIGHTS CONFERENCE



# Welcome to the Casualty Insights Conference!





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# Welcoming Remarks



**Rebecca Bole**  
EVP & Editor-in-Chief  
Advisen





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Leading the way to smarter and more efficient risk and insurance communities, Advisen delivers:

- The **right** information into
- The **right** hands at
- The **right** time
- To power *performance*





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# Thank you to our Advisory Board

Meredith Bullock, Berkshire Hathaway

Joseph Cellura, Allied World

Tony DeFelice, Aon

Timothy DeSett, Lockton Companies

Elizabeth Johnson, AIG

Stephen Kempsey, Marsh

Debbie Michel, Liberty Mutual Insurance

Joseph Peiser, Willis Towers Watson

Audrey Rampinelli, Loews Corporation [2017 Conference Chair]

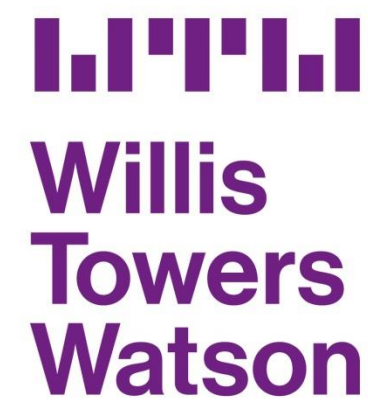
Brian Winters, Zurich North America





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# Chair Opening Remarks

**Audrey Rampinelli**

Vice President, Risk Management  
Loews Corporation







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***There can be no great accomplishment without risk.***

***- Neil Armstrong***



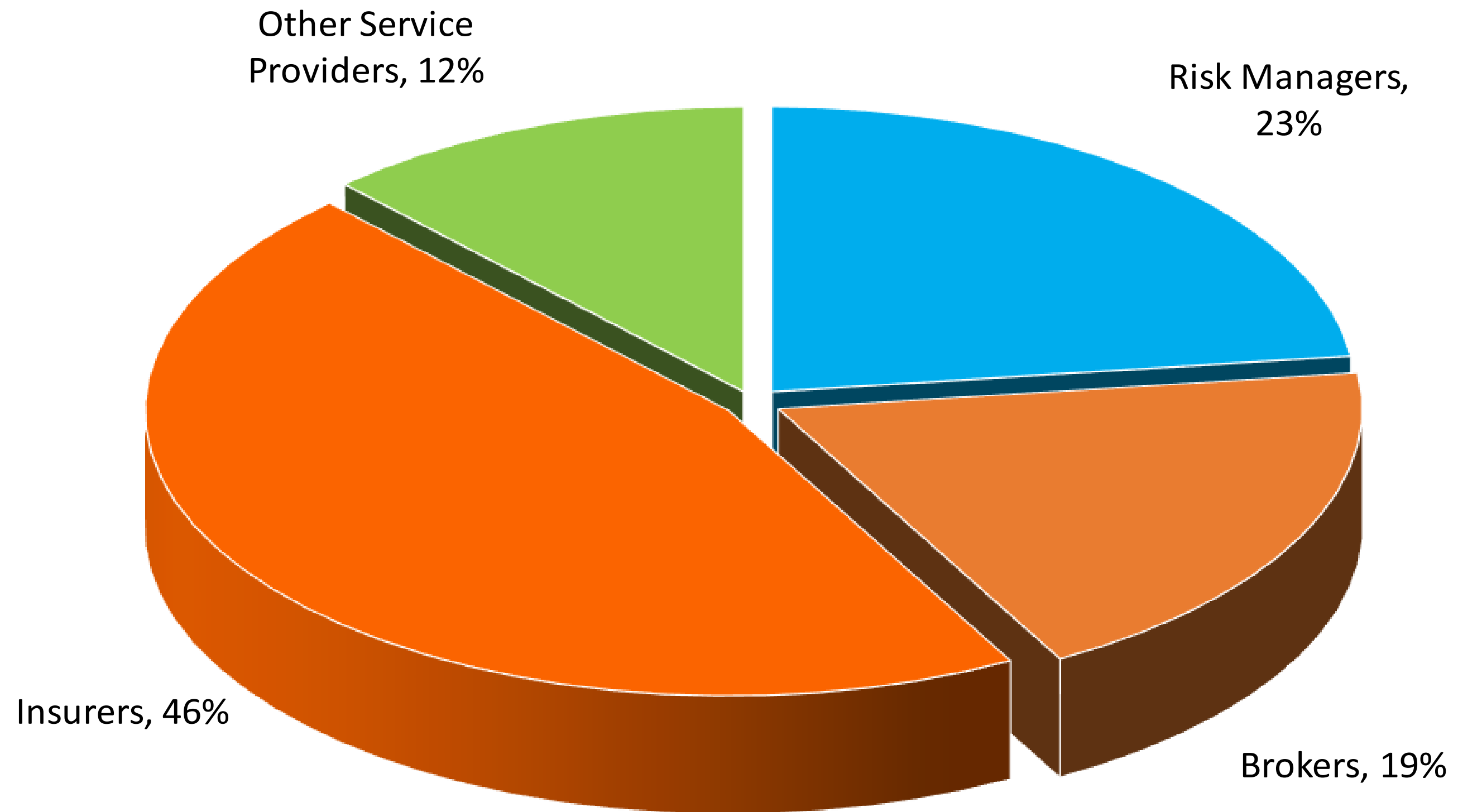


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## 2017 Attendees







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[www.martybucella.com](http://www.martybucella.com)

## RELATIONSHIP INSURANCE



"In the event of a breakup, do not admit fault. Call claims. Don't discuss details with anyone..."





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www.martybucella.com



"It's a survey. Are we insured by the obnoxious woman in white or the little lizard?"



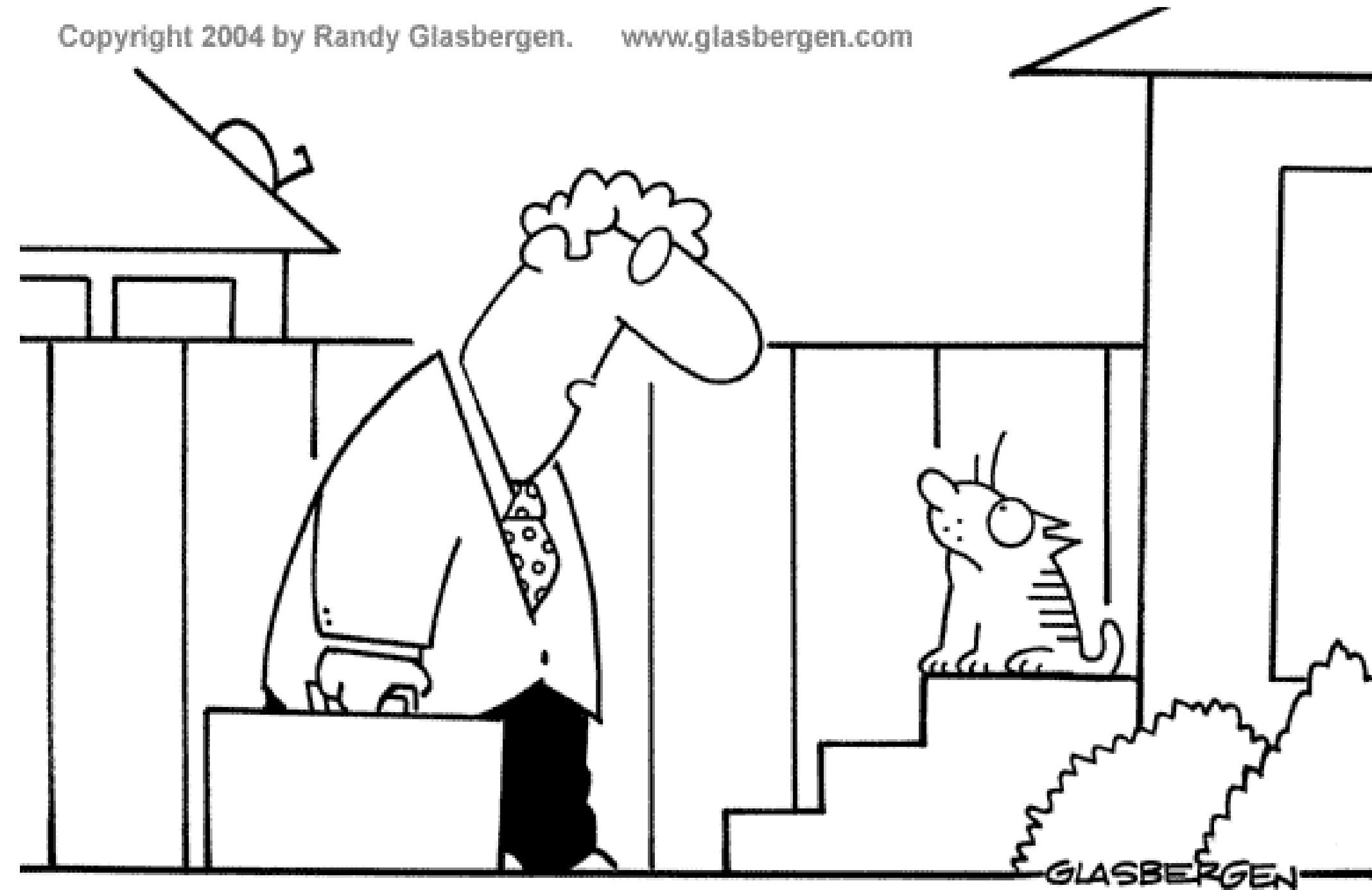


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**“Your owners pet you to relieve stress. If that fails, you could be sued for malpractice. That’s why you need cat insurance.”**





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# Keynote Address



**Scott G. Stephenson**  
Chairman, President,  
and Chief Executive Officer  
Verisk Analytics



# Megatrends in Our Environment



SERVE | ADD VALUE | INNOVATE



# Deep Machine Learning







# Machine Learning Applications



### Plateau will be reached in:

○ less than 2 years

● 2 to 5 years

● 5 to 10 years

▲ more than 10 years

⊗ obsolete before plateau

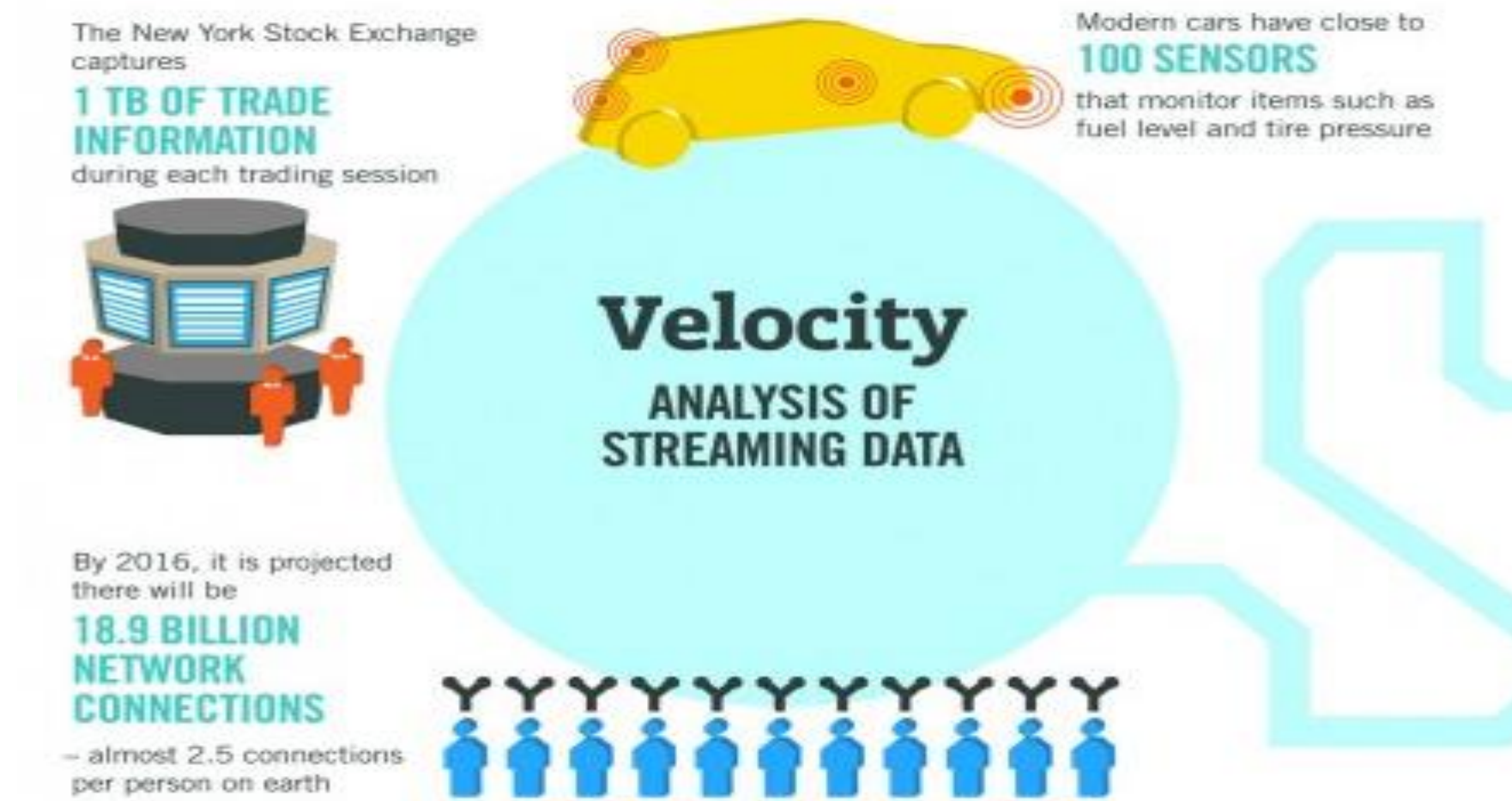
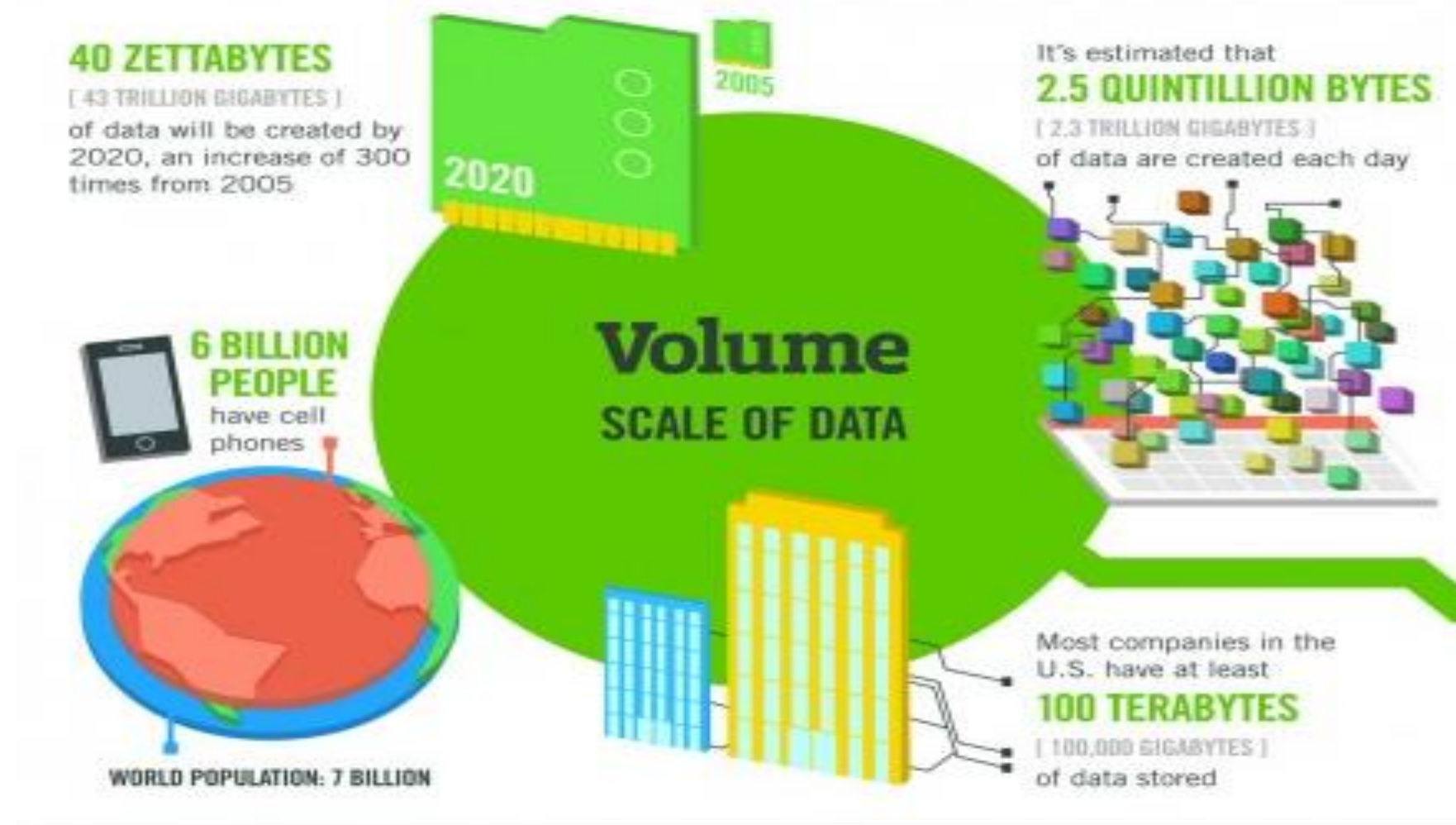
Source: Gartner, "Hype Cycle for Customer Analytic Applications, 2014," 30 July 2014, (G00263834)





# Accelerants to Deep Learning/AI

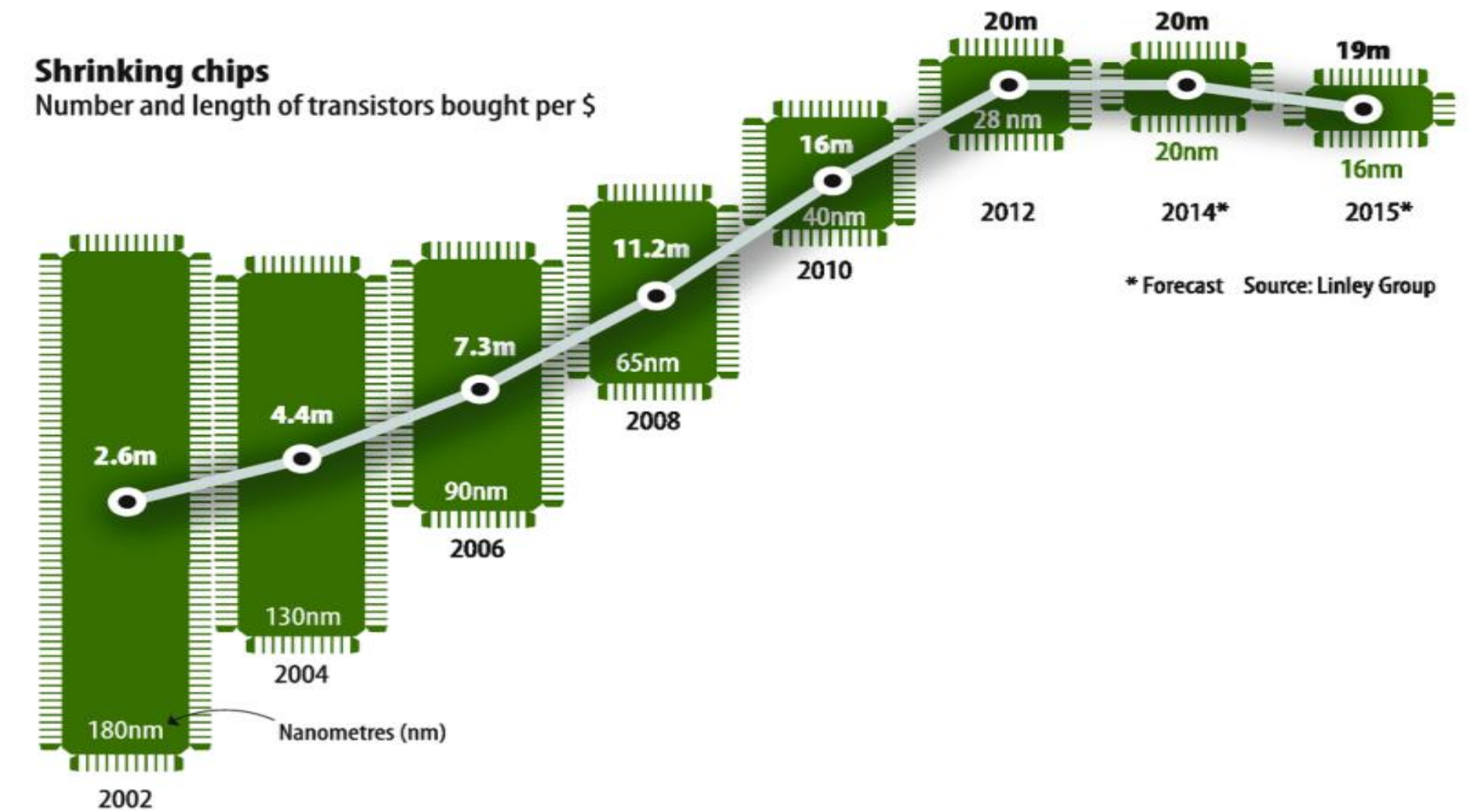
## Data Explosion\*



Sources: McKinsey Global Institute, Twitter, Cisco, Gartner, EMC, SAS, IBM, MEPTec, QAS

- People
- Cloud
- Social
- Sensors
- Telemetry
- Government
- Mobility
- Facebook
- Twitter
- Google
- E-Mail
- Instagram
- Legal
- Corporations
- Purchasing
- Intelligence
- Law Enf'rcmnt
- Defense
- Machines
- Airplanes
- Ships & Cargo
- Etc.

## Moore's Law



## Helping solve:

- New class of cognitive problems at scale, and
- Known complex problems more effectively






# Major Leaguers: AI Talent & Capabilities

TECH INTERNET OF THINGS See the Fortune 500 list

## Amazon Lands Artificial Intelligence Brainiac From Carnegie Mellon

by Barb Darrow @gigabarb JUNE 16, 2016, 9:26 AM EDT




Alex Smola will lead a new group in San Francisco

MICROSOFT TECH EXCLUSIVE FEATURED LONGFORM 114 COMMENTS

## Exclusive: Why Microsoft is betting its future on AI

Inside Satya Nadella's plan to outsmart Google

By Casey Newton on July 7, 2016 08:00 am Email @CaseyNewton



DEC 15, 2014 @ 12:41 AM 24,588 VIEWS

## Test Driving IBM's Watson Analytics Beta

Louis Columbus, CONTRIBUTOR  
I cover CRM, Cloud Computing, ERP and Enterprise Software. FULL BIO

TWEET THIS

shows potential to break down the barriers that hold back analytics adoption in enterprises.

IBM IBM+1.63%'s Watson Analytics beta was made available to the public last week, and shows potential to break down the barriers that hold back analytics adoption in enterprises.

## Astounding 'Facts' About Google's Most Badass Engineer, Jeff Dean

Nicholas Carlson Jan. 24, 2012, 12:20 PM 1,997,218 12


FACEBOOK LINKEDIN TWITTER EMAIL PRINT

Forget Larry and Sergey: At the Googleplex in Mountain View, California, the real celebrity engineer is Jeff Dean.

Consider this story Googler Heej Jones told on Quora:

"Before my first day at Google, a mutual friend introduced [me to Jeff] over email. So during my first week, I pinged him to grab lunch.

At the time, I had no idea who he was or anything about his stature at Google. I did notice during that first lunch, however, that



Niall Kennedy

## Facebook AI Director Yann LeCun on His Quest to Unleash Deep Learning and Make Machines Smarter

By Lee Gomes  
Posted 18 Feb 2015 | 14:45 GMT



Photo-illustration: Randi Klett  
Deep Learning expert Yann LeCun leads Facebook's AI research lab.

Trending: Microsoft Ignite: How algorithms, the cloud, IoT and data are changing computing

## Exclusive: Apple acquires Turi in major exit for Seattle-based machine learning and AI startup

BY TODD BISHOP & TAYLOR SOPER on August 5, 2016 at 12:56 pm

Comments 9 Share 1.3k Tweet Share 1k Reddit Email

GeekWire Summit: Purchase tickets

...while others would whisper something  
...to know more about his "legend"; one  
...ean?!"  
...for the blazing speed of Google

Artificial intelligence has gone through some dismal periods, which those in the field gloomily refer to as "AI winters." This is not one of those times; in fact, AI is so hot right now that tech giants like Google, Facebook, Apple, Baidu, and Microsoft are battling for the leading minds in the field. The current excitement about AI stems, in great part, from groundbreaking advances involving what are known as "convolutional neural networks." This machine learning technique promises dramatic improvements in things like computer vision, speech recognition, and natural language processing. You



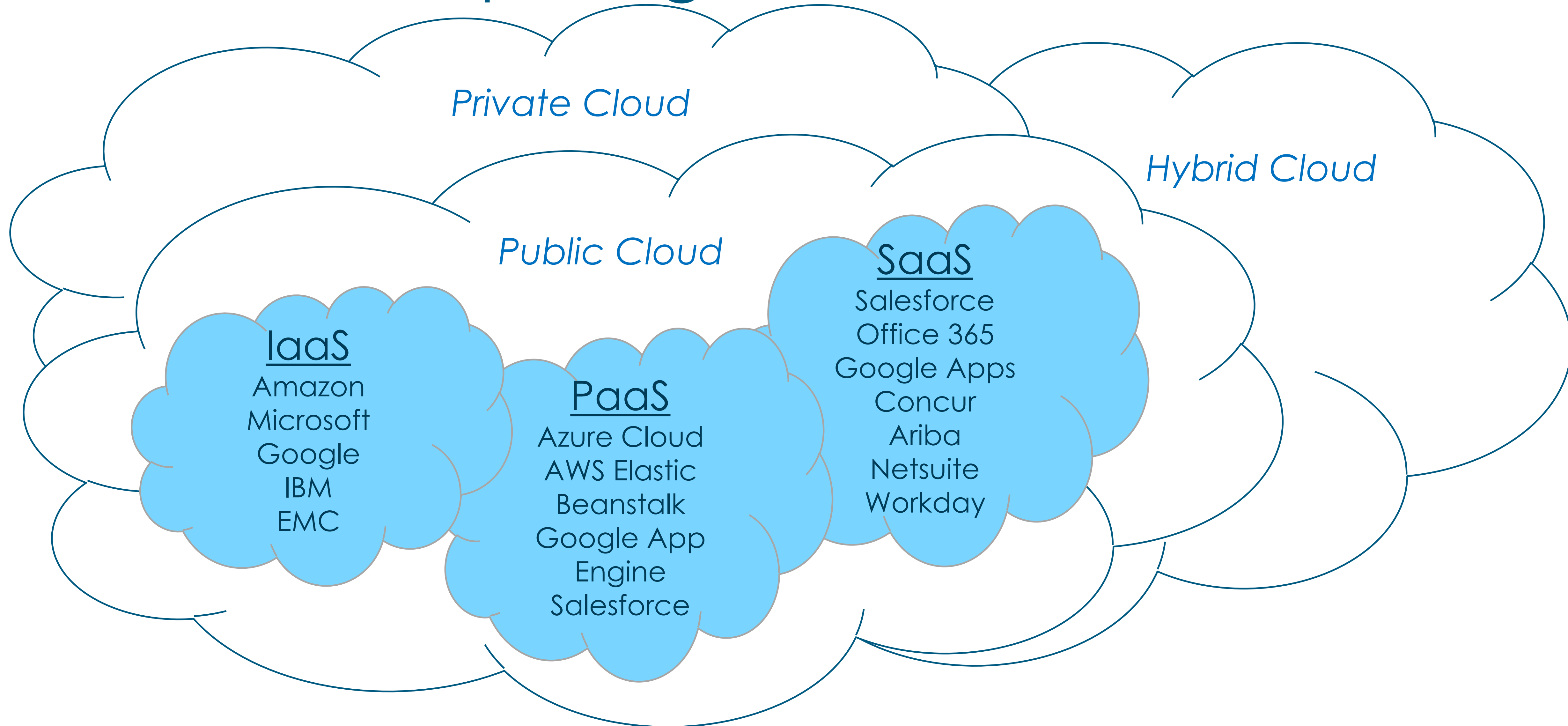
# Cloud Computing







# Cloud Computing Models





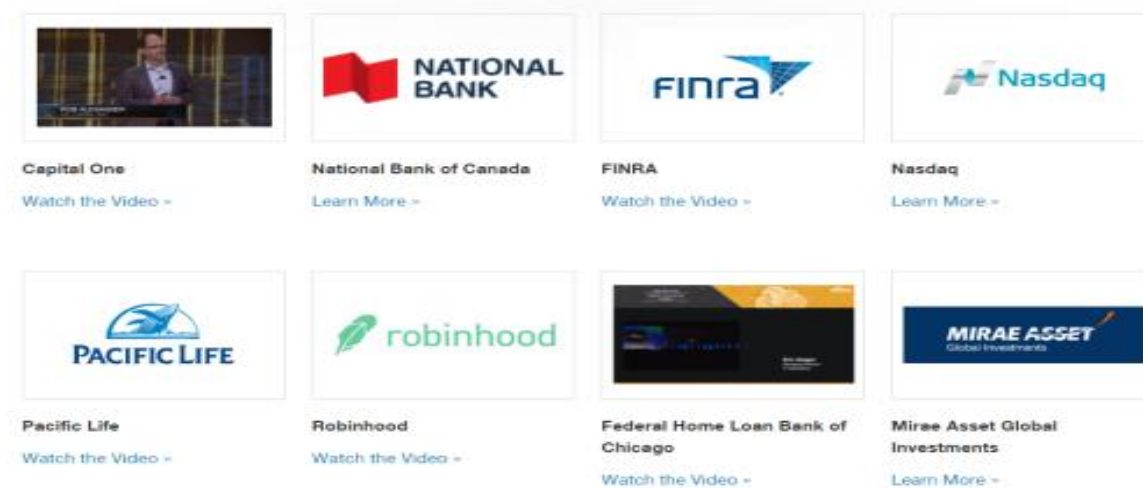


# AWS, Azure and Google Cloud Are All Penetrating the Banking, Insurance, Oil & Gas Industries



### Financial Services Customer Stories

AWS has worked with some of the leading banking, capital markets, insurance, fintech, and industry service providers to accelerate agility and enable innovation in financial services.



“Our journey is to get 500 apps into AWS.

We believe that will really make us successful in the long run.”

**Ben Wilson**  
Chief Technology Officer

## Google Cloud Joins Amazon, IBM in Serving Blockchain Clients

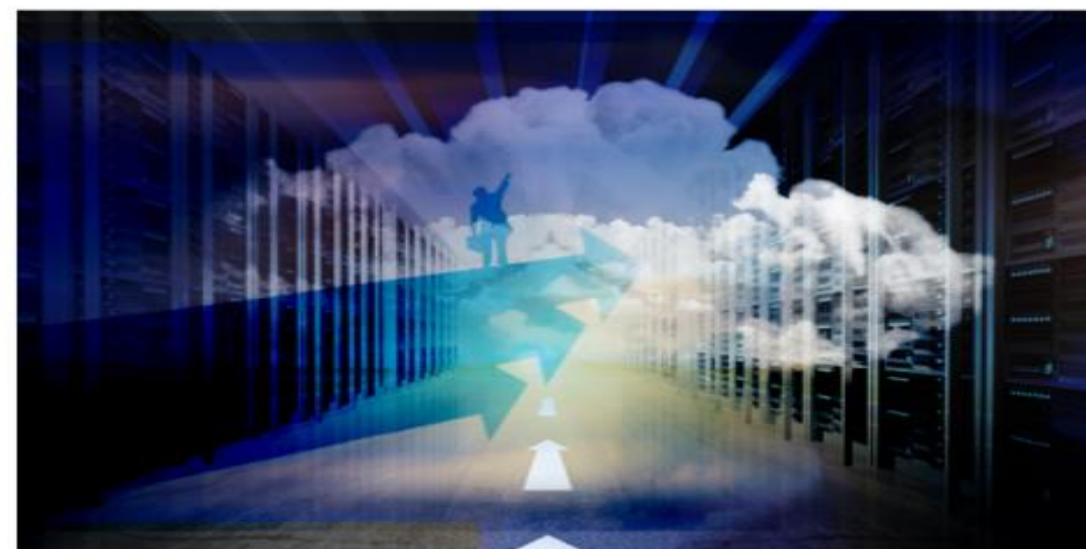
by Olga Kharif  
@olgakharif

September 23, 2016 – 12:00 AM EDT

- ▶ Banks to use Google data centers for tests of new technology
- ▶ Royal Bank of Scotland tries out a clearing and settlement app

Google’s cloud services will be used to test blockchain technologies for banks, an area where IBM, Microsoft and Amazon have been courting clients for the past year.

### FEATURE Why banks are finally cashing in on the public cloud



Credit: Thinkstock

World Bank, Capital One and other banks are moving past their fears about security and regulatory risks turned and embracing the business agility of public cloud services.

By Clint Boulton | Follow  
CIO | May 10, 2016 1:48 PM PT

#### MORE LIKE THIS

- CIOs must know their customers to know the business
- Chicago bank finds public cloud ready for prime time
- Millennials want to be digital entrepreneurs, not CIOs
- on IDG Answers → What does Microsoft Hololens Enterprise Edition offer business that other...



- 6 of the top 8 “too big to fail” insurers banks on Azure
- 17 of the top 26 “too big to fail” banks on Azure
- Oil & Gas: IDC estimates that by the end of 2016 50% of O&G customers will be leveraging cloud analytics

## THE WALL STREET JOURNAL.

### Amazon Web Services Takes Aim at Big Banks

Tech giant is pitching its cloud computing service to big U.S. banks



Amazon's Amazon Web Services unit has been approaching banks including Citigroup and J.P. Morgan Chase, people familiar with the matter said. PHOTO: REUTERS

By CHRISTINA REXRODE and EMILY GLAZER  
Updated Feb. 23, 2016 4:14 p.m. ET

13 COMMENTS





# Cloud Computing Advantages

Significant advantages exist when leveraging cloud computing

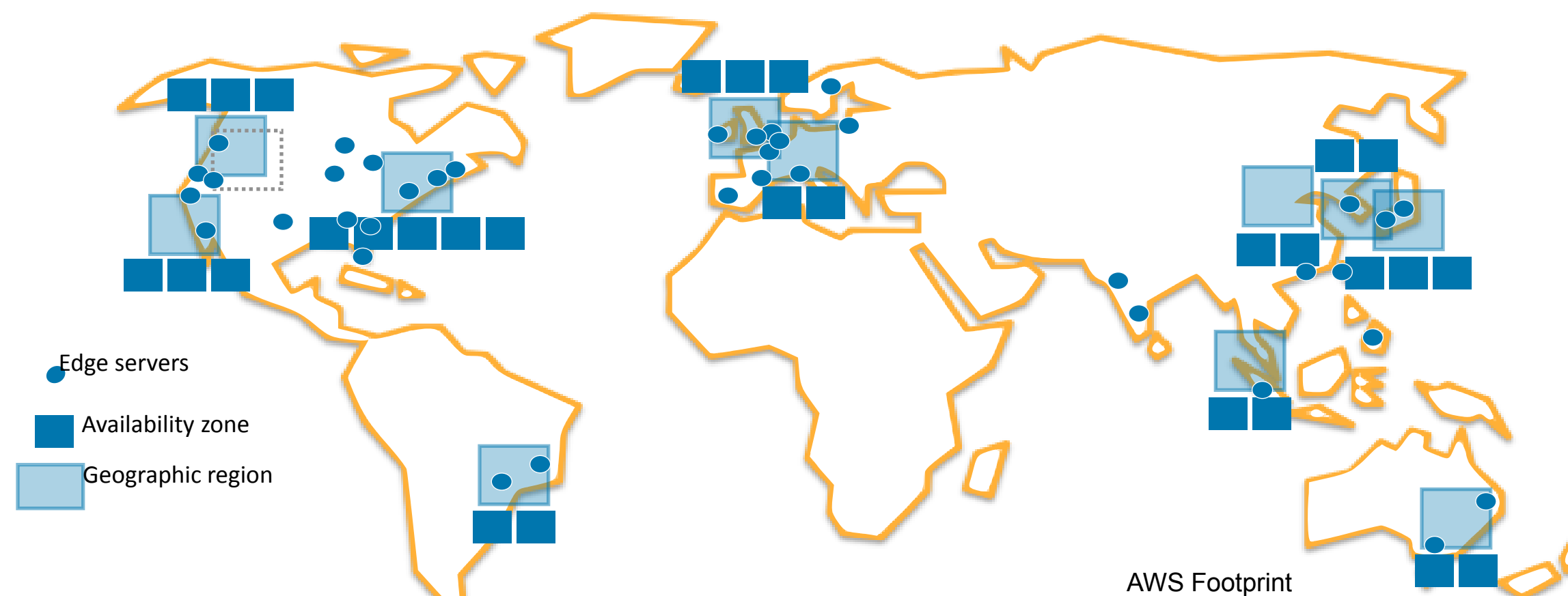
## Speed and Agility

AWS Services

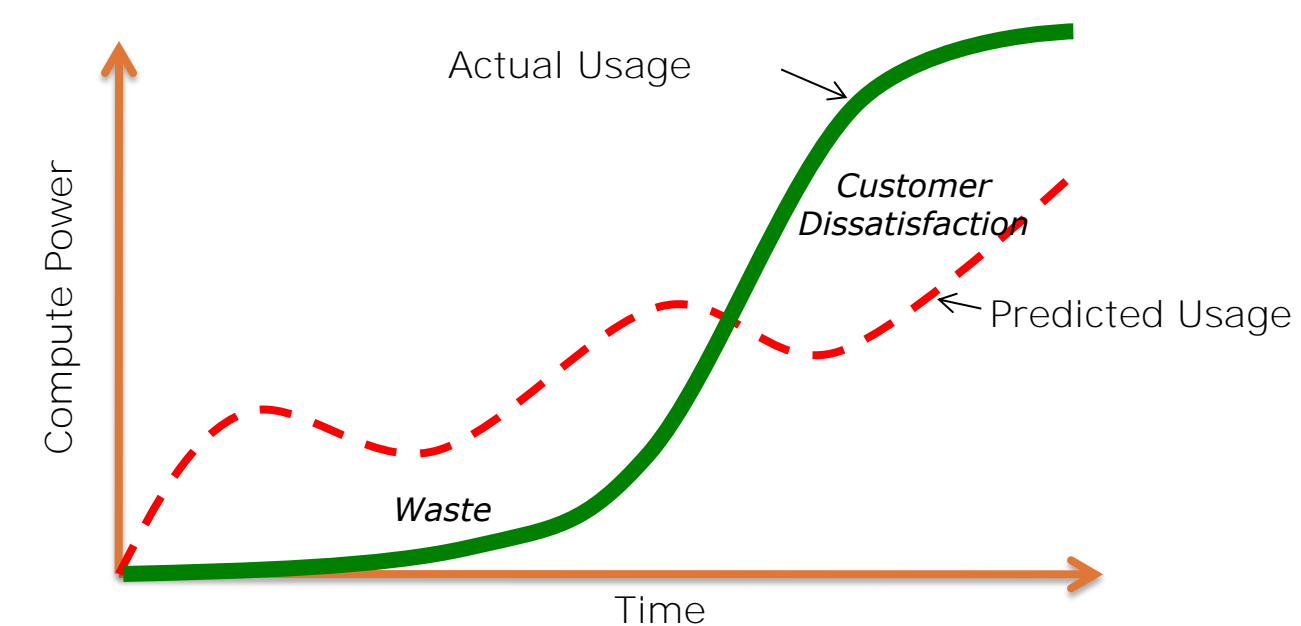
Amazon Web Services

<b>Compute</b> EC2 Virtual Servers in the Cloud Lambda Run Code in Response to Events EC2 Container Service Run and Manage Docker Containers	<b>Administration &amp; Security</b> Directory Service Managed Directories in the Cloud Identity & Access Management Access Control and Key Management Trusted Advisor AWS Cloud Optimization Expert CloudTrail User Activity and Change Tracking Config Resource Configurations and Inventory CloudWatch Resource and Application Monitoring Service Catalog Personalized Catalog of AWS Resources	<b>Application Services</b> SQS Message Queue Service SWF Workflow Service for Coordinating Application Components AppStream Low Latency Application Streaming Elastic Transcoder Easy-to-use Scalable Media Transcoding SES Email Sending Service CloudSearch Managed Search Service API Gateway Build, Deploy and Manage APIs
<b>Storage &amp; Content Delivery</b> S3 Scalable Storage in the Cloud Elastic File System <b>PREVIEW</b> Fully Managed File System for EC2 Storage Gateway Integrates On-Premises IT Environments with Cloud Storage Glacier Archive Storage in the Cloud CloudFront Global Content Delivery Network	<b>Deployment &amp; Management</b> Elastic Beanstalk AWS Application Container OpsWorks DevOps Application Management Service CloudFormation Templated AWS Resource Creation CodeDeploy Automated Deployments CodeCommit Managed Git Repositories CodePipeline Continuous Delivery	<b>Mobile Services</b> Cognito User Identity and App Data Synchronization Device Farm Test Android and Fire OS apps on real devices in the Cloud Mobile Analytics Understand App Usage Data at Scale SNS Push Notification Service
<b>Database</b> RDS MySQL, Postgres, Oracle, SQL Server, and Amazon Aurora DynamoDB Predictable and Scalable NoSQL Data Store ElastiCache In-Memory Cache Redshift Managed Petabyte-Scale Data Warehouse Service	<b>Analytics</b> EMR Managed Hadoop Framework Kinesis Real-time Processing of Streaming Big Data Data Pipeline Orchestration for Data-Driven Workflows Machine Learning Build Smart Applications Quickly and Easily	<b>Enterprise Applications</b> WorkSpaces Desktops in the Cloud WorkDocs Secure Enterprise Storage and Sharing Service WorkMail <b>PREVIEW</b> Secure Email and Calendaring Service
<b>Networking</b> VPC Isolated Cloud Resources Direct Connect Dedicated Network Connection to AWS Route 53 Scalable DNS and Domain Name Registration		

## Platform Robustness



## Economics







# Important Considerations



Client  
Sensitivity



Application  
Re-architecting



Operational  
Model



Security Model



Economics



# Internet of Things (IoT)/ Hyperconnectivity

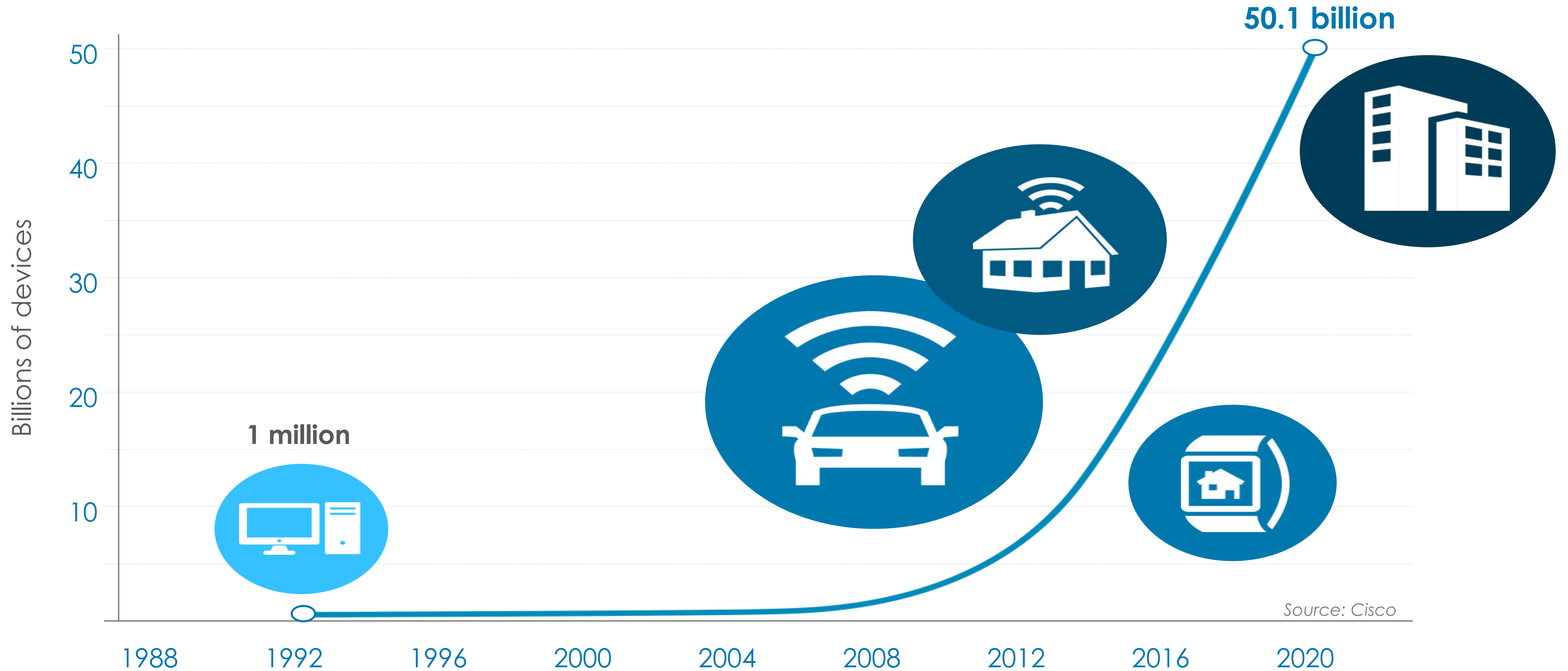






# Growth in the Internet of Things

The number of connected devices expected to exceed 50 billion by 2020



Source: Cisco



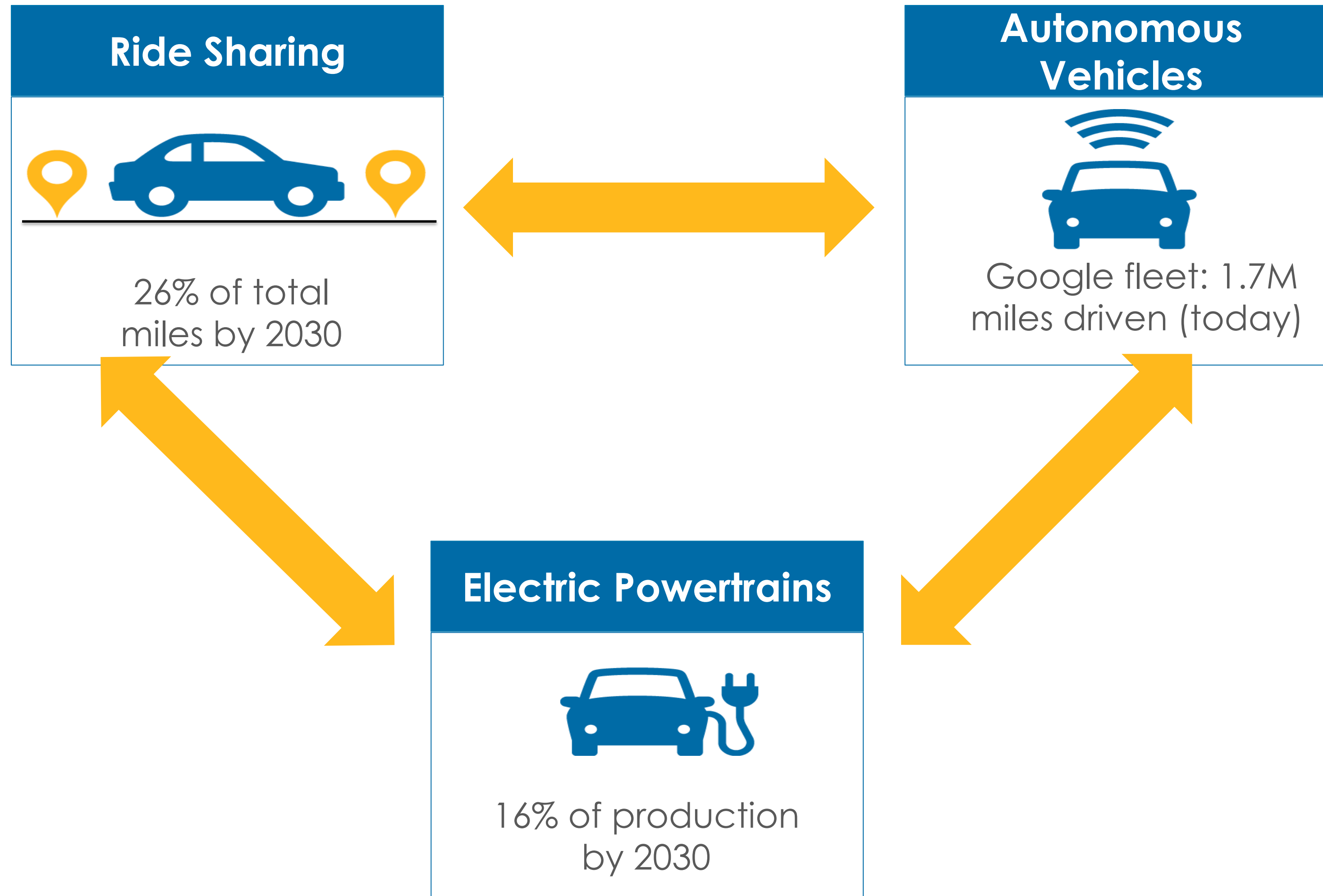
# Triple Disruption in Automotive







# Triple Disruption: Ride Sharing, Autonomous Vehicles, Electric Powertrains



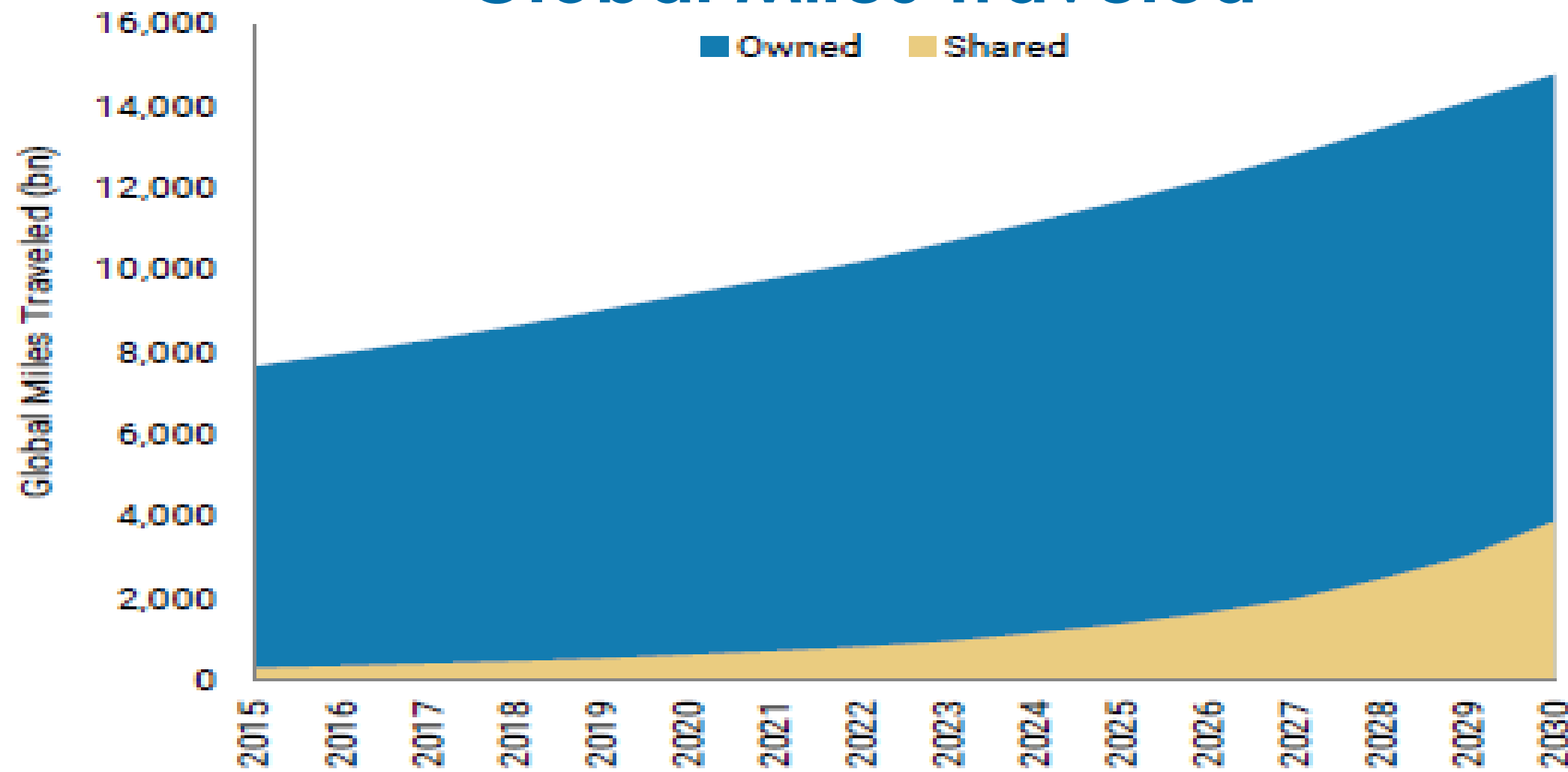
- Simultaneous emergence of three interrelated megatrends
- Massive disruption of existing business models
- Timing: objects in mirror may be closer than they appear!



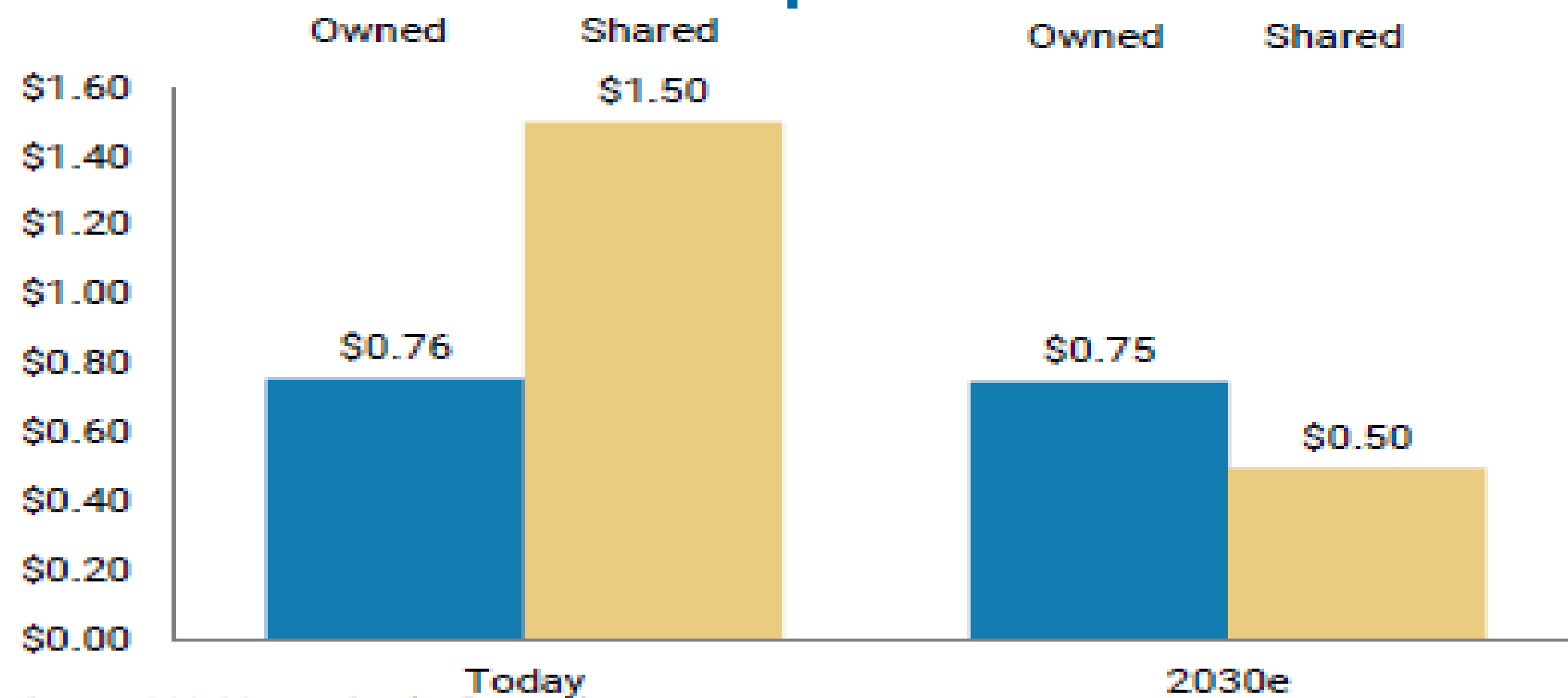


# Ride Sharing: Snapshot

### Global Miles Traveled



### Cost per Mile



- #1 inefficiency in current auto model = cars used <1 hour per day
  - 4% utilization
  - Vehicle sharing can increase to 50-60%
- Exponential growth in sharing services
  - Uber global bookings: \$26B 2016E (+141% growth)
  - Autonomous cars eliminate cost of driver (50% of cost per mile)
- Urbanization drives car sharing need
  - Global urban population: 6B (+50%) by 2025

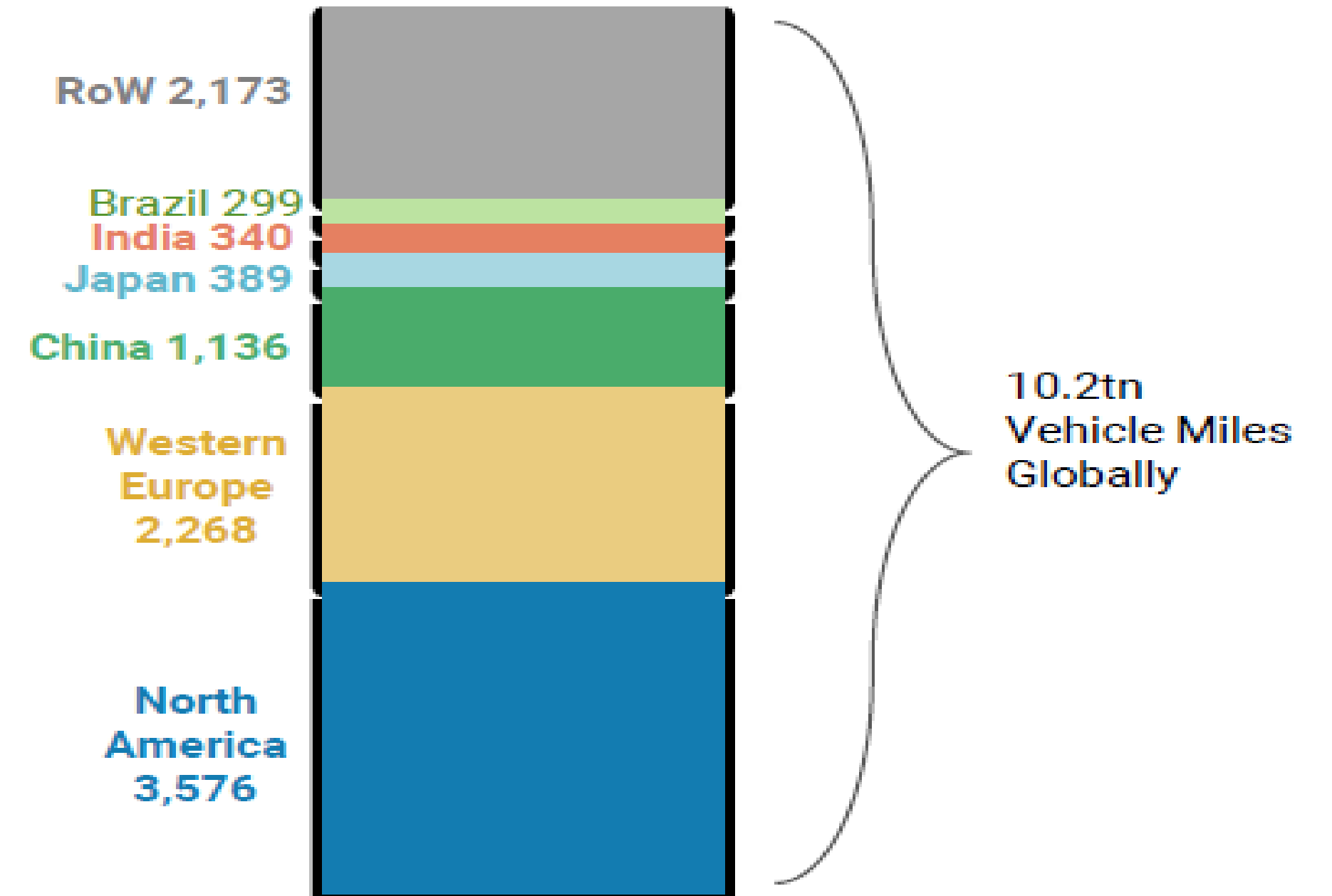




# Autonomous Vehicles: Snapshot

- Human driver replaced with technology suite (sensors, software)
- Large market opportunity
  - 10T miles driven (1.7 light years): catalyst for investment by traditional firms and new entrants

## Global Miles Traveled



Mass production of autonomous fleet by 2021



1.7M miles driven by autonomous fleet



Rollout of shared, autonomous cars in Pittsburgh; beer truck, 120 mile delivery in CO





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# The Buyer's Perspective





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# The Buyer's Perspective

**Stephen Kempsey**  
US Casualty Practice Leader  
Marsh  
Moderator







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# The Buyer's Perspective

- **Stephen Kempsey**, US Casualty Practice Leader, Marsh (Moderator)
- **Jennifer De La Torre**, AVP Risk Management, AT&T
- **Roger L. Hammer**, Director, Risk Management, American Water Works Service Company, Inc.
- **Jesse Paulson**, Executive – Insurance, General Electric Company





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# The Buyer's Perspective



**Stephen Kemsey**  
Marsh



**Jennifer De La Torre**  
AT&T



**Roger L. Hammer**  
American Water Works  
Service Company, Inc.



**Jesse Paulson**  
General Electric Company





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# Track 1





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# Wearable Technology





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# Wearable Technology

**Christopher Flatt**

Workers Compensation COE Leader,  
US Casualty Practice

Marsh  
Moderator







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# Wearable Technology

- **Christopher Flatt**, Workers Compensation COE Leader, US Casualty Practice, Marsh (Moderator)
- **Adam Bellin**, Founder and Director of Business Development, Human Condition Safety
- **Mark Heaysman**, Head of Sales and Operations USA, dorsaVi
- **Dr. Ismail Nabeel**, Assistant Professor Department of Environmental Medicine and Public Health, Icahn School of Medicine, Mount Sinai Health Systems
- **David Roy**, 2nd Vice President, Forensic Engineering Laboratory, Travelers





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# Wearable Technology



**Christopher Flatt**  
Marsh



**Adam Bellin**  
Human Condition Safety



**Mark Heaysman**  
dorsaVi



**Dr. Ismail Nabeel**  
Icahn School of Medicine



**David Roy**  
Travelers





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# Drones: An Airborne Revolution





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# Drones: An Airborne Revolution



**David Merker**  
SVP Aerospace Northeast  
Regional Manager  
Willis Towers Watson  
Moderator





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# Drones: An Airborne Revolution

- **David Merker**, SVP, Aerospace Northeast Regional Manager, Willis Towers Watson (Moderator)
- **Steven Fargo**, CEO, DataWing Global
- **Chris Proudlove**, SVP, Manager, Northeast Regional Office, Global Aerospace
- **Cheryl Yetka**, Treasurer, The Port Authority of New York and New Jersey



# Drones – An Airborne Revolution

## Objectives:

1. Create an understanding of current commercial uses of drones and how will this trend may develop
2. Inform the impact of new regulation and how the insurance market is addressing the risks
3. Answer your questions

## Agenda:

- Introductions – Dave Merker
- UAS Technology and Applications – Steven Fargo
- UAS Operations: Risk and Limitations – Cheryl Yetka
- Coverage, Claims & Liability Issues – Chris Proudlove
- Evolving Topics
  - Regulation: FAA, Individual States
  - Cyber, Terrorism

## Panel members:

- Dave Merker, SVP, Aerospace Regional Manager, Willis Towers Watson (Moderator)
- Steven Fargo, CEO, DataWing Global
- Cheryl Yetka, Treasurer, The Port Authority of New York and New Jersey
- Chris Proudlove, SVP, Manager, Northeast Regional Office, Global Aerospace





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# Drones: An Airborne Revolution



**David Merker**  
Willis Towers Watson



**Steven Fargo**  
DataWing Global



**Chris Proudlove**  
Global Aerospace



**Cheryl Yetka**  
The Port Authority of NY & NJ





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# The Internet of Things and Liability: Who Will Pay When Things Go Wrong?





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# The Internet of Things and Liability



**Shannon Groeber**  
Senior Vice President,  
Cyber/E&O Practice  
JLT Specialty USA  
Moderator





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# The Internet of Things and Liability

- **Shannon Groeber**, Senior Vice President, Cyber/E&O Practice, JLT Specialty USA (Moderator)
- **Andy Barberis**, Global Head of Excess Casualty Claims, AIG
- **Elizabeth Johnson**, Global Head of Excess Casualty, AIG
- **Jennifer Rothstein**, Senior Director, Insurance Channel, Kroll





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# The Internet of Things and Liability



**Shannon Groeber**  
JLT Specialty USA



**Andy Barberis**  
AIG



**Elizabeth Johnson**  
AIG



**Jennifer Rothstein**  
Kroll





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# Workplace Violence: Prevention, Mitigation & Crisis Management





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# Workplace Violence

**Paul Primavera**

Executive Vice President,  
National Risk Control Services –  
Practice Leader  
Lockton Companies  
Moderator







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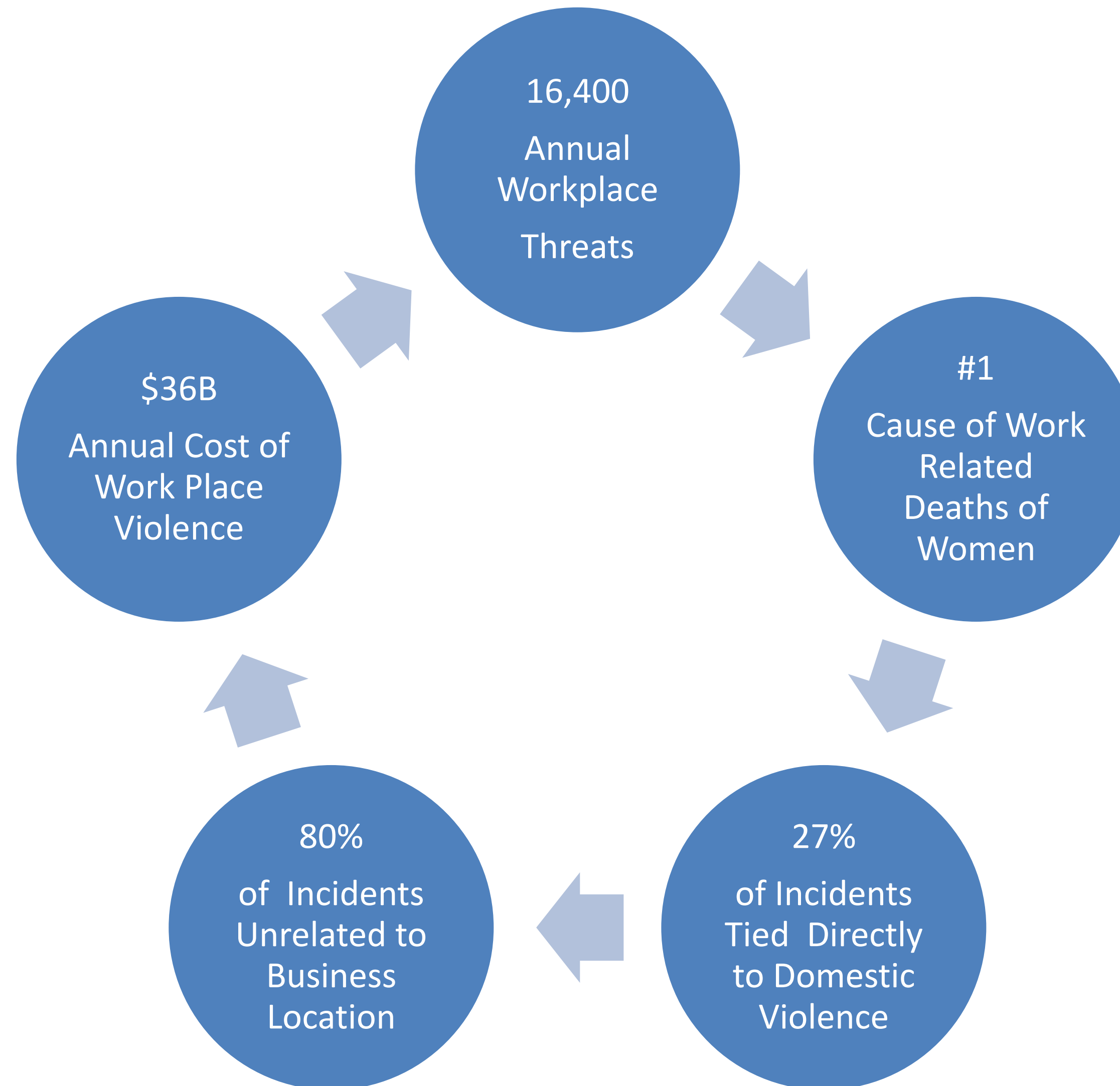


# Workplace Violence

- **Paul Primavera**, Executive Vice President, National Risk Control Services – Practice Leader, Lockton Companies (Moderator)
- **Wendy Melk**, Principal, Jackson Lewis
- **Kendell Moore**, Vice President, Abernathy MacGregor

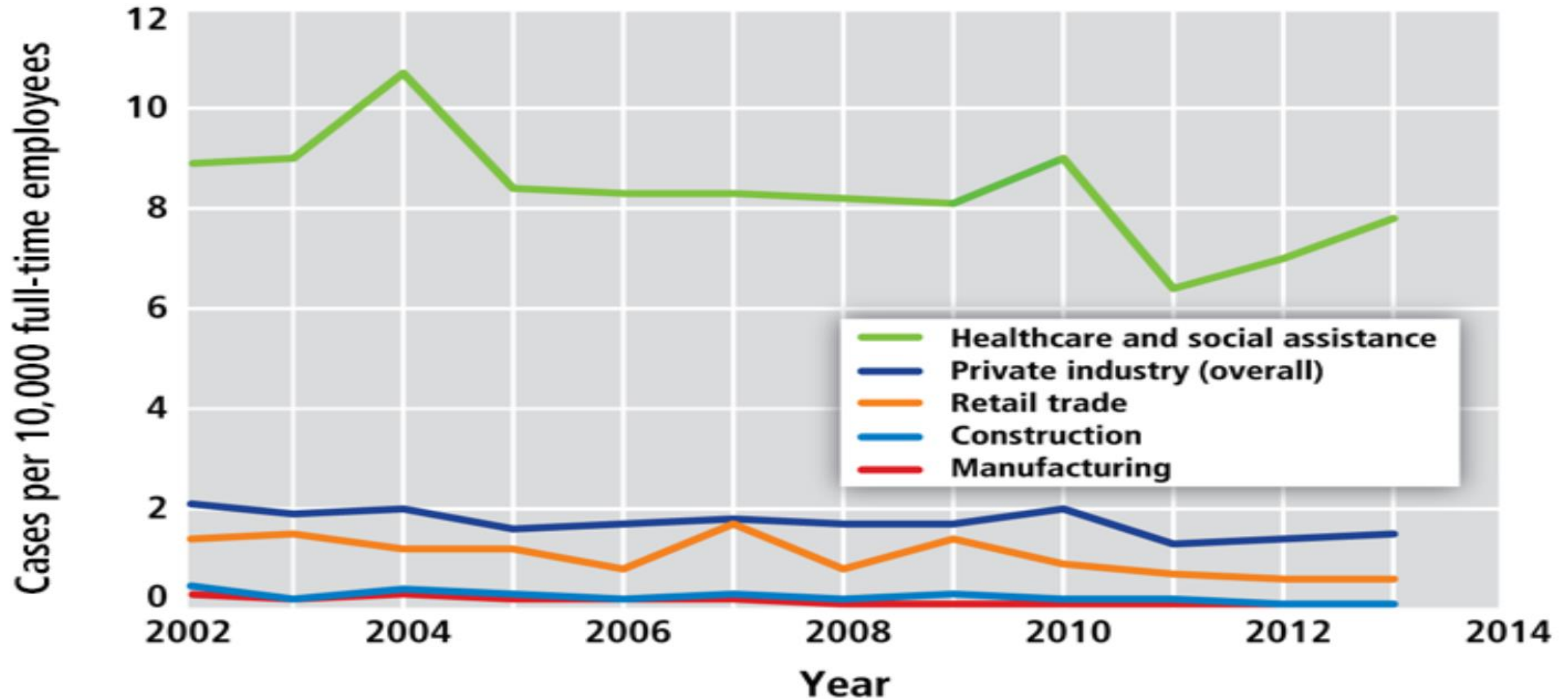


# Work Place Violence – The Scope of the Problem





# Violent Injuries Resulting in Days Away from Work, by Industry, 2002–2013



Data source: Bureau of Labor Statistics data for intentional injuries caused by humans, excluding self-inflicted injuries.



# Workplace Violence Includes:

- Beating
- Stabbing
- Shooting
- Physical attacks such as biting, kicking, etc.
- Rape
- Suicides and/or attempted suicide
- Psychological trauma
- Threats or obscene phone calls
- Intimidation
- Harassment of any kind
- Verbal attack
- Stalking





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# Workplace Violence



**Paul Primavera**  
Lockton Companies



**Wendy Melk**  
Jackson Lewis



**Kendell Moore**  
Abernathy MacGregor





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# Track 2





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# Insurance Disruptors





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# Insurance Disruptors



**Meredith Bullock**  
Senior Vice President  
Berkshire Hathaway  
Moderator





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# Insurance Disruptors

- **Meredith Bullock**, Senior Vice President, Berkshire Hathaway (Moderator)
- **Michael Ian Coles**, Chairman & Chief Executive Officer, Cedent
- **Jim Keating**, Founder, Chairman & CEO, Keating Companies
- **Bob Reville**, President & Chief Executive Officer, Praedicat
- **Shannon Totten**, SVP, Casualty Insurance Practice Leader Bermuda, Endurance





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# Insurance Disruptors



**Meredith Bullock**  
Berkshire Hathaway



**Michael Ian Coles**  
Cedent



**Jim Keating**  
Keating Companies



**Bob Reville**  
Praedicat



**Shannon Totten**  
Endurance





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# Catastrophic Claims





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# Catastrophic Claims



**David Bradford**  
Co-Founder &  
Chief Strategy Officer  
Advisen  
Moderator





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# Catastrophic Claims

- **David Bradford**, Co-Founder & Chief Strategy Officer, Advisen (Moderator)
- **Andy Barberis**, Global Head of Excess Casualty Claims, AIG
- **Marissa Beyers**, Senior Vice President, Trial Behavior Consulting Inc.
- **John Denton**, Managing Director, Marsh





## Top 20 Claims Paid in 2016

	AY	TYPE OF POLICYHOLDER	TOTAL AMOUNT	CLAIM TYPE	LOCATION
<b>1</b>	1966-1986	Manufacturing	\$75,456,000	Product/BI	USA
<b>2</b>	2015	Transportation	\$69,188,004	Auto/BI	Georgia
<b>3</b>	2007-2010	Chemical	\$47,240,921	Product/PD	USA
<b>4</b>	2014	Public Entity	\$40,000,000	GL/BI	Washington
<b>5</b>	2015	Transportation	\$39,780,534	Auto/BI	Texas
<b>6</b>	2016	Multinational	\$33,680,000	Product/PD	France
<b>7</b>	2009	Industrial	\$31,695,314	GL/PD	Missouri
<b>8</b>	1991-2001	Public Entity	\$30,664,988	Wrongful Act	California
<b>9</b>	2011	Manufacturing	\$27,743,645	Product/BI	Virginia
<b>10</b>	2013	Transportation	\$27,138,572	Auto/BI	California
<b>11</b>	2005	Real Estate	\$26,569,697	Premises/BI	New York
<b>12</b>	2013	Industrial	\$25,406,916	GL/PD	Illinois
<b>13</b>	2015	Services	\$25,019,555	GL/BI	US Virgin Islands
<b>14</b>	2010	Retail	\$23,117,130	Premises/BI	Missouri
<b>15</b>	2012	Construction	\$23,000,000	GL/BI	New York
<b>16</b>	2011	Manufacturing	\$22,950,276	Product/BI	Virginia
<b>17</b>	2007	Services Contractor	\$22,450,569	Premises/BI	Illinois
<b>18</b>	2005	Construction	\$18,000,000	GL/PD	Nevada
<b>19</b>	2013	Energy	\$15,999,205	Auto/BI	Texas
<b>20</b>	2015	Transportation	\$15,395,403	Auto/BI	Tennessee

**TOTAL: \$640,496,729**





## Top 10 Verdicts 2016

	AMOUNT	TYPE	VENUE
1	\$1,032B	Products Liability	Texas
2	\$940M	Trade Secrets	Wisconsin
3	\$183.3M	Premise Liability	New York
4	\$151.69M	Products Liability	Texas
5	\$140.1M	Invasion of Privacy	Florida
6	\$124.5M	Products Liability	Texas
7	\$82.6M	Auto	California
8	\$72M	Products Liability	Missouri
9	\$70M	Pharmaceutical / Products Liability	Pennsylvania
10	\$55M	Invasion of Privacy	Tennessee





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## Best Practices Pre-Claim

1. Identify potential exposures—broad discussion risk management, legal, broker
  2. Review construction of insurance program:
    - Batch products exposure – number of occurrences: limits, deductibles, and retentions
      - Trigger of Coverage
        - Punitive Damages: MFV; Off-shore wrap
      - Defense obligation/Treatment of defense costs
        - Non-cumulation/anti-stacking
        - Arbitration/Choice of Law
          - Concurrency
3. Set up protocol for what to do when claims come in—who gets the initial notice/complaint where does it go next? Risk management/legal coordination.





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## Importance of Notice Letters

### Occurrence

- Notice – Prejudice Rule
- Overwhelming majority of states require prejudice to deny coverage for late notice under occurrence policies
- NY law has changed, but not completely

### Claims Made

- Claims Made or Claims Made and Reported?
  - Claims-Made and Reported policies expressly require notice to the insurer within the policy period
  - Courts in many jurisdictions have declined to extend the notice-prejudice rule to claims made and reported" policies.
  - Some courts have extended the application of the notice-prejudice rule to Claims-Made (but not reported) policies. *But see Templo Fuente De Vida Corp. v. Nat'l Union* (N.J. Feb. 11, 2016)
- Notice of Circumstance/Occurrence – Related Claim – Claims Series

### Occurrence-Reported

- Permissive Notice of Occurrence and Integrated Occurrence

### Notice of Related Claims or Integrated Occurrence: The Wording is Very Important

- Language of letter declaring related claims or an integrated occurrence is very important:
  - Will determine what claims fall within the Claims Series or Integrated Occurrence
  - Also important in what will be excluded going forward
  - Seek the advice of counsel experienced in this type of coverage and preparing Notice of Integrated Occurrence or Related Claims letters





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## Right and Duty to Defend

- When triggered?
  - Who controls?
  - Right to select counsel:
- Panel Counsel v. Cumis counsel
- Rates and qualifications when policyholder has the right to choose counsel
  - What are reasonable rates
  - Qualifications of defense counsel





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## Cooperation with insurers and waiver of privileges

- Insurance policy “cooperation clauses” may require the insured to share privileged information with the insurer.
- Disclosure of privileged or work product information to an insurer may waive the privilege as to other parties.

## Common Interest Doctrine

- Insurer providing a defense: The “common interest” doctrine is most likely to preserve the privilege where the insurer has retained counsel to defend the insured.
- Reservation of rights: The doctrine is less likely to apply if the insurer has reserved its rights.
- Separate counsel: Most courts will not find a “common interest” if the insurer declines coverage or the insured has its own counsel and acts independently of the insurer.

**Counsel can help navigate issues in order to provide information while protecting privileges**





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# Utilizing Trial Consulting to Optimize Your Trial Strategy





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# Emerging and Persisting Trends in Litigation that Pose A Risk to Defendants

- Millennials
- The US is more polarized than ever and low damages jurors are easily identified by plaintiff counsel
- Jurors continue to overlook liability when there is significant sympathy or internalized fear





## Millennials: Largest Population In America

<u>Number of Millennials</u>	<u>Damages</u>
4 (5 w/ alts)	\$38.975M
4	\$27.475M
3	\$18.503M
3	\$12.4M
3	\$13.4M
2 (3 w/ alts)	\$26.5M
2 (3 w/ alts)	\$14.7M





## Liability Determinations: Premises Cases Involving Violent Crime

<u>Crime Committed at Apartment Complex</u>	<u>Percentage of Jurors Finding Causation</u>
Robbery/Shooting (2015)	83%
Sexual Assault/Torture (2016)	84%
Sexual Assault/Murder (2016)	88%



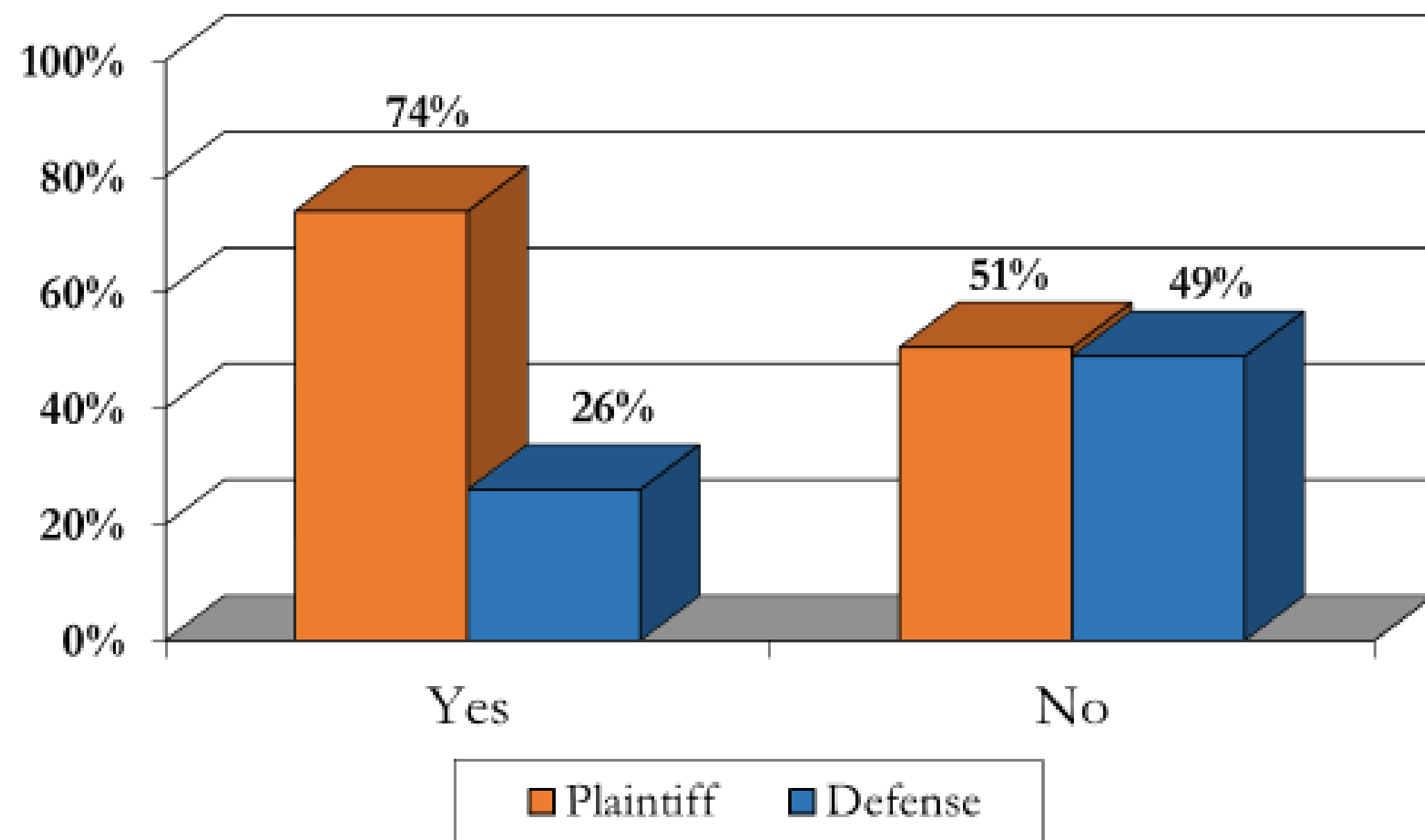


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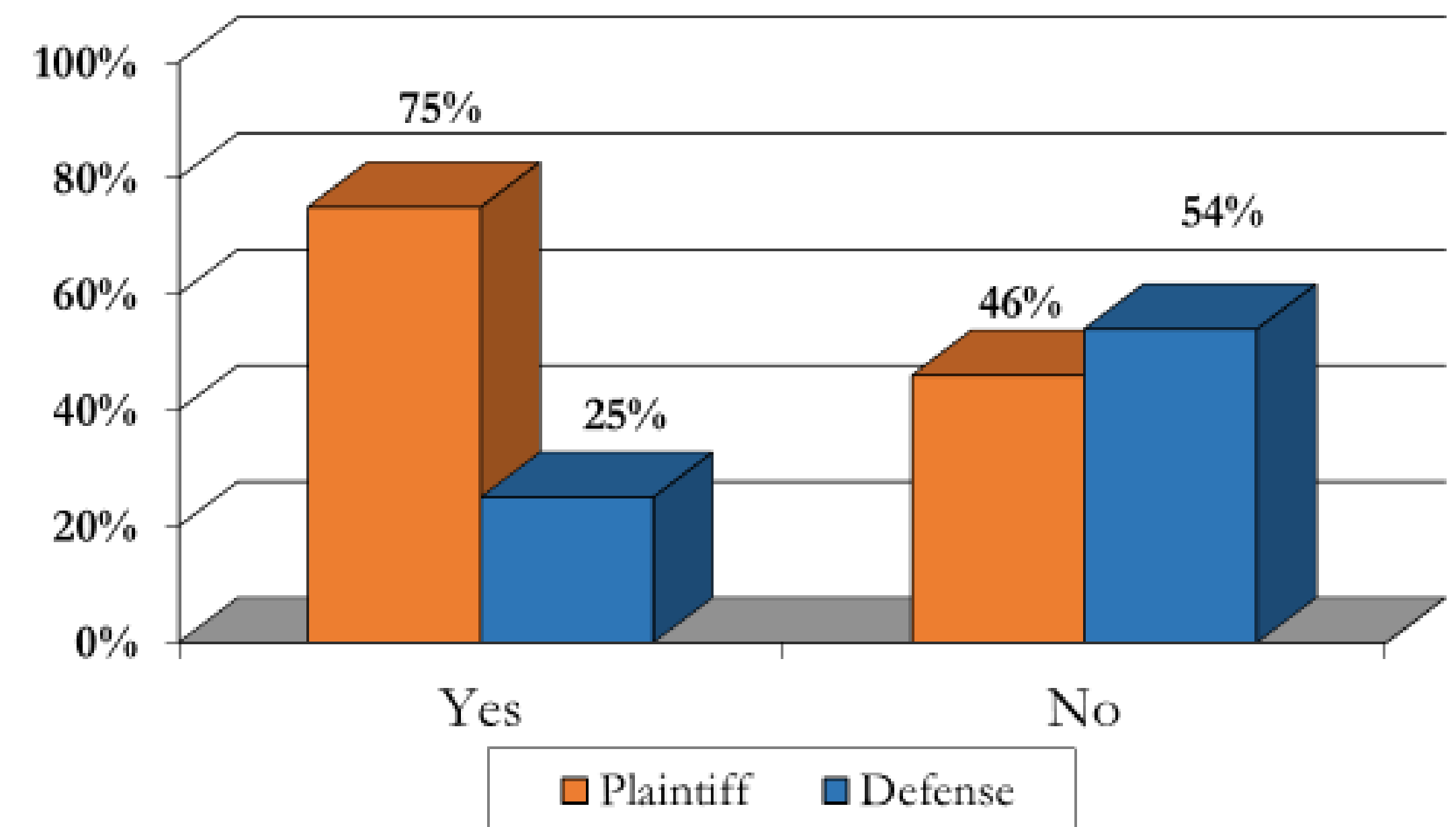
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Are you involved with the hiring and firing of other employees?



Have you ever held an executive, supervisory, or leadership position in a company, organization, or group?







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## Lessons Learned to Avoid Risk

- Research, Research, Research
  - Mock trial research to identify a case and venue specific profile
  - Online research of millennials during jury selection
  - Shadow jury research to assess risk daily
- Jury selection strategy that recognizes sympathy, fear, and the threat of current polarization





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# Catastrophic Claims



**David Bradford**  
Advisen



**Andy Barberis**  
AIG



**Marissa Beyers**  
Trial Behavior Consulting Inc.



**John Denton**  
Marsh





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# Captives: Do You Still Need One?





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# Captives: Do You Still Need One?



**Joseph Peiser**  
Executive Vice President  
Head of Casualty Broking  
Willis Towers Watson  
Moderator





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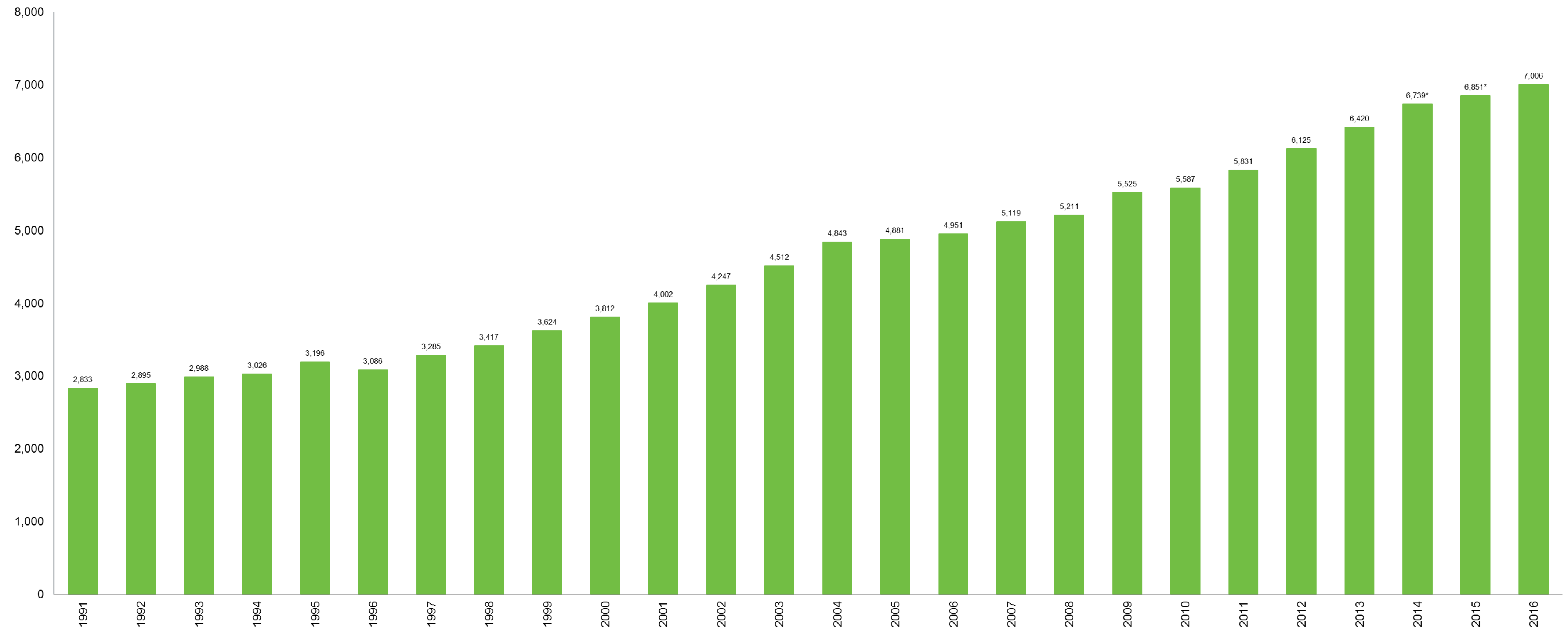


# Captives: Do You Still Need One?

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- **Jim Barbuti**, Senior Vice President, Global Risk Management, XL Catlin
- **Barry Martin**, Executive Vice President, Old Republic Risk Management
- **Mike Serricchio**, Senior Vice President, Marsh
- **Soraya Wright**, Risk Management Professional



# Number of Captives Worldwide – YE 2016

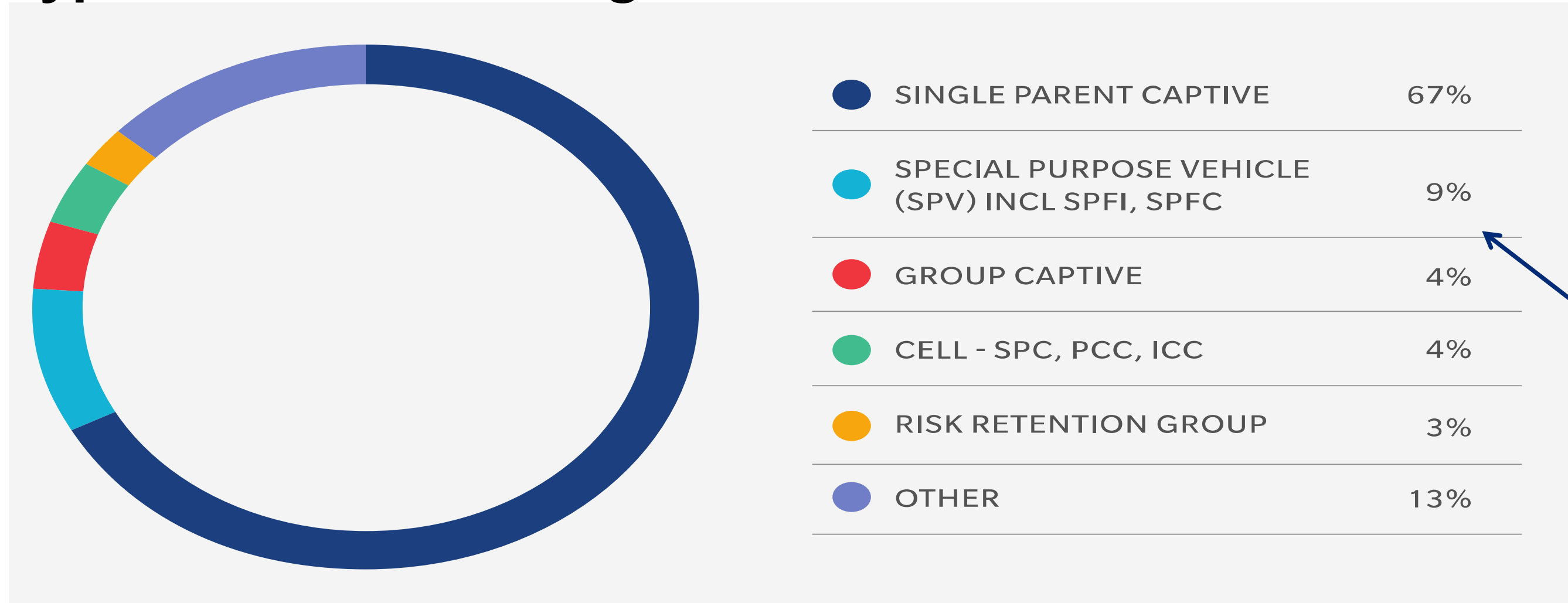


Source: Business Insurance: Special Report – 2017 Captives Report, "Total Captives Worldwide," March 2017: 27. \*2014 and 2015 are restated. (1994 to present), Source: Insurance Information Institute (1991-1993)



# Captive Benchmarking Risk Financing-Vehicle and Special Purpose Vehicles

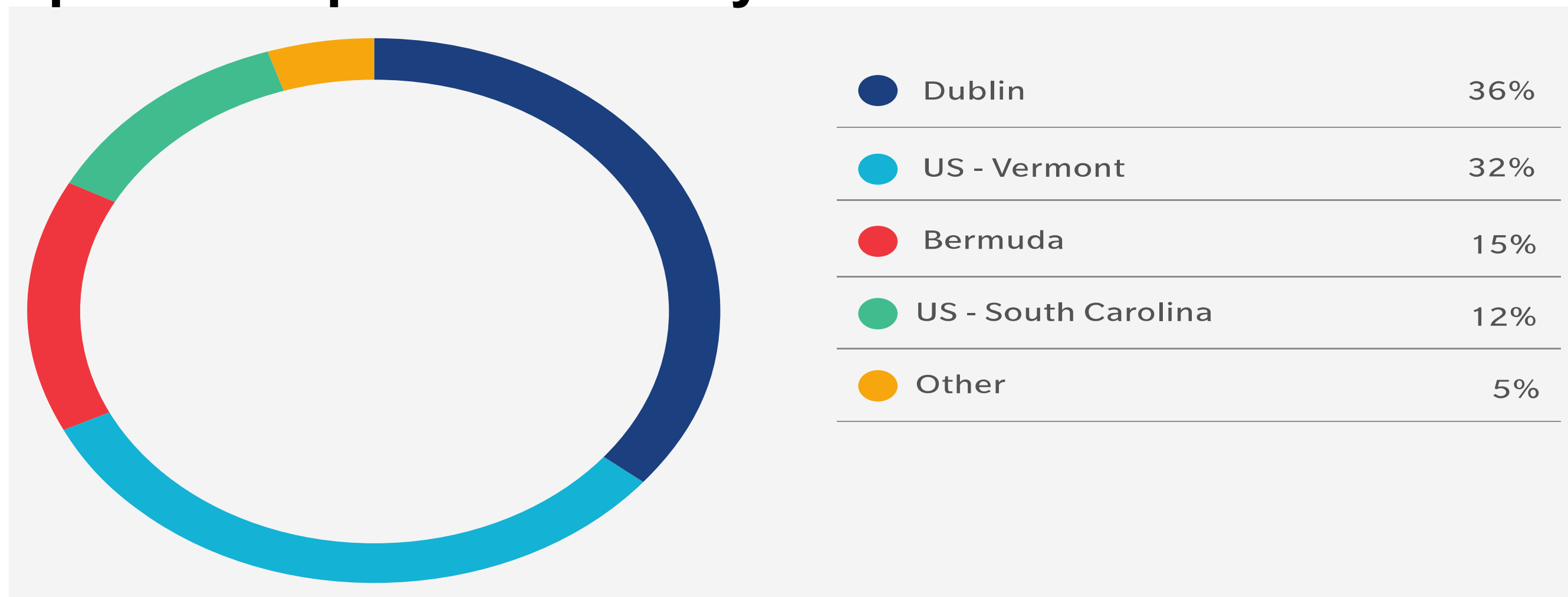
## Type of Risk-Financing Vehicle



- A majority (67%) of captives managed by Marsh Captive Solutions utilize the single parent structure.

• The rise of SPVs and other innovative risk-financing vehicles, such as catastrophic (CAT) bonds, insurance linked securities (ILS), and other non-traditional strategies have allowed organizations to expand their risk management programs.

## Special Purpose Vehicle by Domicile







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RM Professional





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# Insurance Industry M&A





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# Insurance Industry M&A

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President, North American  
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# Insurance Industry M&A

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- **Paul Jardine**, Chief Experience Officer, XL Catlin
- **Nicole Michaels**, Business Transformation and Performance Improvement Insurance Leader, Ernst & Young LLP
- **James Naklicki**, Senior Analyst – Property & Casualty Insurance, Citi





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# Insurance Industry M&A



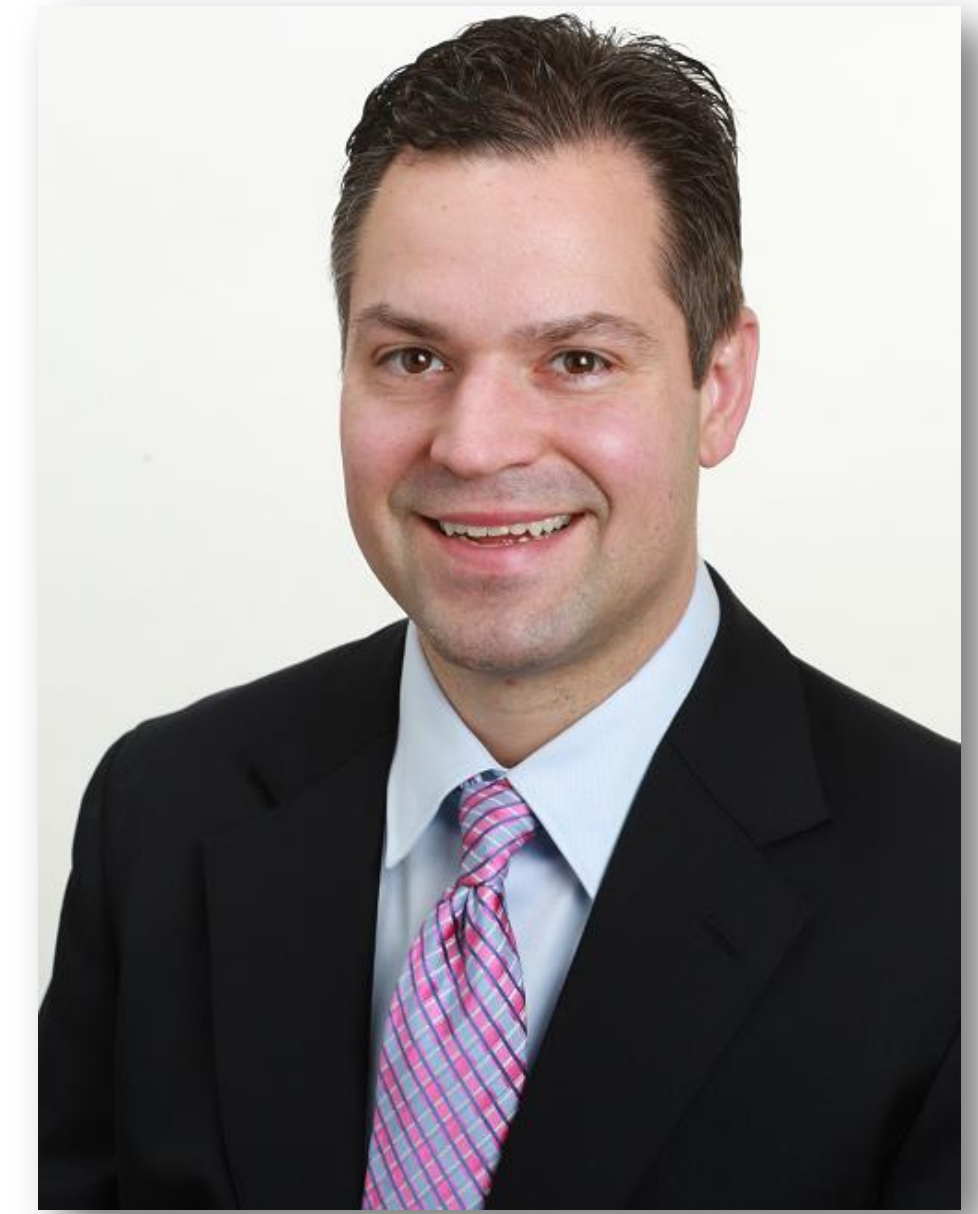
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Citi





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# Specialty Breakout





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# What Does Regulation Under President Trump Mean for Your Environmental Liability?





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# What Does Regulation Under President Trump Mean for Your Environmental Liability?



**Marcel Ricciardelli**  
Senior Vice President  
Allied World  
Moderator





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# What Does Regulation Under President Trump Mean for Your Environmental Liability?

- **Marcel Ricciardelli**, Senior Vice President, Allied World (Moderator)
- **Earl Hagström**, Partner, Sedgwick LLP
- **Hiral Shah**, Eastern Region Manager, Environmental, XL Catlin
- **Howard Tollin**, EVP, President, Environmental, SterlingRisk Environmental Services





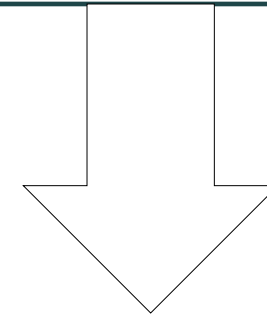
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## KEY AGENCIES

# Scott Pruitt

EPA



**Regulations  
Policy  
Enforcement**





## KEY AGENCIES

**Ryan Zinke**  
**DOI**  
Federal Lands

### USF&W

- ❑ 8 Regions
- ❑ 700 Field Offices
- ❑ Endangered Species
- ❑ National Wildlife Refuge
- ❑ Wetlands Restoration
- ❑ Enforcement Federal
- ❑ Wildlife Laws

### BOR

- ❑ Water Projects
- ❑ 17 Western States
- ❑ 5 Regions
- ❑ 53 Hydroelectric Plants

### BLM

- ❑ 247.3 MM Acres
- ❑ 12 Western States
- ❑ Mineral Estates
- ❑ \$5.4 Billion Energy Leases
  - Grazing
  - Timber
  - Oil & Gas
  - Coal





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## KEY STATUTES

- **Clean Water Act (1972)**
- **CERCLA (1980)**
- **Endangered Species Act (1973)**
- **Clean Air Act (1970)**
- **Oil Pollution Act (1990)**





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# EPA BUDGETS

**Richard Nixon (1974) \$2.4 Billion**

**Jimmy Carter (1981) \$5.5 Billion**

**Ronald Reagan (81-89) \$3 Billion - \$5.4 Billion**

**George Bush (1993) \$6.6 Billion**

**Bill Clinton (2001) \$7.5 Billion**

**George W. Bush (2009) \$8.3 Billion**

**Barack Obama (2017) \$10.3 Billion**

**Donald J Trump (2018 Proposed) 30% Cut**





## ROLE OF INDIVIDUAL STATES

### California

- **“State Prepares for Environmental War” (Feb. 2017)**
- **Environmental Public Health & Workers Defense Act**
  - **Transfer of Federal Land Right of First Refusal Act**
  - **Environmental Whistle Blower Protection Act**

### West Virginia

- **Senate Voted (20-13) to “revise” water pollution limits**

### New York

- **NY AG Schneiderman vowed to “Examine all legal options to ensure EPA meets its obligations to keep our state’s air and water safe” (Jan. 2017)**





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# STATE OPTIONS

- 1. Statutory Savings Clauses**
- 2. State Certification of Federal Projects**
- 3. State Regulation on Federal Lands**
- 4. State Enforcement of Federal Law**
- 5. Adopt California Emission Standards**





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# WILDCARD NO. 1

## EXECUTIVE ORDERS

### Rescind or Revise Agency Rules

- **Promoting Energy Independence & Economic Growth (March 28, 2017)**
- **Restoring the Rule of Law and Federalism by Reviewing the “Waters of the United States Rule” (February 28, 2017)**





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## **WILDCARD NO. 2**

### **“CHEVRON DEFERENCE”**

***Chevron U.S.A. Inc. v. National  
Resources Defense Council  
467 U.S. (1984)***

**Regulatory Accountability Act of 2017**





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## WILDCARD NO. 3







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# **Environmental Enforcement**

**States and Local Agencies**

**Private Parties – Affected Neighbors**

**Other Responsible Parties in Lawsuits**

**Lenders and Insurers Pursuing Responsible Parties**

**Potential Licensed Professional Programs such as CT, NJ and MA**

**Environmental Groups**





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# **Why Environmental Insurance is Important Risk Management Tool?**

**Environmental Liability attaches in a Strict, Joint and Several Manner  
Environmental Liability for Owners, Operators, Generators and  
Transporters**

**Indemnity and Hold Harmless Inadequacies**

**Absolute Pollution Exclusion since 1985**

**Mold, Microbial, Asbestos and Lead Exclusions since 1990's**





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# What Does Environmental Insurance Cover?

**Onsite and Offsite Cleanup Costs for Gradual and Sudden Pollution  
Pre-Existing (Historical) and New Conditions  
Bodily Injury and Property Damage Claims  
Natural Resource and Diminution in Property Value  
Business Interruption from Pollution**





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# What Does Regulation Under President Trump Mean for Your Environmental Liability?



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**Hiral Shah**  
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**Howard Tollin**  
SterlingRisk Environmental Services





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# The Intersection of Environmental Liability with Other Insurance Covers





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# The Intersection of Environmental Liability with Other Insurance Covers



**Marcel Ricciardelli**  
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# The Intersection of Environmental Liability with Other Insurance Covers

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- **Adeeb Fadil**, Senior Counsel, Simpson Thacher & Bartlett LLP
- **Brett Holmgren**, Senior Vice President & Director of Consulting, Robert M. Currey & Associates





## Why does the Pollution Exclusion Exist?

**RCRA and CERCLA: Legislation in 1970s and early 1980s:**

- **RCRA – Defined and regulated waste and hazardous waste**
  - **Financial Assurance for certain types of activities**
  
- **CERCLA: Defined Liability for Cleanup of Contamination**
  - **Joint and several liability**
  - **Without regard to fault**
    - Owner or operator of facility or land**
    - Generator of waste**





## Why does the Pollution Exclusion Exist?

**Federal Authorities, State Regulators and Responsible Parties pursued potential responsible parties for clean up funding**

➤ **Insurance claims filed – defense and costs**

**1970s Pollution Exclusions variations appear**

➤ **Pollution/Environmental Liability Policies created**

**1980 Environmental Liability Underwriting – Specialized teams**

➤ **Asbestos & Environmental Reserve Crisis**

**Absolute/Total Pollution Exclusion on G/L**

**Many variations today**





## Environmental Risks

- **Contamination**
  - Costs of investigating/cleaning up contamination: onsite; neighboring properties; former properties; others, e.g., waste sites
  - Claims arising out of alleged exposure to, and/or property damage (e.g., employees, contractors, landlords, neighbors)
  - Claims for natural resource damages (natural resource trustees)
- **Compliance**
  - Costs of operational compliance (onsite and offsite) with environmental requirements
  - Claims arising out of violations (e.g., regulators, citizen enforcers, landlords)
- **Product issues**
  - Claims arising out of exposure to hazardous substances in products
  - Claims arising out of disposal of products
  - Marketability/top line risks
- **Reputation (cross-cutting)**





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# Environmental Coverage Today

**Policy Types - first party, third party, and regulatory liability**

- Premises Pollution Liability
- Contractors Pollution Liability
- Waste Disposal Liability – Non-owned Disposal Site and Transportation
- Transportation
- Business Interruption

**Evolution of Policy terms:**

- What is a pollutant?
  - Mold, Lead, Petroleum, Carbon Dioxide, Green House Gas Emissions, Soil Vapor, Odors, etc.
- Changes in laws and regulation
- Owned and leased property
- Defense Expense within limit of liability or capped





## Environmental Insurance Coverage

	Property	Marine Cargo/STP	Marine Liability/ Bumpershoot	General Liability/ Umbrella	Commercial Auto	Premises Pollution
1 <sup>st</sup> Party Remediation	Decontamination Expense	Not covered	Not covered	Not covered	Not Covered	Covered
3 <sup>rd</sup> Party Remediation	Not covered	Not covered	Sudden & Accidental limitations	Sudden & Accidental but very limited	Must result from direct physical loss and must be endorsed	Covered
Third Party Liability (bodily injury)	Not covered	Not covered	Covered – S&A	Covered – S&A	Covered – direct physical loss	Covered





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## Environmental Insurance Coverage

	Property	Marine Cargo/STP	Marine Liability/Bumpershoot	General Liability/Umbr ella	Commercial Auto	Premises Pollution
Contractually assumed liabilities	Not covered	Not Covered	Limited coverage which does not extend to pollution	Standard contractual extensions	Not covered	Covered only if scheduled
Natural Resource Damages	Not covered	Not covered	Depends on form	Not Covered	Not Covered	Covered
Disposal Site Liability	Not covered	Not covered	Not Covered	Not Covered	Not covered	Covered





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# Operation Coverage

**Real Estate**

**Manufacturing**

**Energy**

**Construction**

**Logistics**





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# Transactional Coverage

**Mergers**

**Acquisitions**

**Divestiture**

**Construction Projects – Development and Infrastructure**





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# Claims

- **Traditional Pollutants – chemicals, petroleum and waste**
- **Indoor Air – microbial matter, off gases**
- **Natural Resource Damage**
- **First Party**
- **Government Regulators**
- **Third Party**





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# The Intersection of Environmental Liability with Other Insurance Covers



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Simpson Thacher &  
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# Construction: All Wrapped Up?





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# Construction: All Wrapped Up?

## **Matthew Summers**

Managing Director / Project  
Insurance Practice Leader  
WTW NA Construction Practice  
Moderator







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# Construction: All Wrapped Up?

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- **Penni Nelson**, Director, Risk Management, Hillwood
- **Lori Robinett**, Senior Vice President, Construction Service Group, Aon
- **Jeffrey Vita**, Partner, Saxe Doernberger & Vita, P.C.





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# The Multinational Debate





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# The Multinational Debate

**William Porter**

Head of International Sales  
Zurich North America  
Moderator







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# The Multinational Debate

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- **Joerg Reinholdt**, SVP, Global Casualty, Chubb
- **Thomas Ringe**, Partner, Duane Morris LLP
- **Bruce Wineman**, Sr. Managing Director, Aon Risk Solutions





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# The Multinational Debate



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Zurich North America



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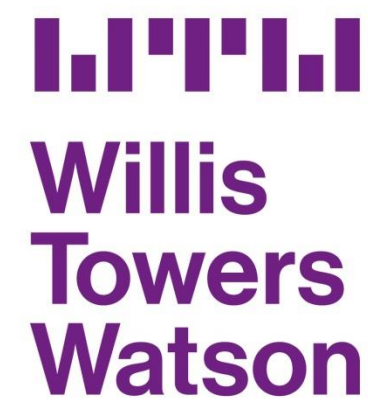
**Bruce Wineman**  
Aon Risk Solutions





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# Market and Claims Trends





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# Market and Claims Trends

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SVP and GM, National Insurance  
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- **Joseph McCarthy**, Managing Director, Chief Operating Officer – National Casualty Practice, Aon
- **Mark Walls**, Vice President Communications & Strategic Analysis, Safety National





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# Market and Claims Trends



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**Joseph McCarthy**  
Aon



**Mark Walls**  
Safety National





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# The View from the Top





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# The View from the Top



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Managing Director and  
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# The View from the Top

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- **Alexander Baugh**, President, Liability and Financial Lines, AIG
- **Paul Horgan**, Head of North America Commercial Insurance, Zurich
- **Keith Wolfe**, President US P&C – Regional & National, Swiss Re
- **Jonathan Zaffino**, President, Everest Insurance North America





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# The View from the Top



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Zurich



**Keith Wolfe**  
Swiss Re



**Jonathan Zaffino**  
Everest Insurance NA





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# Closing Remarks & Reception







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