Back to those old days, when we talked about being able to shoot the archer, we also talked about operating “left of X” where “X” was the point at which the archer shot his arrow at you. For an organizational leader, that’s the equivalent of being able to take preventative or mitigating action before a crisis erupts.

~ Article by Guy Higgins
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New! The Insurance Research Letter Live! On YouTube
9/9/2016 – The day the new way was launched
Highlights: Essential risk management articles

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ABCRM REVIEW: AGENTS, BROKERS, CONSULTANTS & RISK MANAGERS
ABCRM News: Companies & People

ISN COUNTRY INSURANCE INFORMATION

GLOBAL BRIEFS
Market briefs by country

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Did you know?
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Learn Something: Harvard Business School (HSB) article – Make Strategic Thinking Part of Your Job & video (2:23) Gender Equality Is Making Men Feel Discriminated Against – And it’s shaping their politics
International Employee Benefits Resources and links

Website Resource Pages
In addition to The Insurance Research Letter and the Country Insurance Market Guides, the website includes the following resources:
  Country & City Telephone Codes, Time Zones
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  International Insurance Glossary
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9/9/2016 – The day the new way was launched
“Hello I’m Ed. You’re Ed. We’re all Ed now,” she said. “Ed is our new name. Ed is a new way of doing business. Ed is redefining broking.” Listen to this video (3:17) – it’s quite good.

And so, who’s Ed? What’s Ed? Ed are wholesale brokers. Ed is an independent broker for independent producers of independent business. It seems from what I hear that Ed is the future of insurance and reinsurance broking by really putting the customer first.

Desperate times call for desperate measures. Necessity is the mother of invention. In November 2015, S&P noted that the company (CGSC) had experienced steep declines in revenues and earnings primarily from the group’s international division – while the North American business unit had remained relatively steady. So the next step in the company’s strategic quest entailed selling the North American unit and using the proceeds to reduce or eliminate debt. The new Ed has no debt. Ed is marketing itself on its international presence and competence and most importantly it’s independence.

Ed’s CEO, Steve Hearn (former Willis Group CEO) said at the company’s launch on September 9, 2016, “Ed is the future of insurance and reinsurance broking, and the renaissance of a declining business.”

“Ed exists to serve its client chain, never to compete with it. Ed’s broad and deep expertise, international presence, focus on technology, and borderless business model support a genuinely global solution for each of its clients, for every risk.”

We have heard these words before so if Ed’s MMMs (model, method and mission) are fresh and it stays true to its core beliefs that the customer really does come first, Ed will be much more than just a rebranding of a proud legacy company.

The business of a truthfully independent intermediary with no conflicts of interest bodes well for independent producers around the world.

HIGHLIGHTS: ESSENTIAL RISK MANAGEMENT ARTICLES
Left of X
In some cases, it’s relatively easy to act before the crisis – say in getting ready before a hurricane hits. You’ve got the National Hurricane Center, the National Oceanic and Atmospheric Administration (NOAA), the Weather Channel, and your local media all giving you information on the progress of the hurricane. You have good situational awareness and can plan — days in advance — what to do and what the triggers are to take that preplanned action. What about other bad situations like workplace violence? Learn how leading an organization and defending a ship have similarities on page 19

Battery Fire Investigation – What to Look For
Who amongst us could function without batteries? Batteries are an integral part of our daily lives. They are in our cell phones, laptops, tablets, alarm clocks, cars, and the list goes on. In a perfect world, batteries would last forever, never

1. The Global Terrorism Database (GTD) is an open-source database including information on terrorist events around the world from 1970 through 2015 (with annual updates planned for the future).
need replacement, and would rarely need to be recharged. Storing more energy in smaller spaces can be great for the consumer, but it also comes with numerous problems. The inappropriate release of that energy can lead to overheating, electrical shocks and, in severe cases, fire. Product designers face the challenge of storing more energy in the battery while preventing these undesirable outcomes. Learn about some of the factors that need to be considered when investigating an event where batteries are involved and are the potential energy source for the start of a fire on page 20.

The Day After Tomorrow: A New World in Hazard Claims
Recent lawsuits against several major banks and servicers resulting in Billions of dollars in fines have shed light on the inner workings of mortgage servicers and their relationships with their vendors. One of the often overlooked areas that may now see new light are the dealings between the mortgage servicer and the Property Preservation and Protection Companies. Learn about what is being done by the NAIC and look at the conflict of interest map on page 22.

Even in Today’s Environment, Global Opportunities Beckon
Global integration has lifted hundreds of millions out of poverty, spurred tremendous technological innovation and enriched the social and cultural lives of many. While there are risks and concerns related to political violence, currency fluctuations, and trade restrictions, to name a few, organizations large and small know business outside the U.S. still presents tremendous growth potential. Learn how a domestic agent or broker can partner with brokers whose specialty is international solutions who do not offer or compete in the domestic market on page 24.

International Risk Management Institute has added several free new articles to its website. Go to page 25 and read three articles of particular interest:
- Improving Productivity through Better Communication
- Changing Environmental Insurers: Use Caution
- Organizational Performance and Employee Reliability

London Burning by award winning journalist and author David Worsfold is a wonderful read. Modern property insurance traces its origins back to the aftermath of the Great Fire of London in 1666 and that story will be told many times as the massive conflagration is commemorated, 350 years on. It is a fascinating and important narrative but the industry has roots much further back. Read this captivating story on page 28.

NEWS QUIZZICAL
1. About how many reports of workplace violence does The Federal Government receive every year?
   a. 748,000
   b. 2,000,000
   c. 3,250,000

2. What are the main parts of a battery?
   a. Anode
   b. Electrons
   c. Cathode
   d. Electrolyte

3. More employees of U.S.-based businesses travel and work in other countries than ever before. According to PriceWaterhouseCoopers, there will be a ___ percent increase in overseas assignments by 2020.
   a. 27 percent
   b. 35 percent
   c. 50 percent

4. The Great Fire of London in 1666 cost insurers how much in today’s dollars?
   a. $10 billion
   b. $25 billion
   c. $37 billion

See The Back Page for the answers.
Contributors

Randy Clarksean, Ph.D., P.E., CFEI, CFII, ARCCA Incorporated, a national forensic engineering firm

Battery Fire Investigation – What to Look For

Dr. Clarksean has 30+ years of experience as a mechanical engineer. His background is rather broad and diverse in the application of his mechanical engineering skills. He has worked on numerous aspects of the thermal performance of engineering systems (HVAC, boilers, heat transfer, phase change, fluid flow), fires and explosions, as well as being an integral part of product development teams. Randy has been involved in numerous failure investigations, accident investigations, and worked on a number of litigation related matters. In general, Dr. Clarksean applies his knowledge of engineering fundamentals to complex systems and complex system failures.

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Guy Higgins, Firestorm Principle

Left of X

Mr. Higgins is a principal with Firestorm, a consultancy specializing in organizational preparedness. Prior to his joining Firestorm, Guy completed careers with both the US Navy and The Boeing Company. Guy served thirty years in the Navy as both a warfighter (accumulating 4300 flight hours during five deployments) and as an acquisition professional. He graduated from the USN Test Pilot School and conducted multiple Navy Technical Evaluations, served as an Aerospace Engineering Duty Officer, and served over six years as a Major Program Manager. Guy led four programs through first-time success in operational tests and was recognized by the Joint Logistics Commanders for program management excellence as the Best Managed Program in the Navy in 1998. He worked with Honorable Noel Longuemare, Principal Deputy, Under Secretary of Defense for Acquisition, Technology and Logistics (PDUSD(AT&L)) as his Senior Military Assistant and was intimately involved in acquisition reform initiatives from 1994 to 1996. Throughout his career, a major factor in his success was “What’s plan B when Plan A doesn’t work?” – the key to preparedness. In his career with Boeing, Guy led multiple capture efforts, new-market explorations and established and led the Boeing defense-wide Analysis, Modeling, Simulation And Experimentation organization. This organization provided critical support to several program wins for Boeing, including proprietary programs, the UK Future Logistics Information System and the Boeing Smart Energy. Guy also led an eighteen-month-long exploration of the maritime domain as a potential new market for Boeing. As during his Navy career, thorough planning for contingencies and disruptions was a critical part of all of these efforts. Following his retirement from Boeing and leveraging his experience in contingency planning, Guy became a Firestorm Principal and won several programs, competitively, with industry, education and in the public sector.

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Jack P. Gibson, CPCU, CRIS, ARM

International Risk Management Institute has added several free new articles to its website.

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Jack is President & CEO, International Risk Management Institute, Inc., CEO, WebCE, Inc. Since 1982 for IRMI and 2011 for WebCE, when it was acquired by IRMI, Jack has led the executive teams in determining the strategic directions of the companies along with high-level tactics. Until 2016 he also led the editorial and training and education teams at IRMI. Mr. Gibson is the coauthor of 11 reference works on insurance and risk management, all published by IRMI, including Contractual Risk Transfer, Construction Risk Management, and The Additional Insured Book. In addition to his executive role, he continues to serve as product manager for Captive.com, managing editor of IRMI Update and executive editor of The Risk Report.

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Sergio Sanchez, Chief Marketing Officer at Clements Worldwide

Even in Today’s Environment, Global Opportunities Beckon
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Sergio Sanchez. Mr. Sanchez has led brand expansion, global marketing and other efforts at Capital One, Sallie Mae subsidiary 2Futuro, MiCash, Inc. and MasterCard International.

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Holly K. Soffer, Esq.
The Day After Tomorrow: A New World in Hazard Claims
Page 22

Holly is general counsel for both MetroCorp, a national public adjusting company performing hazard claim work for default servicers and property preservation companies, and the American Association of Public Insurance Adjusters ("AAPIA") and maintains a private practice at Kelly Soffer, LLC in Bensalem Pennsylvania. In addition to advocating for her clients, Holly speaks and writes extensively for both MetroCorp and AAPIA and has worked with MetroCorp to educate the default servicing industry about the pitfalls of navigating the hazard claims arena without the use of licensed public adjusters.

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David Worsfold, founder
Worsfold Media
London Burning
Page 28

David has 30 years experience as a journalist, mainly covering the insurance industry, financial services and politics but also writing on a wide range of other subjects. In addition, he has a broad experience of editorial management in large and small publishing companies, launching and re-launching publications, brand development through the launch of conferences, awards and websites and of overseeing production and design services. David has extensive experience of re-aligning content creation and delivery for the modern, multi-platform, mobile world, especially working with publishing teams that need to move from a print-centric environment to the web first world of today. A key part of this was developing effective strategies for delivering content through Apps. This includes a wide knowledge and understanding of the role social media plays in modern media. He was also responsible for developing video and audio content for Incisive Media’s websites through two top quality in-house studios.

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VIENNA, AUSTRIA
JUNE 10, 2016:
Kunsthistorisches Museum
carved ceilings and collection
of masterpiece paintings.
The Museum of Art History
was opened in 1891.
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AIG 4X its property terrorism limits
AIG has quadrupled its limits for terrorism-related property claims to $1 billion as the increased demand for terrorism insurance cover has mushroomed. The company said that the increased capacity is available on a stand-alone basis or as part of its large-limits property insurance offering that provides all-risk coverage limits of up to $2.5 billion. Insureds can currently obtain more than $1 billion in terrorism coverage from Lloyd’s and Berkshire Hathaway’s National Fire & Marine Insurance unit.

Beazley predicts 4X of ransomware attacks this year
Since we’re near the end of the year, this prediction has some validity. Lloyd’s insurer Beazley is predicting that ransomware attacks in 2016 will be four times higher than last year. The prediction was based on the findings of Beazley’s study of its client data breaches during the first nine months of 2016. During the first nine months of 2016, Beazley managed 1,437 data breaches on behalf of clients, compared to 931 breaches during the same period last year. Analysis of these breaches revealed that ransomware attacks are soaring, with Beazley’s clients experiencing 52 ransomware attacks in July and August of 2016, more than the 43 attacks recorded in the whole of 2015.

Insuring large art collections just got easier
Hiscox has launched a $1 billion fine art consortium in collaboration with rival Lloyd’s insurer Ascot Underwriting. The consortium will cover large private and corporate collections, as well as museums and their exhibitions. It is also intended to streamline the process of placing large fine art risks within the Lloyd’s market. It is available to any Lloyd’s approved broker and is appropriate for collections in the broadest sense of the word – from large private and corporate collections to museums and their exhibitions.

LMG to research viability of smart insurance contracts
The London Market Group (LMG) is to sponsor research into the potential uses of smart insurance contracts for wholesale insurance. The LMG said on Thursday that it will support a research project led by Z/Yen and the London Market Target Operating Model to develop a common view among wholesale brokers,
insurers, re-insurers and back-office providers of smart contracts and their potential benefits. The study will look both at enhancing existing processes and the future potential of new products and processes taking full advantage of the capabilities of smart contacts using blockchain technology. Blockchain technology could see some manual tasks, such as claims payment, replaced with self-executing code embedded in electronic insurance contracts.

Hong Kong & Singapore insureds get supply chain risk assessment & insurance
Zurich launched Zurich Supply Chain Insurance, a first-of-its-kind solution in Asia Pacific (APAC), to provide risk assessment services and protect businesses against the risks associated with supply chain management disruptions, delays or failures. The service is available immediately to qualified customers based in Hong Kong and Singapore. In today’s increasingly interconnected world, the risk of supply chain disruption is regularly cited as one of the top concerns among senior management and risk managers from leading global companies. Asia is a major global manufacturing hub and home to some of the world’s largest extractors, producers, exporters as well as outsourced service providers. With outsourcing playing a vital role in modern business models, supply chain exposure is a fundamental concern for risk managers. Read more here and download Zurich’s Supply Chain Risk Insights from this page.

PEOPLE
Another Chubb Exec to Assume Role of CNA’s Chairman and CEO on Nov 21
CNA Financial said that Dino E. Robusto is to succeed Thomas Motamed as chairman and chief executive on November 21. Mr. Robusto joins from Chubb, where he has served for 29 years, currently as group executive vice-president and president of commercial and specialty lines. Mr. Motamed was named CNA chairman and chief executive in 2009 after serving 31 years at Chubb, most recently as vice-chairman and chief operating officer.

Lloyd’s has appointed Daniel Revilla as head of Latin America
He will be responsible for enhancing business relationships and trading rights across the region for the benefit of the Lloyd’s market. Mr. Revilla will also assume the role of country manager for Mexico and will be based in Mexico City. He joined Lloyd’s in 2014 after working at Zurich for nine years in M&A and strategy roles. His last role was head of strategy for the general insurance segment. Read all about it here.

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Take a look: vertafore.com/stopsearching
Aon announces agreement to acquire cyber risk management firm

Stroz Friedberg bolsters integrated approach to cyber risk, expands world-class leadership team. Aon Risk Solutions, the global risk management business of Aon, announced it has entered into an agreement to acquire all of Stroz Friedberg Inc., a leading global risk management firm based in New York City, with offices across the U.S. and in London, Zurich, Dubai and Hong Kong.

Editor: Worldwide, property-casualty insurers sold an estimated $2 billion to $3 billion of cyber risk coverage in 2015, mostly in the U.S., according to industry estimates. Cyber insurance can be obtained from about 50 insurers, with such purchases increasing by 27 percent in 2015, compared with the year before, on top of a 32 percent increase in 2014, according to a report by Marsh & McLennan Cos earlier this year. (Source: The Wall Street Journal, October 12, 2016). Marsh & McLennan’s Marsh brokerage unit, a rival to Aon, collaborates with Cyence, a cybersecurity analytics firm, to help the broker’s clients quantify and manage cyber risk.

Brokerslink completes capital raise

Zug, Switzerland-based broker Brokerslink has completed its private stock offering, part of its plans to grow its global insurance broking and risk business. The company said on Thursday that it has now extended its shareholder base to 55 shareholders from 40 countries, and that it has successfully raised the capital needed to support its continued expansion. Last year, the network of independent brokers completed its incorporation as a for-profit global broking company, initially capitalized by MDS, Crystal & Company, Filhet-Allard, Nova and Cooper Gay Swett & Crawford (since rebranded as Ed Broking).”

Editor: It will be more than interesting to watch the
relationship between Ed (see Editor’s letter, above) and Brokerslink.

**Willis predicts further softening, but cyber rates to rise**

A strong supply of capacity will see rates across most commercial lines continue to soften in North America, although cyber, E&O, trade credit and motor could all see increases, according to Willis Towers Watson. In its 2017 Marketplace Realities report, the broker predicted a buyers’ market for commercial insurance in 2017, with rates for property risks continuing to decline, led by catastrophe lines. Willis expects property rates to decline 7.5 percent to 10 percent for companies without significant exposure to natural disasters and 10 percent to 12.5 percent for those more exposed. General liability rates for 2017 are expected to be –5 percent to flat, although buyers with recent claims can anticipate increases of 5 percent to 10 percent. However, cyber-renewals are facing increases of 5 percent to 10 percent for most buyers, and 15 percent to 20 percent for point-of-sale retailers and large health care companies. Predictions for executive risk rates are more mixed, with increases of up to 20 percent for errors and omissions and decreases of 7.5 percent to flat for directors and officers liability.

**PEOPLE**

Aon Hires G-Man in Cyber Solutions Unit

Aon Risk Solutions announced that James C. Trainor was appointed the new senior vice president of its Cyber Solutions Group. Mr. Trainor had a venerated career at the Federal Bureau of Investigation, spanning 20 years of service.

The Council of Insurance Agents & Brokers has elected its new chairman

Robert Cohen, chairman and CEO of The IMA Financial Group, succeeds Bill Henry, chief executive officer of MHBT/MMA Southwest Region in Dallas, Texas. Mr. Cohen was elected during The Council’s 103rd annual Insurance Leadership Forum (ILF) in Colorado Springs, Colo. Meet the new...
ISN Country Insurance Market Guides

ISN Country Insurance Market Guides provide global insurance market information in the form of concise reports used by agents, brokers, underwriters and risk management professionals to ensure international programs and placements are legally compliant. These digital reports are available to ISN Country Insurance Market Guide subscribers @ ISN Country Insurance Guides.
GLOBAL BRIEFS

France – To raise levy to bolster terror compensation fund

The French government is to increase the levy on property insurance policies to fund a compensation facility for the victims of terrorist attacks. The plan is to increase the levy on personal and commercial lines insurance to €5.90 from €4.30 per policy to rebuild the Guarantee Fund for Victims of Terrorist and Other Criminal Acts (FGTI), which has been depleted by recent terrorist attacks in the country. The move should bolster the fund, which has some €1.4 billion in reserves, by an extra €140 million each year.

India – Reinsurers given clearance by Indian regulator

The Insurance Regulatory and Development Authority of India (Irdai) has given second-round clearances to five foreign reinsurers, as well as a proposed new private Indian reinsurance company, according to CNBC. The Irdai gave second round clearances to Munich Re, Swiss Re, Hannover Re, SCOR and Reinsurance Group of America (RGA). XL Catlin was given first round clearance. In addition, the regulator gave second stage clearance to local private sector reinsurer ITI Re on the grounds it will raise additional capital. The reinsurers given second level clearance now have to post required capital in order to receive licenses and open branch operations in India. GIC Re is currently the only reinsurer in the country with around a 50 percent share of the country’s $2.5 billion reinsurance market, CNBC reported.

United Kingdom – Insurance Premium Tax Rate Increases to 10 percent

Effective October 1, 2016 the standard rate of UK insurance premium tax (IPT) will increase from 9.5 percent to 10 percent. The higher rate of IPT remains at 20 percent. The new standard rate (10%) will apply to new insurance policies and renewals (business), incepting on or after October 1, 2016, however, there are transitional arrangements that allow certain business to continue to be processed at the old rate (9.5%). Business processed in relation to cover that incepted prior to October 1, 2016 may be taxed at the 9.5 percent rate if it is processed before February 1, 2017. All businesses processed on or after February 1, 2017, apart from return premiums, will attract the new rate of IPT irrespective of the inception date.


Ethiopia & Zimbabwe – Countries join African Trade Insurance Agency

The African Trade Insurance Agency (ATI) is to start offering credit insurance in Ethiopia and Zimbabwe after both countries joined the African export credit agency. ATI was established in 2001 by African governments and other shareholders to ease the concerns of investors by providing investment, trade credit and political risk insurance products. Ethiopia is one of Africa’s fastest growing economies, while Zimbabwe is looking to attract foreign direct investments. ATI says that it has a project pipeline estimated at

Please see GLOBAL BRIEFS on Page 34

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CIAB’s Fall 2016 Cyber Market Survey
The Council is pleased to release the results of its third bi-annual Cyber Insurance Market Watch – read the Executive Summary here. Eighty-eight (88) respondents from 66 unique firms participated in the survey and provided insights on all aspects of the cyber insurance market from take-up, to premiums and sophistication of their clients’ cybersecurity programs. Survey results reveal that roughly 29 percent of respondents’ clients purchased some form of cyber liability and/or data breach coverage in the last six months. Of those clients that purchased cyber coverage, 40 percent chose to increase their coverage levels.

IIF 2016 – Property Insurance in the Digital Era (video presentation 19:14)
Dr. Nicolai Thum, Manager, Consulting and Client Services Verisk Analytics, AIR Worldwide Germany June 28, 2016. Watch and listen here

Industry braces for “bumpy ride” after Presidential Election... with much at stake for insurers For anyone that doesn’t think politics plays into the business of insurance, they’re wrong.” With the hotly contested U.S. Presidential election looming, WRIN.tv asked several attendees at the recent PCI Annual Meeting about how the outcome could affect the property casualty industry. Here with several points of view are Robert Gordon, SVP of PCI Policy Development and Research, Fred Karlinsky, Co-Chair of the Insurance Regulatory & Transactions Practice at Greenberg Traurig, Richard Poirier, CEO at Church Mutual Insurance, and Gavin Souter, Editor of Business Insurance (BI). PCI’s Robert Gordon says a more Democratic Congress will mean that the industry will move from “offense to defense” with regard to regulatory reach and more “hostile oversight.” Watch http://www.wrin.tv/ interview here

IUA issues London Company Market Report for 2015
The IUA’s London Company Market Statistics Report analyses business geographically and by placement type. Copies are freely available to download from www.iua.co.uk/statisticsreport. Overall premium income for the London company market in 2015 was £21.645 billion. Gross premium written in London totaled £15.150 billion, while a further £6.495 billion was identified as written in other locations, but overseen by London operations. The IUA’s London Company Market Statistics Report also analyses company market income that may be affected by regulatory changes resulting from the UK’s withdrawal from the EU.

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AMERICAS

You could “shoot the arrow,” or you could “shoot the archer.” In general, shooting the arrow is a hard thing – they’re small, hard to see and they move fast. Archers, on the other hand are easier to see, slower and easier to hit. The problem, of course is that you don’t always know if the archer is a bad guy until it’s too late and you wind up having to shoot the arrow.

~ Guy Higgins
THE UNITED STATES

LEFT OF X

By Guy Higgins

Editor’s note: We are pleased to share an excellent piece by Firestorm Principal Guy Higgins. Guy’s keen insights into planning for crisis and leadership combined with his eloquent writing style make this article not only enlightening, but a pleasure to read.

A long time ago, in the old days, when I was actively involved in considering things like ship defense systems, we would talk about the two options that existed to respond to an attack. You could “shoot the arrow,” or you could “shoot the archer.” In general, shooting the arrow is a hard thing – they’re small, hard to see and they move fast. Archers, on the other hand are easier to see, slower and easier to hit. The problem, of course is that you don’t always know if the archer is a bad guy until it’s too late and you wind up having to shoot the arrow.

I think that there is a lot of parallelism between leading an organization and defending a ship (or tank, or outpost or whatever). In both cases, you need to be prepared for unwanted situations (those would be the bad-guy archer). If you have good situational awareness and can “shoot the archer,” you can greatly reduce your risk, simplify the problem and limit any damage. Those are good things. Back to those old days, when we talked about being able to shoot the archer, we also talked about operating “left of X” where “X” was the point at which the archer shot his arrow at you. For an organizational leader, that’s the equivalent of being able to take preventative or mitigating action before a crisis erupts.

In some cases, it’s relatively easy to act before the crisis — say in getting ready before a hurricane hits. You’ve got the National Hurricane Center, the National Oceanic and Atmospheric Administration (NOAA), the Weather Channel, and your local media all giving you information on the progress of the hurricane. You have good situational awareness and can plan – days in advance – what to do and what the triggers are to take that pre-planned action.

What about other bad situations like workplace violence? The federal government receives over 2,000,000 reports of workplace violence every year. That number includes a wide range of situations, behaviors and events, from hostile workplace through bullying to threats and actual physical assaults. That number is also under-reported.

As an organizational leader, can you act “left of X” to mitigate or even prevent an incident? The answer is, “Yes, you can.” As with any preparedness planning, it involves three categories of activities:

- **Predicting** – what kinds of workplace violence are you at risk of (or alternatively, of what kinds of workplace violence are you at risk)? If your organization operates 24/7 and deals in cash transactions, you’re more vulnerable to robbery and physical assault than if you are the Mother Superior of a convent. Understanding your risk of workplace violence is incredibly important, because that understanding forms the basis of achieving and maintaining situational awareness – what’s happenin’ now?

- **Planning** – what are you going to do to reduce the risk of violence, to avoid it whenever possible and mitigate the impacts if it actually occurs? This planning should involve your stakeholders (employees, vendors [if they visit your location], families, students [for schools], Human Resources, Security, and (of course) leadership. It also must include how you will achieve that foundational situational awareness. When I was worrying about ship defense, we talked about sensors and data flows, Common Operating Pictures (COPs), data deconfliction and information integration. Frighteningly enough, those same considerations need to be part of your planning efforts (and I’ll come back to that).

- **Performing** – this is not only about how well practiced your team is when responding to an incident, but also in how well your entire organization responds to events and activities “left of X.” How well do they contribute to achieving and maintaining that crucial situational awareness?

Let’s talk about that situational awareness (SA). Your organization has various resources for creating and maintaining SA. You have your people – they can (and should be educated to) report circumstances, events or behaviors that are unusual and may presage a workplace violence event. You also have traditional media – newspapers, TV, and radio. In addition, for the past several years, you have had access to a virtual tsunami of data from social media sites. Data and information from all of these sources can and should be brought together to create and maintain your SA. To do that, you need some kind of central place to put all of the data and information – call it a central repository.

Once your workforce understands the importance of reporting behaviors or events of concern, they need to have some kind of capability to do that reporting – anything from an app like the Colorado Safe2Tell app for schools to a simple, old-fashioned “suggestion” box.

Finally, there comes the issue of social media. Social media is an intriguing phenomenon:

- It is both public and private. You cannot, without violating privacy laws, access private social media posts, which would seem to limit its use, but an enormous amount of useful data is posted on public sites. This information from public sites is available to you.

- The simple scale of social media information posting is daunting. No person or persons (or even the vast resources of a nation state) can manually review and sift through all the social media streams.
That means that you need tools to monitor social media – fortunately, those tools exist and are available to the public. They range from Google Alerts to incredibly sophisticated toolsets based on nation state intelligence tools. While Google Alerts (at the low end of performance) is useful for the functions for which it was designed, it and similar tools are totally inadequate for monitoring social media for indications of behaviors of concern.

You also need people with expertise in using the tools – in the context within which you operate. Just like a great basketball player is unlikely to succeed in major league baseball (thank you Michael Jordan), a highly skilled IT (or HR or marketing) person won’t necessarily have the right skills and experience to succeed as a social media analyst.

All of that means that you need to either create a significant internal capability with sufficient resources or you need to outsource the monitoring activity to someone for whom that is a core business. Either way, the results of social media monitoring need to be analyzed to understand if they warrant immediate action, further analysis or simple archiving and they need to go into your central repository. SA is not just about the current situation but is also about the history over time of behaviors. Current behavior needs to be assessed in light of past behavior to provide an accurate assessment of future risk.

All of this is “left of X” activity, and it is very important in preventing and mitigating the impact of any workplace violence – not only armed intruders or lethal attacks, but also hostile workplace, bullying, threats and other manifestations of workplace violence. So unlike may operational disruptions where most of the effort is in responding, workplace violence preparedness efforts are largely focused “left of X” – on avoiding, preventing, and mitigating the event, not just responding to it.

So, as oxymoronic as it may sound, the key to preparedness for workplace violence is to “shoot the archer” not wait until you have to “shoot the arrow.”

BATTERY FIRE INVESTIGATION – WHAT TO LOOK FOR

By Dr. Randy Clarksean

Who amongst us could function without batteries? Batteries are an integral part of our daily lives. They are in our cell phones, laptops, tablets, alarm clocks, cars, and the list goes on. In a perfect world, batteries would last forever, never need replacement, and would rarely need to be recharged. Of course, none of these “desires” are true. But, battery designers and manufacturers are striving to make the batteries we use last longer and store more energy.

Storing more energy in smaller spaces can be great for the consumer, but it also comes with numerous problems. The inappropriate release of that energy can lead to overheating, electrical shocks and, in severe cases, fire. Product designers face the challenge of storing more energy in the battery while preventing these undesirable outcomes.

As reported in the news, batteries are facing many challenges. Fires have occurred in numerous devices that rely on batteries for energy or in support systems. Examples include airplanes, hover boards, e-cigarettes, laptops, cell phones, and cars. These fires can occur for a number of reasons, and investigating them can be difficult since often times the batteries are so severely damaged that determining whether the battery was at fault or not is a challenge.

This article will briefly outline some of the factors that need to be considered when investigating an event where batteries are involved and are the potential energy source for the start of a fire. We must realize that batteries are part of a larger system, and that the complete system needs to be considered during the investigation.

Battery Basics

Batteries are a type of stored chemical energy. Chemical reactions take place within the battery that results in the flow of electrons – or electrical current. That electrical current is what runs all of our devices.

The main parts of a battery are the anode, cathode, and an electrolyte. A simple schematic is shown to the right. A chemical reaction takes place at the anode, which results in the loss of electrons. Those electrons do not flow back through the electrolyte, but rather reach the cathode through the simple circuit shown. Once the electrons reach the cathode, another chemical reaction takes place.

There are a number of battery designs that rely on different materials for the anode, cathode and different elec-
electrolytes, such as lead-acid, lithium, and alkaline. We have heard of the lithium ion battery, which has been in the news because of the Samsung Galaxy Note 7 fires and recall by the manufacturer.

The lithium ion battery has an anode and a cathode, but it also has a separator. The separator can be a very thin sheet of perforated plastic that keeps the negative and positive electrodes apart. In addition, the separator allows the ions to move through the electrolyte. The lithium ion batteries are rechargeable and widely used. They can be circular or rectangular in shape. The photo below shows circular lithium ion batteries damaged during a fire event.

**Failure Mechanisms**

Batteries appear to be such small, simple devices, so it must be pretty easy to determine how they fail – right? The answer is “not hardly”. As with any failure investigation, design defects, manufacturing defects, and misuse/failure to warn issues must be considered. The list below is not an exhaustive list, but provides some examples of what must be considered:

- **Charging circuitry**: The circuitry needs to be designed to prevent it from charging too rapidly amongst other things.
- **Manufacturing impurities**: Impurities can lead to shorts within the battery, which can lead to overheating and fires.
- **Overheating due to poor design**: The thermal protection system helps to insure that the battery does not overheat. Overheating can shorten battery life or lead to thermal runaway (lithium ion batteries).
- **Electrical shorts in system circuitry**: The complete system has to be considered because the battery may not be the problem at all, but rather just an energy source.
- **Rapid charging or discharging of the battery**: This leads to situations where the battery can potentially overheat and become damaged.

  - **Abuse during use**: This could be occur from mechanical damage or poor protection due to power surges.
  - **Wrong battery for the application**: An undersized battery may lead to excessive charge/discharge cycles or overheating due to the required current discharge.
  - **Improper installation**: Something as simple as an increased contact resistance between the battery and its connectors could lead to localized heating.

**Investigative Considerations**

The list of possible issues with battery systems shows us that the issues are much broader than just the battery itself. So when conducting an investigation, jumping to a conclusion might shorten the investigation, but it may not truly find the root cause of the problem.

As with any fire investigation, NFPA 921 is the appropriate guide. The backbone of NFPA 921 is the concept of the scientific method. This requires us to collect data, analyze data, develop hypotheses, and to then test those hypotheses. These hypotheses need to be supported by scientific data and, if they do not hold up under scrutiny, then either more data is needed or new hypotheses need to be developed that are supported by the existing data. In some cases, there may not be a way to clearly determine the cause of the fire and that is an acceptable outcome if adequate data does not exist.

A good cause and origin investigation is always the first step in the process. We need to be sure that the system under consideration is in the region associated with the fire origin. With that clearly defined, we can proceed to investigate the system or systems of interest for the cause of the fire.

For a system containing a battery, the following data might prove useful in an investigation:

- The type of battery, its age, serial number if possible, and any history of usage in the system of interest.
- Was the system being used at the time of the event, or was it just being stored there?
- Was the system to be installed in a specific manner? If so, was it installed properly?
- Did the users of the system notice any overheating or poor performance of the batteries in the system prior to the event?
- Save and store the complete system and just not the batteries. The investigative process may need to examine the complete system, not just the batteries.
- If possible, the batteries should remain in the system undisturbed. If that is not possible, the investigator should document the condition of the batteries wherever they are stored, as well as the condition of the electrical connec-
Battery designs and provide better experiences for all technology users.

Improperly manufactured, improperly used in a system, or part of a poorly designed system, batteries can trigger fires or explosions. Investigating these events appropriately can help to improve the use of batteries in future designs and provide better experiences for all technology users.

THE DAY AFTER TOMORROW: A NEW WORLD IN HAZARD CLAIMS
By Holly K. Soffer

Climate change is real, and it has been happening to the mortgage servicing industry. Recent lawsuits against several major banks and servicers resulting in Billions of dollars in fines have shed light on the inner workings of mortgage servicers and their relationships with their vendors. This heightened scrutiny has resulted in a greater need for transparency in these dealings. Often in the wake of such publicity, lawmakers seek to tighten existing laws, and the NAIC has already begun discussions on a new Creditor Placed Insurance Model Act, as a guideline for states to follow.

One of the often overlooked areas that may now see new light are the dealings between the mortgage servicer and the Property Preservation and Protection Companies ("P & P Companies") when it comes to bringing hazard claims. Many mortgage servicers are unaware of state insurance laws that govern such claims and, as a result, are violating these laws. With the new spotlight shining on the mortgage servicing industry, those practices need to change.

HUD guidelines mandate timely inspection and repair of property that serves as collateral for FHA loans. Many properties sit vacant for years before foreclosure, and during this time, damage occurs. HUD guidelines require that servicers must file insurance claims for damage, and that all damage, including damage caused by fire, flood, earthquake, hurricane, tornado, boiler explosion, and mortgagee neglect, as well as vandalism and theft, be fully repaired before conveyance. HUD allows mortgage servicers to use any "qualified business individual" to accomplish these goals. The problem lies in determining who those qualified business individuals are.

Historically, mortgage servicers have used P & P Companies to adjust the claims with the hazard insurance companies and perform all necessary repairs. But are these P & P Companies "qualified" to adjust the claims under state insurance laws? And more importantly, even if such companies do employ in-house licensed adjusters, are they violating state law by doing both the adjusting work as well as the repairs?

State insurance laws impose a minefield of regulation for the unwary servicer attempting to comply with these HUD mandates. Laws and regulations vary from state to state and, at the very least prohibit unlicensed adjusting by third parties, such as P & P Companies. Many states go even further and prohibit the adjusting company from having a financial interest in the restoration and repair of such property, while some require disclosure of such financial interest.

The related Conflict of Interest Map, details the state requirements as of the close of 2105 as these laws relate to public adjusting.

But why would public adjuster laws even apply to the mortgage servicing industry? The answer is simple. A third party bringing hazard claims on behalf of the mortgage servicer meets the definition of public adjusting in almost every state that licenses public adjusters (currently 45 plus the District of Columbia). Public adjusting is most commonly defined by statute, and according to the NAIC Public Adjuster Model Act, as one who "adjusts losses or advises an insured about first party claims for losses or damage arising out of policies of insurance that insure real or personal property" 2. The activity of the P & P Companies in bringing hazard claims on foreclosed properties falls squarely within that definition. Adjusting claims without a license is simply not allowed by state law.

Even more vexing for the mortgage servicers is that contracting with P&P Companies that have licensed public adjusters on board doesn’t always help the P&P Companies, and by extension, the mortgage servicers, to comply with these state insurance laws. Back to the Conflict of Interest Chart: nineteen (19) jurisdictions have laws which would ban a P & P Company from adjusting a claim and performing the restoration or repair work; twelve (12) have detailed disclosure laws and/or other nuanced restrictions, and still others have similar restrictions on other professionals such as “insurance consultants” who mirror activities of public adjusters. These laws create a potential legal disaster for the P & P Companies, and by extension the mortgage servicers, who are tasked with bringing these hazard claims.

With amplified inquiry into the practices and procedures of insurance adjusters comes new scrutiny of the P & P Companies, and by extension, the mortgage servicers, to comply with these state insurance laws.
of mortgage servicers, such mortgage servicers operate at a risk by continuing to rely on the traditional model of using P&P Companies to adjust hazard claims and make repairs on foreclosed properties. Why take such a chance? Instead, mortgage servicers can turn to licensed public adjusters who specialize in representing the interests of mortgage servicers. The public adjusters may be hired by either the mortgage servicer directly or the P&P Company who will be doing the repair and restoration work on the distressed property.

A duly licensed public adjusting company that specializes only in presenting and negotiating hazard claims for mortgagees doesn't have a financial interest in the repair or restoration work performed on the property, and would not violate state laws by doing the adjusting work. In addition, from a financial recovery standpoint, public adjusters are better situated to maximize the recovery to the client.

Public adjusters have specialized expertise in this arena, and sophisticated technology to assess, document and quantify damage.
EVEN IN TODAY’S ENVIRONMENT, GLOBAL OPPORTUNITIES BECKON
By Sergio Sanchez

Global integration has lifted hundreds of millions out of poverty, spurred tremendous technological innovation and enriched the social and cultural lives of many. While there are risks and concerns related to political violence, currency fluctuations, and trade restrictions, to name a few, organizations large and small know business outside the U.S. still presents tremendous growth potential.

This is still certainly true in the insurance sector. New and growing businesses in developing markets need insurance and risk management. Further, more employees of U.S.-based businesses travel and work in other countries than ever before. This only looks to grow in the years ahead. According to PriceWaterhouseCoopers, there will be a 50 percent increase in overseas assignments by 2020.

Resulting from increased investment in developing markets as global enterprises move staff and operations abroad and as local companies grow and expand the middle class (an important indicator of insurance premium growth), the global insurance market offers incredible opportunity. For example in Africa, non-life insurance premiums accounted for only .9 percent of GDP in 2015, compared to 1.4 percent in the world’s emerging markets and a global average of 2.7 percent. This represents a huge, and potentially very profitable, opportunity.

Life, disability, health and auto insurance dominate the needs of expatriates moving abroad and the organizations that employ them. For brokers, however, serving companies just starting to work abroad, there are unique needs they will need to fulfill for these expatriate employers.

For example, overseas staff deserve access to the best health facilities available. If they are not available in a foreign market, medical evacuation options as part of a global health insurance policy ensure employees can reach it in a timely manner—and without the substantial costs attached to these services if paid out of pocket. Tropical diseases and medical is also a top concern. Health insurance plans focused globally often have departments focused on these risks to answer questions from employees or provide information on outbreaks per region.

Additionally, companies will want to ensure consistency regarding the health plans regardless of where the expatriate employee is based, which can be a challenge.

Beyond, the employee benefits offerings, organizations need to secure their assets and solvency when operating abroad. Even if a company does not maintain operational facilities in a foreign country, it can experience litigation and needs to ensure that both its general liability policies and professional liability policies are designed to address lawsuits anywhere they might occur. A plaintiff can pursue litigation in their home country or any country where the company has an office. This adds an extra layer of complexity to a liability policy that most countries operating in one country have not faced.

Another consideration is in reference to an organization’s vehicle fleets which may be transporting inventory across borders. Any insurance policy must accommodate for this movement or claims may not be covered. Also, for both your clients’ fleet and property, a separate political violence policy is critical. Many damages to auto and property occur in the context of civil unrest, riots, or looting which would all be excluded from a standard policy. Without an additional political violence policy, clients may submit a claim to find it denied due to the circumstances under which it occurred, leaving them angry and confused by the denial.

Finally, there is heightened need for certain excess & surplus lines in developing markets, such as kidnap & ransom insurance, political violence insurance, or cyber liability coverage. According to the Clements Worldwide Risk Index Summer/ Fall 2016 edition, 25 percent of global organizations experienced a cyber liability breach over the past 6 months and 20 percent experienced a political violence event. Making sure your clients are protected from these perils abroad is critical.

For a broker specializing in domestic markets or even for a broker with international experience concentrated in one segment, like employee benefits, it may be daunting to consider how to meet all of your customers’ complex global needs. There are opportunities to partner with brokers whose specialty is international solutions who do not offer or compete in the domestic market, thus ensuring no competition with your clients.

When looking for an international broker partner consider the following:

1. Will they provide you access to the world’s leading carriers to ensure the risk is properly placed and there is coverage across all the markets where your customers operate? Finding a broker who is a coverholder with Lloyd’s of London is optimal.
2. Do they truly know international markets? Part of the challenge in advising clients entering new markets is understanding their needs across these markets. This is particularly challenging in high-risk countries across the Middle East and Africa. Ensure your partner has a portfolio that will bring with it the expertise your customers need and deserve.

3. Do they offer the right solutions to your customers? Finding a partner with proprietary solutions built specifically for international markets will enable you to provide the best products in the market to your clients. These features may include comprehensive coverage across markets, eliminated exclusions and sub-limits, or add-ons like training to best meet the needs of global organizations.

4. Do they offer in-house claims support? The type of documentation requested with a domestic claim is just often not available internationally, for example police reports or detailed estimates. Having a partner with experience in international claims manage will be invaluable to your customers.

Now is the time to start exploring partnerships. If domestic customers have not started going global, they soon will or they may already have. You want to ensure you are in control of how they insure their overseas staff and asset, providing them the additional value of taking this worry off their loaded plate.

NEW IRMI EXPERT COMMENTARY AVAILABLE
By Jack Gibson, CPCU, CRIS, ARM, President, International Risk Management Institute, Inc.

Improving Productivity through Better Communication (1,131)
Everybody loves a secret, but what everyone really loves is a secret that matters. The management guru Peter Drucker said that, in the era of the knowledge worker, unlocking the secret of productivity is the key to success in the future. Communication has always been essential, but, in a hypercompetitive global marketplace, effective interpersonal communication is more critical to driving change than ever. We are more wired but less connected, and managers must have a black belt in communication. Read the complete article here

Changing Environmental Insurers: Use Caution (2,257)
There is a game of reverse musical chairs going on in the environmental insurance marketplace today. There are now more places for a piece of environmental impairment liability (EIL) business to land than the number of pieces that need a home. Read the complete article here

Organizational Performance and Employee Reliability (2,146)
Statistics indicate that construction worker injuries cost contractors millions of dollars in direct costs and many times more in indirect costs. To address this waste of resources, diminished productive time, and loss of revenue, most contractors engage in interventions that include writing or rewriting safety programs. Read the complete article here

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EUROPE & RUSSIA
THE UNITED KINGDOM: LONDON BURNING
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**THE LETTER**

**THE UNITED KINGDOM**

**LONDON BURNING**

By David Worsfold

350 years ago, London was ravaged by the Great Fire. Out of its ashes was born a fledgling property insurance market. What strides have been made in the following centuries?

Modern property insurance traces its origins back to the aftermath of the Great Fire of London in 1666 and that story will be told many times as the massive conflagration is commemorated, 350 years on. It is a fascinating and important narrative but the industry has roots much further back.

Insurance was not an entirely novel concept when plans came together in the late 17th century to rebuild London and protect it in the future. The concept was already well established in the maritime world. There are records of marine insurance in the early 14th century when the Court of Flanders in Bruges, Belgium authorised policies and the first record of a marine insurance policy written in London was on a ship called Santa Maria in 1547. By 1601, sufficient marine insurance business was being conducted in London for an Office of Assurance to be set up, although little is known of its precise role. Ironically, most of its records were probably lost in the Great Fire.

The City of London was a vibrant commercial centre in the 17th century and, although no formal system of property insurance existed until after the Great Fire, there were plenty of forms of mutual support and assistance among the various trades and professions that had made parts of the City their own.

Many had formed themselves into guilds to help regulate their trades and crafts, the forerunners of today’s City livery companies. Some of the activities of these guilds had elements that would eventually find their way into the early insurance contracts after the fire as Professor David Bland explains in a chapter he has contributed to a new book on the Great Fire compiled by the Worshipful Company of Firefighters.

“The rules of many of the guilds included guidance on how to control and store hazardous substances so that the risks of fire or of harm to people were minimised. And if fire did break out and threatened to destroy a guildsman’s workplace (which was often his home) his fellow members – who were also his neighbours – would be on hand to assist with firefighting and salvaging what could be saved from the property. “After a major loss, the guildsman could lend to a member in good standing the equipment and materials to enable him to get back to earning a living quickly”. Fire was a frequent hazard in the cramped, crowded streets packed with wooden buildings, all heated with open fires and lit with candles. People responded quickly and most fires were extinguished almost as quickly as they started.

Thus, on 2 September 1666, when a fire started in a small bakery on Pudding Lane, few people were especially concerned, even as it spread along the narrow streets around the bakery. Diarist Samuel Pepys was woken up at his house in Seething Lane that night but thought the fire was nothing to worry about and went back to bed. Two days later, he was busy evacuating his family, sending his valuables to a friend’s house outside the City and taking some novel mitigation measures for other items: “Sir W Batten, not knowing how to remove his wine, did dig a pit in the garden and laid it in there, and I took the opportunity of laying all the papers of my office that I could not otherwise dispose of. And in the evening Sir W Penn and I did dig another and put our wine in it, and I my parmezan cheese.” Drastic action Pepys was also urging the authorities to take drastic action to stop the spread of the fire by blowing up houses to create firebreaks. They eventually did and the fire was brought under control on 5 September, by which time 13,000 houses had been destroyed and 80,000 people were homeless, about one-fifth of London’s population. In addition, 87 churches, including St Paul’s Cathedral, 52 livery halls, the Royal Exchange and Newgate Prison were all reduced to ashes. Loss of life was remarkably low, with fewer than 10 deaths directly attributed to the fire.
The Association of British Insurers estimates that the cost of repairing the damage of a similar fire today would be at least £37 billion. In the 17th century the costs were around £10 million with the new St Paul’s Cathedral costing £700,000.

There were some ambitious plans for rebuilding the City, most notably put forward by Sir Christopher Wren, who included a building for an insurance office in his plans. Wren’s grand plans were rejected and the City was rebuilt along its existing streets but the idea for insurance to protect property owners didn’t go away.

In 1674, a merchant called Mr. Newbold suggested a fund made up of contributions from householders and administered by the City of London but this made little progress through the City bureaucracy. Then, in 1681, Nicholas Barbon launched an independent scheme.

Barbon had a degree in medicine but switched to building in the wake of the Great Fire and also dabbled in financial speculation, including the first fire insurance office, which became known as ‘The Insurance Office for Houses, on the Backside of the Royal Exchange’. Premiums were set at 6d (or 2.5p) per pound for brick houses and double for timber, and funds were invested in ground rents. Its foundation deed allowed it to insure up to 10,000 properties.

It was not universally welcomed, according to Professor Philip Rawlings from the Insurance Law Institute at Queen Mary University of London.

"The City authorities opposed Barbon, perhaps because they saw the potential for revenue. But they were no match for him. He argued that the lower premium, which seemed a major attraction of the City’s scheme, meant it would require support from the City. The City scheme was withdrawn. But other rivals appeared. The Friendly Society for Securing Houses from Loss by Fire in 1684 and the Amicable Contributorship in 1696, which became known as the Hand-in-Hand after its emblem. Both were mutual schemes obliging members to contribute to losses". Barbon also had the idea of creating a fire brigade but this was left to Hand-in-Hand to pick up and start the first insurance company fire service. These survived until the late 19th century when the municipalisation of the fire services started in the wake of the Tooley Street fire (see page 31).

Policyholders were given small metal plaques known as firemarks to put up to show which company they were insured with and so the brigades knew where to go, although in major fires the insurance companies pooled resources and rarely ignored a property that didn’t bear their firm’s firemark. They developed a system of recharges for recovering the costs of dealing with a fire in a property insured by a competitor.

Barbon died in 1698 and his company was dissolved in 1710, the year in which the Sun Fire Office – now part of RSA – started, also based in the Royal Exchange and perhaps utilising the expertise of Barbon’s recently closed office.

The Sun was formed by 20 partners who each subscribed £20 to its capital buying out the initial investor Charles Povey. After a slow start it expanded rapidly, so that by 1720 it had 17,000 policyholders with £10m in sums assured.

First wave of insurance

It was the first of a wave of new insurers that were generally well run and financed – the Union (1715), the Westminster (1717), the London Assurance (1721) and Royal Exchange Assurance (1721), the latter now part of Axa. These all focused on London and only a handful of fire insurance companies operated outside the capital, most notably the Bristol Crown, which was set up in 1718.

The rush to create new insurers came to a juddering halt in 1720. “This is the period of financial speculation before the South Sea Bubble exploded in 1720”, says Rawlings. “It is not surprising that you don’t see much activity in terms of new insurance companies after that, as people had lost their appetite for new financial ventures.”

This allowed those, like the Sun, that had already established themselves to expand outside London and develop a more sophisticated approach, categorising buildings as Common, Hazardous or Doubly

These early fire insurers were helped by a huge improvement in the quality of the buildings as the City authorities, although thwarted in their plan to rebuild with new, wide streets, imposed new standards.
Hazardous Insurances, with more sophisticated premium scales to match.

These early fire insurers were helped by a huge improvement in the quality of the buildings as the City authorities, although thwarted in their plan to rebuild with new, wide streets, imposed new standards, says Bland: “Replacement buildings had to be in brick or stone, slate or tiled roofs; and they were not allowed to overhang the limit of the plot over the street. Fireplaces and chimneys had to meet strict specifications.”

The Great Fire was a huge disaster but as the City rose from the ashes — most of it was back working by the early 1670s — it also inspired the development of so many things we take for granted in the 21st century: insurance, building and fire safety regulations and organised fire services.

ISN
Great Fire of Southwark - 1212
In July 1212, fire broke out in the crowded streets of Southwark and, fanned by high winds, quickly destroyed Borough High Street and the cathedral of St Mary Overy (meaning ‘over the river’). The winds carried the burning cinders over the river and onto the thatched roofs along London Bridge. The bridge itself was built of stone following a fire that destroyed the old wooden bridge in 1135 but King John had approved the construction of wooden shops and houses along the full length of the bridge. Amid the chaos on the bridge, hundreds of people died. People from Southwark rushed onto the bridge at the southern end to escape the fire just as many others started crossing from the northern side to help tackle it. The burning cinders set roofs alight at the northern end, trapping people on the bridge. People died in the flames or drowned in the river. Others were crushed in the stampede for the overloaded rescue boats.

Tooley Street Fire
- 1861 Fire broke out on Saturday 22 June 1861 at Cotton’s Wharf, by the River Thames, where large warehouses containing jute, hemp, cotton, spices, tea and coffee were quickly ablaze. Despite the arrival of a fleet of fire engines from the London Fire Engine Establishment, the flames spread quickly as a combination of factors thwarted their attempts to control it. The warehouses had internal iron fire doors but most of these had been left open. Besides, with the Thames at low tide, the firefighters were unable to get an adequate supply of water for nearly an hour. By late evening, the fire stretched from London Bridge to Custom House. As the buildings started to collapse, the superintendent of the LFEE James Braidwood was among the firefighters who lost their lives that day. It took two weeks to extinguish the fire and cost an estimated £2m (£220m at today’s prices) for the buildings and the contents of the warehouses. As a result of the Tooley Street fire, insurance companies raised premiums and insisted on better storage of products in warehouses. The following year, the insurance companies wrote to the Home Secretary complaining they could no longer be responsible for the fire safety of London. They felt the LFEE had been efficient but was too small for a large, expanding city such as London. This lobbying led to the creation of the Metropolitan Fire Brigade in 1866.

The Blitz - 1940 and 1941
The Second World War led to the destruction of many buildings and streets in central London, especially as incendiary bombs ignited extensive fires. The two most notable were on 29 December 1940 and the nights of 10 and 11 May 1941. The December bombing raids set the area around St Paul’s Cathedral ablaze, leading to iconic images of Wren’s masterpiece standing defiant among the flames and smoke. In the May 1941 bombing, it was the area around Fleet Street, Holborn and the Strand that suffered the most, with fires sweeping through the narrow streets and alleys, including St Andrew’s Street where Post had its offices at the time. The offices were destroyed but the staff moved in with the printers at The Butts in Brentford and, remarkably, managed to produce that week’s edition just three days late. ISN
Solutions to the News Quizzical (page 5)
1. b; 2. a, c & d; 3. c; 4. c*

° The Association of British Insurers estimates that the cost of repairing the damage of a similar fire today would be at least £37 billion. In the 17th century the costs were around £10 million with the new St. Paul’s Cathedral costing £700,000.

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We have strengthened our online presence with The Insurance Research Letter Live! YouTube Channel. Go ahead and subscribe on the YouTube Channel (under the banner on the right side) – it’s free – this way you will be alerted when a new video presentation is published. Each monthly production highlights several articles from The Insurance Research Letter and a featured presentation is showcased. Content in each and every presentation has a long shelf life – it’s not newsy and subject to change – it’s educational and informative – expressly targeted to risk professionals around the world.

Neologism – turning a noun into a verb
Sophistry – the use of fallacious arguments, especially with the intention of deceiving

Quotes
“There is a need front and center, in our face every day, and it is growing in magnitude.”
~ Aon CEO Gregory Case, speaking on the need for cyber risk insurance

Learn Something
Harvard Business School article – Make Strategic Thinking Part of Your Job – It’s a common complaint among top executives: “I’m spending all my time managing trivial and tactical problems, and I don’t have time to get to the big-picture stuff.” And yet when I ask my executive clients, “If I cleared your calendar for an entire day to free you up to be ‘more strategic,’ what would you actually do?” most have no idea. I often get a shrug and a blank stare in response. Some people assume that thinking strategically is a function of thinking up “big thoughts” or reading scholarly research on business trends. Others assume that watching TED talks or lectures by futurists will help them think more strategically. How can we implement strategic thinking if we’re not even sure what it looks like? Buy the article here for $8.95

HBS video (2:23) – Gender Equality Is Making Men Feel Discriminated Against – watch here
And it’s shaping their politics. For more, read, “Why More American Men Feel Discriminated Against.” American men today earn about 20 percent more than their female counterparts and hold 96% of Fortune 500 CEO positions. They constitute more than 80 percent of the House and the Senate, and have an unrivaled 44-0 streak in winning the presidency. But in 2016 American men are also increasingly likely to say that they’re the ones facing discrimination.

ISN
DIVERSITY

By Keith Purvis*

On April 30, 2016 an article in the Frankfurter Allgemeine Zeitung described the career and management philosophy of Inga Beale, the first female CEO of Lloyd’s of London. She firmly believes that the staffing policy of companies in the insurance industry should try to achieve a mix of employees that include people with various ethnic, religious and educational, and career backgrounds, the handicapped and those with varied sexual orientations – people such as Beale herself, who is open about her own bisexuality. This policy is captured by the buzzword “diversity”.

In a globalized world, companies with a heterogeneous workforce have a competitive advantage if they use this variation sensibly. Beale compares this to the composition of a rugby team that needs heavy forwards, a wiry scrum-half and very fast three-quarters in order to be a winner. Looking around Lloyd’s she sees too many white-skinned males wearing dark suits. Because she believes that diversity increases creativity and the degree of creativity impacts on the bottom line, she believes the industry is massively under-performing, and empirical studies confirm this belief.

Diversity cannot be effective, however, if it merely entails increasing the percentage of employees who vary from the social, cultural or physical norms in a society. How creative is it possible for even the most interesting mix of people to be in a strictly hierarchical organization with an internally focused orientation, with a culture of extreme specialization, where even job rotation is hardly ever practiced? It has to be accompanied by structural change that is driven from the top, with customer oriented processes that ignore departmental boundaries. Furthermore, how do insurers reward their most creative staff?

Most well run companies have a system of identifying employees with management potential, rewarding them, fostering their talents and finding mentors for them. How many do the same for particularly creative people who have neither the desire nor the ability to be line managers, not simply rewarding them ad hoc for a bright idea, but giving them a career prospect?

As the renowned management consultant W. Edwards Deming pointed out, managers, not their employees, are ultimately responsible if things do not work out as they would like, because it is they who determine the framework, and the vast majority of employees want to do a good job. Without the right framework, the policy of staff diversity in insurance companies could end up as being little more than “flavor of the month”, and that would be regrettable.

* Keith Purvis for Versicherungswirtschaft Nr. 9, 2016 (PIA Member publication)

words and definitions to help insurance professionals*

Keith Purvis

Insurers for foreign package, K&R, accident, DBA and political risk

www.gmgunderwriters.com | 215.867.3764
Employee Benefits Reference Manual – Swiss Life

Listing of Social Security Programs Around the World – U.S. Social Security Administration
Social Security Programs throughout the world

National Labor Law Profiles – International Labor Organization (ILO)
The National Labour Law Profiles that you will find on this site intend to provide a rapid overview of the labour law in a number of ILO member States. Their purpose is to facilitate a general understanding of how the labour law works in each country, and to provide the reader with easy access to information on a number of topics. However, the profiles do not intend to give a comprehensive description of the labour law in any country. Where appropriate, a bibliography and a list of links is given, directing the reader towards more in-depth information. (Note: This project is not updated anymore and kept for historical analysis of comparative labour law only. Nonetheless it has value.) Go to website.

Social Security in other Countries – U.S. Social Security Administration
An ever-increasing number of social security agencies and organizations around the world are publicizing their programs on the World Wide Web. We have listed some of these Web sites below and will be adding to the list as we learn of new sites. Go to website.

ABCRM REVIEW, continued from Page 13

CIAB chairman here

President of Willis to vamoose at yearend
Willis Towers Watson confirmed that Dominic Casserley, President and Deputy CEO, is to leave the company when his employment agreement ends on December 31, 2016. The longtime (29 years) McKinsey & Company consultant joined Willis as CEO in January 2013 and served in that capacity until January of this year. Since the merger with Towers Watson in January, Casserley co-led the integration process and was head of the Investment Risk and Reinsurance unit. No word on his next move, if there is one.

Tim Wright leaves Willis in shakeup
Willis Towers Watson has announced a number of leadership changes, including the departure of Tim Wright, the broker’s Head of Corporate Risk and Broking. He is to be replaced by Todd Jones, currently co-head of North America. Joe Gunn will now serve as the Head of North America. Carl Hess will become Head of Investment, Risk and Reinsurance. Anne Pullum, Head of Strategy, will take on additional responsibilities as the Chief Administrative Officer (CAO) for Willis Towers Watson. Read about the leadership changes here.

GLOBAL BRIEFS, continued from Page 15

ioves over $1 billion, which is expected to double in the short-term based on existing demand for its products.

United States (California) – Lloyd’s reinsurer collateral requirements for Californian risks slashed
Collateral requirements for Lloyd’s insurers writing reinsurance business in California have been slashed. This follows approval from the California Department of Insurance for Lloyd’s to post reduced collateral in respect of U.S. property/casualty reinsurance contracts with California-domiciled cedants. It means Lloyd’s syndicates now have the option to post 20 percent of gross liabilities, instead of the 100 percent previously required, for new and renewal business incepting on or after July 1, 2016. The approval from California follows similar approvals under the Florida, New York and Pennsylvania reduced collateral regulations.
Failure to address your International Business capabilities can lead to...

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You cannot control where your prospects and clients will do business today, tomorrow or the day after... you can only decide to be prepared to take care of them...

—Paul Hering, PCPCU, Managing Director, Chief Executive Officer, Barney & Barney
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If you can read just one journal about insurance and risk management, read The Insurance Research Letter."

Patrick G. Ryan, Chairman and CEO, Ryan Specialty Group (RSG)

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