Managing Earthquake Risk in Peru

~ by Idan Cabello
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Editor’s Letter

Ransomware, Cyber Threats and the Need for a National Policy

Ransomware attacks on American critical infrastructure, healthcare providers, and even police stations and hospitals have been on the rise since their inception. These attacks target these organizations’ weakest link, an easily duped office worker with access on a company email server. Before long, a critically important actor in the economy can be financially manipulated or crippled.

According to a cybersecurity firm Recorded Future, ransomware attacks of this sort rose 65 percent over the past year. These cyber actors need only succeed once in identifying a bureaucratic organization with poor cyber resilience or a complacent CISO.

By far, one of the largest aggressors in this space is the hostile nation-state. With boundless resources to fund these ‘advanced persistent threats’ against American society and enterprise - and thereby the globe - there must be a congressional effort to address the information security policy of the United States. While the government cannot and should not treat these actions as acts of war - and respond in a most likely disproportionate way in kind - the discussion about creating a National Flood-type Act for the world of cyber policy must be had. So far, this process of increasing cyber security and establishing norms has unfolded only by industry and by state.

One of the reasons that this discussion has not been brought to the national level can be attributed to the following three reasons: its esoteric nature to the American voter makes it a deadbeat topic, two states have created a de facto national policy, and doing so would contend with plugging the cyber leaks that the U.S. intelligence community may or may not exploit for its own data collection purposes.

With most technology and financial firms located in either New York or California, cyber security stipulations there have ensured the safeguard of a large share of data. However, the ‘cyber coast’, if you will, must benefit from a baseline of protection against these rising forms of ransomware or increasingly persistent cyber threats.

Highlights

Managing Earthquake Risk in Peru

An overview of three challenges facing Risk Managers

Earthquakes in Peru are frequent events, because the country is in a highly seismic region placed over the Nazca plate within the so called South America subduction zone. This subduction is the key to the formation for one of most defining geographic peculiarities in Peru: the Andean Mountains. Read more on page 9

Two-Thirds of Businesses Are Unprotected from Tremendous Risk: The Case for Cyber Insurance

Although businesses should actively protect themselves against this threat, that is not reality. Cyber risk never sleeps. Learn what it is; how it’s defined; how to protect against cyber risk and a look forward. on page 11

Cyber Insurance Review: Why It Matters

Cyber and privacy risks continue to proliferate, leading more and more companies to turn to cyber insurance as a means of transferring some of those risks. Read why a well-designed cyber insurance policy should be a key component of a modern enterprise’s cyber and privacy risk management program on page 12

Transportation Innovation 2019

What effect will autonomous technologies, such as robot technologies and autonomous vehicles, have?

Automated Guided Vehicles (AGV) are common in the logistics industry. Autonomous technology has been used in manufacturing and distribution centers for years where AGV are used for moving product throughout a warehouse. Robotic units are common in fulfillment operations to assist in the pick and pack process. Experts believe the next wave of progress in logistics automation will be in final-mile delivery. Autonomous technology is swiftly being developed by major automotive OEMs and new start-ups. Read this fascinating article on page 12

NEWS Quizzical

1) Is Brexit really going to happen?
   a) No
   b) Yes
   c) Who knows

2) USPS alone had an estimated 70,000 delivery drivers in 2017. This will need to increase by ___ percent in order to meet the final-mile delivery demand in 2020?
   a) 30%
   b) 50%
   c) 100%

3) What percent of businesses suffered a cyber-attack in the past year?
   a) 42%
   b) 61%

See The Back Page for NEWS Quizzical answers
Brexit – is the end in sight?

Brexit is due to take place on the 31st October, according to the new Prime Minister, Boris Johnson, with or without a deal. He is not the only one who is saying that. Read more on page 15.

India’s general insurance market to cross US$40bn by 2022

A growing middle class, increasing awareness of the need for protection and favorable regulatory landscape are expected to drive the general insurance market in India from INR1.6 trillion in 2017 (US$24.1bn) to INR2.9 trillion (US$40.1bn) in 2022, according to GlobalData. Read this article to gain a better appreciation of the opportunities and challenges in a developing market on page 16.
Idan Cabello
Managing Earthquake Risk in Peru
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Idan is an engineer from Peru; his occupation is Risk Prevention Manager with Contac-to (local broker) and mentor in StartUp UNI (1st technology-based business incubator in Peru). Idan offers advice to decision-makers about Key Challenges for Insurance Sector in the Andean Region, supported with a wide variety of data sources such as OECD, The World Bank and local information.
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Chris Keegan
Two-Thirds of Businesses Are Unprotected from Tremendous Risk: The Case for Cyber Insurance
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Chris places network, privacy, technology, and media E&O insurance for companies in a variety of industries including financial institutions, authentication providers, manufacturers, healthcare, retail, and telecommunications companies. He has also executed cyber information risk assessment projects and worked with regulators on evaluation of E-Business risks. Chris is closely involved with the development of new insurance products designed to transfer electronic risk and is often asked to speak on these topics at seminars and functions throughout the United States and Canada. He has published articles and books on privacy, intellectual property, and technology and is licensed to practice law in New York, New Zealand, and England. Prior to joining Beecher, Chris was a National Account at Willis for Cyber and E&O and leader of the Information Risk Advisory Practice at Marsh. Before joining Marsh, Chris was Vice President at Zurich Reinsurance (North America) Inc. He worked in New York and London as a lawyer in private practice from 1985 to 1999. Chris is a Senior Research Fellow at the University of Maryland, Smith School of Business, assisting their efforts for the Department of Homeland Security and NIST in designing assessments for Cyber and technology risk. Chris graduated from Long Island University with a B.A. in English and a J.D. from Saint John's University School of Law.
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Lisa Kennedy
Transportation Innovation 2019
Page 12
Lisa is a Partner for Logistics Innovations. She has worked with clients in North America and globally. Lisa has a background in management consulting with a wide range of industry experience including automotive, logistics service providers, retailers, consumer products, manufacturers, food distributors, industrial manufacturing, wholesale distributors, among others. With over 20 years of experience, Lisa has expertise in global business strategies, organizational design, transportation and distribution operations, process re-engineering, change management, benchmarking, competitive positioning and growth strategies. Her commitment to developing effective solutions coupled with practical and efficient delivery of solid business recommendations has resulted in profitable growth, efficient operating platforms and customer satisfaction for her clients.

George Worsley
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George has been involved in the international insurance industry for more than 35 years. Having worked with Commercial Union (now Aviva), Delta Lloyd, Bekouw Mendes and Alexander & Alexander (now Aon), The St Paul Companies (now Travelers) and WBN, he currently runs his own firm, Worldwide Risk Solutions. He has vast experience in working in different cultural and business environments, speaks several languages and is widely travelled. He has lived in New Zealand, Belgium, the Netherlands, USA and now England. He has in-depth knowledge of the global insurance industry. With effect from 2006 he has been advising individuals and firms around the world and facilitating global business strategies and international business development. This involves intensive contacts with retail, wholesale and reinsurance brokers and agencies, access to training, skills and expertise in handling insurance and risk management projects in many countries. George was closely involved with structuring networks such as Brokers Link, has completed projects with Assurex, HLA (now Wells Fargo), UNiBA, UNISONBrokers and WING, to name a few. He advises many firms on a one off basis and remains on the contact list of brokers in more than 100 countries around the world. George is married and has three children. He is an ardent sports fan, loves cooking, gardening, reading, history and listening to music.
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Judy Selby
Cyber Insurance Review: Why It Matters
Page 12
Judy is the Principal at Judy Selby Consulting LLC (www.judyselbyconsulting.com). Judy brings 25 years of insurance coverage litigation experience to her insurance consulting work. She has a particular expertise in cyber insurance and coverage under various policy forms for today's emerging risks. She provides coverage evaluation, policy negotiation, gap analysis and policy drafting services to companies across multiple industries, bringing greater clarity and certainty to their insurance programs. She also provides expert witness services in coverage disputes, insurance due diligence, and private equity advisory services. Judy also is a co-founder of Clearview Privacy Consulting LLC, an advisory firm that assists companies with their privacy compliance, best practices, and training needs. Judy has been an invited speaker at prominent industry conferences and is frequently quoted in prestigious publications, including the Wall Street Journal, Fortune, Forbes, and Reuters. She has authored three eBooks: A Closer Look at Cyber Insurance, Demystifying Cyber Insurance, and Big Data for Business Leaders. In addition to her law degree, Judy has completed advanced courses at the Massachusetts Institute of Technology (MIT) and Harvard Business School in the areas of big data, crisis management/business continuity, cybersecurity, the Internet of Things (IoT), and finance. I also have taken courses in cloud computing and the Data Protection Officer (DPO) role under the GDPR. She is a former co-chair of the CLM Cyber Committee, member of the Law360 Insurance Editorial Board, and a 2015 finalist for the CLM Outside Professional of the Year award.
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Synopsis

Volume 30, Number 10, October 2019

Companies

Lloyd's returns to profit: £2.3bn profit for the first six months of 2019

Lloyd’s profit before tax for the period was £2.3 billion (June 2018: £0.6bn), underpinned by a combined ratio of 98.8 percent (June 2018: 95.5%) and investment income of £2.3 billion (June 2018: £0.2bn), as the market benefitted from unrealized gains due to reducing US and UK bond yields as well as robust returns from equities in the first six months of 2019. Read full press release [HERE](#).

Lloyd’s Hail Mary

IRL: Read Blueprint One

A recent letter from the esteemed market reads: “Dear Madam or Sir, Today marks the next stage of the Future at Lloyd’s with the publication of Blueprint One and I am delighted to share it with you.

Blueprint One sets out the first stage of our vision to create the world’s most advanced and customer-focused insurance marketplace with the widest range of products and services. It is the result of extensive consultation feedback from customers and stakeholders across our global network, as well as deep collaboration between the Corporation of Lloyd’s, the market, associations and our advisory councils.

Over the next 6 months we’ll be running a period of transition and planning - thinking through exactly how we will execute on the strategy. Then during 2020 we will start to build the various components of The Future at Lloyd’s, creating early versions of key components of the risk exchange, complex risk and claims platforms, and reengineering the existing claims process. The Future at Lloyd’s represents just one of the three areas of focus that I believe are essential to the long-term success of the market. Last week we announced a programme of initiatives to drive a more inclusive culture, and the spotlight on market performance will continue. This is a special time to be working at Lloyd’s. The changes we are making over the next few years will last for generations and will secure the future of this market we all care about. I have no doubt that we have the ambition, the plan and the commitment to succeed and I look forward to your continued support. Kind regards, John Neal, CEO Lloyd’s”

Munich Re invests US$ 250m in US start-up Next Insurance

Munich Re increases its stake in Next Insurance by investing an additional $250 million in the Californian start-up. Upon completion of the transaction, Next’s value will increase to slightly above $1 billion. This investment deepens Munich Re’s partnership with Next Insurance. Digital Partners, a Munich Re business unit, has worked closely with the start-up since 2016, supplying services and assuming risk. Munich Re has also held shares in Next Insurance through its Munich Re Ventures unit for some time. With the newly acquired shares, Munich Re now owns around ~27.5 percent of the company. Next Insurance is a Californian start-up offering tailored, digital insurance solutions to small and medium-sized enterprises (SMEs) in the US market. A premium volume of $139bn makes the US insurance market for SMEs very appealing.

Tokio Marine to Acquire PURE Group in $3.1B Deal

Tokio Marine Holdings, Inc. announced it has reached a definitive agreement to acquire Privilege Underwriters, Inc. (PUI) from investors led by Stone Point Capital and KKR. PUI is the holding company for a collection of specialty companies serving the needs of high net worth individuals and families, PUI, which does business through the PURE Group of Insurance Companies (PURE Group), includes: PURE Risk Management, the attorney-in-fact for Privilege Underwriters Reciprocal Exchange (PURE); PURE Insurance Company, a Florida-domiciled stock insurance company; PURE Programs, a managing general underwriter; and Haven Art Group, a fine art services and claims management company. Each of the PURE Group companies, except the reciprocal insurance exchange, which is an unincorporated association owned by its subscribers, will become wholly owned subsidiaries of HCC Insurance Holdings, Inc.

IRL: I am not sure what to make of this. As a PURE policyholder I received the “Dear Fellow PURE Member” letter and now have mild concerns whether or not the company will continue paying into its Subscriber Savings Accounts (SSAs). To read more about what this is and how it works click [HERE](#).

People

Berkshire Hathaway Specialty Insurance grows leadership team in France

Berkshire Hathaway Specialty Insurance (BHSI) announced it has expanded its leadership team in France, naming Katell Pouliquen as head of Claims, Louis du Ché as head of Property and Ludovic Ruiller as head of Environmental. Pouliquen brings 15 years claims experience to the role. She spent most of her career path in senior claims positions at AIG Europe in Paris where she most recently served as deputy head of claims. Du Ché joins as head of property and brings more than a decade of insurance industry experience. He was most recently global property manager, Benelux, at AIG Europe Limited. Prior to that, he also held senior roles in property insurance at other major insurers in France. Ruiller brings to BHSI nearly 20 years of experience in the environmental industry, spanning both technical consulting and underwriting. He was most recently environmental risks line manager, France & Benelux, at AXA XL. Before that, he spent 12 years specializing in environmental risk underwriting at AIG Europe and ASSURPOL in France.

Steve Wilson joins Hamilton as US Head of Casualty & Specialty Reinsurance

Hamilton Insurance Group (Hamilton), the Bermuda-headquartered group of companies underwriting specialty insurance and reinsurance on a global basis,
announced that Steve Wilson has been appointed Senior Vice President, Head of Casualty & Specialty for its new US reinsurance platform, effective October 1, 2019. Mr. Wilson comes to Hamilton from Third Point Re, where he was SVP Underwriting. He joins US colleagues in Hamilton’s newly-expanded organization. Based in New York, in this key new role, Mr. Wilson will help launch the build out of Hamilton's global reinsurance footprint in the US in line with its long-term strategy to build a global diversified specialty insurance and reinsurance company.

Pasich Expends New York Office with Addition of Peter Halprin

Boutique insurance recovery and entertainment firm Pasich LLP is pleased to announce that it is expanding its national platform and New York footprint with the addition of Peter A. Halprin, Esq., FCIArb, FArb. Halprin will serve as a partner. Before joining Pasich LLP, Halprin was a shareholder in Anderson Kill PC’s New York office, where he focused on insurance recovery and served as deputy co-chair of the Cyber Insurance Recovery Practice. Halprin represents commercial insureds in complex insurance coverage matters, with a particular focus on recovery strategies in relation to captive insurance, cyber crime, natural disasters, professional services, regulatory investigations, and technology disputes. Over the course of his career, Halprin has arbitrated, litigated, and mediated claims involving a broad range of insurance policies and recovered hundreds of millions of dollars in insurance proceeds for insureds. He advises clients under an array of forms and policies, including Boiler & Machinery, Builder’s Risk, Commercial Crime, Cyber, Directors & Officers, Employment Practices Liability, Errors & Omissions, Fidelity, General Liability, Kidnap & Ransom, Media Liability, Pollution Liability, Products Liability, Property, Technology E&O, Trade Credit, and Workers’ Compensation. Halprin also counsels U.S. and foreign companies in domestic and international arbitrations, including both ad hoc (ARIAS, Bermuda Form, London) and institutional (AAA, ICC, ICDR, JAMS, LCIA) arbitration forums. He has served as a party-appointed arbitrator and as sole arbitrator.

Zurich appoints Group Chief Risk Officer

Zurich Insurance Group announced that Peter Giger will join the Group on October 1, 2019, as Group Chief Risk Officer and a member of Zurich’s Executive Committee. Giger joins Zurich after four years as Head of the Insurance division and Deputy CEO of the Swiss Financial Market Supervisory Authority (FINMA). He left FINMA in September 2018. Prior to joining FINMA, Giger held various executive positions at Zurich from 2002-2014, most recently as Chief Financial Officer of its General Insurance business in 2010-2014. From 1999-2002, he was Head Structured Finance at Swiss Re. Giger succeeds Alison Martin who was recently appointed Chief Executive Officer Europe, Middle East & Africa (EMEA) and Bank Distribution.

Agent, Broker, Consultant & Risk Manager Review

Aon expands global golf platform, launching Worldwide Partnership with The Ryder Cup

The Ryder Cup and Aon have announced a multi-year agreement establishing Aon as a Worldwide Partner of The Ryder Cup. Working in conjunction with Ryder Cup broadcast partners NBC, Golf Channel and Sky Sports, Aon will showcase the defining moments of the tournament and give fans an ‘inside the ropes’ look at how captains and players work together to develop a winning strategy that maximizes team performance. Click here to watch Aon’s Ryder Cup partnership launch video.

Arthur J. Gallagher & Co. Acquires Anthony Hodges Consulting Limited

Arthur J. Gallagher & Co. announced the acquisition of Wakefield, England-based Anthony Hodges Consulting Limited (AHC). Founded in 1996, AHC is an award-winning pension, change and reward benefit communications consultancy serving clients across the United Kingdom, United States and Australia from its headquarters in Wakefield, and offices in Minneapolis and Melbourne.

Arthur J. Gallagher & Co. Acquires Allied Insurance Brokers

Arthur J. Gallagher & Co. (AIG) announced the acquisition of Pittsburgh, Pa.-based Allied Insurance Brokers (AIB) and its subsidiary, Asc Surety Risk (ASR). Founded in 1982, Allied Insurance Brokers specializes in offering insurance and risk management services to crane, scaffold and equipment dealers throughout the United States, and nonprofit social services organizations in Western Pennsylvania. Asc Surety is a nationwide program underwriting manager for the crane and scaffold industries.
Recently Published

Aon’s Political Risk quarterly

The newsletter provides insights into global developments and actionable insights for business. This quarter we analyse how the US/China trade war has caught certain economies off guard and question how far economic, social and governance factors should influence investment in emerging markets. Download this report HERE.

Aon: Bitcoin Briefing: 4 Traits That Define Today’s Cryptocurrencies

As cryptocurrencies become more widespread – both with the general consumer and business – numerous risks with issuing, processing and accepting them must be considered. Read this report HERE.

Marsh: Global Cyber Risk Perception Survey Report 2019

The number of global organizations buying cyber insurance is on the rise as insureds grow increasingly confident about the cover on offer, according to a survey by Marsh and Microsoft. The survey of 1,500 organizations found that 47 percent of organisations have cyber insurance in place, up from 34 percent when a similar poll was conducted in 2017. Fill out the form HERE to get your free copy of the report.

William Blair & Co: Financial Services and Technology — Insurance Brokers

Accelerating Free Cash Points to Robust Outlook Summary:

This report, which updates our long-running broker free cash flow series, highlights accelerating free cash flow growth across the group. Free cash for the five publicly traded brokers should roughly double to over $8 billion by 2020 compared to $4 billion in 2017 as the sector moves past a number of restruc turings, acquisition integrations, and internal investments. Aon, Willis, and Gallagher, in particular, are generating materially higher levels of free cash. The brokers have continued to outperform the market, with stocks up 28 percent on average year-to-date. While the sector appears expensive on a relative basis (at 121% S&P 500 P/E), a level free cash flow yield of 6 percent suggests the stocks are reasonably priced. The group is primed for continued strong performance as increased levels of free cash should translate into higher EPS growth for 2020/2021. Download 32-page report HERE.

Global Briefs

Hong Kong – Proposed Insurance Connect with mainland China currently on hold

The proposed Insurance Connect scheme to allow cross-border sales of insurance products between Hong Kong and mainland China is on hold because of economic uncertainties arising from the Sino-US trade war and the political unrest that has rocked Hong Kong the last three months. Read more about ‘Insurance Connect’ HERE.

India – Foreign investors can own 100% of insurance intermediaries

The Indian government has issued a notification putting into effect its decision to allow 100 percent foreign direct investment in insurance intermediaries. The FDI ceiling was previously 49 percent.

Peru – word from our man in Peru: “Indeed, AON operations in Peru are confronting more challenges than ever before (in addition to the three challenges of the article), AON (Peru) have two additional challenges: 1. Develop a regional “hub” to manage the operations of the Andean region (Bolivia, Ecuador and Peru) based on a technical knowledge of risks. 2. Increase net income and EBITDA (last 6 years have been very difficult for them). In the case of Lockton, the challenge is to have its own office in the Andean Region, but first they need local knowledge (technical, political and cultural). In other words, solve the first key challenge = “Build / Buy” Dilemma.

Turkey – Turkish Insurance Market Hampered by Underwriting Losses and Economic Volatility

A. M. Best report exploring Turkey’s non-life insurance market. Topics covered in the report include:

• Insurers have lost substantial control over pricing on motor third-party liability business due to regulatory/legal changes.

• The weak lira continues to make motor vehicle repair parts and reinsurance – always denominated in hard currency – expensive.

• Political and economic risks are significant and growing. Should U.S. sanctions against Turkey come to fruition, there could be significant economic/operational consequences for (re)insurers.

• AM Best considers the practice by Turkish insurers to offset technical losses with investment income not sustainable in the longer term.

Ukraine – 1H2019: total GWP in local currency increased by 16.5% y-o-y with over 98% of GWP collected by TOP-100 out of 249 companies

Market GWP in 1H2019 increased by 16.5 percent y-o-y and amounted to UAH 27.3 billion (~EUR 918 million), according to the statistical data, published by the regulator. At that the shares of life and non-life in the market portfolio remained almost unchanged. GWP from individuals amounted to 37.2 percent of the total market, and GWP from legal entities reached 62.8 percent. Among voluntary classes the highest growth rates were demonstrated by medical insurance (+43.21%), Motor Hull (+23.8%) and insurance against fire and other perils (+29.08%). Among compulsory classes MTPL increased by almost 12 percent, to UAH 2.46 billion (~EUR 82.9 million), GWP of Green Card policies went up by 36 percent y-o-y. Market paid claims increased by only 9.84 percent. A significant decline of paid claims was observed in life insurance (-27.12%), while non-life paid claims jumped by 12.38 percent. The total number of market participants continues to reduce. In 1H2019 the number of companies decreased by 42 in comparison to 1H2018. Anyway, at the end of 1H2019 the total number of insurers remained quite big (249 - of which 223 are non-life and 26 - life insurers). At the same time, the major part of the portfolio (98.2%) is accumulated by TOP-100 non-life companies. The non-life leader in terms of GWP is ARX (former AXA before rebranding) (UAH 1.12 billion/EUR 37.78 million), followed by UNIQA (UAH 1.11 billion/EUR 38.34 million), and ARSENAL Insurance (UAH 1 billion/EUR 34.61 million).
PERU

Managing Earthquake Risk in Peru

By Idan Cabello

An overview of three challenges facing Risk Managers

Earthquakes in Peru are frequent events, because the country is in a highly seismic region placed over the Nazca plate within the so called South America subduction zone. This subduction is the key to the formation for one of most defining geographic peculiarities in Peru: the Andean Mountains.

The insurance penetrations (premiums / GDP) in Peru represented only 1.7%, which is still a low rate compared with the Latin American average of 3.3%, the Insurance Research Letter analysed it in September’s issue (see the article: “Three Key Challenges for Insurance Brokers in the Andean Region”).

High earthquake hazard does not mean high risk

The earthquake hazards are the natural phenomena such as ground shaking, ground displacement, landslide, liquefaction, tectonic deformation, tsunamis, seiches and fire. While, the earthquake risk is the potential that exposure to the hazard will lead to a negative consequence such as fatalities and property damages.

The Global Seismic Hazard map developed by the Global Earthquake

Seismic Hazard

Exposure

Average Annual Losses
Model (GEM) shows how hard the earth shakes or accelerates at a given geographic point during an earthquake whilst the Global Exposure map presents the geographic distribution of residential, commercial and industrial buildings.

On the left side, the color red represents the zones with the highest PGA (Peak ground acceleration), in other words, the zones with the highest earthquake hazard. The Peak Ground Velocity (PGV) and the Intensity are others factors to be considered when estimating potential losses from earthquakes.

On the right side, the color blue represents the zones with highest building density. That's why the greatest earthquake risk in Peru is related to the built-environment that do not include the adequate construction practice and urban planning.

For these reasons, every day has the potential to become a large earthquake which will strike Lima, Arequipa, Ica or another large urban centre in Peru. This article summarizes the challenges facing risk managers.

1. To Know That Properties are Underinsured Against Natural Disasters
   Even though it is very cheap, few property owners in Peru buy an insurance cover against natural disasters which is surprising because Peru is a disaster-prone country.
   
   This map elaborated by GEM presents the average annual losses normalized by the construction cost in Peru (USD/m²) including building contents, structural and non-structural components.

   Although the Small and medium-sized enterprises (SMEs) are a key component in Peruvian economy, seeing that they employ 75% of the economically active population according to the Lima Chamber of Commerce, only 20% are insured against natural disasters according to the APESEG.

   On the other hand, of the approximately eight million homes in the whole country, only 264,000 are currently insured, in other words a critically low percentage of 3.3%, the Peruvian Association of Insurance Companies (APESEG) published this information recently.

2. To Learn From History
   The recent earthquakes (2001, 2007, 2011 and 2019) damaged lifeline systems, such as electric power system, transportation system, water supply and drainage system.

   The emergency response systems in Peru did not have an opportunely response to natural hazards in these recent events, so there are some concerns about our current preparedness to provide timely support to mitigate losses. An event like these, have the potential to cause loss of lives, property damages and an economic collapse unparalleled for Peru.

   In addition, they respected the forces of nature and adapted their villages according to the natural hazards in each location.

   Their constructions and engineering infrastructures are witnesses which have survived after centuries of earthquakes. The well-known statement “Earthquakes don’t kill people, buildings do” is especially relevant for us today.

   An image of Christ remained the 1746 disaster, as result, it is known as “El Señor de los Milagros” (The Lord of Miracles), and is the central point for a religious procession that takes place in Lima every October.

3. To Understand that Risk Managers Have a Role in Disaster Awareness
   The risk managers should take the time to provide the knowledge to support comprehensive actions by stakeholders (citizens, enterprises and government) about:

   A. The specific role that insurance industry plays to support recovery after the earthquake as soon as possible, in a context where insurance penetration remains still low in Peru, the IRL presented it in the last issue. Also, interacting with the scientific community to prepare products according to the earthquake loss estimation.

### Transaction Summary

<table>
<thead>
<tr>
<th>Nominal amount:</th>
<th>USD1,360,000,000 (with USD2,500,000,000 in orders)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classes:</td>
<td>Chile – USD 500 million</td>
</tr>
<tr>
<td></td>
<td>Colombia – USD 400 million</td>
</tr>
<tr>
<td></td>
<td>Mexico (a) – USD 160 million</td>
</tr>
<tr>
<td></td>
<td>Mexico (b) – USD 100 million</td>
</tr>
<tr>
<td></td>
<td>Peru – USD 200 million</td>
</tr>
<tr>
<td>Tenor:</td>
<td>3 years for Chile Colombia and Peru, 2 years for Mexico</td>
</tr>
<tr>
<td>Risk Premium:</td>
<td>Chile – 2.5 percent</td>
</tr>
<tr>
<td></td>
<td>Colombia – 3.00 percent</td>
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<tr>
<td></td>
<td>Mexico (a) – 2.50 percent</td>
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<tr>
<td></td>
<td>Mexico (b) – 8.25 percent</td>
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<tr>
<td></td>
<td>Peru – 6.00 percent</td>
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</table>
B. The investments in mitigation and prevention are the best approach for recovery from an earthquake and to promote disaster resilience, based upon the recent tragic events in Perú, Haiti and Chile which shows that inappropriate investments in preparedness and lack of prevention transform earthquakes in disasters.

Finally, in 2018 the countries of the Pacific Alliance (Colombia, Chile, Mexico, and Peru) transferred earthquake risks to the World Bank, and at the same time the World Bank transferred risks to investors through a Catastrophic Bond also called a CAT BOND.

Indeed, this risk transfer of USD 1,360 million is the most important Multi-Country Earthquake Bond in Latin America, and the second in the history of the CAT BOND market.

The transaction summary is shown in this graph from the World Bank. All five classes include parametric triggers, which provide protection depending on parameters including the magnitude, epicenter, location and depth of the earthquake event, and will help to ensure a speedy pay-out.

• Zero-day exploit: an attack that targets a disclosed vulnerability before the network or system implements a patch or solution

Beyond the direct impacts of attacks, businesses also face associated liabilities concerning their responses. Recent litigation has resulted from organizations mishandling data breaches based on claims of material misrepresentations regarding the adequacy or strength of an organization’s data security as well as the failure to promptly report a breach. For example, one of the most notable cases involved the September 2017 Equifax breach that exposed the personal information of 147 million people and resulted in the company agreeing to a USD 700 million settlement, with USD 250 million of that going to compromised consumers.

Protection Against Cyber Risk

The first step in securing a business against cyber risk is evaluating what exactly those risks are. A great tool for determining risk is computer modeling technology. Beecher Carlson, a Brown & Brown Company, uses advanced modeling techniques and recently enhanced its proprietary CyberSelect™ In-Site Loss Model with the addition of Advisen cyber loss data. This data allows Beecher Carlson to offer expanded perspectives for companies seeking to model their largest exposures to the loss or theft of confidential personal information and cyber business interruption, ensuring they have a comprehensive understanding of their insurable cyber exposures.

Next, it is vital that legal and IT representatives are party to the coverage discussion from the start, alongside those who are handling decisions about insurance. IT professionals, given their security expertise and knowledge of their organization, have the greatest insight and awareness into the breadth of the company’s cyber risk and can provide recommendations on how much coverage may be needed. Similarly, a business' legal representative can help determine what the consequences of a breach would be and what protections should be in place against them.

Finally, it is important to note that having insurance does not mean security efforts should be scaled back. Just as a business would not leave its doors open because they have protection against theft, maintaining and continually updating security measures is crucial to preventing a breach.

Looking Ahead

The landscape of cybersecurity is ever-changing, with new risks developing as technology grows and advances. A broker can assist a business by making them aware of these new risks as they appear and encouraging them to evaluate and protect against them. For example, with IoT expanding from common household items like thermostats and refrigerators to medical devices like heart rate and blood pressure monitors, the attacks on IoT devices are accelerating at an unprecedented rate. Security research from F-Secure measured a three-fold increase in attack traffic to nearly three billion separate events. Another threat expected soon is the development of AI-driven cyber-attacks from malware that will likely be able to mimic the behavior of human operators, adapting to various environments to avoid detection and increase its effectiveness.

Opting out of cyber liability insurance is a costly mistake. Cybercrime threats are numerous and changing, having been estimated by the FBI to cost businesses a whopping $2.7 billion last year. Businesses must meet with...
their insurance provider, establish their level of risk, and evaluate the policy that best fits their needs. With a range of available products including protection against hackers, theft and fraud, business interruption, loss of data, restoration of data, cyber defamation, and more, there is no reason to remain vulnerable. Cyber-attacks continue to rise, and with it, so must coverage.

**Cyber Insurance Review: Why It Matters**

*By Judy Selby, Principal at Judy Selby Consulting LLC*

Cyber and privacy risks continue to proliferate, leading more and more companies to turn to cyber insurance as a means of transferring some of those risks. As cyber insurance uptake continues to expand, more and more insurers have now entered the market. These are positive developments because a well-designed cyber insurance policy should be a key component of a modern enterprise’s cyber and privacy risk management program. These developments, however, also create challenges that insureds should address prior to purchasing a policy.

Unlike more traditional forms of insurance, there currently are no standardized policy forms for cyber insurance. Policy terms, including grants of coverage, exclusions, and conditions, vary among the many carriers that issue cyber policies, and numerous coverage options are offered. Given this reality, companies need to ensure that the cyber policy they purchase is appropriate for their specific cyber risk profile.

Because the terms of cyber insurance policies vary so substantially among carriers, and policy forms are frequently updated, it’s important for companies to take a hard look at their policy — at the time of initial purchase and at renewal — to ensure that they understand what is, and what is not, covered. There are no short cuts around this process; a careful review of every page of the policy is required. To drive this point home, I’ve highlighted some coverage gaps identified during recent policy reviews:

**Vendor breach impacting insured’s information**

Policies issued to a number of companies, both large and small, contained an endorsement that would eliminate coverage for incidents affecting the insured’s information while being hosted by service providers. The “form” of each insurance policy included coverage for a “data breach,” which was defined to include incidents affecting both the insured’s computer system or that of a “third party” with whom the insured had a contract to host the insured’s information. “Third party” was not defined. An endorsement to each policy, however, changed the definition of “data breach,” substituting the term “individual contractor” for “third party.” “Individual contractor” was defined in pertinent part as a “natural person.” In other words, a human being. This two-word change in the 90+ page policies would likely serve to preclude coverage for a data breach affecting almost all of the insureds’ vendors, including cloud providers.

For companies that do not entrust their data to third parties, this endorsement may not be important. Companies certainly should not pay for coverages they don’t need. But for many companies, this policy change could create a major and avoidable coverage gap.

**Coverage for business interruption caused by cyber extortion**

A large healthcare provider was covered under an older form cyber policy, which apparently was updated at some point to add coverage for cyber extortion. Because of the way the policy was structured, however, coverage for business interruption losses, which was triggered by a variety of covered events, arguably was not triggered by a cyber extortion event. This may not have been the intention of the parties. But because the potential business interruption impact of a ransomware event could be quite substantial, the structure of the policy could create coverage issues in the event of a claim.

**Social engineering losses**

A policy issued to a global distribution company contained a “Social Engineering Endorsement,” pursuant to which the insured thought all social engineering risks, including business email compromise, would be covered. The endorsement, however, was limited to events involving the impersonation of company employees. Since cybercriminals frequently impersonate the insured’s business partners and vendors when perpetrating their social engineering attacks — and this insured has hundreds of vendors and suppliers worldwide — there was a gap in coverage for very significant exposure.

**Regulatory coverage**

A number of companies across various industries had policies containing a “GDPR Endorsement,” and each of the companies was under the impression that it was insured for all exposures under the EU’s General Data Protection Regulation (GDPR). GDPR contains 99 articles and imposes broad obligations on regulated entities concerning how they handle personal information throughout the entire information lifecycle, from collection and use to storage and security. Despite assumptions that might be drawn from its title, the endorsement provided coverage for just four of the GDPR’s 99 articles, and each of those four deals only with information security requirements.

Understandably, not every cyber policy provides coverage for every potential GDPR violation. It’s important, however, for insureds to look past endorsement titles — as well as coverage summaries — and understand the precise scope of their policy’s coverage. If more comprehensive coverage is desired but not available, the insured should appropriately address its uninsured exposures in its cyber and privacy risk management program.

**Choice of law**

Insurance policies often contain a specific choice of law designation, meaning that the law of the identified state will apply to policy construction issues in the event of a dispute under the policy. It’s important to keep in mind, prior to policy issuance, that a choice of law designation could actually operate as a de facto exclusion. For example, although a cyber policy may provide coverage for regulatory fines and penalties, as well as punitive damages, it also may designate a state or jurisdiction (such as the jurisdiction issuing the fine) that precludes coverage for those exposures on public policy grounds. Insureds, therefore, should carefully consider their policy’s choice of law designation in light of their risk profile prior to policy issuance in order to avoid unpleasant surprises following a claim.

**Takeaway Thoughts**

Obtaining cyber insurance is a wise business decision, but it should be made carefully. A close review of the policy can identify areas of concern that can be addressed during the policy negotiation process. It’s far better to recognize coverage gaps and limitations in advance, instead of waiting for an incident and potential coverage dispute to occur.

**Transportation Innovation 2019**

*By Lisa Kennedy, Principal, Logistics Innovations*

What effect will autonomous technologies, such as robot technologies and autonomous vehicles, have?

Lisa Kennedy recently led a two-hour workshop on logistics technology innovations. One of the key topics presented was technology developments of self-driving technologies. A lively discussion followed regarding how the technologies will affect the transportation and warehousing industries. One key focus areas of discussion was the number of new parcel delivery technologies currently available and the advantages/disadvantages of each.

Automated Guided Vehicles (AGV) are common in the logistics industry. Autonomous technology has been used in manufacturing and distribution centers for years where AGV are used for moving product throughout a warehouse. Robotic units are common in fulfillment operations to assist in the pick and pack process. Experts believe the next wave of progress in logistics automation will be in final-mile delivery. Autonomous technology is
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swifly being developed by major automotive OEMs and new start-ups.

Smaller scale delivery robots are being used for faster deliveries in hyper-local markets. Smart lockers are being installed at a rapid pace throughout the country by Amazon, UPS, and FedEx. Major retailers such as Home Depot and Walmart are installing lockers in retail stores for buy online, pickup in store (BOPIS). Walmart had such success with its initial lockers they added more than 500 additional Pickup Towers to stores across the country. Pickup Towers are available to 40 percent of the U.S. population. These alternative fulfillment technologies and options will become more popular as the number of parcel deliveries increase and there are fewer drivers available. The cost of package delivery will increase as drivers will demand higher wages.

The U.S. Department of Commerce estimates consumers spent $513.61 billion online in 2018, up 14.2 percent from 2017. Total retail sales increased 4.1 percent to $3.63 trillion, according to its figures.

eCommerce Forecasts

The need for more cost-effective final-mile delivery is already here. The number of drivers needed to deliver eCommerce orders is estimated to increase almost 50 percent by 2020. Low unemployment, an increase in online sales, and an overall increase in retail spending will create the perfect storm for fulfillment technology evolution.

Consumers spent $513.6B online for retail purchases in 2018, a 14.2 percent increase compared with $453.5B in 2017. The growth rate from 2016 to 2017 was 16.0 percent. The highest growth rate was in 2011, when online sales grew 17.5 percent over 2010. There are growing retail sales and online retail sales.

In September 2019 unemployment remained steady at 3.7 percent, with the addition of 130,000 new jobs added in August. As the labor supply drops, wages will go up. Any online retailer will find the cost to deliver their packages will increase, potentially limiting online retail growth. The major online retailers are all looking for solutions to reduce final-mile delivery cost.

There simply will not be enough drivers to deliver all the parcel packages. In 2018 eCommerce sales accounted for 14.2 percent of all retail sales in the United States (taking out items not normally bought online from the retail number); this figure is expected to reach 17.5 percent in 2020. Total retail sales reached $3.6T, a 3.8 percent increase compared with $3.5T in 2017. Analysts estimate Amazon uses USPS to deliver half of their eCommerce orders. If the package delivery increases at the same rate as eCommerce sales, there will be almost eight billion deliveries in 2020 for all eCommerce orders.

USPS alone had an estimated 70,000 delivery drivers in 2017. This will need to increase by 50 percent in order to meet the final-mile delivery demand in 2020. The actual decline in use of mail has been in Amazon's favor because it has received package delivery revenue in place of mail revenue. It is unknown if USPS has the structural capability of adding another 22,000 drivers in one and a half years. New delivery options will need to be put in place and fast.

Bring in lockers, delivery robots, and autonomous vehicles. Parcel lockers have been used extensively in Europe and China for years. Amazon has installed lockers throughout the United States. Amazon locker locations include Whole Foods, Chase Bank, Hilton, 7-Eleven, Speedway, and other regional retailers. Amazon also has a separate division, Amazon Hub, which designs and installs lockers in multi-tenant dwellings to allow residents to receive packages and pick them up at flexible times. The key to the service is that Amazon offers it as a delivery option for packages from any delivery provider. A China locker company has developed an innovative technology that will have AGV or drones place parcel packages in lockers. The big advantage with lockers is the customer does not need to be present to receive an order.

Delivery robots are a second option to increase the capacity for final-mile delivery. Several startup companies and Amazon have developed delivery robot technology. Amazon has further developed the robot giving it the capability to open a door to a home or garage. Delivery robots are being used in Arizona, after a law was passed in May 2018 giving the bots similar rights as pedestrians have on sidewalks. The ordering process is through an app where a customer can order food, beverages, and other items from local merchants and receive the items in 15-30 minutes. In 2019, Corporate and University campuses such as Northern Arizona University and George Mason University have started using food delivery robots made by Starship.

Lastly, there are autonomous vehicles. Vehicles can deliver larger orders, refrigerated items, multiple orders, and travel further distances. Vehicles are in advanced development at GM and Toyota. Toyota plans on developing its delivery vehicles in three sizes a bus-sized vehicle, a shuttle, and a small delivery vehicle sized to run on sidewalks. Start-up Nuro is in a trial phase with Kroger to deliver groceries to local customers. The test started in Scottsdale, Arizona and has expanded in 2019 to Houston, Texas.

Autonomous vehicles appear to be on the way to becoming mainstream. Self-driving car services are expected to be offered by Waymo, GM, Volkswagen/Intel, and Uber/Toyota. Investors have poured billions of dollars into this technology with Softbank being one of the major investors. As of February 26, 2018, California allows fully autonomous cars without safety drivers to test on public roads. There are currently 50 companies testing nearly 300 autonomous vehicles that are licensed with the California DMV. Analysts and industry experts are positive about future adoption of this technology for final-mile deliveries.

- Material handling and logistics forecasts that as soon as 2026, 90% of new vehicles will be autonomous.
- McKinsey estimates 80% of final-mile deliveries will be made with autonomous vehicles in eight years.

Experts believe eCommerce retailers will start to establish incentives to use alternative technologies. Most consumers will continue with the status quo unless there is a compelling reason to change. Experts estimates incentives will start to appear in holiday 2019.

There are inherent risks with autonomous vehicles and robot technology. The biggest risk is harm to a pedestrian. In this event, the legal implications for operators is yet to be determined. When a self-driving vehicle causes damage, who gets sued the manufacturer, operator, or owner? With human driver's, blame is typically easier to identify. Insurance companies are also unsure how to insure these vehicles. They have established teams to understand the potential issues, but at this point they too are unsure of the risks. There are many issues to be resolved, with no signs of the development of this technology slowing down. Individual states will continue to pass laws allowing these vehicles and paving the way for a robot to be in your city soon.
Brexit – is the end in sight?

By George Worsley, international insurance guru

Brexit is due to take place on the 31st October, according to the new Prime Minister, Boris Johnson, with or without a deal. He is not the only one who is saying that; all of his newly appointed Ministers echo his sentiments. However, with only small handful of exceptions his head-nodding followers in the Cabinet are a bunch of ninnies. People like Dominic Raab (Foreign Office), Priti Patel (Home Office) and Stephen Barclay (Brexit Office) have all been likened to empty food cans clattering noisily around key issues.

There is a groundswell of opposition to Boris Johnson’s tally ho approach to leaving the EU without a deal. Staunch Conservatives including ex-ministers are talking with the two other main parties (Labour and Liberal Democrats) to bring about a vote of no confidence in the present government. Boris has glibly said that even if he loses such a vote, he will not resign. In the unwritten constitution, he might be right but all the House of Commons would need to do, is pass a law booting him out.

This past week (September 9) your scribe interviewed Dutch and French observers who admire Boris’ energy, communication skills and empathy with the media. But he gets compared with the clown across the Atlantic in dividing the nation instead of unifying it as well as annoying the EU partners at the same time. He seems deaf and blind to the effect a no-deal Brexit would have on the 27 EU members let alone the UK itself. A recent study of seven EU countries posts a dismal view of the impact on them when a chaotic no-deal Brexit takes place: the loss of jobs in the automobile industry alone will cost Germany and Spain billions and the sale of oil and gas in and outside UK waters to and from other EU countries has not been revealed – for fear of publicizing the amount involved. Whilst the Netherlands is viewed as the best prepared of all EU countries for no-deal, the impact, according to the government, will cost its economy €10 billion. What about the other EU members?

The business world is also sending conflicting messages on the best way to push Brexit through and Scotland still thinks that North Sea gas and oil will finance the independence it is now demanding if it joins the opposition in supporting a vote of no confidence. The issue of a hard border in Eire/Northern Ireland has woken up a few Senators in the US who are now saying that if Boris scraps the Good Friday Agreement, he can whistle in vain for a trade deal with the United States.

EU leaders and negotiators do not seem minded to renege on the offers Mrs. May agreed to months ago. France and Germany especially, have had enough of the whinging noises coming out of Britain and want to concentrate on other issues.

As the Brexit date approaches it is not possible to say if the no-deal Brexit team will win or lose. Most of the polls are saying a majority of people now do not want Brexit; but who is listening to the people? All very uncertain. One thing is true however, pretty well since the referendum in 2016, Brexiteers have given the Remainers ample opportunity to come up with a cohesive argument to defeat Brexit but petty squabbles, posturing, procrastination and lack of leadership means that the paucity of opposition will probably allow a miserable Brexit to cross the line ahead of what the country really wants.
India’s general insurance market to cross US$40bn by 2022

**Sourced from GlobalData**

Growing middle class, increasing awareness of the need for protection and favorable regulatory landscape are expected to drive the general insurance market in India from INR1.6 trillion in 2017 (US$24.1bn) to INR2.9 trillion (US$40.1bn) in 2022, according to GlobalData, a leading data and analytics company.

GlobalData’s report, ‘Strategic Market Intelligence: General Insurance in India – Key Trends and Opportunities to 2022’ reveals that the gross written premium in India’s general insurance market registered a compound annual growth rate (CAGR) of 17.2% between 2013 and 2017. Motor, personal accident & health and property together accounted for almost 80% share in 2017.

Siddharth Agarwal, Practice Head of Financial Services at GlobalData, comments: “The growth will be mainly driven by private insurers who are looking to capitalize on the opportunities arising as a result of high economic growth and low levels of insurance penetration.”

Despite the high growth, general insurance penetration (measured as a percent of GDP) is very low in India and stands at less than 1 percent, much lower compared to developed markets such as the US, which had penetration of 7.8 percent in 2017. Even emerging markets like China and Brazil have higher penetration of 1.8 percent and 3.3 percent, respectively.

Motor insurance was the largest category, accounting for 38.8 percent share of general insurance market with gross premium of INR607.2bn (US$9.3bn) in 2017. Rise in automobile sales and the 2018 regulation mandating sale of three and five year third-party insurance policies on new cars and two-wheelers, respectively helped drive motor insurance growth.

The new Motor Vehicles (Amendment) Bill 2019, which stipulates a penalty of INR2,000 (US$27.8) for driving without insurance policy, is expected to further drive motor insurance growth.

Personal accident and health insurance was the second largest category with 27.1 percent share in 2017. Property insurance was the third largest category with 15.3 percent share, followed by marine, aviation and transit insurance with 2.3 percent, liability Insurance with 1.3 percent and financial lines with 0.8 percent share.

One of the key trends, which can be witnessed, is the gradual deployment of technology across the industry value chain. For instance, HDFC Ergo tied-up with IBM for deploying artificial intelligence (AI)-based solutions in its customer relations as well as product development processes.

Similarly, ICICI Lombard is deploying AI-based models in motor and health insurance for claims processing and fraud detection. The same insurer also deployed drones for crop insurance assessment in the Indian state of Gujarat.
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Quotes

“For all of us, becoming indigenous to a place means living as if your children’s future mattered, to take care of the land as if our lives, both material and spiritual, depended on it.”

~ Robin Wall Kimmerer, Braiding Sweetgrass

“A government big enough to give you everything you want, is big enough to take away everything you have.”

~ Thomas Jefferson

Do you know?

Men who lack supervision...

… Only constant supervision can prevent these things from happening!

Book Review


Braiding Sweetgrass is a collection of autobiographical stories set in the natural world, told by a woman who is both a PhD biologist/botanist and a member of the Potawatomi nation. Woven together from the author’s experience as an indigenous person as well as her training as a scientist, these stories capture the exquisite interdependence of people and plants and reminds the reader how deeply spiritual that interaction can be. From her description of being a child “raised by strawberries,” to her experiments making maple syrup with her daughters, to her visits with the Pigeon family making Black Ash Baskets, the author takes the reader on a vivid journey through varied natural environments, after which it’s impossible to look at plants and their environments the same way again.

With humor, intelligence and gentle teaching, Dr. Kimmerer reminds us about the importance of seeing, respecting and interacting with gratitude for and reciprocity with the other living beings which inhabit the world around us.

Just a taste:

“In a garden, food arises from partnership. If I don’t pick the rocks and pull weeds, I’m not fulfilling my end of the bargain. I can do these things with my handy opposable thumb and the capacity to use tools, to shovel manure. But I can no more create a tomato or embroider a trellis in beans than I can turn lead into gold. That is the plants responsibility and their gift: animating the inanimate. Now there’s a gift.”

I listened the Audible version, read by the author herself. It was exceptionally well read, and I especially appreciated hearing someone pronouncing the to me unfamiliar Anishinabekwe words properly. And hearing the author laughing at herself!

Click on the image and you’ll be taken to the Amazon link to order a copy for only $10.82 (paperback).
C3 Risk & Insurance Services Announces Acquisition of Mission West Insurance

C3 Risk & Insurance Services (C3), a privately-held insurance brokerage firm in California, announced the acquisition of Mission West Insurance, an Orange County-based insurance brokerage. The acquisition and joining of two powerful forces establishes a larger footprint for C3 in Southern California and gives Orange County brokers a new opportunity to hold equity in a privately-held firm that values integrity above all else.

Hyperion to merge Howden and RKH

UK insurance group Hyperion Insurance is to combine its specialty and retail broking operations under a single management team and brand. RKH Specialty, the group's London-based specialty broking business, will be merged with its retail broking operations, Howden, with effect from October 1. RKH will then “transition” to the Howden Specialty and Reinsurance brands over the next 12 months. José Manuel González will lead the combined business as chief executive and relocate to London. He previously served as chief executive of Howden Broking Group. Paul Redgate, managing director at RKH, will work with Mark Wood to lead the broking group’s global practices. Wood will join from Marsh-JLT Specialty when he completes his contractual obligations to the broker. In the UK, and effective 1 October 2019, Andy Bragoli, in addition to his role as CEO of RKH, will lead a newly formed UK Broking Executive Committee, which will sit above both RKH and Howden UK. Chris Evans, in addition to his role as CEO Howden UK, will be his deputy. Barnaby Rugge-Price, CEO of Hyperion X, will chair the committee, supported by Paul Redgate as deputy. Elliot Richardson will continue to lead Reinsurance.

Marsh Pilots Blockchain powered Insurance Placement

U.S. Trade credit line to be bound on new risk exchange platform

Marsh announced its piloting of Risk Exchange, a new digital placement platform powered by blockchain technology. Risk Exchange has the potential to transform the insurance placement process toward an interactive, digital experience where clients, carriers, and Marsh brokers can provide real time information and feedback on the placement and binding process.

The Risk Exchange concept was proposed by a winning Marsh hackathon team and further developed in Marsh Digital Labs. In the pilot, Marsh clients Dow Inc. and SharkNinja will bind US trade credit policies with leading carriers AIG and Euler Hermes, receiving real time status updates and notifications throughout the process.

People

Gallagher names head of claims for global aerospace practice

Gallagher has announced the appointment of Steve Wilkinson as head of claims within its global aerospace practice, effective immediately. Wilkinson brings more than 40 years of experience and has had exposure to many high profile and complex aviation claims during his career. He most recently held the position of managing director of Aviation and Aerospace at Marsh. In his new role, Wilkinson will be based in London and have the responsibility for leading Gallagher’s 37-strong claims team.

Guy Carpenter names long-time employee as new chairman

Guy Carpenter, a subsidiary of Marsh & McLennan Companies (MMC), has appointed former vice chairman David Priebe (pictured on page 7) as chairman with immediate effect. Based in New York, Mr. Priebe has held various leadership roles at Guy Carpenter since 1981 and possesses broad global experience in reinsurance.

Financial Institutions and D&O specialist joins Miller

Thomas Coates (pictured on page 7) has joined Miller, bringing almost two decades of market experience to benefit Miller’s North American intermediary clients and Asian based broker clients. Thomas’ remit includes developing Miller’s existing FI and D&O offering and producing new business in North America and Asia-Pacific. He specialises in financial institutions and directors’ and officers’ liability re/insurance and has placed business throughout North America and Australia, as well as Cambodia, Hong Kong, Indonesia, Korea, Singapore, Thailand and Vietnam. Thomas will work with Andy Brett and the wider Professional Risks team at Miller.
I recommend reading the Insurance Research Letter, loaded with expert opinion and informative articles.

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

RSG is a global organization consisting of a wholesale brokerage, a select group of underwriting managers, and other specialty services to agents, brokers and carriers. Prior to launching RSG, Mr. Ryan was the founder, retired chairman and CEO of Aon Corporation – one of the world’s largest insurance and reinsurance brokers.