

PROPERTY & CASUALTY & INSURANCE MARKET NEWS

Dec. Jan. 4 – Jan. 17, 2020

P&C – Selected Stories

Australia's bushfire bill edges towards US\$1bn

The latest bill for Australia's seemingly never-ending bushfires has reached A\$1.34 billion (US\$930 million) according to the Insurance Council of Australia (ICA). A total of 13,750 bushfire insurance claims have been made. The ICA is anticipating a sharp increase in claims this week as household property assessments are undertaken and large commercial claims are lodged. Meanwhile two of Australia's biggest insurers, Suncorp and IAG, have temporarily stopped selling insurance policies across large parts of Victoria and some areas in New South Wales affected by bushfires. It is a common practice to place areas under embargo to stop the panic-buying of insurance. To help communities the ICA has set-up an online register to help local tradespeople and builders play a significant role.

<https://insurancenews.com/australias-bushfire-bill-edges-towards-us1bn/>

Farmers Expands Program, Now Insuring Uber Drivers in 14 States and D.C.

Farmers Insurance has expanded its relationship with Uber by providing commercial automobile insurance to its ridesharing drivers in 12 additional states and the District of Columbia. Farmers is the second insurer within weeks to announce or expand an Uber program, helping to fill a gap in Uber's insurance that was exposed in the Oct. 8 announcement by James River Group that it was dropping Uber, its largest client, and cancelling all Uber policies as of Dec. 31. Liberty Mutual Insurance said it started providing coverage for Uber drivers and passengers on Dec. 31, 2019. The Liberty Mutual program is available to drivers in Puerto Rico, South Carolina, Massachusetts, Connecticut, Rhode Island, Vermont, New Hampshire and Maine.

<https://www.reinsurancene.ws/global-insured-cat-losses-well-below-average-at-56bn-swiss-re/>

McLarens strengthens construction and engineering team

McLarens has boosted its loss adjusting expertise in construction and engineering with the appointment of a team of specialists from Advanta. The new team will strengthen McLarens's London offering and, combined with the firm's construction and engineering hub in Manchester, ensure comprehensive geographical coverage across the UK. The expanded London team will also operate alongside McLarens's London market natural resources practice, to provide joint solutions to the energy and renewables sector.

<https://www.claimsmag.co.uk/2020/01/mclarens-strengthens-construction-and-engineering-team/15882>

Allstate's 2019 cat losses down after quiet end to year

The Allstate Corporation has announced that catastrophe losses in the month of December reached \$25 million (pre-tax), taking its fourth-quarter 2019 estimated cat loss total to \$295 million (pre-tax). Combined with the firm's loss experience throughout the rest of 2019, Allstate's 2019 catastrophe loss bill stands at approximately \$2.6 billion, which is down on the \$2.9 billion posted a year earlier and also on the \$3.2 billion recorded in 2017.

<https://www.reinsurancene.ws/allstates-2019-cat-losses-down-after-quiet-end-to-year/>

Social inflation keeps rising for insurers

Beyond new technologies, social inflation is one of the biggest disruptors facing the insurance industry, according to speakers at the Insurance Information Institute's Joint Industry Forum. Social inflation is an issue "frequently" discussed on insurer earnings calls. Social inflation was a "big deal" starting in the second and third quarters and is going to be a huge issue in the fourth quarter. "The world has changed. I grew up in a world where the insurance industry played chess. Now we're in a world where you're playing speed chess, and the cost of errors is going to be severe."

<https://www.businessinsurance.com/article/20200117/NEWS06/912332630/Social-inflation-a-growing-industry-disruptor-Insurance-Information-Institute-Jo>

P&C – Selected Stories

Natural Catastrophes Cost \$150B in 2019, with Insurers Paying \$52B: Munich Re

Natural catastrophes caused overall losses of US\$150 billion during 2019, including insured losses of about US\$52 billion, which matches the average of the past 30 years, according to Munich Re's catastrophe update. The reinsurer said the protection gap (the difference between overall economic losses and insured losses) was higher in 2019 than in 2018, due largely to the high share of flood losses, which are often not insured to the same extent as wind damage in most industrial countries. Nevertheless, Munich Re said, the insured portion of overall losses, which was slightly above 35%, matches the average of the past 10 years. The ongoing protection gap is evidence that large sections of the market remain uninsured, especially in emerging and developing countries, the reinsurer continued.

<https://www.insurancejournal.com/news/international/2020/01/08/553915.htm>

Chubb Estimates \$430 Million in Fourth-Quarter Cat Losses

Chubb said it is estimating fourth-quarter net catastrophe losses of \$430 million pretax, or \$353 million after tax, attributable mainly to severe weather-related events worldwide. Those events include tornadoes in Texas, wildfires in California and Typhoon Hagibis in Japan, as well as civil unrest in Hong Kong and Chile, Chubb said in a statement.

<http://news.ambest.com/newscontent.aspx?AltSrc=104&RefNum=222859>

How catastrophes affected Intact's Q4 numbers

Intact Financial Corp. is pegging its catastrophe claims at \$115 million for the fourth quarter of 2019 alone, more than double the figure for the same period in 2018. The company has yet to release its full financial results for 2019. The actual current-year catastrophe loss for Q4 2018 was \$55 million.

<https://www.canadianunderwriter.ca/claims/intact-lets-q4-cat-numbers-out-of-the-bag-1004172484/>

More Than a Dozen Florida Insurers Facing Ratings Downgrades

The rating agency responsible for assigning financial stability ratings (FSR) to more than 40 Florida domestic insurers has warned that several carriers will receive downgrades due to deteriorating conditions in the state's property insurance market, and more than a dozen more could be downgraded in the next few months.

<https://www.insurancejournal.com/news/southeast/2020/01/09/554155.htm>

Allianz opens historic insurance holding company in China

Global insurer Allianz has opened China's first fully foreign-owned insurance holding company. Based in Shanghai, it's hoped the company will support Allianz' growth ambitions in the country by enhancing its strategic and financial flexibility. "Today's launch underlines the positive long-term cooperation between China and Germany, and positions us to play an even greater role in the fastest growing economy in the world."

<https://www.reinsurancene.ws/allianz-opens-historic-insurance-holding-company-in-china/>

Claims In Aviation Are Skyrocketing, In Spite Of Better Safety Records

One of the key takeaways of the AGCS report is that while it's never been this safe to fly on an airplane, from the insurance side, the technology brought into the aircrafts and the new manufacturing processes, like the use of composites instead of alloys, leads to much more expensive aircrafts, and therefore leads to much more expensive repairs.

<https://www.insurancebusinessmag.com/us/news/breaking-news/claims-in-aviation-are-skyrocketing-in-spite-of-better-safety-records-195856.aspx>

P&C – Selected Stories

FEMA Renews \$1.3 Billion Reinsurance for Flood Program with 27 Carriers

The Federal Emergency Management Agency (FEMA) reported its 2020 traditional reinsurance placement for the National Flood Insurance Program (NFIP) in a transaction in which 27 private reinsurers assumed \$1.33 billion of NFIP's financial risk. This annual reinsurance agreement is effective from January 1, 2020 to January 1, 2021. FEMA now has transferred a total of \$2.13 billion of the NFIP's flood risk for the 2020 hurricane season to the private sector. <https://www.insurancejournal.com/news/national/2020/01/06/553631.htm?>

The Hanover's Q4 non-cat property losses above expectations

The Hanover Insurance Group, Inc. has revealed that it expects its fourth-quarter 2019 non-catastrophe property losses to exceed expectations by roughly \$20 million, pre-tax. The holding company states that the losses were mainly driven by non-catastrophe weather activity in homeowners, and also large property losses in commercial multiple peril and certain specialty lines, reported in its other commercial lines business. <https://www.reinsurancene.ws/the-hanovers-q4-non-cat-property-losses-above-expectations/>

Sedgwick highlights industry trends for 2020

Sedgwick's experts and thought leaders believe the topics and trends outlined below will significantly impact our industry in 2020 and will continue to monitor them throughout the year - Evolving experience, Caring culture, Breaking barriers, Compliance complexities, Major mitigation, Digital development, Ready resilience, Workforce watch, Trending themes <https://www.prnewswire.com/news-releases/sedgwick-highlights-industry-trends-for-2020-300986523.html>

Puerto Rico Hit with Second Earthquake on Southern Coast; 4,000 People in Shelters

A magnitude 5.9 quake shook Puerto Rico on January 11 causing millions of dollars of damage along the island's southern coast, where previous recent quakes have toppled homes and schools. More than 4,000 people have been staying in shelters, many fearful of returning to their homes, and others unable to because of extensive damage. <https://www.insurancejournal.com/news/national/2020/01/12/554607.htm>

Insurer Won't Cover Atlanta House Wrecked by Squirrel

An Atlanta couple said they came home from a winter vacation to find their house had been ransacked by an unusual suspect: a squirrel. During their vacation, an alarm went off in the home but friends said the doors and windows were not breached. When the couple came home, their house was a mess, with floors scratched up, baseboards chewed on and a kitchen faucet running. A squirrel had fallen down their chimney and was trapped in the house, scratching at everything to get out. Eventually it made a nest in the couple's couch. But the couple's home insurance provider Mercury Insurance, told them it wouldn't cover the damages because "a squirrel is a rodent," which is not covered under the policy. A representative from Mercury told news outlets that the contract "explicitly stated" the insurance does not cover damages by rodents. The couple was told if a raccoon destroyed the house, the damages would have been covered. The couple will need to repair furniture, windows, floors, walls and have the home professionally cleaned. <https://www.insurancejournal.com/news/southeast/2020/01/09/554139.htm>

Insurtech – Selected Stories

Gradient AI Joins Duck Creek Partner Ecosystem, Offering P&C Insurers Measurable Results in Underwriting and Claims Operations

Duck Creek Technologies announced that it has expanded its Partner Ecosystem program through a new relationship with Gradient AI. Gradient's Artificial Intelligence (AI) models are created and trained by true data scientists, supported by insurance experts and data engineers who understand carriers' underlying data and help them improve their results. "Each prediction should result in workflow actions that lead to better claim results. Integrating Gradient's claims predictions directly into Duck Creek's Automated Assignment engine ensures that the most critical claims receive prompt care from your most qualified adjusters, and less critical claims are routed to other professionals."

<https://coverager.com/gradient-ai-joins-duck-creek-partner-ecosystem-offering-pc-insurers-measurable-results-in-underwriting-and-claims-operations/>

Clearcover announces \$50 million funding round

Clearcover, auto insurance startup, has announced \$50 million in Series C funding led by OMERS Ventures. Currently available in Arizona, California, Illinois, Ohio and Utah, Clearcover is on a quest to become a full-stack carrier in all 50 states and expand its partnership. In addition to improving technology, funding capital now allows Clearcover to further growth and acceleration to expand to new markets across the U.S.

<https://www.dig-in.com/news/clearcover-announces-50-million-funding-round?>

New SaaS for insurance enters Australia and New Zealand

US-based tech hardware companies BeThere Group and CAPTUR3D have teamed up to introduce a new software platform for insurance in Australia and New Zealand. "Using 3D tools to scan an area of damage is going to change the way we look and manage claims. Our workforce of claims handlers is younger and technology to them is the now, not the future. So, if we can use this technology to almost gamify their job role to better understand a loss, we will see better customer service, improved NPS scores, and overall retention in staff into a role that has on average 40% turnover of staff per annum."

<https://www.insurancebusinessmag.com/au/news/breaking-news/new-saas-for-insurance-enters-australia-and-new-zealand-210704.aspx>

IoT safety devices integrated with coverage by Zurich

Enterprise IoT software Wearsafe Lab announced it will now include insurance protection to cover certain accident-related medical expenses for individuals using their supported IoT devices. The Blanket Accident Insurance coverage is underwritten by Zurich American Insurance Company. Wearsafe's IoT software platform powers a host of LTE, Bluetooth, Wi-Fi, and GPS-connected device applications designed for the well-being of individuals, their children, parents, pets, homes, and other valued possessions.

<https://coverager.com/iot-safety-devices-integrated-with-coverage-by-zurich/>

Inzura.ai launches digital white-label dashcam and telematics solution

UK based Insurtech Inzura has launched the first fully digital dashcam solution with automatic video first notification of loss (FNOL). Brokers, insurers and MGAs can now offer a dashcam-supported insurance product with a dashcam unit and supporting app under their own brand name.

<https://www.intelligentinsurer.com/news/inzura-ai-launches-digital-white-label-dashcam-and-telematics-solution-20798>

Insurtech – Selected Stories

Berkshire Hathaway Homestate Companies partners with CLARA analytics

Berkshire Hathaway Homestate Companies (BHHHC) has partnered with CLARA Analytics, a search engine that helps insurance carriers and their claims adjusters connect the injured worker to the right providers, to advance its workers' compensation claims operations. BHHHC will integrate the full suite of CLARA products, including CLARA providers, CLARA litigation, CLARA claims and Medicare Set-Aside solution. CLARA products utilize AI and machine learning to deliver key insights that help commercial insurance organizations increase efficiency and make data-driven decisions that substantially improve operations as well as client service. This comprehensive product suite empowers teams to reduce loss costs incurred in claims handling by keeping claims on track throughout their life cycle.

<https://coverager.com/berkshire-hathaway-homestate-companies-partners-with-clara-analytics/>

New Telematics Product Gives Adjusters Head Start on Crash Reports

Cambridge Mobile Telematics announced the launch of Claim Studio, an accident reporting system that the company says will speed up claim processing times. Claims Studio uses CMT's existing telematics technology, which monitors driving habits, to automatically write narrative accident reports when it detects a crash. CMT said by providing key details such as speed, severity, and vehicle impact location early in the process, insurers can spend less time collecting information from drivers and third parties, and more time confirming facts and accurately assessing loss. Several insurers, including Liberty Mutual, Nationwide and State Farm, already use CMT's DriveWell product to offer discounts or rewards to drivers who score well by avoiding excessive speeds, hard braking and abrupt turns.

<https://www.claimsmag.co.uk/2019/12/trov-and-lloyds-banking-group-launch-renters-insurance-product/15702>

Insurance Journal's Top 10 Cyber Risk Stories of 2019

Cyber risks were cited as the top concern among businesses of all sizes in 2019, according to a Travelers report released in October. Insurance Journal's top 10 cyber risk stories for 2019 based on reader metrics below: 1. Iran Increases Cyber Attacks on U.S. Gov't, Infrastructure: Cyber Security Firms 2. Norsk Hydro Cyber Attack Cost It Nearly \$52M in First Quarter 3. Capital One Breach Clouds Technology Strategy; Puts \$400M Cyber Insurance in Play 4. 'Sextortion' Is Emerging Cyber Risk for Businesses, Warns Beazley 5. CIA Says China, Russia Pose Biggest Cyber Attack Threats to U.S. 6. FBI Warns on Rise in Sophisticated Cyber Crimes 7. The Cost of Cyber Attacks to U.S. Economy 8. Financial, Reputational Costs of Cyber Attacks Can Ruin Small, Medium Firms: Chubb 9. Businesses Believe Cyber Insurance Covers More Than It Does: Survey 10. Cybersecurity Awareness Month: Time to Close the Cyber Coverage Gaps.

<https://www.insurancejournal.com/news/national/2020/01/07/553750.htm>

Cape Analytics Secures Investment From State Farm Ventures

Cape Analytics, the leading provider of AI-powered geospatial property data, is announcing a significant investment by State Farm Ventures. Cape Analytics will use the investment by State Farm Ventures to accelerate the development of breakthrough solutions for property insurers leveraging geospatial analytics and other unique sources of information. Cape Analytics' property intelligence solution is derived by applying cutting-edge computer vision and machine learning algorithms to geospatial imagery.

<https://www.businesswire.com/news/home/20200115005218/en/Cape-Analytics-Secures-Investment-State-Farm%C2%AE-Ventures>

Acquisitions – P&C and more

Sedgwick acquires software as a service firm

Sedgwick Claims Management Services Inc. has acquired software as a service company G&E Enterprises LLC. Financial terms of the deal were not disclosed. Seven staff of Chattanooga, Tennessee-based G&E Enterprises will join the Sedgwick team, Memphis, Tennessee-based Sedgwick said. G&E Enterprises offers a billing and data management system for insurance restoration contracting known as T&M Pro. The software will strengthen Sedgwick's loss adjusting services in the areas of commercial property support, estimate review processes and mitigation and reconstruction bill review. The software also speeds up payments to insurance restoration contractors and gives insurers greater visibility into claims, Sedgwick said.

<https://www.businessinsurance.com/article/20200115/NEWS06/912332586/Sedgwick-acquires-software-as-a-service-firm?>

Insurity acquires geospatial analytics company SpatialKey

Cloud solutions and data analytics provider Insurity announced that it has completed the acquisition of SpatialKey, Inc. Along with Insurity's 2017 acquisition of Valen Analytics, the SpatialKey transaction will broaden Insurity's data and analytics offerings. Established in 2011, SpatialKey is a provider of geospatial analytics, data enrichment, and risk intelligence solutions for the P&C insurance industry, and is trusted by over 200 re/insurers, brokers, and MGAs. Together, SpatialKey and Insurity will (i) help P&C professionals make better decisions in their underwriting, exposure management, and claims operations; and (ii) bring together insured data, numerous expert data sources, and insurance-specific analytics and visualization to provide immediate, actionable insights that drive healthier portfolios, operations, and profits.

<https://coverager.com/insurity-acquires-geospatial-analytics-company-spatialkey/>

Arthur J. Gallagher & Co. Acquires Majority Interest in Risk Management Services Limited

Arthur J. Gallagher & Co. announced that it has acquired a 60% interest in Caribbean insurance broker Risk Management Services Limited (RMS). Terms of the transaction were not disclosed. Formed in 1978 and located in Port of Spain, the capital of Trinidad and Tobago, RMS is one of that country's top three brokers. It offers property/casualty and employee benefits products and services to a wide range of private, public and multinational entities in the manufacturing, oil and energy, and service industries.

<https://www.prnewswire.com/news-releases/arthur-j-gallagher--co-acquires-majority-interest-in-risk-management-services-limited-300984715.html>

Generali Completes Acquisition of Portugal Insurer Seguradoras Unidas from Apollo

Generali finalized the acquisition in Portugal of the insurer Seguradoras Unidas and the health services company AdvanceCare from Apollo Global Management Inc. for €600 million (US\$670.1 million) Generali paid €510 million (US\$570 million) for Seguradoras Unidas and €90 million (US\$100.5 million) for AdvanceCare. With the acquisition of Seguradoras Unidas, Generali becomes the second largest non-life group in Portugal with a market share of 18.7% and the third largest player in the whole market, said the Trieste, Italy-based insurer, when the deal was first announced in July.

<https://www.insurancejournal.com/news/international/2020/01/08/553957.htm>

Aon completes acquisition of CoverWallet, the leading digital insurance platform for small and medium-sized businesses

With the acquisition, Aon will expand its position in the fast-growing commercial insurance market for smaller businesses, while leveraging CoverWallet's technology and data & analytics capabilities to develop and scale digital client solutions.

<https://www.prnewswire.com/news-releases/aon-completes-acquisition-of-coverwallet-the-leading-digital-insurance-platform-for-small-and-medium-sized-businesses-300982331.html>