



PROPERTY & CASUALTY & INSURANCE MARKET NEWS

Dec. 14 – Jan. 3, 2020

P&C – Selected Stories

Global insured CAT losses well below average at \$56bn: Swiss Re

Preliminary estimates from Swiss Re Institute suggest that total economic losses from natural and man-made disasters were around \$140 billion in 2019, of which \$56 billion were covered by insurance and reinsurance. Notably, insured losses are down significantly from the \$93 billion recorded last year, and are well below the annual average of \$75 billion for the previous 10 years. Tropical cyclone activity in the second half of 2019 pushed overall re/insurance losses higher after a benign first half to the year, but smaller and mid-sized events ended up accounting for more than 50% of losses. Economic losses were also considerably lower than the \$176 billion recorded last year, with natural catastrophes making up \$133 billion of the losses in 2019, and \$166 billion in 2018. According to Swiss Re, insured losses from natural catastrophes were \$50 billion this year, versus \$84 billion in 2018, while losses from man-made disasters were \$6 billion, compared with \$9 billion last year.

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

Allstate Announces Transformative Growth Plan

The Allstate Corporation is embarking on a Transformative Growth Plan that leverages the Allstate brand, people and technology to accelerate growth in its personal property-liability business. A leader in taking a consumer-focused approach to insurance, Allstate will expand customer access, improve customer value propositions, and increase investment in growth and technology. Allstate is one of the nation's largest insurers with 136 million policies in force, protecting cars, homes, motorcycles, lives, personal devices and identities.

<https://www.prnewswire.com/news-releases/allstate-announces-transformative-growth-plan-300977666.html>

Liberty Mutual to Insure Uber Drivers and Passengers in 7 States, Puerto Rico

Liberty Mutual Insurance will provide coverage for Uber drivers and passengers throughout New England, South Carolina and Puerto Rico as part of the company's 2020 auto insurance programs, which became effective on Dec. 31, 2019. The move by the Boston-based insurer comes after another insurer, James River, said it is dropping Uber as an account. Allstate, Farmers, Progressive and other carriers also provide coverage for Uber drivers. Uber also has a captive insurance subsidiary to cover certain risks.

<https://www.insurancejournal.com/news/national/2020/01/02/553390.htm>

Davies Group on key strategy for 2020

While Davies is focused on international growth, the UK market remains its core, with approximately three-quarters of its workforce operating from the UK. What Davies wants to do is to replicate what it does in the UK over in the US, in Bermuda and in Ireland, he said. With the UK its number one market in terms of size, he said, continued health here is essential to the group. Now its strategy for continued growth and expansion involves a blend of organic and inorganic growth. Growing through acquisition is a core aim for the group, as sometimes a better route into a new market or into a new client segment is possible by buying in and then growing organically with these new businesses. Organic growth is, however, the number one focus for the organization, with most of the staff at Davies either enjoying incentive plans or being shareholders in the business.

<https://www.insurancebusinessmag.com/uk/news/breaking-news/davies-group-ceo-on-key-strategy-for-2020-194915.aspx>

QBE's rates rise but underwriting hit by US claims

A flood of US crop claims mean QBE's underwriting profitability is set to fall short of expectations this year. The combined operating ratio of its US\$1.2 billion US crop business is expected to be 109%, the company confirmed in a statement.

<https://insuranceasianews.com/qbes-rates-rise-but-underwriting-hit-by-us-crop-claims/>

P&C – Selected Stories

Australia fires damage bill could top \$600 million

Bushfire insurance claims for property losses could breach \$600 million, with about 1,300 homes razed so far across NSW, Victoria, South Australia, and Queensland since late August, as firefighters continue to battle the fires raging across the states. More than 4,200 claims worth \$297 million have so far been lodged this fire season, and these numbers are expected to climb as assessors moved into the latest fire-affected zones, according to the Insurance Council of Australia (ICA). ICA figures showed that up to 80% of homeowners don't have adequate insurance.

<https://www.insurancebusinessmag.com/au/news/breaking-news/australia-fires-damage-bill-could-top-600-million-195640.aspx>

New Laws in Calif., Colo., Mich., Ore. and La. to Impact Claims Professionals

Legislation that creates potential for more employment law claims in California and a measure that may give attorneys a new tool to extract larger settlements from Colorado auto insurers are among new laws that will impact insurance claims professionals in 2020. The legislation requires many workers who now may be classified as independent contractors to be classified as employees, but creates some 50 exceptions for specific occupations and industries. Those include insurance brokers, physicians, architects and securities brokers.

<https://www.claimsjournal.com/news/national/2019/12/17/294585.htm>

Workers' Comp Profits at Risk from Growing Competition, Lower Rates: A.M. Best

Workers' compensation carriers' ability to retain profitable accounts and maintain market share could be challenged due to declining rates and growing competition in the U.S., according to an A.M. Best report. As rate levels continue to decline, competitive pressure could mount on workers' compensation specialists to the point that it will adversely affect not only company income statements, but also balance sheets, especially if companies are unable to set aside adequate capital for loss reserves, the firm's analysts contend.

<https://www.insurancejournal.com/news/national/2019/12/24/552846.htm>

Wildfires cause turmoil in California property insurance market

Thousands of homeowners have lost their insurance policies in the last few years as insurers pull out of areas that are at risk of fire damage or stop insuring homes altogether. They've been forced to scramble to find coverage from regular insurance providers or to turn as a last resort to a government sanctioned plan that at the moment only provides fire coverage. State Farm, the largest in the state, and Allstate and other insurers declined to renew roughly 350,000 policies in areas at high risk for wildfires since 2015 the California Department of Insurance said the department has gotten "record numbers" of requests this year from insurers to increase the rates they charge property owners.

<https://www.ksbw.com/article/wildfires-turmoil-california-property-insurance-market/30326153#>

Sizable number of UK firms could file business interruption claims due to Brexit

One in five organisations in the UK could make business interruption claims linked to a disorderly exit from the European Union, according to new research. A study from research firm Mactavish revealed that 22% of senior executives and managers at British firms believe that there is a strong chance their organisations will make business interruption insurance claims linked to damages and losses worsened by a disorderly Brexit over the next 12 months.

<https://www.insurancebusinessmag.com/uk/news/breaking-news/sizable-number-of-uk-firms-could-file-business-interruption-claims-due-to-brexit-194763.aspx>

Indonesia Flooding Forces Evacuation of More Than 400,000 People

More than 400,000 people, mostly from Bekasi, east of Jakarta, fled their homes. The economic cost from the calamity could reach 16 trillion rupiah (\$1.15 billion) and inflation could pick up.

<https://www.insurancejournal.com/news/international/2020/01/03/553480.htm>

P&C – Selected Stories

Allianz Insurance reports on unusual claims for 2019

Some of the strangest claims include a repair to a damaged fallen unicorn that can usually be found on a famous London landmark. Another claim was made after someone put a lit sparkler in a dog waste bin, which caused a nearby furniture store to completely burn down. Allianz also received a claim following 69 vehicles becoming encased in concrete after a mishap from a neighbouring concrete mixer. Similarly unfortunate was the case of a valet driver who cleaned a brand new £150,000 sports car, only to accelerate the vehicle into the rear of another £130,000 sports car. "These cases are just a handful of examples that highlight the breadth of incidents and unfortunate claims our customers are faced with. Insurance provides people and businesses with the security of being protected, no matter how unusual the circumstances may be. Throughout the year we've looked at improving and streamlining our claims processes to ensure it's as easy as possible for customers to make claims in their time of need. This is something that we will continue to do in 2020."

<https://www.claimsmag.co.uk/2019/12/allianz-insurance-reports-on-unusual-claims-for-2019/15809>

Regulators pushing to grow private flood insurance in 2020

Insurance regulators in 2020 plan to implement reforms they hope will open up the private flood market. "We're looking to do anything that we can to attract the private market." As part of these efforts, the NAIC has put together a bill in its legislative package for 2020 that would allow insurers to utilize a "use and file" approach when setting rates exclusively for private flood coverage. There will still be opportunities for regulators to review the filings and ensure companies have reasonable rates that are not excessive, inadequate or unfairly discriminatory. A recent report published by Deloitte shows that insurers have already been increasing their presence in the flood insurance industry. Direct premiums written by private insurers shot up 70% between 2016 and 2018, and 15 states saw their private flood premiums more than double over the same period.

<https://platform.marketintelligence.spglobal.com/web/client>

Typhoon Phanfone costs Philippines US\$20m in damages

The costs of Typhoon Phanfone, are estimated at US\$19.7 million — a proportion of which will be insured. Both public and private sectors have recognized the need for financial resilience and protection in a nation highly vulnerable to disasters — just in October, the country was rocked by three major earthquakes, with the strongest one registering a 6.6 magnitude. Natural catastrophes have cost the nation US\$7 billion since 2011.

<https://insuranceasianews.com/typhoon-phanfone-becomes-philippines-deadliest-storm-of-2019/>

Sedgwick Canada on growth and diversification

For Sedgwick in Canada, the closing of the Cunningham Lindsey deal in April 2018 had a significant impact. It skyrocketed the Canadian unit from approximately 80 employees to more than 500, turning Sedgwick into a major player in the Canadian marketplace. Underpinning Sedgwick's long-term growth strategy is a major drive towards diversification. From a product line standpoint, the firm has four core offerings: loss adjusting (LAS), major and complex loss (MCL), transportation (TFS), and subrogation and recovery (SRU). While it is in no way shifting focus from its traditional loss adjusting business, Sedgwick is now pumping resources into more non-traditional claim environments and specialty services.

<https://www.insurancebusinessmag.com/ca/news/breaking-news/sedgwick-canada-on-growth-and-diversification-195458.aspx>

90% profit drop for India's general market

India's general market's after-tax profits for fiscal year 2019 has dropped steeply to US\$96M. This compares with US\$972M in 2018 – a decline of 90%, according to the Irdai annual report. The profit drop greatly affected state-owned insurers; who were hit by heavy claims from extreme weather events like the monsoon floods in the past year. Meanwhile, private sector insurers saw only a 5% profit decline.

<https://insuranceasianews.com/90-profit-drop-for-indias-general-market/>

Insurtech – Selected Stories

Western Mutual partners with Cape Analytics

Western Mutual Insurance Group has signed on with Cape Analytics with a goal of improving underwriting, risk selection and customer experience. Currently serving Arizona, California, Nevada, New Mexico, Texas and Utah, Western Mutual is listed as one of the top rated property and casualty insurers and is now a fully-deployed Cape Analytics customer. With the help of Cape Analytics machine learning, geospatial imagery and science, Western Mutual can provide comprehensive, timely, and accurate property information.

<https://www.dig-in.com/articles/chinese-insurance-giant-ping-an-morphs-into-a-tech-company?>

Greater Than partners with Microsoft

Greater Than's proven AI-based technology and platform Enerfy offers a world-leading capacity for pricing and predicting risk by car in real-time and offers breakthrough risk and cost insights that give a big head start to car manufacturers, insurance companies and new mobility models.

<https://coverager.com/greater-than-partners-with-microsoft/>

Allstate is cutting its Esurance line to focus on building up its name brand

Allstate announced it will get rid of its Esurance brand next year as part of a "transformative growth plan," an effort to streamline business operations and focus on the company's name brand. The company will continue to sell home, renters, auto and life insurance policies online, but under the Allstate name. The company is also consolidating Encompass Insurance, a subsidiary that sells personal property and casualty insurance, and Answer Financial, a website that allows customers to compare quotes, under the Allstate brand. "Our competitors have increased their advertisement. We cannot let our historic brand dwindle away. We are branding it all into one." In 2011, Northbrook-based Allstate bought Esurance for \$1 billion to compete with online insurance companies like Geico and Progressive, but the Esurance brand didn't dazzle. In 2017, Esurance lost \$56 million, and it reported a \$25 million underwriting loss last year.

<https://www.chicagotribune.com/business/ct-biz-allstate-consolidating-esurance-business-20191219-ye6uicu44fekfm3mxs4s6cqvie-story.html?>

Drone risks causing sky-high headaches for insurers

The potential for drones to be used for malicious purposes has resulted in the rise of the so-called anti-drone industry. This is made up of companies focused on the detection of drones, and developing solutions to bring drones down safely if they're operating where they shouldn't be. A prime example of illegal drone operation would be the December 2018 London Gatwick drone crisis. During a three-day incident, which started on December 19, two drones were used to completely cripple the international airport, disrupting a total of 1,000 flights and affecting more than 140,000 passengers just before Christmas. One risk that insurers are aware of in the drone operation sphere is cyber spoofing. This is when criminals hack into the Wi-Fi signal or the radio signal that's being used to operate a drone and they interfere with its flight plan. Successful spoofing could result in another drone/airport situation but with even more severe, and possibly even fatal consequences. Luckily, that's a risk that has not seen come into fruition on the claims side - but they're not ruling it out as a possibility.

<https://www.insurancebusinessmag.com/us/news/technology/drone-risks-causing-skyhigh-headaches-for-insurers-195522.aspx>

Blue Lemonade

Lemonade is now a GEICO Insurance Agency partner. The latter has referred approximately 5,000 visitors to Lemonade's site in November.

<https://coverager.com/blue-lemonade/>

Insurtech – Selected Stories

P&C insurance technology trends to watch in 2020

This year, 2019, was a banner year for P&C insurers, as it was for many of the insurance ecosystem's key players. In large part, this was due to the industry, which many once labeled as laggard and slow to innovate, making a strong commitment to truly evaluate and strategize around emerging business models and digital-first strategies. What follows are the technologies and trends that warrant reflection from the past year in P&C insurance, and a look at the factors that will continue to drive this movement in 2020 as carriers continue to show confidence in an industry truly realizing its potential through digital transformation 1) Accelerated SaaS adoption 2) Growing the InsurTech ecosystem 3) Increased reliance on touchless claims 4) PaaS: Insurance innovation accelerates

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

Toyota to Use Advanced Self-Driving Tech in Commercial Vehicles First

Toyota Motor Corp plans to first deploy advanced self-driving features in commercial vehicles before adding them to cars meant for personal use. It will be easier to apply self-driving technology that does not require constant and direct human-monitoring to taxis and vehicles Toyota is developing, including on-demand ride services, mobile shops and ambulatory hospitals. Toyota is set to release its first so-called 'Level 2' autonomous car capable of driving itself on the highway, as part of its strategy to develop self-driving cars over the next few decades.

<https://www.claimsjournal.com/news/international/2019/12/17/294600.htm>

How insurtechs using one platform are injecting innovation into insurance

"One of the technologies that I would highlight that we've been seeing at the insurtech shows for a couple of years is the video collaboration in adjusting and claims handling with self-service. We're seeing really strong carrier interest in this. In some cases, with the carriers, the business team in claims has said, 'Yes, I really want to use this,' and IT has said, 'I'm not sure where that fits in my priorities.' And now that they're seeing the add-on, they're saying, 'Wow, let's get on this. Let's do this.' We actually have an easy way to bring it on and adopt." In the past year, Guidewire has published on its marketplace several solutions that inject virtual technology into claims handling and adjusting, including Trupic Vision, Livegenic, and MirrorMe, all of which joined Guidewire PartnerConnect as a partner.

<https://www.insurancebusinessmag.com/au/news/technology/how-insurtechs-using-one-platform-are-injecting-innovation-into-insurance-195268.aspx>

Technology's Promise and Drawbacks Among Top Claims Stories for 2019

Technology — both its promise and its alleged abuse — was a key component of the most important news stories for claims professionals in 2019. Several insurers introduced new technical innovations to their claims processes during the year. At the InsureTech Connect conference, Travelers lauded a partnership that it formed with insurtech startup Hover to produce photo estimates for property damage claims. Hover's technology allows adjusters to obtain exact dimensions of buildings by taking ground-level photographs from various angles. The RiskStream Collaborative, a nonprofit organization affiliated with the insurance Institutes, completed production testing of an application called Canopy that will create a single first notice of loss that can store data to be used by all parties involved in a claim. Mitchell International made its own tech news, the company announced that it teamed up with Qualcomm Technologies to develop an augmented reality "smart glasses" tool that gives collision repair technicians hands-free access to up-to-date vehicle repair procedures. Mitchell also announced the launch of an auto-damage claims estimates that uses artificial intelligence provided by Google Cloud. Insurance regulators, however, are warning insurers not to forget about the value of a good old-fashioned field inspection. Another important story during the year was the progress workers' compensation insurers have made in reducing unnecessary opioid use by injured workers. Criminal behavior by the founder of a well-known independent adjusting firm also made news in 2019. Founder of Worley Claims Services in Louisiana, pleaded guilty in November to bank and wire fraud charges.

<https://www.claimsjournal.com/news/national/2019/12/31/294770.htm>

Acquisitions – P&C and more

Allianz completes purchase of LV General Insurance Group and the General Insurance division of Legal & General

Allianz Holdings plc has completed the planned acquisition of the remaining 51% of the LV General Insurance Group (LV GIG) from Liverpool Victoria Friendly Society (LVFS). The total consideration by Allianz for 100% of LV GIG will be up to 1.078 billion pounds. Additionally, Allianz Holdings plc has completed the acquisition of 100% of the General Insurance division of Legal & General (L&G GI) for 242 million pounds. This business is being combined with LV GIG, although the Legal & General brand will continue to be used in the UK general insurance market for up to three years. The completion of these deals positions Allianz Holdings as the number 2 general insurer in the UK, based on full year 2018 figures. The combined business had a gross written premium income of over 4 billion pounds and a market share of 9%.

<https://coverager.com/allianz-completes-purchase-of-lv-general-insurance-group-and-the-general-insurance-division-of-legal-general/>

Gallagher starts the year with insurance agency acquisition in NY

Arthur J. Gallagher & Co. has acquired Walsdorf Agency in Huntington, NY. Walsdorf Agency, founded in 1926, is a third generation, family-owned commercial and personal lines insurance agency; a release noted that the agency has “strong real estate niche expertise.”

<https://www.insurancebusinessmag.com/us/news/breaking-news/gallagher-starts-the-year-with-insurance-agency-acquisition-in-ny-195644.aspx>