



2019 INSURANCE LEADERSHIP FORUM

# RECAP

## ILF 2019 By the Numbers

1,424

Total Attendees

580

CIAB Brokers (174 Firms)

522

CICE Carrier Partners (89 Companies)

196

New/First-Time Attendees



## EXECUTIVE SUMMARY

*More than 1,400 brokers, carriers and industry partners came together at the 106<sup>th</sup> Insurance Leadership Forum in Colorado Springs, Colo., to tackle critical topics such as alternative distribution models, talent, diversity and inclusivity, and brokers' value proposition in the context of emerging risks.*

## BUSINESS PROGRAM AT-A-GLANCE

### KEYNOTE SPEAKERS



**Gary Cohn**

Former Director of the United States Economic Council

General Session I



**President Bill Clinton**

42<sup>nd</sup> President of the United States and Founder of the Clinton Foundation

General Session II



**Peggy Noonan**

Pulitzer Prize-Winning Columnist, The Wall Street Journal

Distinguished Speaker Luncheon

*Speakers reflected on intertwining topics around politics, the economy, diplomacy, trade and tax reform.*

### FOCUS FORWARD: TECHTALK

#### ALTERNATIVE DISTRIBUTION MODELS

**Sofya Pogreb**, Chief Operating Officer, Next Insurance

**Phil Edmundson**, Founder & CEO, Corvus Insurance

**Steve Hauck**, Managing Director, AP Intego

**Jeff Ruetty**, Nationwide

**Moderator:**

**Rob Boyce**, Director, Market Intelligence & Insights, The Council

#### STREAMLINING SMALL BUSINESS INSURANCE: BUILD, BUY OR PARTNER

**Dan Kazan**, CEO, Insureon

**Matt Miller**, Founder & CEO, Embroker

**Ilya Bodner**, Founder & CEO, Bold Penguin

**Jared Carillo**, Director of Foundation Accounts PL/SCL, Principal, Smith Brothers

**Moderator:**

**Cheryl Matochik**, SVP, Strategic Resources & Initiatives, The Council

## INTERNATIONAL WORKING GROUP

### CATERPILLAR CASE STUDY ON GLOBAL CAPTIVE SOLUTIONS

**Santiago Garcia**, Global Insurance Manager, Caterpillar Financial Insurance Services

**Moderator:**

**Steve McElhiney**, CEO at EWI Re

### BROKERS VS. TECH DISRUPTORS: GLOBAL INSURTECH AND DIGITAL TRANSFORMATION

**Sandeep Deva**, Head of Consulting, Exdion

**Moderator:**

**Brenda Rose**, Partner, FCA Insurance Brokers

### EMERGING RISKS AND BROKERS' VALUE PROPOSITION: COMPARATIVE INSIGHTS FOR GLOBAL MARKETS

**Jaap Vrolijk**, Global Risk Manager, Bechtel

**Toni Visconti**, Director of Risk and Insurance, Thales North America

**Xenia Whitacre**, Deputy Head of Global Insurance & Prevention, Solvay Group

**Moderator:**

**Tarun Chopra**, Co-President, Clements Worldwide

## TOPICS OF CONVERSATION TECHNOLOGY

At this year's TECHtalk program, two panels delved into the evolving space of small commercial insurance, an industry with \$140 billion in annual revenue.

The first panel explored non-traditional distribution models for small commercial. While the four forward-looking companies agreed on the value brokers provide to their clients, their companies all take varying approaches on small commercial distribution. The second panel discussed brokerages' strategies on streamlining small business solutions, to build, buy or partner.



### KEY TAKEAWAYS

- "Direct distribution" can mean a lot of things, especially in the world of small commercial, and it's important to be clearer. Few companies have the capacity to rate-quote-bind without any human touch points, but companies are heading in that direction. "Direct" can also mean direct online through a portal, direct through an agent or direct through a carrier.
- What insurtechs need to be successful is buy-in from both carriers and brokers – without the right carriers and capacity, brokers won't get on board. But without brokers' participation, carriers have no incentive to offer their products on a platform, thus leading to the chicken-or-the-egg dilemma.
- Commercial risk, even small commercial, is much more complex and requires more touch points at this time. However, small commercial will deviate from the path that was blazed by personal lines and "will always look different" because of the number of coverages required.
- As business strategies evolve, execution separates the winners from the losers.
- Building off existing ecosystems and consumer-facing brands (Amazon, payroll providers, etc.), installs a layer of trust with the consumer, streamlines data collection and improves underwriting efficiency.
- Streamlined data collection and accuracy helps prevent risk from being adversely selected.
- More and more companies are taking the MGA route, especially when it comes to tech-enabled distribution models. Although not for everyone, the MGA route allows companies to be nimble and improve underwriting efficiency without having to take on risk. Additionally, customization of product and design (above that offered in standard lines) makes the MGA route an attractive option.

*Without carrier-buy in, "it's like going on Expedia without Delta being there."*  
**Ilya Bodner**,  
Founder & CEO, Bold Penguin



## Q&A WITH JOHN DRIZIK



The Council's Cheryl Matochik sat down with John Drzik, President, Global Risk & Digital at Marsh, to discuss the opportunities real-time risk management technologies present the industry.

**Q** Why now are we just seeing telematics and other data streaming technologies leveraged in the commercial insurance sector?

**A** There are a few reasons. There are new data streams that didn't exist before. You may have had telematics devices, but they're now much better and more ubiquitous. So there's new data coming from a variety of sources such as wearable devices, property sensors, and drones. Equally importantly, AI and machine learning have progressed significantly. They've been around for pattern recognition for 15-20 years or more, but are now powerful enough to process the stream of real-time telematics information. I think the combination of different data streams and more

live data streams, and the progress of analytics technology, has allowed for the transmission of an active signal of risk in a meaningful way.

I think the industry still has a ways to go processing that signal into a moving risk index. There are a lot of companies now that are starting to do that in certain spaces, where they can take telematics information and give you an expected claims estimate for a driver if they keep driving the same way. Uses like that are what you actually need to make it relevant for insurance. I think we're only at the beginning of that kind of conversion.

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## TALENT

The recruitment and development of new and diverse talent is the industry's #1 challenge and focus. With this top of mind, industry leaders are coming together to collaborate on creative solutions for recruiting brokerage employees and preparing the leaders of tomorrow.

### BROKER SMACKDOWN

Over the course of the meeting, five teams battled in a head-to-head computer simulation for the 2019 Council Academy National Broker Smackdown championship. Broker Smackdown is the Academy's flagship program, designed to equip CIAB member firms' professionals with the business acumen they need to be tomorrow's leaders.

This year, the Academy offered six regional Broker Smackdown programs, allowing for the development of 165 emerging leaders. The winning teams from those regional programs then competed in Colorado Springs, working through exercises within a complex virtual environment that reinforced the changes and challenges we are seeing in the insurance industry right now.

The team from Cottingham & Butler in Dubuque, Iowa, took home the title. Finalists included: Morris & Garritano Insurance Agency, Inc., Risk Strategies, Woodruff Sawyer, and INSURICA.

### A PROFILE OF THE INDUSTRY'S YOUNG TALENT

We caught up with Diana Gonzalez Garcia, a 2019 Council Foundation Scholar and one of the industry's bright young stars, on how her perception of the industry has shifted and why her ideal post-graduation path is in insurance brokerage.

**Q** How has your perception of insurance changed since interning for InterWest this past summer?

**A** Prior to my participation in InterWest's summer internship, I had limited knowledge of the insurance industry. The internship allowed me to gain the knowledge and exposure I was looking for. During the

summer, I had the opportunity to work with different departments including sales, P&C claims, risk management and alternative markets. Additionally, I had the opportunity to visit and learn from some third-party administrator and insurance carrier companies. By the end of the summer, I learned that insurance is much more diverse than I had originally thought.

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# THE ROLE OF VIRTUAL REALITY IN D&I

**VR uses empathy to teach diversity & inclusion.**

“There has been a decent amount of research on perspective taking with virtual reality,” said Tobin Asher, Stanford’s associate director of global partnerships. “VR has been called things like ‘the empathy machine’, but we don’t go so far as that. We really consider VR a tool that potentially can have some profound effects when it comes to empathy, but it’s just like a book or movie—it’s what you do with it.”

Although Stanford’s VR program is not a video game, digital mediums are typically associated with teaching and encouraging violence among youth. However, using simulations to grow and explore empathy is a growing narrative driven by this developing VR technology.

The program led by Asher featured two simulations: one allowing participants to experience life as a young black man, and the other simulating life on the streets as a homeless person. The hope is that participants will realize that people in American society are treated differently based on race and economic background.

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## GLOBAL BUSINESS

The International Working Group hosted over 60 international risk placement executives among Council member firms from the United States and around the world with a focus on expanding members’ business horizons and sharing market insights on captives, brokers’ value proposition in the context of emerging risks, and on effective partnerships with insurtech.

### GLOBAL CORPORATION ON CAPTIVES

Caterpillar’s captive is a means to meet dealerships’ needs for an extended warranty and third-party liability coverage. Protecting dealerships, i.e. its clients, is at the core of this risk transfer mechanism.

### KEY TAKEAWAYS

- For Caterpillar, extended warranty solutions both secure risks and generate a profit: the company saves 10-20% on premiums. For intermediaries, captives entrench brokers closer to clients by helping companies run risk transfer effectively.
- Using the operating profit after capital charge as its key performance indicator, the captive has generated \$65 million in profits over 5 years. The captive’s efficiency encouraged management to roll employee benefits into its captive too, resulting in HR’s loss of control over some EB aspects.

### GLOBAL RISK MANAGEMENT

Panel participants represented companies whose business models and sectors define their insurance needs and how they make decisions about risk coverage.

### KEY TAKEAWAYS

- Client communication remains a persistent concern with brokers, while trust and expertise on companies’ needs are the most valuable asset. From clients’ standpoint, brokers may act as extraneous gatekeepers when clients strive to develop direct relations with underwriters. Clients’ biggest worry is to hear that a risk is not covered.
- Clients may maintain a decentralized platform for risk placement: having one or a limited number of brokers may be a safeguard to counter any negative effects of such decentralization. However a broker structures a global program, it is essential services are provided seamlessly and in a consistent manner.
- Brokers remain helpful in sorting out high volume claims, while clients may prefer to manage large deductible claims themselves while using brokers as a source.



## SAVE THE DATE: ILF 2020

The 107<sup>th</sup> Annual Insurance Leadership Forum will be held at The Broadmoor in Colorado Springs, Colo., October 2 – 6, 2020. We hope to see you there!