



# RECAP

February 11-13, 2019

## #2019LWGS BY THE NUMBERS

240

TOTAL  
ATTENDEES

149

JOINT WORKING  
GROUP  
PARTICIPANTS

160

LEGISLATIVE  
SUMMIT  
PARTICIPANTS

48

NUMBER OF  
HILL VISITS

53

NEW/FIRST-TIME  
ATTENDEES

## EXECUTIVE SUMMARY

Nearly 250 executives and operational leaders of Council member firms gathered in Washington for the 2019 Legislative & Working Groups Summit. During the gathering, participants met in individual working groups segregated by operational areas of interest to discuss the most timely issues confronting their businesses. They then came together in a joint collaboration session to tackle an industrywide concern: operational change management driven by technology. On the last day of the summit, members heard a variety of perspectives from congressional representatives and had the opportunity to inform and lobby their elected representatives on Capitol Hill. The Council of Employee Benefits Executives (CEBE) Advisory Committee also met during the Summit to discuss critical topics impacting the employee benefits sector.



Kicking off the joint collaborative session, Mike McGavick prompted members to identify and respond to digital trends. A panel of industry leaders offered success stories and cautionary tales about the digital journey as it applies to crucial business objectives. Then, facilitated by technology advisor Jack Shaw, participants developed actionable plans in small groups based on their functional areas and presented those ideas to the larger group.

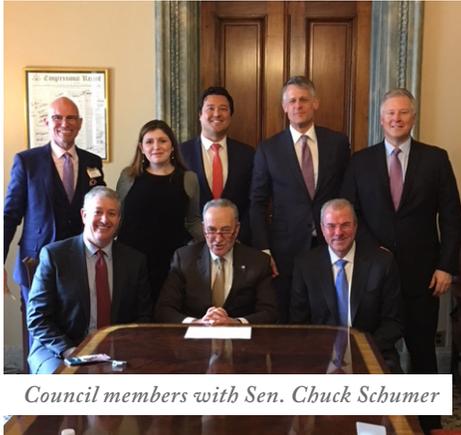
Our presence on Capitol Hill was especially important this year as many elected officials try to develop workable solutions in a deeply partisan atmosphere. Many of the meetings focused on helping members of influential committees in both the House and the Senate better understand the impact of upcoming legislation on our clients, communities and nation. Reducing

health insurance prices, stabilizing the individual market, the importance of federal reinsurance for flood and terrorism, and the critical role employer benefits play in a healthy economy were all topics covered in the face-to-face meetings with congressional staff.



# OUR DAY ON CAPITOL HILL

The Legislative Summit is our most visible and impactful day in Washington each year. A total of 160 attendees made their way to Capitol Hill to educate lawmakers on our most pressing issues. They participated in about 50 meetings with senators, representatives and legislative staff.



Council members with Sen. Chuck Schumer

## KEY ISSUES

**Support and Strengthen Employer-Sponsored Health Insurance**

▶ [Download the lobbying sheet](#)

**Stabilize the Individual Marketplace**

▶ [Download the lobbying sheet](#)

**Support Measures to Encourage Prescription Drug Pricing Transparency**

▶ [Download the lobbying sheet](#)

**Reform and Reauthorize the National Flood Insurance Program**

▶ [Download the lobbying sheet](#)

**Reauthorize the Terrorism Risk Insurance Act**

▶ [Download the lobbying sheet](#)

## 2019 SPEAKERS

- Kipp Kranbuhl, Acting Assistant Secretary for Financial Institutions, U.S. Department of Treasury
- Sen. Chuck Grassley (R-IA), Chairman, Senate Committee on Finance, [@chuckgrassley](#)
- Rep. Derek Kilmer (D-WA), Chairman of the New Democratic Coalition, [@repderekkilmer](#)
- Rep. Cheri Bustos (D-IL), Chair, Democratic Congressional Campaign Committee, [@repcheri](#)
- Sen. Tim Scott (R-SC), Senate Committee on Finance, [@senatortimscott](#)
- Rep. Stephanie Murphy (D-FL), House Committee on Ways and Means, [@repstephmurphy](#)
- Rep. Hakeem Jeffries (D-NY), House Judiciary Committee; House Budget Committee, [@repjeffries](#)
- Rep. Mikie Sherrill (D-NJ), House Science, Space, and Technology Committee, [@repsherrill](#)



Rep. Mikie Sherrill



Sen. Chuck Grassley

## WORKING GROUPS COLLABORATION

### OPERATIONAL CHANGE MANAGEMENT: YOU ARE THE AGENTS OF DIGITAL TRANSFORMATION

**Keynote Speaker:**

Mike McGavick,  
*Deputy Chairman AXA XL, A Division of AXA*

**Moderator:**

Cheryl Matochik,  
The Council

**Panelists:**

Mike McGavick, AXA XL      Pierre Morrisseau, OneGroup  
Peter Gruenberg, OneDigital      Kevin Wellfare, INSURICA



Mike McGavick

The property-casualty industry is shrinking as a percentage of the economy. Cost, trust and relevance are primary reasons we are struggling, according to presenter Mike McGavick. But technology offers the opportunity to wrangle a herd of trends and make brokers so sticky that consumers can't imagine doing business without them.

With an aging population in many countries, the collapse of the global order we grew

up with, and the inability of governments to supply the goods they desire to provide, the insurance industry is becoming the go-to solution. To answer that call, we must pursue operational—and potentially organizational—change. Define the problem, envision the goal, design the solution, establish and publish a road map, assign duties, and make success part of performance/reward metrics.



*“We sell an obscure, confusing legalese product people don’t understand, don’t want to pay for, and hope never to use.”*

—Mike McGavick, AXA XL

### **Takeaways:**

- Consider establishing an intelligence center or tech steering committee to filter ideas and focus digital innovation.
- Every investment should answer this question: How will this help our clients?
- CEO and stakeholder engagement, buy-in, authority, adherence and perseverance are crucial.
- Fail small. Move incrementally until you have your wings.
- We must optimize the use of structured and unstructured data, artificial intelligence, and application programming interface.

## **WORKING GROUPS COLLABORATION**

### **FUNCTIONAL-AREA SPECIALISTS BRAINSTORMED ACTIONABLE PLANS FOR DIGITAL TRANSFORMATION.**



**Presenter:** Jack Shaw, *Technology Futurist*

Consumers are driving digital change in all industries, providing opportunities for extreme efficiency and engagement from the insurance sector. Presenter Jack Shaw gave examples of a radically digital society where we must be able to operate and where we may find new opportunities for growth.

- Home sales that proceed from a 360-virtual viewing to securing loans and closing in one day should include online insurance placement.
- The internet of things (IoT) allows hospitals to increase hand-sanitation compliance and reduce staph infections.
- Hiring can be targeted to appropriate candidates, who can be vetted online before an invitation for interview is extended. Tests developed using artificial intelligence can provide probability analysis on a candidate’s success in a specific role.
- Blockchain use is exploding and is applicable for parametric triggers, loss control (Walmart reduced product recall from one week to two seconds), claims management, HR actions and more.

With all the opportunities, it might be tempting to dive in unprepared. Don’t force-fit digital into current processes. Data analytics can provide good intel on where your business is now, what is going to happen if you stay the same (predictive analytics), and what should be done (prescriptive analytics). Start there.

### **Takeaways from Working Groups breakout:**

- **CIO:** We must collaborate on goals across the organization and allow the process to evolve as we try to get digital change right.
- **HR:** Focus on emotional quotient as a priority in talent assessment and look at blockchain for payroll, comp and electronic records controls.
- **Legal Counsel:** There are major concerns that blockchain is GDPR non-compliant and could lead to proliferation of micro-policies that cover ultra-specific perils, raising the potential for missed gaps in protection.
- **Marketing & Communications:** While maximizing speed, accuracy and quality of data, we must emphasize the important role of the human element.
- **Claims & Risk Management:** Real-time data sharing and ownership helps decision making and connects risk management and claims.

*“Brokers who know how to use artificial intelligence will replace brokers who don’t.”*

—Jack Shaw, presenter



# PREVAILING THEMES FROM OUR WORKING GROUPS

## CIO WORKING GROUP



Nick Lozano  
Director, Technology  
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### Summary

As digital innovation transforms our industry and our budgets, it should also drive leadership restructuring at our firms. Chief information officers should have a voice at the strategy table, because technology affects—and is affected by—the risk management, investment, personnel and workflow decisions your firm makes.

### Takeaways

- Consider building around the agency management system you already have. Moving to a new system that is similar to the current one might not fix underlying problems.
- Reduce cyber-security risks by migrating to the cloud, educating staff on phishing, and using third-party expertise and software.
- Leaders may sit outside positions of authority. Measure leadership behavior and train for the role.
- CIOs should spend more time on leadership instead of management; the two are different roles.
- The cloud produces specific returns on investment: reduction in servers, better use of space, less expensive and longer-lasting devices, no local computer backup or encryption, lower security costs, higher security, etc.



## CLAIMS & RISK MANAGEMENT WORKING GROUP



Rob Boyce  
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### Summary

Firms of all sizes are struggling to capture and leverage internal data but recognize the opportunities good data use presents. Carrier collaboration on data collection and use is central to success—from telematics to better advisory services, data can be used to improve loss ratios, pricing and sales.

### Takeaways

- Companies struggle with consistent data input, extracting it in standardized form, and breaking down organizational data silos.
- Carriers are inconsistent and hesitant to provide brokers access to their clients' data.
- E-Services' use of telematics and connective devices indicate where we are heading on commercial auto data collection and loss control.
- Data from commercial vehicles may help rein in severity of loss from investor-financed plaintiff actions that exaggerate injury claims costs and seek unnecessary treatments.
- The Council will run a Claims & Risk Management Benchmarking Survey later this year to track personnel and budget trends across member firms and segment the de-identified, aggregated data by like-sized firms to help risk managers and claims specialists make better decisions in hiring and training.



## HR WORKING GROUP



Elizabeth McDaid  
*SVP, Leadership & Management Resources*  
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### Summary

The insurance industry is fighting an uphill battle to capture the attention of the next generation of recruits. What worked in the past won't work today. If your current results are not what you want, you'll have to change your recruitment process. Choose performance targets you want to improve, and gear recruiting to fulfill those.

### Takeaways

- Know your audience. Opportunities exist for firms that can effectively appeal to young people who meet recruitment needs.
- Offer employment consistent with the values of those you want to hire.
- Develop a recruitment process that is consistent with your firm's values, production needs and culture.
- Know how much your current recruiting process is costing in money, time and effort. This will allow you to measure the success of your new program.
- The 80/20 rule is real. If 20% of the sales team is yielding 80% of the results, 80% of your sales hires appear to be failing. Change recruitment to improve this metric.



## LEGAL COUNSEL WORKING GROUP



John Fielding  
*General Counsel*  
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### Summary

Legislative and regulatory action at both the federal and state levels significantly affect insurance brokers and their clients. Federal action (and inaction) in the areas of healthcare, taxation and catastrophes (specifically, flood), and state efforts to stabilize health insurance markets and address emerging technology and cyber issues, as well as dealing with every-changing crises and market evolutions (marijuana comes to mind) are broad public policy issues where Council members seek to have input and influence. On a more granular level, the ways in which these issues play out in compliance and in the courts are major areas of concern, as well.

### Takeaways

- Health insurance will continue to be a major issue at the federal and state levels, despite likely lack of congressional action.
- The National Flood Insurance Program is up for renewal. In the meantime, FEMA is overhauling flood maps and home property flood ratings nationwide, creating Risk Rating 2.0. New data and analytic software allow for much better pricing of risk.
- The state regulators, through the NAIC, are focused on cyber and privacy issues, as well as the evolution of the industry through technology.
- The NAIC model cyber law is being adopted in several states but with deviations. New state insurance cyber laws could layer on top of existing cyber laws, creating double penalties for violations.
- Brokerage firms' legal departments (in-house and outside) are focused on wide-ranging issues – from the broad public policy issues being debated in Washington and state capitals, to E&O coverage disputes, to operational issues.



## MARKETING & COMMUNICATIONS WORKING GROUP



Susan Rushford

*SVP, Marketing & Communications*

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### *Summary*

The true return on investment in marketing initiatives is complex and laden with intangibles that make it hard to communicate the value of each endeavor, but data can help if used and communicated well. There is also a need to reboot the industry's brand as we recruit talent. The goal is to create a unified and consistent messaging platform that can be the foundation of each firm's unique value proposition.

### *Takeaways*

- To ensure buy-in and relevance for a digital transformation, integrate input from disciplines across your firm and set concrete timelines, responsibility, accountability, metrics and communications.
- Marketing and Finance should collaborate from the outset to establish and substantiate the value of marketing programs.
- To understand and better demonstrate ROI, design and measure marketing impact for each individual stage in the customer's journey and build off their results.
- The Marketing & Communications Working Group has formed a subcommittee to create new messaging to help the industry better articulate its story.
- To effectively test some marketing programs, you must be willing to walk away from revenue to gauge results and refine for future tests.



## THE COUNCIL OF EMPLOYEE BENEFITS EXECUTIVES (CEBE)



Cheryl Matochik

*SVP, Strategic Resources & Initiatives*

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Katie Oberkircher

*Content Specialist, Market Intelligence & Insights*

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The Council of Employee Benefits Executives (CEBE) Advisory Committee meets twice a year to advise Council leadership on opportunities and challenges faced by the membership's employee benefits businesses. Their discussion was founded on The Council's core messages for Capitol Hill: support and strengthen employer-sponsored insurance (ESI); and adopt pricing transparency measures, specifically within prescription drug programs. The group focused on those issues in the context of the growing national dialogue and debate on single-payer proposals.

To demonstrate the effectiveness of delivering healthcare through the ESI system, Lauren Crawford Shaver, partner at Forbes Tate and the driving force behind [The Partnership for America's Health Care Future](#) (PAHCF), explained how to frame the advantages of ESI while combatting single-payer proposals. As healthcare costs continue to rise and employees expect more individualized care, it's critical for CEBE and The Council to speak to the importance of accessing affordable, quality healthcare through this mechanism.

Beyond this discussion, CEBE members explored the importance of accessing aggregated employee claims and clinical health data as well as how pricing transparency across the pharmacy supply chain is the first step toward greater transparency within the healthcare delivery system as a whole.

### *Next Steps*

Register for The Council's Employee Benefits Leadership Forum (EBLF), May 28-31 in Colorado Springs.



# 2019 COUNCILPAC EFFORTS UNDER WAY



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## *CouncilPAC has a goal of raising \$1.6M in 2019*

Educating Members of Congress on key industry issues is an essential part of our advocacy team's job, and it is always satisfying to see our members partner with us in this education during our annual Legislative Summit. We are grateful for the role you play in meeting with your representatives and the intelligence you share with us so we can continue to build upon this engagement.

Equally important is the role you play in supporting our political action committee, CouncilPAC. CouncilPAC is the tool we leverage to strengthen our relationships with members of Congress and further educate them and their staff on the complex issues facing our industry and your clients.

**This legislative session, nearly 20% of representatives are new to Washington, and—more importantly—we are new to them.** Your personal donation provides us opportunities to build relationships with these newly elected officials and solidify and grow our current relationships on Capitol Hill.

[Click here](#) to make your 2019 donation to CouncilPAC.

*Thank you for your support.*



*Council members with Rep. Steve Scalise*

## SAVE THE DATE

Save the date for next year's Legislative & Working Groups Summit, **Monday, Feb. 10 – Wednesday, Feb. 12, 2020**, in Washington, D.C. Also, check out our [2019 meetings and events calendar](#) and get your team involved.

