

# PROPERTY & CASUALTY & INSURANCE MARKET NEWS

Jan. 18 – Jan. 31, 2020

## P&C – Selected Stories

### **Natural Disasters in Past Decade Broke Records for Economic, Insured Losses: Aon**

The past decade broke new records in terms of economic damages and insured losses, according to Aon's latest catastrophe report. The costs to global economies reached US\$2.98 trillion between 2010 and 2019, which was US\$1.19 trillion higher than 2000-2009, said Aon, noting that Asia-Pacific accounted for 44% of the total. During the same decade, Aon continued, private and public insurance entities paid out US\$845 billion, with the U.S. accounting for 55% of that number. Aon emphasized that the financial costs are only going to increase as a result of climate change which is increasingly affecting urbanized areas "so building resilience is key." Addressing the losses of 2019, Aon revealed that the 409 natural catastrophe events of 2019 resulted in economic losses of US\$232 billion – 3% below average annual losses for this century, but 20% lower than the previous decade. Of that total, private sector and government-sponsored insurance programs covered US\$71 billion – 6% above the century average but significantly lower than the record of US\$157 billion in 2017 and US\$100 billion in 2018, said Aon. This means the protection gap, which is the portion of economic losses not covered by insurance, was 69 percent in 2019 – the fifth-lowest since 2000, according to Aon in its report titled "Weather, Climate & Catastrophe Insight: 2019 Annual Report."

<https://www.insurancejournal.com/news/international/2020/01/22/555466.htm>

### **Insurance Claims from Australia Wildfires at A\$1.41 Billion (\$970 Million) and Rising**

The Insurance Council of Australia reported claims between Nov. 8 and Jan. 17 had reached A\$1.41 billion (\$970 million). That's up 42% from Jan. 10. The New South Wales and Victorian state governments will coordinate the clean-up of insured and uninsured residential and commercial properties destroyed in the deadly wildfires. Under the plan, the states will appoint major contractors to do the work, which will include the clearing of asbestos-contaminated and fire-impacted materials, dangerous debris and trees, and the removal of concrete slab foundations.

<https://www.claimsjournal.com/news/international/2020/01/21/295151.htm>

### **Crawford forms Japan firm**

Mamoru Tanouchi, previously managing director at McLarens Japan, has joined Crawford Japan as managing director. Crawford Japan is a new Japanese business which is in the process of being set-up. Tanouchi previously helped establish McLarens in Japan and has more than 30 years of experience in Japan and the US; he has managed a range of large claims including property, business interruption, product liability and product recall – across markets including power stations, semiconductor plants and shipbuilding. Crawford's Japan branch office, under the leadership of Futoshi Suezawa, will continue to operate as normal providing support to the new Crawford Japan.

<https://insuranceasianews.com/crawford-hires-former-mclarens-exec-in-japan/>

### **Companies acquired by SCM Insurance to be rebranded as ClaimsPro**

SCM Insurance Services, an insurance and risk management services provider serving North America, has announced that two companies it acquired in the past will undergo a rebrand. The two companies, Nixon & Company and Allmark Services, will be rebranded as ClaimsPro. ClaimsPro is a prominent provider of independent adjusting services in Canada, and is one of the firms under the SCM Insurance Services Group of Companies. In the US, ClaimsPro offers local field support through 11 branch locations. A release noted that by rebranding its operations, ClaimsPro will offer clients with broader geographic coverage and streamlined claims services on either side of the border.

<https://www.insurancebusinessmag.com/us/news/breaking-news/companies-acquired-by-scm-insurance-to-be-rebranded-as-claimspro-211937.aspx>

### **Australia slammed by 55,000 claims from hailstorms**

Insurers have so far received more than 55,650 claims from the wild storms over the weekend with losses estimated at A\$514 million (US\$353 million). 53% of the claims were in the Australian Capital Territory, 30% in Victoria and 17% in New South Wales respectively.

<https://insuranceasianews.com/australia-slammed-by-55000-claims-from-hailstorms/>.

## P&C – Selected Stories

### **Many Global Firms Face High Coronavirus Costs Due to Insurance Exclusions**

Many global companies from hotels and airlines to industrial houses are expected to have to foot the bill for disruptions caused by a new coronavirus in China, with epidemics usually excluded from insurance cover, experts said. “For insurers, the bulk of the claims from this outbreak will come from businesses, mainly travel, hospitality and event firms, followed by mortality and healthcare costs.” Risk modeling firm RMS said it was too early to estimate insured losses. While some large global firms buy coverage for communicable diseases, most “standard insurance policies” exclude such outbreaks to keep costs low.

<https://www.insurancejournal.com/news/international/2020/01/29/556803.htm>

### **India’s National Insurance to discuss three-company merger**

India’s National Insurance’s board are expected to pass a resolution on a three-company merger that would see them join with other state insurers Oriental Insurance and United India Assurance. The proposal for the merger came from India’s finance ministry back in 2018. It is reported that professional services firm Ernst & Young has been hired by the three companies to act as the merger consultant. In the 2019 financial year, profits for general and health insurers dropped by a whopping 90%. General insurers have been struggling to create profit amidst rising claims and higher costs — the performance of state-owned insurers has been particular poor.

<https://insuranceasianews.com/indias-national-insurance-to-discuss-three-company-merger/>

### **State Farm could lose top auto insurer slot to GEICO**

State Farm, the number-one auto insurer in the US for decades, may soon be playing second fiddle to GEICO. After losing business in the wake of a series of rate hikes, State Farm held a market share of 17% in 2018 – its lowest share in more than two decades, according to a report by Crain’s Chicago Business. Online insurer GEICO, meanwhile, held 13.4% of the market. If the two companies’ average growth rates persist, GEICO will overtake State Farm as the nation’s largest auto insurer in 2022, according to Crain’s Chicago Business. State Farm, however, doesn’t intend to go quietly.

<https://www.insurancebusinessmag.com/us/news/breaking-news/state-farm-could-lose-top-auto-insurer-slot-to-geico-211990.aspx>

### **McLarens Expands Natural Resources Offering**

McLarens, the global loss adjuster specialising in complex, commercial and niche markets, has strengthened its London Natural Resources team with the appointment of two senior adjusters

<https://www.intelligentinsurer.com/news/mclarens-makes-two-appointments-to-its-london-natural-resources-team-20965>

### **Top 10 business risks around the world in 2020**

Cyber incidents have been ranked as the top business risk in the Allianz Global Risk Barometer 2020, knocking business interruption from a top spot it had held for seven consecutive years. According to the Allianz study, which focuses on large and small- to mid-sized enterprises in 22 industry sectors and 102 countries, cyber incidents (including cybercrime, IT failure/outage, data breaches, fines and penalties) were the top concern, followed by business interruption, changes in legislation and regulation, natural catastrophes, and market developments. Allianz Global Risk Barometer: 1.Cyber incidents 2.Business interruption 3.Changes in legislation and regulation 4.Natural catastrophes 5.Market developments 6.Fire, explosion 7.Climate change 8.Loss of reputation or brand value 9.New Technologies 10.Macroeconomic developments

<https://www.insurancebusinessmag.com/us/news/breaking-news/these-are-the-top-10-business-risks-around-the-world-in-2020-211542.aspx>

## P&C – Selected Stories

### **RSA aims to have 500 apprentices by 2022**

The insurer currently has 278 employees on apprenticeship programmes and has targeted boosting this to around 500 over the next two years. Currently, 278 RSA employees are on apprenticeship programmes and the insurer aims to increase this figure to around 500 by 2022. The insurer launched its apprenticeship programme in 2017. It has 20 different types of apprenticeships, ranging from technical insurance, finance, leadership, digital skills, paralegal and procurement.

<https://www.postonline.co.uk/claims/4597031/rsa-aims-to-have-500-apprentices-by-2022>

### **Lack of adjusters hampers payment of typhoon claims**

A lack of claims adjusters and assessors will hamper the processing and payment of claims from typhoon Hagibis, Artemis reports citing media sources. The industry is shorthanded because Hagibis struck shortly after typhoon Faxai, for which claims are still being adjusted and paid.

<https://www.businessinsurance.com/article/20200129/STORY/912332806/Lack-of-adjusters-hampers-payment-of-typhoon-claims>

### **Arthur J. Gallagher & Co. Announces Fourth Quarter And Full Year 2019 Financial Results**

"We had an outstanding fourth quarter to cap-off an excellent full year 2019. Total revenue growth of 14%, of which 5.6% was organic revenue growth, Net earnings growth of 22%, EBITDAC growth of 19% and adjusted EBITDAC growth of 17%. We completed 49 acquisitions with estimated annualized revenue of \$468 million."

<https://www.prnewswire.com/news-releases/arthur-j-gallagher--co-announces-fourth-quarter-and-full-year-2019-financial-results-300996532.html>

### **Axis' results hit by Japan's "record typhoon season"**

Axis slid to a US\$10 million after tax loss in Q4 of 2019, albeit an improvement over the net loss of US\$198 million in Q4 2018. "We did not deliver the financial results we expected in 2019, as our performance suffered from a record typhoon season in Japan, poor crop conditions in the US, as well as high loss activity in property and aviation lines."

<https://insuranceasianews.com/axis-results-hit-by-japans-record-typhoon-season-benchmark/>

### **Marsh & McLennan Companies ends "historic year" with strong results**

Marsh & McLennan Companies has surpassed expectations in its fourth quarter and full-year 2019 results. In what president and CEO described as "a historic year" for MMC, the firm grew total revenue by 11% and generated 4% underlying growth. This growth sits on the back of MMC's \$5.6 billion purchase of Jardine Lloyd Thompson Group, a deal that officially closed in April 2019.

<https://www.insurancebusinessmag.com/us/news/breaking-news/marsh-and-mclennan-companies-ends-historic-year-with-strong-results-211985.aspx>

### **DAC Beachcroft expands its claims solutions business**

International law firm DAC Beachcroft has bolstered its claims solutions business with the appointment of partner and costs expert to head its national costs practice.

<https://www.intelligentinsurer.com/news/dac-beachcroft-expands-its-claims-solutions-business-with-new-partner-hire-20981>

### **Brexit Impact on UK Insurers Dictated by Trade Talks, Possible Economic Hit: AM Best**

From an operational point of view, the United Kingdom's departure from the European Union on Jan. 31, 2020 will have little immediate impact on AM Best-rated insurers in the UK or EU. Any longer term impact will be dictated by the outcome of trade negotiations and decisions about regulatory equivalence between the UK and EU as well as hits to the UK economy. "Potential issues include a further weakening of sterling, which could increase claims inflation, and an increasingly challenging investment environment. If economic conditions deteriorate, the demand for insurance is likely to reduce, which would have negative implications for premium volumes."

<https://www.insurancejournal.com/news/international/2020/01/30/556881.htm>

## Insurtech – Selected Stories

### **Copart UK launches damage notification app for insurers**

Online vehicle remarketing company Copart UK has launched a new mobile app designed to improve the speed of total loss decision-making for insurers. Developed in conjunction with Copart's technical innovation teams in the US, the new app provides more than 200 Copart drivers with the ability to digitally record critical vehicle information/images, and send this data instantly into the decision-making process. With integration into Copart's Seller Site platform, insurance customers will be proactively alerted of vehicle collection, and of how they can use the data in damage assessment and engineering to ultimately make the most appropriate total loss decision.

<https://www.claimsmag.co.uk/2020/01/copart-uk-launches-damage-notification-app-for-insurers/16076>

### **Insurtech investment soared to \$6bn in 2019, says WTW**

The insurtech sector received \$6.37 billion in investments throughout 2019, with nearly \$2 billion of that figure coming from the fourth quarter alone, a Willis Towers Watson report has found. During the year, eight rounds of investment took place which led to the creation of five insurtech start-ups valued at over \$1 billion, while funding rounds exceeding \$40 million jumped by 90%. Although the very simplest common claims, such as automobile windscreen, may already be handled entirely by automated systems at some insurers; end-to-end automation can never work in all scenarios, even in consumer lines. Some aspects of the claims process require complex human judgement or investigation, and other cases, such as the need to empathise with a customer who needs support, demand the human touch. This means that claims handlers will remain in the driving seat."

<https://www.reinsurancene.ws/insurtech-investment-soars-to-6bn-in-2019-says-wtw/>

### **LV= General launches voice skill**

LV= General Insurance has launched a car insurance voice skill for customers with Amazon Alexa or Google Home Assistant products. Customers will now be able to discover a range of answers about their car insurance policy by asking their smart speaker to "Open LV."

<https://coverager.com/lv-general-launches-voice-skill/>

### **Aerial imagery specialist Vexcel partners with Verisk's Geomni**

Vexcel Imaging, a specialist in aerial imagery data, cameras, and photogrammetry software, has agreed to acquire the imagery sourcing group from Verisk's Geomni business. The deal will combine Geomni's imagery surveying and content-related teams and assets into Vexcel, and will also see Verisk become a minority owner in Vexcel, with full access to all aerial imagery libraries. The parties expect the combination of Geomni's fleet of fixed-wing aircraft and aerial operations, mapping business, and oblique aerial image library together with Vexcel's sensor business and data program will create a competitive geospatial data library.

<https://www.reinsurancene.ws/aerial-imagery-specialist-vexcel-partners-with-verisks-geomni/>

### **P&C Insurance Industry Outlook Buoyant on Multiple Tailwinds**

The Zacks Property and Casualty Insurance (P&C) industry comprises companies that provide commercial and personal property, and casualty insurance products and services. Here are the industry's three major themes: 1. The U.S. property and casualty insurance sector should remain stable in 2020 on economic growth, solid capitalization and increased insurance prices. 2. Consolidation in the property and casualty industry would continue as players look to diversify their operations into new business lines and geography. 3. The industry is witnessing increased use of technology, like blockchain, artificial intelligence, advanced analytics, telematics, cloud-computing and robotic process automation, to expedite business operations and save cost. The industry has also witnessed the emergence of insurtech — technology-led insurers — creating competition for incumbent players. The focus of insurtech is mainly on the property and casualty insurance industry. As insurtechs use the latest technologies and concepts that the incumbents are just beginning to experiment with, there remains huge market risk.

<https://www.nasdaq.com/articles/pc-insurance-industry-outlook-buoyant-on-multiple-tailwinds-2020-01-30>

## Insurtech – Selected Stories

### **CFC acquires insurtech ThreatInformer**

CFC has acquired a London-based insurtech whose data enrichment technology helps insurers better understand their customers' exposures. ThreatInformer uses big data and machine learning to compile readily available information about an insurer's risk profile from a variety of external sources. CFC intends to integrate ThreatInformer's capabilities into its own suite of technology, which the insurer said will streamline and improve key activities in its underwriting process and uncover patterns in claims data to help predict and prevent client losses. ThreatInformer is CFC's second acquisition in the past six months, following the insurer's acquisition of incident response firm Solis Security. Both deals seek to expand CFC's technical capabilities in key areas of underwriting and claims handling.

<https://www.claimsmag.co.uk/2020/01/cfc-acquires-insurtech-threatinformer/16057>

### **P&C re/insurers slow to implement advanced analytics: WTW**

A recent Willis Towers Watson survey of the US and Canadian property and casualty (P&C) market has revealed that most re/insurers have been implementing advanced analytics at a much slower rate than anticipated. The broker reported that, in general, companies had either been overly ambitious in their goals for using analytics or had been held back by the realities of day-to-day business and market challenges. "One way to recondition their resolve is to align strategy and analytics by identifying what's core to achieving a competitive edge and steer efforts and resources accordingly. They should avoid getting carried away with analytics for analytics' sake." According to the survey, P&C re/insurers had expected to be further along with their use of advanced analytics by now.

<https://www.reinsurancene.ws/pc-re-insurers-slow-to-implement-advanced-analytics-wtw/>

### **Snapshot and FRISS partner to provide low-touch claims experience**

A FRISS indication within Snapshot is as simple as a traffic light: Green means go, encouraging the fastest possible processing of legitimate claims; yellow indicates a need to slow down and look both ways; while a red light, indicative of a high likelihood of fraud, should cause a carrier to stop and investigate before paying a claim. Fraud accounts cause over \$80B in the US P&C market alone, costing the average family hundreds of dollars more in premiums each year. Honest customers are subject to unnecessary scrutiny while fraudulent claims continue to be paid.

<https://coverager.com/snapshot-and-friss-partner-to-provide-low-touch-claims-experience/>

### **7 most relevant InsurTech trends of 2020**

From addressing new risks related to the gig economy and innovation in commercial lines, to achieving the right balance between bots and human touch points, investments will continue to flow in and an increasing number of category leaders will come from high growth markets in Asia, Latin America and Africa. 1. Funding flow will continue 2. No more CEO toys 3. Triumph of AI 4. Addressing new risks 5. Commercial lines innovation 6. Prevented health risks 7. Ecosystems come to age

<https://insurtechnews.com/insights/the-7-most-relevant-insurtech-trends-of-2020>

### **South African insurance companies use drones for inspections**

Drones are being used by South African insurance companies to inspect claims made by customers according to the South African comparison website, Hippo.co.za. Drone use within companies has grown exponentially over the last few years due to the lower costs and improved technologies. Drones are able to limit the number of false reports and claims coming from customers as they are able to get better views of affected areas in a fraction of the time. Even consumer-grade drones are able to capture photos that are able to be inspected and looked at closely.

<https://dronedj.com/2020/01/13/south-african-insurance-drone-inspections/>

## Acquisitions – P&C and more

### **HGGC and AIMCo Infuse More Equity into Davies Group**

Since the beginning of 2017, Davies acquired a number of companies including: Cynergie, CMSL, Ambant, ServiceTick, TLSS, R&Q's insurance services business, Ember, Direct Group's claims businesses, Veriphy, USA Risk Group, TMS, GBB, Banwells, Frontier, FWD, ASC, Thornton Group, and Keoghs. In 2019, Davies launched new claims and insurance operations in the U.S. In January 2020, HGGC and AIMCo, injected additional equity capital into Davies. Some of the investment proceeds were used to help Davies acquire Keoghs, an insurance-focused law firm providing dispute resolution and risk services for the U.K. insurance industry across motor, casualty, complex, and specialty classes.

<https://www.swfinstitute.org/news/77171/hggc-and-aimco-infuse-more-equity-into-davies-group>

### **Davies Group inks deal with Keoghs to launch legal solutions unit**

Insurance technology and consulting firm, Davies Group, has signed a deal with the insurance-focused law firm Keoghs to launch a legal solutions unit. The deal marks a significant move for Davies into the insurance legal services sector – an important step as the business continues to deepen its capability and domain expertise across its global insurance and highly regulated market segments. The addition of Keoghs will see Davies's global team grow to more than 3,700 colleagues, with operating centres in the UK, Ireland, Bermuda, the US and Canada, serving more than 500 insurance clients around the world. Keoghs provides dispute resolution and risk services for the UK insurance industry across motor, casualty, complex and specialty classes. The firm manages more than £1 billion worth of insurer claims and resolves in excess of 100,000 claims per annum. It operates a defendant-only model, and works in partnership with leading insurers, MGAs, brokers, corporates and the public sector.

<https://www.insurancebusinessmag.com/uk/news/breaking-news/davies-group-inks-deal-with-keoghs-to-launch-legal-solutions-unit-210833.aspx>

### **Charles Taylor delists as US\$372m PE takeover finalized**

At a final sale price of US\$372 million, the takeover of London-headquartered Charles Taylor by US private equity firm Lovell Minnick Partners (Lovell Minnick) has been completed. Charles Taylor will delist from the London Stock Exchange on January 22. There will be no changes to the loss adjuster's management team and structures due to this transaction, according to an official release. The takeover bid by Lovell Minnick was originally agreed upon at US\$325 million in September 2019; but LMP increased its purchase price as another bidder emerged during the sale. As a loss adjuster, Charles Taylor is known for its specialty services in handling aviation, energy, marine and technical P&C risks. The firm recently expanded in Hong Kong, has offices spanning Asia Pacific, and employs 3,000 people across 120 locations worldwide. In recent years, private equity firms have increased their attention towards loss adjusters, as natural catastrophe risks and insurance penetration grows worldwide. Last September, PE giant Carlyle Group purchased a majority stake in Sedgwick for around US\$6.7 billion.

<https://insuranceasianews.com/charles-taylor-delists-as-us372m-lmp-takeover-finalised/>

### **CoreLogic acquires geospatial data firm Location**

Property information and analytics provider CoreLogic has announced the completion of its acquisition of Location, Inc., a firm specialising in geographic data sciences and predictive analytics for businesses in the US and Canada. CoreLogic believes the acquisition will expand its insurance risk analytics and real estate insights for non-weather water and fire, hail, and crime risk data. Location's RiskSuite and NeighborhoodScout solutions combine spatial and property risk assets with machine learning and analytics expertise to provide market insights, projections and risk assessments for the insurance, real estate, and finance sectors.

<https://www.reinsurancene.ws/corelogic-acquires-geospatial-data-firm-location/>