

Endurance Risk Solutions

Casualty Cats and Clash – an Insurer's View

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CARe
June 4-5, 2012



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There was a time before Property Cat Models



How do we get from here...



To here?



We understand the drivers of Property Cats...



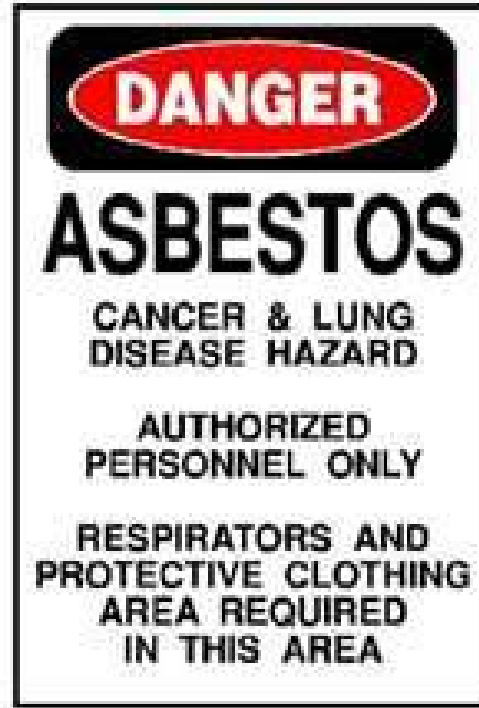
And the models are never completely accurate...

“We knew we had a lot of explaining to do, but it turned out to be even more than we planned.”

Ryan Ogaard, RMS' senior vice president of model management



But Casualty Cats are even more complex and often pervasive throughout the commerce stream



Casualty Underwriter Toolbox.....

Yesterday



Casualty Underwriter Toolbox.....

Today



The New York Times




Endurance
YOUR RISK IS OUR FOCUS

Casualty Underwriter Toolbox.....

Tomorrow



How do we pro-actively identify and decide....

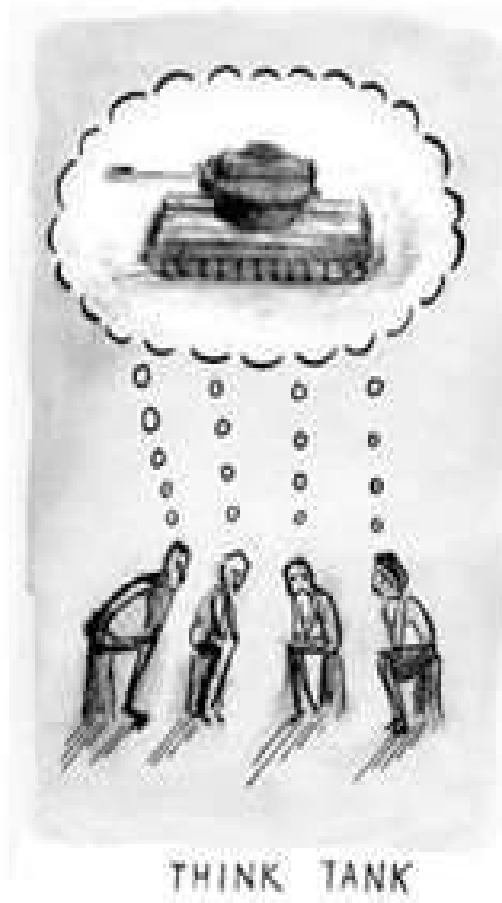
Which casualty cats to avoid, to restrict, to offer less limits, higher attachments or charge more premium?



How do you come up with an effective portfolio strategy without objective, methodical, scalable and up to the minute underwriting tools and resources?

What about Emerging Risk Committees?

- Attempt to Identify emerging risks using multiple sources of information
 - Internal - Claims, Loss Control, Underwriting experience
 - External - newspapers, blogs, industry sources
- Develop an emerging risk list
 - Conduct or contract research
 - Advise Underwriting
- Critiques from Senior Management
 - Challenging to estimate (or even define) exposure
 - Evolution of risk makes analyses obsolete before they are completed



Emerging risk committees represent progress towards thought leadership, but the execution thereof is the most challenging piece of the puzzle.

Where does this leave us?



If you don't know where you are going, any road will get you there.

- Lord Krishna

Examples of a few pieces of the Clash Pie

- Life Science
- End Products
- The 'next Asbestos'; common denominator(s) of a mass litigation episode
- Single Event

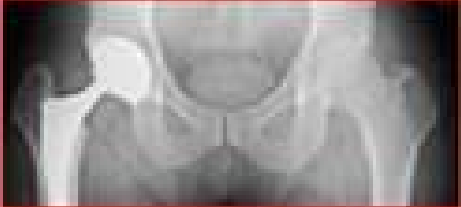


➤ Life Science


- Extremely high degree of frequency of severity
- Elevated Clash exposure due to common active ingredient, drug combinations, or similar device design



Have a Defective Stryker Hip Implant?



Get a FREE CASE REVIEW ▶
or Call us at 888-487-5342.

 Advocate Law Group
A Professional Law Corporation

Non Medical End Products

➤ End Products

- Multiple potential manufacturers and distributors of substantially similar products causing a specific but common bodily injury/property damage



Chinese Drywall

BUYERS BEWARE

- Just as with mold and water damage, desperate sellers are covering up problems.
- With mold and water damage they point over the problems and put new toe locks under cabinets.
- With Chinese drywall they clean the corrosion off of exposed copper.
- Home inspections for Chinese Drywall that rely only on visible evidence of corrosion are NOT RELIABLE.

Our firm scientifically tests all the drywall in the home and can provide a Chinese Drywall Free Certification to buyers. We are licensed and fully insured for such testing. All testing performed by Gary Rosen, Ph.D.

Services Available:

- Assessment & remediation of Chinese drywall. Expert testimony.
- Chinese Drywall Free House Certifications for home buyers and lenders.
- SCAM LBO environmental insurance coverage including support for Chinese drywall by Legends Environmental Insurance.
- Mold & water damage insurance disputes, appraisals, testing and remediation.

Books on Amazon.com by Gary Rosen, Ph.D.

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The 'next Asbestos'

- The 'next Asbestos'; common denominator(s) of a mass litigation episode
 - Pervasive elements in the commerce chain
 - Insurers likely affected at many points in the chain with varying exposure settings, coverage triggers and potentially varying allegations of bodily injury/property damage.



Single Event

- Single Event
 - Recent Energy losses have made the industry hyper-aware of the potential that exists in the Upstream world, but potential exists in all industries



Casualty Underwriters need an extensive

Single Event



Common denominator
Of mass tort litigation

Life Science

End-use products

In order to find the proverbial



www.jolyon.co.uk

We can't exclude it and remain in the market.
Shouldn't we just ...

Reinsurers

Insurers



Underwriting positions include more than...

... just putting on broad-based exclusions and effectively writing yourself out of the marketplace.

Underwrite it first, then...

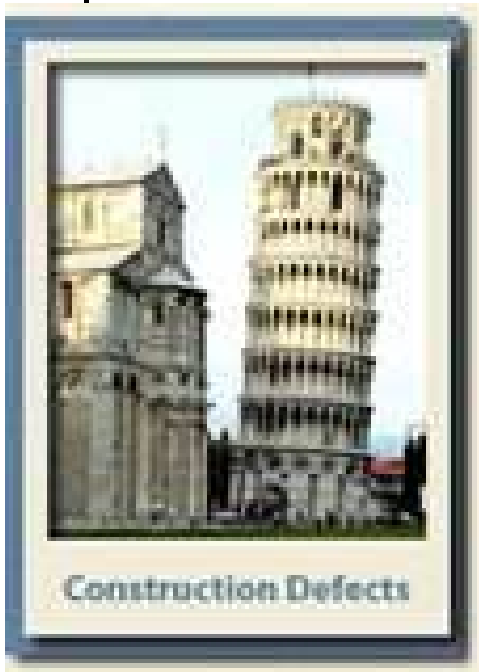
- Avoid it or limit new business writings
- Exclude the problem but not the product
- Higher attachments, lower limits
- Higher premium
- Treatment of defense
- Batching – one limit for one problem
- Trailing SIR's
- Per Claimant SIR's

Step 1 – Identify and rank the highest concerns

The biggest trick is to first identify and then rank the exposures and clash scenarios by severity, footprint, frequency and probability. It's a difficult task without objective, analytical and scalable tools to get past the ...



Step 2 – How do those concerns translate to your casualty portfolio?



Step 3— How do you actively quantify the aggregation of these concerns?

- Various Triggers for the same exposures
 - Occurrence; stacking potential
 - Claims Made; permissive notice of occurrence
 - Occurrences Reported; the 'sweeping' mechanism of integrated occurrences
 - Retro dates and Warranty dates
- Differing attachments and limits over time
- Treatment of Defense
- Protective Terms and Conditions
 - Exclusions
 - Limitations
 - Each and every retention
 - Trailing SIR's
 - Per Claimant SIR's

Is this mindset a competitive advantage or disadvantage?

Joe broker:

- "I don't want to know and I don't care why you WON'T write something."



Joseph broker:

- 'If you can find a way to write a risk that others won't, even with limitations, you are creating value for our clients and ourselves.'



In Summary



- We don't want to '20/20' underwrite and be reactionary with "too little, too late positions"
- Aggressive plaintiffs firms are also searching for the 'next' casualty cat
 - if we aren't working towards it, we certainly won't be ahead of them on finding it.

The Challenge

- Knowing what is NOT the next 'casualty cat' presents competitive advantages and opportunities. This is where you can get creative with terms and charge arguably adequate premium levels.



- Casualty Cat Tools are needed to proactively identify, rank and manage portfolio clash and aggregation risks to single events, life science products, end-use products and pervasive elements in the commerce chain.

Casualty underwriters need better tools to ...



Thank you

