

## Insurance Issues and Trends

**Simon Codrington, Hugh Wood**



# The State of the Insurance Market

# Who we are

## Client Forward

- Independent Insurance Broker
- 17 offices worldwide & expanding
- Clients in 40 different countries
- Global expertise & market leverage
- Experienced, knowledgeable staff
- Proprietary & exclusive specialty programs



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# War, Wind and Weather Wallops Insurers

CNBC MARKETS BUSINESS INVESTING TECH POLITICS CNBC TV INVESTING CLUB PRO

CLIMATE

## Hurricane Ian caused the second-largest insured loss on record after Hurricane Katrina

PUBLISHED THU, DEC 1 2022-11:58 AM EST | UPDATED THU, DEC 1 2022-2:26 PM EST

### Global Insured Losses From Natural Disasters Topped \$130B in 2022 in 5th Costliest Year

January 26, 2023



REUTERS® World Business Legal Markets Breakingviews Technology

Finance

3 minute read · December 28, 2022 12:10 PM EST · Last Updated a month ago

## Ship insurers to cancel war cover for Russia, Ukraine from Jan. 1

By Carolyn Cohn and Jonathan Saul

## FINANCIAL TIMES

US COMPANIES TECH MARKETS CLIMATE OPINION WORK & CAREERS LIFE & ARTS HTSI

Insurance + Add to myFT

## Reinsurance costs rise up to 200% as Ukraine war and extreme weather bite

Soaring increases in crucial January renewals threaten to raise premiums and reduce cover on offer

# Weather

Date	Event	Location	Deaths	Economic Loss (\$ billion)	Insured Loss (\$ billion)
09/27 - 10/01	Hurricane Ian	United States, Cuba	157	95.5	52.5
Annual	European Drought	Southern, Western and Central Europe	N/A	22.0	3.0
Annual	U.S. Drought	United States	N/A	16.0	8.0
06/14 - 10/30	Pakistan Seasonal Floods	Pakistan	1,739	15.0	0.1
06/01 - 09/30	China Seasonal Floods	China	195	15.0	0.4
03/16	Fukushima Earthquake	Japan	4	9.1	2.9
02/23 - 03/31	QLD & NSW Floods	Australia	22	8.0	4.0
Annual	China Drought	China	N/A	7.6	0.2
02/18 - 02/19	Windstorm Eunice	Western and Central Europe	17	4.5	3.4
05/17 - 10/31	India Seasonal Floods	India	2,135	4.2	0.1
All other events			~27,100	115.6	57.4
<b>Totals</b>			<b>-31,300</b>	<b>313 billion</b>	<b>132 billion</b>

# Weather (con't)

- 421 notable natural disaster events were recorded in 2022, higher than the 21st century average of 396.
- 75% of global insured losses were recorded in the United States (as a result of Hurricane Ian), which was higher than the average of 60%.
- Global economic losses from natural disasters of \$313 billion were 4% above the 21st-century average.
- There were at least 39 individual billion-dollar natural disasters in 2022, below the average of 40.
- Three global drought events – in the United States, Europe and China – were among the 10 costliest disasters, underlining the growing significance of the peril on a global scale. (U.S. and European drought cost insurers \$8 billion and \$3 billion, respectively, while China's drought has an insurance price tag of \$200 million).

# Weather (cont'd)

- Drought in U.S. western states continued to experience severe drought conditions, driving crop insurance payouts to their highest level since the historic losses experienced in 2012.
- Windstorm Eunice was the costliest individual European windstorm since 2010, with \$3.4 billion in insured losses. Widespread hailstorms in France contributed to the second-highest natural disaster payouts for the country on record of €6.9 billion (\$7.4 billion).



# Weather

- 2022 Insured losses over \$120 Billion
- Before 2005 never had a loss over \$50Billion
- 2022 Uninsured losses – another \$150 Billion
- US Accounted for 75% of global insured losses in 2022
- Many attribute this to climate change

CLIMATE CHANGE

## **\$35 Billion Worth of Real Estate Could Be Underwater by 2050**

Local governments in coastal states will lose billions of dollars in local tax revenue as rising seas claim developed land

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# War

## **Insurers end war-risk cover for shipping across Russia, Ukraine and Belarus**

**Move comes as a result of reinsurers exiting the region in the face of heavy financial losses**



## **Swiss Re pushed to loss as reinsurers count cost of Ukraine war**

Group estimates hit of \$283mn including likely aviation losses and warns this may rise

## **Major Aviation Insurer AXA Pulls Back on War Coverage After Ukraine Losses: Reuters**

# Environmental Pollution

- ESG Litigation
- PFAS- Per- and Polyfluorinated Substances- Plastics Pollution
- Lawsuits from activist organizations- 20,000 New Lawsuits every year
- Ohio Train Derailment
- Business Interruption from Pollution Losses

**EPA Orders Norfolk Southern to Conduct All Cleanup Actions Associated with the East Palestine Train Derailment**

**Why plastic pollution may turn into a claims driver**

ESG-related litigation is here and growing: check your insurance policies

# Credit/Accounts Receivables

- Employee theft is 90% of all theft
- Rising as employees work remotely and lower career long employers
- Coordinating cyber crime and “physical crime” policies
- Developing crime types

## 60+ Employee Theft Statistics for 2023

Blog Risk Management



**Man arrested in Dallas Zoo monkey theft, torn enclosures; vulture case ongoing, police say**

**Catalytic converter thefts can be costly to victims and thieves**

**Justice Department Announces Takedown of Nationwide Catalytic Converter Theft Ring**

The United States is seeking forfeiture of over \$545 million in connection with this case

# Employee Theft/Crime

- Effects on receivables caused by climate and war
- Viability of balance sheet protection
- Uncertainty caused by alternative financing and security

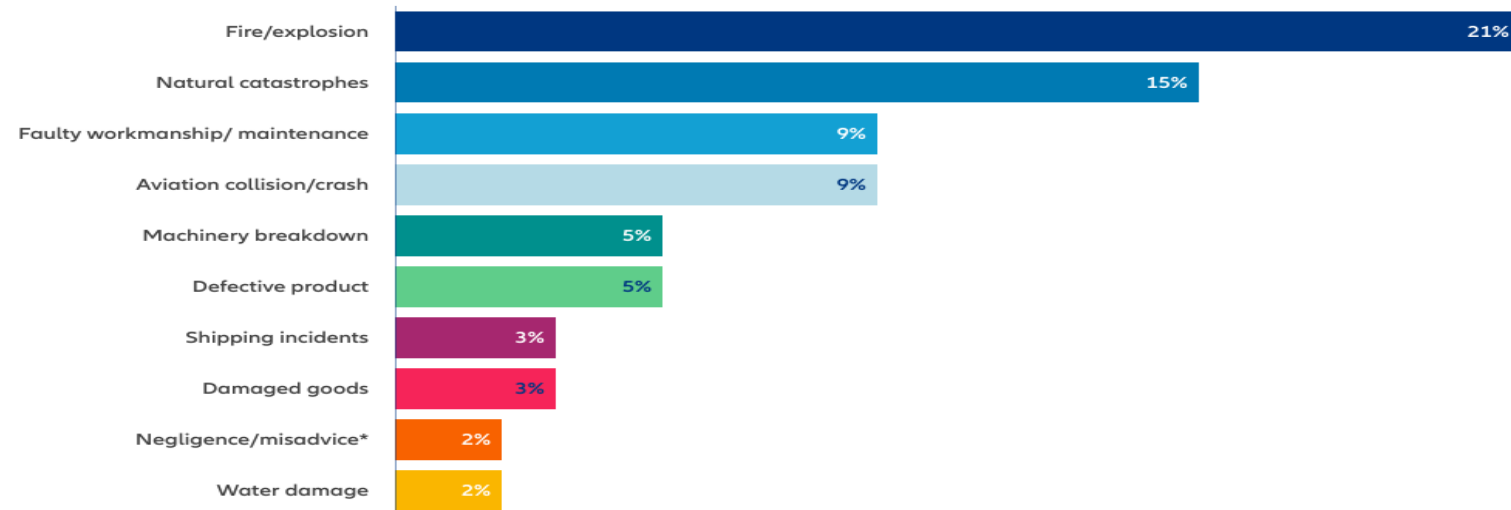
The Global Trade Credit Insurance Market size is expected to reach \$15.5 billion by 2028, rising at a market growth of 11.5% CAGR during the forecast period

# Top causes of loss globally from Allianz



## Top 10 global causes of loss by value of claims

Based on analysis of 534,456 business insurance claims between January 1, 2017, and December 31, 2021, worth approximately €88.7bn in value. "Other" causes of loss account for 26% of the value of all claims. Claims total includes the share of other insurers in addition to AGCS.



AGCS News & Insights

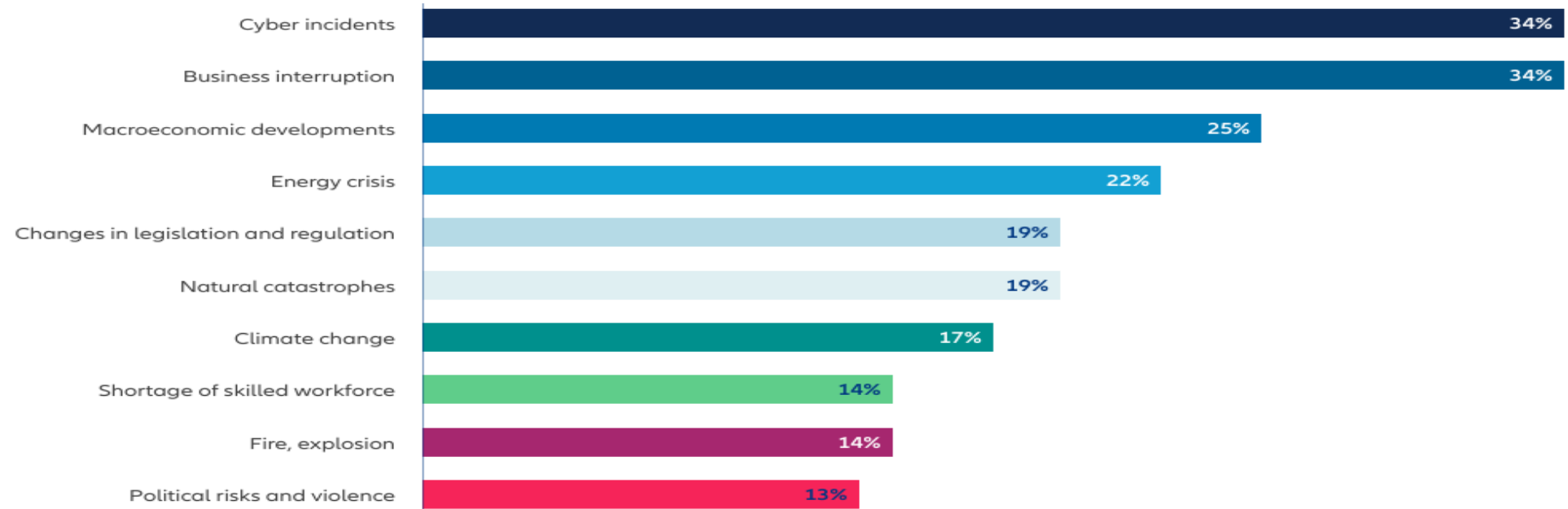
Source: Allianz Global Corporate & Specialty (AGCS)



## The most important business risks in 2023: global

### Allianz Risk Barometer 2023

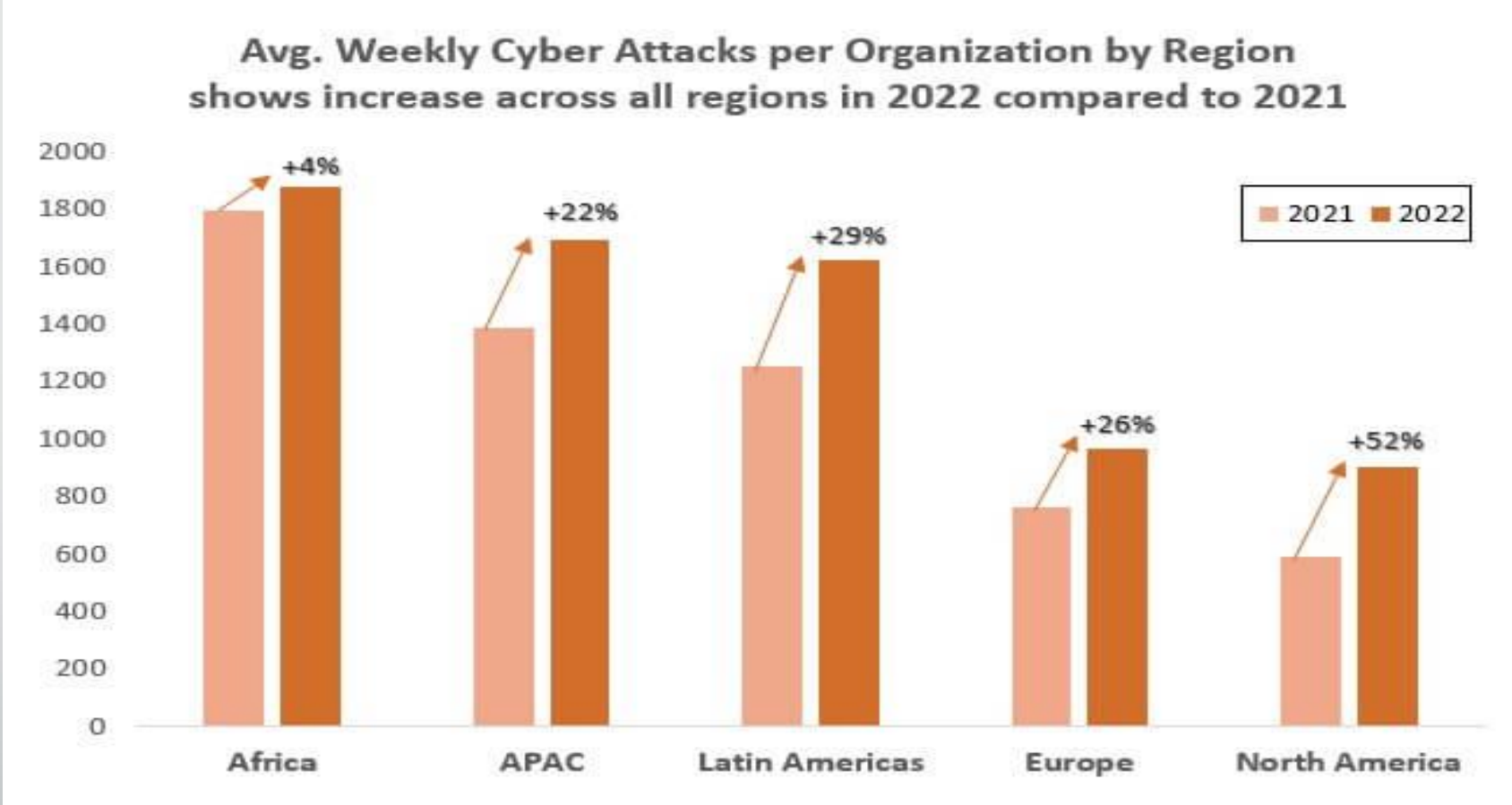
Figures represent how often a risk was selected as a percentage of all survey responses from 2,712 respondents. All respondents could select up to three risks per industry, which is why the figures do not add up to 100%.



AGCS News & Insights

Source: Allianz Global Corporate & Specialty

# So cyber didn't want to be left out





# Cybercrime

## Cybercrime To Cost The World \$10.5 Trillion Annually By 2025



*Special Report: Cyberwarfare In The C-Suite.*

– [Steve Morgan](#), Editor-in-Chief

Sausalito, Calif. – Nov. 13, 2020

If it were measured as a country, then cybercrime – which is predicted to inflict damages totaling \$6 trillion USD globally in 2021 – would be the world’s third-largest economy after the U.S. and China.



Cybersecurity Ventures expects global cybercrime costs to grow by 15 percent per year over the next five years, reaching \$10.5 trillion USD annually by 2025, up from \$3 trillion USD in 2015. This represents the greatest transfer of economic wealth in history, risks the incentives for innovation and investment, is exponentially larger than the damage inflicted from natural disasters in a year, and will be more profitable than the global trade of all major illegal drugs combined.

# Trends we see

- Property risks – market still increasing but less than it was. However, catastrophe exposed risks are difficult
- Casualty market – not increasing how it was and some signs of stability
- Stock – rates stabilizing but pressure on coverage conditions
- Cyber – still difficult with shrinking limits available
- Terrorism / Political violence – in demand and prices hardening
- Overall – tighter conditions and underwriting



...and the Specie markets keeps the good news coming!

HOME > RETAIL

**20 shipping containers' worth of gold and television sets were stolen in the 'biggest heist' ever for a Mexico port**

**'Kleptomaniac' coin caper cops to crime**

By Jennifer Johnson on Thursday, February 23, 2023

FOR SUBSCRIBERS 19 Feb 2022



**'The situation is not normal': 60 cash-in-transit heists in just three months in SA, crime stats show**

HOME > NEWS

**\$90 million jewelry heist traces back to a self-proclaimed psychic in Florida who promised to 'cleanse the jewelry of bad spirits,' federal agent alleged**



Pamela Jo Rosas

**Giant gold coin with Queen's head stolen from Berlin museum**

**Police hunt for thieves with ladder who escaped with record-breaking Canadian exhibit from bullet-proof case**



**Burglars cut through bank wall to steal from 250 deposit boxes in Iran**



# Drivers to insurers

- Risk management demonstrated by the client
- ESG plans are now becoming a significant insurance question
- Board level sponsorship of above
- Updated sums insured in light of inflation
- Catastrophe response plans
- Loss records
- Risk retention.



HOME / NEWS / THE SINKING OF THE FELICITY ACE WAS A \$500 MILLION TRAGEDY

# The Sinking Of The Felicity Ace Was A \$500 Million Tragedy

APR. 09, 2022 11:07 AM ET / BY GERHARD HORN IN INDUSTRY NEWS  / 10 COMMENTS

**Action is now being taken so this never happens again.**

Unless you've been living under a rock for the past two months, you'll have heard about the Felicity Ace incident. The abridged version is a carrier ship catching fire, taking 3,828 cars to the bottom of the ocean.

As you can imagine, there are enormous consequences for automotive manufacturers. Lamborghini has to [restart Aventador production](#), while Porsche has to [replace 1,000 cars](#). Luckily, these manufacturers are insured. Unfortunately, some [vehicles that can never be replaced](#) were lost as well.

# Some good news to finish

- Rate increases are subsiding and the market is cyclical so we would expect some gentle reverses in the next couple of years
- While insurers remain very worried about climate change if we have a more benign storm season in 2023 it will help
- Generally more intelligent underwriting is being shown where really good risks are getting discounts over others