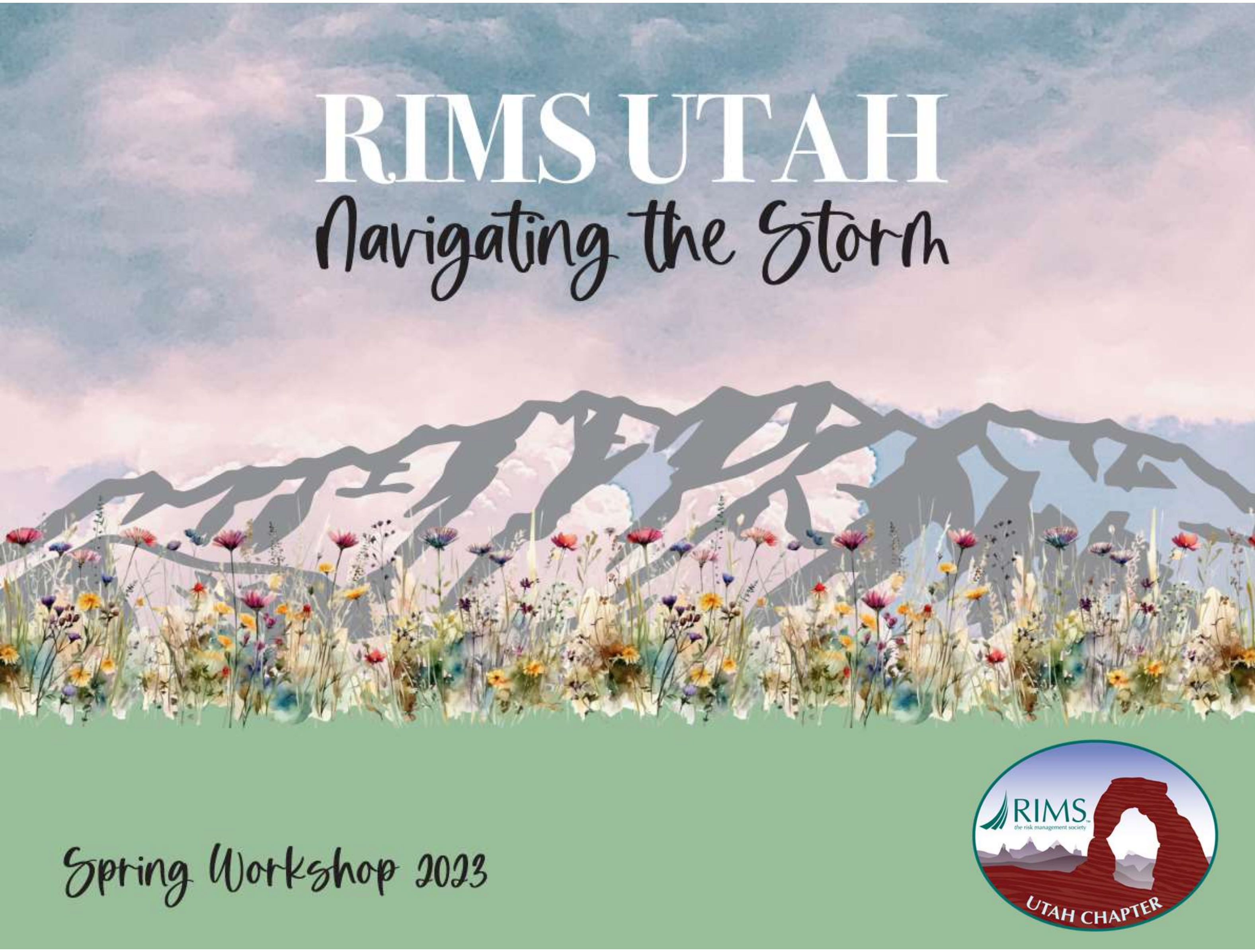
RIMS UTAH

Navigating the Storm

Spring Workshop 2023

RIMS the risk management society
UTAH CHAPTER



Breakfast – Sponsored by:

CHUBB

RIMS UTAH

Navigating the Storm

Spring Workshop 2023

UTAH CHAPTER

TITLE / KEYNOTE SPONSOR:

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Principal: Christian Deputy

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TOP GOLF SPONSOR:

SDI

Subrogation Division Inc.

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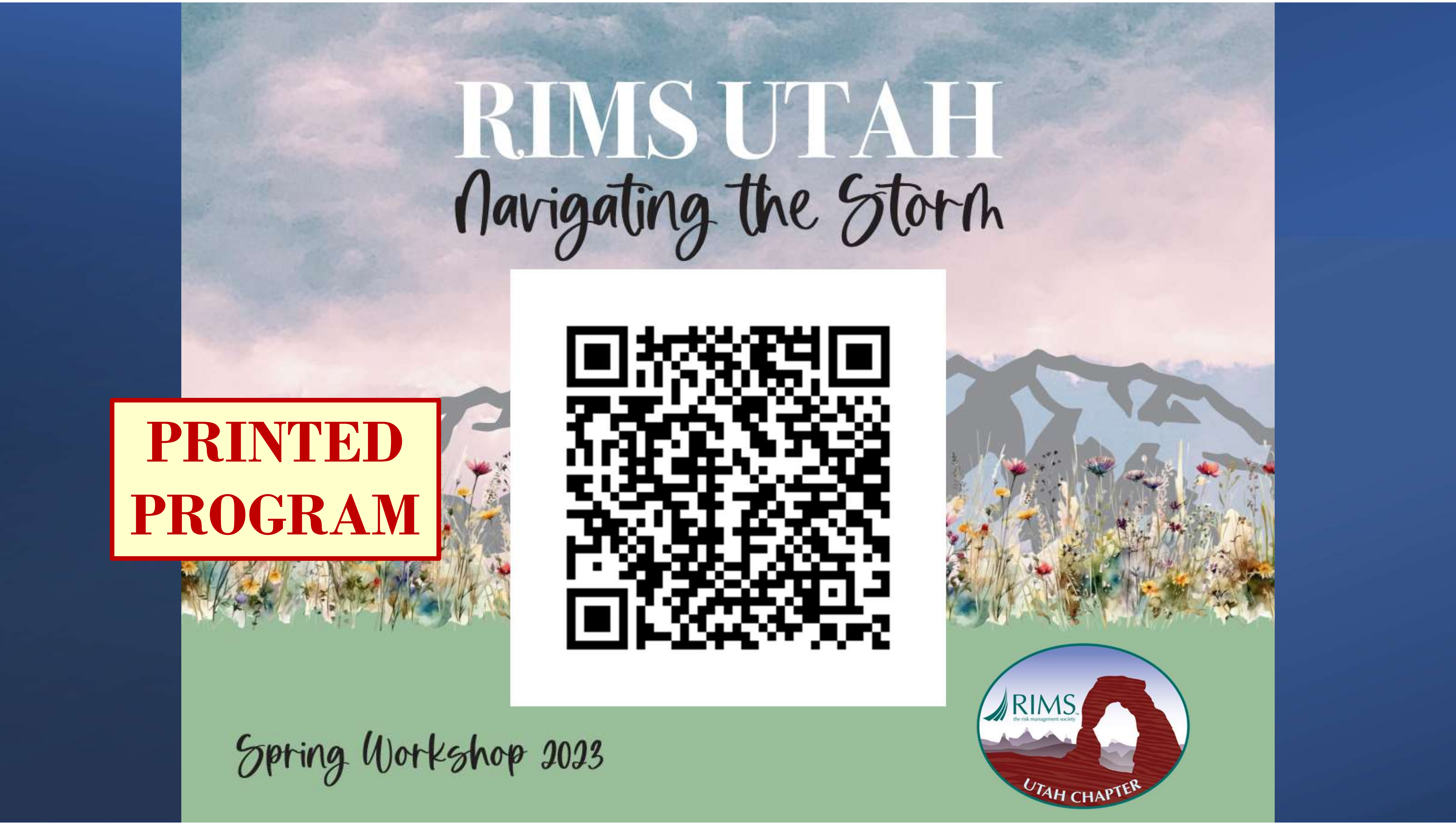

RIMS UTAH
Navigating the Storm
PRINTED PROGRAM
Spring Workshop 2023
RIMS
the risk management society
UTAH CHAPTER

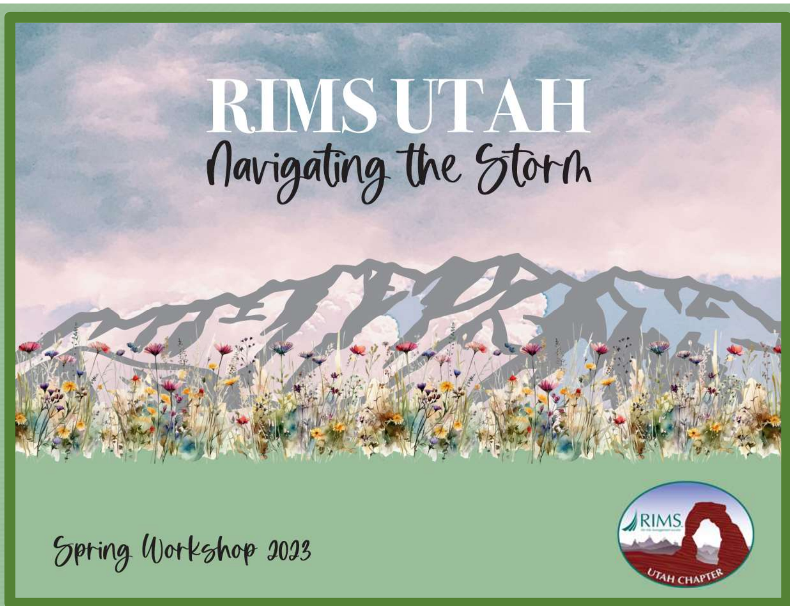
AGENDA

Title/Keynote Sponsor: LOCKTON

7:30 to 8:00	**Breakfast** – Sponsored by Chubb
8:00 to 8:05	**Welcome** – Jon Soules, Utah RIMS Chapter President
8:05 to 9:05	**Contractual Risk** – Simon Keshishian, VP, Risk Management & Counsel, Red Bull
9:05 to 10:15	**Nuclear Verdicts Panel** – Michelle Hollingsed, VP, Risk Management, Savage; Matt Church, Managing Partner, Manning Curtis Bradshaw & Bednar; David Brown, EVP Transportation Practice Leader, Chubb; and Martha Frausto, AVP, Claims Manager, TPA Oversight, Chubb
10:15 to 10:30	**Networking Break**
10:30 to 11:25	**Active Shooter/Workplace Violence** – Greg Johnson, Underwriter: War, Terrorism & P{olitical Violence - Crisis Management & Special Risks, AXA XL
11:25 to 12:15	**A Peek Behind the Curtain: The Impact of Reinsurance on Premiums** – Rich Foster, Managing Director, Guy Carpenter Seattle
12:15 to 1:00	**Lunch – sponsored by Moreton & Company**
12:30 to 1:00	**Keynote** – Patrick Sterling, Immediate Past President of RIMS, VP of Legendary People, Texas Roadhouse
1:30	**Top Golf** – Salt Lake City, 920 W. Jordan River Blvd., Midvale, UT (less than 5 min. from Gardner Village)

Speaker Sponsor: Marsh

Top Golf Sponsor: SDI Subrogation Division Inc.



Contractual Risk

Simon Keshishian
VP, Risk Management & Counsel
Red Bull

Session Objectives:

At the end of this session, you should be able to:

- **Better understand the interplay between Indemnity, Insurance, and Limitation of Liability clauses in standard business agreements**
- **Better understand what's covered under standard CGL© insurance policies in order to identify between business decisions and insurance/ Risk Management concerns**
- **Review exemplar language, common misconceptions, and identify suggestions to avoid unintended obligations or limited benefits**

THREE PILLARS


Red Bull
STRATOS
RIEDEL
MISSION TO THE
EDGE OF SPACE
Red Bull
REDBULLSTRATOS.COM

GERMANY

Red Bull Cola energy drink banned for containing cocaine

German food regulators discovered traces of cocaine in cans of Red Bull Cola and the energy drink has been ordered off the shelves in some states.

Cocaine traces in Red Bull Cola are "not harmful, but violate food law."

Officials in Hesse, North Rhine-Westphalia, Thuringia and Rhineland-Palatinate have banned the drink after health officials noted trace amounts of cocaine in cans of the cola.

"The coke is not harmful, but it violates food law," said Thomas Schulz, a spokesman for the Thuringian Ministry of Health.

The North Rhine-Westphalia Institute for Health and Work (LIGA) found traces of cocaine, from a leaf stem that had supposedly had all the cocaine extracted from it. Therefore, according to the ministry, the cola should not be be classified as a food product, but falls instead under the jurisdiction of the German Narcotics Act.

"Coca leaf extracts, without the active ingredient of cocaine, are used worldwide for food flavorings and are completely safe," a Red Bull spokesman told the Frankfurter Neue Presse newspaper.

Coca leaf is used worldwide as food additive

In the German state of Hesse, the Ministry of the Environment in Wiesbaden said on Friday, May 22, that it had confirmed the presence of the coca leaf extract in the drink. It noted that it was part of the recipe and that the product was not contaminated. Therefore they have not issued a warning, but have ordered a recall of the product.

Officials at Red Bull took a different view of the situation, and said that they had a different interpretation of the legality of coca products being used as flavorings.

"We are of the opinion that our product is marketable," Frank Farnsteiner, a spokesman for Red Bull, told German public radio.

av/dpa/hronline
Editor: Andreas Illmer

The Problem with Contracts

They Give it, then strip it away

- **BROAD INDEMNITY- “Vendor** will defend, indemnify, and hold Customer harmless for…”

- **ADEQUATE INSURANCE-** “Vendor shall maintain all usual and customary insurance, including…”
- …and then comes…
- **LIMITATION OF LIABILITY-** Caps how much the company is required to pay in damages.

- “In no event shall a party's liability to the other party exceed an amount equal to the greater than the fees paid by Customer to Vendor under this Agreement.”

- “In no event shall either party be liable to the other party, regardless of the form of action or the theory of liability, for any incidental, indirect, special or consequential damages or lost profits, of any nature whatsoever.”

Generally, on the Topic of Limitations of liabilty

Why are Limitations of liability concerning?

A vendor’s failure to own up to their responsibilities essentially creates a “moral hazard” --where the protected party has the incentive to take risks or do shoddy work because they know that someone else will pay for the mistakes they make. A contracting party should not assume the business liabilities of a third party it has no control over and should not be inducing or ratifying moral hazards.

All is not lost-even if the other side won't negotiate

Practice tip:

- Increasingly, we are seeing one-sided language in locked .pdf forms with vendors or suppliers that state that they're not willing to take changes, and often, their language is off-market or just nonsensical. If the language is onerous, you should always ask and escalate if possible.

- Even if you can't get the other side to agree to changes. Don't forget about the doctrine of silence is golden* or equitable remedies or the doctrine of *contra proferentem***.*

*****contra proferentem-Latin:*" *against [the] offeror*" is a doctrine of contractual interpretation providing that, where a promise, agreement or term is ambiguous, the preferred meaning should be the one that works against the interests of the party who provided the wording. The doctrine is often applied to situations involving standardized contracts or where the parties are of unequal bargaining power, but it is also applicable to other cases. You may also consider the risk profile, the likelihood that a court would strike down the language as being against public policy or even unconscionable.

- *No such doctrine

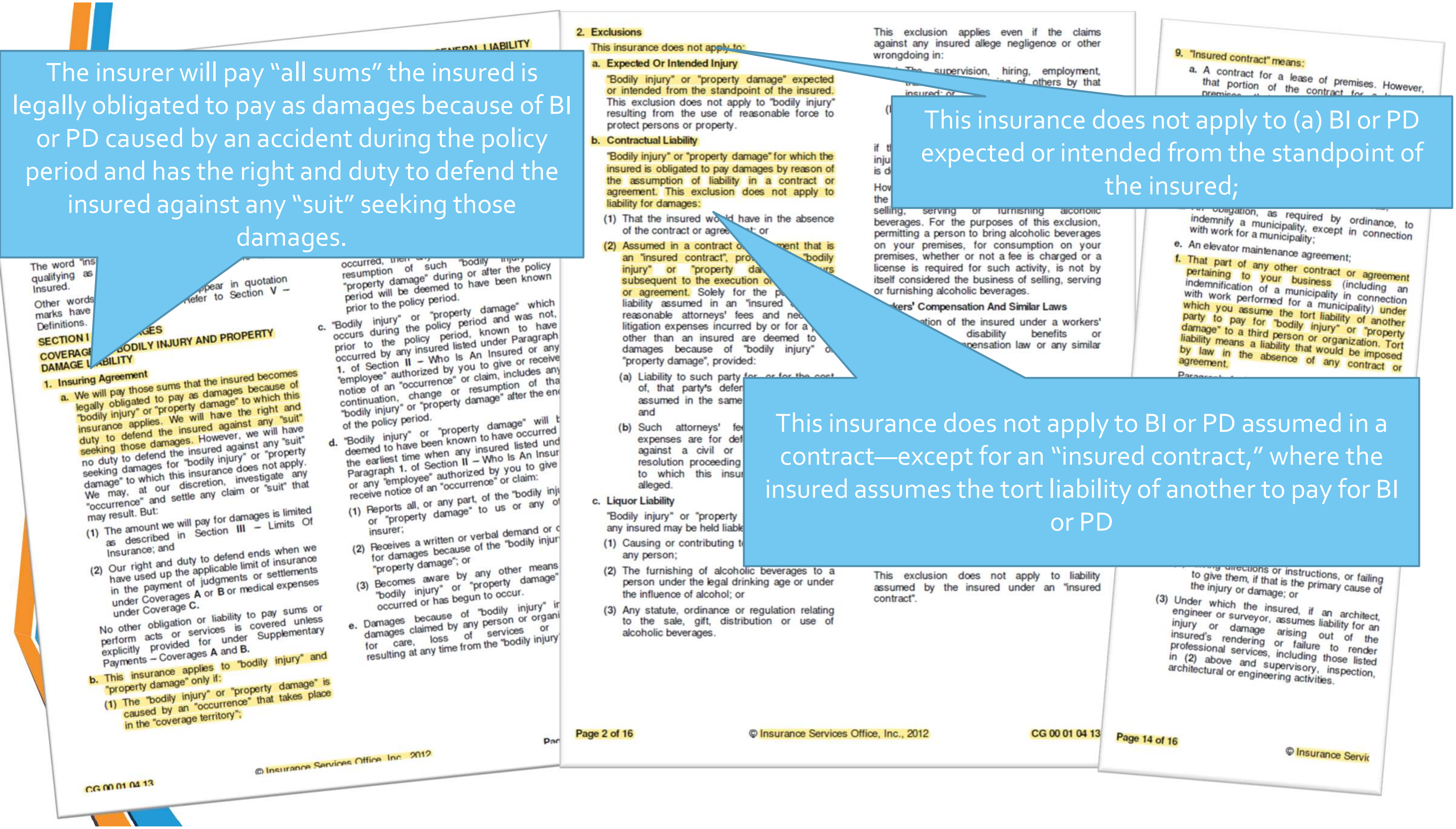
What is indemnity?

- Compensation given to make another whole from a loss already sustained
- Reimbursement by one person or entity of the loss or damages sustained by the other
- Security or protection against a loss or other financial burden
- An agreement whereby one party guarantees compensation for losses or damages incurred by another

- Indemnity can be Common Law or Contractual

Overview of standard liability insurance policies

- A. What do they cover?
- B. What don't they cover?
- C. How to trigger indemnification obligations- Additional insured status vs. "Insured Contract"
- D. Examples of Clauses and explanations as to why covered under insurance or whether it's a business consideration


The insurer will pay "all sums" the insured is legally obligated to pay as damages because of BI or PD caused by an accident during the policy period and has the right and duty to defend the insured against any "suit" seeking those damages.
This insurance does not apply to (a) BI or PD expected or intended from the standpoint of the insured;
This insurance does not apply to BI or PD assumed in a contract—except for an "insured contract," where the insured assumes the tort liability of another to pay for BI or PD

What is covered under a standard CGL policy?

- "Sums" the insured is legally obligated to pay as damages because of "Bodily injury" or "Property Damage" caused by an "accident" during the policy period

- Basically, insurance pays for the third party liability tort claims of the insured [not otherwise subject to exclusions or limiting language]

What is NOT covered under a standard CGL policy? A lot!

- Intentional Acts
- Knowing or Volitional Conduct
- Contractual Liability
- Willful Misconduct
- Breach of Warranty
- Fitness claims
- Criminal Conduct
- Injunctive Relief
- Equitable Relief

- Economic Damages, Standing Alone
- Misrepresentation
- Fraud
- Deceptive Trade Practices
- Workers' Compensation
- Employers' Liability
- Failure to perform the tasks or deliverables assigned or under one's supervision

- Auto Liability
- Watercraft Liability
- Damage to "your work"
- PD to "your product"
- Criminal Complaint
- Government Action?
- Discovery Requests?
- Product Recall
- "Any and All" Claims

COMMON INSURANCE CALL-OUTS TO WATCH OUT FOR

- “Comprehensive” general liability
- Coverage for Contractual Coverage
- Insurance covering “all of the foregoing indemnification obligations”
- Specific form numbers “or their equivalents”
- Liability coverage for “any and all” claims
- “Full coverage”
- “Claims made” language for “occurrence” risks
- “Occurrence” vs. “Combined Single Limits”
- Additional First Named Insured
- Exact amounts vs. “at least or not less than”
- Narrowing Language

Overview of common indemnity Contract

- A. First Party vs. Third Party Claims
- B. What should be in there? What should not be in there?
- C. Purely business calls vs. covered by insurance and related concerns
- D. Examples of Clauses and explanations as to why covered under insurance or whether it’s a business consideration

Example Indemnity Clause

Tenant shall indemnify and hold harmless Landlord from and against any and all claims arising from Tenant's use or occupancy of the Premises, including the common areas and the parking lot; or from the conduct of Tenant's business or from any activity, work or things done, permitted or suffered by Tenant in or about the Premises and shall further indemnify and hold harmless Landlord from and against any and all claims arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease, or arising from any acts or omissions of the Tenant, or any of Tenant's agents, contractors or employees and from and against all costs, attorney's fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon; and in case any action or proceeding be brought against Landlord by reason of any such claim, Tenant upon notice from Landlord shall defend the same at Tenant's expense with counsel selected by Landlord. Landlord will indemnify and hold harmless tenant for its gross negligence as determined in an non-appealable final decision by a court having jurisdiction. The party entitled to indemnification hereunder shall (i) promptly notify the other party in writing of any claim for which indemnity is sought (ii) afford the other party the opportunity to assume control over the defense and settlement of such Claim at its own cost and expense and (iii) provide reasonable assistance in connection therewith at the other party's expense.

Example Indemnity Clause

Tenant shall indemnify and hold harmless Landlord from and against any and all claims arising from Tenant's use or occupancy of the Premises, including the common areas and the parking lot; or from the conduct of Tenant's business or from any activity, work or things done, permitted or suffered by Tenant in or about the Premises and shall further indemnify and hold harmless Landlord from and against any and all claims arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease, or arising from any acts or omissions of the Tenant, or any of Tenant's agents, contractors, or employees and from and against all costs, attorney's fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon; and in case any action or proceeding be brought against Landlord by reason of any such claim, Tenant upon notice from Landlord shall defend the same at Tenant's expense with counsel selected by Landlord. Landlord will indemnify and hold harmless tenant for its gross negligence as determined in an non-appealable final decision by a court having jurisdiction. The party entitled to indemnification hereunder shall (i) promptly notify the other party in writing of any claim for which indemnity is sought (ii) afford the other party the opportunity to assume control over the defense and settlement of such Claim at its own cost and expense and (iii) provide reasonable assistance in connection therewith at the other party's expense.

WARRANTY DISCLAIMER

EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, WE DISCLAIM ALL REPRESENTATIONS, WARRANTIES AND CONDITIONS, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY TERMS, REPRESENTATIONS, WARRANTIES OR CONDITIONS OF MERCHANTABILITY, DURABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, QUIET ENJOYMENT OR QUIET POSSESSION AND THOSE ARISING BY STATUTE OR IN LAW, OR FROM A COURSE OF DEALING OR USAGE OF TRADE. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, WE CANNOT AND DO NOT REPRESENT, WARRANT OR COVENANT THAT: (A) ANY OF THE PRODUCTS WILL MEET YOUR BUSINESS OR OTHER REQUIREMENTS; (B) THE PRODUCTS WILL OPERATE OR BE PROVIDED WITHOUT INTERRUPTION; (C) THE PRODUCTS WILL BE ERROR-FREE, VIRUS-FREE OR THAT THE RESULTS OBTAINED FROM THEIR USE WILL BE ACCURATE, RELIABLE OR CURRENT (D) ANY ERRORS IN THE PRODUCTS CAN BE CORRECTED OR FOUND IN ORDER TO BE CORRECTED. MOREOVER, WITHOUT LIMITING THE GENERALITY OF THE CONDITIONS AND EXCLUSIONS, WE DO NOT ENDORSE, AND MAKE NO REPRESENTATION, OR WARRANTY WITH RESPECT TO, AND ASSUME NO RESPONSIBILITY, OBLIGATION OR LIABILITY FOR, ANY OTHER COMPANYS PRODUCTS, SOFTWARE, DATA OR SERVICES INCLUDING BUT NOT LIMITED TO WIRELESS SERVICES, MAPPING SERVICES, INTERNET BANDWIDTH AND CLOUD STORAGE.

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Overview of Common Limitation of Liability Clauses

- A. Avoiding Efficient Breach/“Skin in the game”
- B. Standard Carve-outs that are a must from a Risk Practitioner’s perspective
- C. Examples of language from actual contracts that address the above concerns and practical tips from an insurance perspective.

SAMPLE LIMITATION OF LIABILITY

IN NO EVENT WILL COMPANY BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, INCLUDING LOSS OF PROFITS, REVENUE, DATA, OR USE, INCURRED BY CLIENT (OR ANY THIRD PARTY), WHETHER IN AN ACTION IN CONTRACT OR TORT, EVEN IF COMPANY HAS BEEN ADVISED OF THE POSSIBILITY OF DAMAGES. THE AMOUNT OF DAMAGES RECOVERABLE BY SUPPLIER IS LIMITED TO THE AMOUNT PAID TO COMPANY. PROVIDED, HOWEVER, THAT NOTHING IN THIS PARAGRAPH SHALL BE DEEMED TO EXCLUDE OR LIMIT ANY LIABILITY UNDER ANY APPLICABLE LAW OR STATUTE WHICH, UNDER SUCH LAW OR STATUTE, CANNOT BE EXCLUDED OR LIMITED.

Limitation of Liability Carve Outs to consider:

- ✓ [Third Party] Indemnification obligations
- ✓ Willful Misconduct/ Gross Negligence
- ✓ Infringement or misappropriation of intellectual property rights
- ✓ Breach of any data protection or privacy laws or obligations
- ✓ Fraud or fraudulent misrepresentation
- ✓ Bad faith
- ✓ Death or personal injury
- ✓ Failure to Comply with laws; Violations of law
- ✓ Any liquidated damages provisions, which can conflict with limitation of liability clauses.
- ✓ A customer's payment obligations

In most jurisdictions, the limits on liability will not be enforceable if the terms violate public policy or are unconscionable. For Example:

- Gross negligence
- Willful misconduct; malice or intentional wrongdoing
- Fraud or fraudulent misrepresentation
- Personal injury or death

Severability Clauses

- If a provision of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not affect the validity or enforceability in that jurisdiction of any other provision of this Agreement.
- If any provision (or portion thereof) of this Agreement shall be held by a court of competent jurisdiction to be invalid, void, or otherwise unenforceable, the remaining provisions shall remain enforceable to the fullest extent permitted by law.
- NOTHING IN THIS PARAGRAPH SHALL BE DEEMED TO EXCLUDE OR LIMIT ANY LIABILITY UNDER ANY APPLICABLE LAW OR STATUTE WHICH, UNDER SUCH LAW OR STATUTE, CANNOT BE EXCLUDED OR LIMITED.

SAMPLE LIMITATION OF LIABILITY

IN NO EVENT WILL COMPANY BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, INCLUDING LOSS OF PROFITS, REVENUE, DATA, OR USE, INCURRED BY CLIENT (OR ANY THIRD PARTY), WHETHER IN AN ACTION IN CONTRACT OR TORT, EVEN IF COMPANY HAS BEEN ADVISED OF THE POSSIBILITY OF DAMAGES. THE AMOUNT OF DAMAGES RECOVERABLE BY SUPPLIER IS LIMITED TO THE AMOUNT PAID TO COMPANY. PROVIDED, HOWEVER, THAT NOTHING IN THIS PARAGRAPH SHALL BE DEEMED TO EXCLUDE OR LIMIT ANY LIABILITY UNDER ANY APPLICABLE LAW OR STATUTE WHICH, UNDER SUCH LAW OR STATUTE, CANNOT BE EXCLUDED OR LIMITED.

SAMPLE LIMITATION OF LIABILITY

EXCEPT WITH RESPECT TO WILLFUL MISCONDUCT OR THIRD PARTY INDEMNICATION OBLIGATIONS

IN NO EVENT WILL COMPANY BE LIABLE FOR ANY ~~DIRECT,~~ INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, INCLUDING LOSS OF PROFITS, REVENUE, DATA, OR USE, INCURRED BY CLIENT ~~(OR ANY THIRD PARTY),~~ WHETHER IN AN ACTION IN CONTRACT OR TORT, EVEN IF COMPANY HAS BEEN ADVISED OF THE POSSIBILITY OF DAMAGES. THE AMOUNT OF DAMAGES RECOVERABLE BY SUPPLIER IS LIMITED TO 3X THE AMOUNT PAID TO COMPANY. PROVIDED, HOWEVER, THAT NOTHING IN THIS PARAGRAPH SHALL BE DEEMED TO EXCLUDE OR LIMIT ANY LIABILITY UNDER ANY APPLICABLE LAW OR STATUTE WHICH, UNDER SUCH LAW OR STATUTE, CANNOT BE EXCLUDED OR LIMITED.

In Review: Objectives & Takeaways

Red Bull North America, Inc.

At the end of this session, you should be better able to…

- **Understand the interplay between Indemnity, Insurance, and Limitation of Liability clauses in standard business agreements**
- **Understand what's covered under standard CGL© insurance policies in order to identify between business decisions and insurance/ Risk Management concerns**
- **Know what to look for when reviewing indemnity agreements and how to provide the business with meaningful input from a claims and insurance perspective—especially with respect to first party vs. third party claims**

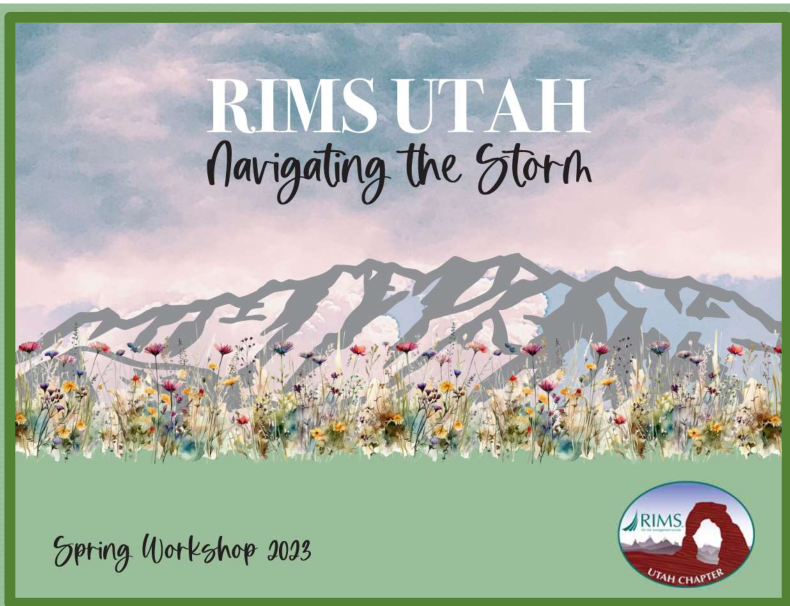
Questions?

Red Bull North America, Inc.

Simon S. Keshishian, MDR, CLCS, CLMP, RIMS-CRMP

Vice President of Risk Management & Corporate Risk Counsel

Red Bull North America, Inc. & Red Bull Canada Ltd.



Nuclear Verdicts Panel

Michelle Hollingsed, VP, Risk Management, Savage (moderator & presenter)
Matt Church, Managing Partner, Manning Curtis Bradshaw & Bednar
David Brown, EVP, Transportation Practice Leader, Chubb
Martha Frausto, AVP, Claims Manager, TPA Oversight, Chubb

Getting and Keeping Auto Insurance in the Nuclear Verdicts Era

Using Technology to Reduce Accidents

1. Geotab system installed in all vehicles that measures speeding, braking, acceleration, swerving, seat belt usage and backing up
2. Netradyne cameras - outward and inward to detect distracted driving. Southern California operations also installed side view cameras
3. All safety options purchased on new trucks - lane departure sensors, blind spot audible alerts, adaptive cruise control, forward collision warning, etc.
4. Bendix Wingman Fusion system technology on new trucks - combines radar, video and braking data to mitigate collisions

netradyne

myGEOTAB

Technology Making a Difference: Dash-Cam Videos

Claim reduction if negligent or not … which is good

Replaced Old Cameras with Netradyne Cameras

Netradyne Footage

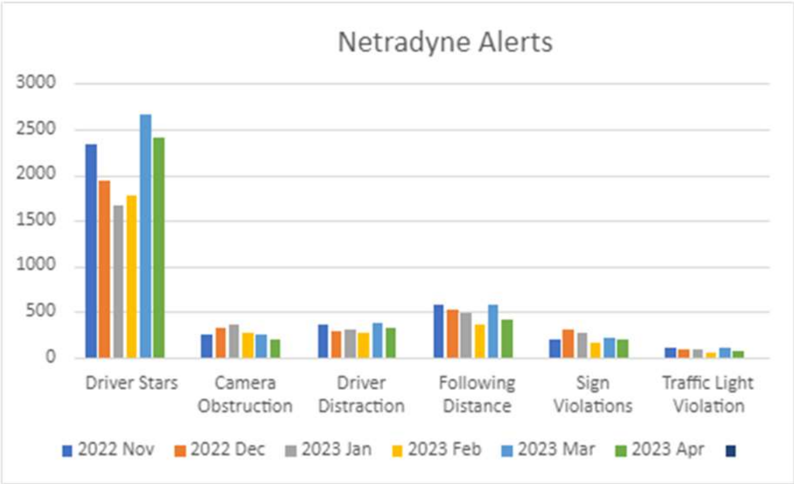
Unfortunately see the bad and ugly…

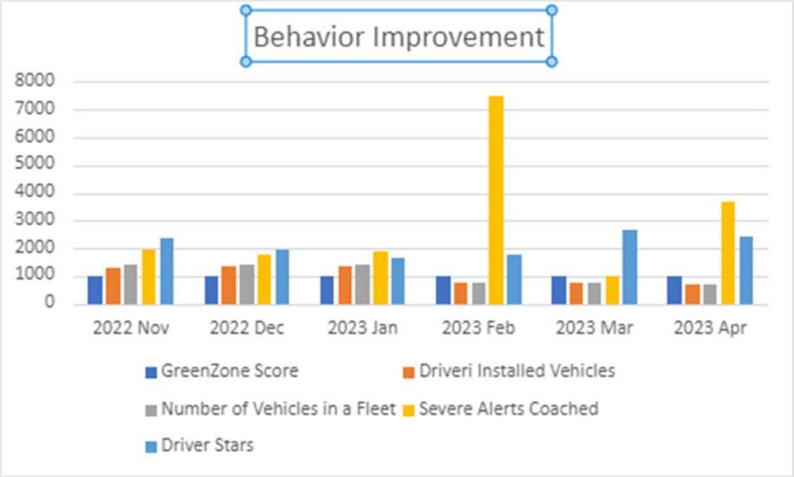
- 2021 efforts largely spent on getting new cameras installed
- 2022 focused on how to use the massive amount of data
- 2023 enhanced focused on changing behaviors

It is critical that we use our data and share feedback with our Team Members

Using Data to Reduce Accidents

1. Using Geotab and Netradyne data to create reports
2. Reports are summarized for senior leaders, so drivers and managers are held accountable
3. Senior leader support is critical
4. Coaching sessions are held and documented





Technology Making a Difference: Geotab Management Scorecard

Savage Services Jan 01, 2020

Driver Score Report

From	Dec 01, 2019
To	Dec 31, 2019

Rule	Score Weight
Hard Acceleration	5%
Harsh Braking	20%
Harsh Cornering	20%
Seat belt	0%
Speeding	55%
Backing Up When Leaving	0%
Total (must equal 100%)	100%

Scoring Classification	Score Range
Company Goal	99
Needs Improvement	96
Below Expectations	93
Far Below Expectations	90

Total Score	Scoring Classification	Hard Acceleration	Harsh Braking	Harsh Cornering	Seat belt	Speeding	Backing Up When Leaving
87.5	Far Below Expectations	99.7	99.5	96.1	98.7	79.0	95.8
93.9	Below Expectations	100.0	100.0	99.6	97.5	89.1	96.9
95.2	Below Expectations	100.0	100.0	99.5	98.5	91.6	99.9
95.3	Below Expectations	100.0	100.0	99.9	81.7	91.5	99.5
96.1	Needs Improvement	100.0	100.0	100.0	88.4	93.0	100.0
97.6	Needs Improvement	100.0	100.0	100.0	99.9	95.7	99.6
97.7	Needs Improvement	100.0	100.0	99.9	99.7	95.8	99.7
97.8	Needs Improvement	100.0	100.0	88.8	100.0	100.0	99.8
97.8	Needs Improvement	100.0	100.0	96.7	98.1	97.2	99.8
97.9	Needs Improvement	100.0	100.0	100.0	99.7	96.2	99.6
97.9	Needs Improvement	100.0	100.0	99.5	99.8	96.4	99.9
97.9	Needs Improvement	100.0	100.0	98.9	100.0	96.7	100.0
99.0	Company Goal	100.0	100.0	95.1	100.0	100.0	99.8
99.0	Company Goal	100.0	100.0	99.3	100.0	98.4	99.7
99.0	Company Goal	100.0	100.0	98.5	99.8	98.7	98.6
99.0	Company Goal	100.0	100.0	100.0	100.0	98.2	97.9
99.0	Company Goal	100.0	100.0	99.2	100.0	98.5	99.6
99.0	Company Goal	100.0	100.0	100.0	100.0	98.2	99.9
99.5	Company Goal	100.0	100.0	100.0	100.0	99.0	100.0
99.5	Company Goal	100.0	100.0	100.0	100.0	99.0	99.8
99.5	Company Goal	100.0	100.0	99.9	100.0	99.1	99.8

Technology Making a Difference: Driver Scorecard Progress

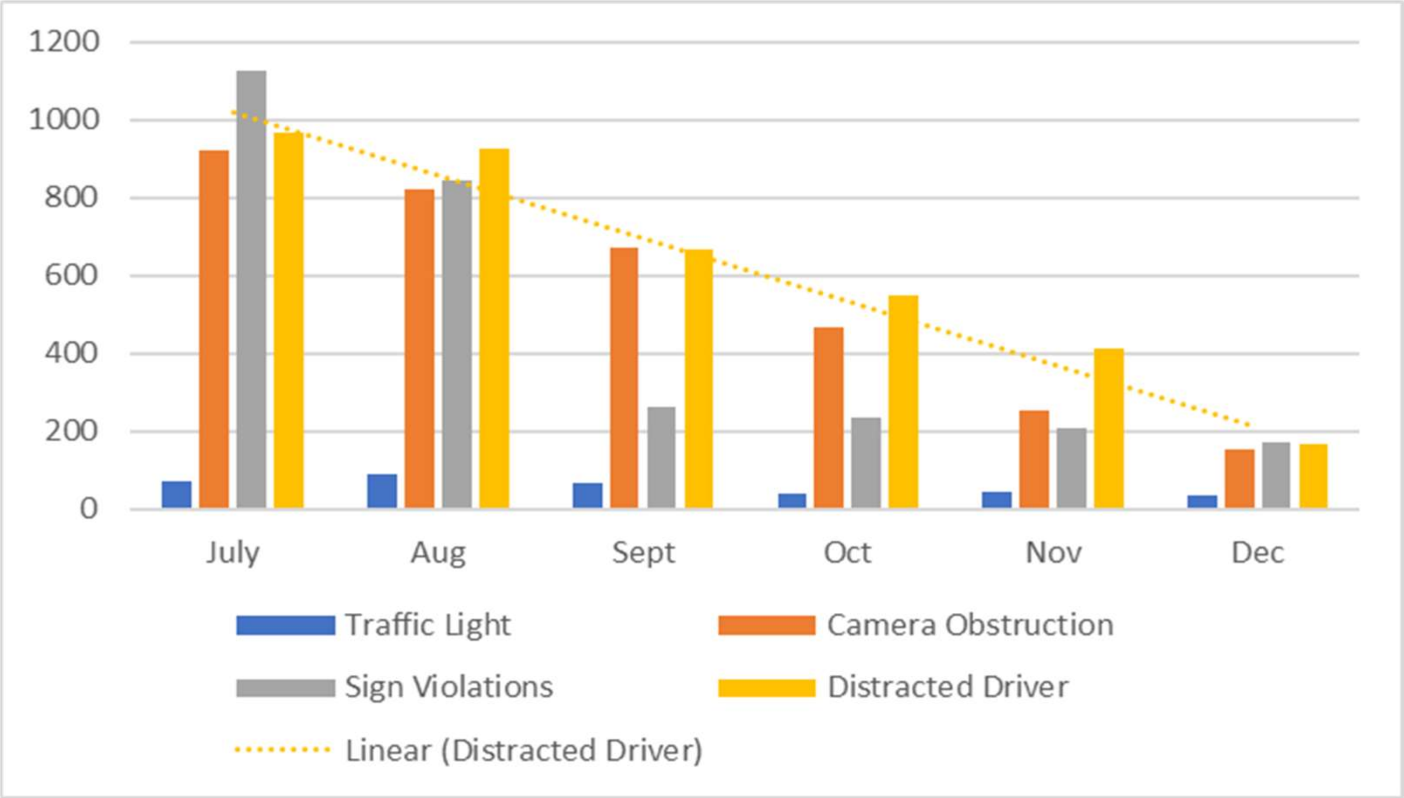
	December 2018	December 2019	December 2020
% of drivers meet Company Goal >=99% score	41%	87%	99%
% of drivers Needs Improvement <99% >=96%	33%	13%	1%
% of drivers Below Expectations <96% >=93%	14%	0.3%	0.1%
% of drivers Far Below Expectations <93% score	13%	0%	0%

We MUST Use Netradyne Data to Change Behaviors

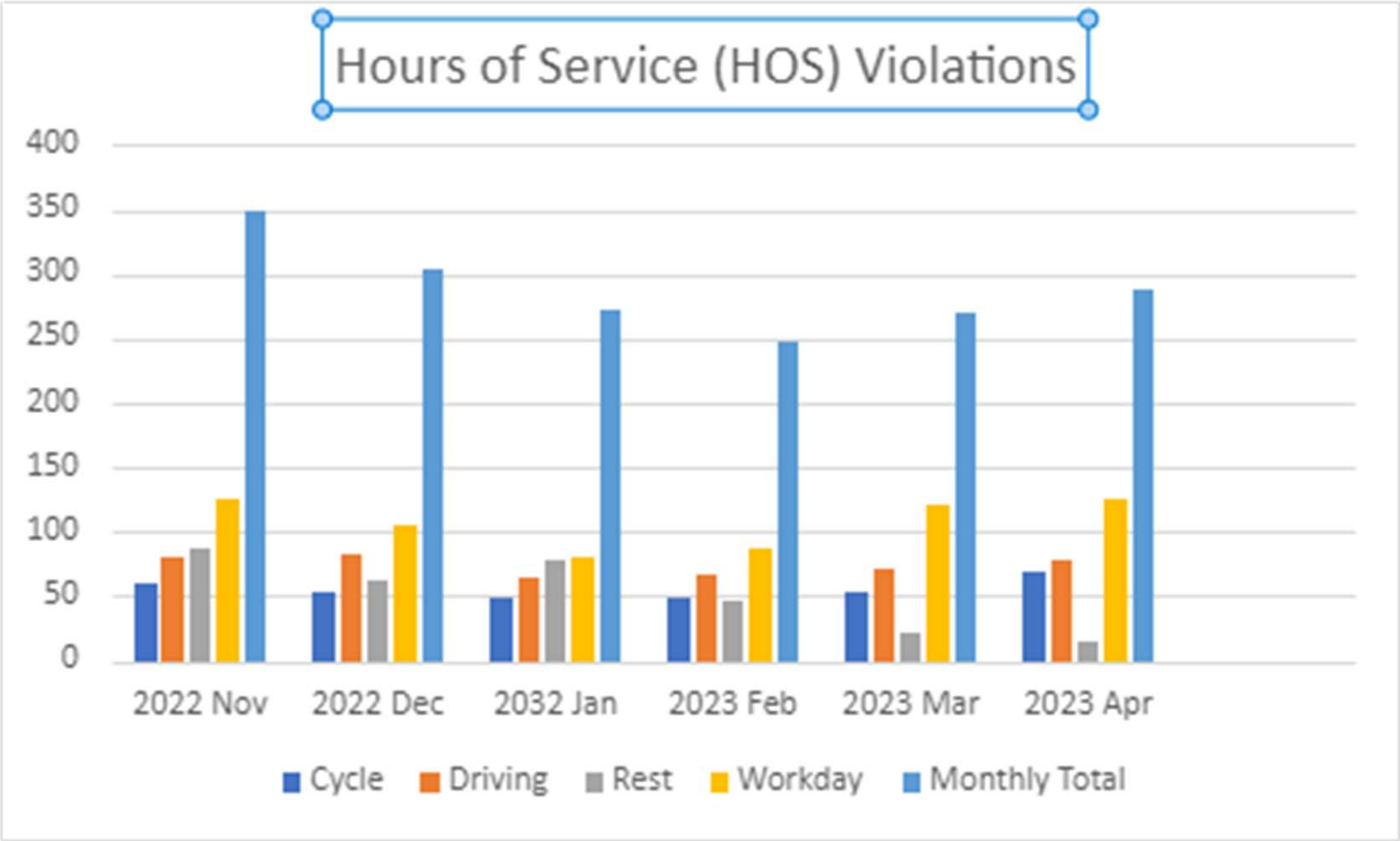
	Fleet Summary												
	Duration	06-Mar-2023 to 12-Mar-2023											
						Camera Obstruction	Driver Distraction	Driver Drowy	Following Distance	Sign Violations	Traffic Light Violation	Total Severe Alerts	Prior Week Severe Alerts
	GreenZone Score	Driveri Installed Vehicles	Number of Vehicles in a Fleet	Severe Alerts Coached	Driver Stars	77	109	6	118	52	19	381	442
UNIT LEADER													
Anderson, Justin	967	69	71	0	5	11	11	0	0	5	0	27	38
Booth, Lee	992	58	59	22	67	1	12	0	0	3	0	16	12
Cohn, Jack	970	105	108	0	74	5	22	0	14	9	7	57	82
Cotton, Brian	993	13	13	0	1	0	2	0	0	0	0	2	1
Fernandez, Jose	949	65	65	2	17	1	4	0	1	6	2	14	14
Gilbert, Butch	996	6	6	0	0	0	0	0	0	0	0	0	0
Hall, Scott	950	214	214	42	51	2	42	6	3	9	1	63	64
Knief, Bob	976	79	79	3	63	0	2	0	31	0	1	34	25
Stewart, Steve	973	47	47	19	26	57	11	0	55	8	3	134	155
Thompson, Adam	967	73	73	0	244	0	0	0	14	12	5	31	48
Tirado, Armando	975	10	10	0	0	0	3	0	0	0	0	3	3
Provence, Darren	949	26	26	2	1	0	1	0	0	1	0	2	5
TOTALS	973	739	745	88	548	77	109	6	118	52	19	381	442

Netradyne is Changing Driver Behavior

Priority One - Distracted Driver
- Handheld device use
- Handheld device reading/watching
- Handling paperwork
- Driver reaching for things
- Eating/Drinking



We MUST Use Hours of Service Data to Change Behaviors



Using Other Tools to Reduce Accidents

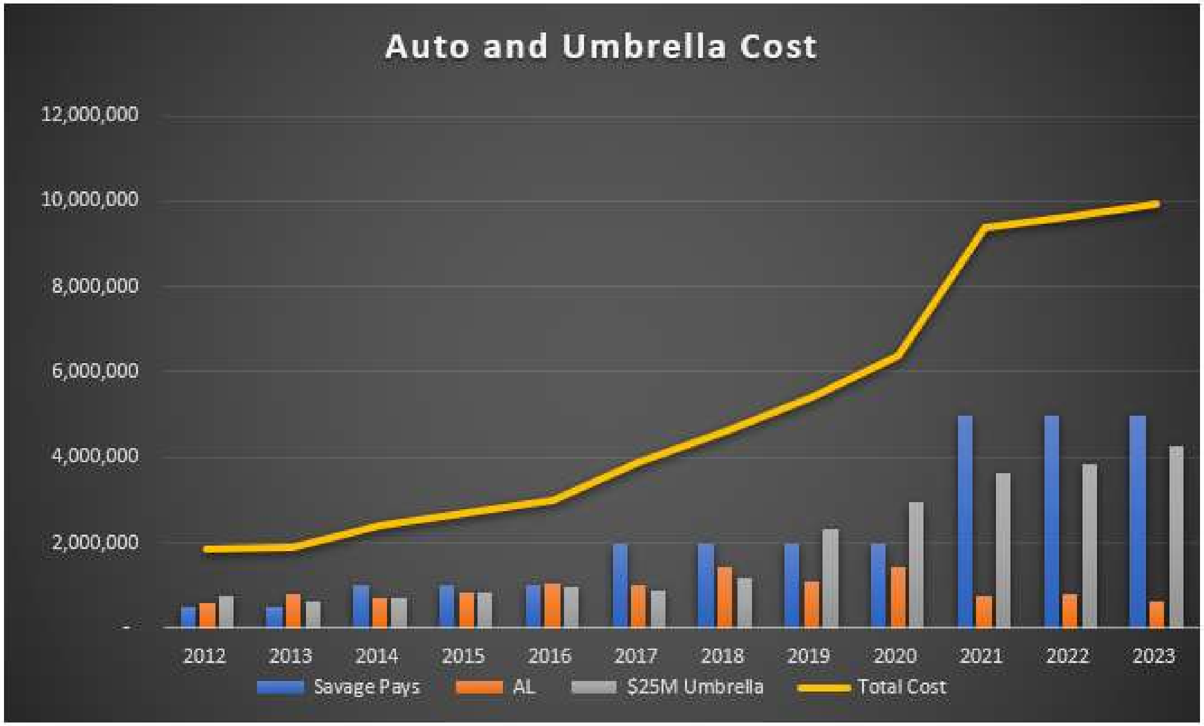
1. Annual safe driving training for all Team Members (TM) that could be expected to drive on company business
2. Real-time monitoring of MVRs
3. Pre-shift fatigue monitoring, using Alert Meter
4. No shift start between midnight and 4:00 a.m.
5. Purchasing a professional driver caddy to avoid driver fumbling for drinks, sunglasses, etc.
6. Consistent TM disciplinary actions for using hand-held technology in a moving company vehicle
7. Truck inspections on tablet both pre- and post-trip
8. Create HAZALERTS on incidents and share with entire company
9. Pay quarterly bonus on GeoTab scorecard
10. Trucking Excellence Council to share best practices led by sector President
11. Eliminated company cars
12. Creating one trucking “Nirvana” dashboard/report that makes it easy to use data to affect change. Combine data from all trucking-related systems to provide actionable information to the appropriate level of management
13. Educate internally in manager meetings, new manager training, FMSCSA training

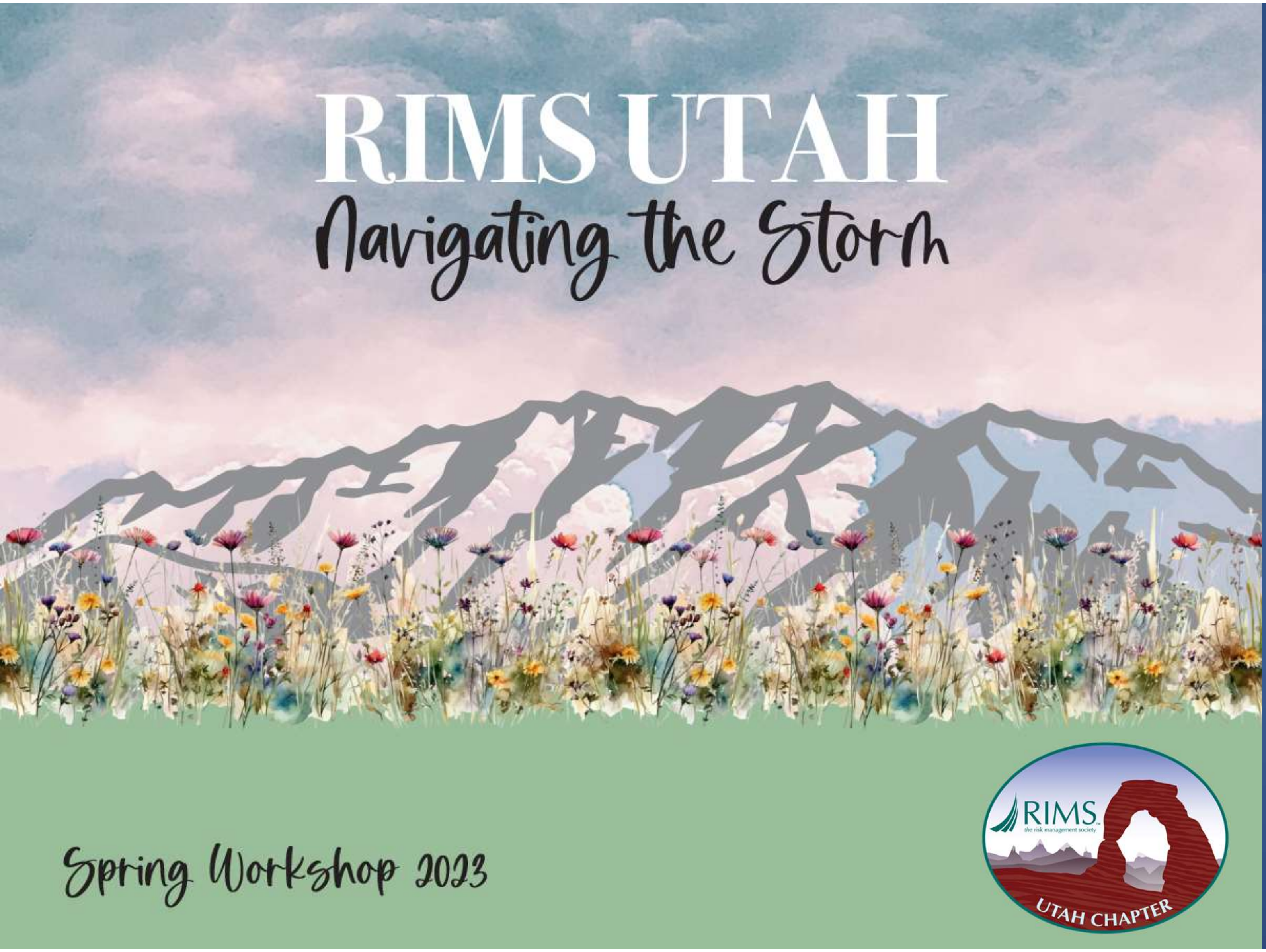
Educate Internally - Savage's Increasing Costs

Causes of nuclear verdicts

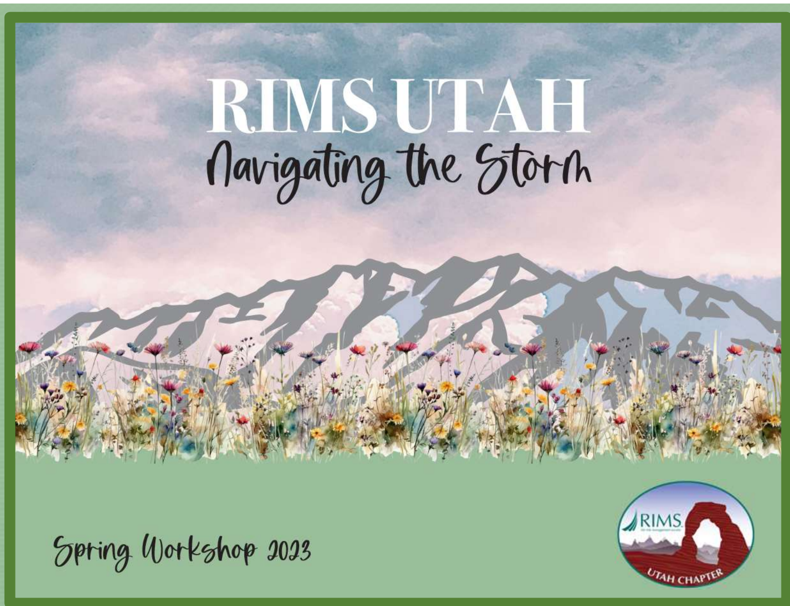
- Driver shortage
- Legal Climate with "Super Lawyers"
- Reptile Theory
- Litigation funding
- Millennials on juries (80% expect corporations to take EVERY precaution to ensure safety)
- Disparity between "haves" and "have nots" at an all-time high and insurance companies not viewed favorably

It is critical for Savage to demonstrate that our practices are best in class





Mid-Morning Break



Active Shooter
Workplace Violence

Greg Johnson
Underwriter: War, Terrorism & Political Violence; Crisis Management & Special Risks
AXA XL

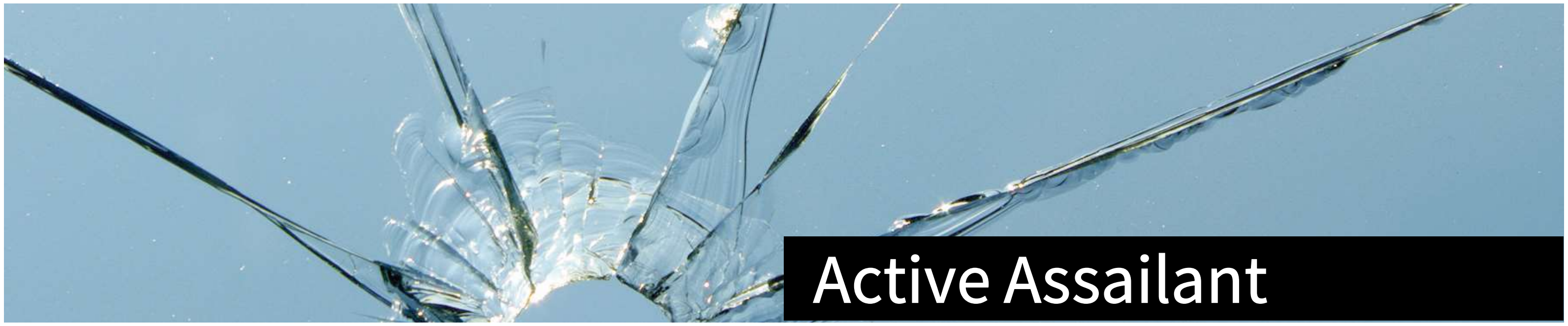
XL Insurance

Active Assailant:
Coverages for a Changing World

Greg Johnson
June 2023

Agenda

1. **What is Active Assailant**
2. **Where does it happen**
3. **How Often**
4. **Risk Mitigation in the Market**
5. **Questions**



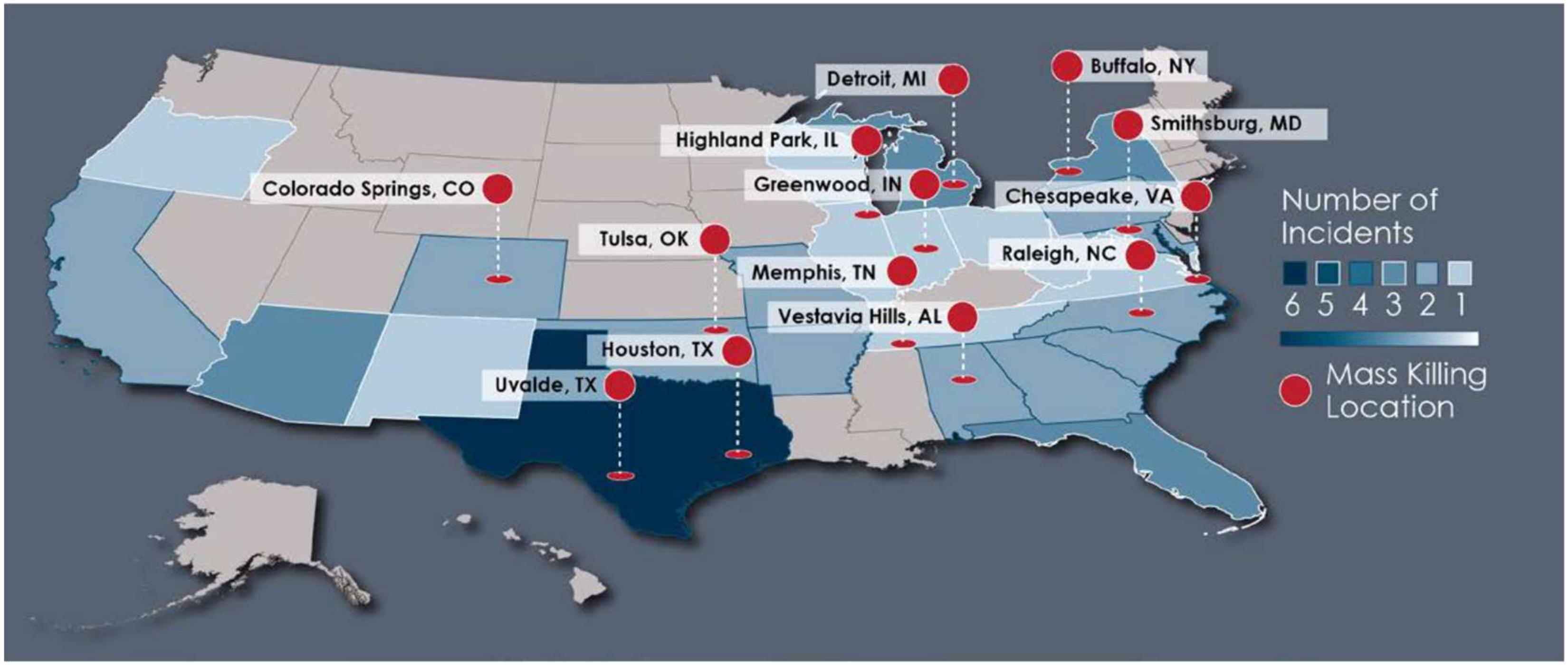
Active Assailant

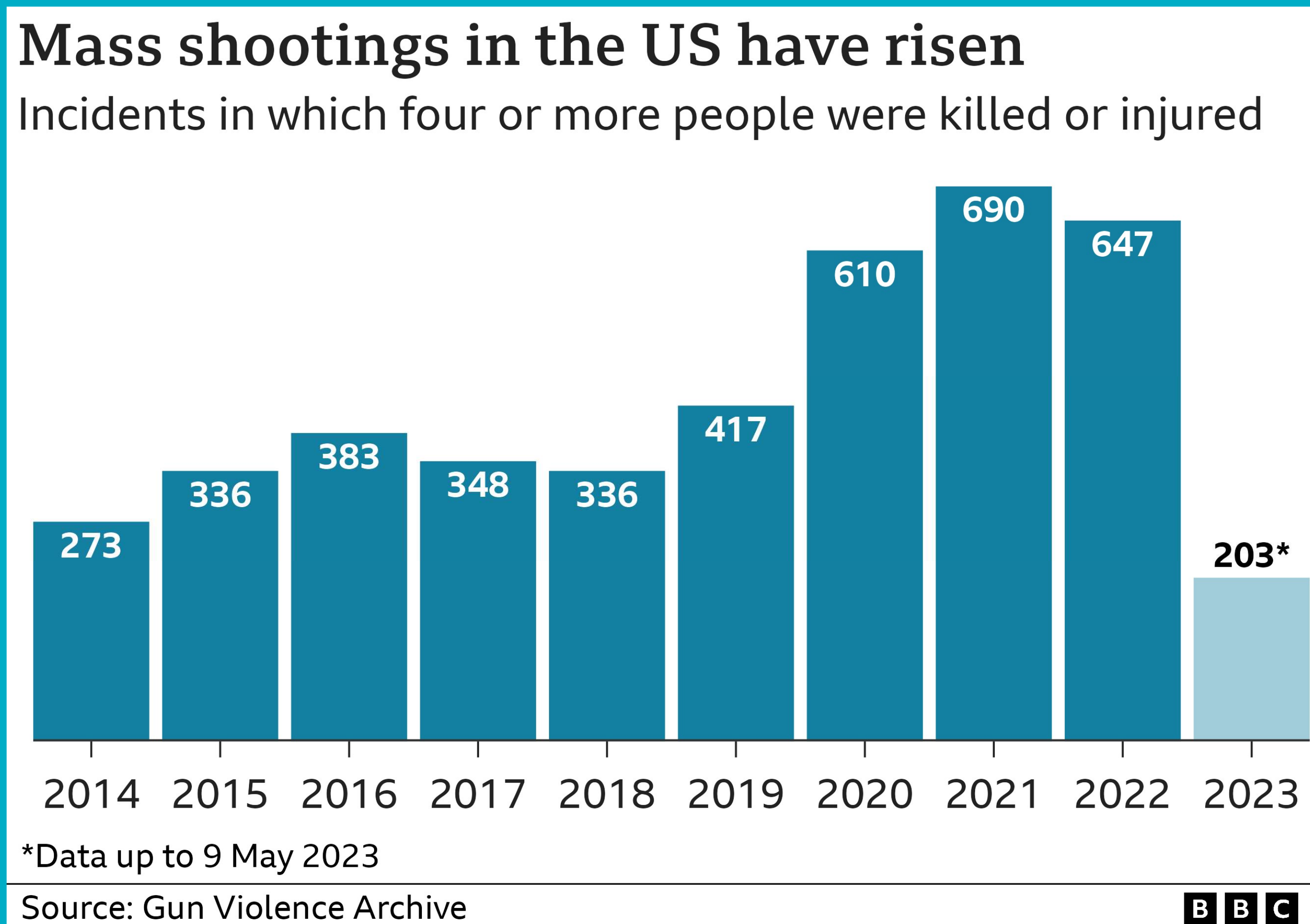
What is an Active Assailant event?

- Person or group of persons actively engaged in killing or attempting to kill or cause serious bodily injury to a person or group of persons.
- Premeditated, malicious physical attack
- The weapon can be anything from a knife or gun, to an explosive device worn on the body, a vehicle used as a ramming device or an altered hand-held weapon
- Trigger is property damage **and/or** bodily injury
- Gang, domestic and criminal acts are excluded

2022 Active Shooter Incidents by Location, Including Mass Killings

As defined by the FBI

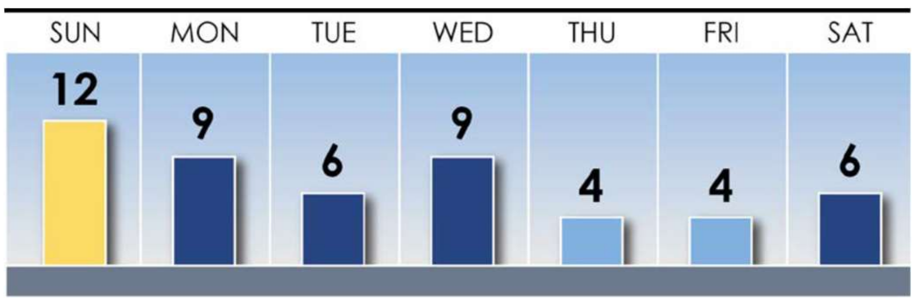




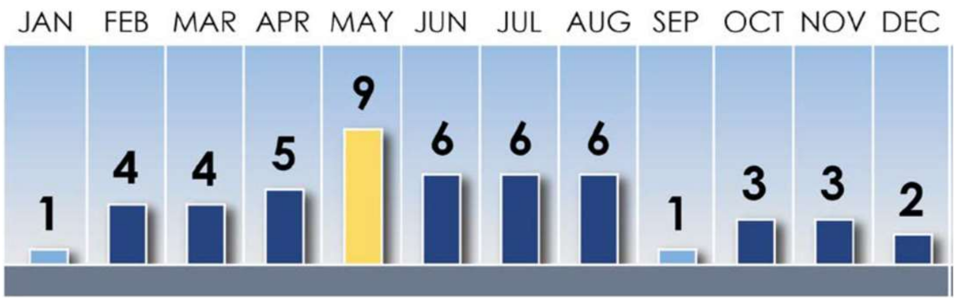
CONFIDENTIALITY LEVEL

Events can happen anytime…

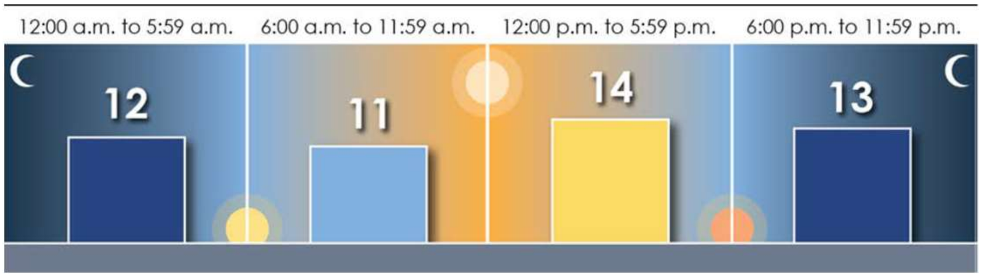
2022 Active Shooter Incidents By Day of Week



2022 Active Shooter Incidents by Month

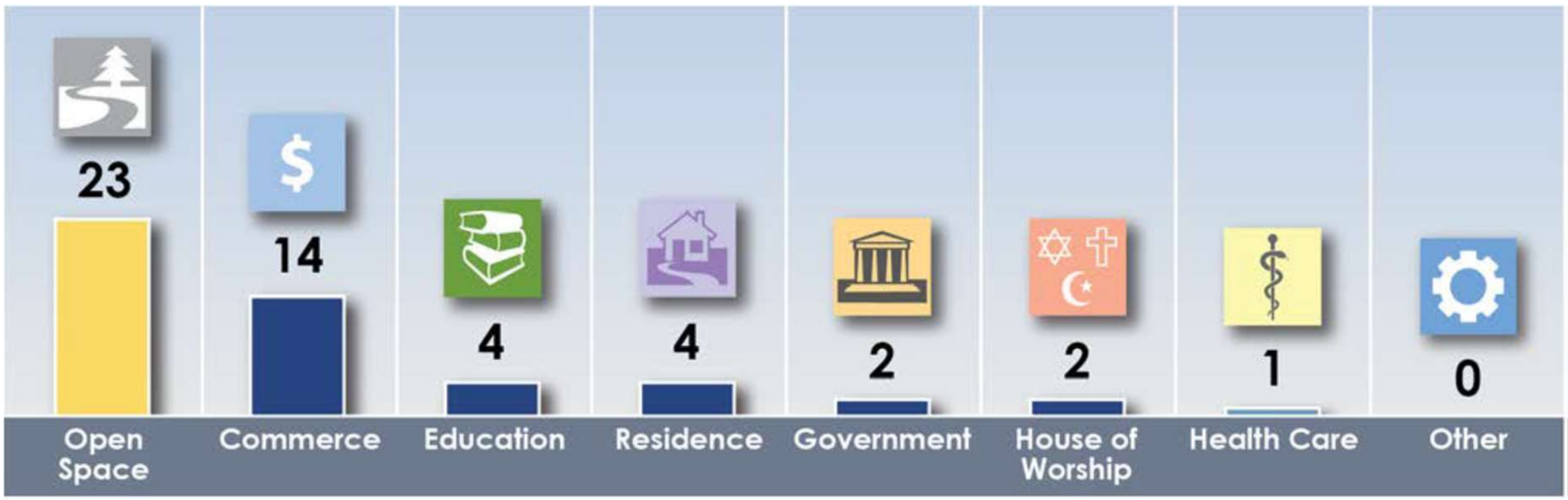


2022 Active Shooter Incidents by Time of Day



…And Anywhere

Breakdown of Locations a Mass Shooting has happened, as defined by FBI



Can Insurance Stop or Mitigate Active Shooter Events?

Traditional Active Assailant Coverages

- Property Damage
- BI
- PR Consultancy Costs
- Counseling
- Medical Costs
- Security

There are Risk Mitigation strategies in the Marketplace

Before An Event

- Equipped Crisis Response Firms can identify credible threats and offer best actions following Initial Threat Assessment such as hiring more security
- Crisis Response Training

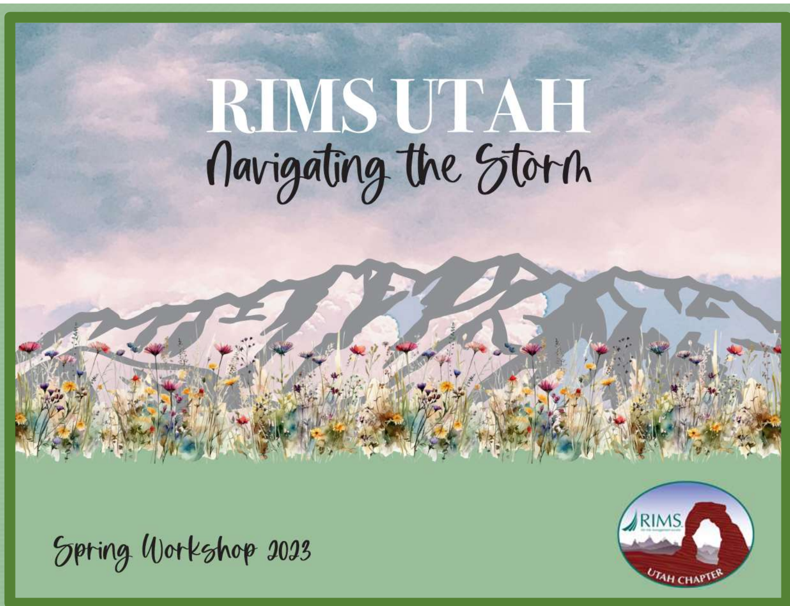
During an Event

- Implementation of ballistic shield technology
- Working with AI gun and gunshot detection
- Through AI integration share relevant info about an event to students/employees on site and to law enforcement as they approach

After An Event

- Work With Telehealth agencies to deliver triaged and tailored mental health support
- One point of contact PR help

Questions?



A Peek Behind the Curtain: The Impact of Reinsurance on Premiums

Speaker Sponsor: Marsh

Rich Foster

Managing Director

Guy Carpenter – Seattle

GuyCarpenter

“A PEEK BEHIND THE CURTAIN: THE IMPACT OF REINSURANCE ON PREMIUMS”

June 2, 2023

Richard Foster, Managing Director
Guy Carpenter

A business of Marsh McLennan

Insureds and insurers are facing exceptionally challenging market conditions. While there are many contributing factors behind the current "hard market", the cost and availability of reinsurance coverage for insurers is rightly cited as a main driver relative to the higher priced, availability and perhaps more restrictive coverages currently being offered by insurers.

This presentation is intended to provide further insights into the challenges of the broader reinsurance, retrocessional and "alternative capital" / ILS markets – which ultimately, and in large part, flow down to street-level insurance rates, terms and conditions.

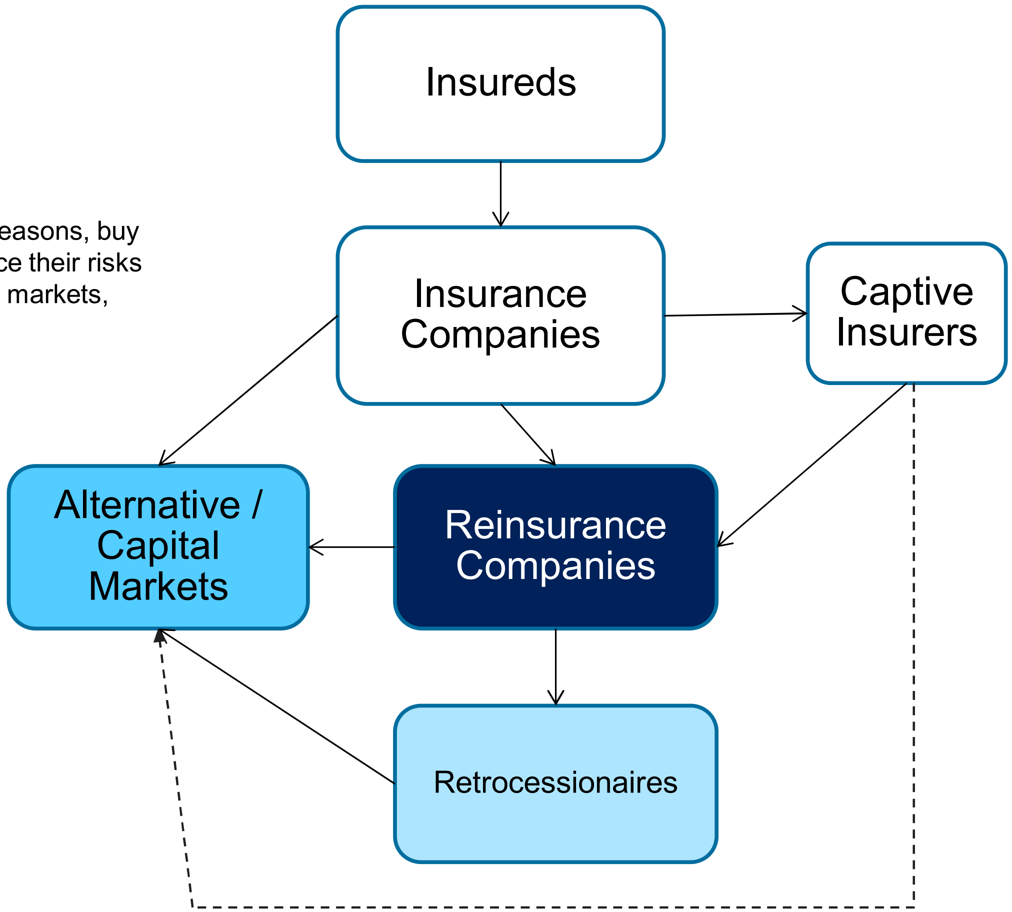
- ❑ Who Buys Reinsurance and Why?
- ❑ State of the Reinsurance Market
  - *Don't blame the messenger!*

Agenda

How Risk Is Transferred Through the Industry

Insurance companies, for a variety of reasons, buy reinsurance. Insurance companies place their risks with panels of reinsurers and/or capital markets, thereby spreading risk.

- Frequency
- Severity
- Capacity
- Financial



Why do Insurance Companies Buy Reinsurance?

Relief of surplus drain and expense improvement

(Financial)

Deploying larger policy limits

(Capacity)

Protection from tail occurrences

(Severity)

Smoothing of results

(Frequency)

State of the Reinsurance Market
Key Findings of January 2023

Key Findings

January 1 renewals reflected shifting market dynamics as reinsurers adjusted risk appetites and pricing thresholds for certain sectors in response to ongoing and emerging challenges.

Property was the most challenged sector. Market adjustments focused on the 3 distinct areas of **pricing, attachment and coverage**, with coverage arguably creating the most complexity.

The imbalance of **supply and demand in property catastrophe, particularly in North America**, drove a stressed market and, in some cases, led to pricing and structural changes unsupported by technical considerations.

- Some reinsurers reduced or withdrew their property capacity in 2022, while others are now viewing this market inflection point as an opportunity to increase their participation.
- While changes in supply were one side of the story, the expected inflation-driven increase in demand did not materialize, as buyers reassessed the cost/benefit of additional limit purchases, which resulted in only negligible increases.

More broadly, outside property, underwriting requirements in other classes of business were widely varied. Specific to casualty lines, treaty results were highly dependent on prior-year results, underlying rate changes and overall portfolio performance, with **pressure on pricing seen across most lines**. Overall, once market-clearing pricing was determined, capacity was stable across most casualty lines, with very little change in terms/ conditions.

There was **limited new capital** inflow through the fall, as investors held back amid **continued catastrophe loss, increasingly attractive risk-free rates of return, their own moderating assets under management (AUM)** and a desire to assess the degree of market transition at January 1.

- A limited amount of additional capital entered the sector in December, as the degree of market correction became clearer.

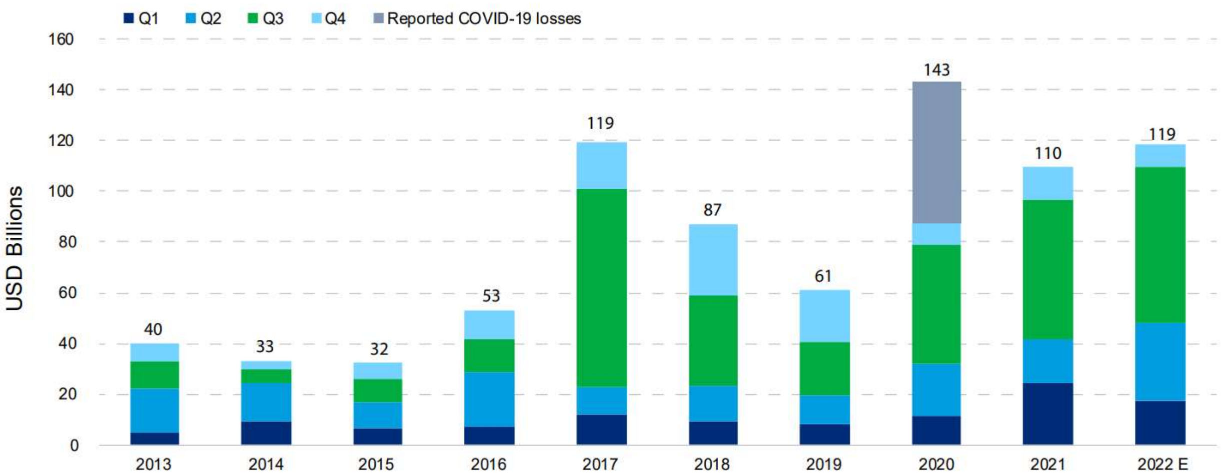
Hard Property Market Driven by Macro Influences

Macro Headwinds

- Rising Inflation
- Rising Interest Rates
- Ongoing War in Ukraine
- Supply Chain Disruptions
- Climate Change Anxiety
- Global Cat Loss Activity
- Constrained Traditional, ILS and Retro Capacity

Global Large Loss Activity

2013 – 2022*

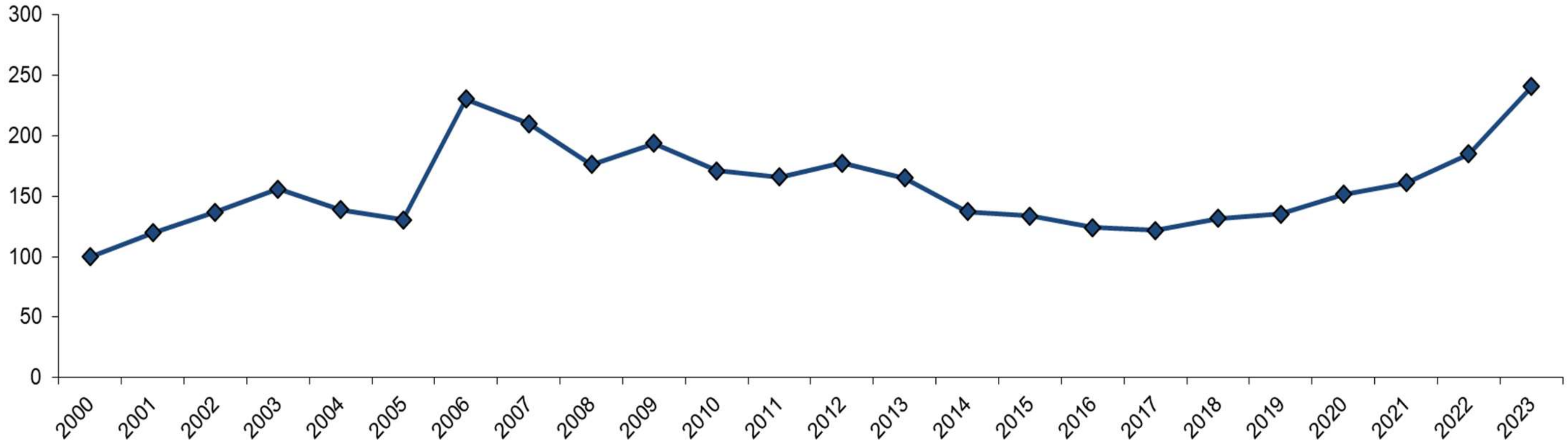


*Significant Insured Losses (Est. losses > USD 100M). All reported COVID-19 losses allocated to 2020 for purposes of this chart.
Excludes reported Russia-Ukraine losses. Includes estimated losses from December 2022 US storms.
Source: PCS, ICA, AIR, Guy Carpenter

- The projected annual large loss total rose to **USD 119 billion**, driven by Hurricane Ian.
- The timing and magnitude of Hurricane Ian precipitated an outsized impact on available capacity for January 1 in light of the stressed market. The impact of storm surge, flood and litigation will play a significant role in the ultimate insured and economic losses.
- European floods and hail events, Australian floods and US severe storms were also key factors in 2022 loss experience.
- Current loss estimates are subject to change as updated data becomes available.

US Property Catastrophe Rate-on-Line Index

Largest increase since 2006 brings the ROL index to record levels

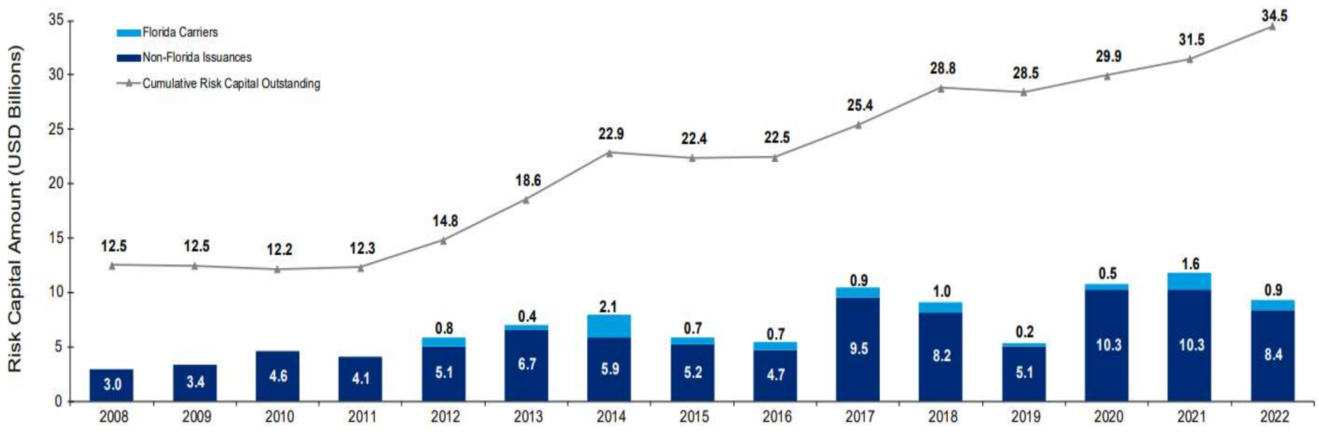


US ROL Index is +31.3% for January 2023 renewals, while risk adjusted price change was +40-60%, change in ROL was tempered by broad-based increases in retentions.

Source: Guy Carpenter. Preliminary January analysis, subject to updates

The Guy Carpenter ROL Index is a measure of the change in dollars paid for coverage year-on-year on a consistent program base. The index reflects the pricing impact of a growing (or shrinking) exposure base, evolving methods of measuring risks and changes in buying habits, as well as changes in market conditions.

State of the 144A Catastrophe Bond Market



Source: GC Securities

- In 2022, **42 different bonds** were brought to the 144A market, totaling more than **USD 9 billion** in limit placed, taking the total outstanding notional amount to an all-time high of more than **USD 34.5 billion**.
- Although there was a strong interest in utilizing the 144A market, **diminished capacity** available constrained the issuance total.
- In view of constrained investor capacity, a significant majority of the bonds **priced at or above the higher end of the price guidance**.
- Investors pushed back on complex books, secondary perils, aggregate structures, call provisions and extension spreads. There was keen focus on inflation and portfolio growth projections.

Casualty Reinsurance Market Update

Observations from January 1st Renewals

- Key macro considerations influencing renewals across all lines were social inflation/nuclear verdicts, core inflation, continued positive rate change on underlying business, and the evolution of loss frequency and severity
- Casualty renewals were generally orderly, with pressure in several pockets including Financial Lines, Excess Casualty, and loss impacted Casualty excess of loss programs
  - Renewal outcomes varied depending on the specifics of individual transactions, mainly treaty structure and portfolio dynamics (loss experience, rate change, limits management, and industry classes/segments written)
  - Casualty capacity was sufficient; however, outcomes varied based on the line of business and capacity requirements
  - While moderating slightly, continued positive rate change across casualty lines factored heavily into renewal outcomes – reinsurers closely monitored 2022 actual vs originally expected rate change
  - Casualty reinsurers continued to focus on prior year loss development – was actual loss development greater than expected loss development?
  - Loss impacted programs were challenged and experienced some turnover in the reinsurance panel: loss development still observed in past years, particularly 2016-2019
  - Early submission release of detailed underwriting data coupled with a broad-based marketing strategy positively influenced placement outcomes

Reinsurers continue to apply underwriting rigor as they navigate uncertainty associated with social inflation, core inflation, and a potential recession.

Casualty Reinsurance Market Update

Observations from January 1st Renewal (cont.)

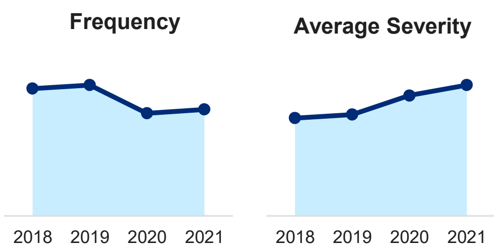
	Market Behavior	Capacity	Structures/Terms
• **Pro-Rata –** changes in ceding commission ranged from **flat to -3.0 percentage points** for **excess casualty** at January 1, 2023, depending on individual portfolio loss performance • **Casualty XOL –** reinsurers demanded sufficient margin after several years of competitive pricing and volatile results. Non-risk-adjusted rate change is as follows: – **Working layer casualty –** 10% to +25% for non-loss impacted layers, and +25% for loss impacted layers on average – **Clash –** generally flat to +10% for non-loss impacted with increases of 20%+ with losses (ECO/XPL) • Minimum Rate on Line's for higher layers experiencing upward pressure	• Slower quoting process characterized by more questions and more complex approval process • **Appetite –** "outside the box" renewals or new placements require senior management approvals. New markets less likely to quote unless opportunity prices exceptionally well or is on their target list. • **New reinsurers have entered the US casualty market contributing to competitiveness, including:** Ambridge obo State National, Ark Bermuda, Chaucer Bermuda, Conduit Re, Convex Re, Hamilton Re, ICW, Lancashire, MS Amlin (US), Peak Re, Vantage, Waypoint o/b/o Accident Fund	• Capacity generally sufficient and varied based on lines of business as well as final structure and pricing • Generally, **new markets are still interested,** but quoting with smaller lines than last year. Need to continue to market broadly as each has a different perspective. • Alternative capital capacity continues to evolve, but **use of this capacity remains limited/measured for casualty lines**	• **Overall, structures remained stable** – No measurable shift between Pro-rata and Excess of Loss structures • Structure alternatives (such as AADs), attachment points and/or reinstatement provisions were all considered similar to last year • Limited cases where specific coverage restrictions bound in final program terms • No change in demand for Aggregate coverage; limited usage

Increased Severity Trends Persisted in 2021

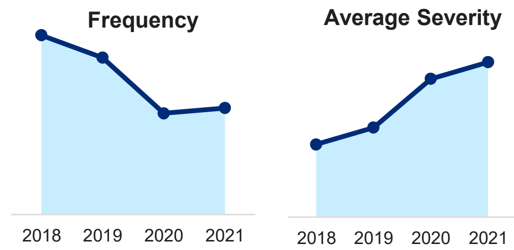
…. 2002/3 indicators are not, however, encouraging…

Frequency Still Below Pre-Pandemic Levels, Except for WC

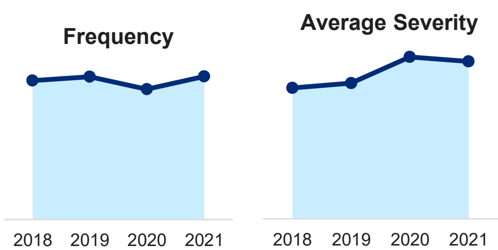
Commercial Auto Liability



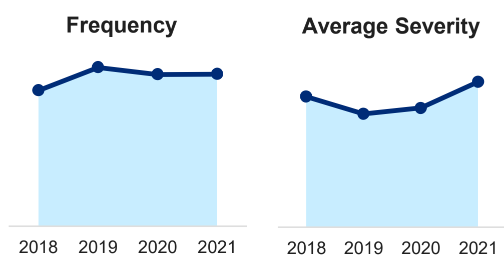
Other Liability Occurrence



Workers Compensation



Other Liability Claims Made



- **The pandemic's effects are still being analyzed while inflationary pressures, supply-chain issues, labor force participation, and courts reopening make the path to "normal" less clear**
- **Evidence of Social Inflation's impact**
  - Changing legal environment/adverse loss trends
  - Judicial appointments
  - Changing mentality of jury pools
  - Third party claims financing
  - Medical advances
- **More mega/catastrophe claims** (opioids, wildfire, industrial accidents, SAM)
- Key question for the industry – **what happens when/if frequency reverts to "normal"?**

Calculated from SNL's P&C Industry Combined data
Frequency = Ultimate claims count / Adjusted GEP*
Avg Severity = Latest Gross Incurred Loss & ALAE / Ultimate claims count

* Adjusted GEP reflects industry average rate change history from CIAB and inflation adjustments for WC, CMP and OL.
WC inflation adjustment based on average hourly earnings
CMP inflation adjustment based on nonresidential structures component of the GDP price index
OL inflation adjustment based on retail sales from the US Census Bureau

Sources: SNL, CIAB, Bureau of Economic Analysis, US Census Bureau, and Bureau of Labor Statistics

Workers' Compensation Summary

- The WC line is **strong and healthy**. The CY CR has been **below 100%** for the past several years and primary renewal rates remain relatively flat
- Average Medical and Indemnity Severity was **flat in 2021**, but there are potential challenges ahead as **medical cost could experience inflationary pressure**
- Claim Frequency data suggests the **long-term decline continues**, despite a rise in frequency in 2021. Since 2019, **Frequency has declined slightly**
- We anticipate Rates to be remain **flat along with some small increases in 2023.** Net Written Premium is expected to be up - driven by increased Payroll

	2021	2022F	2023F	2024F
Combined Ratio	87.0%	95.2%	96.8%	98.8%
Net Written Premium Change	0.9%	6.3%	3.9%	3.7%
Data Source	NCCI (private carriers only)	Conning	Conning	Conning

WC Reinsurance Market Recap – Jan 1, 2023

Pricing Metrics

- **Subject Premium**
  - Range: -10.1% ➔ +23.7%
- **Payroll and Employee Counts**
  - Range: -4% ➔ +17%
- **WC Single Claimant Layers**
  - **Avg Rate △: +7.1%**
  - Range: -6.4% to +27.7%
- **WC CAT Layers (into Q3)**
  - **Avg ROL △: +7.2%**
  - Range: -3.3% to +26.5%
  - **Avg Rate △: +2.0%**
  - Range: -9.9% to +22.1%

Market Behavior and Capacity

- Reinsurer capacity for WC CAT layers remains adequate but were challenged by the Property market increases
- Select markets viewed WC as shorter tail LoB and pushing for YOY Risk Adjusted increases on Payroll, Employee Counts and Modeled output
  - Some Initial ROL quotes 15%+
- Per Person and Working Layers were under notable rate increase pressure due to loss severity trends
  - Medical advance mortality patterns
  - Overall increase in medical costs
  - Recent large mega-claim industry losses
- QS Ceding commissions remain under considerable pressure amid continued underlying rate softening

Cedent Trends

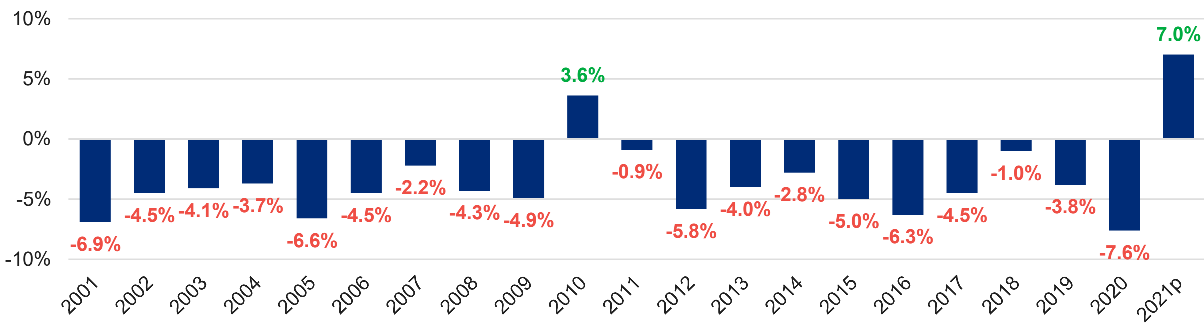
- Modest changes to reinsurance structures with no major changes to terms and conditions.
  - Higher attachments and AADs
  - Higher Cat Limits purchased
- Cedents attempted to increase MAOLs for CAT layers
  - 91% have $10M MAOL or greater; 42% have $15M MAOL or greater
- Virtually all CAT layers include coverage for Terrorism x-NBCR while 35% include full terrorism coverage
- Increased interest in AADs
- Increased interest in structured reinsurance (i.e., Aggregate Stop Loss, Adverse Development Cover)

Execution

- Renewals were generally completed in an orderly, but delayed fashion
- COVID Cat exclusions and Working Layer sub-limits continue to be required
- Greater use of non-concurrent (pricing) terms should be expected
- Potential market challenges: Heavy Model reliant markets (e.g., Munich), London, 2nd tier capacity w/smaller lines (~$10M)
- WC COE/GCA developed scaling factors by occupancy to quantify current WFH exposure trends -which has helped with market negotiations
- More QS programs are requiring structured elements and utilization of collateralized markets

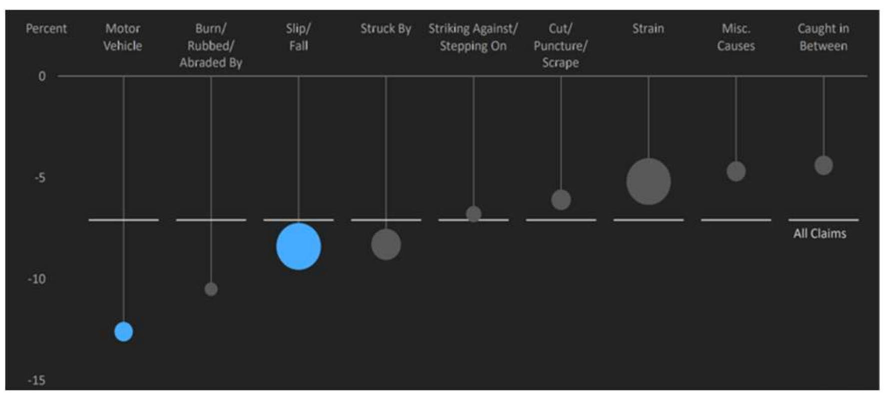
Is Frequency Increasing with a More Inexperienced and Overworked Work Force?

Frequency Change



WC Lost-Time Claim Frequency by Cause of Injury

Change in Claims per $1M Pure Premium, Accident Year 2019-2020p, Private Carriers and State Funds – NCCI States



NCCI states only, excludes Covid Claims

Comments and Observations

- The risk is not uniform across industries. e.g. A new and experienced restaurant worker have similar risk, but a new truckdriver has considerably more risk than one more experienced.
- This phenomenon of a low-tenured workforce is temporary.
- **Frequency has decreased in virtually every year since 2001.** Workplaces will continue to get safer.
- **The historical decrease in frequency is across all causes of injury.** Most notable for reinsurance, MVAs and Slip/Falls are two of the areas that declined the most, and these causes of injuries make up the largest share of mega claims (> 35% for Slip/Fall and > 20% for MVAs).
- The anticipated shift in occupations due to significant advances in automation and technology, catapulted by the pandemic, may improve frequency (and severity). We expect to see more workers in the technology sector and fewer in high-risk occupations.

April 1, 2023 Property update

April 2023 US Property Catastrophe Market Overview

Continuation of January Dynamics – Significant Shifts in Pricing, Structure and Contract Terms

Pricing

- **Loss-free layers** generally renewed at **+40%-60%** risk adjusted.
- Significant push to increase minimum rates on line (ROLs), with many top layers experiencing even larger increases.
- Programs with losses saw risk-adjusted price increases of **+40%-100%** (and higher in some cases).
- Risk-adjusted pricing evaluated after the impact of anticipated inflation changes.

Structure

- **Retention increases** were broad-based.
- Demand for additional limit was tempered by price increases and expectation of lack of capacity.
- However, some January cedants re-entered market to top-up or fill in co-participations.

Capacity

- Many reinsurers entered April renewals less pessimistic about capacity:
  - Significantly reduced portfolios at 1/1.
  - Pricing ultimately meeting expectations.
  - Retro placements were more successful than anticipated.
- Capacity was sufficient to achieve target placement goals on programs, even capacity lost from reinsurers exiting the business. However, capacity was not always at desired price or terms.
- Severe convective storm-driven programs remained the most difficult to place given recent loss experience.
- Co-participations increased significantly, both voluntarily (to manage spend) and involuntarily, especially in lower layers.
- Available capacity for layers attaching below the 10-year return period reduced significantly.

Execution

- Renewal timing on par with prior April renewals, which generally run on a more compressed timeline than January.
- Quoting activity rebounded from 1/1 as reinsurers based pricing requirements/ expectations on 1/1 outcomes.

Terms & Conditions

- Cedants were prepared for terms and conditions push, planning ahead on areas to compromise or pushback.
- Reinsurers continued to seek Terrorism and SRCC exclusions; some cedants had success retaining coverage by directly addressing exposures.
- Less push by reinsurers for named-perils coverage given lack of success at 1/1.

April 2023 US Property Facultative Market Overview

Accelerating Hard Market Environment across all sectors

Pricing

- Loss free Non Cat accounts renewed at +10% to +20% risk-adjusted.
- Cat Exposed accounts renewed at large variance ranging from 25% to +50% risk-adjusted.
- Largest range in pricing continued to be on loss impacted and difficult occupancies including coal, mining, chemical, wood frame/habitational, food processing.
- Greater reliance on modeled results with little credit given for protections or class.

Capacity

- Continued challenges on shared and layered accounts, catastrophe exposed and WildFire accounts
- Constrained catastrophe aggregate especially for Florida and Northeast Wind and California Earthquake.
- Dislocation of Arrowhead and other traditional CA EQ markets has led to increased facultative demand for CA EQ which in turn leads to increased facultative rates for this capacity.
- Markets reducing critical cat capacity on some renewals to optimize portfolios and ensure available aggregate for the year.

Market Behavior

- Markets continue to seek portfolio ‘rebalance’ with focus on profitability and adequate rates.
- Markets more emboldened to push for rate increases as they continue to receive orders and understand capacity is at a premium. In some instances, markets will offer additional capacity at a surcharge.
- Increased minimum premium requirements from many markets.
- London markets are now supporting primary and low buffer layers as premiums reach their required levels.

Market Environment

- Changes to reinsurance certificates required by AIG, Starr, and Zurich as cedants amend contracts to reflect changes in the global market.
- Multiple options requested on challenging placements as retail brokers seek ways to complete programs at budgeted premiums.
- Early entry into the market on submissions is necessary to ensure timely quotes.
- Insurance to Value remains a critical concern with a continued push for margin clauses.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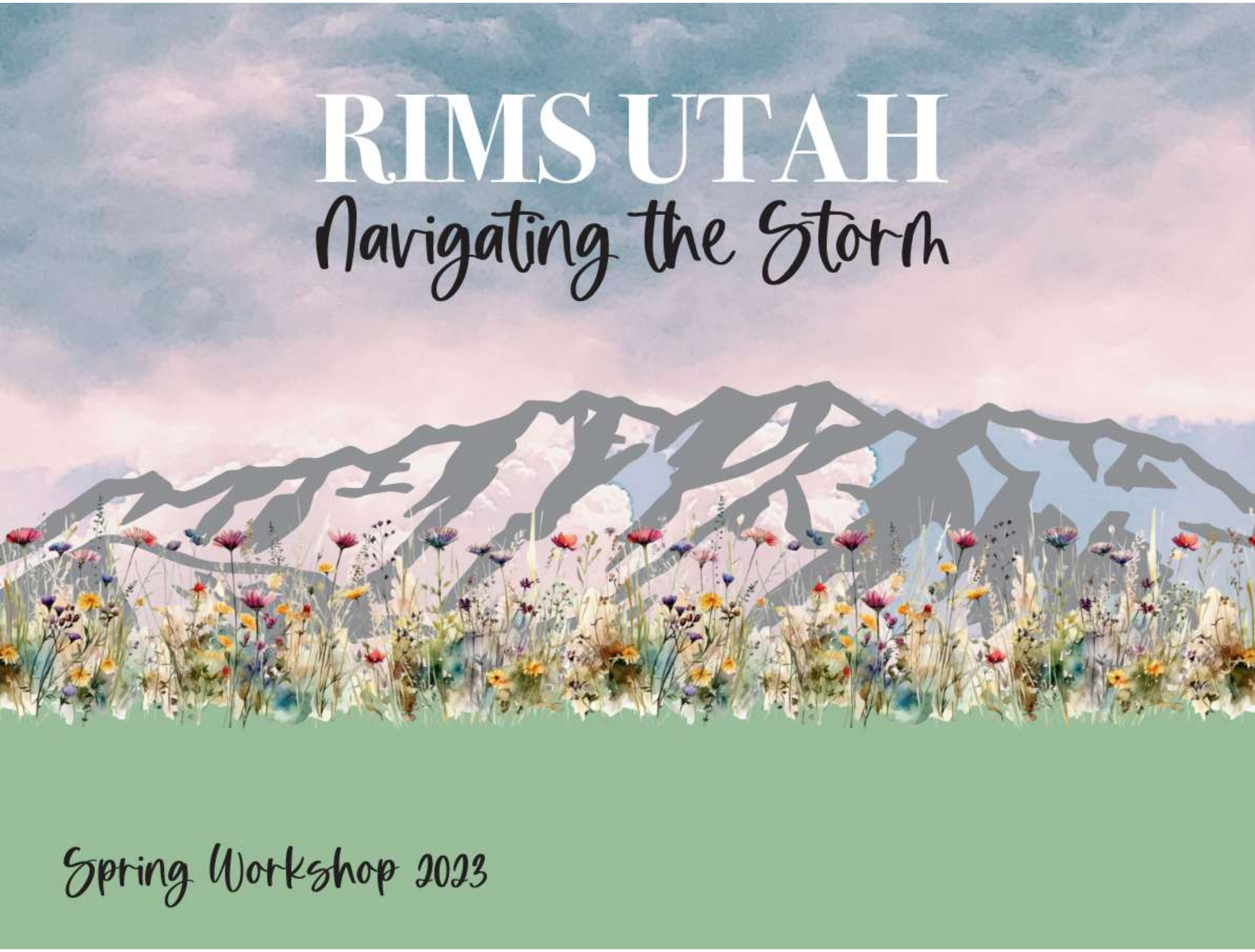

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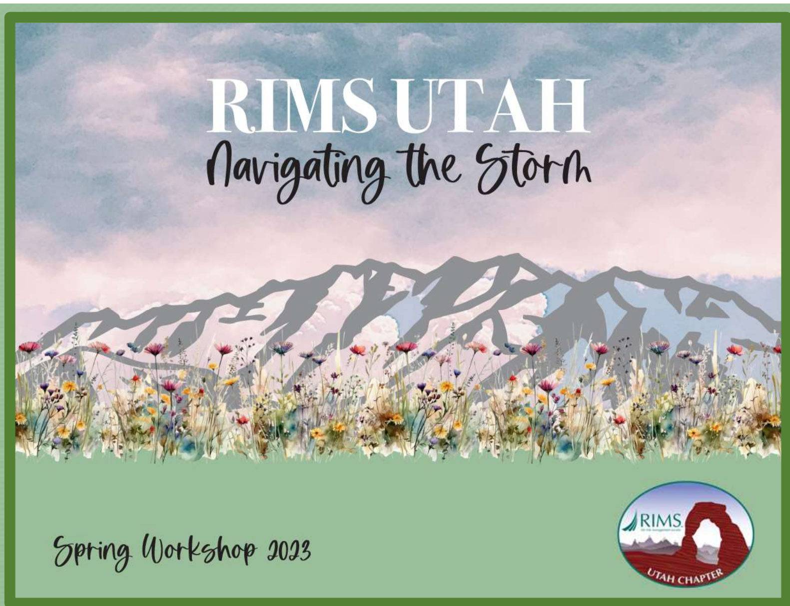

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Meeting Attendance (2022)	Webinars, Workshops & Courses (2022)	RIMScast
~13,000	14,730 Attendees	105,265 Unique Downloads

RIMS Risk Management Magazine
16,483 Subscribers

RMmagazine.com
20,000 Visitors per month

Risk Management Monitor Blog
8,000 Visitors Per month

Publications' Social Media

Twitter: 26,300 Followers

LinkedIn: 15,800 Members

Facebook: 14,800 Likes

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the risk management society

RIMS-CRMP
RIMS-Certified Risk Management Professional

ISO/IEC 17024:2012

RIMS-Certified Risk Management Professional

As the only competency-based risk management credential, the accredited RIMS-CRMP certification validates your performance ability, technical knowledge, and commitment to quality. It represents the standard of education, experience, and ethics that the discipline requires. Add RIMS-CRMP to your professional profile to demonstrate that you can successfully manage risk and create value for your organization.

FIVE DOMAINS OF THE RIMS-CRMP

1. Analyzing the Organizational Model
2. Designing Organizational Risk Strategies
3. Implementing the Risk Process
4. Developing Organizational Risk Competency
5. Supporting Decision-Making

www.RIMS.org/Certification

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CERTIFICATIONS / DESIGNATIONS

RIMS-CRMP Certification

950+
RMS-CRMP Holders

40
Countries Represented by Holders

1,175
Risk Professionals in the RIMS-CRMP Pipeline

Canadian Risk Management Designation (GRMI)

8,499 Holders

Funding the Future of Risk Management

RIMS HAS GRANTED MORE THAN

$215K SINCE 2019

TO SUPPORT THE DEVELOPMENT OF RISK MANAGEMENT CURRICULUMS AT:

- Mercy College
- Stoneybrook University
- New York University
- York University
- University of the District of Columbia
- Fisk University
- Bradley University
- Milwaukee School of Engineering
- University of Nevada-Reno
- University of Cincinnati
- University of Houston – CT Bauer

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ANITA BENEDETTI STUDENT INVOLVEMENT SCHOLARS AT RISKWORLD 2023

32

UNIVERSITIES COMPETING AT THE SPENCER-RIMS RISK MANAGEMENT CHALLENGE

10

GLOBAL UNIVERSITIES OFFERING THE RIMS-CRMP EXAM PREP-COURSES

600+ Restaurants Globally

~$5.4 Million USD Annually

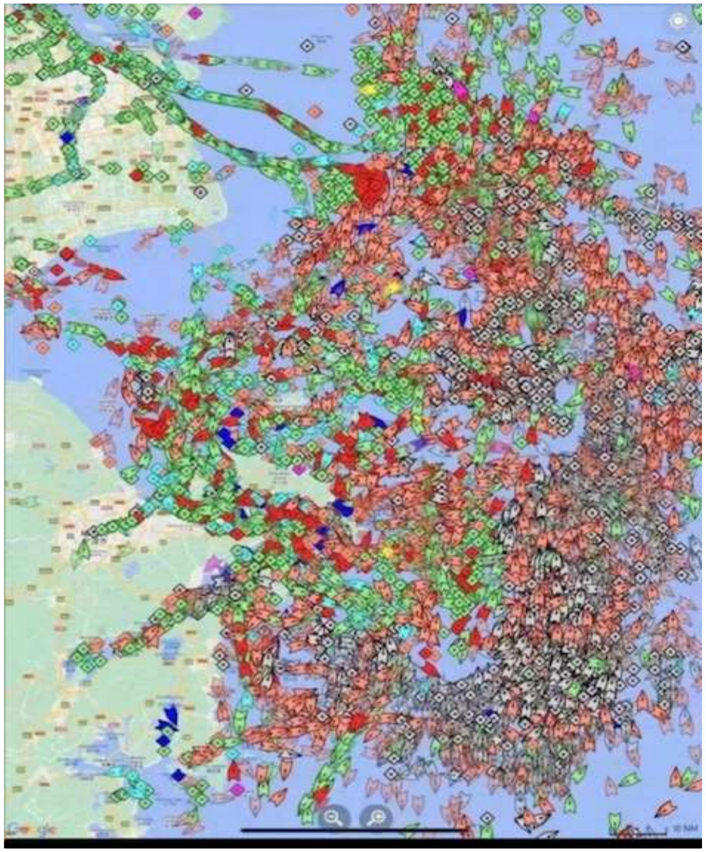
IN THE FIRST TWO MONTHS OF COVID-19

40% of U.S. Eateries Closed

$120 Billion USD Collective Loss

8 Million U.S. Restaurant Workers Became Unemployed

SUPPLY CHAIN RISK



Unofficial – Shanghai's sea port – Commercial ships waiting to load and unload. – April 2022

KEYS TO SUPPLY CHAIN RESILIENCY

VISIBILITY

DIVERSIFICATION / REDUNDANCY

SUPPLIER & TRANSPORTATION NETWORKS

INVENTORY

A FOCUS ON EMPLOYEE SAFETY

UPDATE POLICIES

UPGRADE MACHINERY

BUILD COMMUNICATION CHANNELS

Improved Morale

Improved Productivity

CLIMATE

REGULATION

SUPPLY CHAIN

INSURANCE

CYBER INCIDENTS

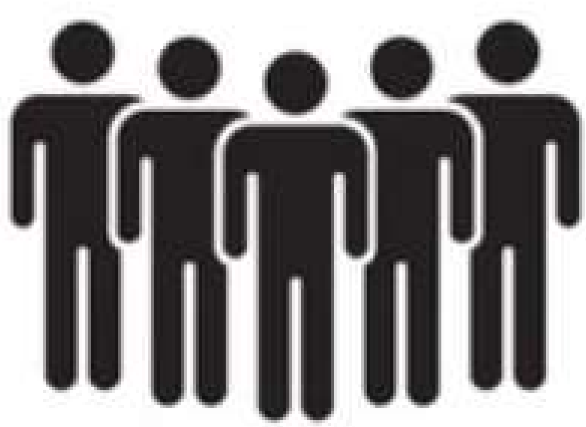
POLITICAL CONFLICT

TECHNOLOGY

SOCIAL ISSUES

THE UNKNOWN

PEOPLE



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COMPANY CULTURE

TEXAS ROADHOUSE®

HIRE RIGHT

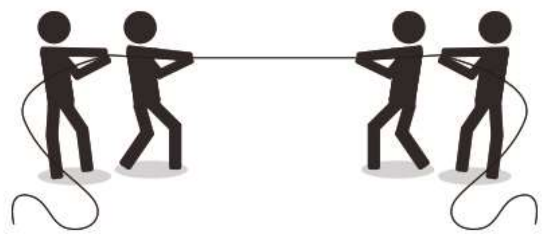
TRAIN RIGHT

TREAT RIGHT

RIMS® the risk management society

TECHNOLOGY

THE TECHNOLOGY TRADE-OFF



Human error is the main cause of 95% of cyber security breaches ~IBM

AN OPPORTUNITY FOR RISK PROS TO LEAD THESE CONVERSATIONS

- **Education / Training**
- **Cross-Enterprise Collaboration**
- **Become a Better Risk**

AdvertisingAge

WHY THE IPHONE WILL FAIL

Convergence Devices Have a Frequent History of Failure

By Al Ries

Published: June 18, 2007

In the gold rush of 1849, prospectors checked their finds with Aqua Regia, a mixture of hydrochloric and nitric acids. If a sample passed the acid test, it was the real thing.

The iPhone may be another convergence device destined for failure. | **ALSO**: Comment on this column in the 'Your Opinion' box below.

Opposing View:

Jonah Bloom: Why the iPhone Will be a Big Success

Apple's Marketing Touch Creates Passion Beyond Reason

When Apple introduces its iPhone this month, will it pass the acid test?

In my opinion, no.

Prediction No. 1: The iPhone will be a major disappointment.

The hype has been enormous. Apple says its iPhone is "literally five years ahead of any other mobile phone." A stock-market analyst says, "The iPhone has the potential to be even bigger than the iPod."

I think not. An iPod is a divergence device; an iPhone is a convergence device. There's a big difference between the two.

In the high-tech world, divergence devices have been spectacular successes. But convergence devices, for the most part, have been spectacular failures.

The first MP3 players (the Diamond Rio, for example) were flash-memory units capable of holding only 20 or 30 songs. The first iPod, on the other hand, had a hard drive and could hold thousands of songs. Now there were two types of MP3 players, a classic example of divergence at work.

Every high-tech device has followed a similar pattern. The first computer was a mainframe computer, followed by the minicomputer, the desktop computer, the laptop computer, the handheld computer, the server and other specialty computers. The computer didn't converge with another device. It diverged.

When the cellphone was first introduced, it was called a "car phone" because it was too big and heavy to lug around. You might have thought it would eventually converge with the automobile. It did not. Instead it diverged and today we have many types of cellphones.

Every Best Buy and Circuit City is filled with a host of other divergence devices that have been enormously successful: the digital camera, the plasma TV, the wireless e-mail device, the personal video recorder, the GPS navigation device.

What convergence device has been a big success? Not many, although there have been a lot of convergence failures.
The computer/phone. AT&T, Motorola and others introduced combination products. Few were ever purchased.
The computer/TV. Apple, Gateway, Toshiba, Philips and others tried to market combination products with little success.
Interactive TV. Microsoft spent $425 million to buy WebTV and then poured more than half a billion dollars into the venture. That didn't work, so it moved on to Ultimate TV, which didn't work either.
Cellevision. Everybody is talking about the third screen, watching TV on your cellphone, but relatively few people do. (The real action in TV is the booming market for divergence products such as big-screen plasma and LCD sets.)
Media-center PCs. Everybody was going to run everything in their homes from personal computers. It never happened.

Prediction No. 2: The media will blame the execution, not the concept.

Suppose the iPhone is a major disappointment. Will another convergence failure convince the high-tech industry of its folly? Highly unlikely.

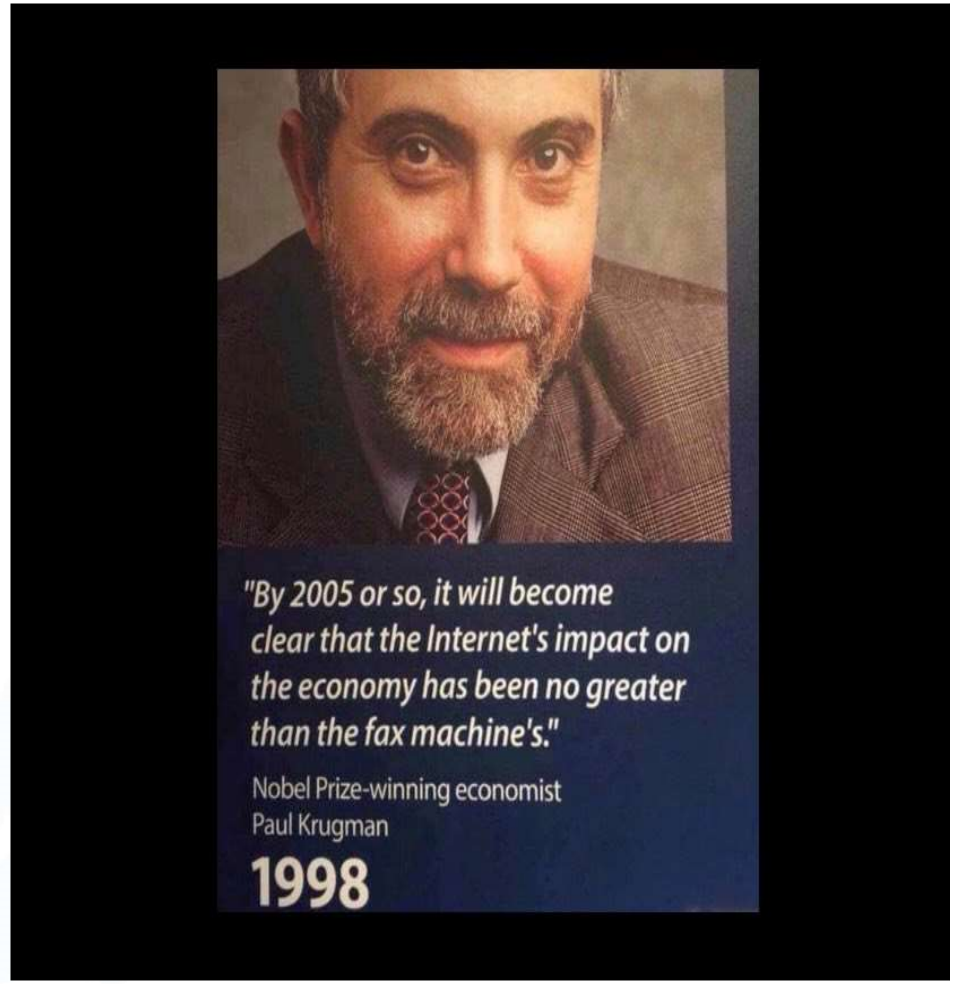
Once a concept like convergence grips the imagination, it seldom dies.

A convergence failure is never seen as a "conceptual" failure; it's always seen as an "execution" failure. "The concept was sound; they just didn't do it right."

Hope springs eternal.

~ ~ ~

Al Ries is the author or co-author of 11 books on marketing, including his latest, "The Origin of Brands." He and his daughter Laura run the Atlanta marketing-strategy firm Ries & Ries.



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“Explain risk management”

Risk management is a systematic process of identifying, assessing, and prioritizing risks in order to minimize or mitigate their potential impact on an organization or individual. It involves the identification of potential risks, analysis of their likelihood and potential consequences, and the implementation of strategies to handle or reduce those risks. Here are the key steps in risk management:

- Risk Identification: The first step is to identify potential risks that could affect the organization's objectives or an individual's goals. This can be done through various methods such as brainstorming, historical data analysis, expert opinions, and conducting risk assessments.
- Risk Assessment: Once risks are identified, they need to be assessed in terms of their likelihood and potential impact. This involves analyzing the probability of the risk occurring and evaluating its potential consequences on the organization or individual. The goal is to prioritize risks based on their significance and urgency.
- Risk Analysis: Risk analysis involves a deeper examination of identified risks, including their causes, potential vulnerabilities, and potential consequences. It helps in understanding the nature and characteristics of the risks, enabling organizations to develop appropriate risk response strategies.
- Risk Response: After analyzing risks, organizations develop strategies to respond to them effectively. There are four main risk response strategies:

Five trends will have a pronounced impact on insurance.

Major impact | Moderate impact | Limited impact

	Personal P&C		Commercial P&C		Life and annuities	
Tech trend	Home	Auto	Standard[1]	Specialty[2]	Individual	Group
Applied AI	Major impact	Major impact	Major impact	Major impact	Major impact	Major impact
Distributed infrastructure	Major impact	Major impact	Moderate impact	Moderate impact	Major impact	Major impact
Future of connectivity	Major impact	Major impact	Major impact	Moderate impact	Major impact	Major impact
Next-level automation	Major impact	Major impact	Major impact	Major impact	Moderate impact	Moderate impact
Trust architecture	Major impact	Major impact	Major impact	Major impact	Moderate impact	Moderate impact
Next-generation computing	Limited impact	Limited impact	Limited impact	Limited impact	Limited impact	Limited impact
Future of programming	Moderate impact	Moderate impact	Moderate impact	Limited impact	Moderate impact	Moderate impact
Bio revolution	Limited impact	Limited impact	Limited impact	Limited impact	Major impact	Major impact
Nanomaterials	Moderate impact	Moderate impact	Moderate impact	Moderate impact	Limited impact	Limited impact
Future of clean technologies	Moderate impact	Moderate impact	Moderate impact	Moderate impact	Limited impact	Limited impact

[1] Main lines include other liability (claims), marine, financial lines, and specialized property.
[2] Main lines include workers' compensation, general liability, commercial auto, commercial multiple peril, and property.
Source: McKinsey analysis

McKinsey & Company

- Distribution – faster more personalized engagements, usage-based contracts and automated agents
- Underwriting/pricing – more data evolving analytics to make decisions, increased regulation
- Claims – increased efficiency from process automation and insights to drive further mitigation

- *Making Sense of Artificial Intelligence and Its Impact on Risk Management*, published by RIMS 2019

Evan Greenberg on Artificial Intelligence:

"We have a variety of use cases that have proven themselves out and we continue to iterate with it. It's not going to replace our highest-skilled knowledge workers. It won't do that for quite a while, but it certainly enhances their capabilities. We're in the dawn of a period where we use these tools at scale."

Chubb has been experimenting with deep-learning and math-based AI tools for five years across different business areas, including underwriting, claims, analytics, marketing and customer service.

- Business Intelligence, April 23, 2023

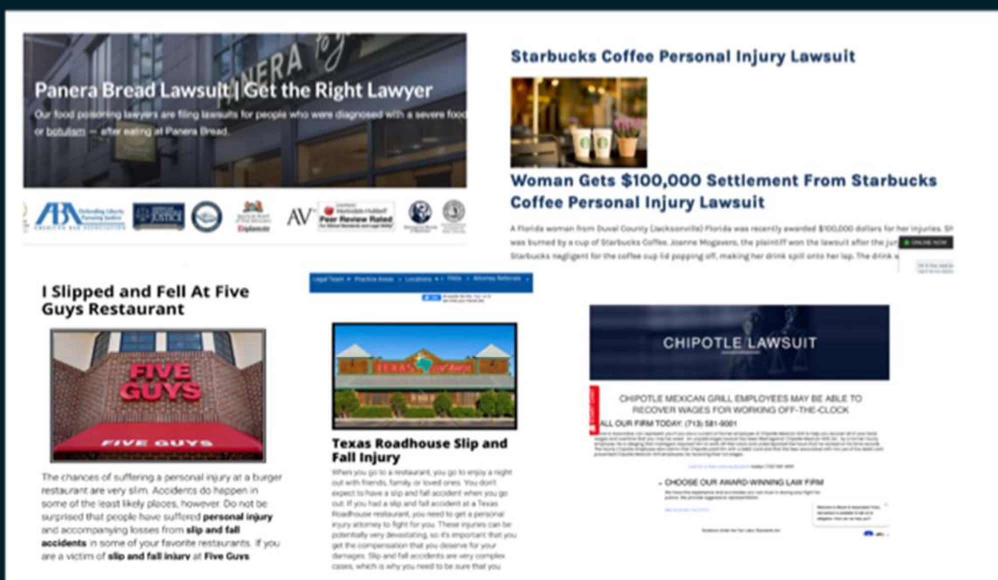
CLAIMS INSTIGATION

AI and tech-enabled, SEO-driven, well-funded claims marketing, investigation and litigation.

4WARN

Tech-Enabled Claims Instigation on Restaurant Claims Frequency and Costs

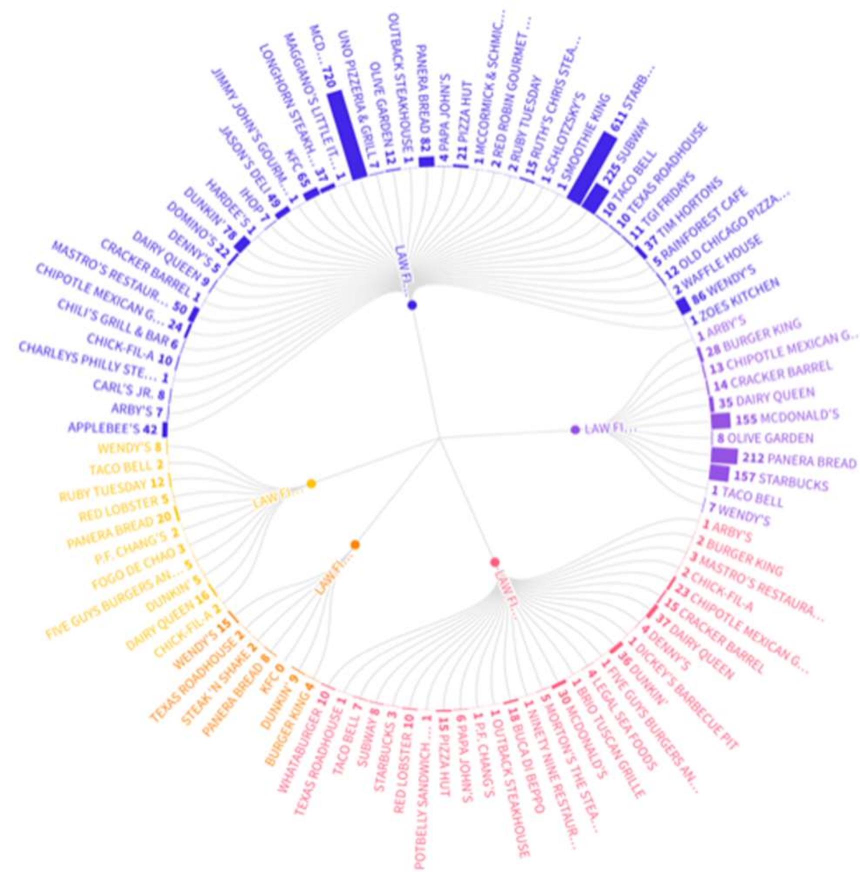
4WARN has identified multiple threats associated with instigating claims litigation against top restaurant chains. Just 5 law firms combine to target over 101 known restaurants.



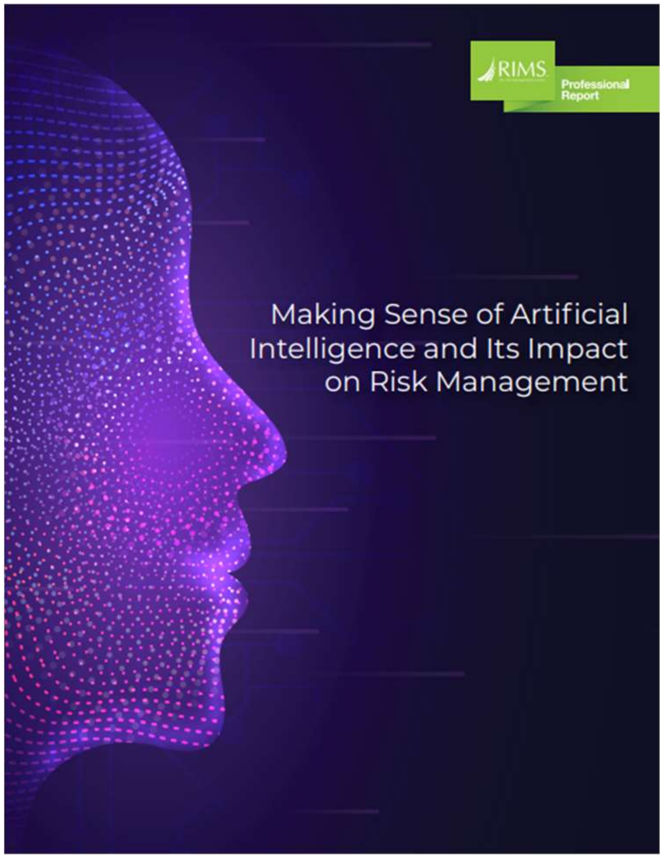
To learn more, visit 4WARN.com and register.

THREAT MAP

5 Law Firms Targeting → 101 U.S. Restaurants



RIMS AI Resources



RIMSCAST – RIMS PODCAST SERIES

- Getting to Know Jackware with Dan Healy of Anderson Kill (2022)
- Roadway Risks: AI, Autonomous Vehicles, & Automated Driving (2022)
- AI and Autonomous Vehicles with Stephen S. Wu (2019)

RIMS RISK MANAGEMENT MAGAZINE ARTICLES

- Using AI in Employment Decisions
- The Evolution of the Risk Manager (How AI is changing RM functions)
- Getting Smart About Artificial Intelligence (AI as a strategic RM issue)
- Avoiding Bias Risks in AI Hiring Technology
- The Evolution of Parametric Insurance (AI underpins parametric insurance)
- How Risk Professionals Can Avoid AI Adoption Headaches
- Dealing with Disruption (The Upside of Disruption)
- The Changing Value of Property Risk
- Data Ethics: Risk Management for the Algorithmic Age
- Incorporating Cloud Security Strategies into the AI and IoT Era
- Fake Facts: What the Rise of Disinformation Campaigns Means for Businesses (AI in social media/reputation risk)
- Artificial Intelligence and Professional Liability
- Artificial Intelligence and Risk Management
- Diagnosis: Risk – The Product Liability Challenges of Diagnostic Health Tech
  Looming Threats to Operational Resilience for Financial Institutions

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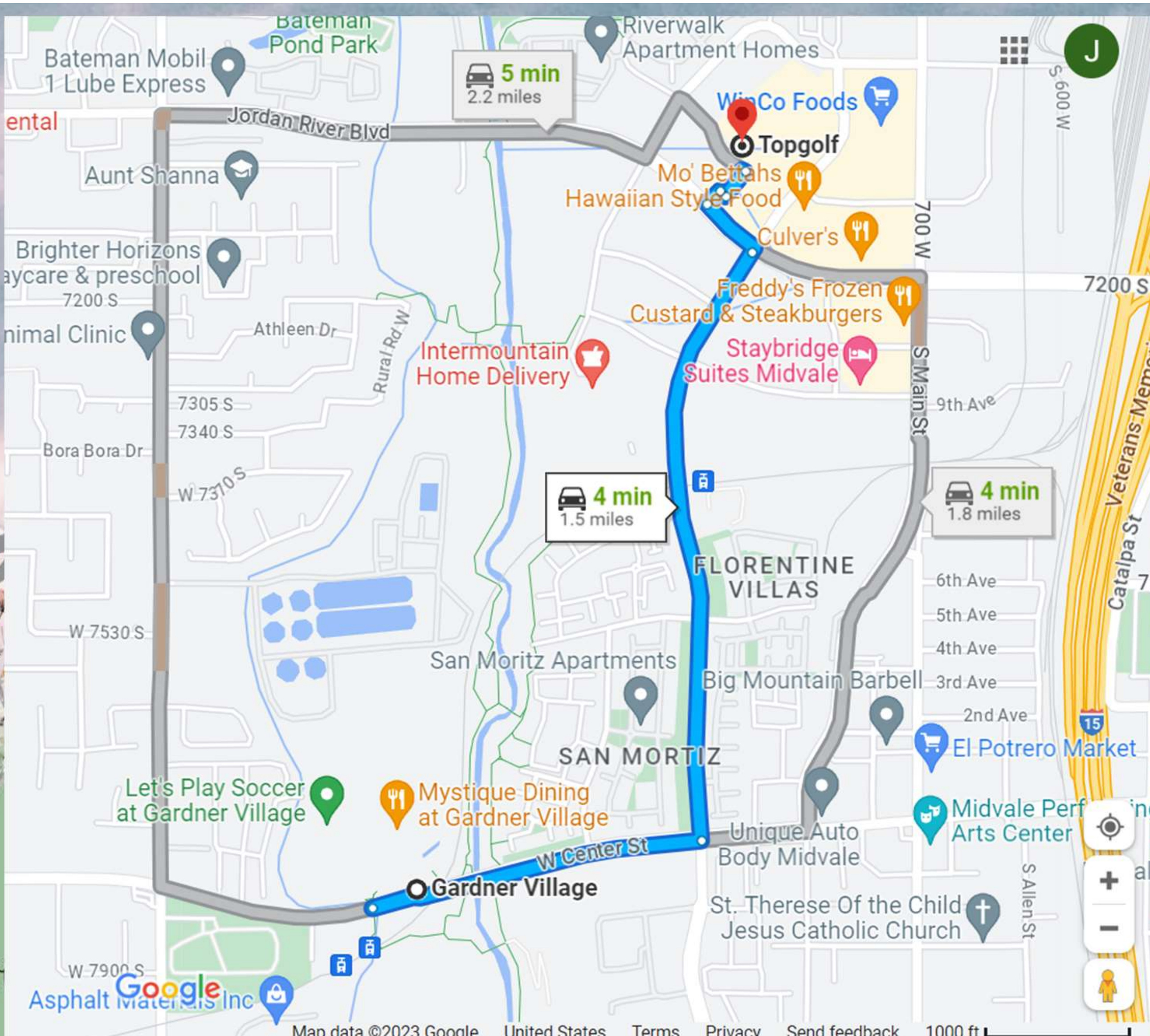

Afternoon Activity:

Top Golf Sponsor: SDI Subrogation Division Inc.

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Thank You All For Attending!