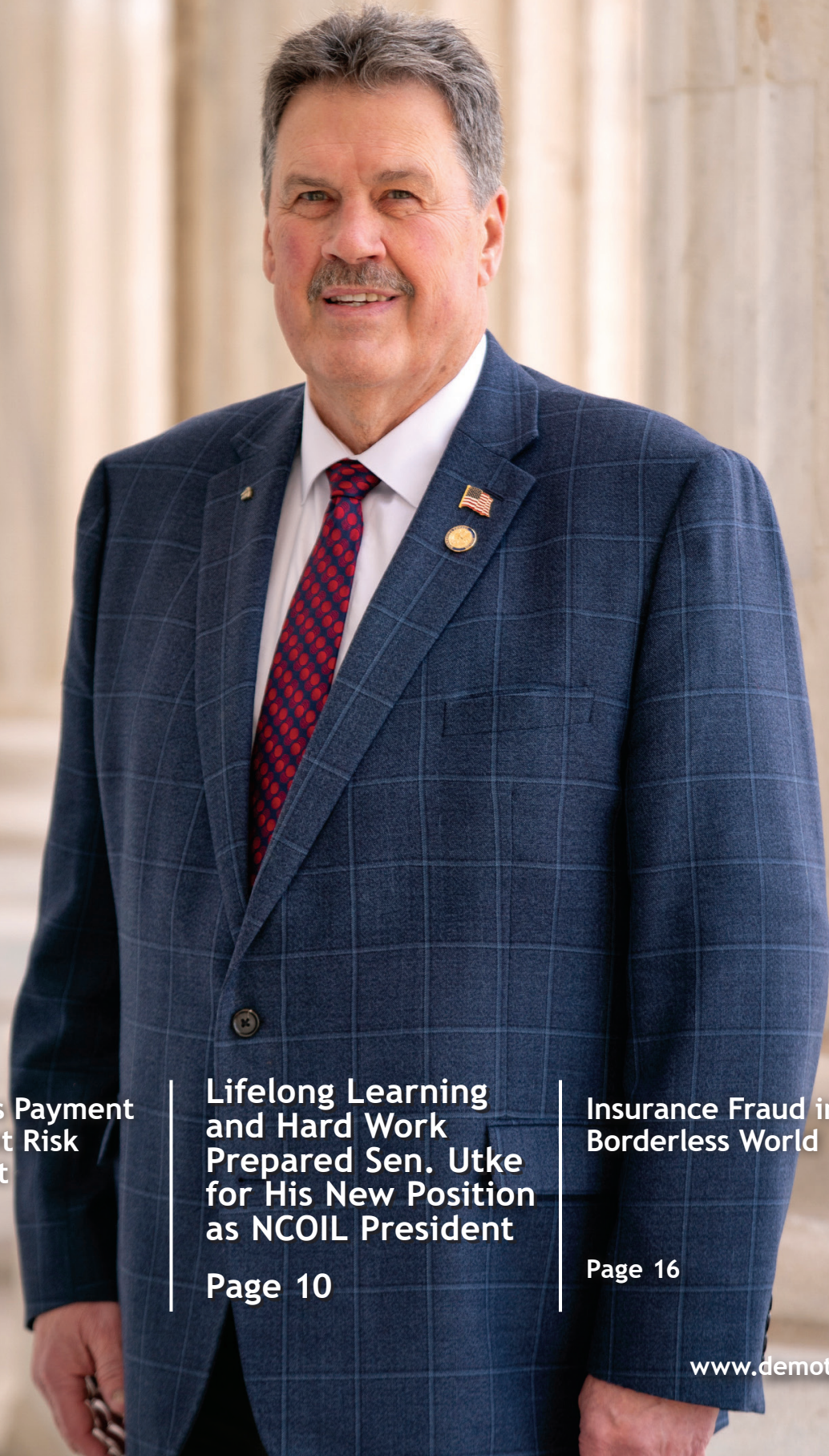


Difference the Demotech

Spring 2026/Vol.12, No.2



From Claims Payment
to Intelligent Risk
Management

Page 14

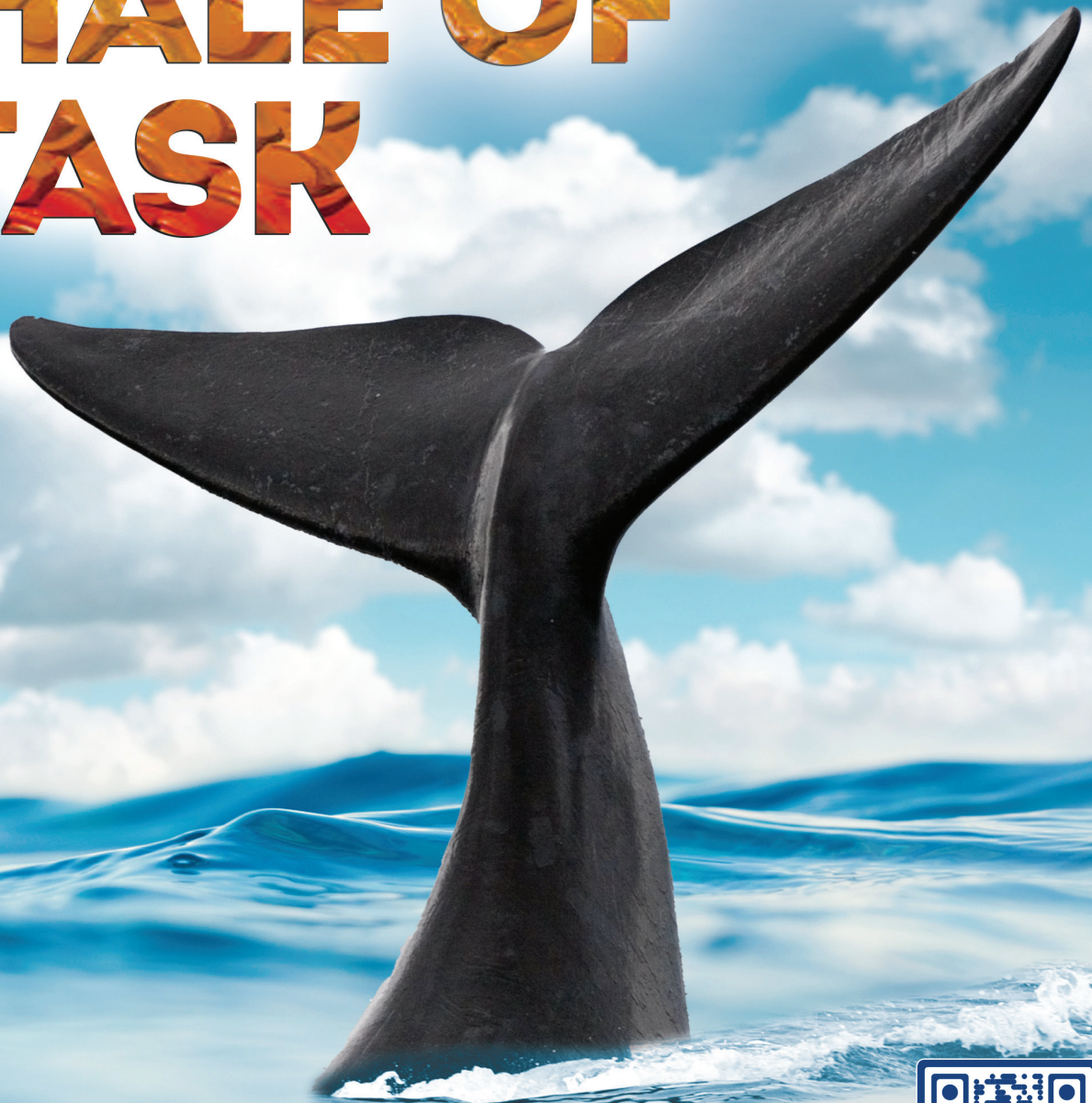
Lifelong Learning
and Hard Work
Prepared Sen. Utke
for His New Position
as NCOIL President

Page 10

Insurance Fraud in a
Borderless World

Page 16

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Contents

Spring 2026/Vol.12, No.2



Cover Features

- 10 Lifelong Learning and Hard Work Prepared Sen. Utke for His New Position as NCOIL President
- 14 From Claims Payment to Intelligent Risk Management
- 16 Insurance Fraud in a Borderless World

In This Issue

- 8 Why Cyber Liability and Identity Theft Protection Can No Longer Be Optional
- 12 The Unseen Cost of Compliance
- 18 What Baseball's Spring Training Teaches Insurance Carriers About Hurricane Season Preparedness

Departments

- 4 Editor's Notes
- 6 From the President's Desk
- 36 Company Updates
- 38 Industry Updates
- 42 Company Spotlight

More

- 20 Different Captive Conferences, Same Conversations
- 24 RIMS Taking Aim: Rhyme and Reason In Regs, AITC — An NAIC Framework, Harvard Law — Models
- 32 Nine Daily Decisions for More Energy, Sharper Focus and a Smaller Waist

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Technology Leads the Way, but Communication Will Always be King

By **Barbara Albert**

Spring is here, and there's much shaking and shifting going on all around us.

This issue features an article by Ariel Rivera on the absolute necessity of cyber liability and identity theft protection, now, more than ever, while an article by Smith and Toomey defines the increasingly complex threat of insurance fraud as a problem that now requires a coordinated, global response.

Rafael Cedeño Camacho discusses the topic and description of intelligent risk management because of three current trends — the explosion of data, technological integration, and the evolution of customer expectations.

Speaking of the evolution of customer expectations, Leslie Sapienza writes about the need to rethink effective, personalized communication with policyholders.

Encouraging meaningful communication is at the heart of The Demotech Difference. Our purpose is to “feature unique perspectives from subject matter experts on emerging concepts, tools, and techniques, to encourage learning and the evolution of our industry.”



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Because we depend on those industry experts to share their vast knowledge, our submission guidelines for articles do not allow submissions written by AI. We have reasons for stating this, but I do appreciate the case for business writing done by human hand that Rosalie Donlon describes in the Aartrijk blog in April.

“For business communications, especially in the insurance industry, nuance and context are more important than ever. You can often tell when an AI created a first draft, if not the entire piece of content, and no human has reviewed it. AI tends to err on the side of caution and choose ‘safe’ words and phrases, for example, ‘it’s worth noting’ or ‘I’m pleased to announce ...’ Thoughtful writers, on the other hand, choose words that are more precise and convey feeling as well as meaning. Consider something like, ‘Did you know that only 4 percent of homeowners nationwide have flood insurance, according to FEMA? Are you among them?’”¹

Well said.

Thoughtful writers precisely conveying meaning will always be appreciated, valued, and published in The Demotech Difference.



¹ <https://aartrijk.com/insights/f/words-matter-more-than-ever-in-the-age-of-ai>



President
Joseph L. Petrelli, ACAS, ASA,
MAAA, MBA

Vice President
Sharon M. Romano, CPCU, AIAF,
ARC, CCP

Executive Editor
Barbara C. Albert

Copy Editor
Emily F. Grazier

Graphic Design
Darren Carlson

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From the President's Desk

By Joseph L. Petrelli

It is Time to Choose ... Do You Support All Consumers or a Few Opportunists?

Steven Covey said “There are three constants in life ... change, choice and principles.”

Each constant in life has been at work in the insurance sector for a long while, as evidenced by Demotech’s research project unearthing tech-enabled litigation instigation in the spring of 2022. Since about 2017, this previously covert online business model has used internet marketing, i.e., search engine optimization, pay-per-click, and other online tactics, litigation marketers, AI-driven litigation platforms, and sometimes third-party litigation funding, to further their efforts to transition claims to litigated status.

The result? Over the period 2020 to 2022, some carriers were litigated to death, including American Capital Assurance Corporation, which was dual-rated by Demotech and AM

You can stand with Todd and me to support consumers and the targeted through minimization or elimination of opportunistic litigation, thereby sustaining or enhancing the availability and affordability of insurance, or you can stand with the limited number of opportunists seeking to profit when they transition claims from being policyholder reported to contested or litigated, well before an insurer has had an opportunity to respond to its insured.

Best at our respective A levels. Concurrently, this business model destroyed the availability and affordability of insurance in jurisdictions throughout the United States, resulting in increased premiums for hundreds of millions of consumers. (I will share my opinion on the concurrent, interrelated changes in the legal profession in a future issue of The Demotech Difference.)

Demotech developed and sponsored the research undertaken by our first and only choice to do this, Todd Kozikowski. Kozikowski undertook our research project in 2022 and discovered the source of the “change” that had escalated litigation levels at industrial scale, destroyed a few carriers by targeting them online, and adversely impacted the availability and affordability of insurance throughout the country. Recognizing that the brute force and efficacy of the business model attracts third party litigation funding, Todd and I alerted regulators, trade associations, special investigation units, and carriers of the business model. To drown out our voice, the opportunists coordinated attacks on Demotech to distract from the proximate cause of the carrier insolvencies, and availability and affordability issues caused by the previously covert, unfettered execution of their business model.

On the “change” in claim activity, in 2022, Demotech’s research project, through Todd’s findings, identified the “change” that destroyed insurers, adversely impacted markets, and drew litigation funding at record levels: tech-enabled litigation instigation.

It was at this point that our “choice” was made. Based on the discovery of this previously covert online business model, Todd and I initiated an effort to educate those being covertly targeted online. You can stand with Todd and me to support consumers and the targeted through minimization or elimination of opportunistic litigation, thereby sustaining or enhancing the availability and affordability of insurance, or you can stand with the limited number of opportunists seeking to profit when they transition claims from being policyholder reported to contested or litigated, well before an insurer has had an opportunity to respond to its insured.

Since 2022, those who made the “choice” to support the few opportunists have distracted you from our groundbreaking research and the discovery of the business model that was the “something new” responsible for insolvencies, “nuclear verdicts” and “social inflation,” by attacking us.

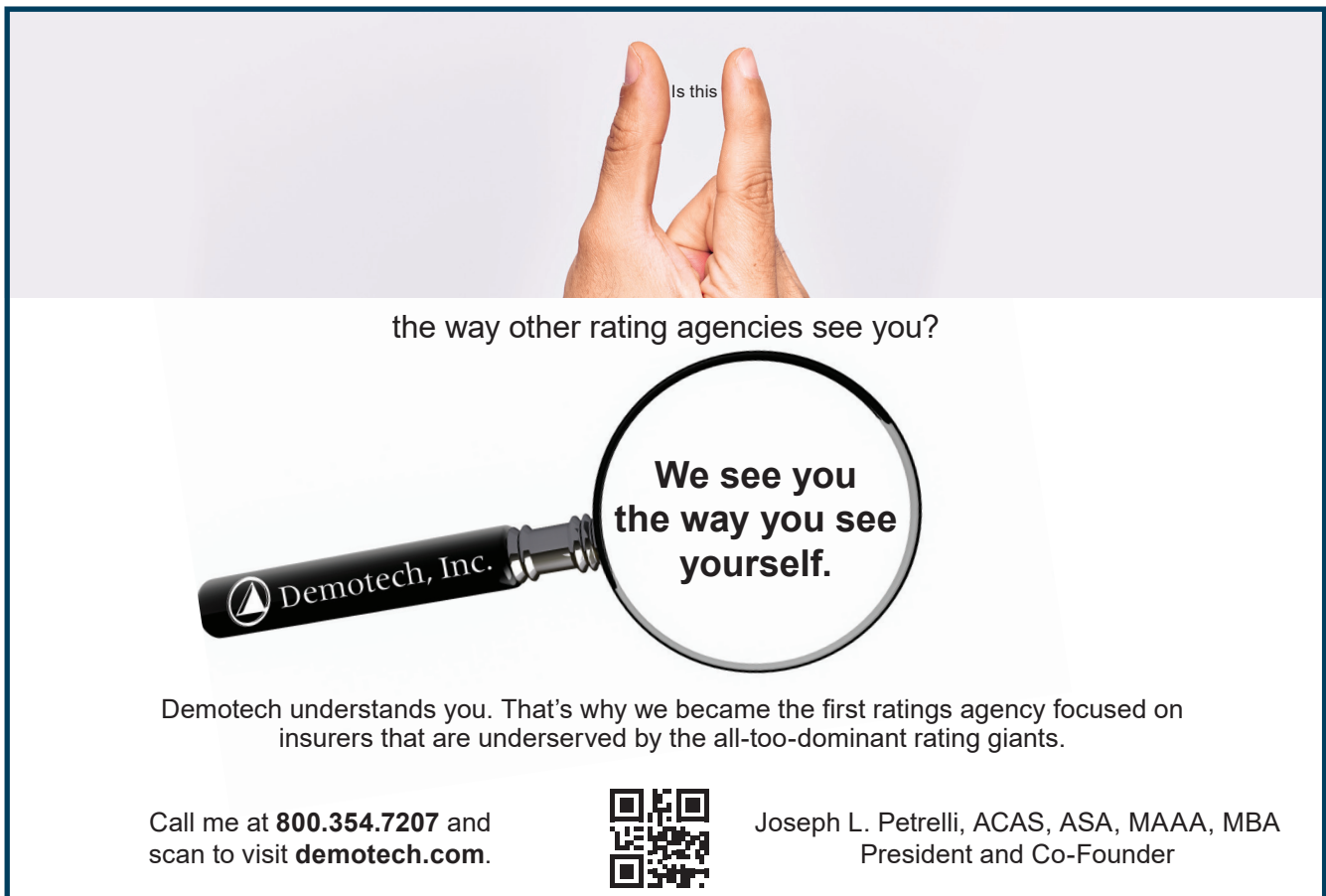
Keep in mind that those who benefitted and will continue to benefit from this business model, are few. However, opportunistic law firms and those with billions to invest in litigation funding are two powerful, well-connected, and motivated groups who benefit from targeting the uninformed with their online business model. It is my opinion that those who attack us, the messenger, do so to sustain business as usual for the few by impeding the educational effort that was Demotech's "choice."

On Steve Covey's third constant in life, "principles," a definition is appropriate. The Merriam-Webster dictionary states "principle" is "a rule or code of what is right," or "habitual devotion to what is right." Although we have been attacked by many who have yet to comprehend the breadth, depth, and scope of what our research project unearthed, I place minimal blame on the attackers themselves. The reality is that this David has upset two Goliaths, the opportunistic few who built and used the online business model, and those who invest billions in litigation funding to profit from the efforts of the opportunistic few. Those attacking us have been fed misinformation, partial truths, and counterfactual assertions that make great

headlines yet fold when seriously examined. Few have the time and expertise to seriously examine the facts; particularly when one of their constituencies repeats misinformation, partial truths and counterfactual arguments on a regular basis.

On "principle," Demotech believes two thoughts are applicable. The first is that insureds can sue an insurer whenever they believe that they have been aggrieved. There is no need to utilize suit as a first notice of loss. Second, Demotech's habitual devotion is to a financially stable, functional insurance market that prioritizes the availability and affordability of insurance for all consumers. Others have chosen to support an online business model that benefits the few who utilize it or profit from it.

We choose to stand with all consumers. Steve Acunto, whose opinion is presented on page 24, is an established insurance professional who has dug deep into the facts. He decided to stand with consumers and the insurance industry. Change is happening. Who you support is your choice. I encourage you to make sure that your choice is consistent with your principles. 🌐



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Joseph L. Petrelli, ACAS, ASA, MAAA, MBA
President and Co-Founder



Why Cyber Liability and Identity Theft Protection Can No Longer Be Optional

By Ariel Rivera

The latest reporting on the Iran conflict offers a clear warning to the insurance industry: cyber risk is no longer a standalone IT issue. It is now woven into geopolitics, physical conflict, supply chains, financial crime, and consumer identity misuse. Cyber Magazine's recent coverage of the war described cyber operations as integral to military activity, including disruption of communications infrastructure and intelligence gathering through hacked cameras. Palo Alto Networks' Unit 42 — a cyber security company — reported that, after the February 2026 strikes, Iran began a multi-vector retaliatory campaign, and that geographically dispersed proxies and hacktivist groups were likely to continue low-to-medium sophistication disruptions such as distributed denial-of-service attacks and hack-and-leak operations. An analysis

that while internet disruption inside Iran could hinder more sophisticated state-directed attacks in the near term, dispersed operators and affiliates outside the country were still expected to pursue disruptive campaigns against perceived adversaries and nearby regions. In other words, sophisticated cyber conflict raises the background noise and threat volume for ordinary businesses and individuals alike.

Coalition's 2026 Cyber Claims Report helps explain what that means in the real economy. Drawing on data from more than 100,000 policyholders, the report found that global cyber claims frequency rose 3 percent year over year in 2025, even as average severity declined, showing that attacks are happening more often even if better response is sometimes limiting the damage. More importantly for small businesses, the report's claims-by-revenue section shows that companies with less than \$25 million in revenue experienced a 1.21 percent claims frequency in 2025, up 10 percent from the prior year, while businesses with \$25 million to \$100 million in revenue saw claims frequency rise to 3.96 percent, up 3 percent. Coalition also notes that for micro-SMBs, even an average loss of \$77,000 can be far more disruptive to the balance sheet than a six-figure loss at a large enterprise.

Ransomware remains the most severe commercial cyber threat. Coalition found ransomware accounted for 21 percent of claims, with average severity of \$262,000 in 2025.

from the Center for Strategic & International Studies also pointed to a reported 700 percent increase in cyberattacks targeting Israel after earlier strikes, reinforcing how quickly geopolitical events can spill into the digital domain.

Small Businesses in the U.S.

This really matters for small businesses in the United States because they do not need to be direct targets of a nation-state to suffer the consequences. When geopolitical tension drives a surge in cyber activity, the first wave may hit governments, telecom providers, or infrastructure. The second wave often hits everyone else through phishing, credential theft, spoofing, IP-camera exploitation, exposed remote access tools, third-party vendors, and opportunistic ransomware. Unit 42's March 2026 brief explicitly warned

The claims mix is just as important as the frequency trend. Coalition reports that business email compromise (BEC) accounted for 31 percent of claims in 2025 and funds transfer fraud for 27 percent, meaning email-based financial crime drove 58 percent of all claims. BEC claims frequency rose 15 percent year over year, and 52 percent of funds transfer fraud claims originated from a BEC event. Across all funds transfer fraud claims, 71 percent resulted from social engineering. This is a critical lesson for carriers, MGAs, wholesalers, and agents: the modern cyber claim is not always a Hollywood-style malware event. Very often, it starts with a trusted inbox, a spoofed vendor instruction, or a convincingly urgent message that tricks an employee into moving money or giving away access.

Biggest Threat

Ransomware remains the most severe commercial cyber threat. Coalition found ransomware accounted for 21 percent of claims, with average severity of \$262,000 in 2025. Dual-extortion attacks, where systems are encrypted and

data is exfiltrated, represented 70 percent of ransomware claims and carried an average loss of nearly \$299,000. Average ransom demands rose 47 percent to more than \$1 million. Even though 86 percent of victims refused to pay and negotiators reduced paid demands by an average of 65 percent, the message is unmistakable: a serious cyber event can still create a liquidity crisis for a small business through downtime, forensics, legal expense, notification costs, and reputational damage.

The same report also shows why cyber liability is no longer only about restoring systems. Coalition's third-party allegations section found that security failure or data breach claims made up 32 percent of third-party allegations, with an average loss of about \$136,000, while privacy-rights allegations accounted for 20 percent. That means when a small business suffers a cyber event, the damage can extend beyond first-party loss into customer claims, regulatory scrutiny, and privacy litigation. A cyber policy is increasingly protecting not only the insured's own operations, but also its legal and reputational exposure after customer or employee data is compromised.

Don't Forget About ID Theft

At the same time, identity theft threats to individuals continue to move in the wrong direction. The Federal Trade Commission Consumer Sentinel Network recorded

A new report by Javelin Strategy & Research and cosponsored by AARP, reported that Americans lost \$47 billion to identity fraud and scams in 2024, including \$27 billion tied to traditional identity fraud affecting 18 million people, up from 15 million in 2023.

1,135,291 identity theft reports in 2024, and the agency said there were more than 1.1 million identity theft reports received through IdentityTheft.gov that year. Credit card identity theft was the largest single subtype, with 449,032 reports. A new report by Javelin Strategy & Research and cosponsored by AARP, reported that Americans lost \$47 billion to identity fraud and scams in 2024, including \$27 billion tied to traditional identity fraud affecting 18 million people, up from 15 million in 2023. A separate AARP piece noted the FTC's 2024 identity theft reports were up from about 650,000 in 2019.



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These are not separate stories. They are connected. Every small business that stores customer names, addresses, payment information, health data, tax documents, employee records, or login credentials is part of the identity-risk chain. When a business is breached, an individual's identity often becomes the downstream loss. Javelin also reported that 54 percent of consumers saw more unusual text messages, 47 percent saw more emails with suspicious links, and 42 percent saw more emails with suspicious attachments, highlighting how fraud, phishing, and identity misuse increasingly overlap. Meanwhile, the Identity Theft Resource Center 2024 data-breach reporting underscores the sheer scale of exposed data in the market, with its long-running database now encompassing more than 21,900 tracked compromises and nearly 12 billion victim notices historically.

How Insurance Professionals Can Help

This is where the insurance distribution chain has a duty to lead. As an industry, we all should be making cyber liability and identity-related protection easier to buy, easier to explain, and easier to use. Insurance professionals should be embracing solutions that thoughtfully address the distinct and evolving exposures faced by smaller insureds, rather than focusing solely on the needs of mid-sized and larger organizations. Just as importantly, cyber and identity protection should be presented not only as optional add-ons, but as essential elements of a comprehensive risk management strategy — supported by clear education, streamlined access, and a seamless path to coverage. For a business client, that means some form of cyber liability protection for the company and some form of identity theft or personal cyber/fraud protection for the human beings behind the company, especially owners and employees who are increasingly exposed at work and at home.

One of the lessons from the Iran conflict coverage and the claims data is not that every small business should panic. It is that every insurance professional should adapt.

CONTINUED ON PAGE 46

Lifelong Learning and Hard Work Prepared Sen. Paul Utke for His New Position as NCOIL President

The Demotech Difference: Thanks for sharing your thoughts with us. As incoming president of the National Council of Insurance Legislators, our readers will benefit from your thoughts.

State Sen. Paul Utke: It's my pleasure. NCOIL has always enjoyed a great relationship with Demotech, and I look forward to continuing that during my time as NCOIL president.

TDD: What was your first job as a teenager? What did you learn from that position?

SPU: I grew up on a farm, so we started working earlier in life. When I was 6 years old, I started driving the grain truck in the fields for my dad. From ages 9-12 I hauled the grain from the fields to the farm for my Grandpa. At age 13, my Grandpa had retired, so I went to work for another farmer. Besides all the normal farm work, I hauled grain from the field to town. We got our driving permits at age 13 in North Dakota so sometimes an adult from the farm

People know they need insurance, but most don't have a lot of knowledge in what they really need in terms of the right coverage and what their options are. That interaction, and helping them understand their risks and needs, is rewarding

rode along to make the trip "legal" on the 17-mile trips to town. Life was different back in the '60s and '70s in rural America! If you could see over the dash and reach the brake and clutch pedals, you could drive. I worked for farmers every summer until I graduated from college.

What did I learn? Hard work is good for a person.

TDD: How did you first enter the insurance industry?



Sen. Utke lives in Park Rapids, Minnesota, with his wife Nancy. They are the parents of two adult daughters. Sen. Utke brings many different life experiences to his senate office. He worked for 15 years for Mack Truck dealers, owned and operated a retail hardware and equipment rental business for 16 years, and has been a licensed insurance agent since 2010.

Sen. Utke has been active in his community and vocation by serving on the boards of many different organizations, also including seven years on the Park Rapids City Council.

Sen. Utke was first elected to the Minnesota Senate in 2016, and is currently serving a third term and representing Minnesota's Senate District 5. He currently serves as the minority lead on the Health and Human Services Committee and also serves on the Human Services Committee. Previous committee service has included the Commerce and Consumer Protection Committee, the Energy and Utilities Committee, the Jobs and Economic Growth Committee and the E-12 Education Committee

SPU: I owned a retail hardware and equipment rental business across the street from an insurance agency. Over the years, the owner of the agency and I became good friends, and when I remodeled my building into commercial rental property he talked with me about getting into the insurance business, and I ended up doing just that. I got my P&C license and worked for his agency for a couple of years before moving to another independent agency and working full-time until I started in the legislature.

TDD: Are there people in your career that you would characterize as mentors?

SPU: Yes: the insurance agency owners that talked with me initially about getting into the insurance business were good friends and I would certainly call them mentors. Because of them, I have enjoyed a number of successful years as both a producer and as a legislator working on insurance issues. Like so many people involved in insurance, I never would have imagined growing up that I would be in that line of work. If you surround yourself with good, honest people and you have an open mind, usually good things will happen, and I'm very lucky that I was able to connect with those agency owners at the right time in my life and it led me to where I am today.

TDD: What keeps you focused on the insurance industry?

SPU: Well, above all, it is an industry I really enjoy, since so much of it involves interacting and working closely with people on something very important. People know they need insurance, but most don't have a lot of knowledge in what they really need in terms of the right coverage and what their options are. That interaction, and helping them understand their risks and needs, is rewarding. And it seems that with each passing year, insurance becomes more important for people, no matter what kind it is. With all that is going on nowadays in terms of affordability and availability challenges, knowing that the work I'm doing is so important to people keeps me very focused.

TDD: Any thoughts on a skill or experience acquired outside of the insurance industry that assists you within the insurance industry?

SPU: A couple of things come to mind. I have worked a lot with building and remodeling homes and commercial buildings. Understanding all phases of the construction industry helps when talking to people about things like replacement costs or construction styles and why some repairs would be much easier or less costly compared to others. I also spent 15 years working for Mack Truck dealers, so when talking about things to people like coverage amounts for automobile policies, I can explain things like the risks they may be encountering when driving on the road with big trucks or other types of vehicles.

TDD: Other side of the coin, what strength or attribute have you had to develop and refine over your career to be more effective in the insurance industry?

SPU: I'd say having an open mind and always being willing to learn. Just when you think you have something down, something new tends to always pop up, and you

have to take that opportunity to get outside your comfort zone and expand your knowledge base.

TDD: Which of your personal strengths and attributes have been fine-tuned during your career?

SPU: Well, I truly believe that we continue to learn and grow every day, but something that has been fine-tuned during my career has been my time management skills. I've always had strong time management skills due to my background growing up on a farm and working in construction, but those skills have definitely needed to be adjusted throughout my career. There's a big difference between managing your time and daily schedule around

Throughout my service in the legislature, so many important issues that I've worked on and had the privilege of leading through the legislative process have been because of efforts to take time and truly listen to the concerns of consumers. It's not always easy, but the end result is well worth it.

a lot of outdoor activities and requirements compared to scheduling meetings with constituents, holding fundraisers, and managing the daily grind of the legislative session.

TDD: Please share your perspective on your personal learning.

SPU: I take my responsibilities in all facets of my life very seriously, whether it be as a father, husband, insurance agent or legislator. Each of those roles requires a constant effort to learn more and better oneself. When you do that, I think that has a positive effect on everyone around you and on all of your work product — whatever it may be. Specifically, from a legislator perspective, it's critically important for legislators to always listen to and learn from their constituents. If you don't, you sure won't last long in office! Throughout my service in the legislature, so many important issues that I've worked on and had the privilege of leading through the legislative process have been because of efforts to take time and truly listen to the concerns of consumers. It's not always easy, but the end result is well worth it.

TDD: Please share your perspective on how to "educate and inform others?"

CONTINUED ON PAGE 41



The Unseen Cost of Compliance

By Leslie Sapienza

Traditional policyholder communication in the insurance industry is a process mired in compliance, often seen as a mandatory and necessary step to fulfill regulatory duties. When the primary focus is regulatory compliance, this perspective reduces stakeholder communication to a transactional exchange, resulting in outreach that is broadly impersonal, often poorly timed, and critically lacking in empathy. This compliance-first approach is a significant experience liability that actively causes policyholder and agent dissatisfaction, fuels churn, and ultimately reduces enterprise value.

Effective policyholder communication should be recognized as a carrier's most potent, yet perpetually undervalued, asset. It should be foundational infrastructure upon which long-term trust and loyalty are built.

Effective policyholder communication should be recognized as a carrier's most potent, yet perpetually undervalued, asset. It should be foundational infrastructure upon which long-term trust and loyalty are built.

A new mindset is required, moving from mass distribution to an engineered, hyperpersonalized, multichannel communication architecture that reframes every touchpoint as a driver of satisfaction and retention, improving the overall experience. This modern approach is centered on transforming the six critical journeys that define a carrier's relationship with its customers and agents.

The Problem-Solution Blueprint for Six Critical Journeys

The policyholder lifecycle is defined by moments of friction and moments of truth. Traditional, siloed communications fail precisely at these critical junctures. A modern, integrated communication system must orchestrate these touchpoints into a seamless, unified, personalized, and empathetic experience.

1. The Sales Journey: Building Relationships from Day One

- **The Problem:** Onboarding and early-stage sales communications often rely on generic welcome packets and standard policy documentation. This fails to acknowledge the customer's unique purchase journey or the specific risk factors that drove their decision. The lack of personalization in initial outreach sets a low bar for the relationship, treating the new customer as a statistic rather than an individual.
- **The Solution:** The initial communication package must be hyperpersonalized, leveraging behavioral and preference data to curate a "next best message" sequence. This includes a tailored welcome that highlights the specific value of the chosen coverage elements relevant to the policyholder's profile, accompanied by suggestions for using digital tools or preventive resources based on their policy type. A commitment to personalization is no longer optional; McKinsey research¹ shows that 71 percent of consumers expect personalized interactions, and 76 percent are frustrated when bespoke options are not provided. An empathetic sales journey validates the customer's decision and lays the foundation for personalized service.

2. The Billing Journey: Clarity and Proactive Control

- **The Problem:** Billing communications are a frequent source of friction among policyholders. Anecdotally, an executive at a large global insurance carrier shared that outside of claims, billing

¹McKinsey Study — <https://www.mckinsey.com/capabilities/growth-marketing-and-sales/our-insights/unlocking-the-next-frontier-of-personalized-marketing>

inquiries are the single largest use of their call center AND most of those calls occur shortly after renewal.

Confusing dense statements or late-payment notices that feel punitive and institutional can instantly erode goodwill. The focus is typically on the past-due amount rather than providing a path to resolution or clarity on the charges.

- **The Solution:** The communication architecture must be designed to preempt payment issues and provide radical clarity. This involves proactive, pre-due-date alerts delivered via the policyholder's preferred channel, with clear, accessible breakdowns of charges and flexible payment-resolution options. The goal is to make the billing experience as frictionless as possible, ensuring that an administrative necessity does not become a customer service failure point.

3. The Claims Journey: Empathy in Crisis

- **The Problem:** The claims process is inherently stressful. Traditional communication exacerbates this by delivering generic, predetermined progress and milestone updates without emotional context, specific policyholder history, or predictive insight. This reactive stance leads to a high volume of "where is my claim" and "how did you evaluate the loss" inquiries, tying up contact center resources and turning a crisis into an experience of institutional indifference.
- **The Solution:** Communication must shift to a predictive, empathetic messaging model. The architecture must analyze the specific claim type, policyholder history, and the likely claim duration. Messages are then tailored to anticipate the policyholder's next three concerns, provide direct contact with the adjuster, and offer a clear,

contextually relevant summary of the immediate next steps. Delivery is channel-agnostic, utilizing the policyholder's historical preference for mail, text, secure app notification or email. This transformation is known to convert a negative event into a moment of support, demonstrably reducing inbound service inquiries and boosting satisfaction. McKinsey² research on next-best-experience capability indicates that customer satisfaction can be enhanced by approximately 15 to 20 percent through advanced, data-driven experience architectures.

4. The Renewal Journey: Recognizing and Rewarding Loyalty

- **The Problem:** Renewal notices are frequently reduced to a premium quote and a brief, standard legal disclosure. These communications fail to acknowledge the customer's long-term history, safe driving record, or continuous loyalty. This transactional mindset leaves the policyholder feeling unappreciated and primes the relationship for competitive shopping and churn.
- **The Solution:** The renewal package must shift from delivering quotes to demonstrating value. The architecture should dynamically generate a personalized "year-in-review" that highlights the policyholder's claim-free history, details specific, previously unused policy benefits, or showcases how they have leveraged digital tools over the past year. The communication acknowledges and rewards policyholder behavior, transforming the renewal notice into an affirmation of the relationship's value. This focus on recognition and personalized experience is a direct driver of retention, one of the most visible business outcomes of a communication strategy enabled by intelligent experience management.

CONTINUED ON PAGE 43



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² McKinsey Report - <https://www.mckinsey.com/capabilities/growth-marketing-and-sales/our-insights/unlocking-the-next-frontier-of-personalized-marketing>



From Claims Payment to Intelligent Risk Management

By Rafael Cedeño Camacho

For more than a century, the fundamental model of insurance has been built on a clear principle: the transfer of financial risk. Under this model, the client pays a premium and the insurer assumes the financial responsibility when an adverse event occurs.

That model remains valid, but it is evolving rapidly.

The industry is moving towards a different paradigm: **intelligent risk management**.

Rather than limiting themselves to responding when a claim occurs, insurers are beginning to play a more active role in **anticipating, preventing, and mitigating the risks** faced by individuals and businesses.

This shift is being driven by three major trends.

Rather than limiting themselves to responding when a claim occurs, insurers are beginning to play a more active role in anticipating, preventing, and mitigating the risks faced by individuals and businesses.

The first is **the explosion of data**.

Today, it is possible to analyze behavioral patterns, environmental conditions, driving habits, climate information, and economic variables in real time. This volume of information makes it possible to build predictive models far more sophisticated than those historically used in the industry.

The second trend is **technological integration**.

Connected devices, sensors, artificial intelligence, and digital platforms allow insurers to monitor risks on a continuous basis. A vehicle can report driving behavior. A building can

be alert to changes in temperature or humidity that may lead to damage. A company can receive early warnings about potential disruptions in its supply chain.

In addition, the evolution of the claims function is also playing a fundamental role in this transformation. Historically, claims management was viewed as a reactive function focused on the payment of losses. Today, however, claims data has become a strategic source of insight for understanding risk patterns more effectively. Through advanced analytics and artificial intelligence, insurers can identify loss trends, detect potential fraud at earlier stages, and provide valuable feedback to underwriting and risk prevention teams. In this way, claims management is no longer merely the final stage of the insurance process; it is becoming a critical component in strengthening comprehensive risk management.

The third trend is **the evolution of modern customer expectations**.

New generations expect proactive solutions. They are not looking for a policy only; they want guidance, information, and tools that help them make better decisions.

This creates enormous opportunities for the industry.

Insurers that adopt a preventive approach will be able to build deeper relationships with their customers, improve their technical results, and strengthen the sustainability of their portfolios. By reducing the frequency and severity of losses, these capabilities not only benefit policyholders but also contribute to improving key industry metrics such as **loss ratios** and the stability of technical performance.

However, this transformation also requires a strategic shift.

Companies must invest in analytical capabilities, strengthen their technical teams, and develop partnerships with technology firms that enable them to integrate new sources of information.

It also implies redefining the role of insurance brokers and advisors. In the future, these professionals will no longer be solely policy sellers; they will become **risk consultants**, helping clients and businesses navigate increasingly complex environments.

In response to this evolution, many insurers are also transforming their operating models. The integration of technology platforms, advanced analytics, and automated processes is enabling a more agile and precise approach to risk management throughout the entire insurance lifecycle. From underwriting to claims management, these capabilities support better-informed decisions, enhance the customer experience, and strengthen the technical sustainability of operations.

In essence, the insurance industry is shifting from a model centered on the event, the claim, to one centered on **risk as a dynamic process**.

Companies that understand this transition will be better positioned to create sustainable value over the long term. Because the true future of insurance will not be defined solely by the ability to pay losses, but by the ability to **anticipate them, mitigate them, and, whenever possible, prevent them.** 🌐

Of Italian Venezuelan nationality, public accountant by profession, Rafael Cedeño Camacho is an expert in cryptocurrency mining and holder of the following credentials:

- Global MBA at the University of Miami.
- Global MBA at the University of Berkeley, California.
- Two degrees from the Executive Program of Singularity University in Silicon Valley.



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He is currently the founder and president (chairman of the board) of One Alliance Insurance Group, a group of insurance companies with presence in different countries of the Americas (Dominican Republic, Puerto Rico and the United States of America), Axeso (Financing Compa-ny), and One Alliance Travel Assist (World Wide Travel Assistance).

- LinkedIn: Rafael Cedeño Camacho.
- Website: rafaelcedeno.com.



Clearing the Path
to Your Success



Demotech, Inc.

Insurance Fraud in a Borderless World



Why Transnational Organized Crime and Emerging Technology Matter to the Financial Stability of the Insurance Industry

By Matthew Smith and Dennis Toomey

Insurance fraud is one of the most complex and consequential threats facing the global insurance industry not because it is new, but because it is no longer constrained by borders, jurisdictions, or traditional controls. Addressing this reality requires more than individual company initiatives or isolated enforcement actions. It requires a coordinated, global response built on trust, intelligence sharing, and sustained collaboration.

The Global Insurance Fraud Summit was founded in 2019 to provide that unifying forum. Established as an independent, non-profit organization, GIFS was created with a clear vision: to foster global collaboration in the fight against insurance fraud by bringing together insurers, regulators, law enforcement, and industry leaders from around the world. The objective being not simply to raise awareness, but to formalize a united front against insurance fraud through shared knowledge, best practices, and innovative strategies that deter, detect, and mitigate transnational fraud impacting insurers and policyholders worldwide.

The mission of GIFS reflects this focus to provide a forum for recognized anti-fraud leaders to appropriately share information, data, and methods to combat global insurance fraud, while facilitating stronger communication and coordination across public and private sectors. From the outset, the Summit has been designed to break down geographic and institutional barriers that fraudsters routinely exploit, replacing fragmented efforts with strategic alignment and practical action.

Guided by its Board of Directors, comprised of experienced and diverse antifraud leaders, the Summit is focused on advancing a coordinated global strategy that reflects the evolving nature of fraud risk and public/private collaboration. As transnational fraud becomes increasingly organized and systemic, the Board's emphasis remains on deliverables that produce measurable outcomes and strengthen the resilience of the insurance ecosystem as a whole.

Now in its eighth year, the Global Insurance Fraud Summit has convened participants from nearly 40 countries, hosting Summits in Spain, Portugal, Scotland, Singapore and Canada, with Panama announced as the host location for 2026. While global in scope, the Summit's focus

“Insurance fraud has evolved into a global, organized enterprise. Our response must be equally coordinated. By bringing together leaders across borders and disciplines, we are formalizing a global strategy that puts transnational fraudsters on notice that the insurance industry is aligned, informed, and prepared to act.”

*Dennis Toomey, President and Founder,
Global Insurance Fraud Summit Inc.*

remains highly practical, supporting both domestic and internationally operating insurers by improving awareness of emerging fraud trends, regulatory expectations, intelligence sharing, and enforcement realities that increasingly influence financial and operational risk.

From Opportunistic Activity to Transnational Organized Crime

Once viewed as opportunistic and localized, insurance fraud has matured into a borderless enterprise, frequently driven by transnational organized criminal networks that exploit regulatory fragmentation, digital platforms, and periods of economic or geopolitical stress. High transaction volumes, complex processes, inconsistent oversight across jurisdictions, and limited consequences when fraud is detected make insurance a repeatable and reliable source of illicit revenue.

Modern schemes often involve coordinated actors across multiple countries, combining identity theft, staged losses, provider collusion, cybercrime, and money laundering into a single operating model. While the economic cost of fraud is well understood, the more consequential issue is persistence. Fraud is no longer episodic; it is embedded. For insurers, this creates sustained pressure on loss ratios, operational expenses, investigative capacity, and ultimately long-term financial stability.

Technology as Both Enabler and Countermeasure

Insurers continue to accelerate investment in advanced analytics, artificial intelligence, and automation to detect



What Baseball's Spring Training Teaches Insurance Carriers About Hurricane Season Preparedness

By Peter Crowe

No team wins a season with nine players. They win with depth.

Every February, Major League Baseball's 30 franchises pack up and head south. The games do not count. The standings are meaningless. Nobody is watching the box scores in late February with any real urgency. And yet every serious organization sends its full roster, its coaching staff, its development prospects, and its front office decision-makers to Florida or Arizona for six weeks of deliberate preparation before a single pitch is thrown in a game that matters.

Spring training is not theater. It is infrastructure. It is how the best organizations build the depth, conditioning, and operational flexibility required to perform across a long, unpredictable, grueling season.

Insurance carriers should pay close attention now, as the parallels are nearly exact and the stakes are considerably higher.

The 2024 hurricane season was a reminder that the forecasters are not exaggerating. Helene and Milton arrived within two weeks of each other, generating surges in claims that overwhelmed response capacity across carriers of every size.

The Season You Are Actually Managing

The insurance calendar has a season. Every carrier executive knows it, even if the industry rarely frames it in those terms. The Atlantic hurricane season officially opens on June 1 and runs through November 30. But the operational strain that accompanies a major CAT event does not arrive on a convenient schedule. It arrives fast, it peaks hard, and it exposes every gap in your organizational readiness that you chose not to address when conditions were calm.

The 2024 hurricane season was a reminder that the forecasters are not exaggerating. Helene and Milton arrived within two weeks of each other, generating surges in claims that overwhelmed response capacity across carriers of every

size. Adjusters were stretched, cycle times deteriorated, and policyholders waited. The carriers that felt it the hardest were not necessarily the ones with the most exposure. They were often the ones who had built their operations around steady-state assumptions with no meaningful plan for when volume spiked far beyond the average.

It is now April. The 2026 season opens in approximately 60 days. That is your spring training window.

The question is what you are doing with it?

Building Depth Before the Season Starts

In baseball, spring training is about adding players to the permanent roster. It is also mostly about conditioning the core team, evaluating who can step in when a starter goes down, testing the bullpen under different scenarios, and making sure the bench is ready to contribute when the lineup needs relief.

The roster that shows up on Opening Day is not the roster that wins in October. It is the roster that was built and conditioned in February.

Carriers that size their underwriting, claims, and operations teams exclusively for average volume create an almost inevitable problem. Average volume is not what hurricane season delivers. What arrives instead is a convergence of submission surges, large-loss notices, complex commercial claims, file-management demands, and relentless pressure for responsiveness from every direction at once.

If your claims team is running near capacity in April, it will be under serious strain by September. If your underwriting function has no depth behind its senior leadership, a single absence during a critical renewal period can create a bottleneck that affects months of pipeline. The organizations that understand this do not wait for the pressure to reveal the gaps. They look honestly at their capacity before the season starts and make deliberate decisions about how to fill them.

The Bullpen Is a Strategy, Not a Backup Plan

There is a tendency in insurance operations to view supplemental capacity as something you arrange only after



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a problem becomes visible. That is the equivalent of calling the bullpen because your starter is already in trouble in the sixth inning. The best managers do not work that way, and neither do the best carriers.

Managing a rotation intelligently over a long season means knowing in advance which resources need protection and which scenarios require different deployments. A closer who enters a tied game in the ninth inning is not a remediation. He is a precision instrument used at exactly the right moment because the manager planned for that moment before the game started.

The same discipline applies to carrier operations. Pre-identifying the functions most vulnerable to surge conditions, whether that is first notice of loss intake, field adjuster deployment, complex commercial claims handling, or underwriting capacity during a new product push is not a reactive exercise. It is a strategic one that must happen before the season begins, not during it.

Some carriers address such vulnerabilities through accelerated hiring. Others cross-train existing staff to flex across functions. Others build relationships with specialized talent partners or explore fractional leadership arrangements that can be activated quickly when conditions demand it. The specific solution matters less than the discipline of having one ready before it is needed. Elastic staffing is one legitimate tool in that planning process, particularly for surge-sensitive functions where specialized expertise cannot simply be improvised on short notice, but the broader point is the planning posture itself.

Rehearsing for Volatility Before It Arrives

Beyond roster construction, spring training is about scenario rehearsal. Pitching coaches work on sequencing. Infielders rehearse cutoff plays. Managers run through lineup configurations against different opponents. The organization stress-tests its assumptions before any of it costs them a win.

The operational equivalent for carriers is surge-scenario planning, and most organizations do not do it with sufficient rigor or lead time.

When was the last time your claims operation modeled what happens if new-file volume triples for 30 consecutive days? When did your underwriting team last assess whether its current depth could sustain turnaround standards if two senior underwriters were simultaneously unavailable? Has your operations leadership mapped the workflow changes required to stand up a dedicated CAT unit within 72 hours of a major landfall?

These are not edge cases. They are the conditions that active CAT seasons reliably produce, and the carriers that navigate them with the least disruption are invariably the ones that rehearsed before the pressure arrived. Scenario planning surfaces the specific vulnerabilities that general capacity assessments miss. It forces honest conversations about which functions are brittle, which processes depend too heavily on individual knowledge, and where training or cross-functional preparation could meaningfully reduce risk.

Fundamentals and Conditioning

Spring training also includes work that has nothing to do with roster depth. It is when teams rebuild fundamentals, sharpen communication between units, and condition themselves for the physical and mental demands of a long season. The pitching coach does not assume a strong arm from last October will still be sharp in April without deliberate work between seasons.

Carrier operations have an equivalent in the work that gets neglected during peak periods because the volume leaves no room for it. Workflow reviews that would identify bottlenecks before they become failures. Quality standards that need reinforcement. Technology integrations that were implemented mid-season and never fully optimized.

CONTINUED ON PAGE 45



Different Captive Conferences, Same Conversations

By Jennifer Haskell

I attended four captive insurance conferences during 2025: the Vermont Captive Insurance Association Conference, the South Carolina Captive Insurance Conference, the National Risk Retention Association Annual Conference, and the Tennessee Captive Insurance Conference. I did so wearing two hats: one shaped by my prior experience as a state insurance regulator and financial examiner, and another informed by my current role overseeing regulatory compliance and captive management for risk retention groups and captive insurers. That combination tends to shape what I notice, what I listen for, and what stands out.

I do not attend conferences casually. Until this year, my only captive conference experience came through several events hosted by the now-defunct Alabama Captive Insurance Association. Seeing multiple domiciles and organizations up close in such a short period of time gave me a much

Conferences are often a preview of where scrutiny is heading. Governance issues rarely appear overnight. They develop slowly through patterns of inattention, unclear oversight, and undocumented decision-making. By the time they surface formally, they are usually well established.

broader lens into how the captive industry is showing up right now and where expectations are clearly headed.

What stood out was not any single presentation, but the consistency of the themes across all four forums. Regardless of domicile, regulator, or business model, the same underlying issues surfaced repeatedly: governance maturity, documentation discipline, and the growing expectation that boards understand not just what decisions are made, but how and why they are made. Different captive conferences, same conversations.

Governance as an Operational Discipline

Governance was everywhere. Not as a buzzword and not as a box-checking exercise, but as something practical and operational. Regulators, captive managers, actuaries, auditors, and board members all kept coming back to the same issues: clarity of board roles, quality of documentation, and whether boards are actually engaged or simply present.

From a regulatory standpoint, none of this is new. Many examination findings are not driven by capital deficiencies, but by weak governance practices and thin documentation. From the industry side, those same weaknesses tend to show up as delays, expanded scrutiny, or strained regulatory relationships.

What felt different this year was how little disagreement there was. Governance is not something that can be deferred, delegated entirely to advisors, or addressed after the fact. It is increasingly treated as foundational. Capital may get you in the door, but governance determines how long you stay there.

In addition to observing these themes, I have found value in contributing to the broader conversation. This year, I will be participating in the Vermont Captive Insurance Association Conference as part of the “Boardroom Bootcamp” sessions, which are designed to provide practical, real-world insight into board governance, oversight, and decision-making in a captive context. Opportunities like this reflect the industry’s increasing focus on equipping boards with the tools and perspective needed to meet evolving expectations.

Governance and the Long View

Conferences are often a preview of where scrutiny is heading. Governance issues rarely appear overnight. They develop slowly through patterns of inattention, unclear oversight, and undocumented decision-making. By the time they surface formally, they are usually well established.

The sustained focus on governance across conferences tells me the industry is maturing. Boards that understand their role, challenge management when appropriate, and clearly document their deliberations are better positioned not only for examinations, but for long-term stability and credibility.

Conferences Only Work if You Do

Conferences are sometimes dismissed as networking exercises or continuing education requirements. In my experience, you get out of them exactly what you put in.

Some of the most valuable moments did not happen in formal sessions. They happened in side conversations with regulators, discussions with peers who are dealing with the same issues in different jurisdictions, and candid exchanges with service providers who see patterns across multiple companies.

I have watched people attend the same conference and walk away with very different takeaways. The difference is rarely the agenda. It is engagement.

I tend to experience conferences with a notebook in hand. I take pages of notes, jot down quotes that resonate, and snap photos of slides that strike me as meaningful in the moment. I leave with notebooks full of observations and reminders, many of which I revisit long after the conference ends.

At some point, though, it occurred to me that what stands out to me may not stand out to someone else. Just as importantly, no matter how thorough my notes are, I could never do the content justice for someone who was not there. The nuance, the tone of the conversation, the questions asked, and the informal dialogue that follows a session are often as important as the material itself.

That realization reinforced something I strongly believe. If you are involved in the captive industry, it is important to show up. Attend the conferences. Take in the content. Ask the questions. Engage with regulators and peers. And support the associations in the domiciles where you operate or that stand up on behalf of your company. These forums are not just about information sharing. They are where expectations are shaped, relationships are built, and the direction of the industry quietly takes form.

While I was not eager to stand outside in the heat, sweating through outdoor receptions in South Carolina and Vermont, I did. Those moments turned out to be some of the most valuable. I met people I had not met before and, just as importantly, caught up in person with colleagues I normally only communicate with by email. Conversations that start in inboxes often deepen when they happen face to face, even under less-than-ideal conditions.

Engagement Takes Effort

As someone who falls closer to the introverted end of the spectrum, I do not arrive at conferences expecting



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engagement to happen organically. I prepare for it. Before each conference, I set simple, intentional goals, such as introducing myself to at least three new people each day and looking for opportunities to be helpful rather than transactional.

That usefulness may take the form of answering a regulatory question, offering perspective from prior experience, or simply helping two people make a connection they did not realize they needed. That approach changes the experience. Conferences become less about self-promotion and more about shared problem-solving. The conversations are better, and the insights are sharper.

Some professionals attend far more conferences. Attending four in such a short span reminded me why I do not. Meaningful engagement takes energy. Conferences require preparation, presence, and follow-through. Without that, even the best programming becomes background noise. For me, fewer conferences with deeper engagement produce far better results.

Different Domiciles, Similar Pressures

Despite differences in statutes and processes, expectations across jurisdictions are converging. Governance standards, board accountability, and transparency are becoming less negotiable everywhere.

At the same time, very real domicile-level issues were discussed openly. Staffing turnover within insurance departments came up repeatedly. In some states, institutional knowledge has been lost, and newer regulators are being asked to manage increasingly complex captive and RRG oversight with limited experience and resources. In some cases, regulators go radio silent and fail to respond to even the simplest inquiries.

There was also candid discussion about non-domiciliary states asserting regulatory authority that is preempted by federal law. For risk retention groups in particular, this creates confusion, inconsistency, additional expense, and unnecessary friction.

Layered on top of this is the constant pressure states feel around accreditation. There was discussion that the NAIC may have set its sights on regulation of non-RRG captives. In some cases, concern over accreditation appears to be influencing captive oversight in ways that were never intended. For RRGs, the impact is amplified. These were not isolated comments. They were themes repeated across conferences by regulators, captive managers, and industry participants.

Technology, Economics, and Compounding Pressure

Artificial intelligence and the broader economic environment were also recurring topics. The discussions around AI were practical, not speculative. Regulators and captive managers alike are beginning to use AI tools to increase efficiency, flag issues, and streamline analysis.

What became clear is that AI does not eliminate judgment. It shifts it. Without strong governance, AI can amplify problems just as easily as it can solve them. That reality matters, particularly for RRGs, where decisions and documentation are already subject to layered scrutiny.

Overlaying all of this is an economic environment that continues to feel uncertain. Inflation, tariffs, interest rates, tighter capital markets, and volatility across insurance lines were discussed. Economic pressure tends to expose weaknesses more quickly and heighten regulatory sensitivity.

Taken together, staffing instability, accreditation pressure, AI adoption, and economic uncertainty help explain why so many conversations this year felt urgent and candid. They also reinforce why governance and engaged boards are no longer optional.

Differing Strengths, Shared Values

While common themes emerged across conferences, each also demonstrated distinct strengths.

One conference, in particular, stood out for the depth and timeliness of its educational content. The National Risk Retention Association Annual Conference addressed issues that were not only current, but directly aligned with the operational and governance challenges facing risk retention groups today. The sessions were substantive, practical, and engaging, prompting active dialogue rather than passive attendance. From both an educational and professional standpoint, it was one of the most effective and impactful conferences I have attended.

The Vermont Captive Insurance Conference, by contrast, offered a different but equally valuable strength. While its educational programming followed a more traditional structure, Vermont distinguished itself by convening a comprehensive cross-section of captive service providers in one place. That concentration created an environment conducive to collaboration, thoughtful discussion, and cross-disciplinary problem-solving. It also reflected a sense of community that is hard to replicate. One association employee provided each attendee with maple syrup from her family farm, a small but memorable gesture that underscored the personal investment behind the conference.

As a first-time attendee at all of these conferences, I will admit that I occasionally felt a bit like a fish out of water. One thing Vermont did particularly well was intentionally welcoming first-time attendees. VCIA offered each new attendee the option to select a conference ambassador. I scanned the list and immediately noticed an individual associated with one of our clients. While I had never met her in person, I recognized the connection and selected her without hesitation. She reached out to me before the conference, answered my questions, and then checked in throughout the event. She spent time with me at one of the social events and introduced me around, which made a meaningful difference in my experience.

I also found the VCIA staff to be genuinely open to feedback. During the conference, I shared my dissatisfaction with the existing conference app and showed staff the app used by the Society of Financial Examiners, which I view as an excellent example of effective conference technology. While attending the NRRR conference later, one of the VCIA staff members made a point to find me and let me know that VCIA had selected the same vendor used by SOFE to build a new app for future VCIA conferences. It was encouraging to see feedback taken seriously and translated into action, and it reinforced the value of associations that are willing to listen, adapt, and improve. This was just one example, but there were several.

South Carolina offered yet another, very different strength. The conference was small, intimate, and held in a beautiful setting, which created an environment where conversations came easily and relationships could deepen quickly. The size made it easier to engage meaningfully with regulators, service providers, and peers without the formality or pace that larger conferences sometimes require. There is real value in that kind of setting, particularly in an industry where trust and accessibility matter.

Tennessee brought yet another dimension. In Nashville, the conference created space for connection in a uniquely authentic way, including a singer-songwriter night opened by members of the association themselves. If you missed it, you truly missed out. Moments like that foster connection, shared

experience, and trust, intangibles that matter just as much as technical programming in an industry built on relationships.

Regulators Show Up

Another thing that stood out was regulator accessibility. Regulators are not limiting their engagement to conferences hosted by their own domiciles. Many travel to conferences hosted by other jurisdictions, and those conversations are often among the most informative.

These discussions provide insight you cannot get from statutes or filings alone. Following these conferences, Risk Services continued discussions with certain domiciles and ultimately decided to file applications in those jurisdictions. Those decisions were shaped by ongoing dialogue with regulators and further informed by in-person conference discussions and subsequent follow-up. Bottom line, conferences matter because they reveal what paper and phone calls never will.

Who Shows Up Tells You a Lot

Seeing multiple domiciles side by side reinforced something I have believed for a long time. Who shows up matters.

When directors, commissioners, or even governors are present, it signals commitment. It suggests resources, prioritization, and accountability. When leadership is consistently absent, it raises questions, whether intended or not.

If you want to understand whether a domicile is likely to support its captive industry over the long term, look beyond marketing materials. Look at who shows up.

Not every meaningful moment, however, came from policy discussions or governance debates. Know who else showed up? Taco, the service dog. A couple of conferences went the extra mile and even had her name tag waiting on arrival.

We all knew we were not supposed to pet her. Many of us failed, including me. As we moved through the halls and meeting spaces, more than a few otherwise disciplined professionals briefly forgot themselves and offered a quick, well-meaning pat.

Her calm presence brought warmth to otherwise serious environments and served as a reminder that composure and quiet confidence matter.

A Notable Divide for Risk Retention Groups

One additional theme became clear. With the exception of the National Risk Retention Association Annual Conference, most of the conferences I attended were geared primarily toward non-RRG captive structures. That is not intended as criticism, but as an observation.

Between conference sessions, that divide was underscored by candid conversations I had with regulators from a couple of domiciles who noted that they were less enthusiastic about licensing additional risk retention groups at this time, citing workload demands and accreditation pressures. That kind of candor is actually helpful. It provides clarity and allows companies and managers to make informed decisions based on reality rather than assumption. Clarity, even when unfavorable, is preferable to uncertainty.

National Risk Retention Association and the Value of Real Dialogue

The NRRA Annual Conference stood apart. Breakout sessions provided informal access to regulators and created space for real conversation. Attendees were encouraged to engage, not just listen.

Conversations with other captive managers revealed common challenges across jurisdictions, including registration delays, inconsistent filing expectations, and lack of responsiveness in certain states. In some cases, jurisdictions are signaling, formally or informally, that they are effectively closed for business for the foreseeable future. Hearing those same concerns echoed by others reinforced that these issues are systemic, not isolated.

Awards are often presented at industry conferences, but at NRRA they felt particularly meaningful. At the 2025 conference, Heather Ross of Risk Services was awarded the Karen Cutts Visionary Achievement Award, a well-deserved recognition of leadership, service, and long-standing commitment to the risk retention group community. Moments like that reinforced the sense that NRRA is not just convening conversations, but recognizing the individuals who help move the industry forward.

CONTINUED ON PAGE 44



Congratulations to Heather Ross on the award earned!



RIMS Taking Aim: Rhyme And Reason In Regs, AITC — An NAIC Framework, Harvard Law — Models

By Steve Acunto

Unlike the proposed framework that would require years and significant effort to develop into a model law, AITC proposes to rely upon states' existing regulatory authority. AITC has made a rational case for the business and, ultimately, for consumers, in our view.

While on regulatory and social issues, critics of Demotech may have gotten a wake up call, and may wish to issue an apology to the Ohio-based rating company. In 2021 and 2022, a few Demotech-rated carriers, including American Capital Assurance Corporation, rated by them and others, failed, despite consecutive years of favorable actuarial opinions, audits, and "A" ratings. In early 2023, Demotech advised that their research demonstrated that carriers

Today, nearly four years later, the reality is ... Demotech was right. The industry lost four years that could have been focused on the undoing of the business model that Demotech's research discovered.

were increasingly litigated against by what they called "tech-enabled litigation instigation," a previously covert online business model. Demotech was criticized for the failures despite the revelation of an online business model capable of generating litigation on an industrial scale. Today, nearly four years later, the reality is ... Demotech was right. The industry lost four years that could have been focused on the undoing of the business model that Demotech's research discovered.

Wake-up calls were many and alarming for sure. On Nov. 19, 2025, the National Insurance Crime Bureau (NICB) issued a press release based on its research — carriers were being targeted online and litigation funding was investing in the process.

Meanwhile, at Harvard, the course "Litigation Funding, Law Firm Finance, and the Future of the Legal Profession" was over-subscribed. The course description notes that: "Many of the most consequential developments in modern civil litigation are best understood as results of changes in the financing and capitalization of the Bar. The past two decades have seen a global transformation with the emergence, explosive growth, and evolution of a market in legal claims in which lawsuits are bought, sold, and invested in. In this course, we will explore cutting-edge changes in how litigation and law firms are financed and explore their effects on both civil litigation and the global legal profession. The course consists of three units that build on each other: litigation finance, law firm finance, and the future of the legal profession.

"We will explore the body of law governing litigation finance that has emerged in recent years, including court cases and ethics regulation; theoretical questions and approaches; policy implications; the effects of financing on litigation strategy and on the relationships between lawyers and their clients; and the profound changes it has set into motion in the civil justice system as a whole. We will examine how changes in the financing of and trading in lawsuits have morphed into a transformation in the financing of law firms; how the changes in finance may converge with other key developments in the legal profession, such as technological changes, globalization and anti-globalization; how these changes are transforming law firm governance, the landscape of the legal profession — including entrepreneurship in the legal sector — and the careers of lawyers. Finally, we will think

Publisher's Page is an occasional update from Business Insurance publisher, Steve Acunto, a longtime professional in the world of insurance and insurance media and, today, the chairman of Beacon International Group, the family-owned enterprise that publishes Business Insurance (US), Asia Insurance Review (Singapore), Commercial Risk (London), Insurance Trade (Milan), Medical Liability Monitor (US), Middle East Insurance Review (Dubai), WorkCompCentral (US), and the oldest American insurance publication, Insurance Advocate. Excerpt reprinted with permission.

through possible ways that the revolution in the financing of lawsuits and law firms might affect the future of the legal profession, including the business models of law firms; the role of lawyers in society; and how society may react and change the regulation of the practice of law.”

Point made.

A warlike industry response is warranted, for real. And not just by Demotech, crying as it has been in a wilderness of relative indifference, or by determined, but passive discourses on association stages, useful though they may be in consciousness raising.

At the Insurance Fraud Management Conference, sponsored by Verisk and NICB, “Social Inflation and Funding Schemes: The New Fraud Frontier” will provide information on how litigation funding impacts social inflation, nuclear verdicts and claimants.

The alternative to a warlike strategy and action is passive acceptance of financial plundering in a kind of judicial roulette wheel of fortune environment, and the eventual remodeling of risk bearers’ budgets, starting soon with claims and moving throughout the structures.

The wolves are being trained ... and funded. SA

Excerpts from Previous Issues of The Demotech Difference Demonstrating that Demotech was Right!

On Florida — Wildly Undercapitalized? No, Subjected to Disparate Levels of Litigation

*By Joseph L. Petrelli
Spring 2022*

Three court decisions contributed to the shift in the balance of power that protects purchasers of insurance from substantial rate increases:

1. Johnson v. Omega Insurance Company, decided Sept. 29, 2016.
2. Sebo v. American Home Assurance Company Inc., decided Dec. 1, 2016.
3. Joyce v. Federated National Insurance Company decided Oct. 19, 2017.

.....
In the summer of 2020 edition of The Demotech Difference, I wrote that Florida’s residential property insurance marketplace had reached the Point of No Return. If one applies an 18 month response period to the impact of legislative change on rates, perhaps we can apply that period to my observation of summer 2020. Eighteen months from my article was (about)

March 2022. When there was no action in the March 2022 legislative session, Demotech corresponded with Speaker Chris Sprowls, Senate President Wilton Simpson, and Gov. Ron DeSantis, i.e., those with the ability to call a special session. I outlined our opinion of the initial actions needed to begin to move Florida’s residential property insurance marketplace in the right direction.

.....
To postpone the obvious need for aggressive, significant, and meaningful legislative reforms to begin to address the staggeringly disparate level of litigated homeowners insurance claims in Florida by deferring another six months to assess the impact, if any, of the eviscerated remains of SB 76 will not mitigate the need for large rate revisions to consumers. Nor will this delay provide the shadow of SB 76 that remains in place with the opportunity to generate much needed relief for carriers from yet another increase in the cost of reinsurance.

Our Insurance Market Is in Crisis, but Shooting the Messenger Won’t Help

*By Kevin McCarty
Fall 2022*

Unfortunately, a company that rates the financial strength of Florida insurers has now become a target of those who unfairly blame the ratings organization for contributing to the market turmoil.

Insurtech Versus Insurwreck

Fall 2022

I uncovered widespread use of multiple techniques to drive traffic to designated websites for the apparent purpose of instigating a claim on behalf of the searcher.

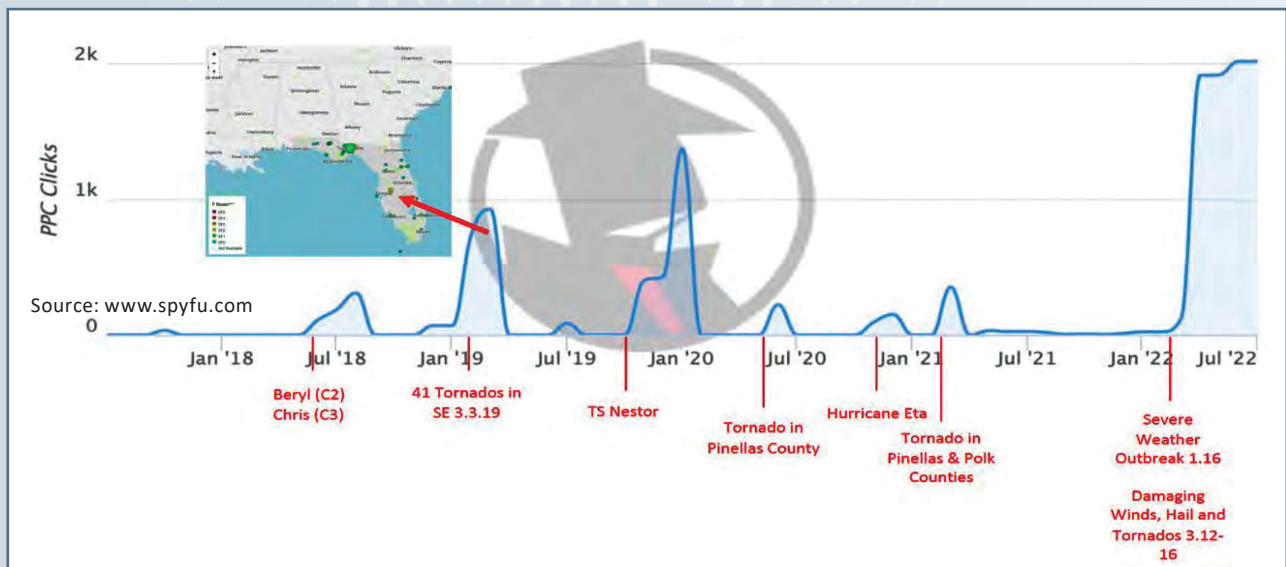
Why This Research Is Interesting

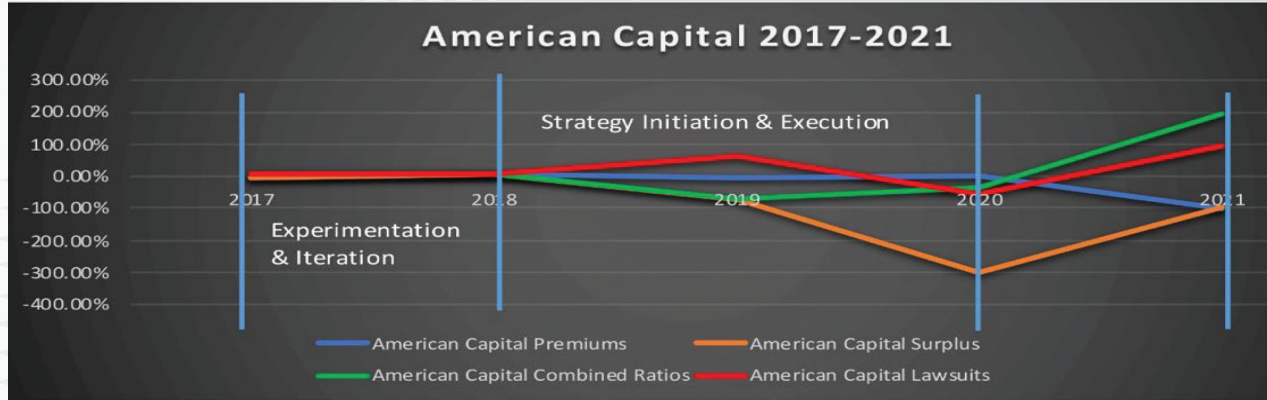
Involved in reviewing and rating Florida-focused insurers since 1996, Demotech has seen the residential property insurance marketplace morph into the homeowner's insurance litigation capital of the country. In one of his previous efforts, Fraker described the litigation levels of carriers that failed. He opined that these carriers had their weaknesses exposed through analytics.

Although "door knocking" to secure roof inspections is a visible effort, this seemed insufficient to generate the disparate litigation levels reported by the Office of Insurance Regulation. Todd Kozikowski investigated whether internet-based activity might be a factor contributing to the level of litigation.

Kozikowski confirmed that any insurer, in Florida or elsewhere, could be the target of claims activity initiated or otherwise encouraged by opportunistic third parties. This has resulted in the number of new cases brought against a single insurer in Florida exceeding the aggregate number of outstanding cases in many states combined.

Florida's residential property insurance market may have been usurped by networks of opportunists.

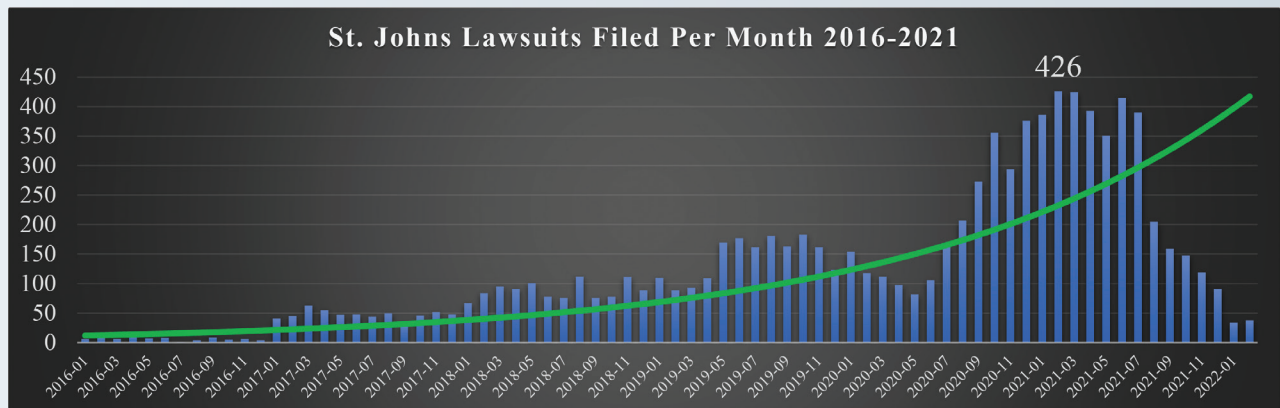




Public information from AmCap provides a visualization. The graph summarizes year-over-year changes in market shares of premium, surplus, lawsuits, as well as relative combined ratio, in addition to my estimated timelines of phases of innovation. Once the network discerned, through analytics, machine learning, and artificial intelligence, AmCap's niche of large condominium associations, the resultant

strategy was to reopen claims previously closed with no payment.

The disputes filed on the claims closed without payment sought damages exceeding 70 percent of policy limits. Numerous successful claims of this size resulted in a loss of surplus far exceeding the percentage growth in suits.



Why do I believe that St. Johns was litigated into insolvency? Public financial information implied that St. Johns periodically infused capital to sustain its financial rating. Although this practice enhanced its financial position, "fresh capital" attracted networks seeking to maximize the monies available for them to transfer to themselves. While infusing fresh capital into the carrier ecosystem may be necessary, opportunists view capital infusions as additional revenue for them to acquire.

Another of my observations related to how day-to-day operations and functionality of insurers can be part of a revenue transfer process. The next chart overlays St. Johns' form and rate filings with other criteria. Public information was utilized to secure the dates filings were made by St. Johns. My research indicated that approval

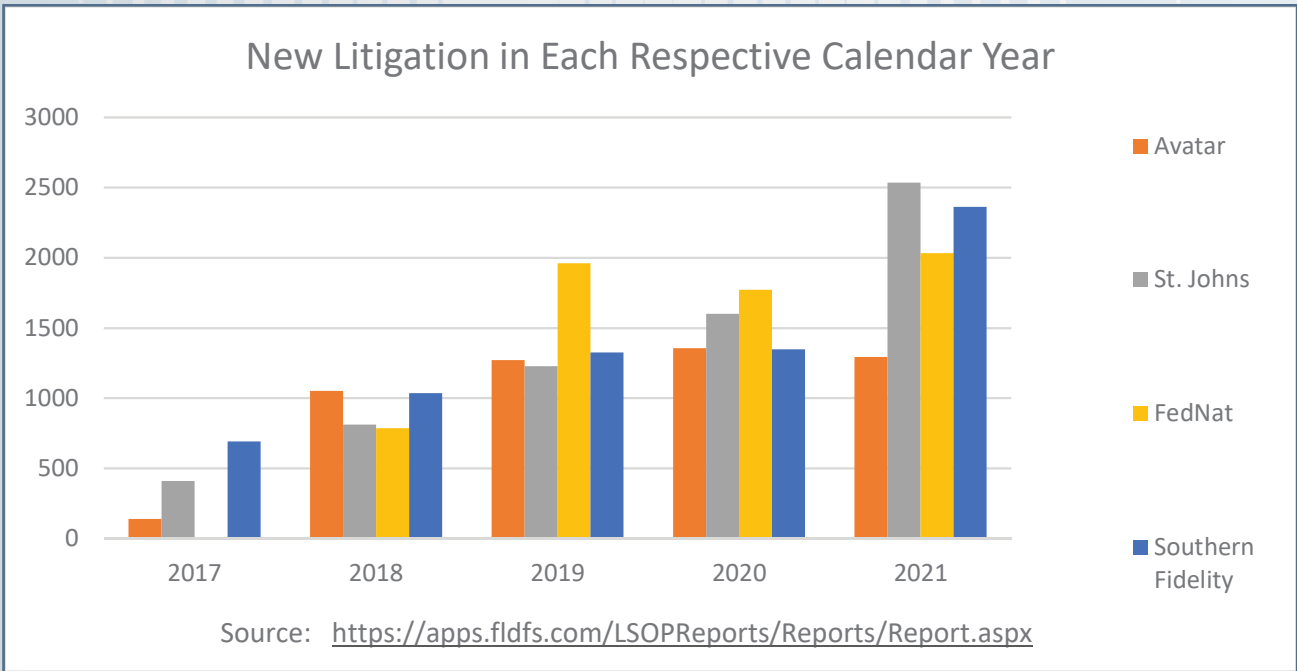
of form filings required, on average, 32 days. Rate filings required, on average, 138 days.

Form filings ... were consistently followed by an escalation of filed actions. This may imply that networks track changes in policy terms, language, or provisions to exploit the deficiencies corrected by the carrier through its filed and approved revision. In-force policies would not reflect the revised language, likely favorable to the carrier, encouraging the opportunists to identify the file remedy to exploit the less favorable provision in the in-force policies.

Capital infusions can be discerned from public financial information. Approval of rate, rule, and form filings is also public information.

The 1990s Are Calling — Your Enterprise Risk Management Process Needs a Serious Upgrade!

By Joseph L. Petrelli and Todd Kozikowski
Spring 2023



In summary, these carriers knew that litigation levels were disparate, had girded themselves to address that disproportionate litigation, and yet failed. How did this occur? Our post-mortem of these carriers indicated that they failed due to accelerated increases in the level of litigation they faced. See the chart below to understand the acceleration of levels of disparate litigation discovered by post-mortems.

Recognizing that the answer to Demotech’s question implied “technology,” I turned to Todd Kozikowski.

If anyone could research the possible impact of technology and analytics on Florida’s residential property insurance marketplace, Kozikowski was my only choice.

Kozikowski’s initial findings appeared in the **November 2022** edition of The Demotech Difference.

"With the commercialization and deployment of litigation platforms, litigation marketing firms, and litigation funding, inflating and enhancing claim frequencies by line, by state and by insurer, using technology-driven claim instigation has advanced beyond emerging threat status, and has advanced to a fundamental risk." November 2022



Demotech's Joe Petrelli and Todd Kozikowski Presented at the 2023 Bermuda Risk Summit *Spring 2023*

Litigation Financing: Proof That Tech-Enabled Claim Instigation Is a Lucrative Business Model

*By Lisa Clark
Winter 2024*

Kozikowski noted in *The Demotech Difference*, Spring 2023, “Although opportunists have been leveraging technology for years and, admittedly, have a head start, 4WARN Inc. (the company now headed by Kozikowski) has discovered their presence and activity.”
[As a result of Kozikowski being retained to undertake Demotech’s research project in Spring of 2022.]

Petrelli notes, “The monies associated with litigation financing, regardless of nomenclature, flow into the

Since unearthing tech-enabled claim instigation and viewing the growth in funding sources and claim harvesting, Petrelli and Kozikowski have sounded the warning bell of a trend that is entrenched in the insurance industry and will continue to grow.

process due to the success of the business model.”
[Which was discovered in spring 2022 through Demotech’s research.]

Another Update on the Litigation Frontier: Tech-Enabled Claim Instigation

*By J.J. Dimond
Summer 2024*

The growth in contested claims that opportunists have experienced is both impressive and unnerving. The breadth, scope and development of litigation platforms exemplifies the trend to leverage artificial intelligence and technological advances to streamline operations.

... the shift from door-to-door sales tactics to “online window knocking” through web pages and internet activity is the new frontier of claim instigation.

Individuals and firms are using advanced internet marketing tactics, search engine optimization (SEO), and generative artificial intelligence to directly secure contested claims or otherwise redirect a policyholder’s online search from their insurer to a third-party.

Demotech's Joe Petrelli Addressed the Congressional Subcommittee on Housing and Insurance Regarding the Factors Influencing the High Cost of Insurance

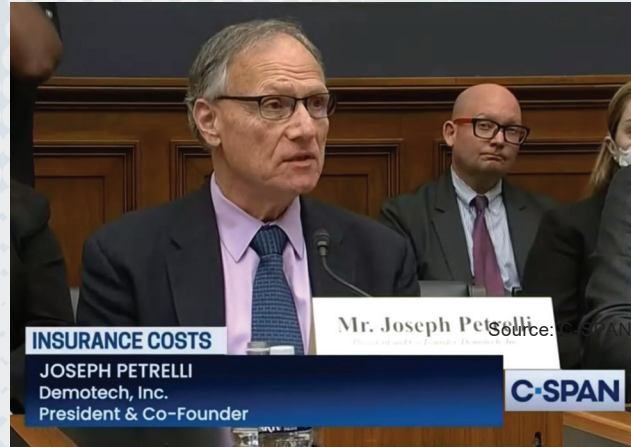
Winter 2024

Petrelli summarized his written and spoken testimony:

"In addition to the traditional drivers of cost, research pioneered by Demotech in March 2022, undertaken by Todd Kozikowski, a technologist with 25 years of data analytics, and artificial intelligence expertise, discovered opportunists were using the internet in an effort to secure contested claims against insurers and other targeted established brands across industries.

"In response to this discovery, Demotech coined the term 'tech-enabled claim instigation' as the confluence of litigation funding, litigation marketing, litigation platforms and search engine optimization by opportunists seeking to secure contested claims."

In a closing statement to the subcommittee, Petrelli stated, "To paraphrase Allen Kerr, Commissioner of Insurance, State of Arkansas, 2015-2020, Chairman of the National Association of Insurance Commissioners Industry Liaison Relations and Market Regulation and Consumers Affairs (D) Committee and the



Joseph Petrelli addressing the Congressional Subcommittee on Housing and Insurance on November 2, 2023.

Market Analysis Working Group: 'the threat that ... has been unearthed has never been presented at the state or national level until now. Every carrier should understand ... this discovery and move to respond at the earliest possible time.'

Demotech's Validation of Its Rating Process and Subsequent Research Project Continues To Pay Dividends

Spring 2025

Joseph Petrelli

From: Joseph Petrelli
Sent: Thursday, March 24, 2022 8:40 PM
To: Todd Kozikowski
Subject: Quick Call

Todd,

I have a question/favor and if you could find 5 minutes for a call, it would save us dozens of emails.

Joseph L. Petrelli

Todd Kozikowski, co-founder of 4WARN, spoke with Nathan Strebeck, Deputy Commissioner of the Louisiana Department of Insurance at the NAIC

Antifraud (D) Task Force (Regulator Only) meeting March 25 to discuss the evolving landscape of tech-enabled claim instigation risk.

Demotech's Joe Petrelli and 4WARN Inc. President Todd Kozikowski Addressed the Annual Meeting of the Maine Insurance Agents Association

On April 13, 2026, Joseph Petrelli, president and co-founder, Demotech Inc., and Todd Kozikowski, president and co-founder, 4WARN Inc., presented at the annual business meeting of the Maine Insurance Agents Association. In a presentation entitled "The New Economics of Claims: How Litigation Funding and Digital Manipulation Are Reshaping Insurance Risk," Kozikowski discussed the critical role of Petrelli's postmortem on carrier failures, including the failure of American Capital Assurance Corporation, dual rated at the respective A levels of Demotech and AM Best, and Demotech's research project that led to the discovery of the previously covert online business model that they named "tech-enabled litigation instigation."

Tech-enabled litigation instigation is their name for the previously covert online business model utilized by some plaintiff attorneys. At its core, artificial intelligence litigation platforms, search engine optimization, pay-per-click, and other online advertising techniques, including marketing firms retained to secure consumer information and leads, for the purpose of transitioning a policyholder reported claim to litigated status. The efficacy of this previously covert online business model has attracted private equity money, i.e., third party litigation funding, at record levels. Similarly, the financial success of the business model has led to the development and deployment of alternate business structures and managed services organizations which are concurrently impacting the legal profession.



Superintendent of Maine Bureau of Insurance, Robert L. Carey, speaking at the Maine Insurance Agents Association Annual Meeting.



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9 Daily Decisions for More Energy, Sharper Focus and a Smaller Waist

A practical guide for desk-bound professionals and leaders built for real schedules, meetings, deadlines, and the biology that governs all of it.

By Ali Amiri, MD

If you work in an office, you probably spend most of your day sitting behind your desk. And for some reason, you feel tired long before the workday ends. Over time, you might also notice your belt getting tighter. Then comes the annual physical where your doctor starts talking about adding pills, because your numbers are out of range: blood pressure, A1C, or cholesterol.

You might think it's normal because you're getting older. But you're wrong. It's just a predictable output of a body running out of rhythm. Too much sitting, too much stress, rushed meals, and the sleep that never restores. The good news is, it's not inevitable, and it doesn't require a dramatic fix. It needs a set of simple habits that bring back rhythm, so your body stops feeling lost and starts working with you.

Here are nine daily decisions — from the moment you wake up to the moment you close your eyes — that help you design your day for a lasting rhythm. Each one is grounded in science. All of them fit into a packed schedule:

Here are nine daily decisions — from the moment you wake up to the moment you close your eyes — that help you design your day for a lasting rhythm. Each one is grounded in science. All of them fit into a packed schedule ...

Morning: Set the trajectory for the day.

1. Hydrate well after waking.

You wake up dehydrated, and your brain feels the heaviness before you feel thirsty. University of Connecticut research (2011, British Journal of Nutrition) found that just 1.6 percent dehydration slowed working memory and increased error rates in men. That's the state most professionals are in for their first meeting. A full glass of water right after waking doesn't require willpower. It just requires following a routine.

2. Delay your breakfast.

Eating immediately after waking stacks food on top of elevated cortisol and half-awake digestion. A University of Alabama trial (2018, Cell Metabolism) found that men with prediabetes who shifted their meals into an earlier but delayed window improved insulin sensitivity and lowered blood pressure, without changing what they ate. Give your body some time to come fully online before you ask it to process a meal.

3. Go protein-first.

Most desk workers don't overeat at breakfast. They overcompensate for a weak one at 4 p.m., standing in front of the vending machine. University of Missouri research (2013, American Journal of Clinical Nutrition literature) showed that a high-protein breakfast significantly reduced evening snacking compared to lighter alternatives. It quiets appetite signals in the brain for hours while keeping your energy stable for the rest of the workday.

Afternoon: Prevent the energy crash.

4. Build lunch around protein and fiber.

At lunch, anchor a clear protein source, add high fiber plants, then choose carbs on purpose. Don't let convenience choose for you. A 2024 systematic review and meta analysis of 40 trials in adults with overweight or obesity (Clinical Nutrition ESPEN) showed that higher protein intake during weight loss significantly reduced muscle mass loss compared with lower protein diets. That means your lunch is shaping your metabolism as the waistline trims down.

5. Move after lunch.

Using your muscles after lunch is one of the highest ROI habits a desk worker can adopt. A 2025 trial from Japanese researchers (2025, Nature, Scientific Reports) found that a 10-minute walk taken immediately after a meal lowered peak post-meal blood sugar even better than a longer walk done at a later time. It takes less time than most people spend scrolling after they eat, but the metabolic payoff is real and measurable.

6. Set a snack boundary.

Ultra processed snacks (either sweet or savory) are engineered to be eaten quickly and in large amounts, which is a problem when you sit all day. Controlled feeding

research has shown that people consume hundreds more calories per day on ultra processed foods, because eating is faster and less satiating. Switching to whole food options slows eating, improves fullness, and cuts the “mindless” calorie creep that shows up on your belt size.

Evening: Lock in recovery.

7. Close your eating window.

Late, heavy dinners and continuous snacking until bed keep your digestive system working when it should be recovering. And that not only wrecks your sleep quality, but also worsens tomorrow’s cravings. In a trial from University of Alabama Birmingham (2018, Cell Metabolism), shifting all meals into an earlier daytime window improved insulin sensitivity and blood pressure in men with prediabetes, even though total calories stayed the same. Set a “kitchen closing time” and allow your body to recover.

8. Set a reverse alarm.

Everyone has an alarm to start the day, but probably no one has one to end it. A reverse alarm creates a protected window to signal to your body that it’s nighttime and time to recover. This matters because your behaviors before bed strongly shape sleep duration, and a meta-analysis (2017, Journal of the American Heart Association) showed that both overly short and overly long sleep are associated with a higher risk of cardiovascular events and all cause mortality. Treat that alarm as a health appointment with your future self, not an optional suggestion.

9. Sleep in a cave.

Your bedroom should be dark, quiet, and cool. A place your nervous system recognizes as a recovery zone, not an extension of your office. A cohort study (2025, Sleep Medicine) in tens of thousands of adults links artificial light exposure in the bedroom with higher odds of weight gain, obesity, and cardiometabolic disease over time. This reinforces the case for keeping light out of the cave as much as possible.

One rule to make all of this work

Progress is never linear, and it often gets messy, so make it measurable and aim for 80 percent consistency, not perfection. Miss a walk, eat late during a rough week, lose a night’s sleep to a deadline — that’s not failure, that’s a normal week. What matters is that the new, healthy pattern holds over time. And when it does, the body responds.

One client who committed to tracking these decisions consistently dropped 30 pounds, lost 15 percent of his body fat, and brought his A1C back to normal range in three months, without changing his job or his schedule in any fundamental way.



Chatham172/shutterstock.com


My final message to you is that your health should not be the tax you pay for a successful career. Design your life, build a rhythm, train your biology, and make your body a support system, not a liability.

Want the full tactical breakdown?

This article gives you a starting point. The full training walks you through action steps, the common mistakes, and, more importantly, how to track progress, especially if you’re managing high blood pressure, prediabetes, or elevated cholesterol levels.

Want the full blueprint? Scan the QR code below and watch the free training:



See you inside. 

Ali Amiri MD is a double board-certified lifestyle medicine diplomate and health coach. Helping business professionals and leaders lose weight and bring blood markers back in range.

Social media accounts:

LinkedIn: <https://www.linkedin.com/in/aliamirimdhc/>

X: https://x.com/aliamiri_mdhc

Instagram: https://www.instagram.com/aliamiri_mdhc/

YouTube: <http://www.youtube.com/@aliamirimd>

Demotech Joined the Coalition Against Insurance Fraud — You Should Consider Doing So.

Decades prior to our groundbreaking research project in the spring of 2022 leading to the unearthing of the previously covert online business model of tech-enabled litigation instigation, in 1993, Demotech was the first to review and rate title underwriters. The purchase of a house and related real property are often the largest expenditure and most significant asset that a consumer purchases. Title insurance protects the marketability of that title to real property, and, in many ways, helped prevent the original form of identity theft.

Over the more than 30 years since we initiated ratings of title underwriters, lenders and title agencies became early adopters of wire transfers and online documentation. In response, Demotech protected those purchasing real property by requesting, evaluating, and opining on the procedures, processes, and protocols that title underwriters

had in place to minimize the likelihood of escrow theft or the online misdirection of funds.

Over time we published the anonymized results of our surveys to assist the title insurance industry to develop best practices to protect owner and lender transactions from fraud. Today, Demotech reviews and rates title underwriters protecting nearly 100 percent of the real property in the U.S.

As our more recent research project, which unearthed the previously covert online business model of tech-enabled litigation instigation, reminded us, the cost of an opportunistic claim is the same as the cost of a fraudulent claim. We joined the Coalition to provide consumers and regulators with another set of corporate eyes focused on identifying and eradicating abuse of insurance.

Rethinking Renewals: Optimizing Reinsurance Purchasing

Demex, a technology-enabled reinsurance solutions provider focused on severe convective storm risk, sponsored an online seminar to familiarize attendees with the firm's severe convective storm reinsurance product and explain the nuances of traditional reinsurance versus parametric reinsurance. Parametric reinsurance, i.e., index-based reinsurance, indemnifies cedents based on pre-defined payout structures when an agreed upon triggering event occurs. Unique from traditional reinsurance, parametric reinsurance tends to speed up the payment process by linking the severity of an event to financial losses, while eliminating the need for on-site visits, audits and loss adjustment expense.

The online seminar featured Jake Black, president and chief executive officer, Innovated Holdings; Matthew Coleman, president, Reinsurance, Demex; and Joe Petrelli, president, Demotech Inc. The online seminar, in large part, was based upon a recent Demex survey of American Property Casualty Insurance Association and National Association of Mutual Insurance Company members which demonstrated that severe convective storms are viewed as a critical peril due to the ability to impact earnings, ranking ahead of fire, hurricanes and tropical storms, wildfire, and flood.



Nick Greaves/shutterstock.com

Demotech's Co-founder, Joseph Petrelli, Celebrates 50 Years of Actuarial Professionalism

At the fall meeting of the Casualty Actuarial Society, Patricia Teufel, FCAS, chair of the Seasoned Actuaries Section, offered words of appreciation to Joe Petrelli and other actuaries reaching the milestone of 50 years of dedication and service to the actuarial profession.

"I would like to personally thank each of you for making the Casualty Actuarial Society a pillar of professionalism and advancement in casualty knowledge. You were the pioneers of our profession, forging exciting paths through practical research and application in a varied and exciting landscape. We are so thankful for your vision and dedication!" said Teufel.

In response, Petrelli said, "My path has been as interesting as anyone's. At Agway Insurance, I was their first actuary. During my tenure as a consultant, I was often the first and only actuary that dozens of clients relied upon. I have volunteered over 30 years to the American Academy of Actuaries Committee on Property and Liability Financial Reporting and the Casualty Loss Reserve Seminar. In 1996, on behalf of the Conference of Consulting Actuaries, I coordinated the first seminar on preparing statements of actuarial opinion on loss and loss adjustment expense reserves of title underwriters. In 2012, I formed Buckeye Actuarial Continuing Education to assist actuaries within the state of Ohio to secure continuing education credit.

"With the formation of Demotech on Sept. 9, 1985, we assisted regional carriers with the transition from advisory premiums to advisory loss costs. In 1989, Demotech became the first to review and rate independent, regional and specialty carriers. Today, we review and rate 460 insurers, 300 of them being uniquely rated.

"In the spring of 2022, it was my internal due diligence of a few Florida-focused carriers that failed precipitously despite unqualified independent audits and determinations of reasonable provision on loss and LAE reserves that led me to initiate the research project that unearthed the previously covert online business model of tech-enabled litigation instigation that has destroyed carriers and markets since 2017. Carriers were targeted and their new, annual litigation levels skyrocketed to the point that they were destroyed. Over 120 audits and SAOs issued, and no one else saw this.

"On July 11, 2022, Demotech secured registration with the United States Securities and Exchange Commission

as a nationally recognized statistical rating organization (NRSRO) in the class of Insurance Companies. Today, we remain one of but 11 NRSROs, perhaps the only one focused on smaller, regional, independent insurers.

"Pat Teufel's thank you also referenced 'lasting contributions.' I believe that many of the things that Sharon Petrelli, my spouse and business partner, and I have done fall into the category of lasting contributions."

About Demotech, Inc.

Established in 1985 Demotech, Inc. is a financial analysis firm located in Columbus, Ohio. Demotech has served the insurance industry by providing objective and independent Financial Stability Ratings® (FSRs) for property & casualty insurance companies, life & health insurance companies, and title underwriters, among others. As the first company to have its rating process formally reviewed and accepted by Fannie Mae, Freddie Mac, and HUD, Demotech has been leveling the playing field by offering FSRs to insurers of all sizes. As of July 11, 2022, Demotech is registered with the U.S. Securities and Exchange Commission as a nationally recognized statistical rating organization (NRSRO) in the class of ratings for insurance companies. Visit www.demotech.com (614) 761-8602 for additional information.



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A Meeting of The Minds

Each year for the past 24 years, Steve Menzies, founder and chairman, Applied Underwriters, and Jamie Sahara, president and co-founder, have coordinated and facilitated A Meeting of the Minds. Having recently attended this event, from my perspective, A Meeting of the Minds is an eclectic interaction of talented professionals focused on the successful delivery of traditional insurance coverage as well as development and distribution of innovative insurance coverages responding to the emerging challenges that businesses and consumers must address.

Consistent with the mission at Applied Underwriters, every step of their journey strives to innovate transformative ideas. Applied Underwriters began that journey addressing workers' compensation insurance. They saw a difficult, heavily regulated line of insurance and made it their singular focus to make it better. They did this by learning the intricacies of workers' compensation insurance as well as the human risk that the coverage was designed to address.

Their analysis led to risk management insights focusing on better management of each client's risk. Deep study and consideration of the human side of that risk created a view of opportunities in a line of insurance where others saw obstacles. Interaction and education of customers introduced Applied Underwriters to other product lines and challenges that they could address for their global collective of loyal customers, distribution partners and other stakeholders.

Today, more than ever, they guide governments, businesses and individuals through financial risk by applying unconventional thinking to the conventional tools of insurance, reinsurance, investing, and business services. They were one of the first to apply technology and analytics to find successful outcomes for addressing the toughest risks.

Concurrently, working with risk and insurance taught them respect for the natural world, its power and fragility, and how it is inextricably linked to the human story behind every risk. Applied takes those lessons to heart and applies them to every new venture they take on. From building a nature conservatory and sustainability-minded community around their new headquarters in Omaha, Nebraska, to bringing a struggling U.S. industry back to life, to finding ways to effectively insure earthquakes and wildfires, Applied ensures every stakeholder has an opportunity to be successful.



Steve Menzies
Founder and Chairman



Jamie Sahara
Cofounder and President

Menzies, a lifelong entrepreneur, focused on growth with honor; his achievements include the creation of Applied Underwriters in 1994 and its ascension to a global risk services firm today. Simultaneously, he effectuated positive social outcomes and serious corporate responsibility. Menzies has also invested in employees, enriching the communities in which they work and live, and in several philanthropic causes.

Similarly, as president, Sahara leads the expert delivery of the programs and coverages touching the thousands of stakeholders of Applied Underwriters. A thought leader at the company and for the industry at large, Sahara is recognized as one of the drivers behind the rapid ascension of Applied Underwriters as a partner of choice.

The Meeting of the Minds 2026 took place from March 8 to March 12, 2026. It embodied the principles, beliefs, and values by and between Applied Underwriters and those who similarly believe in responsible action as the most effective, as well as appropriate, path forward. 🌐



Koestler Participates in the Ratings Panel Discussion at AIFA Conference 2026

The Association of Insurance and Financial Analysts is a non-profit organization run by volunteers from the insurance investment community. Its mission is to provide an annual conference forum to address the issues, challenges, and opportunities facing the property & casualty insurance, life insurance, reinsurance, and insurance brokerage industries. The annual conference was held March 1–3 in Naples, Florida, and had record attendance of 751 at the event.

Panels and discussions focused on the newest developments and challenges in insurance, such as the

continuation of the soft market, concerns about social inflation, the importance and use of AI, and the potential for increased M&A activity in 2026. Barry Koestler, chief ratings officer of Demotech, participated in the ratings panel discussion for the seventh consecutive year. Several other rating agencies were on the panel as well, presenting outlooks and trends observed in various segments of the insurance industry.

AIFA 2027 will return to the Naples Grande on February 28–March 2, 2027. [🔗](#)

New Statewide System Aims to End ‘Blind Spot’ in Florida Condo Market

March 31, 2026

Press release reprinted with permission.

Florida’s condominium market is one of the largest in the country. It is also one of the least transparent. More than 1.5 million condo units across 27,000 associations operate without a consistent, standardized way to evaluate financial health, structural readiness, or governance quality. Buyers make six- and seven- figure decisions with incomplete information. Insurers price risk without a shared baseline. Boards govern without clear benchmarks. That is not a data problem. It is a market failure.

Today, the Florida Communities Certification Association launches to fix these problems and provide solutions for the future. FCCA is the first independent, third-party certification and rating system for condominium and homeowners associations in Florida. It introduces a standardized framework to evaluate what actually drives risk: reserve adequacy, structural maintenance, governance practices, insurance posture, and long-term financial stability.

For decades, Florida’s condo market has operated on fragmented information. Reserve studies vary widely. Structural reports are difficult to access and harder to interpret. Critical risk factors are scattered across documents that are inconsistent, incomplete, or outdated.

The result is predictable.

- When information is incomplete, pricing is wrong.
- When pricing is wrong, incentives fail.
- When incentives fail, risk compounds.
- And when risk compounds, the bill eventually comes due.

“In Florida today, insurers often know more about a building’s risk than the people living in it. That should concern everyone,” said former Sen. Jeff Brandes. “FCCA creates a clear, standardized way to evaluate financial strength, governance, and structural readiness so markets can function the way they are supposed to.”

The consequences of this broken system are already visible. Insurance volatility continues to ripple through the market. Special assessments arrive suddenly and at scale. Property values swing based on information that surfaces too late. In a market where millions of dollars in exposure can hinge on a single reserve decision, incomplete data is not a nuisance. It is a systemic risk.

The Surfside condominium collapse made that reality impossible to ignore. The failure



CONTINUED ON PAGE 45

Gallagher Re Team Raises Funds for St. Baldrick's Foundation to Conquer Kids' Cancer

By Adam Schwebach

How Big Is the Problem?

Worldwide, 400,000 children are diagnosed with cancer each year. And in the U.S., more children die of childhood cancer than any other disease — more than AIDS, asthma, cystic fibrosis, congenital anomalies and diabetes combined. Childhood cancer isn't just one disease — there are over a dozen types of childhood cancer and countless subtypes, each requiring specific research to develop the best treatment for every child. The National Cancer Institute has nearly doubled its investment in childhood cancer research in recent years due to greater advocacy and awareness, but more research funding is needed to develop new, safe therapies for kids with cancer.

Funding the Research to Find a Cure

The St. Baldrick's Foundation exists to change these realities. By working closely with leading pediatric oncologists, they determine the most promising research to fund and create funding priorities to make the greatest impact for children with cancer. The efforts began in the insurance industry in 1999 when Tim Kenny issues a challenge to colleagues John Bender and Enda McDonnell: How will you give back in return for your own good fortune in business? McDonnell's thick head of hair gives Bender the big idea — shave their heads for donations to raise funds for kids with cancer. In 2000, the annual reinsurance industry's St. Patrick's Day party, held at Jim Brady's pub in Manhattan, becomes the first St. Baldrick's event. The goal of shaving 17 heads and raising \$17,000 turns into 19 bald heads and \$104,000 donated to fund the research of the Children's Oncology Group. Two years later, the annual event raised over \$1,000,000 and led to the founders making the leap in 2004, creating the St. Baldrick's Foundation to maximize this volunteer-driven effort. The priorities: spending as little as possible to raise each dollar, and making sure every donation goes to the best research to find cures for kids fighting cancer.

The results have been staggering. The St. Baldrick's Foundation is the largest charity funder of childhood cancer research grants in the U.S., distributing \$369 million in research grant funding since 2005.



Schwebach as a St. Baldrick's fundraising "shavee."

My Story

I was first introduced to St Baldrick's in 2005 as a reinsurance analyst at Benfield in Minneapolis. With a full head of hair and limited fund raising ability, I was happy to participate as a shavee, but with limited monetary impact. 2006 was a similar story and result.

Following a move to Collins Intermediaries and a move to Tampa, Florida, I next participated in 2009, but for much more personal reasons. Earlier that year, a colleague received the tragic news that his young son had been diagnosed with cancer. Our office banded together to host an event at Hatricks Tavern as part of Team Evan, raising over \$84,000 and had a great time raising awareness in the process.

Since 2009, I have continued to follow the annual St Baldrick's activities, donating to dozens of participants and spreading the word where possible. But another personal twist brought me back under the clippers in 2026. My brother, Eric, joined the St Baldrick's board of directors in late 2025 and I immediately committed to rejoining the ranks as a shavee in 2026. With another board member, Andrew Edelsberg, as a colleague at Gallagher Re, I was able to join a team and fundraised very easily. Our efforts were very successful, as the Gallagher Re team was able to raise well over \$60,000 and participated in events in multiple states. I had the joy of letting my three kids do the shaving honors, hopefully instilling valuable lessons about the role we have to those in need, and raising money for valuable causes. 🌍

Universal Insurance North America Completes Its Name Change to One Alliance Insurance North America

A Strategic Alignment Following Acquisition and Regulatory Approval

As part of the process resulting from the acquisition of Universal North America Insurance Company, formally completed on Jan. 31, 2025, and following the approval granted by the Texas Department of Insurance for its name change, the company has been officially renamed **One Alliance North America Insurance Company**.

This change reflects a deliberate brand-alignment strategy within the **One Alliance Group**, strengthening and consolidating a unified corporate identity with operational presence in the United States (**One Alliance North America Insurance Company**), Puerto Rico (**One Alliance Insurance Corp**), and the Dominican Republic (**One Alliance Seguros**).

Regional Consolidation and Multi-Country Cross-Selling Strategy

Brand alignment across One Alliance Group enables the development of a structured multi-country cross-selling strategy, expanding the range of available solutions and generating commercial and operational synergies among the group's companies across multiple jurisdictions.

This approach enhances the value proposition for policyholders, agents, and strategic partners, while maintaining full regulatory compliance and the operational independence required in each market.

Operations and Expansion in the United States

As part of its operational growth, the company recently acquired a new headquarters building in Sarasota and opened an additional office in Orlando, further strengthening its physical presence and administrative capacity in Florida.

One Alliance North America Insurance Company currently operates in the states of Arizona, California, Florida, Georgia, Hawaii, Nevada, North Carolina, South Carolina and Texas, with Georgia being the most recent addition, supporting its national growth strategy under consistent underwriting, compliance, and risk management standards. In addition, the company holds licenses to operate in Connecticut, Delaware, Maryland, New Jersey, New York, Oregon, Pennsylvania, Virginia, and Washington.

Product Portfolio

One Alliance Insurance North America currently offers the following products:

- Homeowners.
- Dwelling Fire.
- Renters.
- Condos.
- Business Owners (Florida only).
- National Flood Insurance Program.

During the current year, the company will add:

- Auto Insurance.
- Private Flood.
- BOP (Arizona, Georgia, Nevada, North Carolina, South Carolina, and Texas).
- Commercial Lines.

In a future expansion phase, the company plans to incorporate:

- Life Insurance.
- Aircraft Insurance.
- Watercraft Insurance.

An Evolving Platform

The transition from Universal Insurance North America to One Alliance North America Insurance Company represents a key milestone in the consolidation of an aligned international insurance platform, focused on stability, responsible expansion, and the creation of sustainable value for all stakeholders. 🌐



Arson Facts



By Sue C. Quimby

According to the National Fire Protection Association, arson is the leading cause of fire property damage in the United States. There are over 500,000 fires set intentionally each year, resulting in more than \$2 billion in property damage. Helping clients understand causes and signs of arson is another value-added service of a professional insurance agent.

The FBI defines arson as “any willful or malicious burning or attempting to burn, with or without intent to defraud, a dwelling house, public building, motor vehicle or aircraft, personal property of another, etc.” Arson is not limited to buildings and personal property. According to Federal Emergency Management Association, nearly 28,000 intentional vehicle fires are set each year. The U.S. Fire Administration records show that these fires result in an average of 40 deaths, 75 injuries, and \$169 million in damage annually.

In 2025, California law enforcement made 151 arrests of suspected arsonists. The January wildfires, purported to have been started by an arsonist, destroyed 18,000 structures and caused 440 deaths. Over 200,000 people were forced to evacuate. Only a few dozen homes had been rebuilt as of January 2026.

Many Californians have been unable to return home — even if their residence is still standing. The ash from urban fires can be dangerous due to materials in buildings and vehicles that may become toxic when exposed to heat. This was brought to light with the many health issues suffered by first responders after 9/11.

Contrary to what one might think, according to NFPA statistics, revenge and not profit is the major motivating factor in arson cases. Serial arsonists may be seeking a “thrill.” Some fires are set to cover another crime. It is interesting to note there is not a link between poor economic times and an increased number of arsons.

Some other interesting arson facts are that most arsonists are male (86 percent), and about half of intentional fires are set by children. Matches and lighters are the most common ignition sources. Arson is the cause of 33 percent of dormitory fires and 15 percent of residential fires. Although most arson-related injuries occur inside buildings, 75 percent of intentionally set fires are outside. Most residential fires are set in the bedroom, while fires in public buildings are most likely to be set in bathrooms.

Arson is sometimes called a victimless crime. This is certainly not the case. In addition to direct fire damage, arson can lead to loss of jobs when businesses are forced to shut down, as well as injury and loss of life. One disturbing finding is that nearly two-thirds of intentionally set fires occurred in occupied buildings. Many victims in California had no fire insurance on their homes and businesses.

There are ways your insureds can decrease their chances of being victims of arson. Firewood and other flammable materials, such as paint, should be stored out of sight and away from the sides of buildings. Neighborhood watch programs may also be a deterrent, or help in early detection if a fire has been set.

Differentiating between fires that are accidental or intentional can be difficult, and should be left to professionals, such as the Federal Bureau of Alcohol, Tobacco and Firearms. ATF agents are trained in arson investigation. If arson is suspected, law enforcement should be notified immediately. Evidence of exterior damage to the building can be a clue to arson. Other clues are footprints and broken windows. Arson usually involves use of an accelerant such as gasoline. The presence of matches, rags, or gasoline cans can be evidence of an intentional fire. Successful prosecution of arson cases is often dependent on preservation of evidence by first responders.

Arson is a crime that impacts all of us. Knowing the facts about arson and educating your clients is another value-added service of the true insurance professional. 🌐

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SPU: Going back to my answer on personal learning, the first thing you need to do is be a good listener. Once you understand the “others” (i.e., everyone besides yourself!) and what their perspectives are, it is much easier to educate and inform, as you will know what they are looking for or how best to communicate on a level you know they will understand. If you don’t talk to others to begin with, or as the saying goes, only speak in silos, you won’t be able to effectively communicate your message and explain why it’s important. I think it’s more important than ever to branch out and explore different horizons.

TDD: What motivated you to rotate through the chairs at NCOIL?

SPU: I attended my first NCOIL meeting in July of 2018 and I had such a great experience. I really enjoyed the content of the meeting, and I met a lot of nice people, including the NCOIL staff, other legislators from around the country, and interested parties with so many different perspectives on things. First impressions were great, and I have been attending ever since. After having been a consistent attendee and active participant, the timing worked out when there was an opening for an officer position, and I submitted my name for consideration. During my relatively brief time participating in the organization, I sensed that it would be a great opportunity to serve in its leadership to expand my knowledge base and contribute to the important work that it does. I guess the rest, as they say, is history!

TDD: What do you think is the greatest opportunity facing NCOIL in the near future?

SPU: The organization is very fortunate to be on an upswing right now from both an attendance and substantive perspective. I am proud to say that all of our National Meetings last year had over 400 attendees, and our Annual Meeting in November broke all previous NCOIL Meeting attendance records. Overall, we had 134 legislators from 38 states, along with 15 commissioners, directors and superintendents attend our meetings last year. Substantively, we adopted model laws and resolutions on important issues such as: prior authorization reforms; transparency in dental benefits contracting; the workers’ compensation experience rating process; requiring insurers to provide at least 60 days advance notice when nonrenewing a policy; curbing fraudulent activities and ensuring transparency in the auto glass repair process; and ensuring that Health Savings Accounts aren’t inadvertently impacted by certain state laws.

The organization has a tremendous opportunity to leverage this time of success and growth and expand its footprint

as a recognized, national, leader in insurance public policy. The timing is good since, as I mentioned earlier, the insurance marketplace is experiencing a significant amount of change right now, so there is a big opportunity for NCOIL to be a leader in developing sound insurance public policy and educating folks on what works and what doesn’t in the marketplace.

TDD: What do you think is the biggest threat facing NCOIL in the future?

SPU: I’m sure several of my predecessors have given this answer, but I think it still remains the case — federal encroachment on the state-based system of insurance regulation. There are always ebbs and flows to this type of unlawful encroachment, but it’s taken center stage recently with the developments surrounding artificial intelligence (AI). Many are preparing for Congress to re-introduce the federal 10-year moratorium on state regulation of AI, and states also now must deal with the recently signed Executive Order that aims to preempt state legislation and regulation of AI. Part of NCOIL’s core mission is to protect and preserve the state-based system of insurance pursuant to the McCarran-Ferguson Act, and that’s why we always need to be ready to react to things like this.

TDD: Anything you can share about your plans for your presidency of NCOIL?

SPU: Overall, I want to continue to advance the organization, both from a legislative membership and substantive perspective. NCOIL is at its strongest when there is robust participation from legislators all across the country that come together to share their thoughts and views on insurance public policy. Throughout my time at NCOIL, I’ve enjoyed the organization’s bipartisan makeup, and that is something that we can’t lose sight of. And from a substantive perspective, I don’t want to shy away from taking on difficult issues such as affordability and availability challenges or ensuring that there is a strong level of transparency throughout the underwriting and claim process, particularly as AI continues to be more prevalent. When you have difficult conversations on important public policy issues, they may not be the most fun to go through, but if you do it right, you often end up with public policy that benefits the most important person — the consumer.

TDD: How do you plan to measure the success of the implementation of your stated goals and objectives?

SPU: From a membership perspective, real progress depends on a larger group of active and engaged legislators. And due to things such as term limits and retirements,

it's critical that the organization continue to grow and attract new legislators to attend so that the value of NCOIL is consistently being displayed. Having new and diverse viewpoints from legislators representing different states, professional backgrounds, and areas of expertise is critical in growing the organization and developing policy that truly reflects the needs of all of our constituents. Substantively, I think measurable success is that NCOIL creates important model laws that end up being adopted across state lines and adapted for different state situations.

TDD: For those who are thinking about entering the insurance industry, would you share why insurance could be an exciting and fulfilling career path?

SPU: Working in the insurance industry not only offers great opportunities for professional development, but also provides a unique way to serve consumers by helping them navigate an increasingly complex marketplace and secure the protections they rely on every day. The industry really does offer a variety of rewarding career paths for individuals of many different talents and professional backgrounds.

TDD: Any closing thoughts?

SPU: I really appreciate the opportunity to allow me to address your readers and to provide my background and plans for NCOIL. Getting involved in NCOIL is one of the best decisions I've made as a legislator. The time I've invested throughout the years has been well worth it and with each passing year, the value of the organization becomes clearer to me, as insurance is undergoing so much change for so many people. For anyone reading

this that isn't involved at NCOIL, I encourage you to get involved during my tenure as president and beyond. You won't regret it.

TDD: A lightning round of personal preferences:

TDD: Favorite meal?

SPU: Meatloaf, baked potato and baked squash.

TDD: Favorite snack?

SPU: Ice cream.

TDD: Favorite movie?

SPU: "Wild Hogs."

TDD: A book you would recommend?

SPU: I don't read many books but have started listening to audio books. A recent political book was "March to the Majority" by Newt Gingrich.

TDD: Cat or dog person?

SPU: Dog.

TDD: Hobbies that you enjoy or wish you had more free time to pursue?

SPU: I would like to spend more time on my motorcycle touring the country.

TDD: Thank you for speaking with us today. 🙏

Insurance

CONTINUED FROM PAGE 17

sustained commitment from boards and executive teams treating fraud not as a localized operational issue, but as a strategic, enterprise-level risk that demands coordinated global action to protect financial strength, policyholders, and market confidence.

To find out more about the Global Insurance Fraud Summit Inc. go to: www.globalinsurancefraudsummit.org. 🙏

Matthew J. Smith Esq. is the executive director of the Global Insurance Fraud Summit. He previously served in the same role with the Coalition Against Insurance Fraud, and as an advisor and consumer representative to the National Association of Insurance Commissioners. For more than 30 years he represented insurance carriers across the U.S. in matters involving insurance fraud and bad faith. Smith now also serves

as a consultant and expert witness on insurance law matters in the U.S. He may be reached at: director@globalfraud.org.

Dennis Toomey is the president and founder of the Global Insurance Fraud Summit and a director in PwC's Insurance Fraud and Financial Crimes practice. He is widely recognized as an international subject matter expert in counter-fraud, with deep experience across the property and casualty, life, and disability insurance sectors. With more than 30 years of industry experience, Toomey has worked with insurers globally to design and operationalize advanced fraud, compliance and analytics programs. His background spans law enforcement, industry leadership as head of fraud at a top five insurance carrier, and senior roles in product management and data analytics at global professional services firms. Toomey is a frequent author and speaker on fraud, analytics and transnational organized crime. He may be reached at: President@GlobalFraud.org

5. Customer Inquiries: Consistency and Contextual Relevance

- **The Problem:** Inconsistent or delayed responses to common customer inquiries, whether through email, web chat, or telephone, create organizational confusion and customer frustration. The lack of a single, unified view of the policyholder's interaction history means a customer often has to repeat information across channels and service representatives.
- **The Solution:** A modern system ensures a single, unified voice across all self-service and assisted channels. Technology must be able to instantly draft tailored, contextually relevant answers that remain consistent across channels. This moves beyond simply retrieving information to generating intelligent content that addresses the specific nuance of the policyholder's query and their history.

6. Agency Inquiries: Enabling Partnership and Velocity

- **The Problem:** Agency partners often require high-velocity, specific policyholder data to close a sale, service a client, or resolve an issue. Slow, inconsistent, or non-specific responses to agency queries hinder the agent's ability to operate efficiently, leading to frustration and positioning the carrier as a difficult partner to work with.
- **The Solution:** The communication platform must extend its hyperpersonalization and speed to the agent/agency channel. It should deliver the specific, accurate and high-velocity information agents need to manage their shared clients. This establishes the carrier as a preferred, efficient business partner, which is critical for maximizing sales through the agency channel. Automating and intelligently orchestrating these high-volume interactions across all touchpoints, including agency support, is expected to increase productivity and reduce operational costs by up to 40 percent, according to secondary research reported by Precedence Research.

The New Communication Infrastructure

The accelerating pace of investment in the AI-in-insurance market, projected by Precedence Research to top \$176 billion globally by 2035³, underscores the strategic necessity of this transformation.

³ Precedence Research - <https://www.precedenceresearch.com/digital-transformation-market>

When every message influences a positive policyholder perception, communication becomes the core infrastructure of the customer experience. This architecture transforms the carrier's vast policy, claims, and behavioral data into a Policyholder Experience Management system. It moves beyond automating mere transactions to curating the "next best message" and orchestrating its precise delivery via the optimal channel. This capability is paramount for meeting the demands of the modern customer, especially during high-stress scenarios like extreme weather events, where clear, accurate, real-time communication must be delivered at scale and speed.

The greatest value of this integrated architecture lies in its ability to drive three critical, measurable business outcomes directly:

- **Reduced Costs:** Achieved through the automation and intelligent orchestration of high-volume administrative and inquiry communications, freeing up human capital.
- **Increased Satisfaction and Retention:** Driven by hyperpersonalized, relevant messaging that acknowledges the policyholder's unique history and preferences, fostering loyalty.
- **Competitive Differentiation:** By consistently meeting and deliberately exceeding policyholder expectations, which are increasingly set by the highly personalized, frictionless experiences of leading digital-native brands.

Hyperpersonal and empathetic communication represents the most accessible and effective means of true differentiation. Carriers have access to the necessary data and technology to deliver personalized, scalable, and empathetic engagement at every step of the policyholder journey. This engineered engagement is the path to significantly higher satisfaction, substantially lower churn, and the long-term business resilience that provides a demonstrable competitive edge. 🌐

Leslie Sapienza leads OSG's Insurance Product and Consulting practice to deliver best-in-class policyholder communication solutions. Sapienza has over 35 years of experience in large-scale technology transformations within the insurance sector. Prior to OSG, she led the Prudential Financial's U.S. Business Customer Communication Management team, where she oversaw all inbound and outbound service communications. Her leadership drove transformative change, implementing print optimization and digital solutions that streamlined communications, improved content quality, and enhanced the customer experience. Sapienza's career also includes senior management consulting roles, including at KPMG.

Conversations

CONTINUED FROM PAGE 23

NRRA's "Helps to Help" in Practice

The theme of "NRRA helps to help" was not just a tagline. It showed up in every session. The tone was collaborative, practical, and focused on shared problem-solving. Even the final session felt more like a group conversation than a presentation.

Every session was engaging. If you did not attend, you genuinely missed out. And if it is not already obvious, this was my favorite conference this year.

The work NRRA does on behalf of risk retention groups deserves deeper discussion. That may be another article. Stay tuned.

A Broader Call to Engagement

As an aside, and very much aligned with many of the themes discussed here, a new captive association, the Alabama

When approached intentionally, conferences provide more than education. They provide early insight into where regulatory expectations, governance standards, and financial oversight are evolving, and where scrutiny is likely to increase.

Alternative Risk Alliance, has recently been formed. Its purpose is to provide a forum for education, collaboration, and constructive engagement around alternative risk and captive insurance issues.

If you want to be part of the solution and have a voice in how captive industries evolve, participation matters. Supporting the captive associations in the domiciles where you operate is one of the most effective ways to do that. These organizations serve as important bridges between industry participants and regulators, particularly in times of change.

RRGs Leave No Room for Weak Governance

Risk retention groups (RRGs) operate under constant scrutiny across multiple jurisdictions. Governance failures show up quickly and often publicly.

Risk Services has formed more risk retention groups than any other captive manager and manages one of the largest portfolios of RRGs by count in the market. That scale provides a concentrated view of how governance decisions are evaluated in real time.

Nothing tests governance quite like an RRG. Boards operating in this space need to be engaged, informed, and prepared. The margin for error is small, and the consequences of weak oversight are immediate.

Final Thoughts

Conferences do not change organizations. People do.

When approached intentionally, conferences provide more than education. They provide early insight into where regulatory expectations, governance standards, and financial oversight are evolving, and where scrutiny is likely to increase. Those insights, when acted upon, can strengthen organizations long before issues surface.

Across conferences, jurisdictions, and roles, one conclusion is clear. The captives and RRGs best positioned for long-term stability are those that treat governance as an operational discipline, not a compliance afterthought. 🌱

Jennifer Haskell serves as director of regulatory compliance for Risk Services LLC, supporting captive insurers and risk retention groups in navigating complex multi-state regulatory environments. A former state insurance regulator and financial examiner, she brings a regulator's perspective to governance, compliance and risk management. She regularly works with boards, regulators, auditors, and actuaries to strengthen oversight, documentation, and regulatory credibility. She is a Certified Financial Examiner and Certified Insurance Examiner. She remains actively engaged in regulatory education and notes that the Society of Financial Examiners has approved education provided by all state captive insurance associations for continuing regulatory education.



Preparedness

CONTINUED FROM PAGE 19

Training on updated guidelines or coverage changes should have been completed before the renewal push.

The carriers that consistently outperform through difficult seasons are the ones that treat the pre-season window as a genuine operational priority, not as the quiet period before the real work starts. That window is when fundamentals get sharpened, not when they get deferred.

The Window Is Open Right Now

Hurricane season is 60 days away. The carriers best suited to handle it will not be the ones making decisions in late August when the National Hurricane Center is tracking a major storm in the Gulf. They will be the ones who use this window honestly: assessing where they are genuinely underprepared, building the depth and flexibility their operations actually require, and conditioning their teams before the first test arrives.

Spring training is not about playing games that count. It is about making sure you can win the ones that do when it really matters.

The season is coming. Is your roster ready? 🏈

Peter Crowe began his career in technology consulting, in many cities and a few countries, doing system implementations, upgrades and conversions. A tech project he worked on led to an opportunity at RE/MAX, a real estate franchise company. Crowe joined RE/MAX in 2013 and while there, served in various capacities including senior vice president of marketing, communications and investor relations and executive vice president of business and product strategy.

While looking for strategic opportunities for RE/MAX, Crowe found We Insure, an independent insurance agency network. In 2019, he joined We Insure as chief revenue officer. In this role, Crowe led the expansion of We Insure into 25 new states, growing the agency footprint from 90 to 190 offices in just over two years and supported the founder in a successful exit.

In 2022, Crowe took on the role of president of Team Focus Insurance Group. As president, he has been excited to get back to his tech roots and expand one of the insurance industry's best core platforms and BPO service organizations. Crowe holds a Bachelor of Business Administration from Indiana University and an MBA from the University of Denver, Daniels College of Business.

Market

CONTINUED FROM PAGE 37

was not just structural. It was informational. Warning signs accumulated over time in a system that lacked a consistent way to surface and act on risk.

Buildings do not fail all at once. They fail slowly, often invisibly, until suddenly they do not hold.

FCCA is designed to change that. The simplest way to understand FCCA is this: it is the Carfax for condos. FCCA provides a standardized, third-party assessment across the factors that matter most:

- Financial stability and reserve adequacy.
- Structural maintenance planning and long-term readiness.
- Governance practices and operational effectiveness.
- Insurance posture and overall risk exposure.

By creating a uniform system for evaluating communities, FCCA introduces something the market has never had: a shared language of risk.

“When data is incomplete, pricing is wrong. When pricing is wrong, incentives fail,” said Amy Maguire, Executive Director of FCCA. “We are turning fragmented documents into standardized, decision-ready data that the entire market can use.”

Risk does not disappear when it is hidden. It compounds.

FCCA is voluntary and market driven. Associations choose to pursue certification as a way to demonstrate transparency, discipline, and long-term stability to residents, buyers, insurers, and lenders. The goal is not to regulate the market. The goal is to allow it to function.

Pilot programs are already underway in the Tampa Bay region with early adopting associations. These pilots are refining scoring methodologies, standardizing inputs, and building a framework that can scale across Florida.

Early support reflects the urgency of the problem. Demotech and Lozano Insurance Adjusters are among the founding supporters, recognizing that transparency reduces volatility and that stability follows clarity.

The broader market is beginning to catch up. A recent analysis in Florida Trend highlighted the growing need for standardized evaluation and greater accountability across Florida's condominium sector.

FCCA is built to meet that moment.

CONTINUED ON PAGE 46

Optional

CONTINUED FROM PAGE 9

Cyber warfare, hacktivism, ransomware, business email compromise, wire fraud, and identity misuse now live on the same continuum. The businesses and households that will weather this environment best are the ones that have protection in place before the incident, not after. Carriers, MGAs, wholesalers, and independent agents have an opportunity to do more than sell a policy. They can close a protection gap that is getting wider every year. And in a market where trust and relationships still matter, that may be one of the clearest ways to stand out. Let's Go! 🚀

Ariel Rivera's career spans roles as a cyber insurance program manager for carriers and MGAs, insurance continuing education instructor, keynote speaker, risk purchasing group

integrator, agency owners advisor, podcast host, and industry author. He founded his first independent insurance agency, Ariel Rivera & Associates Inc., in 2007 in San Juan, Puerto Rico, and later established Deer Insurance Agency LLC, in Jacksonville, Florida, in 2019.

In 2020, Rivera launched Fun Insurance Solutions LLC, offering product integration, M&A advisory, and marketing services to the insurance sector. He currently serves as the director of business development at RGS Limited, a prominent cyber insurance program manager and the administrator of the North American Data Security Risk Purchasing Group. Rivera also serves as president of the National Association of Professional Insurance Agents. Rivera's commitment to others drives his work, embodying his belief that, "Helping others is my passion; insurance is just ONE way of doing it."

Market

CONTINUED FROM PAGE 45

- For homeowners, it means fewer surprise assessments and greater confidence in long term obligations.
- For insurers, it means better underwriting and more accurate pricing.
- For lenders, it means clearer risk evaluation before capital is committed.
- For communities, it means stronger governance and more resilient outcomes.

"You can't manage what you can't see," added Brandes. "FCCA makes the invisible visible. That is how you build stability, trust, and safer communities across Florida."

Florida now faces a choice. Continue operating in a system where risk is obscured until it is too late. Or build the

infrastructure that makes risk visible early, consistently, and honestly.

Florida does not need another tragedy to prove what we already know. 🚀

The Florida Communities Certification Association is an independent nonprofit organization dedicated to improving transparency, accountability, and long-term stability in condominium and homeowners associations. Through its certification and rating system, FCCA provides standardized, third-party evaluations of financial health, governance practices, and structural readiness, helping communities, insurers, lenders, and policymakers make better informed decisions. Learn more at: <https://flcommunitycert.org>



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