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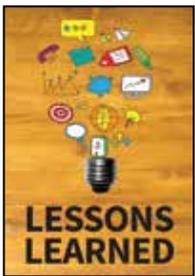
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THE PANELIST

Insurance Defense Marketing News

SUMMER, 2017 | A publication of Legal Expert Connections, Inc.

Lessons Learned from 100 Insurance Defense Law Firms



Insurance defense managing partners across the country grapple with common yet critical business development issues, based on our experience.

In the process of helping more than 100 insurance defense law firms de-mystify the panel counsel process, we have observed specific marketing challenges. While it is not easy to get on an insurance panel, our assistance has enabled many law firms to gain panel counsel appointments.

Listed below are five key lessons we have learned from our work with dozens of law firms in more than 25 states.

Trend to Regional Law Firms

Single location law firms are facing increased competition from law firms with a statewide or national presence.

Insurance Industry Consolidation

Market conditions and business strategy continue to support high levels of merger and acquisition activity, with several transactions noted on the following pages.

Use of In-House Counsel

Staff counsel programs remain strong, particularly in the high volume, low paying sector of auto defense claims.

Law Firm Succession Planning

Rainmakers in insurance defense law firms are nearing retirement, just as industry counterparts on the claims side may be doing the same.

Metrics Management

Insurance carriers are increasingly looking at claims as a business strategy that can be better managed through increased metrics, while law firms focus on the practice of law as a profession. This can cause a mismatch in the client-provider equation.

Read the full article and other stories online at:
www.InsuranceDefenseMarketing.com.

AIG Panel Counsel Impact of CEO Change

AIG is under new leadership following Brian Duperreault's appointment as president, CEO and director on May 14, 2017. Peter D. Hancock, who formerly held the positions, resigned concurrently. AIG panel counsel members will want to stay tuned to news from the global P&C insurer, as it continues to streamline operations and improve profitability.

Duperreault previously served as Chairman and CEO of Hamilton Insurance Group. His insurance career includes roles as CEO of ACE, leader at Marsh & McLennan, and 21 years at AIG earlier in his career. While at Hamilton, he applied data analytics to the insurer's operations.

Hancock had been under pressure for over-promising and under-delivering performance improvements. The latest disappointment came in a fourth quarter 2016 loss of \$3 billion, which included a \$5.6 billion reserve set-aside for future losses.



AIG's commercial P&C division was behind much of the problem, with a "loss ratio" that dropped six points over two years.

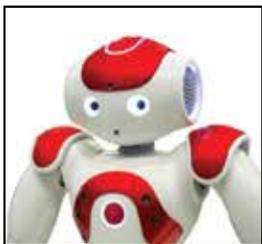
Workers' comp, environmental liabilities, commercial auto, and guaranteed payments to accident victims—all areas very familiar to AIG panel counsel members—took hits with higher than expected costs under Hancock's watch.

The commercial insurance unit of AIG pays \$75 million in claims every business day, according to a May, 2017 article in the Wall Street Journal.

Insurance defense law firms that are AIG panel counsel members might want to be thinking of client diversification if they are heavily reliant on AIG claims files.

Carrier Updates

Meet Your Robotic Claims Adjuster



Zurich is testing computer algorithms to speed up claims processing, according to a Reuters news story. The global insurer is applying artificial intelligence (AI) to evaluate personal injury claims, the bread and butter business for many Zurich panel counsel law firms.

Pilot tests of AI software systems have reduced the processing time for personal injury claims from an hour to as little as five seconds, according to Zurich Chairman Tom de Swaan. Test applications started in March, with the review of medical records and similar claims paperwork.

Zurich reportedly has saved 40,000 hours in work time as a result of the initial AI evaluation, according to an article in ClaimsJournal.com. Based on this successful outcome of early testing, the insurer plans to increase the use of artificial intelligence systems.

The accuracy and efficiency of the software increases as more claims are reviewed and the algorithms are updated, according to Zurich.

Insurance defense law firms need to be aware of these developments but shouldn't be deterred from building personal relationships with claims executives. Zurich panel counsel members will want to be alert to how the use of AI will change the review process, although automated reviews might take a while to gain noticeable momentum.

Learn More! Call 1-866-417-7025
to discuss how your firm can enhance
business development results and get
on more insurance panels.

California Workers' Compensation Update

Berkshire Hathaway Inc. reached a settlement with the California Department of Insurance in regard to "bait and switch" allegations involving two subsidiaries, California Insurance Co., a workers' compensation insurer, and Applied Underwriters Captive Risk Assurance Co., Inc., an affiliated workers' compensation reinsurer.



The settlement agreement resolves the dispute with Berkshire Hathaway, one of the largest carriers of workers' compensation insurance in the country. The use of reinsurance participation agreements was at issue. Berkshire was allegedly selling RPAs without the required regulatory approval.

Zurich North America "Simplifies Structure"

Zurich announced in May that it will combine its Specialty Products business together with North America Commercial Insurance. This is expected to provide easier access to its industry-leading products and services.

North America Commercial Insurance is aligned into four business segments: Property, Casualty, Construction and Middle Markets. The impact of this restructuring on insurance defense law firms remains to be seen.

XL Catlin & PGU Partner on EPLI Coverage

Professional Governmental Underwriters and XL Catlin are teaming up to offer:

- Educator's legal and employment practices liability for colleges, universities, public, charter, parochial, and private K-12 schools.
- Police professional liability insurance.
- Public official's liability and employment practices liability.



Promote Your Law Firm with Professional Marketing Services

- Panel campaigns
- Marketing brochures
- Blog copywriting
- Proposals (RFPs)
- Press releases
- Social media

Call **866-417-7025** or email **mg@legalexpertconnections.com** for details.

Industry News

State Farm to Shut 11 Offices

A \$7 billion annual underwriting loss on auto policies in 2016 is driving State Farm to close 11 U.S. facilities over the next four years, displacing approximately 4,200 workers. Law firms that are members of the State Farm Auto Panel will want to monitor this situation closely.

Work from closed facilities will be centralized in the Bloomington, Ill. headquarters office, as well as their field offices in Atlanta, Dallas and Phoenix.

An increase in automobile accidents has caused a surge in claims expenses. More drivers are on the road, and they are driving more miles than ever before. Additionally, distracted driving continues to increase the number of car accidents.

New York Cybersecurity Rules Take Effect



Insurance companies operating in New York became subject to new cyber security regulations on March 1. It is the first state to require insurers to report data breaches and protect customer information. The rules are in

response to data breaches and seek to prevent future cyber-crimes.

New York insurers must also verify that third-party vendors which provide them with goods or services have sufficient cyber protection mechanisms and due diligence processes in place. This appears to include insurance defense law firms. Insurers also need to periodically reassess the cyber security mechanisms of their third-party providers.

Panera Bread Launches Delivery Service



Panera expects to add more than 10,000 new in-cafe and delivery driver jobs system-wide as it expands delivery service to 35 to 40 percent of its cafes by year end 2017.

Panera is hiring its own drivers in company-owned and franchised markets across the U.S. News of the delivery service came a few days after JAB announced plans to acquire Panera in a \$7.5 billion deal.

AWAC Acquired by Fairfax

Fairfax Financial Holdings Ltd. acquired Allied World Assurance Company, a leading global property, casualty and specialty insurer and reinsurer, for \$4.9 billion.

Fairfax is a Toronto-based holding company involved in property and casualty insurance, reinsurance and investment management.

Crum & Forster is a wholly-owned subsidiary of Fairfax. C&F companies include United States Fire Insurance Company, The North River Insurance Company, Seneca Insurance, First Mercury Insurance, and others.

Liberty Mutual Buys Ironshore

Liberty Mutual Insurance acquired specialty carrier Ironshore Inc. from Fosun International.

The U.S. specialty lines business of Ironshore will be combined with the U.S. business of Liberty International Underwriters ("LIU"), a Liberty Mutual subsidiary. The Ironshore brand will remain in use.

Global products offered by LIU include coverage for aviation, construction, cyber liability, energy, environmental, excess and specialty casualty, high-risk property, marine and cargo, specialty motor, surety, and U.S. workers' compensation.

SOMPO Holdings Acquires Endurance

SOMPO Holdings, Inc., one of Japan's top three insurers, acquired Endurance Specialty Holdings Ltd. in a \$6.3 billion transaction.

Endurance writes property, professional lines, agriculture, casualty and other specialty lines of insurance and property, catastrophe, casualty and other specialty lines of reinsurance.

WE CAN HELP YOU:

- Get new clients
- Retain current clients
- Create marketing materials



Trucking Giants Knight and Swift to Merge



Knight Transportation and Swift Transportation plan to merge, according to an announcement by the two publicly held companies. Knight-Swift Transportation Holdings Inc., the name of the new entity, will represent the industry's largest full truckload company.

Knight-Swift combined operations will include 23,000 tractors, 77,000 trailers, and 28,000 employees. The new truckload transportation company will have \$5 billion in annual revenue and a "Top 5" truckload presence in dry van, refrigerated, dedicated, cross-border Mexico and Canada, as well as a significant presence in brokerage and intermodal.

From an operating perspective, Swift and Knight will share common ownership and best practices while maintaining separate brands with separate trucking operations, separate service inner-networks, and separate drivers.

Cost synergies are projected to emerge quickly, with estimates of \$15 million in the second half of 2017, \$100 million in 2018 and \$150 million in 2019. The identification of "purchasing economies" is one way the companies expect to reduce expenses, along with shared best practices and improved yields.

Law firm members of Knight and Swift panels, take note!



Insurance Panel Business Development

We assist insurance defense law firms across the country with:

- Business development campaigns
- Responses to RFPs

Call **866-417-7025** to learn more.

About Us

Legal Expert Connections, Inc. is the leading U.S. legal marketing agency specializing in the insurance defense sector. We understand the panel counsel process, and have helped more than 100 insurance defense law firms connect with litigation panel managers at insurance carriers, third party administrators and self-insured entities.

You can focus on your law practice when we handle your marketing and lead generation. Our clients include small to mid-sized law firms that don't employ a marketing professional but do rely on our services for marketing communications and business development campaigns.



Margaret Grisdela, president, is an insurance defense marketing consultant with specialized knowledge of business development for defense law firms across the country. She leads a team of researchers, writers, graphic designers and others all focused on helping small to mid-sized law firms attract new clients.

We are available to create targeted marketing campaigns for a wide range of practice areas, including those outlined below.

- Construction defects
- Employment practices liability
- Inland marine / trucking
- Medical malpractice
- Personal and commercial auto
- Premises liability
- Product liability
- Professional liability

Geographically, we have conducted business development campaigns in 26 states.



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