

NEXT GENERATION NEWS

2013 NAPSLO Events

Mid-Year Leadership Forum

February 25-27
Miami, FL

Executive Leadership School

April 15-18
Charlottesville, VA

NAPSLO E&S School

June 2-5
St. Louis, MO

NAPSLO Annual Convention

September 30 - October 3
San Diego, CA

Please visit www.napslo.org for more details!

LETTER FROM THE PRESIDENT:

Welcome 2013! It is going to be an exciting year for Next Generation and we have a lot in store for our membership. Almost 600 members strong, we have grown into an organization the surplus lines community can be proud of. We would like to thank you for your support over the last five years, and for making Next Generation a success!

Now that Next Generation has established itself as an accomplished "Under 40" group, we are looking to our current membership for suggestions on how to better serve your needs. With a strong focus on member benefits this year, Next Generation will continue to host our annual webinar as well as our annual convention workshop, panel discussion and cocktail reception. As we plan for the upcoming year, we would like to hear from you! Please e-mail me with suggestions on how we can best serve you; all ideas are welcome.

If you would like to get involved today, Next Generation is seeking volunteers to present programs on E&S insurance to students at alma maters, local high schools, and local trade schools. Please contact Next Generation Vice President, Wyeth Coburn, at wcoburn@crcins.com if you would like to assist in this initiative. Next Generation is also seeking committee volunteers with a strong selection focus around location and skill set; please contact Next Generation Secretary David Dow, at david.dow@amwins.com for more information. If you would like to contribute an article for our Spring Newsletter, please contact Next Generation Treasurer, Whitney Simonetti at wsimonetti@amsafety.com.

Stay tuned for our 2013 events, and we look forward to working with you in growing Next Generation. Our success depends solely on your willingness to volunteer so please get involved! Not only does Next Generation provide an avenue for you to meet other successful, young insurance professionals, it allows you to make a difference in your community. Last but certainly not least, I would like to thank all of our newsletter contributors. Enjoy the read!



Yiana E. Stavrakis
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Preferred Concepts LLC

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www.napslonextgen.org

By: Liz Furrer

USG Insurance Services, Inc.
Marketing Assistant

THE NEXT GEN AVENUES FOR CONTINUING EDUCATION



As Aristotle quotes, "Education is an ornament in prosperity and a refuge in adversity." While in today's time education may not be a complete refuge in adversity, the more education you possess, the better equipped you will be to combat adverse situations and develop a unique selling proposition for yourself in a well-defined industry. Education is the fundamental root of your real world experience and the starting point to your success; without any prior, formal knowledge, it is hard to gain meaning from your hands-on involvement and eventually prosper.

Holding the title of a 'Next Gener' may shadow you in a dim light of newness in the E&S industry, accompanied by a feeling of intimidation when talking with those whose names are embellished with a string of designations; however the younger generation radiates ambition, drive, and energy that brighten previously established ideas and goals. You can help solidify your place in the industry with a strong focus on continuing education.

Clients depend on your company to provide them with the most up to date, accurate coverages for their most prized possessions and indispensable assets, reiterating why quality continuing education in the insurance industry is so vital. Surely you would not want to know that an emergency room doctor chose the cheapest, shortest continuing education classes. This is why NAPSLO Next Generation has promoted and paved various avenues for you to continue your education.

- NAPSLO Next Generation's Education Committee has promoted the significance of earning the ASLI (Associate in Surplus Lines Insurance) designation by developing a webinar and video that premiered in October of 2012. Both featured Next Gen members discussing the importance of the designation and how to complete the requirements. The webinar, featuring Taylor

McGuire and Wyeth Coburn, can be viewed at <http://www.napslo.org/imispublic/video/NextGenerationASLIWebinar.mov>, while the video promoting the ASLI designation featuring Next Gen President Yiana Stavrakis, Past President Nick Abraham, Robert Sanders, Jr., and Randy Doss is available at <http://www.napslo.org/imispublic/video/ASLIWebinar12.mov>. Randy Doss and Wyeth Coburn also participated on a Gamma Iota Sigma video webinar on January 17, 2013 where they discussed *The Future of E&S: Extreme Risk Takers for Extreme Risks!* To view the GIS webinar go to <https://www1.gotomeeting.com/register/170907064> and then enter your email address and name when prompted, then enter NAPSLO for School and National Chapter for GIS Chapter Affiliation.

- NAPSLO offers their E&S School, focusing on various segments of the industry such as Market Dynamics, MGAs and Brokers, The Lloyd's market, and more. This year, the classes will be held from June 2-5 at the Eric P. Newman Education Center in St. Louis, MO.

- NAPSLO also offers the Marcus Payne Advanced School, offering a more comprehensive look at surplus lines. Topics in these classes cover the Broker/Underwriter Relationship, Claims Experience, Reinsurance & the Specialty Marketplace, and more. This year, the classes will be held from November 3-6 at the Eric P. Newman Education Center in St. Louis, MO.

- Websites, such as TheInstitutes.org, provide online classes and exams for all insurance designations, allowing you to work at your own pace, on your own time line. Announced May 1, 2012, NAPSLO collaborated with The Institutes in developing a course titled Surplus Lines Fundamentals. NAPSLO's education committee has also selected an online service, Success Continuing Education, to provide members with further access to CE courses. To sign up or receive additional information, log on to <http://NAPSLO.successce.com>. Other prominent online continuing education websites include WebCE, NobleCE, and Kaplan Insurance CE.

- Get involved with local, regional, and national insurance specific associations to keep up to date with industry news, resources, and golden networking opportunities. Not only will these associations offer essential education opportunities, it may even bring you new business prospects. Remember, hearing other's experiences is invaluable to your development in this relationship-based business.

- Check with your company to learn of any preferred in-house continued education opportunities. This is prevalent mainly in larger brokerages and carriers.

- You can even continue your education outside the insurance sector in areas such as project management, customer service, leadership skills, etc. The goals of companies such as SKILLPATH TRAINING is to advance your professional business training as a whole, rounding off what you have learned in your formal insurance preparation.

Whether you are 23 and right out of college or a seasoned veteran entertaining more closely the idea of retirement, the insurance industry gives you unlimited opportunities to advance your education at any stage. Don't be intimidated with the amount of required continuing education credits. Take the requirement as an opportunity and know there are an abundance of opportunities at the crossroads of all avenues.

With focus and determination you can power through classes and earn designations in just a few months or choose to take it at a slower pace. Whichever path you choose, you are putting in place building blocks for your career and obtaining the fundamental, technical knowledge needed to solve complex problems and prosper. Take advantage of these online classes, associations, and webinars provided through NAPSLO, NAPSLO Next Generation, and other outlets, knowing you can never take a wrong turn down the path of continuing education.

WHAT'S THE BIG FRACKING DEAL?



By: Bevan Greibesland
Scottsdale Insurance Company
Transportation Underwriter

Maybe you've heard the word "fracking" around the office or in the news recently; but regardless of where you've heard about it, it is one of those things that everyone in insurance should know a little about because it can affect all lines of business.

Fracking, which is the nickname for hydraulic fracturing or hydrofracking, is a process used to extract natural gas from deep shale/rock formations. Natural gas is extracted by pumping water, chemicals, and sand under such high pressure that it fractures the shale and allows natural gas to escape.

This process can also be done by pumping a mixture of sand and solidified propane in the form of gel into the shale. There are a number of pros and cons when it comes to fracking. Some of the pros are that it reduces our dependency on foreign energy resources; provides jobs; creates an economic boom in areas of the country where fracking is occurring; and it allows existing wells that have been exhausted for oil to be put back into production.

A few cons are that the by-products of the fracking process produce a toxic cocktail of water, sand, and chemicals that are difficult to dispose; there is a potential for possible

ground water contamination; and some believe it has led to an increase in earthquake activity.

Things to consider by line of business: **General Liability**

- The toxic by-products could be disposed of improperly.
- Smaller contractors / well operators may not carry environmental impairment liability coverage, which could hinder potential recovery for pollution claims.
- Personal injury suits possible due to vibrations and other allegations brought about by increased vehicle traffic in rural areas.
- Potential for class action suits and high defense costs for such claims as ground water contamination.
- Potential for losses not yet contemplated by this industry segment or the insurance industry.

Transportation

- Due to the MCS 90 and federal filings, the insurance carrier can be required to cover and/or defend potential pollution claims.

- Haulers of the toxic fracking by-product could be improperly disposing of the waste or not equipped to handle the material.

- Relaxed oil field highway regulations allow truckers to work longer hours than drivers in other industries, which may result in increased risk for accidents.

- Many oil companies are able to offer lucrative salaries to drivers, which leaves driver shortages or a reduction in highly qualified drivers among other trucking risks.

- Trucking operations without experience in handling hazardous materials may move their operations into these regions trying to get a piece of this lucrative pie.

Personal Lines and Commercial Property

- Some policies may provide coverage for damage from earth movement caused by an event other than an earthquake.

Inland Marine

- With the ever-increasing number of fracking operations there is also an increase in exposure due to expensive oilfield equipment at risk in the oil patch.



*Group of Next Geners at the
NAPSLO Next Gen Cocktail
Reception in Atlanta*

THE SUPERSTORM SANDY EFFECT

By: Steve Eilers
GenRe
Vice President, Branch Manager



While fall hurricane activity shouldn't surprise anyone, most of us probably purchased at least one bag of Halloween candy

confident that 2012 was going to be a light hurricane year from a loss perspective.

Sandy, making landfall in the U.S. on October 29th, obviously changed that. Sandy stretched 945 miles in diameter and struck at high tide during a peak moon phase which caused severe flooding in several states. As of January 17th, individual company loss announcements have totaled over \$17B and most modeling firms are estimating \$20-\$25B in industry losses. It is likely that Sandy will end up the 3rd most expensive hurricane in US history (behind Katrina in 2005 and Andrew 1992). New York's Metropolitan Transit Authority recently revealed that its loss from Sandy will be in the neighborhood of \$5B and expects to collect \$1.075B from their insurance program. Many companies with offices in New York's financial district are only now able to access their buildings.

The Insurance Information Institute estimates that 1.38 million claims will be paid to homeowners, business owners and vehicle owners. With a record \$583.5B of surplus, our industry is well positioned to meet the financial commitments that Sandy's aftermath entails.

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“What needs further understanding is that events like Sandy are not as unique or out of the ordinary as the media portrays them to be.”

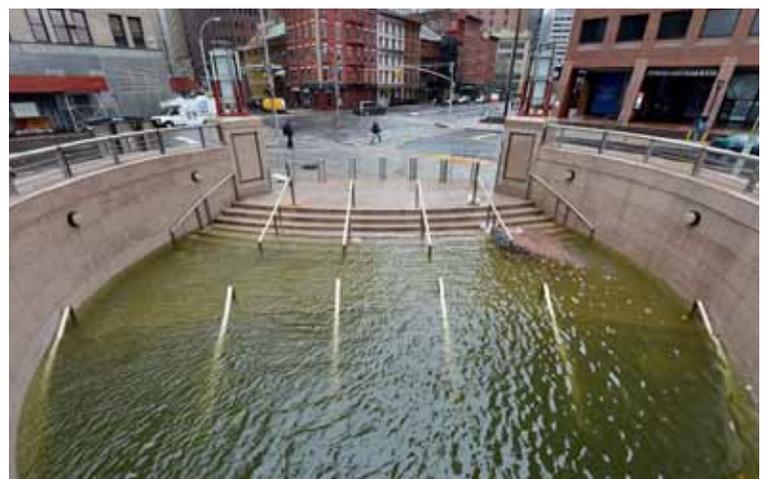
of the ordinary as the media portrays them to be. In August of 2012, before Sandy was a reality, Karen Clark & Company published a study reviewing historical U.S. hurricanes that, if they had made landfall in 2012, would have caused significant damage. The study identified twenty-eight storms making landfall since 1900 that would have caused \$10B or more in damage had they occurred in

2012. Among them was the “Long Island Express” – a Category 3 hurricane which struck New York on September 21, 1938 causing significant damage. Karen Clark & Company estimates that the same event would have caused \$35B if it happened in 2012. Demographics have shifted with more people living in catastrophe prone areas causing the density of exposed values to increase exponentially. Coastal exposure in Florida, for example increased 24% from 2004 to 2007. This trend is expected to continue and will be an issue our industry will need to work through.

While models include degrees of uncertainty and their loss estimates are not exact, developing an understanding of the past can help us better prepare for the future. We know significant catastrophic events will happen again and as Next Gen members, we will likely see several of them in our careers. Each will have unique attributes and while we can try to learn to “expect the unexpected” we may be better served by broadening our understanding of “expected.”



Picture from dailymail.co.uk



Picture from telegraph.co.uk

WORD FROM THE WISE - ADVICE COLUMN



By:
Eric Quinn
All Risks, Ltd.
Underwriter



Contribution by:
Matt Nichols
All Risks, Ltd.
President

In past editions of the “NextGen Newsletter,” we featured articles about respected insurance professionals and their career paths into and through the insurance industry. While it was fascinating to read about how some of the senior members of the NAPSLO committee had fallen into the insurance business, the NextGen newsletter committee decided that obtaining the insight, wisdom, and advice about insurance careers from these professionals would be a much better subject matter. Having said that, we thought it would be appropriate to address the most common question among young insurance professionals:

How do I develop, grow, and maintain, relationships with my key business partners?”

In my short time in this business, I’ve learned the most successful people are those who take time focus on their key clients. I can assure you the most noteworthy people in your company — whether the wholesale or carrier side — are those who have great respect for, admiration of, and friendships with those with whom they do business.

Still, I’m a relative newcomer to the business, so as promised, I took this question to Matt Nichols, President of NAPSLO, and he

offered this insight on how to develop, grow, and maintain relationships:

“Early in my career, I discovered that it was critical to remember people’s names after you met them and to always remember facts about them as well. For example, who was their favorite sports team? Where did they vacation? Spouses name? Did they have dogs?...All of these small details led to people knowing I cared about them and wanted to be their partner while assisting them in writing their business. Many of those early relationships I developed early on continue to be some of my closest relationships after 20 years in the business. These colleagues are my business partners and my friends inside and outside of work, and we know that we can count on one another.”

- Matt Nichols

Ultimately, people will do business with those they can trust and with whom they have developed good rapport. There is no substitute for a personal connection in which both parties know they have the other’s best interest in mind. As Nichols mentioned, asking appropriate questions about personal interests, favorite sports teams, and family, serves to break down the barriers that come

with the “professional” environment and in the end, leads to career-long partnerships/friendships.

A caveat for young professionals: developing these relationships cannot come from the 21st century means of communicating. That is to say, one cannot hide behind e-mails when trying to establish business relationships. Without question, the most important thing a young insurance professional can do is pick up the phone, get in the car, or get on a plane in order to have a real conversation. Establishing a connection and solid business partnership requires “in person” interaction — there is no substitute for a solid handshake, a focused conversation and a few minutes of your time. The dynamics of your relationships with clients changes dramatically by doing any of the aforementioned activities.

As you begin your career, pay attention to the business practices of the most successful people in your organization. Be aware of how they interact with their colleagues and business partners – it is an easy tell as to how to grow personally and professionally. How you treat potential clients and manage your existing relationships is extremely important to our business and, ultimately, will be directly related to your success.



Next Geners panel discussion lead by Nick Abraham in Atlanta featuring Matt Nichols, Michael Carr, Neal Abernathy and Dave Leonard.

Want To Get Involved?

Hey Next Generation, we are a growing organization and want to keep it going with even more active members. As a group we total almost 600 individuals, which is wonderful!

We are looking forward to a great 2013 where there will be opportunities to get more involved, and we want to hear from you. Some of the other ways you could get more active in Next Generation:

- Volunteer to present at a local university or your Alma Mater on the E&S Industry.
- Write an article for the quarterly newsletter.
- Get co-workers and friends to sign up.
- Post topics relevant to E&S or the Next Generation to our Facebook and LinkedIn pages and become part of the discussion!

We also have various openings on the Next Gen Committees, please e-mail david.dow@amwins.com with a couple of paragraphs describing your background, specific committee of interest, and experience relevant to that committee. Make the most of your membership!





Want to be heard?

You've seen what we think is important, now we want to know what's important to you! The only way for Next Gen to improve is through feedback, so please let us know your thoughts.

Is there something you'd like to see? Tell us! We'll incorporate your ideas into future newsletters as we continue to grow this great organization! Please direct your comments or questions to Whitney Simonetti at wsimonetti@amsafety.com.

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What is Next Generation?

Next Generation is the under 40 segment of NAPSLO and has been created to a) recruit young talent into the industry, b) increase communication regarding important industry and educational information, c) encourage professional development amongst members, d) act as a liaison between NAPSLO and young talent, and e) create an avenue for young insurance professionals to become more involved in the E&S industry.

HOW CAN I GET INVOLVED?

General Membership

You can join NAPSLO Next Generation as a member for free, which does not require you to perform any leadership tasks on behalf of the group. You will simply receive our newsletters and invites for webinars, events, and educational opportunities.

Leadership

By joining our group (which is free) you can also volunteer for one of our sub-committees. More details are available at www.napslonextgen.org. We are also seeking volunteers for college campus visits to make presentations about our industry.

WHAT ARE THE BENEFITS OF JOINING?

- The NAPSLO Next Generation group offers a wide variety of opportunities and benefits to its members year round, communicated through a quarterly e-newsletter.
- Through social networking, young insurance professionals are able to communicate with each other and with more experienced NAPSLO members. Visit our Facebook and LinkedIn Groups.
- NAPSLO Next Generation members are also given a voice within the association involving key industry matters.
- Along with educational conferences and seminars, you will learn what new, young leaders are doing to stand out.
- Next Generation offers young insurance professionals a chance to jump start their careers by creating a base of industry contacts, developing important professional skills, and keeping up to date with the latest insurance trends.
- NAPSLO's Next Generation provides leadership, industry training, social networking, and other knowledge necessary for the development and success of young insurance professionals.

HOW DO I SIGN UP?

Please fill out the Membership Application below. You will receive a welcome packet in your e-mail with details about upcoming events, how to get involved, and your Next Generation Membership ID Number.

Membership Application - It's free to join: Pass to a friend or co-worker!

Please fill out the questions below and return to membership@napslonextgen.org.

NAPSLO Next Generation Membership Requirements:

1. Must be employed by a member corporation of NAPSLO
2. Must Be Under 40 years of age

Name: _____

E-Mail: _____

Address: _____

Phone: _____

Date of Birth: _____

Company: _____

Your Company's NAPSLO Membership Number: _____

How long have you been in the industry? _____

What is your job title? _____

Would you like to volunteer for leadership within Next Generation? _____

Would you like to volunteer to go to local campuses to promote our industry? _____

Would you be interested in joining a subcommittee? _____

