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North America

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Shareholder activists make ripples at insurer AGMs

Insurance company boards have successfully defeated all activist motions on emissions and climate risk

Shareholder activists have recently targeted several major publicly-listed insurance companies with resolutions on environmental and social topics – although with little success so far, *writes Ben Margulies.*

Green Century, a Boston-based mutual fund that also conducts shareholder activism, proposed resolutions ahead of annual general meetings at Chubb and Markel. As You Sow, a California-based shareholder activist group, also tried to submit motions on climate issues with four insurance companies this year – Allstate, Chubb, the Hartford and Travelers, as well as Berkshire Hathaway, a conglomerate that includes various insurance subsidiaries.

The US Securities and Exchange Commission (SEC) allowed Allstate and Hartford to reject As You Sow's motions but allowed the Chubb and Travelers motions to go forward.

As You Sow and Green Century submitted identical motions to Chubb's AGM on May 15, which voted on them under Green Century's name. The resolution called on Chubb to "issue a report, at reasonable cost and omitting proprietary information, disclosing the GHG [greenhouse gas] emissions from its underwriting, insuring, and investment activities". Chubb shareholders rejected it with more than 86% of voting shares.

On May 21, Markel's shareholders rejected a similar Green Century proposal by 85.2% to 14.8%. This is the second consecutive year Green Century has requested Markel produce a more comprehensive greenhouse gas report; in 2024, a similar motion won 37.9% of the vote at the annual shareholders' meeting.

As You Sow's motion called on Travelers to "provide, in its existing climate reporting, the expected impact of climate-related pricing and coverage decisions on the sustainability of its homeowners' insurance customer base under a range". The motion was defeated by a nearly eight-to-one margin.

Berkshire Hathaway voted on As You Sow's motion, which called on the parent company to reveal its "clean energy financing ratio" at its May 3 general meeting. This metric compares investments in green energy and those in fossil fuel activities. It won 3.4% of voting shares.

Arguments from the opposition

All three insurers and Berkshire Hathaway have opposed the activists' climate reporting resolutions.

Markel said it is not possible to gather this information and individual companies within the group are better placed to manage climate risk.

Chubb said Green Century's proposal "serves no useful purpose and is duplicative and wasteful of company and shareholder resources". The company also argued it could not measure greenhouse gas output in the way the activists desired.

The Travelers board said it sees no point evaluating climate risks separately from other potential property perils. Berkshire Hathaway's leaders said: "The board does not believe it is relevant, necessary or in the best interests of shareholders to disclose its 'clean energy financing ratio.'"

Both As You Sow and Green Century proposed non-binding resolutions.

Giovanna Eichner, a spokesperson for Green Century, said the SEC has excluded proposals that require companies to implement specific policies.

But she added: "We believe that shareholders should be able to weigh in on the issue of how insurers' pursuit of short-term profits from fossil fuels guarantees long-term environmental and financial costs and created our proposal to address this key issue without the increasing the risk of SEC exclusion."

Bermuda re/insurer Arch Capital has also been in activists' sights in relation to its diversity and inclusion policies.

Quaker Fiduciary Funds, an investment consultancy that works with Quaker institutions, asked Arch Capital's board to report to shareholders on the "effectiveness of the company's diversity, equity, and inclusion [DEI] efforts", including "quantitative metrics, for hiring, retention, and promotion of employees, including data by gender, race, and ethnicity".

The Arch board urged shareholders to defeat the motion, calling the resolution "overreaching and overly prescriptive". Shareholders agreed, defeating the motion by a margin of approximately seven to one.

Since returning to office in January, US president Donald Trump and his administration have eliminated DEI offices within the US government and barred federal contractors from pursuing DEI policies. US embassies abroad have reportedly sent letters to foreign corporations inquiring into their DEI policies.

'We believe that shareholders should be able to weigh in on the issue of how insurers' pursuit of short-term profits from fossil fuels guarantees long-term environmental and financial costs'

Giovanna Eichner, Green Century

Bermuda

Peak Re launches Bermuda subsidiary

Hong Kong-based reinsurer looks to strengthen global presence with casualty-focused North American operation

Hong Kong-based reinsurer Peak Re has opened a North America subsidiary in Bermuda as the company continues to expand its global footprint, *writes Ben Margulies.*

Licensed as a class 3B insurer, the Bermuda operation, Peak Re North America, will focus on casualty reinsurance. It has been assigned an A- (excellent) financial strength rating from AM Best.

Peak Re said the launch was a "strategic milestone" in the company's ongoing diversification efforts.

"The launch of Peak Re North America is a significant step in our group's global growth strategy," said Peak Re group chief executive, Franz-Josef Hahn. "This new entity allows us to better serve our clients in North America while reinforcing our position as a global reinsurer.

"Peak Re North America will play a vital role in diversifying our portfolio, ensuring we remain agile and innovative in meeting the evolving needs of the market."

Peak Re North America will be led by Gene Zhang, who has worked as a director and then managing director of underwriting in Bermuda since 2020, having previously worked for Peak Re in Hong Kong.

"Peak Re North America is a testament to our commitment to delivering tailored solutions that meet the specific needs of the North American markets," Zhang said.

Founded in 2012, Peak Re acquired a Bermuda investment fund specialising in insurance-linked securities, Lutece, in 2020. Nearly one-third of the company's revenue is derived from its North America business.

North America


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Travelers to sell Canadian business to Definity in $2.4bn deal

US giant to offload personal lines business and bulk of commercial lines business in Canada

US property/casualty giant Travelers has agreed to sell the bulk of its Canadian business to Definity Financial for around $2.4bn, *writes John Shutt, Los Angeles.*

The deal covers Travelers' personal lines business and the bulk of its commercial lines business, in total worth approximately C$1.6bn ($1.15bn) in premiums. Travelers will retain its Canadian surety business.

Travelers will use around $700m of the sale proceeds on share repurchases in 2026, with the balance retained to support ongoing operations and for general corporate purposes.

"This transaction is a reflection of our steadfast commitment to disciplined capital allocation and long-term value creation," said Travelers chairman and chief executive Alan Schnitzer.

Definity president and chief executive, Rowan Saunders, said "transformative acquisition" will move the group into the top four largest property/casualty insurers in Canada.

"This highly complementary business will diversify our portfolios, provide additional expertise and product offerings, and continue our track record of shareholder value creation," Saunders said.

The transaction will boost Definity's annual premium volumes to around C$6bn and provide additional capabilities in marine, professional liability and other lines.

"The evolution of the Canadian market over the past decade has made Definity a natural long-term owner for this business, a view affirmed by the compelling value of their proposal," Schnitzer said.

"I am confident that our Canadian customers, brokers and colleagues will benefit from being part of one of the country's leading and fully integrated property/casualty insurers."

The deal is expected to close during the first quarter of 2026.

Climate risk

Tokio Marine launches underwriting unit to support green transition

Tokio Marine GX aims to deliver insurance and risk solutions across renewable energy, conventional power and construction sectors

Japanese insurance giant Tokio Marine Holdings has launched an underwriting business aimed at supporting companies decarbonising and investing in green initiatives, *writes Queenie Shaikh.*

Tokio Marine GX aims to provide specialist insurance and risk management solutions across renewable energy, conventional power and construction industries.

The new unit will offer both advisory and risk transfer services, including financial products such as credit and surety, as well as bespoke policies for renewables, nuclear and hydrogen risks, with a line size of up to $500m in cover per risk.

It combines GCube's experience in renewable energy underwriting, with Tokio Marine & Nichido Fire's offshore marine capabilities, and insights from across the group's global operations. GCube was acquired by Tokio Marine in 2020.

Fraser McLachlan, chief executive of GCube, has been named chairman of the new business. Ben Kinder, chief underwriting officer for marine, energy, and renewables at Tokio Marine HCC International will take on the role of chief underwriting officer of GX, alongside his existing position.

> **'TMGX clients will benefit from claims experience, holistic support and extensive risk appetite in every facet of renewable energy and the green transition'**
>
> **Brad Irick, Tokio Marine Holdings**

Tokio Marine said GX has been launched in response to the growing demand for insurance that is critical to transitioning to a more decarbonised and sustainable society.

The lack of cost-effective, globally available cover has been a barrier to progress, and the new business aims to "reduce volatility and offer the certainty the market needs to thrive", the insurer added.

Brad Irick, managing executive officer and co-head of international at Tokio Marine Holdings, said: "TMGX clients will benefit from claims experience, holistic support and extensive risk appetite in every facet of renewable energy and the green transition."

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Legal Focus

Rethinking insurance in wartime Ukraine

Most Ukrainian insurers now offer some form of coverage for war-related risks and are engaging international partners in specific projects and products

The Russian invasion of Ukraine brought business across the country to an abrupt halt. In the first three months of the war alone, direct damage to Ukraine was estimated at $97bn, *write Olga Vorozhbyt and Dimitrii Koich, Sayenko Kharenko*.

As of December 31, 2024, the latest assessments put the total direct damage at $176bn, with the commerce and industry sector accounting for approximately 10%.

The military aggression and resulting destruction naturally triggered a surge in demand for war risk insurance among businesses that continued operating in Ukraine. The "demand drives supply" principle did not immediately apply in this case, though.

Generally, war risks have been excluded from standard life and property insurance policies. Events such as shelling, landmine explosions, building destruction, and other war-related incidents typically fall under standard exclusions, relieving insurers of any liability to compensate for such losses.

That said, before 2022, it was possible to obtain policies covering war-related risks in Ukraine through international insurance syndicates. However, given the potentially catastrophic scale of losses resulting from active hostilities, foreign reinsurers distanced from the Ukrainian market immediately after the full-scale invasion began.

Domestic insurers

While international reinsurers have been withdrawing further from the Ukrainian war risk market, domestic insurers have been making every reasonable attempt to try to manage the fallout on their own. However, the war renders traditional approaches to war risk insurance inapplicable.

For a time, it was virtually impossible to secure comprehensive war risk coverage in Ukraine. Insurance companies faced serious difficulties in pricing war risk coverage, as potential losses are nearly impossible to predict with accuracy. The extent and unpredictability of destruction made war risk insurance an inherently unstable product with a high risk of financial failure.

Eventually, insurers managed to identify patterns based on available data and started adjusting their

Vincenzo Circosta/Zuma Press/Alamy Stock Photo products to reflect the realities of wartime conditions.

In 2023, Ukrainian insurance companies introduced commercial property products that no longer relied on international reinsurers. ARX Insurance was the first to take this step, introducing policies that cover risks related to missile strikes, drones, air defence systems and shrapnel.

Despite all the limitations, the war risk insurance market has continued to expand. According to the chief executive of the National Association of Insurers of Ukraine, nearly the entire insurance market – comprising an estimated 50 companies – now offers some form of coverage for war-related risks.

Public-private partnerships

Nevertheless, while there has been some movement forward, the system still faces major challenges. Insurance payouts in the market are, typically, limited to approximately $241,000 to $482,000, while average annual premiums range from approximately $6,000 to $11,000, depending on the location of the insured asset.

This system of compensation is not economically viable for either small or medium-sized businesses or large industrial enterprises with assets worth billions. It's clear the national market alone cannot withstand the pressures of war risk coverage – without strong government backing and the support of global reinsurers, effective insurance simply is not possible.

To date, Ukraine has lacked a comprehensive mechanism for covering catastrophic risks, including war-related risks, through a mix of public and private funding. In hindsight, steps to develop such a system – or at least expand political risk coverage – should have been taken as early as 2014, in anticipation of the potential escalation of the conflict that started in eastern Ukraine.

Only in 2024, the National Bank of Ukraine, together with the Ministry of Economy, unveiled a proposal for a national war risk insurance system. The draft law introduces a three-tiered structure – obligations are shared among authorised insurers, a newly established State War Risk Insurance Agency and international reinsurers.

In addition, the draft law identifies specific categories of assets that must be insured against war risks. These include: property pledged or mortgaged to banks, for the entire duration of the pledge or mortgage agreement; and construction projects, throughout the period of new construction, reconstruction, or major renovation.

Swift adoption of the law is not expected. Given the ongoing negotiation processes, the government is likely to wait for greater – to the extent possible – political stability before introducing a unified system.

Following the onset of the full-scale invasion, international reinsurers ceased providing coverage for war-related risks – a standard practice globally.

Further straining relations between Ukraine's insurance sector and international reinsurers was the year-long ban on outbound reinsurance payments from Ukraine, imposed by the National Bank of Ukraine to preserve the country's currency stability. While this measure was critically important in the early days of the war, it understandably led some non-resident reinsurers to withdraw from cooperation with Ukrainian insurers.

Tangible progress

Nevertheless, there has been tangible progress in engaging international partners in specific projects and insurance products in Ukraine and this trend appears set to continue.

Since the 2022 invasion, the Multilateral Investment Guarantee Agency of the World Bank Group has provided political risk insurance in Ukraine, focusing on foreign investors. In late 2023, it issued its first war risk guarantee for the M10 Industrial Park in Lviv, covering up to $9.2m.

Similarly, the US International Development Finance Corporation (DFC) has also expanded war risk insurance tools for both foreign and domestic businesses. In 2024, DFC, together with Aon and Ukrainian insurer ARX, launched a reinsurance mechanism allowing ARX to offer policies covering up to $2.5m per asset.

This coverage includes physical damage resulting from war, such as missile strikes and drone attacks. Additionally, the DFC announced more than $300m in political risk insurance support for Ukrainian companies in agriculture and manufacturing.

Also in late 2024, the European Bank for Reconstruction and Development, together with Aon, launched a €110m ($124.3m) programme to support war risk insurance through the Ukraine Recovery and Reconstruction Guarantee Facility, initially covering inland cargo, motor vehicles, and railway stock.

In addition, export credit agencies from various European countries are working on insuring their national companies' investments in Ukraine. The Ministry of Economy of Ukraine is encouraging joint ventures and has prepared a portfolio of investment-ready projects aligned with international financial institution standards.

In fact, these initiatives serve not only as financial support for Ukraine's insurance market. The involvement of international partners sends a clear signal to the global market that Ukraine is not entirely a red zone unfit for business activity – a strategic indicator that strengthens investors' confidence. ■

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Risk management

Cyber attacks shoot up list of reputational risks

WTW survey finds two-thirds of corporate leaders see cyber attacks as a top-five reputational worry

As a major UK retailer reels from a severe cyber attack, a new survey reveals that corporate leaders ranked cyber security failures first among a list of potential reputational risks, *writes Ben Margulies*.

Some 65% of respondents named cyber attacks as one of their top five reputational worries, up from 24% last year, the survey by WTW found. WTW noted that geopolitical tensions and instability can heighten cyber risk and result in more frequent and sophisticated attacks.

Environmental, social and governance (ESG) issues also ranked high in the list of reputational concerns. Environmental issues were listed as major concern by 64% of respondents, ranking second in the survey and up from 52% in 2023. Governance issues ranked third, mentioned by 56% of respondents.

Corporate officers showed decreasing concern about “employee abuse” and “customer abuse”. In 2022, 72% of executives mentioned either category of abusive behaviour, but in 2024, only 49% mentioned employee abuse, the fourth-most cited risk, and only 41% customer abuse.

Only 30% listed “bodily injury” as a top risk, down from 55% in 2022. WTW suggested companies have improved their internal governance in these areas “and feel better able to manage what are more obvious as opposed to more intangible practical and physical risks”.

Other perils included “celebrity endorsers”, mentioned by 46% of respondents and epidemic disease, offered by 34% of respondents. Only 16% of those polled in 2023 mentioned disease outbreaks.

More generally, corporates consider reputational risk a serious threat to their businesses, with 73% of respondents saying it was among the five most consequential risks their firms face. One in five placed reputational risk among to their top three perils.

However, fewer than a quarter (22%) incorporate their reputational risk analysis process into the key performance indicators the board must meet, though this was up from 14% in 2023. And corporate leaders are slightly less confident about their reputational risk management arrangements – the proportion rating these as “good” or “very good” fell to 78% in 2024, from 86% in 2023.

WTW received 500 responses to an online survey, from 20 countries.

Since last month, a cyber attack has crippled online retailing at UK retailer Marks & Spencer, with service disruptions expected to last into July. Hackers have also struck the Co-op and upscale department store Harrods. According to the *Financial Times*, Marks & Spencer holds £100m ($134.7m) in cyber insurance cover, but the company is projecting losses of perhaps £300m from the attack.

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Property

Florida's Slide Insurance files for IPO

Residential property insurer could raise up to $300m in share listing, analyst suggests

Florida-based residential property insurer Slide Insurance is planning an initial public offering (IPO), *writes John Shutt, Los Angeles*.

The company said it intends to list shares on the Nasdaq exchange under the symbol SLDE.

While the filing did not list a prospective pricing range, IPO monitor Renaissance Capital said the Slide offering could raise up to $300m.

Launched in 2021 by former Heritage Insurance chairman and chief executive Bruce Lucas, Slide has grown quickly by assuming 147,000 policies from the failed St Johns Insurance in 2022. It has also been a frequent participant in the depopulation programme of Florida last-resort insurer Citizens Property Insurance.

The company posted gross written premiums of $1.3bn in 2024 and a combined ratio of 72.3%. The year earlier, it had gross written premiums of $875m and a combined ratio of 78.9%.

Slide focuses on single-family and condominium policies in coastal states along the Atlantic seaboard.

"We utilise our differentiated technology and data-driven approach to focus on market opportunities that are underserved by other insurance companies," the SEC filing said.

Dmytro Olegovich Zakharchuk/Alamy Stock Photo

Slide's share offering would be the third by a major insurer in the US this year.

Earlier this month, Bermudian re/insurer Aspen Insurance completed a $398m share offering and Floridian property insurer American Integrity completed a $110m IPO.

Slide's deal would make it the fourth publicly listed Floridian insurance holding, following American Integrity, Universal Insurance Holdings and Heritage.

Brokers

MNK Group appoints group chief risk officer

Broking and underwriting group hires Convex UK chief risk officer Alex Noorbaccus

Broking and underwriting business MNK Group has appointed Alex Noorbaccus as group chief risk officer, *writes Queenie Shaikh.*

At MNK, Noorbaccus will lead the development of the group's risk management framework as the company grows its offices and geographical presence.

He will also be responsible for ensuring oversight and risk calibration across the business, through formalised and standardised governance practices.

Noorbaccus joins MNK Group from Convex where he was UK chief risk officer. Before that, he held various leadership roles at Hartford as well as at Lloyd's, where he supported the implementation of Solvency II requirements.

MNK Group combines a Lloyd's broker, MNK International, a managing general agent, Specialty MGA, and reinsurance companies Mekong Re, Florida Re, and MNK Seguros.

Manoj Kumar, group chairman and managing director at MNK Group, said: "Alex is the perfect person to lead our risk controls work, as he has extensive experience and has consistently been successful overseeing complex projects."