



Future of Insurance: Climate Risk and the Insurance Implications

I Hotel and Conference Center

November 8, 2019

**AXIS and the Office of Risk Management
and Insurance Research (ORMIR)**

I ILLINOIS
Gies College of Business

Sponsored by



Agenda

7:30 am **Breakfast Reception**

8:30 am **Welcome**

Louis Chan, *Professor of Finance, Department Chair and Hoeft Professor, Gies College of Business*

Conrad Brooks, *General Counsel, AXIS*

8:45 am **Morning Keynote**

Michael Butt, *AXIS Chairman*

Lynne McChristian, *Director of the Office of Risk Management & Insurance Research, Gies College of Business*

9:15 am **Panel 1: Climate Change Implications for the Insurance and Reinsurance Industry**

Moderator

James Thaler, *Insurance Insider*

Panelists

Morton Lane, *Department of Finance, Gies College of Business*

David Molitor, *Department of Finance, Gies College of Business*

Ellissa Cavaciuti-Wishart, *Head of Cat Modeling – International, AXIS*

10:30 am **Coffee Break**

10:45 am **Panel 2: Economic Impact of Climate Change**

Moderator

Justin Sydnor, *Journal of Risk & Insurance and Wisconsin School of Business*

Panelists

Paolo Gardoni, *Department of Civil & Environmental Engineering, Grainger College of Engineering*

Sandy Dall'erba, *Department of Agricultural & Consumer Economics, College of ACES*

Carol Collins, *Group Chief Risk Office, AXIS*

12:00 pm **Lunch**

- 1:00 pm** **Afternoon Keynote**
Thomas C. Ramey, *AXIS Board Member and author, Deadly Harvest: The End of Mankind*
- 2:00 pm** **Panel 3: Public Policy Implications of Climate Risk**
Moderator
Don Fullerton, *Department of Finance, Gies College of Business*
Panelists
Don Wuebbles, *Department of Atmospheric Sciences, School of Earth, Society, & Environment*
Tom Cain, *Head of U.S. Renewable Energy, AXIS*
Tatyana Deryugina, *Department of Finance, Gies College of Business*
- 3:15 pm** **Afternoon Break**
- 3:30 pm** **Student Challenge Presentation**
Corrie Proksa, *Director of the AXIS Risk Management Academy, Gies College of Business*
Announcement of Faculty Fellowship & Upcoming Events
Lynne McChristian, *Director of the Office of Risk Management & Insurance Research, Gies College of Business*
- 3:50 pm** **Closing Remarks: Where Do We Go From Here**
Nolan Miller, *Center for Business & Public Policy, Gies College of Business*
Eric Gesick, *Group Chief Underwriting Officer, AXIS*



Michael A. Butt

Michael A. Butt has served as chairman of the board or a director at AXIS Capital since September 2002. He has over 50 years of insurance industry experience. From 1982 to 1986, he was the chairman of Sedgwick Limited and vice chairman of the Sedgwick Group plc. From 1987 to 1992, he served as chairman and chief executive officer of Eagle Star Holdings plc and Eagle Star Insurance Company. From 1993 to 1998, he was chief executive officer and president of Mid Ocean Limited. From 1998 to August 2002, he was a director of XL Capital Ltd. He is also a former director of the Farmers Insurance Group, BAT Industries, and Instituto Nazionale delle Assicurazioni. Mr. Butt also was the chairman of the Association of Bermuda Insurers and Reinsurers from January 2008 through December 2009. In 2011, he was appointed as an officer of the Order of the British Empire to commemorate his distinguished contributions toward the building of the Bermuda reinsurance industry, and in 2019 he was named by the International Insurance Society as its 2019 Insurance Hall of Fame Laureate.



Tom Cain

Tom Cain is the head of U.S. Renewable Energy for AXIS, where he leads a team that is responsible for underwriting commercial and utility scale projects. He graduated from University College London with a bachelor's degree in geography, with concentrations in environmental management & change and renewable energy. He began his career in the insurance industry as an underwriter for GCube Underwriting. Mr. Cain joined AXIS in February 2013 and now leads the U.S. Renewable Energy Team out of the New York City office.



Ellissa Cavaciuti-Wishart

Ellissa Cavaciuti-Wishart is senior vice president, head of CAT Modeling - International for AXIS Re, leading catastrophe modeling efforts outside of North America. Joining AXIS in 2010, she has previously served as AVP CAT Manager and vice president of CAT Modeling, analyzing property catastrophe portfolios globally. Prior to joining AXIS, she was a CAT region manager at SCOR, focusing on the Asia-Pacific region. She holds a master of philosophy in GIS & Remote Sensing from the University of Cambridge and a BSc in Geography from University College London. She is originally from the UK, but has been in Switzerland for the past 15 years and is based in the AXIS Re Zurich office.



Louis K. C. Chan

Louis K. C. Chan, University of Illinois at Urbana-Champaign, has conducted extensive research on the behavior of prices in stock markets. His area of expertise is the application of statistical methods to the study of financial markets. He received his doctorate in finance and applied economics from the University of Rochester and was on the faculty of Cornell University before joining the University of Illinois faculty in 1988. His articles in the leading finance journals have attracted widespread attention in the investment management industry and received numerous awards, including the American Association of Individual Investors Award and the Dodd-Graham Scroll of Excellence. In addition, he has participated actively in applying investment research through executive education and consultation with leading investment managers in Europe and the U.S. Recent published work has dealt with the performance of investment strategies (momentum, value/growth), execution quality and trading costs, portfolio optimization, institutional investor behavior, and the performance of security analyst forecasts.



Carol Collins

Carol Collins was appointed group chief risk officer of AXIS Capital in February 2018. She brought commercial underwriting, risk management, and regulatory experience gained in the insurance industry when she joined AXIS in 2017 as the head of Risk Governance. After graduating from Trinity College Dublin, she began her career at RSA, where she held various underwriting and risk governance positions in the London Market and in the U.S. She then became a principal advisor at KPMG, where she provided risk consultancy to a broad range of international insurers and reinsurers. Prior to joining AXIS, she served as the chief risk officer at XL Catlin's European company and Lloyd's Syndicate. Based out of AXIS's London office, Ms. Collins currently leads a team of risk managers implementing the Group Risk Framework in support of AXIS's strategic goals.



Sandy Dall'erba

Sandy Dall'erba is an associate professor in the Department of Agricultural and Consumer Economics in the College of Agricultural, Consumer, and Environmental Sciences. The research of his group (the Regional Economics Applications Laboratory) focuses on regional economic analysis and spatial interaction models (spatial econometrics, interregional input-output, structural gravity models). Applications of his work deal with regional economic growth, innovation systems, and the impact of climate change — including extreme events — on agriculture.



Tatyana Deryugin

Tatyana Deryugin is an assistant professor in the Department of Finance at Gies College of Business. Her research interests lie broadly in environmental, public, and behavioral economics. She is specifically interested in the short- and long-run impacts of natural disasters and how these are mediated by social policy and disaster aid. She also studies the health effects and distributional impacts of air pollution and how these have changed over time. Finally, she continues to investigate how people form and update their beliefs about the occurrence and the likely consequences of climate change.



Don Fullerton

Don Fullerton is the Gutsell Professor of Finance at Gies College of Business. He researches energy and environmental policy issues, including household garbage and recycling behavior, air and water quality regulation, and climate change policy. He studies the economic effects of these regulations including their cost effectiveness, the distribution of their burdens, and the interactions between environmental policy and other tax policy. He also has done extensive research on taxation issues including the economic incidence and investment incentive effects of the corporate income tax and other federal and state taxes. Prior to joining the University of Illinois, he spent 14 years as Addison Baker Duncan Centennial Professor of Economics at the University of Texas. He also served on the faculty at Carnegie-Mellon University, the University of Virginia, and Princeton University. He was Deputy Assistant Secretary of the U.S. Treasury Department from 1985 to 1987.



Paolo Gardoni

Paolo Gardoni is a professor and Excellence Faculty Scholar in the Department of Civil and Environmental Engineering at The Grainger College of Engineering. He is the director of the MAE Center that focuses on creating a multi-hazard approach to engineering, and the associate director of the NIST-funded Center of Excellence for Risk-Based Community Resilience Planning. He is the founder and editor-in-chief of the international journal *Sustainable and Resilient Infrastructure* published by Taylor and Francis Group. He is a member of the Board of Directors of the International Civil Engineering Risk and Reliability Association (CERRA), of the Advisory Council of the International Forum on Engineering Decision Making (IFED), and of a number of national and international committees and associations that focus on risk and reliability analysis. His research interests include sustainable and resilient infrastructure; reliability, risk, and life cycle analysis; decision making under uncertainty; performance assessment of deteriorating systems; ethical, social, and legal dimensions of risk; and policies for natural hazard mitigation and disaster recovery.



Eric Gesick

Eric Gesick was appointed group chief underwriting officer for AXIS in January 2018. From January 2015 through 2017, he was AXIS chief risk and actuarial officer. Prior to that, he led the company's actuarial function and oversaw all pricing and reserving activities. He has more than 20 years of experience in the insurance and reinsurance industry

in the U.S., Bermuda, and European markets, including actuarial, underwriting, and operational roles. Prior to joining AXIS in October 2012, he served as chief actuarial officer for PartnerRe. Mr. Gesick is a Fellow of the Casualty Actuarial Society and a member of the Academy of Actuaries. He also holds the Chartered Financial Analyst (CFA) professional designation.



Dr. Morton N. Lane

Dr. Morton N. Lane is the Director of the Master of Science in Financial Engineering program at the University of Illinois at Urbana-Champaign. The program started under him in 2010 and is already recognized by "The Financial Engineer" as 5th best FE program in North America. Dr. Lane runs his own consulting practice (Lane Financial

LLC) offering advice on the securitization of (re)insurance risk and catastrophe risk portfolio management. He was actively involved in the original development of the ILS market and in the prior earlier development of exchange-traded financial futures and options. His appointments have included nearly 15 years as President of Discount Corporation of New York Futures, a financial futures broker; Head of the Commodities Division at Bear Stearns, and Portfolio Manager at the World Bank. Dr. Lane co-authored two books on financial futures and edited and contributed to two books on (re)insurance securitization, as well as writing numerous academic papers and trade reports. He maintains an active web site of those papers at www.LaneFinancialllc.com. Dr. Lane received his Bachelor's Degree (1st Class) in Mathematics, Economics and Statistics from the University of Birmingham in the U.K. and his Ph.D. from the University of Texas in Austin in Business Administration, Mathematics and Computer Science.



Lynne McChristian

Lynne McChristian is the director of the Office of Risk Management & Insurance Research at the University of Illinois at Urbana-Champaign, where she is also a senior instructor teaching insurance and enterprise risk management classes. From August 2015 to December 2018, she was on the faculty at Florida State University

in a similar role and served as executive director of FSU's Center for Risk Management Education & Research. Since 2008, McChristian has served as a media spokesperson and consultant for the Insurance Information Institute, an industry trade group. McChristian's corporate career includes more than 14 years at the Florida office of USAA, the highly-regarded insurance and financial services company that primarily serves members of the U.S. military and their families. At USAA, she was responsible for internal and external communication, including strategic communication planning and media relations. Prior to joining USAA, she was a manager for a Florida-based workers compensation insurance company, a visiting professor at the University of South Florida and a marketing specialist for USAA Life Insurance Company in San Antonio, Texas. McChristian also has worked in real estate marketing, public relations and in television news. Additionally, she has taught at San Antonio College and St. Mary's University, both in Texas. McChristian has a bachelor's degree in journalism from Marquette University and a master's degree in mass communication from the University of Arkansas. She earned a professional accreditation designation from the International Association of Business Communicators (ABC) and an associate's designation in management (AIM) from the Insurance Institute of America.



Nolan Miller

Nolan Miller is the Daniel and Cynthia Mah Helle Professor of Finance in Gies College of Business and director of the Center for Business and Public Policy at the University of Illinois at Urbana-Champaign. He is also a research associate at the National Bureau of Economic Research. He studies the economics of information and incentives across

a wide range of topics, including healthcare, the environment, economic development, insurance, industrial organization and competitive strategy. His work on these issues has been published in journals such as *The American Economic Review*, *The Review of Economics and Statistics*, *The Journal of Health Economics*, *Management Science*, and *The RAND Journal of Economics*. Prior to joining the University of Illinois in 2009, Dr. Miller was an associate professor of public policy at Harvard's John F. Kennedy School of Government. He received his PhD from Northwestern University's J.L. Kellogg Graduate School of Management and holds bachelor's degrees in business (Wharton) and philosophy from the University of Pennsylvania.



David Molitor

David Molitor is an assistant professor in the Department of Finance at Gies College of Business. His research explores how location and the environment shape health and health care delivery. He is a principal investigator of the Illinois Workplace Wellness Study, a large-scale field experiment of workplace wellness conducted at the University of Illinois. His work has been supported by the National Institutes of Health, the National Science Foundation, J-PAL North America, and the Robert Wood Johnson Foundation.



Corrie Proksa

Corrie Proksa is the Director of the AXIS Risk Management Academy. She is a Fellow of the Society of Actuaries and has a degree in Actuarial Science and Sociology from the University of Iowa, graduating with highest distinction. Prior to joining the University of Illinois, Corrie worked in health care consulting for Deloitte and for Aon Hewitt. She has a passion for bringing “real world” experiences into the classroom and helping students reach their goals.



Thomas C. Ramey

Thomas C. Ramey was elected as a director of AXIS Capital in July 2009. He was chairman and president of Liberty International, a subsidiary of Liberty Mutual Group, from 1997 to 2009. He also served as executive vice president of Liberty Mutual Group from 1995 through 2009. Prior to joining Liberty, he was president and chief executive officer of American International Healthcare, a wholly-owned subsidiary of AIG, and founder and president of an international healthcare trading company. He is currently a trustee of the Brookings Institution. He was formerly a director of The Warranty Group, the International Insurance Society, and the Coalition of Services Industries, and he served as chairman of the International Fund for Animal Welfare. He was also formerly a member of the Chongqing, China Mayor’s International Advisory Council.

Speakers



Justin Sydnor

Justin Sydnor is the Leslie P. Schultz Professor in Risk Management and Insurance and an associate professor in the Department of Risk and Insurance at the Wisconsin School of Business. He joined the Wisconsin School of Business from Case Western Reserve University, where he was an assistant professor of economics with the Weatherhead School of Management. His research interests are in psychology and economics, applied microeconomics, (behavioral) industrial organization, insurance markets, and risk and decision making. Sydnor earned his B.A. in economics and German from UW-Madison and his Ph.D. in economics from the University of California, Berkeley.



Donald J. Wuebbles

Donald J. Wuebbles is the Harry E. Preble Professor of Atmospheric Science at the University of Illinois. He is also a Presidential Fellow at the University of Illinois, with the aim of helping the university system develop new initiatives in urban sustainability. From 2015 to early 2017, he was assistant director with the Office of Science and Technology Policy at the Executive Office of the President in Washington, DC, where he was the White House expert on climate science. He was head of the Department of Atmospheric Sciences at the University of Illinois from 1994 to 2006. He led the development of the School of Earth, Society, and Environment, and was its first director. While department head, he led the development of two highly successful undergraduate programs, one in atmospheric sciences, and the other, an interdisciplinary major, in Earth, society, and environmental sustainability (ESES).

Dr. Wuebbles has received several major awards, including the Cleveland Abbe Award from the American Meteorological Society, the Stratospheric Ozone Protection Award from the U.S. Environmental Protection Agency, and the Bert Bolin Global Environmental Change Award from the American Geophysical Union. He is a Fellow of three major professional science societies: the American Association for the Advancement of Science, the American Geophysical Union, and the American Meteorological Society.

He has two degrees in electrical engineering from the University of Illinois (1970, 1972) and a PhD in atmospheric sciences from the University of California, Davis (1983).

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