

TARGET INDUSTRY STRATEGIES SPECIALTY INSURANCE

Strategies and tactics for economic growth and regional prosperity

THE 11 COUNTIES OF NORTHEAST INDIANA

ADAMS >> ALLEN >> DEKALB >> HUNTINGTON >> KOSCIUSKO >> LAGRANGE >> NOBLE >> STEUBEN >> WABASH >> WELLS >> WHITLEY

ACKNOWLEDGEMENTS

Research for this report was conducted by True North Strategic Advisors, LLC (“True North”) in partnership with, and on behalf of, the Northeast Indiana Regional Partnership (“NEIRP”). Funding for this report was provided by NEIRP.

A precursor to this report was published in 2016 by Purdue University Fort Wayne Community Research Institute (“CRI”) (formerly the Community Research Institute at Indiana-Purdue Fort Wayne), titled “Northeast Indiana Target Report.” CRI’s original report outlined three established and four emerging target industries in Northeast Indiana. This report is one of three in a follow-up series to CRI’s original report. The results of this analysis will be used to drive the business attraction, talent development, and talent attraction strategies of the Northeast Indiana Regional Partnership.

About True North

Founded in 2002 as a corporate finance and strategic advisory firm, True North is dedicated to providing businesses and nonprofit organizations with expert advice. Its extensive, diverse corporate experience offers the high-level strategic direction typically found only in major-market firms. True North’s advisory team has served organizations ranging from large corporations to nonprofit agencies, equipping them with best practice skills, knowledge, and advice.

About NEIRP

The Northeast Indiana Regional Partnership serves eleven counties in the Northeast Indiana region: Adams, Allen, DeKalb, Huntington, Kosciusko, LaGrange, Noble, Steuben, Wabash, Wells, and Whitley. NEIRP’s mission is to “build, market and sell Northeast Indiana to increase business investment.”

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EXECUTIVE SUMMARY

In June 2016, a report entitled “**Northeast Indiana Target Report**” (“the 2016 Target Report”) was completed by Purdue University Fort Wayne Community Research Institute (CRI). Some excerpts of the present report were drawn from the CRI report. The CRI report, commissioned by Greater Fort Wayne, Inc. and the Northeast Indiana Regional Partnership, was the first comprehensive review of target industries since 1999 for Allen County and 2007 for Northeast Indiana. The intended purpose of this report was to drive the business attraction, talent attraction, and marketing strategies of Greater Fort Wayne, the Northeast Indiana Regional Partnership, and regional partners.

The 2016 Target Report resulted in the categorization of various industries as **Established Targets** and **Emerging Targets**. **Established Targets** are industries “with a large, multi-national employment base, an established specialization/concentration in Northeast Indiana, above-average wages and regional post-recession growth that has outpaced the national growth rate for the industry. **Emerging Targets** are those that have a smaller employment base, present opportunities for growth and diversification, leverage strengths of Northeast Indiana, offer at or above-average wage jobs, and may also contain aspirational elements.”ⁱⁱ The following table lists both the Established and Emerging Targets along with the key selection criteria and data at the time of the study:

TARGET INDUSTRY	2015 EMPLOYMENT IN NORTHEAST INDIANA	AVERAGE WAGE	POST-RECESSION JOB GROWTH RATE (2010-2015)
ESTABLISHED			
Vehicles	27,728	\$54,166	33%
Medical Device & Technology	17,349	\$61,230	16%
Specialty Insurance	6,444	\$63,797	14%
EMERGING			
Food and Beverage	10,350	\$40,965	14%
Logistics	35,826	\$50,014	11%
Design and Craftsmanship	11,169	\$50,633	42%
Advanced Materials	41,400	\$57,238	83%

Source: Purdue University Fort Wayne Community Research Institute (2016). Northeast Indiana Target Report.

With 2015 industry employment of 6,444, Specialty Insurance is a significant industry in Northeast Indiana from an employment standpoint. The average wage of \$63,797 is the highest average wage among all the target industries. While the number of jobs and job growth is not as strong compared to the other industries, its importance to the region cannot be denied.

In early 2017, the Northeast Indiana Regional Partnership engaged True North Strategic Advisors, LLC to prepare a report for each of the three established target industries. Each industry report describes the industry, profiles the industry participants from Northeast Indiana, and identifies industry-specific trends and opportunities.

Specialty Insurance was selected as one of the three established target industries due primarily to its legacy presence in Northeast Indiana and the fact that its average wage of \$63,797 is the highest of all target areas.

KEY INDUSTRY OBSERVATIONS AND CONCLUSIONS

1. Within the Northeast Indiana region, the Specialty Insurance industry can be seen as having groupings of “mini-clusters” of companies participating in various segments serving a niche market. These Specialty Insurance mini-clusters include Reinsurance, Consultative Risk Management, Leisure / Sport Insurance, and Professional Liability. The region should consider a strategy to know, understand, and recruit other participants in these areas.
2. Over 90% of Specialty Insurance survey respondents said that they would benefit from additional Specialty Insurance accelerators and/or incubators in the region. The region would benefit by attracting creative companies such as **InsureTech accelerators and/or incubators** that will solidify Northeast Indiana’s position as a leading destination for insurance innovation as well as by supporting existing companies in acclimating to a changing industry landscape.
3. The impact of **analytics and big data** on the insurance industry cannot be overlooked. In order to harness the competitive advantages and powerful insights that analytics and big data can contribute to the insurance industry, the region has to work on attracting high-quality talent. Efforts need to be made to streamline the region’s **universities’ insurance programs** to meet this need. Opportunities also exist for the region to recruit talent from universities with top-ranked programs close by to supplement the industry’s demand.
4. As the current workforce in the Specialty Insurance industry continues to age and near retirement, creating an impending skills gap due to lack of incumbent insurance talent, the industry has to **expand its talent pool** by reaching out to professionals outside the industry. As the industry begins to look at individuals with key transferrable skills, there may also be an opportunity to bring in fresh talent and perspective to revitalize the industry.
5. In much the same way as the Insurance industry needs to attract talent from new sources, it also needs to **retain and develop** its current workforce – especially the millennials. This segment of the workforce will need to be empowered by technology advancements and provided the opportunity to innovate and create in a project-based environment. **Cultural transformations** will be required of many Specialty Insurance companies in order to foster an engaged and adaptive workforce. Talent development emphasis in the form of continuous training and project-oriented workgroups will be the norm.

Specific target industry strategy recommendations will be discussed later in this report.

INDUSTRY OVERVIEW

STRATEGIC CONTEXT

Northeast Indiana Regional Partnership 2030 Goals

The Northeast Indiana Regional Partnership has created a set of Vision 2030 Goals, which are being used to develop and drive economic development strategies for the 11-county region. These goals are:

1. Increase per capita personal income annually against the national average
2. Increase the population of Northeast Indiana to 1 million residents
3. Increase postsecondary attainment to more than 60%

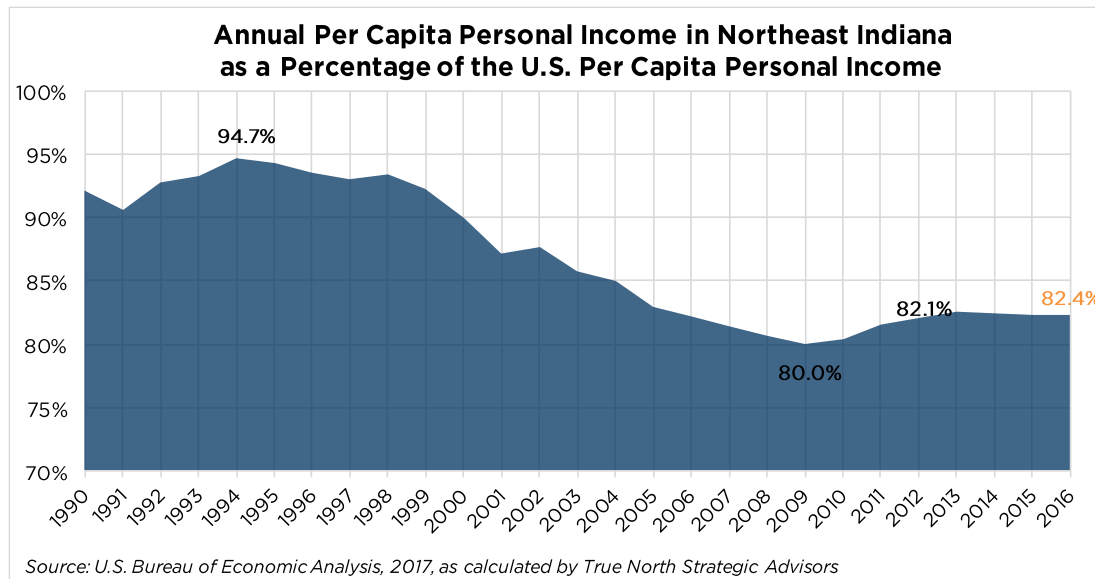
As context for this report, each of these goal areas will be updated with the most current information since the last report in this series. Additionally, the specific contribution of the Specialty Insurance Industry to each of the 2030 goals will be fully examined.

Progress Against 2030 Goals and Implications for the Specialty Insurance Industry

In order to understand the role of the Specialty Insurance Industry and its potential impact on the Vision 2030 Goals, current progress toward each goal must be understood. As of December 2017, the status of each of these goals was as follows:

INCREASE PER CAPITA PERSONAL INCOME

As of December 31, 2016, the per capita personal income (PCPI) for Northeast Indiana was \$40,559, an increase of 1.6% from 2015. During the same period, U.S. PCPI also increased by 1.6%. Northeast Indiana's PCPI has grown at a rate of 25.2% since 2010, which is 13% greater than the national growth over the same period. The following chart shows PCPI changes in Northeast Indiana, as compared to the national average.

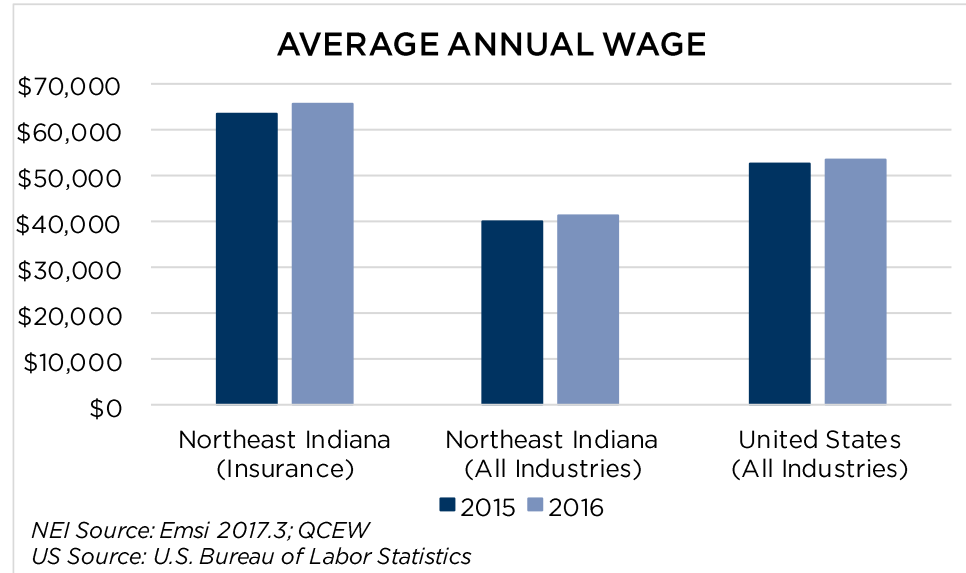


PER CAPITA PERSONAL INCOME			
YEAR	NEI PCPI	U.S. PCPI	NEI PCPI % of U.S.
2006	\$31,350	\$38,144	82.2%
2007	\$32,416	\$39,821	81.4%
2008	\$33,139	\$41,082	80.7%
2009	\$31,502	\$39,376	80.0%
2010	\$32,387	\$40,277	80.4%
2011	\$34,613	\$42,461	81.5%
2012	\$36,357	\$44,282	82.1%
2013	\$36,744	\$44,493	82.6%
2014	\$38,352	\$46,494	82.5%
2015	\$39,912	\$48,451	82.4%
2016	\$40,559	\$49,246	82.4%

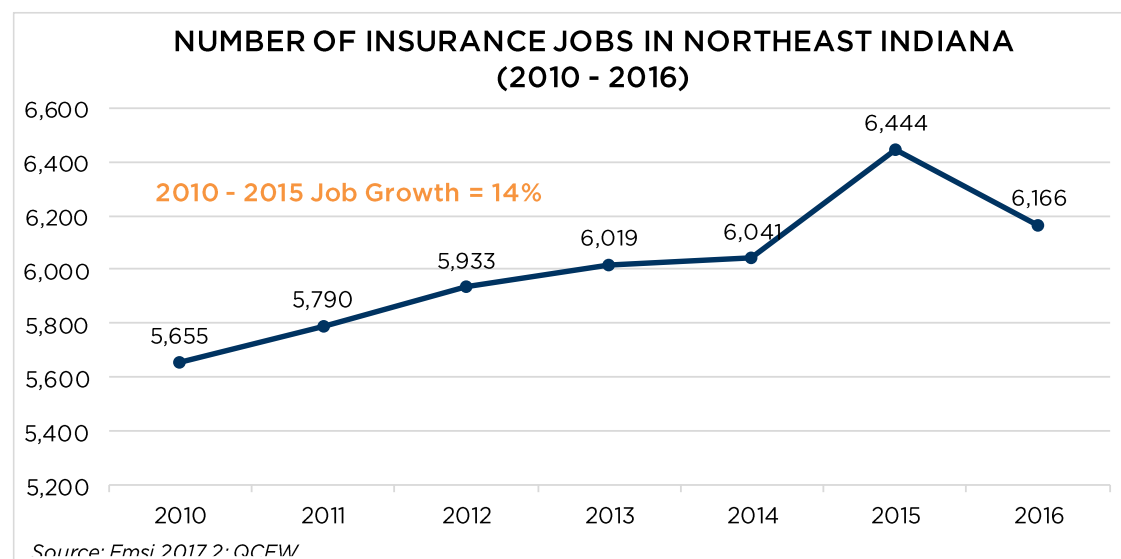
Source: U.S. Bureau of Economic Analysis, as calculated by True North

Although it is an entirely different metric, the average annual wage can serve as an indicator of PCPI. Because it can be tracked by industry, growth in the average annual wage can serve as the primary measure of an industry's direct contribution to increasing PCPI. The 2016 average annual wage for the Northeast Indiana Insurance industry was \$65,718, up from \$63,797 in 2015 – an annual increase of 3%. This compares favorably against the 2016 U.S. average annual wage for all industries of \$53,621 and the 2016 average annual wage of \$41,530 for Northeast Indiana.

Because of its relatively strong average annual wage, the goal of increasing PCPI against the national average will be significantly advanced from the addition of insurance jobs into Northeast Indiana. Setting specific job growth goals for the Specialty Insurance industry will be critical to improving the average wage.



The following chart shows Specialty Insurance job growth results over the past 6 years.



Although the data show a dip in insurance jobs in 2016, slight variations in job counts are expected from year to year. Prior to 2016, Specialty Insurance job growth in Northeast Indiana was a robust 14% since 2010.

INCREASE POPULATION TO 1 MILLION

Every target industry, including Specialty Insurance, can contribute through job growth to the Northeast Indiana Regional Partnership's plan, *The Road to One Million*, which outlines NEIRP's vision to grow Northeast Indiana's population to 1,000,000 residents. The following table shows the total population for the 11 counties in the region along with total employment. The ratio of population to employment indicates the potential impact of new employment positions on total population.

NORTHEAST INDIANA POPULATION TO EMPLOYMENT RATIO					
VARIABLE	2012	2013	2014	2015	2016
Total Population	764,837	768,429	772,080	775,691	777,898
Total Employment	384,448	390,516	407,593	417,758	412,409
Population ÷ Employment	1.99	1.97	1.89	1.86	1.89

Total Employment Source: Northeast Indiana Regional Partnership
Total Population Source: U.S. Bureau of Economic Analysis

Since 2012, population has grown at a compound annual growth rate (CAGR) of 0.42%, while employment has grown at a CAGR of 1.77%.

INCREASE POSTSECONDARY ATTAINMENT TO MORE THAN 60%

The third formal Vision 2030 goal is to increase postsecondary credential attainment to more than 60%. According to the U.S. Census Bureau's 2012-2016 American Community Survey, only 22% of Northeast Indiana residents 25 and older had earned a bachelor's degree or higher. Based on the type of Specialty Insurance occupations in Northeast Indiana, Emsi data suggests that 29% of the Specialty Insurance workforce in 2016 entered their occupation with a bachelor's degree or higher – significantly higher than the average in Northeast Indiana and the state of Indiana, and very close to the US average. Therefore, we know that a general increase in Specialty Insurance jobs, and a focus on jobs requiring a bachelor's degree or higher, can make a significant contribution to the attainment of this goal.

EDUCATIONAL ATTAINMENT		
GEOGRAPHIC AREA	BACHELOR'S DEGREE OR HIGHER	HIGH SCHOOL DIPLOMA OR HIGHER
United States	30.3%	87.0%
Indiana	24.6%	88.1%
Northeast Indiana	22.2%	87.3%
Northeast Indiana (Insurance)*	29.2%	86.0%
Allen County	27.4%	89.2%
Fort Wayne	26.8%	88.2%
Source: U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates (age 25+)		*Data from Emsi 2017.2; QCEW. SOC codes for these positions indicate typical entry level education.

SPECIALTY INSURANCE GOALS

The establishment of target industry goals seems appropriate, along with the development of specific strategies for each target industry. As each target industry makes progress against its goals, Northeast Indiana will benefit from the collective industry goals and strategies toward the achievement of Vision 2030. Some projected goals for Specialty Insurance are illustrated as follows:

ILLUSTRATIVE GOALS FOR SPECIALTY INSURANCE					
PROJECTED GOAL	2016	2022	2026	2030	NOTES
Insurance Jobs	6,166	7,151	7,893	8,712	2.5% CAGR
Average Insurance Wage	\$65,718	\$78,471	\$88,319	\$99,404	3% CAGR
New Insurance Jobs Since 2016		985	1,727	2,546	
Population Impact (Multiplier)		1,861	3,264	4,813	1.89* (Multiplier)
Insurance Jobs as a % of Total NEI Employment	1.50%	1.56%	1.61%	1.65%	1.77% Job Growth
Insurance Jobs Requiring Bachelor's Degree or Higher	29%	35%	39%	43%	1% CAGR
Source of 2016 data: Emsi 2017.2; QCEW.				*Population ÷ employment for 2016	
All other metrics calculated by True North.				Population Impact = New Insurance Jobs × 1.89	

Specific strategies to obtain these goals will be identified in the following sections of this report: Business Attraction, Talent Development, and Talent Attraction.

TARGET DESCRIPTION

Northeast Indiana is a founding place for successful insurance companies, fueled by innovative product lines. From the beginning, our region has been home to a vibrant Specialty Insurance industry, and this continues today. As a primary target industry for the Northeast Indiana Regional Partnership, Specialty Insurance covers a broad sector with several subsectors. These subsectors have been identified as follows (corresponding NAICS code):

- » Life Insurance & Annuities (52411A)
- » Health & Medical Insurance (52411B)
- » Property, Casualty and Direct Insurance (52412)
- » Reinsurance Carriers (52413)
- » Insurance Brokers & Agencies (52421)
- » Third-Party Administrators & Insurance Claims Adjusters (52429)
- » Workers' Compensation & Other Insurance Funds (52519)

To analyze the Specialty Insurance industry and evaluate opportunities to bolster existing regional participants and attract new players, it is important to understand where each company fits within the industry value chain. We have identified the value chain to consist of companies that provide the following services:

- » **Product & Pricing Management.** Direct carriers that provide product design, pricing, and fulfillment.
- » **Sales & Distribution.** Brokers and agents providing direct sales, account management and servicing.
- » **Consultative Risk Management.** Value-add brokerages and consultants offering risk analysis and placement.
- » **Underwriting.** Managing general underwriters providing risk analysis & selection as well as reinsurance placement.
- » **Policy Administration & Customer Service.** Third-party administrators or direct carriers managing issuing and servicing new and in-force policies.
- » **Claims & Benefits Management.** Providers of claims validation, assessment, adjustment, and management.
- » **Reinsurance.** Companies that provide risk transfer and management for insurers.
- » **Value Chain Enablers.** Representing accelerators, investors, and emerging companies that provide support for or disruption of the value chain.
- » **Service Providers.** Professional services firms that specialize in the insurance industry. Examples include accounting, information technology, and actuarial firms.

The industry value chain specific to Northeast Indiana will be discussed in the Business Attraction section of this report.

REGIONAL SNAPSHOT – NORTHEAST INDIANA

NAICS	INDUSTRY	NORTHEAST INDIANA					ALLEN COUNTY		10 REGIONAL COUNTIES*		ALL NORTHEAST INDIANA	
		2016 JOBS	5-YR JOB GROWTH	AVG ANNUAL WAGE	LQ	TOTAL PAYROLL	2016 JOBS	5-YR JOB GROWTH	2016 JOBS	5-YR JOB GROWTH	GRP	
5241	Insurance Carriers	3,868	306	\$72,395	1.32	\$333,336,504	3,776	283	92	23	\$878,533,303	2.2%
5242	Agencies, Brokerages, and Other Insurance Related Activities	2,298	71	\$54,474	0.84	\$149,013,810	1,544	6	753	64	\$282,444,511	0.7%
Insurance Industry Target Total		6,166	377	\$65,718	1.09	\$482,360,014	5,320	289	845	87	\$1,160,977,814	3.0%

Sources: Emsi 2017.2; QCEW (Jobs). Emsi 2017.2 Input-Output Model (GRP).

Note: Location Quotient (LQ) measures how specialized Northeast Indiana's Specialty Insurance industry is compared to the entire U.S.
*Excluding Allen County

ISSUES

- » Northeast Indiana is home to some of the big names in the insurance industry and is a hub for insurance companies in Indiana.
- » Employment in this industry has not seen much growth over the years.
- » There is a need for heightening awareness of the opportunities and options that careers in this industry provide, particularly among local high school and college students.
- » The insurance industry employs the highest proportion of IT professionals in the region – a critical workforce need which faces competition for talent in other sectors, such as health care and corporate headquarters.
- » University-offered IT programs are not always well-aligned with needs of employers.

NORTHEAST INDIANA EXPERIENCE

- » Northeast Indiana companies are nationally recognized as leaders in life and annuity, specialty insurance, and reinsurance products.
- » Insurance companies in the region are innovators in the field of risk management.
- » Formation of the Northeast Indiana Specialty Insurers (NISI) provides needed structure for industry collaboration and advancement.
- » Local partners in higher education have been relatively responsive to the industry's needs.
- » This region has a positive reputation for back office operations because of work ethic, customer service, and cost of doing business.

Adapted from: Purdue University Fort Wayne Community Research Institute, June 2016 Target Report

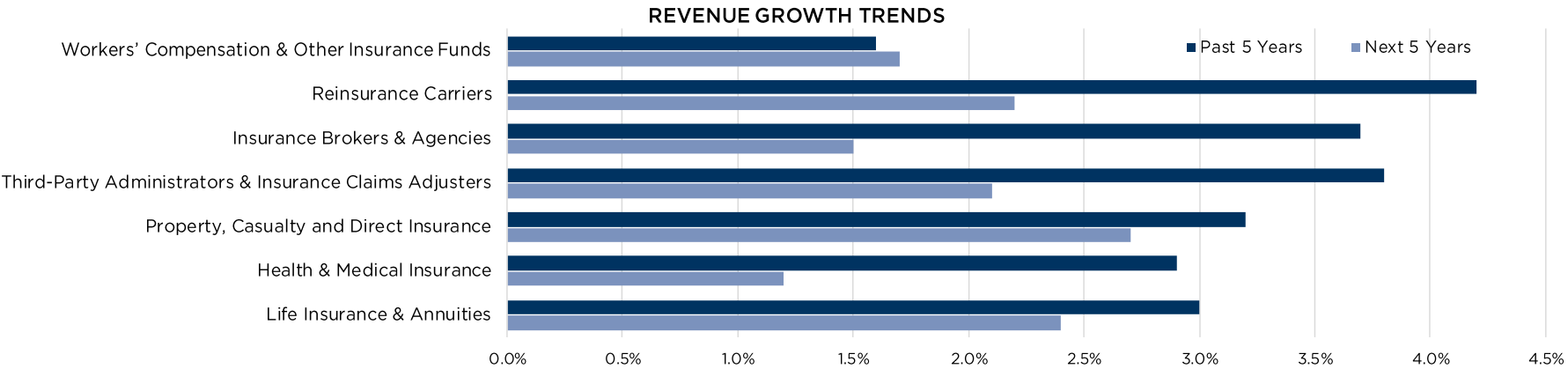
INDUSTRY OUTLOOK

Industry Growth Rates & Profitability (U.S.)

INDUSTRY GROWTH & PROFITABILITY									
INDUSTRY SEGMENT	REVENUE GROWTH			CURRENT LEVELS (IN \$ BILLIONS)			% PROFIT	WAGES ÷ REVENUE	# OF BUSINESSES
	PAST 5 YRS	NEXT 5 YRS	FORECAST*	REVENUE	WAGES	PROFIT			
Life Insurance & Annuities	3.0%	2.4%	-0.6%	\$977.3	\$36.6	\$123.1	12.6%	3.7%	692
Health & Medical Insurance	2.9%	1.2%	-1.7%	\$804.4	\$38.0	\$41.0	5.1%	4.7%	852
Property, Casualty and Direct Insurance	3.2%	2.7%	-0.5%	\$623.0	\$53.2	\$81.6	13.1%	8.5%	3,231
Third-Party Administrators & Insurance Claims	3.8%	2.1%	-1.7%	\$210.7	\$17.8	\$21.7	10.3%	8.4%	131,094
Insurance Brokers & Agencies	3.7%	1.5%	-2.2%	\$157.3	\$52.5	\$22.3	14.2%	33.4%	412,341
Reinsurance Carriers	4.2%	2.2%	-2.0%	\$53.6	\$2.7	\$14.0	26.1%	5.0%	137
Workers' Compensation & Other Insurance Funds	1.6%	1.7%	0.1%	\$52.0	\$2.3	\$8.8	16.9%	4.4%	328
INDUSTRY SUBSECTORS									
Automobile Insurance	2.8%	2.7%	-0.1%	\$227.7	\$19.4	\$25.3	11.1%	8.5%	1,234
Homeowners Insurance	3.4%	2.2%	-1.2%	\$85.6	\$6.1	\$8.2	9.6%	7.1%	446
Title Insurance	6.7%	4.3%	-2.4%	\$17.3	\$4.2	\$1.3	7.5%	24.3%	1,132
Online Insurance Brokers	6.2%	6.6%	0.4%	\$13.2	\$3.9	\$1.6	12.1%	29.5%	32,089
Motorcycle Insurance	2.0%	3.4%	1.4%	\$10.4	\$0.9	\$1.1	10.6%	8.3%	1,976
Boat Insurance	2.2%	3.4%	1.2%	\$7.1	\$0.9	\$0.8	10.8%	12.5%	61
Travel Insurance	3.0%	2.4%	-0.6%	\$3.1	\$0.3	\$0.5	17.4%	10.9%	102
Risk Management, Insurance Advisory & Consulting	7.0%	4.0%	-3.0%	\$32.8	\$8.0	\$3.8	11.6%	24.4%	64,796
Medical Claims Processing Services	8.8%	2.0%	-6.8%	\$3.5	\$0.6	\$0.9	26.8%	17.6%	2,334
Insurance Claims Processing Software	0.4%	3.6%	3.2%	\$8.2	\$2.7	\$0.8	9.6%	32.9%	255
Agricultural Insurance	(3.3%)	2.1%	5.4%	\$10.9	\$1.5	\$2.6	23.9%	13.8%	25
Benefit Administration Services	8.1%	1.4%	-6.7%	\$78.1	\$10.2	\$9.4	12.0%	13.1%	27,159
HMO Providers	3.6%	2.2%	-1.4%	\$175.5	\$9.9	\$7.9	4.5%	5.6%	469

Source: IBISWorld, individual reports for each segment and subsector listed, 2016

*Difference between past five years and next five years, as forecasted by IBISWorld



Key Industry Trends

CHALLENGING GROWTH PROSPECTS EXCEPT FOR A FEW SEGMENTS

As can be observed from the table and chart on the previous page, historical and forecasted growth rates vary significantly by subsector. However, the industry as a whole is forecasting growth rates to rise slower than inflation. Two subsectors to specifically note include **Agricultural Insurance** and **Insurance Claims Processing Software**. Agricultural Insurance, also known as crop insurance, is forecasted to increase in revenue growth by **5.4%** in the next five years, high above all other subsectors listed. Insurance Claims Processing Software also has a substantial forecasted revenue growth, at **3.2%**.

Cyber insurance is another segment that is experiencing growth, as cyber attacks continue. According to a recent Aon report, US cyber premiums totaled approximately \$1.84 billion in 2017, a 37% increase from 2016.ⁱⁱ Most of this growth was due to an increase in package business, with the remaining portion consisting of standalone cyber premiums.

TECH INNOVATION KEY TO OVERCOME GROWTH CHALLENGES

With a continued struggle for top- and bottom-line growth in a slowly recovering economy, expect insurers to tighten their belts while experimenting with new products and business models. Problematic organic growth prospects could prompt a renewed focus on transformation of legacy systems and addition of InsureTech capabilities. (InsureTech is a portmanteau of the words “insurance” and “technology” that refers to the use of emerging technology by insurance companies.ⁱⁱⁱ) The goal is cost cutting and operations modernization along with changing consumer expectations for 24/7 service, amid heightening competition and emerging disruptors. Insurers will increasingly consider tech modernization to drive growth and efficiency due to ongoing challenges from regulatory disruption, increasing consumer expectations, and stagnant sales.^{iv}

TECH INNOVATION: GROWTH OPPORTUNITIES & CHALLENGES				
	SUMMARY	GROWTH OPPORTUNITIES	TRANSFORMATION OPPORTUNITIES	POTENTIAL SPEEDBUMPS
Property & Casualty Insurance	<i>Renewed focus on transformation and modernization.</i>	To fuel growth, new coverages for emerging exposures and capabilities for the evolving digital, connected, and sharing economy will be developed.	Tech innovation will enhance efficiency, precision, and data security to bolster underwriting, pricing, claims, regulatory compliance, and customer experience while strengthening client relationships.	Several challenges could undermine an insurer’s ability to bolster market share, profitability, and innovation efforts.
Life & Annuity Insurance	<i>Focus on innovation to drive growth.</i>	Innovations are required in product design, segmentation, analytics, telematics, distribution options, and customer experience to drive growth.	Legacy system modernization and process innovation could cut costs while bolstering sales, underwriting, and customer service.	Life and annuity carriers face many challenges, including relatively modest economic growth, low interest rates, and regulatory uncertainty.
Cross-Industry Trends	Regulatory: The intersection of disruptive innovation, heightened cyber risk, and regulatory changes could compel compliance modernization amid intensified pressure to tighten expense budgets. Mergers and Acquisitions: Industry fundamentals set the stage for heightened M&A activity, although volatility in deal volume and size among individual business segments should be expected.			

Source: Deloitte (2017) Insurance Outlook

A report by Deloitte regarding 2016 Insurance Industry trends addressed an opportunity for innovation in stating, “One structural change we have seen in some companies that I expect to spread more widely is the creation of a function responsible for that intersection of digital technology, customer experience, and innovation, possibly reporting to the CIO or CEO directly, charged partly with being an evangelist for innovation.”^v

Several technology trends in the Insurance industry currently include mobility, big data and predictive analytics, telematics, and Internet of Things.

- » Mobility: Providing mobile apps that support insurance transactions and enable customers do business quickly and conveniently, resulting in higher customer satisfaction levels and improved user experience.
- » Big Data and Predictive Analytics: Used widely to determine risk, process claims, enhance customer experience, analyze employee performance, and analyze social media for public relations and brand management strategies.
- » Telematics: One of the most prevalent use of telematics is for usage-based insurance (UBI), an approach to auto insurance that uses technology installed in vehicles to customize insurance policies and discounts based on a policy holder’s driving patterns. Besides UBI, it can make any vehicle a “connected car,” offering additional benefits such as alerts to road conditions, weather hazards, or vehicle maintenance needs as well as providing on-demand assistance from one’s insurer in the case of a crash.
- » Internet of Things (IoT): interconnecting computer devices, vehicles, and other items embedded with electronics, software, sensors, actuators, and network connectivity with internet which enable these objects to collect and exchange data.

EMERGENCE OF ACCELERATORS & VENTURE CAPITAL LABS

Another such innovative approach includes Accelerators & Reinsurance-Backed Venture Capital Labs. As the role of InsureTech keeps expanding in the Insurance industry, so does the number of InsureTech startups trying to penetrate the market. These startups are leveraging disruptive technologies such as big data, Internet of Things (IoT), mobile technology, AI, social networks, and blockchain to gain access and address issues within the Insurance Industry. In response to the rapid growth of startups, numerous InsureTech-focused accelerators have sprouted to partake in the Industry’s evolution and ensure the success of these startups.

There could also be collaboration between reinsurance-funded venture capital labs in partnership with major colleges and universities.

MERGERS AND ACQUISITIONS

According to a report from PricewaterhouseCoopers, insurance industry deal volume was nearly \$125 billion (89 transactions) for 2016, with over \$45 billion occurring in the 4th quarter.^{vi} Deloitte projected that 2017 will continue at a similar deal pace to that of the 2nd half of 2016, and noted that “capital in the P&C and reinsurance sub-sectors is at an all-time high and organic growth is exceptionally hard to come by, making them ripe for middle-market consolidation.”^{vii} Deloitte continued, stating that “seemingly everyone wants to get into InsureTech and direct distribution.”

DIRECT-TO-CONSUMER AS A COMPETITIVE EDGE

Changes in consumer habits are impacting the insurance industry in a significant way. As consumers become more accustomed to the capability of comparing their potential purchase options through online retailers, their desire to shop for insurance in the same manner will increase. Therefore, in order to remain competitive, insurance companies must be willing to explore multi-channel approaches (e.g., web, mobile social, email, phone) that track activity while engaging consumers and providing them with information in a user-friendly way.^{viii} With this in mind, insurers would be able to present their consumers with myriad choices in a user-friendly manner that allows them to sort, filter, refine, and compare options with the ultimate goal of purchasing a policy directly.

In order for direct-to-consumer to work effectively in the insurance industry, however, Slayton Search emphasizes that the model must be “seamlessly communicated and implemented at every level, from executive leadership to frontline agents.”^{ix} Furthermore, leaders should strategically reevaluate their companies’ operating systems, communication practices, marketing strategies, product offerings, and value propositions in order to facilitate an improved consumer experience, thus having a positive impact on both customer acquisition and retention.

Transitioning to this type of model is not without its set of challenges, however. Insurance Thought Leadership suggests that instead of relying on independent or captive agents to sell their products, insurance companies could, instead, transition to a more online-based method of fielding questions through direct channels and ensuring access to customer information entered online.^x Of course, this would require transitioning out of legacy technology, bridging silos within the company, and restructuring the client experience.

REGULATORY RISK

Monitoring and influencing regulation continue to be a priority for the Specialty Insurance industry as a whole. According to Deloitte, several emerging regulatory trends that insurers should monitor and address include: Cyber regulation, the Department of Labor’s Fiduciary Rule, data and predictive analytics, the passing of the Own Risk and Solvency Assessment (ORSA) Model Act, corporate governance disclosure, and international regulatory change.^{xi} The article went on to say that, “Even if lawmakers and regulators make certain definitive changes, insurance companies must continue to drive the effectiveness and efficiency of their risk and compliance programs so they meet applicable laws, regulations, and supervisory expectations.”^{xii}

OVERVIEW OF KEY INDUSTRY TRENDS

While the Specialty Insurance industry includes many trends, several trends have risen to the top as most significant to Northeast Indiana. The following table lists these key trends and their potential implications for Northeast Indiana.

SUMMARY OF KEY INDUSTRY TRENDS AND IMPLICATIONS FOR NORTHEAST INDIANA	
KEY INDUSTRY TREND	POTENTIAL IMPLICATIONS FOR NORTHEAST INDIANA
Challenging Growth Prospects Except for a Few Segments	<ul style="list-style-type: none"> » Given our regional strength in both agriculture and insurance, we see the projected increase in Agricultural Insurance as an opportunity to tap into the growth potential in this subsector. » The Insurance Claims Processing Software subsector has transformed insurance claims handling over the past decade; therefore, recruiting companies within this subsector will be a viable business attraction opportunity that would assist the region directly and existing insurance firms in particular. » Both brokerages and direct carriers in the region need to determine how they are going to include cyber insurance in their product offering.
Tech Innovation Key to Overcome Growth Challenges	<ul style="list-style-type: none"> » Regional insurance companies are not immune to the legacy system issues of the insurance industry. Northeast Indiana-based insurance companies have made, and will continue to make, significant system investments. » As noted later in the report, it is recommended that the region aggressively recruit companies and individuals with insurance-specific technology skills.
Emergence of Accelerators & Venture Capital Labs	<ul style="list-style-type: none"> » Across the insurance industry, private capital and industry reinsurers are sponsoring insurance accelerators and labs, which are developing ideas to foster insurance innovation. Given the existing capital base of regional insurers, along with the presence of reinsurers in the region, Northeast Indiana should foster the development and recruitment of insurance innovation.
Mergers & Acquisitions	<ul style="list-style-type: none"> » Continued consolidation in the industry is likely to impact Northeast Indiana. Whether these developments present opportunities or threats is impossible to predict, requiring regional officials to react quickly and decisively to the facts in order to preserve or create jobs.
Direct-to-Consumer as a Competitive Edge	<ul style="list-style-type: none"> » This trend will impact direct insurers and sales and distribution more than anything. In order to remain competitive, Northeast Indiana insurers may want to consider expanding online capacity for customers to be able to compare options and purchase insurance directly.
Regulatory Risk	<ul style="list-style-type: none"> » All insurers in the region should continue to monitor regulatory risks and expect to adapt to new requirements as a result of changes in the regulatory environment. Monitoring and understanding potential regulatory change could be a collaborative activity among regional Specialty Insurance firms.

Additional national and regional trends in this industry have been identified the Business Attraction, Talent Development, and Talent Attraction sections of this report.

BUSINESS ATTRACTION

Identify and attract new business investment to
enhance the prosperity of Northeast Indiana

THE 11 COUNTIES OF NORTHEAST INDIANA

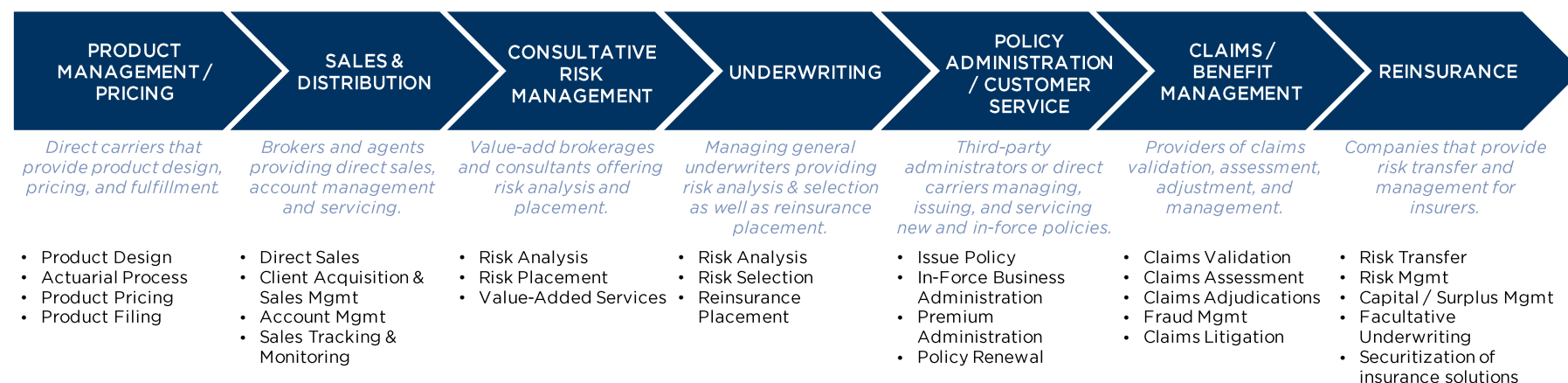
ADAMS >> ALLEN >> DEKALB >> HUNTINGTON >> KOSCIUSKO >> LAGRANGE >> NOBLE >> STEUBEN >> WABASH >> WELLS >> WHITLEY

REGIONAL PROFILE

Industry Value Chain

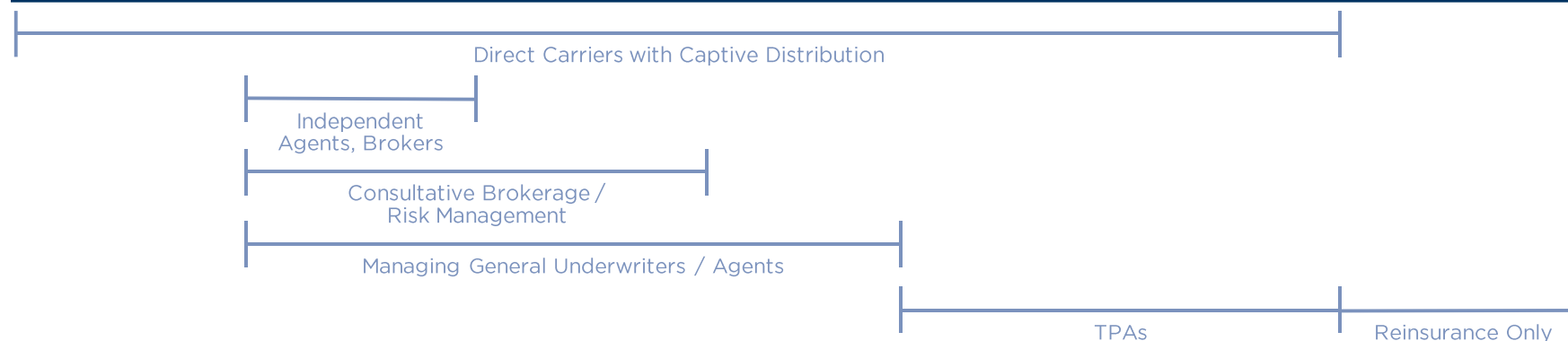
As introduced in the Industry Overview, it is important to understand the value chain for the Specialty Insurance industry. Below is a graphical representation of the various segments of the value chain, supported by examples of the activities that each segment performs. Many participants are active in multiple segments.

SPECIALTY INSURANCE INDUSTRY VALUE CHAIN



VALUE CHAIN ENABLERS: ACCELERATORS / INVESTORS / INSURETECH / FINTECH / DATA ANALYTICS

INSURANCE-RELATED SERVICE PROVIDERS: INFORMATION TECHNOLOGY / ACCOUNTING FIRMS / ACTUARIAL FIRMS



Northeast Indiana Value Chain Participants

Through our research, we have identified many companies within the region that participate in the Specialty Insurance industry. Some of these companies are headquartered in Northeast Indiana; others are subsidiaries of global or national insurance organizations. These companies are listed below according to their primary value chain activities. As has already been noted, these companies may participate in more than one part of the value chain. Profiles of these companies are shown in Appendix I.

PRODUCT MANAGEMENT / PRICING	SALES & DISTRIBUTION	CONSULTATIVE RISK MANAGEMENT	UNDERWRITING	POLICY ADMINISTRATION, CUSTOMER SERVICE & CLAIMS MANAGEMENT	REINSURANCE
Direct Carriers	Captive Agents, Independent Agents & Brokers	Value-Add Brokerages and Consultants	Managing General Underwriters / Agents	TPAs or Direct Carriers	Reinsurance Services
<ul style="list-style-type: none"> • Brotherhood Mutual Insurance Company • Central Mutual Insurance • Lincoln Financial Group • MedPro Group • Physicians Health Plan • Practice Protection • Silveus Insurance Group 	<ul style="list-style-type: none"> • Collier Financial • Erie Insurance • GuideOne Insurance • Hoch Insurance Agency • Lupke Rice Insurance & Financial Services • Northwestern Mutual • Phillips Financial • Prudential Financial • Thorne Insurance • Thrivent Financial • <i>Other advisors that sell insurance, P&C agents, and health insurance brokers</i> 	<ul style="list-style-type: none"> • All Risks, Ltd. • Aon plc • Ash Brokerage • Conduent • Gibson • Hylant Group • INGUARD • Oberlin Marketing • ONI Risk Partners • One Resource Group • USI Insurance 	<ul style="list-style-type: none"> • American Specialty Insurance & Risk Services • DOXA Insurance Holdings • K&K Insurance Group • Marketing Diversified Services 	<ul style="list-style-type: none"> • Ascensus Consulting • Automated Group Administration • BeniComp Group • Core Benefits • Platinum Benefit Consulting Group 	<ul style="list-style-type: none"> • Summit Reinsurance Services • Swiss Re

Indicates Regional Partnership Investor

Understanding concentrations or gaps in the value chain could be a catalyst for specific strategy development.

REGIONAL PARTICIPANT MINI-CLUSTERS

Within the Northeast Indiana region, the Specialty Insurance industry can be seen as having groupings of “mini-clusters” of companies participating in various segments of the value chain or serving a niche market.

As a strategy for future market development, the formation of additional market clusters or expansion of existing clusters could be pursued.

At the present time, the Specialty Insurance mini-clusters would seem to be:

- Direct Carriers
- Reinsurance
- Consultative Risk Management
- Leisure/Sport Insurance
- Professional Liability



SUMMARY OF REGIONAL PARTICIPANTS

The following table includes 38 Specialty Insurance firms with a presence in Northeast Indiana.

While the total employment for these identified companies is 5,194, it is likely that the difference of 972 from the 6,166 reported by Emsi is the multitude of small independent agency offices throughout Northeast Indiana. Each of these 38 Specialty Insurance companies has been profiled in Appendix I, according to its respective primary segments within the value chain.

REGIONAL PARTICIPANTS			
COMPANY	REGIONAL LOCATION	HEADQUARTERS	REGIONAL EMPLOYMENT*
All Risks, Ltd	Fort Wayne, IN	Hunt Valley, MD	10
American Specialty Ins & Risk Services	Fort Wayne, IN	Fort Wayne, IN	64
Aon plc	Fort Wayne, IN	London, UK	4
Ascensus Consulting	Fort Wayne, IN	Dresher, PA	44
Ash Brokerage	Fort Wayne, IN	Fort Wayne, IN	200
BeniComp Group	Fort Wayne, IN	Fort Wayne, IN	15
Brotherhood Mutual Insurance Company	Fort Wayne, IN	Fort Wayne, IN	442
Central Mutual Insurance	Van Wert, OH	Van Wert, OH	592
Collier Financial	Fort Wayne, IN	Fort Wayne, IN	15
Conduent	Fort Wayne, IN	Florham Park, NJ	11
Core Benefits	Fort Wayne, IN	Fort Wayne, IN	7
DOXA Insurance Holdings	Fort Wayne, IN	Fort Wayne, IN	3
Erie Insurance	Fort Wayne, IN	Erie, PA	55
Gibson	Fort Wayne, IN	South Bend, IN	93
GuideOne Insurance	Fort Wayne, IN	West Des Moines, IA	9
Hoch Insurance Agency	Fort Wayne, IN	Fort Wayne, IN	22
Hylant Group	Fort Wayne, IN	Toledo, OH	45
INGUARD	Wabash, IN	Wabash, IN	24
K&K Insurance Group	Fort Wayne, IN	Fort Wayne, IN	300
Lincoln Financial Group	Fort Wayne, IN	Radnor, PA	2,000

REGIONAL PARTICIPANTS			
COMPANY	REGIONAL LOCATION	HEADQUARTERS	REGIONAL EMPLOYMENT*
Lupke Rice Insurance & Financial Services	Fort Wayne, IN	Fort Wayne, IN	17
Marketing Diversified Services	Fort Wayne, IN	Fort Wayne, IN	33
MedPro Group	Fort Wayne, IN	Fort Wayne, IN	400
Northwestern Mutual	Fort Wayne, IN	Milwaukee, WI	39
Oberlin Marketing	Fort Wayne, IN	Fort Wayne, IN	13
ONI Risk Partners	Fort Wayne, IN	Indianapolis, IN	109
One Resource Group	Roanoke, IN	Roanoke, IN	49
Phillips Financial	Fort Wayne, IN	Fort Wayne, IN	19
Physicians Health Plan	Fort Wayne, IN	Fort Wayne, IN	125
Platinum Benefit Consulting Group	Fort Wayne, IN	Mishawaka, IN	26
Practice Protection	Fort Wayne, IN	Fort Wayne, IN	6
Prudential Financial	Fort Wayne, IN	Newark, NJ	28
Silveus Insurance Group	Warsaw, IN	Warsaw, IN	44
Summit Reinsurance Services	Fort Wayne, IN	Fort Wayne, IN	19
Swiss Re	Fort Wayne, IN	Zürich, Switzerland	235
Thorne Insurance	Warren, IN	Warren, IN	9
Thrivent Financial	Fort Wayne, IN	Minneapolis, MN	16
USI Insurance	Fort Wayne, IN	Valhalla, NY	52
Total			5,194

Source: Direct from the company or its website

*As of 2016

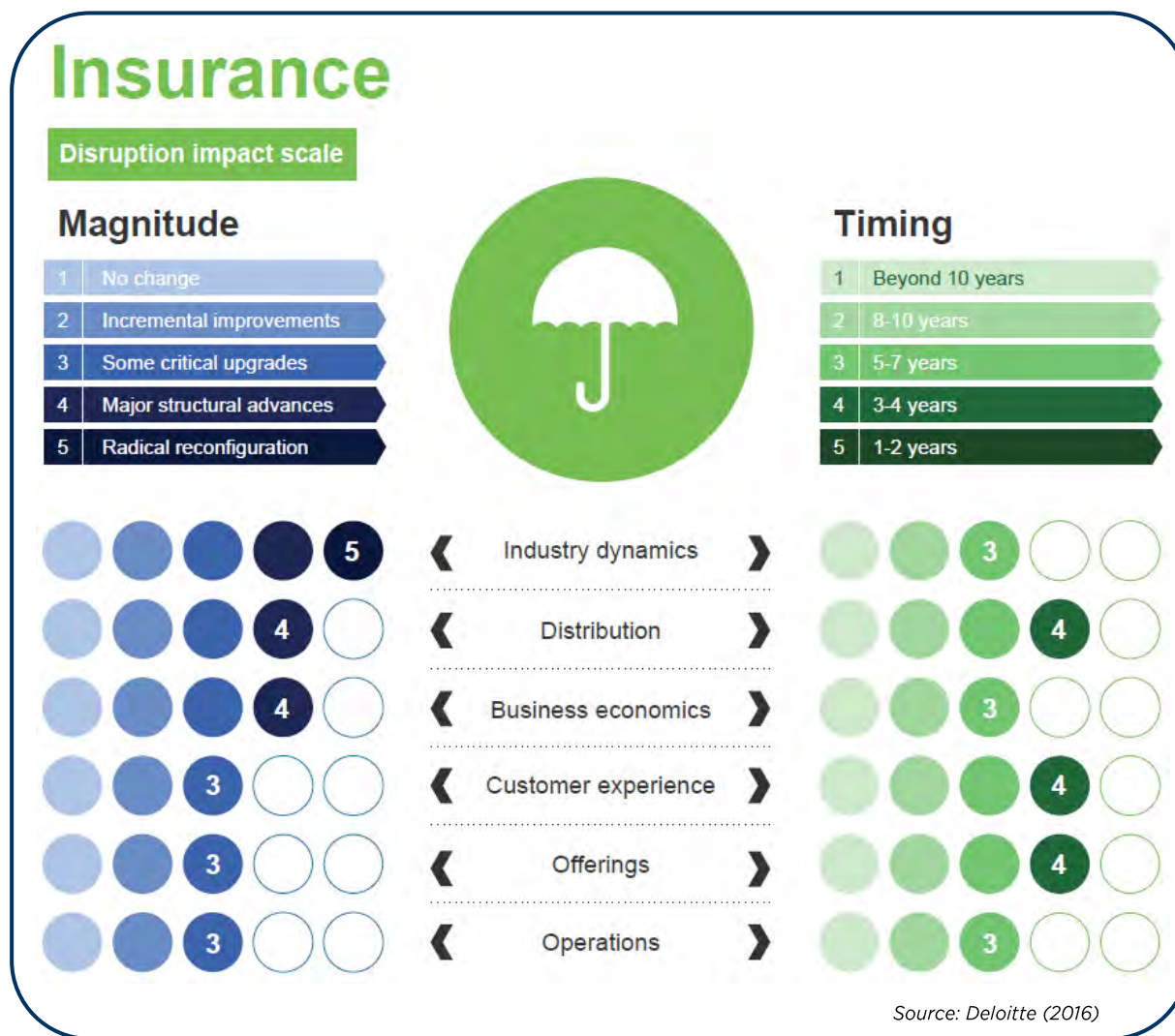
NATIONAL AND REGIONAL TRENDS

The Deloitte Center for Financial Services published a white paper in 2016 titled, “Disaggregating the Impact of Fintech: Brighter Shades of Disruption,” wherein researchers identified ways that technology – InsureTech – is projected to impact a mature insurance industry. Each **disruptor** was estimated both in terms of the magnitude and timing of expected impact across six dimensions of business: industry dynamics, distribution, business economics, customer experience, offerings, and operations.^{xiii}

The factors identified in the report as having the most significant impact on the industry were changing **industry dynamics** via reduced barriers to entry, modernization of **distribution channels**, and emerging markets altering **business economics**.

Industry dynamics are being disrupted by the emergence of non-traditional players (e.g., online retailers) and the Internet of Things (IoT) with its connectivity and supporting data flows. New online distribution channels, peer-to-peer insurance platforms, and artificial intelligence-driven customer service agents represent potentially significant competition for existing brokerage networks. Finally, the study noted that **traditional revenue streams are at risk for decline** due to changing demand patterns, which are reducing risk pools.

Strategically, the region would benefit by attracting creative companies that will solidify Northeast Indiana’s position as a leading destination for insurance innovation as well as supporting existing companies in acclimating to a changing industry landscape.



Appendix II contains a list of interesting start-up or emerging industry innovators, disruptors, and enablers. Regionally, Northeast Indiana is home to two such InsureTech innovators: JourneyGuide, formed in 2015 with backing from Ash Brokerage, and Squaremouth, a leading travel insurance website with software development headquarters in Fort Wayne. Their profiles can be seen on the next page.



JOURNEYGUIDE | HQ Location: **Fort Wayne, IN** | Year Founded: **2015** | Capital Raised to Date: **Unknown**
| Market/Segment: **Retirement Risks** | Website: www.journeyguideplanning.com

Description: JourneyGuide (a startup from Ash Brokerage) is a new approach to retirement income planning software. Simpler. Faster. Better. Provide answers to your clients' most important retirement questions in seconds, not days. And give them options beyond, "Save more, retire later." Together, you can chart a course to a better retirement.



SQUAREMOUTH | HQ Location: **St. Petersburg, FL** | Year Founded: **2003** | Capital Raised to Date: **Unknown**
| Market/Segment: **Financial Services Accelerator** | Website: www.squaremouth.com

Description: Squaremouth is an online company that compares travel insurance policies from every major provider in the United States. Travelers are able to quote, compare, and purchase travel insurance policies using Squaremouth's comparison engine and over 50,000 customer reviews. All policies purchased through Squaremouth also come with our Zero Complaint Guarantee. Established in 2003, Squaremouth has grown to over \$20 million in annual sales. The multi-award-winning company has also received national recognition as one of the best customer service teams. Squaremouth is headquartered in St. Petersburg, Florida, with offices in Fort Wayne, Indiana.

REGIONAL STRATEGIC OPPORTUNITIES

The Northeast Indiana Regional Partnership may consider some of the following Business Attraction strategies for incorporation into their travel calendar. If a strategy were to be adopted, NEIRP would then develop tactics that would stem from it.

Foster an InsureTech Ecosystem

The focus on big data and artificial intelligence will cause a shift away from traditional insurance job design, as insurers are utilizing the tools provided by InsureTech firms in order to be more accurate and efficient. Given the concentration of large insurance firms in Northeast Indiana, it is important that this region creates an environment conducive to the attraction, development, and retention of early stage InsureTech firms. Due to the region's high quality of life combined with the significant presence of insurance centers within a three-hour radius, the region should consider forming an InsureTech accelerator/incubator as one possible way to pursue this opportunity.

Recommendation:
InsureTech
accelerator/incubator

Recruit PE and Venture-Backed Insurance and InsureTech Companies to the Region

Early stage and growth stage companies that have financial investors are much more likely to consider a potential relocation, provided the economics are compelling. Therefore, a possible business attraction strategy is the recruitment of non-public, investor-owned Specialty Insurance companies to the region.

Examine Value Chain Opportunities

An examination of the value chain would indicate that there could be an opportunity for additional third-party services in areas such as public relations, claims management, application development, accounting, actuarial, etc. Given the strong presence of Specialty Insurance participants in the region, it is logical that larger service providers might see Northeast Indiana as a logical locale for additional expansion. In this case, regional insurance companies that are currently outsourcing certain key functions overseas or domestically could, instead, leverage their collective spending to attract these service providers to the region, thus further increasing the Specialty Insurance concentration in Northeast Indiana.

Pursue Roll-Up Strategy with Regional Investor(s)

As seen in the case study, DOXA Insurance Holdings is pursuing a roll-up strategy to acquire and rationalize managing general underwriters (MGUs) throughout the United States. These types of firms often have no formal succession planning process and would benefit from the synergies of being part of a larger organization. Similarly, other Specialty Insurance firms like independent life and health insurance agencies and third-party administrators (TPAs) often have similar characteristics and could be sectors where a roll-up strategy may make some sense.

Recruit Additional Participants in Existing Mini-Clusters

Given that Northeast Indiana has niche concentrations in Specialty Insurance markets like reinsurance, managing general underwriters, leisure/sport insurance, professional liability, and consultative risk management, the region should consider a strategy to know, understand, and recruit other participants in these areas.

COMPANY PROFILE

DOXA INSURANCE HOLDINGS, LLC

DOXA Insurance Holdings is a Fort Wayne-based private equity fund acquiring small- to medium-size Managing General Agents (MGAs) across the U.S. DOXA is strategically assembling a family of companies that provide specialized insurance coverage solutions within four distinct industry verticals: Excess & Surplus Lines, Commercial Specialty, Professional Liability, and Micro-Specialty.

DOXA fills a gap within the insurance industry clouded by the “bigger is better” mentality. Acquisitions that focus only on larger MGAs typically result in downsized staff, absorbed brands, and cost-cutting for the purpose of increasing valuation for flipping the entity a few years later.

DOXA presents a positive MGA succession path. DOXA’s focus is on MGAs with less than \$75 million in annual premium that are seeking a reliable, realistic transition and growth option that expands rather than changes or disrupts the MGA’s legacy, thus preserving the organization and leveraging the intellectual capital of the MGA.

What are the implications for Northeast Indiana? DOXA expects to add employees at its Fort Wayne headquarters, particularly in the areas of sales, underwriting, and executive leadership, as it continues to scale up and close additional targeted acquisitions. While it is possible that DOXA would acquire an MGA and move it to Northeast Indiana, it is more likely that it would keep the MGA in its current location but provide an option to hire “remote” employees in Northeast Indiana due to the strong pool of Specialty Insurance talent in this region.

Attract Technology Firms to Northeast Indiana with Insurance-Specific Expertise

Technology jobs make up a significant portion of the total insurance jobs in the region and represent one of the fastest growing occupations since 2011. Based on information collected from the regional survey participants,¹ these job categories are only expected to increase in the future. Given this demand, the recruitment of a company or division of a software/application developer to this region could be a viable business attraction opportunity that would assist the region directly and existing insurance firms in particular. Such a technology firm could also provide application development and technology services to other target industries identified in Northeast Indiana.



*Recommendation:
Recruit a company or division of a
software/application developer*

¹ A Specialty Insurance Regional Participant Survey was administered in Fall 2017 by True North on behalf of the Northeast Indiana Regional Partnership. Executives from 11 Northeast Indiana companies participated.

TALENT DEVELOPMENT

Increase the skills and competencies of Northeast Indiana residents
to unleash investment by employers

THE 11 COUNTIES OF NORTHEAST INDIANA

ADAMS >> ALLEN >> DEKALB >> HUNTINGTON >> KOSCIUSKO >> LAGRANGE >> NOBLE >> STEUBEN >> WABASH >> WELLS >> WHITLEY

REGIONAL PROFILE

It is important to understand the regional Specialty Insurance workforce dynamics as context for identifying talent development opportunities.

Workforce Employment and Wages

		2016 JOBS			NORTHEAST INDIANA					UNITED STATES		LQs		GRP			
NAICS	INDUSTRY	NEI	10 REGIONAL COUNTIES*	ALLEN COUNTY	5-YR JOB GROWTH		AVG ANNUAL WAGE	SUPPLEMENTS	TOTAL EARNINGS	TOTAL EARNINGS	5-YR JOB GROWTH	NEI	ALLEN COUNTY	NEI		ALLEN COUNTY	
					#	%								#	%	#	%
Insurance Carriers																	
524113	Direct Life Insurance Carriers	2,436	0	2,436	338	16.1%	\$64,835	\$12,343	\$77,178	\$117,515	-10.6%	4.01	7.73	\$485,939,145	1.24%	\$485,939,213	2.25%
524114	Direct Health and Medical Insurance	158	10	144	-40	-20.2%	\$63,690	\$12,125	\$75,815	\$97,371	6.8%	0.18	0.31	\$30,997,105	0.08%	\$28,435,929	0.13%
524126	Direct Property and Casualty Insurance	964	60	904	21	2.3%	\$82,563	\$15,718	\$98,281	\$103,303	3.6%	0.81	1.46	\$257,594,896	0.66%	\$241,733,223	1.12%
524127	Direct Title Insurance Carriers	54	19	35	17	46.0%	\$47,955	\$9,130	\$57,084	\$101,048	12.0%	0.36	0.45	\$8,950,713	0.02%	\$6,057,754	0.03%
524128	Other Direct Insurance Carriers	<10	0	<10	Insf. Data	Insf. Data	Insf. Data	Insf. Data	Insf. Data	\$80,537	10.5%	Insf. Data	Insf. Data	\$2,510,587	0.01%	\$2,510,587	0.01%
524130	Reinsurance Carriers	249	0	249	-25	-9.1%	\$117,107	\$22,295	\$139,401	\$161,638	-5.8%	4.03	7.76	\$92,540,857	0.24%	\$92,540,868	0.43%
Agencies, Brokerages & Other Insurance Related Activities																	
524210	Insurance Agencies and Brokerages	2,093	727	1,366	140	7.2%	\$53,808	\$10,244	\$64,052	\$87,367	22.4%	1.08	1.36	\$247,722,219	0.63%	\$166,994,629	0.77%
524291	Claims Adjusting	31	<10	29	-50	-61.7%	\$81,991	\$15,609	\$97,600	\$91,306	11.2%	0.22	0.39	\$8,715,716	0.02%	\$6,597,617	0.03%
524292	Third Party Administration of Insurance & Pension Funds	135	<10	127	-27	-16.7%	\$59,851	\$11,394	\$71,246	\$82,597	34.9%	0.29	0.53	\$17,684,884	0.05%	\$15,028,006	0.07%
524298	All Other Insurance Related Activities	38	16	22	8	26.7%	\$49,284	\$9,383	\$58,667	\$98,907	41.7%	0.20	0.22	\$8,321,692	0.02%	\$3,421,422	0.02%
Specialty Insurance Target Total		6,166	846	5,320	377	6.5%	\$65,718	\$12,511	\$78,229	\$96,748	11.5%	1.09	1.81	\$1,160,977,814	2.96%	\$1,049,259,248	4.85%

Sources: Emsi 2017.2; QCEW (Jobs). Emsi 2017.2 Input-Output Model (GRP).

Note: Supplements estimate the value of contributions for pensions, profit sharing, retirement plans, and private health insurance.

*Excluding Allen County

As shown in the table above, Northeast Indiana's insurance industry employs 6,166 individuals, and 86% of these jobs are located within Allen County. Within the insurance industry, the largest employer in the 10 regional counties (excluding Allen County) is the Insurance Agencies and Brokerages subsector. In the past five years, insurance has added 377 new jobs to the regional economy, growing 6.5% over this period. This region's average annual wage within the insurance industry is \$65,718, which is 1.6x the region's overall average annual wage of \$41,530. Location quotients for the subsectors Direct Life Insurance Carriers and Reinsurance Carriers in Allen County are almost 8.0, indicating that the concentrations/specializations in these two subsectors in Allen County are nearly eight times that of national average. Allen County produces about 90% of the gross regional product produced by Northeast Indiana's insurance industry.

SPECIALTY INSURANCE INDUSTRY IN NORTHEAST INDIANA: KEY OCCUPATIONS

The chart below identifies key occupations with the highest employment in the Specialty Insurance industry. Occupations that have both limited and intensive training periods have been identified, based on one's academic credentials.

SOC	OCCUPATION	2016 EMPLOYEES	CHANGE (2011-2016) #	%	MEDIAN HOURLY EARNINGS	TYPICAL ENTRY LEVEL EDUCATION
LIMITED TRAINING						
41-3021	Insurance Sales Agents	857	75	9.6%	\$22.27	High school diploma*
43-4051	Customer Service Representatives	746	34	4.8%	\$15.45	High school diploma*
43-9041	Insurance Claims and Policy Processing Clerks	519	28	5.7%	\$15.57	High school diploma*
43-9061	Office Clerks, General	302	17	6.0%	\$12.84	High school diploma*
43-6014	Secretaries and Administrative Assistants, Except Legal, Medical, and Executive	244	12	5.2%	\$14.93	High school diploma*
13-1031	Claims Adjusters, Examiners, and Investigators	242	-2	-0.8%	\$26.94	High school diploma*
43-1011	First-Line Supervisors of Office and Administrative Support Workers	167	9	5.7%	\$22.51	High school diploma*
43-6011	Executive Secretaries and Executive Administrative Assistants	61	1	1.7%	\$20.63	High school diploma*
43-3021	Billing and Posting Clerks	26	0	0.0%	\$15.86	High school diploma*
MORE INTENSIVE TRAINING PERIOD						
13-1111	Management Analysts	198	29	17.2%	\$30.43	Bachelor's degree
11-1021	General and Operations Managers	191	15	8.5%	\$40.08	Bachelor's degree
43-3031	Bookkeeping, Accounting, and Auditing Clerks	187	4	2.2%	\$16.13	Some college, no degree
13-2053	Insurance Underwriters	139	1	0.7%	\$24.62	Bachelor's degree
13-2011	Accountants and Auditors	128	10	8.5%	\$28.02	Bachelor's degree
11-3031	Financial Managers	116	10	9.4%	\$43.41	Bachelor's degree
13-2052	Personal Financial Advisors	108	13	13.7%	\$33.34	Bachelor's degree
15-1132	Software Developers, Applications	87	10	13.0%	\$35.73	Bachelor's degree
15-2011	Actuaries	86	13	17.8%	\$44.05	Bachelor's degree
13-1161	Market Research Analysts and Marketing Specialists	83	9	12.2%	\$23.77	Bachelor's degree
15-1121	Computer Systems Analysts	77	6	8.5%	\$31.38	Bachelor's degree
15-1151	Computer User Support Specialists	61	5	8.9%	\$19.49	Some college, no degree
11-3021	Computer and Information Systems Managers	50	6	13.6%	\$46.76	Bachelor's degree
13-1199	Business Operations Specialists, All Other	45	-2	-4.3%	\$23.89	Bachelor's degree
15-1142	Network and Computer Systems Administrators	45	4	9.8%	\$28.75	Bachelor's degree
29-1141	Registered Nurses	26	-3	-10.3%	\$25.59	Bachelor's degree
15-1131	Computer Programmers	26	0	0.0%	\$32.12	Bachelor's degree

Source: Emsi 2017.2; QCEW

Standard Occupational Classification (SOC) Code
*Or equivalent

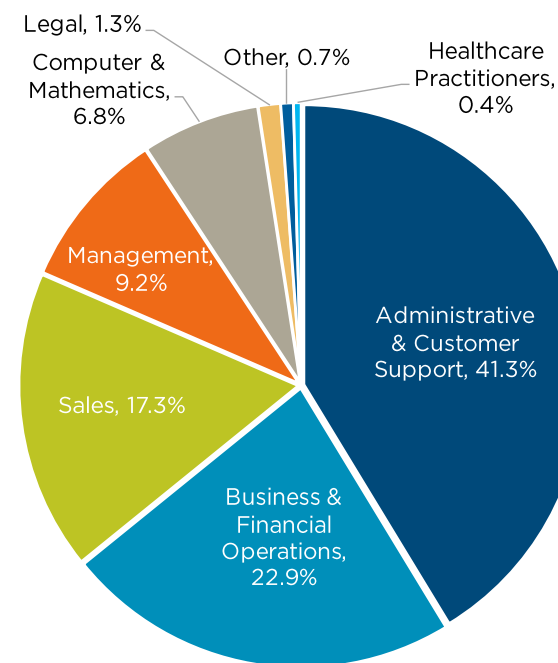
Key occupations in Northeast Indiana's Insurance industry encompassed 4,817 employees in 2016, which is 78% of all the Specialty Insurance jobs in the region. About 71% of employees have either received a high school diploma or attended some college without earning a degree. Only 29% of workers employed in this sector have earned a bachelor's degree. Jobs that require limited training tend to employ people with a high school diploma, while a bachelor's degree is required for jobs with more intensive training. Two-thirds of occupations within Specialty Insurance pay above the \$20/hour regional average wage threshold.

Occupational Summary

In 2016, 41% percent of occupations within the Specialty Insurance segment were within Administrative and Customer Support, 23% in Business and Financial Operations, and 17% in Sales. Together, these three critical occupational areas account for more than 80% of the Specialty Insurance workforce in the region.

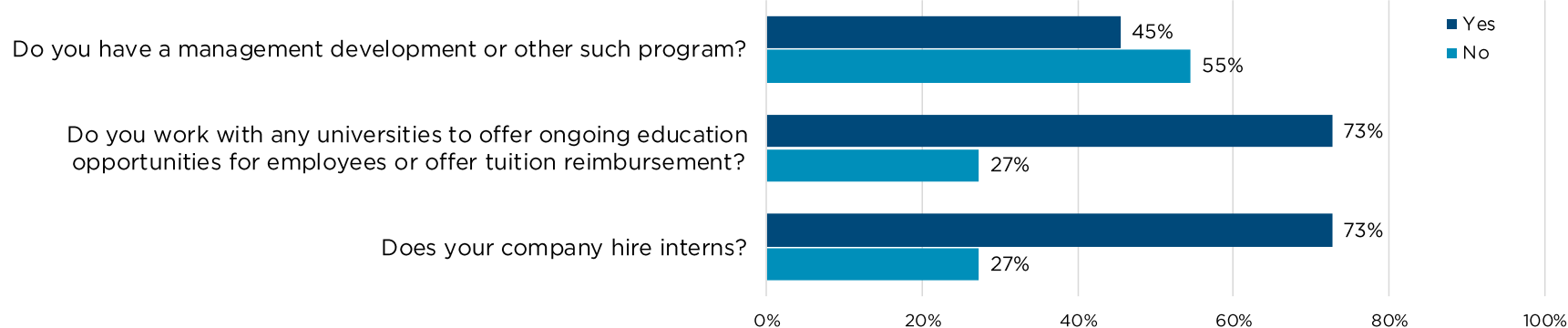
Within these occupational categories, more than 80% of employees in Business and Financial Operations, Management, and Computer & Mathematics roles have at least a bachelor's degree.

Over 70% of people employed in either Administrative & Customer Support or Sales roles have only a high school diploma – most of whom earn below the \$20/hour regional threshold.



Source: Emsi 2017.2; QCEW

SURVEY FINDINGS - TALENT DEVELOPMENT PROGRAMS



Source: NEIRP Specialty Insurance Survey, Q3 2017.

Respondents: 11

NATIONAL AND REGIONAL TRENDS

Without question, the Specialty Insurance industry is experiencing significant changes in workforce dynamics. According to McKinsey & Company, as cited in a 2016 report from The Jacobson Group, up to 25% of the insurance workforce is expected to retire by 2018, resulting in potential industry-wide shortage of 400,000 jobs.^{xiv} This situation is made worse by low unemployment, increased demand for professional workers and the need to recruit a much younger workforce.

Insurers are concerned that the industry will not be able to build the workforce required. Demographic changes will create new expectations from workers as job tenures shorten and turnover increases. Recruiting efforts no longer can focus on lifetime employment or promises of job rotation. In a 2017 report prepared by the Insurance Governance Leadership Network, organized and led by Tapestry Networks and supported by EY,^{xv} the following realities are facing the insurance industry:

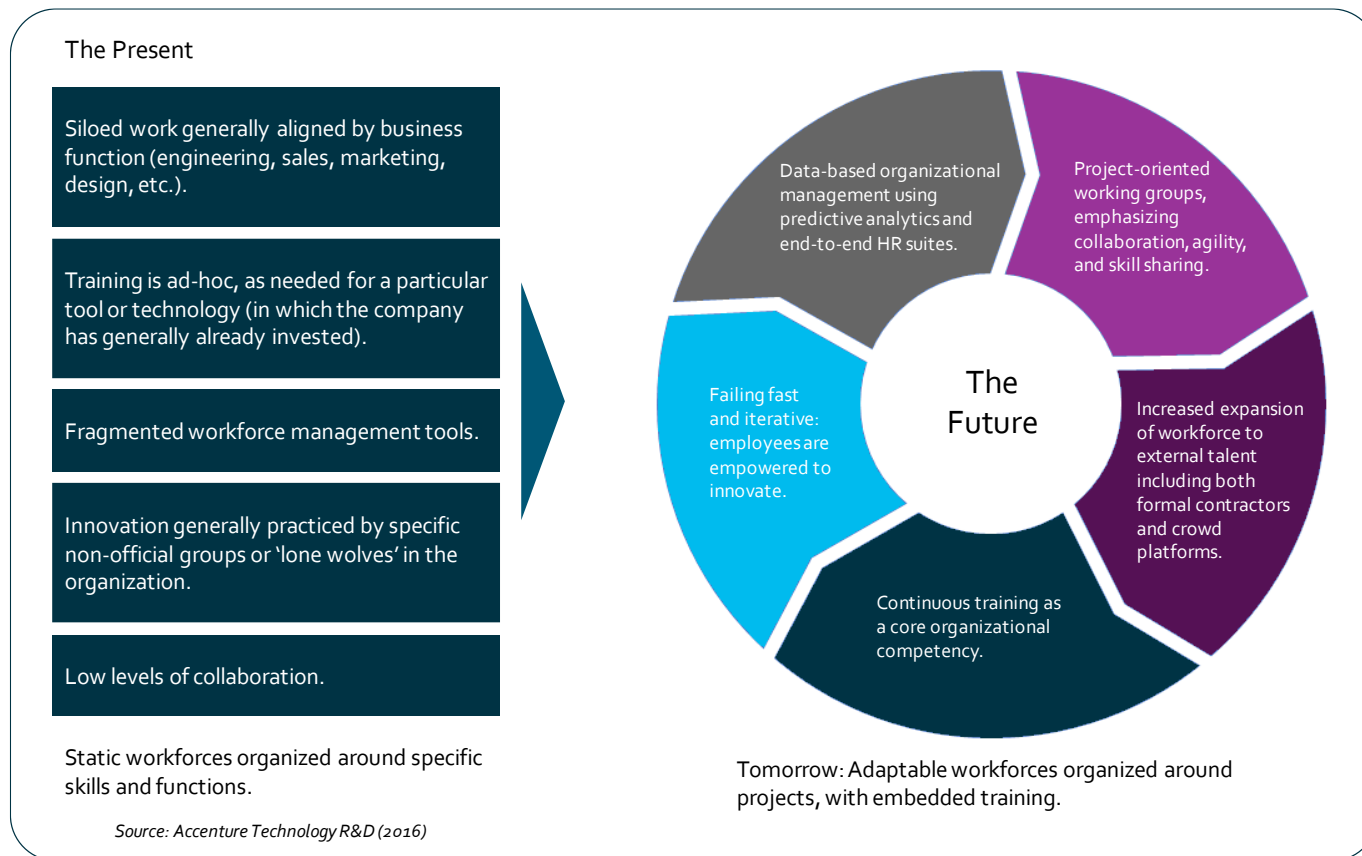
***Need:
Building the workforce
required for the
insurance industry***

- » Technology is the major force driving changes in talent strategy. Digital transformation is a critically important trend. Digitalization will improve the customer experience and bring back office efficiencies. A more general skill set consisting of new technology-related skills will be required of most professional positions. This will be a primary development need for existing workers within the insurance industry. It is also a given that artificial intelligence and increased automation will allow a professional focus on more complex and people-sensitive activities. It is also believed that there could be fewer workers in the future as technology drives automation.
- » Institutions will struggle to replace the skills and competencies of retiring baby boomers. Notwithstanding the impacts of technology, it is estimated that the insurance industry will still need an additional 500,000 workers over the next few years. Automation will work against the notion of employee development as many of the entry level positions are the ones that will be replaced by Artificial Intelligence and other automation tools.
- » The workforce of the future will be younger, smaller, and more fluid. The largest group of workers today, millennials, will make up a growing proportion of the insurance workforce in the days ahead. Because of this, job tenure will decline, and mobility will increase, which poses a dramatic change for an industry characterized by lifetime employment.
- » Insurers face stiff competition for talent and will be impacted by the reputational and compensation issues that have characterized the insurance industry. Words like stodgy, bureaucratic, hierarchical and slow-moving are used to describe the insurance industry. Simply put, insurance is not viewed as an attractive industry for younger employees. From a compensation standpoint, the insurance industry has often trailed other competitive industries such as banking or technology.

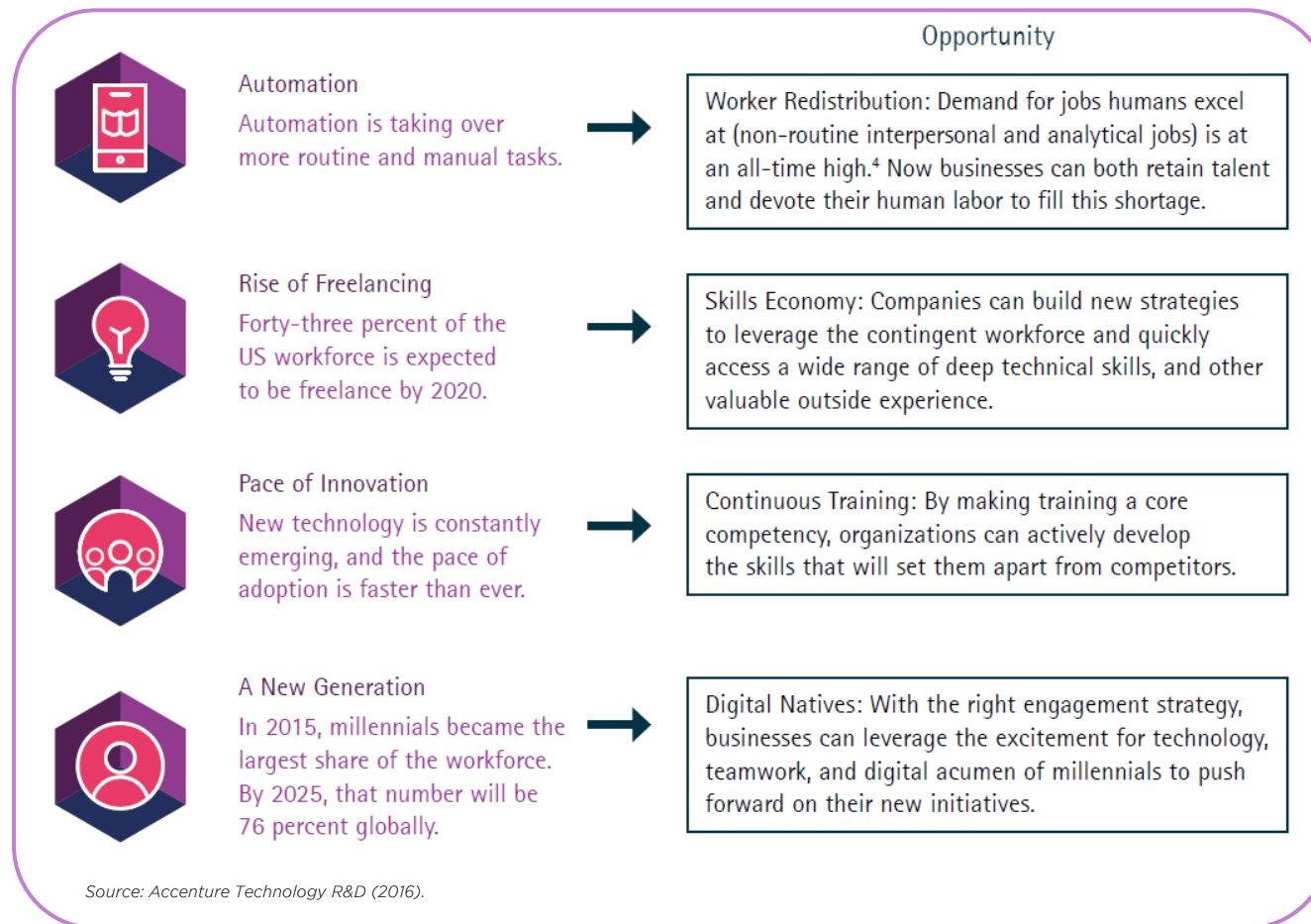
Given these challenges, how does the Specialty Insurance industry develop its talent? Through our research we have identified the following talent development strategy trends for the Specialty Insurance industry:

1. The Specialty Insurance industry must move to an adaptable workforce shaped by workers who understand and embrace technology. Such a workforce would be empowered to innovate and operate in a project-based environment. The following chart

contrasts the present organization around business function with an adaptive workforce also known as the liquid workforce. This future environment will provide continuous training and be organized into more project-oriented workgroups.



- Assuming the industry will employ more technology savvy generalists, training on insurance industry concepts and principles will be critical to provide these generalists with the knowledge they need to deliver customer-focused, yet regulatory compliant, products and services. However, this training is likely to be shorter in duration and much more flexible than current training programs. Online learning will make possible training that is more relevant, flexible, and consistent with modern learning styles.^{xvi}
- Worker redistribution will happen in a significant way as routine jobs are automated and non-routine, interpersonal, and analytical job skills will be at a premium and the focus of employee development programs. Given the shortage of talent, those organizations that make training a core competency can actively develop these important skill sets.^{xvii} The following chart illustrates the challenges and opportunities.



4. Cultural transformation will be required of many Specialty Insurance companies. Adapting to dramatic changes in the workforce requires top down commitment from board members, CEOs, and senior management teams. In some cases, a third-party may be needed to objectively evaluate culture and to provide a gap analysis. For an industry not known for embracing change, only an intentional, sustained effort will be able to bring about the desired cultural transformation.

Adapting to dramatic changes in the workforce requires top down commitment from board members, CEOs and senior management teams.

REGIONAL STRATEGIC OPPORTUNITIES

Form Specialty Insurance Regional Management Development Program

Given the concentration of Specialty Insurance firms in the region and the need to develop managerial talent, we believe there could be a critical mass of young managers that could form an annual cohort with the subject matter focus on general insurance knowledge, state and local legislative environment, and civic/volunteer organizations in the region. Such a program could also play an important role in talent retention in the region.

Create Talent Pipeline from Local Universities

The University of Saint Francis, Purdue University Fort Wayne, Grace College and Ivy Tech have developed degree and certificate programs to begin the development of a pipeline of workers qualified to contribute to the workforce of the Specialty Insurance employers in the region. While the design of these programs is evolving, considerable efforts are needed by both these participating universities and regional Specialty Insurance companies in order to develop a consistent pipeline of talent to fulfill the personnel needs of regional Specialty Insurance companies.

Recommendation:
Form an annual cohort of young insurance professionals to develop managerial talent

COMPANY PROFILE

BROTHERHOOD MUTUAL INSURANCE CO.

Brotherhood Mutual insures America's churches and related ministries. It does that by providing quality property and liability insurance coverage, custom-designed to help churches and related ministries do their work safely and effectively. From Brotherhood's perspective, insurance is more than a commercial endeavor—it's a platform to accomplish its mission: to give America's churches the necessary insurance products and services to advance their missions. The company employs more than 400 people in its corporate headquarters in Fort Wayne and was listed among the "Best Places to Work in Indiana" for the tenth consecutive year. The Better Business Bureau recognized Brotherhood Mutual for marketplace ethics in 2010.

Brotherhood is actively engaged in both talent attraction and talent development initiatives. The company attracts new talent by participating in job fairs. It also works closely with universities that offer risk management degrees, such as the University of Saint Francis, Butler University, and Ball State University. The company offers a summer hire program for the college-age children of Brotherhood employees. Returning upperclassman have the option of partnering with a nonprofit ministry that aligns with the student's major. Brotherhood pays for the student's position with the ministry, thereby providing the student with additional experience needed for future job opportunities.

Brotherhood Mutual further develops talent with its innovative Aspire Program. The Aspire Program seeks to provide new, high-potential employees with an enriched, well-rounded exposure to the essential business operations of the company. Aspire associates go through a one-year rotation program where they learn different aspects of the business operations before they have the potential of being placed in a more long-term position.

Further, the company provides new manager training for all employees hired or promoted into management positions. The company's leadership circles give new managers the opportunity to interact with, and receive feedback from, company executives. Assigned groups of managers are nurtured through the program in one-year cycles, strengthening the company's ongoing commitment to insurance education and leadership development.

Develop Non-Traditional Talent Sources

As is described later in the Talent Attraction section of this report, insurance companies are looking outside the insurance industry more and more to develop talent. Companies are seeking individuals with key transferable skills. Potential pools for such talent include stay-at-home-moms, individuals with liberal arts backgrounds, and others who have not been satisfied in their current careers. A non-traditional internship program that pairs this potential pool with local insurance companies could be a viable strategy. Job classifications that seem to lend themselves to a non-traditional workforce include jobs that fall into the broad categories of informational, analytical, and technological. Additionally, an increasingly remote workforce has significant broadband/infrastructure ramifications for the region, particularly when considering the hours flexibility that comes with working remotely.

TALENT ATTRACTION

Attract and retain people to live and work in Northeast Indiana
to accelerate business growth and investment

THE 11 COUNTIES OF NORTHEAST INDIANA

ADAMS >> ALLEN >> DEKALB >> HUNTINGTON >> KOSCIUSKO >> LAGRANGE >> NOBLE >> STEUBEN >> WABASH >> WELLS >> WHITLEY

REGIONAL PROFILE

The context for talent attraction should include an understanding of how the Northeast Indiana Region compares to others regarding workforce changes and the concentration of Specialty Insurance talent.

Specialty Insurance Workforce Changes

AGENCIES, BROKERAGES, AND OTHER INSURANCE RELATED ACTIVITIES (NAICS 5242)						
METRO AREA	2016 JOBS	2011-2016 CHANGE #	%	AVERAGE ANNUAL WAGE	LOCATION QUOTIENT	MAJOR INSURANCE COMPANIES
Chicago-Naperville-Elgin, IL-IN-WI	39,704	7,769	24%	\$81,882	1.35	Allstate Insurance, CNA Financial, Combined Insurance, Kemper Corporation
St. Louis, MO-IL	14,144	3,510	33%	\$82,017	1.46	Centene Corporation
Des Moines-West Des Moines, IA	10,945	2,880	36%	\$67,906	2.38	Allied Insurance, GuideOne Insurance, Principal Financial Group
Columbus, OH	9,181	2,650	41%	\$67,941	1.34	Grange Insurance, Nationwide Mutual Insurance Company, Safe Auto
Cleveland-Elyria, OH	8,698	2,269	35%	\$65,234	0.78	Progressive Corporation, Medical Mutual of Ohio
Indianapolis-Carmel-Anderson, IN	9,063	2,126	31%	\$66,003	1.07	Anthem, Inc., CNO Financial Group, Golden Rule, One America Financial
Louisville/Jefferson County, KY-IN	8,269	1,832	28%	\$65,713	1.74	Humana Inc
Detroit-Warren-Dearborn, MI	12,174	1,709	16%	\$75,438	0.84	Blue Cross Blue Shield of Michigan
Minneapolis-St. Paul-Bloomington, MN-WI	15,276	1,546	11%	\$76,643	0.92	UnitedHealth Group, Securian Financial Group, Thrivent Financial, HealthPartners, Allianz Life
Milwaukee-Waukesha-West Allis, WI	6,515	1,115	21%	\$65,681	0.99	Northwestern Mutual, R&R Insurance Services
Madison, WI	3,051	1,060	53%	\$61,697	1.11	American Family Insurance, CUNA Mutual, WPS Health Insurance, M3 Insurance
Grand Rapids-Wyoming, MI	3,302	715	28%	\$65,327	0.55	Priority Health, Great Lakes Casaulty
Omaha-Council Bluffs, NE-IA	5,463	655	14%	\$61,594	2.04	Berkshire Hathaway, Mutual of Omaha, Physicians Mutual, WoodmenLife
Cincinnati, OH-KY-IN	6,582	592	10%	\$69,950	0.67	Western & Southern Financial Group, Cincinnati Financial
Cedar Rapids, IA	1,273	463	57%	\$71,906	1.18	Transamerica Corporation
Akron, OH	2,282	359	19%	\$73,710	1.10	SummaCare
Davenport-Moline-Rock Island, IA-IL	1,571	342	28%	\$69,883	0.76	Modern Woodmen of America
Green Bay, WI	3,185	300	10%	\$47,474	3.31	M3 Insurance*, UnitedHealth Group*
Peoria, IL	1,185	193	19%	\$91,495	0.40	RLI Corp., Pekin Insurance
Lansing-East Lansing, MI	1,556	168	12%	\$47,105	1.06	Jackson National Life, Auto-Owners Insurance
Dayton, OH	1,661	96	6%	\$52,478	0.45	CareSource
Lexington-Fayette, KY	1,777	13	1%	\$63,148	1.06	Kentucky Employers' Mutual Insurance, Anthem Blue Cross Blue Shield*
Fort Wayne, IN	1,626	8	0%	\$60,276	0.58	Lincoln Financial Group*, Brotherhood Mutual Insurance Company, MedPro Group
Toledo, OH	1,842	-201	-10%	\$56,586	0.59	Hylant Group, Savage & Associates - Toledo

Source: Emsi 2017.2; QCEW

Note: This table compares Agencies, Brokerages, and Other Insurance Related Activities across metro areas within the Great Lakes region with 1000+ employees.

* Not a headquarters location, but the company has a significant presence.

TALENT ATTRACTION

INSURANCE CARRIERS (NAICS 5241)						
METRO AREA	2016 JOBS	2011-2016 CHANGE #	%	AVERAGE ANNUAL WAGE	LOCATION QUOTIENT	MAJOR INSURANCE COMPANIES
Bloomington, IL	16,690	7,424	80%	\$100,798	22.62	State Farm Insurance, Country Financial
Louisville/Jefferson County, KY-IN	16,827	3,934	31%	\$82,466	3.22	Humana Inc
Dayton, OH	3,254	1,291	66%	\$71,561	1.07	CareSource
Akron, OH	4,045	1,031	34%	\$59,171	1.52	SummaCare
Lansing-East Lansing, MI	5,492	1,029	23%	\$77,278	3.19	Jackson National Life, Auto-Owners Insurance
Indianapolis-Carmel-Anderson, IN	16,129	952	6%	\$79,658	1.97	Anthem, Inc., CNO Financial Group, Golden Rule, One America Financial
Detroit-Warren-Dearborn, MI	12,859	844	7%	\$88,030	0.83	Blue Cross Blue Shield of Michigan
Grand Rapids-Wyoming, MI	6,215	764	14%	\$61,931	1.40	Priority Health, Great Lakes Casaulty
Des Moines-West Des Moines, IA	19,394	711	4%	\$93,744	6.6	Allied Insurance, GuideOne Insurance, Principal Financial Group
Columbus, OH	20,557	592	3%	\$85,283	2.48	Grange Insurance, Nationwide Mutual Insurance Company, Safe Auto
Cedar Rapids, IA	4,509	454	11%	\$79,256	3.82	Transamerica Corporation
Oshkosh-Neenah, WI	1,438	437	44%	\$70,121	1.87	Thrivent Financial*
Fort Wayne, IN	3,790	284	8%	\$72,389	2.21	Lincoln Financial Group*, Brotherhood Mutual Insurance Company, MedPro Group
Sheboygan, WI	1,150	276	32%	\$82,162	2.32	Acuity Insurance
Green Bay, WI	4,581	272	6%	\$61,630	3.25	M3 Insurance*, UnitedHealth Group*
Cincinnati, OH-KY-IN	15,175	186	1%	\$81,815	1.79	Western & Southern Financial Group, Cincinnati Financial
Stevens Point, WI	3,074	154	5%	\$75,052	10.83	Sentry Insurance, Berkshire Hathaway Travel Protection
Peoria, IL	1,589	82	5%	\$98,842	1.12	RLI Corp., Pekin Insurance
Toledo, OH	1,130	26	2%	\$58,619	0.46	Hylant Group, Savage & Associates - Toledo
Duluth, MN-WI	1,624	-57	-3%	\$47,470	1.55	UnitedHealth*
Canton-Massillon, OH	1,452	-128	-8%	\$48,716	1.06	Nationwide Mutual Insurance Company*
Appleton, WI	2,628	-168	-6%	\$66,823	2.62	Thrivent Financial*
Eau Claire, WI	1,135	-190	-14%	\$56,996	1.68	United HealthCare Services, Inc.*
Cleveland-Elyria, OH	13,134	-194	-1%	\$86,601	1.57	Progressive Corporation, Medical Mutual of Ohio
Omaha-Council Bluffs, NE-IA	10,467	-271	-3%	\$74,374	2.67	Berkshire Hathaway, Mutual of Omaha, Physicians Mutual, WoodmenLife
Wausau, WI	2,368	-487	-17%	\$69,281	4.04	Wausau Insurance, WPS Health Insurance*
Milwaukee-Waukesha-West Allis, WI	12,002	-577	-5%	\$94,348	1.76	Northwestern Mutual, R&R Insurance Services
Springfield, IL	1,966	-699	-26%	\$67,890	1.81	Horace Mann Educators Corporation
Chicago-Naperville-Elgin, IL-IN-WI	33,891	-1,713	-5%	\$107,585	0.92	Allstate Insurance, CNA Financial, Combined Insurance, Kemper Corporation
St. Louis, MO-IL	7,498	-1,758	-19%	\$83,615	0.69	Centene Corporation
Madison, WI	8,696	-3,488	-29%	\$77,964	2.78	American Family Insurance, CUNA Mutual, WPS Health Insurance, M3 Insurance
Minneapolis-St. Paul-Bloomington, MN-WI	30,684	-6,426	-17%	\$112,044	1.98	UnitedHealth Group, Securian Financial Group, Thrivent Financial, HealthPartners, Allianz Life

Source: Emsi 2017.2; QCEW

Note: This table compares Insurance Carriers across metro areas within the Great Lakes region with 1000+ employees.

* Not a headquarters location, but the company has a significant presence.

Among the metro areas in the Great Lakes region, Insurance Carriers (NAICS 5241) employ over 280,000 people. Over the past five years, this subsector has shed nearly 16,000 jobs but has created over 21,000, thus resulting in a net increase. As shown in the above table, Chicago, Madison, Minneapolis, and St. Louis have all lost over 1,000 jobs, with Wisconsin having been hit the hardest. Agencies, Brokerages, and Other Insurance Related Activities (NAICS 5242) employ 175,000 people and have added approximately 33,000 new

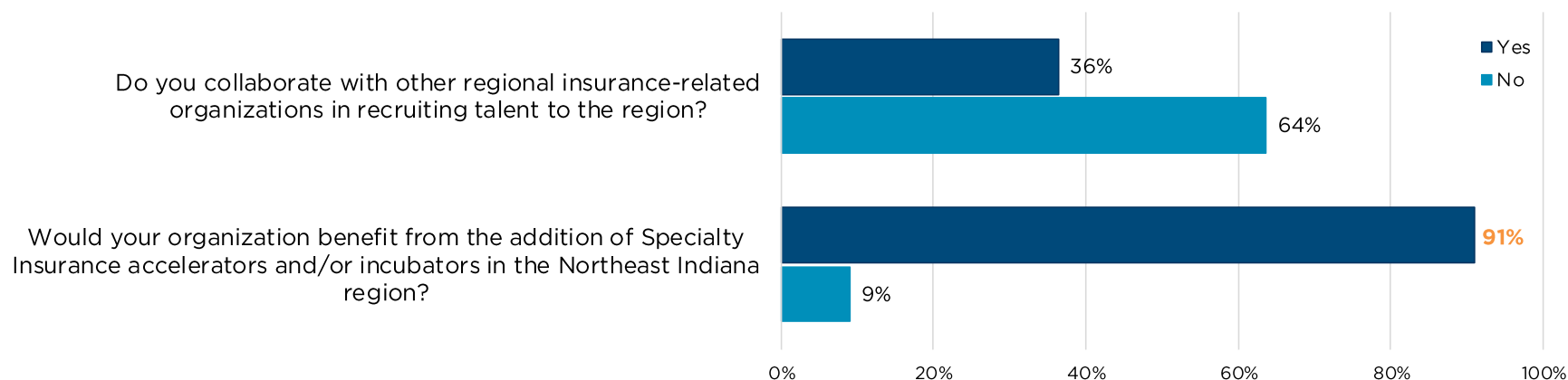
jobs since 2011. Among the metro areas in the Great Lakes region over the past five years, Chicago-Naperville-Elgin, IL-IN-WI has created the greatest volume of new jobs (7,769). Fort Wayne employs more people in the Insurance Carriers (NAICS 5241) subsector and has created 284 new jobs in this industry over the past five years.

The data suggests that Northeast Indiana has a significant number of Specialty Insurance positions along with a workforce concentration in this target industry. It is also clear that there are other metro areas in the industry and Great Lakes region from which Northeast Indiana can recruit talent.

Within this region, University of Saint Francis and Ivy Tech have partnered with local employers to develop degree and certificate programming to meet the needs of this growing industry. Other regions formed this alignment years ago and have built a cohesive higher-education pipeline to serve major insurance employers. For example, Atlanta (23,000 jobs) and Philadelphia (36,000 jobs) are both top 10 insurance markets in terms of total employment and job growth, and both metros benefit from the presence of multiple top-ranked undergraduate insurance programs (the University of Georgia in Athens; Georgia State University in Atlanta; and Temple University, St. Joseph's University, and the University of Pennsylvania in Philadelphia).

Despite solid progress in building a local pipeline, Northeast Indiana's Specialty Insurance Industry employers still must recruit talent from outside the market. Opportunities for talent recruitment exist close to home, with top-ranked programs at Illinois State University and the University of Illinois supporting Bloomington-based State Farm Insurance and Chicagoland-based Allstate Insurance as well as in Madison where programming at the University of Wisconsin supports American Family Insurance.

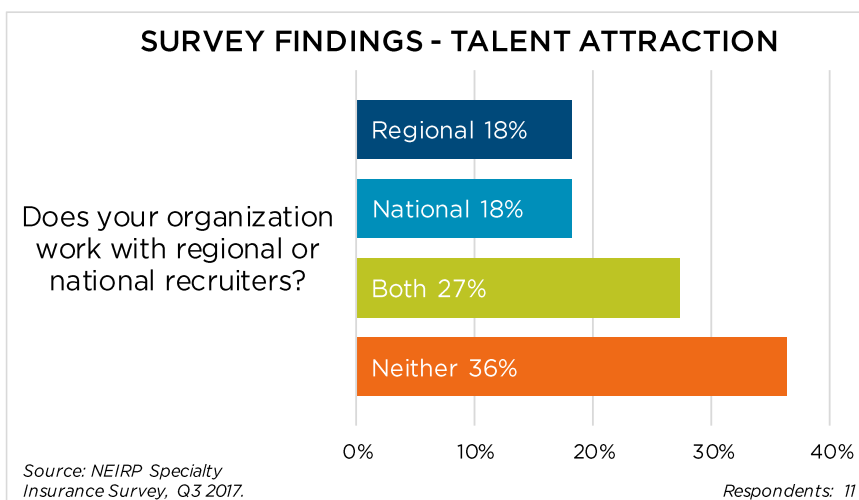
SURVEY FINDINGS - TALENT ATTRACTION



Source: NEIRP Specialty Insurance Survey, Q3 2017.

Respondents: 11

SURVEY FINDINGS - TALENT ATTRACTION



Source: NEIRP Specialty Insurance Survey, Q3 2017.

Respondents: 11

What are you doing to attract talent to your organization?

Ranking	Strategy	Times Mentioned
1	Culture	4
2	College/Campus Recruiting	3
3	Employee Referrals	2
3	Recruiters / Head Hunters	2
4	Web Advertising	1
4	Social Media	1
4	Competitive Wage/Benefits	1
4	Stock Ownership	1

Source: NEIRP Specialty Insurance Survey, Q3 2017.

Respondents: 11

NATIONAL AND REGIONAL TRENDS

Insurance Industry Trends^{xviii}

Trend #1: The insurance industry stands at the brink of a talent crisis. The current workforce continues to age and near retirement, while a lack of incumbent talent is making it difficult to prepare for the impending skills gap. Companies must focus specifically on engaging and recruiting young professionals and recent graduates in order to ensure future success.



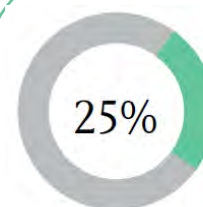
For Discussion: How do we incentivize retirees into limited-hour employment? Is that valuable to the industry?

Trend #2: Talent branding—the social, public version of your company brand—is becoming a key differentiator in attracting talent in today's increasingly competitive labor market. Having a strong brand and attractive company culture has a major impact on engaging and recruiting top talent.

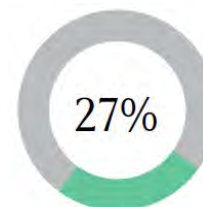


For Discussion: How do we use regional brand as a differentiator?

Trend #3: The impact of analytics and big data on the insurance industry is sweeping. From actuarial and claims to marketing and product development, analytics is impacting every aspect of the industry. As insurers look to harness the competitive advantages and powerful insights that analytics and big data can contribute, the race to find high-quality talent is on.



It is predicted that, by 2018, 25 percent of the insurance workforce will be nearing retirement.



Only 27 percent of insurance employees are under the age of 35.

Source: The Jacobson Group (2015)



Insurers in the U.S. are expected to add nearly **15,000 new analytics jobs** by the end of 2015.

Companies in all industries are adding analytics positions at a rate more than **5x** faster than the overall national employment growth rate.



The U.S. is expected to see a shortfall of more than **260,000 analytics professionals** as early as this year.

Source: The Jacobson Group (2015)

Trend #4: As the insurance labor market continues to heat up—with low unemployment and increased demand to fill positions—the competition for qualified talent will continue to grow. Insurers can expect to see higher turnover as professionals move between organizations.



For Discussion: How do we emphasize Northeast Indiana's proven ability for its residents to change jobs while staying in the region?



By 2020, more than **40%** of U.S. workers will be temporary, contingent employees.



The temporary penetration rate has reached an all-time high of **2.13%**.

In 2014, the insurance industry brought on **209,000** temporary employees.

Source: The Jacobson Group (2015)

Trend #5: The traditional model of employment is changing. Temporary employment is at an all-time high and more and more professionals are opting for temporary, contract work. The flexibility offered by these options is becoming an enticing opportunity for many skilled professionals.



For Discussion: With the anticipated 25% of workforce retiring within the next decade, how does Northeast Indiana establish a motivated pool of viable temporary workers?



92%
increase in
big data jobs
by 2017.

By the end of 2015, **4.4 million** information technology jobs will be created globally to support big data.

The U.S. could face a shortage of **nearly 180,000 people** with "deep analytical talent" by 2018 and of **1.5 million people** capable of analyzing data in ways that enable business decisions.

Source: The Jacobson Group (2015)

Trend #6: Today's insurers are looking for candidates who possess a well-developed combination of skills, as well as backgrounds in mathematics, statistics, and computer science. Also, hands-on experience working in areas such as data mining, data modeling, and data gathering are becoming more and more in-demand.

Talent Recruitment Outside the Industry

Time to Look Beyond the Industry

Finding qualified, experienced talent within insurance is becoming more and more of a challenge. As the competition heats up, insurers are presented with a unique opportunity to expand their talent reach and look at professionals outside of the industry. In order to succeed, organizations must begin to look at individuals with key transferable skills.

By shifting the focus towards qualifications and looking beyond a resume with limited insurance background and experience, companies can bring in excellent candidates with unique abilities who can make an impact on the industry. It also presents the opportunity to bring in fresh talent and perspectives that may be key to revitalizing the insurance industry. Professionals with backgrounds in STEM—science, technology, engineering and math—or individuals who have worked as CPAs, financial officers and customer service professionals have been shown to excel in insurance. Now is the perfect time to cast a wider net and begin recruiting out-of-industry talent into the insurance ranks.

Source: The Jacobson Group (2016)

EQUIVALENT OCCUPATIONS: UNDERWRITERS SOURCES OF EXPERIENCED TALENT

Knowledge Requirements

- Specialty Knowledge
- High Level of Proficiency in English Language

- Agricultural representatives, consultants and specialists
- Biologists and related scientists
- College and other vocational instructors

Basic Skill Requirements

- Reading Comprehension
- Active Listening

- Engineering inspectors and regulatory officers
- Financial sales representatives
- Human resources professionals

Cross-functional Skill Requirements

- Judgment and Decision Making

- Licensed nurses, nursing coordinators, supervisors
- Senior managers in health, education, social and community services

Source: Mercer (2015)

REGIONAL STRATEGIC OPPORTUNITIES

Create Regional Specialty Insurance Internship Program

While many of the Specialty Insurance companies in the region have internship programs, there seems to be a significant opportunity to create a coordinated, cohesive internship program involving insurance companies with highly regarded insurance programs. Such a program would need to include housing and other supportive elements similar to the GFW Fellows program.

Promote Inbound Specialty Insurance Field Trips

Piloted for the first time in September 2017, the Northeast Indiana Regional Partnership brought actuarial and insurance students from the University of Illinois and Illinois State for a weekend of engagement with regional Specialty Insurance companies and participation in a local concert festival. Such a program may be most effective when paired with a ready supply of internships.

Recruit Regional High School Students to the Industry

The Specialty Insurance industry needs to recruit talent starting at the high school level, or earlier, to attract these individuals to the industry—before they enter college with a chosen major in a different industry. Doing so would help retain a pipeline of young talent in the industry as well as help ensure that these students complete their

COMPANY PROFILE

INGUARD

INGUARD is an InsureTech ecosystem that connects and partners with insurance carriers, technology companies, and startups. It provides unparalleled ideas, products, and services to its partners and policyholders in all 50 U.S. states and abroad.

Within the specialty insurance sector, INGUARD is a catalyst for business attraction, talent development, and talent attraction in Northeast Indiana. From a business development standpoint, INGUARD has opened a state-of-the-art co-working, collaboration, and innovation space for entrepreneurs in its Wabash headquarters. The space accommodates entrepreneurs, changemakers, and students who are developing new ideas in technology, insurance, and business. “This space is unlike anything local entrepreneurs have seen,” says Parker Beauchamp, INGUARD CEO. “We bring a slice of Silicon Valley, complete with tech and mentorship, right here to Wabash and Northeast Indiana.”

Manchester University and the Economic Development Group of Wabash County are strategic partners in the initiative, contributing expertise, time, and energy to help the space’s members accelerate their ventures. The co-working space is just the beginning of a larger economic revitalization effort. INGUARD sees the space becoming a fully functional incubator and accelerator that connects startups with investors.

From a talent development perspective, INGUARD provides 100% reimbursement of tuition costs for employees who wish to further their knowledge and expertise in areas related to their position. In addition, employees receive specialized training throughout the year at conferences and other related educational events to develop as professionals and stewards of INGUARD.

INGUARD has an ongoing relationship with Manchester University for current and future interns, engaging early with prospective employees at the college level as a means of talent attraction. Additionally, INGUARD utilizes local connections to annually bring out-of-state interns to the Northeast Indiana region. INGUARD anticipates significant growth in the years ahead as it continues to develop its internship program.

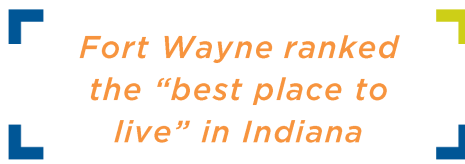
postsecondary credentials in four years or less, as opposed to changing their major mid-cycle. In addition to these recruitment efforts, partnerships could be formed between high schools and local universities to create internship opportunities through which high school students could gain experience in and get excited about the industry before their freshman year of college.

Explore Specialty Insurance Student Loan Program

A student loan forgiveness program, perhaps in cooperation with Questa Education Foundation, could provide the opportunity to attract and retain regional college students interested in an insurance career. It is our understanding that Questa is actively pursuing industry partnerships.

Promote Quality of Place

Livability of a place is an important factor for young individuals when determining a place to live and work. The region's largest city, Fort Wayne, was recently ranked by U.S. News as the "best place to live" in Indiana.^{xi} According to U.S. News, some indicators of the "best place to live" include desirability, value, job market, quality of life, and net migration. The region should capitalize on this in its talent attraction efforts. Fort Wayne was also identified in a separate survey from GoBanking Rates as the top U.S. city in which to retire rich.^{xx}



*Fort Wayne ranked
the "best place to
live" in Indiana*

Strategically promoting quality of place has the potential to attract significant talent to Northeast Indiana, particularly when considering individuals who are seeking a change of pace from their Fortune 500 backgrounds. The region's low cost of living and close proximity to several major cities make Northeast Indiana an attractive choice for people who desire a small town feel with big city living.

APPENDICES

THE 11 COUNTIES OF NORTHEAST INDIANA

ADAMS >> ALLEN >> DEKALB >> HUNTINGTON >> KOSCIUSKO >> LAGRANGE >> NOBLE >> STEUBEN >> WABASH >> WELLS >> WHITLEY

APPENDIX I – NORTHEAST INDIANA COMPANY PROFILES

Appendix I contains company profiles for the companies specifically shown on page 15 as participants in the Northeast Indiana Specialty Insurance Industry. These regional companies are representative of participants across the entire Specialty Insurance value chain, but we acknowledge that not all regional participants have been identified or included in this report. Information for these profiles was taken from company websites, regional contacts, AtoZ Databases, and internet searches. Companies that are investors in the Northeast Indiana Regional Partnership's Regional Opportunities Council (ROC) have been identified with an orange box around their profile. Note that for the majority of these companies, the Business Profile section comes directly from that company's website.

Direct Carriers / Product Management & Pricing



BROTHERHOOD MUTUAL INSURANCE COMPANY | HQ Location: **Fort Wayne, IN** | Year Founded: **1917**
| CEO/President: **Mark Robison** | # Regional Employees: **442** | Website: www.brotherhoodmutual.com

Business Profile: Brotherhood Mutual insures America's churches and related ministries. We have for 100 years. But there's more. From our perspective, insurance is more than a commercial endeavor. It's a platform to accomplish our mission: to help America's churches and related ministries build the Kingdom. We do that by providing quality property and liability insurance coverage, custom designed to help churches and related ministries do their work safely and effectively.



CENTRAL MUTUAL INSURANCE | HQ Location: **Van Wert, OH** | Year Founded: **1876**
| CEO/President: **Francis Purmort** | # Regional Employees: **592** | Website: www.central-insurance.com

Business Profile: Founded as the Central Mutual Insurance Company in 1876, the Central Insurance Group of companies has evolved into a successful property and casualty group operating on a strong foundation of core values including; integrity in the way we operate our business, relationships we develop working as a team and sharing in each other's successes, and excellence achieved by never compromising on quality, providing superior performance, and pursuing continual improvements. Currently, Central Mutual insures through 475 agencies in 18 different states.



LINCOLN FINANCIAL GROUP | Regional Location: **Fort Wayne, IN** | Year Founded: **1905** | CEO/President: **Dennis Glass** | Key Regional Executive: **Nancy Jordan** | # Regional Employees: **2,000** | Website: www.lfg.com

Business Profile: Lincoln Financial Group provides advice and solutions that empower people to take charge of their financial lives with confidence and optimism. Our core business areas—life insurance, annuities, retirement plan services and group protection—focus on supporting, preserving and enhancing people's lifestyles and retirement outcomes.



MEDPRO GROUP | HQ Location: **Fort Wayne, IN** | Year Founded: **1899** | CEO/President: **Tim Kenessey**
| Key Regional Executive: **Tim Smith** | # Regional Employees: **400** | Website: www.medpro.com

Business Profile: As the nation's first provider of healthcare liability insurance, MedPro has protected the assets and reputations of the healthcare community since 1899. With over \$1 billion in annual premium and more than 200,000 clients, MedPro is the national leader in customized insurance, claims and patient safety & risk solutions for physicians, surgeons, dentists and other healthcare professionals, as well as hospitals, senior care and other healthcare facilities. MedPro Group, formerly Medical Protective, became a Berkshire Hathaway company in 2005.



PHYSICIANS HEALTH PLAN | HQ Location: **Fort Wayne, IN** | Year Founded: **1983**
| Interim CEO/President: **Don Schenkel** | # Regional Employees: **125** | Website: www.phpni.com

Business Profile: Founded in 1983, Physicians Health Plan of Northern Indiana, Inc., is a physician-sponsored not-for-profit health insurance company whose focus has always been on providing our customers with quality, affordable health care customized to meet the specific needs of Indiana residents. More than 30 years later, PHP remains locally sponsored and governed by area doctors and business representatives who are committed to supporting patient/physician relationships and healthcare options for better health outcomes and healthier communities. PHP and Pro-Claim Plus merged in September 2017, allowing each to operate independently, but with access to the resources and knowledge that each has acquired.



PRACTICE PROTECTION | HQ Location: **Fort Wayne, IN** | Year Founded: **2016** | CEO/President: **Eric Stine**
| Website: www.practicprotection.com

Business Profile: Practice Protection, Inc. provides professional liability insurance solutions for dental professionals. Practice Protection helps dental professionals leverage their low risk profile to save money year after year without reducing their coverage by letting them take part in a risk management group. Share and control your coverage with other dental professionals just like you.



SILVEUS INSURANCE GROUP | HQ Location: **Warsaw, IN** | Year Founded: **1940** | CEO: **Tyler Silveus**
| President: **Scott Silveus** | # Regional Employees: **44** | Website: www.silveuscropins.com

Business Profile: From the beginning, our mission has been to enrich the lives of American farmers by helping them manage risk. Today we continue to fulfill that goal by developing private products, creating risk management technology, and delivering the highest level of customer service. A crop insurance decision is one of the most important decisions our clients make each year. Silveus takes pride in partnering with clients and guiding them through this annual decision process. Our company mantra is, "Our success depends on our customer's success."

Sales & Distribution



COLLIER FINANCIAL | HQ Location: **Fort Wayne, IN** | Year Founded: **1990** | CEO/President: **Ben Collier**
| # Regional Employees: **15** | Website: www.collierfinancial.com

Business Profile: When we started the business in 1990, we were focused on helping retired folks in their mid-60s and up. For over a decade, we've also been providing services to working-age professionals who want safe ways to grow their wealth. Our commitment remains the same for every client: We work for you, not a broker-dealer, insurance companies, or a national parent company. As a result, we avoid conflicts of interest in a product driven world. We want what's best for you — and experience has shown us that what's best for you is best for us both in the long run.



ERIE INSURANCE | Regional Location: **Fort Wayne, IN** | Year Founded: **1925** | CEO/President: **Timothy Necastro**
| Key Regional Executive: **Dale Lattanzio** | # Regional Employees: **55** | Website: www.erieinsurance.com

Business Profile: The founders had very high principles in mind when they started the company on April 20, 1925. And Erie's founding purpose has never been lost sight of since. To provide our Policyholders with as near perfect protection, as near perfect service, as is humanly possible, and to do so at the lowest possible cost. Today, Erie Insurance providers supply their customers with many products including; auto, leisure, home & property, life, and business to name a few.



GUIDEONE INSURANCE | Regional Location: **Fort Wayne, IN** | Year Founded: **1947**
| CEO/President: **Jessica Clark** | # Regional Employees: **9** | Website: www.guideone.com

Business Profile: GuideOne Insurance was founded in 1947 upon a commitment to social responsibility. We continue the tradition today, proudly protecting the people who strengthen our communities. GuideOne serves churches, educational institutions, senior living and health care centers and nonprofit organizations with commercial insurance solutions.



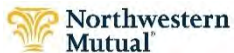
HOCH INSURANCE AGENCY | HQ Location: **Fort Wayne, IN** | Year Founded: **1967** | CEO: **Floyd Hoch**
| President: **Don Hoch** | # Regional Employees: **22** | Website: www.hochinsurance.com

Business Profile: We are a three generation, privately held, family business that started in 1967. Our experience and dedication to servicing our clients has built Hoch Insurance to what it is today. Unlike captive companies, we are independent and have over ten companies we represent enabling us to get the best coverage for less.



LUPKE RICE INSURANCE & FINANCIAL SERVICES | HQ Location: **Fort Wayne, IN** | Year Founded: **1917**
| CEO/President: **David Lupke** | # Regional Employees: **17** | Website: www.lupkerice.com

Business Profile: We combine our strong insurance background and product knowledge to assist clients in managing and planning for all types of potential risk. Our team of knowledgeable insurance professionals is experienced in creating personal and commercial insurance policies designed to fit your needs. With Lupke Rice, our friendly staff will work with you on a one-on-one basis to develop not only the perfect policy, but a lasting relationship.



NORTHWESTERN MUTUAL | Regional Location: **Fort Wayne, IN** | Year Founded: **1857** | CEO/President: **Gregory Oberland** | Key Regional Executive: **Matt Henry** | # Regional Employees: **39** | Website: www.fortwayne.nm.com

Business Profile: Northwestern Mutual of Fort Wayne believes that when the financial well-being of individuals and their families is at stake, nothing but a proactive approach will do. Its financial representatives build close relationships with clients that permit shared understanding of needs and dreams. Armed with this information, Northwestern Mutual is vigorous in its efforts to develop appropriate financial solutions, whether they're the product of collaboration within the office or with other Northwestern Mutual specialists. The focus always is on the client.



PHILLIPS FINANCIAL | HQ Location: **Fort Wayne, IN** | Year Founded: **1979** | CEO/President: **Rick Phillips**
| # Regional Employees: **19** | Website: www.1phillips.com

Business Profile: With over 50 years of experience serving clients in Northeast Indiana, Phillips Financial has grown from a small, family-owned financial services practice to an independent wealth management firm with over 14 associates and 5 managing partners. Our team approach and dedication to providing leading-edge strategies for total wealth management and employee benefits planning has enabled the firm to accumulate almost \$800 million of advisory assets under management and provide services to 50 employer-sponsored retirement plans and just over 500 individual and foundation relationships.



PRUDENTIAL FINANCIAL | Regional Location: **Fort Wayne, IN** | Year Founded: **1875**
| CEO/President: **John R. Strangfeld** | # Regional Employees: **28** | Website: www.prudential.com

Business Profile: For 140 years, Prudential Financial (NYSE: PRU) has helped individual and institutional customers grow and protect their wealth. We are known for delivering on our promises to our customers and are recognized as a trusted brand and one of the world's most admired companies. With operations in the United States, Asia, Europe and Latin America, we provide customers with a variety of products and services, including life insurance, annuities, retirement-related services, mutual funds and investment management. We strive to create long-term value for our stakeholders through strong business fundamentals, consistent with our mission guided by our vision and directed by our company's core values.



THORNE INSURANCE | HQ Location: **Warren, IN** | Year Founded: **1928** | CEO/President: **Kevin Killen**
| # Regional Employees: **9** | Website: www.thorneinsuranceagency.com

Business Profile: Thorne Insurance is a family owned independent insurance agency that has been providing all lines of insurance coverage across the state of Indiana since 1928. We strive to provide our customers with the coverages they need at the absolute lowest prices, all with service to your door. Thorne Insurance truly is an independently owned fourth generation agency that can insure absolutely anything with an "A" rated company at an incredible rate. They continue to provide unbeatable to-your-door-service for all your insurance needs. Contact us today for your free quote.



THRIVENT FINANCIAL | Regional Location: **Fort Wayne, IN** | Year Founded: **2002**
| CEO/President: **Bradford Hewitt** | # Regional Employees: **16** | Website: www.thrivent.com

Business Profile: We create financial strategies that help Christians be wise with money and live generously. We offer a broad range of financial products and services, including life insurance, annuities and mutual funds, plus tailored guidance from financial representatives nationwide. For more than a century, we've helped our member-owners show God's love to others by being good stewards of the gifts they've been given.

Consultative Risk Management



ALL RISKS, LTD. | Regional Location: **Fort Wayne, IN** | Year Founded: **1964** | CEO: **Nicholas Cortezi**
| President: **Matthew Nichols** | # Regional Employees: **10** | Website: www.allrisks.com

Business Profile: All Risks team members have the technical underwriting experience and competitive mindset to go the extra distance with each and every placement. We stand by our brand promise, "Get It Done Right. Now." An entrepreneurial spirit permeates the air at All Risks. Unite that spirit with our commitment to client satisfaction and you have an unbeatable force. Collectively, we understand the needs of our retail agent clients. When you work with one of us, you work with all of us.



AON PLC | Regional Location: **Fort Wayne, IN** | Year Founded: **1982** | CEO/President: **Gregory Case**
| # Regional Employees: **4** | Website: www.aon.com

Business Profile: Aon (NYSE: AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance. At Aon, we honor our commitments. Across our firm, we are united in our passion to provide you and every client we serve with a consistent, high-quality, high-value, and engaging experience with each interaction.



ASH BROKERAGE | HQ Location: **Fort Wayne, IN** | Year Founded: **1971** | CEO/President: **Tim Ash**
| # Regional Employees: **200** | Website: www.ashbrokerage.com

Business Profile: Ash Brokerage is an insurance Brokerage General Agency (BGA). We work with financial professionals who are certified to sell insurance, such as licensed advisors, financial planners or registered investment advisors. Those advisors come to us with the information about their clients; we do all the processing and leverage our relationships with insurance companies in order to find the product that best fits your needs. We represent four main categories of products: Life Insurance, Long Term Care Insurance, Disability Insurance and Annuities.



CONDUENT | Regional Location: **Fort Wayne, IN** | Year Founded: **1916** | CEO/President: **Ashok Vemuri**
| Key Regional Executive: **Tim Maxson** | # Regional Employees: **11** | Website: www.conduent.com

Business Profile: Formerly Buck Consultants, Conduent is the world's largest provider of diversified business process services with leading capabilities in digital processing, automation and analytics. By improving the way organizations interact with their constituents, we are not only helping them improve revenue, control costs, and support organizational transformation, but also strengthen market engagement, improve customer satisfaction, and foster loyalty.



GIBSON | Regional Location: **Fort Wayne, IN** | Year Founded: **1933** | CEO/President: **Tim Leman**
| Key Regional Executive: **Ron Turpin** | # Regional Employees: **93** | Website: www.gibsonins.com

Business Profile: At Gibson, we are advisors and consultants, not just insurance brokers. What's the difference? Insurance is a component of risk management, not the only solution to risk. We provide counsel and advice on complex business and people issues that go far beyond the scope of an insurance policy. This approach provides value and sophisticated protection. Our technical development and strategic deployment of comprehensive solutions for local, national, and international corporations is unrivalled. We are dedicated to protecting what matters most. We provide tools, resources, and services with excellence and unsurpassed ethics.



HYLANT GROUP | Regional Location: **Fort Wayne, IN** | Year Founded: **1935** | President, FW Office: **Clayton Jennings** | Executive VP, FW Office: **Pat Sullivan** | # Regional Employees: **45** | Website: www.hylant.com

Business Profile: Since 1935, Hylant has delivered a full range of customized, cost-effective insurance brokerage and risk management solutions that fit a wide variety of client needs. Understanding that every business has a unique organizational blueprint, Hylant has developed a number of dedicated practice groups to offer specialized service in a variety of industries and needs, such as executive risk, property and marine, aviation, medical risk, and international coverage.



INGUARD | HQ Location: **Wabash, IN** | Year Founded: (roots back to **1870**) | CEO/President: **Parker Beauchamp**
| # Regional Employees: **24** | Website: www.inguard.com

Business Profile: INGUARD is an insurance and risk management firm, serving clients throughout the U.S. and abroad. Licensed in all 50 U.S. states, we provide unparalleled consulting services, insurance products and risk management strategies to individuals, families and businesses, specializing in niche markets and portfolios with complex needs. Through customized programs and consultation, we protect assets, grow wealth and minimize exposures for our clients.



OBERLIN MARKETING | HQ Location: **Fort Wayne, IN** | Year Founded: **1987** | CEO/President: **Daniel Oberlin**
| # Regional Employees: **10** | Website: www.oberlinmarketing.com

Business Profile: Oberlin Marketing (OM) is a marketing organization committed to the service and support of insurance professionals. We deliver administrative support and marketing distribution of insurance products. OM offers the insurance agent top quality products for Group Health, Individual Health, Short Term Medical, Long Term Care, Medicare Supplements, Medicare Advantage Plans, Prescription Drug Plans, Life, Annuities, Disability Income and many other products. OM also provides products for Special Market needs & holds approved Continuing Education classes. OM is fully committed to the comprehensive service of the agent.



ONI RISK PARTNERS | Regional Location: **Fort Wayne, IN** | Year Founded: **Unknown** | CEO/President: **Jim Hynes**
| Key Regional Executive: **Mark Bienz** | # Regional Employees: **109** | Website: www.onirisk.com

Business Profile: ONI Risk Partners, formerly Old National Insurance, has a highly experienced group of risk management professionals with expertise across many industries. Through industry practice groups and a focus on customizing risk solutions to our client needs, we provide exceptional value and service for commercial lines insurance. ONI became part of the Prime Risk Partners family in 2016.



ONE RESOURCE GROUP | HQ Location: **Roanoke, IN** | Year Founded: **2002** | CEO/President: **Todd Stewart**
| # Regional Employees: **49** | Website: www.orgcorp.com

Business Profile: One Resource Group was created in 2002 with the idea that one company could provide innovative service in the industry. We wanted to put together a team of highly skilled and highly motivated people that would work tirelessly to make the brokerage experience better for agents and producers. We offer a vast range of insurance services, including case design, case management, advanced markets and experienced underwriting. We strive to partner with our clients to expand their business and continue to be a leader in the industry for knowledge and innovation.



USI INSURANCE | Regional Location: **Fort Wayne, IN** | Year Founded: **1994** | Chairman/CEO: **Mike Sicard**
| Key Regional Executive: **Jody Kinsey** | # Regional Employees: **52** | Website: www.usi.com

Business Profile: USI has served over 100,000 clients meeting their property & casualty, employee benefit, personal risk, and retirement needs nationwide. At USI we work to Understand the specific needs of our clients, to provide an unparalleled local Service experience, and to Innovate with cutting edge solutions so our clients can continue to invest and grow. The power of USI, and our ability to bring best-in-class solutions and services to our clients and our communities, is achieved through the collective knowledge and experience of our professionals coming together as ONE.

Underwriting



AMERICAN SPECIALTY INSURANCE & RISK SERVICES | HQ Location: **Fort Wayne, IN** | Year Founded: **1989**
| CEO/President: **Drew Smith** | # Regional Employees: **64** | Website: www.americanspecialty.com

Business Profile: American Specialty specializes in insurance and risk services for the Sports and Entertainment industry. Over 50 niche programs are offered on a nationwide basis to the Professional Sports, Amateur Sports, Motorsports, and Entertainment industries. We offer specialized property & casualty and accident & health insurance products through exclusive underwriting management relationships and preferred relationships with A.M. Best "A" rated or higher insurance companies.



DOXA INSURANCE HOLDINGS | HQ Location: **Fort Wayne, IN** | Year Founded: **2016**
| CEO/President: **Matt Sackett** | # Regional Employees: **3** | Website: www.doxainsurance.com

Business Profile: Our mission is to partner with small to mid-size MGAs in order to provide owners financial and scheduling flexibility to plan for life's next adventures. DOXA's approach is based on integrity, respect, transparency, and responsibility. To that end, DOXA helps MGAs maintain their brand identity, streamline office efficiencies, identify and utilize proven sales and marketing best practices of DOXA acquisitions to the betterment of all, and invest in you and your team to realize greater profitability and growth potential. Change is inevitable, and in selling to DOXA, change will occur. However, any change we make will be the result of collaboration, conversations, and a clearly defined path. As you seek a succession plan for your business, please keep us in mind.



K & K INSURANCE GROUP | HQ Location: **Fort Wayne, IN** | Year Founded: **1952** | CEO/President: **Todd Bixler**
| # Regional Employees: **300** | Website: www.kandkinsurance.com

Business Profile: For over 60 years, K&K Insurance has been recognized as the leading provider of sports, leisure, and entertainment insurance products. As one of the largest Managing General Underwriters in the United States, we perform a variety of traditional insurance company functions on behalf of the insurance companies we represent, allowing us to provide exceptional service in: program development, sales & marketing, underwriting, policy issuance & administration, loss control, and claims. K&K Insurance was sold to Aon plc in 1993 but continues under the K&K name.



MARKETING DIVERSIFIED SERVICES | HQ Location: **Fort Wayne, IN** | Year Founded: **1969**
| CEO/President: **Earl Ward** | # Regional Employees: **33** | Website: None

Business Profile: Established in 1969, Marketing Diversified Services, Inc. is a Managing General Underwriter specializing in employee benefits consultation. With a focus on small to medium sized groups, MDS is well equipped to provide the expertise and knowledge needed to create a profitable and equitable benefits program that meets the needs and expectations of the employer. Let us help you take control of your employee benefits program.

Policy Administration, Customer Service, Claims / Benefit Management



ASCENSUS CONSULTING | Regional Location: **Fort Wayne, IN** | Year Founded: **1991**
| CEO/President: **Bob Guillocheau** | # Regional Employees: **44** | Website: www.ascensus.com

Business Profile: As the nation's largest independent retirement and college savings services provider, we at Ascensus understand the unique needs and challenges of our clients and partners. And we remain committed to providing the savings plans, technology, and expert support that they need to achieve successful outcomes for their business, their employees, their residents, their families, or themselves. Ultimately, our success is measured by theirs. Prior to 2014, Ascensus was known as Baden Retirement Plan Services, LLC.



BENICOMP INSURANCE GROUP | HQ Location: **Fort Wayne, IN** | Year Founded: **1962**
| CEO/President: **Douglas Short** | # Regional Employees: **15** | Website: www.benicomp.com

Business Profile: At BeniComp, our mission is to create innovative health insurance products that result in positive health change. We offer comprehensive health insurance services to groups who are seeking to lower their trend of health insurance spending and claims. By making wellness the core of everything we do, we are able to offer savings to each participant within their premium/deductible according to their healthy lifestyle choices.



CORE BENEFITS, INC. | HQ Location: **Fort Wayne, IN** | Year Founded: **2010** | CEO/President: **Neil Ropp**
| # Regional Employees: **7** | Website: www.corebenefitsinc.com

Business Profile: Our mission is to provide our clients with superior solutions to their needs in areas of insurance, employee benefits, and executive benefits. Our primary focus is to serve our clients. Quality and integrity is the Core of everything we do. It is our intention to be recognized as the premier Third-Party Administrator in our regional area. Each individual associate, broker, or consultant with CORE Benefits plays a vital role in achieving our goals. We are confident in our ability to help you successfully understand and manage the risk associated with operating a business. We will commit our resources to assisting you, your employees and your future.

PLATINUM BENEFIT CONSULTING GROUP | Regional Location: **Fort Wayne, IN** | Year Founded: **Unknown**
| Employee Benefit Specialist, FW: **Rick Maldonado** | # Regional Employees: **26** | Website: www.platinumbcg.com



Business Profile: Our plan design, consulting, and employee services help you to contain and reduce costs, assure that routine administrative functions are completed accurately and on time, and assist you in attracting and retaining the best employees. Benchmarking, general HR advice, risk management and wellness are all common topics where clients seek our advice for routine inquiries and annual reviews. It is our belief that there is not one approach that works for all our clients. We have a 20-year history of successfully working with business owners, their advisors and human resource staff members to design and implement benefits programs for a wide range of small and mid-sized businesses.

Reinsurance

SUMMIT REINSURANCE SERVICES | HQ Location: **Fort Wayne, IN** | Year Founded: **1999**
| CEO/President: **Mark Troutman** | # Regional Employees: **19** | Website: www.summit-re.com



Business Profile: Summit Reinsurance Services, Inc. (Summit Re) is a managing general underwriter and reinsurance advisor working with health insurers, managed care organizations, and self-funded employers throughout the US. We help our customers analyze, manage, and transfer risk to protect their financial stability. As consultants and advisors, we also help companies formulate and implement new products and strategies. We offer particular expertise in assisting provider-sponsored organizations identify and implement a spectrum of risk products and services to enable them to accomplish their objectives. Summit Re is an independently operated, wholly-owned subsidiary of Companion Life Insurance Co., located in Columbia, South Carolina.

SWISS RE | Regional Location: **Fort Wayne, IN** | Year Founded: **1863** | CEO/President: **Christian Mumenthaler**
| Key Regional Executive: **Tracy Choka** | # Regional Employees: **235** | Website: www.swissre.com



Business Profile: The Swiss Re Group is a leading wholesale provider of reinsurance, insurance and other insurance-based forms of risk transfer. Dealing directly and working through brokers, its global client base consists of insurance companies, mid-to-large-sized corporations and public-sector clients. From standard products to tailor-made coverage across all lines of business, Swiss Re deploys its capital strength, expertise and innovation power to enable the risk-taking upon which growth and progress depends.

APPENDIX II – VALUE CHAIN ENABLERS

Appendix II contains company profiles for various innovative companies that enable and support the traditional Specialty Insurance value chain. These companies include accelerators, investors, InsureTech & FinTech innovators, and data analytics specialists. The companies shown represent only a fraction of all such early-stage initiatives but are indicative of the type and breadth of innovation taking place in the Specialty Insurance industry.

Accelerators & Investors



GLOBAL INSURANCE ACCELERATOR | Location: **Des Moines, IA** | Year Founded: **2014** | Investments to Date: **26 total, 23 active** | Market/Segment: **Other** | Website: www.globalinsuranceaccelerator.com

Description: The Global Insurance Accelerator is a mentor-driven business accelerator designed to foster innovation in the insurance industry through startups targeting the global insurance industry. Each startup receives \$40K of seed money in exchange for 6% equity in their company.



HOLBORN CORPORATION | HQ Location: **New York, NY** | Year Founded: **1920** | Investments to Date: **1 total** | Market/Segment: **Financial Services Accelerator** | Website: www.holborn.com

Description: Holborn Corporation, formed in 1920, is one of the largest independent reinsurance brokerage firms in the United States. The Company offers global market access, state-of-the-art analytic tools, catastrophe modeling and responsive account services to clients nationwide. Holborn offers investment banking services to its clients through partnership with Stonybrook Capital. Stonybrook clients have access to Holborn analytic and related services through the affiliation.



SIXTHIRTY | Location: **St. Louis, MO** | Year Founded: **2013** | Investments to Date: **42 total, 34 active** | Market/Segment: **Financial Services Accelerator** | Website: www.sixthirty.com

Description: SixThirty is an accelerator and investment firm that does seed investments in the financial services, finance, investment management, payments, security, fraud solutions, regulatory and compliance solutions, big data, analytic lending, wealth management and insurance sectors.



STONYBROOK CAPITAL | Location: **New York, NY** | Year Founded: **2012** | Market/Segment: **Investor / Capital Provider** | Website: www.stonybrookcapital.com

Description: Stonybrook Capital seeks to be the preferred, strategic advisor and thought partner to senior management, boards of directors and company ownership. Focused exclusively on the insurance and reinsurance industry, our team leverages strong relationships, decades of experience in all matters related to investment banking and insurance, along with an uncompromising commitment to achieving highly advantageous outcomes for our clients.

InsureTech & FinTech



AVYST TECHNOLOGIES | HQ Location: **Aurora, CO** | Year Founded: **2014** | Capital Raised to Date: **\$7.45M**
| Market/Segment: **Property & Casualty** | Website: www.avyst.com

Description: Avyst Technologies offers software to property and casualty insurance agencies to track the full customer lifecycle, facilitating the conversion of referrals to clients as well as renewals of existing clients. The company's cloud-based platform offers a shareable aggregated depository of carrier information.



JOURNEYGUIDE | Location: **Fort Wayne, IN** | Year Founded: **2015** | Market/Segment: **Retirement Risks**
| Website: www.journeyguideplanning.com

Description: JourneyGuide (a spin out from Ash Brokerage) is a new approach to retirement income planning software. Simpler. Faster. Better. Provide answers to your clients' most important retirement questions in seconds, not days. And give them options beyond, "Save more, retire later." Together, you can chart a course to a better retirement.



LADDER FINANCIAL | Location: **Menlo Park, CA** | Year Founded: **2015** | Capital Raised to Date: **\$44M**
| Market/Segment: **Life** | Website: www.ladderlife.com

Description: Ladder Financial is a provider of a smart life insurance platform for digital consumers. The company offers a platform that streamlines life insurance process by eliminating the commissioned sales agents. It allows users to apply for insurance online without having to visit with an agent.



LEMONADE INSURANCE AGENCY | HQ Location: **New York, NY** | Year Founded: **2015**
| Capital Raised to Date: **\$179.7M** | Market/Segment: **Property & Casualty** | Website: www.lemonade.com

Description: Lemonade offers low-cost homeowners and renters insurance where unused funds can go to charities. Lemonade reverses the traditional insurance model. We treat the premiums you pay as if it's your money, not ours. With Lemonade, everything becomes simple and transparent. We take a flat fee, pay claims super-fast, and give back what's left to causes you care about. Services are currently available in New York, Illinois, and California with plans to expand nationwide.



METROMILE | HQ Location: **San Francisco, CA** | Year Founded: **2011** | Capital Raised to Date: **\$207.3M**
| Market/Segment: **Auto** | Website: www.metromile.com

Description: Metromile offers pay-per-mile auto insurance using a GPS tracking device. The company also offers policies specifically for Uber drivers. Revolutionizing car ownership to fit your urban lifestyle is what Metromile is all about. By taking our deep understanding of data and transforming it into information and services that make having a car less expensive, more convenient, and smarter, we aim to make the urban car experience as simple as it can be. And for some, we hope to make car ownership a possibility where it wasn't before.



NAMELY | HQ Location: **New York, NY** | Year Founded: **2012** | Capital Raised to Date: **\$168.8M**
| Market/Segment: **Health, Life** | Website: www.namely.com

Description: Over the last five years, Namely has evolved along with the needs of today's mid-sized companies. We handle administration and compliance across HR, payroll, time, and benefits, so HR teams can focus on developing their people and providing a great employee experience. Namely is the leading HR platform for midsize companies with 700+ clients, 125,000+ users, and over \$6.5 billion in payroll.



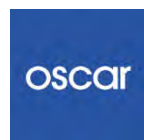
NEXT INSURANCE | Location: **Palo Alto, CA** | Year Founded: **2016** | Capital Raised to Date: **\$42M**
| Market/Segment: **Commercial** | Website: www.next-insurance.com

Description: Next Insurance is a provider of online small business insurance platform designed to transform the insurance experience for small businesses. The company's online small business insurance platform combines latest insurance technology and customer service, enabling small business owners to obtain better insurance at a lower price without having to physically visit agents.



ONE, INC. | HQ Location: **Folsom, CA** | Year Founded: **2005** | Capital Raised to Date: **\$52.2M**
| Market/Segment: **Property & Casualty** | Website: www.oneincsystems.com

Description: Based in California, One, Inc. develops software for property & casualty insurance agencies. The company's software enables insurance agencies to find and manage general insurance policies. In December 2016, the company raised \$20 million in venture funding in a deal led by AXA Strategic Investors. In May 2017, the company raised \$15.5 million in later stage venture capital funding in a deal co-led by American Family Ventures and Centana Growth Partners.



OSCAR | HQ Location: **New York, NY** | Year Founded: **2012** | Capital Raised to Date: **\$738.9M**
| Market/Segment: **Health** | Website: www.hioscar.com

Description: We created Oscar to give you a better experience with (1) Health plans that are simple to understand, (2) Expert guidance when you need it, and (3) Quality health care that actually feels good. The company was founded in 2012 by Josh Kushner and Mario Schlosser in order to leverage technology to provide a direct-to-consumer option for health coverage. The company has expanded to Texas, California and, temporarily, New Jersey after launching in New York.



SLICE LABS | Location: **New York, NY** | Year Founded: **2015** | Capital Raised to Date: **\$15.5M**
| Market/Segment: **Property & Casualty, Other** | Website: www.slice.is

Description: Slice Labs is a provider of an on-demand insurance platform created to offer pay-per-use insurance products online. The company's pay-per-use life insurance platform helping users to purchase insurance products from their smartphones and laptops whenever they need it enabling them to pay only when they need insurance and save time in insurance purchase. The company has backing by the venture capital arm of Munich Re, among others.



SQUAREMOUTH | HQ Location: **St. Petersburg, FL** | Year Founded: **2003**
| Market/Segment: **Financial Services Accelerator** | Website: www.squaremouth.com

Description: Squaremouth is an online company that compares travel insurance policies from every major provider in the United States. Travelers are able to quote, compare, and purchase travel insurance policies using Squaremouth's comparison engine and over 50,000 customer reviews. All policies purchased through Squaremouth also come with our Zero Complaint Guarantee. Established in 2003, Squaremouth has grown to over \$20 million in annual sales. The multi-award-winning company has also received national recognition as one of the best customer service teams. Squaremouth is headquartered in St. Petersburg, Florida, with offices in Fort Wayne, Indiana.



SUREIFY LABS | Location: **San Jose, CA** | Year Founded: **2012** | Capital Raised to Date: **Unknown**
| Market/Segment: **Life** | Website: www.sureify.com

Description: Sureify Labs is a developer of an online life insurance information platform designed to manage relationships between life insurers, agents and policyholders. The company's online life insurance information platform offers digital customer engagement tools in the hands of insurers to increase customer loyalty, brand recognition and better customer experience, enabling insurers and their agents to acquire, engage, choose and buy a life insurance policy and cross-sell throughout a customer's lifetime. Sureify has formed a strategic partnership with both Hannover Re and Plug and Play Tech Center.



VOTAIRE | Location: **Indianapolis, IN** | Year Founded: **2015** | Capital Raised to Date: **Unknown**
| Market/Segment: **Retirement Risks** | Website: www.votaire.com

Description: Financial advisors focus on how to invest and accumulate savings. But this is only the first part of the financial management puzzle. We help with the second. We prepare you to spend that money down in a way that will ensure you will not outlive your money. We also provide easy-to-understand advice regarding the complicated subjects of healthcare, Medicare, long-term care, budgeting and estate planning.



THE ZEBRA | Location: **Austin, TX** | Year Founded: **2012** | Capital Raised to Date: **\$61.5M**
| Market/Segment: **Auto** | Website: www.thezebra.com

Description: The Zebra compares quotes from over 200 trusted insurance companies at once - more than 24x your average insurance agent. Our comparison engine automatically simplifies your options by matching you with the best car insurance companies in your area based on you and your needs. It's "insurance in black and white."

Data Analytics



ANALYZE RE | Location: **Halifax, NS, Canada** | Year Founded: **2013** | Capital Raised to Date: **\$1.4M**
| Market/Segment: **Reinsurance** | Website: www.analyzere.com

Description: The Canadian company provides pricing and risk optimization software for the reinsurance industry. The company provides a real-time analytics platform designed to help the reinsurance and insurance industries in determining pricing, roll-up and strategic planning of reinsurance contracts and portfolios. The company was acquired by analytics provider Verisk (NAS: VRSK) in October 2016.



CLOVER HEALTH | HQ Location: **San Francisco, CA** | Year Founded: **2012** | Capital Raised to Date: **\$425M**
| Market/Segment: **Health** | Website: www.cloverhealth.com

Description: Clover Health was founded in order to offer Medicare Advantage plans to US seniors. This niche market has been listed as among the last high-margin businesses left in US healthcare after the passage of the ACA. According to the company, "we have one goal - to improve the quality of life of our members and physicians. It all starts with our insurance model. We align with physicians by reducing friction and increasing transparency, leading to improved patient care. Our physicians are able to focus on people, not paperwork. At Clover, we're also partners in care, using patient-centered analytics and a dedicated care management team to identify potential risks and directly provide preventive care."

ENDNOTES

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