

# Tackling Uninsured Risk

An Interview with Alex Kaplan, Executive Vice President, Alternative Risk, AmWINS Group, Inc.

**EDITORS' NOTE** Alex Kaplan leads AmWINS' strategy around the development of parametric solutions and other bespoke coverages, on both a standalone basis and in conjunction with other traditional and non-traditional solutions for client risk transfer. He is also responsible for developing new products and capital sources for AmWINS, its retail customers and their clients. Prior to joining AmWINS, Kaplan spent 11 years at Swiss Re, where he most recently served as Head of North America for the company's Public Sector Solutions unit. Kaplan has deep expertise in government and public finance. He began his career by serving on the staff of the Committee on Ways and Means in the U.S. House of Representatives working on tax and economic policy. From 2006 to 2008, he served as the Deputy to the Assistant Secretary for Legislative Affairs for the United States Department of the Treasury under Secretary Henry Paulson. Kaplan received a BA degree in economics from Hobart College.



Alex Kaplan

**COMPANY BRIEF** AmWINS Group, Inc. ([amwins.com](http://amwins.com)) is the largest independent wholesale distributor of specialty insurance products in the United States dedicated to serving retail insurance agents by providing property and casualty products, specialty group benefit products and administrative services. Based in Charlotte, N.C., the company operates through more than 115 offices globally and handles premium placements in excess of \$21 billion annually.

**Will you provide an overview of AmWINS Group and what excited you about the opportunity to join the company?**

AmWINS Group is the largest independent wholesale distributor of specialty insurance products. What this means is that we work to match all forms of risk from around the globe with risk takers. Based in Charlotte, North Carolina, the company operates through more than 115 offices globally and places more than \$17 billion of premiums into the market each year.

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**Will you highlight your role and key areas of focus at AmWINS?**

As part of the Alternative Risk team within AmWINS, I take unique challenges that may not be addressed by the standard market and build bespoke solutions as well as the financial capacity behind them. My chief goal is to tackle what is otherwise uninsured risk around the globe, build solutions that solve real problems and distribute them at scale.

My focus and personal interest lie in the parametric insurance realm. Parametric insurance is relatively new in relation to the age of the industry but growing at an amazing pace. It is different than traditional insurance in that parametric insurance is based on an index of the environmental or physical characteristics of a particular risk, such as the wind speed of a hurricane. The confluence of data digitization, computational power and technology allows us to address these new challenges in the most creative ways and only now are we beginning to really scratch the surface of what is possible.

Over the last 15 years, much of the development was focused around natural catastrophes, namely hurricanes and earthquakes. This converged with developments in the weather space. Now, with the ability to process vast amounts of disparate data sets to identify previously unseen trends and anomalies, we are expanding into cyber, casualty and risks that previously evaded detailed analysis, such as “disgrace insurance.”

With these trends converging, I believe we will begin to develop solutions that are rapidly responsive to risks in a holistic way, allowing for more meaningful and complete recovery across all segments of our economies. Additionally, given the direction we are going, we'll be able to upend the historical paradigm of insurance by prefinancing losses before they lead to loss. Imagine being able to anticipate an imminent catastrophe and reduce the impact by funding risk mitigation to prevent the loss in the first place. As you can tell, I'm quite bullish about the value we can create here and my focus is set on building these solutions with my colleagues and the global market.

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**The world is facing a number of crises from the global pandemic to climate change to migration to social injustice. How is your approach to managing risk being impacted by these crises?**

These crises put an acute lens on the issues the industry broadly has been raising for decades. Personally, coming from a prior role with a large global reinsurer, the need to view the world and how it will change in the decades ahead is deeply ingrained in me. The confluence of urbanization, globalization and climate change shifts how we should all look at risk. Today, a risk anywhere is a risk everywhere. The linkages and ripple effects of these events have global implications. It is our duty within the insurance industry to help others understand these implications and how these risks can metastasize into our personal lives and businesses.

The ongoing crises have illuminated this for everyone and now we are working to find new and creative ways to help manage these exposures so that everyone can move forward with their lives despite these inevitable setbacks. This is the definition of resilience.

**What do you see as the role of the insurance industry in addressing the global pandemic?**

There are numerous ways in which the industry plays an important role in pandemic risk and how we address COVID-19 is no different. First, consider that 6 percent of global GDP is spent annually on life insurance premiums alone. That’s an astonishing figure, dwarfed only by the total size of the underlying risk. Given this exposure, the industry must have an acute understanding of epidemiology and changes in societal patterns which impact the spread and severity of events. On top of this, the industry plays a critical role in supporting the supply chain of medical equipment, protecting the balance sheets of organizations impacted by the disruption and so on. That said, as we’ve seen with COVID-19, the economic implications can be broad and diverse and there is clearly room to improve coverages and understanding to help communities and entities weather these events more robustly.

**How do you define resilience and what are the key characteristics of a resilient company?**

To me, resilience is the ability to understand and adapt to how various externalities influence your future desired state. We all have a clear vision of where we want our lives or businesses to lead, but rarely do we contemplate fully how external factors, known and unknown, can set

us off that course. While we can’t anticipate all risks, we must be thoughtful and go through the creative exercise of “If this, then what.” We must stop planning to the last crisis because the next one will undoubtedly be different.

A resilient company is one that brings all facets of the organization together to understand and plan for various risks. Too often these functions are siloed and operate independently. Every organization should have a “Chief Risk Officer” that explores the interconnected nature of functions and the existence of structural deficiencies and gaps. I equate this to the 12 U.S. intelligence agencies pre-9/11, each one fulfilling their core objectives with limited insight into the role of the others. This led to the creation of the Director of National Intelligence in the White House to facilitate coordination identifying redundancies and eliminating gaps.

**Do you feel that resilience is something a person is born with or can it be taught?**

I believe everyone is born with some elements of resilience, but in my experience, true resilience is only achieved through adversity in some form. In my view, human nature, by design, can react to rapid change. This is core

to our evolution as a species. However, we are seemingly incapable of adjusting our behavior to slow moving risks, such as climate change. This is why it is so critical to create movements around resilience to help foster the understanding of how our world is changing, what the long-term implications are, and how we must adjust accordingly.

**What advice do you offer young people interested in building a career in the insurance industry?**

In general, I think insurance unfairly gets a bad rap. As a friend once told me, insurance is an institution of society, not an industry. Insurance is the idea of communal support for a common goal, people and communities understanding their shared risks and working together in groups to help minimize the inevitable impacts. Insurance is the reason fire departments and seat belts are ubiquitous. That said, anyone starting out in this industry has endless opportunity to find the topic that interests them. This industry touches every facet of life. Explore and find the issues that interest you most and identify ways in which the world is changing with respect to that issue and work to find new solutions that create broad societal value. ●

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