
*The seventh in a series on the
Connecticut insurance market*

November 2018



2018 Connecticut insurance market brief

Drivers of change - InsurTech comes of age





About PwC

Connecticut is a vibrant and growing business community. With approximately 950 partners and staff in our Hartford and Stamford offices, PwC is committed to serving this state and its many thriving industries, including insurance.

As a leading provider of assurance, tax and advisory services to insurance companies, we have extensive experience helping this rapidly-changing industry innovate for growth and profitability. We help insurance companies innovate from ideation through execution, and help InsurTech companies accelerate adoption and scale their businesses to reach their full potential.

Globally, our network has more than 250,930 people in 158 countries. Our specialists have a proven record of helping insurers, in Connecticut and around the world, to look beyond the traditional boundaries of the insurance business, embrace new ways of working and interacting with customers, and develop new possibilities for what their business can deliver.

Learn more at www.pwc.com.

About Connecticut Insurance & Financial Services (CT IFS)

Connecticut Insurance and Financial Services (CT IFS), formed in 2003, is a statewide initiative of the MetroHartford Alliance comprised of 32 member companies in Connecticut's insurance and financial services sector. CT IFS' Board of Directors engages around a shared vision: to create competitive advantages in business attraction and retention, to sustain recruitment and education of a trained workforce and to increase public awareness of the industry's critical economic importance.

Learn more at www.connecticutIFS.com.

A message from PwC

This *2018 Connecticut insurance market brief* (Brief) is the latest in a series of reports on the insurance industry in Connecticut and its connection to the global insurance ecosystem. Additionally, this Brief is a companion document to the Insurance Market Summit (Summit) held on November 29, 2018.

As we planned this year's Brief and Summit, we wanted to build upon our previous themes of innovation and change by emphasizing Connecticut's growing InsurTech community and the positive impact these forces are having on the insurance industry and the state of Connecticut.

Therefore, as you read this year's Brief, we hope you enjoy learning about the innovation and InsurTech ecosystem that is growing in and around Connecticut insurers.

It has been a pleasure working with Connecticut Insurance and Financial Services on the Brief and Summit and our sincere thanks goes to all who have participated. Through continued teamwork and investment in the industry, we can all play a part in moving Connecticut forward.



A handwritten signature in black ink, appearing to read "Paul V. Veronneau".

Paul V. Veronneau
Principal and Hartford
Advisory Leader
PwC

A message from CT IFS

The insurance industry is rapidly changing. Disrupters wage war on the current models of delivery. Digitization, AI, machine learning and InsurTech have created new business models and strategies. What do these competing forces mean for Connecticut's insurance industry ... the 225 year-old economic engine of the State and it's 60,000+ employees? And, specifically, is the Insurance Capital of the US standing ready or standing by?

The *2018 Connecticut Insurance Market Brief* defines how Connecticut's insurance sector is harnessing technology and data, recharging company culture and exploring new markets to refine, rethink and reinvigorate. InsurTech is now and you can bet that the Insurance Capital's global brands are leading the charge.

Thank you to PwC for telling the story and providing an unparalleled view of the local, national and global insurance landscape. The CT IFS leadership is on board and certain that the Brief will illustrate how the Constitution State is looking at innovation as an opportunity for change and growth.



A handwritten signature in black ink, appearing to read "Susan C. Winkler".

Susan Winkler
Vice President and
Executive Director
CT IFS



A handwritten signature in black ink, appearing to read "Peter L. Tedone".

Peter L. Tedone, CLU
Chairman of the Board,
CT IFS and Chairman,
President and Chief Executive Officer
Vantis Life Insurance Company



A handwritten signature in black ink, appearing to read "David Griggs".

David Griggs, CEcD
President and Chief
Executive Officer
MetroHartford Alliance

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What makes Hartford a great place for InsurTechs?



David Griggs, CECD
President and Chief Executive Officer
MetroHartford Alliance

As the 'Insurance Capital of the World,' innovation and InsurTech leaders are choosing to set up shop in Hartford where the world's greatest workforce uses technology and cutting-edge tools to change the game on a daily basis and build a global brand of insurance practice that's second to none.



Sabine VanderLinden
Chief Executive Officer
Startupbootcamp InsurTech
Partner - Rainmaking

With some of the leading US insurers located in close proximity to one another, Hartford is the perfect city to attract the talent, innovators and entrepreneurs, that truly want to impact the future of the insurance value chain.



Catherine Smith
Commissioner
Connecticut Department of Economic and Community Development

We are seeing growing momentum on the tech front in Connecticut, and the emergence of InsurTech is no exception. The creative and entrepreneurial approaches fostered by InsurTech and FinTech are helping to redefine and strengthen the state's insurance ecosystem.



The year in review

Insurance has continued to be a major industry in the state of Connecticut and in the city of Hartford for about 225 years. Below is a timeline of events and change drivers that are helping to shape the future of insurance in Hartford and around the state. Please refer to previous editions of the *Connecticut insurance market brief* for key events prior to November 2017.

Timeline of events*

November 2017

- Vantis Life celebrated its 75th anniversary and partnered with a direct-to-consumer startup, Fabric, to sell life insurance to middle income millennials online.
- The Hartford entered into a definitive agreement to acquire Aetna's US group life and disability business.
- Peter L. Tedone, Chairman, President and Chief Executive Officer of Vantis Life Insurance Company, was named Chairman of Connecticut Insurance and Financial Services.

December 2017

- Ten startups were selected to participate in the first Hartford InsurTech Hub accelerator program powered by Startupbootcamp.¹
- The Hartford entered into a definitive agreement to sell Talcott Resolution to a group of investors led by Cornell Capital LLC.
- InsurTech Hartford hosted a *Business Plan Hackathon* on December 9th to help aspiring InsurTech entrepreneurs generate and refine a business plan and identify steps to take their ideas to the next level.²

January 2018

- Aetna created a new product with Aetna Whole HealthSM Value Care Alliance and Trinity Health of New England that will help increase quality, improve the patient experience and control costs.
- Hartford Steam Boiler invested in Mnubo, an IoT data analytics company, to develop insurance products based on IoT equipment datasets.
- Harvard Pilgrim surpassed 30,000 members and began 2018 insuring more than 1,000 businesses across Connecticut.
- CT IFS hosted its 7th annual Get Hired career fair for college students with 22 regional and global insurance and financial services companies who met with 275 students to discuss available internships and roles that showcase their unique, innovative cultures.
- UnitedHealthcare rolled out its first Oxford Liberty Network product in Connecticut, which is a gated, HMO plan and includes coverage of virtual visits.
- The first Hartford InsurTech Hub three-month accelerator program began on January 8th and provided selected InsurTech startups with support, resources, and industry and investor connections.³
- Bouvier Insurance acquired the John Conti Agency in Westerly, Rhode Island.
- Insurance Commissioner Katharine L. Wade announced that the Connecticut Insurance Department recovered nearly \$7 million for policyholders and taxpayers in 2017.⁴

*Provided by companies/organizations listed, except where noted.

What do you think is the biggest driver of change for the industry in the next 3-5 years and how are you planning to address it?

There is growing demand among consumers for a healthcare experience that resembles a retail experience, including opportunities to research, shop and share information online. That requires our continued investment in tools that put useful information at people's fingertips and empower them to take ownership of their lifestyle and healthcare decisions, so that we can always meet, and even stay one step ahead of, customer expectations.

Wendy Sherry
President,
Cigna Connecticut



February 2018

- MassMutual launched LifeScore 360, an algorithmic tool to reduce the time and expense of underwriting life policies.
- The Connecticut State Bond Commission approved \$350,000 to set up a nonprofit captive insurer, Connecticut Foundation Solutions Indemnity Company, LLC, to administer the Crumbling Foundation Assistance Fund to approximately 5,000 homeowners to cover exposures caused by crumbling foundations.⁵
- Bouvier Insurance implemented EPIC, the next generation agency management system.
- Cigna established Connecticut as a separate market from New England.
- InsurTech Hartford and Upward Hartford hosted a *Digital Health Hackathon Weekend* to encourage entrepreneurs to present their digital health business ideas.⁶
- Hartford HealthCare announced a Medicare Advantage joint venture — CarePartners of Connecticut Inc. — with Tufts Health Plan of Massachusetts.⁷
- Hartford InsurTech Hub and MIT Enterprise Forum of Connecticut hosted a panel discussion *INSURE+Tech: Evolution in the Insurance Industry*, a panel discussion on the future of insurance on February 22nd.⁸

March 2018

- Nassau Re began transitioning Phoenix's life and annuity businesses to the Nassau Re brand with the company's first new insurance product offering since the acquisition.
- Cigna announced it achieved a 25% reduction in opioid use among its customers — one year ahead of its goal.
- The University of Hartford's Barney School of Business and the University of Connecticut received a \$50,000 grant from the Spencer Educational Foundation to develop InsurTech curricula.⁹
- UnitedHealthcare expanded access to UnitedHealthcare MOTION as Apple Watch was integrated into this national digital wellness program that provides eligible plan participants access to activity trackers that can enable them to earn up to \$1,000 per year by meeting certain daily walking goals.
- Travelers partnered with Cedars-Sinai, Samsung Electronics America, Bayer and appliedVR to test digital tools to improve outcomes for injured workers.
- Infosys announced plans to establish a technology and innovation hub in Hartford. The \$20.6 million project is expected to create 1,000 high-tech jobs in Hartford by 2022.¹⁰



The State of Connecticut launched a pilot program to test fully-autonomous vehicles, an initiative created to bring Connecticut to the forefront of the self-driving car industry.

Source: Connecticut Office of Policy and Management.

April 2018

- The first Hartford InsurTech Hub's Demo Day, powered by StartupBootcamp, was held on April 18th. Demo Day showcased 10 startups and celebrated the transformation these companies went through and the results they achieved since the beginning of the program in January.¹¹
- ConnectiCare subsidiary CMSI administers a pilot Diabetes Prevention Program initiated and overseen by the Connecticut Office of the State Comptroller for the Connecticut Department of Transportation.
- The State of Connecticut launched a pilot program to test fully-autonomous vehicles, an initiative lawmakers created last year to bring Connecticut to the forefront of the self-driving car industry.¹²

May 2018

- Michelle Cote, Director, Hartford Innovation Place Program, Jill Frankle, Assistant Vice President of Strategic Investments at The Hartford, and Beth Maerz, Vice President of Customer Experience and Innovation at Travelers, represented Hartford InsurTech Hub and presented to the Federal Advisory Committee on Insurance in Washington, DC on May 10th on trends that are driving innovation in insurance in the Hartford market.
- Hartford Steam Boiler completed the "mashup@HSB" innovation center in Hartford to stimulate the development of new insurance and technology products.
- Lincoln Financial Group completed the acquisition of Liberty Life Assurance Company of Boston, expanding Lincoln's Group Benefits market leadership position and expertise across all size employers, bringing the number of employee customers served by Lincoln's Group Benefits business to 10 million.

- Voya celebrated the five-year anniversary of its initial public offering.
- Hartford InsurTech Hub hosted a panel discussion on *InsurTech & Regulation* on May 10th.¹³
- On May 24th, Hartford InsurTech Hub hosted a panel discussion on captive insurance companies and their role and position in the InsurTech ecosystem.¹⁴

June 2018

- Voya completed a transaction to sell substantially all of its variable, fixed and fixed indexed annuities business.
- The 2018 Northeast Autonomous and Connected Vehicle Summit was held at the Marriott in Windsor Locks on June 12th-13th. The forum focused on educating policymakers and Departments of Transportation on the potential impacts and requirements that these new vehicles will require.¹⁵
- UnitedHealthcare acquired Epic Hearing, the nation's largest provider of hearing health benefits, offering a nationwide network of audiologists and hearing health professionals.
- Connecticut governor Dannel Malloy signed S.B. 443 into law, which establishes a blockchain working group to study the technology. The working group is tasked with shaping a plan to foster the expansion of the blockchain industry in the state.¹⁶
- The state Office of Policy and Management, pursuant to Public Act 17-69, began accepting applications from municipalities to participate in a Fully-Autonomous Vehicle Testing Pilot Program. Up to four municipalities will be selected to participate in the pilot program.¹⁷
- Voya acquired a new nonqualified workplace plan administration business (Pen-Cal) to help support the continued growth of its retirement plan administration business, which has its main operations in Connecticut.

- The University of Connecticut and the Connecticut Department of Transportation are conducting a study on self-driving cars with a new full-scale simulator to enable people to experience what the future of driving may be like 10 years down the road.¹⁸
- MetroHartford Alliance hosted *Impact Hartford: Innovation Today for Tomorrow* on June 20th. The event focused on the rebirth of Hartford's innovation culture and why innovation leaders are choosing Hartford.

July 2018

- Hartford InsurTech Hub, powered by Startupbootcamp, began a global search for the best InsurTech talent to participate in its 2019 Accelerator Program in Hartford. Ten companies to be selected.¹⁹
- Seven Stars Cloud Group, a digital financial technology company, announced plans to move its global headquarters for technology and innovation to the former University of Connecticut campus in West Hartford, bringing 330 jobs over the next five years.²⁰
- Harvard Pilgrim entered into a partnership with My Health Math to help members choose the best insurance product based on their usage and needs.
- Aetna, The Hartford and Travelers donated \$10 million to support law enforcement, recreation and the public library in the City of Hartford. To help the city achieve stability and long-term growth, the companies have pledged a total of \$50 million over the next five years if the city continues on a path of fiscal sustainability.
- Hartford InsurTech Hub hosted *InsurTech Futurescape* on July 25th. Topics included current activities in Connecticut designed to create the future, InsurTech trends and forward-looking views, an insurer's vision toward the future and the Connecticut regulator's view.²¹
- Thirty-three math-loving high school students and college freshmen participated in CT IFS' 10th annual Actuarial Boot Camp, hosted in two sessions at Travelers. The program provided students with actuary-led math instruction, career guidance, soft skills exploration and interaction with local practicing actuaries from 17 companies.

August 2018

- The Hartford signed a definitive agreement to acquire The Navigators Group, Inc.

September 2018

- AXA completed the acquisition of XL Group to create the #1 global P&C commercial lines insurance platform based on gross written premiums.²²
- Hartford InsurTech's *Startup Pitch Night* on September 19th showcased several startups and brought together investors, corporate leaders and the local InsurTech community.²³
- Hartford InsurTech Hub, powered by Startupbootcamp, hosted a FastTrack day in Hartford on September 27th as part of its international tour to find the best rising InsurTech companies.²⁴

October 2018

- The State of Connecticut Department of Economic Community Development, Startupbootcamp and CT IFS exhibited at *InsurTech Connect* in Las Vegas on October 2nd-3rd. Mayor Luke Bronin served on a panel to promote Hartford as an InsurTech capital.
- CCIA held its 2018 Collaborative on October 16th-17th in Hartford. The theme of the Collaborative was *Innovation and Managing Cyber Risk through Captives*. This included a panel of Hartford InsurTech leaders sharing their own experiences in this dynamic insurance innovation ecosystem. It also included a very unique day of innovation, with the industry's first "Cap-a-Thon" (aka captive hackathon). The focus was cyber risk, with the goal of stimulating discussion of how captives can be creatively used to better manage and finance this ever-changing risk.²⁵

November 2018

- CT IFS presented its seventh annual *Insurance Market Summit* in Hartford on November 29th and collaborated with PwC to publish the *2018 Connecticut insurance market brief*.

Connecticut by the numbers

The 'state' of Connecticut

Located in the southernmost part of the New England states covering 5,018 square miles, Connecticut is a thriving business center, strategically located between New York and Boston.²⁶ Approximately **3,588,184**²⁷ people reside in the state's **169** cities and towns.²⁸ Connecticut's median income of **\$71,755** is well-above the national median of \$55,322 and the **fourth highest** in the nation.²⁹ The state's seasonally adjusted labor force was approximately **1,899,200** and the seasonally adjusted unemployment rate was **4.3%** as of the end of August 2018.³⁰

Insurance in Connecticut

Connecticut's insurance industry is one of the largest in the world. It ranks **third in the US** in direct written premiums³¹ and is an important part of Connecticut's economy. There are **1,478** domestic and non-domestic insurance companies licensed to do business in the state, including accredited reinsurers, US and foreign excess and surplus lines carriers, fraternal benefit societies and title companies.³² Moreover, these insurers write approximately **\$35.3 billion** in premiums annually for the Connecticut market and **\$170 billion** in premiums written in all markets.³³ They also contribute **\$13.9 billion** to Connecticut's Gross State Product (GSP).³⁴

Connecticut was selected to provide an overview of the InsurTech movement to the Federal Advisory Committee on Insurance. Please share a key message or highlight from your presentation.

Hartford InsurTech Hub's recognition by the Federal Advisory Committee on Insurance, as a key hub of innovation was incredible. Jill Frankle, Assistant Vice President Strategic Investments at The Hartford, Beth Maerz, Vice President Customer Experience and Innovation at Travelers, and I traveled to Washington DC to deliver a presentation at the US Department of Treasury, emphasizing the trends that are driving innovation in insurance, and the successful outcomes of our first year of programming. It was a key opportunity for Hartford to be recognized on a national level, and the response from member CEOs, insurance commissioners, and consumer advocates was enthusiastic. We look forward to continuing conversations with members of the committee about how to keep Hartford at the forefront of innovation and grow the Hartford InsurTech Hub in the future.

Michelle Cote
Director
Hartford Innovation Place Program



Connecticut by the numbers



169

Cities and towns



3,588,184

Population



\$71,755

Median household income



1,899,200

Labor force



4.3%

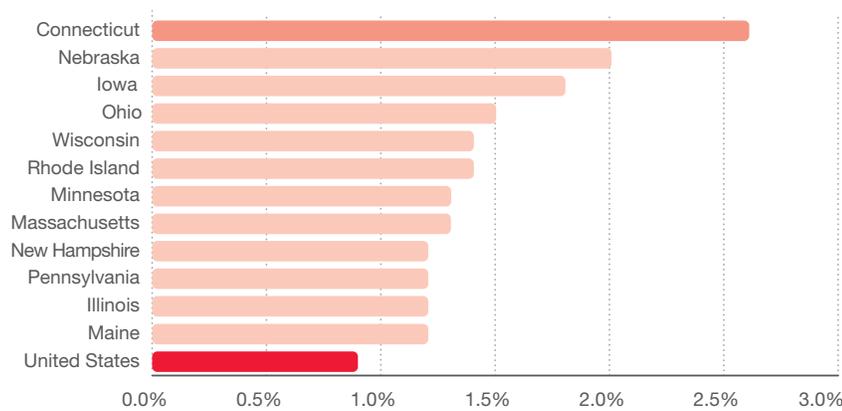
Unemployment

Source: US Census Bureau, Connecticut Department of Labor and CT.gov.

Employment and wages

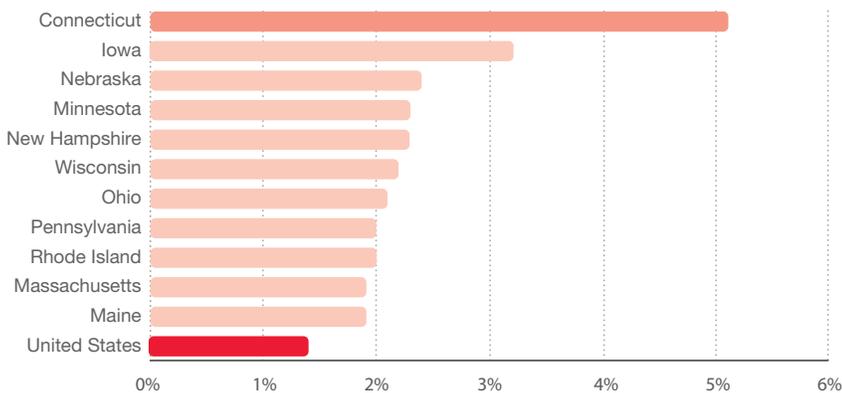
At 2.7%, Connecticut ranks **first nationally** in insurance carrier employment as a percentage of total employment³⁵ and provides annual average wages of more than \$90,294³⁶ for approximately 60,233 insurance carrier and related full-time employees.³⁷ And, according to the Connecticut Economic Resource Center (CERC), **one new job in the insurance industry adds 2.32 jobs to the Connecticut economy through induced and indirect effects.**³⁸

Insurance carrier employment as a percent of total employment by state 2017
US overall and top states



Source: CERC calculation of Moody's Analytics data, June 2018.

Insurance carrier payroll as a percent of total payroll by state 2017
US overall and top states



Source: CERC calculation of Moody's Analytics data, June 2018.

Top 4 departments/positions projected to be most in-demand over the next 2 years:

1. Cyber security
2. Underwriting
3. Financial advisory/
portfolio management
4. Data analysis/
data science

Source: CT IFS 3rd Annual Human Resources Survey.

43%
of respondents indicated that training is available for employees to reskill as part of the digital economy.

Source: CT IFS 3rd Annual Human Resources Survey.

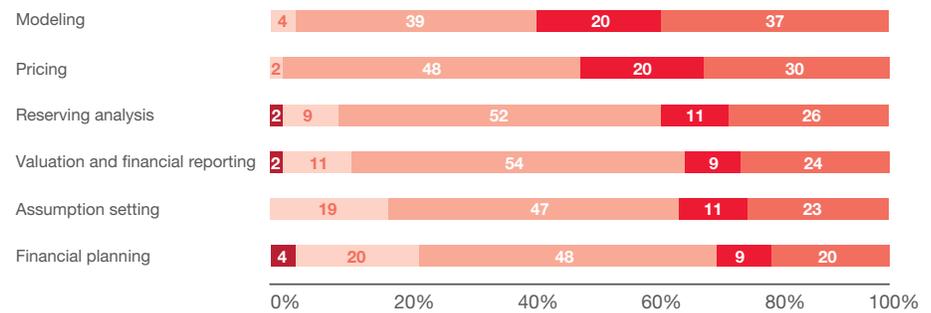
Connecticut has the **highest concentration of actuaries** in the US.

Source: Bureau of Labor Statistics.

At 5.1%, the state also **leads the nation** in insurance payroll as a percentage of total payroll.³⁹ This can be attributed to the industry’s workforce of relatively high-paying occupations such as management, legal, computer and math, and business and financial operations.⁴⁰

With 790 actuaries employed in the state and earning an annual mean wage of \$127,380, Connecticut has the highest concentration of actuaries in the US.⁴¹ According to PwC’s recent *Actuarial Modernization Survey 2018*, actuaries have significant and often advanced technical skills and tend to be hands-on with improvement work.⁴²

Actuarial staff are highly skilled



Technical skills by functional area

- Basic technical skills only
- Able to improve processes in a number of areas
- Able to make minor improvements within role
- Complex skills used for continuous improvements
- Develop complex solutions to meet org strategies

Source: PwC Actuarial Modernization Survey 2018.

Connecticut occupational employment and average wage in the industry

Occupational category	Q1 2018 employment	Q1 2018 average wage
Management	7,600	\$174,290
Legal	840	\$140,703
Computer and mathematical	8,150	\$102,928
Business and financial operations	14,530	\$84,445
Sales and related	6,740	\$83,211
Healthcare practitioners and technical	1,140	\$77,927
Office and administrative support	16,700	\$52,766

Source: Point in time estimates of occupational employment and wages for NAIC 524 Connecticut Department of Labor.

2018 representative sample of insurance company employees in Connecticut

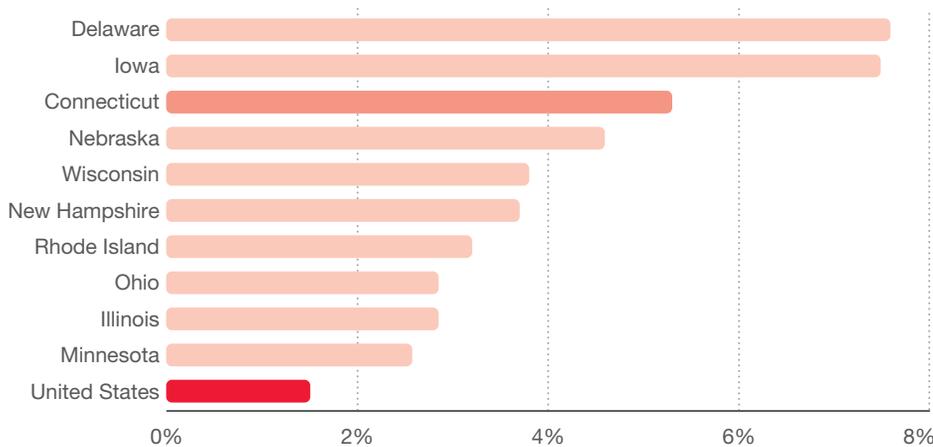
Company	Number of employees
Aetna Inc.	5,275
AIX Group, a member of The Hanover Insurance Group, Inc.	200
Amica	149
Bouvier Insurance	123
Cigna Corp.	4,700
ConnectiCare	646
The Hartford Financial Services Group, Inc.	6,800
Hartford Steam Boiler	507
Harvard Pilgrim Health Care	25
Lincoln Financial Group	720
Massachusetts Mutual Life Insurance Company	1,700
Nassau Re	275
Northwestern Mutual	280
Prudential Financial, Inc.	1,618
Symetra	208
The Travelers Companies, Inc.	7,400
UnitedHealthcare	5,500
Vantis Life Insurance Company	90
Voya Financial, Inc.	1,732
XL Catlin	890

Source: Provided by companies listed.

Gross state product

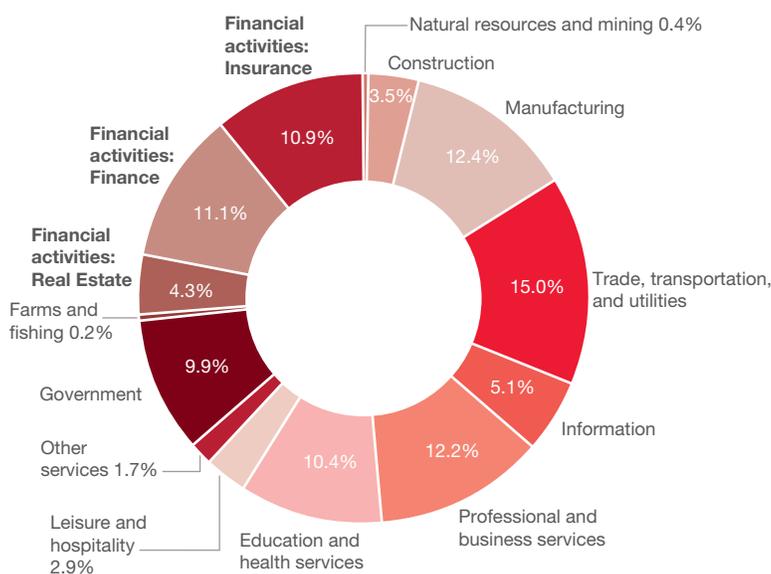
The insurance industry **ranks third nationally** in gross state product as a percentage of total gross state product and contributes **5.3%** or **\$13.9 billion** to Connecticut's GSP.⁴³ Connecticut defines "super sectors" for reporting purposes and the Financial Activities super sector includes insurance, financial services and real estate. The Financial Activities super sector is the state's largest by far, accounting for **26.3%** of Connecticut's GSP.⁴⁴ Moreover, the insurance and financial services (excluding real estate) activities combined comprise **22%** of Connecticut's GSP,⁴⁵ demonstrating the importance of these sectors to Connecticut.

Insurance carrier gross state product as a percent of total gross state product by state 2017 US overall and top states



Source: CERC calculation of Moody's Analytics data, June 2018.

2017 Connecticut gross state product by super-sector



Source: CERC calculation of Economic Modeling Specialists International data, June 2018.

Connecticut's insurance industry



1,478
Domestic and non-domestic insurance carriers in CT*



60,233
Insurance carrier and related full-time employees



\$90,294
Insurance average annual wage



\$35.3 billion
In direct written premiums for the CT market



\$170 billion
In direct written premiums written by CT insurers for all markets



Connecticut ranks **#3** in the US in direct written premiums



1 new job = 2.32 jobs
1 new job in the insurance industry adds 2.32 jobs to the Connecticut economy through induced and indirect effects



\$13.9 billion
Amount insurance contributes to CT's GSP



In the US – insurance employment as a percent of total employment



In the US – insurance payroll as a percent of total payroll



In the US – insurance GSP as a percent of total GSP



Insurance employment as a percent of CT employment



Insurance payroll as a percent of CT payroll



Insurance GSP as a percent of CT GSP

Connecticut's insurance industry sectors

Health



Domestic and non-domestic health insurers in CT



\$8.1 billion
In direct written health premiums



Connecticut ranks **#1** in the US in direct written health premiums

Life



Domestic and non-domestic life insurers in CT



\$19.1 billion
In direct written life premiums



Connecticut ranks **#4** in the US in direct written life premiums

Property and Casualty



Domestic and non-domestic P&C insurers in CT



\$8.1 billion
In direct written P&C premiums



Connecticut ranks **#5** in the US in direct written P&C premiums

Source: Connecticut Economic Resource Center; Connecticut Insurance Department 2017 data and Connecticut Insurance Department analysis of National Association of Insurance Commissioners data.

*Includes accredited reinsurers, US and foreign excess and surplus lines carriers, fraternal benefit societies and title companies.

Perspectives from Connecticut's insurance industry executives

Health

People will continue to want and need more personalization as they strive to better manage their health. Mobile apps, like Advocate4Me, online education tools, like Video Onboarding and individualized care support from our Care Advocate nurses are just some of the ways we are making care more personal – with the overall goal of helping people live healthier lives.



Jim Bedard
Chief Financial Officer, Ancillary
and Individual Insurance Services
UnitedHealthcare

Life/Retirement

There is a growing focus on financial wellness stemming from the recognition that financial challenges are more immediate, more complex and more interconnected than ever before. At Prudential Retirement, we believe that worksite benefits programs are the most efficient and effective way to build long-term financial wellness, and are focused on engaging organizations and individuals with a broad set of integrated tools, resources and solutions.



Phil Waldeck
President
Prudential Retirement

Property and Casualty

Unlocking the transformative power of the Internet of Things (IoT) requires managing an immense volume of data, with diverse characteristics, delivered continuously in real time. HSB / Munich Re are combining our own knowledge of risk, data analysis skills and financial strength with the technological expertise of tech companies to identify and unravel new complex risks and stretch the boundaries of insurance.



Greg M. Barats
President and
Chief Executive Officer
HSB Group, Inc.

Agency

The influx of venture capital and private equity is rapidly changing the distribution landscape which will lead to further consolidation of independent agencies over the next 3-5 years. Bouvier insurance will continue to systematically grow by utilizing Connecticut's highly-skilled insurance workforce for both organic and acquisition opportunities.



Rob Bouvier
President
Bouvier Insurance

Captive

A number of innovation and change drivers are altering how risk is identified and assessed and insurance is priced, such as cyber risk and climate change, increased use of big data and analytics in decision making, and transformation/disruption from InsurTech and FinTech startups. The Connecticut Captive Insurance Association recognizes that, at the center of that change, is the owner of that risk, and our association is preparing every day with other Connecticut-based organizations to help businesses manage these risks in the most cost-effective manner possible.



Stephen DiCenso,
FCAS, MAAA
President
Connecticut Captive
Insurance Association

Change drivers: InsurTech and innovation

Is Connecticut poised to be the leader of InsurTech and why?

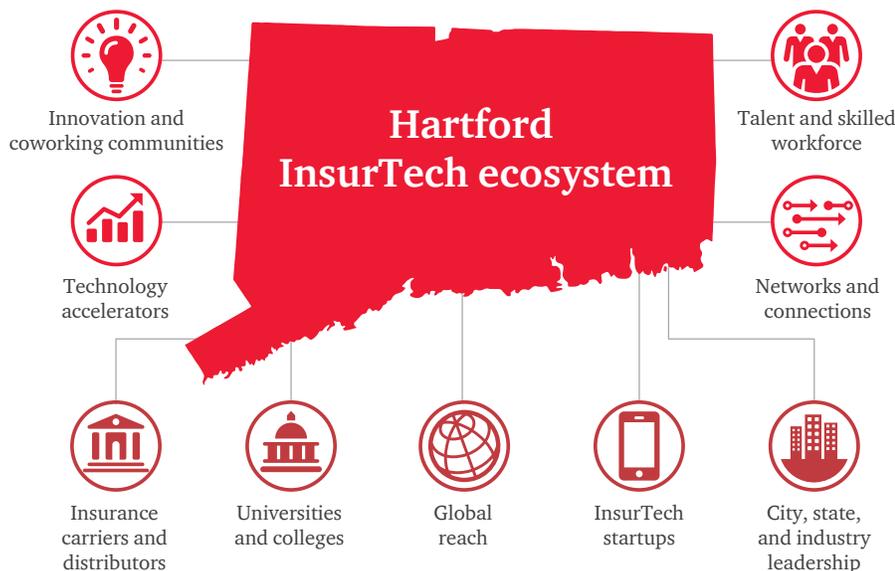
Connecticut is uniquely positioned to lead the US InsurTech development because of its position as one of the top insurance markets in the US and globally, its deep and rich pool of insurance expertise and its proud tradition of innovation in insurance, technology, investment and regulation. That is an optimal combination to drive the success of InsurTech.

Katharine L. Wade
Commissioner
Connecticut Insurance Department



The InsurTech movement in the capital city

There has been a buzz of activity building in Hartford’s InsurTech ecosystem (depicted below), receiving tremendous leadership support from the insurance industry as well as city, state and community leaders and academia. As a result, Hartford, long recognized as the Insurance Capital of the world, coupled with Connecticut’s deep history and culture of innovation, is poised to become an “InsurTech Capital”.



What makes Hartford a great place for InsurTechs?

Hartford is an ideal place for insurance and InsurTech to thrive – with a deep pool of talent, a powerful cluster of great insurance companies, an increasingly vibrant innovation ecosystem, and quality of life that can compete with any metro-area in the nation.

Luke Bronin
Mayor
City of Hartford



Key factors why Hartford is poised to be an InsurTech capital

Insurance carriers and distributors	Large base of life, health, and property and casualty insurers as well as agents and brokers sharing deep institutional knowledge of how insurers think and operate, collaborating with InsurTech startups to help them launch innovative ideas and technologies.
InsurTech startups	Entrepreneurs are developing new technologies to drive change in the insurance industry. Hartford's InsurTech community is growing and 10 InsurTech startups participated in the first accelerator program in Hartford earlier this year. Five out of the 10 secured pilots with insurers and 4 of these companies announced plans to open offices in Hartford.
City, state, and industry leadership	Tremendous leadership and support from the State of Connecticut Department of Economic and Community Development, Connecticut Insurance Department, CT IFS, City of Hartford, Hartford Innovation Place Program, Connecticut Innovations and CTNext, among others.
Technology accelerators	In September 2017, Startupbootcamp, a global network of industry-focused startup accelerators, launched Hartford InsurTech Hub to help build local talent and an InsurTech ecosystem in Hartford and the surrounding community. In addition, in July 2018, TechStars and Stanley Black & Decker announced their new advanced manufacturing accelerator program will also be housed in Downtown Hartford, creating additional synergies in the local innovation and technology community.
Networks and connections	Large and well-connected network of easily accessible insurance executives, consultants, attorneys, specialists, venture capitalists, service providers and entrepreneurs serving as partners, mentors and supporters. These connections are vital to the startups' success.
Universities and colleges	Academic partnerships with universities and colleges are helping to build the local talent and secure the future of insurance with the next-gen workforce. For example, the University of Connecticut and University of Hartford collaborated to launch a graduate-level InsurTech Venturing class in the Fall of 2018 and plan to develop an undergraduate-level InsurTech concepts and applications class in 2019.
Innovation and coworking communities	The rise of innovation and coworking communities such as the Connecticut Center for Entrepreneurship & Innovation, Upward Hartford, InsurTech Hartford, and Innovation Places, to name a few, are providing startups and entrepreneurs with innovative office spaces that foster collaboration, creativity, access to resources and support, and opportunities/events to network.
Talent and skilled workforce	Connecticut's highly educated and skilled workforce includes 60,000+ full-time insurance employees and 790 actuaries.
Global reach	Connecticut's insurance industry extends far beyond the state's borders, to a global network of customers, partners and suppliers. Many Connecticut insurers have already, or are planning to grow their business globally. Conversely, foreign-based insurers also have a large presence in Connecticut.

Hartford InsurTech Hub, powered by Startupbootcamp (SBC), was formed in September 2017 to help build the local talent and an InsurTech ecosystem in Hartford and the surrounding region. As a result, over the last year, health, life and property and casualty insurers in Hartford have been sharing their deep institutional knowledge of how insurers think and operate. They are collaborating with startups to help them launch their innovative ideas and develop new technologies. These ideas and technology are focused primarily on making life better for customers, improving customer engagement and/or achieving cost and operational efficiencies. Insurers are also serving as mentors and advisors and supporting InsurTech startups' pilots. These connections are vital to the startups' success and are abundant in Hartford where many insurance companies are headquartered or have large operations.⁴⁶

| Why is Hartford a great place for InsurTech startups?

Hartford has a strong history of insurance innovation from industry leaders who call the city home. Changes in technology and consumer needs demand a fresh look at traditional methods and approaches. Hartford InsurTech Hub brings together knowledge, entrepreneurship, innovation and technology from all over the globe with the goal of creating the future of the insurance industry.

Dawn M. LeBlanc
Managing Director
Hartford InsurTech Hub, Startupbootcamp InsurTech



After scouting startup companies around the world to find the best InsurTech startups, SBC selected 10 companies to participate in the first 12-week accelerator program in Hartford which began on January 8, 2018. SBC's program is designed to help InsurTech startups achieve in 12 weeks what would typically take 12 to 18 months if they were working alone. A critical part of their program is putting the startups in touch with the right people and pilot opportunities to help them get their business off the ground. In addition, SBC connected these 10 InsurTech startups with their relationship partners and network of mentors who provided them with the coaching and expertise to guide them through the areas that their individual companies needed the most help to grow and thrive.⁴⁷

At the end of the 12-week program, the 10 startups showcased their technologies at Demo Day. The technologies were primarily focused on improving customer experience and engagement, supply chain management, predictive analytics, process automation, digital health and smart home solutions. Five of the 10 startups that went through the program secured pilots with Cigna, The Hartford, The Travelers Companies, Inc., Crawford & Company, USAA, and White Mountains. And, four of these InsurTech startups announced plans to set up offices in Hartford.⁴⁸

SBC's 2019 Accelerator Program in Hartford is set to kick-off in February 2019.⁴⁹

Collaborating with InsurTechs

It was not long ago that insurers viewed InsurTech startups as disruptors. Today, a number of insurers are collaborating with InsurTechs to combine the startups' technology with the incumbent insurers' customer knowledge, understanding of risk, and capital strength to solve problems throughout the value chain.⁵⁰

XL Catlin partners with InsurTechs to test and run experiments and proof of concepts, which focus on current business challenges and opportunities to help validate new products, propositions and even business models. The company also partners with Oxbotica, a spin-out from Oxford University's Mobile Robotics Group, to support the adoption of mobile robotic solutions and explore their impact on risk management and insurance solutions. In addition, XL Catlin is working with Slice Labs, Inc., the first company in the US to offer cloud-based on-demand insurance.

Travelers continuously evaluates new technologies and potential partnerships with forward-thinking and talented innovators to advance its digital and innovation agendas. Travelers not only partners with InsurTechs, it also participates in venture fund events and accelerator programs, like Hartford InsurTech Hub. **Vantis Life** partnered with Fabric to drive sales to middle income millennials nationwide. Using social media and a contemporary customer experience, Fabric has become one of Vantis Life's leading producers of life insurance.

2018 Hartford InsurTech Hub startups

InsurTech name	Description
Aureus Analytics	Aureus Analytics, from India, is a customer intelligence and experience company that enables insurance carriers, brokers, and MGAs to deliver superior customer experience, leading to greater retention, loyalty, and lifetime value.
Boundlss	Boundlss, from Australia, helps health and life insurers attract, reward and retain healthy members, and understand and improve member health.
Pentation Analytics	Pentation Analytics, from India, is a Big Data Analytics company that enables insurers and intermediaries to better engage with policyholders.
Rozie AI	Rozie AI, from the US, offers an AI platform to design personalized customer engagement and robust business intelligence solutions for enterprises.
SecureHome	SecureHome, from the US, is a smart home IoT solution that provides critical security needed for every smart home.
StaTwig	StaTwig, from Singapore, employs blockchain and IoT technology to provide real-time, tamper-proof, end-to-end tracking that identifies problems and inefficiencies in any supply chain.
TrueDime	TrueDime, from the US, provides self-employed individuals – including freelancers, sole proprietorships and small business owners – with a benefits platform that meets their unique needs.
Ubios	Ubios, from Canada, helps residential multi-tenant buildings prevent water leaks and lower their energy costs. Ubios' solution integrates IoT with AI to automate a building's water security and energy usage.
ViewSpection	ViewSpection, from the US, is an app and web platform that enables a policyholder to do their own property inspection, and that delivers a detailed, interior property survey to an agent or carrier within days, compared to weeks with the traditional loss control inspection model.
Yaxa	Yaxa, from the US, provides a real-time risk monitoring and threat remediation platform for enterprises seeking to actively detect and block malicious behavior.

Source: Hartford InsurTech Hub powered by Startupbootcamp.

Over the last year, several hackathons have been held in Hartford to help aspiring entrepreneurs take an idea that solves an insurance industry challenge and turn it into an InsurTech startup business over the course of a weekend. These hackathons are not only attracting entrepreneurs and investors, they are also attracting students and providing them with an opportunity to contribute to something that is being developed and implemented. Students are able to see firsthand how an idea that has been created at a hackathon can become a potential business in a short period of time.⁵¹

The InsurTech movement is appealing to students and recent college graduates and attracting them to the insurance industry. Several startups have hired students from the University of Connecticut as interns. In addition, insurance carriers are hiring technologically-minded students to run pilots and help with the programming for the InsurTech startups.⁵²

This is a great opportunity for Hartford and Connecticut to build a talent pipeline. It is with this in mind that the University of Connecticut and University of Hartford's Barney School of Business collaborated to launch a graduate-level InsurTech venturing class in the Fall of 2018 and they plan to develop an undergraduate-level InsurTech concepts and applications class during the spring and summer of 2019, with delivery in the fall of 2019.⁵³

| Building Connecticut's talent pipeline of the future

InsurTech in Connecticut is rapidly growing due to the efforts of Startupbootcamp, including more recently funded companies focused on artificial intelligence, the cultivation of dynamic digital platforms to improve customer experiences, and the strategic use of data analytics to build additional revenue models for insurers. To enhance the talent pool available for similar companies, as well as insurance incumbents, we are pleased to be codeveloping and implementing seminal InsurTech curriculum in partnership with University of Connecticut School of Business.

Ken Goldstein, Esq.

Clinical Instructor of Risk Management and Insurance
Barney School of Business, University of Hartford



49% of insurance CEOs are planning a new strategic alliance or joint venture

As insurers look at how to accelerate technological innovation, it's also important that they think about where they need to partner and what companies they want to acquire. Nearly half (49%) of insurance CEOs are planning a new strategic alliance or joint venture to drive profitability and growth over the next 12 months, reflecting the increasing importance of partnership ecosystems.

InsurTech businesses are likely to be receptive to offers of partnership and even acquisition. While they may have the innovative technology to respond to changing customer demands, establishing viable platforms for asset management, retirement, and group policies is expensive, as is entering many market niches. We're seeing more tie-ups with larger players as a result.

Source: PwC Global CEO Survey: Key findings from the insurance industry.

Is InsurTech really “Insur”Tech anymore?

InsurTech continues to evolve. In year one, the debate focused on how startups would disrupt the incumbent insurance sector. In year two, the emphasis moved to collaboration, as startups and insurers pondered how to combine the former’s technology with the latter’s customer knowledge, understanding of risk, and capital strength. These collaborations looked

beyond front-end focused applications to solve problems throughout the value chain. Now, in year three, InsurTech is increasingly about enabling traditional insurers to innovate beyond the existing value chain into new industries and to offer new value to clients. In which case, the question becomes, is InsurTech really “Insur”Tech anymore?

2018 InsurTech trends

- **Collaboration with startups from adjacent industries** – such as agriculture, aircraft manufacturing, health, cyber-security, maritime and general transport – gives insurers the opportunity to access new revenue streams.
- **Startups can provide access to new data sources or offer new ways to drive value from data:** Artificial intelligence is the primary technology for 41% of SBC applicants.
- **Insurers and startups are increasingly looking at new products:** 84% of surveyed Startupbootcamp partners said that they are interested in finding an innovative solution in cyber, and 80% are interested in business models linked to trends attached to the sharing economy.
- **Innovation has moved beyond just watch and learn,** insurers are now exploring how to scale proof of concepts into their broader businesses.
- **Gender diversity is improving** – but still has a long way to go – 23% of applications to Startupbootcamp this year had female founders and co-founders.
- **Disruption is still coming:** although startups are increasingly looking to partner rather than disrupt, threats will come from tech giants, telecoms and other industries.

What’s next for InsurTech?

The outlook for InsurTech startups is bright. Not every new venture will succeed but in a sector that is hungry for innovation – and increasingly willing to look beyond its boundaries for new ideas and solutions – the best startups have every chance of commercial success, whether in collaboration with incumbents or on a standalone basis.

The short-term outlook

- Innovation becomes business as usual beyond the innovation team to the business units
- Data-driven innovation will continue to increase
- Innovation will grow in commercial and specialty lines

The long-term outlook

- “InsurTech” will cease to be a relevant term
- Greenfield insurers will evolve
- Disruption from scale-ups and big tech

Source: Startupbootcamp and PwC Breaking Boundaries: How InsurTech is moving beyond insurance.

Connecticut is abuzz with innovation

Connecticut has a long history of innovation and yankee ingenuity and this spirit continues to live on in the state today. Over the last year, the state has been abuzz with innovative happenings not only in the insurance industry, but other industries as well. This provides insurers with opportunities to collaborate with other industries, and learn leading practices that can be applied to expand their value chain.

Collaboration with other industries in the Connecticut innovation and technology community

Connecticut Center for Advanced Technology provides leading-edge technologies such as X-ray and structured light scanning, 3D plastic printing, 3D metal printing and hybrid manufacturing at our Advanced Manufacturing Center, where we evaluate and solve a variety of customer challenges to help qualify material analysis and products, optimize processes and offer services and solutions related to cybersecurity and compliance. We welcome a chance to work with the insurance industry on its risk analysis and management opportunities.

Ron Angelo
President and Chief Executive Officer
Connecticut Center for Advanced Technology, Inc.



One degree of innovation

Below we highlight several events over the last year, **outside of the insurance industry**, that are contributing to the innovation and technology ecosystem in Connecticut.

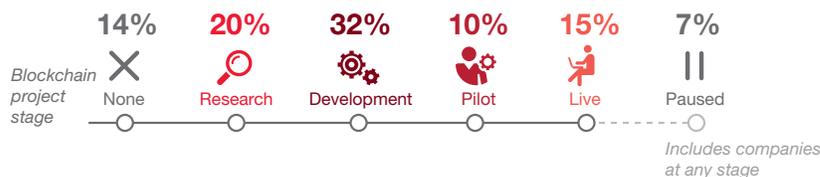
- Connecticut Governor Dannel Malloy signed S.B. 443 into law, which establishes a blockchain working group to study the technology. The working group is also tasked with shaping a plan to foster the expansion of the blockchain industry in the state. The group is charged with:
 - Identifying the economic growth and development opportunities presented by blockchain technology.
 - Assessing the existing blockchain industry in the state.
 - Reviewing workforce needs and academic programs required to build blockchain expertise across all relevant industries.
 - Making legislative recommendations that will help promote innovation and economic growth by reducing barriers to entry and expediting the expansion of the state’s blockchain industry.⁵⁴
- Infosys announced plans to establish a technology and innovation hub in Hartford. The \$20.6 million project is expected to create 1,000 high-tech jobs in the state’s capital city by 2022.⁵⁵
- The University of Connecticut and the Connecticut Department of Transportation are conducting a study on self-driving cars with a new full-scale simulator to allow people to experience what the future of driving may be like in the not too distant future. Up to four towns and cities in the state will be selected.⁵⁶
- The Governor of Connecticut announced that an old factory in New Britain will become a new data center powering the largest fuel cell complex in the world in New Britain. The \$1 billion Energy & Innovation Park is expected to bring 3,000 jobs to New Britain.⁵⁷
- A digital financial technology company, Seven Stars Cloud Group (SSC), announced plans to move its global headquarters to the former University of Connecticut campus in West Hartford. The company specializes in blockchain technology and artificial intelligence and plans to invest \$283 million in the innovation and financial technology hub, bringing 330 jobs over the next five years.⁵⁸ The hub will be home to approximately 50 companies and a research institute and training center. The hub will also add 10 to 20 startups in the next two years, and 12 to 15 manufacturing companies, starting with three to four by the end of 2018.⁵⁹ In August, the company adopted a new business name, Ideanomics. The new name is the combination of the ‘idea’ and the ‘field of economics’— a new paradigm and model for solving problems, creating efficiencies, and more equitably distributing wealth and knowledge.⁶⁰

Blockchain is here. What's your next move?

Distributed ledger technology and digital tokens are rewiring commerce. But lack of trust and regulatory uncertainty means few businesses have fully committed. Here's a look at where companies are in their blockchain journey, and four strategies for navigating this new world.

84% say their organizations have some involvement with blockchain technology

How far along are companies with blockchain?



45% believe lack of trust among users will be a top barrier

It's hard to trust blockchain

By design, blockchain can foster trust. But in reality, companies confront trust issues at nearly every turn.

How to overcome the trust barrier

Blockchain's trust paradox is a significant, but not insurmountable, challenge. Here are four strategies for navigating this new world.



1. Make the business case

Strategic clarity will ensure your blockchain initiative has a business purpose around which participants can align.



2. Build an industry ecosystem

Blockchain may call for competitors to collaborate in a new way, as they come together to solve industry problems.



3. Design deliberately: determine rules of engagement

Every blockchain will require rules and standards, particularly around how participants will access and engage.



4. Navigate regulatory uncertainty

You'll need to stay agile to meet regulatory requirements as they evolve in the years to come.

- Stanley Black & Decker and TechStars announced 10 startups from the US, Canada, Israel and Ireland will participate in their new advanced manufacturing accelerator program in downtown Hartford.⁶¹

In addition, through exhibits, programs, and teacher training, the Connecticut Science Center is developing the minds of future thinkers and inventors who will compete in the global marketplace, focusing on 21st century careers in advanced manufacturing, InsurTech, healthcare, and other STEM (science, technology, engineering, math) fields.

Cultivating a culture of innovation to grow and change

Insurers are instilling a culture of innovation in their respective organizations and tapping into their employees to help their companies grow. For example, **Bovier Insurance** continually encourages its employees to share ideas that will improve the customer experience. The idea of CondoLogic came from this process and is enabling unit owners of condominium associations to coordinate coverages with the master policy by eliminating redundancies and coverage gaps. **Symetra** provides employees with opportunities to contribute ideas that improve how they get things done. That means looking at their strategies and processes and finding the right tools to support their evolving business model. Symetra also invests in events like hackathons, InnovationNOW and Design Studio and have an established team —The Innovation Interest Group—to help support these activities and drive innovation forward. **MassMutual** focuses on innovation in all aspects of its business, whether it is through data science enabling them to expand their use of algorithmic underwriting to creating tools that help people make better decisions about their financial wellness and employee benefits. **Lincoln Financial Group** and **Vantis Life** take a decentralized approach to innovation where different teams or senior executives are responsible for different pieces/types of innovation.

The time to innovative is now!

According to PwC's *Innovation Benchmark Report 2017*, in an era of digital business and rapid technology change, virtually no company can ignore the imperative to innovate. Failing to do so can be an invitation to lose business.⁶²

We asked insurers headquartered in Connecticut or with operations in Connecticut what they are doing to increase customer engagement or improve the customer experience. Their responses are summarized on page 24.

Building Connecticut's talent pipeline of the future

The Connecticut Science Center reaches children at a critical point in their development, sparking an interest in STEM learning and providing them with a way to link this passion to a future career. Research demonstrates that a child who is STEM-inspired before 8th grade is twice as likely to pursue a STEM career, and we seek to provide that inspiration in all of our programs.

Matt Fleury
President and Chief
Executive Officer
Connecticut
Science Center

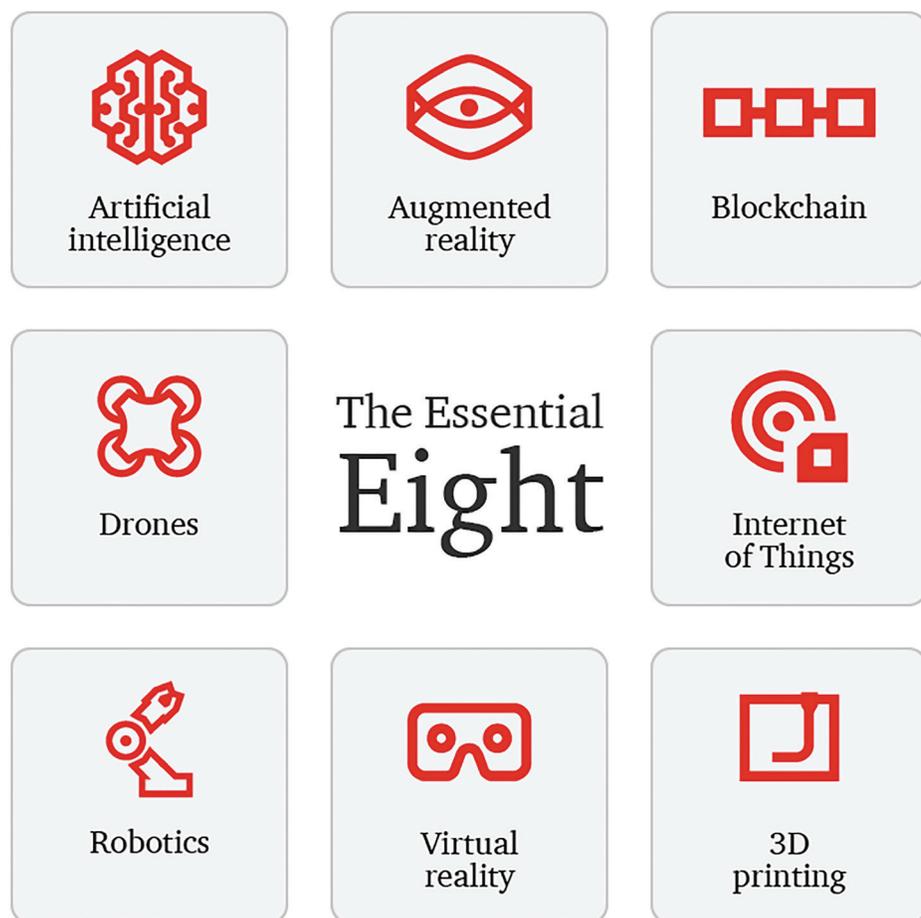


The new tech future is here

Technology is evolving at breakneck speed and is already defining what's next — for your company, competitors, and industry. Business leaders understand this. Seventy-six percent of CEOs in PwC's *Global CEO Survey* are worried about the speed of tech change. And 64% acknowledge that changes in the technology used to run their businesses will be disruptive over the next five years. Emerging technology should be a key part of every company's corporate strategy. So why are so many hesitant to take action?

To help companies focus their emerging tech efforts, PwC analyzed the business impact and commercial viability of more than 250 emerging technologies to zero in on the "Essential Eight." These are the core technologies that matter most for business, across every industry, over the next three to five years. The Essential Eight are the technology building blocks that we believe every organization must consider. While each company's strategy for how to best exploit — and combine — them will vary, these technologies will have a profound global impact on businesses, employees, and customers.

The Essential Eight technologies that matter most for business today



Source: PwC The Essential Eight.

Customer experience innovation

Aetna redesigned and enhanced its Aetna Mobile app, Aetna Health. With this comprehensive digital platform, members can access real-time information, tools, and guidance to manage their healthcare and achieve their health ambitions.

Amica launched CARE, a new customer management platform, which provides representatives the information they need to deliver personalized experiences to policyholders quickly and seamlessly.

Bovier Insurance launched a web-based self-quoting form for more efficient quote processing. This enables clients to input basic underwriting data and quickly receive a quote indication based on this information.

Cigna is collaborating with Omada Health to provide a digital lifestyle program that helps prevent diabetes and other chronic disease.

ConnectiCare Centers in Manchester, Newington, Bridgeport and Waterbury offer customers and the public the ability to walk-in and speak to a representative face to face.

The Hartford is investing in data, technology and skills required to deliver speed and ease for its customers at all points of interaction, which increasingly is digital.

Hartford Steam Boiler is employing Internet of Things (IoT) technology and remote monitoring sensors to detect risk conditions 24/7 and alert policyholders to take action. HSB's IoT sensor services increases customer engagement and helps policyholders prevent loss and improve the performance of their operations.

Proactive outreach to higher-risk members by **Harvard Pilgrim's** care management team, combined with enhancing their digital experience through personalized web content and mobile-ready decision-making tools that help support a cost/quality decision, are increasing Harvard Pilgrim's member engagement and experience.

Lincoln Financial Group launched Click-to-Chat, Chatbot and Voicebot capabilities for select product lines allowing customers to receive answers to their questions 24/7 from their computer or mobile device. To decrease turnaround time and increase processing quality, Lincoln implemented Optical Character Recognition and Robotic Process Automation tools for customer-initiated transaction requests.

MassMutual's investments in data science has enabled the company to expand its use of algorithmic underwriting on three out of four new policies, enabling them to provide coverage more quickly. They are also expanding their end-to-end digital insurance platform – from application to claim – that makes the purchase and administration of life insurance faster, simpler and cheaper.

Nassau Re launched its first web-based direct-to-consumer offerings that now include both life and annuities. They also added educational resources to their website for consumers looking to protect their families and plan for retirement.

Northwestern Mutual is launching a new client experience that will allow clients to view their financial information in one place to make interactions with their advisors seamless.

Prudential is leading participant experience innovation with the first to market launch of an Amazon Alexa skill. Participants can now connect their retirement savings information simply with their voice, which is especially important for millennials.

Symetra is a member of the Silicon Valley Insurance Accelerator which gives them access to resources that inspire innovation and help identify opportunities to develop new, or enhance existing, strategies that positively impact their customer experience.

UnitedHealthcare is simplifying the member and care provider experience with PreCheck My Script, which makes it easier and quicker for providers to prescribe medications for patients. It provides cost information at the point of drug prescribing based on the patient's benefit plan; gives patient-specific pharmacy information; and automates prior authorizations when needed. This helps lower costs, lessen administrative hassle and improve the patient experience.

Vantis Life launched Vantis Velocity, which uses new technology and available data to make underwriting decisions within minutes instead of weeks.

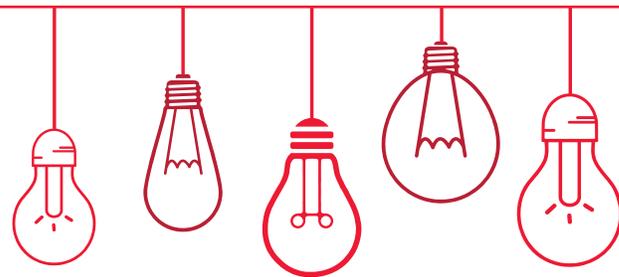
Voya introduced personalized videos to help individuals visualize their journey to retirement by providing a roadmap of their saving status and educating them on the positive action they can take now to achieve their financial goals. Voya also launched its new Financial Wellness Experience that includes access to guidance and personal financial planning services.



Source: Provided by companies listed.

Fostering innovation - centers, labs and hubs

Many insurers are investing in innovation centers or hubs to transform their company's products and services, reimagine the customer experience, accelerate digital transformation, improve operational efficiencies and explore new business models to remain relevant in the constantly changing environment. Below, are some examples.



Amica opened an innovation lab early in 2018, with a focus on smart home technology and building a culture of innovation among the various business units.

Employees submit innovative and creative ideas through the **ConnectiCare** Idea Lab. A number of new ideas are in the pipeline including using artificial intelligence to further improve the member experience. Earlier this year, an Idea Lab submission was implemented that included using software to detect sentiment when members call the ConnectiCare call center.

The Hartford has an Innovation & Ventures group that tracks emerging technologies and new business models across its entire value chain. By partnering with startups and accelerators, they are continually evaluating ways to enhance the customer experience, improve their products and services, and increase their access to target customers. Innovative ideas range from mobile apps that simplify and automate the claims process, to image AI for enhanced underwriting, to data analytics that can drive better outcomes in disability and workers compensation.

Hartford Steam Boiler opened a 21,000 square foot innovation center in May 2018 in Hartford. The facility, called the "Mashup@HSB", creates an inspiring environment with new technology tools to incubate and accelerate high-priority HSB innovation and growth initiatives. The Mashup@HSB fosters effective collaboration and co-development between cross-functional teams, clients, tech startups and partners and showcases HSB innovation in action.

Harvard Pilgrim launched a Center for Innovation two years ago with the goals of deepening its collaboration with providers, working with digital healthcare startups that support their strategy and engaging their staff in creating innovative solutions for their customers.

Northwestern Mutual's internal technology hub is embracing and consistently rolling out the latest technologies to improve, streamline and enhance their client's experience, their advisor's experience and their entire field's experience.

The Lab at **Prudential** explores emerging business models, invests in ideas and builds new digital and financial solutions to overcome behavioral and financial obstacles toward long-term savings and financial wellness for American workers.

PwC added a Hartford Innovation Center to its global network of Experience Centers and Emerging Technology Labs.

The Travelers Innovation Center serves as a hub for the company to research and test new technologies. It provides a creative environment for employees with varying backgrounds and skillsets to collaborate. It's a place where employees are inspired to create innovative solutions that will extend the company's advantage in risk expertise, enable great experiences for its customers, agents and brokers, and optimize productivity and efficiency.

UnitedHealthcare's OptumLabs is a collaborative research and innovation center working to accelerate solutions to some of healthcare's biggest problems with a combination of world-class data, leading-edge data science and the expertise of more than 25 thought leading partners. OptumLabs works on healthcare problems through individual research studies, large collaborative research programs, and applied data science projects. OptumLabs has initiated more than 170 research projects since inception in 2013.

Voya continues to expand its Collaboration Centers across all US geographical sites. The Collaboration Centers are technology-enabled, open workspaces where employees from all parts of the organization can come together to share ideas and innovate new concepts. They are designed to encourage productivity, innovation and collaboration across projects and teams.

Accelerate is **XL Catlin's** in-house innovation team. The team focuses on transforming XL Catlin's (re)insurance products and service offerings by establishing business partnerships – often with digital leaders and InsurTech companies – to find ways where new technologies can enhance their customers' overall experience.

Source: Provided by companies listed.

Insurance regulation in Connecticut

Connecticut Department of Insurance

Led by Commissioner Katharine Wade, the Connecticut Department of Insurance mission is consumer protection. The Department enforces state insurance laws to ensure policyholders are treated fairly, provides assistance, outreach and education to help consumers make sound choices and regulates the industry in a fair and consistent manner that fosters market competition for availability of insurance. The Department has 150 employees and manages an annual budget of \$28 million. It is responsible for ensuring insurance companies doing business in the state are financially solvent and that state-based regulation remains relevant in a global economy.

The Captive Division

Since the passage of Connecticut's captive law in 2008, Connecticut's captive insurance population is growing and has become a center for innovation in captive formation and thinking. In addition, Connecticut has established a reputation as a place where regulators support and foster the growth of captives. The Captive Division of the State of Connecticut Insurance Department focuses on enabling captive owners to create a sustainable risk financing vehicle as a captive insurance subsidiary. The objective is to attract captives to the state, which form part of the owner's strategic initiatives and finance structure.⁶³ Currently, there are 15 captive insurers domiciled in the state.⁶⁴ In addition, Connecticut Foundation Solutions Indemnity Company, LLC, a nonprofit captive is in process of being set up to administer the Crumbling Foundation Assistance Fund, and is expected to be fully operational in the fall of 2018.⁶⁵

In Connecticut, the captive regulatory process extends beyond regulatory regimes in managing liquidity, solvency and compliance. It also takes a principle-based focus on governance, strategic intent and value creation for the captive insurance entity. As such, Connecticut has become a captive domicile that is able to understand complex financial structures and facilitate the development of innovative and responsive risk solutions for captive owners.⁶⁶

\$7 million

The amount the Connecticut Insurance Department recovered for Connecticut consumers and taxpayers in 2017.

Source: Connecticut Insurance Department.

On the following pages, Commissioner Wade answers our questions and shares her perspectives on the insurance regulatory environment.

Connecticut is a captive place

15
Captive insurers are
domiciled in the state.

Source: Connecticut Insurance Department.

Encouraging the innovation dialogue for all stakeholders

A Connecticut insurance regulatory perspective



Katharine L. Wade
Commissioner
Connecticut Insurance Department

Q: InsurTechs are changing the Connecticut insurance landscape. What has the Department done to manage the InsurTech movement in the state?

A: An important part of consumer protection is making sure that consumers have access to a variety of products and services and have a choice of companies. InsurTechs offer the opportunity for more access to insurance. As a regulator, I have a responsibility to work with companies – incumbents and innovators – to enable them to use and leverage technology and innovation in new products and services, enhance the customer experience, and improve risk management and other insurance operations.

Communication and engagement with the companies and innovators is key and that is why the Connecticut Insurance Department encourages companies to come to talk to us about products and plans early in the process while things are still on the drawing board or in development. An early dialogue is important so we can work through issues together. This approach has allowed us to work with companies on new product development, pilot programs and the licensing process.

The Department is very engaged with the Hartford InsurTech Hub and fortunate to take advantage of its proximity. This growing innovation center is literally across the street from the Department and we

The Department established a team of regulatory professionals to encourage and foster innovation and have a dedicated e-mail insuranceinnovation@ct.gov to further encourage the innovation dialogue for all stakeholders.

are frequent visitors and participants in meetings, workshops and other events. We regularly field and answer questions from the innovators about how regulation works and issues that they should take into consideration. We are also engaged with established carriers on how they are enabling innovation. The Department established a team of regulatory professionals to encourage and foster innovation and have a dedicated e-mail insuranceinnovation@ct.gov to further encourage the innovation dialogue for all stakeholders.

Q: The State of Connecticut recently launched a pilot program to test fully-autonomous vehicles. What impact does this have on state regulations and insurers?

A: The goal of the pilot program is to create a long-term best practice approach to regulating consumer protection, promoting innovation and incenting business development in the state around autonomous vehicles. While the concept appears futuristic and distant, the State is ahead of the innovation curve in implementing this pilot program. The pilot program will allow state regulators, including the Insurance Department, to figure out the best approach to regulating the concept of self-driving vehicles while ensuring proper levels of protections for both individuals and businesses. From an insurance regulatory perspective, it was important to ensure that the pilot program had a regulatory scheme that was aligned with other best practices from around the country while still sending a clear signal that Connecticut is open to the business of innovation in this field.

Q: In the last year or so the captive business environment has been changing, what will advance Connecticut in the captive market going forward?

A: To stay ahead in captive insurance you have to keep looking forward, understanding trends in industry, trends in insurance, and be mindful of changes to the regulatory, tax and legal climates of dozens of US and foreign domiciles. By their very nature captive insurers fill gaps the traditional commercial market is unwilling to cover. Businesses faced with new or emerging risks or a constrained risk transfer capacity in the traditional markets turn to captives to effectively finance retained risk and access reinsurance and capital markets.

The ability to form and take advantage of captive insurance is an important risk management option for the State's commercial and industrial organizations. The Department's Captive Insurance unit evaluates licenses, regulates and examines captive insurers and risk retention groups in the alternative risk market. Connecticut offers captive regulation that is thorough but at every step of the way business-friendly. Since the passage of its captive law in 2008, Connecticut has quickly distinguished itself as a world-class domicile and as a center for innovation in captive formation and thinking. Whether it be through state-of-the-art captive laws, its robust base of experienced service providers, or its position as a well-established US property and casualty insurance center, Connecticut has a pro-captive insurance business climate.

Connecticut is a place where innovative ideas in insurance coverage, risk services, captive management, reinsurance and related services can be vetted and eventually realized. The dialogue is different here.

Connecticut currently ranks 4th in direct written cybersecurity premiums by state.

The Department of Insurance and all branches of State Government are and must remain committed to developing new captives and encouraging innovation and insurance entrepreneurship. Connecticut is a place where innovative ideas in insurance coverage, risk services, captive management, reinsurance and related services can be vetted and eventually realized. The dialogue is different here.

Q: In October 2017, the NAIC approved an Insurance Data Security Model Law. What is the Department doing on the state level to regulate and monitor solvency of insurance carriers underwriting cybersecurity policies?

A: Cybersecurity insurance is a relatively new product with inherent risks associated with it. Regulators have put in place additional regulatory guidance to obtain a better understanding of the risks and underwriting practices being assumed by our insurance carriers. Connecticut domestic insurers were among the first to write cybersecurity policies. Connecticut currently ranks 4th in direct written cybersecurity premiums by state.

The Connecticut Insurance Department uses a number of tools to regulate and monitor the solvency of carriers writing cyber policies:

- Underwriting guideline updates from company cyber specialists.
- Annual review of the cybersecurity and identity theft insurance coverage supplement.
- On-site reviews of underwriting guidelines and practices during the financial examination process.

Connecticut state tax updates

The enactment of the Federal Tax Cuts and Jobs Act (Public Law 115-97) in late December 2017 prompted many state legislatures to evaluate the potential impact and to consider legislative changes as part of their respective 2018 legislative sessions. Connecticut's 2018 legislative session was no exception. On May 31, 2018, Connecticut enacted Senate Bill 11 (S.B. 11) in direct response to federal tax reform. The title of the Act makes clear its intended purpose: ameliorate the impact of federal tax reform on Connecticut taxpayers. As discussed in greater detail below, S.B. 11 includes provisions applicable to various business entities and industries, including insurance companies.

As noted by Connecticut's Office of Legislative Research, the pass-through tax imposed by S.B. 11 is intended to reduce the impact of the federal changes to the state and local tax deduction for small business owners. Similarly, the governor stated that the community organization contribution provision may reduce "individuals' federal taxes." For corporate taxpayers, the decoupling from the Section 163(j) interest expense limitation may be a benefit especially given Connecticut continues to require an add-back for 168(k) (i.e., full expensing). In addition, Connecticut's new mandatory 5% expense disallowance provisions for corporate distributions effective as of the 2017 returns codifies what has been a long-standing policy as a set percentage that will be disallowed with no statutory option of computing a different amount based on actual expenses.

While other insurance-specific legislation was enacted during the 2018 Connecticut legislative session, the legislature's focus was primarily on responding to federal tax reform. Below, we provide a summary of Connecticut's tax legislation enacted in response to federal tax reform, and some of the most pertinent insurance-specific legislation that was enacted during the 2018 legislative session. For a more comprehensive summary, please see *Connecticut enacts responses to federal tax reform* on pwc.com.

Connecticut's response to Federal Tax Reform

On May 31, 2018, Connecticut Governor Dannel Malloy signed "An Act Concerning Connecticut's Response to Federal Tax Reform" (S.B. 11) into legislation.

On May 31, 2018, Connecticut enacted Senate Bill 11 (S.B. 11) in direct response to federal tax reform. S.B. 11 includes provisions applicable to various business entities and industries, including insurance companies.

Overview of Senate Bill 11

For corporate taxpayers, the Act provides for expense disallowance equal to 5% of the dividends included in federal taxable income. This change is particularly relevant to taxpayers expecting IRC Section 965 income. Although IRC Section 965 income is subject to a dividends received deduction (DRD) taxpayers must add-back deductible expenses relating to such dividends. The Act also decouples from the IRC Section 163(j) interest expense limitation and from IRC Section 179 and 168(k) asset expensing.

In addition, the Act includes two measures advocated by the governor to “protect Connecticut residents from negative effects” of federal tax reform. One measure establishes a tax on certain pass-through entities that is offset by a tax credit at the individual income tax level (corporate taxpayers are also eligible for the credit). The Act allows municipalities to provide a property tax credit to eligible individual taxpayers who make voluntary payments to municipally approved ‘community supporting organizations,’ but the US Internal Revenue Service has issued guidance imposing limits on efforts by Connecticut and other states to reduce the impact of the \$10,000 cap on the federal deduction for state and local taxes, as discussed below.

Expense disallowance equal to 5% of dividends

Applicable for income years commencing on or after January 1, 2017, the Act provides that “expenses related to dividends shall equal 5% of all dividends received by a company during an income year. The 5% expense disallowance is applicable to all dividends, not only dividends relating to Section 965 income.

Decoupling from interest expense limitation

For income years commencing on or after January 1, 2018, the deduction allowed for business interest paid or accrued shall be determined as provided under the Internal Revenue Code, except that in making such determination, the provision of Section 163(j) shall not apply.

Decoupling from Section 179

Corporations and individuals, for years beginning on or after January 1, 2018, must add-back 80% of the federal asset expense deduction under Section 179 and claim an annual deduction of 25% of the amount added-back in the four succeeding years. Note, Connecticut continues to decouple from federal bonus depreciation provided under Section 168(k) for corporate income tax purposes.

Pass-through entity tax and tax credit for members

Applicable to tax years beginning on or after January 1, 2018, the Act imposes an entity level tax on an ‘affected business entity’ (generally a partnership, LLC treated as a partnership for federal tax purposes, or an S corporation, but not a publicly traded partnership) at the rate of 6.99% on one of two tax bases. To account for the fact that the pass-through entity must pay tax on its own income (which remains includible in the distributive share income of the partners), S.B. 11 provides a tax credit for the partners to claim on their Connecticut Tax returns.

The intended purpose of S.B. 11 is to ameliorate the impact of federal tax reform on Connecticut taxpayers.

On June 19, 2018, the Connecticut Department of Revenue Services issued Office of the Commissioner Guidance 6 (OCG-6) to assist taxpayers in calculating their pass-through entity tax liabilities for purposes of making estimated payments. Generally, the guidance addresses who is subject to the pass-through entity tax and how the tax is calculated. As described in OCG-6, the pass-through tax is calculated using either the 'standard' or 'alternative' base.

In addition, OCG-6 addresses: whether guaranteed payments are included in a pass-through entity's income subject to tax under the standard or alternative base methods; whether a pass-through entity can deduct the pass-through entity tax when calculating income under the standard or alternative bases; whether a pass-through entity can file combined returns to offset gain and loss between pass-through entities; and whether pass-through entities are required to make estimated payments for 2018.

Commonly owned pass-through entities may elect to file a combined return. The combined base is multiplied by the tax rate of 6.99% to determine the group's pass-through entity tax.

Pass-through entities with corporate partners may find the alternative base advantageous since it reduces the base amount in proportion to the distributive shares allocated to partners not subject to Connecticut's personal income tax under Chapter 229. Therefore, most corporate partners effectively could be excluded from the impact of the pass-through entity tax under this method. The potential benefit should be measured against the potential increase of the alternative base due to unsourced income being assigned to Connecticut resident partners.

Nonresident individual partners who receive guaranteed payments are required to file Form CT-1040NR/PY to report all their Connecticut source income, including the Connecticut source portion of their guaranteed payments at the pass through entity level.

On August 21, 2018, the Connecticut Department of Revenue Services issued Office of the Commissioner Guidance 7 (OCG-7), to provide information about the credit available under the pass-through entity tax, and how the credit is calculated. Under the alternative tax base calculation, the examples provided in OCG-7 demonstrate how resident (but not nonresident) individuals are allocated pass-through entity tax based on the entire amount of Connecticut unsourced income (plus Connecticut sourced income), while nonresident individuals are subject to tax only on Connecticut sourced income. In addition, the alternative tax base examples illustrate how corporate partners are not allocated any portion of the pass-through entity tax.

Additionally, OCG-7 addresses: excess credits; indirect pass-through entity tax credits; allocation of pass-through entity tax credits for combined filers; whether a partner can claim the pass-through entity tax credit before the partner receives a Schedule CT K-1 from the pass-through entity; whether a partner that is a trust can claim the pass-through entity tax credit on Form CT-1041; and whether a nonresident individual is required to file a Connecticut income tax return when the individual's only source of Connecticut income is a distributive share of income from one or more pass-through entities that file pass-through entity tax returns and pay the pass-through entity tax.

Indirect pass-through entity tax credits

Credits allocated from a subsidiary pass-through entity to a parent pass-through entity will flow through to the parent pass-through entity's partners. A pass-through entity must report the amount of pass-through entity tax credit allocated to each of its partners on Schedule CT K-1. Credits that exceed a corporate taxpayer's corporation business tax liability (under Chapter 208) may be carried forward until used.

Property tax credit

The Act allows a municipality to provide a property tax credit for owners of residential property who make cash donations to an approved 'community supporting organization.' The amount of the credit cannot exceed the lesser of the amount of property tax owed or 85% of the donation.

The IRS on August 23, 2018 issued a Notice of proposed rulemaking to regulations under Internal Revenue Code (IRC) Section 170. The proposed amendments provide rules governing the availability of charitable contribution deductions under Section 170 when a taxpayer received or expects to receive a corresponding state and local tax credit.

International tax issues

Office of the Commission Guidance – OCG-4

On April 6, 2018, the Connecticut Department of Revenue Services issued guidance regarding the treatment of Section 965 income. OCG-4 was later updated on May 11, 2018. The guidance provides that "[a] taxpayer must report its Section 965 income, in its entirety, on its 2017 Connecticut return." The guidance further provides that "Connecticut treats Subpart F income as dividend income." Accordingly, because Section 965 income is treated as Subpart F income for federal income tax purposes, Section 965 income is treated as dividend income in Connecticut.

OCG-4 further discusses that Connecticut provides a DRD that fully offsets the dividend income that a corporation receives from foreign corporations, to the extent such income is not otherwise deducted. However, OCG-4 states Connecticut requires an add-back of expenses related to dividend income. The guidance indicates "expenses related to dividends would be set at 5% of the dividend income" (see above discussion on Expense Disallowance Equal to 5% of Dividends).

Special Notice 2018(7)

On July 20, 2018, the Connecticut Department of Revenue Services issued Special Notice 2018(7). The guidance applies to income years commencing on or after January 1, 2018 and was issued to explain how Global Intangible Low-Taxed Income (GILTI) will be treated for Connecticut Corporation Business Tax purposes. As described in the notice, Connecticut will treat GILTI as dividend income “[b]ecause GILTI is treated in a manner similar to Subpart F income for federal tax purposes,” and “Connecticut treats Subpart F income as a dividend.”

Similar to the treatment of Section 965 income (discussed above), Connecticut provides a DRD that fully offsets the dividend income that a corporation receives from foreign corporations, to the extent such income is not otherwise deducted. Connecticut also requires an add-back of expenses related to dividend income, including GILTI. The guidance provides “[t]he addback should equal 5% of the gross amount of GILTI prior to any corresponding federal deduction.”

With respect to exclusions for previously taxed GILTI, the guidance provides “because income previously taxed as GILTI is excluded from gross income for federal purposes, it is similarly excluded for Connecticut Corporation Business Tax purposes.”

With respect to calculation of the apportionment factor, the guidance provides “[f]or Corporation Business Tax purposes, Connecticut does not include dividend income in the apportionment factor calculation.” Accordingly, GILTI is not included in the apportionment factor calculation.

Other pertinent insurance-specific legislation

Senate Bill 377

S.B. 377 authorizes licensed insurance agents and producers to create a new type of captive insurer, referred to as an “agency captive insurance company”, to insure against risks covered by policies they sell. The new law requires that an “agency captive insurance company” is owned or controlled by licensed insurance agents or producers; insures only against risks covered by insurance policies sold, solicited, or negotiated through owners or controllers; and does not insure against any risks covered by a health plan (PA 18-151, effective July 1, 2018).

Making our communities a better place

Insurers give back in meaningful ways

Collectively, Connecticut insurers and their employees are committed to having a positive impact in our local communities. As highlighted below, there are numerous ways that they do this. They donate significant amounts of time and money to help those in need and make our local communities a better place through a variety of community initiatives, grants, charitable giving and volunteerism.

Enhancing our communities



Grants

Cigna Foundation grants supported Malta House's mobile clinic and Connecticut Mission of Mercy's free dental clinic, which provide care for underserved populations.

Harvard Pilgrim Health Care Foundation awarded \$226,187 in grants to Brass City Harvest, Connecticut Food Bank, Green Village Initiative, New Haven Farms and New Haven Land Trust to grow and distribute fresh, local food to low-income families. In addition, each Harvard Pilgrim employee can designate a \$500 grant, funded by the Foundation, to the nonprofit of his/her choice. A total of \$11,250 was distributed through 23 mini grants in Connecticut. The Foundation's ongoing grant support of \$40,000 to Hartford Food System supports a year-round mobile produce market delivering fresh food to low-income neighborhoods in Hartford.

Northwestern Mutual – West Hartford presented \$50,000 to the Connecticut Children's Medical Center to fund Childhood Cancer Research.

Lincoln Financial Foundation increased its support of Mercy Housing & Shelter to help provide alternative ways of serving Hartford's homeless population. With the assistance of a \$25,000 grant from Lincoln, Mercy has provided 255 households at risk of losing their housing with diversion services such as conflict mediation, housing searches and financial assistance. Mercy reported a 25% decrease in the number of chronically homeless adults in Hartford and the 2018 Point-In-Time count did not identify one single chronically homeless family in Connecticut.

Prudential invested over \$1,180,000 in grants and over \$330,000 in matching gifts and employee volunteer rewards through the Prudential Foundation to nonprofit organizations serving Connecticut. They also invested \$14,500,000 in impact investments to nonprofits and businesses in Connecticut that seek to create both a financial and social return. In addition, Prudential invested more than \$471,000 in corporate contributions to nonprofit organizations located in or serving Connecticut.



Health and wellness

Funding from **Cigna** and Cigna Foundation is enabling Mandell Jewish Community Center to offer free Mental Health First Aid training. In addition, Cigna brought its national Health Improvement Tour with free health screenings and health coaching to Police Activity League's health fair in Waterbury.

Cigna was the lead sponsor of CT Partners for Health's Better Health Conference, which focused on health equity and social determinants of health.



Mentoring and employment

Aetna employees mentor students from schools in their neighborhood, including Covenant Prep, Trinity Academy, Burns Academy, West Middle School, the YWCA and more.

The Governor's Prevention Partnership and **UnitedHealthcare** hosted nearly 70 local high school students who are interested in careers in business at a day-long series of education, career building and health seminars. Students also job shadowed with more than 40 UnitedHealthcare and Optum staff.



Community service and development

Bouvier Insurance was instrumental in the founding of and are a charter sponsors of the Mayor's and Children Charity Balls.

Cigna's Community Ambassador Fellowship program provides a sabbatical-style paid leave so selected employees can help nonprofit organizations strengthen local communities.

ConnectiCare's Good Deeds program allows its members and employees the opportunity to engage and connect with nonprofits to improve our communities. Good Deeds teams have brightened up a stretch of blighted roadway in Hartford and worked with the Community Child Guidance Clinic, Inc. to educate people in and around Manchester about child and family-focused mental health services.

Aetna supports a number of community institutions and events, including, Hartford Police Activities League, Metro Hartford Alliance, Achieve Hartford, American Heart Association, The Travelers Championship, Habitat for Humanity, Connecticut Open Tennis, Greater Hartford Arts Council, KNOX, Inc., Riverfront Recapture, TheaterWorks, Hartford Stage, Middlesex Chamber of Commerce, Junior Achievement and Boys and Girls Clubs.

The Hartford commemorated the 70th anniversary of its Junior Fire Marshal program with a fire safety day at West Middle Community School in Hartford, which included deputizing over 200 students using fire and smoke simulations in the company's state-of-the-art Fire Safety House. To educate children about fire safety, The Hartford donated \$20,000 to the Hartford Public School District and Hartford Fire Department and distributed Junior Fire Marshal kits to Hartford public school students in kindergarten through third

grade. The Hartford also presented the Hartford Fire Department with an additional \$10,000 grant to refurbish the fire department's fire safety house, which was presented at a Junior Fire Marshal Stadium Night at Dunkin Donuts Park. More than 1,500 children took a fire safety pledge that evening to help reduce the risk of home fires.

Hartford Steam Boiler and its employees contributed funds and volunteered at nearly 100 community events and organizations, including Junior Achievement, Riverfront Recapture, Read to a Child, Habitat for Humanity, Making Strides Against Breast Cancer Walk and the United Way Day of Caring.

Through corporate grants, employee volunteers, workplace campaigns and collections, **Nassau Re** supported more than a dozen Connecticut nonprofits that help people satisfy basic needs – safe housing, adequate food and early education. These organizations included Habitat for Humanity, Foodshare, Hands on Hartford and Hartford's Fred D. Wish Museum School.

The Travelers Institute launched its *Every Second Matters™* initiative to explore the causes of distracted driving and help change social norms to make the road safer for drivers, passengers, cyclists and pedestrians. They also sponsored the *3 Seconds Behind the Wheel* CPTV documentary to help increase awareness about the distracted driving problem.

Vantis Life sponsors the placement of a Fidelco Guide Dog with a new sight impaired client every year.

On June 8th, **XL Catlin** held its annual Global Day of Giving, a company-wide volunteer day in which XL Catlin colleagues participate in hundreds of charitable projects around the globe.



Volunteerism

Aetna employees volunteered for more than 100,000 hours to causes they care about throughout the region.

Employees in **Amica's** Hartford and Danbury offices spent their annual Volunteer Day supporting numerous organizations, including American Red Cross, United Way, Our Companions Animal Rescue, St. James Church, Pembroke School and Immanuel Lutheran School.

Bouvier Insurance sent volunteers to Haiti to assist those impacted by earthquakes, hurricanes and economic instability by sponsoring a mobile medical unit that travels to the affected areas of the island.

ConnectiCare employees participated in various volunteer efforts, including the Women's Build with Habitat for Humanity Hartford, Special Olympics Unified Sports, Foodshare, CT Food Bank and Junior Achievement's JA In A Day program at Hubbell School in Bristol.

More than 1,800 of **The Hartford's** employees in Connecticut volunteered 30,618 hours throughout The Hartford's Annual Giving Campaign to help more than 600 nonprofit organizations. In addition, 600 employees participated in Foodshare's 2018 Walk Against Hunger, an event The Hartford has proudly sponsored for 25 years. Employees also volunteered more than 5,000 hours in support of food pantries and other hunger-fighting organizations over the past year, and continue to maintain a community garden on campus in Hartford. Last harvest season, the garden produced more than 300 bags of produce and herbs that were donated to help feed the local community.

MassMutual employees volunteered at Allied Rehabilitation Centers, Avon Lions Charities, Canton Youth Soccer Association, Children and Adult Mobility Project, Enfield Hockey Association, Girl Scouts of Connecticut, Horace Bushnell Memorial Hall Corp., Glastonbury Hartwell Soccer Club, Boy Scouts of America Connecticut Rivers Council and Noah Webster House & West Hartford Historical Society. In recognition of hours volunteered, the MassMutual Foundation provided donations to each of these agencies.

Prudential employees volunteered over 8,632 hours of their time and served as Board members to organizations located in Connecticut, including

Center for Latino Progress, Our Piece of the Pie, Hands on Hartford, Hartford Performs, and United Way of Central and Northeastern Connecticut.

Symetra's employee-led Adopt-a-Family program worked with local organizations to help brighten the holidays by providing gifts and food to families in need. Last season, their Enfield office hosted a bake sale that raised over \$2,300 which, when combined with individual employee donations, enabled them to deliver 271 toys to Toys for Tots, and donate \$1,900 to the EAHIM Friendship Center Soup Kitchen along with over 100 pounds of food supplies. The team also collected hats, gloves, scarves and ear muffs for The Gray House. Symetra's Farmington office supported Children's Connecticut Medical Center by donating nearly 100 toys and held a clothing drive to benefit Charities of Hope. In addition, throughout their annual week of service, employees in Symetra's Connecticut offices participated in a number of different projects at organizations like the Elizabeth Park Conservancy, the Town of Enfield Senior and Adult Day Centers, the Connecticut Children's Medical Center and Farmington Social Services. They logged over 1,450 volunteer hours which were financially matched at the corporate level.

Travelers employees in Connecticut logged more than 57,000 volunteer hours and helped more than 2,100 nonprofits across the state, including Habitat for Humanity, Junior Achievement and The Hole in the Wall Gang Camp. The 2018 Travelers Championship generated \$2 million for New England charities. The company also had a record number of employees volunteer at the 2018 Travelers Championship – approximately 2,000 employees.

Vantis Life employees have volunteered at numerous organizations, including the United Way, The Fidelco Guide Dog Foundation and Hartford Stage.

On May 15th, approximately 800 **Voya** employees volunteered across the Greater Hartford area as part of Voya's Fifth Annual National Day of Service. Connecticut-based employees volunteered at local nonprofits, including Girl Scouts of Connecticut, AmeriCares, Habitat for Humanity, Friends of Northwest Park and YMCA.



Arts and Culture

Bouvier Insurance is corporate sponsor of the Florence Griswold Museum, which in addition to educational programs throughout the year, has an extensive collection of early American art.

UnitedHealthcare provided grant funding to the Greater Hartford Arts Council 2018 "Arts + Wellness" program. These grants were given to four local organizations to create programs to help enhance the health and well-being of adults with disabilities and their families, including Hartford Artisans Weaving Center, Easterseals Camp Hemlocks, Nourish My Soul and the Queen Ann Nzinga Center.

Source: Provided by companies listed.

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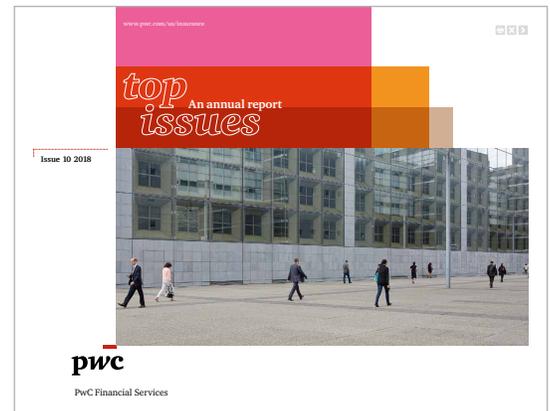
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Top insurance industry issues in 2018

- A new take on digital
- P&C insurance core transformation
- The deals environment
- Are your strategy and structure fit for purpose?
- Financial challenges are clear, but financial wellness is elusive
- Group insurance: No longer an overlooked market
- Shifting cost curves to stay in the commercial insurance race
- The Three Cs: How consolidation, customization, and collaboration will continue to impact commercial brokers
- Expanding into small commercial
- Cognitive dissonance and the CRO
- IFRS 17: Illustrative Product Actuarial Implications
- The operational impacts of the 2017 Tax Cuts and Jobs Act for insurance



Top health industry issues of 2018

Cross-sector collaboration

- The healthcare industry tackles the opioid crisis
- Social determinants come to the forefront
- Price transparency moves to the statehouse
- Natural disasters create devastation that lasts long after the event passes

Strategic investments

- Medicare Advantage swells in 2018

- Health reform isn't over, it's just more complicated
- Securing the internet of things
- Patient experience as a priority and not just a portal

Creating efficiency

- Meet your new co-worker, artificial intelligence
- Healthcare's endangered middlemen
- Real-world evidence a growing challenge for pharma
- Tax reform moves forward



Other insurance thought leadership publications

- *21st CEO Survey: Key findings from the Insurance industry*
- *Actuarial Modernization Survey 2018*
- *Advanced analytics and model risk management for insurance applications*
- *Are insurers adequately balancing cyber risk and opportunity?*
- *Customer experience in the New Health Economy: The data cure**
- *Health and Well-being Touchstone Survey Results**
- *How do actuarial and data science skills converge at life insurers?*
- *How well do you know your catastrophe modeling?*
- *Improving systems to improve insurance model risk management performance*
- *Making model risk management more cost effective*
- *Medical cost trend: Behind the numbers**
- *New risk governance models for insurance: Improving the three lines of defense*
- *New risk governance models for insurance: The case for improvement*
- *Non-life run-off in the US: Is the US market poised for a transaction surge?*
- *PwC NAIC Newsletter*
- *The Bionic organization: A new evolution**
- *The formal cost of long-term care services: How can society meet a growing need?*
- *The New Health Economy in the age of disruption**
- *The Insurance Industry Needs an Intervention*
- *Three simple ideas can take the panic out of your prep for IFRS 17*
- *US Financial Services Deals Insights Q2 2018*
- *US Health Services Deals Insights Q2 2018*
- *Variable annuity blocks – Deal activity*



*Denotes insurance-related publication

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Footnotes

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