



2017 ARIAS•U.S. Spring Conference
Emerging Risks Roundtable Topic Descriptions
May 3, 2017 | 3:35 p.m. – 5:25 p.m.

Autonomous Vehicles

Glimpses into the future of autonomous vehicles (AVs) are becoming clearer each day. However, the reality of impacts that AVs will have on claims, settling, and subrogation will appear in the very new future and before the “fully autonomous future” arrives. This roundtable will focus on discussing possible proactive steps that would help both manufacturers and insurers prepare for changing dynamics in the future.

Big Data

Big data has been defined as “the ability to gather large volumes of data, often from multiple sources, and with it produce new kinds of observations, measurements and predictions.” Simply put, Big Data is not only about the amount of data but how we use that data. The use of Big Data can facilitate efficiency and accuracy in almost every aspect of the business of re/insurance, however, the use and monetizing of Big Data raises legal issues and potential liabilities. As re/insurance companies realize the benefits of Big Data on their research and revenue growth, they will have to come to terms with the Emerging Risks associated with Big Data. Emerging Risks associated with Big Data in the dispute resolution context include, but are not limited to, discovery, storage, and data destruction. The roundtable discussion will address these evolving risks, among others, and focus on best practices to attempt to minimize liability.

Blockchain Technology

Blockchain technology is an emerging technology that has many potential uses in the financial services industry. Technologically, a blockchain is a distributed record electronic database, which means that the storage devices for the database are not all connected to a common processor. Some call this the “internet of value” and believe it is the next evolution of the internet itself. The technology is most often associated with cryptocurrency, like bitcoin, but this has been changing at a rapid pace. The World Economic Forum has predicted that by 2025, 10% of world GDP will be stored on blockchains or blockchain related technology. Blockchain technology has three main uses: transferring value; establishing identity; and establishing/verifying contracts. The insurance industry typically lags several years behind finance in adopting technological change, however, the use of the “smart contract” on a blockchain has increased investment in the “insur-tech” market and has given rise to the Blockchain Insurance Initiative B3i lead by Swiss Re, Allianz, Aegon, Munich Re and Zurich. The consortium intends to explore the “huge potential” for the blockchain to enable digital contracts and streamline industry processes at a savings between \$5 billion and \$10 billion a year. This is an emerging area of the law with a particular emphasis on the reinsurance and insurance industries. All insurance professionals should be carefully monitoring its development and eventual deployment. It is inevitable that blockchain technology will become prevalent in our personal and professional lives.

Cybersecurity

Cybersecurity issues affect ceding companies, reinsurers, arbitrators and counsel alike. This interactive roundtable discussion will focus on cybersecurity and privacy concerns for the insurance and reinsurance industry. Topics include the NAIC’s cybersecurity efforts, the recent New York DFS cybersecurity regulations, Big Data, Internet of Things, and Artificial Intelligence.

Drones

The rapid development and deployment of drone technology in our world is fast moving and presents many regulatory, privacy, legal and insurance issues. The FAA recently issued regulations governing drone operations and many states have passed regulations to control the technology. The proliferation of drones will challenge existing laws and require new ones. Insurers will be called upon to play a role in this technology and have embraced it for their own needs.

Enterprise Risk Management (ERM)

Innovation and emerging risks, especially cyber risks, have become prominent topics in the insurance industry. The NAIC, for example, has formed an Innovation Working Group and A.M. Best considers emerging risk management key in its evaluations. They both have roles to play in the overall management of risk within an insurance enterprise and are, in fact, integrated into the ERM programs of many insurance companies. This panel will discuss how emerging risks are managed, as well as how the risk are evaluated in an underwriting and legal environment that has not tested coverages.

Genetically Modified Organism (GMO)

We are living in an inter-connected world. The challenge is growing food for more people using less available resources. Genetically Modified Organisms (GMOs) have been around since the early 1980s and biotechnology has grown exponentially since then to find solutions to the world's food challenge. Proponents point to the benefits of using GMOs while opponents suggest there are unknown health effects, safety issues, and environmental concerns.

- **Benefits:** GMO's in agriculture have led to increased crop yields, less reliance on herbicides, pesticides, increased nutritional content and food quality. GMO plants are now more resistant to various diseases, pests, and are able to grow on less fertile land.
- **Concerns:** Public perception related to labeling, whether research is unbiased, the environmental impact of GMO crops, product recall/contamination, allegations of bodily injury, and the role of government regulators in ensuring health and safety.

Nanotechnology

Standard industrial elements exhibit completely different physical, chemical, and electrical properties at the nanoscale. As a result, nanomaterials are increasingly being incorporated into medicine, food, clothing, and numerous other commercial products. The effect of exposure to nanomaterials on humans and the environment is lagging behind the expansive use of these products. Recent studies and growing governmental investigation and regulation may be setting the stage for toxic tort and other litigation associated with exposure to nanomaterials. This roundtable will discuss the science of nanotechnology, its uses, and the potential emerging risks associated with exposure to them.

Opioid Crisis

Do you know that approximately as many people now die from drug overdoses as from car accidents and that deaths from heroin exceed gun related homicides? This session will explore the history of this crisis in America from the introduction of OxyContin in the mid-1990's to current efforts to reverse this deadly trend. We will discuss the impact of this epidemic on a number of sectors in the insurance industry – life, medical, disability, workers' compensation and property/casualty. Private and governmental litigation against pharmaceutical companies will be reviewed along with litigation concerning insurance coverage of these disputes. Finally, we will explore the potential reinsurance issues related to this societal tragedy.