

# Into the Breach Podcast – Episode 43: Welcome to the Aon Claims Team!

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**Welcome to Into the Breach, a reps and warranties policy podcast by Bryan O’Keefe and Gena Usenheimer, partners and co-leaders of the transactional underwriting counsel practice at Seyfarth Shaw, interviewing leaders from the industry and exploring the latest developments market trends and news impacting RWI and the transactional risk insurance markets.**

## **Into The Breach Announcer**

Brian, welcome to into the breach a reps and warranties policy podcast by Bryan O’Keefe and Gena Usenheimer, Partners and Co-leaders of the Transactional Underwriting Counsel practice at Seyfarth Shaw, interviewing leaders from the industry and exploring the latest developments market trends and news impacting RWI and the transactional risk insurance markets.

## **Bryan O’Keefe**

Well, hello and welcome to the latest edition of Into The Breach. I am Bryan O’Keefe and joined by my co host, Gena Usenheimer, and Gena, we’ve had a very important development in the life of the podcast since the last time we’ve done a podcast, and that this is now an award winning, nationally ranked podcast. It is like quite an achievement. We have, we have, we have reached here.

## **Gena Usenheimer**

I agree. Do you want to talk about our recent ranking?

## **Bryan O’Keefe**

Well, so, so we, so there was a ranking that came out of the top 60 M&A podcast in the country or Planet Earth, I don’t know, and we made the list. So we were –

## **Gena Usenheimer**

Planet Earth, clearly. But we’re number 46 everyone. There are 13 top 60 M&A podcast that are worse than our M&A podcast. So I think that is the main takeaway from this announcement, for sure.

## **Bryan O’Keefe**

Kind of like being the third biggest building in Milwaukee. But we’ll take it right, you know, like it’s alright, you know. So we were very we were very flattered at this honor, and all of the guests and listeners who have made this possible, all the people that have been along on the ride and in brought us to this summit. Well, we have some really honorable guests with us today, and we have a really great team. This is also new ground for the podcast, maybe since we’ve, you know, won this award. Now we’re trying new things, because we actually have three guests on the podcast today, our first time we’ve ever done three guests on the podcast, and we have with us today the Aon claims team. Anthony Dragone, the managing director; Jennifer Drake, Senior Vice President; and Steven Davidson, a managing director, who are all with us today to be talking about the new Aon claim study that just came out. Really great, informative study. And we’re just really delighted to have Anthony, Jennifer and Steven with us today. Welcome guys.

## **Jennifer Drake**

Thank you very much.

**Bryan O'Keefe**

Great. Well, I know that none of you are strangers to the to the transactional risk world, but perhaps if people aren't familiar with you, if you just want to give a little bit of background about yourselves and how you got, how you got into this, into this world. Want to start, Jen?

**Jennifer Drake**

Sure, so I actually sit in Toronto, Canada, but I worked with Steven and Anthony across North America. I was a former litigator at full service firm in Canada, and then joined Stephen in 2019 to come over and help with the number of rep and warranty claims he had on the go at the time.

**Anthony Dragone**

And thanks Brian and Gena having us. Anthony Dragone, I sit in New York along with Steven, and work with Steven and Jennifer on the North American claims team here. I've been with Aon since 2021. Prior to that, I was at another broker that we will not name and private practice before that.

**Stephen Davidson**

And I'm Stephen Davidson, I joined AON back in early 2016 I had been a litigation partner at DLA for a long time, and at the time, certainly on the Aon team, and more broadly in the industry, there were a lot of recovering M and A lawyers and tax lawyers, but there weren't any litigators. And in their wisdom, our senior leadership over here decided it would be good to have a litigator who understood both M&A and the insurance world, and they brought me over, in large part to build out a claims team and be the first in the industry that was going to have this kind of experience at a time where we really only had a couple of handfuls of claims that were out there. And so, you know now, I co-lead the North American Transaction Solutions team for Aon work with Jen, with Anthony. We have a global team on the claim side, which is pretty unique in our industry. We have two more who sit with us in New York. We have a team that sits in London. We have somebody in Singapore, we have somebody in Australia, and we all talk pretty regularly about what we're seeing, where the trends are, where we're seeing different bumps and issues in different jurisdictions, all so that we can be guiding our broking team, be guiding our clients, their advisors, on what it is that we're seeing. And that really brings us to what we tried to do in this claims study this year. This is the sixth time that we've done this, and we did it differently than we've done in the past, rather than really just having some of those high level statistics. We feel like we've got data that, if it's not actuarially sound, it's definitely more than just anecdotal. You know, we've gotten to a really deep level at this point, and we'll talk about this over the course of the podcast. We've gotten into different industries and try to be able to show where some of those issues are coming from in the different industries. So that we can be providing as much guidance as possible for our clients, for their advisors, for underwriters, for you guys who are doing diligence on their behalf. And hopefully, ultimately, we'll talk about this a little bit more towards the end of just leading to better deals and cleaner deals, and ultimately fewer claims.

**Bryan O'Keefe**

Well, I agree. Steven, in reading the report, I was extremely impressed by how granular the level of detail is in the report. I mean, we could probably have - we won't do this - we could probably have a multi hour podcast about the report, because it is so highly detailed, but that's really, you know, just the it speaks volumes about your team and how professional you are, the number of claims you're handling, and I think also the amount of, you know, thought leadership you're trying to provide to the industry, which is something that, you know, us on the diligence side appreciate. And I know, I know everybody appreciates that. So, so maybe diving into some of the topics we wanted to talk about today. You know, one thing that I've heard, and we've even sometimes heard this within our own firm, is this question, you know, do these policies actually pay claims? We know this working in an industry that is that the policies absolutely pay claims, but I think maybe looking at the claim severity and some of the

payment trends that that we saw in the report, I think it was very obvious that the, you know, the policies, are paying claims. But what have you guys seen in that respect in this updated report?

**Anthony Dragone**

Yeah, Brian, you know, appreciate that. And I think kind of building on what's Stephen was staying one of the reasons that we kind of shifted the focus this year into some more industry specific data is because we feel like that particular question has been answered, you know, pretty affirmatively in the past. You know, our Aon clients have received over \$1.75 billion globally in payments with over 1.4 billion of that recovery in North America through the end of 2024 and that number would be even higher, as we sit here today. In 2024 just in North America, our clients received 39 claim payments for over \$300 million with a median payment of \$5.5 million, and both that \$300 million and that \$5.5 million median are, you know, record amounts for any one particular year. And I think the other thing that we're just seeing is just generally claim severity has been going up, and I think that's what's driving some of these large numbers. So, you know, one of the things that we looked at, before we dive into more industry specific trends, but just kind of looking at general trends, is that we saw, if you go back to kind of the beginning of when this product became relatively popular in 2016, about 10% of claims back then were alleging loss, you know, greater than dollar for dollar. So whether that's on a multiple or some other diminution in value. But in this last year, in 2024 of new claims that came in just over 30% of those claims were alleging a diminution in value loss, right? So, you know, almost three times, you know, increase in, you know, what the large losses are seeking. Now, of course, we know that not all of those are going to resolve that way, but you know, a good portion of them are. We also think that that's driving some of the lost numbers.

**Stephen Davidson**

It's true that the severity has gone up over the last couple of years. If you go back, if you compare our severity in 2024 versus 2019. you go back to five years, there isn't - it's not a material change. And so it's hard to know whether this is a permanent uptick or if this is just part of the natural variation of what we see. It's, it's just, it's interesting to watch on a year by year basis. And you know, we'll have to track as things continue forward in 2025 and 2026 but if you do, if you go back to five years ago, it wasn't much lower than it was in 2024.

**Bryan O'Keefe**

Well, that's, you know, I also noticed that in seeing that the dollar for dollar change basically right, and seeing how that was driving, you know, some of the claim severity, that is certainly something that, when you look at the report, certainly sticks out. And maybe the next subject to talk about is sort of the claim frequency. And we know that it takes some time for claims that develop. So I know that you guys had one chart in particular, I'm looking at it right now where you kind of were going back, like three years. And also I think that 2021 year, those of us working on the due diligence side of it, remember it very well, because we were very, very, very busy. And sort of now being maybe the endpoint, or when we would expect to start to have seen claims with those, maybe we want to talk a bit about what you've been seeing in terms of claims frequency.

**Gena Usenheimer**

Before you actually, before you answer Brian's question, I have a question about the \$5.5 median claim recovery. So do you what do you think is driving that? Do you think it's that there are more low dollar policies that are being written, so it's like a heavy distribution at the low end of the recovery, or that the claims are just not - the majority of claims are not these policy limit claims. Or, like, what do you think is driving that low number? Because it seems like pretty low, I understand it's high, the highest. I read your report, it's like the highest median that you've seen. But given the severity that we've been talking

about and all these, like, huge deals, I'm just wondering, what do you think is driving that sort of on the lower end of the scale?

**Anthony Dragone**

Yeah, so I think Gena, you know, it's a good question, right? So the way that basically, the policies work is if you look at the distribution across, like, what percent of the limit is being accessed? You're seeing the biggest chunk of claims are kind of in that 0 - 20% because a lot of like the third party, let's call them compliance with laws claims that are going to be on dollar for dollar and are maybe just going to be a settlement or are going to take over the retention because of defense costs, those all get entered as data points, right? But then your big claims right, your material contracts claims, your financial statements claims, your condition of assets claims that are much bigger. They're obviously going to be on the upper bound right. So they're going to be accessing the 80%, 90% or policy limits right of the policy or of the tower. But there's not going to be as many of them as there are going to be the compliance with laws ones. So when you look at the median, the median is going to skew more towards kind of the left, right, towards that 0 - 20% bucket. But the average is always much higher than the median, because there are a couple of very large payments every year, but they're not going to be on on the, on the average right or on the on the overall numbers, the majority of the payments. So the median is going to push a little more left, basically.

**Jennifer Drake**

And we are seeing about almost 10% of our policies receive a policy limits payment. So we're absolutely seeing those really high claim amounts, and those, you know, big claims that are going through the policy limit, so those are still definitely happening. So I think Anthony's right, that median number can be a little bit deceiving in terms of the fact that it doesn't tell the whole story around what we're seeing with respect to claim payments.

**Anthony Dragone**

Yeah, and it's also just interesting too, right? Because as retentions come down a little bit, right, maybe some payments that before were really small claims that would have remained within the retention and therefore not been a data point in like, the paid claims are just bubbling over maybe \$100,000 or \$200,000 but those are now being entered as data points, right? So that's why, you know, we always think the more important number is kind of overall recovery within a given year, because it kind of takes out some of those, like little ones that are ticking over the retention or maybe skewing some of the overall numbers. So you know, when we say that this year in North America alone, we recovered over \$300 million and that's the highest that's ever been. We think that you know that that maybe tells a little bit more of the severity story. But I also think you know, you have to look at all these data points together to kind of look at the full picture, because there are small claims, there are big claims, and there are claims in the middle of those,

**Gena Usenheimer**

Because even Jen with the 10% that are recovering at the policy limit, not every policy is like a \$25 million policy or has a huge tower, right? So there are some policies that you could have, like a \$3 million policy that's hitting the limit, but it's still going to be skewing the median.

**Anthony Dragone**

It's funny, too, right? Because we have, you know, to your and Jen's point, like we have those scenarios, right? We've got the \$3 million policy that's a policy limit payment or not, and it can't ever be more than 3 million, right? We have the \$65 million insurance tower, where, you know, the loss was 120 million, and had they bought more insurance, then maybe the loss would have been even bigger. And move those numbers up, right? So there's, there's other factors that kind of, you know, always are

in every individual situation. And that's why we try to provide as broad a base of different numbers, so that everybody can look at it as holistically as possible.

**Gena Usenheimer**

Okay, sorry for that.

**Bryan O'Keefe**

No, it was great.

**Jennifer Drake**

That was an interesting, yeah, it's an interesting point in terms of claim frequency. We something we look at every year, because it's another important piece to understanding what's overall going on with respect to the claims trends. And historically, the average has been 20% of policies seeing one or more claims being notified. When we look at the average now factoring in, you know, more recent years, it's dropped to 18% and we did see a real dip in claim frequency in 2020, and 2021, which we think is pretty directly related to covid, it was sort of a notable decrease. And it seemed that just companies were so caught up with trying to navigate the challenges that covid was presenting, that there really was less of a focus on, you know, the claims, and making claims and dealing with issues within the company that way. So Bryan, you noted that 2021 was such a crazy year for deals and same for policy placement. You know, really significant number policies placed, really high multiples, and really high enterprise values, so all eyes were on 2021 in terms of claims trends. And in terms of claims frequency, it sits around 16% so actually below the historical average, but we have seen claims made on that so the overall claims payments on policies placed that year still to be determined, because we're still working through claims on those 2021 policies. Looking forward, we're still seeing claims come in on policies placed in 2022 onwards, and it seems to be that we're trending back up closer to that historical average of between 18 and 20% so maybe that dip was just related to covid, but it remains to be seen. And as Anthony noted, you know, claims frequency, even if there's a little bit of a decrease in the claims frequency, it doesn't necessarily mean that we're seeing a similar decrease in terms of the amount of the amount being paid out on claims. In fact, as he noted, severity does seem to be at least remaining stable, as Steven said, potentially a variance last year or possibly going up. We're still tracking the data to see, you know what's going to be happening in the next few years.

**Stephen Davidson**

We won't have solid data on what the actual loss ratios are, at least on our book for 2021 for 2022 probably for a couple of years. And I do think anecdotally, the severity does seem to be going up for those 2021 policies, which isn't surprising, because the multiples were bigger, and so even if the frequency is down a little bit for that year, we'll have to see how everything tends to turn out. But it does seem that historically, we're trending in a direction where the claims are a little bit more severe. As we move forward, we're just going to have to see how it turns out.

**Gena Usenheimer**

And do you have any sense of what's driving that? Do you think it's like education on the part of the policyholders? Is it? I mean, I don't think it's something like lower retentions. Or do you think it's broader coverage under the policy? Do you think it's just typical ebb and flow, like, what do you think is driving the overall increase in severity?

**Stephen Davidson**

I think that there are a couple of things that are going on. One is that we definitely do have more awareness of the policies and the way that they can work and there are, there are folks who are making more aggressive arguments on how loss should be calculated at times. By no means everyone, but we

do see it from time to time. But I also do think it's a function of the higher multiples that we saw. End of 2020, into 2021, beginning of 22 that necessarily is going to lead to claims that can be bigger and we'll, we'll, we'll have to see how things continue to develop. But as of right now, that that seems to be the main cause of all this.

### **Bryan O'Keefe**

Then I think turning to in terms of the breach types. You know, I think your report laid out that, you know, compliance with laws, I think, was the number one, followed by tax and financial statements and material contracts. I know in previous reports, these four have, I think, sort of been the ones that we sort of see over and over again, and maybe material contracts and financial statements, maybe a little bit higher in some previous years, but just maybe give us a little bit of insight into what you've been seeing in terms of those breach types.

### **Jennifer Drake**

Bryan, you're right. It seems to be the same breach types that generally come up year over year, with some slight variation. So it, you know, in terms of frequency it is, it's tax compliance with laws, material contracts, financial statements, and so that's interesting. But what we really look closely at is which ones are driving the loss amounts. Okay, fine. We see a lot of tax claims come in, but they don't tend to result in a lot of payments. They tend to be more frequency, less severity, you know, very low amounts for the most part, although we are aware of some larger tax claims playing out now, so remains to be seen. But the ones that really tend to drive loss are financial statements and material contracts. Those two tend to be the claims where you're more likely to see a multiplier applied to the loss amount in terms of clients seeking that board to be made whole with respect to their loss. And so that just tends to be the two reach types that contribute the most to where our insurers are actually paying clients, so we watch those more closely and those have been somewhat stable in terms of the top breach types driving loss for the last few years.

### **Bryan O'Keefe**

And then in terms of notification, I think you had a note your report, and I think you saw about half, I think it's like 49% came in more than 12 months post closing, and then the other half, assuming we come in before that. So it looks like there's kind of this still a pretty even divide of whether or not it's coming in 12 months or more. But obviously before used to usually have, like a one year escrow or something. So this is giving people a longer tail, basically, to be able to bring a claim if they notice something, you know, later on in the life cycle of the business.

### **Anthony Dragone**

Yeah, Bryn, I'm glad that you, you know, zeroed in on that when you're reading through the report, because it's one of the things that we really like to highlight, as, you know, a very clear and obvious benefit of the policy. So you're exactly right. Our stats show, our data shows that once you look at all policies that are off risk or at least three years old, so the general reps have expired, 51% of the claim notifications on those policies are coming in in the first 12 months, which means that 49% are coming in after 12 months. Ait's the three year policy period that's such an enhancement and such a benefit for buyers, because, as you noted, absent the policy, when you're dealing with a typical seller escrow, you have a 12 month, you know, period to make a claim, which means that 49% of all of these claims you would have no recourse for absent the policy. So, you know, we really like to kind of put that front and center and put that out there, because it's just an obvious benefit of the policy. Because, you know, we see these claims that get picked up by the policy where you wouldn't be able to otherwise, and there are significant claims that pay right? 30% of all recoveries so far are on those claims that have come in after 12 months. And as you can imagine, there's more of the claims that are still active in that space, because they came in later in time, and some of them are still working through the process. So you

know, there's significant benefit to that longer tail. And you know, it's one of the things that we try to highlight in the claim study.

**Bryan O'Keefe**

And you did not plant that question with me. I asked that question totally independently.

**Anthony Dragone**

So never doubted it for a second We like it very much when you guys are coming up with the questions that- we want you to be able to come up with the questions yourself.

**Bryan O'Keefe**

Great things stick out in the report

**Gena Usenheimer**

We thought we could talk about the claims by industry, which was the scariest part of your report for me, personally, and also, I mean, in particular, it was, I thought it was very interesting to see that certain industries are more prone to these sort of broad - I think of compliance with law claims as sort of like a broad catch all, almost like the undisclosed liability rep, because it could be really almost anything that you can shoehorn in there, right? You can have a wage and hour complaint. You could do that. You can have a billing and coding issue. You can bring compliance with law. I mean, there's so many. So what maybe you want to talk about what is like, the most surprising trend that you've seen, or something that is new to you or interesting,

**Jennifer Drake**

Sure, and I - we did definitely don't want this part of the report to be scary, as Steven says. In fact, this is the part of the report that we are most excited about this year, you know, if you talk to and - I will admit we are all pretty we're data nerds, so we are in in the weeds on all this information, but we really think that this is such interesting data to finally share, because we have now seen enough claims to be able to help provide some guidance or insight to both anyone in the deal industry, whether it's our client or their advisors or the insurer trying to underwrite these deals around what are we seeing drive the losses, and how does that change based on the industry of the target company you're looking at? So really not intended to be scary, but more so intended to be used as another reference point when you're doing your diligence around, well, what should we look at for these companies? What have we historically seen claims pay out on. And what was interesting to us is, I think, going into it, we all suspected that there may be a few industries that proved to be more high risk than others, you know, really high percentage of claims compared to the percentage of deals that we where we place those policies, that type of thing. And that didn't turn out to be the case. In fact, when we looked at the percentage of policies that Aon placed for each of these industries, versus the percentage of claims being paid or being made by those industries, and then the total amount being paid to those industries. It really was a surprising - it was surprisingly even across all industries, there really was alignment between those three data points sort of indicating that there isn't one industry that was an outlier in terms of being particularly high risk. But when we dove into each of the individual industries, it was very clear that there were significant differences in terms of where the claims were arising and what those risk profiles look like. They really varied industry by industry, even though we couldn't clearly point at one or two and say, Oh, these are really high risk. These are clearly driving, in our book, the claims or the losses. So I think that was a surprising finding to us.

**Anthony Dragone**

Yeah, I could just kind of layer on there, you know, a touch, you know, just to give an example, right? Because Jen's right, we were somewhat surprised to see how kind of even the risk profile was. But

then when you do the deeper dive, which is one of the things that we really would love people to kind of read, you know, we saw within each individual industry that there are those specific differences. So just one example, one industry that we looked into was tech, for instance, right? And, you know, you never would think that tech would have a very high frequency of tax claims, or at least that wouldn't have been my, you know, kind of first thought. But it's actually like, far and away, the most frequent type of claim in the in the tech industry is a tax claim. Now, the severity on that is still relatively low, and there are a lot of reasons why. And you know, we can maybe talk about that at another time, but you know, one of the things that we did see in tech that, you know, is very different than other industries. And even though the overall profile, again, is relatively similar to other industries, you know, 15% of all tech claims are in the IP space, and that drives over 20% of the loss, right? And then we kind of go into detail in the report of kind of where some of those claims are coming from. And our hope, you know, as Steven said at the beginning, is that you know, this information can be used by, you know, all consumers of this report, you know, in order to kind of improve their deal making going forward. So we really wanted to, you know, kind of give all of those industry specifics and show that there are very big differences between every industry, even if the overall risk profile on its front looks pretty similar.

### **Bryan O'Keefe**

And I thought, you know, this whole subject is scary for underwriting counsel, because we don't, we're always, you know, trying to make sure that our clients don't have claims. But I thought that the heat map that you guys have on page 13 of the report, I mean, I really recommend the people check that out, you've done a really wonderful job of - they're bluish colors. And then, you know, across the one line, you have the type of claim, and then the other you have the industry, then you have these kind of color codes that sort of correspond to this and I think that it can be very helpful for buyers and underwriting counsel to understand, you know, where you're seeing, you know, more types of claims. In order to drill down on those kinds of issues, we're always trying to find ways to make this process more efficient and smoother on the underwriting side. And I think this does really help, perhaps drill down any in the most specific way I've seen it, to be able to see, like, you know, what sort of industries are really getting, what types of claims.

### **Jennifer Drake**

Absolutely and some, like some of these industries, it may just be validating what you were already looking at as well. I know with healthcare, everyone's very aware of the potential for billing and coding issues, so we looked at that really closely with respect to that industry. And what the data shows was, you know, it did validate that, yes, those are showing up in financial statements breaches, and compliance with laws breaches in some cases. But the interesting twist to it was that financial statements breaches are actually the fourth highest in terms of frequency for that industry, which is where billing and coding issues most often show up. And so the way we interpret that is, this is likely something that's being pretty heavily diligenced And in most cases, probably being caught, which is why that's not the most frequent breach type you're seeing for that industry. The most frequent was compliance with laws, which, given the healthcare regulatory landscape, is not surprising at all for that industry, and again, something that deal makers are probably already looking at closely. So, you know, even in that scenario where the data may not be totally surprising in terms of what it's showing, it validates where you're spending your time and money, probably already in that industry.

### **Stephen Davidson**

One of the things we always go back to and when we're thinking about what our data is showing, both anecdotal and statistical. If you go back two, three years now, there were, there were a raft of claims on licensing issues right when, when a company was acquiring a target, they didn't have enough, it sounds so simple, Microsoft licenses for all of their different users. And we had, over the course of a year, year and a half, maybe five or six different claims. And they sound relatively straightforward, but they almost

always come with a multiple, because you're going to have to do that over the course that over the course of years. And all of those added into the seven figures. One of them got into the eight figures. And it was one of those things where, as we were talking to different underwriters, talking to our clients, talking to their advisors, we pointed out this was something that we were seeing, and it's, it's, it's a relatively straightforward fix, right? If it happened to be something that wasn't really as high on the diligence list, on the underwriting list, we'd move it up. And when you're seeing something like that, you know that is something that more often than not, as long as we're doing the diligence, we can catch and then it's a problem we're not going to have going forward. And we we really haven't seen, I don't know if we've seen any of them over the last couple of years, but if it's even been one, it's a lot less than it was a few years ago.

### **Gena Usenheimer**

So we're sort of getting short on time. So before we move into the next section of the podcast, I thought, since this report is so long and so detailed and has so much helpful information, it might be good to give each of you sort of a chance to let our listeners know one important thing about the report or something that you found particularly meaningful or interesting just before we shift into the final section of the podcast.

### **Stephen Davidson**

I'll go first. It's something I said at the beginning, and I think Anthony reiterated it really is the fact that as we dive down into the data on an industry by industry basis, there is no one industry that is on its own standing out as riskier than any of the others. And that's a really great thing to be able to see. Because, I mean, if you would, if you dove in and then you found that tech just had a significantly higher claim rate, had a significantly higher set of payouts, that would call into question how it is that those are being underwritten and whether it would make sense to do that, but the fact that things are relatively consistent relative to the number of deals that are out there and the number of policies that are out there really is, is, is heartening to know .

### **Gena Usenheimer**

Absolutely.

### **Anthony Dragone**

And the one thing that I'll add, because obviously, you know, our conversation here was very North America focused, is, I'll just add that it is, it is a global report. So to the extent that we have listeners here who are doing deals in EMEA or APAC, there's a lot of good insights in you know, those regions as well. We I don't have the ability to speak as eloquently on them, obviously, as the North America stuff that we're doing on a day to day basis. But I just want to kind of highlight that again, for any listeners that you know have interest in those areas. There's a lot of really good information in there, and especially in the EMEA section. So much like we broke hours down into industry, the EMEA section does the same a lot by country. And you can imagine there's a lot of difference between doing a deal in Italy versus doing a deal in Germany, and they go into a lot of that as well. So I just want to highlight that here.

### **Jennifer Drake**

Think our tax team would want me to say that there is also a section in this report on tax insurance and tax insurance claims, and those claims tend to have a longer lag time to come about. Those policies have a longer policy period, because it can just take more time for the tax authority to sort of commence an audit and for everyone to understand how that's going to play out. But we are working through some significant tax claims now. We do expect that data to continue to change in the coming

years, and I think there's really some interesting information in there this year, so I would make sure to give that a quick plug as well.

**Gena Usenheimer**

Great. Okay, well, that's awesome. Thank you all. Okay, so as everyone should know, because you listen to the podcast all the time, we have three questions now at the end of the podcast, two are the same questions every week. The third one is a mystery fun question. So the mystery fun question, Brian wants everybody to answer, but perhaps the first two questions we can just throw out one person can answer, and we'll move through them that way. So the first question is, what is the biggest change that you think we'll see in RWI in the next 12 months? And you can answer claim specific or not, or whatever you want. So who wants to answer that?

**Stephen Davidson**

I've been accused in my life at times of being some glass half empty, but I'm going to answer this one in a more optimistic way. We've talked a lot over the last half hour about the level of data that we have, and it's grown with every year and every study that we've done, and with every claim that we have. And we have better data than we've ever had before. And we've really tried in this study, and we try to do this on a daily, weekly, monthly basis with our clients and their advisors and the carriers to be able to help them see what we're seeing. And I guess my prediction slash hope, is that over the course of the next 12 months, we are using this data to be able to do better deals and be able to identify where some of these issues are not, not to be using it in a negative way. Say, well, I just don't want to do this at all, but really use it in a positive way, and be able to focus on an industry by industry basis, and identify where some of those issues are and make sure that we're really doing the diligence on those particular issues. Because I continue to believe and I think if I ever get to a point where I don't believe it, I may go back to billing hours. Our clients don't want to pay \$700 million for a company so that they can put in a \$25 million up in warranty claim. It just doesn't make sense. If you're private equity, you want to be able to buy this company, do what you do with it, and ultimately make money on it. If you're a strategic you want to be able to wrap them into your company and incorporate them in and be accretive. And so if, if the data that we have can help our clients do that, and at the same time bring down a claim rate, you know, ultimately, that's a win for everybody in the entire industry.

**Gena Usenheimer**

Absolutely okay. And our next question is, what is one piece of career advice that you would give someone interested in working in this space? And you can interpret that as broadly or as narrowly as you'd like.

**Stephen Davidson**

So I got nominated to do this one too.

**Bryan O'Keefe**

Oh, okay.

**Stephen Davidson**

I'm grumpy, but I'll be optimistic on this one too. I think about it in two separate ways. If I'm thinking about some of the juniors who haven't been to law school, haven't been to business school, and are looking for a career opportunity this, this is a pretty unique space where, if you have an interest in M&A, to be able to come in here, you you will have access to, I mean, some of the brightest, most passionate people out there, get exposure that you probably wouldn't get in a lot of different jobs. I mean, you've, you've talked about this on different podcasts with your guests, about some of the affinity groups that are out there, all the networking opportunities. I mean, we have all spent time together at different

events. We get to know each other and and for the juniors, if you have an interest in M&A, being able to see the business side of things, it's an amazing opportunity to be able to get into a space where you're going to be able to learn a lot, and I think it's a fantastic jumping off point to whatever it is you want to do with a career. And then, on the more senior side, for the folks who are in law firms now and are thinking about getting out and coming over to the transaction solution side of things, it's also - this is an opportunity to be experts in something, right? I mean, when we're in law, in big law firms, in particular, it can be hard to and as you guys both know with everything that you've achieved in the transaction solution space at this point, and the team that you've built, and the reputation that you've built, to really be known as an expert in one particular thing. A lot of people are generalists, and this is a chance to be able to come over somewhere and just again, be working with the smartest, most passionate people and see the business side of things, and probably more quickly, have opportunities for career and business development. And if you have interest in those types of things, if any of our listeners have interest in those types of things, and I would encourage them to talk to any one of us, anybody on our team, we all - we're grateful for the opportunity that we've been given in this space, and we're happy to be able to talk to anybody who has any of those interests and be able to give advice and give some guidance. So folks want to are thinking about coming over to the business side of things from big law.

**Bryan O'Keefe**

Well, that's a perfect answer. That's great. And then you mentioned that we've spent some time together. All of us have spent some time together, and that's actually a segue into our final mystery, fun question. So Jenna and I have been very generously invited by your team to the Aon conference over the years, and we've went to some really great places with you guys in Miami and Arizona and Los Angeles. So our mystery fun question is, if there was no budget, you had an unlimited budget, an unlimited appetite for having this conference in any location in the world. Where would the three of you have your dream Aon conference location be?

**Anthony Dragone**

All right, I'm going to jump in first, because I've actually been pitching this and been slapped down a number of times, and my pick is clearly and always will be my favorite city in America to spend three days, and that is New Orleans. I would do a New Orleans conference, with all of the food and activity that you can find yourself in New Orleans and all of the stories that would come out of it, and that has been said a resounding no. So Bryan, I have tried and I have gotten no traction.

**Stephen Davidson**

There isn't a place big enough. Were you guys around for Vegas?

**Bryan O'Keefe**

I think that actually predated us.

**Gena Usenheimer**

Yeah, but that sounds like a great conference.

**Stephen Davidson**

Well, it turns out a lot of corporates don't let their people go to conferences.

**Bryan O'Keefe**

For good reasons. Yeah.

**Gena Usenheimer**

Well, our law firm does not care, so we are open and expecting invitations to events in Vegas. You just let us know.

**Jennifer Drake**

I've been thinking about this as well. And this is obviously going to be a no go, but if there's no budget, you know, we can go anywhere in the world. I would take the conference International. We would go to Bali. We would have every session on the beach. We would have, like, surf and swim breaks like I can see it. I'm going to, you know, talk to Rachel about it, but I don't ever see it happening, but I think we should go international. And go to a beach somewhere, and the more the remote, the better. We can all just sort of have to take off a full week or two and stay, extend the trip.

**Gena Usenheimer**

The only problem that I can see with that plan, because it's a great plan I just came back from Bali, is that the 20 hour flight to Singapore is amazing, but you can, you, we'd have to do it so you're not sitting next to anybody that you know, because that's like, the worst part is, when you're coming home and you're like, sitting next to someone, you have to make small talk. And like, small talk for 20 hours is like, a hard yeah, we have to add logistics

**Jennifer Drake**

Fair point. Yeah.

**Bryan O'Keefe**

We can figure the flights out. So, all right, Steven, your turn.

**Stephen Davidson**

I think that I'm too in the weeds on the actual planning of this and all the different ideas that do get shot down. But I if I could do this anywhere I'm in the same, the same headspace as Jen, I was thinking place like Costa Rica, where you could just kind of mix being in the in the cloud forest, being on the beach, being able to have all those kinds of amazing activities together. Because frankly, that's been a move that we've had over the years. And we've moved from doing more panels to fewer panels, having more networking time, having more time together, to just be able to spend and build all those relationships which are so important to everything that we do in this space. So I would vote for a place like that. But yes, the flight thing does come up very quickly whenever any one of us suggests something that's just a little bit different. We had talked about Puerto Rico for this year and yeah, no, not gonna work. Well, then an early plug for 2026, we'll be back in Florida at the Ritz Carlton Key Biscayne. Great.

**Gena Usenheimer**

We much. We are big fans of the East Coast Conference on this podcast,

**Bryan O'Keefe**

yes, yes, yeah. Well, thank you guys very much for joining the pod today. We really, really appreciate having you on, this was full of great information, and I really encourage all of our listeners, if you haven't checked out the report yet, to please do so whenever you have some time, because it has just, just full of great data and a wonderful resource for the entire industry. So thank you very much for joining us.

**Anthony Dragone**

Yeah, and Brian and Gena, thank you so much for having us. We feel very confident that after this episode drops, you guys will be the 45th most popular.

**Gena Usenheimer**

For sure. We're moving up. That's right.

**Stephen Davidson**

You've been holding on to that. You've been holding on to that for 35 minutes.

**Bryan O'Keefe**

That'll be our aspiration. So all right. Well, thank you very much everybody for joining us, and until next time. Thank you.

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