

# BEST'S REVIEW® ISSUES & ANSWERS:

- Specialty Coverage
- ESG

Experts discuss how specialty lines insurers cover unique, high risks not accommodated in the standard markets. Also, there's a look at how ESG scores are being incorporated into rating and underwriting decisions.

## Interviewed Inside:



**David Nelson**  
Nationwide

View past Issues & Answers sections at  
[www.bestreview.com/issuesanswersarchive.asp](http://www.bestreview.com/issuesanswersarchive.asp)



Product manufacturing

# Real Expertise. Real Specialization.

From property and casualty to personal lines, our excess and surplus team specializes in complex and hard-to-place risks with tailor-made solutions that work.

**A+**  
AM Best FSC XV  
(12/22/2021)

**A+**  
Standard & Poor's  
(5/7/2021)

Fortune  
**100**  
Company

## Excess & Surplus

Experience our expertise: [nationwide.com/experience](https://nationwide.com/experience)

Products unavailable except through a licensed surplus line broker. Availability varies by state. Policy eligibility is subject to underwriting qualifications and approval by the insurer writing the policy. Insurance products underwritten by eligible surplus lines insurer affiliates of Nationwide Mutual Insurance Company, One Nationwide Plaza, Columbus, Ohio, 43215-2220, including **Scottsdale Insurance Company (unlicensed except in AZ, DE and OH)**, **Scottsdale Indemnity Company (unlicensed in AZ and DE)**, or **Scottsdale Surplus Lines Insurance Company (unlicensed except in AZ and NJ)**. **Scottsdale Surplus Lines Insurance Company is not an eligible surplus lines insurer in CA.** Nationwide, the Nationwide N and Eagle, and Nationwide is on your side are service marks of Nationwide Mutual Insurance Company. AM Best A+ (12/2021, The second highest of 16 ratings). Standard & Poor's A+ (5/2021, The fifth highest of 21 ratings). ©2022 Nationwide.



**Nationwide**<sup>®</sup>  
is on your side

# Opportunity in E&S

David Nelson, Executive Vice President, E&S Wholesale for Nationwide, E&S and Specialty, said that surplus lines insurers can respond to the market needs of agents and brokers much more quickly than the standard market. “We’re able to cater our products and appetite to fit those areas where uniqueness, higher risk, or specialization cannot be accommodated in a more commoditized marketplace,” he said. Following are excerpts from an interview.



**Nationwide®**

## David Nelson

Executive Vice President, E&S Wholesale  
Nationwide, E&S and Specialty



“The Nationwide E&S leadership team is constantly monitoring changing market conditions for opportunities to drive greater diversification and further enhance our financial performance.”

Visit the Issues & Answers section at [www.bestreview.com](http://www.bestreview.com) to watch an interview with David Nelson.

### What does the current E&S market look like?

The E&S market today is very fluid and still recovering from the effects of the worldwide pandemic. The market feels like it's in a constant state of flux. Depending upon line of business and geography, we're seeing capacity constriction, more exits, new entrants, existing players retooling portfolios, and economic and environmental impacts all driving a constantly changing marketplace. Over the last two years, many changes have occurred in the market. The most immediate impact was on reduction in capacity for many carriers, both in standard lines and E&S. Opportunities were there for carriers looking to replace others cutting their limits, and rate increases were almost a given. Today, most of the capacity reduction has already taken place, but there are still some openings out there for opportunistic carriers.

### What emerging risks and trends are you seeing in specialty coverages?

We're noticing things like insurance to value impacted by rising home values and cost to rebuild, inflationary conditions both on economic and social inflation, and exceptionally high jury awards. In addition, we're starting to see some hot-button topics like PFAS or cryptocurrency exposure. Carriers that cover PFAS, most commonly referred to as forever chemicals, are facing difficult decisions about whether to exclude PFAS from all risk or to evaluate each account on a case-by-case basis.

### What do you view as opportunities for the excess and surplus market moving forward?

It's an ever-changing marketplace, and the E&S market is primed to react swiftly to mitigate risk and take advantage of new opportunities. We're seeing standard lines carriers changing appetites and jurisdictions, which are becoming more complicated. We're poised to cater products that provide viable solutions. The E&S market will need to evolve quickly as the world around us changes. Carriers who plan for and quickly adapt to changing

socioeconomic conditions such as insurtech disruption, supply-chain interruption and inflation, just to name a few, will rise to the top.

### What positions Nationwide as a leading carrier with wholesale distribution partners?

There are many things including our brand recognition, our financial strength and our breadth of product and appetite, but most importantly our specialized expertise across a broad set of product verticals. The breadth and depth of E&S coverages we offer coupled with our world-class underwriting expertise make us a market leader for our distribution partners. We have strong diversification across our product offerings. We're currently working to leverage our capability and successes on the contract binding side to grow our brokerage business. Within brokerage specifically, we have launched verticals in 2022 so that we can scale our book with a consistent appetite, deep expertise, and exceptional customer service for our partners. We're excited about the ongoing work that we're doing to become a meaningful brokerage player to our wholesale distribution partners.

