

**DAVID SAMPSON
MONDAY, FEB. 15, 2016
EXECUTIVE ROUNDTABLE REMARKS
GRAND BALLROOM CENTRAL**

Welcome and thank you for being here. I'm glad you could join me for this luncheon – it's a great opportunity for PCI board members and member executives to meet and network.

Let me start by thanking the ERT Planning Committee, Joanne Orfanos and her team, and Courtney Thomas and the meetings team for a great event.

I want to talk to you today about our future ... and the continued economic uncertainty and increased political risk our industry faces.

Now, I will admit, I'm a fundamentally optimistic guy and how could I NOT be?

I couldn't have written a better script for my life. I had a loving family and grew up in rural America ... "close to the land."

I grew with an understanding of opportunity and a CONFIDENCE in the American Dream.

My father, a World War II vet, never went to college. I suppose he could have used the GI Bill, but HIS father – my granddad – died in early 1945 and my dad had to take over the family farm when he returned from the war.

Despite the fact that HE never went to college, my father believed education was THE path to opportunity and he made sure I had the chance to go to school.

With his support, I finished college and went on to have a diverse, meaningful career ... one that took me from my ordination into the ministry to economic development and public policy in the private sector and state government in Texas.

I was nominated by President Bush for two different senior administration posts – and confirmed by the Senate twice – and now I'm running a major national trade association. I've also beaten cancer TWICE ... and have a beautiful wife and TWO sons growing into fine men.

How could I not be optimistic about what life offers in America?

I also believe our nation's history is ... FUNDAMENTALLY ... a story of optimism.

Some might argue that I live in the past ... AND I do believe we have so much to revere and preserve: our core principles ... our heritage ... our landmarks and other national treasures.

I especially value the history of the American West. The writer Wallace Stegner said, "The Westerner is less a person-- than a continuing adaptation" and "the West is less a place than a process." The story of the West IS a story of struggle ... but it's also the story of a pioneering spirit and hope and optimism amidst hardship ... a story about building a better future, not only for oneself, but also for those who follow.

I believe that our founders built a system based on the knowledge that no "golden age" lasts forever ... and that no "golden age" is golden for EVERYONE. In other words ... they built a system that was designed to adapt to changing circumstances and implemented a "checks and balances" framework that valued the mediating and consensus-building influences of civil society.

So ... how could I have this life and this belief in our nation's history ... and NOT be optimistic about the future?

While it's hard for me not to see possibility, it's also true that just because we've faced crises and social discord in the past and emerged stronger ... doesn't NECESSARILY mean we will today.

Successful living organisms must ADAPT to changing circumstances. Failure to do so is death.

So we must realize this fact too: We are all responsible for writing the future history of our nation.

Now, unfortunately, we're at a moment when it seems people are more animated by anger than by hope. Voter disgust runs rampant. Optimism is in short supply right now, especially among our young people.

According to a [Harvard poll](#) released in December, about half of millennials... think the American Dream is "dead."

DEAD ... That's the term the poll used.

Not "on life support" or "hanging on by a thread" ... but DEAD.

A recent YouGov poll finds that 43 percent of Americans under the age of 30 have a favorable view of socialism. Less than a third of Millennials had a favorable view of capitalism. No other age or demographic group preferred socialism to capitalism.

Even if members of OUR generation don't believe the American Dream is over ... there are plenty in our age cohort who are angry and frustrated with our country and its leaders. You see that anger manifested in this year's presidential primaries.

In the 1980 campaign, Ronald Reagan was successful because he spoke HOPEFULLY about America's economic potential and moral leadership in the world in a time of economic stagnation and global humiliation.

In today's campaign, leading candidates in both presidential primaries are succeeding because they REJECT capitalism and cooperation... Even former congressman Barney Frank, a Hillary Clinton supporter and Wall Street watchdog, has called the cross-currents in the Democratic primary "McCarthyism of the Left" and has said there is a "guilt by association" with candidates and fundraising.

On the right, [House Speaker Paul Ryan](#) has criticized some of the most extreme statements made by candidates vying for his party's nomination. After one candidate called for a ban on Muslims, Speaker Ryan stated plainly, "This is not conservatism" and it's not what his party ... or our country ... stands for.

It sure feels like something has changed in the American psyche ... and the notion that it has – that we're no longer an optimistic nation – is worrisome in itself.

Too many Americans today believe that our fate as a nation ... as an economy ... even as an industry ... "is written." And they believe that fate is one of permanent decline and eventual irrelevance. It's hard not to believe that when the REAL employment rate – the rate of people who can't find jobs combined with the number who have GIVEN UP looking for jobs – is 8.5 percent and NOT the 5.0 percent headline number the Labor Department focuses on.

I'm here to tell you ... even though I understand their uncertainty and their economic frustration and anger ... they ARE wrong.

As the Hollywood version of Thomas Edward Lawrence – [Lawrence of Arabia](#) – said ... "NOTHING is written."

Our history is NOT determined until we write it. We're in charge of the trajectory of our economy, our industry ... our cities.

Take Pittsburgh. The struggles in the steel industry could have shattered the city nicknamed for it, but instead the town on the three rivers adapted from its industrial roots and now the [top industries](#) are ... health care, technology and bio-science.

Let's also remember: there was a point in our economic history when the textiles industry was looking inward and trying to wall itself off from trade. The titans of textiles thought remaining low-tech and low-skill would preserve their companies from imports.

They were wrong, IN TIME they learned ... and today we're in the dawn of "[smart fabrics](#)" where engineers are coming up with yarns that conduct electricity and athletic wear that can monitor your vital signs.

Innovators took control ... and THEY are writing a different future.

Sometimes it takes hitting bottom to shake you into the realization that you're the ONLY ONE who can write your fate.

Now, I wouldn't for a minute minimize the risks, dangers and disruptors facing our industry. These [include](#):

- Generating growth, balanced with profitability;
- Navigating a brutal investment environment;
- Addressing auto profitability;

- Seeking innovation and consumer choice—while considering privacy;
- Determining how the interconnectedness of “smart homes” will affect the severity of home insurance claims;

AND

- Accurately assessing cyber risk.

Not to mention ... increased M&A activity, an increasingly politicized regulatory process, rising cost drivers and global regulatory convergence.

These are just a few of our challenges ... And we at PCI are working hard to anticipate and identify risk before the negative effects can take hold.

That’s what PCI is here to help you do, especially when it comes to advocacy. While there are many factors – including the overall business cycle and continued M&A activity in our industry – that are beyond the scope of PCI’s influence or control, we CAN and DO help you ... our members ... “Look over the horizon” to anticipate emerging risks and to shape the desired outcome.

At PCI we believe “nothing is written” ... until we write it.

We proved that in 2015.

At the beginning of 2014, some worried our fate would be a TRIA law with triggers and deductibles that would be unworkable for our members. It WAS NOT written ... And Congress passed and the president signed a law acceptable to our industry.

At the beginning of 2015, some worried we would not arrive at an agreement with TNC companies. It WAS NOT written ... and we now have a model law.

At the beginning of 2015, some worried our state-based insurance system was on its way out. It WAS NOT written ... and while we still face significant risks on this issue, in 2015 we slowed the global regulatory convergence train.

Twelve months ago some people... thought our fate was written.

It was not ... TOGETHER we wrote a different outcome.

Last year was a successful year, but we still face significant risks, including on the international front. Congress is also gearing up to reauthorize the National Flood Insurance Program in 2017 and we'll have to fight hard to write a law that enhances

privatization opportunities and that addresses WYO member operational and compensation concerns.

This year, we must continue to be diligent in the execution of a litigation strategy to exempt homeowners insurers from disparate impact liability ... and we also need to continue our work on Medicare set-aside reforms.

This year, we'll have significant work to do in the states to defeat proposals that threaten the workers compensation system ... and most of our work to address rising cost drivers will also happen on the state level.

Finally, this year we must continue to prevent changes to the tax code that would undermine the property casualty insurance marketplace ... and to fight changes to our lobbying laws that would limit insurers' ability to advocate for their industry.

So, how do we move forward this year and ENSURE that our fate is not written for us ... that we achieve our mission to promote and protect the viability of a competitive private insurance market for the benefit of consumers and insurers?

PCI is a member-driven organization and our advocacy success relies – in part – on that fact.

To WRITE a desirable outcome ... We NEED you.

First, we'll need your continued involvement and support in PCI's policy development process. Together with our 20 policy committees ... and their close to 1,400 participants ... we'll need your input as we set and execute the agenda for our more than 1,000 member companies.

Second, we need you engaged in the political process. Now, I know most of you are disgusted with the current political environment in Washington ... and SO am I. But the reality is that some of our biggest regulatory, legislative and legal risks fundamentally ARE political risks ... and if we let our disgust cause us to retreat from political engagement, the truth is ... well ... our fate IS written.

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In February 1941, with the U.S. government debating the Lend-Lease Act, Winston Churchill took to the radio and pleaded, "Give us the tools, and we will finish the job."

Our days are not as dark as Churchill or Britain's were at that moment ... but his point is still a valid one: if we're not equipped to protect our interests ... NO ONE will and our fate WILL be written ... and it WILL be one of permanent decline and the eventual irrelevance that many Americans fear today.

We can't let that happen ... to our industry ... or to our economy ... to our country.

I hope you will continue to give PCI the tools ... your time, your insight, your leadership and your dedication ... Because with them, **I'm optimistic** that PCI can write a future that benefits our members ... and your consumers.

Thank you.