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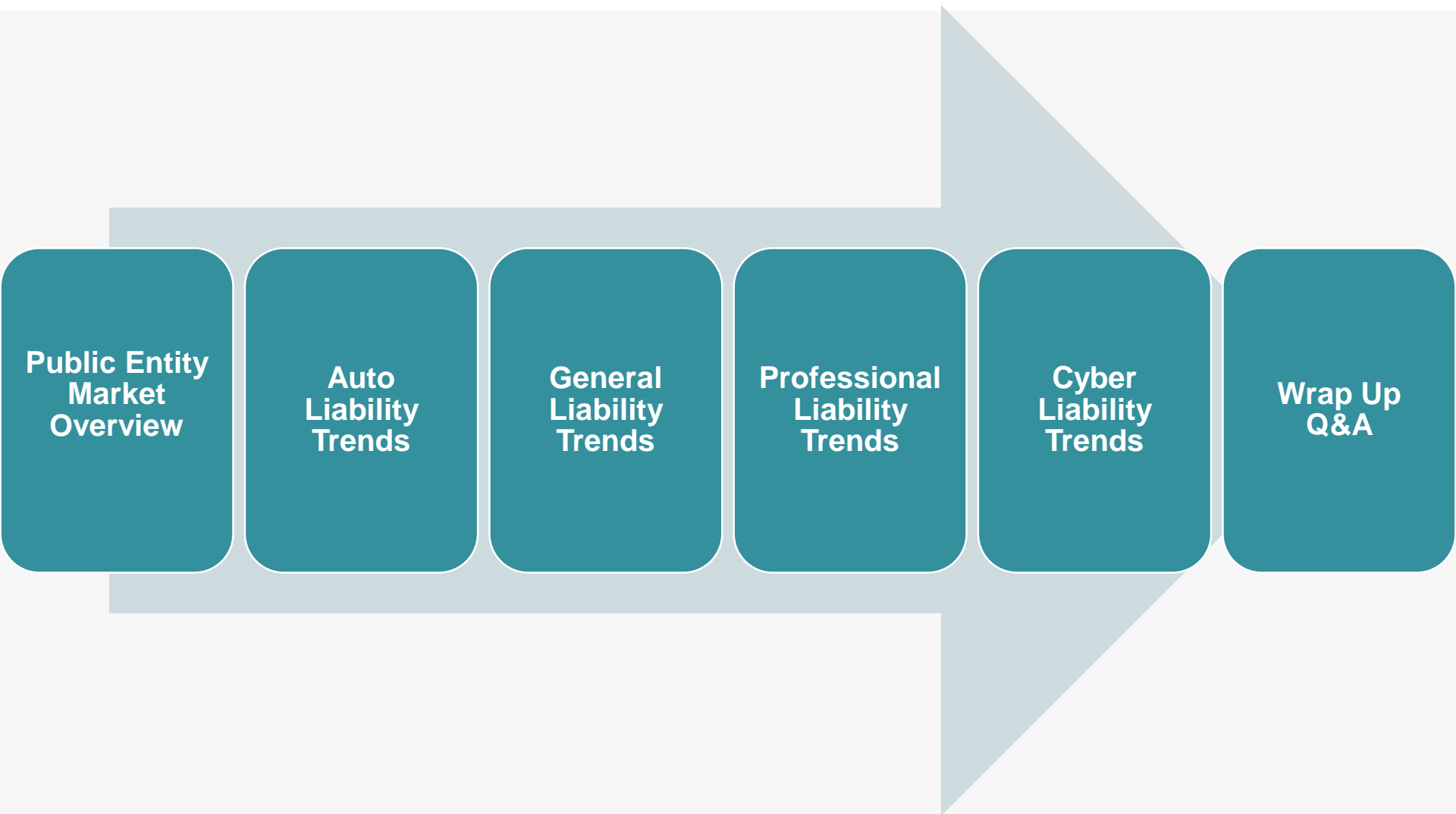
# ***What You Need to Know About the Public Entity Insurance Market***

CPCU Breakfast Meeting: Thursday, February 27<sup>th</sup> 2020

Julianne Shillington, Assistant Vice President

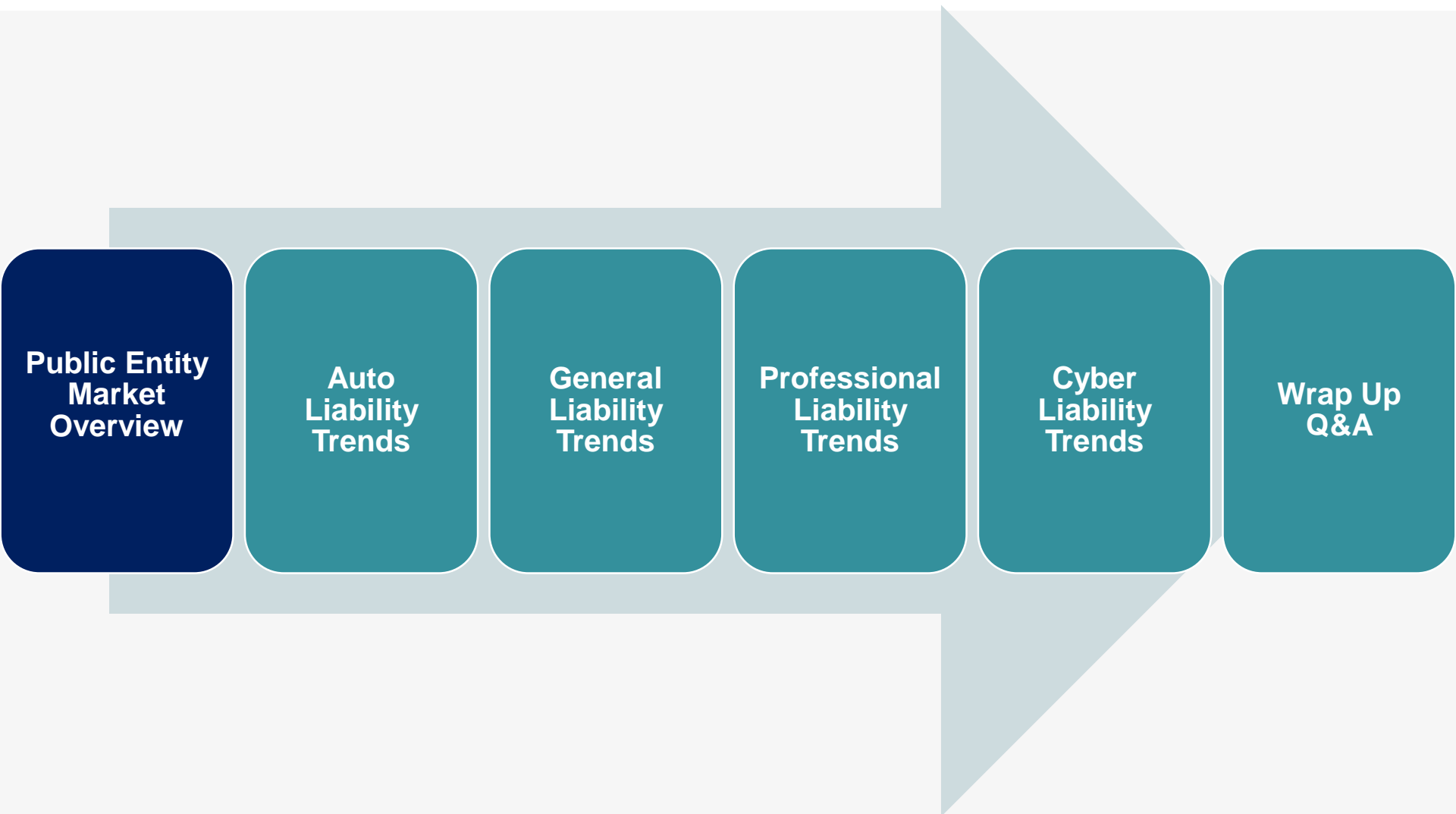


# Agenda:



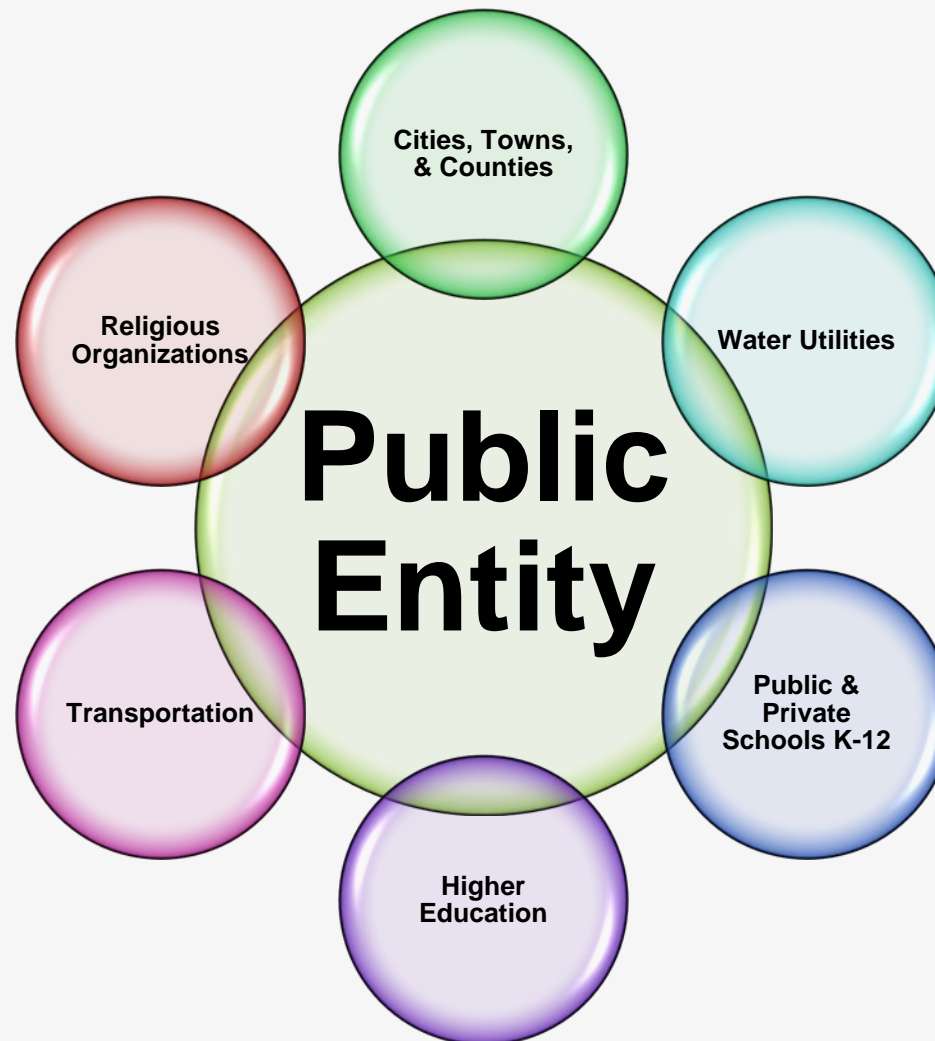


# Public Entity Market Overview:





# Public Entity Market Overview:





## Nontraditional Structures:

- Self-Insurers
- Risk Retention Groups
- Pools
- Trusts
- Reciprocal
- Captives

Excess  
Insurance

Primary

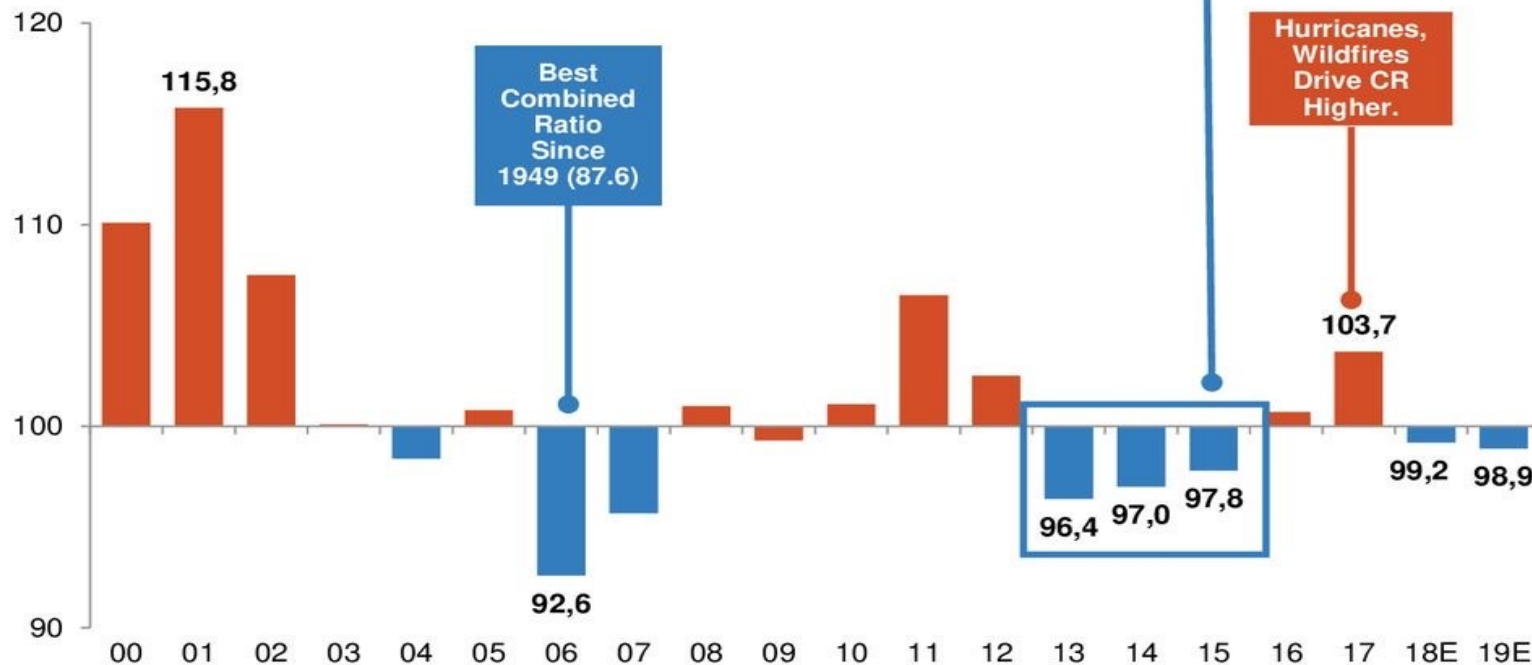
Reinsurance



# State of the Market:

## Insurance Industry

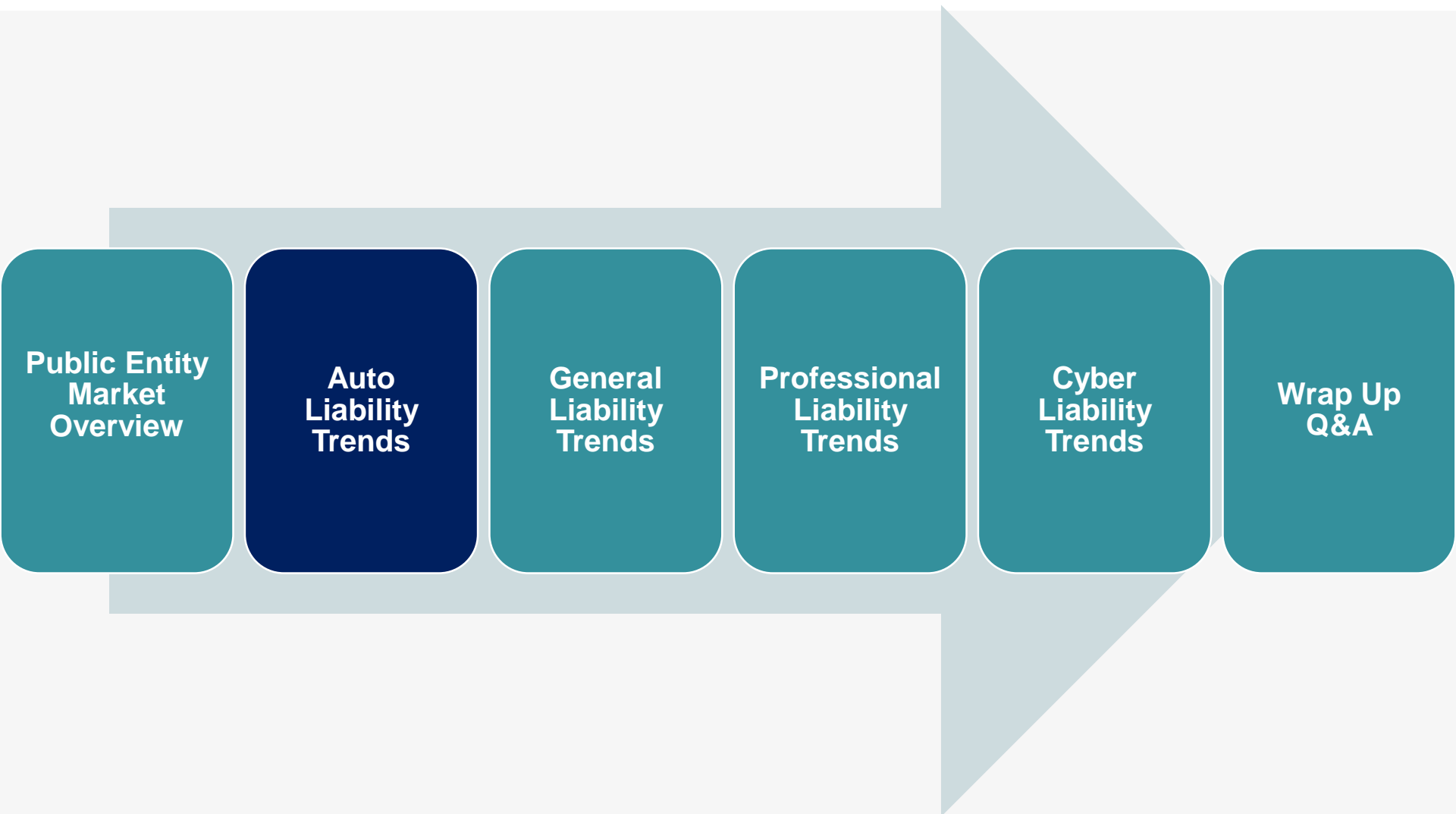
### P/C Insurance Industry Combined Ratio, 2000-2019\*



\*Excludes Mortgage & Financial Guaranty insurers 2008-2014.  
Including M&FG, 2008=105.1, 2009=100.7, 2010=102.4, 2011=108.1; 2012=103.2; 2013= 96.1; 2014= 97.0.  
Sources: A.M. Best; ISO, a Verisk Analytics company; I.I.I. estimate for 2017; I.I.I. projections for 2018 and 2019.



# Automobile Liability:





**"The bad news is that the deer had no insurance."**

[www.pinterest.com](https://www.pinterest.com)



# Automobile Liability:

Rate stabilization

Technology = more expensive

Distracted driving

Bus route planning





## Automobile Liability:



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**TBI**  
**Traumatic**  
**Brain**  
**Injury**



# Automobile Liability: TBI Examples

General Example	General Example	Specific Example
<ul style="list-style-type: none"><li>▪ <b>Allege TBI (concussion) with AL claim</b></li><li>▪ <b>Little to no evidence of head trauma (loss of consciousness, brain bleed, CT scans abnormal)</b></li><li>▪ <b>Bolster the overall claim value</b></li><li>▪ <b>May or may not prevail</b></li></ul>	<ul style="list-style-type: none"><li>▪ <b>Catastrophic TBI with AL</b></li><li>▪ <b>Hematoma, comas, that result in cognitive and physical deficits</b></li><li>▪ <b>Require future care and life care plans</b></li><li>▪ <b>Significant claim values</b></li><li>▪ <b>Plaintiff more likely to prevail</b></li></ul>	<ul style="list-style-type: none"><li>▪ <b>Vehicle strikes bicycle – no helmet</b></li><li>▪ <b>Cognitive evaluation – normal</b></li><li>▪ <b>MRI – normal</b></li><li>▪ <b>Alleged TBI with neuropsychological impairment</b></li><li>▪ <b>Experts couldn't prove/disprove</b></li><li>▪ <b>Settled, mock jury – excess of \$1M</b></li></ul>



# Automobile Liability:

## Risk Management considerations

**No texting and hands-free policies**

**Defensive driving**

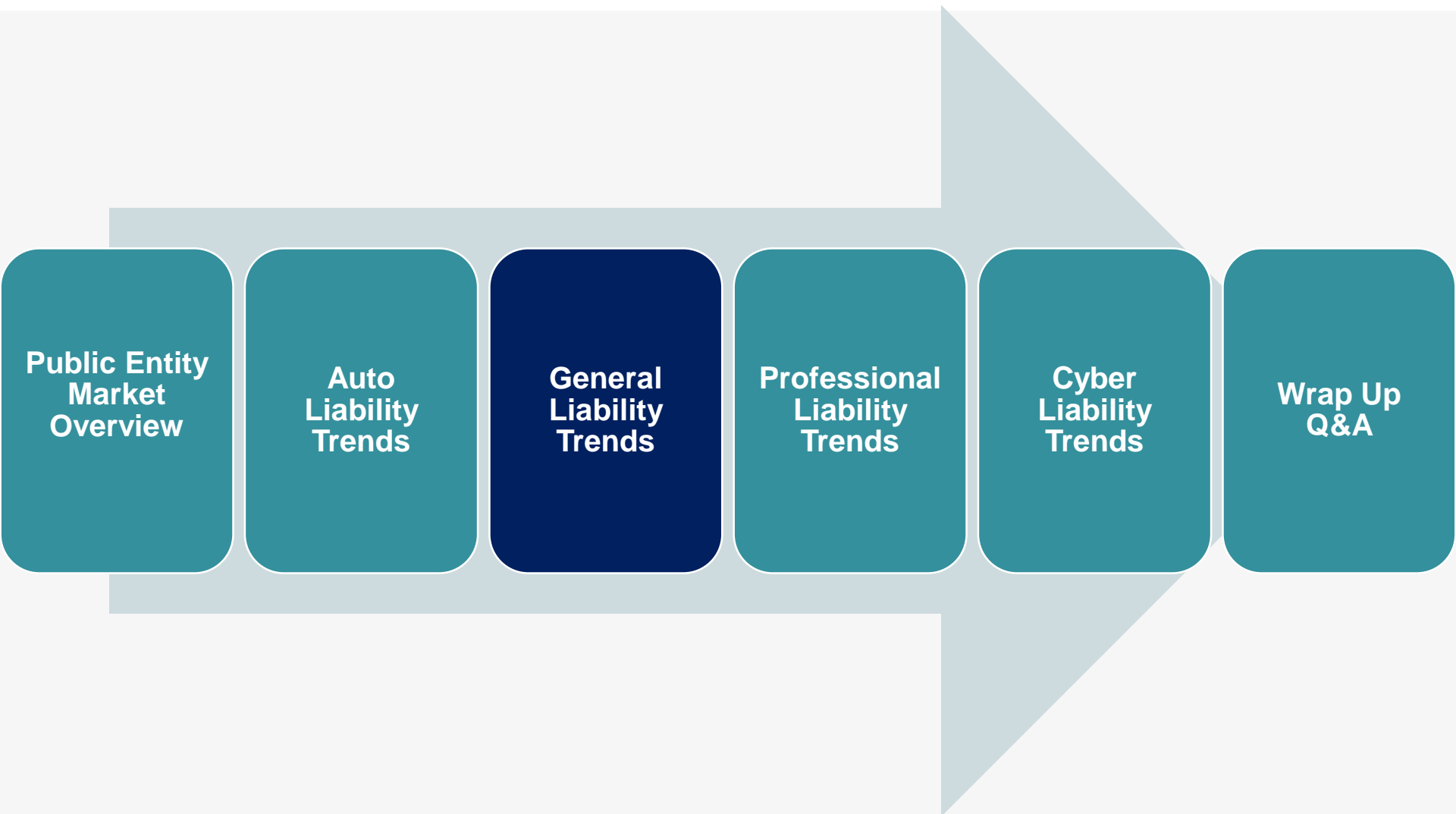
**Driver training**

**Records review**

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# General Liability:





# General Liability:

## Increasing impact on General Liability exposure

- Sexual Abuse and Molestation
- Excessive force
- Active Shooter events
- Large verdicts
- Drones



Sexual Abuse and Molestation



Law Enforcement Liability



Verdicts



# General Liability:

## Sexual Abuse and Molestation



Report I of the 40th Statewide  
Investigating Grand Jury

REDACTED

By order of PA Supreme Court July 27, 2018

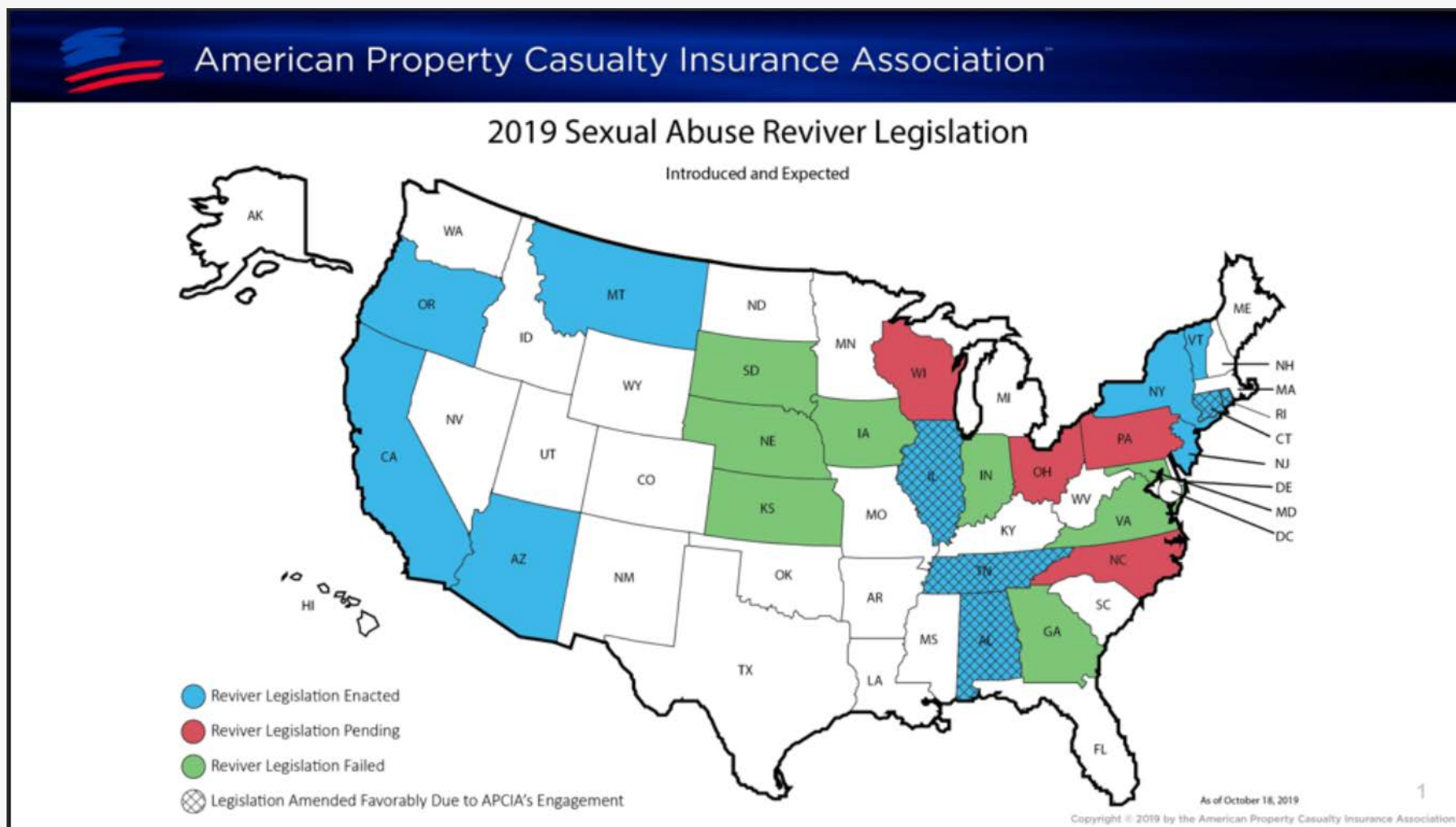
Dailyitem.com



Nytimes.com

# General Liability:

## Sexual Abuse and Molestation





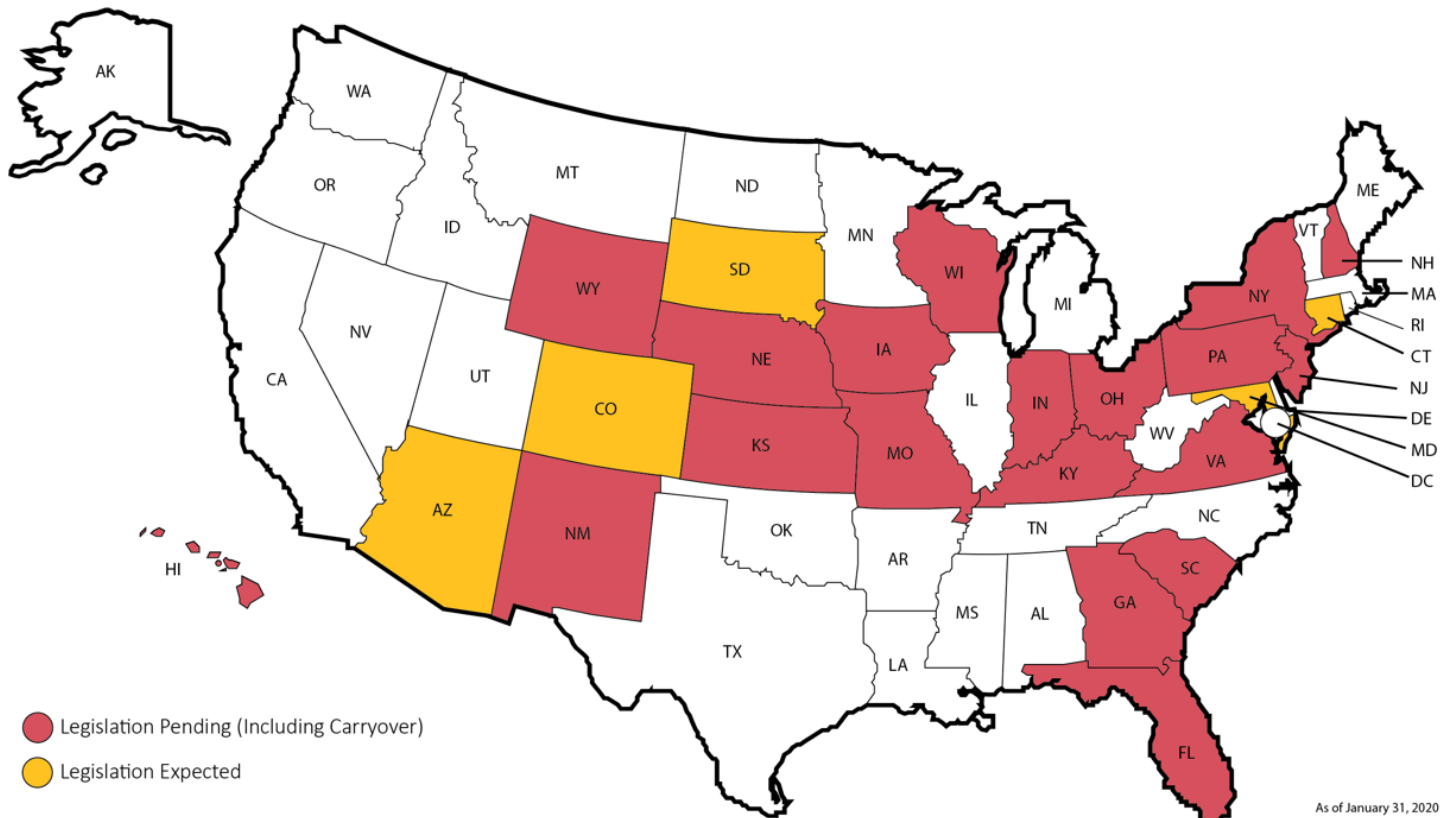
# General Liability:

## Sexual Abuse and Molestation



American Property Casualty Insurance Association™

### 2020 Civil Sexual Abuse Reviver/SOL Legislation



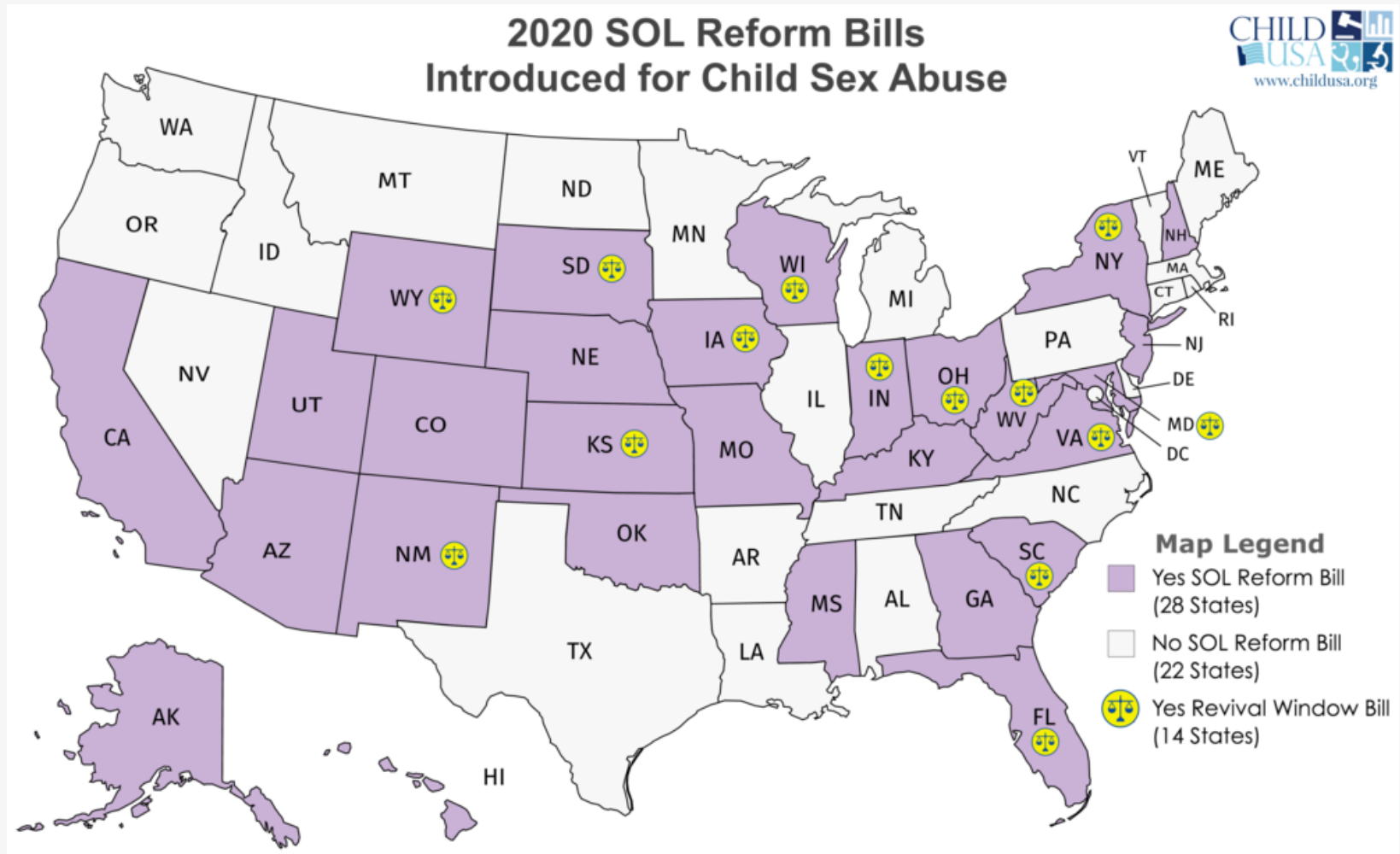
As of January 31, 2020

Copyright © 2019 by the American Property Casualty Insurance Association



# General Liability:

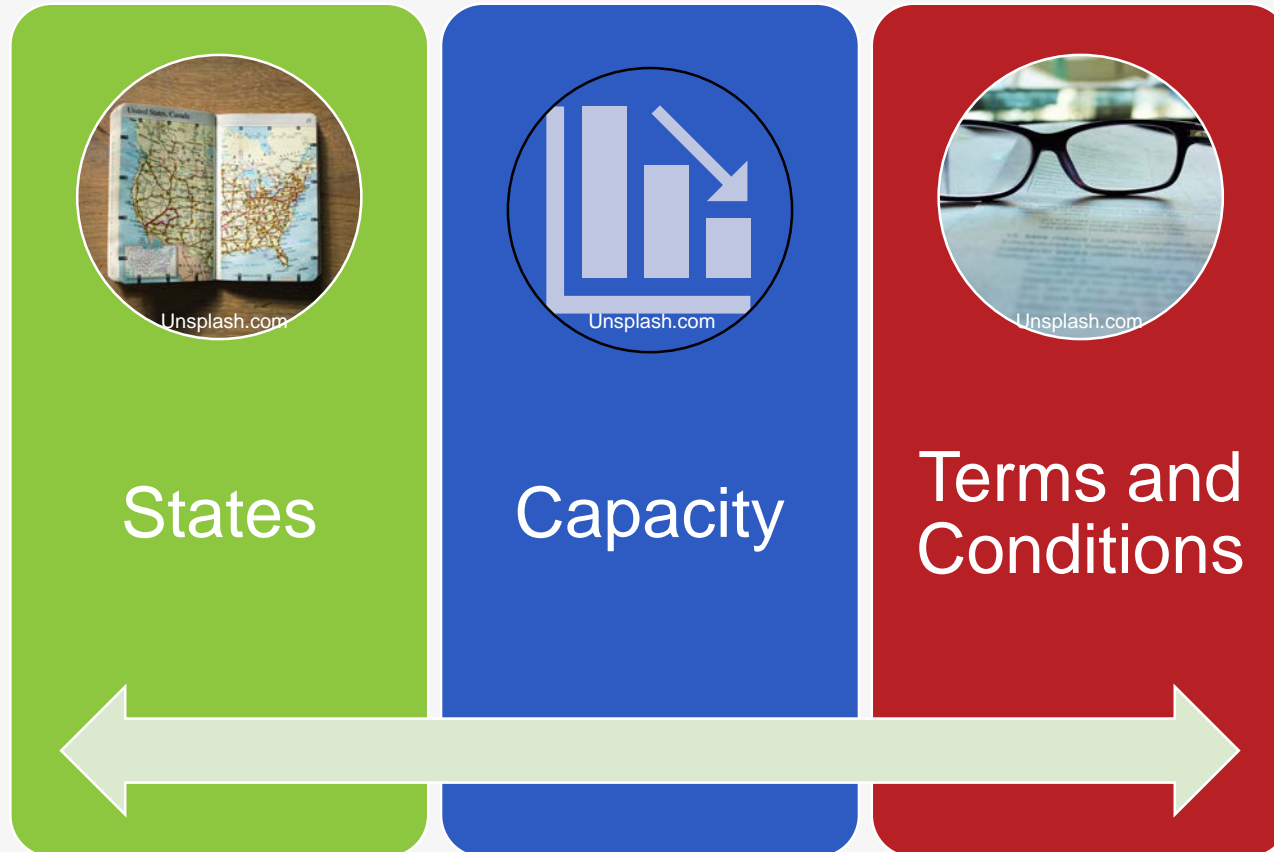
## Sexual Abuse and Molestation





# General Liability:

## Sexual Abuse and Molestation





# General Liability:

## Sexual Abuse and Molestation

Recommendations to mitigate exposure include:

- Retaining personnel files at least **55 years**, including:
  - Background checks
  - Complaints and allegations
  - Investigations conducted
  - Statements taken
- Background checks on a regular basis, including volunteers
- Sexual abuse training should include:
  - Appropriate boundaries
  - Incident reporting



[www.unsplash.com](http://www.unsplash.com)



# General Liability:

Excessive force



- Pistols and Tasers
- ADA Considerations
- Media and Community

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# General Liability

## Active Shooter Preparedness



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# General Liability

## Active Shooter Preparedness

- Exposure – public buildings open for anyone
- Preparation – strategies, policies, and training
- Crisis management
- Laws changing fast and wide variations
- Value proposition – services from your (re)insurers

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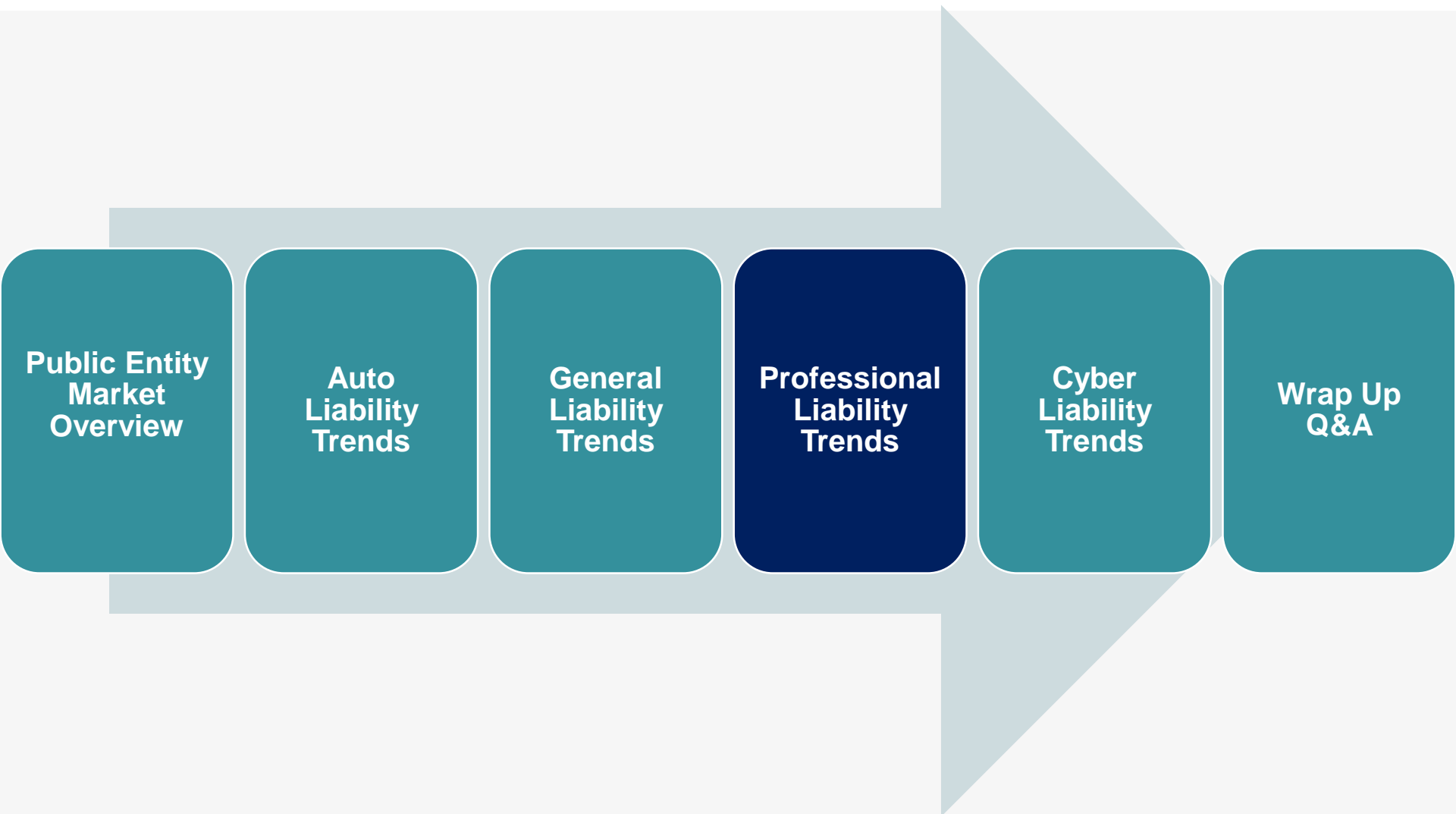
# General Liability: Drones



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# Professional Liability:





# Professional Liability: Casualty Trends and Renewal Expectations



[Blogs.plos.org](https://blogs.plos.org)



# Professional Liability: EPLI (#MeToo)

2006

Tarana Burke uses “Me Too” on MySpace



October 5th 2017

Harvey Weinstein is accused



October 15<sup>th</sup> 2017

Alyssa Milano resurrects use of #MeToo



# Professional Liability: EPLI (#MeToo)

October 16<sup>th</sup>, 2017

4.7 million people engage in over 12 million posts



6 months

Executives, Politicians, and Celebrities are accused



1 year

Hearings, Settlements, more Accusations



# Professional Liability:

## EPLI (#MeToo) – Risk Management

- **Safe Environment Training**
- **Third Party and/or Anonymous Reporting**
- **Incident Management**
- **Policies reviewed – Zero Tolerance**
- **Legal Involvement**

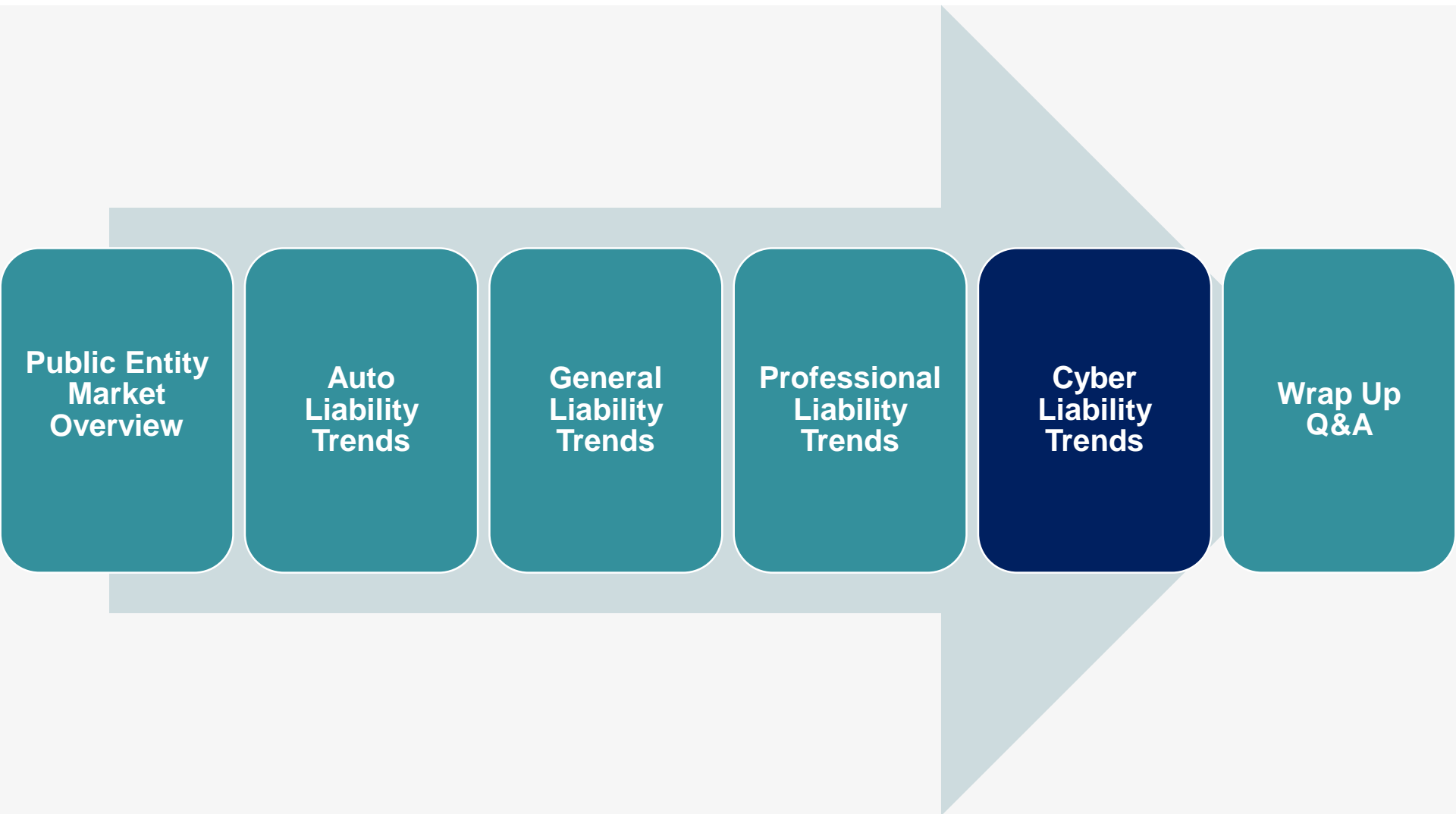




# Professional Liability:

## Large Verdicts – Social Inflation

1. **Social inflation** can be defined as the increase in insurance losses caused by legislative, judicial, social and economic, and technical developments. ([onlinelibrary.wiley.com](https://onlinelibrary.wiley.com))
2. Social inflation, marked by a rising propensity to sue and higher jury verdicts, is a growing threat to the property/casualty insurance industry... ([carriermanagement.com](https://carriermanagement.com))
3. Impact on:
  - Claim values
  - Tort caps and immunities
  - Capacity





## Ransomware

- Claims driver for a couple of years
- Old dog, new tricks



## Social Engineering Fraud

- Increasing amount of claims
- Easy traps
- Deceitful impersonations



## Data Breaches

- Steady stream of claims
- Hold on to your hardware!
- RDP – Helpdesks



## Accumulation

- Concerns
- Long tail



# Cyber Trends

## Risk Management Considerations

1 Reporting lost or stolen materials

2 Email vigilance



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3 Multi-factor Authentication

4 Remote Access



# Multi-Factor Authentication



[news.vanderbuilt.edu](https://news.vanderbuilt.edu)



# Cyber Trends

## Risk Management Considerations

1 Reporting lost or stolen materials

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3 Multi-factor Authentication

4 Remote Access



# Reminders



- **Policies and Procedures**
- **Review by Legal Counsel**
- **Training to Standard**

# Wrap Up Q&A:

**Public Entity  
Market  
Overview**

**Auto  
Liability  
Trends**

**General  
Liability  
Trends**

**Professional  
Liability  
Trends**

**Cyber  
Liability  
Trends**

**Wrap Up  
Q&A**



Thank you!

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