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What You Need to Know About the Public Entity Insurance Market

CPCU Breakfast Meeting: Thursday, February 27th 2020

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Munich Re Specialty Insurance

Munich RE 



Agenda:

**Public Entity
Market
Overview**

**Auto
Liability
Trends**

**General
Liability
Trends**

**Professional
Liability
Trends**

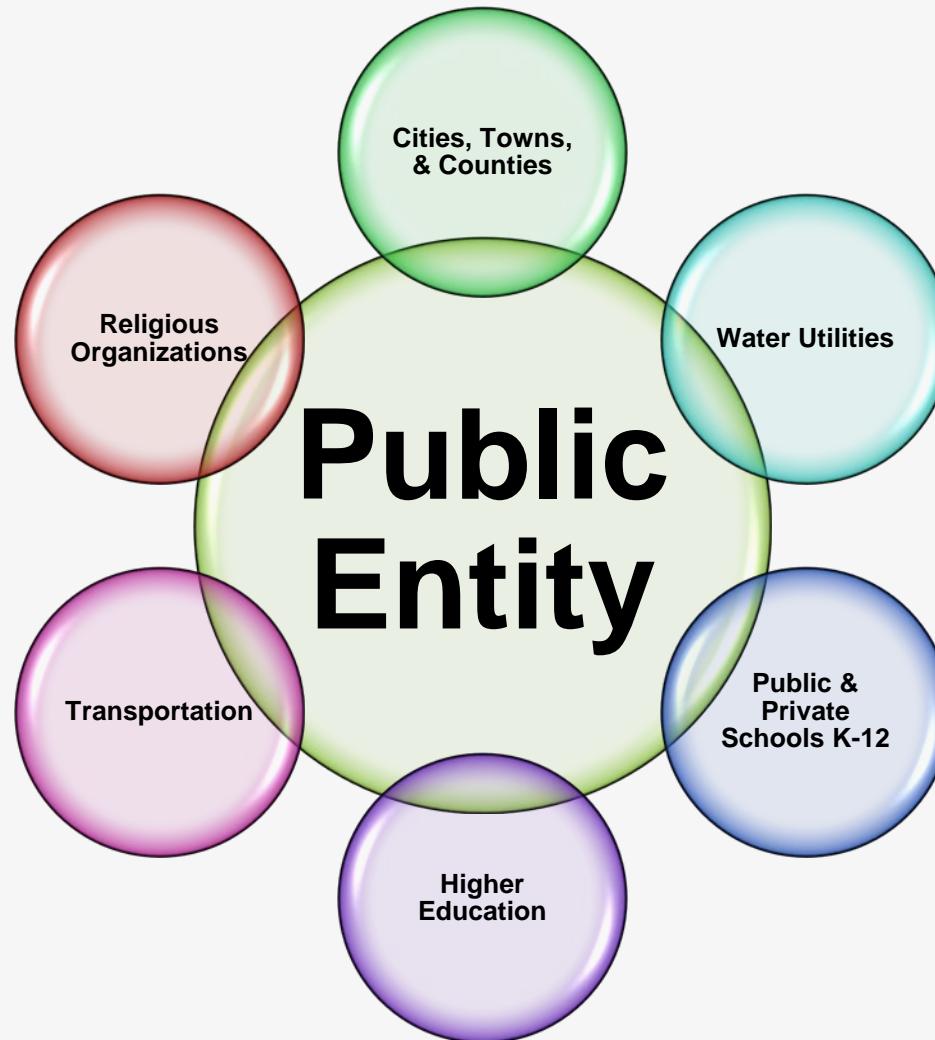
**Cyber
Liability
Trends**

**Wrap Up
Q&A**



Public Entity Market Overview:







Nontraditional Structures:



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

Excess
Insurance

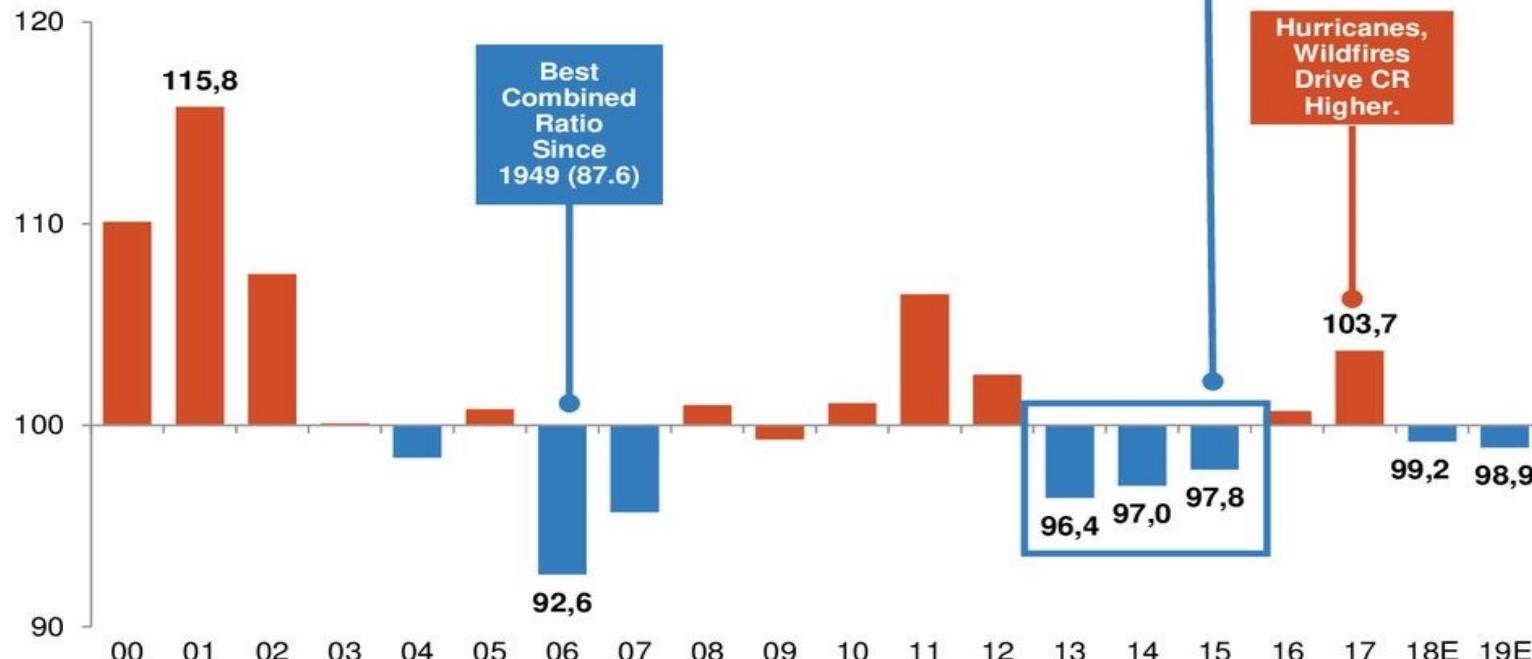
Primary

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



Automobile Liability:

Rate stabilization

Technology = more expensive

Distracted driving

Bus route planning



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



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

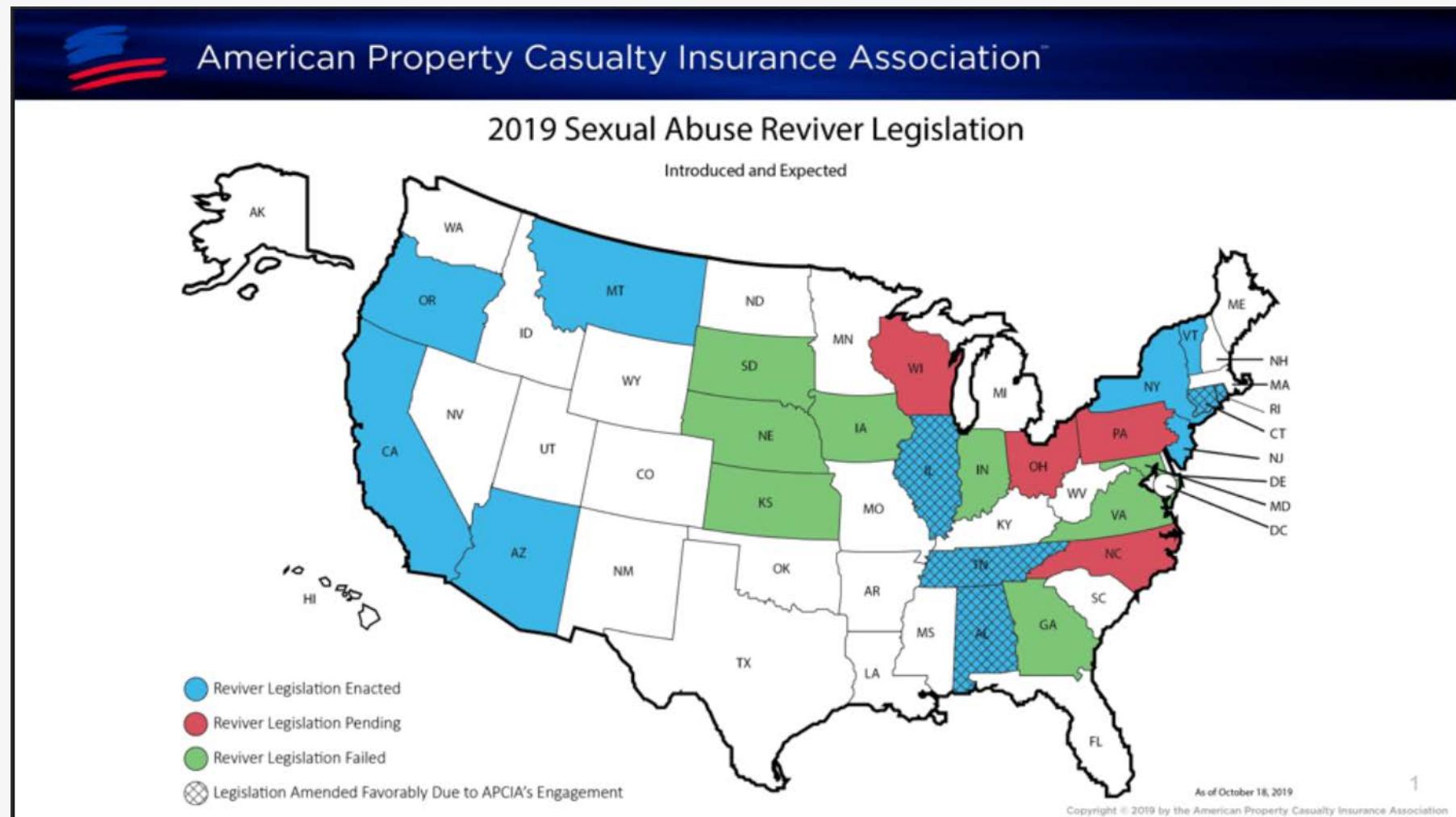


Nytimes.com



General Liability:

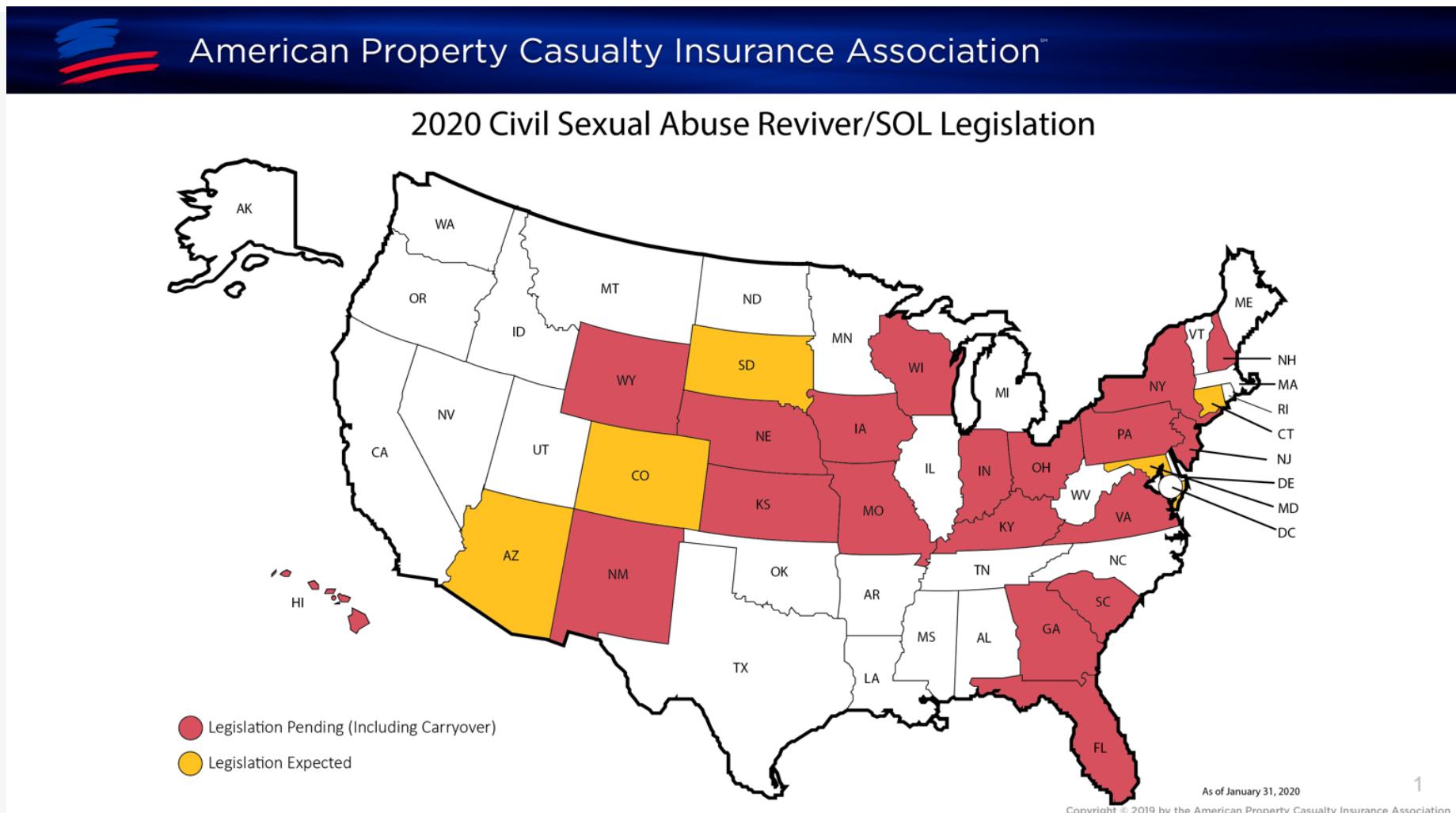
Sexual Abuse and Molestation





General Liability:

Sexual Abuse and Molestation

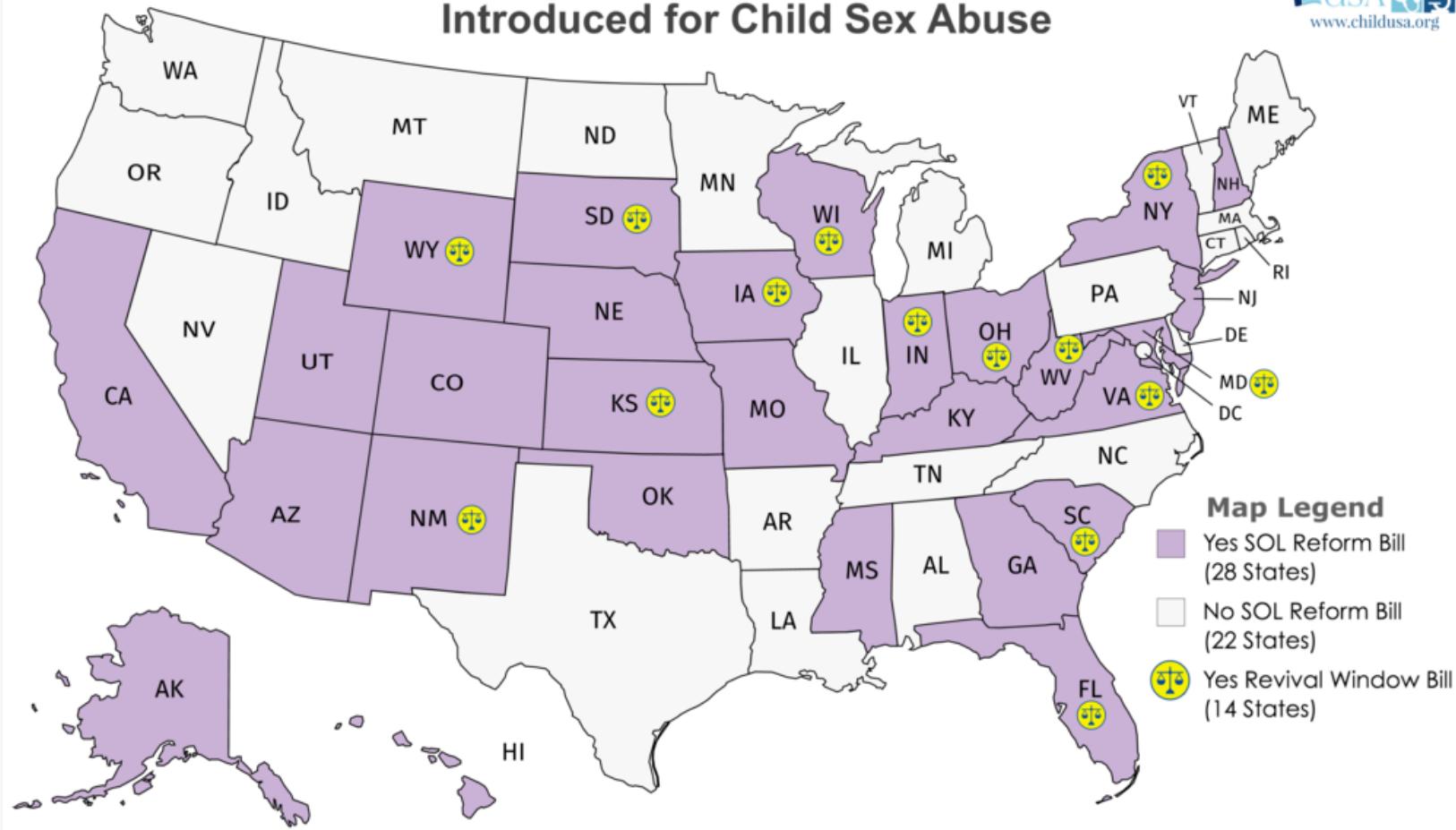




General Liability:

Sexual Abuse and Molestation

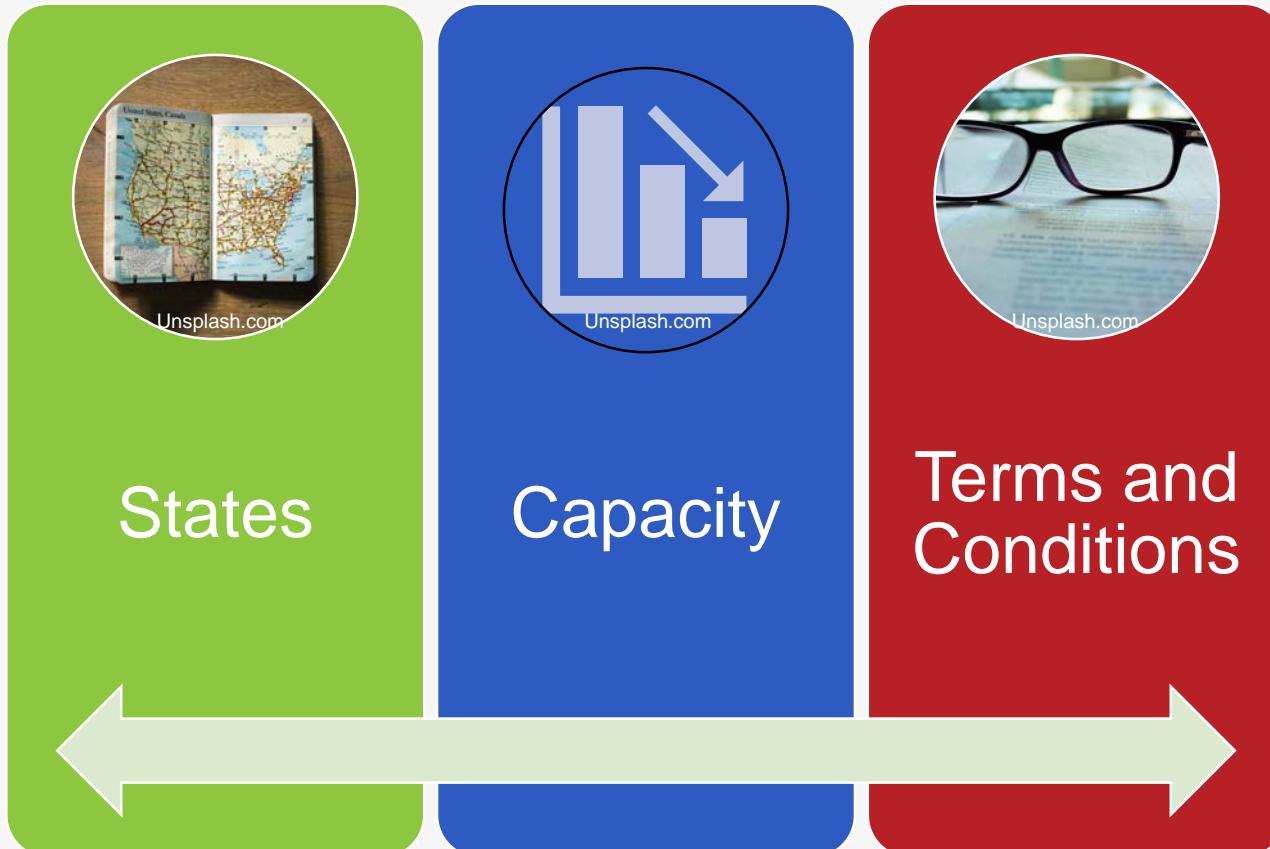
2020 SOL Reform Bills Introduced for Child Sex Abuse





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



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General Liability:

Excessive force





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 15th 2017

Alyssa Milano resurrects use of #MeToo



Professional Liability:

EPLI (#MeToo)



October 16th, 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)
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)
3. Impact on:
 - Claim values
 - Tort caps and immunities
 - Capacity





Cyber Liability:



Ransomware

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



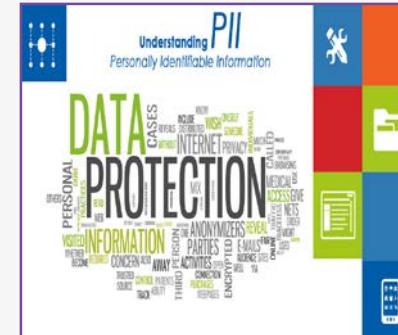
Social Engineering Fraud

- 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

3 Multi-factor Authentication

4 Remote Access



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Cyber Trends

Risk Management Considerations – Multifactor Authentication

Multi-Factor Authentication



news.vanderbilt.edu



Cyber Trends

Risk Management Considerations

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Reminders

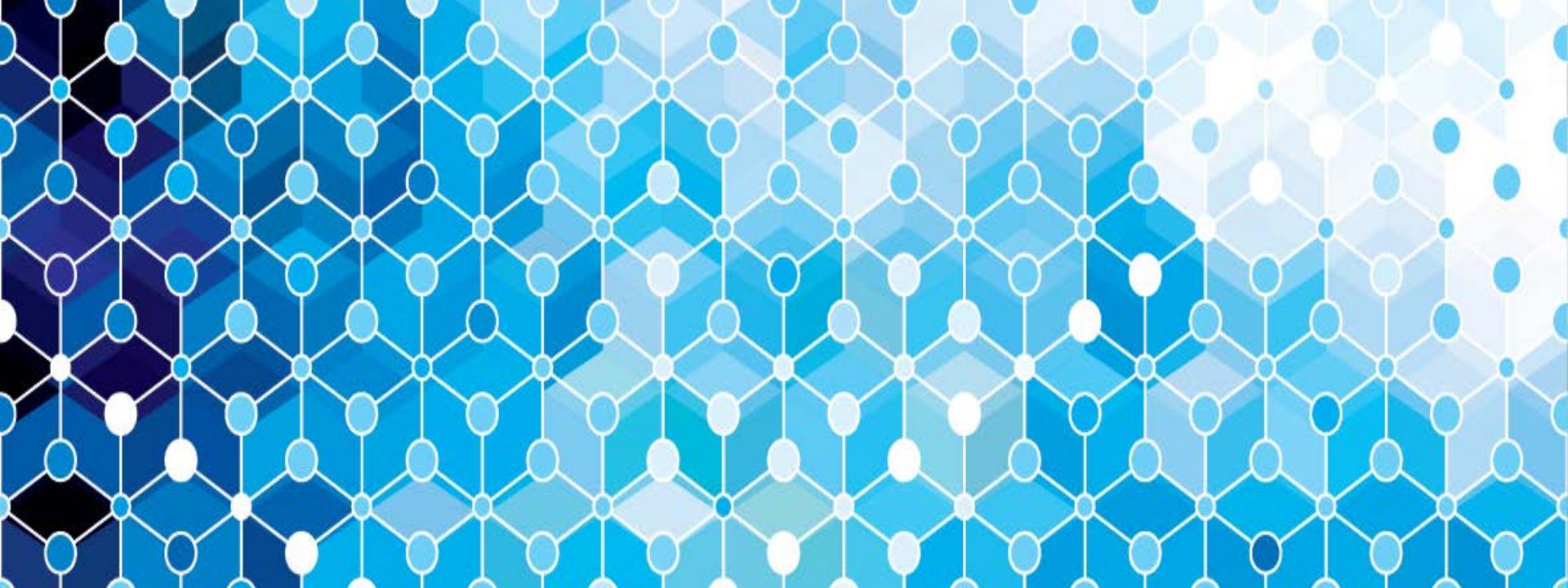


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- **Policies and Procedures**
- **Review by Legal Counsel**
- **Training to Standard**

Wrap Up Q&A:





Thank you!
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