AN INSURANCE EXPERIENCE BUILT

AROUND YOU

The New Normal in Insurance

EPIC Insurance Brokers & Consultants

NATIONAL INTERSTATE INSURANCE

Topics for today

- ✓Current Insurance Marketplace
- ✓Protecting Your Company
- ✓Liability in the day of Covid
- ✓Relationships – More important than ever!



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Current CA Marketplace

CONNING

INSURANCE SEGMENT REPORT/FOCUS SERIES

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Current CA Marketplace

Rising Rates – CA continues to have the highest loss and combined ratio of any commercial insurance line

Covid Benefit – fewer accidents as a result of less vehicles on the roads

Litigation – main driver of high loss ratios – plaintiff bar targeting transportation industry

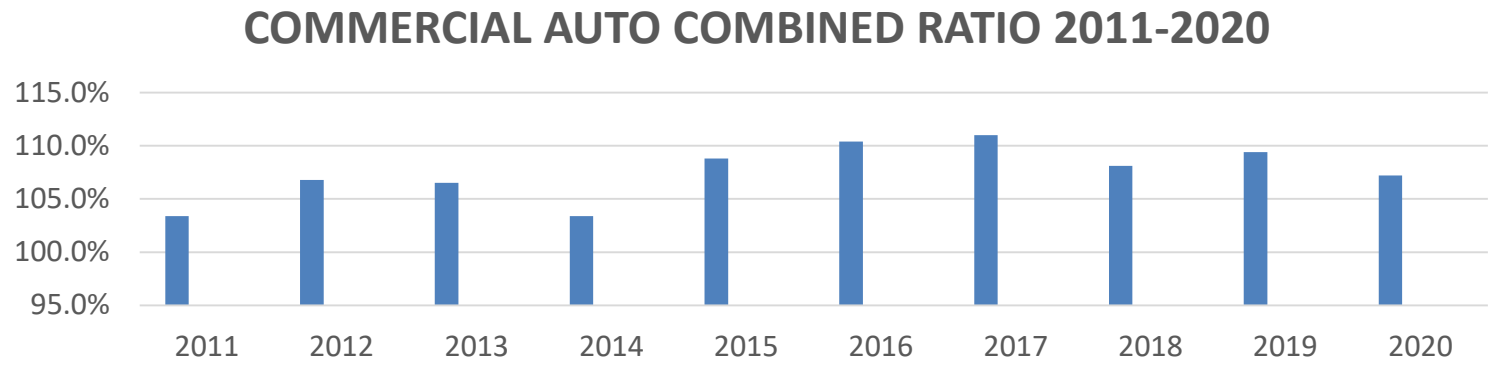
Driver Shortage – Leading companies to hire less than qualified drivers

Market Retreats – insurers leaving market (primary and excess). CA specialists are experiencing significant financial difficulty

Current CA Marketplace

☹ **Underwriting results -** The commercial auto insurance market posted a combined ratio of 109.4%, up from 108.1% in 2018.

☹ This was the **ninth consecutive year** with a combined ratio above 100%.



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Loss Frequency

Loss frequency driven by:

- ✓ Distracted driving
- ✓ Deteriorating road conditions
- ✓ Declining driver profile - companies are hiring less experienced/less qualified drivers causing more accidents

Loss Severity

Loss severity driven by:

- ✓ Tort trends
- ✓ Medical Inflation
- ✓ Distracted driving
- ✓ Poorer driver profile - companies are hiring less experienced/less qualified drivers causing more accidents
- ✓ Higher vehicle cost

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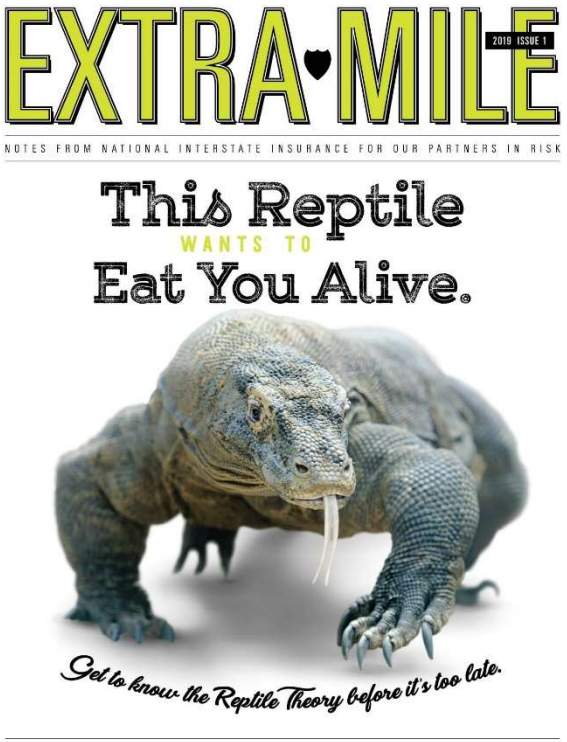
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Loss Severity

Nuclear Verdict Factors

- designated as “Social Inflation”

- ✓ Younger Jurors – tend to be more sympathetic to plaintiffs
- ✓ Social Movement contribute to a more populist climate leading to more settlements against the defense
- ✓ Plaintiff attorney social psychology tactics – jurors identify with – put them in the position of the plaintiff
- ✓ Third Party Litigation Funding



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Protecting Your Company

Choose “best in class” partners:

- ✓ Broker/Agent
- ✓“A” Rated by A.M. Best Insurance Companies
- ✓Insurance coverage/limits to protect your business

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Choose your broker/agent wisely

Trusted advisor – just like an attorney or accountant

- Are they a broker or an agent?
- How are they paid, how much, and by whom?
- What markets/insurers do they represent?
- What is their relationship with those markets?
- Do they find you a new insurance company every year?
- Do **YOU** know who the insurance company is?
- Do they challenge your decisions? Are you willing to let them?

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Choose your insurer(s) wisely

- **All insurance companies are <u>not</u> equal:**
  - Underwriting & Claims expertise and philosophy
  - Commitment to the industry
  - Coverage and service options that fit your business model and appetite for risk
  - Financial rating
  - Stability/Diversification
  - Reputation

A.M. Best

- The oldest and most widely recognized provider of ratings, financial data and news with an exclusive insurance industry focus.
- Best's Credit Ratings, which are issued through A.M. Best Rating Services, Inc., are a recognized indicator of insurer financial strength and creditworthiness.



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A.M. Best

- There are almost 3,000 insurance companies in the United States…
- Rating Categories:
  - Superior A+ or A++
  - Excellent A or A-
  - Good B+ or B++
  - Fair B or B-
  - Marginal C+ or C++
  - Weak C or C-
  - Poor D

A.M. Best

- 92% of them are rated A- or better

  A+ or better: 27%

  A or better: 65%

  A- or better: 92%

- Do you know what rating(s) your insurers have?

Coverages & Limits

- How much insurance is REQUIRED vs. what you NEED to protect your company?
- How much insurance is enough?
- Excess for Motorcoach operators is becoming less and less available – limited or no market capacity
- Is your total fleet value over $1mil?
  - Excess physical damage
- Do you use computers?
  - Cyber liability

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Risk Financing Options

- Traditional Insurance
  - First Dollar
  - Deductible
- Alternative Risk Financing
  - Captives – Group or Single Cell
- Self Insurance
- You don’t know what you don’t know – understand all the options to make the best decision for your business

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Be prepared, be educated

- Quality insurers ask for the same information every year – and want it updated
- Lead time is a thing – make sure your information is submitted well ahead of your effective date
- Renewal discussions should be well in advance of your renewal date
- Paint your picture – share your business plans

Own your information

- Review your info every year to confirm accuracy
- Correct items that need updating
  - Are the unit counts correct?
  - Are your vehicle values current?
  - Do your IFTA's match your application?
- Provide a summary of your business history and future plans
- Does your website match your submission info?
- Do you get a copy of what is submitted on your behalf?
- Do you use your loss runs to run your business, or just to shop for insurance?

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Proactive Risk Management

The absence of accidents is not the presence of safety

- Proactive Safety Tools & Resources
  - Sufficient safety staffing
  - Discipline and coaching protocols
  - AERs
  - PATs
  - Return to Work Programs
- Policies & Procedures
  - Are they updated – especially now?
  - Do you follow them?
    - Every time?
    - In every situation?



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One size does not fit all

- ✓Pick your broker/agent wisely
- ✓Know the insurers
- ✓Know the options available
  - Coverages
  - Risk management services
  - Claims service/philosophy

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Liability in the day of Covid-19

Employers are required to establish workplace free from recognized hazards that are causing or likely to cause death or serious physical harm

- ✓ **Following CDC-State-Local guidelines including:**
  - ✓ **Social distancing**
  - ✓ **Taking temperatures**
  - ✓ **Disinfecting surfaces**
  - ✓ **Providing PPE**

CDC
SAFER • HEALTHIER • PEOPLE™

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Claims from EEs

- ✓ **EE must prove virus contracted on the job**
  - ✓ **Be empathetic – not combative**
  - ✓ **Contact your insurance company**
  - ✓ **Get the facts**
  - ✓ **Collect information**
  - ✓ **Multiple cases from the same employer will be difficult**



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Claims from Passengers

- ✓ Are you maintaining a standard of care?
- ✓ Are you following your guidelines
  - ✓ Every time?
  - ✓ In every situation?
- ✓ Coverage is not automatic
  - ✓ Work with insurance company
  - ✓ Gather the facts

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Liability in the day of Covid-19

- ✓ **No definitive answer**
- ✓ **Every situation is different**
- ✓ **Every state is different**
  - ✓ **Some states are trying to shift burden of proof from EE to ER**
- ✓ **Contradicting suits filed**
- ✓ **Congress being asked to limit liability for companies that follow CDC guidelines**

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Protecting Your Company

- ✓ **You will be sued – it's the society we live in**
  - ✓ **Your policies/procedures will be key to protect you**
  - ✓ **Cleaning/disinfecting – consistently enforced**
  - ✓ **Shows your duty of care**

  - ✓ **Seeking council**
    - ✓ **US Law Network**
    - ✓ **Guidance in every state**
    - ✓ Website: https://web.uslaw.org/news/coronavirus-covid-19-updates-and-resources/

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Relationships

MORE IMPORTANT THAN EVER!



- ✓ Are you keeping in touch with your employees?
  - ✓ How are you keeping in touch?
    - ✓ They are part of your team/family
- ✓ Are you keeping in touch with your customers?
  - ✓ How are you keeping them safe?
- ✓ Are you keeping in touch with your business partners?
  - ✓ Communicate, communicate, communicate

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Relationships

- ✓ Treat your broker/agent like the consultant/business partner that they are
- ✓ Meet regularly – not just at renewal
- ✓ Take their call – invite them to your business
- ✓ Request/require regular claims reviews –
  - ✓ Not just with the broker but with the insurer

What is Natl doing?

- ✓ March 18 – 45 day relief program (to 1st of May)
  - ✓ 75% decrease in AL rates for revenue units
  - ✓ Removal of APD
- ✓ April 13 – relief program extended
  - ✓ To end of policy terms
  - ✓ On renewals until the end of the policy terms
- ✓ Customers communicate with brokers/us when they put units back in service
  - ✓ Communication is the key on billing and operations!
  - ✓ More to come…..

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Questions?

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