

Risk Management Trust Board

Hybrid Meeting

Wednesday, January 11, 2023

5:00 p.m.

Members of the Board will attend virtually.

Meeting Location:

Tempe Public Library
Second Floor Small Conference Room
3500 S Rural Rd
Tempe, AZ 85283

Other way to connect

1. On your computer/tablet (*Recommended*)
 - Click on this [Cisco Webex Event Address for attendees](#).
 - Enter "RMTB" in the prompt "enter the meeting password".
2. On your phone - Dial in at 408-418-9388,
 - Event number is 2481 591 7221

Written comments regarding agenda items may be submitted via email to alex_chin@tempe.gov no later than 5:00 p.m. on Monday, October 3, 2022.

1. Call to Order
2. Approval of the October 6th, 2022, Board Meeting Minutes
3. Annual RMTB Report
4. Draft Resolution for Insurance Renewal Authorization
5. Alliant Deadly Weapons Response Program
 - TFMR – Family Reunification Program
6. Alliant State of the Market

7. Board Member & Staff Announcements

Board members and staff may make announcements regarding current events that are not listed on the agenda. No discussion or legal action will be taken regarding these announcements.

8. Public Appearances

The Risk Management Trust Board welcomes public comment. According to the Arizona Open Meeting Law, the Board may only discuss matters listed on its meeting agendas. Matters brought-up by the public under public appearances that are not listed on the meeting agenda cannot be discussed by the Board. A three-minute time limit per person will be in effect.

The City of Tempe endeavors to make all public meetings accessible to persons with disabilities. Special assistance is available at public meetings for sight and/or hearing-impaired persons. To request an accommodation, please contact the City Clerk's Office within 72 hours' advance notice to ensure availability at 480-350-4311 (voice) or 7-1-1 (relay users) or at clerk@tempe.gov .

Minutes Risk Management Trust Board October 5, 2022

Minutes of the Risk Management Trust Board meeting held virtually via Cisco Webex on October 5, 2022, at 5:00 p.m.

Board Members Present:

Heather Bilodeau
Jerry Hart
Corey D. Woods
Tom Duensing, Deputy City Manager – Chief Financial Officer

Board Members Absent:

Robin Arredondo-Savage

City Staff Present:

Chris Hansen, Risk Manager

Lisette Camacho, Financial Services Director
Nichole Martinez, Workers' Compensation Program Specialist
David McAllister, Risk Mgmt Claims Adjuster
Alex Chin, Executive Assistant

Guests Present:

Shawn Kraatz, Alliant Insurance Service, Inc.

Agenda Item 1 – Call to Order:

Chair Tom Duensing called the meeting to order at 5:05 p.m.

Agenda Item 2 – Approval of August 3rd, 2022 Board Meeting Minutes:

A few corrections to the August 3rd, 2022, Board Meeting Minutes:

- Under City Staff Present
- Item 3 – Ratification: lines of coverage approval administratively

Motion by Heather Bilodeau to approve the August 3rd, 2022, Board meeting minutes with the corrections mentioned above; second by Corey D Woods. Motion passed on a vote of 4-0.

Ayes: Chair Duensing, Board members Bilodeau, Hart, and Woods.

Nays: None

Absent: Arredondo-Savage

Agenda Item 3 – Introductions to new RMTB members and 2023 reappointments:

Chair Tom Duensing welcomes new board member Corey D Woods who represents the position of Tempe City Council, and Robin Arredondo-Savage, who represents the citizen position.

Agenda Item 4 – Approval of the Drone Aviation Coverage:

Chris Hansen, Risk Manager, presents a short renewal period policy for Drone Aviation coverage to the board. This short period is meant to realign this policy coverage to be aligned with the other coverages. The difference in the new Drone Aviation Coverage policy is the shorter policy period (November 2022 to July 2023) and a decrease in the number of drones, from 24 to 20.

The city has 16 pilots; all licensed through the FAA. The policy premium went down due to fewer drones and the shorter policy period. A benefit to the new policy coverage is it does cover

physical damage to the drones. City Staff is seeking the board's approval to move forward with the purchase of this coverage. Chair Tom Duensing wanted to confirm if staff presented the estimate of the aviation coverage to Council in June 2022. Chris Hansen believed it was presented to the Council at the estimate of nine or ten thousand. Board member Jerry Hart asked if the additional physical coverage will at least partially cover, if not fully, the event of a future drone crash. Chris Hansen believes it is partially covered.

Chair Tom Duensing ask the board for a motion to approve the drone aviation coverage. Motion by Corey D. Woods and seconded by Jerry Hart.

Ayes: Chair Duensing, Board members Bilodeau, Hart, and Woods.

Nays: None

Absent: Arredondo-Savage

Agenda Item 5 – Revisit Resolution for Insurance Renewal Authorization:

City staff is looking to discuss drafting a resolution for the Council that provides authorization to the city manager to approve the purchase of insurance renewals as recommended by the Risk Management Trust Board. Historically, the time frame for getting insurance quotes from underwriters was 60-90 days prior to the start of the policy. Recently, the time frame has been reduced to 30 days or less, depending on market conditions and problems with getting information. With the shortened timeframe, it becomes difficult for the city's insurance broker, Risk Management Division, and Risk Management Trust Board to review and approve the quotes prior to the agenda deadline of the last Council meeting of the fiscal year. The Council resolution will provide authorization to the City Manager to purchase insurance policies after the Risk Management Trust Board reviews the quotes and provides a purchase recommendation to the city manager. Council will ratify the purchase at a subsequent Council meeting. Chair Tom Duensing ask the board for their comments. Board member Jerry Hart likes the idea of the city manager's approval after the Risk Management Trust Board had a chance to review it. This direction would ensure another level of oversight that could satisfy any concerns Councils might have. Board member Heather Bilodeau agrees with Jerry Hart on that process. Chair Tom Duensing asked for a motion to allow city staffers to draft a resolution for consideration at the next Risk Management Trust Board to review and approval to take to Council. Motion by Heather Bilodeau; seconded by Jerry Hart.

Ayes: Chair Duensing, Board members Bilodeau, Hart, and Woods.

Nays: None

Absent: Arredondo-Savage

Agenda Item 6 - Board Member and Staff Announcements

Chair Tom Duensing would like to consider having the next Risk Management Trust Board back in person. Chris Hansen reports that City staff are working with the Strategic Management division on formulating a performance measure that would work with the departments at reducing losses and addressing the causes of those losses. City staff has transitioned to a new risk management information system called Origami Risk Management Claim System. Employees are now submitting accident reports through the system. This new system has reporting features for data analysis that assist in facilitating the new performance measure. Alliant Deadly Weapons Response Program from Alliant would come back to the board for consideration. A few other items Tom mentioned that would need to be discussed before we get into insurance renewals: the pooling option and the Financial Report that would need to be approved.

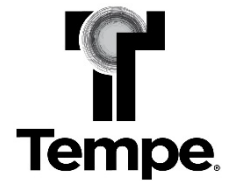
Agenda Item 7 – Public Appearances

There were no public appearances.

The meeting adjourned at 5:31 p.m.

Minutes prepared by: Alex Chin

Minutes reviewed by: Chris Hansen



RISK MANAGEMENT TRUST BOARD 2022 ANNUAL REPORT

Description as Defined in Ordinance:

The Risk Management Trust Board submits an annual report to the City Council through the City Manager relating to the status of the Risk Management Trust Fund and making other recommendations that the Board deems necessary and appropriate. The purpose of the Trust Fund is to provide for the payment of benefits, losses and claims as set forth in Arizona Revised Statutes § 11-981(A) which shall include legal defense costs, administrative costs, claims adjusting costs, losses (including those related to workers' compensation, personal injury or property damage), reserves for anticipated losses and lawsuits, insurance costs (including premiums), external audit and other expenses related to the operation of the City's self-insurance program.

The Risk Management Trust Board is composed of one member of City Council, the Chief Financial Officer or designee, and three joint members. At the time of initial appointment, the City Council designates the length of terms to provide for staggered terms. The City Council and Chief Financial Officer positions on the Board are not subject to term limits. The Risk Management Trust Board shall meet at least once a year.

A.R.S. §38-847 and TCC § {Chapter 2, Article VII, Division 1; Ordinance No. O2021.06 3-11-21}

List of Board and Commission Members, Including Attendance and Service Dates:

<u>Board/Commission Members:</u>	<u>Service Dates:</u>	<u>Attendance Record:</u>
Bilodeau, Heather	12/12/2019 - 12/31/2025	Attended 6 of 6 meetings
Hart, Jerry	03/28/2022 - 12/31/2025	Attended 6 of 6 meetings
Arredondo-Savage, Robin	05/30/2013 - 12/31/2024	Attended 5 of 6 meetings
Woods, Corey	08/19/2022 - 12/31/2023	Attended 1 of 6 meetings
Duensing, Tom	02/10/2021 - 12/31/2024	Attended 6 of 6 meetings

Name of Chair and Vice Chair:

- Chair – Thomas F. Duensing
- Vice Chair – None

Staff Liaison and Contact Information:

<u>Staff Liaison:</u>	<u>Department:</u>	<u>Phone:</u>	<u>Email:</u>
Chris Hansen	Financial Services	480-350-2904	chris_hansen@tempe.gov

Meeting Frequency and Location:

The board meets as needed. Six virtual board meetings were held via Cisco Webex during calendar year 2022.

Number of Meetings Cancelled and Reason for Cancellation:

None.

Vacancies and Duration of Vacancies:

Tom Duensing was appointed on 2/10/2022, to serve in the Chief Financial Officer (Interim) seat, replacing Ken Jones, who retired on 11/22/2021. A Joint Member position on the Risk Management Trust Board was vacant from 01/01/2022 to 08/18/2022. A Member of City Council was vacant from 07/1/2022 to 08/18/2022. |

Subcommittee and Subcommittee Activity:

Did the Board/Commission have any subcommittees active during the reporting period? YES NO

RESOLUTION NO. R2023. __

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMPE, ARIZONA, AUTHORIZING THE CITY MANAGER TO APPROVE THE PURCHASE AND RENEWAL OF EXCESS INSURANCE COVERAGE

WHEREAS, the City of Tempe, Arizona (the “City”) annually obtains excess insurance in July for lines of insurance coverage that include but is not limited to property, auto physical, workers’ compensation, public entity liability, cyber liability, dams & bridges, and pollution.

WHEREAS, the Risk Management Trust Board meets at least once a year and makes recommendations thereafter to the City Council, through the City Manager, regarding the investment and administration of the Risk Management Trust Fund, which includes review of excess insurance coverage.

WHEREAS, the City of Tempe’s insurance broker may not be able to obtain quotes from the excess insurance underwriters for certain lines of coverage for approval by the Mayor and Council of the City (the “Council”) by the end of the fiscal year.

WHEREAS, the Mayor and Council have determined that the purchase and renewal of excess insurances would need to be approved at the beginning of the fiscal year, July 1.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF TEMPE, ARIZONA, AS FOLLOWS:

Section 1. Authorization; Request.

(a) The City Manager of the City or his designee are hereby authorized and directed to approve the purchase and renewal of excess insurance coverages for the fiscal year after the review and recommendation of the Risk Management Trust Board.

Section 2. Ratification

(a) Any administratively approved excess insurance coverages would be ratified by the Mayor and Council at the next available Regular Council Meeting.

PASSED, ADOPTED, and APPROVED BY THE CITY COUNCIL OF THE CITY OF TEMPE, ARIZONA, this DD day of MMMM 2023.

.....
Corey D. Woods
Mayor, City of Tempe, Arizona

ATTEST:

.....
Carla R. Reece
City Clerk, City of Tempe, Arizona

APPROVED AS TO FORM:

Sonia M. Blain, City Attorney

DRAFT

DRAFT



Alliant Deadly Weapon Response Program

Presented to: City of Tempe

December 22, 2022

Anne Shackelford

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Pamela Dominguez

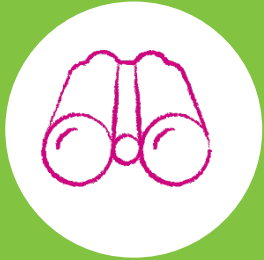
pdominguez@alliant.com

Shawn Kraatz

shawn.kraatz@alliant.com

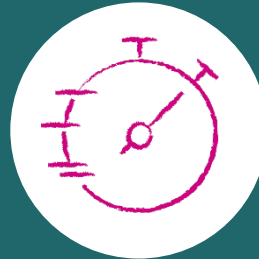
ADWRP: Coverage Overview

3 Prong Approach



Prevention

Total immunity from risk is impossible, but effective risk management can reduce it, while reinforcing commitment to the highest standards of safety.



Response

The nature and speed of the response is everything. If handled well, the response can limit the distress caused, as well as the risk of serious reputational and financial damage.



Insurance

Coverage to indemnify 3rd Party Liability, physical damage and business interruption losses.

Source: Beazley Insurance

Beazley Stand-Alone Cover

- **Crisis Management Services (pre and post event)**
 - CrisisRisk Crisis Management Services including but not limited to: crisis response investigation, crisis management support, public relations, media management and site security
 - Counselling Services
 - Funeral expenses
- **Third Party Liability & Defense Costs**
 - Indemnification of monetary judgments awarded following legal liability imposed by a court of law due to the negligence of the Original Insured following a DWP event. Inclusive of costs to defend all suits brought against the Original Insured
- **Physical Damage including Business Interruption**
 - Physical Damage to Insured location including demolition, clearance and memorialization costs
 - Gross Earnings
 - Ingress/Egress & Prevention of Access by Civil/Military Authorities
 - Extra Expense to resume operations

Deadly Weapons Protection Coverage

What policy offers

- **Primary coverage** for liability when harm is caused by attacks using deadly weapons. This is in addition to business interruption and property damage costs.
- **Cover for a wide variety of weapons. Including:**
 - Any portable firearm (whether loaded or unloaded)
 - Explosive device
 - Knife
 - Syringe
 - Medical instrument
 - Corrosive substance
 - Any other handheld device or instrument which is used to deliberately cause death or bodily injury
 - Any road vehicle that is occupied and used by an assailant to deliberately cause death or bodily injury.

Circumstance Endorsement

Definition

- **Circumstance** means a situation, action, event, behaviour, or information received, which indicates that a deadly weapon event is reasonably likely to occur.

What does the policy cover

- We will pay on your behalf for event responder fees associated with the provision of Prevention Services and Crisis Response by the event responder following any specific circumstance.

What does this mean in practice

- This means that a client can call CrisisRisk *as soon as they are aware* of a circumstance that they are worried could escalate into something more serious and CrisisRisk will help them.

Deadly Weapons Protection Response Services

At the moment, policy is triggered by either a threat, a circumstance or a DWP event – at which point the insured has access to crisis response. For the purposes of our product, a DWP event is one that is defined as any event involving an assailant where a weapon has been used or **brandished** at any of your locations.

Response Services can include (but are not limited to):

- Crisis Management Services
- Public Relations
- Security Enhancement
- Counselling Services
- Legal Services
- Forensic Investigation
- Reputation / Brand Protection
- Media Management
- At our sole and entire discretion, we will consider other expense costs not listed above

Deadly Weapons Protection Service Provider

CrisisRisk

- National leader in crisis and consequence management, communications, PR, and social media risk
- Provides critical decision support to organizations of all sizes and sectors
- Substantial experience handling active assailant incidents on behalf of schools, transportation and healthcare providers, religious institutions, public entities and not for profit organizations
- Pre-authorized to deliver the services insureds need **before**, **during**, and **after** a deadly weapon event
- Transforms crisis into value





Thank You

The More Rewarding
Way to Manage Risk



Public Entity Insurance Marketplace, Trends, Industry Issues and Outlook

Presented by:

January 2023

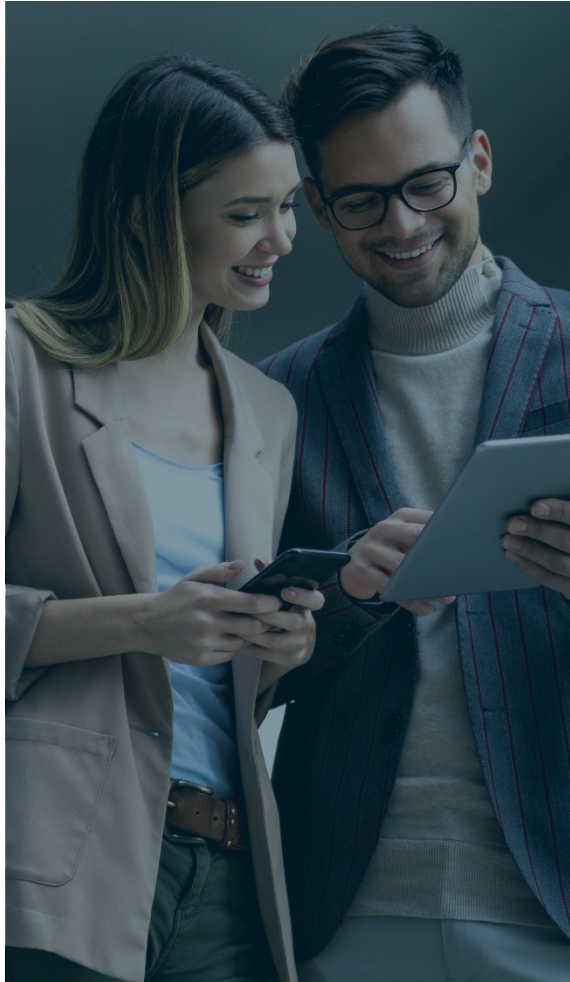
Alliant Insurance Services
www.alliant.com



(THIS INFORMATION HAS BEEN CONSOLIDATED FROM VARIOUS INDUSTRY SOURCES)

Market Conditions

Impactful issues for insureds:



Property



Excess Liability



Cyber

- **Liability capacity pull back** and withdrawals have been significant over the past two years
- **Property capacity reductions:**
 - 15% to 30% reduction in capacity from incumbents
 - Coastal and wildfire capacity continues to be especially difficult
- **Cyber capacity is shrinking** and particularly acute for certain industries (Public Entity)
- Insurers produced **negligible profit in 2021** – \$112b in Global Insured CAT losses in 2021 – **4th Worst Loss Year on Record.**
- Workers Compensation **remains stable.**
- Historically **low interest rates** have hampered carrier investment returns.
- An **increased pattern of major property catastrophes** such as hurricanes, typhoons, wildfires, etc. over the past 5 years. Is this the new normal?
- Consistent **increases in attritional property losses** (fires, water damage, tornados, hail, wildfires).
- **Increased inflation** has added to the issue of **valuation across all property classes.**
- **Social inflation & Litigation Financing** driving up liability verdicts and settlements.
- **Ransomware cyber losses** are systemic - \$6 Trillion Impact in 2021 – **Expecting \$10 Trillion by 2025** – 2019 was \$2 Trillion

Market Trends

By Product Line

Product Line	Pricing	Capacity	Retentions	Coverage
PROPERTY				
Challenged Exposures	↑	↔	↑	↓
Non-Challenged Exposures	↔	↔	↔	↓
Builder's Risk	↑	↔	↑	↓
CASUALTY				
General Liability	↑	↔	↑	↓
Excess Liability	↑	↓	↔	↔
Automobile Liability	↑	↓	↑	↔
Workers' Compensation	↔	↔	↔	↔
Umbrella Liability	↑	↓	↔	↔
MANAGEMENT & PROFESSIONAL				
Cyber	↑	↓	↑	↓
Employment Practice Liability	↑	↓	↑	↔
Fiduciary	↑	↓	↑	↓
Fidelity/Crime	↑	↔	↑	↔

Arrow Key

What direction are pricing, capacity, limits, deductibles and coverages moving?

- ↑ Increasing
- ↔ Stabilizing / No change
- ↓ Decreasing

Color Key

As a buyer, is that movement positive, neutral, or something that could present a challenge during my renewal?

- Positive change
- Neutral / No change
- Potential Challenge

Property

Rate Trends	“Low End”	“High End”
Challenged Exposures	10%	>10%+
Non-Challenged Exposures	Flat	10%
Standalone Earthquake	Flat	10%
Builder’s Risk	Flat	10%



Capacity

There remains an abundance of general property capacity, including new capacity, however, much of this is not available to all industries and/or exposures. Insurers are often willing to increase line size and deploy additional capacity on insureds in desirable industries with good risk profiles. They are carefully managing their capacity on accounts in with notable losses and on risks that have significant secondary CAT peril exposure (wildfire, hail, tornado, etc.). Capacity for large Builders Risk projects has been cut in certain territories. **We are carefully watching trends and feedback on reinsurance treaties and their impact on CAT capacity for 2023.**



Coverage

Valuations are part of almost every property renewal discussion given concerns about supply chain and inflation. Where insureds are unwilling or unable to substantiate replacement cost valuations, insurers are taking corrective actions in the form of: prescriptive policy language (scheduled limits provisions), internal valuation adjustments which can drive rate, or reductions in capacity. Insurers continue to scrutinize manuscript policy language, especially as relates to time element coverage extensions with no known or ambiguous physical damage triggers



Retentions

Pushes by insurers for retention increases has stabilized this quarter following multiple quarters of insurers imposing industry and peril specific minimum retentions (i.e \$100,000 or \$250,000 AOP’s for frame residential, 2% for tornado/hail exposed areas, etc.) Exceptions to this stabilization are on accounts with poor loss activity where insurers feel that more corrective action is necessary to create a path to account profitability



Pricing

Rate increases are still the norm; albeit not at the levels seen in earlier quarters. Insureds with good risk profiles and in desirable industry classes can often obtain flat to low single digit rate increases, and even the occasional rate decrease, given there is often an abundance of well-priced capacity willing to offer terms. Insureds with significant loss activity or that have a significant amount of secondary CAT peril exposure, however, are often still experiencing high single digit to double digit rate increases, although very rarely at the levels seen in earlier quarters. **Expect continued pressure on pricing as it relates to cat exposures**

Casualty

Rate Trends	“Low End”	“High End”
General Liability	5%	15%
Automobile Liability	5%	25%
Workers’ Compensation	Flat	5%
Umbrella Liability	10%	<20%
Excess Liability	10%	<25%



Capacity

- Capacity still constrained for difficult risks; capacity is readily available for less complex risks.
- Many insurers have indicated a focus on growth in 2022 with potential to open capacity for difficult risks, albeit with significant rate impacts which reflect the risk
- New insurer capacity continues to emerge, but not with lower rates AND very limited appetites
- Auto liability capacity will continue to be limited, possibly seeing more insurers exit the marketplace
- Reinsurance market remains capitalized



Coverage

- Increased focus on clarifying or excluding chemicals, energy, communicable disease (COVID-19), abuse & molestation and wildfires.
- ESG concerns appear to be on the rise and could impact insurer underwriting decisions
- While still early the impact of COVID-19 and the war in Ukraine will likely have insurers review coverage definitions continuing a trend to narrowing/limiting coverage



Retentions

- 2022 will see less retention adjustment and umbrella/excess attachment points will continue to shift as insurers seek out most profitable layers for deployment of capacity
- Retentions are consistent - stable



Pricing

- Primary marketplace is competitive – slow increases driven mainly by loss severity
- Umbrella and excess and market remains challenging – rate and growth in client are major price factors
- Auto liability remains unprofitable, continued rate pressure in 2022
- Workers’ Compensation continues to be profitable consistent and stable

Management Professional

Rate Trends	“Low End”	“High End”
Cyber	5%	200%
Employment Practices Liability	5%	20%
Fiduciary	10%	20%
Fidelity/Crime	5%	15%

Cyber



Capacity

Insurers have been extremely conservative with capacity, with most only offering \$5M limits. Total capacity available in the marketplace is likely below \$400 million and could continue to shrink. Energy sector being watched more closely, and avoided by some markets, given the conflict in the Ukraine.



Coverage

Coverage generally intact for most classes of business with mature information security programs and strong controls. However, leading Primary insurers are pushing for 50% coinsurance provisions and sublimits or other coverage restrictions for ransomware losses where companies are less secure. Dependent Business Interruption and Dependent System Failure coverage is slowly being lowered or removed entirely



Retentions

Continued pressure on primary retentions and waiting periods for business interruption losses



Pricing

Short-tail nature of Cyber risk results in rapid pricing feedback, with abrupt pricing correction due to uptick in severity of claims. Insurers have consistently secured primary increases of 80% - 250% on Q1 and Q2 2022 renewals, depending on controls and what increases they had in 2021. Still very dependent on strength of controls, with minimum standards being tightened. Excess insurers are following Primary increases and pushing for higher percentage increases on certain attachment points, with ILF's still well over 80%.

Exposure Concerns: From our Clients



Common Client Concerns:



Employment

Retirements, wage growth, coasting, recruitment and succession



Cyber Liability

Constant threat, significant investment needs, coverage costs



Property Insurance

Valuation, cost of construction, availability of high limit program, wildfire threatened locations



Economy

Inflation, the “R” word, allocation of funds



Liability

Jury verdicts, litigation management, retentions and availability of coverage in challenging markets for loss leaders



Digital/Technological Transformation

Public Safety Drones, increased cyber exposure, new uncharted

Increasing Impact on Liability Market



Reduced Capacity
reinsurer withdrawals have been significant over the past two years



Litigation Financing
continues to drive large claims and 68% of firms are using it in 2021



Plaintiff Attorney Strategies
specialization and strategies have evolved to get larger verdicts and settlements.



Hyper Social Inflation
“A Texas jury awarded \$300 billion to the family of a teen and her grandmother, who were killed in a 2017 crash with a drunk driver.” This type of verdict is meant to send a message to others.



Labor Shortage
everyone is doing more with less



Reviver Legislation Amendments
A rise in Sexual Abuse and Molestation claims and settlements



Law Enforcement
Increased focus on policing policy and procedures as well as pressure on Qualified Immunity



Auto Liability
Frequency & Severity of losses has returned to pre COVID figures



Underwriter Scrutiny
reinsurers are seeking to grow prudently and are maintaining a disciplined, conservative underwriter approach.



Inflation
Rising cost are increasing the size of claims



Exclusions
continued restrictions surrounding sexual abuse, Wildfire Exclusions, COVID, cyber, opioids and man made chemicals (PFAS – new focus)

Liability Renewal Outlook



Excess liability continues to be a challenge



Specific Problem areas:

- Aggregate limits – Many carriers are looking to cap their exposure on pool programs
- Attachment point/Retentions are being closely examined
- Underwriter scrutiny on Law Enforcement and Sexual Abuse/Misconduct coverages
- Emerging Exclusion - PFAS



Pricing expectations based on Q2 results for 2022 = Flat to +10% – based on losses and jurisdiction



Engage incumbent carriers early to gain commitment on renewal

Property Renewal Outlook



Continued scrutiny of data (SOV, COPE, ITV with Increased Construction Cost)



Increased retentions and caps on certain types of exposure

- *Windstorm & Hail*



Rate increases expected and highly dependent on Wind Season, Reinsurance Market and individual client losses



Underwriter submission activity remains high – imperative to engage early and access global market



Regional Underwriting: Property markets are affected differently across the nation.

e.g. West Wildfire, East Hurricanes, Midwest Hail, etc.

Cyber Renewal Outlook



Leading insurers have indicated “We may have hit rate equilibrium”

2023 Forecast:

- 15% to 25% increases, at a minimum, for “good” risks and most starting much higher
- Lower overall capacity deployment
- Increased per-claim, self-insured retentions for poor security posture
- Potential coinsurance percentages added for ransomware
- Further reduction of ransomware limit

Requirement to evidence security posture:



- MFA
- Data Backups
- Endpoint Detection
- Employee Education & Training Programs

Workers Compensation Leading Concerns



Rate expectations: Account Specific



Wage Inflation's impact on premiums & Medical Expense Inflation



Underwriter Concerns: Per Occurrence exposure to Cat loss



Remote Work: Out of State employees & Impact on productivity and compliance



Investment Yield on Long Tail Coverage



Thank you!

Questions?

Please contact us if you would like a copy of this presentation.

