

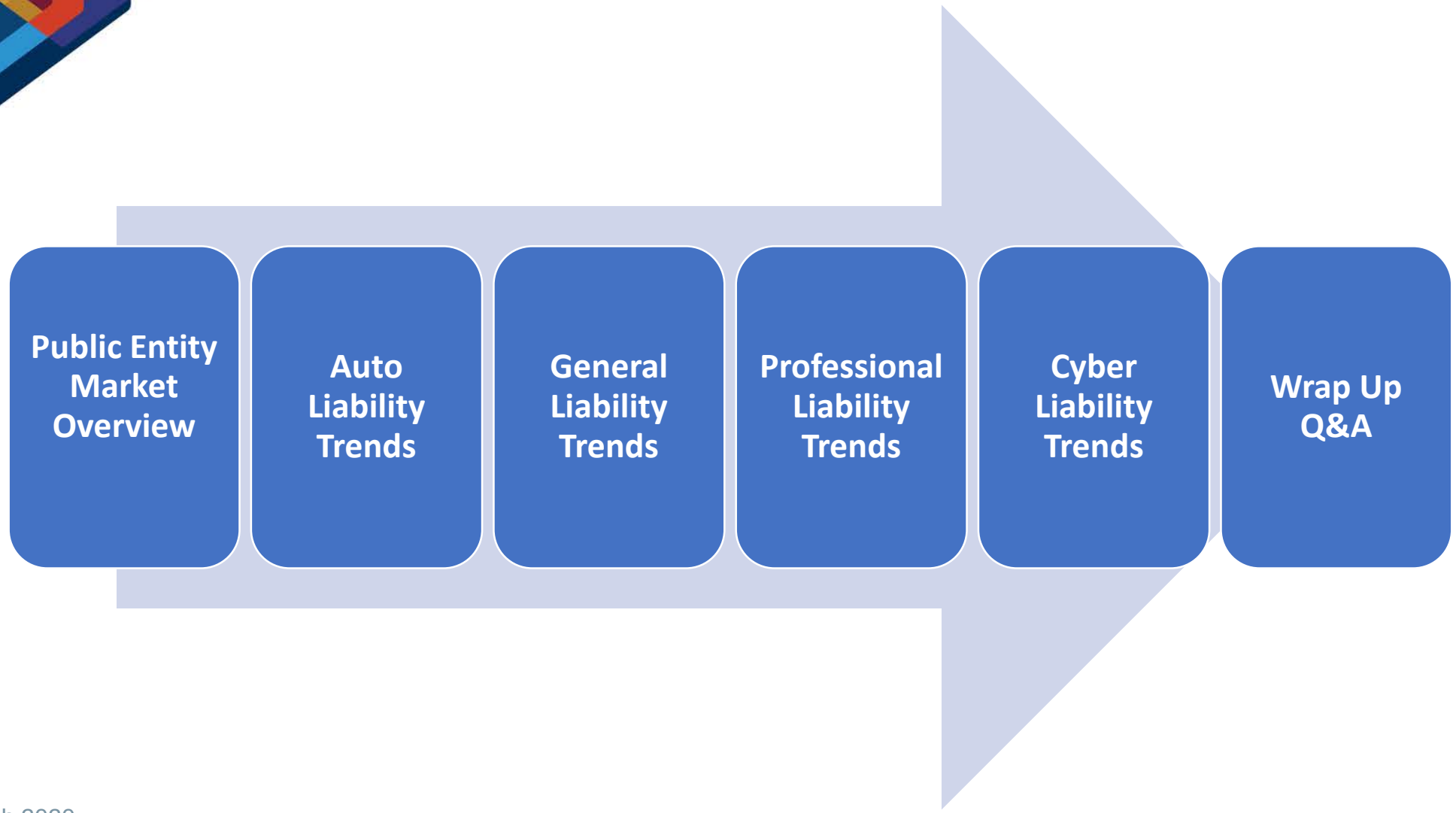
State of the Market – Liability Hot Button Issues

National PRIMA, June 2020

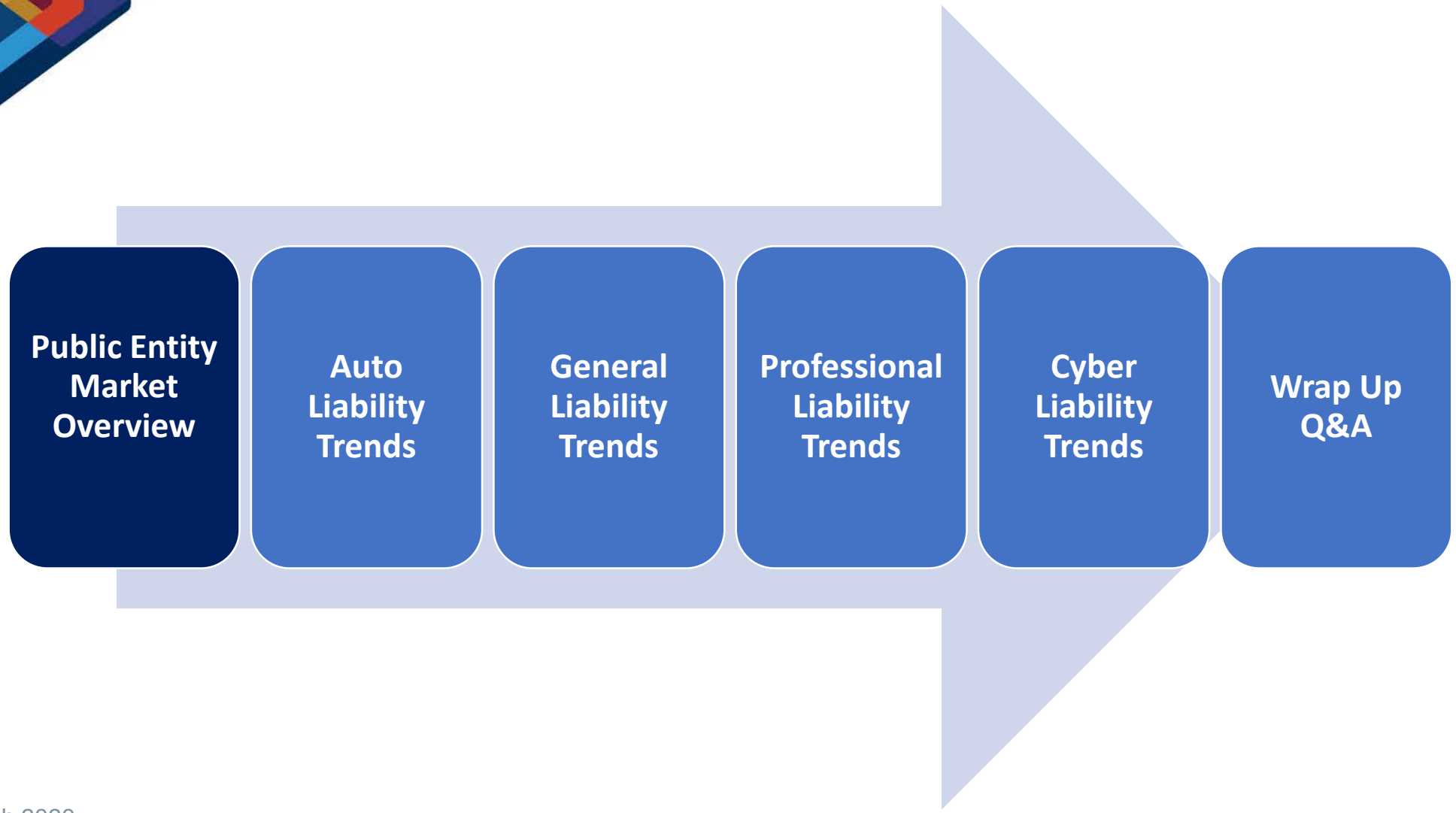
Julianne Shillington, Assistant Vice President

Munich RE

Agenda:

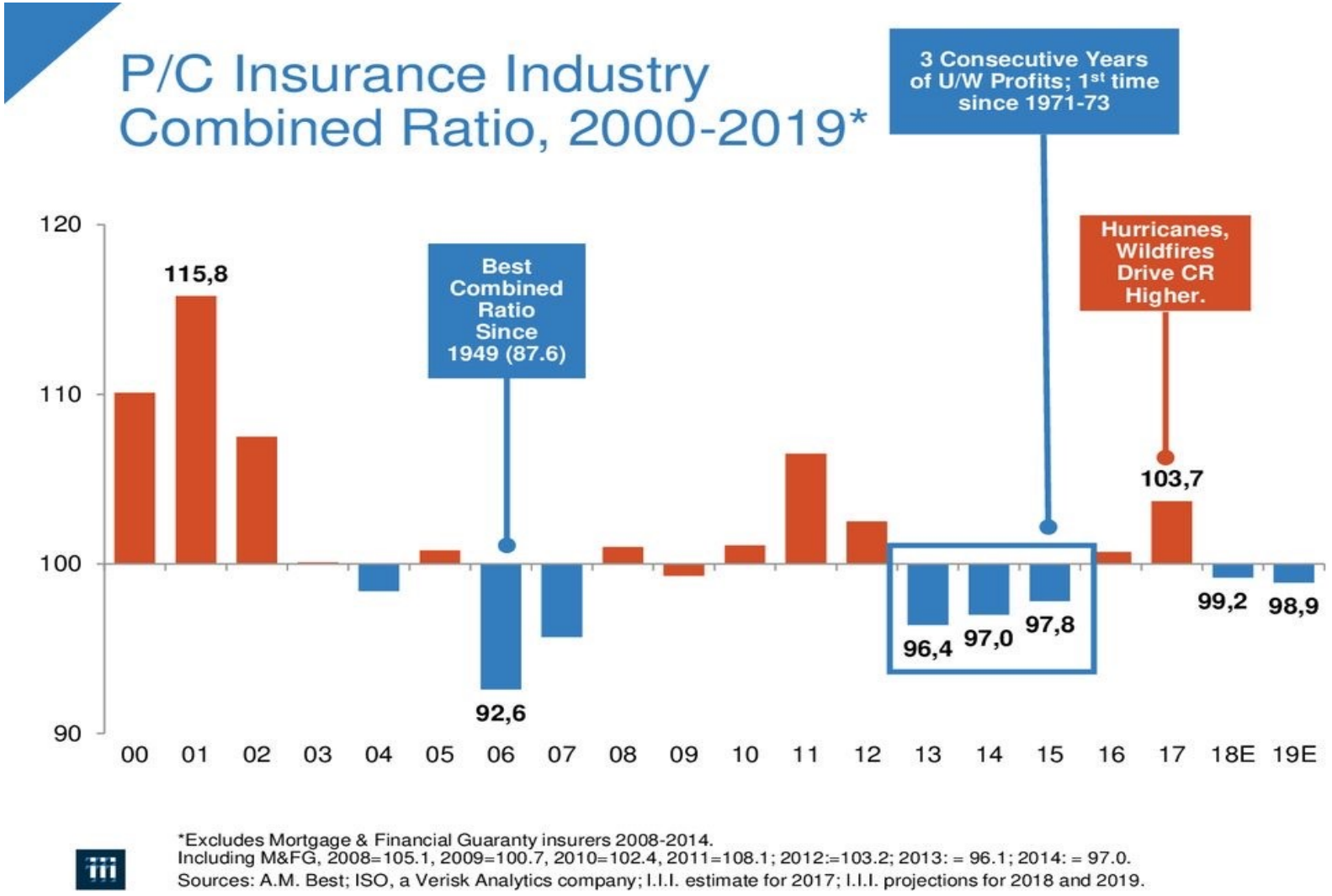

Public Entity Market Overview
Auto Liability Trends
General Liability Trends
Professional Liability Trends
Cyber Liability Trends
Wrap Up Q&A

Public Entity Market Overview:



State of the Market:

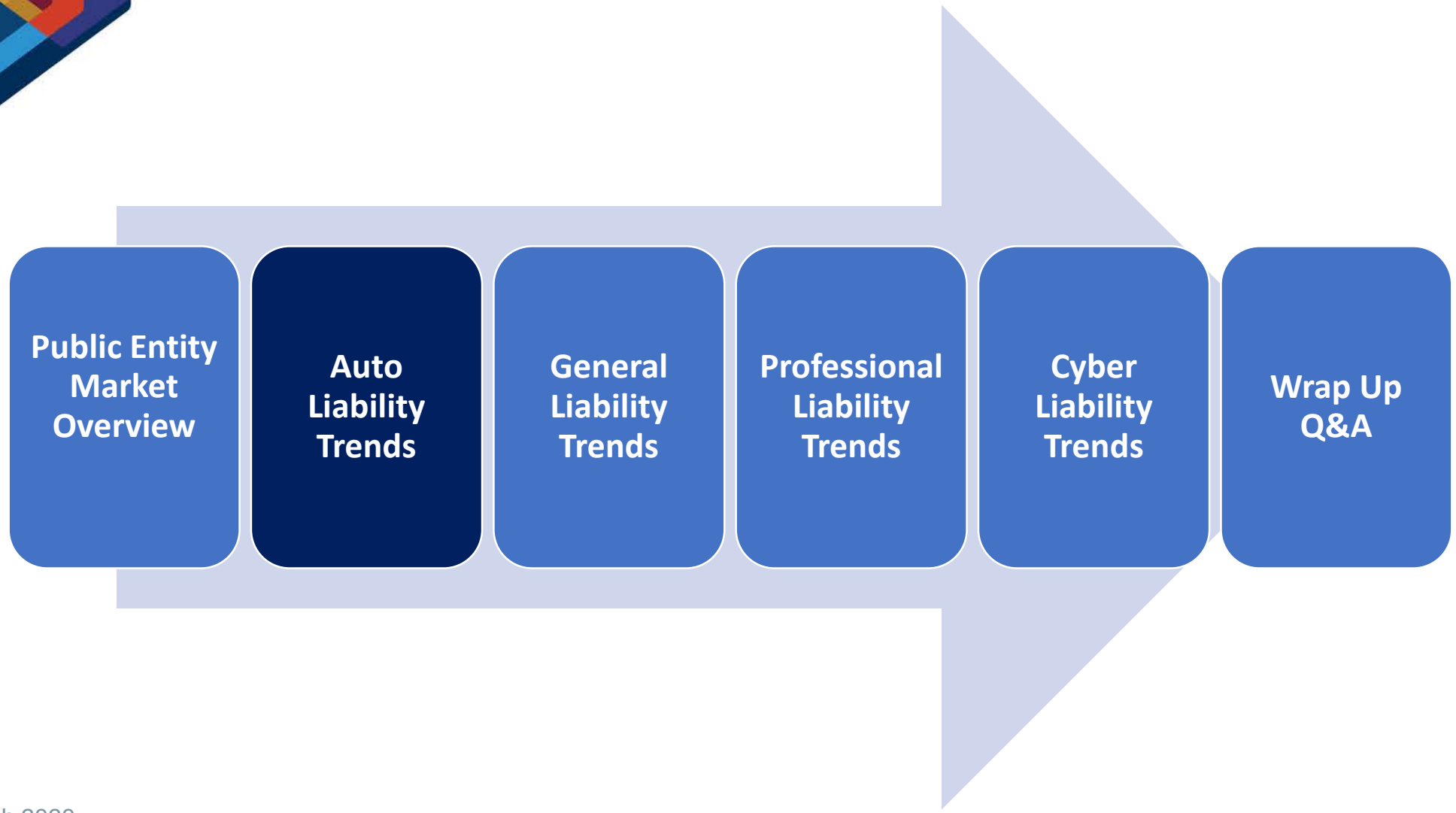
Insurance Industry



7

 Munich Re Specialty Insurance – Julianne Shillington, AVP

Automobile Liability:





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

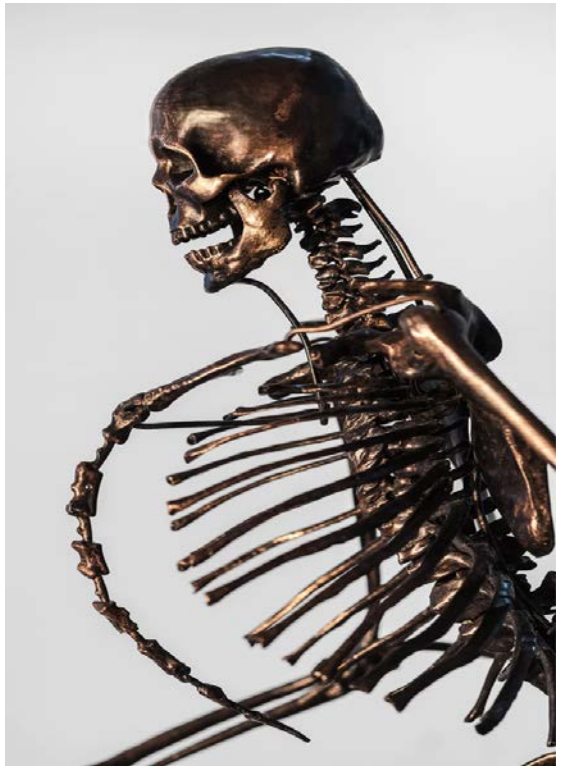
www.pinterest.com

Automobile Liability:

- Rate stabilization
- Technology = more expensive
- Distracted driving
- Bus route planning



Automobile Liability:



Unsplash.com

TBI
Traumatic
Brain
Injury

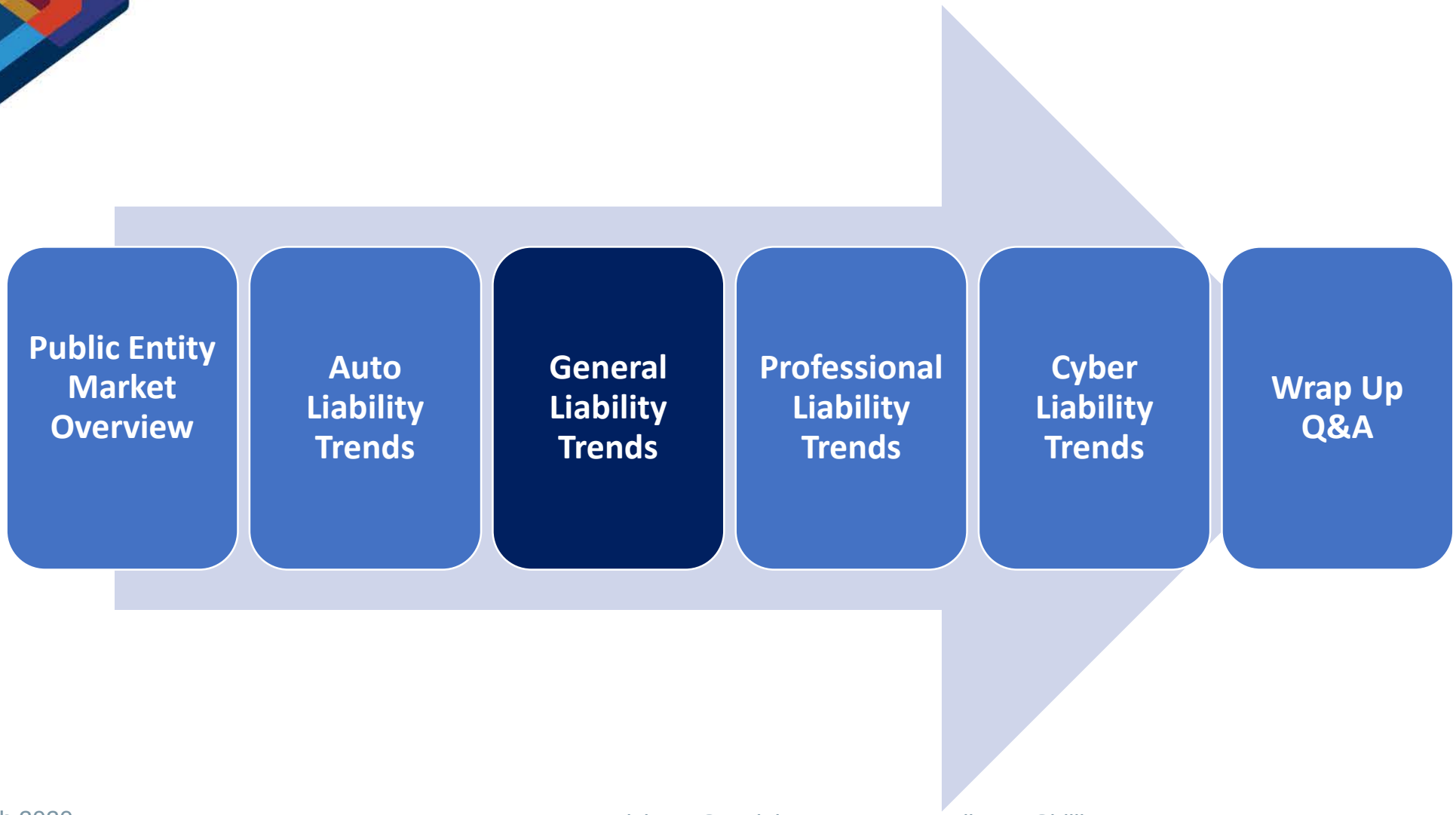
Automobile Liability: TBI Examples

General Example	General Example	Specific Example
▪ 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	▪ 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	▪ 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



General Liability:



General Liability:

Increasing impact on General Liability exposure

- Sexual Abuse and Molestation
- Excessive force
- Active Shooter events
- Large verdicts
- Drones
- Jails & Health
- Pandemics



Sexual Abuse and Molestation



Law Enforcement Liability



Verdicts

Casualty Trends
General liability – Sexual Abuse & Molestation

Report I of the 40th Statewide
Investigating Grand Jury

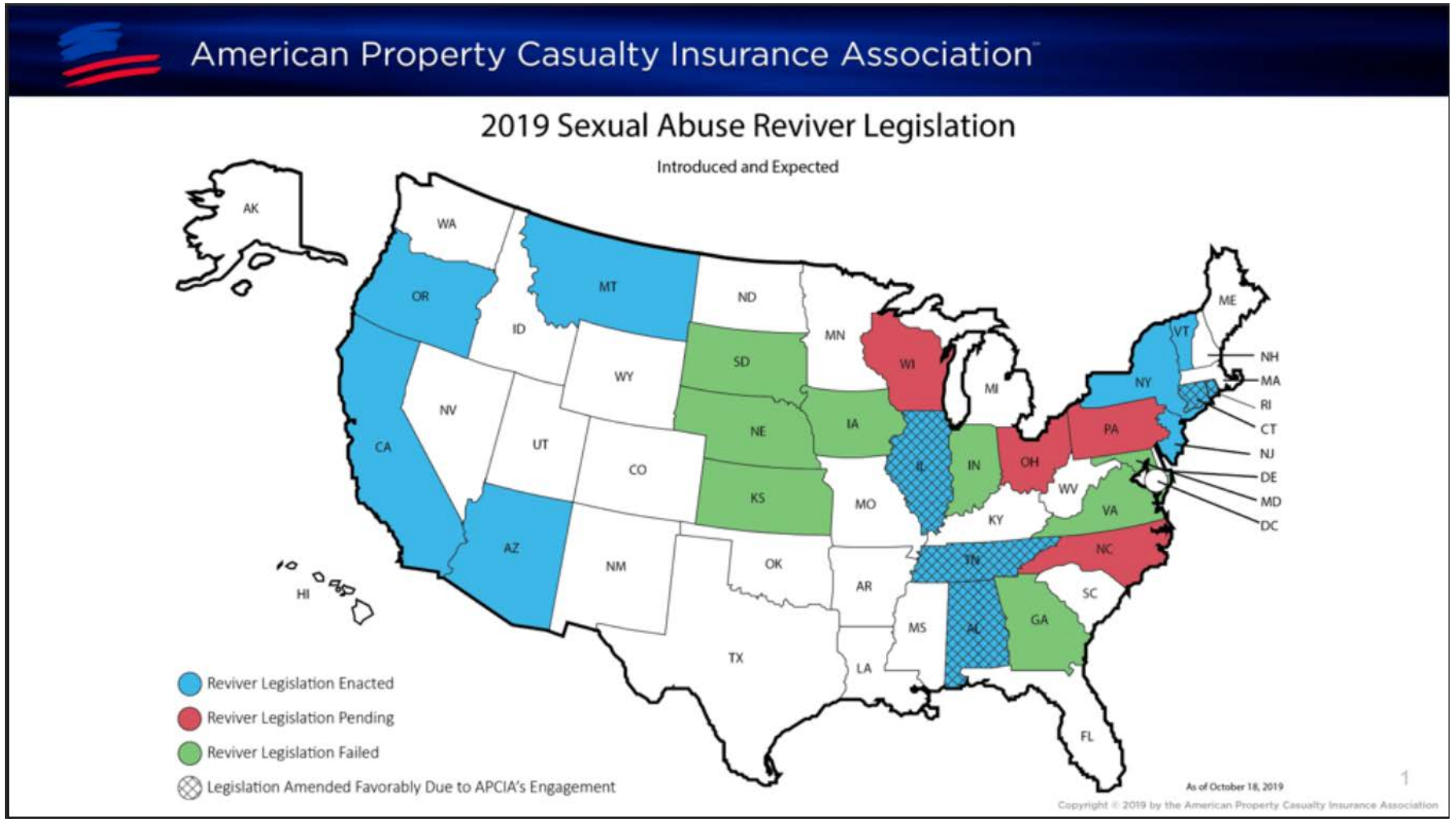
REDACTED

By order of PA Supreme Court July 27, 2018

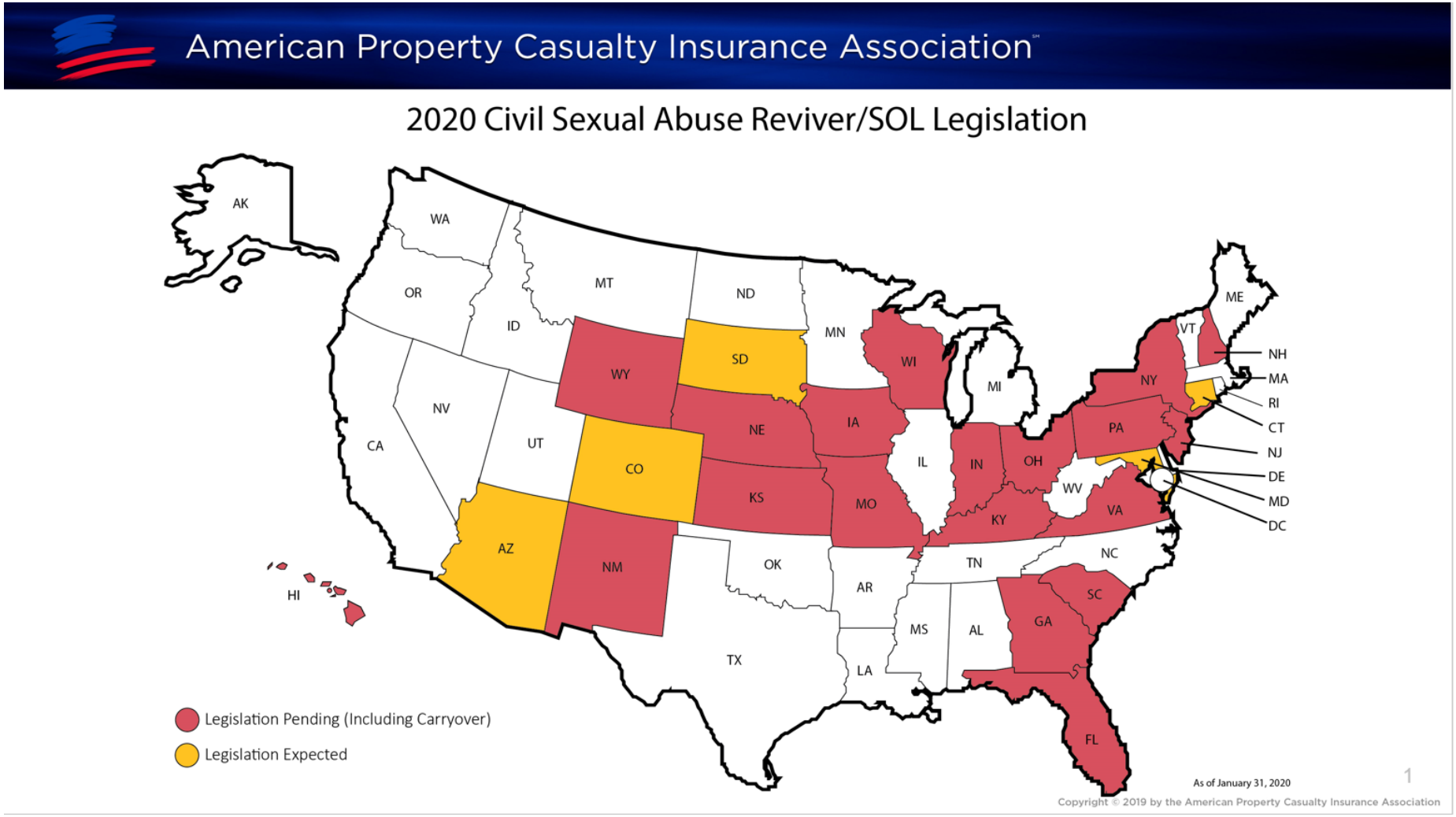
Dailyitem.com

Nytimes.com

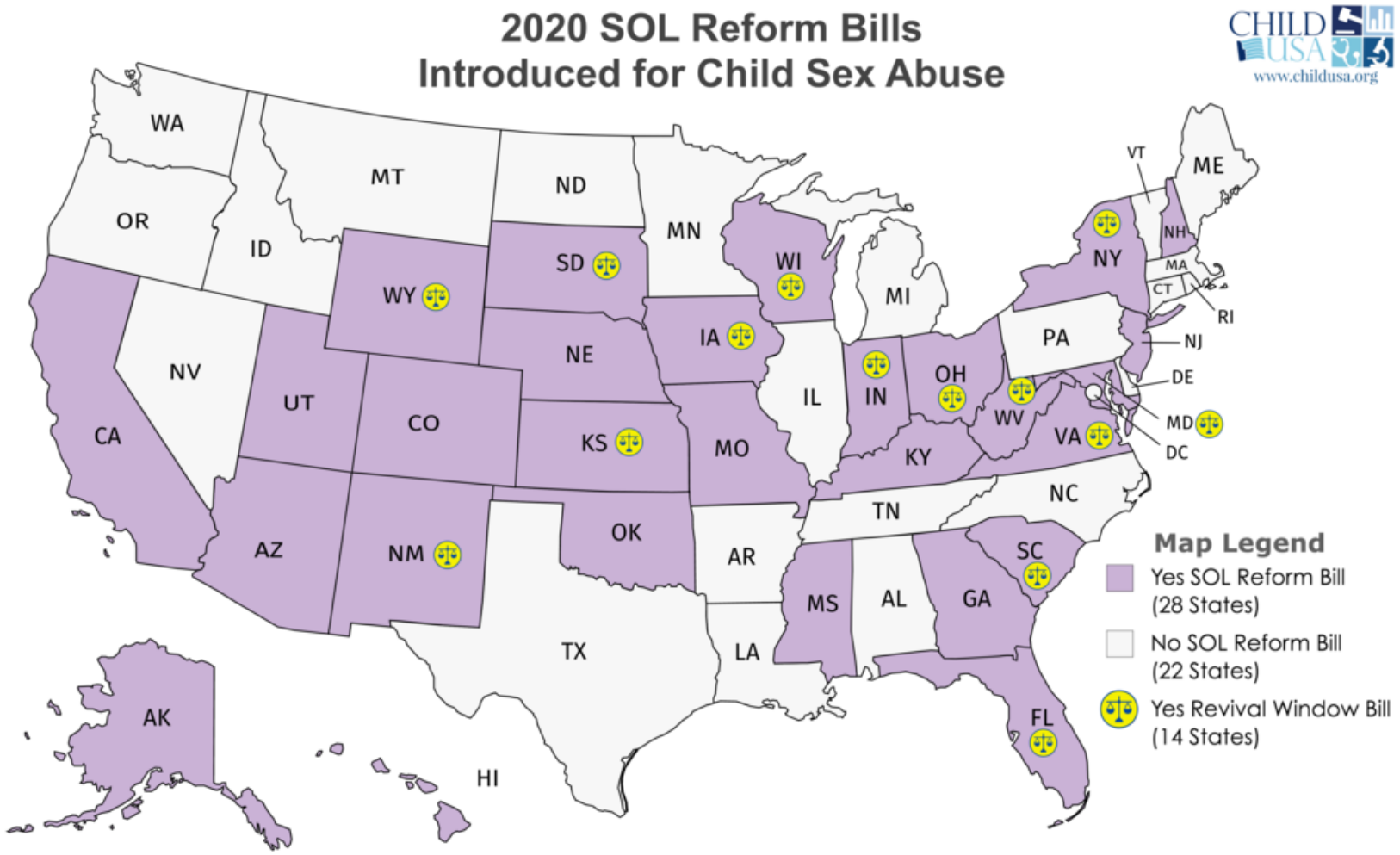
Casualty Trends
General liability – Sexual Abuse & Molestation



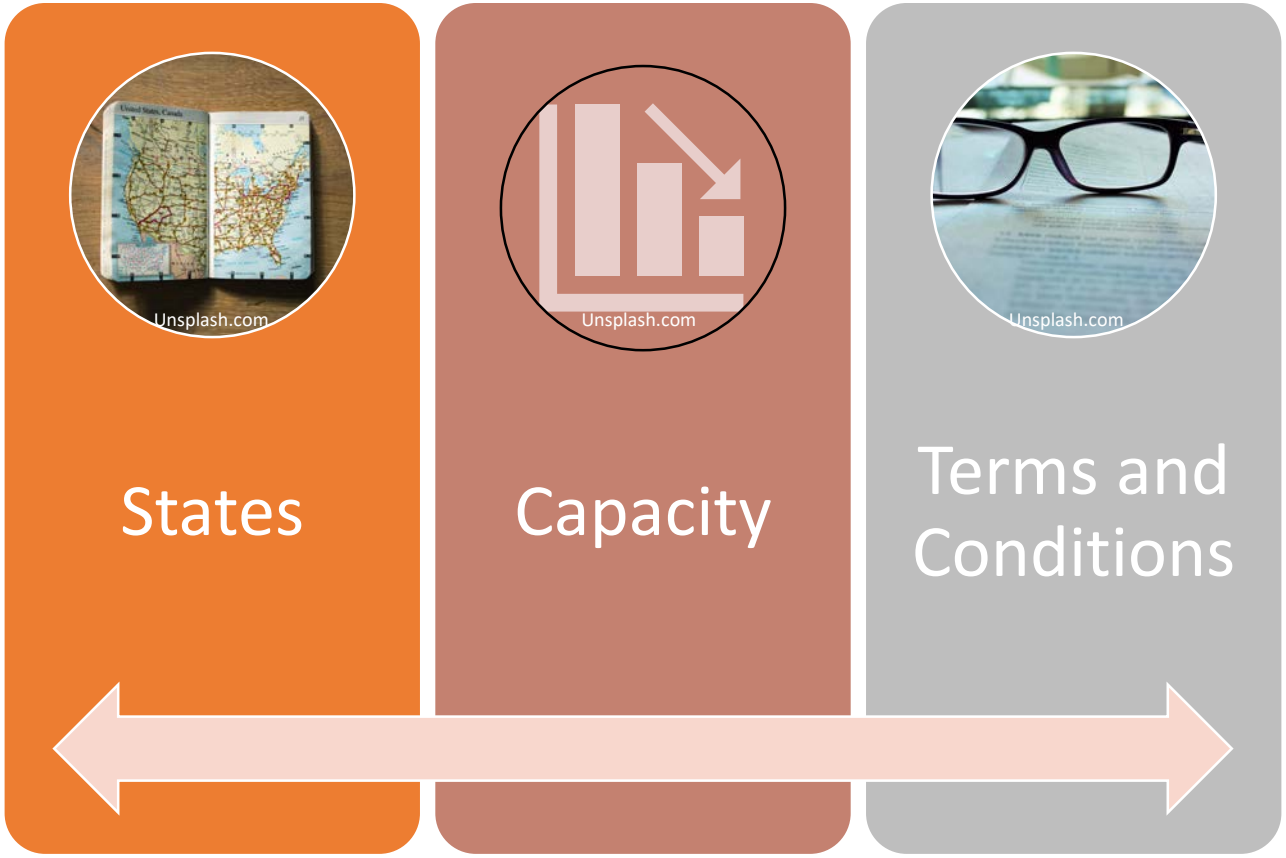
Casualty Trends
General liability – Sexual Abuse & Molestation



Casualty Trends
General liability – Sexual Abuse & Molestation



Casualty Trends
General liability – Sexual Abuse & Molestation



Casualty Trends
General liability – Sexual Abuse & Molestation



www.unsplash.com

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

Casualty Trends
General liability – Excessive Force



- Pistols and Tasers
- **ADA Considerations**
- **Media and Community**

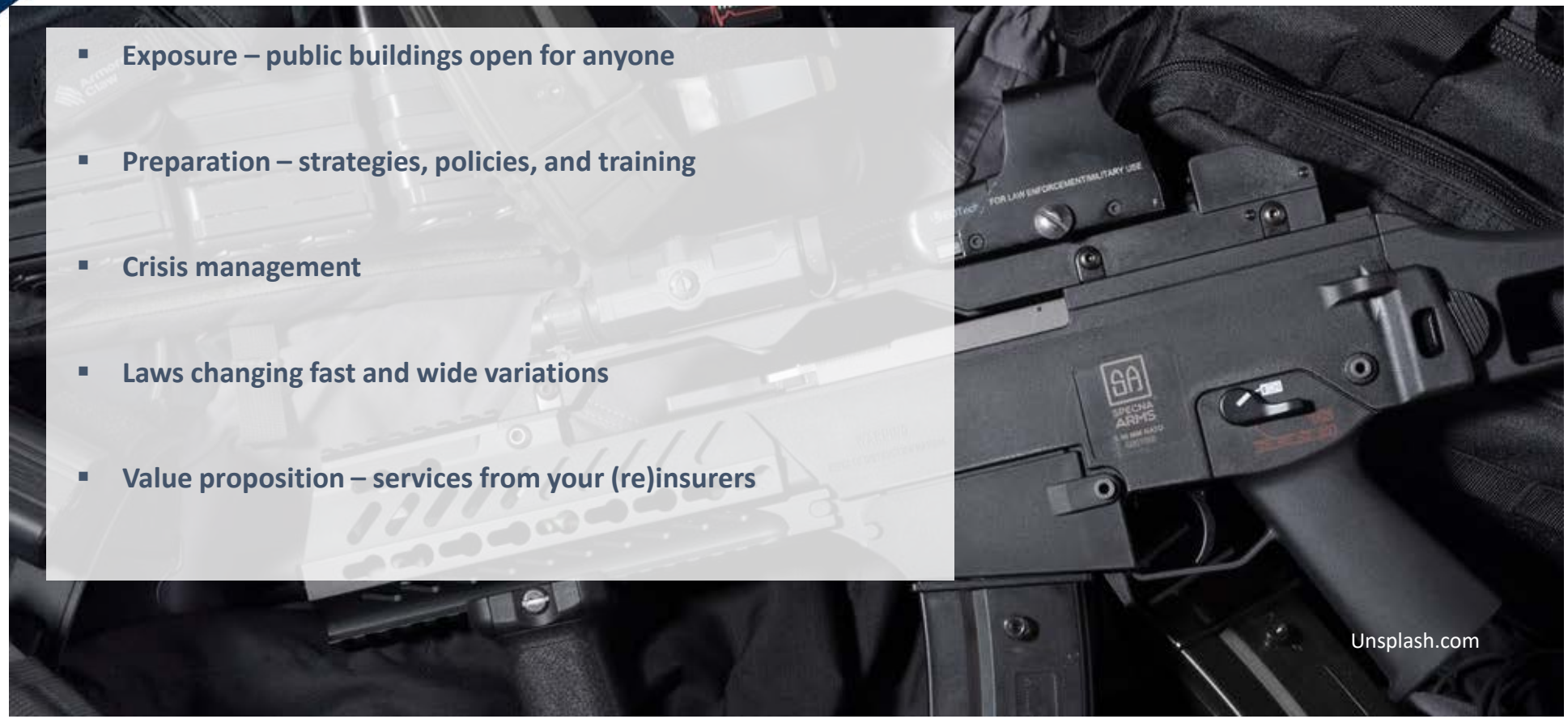
Unsplash.com

Casualty Trends
General liability – Active Shooter Preparedness



Unsplash.com

Casualty Trends
General liability – Active Shooter Preparedness

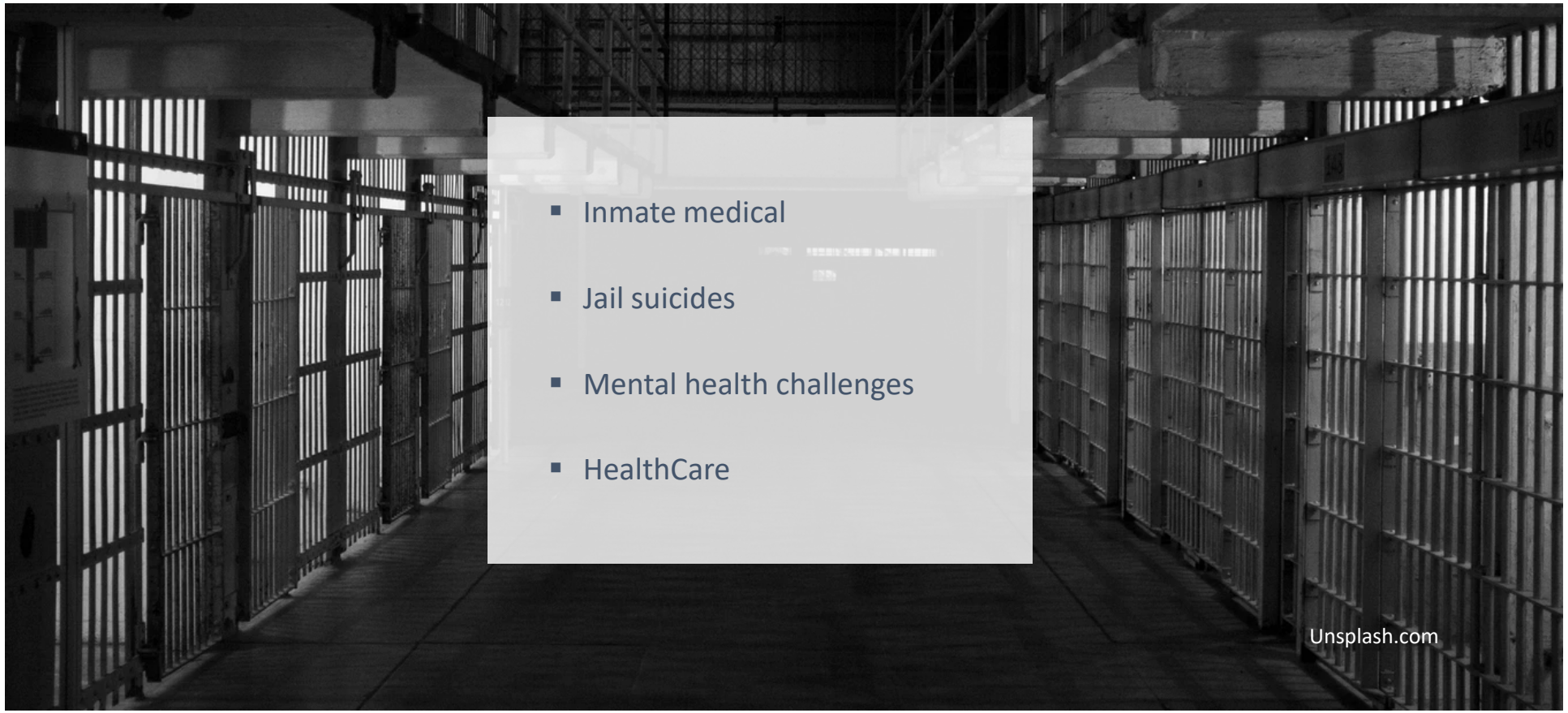


- Exposure – public buildings open for anyone
- Preparation – strategies, policies, and training
- Crisis management
- Laws changing fast and wide variations
- Value proposition – services from your (re)insurers

Casualty Trends
General liability – Drones

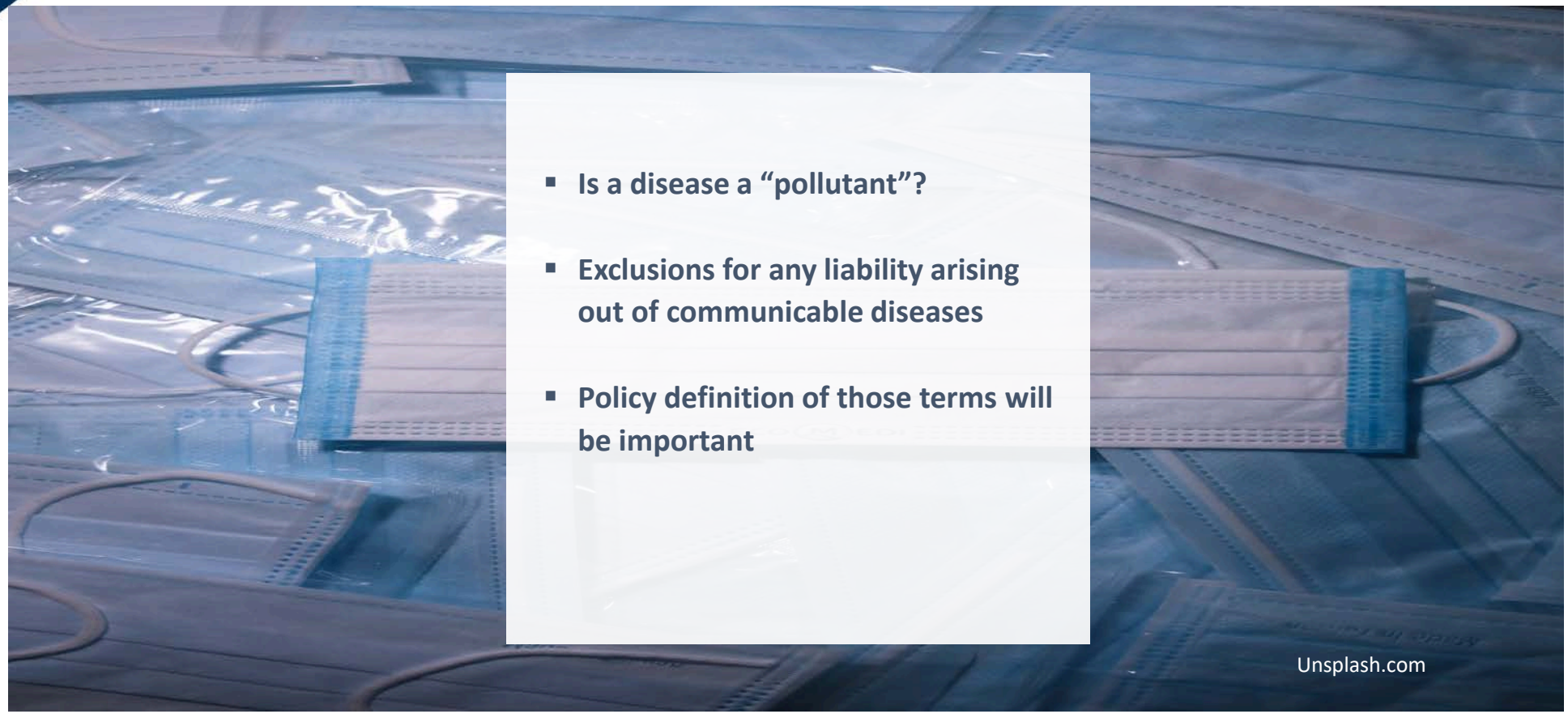


Casualty Trends
General liability – Jails



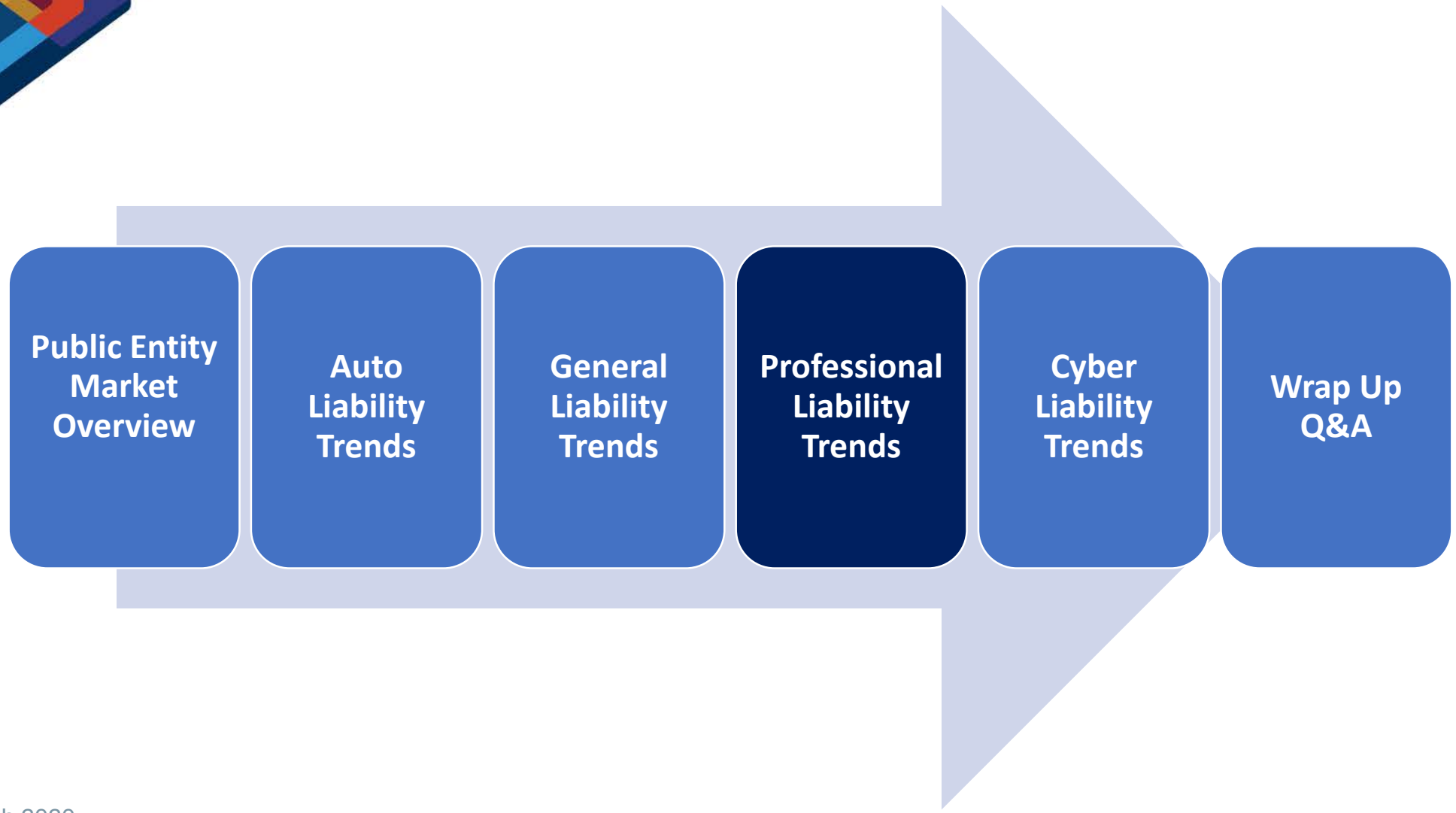
- Inmate medical
- Jail suicides
- Mental health challenges
- HealthCare

Casualty Trends
General liability – Panademic



- Is a disease a “pollutant”?
- Exclusions for any liability arising out of communicable diseases
- Policy definition of those terms will be important

Professional Liability:



Professional Liability:

Casualty Trends and Renewal Expectations



Blogs.plos.org

Professional Liability:

Casualty Trends and Renewal Expectations

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:

Casualty Trends and Renewal Expectations

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:

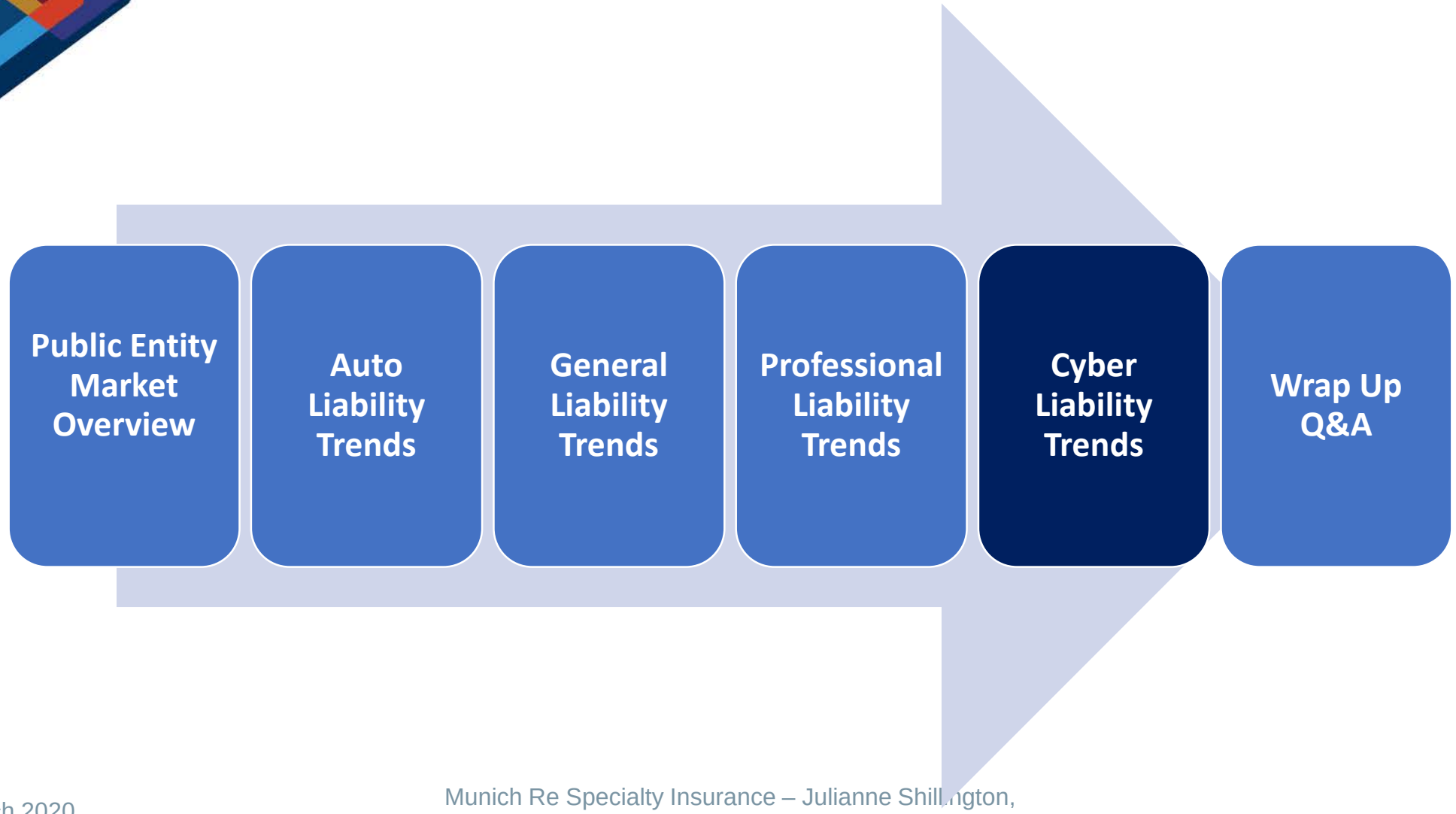
Large Verdicts & Social Inflation

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



Unsplash.com

3 Multi-factor Authentication

4 Remote Access

Cyber Trends

Risk Management Considerations – Multifactor Authentication



news.vanderbuilt.edu

Cyber Trends

Risk Management Considerations

1 Reporting lost or stolen materials

2 Email vigilance



Unsplash.com

3 Multi-factor Authentication

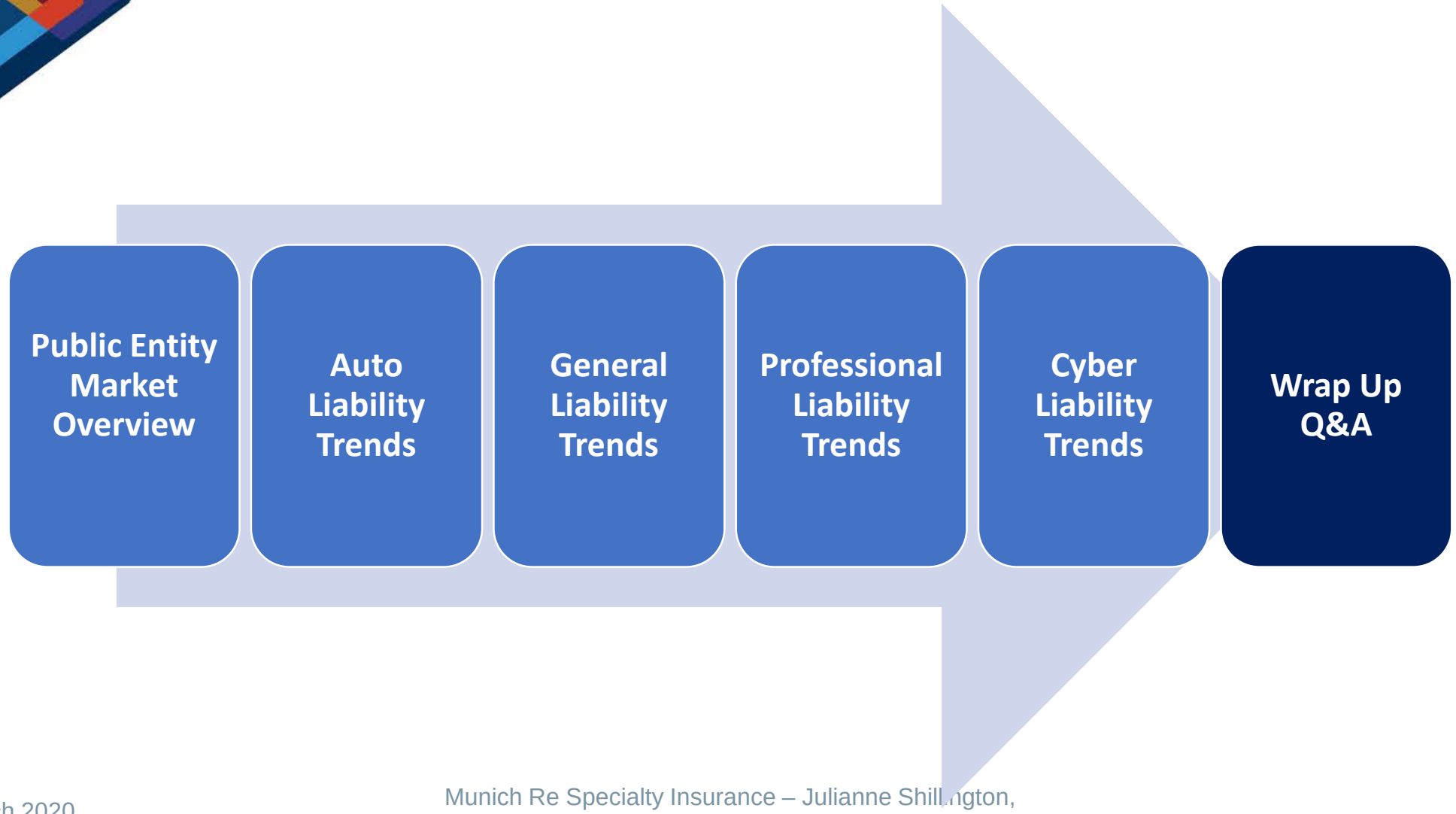
4 Remote Access

Reminders:



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

Wrap Up Q&A:


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Wrap Up Q&A



Thank You!

Julianne Shillington, AVP
jshillington@munichreamerica.com

Munich Re Specialty Insurance

Munich RE

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