

Insurance State of the Market

Lutheran Financial Managers Association



About Us...



Johnson Kendall Johnson, Inc. is a privately owned independent firm, run exclusively by insurance brokers with no attachments to any insurers or financial institutions.

Over the last 65 years, JKJ has grown to be acknowledged as one of the premier insurance brokerage firms in the United States.

Our clients range from Fortune 1000 companies to sole proprietorships in wide-ranging fields like biotech, retail, financial institutions to healthcare and real estate developers.

JKJ developed a niche in the Health & Human Services Industry, insuring the very first Continuing Care Retirement Community (CCRC)/Life Plan Community in 1969 in PA, who proudly is still a client today!

We actively manage over 350 Senior Living & Human Services organizations across the country.

Headquartered in Newtown, PA. JKJ Client's operate throughout the U.S. and across the globe.

We are proudly the Founder of the 401k plan – and retain the first ever plan to this day!

Foundational Pillars

1

Safety & Risk Management Services:

- Safety Program Development
- Site Audits and Inspections
- Technical Support
- Cyber Risk Management
- Contractual Risk Analysis

2

Insurance Program Design:

- Exposure Analysis
- Coverage Design and Procurement
- Analytics & Benchmarking
- Alternative Risk Program Solutions

3

Claims Management:

- Client Advocacy
- Claims Reporting and Review
- Claims Resolution Strategy
- Insurance Carrier and TPA Oversight
- Claim Analytics & Trending

Supporting Excellence through a Customer Service and Technology Focus

- **Customer Service Excellence:** Delivering a personalized approach through dedicated teams and consistent client engagement.
- **Advanced Technology Integration:** Utilizing top-tier platforms like Indio, JKJ24, and ResourcePro to streamline processes and enhance client interactions.
- **Data-Driven Insights:** Leveraging proprietary claims analytics to provide detailed insights and customize safety and risk management programs.
- **Proactive Client Communication:** Maintaining regular check-ins and updates to keep clients informed and engaged with the latest industry trends and regulatory changes.
- **Continuous Improvement:** Implementing client feedback mechanisms and performance-based incentives to ensure the highest standards of service and client satisfaction.
- **Client Advocacy and Support:** Offering comprehensive advocacy and counseling services to guide clients through coverage interpretation, loss valuation, and litigation management.

Speaker Introduction



- **Alexandra H. Bretschneider, CCIC**
- Vice President & Cyber Practice Leader



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- St Joseph's University – MIS & Finance
 - Big 4 IT Consulting & Telecom Consulting Background
 - *Cyber COPE Insurance Certification* from Carnegie Mellon Heinz College of Information Systems & Public Policy
- Work with organizations in Human Services, Senior Living, Manufacturing, Technology, Retail & Hospitality
- Founded JKJ's Cyber Practice
 - Awarded Cyber Broker Team of the Year 2021 and 2023 by Zywave
 - Recognized as 2025 Power Broker by Risk & Insurance Magazine
 - Nominated Cyber Person of the Year 2025
 - Continually speaking at industry leading events & associations

Agenda

- Market Conditions & Recommendations:
 - Macro Perspective
 - Property
 - Auto
 - General & Professional Liability
 - Excess
 - Workers Comp
 - Management Liability
 - Cyber

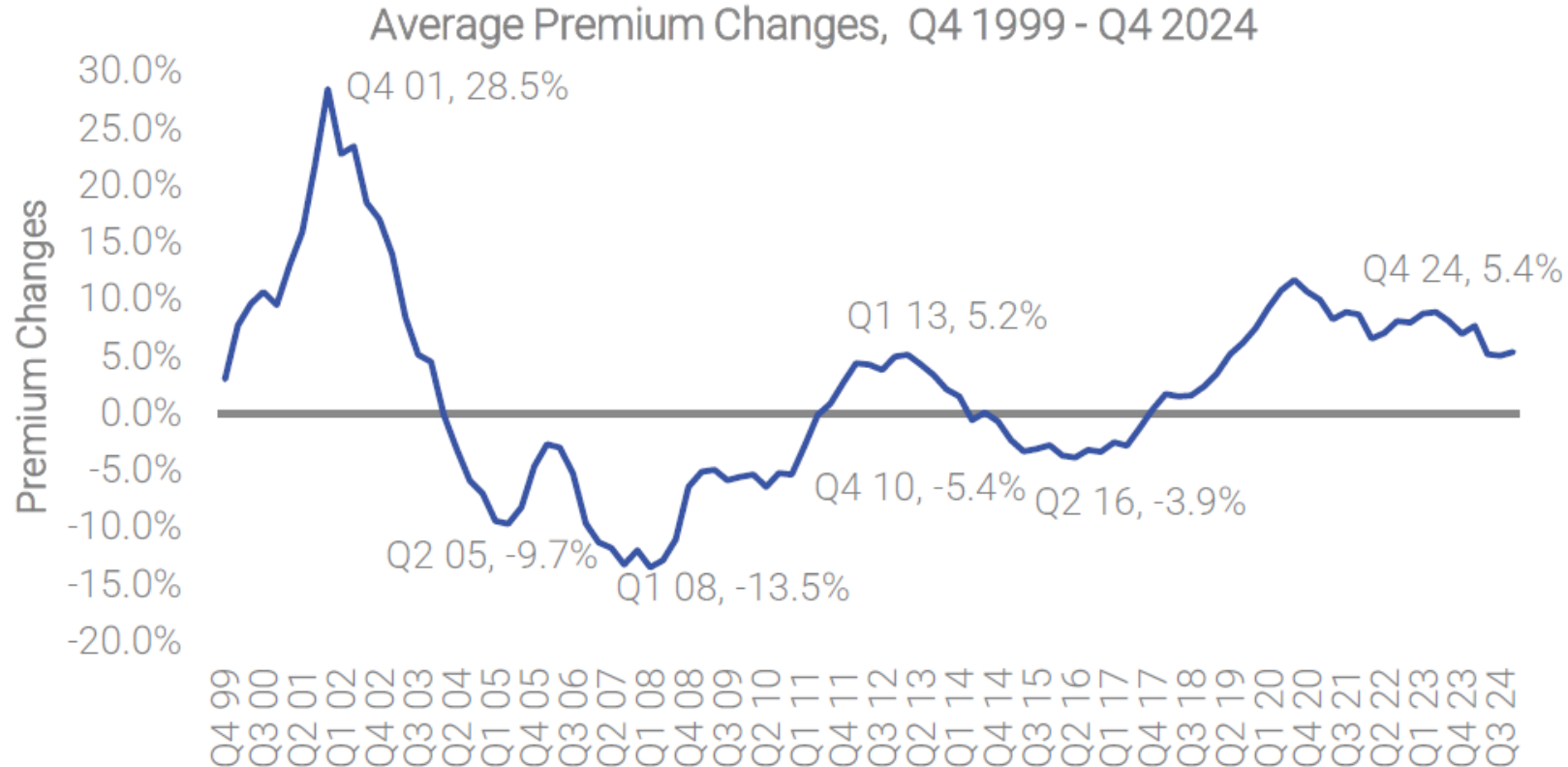
MARKET CONDITIONS

Market Conditions: History



- Prior to the last 5+ years, commercial insurance sector had been smooth: stable premiums & coverage since 2001 (Sept 11th)
 - Prior to that - the last sustained hard market occurred in the 1980s
- Commercial insurance has now been experiencing an overall hard market for the last half-decade; resulting in:
 - Reducing capacity
 - Reducing coverages
 - Increasing pricing
 - Market exits

State of the P&C Market



State of the P&C Market



- 30th consecutive quarter of rising premiums (through Q1'25)
- Average increase in premiums across all account sizes is 7.7%
- Four coverages saw a “softening” in premium: Workers Compensation, Cyber, D&O, EPLI
- Property continues to increase 10.1%
- Three headed monster: weather, economic inflation, & social inflation

Source: The Council of Insurance Agents & Brokers

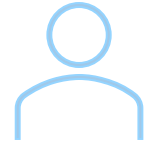
The three-headed monster threatening insurance

Extreme weather, hyperinflation and social inflation are forcing carriers to make difficult adjustments.

By Joe Toppe | July 18, 2024 at 12:00 AM



Market Conditions: You



Healthcare/Human Service Providers continue to face:

- Rising labor costs and staffing shortages
- Ongoing surge in professional liability claims
 - Drivers: Inexperienced or over utilized staffing & Social inflation
 - Average liability claim is approximately \$250,000
- Economic Inflation & **Pending Tariff Impact** – inflating costs:
 - Building materials
 - Replacement parts
 - Labor
 - Medical expenses
 - Attorney fees
 - Settlement amounts
- Insurance Buyer Fatigue (even on accounts with minimal to no loss experience):
 - Resulting in insureds purchasing less overall limit, retaining higher deductibles, reducing CAT sublimits, self-insuring a portions to assist in controlling the ultimate cost of their respective renewal



Market Conditions: You

- **U.S. Commercial insurance buyers** experienced more modest premium increases in 2024
 - Slowdown in Property insurance rate increases in Q4
 - Commercial Auto rates and Umbrella/Excess liability continued to rise markedly, indicating mixed dynamics in the commercial insurance sector (MarketScout's Market Barometer)
 - **6.7% rate increase** in Commercial Auto rates in Q4 of 2024
 - **3.7% rate increase** in General Liability & Excess/Umbrella
 - **Overall 3.75% increase in commercial insurance rates** in Q4 2024, a lessening from 4.56% in 2023 U.S.

Market Conditions: Insurance Carriers

- **US P&C market = stable at the start of 2025:**
 - Strong capacity
 - Rates are still increasing, but less significantly (signs of softening)
 - Carriers competing for business
 - Insurers are profitable still from rate increases, better underwriting scrutiny, and higher investment returns
- **But challenges continue:**
 - Economic uncertainty, social inflation, weather events/climate change, rising litigation costs, regulatory shifts, trade wars
 - **Social inflation:** is current social & cultural attitudes with public distrust of large business, influence of social media, and legal marketing leading to increasing litigation costs and high settlements from influence on jury verdicts & awards
- The financial strength of insurers, ongoing regulatory developments, and macroeconomic conditions will all play a role in shaping the market in the months ahead.
- Now, more than ever, businesses should be reevaluating their insurance programs to safeguard their operations and protect their balance sheets

P&C Insurance Industry Posts Strong 2024 Turnaround

U.S. property and casualty insurers rebound with \$22.9 billion underwriting gain, marking dramatic turnaround from 2023 losses, AM Best reports.

By: R&I Editorial Team | March 19, 2025

Market Conditions: Insurance Carriers

- **P&C 2024 estimated net underwriting loss narrowed to \$2.6 billion in 2024 from a \$24.6 billion loss in 2023 (A.M. Best)**
 - Improvement in personal lines lead to positive underwriting results
 - For 2025, the rating agency is revising its loss estimate by 8.5 points due to the January California wildfires.
- Despite a modest 2.1% increase in incurred losses and loss adjustment expenses, these costs were outpaced by premium growth.
- Underwriting expenses rose 9.8%, but were offset by a substantial 21.3% increase in earned net investment income, significantly bolstering P&C insurers' overall financial results.

Market Conditions: Combined Ratio

Definition of Combined Ratio:

- **Combined Ratio** = Loss ratio + Expense Ratio
- **Loss ratio** = total incurred losses in relation to the total collected insurance premiums
- **Expense ratio** = how expensive it is to generate new business since it takes into account commissions, salaries, overhead, benefits, and operating costs
- Combined ratio measures the incurred losses and expenses in relation to the total collected premiums

$$\text{Combined Ratio} = \frac{(\text{Incurred Losses} + \text{Expenses})}{\text{Earned Premiums}}$$

Market Conditions: AM Best 2023 Review

U.S. Property/Casualty – Product Line Underwriting Trends

Product Line ¹	NPW 2023		Combined Ratios						
	Share (%)	Growth (%)	2018	2019	2020	2021	2022	2023E	2024P
Private Passenger Auto	34.8	12.5	97.7	98.8	92.5	101.4	112.2	109.5	103.1
Homeowners & Farmowners Multi-peril	15.7	12.0	103.6	98.5	107.3	103.4	104.6	111.0	106.1
Other & Products Liability ²	12.4	9.5	101.1	105.6	105.0	97.1	96.2	96.5	97.5
Commercial Auto	6.5	10.0	108.0	109.4	101.8	98.8	105.4	107.0	103.5
Commercial Multi-peril	6.4	15.0	106.5	105.1	109.8	106.2	105.5	107.0	104.5
Workers Compensation	6.0	3.0	87.0	88.3	91.1	92.2	87.8	90.5	91.5
Total All Lines	100.0	11.4	99.6	99.2	98.8	100.0	103.1	103.7	100.7

E=Estimated, P=Projected

¹ Source: Best's Statement File Supplement — Insurance Expense Exhibit (IEE) — P/C, US (2018-2022)

² Other Liability includes cyber liability, professional liability, D&O, excess casualty/umbrella, environmental/pollution, general liability, and EPLI.

Note: The AM Best report shows more lines of business including fire and allied, inland marine, medical professional and other lines

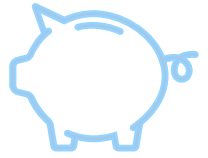
AM Best: US P/C Industry in 2024 Posts First Underwriting Profit in Four Years

2023: 101.6 Combined Ratio
2024: 96.6 Combined Ratio

Market Conditions: 2024

- **Class action lawsuit settlements** reached \$42 billion in 2024, marking the third consecutive year of record-setting settlement levels.
 - PFAS-related claims, reverse discrimination, data security/privacy
- **10 class actions were resolved** for \$1 billion or more in 2024, surpassing the number in 2023 (9), but falling short of 2022 (15).
- **1,488 class action filings** related to data breach litigation were recorded in 2024, more than double the 604 filings in 2022

Market Conditions: Reinsurance



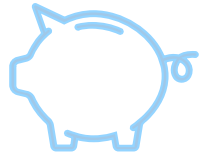
- **Global April 1 Reinsurance Renewals:** showed continuation of Jan 1 market conditions:
 - Deploying added capacity leading to pricing reductions for loss friendly accounts and stabilized retention levels
 - Carrier competition after favorable couple of years due to investment income
 - Overall Increased profitability, Increased capital positions, Increased retro capacity
 - (Reinsurers cede risk to other reinsurers, through Retrocession Agreements).
- **U.S. Casualty Reinsurance Renewals:** Range of results
 - Loss-free accounts down 5% to up 5%
 - Loss-hit accounts renewed flat to up 10%

April reinsurance renewal sees softening trend continue, but discipline maintained

31ST MARCH 2025 - AUTHOR: STEVE EVANS

Share:

Market Conditions: Reinsurance



- **U.S. Property Reinsurance Renewals:** wide range of outcomes
 - Loss-free policies flat to down 15%
 - Loss-hit accounts were flat to up 20%
 - Impact of California's wildfire losses is substantial but manageable – early loss estimates \$40 billion (or as high as \$200B+)
 - Catastrophes to date still in budget but sensitivity to how much is eroded already
- Overall market uncertainty due to the impacts of **trade wars & tariffs**, climate change, inflation, litigation funding, and geopolitical risk
- Generally positive outlook for remainder of 2025

Buyer-Friendly April Reinsurance Renewal Bodes Well for Mid-Year Renewals: Brokers

April 6, 2025 by L.S. Howard

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Market Conditions: 2025 Predictions

- P&C Market Outlook:
 - Prices overall will continue to go up in 2025 driven by Auto, Casualty & Property with most lines of business likely to experience a 1%-10% increase.
 - Offsetting factors of projected D&O, and Workers Comp 1%-10% price decrease as rates cover loss costs and markets are stabilized
- Organizations with less favorable loss ratios/loss history can continue to expect higher retentions/deductibles on their insurance

Market Conditions: 2025 Predictions

- **Property:**
 - **Predicting above-average hurricane season: 17 named storms**, nine hurricanes and four major hurricanes are forecasted for the 2025 Atlantic hurricane season, according to CSU.
 - **14 named storms**, seven hurricanes and three major hurricanes are considered an “average” Atlantic season, based on a 30-year average (1991-2020).
 - **18 named storms** and 11 hurricanes, including five major hurricanes, occurred in the Atlantic basin in 2024.
 - **51% probability of major hurricanes** making landfall in the U.S. in 2025, higher than the average of 43% from 1880–2020
- Net premiums written grew an estimated 10% to \$946.2 billion in 2024, and AM Best projects a 7.3% increase in net premiums written in 2025.
 - The lower projection for 2025 reflects the benefit of the premium increases in 2024

Market Conditions: 2025 Predictions

- PropertyCasualty360.com:
- Challenging market conditions are expected to continue, with carriers likely to face increased profitability concerns due to rising claims costs and tightened underwriting.
- Government involvement in the insurance market will remain a significant factor, pushing carriers to adapt their strategies to mitigate the impact of litigation on their business and profitability.
- Independent agents will continue to play an invaluable role in connecting consumers with appropriate coverage, as carriers become more selective.

Market Conditions: 2025



- U.S. Commercial insurance rates continued their upward trajectory Q1 2025: **Overall + 3%**

Coverage	Q1 2025 Premium Trajectory
Commercial Property	+ 3.6%
General Liability	+ 2.3%
Commercial Auto & Excess/Umbrella	+ 6.7%
Workers Comp	0% (no change)
Professional Liability	+ 1.3%
Management Liability	+ 1.0 - 1.3%
Cyber Liability	+ 1.7%

Market Conditions: 2025 Issues

- RIMS' Public Policy Committee lobbies for key risk management issues impacting the industry.
- Key issues for 2025:
 - **Third-party litigation funding (TPLF):** Greater disclosure of TPLF in civil litigation and blocking foreign entities from investing in U.S. lawsuits.
 - **Data privacy and cyber security:** seeking a national unified data privacy and breach notification standard, removing confusion from a patchwork of state laws.

Market Conditions: 2025 Issues

- Key issues for 2025 (cont.)
 - **National Flood Insurance Program (NFIP) reauthorization:** NFIP encourages private flood insurance, better flood zone mapping and encourages property owners to improve resilience
 - **Nonprofit tax reform:** prevent proposed taxation of nonprofit income.
 - **Invest in Tomorrow's Workforce Act:** supports legislation to allow 529 savings plans to cover professional education and certification expenses.

Emerging Risks

- Third Party Litigation Funding
- Electric Vehicle Storage
- Solar panels
- Climate Change
- Staffing Issues, Agency Staff
- Cyber Threats

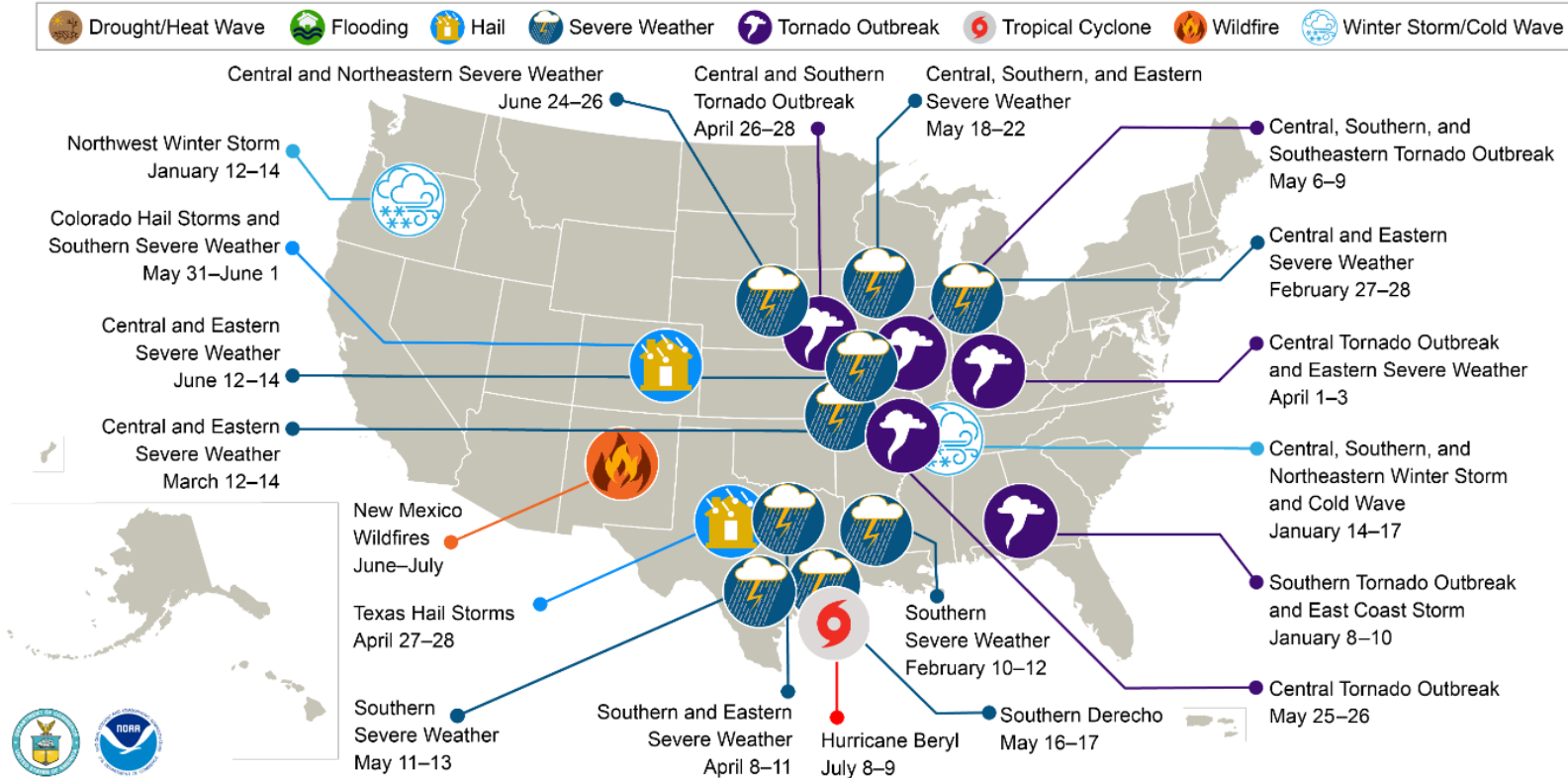
Health & Human Services 2025 Renewals

- 5-12% overall insurance premium increases for clean accounts
- Umbrella Limit Reductions
- Abuse Limit Reductions
- Auto Losses & Rate Increases

PROPERTY

Weather Updates

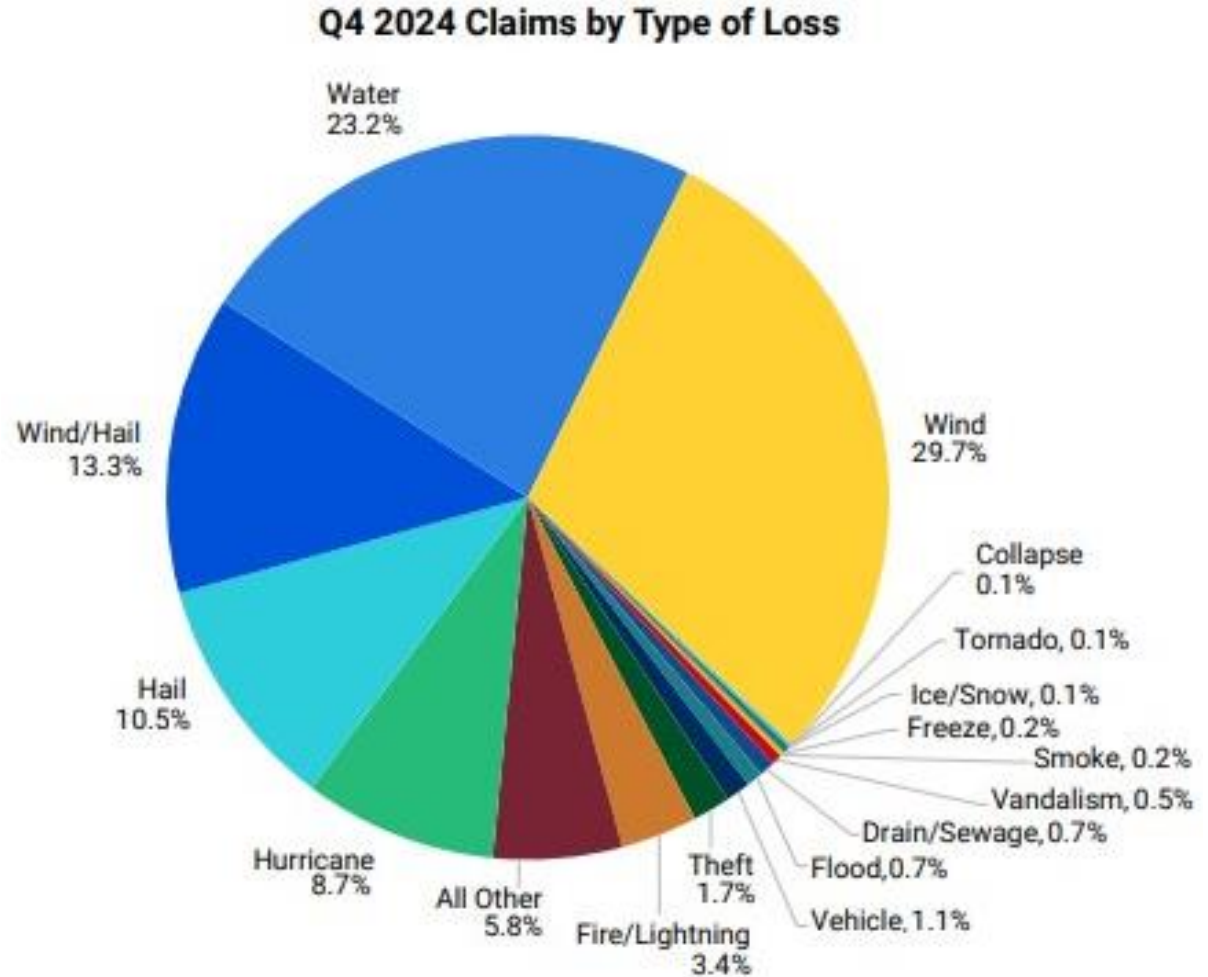
U.S. 2024 Billion-Dollar Weather and Climate Disasters



This map denotes the approximate location for each of the **20 separate billion-dollar weather and climate disasters** that impacted the United States through August 2024.

Catastrophic Events

Global catastrophe losses reached \$417 billion in 2024, driven by climate change and unprecedented weather events with a record 21 incidents resulting in multi-billion-dollar insurance claims in 2024.



Property: Hurricanes, Floods & Storms



- Over the past 10 years, severe convective storms, winter storms and wildfires collectively caused **2.5x more insured damage than hurricanes.**
- In only 1 of the last 10 years have hurricanes caused more insured loss than the frequency perils
- **Severe convective storms (SCS):** hail, tornadoes, lightening, winds, are increasingly driving U.S. property insurance costs
- Hail events damaged 600k homes in 2024

Rise of the Frequency Perils

March 10, 2025 by Karen Clark



Property: Hurricanes, Floods & Storms



- Concerning trend of infrastructure and population concentration near high-risk flood zones:
 - **Estimated 24% of all developed land** in the U.S. is concentrated within 250 meters of designated 100-year floodplains
 - **Florida has approx 9,600 sq. km** of developed land within 250 meters of floodplains, followed by Texas with around 7,500 sq. km.
 - **Beaufort County, NC: 23% of flooded buildings** during Hurricane Florence in 2018 were located in the 250-meter zone just outside the designated floodplain.



Property: Earthquakes & Wildfires



- **Wildfires:**

- **\$79 billion** of insured wildfire losses have been paid out globally by insurers over the last decade, representing 60% of the \$132 billion in total wildfire losses historically.
- Since 2017, wildfires have led to a total of [\\$67 billion](#) in insured losses, and current estimates suggest 2025 fires could increase that by nearly 50%.
- **The unpredictability of wildfires**, amplified by shifting weather patterns, is challenging even the most advanced risk models
- California remains the most challenging state in which to obtain coverage, but other states too

Property: Earthquakes & Wildfires



- **Wildfires:**

- Growing complexity due to
 - Rising temperatures
 - Vegetation
 - Wind speeds
 - Topography

- **Two wildfire-risk models** dominated the market between 1997 and 2020, each using only three variables, but their results didn't always line up. New models being developed.

- **Earthquakes:**

- Growing concern over earth movement and its occurrences in less typical areas.
- Buying insurance for frequency vs. severity

NATIONAL

Before they lost their homes in the LA fires, many lost their insurance

UPDATED FEBRUARY 4, 2025 · 6:58 AM ET



Property: Financial Impacts



- **\$154 billion in insured losses** were recorded in 2024, surpassing the recent 10-year average by 27%, with \$263 billion, or 63% of total losses, left uncovered.
- **21 separate incidents** resulted in multi-billion-dollar insurance claims in 2024, surpassing the previous record of 17 set in 2023 and 2020.
- **Severe convective storms (SCS) accounted for 41%** of insured losses, totaling \$64 billion, with \$120 billion of that amount concentrated in the United States alone.
- While the frequency of severe storms, wildfires, and other climate-related losses has kept property insurance rates elevated in high-risk regions, improved risk modeling and capital inflows have helped stabilize pricing in other areas.
- Insurers find themselves grappling with the aftermath of more frequent and severe storms and struggling to collect adequate premiums while navigating stringent state regulations.
 - CAT-exposed accounts will continue to face challenges as carriers continue to manage their aggregate exposure.
 - In areas prone to extreme hazards like hurricanes or wildfires or uninsurable zones such as coastal areas, property owners face unavailability or exorbitant costs of insurance.
-



Property: Insurance

- All that yet Property insurance is stabilizing
 - Rate increases continue but at less of an intense rate than past years (10% estimated average)
 - Depends on geographic locations & spread of risk
 - More capacity forthcoming
- Property Valuation remains important underwriting factor.
 - Building & Contents Replacement Valuations have also leveled off as inflation as lowered
 - However still experiencing 3-7% value increases
- Builders Risk getting better in non fire catastrophic regions
- Continued cautiously optimistic outlook

Property: Recommendations

- **Implement Technology** – sensors, theft mitigation, fire detection, water damage sensors, infrared scans, etc
- **Data Gather** – COPE information, flood zones, elevation certificates, replacement cost valuations
 - **Proper valuations** are a must for underwriters as material costs remain high and continue to increase.
- **Prepare** – develop weather preparedness protocols for different conditions; enhance business continuity planning
- **New Construction/Renovation** - consider insurance implications

Property: Recommendations

- Review insurance coverage
 - Limits for water damage, flood, wildfire, earthquakes, wind/hail
- Consider alternative risk financing when standard insurers are inadequate
 - Excess & Surplus
 - Quota Share
 - Captives
 - Self insurance
 - Parametric: pays based on event intensity rather than documented damages

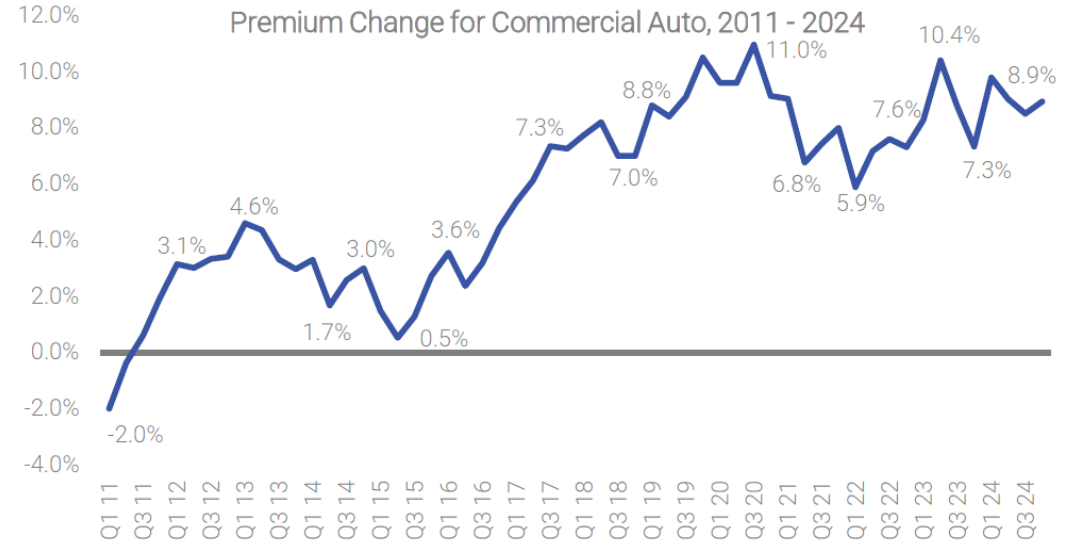
AUTO

Automobile Market “Drivers”

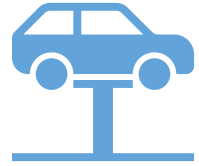


- Top causes of Auto pricing change:
 - Bodily injury loss costs
 - Attorney involvement
 - Distractions and impairment
 - Inexperienced drivers
 - Vehicle repair and replacement costs

- Vehicle Repair Cost Comparison – Side Mirror
 - 2013 - \$300
 - 2024 - \$1350

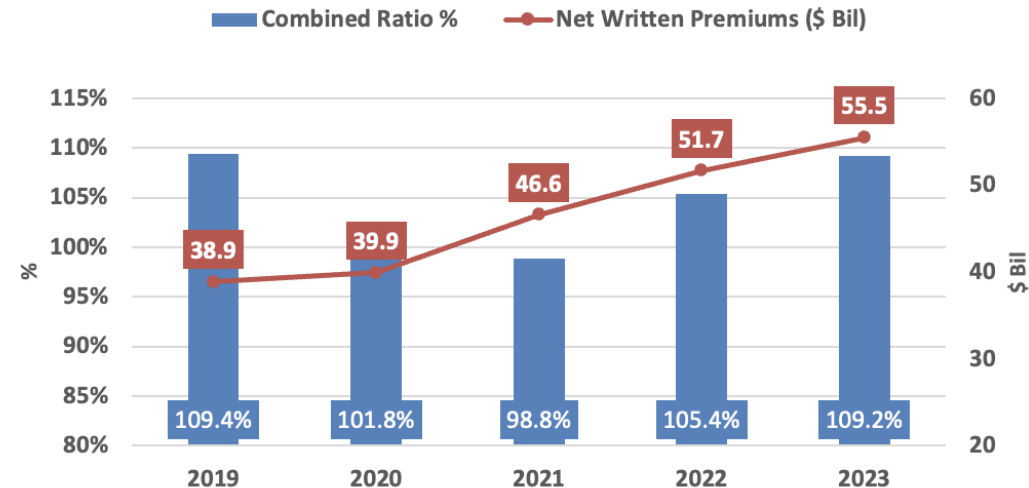


Auto Insurance



- Auto insurance premiums have been on the rise for the simple reason that the cost of what goes into auto insurance has been rising
- Regionally impacted
 - Florida & Georgia are more difficult markets
 - Carriers exit certain geographies

Property/Casualty Industry
Commercial Auto Insurance Results



Source: S&P Global Market Intelligence

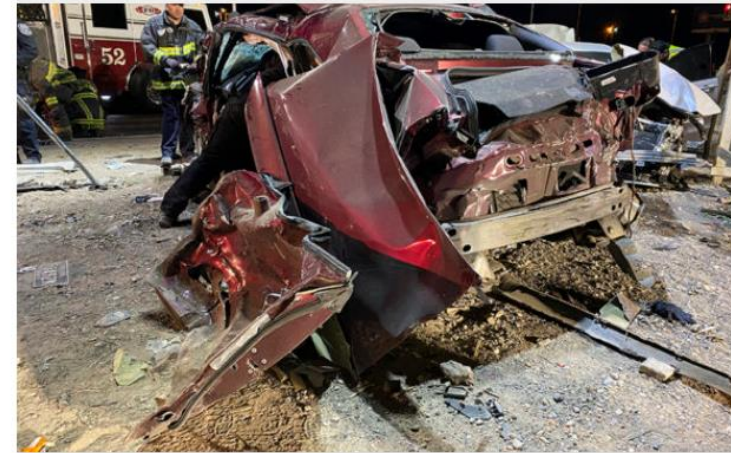
Statutory Accounting - Commercial Auto Liability and Physical Damage Combined

Auto: Causes of Rising Costs

- Repairs now require more parts, skilled labor hours, and diagnostic operations like scanning and calibration.
- Economic Inflation
- **U.S. tariff uncertainties** could lead to higher insurance premiums as tariffs on various goods, particularly automobiles, could increase insurers' overall costs

Report: Vehicle Complexity, Labor 'Reshaping' Auto Insurance and Collision Repair

By Don Jergler | April 8, 2024



Auto: Causes of Rising Costs

- Accident frequency dipped during pandemic but has returned with a vengeance
 - Speeding, distracted driving, and impaired driving
 - Difficulty hiring qualified drivers
 - Fatalities from car accidents on the rise
- Medical expenses increasing:
 - High-dollar procedures like radiology and surgery
- Liability payouts increasing:
 - Average amount for third party bodily injury is \$25k+

CALIFORNIA

Car crashes killed more people than homicides in Los Angeles last year



Police at the scene in Pacoima this month where a pedestrian was hit and killed by three cars and where all three drivers failed to stop. (OnScene.TV)

By Rachel Uranga and Libor Jany

Jan. 25, 2024 3 AM PT

How Much Does It Cost? Part I



- 2023 Subaru Impreza
- Schenectady, NY
- Dented rear driver's side door
 - \$6,500
 - Needed to have driver-assistance tech recalibrated



How Much Does It Cost? Part II



- 2014 Mercedes E550
- Littleton, CO
- Broken mirror and scrapes on doors
 - \$8,500
 - The mirror alone was \$3,000 due to parts it contains



Auto: Recommendations

- **Telematics & Monitoring Technology**

- GPS devices
- Collision detection/warning systems
- Inward/outward facing video cameras
- Monitoring & Management: Discipline policy for GPS infractions
 - GPS data should be used to properly to positively reinforce and intervene when necessary

- **Data Analytics**

- Detailed review of auto claim history to identify causes of loss (backing up, tailgating, merging, defense driving, etc)
- How much is caused by our drivers vs. other drivers?

Auto: Recommendations

- **Policies & Procedures**
 - Establishing a mandatory post-accident drug testing policy
 - Annual MVR checking against an internal policy - who do we allow to drive on our behalf?
 - Vehicle inspections between shifts
 - Highly documented incident reports
 - Feedback loop
- **Consistent Training**
 - Help train staff in safety management - what to look for when inspecting a vehicle
 - Frequency and varied forms of driver safety training – in person, via learning management, ride-alongs, etc
 - Defensive Driver Training
 - Special equipment training – lifts, rigs, etc

LIABILITY & EXCESS

General & Professional Liability



- Big challenges: TPLF, social inflation/nuclear verdicts, & reptile theory, are driving up litigation cost:
 - **Reptile Theory:** plaintiff attorney courtroom tactic aimed to influence jurors by appealing to their primal instincts and fears, rather than logic, by focusing on safety and security issues and portraying the defendant's actions as dangerous.



General & Professional Liability: Factors

- **Nuclear Verdicts:** Organizations that are delivering services to people are more vulnerable to the nuclear verdicts (those in excess of \$10M) than ever
 - Anti-corporate social culture resulting in highly plaintiff sympathetic juries & larger settlements
 - Public perception that businesses can afford to pay high-dollar settlements.
- **Third-party litigation funding (TPLF):** a third party provides funding for a lawsuit that a plaintiff might not otherwise have been able to afford to pursue in exchange for a cut of the settlement.
 - \$22 billion is the estimated worth of the third-party litigation funding (TPLF) industry, which is expected to grow rapidly over the next decade to over \$60B
 - An increase in TPLF has led to a higher volume of lawsuits being pursued and often increases litigation costs for insurers because plaintiffs are able to take cases further and chase larger settlements.

General & Professional Liability: Factors

- **Tort Reform:** Tort reform laws aim to discourage frivolous lawsuits, protect businesses from abusive practices and reduce overall litigation.
 - May vary by state & politics – some states have had success with tort reform by decreasing the number of claims and putting caps on punitive damages.
 - Example: Georgia Governor proposed tort reform noting five-year average of litigated claims has increased by 25%, much faster than Georgia's population growth.
 - The number of large verdicts of more than \$1 million also grew steadily during this timeframe.

General & Professional Liability: Factors

- **Examples Continued –Tort Reform Proposals:**
 - **Premises liability:** Limits when businesses can be sued for injuries that occur on their property.
 - **Third-party litigation funding:** Blocks dark money foreign adversaries from funding lawsuits, more disclosure and limits
 - **Damages:** Bans plaintiff's lawyers from suggesting outsized jury awards in their closing arguments. Also requires plaintiffs to show jurors actual medical expenses incurred instead of initial bills that sometimes have inflated costs.
 - **Bifurcated trials:** Allows cases to be split into two stages — first deciding fault, then determining damages — rather than considering everything at once.
 - **Attorney's fees:** Bans plaintiff's attorneys from recovering their legal fees twice in certain cases.

General & Professional Liability



- Insurance rates are stabilizing
 - Could see some increase based upon loss history, but less intense than years prior
 - Some superior organizations may receive a rate decrease
 - Sometimes can be regionally specific to certain states/legal venues
- Competition rising, but still limited
 - More capacity coming into market for Senior Living;
 - Human Services still challenging (particularly foster & adoption or child services)
 - Human services are more E&S carrier written now than admitted
 - Abuse capacity remains status quo as a challenge
 - Claims Made vs. Occurrence Forms

Excess / Umbrella Liability



- Insurance rates are stabilizing, but rate decreases are not common.
 - Heavily influenced by Auto market conditions
 - Human Services: liability risk (Abuse & Professional)
 - Loss-free or well-performing organizations are no longer seeing double digit increases – may come in flat or single digit increases.
 - Loss-challenged organizations will see larger increases and limited capacity appetite
- Some middle market regional carriers have dramatically reduced their lines on the excess to only \$1M - \$2M or exited entirely due to the fear of large verdicts.

General/Professional Liability: Recommendations

- Proactive communication, early intervention strategies and data-driven prevention efforts are essential for insurers to effectively combat the rising threat of nuclear verdicts
- **People Management:**
 - Setting expectations upon intake into care/treatment
- **Technology advancements:**
 - Smart sensors, wearable health devices, emergency care, fall detection
- **Resident/Consumer Handling Training & Process Review:**
 - Training to educate staff on the proper use of their lift equipment
 - Restraint systems – should be documented and trained

General/Professional Liability: Recommendations

- **Culture of Safety:**
 - Regular manager's meetings where safety information is presented, beyond what is handled in the monthly safety committee meetings
 - Help train staff in safety management - what to look for when inspecting a house
 - Use an online learning management system to access multiple shifts of employees and turnover
- **Abuse Prevention Policies & Protocols**
 - Training
 - Background Checking
- **Thorough Incident Tracking:**
 - Identify trends in frequency and severity of incidents
 - Incident reporting & investigation training for supervisor level and above - emphasis on strong documentation

WORKERS COMP

Workers Compensation

- The workers' compensation market remains competitive due to strong underwriting results and improved workplace safety measures
- Let the good times roll!
 - Continued soft market – rate decreases in most states
 - Industry wide Loss Ratio over the past 10 years: 80%
- Improvements:
 - Reduction of Opioid prescriptions
 - Stronger injury prevention practices
 - Stronger WC claims management
 - COVID less impactful than feared; Work at home
- Factors:
 - Profitable underwriting results + favorable reserves + decent interest rate environment for comp (long-tail line reliant upon investment income)+ lots of market competition = **soft market**



AM Best: Workers' comp results reach 'inflection point' as incurred losses rise

Apr 1, 2025, 17:16 GMT-4 · Refinitiv · 1 min read



(The Insurer) - The U.S. workers' compensation insurance segment is expected to remain profitable although AM Best anticipates its combined ratio will worsen to 93.0% this year from 89.0% in 2024.

Workers Comp: Outlook

- 2025 should yield continued rate reduction
- Long term – yellow light:
 - Compensability of mental health/injury claims
 - Medical costs inflation
 - Workplace violence
 - Increasing wages
 - Marijuana legislation
 - Climate Change/Catastrophic events
 - Artificial Intelligence
 - Economic Challenges

PC PropertyCasualty360

Will workers' comp insurance premiums increase in 2025?

There is potential for an uptick in workers' compensation costs in 2025 despite a softer market. Data compiled by Risk Strategies shows wage...

Oct 24, 2024



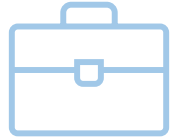
Industry executives voice worries for workers' comp in 2025

Workers Comp: Recommendations

- **Slip & Fall Prevention:** Establish a non-slip footwear policy & enforcement protocol. Conduct floor slip testing.
- **Training & Retraining:** proper lifting and consumer handling techniques; safe driving!
- **Return to Work:** develop an aggressive light duty program
- **Facilitate a CARING safety culture:** through Cost of Workers Compensation education and genuine care at time of injury
- **Drug Testing Policies:** Review of drug free workplace policy & testing protocol
- **Safety Committee training and participation:** ensure the proper makeup of individuals is involved, key topics are discussed, and certification is achieved (where eligible).
- **Job Safety Analysis** – specific focus on any riskier job functions

MANAGEMENT LIABILITY

Management Liability: D&O



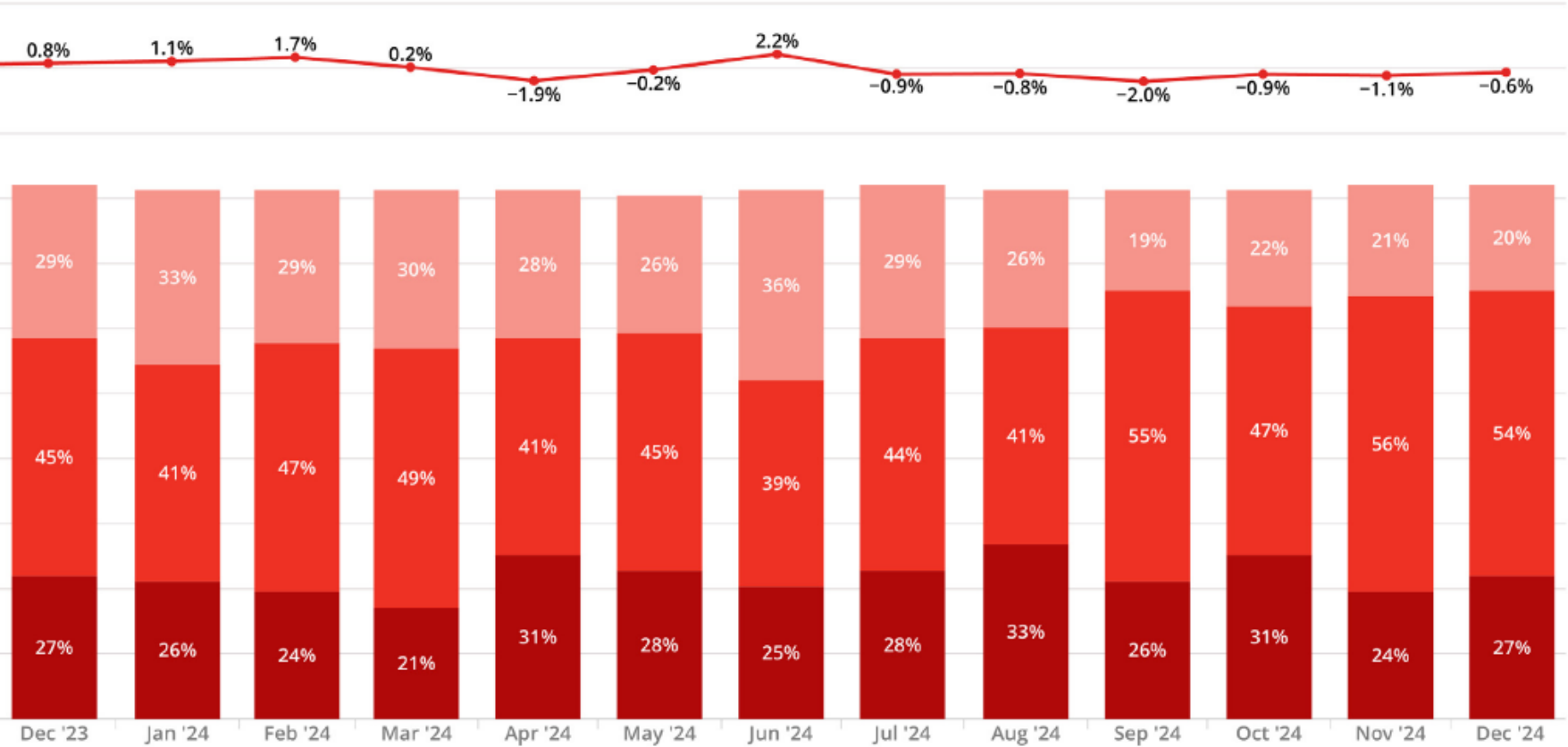
- Directors & Officers Coverage = Soft market conditions!
 - Many incumbent carriers are offering lower rates, retentions and improved coverages
 - Carrier Competition increasing capacity
 - Expected to continue through 2025 – though healthcare still considered tougher class of business
- **Yellow light** - insurance carriers remain cautious about:
 - Economic uncertainty / inflation
 - **AI challenges**
 - Evolving litigation landscape
 - Global Conflict
 - Social Inflation
 - High interest rate environment
 - Fewer IPOs

Management Liability: D&O



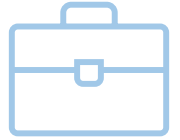
- **By the numbers:**
 - **14% average increase** in quarterly D&O rate changes on renewal was observed in 2020 and 2021, compared to an average of 0.1% in 2023 and the first three quarters of 2024.
 - **10 consecutive quarters** of decline in direct monoline D&O premiums was reported up until Sept. 30, 2024.
 - **12.7% decline** in D&O premiums was reported in Q3 2024 compared to Q3 2023.

MONTHLY RENEWAL PRICING ANALYSIS



—●— Average YOY Renewal Change ■■ Accounts Decreasing ■■ Accounts Flat ■■ Accounts Increasing

Management Liability: D&O



- **Hot topics:** Artificial Intelligence
 - The integration of AI in businesses is creating new exposures for directors and officers, especially in terms of disclosure and privacy. Companies need to understand and monitor their use of AI, including its potential risks and benefits. Importance of clear and accurate disclosure to stakeholders, as well as the need to ensure privacy and data security in the age of AI.

Management Liability: EPL



- Employment Practices Liability = flat to small increase
 - Broader coverages being offered
 - Retentions remaining consistent with expiring policies – may see separate retentions for certain states (CA/NY), high wage earners or for multi-plaintiff/mass-class action
 - More competition & stable capacity
 - BIPA violation Sublimits

Management Liability: EPL



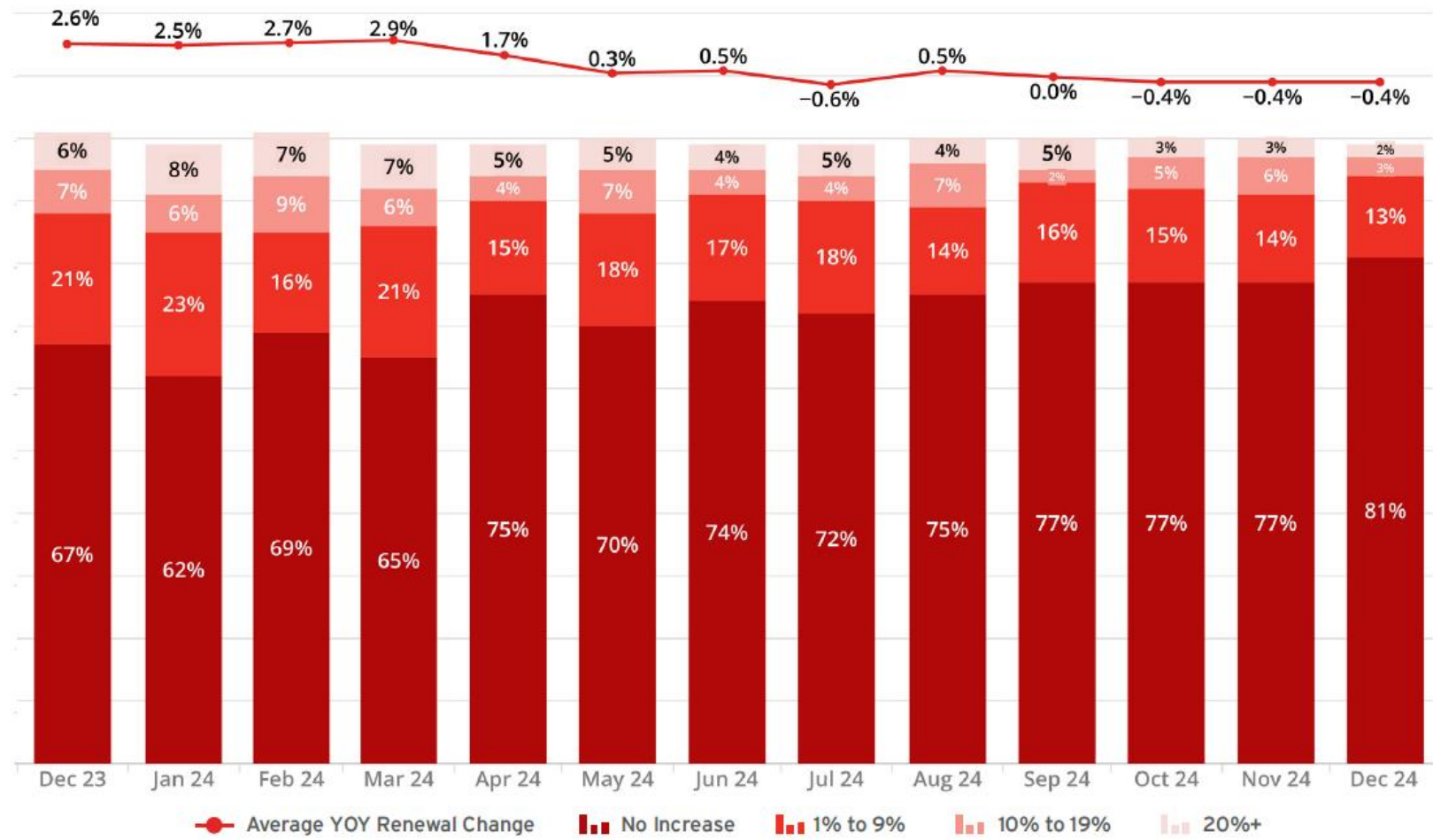
- **Yellow light** - insurance carriers remain cautious about:
 - Case law: recent Supreme Court ruling that burden of “some”, not “significant” harm is needed to prove discrimination (may lead to more retaliation claims)
 - Inherit bias in use of AI
 - Return to work challenges leading to claims of discrimination, contract violation, retaliation, lack of accommodation
 - Wage & Hour
 - Non-competes
 - Pay transparency/equality
 - Pregnancy law
 - ESG/Social Governance
 - Data privacy
 - Harassment
 - **Employee Activism**
 - Layoffs
 - Unionization attempts reach 40 year high

Staffer sues Emerson, claiming she was terminated for pro-Palestinian activism

Updated April 02, 2025 By [Emily Piper-Vallillo](#)

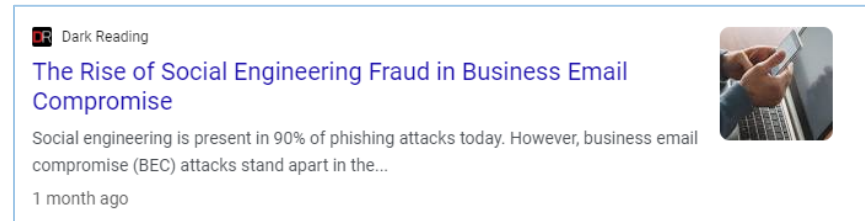
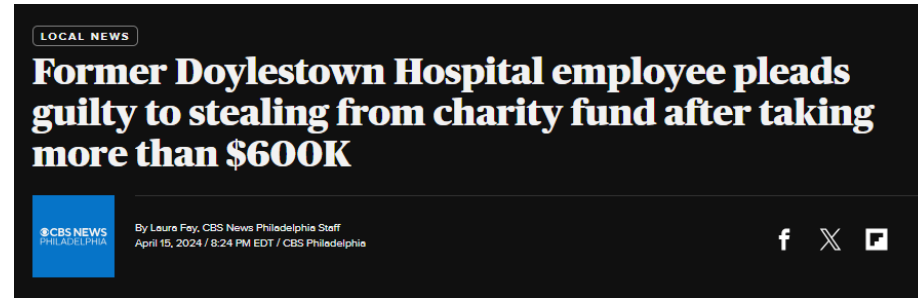


MONTHLY RENEWAL PRICING ANALYSIS



Management Liability: Fiduciary & Crime

- Fiduciary liability and Crime rates remain flat
- Most frequent claims:
 - Fiduciary Liability: Excessive fee litigation
 - Crime: Employee Theft & Social Engineering
- Important to review Crime policies:
 - Particular focus on Social Engineering coverage
 - Often available at higher limits and lower retentions than available on a stand-alone cyber policy

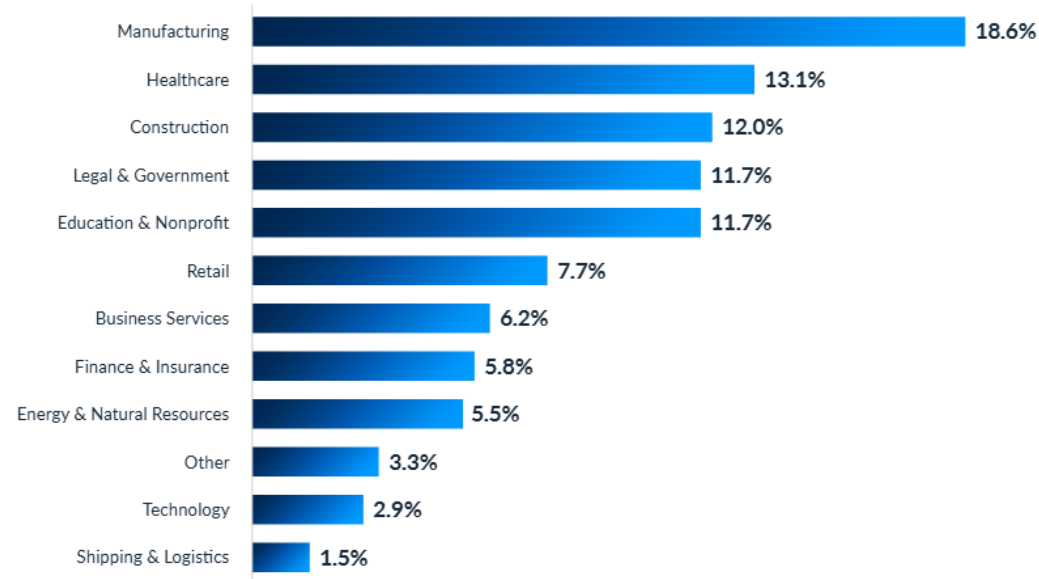


CYBER

Cyber Insurance: Attack Trends

- Ransomware & Business Email Compromise with Social Engineering theft remain most frequency type of incident
- Most frequent attack methods are still phishing and software vulnerability exploits
- Healthcare/nonprofits = top targets
- **Resilience Report:**
 - In 2024, 3rd party risks like ransomware and vendor outages made up 31% of claims
 - **23% of incurred claims** in 2024 were due to 3rd party incidents
 - **61% of all claims with losses** were related to ransomware
 - 43% first-party ransomware
 - 18% involving ransomware attacks targeting vendors
 - **18% of incurred claims** in 2024 were due to transfer fraud, up from 14% in 2023

Ransomware & Data Extortion IR Cases by Industry



Cyber Insurance: Attack Trends



- **Estimated 40% of all phishing emails** are now generated by AI
- Ransomware attacks come in waves: Q4 2024 was aggressive
 - 1,663 ransomware attacks were recorded in Q4 2024, all-time high
 - Total payments to attackers dropped 35% year-over-year to \$813M
 - 5,243 ransomware victims posted on leak sites in 2024, a 15% increase from 4,548 in 2023
 - 55 new ransomware groups emerged in 2024, a 67% increase
 - Attackers are getting in through compromised credentials and software vulnerabilities
 - Estimated 45k software vulnerabilities predicted for 2025

MARKET INSIGHTS



Most ransomware claims start with compromised firewalls and VPNs

By Joe Toppe

The cyber insurance market is predicted to boom as software vulnerabilities explode in 2025. [Read More](#)

Source: Travelers

Cyber Insurance: Attack Trends



- Aggregation risk: Change Healthcare, Crowdstrike
 - Continued rise in Business Interruption claims
- Change Healthcare
 - **2024 cyberattack** compromised the data of about 190 million people, more than half the U.S. population
 - **\$3.1 billion** was spent by UnitedHealth responding to the attack in 2024, exceeding previous spending estimates.
 - **\$22 million in Bitcoin** was paid as a ransom by UnitedHealth to protect personal information after the attack

Change Healthcare cyberattack fallout continues

Change Healthcare, part of Optum, disconnected its systems in late February due to a cyberattack.



Source: Getty Images

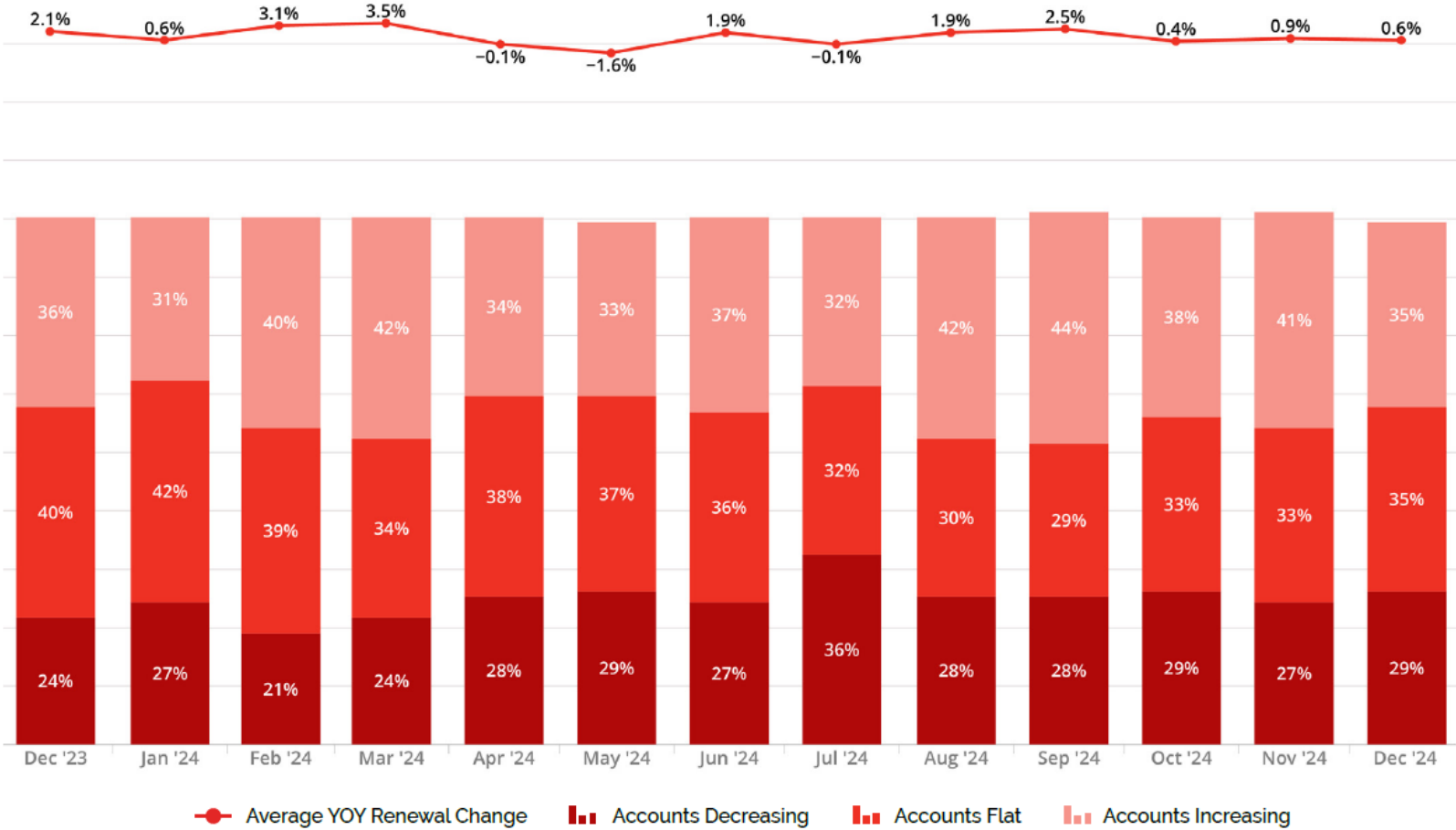
Cyber Insurance Trends



- Favorable buyer's market still!
 - Coverage enhancements more readily available
 - Less stringent on cybersecurity posture
 - New capacity entering market
 - Organizations with clean loss history & strong cybersecurity controls likely achieve a rate decrease
 - Healthcare still a more difficult class of business
- Outlook is positive for remainder of 2025 – barring major event

Source: Travelers

MONTHLY RENEWAL PRICING ANALYSIS



Source: CRC REDY INDEX

Cyber Insurance: Hot Topics

- Data Collection Privacy Risks
 - Biometric & website tracking data
 - Many policies exclude coverage; some may offer sublimits; some are silent
- Regulatory Scrutiny
 - Increasing in fines/penalties from regulators & litigators
 - **Surge in class actions post breach**
- Business Interruption Coverage & Supply Chain / Catastrophic Risks
 - IT and Critical Infrastructure
 - Non-IT Supply Chain considerations

INNOVATION

The Rising Tide Of Data Privacy Litigation

By **Will Sweeney**, Forbes Councils Member.
for **Forbes Technology Council**, COUNCIL POST | Membership (fee-based)

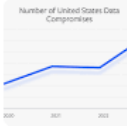
Jan 14, 2025, 09:00am EST

The Harvard Law School Forum on Corporate Governance

Data Breach Securities Class Actions: Record Settlements and Investor Claims on the Rise

2024 has been a banner year, featuring the first, second, and sixth largest data breach related securities class action settlements of all time, totaling \$560...

Aug 21, 2024



Insurance Business America

CrowdStrike: Why did insurers get off quite lightly?

Following the CrowdStrike security update disaster, many thousands of claims on cyber policies, business interruption (BI), travel and event...

Aug 9, 2024



Cyber: Key Controls



- Many organizations using the softer market as an opportunity to be more proactive with cybersecurity measures
- Most critical cybersecurity controls to consider:
 - Multi-factor authentication – still needed & expected on email, remote & privileged access
 - Segregated backups
 - **24/7 Monitoring = Managed Detection & Response**
 - Could become the new “MFA requirement”
 - Patching
 - Cybersecurity assessments or framework compliance
 - **Incident Response planning & tabletop exercises**

BUSINESS INSURANCE

RISK MANAGEMENT WORKERS COMP INTERNATIONAL RESEARCH & REPORTS PE

Risk Management

Coalition to offer premium credits for cyber control use

Matthew Lerner

February 21, 2024

SHARE

Agents & Brokers



Coalition Inc. Tuesday said it would offer premium credits to customers that use its managed detection and response cyber security tool.

Businesses that use Coalition MDR are eligible for up to a 12.5% premium credit on cyber insurance policies provided by Coalition, the

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INSURANCE RENEWAL BEST PRACTICES

How Well Does Your Carrier Know You?



- Develop thorough and detailed information about your facilities
- Set up meetings with insurance company management, underwriters, and risk control
- Identify your commitment to safety and risk management
- Document, document, document followed by communicate communicate communicate
- Work with a broker who has expertise in your segment

A photograph of a winding asphalt road through a dense forest. The road curves from the bottom left towards the center right. The trees are mostly bare, suggesting late autumn or winter. A large, semi-transparent blue shape is overlaid on the right side of the image, partially covering the road and trees.

Thank You.

