Seminar on Reinsurance

June 8–9, 2021 · Virtual Event

Reinsurance for Public Entities

Panelists

- Heather Burgess – Underwriter, *National League of Cities Mutual Insurance Company*

- Dubravka Romano – Associate Executive Director, *Texas Association of School Boards*

- Brent Wells – Director of Operations, *County Reinsurance, Limited*

Moderator

- Chris McKenna, FCAS – Vice President-Actuary, *National League of Cities Mutual Insurance Company*

Public Entity – Poll Question 1

- Have you ever performed pricing work for public entities or public entity pools, either for the primary or reinsurance layer?
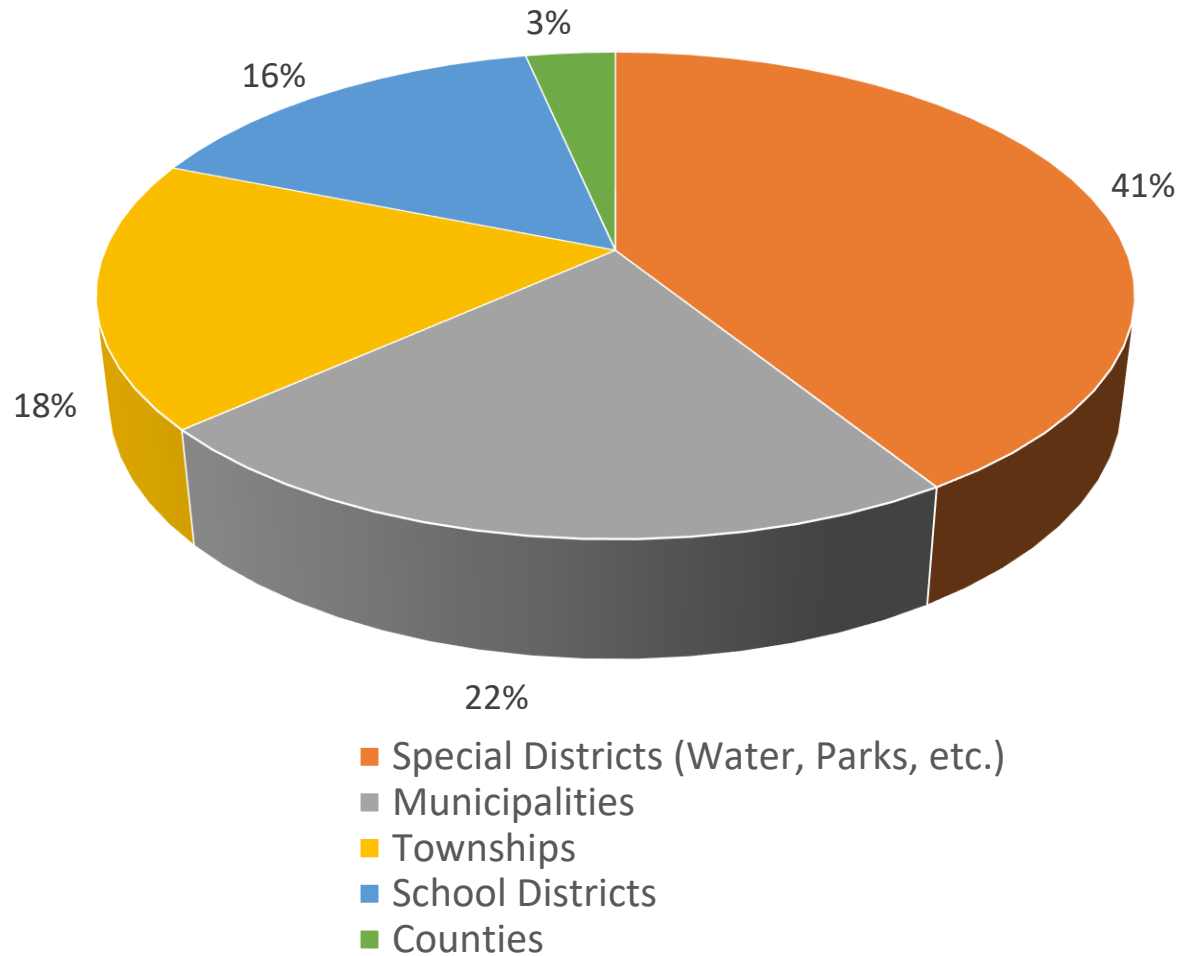
Table of Contents

- Introduction
- COVID Impact
- Law Enforcement Liability
- Sexual Abuse and Molestation
- Property
- Cyber Liability

There are approximately 90,000 public entities in the U.S.

- Special Districts (Water, Parks, etc.) — 41%
- Municipalities — 22%
- Townships — 18%
- School Districts — 16%
- Counties — 3%

Local Government Employees by Category

There are 14 million local government employees, approximately 8% of the U.S. workforce

50%

24%

16%

10%

- Education
- Health
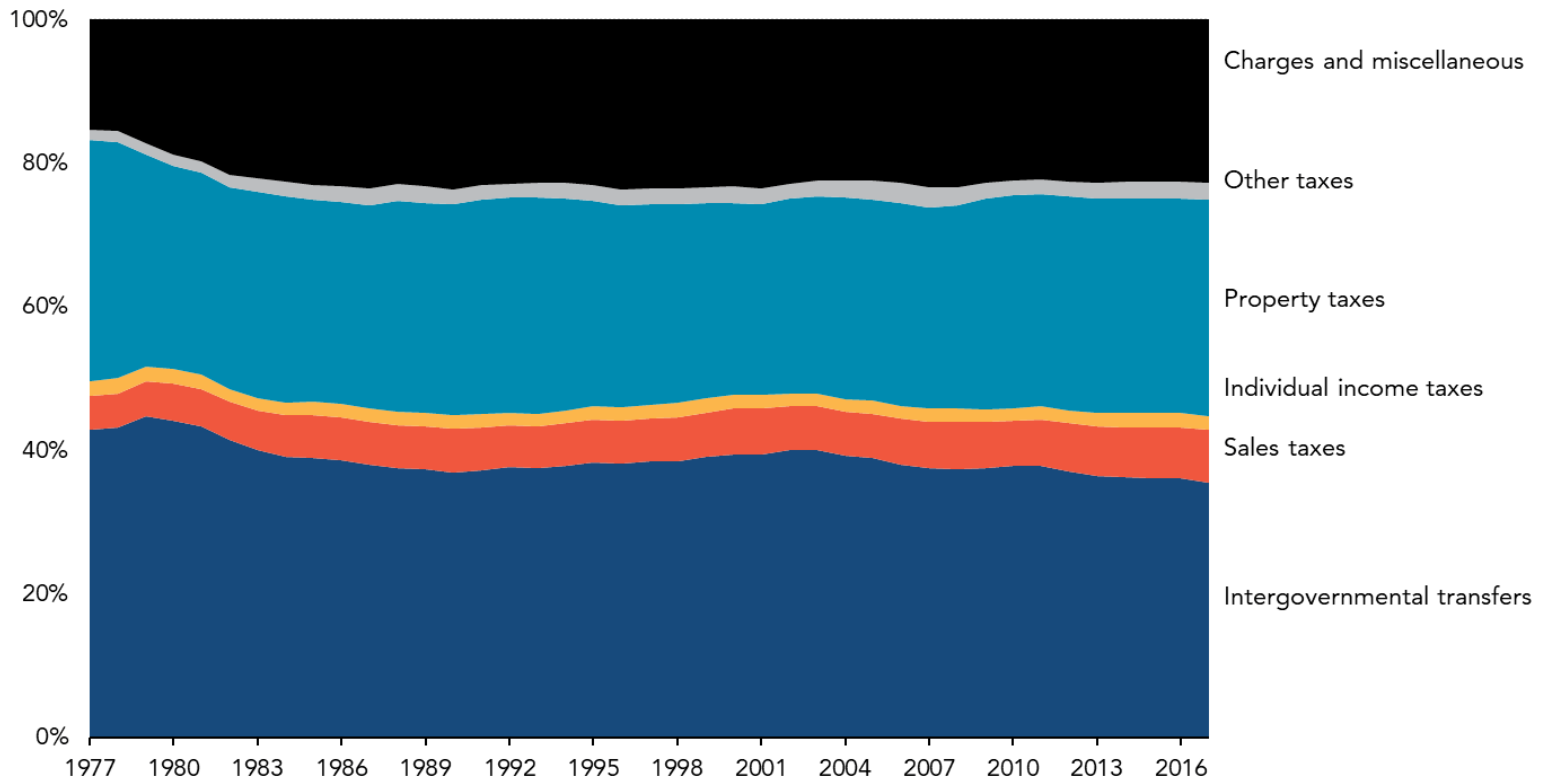- First Responders
- All Other
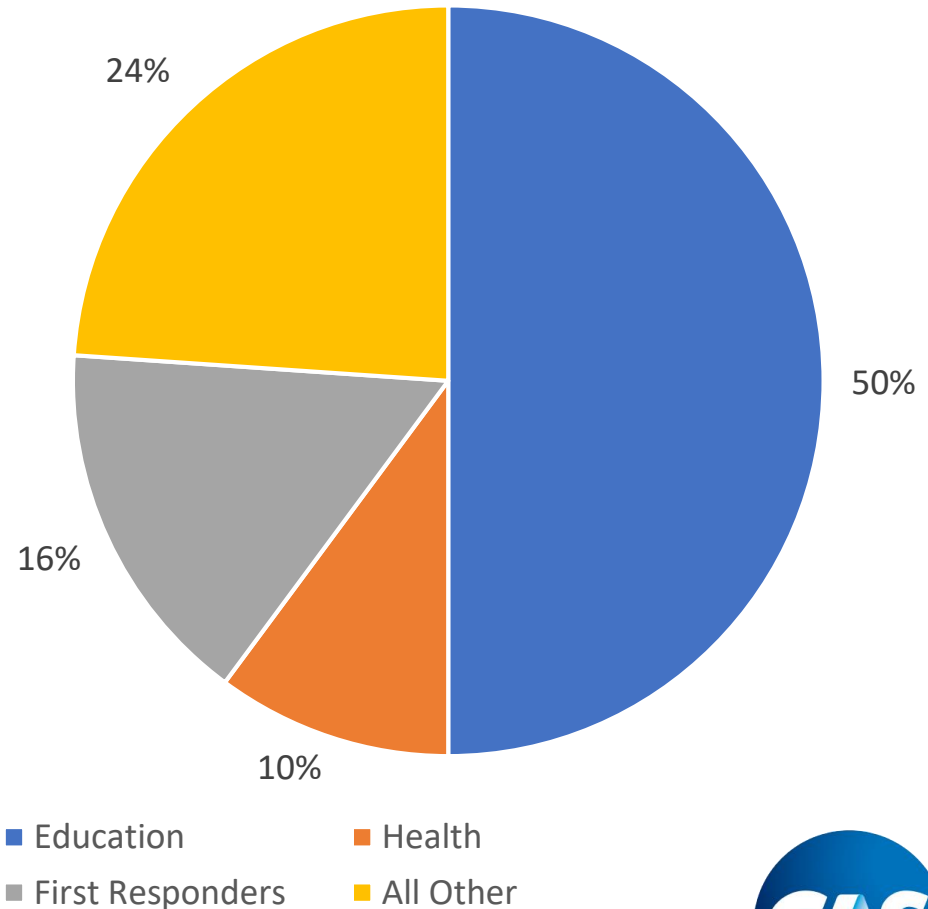
COVID-19 Impact

How have public entities been impacted by COVID over the past year?

FIGURE 2

Breakdown of Local Government General Revenue
by category, fiscal years 1977–2017

Source: Urban-Brookings Tax Policy Center. "State and Local Finance Initiative Data Query System"

COVID-19 Impact

How has COVID, either directly or indirectly, impacted the purchasing of insurance and reinsurance for your organizations?

What are your biggest concerns going forward?

Law Enforcement Liability

Police professional liability had already been an increasingly high-profile exposure over the past decade. However, the landscape, legislation, and attitudes surrounding policing in this country has likely changed more in the 12 months post-George Floyd than it had in prior 10 years combined, including the following:

- State/federal legislation, including growing momentum to end qualified immunity

- De-funding police departments and creation of "police-free" zones in metro areas

- Increase in the number of high-dollar LEL settlements
    - $12 million to family of Breonna Taylor, Louisville, KY (9/20)
    - $20 million to family of William Green, Prince Georges County, Maryland (9/20)
    - $27 million to family of George Floyd, Minneapolis, Minnesota (3/21)

CAS

Public Entity – Poll Question 2

- What percentage of county reinsurance liability claims are attributable to law enforcement liability, historically?
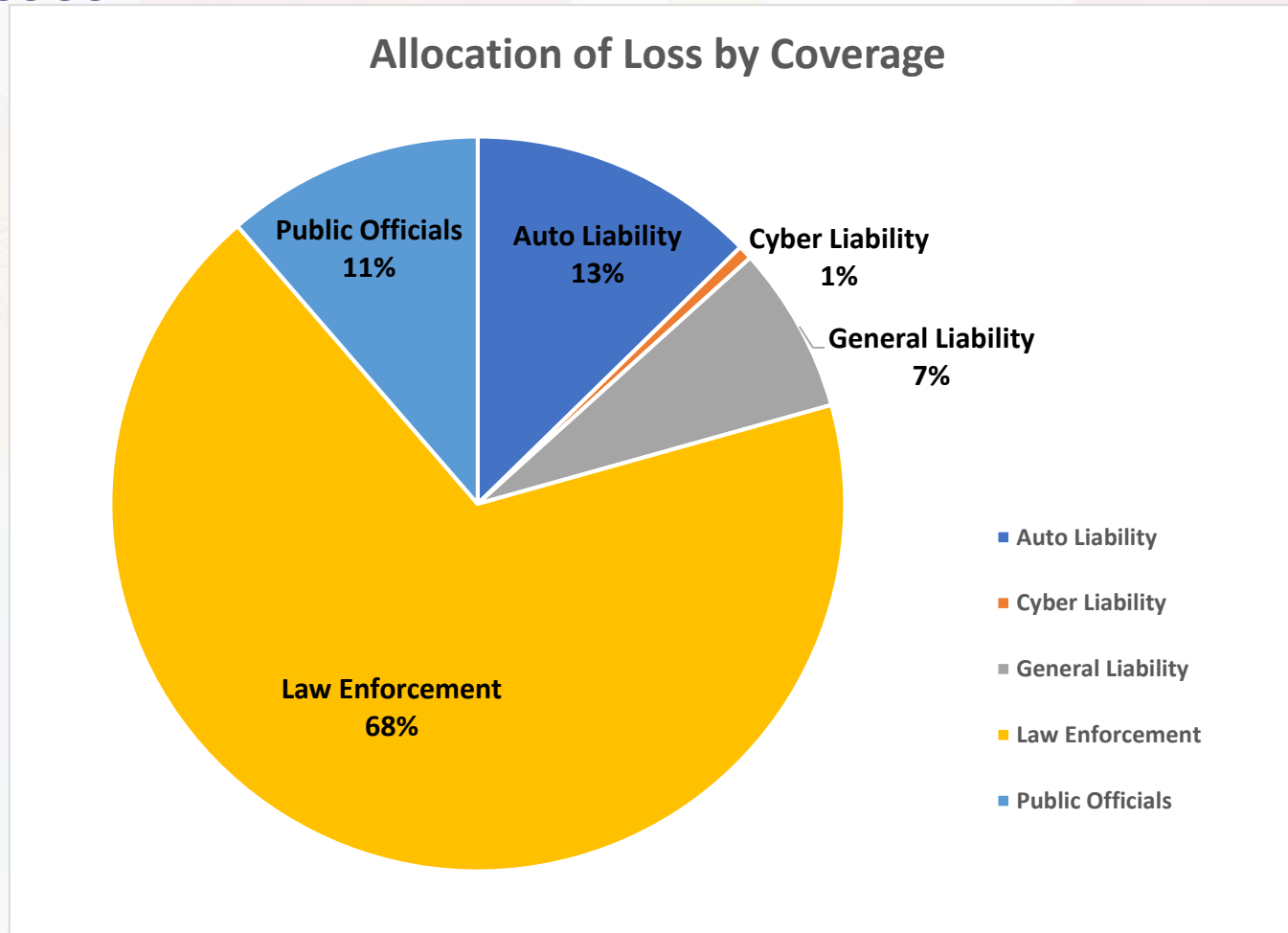
  (Other major lines are General Liability, Public Officials Liability, Auto Liability,

  and Cyber Liability)

  - A   Less than 20%
  - B   20 – 40%
  - C   40 – 60%
  - D   60 – 80%
  - E   More than 80%

Law Enforcement Liability (LEL) comprises approximately 2/3 of County Re's total Liability losses

Allocation of Loss by Coverage

- Auto Liability 13%
- Public Officials 11%
- Cyber Liability 1%
- General Liability 7%
- Law Enforcement 68%

Legend:
- Auto Liability
- Cyber Liability
- General Liability
- Law Enforcement
- Public Officials

Liability, driven by LEL, has a much greater share of County Re's total losses than it did a decade ago

IBNR Growth by Line (relative to their respective 2010 levels)
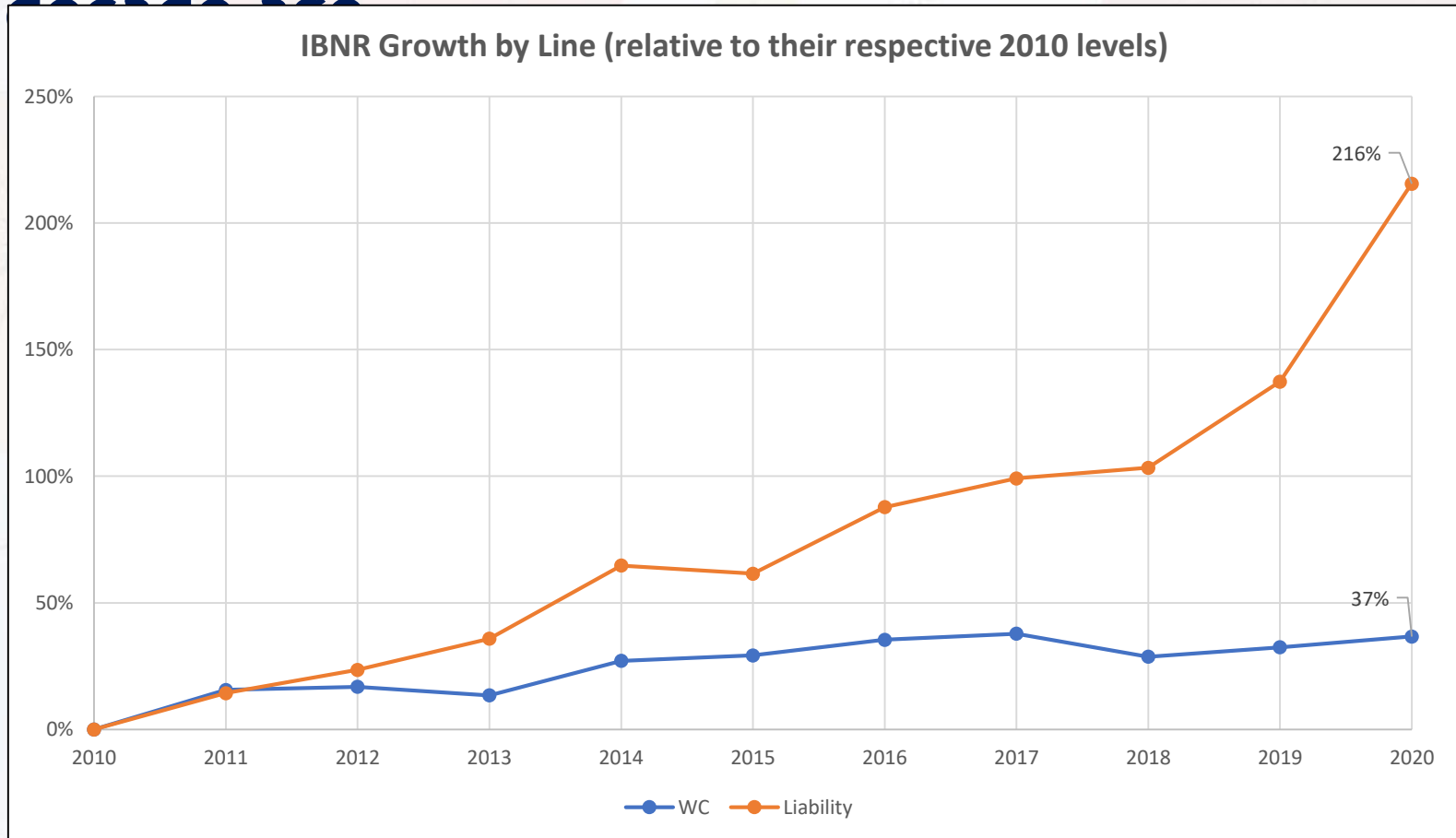
Law Enforcement Liability

Which aspects of the current law enforcement environment are you most concerned about?

How are they impacting the cost/availability of reinsurance?

Sexual Abuse and Molestation

Summary of 2019 SOL Reform for Child Sex Abuse

Sexual Abuse and Molestation

Summary of 2020 SOL Reform for Child Sex Abuse
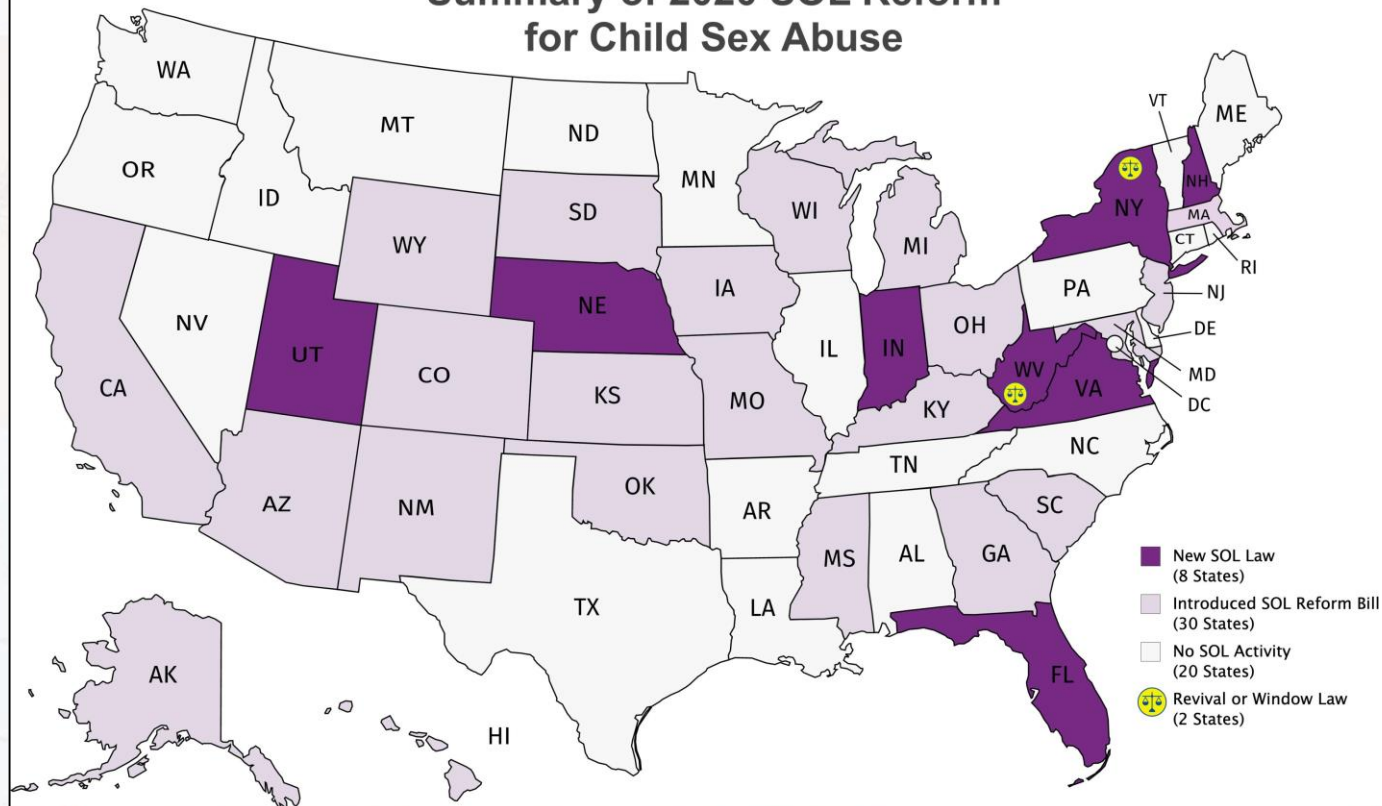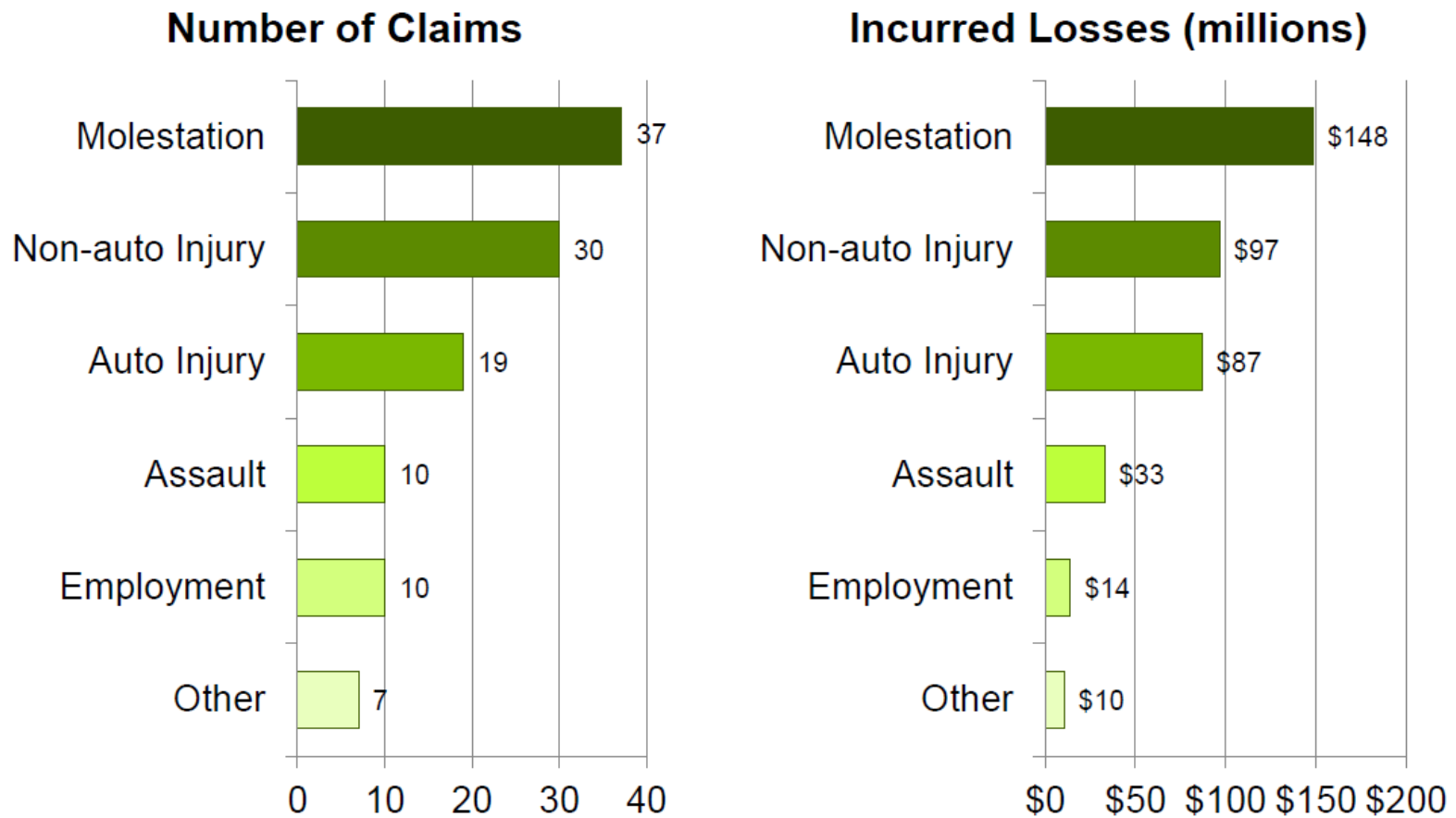
Sexual Abuse and

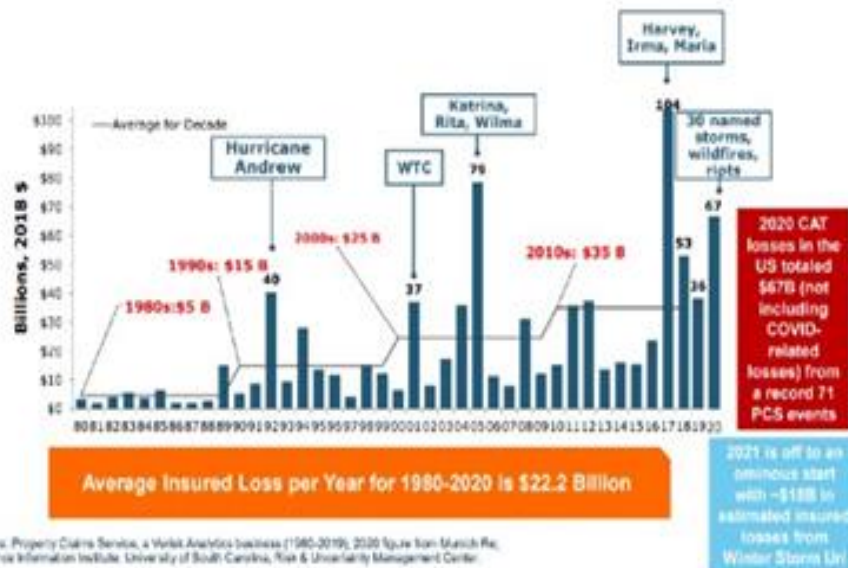Study conducted by Aon on 10 years of liability losses in California public schools.

Sexual Abuse and Molestation

How has this legislation and potential impacted your organizations' underwriting processes and reinsurance renewal in dealing with this exposure?

Property

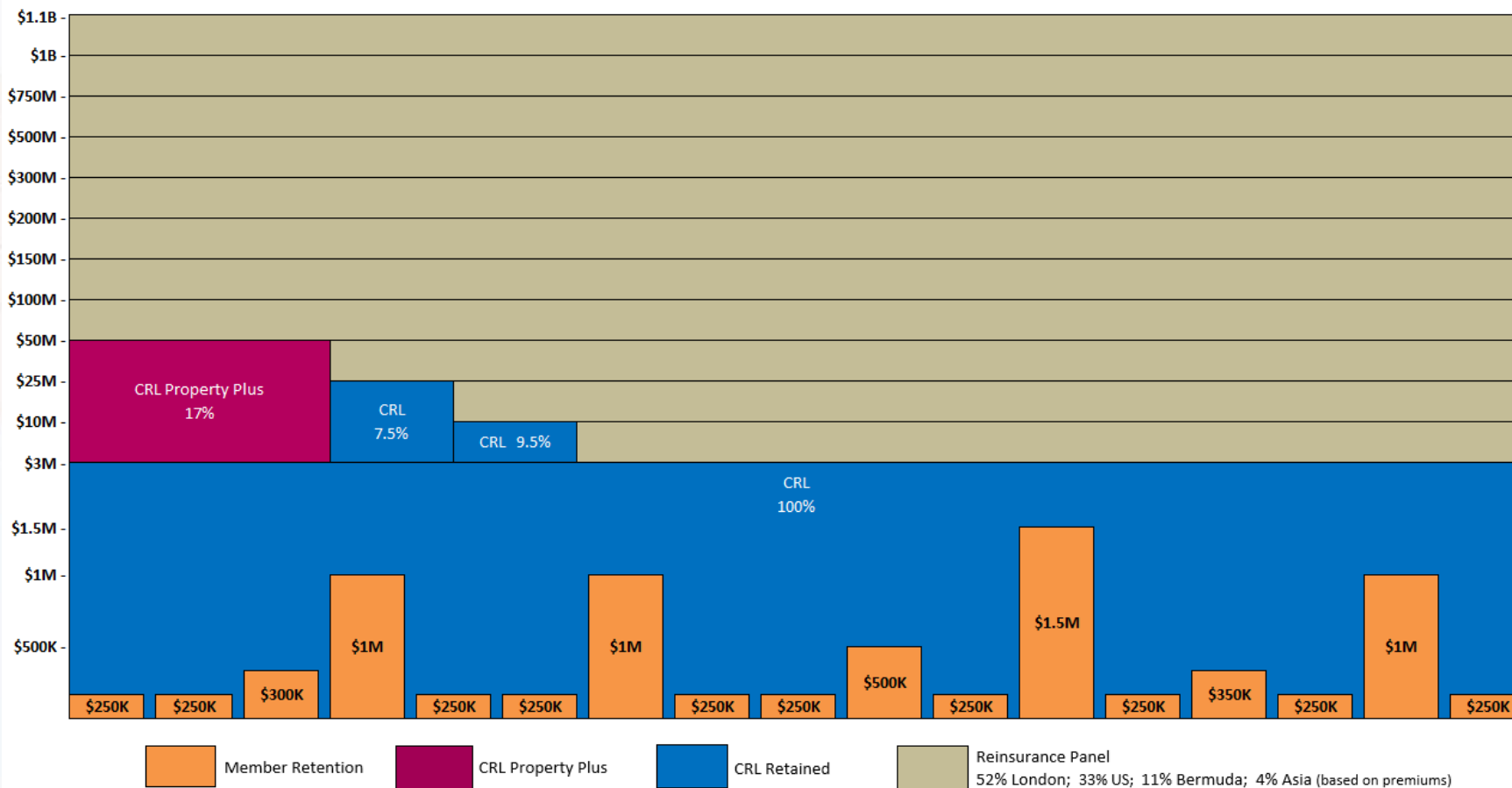U.S. Inflation-Adjusted Insured CAT Losses — Munich RE

Property

How is hardening property market and recent catastrophic events impacted public entities and how are your organizations responding?

Property

CRL - 7/1/20-21 Property Reinsurance Program Structure

Cyber Liability

What is the current cyber liability environment for public entities?

How is this impacting the availability, coverage and pricing for reinsurance?