Law Enforcement Liability

• Panelists

• Heather Burgess – Underwriting Manager, *National League of Cities Mutual Insurance Company*

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

• Riley Maloney – *Associate Director of Research Consulting and Implementation, Benchmark Analytics*

* Denotes Moderator
Goals & Learning Objectives

• Upon completion, participant will be able to explain the current law enforcement liability environment, including capacity constraints, willingness for municipalities to settle outside of court even when facts are in their favor, the increase in "nuclear" verdicts, and how reinsurers are currently pricing/underwriting for this exposure.

• Upon completion, participant will be able to recognize the increasing close collaboration that police departments and data scientists are undertaking to make better data-driven decisions, predict behavior, and reduce department risk.

• Upon completion, participant will be able to identify the link between specific risk management measures implemented by police departments and more positive societal and insurance outcomes.
Public Entity – Poll Question 1

• Have you ever performed pricing work for law enforcement liability, either for the primary or reinsurance layer?
Table of Contents

• Introduction to Public Entities
• Current Law Enforcement Liability Environment
• Early Intervention Research-Based Solution
• Quantitative Results
• Q&A
There are approximately 90,000 public entities in the U.S.

- 41% Special Districts (Water, Parks, etc.)
- 22% Municipalities
- 18% Townships
- 16%
- 3%
There are 14 million local government employees, representing approximately 8% of the U.S. workforce.
Law Enforcement Liability Environment
Law Enforcement losses have significantly increased as a share of reinsurers' Public Entity overall liability portfolios

Source: NLC Mutual Database
Get your devices ready for a poll!

1. Locate the session in the mobile app.
2. Tap the “…” button on the bottom menu bar of the session to open the poll.
3. The poll will launch when polling begins.
Poll Key = MTGJW
Label = Poll Question 2
Get your devices ready for a poll!

1. Locate the session in the mobile app.
2. Tap the "💬" button on the bottom menu bar of the session to open the poll.
3. The poll will launch when polling begins.
Poll Key= KVLRT
Label = Poll Question 3
The number of police shootings has remained steady, while share of unarmed has steadily decreased.

Increase in high dollar ($1M+) claim frequency even as total LEL claim volume has remained fairly stable

Source: NLC Mutual Database
Law Enforcement Liability
Claims above $1M have increased as a share of claim count volume above $250K

Source: NLC Mutual Database
Rising Payouts

AP

Philando Castile's family reaches $3M settlement in death

WBEZ

Cleveland To Pay $6 Million To Settle Tamir Rice Lawsuit

The New York Times

Eric Garner Case Is Settled by New York City for $5.9 Million

The Baltimore Sun

Baltimore to pay Freddie Gray's family $6.4 million to settle civil claims

Chicago Tribune

A hidden cost of Chicago police misconduct: $213 million to private lawyers since 2004

Breonna Taylor settlement is among largest payouts linked to a police shooting
Response to increasing LEL environment by municipalities, public entity pools, and their reinsurers

- **Insured**
  - How much limit to carry

- **Insurer**
  - When to litigate vs. settle
  - Faster case reserving

- **Reinsurer**
  - Rethinking rating practices
  - Some reduction in capacity in certain jurisdictions
  - Higher overall scrutiny of exposures and loss control
An Early Intervention Research-Based Solution
Goals of this Approach

• Reduce risk by identifying officers who need additional support earlier

• Empower agencies to intervene with officers and to track interventions

• Provide the mechanisms for cities to identify risk on the agency level
Defining Early Intervention Systems

Early intervention systems seek to identify police officers who need additional support and intervene prior to the occurrence of an adverse event.
## Evolving Early Intervention Systems

<table>
<thead>
<tr>
<th></th>
<th>Data</th>
<th>Algorithm</th>
<th>Technology</th>
<th>Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Predictive</strong></td>
<td>Most-predictive variables</td>
<td>Research-based statistical models</td>
<td>Alerting, visualization, ad-hoc queries</td>
<td>“Supervisors are better at supporting officers”</td>
</tr>
<tr>
<td><strong>Analytic</strong></td>
<td>Multiple data sources, 5-12 variables</td>
<td>Tuned-thresholds</td>
<td>Data/reporting server with alerts + officer information</td>
<td>“No one understands how it works”</td>
</tr>
<tr>
<td><strong>Digital</strong></td>
<td>Limited indicators</td>
<td>Trigger-based using thresholds defined by professional opinion</td>
<td>List of officers sent to professional standards</td>
<td>“It’s just a matter of time before you get flagged”</td>
</tr>
<tr>
<td><strong>Manual</strong></td>
<td>Anecdotes</td>
<td>Supervisor-by-supervisor</td>
<td>N/A</td>
<td>“We know our officers”</td>
</tr>
</tbody>
</table>
First Sign: Research-Based Early Warning
Research-based early warning reduces false positives and increases true positives.

Benchmark Analytics Research-Based Early Intervention System
Transforming data into explainable alerts

Indicator Creation and Input
- Use of Force
- Vehicle Pursuits
- Traffic Stops
- Suspensions
- Citizen Complaints
- Policy Violations
- Training History
- Awards
- Etc.

Interactions and Time-Expansion (illustrative)
- Unit of Assignment I Beat I Watch
  - Peer groups
- Use of Force x Vehicle Pursuits
- UOF x Traffic Stops x Dispatch Reason
- Training History x Suspension
- Sustained Complaints for Each Complaint Type
  - x
- Commendations
  - x
- Warrantless Searches
- Loss / Theft of Agency Property
  - x
- Major Policy Violations
- Dispatch Location

1,000 + Transformations

Variable Selection and Combination
- Patterns relative to Department
- Patterns relative to Peers

Alert
- Explainable Alerts

Output
- Identification of Exceptional Performance & Performance Requiring Review

Auto-tuning gets smarter over time

Research-Based Warning

CAS
Officer Overview

- Providence Division Assignment
- 10 Years Sworn
- 1 Vehicle Crash
- 5 UOF
- 1 Disproportionate UOF
- 1 Internal Complaint

1 year Later

Terminated For Cause
• Advanced Early Intervention System (EIS) platform for monitoring officer behavior and identifying at-risk officers

• The only research-based early intervention solution, developed in partnership with the University of Chicago, that identifies problem officers, not officers doing their job

• Goes beyond simple, threshold-based triggers, to consider context and patterns of behavior
- Connect at-risk officers to needed interventions
- Provides evidence-based recommendations
- Features case management functionality
- Facilitates the planning process with a template of actionable steps
- Includes sample process / policy manual
Proven Effectiveness
Why First Sign is Powerful

• Traditional early intervention systems usually flag the wrong officer because they use thresholds/triggers to flag officers. Traditional EIS only get it right 29% of the time.

• First Sign uses an advanced research method to flag the RIGHT officers. When First Sign flags an officer, they are investigated within the next year 85% of the time.

• First Sign enables agencies to focus on the 5% of their officers most at risk.

• Benchmark also actively recommends Agency level evidence-based practices to further reduce liability and workers comp risk.