

Seminar on Reinsurance

June 5–6, 2023

*Westin Philadelphia
Philadelphia, PA*

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?

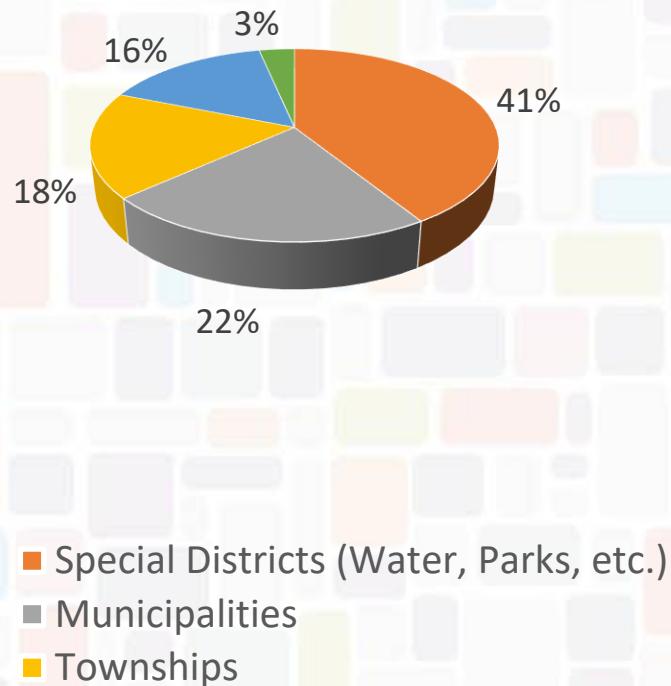


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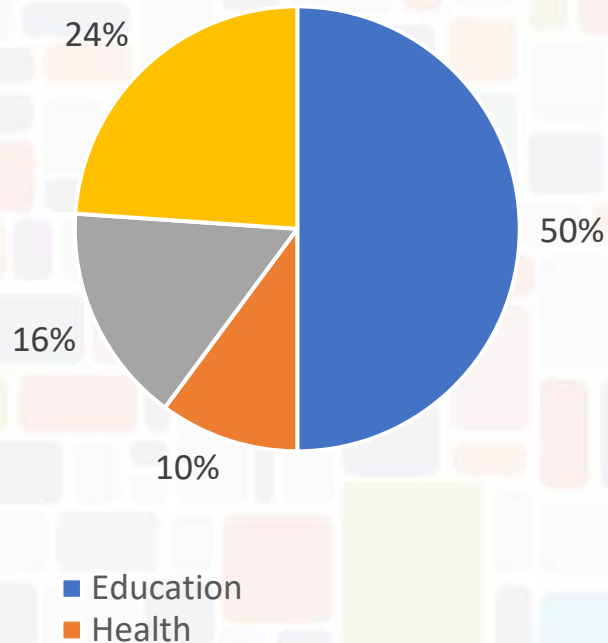


There are approximately 90,000 public entities in the U.S.



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

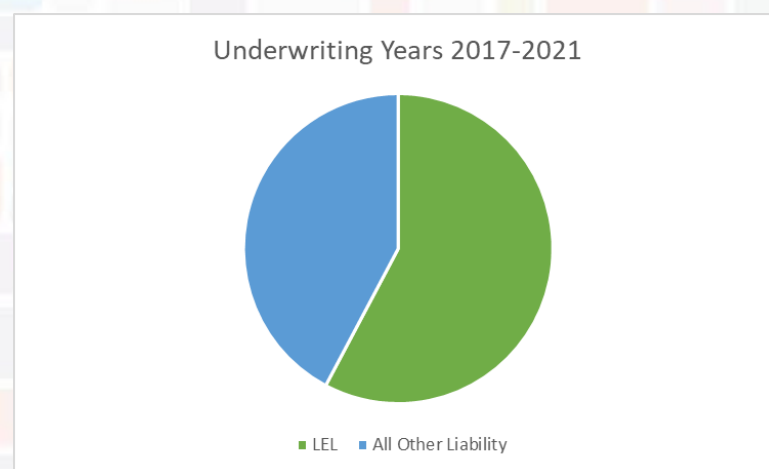
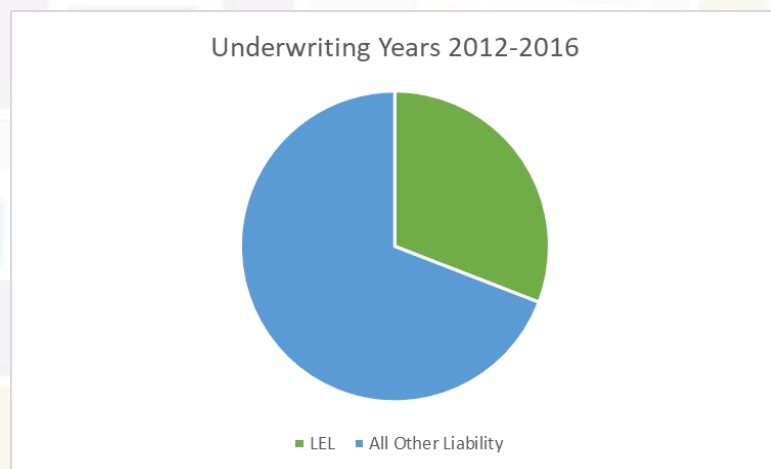
Local Government
Employees by Category



Law Enforcement Liability Environment




Law Enforcement losses have significantly increased as a share of reinsurers' Public Entity overall liability portfolios

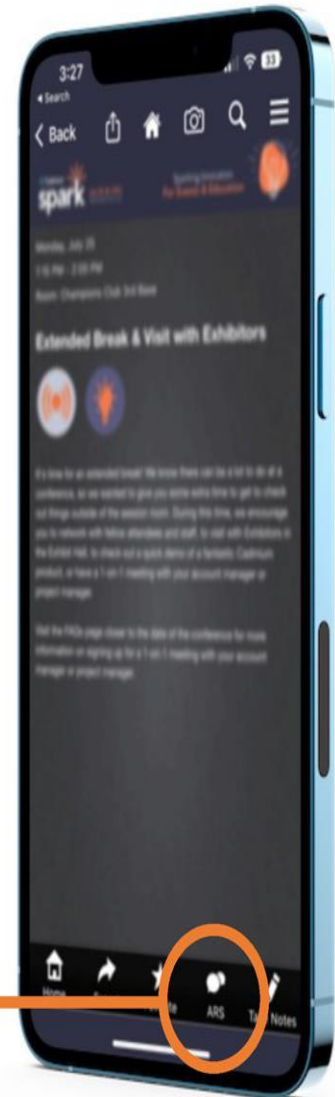


Source: NLC Mutual Database



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.




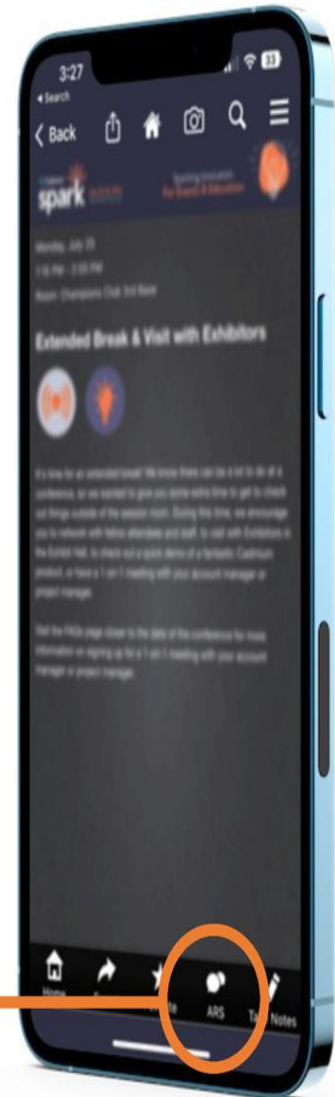
This slide will activate the polling question once the presentation is started.
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Poll Key= MTGJW

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.

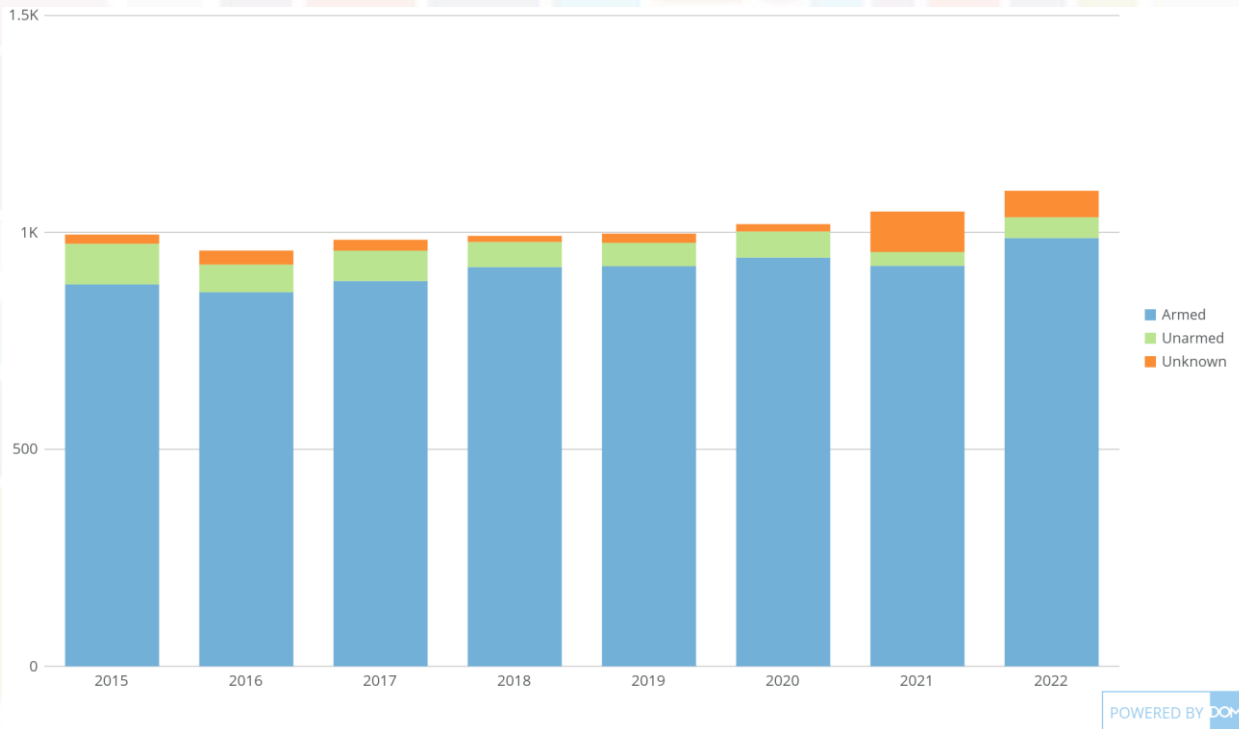


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Poll Key= KVLRT

Label = Poll Question 3

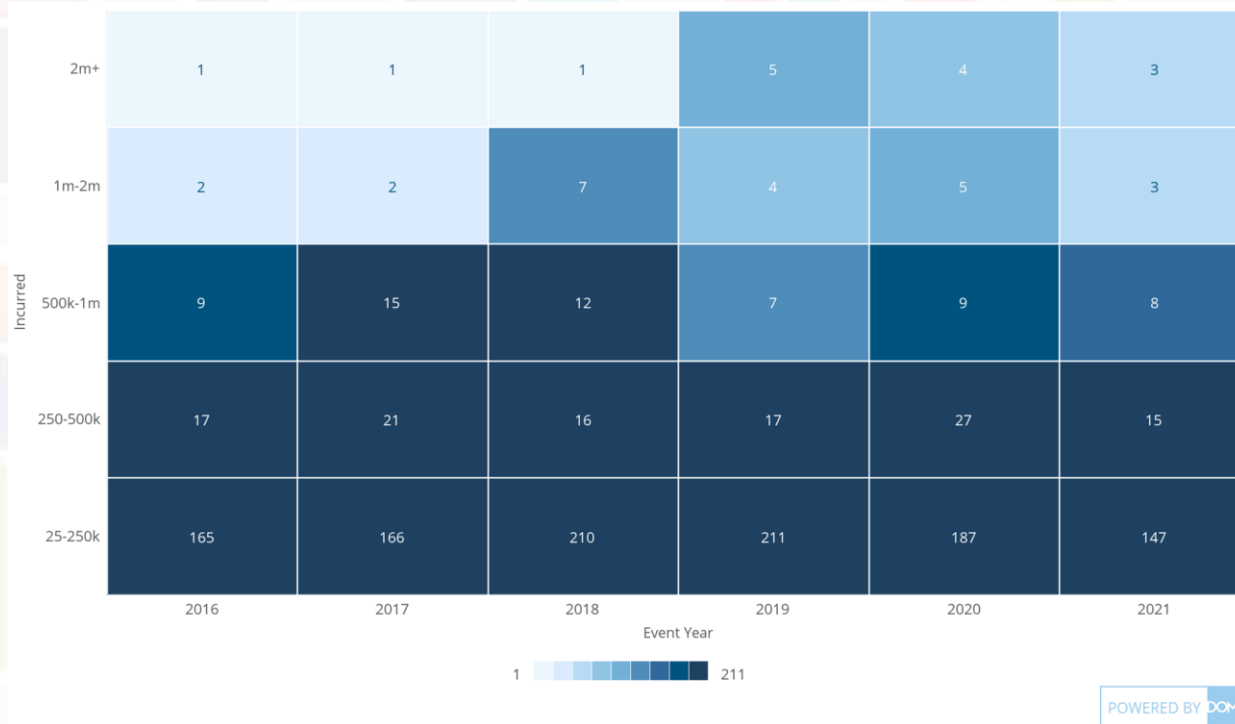
The number of police shootings has remained steady, while share of unarmed has steadily decreased



Source: *Washington Post* Police Shootings Database, 2015 - 2022



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

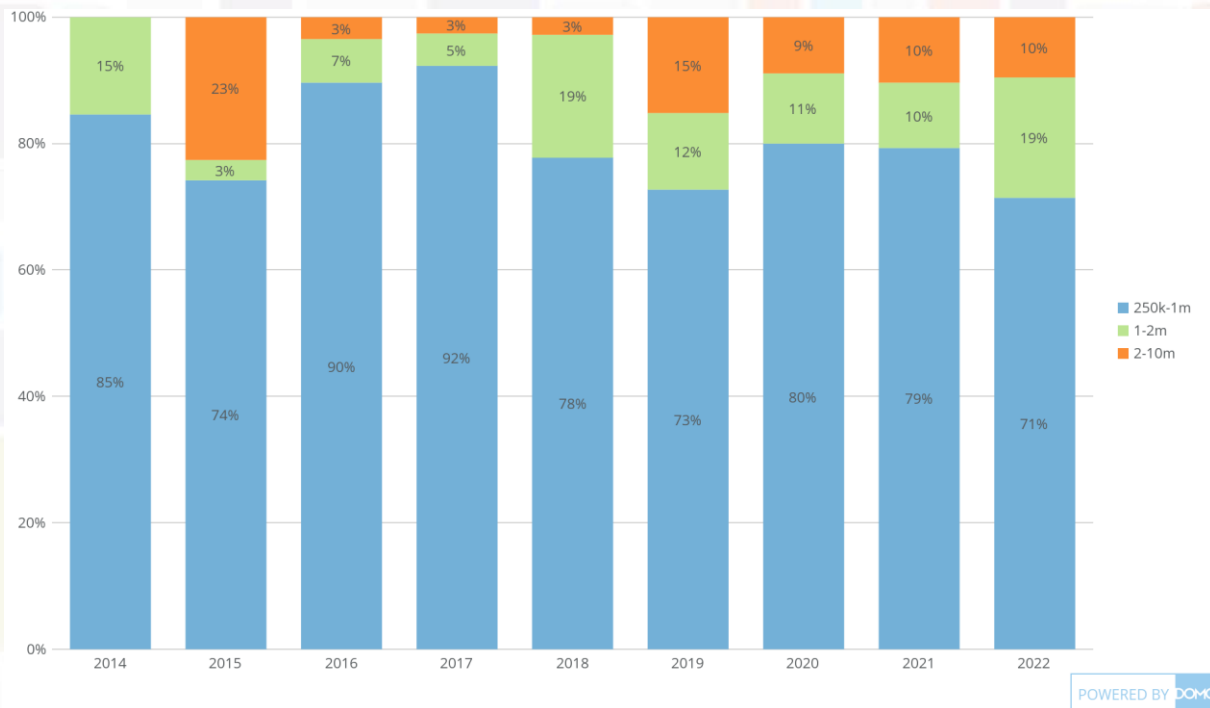


Source: NLC Mutual Database



Law Enforcement Liability

Claims above \$1M have increased as a share of claim count volume above \$250K



Source: NLC Mutual Database



Rising Payouts

npr

WBEZ
CHICAGO

AMERICA

Cleveland To Pay \$6 Million To Settle Tamir Rice Lawsuit

AP

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

The New York Times

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

THE BALTIMORE SUN

CRIME NEWS

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

SECTIONS Q SEARCH

Chicago Tribune

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

US Crime + Justice Energy + Environment Extreme Weather Space + Science

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



Manual


Digital

Analytic

Pre



Evolving Early Intervention Systems

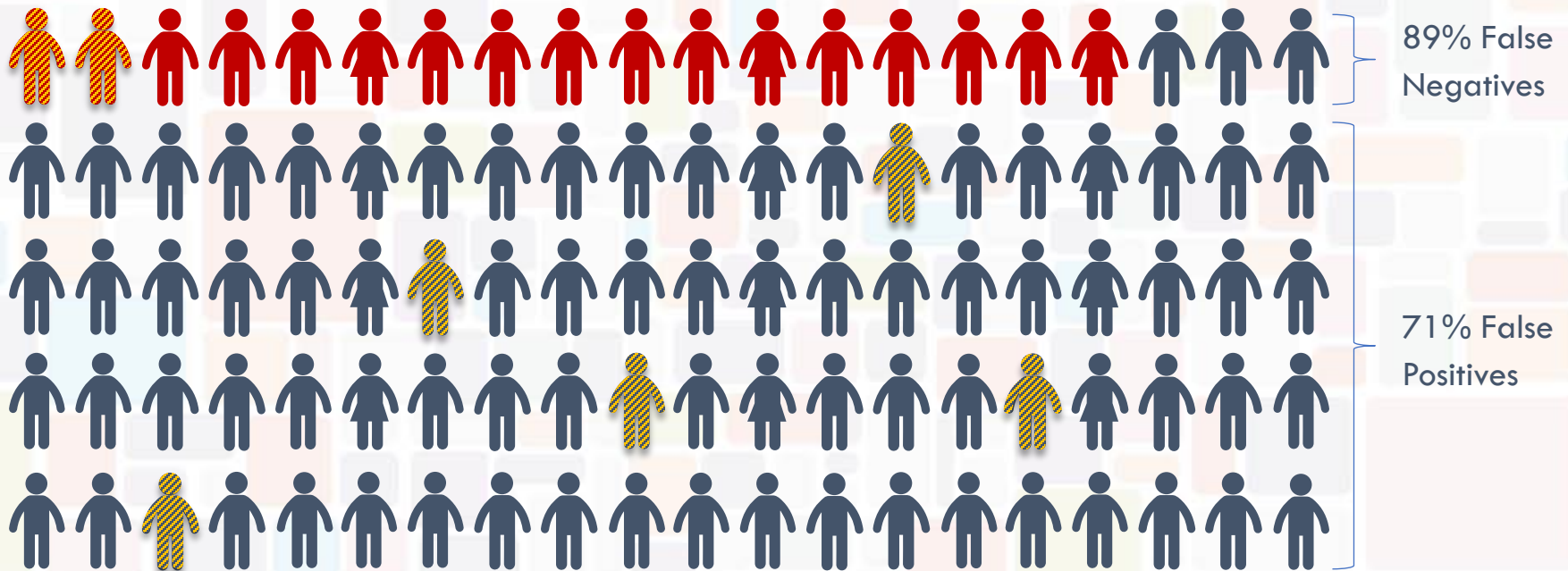


	Data	Algorithm	Technology	Culture
Predictive	Most-predictive variables	Research-based statistical models	Alerting, visualization, ad-hoc queries	"Supervisors are better at supporting officers"
Analytic	Multiple data sources, 5-12 variables	Tuned-thresholds	Data/reporting server with alerts + officer information	"No one understands how it works"
Digital	Limited indicators	Trigger-based using thresholds defined by professional opinion	List of officers sent to professional standards	"It's just a matter of time before you get flagged"
Manual	Anecdotes	Supervisor-by-supervisor	N/A	"We know our officers"



First Sign: Research-Based Early Warning

Research-based early warning reduces false positives and increases true positives.

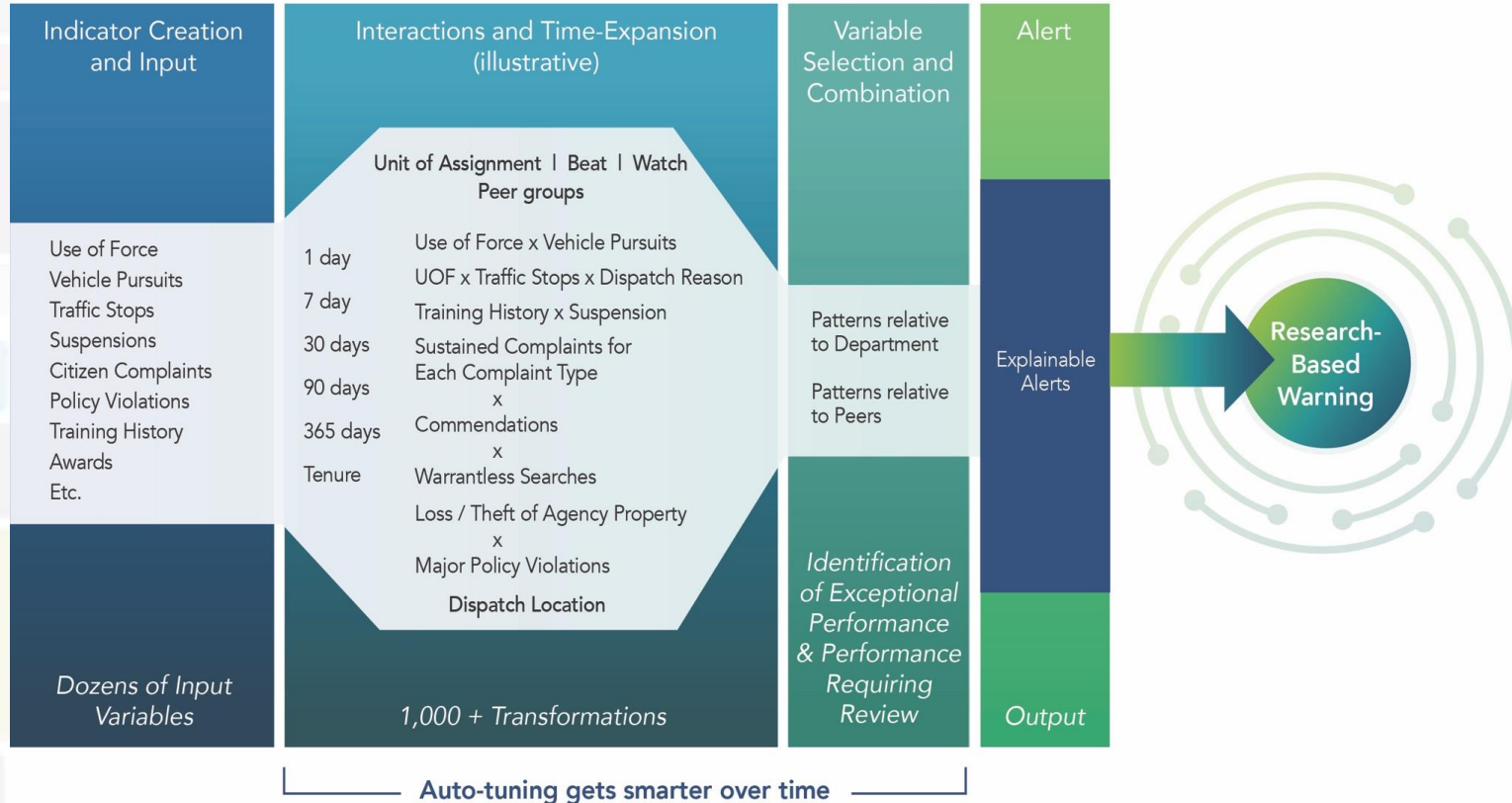


Helsby, Jennifer., Carton, S., Joseph, K., Mahmud, A., Park, Y., Navarrete, A., Ackermann, K. Walsh, J. Haynes, L. Cody, C., Patterson, E., Ghani, R. (2018). "Early Intervention Systems: Predicting Adverse Interactions Between Police and the Public." *Criminal Justice Policy Review*, 29(2) 190-209

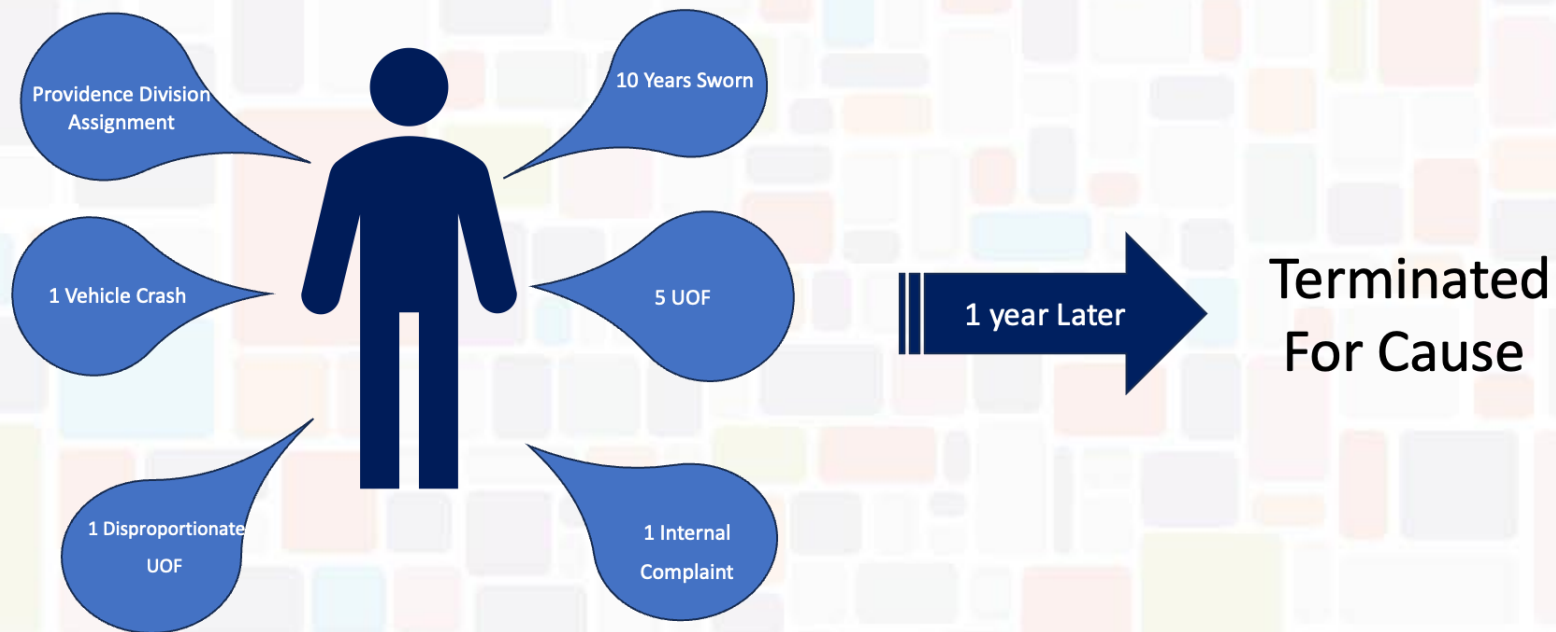


Benchmark Analytics Research-Based Early Intervention System

Transforming data into explainable alerts



Officer Overview



- 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**

Officers At Risk

1,233 6 56 1,171

All Actionable Advisable Minimal

Export CSV Total Results: 1,233

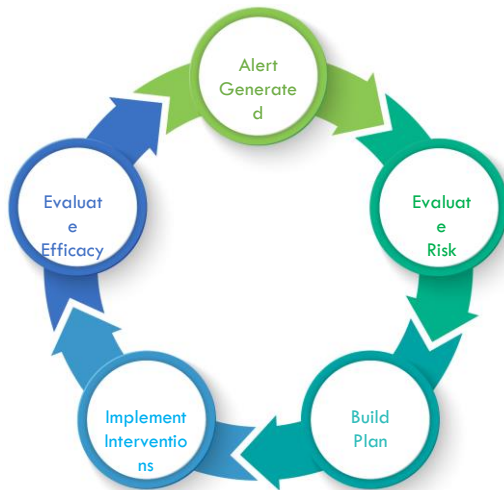
Officer	Alert Date	Action Taken
Veronica King	Actionable 7/3/2022	△ 65 Days Details
Allison Mercado	Actionable 7/3/2022	△ 65 Days Details
Jorge Singh	Actionable 7/3/2022	△ 65 Days Details
Ann Braun	Actionable 7/3/2022	△ 65 Days Details
Charles Moore	Actionable 7/3/2022	△ 65 Days Details
Brenda Owens	Actionable 7/3/2022	△ 65 Days Details
Frank Rice	Advisable 7/3/2022	△ 65 Days Details



TheJoyceFoundation



Intervention Process



- 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.**

85%
Model
Precision*

5%
At-Risk
Average

66%
of Disproportionate
Force Generated
by At-Risk Officers

**Multiple
Data Sources:**
Officer Attributes, Arrests,
Use of Force and Internal Affairs

*85% model precision is average optimized validation performance across First Sign 360 agencies



TheJoyceFoundation



Q&A

