COVID-19: The Good, The Bad and the Ugly

RISKS & OPPORTUNITIES



1

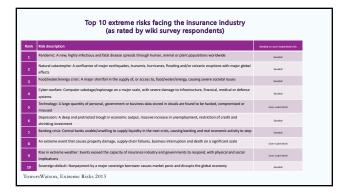


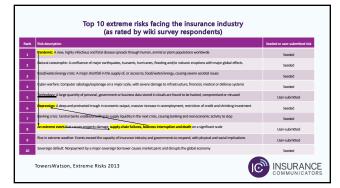
"By rapidly forcing a largescale experiment in previously limited practices, such as mobile work, telemedicine and virtual meetings, and massively ramping up e-commerce, COVID-19 is introducing both risk and opportunity."



2







Who were we? Physically: 47% of Americans had at least one underlying condition that would put them at risk of severe complications (chronic obstructive pulmonary disease, cardiovascular disease, diabetes, chronic kidney disease and obesity.) — CDC Financially: About 50% of Americans could cover a \$1,000 emergency, when unexpected expenses cost about \$3,500. — Bankrate poll. — CNCB Despite the rise in annual family median income to \$68,000 annually Americans have less buying power. — Investopedia (and that has been happening for years) Half of Americans age 55+ will retire at the poverty line. — Morningstar Culturally: Me First.



There is still time to positively influence the future outcomes of COVID-19, but it requires vigilance and thoughtfulness in a me-first culture. To protect the country, we must be united.



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What was going on before COVID-19 that was impacting P/C Insurance?

- O High rate increases, especially in most commercial lines
- O Low returns on interest getting even worse
- O Downward pressure on profits
- O Insurers blaming social inflation for rising rates.



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The "me first" culture...creates an extraordinary tendency towards motivated reasoning, where our beliefs drive what we are willing to accept as facts and law.

-- Thomas M. O'Toole, president & consultant, Sound Jury Consulting

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75% would disregard the judge's instructions and <u>base a case on their own personal beliefs</u> of right and wrong.

57% affirmed they would ignore a judge's instructions to avoid internet research on the case if they felt that they could learn something important from it.

75% would <u>disregard the instruction from a judge to ignore inadmissible testimony if</u> they felt the testimony was important.

-- Sound Jury Consulting, 2019



INSURANCE COMMUNICATORS

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65% of 1,000 respondents would be more likely to force an insurer to a pay a lot of money to a plaintiff

-- "Pandemic Juries" Sound Jury Consulting, May 2020



COVID SHOCK



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How will COVID-19 change us?



14





How will COVID-19 Change Us?

O Work

O Live

O Relate

O Educate

O Shop

O Travel

O Go to the doctor



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"Nobody ever expected COVID-19 to affect commercial property."

-- Gary Marchitello, chairperson, Willis Towers Watson's North American property team









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