

# 2020 OFFICE OF RISK MANAGEMENT ANNUAL REPORT



PRESENTED BY OFFICE OF RISK MANAGEMENT AND OFFICE OF LEGAL COUNSEL

# REPORT OBJECTIVES:

- Results of 2020 market-sounding and competitive bid process
- Program benchmarking against industry and peers

# RESULTS OF COMPETITIVE PROCESS

## Property

- ☐ Moved from AIG to FM Global
- ☐ Higher deductibles (from \$250,000 to \$500,000) to maintain same coverage
- ☐ Premium up 48%

## Liability

- ☐ Ironshore replaced Sompo as excess insurer
- ☐ Deductibles and coverages remained substantially the same
- ☐ Premium up 38%

# RESULTS OF COMPETITIVE PROCESS

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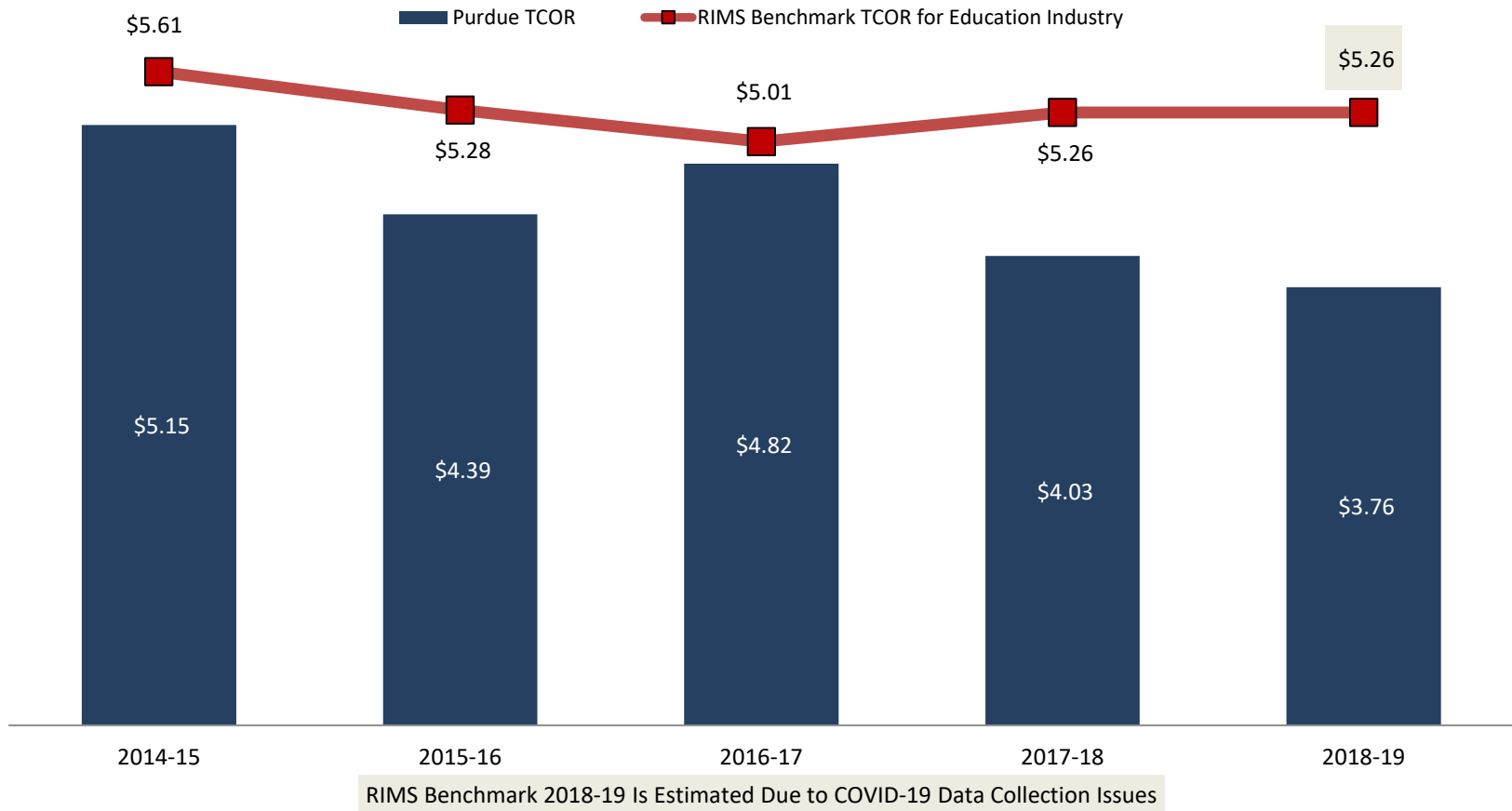
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## Cyber

- ☐ Moved to four insurers (from two) to maintain \$20 million in aggregate, layered coverage
- ☐ Deductibles moved from \$250k to \$500k
- ☐ Premiums up 15%

# INDUSTRY BENCHMARKING

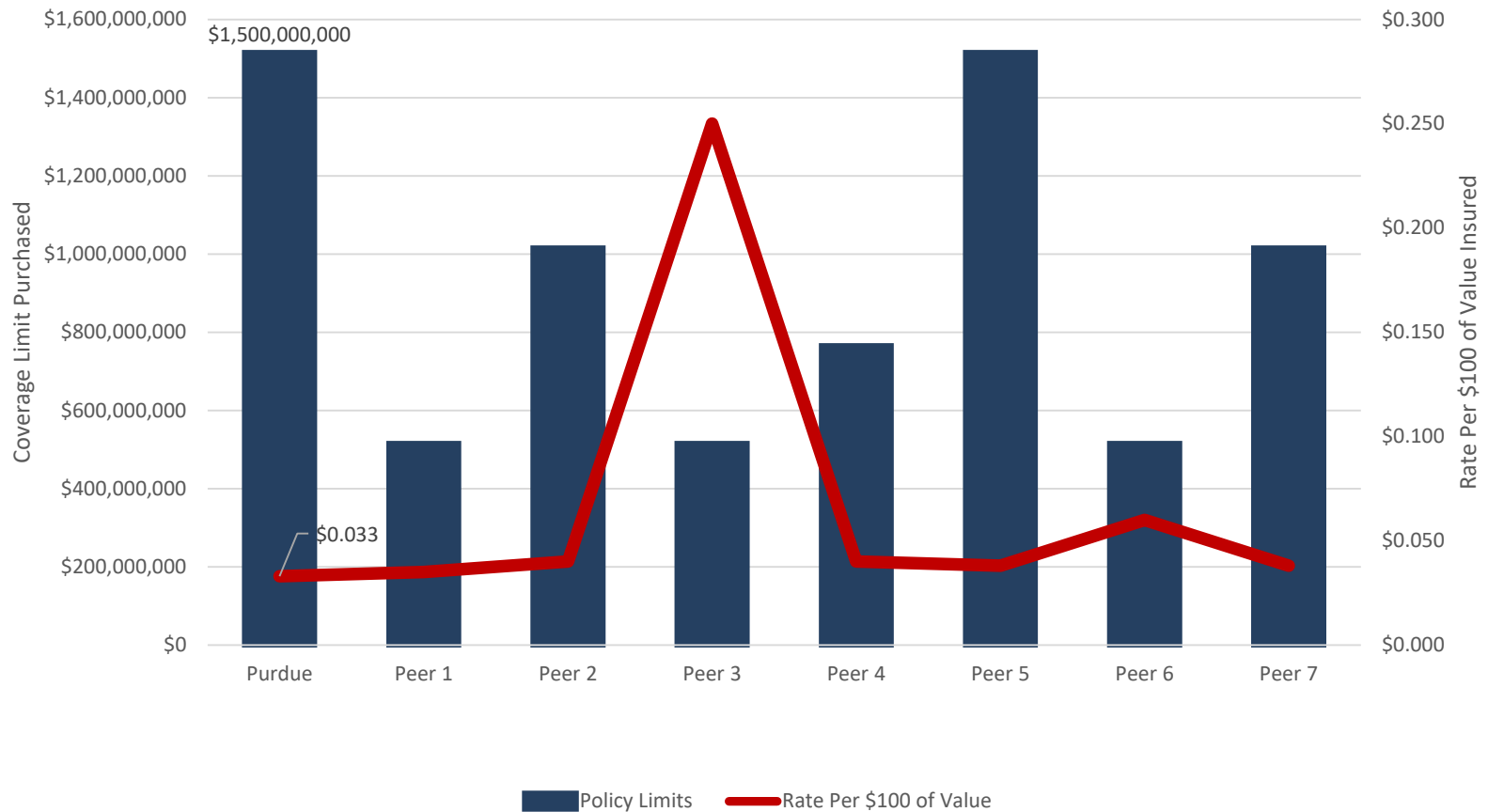
## Total Cost of Risk (TCOR) Per \$1000 of Revenue



# PROPERTY

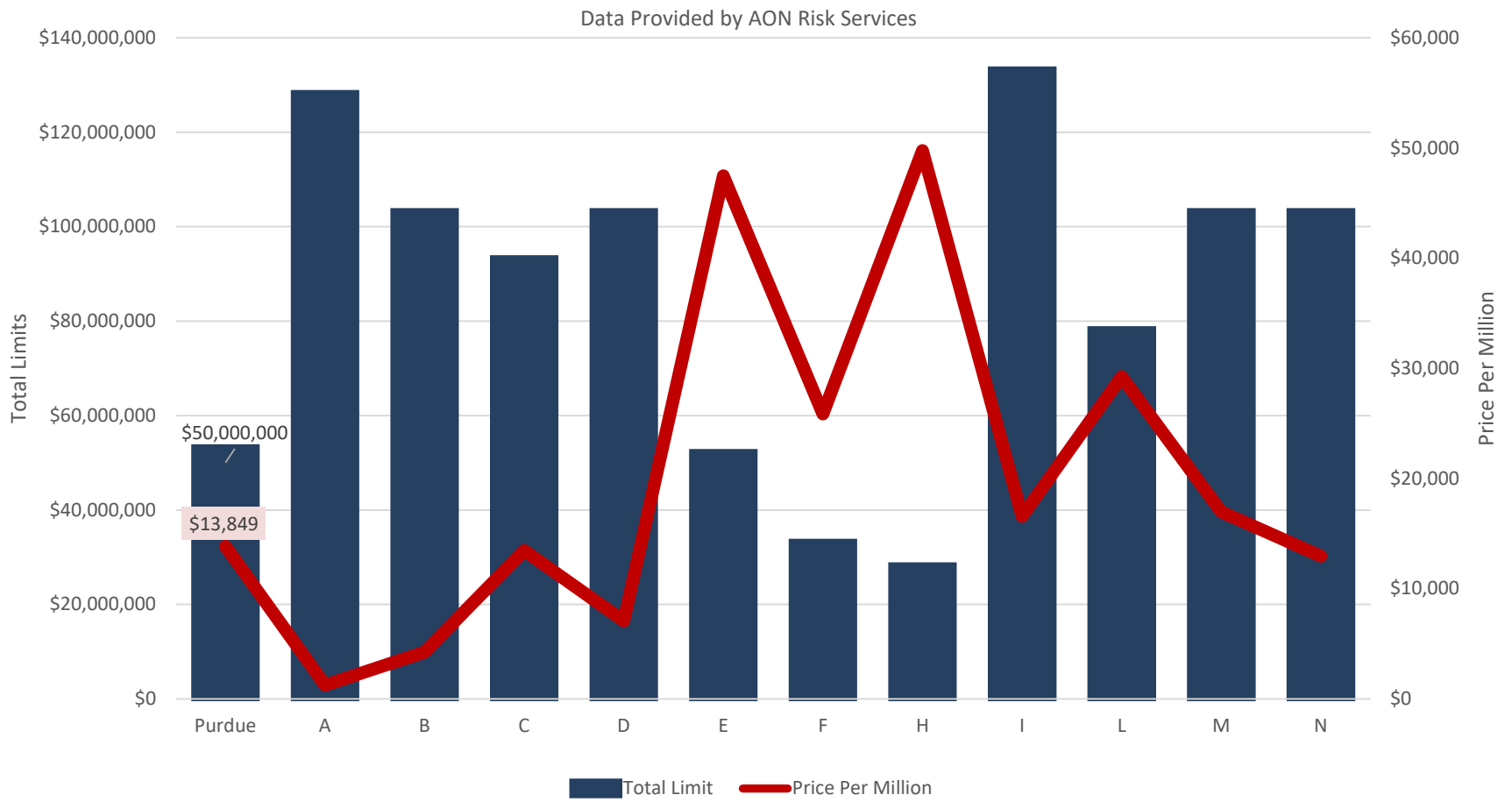
## Property Insurance Limit and Rate Benchmark

Data Provided by AON Risk Services



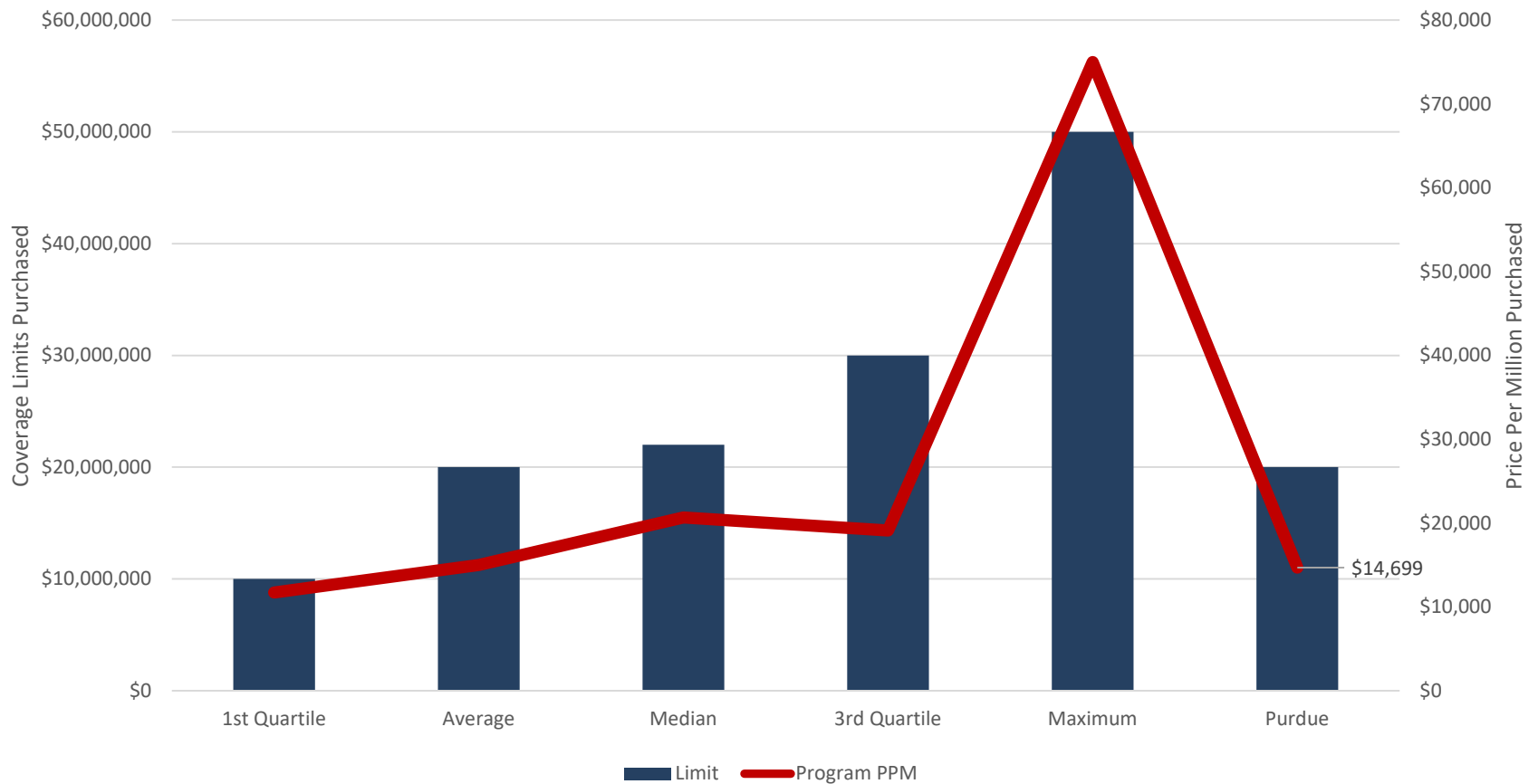
# LIABILITY

## Liability Insurance Benchmark Total Limit vs Price Per Million



## Cyber Benchmark of 17 Peers 2020

Data Provided by AON Risk Services







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# **APPENDIX FOR QUESTIONS**

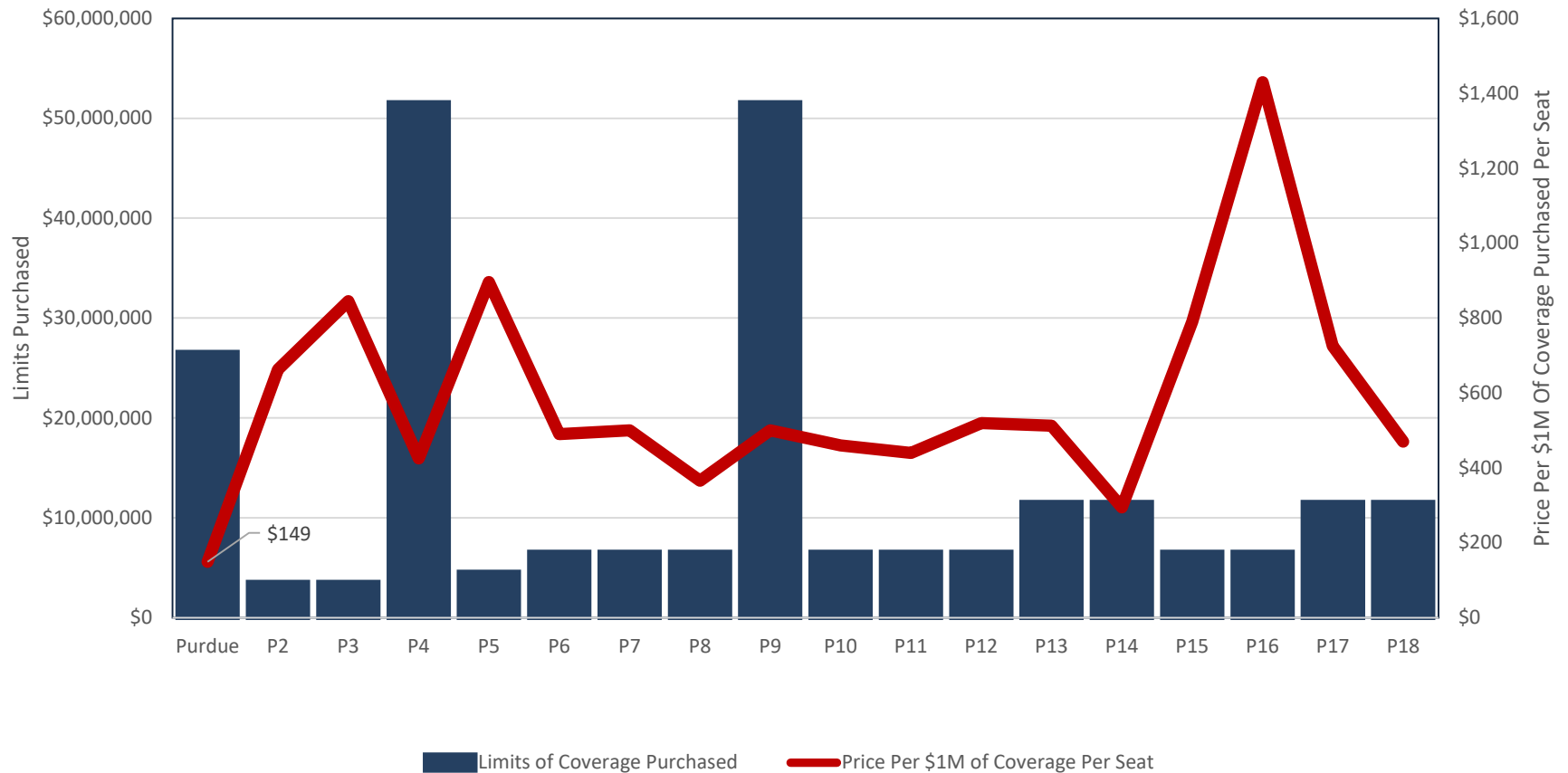
# WHY MARKET IS IN TURMOIL

- Historic low interest rates have dampened insurer returns on investments
- Catastrophic weather and wildfires
- Deteriorating loss trends continue to negatively impact underwriting (workers comp being one exception)
- Uncertainty regarding extent of potential COVID-19 claims
- “Social inflation” from adverse jury verdicts (plaintiff-friendly decisions based on theories of enterprise liability)

# AVIATION

## Aviation Benchmark Limits Purchased and Price Per Million Per Seat

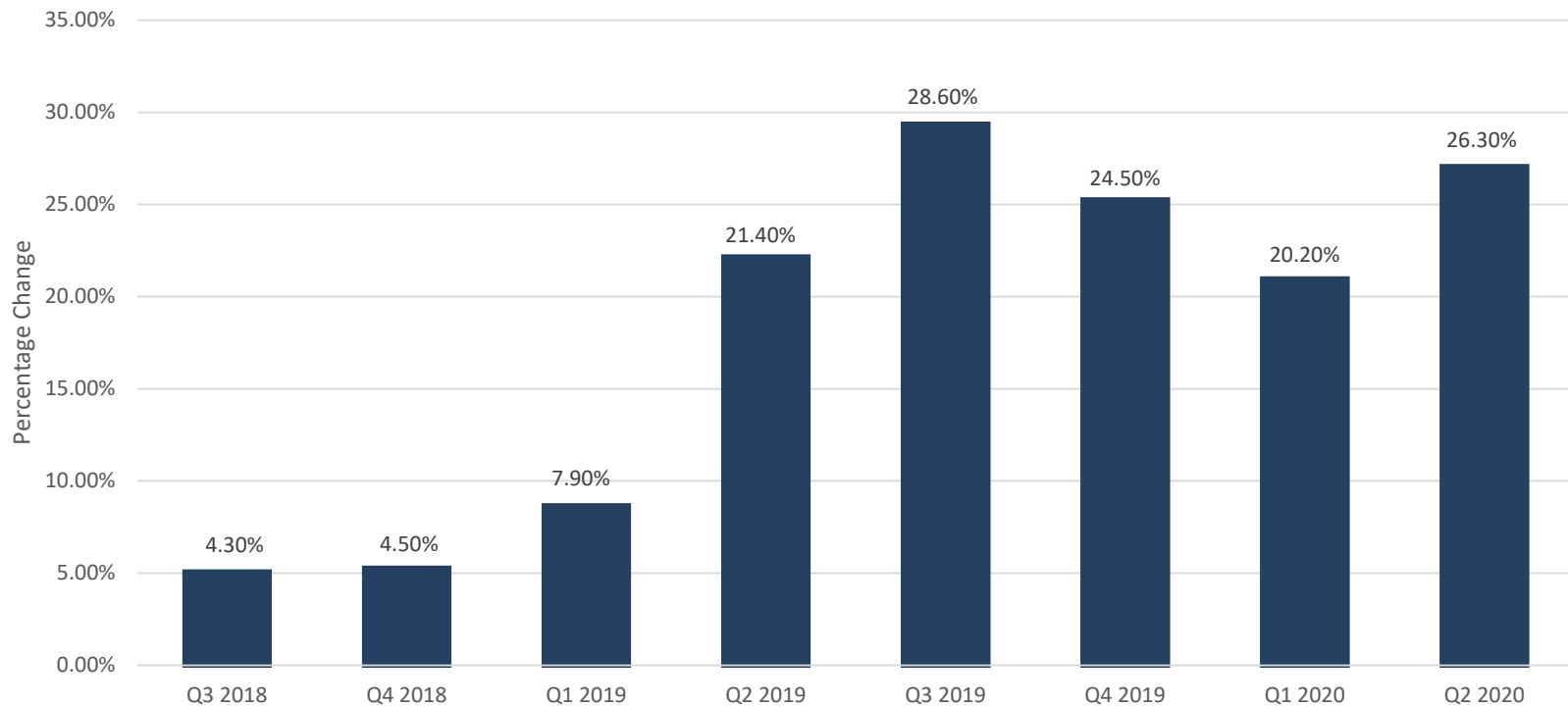
Data Provided by Gallagher Risk Management Services



# QUARTERLY YEAR OVER YEAR PROPERTY RATE CHANGE

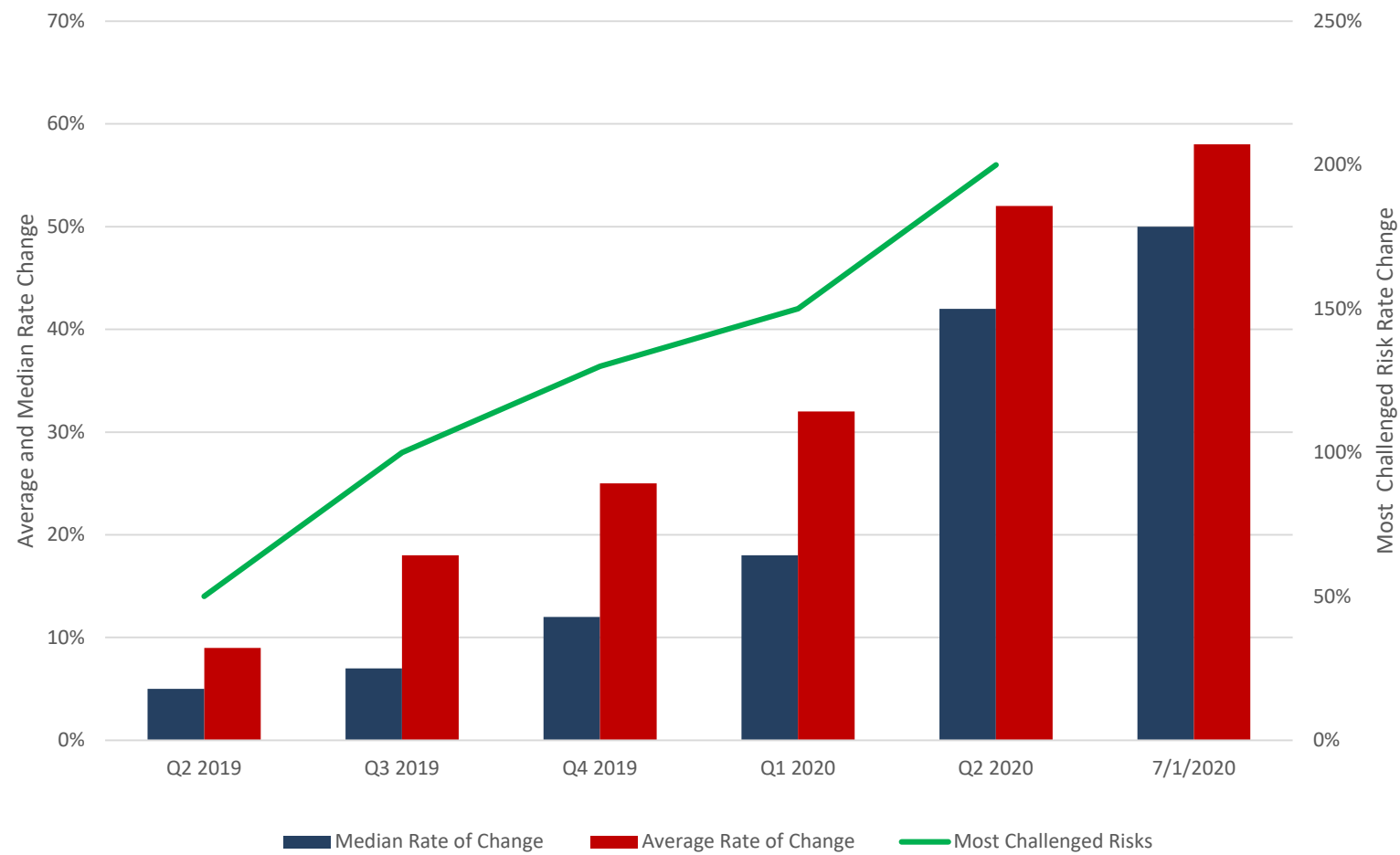
## Year Over Year Quarterly Change In Property Rate

Data Provided by AON Risk Services



# YEAR OVER YEAR QUARTERLY CHANGE IN EXCESS LIABILITY RATE

Data Provide by AON Risk Services



# CYBER RATE DRIVERS

- Some primary carriers are seeing a 500% increase in ransomware claims
- Some excess carriers are seeing a 40% increase in cyber attacks.
- Large account cyber market experiencing 5-20% increases in rate through Q3 2020.