



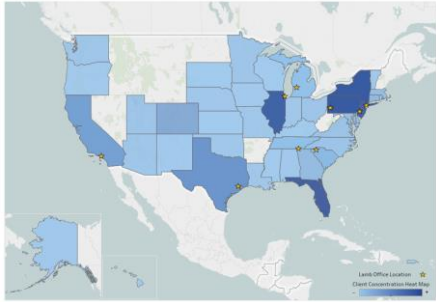
ARE YOU COVERED

June 1, 2023

WHO IS LAMB?

PROTECTING ORGANIZATIONS THAT POSITIVELY AFFECT PEOPLE'S LIVES

NATIONAL COVERAGE



Clients: > 4,500
Premiums: > \$350M

Partnerships with numerous carriers wanting to write Health & Human Service organizations

HIGH GROWTH



3 Years



#85

PARTNERS IN THE COMMUNITY



Charitable Giving

2021: \$865,170
2019-21: \$2,631,532

INDUSTRY LEADER



Largest Insurance is the largest Brokerage in the Country Dedicated Exclusively to Health and Human Service Organizations

CUSTOMER FOCUSED

LAMB Insurance Services
NET PROMOTER SCORE **75**



1. What commercial insurance coverages do Adult Day Service Providers need?
2. What are the most common issues we find when reviewing Adult Day Service Provider policies?
3. How a Hard Market is impacting insurance coverage and costs
4. How to prepare for your renewal in light of current market conditions



ARE YOU COVERED

1

Commercial Package

- Property
- Auto Liability
- General Liability
- Professional Liability
- Abuse & Molestation Liability
- Crime
- Umbrella

2

Management Liability

- Directors & Officers
- Employment Practices Liability
- Fiduciary Liability

3

Cyber Liability

- 1st and 3rd Party Liability
- Business Interruption
- Ransomware
- Social Engineering/Phishing

4

Workers Compensation

- Employers Liability

1

Commercial Package

- Property – building values not recently updated
- Property – coinsurance clause in-force
- Auto Liability – missing hired and non-owned auto coverage
- Professional Liability – exclusions for vicarious medical professional liability
- Umbrella – abuse & molestation coverage exclusions

2

Management Liability

- Directors & Officers / Employment Practices – shared limits of liability
- Directors & Officers / Employment Practices – defense costs inside the limits
- Employment Practices – no coverage for 3rd party claims
- Employment Practices – no coverage for Wage & Hour claims
- Fiduciary Liability – no coverage

3

Cyber Liability

- Social Engineering/Phishing Exclusions
- Social Engineering/Phishing limits of \$100,000 or less
- Social Engineering/Phishing deductibles of \$25,000 or more
- No coverage or sub limited coverage for 3rd party liability

4

Workers Compensation

- Employers Liability limits of \$100k/\$500k
- Surcharge or “debit” of up to 25%
- Higher than average rates

CONTINUED HARD MARKET

The market continues to show signs of hardness. Across all commercial lines, higher hazard risks will continue to see rate increases that exceed the average rate increases in the commercial sector. Wind-Exposed/Coastal Property, Heavy Auto Fleets, and distressed healthcare accounts are just a few examples of classes that should expect higher-than-normal rate impact. We continue to watch for directional signals from our carrier partners as concerns about driving factors persist.

DRIVING FACTORS

- Increased frequency / severity of claims
 - Sympathetic juries and unprecedented settlement awards
 - Increased cost of materials / labor
 - Natural Catastrophes
- Legislative changes
- Reinsurance Rate Increases
- Social Inflation / Cultural Movements

2023 MARKET OUTLOOK FORECAST

Line of Coverage	Price Forecast
Commercial Property	+10% to +25%
Liability (General, Professional, Abuse)	+10% to +15%
Automobile Liability	+15% to +25%
Cyber Liability	+25% to +100%
D&O / Employment Practices Liability	+5% to +15%
Workers Compensation	-5% to +5%

Price forecasts are based on industry reports for individual lines of insurance. Forecasts are subject to change and are not a guarantee of premium rates. Insurance premiums are determined by a multitude of factors and differ per organization. These forecasts should be viewed as general information and not insurance or legal advice.

Property

Reinsurance Demand / Supply

- While the last 4 years of market conditions have been about insurers attempting to return to profit by increasing rates, this market will be driven by the increased cost and/or unavailability of reinsurance - like past traditional hard markets. Even at higher prices, the shortage of additional catastrophe appetite needed to match demand means that getting renewals across the finish line will require a significant effort

Inflation and Property Valuations

- Carriers are keen on increasing valuation to keep up with inflation and impact to values needed to fund expected losses.
- With the impact of 2022 inflation not previously priced into January 2022 renewals, 2023 pricing will have to make up for the missed inflation and factor in forecasts for 2023. Some reinsurers have suggested rate increases of 15% percent would be insufficient without adjusting for the risk and uncertainty around secondary perils that also must be reflected in January 2023.



Hurricane Ian has only amplified the likelihood of **increased pressure on rates, a greater focus on adequate property values, and limited carrier options for reinsurance capacity.**



Hurricane Ian is estimated to have caused more than **\$60B in private insured losses** in Florida alone, making it **the second-largest disaster loss event on record.**⁹

Automobile

Increased Claims Frequency / Severity

- **Distracted Driver Incidents** - Data from the National Highway Traffic Safety Administration (NHTSA) indicates that up to 391,000 people are injured every year, and 3,450 people are killed in crashes involving distracted drivers. In addition to the loss of life, these crashes cost an estimated \$46 billion each year. As these incidents have become more prevalent, commercial auto insurance costs have climbed in tandem.
- **Nuclear Verdicts** have become increasingly prevalent, especially when pedestrians are involved. Difficulty in apportioning prior injuries can exacerbate total claim payouts.
- **Vehicle repair expenses** have surged due to worker shortages which elevated labor costs and caused supply chain disruptions.
- According to **car theft** statistics from Statista, there were 268 cases for every 100,000 people in 2021. The stolen cars statistics from the annual Hot Spots Report from the National Insurance Crime Bureau (NICB) explain that this equates to over 932,000 thefts

Tips for Insurance Buyers

- Examine your loss control practices relative to your fleet and drivers. Enhance your driver safety programs by implementing or modifying safe driving and distracted driving policies.
- Ensure you hire qualified drivers by using motor vehicle records (MVRs) to vet drivers' experience and moving violations. Disqualify drivers with an unacceptable driving record. Review drivers' MVRs regularly.
- Consider technology solutions, such as telematics, where appropriate to strengthen loss control measures.
- Prioritize organizational accident prevention initiatives and establish effective post-accident investigation protocols to prevent future collisions on the road.
- Determine whether you should make changes to your commercial auto policies by speaking with your broker.

General Liability

The hard market continues with common trends and concerns in:

- **Social Inflation** - including large settlement awards
- **Active Assailant Exposures**
- **Rising reinsurance Costs**
- **Increased Legal Expenses**

These issues continue to threaten claim costs going forward and negatively impact overall market performance.

Professional Liability / Sexual Abuse & Molestation

The primary industry impacted by this hard market is **Direct Support Care** including:

- skilled care/assisted living facilities
- foster care
- residential medical services

Carrier Capacity

We have seen an extreme exiting by carriers writing these risks. The remaining markets are limiting their exposure by reducing limit and adding retentions or changing policy conditions (occurrence to claims made).

Legislative Changes

Following suit with New York, several states plan to adopt a law like the Child Victims Act which will open the statute of limitations for victims of sexual misconduct. (CA, PA, MN, NJ). This will threaten the availability of Abuse & Molestation coverage.

1

Commercial Package

- Property – document loss control measures
- Auto Liability – MVR checks at hire and annually
- Auto Liability – Formal driver safety program
- Abuse & Molestation Liability – create formal abuse prevention policy
- General Liability – document control members to prevent visitor injury

2

Management Liability

- Implement effective sexual harassment prevention measures (zero-tolerance policy, awareness program), reporting methods and response protocols
- Promote diversity, acceptance and inclusion in the workplace
- Document all employee evaluations, employee complaints, and situations that result in terminations

3

Cyber Liability

- Establish an effective, documented cyber incident response plan
- Work with your IT department or MSP to implement cybersecurity controls such as multifactor authentication, email authentication technology, etc.
- Focus on employee training to prevent cybercrime from affecting your organization
- Develop workplace policies that prioritize cybersecurity

4

Workers Compensation

- Create a workplace safety committee
- Conduct routine safety training for all employees
- Develop an effective Return to Work program
- Have clear processes established for handling workers' compensation claims diligently and efficiently

Most importantly – gather and prepare all renewal information and start the process as early as possible

THANK YOU!

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