

# Talking Points Newsletter *March Vol. #10*

TSiB's Talking Points Newsletter covers recent top industry articles in the following categories:

- Insurance Market
- Construction Industry
- Claims
- Trends
- Employee Benefits- **NEW**

This newsletter is meant to be a guide to assist you on the most important events that are going on. We share insight on the importance around each topic and how it can affect you directly.

If you have any questions about any of these articles, other Insurance & Surety concerns, or have specific topics you've like to learn more about, please reach out to us directly at [contact@tsibinc.com](mailto:contact@tsibinc.com) or visit [our website](#).



## Commercial Insurance Prices Rise 10.7% In Q4

The Council of Insurance Agents & Brokers (CIAB) are reporting that insurance rates for Q4 2020 rose again by an average of 10.7%, which was down a point from the results in Q3. This represented the 13<sup>th</sup> consecutive quarter with increased pricing and the third consecutive quarter reporting an increase across all lines.

Price increases were consistent with previous quarters, where:

- Large accounts bore the largest percentage increase with a 13.7% increase
- Mid-sized accounts showed an 11.7% increase

By line of business, the increases were seen in:

- Excess rates at 21.3%
- Director's & Officer's at 15%
- Commercial Property at 13%

These lines also experienced issues with capacity and coverage issues.

**TSiB Talking Point:** The Hard Market continues as we are seeing widespread reports of Hard Market results. It is clear that for the foreseeable future the pandemic and climate related claims will continue to plague the market and continue to push the upward pressure on pricing.

[Click here](#) to read further about this.

## Cyber Insurance Rates To Increase 20-50% This Year

A report issued by Aon points to an increase in Cyber Insurance rates of between 20% - 50% throughout 2021.

The interest in Cyber Insurance has exploded over the last five years but so have the claims. While data breaches and privacy events declined, there was nearly a 500% increase in Ransomware incidents since 2018.

**TSiB Talking Point:** We are seeing Hard Market conditions across the board. Cyber rates will continue to move upwards due to the rash of significant claims. To maintain a healthy market, rates must increase to support the claims and demand for capacity.

[Click here](#) to read further about this.



## SURVEY: Job Opportunities For Women Are On the Rise, 59% Of Employers Rank Favorably For Equality

The National Association of Women in Construction (NAWIC) and Safe Site Check-In recently surveyed more than 700 women in construction about the state of the construction industry workforce. Some of the key results in this survey are:

- Women earn 99.1% of what men earn
- 71% say that job opportunities for women are increasing, 28% say they remain the same and 1% see a decrease.
- On a scale of 1 – 100 rate the question of how equal does your employer treat women and men? 24% ranked their employer 100 and 22% indicated 90% or above.
- Are you concerned about contracting COVID at work? 70% indicated “no.”

**TSiB Talking Point:** Construction has traditionally been a Male-dominated industry. However, based on survey results like these, it is a good time for women in construction. The Gender Pay Gap is considerably less in construction and job security and satisfaction within the respondents is very high.

[Click here](#) to read further about this.

## Construction Spending Up In 9 Sectors

National Non-residential construction spending increased by 0.9% on a monthly basis but is down 5% from January 2020. On a seasonally adjusted, annualized basis, non-residential spending totaled \$799.1B for the month. Spending was up:

- In 9 of the 16 non-residential subcategories on a monthly basis.
- On only 4 non-residential subcategories on a year over year basis.
  - All four of these categories are Publicly Financed and include, Highway and Street, Public Safety, Water Supply, and Waste Disposal.

These numbers are in line with the Associated Builders and Contractor’s “Construction Backlog Indicator” which points to a stabilizing backlog and sales and staff increases over the next six months. This good news is tempered a bit as some of the rise in spending could be due to the increase in building materials. Steel and Lumber prices are up 25% in some cases.

**TSiB Talking Point:** The non-residential construction market seems to be holding steady or posting moderate gains in 2021 after a difficult 2020. Material Prices are rising which will challenge the margins of existing projects, but the outlook remains positive.

[Click here](#) to read further about this.



## A Risk Scenario: The Ghosts of November

A promising government contract for a manufacturer turns into a liability nightmare when its leadership team fails to adequately vet its supply chain.

- A manufacturer in business for 20 years is awarded their first department of defense, government contract, in the amount of \$100M but increased tariffs pushed the pricing out of range for a component of the product from their normal supplier.
- That component failed & caused an accident, killing 3 family members out for a drive.
- The investigation proved the pins were off.
- The component supplier was not ISO certified for the work he was retained to perform and did not carry Product Liability insurance.
- A jury awarded the Plaintiff \$110M and the Manufacturer is out of business

**TSIB Talking Point:** It is important for clients to keep their Insurance Broker, Attorneys, and Accountants informed of work awarded that is outside the scope of their typical awards. Retaining Legal Counsel to review new contracts and/or circumstances to understand if there are any issues that could affect the performance of the contract. Clients should understand the constraints of the contracts they sign and have redundancy in their business relationships.

In this case the Manufacturer needed redundancy built into their supply chain to meet unexpected demands and fulfillment of their contracts. Not having this in place cost them their business.

[Click here](#) to read further about this.

## NY Appellate Court: Liability Insurer Cannot Recover Defense Costs Absent Express Policy Provision

It has long been established that an insurer's duty to defend is greater than the duty to indemnify. Carriers often will engage in defense of a claim subject to a reservation of rights (ROR) with a caveat that they may withdraw their defense and/or seek recovery of defense fees if it there is no coverage.

Recent case law stemming from the NY Appellate Court held that an insurer may not recover defense costs in the event there are no covered claims unless the policy specifically allows for such recovery.

**TSIB Talking Point:** The reservation of rights is unilateral and cannot create rights not contained in the insurance policy. The ruling is based on lack of policy language to support cost recovery. Policies should always be reviewed for changes in language or endorsements that may arise from such cases.

[Click here](#) to read further about this and [here](#) for the court reference.





## Vaccinated Americans Let The Unmasked Gatherings Begin

The Center for Disease Control (CDC) recently released guidelines for the next stage of the pandemic. They state that fully immunized adults, which is defined as at least two weeks past receiving the second Pfizer or Moderna shot, or the single Johnson & Johnson (J&J) shot, can now begin to gather at home in small groups without masks or social distancing.

This good news comes as most Americans suffer from Quarantine Fever and almost a year since the WHO declared the COVID-19 outbreak a Global Pandemic.

As of Monday, March 8<sup>th</sup> more than 60M Americans had received at least one dose of the vaccine including 31.5M that have been fully vaccinated. We are currently administering about 2.2M doses per day on average.

The CDC further indicated that fully vaccinated people can visit the private home of people that are not currently vaccinated so long as all of the unvaccinated are from the same household. Perhaps most importantly to all the Grandparents, hugging your grandchildren is ok again, even though the kids are not vaccinated.

Wearing a mask in public is still recommended. Large groups are not recommended and there is no change to the travel restrictions.

**TSiB Talking Point:** We are finally seeing a light in the tunnel. As we continue to vaccinate our population the quarantine restrictions will ease. Caution is still needed as it is not yet understood if a vaccinated person can still transmit the disease. Masks and social distancing is still recommended in public and large groups. This makes the decisions by the Texas and Mississippi Governors to roll back all restrictions premature and very reckless. Please continue to maintain COVID protocols.

[Click here](#) to read further about this.

## The Facebook Marketplace Sale That Was A Fake

A 25-year-old woman was arrested in Louisiana on suspicion of selling fake car insurance policies through Facebook Marketplace. She is facing charges including insurance fraud, forgery of certificates of insurance, theft, and advertisements by insurers, and is accused of selling fake policies through Safeway Insurance.

**TSiB Talking Points:** The moral of this story is don't believe everything you see on the internet.

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## One & Done: Why People Are Eager For Johnson & Johnson's Vaccine

The news of a third vaccine is a game changer in the monumental quest to vaccinate the majority of the population of the United States. There is a fear that there will be some push back on the Johnson & Johnson (J&J) vaccine due to the fact that they posted a lower efficacy rate than the efficacy rates posted by the Moderna and Pfizer-BioNTech vaccines.

However, this fear is not really substantiated since the J&J vaccine is comparable to the other vaccines that are in wide distribution now. The difference in efficacy can potentially be explained because the J&J vaccine was tested at a different time with different strains. The J&J Vaccine is highly effective in preventing serious infections and hospitalizations. The fact that the J&J vaccine is a one dose solution and can be safely stored under normal refrigeration is a potential game changer for many states.

This will allow a wider distribution to rural areas and in the Mega Sites that are springing up in stadiums and convention centers. In addition, the costs to administer the vaccine can be cut significantly without the added staff needed to administer the second dose.

**TSiB Talking Point:** The one dose vaccine is very appealing to many people. Vaccine Hesitancy is an issue that Health Officials are fighting. As a result, there is some fear that the J&J vaccine can be perceived as an inferior choice. This is not true. There are many benefits to the J&J vaccine.

[Click here](#) to read further about this.

## Corporate Wellness Market Size Is Estimated to Reach \$49.7B

Corporate Wellness is widely seen as an important part of an employer's Benefit Package. So much so that the Global Market for Corporate Wellness is \$49.7B with a whopping 7% Compound Annual Growth Rate (CAGR) from 2018 to 2023.

Corporate Wellness addresses issues like Psychological Health, Fitness and Nutrition, and Financial Health. These are the intangibles that can have a great effect on the employees' performance at work and are integral in curbing the Health Care Expenditures all of which directly affect productivity in the workplace.

**TSiB Talking Point:** Corporate Wellness Programs have always been seen as important for Employers to round out their benefits packages. However, the Pandemic has highlighted the need to focus on the Employees' Mental and Financial Health. Expect to see more of this in the future.

[Click here](#) to read further about this.

