



Talking Points Newsletter *January 2022 Vol. #20*

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

- Insurance Market
- Construction Industry
- Claims
- Trends

This newsletter is a guide to assist you on the most important current events that are going on. We share insight on 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 would like to learn more about, please reach out to us directly at contact@tsibinc.com or visit [our website](#).



Rate Relief on the Way in 2022 for Some Insurance Buyers

The Property and Casualty market seems to be stabilizing as rate increases slow or in some cases decrease. It appears that we are moving into an environment where accounts with good loss history will be rewarded with moderate price increases or reductions and accounts with losses will be hit hard once again.

As a general rule, the pricing range for Property, both CAT and non-CAT exposed risks is, -5% to +15% with the renewal results wholly dependent on the quality of the risk, loss history, and in some cases, geographic areas.

Cyber and Auto remain challenged but Liability and Excess will soften this year due to the increase in capacity from new markets.

TSIB Talking Point: The market is still hard. However, the upward rate pressure is abating which will create opportunities for smart insurance buyers (and their brokers) to find rate relief and deliver savings again. Underwriters are looking for quality and a good story.

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World Economic Forum Reveals Top Risks of 2022

The World Economic Forum's Global Risks Advisory Board has released its 17th Annual Global Risks Report for 2022. The report has ranked the top 10 Global Risks that are facing the world over the next 10 years. In order of severity these risks are:

1. Climate Action Failure
2. Extreme Weather
3. Biodiversity Loss
4. Social Cohesion Erosion
5. Livelihood Crisis
6. Infectious Diseases
7. Human Environmental Damage
8. Natural Resource Crisis
9. Department Crisis
10. Geoeconomics Confrontation

In addition, the report also looks at short and medium-term risks. The most striking distinction is that while the long-term risks (5 to 10 years) focus on environmental and climate issues, the short-term risks (0 to 5 years) focuses on societal issues such as livelihood crisis and mental health deterioration.

TSIB Talking Point: This report is designed to encourage Risk Managers to “think outside the quarterly reporting cycles and create policies that manage risks and shape the agenda for the coming years.” By looking at the bigger picture, companies can clearly see the barriers in their way or opportunities which allow them to make more informed strategic decisions.

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Contractor Optimism High Entering 2022, per AGC Report

Contractors are quite optimistic about the amount of business they will see in 2022. According to a recently completed Member Survey by the AGC of America, 1,031 firms responded to the survey and have responded positively to 15 of 17 categories ([full report here](#)). The Infrastructure Investment and Jobs Act (IIJA) is largely responsible for this uptick in optimism which marks a significant reversal from 2021, where the outlook was mostly pessimistic.

Despite the growing optimism, there are still concerns created from the pandemic. These issues include hiring concerns, due to the labor force being significantly depleted and supply chain issues created from the COVID 19 Pandemic. However, the IIJA and the prospects of large projects seem to cancel out these concerns.

As a result of the IIJA, 74% of the firms intend to hire, 63% of the respondents expect to compete for large dollar value projects, and 51% are upbeat for the coming transit projects.

TSIB's TALKING POINT: The pandemic is still creating significant issues such as labor shortages and supply chain issues. However, the influx of large projects created by the IIJA seems to push aside these issues and has created an overwhelming feeling of confidence for 2022.

[Click here](#) to read more.

Report: Materials Prices Soared 20% in 2021

Price increases on many construction materials saw a bit of a pullback in December 2021. However, overall, these materials have seen a significant increase as compared YOY.

For instance, steel prices increased by 0.2% in December, which is the smallest increase in over 15 months. The price increase from 2020 was 127.2%. Similarly, the aluminum index fell by 4.9% but the 12- month increase was 29.8%.

Prices began to rise in 2020 due to the Pandemic and created shortages and in part due to the tariffs imposed during the Trump administration. Some of these tariffs have been lifted due to a deal with the European Union. There are some tariffs that remain such as soft wood coming from Canada that are creating market impact.

TSIB Talking Point: Construction materials have always been subject to price fluctuations. The current upward pricing trend does not show any signs of easing. As a result, it is important for contractors to price these increases into their contracts or find other ways to counter any degradation to their profit margins. For example, instead of Contract Value as the rating basis for insurance renewals.

[Click here](#) to read more.



Top 10 Insurance Cases of 2021

Hard to believe 2021 has come and gone, but what remains are some of the most important insurance court cases of the year. Covid-19 and related business interruption claims certainly were at the forefront of the litigation scene and there are several other cases which certainly are worthy of making mention.

These cases examine a myriad of coverage topics that may impact our clients. Below is a summary of the topics examined by each lawsuit. Saxe, Dorenberger & Vita, PC (SDV) have published these cases as they are quite impactful to the interpretation of coverage on varying lines of insurance.

The 10 cases examine the application of coverage relative to the following topics:

- 1) Does the policy owe extra-contractual and/or consequential damages for a breach of contract claim?
- 2) Is fraudulent conduct by corporate officers and directors covered under a D&O policy?
- 3) Is a voluntary payment following a ransomware attack insurable under a crime policy's computer fraud coverage extension?
- 4) What is the primary carrier's liability to an excess carrier for failure to settle within their limits?
- 5) Is there coverage under a CGL policy for alleged violation of the Illinois Biometric Privacy Act (BIPA)?
- 6) Does exclusion j(6) in a CGL policy exclude coverage for consequential damages due to faulty workmanship?
- 7) Does a signed contract in a trade agreement superseded the other insurance clause in a liability policy?
- 8) Does the duty to indemnify follow the duty to defend wherein liability was not allocated in the underlying litigation?
- 9) Are disgorgement payments imposed by the SEC covered under a D&O policy?
- 10) Does a pollution policy exclusion bar coverage for third party acts imposing liability on an insured? Does definition of occurrence lend itself to pro-rata allocations?

TSIB's TALKING POINT: We are keeping our finger on the pulse of the latest litigation and coverage developments. This allows TSIB to provide the best-in-class claims advocacy while understanding the breadth of policy coverage. Newly established precedent can impact availability of limits, coverage, market share and underwriters' appetite for risk. Staying ahead of these trends yields the opportunity to develop important risk placement strategies for clients.

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Major Airlines Warn of ‘Catastrophic’ Aviation Crisis with 5G Deployment

The rollout of the high-speed cell service, 5G, from Verizon and AT&T this month has created significant concern for major U.S. passenger & cargo airlines and the Federal Aviation Administration (FAA). Verizon and AT&T won the right to the C-Band spectrum in an auction for \$80B. They argued that 5G has been deployed in 40 other countries without any interference.

In a letter, the CEOs of major airlines collectively wrote, “unless our major hubs are cleared to fly, the vast majority of the traveling and shipping public will essentially be grounded.” The FAA was the only agency to respond and reiterated saying that they will continue to ensure the safety of the public and work with the airlines and wireless companies to limit flight cancellations or delays.

The fear is that the 5G service will cause “multiple modern safety systems on the aircraft to be rendered useless. United Airlines said that this issue could affect 15,000 flights, 1.25MM passengers and tons of cargo annually.

TSIB Talking Points: The airlines, Verizon and AT&T, and the appropriate government agencies are all working together to ensure that the deployment of the new technologies can be done in a safe and orderly fashion.

[Click here](#) to read more.

Additional updates: [Delay Turning on 5G Towers](#) and [Only Minor Disruption](#).

Biden Administration Unveils ‘Wildfire Crisis Strategy’ for Western States

The severe drought in the western U.S. has led to hotter, drier, and more flammable conditions, leading to an increase in wildfires.

Recently, the Biden Administration has unveiled a 10-year plan to reduce the severity of these fires. The plan calls for the U.S. Forest Service and the Department of the Interior to increase the amount of land they treat from the current level of 2 million acres to 50 million acres. This includes federal, state, tribal and private land in AZ, CO, CA, OR, and WA.

TSIB Talking Points: In 2020, wildfires burned over 10 million acres. This is yet another issue that our changing climate has created. Better management of the land will help to mitigate these effects but unfortunately, we cannot stop the fires altogether. As this situation develops, it is important that clients understand how the availability of proper insurance will be affected.

[Click here](#) to read more.

