



Talking Points Newsletter *Volume #39*

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. 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 and 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](#).



Commercial Rate Hikes Ease in Most Lines

Although we still experienced rate increases, Ivans Insurance Services reported that most rate increases slowed in August for commercial insurance lines:

- Property rates decreased from 11.8% to 11.4%.
- Auto and General Liability remained flat
- Workers' Compensation rates reduced by 1.37%
- Slight uptick as the umbrella rate increased by 0.1%

TSIB Talking Points: The insurance market remains hard. However, the increases seem to be slowing down. Insurance companies are reporting better earnings but are still concerned about the exposures that triggered the hard market, such as property losses from extreme weather and social inflation.

[Click here](#) to read more.

U.S. Casualty Tops Reinsurers' Concerns as Renewal Negotiations Begin

Reinsurers met in Monte Carlo recently at the Rendez-Vous de Septembre (RVS) reinsurance meeting to discuss market trends for 2025.

Reinsurance executives agree that the reinsurance market is “broadly stable” but cautious about several sectors, specifically U.S. Casualty. Thierry Léger CEO of Scor, cited lack of tort reform and a “litigation industry” continues to drive up loss costs. Manual Arrive, from Fitch's Paris based Insurance Group indicated that they are tracking a worsening industry's combined ratio trend. He also stated, “we continue to see rising loss costs from social inflation, litigation finance trends and the so-called nuclear verdicts of losses of above \$10 million.”

Swiss Re and Munich Re have both suggested that their U.S. Casualty business is in bad shape, with Munich Re indicating that they are even prepared to walk away from some U.S. Liability business.

The property market seems to be in a better place as the market in North America has created a livable level for the short-tail business. Property is benefiting from the increases in primary property business.

TSIB Talking Point: The reinsurers have been a significant player in the push for higher rates. The forces that are fueling the hard market remain a factor. However, the property market seems to be stabilizing much faster than the casualty market. The casualty market will continue to be distressed.

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Construction Pros Expect Interest Rate Cut To Spur New Work

After eleven rate increases since September 2022, the Fed announced that they would be cutting the Federal Reserve's interest rate by 0.5%. This news was seen as largely positive by construction executives.

Lower rates are good news for contractors since a lower interest rate reduces the cost of borrowing money for construction loans. This is likely to encourage more investments in properties.

In August, the Dodge Construction Network reported that they saw a 2.9% increase in construction activity as owners and developers added new projects to their queue, expecting stronger market conditions in 2025.

Increased project starts can bring additional strain on an already stressed labor force. The issue regarding quality and cost of labor remains a major issue for the construction industry.

TSIB Talking Points: While this is generally good news, the impact of this cut will not be seen for a while. Even though the economic impact will not be apparent, there will be a more positive sentiment in the market, which can help maintain positive momentum for owners and developers.

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1 in 3 U.S. Bridges Needs Major Repair

The American Road & Transportation Builders Association (ARTBA) analyzed [new data](#) from the U.S. Department of Transportation. They concluded that over 76,000 spans should be replaced and indicated that 221,800 (36%) of the bridges in this country need repair.

A positive trend we are seeing is that 324 fewer bridges were rated in poor condition compared to 2023. In 2019, PLOS ONE, a scientific journal, reported that extreme weather, specifically extreme heat, is pushing this country's bridges past their stress points. They predicted that 1 in [4 steel bridges](#) will collapse by 2050.

As we are on track to record the hottest year on record for the second consecutive year, the NY Times reported that our bridges are aging quicker due to the higher heat and flooding.

TSIB Talking Point: The ARTBA estimates that it would cost \$400 billion to repair all the known deficiencies, and even with the \$50 billion provided by the Infrastructure Bill, there would be a \$350 billion funding gap. This does not even address the future issues expected as the extreme weather continues to be a factor.

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The New Overtime Rule: Steps to Take for Employers

Employment practice liability carriers are seeing an increase in litigation related to wage and hour claims. These claims are brought by employees alleging they were not paid fair wages and/or properly compensated for overtime as a non-exempt employee.

There is a new rule under the Fair Labor Standards Act (FLSA) for overtime exemptions.

- The first phase of the increased salary threshold for overtime exemptions was effective July 1, 2024. The weekly threshold was increased to \$844 per week (\$43,888 annually).
- Phase 2 occurs January 1, 2025 and increases that threshold to \$1,128 (\$58,656 annually).

States such as California and New York have higher minimum overtime exemptions than those stated above. It is important to understand the FLSA and the job classifications of your staff.

TSIB Talking Point: Employment practice liability policy can provide some coverage/defense for suits brought against employers alleging wage and hour losses. It is important to work with your broker to ensure your policy responds to these losses.

Coverage is provided at a defined sub-limited amount. Therefore, it is important to stay abreast of the changing rules applied to FLSA.

[Click here](#) to read more.



Over 250,000 U.S. Properties Have Repeated NFIP Claims

The National Resources Defense Council (NRDC) recently compiled federal data and released a report that found that more than 250,000 U.S. properties had more than one federal flood insurance claim.

The NRDC [created a map](#) that shows all the states that have properties with multiple flood claims. The majority of claims are located along the Gulf Coast and Eastern Seaboard with Louisiana having the most with 43,000.

Stronger hurricanes, intense rainstorms, and rising seas are contributors to the increase in flood claims. In addition, these properties are being affected due to risky development and out of date infrastructure.

TSIB Talking Point: Fewer than 25% of the properties experiencing multiple flood claims have had any risk mitigation actions, such as floodproofing, or elevating the buildings. On properties where flooding is an issue, general risk management practices should be applied.

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U.S. Sues Owner of Cargo Ship that Destroyed Baltimore Bridge

In September, the U.S. Justice Department (DOJ) filed a civil claim against the owner and operator of the Dali, the Neo-Panamax container ship that crashed into and collapsed the Francis Scott Key Bridge in Baltimore, MD. Brian Boynton, head of the DOJ Civil Division maintains that “this was an entirely avoidable catastrophe, resulting from a series of eminently foreseeable errors made by the owner and operator of the Dali”.

The DOJ’s lawsuit is for \$103 million, the amount that the U.S. Government incurred in cleanup costs and responding to this accident. In addition, the lawsuit is seeking an undisclosed amount for punitive damages which alleges negligence by the ship’s owners, Grace Ocean Private, Ltd and Synergy Marine Private, Ltd. Both entities are Singaporean corporations.

The cleanup required the removal of 50,000 tons of debris and involved over 1,500 individuals, 500 specialists, a fleet of boats, and 56 different federal, state, and local government agencies. The ship’s owners are seeking to limit their liability to \$44 million.

TSIB Talking Point: Due to international and maritime laws, the Dali’s owners and operators are making the claim that they have limited their liability to \$44 million. The DOJ is the first lawsuit filed against the Dali’s owners and operators. The state of Maryland insured the bridge for \$450 million. It is estimated that it will cost between \$1.7 billion and \$1.9 billion to replace this bridge, resulting in a significant shortage of funds to rebuild.

[Click here](#) to read more.

