

September 2020

TSIB Talking Points

Special Bulletin

Comfortably Numb- Desensitization

The public's desensitization of the pandemic has been seen with the current attitude "How long will we accept this disruption of our daily lives".

Are we all participating in a "mock trial"? Some might argue that a mock trial process is taking place across the country. It seems in large parts of the country, Americans are getting out and about while taking fewer precautions, even as infections and deaths continue to climb. We were panicking in March and April because it was all new. However, now that it is September, we have lived with the proximity of possible illness for quite some time and, as a result, the panic has been worn down by time. It's horrendous the number of people that are getting sick and dying and the fact what we're just going on about our business, compared to what we were thinking in March or April, is very different. It speaks to the fact that we have become desensitized to the enormous numbers that we are seeing. It speaks to the fact that we have become desensitized to the enormous numbers; one psychological factor at play may be cognitive dissonance. Internally, it does not make sense that we would live under crisis conditions for such a long time, so we reconcile that cognitive dissonance by deciding that the crisis is not really a crisis. We respond to the persistence by downplaying the severity.

Re-sensitization: What helps to resensitize an audience?

- Awareness- define the what and the why of the desensitization itself
- Humanization- Telling the narrative of each person's story
- Perspective- comparison to other "world wars"

For full article, please highlight link and open

https://www.jdsupra.com/legalnews/comfortably-numb-account-for-46924/?origin=CEG&utm_source=CEG&utm_medium=email&utm_campaign=CustomEmailDigest&utm_term=jds-article&utm_content=article-link

Global Commercial Insurance Prices Up 19% in Q2

Global average prices increased 19% in Q2 of 2020 for the eleventh straight quarter they have risen. Average price increases were driven principally by increases in property insurance rates and financial and professional lines — as was the situation with the first quarter, according to the Global Insurance Market Index released by global insurance broker Marsh.

Increase was the largest since 2012 and follows increases of 14% in Q1 and 11% in Q4 2019. Prices are up in all geographic regions largely driven by increases in property and D&O Coverages:

- U.S 18%
- UK 31%
- Continental Europe 18%
- Pacific Region 31%
- Global Property up 19%
- Global Financial and Professional limits up 37% (UK alone- D&O pricing up 100%)
- Global Casualty up 7% on average

U.S. commercial Insurance prices rose during the second quarter of 2020

- Property increases of 22% with expectations of bigger increases coming third quarter.
- Casualty pricing was up 8% while WC pricing actually fell by 2% on average.
- Excess/umbrella data indicated the largest price increases, growing by over 20% for the second consecutive quarter.
- Commercial auto data indicated price increases near or above double digits for the 11th consecutive quarter.
- D&O prices up 59% on average

Overall, price changes differed significantly by account sizes. Small commercial accounts grew by mid-single digits; mid-market accounts showed double-digit increases, and large accounts were well above this range.

For full article, please highlight link and open

<https://www.insurancejournal.com/magazines/mag-features/2020/08/24/579877.htm>

Abu Dhabi's Etihad Airways Offers Passengers Coronavirus Insurance

Emirates is the first airline to offer this coverage free of charge to its customers when they purchase an airfare to any destination in any class. Coverage is available immediately until October 31 2020.

Etihad Airways as jumped on board to include coverage for COVID-19 in the airfare of tickets for travel until the end of the year, valid around the world and is being offered in partnership with insurance firm AXA.

The Airline will cover medical expenses and quarantine costs up to a limit should a passenger be diagnosed with the virus during travel while away from home.

Questions for discussion:

- Is this the next “emerging ” coverage for Insurance companies
- Do you believe this is a good idea
- Would the coverage be mandated for all flights domestic and international or could you “opt out” of the coverage and still buy a ticket (kind of like cancellation insurance)
- Is it the Airline Industry’s responsibility to offer this coverage
- What would this do to the price of an airline ticket?

For full article, please highlight link and open

<https://www.insurancejs/international/2020/09/08/581715.htm>

Claims Corner:**Insurer Defeats California Restaurant's Coronavirus Business Loss Claim:**

Yet another ruling in favor of the insurance carrier has been issued. In this case, the Plaintiff 10E failed to establish direct physical damage to their property. The courts ruled that direct damage was also the trigger to initiate a claim under Civil Authority. The court stated loss from inability to use property does not amount to "direct physical loss or damage".

The litigation asserted against Travelers by 10E was certainly more artfully drafted. This suit did contemplate the nuances between loss and property damage asserting loss would be synonymous with impaired use. The court rejected the reasoning and dismissed the suit.

To read the article in its entirety, please click the link below:

<https://www.claimsjournal.com/news/west/2020/08/31/299079.htm>

Lights, Camera, Action: Movie Producer Sues Chubb for Breaking Renewal Promise over COVID-19:

A movie entitled Hypnotic starring Ben Affleck was set to begin filming April 2020. The policy that was purchased provided \$58,000,000 in coverage and was effective from October 28, 2019 to October 28, 2020. The production company purchased the policy with the notion that the policy could be extended with terms and conditions unchanged. Underwriters conveyed the same message to the insured's brokers. Plaintiff's asserted Chubb has a long established business practice of extending Film Producers Risk Insurance.

Chubb agreed to issue an extension only in conjunction with altering the terms and conditions of the policy by adding a Coronavirus exclusion. Plaintiffs argue that that is contradictory to their long standing business practices and deviates against the Chubb Corporate philosophy listed on their website, "We don't just process claims, we make things right." Moreover, "We're here to help".

It will be interesting to follow how much weight will be given to both the underwriters' prior agreement to extend the policy and long established business practice vs the new forms specific to Covid-19 and current practices.

For full article, please highlight link and open

<https://www.claimsjournal.com/news/national/2020/09/14/299311.htm>

Owners Find Insurance Inadequate to Cover Demolition of Buildings Destroyed By Riots:

Property owners that have had buildings destroyed by riots are learning that their property policies contain sublimit for debris removal, which are inadequate.

Many of the buildings in the St. Paul Minneapolis area were deemed total losses and had to be completely demolished. Insureds quickly learned that their policies contained sub limits of \$25k to \$50k. The quoted amounts to cart debris were in the area of \$200k and \$300K.

The insurance industry is bracing for damages due to civil unrest in the arena of \$2Billion dollars. Liberty Mutual reported \$147 Million in losses and Chubb \$130million with AIG and Travelers not far behind with \$126Mil in loss and \$91mil in loss respectively.

Several things from this flurry of unanticipated loss will be certain. There will be a demand for higher limits for debris removal. Policies will need to be scrutinized to ensure ordinance or law provisions are adequate, debris removal limits will need to be increased. Often debris removal can be paid above a total loss limit payout. Policies will likely be overhauled in the future to address verbiage and limits. One thing for certain is that the property market in will harden in heavily populated areas leading to a spike in premiums.

Click below to read the article in its entirety:

<https://www.claimsjournal.com/news/national/2020/09/03/299146.htm>

Cyber Insurance Premiums Climbing Rapidly: S&P

Cyber insurance premiums, which now total about \$5 billion annually, will increase 20% to 30% per year on average in the near future, Standard & Poor's Corp. says in a report.

Small and medium-sized enterprises, "which have a considerable untapped demand for cyber insurance," will be a key growth avenue, according to the report released Wednesday.

WHY IS THIS IMPORTANT?

Cyber Liability Insurance is an area that is seeing tremendous growth and that is important so that this line of business can improve risk diversification of the insurers' exposures and in the end help the line to mature so that the pricing will better reflect the risk and in turn, the actual claim's experience.

READ THE ARTICLE HERE:

<https://www.businessinsurance.com/article/20200904/NEWS06/912336487/Cyber-insurance-premiums-climbing-rapidly-S&P>

FROM THE "YOU GOTTA BE KIDDING ME" FILES:

Can Hurricanes be prevented- with bubbles?

A retired Norwegian Navy submarine officer and his team are working to develop a system to cool parts of the ocean to weaken or prevent hurricanes.

A hurricane strengthens as it "feeds" on warmer water as it moves along its path.

The idea can sound simple. Deeper water is colder water. Submerge a pipe, like a giant aquarium bubble stone, into those deep, cold depths. Pump in compressed air. The rising bubbles will draw the colder water upwards, cooling the surface.

Thus, weakening the storm.

Plausible or Preposterous? Decide for yourself and read the article:

https://www.advisen.com/tools/fpnproc/fpns/articles_new_1/P/376880665.html?rid=376880665&list_id=1