

October 2020

TSIB Talking Points

Special Bulletin- Volume V

You Got Served!

What does \$2,000,000 a year for 17 years get you, a big payout!! Wimbledon is finally recouping what it spent – and then some.

Last week, the All England Club (AELTC) and the Committee of Management of The Championships announced the cancellation of The Championships 2020, more commonly known as Wimbledon, for the first time since World War II.

Just days after the cancellation announcement, the renowned tennis tournament will collect 114 million pounds, approximately \$141MM, from its insurance policy containing an infectious disease clause. The Wimbledon tournament was set to take place June 29-July 12, 2020; it will commence in June 2021.

Wimbledon has shown it is one-step ahead of most businesses by having Pandemic Insurance in place for current events. Since the SARS outbreak in 2003, Wimbledon has been paying around \$1.5MM per year in pandemic insurance and has paid out roughly \$25.5MM over the 17-year period, and it is set to recover around \$114MM.

For the full article, please [click here](#).

Insurable vs. Uninsurable That is the question!

Although questions about the insurability of systemic risks is not new, the COVID 19 crisis has renewed the attention so much so, that one of the biggest rating agencies, AM Best is taking note.

Systemic risks such as a pandemic are so large, they are not in the scope of the insurance and reinsurance industry. Other exposures such as political risk, nuclear and biological terrorism, cyber war, and war are classified as uninsurable risk because geographical diversification is impossible as most lines of coverage, industries and consumer segments are affected at the same time globally.

A major natural catastrophe such as a large earthquake or hurricane will not affect all part of the world at the same time, unlike the pandemic. Insurance companies are prepared to take a hit on the liability side due to a natural disaster, but now with a systemic risk such as the pandemic they have to buckle up to take a hit on their balance sheet as well.

AM Best is examining the impact of such systematic risks starting with

- Unexpected Accumulations- Economic and social impacts
- Unforeseen Risks- P&C will likely be impacted more than L&H
- Wake-Up call for the Industry- Modeling & assessing pandemic risks
- P3 - a combination of private, public, governmental partnerships

For the full article, please [click here](#).

The State of Surplus Lines Insurance- Buying Habits of Insureds

The surplus lines insurance industry is experiencing significant growth, where COVID has given the standard lines insurers more reason to steadily shed undesirable accounts, the E&S markets are right there to scoop up the business even with more carriers tightening limits, terms and conditions and increasing rates.

Adapting to the increasing digital age in conjunction with multiplying the numbers of accounts and premium volume, the flow of business into the surplus lines channel is up 20% or more over last year. First six months of 2020 recorded \$20 billion more than the same time last year.

Although low interest rates for carriers and social inflation still exist, today's E&S market is a stark change from a year ago when the property/casualty insurance prices increased in certain "pockets" of the market. Now it is not just pricing and tougher policy term it is also changes to buying habits of insured.

- What limits are they buying or what deductibles they are willing to assume, all various levers that a buyer can pull to soften rate increases.

Which translates to fewer coverage choices for insured which is a significant change from just a year or two ago when insured has more choice and more coverage.

For the full article, please [click here](#).

Claims Corner

What Does the U.N, Tesla and Hospitals have in common? Cyberattacks
Now more than ever it is critical for clients to understand cyber risks, ransomware and other network attacks that can debilitate a business. It is estimated that cyberattacks costs the US \$9billion a year in terms of recovery and lost productivity.

The attack on Tesla orchestrated by a Russian national who tried to recruit a Tesla employee to install malware into the Tesla infrastructure. The employee was offered a million dollars upon introduction of the malware into the Tesla network. The end goal was to make ransom demands to release the seized systems. The savvy employee contacting the FBI and the plan was thwarted.

The U.N. Shipping agency was not as lucky as Tesla. The website and intranet were shut down after sophisticated security measures were overcome. This was a critical time for the organization as they are responsible for regulating shipping and was embarking on a virtual session of it Maritime Environmental protection committee slated for later in the year.

Universal Health Services, Inc. also fell victim to an attack which disabled the infrastructure forcing medical staff to rely on a paper back up system. An industry already taxed by Coronavirus made this attack extra burdensome. This attack is believed to be orchestrated by internal culprits but also linked to Russian cybercriminals. The attack hampered the ability of medical professionals to provide adequate medical care.

It is critical that clients understand the risks and the coverage available to protect themselves from such financial hardship. Coverage at this juncture is affordable and can provide coverage for data restoration, inside and outside attacks as well as business interruption if included within the cover.

Please click the below links to read more:

- [Business Insurance- Tesla Nevada Factory was target of 'serious' cyberattack](#)
- [Business Insurance- Shipping Agency says Cyberattack disables website](#)
- [Claims Journal- National News](#)

Claims Corner

CA Passes 2 New Workplace Covid-19 Laws:

California has passed two new laws expanding employers' obligations regarding COVID-19. It is important clients understand their reporting requirements and repercussions for failure to do so. The two laws are:

SB 1159: Creates a presumption of workers' compensation coverage for employees who contract COVID-19 at the workplace and is compensable absent evidence the employee contracted it elsewhere. Please refer back to the linked article for the definition of an outbreak to different sectors and specific scenarios to which the application of this broad law applies.

The new law requires tracking notifications to be sent to the employers' workers compensation administrator within 3 business days of notification of a positive Covid-19 test. An employer must report the following to its workers' compensation claims administrator in writing, via electronic mail or facsimile no later than October 29, 2020 (30 business days from enactment of the statute):

- An employee has tested positive (no personally identifiable information should be transmitted unless the employee has filed a workers' compensation claim);
- The date the employee tested positive;
- The address of the employee's place of employment during the 14 days before the positive test; and
- The highest number of employees who reported to work at the employee's place of employment in the 45 days preceding the last day the employee worked at the place of employment.

AB 685, Goes into effect January 1, 2021 and increases potential OSHA exposure in California related to COVID-19 as well as implements new reporting requirements. Eliminated is the need for advance notice of potential serious and willful violations.

The law requires employers to notify employees in both public and private sectors of potential exposure to Covid-19. This is inclusive of subcontractors and union reps who were on a worksite during the infection period. A key caveat is the notice must be provided within ONE business day after the employer learns of the exposure. The Notice Must:

- Written communication in English and the language understood by the majority of employees. Communication can be email or text.
- Provide information regarding Covid-19, benefits and options including workers compensation, sick leave, state mandated leave, supplemental sick leave or negotiated leave provisions.
- Disinfection and safety plan that the employer will implement per CDC guidelines.
 - Notification to Unions must include information in required incident report in Cal/OSHA Form 300 injury and illness log.
 - Maintain records for 3 years.

For the full article, please [click here](#).

Violations of AB685 employee notice provisions may result in an OSHA violation. OSHA can also close a facility if there is an immediate hazard in the workplace.

AB685 can have a rippling effect to an employer and compliance is key to insulate from additional liabilities such as Employment Practices Liability, Employers Benefit Liability, and Business interruption claims should OSHA shut down the job.

It is clear that California employers have quite a bit of due diligence ahead to be compliant with these new changes. As with other areas related to insurance and Covid-19 there is sure to be future litigation and potential penalties. Clients should be urged to consult with their compliance team, workers compensation administrator and or broker for further guidance.

For the full article, please [click here](#).

Commercial Insurance Rates Up Across The Board in Q3: Report

Commercial Insurance Buyers in the US were hit with rate increases again in the third quarter.

Rates were up across all lines and all industries. The average rate increase in the third quarter was up 6.25% compared to the second quarter bump of 4.8%.

D&O- up 11.5%

Excess- up 8.5%

Comm Auto up 8.0%

Professional up 7%

For the full article, please [click here](#).

Can Halloween Be Saved? Yes, Experts Say. Here's How.

Let's face it, our world has been rocked and as we all are plowing full steam ahead into fall, Halloween becomes the next potential casualty to a virus that has spun out of control.

According to this article in the NY Times, maybe we do not have to let the mask mask the mask if we just follow some commonsense safety guidelines.

Whatever you do, please do it safely (and save the Almond Joys for us)!

For the full article, please [click here](#).

Major hurricane brews in Gulf, threatens Louisiana, Florida

Hurricane Delta is currently in the Gulf of Mexico and heading for New Orleans.

This is the 25th named storm in the 2020 Atlantic Hurricane Season and if this storm reaches land it will break a record for the most Named Storms to hit the US since 1916.

Despite the number of storms that have hit the US in 2020, the insured losses for this year has been relatively light at \$9 billion compared to \$75 billion from 2017.

However, this storm, named Delta because we have run out pre-chosen names and turned to the Greek Alphabet, is shaping up to be a monster.

Warm water and a lack of wind shear may feed the storm and forecasters are calling for wind speeds up to 130 mph and 30-foot waves.

For the full article, please [click here](#).