

# Talking Points

November Bulletin – Vol. 6

## What can the Property & Casualty Insurance Industry Expect If Biden Wins or If Trump Is Re-Elected?

There is no lack of pressing regulatory issues facing the insurance industry today. From leading through a global pandemic to ensuring the preservation of risk-based pricing, thoughtful and responsible industry engagement across sectors is critical.

- Lawsuit abuse
- Legislative reforms including Climate Change, Affordable Care ACT
- Retroactive insurance coverage requirements
- Social Justice and risk based insurance pricing
- Tax increases
- Federal support for managing future pandemics via the Business Continuity Protection Program.

The insurance industry is very heavily regulated, from the forms and pricing to how we do business at the state level.

Should there be a new president, the industry will need to educate policymakers about risk-based pricing not only in Washington but in every state and how important it is to our industry and the benefit that come to consumers.



The state insurance regulators will be confronted with an aggressive agenda that includes a reassessment of insurance rating and underwriting factors, insurers' use of big data and artificial intelligence, all within the context of social equity and inclusion.

To review the full article, [click here](#).

## The \$9 Billion Dollar Donut

Dunkin' Brands, the parent of Dunkin' and Baskin Robbins, is negotiating with a private equity-backed company for a sale that values the restaurant chain at nearly \$9 billion. The potential takeover, reported first by The New York Times on Sunday, would come at a 20 percent premium to Dunkin's share price on Friday, which was already trading near a high.

That's a lot of dough, but why? Looking at their business model, which is ahead of every other industry establishment.

- Benefiting from investments in its digital business before the coronavirus outbreak,
- Helping it offer contact-free takeout one way is using their app to order and reload funds with no exchange of money
- Shifting work patterns mean more people are coming in later in the day,
- Bolstering premium products like espresso and specialty beverages, which diners may have bought from smaller, independent coffee shops before.

### Fun Fact:

Drinks make up more than half of Dunkin's revenue, and it dropped "Donuts" from its name last year.

It's all about change while keeping your brand, your value added.

To review the full article, [click here](#).



## Post-Election Chaos- Business Insurance Surges to protect against riots.

Worried about possible street violence after the U.S. presidential election, retailers, pharmacies, liquor stores and other merchants are gobbling up insurance that protects buildings from damage caused by societal unrest.

Sales of commercial policies covering damage from societal unrest in have already doubled in October from September levels. Shops and offices are facing double-digit premium hikes for such policies but buying them anyway because the cost of not doing so could very well be higher.

Civil unrest hit global insurers' results during the second and third quarter.

- Zurich Insurance reported \$122 million in civil unrest losses, in the United States,
- American International Group posted \$126 million in such losses
- Travelers Companies \$91 million.

These numbers are high partly because some providers, such as Lloyd's of London marketplace, stopped including "strikes, riots and civil commotion" coverage within general property policies for businesses such as retailers and pharmacies. These businesses were already hard-hit by civil commotion, forcing them to buy separate insurance, according to Reuters sources.

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

## Pro Sports Bubbles Offer Coronavirus Safety Lessons for Real World

We crowned a World Series Champion, a Stanley Cup Champion, an NBA Champion and are currently enjoying football in the strangest of circumstances.



The major sports leagues were able to play their seasons, most of which were truncated due to the Coronavirus. However, all of them, were in some version of a quarantine bubble.

The NBA wants to come back in December.

The NHL wants to start games in January

MLB is looking to start Spring Training on time in February.

This time, they do not want to do it in a quarantine bubble. However, as a direct result of the lessons learned in 2020, they will most likely have some kind of “bubble environment”.

New guidelines are being developed that will largely focus on Rapid Testing, Social Distancing, Travel Restrictions and Masks. With each league exploring how to bring back fans.

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

Additional Related Article Reading: [Music Festivals Test ‘Bubble’ Strategies](#)

## **New Study- Marshall Islands could be lost to climate change as early as 2080!**

The Marshall Islands could be lost to sea level rise as early as 2080, according to geological data analyzed by University of Hawaii researchers.

Geologists Haunani Kane and Charles Fletcher researched 5,000 years of geological history to project sea level rises. The study aims to reduce confusion about the effect of high sea levels on low-lying islands. Researchers found that preserving coral reef systems may mitigate the damage caused by sea level rise.

The research analyzed historical photographs, fossil data and modern observations to define thresholds where islands transition from stable to unstable, Kane wrote in the study.



Findings published in the Earth Future's journal, which examines the state of the planet and its inhabitants, suggest higher tides and destructive waves will deteriorate freshwater resources by the midcentury.

Results show higher water levels will increase chances of extreme flooding, and saltwater resources will inundate the islands unless inhabitants adopt measures to adapt to the environmental impacts. The island's inhabitants can slow the erosion by restoring coral reef systems that produce sediment and protect the coast, the researchers suggest.

Marshall Island Fun Facts:

- Population- 58,413 (2018)
- Capital- Majuro
- Citizenship- Compact of Free Association (US Trust)
- Location- Pacific Ocean- Approx Halfway between Hawaii and Papua/New Guinea

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

## Jobs Report Reveals Long Climb Back to Pre-Pandemic State

By: Felix Richter

Nov 9, 2020

While the American labor market continued to recover from the devastating effects of the spring wave of the coronavirus pandemic in October, last week's [jobs report](#) revealed that it's still a long climb back to where things were before the virus outbreak.

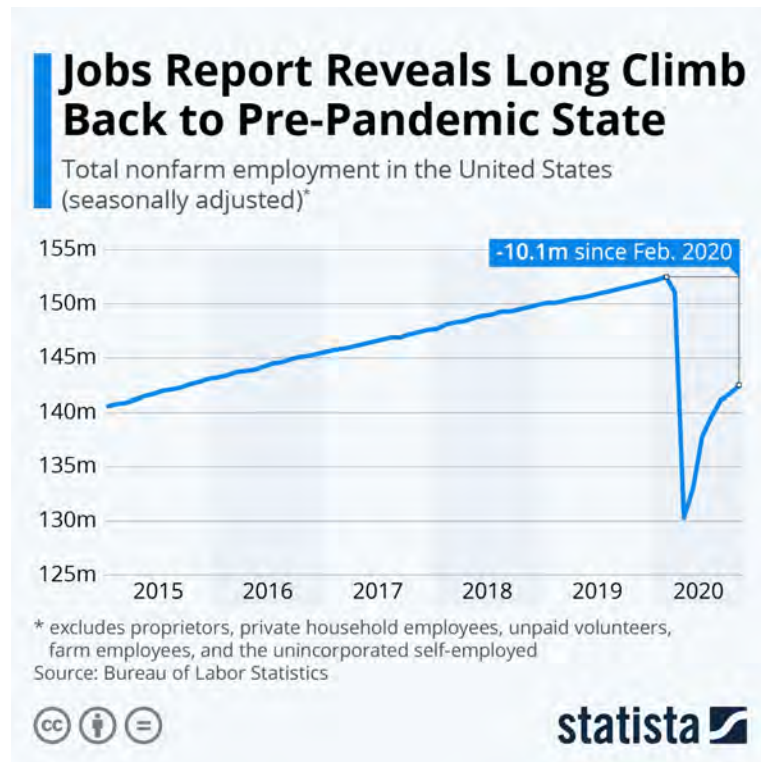
According to the Bureau of Labor Statistics, total nonfarm employment rose by 638,000 last month as the unemployment rate declined to 6.9 percent. "These improvements in the labor market reflect the continued resumption of economic activity that had been curtailed due to the coronavirus (COVID-19) pandemic and efforts to contain it," the BLS wrote in its official release, adding that "notable job



gains occurred in leisure and hospitality, professional and business services, retail trade, and construction.”

While the numbers certainly point towards an improvement overall, they do come with an asterisk. For one thing, the speed of recovery has slowed down compared to previous months. What’s more important though, is the fact that the latest jobs gains were largely driven by sectors that are highly vulnerable to a resurgence in COVID-19 cases, namely bars, restaurants and retailers.

As the following chart shows, the coronavirus pandemic wiped out years’ worth of jobs gains in spring, with total [employment](#) still 10 million short of February’s pre-pandemic level.



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



## Insurance prices increased sharply in third quarter: Marsh

Driven mainly by higher rates for property exposures, financial and professional lines U.S. commercial insurance prices increased 18% in the third quarter, according to a report released by Marsh LLC Thursday.

- Commercial property rates increased by 24%, which is the largest reported increase in eight years.
- Financial and professional liability insurance prices increased by 28% driven by directors and officers liability rate hikes of more than 50% for public companies.
- More than 90% of U.S. public company D&O clients saw increase pricing as many clients had increased retentions and reduced limits.
- Casualty pricing in the U.S. increased with large and complex umbrella excess risks seeing increases in the range of 30% to 60%.
- Commercial auto insurance pricing increased 7%
- 3% reduction in workers compensation pricing
- Employment practices liability insurance average pricing was up 10% with increases tied to COVID-19 issues,
- Cyber pricing increased 11%, the largest increase since 2016

In comparison, global commercial insurance prices increased 20% on average in the third quarter, compared with 19% in the second quarter and 14% in the first quarter. This was the largest increase since the index was launched in 2012, Marsh said.

Expect pricing to continue to be challenging in all regions and across most products with market hardening through first half of 2021.

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



## ***CLAIMS CORNER***

### **N.Y. Appellate Ruling Opens Door For More Work-From-Home Injury Claims**

2020 has caused companies to shift their work environments. Many businesses are still in either a hybrid office / work from mode or an entirely remote environment. As such, there is new litigation with regard to work from home and compensability under workers compensation statutes.

A claim has recently been overturned by the Supreme Court Appellate Division wherein a claim was denied to an employee who was carrying new office furniture up to his new home office. The overturn of this decision handed down in 2016 will certainly yield more claims that maybe compensable in this new work from home era. Employers should set guidelines as to working hours, materials used and needed and establish clearly defined working hours and duties.

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

Additional Related Article Reading: [Appellate Court Decisions](#)

### **OCIPS, CCIPS, and Wrap-Up Insurance: The Lesser-Known Subrogation Obstacles**

Wrap-Up programs have long been designed to provide broad coverage for construction projects and provide insurance protections for all those enrolled in the program. The Consolidated Insurance Program can be purchased either by the Owner or the Contractor deeming it an OCIP or a CCIP. Typically coverage is procured for workers compensation and general liabilities.

The subcontractors deduct what their traditional insurance costs would be from the bid and they thereby enjoy coverage under the insurance program.

Contractors and Owners favor this approach as it ensures all parties have proper





insurance that are enrolled in the project and also eliminates extra legal fees in pursuing contractual risk transfer or AI cover from a subcontractor.

In traditional insurance, if a worker sustains an injury on a job site, or even simply, during the course of their employment, workers compensation would be the sole remedy for their recovery from an employer. Say however, that there is a negligent 3rd party that was responsible for the employee's injuries. Be it, a property owner, another contractor or an automobile driver, the injured party is entitled to bring a suit against the negligent or at fault party for their bodily injury and pain and suffering.

A Plaintiff / injured party (worker) cannot collect for the same loss twice. Enter in subrogation liens. This is where a lien is asserted against any 3rd party liability recovery. The workers compensation exposure is reduced by the lien recovery.

This philosophy has been in practice and has applied to stand alone and Wrap-Up programs. Certain states are now stating that because the intent is to provide unified coverage to all that partake on the project. That subrogation and lien recovery are thus barred as workers compensation is intended to be the sole remedy. Essentially, the Owner that procured the insurance steps into the shoes of the employer and immunizes the owner or GC from 3rd party claims.

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

Additional Related Article Reading: [Chart that details the existing law & precedent on Wrap-Ups](#).

