



CITY OF CHARLESTON West Virginia



Council Member – 12th WARD

Joseph Jenkins
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Finance Committee, Chair
Parking Committee, Chair
Public Safety Committee

AGENDA SELECT COMMITTEE ON INSURANCE AGENT RELATIONS – PROPERTY AND CASUALTY

July 1, 2021 5:30 PM

To be held in person and over Zoom (audio only)
AV ROOM #308, CITY HALL

*Join via internet: <https://us02web.zoom.us/j/86512642360?pwd=cTgydWxRRGZMakg5T1AwZEhINGpRZz09>

Passcode: 881116

*Join via Telephone: (312) 626-6799 or (929) 436-2866

Webinar ID: 865 1264 2360

1. APPROVAL OF PREVIOUS MINUTES

1-28-2021

2. DISCUSSION

- a. Formulate what the City is looking for in an insurance broker and develop parameters and factors for a request for proposal to seek interest from current and prospective insurance brokers
- b. Discuss timeline for: preparation and publication of RFP; review of proposals received in response to RFP; and recommendation to Council
- c. Comments from committee members

3. ADJOURNMENT

JJ/ns

*Meetings may be recorded and broadcast via internet <https://charlestonwv.civicclerk.com>

MINUTES

SELECT COMMITTEE ON INSURANCE AGENT RELATIONS – PROPERTY AND CASUALTY

THE MEETING WAS HELD VIA ZOOM AND WAS MADE AVAILABLE TO THE PUBLIC.

6:30 P. M., JANUARY 28, 2021

Joseph Jenkins, Chairperson, called the meeting of the Select Committee on Insurance Agent Relations – Property and Casualty to order at 6:30p.m., January 28, 2021.

Committee Members Present:

Joseph Jenkins, Chair
Will Laird
Shannon Snodgrass
Bobby Reishman (left at approximately 6:00 pm)
Mary Beth Hoover
Adam Knauff
Jennifer Pharr

Members Absent:

None

Other Councilmembers Present:

Bruce King
Brady Campbell

A roll call was taken, and it was determined that a quorum was present.

January 28, 2021

1. Introduction –

Councilmember Jenkins stated that the Committee has been formed to review and analyze the City's insurance agent relations, specifically for property and casualty. The Committee will be reviewing those relationships to ensure they are serving the best interests of the City.

2. Overview of the Current Insurance Agent Relationship –

City Manager, Jonathan Storage stated that creating the Committee in no way means that the Administration is dissatisfied with any of the work of AssuredPartners or any of their affiliates. The point of the Committee is to be transparent.

Storage added that the City's relationship with AssuredPartners (formerly called Commercial Insurance) goes back 30+ years. The agent has been a professional consultant that guides the City through the insurance selection process, making sure that the City receives reasonably priced insurance products as well as credit for a long claims history.

Storage stated that the City's current structured insurance is somewhat unique in that it is a custom-made insurance plan. For at least the past 15 years, the City has had an ALA (All Lines Aggregate) Package, which is many different coverages and layers of insurance. This allows the City to have multiple insurance carriers involved in the overall insurance plan, and means the City has very extensive coverage for a relatively low cost. The ALA Package policy covers: property, general liability, boiler and machinery, auto, general crime, professional liability, law enforcement coverage, excess property and boiler, TPA services, some risk management training, excess workers' compensation, cyber liability and some pollution.

Storage added that most insurance companies specialize instead of offering all-encompassing options. Additionally, the number of companies that will cover municipalities seems to get smaller every year. For example, the last time this insurance was renewed, only 3 of the 40 companies looked at for one component would be willing to submit a quote.

3. Scope of Committee Work –

Storage added that the scope of the Committee will be to evaluate what the City expects a broker to do for the best interest of the City. Cost should not be the final factor. The City wants to hire a consultant that has a reasonable price, experience in the relevant areas and can navigate the complicated field of property and casualty

January 28, 2021

insurance. Storage added that this is a consultant selection process, and if they put out RFPs, the determination will be based on several scored factors.

Storage stated that the Committee should decide what they want in a broker, and come up with factors to evaluate the candidates. The City will then put out a solicitation for submissions. The Committee will review those proposals based on set criteria, and will report their recommendation to full Council. Storage added that he did not recommend piece-meal insurance, in which the City hires a broker for property, a broker for general liability, etc.

4. Comments From Committee Members –

Councilmember Jenkins stated that the Committee's discussion should be centered around what they want to look for in a broker, look at potential factors for evaluation, develop an RFP, review and interview submittals.

Councilmember Reishman agreed with Storage that they should not be splitting up their insurance. Additionally, he has been impressed with the current insurance broker's ability to save the City money over the past 20 years.

From the audience, Councilmember King added that he had been wanting to do this process from the past several years, because he doubted the City's current broker is the only one available. They have a responsibility to do that due diligence. Councilmember Jenkins encouraged the Committee to keep an open mind.

Councilmember Hoover asked what the time frame for their evaluations. Councilmember Jenkins replied that approval would need to happen around August or September for the next year's renewal. Storage added that it was the intention to have these decisions in place for the 2021 renewal, but that was not possible due to the pandemic. He would imagine that if the City chose a new broker, they would probably need to be in place by the summer to fully understand the needs of the City, so ideally the Committee would have a recommendation by May.

Councilmember Snodgrass expressed disappointment that another year will go by before they will be able to put out an RFP. She added that the City's broker also hired a consultant also held by AssuredPartners, which the City paid for. Councilmember Snodgrass thought it would be reasonable to get responses for an RFP in 30 days.

5. Next Steps –

Councilmember Jenkins stated that he was skeptical that they would be able to make a decision by the end of March. Storage added that he thought that timeframe would be

impossible given all the information and intricacies.

Councilmember Knauff added that asked how quickly other cities obtained RFPs, and asked what the harm was in doing it. Storage replied that he didn't know how the Administration would have time to allow a company to respond to an RFP due to intensive research that would be required on the part of the respondents (claims reports, detailed information about the City's finances, police and fire policies, etc, IT systems).

Councilmember Laird added that he appreciated the transparency of the process. Also, the RFP would be for a broker, who would also be reaching out to many other insurance providers, which would take time. He cautioned the Committee against rushing through the process.

Councilmember Snodgrass added that she knew it was complicated insurance, and she was assured this process would have already happened. She agreed that there wasn't enough time for this year to be effective. From the audience, Councilmember King agreed. He suggested consulting with other municipalities to see how they approach putting out RFPs, etc.

Councilmember Jenkins added that the broker did present alternate insurance options at the last renewal. He has looked at other cities, and Huntington uses BRIM and pays much more than Charleston. Storage added that in 2019, there was no opportunity (3 months into the new Administration) to explore other options. They did tell the broker they expected him to show their work in detail to justify their work, which was done to the satisfaction of the Administration.

Councilmember Jenkins stated he would entertain a motion for putting out an RFP by the end of March. Councilmember Knauff asked if the Administration would prefer that be pushed back a few weeks until the budget had been finalized. Storage said he would defer to the decision to the Committee. Councilmember Jenkins added that instead, the Committee could design an RFP by the end of March, but not publish. Storage recommended that they immediately decide on the factors they would want for a broker RFP. Respondents should be given about 30 days to respond. Councilmember Jenkins replied that, based on that time frame, an RFP would need to be published by the end of March.

Councilmember Snodgrass stated they should say they are looking for 1 company that can represent the City, and then narrow the respondents to 3. She didn't see the need to hire a broker to then go out and get many quotes. Councilmember Jenkins added that they were talking about getting a person in place by May so they would have the rest of the year to work on contacting insurance carriers and getting familiar with the City. Councilmember Snodgrass responded that they would be picking someone without knowing what they were going to offer in quotes.

Councilmember Knauff asked if Councilmember Snodgrass meant that they would be picking the broker based on the RFPs. Councilmember King replied that the RFP will be

for brokers who will come back with a package to contain detailed quotes. Councilmember Jenkins agreed. Storage added that the only way brokers can get those quotes is for the Administration staff to individually share the claims data with them. He was worried about giving out sensitive workers' claim data. He also added that insurance companies are not going to want to give 30 different brokers quotes for the City.

From the audience, Councilmember Campbell added that, for commercial insurance, a single carrier will only issue a single quote. His recommendation would be that the City put together a claims data packet to give to 3 or so chosen brokers. Councilmember Jenkins replied that, based on that, they put out an RFP for a broker, narrow the respondents to 3-5, give them the data and hire the broker based on the best quote.

Councilmember Pharr asked a question to clarify this, and asked if it would be too cumbersome for the City to supply this information. Storage replied that they can be given claims data, although it is time-consuming, because insurance companies might want to tour facilities, examine financial statements, etc. (this has happened in the past), which would take days. The brokers would likely want to ask a lot of questions as well.

Councilmember Jenkins added that he also shared concerns with hiring a broker without knowing what the ultimate price will be. Storage added that, regardless of which RFP process they choose, the City can factor in specific scenarios and relationships into the process (such as having a good relationship with an insurance company).

Councilmember Laird added that he would like to hear from potential brokers about their take on the process. He asked if the local vendor preference would apply or to each individual policy. Storage replied that there is an exception for professional services.

Councilmember Snodgrass added that she would recommend putting out an RFP for brokers, the Committee will interview 2-3 based on specific parameters, then pick a broker to move forward with a quote.

Councilmember Knauff asked the Administration how difficult it would be to put out the initial RFP and to give the Committee the top recommendations. Storage replied that the Committee would be reviewing the RFPs directly. The difficulty would depend on the factors and how clear they are to follow and score.

Councilmember Hoover agreed with Councilmember Hoover's suggestion.

Councilmember Jenkins suggested that the Administration draft an RFP for the Committee to review and discuss. From the audience, Councilmember Campbell recommended bringing in an expert to advise on the RFP process. Councilmember Snodgrass agreed, adding that the Committee should be heavily involved. Storage replied that he would expect to reach out to a consultant; the Committee may speak to them if desired.

Councilmember Jenkins asked Councilmembers Snodgrass, Campbell and Pharr to speak to potential consultants to speak to the Committee. Councilmembers Hoover, Knauff and Laird to research what other cities have done (sample RFPs, etc.). Storage could submit a broad RFP if desired for the Committee could use as a foundation.

Councilmember Hoover motioned to adjourn the meeting.
Meeting adjourned.

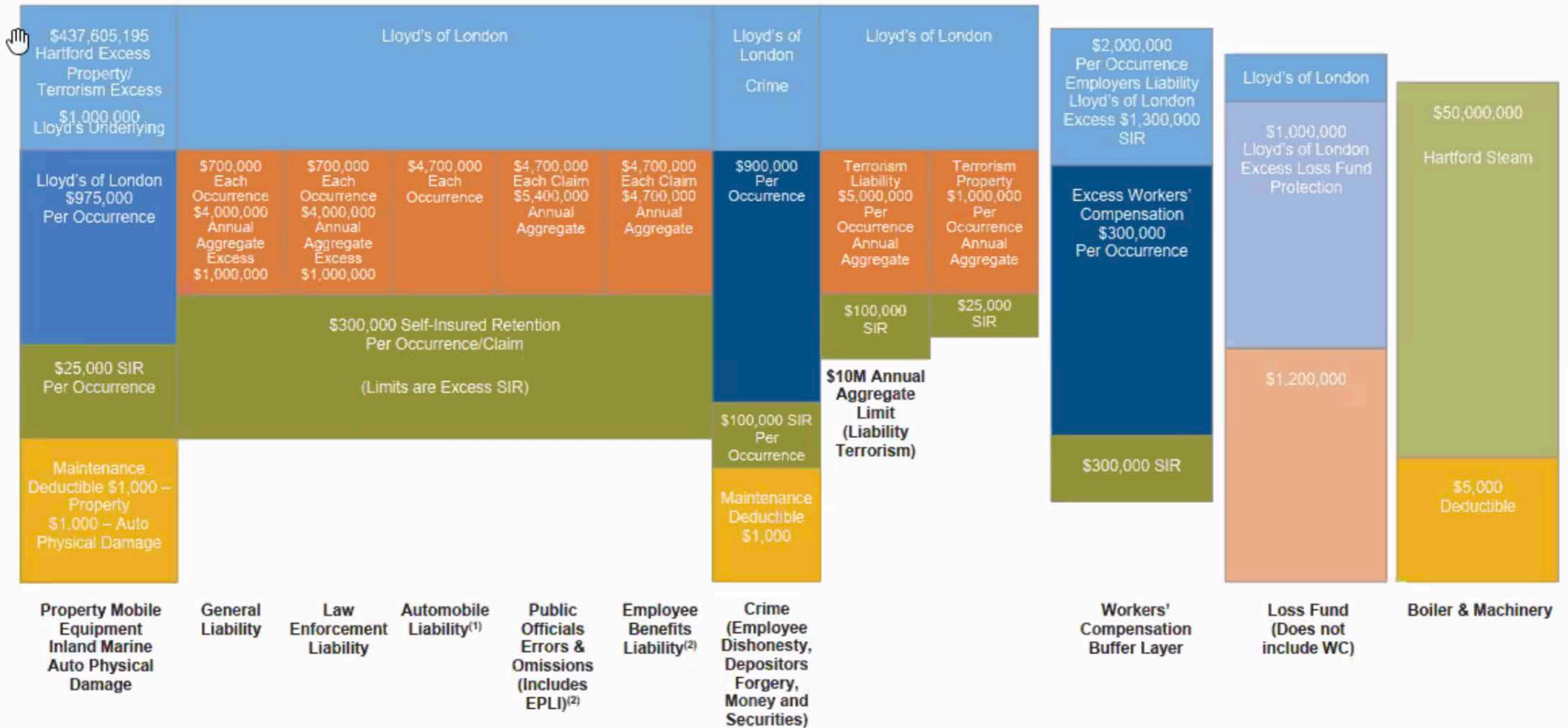


**City of Charleston
Current Lines of Insurance
February 5, 2021**

- Property
- General Liability
- Boiler & Machinery
- Auto
- Crime
- Professional Liability
- Law Enforcement
- Excess Property & Excess Boiler & Machinery
- Excess Workers' Compensation
- Cyber Liability
- Pollution (underground tanks)
- Miscellaneous – Bonds

Lloyd's (Brit)/Hartford Protected Self-Insurance Program Structure

March 31, 2020 to March 31, 2021



Note: The SIR is a per occurrence retention. Only one retention applies in the event of a multiple loss, and the higher retention shall apply. (Does not include Terrorism coverage.) See Multiple Lines Loss Protection for limits in the event of a multiple lines loss.

⁽¹⁾ Uninsured Motorists: \$25,000 Ground-Up BI Per Person; \$50,000 Ground-Up Bodily Injury Per Accident; \$25,000 Ground-Up Property Damage Per Accident.

⁽²⁾ Public Officials Errors & Omissions and Employee Benefits Liability are on a Claims-Made basis, with an Annual Aggregate and a retro date of July 1, 1990, except Sexual Abuse under the Public Officials Liability retro date March 31, 2008. Sexual Harassment Aggregate Limit \$4,700,000; Sexual Abuse Aggregate Limit \$4,700,000 (these limits are part of the overall E&O limit and not in addition to).

Exposure	3/31/2018 – 2019	3/31/2019 – 2020	3/31/2020 –2021	3/31/2021-2022	% change
Property Values including Vehicle values	\$424,062,983	\$426,416,893	\$439,389,864	\$516,893,478	17.63%
Vehicle Count	466	466	473	473	0%
Number of Employees (includes FT/PT)	784/15	784/15	725/165	725/165	0%
Number of Armed Police Officers	173	173	157	157	0%
Number of Firefighters/EMTs	169	169	169	169	0%
Net Operating Expenditures	\$74,879,215	\$74,723,923	\$73,456,679	\$77,091,894	5%

Recommended Trend Factors 3% for Real (Buildings) Property

Renewal Timeline – City of Charleston, WV
3/31/2021 Renewal Pre-renewal Service Calendar

Current Date: January 4, 2021	Dec/Jan	Feb	March	April	May
Risk Management – Pre-Renewal Strategy Meeting with the City of Charleston	1/4				
Email renewal forms to City for updating	12/1/20				
Return Underwriting Data and Completed Forms to AJG	12/15/20				
Deliver of Submission to selected markets	12/22/20				
Quotations received from markets		2/1			
Renewal proposal to Client			3/1/2020		Send Binders to City by 3/31



**THE CITY OF CHARLESTON
PROPERTY AND CASUALTY RENEWAL
(Finance Committee presentation as of 3/1/21)**

I. CONCEPTUAL OVERVIEW OF PROGRAM

II. MARKET UPDATE:

A. Property

B. Casualty/Excess Casualty/Auto

III. MARKETING ANALYSIS

IV. RENEWAL SUMMARY

V. HISTORICAL ACCOUNT ANALYSIS

VI. LOSS SUMMARY

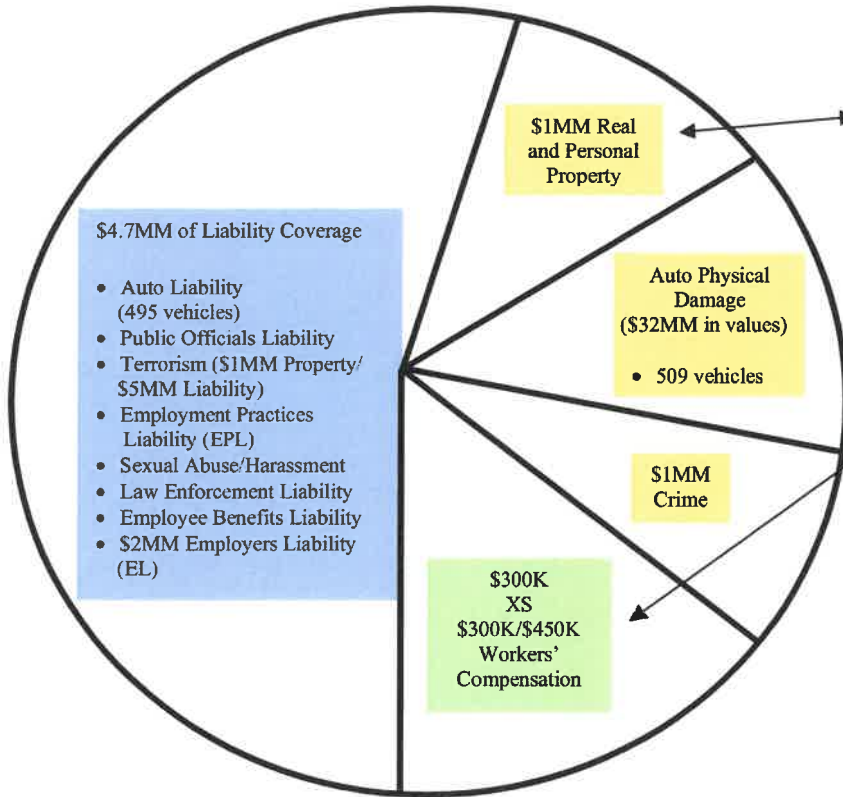
VII. CYBER INSURANCE REVIEW

VIII. INDUSTRY ARTICLES

Questions?

THE CITY OF CHARLESTON P & C INSURANCE SUMMARY

I. ALA PACKAGE (BRIT/Lloyd's of London):



II. EXCESS PROPERTY COVERAGE (Hartford):

- \$516,893,478 of insured values

III. BOILER AND MACHINERY COVERAGE (Hartford Steam Boiler):

- \$50,000,000 limit

IV. EXCESS WORKERS' COMPENSATION COVERAGE (Safety National):

- Full statutory coverage excess of a \$600K/\$750K per claim retention
- July 1, 2021 renewal date

V. CYBER/DATA BREACH COVERAGE (Ascent):

- \$5,000,000 limit

VI. TPA CLAIMS MANAGEMENT FOR ITEMS I, II, III AND IV ABOVE:

- Provided by RMSC

VII. RISK CONTROL AND SAFETY TRAINING SERVICES FOR COC AND CSB – Jeff Dixon of AssuredPartners of West Virginia, LLC (APWV):

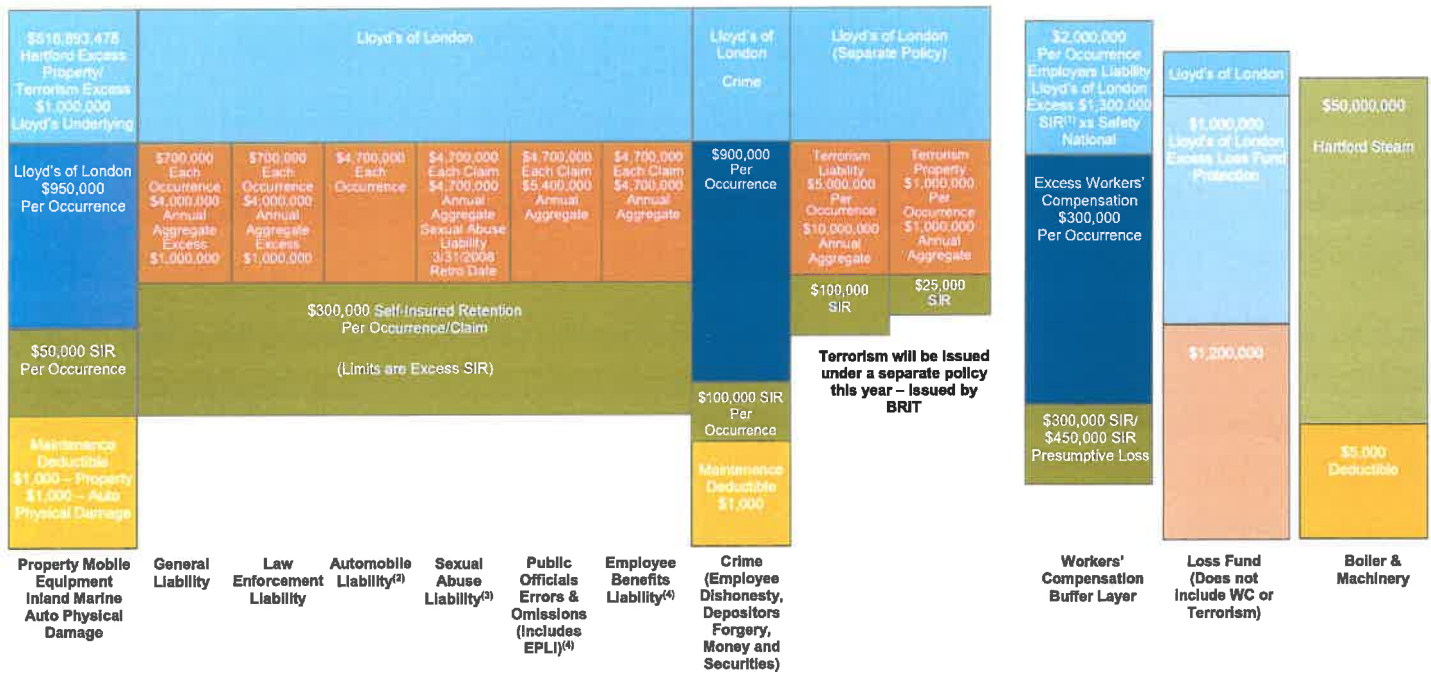
- \$25,000 annual cost (\$15,000 paid by BRIT Insurance; \$0.00 by COC; and \$10,000 by CSB)

VIII. AGENCY SERVICES (APWV):

Brokerage; Consultation; Oversight; Marketing; Claims Review; etc. (standard agency commissions payable on all lines).

Lloyd's (Brit)/Hartford Protected Self-Insurance Program Structure

March 31, 2021 to March 31, 2022



Note: The SIR is a per occurrence retention. Only one retention applies in the event of a multiple loss, and the higher retention shall apply. (Does not include Terrorism coverage.) See Multiple Lines Loss Protection for limits in the event of a multiple lines loss.

- (1) Workers' Compensation, Coverage Part A, BRIT is primary (Buffer Layer). Employers Liability, Coverage Part B, BRIT is excess Safety National; U.S.L. & H. Act Coverage \$2,000,000 excess \$1,300,000.
- (2) Uninsured Motorists: \$25,000 Ground-Up BI Per Person; \$50,000 Ground-Up Bodily Injury Per Accident; \$25,000 Ground-Up Property Damage Per Accident.
- (3) Retroactive date for Sexual Abuse claims under the POL is 3/31/2008 and Retroactive date under the GL/LEL is 3/31/2021.
- (4) Public Officials Errors & Omissions and Employee Benefits Liability are on a Claims-Made basis, with an Annual Aggregate and a retro date of July 1, 1990, except Sexual Abuse under the Public Officials Liability retro date March 31, 2008. Sexual Harassment Aggregate Limit \$4,700,000; Sexual Abuse Aggregate Limit \$4,700,000 (these limits are part of the overall E&O limit and not in addition to).

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Market Review – Declinations

DECLINATIONS

Berkley Group	Casualty Package	Declined	Could not provide APD nor be competitive
Old Republic	Casualty Package	Declined due to claim history and large auto loss	N/A
AIX	Casualty Package	Declined due to claim history and large auto loss	N/A
Safety National	Casualty Package	Indication Quoted	N/A
Euclid	Property	Declined due to claim history and large auto loss	N/A
Liberty Mutual	Property	Declined – could not be competitive	N/A
Chubb	Property	Looked at last year, but did not approach this year due to lack of sprinkler systems at the Conference Center	N/A
Old Republic	Property	Declined – could not be competitive	N/A
Travelers	Property	Indication Quoted	N/A

CITY OF CHARLESTON, WV - PROGRAM RENEWAL EFFECTIVE 3/31/2021		
PROGRAM COMPARISONS	EXPIRING BRIT PACKAGE Lloyds of London (BRIT)	RENEWAL BRIT PACKAGE Lloyds of London (BRIT)
	2020 expiring (With Crime, Property, APD, Terrorism/WC/EL Buffer)	2021 (With Crime, Property, APD, WC/EL Buffer)
PREMIUMS (1)	\$837,616	\$855,000
	Non-Admitted (please add state taxes)	Non-Admitted (please add state taxes)
Annual Aggregate (Loss fund)	All lines Aggregate \$1,200,000	All lines Aggregate \$1,200,000
Excess Annual Aggregate	\$1,000,000	\$1,000,000
Property Self-Insured Retention (SIR)	\$25,000	\$50,000
Auto Physical Damage SIR	\$25,000	\$50,000
Crime Self-Insured Retention (SIR)	\$100,000	\$100,000
Property, APD, Crime Maintenance Deductible	\$1,000	\$1,000
Liability Self-Insured Retention (SIR)	\$300,000	\$300,000
WC/EL SIR (split SIR due to Presumptive claims)	\$300,000 SIR WC/\$1,300,000 SIR EL	\$300,000 SIR/\$450,000 WC/\$1,300,000 SIR EL
Package Limits:		
Property Occurrence Limits	\$975,000	\$950,000
Auto Physical Damage Occurrence Limits (Comp and Collision)	\$975,000	\$950,000
Crime Limits	\$900,000	\$900,000
Full Liability - Terrorism	\$5,000,000	NA - Now in separate policy - see below
Full Property, Terrorism	\$1,000,000	NA - Now in separate policy - see below
WC Buffer Limit per Occurrence	\$300,000	\$300,000 / \$450,000 (all presumptive Claims)
EL Buffer Limit Per Occurrence	\$2,000,000	\$2,000,000
General Liability Per Occurrence Limits	\$700,000 Primary (No Annual Aggregate)	\$700,000 Primary (No Annual Aggregate)
GL Aggregate Limits	\$4,000,000 Excess and aggregate	\$4,000,000 Excess and aggregate
Includes Sexual Harassment	Yes	Yes
Liquor Liability	Yes	Yes
Law Enforcement Liability Per Occurrence Limit	\$700,000 Primary (no annual aggregate)	\$700,000 Primary (no annual aggregate)
Law Enforcement Liability Aggregate Limit	\$4,000,000 Excess and aggregate	\$4,000,000 Excess and aggregate
Sexual Harassment	Yes	Yes
Auto Liability Limit	\$4,700,000	\$4,700,000
Garagekeepers	\$250,000 Ground UP	\$250,000 Ground UP
UM/UIM	\$50K Ground up	\$50K Ground up
Med Pay	\$50K Ground up	\$50K Ground up
Errors and Omissions (POL)/EPL Limit Each Claim	\$4,700,000	\$4,700,000
Aggregate Limit	\$5,400,000	\$5,400,000
Retro date	7/1/1990	7/1/1990
Sexual Harassment Retro Date	7/1/1990	7/1/1990
Employee Benefits Liability Limit Each Claim	\$4,700,000	\$4,700,000
EBL Aggregate limit	\$5,400,000	\$5,400,000
EBL Retro Date	7/1/1990	7/1/1990
Sexual Abuse	Included above	\$4,700,000
Retro Date under the GULEL	NA	3/31/2021
Retro Date under the Public Officials	3/31/2008	3/31/2008
TOTAL LIABILITY LIMITS	\$4,700,000	\$4,700,000
CARRIER ADMITTED OR NON ADMITTED	NON-ADMITTED	NON-ADMITTED
LOSS CONTROL & REIMBURSEMENT	\$15,000 plus a multitude of on line programs	\$15,000 plus a multitude of on line programs
CLASH COVERAGE	YES	YES
Other Policies:		
BRIT Terrorism - stand alone policy		
Terrorism Deductible	NA - INCLUDED IN PACKAGE	\$100,000 Deductible/Liability/\$25,000 Deductible Property
Property Limit per occurrence	NA - INCLUDED IN PACKAGE	\$1,000,000
Liability Limit - annual aggregate	NA - INCLUDED IN PACKAGE	\$5,000,000
TOTAL TERROR PREMIUM (DOES NOT INCLUDE POLICY SURCHARGE OR TAXES)	NA - INCLUDED IN PACKAGE	\$10,000
Excess Property - Premium (including policy surcharge/taxes and Terrorism) (1)	\$302,522.00	\$363,666.00
Carrier	Hartford	Hartford
Limits (including Vacant Macy's and 3 parking Garages)	\$499,389,884	\$516,893,478
Rate per \$100 of Values	0.06039	0.07035
Auto Physical Damage Included - per vehicle	\$1,000,000	\$1,000,000
Over the Road Coverage for Auto	Not covered	Not covered
Policy margin clause	150%	150%
Total APD values included above	\$30,272,348	\$2,175,594
Boiler and Machinery - Premium (including policy surcharge/taxes and Terrorism) (1)	\$27,286.00	\$30,655.73
Limits	\$50,000,000	\$50,000,000
Deductible	\$5,000	\$5,000
TPA Claims Service Fee - Est	\$103,720	\$103,720
Gallagher Broker Services Fee	\$40,000	\$41,200
TOTAL ESTIMATED PROGRAM COST	\$1,311,144	\$1,504,342
(1) expiring term includes vacant Macy's building or three parking Garages - annualized		
(2) various options for higher limits		
(3) Receipt, review and acceptance of 5 year crime loss runs		
	Lloyds (BRIT) package includes: Crime, APD, WC Buffer and Liability/Property Terrorism	Lloyds (BRIT) package includes: Crime, APD, WC Buffer and Liability/Property Terrorism
	\$1,000,000 in over the road coverage with this program	\$1,000,000 in over the road coverage with this program

**City of Charleston
Premium Comparison
BRIT Program**

	2019-2020	Expiring 2020-2021	Renewal 2021-2022
Package	\$747,505	\$837,616	\$955,000
Terrorism	Included	Included	\$10,000 (\$1MM Property) (\$51MM Liability)
Hartford Excess Property	\$127,072	\$302,522	\$361,825 (\$516,893,478 Limit)
Boiler & Machinery	\$21,913	\$27,286	\$30,488 (\$50MM Limit)
RMSC-TPA Service	\$103,720	\$103,720	\$103,720
AP Risk Management Service	\$35,000*	\$25,000*	\$25,000*
Gallagher Broker Fee	\$37,500	\$40,000	\$40,000
Cyber Liability	\$20,356 (8/20/19-3/31/20) \$33,153 Annual	\$32,000	\$55,565
Tax	\$35,162.79	\$39,717.61	\$48,444.69
Total	\$1,128,228.79	\$1,407,861.61	\$1,630,042.69

*BRIT is offering \$15,000 loss control reimbursement (plus CSB pays \$10,000 of the total). City of Charleston pay \$0.

Notes:

- Auto PD and Property deductible increased from \$25,000 to \$50,000.
- Property Option – Option for \$100K SIR for Property/APD \$808,500 Premium and \$1.4M Loss Fund WC TRIA \$1,625 and Other Section TRIA \$8,704.
- Safety National alternative casualty package quote indication - \$700K+ premium; \$500K casualty SIR; with a \$50K auto PD deductible with NO (real or personal) property coverage.
- Alternative Travelers Property Deductible - \$100,000 deductible; premium indication of \$375K+.

**City of Charleston
Historical Coverage and Pricing Summary**

2021 / 2022 Cost Summary:

Subject	16/17	17/18	18/19	19/20	20/21 Expiring	21/22 Renewal
BRIT All Lines Aggregate (ALA) – Primary property and liability coverages	\$740,000	\$703,427	\$703,427	\$747,505	\$837,616	\$955,000
Terrorism (Property)	Included	Included	Included	Included	Included	\$10,000
Terrorism (Liability)	Included	Included	Included	Included	Included	Included
Excess Property (Hartford)	\$93,111	\$93,038	\$96,654	\$127,072	\$302,522	\$361,825
Boiler and Machinery (Hartford Steam Boiler)	\$15,366	\$15,306	\$15,797	\$21,913	\$27,286	\$30,488
Premium Taxes (WVDOI)	\$33,755	\$32,091	\$32,093	\$40,347	\$39,717.61	\$48,444.69
Loss Control Consulting Fee (CIS)	\$35,000*	\$35,000*	\$35,000*	\$35,000*	\$25,000*	\$25,000*
AJG Placement Fee	\$37,500	\$37,500	\$37,500	\$37,500	\$40,000	\$40,000
Cyber Liability					\$32,000	\$55,565
Subtotal Cost	\$954,732	\$916,362	\$920,471	\$1,009,332	\$1,304,141.61	\$1,526,322.69
Loss Control Reimbursement (from BRIT)*	-\$25,000	-\$25,000	-\$15,000	-\$15,000	-\$15,000	-\$15,000
*Net Cost to The City of Charleston after reimbursement of Loss Control Fee	\$929,732	\$891,362	\$905,471	\$994,337	\$1,289,141.61	\$1,511,322.69

STANDALONE TPA FEES

TPA Workers' Compensation and Property/Casualty Claims Handling Contract Fee (RMSC)	16/17	17/18	18/19	19/20	20/21	21/22
	\$97,140	\$103,720	\$103,720	\$103,720	\$103,720	\$103,720

TOTAL (Including TPA Fees)	\$1,026,872	\$995,082	\$1,009,191	\$1,098,057	\$1,392,861.61	\$1,615,042.69
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DISCLAIMER: Coverage outlines used on this spreadsheet are only visuals to a basic understanding of coverages. If there is any conflict between the coverage statements and the actual insurance policy, the policy provisions will prevail.

Limits and Retention Summary:

Coverage	SIR	Total Insured Limit	Total Limits
General Liability	\$300,000	\$4,700,000	\$5,000,000
Auto Liability	\$300,000	\$4,700,000	\$5,000,000
Public Officials/Employment Practices Liability	\$300,000	\$4,700,000	\$5,000,000
Sexual Harassment	\$300,000	\$4,700,000	\$5,000,000
Sexual Abuse	\$300,000	\$4,700,000	\$5,000,000
Employee Benefits Liability	\$300,000	\$4,700,000	\$5,000,000
Law Enforcement	\$300,000	\$4,700,000	\$5,000,000
Workers' Compensation "Buffer Layer"	\$300,000 / \$450,000	\$300,000 / \$450,000	\$300,000 / \$450,000
Property – Real and Personal Property	\$50,000	\$950,000	\$1,000,000
Excess Property	\$1,000,000	\$516,893,478	\$516,893,478
Terrorism (Property)	\$25,000	\$1,000,000	\$1,000,000
Terrorism (Liability)	\$100,000	\$5,000,000 per Loss; \$10,000,000 Maximum Limit	\$5,000,000
Crime – Employee Dishonesty, Depositors' Forgery/Alterations, Money and Securities – In/Out	\$100,000	\$900,000	\$1,000,000
Boiler and Machinery	\$5,000	\$50,000,000	\$50,000,000

Historical Summary of the City of Charleston's Package Account with Lloyd's of London

Policy Year	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	
Package Premium	\$750,000	\$747,500	\$765,000	\$765,000	\$740,000	\$703,427	\$703,427	\$747,505	\$837,616	\$955,000	
Loss Control Funds	\$20,000	\$20,000	\$25,000	\$25,000	\$35,000	\$35,000	\$35,000*	\$35,000*	\$25,000*	\$25,000*	
Aggregate Loss Fund	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,200,000	\$1,200,000	
General Liability, Auto Liability, Public Officials & Law Enforcement Limits	\$4,700,000 Excess	\$4,700,000 Excess	\$4,700,000 Excess	\$4,700,000 Excess	\$4,700,000 Excess	\$4,700,000 Excess	\$4,700,000 Excess	\$4,700,000 Excess	\$4,700,000 Excess	\$4,700,000 Excess	
Self-Insured Retention Liability Lines Property/Auto Physical Damage	\$300,000 SIR \$25,000 SIR	\$300,000 SIR \$25,000 SIR	\$300,000 SIR \$25,000 SIR	\$300,000 SIR \$25,000 SIR	\$300,000 SIR \$25,000 SIR	\$300,000 SIR \$25,000 SIR	\$300,000 SIR \$25,000 SIR	\$300,000 SIR \$25,000 SIR	\$300,000 SIR \$25,000 SIR	\$300,000 SIR \$25,000 SIR	\$300,000 SIR \$25,000 SIR \$50,000 Property/Auto PD SIR
WC/EPL Buffer Layer	\$200,000 Excess \$300,000	\$200,000 Excess \$300,000	\$300,000 Excess \$300,000	\$300,000 Excess \$300,000	\$300,000 Excess \$300,000	\$300,000 Excess \$300,000	\$300,000 Excess \$300,000	\$300,000 Excess \$300,000	\$300,000 Excess \$300,000	\$300,000 Excess \$300,000	
No. of Vehicles	431	441	442	448	461	489	466	495	495	509	
Payroll	\$36,163,961	\$34,889,843	\$41,902,422	\$37,676,597	\$36,553,202	\$37,884,735	\$39,132,254	\$41,018,180	\$41,018,180	\$37,833,931	
Total Insured Values	\$303,674,189	\$310,835,228	\$314,851,752	\$322,702,934	\$314,334,462	\$320,703,079	\$324,342,729	\$425,416,893	\$499,389,864	\$516,893,478	

* Includes \$15,000 which is refunded to insured by the carrier.

DISCLAIMER: Coverage outlines used on this spreadsheet are only visuals to a basic understanding of coverages. If there is any conflict between the coverage statements and the actual insurance policy, the policy provisions will prevail.

Historical Claims Summary:

Policy Year	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Total Incurred	\$2,122,408	\$1,285,141	\$1,312,393	\$773,712	\$185,391	\$1,376,881	\$235,507	TBD
SIRs paid by The City of Charleston	\$1,555,389	\$815,423	\$888,862	\$657,543	\$154,790	\$211,785	\$103,764	TBD
Specific Excess Recoveries	\$567,019	\$467,400	\$384,598	\$0	\$52,500	\$760,000	\$0	TBD
Remaining Reserve	\$0	\$2,318	\$38,934	\$116,169	\$30,601	\$1,165,095	\$131,743	TBD

**AssuredPartners - Commercial Insurance
Risk Management Services Company**



City of Charleston

**Workers' Compensation Program
Self-Insured Program Results**

	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Claim Status	12/31/2020	12/31/2020	12/31/2020	12/31/2020	12/31/2020	12/31/2020	12/31/2020	12/31/2020	12/31/2020	12/31/2020	12/31/2020	12/31/2020
Open Claims	1	1	1	0	0	1	1	1	2	4	16	24
Closed Claims	79	93	120	132	140	107	98	101	99	89	53	12
Total Claims	80	94	121	132	140	108	99	102	101	93	69	36
Claim Type												
Med Only Claims	51	57	76	79	85	79	77	80	78	76	54	32
Lost Time Claims	29	37	45	53	55	29	22	22	23	17	15	4
Claim Financial												
Incurred	\$ 2,076,631	\$ 546,261	\$ 677,401	\$ 679,008	\$ 652,876	\$ 413,258	\$ 515,705	\$ 254,998	\$ 616,765	\$ 290,323	\$ 342,546	\$ 201,219
Paid	\$ 758,595	\$ 540,459	\$ 677,401	\$ 679,008	\$ 652,876	\$ 399,279	\$ 513,619	\$ 234,660	\$ 607,732	\$ 234,029	\$ 241,155	\$ 42,599
Reserve	\$ 1,318,036	\$ 5,801	\$ -	\$ -	\$ -	\$ 13,979	\$ 2,086	\$ 20,339	\$ 9,032	\$ 56,294	\$ 101,391	\$ 158,620
Average Claim	\$ 25,958	\$ 5,811	\$ 5,598	\$ 5,144	\$ 4,663	\$ 3,826	\$ 5,209	\$ 2,500	\$ 6,107	\$ 3,122	\$ 4,964	\$ 5,589
WC Payroll	\$ 36,038,073	\$ 35,757,832	\$ 37,149,278	\$ 35,628,920	\$ 35,089,144	\$ 34,669,658	\$ 36,550,886	\$ 37,732,516	\$ 39,132,254	\$ 39,500,000	\$ 39,500,000	\$ 39,500,000
Basic Loss Rate/\$100 payroll	5.762	1.528	1.823	1.906	1.861	1.192	1.411	0.676	1.576	0.735	0.867	0.509
# Claims Over \$300k	1	0	0	0	0	0	0	0	0	0	0	0

**AssuredPartners - Commercial Insurance
Risk Management Services Company**



City of Charleston

P&C Summary Claim Summary

	2014	2015	2016	2017	2018	2019	2020
Claim Status	1/15/2020	1/15/2020	1/15/2020	1/15/2020	1/15/2020	1/15/2020	1/15/2020
Open Claims	1	2	5	5	4	9	14
Closed Claims	128	145	87	102	100	86	51
Total Claims	129	147	92	107	104	95	65

Claim Type	1/15/2020	1/15/2020	1/15/2020	1/15/2020	1/15/2020	1/15/2020	1/15/2020
Property	0	1	3	1	1	4	1
Automobile Liability	36	48	30	34	44	21	9
Automobile Physical Damage	2	9	5	7	7	5	5
General Liability	80	80	49	56	46	57	45
Professional	2	0	0	0	0	0	0
Law Enforcement	8	9	5	9	5	6	1
Other Liability	1	0	0	0	1	2	4

Claim Financial	1/15/2020	1/15/2020	1/15/2020	1/15/2020	1/15/2020	1/15/2020	1/15/2020
Incurred	\$ 2,122,408	\$ 1,285,141	\$ 1,312,393	\$ 773,712	\$ 185,391	\$ 1,376,881	\$ 235,507
Paid	\$ 2,122,408	\$ 1,282,823	\$ 1,273,460	\$ 657,543	\$ 154,790	\$ 211,785	\$ 103,764
Reserve	\$ -	\$ 2,318	\$ 38,934	\$ 116,169	\$ 30,601	\$ 1,165,095	\$ 131,743
Recoveries	\$ 6,130	\$ 55,332	\$ 28,994	\$ 53,397	\$ 4,725	\$ 14,776	\$ -
Specific Excess Recoveries	\$ 567,019	\$ 467,400	\$ 384,598	\$ -	\$ -	\$ 760,000	\$ -
Net Paid	\$ 1,549,259	\$ 760,091	\$ 859,868	\$ 604,146	\$ 150,065	\$ 197,009	\$ 103,764
Net Incurred	\$ 1,549,259	\$ 762,409	\$ 898,801	\$ 720,315	\$ 180,666	\$ 602,105	\$ 235,507



CYBER INSURANCE REVIEW

City of Charleston:

Insurance Co./Coverage:	Beazley Insurance Company March 31, 2020 to 2021 Cyber Coverage:	Beazley Insurance Company March 31, 2021 to 2022 Cyber Coverage:	Ascent Syndicate March 31, 2021 to 2022 Cyber Coverage:
Annual or Policy Aggregate as Indicated:	There are three (3) annual aggregates:(1) aggregate for up to 250,000 Notifications; One (1) Aggregate for up to \$1MM of Crisis Management Services; One (1) Policy Aggregate	There are three (3) annual aggregates:(1) aggregate for up to 250,000 Notifications; One (1) Aggregate for up to \$1MM of Crisis Management Services; One (1) Policy Aggregate	There is one (1) policy aggregate
1st Party Liability Limits:			
Cyber Incident Response Fund: 1st Party Expenses Incurred as the result of a Privacy/Security breach including but not limited to forensic expenses, public relation expenses, notification & legal expenses.	One (1) Aggregate for up to 250,000 notifications; One (1) Aggregate for up to \$1,000,000 for Crisis Management Services	One (1) Aggregate for up to 250,000 notifications; One (1) Aggregate for up to \$1,000,000 for Crisis Management Services	\$5,000,000 per claim/annual aggregate
Electronic Business Interruption & Extra Expense Loss Caused by a Network Security Breach: 1 st party expenses for loss of income and extra expenses	\$5,000,000 per claim/annual aggregate (Waiting Period = 10 Hours)	\$250,000 per claim/annual aggregate (Waiting Period = 10 Hours)	\$5,000,000 per claim/annual aggregate (Waiting Period = 8 Hours)
Electronic Business Interruption & Extra Expense Loss Caused by a Network System Failure: 1 st party expenses for loss of income and extra expenses	\$5,000,000 per claim/annual aggregate (Waiting Period = 10 Hours)	\$250,000 per claim/annual aggregate (Waiting Period = 10 Hours)	\$5,000,000 per claim/annual aggregate (Waiting Period = 8 Hours)
Bricking Coverage: This will provide coverage to replace or repair your hardware provided that such hardware cannot be restored to the original level of functionality and the cost of replacement is less than the cost to restore, recollect or replace your data.	\$500,000 per claim/annual aggregate	\$500,000 per claim/annual aggregate	\$250,000 per claim/annual aggregate
Dependent Electronic Business Interruption & Extra Expense Loss Caused by a Network Security breach at a 3rd Party IT Vendor: 1 st party expenses for loss of income and extra expenses.	\$1,000,000 per claim/annual aggregate (Waiting Period =10 Hours)	\$250,000 per claim/annual aggregate (Waiting Period = 10 Hours)	\$250,000 per claim/annual aggregate (Waiting Period = 8 Hours)
Dependent Electronic Business Interruption & Extra Expense Caused by a Network Systems Failure at the 3rd Party IT Vendor: 1 st party expenses for loss of income and extra expenses	\$1,000,000 per claim/annual aggregate (Waiting Period = 10 Hours)	\$250,000 per claim/annual aggregate (Waiting Period = 10 Hours)	\$250,000 per claim/annual aggregate (Waiting Period = 8 Hours)
Digital Data Recovery: 1 st Party Expenses associated with the recovery of damaged data on an insured computer system as the result of a cyber breach	\$5,000,000 per claim/annual aggregate	\$250,000 per claim/annual aggregate	\$5,000,000 per claim/annual aggregate
Electronic Extortion: Payments to prevent or ameliorate a cyber breach or ransomware attack	\$5,000,000 per claim/annual aggregate	\$250,000 per claim/annual aggregate	\$5,000,000 per claim/annual aggregate

Insurance Company/ Coverage:	Beazley Insurance Company 2020 to 2021	Beazley Insurance Company 2021 to 2022	Ascent Underwriting Syndicate 2021 to 2022
3rd Party Liability Limits:			
Cyber, Privacy and Network Security Liability: This provides liability coverage if an insured fails or their computer system fails to prevent a Privacy or Security Breach.	\$5,000,000 per claim/annual aggregate	\$2,000,000 per claim/annual aggregate	\$5,000,000 per claim/annual aggregate
Internet Media Communications: Coverage is provided for those circumstances where an insured commits a personal injury peril including the theft of intellectual property.	\$5,000,000 per claim/annual aggregate	\$2,000,000 per claim/annual aggregate	\$5,000,000 per claim/annual aggregate
Regulatory Defense, Fines & Penalties: Coverage is provided for the defense of any type of regulatory investigation or lawsuit including potential payment of fines & penalties.	\$5,000,000 per claim/annual aggregate	\$2,000,000 per claim/annual aggregate	\$5,000,000 per claim/annual aggregate
Other Insurance Coverage:			
PCI Fines & Penalties:	\$5,000,000 per claim/annual aggregate	\$2,000,000 per claim/annual aggregate	\$5,000,000 per claim/annual aggregate
HIPAA/HITECH Fines & Penalties:	\$5,000,000 per claim/annual aggregate	\$2,000,000 per claim/annual aggregate	\$5,000,000 per claim/annual aggregate
GDPR Cyber Endorsement:	Yes for specific regulations within the act	Yes for specific regulations within the act	Yes up to full limits for the entire act
Post Breach Remedial Services Endorsement:	Yes provided for up to 100 Hours of risk management service	Yes provided for up to 100 Hours of risk management service	As described within the company marketing materials
Amendatory Endorsement for Utilities:	Yes provided per the endorsement wording	Yes provided per the endorsement wording	Not offered
Cryptojacking Endorsement:	Yes, \$250,000 per claim/annual aggregate	Yes, \$250,000 per claim/annual aggregate	Not Offered
State Consumer Privacy Statutes Endorsement:	Yes, provided to match policy limits	Yes, provided to match policy limits	This has been added specific to the California Consumer Privacy Protection Act at a sub-limit of \$250,000
Amend Other Insurance Clause:	Primary with respect to Breach Response Services, Cyber Extortion and Data Loss Recovery	Primary with respect to Breach Response Services, Cyber Extortion and Data Loss Recovery	Not Offered
Voluntary Shutdown Coverage:	Yes, specific to a Business Interruption Loss at the limits offered	Yes, specific to a Business Interruption Loss at the limits offered	Yes, specific to a Business Interruption Loss at the limits offered
Reputation Loss:	Yes, up to \$1,000,000 per claim/annual aggregate	Yes, up to \$1,000,000 per claim/annual aggregate	Yes, up to \$5,000,000 per claim/annual aggregate
Telecommunications Fraud:	\$250,000 per claim/annual aggregate	\$250,000 per claim/annual aggregate	Not Offered
Social Engineering/ Fraudulent Instruction:	\$250,000 per claim/annual aggregate	\$250,000 per claim/annual aggregate	Not Offered
Electronic Crime/Funds Transfer Fraud:	\$250,000 per claim/annual aggregate	\$250,000 per claim/annual aggregate	Not Offered
Criminal Reward Coverage	\$50,000 per claim/annual aggregate	\$50,000 per claim/annual aggregate	Not Offered
Retentions/ Agreement:	\$25,000 per claim/insuring Agreement; \$10,000 for Forensic, Public Relations & Crisis Management Expenses; \$5,000 for Legal Expenses	\$250,000 per claim/insuring agreement; \$60,000 for forensic, Public Relations, & Crisis Management Expenses; \$20,000 for Legal Expenses	\$50,000 per claim/incident
Pending or Prior Acts Date:	August 20, 2018	August 20, 2018	Inception
Retroactive Date:	Full Prior Acts	Full Prior Acts	Full Prior Acts
Annual Premium: (Does Not Include any Taxes or Fees)	\$32,000	\$102,390	\$55,565

Insurance Company Responses to the City of Charleston Cyber Application:

Insurance Company:	Response:
American International Group A.M. Best Rating A + (Superior) XV (\$2 Billion or More in Policyholder Surplus)	They indicated that they would need to hold a ninety (90) minute phone call between the underwriter and their cyber specialist with the management of the insured. If they provide a quote they will require at least a \$500,000 retention and the premium will be in the 6 figures. The maximum limit they can provide is \$5MM.
AXA/XL A.M. Best Rating A + (Superior) XV (\$2 Billion or More in Policyholder Surplus)	They indicated that they would need to hold a ninety (90) minute phone call between the underwriter and their cyber specialist with the management of the insured. If they provide a quote they will require a minimum retention of \$500,000 and the premium will be in the 6 figures. The maximum limit they can provide is \$5MM.
Axis A.M. Best Rating A + (Superior) XV (\$2 Billion or More in Policyholder Surplus)	The Axis underwriter indicated that for the remainder of 2021 they will not be providing any cyber quotes for municipal businesses
Beazley A.M. Best Rating A (Excellent) XV (\$2 Billion or More in Policyholder Surplus)	Beazley provided a renewal quote lowering the limits offered to \$2MM and increasing the retention and premium charge.
CNA A.M. Best Rating A (Excellent) XV (\$2 Billion or More in Policyholder Surplus)	The CNA underwriter indicated that for the remainder of 2021 they will not be providing any cyber quotes for municipal businesses
Coalition (Argo & Swiss Re) A.M. Best Rating A (Excellent) XV (\$2 Billion or more in policyholder surplus)	The Coalition underwriter indicated that for the remainder of 2021 this is not a class of business they have any interest in underwriting
Corvus (Hudson Insurance Group) A.M. Best Rating A + (Superior) XV (\$2 Billion or More in Policyholder Surplus)	The Corvus underwriter indicated that for the remainder of 2021 this is not a class of business they have any interest in underwriting
Various Underwriters at Lloyds of London A.M. Best Rating A (Excellent) XV (\$2 Billion or more in policyholder surplus)	They are still reviewing the risk.
SOMPO A.M. Best Rating A (Excellent) XV (\$2 Billion or more in policyholder surplus)	The SOMPO underwriter indicated that for the remainder of 2021 this is not a class of business they have any interest in underwriting
Tokio Marine HCC A.M. Best Rating A+ (Superior) XV (\$2 Billion or more in policyholder surplus)	The TMHCC underwriter indicated that for the remainder of 2021 this is not a class of business they have any interest in underwriting

<p>Chubb Insurance Group A.M. Best Rating A ++ (Superior) XV (\$2 Billion or more in policyholder surplus)</p>	<p>The Chubb underwriter indicated they were not currently interested in underwriting this class of business</p>
<p>Zurich Insurance Company A.M. Best Rating A+ (Superior) XV (\$2 Billion or more in policyholder surplus)</p>	<p>The Zurich underwriter indicated that if the insured completed a satisfactory risk engineer conference call they could offer up to \$5MM in limits with a minimum of a \$150,000 retention and the premium would be in the range of \$130,000</p>



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Commercial insurance prices to keep rising 'well into 2021': Aon

By Erin Ayers

Commercial insurance prices will continue to rise across most lines of business “well into 2021,” according to a recent report from Aon, but businesses are responding with a heightened focus on understanding their interconnected risks and boosting organizational resilience.

Pressure from litigation trends, more frequent and severe natural disasters, and COVID-19 effects prompted insurers to deepen their underwriting scrutiny and be more selective on risks, especially in North America. Pricing, limits, deductibles, coverage terms and claims performance have been “strained,” Aon said [in the report](#).

With rate increases ranging from an average 11% to 30% in North America and heading toward a previous high set in 2003, Aon said it expects pricing momentum to continue. New capital entering the market, mostly flowing into the property catastrophe reinsurance, casualty, and financial line sectors, could “temper” rate changes by the second half of 2021, the broker said.



"There is general optimism that the rollout of the COVID-19 vaccine will have a positive economic impact. Along with the introduction of additional capacity into the market, this may result in an easing in the second half of 2021 of some of the challenges experienced in the risk and insurance environment during 2020," said Cynthia Beveridge, Aon Broking president.

Insurers are still expected to keep a close watch on supply chain risks, COVID-19 and communicable disease safety measures and cyber threat resilience, and pricing will reflect that focus, she added.

On the buyer side, Aon conducted a global survey at the end of 2020 to assess the impact of the COVID-19 pandemic on risk management – 80% of respondents said they now take a more enterprise-wide view of incident management. For most (82%), pandemics or major health crises hadn't even registered on their Top 10 risks before 2020. The risk came in 60th on a list of 69 risks in 2019.

In charting insurer-client relationships, Aon reported that "friction is escalating" on claims. Insurers are more aggressive in their claims-handling attitudes, asking for more information, have been less flexible, and are using outside coverage counsel more frequently. The report added that business interruption claims are "facing the most scrutiny" and overall claims volume is hitting all-time highs.

A "fluid" situation on COVID claims adds to the complexity, according to Aon.

"COVID-19 has also resulted in claims activity in 20 other lines of coverage, with numbers and costs likely to increase," said Neil Harrison, Aon's global chief claims officer. "Consideration of insurer claims performance and understanding of the obligations of all parties in a claim situation are key issues for our clients."

The broker has also encouraged buyers to consider alternatives in the hard market, such as captives and alternative program structures, and to be ready to differentiate their risk to insurers, according to the report.

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Advisen

'Broker struggles continued' even as Q4 price increases slowed down: CIAB

By Erin Ayers

Commercial insurance price increases rose at a “slightly slower” pace in the fourth quarter of 2020, up an average 10.7%, with umbrella liability still showing the highest premium hikes at 21.3%, according to The Council of Insurance Agents & Brokers’ Q4 Commercial P/C Market Survey.

For the third consecutive quarter, prices rose in every line of coverage, including workers compensation. After umbrella, directors and officer liability premiums showed the most upward movement at 14.7%, followed by commercial property at 12.9%.

Large accounts bore the brunt of the hard market in the fourth quarter at an average 13.7% premium increase, CIAB [said in the report](#), down from an average 15.3% in Q3.

“The worst of the pandemic may have passed, but broker struggles continued into Q4 2020,” said Ken A. Crerar, CIAB president and CEO. “Umbrella and D&O liability posed continued challenges due to a reluctance from carriers to write those risks, and new trouble for cyber emerged following an uptick in costly ransomware attacks in 2020. Brokers should stand ready to help their clients understand and navigate these challenging market conditions and identify new and emerging risks.”

Notably, cyber insurance premium increase hit double digits for the first time since CIAB began tracking it, reaching 11.1%. Respondents attributed the changes to underwriters “getting very nervous” about rising frequency and severity of ransomware attack. According to CIAB, cyber was the only line of business where average increases in Q4 outstripped those in Q3 and 50% of brokers reported decreased capacity in the cyber market.

A significant number (88%) of broker respondents mentioned reduced capacity in umbrella liability to go along with rate increases, citing nuclear verdicts and difficulty securing reinsurance as reasons for the cutbacks. Others pointed to the extended soft market and umbrella being an “underpriced line for decades.”

Decreases in capacity were also detected in the other “troubled lines” of commercial property, auto, and D&O.

Insurers continue to toughen up on underwriting in Q4, requesting much more information from brokers and businesses than in the past.

“Underwriters were really drilling down more into what the companies do and how they operate,” said one respondent from a mid-sized Southeastern firm. “Managers were increasingly having to sign off on terms, conditions, and pricing. As a result, taking much longer to get renewals or options from carriers.”

Large accounts experienced the most stringent underwriting changes, with “massive increases in retention and premiums,” but medium-sized accounts weren’t too far behind. The strain for brokers increased, with one commenting, “I feel like every account was being re-underwritten and it was very time consuming.”

For smaller accounts, brokers reported insurers being somewhat cautious about underwriting small businesses due to ‘going out of business’ statistics amid the COVID-19 pandemic. That fear may not be unfounded – data showed demand for business interruption coverage dropped from 61% in Q2 to 55% in Q3 and 39% in Q4. One respondent commented, “Many small businesses are closed. They are not buying insurance.”

During a challenging time, brokers remain focused on boosting organic growth, according to the survey, as well as recruiting new talent and enhancing their customers’ experiences in a virtual environment.

Respondents highlighted a focus on providing customers with “value-added services that are of real value to them.”

“We don’t want buying insurance to be a commodity and want the customer to feel we are their trusted advisor, so they don’t engage another agent,” said one respondent. “We do this by being proactive with pre-renewal meeting, claims review, stewardship, and being responsive to their needs.”

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