

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND

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BULLETIN MEL 23-02

Date: January 2023

To: Fund Commissioners of Member Joint Insurance Funds

From: Underwriting Manager, Conner Strong & Buckelew

Re: 2023 Property and Casualty Renewal Overview

Except for the Excess Workers Compensation section, this bulletin does not apply to the “workers compensation only” members of NJPHA JIF. Except for the Excess Workers Compensation, Non-Owned Aircraft, primary POL/EPL and Cyber Liability sections, this bulletin does not apply to the members of the NJUA JIF. This bulletin does not apply to the Boards of Education members of the Suburban Metro JIF. Anything Property in this bulletin does not apply to members not participating in the MEL Property program.

Attached is an overview of the MEL JIF excess property and casualty renewal.

This bulletin is for information purposes only. It is not intended to be all-inclusive, but merely an overview. It does not alter, amend or change your coverage. Please refer to specific policies for limits, terms, conditions and exclusions.

cc: Risk Management Consultants
Fund Professionals
Fund Executive Directors

2023



MEL

Renewal Overview

February 13, 2023

Renewal Summary

As presented during our Pre-Renewal Presentation in August, we still encounter a hard market, the most difficult since the 1980s. After years of challenging renewals in nearly every area of coverage, we finally begin to see some settling although it is settling at much higher rates, more restrictive terms and less capacity than we saw just five years ago. While many coverages have started to stabilize heading into our 2023 renewal, the Property market took a violent turn toward the worse.

- **Property** – Despite the ever-increasing natural disasters, including the unexpected wildfires and southern freeze events, Property insurers began to see some positive underwriting results during 2021. In late Q3 of 2021, we saw Ida occur, ultimately developing into the fifth costliest insured loss in US history (\$78.8B). And despite Ida, the insurers remained positive. That was until Hurricane Ian hit just one year later with an insured loss of over \$50B. Within one month of Ian, insurer executives (particularly reinsurers) made announcements of planned drastic decreases in capacity, significantly more restrictive terms, higher retentions and large rate hikes. On average, clean and non-CAT prone areas saw 25% rate increases, while CAT-prone saw anywhere between 50%-150%. This came with more restrictive terms, higher deductibles and programs not being able to fill all their capacity.
- **Liability** – Social inflation continues to affect insurers and insureds across the country. Although the known exposures continue from the past few years, the development in claims dollars continues to rise. Even in NJ, we have seen over 50% increase in claims development over the last ten years, including over 75% increase in the average cost per claim during the same period.
- **Workers' Compensation** – No new surprises here. We continue to see COVID-19 to be a long-term concern, while the severe cases saw in the first 12-24 months of the pandemic are not expected at any notable level. The MEL will continue to see other mounting costs in this coverage line from the increase in presumption and legislative changes shifting more costs to the members.
- **Public Officials / Employment Practices** – The same trends seen in normal liability over past ten years is being seen in POL/EPL now. We are reviewing this recent trend closely to see how much of an impact the pandemic had on these results.
- **Cyber** – Frequency of events may be stabilizing, although the “stable” level is very high, but severity continues to grow. As saw last year, insurers are particularly concerned with widespread events (i.e. Microsoft Zero Day, Last Pass, etc.). Insurers are beginning to find sustainable paths forward with writing this coverage, but insureds have to continue with good security. The work we have done with the Cyber Task Force has certainly helped, but efforts need to continue developing.

It is more important than ever to create the right insurance structure and pick the correct insurance partners to ensure stability in coverage and claims handling through this difficult marketplace. While we continually have discussions with the majority of the marketplace, Property needed by far the most attention and marketing this year.

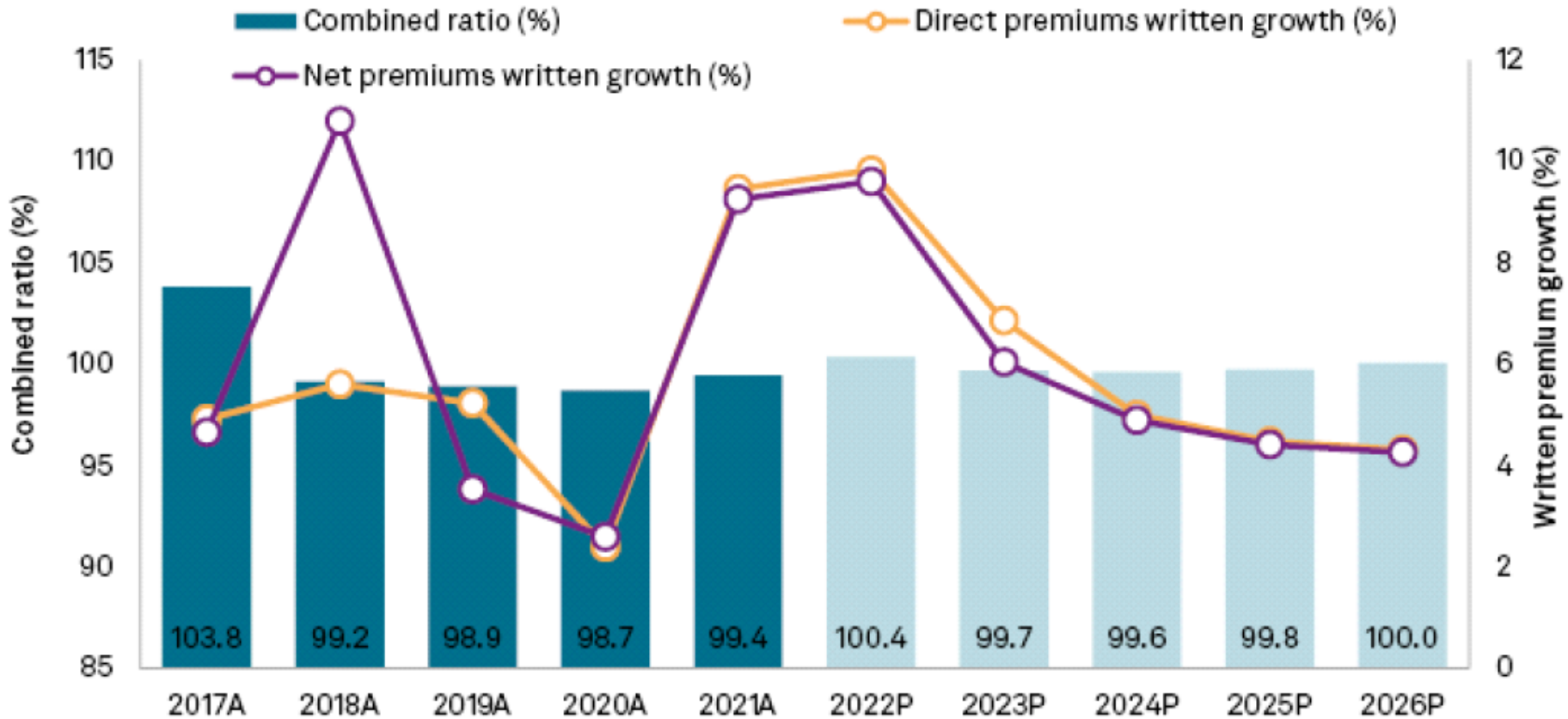
The following pages detail coverage changes to be aware of for 2023. As we pass through yet another renewal in this difficult marketplace, we thank you all for the support. While additional costs are in the budget in the form of loss funding for certain higher retentions, the collective has helped the MEL achieve less than a 7% rate increase on the excess insurance for this renewal.



Marketplace Overview

Marketplace Overview

Overall P&C industry outlook



Data compiled June 14, 2022.

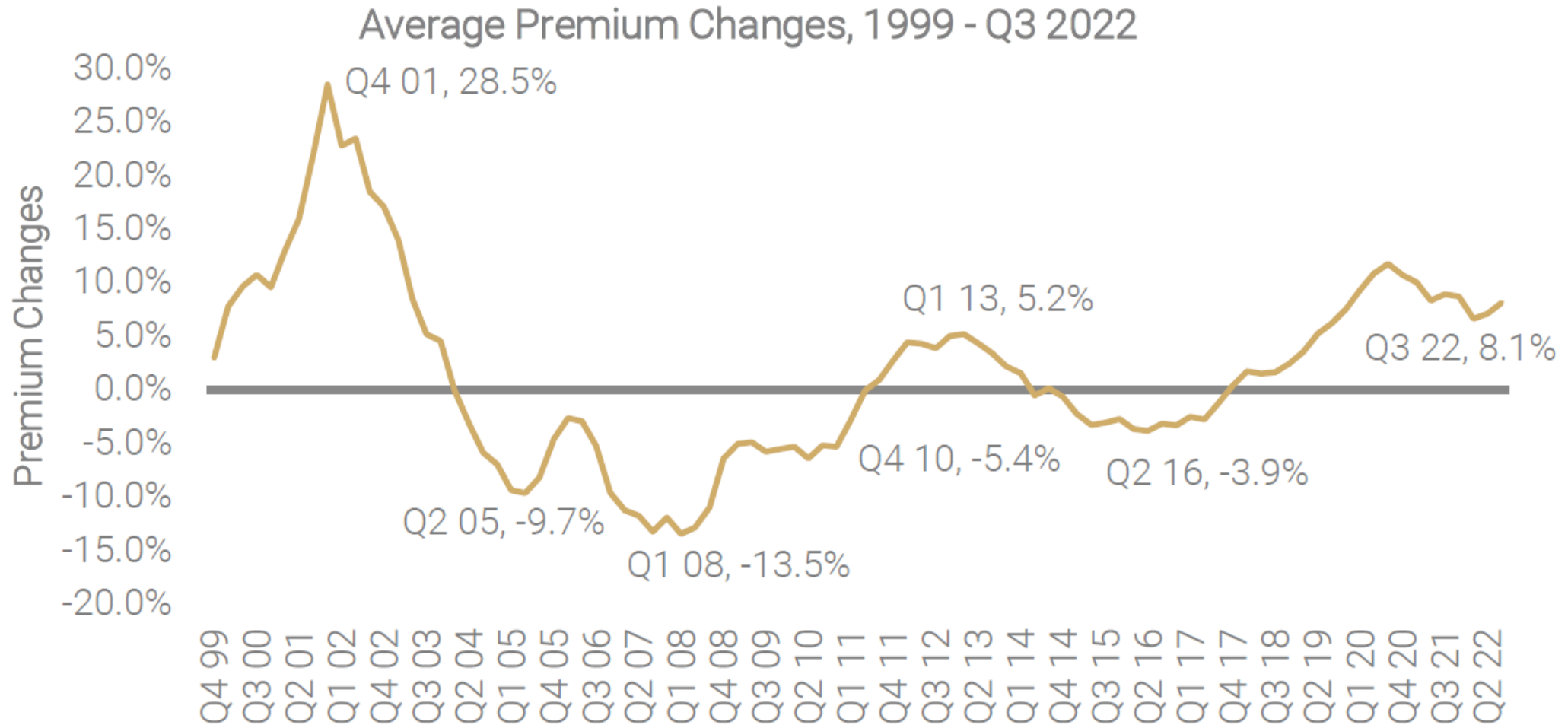
A = actual results; P = projected results

Results adjusted to exclude state funds, residual markets and AIU Insurance Co.

Sources: S&P Global Market Intelligence; proprietary estimates

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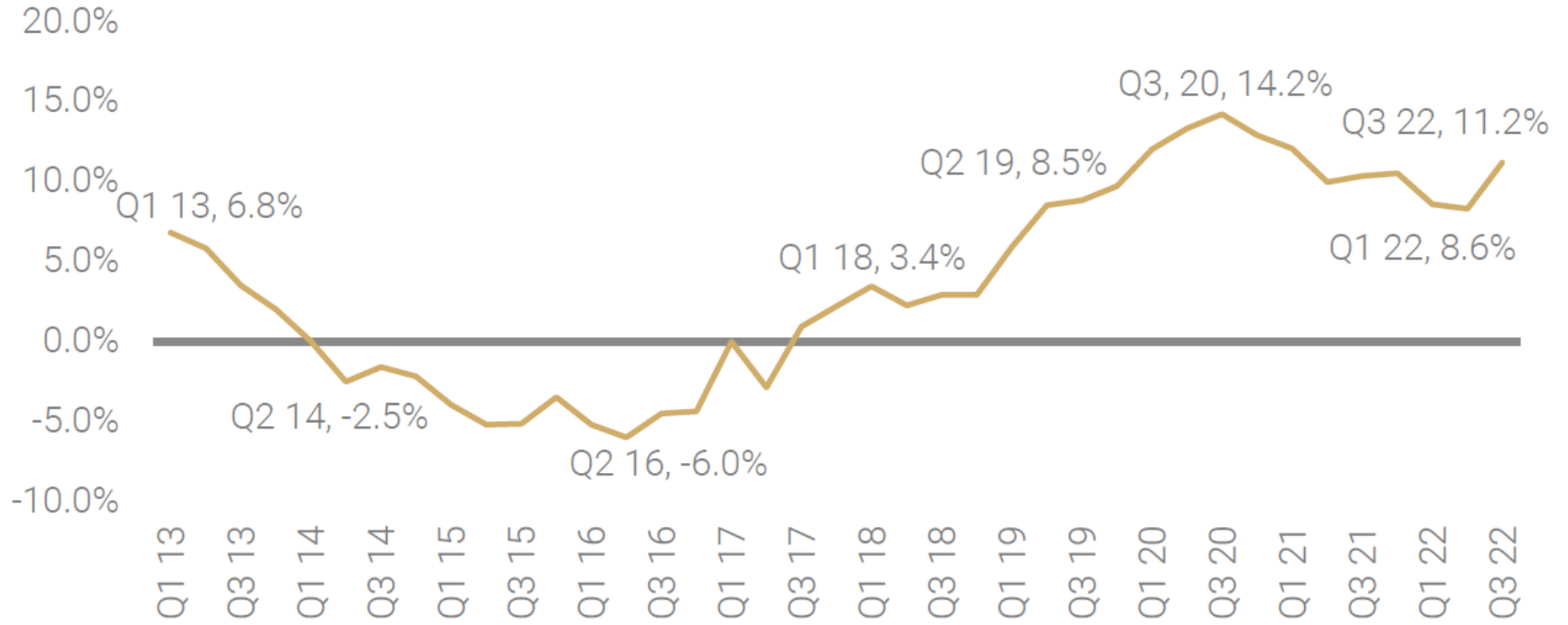
Marketplace Overview



Source: The Council of Insurance Agents & Brokers

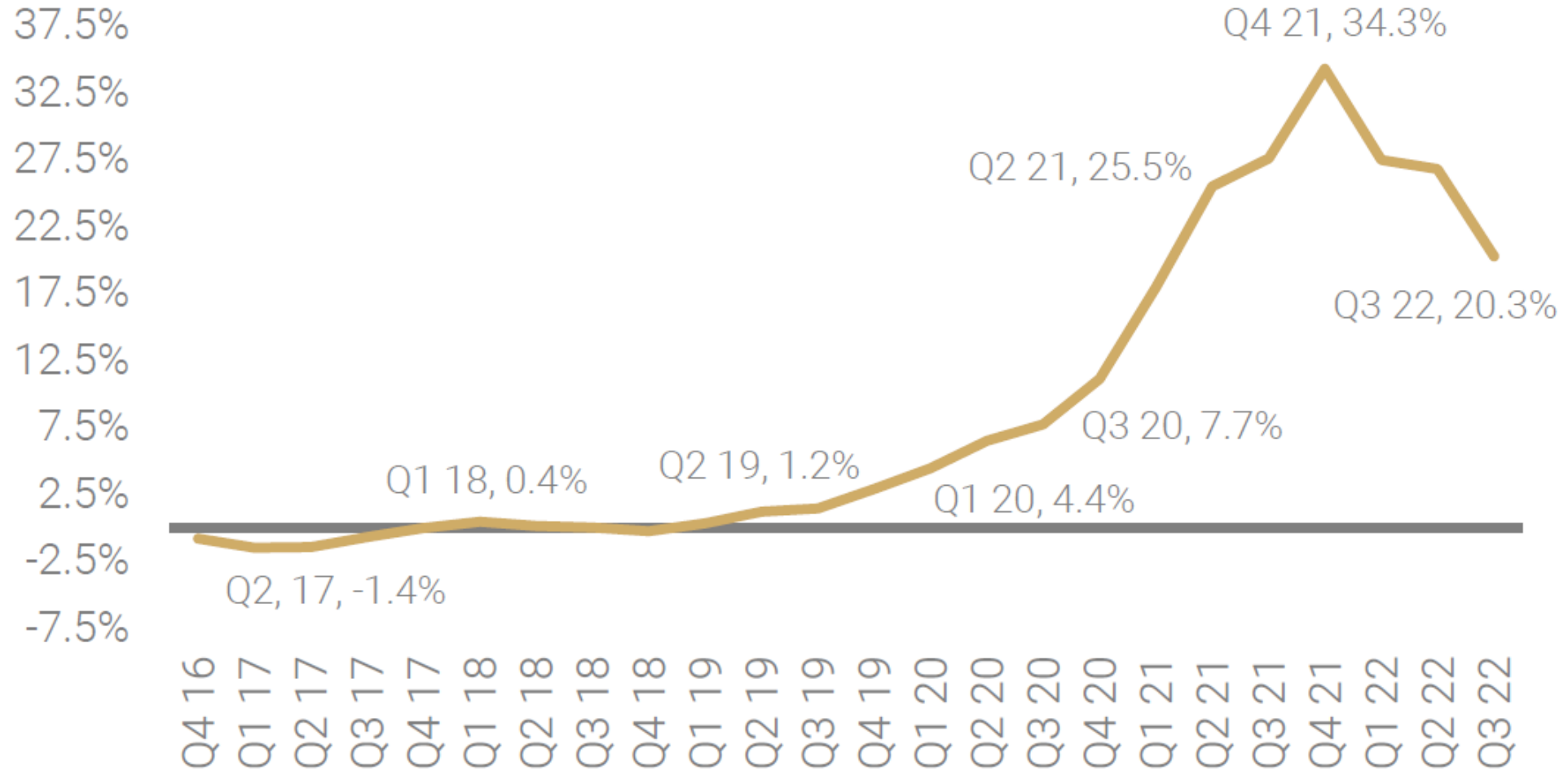
Marketplace Overview

Premium Change for Commercial Property, 2013 - Q3 2022



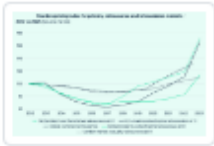
Marketplace Overview

Premium Change for Cyber, Q4 2016 - Q3 2022



Marketplace Overview

Property Focus



Retrocession rates now 165% higher than 2017 lows: Jefferies
4TH JANUARY 2023

Rates-on-line for non-marine catastrophe retrocessional reinsurance are now up approximately 165% on their 2017 lows, analysts at Jefferies have pointed out using data reported by broking group Howden.



Renewals: Catastrophe retro rates +50%, global property cat +37%, says Howden
3RD JANUARY 2023

Risk-adjusted non-marine catastrophe retrocession excess-of-loss rates-on-line rose by 50% at the January 2023 renewals, while global property catastrophe reinsurance rates rose 37%, according to international broking group Howden.

Aggregate retro supply shrank further, terms more restrictive at 1/1: Gallagher Re

27TH JANUARY 2023

In the global retrocessional reinsurance market, the availability of aggregate covers had been shrinking for some time, but at the January 2023 renewals aggregate retro capacity supply shrank further, while the terms of protection continued to become more restrictive, broker Gallagher Re has said.

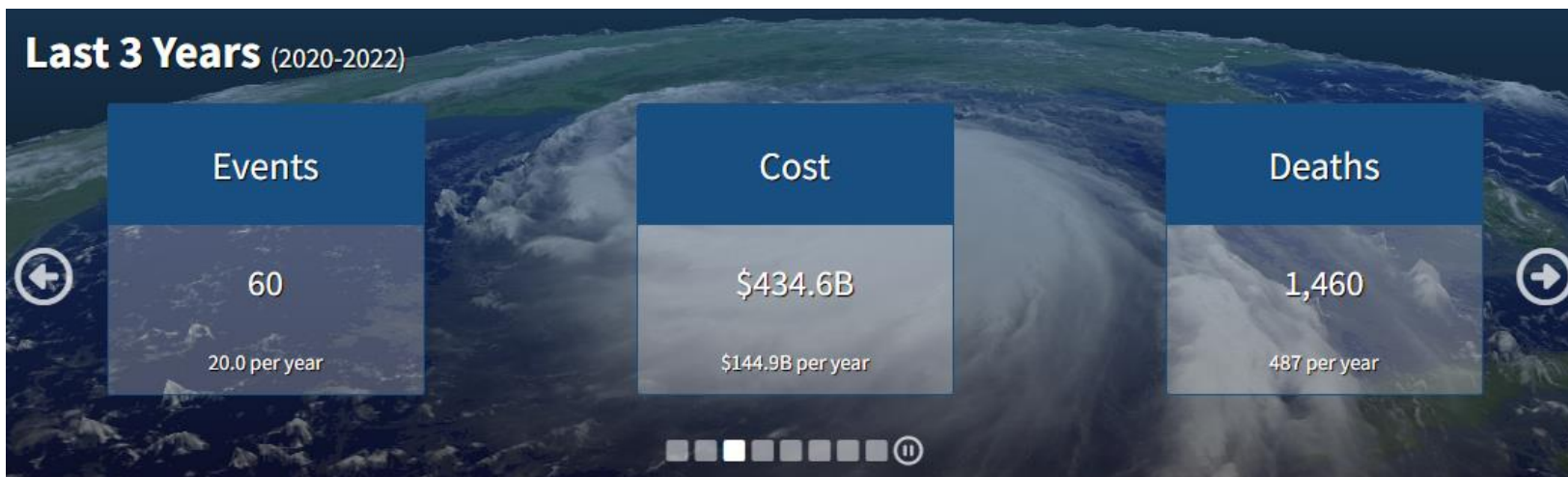
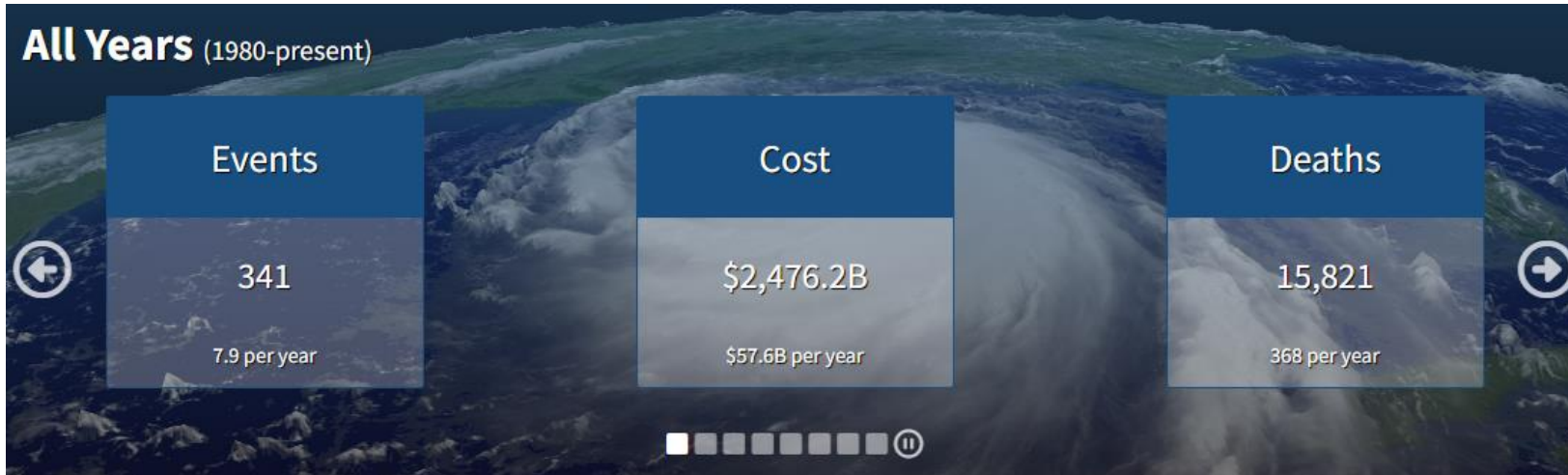
January Renewals See Hardest Property Catastrophe Reinsurance Rates in Generation

By L.S. Howard | January 4, 2023



Marketplace Overview

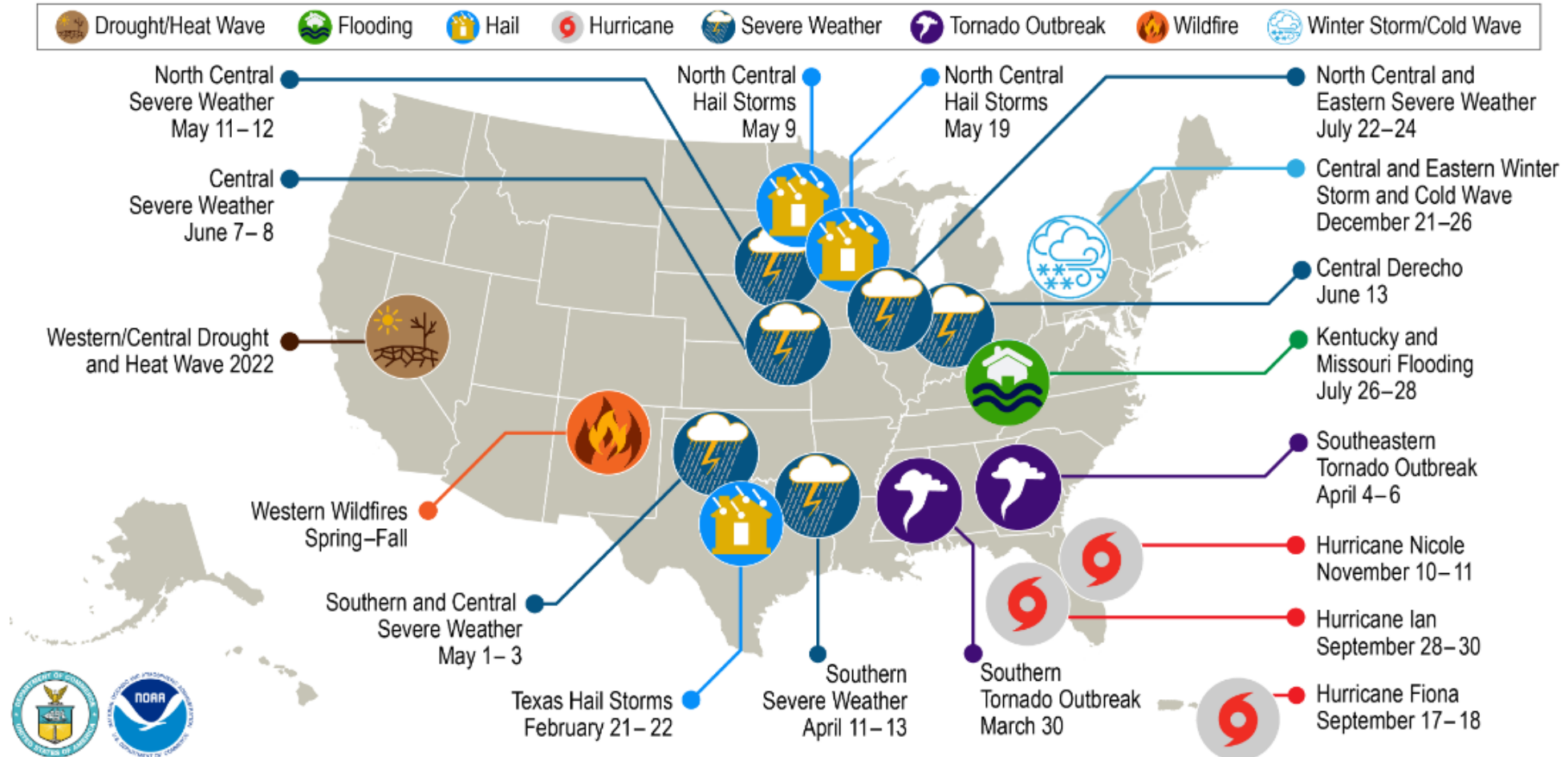
Property Focus



Marketplace Overview

Property Focus

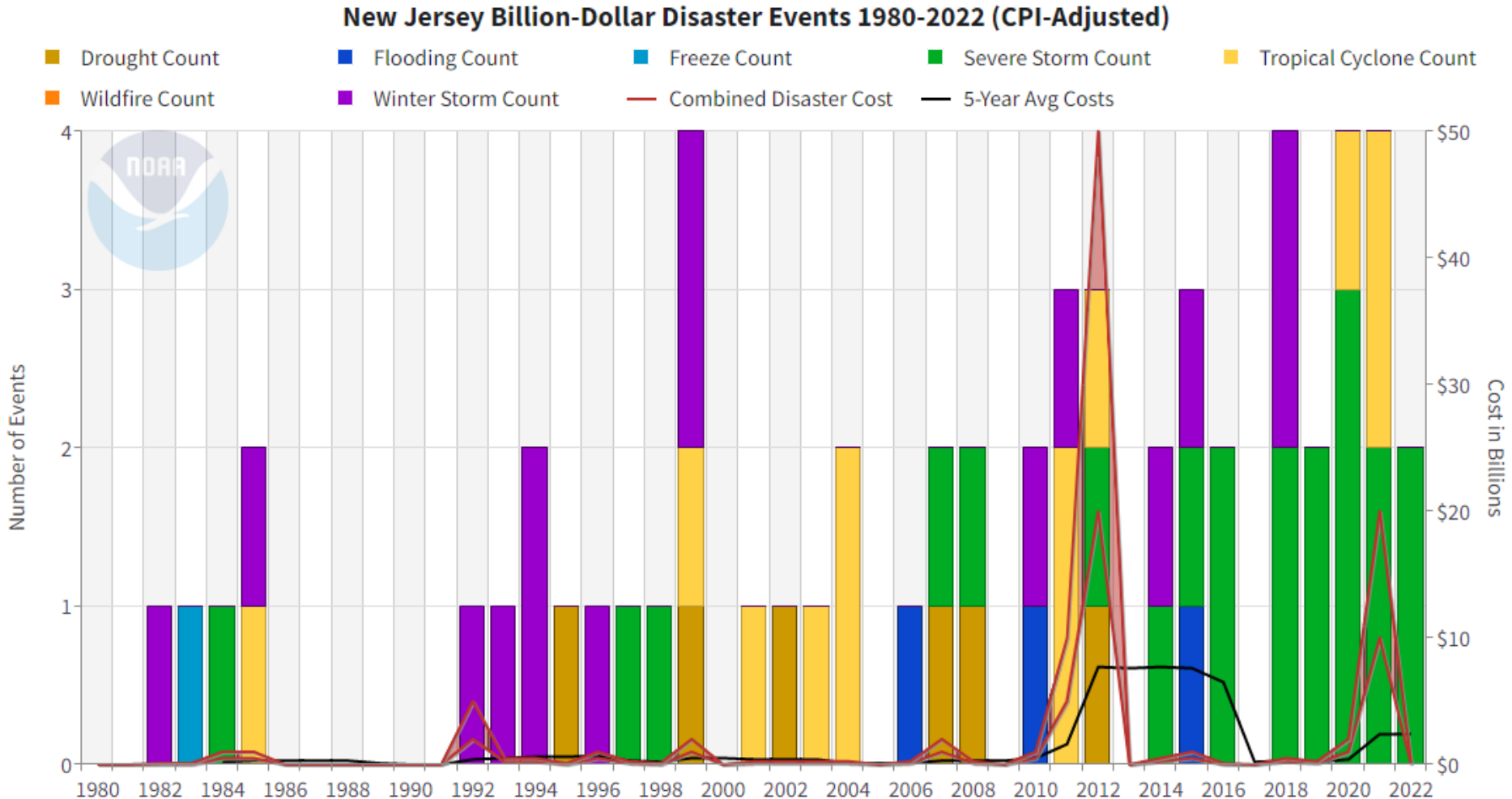
U.S. 2022 Billion-Dollar Weather and Climate Disasters



This map denotes the approximate location for each of the 18 separate billion-dollar weather and climate disasters that impacted the United States in 2022.

Marketplace Overview

Property Focus



Updated: January 10, 2023

Powered by ZingChart

Marketplace Overview

Property Focus

United States

Severe Convective Storm Outbreaks

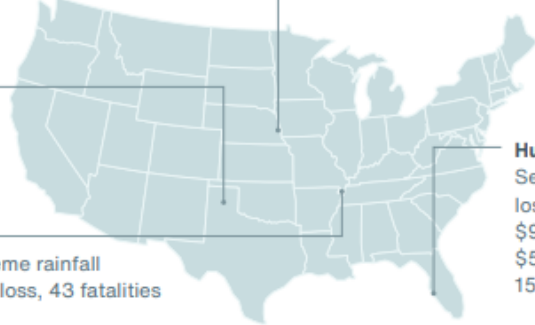
12 billion-dollar events in total
\$37B economic loss,
\$29B insured loss

Widespread Drought

Severe drought conditions
throughout the year
\$16B economic loss,
\$8B insured loss

Missouri and Kentucky Flooding

1,000-year flooding triggered by extreme rainfall
\$1.4B economic loss, \$450M insured loss, 43 fatalities



Hurricane Ian

Second costliest insured
loss even on record globally
\$95B+ economic loss,
\$50-55B insured loss,
152 fatalities



1.39°C (2.5°F)

U.S. summer temperature anomaly; the third-hottest
summer (Jun 1-Aug 31) in 128 years



66,255

Number of wildfires across the U.S.; the highest number
in 10 years



-22.2°C (-40°F)

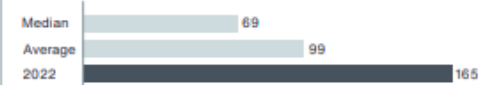
Temperature drop in just 30 minutes, recorded in
Cheyenne, WY, on Dec 21



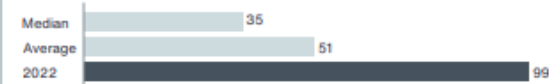
81.2 in (206 cm)

Highest 3-day snowfall accumulation in lake-effect
snowstorm reported in Hamburg, NY

Economic Losses (\$ billion)



Insured Losses (\$ billion)



53%

of global
economic losses



75%

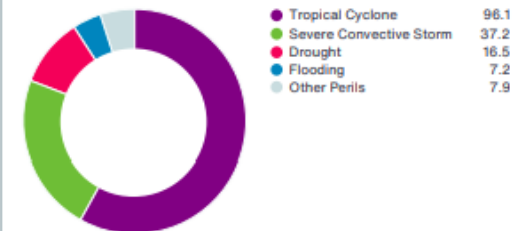
of global
insured losses



60%

of losses covered
by insurance

Economic Losses (\$ billion)



Marketplace Overview

Liability Focus

Incurred Change Percent													
Periods	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months	132 Months	144 Months	156 Months
1/1/2010 - 12/31/2010	84.69%	11.46%	9.91%	3.04%	-10.62%	0.92%	1.75%	-0.90%	-0.39%	0.13%	0.05%	0.01%	-0.05%
1/1/2011 - 12/31/2011	48.82%	17.90%	14.12%	7.43%	8.20%	2.88%	0.84%	-0.41%	0.97%	-0.66%	-0.07%	-0.02%	
1/1/2012 - 12/31/2012	30.24%	13.95%	20.69%	10.16%	17.68%	1.45%	1.15%	1.07%	2.67%	1.10%	-0.17%		
1/1/2013 - 12/31/2013	30.33%	10.69%	16.67%	14.16%	18.29%	8.55%	7.25%	-6.35%	-0.09%	0.49%			
1/1/2014 - 12/31/2014	18.14%	15.59%	23.03%	23.26%	7.74%	10.91%	1.67%	-0.01%	-0.32%				
1/1/2015 - 12/31/2015	21.05%	13.57%	22.18%	21.55%	14.50%	-2.18%	5.63%	3.71%					
1/1/2016 - 12/31/2016	21.04%	29.81%	25.67%	10.91%	8.95%	2.59%	1.03%						
1/1/2017 - 12/31/2017	26.52%	19.83%	27.31%	13.42%	7.81%	5.11%							
1/1/2018 - 12/31/2018	26.06%	19.21%	31.09%	8.73%	14.91%								
1/1/2019 - 12/31/2019	24.93%	16.86%	33.73%	24.48%									
1/1/2020 - 12/31/2020	55.96%	35.57%	8.47%										
1/1/2021 - 12/31/2021	59.35%	40.65%											
1/1/2022 - 12/31/2022	100.00%												

Claim Count Change Percent													
Periods	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months	132 Months	144 Months	156 Months
1/1/2010 - 12/31/2010	83.92%	11.15%	3.09%	0.93%	0.25%	0.49%	0.04%	0.03%	0.01%	0.01%	0.03%	0.01%	0.03%
1/1/2011 - 12/31/2011	84.66%	11.04%	1.94%	1.10%	0.80%	0.25%	0.13%	0.03%	0.00%	0.01%	0.03%	0.00%	
1/1/2012 - 12/31/2012	76.98%	18.12%	2.46%	1.43%	0.67%	0.17%	0.06%	0.02%	0.06%	0.00%	0.04%		
1/1/2013 - 12/31/2013	82.45%	12.47%	2.99%	1.12%	0.58%	0.20%	0.04%	0.08%	0.04%	0.02%			
1/1/2014 - 12/31/2014	84.90%	10.53%	2.44%	1.31%	0.49%	0.17%	0.10%	0.07%	0.00%				
1/1/2015 - 12/31/2015	86.78%	9.64%	2.21%	0.96%	0.15%	0.08%	0.10%	0.07%					
1/1/2016 - 12/31/2016	85.00%	11.65%	2.03%	0.75%	0.22%	0.18%	0.16%						
1/1/2017 - 12/31/2017	82.87%	12.77%	3.33%	0.59%	0.28%	0.16%							
1/1/2018 - 12/31/2018	84.58%	12.44%	2.14%	0.50%	0.34%								
1/1/2019 - 12/31/2019	83.17%	13.83%	2.06%	0.94%									
1/1/2020 - 12/31/2020	84.38%	13.76%	1.86%										
1/1/2021 - 12/31/2021	88.34%	11.66%											
1/1/2022 - 12/31/2022	100.00%												

Renewal Overview

Coverage Updates

Property

Marketing

- Approached over 35 markets, in US, London and Bermuda

Excess Changes

- Zurich reducing capacity from 75% to 50%, so the open 25% is being filled with layered and quota share participants.
- Deductibles being increased as follows:
 - AOP: \$1m to \$2.5m
 - Earth Movement: \$1m to \$2.5m
 - Flood: \$1m to \$2.5m, with Maximum Flood Deductible, Per Occurrence: \$5m to \$10m
 - High Hazard: \$1m Building / \$1m Contents / \$1m Time Element to \$2.5m Building / \$2.5m Contents / \$2.5m Time Element
 - Linden Housing Authority: \$5m Building / \$5m Contents / \$5m Time Element
 - Medium Hazard: \$1m to \$2.5m
 - Linden Housing Authority: \$5m
 - E&O, Miscellaneous, Newly Acquired and Transit: \$1m to \$2.5m
 - Breakdown of Equipment: \$50k to \$100k
 - Linden Housing Authority: \$5m
 - Named Storm: 1% East of the GSP to 5% across all of NJ, subject to minimum of \$2.5m
 - Linden Housing Authority: \$5m minimum
- Historic Property coverage is removed (as advised at last renewal). Should members require such coverage, they must update the SOV noting which historic register it is on, obtain a certified historic appraisal and provide a copy to us, and update the SOV with appraised value.
- 5% of the primary \$50m (Kemah) will exclude the “Cyber Event” coverage sublimit of \$100k in Zurich’s policy, leaving a \$5k gap in coverage.
- 5% of \$25m x \$50m Flood (Inlanders) has an OLE limitation on the policy which is a 100% margin clause/scheduled limits provision

Coverage Updates

Property

Structure

	Excess Flood / Quake									
\$25,000,000	\$2,500,000 (10%) part of \$25,000,000 Axis (Lloyd's)	\$1,000,000 (4%) part of \$25,000,000 CNA (Lloyd's)	\$750,000 (3%) part of \$25,000,000 Apollo (Lloyd's)	\$6,250,000 (25%) part of \$25,000,000 Fidelis (Lloyd's)	\$625,000 (2.5%) part of \$25,000,000 Alcor (Lloyd's)	\$2,500,000 (10%) part of \$25,000,000 Inigo (Lloyd's)	\$2,500,000 (10%) part of \$25,000,000 Ironshore	\$2,500,000 (10%) part of \$25,000,000 Starstone	\$4,000,000 (16%) part of \$25,000,000 RSUI	\$2,375,000 (9.5%) part of \$25,000,000 TBD

\$125,000,000	\$62,500,000 (50%) part of \$125,000,000 Primary Zurich	\$12,500,000 (10%) part of \$125,000,000 Primary MEL JIF	\$5,000,000 (6.67%) part of \$75,000,000 Excess \$50,000,000 Westfield	\$4,000,000 (5.33%) part of \$75,000,000 Excess \$50,000,000 RSUI/ Landmark	\$3,750,000 (7.5%) part of \$50,000,000 Excess \$75,000,000 Lloyds/HCC	\$5,250,000 (7%) part of \$75,000,000 Excess \$50,000,000 Berkshire	6.83% (5.125M) 75 x 50 TBD	\$5,000,000 (6.67%) part of \$75,000,000 Excess \$50,000,000 Hallmark
			\$5,000,000 (10%) part of \$50,000,000 Primary Munich	3% Primary \$50M TBD	\$2,500,000 (5%) part of \$50,000,000 Primary Kemah			

Coverage Updates

Property

Catastrophe Study

Exposure

	Modelled Exposure EQ*	Modelled Exposure Flood/Surge**
Number of Locations	17,546	17,177
Exposure Value	13,291,745,454	12,966,927,368
Coverage Types		
Buildings	11,363,168,120	11,045,599,444
Contents	1,878,295,001	1,871,066,091
Business Interruption	50,282,333	50,261,833

Building Characteristics

Construction Code	Description	Count	TIV	% of TIV
FIRE 1	Frame	2,941	1,541,708,494	11.60%
FIRE 2	Joisted Masonry	2,885	3,299,835,491	24.83%
FIRE 3	Non-Combustible	530	576,457,907	4.34%
FIRE 4	Masonry Non-Combustible	792	2,333,552,393	17.56%
FIRE 5	Modified Fire Resistive	53	167,404,114	1.26%
FIRE 6	Fire Resistive	488	737,820,125	5.55%
RMS 0	Unknown	7,570	2,459,819,351	18.51%
RMS 1	Wood	360	227,395,382	1.71%
RMS 2	Masonry	4	14,411,519	0.11%
RMS 3	Reinforced Concrete	962	378,045,244	2.84%
RMS 4	Steel	877	1,277,000,131	9.61%
RMS 1A	Light Wood Frame	2	34,004	0.00%
RMS 1A1	Light Wood Stud Walls	3	571,378	0.00%
RMS 1B	Heavy Timber	1	945,424	0.01%
RMS 2B1	Unreinforced Cut Stone	1	8,000	0.00%
RMS 2B2	Unreinforced Solid Brick Masonry	2	19,015,886	0.14%
RMS 2B3	Unreinforced Concrete Block Masonry	67	234,430,539	1.76%
RMS 2C	Structural Masonry	2	1,054,992	0.01%
RMS 2C1	Reinforced Masonry	2	21,973,142	0.17%
RMS 4B	Light Metal	3	210,687	0.00%
RMS 4B1	Light Metal Frame	1	51,250	0.00%
Total		17,546	13,291,745,454	100%

*There were 18,245 locations given in the Raw SOV with

**Note that all the locations identified as Piling, Pier, Wharves were not modelled for Flood/Surge. These were 369 locations

Coverage Updates

Property

Catastrophe Study

Flood including Surge for High Hazard					
		Ground Up	Gross Loss	P25M	25M xs 25M
Modelled Exposure		2,883,518,921	2,883,518,921	2,883,518,921	2,883,518,921
0.01%	10,000	406,349,817	31,475,927	25,000,000	6,475,927
0.02%	5,000	347,540,970	27,828,209	25,000,000	2,828,209
0.10%	1,000	207,331,957	16,737,281	16,737,281	0
0.20%	500	160,438,597	11,855,330	11,855,330	0
0.40%	250	108,310,506	7,500,000	7,500,000	0
0.50%	200	92,991,447	6,256,298	6,256,298	0
1.00%	100	50,364,139	3,520,903	3,520,903	0
2.00%	50	26,739,662	2,500,000	2,500,000	0
4.00%	25	13,539,435	1,448,933	1,448,933	0
10.00%	10	4,597,627	0	0	0
20.00%	5	1,346,170	0	0	0
Average Annual Loss		3,099,825	180,387	178,333	2,054
Standard Deviation		15,524,734	1,191,222	1,137,090	154,881
Coefficient of Variation		5.01	6.60	6.38	75.40

Flood including Surge for Medium/Low Hazard					
		Ground Up	Gross Loss	25M xs 50M	
Modelled Exposure		10,083,408,447	10,083,408,447	10,083,408,447	
0.01%	10,000	405,937,673	388,501,204	25,000,000	
0.02%	5,000	344,992,650	334,612,152	25,000,000	
0.10%	1,000	162,825,698	157,704,967	25,000,000	
0.20%	500	119,825,234	114,825,234	25,000,000	
0.40%	250	82,821,529	77,700,180	25,000,000	
0.50%	200	67,464,642	62,460,370	12,460,370	
1.00%	100	37,612,139	32,612,139	0	
2.00%	50	19,626,226	14,893,031	0	
4.00%	25	9,309,609	6,304,820	0	
10.00%	10	3,132,696	282,046	0	
20.00%	5	1,104,081	0	0	
Average Annual Loss		2,295,530	1,424,194	129,084	
Standard Deviation		12,435,734	11,546,334	1,747,309	
Coefficient of Variation		5.42	8.11	13.54	

Coverage Updates

Cape May Convention Center Flood

Coverage Changes

- None

Coverage Updates

Liability

Coverage Changes

- No changes

Hot Claims

- (2020): \$7.6m AL, pedestrian accident, still open
- (2015): \$2.1m GL, road design, still open
- (2019): \$2m AL, pedestrian accident, still open
- (2018): \$1.75m GL, drowning, still open
- (2017): \$1.5m LEL, claimant committed suicide with officer's gun, still open
- (2020): \$1.4m AL, pedestrian accident, just closed
- (2018): \$1.2m GL, claimant electrocuted by downed power line, just closed
- (2012): \$1.1m LEL, shot by police, still open

Coverage Updates

Liability

Claims Development

Incurring Totals														
Periods	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months	132 Months	144 Months	156 Months	Averages
1/1/2010 - 12/31/2010	29,766,930	33,794,069	37,275,830	38,345,826	34,614,385	34,937,727	35,553,649	35,238,308	35,100,520	35,146,536	35,163,223	35,166,430	35,147,206	5,116
1/1/2011 - 12/31/2011	14,408,165	19,690,871	23,858,409	26,049,863	28,471,232	29,319,916	29,567,021	29,446,660	29,733,429	29,540,029	29,518,661	29,511,679		4,373
1/1/2012 - 12/31/2012	10,419,444	15,226,610	22,354,617	25,856,020	31,947,178	32,447,833	32,842,851	33,212,748	34,133,090	34,512,703	34,453,096			6,559
1/1/2013 - 12/31/2013	8,502,435	11,499,195	16,172,360	20,142,481	25,269,831	27,666,505	29,697,309	27,917,042	27,890,601	28,029,157				5,622
1/1/2014 - 12/31/2014	6,136,411	11,410,962	19,204,125	27,073,891	29,691,957	33,382,406	33,947,802	33,944,483	33,836,217					5,665
1/1/2015 - 12/31/2015	7,456,089	12,264,605	20,121,260	27,755,906	32,893,646	32,120,851	34,113,800	35,427,548						5,973
1/1/2016 - 12/31/2016	7,056,882	17,055,765	25,665,427	29,325,584	32,328,293	33,197,170	33,541,235							6,136
1/1/2017 - 12/31/2017	7,762,404	13,565,109	21,557,063	25,484,212	27,768,332	29,264,796								5,801
1/1/2018 - 12/31/2018	9,244,974	16,058,028	27,084,553	30,180,422	35,469,108									6,070
1/1/2019 - 12/31/2019	6,931,381	11,620,675	20,998,153	27,805,525										5,461
1/1/2020 - 12/31/2020	11,322,518	18,519,277	20,232,127											4,817
1/1/2021 - 12/31/2021	8,951,598	15,082,354												3,376
1/1/2022 - 12/31/2022	8,567,374													2,306
Straight Avg	1.64322	1.47207	1.20752	1.12609	1.04140	1.02871	.99613	1.00588	1.00272	.99934	.99993	.99945		
Weighted Avg	1.53008	1.40850	1.18664	1.11286	1.03849	1.02775	.99726	1.00585	1.00292	.99935	.99994	.99945		
Olympic Avg	1.61664	1.47704	1.20459	1.13966	1.03841	1.02383	.99956	1.00187	1.00314	.99928	.99993	.99945		

Coverage Updates

Liability

Claims Development

Incurring Change Percent													
Periods	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months	132 Months	144 Months	156 Months
1/1/2010 - 12/31/2010	84.69%	11.46%	9.91%	3.04%	-10.62%	0.92%	1.75%	-0.90%	-0.39%	0.13%	0.05%	0.01%	-0.05%
1/1/2011 - 12/31/2011	48.82%	17.90%	14.12%	7.43%	8.20%	2.88%	0.84%	-0.41%	0.97%	-0.66%	-0.07%	-0.02%	
1/1/2012 - 12/31/2012	30.24%	13.95%	20.69%	10.16%	17.68%	1.45%	1.15%	1.07%	2.67%	1.10%	-0.17%		
1/1/2013 - 12/31/2013	30.33%	10.69%	16.67%	14.16%	18.29%	8.55%	7.25%	-6.35%	-0.09%	0.49%			
1/1/2014 - 12/31/2014	18.14%	15.59%	23.03%	23.26%	7.74%	10.91%	1.67%	-0.01%	-0.32%				
1/1/2015 - 12/31/2015	21.05%	13.57%	22.18%	21.55%	14.50%	-2.18%	5.63%	3.71%					
1/1/2016 - 12/31/2016	21.04%	29.81%	25.67%	10.91%	8.95%	2.59%	1.03%						
1/1/2017 - 12/31/2017	26.52%	19.83%	27.31%	13.42%	7.81%	5.11%							
1/1/2018 - 12/31/2018	26.06%	19.21%	31.09%	8.73%	14.91%								
1/1/2019 - 12/31/2019	24.93%	16.86%	33.73%	24.48%									
1/1/2020 - 12/31/2020	55.96%	35.57%	8.47%										
1/1/2021 - 12/31/2021	59.35%	40.65%											
1/1/2022 - 12/31/2022	100.00%												

Coverage Updates

Liability

Claims Development

Claim Count Change Percent													
Periods	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months	132 Months	144 Months	156 Months
1/1/2010 - 12/31/2010	83.92%	11.15%	3.09%	0.93%	0.25%	0.49%	0.04%	0.03%	0.01%	0.01%	0.03%	0.01%	0.03%
1/1/2011 - 12/31/2011	84.66%	11.04%	1.94%	1.10%	0.80%	0.25%	0.13%	0.03%	0.00%	0.01%	0.03%	0.00%	
1/1/2012 - 12/31/2012	76.98%	18.12%	2.46%	1.43%	0.67%	0.17%	0.06%	0.02%	0.06%	0.00%	0.04%		
1/1/2013 - 12/31/2013	82.45%	12.47%	2.99%	1.12%	0.58%	0.20%	0.04%	0.08%	0.04%	0.02%			
1/1/2014 - 12/31/2014	84.90%	10.53%	2.44%	1.31%	0.49%	0.17%	0.10%	0.07%	0.00%				
1/1/2015 - 12/31/2015	86.78%	9.64%	2.21%	0.96%	0.15%	0.08%	0.10%	0.07%					
1/1/2016 - 12/31/2016	85.00%	11.65%	2.03%	0.75%	0.22%	0.18%	0.16%						
1/1/2017 - 12/31/2017	82.87%	12.77%	3.33%	0.59%	0.28%	0.16%							
1/1/2018 - 12/31/2018	84.58%	12.44%	2.14%	0.50%	0.34%								
1/1/2019 - 12/31/2019	83.17%	13.83%	2.06%	0.94%									
1/1/2020 - 12/31/2020	84.38%	13.76%	1.86%										
1/1/2021 - 12/31/2021	88.34%	11.66%											
1/1/2022 - 12/31/2022	100.00%												

Coverage Updates

Liability

Claims Development

Average Incurred													
Periods	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months	132 Months	144 Months	156 Months
1/1/2011 - 12/31/2011	2,522	3,049	3,621	3,910	4,239	4,354	4,385	4,366	4,408	4,379	4,374	4,373	
1/1/2012 - 12/31/2012	2,577	3,048	4,362	4,972	6,103	6,188	6,259	6,329	6,500	6,573	6,559		
1/1/2013 - 12/31/2013	2,068	2,430	3,313	4,079	5,088	5,559	5,965	5,602	5,595	5,622			
1/1/2014 - 12/31/2014	1,210	2,002	3,285	4,570	4,988	5,598	5,687	5,683	5,665				
1/1/2015 - 12/31/2015	1,449	2,145	3,440	4,699	5,560	5,425	5,756	5,973					
1/1/2016 - 12/31/2016	1,519	3,228	4,758	5,396	5,935	6,083	6,136						
1/1/2017 - 12/31/2017	1,857	2,811	4,317	5,074	5,513	5,801							
1/1/2018 - 12/31/2018	1,871	2,833	4,675	5,183	6,070								
1/1/2019 - 12/31/2019	1,637	2,353	4,163	5,461									
1/1/2020 - 12/31/2020	3,195	4,493	4,817										
1/1/2021 - 12/31/2021	2,268	3,376											
1/1/2022 - 12/31/2022	2,306												

Development Insights *(skips most recent year)*

- In 1 year period, average incurred increased 49% in 5 years
- In 2 year period, average incurred has increased 100% in 5 years
- In 3 year period, average incurred has increased 27% in 5 years

Coverage Updates

Liability

Claims Development

Incurring Total LDF													
Periods	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months	132 Months	144 Months	156 Months
1/1/2010 - 12/31/2010	0.00000	1.13529	1.10303	1.02870	0.90269	1.00934	1.01763	0.99113	0.99609	1.00131	1.00047	1.00009	0.99945
1/1/2011 - 12/31/2011	0.00000	1.36665	1.21165	1.09185	1.09295	1.02981	1.00843	0.99593	1.00974	0.99350	0.99928	0.99976	
1/1/2012 - 12/31/2012	0.00000	1.46136	1.46813	1.15663	1.23558	1.01567	1.01217	1.01126	1.02771	1.01112	0.99827		
1/1/2013 - 12/31/2013	0.00000	1.35246	1.40639	1.24549	1.25455	1.09484	1.07340	0.94005	0.99905	1.00497			
1/1/2014 - 12/31/2014	0.00000	1.85955	1.68295	1.40980	1.09670	1.12429	1.01694	0.99990	0.99681				
1/1/2015 - 12/31/2015	0.00000	1.64491	1.64060	1.37943	1.18510	0.97651	1.06205	1.03851					
1/1/2016 - 12/31/2016	0.00000	2.41690	1.50479	1.14261	1.10239	1.02688	1.01036						
1/1/2017 - 12/31/2017	0.00000	1.74754	1.58916	1.18217	1.08963	1.05389							
1/1/2018 - 12/31/2018	0.00000	1.73695	1.68667	1.11430	1.17524								
1/1/2019 - 12/31/2019	0.00000	1.67653	1.80696	1.32419									
1/1/2020 - 12/31/2020	0.00000	1.63561	1.09249										
1/1/2021 - 12/31/2021	0.00000	1.68488											
1/1/2022 - 12/31/2022	0.00000												

Development Insights *(skips most recent year)*

- In 2 year period, LDF has increased 20% in 10 years
- In 3 year period, LDF has increased 64% in 10 years
- In 4 year period, LDF has increased 8% in 10 years

Coverage Updates

Liability

Claims Development Summary

- ✓ Claims count is quite stable, with normalized development.
- ✓ The cost per claim and mean has drastically increased over past ten years.
- ✓ The incurred development in the first three years of a claim has also drastically increased in the past 10 years.
- ✓ The frequency of large claims over \$300k is not increasing over past 10 years, although these take at least 3-5 years to develop so there may be a lag.
- ✓ If the LDFs continue to track as historically seen over past 10 years, we can expect our actual incurreds in the last few years to increase by \$35m+. At such rate, 2020 will be largest year to date.

This information tracks with the industry wide observations captured in the idea of “social inflation” whereby tails are longer with significantly larger development +3 years out.

Coverage Updates

Workers' Compensation

Coverage Changes

- No changes

Hot Claims

- COVID-19
- Tick bite claim, still targeting \$10m - \$20m total incurred
- Presumption concerns with newer legislation
- Development caused by Pension Offset

Coverage Updates

Public Officials & Employment Practices

Coverage Changes

- Public Risk Underwriters (PRU) is switching their program backer from QBE to AIG
- No notable coverage reductions or enhancements, but it is a new policy form issued by AIG so certain new terms and variations on some existing terms
- Volunteer D&O will be included in POL/EPL policy
- MEL will now be providing the \$850k x \$150k of Land Use coverage

Hot Claims

- Significant development from 2019 – 2022

Gross Incurred (Losses)

Year	9	21	33	45	57	69	81
2016	7,022,477	13,550,590	14,912,559	15,023,948	15,822,370	16,572,814	16,550,277
2017	8,028,132	11,404,173	10,774,644	11,518,941	13,253,649	13,628,576	
2018	8,373,790	12,131,435	12,911,367	12,514,476	13,608,507		
2019	5,889,610	10,782,293	11,778,785	12,341,543			
2020	5,940,487	12,659,995	15,931,678				
2021	6,171,013	10,311,914					
2022	6,595,696						

Year	9-21	21-33	33-45	45-57	57-69	69-81
2016	1.93	1.10	1.01	1.05	1.05	1.00
2017	1.42	0.94	1.07	1.15	1.03	
2018	1.45	1.06	0.97	1.09		
2019	1.83	1.09	1.05			
2020	2.13	1.26				
2021	1.67					

Gross Incurred (Claims Count)

Year	9	21	33	45	57	69	81
2016	99	120	120	120	120	120	120
2017	105	115	115	115	115	115	
2018	106	123	123	123	123		
2019	100	123	123	123			
2020	116	139	139				
2021	130	154					
2022	135						

Year	9-21	21-33	33-45	45-57	57-69	69-81
2016	1.21	1.00	1.00	1.00	1.00	1.00
2017	1.10	1.00	1.00	1.00	1.00	
2018	1.16	1.00	1.00	1.00		
2019	1.23	1.00	1.00			
2020	1.20	1.00				
2021	1.18					

Coverage Updates

Cyber

Coverage Changes

- Cyber JIF
- Cyber JIF attachment: Increased from \$200k to \$350k
- Deductible structure:
 - Basic: Not meeting minimum controls, \$50,000 deductible plus 20% of next \$300k copay
 - Minimum: Meeting minimum controls, \$25,000 deductible (up to \$85k in savings)
 - Advanced: Meeting all controls, \$0 deductible (up to \$110k in savings)
- Limits:
 - \$3m Per Claim, \$6m Aggregate Per Member JIF
 - Chose to not purchase any excess insurance

■ Coverage Updates

Non-Owned Aircraft

- No changes

2024 Outlook

■ Marketplace

social inflation



reinsurance rates

capacity

property

natural catastrophe

natural catastrophes

employment practices

long covid-19

■ Property Options

1. Deductibles

- Standard deductibles (current)
 - *\$2.5m Each Occurrence*
- Annual aggregate deductibles with maintenance deductibles
 - *Such as \$5m or \$10m aggregate with \$100k maintenance deductibles for each occurrence that does not erode the aggregate*

2. Quota share participation

- Full layer (current)
 - *10% of \$125m*
- Partial layer
 - *Small share of primary layer (primary \$50m)*
 - *Large share of excess layer with no Flood/Quake risk (\$75m x \$50m)*
 - *Excess Flood/Quake risk only (\$25m x \$50m)*

3. Review Structure

- Move to a full layered and quota share program
 - *Typically, \$5m - \$10m lead, with excess layers above*
- Consider less limits or higher deductible in CAT in conjunction with a parametric product

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