



# HIGHER EDUCATION

PROPERTY & CASUALTY INSURANCE AND RISK MANAGEMENT PROGRAM

ENDORSED BY



## IMA HIGHER EDUCATION MARKET UPDATE: FALL 2020

### Property and Casualty Market Overview

According to the Council of Insurance Agents and Brokers (CIAB), Q2 2020 marked the 11th consecutive quarter of increased premium pricing, and the trend has not slowed. April 2020 incurred the highest frequency of billion-dollar disasters in the last decade, with over 150 tornadoes in the southern states, and then came COVID-19. Wildfires have ravaged the west and Hurricane Laura pummeled portions of Louisiana. While we don't know what the future will hold, all indications are that the hard market will continue into 2021, having a huge financial impact for the Higher Education Industry. The lines of coverage that will see the greatest increases will be Property, Liability, Umbrella, Directors & Officers, and Educators Legal.

### Planning for 2021

#### HIGHER EDUCATION RATE FORECAST BY PRODUCT LINE

*Actual rate increases are predicated on specific loss experience per college*

<b>Property - Good Loss History</b>	+15% TO +25%	<b>International</b>	Flat TO +15%
<b>Convective Storm Risk</b>	+20% TO +40%	<b>Educators Legal Liability</b>	+20% TO +30%
<b>General Liability</b>	+10% TO +15%	<b>Fiduciary</b>	+5% TO +15%
<b>Umbrella</b>	+20% TO +35%	<b>Cyber</b>	-5% TO +5%
<b>Auto</b>	+6% TO +12%	<b>Workers' Compensation</b>	-10% TO +5%

## COVERAGE HIGHLIGHTS & MARKET DYNAMICS

### Property

#### Carrier Loss Ratios Exceeding 100%

- Current CAT losses pushed carrier loss ratios over 100%. Market correction with increased premiums as insurers' push to return to profitability.

#### Reduction in Property Capacity Deployment

- Carriers showing a steady willingness to withhold capacity in their disciplined approach to underwriting.
- Reduced capacity on CAT-exposed/loss-impacted renewals.

#### Reinsurance Rates Increasing

- Reinsurance costs have increased. Carriers are not willing to deploy their own capital where they once used inexpensive reinsurance.

#### Increased Deductibles & Coverage Restrictions

- Underwriters continue to take a more critical look at exposures, restricting many coverage terms previously offered in the soft market.
- Carriers are imposing higher property deductibles on wind and hail – up to 5% of the location values.

### Active Shooter / Workplace Violence

- Active Shooter insurance is relatively new as most general liability policies only apply if sued because of an event.
- Competitive programs available.

### Cyber Coverage

- Claim activity for Ransomware, Malware and Phishing attacks has DOUBLED in last year.
- Higher Education is a vulnerable target for cyber attacks because of limited resources.
- Some carriers are increasing deductibles and reducing limits.

### Casualty

Casualty claims have also been increasing over the years. There are concerns regarding traumatic brain injury, sexual abuse/molestation, and other emerging risks that may not have even matriculated into claims. Some of the casualty lines driving for increases include the following:

- **Educators Legal Liability** – Increase in discrimination and wrongful termination claims.
- **General Liability** – Some carriers are reducing or eliminating sexual abuse and molestation coverage.
- **Auto** – Rates continue to increase based on increase cost of claims. 2018 was the 8th year in a row with a combined ratio in excess of 100% for auto lines.
- **Excess Limits** - Increase in premium and limited capacity. Several carriers leaving market.

### COVID-19

- Loss impact of COVID-19 will be profound, rivaling that of 9/11.
- Exclusionary Language regarding communicable diseases should be reviewed.
- It was evident that COVID-19's impact on insurance accelerated into the second quarter, as the majority of respondents noted increased pricing, decreased carrier appetite, stricter underwriting and an increase in reported claims across key lines of business.
- Most carriers are asking many COVID-related underwriting questions to ensure the safety of the employees and safety of the public [and] requiring infectious disease protocols and procedures. Risk control measures are as important as ever.

### Workers' Compensation

- Rates continue to move favorably downward for insureds with a good loss ratio.
- Frequency of claims have reduced and loss rates improved.

## Strategies to Ensure a Successful 2020/2021 Renewal

- Benchmark your property & casualty program for realistic 2021 projections.
- Utilize IMA for a complimentary, customized assessment of your school's program.
- "Control the Controllables" – strengthen your risk management plan including: Roof Routine Maintenance, Concussion Protocol, Safety Implementations, Updated Policies, Driver Fleet Usage, Illustrate Your Successes.
- Communicate to internal stakeholders early and often.

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