GEHRING GROUP
A RISK STRATEGIES COMPANY

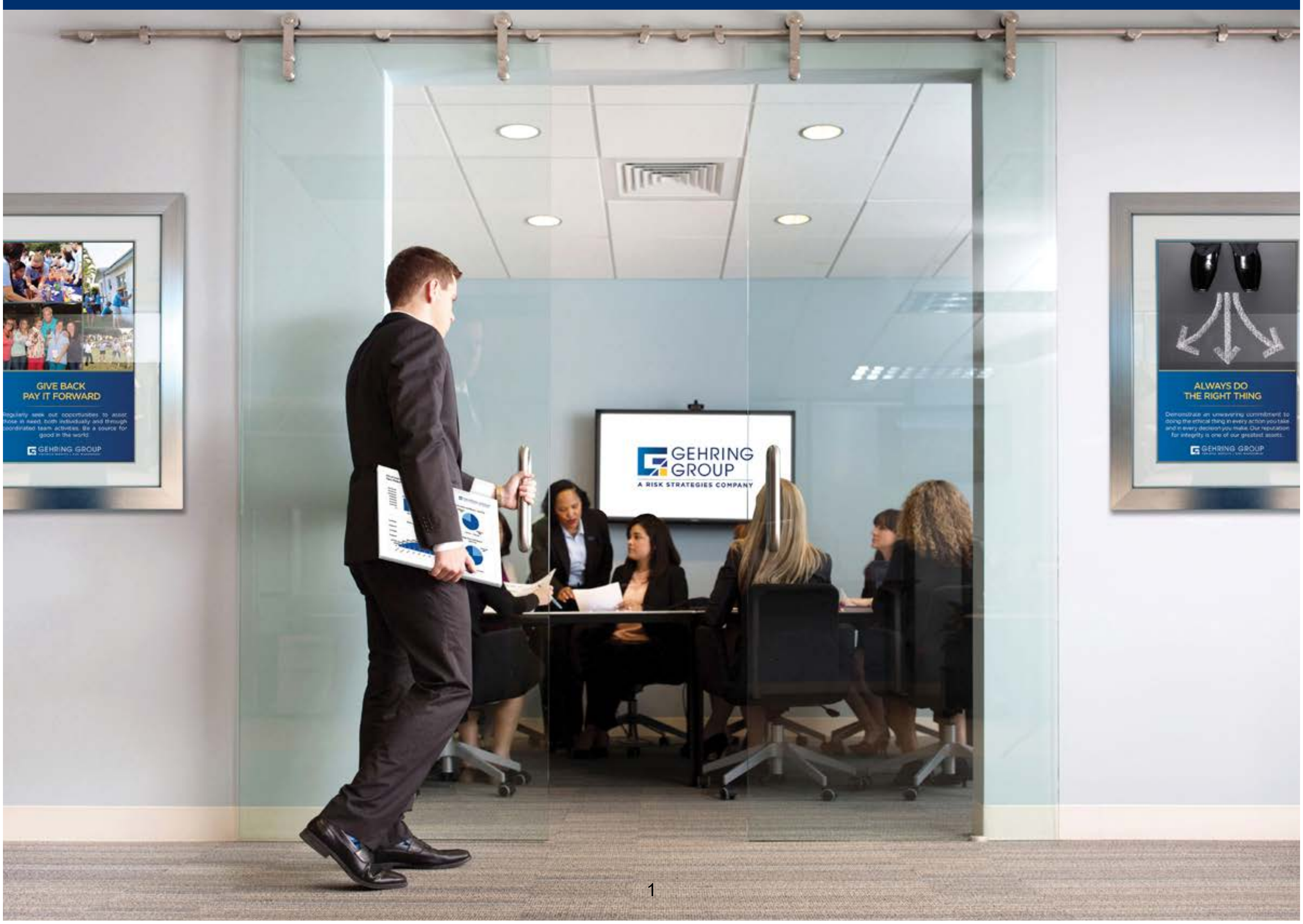
CITY OF HOLLYWOOD

INSURANCE BROKER SERVICES
RFP NO: 060-23-WV

Due Date: Tuesday, April 18, 2023 at 3:00 p.m.

Proposal Contact: Cindy Thompson, V.P. of Operations
Tel: (800) 244-3696 or (561) 626-6797
Email: cindy.thompson@gehringgroup.com

Our communities rely on the public sector.
The public sector relies on **Gehring Group.**



Corporate Headquarters
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Palm Beach Gardens, FL 33410

561.626.6797 office
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April 18, 2023

City of Hollywood
2600 Hollywood Boulevard
Hollywood, Florida 33020

Re: RFP #060-23-WV – Insurance Broker Services

Dear Evaluation Committee Member:

Gehring Group, a division of RSC Insurance Brokerage, Inc. is pleased to provide this proposal in response to the City of Hollywood's RFP# 060-23-WV for Insurance Broker Services. Through our extensive experience over the past 30 years serving as property and casualty consultant/broker for numerous Florida public sector entities, we are confident that our firm will offer efficiencies, value-added services, in-depth industry and program knowledge, public sector experience, and an unparalleled service standard with our ongoing goal of not merely meeting the City's needs, but exceeding expectations. Gehring Group is one of the most respected insurance and risk management consulting agencies in the state. Upon becoming a division of RSC Insurance Brokerage, Inc. on January 1, 2022, Gehring Group gained access to even more national resources to enhance the service offerings we provide to our public sector clients. Risk Strategies Company is the ninth largest privately owned brokerage firm in the United States and places insurance program premiums in excess of $8.5 billion per year. We have over 100 locations worldwide, and over 4,100 valued team members. We are industry leaders, ranking in the top three in the country in various specialties and have a robust offering in both property and casualty and employee benefits.

Gehring Group is unique in our qualifications to be your broker/consultant for three notable reasons: 1) we are public sector experts as public sector is our ONLY industry specialty; 2) our unique non-producer corporate organizational structure allows us to offer our clients a broad depth of value-added services and a deep bench of expertise without the concern of its effect on the personal revenue or earnings of a sales-driven producer; and 3) our all-inclusive service model allows our clients the opportunity to utilize our resources without concern for additional cost.

First, public sector is our ONLY specialty industry, and accordingly it influences how we think, and how we tailor our services. Currently, we provide insurance related services for over 120 public sector clients throughout Florida. These organizations include municipalities, counties, school boards, special taxing districts and constitutional offices. Our extensive public sector focus and expertise affords us the ability and experience to provide real time benchmarking studies and related case study comparatives for consideration.

Second, our organization is a collaborative advisory firm, rather than an agency of producers. Our team members, including our risk management consultants, are paid a salary rather than a commission. What this means for our clients is a depth of centralized resources, a think tank of seasoned experts and professionals exclusively committed to serving our clients' interests; collaborating and negotiating in an informed and experienced concurrent manner in order to achieve the most cost savings and greatest results for our clients. We employ our own safety and loss control officers, claims administrators, wellness coordinators, risk managers and graphic designers, and we provide focused resources to benefit our clients such as employment attorneys, property appraisers, medical advisors and actuaries, all of whom have public-sector property & casualty and workers compensation program specialties. Without producers as a sales force, it is especially important to our organization that we create amazing client experiences – because we grow by having great references.

Third, Gehring Group is unique in that we offer an all-inclusive model. Our core services exceed those requested in the Scope of Services outlined in the City of Hollywood's RFP No.: 060-23-WV for Insurance Broker Services ; and we have indicated various additional value-added services, all of which are included within our compensation. As the top producing broker/consultant exclusive to public sector entities throughout the state, we have earned the distinct honor of being the only agency in Florida to be granted administrative access to multiple public entity trusts, including **Preferred Governmental Insurance Trust (PGIT) and Florida Municipal Insurance Trust (FMIT)**. We also maintain active relationships with standard market public-entity carriers such as, Travelers, CNA, AIG, BRIT Specialty, QBE and more. This exclusive diversity provides us an opportunity to make recommendations to improve products and services based on real time and relevant feedback from our clients to our carriers regarding specific programs and risk models. This also provides us considerable leverage during client negotiations.

Gehring Group makes a positive commitment to perform the required work contained in the Scope of Services, and Gehring Group understands and complies with the requirements of this RFP and any written amendments to the RFP. Gehring Group also understands, meets, and exceeds the minimum requirements of the City of Hollywood's RFP No. 060-23-WV for Insurance Broker Services, and we are confident that we can provide the City of Hollywood with additional value and exceptional services.

Primary Contact Persons

The name and contact information of the primary contact persons for the City's RFP will be:

Name:	Phone #:	Email:
Cindy Thompson, VP-Operations	(800) 244-3696	cindy.thompson@gehringgroup.com
Rodney Louis, Project Manager	(800)-244-3696	rodney.louis@gehringgroup.com

For those on the proposal evaluation committee, we want to emphasize Gehring Group's focus on the public sector. Gehring Group is unique in that we are public sector specialists, and we have been for over 30 years. Public sector is our sole focus. We have a deep bench of experienced professionals who are experts in all types of program design, preparation of underwriting submissions and specifications, marketing, and carrier selection. In addition, we have developed trusted legal and educational resources and strong carrier/professional relationships, allowing us to provide proven and exceptional insurance consulting services and guidance regarding property and casualty coverages and risk management consulting as well as legislation applying to governmental employers. Throughout this proposal, our team provides a positive commitment to provide the required services as outlined in the RFP as well as a commitment to continue to seek innovative solutions to the City's unique cost challenges.

We thank the members of the selection committee in advance for the review of our comprehensive response and stand ready to answer questions or provide any additional required clarification upon review of this proposal's contents.

Sincerely,

Kurt Gehring, National Practice Leader – Public Entities
Gehring Group, a Risk Strategies Company

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Tab 1: Executive Summary

Firm Information & Background

Gehring Group, a Division of Risk Strategies Company. is pleased to provide this proposal in response to the City of Hollywood's RFP No.: 060-23-WV for Insurance Broker Services. Through our extensive experience over the past 30 years serving as property and casualty consultant/broker for numerous Florida public sector entities, we are confident that our firm will offer efficiencies, value-added services, in-depth public sector experience, and an unparalleled service standard with the goal of not merely meeting the City's needs, but exceeding expectations. With team members having an average of 12.2 years and leadership having an average of 17.9 years of industry experience, Gehring Group has been providing expert property and casualty consulting and risk management services to Florida public sector clients for over 30 years and has grown to become one of the most respected insurance and risk management consulting agencies in the state of Florida. Upon becoming a division of Risk Strategies Company as its Public Entities Specialists on January 1, 2022, Gehring Group has now even more to offer. Risk Strategies has $900 million in annualized revenue, over 3,000 valued team members and places property and casualty program premiums in excess of $5 billion per year. We are industry leaders in various specialties and have a robust offering in both property and casualty and employee benefits.

As part of the Risk Strategies family, Gehring Group continues our public sector focus currently serving numerous clients similar in scope and size to the City of Hollywood who have successfully implemented leading edge risk management concepts. Gehring Group's Risk Management and Property and Casualty Brokerage services have been designed to achieve one key objective: anticipate and solve challenges for the public sector. Our exclusive focus on governmental entities means that everything that we do, every day, revolves solely around supporting our clients in addressing the same issues that challenge the City of Hollywood; and our complete independence means that there is no external influence able to compromise the integrity of the insurance products and services that we present to the City of Hollywood. Our decision not to employ commissioned producers means that there will never be a conflict of interest between an individual's personal finances and providing what is in the best interest of the City of Hollywood.

We are confident that our proposed services will guide and assist the City of Hollywood with securing the most appropriate and cost-effective insurance coverages available which begins with ensuring a smooth transition from your current broker(s) to Gehring Group. Given the importance of a successful transition for each new client, we employ steps during the onboarding and integration of the program to make the transition as seamless as possible for the City of Hollywood. We will identify areas of exposure by conducting various safety and liability assessments of facilities and engaging staff regarding current risk tolerances and philosophies. We will assist the City to establish and/or coordinate employee safety and third-party liability mitigation programs necessary to foster an organization-wide culture of continual awareness and safety.

Additionally, we provide comprehensive risk management services including a former safety control officer and risk management consultant for the City of Pembroke Pines, School District of Palm Beach County, and City of Miami who will be assigned as the City's designated consultant to assist policy and program creation and solutions. Currently, due to the recent first responder PTSD legislation, our most pressing risk management endeavor is building area networks of psychiatric diagnostic and treatment providers who are authorized to treat under the workers compensation Florida Statute §440. This is a direct result of our clients' expressed concern over a lack of providers. The City of Hollywood will benefit and participate in all Gehring Group's risk management solutions. Gehring Group can also provide the City of Hollywood assistance with internal loss control engineering through the experienced team efforts of your Risk Services Advisor, Risk Management Consultant and Safety Officer. With a combined 56 years of experience, your team will be able to tailor solutions that will empower the City of Hollywood to effectively reduce risk and maintain business continuity. Gehring Group's fundamental objective is to focus on the goals that are most important to the City of Hollywood and to work together with the City to achieve its goals.

Uniqueness of Firm

Gehring Group is unique in our qualifications to be your broker/consultant for three notable reasons: 1) we are public sector experts as public sector is our ONLY industry specialty; 2) our unique non-producer corporate organizational structure allows us to offer our clients a broad depth of value-added services and a deep bench of expertise without the concern of its effect on the personal revenue or earnings of a sales-driven producer; and 3) our all-inclusive service model allows our clients the opportunity to utilize our resources without concern for additional cost.

Tab 2: Profile of Proposer

a. **State whether your organization is national, regional, or local.**

Risk Strategies is a national company that provides the direct local knowledge of our regional area insurance market, and concierge level services that our clients deserve while the reach of our Risk Strategies Company provides the resources of a leading national brokerage and the industry specializations that complement our local focus. Our Public Sector Practice Group, Gehring Group's offices are in Palm Beach Gardens, FL, and would be the primary team to partner with the City of Hollywood to collaborate in designing and marketing your insurance placements and risk management programs.

b. **State the location of the office from which your work is to be performed.**

The office from which the work is to be performed is located at 3500 Kyoto Gardens Drive, Palm Beach Gardens, Florida 33410, in close proximity to the City of Hollywood.

c. **Describe the firm, including the size, range of activities, etc. Particular emphasis should be given as to how the firm-wide experience and expertise in the area addressed by this Request for Proposal, will be brought to bear on the proposed work.**

For more than 30 years, Gehring Group successfully provided specialized consultative services, designed asset protection programs, and assisted in identifying the most relevant and budget-friendly risk transfer plans for public sector clients. Gehring Group is recognized throughout the state for being a leader in serving the public sector and providing the highest level of service to our clients. In 2021, Risk Strategies acquired the Gehring Group, Inc., and established its team of professionals as the National Public Sector Specialty Practice for Risk Strategies. We currently serve more than 140 public sector clients in the state of Florida alone! We understand public sector risk and how to mitigate it.

Risk Strategies Company is a specialty national insurance brokerage and risk management firm offering comprehensive risk management advice, and insurance and reinsurance placement for property & casualty, and employee benefits risks. With 30+ specialty practices, Risk Strategies serves commercial companies, nonprofits, public entities, and individuals, and has access to all major insurance markets. The 9th largest Privately owned insurance broker in the country, Risk Strategies has over 4,100 employees located at 100+ offices worldwide including Boston, New York City, Chicago, Grand Cayman, Minneapolis, Miami, Palm Beach Gardens, Atlanta, Houston, Dallas, Nashville, Toronto, Los Angeles, and San Francisco. In Broward County, FL, Risk Strategies maintains office locations in Fort Lauderdale and Miramar.

We believe that risk is something that requires specialty expertise. Risk Strategies' structure model is designed to incorporate with top firms who are specializing in niche industries and creating innovative insurance solutions. This design is what makes us a different kind of insurance brokerage company. We have 30+ different specialty practices across North America who will collaborate with each subject matter expert to meet and solve any challenges that develop in the insurance market, and it unites the strength of all major insurance carrier, regardless of the specialty. Risk is not generic, nor are our clients' needs. As an independent, specialty insurance broker, the foundation of our value proposition is a specialist approach to risk.

![GEHRING GROUP — A RISK STRATEGIES COMPANY]

A SPECIALIST APPROACH TO RISK

We See Risk Through Your Lens

When facing important business challenges, maximizing success starts with the right partner. At Risk Strategies, we see risk through your lens. In over 30 specialty practices, our experts bring in-depth industry knowledge and a business-first approach to deliver the clarity and strategies you need to face the future with confidence.

At Risk Strategies, We Take A Specialist Approach To Keep You Ahead Of Risk

We're a top national broker providing comprehensive insurance and risk management advisory services, and insurance and reinsurance placement for property & casualty, employee benefits, private client services, as well as consulting services and financial & wealth solutions.

30+ Specialty Practices

TOP FIVE Specialist in many INDUSTRIES

↑4,100 Team Members

9th Largest Privately Owned Broker

AVERAGING OVER 90% Client Retention

100+ Locations Worldwide & Growing

150K+ Retail Clients

Best Places to Work **5 YEARS IN A ROW**

$8.5B Premiums Placed

GEHRING GROUP
A RISK STRATEGIES COMPANY

30+
SPECIALTY PRACTICES

We have tailored services and experts in over 30 specialty practices, who speak your language, deliver comprehensive risk advice, and understand market trends, helping you manage your total cost of risk, for today and tomorrow.

- **Architects & Engineers**
- **Aviation**
- **Cannabis**
- **Captives**
- **Casualty**
- **Construction**
- **Consulting**
- **Cyber**
- **Education**
- **Employee Benefits**
- **Entertainment**
- **Environmental**
- **Financial Services**
- **Finance & Wealth**
- **Fine Art**
- **Healthcare**
- **International Liability**
- **Law Firms**
- **Life**
- **Management Liability**
- **Marine & Yacht**
- **Nonprofit & Human Services**
- **Private Client Services**
- **Private Equity**
- **Property**
- **Public Sector**
- **Real Estate**
- **Reinsurance**
- **Relocation**
- **Risk Management**
- **Surety**
- **Transportation**
- **Waste & Recycling**

SPECIALTY MARKET LEADER

INNOVATIVE

At our core, we are innovators and problem solvers. Our team has expertise across all leading industries, deep risk management and insurance experience, and we are passionate about your success.

COLLABORATIVE

Our culture and client-first service approach is rooted in specialization and genuine collaboration, which drives personal and organizational success. We are committed to diversity and inclusion, support our communities through the RSC Foundation, and have been recognized by Business Insurance as one of the Best Places to Work **5 years in a row (2018 - 2022).**

COMPREHENSIVE RISK MANAGEMENT

As a trusted risk management advisor and partner, we provide comprehensive insurance brokerage and risk management advisory services and client specific solutions.

AWARDS AND RECOGNITION

- **Ranked as a Top Broker**, Business Insurance
- **Power Broker award winners**, Risk & Insurance
- **Women to Watch award winners**, Business Insurance
- **America's Fastest Growing Private Companies**, Inc. 5000
- **Best Places to Work**, Business Insurance
- **Cyber Risk Broking Team of the Year**, finalist Advisen
- **Mike Christian, Chairman, Industry Hall of Fame award**, Insurance Business America

PARTNER

You don't plan to sit still. As your life, business and risk profile changes, we have a unique combination of specialty expertise, consultative problem solving approach, and a trusted service driven team to help you.

You can count on us 24/7/365. Let's talk.

d. **Provide a list and description of similar municipal engagements satisfactorily performed within the past three (3) years. For each engagement listed, include the name, email, fax, and telephone number of a representative for whom the engagement was undertaken who can verify satisfactory performance.**

Please refer to the professional completed reference forms that have been uploaded pursuant to the directions in the RFP to https://procurement.opengov.com/portal/hollywoodfl/projects/40110 for Gehring Group client references of similar engagement with local municipalities within the past three (3) years which includes the reference name, email, fax, and telephone number of a representative for whom the engagement was undertaken who can verify Gehring Group's satisfactory performance.

Gehring Group's successful experience with public sector entities is further evidenced by the following list of the CURRENT clients for whom he provides property/casualty risk management consulting services:

Current Risk Management Governmental Entity Clients	
Boca Raton, City of	Margate, City of
Boynton Beach, City of	Martin County BOCC
Charlotte County, BOCC	Monroe County BOCC
Clerk & Comptroller, Palm Beach County	Nathan Benderson Park Conservancy
Deerfield Beach, City of	North River Fire & Rescue District
Dunedin, City of	Osceola County Sheriff's Office
Greenacres, City of	Palm Beach County Sheriff's Office
Jupiter Island, Town of	Palm Springs, Village of
Keys Energy Services	Sarasota County Sheriff's Office
Key West Housing Authority	Southern Manatee Fire District
Lake County School Board	Tequesta, Village of
Lake Park, Town of	Venice, City of
Lake Park Community Redevelopment Agency	Wellington, Village of
Lee County Sheriff's Office	West Manatee Fire Control District
Mangonia Park, Town of	West Palm Beach Housing Authority

RSC/Gehring Group remains at the forefront of the industry, recommending creative solutions that help our clients save money. There are many examples in which we have aggressively pursued a cost-effective risk management program for its clients. The following are actual case samples of RSC/Gehring Group clients who have experienced notable savings due to Gehring Group's expert consulting, experience, service, and product offerings:

Case Studies

Public Sector Case Study #1

The Gehring Group was approached by the Sarasota County Sheriff's Office to examine their insurance cost allocations apportioned by the County. Our Risk Services team analyzed the claims, commissioned an actuarial study, and conducted a benchmarking survey to ascertain accurate findings. The results indicated that significant savings could be experienced by the Sheriff's Office if it developed its own casualty and workers compensation program, apart from the County. We used the analysis and worked to educate the Sheriff's staff on its exposures and the relevant risk financing methods available. Our team met repeatedly to discuss and develop risk tolerance, mitigation practices, and procedural processes. We engaged the insurance markets to seek out carrier programs and coverages that fit their risk financing goals and objectives. We also drafted RFP documents and facilitated the procurement process to solicit Third Party Administration (TPA) services. After evaluating all insurance carrier proposals, drafting summary findings, and providing a written recommendation for the overall program, the savings that the Sheriff's Office immediately realized by having us create their own risk management program was more than $840,000!

Public Sector Case Study #2

While originally onboarding our client, the City of Boca Raton, they expressed their desire to lower their workers' compensation self-insured retention. Under the previous broker, their insurance carrier forced an increase of their self-insured retention to $875,000 for public safety employees and $600,000 for all other employees. Through our strength of public sector carrier relationships, and our client advocacy, which incorporated our carriers' knowledge of our risk management service record with other public sector clients, we were able to secure many alternate options and leveraged the incumbent carrier, coercing it to present a renewal proposal that returned retentions to a limit of $500,000 for ALL employees, *including* Public Safety!

Public Sector Case Study #3

After the Charlotte County Sheriff's broker delivered a significant renewal premium of $929,01 from their Inmate Medical Excess Insurance carrier 6. The County asked us to assist the Sheriff. They were told that there were no other options available to them due to claims experience. However, we were successful in securing a policy that included enhancements over the expiring policy's large exposure gaps. One such gap was the Hospital Average Daily Maximums (ADM). This is a policy restriction that caps the County's reimbursement for any single-day hospital visit to $20,000 per inmate. The proposal presented by the Gehring Group did not contain a cap. Therefore, any single-day costs incurred for an inmate's hospital visit will be reimbursable. Gehring Group proposal also included a separate bill audit & review service, at no additional costs.

The Gehring Group program, with all the same coverage limits and deductibles, coverage enhancements, and bill review service had an annual premium of $254,209, a savings of $674,807! Furthermore, in 3 years after implementation, the medical bill review service yielded over $400,000 of additional savings by identifying inaccurate and improper medical billings.

e. Have you been involved in litigation within the last five (5) years, or is there any pending litigation arising out of your performance?

RSC Insurance Brokerage, Inc. is subject to litigation in the ordinary course of business commensurate with the size and scope of our insurance brokerage business activity.

Tab 3: Proposer's Qualifications

a. **Identify the project manager and each individual who will work as part of the engagement. Include resumes for each person to be assigned. The resumes may be included in an appendix.**

Please see response to b. below.

b. **Describe the experience in conducting similar projects for each of the consultants assigned to the engagement. Describe the relevant educational background of each individual.**

We believe the defining differentiator of RSC/Gehring Group team is its people. The individuals proposed to represent and serve on the City's account are deeply committed, very talented, highly creative, and professionally respected members of the insurance community. All the professionals selected to be part of the team for the City were intentionally chosen because of their specific skill sets which we believe best complements the City's insurance program.

Rodney Louis – Senior Risk Services Consultant (Project Manager)

Professional Licenses: General Lines Property & Casualty, Life, Health & Variable Annuities
Education: Florida State University
Degree: B.S., Finance
Years in Industry: 25 years
Association Memberships: Public Risk Management Association (PRIMA); Council of Insurance Agents & Brokers (CIAB); Leadership Florida; Risk Management Society (RIMS)

Rodney Louis, a Florida State Alumni, has been an insurance industry professional since 1997 and is licensed in property, casualty, life insurance, and health products. Rodney spent the early part of his career working for a national rating firm providing crucial analysis on the stability and creditworthiness of both the insurance and banking markets. Rodney then broadened his scope of the insurance industry by becoming licensed for property and casualty insurance. From 2003-2009, he was a managing partner of a full-service brokerage firm and managed their underwriting, agent development and program analysis divisions. In 2010, Rodney joined Risk Strategies as a Risk Analyst. When Rodney joined Risk Strategies, he brought with him 13 years of industry experience. His broad experience and extensive licensing provide our Risk Strategies clients with an invaluable resource to assist in the development and recommendation of a comprehensive, competitive risk program.

Responsibilities

In his current position as Senior Risk Services Consultant, Rodney will coordinate and direct all your risk services including, the strategic and budget planning analysis as it relates to the City's insurance programs or other risk financing instruments; reporting on loss control and safety procedures; contract language review and negotiation; legislative and market updates; policy manual drafting; claims advocacy; safety and liability site inspections and so much more. Rodney's primary function is to ensure that all necessary steps and procedures are accomplished while remaining involved in the continuity and effective outcome of all processes. In addition, Rodney will work in coordination with our safety and loss control personnel to monitor claim reports in order to anticipate future program costs and to make recommendations regarding utilization patterns as well as providing budget and renewal projections. He will also be available as needed for meetings with decision makers and is available to make presentations to executive staff and boards as required. Rodney's distinctive public sector knowledge and professional experience is an invaluable asset to our clients, providing peace of mind when unexpected needs may arise or as questions or concerns present themselves. Analytical, detailed, and proactive – Rodney is a valuable member to the employer organizations he services.

Related Public Sector Experience

Rodney's 26 years of experience includes 13 years of managing all lines of Property and Casualty coverage for such public sector entities as the City of Margate, Charlotte County Board of County Commissioners, City of Dunedin, Keys Energy Services, Village of Wellington, City of Deerfield Beach, Monroe County BOCC, City of Boynton Beach, Village of Palm Springs, and Palm Beach County Sheriff's Office.

Rommi Mitchell, Risk Services Advisor

Professional Licenses: Property & Casualty; Life, Health & Variable Annuity
Education: University of Florida
Degree: B.S., Business Administration
Years in Industry: 11 years

Expertise & Qualifications

A Florida Gator, Rommi Mitchell earned a Bachelor of Science in Business Administration and a Bachelor of Arts in Spanish, graduating Cum Laude from The University of Florida, Gainesville. With a background in the financial services industry, Rommi joined Risk Strategies in 2012 as an Account Manager, rapidly proving herself to be a valuable asset to Risk Strategies as well as to the clients she serves due to her strong commitment to our core values.

Responsibilities

Rommi's comprehensive level of client service knowledge and insurance aptitude contribute to her current dual role as Benefits and Risk Management Consultant. Specific to the City's Risk insurance program, she will coordinate and direct all the services the City is afforded through our Risk services package. Her responsibilities will include strategic planning by providing budget and renewal projections, legislative and market updates, and working with your Safety and Loss Control officer to monitor claim reports in order to anticipate future program costs and to make recommendations regarding utilization patterns. In tandem with the City's dedicated Project Manager, she will assist by advising on vendor procurement insurance requirements and bid project scopes where needed, and subsequent contract language review and negotiation; policy manual drafting; claims advocacy; safety and liability site inspections, supervisor, and workforce trainings and so much more. Rommi's primary function is to ensure that all necessary steps and documentation are achieved while remaining involved in the continuity and effective outcome of all insurance renewal and placement needs, and day-to-day Risk Management matters. In addition, she will also be available for meetings with decision makers and will develop and conduct presentations to executive staff and boards, as needed. Rommi's distinctive public sector knowledge and professional experience is an invaluable asset to her clients, providing peace of mind when unexpected needs may arise or as questions or concerns present themselves.

Fluent in Spanish, Rommi is also able to provide additional value with her ability to personally assist employees for whom English is not their primary language.

Related Public Sector Experience

Rommi's public sector experience includes managing all lines of property and casualty coverage for such public sector entities as the City of Boca Raton, City of Boynton Beach, City of Deerfield Beach, and the Village of Wellington.

Randy S. Gordon – Account Executive

Professional License: Property & Casualty, Life and Health, All Lines Adjuster, Surplus Lines Agent
Education: Florida Atlantic University
Degree: B.S. Criminal Justice
Years in Industry: 29 years

Expertise & Qualifications

Randy Gordon began his career in insurance in 1994. Randy earned an Accredited Advisor in Insurance designation (AAI) and began working as a pre-licensing instructor for FL insurance agents as well as drafting the curriculum and facilitating many continuing education classes for the several FL insurance licensing schools. He has an ability to explain insurance policy coverages in terms that are clear and comprehensive for any layperson to understand.

Randy began his career with Risk Strategies in 2022 where he has been able to use his knowledge and experience in helping our clients and furthering his own passion in the areas of insuring and educating the public sector.

Responsibilities

Randy will serve as an Account Executive for the team and help service all the needs of the Property and Casualty Insurance Program. Randy will work to market annual renewals and evaluate comparative reports for placement of coverage. He will provide ongoing policy management and analytical services to the clients that include but are not limited to:

- Complete the review and sign off on policies and endorsements for accuracy.
- Manage policy details, provide loss runs and issue certificates of insurance which require contractual or coverage review.
- Process client invoices, endorsements, binders, certificates, coverage policies, and audits.
- Process monthly installments and direct bill invoices, where necessary.
- Develop claims and cost analysis reports.
- Develop annual industry cost projections for annual budgeting.
- Prepare pre-audit assessments and reports to anticipate potential funding revisions.

David Daley, ARM, CSP, CPIS – Safety & Loss Control Officer

Professional Licenses: General Lines Property & Casualty
Education: Florida International University
Degree: M.S., Engineering Management
Years in Industry: 18

Expertise & Qualifications

After graduating with a Master of Sciences degree, David Daley spent the first 12 years of his career working for major insurance carriers, Liberty Mutual Insurance Company, and Amerisure Insurance Company, in Loss Control Engineering. David entered public-sector employment in 2010, working in Loss Control and Risk Management for the City of Pembroke Pines, The School District of Palm Beach County, and the City of Miami. David's extensive experience working in Safety, ADA Compliance and Loss Control, both on the inside of major insurance providers and with large public sector entities, makes him a uniquely qualified resource for our clients. One of David's greatest attributes is his affinity for teaching and training others. David is a very talented communicator with the ability to relate to directors and staff alike. Whether working with Public Works, Utilities, Sanitation or Public Safety, David will deliver training and awareness to the City of Hollywood that speaks directly to the issues of safety and loss control that are relevant to each of their respective needs. David Daley has been a longtime member of the Risk Management Society and the Public Risk Managers Association, which have repeatedly requested him to be a guest speaker at their local chapters and annual conferences.

Responsibilities

David is the former Asst. Risk Manager for the City of Miami, and his duties with the City of Hollywood will include working with the rest of your Gehring Group team by sharing reports and assessments with account management and analytical staff for use in the renewal process. David also assists clients and staff by attending and participating in safety committee meetings to help identify hazards or training deficiencies which may require unique, specialized training parameters. David conducts liability and safety inspections at client facilities to identify potential exposures and to mitigate potential hazards. Afterward, David will generate a report of the inspection analysis for the benefit of City departmental management, which includes actionable recommendations for addressing any areas of concern. Through coordination with outside vendors to include equipment manufacturers/reps, chemical handling specialists, and motor vehicle safety operations, a training program will be developed. David can also work with staff to generate workplace safety manuals. Having access to over 80 Public Sector entities and public utilities, David will provide proven resource material that may be used to create a tailored workplace safety program that fits each client's own unique needs and culture.

Related Public Sector Experience

David is 18 years deep in experience working with insurance carriers in safety and loss control, coupled with his time working as a Safety Officer and Assistant Risk Manager for south Florida government entities works specifically to help our public sector clients to better manage and ultimately reduce the risks associated with their unique needs. David's career path put him in a specifically unique position to provide guidance and assistance with occupational health and safety issues; fleet operations; liability exposures; property conservation; safety and risk management program development and training; and encouraging best practices for risk solution/reduction. Dave has worked for and with many large public sector clients such as the City of Deerfield Beach; Village of Palm Springs; Village of Wellington; City of Boca Raton; City of Boynton Beach; Keys Energy Services; Palm Beach County

BOCC; City of Miami; City of Pompano Beach; City of North Miami; Palm Beach County School District; Broward County BOCC; and Broward County School District.

Valerie Ensinger – Claims Advocate

Professional Licenses: All Lines Claims Adjuster; General Lines Property & Casualty
Education: Palm Beach State College, Legal Career Institute
Degree: A.S., Legal Studies
Years in Industry: 34 years

Expertise & Qualifications

Upon completion of her studies at the Legal Career Institute, located in West Palm Beach, Florida, Val spent the next 22 years of her career in the legal field as a legal secretary, court reporter and law office administrator. In 2001, Val was hired as a Legal Services Coordinator/Insurance Claims Manager for a national restaurant chain where she was responsible for assisting general counsel with the composition, revision and analysis of all legal documents, correspondence, and leases. Val also managed the processing, investigation and follow-up of all workers' compensation and liability claims for over 70 restaurants around the country. Val's wealth of experience working with claims adjusters coupled with her deep understanding of nuanced legal composition, provides our clients with a uniquely talented advocate for the resolution of their liability and workers' compensation claims.

Responsibilities

Val will serve as the Claims Manager for the City for all claim issues involving Liability, Property, Physical Damage and Workers' Compensation. Val will work hand in hand with Rodney Louis and David Daley to promote a culture of safety at the employee level, assist management to process and follow up on open claims and coordinate with adjusters to bring all claims to an expeditious and cost-effective closure.

Related Public Sector Experience

Part of Gehring Group's commitment to our clients is to act as your advocate. Drawing from 34 years of industry experience and leveraging her significant organizational skills, Val is able to quickly determine the appropriate course of action for a client filing a claim and then guiding the client through the claims reporting and resolution process. Along the way, she is available as an expert local resource, addressing questions and serving as a liaison between the client and the insurer. A few of the public sector clients that Val serves are the City of Venice; Village of Palm Springs; Village of North Palm Beach; Keys Energy Services; Town of Lake Park; Village of Wellington; City of Dunedin, and City of Boynton Beach.

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c. **Describe the organization of the proposed project team, detailing the level of involvement, field of expertise and estimated hours for each member of the team.**

See team organization chart below and resumes of team members above.

Under our team approach, our clients are assured that each service team has the capacity to provide a superior service level by considering many factors such as group size, location, renewal date, and overall program complexity. Each member of the service team has a diverse portfolio of clients, varying in complexity, and with varying funding arrangements and renewal dates in order to accommodate the needs of each throughout the year. Each team services 15 – 20 clients based on these variables with the goal of maintaining consistency among team members. Our teams will have 8 public sector insurance advisory members, 14 analytical staff, 5 risk management consultants, and a management and executive team that are available and accessible to support our team members and clients as needed. We do not anticipate any issues relating to workload or capacity in servicing the needs of the City of Hollywood. In addition, due to our close proximity to the City of Hollywood, we are able to be responsive to all meetings and service requests in a timely fashion.

d. Describe what municipal staff you anticipate for the project.

Role	Name	Florida Insurance License #	Years of Industry Experience
Sr. Risk Services Consultant (Project Manager)	Rodney Louis	A158924	26
Risk Services Advisor	Rommi Mitchell	W110528	10
Account Executive	Randy Gordon	A101054	29
Risk Management Consultant	David Daley	W658982	18
Claims Advocate	Valerie Ensinger	W316877	34

Proof of Florida Insurance Licensing can be verified at https://licenseesearch.fldfs.com/.

RSC/Gehring Group employs a team approach to ensure that all clients always have an available resource. Each team includes a dedicated Risk Services Consultant and Risk Services Advisor who are available for all on-site meetings and take an active role in the servicing of all aspects of your group as the day-to-day contacts. In addition to your Account Executive, our clients are also assigned a Risk Management Consultant who serves as an additional resource for training sessions, meetings, and mitigation programs development. RSC/Gehring Group's service team consists of highly qualified personnel whose resumes include years of servicing public sector clients or working in public sector.

Risk Management Service Team

Additional Resources & Services

Risk Services Consultant: Rodney Louis	Your Risk Services Consultant is responsible for spearheading strategic and budget planning, making recommendations as necessary and providing guidance with regard to program design, funding options, compliance & legislation, and onsite trainings. Rodney Louis is available as needed for meetings with decision makers and available to make presentations to executive staff, employee committees and City leaders as required.
Risk Services Advisor: Rommi Mitchell	Rommi Mitchell will work closely with your Risk Services Consultant regarding all financial and analytical functions including compiling and issuing RFPs, evaluation of proposals and aggressive renewal negotiations. She is also responsible for managing the account executive and service support team to monitor claims experience, making recommendations relative to incident trends and providing budget and renewal projections.

Senior Account Executive: Randy Gordon	Randy Gordon will serve as the City's Account Executive and assist staff and employees with day-to-day policy related issues. He will serve as a direct contact regarding all service aspects of the property & casualty program including compliance issues, program implementation, policy renewal process data analytics, and carrier negotiations.
Risk Management Consultant: David Daley, ARM, CSP, CPIS	David will serve as the City's Risk Management Consultant and can attend or facilitate safety committee meetings to help identify hazards or training deficiencies which may require unique, specialized training parameters. David will conduct liability and safety inspections at City facilities to identify potential exposures and to mitigate potential hazards. David will conduct onsite occupational hazard and safety trainings and support the online training program available through our Risk Management Center resources.
Claims Advocacy Manager Valerie Ensinger	Val will serve as the Claims Advocacy Manager for the City for all claim issues involving Liability, Property, Physical Damage and Workers' Compensation.

Tab 4: Project Understanding, Approach & Methodology

Describe your approach to performing the contracted work. This should include the following points:

a. **Type of services provided. Discuss your role and that of other parties involved in the data gathering, data analysis and recommendation process.**

   Please see b. below for Gehring Group's approach and methodology.

b. **Discuss your project plan for this engagement outlining major tasks and responsibilities, time frames and staff assigned.**

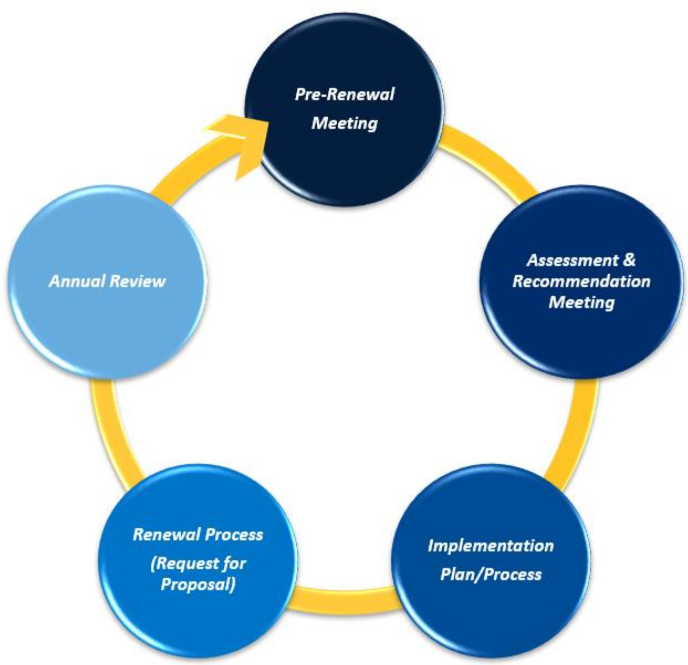
Approach & Methodology

Risk Manager
Review asset schedules, review procedures and verify risk transfer agreements.
Insurance Consultant
Identify coverage deficiencies, investigate coverages providing risk financing solutions.
Safety Officer
Develop training programs and recognize loss mitigation opportunities.
Risk Analyst
Gather historical data, identify consistent trends and outliers, create analytical reports.

Gehring Group always puts its clients' needs first. Ensuring the successful completion of a project begins with careful discovery and planning. It is critical to clearly define the project scope and goals prior to beginning the work effort. The Gehring Group team is confident that our team-based approach and relevant experience is an excellent match for the needs of the City of Hollywood.

Our Risk Management Services and Marketing Process is the foundation for how we do business at Gehring Group. Our procedure begins at the onset of the award of the award. We do not operate under a "cookie cutter" approach; instead, we offer all available resources and develop timelines to facilitate the tailoring of a program that meets the needs of our clients. Gehring Group staff will work closely with the City of Hollywood to ensure this process aligns with the City's goals. Our approach and methodology will involve an in-depth assessment of the City's exposures from four different perspectives: *Risk Manager, Insurance Consultant, Safety Officer and Risk Analyst*.

At the foundation of the Gehring Group team approach is a commitment to transparency, flexibility and responsiveness that ensures "seamless" operations and project administration. Our project approach is a "living document" designed for any changes as the project unfolds. Gehring Group takes a five-phase approach to help you manage your insurance programs and risk management needs which are illustrated below.



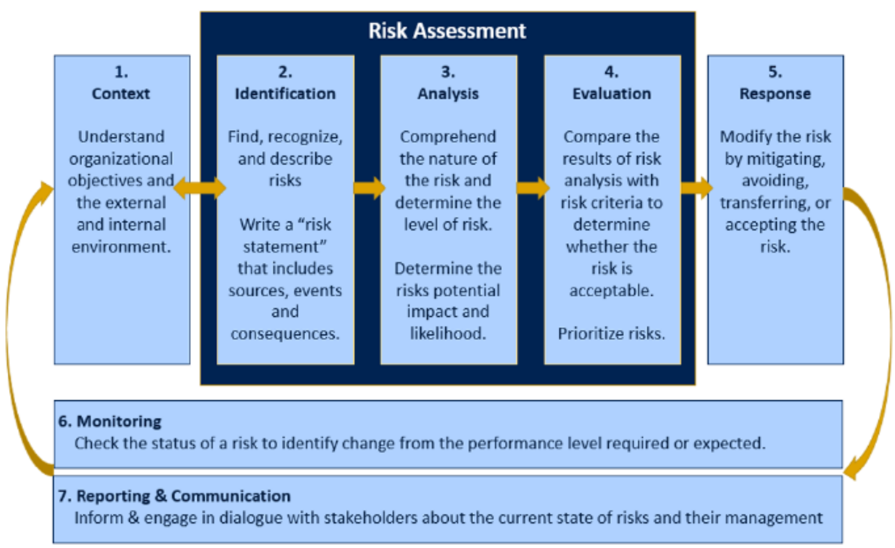
Onboarding & Integration (Pre-Renewal Meeting)

Prior to our annual pre-renewal meeting, we begin to gather and update all pertinent risk financing information from the City of Hollywood. In addition to insurance policy information, we will complete a review of its website, financial statements; conduct a study of its insurance policy language and coverages to determine the exact protections being afforded; we review the City's current employee and safety manuals, vendor contracts and recent interlocal agreements; initiate a citywide safety and liability assessment; engage in personnel discussions with relevant staff; and analyze current and historical claims experience. We then formulate our assessment of the updated risk exposures and coverage analysis completed from the information gathered. Our risk summary of the City's hazard exposures and the adequacy of its current insurance program is then presented and reviewed with the City's staff in order to confirm expectations and goals. We compare this risk summary to the City's current insurance coverage to determine any serious or unanticipated gaps that exist; review the retentions and insurance limits; and provide you with our observations and recommendations.

Risk Assessment & Recommendation Meeting

At least 130 days prior to the City's primary policy renewal dates, we will coordinate a pre-renewal meeting to review our assessment of the risk exposures and coverage analysis completed from the information gathered prior, from which a risk analysis report and summary of the City's hazard exposures and the adequacy of its current insurance program will be presented and reviewed with the City staff in order to confirm expectations and goals. We will compare this risk summary to your current insurance coverage to determine any serious or unanticipated gaps that exist; review the retentions and insurance limits; and provide you with our observations and recommendations. Also, during this meeting, the Gehring Group will update the City on the current insurance market, discuss recent renewal results for similar clients, and various relevant deductible options.

At the heart of Gehring Group's Risk Management process is our Risk Assessment. Our team of professionals will work with the City of Hollywood to identify, analyze, and evaluate, in order to respond to and monitor risk. The following process spans across the entire organization, looking at both opportunities and risks, in the context of identifying strategies that best support City's goals. The risk assessment forms the basis for decision making regarding which risks or opportunities are priorities, what the appropriate response should be and how resources should be allocated to manage the risk or opportunity.



Implementation Plan/Process

Upon completion of the Assessment and Recommendation meeting, Gehring Group, together with the City's staff, will come away with a concise plan for our mutually agreed upon objectives for policy renewal coverages and ongoing services. We will then implement the plan first by portraying, with integrity, the City's unique risk profile for each line of coverage to all available markets and/or brokerage firms. Insurance company underwriters will know that the City's submission will truthfully portray its unique risks and operations in a transparent and easily discernable format. The ultimate goal of Gehring Group is to distinguish the City of Hollywood from its peers by demonstrating its distinctive risk characteristics. Currently, Gehring Group would then move to implement all the annually ongoing risk management, safety, and loss control, claims administration and program analysis services that we mutually agree are required to assist the City to establish or maintain a culture of workplace safety and liability claims mitigation. With these services we would attend, facilitate, or coordinate any regular meetings that the City requires and can be available with limited notice to assist with contract reviews, policy manual reviews, updates or drafting, conduct a citywide workplace safety and liability inspection and coordinate employee/staff trainings.

Renewal Process (Request for Proposal)

In order to achieve a successful renewal for our clients, we focus on two specific parts – market solicitation and the evaluation of options. During the proposal process, we review alternative limits, retentions, and coverages. Upon Receipt of all carrier proposals, we will assess the results and create an unbiased evaluation of all coverage enhancement or detractions as per the objectives that we pre-determined to be of pertinence for the City. All our employees are salaried professionals. Therefore, the City of Hollywood can be assured that insurance carrier incentives such as commission percentages, policy retention prizes or productivity bonuses will never play a part in our program recommendations.

Annual Review

Annually, at an agreed upon date, the Gehring Group conducts a review meeting designed to evaluate our performance, review the results of your renewal, discuss any new operations, or acquisitions you are contemplating, identify new and emerging risks, update you on recent market conditions/trends, and plan our next renewal strategy meeting. It is our intent to achieve a shared understanding of the risks that are associated with the City and the joined efforts to construct a plan to bring the greatest value to its insurance program, improve the predictability of its annual budget and increase opportunities for resident services.

Gehring Group is a leading provider of risk management and property and casualty brokerage and consulting services whose success is driven by our expertise, experience, independence, and integrity as well as our people and our commitment to remain the consultant of choice amongst our clients. At the foundation of Gehring Group's technical approach is a commitment to transparency, flexibility, innovation, and responsiveness. **Per the City of Hollywood's RFP#060-23-WV for Insurance Broker Services, Gehring Group understands and commits to perform the work objective as outlined therein and as further described below in the City's Scope of Service (Project Description) below**.

Specific services to be provided by the selected Broker will include, but not be limited to, the following:

1. Risk Management Policy Development

Support the City's efforts in continual development of Risk Management Policies. This would include:

- **Presentation of industry standard practices.**

- Assistance in development of policies that support the goals of the City toward use of local resources.
- Innovation in the design of risk funding of the City.
- Assist in the presentations to policy and decision-making authorities.
- Inform the City of applicable federal and State compliance legislation, legislative trends and issues, and necessary government filings.

2. <u>Risk Assessment</u>
    - Assist in the identification and evaluation of risk exposures the City faces and provide support and coordination with actuarial efforts on behalf of the City.
    - Assist in the determination of the level of risk retention that is appropriate and recommend proper limits and coverages for risks/exposures common to similar size cities.
    - Assist the City in identifying and measure exposures to loss and reviewing existing exposures as well as monitoring changes in the City's operations.
    - Review claims profile for trends and indications of areas of risk to be addressed.
    - Perform a risk retention analysis to determine appropriate retention amounts.

3. <u>Risk Financing</u>
    - Provide support to the City in development of risk financing plans that enable the City to succeed in its overall financial planning and budgeting.
    - Coordinate with actuarial efforts and provide comprehensive information on market conditions and trends.
    - Support innovation in design of financing mechanisms.

4. <u>Marketing</u>
    No less than 90 calendar days prior to renewal of individual coverages, meet with the City's Risk Manager to present a marketing report. This report is to provide the City with:
    - Current program evaluation
    - Marketing timetable
    - Ratings of markets to be approached
    - Broker recommendations and reasons
    - Anticipated rates and premium
    - Organize the presentation of the risk financing plan and exposures to the appropriate markets.
    - Review the presentation plan and documents with the City's Risk Manager for approval to proceed.
    - Advise the City on methods of optimizing and developing high-quality relationships with the markets as a trusted client.
    - Negotiate best terms, rates, and conditions.
    - Monitor the financial condition of insurers, including their ability to pay claims promptly, and advise the City whenever any insurer is downgraded by any rating agency.

5. <u>Insurance Proposals</u>
    - Prior to submission, prepare a matrix of insurance proposals received, to include an evaluation of coverage, limits, and cost.

6. Submit recommendations no less than 45 days prior to the policy expiration dates. Please confirm that you can adhere to these dates or advise as to expectations.

Upon completion of the development of the City's insurance coverage plan objectives and risk management service needs, the Gehring Group immediately begins to coordinate program meetings and communications in order to commence the service needs of the plans. We will also negotiate, implement, and operate under the following renewal timetable:

TIMELINE	ACTION
150 days prior to renewal	City and Gehring Group will come together for a pre-renewal meeting
130 days prior to renewal	City and Gehring Group will attend assessment and recommendation meeting
120 days prior to renewal	Coordinate the completion of all carrier renewal forms and applications
100 days prior to renewal	Submission to brokers, carriers or to the market as directed by plan
90 days prior to renewal	Status update to the City of Hollywood, confirm integrity of timelines
75 days prior to renewal	Receipt of all renewal proposals and carrier negotiations, if needed
65 days prior to renewal	***On-site presentation of renewal evaluation of market proposals***
60 days prior to renewal	Submission of proposals and support documents for Council agenda
45 days prior to renewal	Attend any Board meetings per the City's own's direction
30 days prior to renewal	Submit policy bind requests to carriers
25 days prior to renewal	Confirm receipt of all binders and generate invoices for as needed
Renewal Date	New Plan Year begins
30 days after renewal	New policy receipt from carrier and review for coverage accuracy
45 days after renewal	Electronic delivery of carrier policies to the City
60 days after renewal	Delivery of insurance policies booklet and schedule

Throughout the risk financing procurement and placement timetable shown above, we will engage in our other ongoing services to the City of Hollywood such as, safety and loss control, risk management assessment, risk analysis, claims advocacy, proactive claims management, staff trainings, asset assessments, analytical reporting, contract insurance language reviews, procedural manual drafting, and council presentations. Our constant involvement, communication, and assistance to the City of Hollywood is designed to provide a comprehensive professional staff that supports the City's risk department.

7. Policy Language
   Be responsible for verification of policy language, checking for:
   - Accuracy,
   - Appropriate form
   - Compliance with requirements
   - Proper application to risk, and client's intended needs as specified.
   - Provide expertise in the interpretation and preparation of manuscript insurance policy forms and endorsements.

8. Loss Management
   - Assist the City in proper management of information regarding losses.
   - Provide expert assistance in the settlement of major claims and losses.

- Serve as liaison between the City and the insurance carriers to assist in the timely and proper resolution of claims.
- Assist the City in periodic evaluation of claims handling and administration, and reserves for self-insured retentions.
- Comment and make recommendations regarding major losses incurred by the City during the previous and current policy periods.

Gehring Group has claims administration professionals on staff to advocate for our clients with the insurance carriers and their adjusting staff to monitor and reduce the cost and severity of your liability, property, workers' compensation, and auto claims. Working in concert with you, we get involved immediately and advocate for you through the entire process until the claim has closed. You can take comfort in knowing you will be working with someone who has an in-depth understanding of the claims process and can help you navigate through the unique complexities related to your losses. And with our longstanding relationships with the nation's leading carriers ang Governmental Trusts, you can count on us to be a liaison for you, ensuring things happen promptly and efficiently. In the event of a coverage dispute with a carrier, the Gehring Group will assist in advocating on behalf of the City of Hollywood to resolve the claim. Our Claims Advocacy Management services include but are not limited to:

- Work with adjusters, appraisers, and investigators to research and assess accidents and claims
- Provide service to assist management with initial claim and loss assessment
- Review losses, accidents, and incidents within forty-eight (48) hours of occurrence upon request
- Assist in claim filing and notification to carrier
- Act as liaison to adjuster to facilitate closing of claim
- Assist with restitution recoveries and in-house subrogation
- Act as liaison to claimant/plaintiff attorney and carrier assigned counsel as needed

9. Billing

The Broker is responsible for billing of premiums to the City of Hollywood. Servicing broker's billed retain insurance premiums are to be net of commission, except where required by federal and/or State law/rule. All invoices are to be mailed via United States Postal Service to:

Risk Management
City of Hollywood
2600 Hollywood Boulevard, Room 206
Hollywood, FL 33020

10. Annual Report

Broker is responsible for producing an annual report within 45 days of the end of the fiscal year for the City. This report is to include:

- A schedule of policies in force, premiums, losses, commissions and fees earned or waived.
- Developments and trends in the markets for these coverages.
- Proposals for change in the City's coverages.

RSC/Gehring Group will provide an annual summary report to the City of Hollywood. The summary report will come in the form of an informational booklet and will outline the various coverage types, coverage limits, deductibles or self-insured retentions, name of insurer, and premiums for the current year (**see**

Exhibit A, Annual Property & Casualty Booklet). At each annual pre-renewal meeting, we will deliver a current insurance market forecast, and a budget projection (**see Exhibit B, Annual Market Outlook**) for the City's next renewal, as well as discussing any potential obstacles that may be expected to impact the possibility of replacing any of the existing coverages during the next renewal.

11. Availability

- **The account executive and team assigned to the City are to be able to accommodate consultation on as-needed basis.**

See response below.

- **Please offer information as to what can reasonably be expected for turnaround time for phone calls and emails.**

Gehring Group operates under a unified service approach, whereby all staff are responsible for the successful servicing of all clients, which is different from typical agencies that employ commissioned sales personnel. We utilize our resources to provide value added services and to hire highly qualified, professional, productive individuals who bring the skills and capabilities to meet our stringent expectations.

Gehring Group's standard is to return a call promptly; however, our clients enjoy the ability to always get a message to the City's dedicated staff who are out of the office either through their cell phones or through our administrative assistant. All staff have technology tools that accommodate their ability to be responsive including laptops, cell phones, and tablets. Additionally, all managers and executives employ a hands-on approach regarding their positions, offering another integral level of availability and expertise to our clients. When an urgent request is received, Gehring Group's staff are available to see these types of issues to resolution quickly. Turnaround time may vary based on the complexity of the issue; however, *our policy is to follow up within 24 hours or sooner*.

At Gehring Group, we rely on our clients to be our references, and insomuch we work toward not only being excellent technicians but also excellent communicators and a valued resource for all their benefits needs. Our staff understands the value of our reputation and the importance of meeting our clients' expectations. We are always communicating not only with our clients, but also internally to ensure that we are on track with meeting client expectations and delivering quality service and expertise to every client.

- **Specifically advise as to who the City's first point of contact will be and the resume/qualifications of that person.**

The qualified senior level personnel assigned to City of Hollywood all reside within a 40-mile radius of the County's administrative buildings. The success of the City's programs and services bears great impact on the lives of our team members and leaders, not just because you are our client, but also because you are our home. Our relevant staff and leaders assigned to you are residents of the South Florida communities, raising our families in or near Broward County. This proximate convenience affords us the ability to easily meet with the City's staff as often as needed to review all aspects of its current and projected coverages, claims, and/or insurance market conditions. It is with this connection and certainty that we can grant earnest assurance that our senior team members will be available to respond to the County's questions and email within 24 hours and be available to attend, facilitate or deliver workshops and presentations at City facilities or during Commissions meetings. The City's first point of contact will be:

Rodney Louis – Senior Risk Services Consultant (Project Manager)

Professional Licenses: General Lines Property & Casualty, Life, Health & Variable Annuities
Education: Florida State University
Degree: B.S., Finance
Years in Industry: 26 years
Association Memberships: Public Risk Management Association (PRIMA); Council of Insurance Agents & Brokers (CIAB); Leadership Florida; Risk Management Society (RIMS)

Rodney Louis, a Florida State Alumni, has been an insurance industry professional since 1997 and is licensed in property, casualty, life insurance, and health products. Rodney spent the early part of his career working for a national rating firm providing crucial analysis on the stability and creditworthiness of both the insurance and banking markets. Rodney then broadened his scope of the insurance industry by becoming licensed for property and casualty insurance. From 2003-2009, he was a managing partner of a full-service brokerage firm and managed their underwriting, agent development and program analysis divisions. In 2010, Rodney joined Gehring Group as a Risk Analyst. When Rodney joined Gehring Group, he brought with him 13 years of industry experience. His broad experience and extensive licensing provide our Risk Strategies clients with an invaluable resource to assist in the development and recommendation of a comprehensive, competitive risk program.

Responsibilities

In his current position as Senior Risk Services Consultant, Rodney will coordinate and direct all your risk services including, the strategic and budget planning analysis as it relates to the City's insurance programs or other risk financing instruments; reporting on loss control and safety procedures; contract language review and negotiation; legislative and market updates; policy manual drafting; claims advocacy; safety and liability site inspections and so much more. Rodney's primary function is to ensure that all necessary steps and procedures are accomplished while remaining involved in the continuity and effective outcome of all processes. In addition, Rodney will work in coordination with our safety and loss control personnel to monitor claim reports in order to anticipate future program costs and to make recommendations regarding utilization patterns as well as providing budget and renewal projections. He will also be available as needed for meetings with decision makers and is available to make presentations to executive staff and boards as required. Rodney's distinctive public sector knowledge and professional experience is an invaluable asset to our clients, providing peace of mind when unexpected needs may arise or as questions or concerns present themselves. Analytical, detailed, and proactive – Rodney is a valuable member to the employer organizations he services.

Related Public Sector Experience

Rodney's 26 years of experience includes 13 years of managing all lines of Property and Casualty coverage for such public sector entities as the City of Margate, Charlotte County Board of County Commissioners, City of Dunedin, Keys Energy Services, Village of Wellington, City of Deerfield Beach, Monroe County BOCC, City of Boynton Beach, Village of Palm Springs, and Palm Beach County Sheriff's Office.

12. Contract Review
   - **Provide a thorough review and recommendation on contracts, leases, and other agreements to assess the adequacy of insurance, assumption of liability and other risk management issues.**
   - **For purposes of RFPs, the broker will receive a draft of the RFP that is scheduled to be issued and will be asked to suggest how the insurance section should be worded.**
   - **The broker will also need to advise if the indemnity and hold harmless provisions are adequately worded to protect the interests of the City.**
   - **The broker should anticipate a consistent volume of these reviews and at times, they may need to be completed the same day.**
   - **Assistance with certificates of insurance will also be requested on an as-needed basis.**

Our job is to assist the City of Hollywood to mitigate or manage its risk, at least down to a level that is consistent with staff's overall level of risk tolerance. That includes reviewing contract provisions relating to liability and indemnity obligations that can be used to frame out responsibilities and set expectations. Common themes such as assisting the City to achieve its goals and ensuring that it does not take on undue risk may seem straightforward in the context of the overall risk spectrum, but when it comes to governmental entities and the application of federal codes and state statutes in contracts and agreements, we find that there are circumstances where these themes pull in opposite directions. Our team of seasoned public-sector practitioners have come to know, often through hard-fought experience, that risk elimination is rarely a realistic outcome. Therefore, if we cannot eliminate risk for our clients, we want to focus on ensuring that they are not saddled with more risk than is appropriate under the circumstances. Our indemnification and limits of liability review will ascertain which party to the transaction should more appropriately bear the risk in question, in which case we will endeavor to transfer or allocate such risk to that party or some alternate source, in accordance with laws, and regulations, that govern a state subdivision.

13. Special Events
   - **The broker will be asked to comment and recommend what coverage requirements should be required of third parties requesting the use of City owned property. In your response, please offer a narrative of your experience with various types of events and your methodology behind how you determine the types of coverages and limits that may be required.**

With over 30 years of providing services almost exclusively in the public sector, has afforded our team of professionals with numerous opportunities to assist our clients to develop insurance requirements for their various, special events, for their parks and recreation departments community programs, and for their facilities departments' extension of accessibility to City facilities. We have developed standards and requirements to engage all facets of third-party party desires of our clients' facilities. Whether it is a local club hosting a private antique show at your community center, or a Major League Baseball team operating its Spring Training operations and games at your baseball stadium, our team has been intricately involved in reviewing and drafting terms and language pertaining to the insurance requirements and indemnification language. Each client has its own risk tolerances and preferences of how much risk it is seeking to retain or avoid. No two public sector entities are the same. We make certain we know what your unique goals are, and we assist will you to achieve them.

Today's escalating regulatory environment and highly litigious environment has created an evolving landscape of liabilities for governmental entities. RSC/Gehring Group keeps track of changing regulation that is imperative to keeping our clients in compliance with legislation. As the Florida's leading public sector insurance broker, we are intimately familiar with the unique Florida Statutes that govern and influence public sector risk management and insurance including, but not limited to, the below listed Florida Statutes, Court Decisions and Attorney General Opinions:

- §768.28 - Waiver of sovereign immunity in tort actions
- §112.18 - Firefighters and law enforcement or correctional officers (special provisions relative to disability, commonly referred to as the heart/lung bill)
- §112.1816 – Firefighter cancer benefit
- §119 – Public records laws
- §164 – Florida governmental conflict resolution act
- Everton v. Willard (1985) – Public Duty Doctrine
- Commercial Carrier Corp. v. Indian River County (1975) – Discretionary Function Exception
- FL AGO 2000-22 – Indemnification Agreements
- FL AGO 99-34 – Insurance f/b/o contractors
- FL HB 837: Civil Remedies (March 24, 2023)
- Pregnant Workers Fairness Act (June 27, 2023)

RSC has been instrumental in assisting our clients with contract reviews for vendors, lease agreements and interlocal agreements as they pertain to property and casualty insurance and the applicable laws and statutes. We have successfully resolved disputes with unions regarding medical information for workers' compensation purposes versus HIPAA laws governing protected personal medical information. Our knowledge of how laws and statutes apply, especially toward the public sector, has empowered our clients in moving forward with various program implementations, knowing that pertinent insurance consultation is always readily available.

Gehring Group utilizes many methods to inform our clients of changes in the insurance industry and legislation that affect the public sector. These methods include:

- Email Alerts
- Webinar Sessions
- Certification Classes
- Legislative Workshops
- Two-Day Annual Public Sector Educational & Innovation Summit

14. <u>Loss Development</u>
    - **Broker is to support the City with resources for trending, forecasting, and premium calculation and allocation in cooperation with actuarial services used by the City.**

15. <u>Loss Prevention/Engineering Services</u>
    - **Review all insurance companies' loss prevention/engineering reports and provide the City with written recommendations for compliance within 30 days from the date the reports are issued by the companies.**
    - **Represent the City's position/interest concerning recommendations made by insurance companies and, if requested, conduct research, and develop documentation to support the City's position/interest.**

Gehring Group employs Risk Management Consultants on staff with actual hands-on experience as Risk Managers for a local Florida public entity. Having spent time sitting in the seat of a large governmental entity, managing the risk exposure of many different areas such as public utilities, law enforcement, fire protection, sanitation, aviation and much more, our Risk Management Consultant is the ideal candidate to guide and mentor newly appointed risk managers with very little or no prior experience.

The Risk Management Consultant's responsibilities include monitoring, analyzing, and report generation on client loss data for the purpose of identifying hazards and trends in the workplace. He then utilizes this data for use in facilitating safety programs based upon client needs and trends. These reports are also shared with account management and analytical staff for use in the renewal process. Your safety officer will also assist the City of Hollywood and staff by facilitating or participating in safety committee meetings to help identify hazards or training deficiencies which may require unique, specialized training parameters.

*We know that in the public sector your resources are finite, and your ever-present exposures do not conform to a specified limit of hours or days. That is why services available to the City of Hollywood's through our **Risk Management Consultant** is not limited to a certain number of hours per year. Due to our close proximity and existing relationship with the City of Hollywood. We are at your disposal, as often as needed, to provide the services listed below, and more:*

- Implement policies and conduct trainings that help reduce overall risk
- Propose possible solutions/programs/protocols for minimizing risk and liability
- Develop and administer risk management and loss prevention programs
- Research and reports on the most cost-effective plans to minimize asset liability.
- Assist with investigation of any incidences that may result in asset loss
- Creating business continuity plans to limit risks
- Conducting policy and compliance audits, which includes liaising with internal and external auditors

16. Recommended Insurers
    - **Proposer to include recommendations of carriers and justifications as to why such carrier is being recommended.**

17. Strategy and Planning
    - **Proposer to include on separate sheet any additional services the firm normally offers with pricing.**
    - **Discuss City of Hollywood's strategic business plans in general to look for effects on insurance needs.**
    - **Provide counsel on program design and scope of coverage.**
    - **Maintain knowledge of the insurance marketplace and keep City of Hollywood abreast of changes that may be of importance to City of Hollywood's risk management program.**
    - **Arrange annual meetings between City of Hollywood and your carriers as appropriate, as well as annual Renewal Strategy meetings between City of Hollywood and the broker service.**

Our public-sector Risk Analytics delivers insight into our customers' current practices and safety culture and is a valuable tool to help improve processes and reduce the overall cost of risk. RSC/Gehring Group employs a risk analytics division which can review all claims and procedural data trends for the City of Hollywood and compare it to past performance or against industry standard. Whether we are working with insurance carriers or adjusters, our goal with risk analytics is to continuously optimize our customer's data focus, provide consistency across key touch points and deliver greater visibility and insight about trends and exposures. Our analytical reporting will help our clients:

- Identify and understand factors and trends driving losses
- Gain insights into ways to reduce accidents and injuries
- Reduce lost productivity, cash flow and profits
- Achieve greater control over the total cost of risk
- Identify important risks and/or mitigation opportunities

18. Risk Control

- **Provide resources to assist Risk Management in development and maintenance of a comprehensive risk control program, which will adapt to variations in scope and level of governmental services offered by the City.**
- **Provide recommendations on loss control measures based on claims history prepared by Risk Management and the City's insurance carriers.**
- **Provide in response how many Loss Prevention and Claims Consultants on staff, what services are included with the fee and what services are at an additional cost.**

RSC/Gehring Group will provide the City of Hollywood with assistance for internal loss engineering through the experienced team efforts of your Safety Officer. Your team will be able to tailor solutions that will empower the City of Hollywood to effectively reduce risk and maintain business continuity. We conduct an assessment involving occupancy, natural disaster and security hazards that will help you to build an effective internal loss prevention program to protect your employees, the general public and your operations.

*We know that in the public sector your resources are finite, and your ever-present exposures do not conform to a specified limit of hours or days. That is why services available to the City of Hollywood's through our **Safety & Loss Control Staff** is not limited to a certain number of hours per year. Due to our close proximity and existing relationship with the City of Hollywood. We are at your disposal, as often as needed, to provide the services listed below, and more:*

- Authorized inspection and assessments
- Project planning and design review
- Fire protection planning and review
- Provide written loss control policies and procedure templates
- Provide loss control training and education to management and supervisory staff (Online Training Course Catalog
- Update loss control programs as necessary
- Act as liaison to loss control inspections with outside examiners
- Provide written safety procedure templates as requested
- Provide safety training and education to supervisors and employees
- Conduct regular departmental safety meetings as required

Tab 5: Services Offered

Provide a detailed listing of the types of services your firm offers.

Comprehensive Scope of Insurance & Risk Management Services

Gehring Group provides risk management consulting services and employs risk management and administrative professionals that specialize in implementing and managing risk insurance programs. We understand the unique needs of our public sector clients and do not provide cookie cutter solutions. In our experience, the best way to manage a property and liability insurance program is comprehensively and proactively. The evaluation of a client's insurance program entails a balance between the desired limits of risk and the cost to insure against these risks.

Gehring Group's team of staff and resources can create customized risk management solutions by identifying opportunities and key risk factors. We remain involved with our clients on a year-round basis, not only at renewal time. We perceive our commitment to be an ongoing extension of the City of Hollywood risk management team. This hands-on approach enhances our ability to address the specific needs of each of our clients by becoming more familiar with the client's staff, properties, and assets, thus enabling us to provide the most efficient and cost-effective recommendations regarding their risk management program.

WORKER'S COMPENSATION SERVICES
INJURY MANAGEMENT ☐ Assist with establishing written policies and procedures for workplace injuries ☐ Assist with establishing incident and injury reporting procedures ☐ Provide training and education to supervisors and employees regarding workers' compensation procedures and statutory requirements ☐ Work with medical providers to implement consistent treatment and reporting policies ☐ Provide service to assist management with initial claim assessment ☐ Review injuries within forty-eight (48) hours of occurrence upon request ☐ Assist with establishing written policy and assignment of "light duty" ☐ Act as liaison to adjuster to review treatment, MMI assessment and release to "full duty" ☐ Assist in open claims review meetings with carrier or Third-Party Administrator to ensure efficient and expeditious resolution.
LEGAL ADMINISTRATION SUPPORT ☐ Assist in production of records to claimant counsel ☐ Act as liaison to claimant attorney and carrier assigned counsel as needed ☐ Assist with mediation following through to claim settlement as needed

SAFETY PROGRAMS

- ☐ Provide written safety procedure templates as requested
- ☐ Provide safety training and education to supervisors & employees
- ☐ Conduct monthly/quarterly departmental safety meetings as required
- ☐ Provide literature and topics for monthly safety meetings
- ☐ Assist with updating safety programs as necessary
- ☐ Participate and assist with on-site safety inspections
- ☐ Act as liaison to safety/loss control inspections with outside examiners
- ☐ Provide research and recommendations regarding safety incentive programs
- ☐ Write safety incentive program and present to management
- ☐ Implement safety incentive program

PROPERTY, CASUALTY & LIABILITY SERVICES

CLAIM AND LOSS MANAGEMENT

- ☐ Assist with establishing written policies and procedures for losses, incident investigations, accidents, and liability claims
- ☐ Assist with establishing property loss, incident, and accident reporting procedures
- ☐ Provide training and education to management regarding reporting procedures
- ☐ Work with adjusters, appraisers and investigators to research and assess claims
- ☐ Provide service to assist management with initial claim and loss assessment
- ☐ Review accidents and incidents within forty-eight (48) hours of occurrence upon request
- ☐ Assist in claim filing and notification to carrier
- ☐ Act as liaison to adjuster to facilitate closing of claim
- ☐ Assist with open claims review meetings with carrier or TPA to ensure expeditious resolution

LEGAL ADMINISTRATION SUPPORT

- ☐ Assist in production of records to claimant/plaintiff counsel
- ☐ Act as liaison to claimant/plaintiff attorney and carrier assigned counsel as needed
- ☐ Assist with compilation of Requests to Produce
- ☐ Assist with mediation following through to claim settlement

LOSS CONTROL PROGRAMS

- ☐ Provide written loss control policies and procedure templates
- ☐ Provide loss control training and education to management and supervisory staff
- ☐ Update loss control programs as necessary
- ☐ Participate and assist with on-site loss control inspections
- ☐ Act as liaison to loss control inspections with outside examiners

ANALYTICAL SERVICES
☐ Assist with production of annual audit, based on actual budget, schedules and exposure
☐ Provide projected coverage costs for budgetary purposes
☐ Review quarterly losses and assess reserves with adjuster as necessary
☐ Assist with annual property appraisals
☐ Review contracts for coverage sufficiency
☐ Assist with compilation of property schedules
☐ Produce RFP for property, casualty, and liability coverage
☐ Evaluate RFP submittals consistent with the needs of the City of Hollywood
☐ Prepare final written recommendation for coverage
☐ Present evaluation recommendation to staff
CLIENT EDUCATION
FOCUS ON CLIENT EDUCATION
☐ Client attendance at Gehring Group Public Sector Insurance, Education and Excellence Summit
☐ Client networking and roundtable discussions
☐ Onsite/offsite training, seminars, and other education opportunities

While pretty much every brokerage firm touts its “world-class service”, Risk Strategies’ primary focus is on “outcomes”. We too, believe very strongly in our problem-solving insurance consultation approach based on unparalleled public sector knowledge, experience and understanding that each client’s risk profile and risk management needs are unique. At the same time, it’s the improved results we get for our clients – and what our clients say about those results – that we’re most proud of.

We have and will continue to develop great new resources for insurance and risk management service clients. Those value-added services can help to both increase a city’s risk management program effectiveness and ease the administrative burden that falls to what’s increasingly, a smaller and smaller risk management staff.

RSC/Gehring Group is constantly reviewing and evaluating new services and technologies – and we are an industry leader in making the investments necessary to make those resources available to its clients.

Our cutting-edge, value-added client resources include access to our Risk Management Center tools for increasing the effectiveness of compliance efforts and streamlining the process. The Risk Management Center even includes webinars and training videos, which our team can tailor to the needs of the City of Hollywood on the following 2 pages.

GEHRING GROUP
A RISK STRATEGIES COMPANY

Risk Management Center

Comprehensive Risk Management, Employee Safety and Compliance Platform

Help protect your company with the Risk Management Center, a unique web-based software suite of safety and risk management tools designed to empower your organization's risk prevention efforts.

The Risk Management Center allows you to reduce risk and improve workplace safety by creating effective risk mitigation programs. It is easy to access and use, and provides a cost-effective risk reduction and safety center for your entire organization.

The Risk Management Center is right for any organization that wants to proactively manage risk exposures to reduce claims, losses, and associated costs.

Safety Library

Access a database of document templates and training courses, created to help companies mitigate risk and reduce losses.

Online Training

Deliver employee safety training efficiently and effectively.

Incident Management Tools

Automate safety audits, field inspections, and corrective action reporting while complying with OSHA reporting requirements.

HR Compliance Solutions

Access HR best-practice templates, training, news alerts, and expert advice.

MORE INFORMATION

To learn more, or sign up for a no-obligation webinar, contact your platform provider or KPA Client Services at **503-766-6063** or **software.support@succeedms.com**.

Tools to Enhance Your Compliance

COI Track
Manage the Certificate of Insurance (COI) process and ensure your business is protected from unexpected liability.

Incident Track
Report claims and reduce incidents. Track employee injuries and related time off of work, conduct incident analyses, and run OSHA 300 Logs.

SDS Track
Comply with the new Globally Harmonized System.

Audit Track
Create audits, surveys, questionnaires, and self-assessments.

HR Essentials
Achieve HR compliance, enabled through online educational materials, an HR & Benefits library, and access to on-demand experts.

BBS Track
Cultivate a safety culture throughout your organization with a Behavior-Based Safety (BBS) Program. Ensure employees are doing their jobs safely.

Safety Observation Track
Perform and track safety observations and demonstrate job compliance.

Job Description Track
Build job descriptions that clearly communicate employee responsibilities and job-related health and safety requirements.

Training Track
Automate your entire employee training process. Schedule, track, and document training with a database of training titles.

Online Risk Management Library
Access a multitude of bilingual risk management documents and resources.

Loss Control Inspection Services
Attain certified experts to analyze current workplace conditions and environmental waste disposal programs, conduct on-site training, and assist with the management, tracking, and reporting of compliance issues.

Let's get in touch. For more information, please contact:

Name:	Amy Hahn	Nicole Gaulin
Title:	Director, National Loss Control Practice	Risk Management Coordinator
Company:	Risk Strategies	Risk Strategies
Phone Number:	617-330-5762	774-670-5802
Email:	ahahn@risk-strategies.com	ngaulin@risk-strategies.com
Website:		

Tab 6: Proposer's Fee Statement

The Proposer should submit their fee schedule here. Express your fee in a lump sum not-to-exceed maximum amount and a separate price for the components of the work shown in the scope of services and include a chart of the rates. The lump sum includes all costs to perform the work, travel, per diem expenses, if applicable. If additional work is required beyond the scope of this contract, the City reserves the right to negotiate those services or to obtain from other service providers. This may include additional presentations or follow-up as requested.

RSC Insurance Brokerage Inc. dba Gehring Group presents the following fee schedule proposal options to the City of Hollywood for its RFP# 060-23-WV for Insurance Broker Services.

Percentage Fee:
A commission fee from insurance carriers for the insurance policies that Gehring Group solicits and binds at the City's direction. Gehring Group will disclose these percentages to the City prior to the purchase of that line of coverage. This percentage fee will be guaranteed for the duration of the contract with the City of Hollywood.

Percentage Fee	Commission
Property/Casualty Insurance Brokerage	10%

Annual Flat Fee:
Property & Casualty Insurance Consulting: Gehring Group will charge an annual flat fee of One Hundred Thousand Dollars ($100,000 per year) for property/casualty insurance consulting services to include, asset protection and risk funding advising; insurance policy brokerage; insurance market advisory and analytics; contract review for insurance language, insurance requirements and indemnity statements. This flat fee will be for the duration of the agreement.

Annual Flat Fee	Fee
Property/Casualty Insurance Brokerage	$100,000

Percentage Fee / Annual Flat Fee:
The Gehring Group is willing to work on a percentage fee and annual fee basis in which the percentage fee of commissions earned will offset the annual flat fee paid by the City. The Gehring Group will limit the commission percentage fee of five percent (5%) and submit an annual invoice to the City for the offset difference between the percentage fee commission and the annual flat fee of One Hundred Thousand Dollars ($100,000 per year). Certain lines of insurance coverage may have fixed commission percentages in their premium rates. The Gehring Group will disclose these percentages to the City prior to the purchase of that line of coverage.

Percentage Fee / Annual Flat Fee Combination	Commission	Fee
Property/Casualty Insurance Brokerage	5%	Balance of remaining $100,000

Tab 7: Exhibits

Exhibit A
Annual Property & Casualty Booklet

CITY OF BOYNTON BEACH

Property, Casualty & Workers' Compensation

2020 | 2021 Insurance Policy Booklet

Presented By:

GEHRING GROUP

A RISK STRATEGIES COMPANY

GEHRING GROUP
A RISK STRATEGIES COMPANY

Dedicated Risk Management Service Team

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- Insurance Market Consulting
- Risk Analysis & Placement
- Legislative Updates & Education
- Council & Board Presentations

Randy Gordon- Account Executive

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- Issuing Policies
- Customer Service & Support
- Develop Evaluations
- Proposals Evaluations
- Policy Analysis

David Daley - Risk Management Consultant

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- Risk Services Consulting
- Policy & Procedures Drafting
- Audit & Budget Support
- Council & Board Presentations

Valerie Ensinger - Claims Administrator

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Toll-Free: (800) 244-3696

- Claims Reporting

When reporting a claim, be prepared to supply a detailed incident/ accident report along with supporting documents and photographs of all relevant persons and places, whenever possible.

Introduction

To support the City of Boynton Beach Risk Management goals and insurance needs, the Gehring Group provides brokerage, consulting, loss control, safety training and claims advocacy services on a multitude of risks. This handbook highlights and summarizes those insurance coverages and programs designed to manage, mitigate or transfer identifiable risks. Please refer to the City's Risk Management Procedures along with individual Insurance Policies for a more detailed descriptions of the coverages currently in place. Further explanation or understanding including comprehensive solutions can be provided by our team of experienced risk experts. Our Risk Management team is deeply committed to support our clients risk management principles and goals in order to reduce their total cost and exposure to risk.

Table of Contents

This booklet is provided to you as a convenience to summarize the various insurance coverages you maintain. It is not intended to detail all aspects of your policies nor does it constitute a binder or contract of insurance. Please refer to each specific, bound insurance policy for any questions regarding coverage, limitations, and obligations.

City of Boynton Beach
Property & Casualty and Workers Compensation Claims

Carrier	Policy Type
FMIT	Property & Inland Marine
FMIT	General Liability
Evanston Insurance Co	General & Excess Liability
FMIT	Public Officials/ Employment Practices Liability
FMIT	Crime
FMIT	Law Enforcement Liability
FMIT	Automobile
Hartford	Statutory Accidental Death & Dismemberment
FMIT	Workers' Compensation

Report A Claim

When reporting a claim, be prepared to supply a detailed incident/accident report along with supporting documents and photographs of all relevant persons and places, whenever possible.

Contact

Claims Administrator

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Property, Casualty & Workers' Compensation Schedule of Insurance

Policy	Carrier	Policy Number	Effective Date	Deductible	Limits	Premiums
Property	FMIT	FMIT0055	October 1, 2020	$25,000	$193,141,806	$488,451
Inland Marine	FMIT	FMIT0055	October 1, 2020	$500	$1,000,000	Included in Property
Crime	FMIT	FMIT0055	October 1, 2020	$35,000	$1,000,000	Included in General Liability
Sub Total						**$488,451**
General Liability	FMIT	FMIT0055	October 1, 2020	$200,000	$5,000,000	$174,486
General Liability	Evanston Insurance Co	3AA428499	October 1, 2020	$0	$2,000,000	$1,675
Excess General Liability	Evanston Insurance Co	EZXS3035079	October 1, 2020	$0	$2,000,000	$1,500
Public Officials Liability/ Employment Practices Liability	FMIT	FMIT0055	October 1, 2020	$200,000	$5,000,000	Included in General Liability
Law Enforcement Liability	FMIT	FMIT0055	October 1, 2020	$200,000	$5,000,000	Included in General Liability
Automobile Liability	FMIT	FMIT0055	October 1, 2020	$100,000	$2,000,000	$81,752
Automobile Physical Damage	FMIT	FMIT0055	October 1, 2020	$5,000	Actual Cash Value	$35,615
Statutory Accidental Death & Dismemberment	Hartford	ETB-119152	January 19, 2020	$0	$225,000	$12,112
Sub Total						**$307,140**
Workers' Compensation	FMIT	FMIT0055	October 1, 2020	$0	$1,000,000	$119,246
Sub Total						**$119,246**
Total						**$914,837**

Commercial Property

Commercial Property Insurance provides recovery when certain disasters jeopardize business assets and real estate. Covered events may include fire, windstorms, theft or vandalism. Insureds can use payout from Commercial Property policy to repair or replace items such as office buildings.

Business Interruption Insurance

Many commercial insurance policies include Business Interruption Insurance. The policy covers up to twelve months of lost income when certain events force clients to put business operations on hold. For example, if fire or other disaster destroys a client's workplace, Business Interruption Insurance may help pay lost revenue and extra expenses in the event of a disaster or covered peril.

Buildings

The physical location of an organization's business is covered by Commercial Property Insurance. If it owns the space, the policy can cover the building in its entirety. If the organization rents, a policy covering the contents of the space may be selected.

Contents

Tangible property furniture, such as inventory, supplies and equipment owned by an organization which is movable and is not affixed to nor associated with the building structure, or the land is also covered under the Commercial Property Insurance.

Windstorm/Named Storm

This specialized property insurance coverage protects the assets of policyholders from damage caused by windstorms, such as tornadoes and hail, and damage caused by named storms, such as hurricanes and tropical storms. Windstorm & Named Storm coverage usually carry deductible requirements that apply separately from the standard perils deductible and typically a higher amount.

Covered Property Insurance

Coverage	Deductible	Limit
Total Insured Values	$25,000	$193,141,806
Loss of Business Income	$25,000	$500,000
Additional Expense	$25,000	$1,000,000
Fine Arts	$500	$1,500,000

Inland Marine

Inland Marine Insurance covers property in transit over land, certain types of movable property, instrumentalities of transportation such as bridges, roads and piers; instrumentalities of communication such as television and radio towers; and legal liability exposures of bailees. This category of insurance includes property coverage for items such as:

- ✓ Property In Transit
- ✓ Mobile Equipment
- ✓ Contractor's Equipment
- ✓ Testing Equipment
- ✓ Musical Instruments
- ✓ Photography Equipment
- ✓ Vending Machines
- ✓ Fine Arts
- ✓ Tools and equipment of trade persons or repair persons.
- ✓ Property in the custody of a bailee (person who has possession of another person's property for the purpose of storage, repair or servicing).
- ✓ Property deemed to be an instrumentality of transportation or communication, i.e. bridges or radio towers. Marine vessels up to a certain length. Usually less than 30ft.
- ✓ Equipment moved from one facility to another within an overall work area such as lift trucks

Inland Marine Insurance

Coverage	Deductible	Limit
Blanket Unscheduled Inland Marine *(Subject to $15,000 any one item excluding watercraft)*	$500	$1,000,000
Scheduled Inland Marine	$1,000	$2,062,037

Coverage Extensions	Limit
Rental Reimbursement Contractor's Equipment	$5,000
Limited Contractor's Equipment Cost	$250,000
Installation Floater - Building Materials	$100,000

General Liability

General Liability Insurance is a standard insurance policy issued to organizations to protect against liability claims for bodily injury (BI) and property damage (PD) arising out of premises, operations, products, and completed operations; and advertising and personal injury (PI) liability.

Any commercial enterprise is inherently risky, but general liability coverage safeguards against the expense of many known and unknown risks. Commercial General Liability Insurance coverage protects you, your organization and your employees from claims involving bodily injury or property damage, up to the limits of your policy. Policies shield you from the expense of out-of-court settlements, litigation and judgments awarded by courts.

Florida's Constitution grants states, as well as their agencies and subdivisions —whether in the form of a state, county, municipality, special district or government agency—"absolute sovereign immunity". By way of general law, the Florida Constitution does provide that the legislature may waive sovereign immunity. Florida Statute § 768.28 limits this waiver of sovereign immunity to $200,000 per person and $300,000 per incident.

General Liability Insurance - FMIT

Coverage	Deductible	Limit
General Liability	$200,000	$5,000,000
Employee Benefits Liability *(Per Person)*	$200,000	$500,000
Medical Malpractice Liability	$200,000	$5,000,000
Law Enforcement	$200,000	$5,000,000
Fire Damage Legal Liability	$200,000	$5,000,000
Public Officials E&O	$200,000	$5,000,000
Employment Practices Liability	$200,000	$5,000,000

General Liability Insurance - Evanston Insurance Co.

Coverage	Deductible	Limit
General Liability	$0	$2,000,000
Products & Completed Operations	$0	$2,000,000
Medical Payments	$0	$5,000

Excess General Liability

Excess Liability Insurance provides insurance limits above and beyond an organization's primary liability policies or above the organization's self-insured retention limit. When a claim is reported to the insurance company, the first policy to respond is the underlying primary. If the claim exhausts the limits in the primary policy, the excess liability policy commences, picking up the remaining costs that were not covered by the primary policy. Likewise, in the case of self-insured excess liability policies. When a claim occurs, it is managed by the organization or its claims administration representative. Once cost of the claim exceeds the organization's pre-determined self-insured retention limit (SIR) the excess insurance carrier agrees to take on the remaining cost of the claim up to the policy limit.

Excess General Liability Insurance - Evanston Insurance Co.

Coverage	Deductible	Limit
Excess Liability	$0	$2,000,000
Products & Completed Operations	$0	$2,000,000
Fire Damage Legal Liability	$0	$2,000,000
Employee Benefits Liability *(Per Person)*	$0	$2,000,000
Medical Payments	$0	$2,000,000

Auto Liability

Commercial Auto Liability policies provide coverage for both bodily injury claims and property damage claims if employer or employee is found to be at fault or liable for causing either. Policy coverages can be written in the form of Split Limits or a Combined Single Limit.

Split Limit

Split Limit Commercial Auto insurance policies use the split limits approach, which combines per person and per occurrence approach. With split limits, three separate dollar amounts apply to each accident.

- The first limit is per person limit: the maximum amount that will be paid to any one injured person.
- The second limit is per occurrence limit: the maximum amount that will be paid to all injured persons.
- The third limit is per occurrence limit that applies to property damage claims; the maximum amount the insurer will pay for damage to other cars or property resulting from the accident.

Combined Single Limit

Combined Single Limit Auto Insurance combines the coverage for bodily injury and property damage onto one single liability limit, thereby eliminating per person and per occurrence limit caps. A claim is paid out until the entire liability limit is exhausted.

The scope of coverage in the business auto policy can be broad or narrow, depending on choice of options. It could, for example, be written to apply only to one specifically described auto or broad coverage, the policy could be written to apply to the named insured's liability exposures arising out of use of any auto. In general, three options are available for vehicles entity chooses to cover.

- Any autos
- Business owned autos
- All autos business owns, hires or leases
- All autos used for the organization, including non-owned autos

Auto Liability Insurance

Coverage	Deductible	Limit
Liability	$100,000	$2,000,000
Personal Injury Protection (PIP)	$0	Statutory
Additional PIP	N/A	Not Included
Auto Medical Payments	N/A	Not Included
Uninsured/ Underinsured Motorist	N/A	Not Included

Coverage Extensions	
Symbol 1	Any auto
Symbol 2	Owned autos only
Symbol 3	Owned private passenger autos only
Symbol 4	Owned "autos" other than private passenger autos only
Symbol 5	Owned autos subject to No-Fault
Symbol 6	Owned autos subject to a Compulsory Uninsured Motorist Law
Symbol 7	Scheduled autos only
Symbol 8	Hired autos only
Symbol 9	Non-Owned autos only

Auto Physical Damage

Auto Physical Damage Insurance provides coverage that insures against damage to the insured's own vehicle. The three types of physical damage coverage for motor vehicles are collision, comprehensive and specified perils.

1. Collision coverage is for damage losses that result from the collision of an insured vehicle with another object or from being overturned.
2. Comprehensive coverage is for damage losses that result from any cause except collision and overturning. Examples of some covered causes of loss under Comprehensive are flood, fire, theft, glass breakage, falling objects, explosion, earthquake or the striking of large wild birds or animals.
3. Specified perils coverage is limited to damage losses as a result of perils that are specifically "named" in the policy.

The amount an insurer will pay on an auto physical damage or theft claim, at the time of a loss, depends on the type of valuation method selected. The three most common types of valuation methods available on Auto Physical Damage policies are Actual Cash Value (ACV), Agreed Value and Stated Value.

- ACV is typically calculated one of three ways:
  1. The cost to repair or replace damaged property, minus depreciation;
  2. The damaged property's "fair market value"; or
  3. Using the "broad evidence rule," which calls for considering all relevant evidence of value of damaged property
- Agreed Value: the insured and the insurance company agree, in writing, on vehicle values during underwriting process, prior to the policy inception. In event of a total loss or theft, the insurance company guarantees to pay agreed upon value.
- Stated Value: allows insured to "state" and pay for amount of coverage it wants applied to vehicle, usually well below "fair market value". *Example: $500,000 sanitation vehicle can be covered for $10,000 and the premium paid will be commensurate with the coverage limit. Stated Value insures vehicle for less than its worth in exchange for lower premium.*

Auto Physical Damage Insurance

Coverage	Symbol #	Deductible	Limit
Comprehensive	2, 8, 9	$5,000	Actual Cash Value
Collision	2, 8, 9	$5,000	Actual Cash Value

Law Enforcement Liability

Law Enforcement Liability Insurance provides coverage for bodily injury, personal injury or property damage caused by a wrongful act committed by or on behalf of a public entity while conducting law enforcement activities or operations.

Police departments have increased liability exposure due to officer interaction with the public in adversarial situations. Lawsuits at this level can involve accusations against officers and department on civil rights violations, excessive force, improper motives, etc.

Under Florida State Law, if a municipal employee was performing their job and their actions were within the scope of their employment, the local government employing them could be held liable for their actions.

Law enforcement activities or operations consist of any official activities or operations of the named insured's police department, sheriff agency or other public safety organization, that enforces the law and protects persons or property, including:

- Ownership, maintenance or use of a premise in order to conduct law enforcement activities or operations, including ownership or operation of the named insured's jails, penal institutions or similar facilities
- Providing first aid at the time of an accident, crime or medical emergency
- Moonlighting (if approved by the named insured's police department, sheriff agency or other public safety organization)

Law Enforcement Liability Insurance

Coverage	Deductible	Limit
Per Occurrence	$200,000	$5,000,000

Public Officials Liability

Public Officials Liability is the liability exposure faced by a public official from "wrongful acts," usually defined under Public Officials Liability Insurance policies as; actual or alleged errors, omissions, misstatements, negligence, or breach of duty in his or her capacity as a public official or employee of the public entity.

Municipal officials have qualified immunity on legislative matters that generally protects them from lawsuits as long as they act impartially and in good faith. However, this immunity cannot reduce the risk of city officials being sued by citizens based on discretionary or proprietary functions and decisions made in the normal course of their roles.

Public Officials Liability Insurance

Coverage	Deductible	Limit
Each Wrongful Act	$10,000	$1,000,000
Annual Aggregate	$10,000	$1,000,000

Employment Practices Liability

Employment Practices Liability Insurance is a type of liability insurance covering wrongful acts arising from the employment process. The most frequent types of claims covered under such policies include:

- ✓ Harassment
- ✓ Illegal Background Checks
- ✓ Discrimination
- ✓ Unpaid Interns
- ✓ Breach of Contract
- ✓ Emotional Distress

Employment Practices Liability Insurance

Coverage	Deductible	Limit
Each Wrongful Act	$200,000	$5,000,000

Statutory Accidental Death & Dismemberment

FL Statute §112.191 mandates certain benefits for firefighters, police, correctional officers and EMT/paramedics who suffer a catastrophic injury or death, while in the scope of their work. Statutory AD&D Insurance provides the specific provisional benefits identified in the statute, in lieu of the employer having to set aside funding to meet the requirements.

The amount of the death benefit payable is based on whether the officer's death occurs while performing in the line of duty or in fresh pursuit, or whether he or she is killed as the result of an unlawful or intentional act. Accidental death benefits are intended to meet the minimum requirements set forth in Florida Statutes 112.19 and 112.191. Additional benefits may be less than those required by law. Available coverage includes:

- $75,000 - In the Line of Duty Death
- $75,000 - Fresh Pursuit Death
- $225,000 - Unlawful & Intentional Death
- Accidental Death in compliance with state laws.
- Additional benefits to help covered officers and their families cope with an accidental loss, including disability and rehabilitation benefits, counseling benefits and educational benefits.
- Benefits are payable in addition to any workers' compensation or pension benefits that may be payable.

Commercial Crime

Commercial Crime Insurance is designed to protect an organization from loss due to third party fraud or theft and employee dishonesty. Commercial Crime Insurance is especially important for organizations who deal in cash, checks, online payments and credit cards. The coverages may also include computer fraud, burglary, robbery, forgery, counterfeit currency, funds transfer, kidnap, ransom, theft of securities, etc.

Commercial Crime Insurance

Coverage	Deductible	Limit
Fraudulent Instruction	$35,000	$100,000
Funds Transfer Fraud	$35,000	$100,000
Telephone Fraud	$35,000	$100,000
Criminal Reward	$0	$5,000

Workers' Compensation

Workers' Compensation Insurance is a form of insurance providing wage replacement and medical benefits to employees injured in the course of employment in exchange for mandatory relinquishment of the employee's right to sue his or her employer for the tort of negligence.

Florida Statute 112.18, commonly referred to as the Heart/Lung Bill, is a public policy piece of legislation designed to offer added legal protection for police, firefighter and correctional officers, as defined in S. 943.10(1), (2), or (3), who suffer with heart disease, high blood pressure or tuberculosis. This means any condition or impairment caused by tuberculosis, heart disease, or hypertension resulting in total or partial disability or death shall be presumed to have been accidental and to have been suffered in the line of duty unless the contrary is shown by competent evidence.

Workers' Compensation policies also provide coverage for Employers Liability. This coverage provided by Part 2 of the Workers' Compensation Policy provides coverage to the insured (employer) for liability to employees for work-related bodily injury or disease, other than liability imposed on the insured by a workers' compensation law.

Employers Liability can cover the cost of legal defense fees, settlements, damages or judgments, and other court costs.

Workers' Compensation Insurance

Coverage	Loss	Limit
Bodily Injury by Accident	Each Accident	$1,000,000
Bodily Injury by Disease	Agreement Limit	$1,000,000
Bodily Injury by Disease	Each Employee	$1,000,000

Notes

GEHRING GROUP

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Exhibit B
Annual Market Outlook

GEHRING GROUP

A RISK STRATEGIES COMPANY

P&C Market Outlook

2023

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A Shifting Market

Since 2019, the commercial insurance sector has been grappling with a hard marketplace—one that is particularly less friendly to insurance buyers. Such challenging conditions were brought on by a confluence of factors that led insurance companies to reevaluate their positions in the industry. After all, the increased frequency and severity of claims, growing social inflation issues, lasting complications created by the COVID-19 pandemic, evolving cyberthreats and worsening natural disasters have fundamentally reshaped the insurance market. As a result, hardened conditions have pressed on for multiple years, prompting limited capacity, stricter underwriting standards and rising premiums across many lines of commercial coverage.

Like many other sectors of the economy, the insurance industry experienced further changes to both its market cycles and operating procedures in the last 12 months. Specifically, in contrast to recent years, hard market conditions somewhat started to ease. This stabilization became especially evident in the second half of 2022—highlighted by decelerated pricing and expanded capacity within several coverage segments. While this shift certainly represents signs of an improving insurance landscape, industry experts have asserted that ongoing headwinds facing certain lines of coverage (e.g., commercial property, auto and cyber) have continued to generate hardened conditions overall, therefore limiting the likelihood of a soft market emerging in the near future.

What's more, businesses have had to contend with a host of new and existing challenges over the past year. In particular, 2022 marked the third year of the pandemic, which has remained a driving factor in various workplace adjustments and associated operational difficulties. Additionally, 2022 saw an acceleration of ongoing supply chain disruptions and labor shortages for businesses of all sizes and sectors. Further complicating matters, record-setting inflation trends, the growing possibility of a recession and large-scale international events—namely, the Russia-Ukraine conflict—have only exacerbated commercial exposures. Altogether, these factors will likely continue to fuel an increase in claims and related costs, posing persistent coverage concerns.

With this in mind, industry experts anticipate that the commercial insurance space will remain challenging in 2023, although it may present more favorable conditions than it has in prior years for some insurance buyers. In any case, it's essential for businesses to take a proactive approach to bolster their risk management efforts and secure adequate coverage during this time. Especially amid an evolving risk environment, businesses should focus on addressing the factors they can control.

In order for business owners like you to successfully navigate the constantly evolving commercial insurance market, it's important to consult insurance professionals who understand your business, help you plan for unique risks and advocate on your behalf. You need insurance professionals who can tell your story to insurance carriers in a way that will best position your business come renewal time. You also need to work with insurance professionals who know the dynamics of the current insurance market cycle and how to navigate a hard market successfully. Additionally, you need insurance professionals who fully comprehend your industry and how to provide targeted loss control solutions.

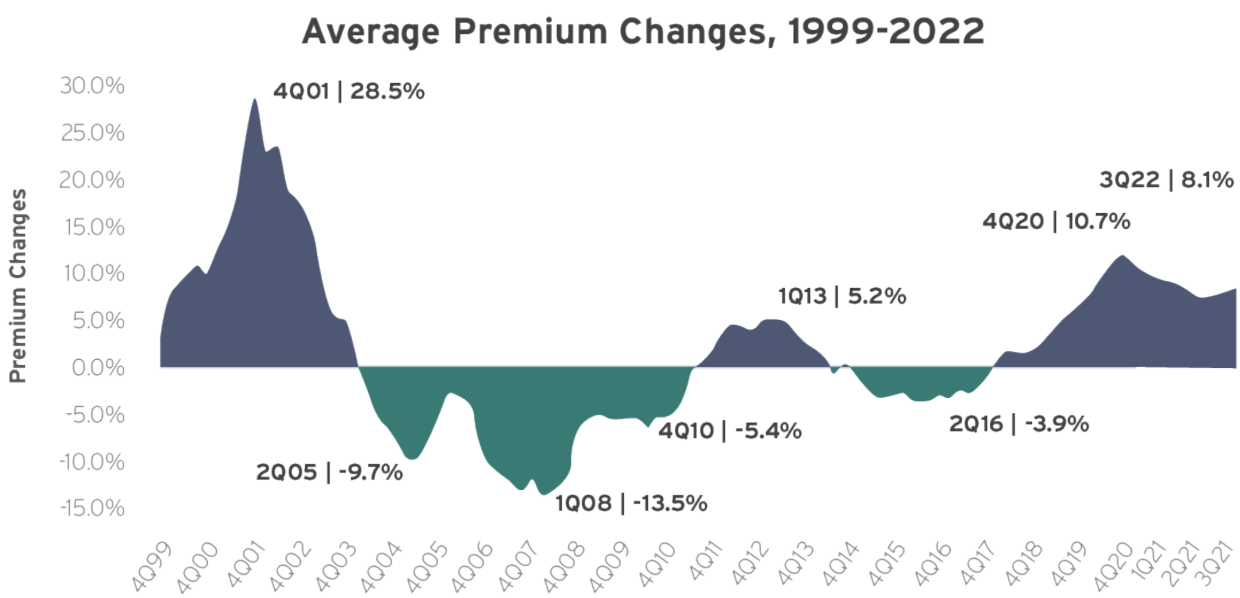
Remember, in these challenging times, Gehring Group is here to provide the insurance guidance and expertise your business needs.

The Insurance Market Cycle: Hard Versus Soft Markets

The commercial insurance market is cyclical in nature, fluctuating between hard and soft markets. These cycles affect the availability, terms and price of commercial insurance, so it's helpful to know what to expect in both a hard and soft insurance market.

A **soft market**, which is sometimes called a buyer's market, is characterized by stable or even lowering premiums, broader terms of coverage, increased capacity, higher available limits of liability, easier access to excess layers of liability and competition among insurance carriers for new business. On the other hand, a **hard market**, sometimes called a seller's market, is characterized by increased premium costs for insureds, stricter underwriting criteria, less capacity, restricted terms of coverage and less competition among insurance carriers for new business.

During a hard market, some businesses may receive conditional or nonrenewal notices from their insurance carrier. What's more, during hard market cycles, insurance carriers are more likely to exit certain unprofitable lines of insurance.



Source: The Council of Insurance Agents & Brokers

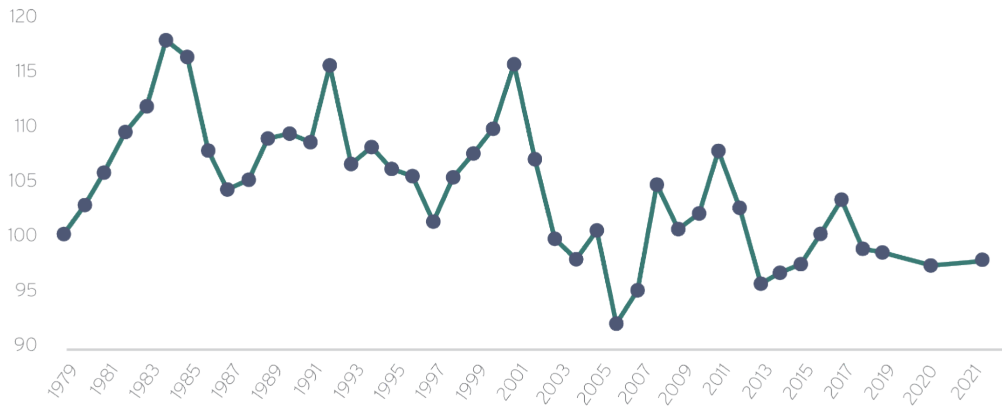
In what was one of the longest soft markets in recent years, businesses across most lines of insurance enjoyed stable premiums and expanded terms of coverage for decades. While the commercial insurance market hardened for a short period of time after the terrorist attacks of Sept. 11, 2001, the last sustained hard market occurred in the 1980s. However, after years of gradual changes, the market has largely firmed since 2019, leading to increased premiums and reduced capacity.

Many factors affect insurance pricing, but the following are some of the most common contributors to the hard market:

- **Catastrophic (CAT) losses**—Floods, hurricanes, wildfires and other natural disasters are increasingly common and devastating. Years of costly disasters like these have compounded losses for insurers, driving up the cost of coverage overall, especially when it comes to commercial property policies.
- **Inconsistent underwriting profits**—Underwriting profits refer to the difference between the premiums an insurer collects and the money it pays out in claims and expenses. When an insurance company collects more in premiums than it pays out in claims and expenses, it will earn an underwriting profit. Conversely, an insurance company that pays more in claims and expenses than

it collects in premiums will sustain an underwriting loss. The company's combined ratio after dividends is a measure of underwriting profitability. This ratio reflects the percentage of each premium dollar an insurance company puts toward spending on claims and expenses. A combined ratio above 100 indicates an underwriting loss.

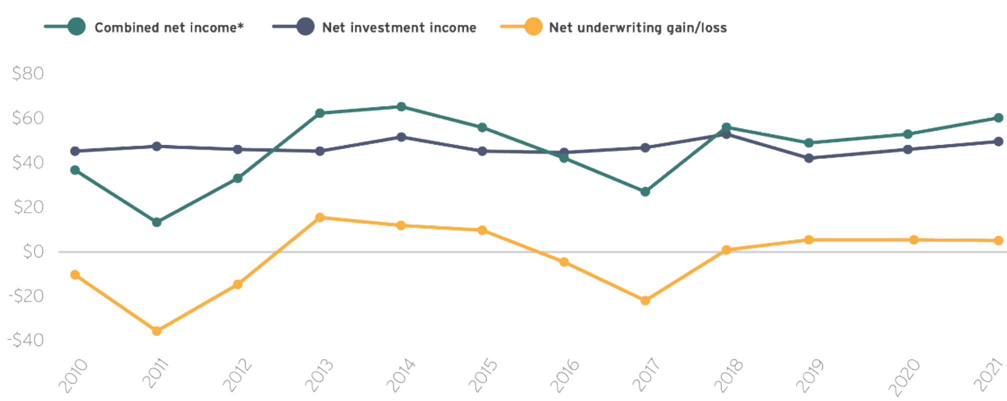
Combined Ratio for Property and Casualty Insurance, 1979-2021



*Excludes state funds and other residual insurers.
Source: ISO

- **Mixed investment returns**—Insurance companies also generate income through investments. Commercial insurance companies typically invest in various stocks, bonds, mortgages and real estate investments. Due to regulations, insurance companies invest significantly in bonds. These provide stability against underwriting results, which can vary from year to year. When interest rates are high and returns from other investments are solid, insurance companies can make up underwriting losses through their investment income. But when interest rates are low, insurers must pay close attention to their underwriting standards and other investment returns.

Operating Results for Property and Casualty Insurance, 2010-2021 (Billions)



*Excludes state funds and other residual insurers. *Net underwriting gain/loss plus net investment income.
Source: NAIC, S&P and Insurance Information Institute

- **The economy**—The economy as a whole also affects an insurance company's ability to write new policies. During periods of economic downturn and uncertainty, some businesses may purchase less coverage or forgo insurance altogether. A business's revenue and payroll, which factor into how premiums are set, may decline. This creates an environment where there is less premium income for insurers.

- **The inflation factor**—Prolonged periods of inflation can make it challenging for insurance carriers to maintain coverage pricing and subsequently keep pace with more volatile loss trends. Unanticipated increases in loss expenses can result in higher incurred loss ratios for insurance carriers, particularly as inflation affects key cost factors (e.g., medical care, litigation and construction expenses).
- **The cost of reinsurance**—Generally speaking, reinsurance is insurance for insurance companies. Carriers often buy reinsurance for risks they can't or don't wish to retain fully. It's a way for insurers to protect against extraordinary losses. As a result, reinsurance helps stabilize premiums for regular businesses by making it less of a risk for insurance carriers to write a policy. However, reinsurers are exposed to many of the same events and trends affecting insurance companies and make pricing adjustments of their own.

Additional Factors Influencing Insurance Rates

In addition to the above, here are other key factors that may influence your insurance rates:

The coverage you're seeking—The forms of insurance you're seeking, as well as the details of such coverage (e.g., limits of liability and value of the insured property), will affect your insurance pricing.

The size of your business—As a general rule, the more employees your business has and the larger your revenue is, the more you will pay for your insurance.

The industry in which you operate—Certain industries carry more risk than others. In general, businesses in these sectors are more likely to file insurance claims. As a result, businesses involved in risky industries tend to, on average, pay more in insurance premiums.

The location of your business—The location of your business will also influence your insurance rates. If your business is located in an area prone to certain natural disasters, insurers may determine that your facility is more at risk for property damage. This increased risk will translate to higher premiums.

Your claims history—Your business's claims history, often referred to as loss history, will also have an impact on insurance rates. If your business has an extensive claims history, then insurance carriers will tend to consider your company more likely to file future claims. In turn, this means that your business will be viewed as risky to insure, subjecting you to higher commercial insurance premiums.

Your risk management practices—Now more than ever, conducting a careful assessment of your business's unique exposures and establishing effective, well-documented risk management practices can make your establishment more attractive to insurance carriers. After all, having a robust risk management program in place reduces the likelihood of costly claims occurring and minimizes the potential losses your business could experience from an unexpected event.

As a whole, during a hard market, insurance buyers may face complex considerations regarding their coverage. Thankfully, businesses are not without recourse in the face of a hard market. Business owners who proactively address risk losses and manage exposures will be better prepared for a hardening market than those who do not. Furthermore, those who educate themselves on the trends that influence their insurance will better understand what can be done to manage their associated costs.

Trends to Watch in 2023

Insurance experts often examine how outside influences and trends affect the insurance marketplace, and businesses should follow suit to determine what factors may impact their insurance coverage. For 2023, there are a number of sweeping market developments to consider.

Labor Shortages

The last few years have seen widespread labor shortages. According to a recent survey conducted by financial services company Provident Bank, 75% of businesses have been affected by current worker shortages. Although these shortages are impacting businesses across industry lines, data from the U.S. Bureau of Labor Statistics (BLS) confirmed that the industries experiencing the most substantial workforce struggles include transportation, health care, leisure and hospitality.

Several factors have contributed to these labor shortages. Primarily, the lasting ramifications of the COVID-19 pandemic have motivated many workers to reevaluate their employment priorities. In particular, a growing number of employees have sought arrangements (e.g., greater work-life balance, higher pay, more expansive benefits, flexible hours and remote capabilities) that allow them to better manage personal caregiving responsibilities, boost professional development, prevent burnout and minimize ongoing health and safety risks.

As such, various workforce movements emerged between 2021 and 2022, including the Great Resignation and the Great Reshuffle. The former, which occurred throughout 2021, was characterized by a high proportion of workers reassessing their job arrangements and opting to voluntarily exit the labor market altogether—whether this entailed retiring early or finding new business ventures. Amid this movement, BLS data showed that 4 million Americans quit their positions each month in the back half of 2021. The latter movement, which took place in 2022, consisted of a large share of workers leaving their jobs in search of more fulfilling roles, such as positions in different career paths or those in the same industry with more competitive compensation and benefits. In fact, according to the Provident Bank survey, more than two-thirds (69%) of businesses had job candidates decline opportunities because of better offers this past year.

Regardless of how the pandemic may shift and evolve, many individuals have permanently altered their job expectations and workplace priorities, placing new demands on employers. As a result, economists expect labor shortages to continue throughout 2023 and beyond—impacting businesses for the foreseeable future. Specifically, these shortages could contribute to overworked employees; diminished staff morale and well-being; reduced productivity and project delays; widespread skills gaps and associated project quality concerns (e.g., product liability issues); and increased workplace accidents and related injuries and property damage.

To help combat labor shortages, many businesses have adjusted their hiring and retention tactics. For example, the Provident Bank survey found that one-third (33%) of businesses recently revised their job perks and benefits (e.g., expanded tuition assistance, more paid time off, additional caregiving reimbursements, improved 401k offerings, and higher salaries and sign-on bonuses) to retain current employees and attract new talent, while more than half (57%) implemented new work-from-home or hybrid arrangements. Moving forward, businesses will need to remain innovative in meeting their employees' shifting expectations and attracting talent.

Supply Chain Disruptions

Since the onset of the pandemic, a range of supply chain disruptions have taken place. The majority of these issues originally stemmed from increased demand for various items and materials amid a slowdown in production and a subsequent lack of availability during pandemic-related closures. However, even though businesses have resumed their normal operations and increased production levels, consumer demand for certain items and materials continues to outweigh inventory. Creating further supply chain bottlenecks, various international disruptions (e.g., congestion at global ports and geopolitical conflict), rising fuel and energy costs, extreme weather events, and an ongoing shortage of warehouse workers and truck drivers have slowed shipment and delivery times for high-demand goods.

These supply chain disruptions have impacted a number of industries. According to the U.S. Census Bureau, the sectors that have experienced the greatest supply chain difficulties include manufacturing, construction and retail. Additionally, a recent survey conducted by international software company SAP found that at least half of business leaders have experienced financial impacts stemming from supply chain bottlenecks since the start of the pandemic—including decreased revenue (58%), a greater need to leverage business loans (54%) and an inability to pay employees (50%). In response to these financial struggles, 61% of business leaders have had to implement wage or recruitment freezes, 50% have made staff reductions and 41% have increased the prices of their products or services.

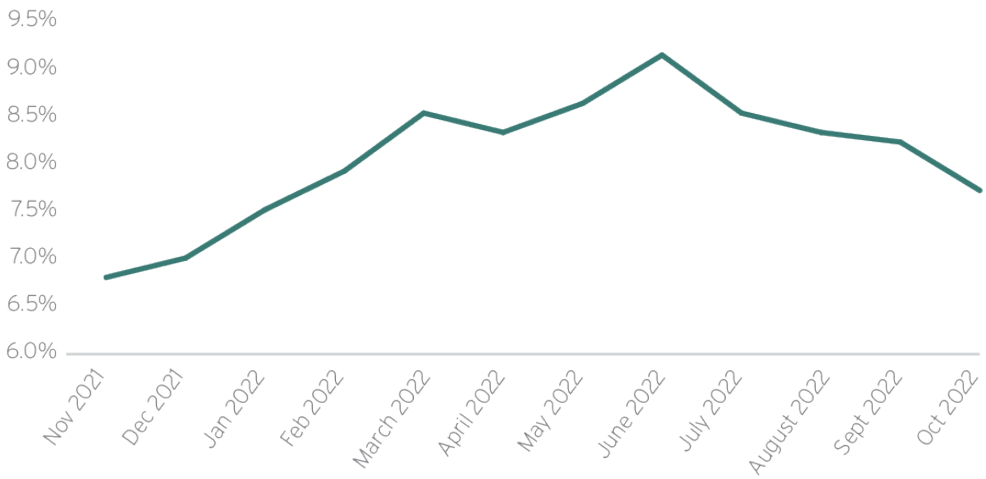
Some economic experts believe these supply chain issues will continue into the summer of 2023 before eventually subsiding. With this in mind, it's important for businesses of all sectors to prepare for potential supply chain disruptions in the months ahead. According to the SAP survey, some examples of steps that business leaders plan to take include adopting new supply chain technology (74%), introducing updated contingency plans (67%), prioritizing U.S.-based supply chain solutions (60%) and searching for more eco-friendly options (58%). Implementing such measures could make all the difference in remaining operational amid possible disruptions.

Inflation Issues

Over the past few years, the culmination of widespread labor shortages and supply chain issues has largely contributed to rising inflation concerns in the commercial insurance space. Yet, 2022 was a particularly troubling year for inflation, as evidenced by a surging consumer price index (CPI). According to BLS data, the CPI for all urban consumers increased by 9.1% year over year in June 2022, reaching a 40-year high. While the CPI cooled off in the following months, it still remained near record-setting levels, sitting at a 7.7% year-over-year increase in October 2022. Altogether, the elevated CPI has driven up claim costs for several lines of commercial coverage, therefore inflating total loss expenses across the property and casualty markets.

Within the property insurance space, the costs to repair, replace or rebuild structures and their contents after losses have soared, prompted by increased labor and material expenses. In fact, BLS data revealed a substantial year-over-year increase in the CPI for a number of property-related elements in October 2022—including floor coverings (12.8%), window coverings (3.7%), and furniture and bedding (8.3%). In the auto insurance market, vehicle repair expenses and subsequent accident costs have also surged, brought on by supply chain disruptions for several critical vehicle parts (and vehicles overall). These concerns were reflected in an increased year-over-year CPI in October 2022 for new vehicles (8.4%), used cars and trucks (2%), and motor vehicle maintenance (10.3%), according to BLS data.

12-month Percentage Change, Consumer Price Index



Source: BLS

Apart from rising CPI concerns, the workers' compensation and liability insurance segments are also being affected by other forms of inflation—namely, medical and wage inflation. Medical inflation refers to increasing prices for health care necessities. These prices are usually determined a year in advance based on projections by Medicare and private insurance contracts. Since these projections occurred before the CPI skyrocketed, medical inflation has remained fairly low in comparison to overall inflation trends. As such, elevated liability claims and coverage costs stemming from medical inflation are expected in the year ahead.

Wage inflation, on the other hand, refers to workers' increasing salaries. Amid continued labor challenges, many businesses have responded by boosting their workers' pay, contributing to wage inflation. Because payroll is leveraged as an exposure base to calculate workers' compensation premiums, wage inflation could prompt increased rates in this space. Further, such inflation may increase the risk of payroll miscalculations and create short-term disconnects between wages, benefits and workers' compensation premiums. Most states have an index for wage inflation to make sure premiums and benefits keep up with each other, but it's still possible for errors to occur.

To help curb overall inflation concerns, the Federal Reserve (Fed) has steadily been hiking up interest rates in recent months. Moving into 2023, economic analysts predict that the Fed's efforts will eventually pay off, with inflation slowly subsiding throughout the year. According to investment banking company Goldman Sachs, the core price consumption expenditures index (CPE)—an inflation calculation utilized by the Fed that excludes food and energy prices—is currently at 5.1% but expected to drop to 2.9% by the end of 2023 (for reference, the Fed targets a CPE of 2% in a healthy economy). In the meantime, however, insurance carriers will continue to face inflation-related challenges as it pertains to maintaining coverage pricing to keep up with more volatile loss trends. Nevertheless, it's important to note the insurance industry as a whole is better positioned to incur losses to its reserves than it was in previous periods of prolonged inflation in U.S. history (i.e., the 1980s).

Recession Risks

Some economic experts have forecasted that rising interest rates and prolonged labor market challenges could lead to a potential recession—a prolonged and pervasive reduction in economic activity—throughout the United States in the next six to nine months. Specifically, a recession will become increasingly likely in 2023 if the Fed has to continue raising its terminal policy rate—the level at which it will no longer boost interest rates—higher than initial estimates (5%-5.5%) to adequately mitigate inflation.

Amid a recession, businesses of all sizes and sectors usually experience decreased sales and profits stemming from changing consumer behaviors. Such an economic downturn may also limit organizations' credit capabilities and reduce their overall cash flow as customers take more time to pay for products and services. As a result, when a recession occurs, businesses without substantial revenues, excess reserves and the additional capital necessary to offset extended periods of loss are more likely to have to make difficult financial decisions to avoid issues such as insolvency or bankruptcy. These businesses may need to cut operational costs and consider staff reductions to stay afloat.

The U.S. Census Bureau reported that nearly 1.8 million businesses closed their doors during the last major U.S. economic downturn, known as the Great Recession, which took place between 2007 and 2009. Looking ahead, a recent survey conducted by global professional services network KPMG found that the majority (86%) of business executives fear a recession will take place in the next 12 months. Fortunately, 60% of such executives anticipate this recession to be mild and brief. Regardless, now is the time for businesses to prepare for an economic downturn. According to the KPMG survey, more than 75% of executives confirmed their businesses already have recession-proofing measures in place. These measures may include establishing concrete financial plans to maintain profits, scaling back certain operations, promoting steady cash flow with shorter payment terms for customers, ensuring proper debt management, fostering strong connections with stakeholders and leveraging effective marketing strategies. Above all, it's important for businesses to maintain ample coverage in a recession and secure financial protection against possible losses, as commercial risks tend to rise during such a downturn.

Social Inflation Concerns

In general, social inflation refers to societal trends that influence the ever-rising costs of insurance claims and lawsuits above the overall inflation rate. As the commercial insurance market shifts, it's important to understand what's currently driving social inflation.

Third-party Litigation Funding

One of the factors driving social inflation has to do with increased litigation or, more specifically, third-party litigation funding (TPLF). Such funding refers to when a third party provides financing for a lawsuit. In exchange, the third party receives a portion of the settlement. In the past, the steep cost of attorney fees would often scare plaintiffs away from taking a lawsuit to trial. But, through TPLF, most or all of the costs associated with litigation are covered by a third party, which has increased the volume of cases being pursued. Not only is TPLF becoming more common, but it also increases the cost of litigation, sometimes to seven figures. This is because plaintiffs can take cases further and seek larger settlements.

Tort Reform

Tort reform refers to laws that are designed to reduce litigation. In particular, tort reforms are used to prevent frivolous lawsuits and preserve laws that prevent abusive practices against businesses. Many states have enacted tort reforms over the last several decades, leading to fewer claims and caps on punitive damages. However, in recent years, a number of states have modified tort reforms or challenged them as unconstitutional. Opponents believe tort reforms lower settlements to the point where attorneys are less likely to take on new cases and help victims get justice for their injuries or other damages.

Further complicating matters, tort reform is subject to uncertainty, as it's largely tied to political leanings and the interests of individual states. Should tort reform continue to erode, there could be fewer restrictions on punitive and noneconomic damages, statutes of limitations and contingency fees—all of which can drive up the cost of claims and exacerbate social inflation.

Plaintiff-friendly Legal Decisions and Large Jury Rewards

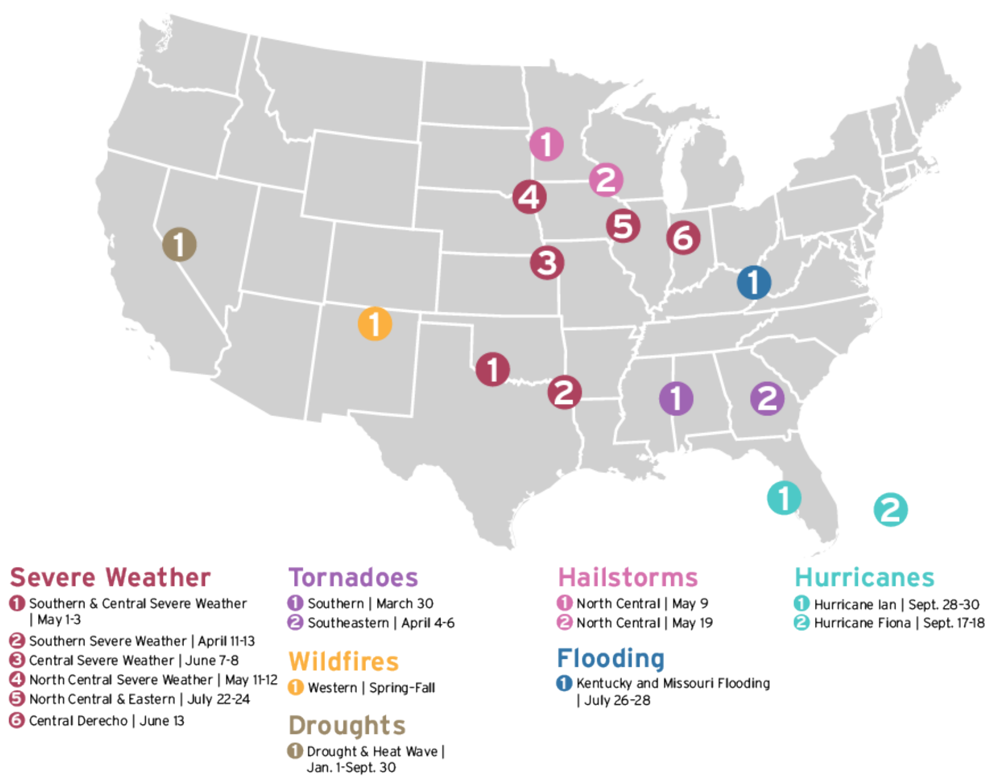
The overall public sentiment toward large businesses and corporations is deteriorating, and anti-corporate culture is more prevalent than ever. A number of factors are contributing to this increasing distrust, including the highly publicized issues related to the mishandling of personal data and social campaigns. This has had a considerable impact on how businesses are perceived by a jury in court, and organizations are held to a high standard for issues related to the way they conduct their business. In fact, juries are increasingly likely to sympathize with plaintiffs, especially if a business's reputation has been tarnished in some way in the past. As a result, plaintiff attorneys are likely to play to a jury's emotions rather than the facts of the case.

Compounding this issue, there's an increasing public perception that businesses—particularly large ones—can afford the cost of any damages. This means juries are likely to have fewer reservations when it comes to awarding damages. In the current environment, nuclear verdicts (awards of $10 million or more) have become more common.

Extreme Weather Events

Extreme weather events—such as hurricanes, tornadoes, hailstorms and wildfires—continue to make headlines as they become increasingly devastating and costly. Making matters worse, these events aren't limited to one geographic area or weather event, impacting businesses across the United States.

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



Source: NOAA

According to data from the National Oceanic and Atmospheric Administration (NOAA), wildfires again plagued the West Coast in 2022, recording a year-end total of more than 61,300 wildfires and burning 7.25 million acres. Widespread drought and several heat waves in the Western and Central United States contributed to the depletion of multiple large reservoirs (e.g., Lake Mead, Lake Powell, Lake Oroville and Shasta Lake), caused over 100 fatalities and cost at least $9 billion in damages. High winds and hundreds of tornadoes wreaked havoc across various Central, Southern and Eastern states, resulting in more than $10 billion in damages. A series of large-scale hailstorms—some of which even produced golf ball-sized hail—and a powerful derecho impacted states across the Midwest, contributing to more than $5 billion in damages. On the East Coast, the 2022 hurricane season recorded 14 storms, causing more than 200 fatalities, costing at least $110 billion in damages and affecting multiple states along the Atlantic Ocean.

One of the most devastating weather events from this past year was Hurricane Ian. According to the NOAA, this storm made landfall near Cayo Costa, Florida, in late September as a Category 4 hurricane, recording sustained winds of 150 mph. The storm traveled across the state's barrier islands of Captiva, Sanibel, Pine and Fort Meyers Beach before moving to the inland communities of Orange, Volusia, Seminole and Brevard. Altogether, the storm resulted in severe property damage and widespread flooding throughout Florida, causing 10-20 inches of total rainfall in many areas. In the following days, the storm reemerged as a Category 1 hurricane, making landfall with sustained winds of 85 mph in Georgetown, South Carolina. The storm then produced significant coastal flood damage and destroyed several large piers along Myrtle Beach. As a whole, Hurricane Ian led to 131 fatalities and is expected to cost more than $100 billion in total damages.

Another notable weather event from 2022 was the historic inland flooding throughout Kentucky and Missouri. According to the NOAA, major flooding arising from a stalled frontal system in late July damaged thousands of residential and commercial properties, vehicles and other infrastructure across both states. Some communities recorded 10-12 inches of total rainfall, setting new flash flood records and requiring more than 600 helicopter rescues to evacuate individuals trapped by rising waters. Overall, such flooding caused 42 fatalities and cost more than $1 billion in damages.

Many weather experts believe severe storms, extreme temperatures, wildfires and flooding are the new norm. As these catastrophes become more frequent, the insurance industry will need to adopt innovative solutions to keep up with weather-related losses. Moving forward, businesses can expect to encounter additional emphasis on weather readiness from insurers.

Geopolitical Conflicts

This past year saw the emergence of severe international disruptions, particularly those relating to the ongoing Russia-Ukraine conflict. These types of global events have had far-reaching impacts, prompting new tariffs, export restrictions, economic sanctions, and subsequent surging fuel and energy costs in many countries. Further, such events have exacerbated existing inventory backlogs, material shortages and supply chain issues. Considering these developments, it's no surprise that the latest industry research revealed more than one-fifth (21%) of businesses named war and terror as their top risk in 2022, up from 15% in 2021. As these events continue, businesses should prepare for potential disruptions and find ways to cut transportation costs by prioritizing fuel efficiency across their fleets, closely monitoring evolving global trade policies and considering domestic production solutions (e.g., switching from an international vendor or raw material to a U.S. alternative) to remain fully operational.

In addition to the previously mentioned impacts of international disruptions, these events have also led to heightened security concerns throughout 2022, including those related to nation-state cyberthreats. In response, a growing number of businesses have searched for insurance offerings that can help protect against potential cyberwarfare losses. Yet, securing adequate coverage for damages stemming from such warfare could prove particularly challenging, as war exclusions are commonly found in both commercial property and cyber insurance policies. Although these exclusions are fact-specific and often vary between policies and insurers, they generally state that damages from “hostile or warlike actions” by a nation-state or its agents won’t receive coverage. Such exclusions were created to help protect insurers against potentially systemic losses that may arise amid attacks by governments, their militaries or associated groups.

Over the years, some court cases have ruled in favor of policyholders seeking coverage under their commercial property or cyber insurance policies for damages resulting from cyberwarfare. These decisions are largely based on insurers failing to include clear language on digital warfare within their war exclusions. Following these rulings, insurers have made various adjustments to protect themselves from facing unanticipated claims and subsequent losses related to cyberwarfare. Primarily, insurers have become more apprehensive in selecting policyholders, utilizing extensive application processes and requiring insureds to provide detailed documentation on their cybersecurity practices. Furthermore, insurers are exploring ways to ensure their policy language—namely, the wording within war exclusions—provides clear and consistent guidelines for what is and isn’t covered, especially in the scope of digital warfare. As a result, it’s critical for insurers and insureds to openly communicate about policy definitions and specific coverage capabilities, especially regarding protection against digital warfare. Such communication will help ensure both parties are on the same page, minimizing potential issues when claims arise.

2023 Market Outlook Forecast Trends

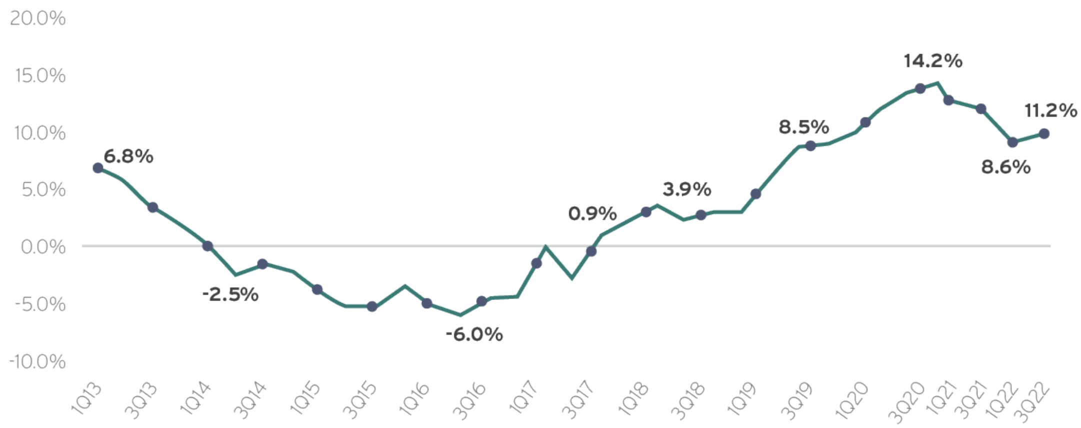
Price forecasts are based on industry reports for individual lines of insurance. Forecasts are subject to change and are not a guarantee of premium rates. Insurance premiums are determined by a multitude of factors and differ between businesses. These forecasts should be viewed as general information, not insurance or legal advice.

LINE OF COVERAGE	PRICE FORECAST
Commercial property	**CAT-free:** +10% to +15% **CAT-exposed:** +15% to +25%
General liability	**Overall:** 0% to +10%
Commercial auto	**Overall:** +3% to +15%
Workers' compensation	**Overall:** -5% to +5%
Cyber	**Overall:** +25% to +100%
Directors and officers liability	**Private/nonprofit entities:** -10% to +7.5% **Public companies:** -15% to +2.5%
Employment practices liability	**Overall:** +10% to +15%

Commercial Property Insurance

The past five years have seen the commercial property insurance market progressively harden, evidenced by consistent rate increases since the third quarter of 2017. However, according to industry data, such rate jumps showed some signs of stagnation in early 2022, with average increases staying within single digits. In any case, rates are still on the rise going into 2023. These unfavorable market conditions are the result of another intense season of natural disasters, persistent supply chain struggles and substantial inflation issues. Losses stemming from these trends have forced commercial property insurance carriers to continue elevating policyholders' premium costs and implementing more restrictive coverage terms.

Premium Change for Commercial Property Insurance, 2013–Q3 2022



Source: The Council of Insurance Agents & Brokers

Furthermore, some insureds are encountering above-average rate increases and lowered capacity—particularly those exposed to CAT perils (e.g., hurricanes and wildfires). Looking ahead, policyholders who conduct high-risk operations, have poor loss control practices or are located in natural disaster-prone areas will likely remain vulnerable to persistent rate hikes and coverage restrictions.

2023 Price Prediction:
CAT-free: +10% to +15% **CAT-exposed:** +15% to +25%

Developments and Trends to Watch

- **Natural disasters**—The surging frequency and severity of natural disasters have continued to pose concerns within the commercial property market, as these catastrophes often leave behind severe property losses for affected establishments. According to industry data, natural disasters cost the global economy $227 billion in 2022, with under half of those expenses ($99 billion) covered by insurers. This marks the third consecutive year in which natural disaster losses exceeded $100 billion. Breaking down this number, the National Centers for Environmental Information recorded 15 separate weather and climate events with losses exceeding $1 billion across the United States during 2022. Disasters such as the historic inland flooding in Missouri and Kentucky throughout the summer and Hurricane Ian striking Florida and South Carolina in the fall were particularly devastating. Additionally, the National Interagency Fire Center reported that more than 61,300 wildfires burned 7.25 million acres throughout the West Coast in 2022, representing the highest numbers recorded in the past decade. What's worse, many climate experts estimate that natural disaster trends will continue to exacerbate property losses in the future.

- **Supply chain struggles**—Over the past few years, pandemic-related production and delivery bottlenecks, widespread labor deficits (especially within the transportation and construction sectors), extreme weather events and geopolitical conflicts have contributed to a range of supply chain struggles. This has caused significant project delays and driven up overall property construction costs. In fact, the National Association of Home Builders (NAHB) confirmed that the vast majority of builders (90%) experienced some type of material shortage in the last 12 months. For example, construction engineering company Mortenson reported that current lead times for many essential mechanical and electrical components of both commercial and residential buildings are at least several months, with some being more than one year.

  Heading into 2023, industry experts anticipate that shipment barriers created by the Russia-Ukraine conflict and an increase in flood-related property damage could result in copper and drywall shortages, respectively. In light of these supply chain complications, businesses may face increased claims severity if losses require them to rebuild structures or replace property on slower schedules and at higher prices. Such complications are expected to subside between 2023 and 2024 but may still result in delayed recovery efforts and rising claims costs in the months ahead.

- **Inflation issues**—Apart from supply chain struggles and subsequent project delays elevating property construction costs, ongoing inflation issues are also responsible for increased building expenses and valuations. These issues have been brought on by a combination of fluctuating demand for various building materials, wage increases across the construction sector aimed at attracting and retaining skilled workers, and overall worsening economic conditions as the nation faces the possibility of an upcoming recession.

  Taking a closer look at these trends, the Associated Builders and Contractors reported that construction input prices in July 2022 were up 17.4% from the same period in 2021, motivated by cost increases for a range of building materials. In particular, the cost of gypsum jumped by 20%, while the prices of exterior paint, steel products and softwood lumber rose by at least 10%. In addition, NAHB research shows that construction workers' average hourly earnings increased by 12% between 2019 and 2021 and an additional 5% during 2022. Altogether, rising material and labor expenses contributed to a 14.1% increase in overall construction costs by the end of 2022, according to real estate company Coldwell Banker Richard Ellis (CBRE). This is the largest increase CBRE has recorded since it began conducting inflation calculations in 2007.

  As inflation issues press on in 2023, businesses may not only face higher claims costs following property losses but could also encounter underinsurance concerns due to inaccurate property valuations. In other words, businesses that don't update their property values to reflect current inflation trends could receive reduced payouts and coinsurance penalties amid property losses, resulting in larger out-of-pocket expenses.

- **Insurance-to-value (ITV) considerations**—An estimated 75% of commercial properties are underinsured by 40% or more, according to industry data. Especially as inflation issues continue to impact building expenses and valuations, insurance experts are encouraging businesses to be increasingly diligent in performing correct ITV calculations and maintaining ample commercial property coverage.

An accurate ITV calculation represents as close to an equal ratio as possible between the amount of insurance a business obtains and the estimated value of its commercial building or structure, thus ensuring adequate protection following property losses. Insurance experts recommend using the replacement value—an estimate of the current cost to replace or rebuild a property of a property—to conduct correct ITV calculations. The replacement value of a property depends on characteristics such as material and labor expenses, architect services, debris removal needs and building permit requirements. Common approaches to accurately estimating this value include getting a property appraisal from a third-party firm, leveraging fixed-asset records that have been adjusted for inflation or relying on a basic benchmarking tool (e.g., dollars per square foot). While appraisals often require more time and resources than other property valuation methods, they are largely deemed the most thorough and accurate.

- **Reinsurance capacity concerns**—Current natural disaster and inflation trends have proven particularly difficult for the commercial property reinsurance space to navigate. Specifically, as natural disasters become more frequent and severe and inflation reaches record-setting levels, reinsurers are facing a rise in claims, larger investment losses, diminished profitability and reduced capital. As a whole, these trends have generated some degree of market uncertainty and earnings volatility, motivating reinsurers to reevaluate whether their existing methods for pricing property CAT risks are effectively modeled. Consequently, some reinsurers have begun limiting the capacity for CAT exposures or eliminating capacity altogether. Although demand for reinsurance protection remains high, capacity will likely become further constrained in 2023, therefore impacting overall commercial property insurance rates—especially in the case of policyholders with CAT exposures. That is, while CAT-free insureds with favorable loss history may face rate increases of 10% or less, CAT insureds' unfavorable loss history could face rate hikes of 25% or higher.

Tips for Insurance Buyers

- Conduct a thorough inspection of your commercial property and the surrounding area for specific risk management concerns. Implement additional mitigation measures as needed.
- Work with insurance professionals to begin the renewal process early. Many commercial property insurers are seeing an increased submission volume. Timely, complete and quality submissions are vital to ensure your application will be reviewed by underwriters.
- Gather as much data as possible regarding your existing risk management techniques. Be sure to work with your insurance professionals to present loss control measures you have in place.
- Analyze your organization's natural disaster exposures. If your commercial property is located in an area that is more prone to a specific type of catastrophe, implement mitigation and response measures that will protect your property as much as possible if such an event occurs (e.g., installing storm shutters on windows to protect against hurricane damages or utilizing fire-resistant roofing materials to protect against wildfire damages).
- Conduct accurate ITV calculations to remain fully protected when covered events occur and avoid potential coinsurance penalties.
- Develop a documented business continuity plan that will help your organization remain operational and minimize damages in the event of an interruption.
- Address insurance carrier recommendations. Insurers will be looking at your loss control initiatives closely. Taking the appropriate steps to reduce your risks whenever possible can make your business more attractive to underwriters.

General Liability Insurance

The general liability insurance segment has steadily underperformed over the past few years, generating minimal underwriting profitability due to rising claim frequency and severity. In response, insurance carriers have deployed tightened underwriting standards, reduced capacity and ongoing rate increases. However, carriers experienced slightly improved market results in 2022, paving the way for rate deceleration. According to industry data, rates continued to increase during 2022, although at a slower pace than in prior years.

Nevertheless, several concerning trends across the segment—including social inflation issues, active assailant exposures and rising medical expenses—still have the potential to threaten claim costs going forward and negatively impact overall market performance. As such, policyholders can expect yet another year of modest rate increases in 2023. Renewal results will likely depend on insureds' exposures, class and loss history. Policyholders who operate in sectors with elevated general liability risks (e.g., real estate, construction, manufacturing, retail, hospitality and contracting) may be prone to larger rate jumps and more restrictive underwriting standards as well as difficulties obtaining higher coverage limits.

2023 Price Prediction:
0% to +10%

Developments and Trends to Watch

- **Social inflation issues**—The United States has become an increasingly litigious society over the last decade, resulting in businesses facing a growing number of lawsuits following liability incidents (actual or alleged) and, in turn, greater penalties from such legal action. This trend has also driven up social inflation issues. Currently, multiple factors contribute to social inflation within the liability market, including additional attorney advertising, TPLF, tort reform challenges and deteriorating public sentiment toward corporations. In particular, attorney advertising has grown progressively more widespread, spanning various mediums (e.g., television, print and social media) and highlighting opportunities to take legal action in a range of scenarios—thus promoting further litigation against businesses. According to the American Tort Reform Association, more than $6.8 billion has been spent on 77 million national and local attorney advertisements since 2017, showcasing the immensity of such advertising.

  Furthermore, media company Bloomberg estimates that the global TPLF industry, which permits third parties to invest in lawsuits by financing attorneys or their clients in exchange for a portion of any resulting settlements, is currently worth $39 billion—presenting more avenues for litigation against businesses. In fact, one of the top contributors in the TPLF industry has helped fund more than 200 lawsuits since 2016, according to the latest data. These factors have all contributed to a rise in nuclear verdicts as well. According to recent industry research, these trends have contributed to a more than 300% increase in the median value of major U.S. verdicts since 2014.

  Altogether, increased litigation and surging social inflation issues have largely contributed to elevated liability insurance claim costs. In some cases, such litigation has posed underinsurance concerns for businesses, leaving them with coverage gaps and substantial out-of-pocket expenses amid related claims.

- **Active assailant exposures**—An active assailant incident entails an individual or group of individuals entering a populated area to kill or attempt to kill their victims, generally through the use of firearms. These events—sometimes called active shooter incidents or mass shootings—have skyrocketed in the United States. According to the FBI, the number of active shooter incidents jumped by 96.8% between 2017 (31 incidents) and 2021 (61 incidents). These incidents have also grown in severity; 3 out of the 5 deadliest mass shootings in U.S. history occurred in the past decade. Active assailant incidents can carry numerous consequences. These incidents often result in fatalities, serious injuries and prolonged emotional trauma among those involved.

  Additionally, such incidents can leave lasting impacts on the locations in which they occur—namely, commercial properties. Specifically, businesses that encounter active shooter incidents could face substantial recovery expenses, regulatory penalties and liability concerns. With these events on the rise, some businesses have started to more carefully evaluate their active assailant exposures, implement related risk management measures and create incident response plans.

- **Medical expense increases**—Coverage for medical costs arising from third-party injuries is a key element of general liability insurance. As a result, rising medical expenses have exacerbated claim costs across the market in recent years, with no signs of slowing for the foreseeable future. According to research from the Peterson Center on Healthcare and Kaiser Family Foundation, U.S. health spending has surged by more than 31-fold on a per capita basis over the last several decades, increasing from approximately $350 per person in 1970 to more than $11,500 per person today. This surge is tied to various factors, including increased prescription drug expenses, elevated treatment costs due to advancements in medical technology and evolving care methods, and rising wages among health care workers.

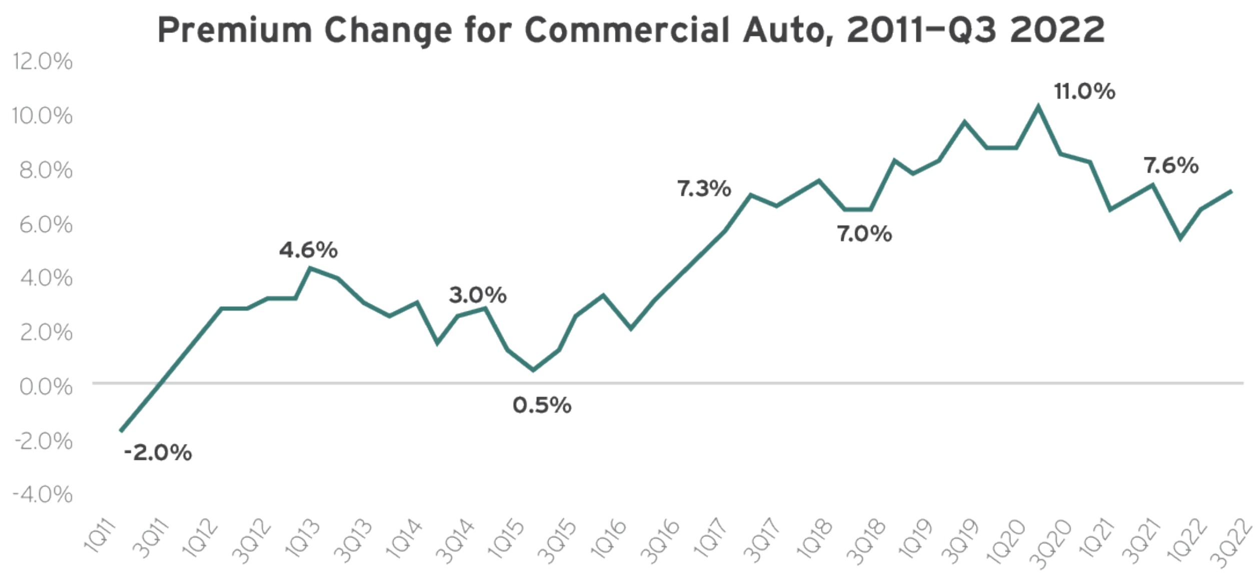
  Making matters worse, widespread inflation concerns—evidenced by record-breaking CPI data over the past year—have and will continue to impact medical costs. According to the BLS, the medical care commodities and medical care services subcategories of the nation's CPI respectively increased by 3.1% and 5.4% between October 2021 and October 2022, while the average price of health care increased by 5% in the same 12-month period. Because there is generally a lag between overall inflation trends and rising medical expenses, such costs are expected to progressively jump throughout 2023 and beyond—especially when combined with developments such as ongoing supply chain struggles for certain types of medical equipment and health care employees seeking higher salaries amid a challenging labor market. With this in mind, surging medical expenses will likely continue to play a major role in elevated general liability insurance claim costs in the future.

Tips for Insurance Buyers

- Work with your insurance broker to educate yourself on key market changes affecting your rates and how to respond using loss control measures. Ensure limits match up with your insurance needs.
- Ensure your establishment has measures in place to reduce the likelihood of customer or visitor injuries (e.g., maintaining safe walking surfaces and promoting proper housekeeping).
- Identify and address any completed operations liability exposures and mitigate any product liability exposures (if your organization makes or sells products).
- Create workplace policies and procedures aimed at minimizing active assailant exposures and establishing effective response protocols amid potential incidents.

Commercial Auto Insurance

The commercial auto insurance market has faced substantial underwriting losses and diminished profitability for more than a decade. In fact, a recent report from credit rating agency AM Best revealed that the segment has encountered more than $20 billion in total underwriting losses since 2011. These losses have occurred despite underwriters elevating commercial auto premiums for 45 consecutive quarters, dating back to the third quarter of 2011.



Source: Council of Insurance Agents & Brokers

A multitude of factors has led to this poor underwriting performance, including social inflation and nuclear verdict concerns, surging accident frequency and severity, numerous road safety challenges and a widespread driver shortage. While the segment continues to face difficult market conditions, AM Best reported that rate increases started to slow down amid strengthening reserves and a combined ratio falling below 100 at the conclusion of 2021—the lowest ratio in more than 10 years. According to industry data, rate increases largely remained in the single digits in 2022, demonstrating signs of stagnation when compared to double-digital rate jumps that took place in prior years. This deceleration can be attributed to a reemergence of insurers that had previously been inactive in the market as well as the implementation of telematics and other vehicle technology among usage-based insurers to collect additional driving data and ensure more accurate premium pricing.

Nevertheless, several cost-driving trends remain pressing concerns in the segment, pushing claims frequency to pre-pandemic levels and increasing overall loss severity. With this in mind, policyholders across industries and vehicle classes can still expect to experience rate increases going into 2023. Further, insureds with larger fleets or poor loss history may be more vulnerable to ongoing rate jumps, lowered capacity and potential coverage limitations.

2023 Price Prediction:

+3% to +15%

Developments and Trends to Watch

- **Social inflation and nuclear verdict concerns**—Although social inflation has affected various lines of commercial coverage in recent years, the auto insurance market has been particularly impacted. This is mainly due to trends in the trucking industry, including a surge in costly lawsuits and associated settlements. Specifically, nuclear verdicts have become more prevalent in the segment, especially in as they pertain to bodily injury claims. According to recent Advisen loss data, the percentage of trucking awards totaling more than $10 million has jumped by 15% since 2017. Between 2021 and 2022, some nuclear verdicts even generated billion-dollar commercial auto liability losses. Altogether, an analysis by the Insurance Information Institute and the Casualty Actuarial Society attributed nuclear verdicts and subsequent social inflation concerns as driving up commercial auto insurance claim costs by $20 billion throughout the last decade.

  In response to the rise in nuclear verdicts, attorneys are more inclined to go to trial. This extends litigation and significantly raises the cost of defending a claim. What's worse, the ongoing surge in nuclear verdicts has contributed to many commercial auto insurance carriers either decreasing their risk appetites and restricting coverage offerings or exiting the market altogether. Consequently, insureds affected by nuclear verdicts are less likely to have sufficient coverage for these events—potentially leading to financial devastation when they occur.

- **Increased accident frequency and severity**—In addition to nuclear verdict trends affecting social inflation and claim expenses across the commercial auto market, accident frequency and severity have progressively increased over the past few years, compounding claim costs. In particular, the National Highway Traffic Safety Administration confirmed that more deaths have occurred on the road since the start of the COVID-19 pandemic, with 2020 recording the highest number of driver fatalities since 2007. Such fatalities jumped by an additional 10.5% in 2021 and another 0.5% in the first half of 2022 alone. These fatal crashes have been linked to a rise in unsafe behaviors behind the wheel (e.g., speeding and neglecting to wear a seat belt). Apart from increased fatal crash rates, road incidents that result in severe injuries have also contributed to elevated accident expenses. This is because such injuries often require multiple doctor visits, complex procedures and advanced treatment plans, which can extend recovery times and inflate total medical costs.

  Additionally, certain technological advancements have made vehicles increasingly expensive to repair following accidents, further driving up claim costs. Industry research shows that electronics now make up more than 40% of the cost of a new vehicle, highlighting the economic concerns associated with repairing or replacing modern vehicle parts. Making matters worse, supply chain struggles brought on by fluctuating demand and various international disruptions have made some vehicle parts both more expensive and harder to obtain. According to management consulting firm McKinsey & Company, prices for vehicle components and equipment soared by 22.8% between June 2021 and June 2022. These issues, coupled with rising labor expenses and inflated used and new vehicle prices, have led to prolonged vehicle repair times and, in turn, surging overall claim costs. As a whole, industry data revealed that supply chain disruptions and inflation have contributed to approximately $9 billion in loss costs for auto physical damage since 2021.

- **Considerations about evolving technology**—The last few years have seen vehicles continue to grow more advanced and incorporate new technology (e.g., blind-spot cameras, backup alarms, GPS devices and telematics software), providing opportunities to increase driver safety and bolster operational efficiency among commercial fleets. Automatic braking technology and advanced driver-assistance systems (ADAS) have also risen in popularity, offering features such as lane departure warnings, blind spot detection, and front and rear crash prevention. According to a recent study from the Highway Data Loss Institute, ADAS-equipped fleets have experienced a 9% decrease in property damage claims, a 3.1% drop in collision claims, a 17.4% reduction in bodily injury claims and a 19.6% decline in medical payment claims. Smartphones have even begun pushing road safety by providing more hands-free features, deploying “driving mode” options that silence notifications behind the wheel and offering various safe driving applications.

Yet, it’s important to note that evolving vehicle and driver safety technology also carries potential risks. Namely, if implemented poorly or incorrectly, this technology could create additional distractions for drivers on the road—potentially resulting in further accidents and related costs. After all, distracted driving is a prevalent concern within any fleet. According to the NHTSA, more than 1,000 people are injured each day in crashes involving distracted drivers, while those who text behind the wheel are 23 times more likely to be involved in an accident. As such, it’s evident that vehicle technology must be leveraged effectively in order for businesses and their fleets to reap the benefits of these advancements.

- **Driver shortage challenges**—Across industry lines, several workforce movements have led to a challenging labor market. Between the Great Resignation and the Great Reshuffle, a growing number of employees opted to exit the workforce altogether or leave their positions in search of new roles that better suit their shifting job priorities (e.g., greater work-life balance, higher pay, additional benefits and increased flexibility). These labor trends have been particularly difficult for the trucking and transportation sectors to manage, posing extra hiring and retention obstacles amid an ongoing driver shortage.

  The nation’s driver shortage reached a historic high of more than 80,000 open positions in 2021, according to the American Trucking Associations (ATA). While this shortage didn’t increase in 2022, it remained near the previous year’s record at 78,000 open positions. In addition to current workforce movements, the ATA contends that demographic imbalances among drivers may also be contributing to the shortage. That is, women make up only 8% of commercial drivers, despite representing 47% of the overall labor market. Further, a rising proportion of drivers are reaching retirement age, as more than half (57%) of experienced drivers are over the age of 45 and nearly one-quarter (23%) are over the age of 55. Amid this shortage, many businesses have had to lower their driver applicant standards to fill open positions. These drivers often have fewer years of experience and shorter driving records. Such factors can make these new employees more likely to be involved in accidents on the road, contributing to an increase in commercial auto claims. Looking ahead, the ATA anticipates that the driver shortage could surpass 160,000 open positions by 2030, exacerbating road safety risks and related claim concerns.

Tips for Insurance Buyers

- Examine your loss control practices relative to your fleet and drivers. Enhance your driver safety programs by implementing or modifying policies on safe driving and distracted driving.
- Design your driver training programs to fit your needs and the exposures facing your business. Regularly retrain drivers on safe driving techniques.
- Establish adequate driving schedules to reduce driver fatigue. Educate employees on driver fatigue and encourage them to take a break if they start experiencing symptoms behind the wheel.

- If you have just begun offering delivery services or recently hired new delivery drivers, fully assess the risks associated with these changes and implement measures to minimize potential damages (e.g., driver training programs and safe delivery protocols).
- Ensure you are hiring qualified drivers by using motor vehicle records (MVRs) to vet drivers' past experience and moving violations. Disqualify drivers with unacceptable driving records. Review MVRs on a regular basis to ensure that drivers maintain good driving records. Define the number and types of violations a driver can have before they lose their driving privileges.
- Consider technology solutions, such as telematics, where appropriate to strengthen and supplement other loss control measures.
- Implement an employee retention program to maintain experienced drivers.
- Prioritize organizational accident prevention initiatives and establish effective post-accident investigation protocols to prevent future collisions on the road.
- Examine your Federal Motor Carrier Safety Administration BASIC scores to identify gaps in your fleet management programs, if applicable.
- Determine whether you should make structural changes to your commercial auto policies by speaking with your insurance broker.

Workers' Compensation Insurance

For much of the past decade, the workers' compensation insurance market has remained stable across states and sectors and produced profitable underwriting results, thus performing as an outlier against other lines of commercial coverage. According to data from the National Council on Compensation Insurance (NCCI), the segment has been profitable for eight consecutive years, with the combined ratio falling under 100 every year since 2014. However, the ratio bottomed out at 79 in 2016 and has been slowly increasing ever since. The ratio reached 87 in 2021—matching the prior year's result and representing a slight jump from 85 in 2019. Furthermore, midyear findings for 2022 revealed a ratio of 112, posing the potential for market difficulties and a lack of profitability going forward.

Various trends could be contributing to this climbing ratio in the workers' compensation segment. Although developments such as advancements in workplace safety technology and telemedicine have helped mitigate employee injuries and illnesses (as well as related claims), other challenges—including musculoskeletal disorders among remote workers, post-traumatic stress disorder (PTSD) concerns within the health care sector, comorbidities and labor shortages across industry lines, and overall well-being and inflation issues—have created additional avenues for such ailments and associated claims. Despite this, industry experts predict that the market's past profitability will still allow for some stability in 2023. Therefore, most policyholders can anticipate minor rate increases, while insureds with higher experience modification factors will likely encounter greater rate jumps.

2023 Price Prediction:
-5% to +5%

Developments and Trends to Watch

- **Employee well-being concerns**—Employee well-being refers to the overall state of workers' physical, mental and emotional health. Although employee well-being is typically considered an HR-related matter, it's also an enterprise risk that directly correlates with key business objectives—including workplace safety. In fact, according to the latest industry research, businesses with effective programs focused on promoting employee well-being experience an average of 30% fewer workers' compensation claims. Over the years, many businesses have attempted to boost employee well-being by offering workplace solutions aimed solely at maintaining physical health (e.g., serving nutritious meal options on-site, offering smoking cessation programs or providing discounted memberships to local gyms). While such solutions can certainly help employees make healthier lifestyle choices and reduce their risk of chronic illnesses and workplace injuries, promoting employee well-being requires businesses to develop initiatives that address all aspects of workers' overall health and happiness.

  Specifically, employees' mental health must be considered. Mental health consists of individuals' emotional, psychological and social well-being. In times of distress, individuals may suffer from poor mental health. Emotions associated with poor mental health include grief, stress, sadness or anxiousness. According to the Centers for Disease Control and Prevention, mental health concerns are on the rise, with 71% of U.S. adults experiencing adverse symptoms of stress (e.g., feeling overwhelmed or anxious) each year. What's worse, the National Safety Council confirmed that instances of both moderate and severe mental health distress are linked to a greater risk of workplace accidents. This is likely because employees facing mental health concerns are often less focused, engaged and aware of potential safety hazards, resulting in poor decision-making and unnecessary risk-taking. These accidents not only lead to injured employees but also higher workers' compensation costs. With this in mind, it has become increasingly critical for businesses to adopt supportive workplace cultures and incorporate mental health initiatives in their employee well-being efforts.

- **Remote work and musculoskeletal disorders**—When the COVID-19 pandemic first emerged in 2020, businesses across industry lines transitioned to remote operations, requiring their employees to work from home. Some employees eventually returned to their workplaces after stay-at-home orders expired, but others continued to work remotely or sought hybrid arrangements—creating a large-scale shift in the overall proportion of remote employees. Initially, it seemed that remote employees would be less prone to occupational injuries at their home workstations. Yet, some employees' remote work setups are contributing to musculoskeletal disorders, thus causing workers' compensation concerns. Recent industry research found that remote employees with poorly designed workstations—namely, those lacking effective ergonomic measures—are more likely to experience ailments such as carpal tunnel syndrome, back pain, neck and shoulder sprains, headaches and digital eyestrain. According to this research, more than 40% of all workers have reported an emergence of or increase in back, shoulder and wrist pain since 2020, highlighting the severity of the problem. Further, multiple studies have shown that remote employees tend to work more hours per day than their on-site counterparts, oftentimes from nonergonomic areas (e.g., bedrooms, dining tables or couches) instead of dedicated home office spaces—providing additional opportunities for occupational injuries. Because remote employees can technically work at any given time (even outside standard business hours), some industry experts have asserted that these employees pose 24-hour workers' compensation exposures.

  Looking ahead, these exposures are here to stay, with more than one-fifth (22%) of the workforce expected to be remote by 2025, according to industry data. As such, a growing number of businesses have begun implementing measures to minimize possible remote work injuries, including creating telecommuting policies, setting fixed work hours and rest periods, establishing clear home workstation guidelines, providing remote work safety training, and conducting regular checkups aimed at identifying and remedying potential occupational hazards.

- **PTSD among health care workers and first responders**—PTSD is a mental health condition that can develop in people after they experience a very stressful, scary or distressing event. To be diagnosed with PTSD, symptoms generally must last for more than a month and be severe enough to interfere with relationships, work or other components of daily life. Common PTSD symptoms include having flashbacks of the traumatic event, wanting to avoid places or objects that are reminders of the event, being easily startled, having angry outbursts, experiencing negative thoughts and losing interest in enjoyable activities. While PTSD has long been an occupational concern—particularly for first responders and emergency medical technicians (EMTs)—the pandemic has put a spotlight on the potential for workers to contract PTSD from their employment, especially in the health care field. According to recent data from the National Center for Biotechnical Information, the prevalence of PTSD among EMTs is higher than 20%, which is more than double the general population average (7%-8%).

  Employees diagnosed with PTSD from a job-related cause may look to file workers' compensation claims to receive coverage for associated medical bills and lost wages. However, workers' compensation benefits eligibility requirements for PTSD vary between states. The pandemic has accelerated the rate at which many state legislatures have been considering establishing or expanding the eligibility for benefits to those suffering from job-related PTSD. But, since it can be difficult to objectively measure mental health conditions or prove they were caused by employment, obtaining such benefits could be an uphill battle for workers in some instances. Nevertheless, as health care workers continue to carry the heavy burden of the pandemic, eligibility requirements for receiving PTSD-related benefits will likely expand. As a result, some businesses and certain sectors may see an impact on overall workers' compensation costs.

- **Inflation issues**—This past year has been met with growing inflation concerns, impacting individuals and industries across the board. The commercial insurance market is no exception to these concerns. Similar to other goods and services, inflation can also elevate the cost of insurance. In the scope of workers' compensation, this segment is primarily affected by medical inflation and wage inflation. Here's a breakdown of these two types of inflation:
    - **Medical inflation**—This form of inflation refers to rising prices for health care necessities (e.g., medical devices, supplies and pharmaceuticals). These prices are typically determined a year in advance based on projections by Medicare and private insurance contracts. Because such projections took place before inflation concerns skyrocketed, medical inflation has remained fairly low in comparison to overall inflation trends. That being said, the workers' compensation segment has yet to face the full impacts of rising inflation issues. Fortunately, the segment is better equipped to handle inflation issues than other commercial lines of coverage due to its past several years of profitability. Additionally, many states have fee schedules in place for workers' compensation coverage, which are predetermined expenses for medical services. These fee schedules are intended to keep treatment costs for injured or ill employees and associated claim expenses reasonable, combatting medical inflation concerns. In any case, it's still important to note that elevated claim and coverage costs brought on by medical inflation are expected in the year ahead.
    - **Wage inflation**—Amid rising cost-of-living expenses and ongoing labor challenges, many businesses have increased their workers' pay to boost attraction and retention efforts—resulting in wage inflation. Because payroll is leveraged as an exposure base to calculate workers' compensation premiums, wage inflation could prompt increased rates. After all, higher wages are tied to greater benefits, and it's crucial for benefits and premiums to remain in balance to ensure workers are adequately reimbursed for lost income following occupational illnesses or injuries. The NCCI also reported that the surge in employees receiving raises and moving from lower-wage positions to higher-paying roles could increase the risk of payroll miscalculations and create short-term disconnects between wages, benefits and workers' compensation premiums. Most states have an index for wage inflation to make sure premiums and benefits keep up with each other, but it's still possible for errors to occur.
- **Labor shortages**—Businesses of all sizes and sectors have been facing labor shortages for several years, raising employee safety concerns and elevating workers' compensation exposures. There is a range of factors currently contributing to such shortages. Within the past year alone, various workforce movements—primarily, the Great Resignation and the Great Reshuffle—have led to a challenging labor market. Amid these movements, a growing number of employees opted to either exit the workforce altogether or leave their positions in search of new roles that better suit their shifting job priorities. In response, businesses have begun hiring a larger number of workers who are inexperienced or new to their particular fields. This shift is evidenced by recent NCCI data, which

found that the proportion of short-tenured employees—those who have been with their respective employers for 12 months or less—increased across multiple sectors (e.g., leisure and hospitality, retail trade, and transportation and warehousing) over the past year. Yet, short-tenured employees are more likely to get injured on the job, carrying additional workers' compensation risks. According to the BLS, 40% of all workplace injuries involve employees who have been in their positions for less than one year, and 1 in 8 injuries happen on employees' first days. Further, the latest industry research found that injuries among short-tenured employees contribute to more than 6 million lost working days each year, representing more than one-third (37%) of overall lost days.

Compounding labor challenges and related employee safety issues, the workforce is rapidly aging. By 2026, the BLS estimates that the workforce participation rate among employees aged 65-74 will reach 30.2%, up from 17.5% in 1996. The potential ramifications of this trend are twofold. First, this means that a greater percentage of the workforce will be approaching retirement age, opening the door for further labor shortages in the future. Second, older employees are more likely to experience occupational injuries and take longer to recover from such injuries, possibly driving up workers' compensation claims and costs. Specifically, NCCI data shows that employees over the age of 55 account for more than one-fifth (21%) of workers' compensation claims and contribute to nearly one-third (31%) of total claim expenses. In light of these labor challenges, effective retention strategies and in-depth safety training have become top priorities for many businesses.

- **Comorbidities**—A comorbidity is the simultaneous presence of two or more medical diagnoses for an individual. Comorbid conditions are typically long-term health complications that can increase the severity of other injuries or illnesses the affected individual may experience, making it more difficult to recover. Common comorbid conditions include obesity, diabetes, hypertension, depression, anxiety and substance abuse. A recent study conducted by the NCCI found that workers' compensation claims involving comorbidities have nearly tripled since 2000. Further, the average cost of workers' compensation claims connected to a comorbid condition is almost twice as much as comparable claims that don't involve comorbidities. Such comorbidity concerns have emphasized the importance of workplace wellness initiatives to promote employees' overall health and limit their risk of developing long-term complications.
- **Wearable safety technology**—In an effort to minimize employee injuries and subsequent workers' compensation claims, many businesses have turned to wearable safety technology in recent years. This technology refers to a variety of electronic devices that employees are able to wear comfortably on their bodies while they work. These devices can help monitor employees' behaviors on the job, alert them of hazardous situations and provide real-time safety instructions—thus promoting a safer work environment, mitigating injuries and lowering workers' compensation costs. According to Allied Market Research, the industrial wearable technology market is projected to reach $8.4 billion by 2027, with more than 100 companies currently in the process of developing this technology. While there are initial implementation costs and privacy concerns to consider for these devices, a recent study from Auburn University found that over three-quarters of safety professionals favor using wearable safety technology to protect employees from injuries on the job. What's more, industry research shows that businesses could experience up to a 250% return on their investment in such technology as a result of fewer workplace accidents, injuries and associated workers' compensation claims. Taking a closer look at businesses that have already implemented wearable safety technology, large-scale retailer corporation Walmart recently reported a 65% decrease in in ergonomic-related occupational injuries among participating store locations within

the first year of rolling out these devices. As this technology continues to advance, other businesses could likely experience similar—if not better—results.

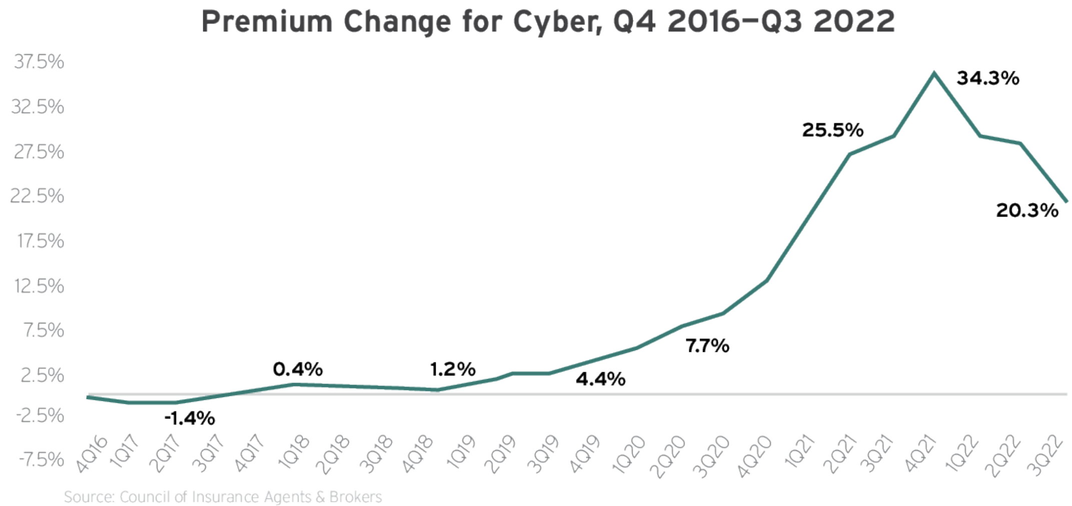
- **Telemedicine**—In addition to using technology to help prevent workplace injuries, businesses have also begun leveraging digital capabilities to help employees treat their ailments, improving recovery outcomes and lowering associated workers' compensation costs. Primarily, telemedicine, which allows employees to receive medical services virtually after they've been injured on the job, has continued to rise in popularity over the years. Telemedicine offers many benefits, including simplified access to medical specialists, reduced treatment delays and lowered transportation expenses. Especially during the height of the pandemic, telemedicine became an increasingly attractive option for employees to receive medical services without having to physically visit a doctor's office or navigate limited clinic availability. According to the Workers' Compensation Research Institute (WCRI), 28 states either added or expanded telemedicine offerings for treating occupational injuries due to the pandemic. WCRI data found that telemedicine usage reached a peak between March and June 2020, particularly for the treatment of minor injuries, such as sprains and strains. The data also revealed that telemedicine usage has since leveled off between 2021 and 2022, although it still sits above pre-pandemic levels.

Tips for Insurance Buyers

- Implement safety and health programs to address common risks, especially when using a loss-sensitive workers' compensation program.
- Conduct routine safety training for employees of all ages and experience levels.
- Consider implementing various digital solutions—such as wearable safety technology and telemedicine—to help prevent and treat injuries within your workers' compensation program.
- Establish workplace wellness initiatives aimed at preventing or treating chronic health conditions and improving the overall well-being of your staff. These initiatives can help reduce the risk of your workforce developing comorbidities and promote greater employee retention. Additionally, consider incorporating mental health resources and support options within employee wellness offerings.
- Develop an effective return-to-work program that properly supports employees in the process of healing from a work-related illness or injury and resuming job duties following their recovery.
- Develop policies and procedures aimed at helping remote employees make their workspaces more ergonomic and prevent injuries at home.
- Ensure accurate payroll projections. Having correct wage information is critical for conducting accurate premium calculations, especially amid rising inflation concerns. Errors in payroll projections could present serious consequences, such as inadequate rates, insufficient benefits or a lack of ample coverage following costly claims.
- Pay close attention to applicable state-regulated and carrier-negotiated fee schedules for workers' compensation coverage. Through the utilization of fee schedules, employees can receive much-needed health care for work-related illnesses and injuries without significantly driving up claim costs—even with medical inflation issues on the rise.
- Have clear processes established for handling workers' compensation claims as diligently and efficiently as possible. Effective claim management protocols can often help mitigate claim severity and prevent similar losses from occurring in the future.

Cyber Insurance

Evolving technology, increased threat vectors and growing attacker sophistication has continued to drive up both the frequency and severity of cyber incidents, resulting in an ongoing rise in cyber insurance claims and subsequent underwriting losses. Amid these market conditions, most policyholders experienced higher cyber insurance rates throughout 2022. According to industry data, some insureds saw as much as 50%-100% rate increases, depending on their specific digital exposures and loss control measures. In addition to elevated premiums, insureds have begun encountering coverage restrictions, further scrutiny from underwriters regarding cybersecurity practices, and exclusions for losses stemming from certain types of cyber incidents—namely, acts of cyberwarfare related to international conflicts and other prevalent cyberattack methods (e.g., ransomware).



Moving into 2023, industry experts anticipate that difficult market conditions—combined with several new entrants to the segment—will make for an increasingly volatile and unpredictable cyber insurance space. Regardless, policyholders who fail to adopt proper cybersecurity protocols or experience a rise in cyber losses may continue to face rate increases and coverage limitations for the foreseeable future.

2023 Price Prediction:

+25% to +100%

Developments and Trends to Watch

- **Increased nation-state and supply chain threats**—Nation-state cyberattacks remain a major concern, especially as the ongoing Russia-Ukraine conflict contributes to global cyberwarfare worries. Because nation-state attacks often arise from third-party exposures, businesses have become more focused on addressing their supply chain vulnerabilities. Amid rising cyberwarfare threats, the following trends have emerged:
    - **Bolstered cybersecurity practices**—In March 2022, the White House issued a statement warning U.S. organizations that nation-state cybersecurity exposures stemming from Russian attackers would likely increase in the coming months. The federal government also introduced new initiatives aimed at hardening the nation's cyber defenses against foreign threats and urged businesses to follow suit. According to a recent survey, many businesses did just that, with more

than half (52%) of respondents having increased their organizations' oversight of IT vendor management to address geopolitical conflict concerns. More than one-third of respondents also took steps to manage these concerns within their supply chains through activities such as identifying critical suppliers (38%) and assessing network connectivity with vendors (36%).

- **Additional coverage challenges**—Apart from elevating their cybersecurity tactics, some insureds have sought extra coverage to help protect against cyberwarfare risks. But these policyholders have likely faced challenges obtaining such coverage, primarily due to war exclusions. These exclusions generally state that damages from "hostile or warlike actions" by a nation-state won't receive coverage. Cyber policies are not immune to war exclusions; however, recent court cases and insurance industry shifts have muddied the scope of these exclusions as they pertain to cyberwarfare, creating confusion and posing potential coverage gaps among policyholders. Yet, global insurance market Lloyd's of London recently announced to its widespread network of carriers that all new or renewed cyber policies must exclude coverage for losses stemming from nation-state attacks as of March 31, 2023. Going forward, it's possible that additional carriers will follow suit or—at the very least—adjust their policies to explicitly outline coverage capabilities (or lack thereof) for damages related to cyberwarfare.

- **Tightened underwriting standards**—Similar to last year, cyber insurance carriers have continued to adjust their underwriting practices to help mitigate the risk of making costly payouts. In particular, the heightened severity of cyber incidents has motivated most carriers to be more selective regarding which organizations they will insure and the types of losses they will cover. For example, many carriers have begun leveraging organizations' cybersecurity documentation to determine whether they qualify for coverage—in the cases of both new policies and renewals—as well as calculate how expensive their premiums will be. This documentation may include detailed information on essential elements of organizations' cyber hygiene, such as incident response planning, employee training, data storage and recovery processes, email safeguards, multifactor authentication protocols and patch management procedures. Some carriers have even incorporated scanning technology into their underwriting processes to assess policyholders' digital hygiene.
- **Evolved regulations**—Throughout the past few years, both the federal government and several states have implemented and enforced stricter data privacy and breach notification laws, holding businesses more accountable for their cybersecurity failings. In 2021, Virginia and Colorado introduced tightened legislation mirroring the California Consumer Privacy Act and Europe's General Data Protection Regulation. Additionally, states such as Connecticut, Nevada, Texas and Mississippi created laws that widened the definition of personally identifiable information (PII) and elevated the penalties for exposing PII. In 2022, the federal government introduced multiple new cybersecurity regulations. This legislation includes a proposal from the U.S. Securities and Exchange Commission (SEC) regarding additional cybersecurity disclosure standards for publicly traded companies, as well as the Strengthening American Cybersecurity Act of 2022, which requires businesses to report large-scale cyber incidents within 72 hours and ransomware payments made within 24 hours of them occurring. As data privacy and breach notification laws become more expansive, it's vital for businesses to adjust their cybersecurity procedures when necessary to maintain compliance and limit associated insurance claims.
- **Elevated ransomware and extortion concerns**—Ransomware attacks, which entail cybercriminals compromising devices or servers and demanding large payments be made before restoring the technology (as well as any data stored on it), have skyrocketed in recent years. They impact

businesses of all sizes and sectors, but especially small- and medium-sized establishments. What's worse, these attacks often carry costly losses—both as a result of substantial payment demands and technology and data recovery efforts. In fact, international software company Acronis revealed in its latest Cyberthreat Report that global ransomware damages are expected to exceed $30 billion in 2023. This ongoing increase in attacks has likely been brought on by cybercriminals growing more sophisticated and developing additional attack avenues and extortion methods. Here's a breakdown of emerging ransomware techniques:

- **Ransomware-as-a-Service (RaaS)**— RaaS refers to a dark web business model that permits sophisticated cybercriminals to sell their ransomware software to willing buyers (usually less skilled cybercriminals), who then utilize the software to launch attacks and secure ransom payments. When RaaS developers secure buyers, these customers are usually provided with access to not only the ransomware software itself but also some form of a product portal. This portal may include detailed instructions for software implementation, user reviews, support forums and special discounts or offers for future purchases from the developer. Customers may receive permanent access to the software they buy or only be given an allotted amount of time to utilize it. Depending on the developer, RaaS purchases can be a one-time sale or a monthly subscription service. In any case, the RaaS model poses a serious threat to all organizations, as it allows cybercriminals of any skill level to execute ransomware attacks. According to cybersecurity company Fortinet, the number of ransomware variants circulating worldwide nearly doubled between 2021 and 2022, suggesting a substantial increase in cybercriminals' utilization of the RaaS model.
- **Double and triple extortion**—Double extortion follows similar protocols to that of typical ransomware attacks; however, it differs in that cybercriminals copy or transfer victims' data (also called data exfiltration) to deploy an extra threat—victims must pay ransoms not only to regain access to their technology and data but also to keep that data from being shared publicly. Triple extortion takes this threat one step further, with cybercriminals utilizing stolen data to seek out victims' third-party associates (e.g., customers, suppliers and business partners) and demand additional ransoms from these parties to prevent their information from being exposed. Double and triple extortion practices are on the rise, as more than two-thirds (70%) of ransomware attacks now involve some form of data exfiltration, according to media company HealthITSecurity. These attacks can be significantly more damaging for affected organizations than average ransomware incidents. This is because even if organizations have protocols in place (e.g., storing data in multiple secure locations) that allow them to recover their compromised information without paying ransoms, they may still be pressured to do so in order to keep their data from going public and protect their associates from being targeted—with no genuine guarantee that such payments will actually stop these threats from being carried out.

- **Heightened business email compromise (BEC) risks**—BEC scams involve cybercriminals impersonating seemingly legitimate sources—such as senior-level employees, suppliers, vendors, business partners or other organizations—via email. Cybercriminals use these emails to gain the trust of their targets, tricking victims into believing they are communicating with genuine senders. From there, cybercriminals convince their targets to wire money, share sensitive information (e.g., customer and employee data, proprietary knowledge or trade secrets) or engage in other compromising activities. These scams are among the most expensive types of social engineering losses, and they have become a major threat to businesses across industry lines. The FBI reported that BEC scams have increased by 39% since 2020, contributing to $2.4 billion in annual losses across the United States and costing an average of $120,000 per incident.

Tips for Insurance Buyers

- Work with your insurance professionals to understand the different types of cyber coverage available and secure a policy that suits your unique needs. Start renewal conversations early.
- Take advantage of loss control services offered by insurance carriers to help strengthen your cybersecurity measures.
- Provide remote employees with adequate resources, support and software to avoid cybersecurity concerns amid work-from-home or hybrid arrangements.
- Focus on employee training to prevent cybercrime from affecting your operations. Employees should be aware of the latest cyberthreats and ways to prevent them from occurring.
- Keep organizational technology secure by utilizing a virtual private network, installing antivirus software, implementing a firewall, restricting employees' administrative controls and encrypting all sensitive data.
- Consider implementing cybersecurity controls such as multifactor authentication, endpoint detection and response solutions, network segregation and segmentation, remote desk protocol safeguards, end-of-life software management and email authentication technology.
- Store backups of critical data in a secure, offline location to minimize losses in the event of a ransomware attack.
- Update workplace software on a regular basis to ensure its effectiveness. Keep employees on a strict software update schedule and consider using a patch management system to assist with updates.
- Establish an effective, documented cyber incident response plan aimed at remaining operational and minimizing damages in the event of a data breach or cyberattack. Test this plan regularly by running through various scenarios with staff. Make updates to the plan as needed.
- Develop workplace policies that prioritize cybersecurity—including an internet usage policy, a remote work policy, a bring-your-own-device policy and a data breach response policy.
- Be sure to consider potential nation-state threats and supply chain exposures when establishing your organization's cybersecurity policies and protocols.

Directors and Officers Liability Insurance

Although the last few years in the directors and officers liability (D&O) insurance segment were characterized by double-digit rate increases and lowered capacity, market conditions proved much more favorable throughout 2022. This shift was brought on by a range of factors, including new market entrants and fewer litigation concerns stemming from initial public offerings (IPOs) and special purpose acquisition companies (SPACs). In the scope of publicly traded companies, rate increases and retentions moderated substantially—with many policyholders even encountering rate decreases. According to industry data, more than two-thirds (69%) of such insureds saw reduced renewal premiums in 2022, while 15% experienced flat rates. These findings are essentially the opposite of 2021's results, in which 70% of policyholders encountered increased renewal premiums. Taking a closer look at these trends, renewal pricing for primary and lower excess layers of D&O coverage mostly ranged from flat to single-digit increases during 2022, whereas pricing for mid- and high-excess layers largely decreased. Further, the capacity for higher excess layers has been on the rise, resulting in more competitive market dynamics.

While the D&O segment has also started to stabilize for private and nonprofit companies, these companies are still deemed higher risk by insurers than their publicly traded counterparts. As such, industry data confirmed that rates for these policyholders continued to increase in 2022, albeit at a decelerated pace compared to prior years. Moving into 2023, industry experts anticipate that favorable market conditions will press on, paving the way for further premium stagnation and potential rate decreases. Nonetheless, there are still some troubling trends for insureds to be aware of, such as cybersecurity concerns; global and economic uncertainty; and environmental, social and governance (ESG) issues. Additionally, even as market conditions change, it's important to note that policyholders operating within challenging industries, possessing poor loss history or utilizing insufficient risk management measures could face ongoing rate jumps and coverage difficulties.

2023 Price Prediction:

Private/nonprofit entities: -10% to +7.5%
Public companies: -15% to +2.5%

Developments and Trends to Watch

- **New market entrants and increased competition**—In light of increasing capacity and decelerating rates, it's clear that insurers' overall sentiment toward the D&O market has shifted. Looking ahead, insurers are poised to fuel further segment growth, as evidenced by several new entrants in the market and—subsequently—greater competition. According to the latest industry data, as many as 20 new entrants have recently made their way into the market, resulting in the average publicly traded company receiving quotes from up to eight different insurers for current renewals, compared to just three a year prior. While many of these new entrants assumed the rapid increase in publicly traded companies seen in past years would continue, 2022 was met with fewer IPOs and SPAC deals, prompting even more competition in the renewal space. In order to secure market shares, some D&O insurers have also broadened their underwriting appetites by quoting additional layers of coverage, offering higher limits and undercutting competitors to attract new business—therefore promoting segment conditions that largely benefit policyholders.

- **ESG issues**—ESG activism has also made a noticeable impact on the D&O market. Specifically, senior leaders have been held increasingly accountable for upholding their companies' commitments to environmental and social initiatives by stakeholders, regulators and the public, thus prompting increased litigation against such leaders and associated D&O claims. Some of this litigation has centered around senior leaders misrepresenting, failing to disclose or neglecting to effectively address topics such as board diversity, equal pay and human rights abuse within supply chains.

  Amid an ongoing rise in natural disasters, deforestation, and water and biodiversity degradation, climate change has been the main focus of ESG-related litigation; much of the litigation alleges that senior leaders have not fully disclosed the material risks of climate change or promoted eco-friendly operations. According to the Grantham Research Institute, global climate change litigation has more than doubled since 2015, contributing to more than 2,000 lawsuits—nearly one-quarter of which occurred in the past two years alone. Adding to these concerns, the SEC proposed changes to its climate change disclosure rules for publicly traded companies in March 2022. Such changes include requiring companies to share more details on their climate-related risks, associated mitigation measures and greenhouse gas emissions. If adopted, these changes could contribute to increased climate change litigation and D&O claims for noncompliant companies.

  However, even as companies make it a priority to maintain eco-friendly operations, they should be sure to avoid greenwashing. Greenwashing refers to a deceptive marketing practice in which companies produce misleading information to trick the public into believing their products, services or mission have more of a positive impact on the environment than is accurate. This practice undermines companies that actually implement sustainability efforts and can make it harder for consumers and investors to make eco-friendly decisions. As stakeholders take more legal action in this area, setting unrealistic ESG targets could lead to additional litigation and D&O claims.

- **Global and economic uncertainty**—Businesses across industry lines (as well as their senior leaders) are facing uncertainty within their operations due to widespread supply chain bottlenecks that have persisted since the initial onset of the COVID-19 pandemic and ongoing international conflicts. Furthermore, the economy has shown signs of trouble throughout 2022, primarily by way of record-setting inflation issues, a volatile stock market and rising interest rates. These trends have led some economic experts to suggest that the nation could be entering a recession in the near future. As a result of lacking global and economic stability, some senior leaders have found it more difficult to create effective business plans and ensure proper financial decisions for their companies.

  However, even amid unpredictable conditions, these leaders could still face litigation from stakeholders—especially investors—for making poor decisions (e.g., missing earnings guidance, leveraging inaccurate economic projections or providing inadequate risk disclosures) that ultimately lead to financial losses. This would contribute to D&O claims. Moreover, underwriters are also facing these uncertain conditions, making it more challenging for them to properly determine companies' D&O exposures. Considering these trends, it has become all the more critical for companies and their senior leaders to consistently monitor the shifting global and economic risk landscape and adjust their business practices as needed—demonstrating to insurers and stakeholders that they are equipped to handle their associated exposures.

- **Cybersecurity concerns**—Cyberattacks continue to increase in cost and frequency for businesses of all sizes and sectors, sometimes leading to litigation against senior leaders and related D&O claims. After all, decisions made by senior leaders are often intensely scrutinized following cyberattacks. Potential D&O losses can arise from allegations such as senior leaders failing to take reasonable steps to protect stakeholders' personal or financial information, implement controls to detect and prevent cyberattacks, and report incidents or notify the appropriate parties. For example, the board of directors at telecommunication company T-Mobile encountered a shareholder derivative lawsuit in November 2021 for allegedly failing to protect customers' information in a large-scale data breach. The lawsuit eventually resulted in a $350 million settlement in November 2022. In terms of common cyberthreats facing senior leaders, ransomware has become a rising concern for many businesses—pushing senior leaders to make difficult decisions regarding network security measures and extortion response protocols. According to a recent survey from industry experts, more than half (59%) of business directors and executives consider cyber extortion to be among their top risks.

Compounding D&O risks stemming from cyberattacks, the SEC proposed amendments to its existing cybersecurity disclosure requirements for publicly traded companies in March 2022. These amendments include enhanced and standardized rules regarding cybersecurity governance, strategy, risk management and incident reporting. The adoption of these amendments could result in further litigation and associated D&O losses for noncompliant companies.

- **Litigation shifts**—In recent years, publicly traded companies and their senior leaders experienced a surge in litigation and related D&O claims. Yet, this litigation significantly subsided in certain areas throughout 2022, thus reducing associated claims and costs. Here's an outline of these litigation shifts:
    - **Fewer securities class action lawsuits**—A securities class-action lawsuit refers to legal action brought on by a group of shareholders who claim to have suffered financial losses due to the publicly traded company they invested in (and its senior leaders) violating securities laws, such as SEC regulations on ensuring accurate financial statements and disclosures. These lawsuits soared over much of the past decade, more than doubling between 2012 and 2019, according to industry data. However, the Stanford Securities Class Action Clearinghouse and Cornerstone reported that these lawsuits peaked between 2019 and 2020, leveling off in recent years. In fact, there were slightly more than 150 such lawsuits in 2022, down from 211 in 2021 and 318 in 2020. This reduction in litigation has, in turn, helped drive down D&O claims.
    - **Fewer IPOs and SPAC deals**—A SPAC is a corporation developed with the primary intention of raising investment capital through an IPO—the process of a private company going public by selling its shares on a stock exchange. The secured funds are then utilized to acquire an unspecified business (also called a target company), which is later identified following the IPO. SPACs surged in popularity in the last few years, with many companies viewing these transactions as a more efficient way to go public. According to industry data, 613 SPAC deals occurred in 2021, generating more than $160 billion in IPO proceeds. These findings greatly surpassed the 248 transactions and $83 billion in proceeds generated during 2020. In response to this surge, the SEC focused on holding senior leaders who conduct SPAC transactions increasingly accountable for potential wrongdoings, such as failing to perform their due diligence on a target company's finances or providing shareholders with misleading information. This prompted a significant increase in SPAC-related litigation and associated D&O losses. Although, as fewer companies opted to go public in 2022, IPOs and SPAC deals substantially cooled off. Specifically, industry data confirmed that the first six months of 2022 saw the number of publicly traded companies drop to its lowest level since 2016, contributing to less than 100 SPAC transactions. This reduced activity provided limited avenues for potential litigation, keeping related D&O claims at bay.

Nonetheless, it's vital to keep in mind that the road to the de-SPAC process—which entails a SPAC finalizing the merger with its target company—can take several months (or even years), creating a possible lag between these transactions and related litigation. With this in mind, the high number of SPAC deals that occurred in 2021 could prompt ongoing litigation and D&O losses in the months and years ahead. Further, the SEC proposed additional disclosure rules and investment protections for IPOs and SPAC transactions in March 2022, which could also allow for more litigation in this space and fuel D&O claims in the future.

Tips for Insurance Buyers

- Examine your D&O program structure and limits alongside your insurance professionals to ensure they are appropriate and take market conditions and trends into account.
- Consult insurance brokers, loss control experts and underwriters to gain a better understanding of your D&O exposures and cost drivers in the market.
- Make sure your senior leadership team carefully assesses potential exposures and maintains compliant, honest practices amid IPOs and SPAC transactions. Pay close attention to SEC requirements for such transactions.
- Ensure your senior leaders follow safe financial practices (e.g., timely payments, educated investments, accurate documentation and reasonable reimbursement procedures). Be transparent with stakeholders about your organization's economic state to avoid misrepresentation concerns.
- Make sure your senior leadership team is actively involved in monitoring your organization's unique cyber risks, implementing proper cybersecurity practices to help prevent potential attacks (especially in the realm of remote work arrangements), ensuring compliance with all applicable data security standards and establishing an effective cyber incident response plan to minimize any damages in the event of an attack.
- Prioritize establishing eco-friendly initiatives among your senior leadership team. However, ensure that these initiatives remain realistic to avoid greenwashing concerns. Furthermore, be sure your senior leadership team conducts their due diligence and provides proper reporting regarding climate change concerns.

Employment Practices Liability Insurance

Similar to most other lines of commercial coverage, the employment practices liability (EPL) insurance segment has been met with hard market conditions in recent years—largely due to claim- and cost-driving trends such as nuclear verdicts, social inflation, greater regulatory scrutiny and evolving employment concerns. As a result, the majority of policyholders encountered rate increases during 2022. The immensity of these rate hikes varied based on sector, location, potential exposures and prior losses. Most insureds with good claims history encountered moderate rate jumps, ranging between 5% and 15%, according to industry data. Additionally, retention increases became common across the segment, with further pressure on primary retentions.

As new insurers emerge for excess layers of EPL coverage, market capacity has somewhat stabilized. However, a lack of competition among primary and lower-excess layers—especially for riskier industries (e.g., health care, retail, hospitality and leisure) and states (e.g., California, Illinois, Florida, New York and Texas)—has created ongoing capacity challenges for some insureds. Looking ahead to 2023, first-time EPL policyholders may experience additional capacity difficulties as insurers focus on maintaining profitability among their existing customers. As a whole, rate increases and coverage limitations will likely persist for high-risk insureds for the foreseeable future.

2023 Price Prediction:
+10% to +15%

Developments and Trends to Watch

- **Rising claim severity**—According to the U.S. Equal Employment Opportunity Commission (EEOC), overall employment charges and related EPL claims have been on the decline since 2016, in part due to labor market conditions that have permitted dissatisfied employees to more readily leave their positions and find other job opportunities. Yet, while charges have trended downward, their associated costs have done the opposite—thus elevating total EPL losses. Such increasing claim severity can be attributed to several different factors. Primarily, nuclear verdicts and subsequent social inflation issues have been on the rise over the past few years, driven by deteriorating public sentiment toward large corporations and growing demands to hold businesses accountable for their potential wrongdoings. Although these trends were prevalent before the COVID-19 pandemic, corporate mistrust and animosity were only exacerbated in recent years as the public saw certain companies grow more profitable during the public health emergency—providing further motivation for large-scale jury awards and associated EPL losses. In addition, some businesses have faced allegations regarding failures to make reasonable pandemic-related accommodations and adjustments for their workers, resulting in more than 5,400 lawsuits since March 2020, according to employment law firm Littler Mendelson. Altogether, industry experts anticipate that employment charges stemming from the pandemic could stretch out for months and years to come, resulting in delayed settlements and elevated claim costs in the future.
- **Increased regulatory scrutiny**—Within the last few years, President Joe Biden’s administration and the EEOC have collaborated on various regulatory initiatives to fight systemic discrimination in the employment landscape. This kind of discrimination refers to workplace policies and procedures that can place underserved groups at a disadvantage (e.g., racial injustices and gender pay disparities). In

a recent report, the EEOC shared that it has been leveraging both enforcement capabilities and education and outreach efforts to minimize discriminatory patterns in employment settings across industry lines and geographic areas. The report also highlighted that in fiscal year 2021, the EEOC resolved 342 investigations and obtained more than $24.4 million in monetary benefits for those affected by systemic discrimination. During this time, the EEOC also resolved 26 systemic discrimination lawsuits and filed another 13 lawsuits. Among these employment charges, retaliation—a company taking inappropriate actions against an employee for exercising their workplace rights—reigned as the top contributor, accounting for more than half (56%) of such litigation. Moving into 2022, the EEOC filed more than 40 lawsuits in the month of September alone, further emphasizing its increased enforcement efforts.

The Biden administration also announced plans to expand the EEOC's workforce to 2,300 employees by 2023—up from approximately 1,900 in 2020. This growth in employees could allow for even greater enforcement capabilities, litigation and subsequent EPL claims going forward. As regulatory scrutiny continues to rise in the employment space, it has become increasingly crucial for businesses to maintain documented workplace policies and procedures that foster a culture of equality and inclusivity. This will help mitigate the risk of systemic discrimination concerns and associated EPL losses.

- **Social justice developments**—Multiple social justice developments could impact employment litigation and subsequent EPL claims in 2023. Here's a breakdown of these developments:
  - **The #MeToo and Black Lives Matter movements**—The #MeToo movement, an anti-sexual harassment campaign, has empowered employees to call out inappropriate workplace conduct, contributing to a substantial rise in sexual assault and sexual harassment lawsuits against employers since 2017, according to the EEOC. In response to this trend, the Ending Forced Arbitration of Sexual Assault and Sexual Harassment Act was signed into law in March 2022. This legislation permits employees who come forward with sexual assault or sexual harassment allegations to take such claims to court, even if they had previously agreed to arbitrate these disputes before the claims arose. Such legislation has the potential to prompt further employment litigation and related EPL claims. Also, the Black Lives Matter movement—a racial justice campaign—could motivate employees to speak out against racial inequities on the job, possibly playing a role in race-related workplace discrimination and harassment lawsuits in the months and years ahead.
  - **Equal pay efforts**—The Biden administration has displayed a growing interest in managing the gender pay gap over the last few years, especially as it pertains to passing the Paycheck Fairness Act. If this proposed law eventually goes into effect, it would explicitly address sex-based wage discrimination and introduce further procedural protections to existing federal pay equity legislation, including the Equal Pay Act of 1963 and the Fair Labor Standards Act. As such, businesses should be prepared for the possibility of additional wage equality requirements in the future as well as take steps to minimize related litigation and EPL claims.
  - **LGBTQ protections**— The U.S. Supreme Court established in 2020 that Title VII protects gay and transgender employees from workplace discrimination and harassment based on sexual orientation, gender identity and gender expression. In 2021, the EEOC leveraged this decision to issue additional guidance permitting exceptions from workplace policies regarding bathrooms and dress codes for LGBTQ employees. However, a federal judge in Texas ruled this guidance unlawful in 2022. In any case, the Supreme Court's decision and subsequent EEOC guidance or

other legal developments could result in further discrimination-based EPL claims in 2023 and beyond, as LGBTQ employees may feel more encouraged to hold businesses accountable for unfair treatment. After all, a recent report from the Williams Institute at the University of California, Los Angeles, School of Law revealed that nearly half (46%) of LGBTQ employees have experienced unfair treatment throughout their careers due to their sexual orientation or gender identity—representing a high potential for associated employment litigation.

- **Marijuana legalization considerations**—For the past decade, many states have been moving toward the legalization of marijuana. As it stands, more than one-third of the country (21 states) permits the use of recreational marijuana among adults ages 21 and older. Additionally, 37 states have legalized the utilization of marijuana for medical purposes. This means that—although marijuana remains illegal at the federal level—the majority of Americans have access to this substance in some form. Several states also have legislation in progress that could further propel marijuana legalization in the future. Such evolving legislation has created numerous challenges for businesses across industry lines—especially regarding EPL exposures. In particular, some states have enacted statutes that restrict employers' abilities to conduct drug tests for marijuana, while others have introduced laws prohibiting employers from refusing to hire or taking adverse action against workers who use the substance recreationally while off-duty. In total, 22 states currently have some degree of employment protections in place for workers who partake in legal marijuana usage, showcasing the potential for litigation against noncompliant businesses and subsequent EPL losses. Therefore, employers with outdated policies and procedures regarding marijuana testing and off-duty usage could face an increased risk of EPL claims.
- **Artificial intelligence (AI) concerns**—In an effort to help streamline their recruitment and hiring processes, some businesses have turned to AI systems. These systems leverage programmed algorithms and data sets to assess a large group of job candidates and deliver automated employment decisions without the need for human intervention. Such systems can also assist with advertising companies' open positions, analyzing resumes, testing applicants throughout the hiring process and identifying top-performing employees for promotion opportunities. According to industry data, more than one-third (35%) of businesses utilize AI systems.

  While these systems can certainly offer various benefits to the businesses that use them, such technology may also pose EPL exposures. Specifically, AI systems—although intended to provide impartial results—may contribute to discriminatory employment decisions if the algorithms and data sets entered within these systems end up being biased toward specific groups. Depending on how frequently AI systems are used, these decisions could occur on a mass scale, presenting multiple avenues for discrimination-based litigation and associated EPL claims. The past few years have already seen several major companies, such as Google and Amazon, held responsible for AI system failings that demonstrated gender biases. In 2022, both the Biden administration and the EEOC released guidance highlighting practices that businesses should implement to prevent discrimination stemming from AI system utilization. This guidance primarily focuses on eliminating algorithms that remove candidates from consideration or lower their performance on employment tests due to their disabilities or medical conditions, as these algorithms could be considered unlawful under the Americans with Disabilities Act. Considering these developments, it's imperative for businesses to carefully review their AI systems for possible biases to mitigate litigation risks and EPL losses.

Tips for Insurance Buyers

- Assess your employee handbook and related policies. Ensure you have all appropriate policies in place, including language on discrimination, harassment and retaliation.
- Implement effective sexual harassment prevention measures (e.g., a zero-tolerance policy and a sexual harassment awareness program), reporting methods and response protocols.
- Promote diversity, acceptance and inclusion in the workplace through staff education and training. Take any accusations or reports of discrimination seriously.
- Document all evaluations, employee complaints and situations that result in employee termination.
- Consult legal counsel for state-specific employee wage and hour guidance. Pay close attention to workplace issues that could lead to wage and hour complaints.
- Review any state-specific legislation related to marijuana legalization. Consider revising procedures related to conducting workplace drug tests for marijuana or basing employment decisions on an employee’s marijuana usage, as these practices could potentially contribute to EPL claims.
- Evaluate the algorithms and data sets for any AI systems utilized within recruitment and hiring processes to prevent discriminatory employment decisions and ensure compliance with applicable federal and EEOC guidance.

Moving Forward

It can sometimes seem as if the forces determining your insurance rates are beyond your control. But, as an insurance buyer, it's important to know how your premiums are calculated, what trends influence the market and what you can do to get the best price.

Your claims history—which you can control—has an enormous impact on whether your rates go up or down. That's where implementing a solid risk management plan will help steer your pricing in a more favorable direction, both now and in future renewal periods.

The following are five key components of a successful risk management strategy:

1. Pinpoint your exposures and cost drivers.
2. Identify the best loss control solutions to address your unique risks.
3. Create a solid business continuity plan to account for disasters and other unpredictable risks.
4. Build a company culture focused on safety.
5. Manage claims efficiently to keep costs down.

In addition to implementing the above risk management strategies, working alongside an experienced insurance broker is equally crucial. Qualified insurance professionals can help their clients analyze their business, understand their exposures and establish a suite of customized insurance policies that act as a last line of defense against claims. A broker will also thoroughly explain your policies, notifying you of any additional considerations to keep in mind.

Remember, the insurance landscape is complex, and although the predictions found in this outlook are based on expert research, they are subject to change. Fortunately, your partners at Gehring Group are diligently monitoring the market throughout the year and will keep you informed of any changes that might affect your business.

For More Information

This document is not intended to be exhaustive, nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel or an insurance professional for appropriate advice. For more details regarding the information contained in this report, contact Gehring Group today.

GEHRING® GROUP
A DIVISION OF RISK STRATEGIES

PROPERTY & CASUALTY INSURANCE BROKER SERVICES

Proposal Contact: Rommi Mitchell, Risk Services Advisor
Tel: (800) 244-3696 or (561) 626-6797
Email: rommi.mitchell@gehringgroup.com

Our communities rely on the public sector.
The public sector relies on Gehring Group.

In addition to helping you navigate the insurance market, Gehring Group has resources to assist in your risk management efforts. Business owners who proactively address risk, control losses and manage exposures will be adequately prepared for changes in the market and will get the most out of each insurance dollar spent.

VENDOR REFERENCE FORM

City of Hollywood Solicitation #: RFP-060-23-WV - Insurance Broker Services
Reference for: RSC Insurance Brokerage, Inc., including its division, Gehring Group

Organization/Firm Name providing reference: CITY OF BOYNTON BEACH
100 E. Ocean Avenue, Boynton Beach, FL 33435

Organization/Firm Contact Name: Richard Ignoffo
Title: Risk Manager
Email: ignoffor@bbfl.us
Phone: (561)742-6048
Name of Referenced Project: Insurance Brokerage Services
Contract No: RFP 017-1710-19/MFD
Date Services were provided: 4/1/2014 - present
Project Amount: Approx $73,000 /annually

Referenced Vendor's role in Project: ☒ **Prime Vendor** ☐ **Subcontractor/ Subconsultant**

Would you use the Vendor again? ☒ **Yes** ☐ **No.** Please specify in additional comments

Description of services provided by Vendor (provide additional sheet if necessary):
The Gehring Group assits the City of Boynton Beach with all risk management services. This includes, but is not limited to: General Liability, auto, workers compensation insurance, trainings, Certificates of Insurance, pollution environmental, & general safety.

Please rate your experience with the Vendor	**Need Improvement**	**Satisfactory**	**Excellent**	**Not Applicable**
Vendor's Quality of Service				
a. Responsive	☐	☐	☒	☐
b. Accuracy	☐	☐	☒	☐
c. Deliverables	☐	☐	☒	☐
Vendor's Organization:				
a. Staff expertise	☐	☐	☒	☐
b. Professionalism	☐	☐	☒	☐
c. Staff turnover	☐	☐	☒	☐
Timeliness/Cost Control of:				
a. Project	☐	☐	☒	☐
b. Deliverables	☐	☐	☒	☐

Additional Comments (provide additional sheet if necessary):
David Daley, Rommi Mitchell, and Rodney Lovis are amazing! Very knowledgeable, easily accessible, & outstanding customer service!

****THIS SECTION FOR CITY USE ONLY****					
Verified via:	**Email:** ☐	**Verbal:** ☐		**Mail:** ☐	
Verified by:	**Name:**			**Title:**	
	Department:			**Date:**	

VENDOR REFERENCE FORM

City of Hollywood Solicitation #: RFP-060-23-WV - Insurance Broker Services
Reference for: RSC Insurance Brokerage, Inc., including its division, Gehring Group

Organization/Firm Name providing reference: VILLAGE OF TEQUESTA
345 Tequesta Drive, Tequesta, FL 33469

Organization/Firm Contact Name: Merlene Reid **Title:** Human Resources Director
Email: mreid@tequesta.org **Phone:** (561)768-0415
Name of Referenced Project: Insurance Brokerage Services **Contract No:**
Date Services were provided: 5/1/2009 - present **Project Amount:**

Referenced Vendor's role in Project: ☐ **Prime Vendor** ☐ **Subcontractor/ Subconsultant**
Would you use the Vendor again? ☒ **Yes** ☐ **No.** **Please specify in additional comments**

Description of services provided by Vendor (provide additional sheet if necessary):
Provides brokerage services for the Villages property & casualty insurance, and employee insurance benefits

Please rate your experience with the Vendor	Need Improvement	Satisfactory	Excellent	Not Applicable
Vendor's Quality of Service				
a. Responsive	☐	☐	☒	☐
b. Accuracy	☐	☐	☒	☐
c. Deliverables	☐	☐	☒	☐
Vendor's Organization:				
a. Staff expertise	☐	☐	☒	☐
b. Professionalism	☐	☐	☒	☐
c. Staff turnover	☐	☐	☐	☒
Timeliness/Cost Control of:				
a. Project	☐	☐	☒	☐
b. Deliverables	☐	☐	☒	☐

Additional Comments (provide additional sheet if necessary):
Outstanding service and professionalism, in addition to being wonderful, caring human beings. Do yourself a favor
and contract them. They go over and beyond to make your work easier. We've been partnering for 15+ great years

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Verified via:	**Email:**	☐	**Verbal:**	☐	**Mail:**	☐
Verified by:	**Name:**				**Title:**	
	Department:				**Date:**	

VENDOR REFERENCE FORM

City of Hollywood Solicitation #: RFP-060-23-WV - Insurance Broker Services
Reference for: RSC Insurance Brokerage, Inc., including its division, Gehring Group

Organization/Firm Name providing reference: TOWN OF JUPITER ISLAND
2 Bridge Road, Hobe Sound, FL 33455

Organization/Firm Contact Name: Michael Ventura | **Title:** Town Manager
Email: mventura@tji.martin.fl.us | **Phone:** (772)545-0104
Name of Referenced Project: Insurance Brokerage Services | **Contract No:**
Date Services were provided: 6/6/2009 - present | **Project Amount:**

Referenced Vendor's role in Project: ☒ **Prime Vendor** ☐ **Subcontractor/ Subconsultant**

Would you use the Vendor again? ☒ **Yes** ☐ **No.** Please specify in additional comments

Description of services provided by Vendor (provide additional sheet if necessary):

Please rate your experience with the Vendor	**Need Improvement**	**Satisfactory**	**Excellent**	**Not Applicable**
Vendor's Quality of Service				
a. Responsive	☐	☐	☒	☐
b. Accuracy	☐	☐	☒	☐
c. Deliverables	☐	☐	☒	☐
Vendor's Organization:				
a. Staff expertise	☐	☐	☒	☐
b. Professionalism	☐	☐	☒	☐
c. Staff turnover	☐	☐	☒	☐
Timeliness/Cost Control of:				
a. Project	☐	☐	☐	☒
b. Deliverables	☐	☐	☐	☒

Additional Comments (provide additional sheet if necessary):

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Verified by:	**Name:**				**Title:**	
	Department:				**Date:**	

VENDOR REFERENCE FORM

City of Hollywood Solicitation #: RFP-060-23-WV - Insurance Broker Services
Reference for: RSC Insurance Brokerage, Inc., including its division, Gehring Group

Organization/Firm Name providing reference: CITY OF DEERFIELD BEACH
150 NE 2nd Avenue, Deerfield Beach, FL 33441

Organization/Firm Contact Name: Dayana Gonzalez **Title:** Risk/Benefits Officer
Email: dgonzalez@deerfield-beach.com **Phone:** (954)480-4485
Name of Referenced Project: Insurance Brokerage Services **Contract No:**
Date Services were provided: 8/1/2015 - present **Project Amount:**

Referenced Vendor's role in Project: ☐ **Prime Vendor** ☐ **Subcontractor/ Subconsultant**

Would you use the Vendor again? ☒ **Yes** ☐ **No.** Please specify in additional comments

Description of services provided by Vendor (provide additional sheet if necessary):
Property & Casualty Insurance Consulting, and Risk Management services.

Please rate your experience with the Vendor	**Need Improvement**	**Satisfactory**	**Excellent**	**Not Applicable**
Vendor's Quality of Service				
a. Responsive	☐	☒	☐	☐
b. Accuracy	☐	☐	☒	☐
c. Deliverables	☐	☐	☒	☐
Vendor's Organization:				
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b. Professionalism	☐	☐	☒	☐
c. Staff turnover	☐	☒	☐	☐
Timeliness/Cost Control of:				
a. Project	☐	☒	☐	☐
b. Deliverables	☐	☒	☐	☐

Additional Comments (provide additional sheet if necessary):

****THIS SECTION FOR CITY USE ONLY****							
Verified via:	**Email:**	☐	**Verbal:**	☐	**Mail:**	☐	
Verified by:	**Name:**				**Title:**		
	Department:				**Date:**		