Property & Liability Outreach

Produced by Department of Administration Bureau of State Risk Management

March 2025
FY25, Quarter 3

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P&L Manual Link

Spring/Summer Property Loss Prevention Tips

As we move from Winter to Spring and eventually into Summer, it's important to make sure each agencies facility partners are doing what they can, in the area of proactive loss control that will assist in the mitigation/negation of would-be potential property losses. For more specific loss control endeavors, contact BSRM.

Self-Funded Property Claim Payments Through February*

Auto FY24	Auto FY25
$991,803.41	$650,774.39

Property w/o Auto FY24	Property w/o Auto FY25
$4,872,733.59	$4,877,169.61

*Does Not Include Excess Payments

Flood Safety Awareness

February 24th – February 28th 2025 was proclaimed Wisconsin Flood Safety Awareness Week by Governor Tony Evers. Wisconsin Emergency Management (WEM) reminds us "Flooding can happen without warning, whether it's caused by heavy rain or snowmelt." WEM also advises that as extreme weather events become more frequent and unpredictable, it is important for Wisconsinites to be aware of flooding risks and take steps to protect themselves and their property.

For links to Flood Map Services Center and tips please click here

THANK YOU TO ALL WHO ASSISTED IN SENDING IN DATA SETS FOR OUR FY26 INSURANCE RENEWAL EFFORTS!

State of Wisconsin Excess Property and Liability Insurance

The intent of this section of the newsletter is to give you a better understanding of the excess property and liability insurance that the Bureau of State Risk Management (BSRM) procures on behalf of the entire enterprise.

Wis. Stats., s. 16.865 authorizes the BSRM responsibility for statewide risk management coordination, this includes the purchase of excess insurance to insulate the self-funded program. For a complete or more extensive list of BSRM's responsibilities/duties, please see the BSRM Property & Liability Manual.

BSRM, with the help of Gallagher (the current Broker of Record by way of Request for Proposal), assists with the purchasing of $500 Million dollars of property coverage ($300 Million limit for Flood/Earthquake). The current structure is made up of 18 different insurance carriers that collectively share state's property exposures through numerous layers and towers.

This excess insurance sits on top of the Self-Funded programs $4 Million dollar per occurrence deductible and $6.5 Million-dollar annual aggregate which carries $100,000 maintenance deductibles. Whatta-whatta-who-what-what? The way the program is set up is the named insured is the "State of Wisconsin" meaning all losses from all agencies are seen as the same insured, which means if the "state" experiences a storm loss that affects the properties of several agencies, all losses are seen as one collective loss for the State of Wisconsin. The state is responsible for the cost of all claims up to the first $4 million dollars per occurrences; however, has a stop loss mechanism in the aggregate meaning all losses over a $100,000 that the state suffers in a fiscal year (policy year) goes towards eroding an annual aggregate of $6.5 Million dollars. In recent years, BSRM has begun taking on co-participations percentages of layers to assist with premium reductions for state agencies.

On the Liability side of the house, the state retains a $5 Million dollar per occurrence deductible on each and every loss in the areas of Auto Liability, Civil Rights, Employment Practices, General Liability and Professional Liability.

As we do so with the property program, BSRM also elects to take on a quota share in the liability program, which means we (BSRM) are taking on additional exposure, with the main intent being, saving on the cost of insurance premiums that ultimately are shared amongst the agencies through premium calculations via specific program methodologies.

One of BSRM's goals is to always be good stewards of taxpayer dollars and purchase insurance coverage that best fits the State of Wisconsin's numerous and various exposures.

Third-Party Litigation Funding

To quote Wisconsin's own Steve Miller, "Time, keeps on slippin', slippin', slippin' into the future…" and just as credit default swap derivatives were created in the 1990's as a way to transfer credit exposures for commercial loans that allowed commercial banks to free up regulatory capital, comes another way for the masses to gamble.

Without further ado, I bring you Third-Party Litigation Funding! Sounds fun huh? What is it? How does it work and what do I (as in you) need to know about it?

According to Wikipedia, Third-Party Litigation Funding (also known as legal financing, litigation financing, professional funding, settlement funding, and or legal funding lawsuit loans) is the mechanism or process through which litigants can finance their litigation or other legal costs through a third-party funding company.

This is a relatively new idea in the world of civil litigation; however according to an article posted on enlyte it essentially is; "Deep-pocketed investors looking to make money bankroll lawsuits that they have absolutely no direct involvement in…" in which said "bankrolled" funds are used to pay for expenses, while pursuing claims in court, in which if the plaintiff wins money from the case, they remit a payment plus a return back to the initial investor(s). Kind of sounds like your "non-work related" March Madness playoff bracket huh? What happens if they don't win? No payment is made. Who needs Vegas when you can bet on Third-Party Litigation funding! For an illustration of the process that was just discussed above, see the visual diagram presented at the bottom of the page.

In all seriousness though, this concept is fueling a surge in nuclear verdicts (awards exceeding $10 Million) and even thermonuclear verdicts (over $100 Million) in the areas of Workers Compensation and Auto Liability, a trend that enlyte refers to as "a ticking time bomb".

Why now? According to enlyte, historically the law prohibited outside parties from interjecting themselves into legal disputes or having a financial stake in the outcome; however; those long-standing principles have been eroded giving those who traditionally had no reason to be involved in the process to now be able to pour money into lawsuits in which they have no connection with. Enlyte advises that the litigation funding industry has grown so lucrative that some funders are now funding other funders in a nested structure (*an investment structure where one investment is held with another, often for managing funds or facilitating transactions, like a sub-account within a primary account*). The reason why this is more prominent now than it has been previously, is enlyte suggests that critics argue that the legal system has become increasingly skewed in favor of corporations and insurance companies, making it difficult for individuals to receive "fair" compensation. Proponents of this concept suggest that Third-Paty funding is a way to level the playing field by providing plaintiffs with the resources to mount a robust legal challenge against otherwise well-funded defendants.

According to enlyte, nuclear verdicts are on the rise with the median award increasing from $21 million in 2020, all the way up to $44 million in 2023, which are creating major issues for insurers and for would be policy holders. These verdicts pierce their limits leaving them (policy holders) on the hook for out-of-pocket expenses while at the same time requiring insurers to charge more for their insurance coverage to build up their cash reserves.

There are several approaches or actions that can be done or taken at the state level to mitigate the potential impacts of "Third-party funded" identified cases. These include but are not limited to instituting tort reform measures to improving judicial oversight just as one example. Florida and Georgia have already began addressing the issues surrounding this topic, their legislative packages could serve as models for other states seeking to implement transparency, accountability and fairness within their civil justice system. To read up on more ways to mitigate the adverse effects of Third-party Funded litigation, please visit enlyte.

Paid Liability Claims Through February

FY24	FY25
$3,443,263	$2,453,784

Open Claim Counts

March 2025

Auto	General
11	9

Civil Rights	Environmental
579	0

Medical Malpractice
23

Professional
12

Employment Practices
19

Total
653

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P&L Webpage

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