

Property & Liability Outreach

Produced by Department of Administration Bureau of State Risk Management

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FY23, Quarter 3

P&L Manual Link



Emergency Response Vendor List

Whenever your agency experiences a loss that involves water, fire or smoke, it is extremely important to mitigate your damages. Above is a hyperlink of Emergency Response Contractors that can be found on the BSRM website. This list is broken down not only by location (area the company serves) but also the perils they can handle.

Self-Funded Property Claim Payments Through February*

Auto	Auto
<u>FY22</u>	<u>FY23</u>
\$304,820.50	\$472,565.33
Property w/o Auto	Property w/o Auto
<u>FY22</u>	<u>FY23</u>
\$2,566,912.50	\$9,412,169.67

*Does Not Include Excess Payments

Excess Insurance Renewals

FY24 Property & Liability Excess Insurance Renewals are currently underway with the assistance of the State's broker of record, Arthur J. Gallagher & Co. In addition to excess Property and Liability insurance, the Bureau of State Risk Management purchases several insurance products which supply the state with coverage for things like Fine Arts, Aviation, Boiler & Machinery, Marine Cargo and a plethora of other niche and boutique policies for various agencies. The intent of these insurance products varies, as some policies are standalone products, meaning there is no coverage in or under the Self-Funded Program where others are purchased to insulate (mitigate) losses covered under/within the Self-Funded Program to act as various stop losses for different types of risk. If you are interested in learning more about how the State's Self-Funded Program works or your agency has a unique risk you'd like to discuss further, contact Bradley Templin.

Risk Management Spotlight: Meet Melissa Vergara

I joined UW-Stevens Point in 2020 and am currently in the role of Risk & Compliance Manager and the Precollege Liaison for our campus. Currently I report directly to the Associate Vice Chancellor and Controller. Fifteen years ago, I started out in the insurance industry at AIG Travel Guard, then moved on to Property Claims Adjuster at Church Mutual Insurance Company based in Merrill, Wisconsin. With that role I learned the ropes of juggling multiple property claims with a wide range of variety, anywhere from theft to hurricane damage. At Church Mutual I worked directly with underwriting, assisted outside sales representatives, subrogation, legal, and workers compensation departments. As with many who work in insurance my responsibilities were vast, challenging, and in quick need of resolution. I found that my managers and colleagues were my best mentors with a depth of knowledge. After, I worked for VERISK (formally ISO), a fortune 500 company, as a Risk Control Field Representative. I conducted on-site visits for the evaluation of fire sprinkler suppression systems, identification of potential risks in building construction including safety hazards and developed recommendations pertaining to safety and loss control. The information supplied, was then combined with more research with local fire departments and compressed into predicative data analytical reports. These reports ultimately are purchased by various global insurance carriers (and private businesses). At VERISK, I also was involved with the Cyber Liability Products Development Team testing new insurance products before they went to market. These last 15 years of skills learned on the job, combined with my degree in interior architecture make this position a recipe for success here at UW-Stevens Point! There is never a dull moment on this campus.



Inflation & Impact on Property Insurance

For the last several months you may have heard various news media pundits or perhaps even friends or family members talking about the dreaded "I" word. That word being Inflation. What is it, why is it here and how does it affect something like insurance?

In general Inflation is typically a broad measure in the overall increase in prices or the increase in the cost of living in a country over a period of time however if you dig a little bit deeper, you'll understand what causes the inflation to take place in the first place.

The 3 main causes of inflation are:

Demand-Pull - refers to situations where there are not enough products or services being produced to keep up with demand, causing prices to increase.

Cost-Push - occurs when the cost of producing products and services rises, forcing businesses to raise their prices.

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THANK YOU TO ALL THOSE WHO ASSISTED IN SENDING IN DATA FOR OUR FY24 INSURANCE RENEWAL EFFORTS!

(Continued on next page)

Built In - sometimes referred to as a wage-price spiral, occurs when workers demand higher wages to keep up with rising living costs. This in turn causes businesses to raise their prices in order to offset their rising wage costs, leading to a self-reinforcing loop of wage and prices increases.

In 2022 inflation rates around the world rose to their highest levels since the early 80s. One of the above-mentioned causes for inflation is more than enough to hit your pocketbook however to some degree, it appears we are experiencing all three simultaneously. The COVID-19 pandemic in early 2020's led to restrictive measures globally disrupting supply chains, bottlenecks in production etc. (*Demand Pull*) while at the same time the cost of everyday items, such as food; gas; clothing etc. (related to the *Demand Pull*) went up (*Cost Push*) all at the same time while political movements such as the Living Wage Movement and the Fight for \$15 were/are taking place (*Built In*).

With that brief education, insurance is not immune to pushes and pulls of inflation. Property insurance rates and coverage not only have to be underwritten based on the hazards willing to be accepted but also the potential financial risk associated with the acceptance of the would-be insureds portfolio. Possibly the most obvious aspect of Inflation and its impact on Property insurance is inflation causes the cost of labor and materials to rise (cost push) thus increasing the value and exposure of the claim which underwriters rate higher causing a rise in premiums charged to the insured.

Liability Liaise

According to carrierchronicals.com, a national safety news source, there are 3 trends that organizations should be aware of on the liability side of the house and acknowledge their potential impact in 2023.

1. **Social Inflation** – Sizable jury awards are being normalized through media desensitizing the general public which just a few years ago would have been considered inflated or egregious figures. Unfortunately, these nuclear verdicts are hard to predict and do not show any signs of trending downward in frequency or severity.
2. **Economic Inflation** – As mentioned in the story noted above, the cost of doing business does not show any signs of easing. The cost to replace third party property damage (labor, parts, materials etc.) and the cost of medical care (bodily injury settlements) are still trending upwards. Due to the rising costs of claim payouts from these extra costs, organizations are forced to choose increases in liability insurance premiums or taking higher self-insured retentions to offset premium cost.
3. **Active Shooter Incidents** – Unfortunately active shooter incidents are a reality that organizations continue to have to worry about. The State of Wisconsin benefits from sovereign immunity, meaning the state itself can't be held liable but state officers, employees and agents while working in the scope of their employment can be held liable if they breach a mandatory ministerial duty owed to would be claimants. One way to combat the potential of liability to the State of Wisconsin from an active shooter incident is Human Resource departments should perform background checks on new employees (where and when applicable). Supervisors and co-workers should also report erratic behavior and any complaints to the appropriate personnel for coaching, trainings and or consequences.

One way to help combat the trends noted above are to be proactive, in essence:

“Change what you can, manage what you can't.” - Each agency/campus should ask themselves the following question. Is your organization doing everything it can to be proactive to mitigate and negate losses where it can and if not...Why?

2023 Bureau of State Risk Management Conference Returns in Person

- | | | |
|---------------|------------------|---------------|
| *NEW VENUE | *NEW APPROACH | *NEW SESSIONS |
| *NEW FORMAT | *NEW VISION | *NEW SPEAKERS |
| *NEW MEMORIES | *A NEW BEGINNING | |

More information to follow in the coming months

Experts Corner

Katie Vohs
Company: **Sedgwick**

With baseball season now in full swing, so is the storm season. Not all property damage can be prevented; however, getting ahead of these storms by identifying potential property risks can definitely have an impact the amount of losses and the severity of losses you experience this year. It is also to be noted that identifying potential property issues can also mitigate or eliminate potential life safety issues as well.

We understand that risk management is not always able to inspect every building. Perhaps enlisting the help of your site contacts and building managers each season to walk the exterior elevations, roofs, and interior of buildings, to assess and address any potential issues that could cause or contribute to a loss can go a long way in prevention of property damage. We oftentimes find that wear and tear, deterioration, or deferred maintenance cause or contribute to a good majority of property losses, including storm related losses. Once a potential issue is identified, it is just as important that these issues be addressed in a timely manner. Many times, temporary repairs can be completed quickly to mitigate risk while awaiting a permanent repair solution.

Potential items to be on the lookout for on the exterior of buildings include, but are not limited to: unsecured equipment or contents; loose or missing metals (flashings, gutters, signs, etc...); wear and tear, deterioration, or visible damage to a roofing system or exterior elevation; clogged gutters, storm drains, and roof drains; any cracks and crevices; or deterioration of weather proofing. Mobile items may also be able to be stored inside when there is a storm coming. As always, please feel free to contact me by phone or email when there is a question or if a loss occurs. We want to make sure that we all work together to respond to a loss quickly, make sure that any repairs occur in a timely manner, and prevent or reduce any additional loss from occurring.

Paid Liability Claims Through February

FY22* FY22

\$1,520,287 \$2,363,330

**Court cases stalled /pushed back due to
COVID*

Open Claim Counts

March 2023

Auto General

16 14

Civil Rights Environmental

448 0

Medical Malpractice

17

Professional

9

Employment Practices

9

Total

513

Website:

P&L Webpage

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suggestions for future articles.***