

# 2024



**NEW JERSEY COUNTIES  
EXCESS JOINT INSURANCE FUND**

## **January 1, 2024 Pre-Renewal Presentation**

August 23, 2023



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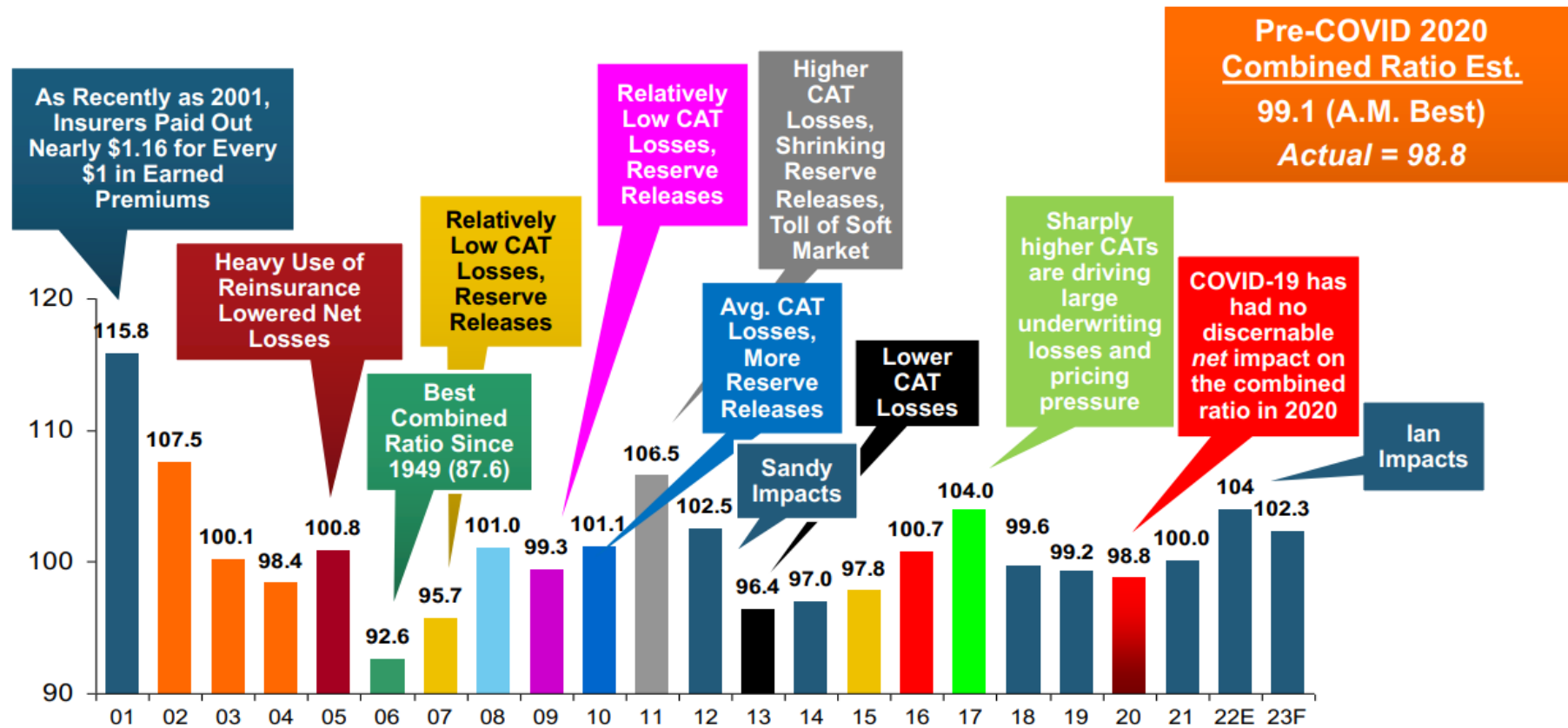
# What?

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*What is happening?*

# Marketplace Overview

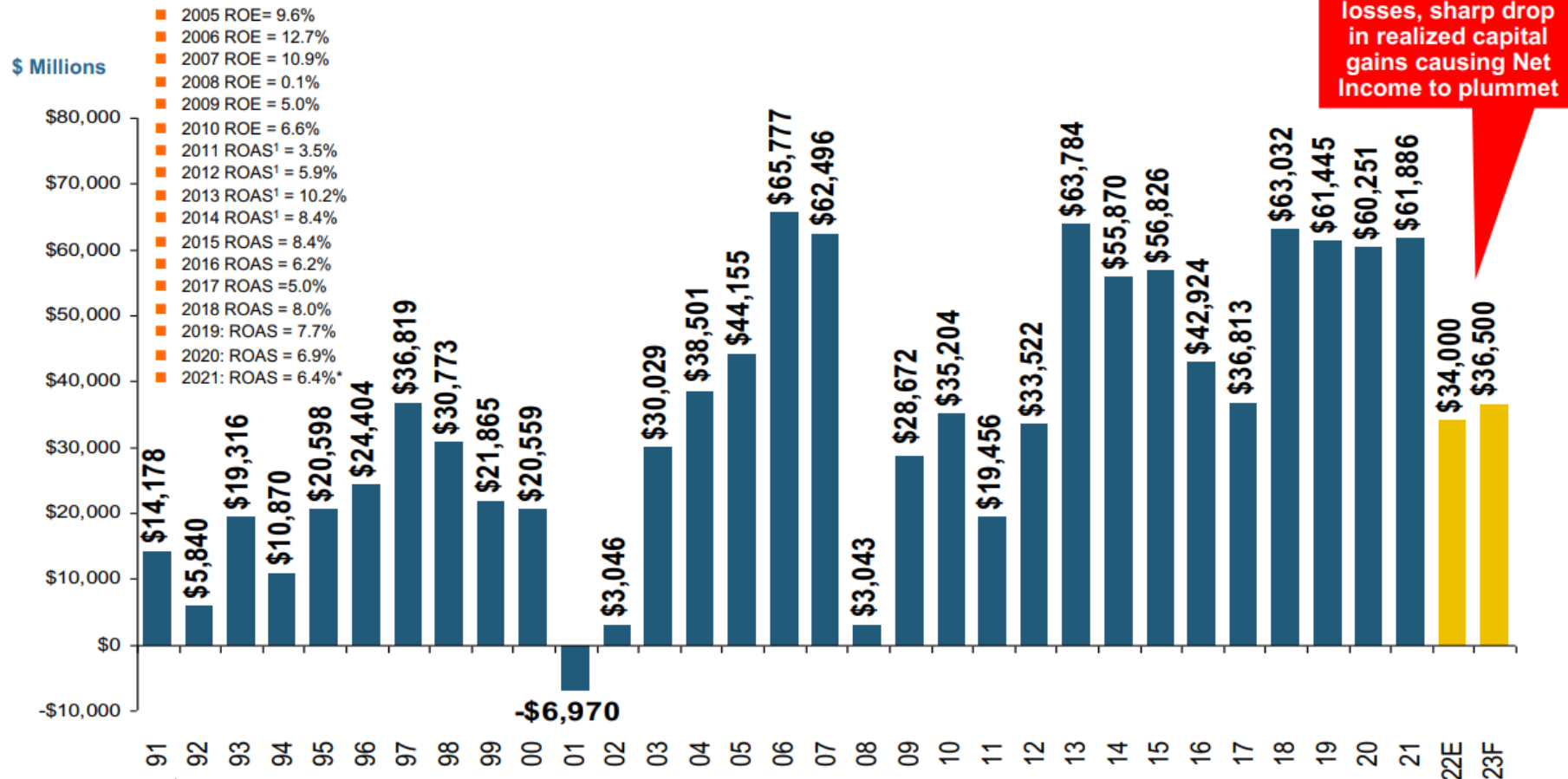
## P/C Insurance Industry Combined Ratio, 2001–2023F\*



\*Excludes Mortgage & Financial Guaranty insurers 2008–2014.  
Sources: A.M. Best, ISO (2014-2024F).

# Marketplace Overview

## P/C Industry Net Income After Taxes, 1991–2023F



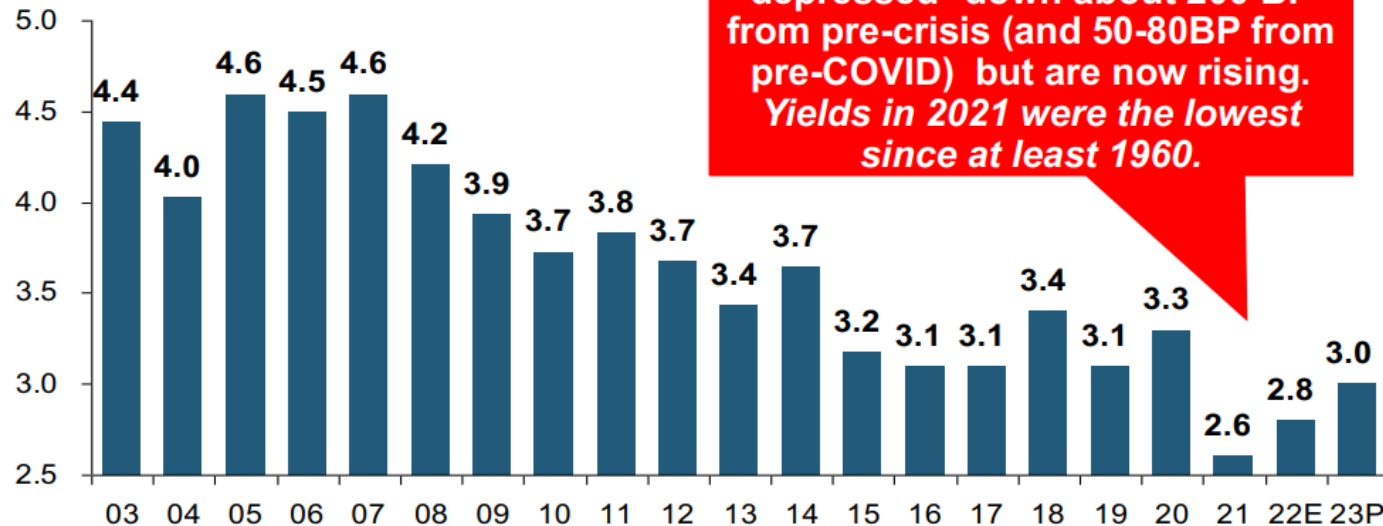
\*ROE figures are GAAP; <sup>1</sup>Return on avg. surplus. Excludes Mortgage & Financial Guaranty insurers for years (2009-2014).

Sources: A.M. Best, ISO, APCIA.

# Marketplace Overview

## Net Investment Yield on Property/Casualty Insurance Invested Assets, 2007–2023P

(Percent)



Investment yields in 2021 were depressed--down about 200 BP from pre-crisis (and 50-80BP from pre-COVID) but are now rising. Yields in 2021 were the lowest since at least 1960.

The yield on invested assets remains depressed relative to pre-financial crisis and pre-COVID yields. Fed rate hikes in 2022-23 are lifting yields and investment income.

Average: 1960-2019 = 4.9%

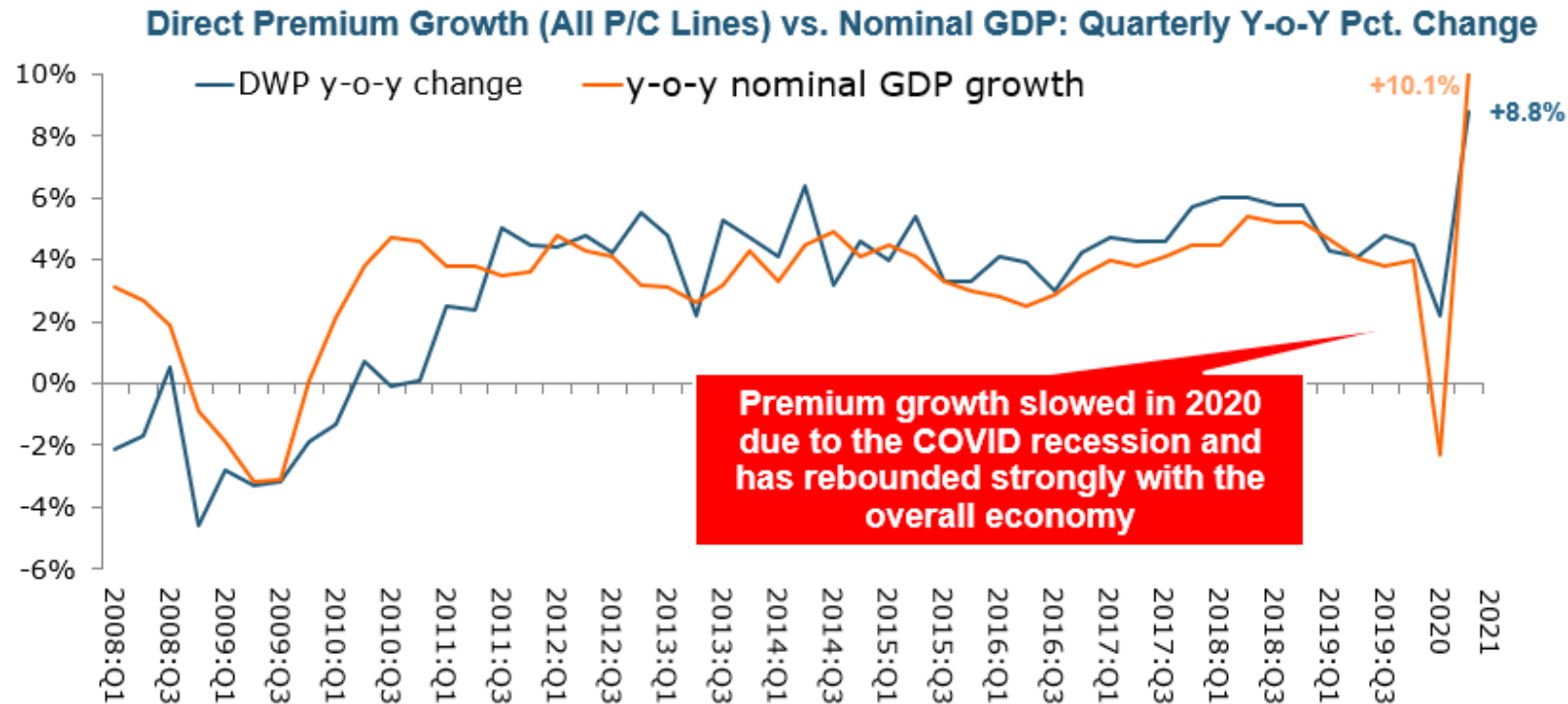
Low: 2.8% (1961)

High: 8.2% (1984/85)

Sources: NAIC data, sourced from S&P Global Market Intelligence; 2017-19 figures are from ISO. 2020-21 data from the APCA. 2022E-23P from A.M. Best Review & Preview (March 2023). Risk and Uncertainty Management Center, Univ. of South Carolina.

# Marketplace Overview

## The Economy Drives P/C Insurance Industry Premiums: 2006:Q1–2021\*



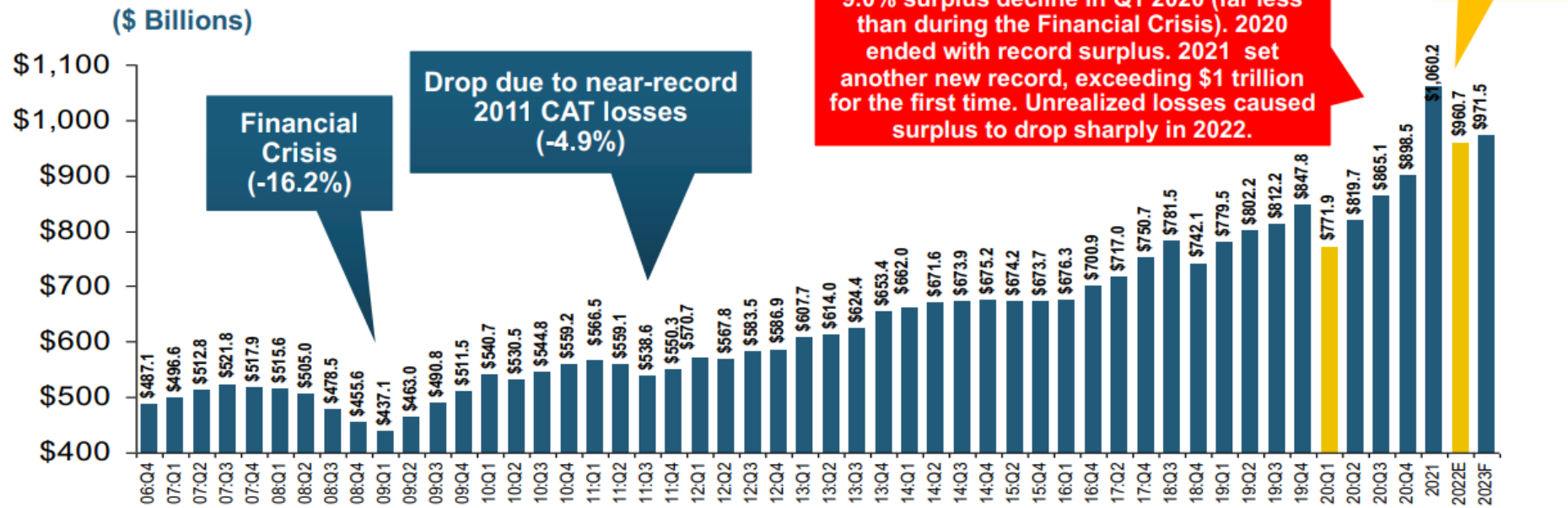
Direct written premiums track nominal GDP fairly tightly over time, suggesting the P/C insurance industry's growth prospects inextricably linked to economic performance.

\*2020-21 figures are annual; 2021 DWP figure is preliminary.

Sources: SNL Financial; U.S. Commerce Dept., Bureau of Economic Analysis; ISO; I.I.I.; Risk and Uncertainty Management Center, University of South Carolina.

# Marketplace Overview

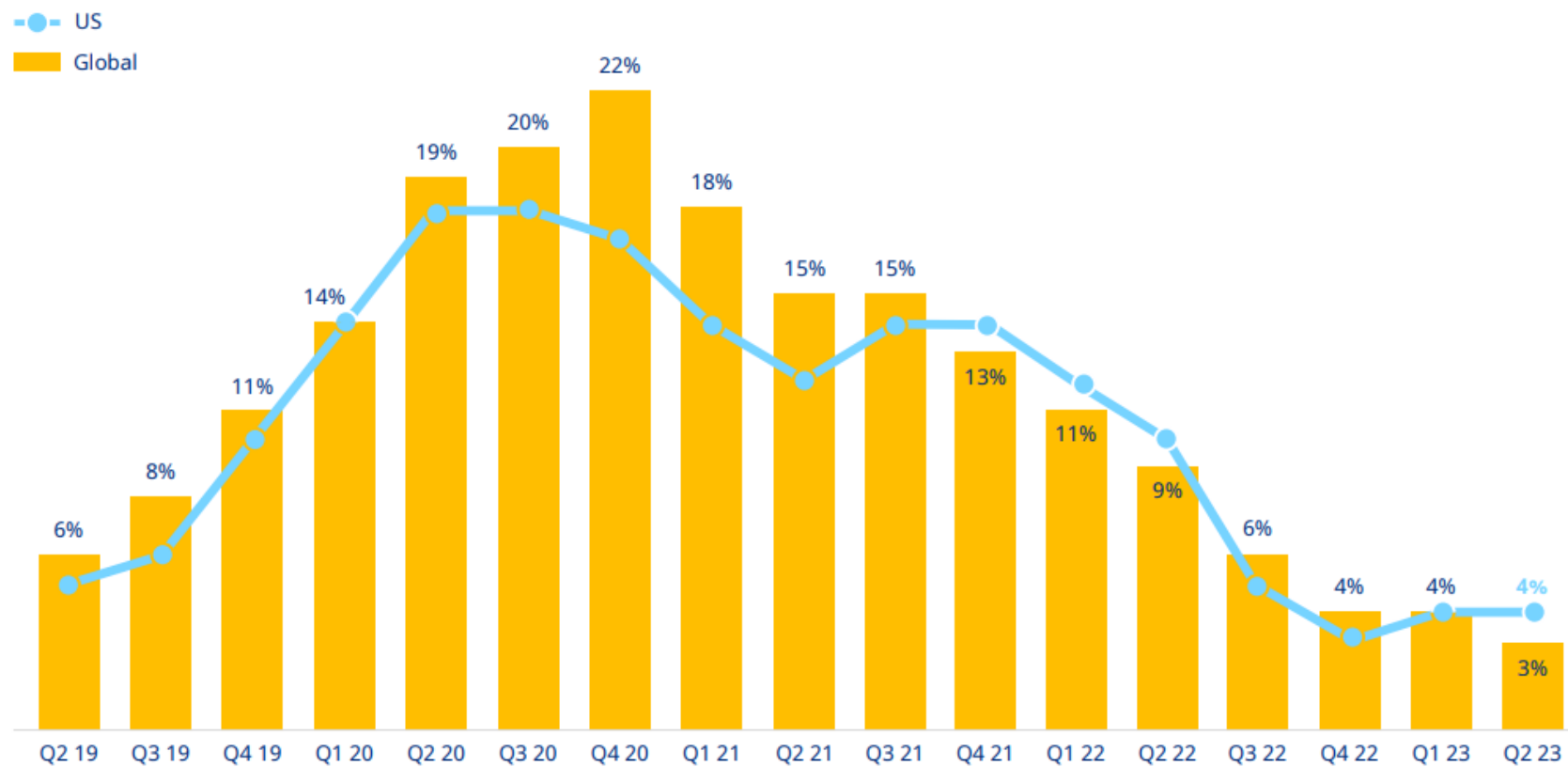
## Policyholder Surplus (Capacity), 2006:Q4 – 2023F



**Policyholder Surplus is the industry's financial cushion against large insured events, periods of economic stress and financial market volatility. It is also a source of capital to underwrite new risks.**

# Marketplace Overview

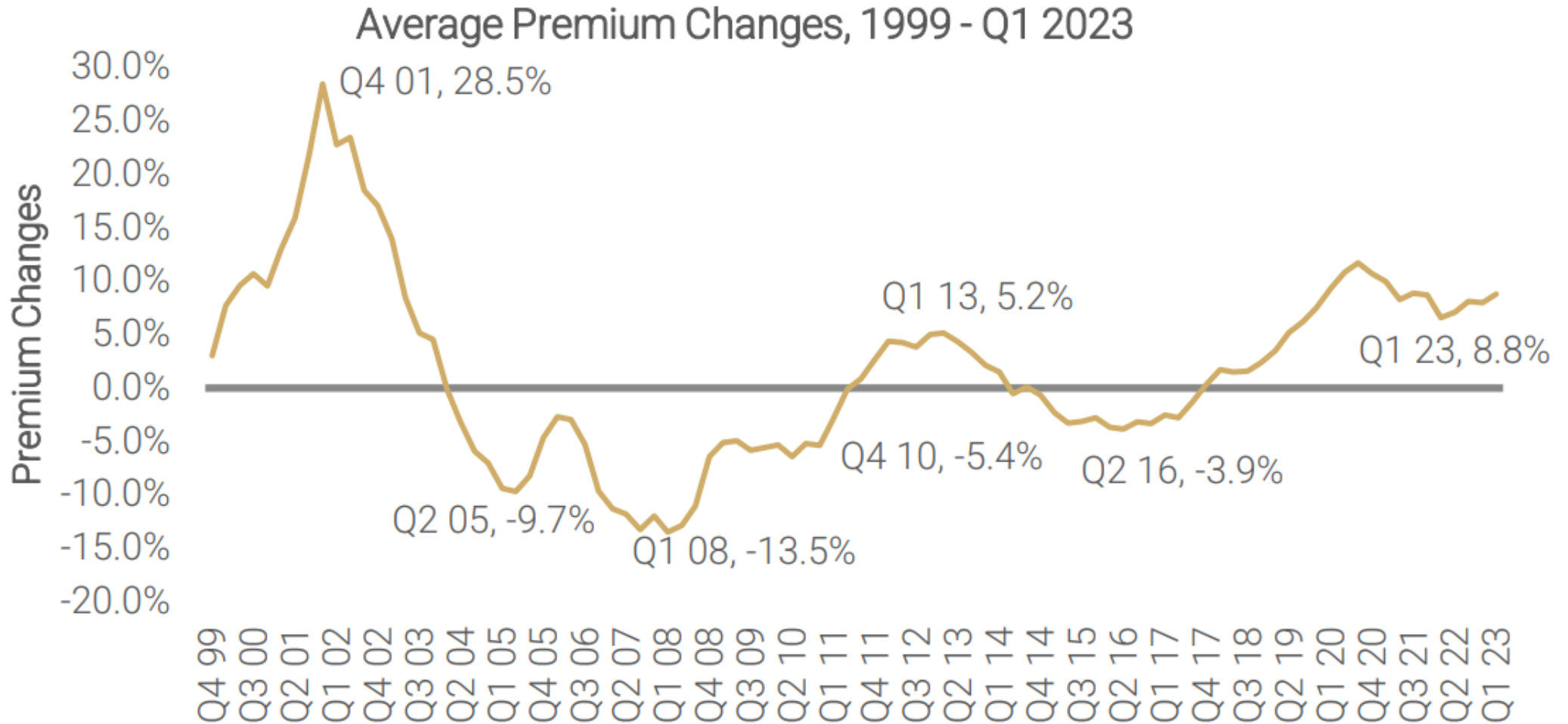
## 04| US composite insurance pricing change



Source: Marsh Specialty and Global Placement



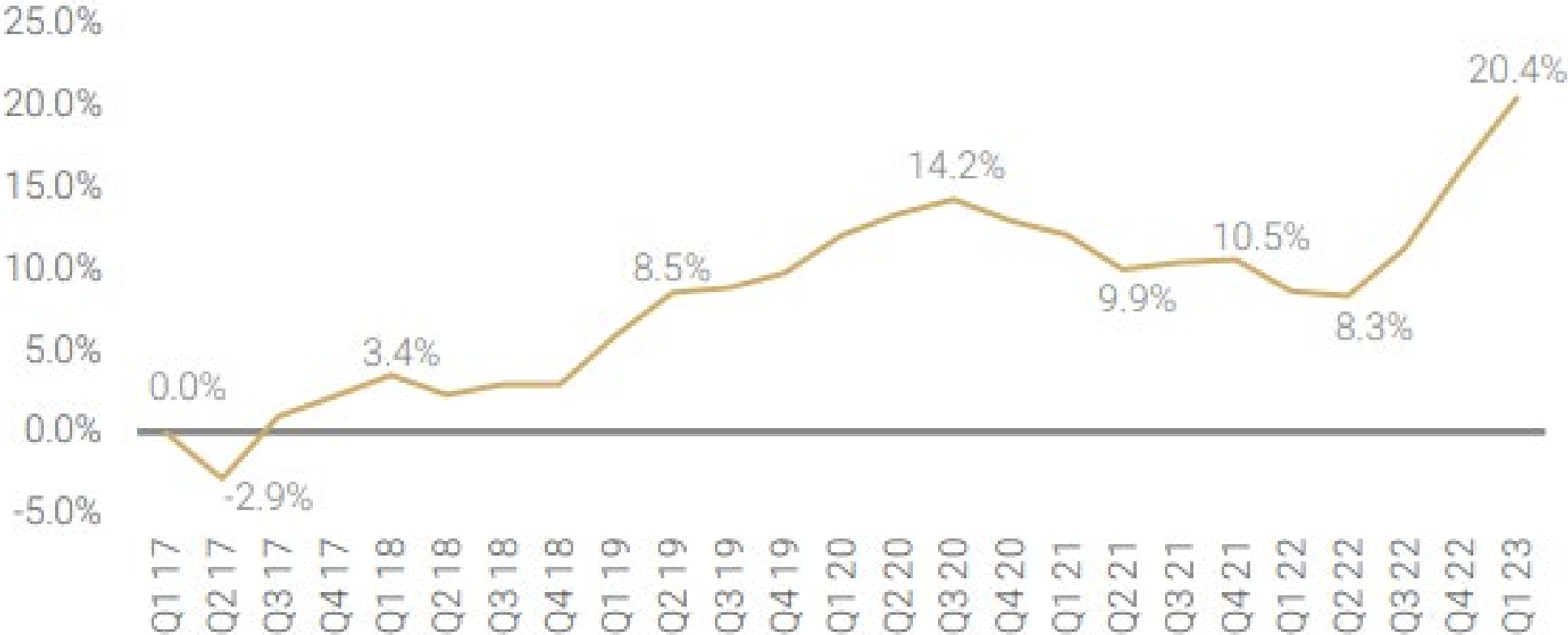
# Marketplace Overview



Source: The Council of Insurance Agents & Brokers

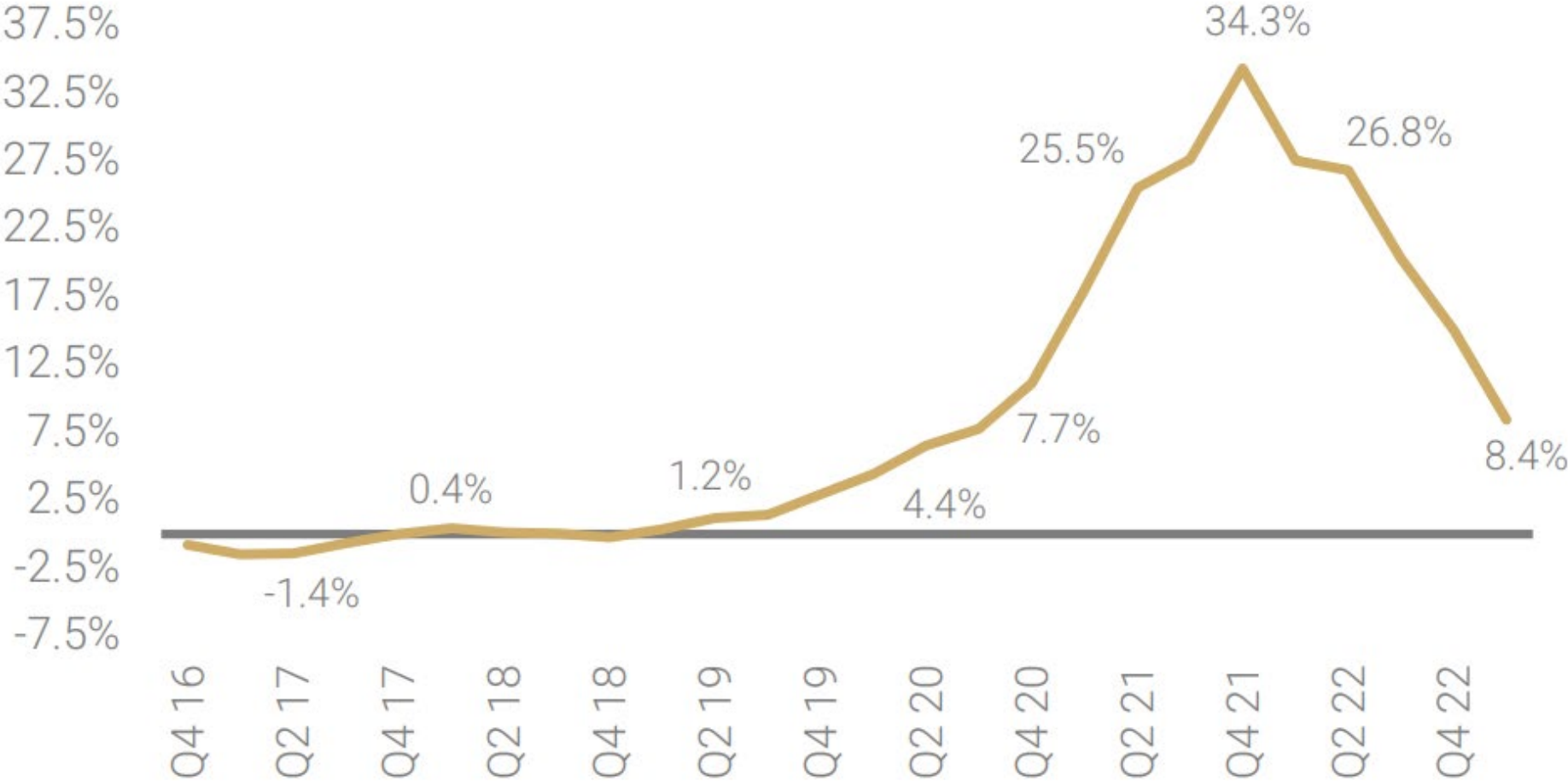
# Marketplace Overview

### Premium Change for Commercial Property, Q1 2017 - Q1 2023

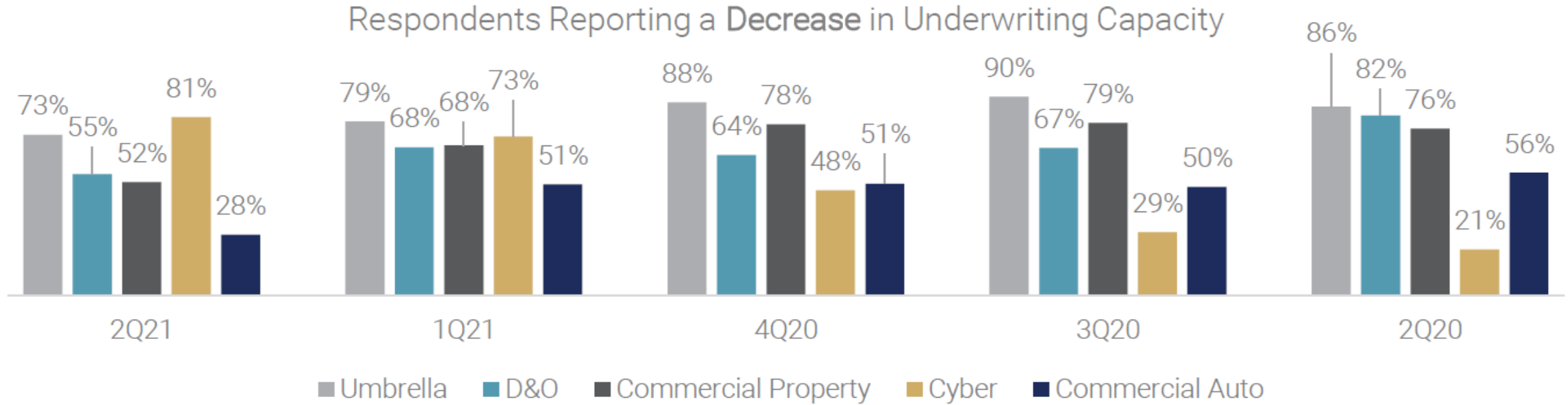


# Marketplace Overview

Premium Change for Cyber, Q4 2016 - Q1 2023



# Marketplace Overview





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# Why?

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*Why is it happening?*



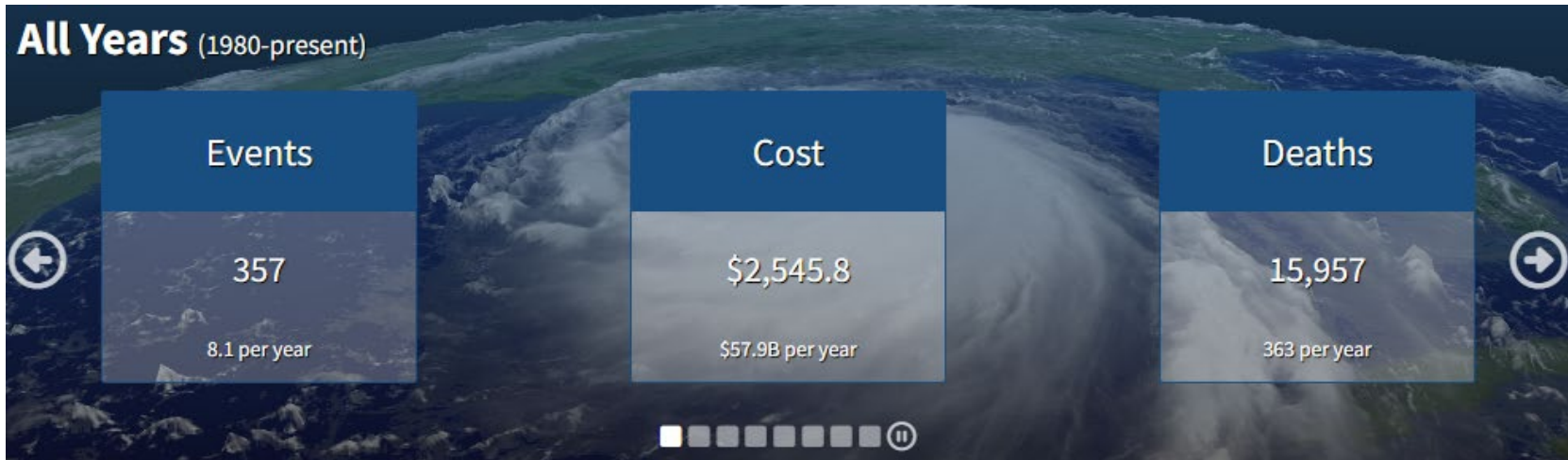
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# Property

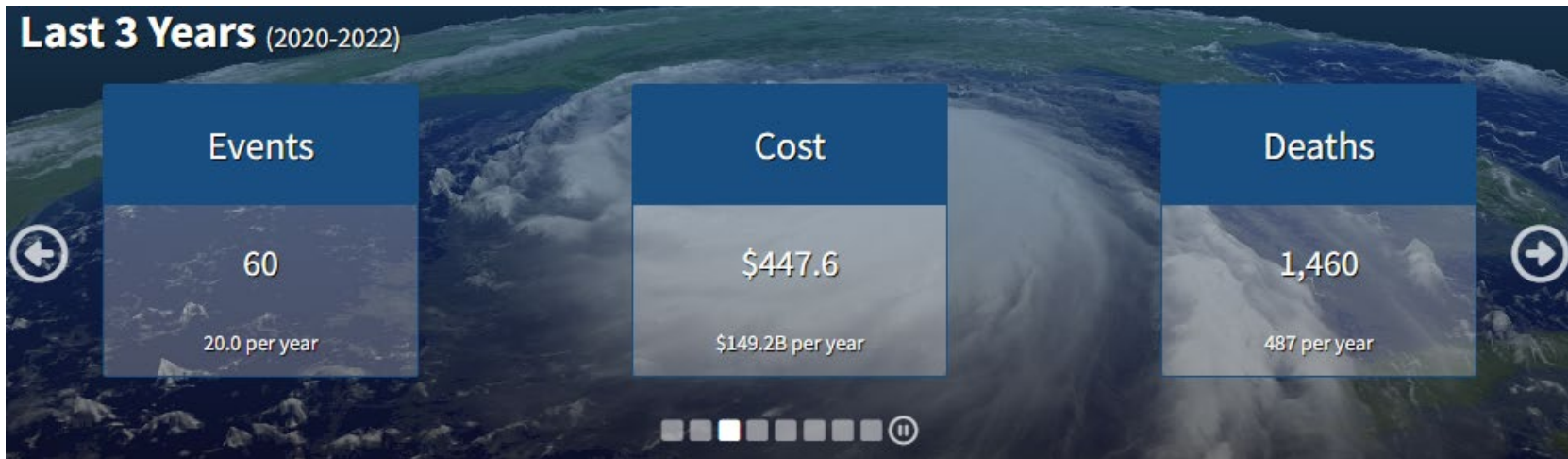
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*Why is it happening?*

# Marketplace Overview



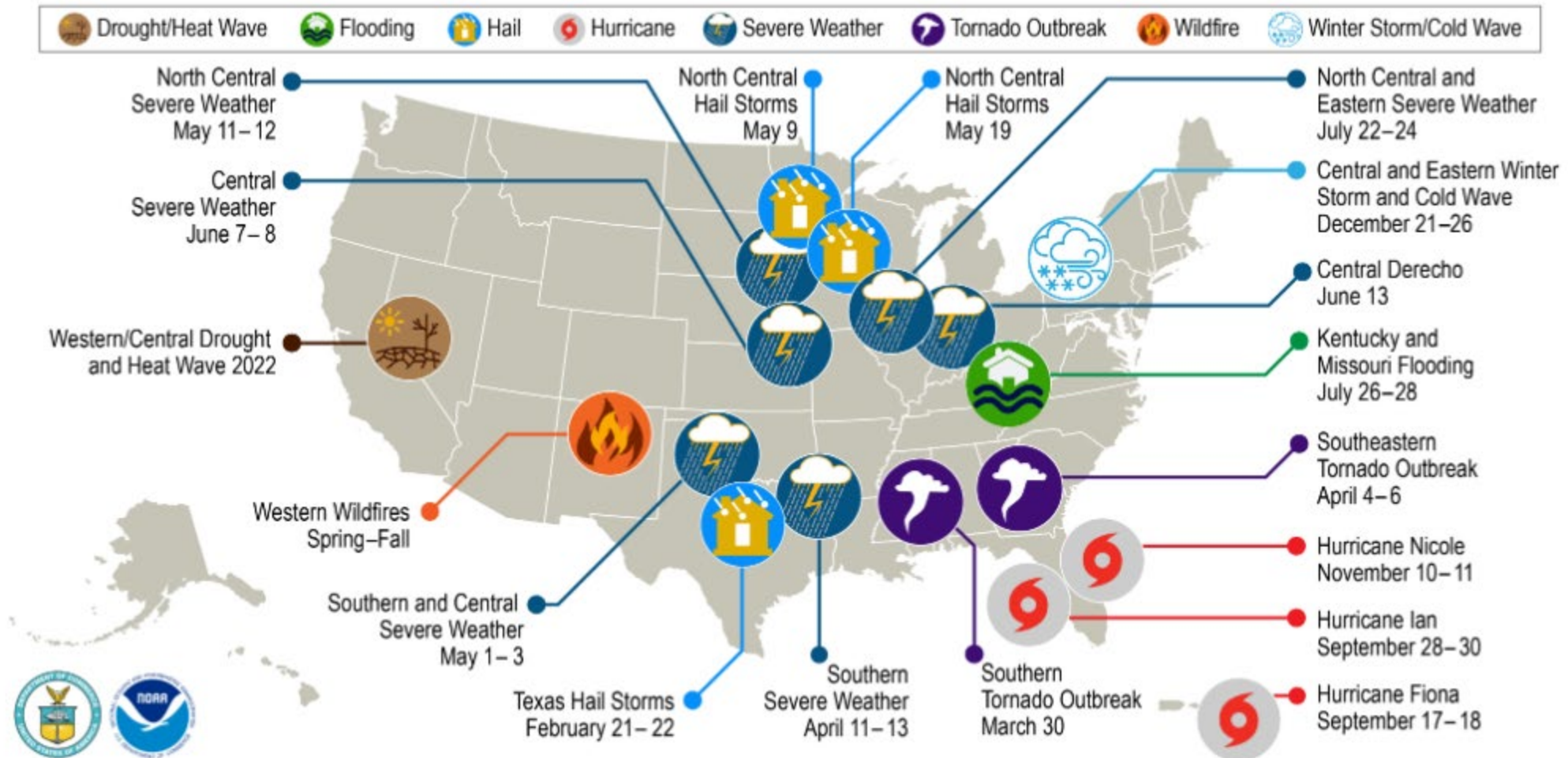
Inflation-adjusted costs!



20% of Billion Dollar events of the last 43 years happened since 2020.

# Marketplace Overview

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

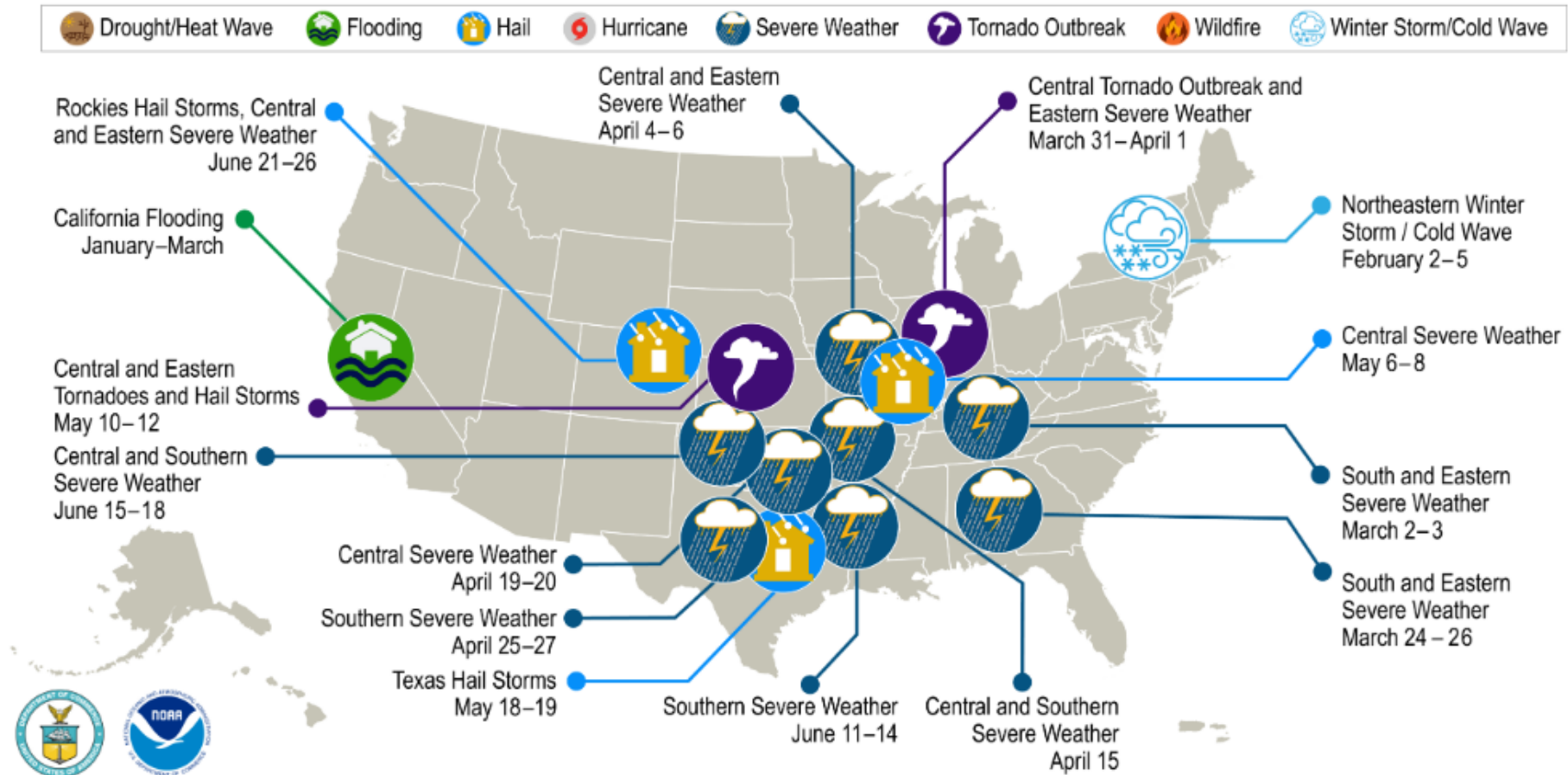


*This map denotes the approximate location for each of the 18 separate billion-dollar weather and climate disasters that impacted the United States in 2022.*



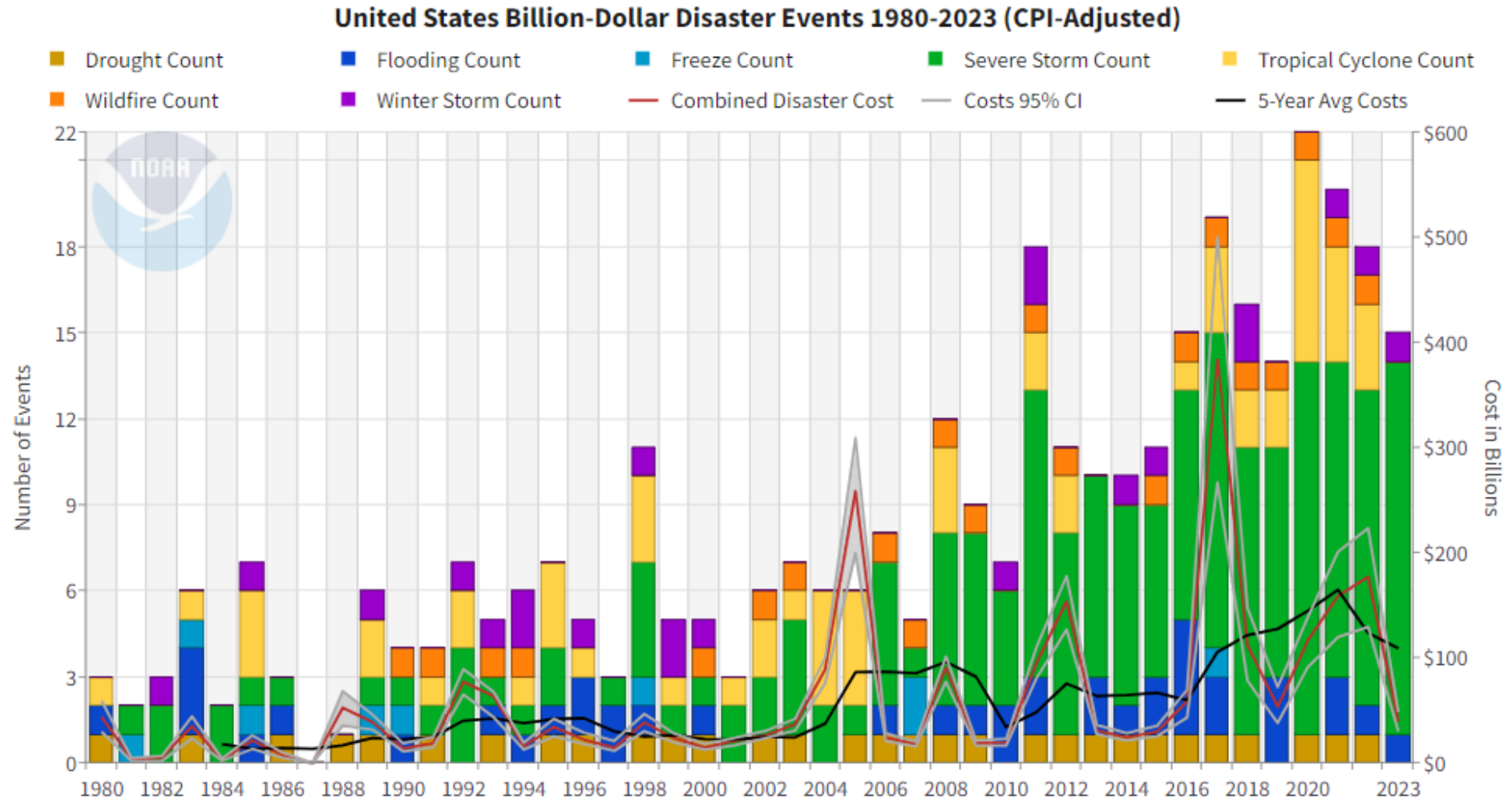
# Marketplace Overview

## U.S. 2023 Billion-Dollar Weather and Climate Disasters



This map denotes the approximate location for each of the 15 separate billion-dollar weather and climate disasters that impacted the United States through July 2023.

# Marketplace Overview

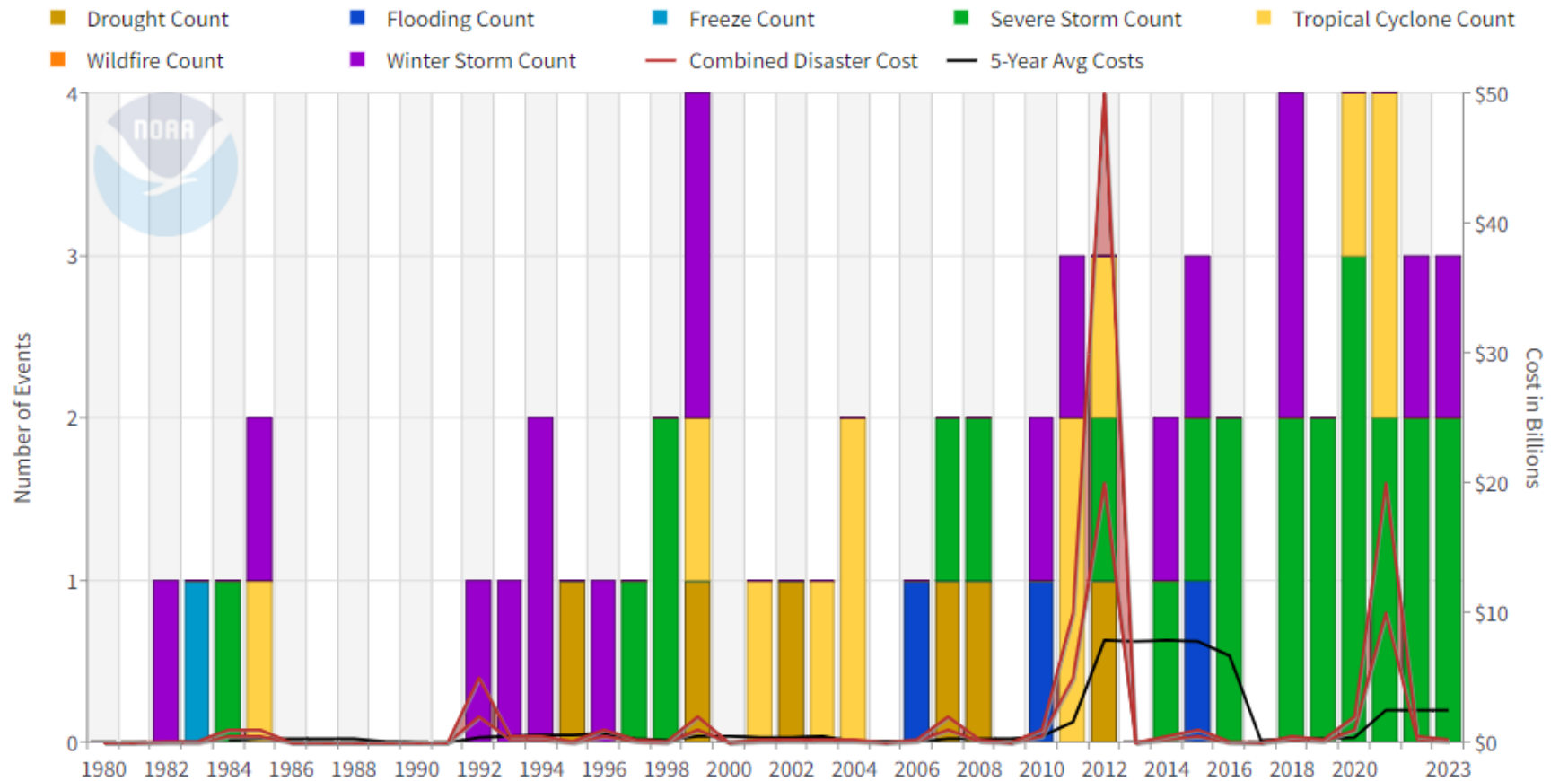


Updated: August 8, 2023

Powered by ZingChart

# Marketplace Overview

**New Jersey Billion-Dollar Disaster Events 1980-2023 (CPI-Adjusted)**



Updated: August 8, 2023

Powered by ZingChart

Between 1980 and 2022, 24 Severe Storm, 12 Tropical Cyclone, 17 Winter Storm, 3 Flooding, 6 Drought, and 1 Freeze billion-dollar disaster events affected New Jersey (CPI-adjusted).

*42 years - 63 events*

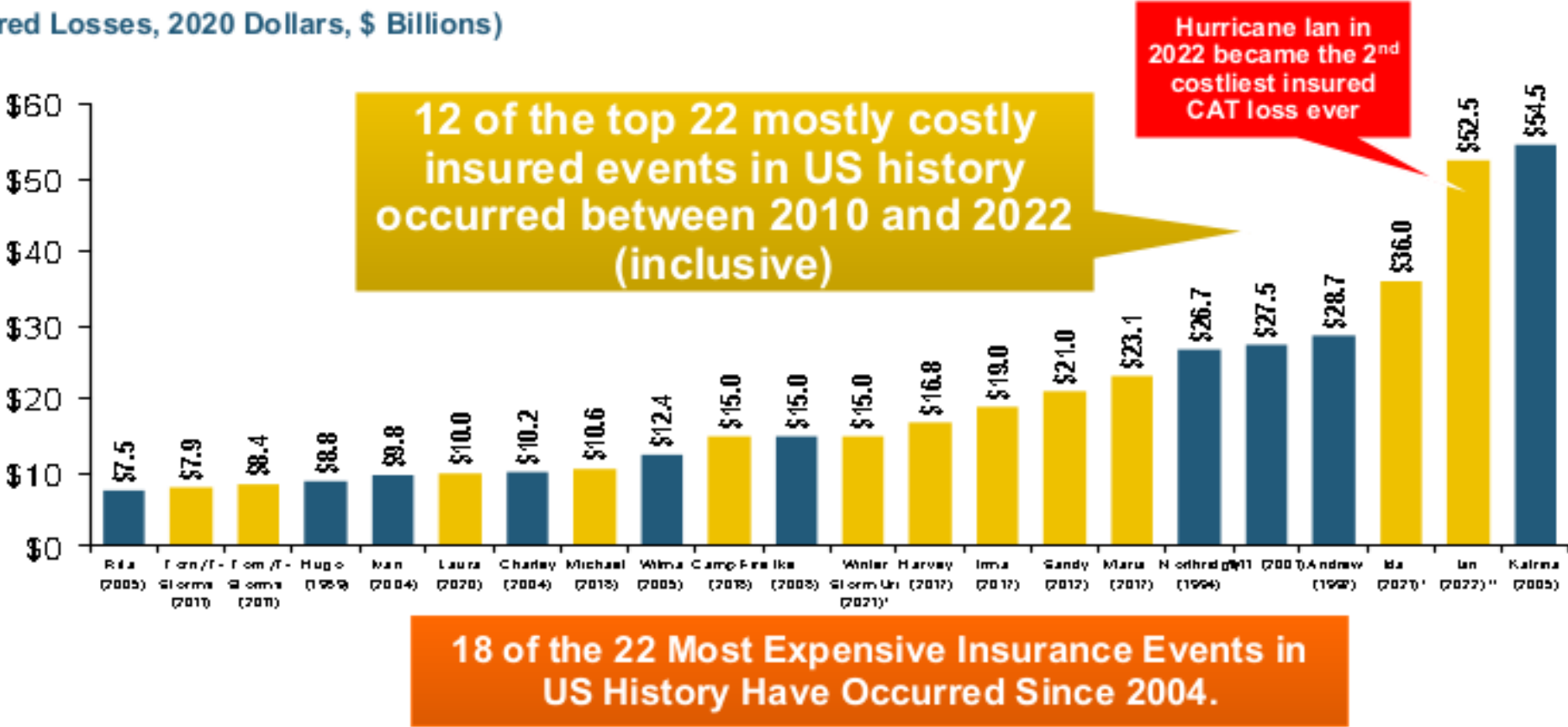
Between 2003 and 2023, 20 Severe Storm, 9 Tropical Cyclone, 8 Winter Storm, 3 Flooding, and 3 Drought billion-dollar disaster events affected New Jersey (CPI-adjusted).

*Last 20 years - 43 events*

# Marketplace Overview

## Top 22 Most Costly Disasters in U.S. History

(Insured Losses, 2020 Dollars, \$ Billions)

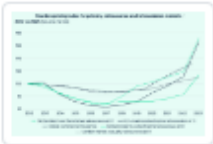


\*2021 dollars; \*\*2022 dollars (Aon insured loss estimate as of 1/25/23).

Sources: PCS, RMS, Aon, Karen Clark & Co; USC Center for Risk and Uncertainty Management adjustments to 2020 dollars using the CPI.

# Marketplace Overview

## Property Focus



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

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



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

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

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

27TH JANUARY 2023

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

## January Renewals See Hardest Property Catastrophe Reinsurance Rates in Generation

By L.S. Howard | January 4, 2023

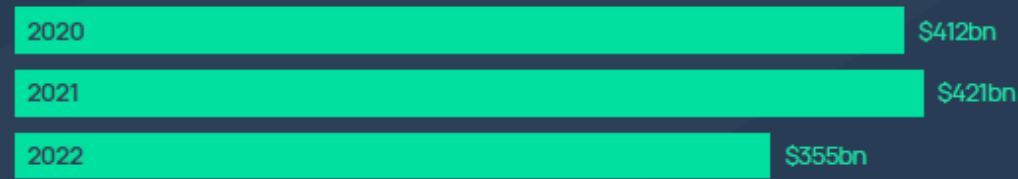


# Marketplace Overview

Property Focus

Biggest reinsurance capital squeeze since 2008

**\$66bn** of capital erosion  
at YE22 vs YE21



1 January 2023 reinsurance renewals

**+37%**

Global property-catastrophe

Biggest year-on-year increase at 1.1 since 1992

**+50%**

Retrocession

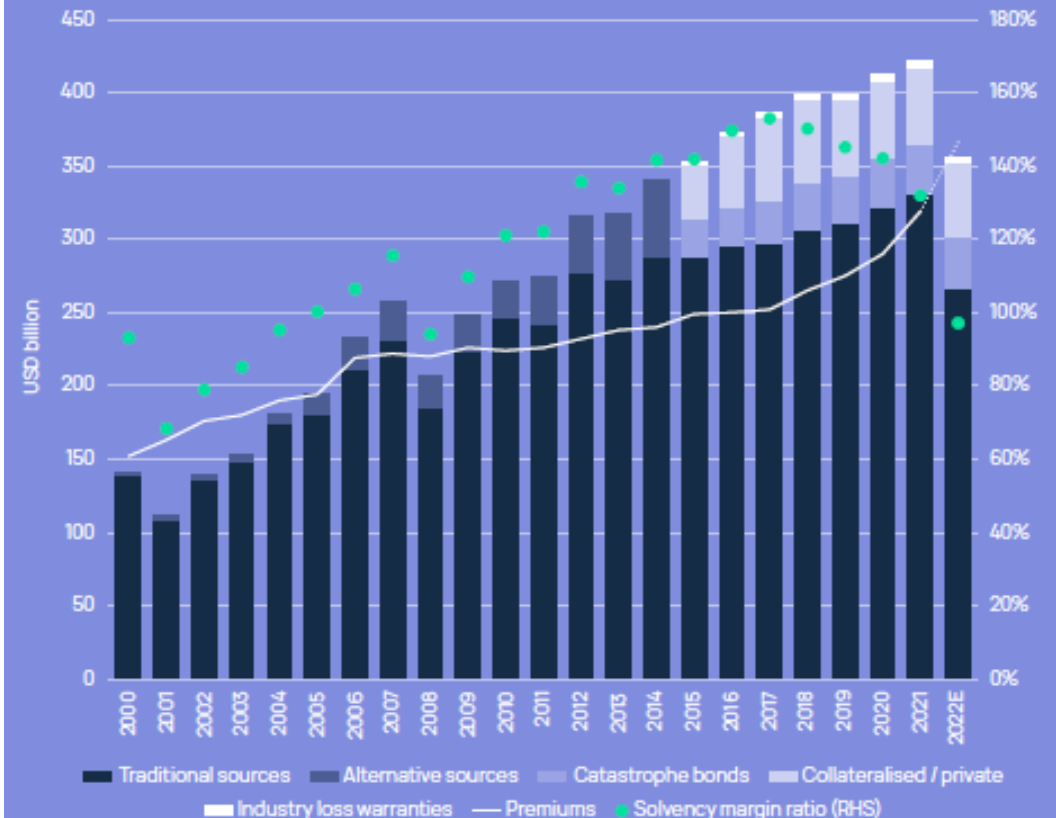
Cumulative increase of 165% since 2017

**+45%**

Global direct and facultative

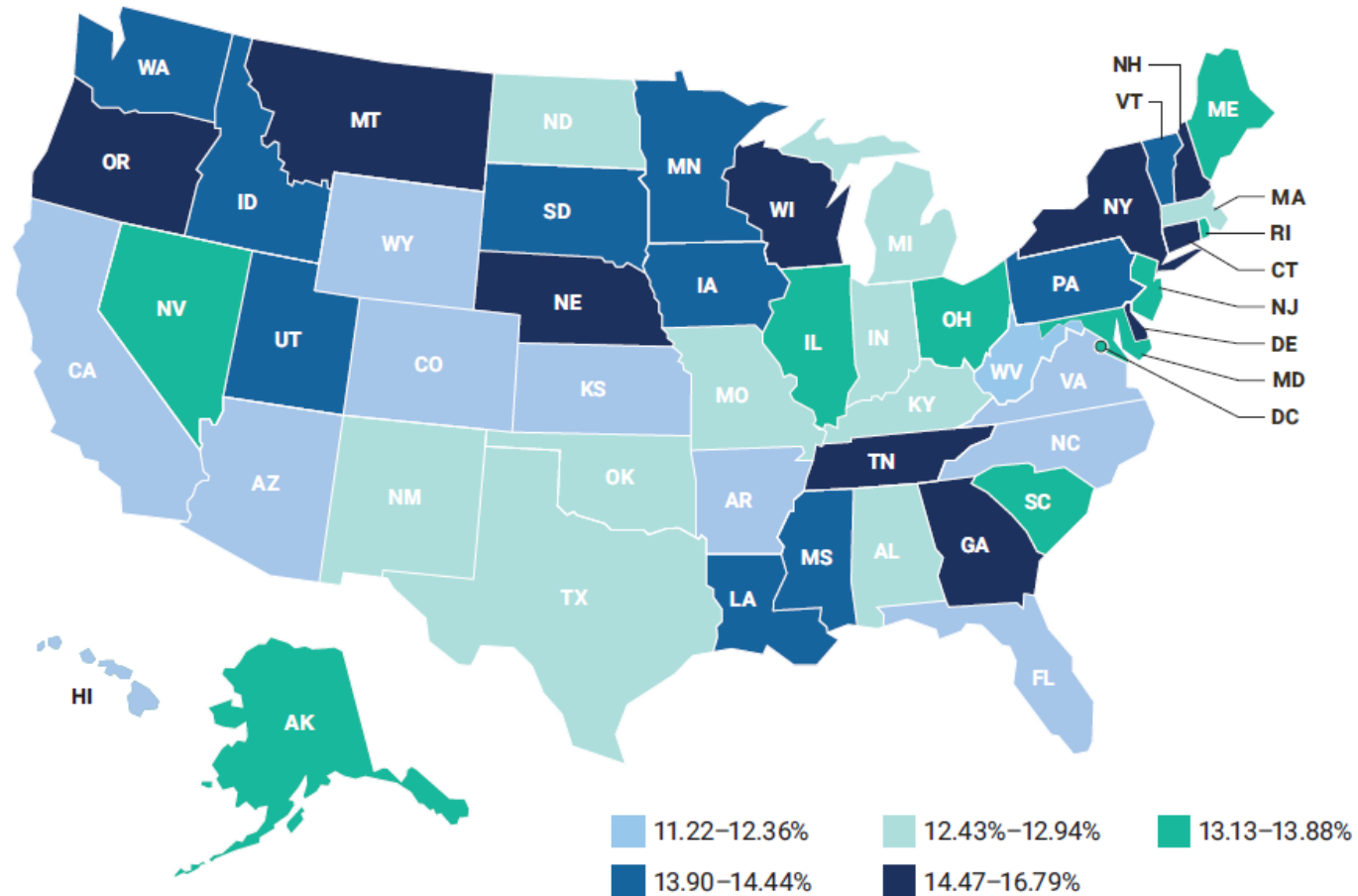
Cumulative increase of 160% since 2017

Figure 6: Dedicated reinsurance capital and global gross reinsurance premiums (all lines) – 2000 to 2022 (Source: NOVA)



# Marketplace Overview

## Inflation boosts reconstruction costs



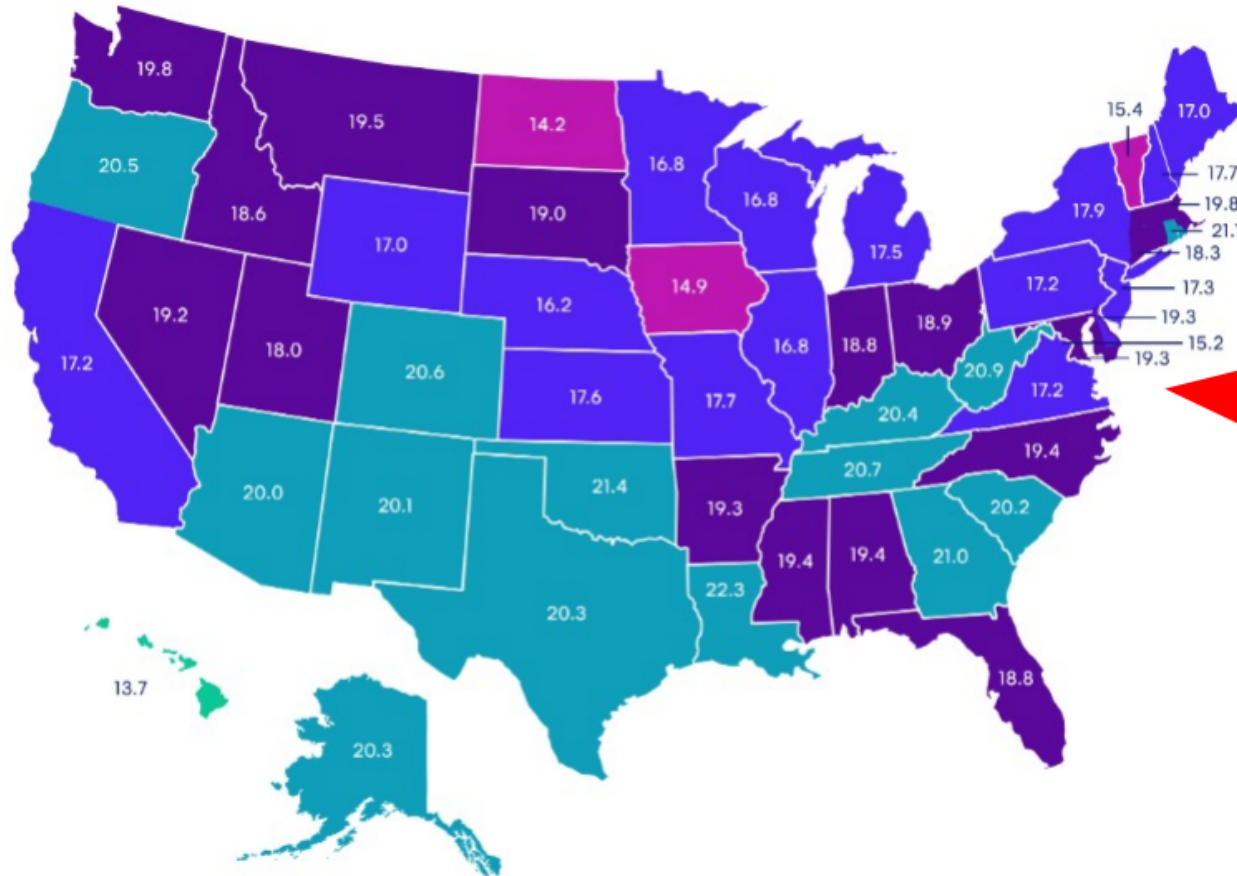
Changes in reconstruction costs by state.

States are grouped in quintiles; each range/color in the legend includes 20% of the total number of states.

\* All rates, percentages, increases, decreases, etc., are calculated as percentage changes from April 2021 to April 2022, unless otherwise noted.

# Marketplace Overview

## Length of Collision Replacement Rentals by State (Days), 2022:Q4



### Avg. Length of Rental

**2022:Q4: 18.7 days**

**2022:Q2: 17.7 days**

**2021:Q4: 17.0 days**

**2021:Q2: 13.2 days**

**CHANGE: +1.7 Days (21:Q4 – 22:Q4)**

**CHANGE: +5.5 Days (21:Q2 – 22:Q4)**

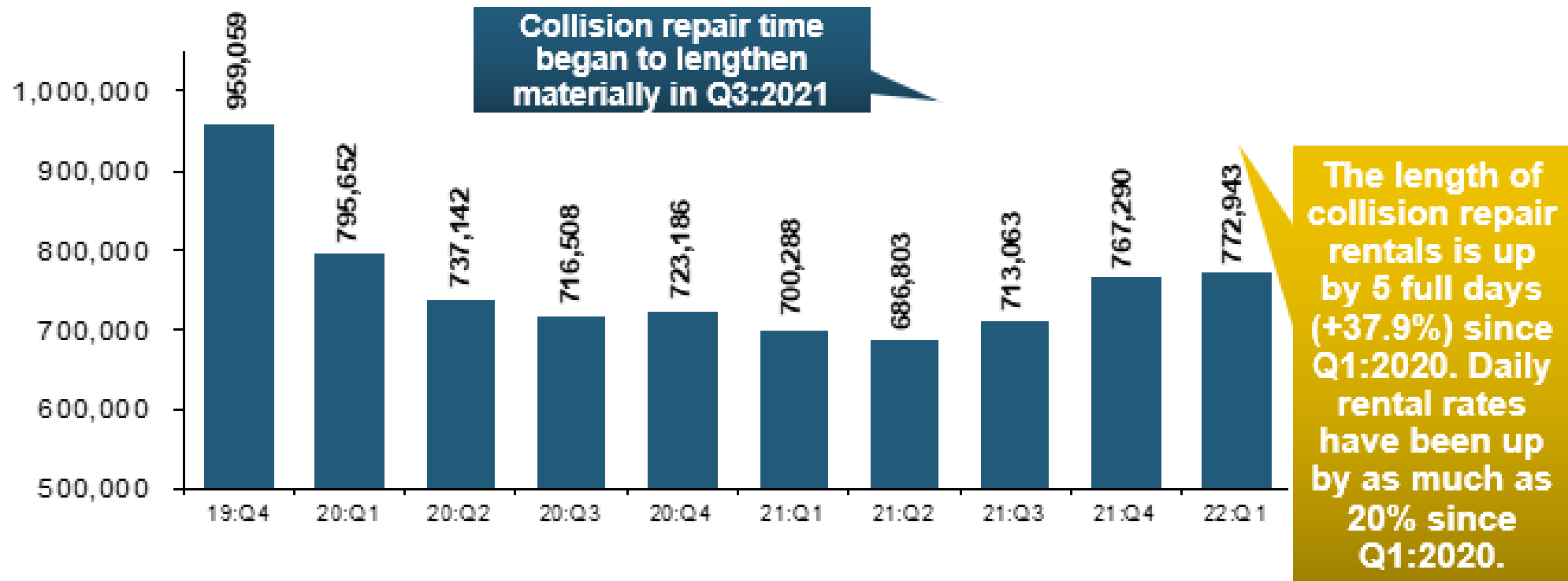
**RANGE: 13.7 (HI) to 22.3 (LA)**

The increase in length of rental was referred to as “striking” by Enterprise and is a key driver of auto claim severity. The increase in the cost of rentals materially exacerbates the problem.



# Marketplace Overview

## Length of Collision Replacement Rentals, 2019:Q4 – 2022:Q1



**Supply Chain Issues Have Driven the Cost of Replacement Auto Rentals Up Sharply Since the Pandemic Began in Q1:2020**

Source: Enterprise Rental-A-Car U.S. Length of Rental Report compiled by the Risk and Uncertainty Management Center, accessed via Repair Driver News and Mitchell.com.



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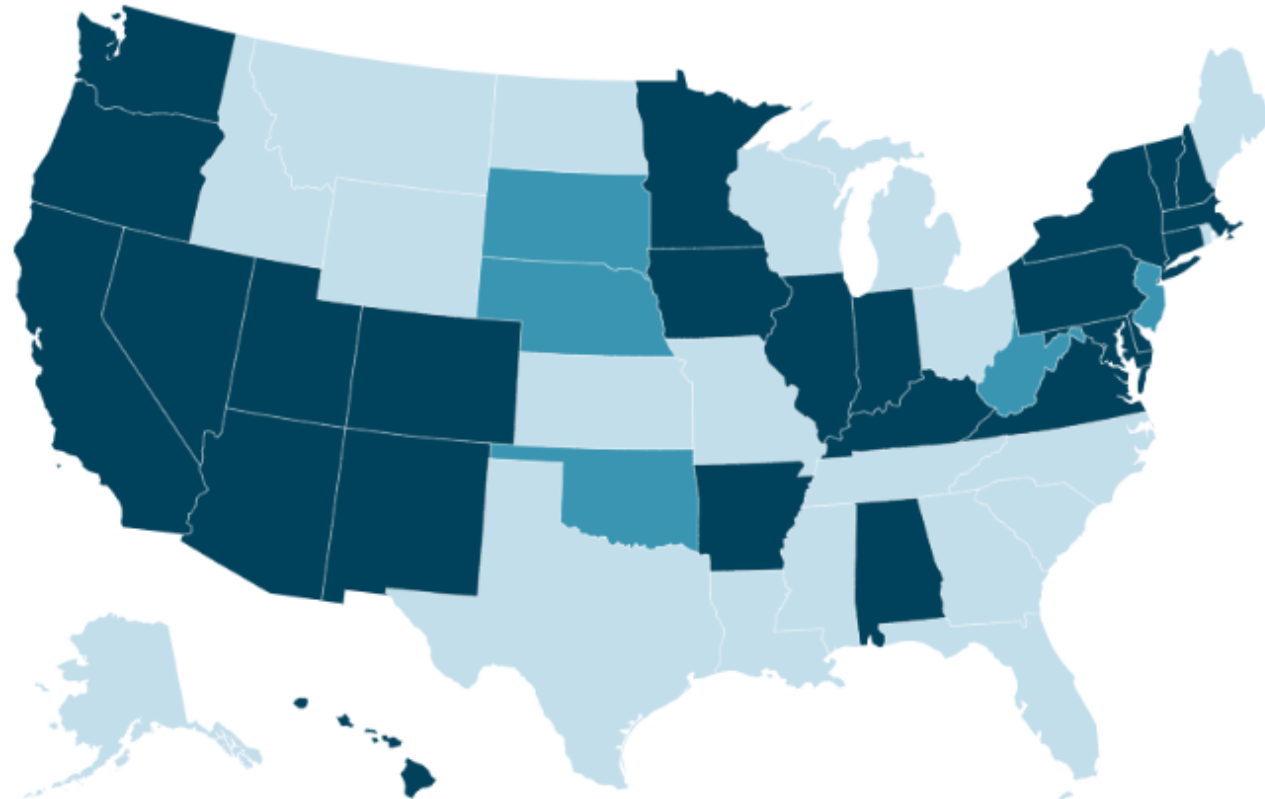
# Liability

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*Why is it happening?*

# Marketplace Overview

## States Passing Legislative Policing Reforms Since George Floyd's Murder



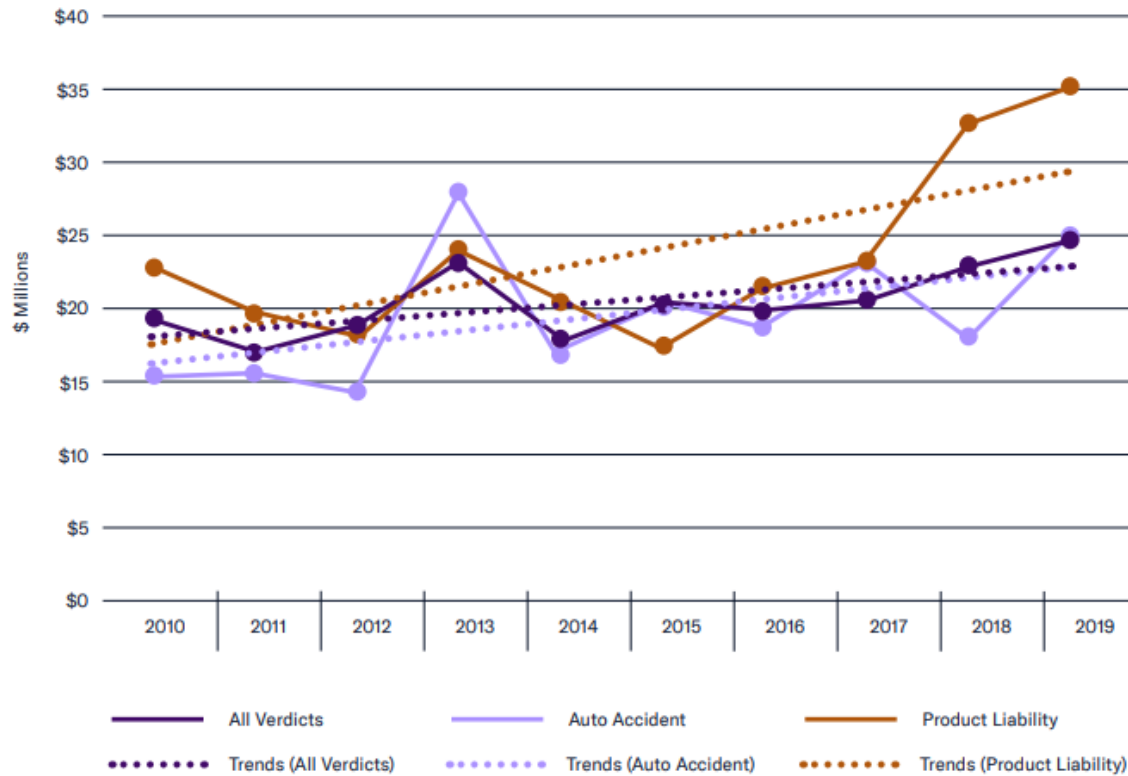
- States that enacted legislation between May 25, 2020 and May 21, 2021 in at least one of three identified areas: use of force; duty for officers to intervene, report, or render medical aid in instances of police misconduct; or policies relating to law enforcement misconduct reporting and decertification.
- States that enacted policing reform legislation during the same time period outside of the three identified areas.
- States that failed to enact substantive statewide police reform legislation. These states may have passed legislation creating a task force or commission charged with providing recommendations on policing policy and practice; or legislation enacting police reform limited to one county.



# Marketplace Overview

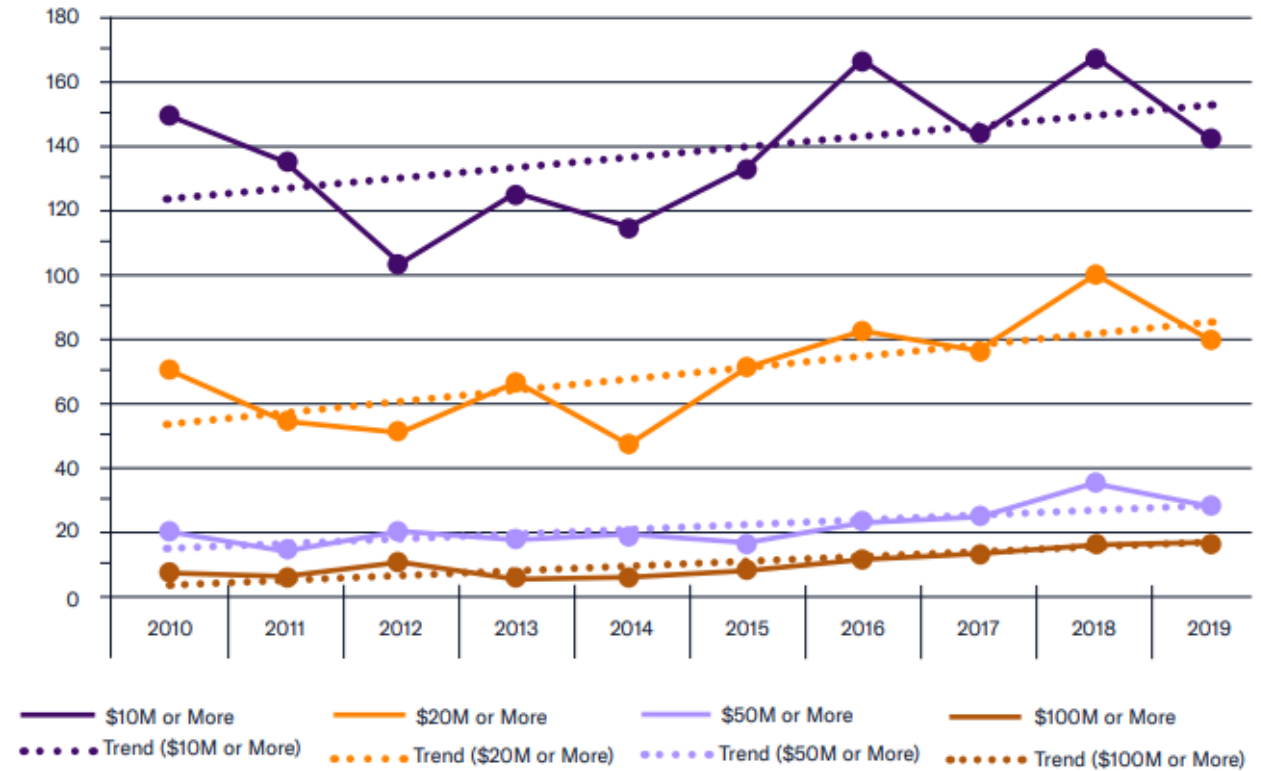
## Social Inflation

Figure 2: Median Nuclear Verdict & Trend Line, 2010 – 2019



The solid lines in the graph show the median reported nuclear verdict each year for all verdicts, and auto accident and product liability cases in particular. The dotted lines show the trend for each within the ten-year study period.

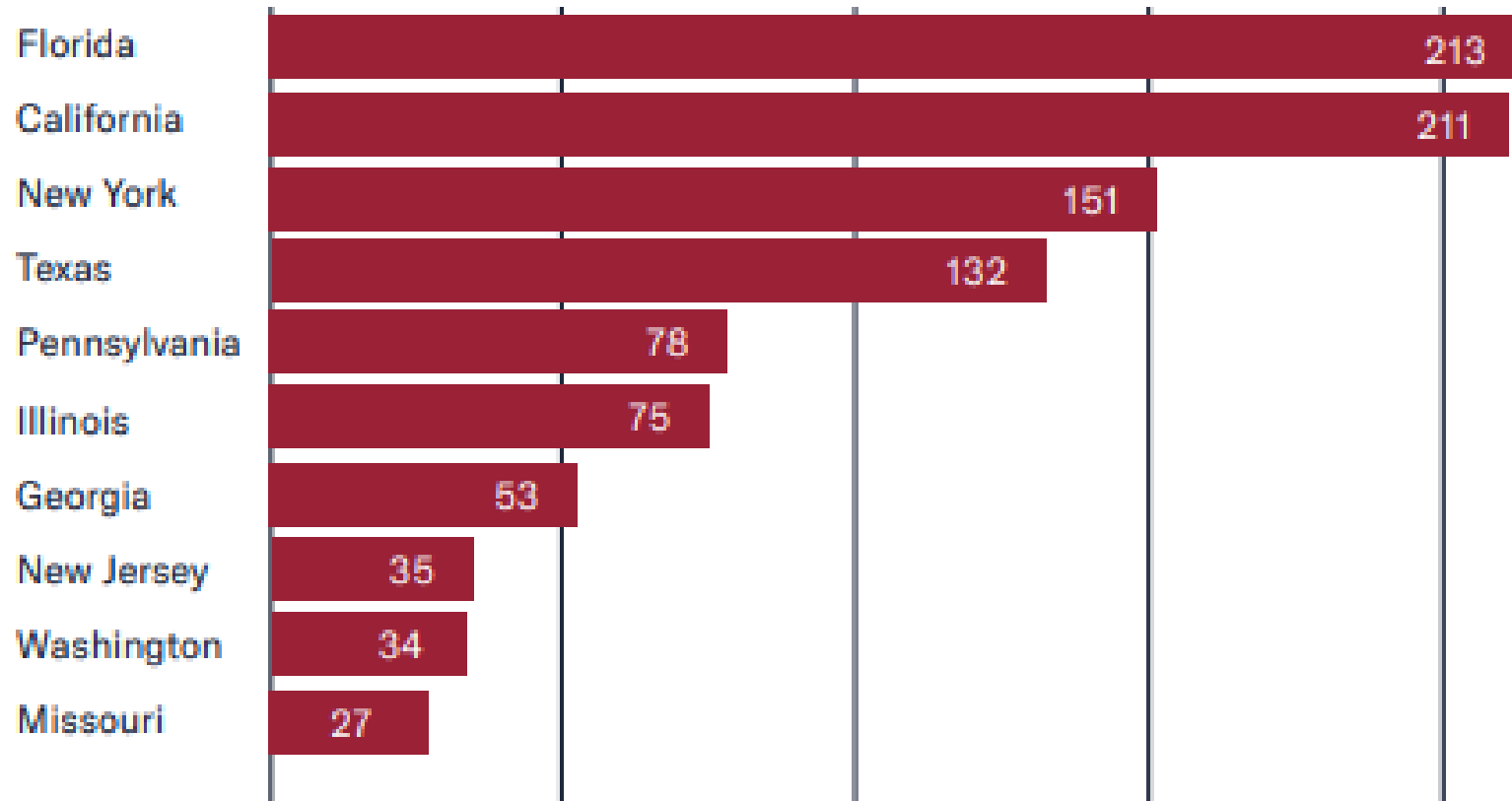
Figure 3: Number of Reported Nuclear Verdicts, 2010 – 2019



# Marketplace Overview

Social Inflation

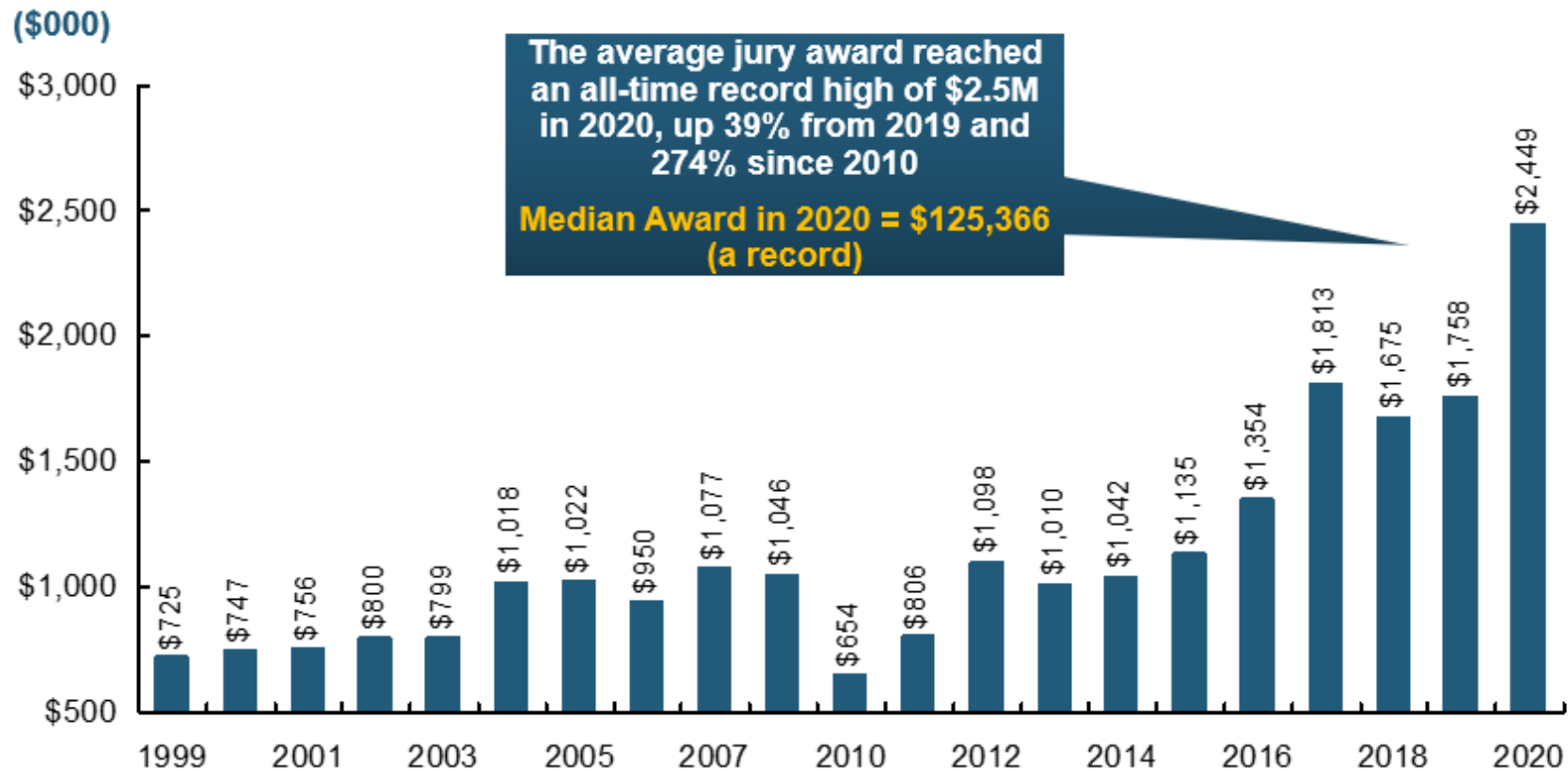
**Figure 5: Top 10 States by Cumulative Nuclear Verdicts, 2010 – 2019**



# Marketplace Overview

Social Inflation

## Average Jury Awards, 1999 – 2020 (latest available)

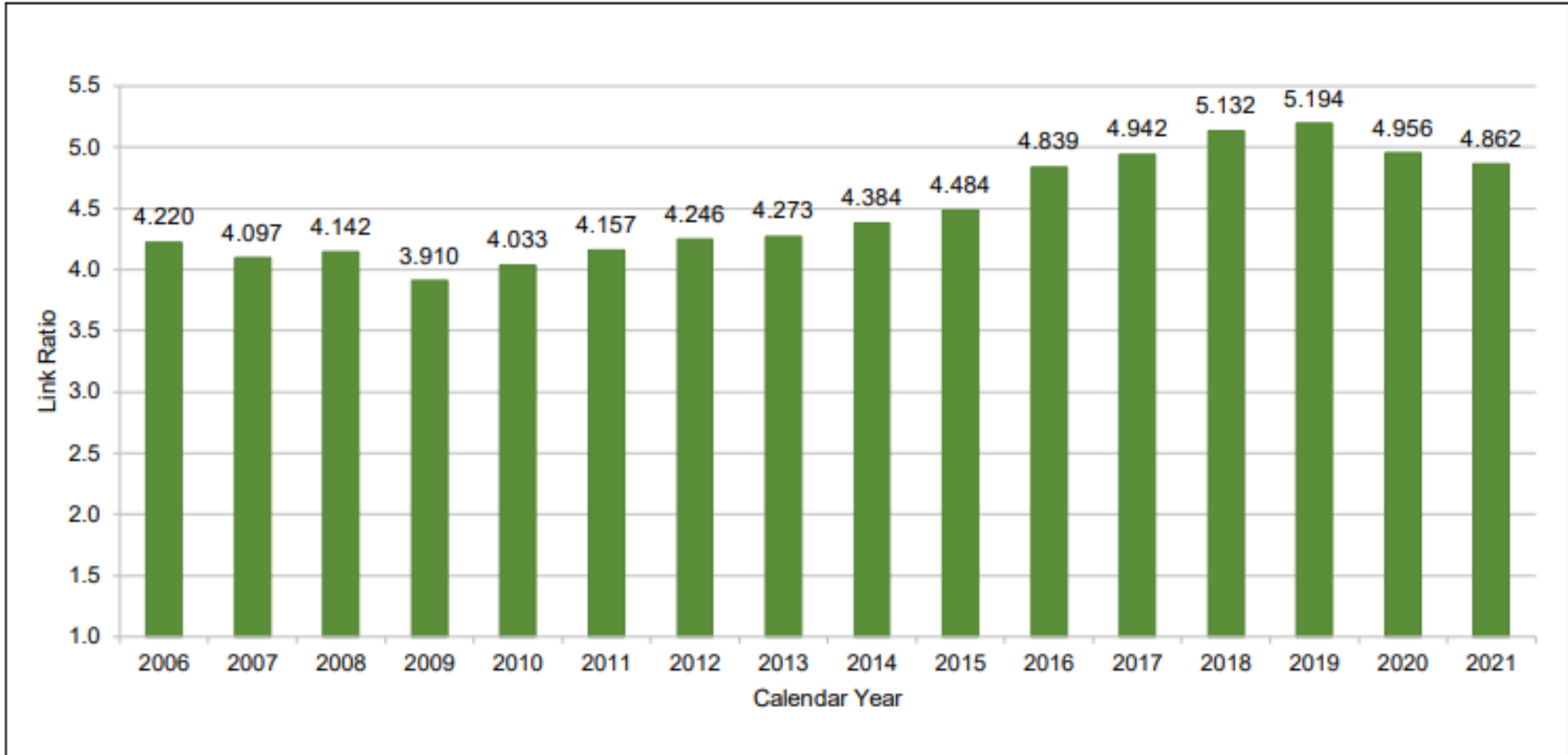


Source: Jury Verdict Research; *Current Award Trends in Personal Injury* (61<sup>st</sup> Edition), Thomson Reuters; Risk and Uncertainty Management Center, Univ. of South Carolina.

# Marketplace Overview

Social Inflation

**Chart 4. Net paid loss and DCC CYR 12–60 loss development factors – commercial auto liability**

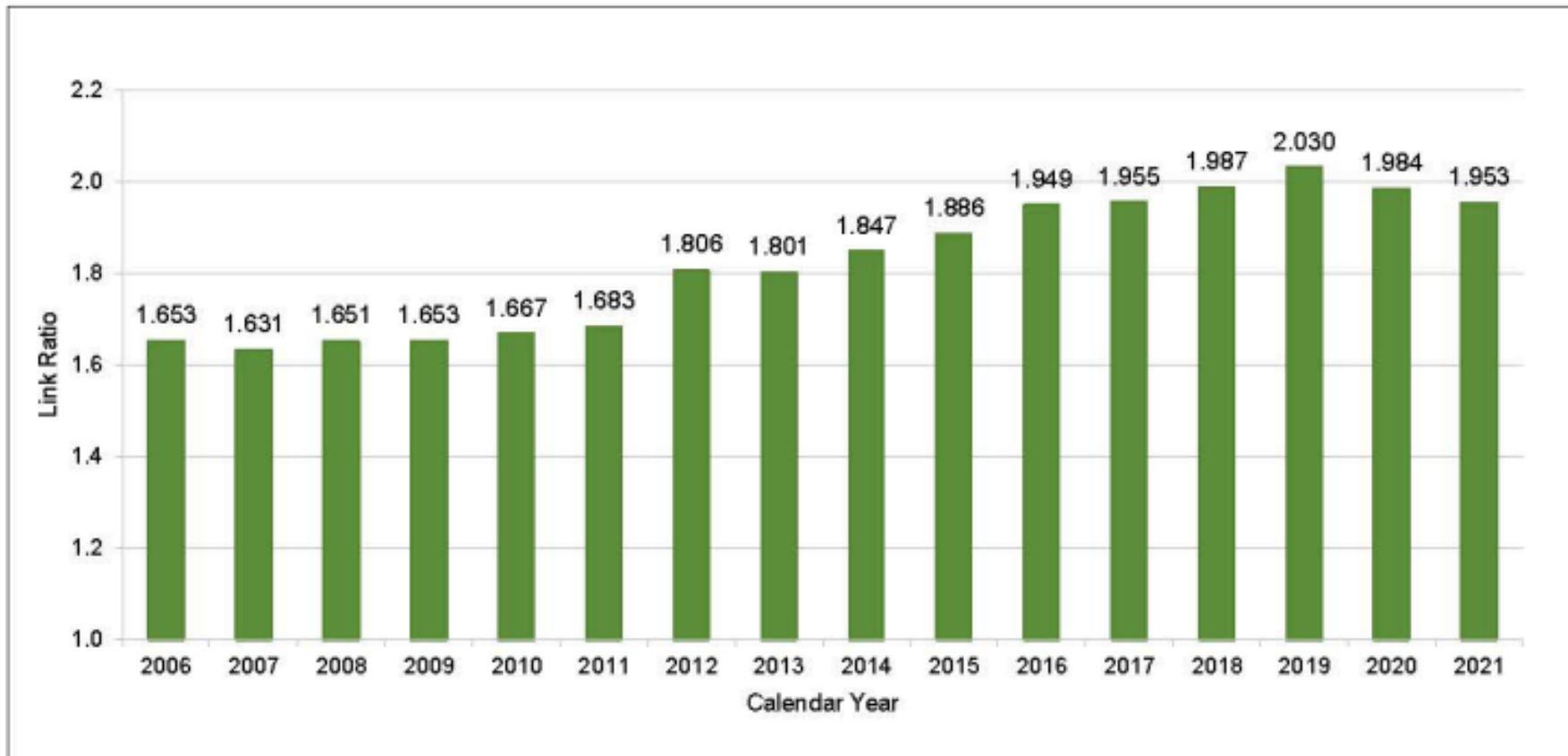




# Marketplace Overview

Social Inflation

**Chart 5. Net case-incurred loss and DCC CYR12-60 loss development factors – commercial auto liability**



# Upward Creep in Loss Development

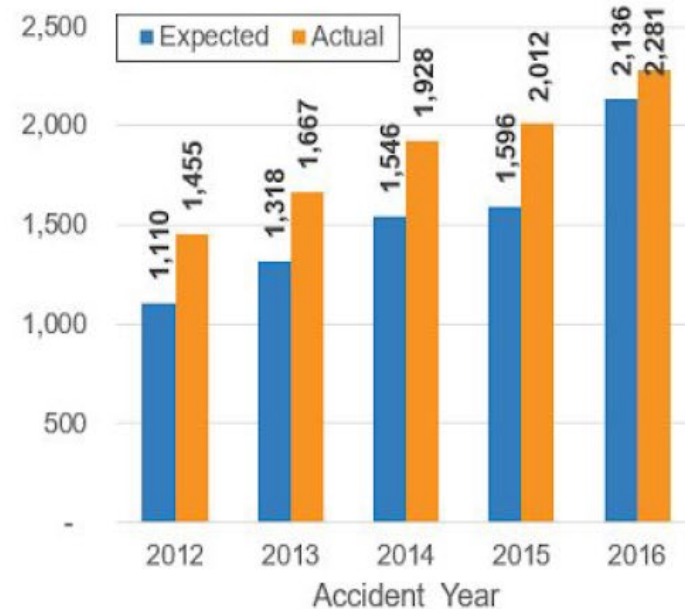
Key Assumption: LDF is RV about mean + inflation

## Comm Auto LDFs

	12	24	36	48
2009	1.34	1.14	1.08	1.03
2010	1.36	1.16	1.08	1.04
2011	1.40	1.16	1.08	1.04
2012	1.40	1.16	1.09	1.04
2013	1.41	1.18	1.10	1.04
2014	1.42	1.19	1.10	1.05
2015	1.45	1.18	1.11	
2016	1.43	1.20		
2017	1.44			

## 2-Year Expected vs. Actual

12-36 Development (\$ Millions)



# Marketplace Overview

Social Inflation

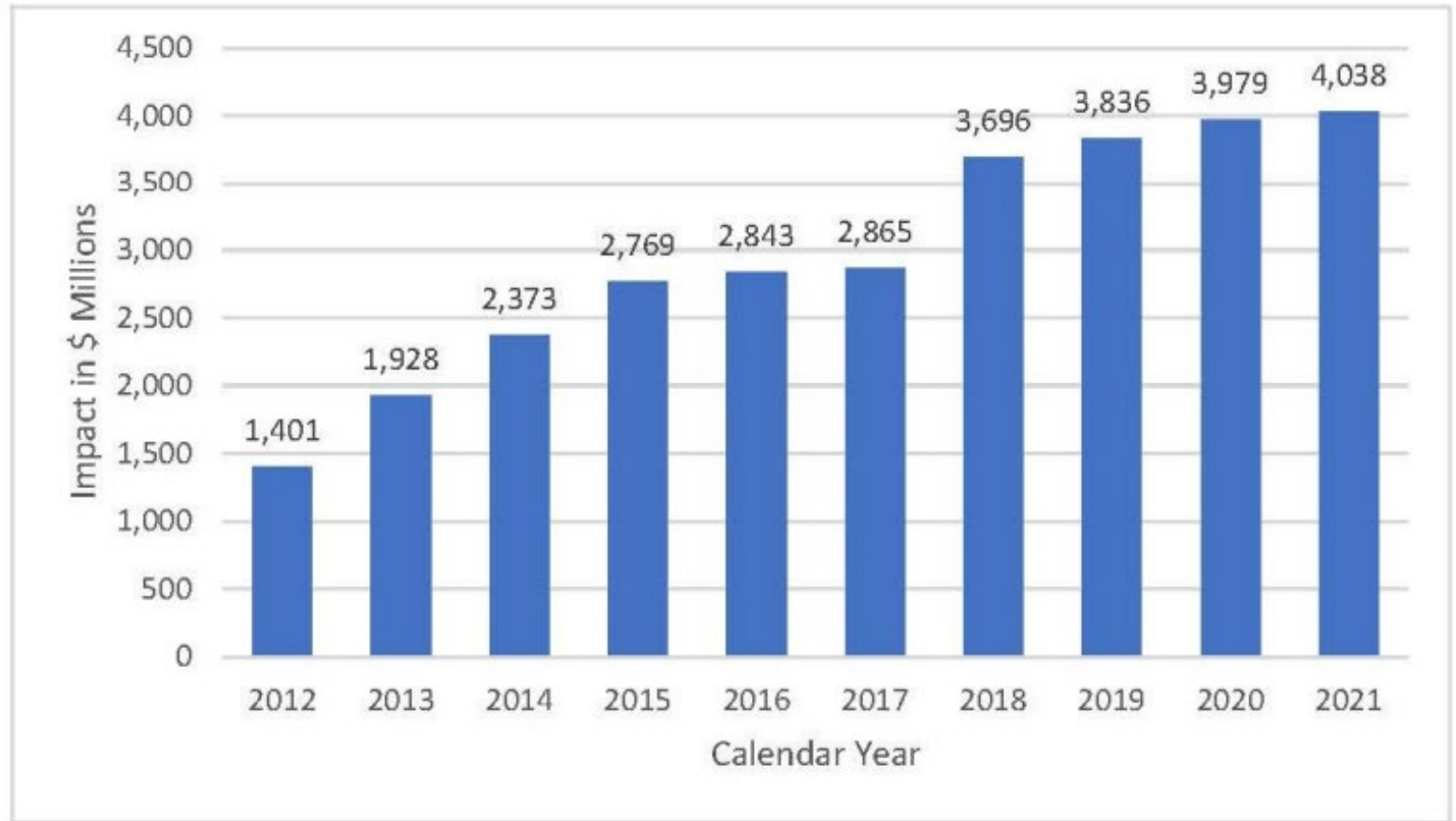


Source: NAIC data, sourced from S&P Global Intelligence; Insurance Information Institute. Expected: 3-yr Straight Average.

Social Inflation

# Marketplace Overview

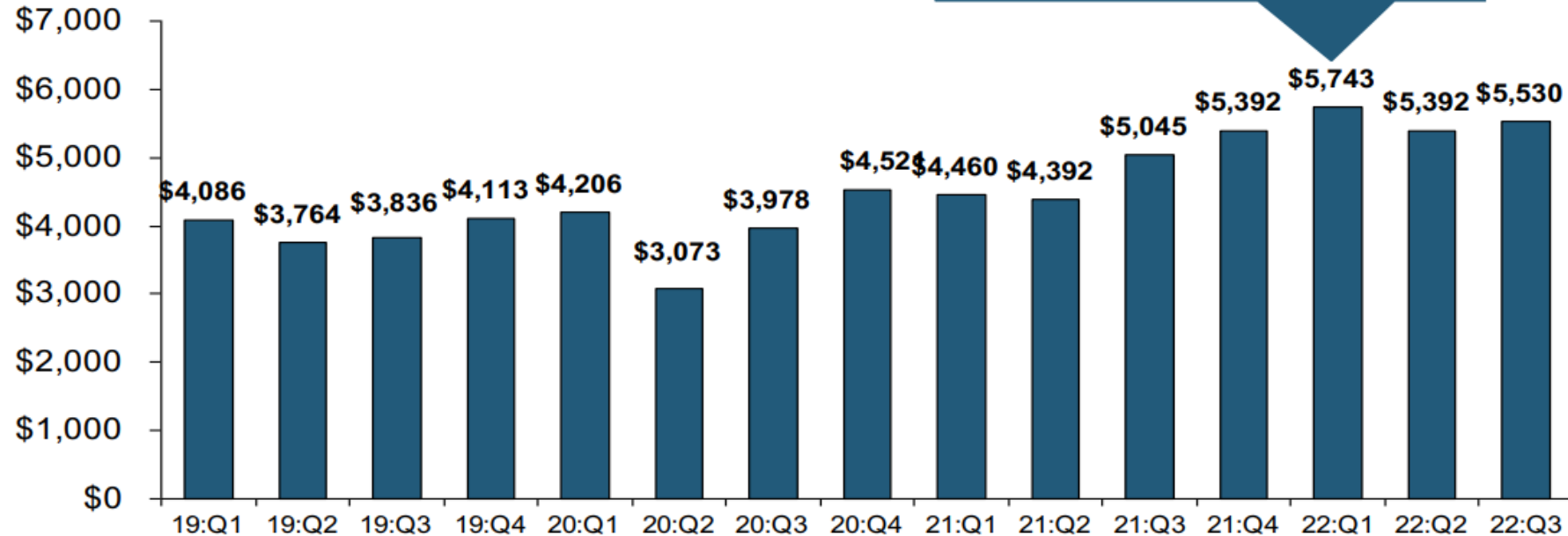
**Chart 6. Case-incurred estimate of impact of social inflation by year – P&C Industry – commercial auto liability**



# Marketplace Overview

## Collision Claim Severity: Rising to New Record Highs

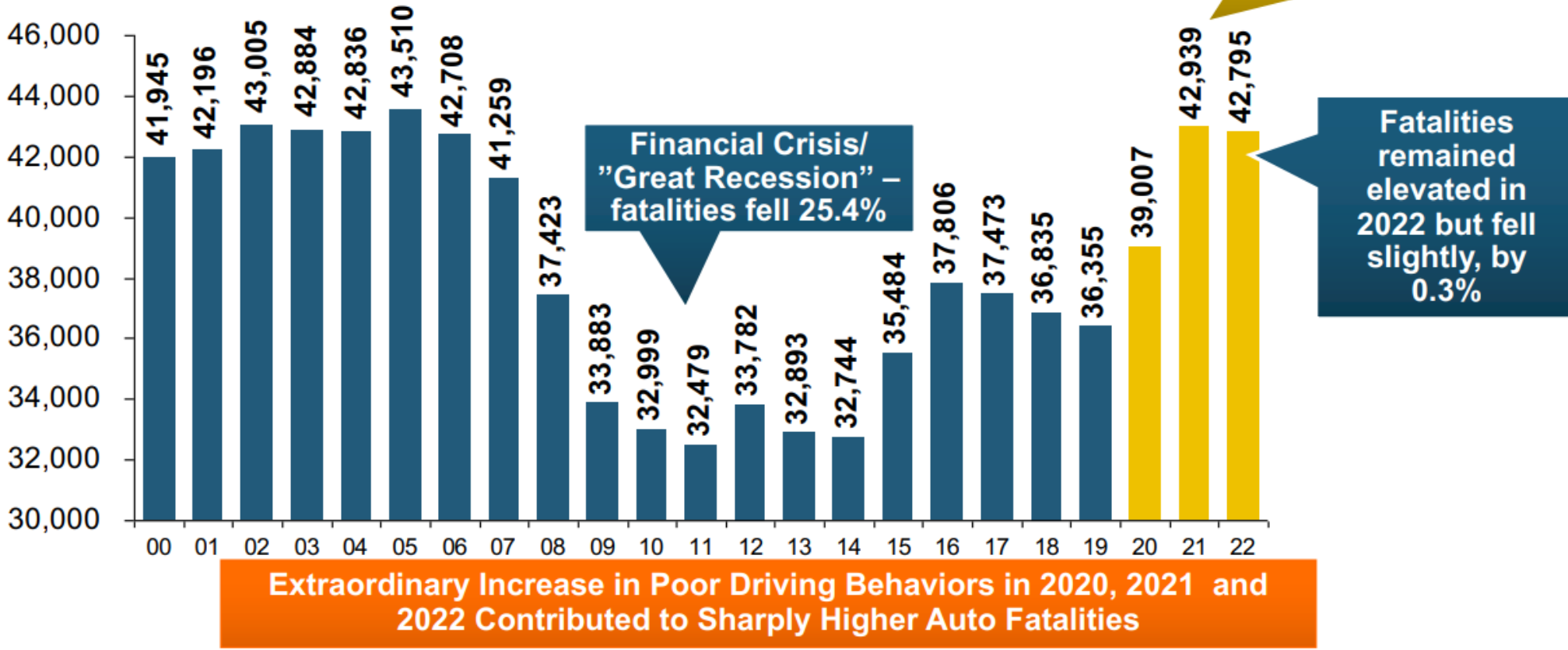
Average Loss, 2018:Q1 through 2022:Q3



Severities Are Up Sharply—Inflation Is a Major Factor

# Marketplace Overview

## Traffic Fatalities in the U.S., 2000-2022



\*2022 figure is annualized based on actual of 31,785 through Sept. 30 (a decline of 0.2% from the same period in 2021).


Source: Insurance Institute for Highway Safety and Highway Loss Data Institute: <https://www.iihs.org/iihs/topics/t/general-statistics/fatalityfacts/overview-of-fatality-facts> and NHTSA: <https://www.nhtsa.gov/press-releases/traffic-crash-death-estimates-2022>; Risk and Uncertainty Management Center, University of South Carolina.

# Loss Triangle – Casualty (GL, LEL, AL)

NJ Public Entity Data

Periods	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months
2010	0.00000	1.13780	1.11219	1.02746	0.91319	0.98333	1.01849	0.99108	0.99103	1.00132
2011	0.00000	1.36123	1.25182	1.14434	1.03126	1.01112	1.00174	0.98479	1.00885	
2012	0.00000	1.44473	1.43415	1.13501	1.24090	1.01582	1.00879	1.01139		
2013	0.00000	1.34765	1.40192	1.22095	1.28895	1.11341	1.04103			
2014	0.00000	1.84575	1.66130	1.43813	1.06501	1.12903				
2015	0.00000	1.64865	1.64527	1.35753	1.09476					
2016	0.00000	2.42395	1.51306	1.12617						
2017	0.00000	1.73054	1.56209							
2018	0.00000	1.74066								
2019	0.00000									

~40% Increase in LDF



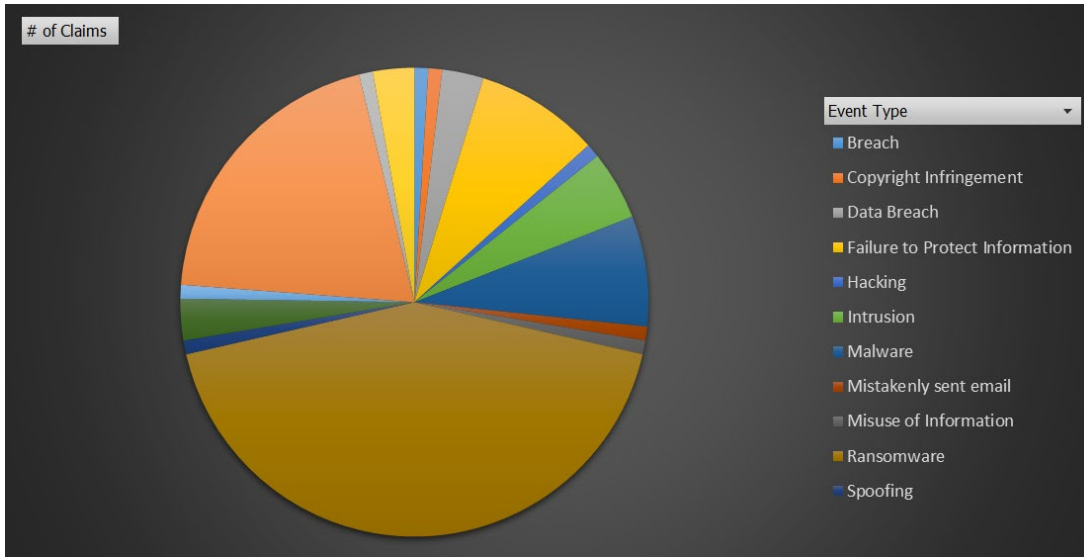
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# Cyber

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*Why is it happening?*

# Marketplace Overview



## By Event Type

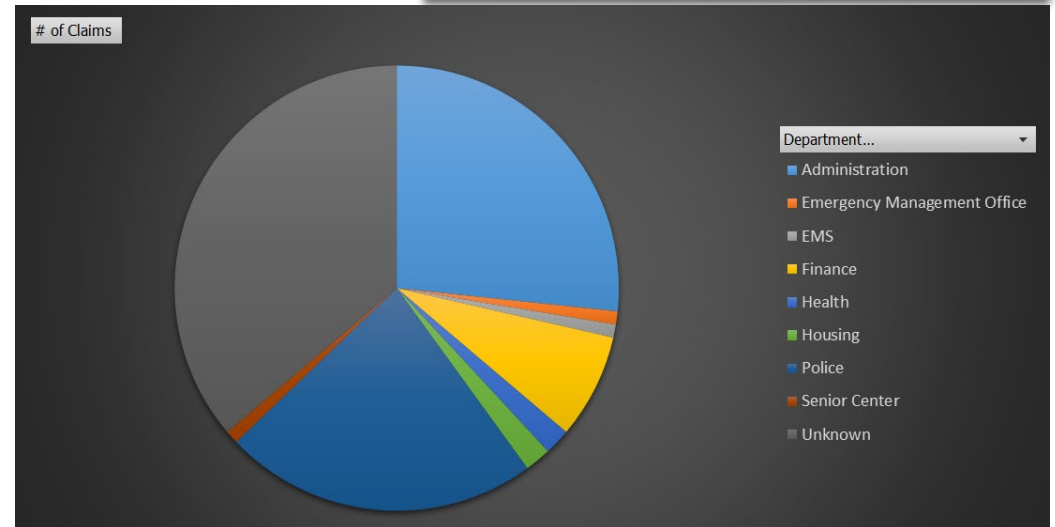
**48%** of data breaches were caused by human error or system glitch (**57% for Public Sector**)

2022 Ponemon Institute

**20%** of breaches due to compromised credentials and **16%** due to third-party vulnerabilities

2022 Ponemon Institute

## By Department





# Marketplace Overview

287

Average number of days to identify and contain a data breach

**The longer it took to identify and contain, the more costly the breach.**

Data breaches that took longer than 200 days to identify and contain cost on average \$4.87 million, compared to \$3.61 million for breaches that took less than 200 days. Overall, it took an average of 287 days to identify and contain a data breach, seven days longer than in the previous report. To put this in perspective, if a breach occurring on January 1 took 287 days to identify and contain, the breach wouldn't be contained until October 14th. The average time to identify and contain varied widely depending on the type of data breach, attack vector, factors such as the use of security AI and automation, and cloud modernization stage.

\$4.62m

Average total cost of a ransomware breach

**Ransomware and destructive attacks were costlier than other types of breaches.**

Ransomware attacks cost an average of \$4.62 million, more expensive than the average data breach (\$4.24 million). These costs included escalation, notification, lost business and response costs, but did not include the cost of the ransom. Malicious attacks that destroyed data in destructive wiper-style attacks cost an average of \$4.69 million. The percentage of companies where ransomware was a factor in the breach was 7.8%.

20%

Share of breaches initially caused by compromised credentials

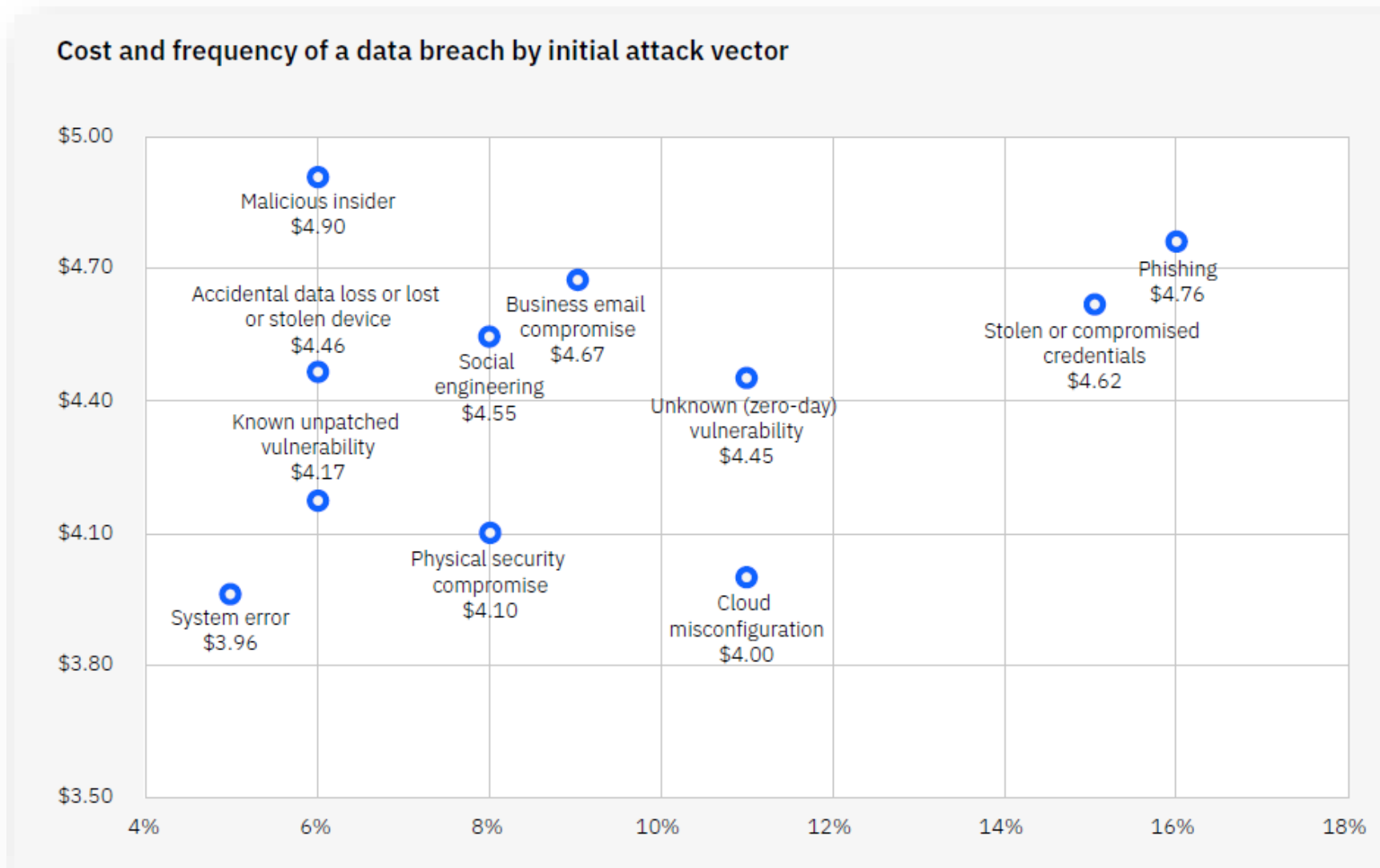
**Compromised credentials was the most common initial attack vector, responsible for 20% of breaches.**

Business email compromise (BEC) was responsible for only 4% of breaches, but had the highest average total cost of the 10 initial attack vectors in the study, at \$5.01 million. The second costliest was phishing (\$4.65 million), followed by malicious insiders (\$4.61 million), social engineering (\$4.47 million), and compromised credentials (\$4.37 million).

IBM Security

# Marketplace Overview

Average Total Cost and Frequency by Attack Vector



# Current & Emerging Risks

Social Inflation

Pandemic Risk

Sexual Abuse and  
Molestation Claims

Statutory Presumptions

Post Covid-19

Aging Infrastructure

Non CAT Property Loss

Immunity Erosion

Climate & Weather

- Storm Surge Risk;
- Shortening and Intensifying Winters
- Increased Precipitation and Resulting Inland Flooding
- Intensifying Droughts

Internet of Things (IoT)

- Telematics and Connected Vehicles
- Connected Buildings/Cities

Cybersecurity

Cyber-attacks are now seen as one of the most serious economic and national security challenges now facing governments around the world.

Autonomous Vehicles

Nanotechnology

Marijuana Legalization

# Renewal Strategy

# Renewal Strategy for Hard Market



# Renewal Schedule

- **Renewal Information Collection**
  - Collect Loss Runs: End of July
  - Obtain Initial Exposure Schedules: Mid-August (Property early September)
  - Obtain Final Exposure Schedules: Early November
- **Renewal Processing**
  - Renewal Certificates
    - Holder Lists Sent to RMCs: August
    - Receive Holder Lists from RMCs and Update Holders: End of October
    - Send Renewal Certificates to RMCs: By Thanksgiving
  - Auto IDs & Work Comp Postings
    - Update Issuance Count: Early November
    - Issue Auto IDs & Work Comp Postings: By Thanksgiving

# Renewal Strategy

## Property

### 1. Deductibles

- Standard deductibles (current)
  - *\$3m Each Occurrence*
- Annual aggregate deductibles
  - *Such as \$5m aggregate throughout the year*
- Annual aggregate deductibles with maintenance deductibles
  - *Such as \$5m aggregate with \$100k maintenance deductibles for each occurrence that does not erode the aggregate*

### 2. Quota share participation

- Full layer
  - *10% of \$110m*
- Partial layer
  - *Small share of primary layer (primary \$50m currently)*
  - *Large share of excess layer with no Flood/Quake risk (\$75m x \$50m currently)*
  - *Excess Flood/Quake risk only (\$25m x \$50m currently)*

### 3. Review Structure

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

# Property

## Current Structure

Excess Flood / Quake									
\$75,000,000									
Carrier Name	VELOCITY	AXIS	RSUI	ASPEN	ENDURANCE	STARSTONE	HALLMARK	FIDELIS	WESTFIELD
Participation	\$7,500,000	\$7,000,000	\$7,500,000	\$2,500,000	\$5,000,000	\$5,000,000	\$2,500,000	\$9,500,000	\$3,500,000
Part. Pct.	15.00%	14.00%	15.00%	5.00%	10.00%	10.00%	5.00%	19.00%	7.00%
Layer Premium	\$646,600	\$1,100,000	\$1,253,414	\$721,020	\$825,000	\$800,000	\$1,000,000	\$1,900,000	\$1,500,000
Part. Premium	\$96,990	\$154,000	\$188,012	\$36,051	\$82,500	\$80,000	\$50,000	\$361,000	\$105,000

\$260,000,000				
Carrier Name	MITSUI (A)	STARR SLIC (N/A)	VELOCITY (N/A)	FIDELIS (N/A)
Participation	\$50,000,000	\$50,000,000	\$20,000,000	\$45,000,000
Part. Pct.	33.33%	23.33%	13.33%	30.00%
Layer Premium	\$900,000	\$950,000	\$755,003	\$1,200,000
Part. Premium	\$300,000	\$221,667	\$100,667	\$360,000

\$110,000,000							
Carrier Name						FIDELIS (N/A)	Ark/New Ark
Participation						19.50%	AUW
Layer Premium						\$2,350,000	LLOYDS (N/A)
Part. Premium						\$458,250	6.50%
							\$2,100,000
							\$136,500

\$50,000,000								
Carrier Name	ZURICH	HCC	MUNICH (N/A)	BEAZLEY (N/A)	BERKSHIRE	AWAC (N/A)	KiIn/Rokstone	WBC
Participation	50.00%	LLOYDS (N/A)	5.00%	5.00%	HATHAWAY (N/A)	6.50%	LLOYDS (N/A)	LLOYDS (N/A)
Layer Premium		4.00%	\$8,800,000	\$8,803,030	10.00%	\$8,000,000	15.50%	4.00%
Part. Premium		\$352,000	\$440,152	\$455,000	\$1,000,000	\$520,000	\$1,048,965	\$2,150,000
								\$86,000

\$25,000,000		
Carrier Name		Ascot
Participation		LLOYDS (N/A)
Layer Premium		4.00%
Part. Premium		\$5,350,000
		\$214,000



# Coverage Updates

## Property

### Property Mapping

Flood Zone	Count	TIV	% of TIV	% of Property SOV
Unknown	1010	\$2,140,117,163	32.90%	35.30%
AR/AE	1	\$2,678,000	0.04%	0.04%
Zone A	32	\$36,617,077	0.56%	0.60%
Zone A2	2	\$1,182,286	0.02%	0.02%
Zone A4	1	\$14,221	0.00%	0.00%
Zone A5	3	\$8,181,492	0.13%	0.13%
Zone A6	4	\$942,217	0.01%	0.02%
Zone A8	37	\$203,690,265	3.13%	3.36%
Zone AE	209	\$538,966,156	8.29%	8.89%
Zone AO	1	\$5,459,000	0.08%	0.09%
Zone B	7	\$105,478,121	1.62%	1.74%
Zone C	231	\$579,700,534	8.91%	9.56%
Zone X	709	\$2,439,373,102	37.50%	40.23%
Zone X500	1	\$430,849	0.01%	0.01%
N/A	9632	\$442,260,289	6.80%	N/A
<b>Grand Total</b>	<b>11880</b>	<b>\$6,505,090,771</b>	<b>100.00%</b>	<b>N/A</b>
<b>Property Total</b>	<b>2248</b>	<b>\$6,062,830,482</b>	<b>93.20%</b>	<b>100.00%</b>

Occupancy Type	Count	TIV	% of TIV
Unknown	351	\$936,131,897	14.39%
Airport	8	\$13,509,008	0.21%
All Other	647	\$1,453,763,664	22.35%
Education	151	\$625,919,692	9.62%
Equipment	4171	\$186,767,473	2.87%
General Office	168	\$745,686,744	11.46%
General Storage	300	\$258,500,306	3.97%
Jail	30	\$555,745,543	8.54%
Library	79	\$328,467,718	5.05%
N/A	5402	\$238,016,319	3.66%
Parks & Recreation	337	\$283,822,441	4.36%
Public Safety	145	\$612,355,166	9.41%
Public Works	39	\$34,310,112	0.53%
Social Services	52	\$232,094,689	3.57%
<b>Grand Total</b>	<b>11880</b>	<b>\$6,505,090,771</b>	<b>100.00%</b>

Construction Type	Count	TIV	% of TIV	% of Property TIV
Unknown	478	\$223,840,668	3.44%	3.69%
Fire-Proofed Steel	5	\$105,820,431	1.63%	1.75%
Fire-Resistive	62	\$469,478,323	7.22%	7.74%
Frame	425	\$314,435,975	4.83%	5.19%
Joisted Masonry	298	\$1,309,968,763	20.14%	21.61%
Masonry Non-Combustible	430	\$2,269,092,379	34.88%	37.43%
Mixed Construction	75	\$335,897,843	5.16%	5.54%
Modified Fire-Resistive	38	\$320,465,574	4.93%	5.29%
N/A	9632	\$442,260,289	6.80%	N/A
Non-Combustible	186	\$554,283,871	8.52%	9.14%
To Be Determined (TBD)	251	\$159,546,655	2.45%	2.63%
<b>Grand Total</b>	<b>11880</b>	<b>\$6,505,090,771</b>	<b>100.00%</b>	<b>N/A</b>
<b>Property Total</b>	<b>2248</b>	<b>\$6,062,830,482</b>	<b>93.20%</b>	<b>100.00%</b>

# Property

## Loss Information

- ✓ Ida - \$9.7m
- ✓ Sludge Dryers - \$4.6m
- ✓ Sludge Dryer - \$3.7m
- ✓ Motor Vehicle Garage Fire - \$3.3m
- ✓ Golf Course Fire - \$2.1m
- ✓ Pipe Freeze - \$1.9m
- ✓ Pipe Freeze - \$1.8m
- ✓ Pipe Freeze - \$1.4m
- ✓ Pipe Freeze - \$1.1m

# Property

## Loss Information

Underwriting year	Ground Up Loss	Claims Paid (Net of Deductible and Recoveries)	Outstanding reserves	Total Incurred (Net of Deductible and Recoveries)	Total Incurred at 100% (Net of deductible and Recoveries)	Claim count (all reported cases)
2012	901,328	945,328	-	945,328	-	13
2013	1,021,604	1,021,604	-	1,021,604	-	8
2014	421,973	421,973	-	421,973	-	7
2015	4,355,541	4,480,639	-	4,480,639	-	13
2016	2,673,434	2,771,556	-	2,771,556	-	30
2017	6,030,595	6,040,197	-	6,040,197	-	18
2018	7,777,546	6,595,684	1,181,863	7,777,546	-	25
2019	5,033,005	786,299	4,246,706	5,033,005	-	14
2020	442,200	442,200	-	442,200	-	6
2021	9,754,568	193,770	9,560,799	9,754,568	-	2
<b>Total</b>	<b>38,411,794</b>	<b>23,699,250</b>	<b>14,989,368</b>	<b>38,688,616</b>	-	<b>136</b>

# Renewal Strategy

## Casualty

### 1. Retentions

- Standard retention (current)
  - *\$1.5m Each Occurrence*
- Annual aggregate retention
  - *Such as \$5m aggregate throughout the year*
- Annual aggregate retention with maintenance retentions
  - *Such as \$5m aggregate with \$250k maintenance retentions for each occurrence that does not erode the aggregate*

### 2. Quota share participation

- Full layer
  - *10% of \$40m x \$1.5m*
- Partial layer
  - *10% of \$20m x \$20m*

### 3. Review Structure

- Consider bringing in more partners on a quota share basis

# ■ Liability

## Claims Development

### Claims Development Summary

- ✓ Claim frequency and severity has been steadily rising over past five years.
- ✓ Law Enforcement represent majority of rise, with Auto Liability just trailing.
- ✓ On average, we are seeing at least one claim per year greater than \$1m

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

# Renewal Strategy

## Public Officials & Employment Practices

1. Moving to Excess Program
  - More, and easier, control of attorneys, rates and coverage decisions
  - Some NJCE members already have this type of program

# Renewal Strategy

Cyber

1. Obtain quotes for higher Each Claim and Aggregate Excess Limits

## ■ Additional Coverage Considerations

- Casualty \$10m x \$40m, or beyond
- POL / EPL \$10m x Primary, or beyond
- Cyber Physical Damage
- Active Shooter / Active Assailant
- Additional Limits of Insurance

## Additional Risk Transfer Tools

- Captive
- Parametric
- Alternative Risk Supplemental



# Contacts

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