

# Public Entity Risk Management



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Ohio Association of Public Treasurers

Public Finance Officers Training Institute

Kalahari Resort & Conference Center

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# *Current Trends*

## Auto Liability and Physical Damage

In today's environment, there are MORE:

- Drivers on the road
- Distractions (texting, etc.)
- Impaired drivers
- Theft & Fraud
- Uninsured Drivers
- Expensive cars & parts
- Expensive medical care
- Extreme weather events
- Each of these factors is increasing the cost of settling claims



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## *Current Trends*

# Inflation is making these auto trends even more expensive

- Used Cars & Truck Prices
  - Increased 38% from June 2020 to December 2021
- Other Auto Related Costs
  - New car prices: up 11.8%
  - Parts & equipment: up 11.3%
  - Medical services: up 3.3%
  - Repair labor: up 4.8%



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# Current Trends

## Weather & Climate Disasters – by Decade

Time Period	Billion \$ Disasters	Events/Year	Cost	Percent of Total	Cost/Year
1980s	29	2.9	\$190B	8.8%	\$19B
1990s	53	5.3	\$293B	13.6%	\$29B
2000s	63	6.3	\$557B	25.8%	\$56B
2010s	123	12.3	\$873B	40.4%	\$87B
Last 3 Years	56	18.7	\$296B	13.7%	\$99B
2021	20	20.0	\$145B	6.7%	\$145B
All Years	310	7.4	\$2,160	100%	\$51B



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# *Future Trends*

## Replacement Cost Forecasts: 2022-2025

### **Pandemic Related Factors Increasing Replacement Costs**

- Supply Chain Issues
- Labor Costs
- Demand Increased

### **All Lines Price Increase**

- 11.75% average increase in 2021 (Commercial Multi Peril +21.62%)
- 9.11% cost increase projected for next three years (2022, 2023, 2024)



# *Social Inflation Trends*

## Runaway Litigation Costs

- Nuclear verdicts
  - Average jury award reached \$1,847,000 in 2017 (new record)
  - Median award 2018 = \$100,000 (new record)
  - # of \$10M+ Verdicts last five years (26, 30, 40, 46,46) double previous fifteen
  - Million \$ Verdicts up 235%: 2005-11: 79 2012-19: 265
- Contributing Factors
  - Third party Litigation Financing (TPLF)
  - Advertising/Social Media Impact
  - Hardening Juror Attitudes
  - Reptile Theory



# *Underwriting Trends*

## *Public Entity Market Disruption*

- May 2020
  - Paragon buys Argo SIR and GC Public Entity business
- September 2020
  - Intact buys renewal rights to BRIT's GC Public Entity business
- June 2021
  - Trident loses reinsurance support and shuts down Public Risk Solutions unit
- March 2022
  - Intact announces withdrawal from Public Entity market effective 4/1/22





## Mark Mendes

Mr. Mendes is a seasoned insurance professional and an experienced authority in the industry. He is Vice President & Risk Management Leader of SeibertKeck Insurance Partners Agency.

Mark started his career with Chubb, where he was commercial lines manager in NYC before moving to Marsh, where he led their New York based Strategic M&A practice, and most recently Wells Fargo Insurance Services. He graduated from Kenyon College with a degree in economics.

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