



Insurance Brokerage Services

Active Shooter Workplace Violence Coverage

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Presenters



Diane McNally

Senior Vice President
National Practice Leader
and Principal New York

30+ years of experience



**Anna Bell, RPLU,
CPLP, CLCS, CRIS**

Vice President
West Regional Manager
San Francisco

20+ years of experience



**Reiner Mauer, J.D.,
CPCU, AU, AIC, AINS**

Director for Crisis Management Programs
McGowan Program Administrators

35 years of experience

Segal's Insurance Brokerage Services

Over 50 years of experience and a broad and deep array of insurance knowledge and resources to assist in developing new coverage solutions

Providing insurance brokerage services to benefit plans, private companies and not-for-profits with assets less than \$100,000 to more than \$60 billion

32 insurance professionals dedicated to developing effective insurance strategies and tactics

Technical expertise to properly present all underwriting information to the insurance underwriters and work with insurers to provide tailored insurance coverages



| Agenda

What is Workplace Violence Coverage?

Buying Appetites

Loss Examples

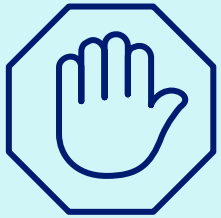
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Marketplace Landscape

What is Workplace Violence Coverage?



Workplace Violence



- Employers have a certain level of responsibility to ensure the safety of employees as well as other visitors to the workplace
- In addition to policies, procedures and training, coverage should be obtained offering financial reimbursements to employees and visitors should an event occur

What is Workplace Violence Coverage?

- Act of Workplace Violence-Important coverage features
- Workplace violence can be any act or even threat of physical violence, harassment, intimidation or disruptive behavior that occurs at or targets a worksite.
- A workplace violence policy provides coverage for liability and extra expenses tied to violent attacks and/or threats, providing victim death benefits as well as needed medical/rehabilitation/psychiatric/funeral expense coverages.
- An active assailant event is considered to be any physical attack with the intention of killing or causing bodily harm, including attacks using any handheld weapon, explosive device, acid or vehicle.

Primary focus of policy: Coverage for victims/customers/employees, organization support costs, crisis management costs, and the Insured's legal liabilities.



Buying Appetites

Who Buys Today?

Many types of organizations including not for profit organizations, corporations, unions, JATCs and benefit funds

Limits vary by size and scope of the organization

The market provides typical limits between \$1 mil - \$5 mil



Key Statistics

2 million victims

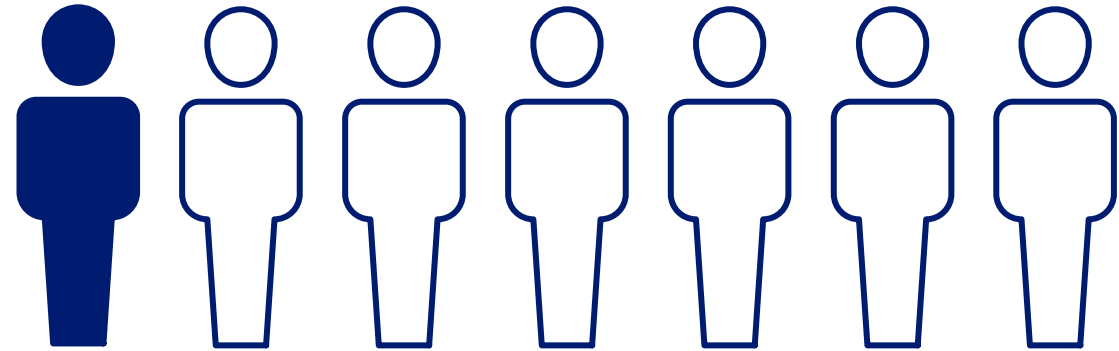
of workplace violence annually

* DOL Workplace Policies

8% of fatalities

that occurred in the workplace
were caused by hitting, kicking,
beating, and/or pushing

*US Bureau of Labor Statistics



One in seven people feel unsafe in the workplace

*SHRM data



McGowan Program Administrators

Active Shooter/Workplace Violence Risk & Insurance

Reiner R. Mauer, J.D., CPCU, ASLI, AIC, AINS



Legal Disclaimer

The information contained herein is intended for informational purposes only. Insurance coverage in any particular case will depend upon the type of policy in effect, the terms, conditions and exclusions in any such policy, and the facts of each unique situation. No representation is made that any specific insurance coverage would apply in the circumstances outlined herein. Please refer to the individual policy forms for specific coverage details.

What is an Active Shooter or Workplace Violence Event?

FBI and Homeland Security Definition

- Actively engaged in killing or attempting to kill people in a populated area
- 3 or more fatalities

Private Market Insurance Policy Definition

Deadly Weapon Event means any event involving an Assailant(s) and the Named Insured where a Weapon has been used or brandished on any Location(s) of the Named Insured.

Media Definition

4 or more fatalities

Who commits these acts

- Customers, Clients, Patients, other 3rd parties
- Employees or Supervisors
- Domestic Partners or Relatives of Employees
- Typically males between the age of 18 and 25, who are often victims of being bullied



Workplace violence is any act or threat of physical violence, harassment, intimidation, or other threatening disruptive behavior that occurs at the work site. It ranges from **threats** and verbal abuse to physical assaults and even homicide.

Occupational Safety and Health Administration (OSHA)

What is an Active Shooter or Workplace Violence Event?

Per OSHA:

2MM

Approx. **2 million** American workers are victims of workplace violence

In **2/3** of workplace homicides, the assailant was a 3rd party and had no known personal relationship with the victim(s).

2/3

700

Workplace violence is the second leading cause of work-site deaths in the US. with approx. **700** workplace homicide victims per year.

40%

1/3 did have a personal relationship, and more than **40%** of these were domestic violence related.

Duty of Care

OSHA

In the US, several sources of law obligate an employer to a Duty of Care for the safety, health & security of employees (Occupational Safety and Health Administration Act of 1970)

- Duty of Care requires protection against workplace violence hazards.
- Injuries that are “reasonably foreseeable” can impose liability for negligence on employers for failure to take adequate safety precautions.



Duty of Care

OSHA

Prepare your organization (for Tort Liability for negligent hiring, supervision, and training)

- Have a written policy against workplace violence.
- Communicate that policy to all employees.
- Establish an effective Employee Assistance Program (EAP).
- Train workers so they know what to do in a violent situation.
- Explore and secure insurance solutions to mitigate financial risk to organization.



Active Shooter/Workplace Violence Insurance

Insured Expenses

Victim Expenses

- Medical, dental, psychological, reward \$, salaries, rehabilitation, funeral and burial expenses.
- Loss of Sight, Loss of Hearing, Permanent Disablement, Death.

3rd Party Legal Liability Expenses

Including defense costs and indemnity/judgements/settlements.

Business Interruption/Extra Expenses

- Expenses to resume operations.
- Post Event Crisis Management/PR/Security

Off-Site Exposures

Reputational Harm/Social Media Monitoring

Physical Damage

Property including demolition, clearance, and memorialization costs

Term/Capacity/Limits

- \$1,200 minimum premium
- \$1M - \$5M Standard Limits
(up to \$100M capacity)
- \$0 - \$10k retention in most cases
- 12-month policy term
- Aggregated policy
- Business Interruption included in standard policy form



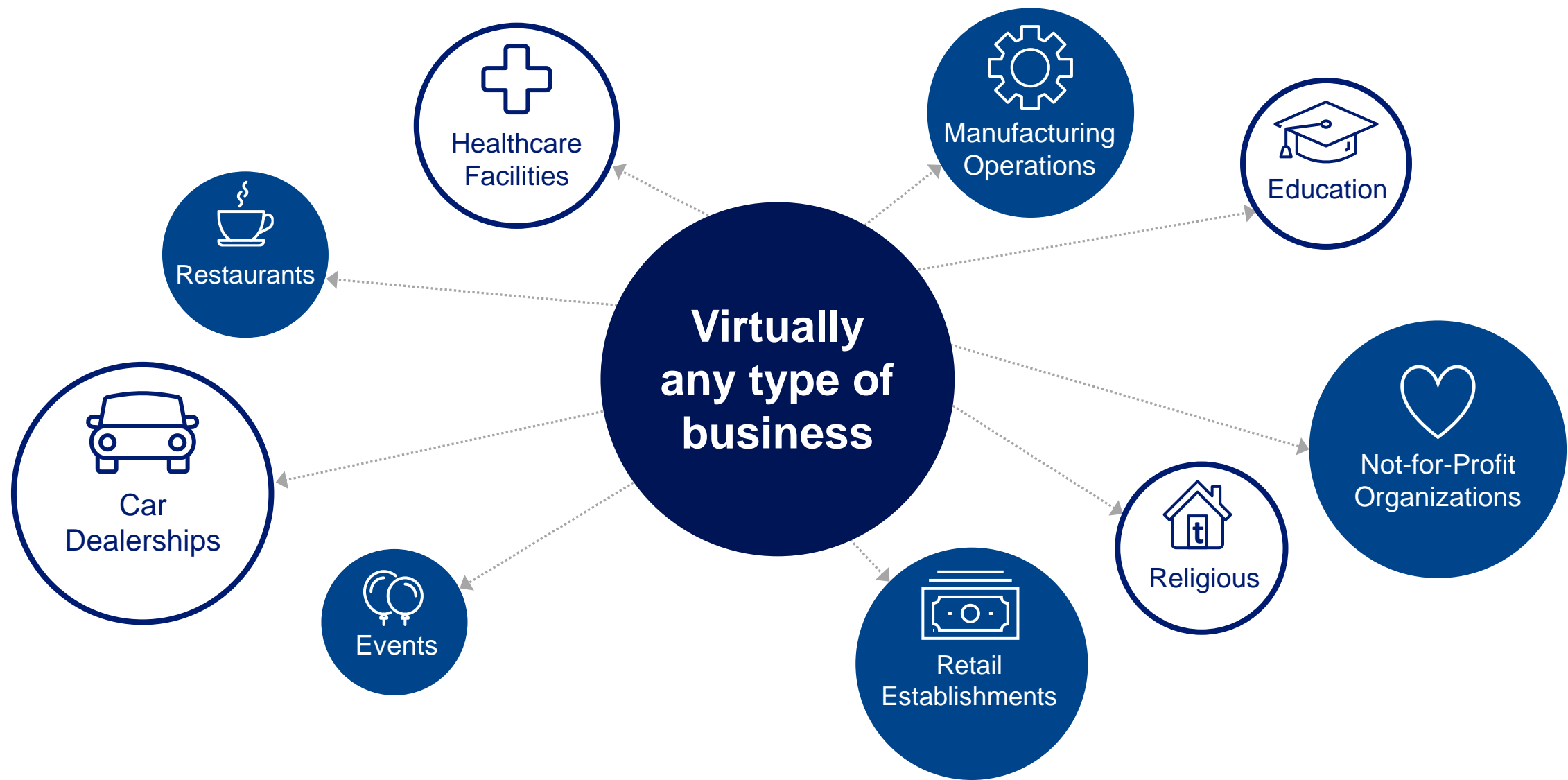
Term/Capacity/Limits

Look for and request:

- **No** Terrorism Exclusions
- **No** Employee Exclusions
- **No** Casualties Threshold Limit
- **No** Vehicle Exclusion
- **No** Drone Exclusion
- **No** Requirement for explosive to be physically attached to assailant
- **No** Mental Anguish Exclusion



AS/WPV Program – Target Risks



Submission Requirements

Signed and dated applications

- Number of employees
- Number of annual guests/students/patients/etc...
- Number of locations
- Hours of operation
- Years in business
- Employee protocols/hiring practices (EAP, background checks, etc.)
- Loss experience — any violent events

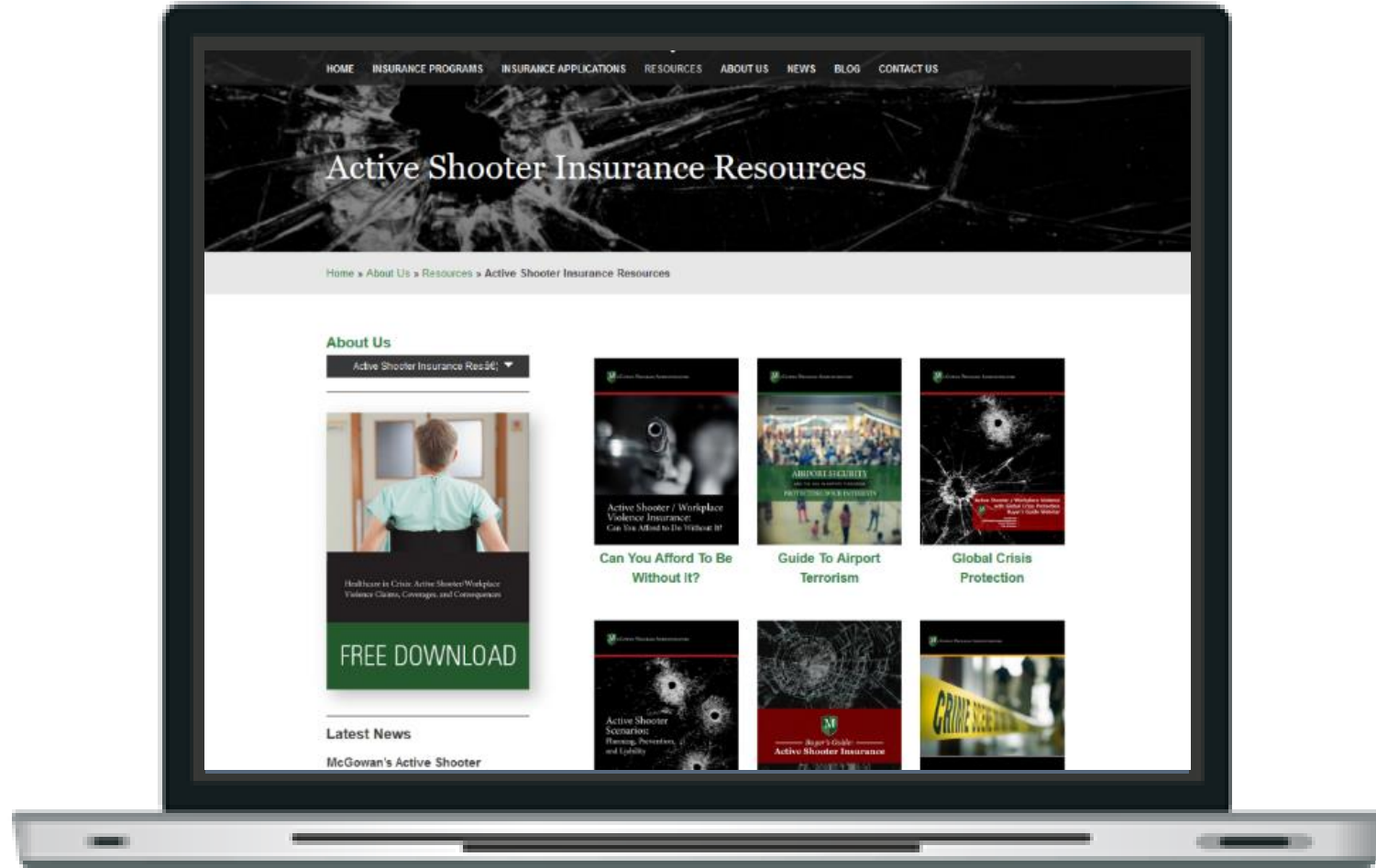


Additional Factors Influencing Pricing

- Exchanging money with the public.
- Working with volatile or unstable people.
- Working alone or in isolated areas.
- Providing services and care to public.
- Working where alcohol is served.
- Working late at night or in areas with high crime rates.
- Working in large gatherings of general public.

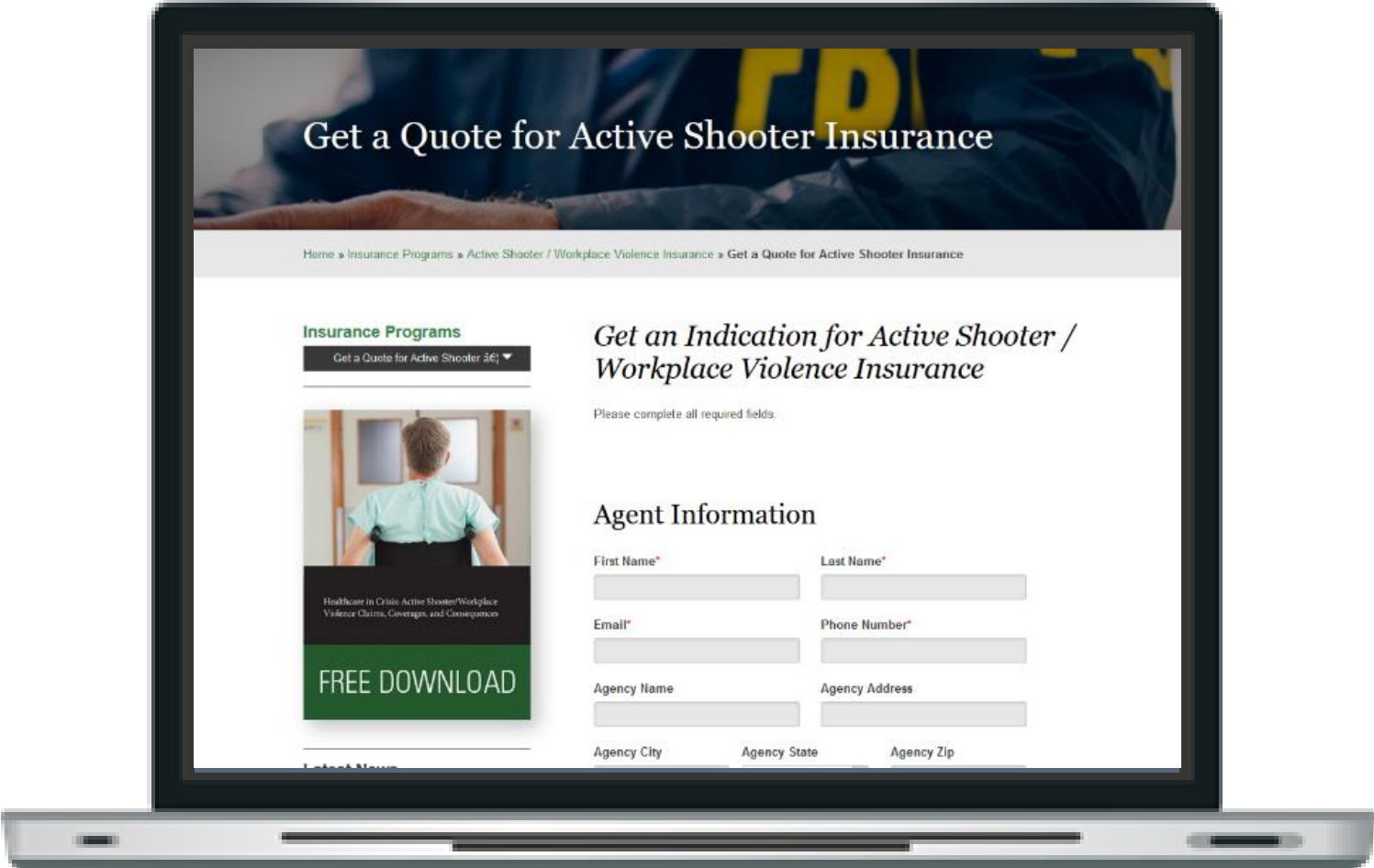


New Downloads/Resource Guides/Video Series



<http://mcgowanprograms.com/about-us/resources/active-shooter-insurance>

Online Applications



<http://mcgowanprograms.com/products/active-shooter-insurance/get-quote>

Active Shooter/Workplace Violence Events

Gun Violence Archive aggregates and publishes the gun violence data in near real-time from over 2,500 verified media, commercial, and law enforcement sources. GVA defines Mass Shooting event that include 4 or more victims.

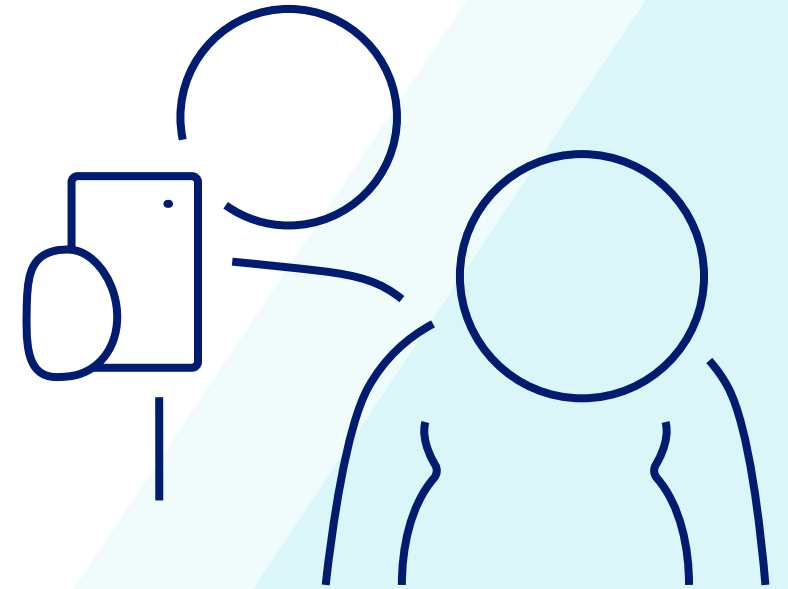
www.gunviolencearchive.org



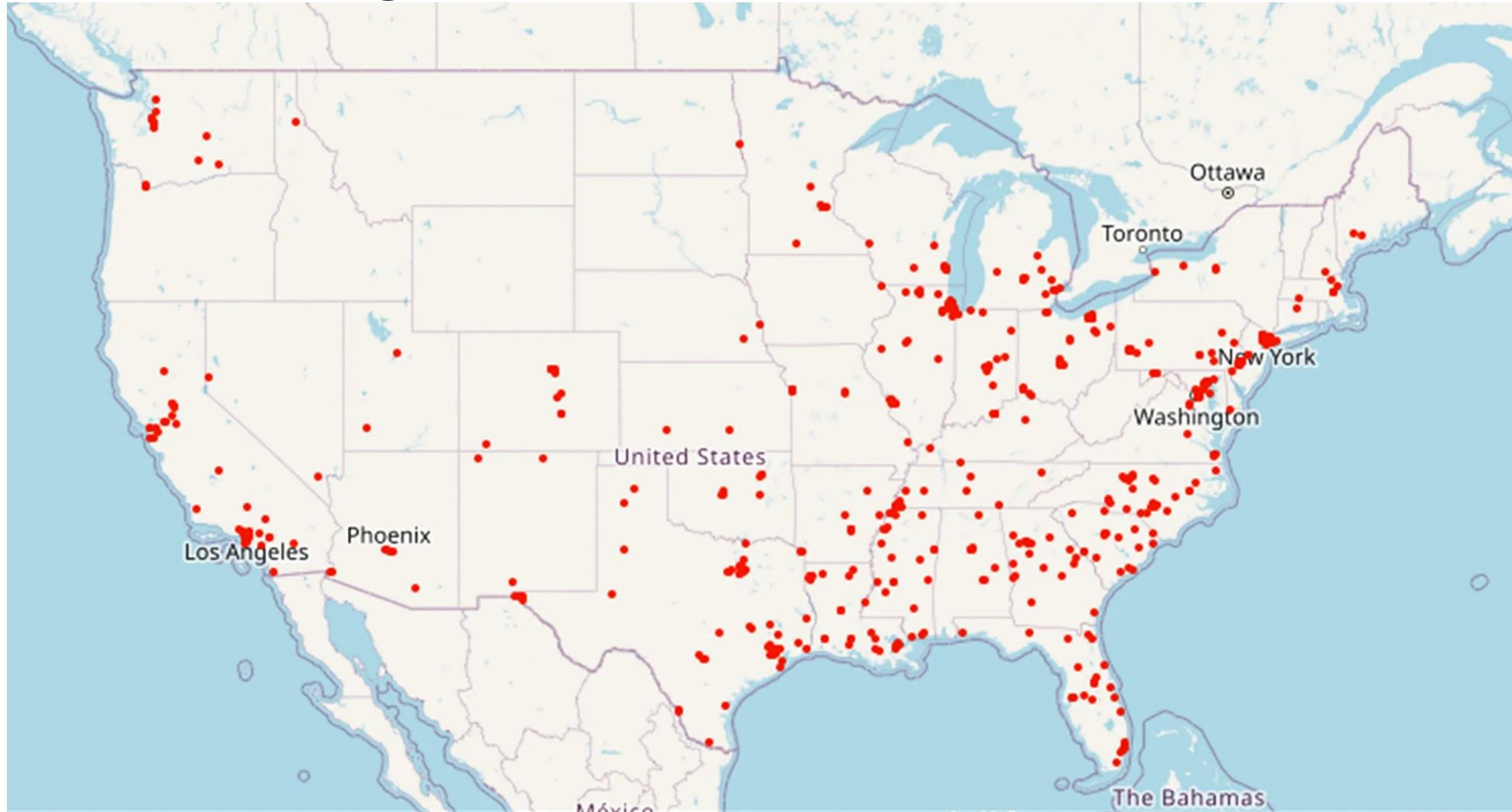
Active Shooter/Workplace Violence Events

Mass Shooting Frequency

- The United States reached 400 mass shootings in a record number of days in 2023.
 - 2023: 203 days
 - 2022: 218 days
 - 2021: 212 days
 - 2020: 239 days
 - 2019: 356 days
- The rate of mass shootings in 2023 has consistently outpaced that of other years, with an average of nearly two mass shootings per month.



Mass Shootings in US in 2023



NTAC Report: Mass Attacks

- The U.S. Secret Service National Threat Assessment Center (NTAC) examined a control group of incidents (in which three or more persons were harmed, and were carried out in work/public places) to identify key themes for enhancing threat assessment and investigative practices.
- These incidents resulting in the loss of 147 lives and injury to nearly 700 others had a devastating impact on the victims, their families, witnesses, first responders, businesses, and our nation as a whole.
- Regardless of whether these attacks were acts of workplace violence, domestic violence, school-based violence, or terrorism, similar themes were observed in the backgrounds of the perpetrators.

NTAC Report: Mass Attacks

These included:

- Nearly half were motivated by a personal grievance related to a **workplace**, **domestic**, or other issue.
- Over half had histories of **criminal charges**, **mental health symptoms**, and/or **illicit substance use or abuse**.
- All had at least one **significant stressor** within the last five years, and over half had indications of **financial instability** in that timeframe.
- Over three-quarters made **concerning communications and/or elicited concern** from others prior to carrying out their attacks. On average, those who did elicit concern caused more harm than those who did not.

188 School Children

- Schools in the United States are suffering an alarming rise in shootings.
- Data compiled by the National Center for Education Statistics records that in 2021-22 public and private schools, spanning both elementary and secondary levels, incurred a total of 327 shootings – a record high.
- 188 Casualties. 57 Deaths.



Litigation in the News

- Jury awards **\$3.7M to estate** of Munch Bar shooting victim
- School Shooting Victims in New Mexico **Awarded** Nearly **\$2M**
- Washington Girl Gets **\$1.2M Settlement** Over School Shooting



What Happens in the Aftermath?

Virginia Tech University

Treating the survivors is just one of the primary expenses of mass shootings (hospital admissions of shooting victims costs more than \$95,000 on average, according to Health Affairs). For instance, consider the largest costs of the 2007 Virginia Tech University massacre:

- \$11.4 million: Safety and security upgrades
- \$6.4 million: Cleanup, renovations, and other facility changes
- \$4.8 million: Settlement payments and other legal costs
- \$2.7 million: Support for survivors and families of victims
- \$3.2 million: Other operational expenses
- \$9.5 million: State expenses, including settlements
- \$590,000: Healthcare costs

What Happens in the Aftermath?

Parkland School Shooting

- An educational foundation **collects more than \$8 million for victims** and sets up a committee to decide on how to disburse these funds.
- State immediately offers to **pay for all funeral expenses.**
- School District decides to tear down 9th grade building, **State provides \$25 million in funding.**
- School District's Promise program (student discipline) is decried as ineffective and too lenient
- Local Sheriff is blamed for lack of active shooter training for their deputies who are the school resource officers

What Happens in the Aftermath?

Mandalay Bay Resort

March 21st Victims of Las Vegas mass shooting start receiving payments out of **\$31 Million Victim Fund.**

532 claims total

- 14 received \$200,000/victims hospitalized more than 24 days.
- 9 received \$150,000 16-23/days in the hospital.
- 15 received \$100,000/8-15 days in the hospital.
- 77 received \$52,500/7-10 days in hospital.
- 32 received \$17,500/1 day in hospital.

Who Will Help the Victims?

- Mass shootings have become an alarmingly common occurrence in the United States. Tragically, the victims of mass shootings are not the only casualties associated with an event. Victims include family members, witnesses, employees, and insureds.
- A growing number of primary General Liability carriers are responding to increased mass shootings by attaching Firearms and Assault & Battery exclusions, and the consequence of a shooting event, potential coverage exclusions and the delays associated with litigation can be devastating to the victims.

Who Will Help the Victims?

- Victim families require death and disability benefits. Employees and witnesses require counseling.
- The insured requires business interruption benefits, property reconstruction, public relations counseling, and social media monitoring.
- Delays in benefits may result in potential reputational harm to both the insured and the Agency.

The Cost of Delay!

- In Hudson Specialty Insurance Co. v. Snappy Slappy, LLC, a Snappy Slappy bar patron shot and killed two other bar patrons.
- Following the shooting, the mother of one of the decedents filed a wrongful death action against the bar.
- Hudson Specialty Insurance Co. filed a declaratory judgement action seeking a declaration that it had no duty to defend or indemnify Slappy Happy bar because a Firearms exclusion applied.

The Cost of Delay!

The time cost of determining who was legally responsible and whether coverage applied was devastating to the victims.

- Critical victim coverages, including death and disability benefits were not paid. Trauma counseling was not offered.
- Snappy Slappy's business interruption and extra expense coverages were not paid.
- The hiring of additional staff, public relations counsel, crisis management consultant expenses, temporary security measures, and social media monitoring was not offered.

The Benefit of the McGowan Active Shooter/Workplace Violence Program!

- The McGowan Active Shooter/Workplace Violence product offers critical coverages **without the delays** associated with determining who is legally responsible.
- We fill key coverage gaps and quickly offer benefits to compensate victims.

Marketplace Landscape

Market Landscape

- Typical markets — varies by state
- Loss prevention services vary by carrier
- Knowing the services that come with the policy, i.e., Merrill Herzog's capabilities



Questions?

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