2021 US Education Insurance Market Update Webcast

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A business of Marsh McLennan

Marsh Panel Overview

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Agenda

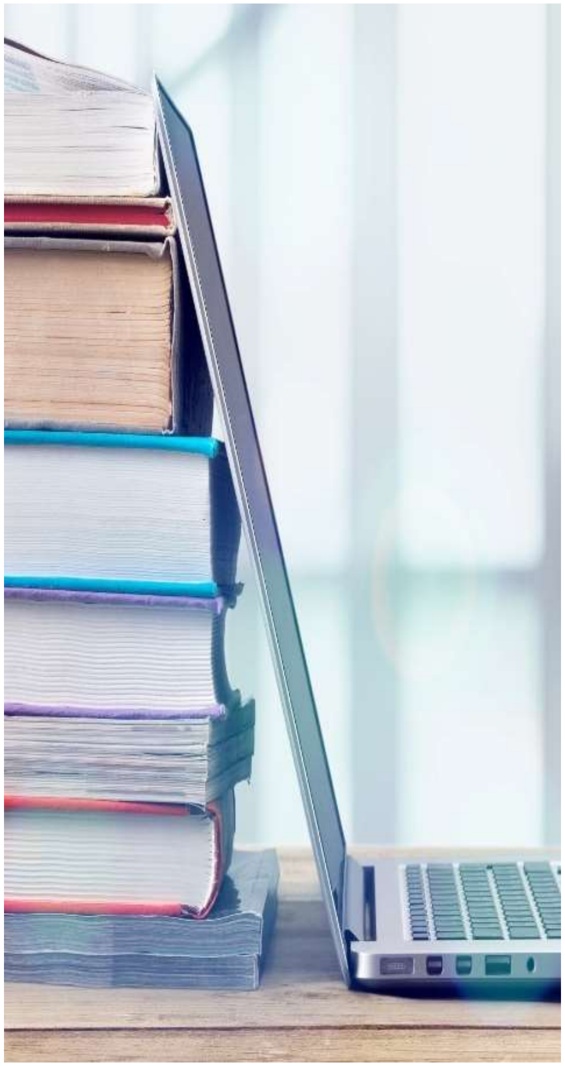
- Welcome and introductions.
- Overview of evolving insurance marketplace conditions and insurer considerations.
- Evolving cyber landscape.
- Casualty market overview.
  - Higher education.
  - Primary and secondary schools.
- Property market update.
- Health & Benefits insights.
- Q&A.

2021 First Half Results

Paul Sherbine, Marsh

2021 First Half Results

- Combined ratio of 97.7%.
- 7.4 % increase in net premiums to $4.2 billion.
- Underwriting gains $5.3 billion up 27% from $3 billion reported in the prior year.
- Policyholders’ surplus rose 7.5% to $907 billion from 2020.
- Net income of $38 billion, up 58% from prior year period.
- Catastrophes add 5.8 points to combined ratio in 20121 as compared to 6.5 points in 2020.
- Net investment income increased 6.4% to $27.3 billion from $25.6 billion in 2020.
- Favorable loss reserve development lowered the combined ratio by 3.1 points, up from 1.8 points in 2020.



2021 Year End Results - A.M. Best Analysis

- 2021 premium increases due primarily from rate increases as opposed to lower offshore reinsurance cessions.
- Expenses were at a slightly lower rate.
- Property lines played a key role in improved underwriting results with Cat losses down .7 points.
- Casualty lines also had NPW growth.
- A reduction in favorable reserve development and increasing loss trends dampened casualty results.

2021 Results - Company Takeaways

- Allianz -$5.7 billion in net income, $49 billion in net premiums and a combined ratio of 93.4%.
- AIG - $4 billion in net income,$13 billion in net premiums and a 95.5% combined ratio.
- AXA XL - $4.8 billion in net income, and a combined ratio of 93.3%.Net premiums not reported.
- Axis - $344 million in net income,$3 billion in net premiums and a combined ratio of 94.7%.
- Chubb - Net income of $4.6 billion on a 88.6% combined ratio.
- CNA - Net income of 680 million up 23% on a combined ratio of 96%.

Third Quarter Results - Company Takeaways

- Hartford - Net income of $1.8 billion with 96.2% combined ratio.
- Liberty Mutual - Net income of $2.7 billion, net premiums of $21.2 billion and a combined ratio of 99.8%.
- Munich Re - $2 billion in net income with 90% combined ratio.
- Swiss Re - $1 billion in net income, net premiums of $23 billion with a 94.4% combined ratio.
- Travelers - net income of $1.7 billion,$15.6 billion in net premiums with a combined ratio 95.9%.
- W. R. Berkley - income of $467 million, net premiums of $4.3 billion with 89.9% combined ratio.
- Zurich - net income of$2.2 billion ,net premiums of423 billion with a combined ratio of 93.9%.
- United Educators - strong balance sheet with $1B+ in assets under management; reaffirmed “A” excellent rating from AM Best for 22nd consecutive year.

Cyber Marketplace

Marty Leicht, Marsh

Challenges Driving the Global Cyber Market Today

Ransomware

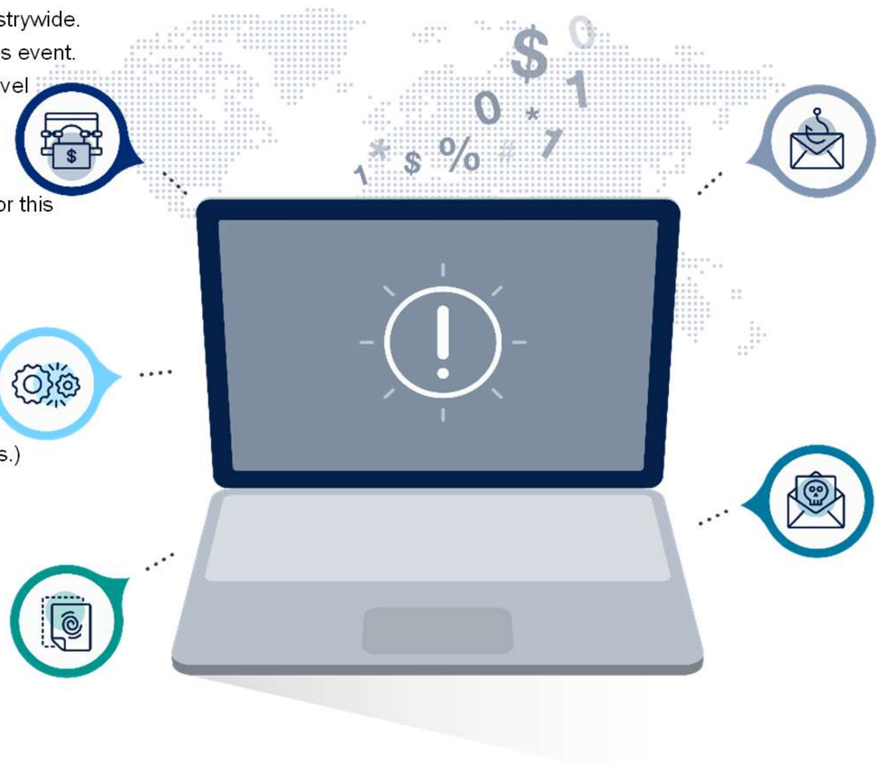
- Significant uptick since 2019, creating concern industrywide.
- Ransoms being paid in days/weeks – a short tail loss event.
- Proactive monitoring of performance at a portfolio level due to concerns of risk aggregation.
- Controls based risk selection has amplified underwriting scrutiny.
- Terms and conditions being readjusted to account for this growing trend.

Market Contraction

- Refined capital deployment strategy in response to large loss volatility and deteriorating performance.
- Insurers now see the "cyber" product line as both long tail (liability, regulatory) as well as short tail (ransom demand and breach response expenses.)
- There is now a significantly higher price for capital.

Coverage / Product

- Cyber coverage has broadened significantly in the past 7 years, e.g. Blanket Contingent Business Interruption cover, no sublimits, and customized policy language, which is now causing concerns for Insurers against the backdrop of deteriorating profitability.
- Scope of coverage is being scrutinized due to deteriorating profitability.



Frequency and Severity Beyond Ransomware

- Increasing sophistication and morphing nature of cyber attacks reshaping loss development patterns.
- An attacker only needs to be successful once; the insured 100% of the time.
- Insurers' actuaries are revising their rating models to factor in higher frequency and severity, as well as modelling systemic events; this process improves as more data becomes available.
- Potential increases in regulatory fines & penalties, wrongful collection/ BIPA claims due to evolving privacy regulations.

Systemic Risk Driving Serious Concerns pertaining to Aggregation

- Difficulties in understanding and quantifying exposure – one vulnerability or piece of malware can affect thousands of organizations around the world.
- Increased awareness of aggregated cyber incidents and supply chain risk, causing capital volatility (Solarwinds, MS Exchange, Accellion, Kaseya, one after the other.)
- In past years when the market was soft, "systemic risk" had not been priced for – this has changed via increasing cat loads into the price of risk.

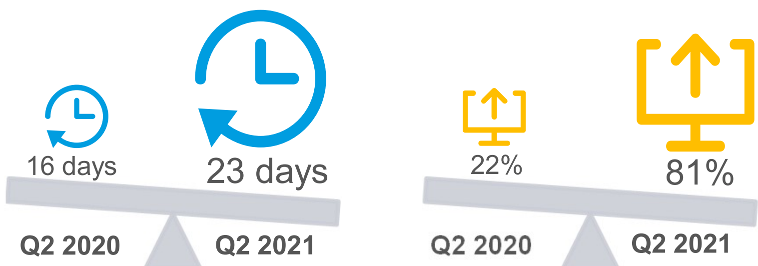
Market volatility in 2021 is creating new complexities and reinsurance implications

Cyber Trends

Dominated by ransomware, regulations & supply chain cyber risk

Ransomware attacks continue to increase in frequency, severity & sophistication – impacting orgs of all sizes & industries:

Average downtime: Cases with data exfiltration:



44% YOY increase **~270% YOY increase**

2021 ransom headlines:
~$800k average ransom payment

- Large insurer: $40M paid
- Oil pipeline: $4.4M paid
- Infrastructure: $50M demanded
- Food manufacturer: $11M paid
- Chemical distribution:$4.4M paid
- Tech hardware: $50M demanded

Privacy regulations are intensifying and there's still a patchwork approach:

- **GDPR** fines are growing (~$27M BA, ~$24M Marriott, ~$41M H&M.)
- **CCPA** (California Consumer Privacy Act) and similar legislation (i.e. VA CDPA) allow for private rights of action and require additional compliance efforts.
- **BIPA** (IL Biometric Information Privacy Act) litigation is expensive and is on the rise with increased use of biometric identifiers, especially for employee access – driving additional underwriting questions.

Supply chain and systemic risk now garner more focus:

- **Aggregation** exposure a concern for underwriters.
- **Systemic loss** – possible cyber risks:
  - Common vulnerabilities – in hardware or software.
  - Common dependencies – vendors (such as cloud providers) and software.
- **Cyber events** are driving increased scrutiny: SolarWinds, Accellion, Microsoft Exchange, & Kaseya.

Sources: Coveware Ransomware Blog & Baker Hostetler 2021 DSIR Report

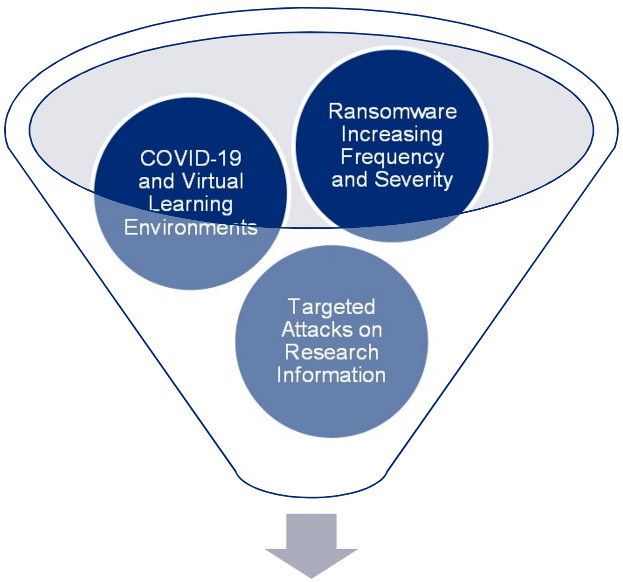
Cyber Insurance Market Snapshot

Favors Buyer | Neutral | Favors Insurers

Claims	Rates	Capacity & Attachment	Underwriting	Coverage
Overall claims frequency and severity remains high driven by ransomware. Mild improvement in some categories but overall, loss ratios continue to deteriorate.	Loss environment has resulted in accelerating pricing pressure <u>even on loss free accounts with good controls</u>. Expect rate increases to continue rising through the rest of the year.	Claims activity and future uncertainty have resulted in insurers aggressively managing global capacity and increasing SIRs. Excess pricing increasing at a faster rate than primary, compounding increases.	Full application & responses to ransomware Q's are required; carriers using third parties to externally scan environments. Underwriters will inquire about recent systemic/supply chain events & related exposures.	Many carriers scaling back ransomware-related coverages (sublimits or coinsurance), or not offering coverage if poor controls. More scrutiny on contingent business interruption due to systemic risk concerns.
+55% YoY Increase In Loss Ratios, indicating an industrywide underwriting loss for 2020	**July Cyber Premiums:** **+86%** average increase **+115%** 3rd quartile increase **100%+ looking forward**	**July Cyber Renewals:** **14%** reduced limits **12%** increased limits **49%** increased SIRs Driven by insureds minimizing increases & less available capacity.	**12** Key Controls & Best Practices are now viewed by carriers as essential	↑ in average BI / CBI waiting periods due to ransomware and supply chain attacks

Cyber Insurance Market Snapshot – Higher Education

Higher Education Cyber Risk Profile is Evolving



Changing Cyber Risk Profile for Higher Education

Cyber Insurance Market is Turbulent for Higher Education

- Rates are accelerated more quickly in the higher education space than the broader cyber marketplace.
- Carriers that are still willing to offer full ransomware coverage are demanding a premium for it.
- Control differentiation is critical – there are specific controls that the market sees as “minimum standards” – without these controls, some institutions may have trouble finding solutions.
- The capacity available for higher education risks is shrinking.

Rates	Capacity & Structure
Q3 Cyber Premiums: **+100%** average increase	**Q3 Cyber Renewals:** **26%** reduced limits **7%** increased limits **81%** increased SIRs Driven by insureds minimizing increases & less available capacity.

Top Cybersecurity Controls

Insurability is increasingly dependent upon controls

Preparation for underwriting:

1. Get started early!
2. Ensure adequate cybersecurity controls are in place (Cyber Self-Assessment) – where improvements are needed, leverage Cyber. Catalyst vendors.
3. Expect more rigorous underwriting and more detailed questions from underwriters.
4. Without positive responses in the top 12 control categories, coverage offered and insurability may be in question.

Multi-Factor Authentication (MFA) for remote access & admin/ privileged access	Endpoint Detection & Response (EDR)	Secured, encrypted, and tested backups	Privileged Access Management (PAM)
Patch management / Vulnerability management	Logging & monitoring / Network protections	Email filtering & web security	Cybersecurity awareness training / phishing testing
Cyber Incident Response planning & testing	End of Life Systems should be replaced or protected	Hardening techniques including Remote Desktop Protocol (RDP) mitigation	Vendor / Digital Supply Chain Risk Management

Note: Each insurance carrier has their own specific control requirements that may differ by company revenue size & industry class

Cyber Insurance Market Preparation

Develop strategy early to execute on goals

	What to expect	How to prepare & execution strategy
Claims	• Ransomware continues to increase; supply chain attacks are of concern; regulatory actions are garnering more focus; and media copyright infringement claims are rising. • Underwriting actions since beginning of 2021 appear to have some mitigating effect*, but too soon to tell market impact.	**Improve security & claims posture:** • Leverage carrier preferred vendors and Marsh Catalyst solutions to improve security posture. • Update and practice incident response plan specific to ransomware scenario. • Identify vendor and legal counsel partners you might engage and evaluate against insurer's panel. • Identify any problematic IP addresses & remote desktop protocols (RDP).
Structure	• **Capacity & attachment:** Expect tower restructuring as carriers limit capacity and change appetite. • **Coverage:** Clients with lesser cybersecurity maturity should expect potential limitations on coverage – including sublimits, coinsurance or non-renewal. • **Rates:** Even better than average risks will see increases (new buyers included.)	**Explore structure options:** • Demonstrate strong ransomware controls during the underwriting process. • Prioritize program components & goals: carrier partners, limits, attachment, and consider ability to retain risk. • Consider alternative terms and conditions to minimize increases & maximize coverage, including increased retentions and alternative limit options. • Use of insurers in the US, London, & Bermuda may increase terms available.
Under-writing	• Controls most effective at mitigating current risks will continue to garner underwriter focus – it is essential to address potential security gaps **prior to** underwriting to achieve optimal results. • Excellent controls are now the baseline to access coverage but have little impact on pricing – all clients will see increases.	**Provide robust underwriting data:** • Use Marsh Cyber-Self Assessment to minimize need for multiple supplemental applications (includes ransomware Qs & provides additional insights.) • Ransomware supplemental will still be required. **Critical to get started early!** • Highlight significant cybersecurity updates & improvements over past year – especially multi-factor authentication (MFA) & endpoint detection and response (EDR.)

*Source: Coveware Q2 2021 Ransomware Blog

Casualty Market Update

Mark Turkalo, Marsh

Education Segments

Colleges and universities:

- Public.
- Private.
- Doctoral research institutions.
- Consortia.

Primary and secondary:

- Public K-12 school districts.
- Independent schools.

Other educational services:

- For-profit institutions.
- Education-related human/social services.
- Charter schools.
- Vocational schools.
- Technical schools.

Education Overview – through July 1, 2021

"Eye of the Storm"

- Continued increase in rates/premium.
- Restricted or excluded coverage.
- Reduced capacity.
- Alternative coverage options becoming available.
- Corridor and quota-share interest.
- Global market development.

- Conservative underwriting due to unknown claim development.
- More questions on renewals and especially on new business.
- Communicable Disease/Pandemic exclusions.
- Terms and conditions controlled at executive level.
- Diminishing capacity for Sexual Abuse & Molestation (SAM), Traumatic Brain Injury (TBI) and Law Enforcement – Civil Unrest.
- Lead umbrella and Educators Legal Liability hit the hardest.
- Excess capacity reduced with occurrence coverage due to prior loss litigation.
- Many carriers continue to exit the market.

Higher Education

- Overall capacity continues to decrease and re-underwriting increase.
- We position carriers on coverage, capacity, cost, and service.
  – Focus on all core exposures in primary and excess layers.
- Major concern is the growing severity as well as frequency of claims:

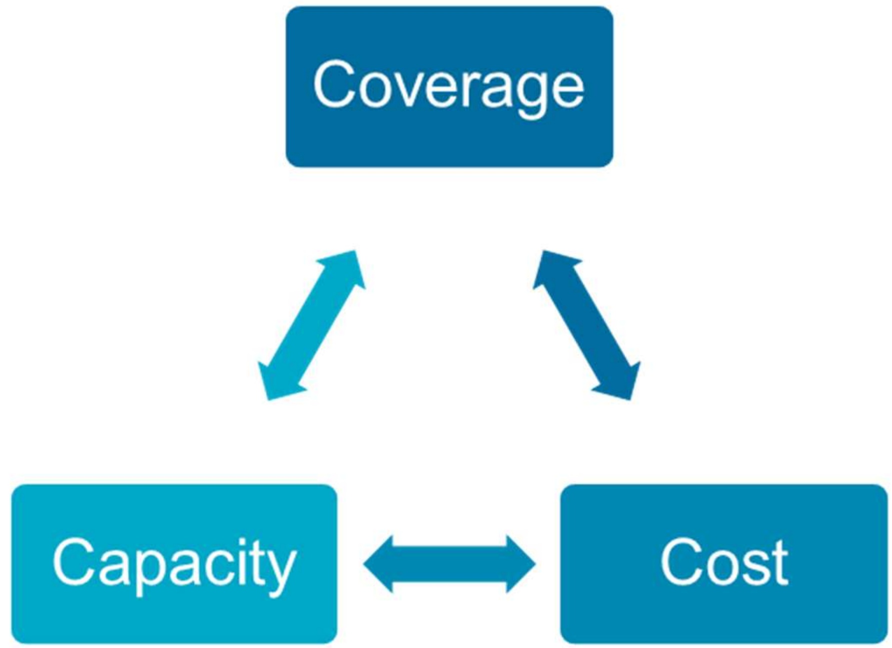
Active Shooter/Assaults	Greek life (hazing)
Auto	Registered student organizations
Athletics (SAM & TBI)	Mental health
Clinics	Off-campus-related exposures
Discrimination	Sexual molestation and harassment
Drowning	Title IX
International travel	Workplace violence
Law enforcement	Wrongful death claims

Casualty Renewal Outlook and Considerations

- Current trends are expected to continue through the remainder of 2021.
- Question of insurability for sexual abuse molestation, traumatic brain injury, & law enforcement.
- Reinsurance repricing and re-underwriting.
- Excess Occurrence options are available with SAM.
- Excess Claims Made, Retained Limit options are available with SAM.
- Residual impact of campus exposures: full on-site, online or ”hybrid”.
- Tuition reimbursement – class action lawsuits linger.
- Med Mal carriers are excluding SAM.
- Mono-line Auto Liability coverage has vanished: use of 15-passenger vans has increased.
- Marsh continues to collaborate globally building capacity with alternative forms.

What is driving the Education Liability market today?

- Severity of claims.
- Reviver Statutes – expanding the tail, changing the tort landscape.
- Social Inflation – trends toward increase litigation and headlines.
- Nuclear Verdicts – jury awards are drastically increasing.
  - Third-party litigation funding: investing in plaintiff lawsuits/trials.

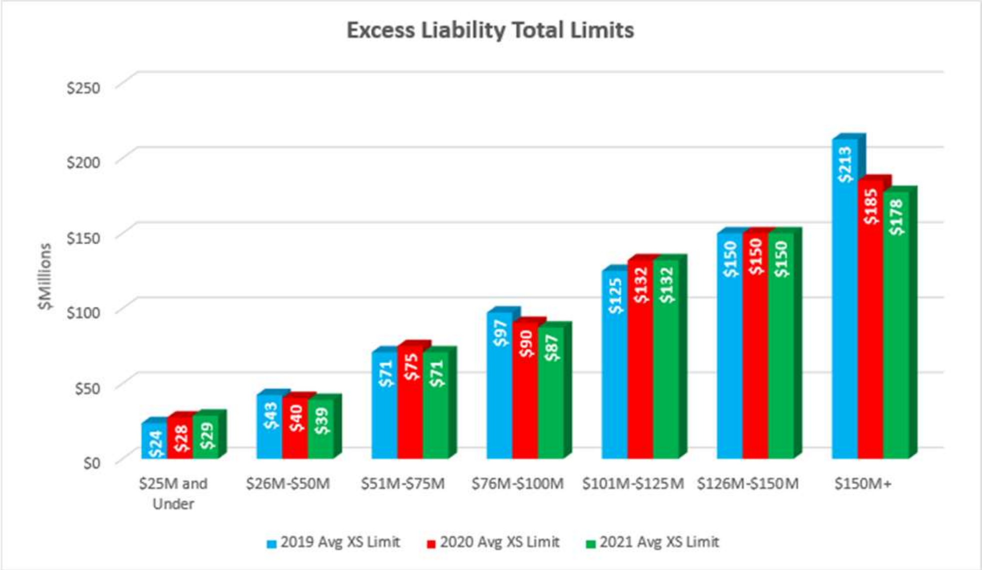


United Educators Reunderwriting its Entire Book

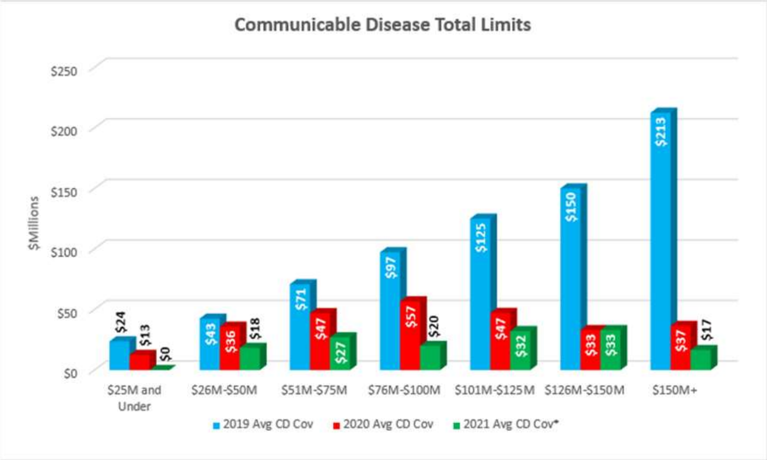
- General Liability Excess (GLX) and Educators Legal Liability (ELL) maximum limits now $30M.
- CGL and GLX coverage changes: SAML – 10 year reporting period then sunset clause sublimit of $5M aggregate.
- A total policy aggregate are added to the GLX policy limit.
- A Pandemic Exclusion is endorsed on all GL products as policies renew.
- Pandemic exclusion is on all new ELL business as severe claims are more frequent & mostly coming from employment practices liability insurance.
- A new Sexual Misconduct Endorsement was replaced by the Sexual Abuse Coverage Endorsement.
- A Cyber exclusion is added to the new policy forms wording.
- An expanded Telemedicine endorsement (up to full policy limits) is available subject to underwriting review.
- Cautious states: NY, IL, CA, PA.

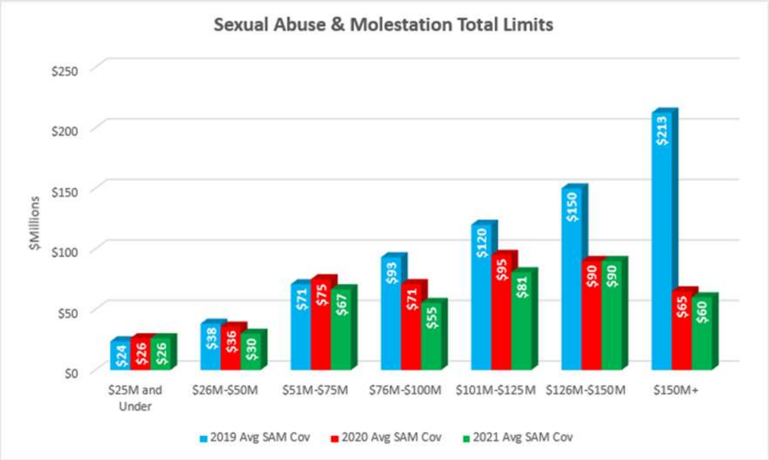
Excess Liability

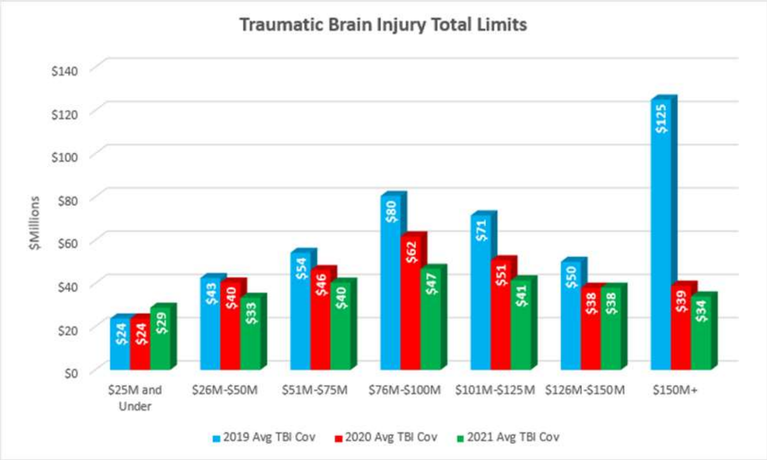
- The cost of capacity is increasing upwards of 40+%.
- Lead carriers limiting capacity to $5 million or $10 million.
- Excess carriers mandating a $50 million+ attachment points.
- Carriers becoming cautious to provide law enforcement liability due to the recent series of civil unrest events.
- Few markets offering SAM and TBI coverage into the excess tower; there is “pure capacity” available for GL and auto.
- Mono-line coverage for SAM and law enforcement liability is available, however, capacity is typically limited to $10 million.
- Some markets are no longer providing capacity excess of United Educators due to recent form changes.



Excess Liability - Lost Coverage Exhibits







Market Options (Excess of UE)

- **Ironshore** – able to offer $10M x $30M over UE including SAM (claims made, retained limit form) and following TBI. Also were willing to provide additional limit with ventilation if Liberty was on the expiring tower above $100M.

- **AWAC** – able to quote $10M x $30M as well as including SAM (claims made, retained limit form) but excluding TBI. Ironshore would not sit above AWAC.

- **Genesis and Munich Re** – offered $5M xs $30M and $5M xs $35M, respectively, on Occurrence form.

- **London** – offered up to $15M over as low as a $40M attachment. Retained limit form. SAM and TBI are both claims made.

- **Other markets** such as Great American, Westchester, Colony and Allianz excluded SAM and TBI regardless of layer.

Educators Legal Liability (ELL) and Excess ELL

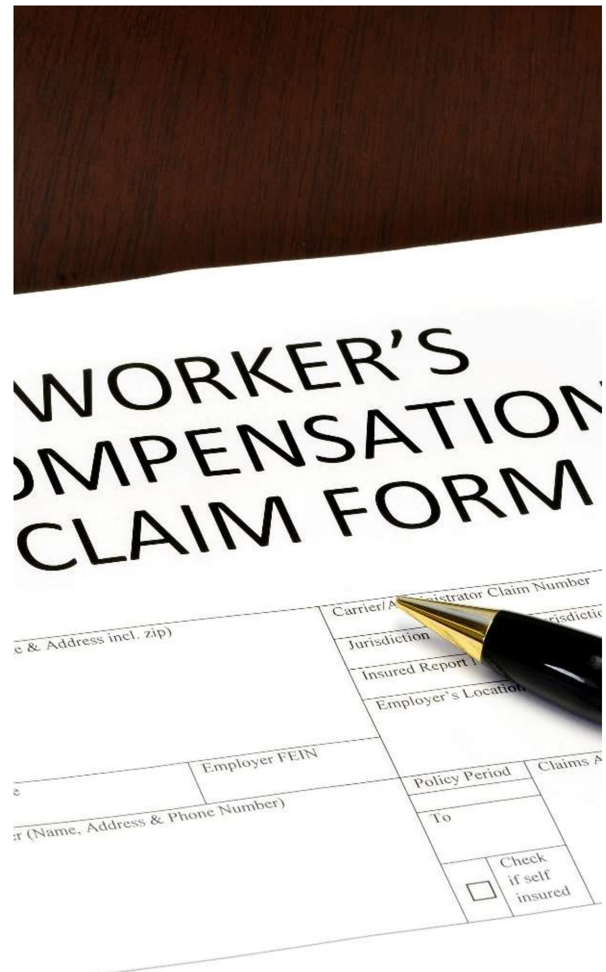
- ELL and Excess ELL marketplace limited and shrinking capacity.
- Markets pushing increased deductibles/retentions based upon exposures & claims.
- Increased tuition reimbursement class action lawsuits against Board of Trustees.
- Mounting failure to educate, negligence or education malpractice allegations.
- Legal costs increasing rapidly – consequence of uncertainty.
- Markets lowering and/or capping limits: $2.5M - $10M.
- Eliminating or capping antitrust coverage at $2.5M or lower sublimit plus coinsurance penalties.
- Markets controlling panel counsel selection & hourly rates – hesitant to permit alternative appointments.
- Contracting excess liability market, forcing education industry to purchase separate ELL tower.

Automobile Liability

- Very few markets are offering monoline coverage.
- Pricing for coverage of hired and non-owned autos is increasing, especially on smaller packages.
- Reinsurers are pushing back on underwriters for not adequately identifying or pricing the exposure.
- MVR’s need to be checked.
- No student drivers.
- More public schools are addressing out-of-state exposure whereby state immunity laws do not provide protection in federal court.
- 15-passenger vehicles increase loss potential.
- Securing increased limit from $1 million to $2 million to buffer excess layer.
- Autonomous vehicles.
- Carriers require supporting lines of coverage to consider auto.

Workers Compensation (WC) and Excess WC

- COVID-19 epidemic steering markets to remove, limit or charge for the Same Communicable Disease Endorsement (SCD.)
- Minimum premium of $75,000 is for an aggregate limit of $5,000,000 or less.
- Aggregate Limit is determined based on SIC.
- Markets continue to focus on concentration hazard relating to urban environments, earthquakes, active shooter, or other CAT exposures.
- Additionally, underwriters seeking details regarding aviation, hospital, & water-related exposures to support appropriate coverage extensions & rates.
- Carriers demanding 10-year loss history due to rising medical inflation costs.
- Standalone guaranteed cost (GC) workers' compensation still difficult with limited markets available, especially for the smaller policies.
- Excess WC markets typically accommodate the GC WC if they also write the Excess WC.
- Deductible options are available & potential to unbundle third party administrator.



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Market Concerns and Options

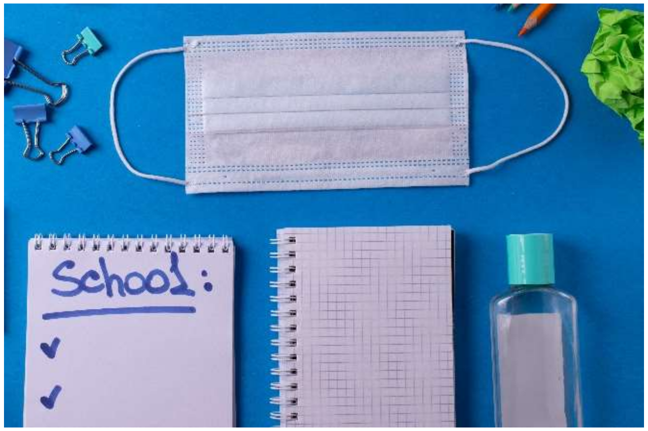
- Marketing to new carriers?
  - More questions, details, requirements will be needed. SAML? TBI?
- Benchmarking:
  - Experience, Exposure, Expiring premiums => set Expectations.
- Quota share concepts.
- Corridor retentions.
- Captives.
- Alternative Risk Solutions.
- Reinsurance memorandums.
- Per claimant retentions.
- Claims made vs. Occurrence triggers.
- First loss triggers.
- More options, more control.

Key Market Coverage and Exposure Issues

- Alcohol/binge drinking.
- Active shooter.
- Agricultural products.
- Athletic participants — TBI and CTE.
- Autonomous vehicles.
- Campus construction risk.
- Background screenings.
- Campus violence, crisis communications, and disaster planning.
- Cyber security.
- E-Risk (cyber/network security liability).

- Daycare centers on campus.
- Drones — UAV.
- Environmental.
- Health care clinics — contracts.
- Law enforcement — contracts.
- Minors on campus.
- Pandemic/coronavirus.
- Protests on campus.
- Off-campus housing.
- Opioids.
- Reputational risk.
- 15-passenger vans and fleet safety.

- Sanctuary campuses.
- Sporting events.
- Student rights (FERPA).
- Summer camps.
- Tuition reimbursement.



Primary and Secondary Education Market Guidance*

Rates Guidance:

- General liability.
- Automobile liability.
- School board legal liability.
- Lead umbrella.
- Excess umbrella.

Key Points / Conclusion:

- Higher retentions may be needed.
- Become acquainted with alternative forms and coverage.
- Balance the value drivers between coverage, capacity, and price.

*Note: Marsh renewal strategy meeting with clients will include more details on market guidance.

Property Market Update

David Letzelter, Marsh

Property

Property Market Conditions

Capacity

- Carriers focused on portfolio growth
- Increase appetite to deploy capacity
- New capacity formation in London, Bermuda and US
- Expansion of Structure Capacity and Parametric solutions
- Continued scrutiny on Severe Convective Storm (SCS) and Wildfire on West Coast

Cost

- Reduction of ~1600 basis points off average YOY variance sine Q3 '20
- Specific industries and those accounts which technical pricing has been achieved seeing close to flat renewals

Coverage

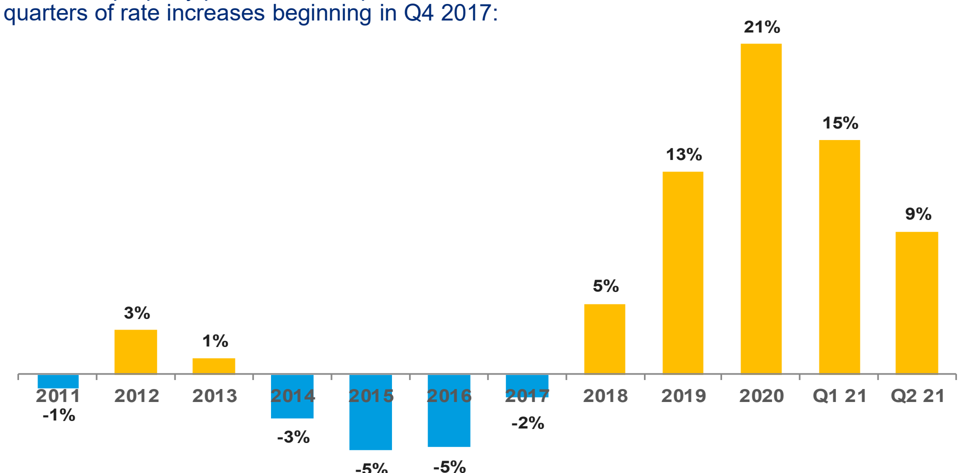
- Non-physical damage coverage still limited
- Time Element coverage extensions still under scrutiny
- Continued focus on valuations
- More willingness to accept manuscript forms
- Cyber and Communicable disease exclusions

Claims

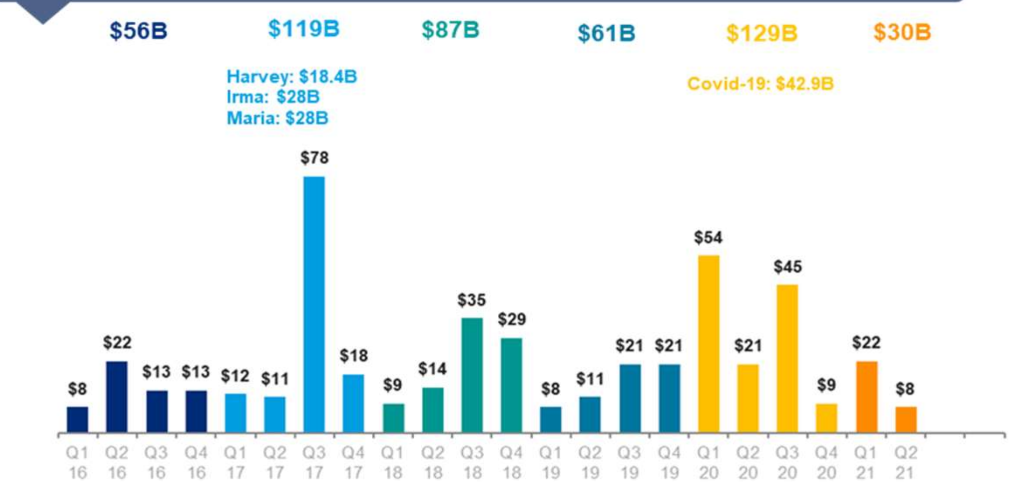
- Hurricane Ida estimates in range of $25-35B
- German flooding estimates $13B
- Winter Strom URI = unexpected Q1 loss content excess of $10B Loss
- Attrition continues, though higher imposed deductibles have mitigated

Rate Variance: US Property Portfolio

Marsh US property portfolio has experienced, 15 consecutive quarters of rate increases beginning in Q4 2017:



Significant Global Insured Losses 2016 to 2021 ($B)



Rate changes outside of -60% to 250% range are excluded; all other renewals are included.

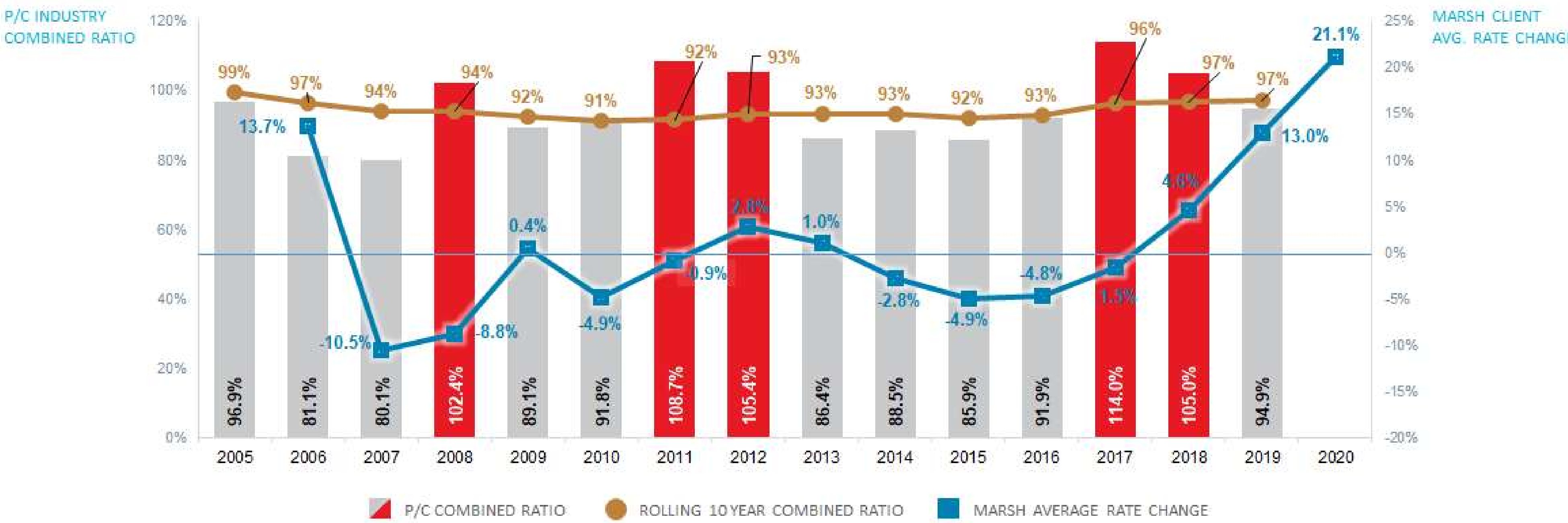
Property

Property Market Conditions – Additional Comments

	Real Property/Time Element	Catastrophic Exposed	Soft Occupancy	Heavy Manufacturing Risk	Builder's Risk
Q2 2021 YoY Average Rate Variance Range	0% to +15%	-5% to +15%	0% to +15%	+5% to +30%	0% to +15%
Client Experience	• Quotes received earlier • Appetite expansion • Program options obtained • Continued need for data	• Quotes received earlier • Greatest capacity expansion • Program options • Alternative capacity including Parametric Solutions targeting	• Quoted received earlier • Appetite expansion • Scrutiny on coverage extensions • Individual Insurer capacity limited	• Intense valuation scrutiny • Stagnant capacity • Harshest underwriting requirements • Program options limited	• Appetite is fluid • Pricing yet to fully stabilize • Limited underwriter bandwidth, exacerbated with additional data requirements • Expiration extensions more difficult
Capacity/ Coverage	• Capacity growth • More flexibility with manuscript form use • Limited alignment of exclusions for cyber and pandemic • Mitigated release of capacity for exposures in Severe Convective Storm and Wildfire zones	• Resistance to lowering cat deductibles which likely increased over last 24-36 months • Most favorable area - technical price adequacy achieved	• Capacity growing • More flexible – use manuscript forms • Further solidification of exclusions for cyber, pandemic	• Existing markets aren't expanding • Limited new market entrants • Scrutiny / limited Contingent Time Element and Service Interruption coverage	• Limitations around wood frame construction • Scrutiny on non combustible residential construction • Continued push for water damage deductibles
Condition Drivers	• Normalization occurring • Valuation credentialing requirements	• Scrutiny on secondary CAT Perils such as convective storm, low hazard flooding, sever temperature change, wildfire	• Normalization occurring	• Increased loss control requirements • Valuation credentialing requirement	• LEG III & DSU Limits
Looking Ahead	• Increased competitive environment throughout 2021, into 2022 • Client and industry loss content will negatively affect results as Insurers look more closely at past 24 months vs. historical view	• Desired risk exposure as technical pricing perceived to be achieved on average • Limited underwriting required, leading to continued capacity inflow	• Expected capacity requirements loosening to increase supply and pressure pricing downwards	• Capacity expected to increase, yet at a slower pace as Insurers will release capacity cautiously • Continued scrutiny on valuation, Time Element coverages and loss control	• Capacity expected to increase only as competitive landscape deems necessary • Continued scrutiny on valuation due to commodity pricing and labor shortages

Property

Historical P/C Market Performance



As a whole, US industry will target a combined loss ratio in high 80's to low 90's in order to earn an "adequate" return on capital for property insurance.

Source: Dowling & Partners; Statutory Filings; D&P Analysis;
Commercial Property = CMP (Non-liab), Fire, Inland Marine, Allied Lines, Boiler & Machinery & EQ

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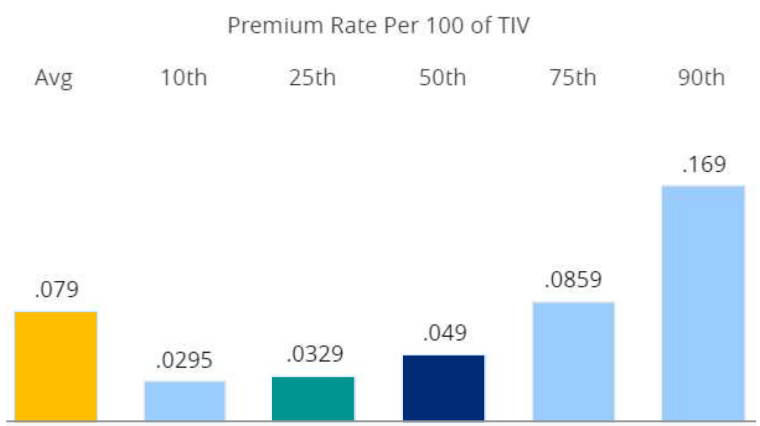
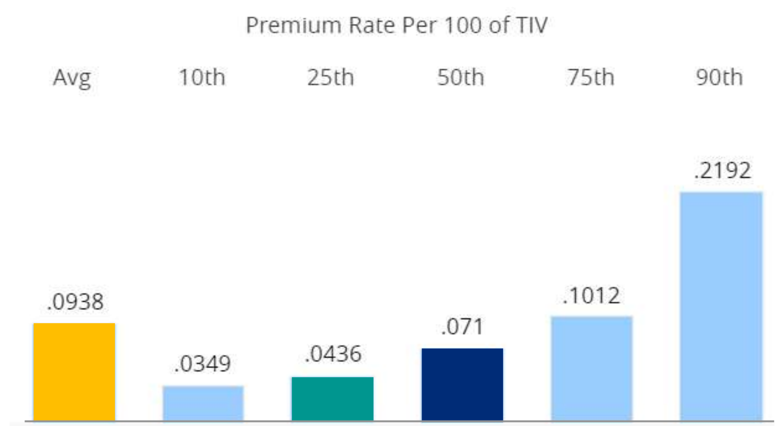
Property

Change in U.S. College and University Benchmarking – 2019-20 vs. Past 12 Months (TTM)

Q4 2019 – Q3 2020



TTM



- Average rate ↑ 19% from 0.079 to .0938
- 1st Quartile (lowest 25%) rate ↑ 33% from 0.033 to 0.044
- Median rate ↑ 45% from 0.049 to 0.071

Property

Factors that Influence Rate

Characteristics of Programs with Lower Rates

- No losses
- Non-combustible construction
- Minimal exposure to:
  - Earthquake
  - Flood
  - Named windstorm
  - Severe convective storm
- Non-hazardous occupancy
- Low exposure to BI and CBI
- Sprinklered facilities
- Reasonable deductibles

Characteristics of Programs with Higher Rates

- Severe or frequent losses
- Large loss expectancies or MFL's
- Significant exposure to natural catastrophe
- Frame construction
- Occupancies with volatile or combustible materials or hazardous processes
- Deductibles that result in attritional loss activity
- Need for significant CBI limit

Health & Benefits Insights

Ken Simek, Mercer

Biden's COVID-19 Action Plan & the Impact on Employers

welcome to brighter

Requirements for employers with 100+ employees

WHAT WE KNOW

All employers with 100 or more employees to ensure their workforce is
1 - **fully vaccinated**
OR
2 - Require any workers who remain unvaccinated to produce a **weekly negative COVID-19 test** result before coming to work or working with other employees offsite.

&

All employers with 100 or more employees must provide **paid time off** for the time it takes to get vaccinated and recover from any vaccine-related symptoms.

WHAT WE DON'T KNOW (yet)

- The definition of fully vaccinated under this executive order
- The effective dates or deadline to get vaccinated
- What documentation/proof will be required
- If any penalties for non-compliance will apply
- Allowed exemptions & the exemption process
- What type of tests qualify as the weekly test and who pays for the tests
- If surcharges will still be allowed for the unvaccinated

Mercer

Requirements for health workers with Medicare/Medicaid reimbursement

WHAT WE KNOW

Healthcare workers in settings that receive Medicare or Medicaid reimbursement must get vaccinated.

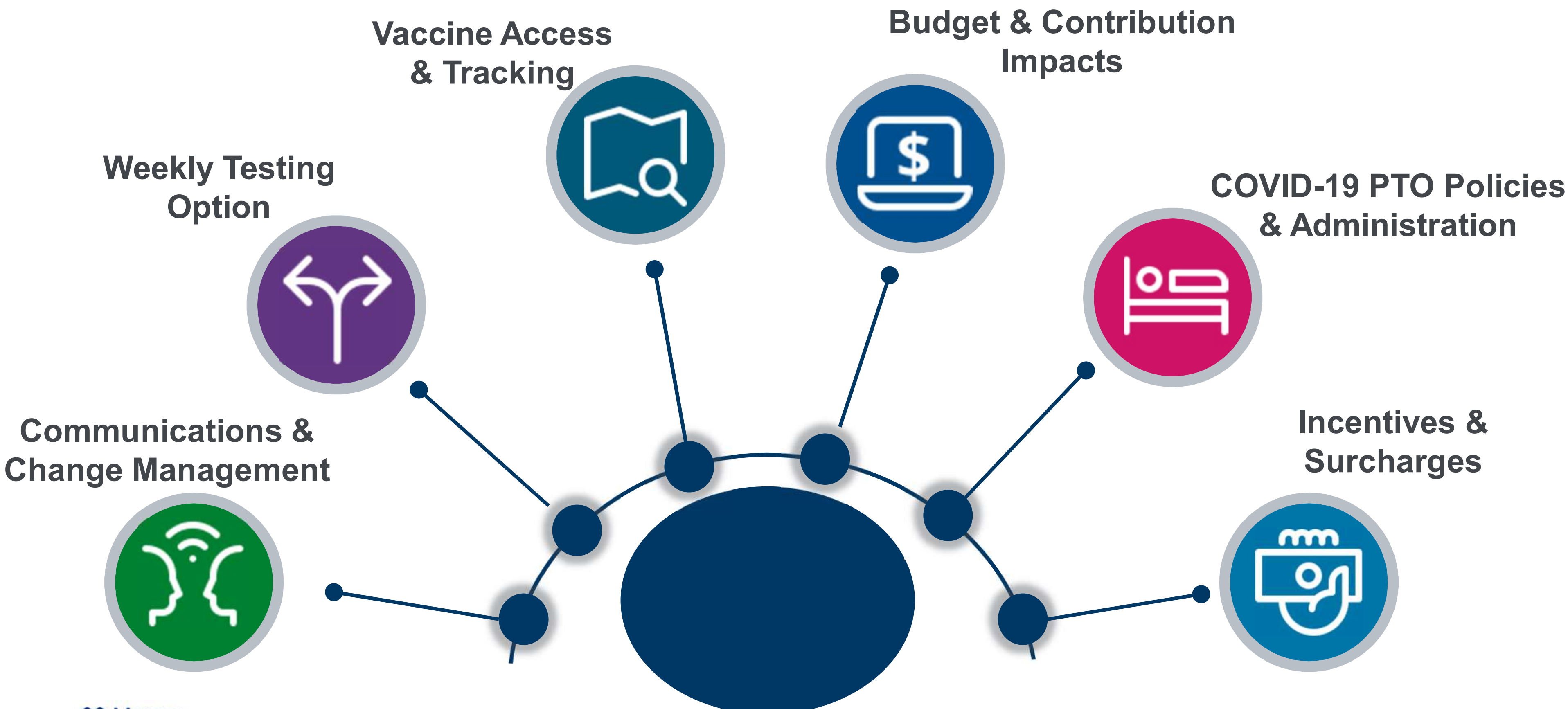
&

All employers with 100 or more employees must provide **paid time off** for the time it takes to get vaccinated and recover from any vaccine-related symptoms.

WHAT WE DON'T KNOW (yet)

- The definition of fully vaccinated under this executive order
- The effective dates or deadline to get vaccinated
- What documentation/proof will be required
- If any penalties for non-compliance will apply
- If weekly testing is an option
- Allowed exemptions & the exemption process
- If surcharges will still be allowed for the unvaccinated

Strategic considerations



Resources & best practices

Available services through Mercer

COVID Return to Work Safety & Strategy Support and Policy Development

Procurement & Implementation Support for Vaccine Tracking & Verification Vendors

Future of Work Strategy

Physician-led Employee Webinars

Testing and Vaccine Programs for Business Travel and Events

Flu Vaccine Clinic & Biometric Support

What to do next

Have strategic conversations on the choices you may have to make (e.g., will you require all employees get vaccinated or will you allow the testing option?)

Calculate how many employees are already vaccinated to identify the gap in compliance

Start identifying if outside help is needed to support vaccine clinics, validate vaccine documentation and track ongoing vaccine status

Wait for more information as the Department of Labor and other responsible agencies release additional details and clarifications

Mercer will provide regular updates - we are here to help

Mercer

Q&A

Survey and replay

We are very interested in your opinion!

Please take a few minutes to complete our survey at the close of today's webinar.

The replay will be sent out to all who attended next week.

Marsh Panel Overview

Jean Demchak, Managing Director, Global Education Practice Leader

Paul Sherbine, Managing Director, Market Information Group

Marty Leicht, Senior Vice President, US & Canada Cyber Practice, West Zone Regional Cyber Leader

Mark Turkalo, Senior Vice President, Education and Public Entity Placement Leader

David Letzelter, Managing Director, US Property Practice, Pittsburgh Leader

Ken Simek, Partner Mercer Consulting

Marsh

A business of Marsh McLennan

Marsh Panel Overview

Jean Demchak, Managing Director, Global Education Practice Leader

Jean has a career-long focus on higher education sector, with over 35 years of industry experience. She has been with Marsh for over 30 years and is the senior relationship officer for all education and public sector accounts. Jean is responsible for identifying and responding to the emerging issues facing schools and public entity clients and developing and customizing specialized services to meet their needs. She serves as liaison to the marketplace as well as key organizations in the higher education industry.

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Marsh Panel Overview

Paul Sherbine, Managing Director
Market Information Group

As leader of Marsh's Market Information Group, Paul is responsible for the analysis of the insurers that Marsh clients use worldwide. He helps clients assess the relative strengths or weaknesses of various insurers when structuring their programs. In addition, he makes oral and written presentations to clients on the importance and methodology of insurer financial analysis.

Paul has been the featured speaker to industry trade groups and other interested parties on Marsh's Market Information Group and the financial standing of the insurance industry in general. Prior to joining Marsh in 1986, Paul was a financial analyst with A.M. Best Company.

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Marsh Panel Overview

Marty Leicht
Senior Vice President, US & Canada Cyber Practice
West Zone Regional Cyber Leader

Martin (Marty) Leicht is an Senior Vice President in Marsh's US & Canada Cyber Practice, West Zone Regional Cyber Leader and is a senior advisor for large U.S. commercial clients across the country. Marty is responsible for executing the firm's cyber strategy in the West Zone and assisting clients with risk identification and complex risk transfer for professional liability and cyber exposures. Marty also leads the Cyber Practice's national strategy in the higher education sector, working with many large institutions across the country. Prior to January 2021, Marty was based in New York in a similar role as a Northeast Zone Regional Cyber Practice Leader.

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Marsh Panel Overview

Mark Turkalo, Senior Vice President
Education and Public Entity Placement Leader

Mark is a senior national placement specialist in charge of placing all new and renewal business for the education sector, including public and independent K-12 schools, vocational and technical schools, community and state colleges, and private and public higher education institutions.

Mark's responsibilities include insurance risk evaluations for Marsh's education clients and determination of the best possible risk transfer mechanisms. His background includes the placement of public entity specialty industry programs. Prior to joining Marsh in 1993, Mark worked as an underwriter for 10 years, specializing in national accounts, cash flow programs, captives, and other risk financing techniques.

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Marsh Panel Overview

David Letzelter, Managing Director
US Property Practice, Pittsburgh Leader

As a senior property advisor, David provides clients with advice on program design, marketing, and strategy as well as guidance on technical aspects of large-limit property programs.

Among David's areas of expertise is finding solutions for clients in higher education on layered and quota share programs, captive use, and alternative risk finance. In addition, his consultation with colleges and universities represents more than $120 billion in insured values.

David joined Marsh in 1996 and currently also serves as the property practice leader for the Marsh's Pittsburgh office.

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Marsh Panel Overview

Ken Simek, Partner
Mercer Consulting

Ken is a partner in Mercer's Chicago office and has been with Mercer for more than 20 years. He has more than 25 years of substantial consulting and engagement management experience in human resources strategy, compensation strategy and design, benefits strategy, benefits administration and process, human resources technologies, and benefits outsourcing.

As leader of Mercer's higher education industry practice, Ken is responsible for coordinating, managing, and leading client and market strategy and consulting services for all of Mercer's more than 400 higher education clients. Ken also spearheads a private university networking group consisting of 10 institutions that meets throughout the year to analyze issues and share information.

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