



# 2022 US Education Insurance Market Update Webcast

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A business of Marsh McLennan

# Today's Discussion Leaders



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- **Welcome and Introductions**
  - Jean Demchak, Managing Director, US Education Industry Leader, Marsh
- **2022 First Half Financial Results, US Property and Casualty Industry**
  - Melina Reed, Managing Director, Marsh's Market Information Group
- **Cyber Marketplace**
  - Ben Elowe, Vice President, US Cyber Practice, Marsh
- **Casualty Market Update**
  - Mark Turkalo, Senior Vice President, Education and Public Entity Placement Leader, Marsh
- **Property Market Update**
  - David Letzelter, Managing Director, US Property Practice Education Practice Leader, Marsh
- **Student Health Insurance**
  - Jeff Smith, Principal, Mercer
- **Q&A**

# Agenda

# 1<sup>st</sup> Half 2022 Financial Results

US Property and Casualty Industry

Melina Reed

# U.S. Property and Casualty Industry

## 1H22 Overview

- U.S. P/C insurance industry continues to show resiliency into 2022.
- Significant catastrophe activity.
- Increased loss costs and pricing challenges.
- Pricing discipline and conservative underwriting continues to help mitigate underwriting losses.
- Industry benefited from an improved macroeconomic environment in 2021. We are seeing much more volatility in 2022.
- Industry's capital position remains strong.

# U.S. Property and Casualty Industry

## 6 Month 2022 Financial Highlights

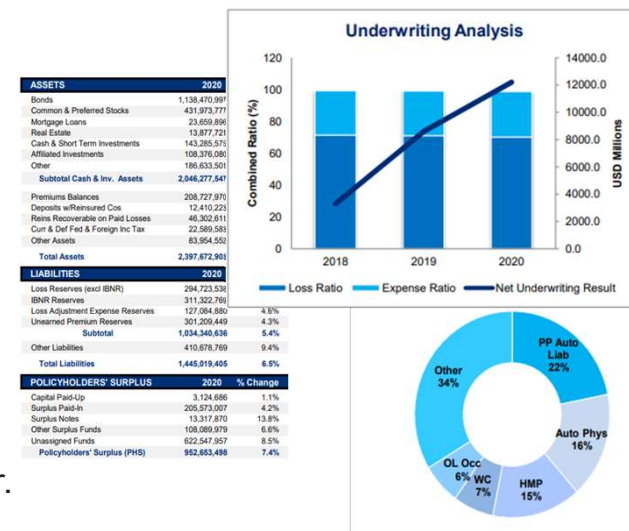
(\$ billions)	6 mos 2021	6 mos 2022	YoY Change
Net Premiums Written	\$341.1	\$383.4	10.8%
Net Underwriting Gain (Loss)	\$5.1	(\$6.3)	NM
Net Investment Income	\$27.1	\$36.9	35.8%
Net After-Tax Income	\$38.1	\$31.4	-17.7%
Policyholders' Surplus	\$993.9	\$969.0	-2.5%
Combined Ratio	97.0	100.0	+3.0

Source: AM Best

# U.S. Property and Casualty Industry

## 6 Months 2022 Financial Highlights

- Net premiums written increased 11% to \$383.4 billion YoY.
- The industry reported a net underwriting loss of \$6.3 billion for the first half of 2022.
- Net investment income increased 36% to \$36.9 billion over the same period prior year.
- Policyholders' dividends declined 28% to \$1.7 billion.
- Realized Capital Gains decreased by 63% to \$3.6 billion for the period.
- Net income decreased 18% to \$31.4 billion.
- Policyholders' Surplus at 1H22 was \$969.0 billion, a 2.5% decrease from 1H21.
- The industry's combined ratio weakened slightly to 100.0 for the year.
- CAT losses contributes an estimated 5.4 points to the 1H combined ratio compared to 7.0 points prior year.



# Canadian Property and Casualty Industry

## 2021 Financial Highlights

(US billions)	2020	2021	Change
Net Premiums Written	\$40.5	\$43.9	7.1%
Net Underwriting Gain (Loss)	\$1.5	\$6.0	300%
Net Investment Income	\$1.8	\$1.2	-34%
Net After-Tax Income	\$3.7	\$6.8	76%
Policyholders' Surplus	\$37.2	\$42.2	12.9%
Combined Ratio	96.8	86.3	-10.5

Source: AM Best



# Canadian Property and Casualty Industry

## 2021 Recap, Q1 2022, Outlook

- Canada P/C insurance industry continued to show resiliency in 2021 by way of an improved operating performance, coming off an already strong 2020.
- Solid-risk adjusted capitalization. Capital and liquidity remain strong.
- Continued expansion of distribution partnerships, despite growing consolidation of brokers and carriers.
- Despite a heavy CAT year, net underwriting performance was the most profitable of the past five years.

## Q1 2022

- Direct premiums written as of the first quarter of 2022 increased by 3.6%.
- Combined ratio for the Q1 2022 compared favorably to Q1 2021 at 80.2%.
- Q1 2022 operating ratio rose to 81.0% owing to a decline in net investments.
- The outlook predicts continued rising interest rates which will result in fair market markdowns on the balance sheet and constrain capital growth.
- Equipped to adapt to the ever changing landscape.



# U.S. Property and Casualty Industry

## Remainder of 2022 Outlook

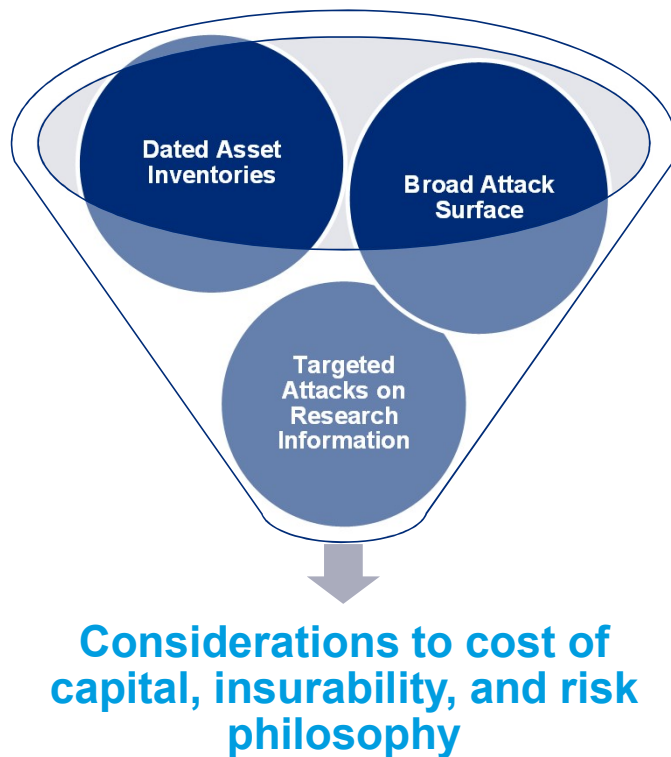
- Much of the same challenges insurers encountered in 2021 persist. Adjusting to a hybrid work environment, elevated expenses to accommodate improved technologies, supply chain challenges, labor shortages and higher cost of claims.
- Catastrophic losses modestly lower through 1H, remainder of season still in question.
- Improved economic activity should contribute to an increase in premium growth, however,
- Economic conditions, inflation and unemployment remain volatile.
- Stock Market performance remains uncertain.
- Uptick in claims can be expected as we continue our return to “normalcy” both in frequency and severity.
- Insurers will need to continue to be extremely disciplined in underwriting in order to achieve risk appropriate rates. Resulting in rate increases across almost all business lines.
- Overall, U.S. P/C Industry remains quite strong both financially and fundamentally.

# Cyber Marketplace

Ben Elowe

# Cyber Insurance Market Snapshot – Higher Education

## Evolving Risk Profiles



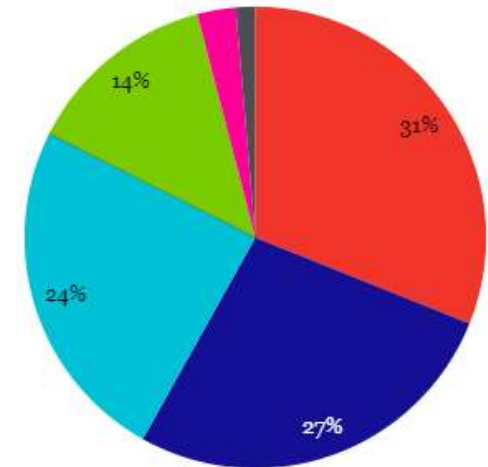
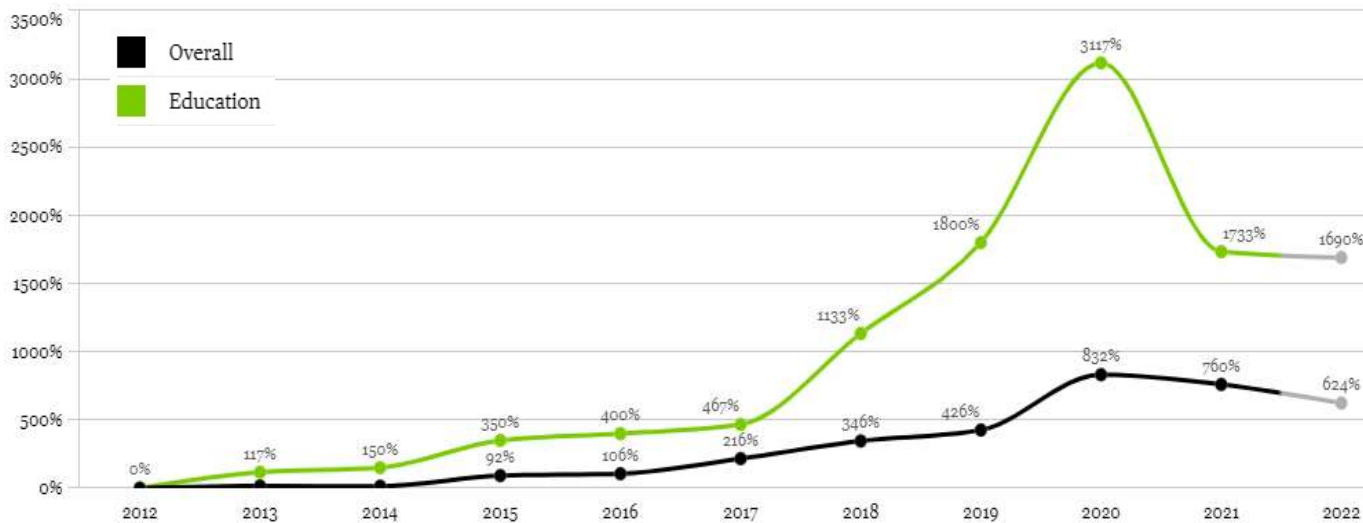
## Cyber Insurance Market Volatility for Higher Education

- **Volatile pools of insurance capacity** caused by loss characteristics and risk variation among risk profiles
- **Accelerated rate increases** relative to other industry segments
- **Increased premium exposure** for full ransomware coverage when available following technical underwriting
- **Higher levels of risk retention** required to renew expiring levels of capacity or access otherwise 'unavailable' sources of insurance limit
- **Risk profile differentiation** is key– there are specific controls that the market sees as “minimum standards”

# Cyber Incident Characteristics in Education

## Actions Causing Incidents (TTM)

### Global Cyber Incidents (Edu) vs. 2012



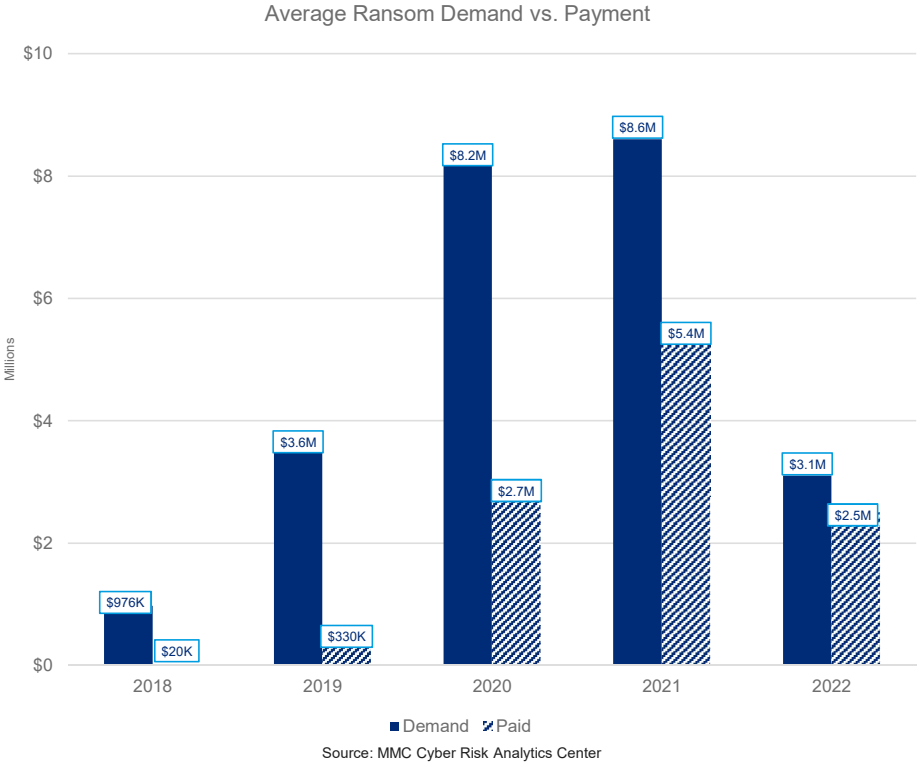
Your Selections vs. Overall

Error	6%	▲
Hacking	7%	▲
Malware	5%	▼
Misuse	4%	▼
Physical	0%	▼
Social	2%	▼
Unknown	1%	▼

Source: Chubb Cyber Index

# Ransomware

Progress is being made, but attacks continue to evolve and increase in sophistication



The difference between the average ransom demanded and paid is decreasing as threat actors more effectively attack targets.

# Cyber risk environment

Dynamic and evolving, but key themes remain



## Catastrophic risk:

- **Aggregation** exposure and **supply chain risk** is top of mind, as possible cyber risks stem from:
  - **Common vulnerabilities** – hardware or software (Microsoft Exchange, Log4j)
  - **Common dependencies** – digital supply chain vendors (such as cloud providers or companies like SolarWinds, Accellion, Kaseya)
- **Geopolitical tensions** are driving market uncertainty, forcing additional discussion around how cyber insurance contracts should respond to scenarios arising out of conflict



## Privacy regulations:

- **GDPR** fines are growing (~\$877M Amazon, ~\$267M WhatsApp, ~\$68M Google, ~\$41M H&M)
- **CCPA & CPRA** and similar legislation allow for private rights of action with per consumer statutory damages and require additional compliance efforts
- **BIPA** litigation is expensive and is on the rise with increased use of biometric identifiers, especially for employee access. 45 states have existing / pending biometric privacy legislation and federal complaints are at an all time high



## Ransomware evolution:

- **Data exfiltration** present in 86% of ransomware cases in Q2 2022, continuing the trend of increasingly sophisticated attacks
- **Average downtime** following an event was 24 days in Q2 2022, leading to lost revenue
- **Lateral movement** by threat actors present in over 70% of ransomware events in Q2 22



# Controls-based Underwriting: drivers of risk mitigation, resilience, and insurability



**Multifactor authentication (MFA) for remote access and admin/privileged controls**



**Endpoint Detection and Response (EDR)**



**Secured, encrypted, and tested backups**



**Privileged Access Management (PAM)**



**Email filtering and web security**



**Patch management and vulnerability management**



**Cyber incident response planning and testing**



**Cybersecurity awareness training and phishing testing**



**Hardening techniques, including Remote Desktop Protocol (RDP) mitigation**



**Logging and monitoring/network protections**



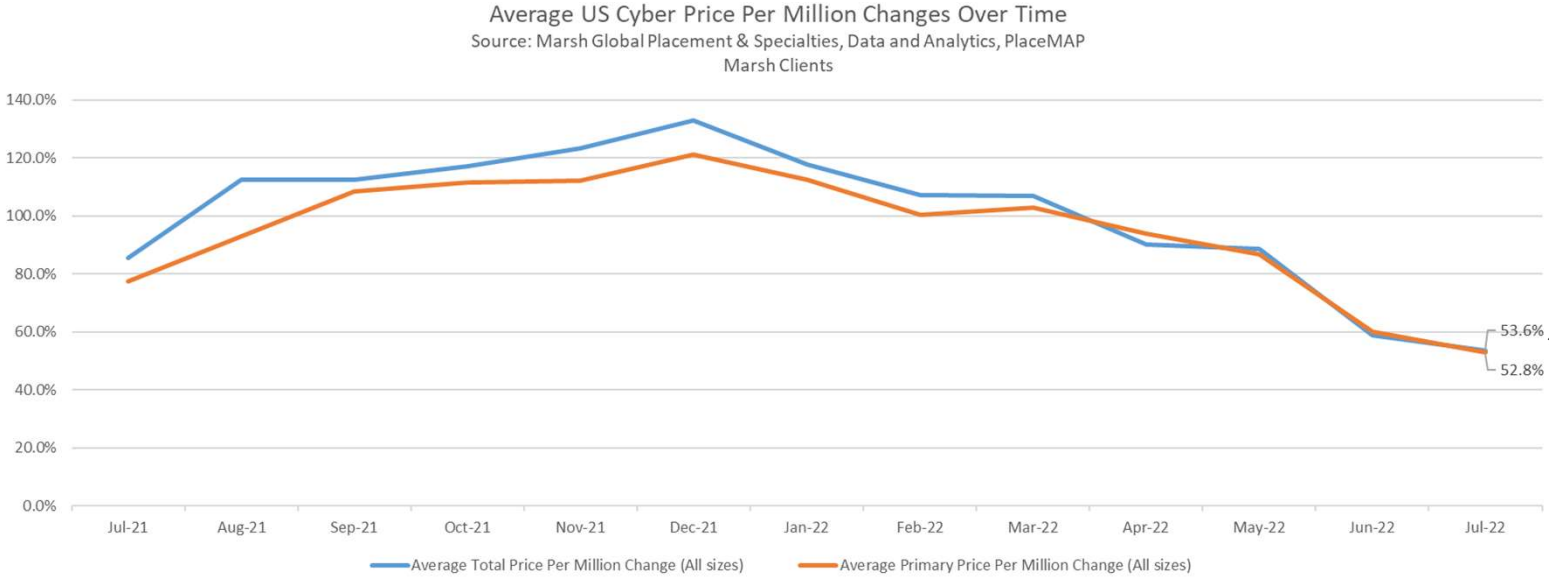
**End-of-life systems replaced or protected**



**Vendor/digital supply chain risk management**

# Decelerating rate trend continues through July

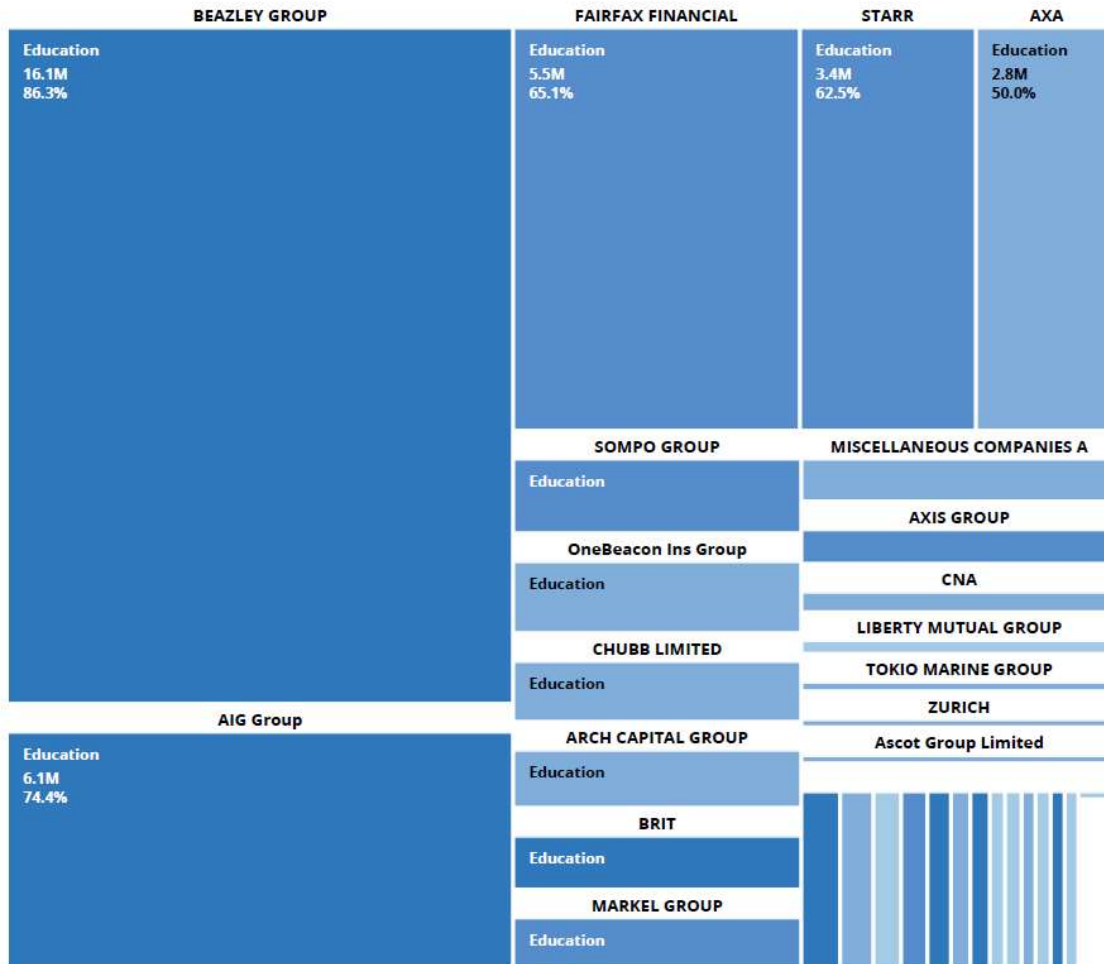
Increases moderate as organizations continue to manage cost of risk



July 2022 Renewals*	1 <sup>st</sup> Quartile	Median	Average	3 <sup>rd</sup> Quartile
<b>Total price per mil</b>	25.2%	43.5%	<b>53.6%</b>	67.9%
<b>Primary price per mil</b>	24.7%	43.0%	<b>52.8%</b>	67.6%

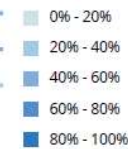
\*Programs that renewed with expiring limits | Excludes 28% of July renewals due to limit changes.

# Capacity Composition for Education Clients



Global Carrier	Premium Rank	Bound Premium	Bound Premium YOY	BP %Total
BEAZLEY GROUP	1	\$16.1M	32.8%	33.0%
AIG Group	2	\$6.1M	72.2%	12.5%
FAIRFAX FINANCIAL	3	\$5.5M	72.3%	11.3%
STARR	4	\$3.4M	138.7%	7.0%
AXA	5	\$2.8M	17.4%	5.7%
SOMPO GROUP	6	\$1.3M	97.1%	2.7%
OneBeacon Ins Group	7	\$1.3M	156.4%	2.6%
CHUBB LIMITED	8	\$1.2M	46.3%	2.4%
ARCH CAPITAL GROUP	9	\$1.1M	1140.3%	2.3%
BRIT	10	\$1.1M	2710.0%	2.2%
LLOYD'S OF LONDON	20	\$315.1K	-94.3%	0.6%

Percentage of Net Conversion Heatmap



Premium Bound

- Min: 0.00
- Max: 16,080,459.13

## MGA's as source of limits

- Coalition
- Corvus
- Cowbell
- Emergin (US, Ldn)
- Falcon
- Mosaic (US, Ldn, Bda)
- CFC (Ldn)
- Newline (Ldn)
- Nirvana (Ldn)

# US Cyber – Education

## Q2 2022 Market Conditions



### Rate Ranges

- Q2 Average Total Program increase of +79.9%
- Q2 Average Primary increase of +61.9%
- Q2 Median Total Program increase of +53.8%
- Q2 Median Primary increase of +49.8%
- Rate ranges do not include renewals with changes in limits



### Client Experience

- 43% of clients increased their retention in Q2
- 10% of clients reduced their total limits in Q2
- No clients increased their total limits in Q2



### Coverage/Capacity

- Limited market for this industry class
- Ransomware, biometric information/unlawful collection, and media liability (i.e. student name, image, and likeness) coverage restrictions are commonly applied
- Co-insurance, higher retentions, and reduced sublimits are frequently deployed subject to technical underwriting
- Waiting periods increasing to 24 to 48 hours



### Condition Drivers

- The high frequency and severity of ransomware claims and privacy claims are the primary drivers affecting pricing and underwriting appetite
- Lack of baseline controls are causing continued pressures on pricing and coverage
- Balance between information security and open source culture contribute to underwriting complexity



### Looking Ahead

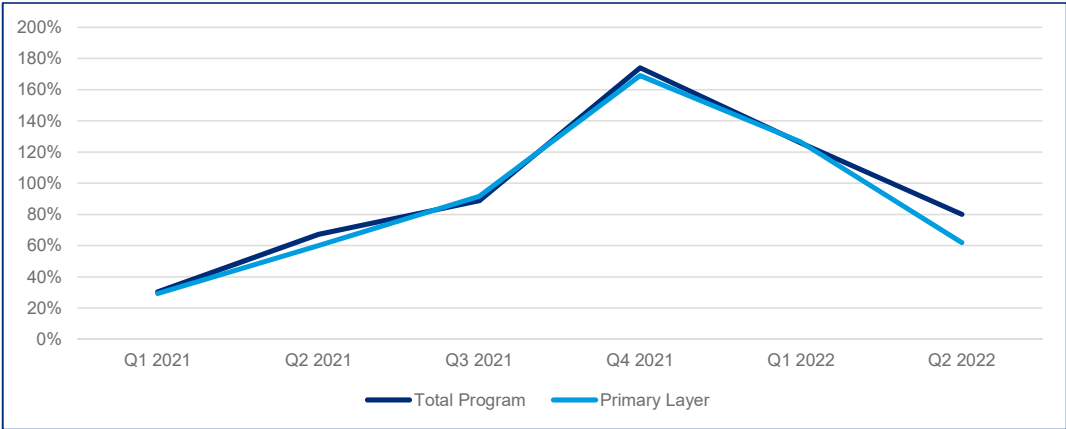
- Underwriters continue to view Education as a challenging industry
- Demonstrating controls pertaining to access management and cyber resiliency will continue to moderate the cost of capital
- Premium rates are still increasing but at a decreasing rate and will continue throughout 2022
- Incumbent carriers are willing to collaborate on solutions, including midterm coverage improvements in certain cases based on improved controls

# Cyber Market Conditions

## Q2 2022 – Education

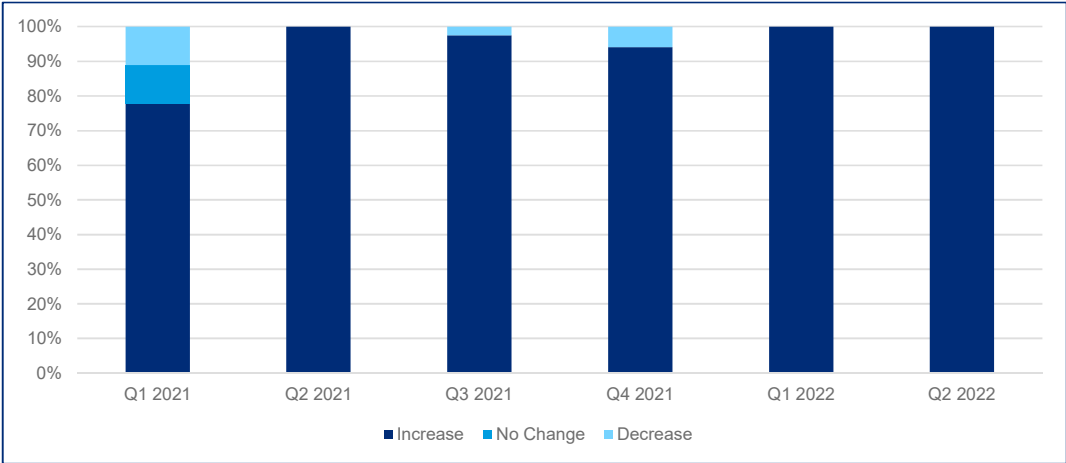
### Rate Trends

	Q2 2022	Trend
Average Primary	+61.9%	▼
Median Primary	+49.8%	▼
Average Total Program	+79.9%	▼
Median Total Program	+53.8%	▼



### Percent of Clients with Pricing Changes

	Q2 2022	Trend
Increase	100%	▼
No Change	0%	▼
Decrease	0%	▼

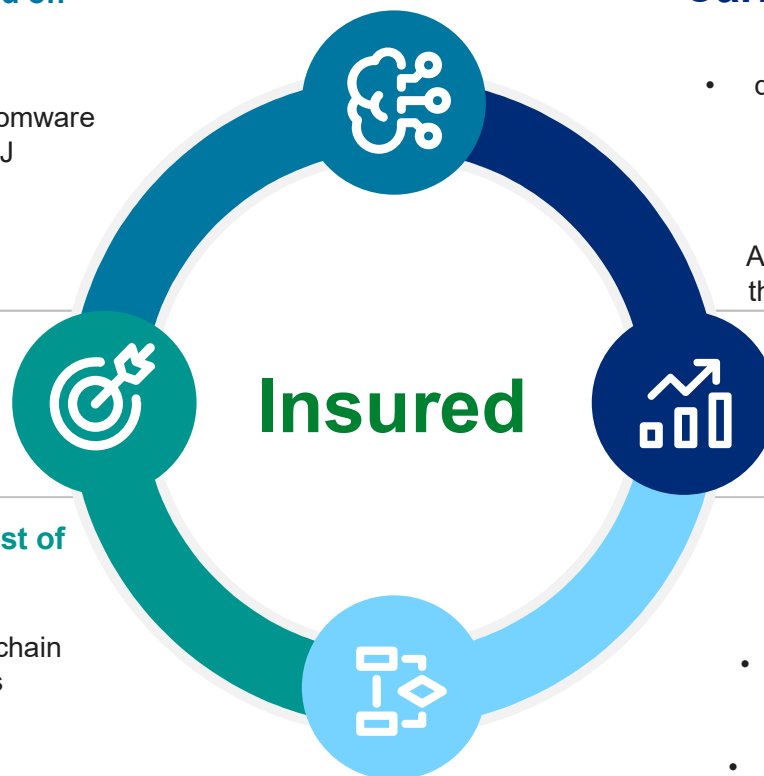


# Shifting Cyber Market → Influence Risk Transfer Decisions

## Insurance Procurement Strategy Must Account for the Volatility

### Risk Profile – Carriers are Focused on the following:

- responses to questions correlated to ransomware
- responses to questions pertaining to Log4J
- cyber supply chain – critical vendors
- targets of choice vs. targets of opportunity
- response plans and resiliency



### Carrier Concerns – a Convergence of Issues

- quantifying accumulation and aggregation risk is proving challenging due to the ubiquity of software
  - Log4J vulnerability and events in recent memory - Solar Winds, MS Exchange, Accellion, and Kaseya are causing concerns in the C Suite – cascading losses across multiple lines of coverage

### Product – coverage concerns consist of the following:

- contingent business interruption – supply chain
- “cyber war” and “Infrastructure” exclusions
- collection of Biometric data
- rising severity of fines and penalties

### Pricing – influenced by loss ratios, modelling, and required returns:

- the cost of capital has been artificially low for years which is resulting in dramatic increases in 2021, and likely into the first half of 2022
- in years past, pricing/loading for systemic and CAT risk was immaterial – this has evolved

# Casualty Market Update

Mark Turkalo

# 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





# Executive Summary

Through 10/1/2022

## “The Impacts...”

- **Market continues to deteriorate**
- Continued increase in rates/premium.
- Restricted or excluded coverage.
- Reduced capacity.
- Corridor and quota-share interest.
- Global market development.
- Conservative underwriting due to unknown claim development.
- More questions on renewals and especially on new business.
- 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, Excess Liability and Educators Legal Liability hit the hardest.
- Excess capacity reduced with occurrence coverage due to prior loss litigation as many carriers still exiting the market.
- Communicable Disease/Pandemic exclusions remain prevalent
- Professional Liability Exclusions becoming more common

## COVID-19 CONTINUES TO LINGER

Pandemic accelerated the hardening market

Carriers continue to attach exclusions for Communicable Disease, COVID-19 & Pandemic

Impact of COVID-19:

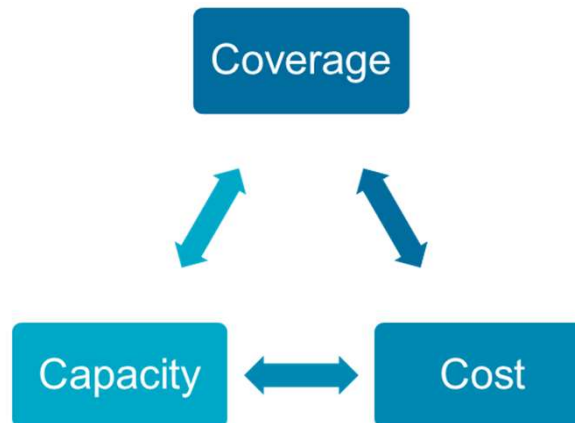
- Teleworking
- Travel protocols with return to work
- Financial strain
- Operating budget pressures
- Layoffs / Staffing challenges
- Enrollment fluctuations following on-line learning
- Vaccination status
- Telemedicine & testing

# Casualty Renewal Outlook and Considerations

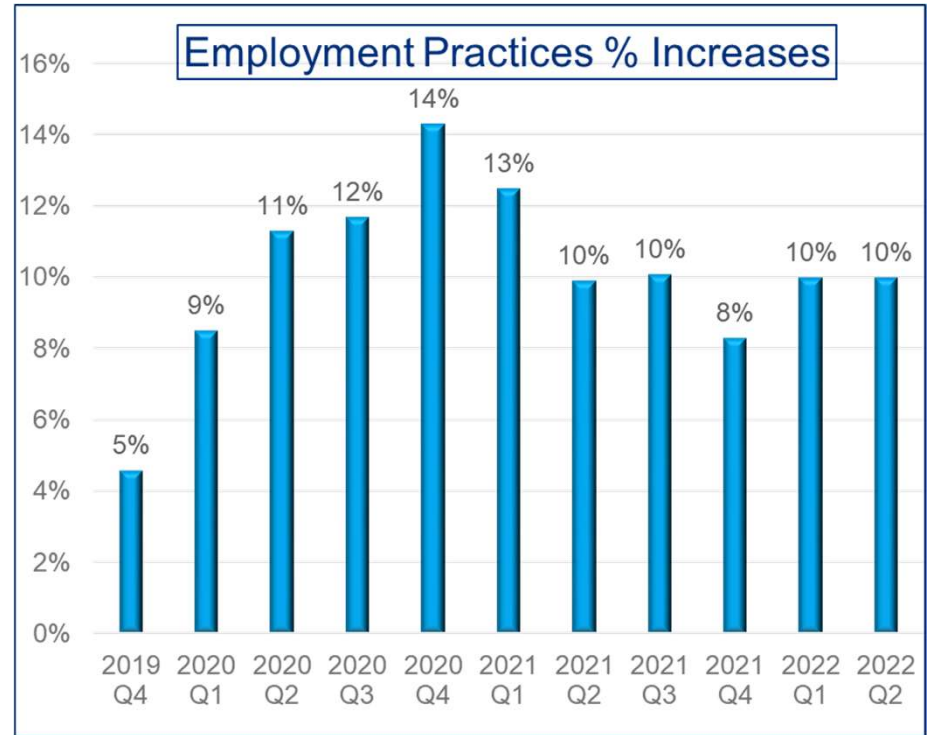
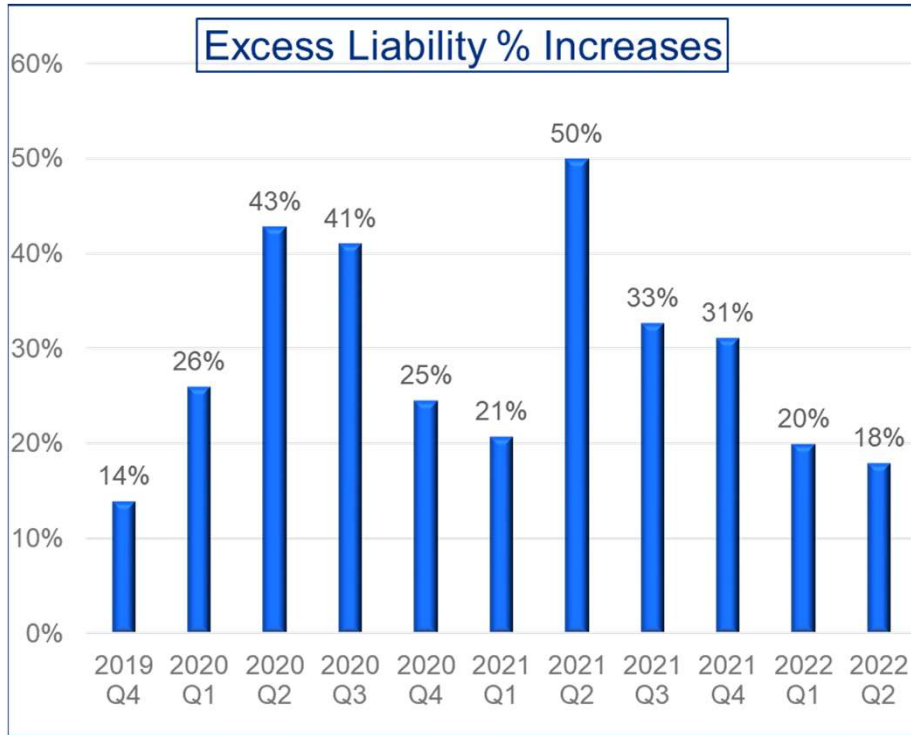
- Current trends are expected to continue through the end of 2022 and beyond.
- Question of insurability for sexual abuse molestation, traumatic brain injury, & law enforcement.
- Reinsurance repricing and re-underwriting.
- Affirmative Active Shooter coverage available.
- Excess Occurrence options are available with SAM.
- Excess Claims Made, Retained Limit options are available with SAM.
- Some Casualty markets offering limited incidental Med Mal coverage, however excluding SAM coverage.
- Med Mal carriers are excluding SAM.
- Financials impacting underwriting, leading to Financial Distress Endorsements on the ELL policy.
- Tuition reimbursement – class action lawsuits linger.
- Mono-line Auto Liability coverage available on a limited basis.
- Carrier concern over increased use of 15-passenger vans.
- Building global capacity with alternative forms.
- Captive development and utilization.

# What continues to drive the Education Liability market?

- Sexual Assault and Misconduct – athletics, clinics, hazing, harassment claims.
- Title IX – compliance, gender discrimination.
- Reviver Statutes – expanding the tail, changing the tort landscape.
- Social Inflation – trends toward increase litigation and headlines.
- Volatile Global Economy – impacting international students, research, and study abroad.
- Nuclear Verdicts – jury awards continue to increase drastically.
  
- **The constant problem:**



# Historical Higher Education Pricing Trends



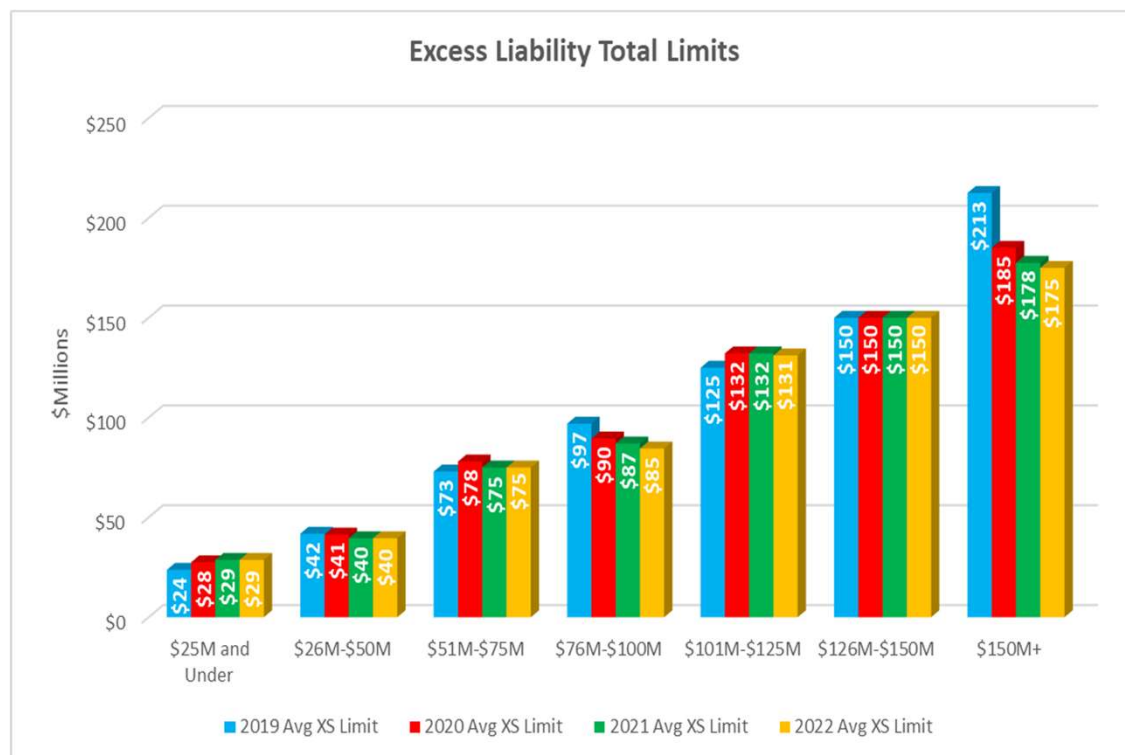
\*These graphs do not reflect changes in renewal FTE exposures and/or retentions.

# Primary General Liability

- Critical to provide timely and quality submission information.
  - Clear, detailed and historical exposure information – for all lines of coverage
  - Financials, last audited and interim
  - 10 years currently valued ground-up loss information (all lines of coverage) – including large loss summaries & open claim details
  - Quote lead time, 30 days minimum with complete submission (at least 60 days lead time for 7/1 renewals)
- Markets requiring more subjectivities, and are strict on adherence.
- Primary General Liability market impacted by continuation of escalating defense costs & losses.
- Carriers pushing increased retentions on large complex accounts
- Incumbent insurers more willing to remain on risks and provide expiring terms with rate increases.

# Excess Liability

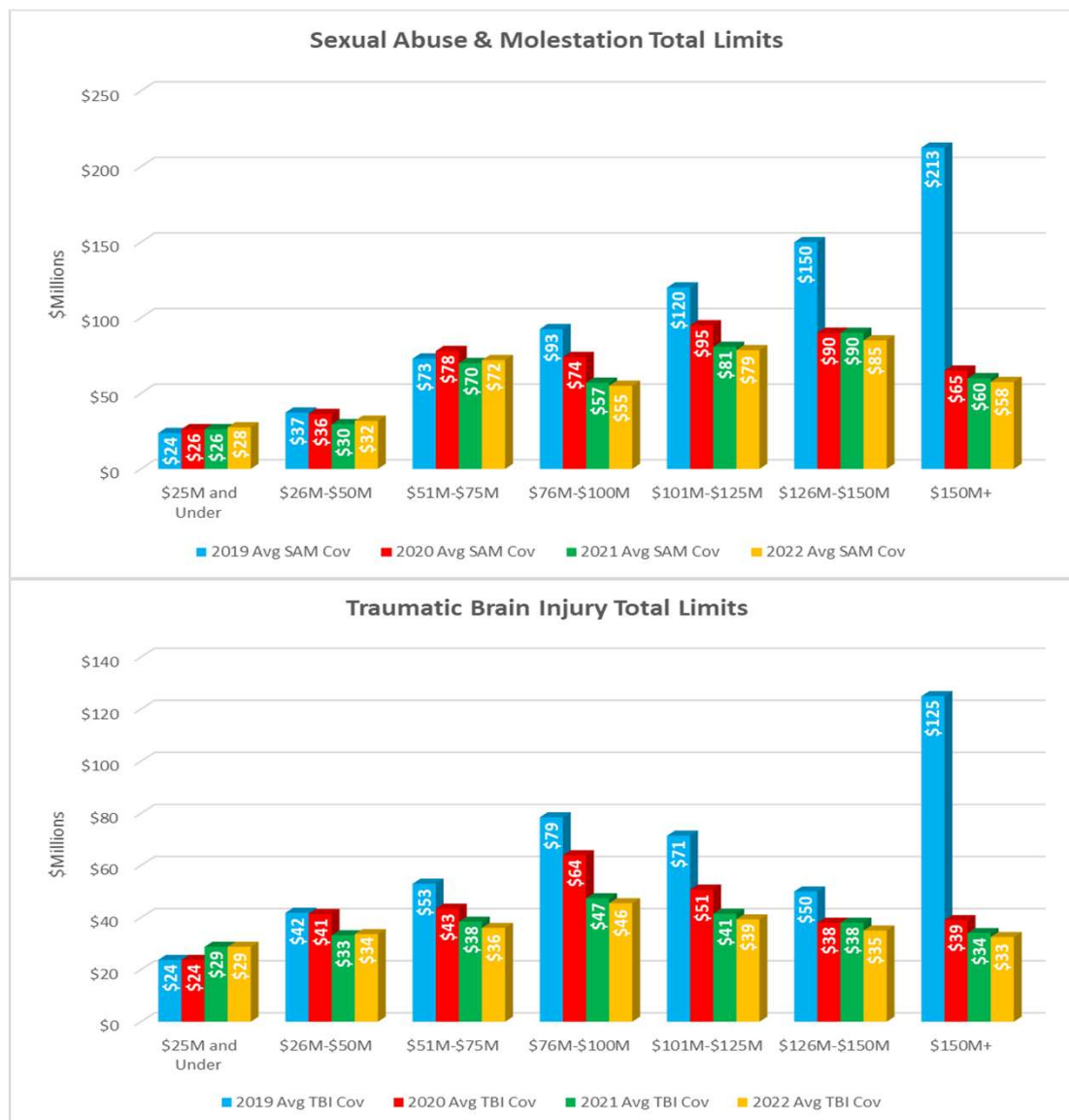
- The cost of capacity is increasing upwards of 30+%.
- Markets requiring more subjectivities, and are strict on adherence.
- Lead carriers limiting capacity to \$5 million or \$10 million.
- Many Excess carriers requiring a \$25M or \$50M+ attachment point.
- Carriers still cautious to provide law enforcement 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 \$5 million.
- Limited markets providing capacity excess of United Educators due to 2021 form changes.



# Excess Liability

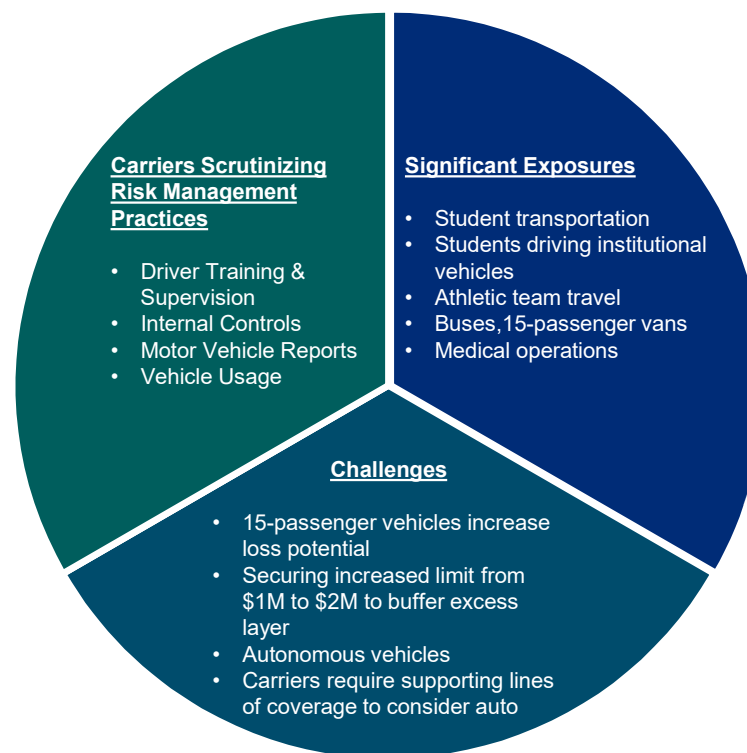
## Market Results

- **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.
- **Lexington** – \$10M capacity, excludes TBI and may selectively include SAM on a claims made basis.
- **Other markets** such as Great American, Westchester, Colony, AXA and Allianz excludes SAM and TBI regardless of layer.



# Auto Liability

- Limited markets willing to entertain new unsupported / mono-line 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.
- Underwriting concerns regarding 15-passenger vans.
- No student drivers.
- More public schools are addressing out-of-state exposure whereby state immunity laws do not provide protection in federal court.





# Educators Legal / Excess ELL

## Traditional D&O/E&O/EPLI Carriers willing to offer leading ELL protection

- \$2.5M – \$5M Self-Insured Retentions
- \$5M-\$10M Maximum Capacity
- Minimum Premiums \$300K+
- Intense Underwriting
- Anti-Trust Litigation Coverage Available
- Insured Choice of Counsel Available (\*can require higher premium and/or retention\*)
- Multiple “traditional” carriers interested in writing Follow-Form Excess ELL

## Why is ELL so expensive?

- Historically underpriced
- Legal costs increasing rapidly – consequence of uncertainty
- Contracting excess liability market, forcing education industry to purchase separate ELL tower
- Carriers controlling panel counsel selection & hourly rates – hesitant to permit alternative appointments
- Rising litigation in the private & public industries disturbing Education marketplace
  - Anti-trust
  - Class action lawsuits – including misleading job placement statistics (law schools)
  - EPL allegations & EEOC filings.
  - Failure to educate, negligence or education malpractice allegations
  - Financial Distress / insolvency
  - Tuition refund class action lawsuits against Board of Trustees

**United Educators**  
remains a leading ELL carrier  
New business accepted.

**Title IX-Related Claims**  
including reverse discrimination cases,  
increasing significantly because of  
increased compliance, awareness &  
victims' advocate groups; broadened  
allegations including sex-based  
discrimination/harassment, hostile work  
environment, emotional distress, caste, etc.  
require Educational Institutions to respond  
more actively than in the past.

## Excess Workers' Compensation

- 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 and historical exposures.
- Few markets offering rate guarantees or multi-year policies.
- Safety National offers Same Communicable Disease Endorsement with limited coverage.

## Workers' Compensation (WC)

- Standalone guaranteed cost (GC) Workers' Compensation coverage is available.
- Excess WC markets typically accommodate the GC WC if they also write the Excess WC.
- Carriers demanding 10-year loss history and historical exposures.
- Deductible options are available & potential to unbundle third party administrator.

# Internships and Professional Liability

- Coverage available to cover the students, the educational institution, & the faculty members supervising the course/internship and/or the interns' supervisors.
- Not all IPL policies provide coverage for medical doctors, physicians' assistants, or nurse practitioners – a separate medical professional policy may be needed.
- This policy also picks up the professional liability for athletic trainers & allied health professionals located in campus health centers.
- Coverage can be on a scheduled or blanket basis.
- Coverage may be extended to physicians.
- Higher limits up to \$3 million/\$6 million and first-dollar coverage are available with defense outside. On new business, this higher limit is required to be scheduled on the UE Umbrella.

## Examples of the Programs include:

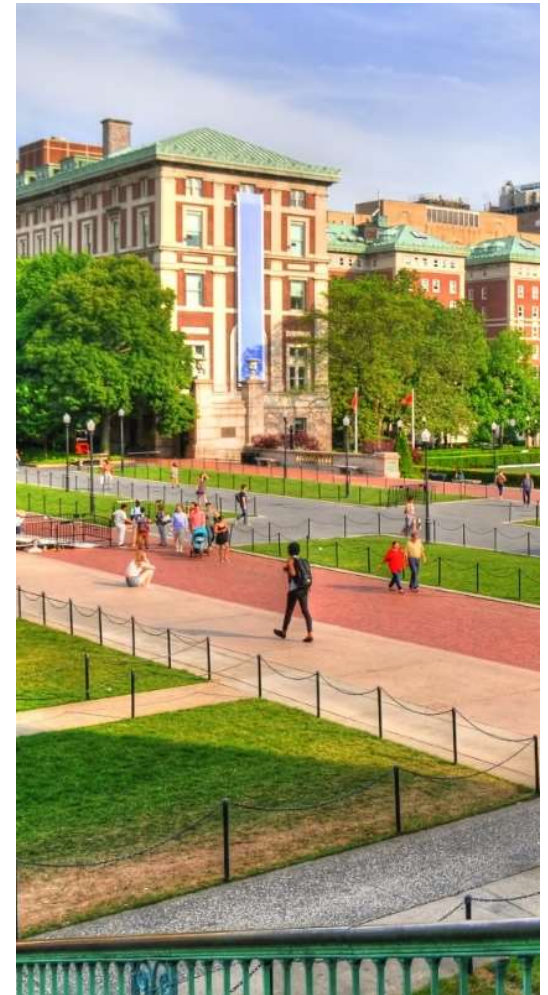
- Nursing
- Athletic Training
- Architecture
- Law
- Psychology
- Accounting
- Volunteer EMT

# Additional 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
- Cyber security
- E-Risk (cyber/network security liability)
- Daycare centers on campus
- Drones - UAV
- Environmental
- Financial constraints/distress
- Fraternities/Sororities
- Health care clinics - contracts
- Law enforcement - contracts
- Mental Health
- Minors on campus
- Pandemic/Covid-19
- Protests on campus
- Off-campus housing
- Opioids
- Reputational risk
- 15-passenger vans and fleet safety
- Sexual Assault and Molestation
- Sporting events
- Student rights (FERPA)
- Summer camps
- Title IX - expanding Compliance Officer responses/protocols
- Tuition reimbursement

# Primary and Secondary Education

- Market is becoming more stable but capacity is being reduced
- Usage of captives and alternative risk solutions increasing
- Integrated programs and pools dominate public K-12
- Reinsurance takes a bigger hit on rate
- Guaranteed cost options available
- Capacity available up to \$10 million
- Budget restrictions, reduction in staff = varying results
- Overall poor underwriting experience = volatility



# 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

# Market Conditions

## July 2022 Key Trends and Rate Variances

### Capacity ↔

- Increased carrier discipline, perceived contraction of reinsurance capacity
- Continued scrutiny of Severe Convective Storm (SCS) and Flood
- Wildfire and Tier 1 named storm is challenging
- Expansion of Structure Capacity and Parametric solutions

### Cost ↗

- Overall deceleration of rate increases continues – however upward pressure in May and June
- Bifurcated market continues
- Best in class and those accounts which technical pricing has been achieved are seeing the best results
- Significant pricing increases for certain risks

### Coverage ↔

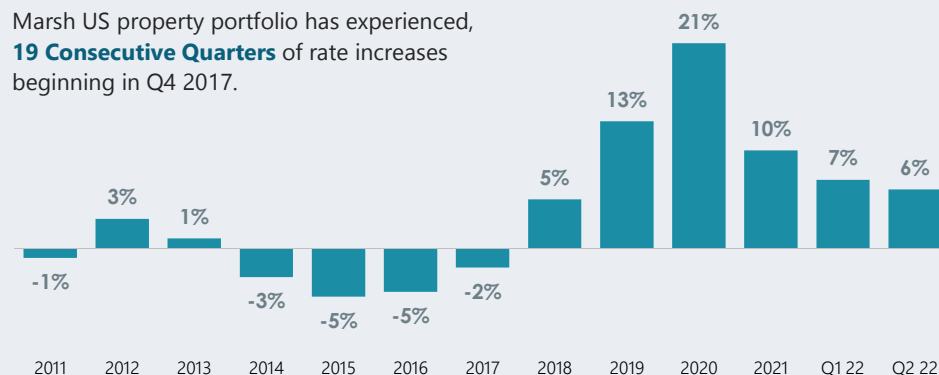
- Non-physical damage coverage still limited
- Time Element coverage extensions still under scrutiny
- Strong focus on valuation for both PD and BI driven by supply chain, labor costs and inflation
- Secondary Perils – wildfire, pluvial flooding, etc.
- Cyber and Communicable disease exclusions remain consistent in the market

### Claims ↗

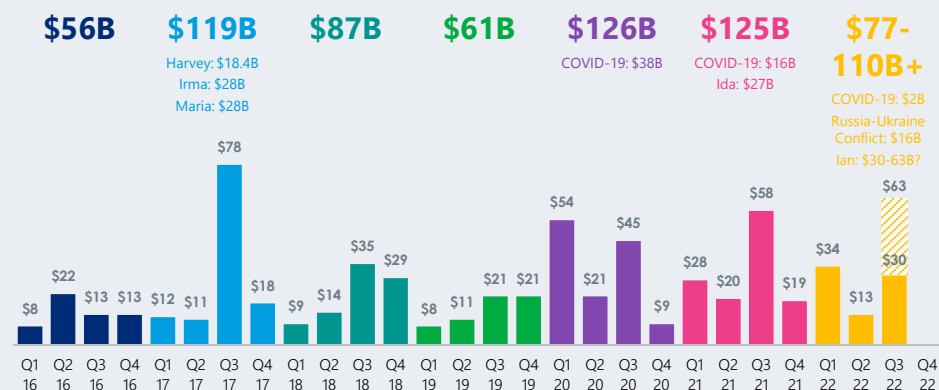
- Hurricane Ian has may result in 2022 being the 4<sup>th</sup> year out of the past 6 with global catastrophe losses in excess of \$100B.
- Moderate Nat CAT losses in H1 of 2022, however Russia – Ukraine conflict are driving overall industry loss experience to date.
- Flood, Flood, FLOOD! ~25% of losses in 2021 were from flooding

### Rate Variance: US Property Portfolio (all industries)

Marsh US property portfolio has experienced, **19 Consecutive Quarters** of rate increases beginning in Q4 2017.



### Significant Global Insured Losses 2016 to 2022 (\$B)

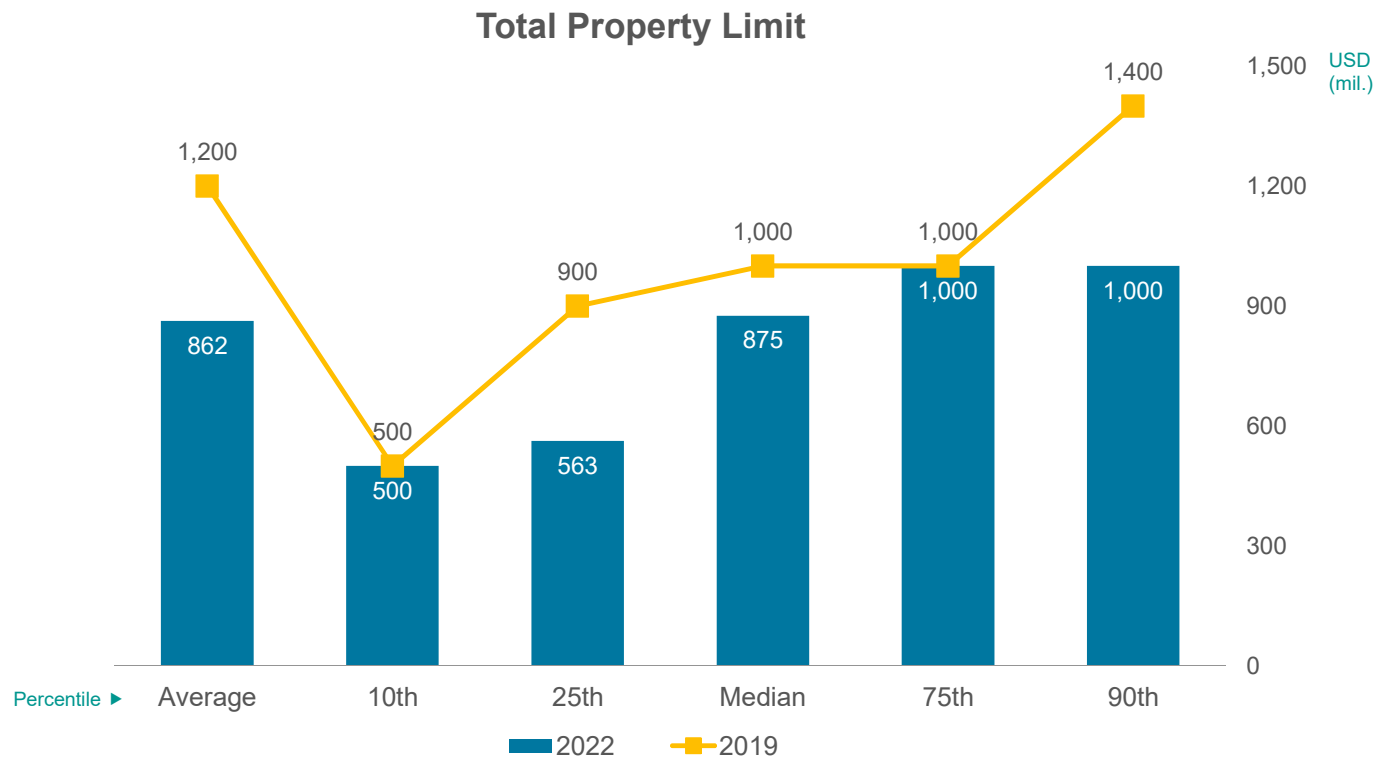




# Property Benchmarking – Total Limit

## Large Higher Education Institutions

At most intervals there has been a significant reduction in property limits purchased by large higher education insured's since 2019.



# Property Benchmarking – Total Limit

## Small/Medium Higher Education Institutions

For small- to medium-size institutions, the limit trend is dissimilar from large schools, with limits typically having increased.

- The likely explanation for this is value cost trending and policy limits being set based on total values at the campus.

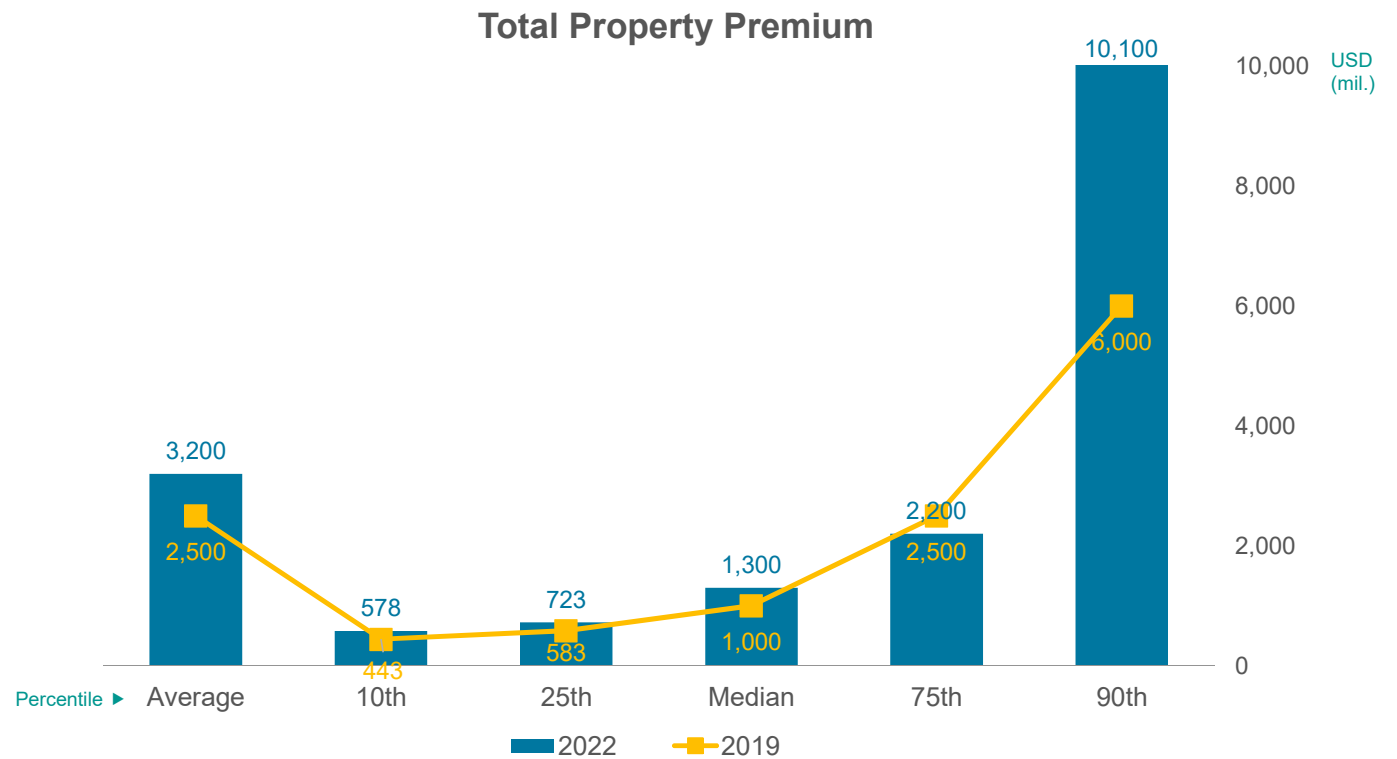


# Property Benchmarking – Total Premium

## Large Higher Education Institutions

Property premium metrics for large institutions reflect measured increases from 2019 to 2022.

- Median +30%
- Average +28%

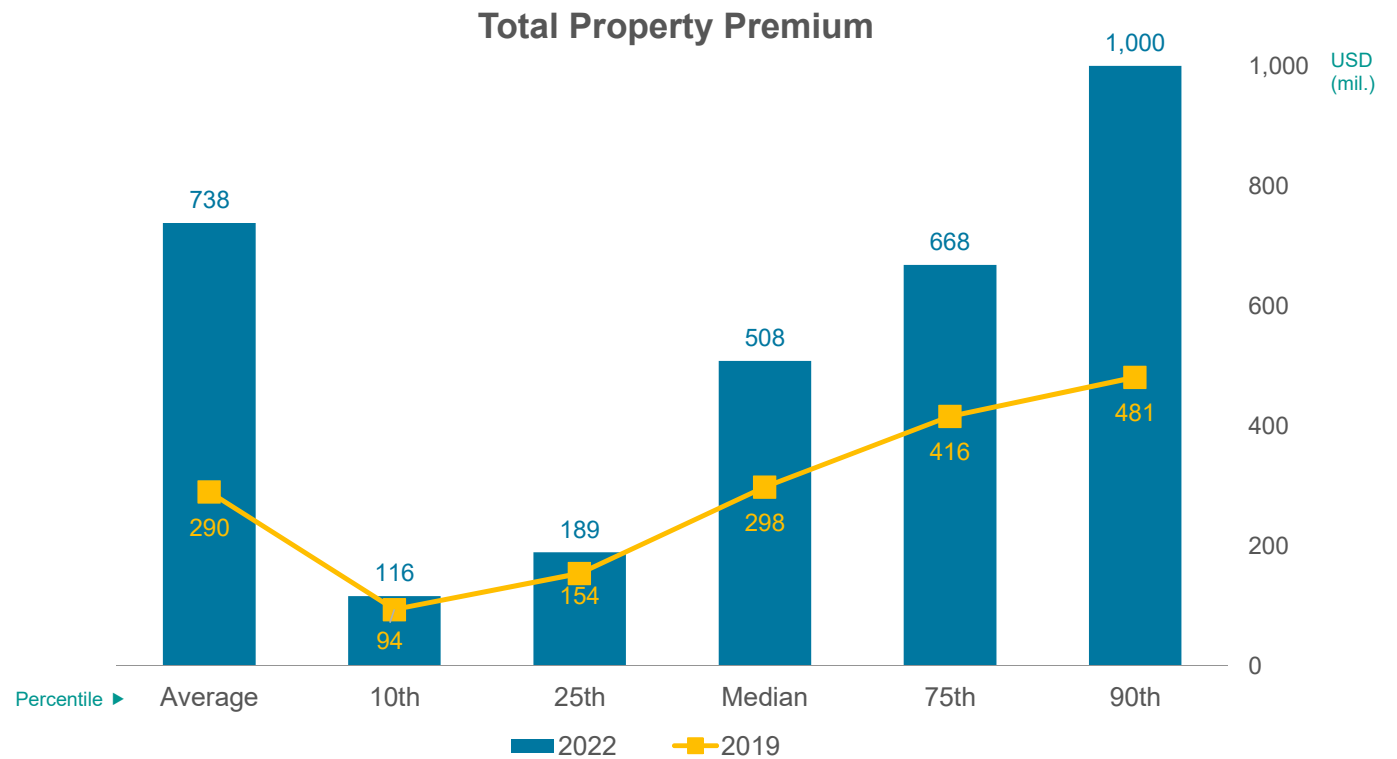


# Property Benchmarking – Total Premium

## Small/Medium Higher Education Institutions

Premiums for small- to medium-size institutions increased greatly from 2019 to 2022.

- Average +154%
- Median +70%

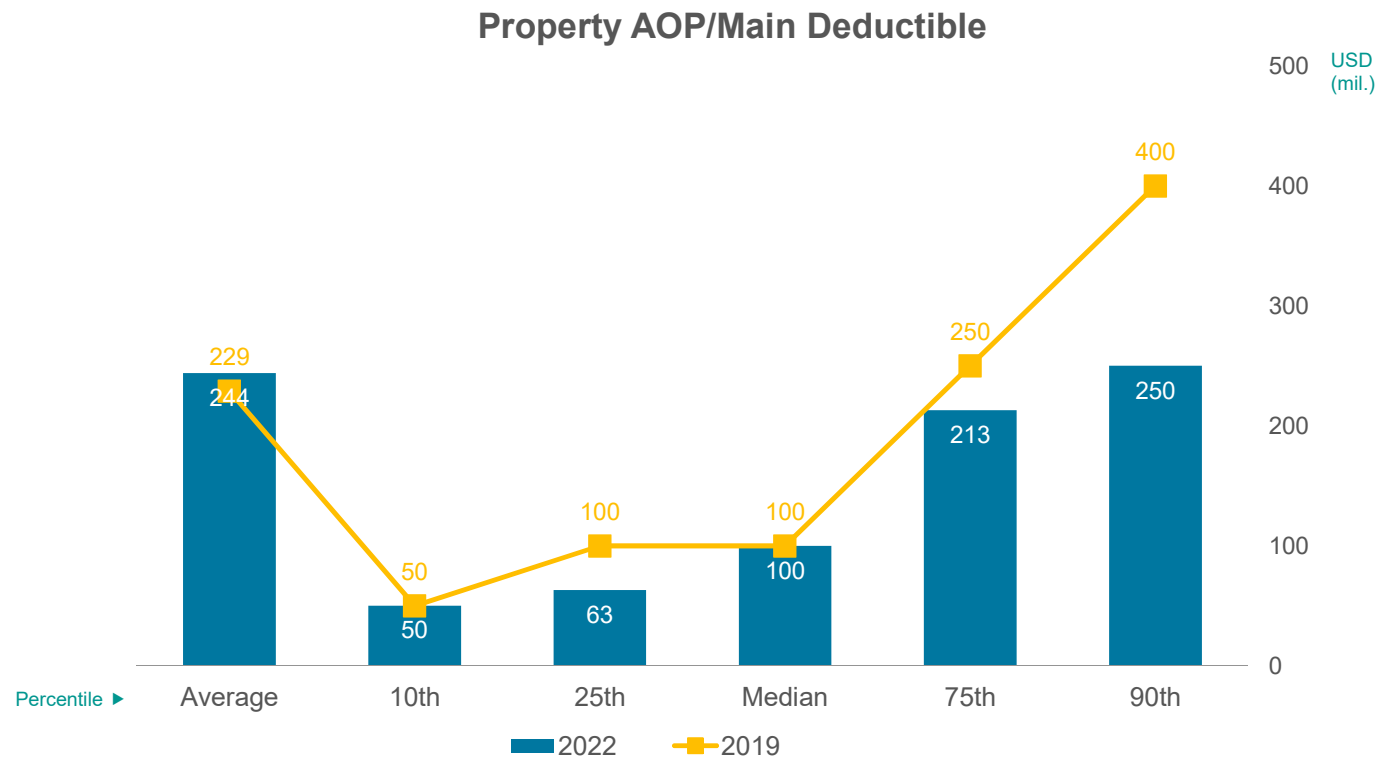


# Property Benchmarking – Deductible

## Large Higher Education Institutions

**Deductibles for large institutions were largely held flat.**

Data in the chart reflects reductions in metrics, however this is due to a reduction in the average member size of the sample. For example, at the 75<sup>th</sup> percentile the TIV reduced from \$9.7B in 2019 to \$4.2B in 2022.

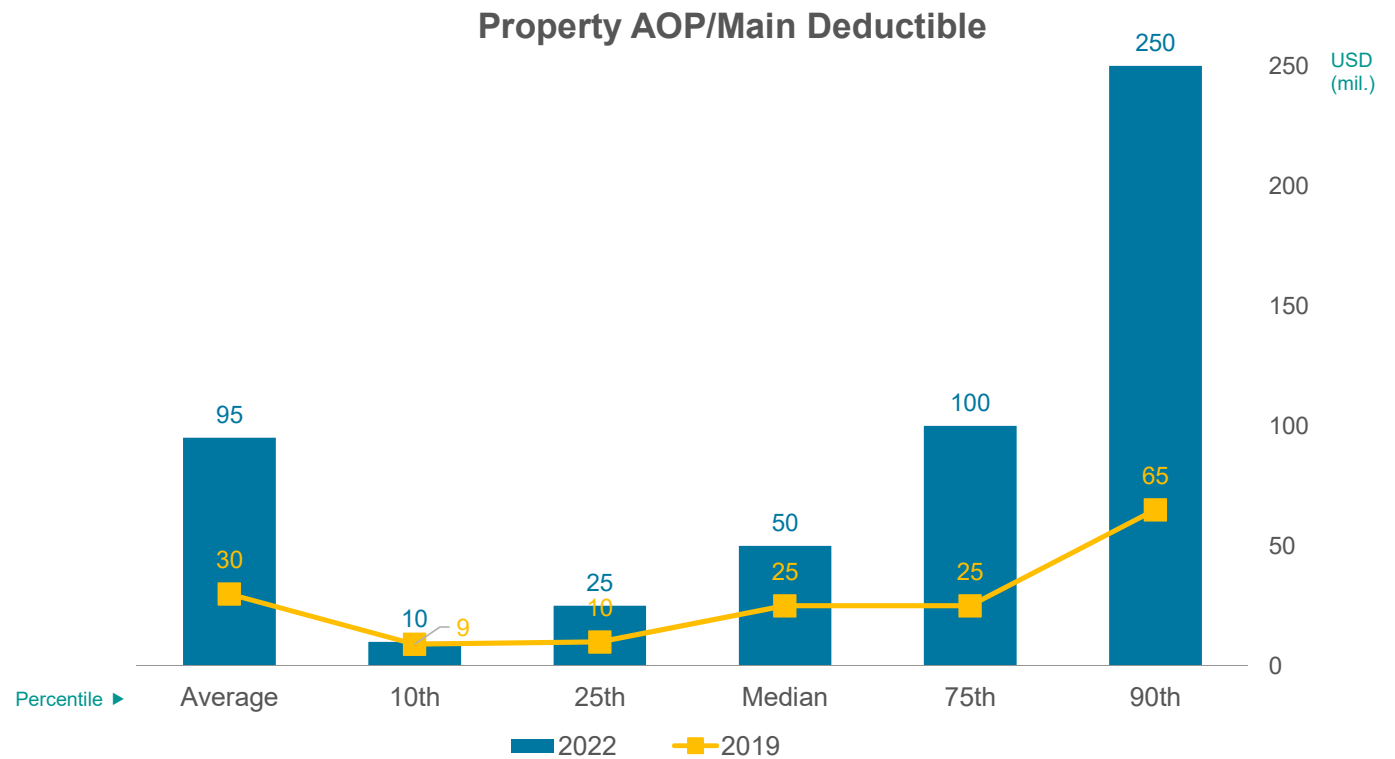


# Property Benchmarking – Deductible

## Small/Medium Higher Education Institutions

Small- and medium-size institutions significantly increased retentions to avoid greater premium increases.

- Average +217%
- Median +100%



# Education Property Insurers

## Top Ten Largest by Premium Volume

### Colleges & Universities

#### Top Property Insurers

Global Carrier	Premium Rank
AIG Group	1
FACTORY MUTUAL	2
ZURICH	3
SWISS RE	4
Berkshire Hathaway Specialty Insurance	5
LIBERTY MUTUAL GROUP	6
AXA	7
TRAVELERS COMPANIES	8
CHUBB LIMITED	9
ALLIANZ	10



### K-12 Schools

#### Top Property Insurers

Global Carrier	Premium Rank
TRAVELERS COMPANIES	1
CHUBB LIMITED	2
STARR	3
FIDELIS INSURANCE HOLDINGS	4
SWISS RE	5
HALLMARK	6
BEAZLEY GROUP	7
ALLEGHANY HOLDINGS GROUP	8
CNA	9
MUNICH RE	10

# Valuations

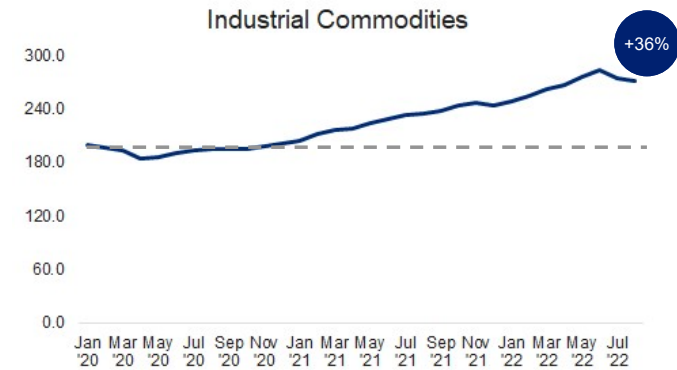
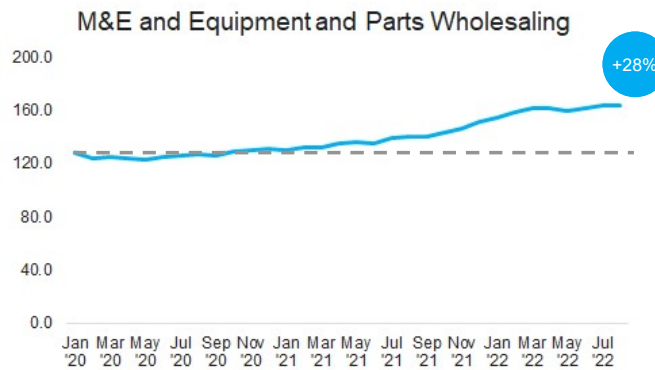
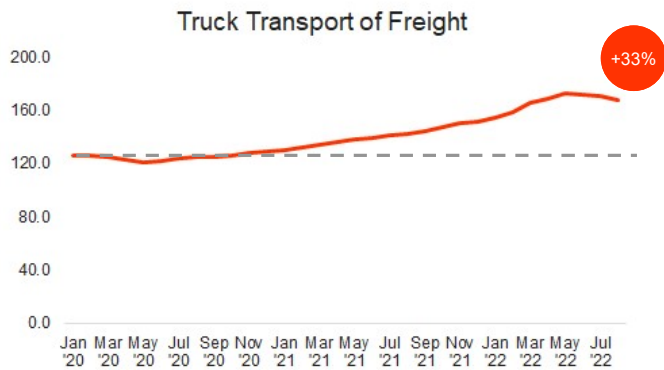
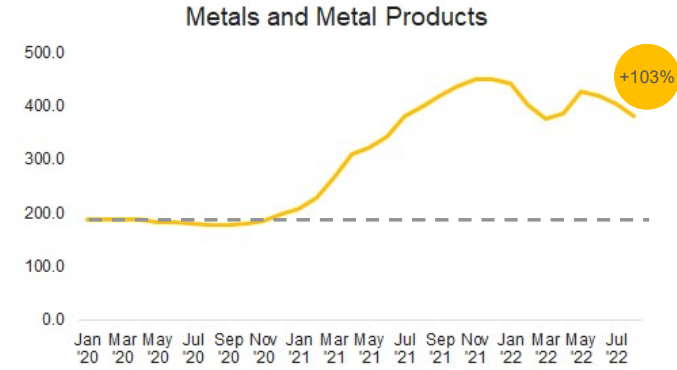
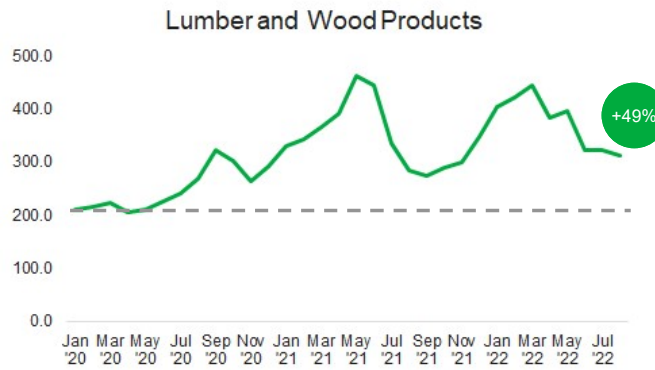
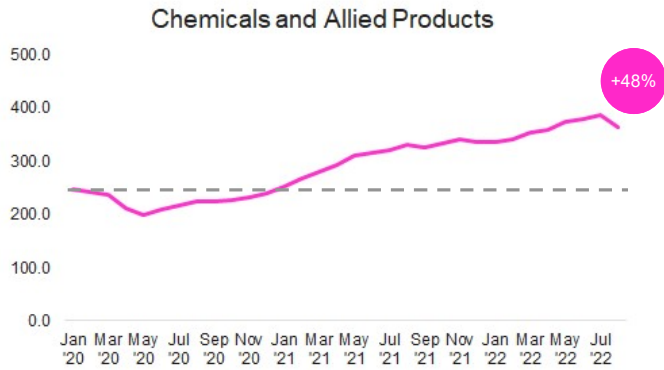
## Impact of Inflation on Insurers

- Larger than anticipated losses
- Premium inadequate for exposure
- Deductibles not set appropriately
- Weakened investment results
- “Social” inflation (not exclusive to casualty and finpro)
- Loss estimates and maximum foreseeable loss (MFL) estimates may be inaccurate
- Exposure to natural catastrophe perils may be greater than anticipated



# Valuations

## Sharp Cost Increases Since 2020 for Production and Construction Inputs – U.S.



# Hurricane Ian

U.S. Landfall – Florida 9/28 and South Carolina 9/30

## Hurricane Ian NHC Landfall Status

### Florida Landfall 3:05 PM EDT, September 28, 2022

 Landfall location: Cayo Costa, Florida  Extent of hurricane force winds: 45 miles  
Extent of TS force winds: 175 miles

 Max sustained: 150 mph  Minimum central pressure: 940 mb  Forward speed: NNE at 9 mph  
Category: 4

### South Carolina Landfall 2:05 PM EDT, September 30, 2022

 Landfall location: Georgetown, South Carolina  Extent of hurricane force winds: 70 miles  
Extent of TS force winds: 275 miles

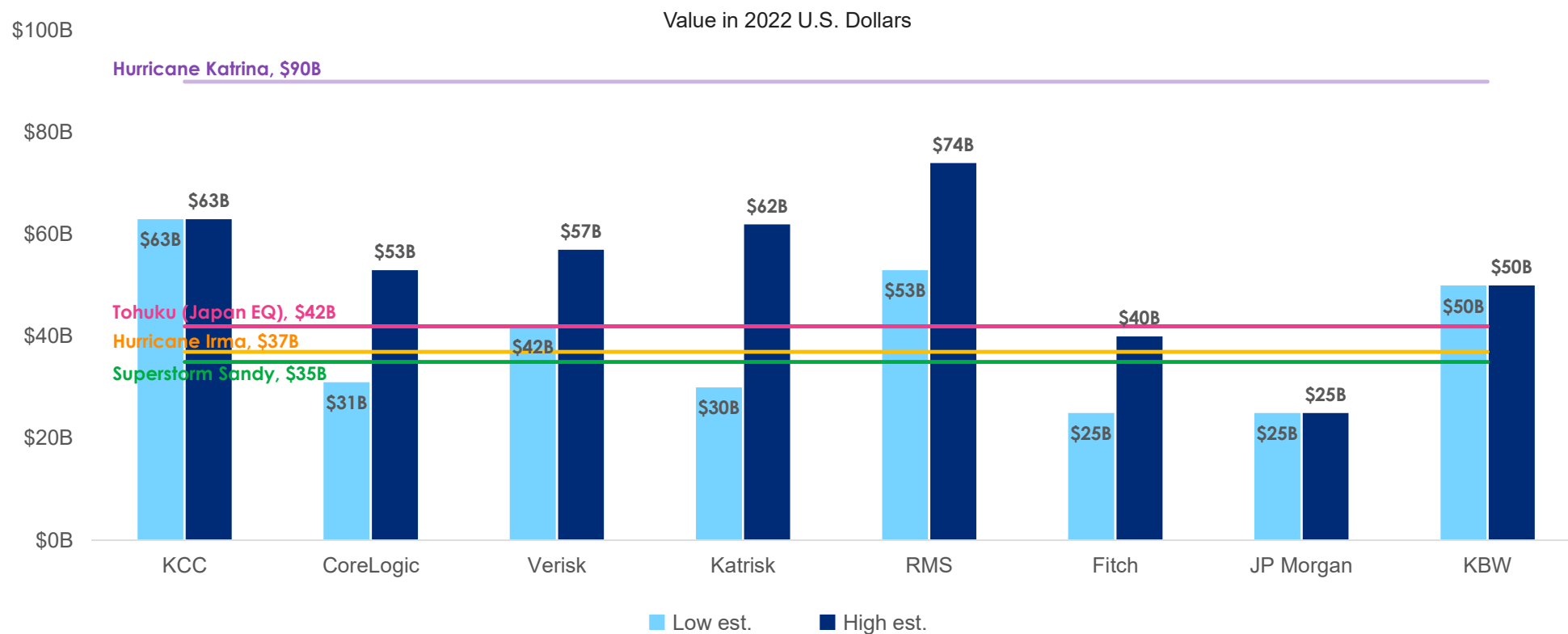
 Max sustained: 85 mph  Minimum central pressure: 977 mb  Forward speed: N at 15 mph  
Category: 1

Figure 1: Hurricane Ian track and position reports. (Source: NOAA/NHC, Kinetic Analysis Corporation)



# Hurricane Ian

## Insured Loss Estimate – Historical Context



# Preparing for Renewal

## Obtaining the Best Possible Outcome in a Challenging Market

1. More C.O.P.E., more hope
  - Better data reduces uncertainty
2. Understand your natural catastrophe profile
  - Avoid over-buying expensive limits
3. Be able to explain your values
  - You will be asked by underwriters
4. Retain attritional losses
  - Avoid dollar-trading with your insurers
5. Begin the process early
  - Review potential weak spots and strategize accordingly
6. Develop a loss control narrative
  - Insurers are looking to partner with clients that seek to avoid losses
7. Meet with underwriters
  - It's more difficult to say NO to someone you KNOW!
8. It's uncomfortable, but remain patient
  - The best offer almost never comes at the beginning



# Student Health Insurance

Marsh Education Industry Practice  
Market Update

October 11, 2022

welcome to brighter



# Student Health landscape

## Market update

Inefficient;  
dominated  
by a few large  
carriers

Increasing demand for  
limited supply of  
behavioral health  
services

9% increase in  
rates projected for  
2022/2023 school  
year

Rising  
unemployment  
creating increased  
need for Student  
Health plans

Uncertainty of  
COVID-19 impact  
on:

- Plan costs
- International students



## Trend updates for 2022

### 8 to 9% trend estimates for combined medical & pharmacy

*7-9% Medical and 10-14% Pharmacy*

#### Factors leading to trend:

- Increase in demand for services, behavioral health, physician visits
- Behavioral health visits increasing from 45 minutes to 60 minutes
- Increase in specialty pharmaceuticals
- Increase in chronic conditions
- Steady rise of enrollment, slow rise of international student enrollment



Marketplace plans are also on a steady increase  
Ranging by state from \$3,600-10,000 for gold level plans

**On June 24, 2022, the Supreme Court ruled that there is no federal constitutional right to abortion.**

**The *Dobbs vs. Jackson Women's Health Organization* decision overturns *Roe v. Wade (1973)* and establishes that abortion can be regulated by the states at all stages of pregnancy.**

**Universities and colleges may wish to assess the effect of this ruling on their student health insurance plans.**



## Understanding the effect on students and benefits

- The Dobbs decision overturns *Roe v. Wade* and establishes that abortion can be regulated by the states at all stages of pregnancy
- Many campuses may have limited or no access to surgical abortion in their state
- Restrictions on medications commonly used in pregnancy termination (and miscarriages) are likely to increase



## Next steps for plans

- ✓ Determine what the student medical and pharmacy plans cover today
- ✓ Consult with legal counsel on the implications of the Dobbs decision and newly effective state abortion laws for the covered benefits
- ✓ Determine what changes, if any, will be made to your benefit plans
- ✓ Stay apprised of emerging federal and state legislation and court challenges

# Actions that institutions are taking

## Travel and lodging policies

Many are reviewing travel and lodging policies that offer reimbursement for travel from a state with no abortion services to a state with services

### Travel and lodging policy expansions

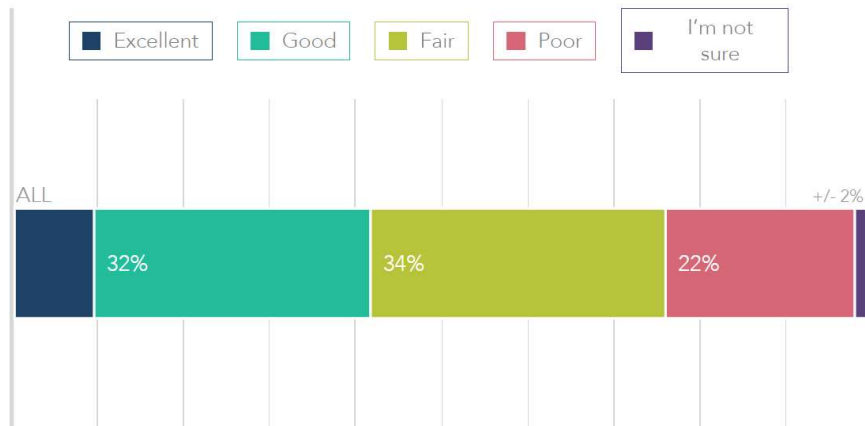
- Abortion services
- Abortion and/or other covered medical care that may be hard to access due to state law or policy (i.e. gender affirmation)
- All medical services that are not available within a certain radius of the patient's home or campus

### Considerations

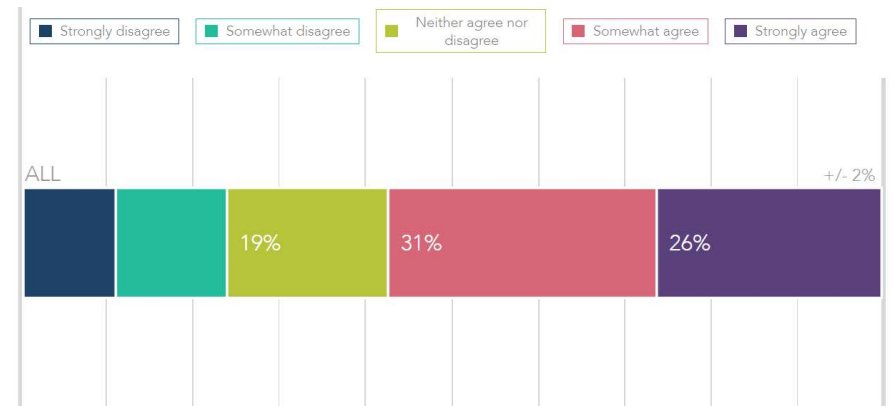
- Expected use and impacted population
- Existing plan design and coverage
- Pharmacy coverage and access
- Carrier administrative capabilities
- Limitations of benefit (network status, maximum reimbursement, distance)
- Role of telemedicine, on-site clinics or point solutions
- Legal exposure

# Behavioral health needs and campus access

Generally speaking, how is your overall mental health?



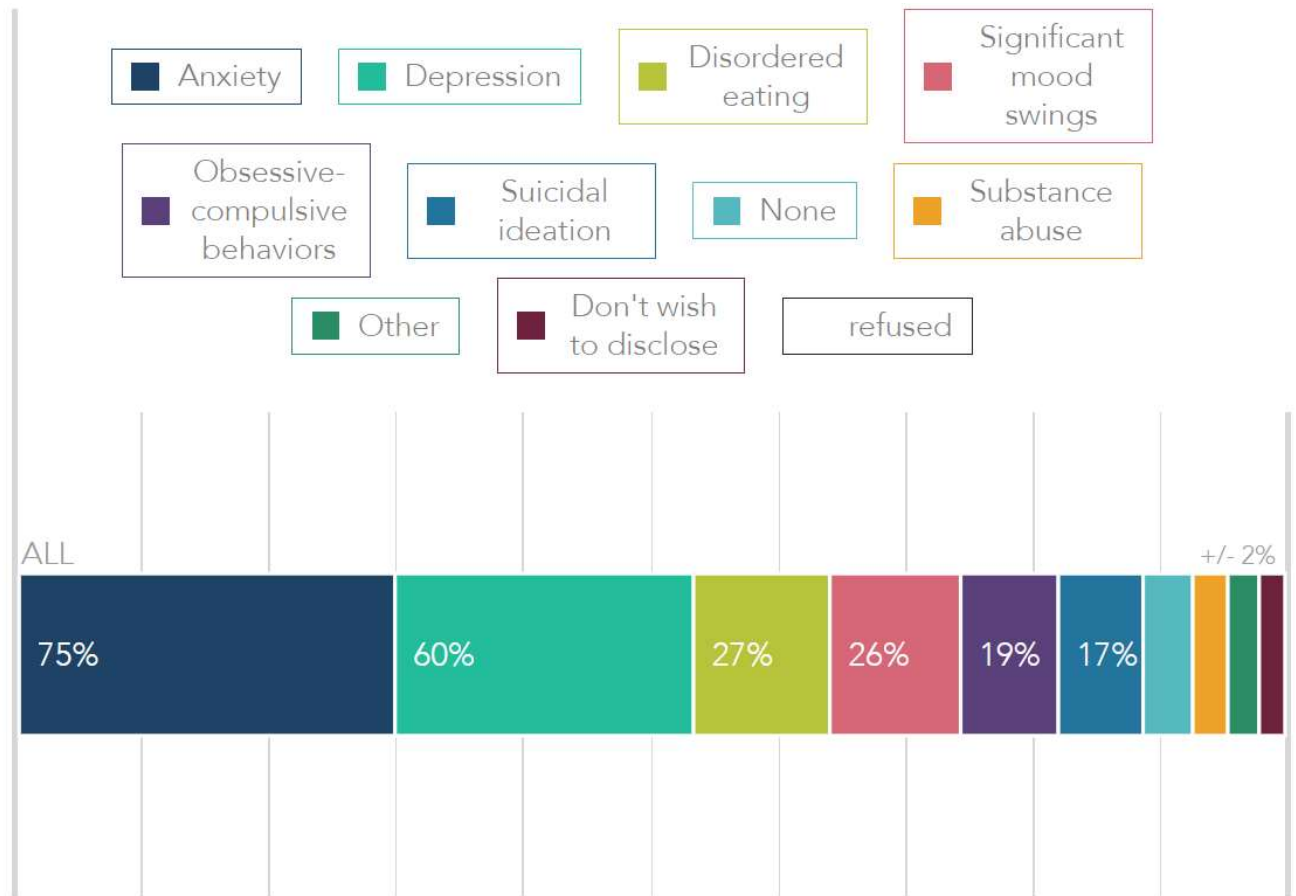
How much do you agree or disagree with the following: **\*\*I know where I can seek help on campus if I'm struggling with my mental health.\*\***



Source: *Student Voice March 2022 Inside Higher Ed/College Pulse survey of 2,000 college students*

# Behavioral health challenges

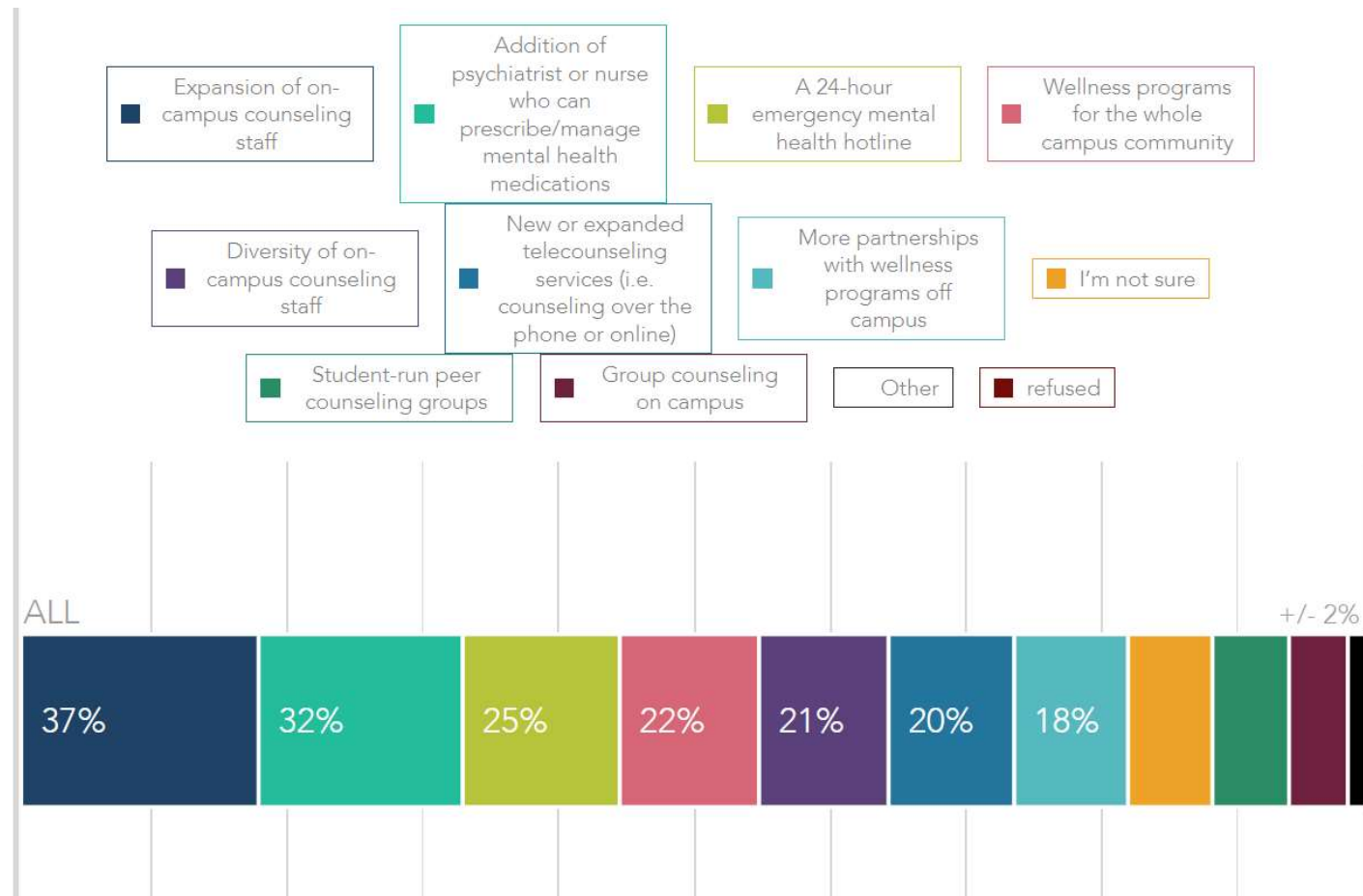
*What mental health challenges have you personally struggled with while in college?*



Source: Student Voice March 2022 Inside Higher Ed/College Pulse survey of 2,000 college students

# Behavioral health access expansion

If there were more funding for mental health services on campus, what would you want your college to prioritize putting that money toward?



Source: Student Voice March 2022 Inside Higher Ed/College Pulse survey of 2,000 college students

## Driving success

### Innovative solutions to impact rates for Student Health



Leverage **Campus Populations**: International, Dependents, Undergraduates



Implement **Student Assistance Plan (SAP)**: to expand BHSA access



Review **specialty medications** coverage and cost sharing; negotiate pharmacy costs



Consider a **self funding** feasibility study



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# 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.

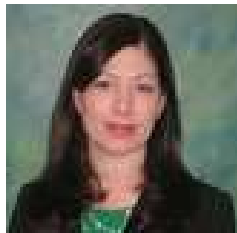


The replay will be sent out to all attendees next week.

# Marsh Panel Overview



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