

Concurrent Session

Navigating Emerging Risk Today


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State of the Insurance Market Place



- How many here get really excited about having to deal with insurance/risk management? ☺
 - Property Rates
 - GL/ Umbrella Rates
 - Auto Rates
 - D&O – If you can even get high limits
 - Cyber

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State of the Insurance Marketplace




- Decade of somewhat soft market conditions -now hard market is emerging
- Reduced Capacity
 - Fewer Providers in Marketplace
 - Church marketplace especially
 - Few markets to begin with and now several major carriers have pulled out of certain states
 - Everyone is worried about their reinsurance costs
 - Diminishing Appetite for Risk
 - Especially in the D&O and Umbrella space

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Perfect Storm



- Hardening Market is not typically caused by one event:
 - COVID was the catalyst (we saw this after 911 in 2000 as well) RMS 11 pricing after Hurricane Ike in Harris County/Texas
 - A Combination of factors began the hardening market in 2020
 - Solvency II – Legislation introduced in 2016 means that by 2021, all insurers had to hold certain levels of cash to insure they can meet liabilities. Insurers reducing exposure as a result.

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Perfect Storm Continued


- Low Interest Rates- record low interest rates since March 2020, insurers have taken a loss on investment income – reduces capacity to underwrite risk
- Rising motor claim costs – cars with technology are more expensive. Motor claim costs rise 4-5% each year says Insurance Journal.
- Natural Disasters – Significant payouts Texas – winter storm for example

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Perfect Storm Continued


- Sympathetic Jurisdictions – Sympathetic juries drive outrageously large judgements
- All of the frenzy created a climate where it is difficult to get high limits on
 - D&O
 - Umbrella
 - Only so many reinsurers and all pulling from the same pool – Seller's market so to speak the same way it is when you have a shortage of housing

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Perfect Storm / Property

- Let's talk PROPERTY COVERAGE:
 - What has happened to building costs?
 - Labor shortage
 - Blanket / Agreed Value being looked at closely by insurers
- RECOMMENDATIONS:
 - Get appraisal – Cost Approach NOT market value
 - Well worth the money
 - Get a jump on this ahead of time/ Discuss with Insurance Advisor
 - Ordinance & Law!!!!!! Important!!!!

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Other Noted Emerging Risks

- Carriers Changing Abuse coverage forms
 - Narrowing coverage
 - Look closely at aggregate limits for policy term. Predators don't normally only have one victim. \$1MM / \$3MM aggregate if you can then as much umbrella as you can buy!
- Crime
 - Employee embezzlement
 - Please, please have your checks and balances in place
 - It happens over a period of time, slow fade...


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Cyber Attacks on the Rise

- Headlines today:
 - CNA Financial paid \$40Million in Ransom after March Cyberattack
 - Colonial Pipeline pays \$4.4 Million in Ransomware Attack
 - University of Utah pays \$457,000
 - (Paula's local church example \$236,000)

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Cyber Attacks on the Rise



- What is Ransomware?
 - It is software that encrypts an organization's data, and therefore it is inaccessible until the ransom is paid
 - How does this enter our system?
 - Individual clicks on the malicious email attachment or link
 - It spreads throughout the network and locks down the files

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Cyber Attacks on the Rise



- Lack of Cyber Security Awareness
 - Key causal factor says Exeideas Magazine
 - Staff need to be trained and aware of what is a threat to the network and security of your computer system
 - Training / Training/ Training

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Cyber Attacks on the Rise



- Don't download the cute Kitty Cat screen savers and don't open links from an unknown sender.
- Training across organization needs to happen in this area of how to reduce risk and when to notify IT, etc.
- Awareness is key to mitigating this.
- NOTE: Do not transfer money from and email notice. Verbally confirm

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Cyber Attacks are on the Rise

- Increased Number of Internet Users

- January 2021 there are estimated 4.5 billion internet users
- Translates to 60% of the world's population
- More exposure/ more targets

Source Exeideas Magazine Article June 2021

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Cyber Attacks are on the Rise

- The Internet of Things

- Alexa turn on the lights!
- Loopholes exist that were not there before. Statistics show that ransomware attacks have increased over 90% in IoT Resources (*exemagazine source)
- Be sure you have property security around IoT. Attackers are being very resourceful in accessing these entry points
 - Think about the Target breach. It was an AC vendor who was accessing the system remotely and someone hacked into their system

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Cyber Attacks are on the Rise

- Average Ransomware payment is \$136,576
- Average downtime is 23 days
- Downtime costs are 5x10 times the cost of the ransomware payments
- 81% of ransomware cases contain threats to publicize data

**source Coveware's Q2 Ransomware Marketplace Report 2021

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Cyber Attacks are on the Rise

- Protecting your Organization
 - PREVENT- invest in latest prevention technology
 - MITIGATE- Back up Data , Segmentation of Data, Email Training, MFA for email
 - TRANSFER – Cyber Insurance is a must. No longer an option. We are not equipped to respond to an attack.

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Child on Child Abuse Prevention Ultimate Financial & Legal Conf. 2021

Paula Burns, CIC, CRM



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AWARENESS / GOAL

- How many have children?
- How many are grandparents also?
- How many are aunts or uncles?
- ALL of us need to be aware of this epidemic of child-on-child abuse so we can prevent this from occurring

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Child on Child



- Called peer on peer abuse
- Claims began presenting frequently/ prompted this study / conversations with attorney resulted and policy addendum written
- Policies and procedures are geared towards adult on child abuse prevention.

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What is Child-on-Child Sexual Abuse?



- Sexual activity between children that occurs without consent, without equality (mentally, physically, or in age), or as a result of physical or emotional coercion.
- Power Difference
 - Age
 - Size
 - Ability

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Often Unreported



- Trauma is the same as if it happened by an adult
- Often unreported and dismissed by adults as "kids being kids"
- Children do not normally talk about abuse and if they do it is a very high probability that it is the truth

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Statistics



- 7 times more likely for a child to abuse a child than an adult to be the abuser. According to a study done by Praesidium.
- 9% of all cases involve sibling abuse
- More likely to occur in the 12 – 14 age group abusing someone younger, smaller or with cognitive or physical limitations
- However; the claims I've had come across my desk have been younger ages too – don't dismiss them

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Playground Safety



- 30% of child-on-child abuse occurs on the playground. Highest statistic of any one single area that this occurs.
- Discuss incident on playground
 - Line of sight
 - Where are the blind spots / isolated areas
 - Elevated car example

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Playground Safety



Tips for Playground Safety

- Adequate Playground Supervision
- Staff Training
- Procedures for Emergencies
- How do we communicate with office?
- Inspections of Playgrounds – Recommend daily

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Playground Safety



Tips for Playground Safety Cont'd

- Split playground into supervision zones and move around your assigned zone.
- Differentiate the role of supervisor vs. facilitator. Discussion time.

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Bathrooms



- 20% of child on child abuse takes place in the bathroom
- What are our policies on bathroom safety
 - Discussion time....
 - Youth group claim example
 - Areas of isolation / after service or activity starts / how is it monitored
 - Incident review during other activities onsite
 - Discussion...

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Reducing Risk by 50%



- PLAYGROUND
- BATHROOMS
- HEIGHTENED AWARENESS!

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Offsite Risk



- The risk of child-on-child abuse doubles when we go offsite.
 - Fewer controls
 - Blind spots we are not aware of
 - Isolation
 - Homegroups – Incident discussion
 - Expand on supervision / 2 Adult Rule, teenagers as helpers, etc. (at least age 14)
 - School bus –
 - Example of claim
 - Discussion

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Texas Law / Child on Child Abuse



- Under the age of 10 not much legal recourse/ not considered a juvenile
 - Considered to be a child who does not have the capacity to have criminal intent
- Most are acting out abuse that is done to them
- In the two cases I have had it was a repeat offender / Discussion...
- Will try to show a pattern, etc.

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Texas Law / Child on Child Abuse



- If offender is between 11 and 17, it is mainly up to the judge on a case-by-case analysis
- Charged in juvenile court
 - ❖ Some make them register as a sex offender
 - ❖ Other judges make them go through treatment
 - ❖ Depends on the County and the judge
 - ❖ The judge holds a lot of power in these cases

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Texas Law / Child on Child Abuse



- Texas' Romeo & Juliet Law
 - Protects teens in close age from facing sex crime charges and convictions when they have consensual sex, even when one or both are below the legal age of consent (which, in Texas, is 17)
 - Instead of being considered statutory rape instead is considered legal given the nature of Texas' Romeo and Juliet law
 - Shielded from prosecution under certain circumstances

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Texas Law / Child on Child Abuse



- Texas' Romeo & Juliet Law (cont'd)
 - Teen is no more than three years older than the alleged victim
 - AND...
 - The alleged victim was at least 14 years old at the time of their sexual relations

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Mandatory Reporters



- Religious clergy & officials are mandatory reporters under Texas state law. They have 48 hours from the time of reported suspicions of child abuse or neglect.
- Failure to report is a misdemeanor in Texas and the individual can also be held liable for financial damages in civil child sexual abuse lawsuits.

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Response Plan



- Always / Immediately separate the children and don't allow offending child access to other children at that time
- Get medical attention if needed
- Then immediately/ do not wait until later – give example of lawsuitReport to leadership: Identify clarity of reporting:
For ____ Ministry report to _____

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Response Plan



- Review Response Plan (as approved by leadership)
 - Develop a checklist
 - Don't have your first incident be your training!
 - Call your attorney
 - Call your Insurance Advisor
 - How do we handle media?
 - Relationships need to be developed NOW with your response team. Discussion!!!!
- DOCUMENTING, etc.

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Training on Reporting



- How are we training – not just upper-level leadership. Camp example:
 - Are we training down to the volunteer?
 - Emphasize urgency and immediate reporting to leadership.
 - Mandatory reporters need to understand that they can go to jail if they do not comply with reporting requirements.
 - This is not something to keep "in house"

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Takeaways & Things to Do

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