

Shifting Dynamics in the Public Entity Casualty Market

The public entity casualty market continues to face challenges that arise from evolving legal, technological and actuarial factors. It's important to understand these shifts, as they affect liability exposures, market stability and risk management strategies. Staying informed about these developments can help you better navigate the complexities of this market and make informed decisions.

CONTACT

To learn more about how Amwins can help you place coverage for your clients, reach out to your local Amwins broker.

LEGAL DISCLAIMER

Views expressed here do not constitute legal advice. The information contained herein is for general guidance of matter only and not for the purpose of providing legal advice. Discussion of insurance policy language is descriptive only. Every policy has different policy language. Coverage afforded under any insurance policy issued is subject to individual policy terms and conditions.

Please refer to your policy for the actual language.

Courtesy of Amwins Group, Inc.



Casualty trends

Recent developments in the public entity casualty sector highlight the significant impact of labor dynamics on auto and law enforcement liability, as recently cited by Munich Re. A steady decline in staffing levels, particularly due to resignations, has led to increased liability concerns in these areas.

Additionally, ongoing policing reforms and legislative changes, such as reviver statutes related to sexual abuse claims, are reshaping the liability landscape. These changes, combined with jurisdictional challenges, have contributed to a more complex and unpredictable legal environment particularly on the West Coast and in states such as Georgia, Pennsylvania and California.



Market dynamics

Despite limited capacity in the public entity liability market, there are signs of steady retention, limit and premium structures. This trend was particularly evident during mid-year renewal cycles, where “best in class” risks continue to set themselves apart.

Conservative actuarial assumptions, alongside the impacts of social inflation and nuclear verdicts, have resulted in higher premium costs, especially in excess layers. Additionally, geographic diversification efforts are leading to varied rate changes across different regions, challenging insurers to maintain adequate retention levels.



The role of third-party litigation funding

An increasing trend in the public entity casualty market is the influence of third-party litigation funding. The involvement of litigation hedge funds is contributing to higher claim values and a more complex litigation environment.

This trend has led to heightened scrutiny from underwriters and markets, as they adjust to the evolving risk landscape. Actuarial involvement in pricing and underwriting decisions has also become more pronounced, as actuaries seek to avoid projected underwriting losses and ensure adequate risk pricing.

Advancing risk management

The adoption of technology and innovative defense strategies is becoming a crucial component of risk management in the public entity sector. The use of predictive analytics, facilitated by data scientists, is enhancing insurers' ability to identify and mitigate risks, as well as select defense counsel and law and motion filings.

In law enforcement, predictive tools are being used to analyze incident data and body-worn camera audio, helping to preempt potential issues. In educational settings, technologies such as sensors for detecting gunfire and applications for reporting incidents are improving response times and safety measures.



Takeaway

The public entity casualty market is in a state of heightened underwriting scrutiny, shaped by legal developments, market stabilization efforts and technological advancements. In this evolving landscape, those who can anticipate and respond to these changes will be best positioned for success.

We help you win

At Amwins, we understand the complexities and risk exposures that are often difficult to find coverage for. Our specialists provide comprehensive solutions, collaborating with you to mitigate even the hardest-to-place risks.

We don't believe in one-size-fits-all public entity insurance. Our approach to placing coverage taps into the unique needs of your clients' businesses — enabling us to curate and customize solutions that help your clients overcome today's risks, while preparing for the future.

Insight provided by:

Brian Frost, brian.frost@amwins.com
EVP, Amwins Brokerage