

INSURANCE MATTERS

COUNTY COMMISSIONERS ASSOCIATION OF PENNSYLVANIA
THE **VOICE** OF PENNSYLVANIA COUNTIES

Specialty Lines

Well, the world of insurance coverage and pricing continues to be a mess, and it does not look like anything is going to change soon. For those of you who want to learn more, check out the article below which details the challenges in the property insurance market.

In the past, when the economy slows down, and particularly if interest rates drop, this impacts insurance rates. This makes sense, as insurers charge for coverage, but also assume that for many coverages they will not be paying claims immediately – especially for liability claims which can take years until the claim is resolved and money is fully paid to the insured. And during that time period, the insurance company is holding onto premiums and making investment income on those funds. This assumption is built into what they charge for coverage. Therefore, when investment returns drop, you will often see insurance premiums go up.

Add to this, we are seeing nationwide news coverage of law enforcement incidents which are shocking – including shootings and deaths. Claims are increasing, especially large claims. And this line of coverage also includes jails, sheriffs in addition to police, so the costs for law enforcement liability are going up more than other lines of coverage.

In the past we often saw these types of increases mainly focus on one line of coverage, which was seeing high claims costs. But the reason for the mess that is insurance coverage and pricing right now is that many lines of coverage are seeing the same increased claims costs – not just law enforcement liability, but also cyber coverage and property insurance. It's a double or triple whammy for many public entities.

PCoRP's average increase in costs for members for the June 1, 2022 renewal was 7.5%. While we prefer not to see cost go up for the members, this was a lower increase than we expected and far below what many public entities were seeing. I don't think this is a one-time impact – I expect there will be increases next year as well, unless claims costs start to decrease.

Make sure you contact us when you need help with something,

Hot Topics

What's Going On With The Property Insurance Market?

You have probably noted that costs for property coverage – whether for your county or your home – have been going up. PCoRP's cost for property coverage for its 53 member counties and 5 county related entities went up 12.2% compared to last year, one of the largest increases in recent years. Why is this happening?

Well, the last five years have seen some of the largest increases in property claims costs ever. Not just recently – ever! Three of the last five years have been the worst years for costs paid for insured claims since records have been kept:

3rd Worst: 2021 \$105 billion in losses
2nd Worst: 2017 \$119 billion in losses
Worst Ever: 2020 \$135 billion in losses

These are costs worldwide for property losses. And about 25% of these losses are related to flood.

I am sure you've noted that these are amazingly large amounts of claims costs. Reinsurers – the companies from which PCoRP and other pools purchase coverage for large property losses – are now scrutinizing exposures, especially any related to wildfires, severe convective storms and flood. And while rates have started to go up, the indication is that this will continue for some time, especially if companies cannot earn strong investment returns.

At the same time, the reinsurers are very interested in the quality of data the pool can provide about its members' property. That's one of the reasons PCoRP provides regular appraisal of member properties – every five years a complete appraisal is done for every member. And the pandemic's impact on supplies and costs of materials has not helped the situation.

This situation is probably not going to get better in the short term. In Pennsylvania we are fortunate that compared to other states, our property rates are reasonable. That's mainly because we don't see many hurricane or earthquake losses. But that does not mean we are immune to rate increases as the overall property market continues to see historically high loss costs.

For more information, contact [John Sallade](#).

Lyme Time

Pennsylvania is near the top nationally in annual cases of Lyme disease. The state typically registers about 5,000 new cases annually. Lyme disease, which can be an acute or chronic illness, is transmitted by the bite of an infected black-legged deer tick with most humans infected during the spring and summer months.

Many of our employees work outdoors and are at risk for tick exposure. These simple, inexpensive prevention tips can help prevent this exposure.

- Encourage employees to wear light-colored long pants and long-sleeved shirts to work on trails, wooded areas, and fields.
- Socks should cover the ankles. Pants should be secured at the ankle or socks pulled up over the lower pant leg.
- Use a repellent that contains 20 – 30 percent DEET on exposed skin and clothing and follow product instructions.
- Examine clothes periodically while working. Do a thorough check when finished with outdoor work.
- If able, remove clothing and put in a hot dryer for one hour to kill any ticks that might be on the clothing.
- If able, do a full body tick check and shower when outdoor work is completed. Check hard to see areas such as the groin, armpits, and scalp.
- If a tick has attached to the skin, remove it as soon as possible using a fine-tipped tweezers. Grasp the tick firmly close to the skin surface, and pull the tick away using steady, even pressure. Do not twist or jerk the tick.
- Watch the site for signs of infection.
- Early recognition is a key component for treatment. Examine the body for a bull's eye or target type rash or other early signs of Lyme disease including fatigue, chills, fever, headache, muscle and joint pain and swollen lymph nodes.
- Seek medical attention.


Don't become a Pennsylvania Lyme disease statistic. For more information, go to www.cdc.gov.


It's Lyme Time!

Don't Become Another Lyme Disease Statistic!

- Use a 20 to 30 percent DEET repellent on exposed skin and clothing
- Wear long sleeves and pants when hiking, gardening, etc.
- Walk in the center of trails
- Conduct a full-body tick check
- Consider tumble drying clothes on high heat for an hour to kill remaining ticks
- Bathe or shower as soon as possible after coming indoors
- Examine your clothes and pets
- Treat your pets with recommended tick repellent products
- Keep pets off beds and furniture
- Remove ticks as soon as possible







2022 Annual SCHRPP Conference

Registration for the 2022 SCHRPP Annual Conference is now open! This year's conference will be held from **Wednesday, September 14 through Friday, September 16 at the Sheraton Erie Bayfront Hotel**. Attendance is FREE to

SCHRPP Members and available to nonmembers at a nominal cost. [Click here](#) to access the SCHRPP Annual Conference Registration Form, which outlines the details of the conference and includes a link to register and information to make your hotel reservations.



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New Associate Members

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www.innovativecapital.com

Consulting, Finance

Founded in 2000, InnoVative Capital is an independently owned MSRB/SEC-Registered Municipal Advisor located in Springfield, PA. Our national practice enables clients access to an array of capital markets while engaging in transaction development, equity procurement, partnership structuring, and financial turnarounds. Clients include rural/community hospitals, housing agencies, economic dev. orgs, senior living providers, and municipalities, as well as higher ed and pseudo-governmental entities.

SALVO Strategies

www.salvostrategies.com

Consulting

SALVO Strategies is a Pittsburgh-based consulting firm specializing in government relations, corporate communications, and business procurement. We help companies, nonprofits, and government entities find their voice on the local, state, and federal level. Our firm's practice model aligns our knowledge base, resources, and network to deliver on the issues that matter the most to our clients. We are relationship managers who have cultivated a network of business and political leaders.

Stewart Capital Advisors

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Stewart Capital Advisors, LLC is a SEC registered advisory firm specializing in the management of value styled portfolios. Headquartered in Indiana, Pennsylvania, Stewart Capital Advisors, LLC is a wholly owned subsidiary of S&T Bank. Stewart Capital Advisors manages assets for public funds, ERISA plans, corporations, endowments, business owners and other high net worth clients.

Zscaler

www.zscaler.com

Technology

Zscaler accelerates digital transformation so that customers can be more agile, efficient, resilient, and secure. The Zscaler Zero Trust Exchange is the

company's cloud-native platform that protects thousands of customers from cyberattacks and data loss by securely connecting users, devices, and applications in any location.

Quote of the Month

"Human spirit is the ability to face the uncertainty of the future with curiosity and optimism. It is the belief that problems can be solved, differences resolved. It is a type of confidence. And it is fragile. It can be blackened by fear and superstition."

Bernard Beckett

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