

2020 State of the Hospital Property & Casualty Insurance Market

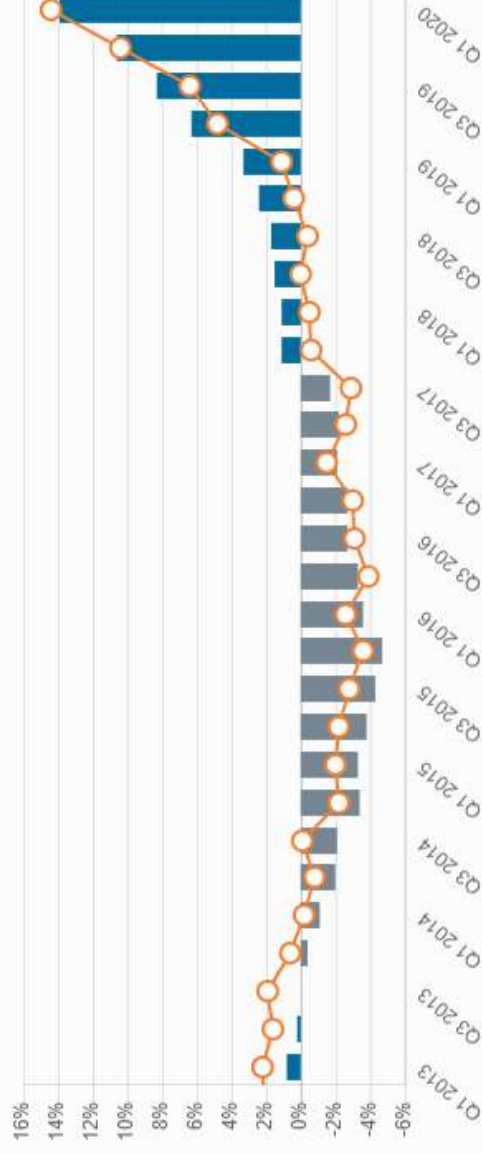


State of the Hospital P&C Insurance Market

- According to the Marsh Global Insurance Market Report, US Commercial Insurance Pricing Up 14% in First Quarter 2020
- Price firming appears to be continuing in second quarter with some lines now at an accelerating pace (**Q2 up 19% YOY**)
 - Property Insurance most impacted both domestically and globally

Constant bar chart represents Global Insurance Composite Pricing Change.

Choose a region: ▼



State of the Hospital P&C Insurance Market

- Two areas with especially noticeable increases are Property and Management Liability (D&O/EPLI/Fiduciary)

US Composite Insurance Pricing Change — By Major Coverage Line

SOURCE: MARSH GLOBAL ANALYTICS

Property up
19% in Q2 2020



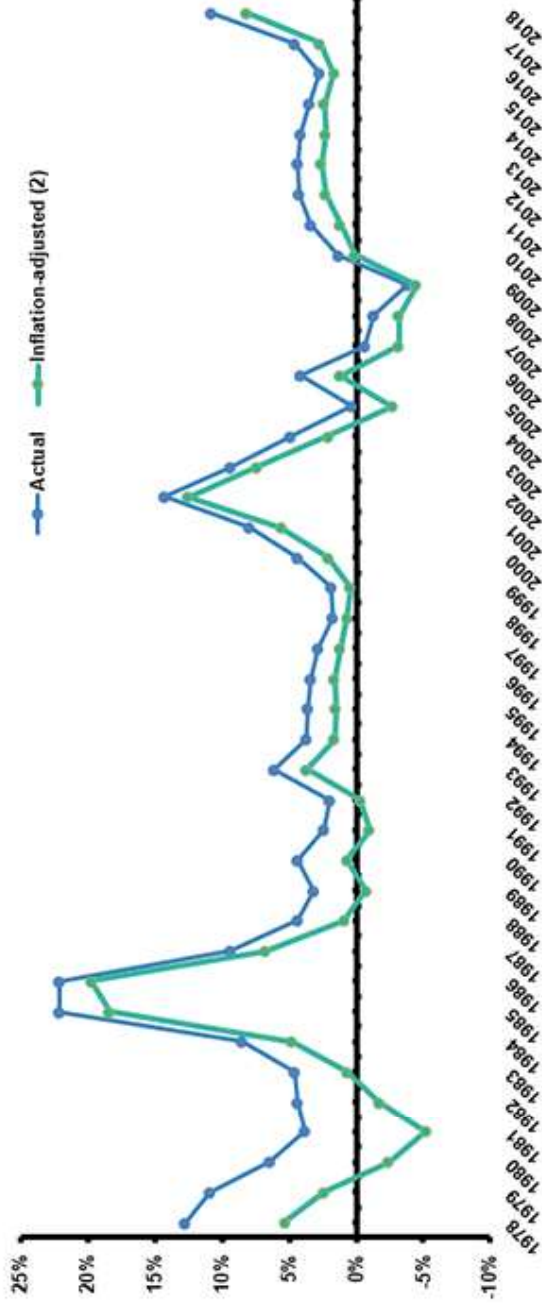
Mgmt Liab now up
37% in Q2 2020



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- Analysts now say we have officially entered a “hard market” similar to the hard market of the mid-1980’s.
- Hard markets of this degree happen about four times a century

Percent Change From Prior Year, Net Premiums Written, P/C Insurance, 1978-2018 (1)



(1) Excludes state funds and other residual market insurers.

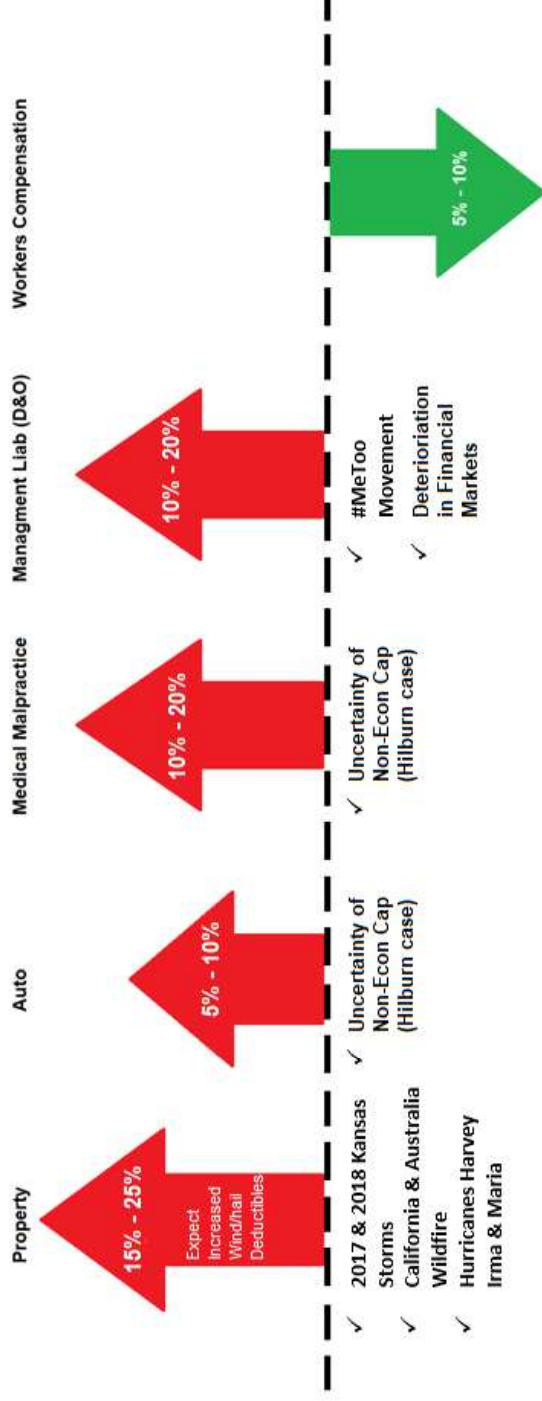
(2) Adjusted for inflation by ISO using the GDP implicit price deflator.

Source: ISO®, a Verisk Analytics® business.

State of the Hospital P&C Insurance Market

- Hospitals are being impacted by the larger market forces as well as local conditions and claims. In Kansas we are seeing similar price firming due to many factors both locally and globally.
 - Kansas Weather
 - Global Property Losses from Wildfire, Hurricane, Earthquake, etc (reinsurance rates are up sharply)
 - KS Supreme Court Decision declaring non-economic liability cap unconstitutional (Hilburn)
 - #MeToo Movement
 - Loss of Carrier Investment Income due to near zero interest rates and COVID-19 related uncertainty in the bond and equity markets. This is the big one.

Kansas Hospital Pricing Trends



State of the Hospital P&C Insurance Market

What to expect in your upcoming renewals:

Property

Increased underwriting scrutiny of roof condition and ongoing maintenance program.

Wind/hail deductibles becoming increasingly utilized.

Rates will follow local and national trends.

Auto

Increased underwriting scrutiny of driver MVRs and vehicle usage (patient transport).

Rates should fare better than national trend.

Medical Malpractice

Health Care Stabilization Fund has increased rates for all providers (Hospital, LTC, CMHC) per actuarial guidance.

Expect rates to move upward but remain well below national averages.

Management Liability

An uptick in employment claims alleging harassment (#metoo) is pressuring rates in all jurisdictions.

Kansas remains relatively very favorable in this pricing arena.

Expect modest increases only.

Workers Compensation

The market remains soft and hospitals are benefiting from rate decreases that will, to some degree, subsidize the overall P&C market trend.

State of the Hospital P&C Insurance Market

What to expect in your upcoming renewals:



CHUBB Hospital Property Program

KHA Wind/Hail Deductible Building Key Effective July 1, 2020 for New & Renewal			
	Bldg less than \$5MM TIV	Bldg/Roof less than 50k sq ft and greater than \$5MM TIV	Bldg/Roof between 50k -100k sq ft
Leased Location Contents Only			Bldg/Roof greater than 100k sq ft
All Other Peril Deductible Applies	\$10,000 w/h deductible	\$50,000 w/h deductible	\$100,000 w/h deductible
			\$250,000 w/h deductible

TIV = Total Insured Value

State of the Hospital P&C Insurance Market

What should your hospital be doing now?

Trusted relationships are more important now than ever. KHSC has negotiated superior program rates, coverage and value-added services from the following partners:

CHUBB®

- Chubb insures more hospitals than any other carrier in US.
- Superior hospital specific coverages and KHSC group influenced pricing and terms.
- Partnership facilitated by Conrade Insurance Group.



- KAMMCO is the endorsed partner of the KHA and participates generously in all KHA initiatives.
- Unmatched claims handling and defense success rate.
- Partnership facilitated by Conrade Insurance Group.



- Cincinnati Hospital Management Liability program (D&O/EPLI) is the most competitively priced hospital specific coverage form in the market.
- Unlimited access to employment legal assistance – no additional charge.
- Partnership facilitated by Conrade Insurance Group.



- The KHA Workers Compensation Fund provides superior value to Kansas hospitals.
- KHA Work Comp Fund has never non-renewed a member or not provided terms to a member.
- Dedicated claims handling and loss control provided by professionals with close working knowledge of hospital operations.

For more information about KHSC programs please contact:



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