



## Workplace Violence, Insurance Technology Examined at 2018 Reinsurance Symposium

by Susan Crowe

### Abstract

*The 2018 Reinsurance Symposium featured many interesting and diverse topics, several of which highlighted innovation in the insurance and reinsurance industry. Two such sessions were Active Shooter and Workplace Violence Risk: Why the Demand for This Coverage? and Insurance Technology: Current Insurtech Developments and Challenges. Both of these discussions focused on not only insurers and reinsurers, but also risk managers and technology and other specialty vendors, which are now partnering with traditional insurance entities. Attendees developed a comprehensive overview of the rest of the year as the sessions were presented, and they gained insights into new coverages, products, and tools to help mitigate emerging risks and ultimately better serve their customers.*

The twenty-fifth annual Reinsurance Symposium, sponsored by Saint Joseph's University and The Institutes CPCU Society Reinsurance Interest Group (RIG), was held in Philadelphia on March 15 and 16, 2018. Event co-chairs John Thiel of Gen Re and Timothy Foy of Beazley organized sessions detailing innovative ideas, products, services, and collaborations in the insurance industry. Two of these sessions are highlighted, representing the efforts of insurance and reinsurance providers and their technology partners to provide better service in a fast-changing environment.

### Active Shooter and Workplace Violence Risk: Why the Demand for This Coverage?

One of the most compelling sessions delved into the topics of active shooters, workplace violence, and the relationship of these risks to both traditional and new insurance coverages and products. The panel, moderated by Foy, an underwriter, embedded specialty lines—treaty at Beazley, included Benjamin Evans, executive director, officer of risk

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management, University of Pennsylvania; Chris Parker, focus group leader and underwriter, Beazley–London; and Harry Rhulen, co-founder of Firestorm. The diverse panel therefore included a risk manager of a university and its associated large healthcare system, an insurer providing new and tailored risk transfer solutions for these issues, and a firm in the business of equipping organizations to be prepared for emerging crises.

The session began by defining the term “mass shooting” as a shooting in which a shooter kills at least four other people. Attendees learned that the number of these violent acts has been steadily increasing over the past few years. This upward trend is evidenced across schools, theaters, churches, and other venues where large groups of people congregate.

The panel showed the audience a United States map indicating that the eastern U.S. had a high concentration of such incidents, with more occurring in heavily populated areas than in sparsely populated ones. However, the range of vulnerable organizations and events spans many different interests, venues, geographic areas, and types of people. The vulnerability arises from the high concentration of people in one place and the difficulty of securing the venue and participants. As these shooting incidents become more prevalent, organizations need to become more vigilant and innovative in their detection, mitigation, and overall crisis management efforts, which may not be part of their existing risk management processes for emerging trends.

## Possible Reasons for the Increase in Gun Violence

Each panelist was asked why the occurrences are increasing. Evans contended that it is not a gun-control problem, but rather a behavioral health crisis or epidemic. Parker attributed it to easier and quicker access to information that bombards and even brainwashes people and rapidly provides details to copycat offenders. Rhulen agreed with the other two panelists’ assessments, adding that bullying is rampant and that for mentally unstable individuals, especially bullying victims, this access to



2018 Reinsurance Symposium co-chairs John Thiel, Gen Re (left), and Timothy Foy, Beazley, structured this year’s event around innovation and collaboration.

information can have a more profound effect. The constant influx of information about violent acts—from the internet and television—can normalize these actions as mainstream, encouraging susceptible people to rationalize attacks or imitate others’ actions.

The panel suggested that the media can inadvertently exacerbate the problem by providing ’round the clock coverage of tragic events. For example, in the case of the shooting in Parkland, Florida, students and others are continuing to speak out and keep it at the forefront of many news programs. On March 24, the March for Our Lives rallies in Washington, D.C., and across the country showcased hundreds of thousands demanding a change for school safety.

The panel differentiated between the profiles of a school shooter and a workplace shooter. In school situations, the perpetrator is often an eighteen- to twenty-five-year-old man who was bullied. With workplace violence, other issues are often involved—stemming from noncustodial parental issues, failed relationships, and addictions, for example—and perpetrators can be any age, although they are usually male. It can be even more problematic (considering the parental and relationship concerns) if a workplace has

daycare for employees’ children on the premises.

Evans, with the expansive Penn Medicine facilities among his responsibilities, is also aware that if a shooter does not lethally injure his or her victim at a school or workplace, the individual may travel to the emergency room (where the victim is taken) to do so there, essentially jeopardizing an entirely unrelated group of people at an unexpected location.

An interesting discussion arose around the question of why mass school shootings seem to happen more often in the U.S. than in other countries. Parker, who is from London and currently works there, noted that in the United Kingdom, citizens cannot own guns other than shotguns. Therefore, he believes that lack of access is a strong deterrent to these crimes, as well as that UK schools see less bullying.

The panel agreed that although no one factor is always responsible, the internet’s role in this crisis should not be underestimated, as it is particularly difficult to control. Panelists also felt certain that every school has a “kid on the fence,” ready to erupt. Continually updated lists of school shootings (such as those found on Wikipedia) were cited as proof that a great number of such shootings occur without much or any media coverage; only those with many

fatalities are highlighted. The panel stressed that most of us are not aware of the enormity of the problem.

## Efforts to Control Gun Violence

Evans mentioned that the University of Pennsylvania investigates people identified as drug abusers, persons who become unusually or suddenly withdrawn, or those who may be suicidal, insisting that the school take ownership of the issue and that such action does make a difference.

Other approaches the panel suggested to control gun violence were early intervention, identifying suggestive behaviors (or changes in behaviors), investigating patterns, providing an anonymous reporting tool, determining an ideal age when intervention can have the greatest impact, and identifying the age after which the chance to intervene has largely been lost.

The anonymous reporting tool was deemed essential to obtaining needed information, as was the presence of a continually updated repository of people with identified issues, aggregated by the student's or employee's name. (If organized instead by chronological date, an offender's repeated incidents might be missed.) This repository should be reviewed weekly in concert with an escalation matrix to trigger appropriate responses as the behaviors or actions increase. The goal behind this tool is to identify an at-risk person and intervene before he or she purchases weapons or engages in a shooting. In addition, monitoring social media can provide insights. Rhulen, in his crisis management role, advised that Firestorm shares reports with other schools and uses an artificial intelligence engine to analyze social media sites, sorting through them to identify needed information as well as inconsistencies and false information.

Panelists agreed that the biggest hurdle can be so-called disaster denial, or the widespread misconception among schools and workplaces that "This could never happen to us," or "We have it under control." However, someone almost always comes forward after a shooting incident, declaring that he or she knew that

this sort of thing would happen—which suggests that signs are there but not captured or acted on.

The widely used If You See Something, Say Something campaign was cited as a good starting point, especially if reports are handled anonymously. Colorado's Safe2Tell platform was noted as the only state-mandated anonymous reporting tool.

An unfortunate consequence of anonymous tip lines is that following up on the individual who has been reported may cause that person to file a retaliatory report against whoever he or she assumes filed the original report. However, all agreed that these tip lines are still the best way to go.

## New Insurance Solutions

A discussion on new insurance solutions began with an analysis of why conventional commercial policies are inadequate for mass shooting exposures. First, a mass shooting may quickly erode the limits of a liability policy such as the commercial general liability (CGL) policy. Acts of terrorism may be excluded by some CGL policies, or terrorism or business interruption coverage may be triggered only by property damage, which may not occur in an active shooter situation. Active shooters may use vehicles to cause widespread harm, which is not usually addressed in standard policies.

The traditional response of insurance policies—indemnification—is not the only need in active shooter situations; equally or more important may be the preventive and crisis management services necessary for comprehensive prevention and recovery. Most in-force liability policies were not originally designed with the expectation of an active shooter incident.

Product innovations from several companies include tailoring policy limits to meet the specific needs of an organization, providing a stand-alone policy or one that can be offered in combination with other coverages, writing on a claims-made basis, including a thorough risk assessment for active shooter or workplace violence, and offering extensive prevention

guidance and postincident crisis management services. Some insurers are also partnering with companies such as Firestorm to leverage their expertise in prevention and postincident management.

Businesses may want to consider other specialized policy features, such as these included in Beazley's Active Shooter coverage:

- A broad definition of "weapon" that covers not only firearms but also explosive devices, knives, syringes, medical instruments, corrosive substances, or handheld devices or instruments designed and intended to be used in a manner that deliberately causes death or bodily injury
- Coverage for any road vehicle that is occupied and used by the active shooter to deliberately cause death or bodily injury
- Precontracting the event responder to respond to active shooting events, with all associated expenses covered by insurance at no extra cost to the insured
- Coverage for counseling and funeral costs

Minimum premiums are usually \$5,000 to \$7,500 for a \$1 million limit. Beazley's rating models examine crime statistics for each U.S. state and city and factor them into the pricing. Security arrangements and preparedness, industry sector, and location are also considered when calculating a price. The insurer offers policy limits up to \$20 million under Lloyd's consortium arrangements but can place limits of up to \$100 million with additional secured capacity.

Other new product features include training programs in which participants learn about and practice responses to different active shooter situations, such as instances when a schoolteacher should hide the students and instances when it is safe for everyone to run out of a building.

The panel raised several other insurance-related considerations. One was the Occupational Safety and Health Administration

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(OSHA) requirement of providing a safe workplace, which may mandate that schools and businesses have further solutions in place. In addition, survivors or witnesses of a workplace shooting could seek coverage for psychological injuries through workers compensation. One panelist commented that in the aftermath of an active shooting event, many judges might decide against the insurer in determining whether coverage exists, in light of the tragedy that just befell the insured. Given the option of paying for coverage now or taking chances later with a particular judge, the audience was moved to consider Beazley's Active Shooter protection or similar insurance solutions.

## Insurance Technology: Current Insurtech Developments and Challenges

Another of the Reinsurance Symposium sessions focused on innovation was Insurance Technology: Current Insurtech Developments and Challenges, sponsored by the U.S. Reinsurance Under 40s Group. Serving as moderator was Drew Aldrich, principal at American Family Ventures. The panel consisted of Alex Maffeo, chief executive officer and founder, Boost Insurance; Chad Nitschke, chief executive officer and co-founder, Bunker; Neil Weiss, senior director, strategy business development at One, Inc.; and Michael B. C. Fitzgibbon, vice president, insurance services and chief underwriting officer, Slice Insurance Technologies, Inc.

In addition to the panelists' youthful appearance and exuberance, their organizations' names—Slice; Boost; Bunker; and One, Inc.—reflect the changing landscape of insurance providers and collaborators.

Maffeo explained that Boost assists other insurtech startups by providing them with access to traditional insurance services such as policy drafting, product development, and claims handling. His background as a venture capitalist serves him well in navigating the challenges of securing additional funding for his organization's growth efforts.

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At Bunker, Nitschke focuses on the insurance required for contracts; his customers are small businesses that need quick and easy products to meet the requirements for usage-based independent contractors. To this end, he partners with underwriters to build and supply products that precisely target the solutions needed for the particular contract compliance requirements.

Weiss explained that his organization, One, Inc., offers software and system solutions, concentrating on core systems, agency management systems, and handling digital payments for its customers. As a bridge from the old to the new, he tackles the legacy-systems problem, supporting customers' modernization.

The fourth panelist, Fitzgibbon, described his firm, Slice, as a usage- and cloud-based end-to-end insurance solution that can be turned on and off as needs change. For example, one of its products is the Homeshare Policy, which provides property and liability coverage for homeowners only during the times they choose to offer their homes as rentals. Securing coverage and filing claims can be done online or through an app.

Although each of their companies has a different focus, all panelists were concerned with helping their customers (including insurers and reinsurers) better compete by assisting them with their technological hurdles. The panel arrived at many of the same

conclusions concerning the insurance industry as it tries to move forward in sometimes-unknown directions.

## Role of Technology in the Evolution of the Industry

The panel talked about a seismic change in technological enhancement that is needed and underway within the industry but contended that many insurance organizations are still hesitant to embrace the related challenges and opportunities. However, venture capital is readily available, and as traditional companies carefully move toward technological changes, insurtech firms are assisting them, even though they sometimes cannot deploy their technology as rapidly as might be possible with different industries. Interestingly, the panel found that reinsurers are much more willing than others to undertake needed changes. This is significant, as reinsurers are often the ones assuming the underwriting risk, not the insurtech firms themselves.

Concerning the future of insurance distribution, the panel initially said that many people have predicted that there will be fewer agents. After further discussion, however, they concluded that agents will need to add value in different ways going forward but would always be needed, especially to find solutions for complicated risks. Agencies that hold fast to the brick-and-mortar operating model might encounter resistance in the near future; agents will need to embrace technology to better connect with their customers and remain successful.

Fitzgibbon did not think insurtech companies will disrupt the insurance industry as much as Uber has disrupted the taxi industry. He mentioned that Slice leverages information technology (IT) in new ways, such as on-demand insurance, offering an insurance policy for as-needed host home-sharing coverage in exchange for a small premium. Creative partnering, such as using Progressive as a distributor for Slice's Airbnb policies, is a necessary and relatively inexpensive way to reach people and educate customers.

Weiss stated that these creative partnerships (and the resulting solutions) work better for certain products than for others. As an example, he explained that life insurance is still an emotional purchase and may require a more traditional transaction with a trusted individual. Even when embracing technology, the panelists still consider the insurance industry a business of relationships, and they recognize opportunities to use technology to connect with customers. For example, Slice hopes to promote “honesty platforms” to create more trust, especially in claims, by allowing some claimants to settle their own claims up to a certain monetary amount. Slice is continually trying to reimagine the customer experience, both when acquiring insurance and filing a claim.

The group was asked to comment on Lemonade, the well-publicized innovation of on-demand homeowners and renters coverage provided in seconds from the convenience of an insured’s smartphone. Several panelists mentioned that it is not a disrupter, and it provides a good front-end experience, is inexpensive, and uses technology and artificial intelligence to provide appropriate coverage quickly. Although the company has struggled with its loss ratios as it builds scale, the feeling is that Lemonade will develop a sustainable underwriting model.

## Other Current Industry Issues and Concerns

Next, the panel was asked how they can provide assistance that will not become outdated very quickly—in other words, to discuss what insulates them from becoming their insurance partner’s latest legacy system? One answer was to not be a traditional (or change-resistant) system anymore, but instead to use the cloud to allow an evolving platform as needed.

Another response was that they are developing new technologies instead of buying others’ technology. The key is flexible systems that can move and respond to change inexpensively over time.

In addition, the implementation and support may be better provided using software partners rather than local IT employees.



Among those recognized at the 2018 Reinsurance Symposium were recent Associate in Reinsurance (ARe™) program completers in attendance.

Insurers need to adopt a venture-capitalist mentality of supporting long-term instead of short-term values, with Amazon noted as a prominent example of a company with this mindset. And of course, having a culture focused on innovation helps promote and ensure this forward-thinking attitude.

Cyber risk was cited as a major challenge in the insurtech space, for organizations with many partners are at greater risk of having their data compromised. And as much help as these innovative companies can give insurers, entry into the insurance world also means added accountability for distributors, new auditing requirements, and greater underwriting and regulatory compliance.

All the panelists believed that the risks were worth the partnerships and showed no signs of giving up on the insurance sector. They plan to continue contemplating new and different ways to promote the use of technology to help insurers and reinsurers be more relevant for their customers. Time will tell, but if this panel is any indication, the outlook for insurtech is certainly promising.

In addition to these highlighted sessions, speakers and panels at the Reinsurance Symposium discussed the gig economy, residual markets, data analytics and cyber risk, blockchain, and how the emerging risks of 3D printing and cannabis legislation are affecting insurance and reinsurance. The opening

panel, a favorite mainstay of the annual event, featured a view-from-the-top discussion moderated by Frank Nutter, president of the Reinsurance Association of America, with industry leaders sharing their thoughts on the future landscape of the business. (Video interviews with this year’s symposium contributors can be viewed at [www.ambest.com/video/MediaArchive.aspx?lid=1068187747001&vid=5752857756001](http://www.ambest.com/video/MediaArchive.aspx?lid=1068187747001&vid=5752857756001).) The luncheon program included a ceremony honoring the 2017 Associate in Reinsurance (ARe™) program completers.

The RIG will soon start planning its twenty-sixth annual Reinsurance Symposium. Watch for details on the CPCU Society website about the spring 2019 event. ■

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