COVERAGE ALTERNATIVES FOR VIOLENT ASSAILANT & OTHER CRISIS EVENTS

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AGENDA

• Consider the context
• Review the framework – the three phases of a crisis
  • The importance of pre- and post-loss services
  • Critical considerations
• Coverage and service options
  • Stand-alone policies
  • Integration into a Pool’s coverage document
• Key questions and considerations
• Resources

Using an ERM Filter
CONTEXT: A FEW DEFINITIONS

• **Workplace violence** is defined by the Occupational Safety and Health Administration (OSHA) as any act or threat of physical violence, harassment, intimidation or other threatening disruptive behavior that occurs at the worksite.

• **Active shooter or violent assailant** – The FBI defines an active shooter as one or more individuals actively engaged in killing or attempting to kill people in a populated area.

• The FBI defines a **mass shooting** as an incident in which three or more people are killed (not including the suspect).
CONTEXT: ACTIVE SHOOTER INCIDENTS

• FBI:
  • 250 incidents between 2000-2017
  • 799 people killed
  • 1,418 wounded

More than one/month
ACTIVE SHOOTER INCIDENTS, 2000-17

These are the 2,217 casualties, detailed by year, from:

- 250 shooter incidents
- 2000-17

Source: Federal Bureau of Investigation, 2017
ACTIVE SHOOTER LOCATIONS, 2000-17

Locations of the 250 shooter incidents

Source: Federal Bureau of Investigation, 2017
FBI DATA FOR 2018

- 27 incidents
- 26 shooters acted alone
- 23 male; 3 female; 1 gender unknown
- Age ranges: 13-64
- 5 shooters killed
- 10 shooters committed suicide
- 85 people killed
- 128 people wounded (excluding shooters)
- 2 LE officers killed
- 6 LE officers wounded

2019 DATA – AS OF SEPTEMBER 3, 2019

- 19 Deadly mass shootings
- An average of one every 13 days
- Incidents where four or more people were killed in one day
ARTICLE FROM
*RISK & INSURANCE*

- Single shooter (98%), male (97%)
- Incident lasts 12 minutes (average)
- 57% of the time, LE arrives before incident is over
- 33% of officers who respond alone are killed by the shooter

[https://riskandinsurance.com/active-shooter-insurance-for-workplaces/](https://riskandinsurance.com/active-shooter-insurance-for-workplaces/)
AFTER THE PARKLAND SHOOTING

• McGowan Program Administrators noted 100’s of new inquiries
• Beazley Group saw a four-fold increase
• Gallagher’s public sector pool clients asked:
  • Should our pool buy stand-alone active shooter coverage?
  • How will this interact with our MOC?
  • Which policy will be primary?
  • What about pre- and post-event services?
FRAMEWORK: WHAT’S THE WHOLE PICTURE?

- Pre-incident (prevention)
- Incident response
- Post incident – includes both recovery and normalization

Crisis Preparedness will reduce the impact of the event (reducing the height and length of the curve), help recover critical business processes, and bring operations back to normal.
“SOMEONE ALWAYS KNOWS”

• Red Lake, MN – March of 2005, 10 deaths (including shooter)
• Parkland, FL – Threats first posted in 2015; student expelled in 2017 for disciplinary reasons; the FBI had a tip on January 5, 2018 (40 days before the incident) warning that the shooter wanted to kill people and was going to “slip into a school”

It's everyone's responsibility

Using an ERM Filter
CAN SCHOOL SHOOTINGS BE PREVENTED?

“True prevention is working upstream, intervening at the earliest point possible to prevent any child from ever wanting to do something violent.”

CSPV Director Beverly Kingston

https://cspv.Colorado.edu/
✓ Anonymous tip lines
✓ Bullying prevention programs
✓ Threat assessment teams
✓ Mental health education and support services
✓ Identifying red flags
✓ School resource officers

https://www.kunc.org/post/columbine-then-and-now-evolution-mental-health-care
INCIDENT RESPONSE – BETTER/BEST PRACTICE

• 24/7/365 emergency response for immediate support
• Consulting support available through a single call-in number
• Access to live incident log and crisis management portal (critical for documentation and audit)
• Assistance with media management and communications
POST-INCIDENT RESPONSE – BETTER PRACTICE

• Total costs – including post-event expenses
• Lessons learned
• Counselling (PTSD)
• Legal support
• Incident log

A 2018 hostage incident at a Trader Joe’s in CA resulted in more than $1 million of counselling services for employees who were in the building at the time of the shooting.
VIOLENT ASSAILANT COVERAGE

Coverage designed to protect you from the outcome of a violent assailant event, including:

• First-party losses (BI, EE, repurpose of buildings)
• Crisis management services
• Liability arising from bodily injury, property damage and defense expenses
• Contingent coverage for loss of revenue and EE
CRITICAL CONSIDERATIONS*

• What will GL cover?
  • Funeral costs, death benefits, medical expenses, extra expenses?
  • Are there restrictions re perils? (Types of attacks?)

• What will “property” cover?
  • What if you have to close down a building?

• What about terrorism coverage?
  • Many active shooter policies exclude terrorism

*Excerpted from Risk & Insurance, October 1, 2018
“3 Imperative Things to Remember When Reviewing Active Shooter Insurance”

Sandy Hook spent $50 million to tear down and rebuild
VIOLENT ASSAILANT COVERAGE – CHECKLIST

- Coverage is primary
- BI and EE, including:
  - Counseling
  - Recruitment costs
  - PR consultancy costs
  - Temporary security
  - Temporary facilities, relocation
  - Funeral and medical expenses
- Third-party liability
- Contingent loss of revenue & EE
- Crisis management services:
  - Behavioral health support
  - Family assistance
  - Media and communications
- Building repurpose expenses
COMPARISON OF COVERAGE OPTIONS – EXAMPLES

Lloyd’s of London Products (+ Crisis Management Services)
• Hiscox – Malicious Acts
• Beazley – Deadly Weapons Protection
• XL Catlin – Active Assailant
TAILORED COVERAGE FOR MAN-MADE DISASTERS.

Our suite of Terrorism Insurance products go beyond traditional insurance coverage. We provide solutions for malicious threats and active shooter events. An insured can customize the exact coverage that fits their business needs.

**Hiscox R5 products**
- Terrorism and Sabotage Insurance
- Terrorism Liability Insurance
- NCSR: Nuclear, Chemical, Biological and Radiological Terrorism Insurance
- Threat of a Malicious Act Insurance
- Active Shooter and Malicious Attack Insurance

**Why Hiscox?**
- Active Shooter most up to date offering in the market.
- Insurance limits some of the highest in the industry.
- Firms covered in Syndicate 70 paper which carries an A.M. Best rating of A (Excellent).
- Outstanding claim service, including up front counseling on how and what to do in the event of a claim. This helps insureds manage real time challenges during a crisis.
- Partnership with prestigious firm Control Risks provides the latest advice on political risks.
- Partnership with Weber Shandwick one of the world’s leading global public relations firms provides crisis response.

In the modern world, threats come from many sources. One of the most difficult to defend against is the infiltration of armed assailants intent on inflicting harm. Although showings are all too often in the headlines, recent experience reminds us that devastation can also be wrought using seemingly everyday items such as knives and road vehicles.

If an institution gets things wrong the liability on the owners and management for a non-staff member harmed in an attack can be significant. Beazley is an expert in liability insurance and has created a Deadly Weapons Protection package specifically designed to assist institutions that are at risk. Key to a range of carefully designed services that help reduce the risk of an event happening while helping institutions respond as effectively as possible should one take place.

Cover highlights

- Three core pillars
  - Prevention services
  - Crisis management services
  - Insurance cover to indemnify losses.
- Cover for a wide variety of weapons, not just firearms
- Crisis management services are activated if a weapon is just brandished as well as if actually used.
- Cover for liability when harm is caused by attacks using deadly weapons. This in addition to business interruption and property damage costs.

https://files.constantcontact.com/48395530101/9f31f130-314c-437f-a751-28f0ceebe49c.pdf
Active Assailant Insurance

The threat of a physical attack has become a real risk for many businesses and public service providers. In recent years, with both terrorist and active assailant incidents on the rise, XL Catlin offers specialized insurance and crisis management services to help organizations prepare for these complex challenges. Contact us for more information and to receive a quote or incident report.

Coverage
- Broad definition of qualifying weapons: Hand held weapon includes any hand held instrument or explosive device carried on the body and used on vehicle
- Property Damage and Time Element
- Non-Physical Damage Time Element
- Civil & Military Authority (Property Damage & Non-Physical Damage
- Injuries/Expenses (Property Damage & Non-Physical Damage)
- Extra expenses incurred in managing and investigating property damage

Crisis response services:
- Our insurance backed by expert advisors from SRI, a leading provider of risk and business intelligence consulting
- We offer clients a security risk consultation to help them understand the security threats their business is facing and find the most effective way to deal with them. Services include: limited risk assessments, security planning, and incident crisis management.

Target Industries:
- We work with firms across a range of industries and business lines. From not-for-profit organizations to large corporate entities, we serve organizations in public, hospitality, business, and education.
- Our coverage includes:
  - Healthcare providers
  - Residential
  - Commercial
  - Professional services
  - Multi-endurance businesses

Why choose XL Catlin?
- Over 15 years of combined underwriting experience for wide range of business and public sector
- XL Group Ltd’s new business is written by A.M. Best-rated IX (A-)
- Underwriting by XL Catlin
- We offer global coverage supported by local knowledge and experience.
- We pride ourselves on our fast, efficient claims service.
- Our strength and capacity give us the flexibility to tailor coverage to each client needs.

Google search:
XL catlin active assailant
<table>
<thead>
<tr>
<th>Syndicate</th>
<th>Hiscox (Malicious Acts) London</th>
<th>Beazley (Deadly Weapon Protection)</th>
<th>XL Catlin (Active Assailant)</th>
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<td>Brandishing a Weapon</td>
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<td><strong>Defense Costs</strong></td>
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</table>

Policy details are negotiable; this is intended to show the need to review specific details!
WAIT A MINUTE – WHAT ABOUT...??
STAND-ALONE TERRORISM COVERAGE

Policies cover terrorist assailant scenarios, but...
• Triggers may require property damage
• Coverage may be limited to property damage, BI & EE
• Active assailants might not be a “terrorist”
WOULD THESE TRIGGER COVERAGE?

- Act of terrorism
- Civil commotion
- Sabotage
- Vicious attacks
- Assault
- Blackmail
- Disappearance
- Emergency repatriation
- Cyber extortion

- Employee dishonesty
- Extortion
- Hijack
- Hostage crisis
- Kidnap
- Radicalization
- Stalking
- Threat
- Product tamper
WHY VIOLENT EVENTS COVERAGE?

• Constant consideration of value added services to enhance benefits of membership and address member needs
• Increasing profile of violent events occurring in our communities
• January 23, 2018 – Marshall County, Kentucky mass shooting – 2 killed 18 injured
• Raised questions internally about responsibility and expectations of state organizations to bring resources to members in times of crisis
• Sparked discussion about potential impact a response to such an event would have on a member county if it happened on their property and potential roles for the association
OUR APPROACH

• Think in terms of the response – not liability
• Not a substitute for existing coverages or benefits (life, EAP, health, etc.)
• Package commercial policy already provides coverage for liability exposure, property damage and workers’ compensation
• Goal = create a membership value proposition that would focus on promoting a full scale response to violent events and lessening the financial burden on the member
THE RESULT

• Violent Event Response Coverage Endorsement to General Liability Policy
• Offered on a blanket v. optional basis
• Insuring agreement = reimbursement of crisis expenses resulting from a violent event involving one or more victims
• Definitions of crisis expenses, violent event and victim serve as key elements
• Added $25k loss control benefit for enhanced security going forward
• Sub-limited pending evaluation of loss experience
• Established roster of consulting firms experienced in crisis communications and public relations
DEFINITIONS

- **Crisis Expenses** – means:
  a. Crisis management service expenses you reasonably incur for services obtained in response to a Violent Event
  b. Reasonable expenses for temporary extra security protection, wages for temporary personnel or rental fees for temporary facilities in response to a Violent Event.
  c. Crisis Property Improvements (post event security enhancements)
  d. Reasonable expenses for first aid administered and emergency medical services rendered by any duly certified emergency medical technician, paramedic or nurse at the time of a violent event.

(Excludes anything covered by workers’ compensation or any other coverage issued by KACo)
DEFINITIONS

• **Violent Event** - an event caused by an intentional criminal act or a series of related intentional criminal acts involving the use of a physical object, instrument, device, tool or weapon, other than the human body, for the purpose of injuring any person; and results in one or more Victims, other than the perpetrator, sustaining bodily injury.

• **Victim** - means:
  a. An employee, including any full-time, part-time and temporary employee of yours acting within the course and scope of your business at the time the violent event takes place; and
  b. Any person visiting your premises for purposes related to your operations, including but not limited to guest speakers and volunteers, in whose presence a violent event takes place.
THE TAKE AWAY

• Value proposition vs liability offering – focus is on response
• Not a substitute for existing coverages or benefits (EAP, life, employee benefits, etc.)
• Sub-limited
• Careful consideration of:
  • Violent event definition
  • Types of expenses eligible for reimbursement
  • Covered Locations/employees
• Include “otherwise covered” exclusion to eliminate stacking
KEY QUESTIONS & CONSIDERATIONS

• What triggers coverage?
• Where are you covered?
• Is there an occurrence clause or limitation re duration?
• Are you comfortable with the sub-limits?
• How does coverage interact with existing MOC and limits?
• Is there enough emphasis on pre- and post-loss services?
• Review the response team requirements and services
• If your pool “self funds” the coverage, how much of your surplus could be at risk?
GOVERNMENTAL RESOURCES

• Active shooter resources including guidelines, checklists, plans, after-action reports, response and recovery
• https://www.dsac.gov/topics/active-shooter-resources
GOVERNMENTAL RESOURCES

• A “whole community” approach to prepare for and respond to an active shooter incident – resources are grouped by category and available in multiple languages

• https://www.dhs.gov/cisa/active-shooter-preparedness
K-12 SCHOOL RESOURCES

• Founded in 1992
• Connects research to effective prevention

https://cspv.colorado.edu/who-we-are/#mission-vision
QUESTIONS?

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