



2014 NPAIP/PACT Stewardship Report

April 25, 2014

Willis

Surviving the Times

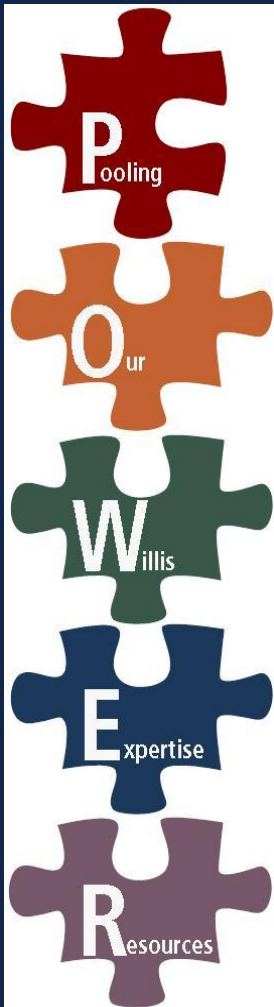
- Hard market in the 80's
- World Trade Center - 2001
- Katrina - 2005
- 2011 – Multiple earthquakes, tornadoes and disasters
- 2012 & 2013 – Good years from a catastrophic perspective
- Nixon Hall Fire
- 1997 Flood
- 2008 Flood
- Wells Earthquake
- Several employment practices claims
- Mesquite auto claim
- Downturn in the economy
- Poor investment results
- Budgetary difficulties due to the economy

Key Accomplishments

Willis Pooling Practice

- **New Clients**
 - Alaska Public Entity Insurance – Alaska
 - MAS – Mississippi Association of Supervisors
- **Product Development**
 - Cyber Risk
 - Inmate Medical
- **NPAIP/PACT Risk Control Team**
 - Rick Hudson
 - Josh Wilson
 - Mel Iida
- **John Hayden – Practice Leader**
- **Kaci Snyder – Joined March 2014 from CIRSA**
- **2 Designated Account Managers for NPAIP & PACT**
 - Tammy Fahy
 - Courtney Giesseman

Pooling Our Willis Expertise Resources



Willis Global Resources Delivered Without Boundaries

- Increase client value by enhanced WPP associate visibility which brings entire national teams to clients.
- National focused teams with specific areas of responsibility to give national response to client topics and issues.
- Increase client and associate knowledge level and skill set via expanded national linkage.
- All of Willis' global resources are available through your Pooling team.
- One problem, several solutions. National teams with specific areas of responsibility offer you a variety of ideas from across the country.
- Our constantly expanding knowledge base becomes your knowledge base.

Accomplishments – Risk Control

KEY SERVICES

- 1st Aid/CPR/AED Training
- OSHA Construction Training
- SkidCar Training
- Fire Extinguisher Training
- Ergonomic Training & Surveys
- Defensive Driver Education
- Workplace Violence Education
- Distracted Driver Education
- Risk Control Projects upon request
- Health/Wellness Consulting
- Respirator Fit Testing
- Facility Surveys
- Park and Playground Surveys
- ADA Surveys and standards update
- Regulatory Compliance
- Member Resource Center

2014/2015 Risk Control Projects

- **Support GHS (Global Harmonized System) Implementation**
- **OSHA 10 and 30 Hour Refresher Regional Training**
- **Fire and Life Safety Surveys**
- **Temporary Traffic and Work Zone Control**
- **Confined Space Training**
- **Provider Level CPR Training (BLS)**
- **Attend and Support Member Conferences/Health Fairs**

Marketplace Update

Property & Casualty

- Worldwide catastrophic loss Activity for property was light in 2013
 - Notable losses in the property market
 - EF5 Hurricane in Oklahoma (\$3B - \$5B)
 - Floods in Germany (\$3B - \$5B)
- Underwriting discipline continues
 - Push on retentions where losses warrant a shift
 - Capacity remains strong
 - New Capacity – Asian and European
- Property rates are seeing modest decreases
- Reinsurance costs decreased in 2013
- Casualty rates remained stable
 - Retention shifts are driving clients to Europe and Bermuda

Workers Compensation

- Medical costs are increasing
 - Aging workforce & obesity
 - Long tail on pharmacy costs
- Limited options in the Excess WC marketplace
- Combined ratios are improving resulting in rate stabilization

Marketplace Update

Cyber Liability

- Very active marketplace due to new buyers and losses
- 2012 saw 3100 incidents – more than 8 per day
 - Hacking – 72%
 - Lost laptops/devices/media – 11%
 - Social engineering/fraud – 7%
- 45% of incidents resulted in exposed personal data
- Cloud computing a growing concern
- Stronger regulations by government are being introduced

2013 – 2014 NPAIP/PACT Renewal

Goals

- *No rate increases*
- *Improve coverage terms*
- *Maintain capacity*

Results

- *Capacity remained the same*
- *Property & Casualty rates remained flat*
- *NPAIP structure and markets remained the same*
- *PACT program and structure remained the same*

2014 – 2015 NPAIP/PACT Marketing Strategies

Pricing stability and predictability

- *Short term*
- *Long term*

Maintain coverages & capacity

Retention Options

- *Build Surplus*
- *Quota share and corridors*
- *Offset potential rate increases*

Explore alternative structures

- *Maximizing PRM and PCM captives*

NPAIP/PACT Account Team

Willis Team Members:

NPAIP/PACT Client Advocate - Bob Lombard

NPAIP/PACT Account Manager – Tammy Fahy

NPAIP/PACT Account Manager – Courtney Giesseman

Loss Control Representatives

Josh Wilson

Rick Hudson

Mel lida

Cecil McLaughlin

Marci Schmiede

NPAIP/PACT Account Team

Willis Team Members:

Practice Leader – John Hayden

Willis Pooling Leader – Dave Ritch

Regional Director – Kaci Snyder

Regional Director – Phil Williams

Regional Director – Mary Wray

IT Coordinator – Nora Greer

Consulting Actuary – Jeremy Richardson

Something to Remember

- *Where would you be without the POOL?*
- *Consider the following items*
 - **Limits**
 - **Deductible**
 - **Lines of Coverage**
 - **Cost of Coverage**
- *Quality of coverages?*
- *Risk Management services*
 - **Human resources**
 - **Risk control**
 - **Claims management**

Thank You