



2025 Broker Advisory Committee Meeting

Feb. 12, 2025



State of UE

Rick Mills, President & CEO

State of UE in 2025

Trusted partner for education's risk management and risk transfer needs.

- Over \$400 million of premium forecasted for 2024
- AM Best A (Excellent) financial strength rating for 26 consecutive years
- On Ward's 50[®] list of top performing insurance companies for 2024
- \$1.3 billion of invested assets
- 200+ professional staff
- Industry-leading low expense ratio
- High member satisfaction with a Net Promoter Score of 62 for 2024

State of UE in 2025

Financially strong, ready to support our mission, evolving to meet member needs

2024 Year-End Results

101.1%

**Combined
Ratio**

*(Preliminary
as of Feb. 3, 2025)*

< 20%

**Expense
Ratio**

*(Preliminary
as of Feb. 3, 2025)*

\$422M

**Gross Written
Premium**

\$14.9 M

**2024 New Members
and Cross Sells**

95.5%

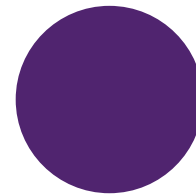
Retention

A Look Ahead

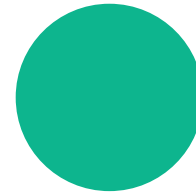
Challenges to education and market conditions make our evolution imperative to sustain our mission.

- Realigning Underwriting and Risk Management departments to innovate to serve member needs
- Exploring new products and services as education's trusted partner for risk management and risk transfer

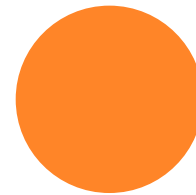
2025 Business Plan



Fortify Our Core Business



Catalyze Transformation



Build for Tomorrow



The Liability Landscape

Sean Barnes, Vice President of Finance and Administration, Chief Financial Officer & Chief Investment Officer

Liability Landscape



Education-Specific

- Financial and societal pressures



Legal Environment

- Loss Trends Rising
- Third-Party Litigation Financing

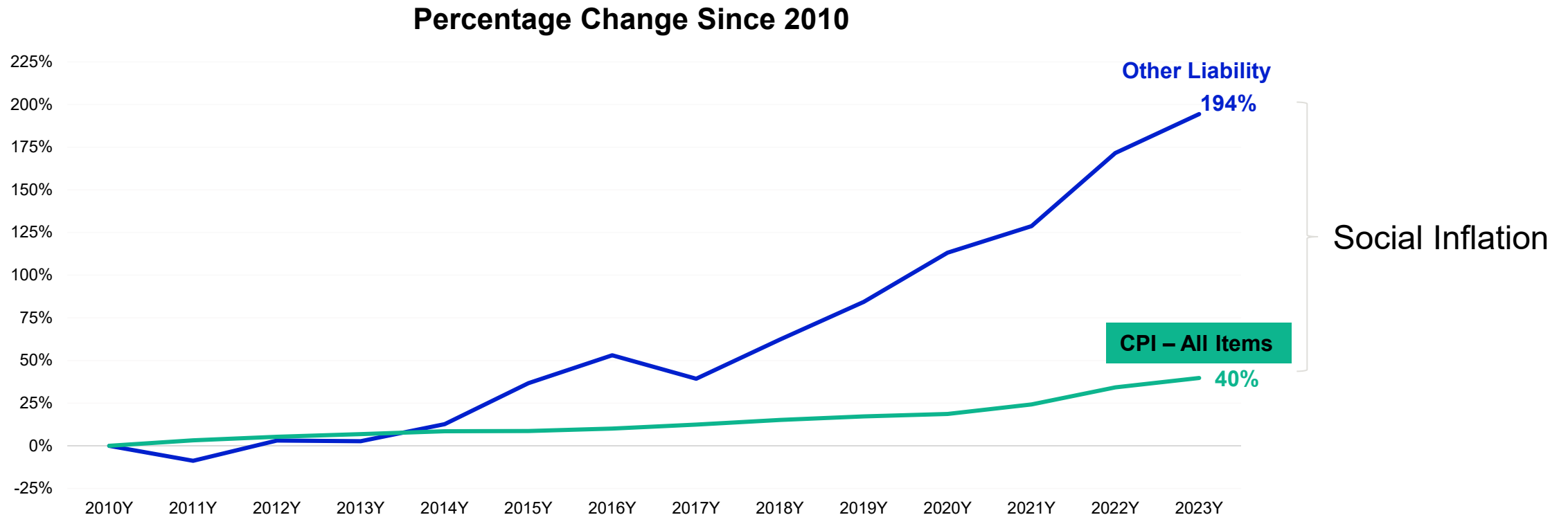


Insurance Industry

- Exclusions
- Downward pressure on limits

Insurance Losses vs. CPI Inflation

Rising cost of claims translates to premium increases

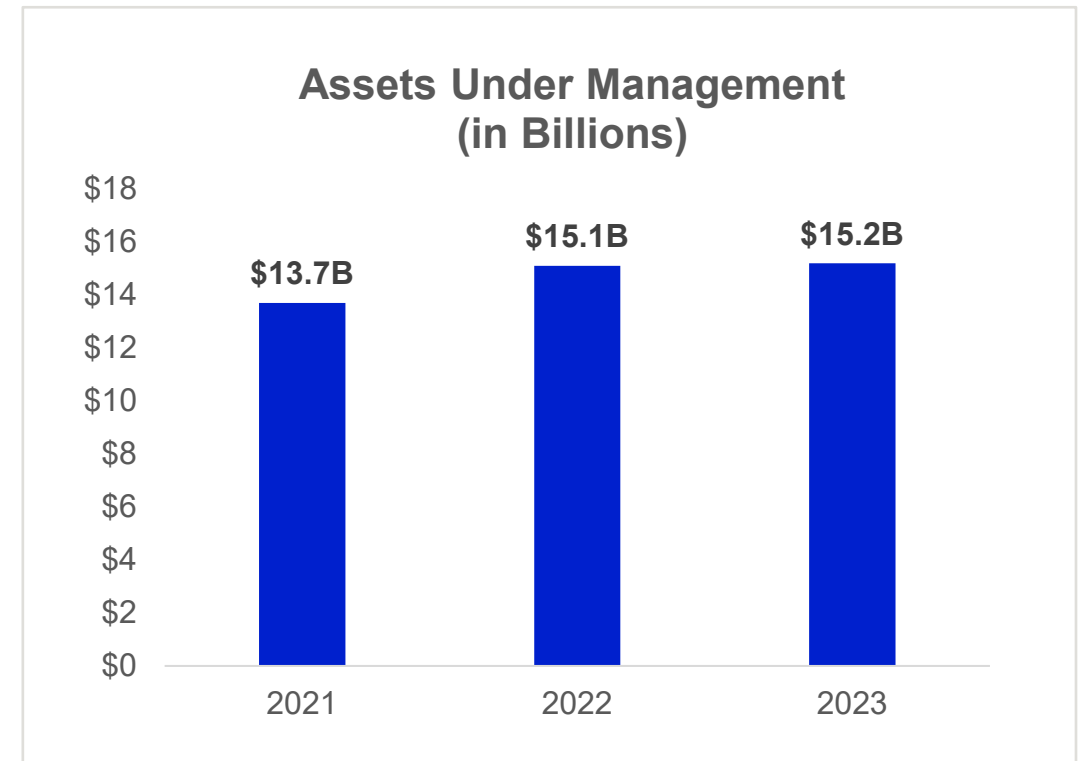


Third-Party Litigation Financing (TPLF)

Accelerating loss cost trends, class actions and potential for nuclear verdicts

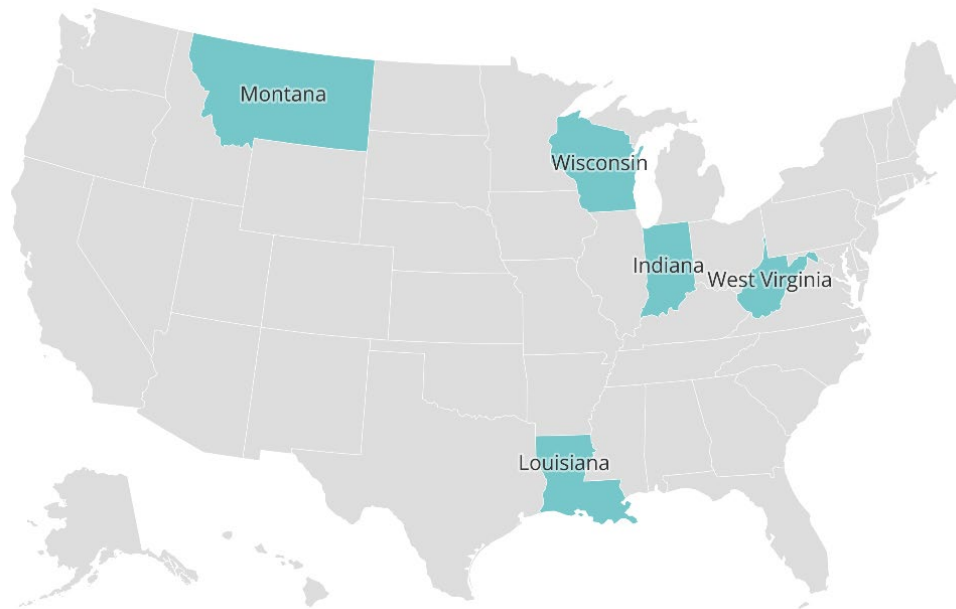
APCIA reports:

- Litigation financing has grown to \$15.2 billion in the U.S.
- Financers admit they “make it harder and more expensive to settle cases.”
- Financers have invested **billions in Mass Tort Claims.**

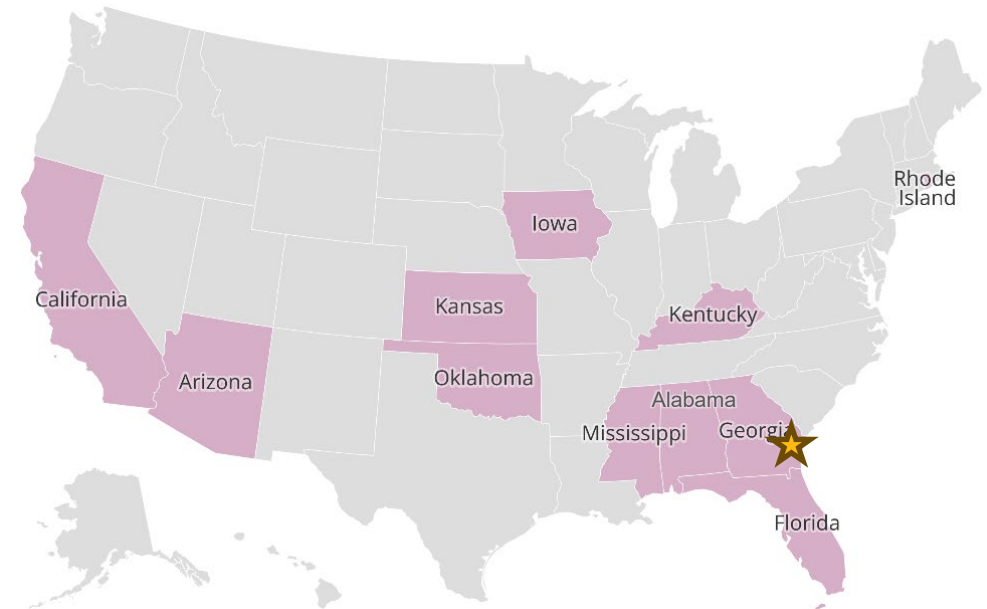


No Legislative Relief on the Horizon

States with TPLF restrictions on the books

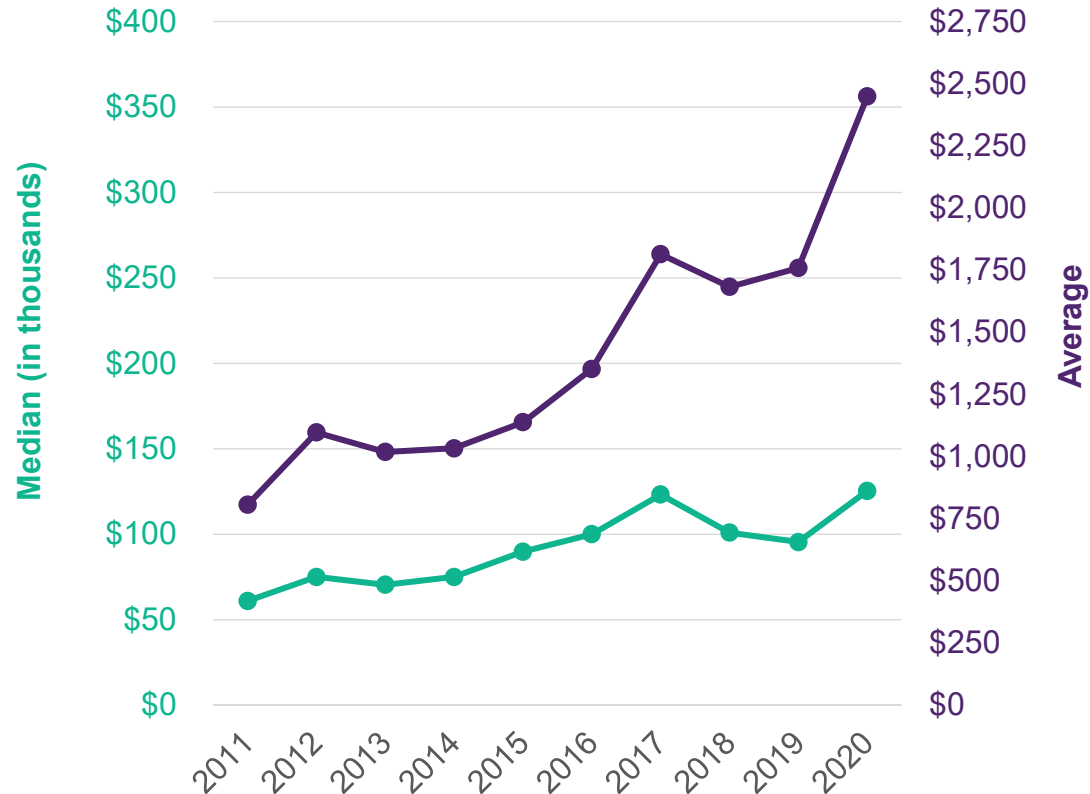


States where TPLF restrictions were introduced this year but did not pass



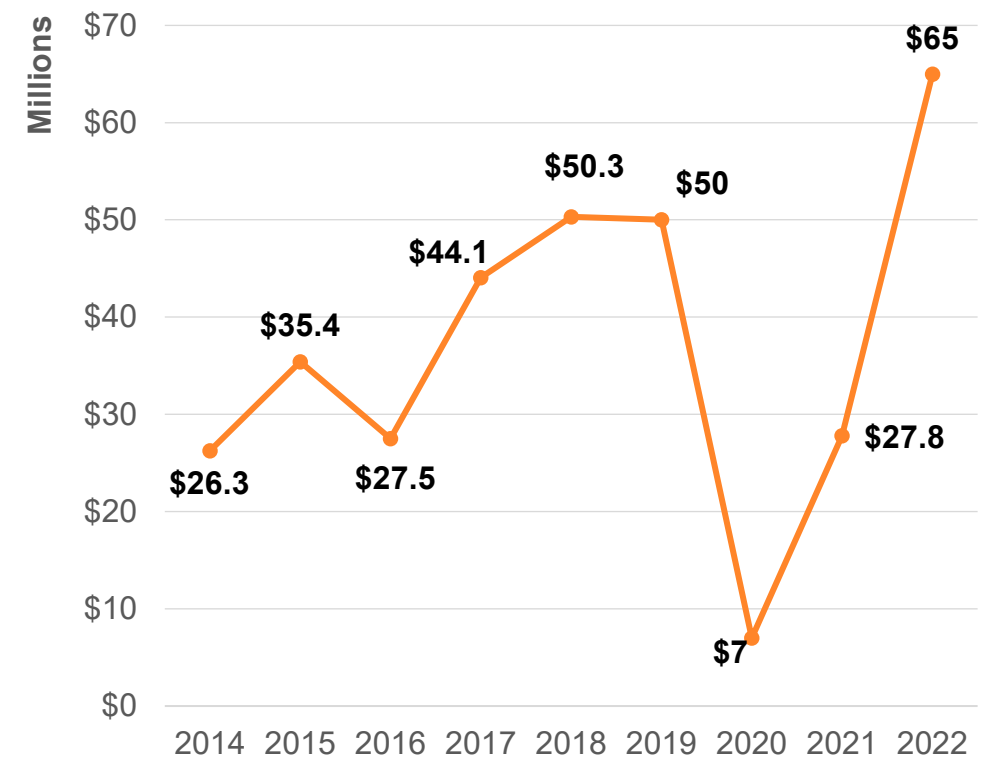
Market Trends – Verdict Sizes/Claims Frequency

US Personal Injury Awards



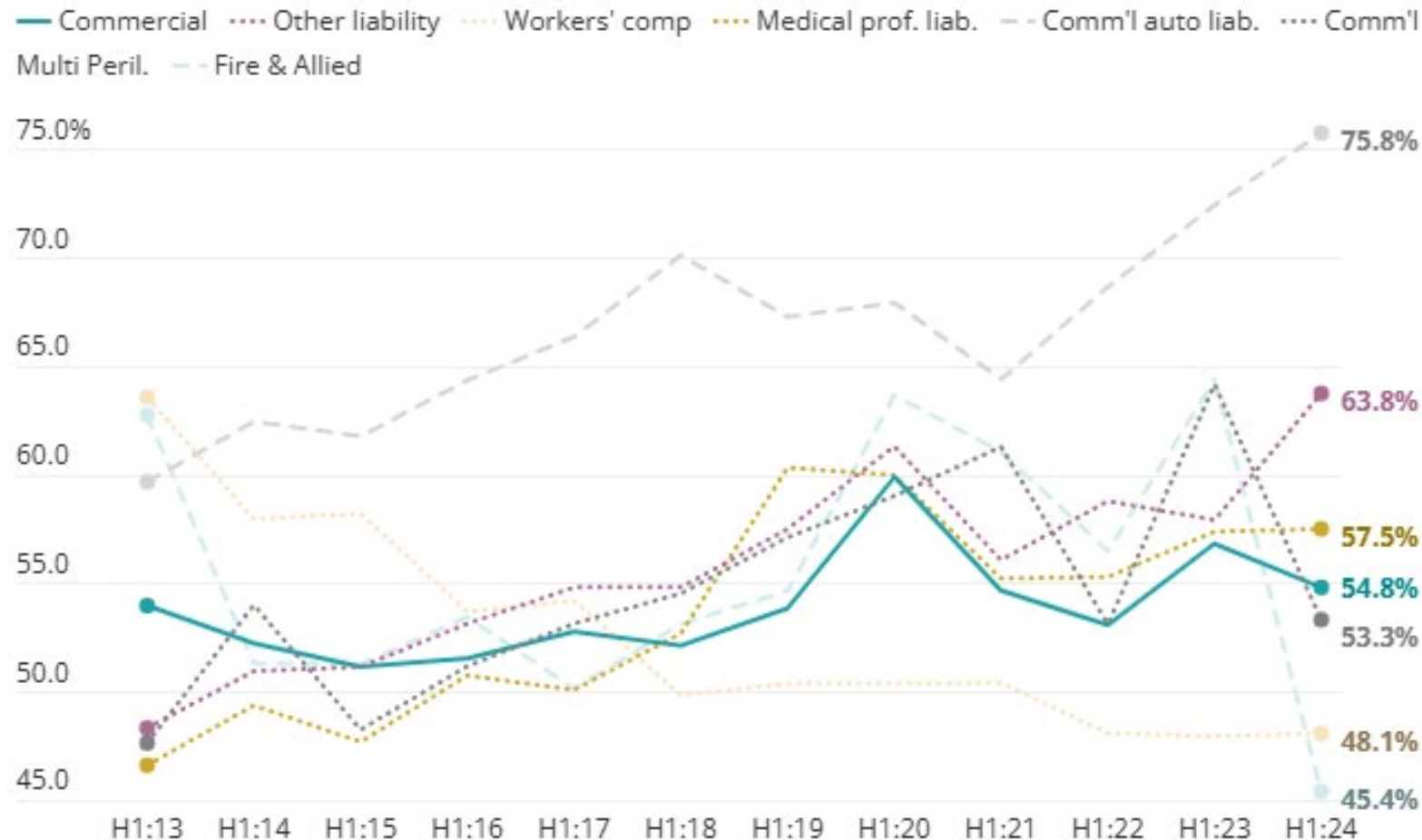
Sources: Insurance Information Institute and Reprinted with permission of Thomson Reuters, Current Award Trends in Personal Injury, 61st edition.

Median Top 50 US Verdicts



Source: Top Verdict <https://topverdict.com/>

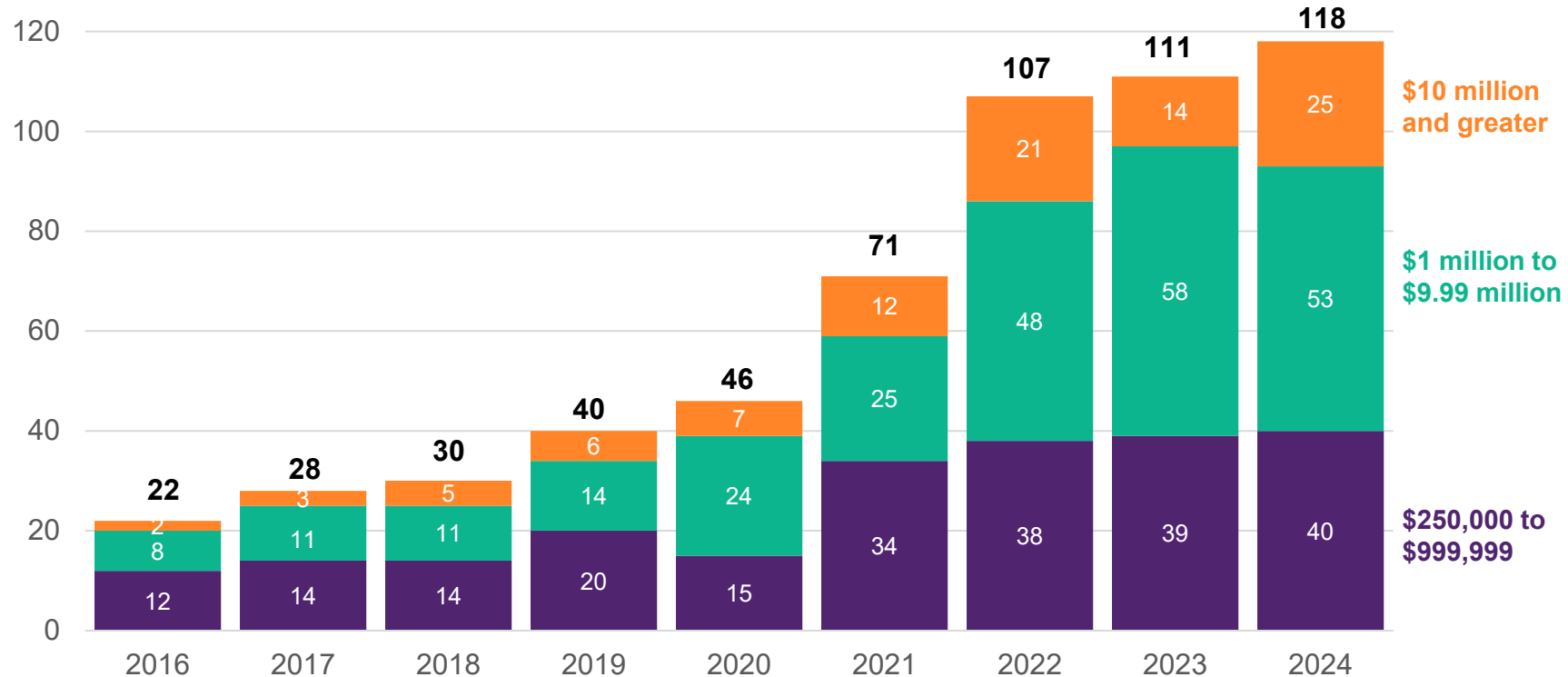
Direct Incurred Loss Ratio in H1 since 2013 (%)



Source: S&P Capital IQ, Insurance Insider US

Large Loss Reports 2016-24

Damage Award and Settlement Trends



Disclaimer: The summaries herein are provided for the purpose of informing institutions of trends in publicly available data. We provide this report as a service to our members, but the report in no way indicates UE's assessment of the value of any claim. While some losses included in this report reflect trends UE has seen among our members' education claims, the topics included aren't an indication of the scope of UE coverage, nor should the inclusion of a settlement or award in this report be interpreted as reflecting an opinion by UE or our membership of its reasonableness. In addition, some of the loss outcomes may have changed due to the progress of legal proceedings since they were reported. Some losses occurred in prior years but weren't publicly reported until 2024.

Future of Social Inflation

The US is expected to remain the epicentre of social inflation due to unique societal, economic and legal factors. However, other countries, such as Australia, Canada, the UK, and parts of continental Europe, show signs of potential liability claims growth driven by factors such as third-party litigation funding and expanded collective redress. Social inflation remains a concern globally for individuals, businesses and insurers alike.

International comparison of future social inflation drivers

	US	Australia	UK	Canada	Netherlands	France	Germany	Japan
Claims penetration	H	M	H	M	L	M	M	L
Income inequality	H	M	M	M	L	M	M	M
Third-party litigation funding	H	H	H	M	H	M	M	L
Contingency fees	H	M	M	H	L	L	L	L
Collective redress	H	H	H	H	H	M	M	L
Case law	H	H	H	H	L	L	L	L
Jury based	H	L	L	L	L	L	L	L

High risk

Medium risk

Low risk

Our Partnership With Education

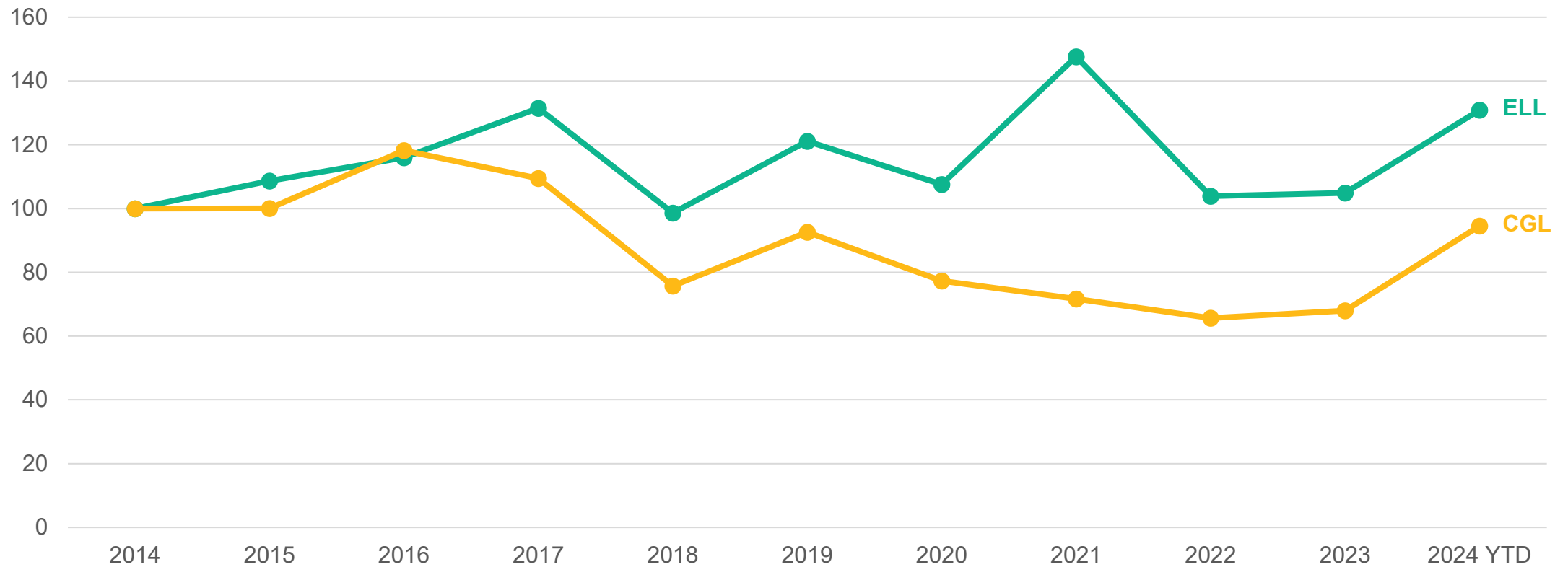
- Recognize pressures on education leaders drive increasing scrutiny of insurance costs.
- Set premiums to keep pace with the cost of claims, not to satisfy shareholders.
- Maintain acceptable combined ratio for sustainability.
- Continue partnering with members to mitigate rising cost severity.
- Duty to entire membership to be here to serve education across all states.



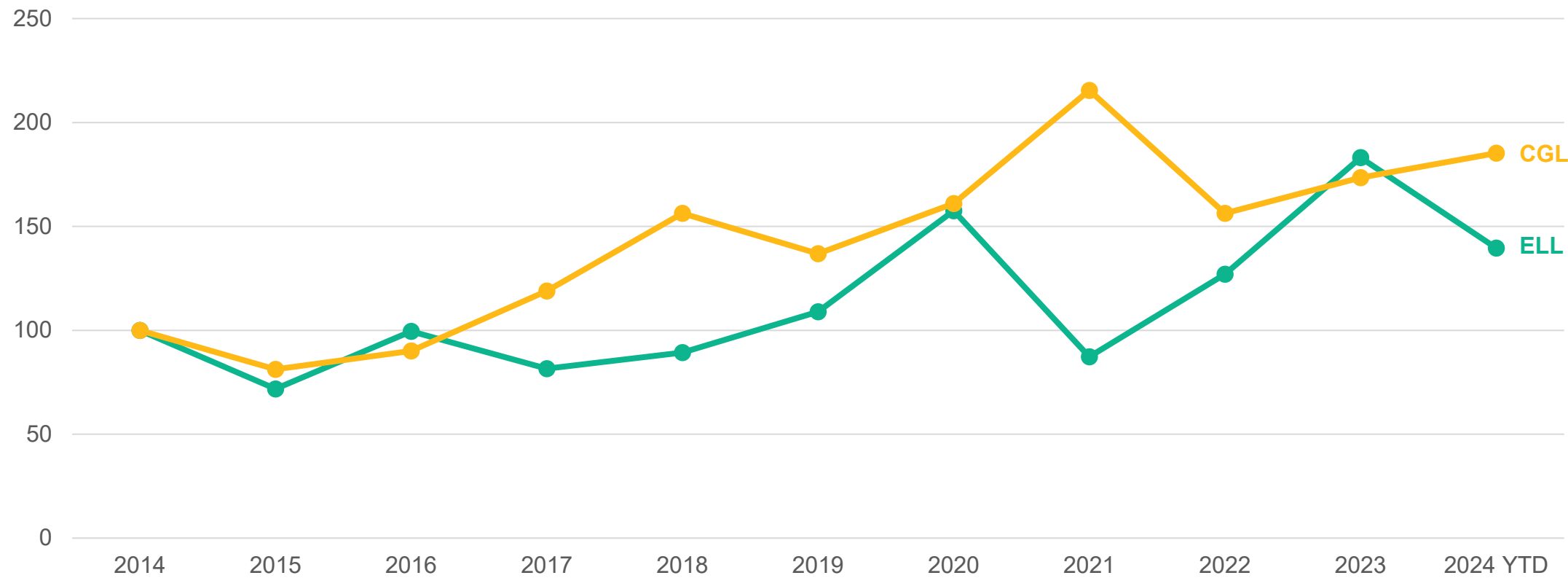
Claim Trends

*Erin Finn, Associate Vice President of Resolutions Management and
Associate General Counsel*

Calendar Year Incurred Frequency Trend (Percent of 2014 Frequency)



Calendar Year Incurred Severity Trend (Percent of 2014 Severity)

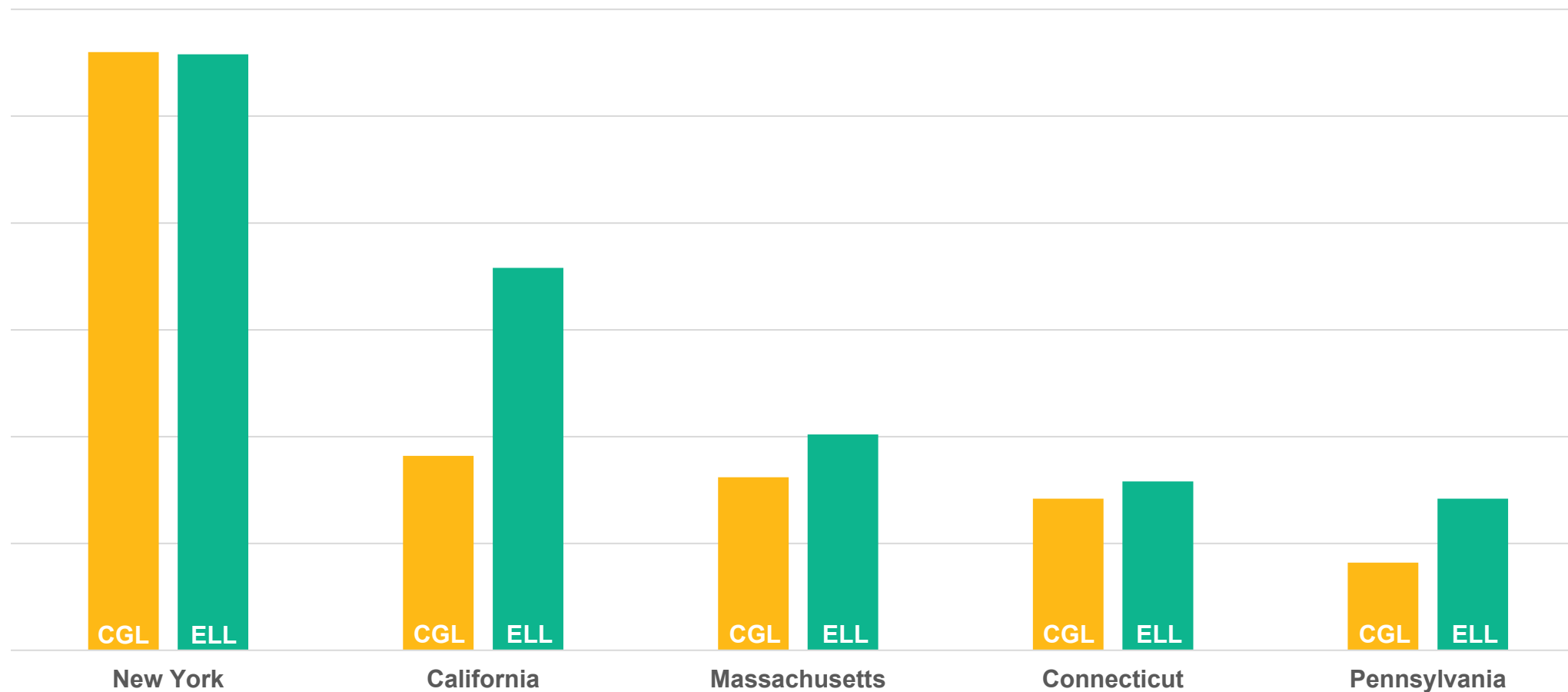


Antitrust Percent of ELL Incurred Losses

Rolling 3-year Average

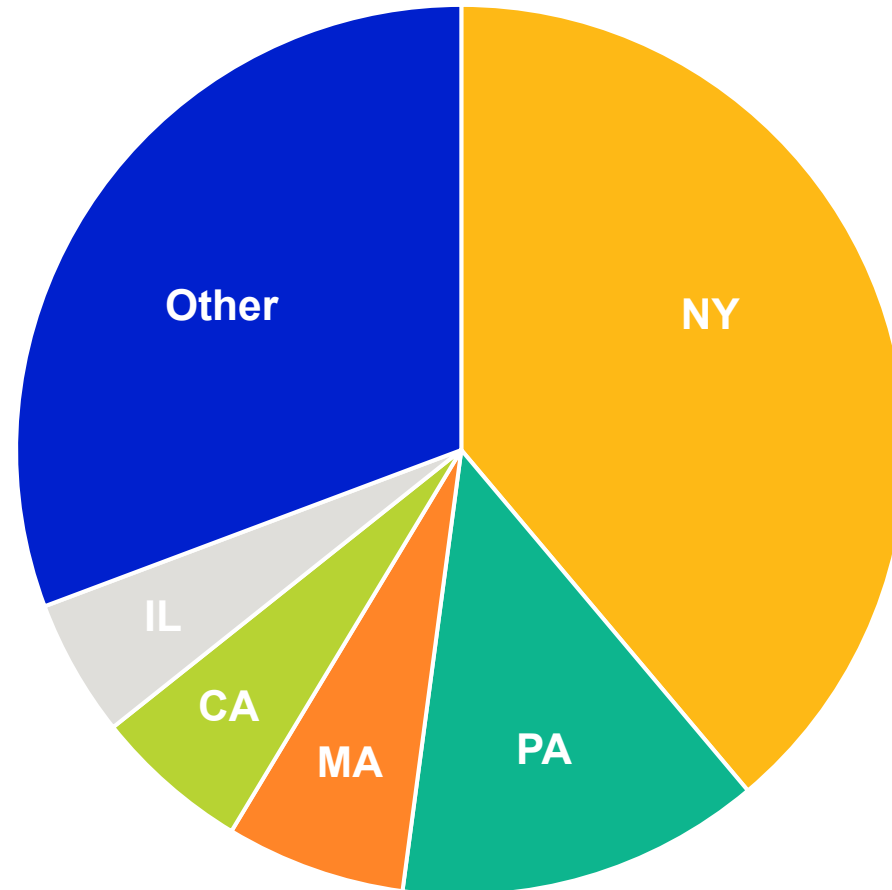


Policy Counts by Selected States

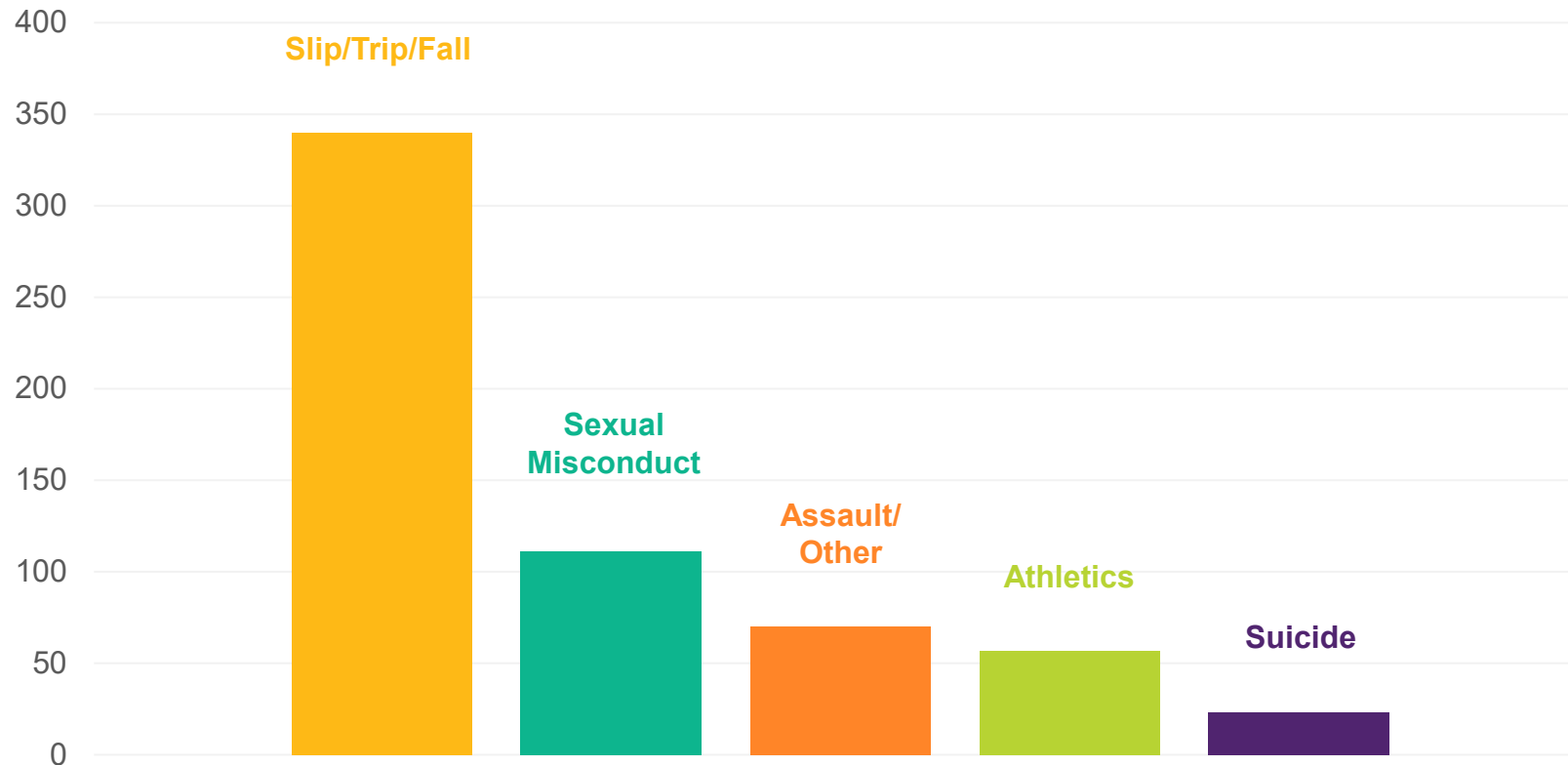


CGL

Pending by State



CGL – Cause of Loss



UE's Top Risks Report

Higher Ed

1. Enrollment
2. Data Security
3. Operational Pressures
4. Recruitment and Hiring
5. Regulatory and Legal Compliance
6. Facilities and Deferred Maintenance
7. Student Mental Health
8. Funding
9. Public Safety
10. General Premises Safety
10. Title IX
10. Political and Societal Pressures

**Three risks tied for tenth.*

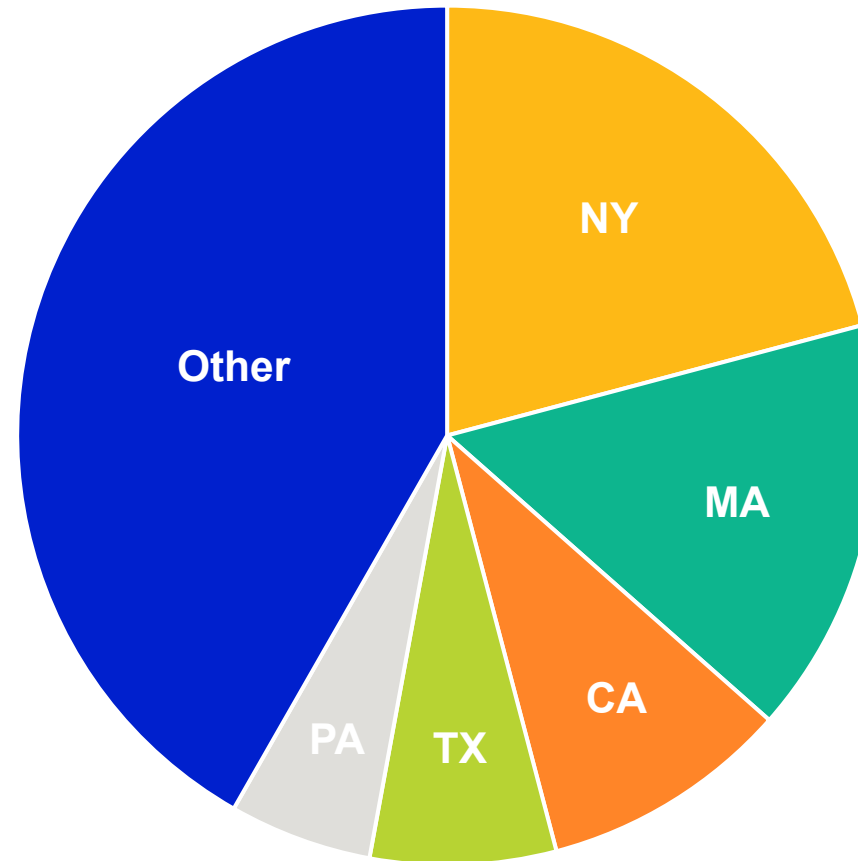
K-12

1. Enrollment
2. Data Security
3. Operational Pressures
4. Recruitment and Hiring
5. Student Mental Health
6. Public Safety
7. Facilities and Deferred Maintenance
8. General Premises safety
8. Sexual Misconduct
10. Transportation

**Two risks tied for eighth.*

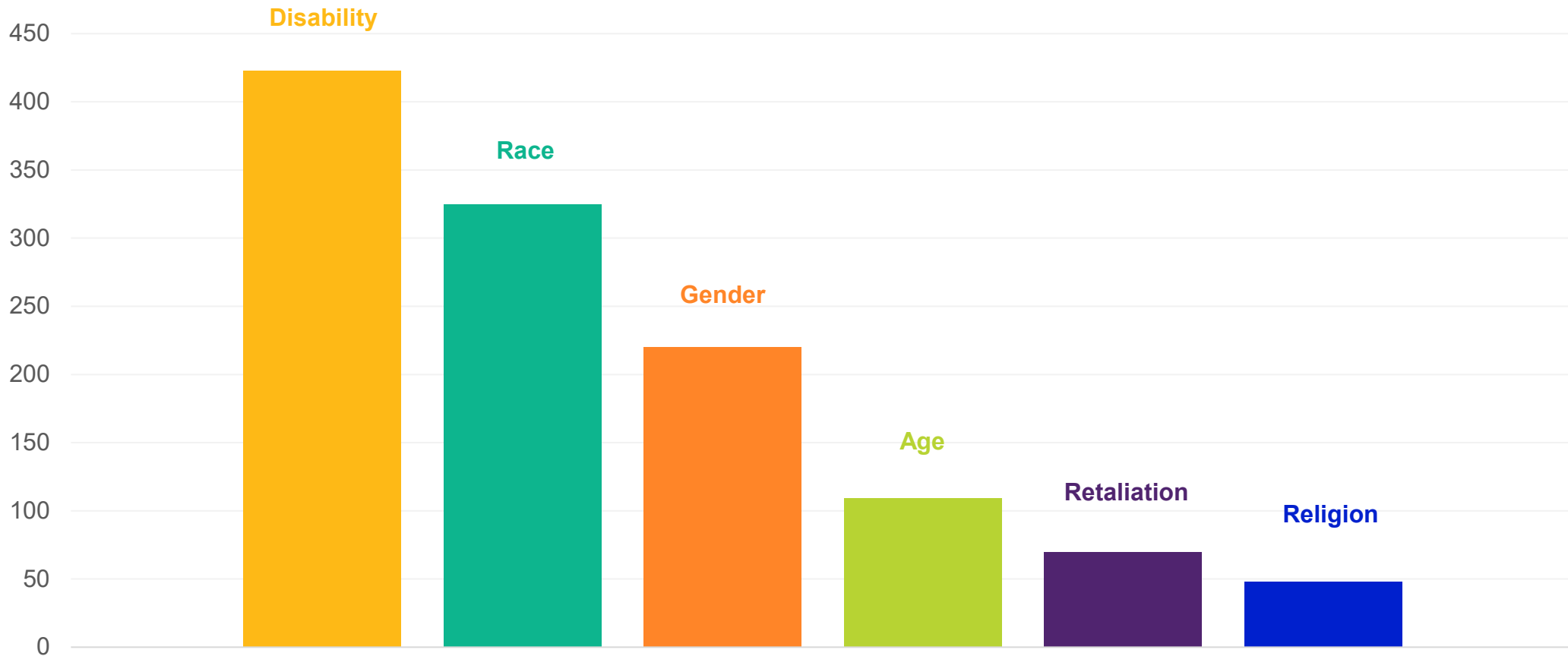
ELL

Pending by State

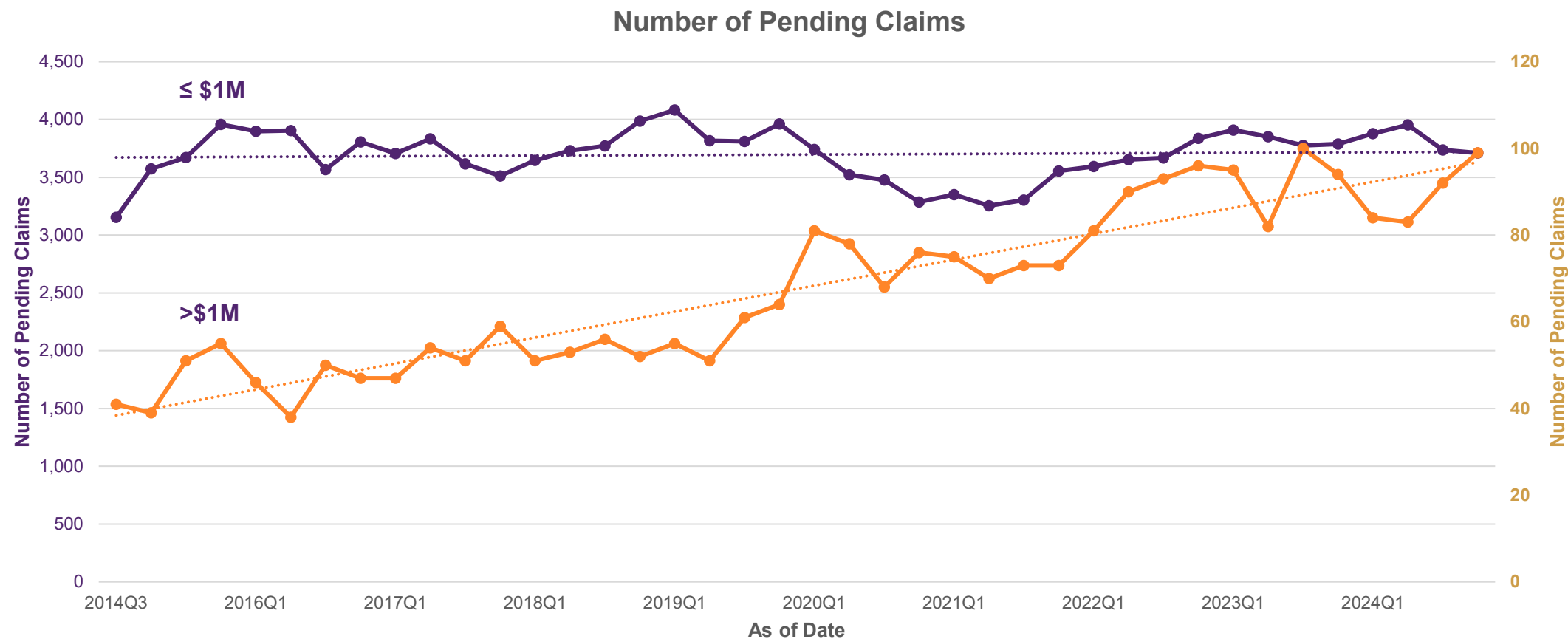


ELL – Cause of Loss

72% Allege Some Form of Discrimination



All Lines < > \$1 million



What Are We Doing to Address Trends?

Defense Counsel Assignment is key to expense management.

- Right counsel for the right case
- Trial Attorneys – known trial record
- Looking for counsel efficiency
- We need to strike the right balance – settlement vs trial?
- True partnership
- Diversify counsel – one attorney/firm for a region is not a smart business model

“Don’t cry over spilled coffee”



What is social inflation, and how has it evolved?

Social inflation – a topic that is on the minds of carrier leadership across North America and is often accompanied by a common fallacy that its impact is – to a large extent – uncontrollable. In this white paper, we'll dive into how social inflation has evolved, the root causes and, most importantly, how some aspects can be mitigated.

Social inflation is a concept that was first introduced in 1977 and is defined as rising costs of claims resulting from increasing litigation, broader definitions of liability, more plaintiff-friendly legal decisions and larger compensatory jury awards than reasonably expected.

Do you remember the high-profile case 30 years ago when a cup of hot coffee spilled on a customer's lap upon leaving the drive-through of a fast-food chain, resulting in a \$2.7 million settlement? It was one of the most infamous cases of social inflation against the perceived “big corporation” and is viewed by many as a springboard for social inflation trends. While not many cases have been as visible, these types of settlements didn't stop there. In the last five years, the claims industry has experienced higher rates of litigation and litigated claim severity increases – outpacing the general rate of inflation and nonlitigated claim severity increases. Verdicts and settlement amounts are becoming more unpredictable and difficult to evaluate, further justifying the need for more focus on the claim litigation management function.

The problem with this very real trend is that allocated loss adjustment expenses and indemnity costs continue to rise, which is a concern not only for insurers, but for the larger society as insurance premiums become unaffordable. These trends (driven in part by social inflation and perceived legal system abuse) have resulted in unintended, but predictable, impacts on society through business failures, layoffs and increasing insurance premiums, which are being passed down to the general public through increases in the costs of goods and services.

What is driving social inflation trends?

There are three modern drivers of social inflation that are impacting the insurance claims industry

- 1 Litigation trends and tactics
- 2 Nuclear verdicts
- 3 Societal views

How can insurers mitigate the impact of social inflation?

So, is it all doom and gloom for insurers? Absolutely not. While societal trends, the Great Resignation and a surge in early attorney representation may be largely uncontrollable, several aspects of litigation trends are controllable. Amid the industry's “innovation and automation” push, some carriers have neglected the litigation management function, which has further enlarged avoidable levels of litigation frequency and severity – a problem that can be mitigated with proper focus. Carriers must refocus their operation by providing data insights into the appropriate claim-level defend vs. settle strategy, which defense firms and attorneys to hire, more accurate and thorough case evaluations and negotiation strategies, and clearer enterprise accountability for successful litigated claim outcomes.

So, where do carriers start? Cleansing, normalizing and understanding your data for effective prioritization and decision-making will enable a more simplified litigated claims transformation. There are six strategies that every claim organization can implement to mitigate the controllable portions of social inflation:

1. **Create a culture of proactively evaluating claims with potential for attorney representation and litigation.**
Traditionally, carriers will evaluate cases at an early stage, often well before mediation or settlement negotiations. However, with all of the data at their disposal, evaluations should begin as soon as the claim is reported through combinations of claim characteristics and the use of leading metrics. Carriers should use their data to thoroughly understand and proactively identify higher risk claims and prioritize them with their highest-skilled litigated claim handling employees by providing answers to the following questions:
 - ▶ What are the key decision points in the evolution of a file, and how can we measure them with leading metrics?
 - ▶ Are there certain combinations of jurisdictions, plaintiff firms or plaintiff profiles that are known to drive adverse outcomes?
 - ▶ What can you learn from your quality assurance (QA) and leakage results to understand characteristics of litigated claims that lead to controllable?
 - ▶ Is there a need to elevate and refresh your current QA and leakage approach to be more rigorous?
 - ▶ What factors determine adjuster skill level and case allocation?

2. **Understand who your best-performing defense firms are and provide incentives for top performers to work with you.**

- ▶ Leverage the right metrics to assess performance, focusing on a balance between expenses and outcomes. For example, if one firm typically has favorable bill rates and expenses, but often unfavorable trial success, the indemnity costs likely outweigh the expense savings.
- ▶ Through a contracted and rigorously managed counsel list, create leverage through incentives and accountability for quality outcomes.
- ▶ Leverage targeted QA to assess defense counsel effectiveness for another powerful metric to inform quality

3. **Identify the right claims at the right time with the right expertise.**

Discontinue the outdated mandatory supervisory file touch points at arbitrary intervals (60, 90, 120 days). These claims touch point concepts are outdated in today's data-rich environment. Instead, flag claims throughout their lifecycle for the opportunity to proactively intervene prior to adverse development at key decision points, such as:

- ▶ The need to engage defense counsel
- ▶ The need to engage experts
- ▶ Decisions to settle or file a motion to dismiss

4. **Avoid handing defense counsel a blank check.**

Following defense counsel assignment, proper collaboration and obtaining justification from counsel at key decision points (while being cognizant of the rules of professional conduct) is critical. There are several key decision points where expenses vs. value should be considered by claims professionals:

- ▶ The need for defense counsel – Can the claim be managed without defense counsel involvement?
- ▶ Defend vs. settle strategy – What is the anticipated settlement figure vs. continuing to defend, and will continued activities that are driving expense create value?
- ▶ Potential dismissal – Is there opportunity to dismiss vs. incurring additional expenses?
- ▶ Engagement of experts – What is the value of initiating and continuing to engage experts vs. the cost?

5. **Remove the noise and focus where the skill is needed.**

De-emphasize activities that don't matter as much to create capacity for adjusters and supervisors to focus on activities where their skills are needed throughout the claims process, which includes:

- ▶ Defend vs. settle strategy – collaborating with defense counsel as new information comes in to evaluate continued defense, moving into settlement or filing for dismissal
- ▶ Case evaluation – a thoroughly supported and well-documented range of settlement values
- ▶ Negotiation strategy – developing a negotiation strategy based on strengths and weaknesses of the claim and executing on that strategy
- ▶ Expense management – implementing budgets and revisiting budgets as the file develops

With so many organizations focused on **adding** more activities to their adjusters' plate, they should consider **removing** unnecessary tasks to increase the adoption rates of new initiatives and best employ the use of their adjusters' skills. If adjusters and front-line supervisors do not have capacity to focus on these four key areas, insurers should question what their staff is doing that's more important. This encompasses not only litigated, but also nonlitigated handlers since nonlitigated claims become litigated in often avoidable situations.

6. **Establish an internal feedback loop, training, accountability and collaboration.**

- ▶ There should be clear ownership of litigated claims outcomes, which includes ongoing action plans to improve such outcomes based on performance data. Often, there are too many parties involved, and cases that go sideways become a game of finger-pointing.
- ▶ Due to the evolving litigation environment, the aforementioned action plans should include ongoing targeted training based on performance to even the most experienced staff.
- ▶ There should be organizational buy-in to focus on the litigated claims process. Claims leaders, C-suite, actuarial (pricing and reserving) and underwriting should collaborate often to identify litigation trends, difficult jurisdictions, etc. This will enable proactive understanding of where there's emerging risk so that carriers can price properly and make more informed decisions before entering new markets.

Based on these social inflation trends and controllable aspects, one critical question that carriers should be asking themselves is this: **Do we have the right strategy to mitigate and survive this evolving era of social inflation, and where do we stand in the evolution of these six strategies?**

Don't cry over spilled coffee; 6 strategies to mitigate the impact of social inflation

Future State

- Distrust in institutions
- CGL – frequency will continue to rise as maintenance is deferred
- Extreme Weather Conditions
- Litigation financing
- Athlete Issues

ProResponse® Quick Guide

ProResponse® Benefit	Type of Event That Qualifies for the Benefit	Accessing Services and Notifying UE
Crisis Communications (Public Relations)	Any event that could, in the reasonable judgment of institutional leaders, cause material damage to your institution's reputation or standing in the community	<p>Contact a crisis/public relations firms of your choosing. Up to \$15,000 can be spent for services without UE's prior approval. If services exceed \$15,000, approval by Lakisha Pierson (lperson@ue.org) must be obtained.</p> <p>Notify UE within 10 days of the "ProResponse® Event" by reporting the event directly to www.ue.org/report-claim.</p>
Sexual Misconduct Investigation	An allegation of sexual misconduct, whether peer-on-peer, teacher-on-student, employee-on-employee, or involving a third party	<p>To access a provider, reach out to your UE claims contact and www.ue.org/report-claim. A sublimit of \$10,000 per investigation is available upon approval by UE. For benefit periods beginning May 1, 2022, only one sexual misconduct investigation per benefit period will qualify for reimbursement. Subject to benefit limitations.</p> <p>Notify UE within 10 days of the "ProResponse® Event."</p>
Threat Assessment	Any event that, in the reasonable judgment of institutional leaders, generates concern for the safety of a student or the campus community due to a threat of harm to self or others	<p>Access the portal to view and select an approved provider. There is a \$10,000 cap per incident.</p> <p>Notify UE within 10 days of the "ProResponse® Event" by reporting the event directly to www.ue.org/report-claim.</p>
Trauma/Grief Counseling for Students and Employees	The death of a member of the campus community whether or not the death occurs on campus or during a school activity	<p>Contact Empathia at (866) 713-1978. Up to \$15,000 can be spent for services without UE's prior approval. If services exceed \$15,000, approval by Lakisha Pierson (lperson@ue.org) must be obtained.</p> <p>Notify UE within 10 days of the "ProResponse® Event" by reporting the event directly to www.ue.org/report-claim.</p>



Underwriting Update and Product Changes

Bryan Elie, VP of Underwriting, Product Management, and Business Development

Agenda

- Recap of environment and UE results
- 2025 policy, pricing and underwriting changes
- Underwriting evolution

Recap

- US casualty market challenges
- Education — amplified uncertainty
 - Political changes further stressing business model
 - Demographic trends
 - Evolution of existing risks
- Our results
 - Lean expense ratio
 - Challenging and evolving losses, and
 - Increasing cost of reinsurance

What are we doing?

- Increasing premiums to keep pace with claim costs
- Restructuring terms for coverage sustainability driven by social inflation
- Maintaining our core maximum capacity of \$30mm
- Exploring new ideas to bend claims cost curve
- Seeking new information to more discretely underwrite

Policy changes

Policies effective 1/1 and later

- PFAS
- ELL/ELX
 - Definition of Damages
 - Limited antitrust defense

Policies effective 5/1 and later

- Base form maintenance

Average premium increases

Line	Percentage Increase
CGL/BLX	11%
GLX	21%
ELL	20%

- Underwrite individually — actual terms may be below or above averages

Underwriting evolution

- Application changes
 - Higher Ed Intercollegiate Athletics Supplemental Application
 - 6/1 and later x-dates for Power 4/5 conference members only
 - Program business
 - New application questions and technology
 - Additional future application updates
- Loss control pilot
 - Collaboration with RM team

Communication plan

- Premium changes — bifurcated release
 - March: x-dates through 8/31
 - May: x-dates 9/1 through year-end
- Policy coverage changes
 - All brokers 2/19
 - All members 2/24
- Higher Education Intercollegiate Athletics Application
 - Details to follow



Group Discussion – Charter Schools and Museums

Evan Jones, Director of Business Development

Julie Price, Senior Territory Manager



Breakout Discussion – Market Expectations

4:15 p.m. – 4:45 p.m.



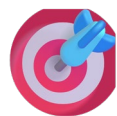
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Feb. 13, 2025

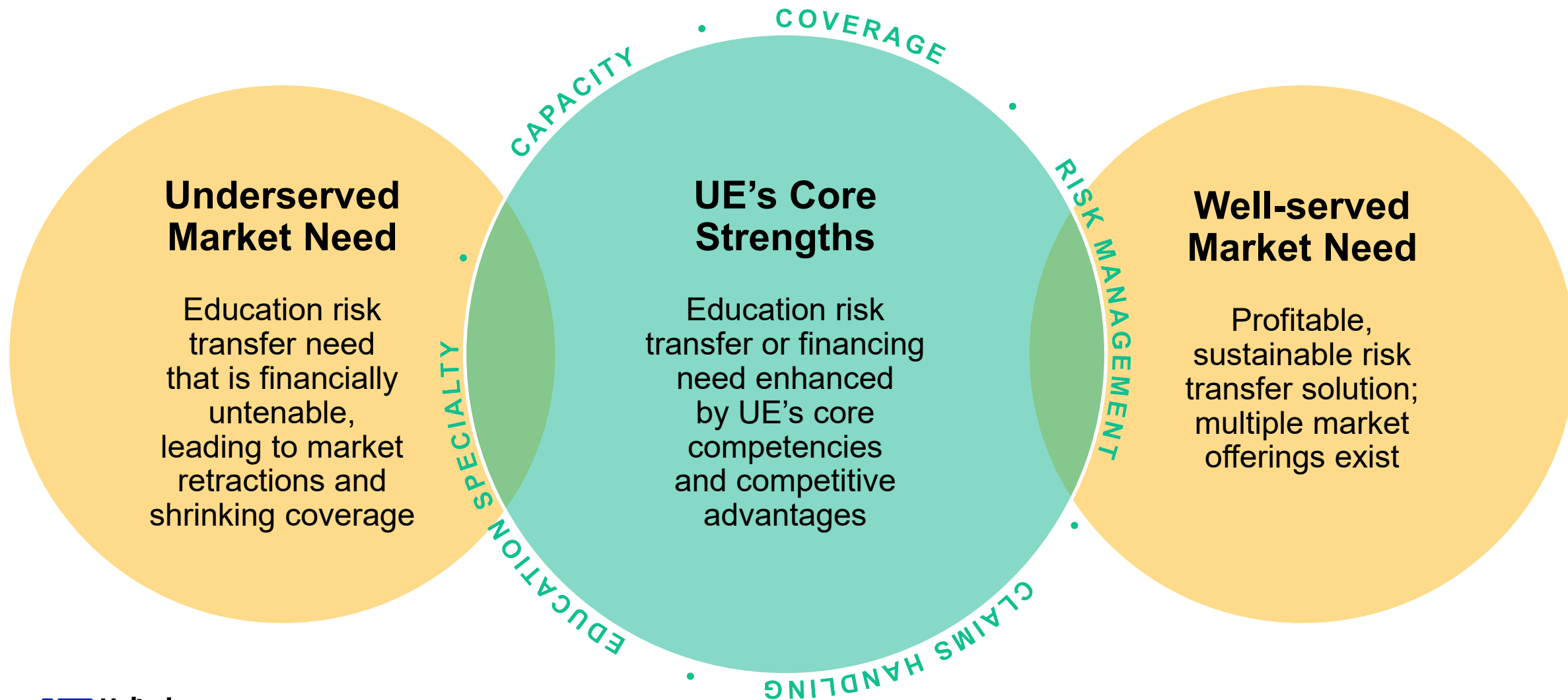


Small Group Discussion – Future Market Opportunities

Cynthia Cook, Head of Portfolio Management



Future Market Opportunities





UE Experience and Risk Management Resources and Services

Sarah Braughler, Vice President of Risk Management

Christine McHugh, Associate Vice President of Risk Management

UE Experience (UEX) Update

Continued focus on member engagement and ease of doing business

2025 Objectives

1. Engage with members and brokers.
2. Provide exceptional customer service.
3. Reinforce the value of UE products, services and resources.

UEX Spotlight: Member Policy Access

Members will be able to download their policy directly via My UE

User Benefits

1. Saves members and brokers time by providing self-service policy access
2. Brokers continue getting access first to complete QA
3. Notifications inform members when they can access their policy

Currently planned for April release

The screenshot shows the 'UE Policy' page within a user's account. On the left is a blue sidebar with navigation links: 'Report a Claim', 'Get Risk Advice', 'My Institution' (with a 'Change' button for Halliwell College), 'Dashboard', 'ProResponse', 'Loss Reports and Claims Details', 'UE Policy' (selected), 'Risk Management Premium Credit (RMP)', 'My Team', 'Ownership Documents', 'Document Center', 'Profile', and 'My Favorites'. The main content area is titled 'UE Policy' and shows 'Halliwell College' with a 'Change Institution' link. Below this is a note about online renewal applications. The 'Policy Number: Z45-89B' and 'Expiration Date: 07/01/2025' are displayed. Under 'Product Lines' (ELL, CGL, GLX, IPL) and 'Brokerage' (FBN Insurance), there are buttons for 'Review Application' and 'Download Policy' (which is circled in red). A 'Policy Renewal Status' section shows a 6-step process: 1. Pre-Underwriting, 2. Application in Progress, 3. Application Submitted, 4. Quote Issued, 5. Policy Bound, and 6. Policy Issued. The first step, 'Pre-Underwriting', is expanded to show a message from the UE Underwriting team about preparing for the policy renewal and providing contact information for questions.

UEX Spotlight: “Bringing UE to You” 2.0

An opportunity for members to hear market insights from UE leaders

1. **Format:** Half-day meeting with members of UE’s executive team
2. **Audience:** Member CFOs, GCs, risk managers, and brokers
3. **Topics:** State of UE, social inflation, claims trends, underwriting philosophy, and risk mitigation strategies
4. **Timing:** April and May
5. **Locations:** Philadelphia and Boston

Risk Management Approach

Risk management is a central aspect of the UE value proposition, helping members prevent and respond to liability risk.

Educate and
inform the
UE membership
about liability risk

Connect with
other leaders
and thinkers
about trends

Motivate action
to reduce liability
exposure

UE Risk Management Perspectives

- UE's Large Loss Report
- UE's Top Risks Report: Higher Ed
- UE's Top Risks Report: Independent & Charter K-12 Schools



Risk Management Update

Resources Addressing Recent Legal Developments

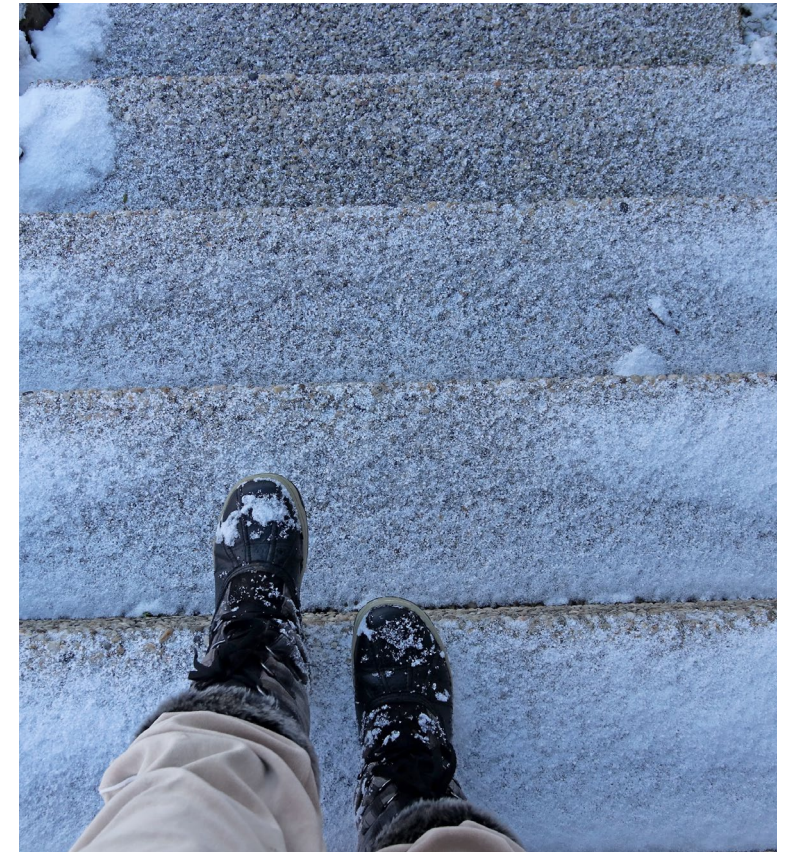
- Executive Orders
- Title IX
- Stop Campus Hazing Act
- Antitrust Lawsuits



Everyday Campus Needs

Risk management of common campus risks remains critical.

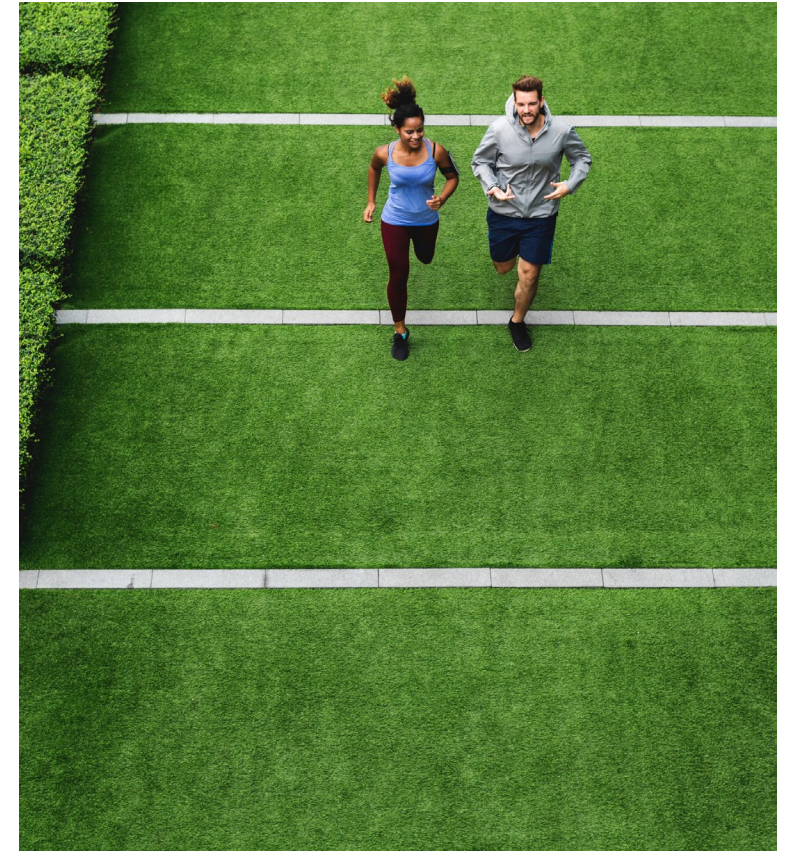
- Snow and Ice
- Security Cameras
- College-Owned Vehicles
- Residence Hall Fire Safety



Student Activities Safety

Activities in and out of the classroom introduce risk mitigation opportunities.

- Theater Production
- Equestrian Activities
- Fraternities and Sororities
- Athletic Participation



Climate Risk Resources

Day-to-day weather events and more sporadic climate concerns require preparation and planning.

- [Assess Climate Impact on Campus](#)
- [Severe Weather Events: Mitigate Impact on Employees](#)
- [Crisis Response: A Library of Tabletop Exercises](#)
 - [Climate-Related Crises: Wildfire Scenario](#)



2025 Preview

Areas of focus to help UE members reduce liability risk.

- **Canopy Programs:** Shifting from paid customization for a few to resource delivery that benefits the entire membership
- **Risk Assessments:** Directing members to foundational areas of risk management opportunity
- **Loss Prevention:** Improving member risk profiles through innovative mitigation strategies, in partnership with Underwriting



Group Discussion – The Role of the BAC

Nancy Enderby, AVP of Underwriting and Product Management

Jeff Mills, AVP of Business Development

Discussion Questions

1. What do you value most about the BAC?
2. How does the BAC fall short of your expectations?
3. How can we improve the BAC?



Breakout Discussion – 2025 Business Planning

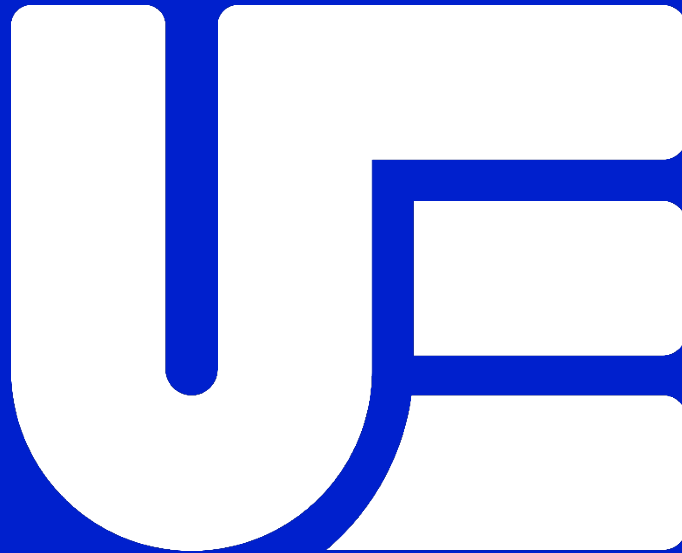
10:30 a.m. – 11:30 a.m.



Wrap Up and Key Takeaways

Jeff Mills, AVP of Business Development

Stay Connected



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