

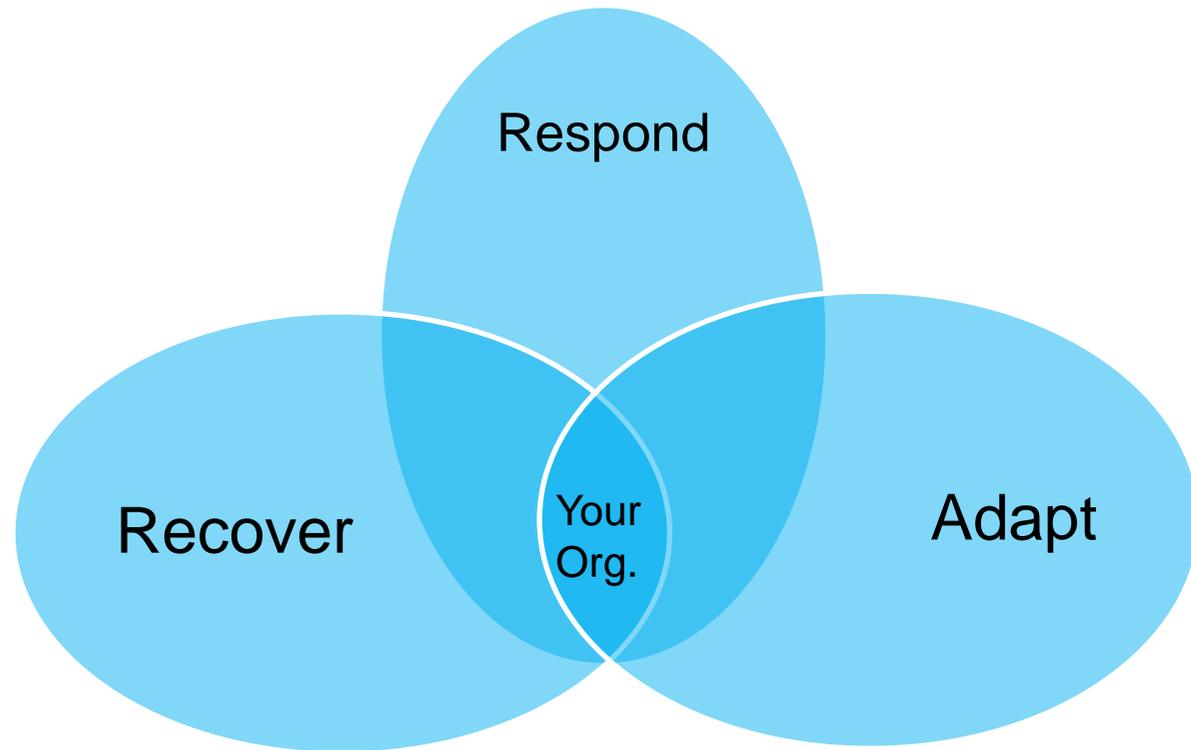
THE ATLANTIC HUDDLE

IMPACT OF COVID ON RISK MANAGEMENT

OCTOBER 28, 2020

Agenda

- Current insurance marketplace
- Respond, Recover, Adapt
- Who is Marsh
- Q&A



Current Insurance Market

- **Market Conditions – October 2020**

- Prior to 2019 we had been in a prolonged ‘soft’ market for both Property and Casualty lines.
- The property market started to transition in 2019 and the Liability market towards the end of 2019 and then very quickly at the start of 2020.
- We are now in a ‘hard ‘ market for both these lines of cover.
- Returning to profitability from underwriting is one of the drivers of this hard market.
- Underwriters need to get risks back to a ‘technical’ rate to achieve this.
- Underwriters are reducing their participation on both Property and Liability lines to manage overall exposure to some classes of risk.
- New or replacement capacity is often more expensive than existing capacity.

Current Insurance Market

- **What does this mean for most buyers**

- Average increases are approaching 25% for Property and 20% for Liability [especially on excess lines], 40%+ for D&O
- Auto rates are increasing but not to the same extent – except where there is US exposure
- Turnaround time from Underwriters is slower
- Deductible increases and coverage reductions are generating minimal cost savings as insurers seek to retain and increase premium dollars
- Challenging risk industries, as well as those with high natural catastrophe exposures have less options and are seeing above average increases in many cases.
- The market is very unpredictable Insurer to Insurer
- Attention to Risk Improvement and completing Risk Recommendations is critical to getting the best result

Current Insurance Market

- **How has Covid-19 impacted the Market**

- Increased loss activity - current range estimates \$200 Billion
- Financial market volatility, Economic Slowdown, reduction in investment income from low interest rates have added to Insurers pressure on returning to profit.

- **Outlook for the rest of 2020**

- Market losses continue at an accelerated pace, Covid and non-Covid related
- CAT events in Canada continue to challenge Insurers ability to return to a reasonable profit margin
- There will be continued pressure on rates for the rest of this year and into 2021 – no single risk or industry will be immune
- Communicable Disease clear exclusionary language

Navigating a Recovery

Effective response in a time of crisis

Response

- Cancellation of events
- Refunding of tickets
- Closing of facilities
- Work from home strategies
- Reduced supply chains
- Submission of claims to insurance companies

Short term

Recovery

- Health and Safety
- Venue availability
- Medical symptom plans
- Training/Practice configurations & limitations
- Technology
- Supply chains
- Geography
- Close collaboration with local health authorities
- Build participation levels

Medium term

Adapt

- Social distancing
- Mask wearing requirements
- Screening procedures
- Change of in-venue/event procedures
- Bubble concepts
- COVID vaccine development
- COVID treatment developments

Long term

Marsh Global Sport Practice

- A global network of nearly 200 dedicated industry professionals
- Serving over 150 US sport & event clients placing \$220M sports premiums
- Pandemic risk – Athlete safety
 - Marsh’s emerging risk practice specialists build models to track outbreaks on a regional, national or global basis
- Marsh Advisory Services help organizations to prevent youth abuse and reduce injury
- Technology Risk support to develop and integrate solutions to advance an organizations overall business development.
- Build bespoke insurance solutions to address potential economic losses from brand and reputational damage, including crisis consultancy.



This document and any recommendations, analysis, or advice provided by Marsh (collectively, the “Marsh Analysis”) are intended solely for the entity identified as the recipient herein (“you”). This document contains proprietary, confidential information of Marsh and may not be shared with any third party, including other insurance producers, without Marsh’s prior written consent. Any statements concerning actuarial, tax, accounting, or legal matters are based solely on our experience as insurance brokers and risk consultants and are not to be relied upon as actuarial, accounting, tax, or legal advice, for which you should consult your own professional advisors. Any modeling, analytics, or projections are subject to inherent uncertainty, and the Marsh Analysis could be materially affected if any underlying assumptions, conditions, information, or factors are inaccurate or incomplete or should change. The information contained herein is based on sources we believe reliable, but we make no representation or warranty as to its accuracy. Except as may be set forth in an agreement between you and Marsh, Marsh shall have no obligation to update the Marsh Analysis and shall have no liability to you or any other party with regard to the Marsh Analysis or to any services provided by a third party to you or Marsh. Marsh makes no representation or warranty concerning the application of policy wordings or the financial condition or solvency of insurers or reinsurers. Marsh makes no assurances regarding the availability, cost, or terms of insurance coverage.

Marsh is one of the Marsh & McLennan Companies, together with Guy Carpenter, Mercer, and Oliver Wyman.
Copyright © 2019 Marsh Canada Limited and its licensors. All rights reserved. www.marsh.ca | www.marsh.com