

# **STATE OF THE INDUSTRY:**

**Employment Practices Market Update**





**ELITE SPECIALTY & WHOLESALE**

Insurance Services

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# STATE OF THE INDUSTRY:

## EMPLOYMENT PRACTICES MARKET UPDATE

Why is the market changing?

- Rate Corrections
- Capacity Reductions
- Social Inflation / Nuclear Verdicts
- Evolving Legislation
- Claim Trends

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What is driving market instability?

- Years of depressed rates
- Inaccurate actuarial projections
- Combined Ratios +100-150%
- Reversal in classes considered high risk
- Unpredictable COVID-19 claims

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## EMPLOYMENT PRACTICES MARKET UPDATE

Why is capacity being reduced?

- Consecutive poor performance
- Reinsurers fighting to maintain rating
- Failure to earn cost of capital
- Lloyd's Decile 10
- Increased claims frequency / severity

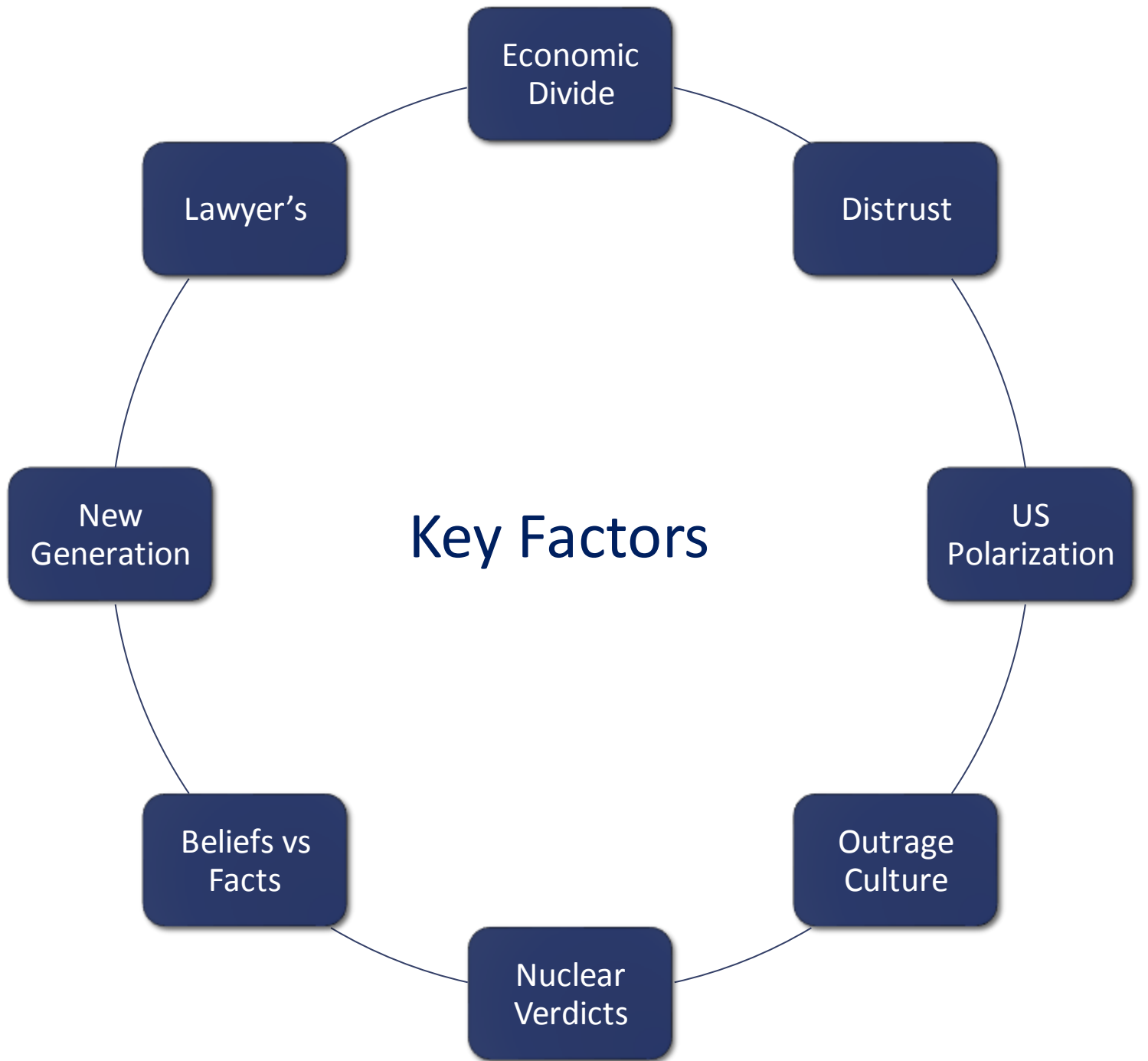
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## EMPLOYMENT PRACTICES MARKET UPDATE

*“Social inflation and nuclear verdicts demonstrate that a standard economic analysis for assessing risk in litigation is no longer sufficient for accurately predicting potential risk.”*

Excerpt from Carrier Management article: COVID-19 Delays May Turn the Social Inflation Tide

# What's Driving Social Inflation?





## Litigation Funding

- Consumer Financing
- Commercial Financing



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Evolving legislation we are watching closely:

- CA AB5 aka Gig-Economy Bill
- Families First Coronavirus Response Act (FFCRA)
- Employee Screening
- Contact Tracing

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EEOC Charge  
Filings

Wage & Hour

New Overtime  
Rules

Whistleblower

Discrimination  
Claims (ADA)

Retaliation



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# THANK YOU!



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