



Bringing UE to You

April 9, 2025

Agenda

9:30 a.m. Check-in

10 a.m. Welcome & State of UE

Rick Mills, President & CEO

Sean Barnes, VP of Finance and Administration, CFO & CIO

10:45 a.m. Social Inflation: What Can We Do About It?

Ellen Kennedy, VP of Resolutions and General Counsel

Sarah Braughler, VP of Risk Management

11:30 a.m. Which Factors Impact My Premium?

Bryan Elie, VP of Underwriting and Product Management

12 p.m. Lunch & Member Forum

1 p.m. Adjourn



Welcome & State of UE

Rick Mills, President & CEO

Sean Barnes, VP of Finance and Administration, CFO & CIO

State of UE: 2025

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

2024 Year-End Results



101.1%

**Combined
Ratio**

< 20%

**Expense
Ratio**

\$422M

**Gross Written
Premium**

95.5%

Retention

\$14.9 M

2024 New Business

Liability Landscape



Education-Specific

- Financial and societal pressures



Legal Environment

- Loss Trends Rising
- Third-Party Litigation Financing

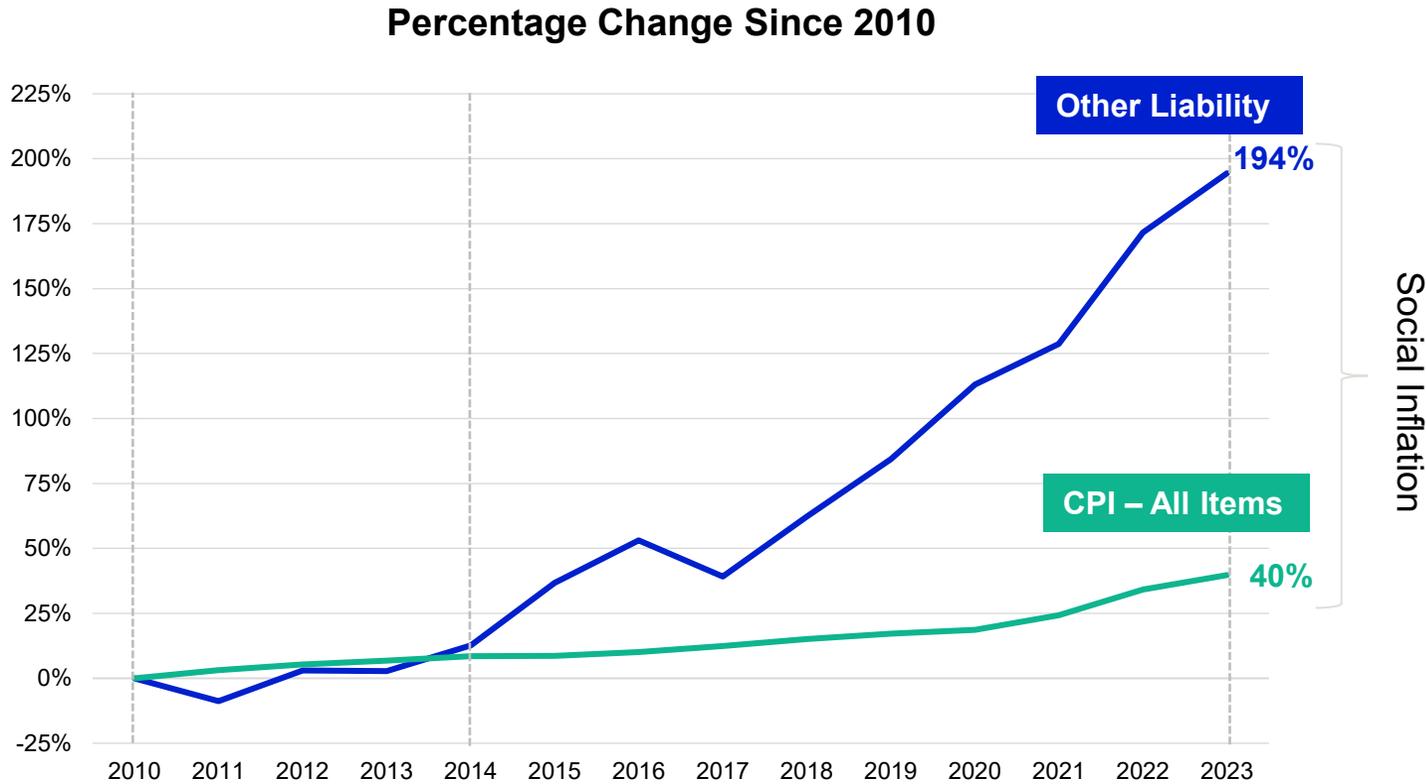


Insurance Industry

- Exclusions
- Downward pressure on limits

Insurance Losses vs. CPI Inflation

Rising cost of claims translates to premium increases



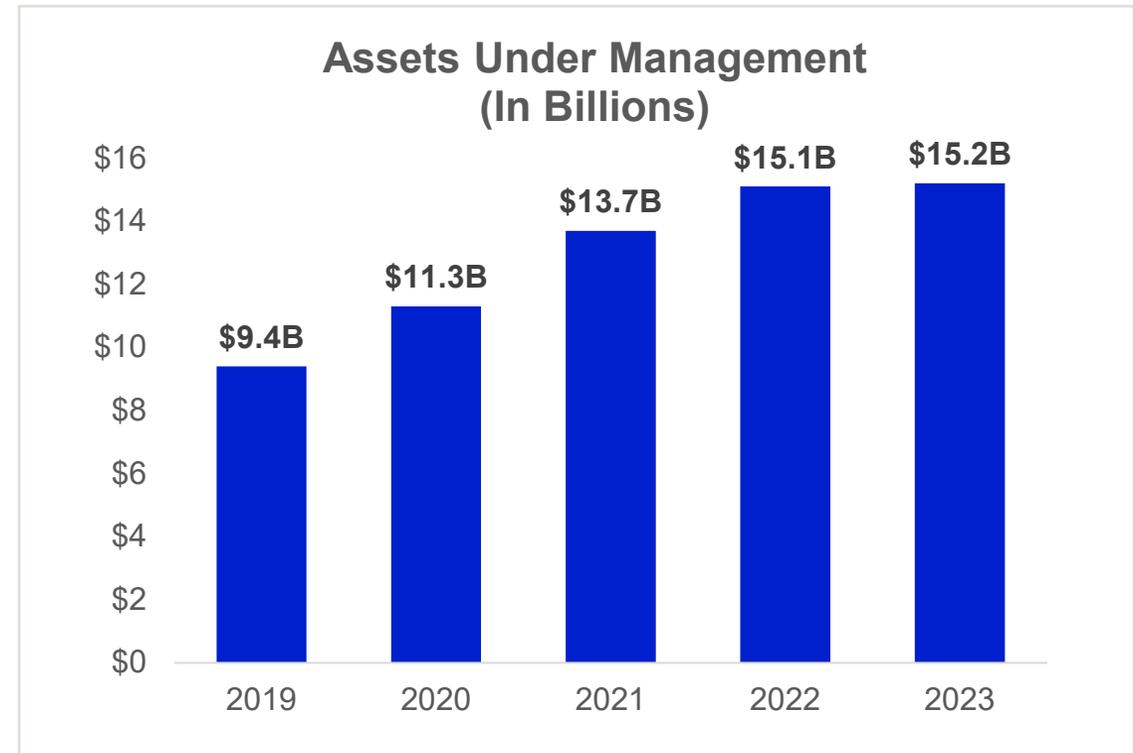
Years	Annual Growth Rate	
	CPI	Other Liabilities
2010-14	1.7%	2.4%
2015-23	2.8%	8.9%

Third-Party Litigation Financing (TPLF)

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

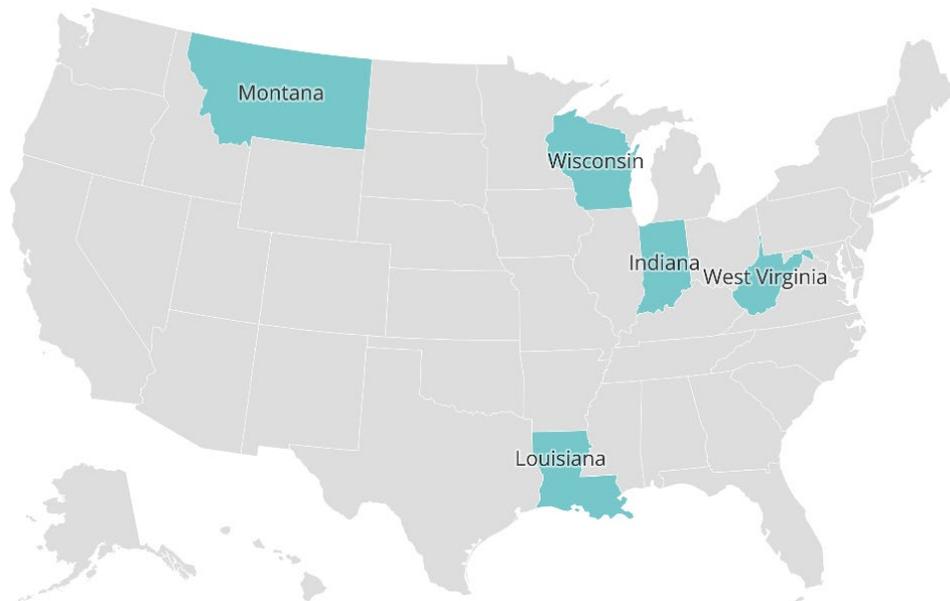
APCIA reports:

- 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.**

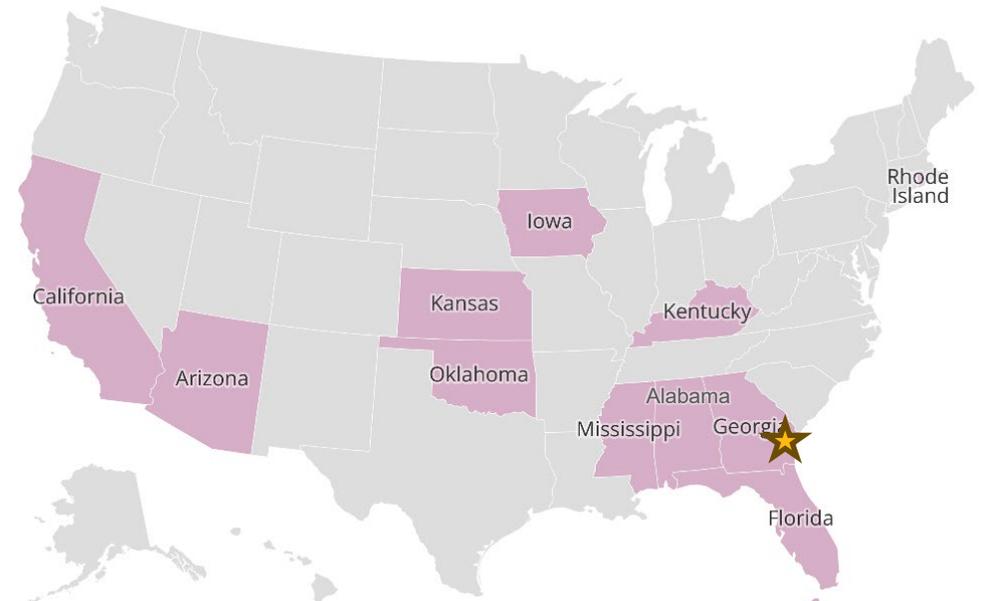


No Legislative Relief on the Horizon

States with TPLF restrictions on the books



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



International Comparison of Future Social Inflation Drivers

The US is expected to remain the epicenter 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.

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

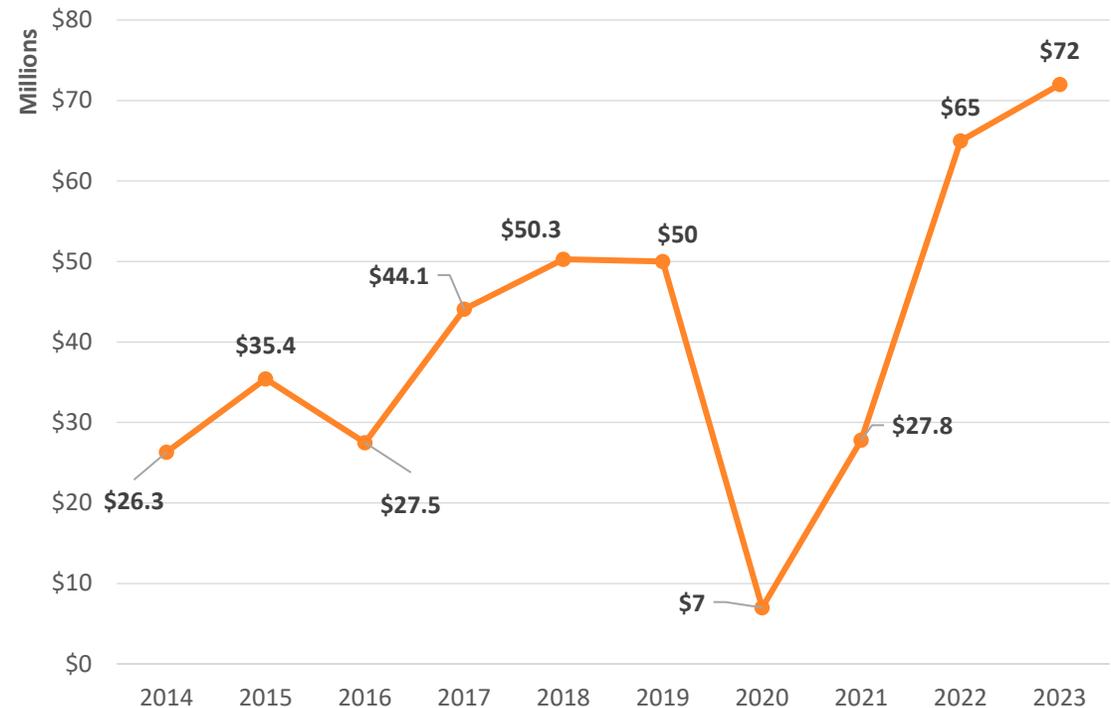


Market Trends – Verdict Sizes

Factors driving rapidly increasing liability claims costs

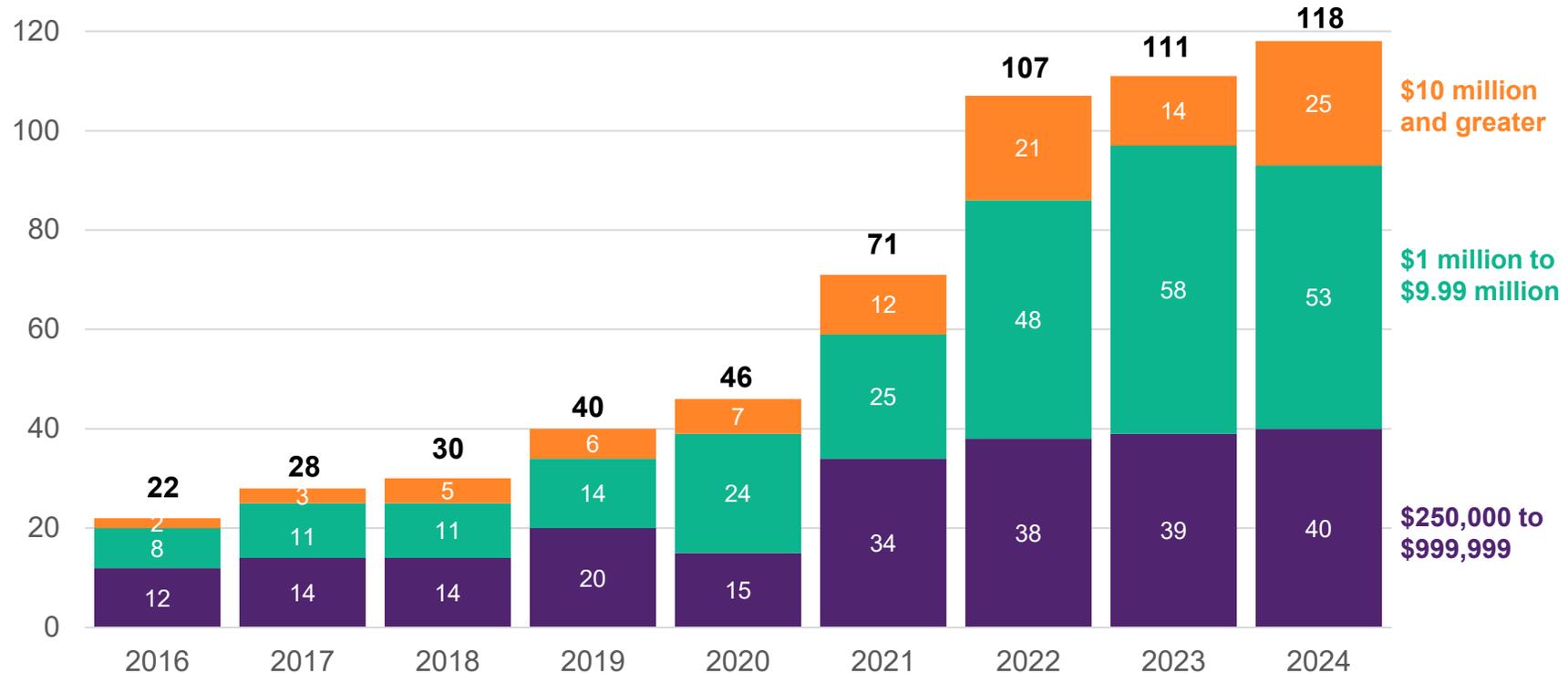
- Increased litigation
- Broader contract interpretations
- Plaintiff-friendly legal decisions
- Escalating jury awards and settlements

Median Top 50 US Verdicts



Large Loss Reports 2016-24

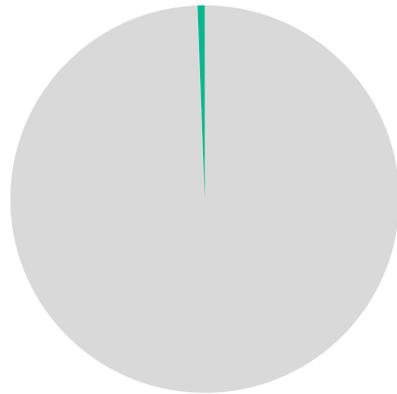
Damage award and settlement trends



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.

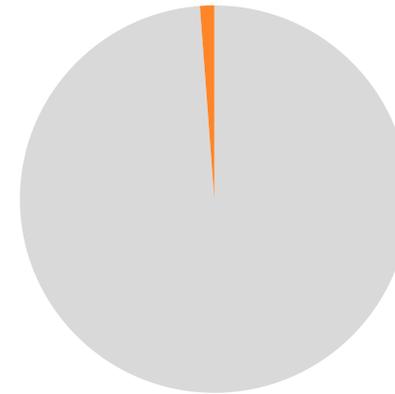
Claim Severity Drives Up Cost Per Insured

Social inflation drives up the number and severity of high value claims



300 of 50,000
insureds with
claims >\$5M

Average Cost	\$12.5M
Total Claims Cost	\$2.25B
Cost Per Insured	\$45K



600 of 50,000
insureds with
claims >\$5M

Average Cost	\$16M
Total Claims Cost	\$6.6B
Cost Per Insured	\$132K

Premium Increase = 193%

Our Partnership With Education

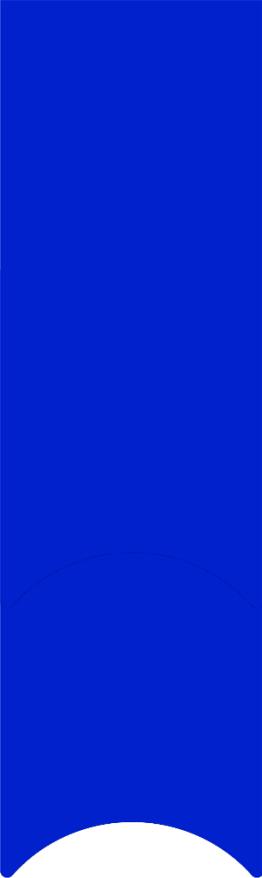
- Recognize pressures on education leaders drive increasing scrutiny of insurance costs
- Set premiums to keep pace with the cost of claims, not to satisfy shareholders
- Maintain acceptable combined ratio for sustainability
- Continue partnering with members to mitigate rising cost severity
- Duty to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



Social Inflation: What Can We Do About It?

Ellen Kennedy, VP of Resolutions Management and General Counsel

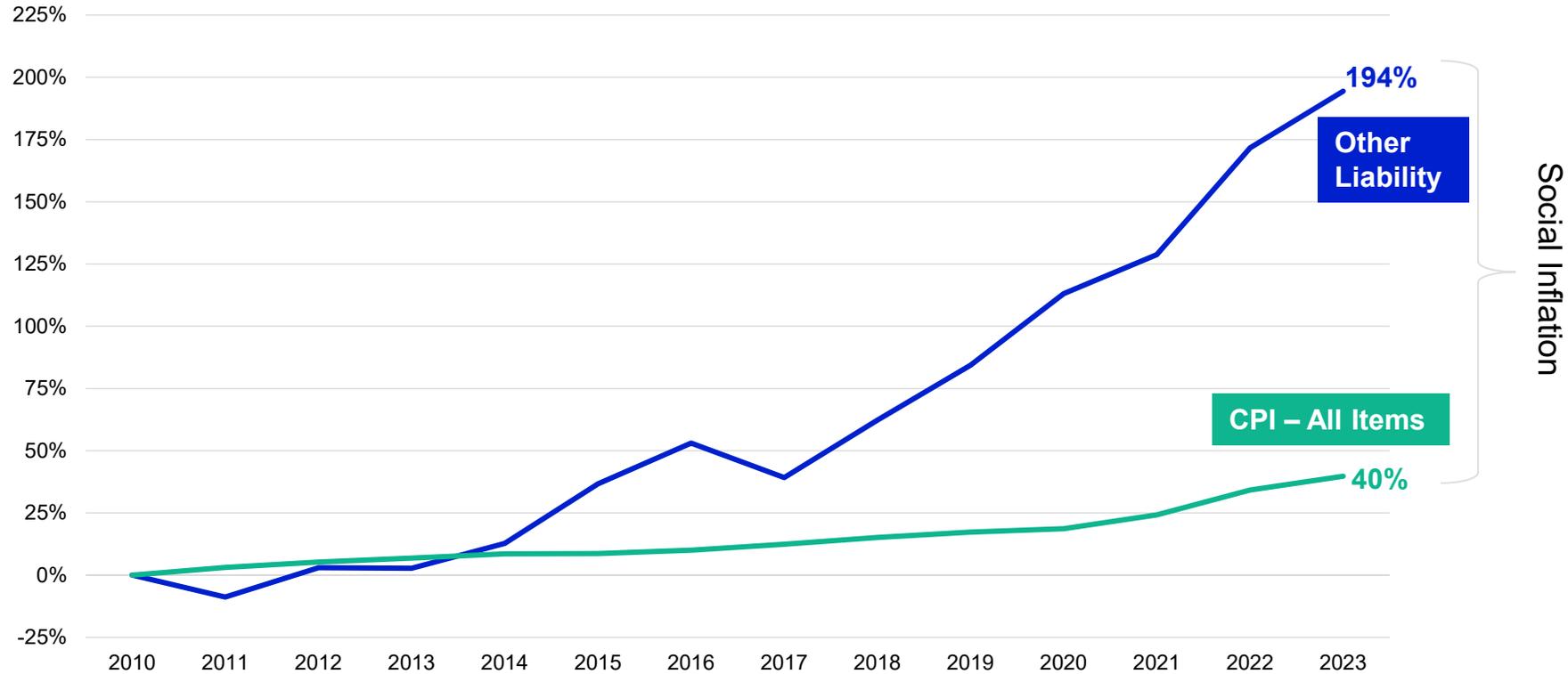
Sarah Braughler, VP of Risk Management



Some UE Data Before We Start

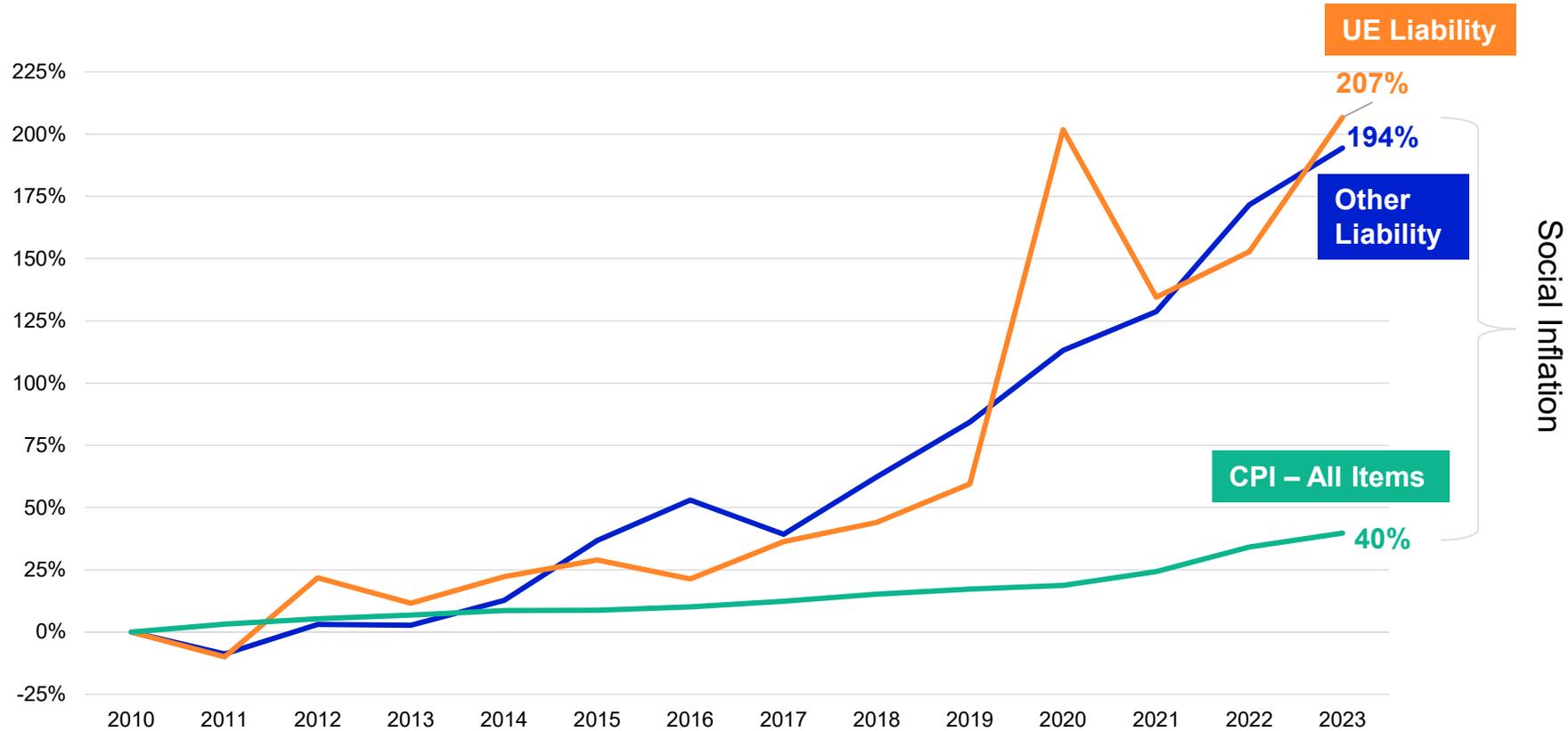
Insurance Losses vs. CPI Inflation

Percentage Change Since 2010

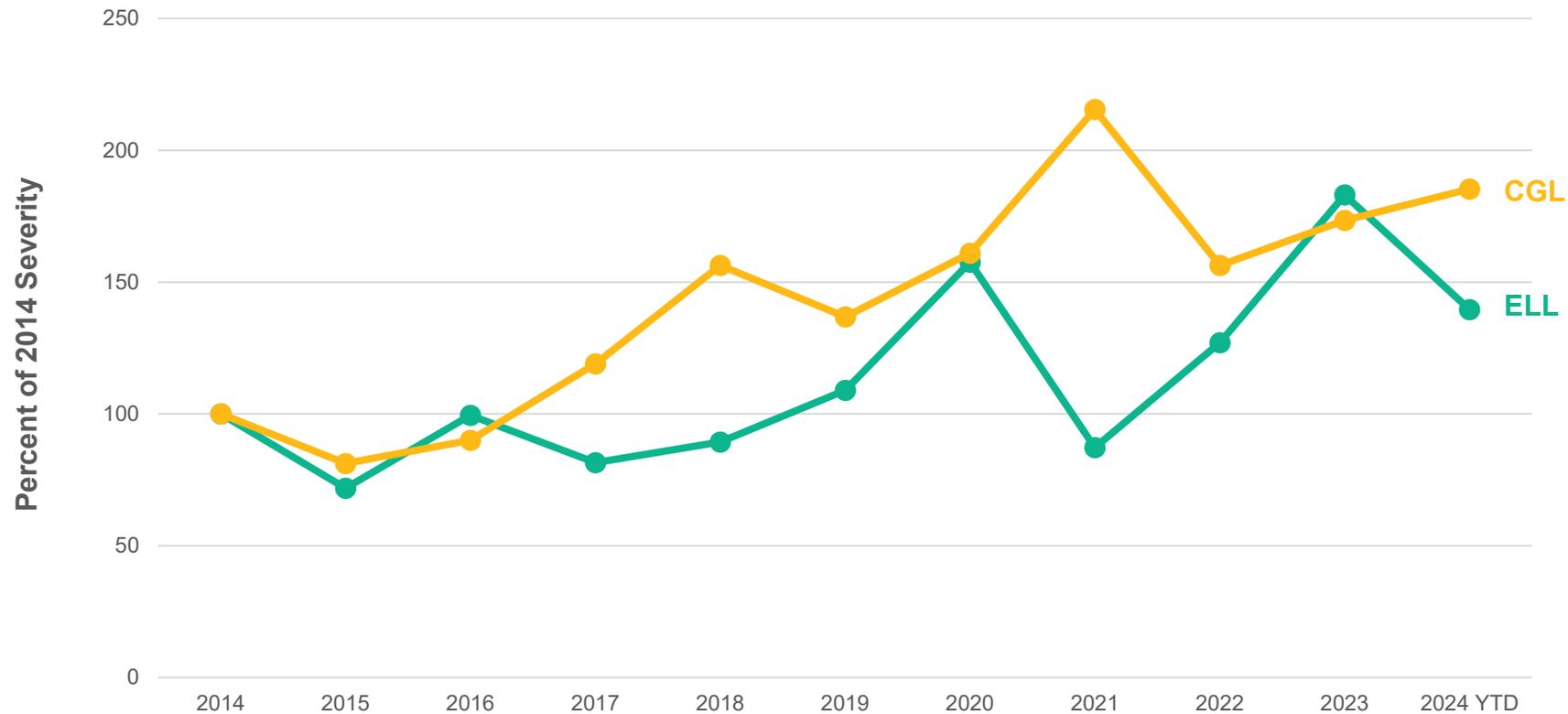


UE Losses vs. CPI Inflation

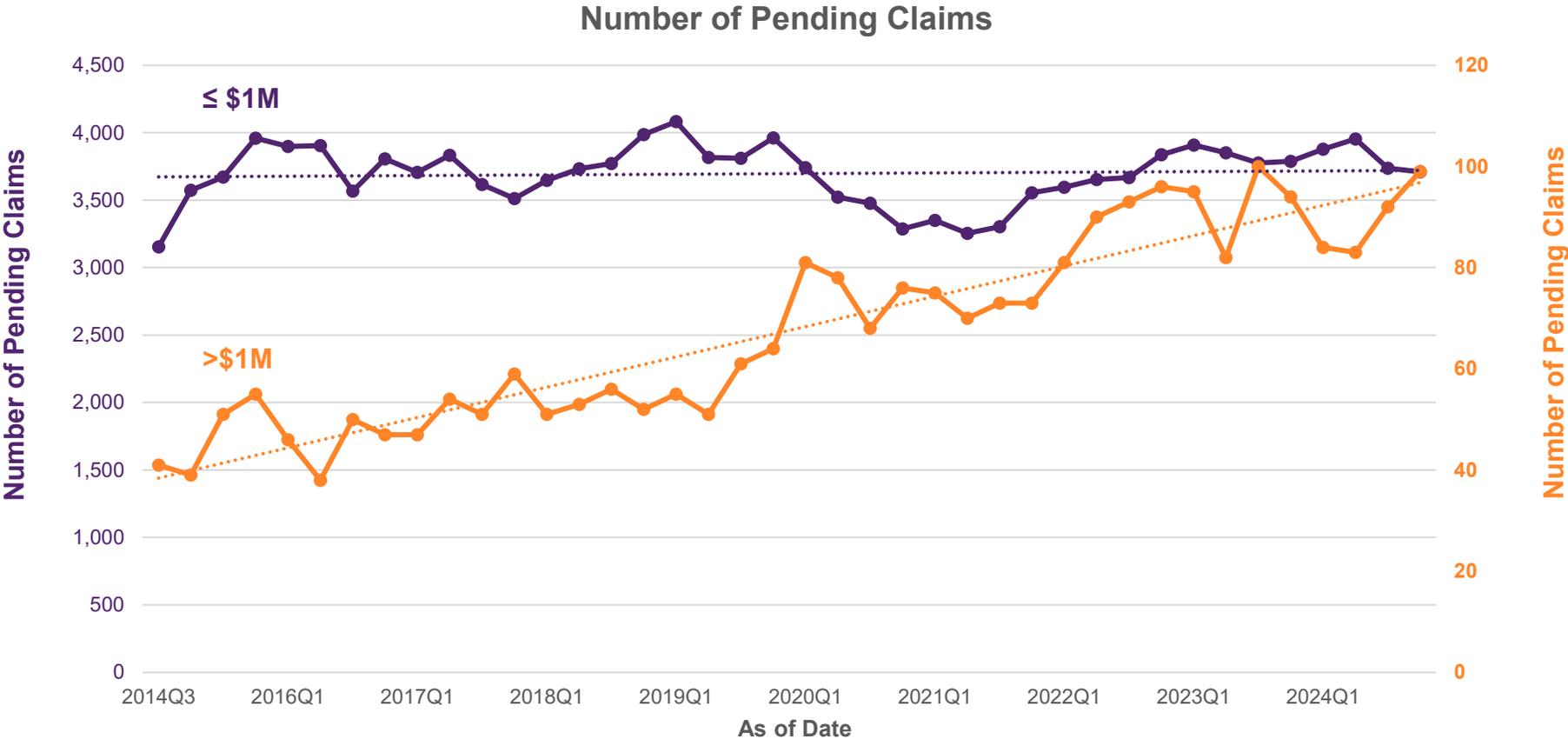
Percentage Change Since 2010



UE Member Claims – CY Incurred Severity Trend

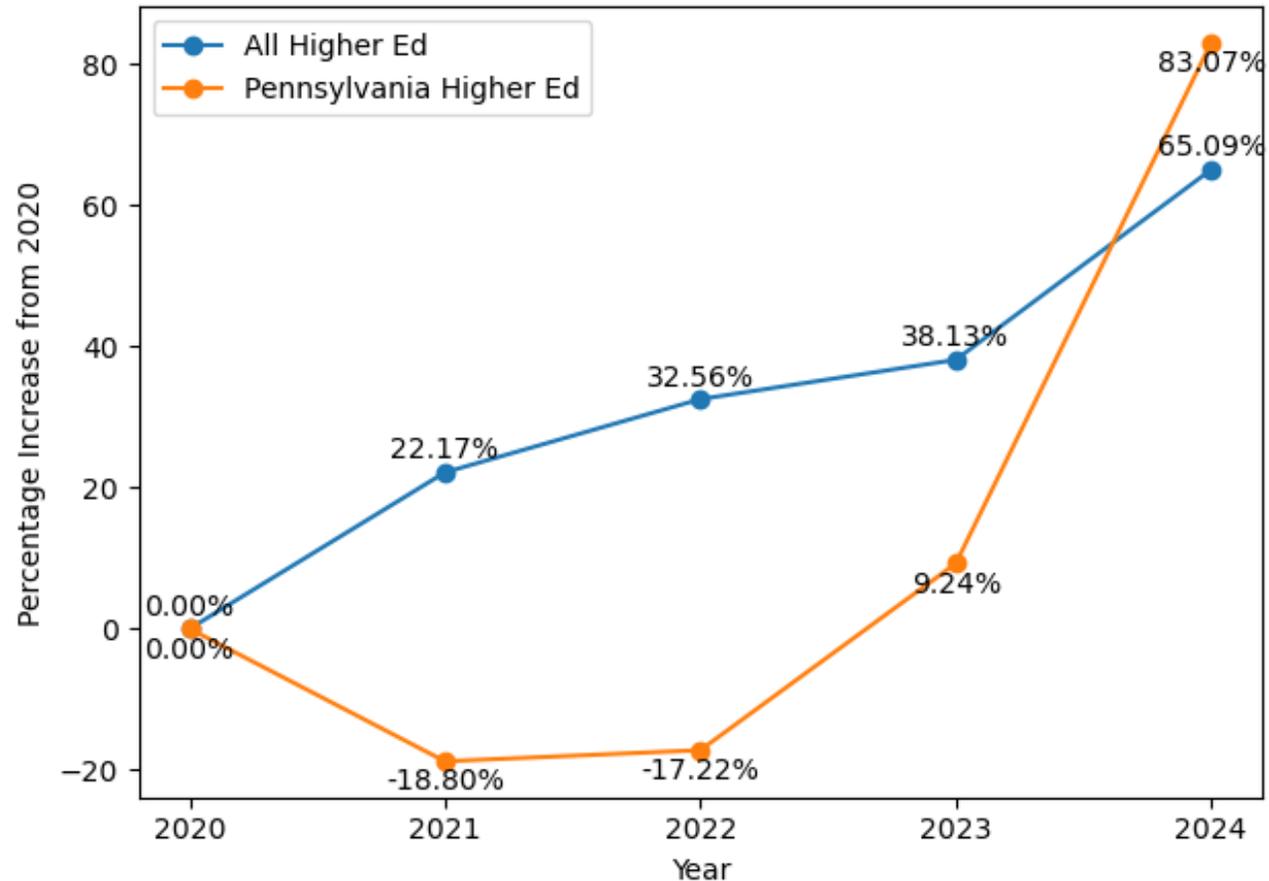


All UE Lines < > \$1 million



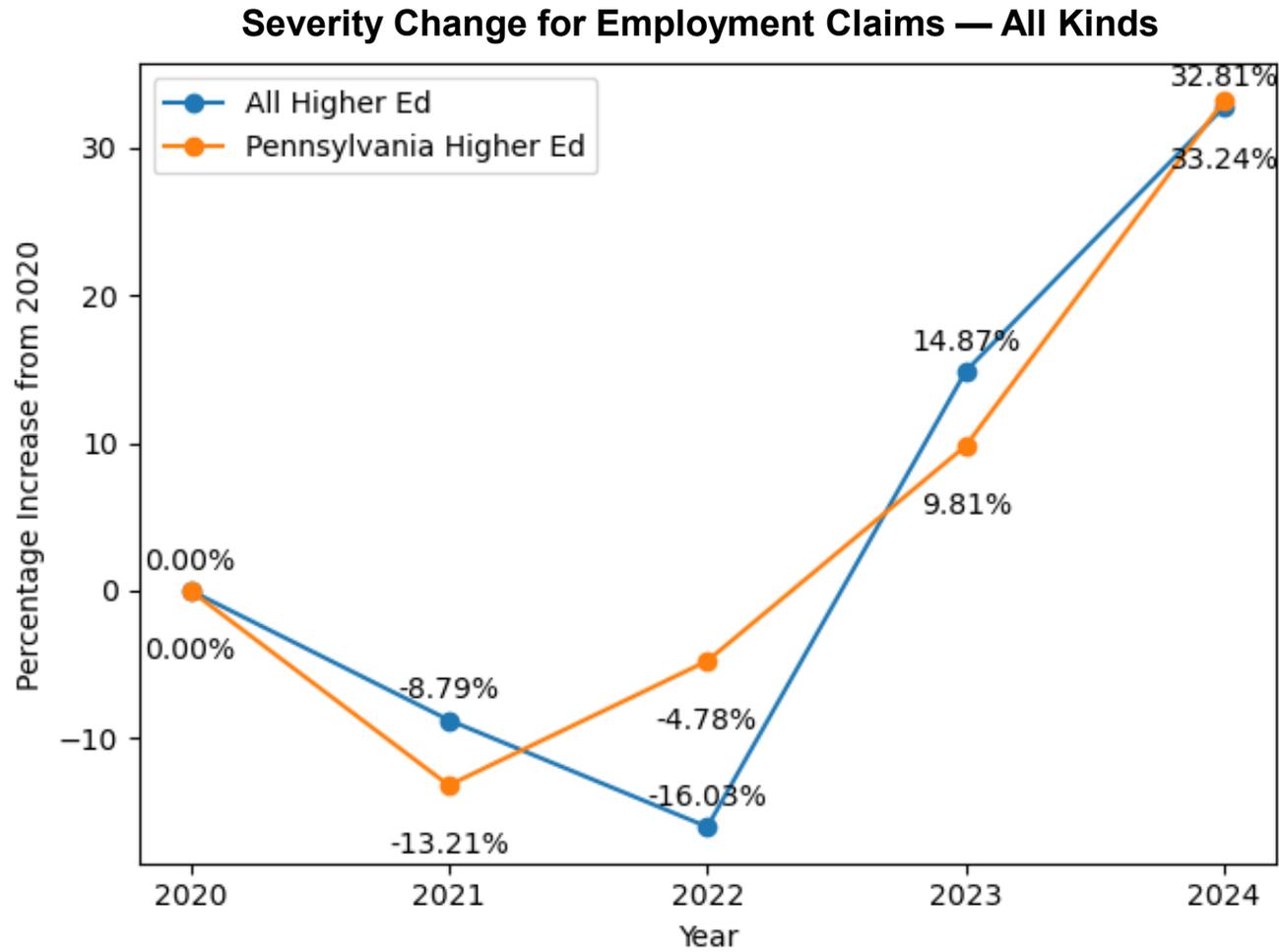
UE Member Claims – Slip, Trip, and Fall Severity

Slip, Trip, and Fall Claims

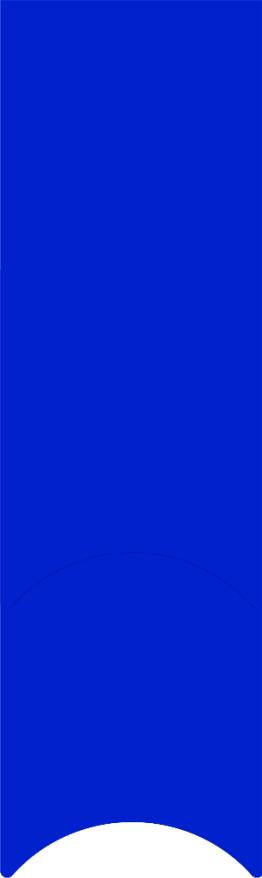


3-year rolling average severity increase (closed claims)

UE Member Claims – Employment Severity Change



3-year rolling average severity increase (closed claims)



What Can We Do to Address These Trends?



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

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 developing 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

Tips 2 and 4

Proactive evaluation of claims and regular review

- We encourage reporting – it can only help.
 - Cool Head, Warm Heart[®]
 - Pre-claim Advice Credit
- We evaluate claims early and often
- We assign to the right claims handler.
 - SG is all attorneys – they handle most complex claims
 - Unmatched experience in key education issues (suicide, tenure, First Amendment, etc.)
- We know our jurisdictions – judges, courts, plaintiff counsel
 - To that end . . .

Sorry, Pennsylvania.

#1 Judicial Hellhole[®] for two years running



JUDICIAL Hellholes[®]

ATR

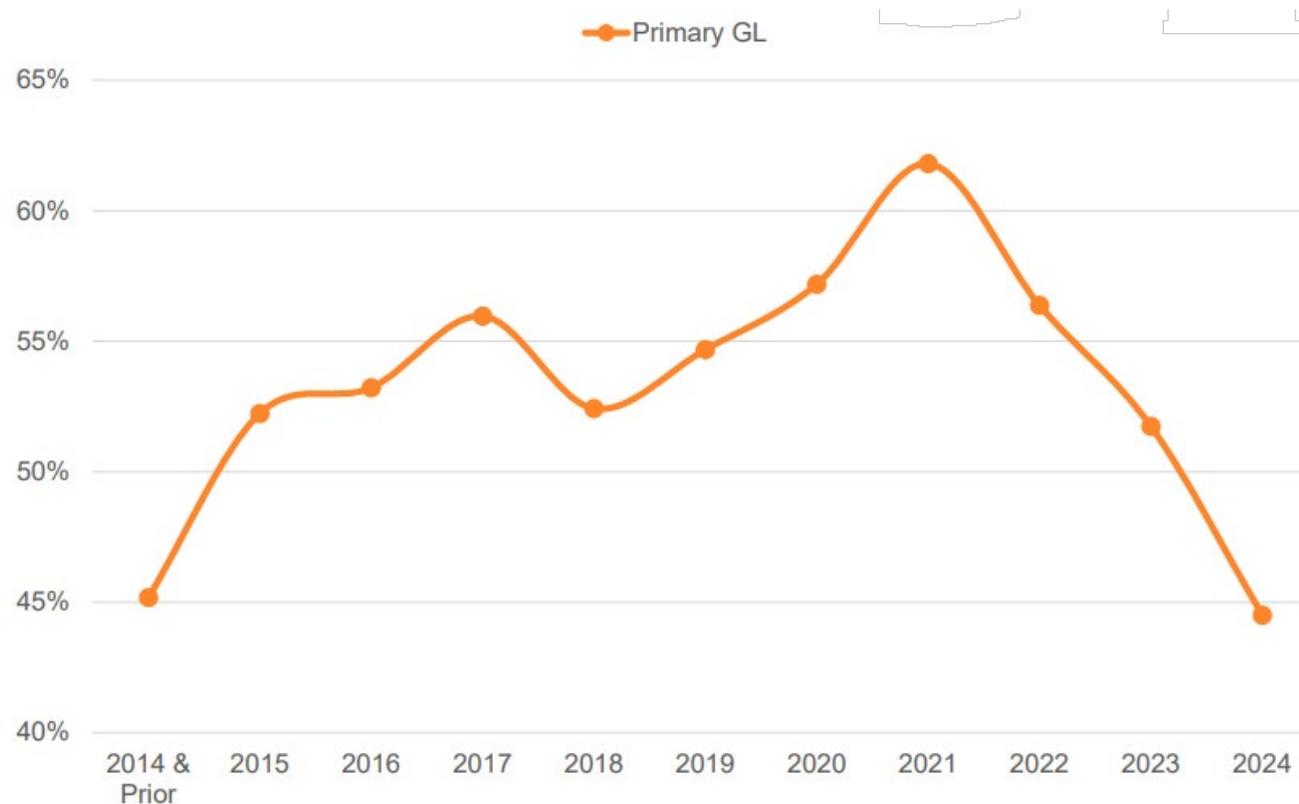
Tips 2 and 4

Know who the most appropriate defense firms are and “don’t hand them a blank check.”

- Assign the right counsel for the right case
- Select/appoint trial attorneys with known trial record
- Look for counsel efficiency
- Reflect true partnership in claims communications
- Diversify counsel – one attorney/firm for a region is not a smart business model

It is Making a Difference

Defense costs as a percentage of overall incurred for CGL claims back to historic norms



What Else Do We Do?

- Mock juries and focus groups
 - Any case with sensitive issues or high exposure
 - Balancing settlement vs trial
- Claims roundtables
 - We take advantage of all the diverse viewpoints within UE
- Last but not least . . . Risk Management
 - The least expensive claim is the one that never happens

UE's Risk Management

United Educators Risk Management Products Working With You About UE Report a Claim Learning Portal MyUE ▾

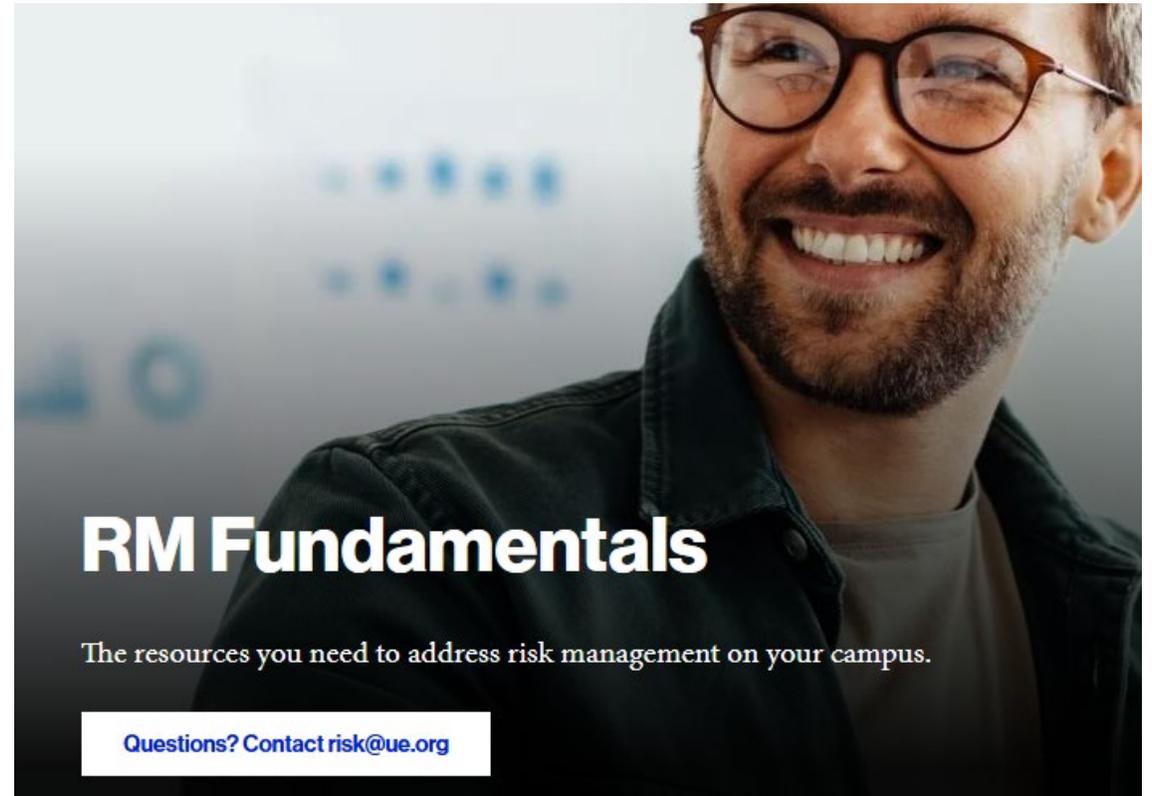
Risk Management

The value of United Educators (UE) membership extends far beyond the insurance policy. Eligible members benefit from complimentary access to a wide-ranging collection of risk management resources that can help increase compliance, prevent incidents, and reduce claims.

[Browse All Resources](#) [Browse Online Courses](#) →

Your Risk Management

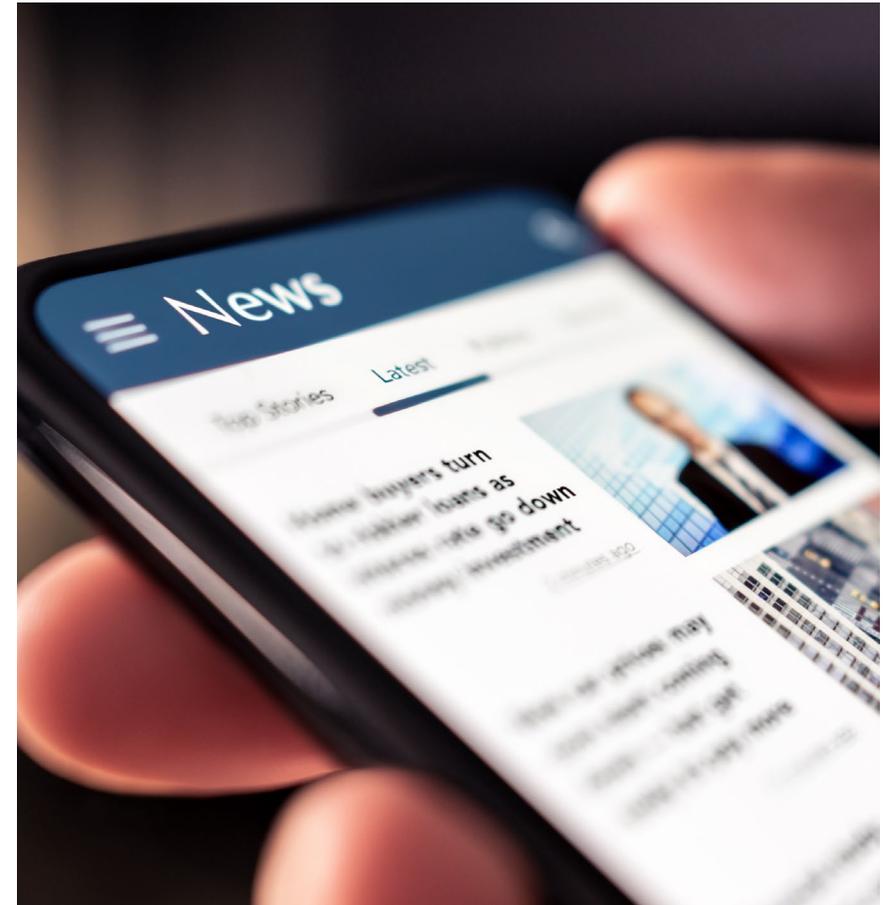
- Analyzing Risks
- Reviewing Contracts and Waivers
- Documenting Practices
- Retaining Records
- Establishing ERM
- Identifying Risks
- Drafting Policies
- Responding to Injuries & Crises
- Training on Risks



www.ue.org/risk-management/fundamentals

New Areas of Risk and Exposure

- Federal Funding Threats
- Research Reductions
- Regulatory Shifts
- International Student/Employee Status
- Admissions Practices
- Enrollment – the Demographic Cliff
- Name, Image, and Likeness (NIL) Rules
- Extreme Weather & Climate Threats
- Diversity, Equity, and Inclusion (DEI) Efforts



Known Areas of Risk and Exposure

- Employee Sexual Harassment
- Workplace Discrimination
- Student Mental Health
- Contracts and Contracting
- Hazing
- Student Sexual Misconduct
- Slips, Trips, and Falls
- Other Physical Injuries
- Transportation



UE Resource Highlights



Risk Management Premium Credit (RMPC) Program



Publications, Webinars, Podcast



Conferences and Events



Online Courses



Risk@ue.org

UE Resource Highlights

- Large Loss Report
- Top Risks Report
- Tabletop Exercises Library



Recent Risk Management Resources



- [Using Artificial Intelligence Tools in the HR Lifecycle: Risks to Consider](#)
- [Institutionalize the Prevention of High-Risk Drinking](#)
- [Reduce Heat Illness in Athletes](#)
- [Preventing Drowning From Underwater Breath-Holding](#)
- [Residence Hall Fire Safety Tips](#)
- [Severe Weather Events: Mitigate Impact on Employees](#)



Which Factors Impact My Premium?

Bryan Elie, VP of Underwriting and Product Management

Factors increasing costs above general inflation

- Social inflation (TPLF and litigation advertising)
- Increased legislative risks
- Increased litigation, broader contract interpretations, plaintiff-friendly legal decisions and escalating jury awards and settlements
- Greater uncertainty for the education sector
- Rising costs of UE member claims
- 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
- Enhanced pre-claim advice credit

Average premium increases

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

- Underwrite individually — actual terms may be below or above averages
 - Risk profile, litigation environment, loss experience, limits purchased

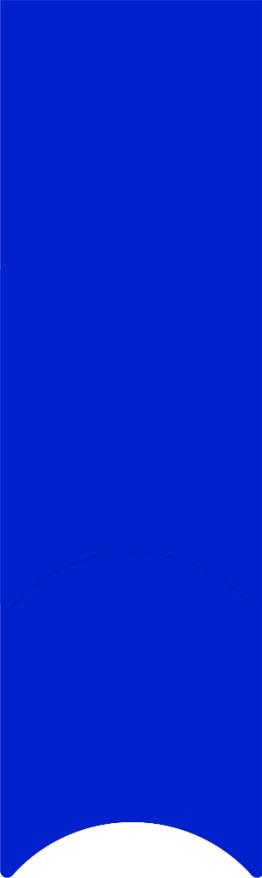
Underwriting evolution

- Application changes
 - Higher Ed Intercollegiate Athletics Supplemental Application
 - 6/1 and later x-dates for Power 4 conference members
- Loss control pilot
 - Collaboration with risk management team



Lunch & Member Forum

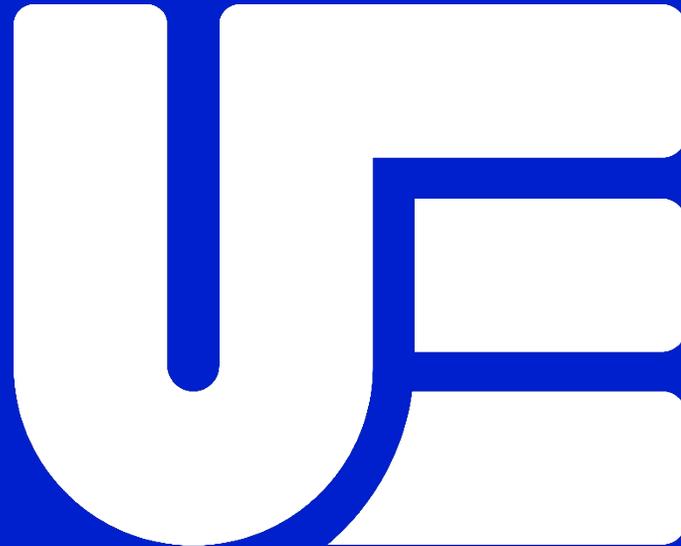
12 p.m.



Adjourn

Thanks for joining us!

Stay Connected



The material appearing in this presentation is for informational purposes. It should not be considered legal or coverage advice or used as such. For legal advice, contact your legal counsel. For coverage-related questions, contact your broker. Copyright © 2025 by United Educators Insurance, a Reciprocal Risk Retention Group. All rights reserved.