



*Risk Management Strategy + Insurance Expertise = Stability & Growth*

**State of the Senior Living Insurance Marketplace – Volume #1**

**Insurance Marketplace – November 2019 (Pre-COVID)**

-Main Issues – “Hard Market”

- GL and PL claims are increasing at a steady rate across the nation since ~2016
- According to the largest carrier, claims have doubled with avg indemnification payments increasing by 60%
- Legal environment is driving claims not quality of care
- Carriers have exited the market providing less choices/options for policy holders
- Constrained Excess limit capacity due to rising claims

-CA, FL, KY, and GA are especially difficult due to litigation precedents

-For average accounts with no losses, 12-15% rate increase on casualty policies (GL, PL, and Excess) was common

-Little differentiation between For Profit, Not For Profit, or setting/business model

-Stable and relatively soft rates within the Work Comp markets compared to other casualty lines

**Notable Statistics & Observations (May 2020)**

-Approximately 28% of the US’s COVID-19 deaths are related to a senior living facility (~20,000)

- 15,600 senior living facilities existed in the US (2016) – 4,100 facilities contained the virus (April 2020)

- 6,800 with more than 118,000 residents/staff contracting the virus leading to 19,600 deaths (May 2020)

-Before COVID, many carriers had a combined ratio of 200%+ when reviewing UW profitability back to 2014

- A percentage below 100% indicates profitability (i.e. historically unprofitable)
- Along with negative actuarial predications, this is the main reason for carriers exiting the market

-Facilities are struggling to receive PPE and proper testing – Makes prevention difficult

-Smaller risks (below \$100K in premium) are getting tougher to place

**Insurance Marketplace – March 2020 to Present (Post-COVID)**

-Communicable Disease Exclusion will likely be added all GL, Professional Liability and Excess policies (may already exist)

-Rate increases on casualty lines (GL, PL, Excess) is 25%+ which possibly doubles or triples the premium

-Minimum premiums have increased narrowing the placement of smaller risks

-Very little room for UWs to apply credit on submissions even when losses don’t exist

-Market now limited to ~4 carriers for all lines – Even less for communities with multiple losses

**Current Events + Future Predictions**

-The market is in a holding pattern – Depends on how courts decipher policy language in ongoing cases/lawsuits

-Lobbying efforts in ~21 states are taking place for broad federal immunity from lawsuits for long term care facilities

-Court cases against senior living facilities are going to be defensible

- Causation of COVID-19 will be difficult to determine
- Standard of Care offered will be the debatable issue for plaintiff attorneys

-The following is likely to continue for the next 6-12 months

- Narrow market
- Limited capacity, especially on Excess Liability policy limits
- Strict UW guidelines (i.e. more detailed info requested)
- Rate increases of 25%+ on liability policies minus Work Comp

**Action Plan Suggestions**

- Formulate a strategy
- Partner with an established senior living broker
- Start the renewal process early (90-120 days in advance)
- Use a narrative from the very beginning
- Budget as much as possible for rate increase (potentially 25%+ overall)
- Consider raising retentions where possible and feasible
- Where applicable, provide an active log of all open claims and actions taken
- Provide the following info upfront for each carrier:
  - ~Safety protocols and/or manual
  - ~Procedures around COVID-19 + implementation/regulation process
  - ~Updates on PPE equipment and testing of residents and staff
  - ~Detailed explanations for large losses, including prevention measures in place
  - ~Patient care and documentation procedures (Skilled Care Facilities)
  - ~Screening process of new residents
  - ~Audited Financials (2 years)

**Georgia COVID-19 Statistics****July 2020**

Total Facilities	COVID Positive Residents	COVID Resident Deaths	Total Residents Recovered	COVID Positive Staff
540	7,823	1,322	4,653	3,698
	19%	3%	12%	Avg of 7/Facility

**Aug 2020**

Total Facilities	COVID Positive Residents	COVID Resident Deaths	Total Residents Recovered	COVID Positive Staff
618	11,286	1,894	6,918	5,649
	23%	4%	14%	Avg of 9/Facility

**PPE Resources (Ritz Safety)**

Disposable Medical Masks [https://www.ritzsafety.com/Product.aspx?item\\_code=RTZSURGMASK](https://www.ritzsafety.com/Product.aspx?item_code=RTZSURGMASK)

Hand Sanitizer [https://www.ritzsafety.com/Product.aspx?item\\_code=RTZHANDSAN10OZ](https://www.ritzsafety.com/Product.aspx?item_code=RTZHANDSAN10OZ)

KN95 Masks [https://www.ritzsafety.com/Product.aspx?item\\_code=RTZKN95](https://www.ritzsafety.com/Product.aspx?item_code=RTZKN95)

Pull-up Face Guards <https://www.ritzsafety.com/f/dsnfg---face-guard-buff/1023/172430>

**References**

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Founded in 1971, HAUSER is an insurance brokerage firm serving the private equity space, as well as the local business communities of Atlanta, Chicago, Cincinnati, New York, Kansas City, and St. Louis. Through a team approach, we tailor insurance solutions to the specific industry of each client. We serve through a needs-based approach in which we seek to understand first and execute accordingly. Whether it's through a benchmarking study or total cost of risk analysis, we're constantly striving to protect our client's assets, investments, and people to achieve optimal growth and stability. Here are examples of the industries we currently serve: Healthcare, Senior Living, Manufacturing, Technology, Construction/Development, Hospitality, and Real Estate.

## SERVICES OFFERED – TEAM OF EXPERTS APPROACH

- M&A Due Diligence – Insurance and Risk Management Consulting
- Professional, Management, and Cyber Liability – Advisory & Placement
- Commercial Insurance – Advisory & Placement
- Risk Management Plan Design and Implementation
- Transactional Liability (Reps & Warranty Insurance, Tax Indemnity, etc.)
- Captive Insurance Formation (Group, Micro, Single Parent, Protected Cell, etc.)
- Commercial and Construction Surety
- Claims Management and Advocacy (Attorney on Staff)
- Personal Insurance – Advisory & Placement (Home, Auto, Life, Key Man, etc.)
- Employee Benefits/Executive Benefits – Advisory & Placement
- 401(k) Retirement Plan Consulting



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### Personal

- Atlanta Native
- MBA Candidate (Finance and Law) – Georgia Institute of Technology – Class of 2022
- MEd (Counseling and Human Development) – University of Georgia
- BA (Religion/Psychology) – Presbyterian College
- 10+ Years of Experience as a Risk Management Professional

### Certifications

Chartered Property & Casualty Underwriter (CPCU), Associate in Risk Management (ARM), Construction Risk and Insurance Specialist (CRIS), Associate in General Insurance (AINS)

### Industry Focus

- Senior Living
- Healthcare
- Construction/Development/Real Estate

### Areas of Expertise

- Risk Management and Insurance Program Design for Senior Living Entities
- Professional and Management Liability for the Health Care Industry
- Real Estate Asset Management and Replacement Cost Valuation
- Developing Solutions for Construction Risk – OCIP/CCIP, CDI, Builder's Risk
- Contractor's Pollution Liability + Mold Coverage (Restoration Contractors)
- Alternative Risk Transfer – Captive Insurance Placement + Implementation