



AION

LEADERSHIP

SUMMIT



# **Introductions & Objectives**



# ■ Introductions



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# ■ Objectives

## Marketplace



Commercial  
Property



General  
Liability



Worker's  
Compensation

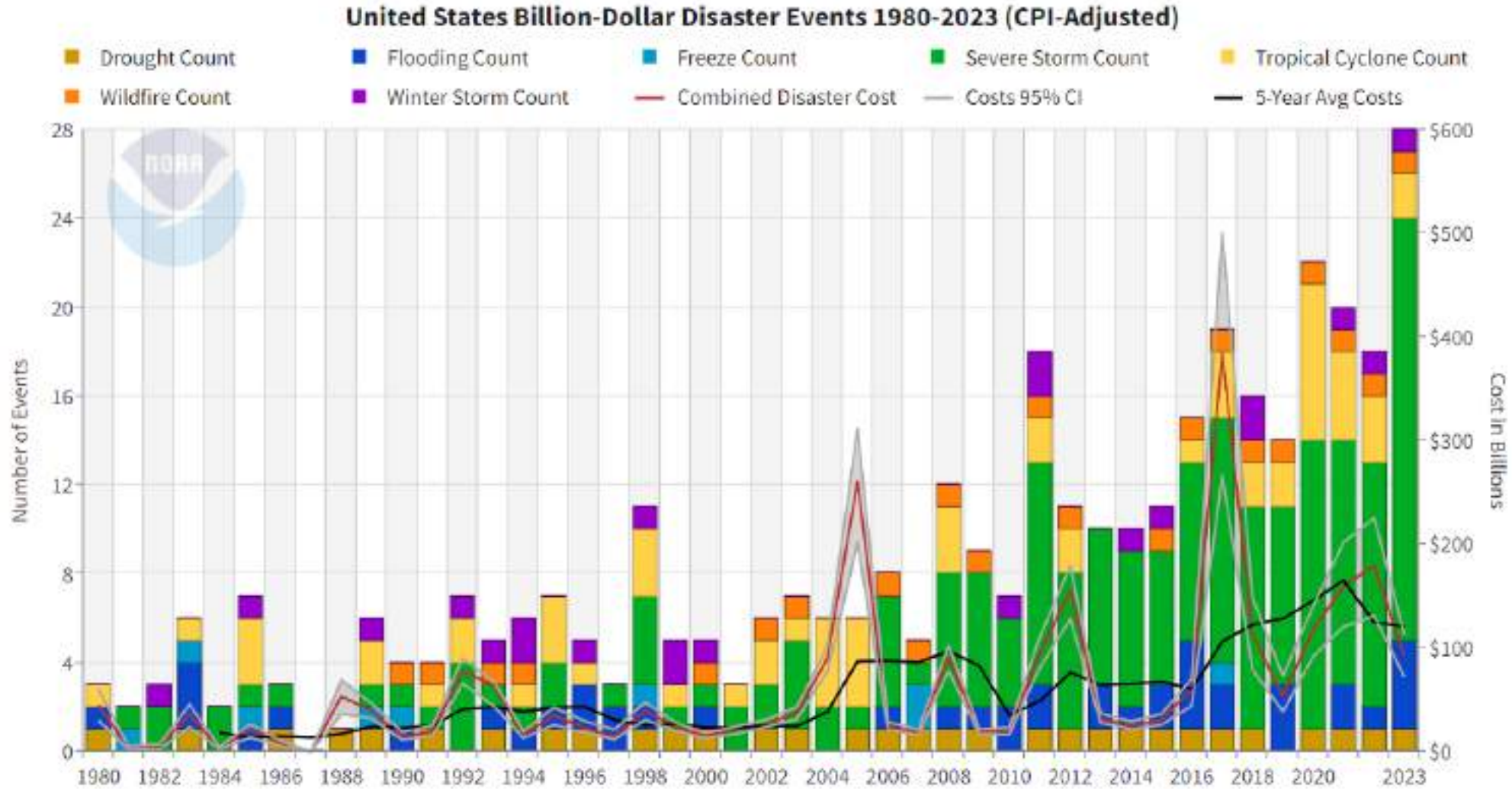


# ■ Commercial Property

- **What is Commercial Property?**
  - 1<sup>st</sup> Party Coverage for physical assets and income
- **State of the Market**
  - 2021 – 2024: One of the hardest property markets this generation of insurance professionals has seen in their career
  - 2024 – current: Softening of insurance market. Carriers starting to stabilize / come down off of hard market guidelines
- **Natural Disasters / Loss Activity**
  - Active 2024 Hurricane Season
  - 2024 CA Wildfires
  - 2025 Hurricane Season?
  - Increase in Secondary Perils
  - Water Damage
- **Vacancy**
  - Increase in loss activity & severity
  - General maintenance & attentiveness to properties



# ■ US Billion-Dollar Disaster Events



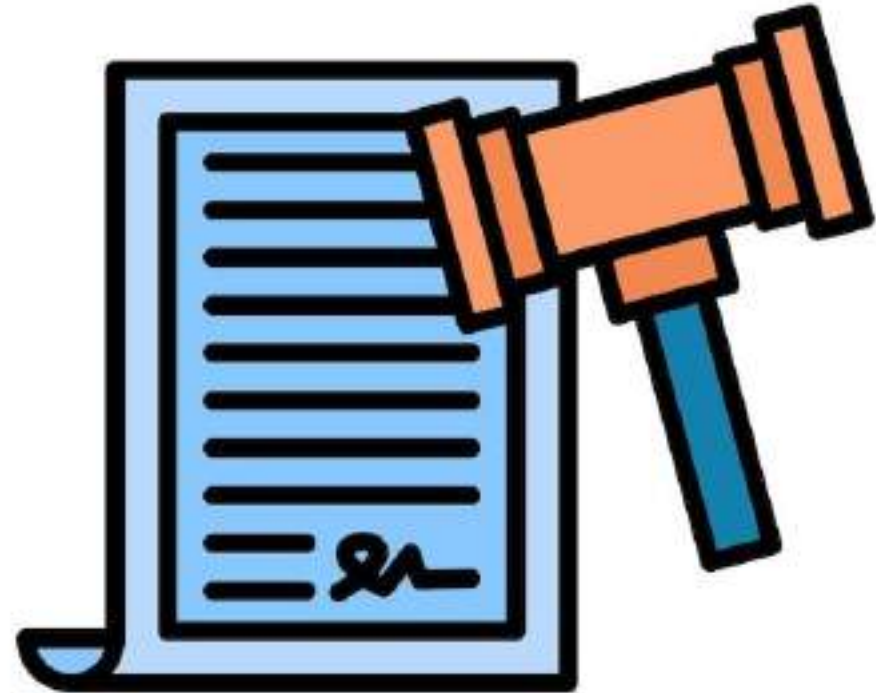
Source: <https://www.climate.gov/news-features/blogs/beyond-data/2023-historic-year-us-billion-dollar-weather-and-climate-disasters>

# ■ Market Updates over Last 12 Months

- Valuations have shifted to minimally \$120-130 for Frame Construction (depending on region)
- Rates have continued to increase precipitously
  - Some coastal areas have seen 200-300% rate increases
  - Non-Coastal: 20% is a solid result (Portfolio size depending) even with positive loss experience
  - **Have seen 15-20% reductions in last 20 months**
- Less Capacity, especially coastal markets: Louisiana, Florida, Texas
  - 3 Major Personal lines and small commercial carriers have pulled out of California and Florida – further putting pressure on rate increases
  - **Capacity has opened back up**
- Blanket limits less frequently available
  - Replaced by Margin Clauses and Scheduled Limits
  - **Blanket Limits have come back**
- AOP deductibles increasing across the board
  - \$100K is the norm for larger portfolios
  - **This is consistent**
- More carriers looking to insulate exposure by implementing plus aggregate property deductibles
  - **Plus Aggregates no longer “required,” but dependent on losses per account**
- % Name Windstorm deductibles in Northeast
  - Have seen 10% in Florida, Louisiana, Coastal Texas, and (Charleston, SC)
  - Stabilized, but have not dropped to previous lows
- Lender Compliance implications based on cost to meet coverage requirements
- Casualty market which had previously been softening, seems to be experiencing further losses and forecasts indicate looming pressure
  - **Consistent**
- More customers turning to Captive insurance to help manage total cost of risk
  - **Consistent**

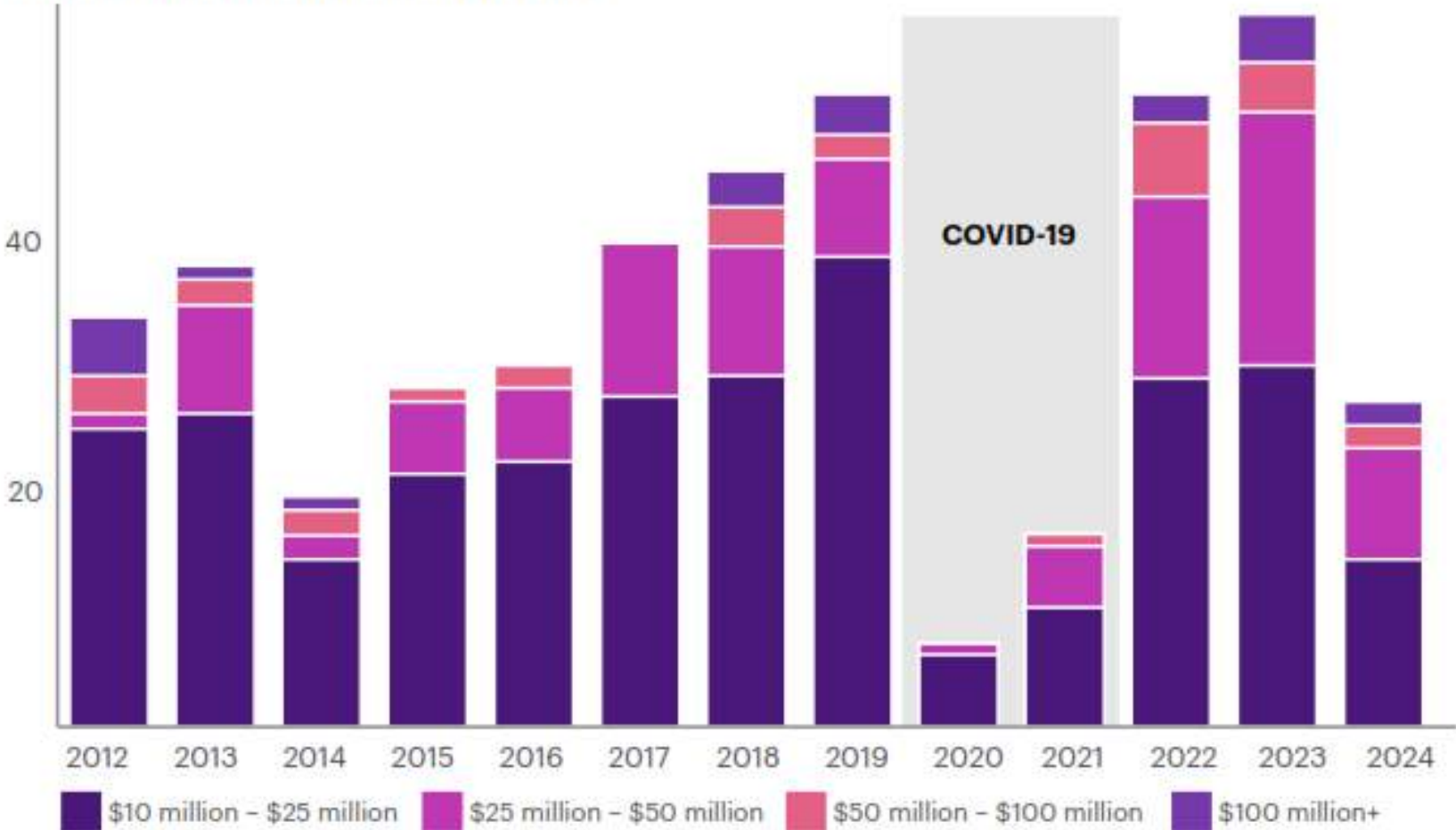
# ■ Commercial Liability

- **What is Commercial Liability?**
  - 3<sup>rd</sup> Party Damages (Bodily Injury, Property Damage, Personal Injury, etc.)
  - General Liability, Automobile Liability & Umbrella / Excess Liability
- **State of the Market**
  - Continuous path of hardening / difficulty
  - Carriers restricting appetite on class of business
  - Remaining carriers reducing available capacity
  - Coverage for certain exposures (firearms, abuse, molestation, etc.) becoming limited
  - Rate Increases
- **Loss Activity**
  - Violent Crime – increase in severity
  - Nuclear Verdicts
  - Search for Deep Pockets
  - Owner / Operator negligence and responsibility around security
  - Individual State Tort Environment
- **\*Lenders**
  - Agency no longer allowing policies with the following exclusions: Firearms, Animals, Sexual abuse and molestation, Assault and battery



# ■ Nuclear Verdicts & Social Inflation

Number of nuclear verdicts over time



Source: "Inside the Insurance Industry's Casualty Claims Handling Problem," Insurance Insider, <https://www.insuranceinsiderus.com/article/2em9uz3lp0gpo52o8v7k/industry-wide/inside-the-insurance-industrys-casualty-claims-handling-problem>.

# Overview of Property Programs: 3/1/25 - 26

Bound TIV:	\$2,489,188,518
Current TIV:	\$2,473,815,294

<div style="text-align: center;">\$250,000,000 Total Loss Limit</div>							
\$250,000,000							
Carrier	CHUBB BERMUDA						
% Participation	100.00%						
\$ Capacity	\$150,000,000						
\$100,000,000							
Carrier	ARROWHEAD						
% Participation	100.00%						
\$ Capacity	\$50,000,000						
\$50,000,000							
Carrier	CRUM & FORSTER	EIRION	RISKSMITH			AXIS 10.00% \$5,000,000	
% Participation	30.00%	20.00%	40.00%				
\$ Capacity	\$7,500,000	\$5,000,000	\$10,000,000				
\$25,000,000							
Carrier	ZURICH	VELOCITY	FDY / DUW / ASC	LEXINGTON	STARR	IRONSHORE	
% Participation	15.00%	20.00%	20.00%	15.00%	15.00%	5.00%	
\$ Capacity	\$3,750,000	\$5,000,000	\$5,000,000	\$3,750,000	\$3,750,000	\$1,250,000	

Terrorism
\$250,000,000
Mosaic Americas Insurance Services LLC

Equipment Breakdown
\$100,000,000
Travelers Property & Casualty Company of America

### Program Notes

Earth Movement	\$25M per Occ / Agg
Flood	\$25M per Occ / Agg - Zones X and A
Wind/ Hail	Included in Limit
Named Storm	Included in Limit

### Deductibles

All Other Perils	\$ 100,000
Earth Movement	\$ 100,000
Flood	\$100,000 except SFHA subject to max available under NFIP
Wind / Hail	\$ 100,000
Named Storm	\$100,000 except 5% for Tier 1 (min \$100K)
Plus Aggregate Deductible	\$ 1,000,000

**Tenant Legal Liability Captive = \$100K**



# Overview of Current Program: Liability 3/1/25 - 26

<b>\$15M x \$35M</b> Westchester Insurance Company		
<b>\$10M x \$25M</b> Travelers Insurance Company		
<b>\$10M x \$15M</b> AXA XL Insurance Company		
<b>\$5M x \$10M</b> Navigators Insurance Company		
<b>\$5M x \$5M</b> Vantage Risk Specialty Insurance Company		
<b>Lead \$5M</b> Allied World National Assurance Company		
<b>General Liability</b> <b>03/01/2025-2026</b>  Great American E&S Insurance Company  \$2M Per Occurrence \$50K Damage to Premises Rented \$4M General Aggregate  \$4M Products/Completed Ops \$10M General Agg Cap Limit \$1M Employee Benefits Aggregate	<b>Commercial Auto</b> <b>5/15/2025-2026</b>  Crum & Forster Indemnity Company  \$1M Combined Single Limit (Symbol #1) \$5K Medical Payments (Symbol #2) Comprehensive & Collision ( Symbols #2 & #8)	<b>Workers Compensation &amp; Employers Liability</b> <b>5/15/2025-2026</b>  Crum & Forster Indemnity Company  \$1M Each Accident \$1M Policy Limit \$1M Each Employee
<b>Self - Insured Retention:</b> \$500,000 For Assault and Battery - Related Claims \$250,000 for All Other General Liability Claims \$10,000 BI per claim deductible for Employee Benefits Liability		Comp Deductible: \$1,000 Collision Deductible: \$1,000

**Captive :**  
 Retention Buy  
 Down to \$100K for  
 All Claims subject  
 to \$250K SIR &  
 A&B Claims subject  
 to \$500K SIR

# ■ Negligent Security

Negligent security claims or cases arise when a person is injured or harmed due to inadequate security measures on a property. These claims typically fall under premises liability law, which holds property owners or managers responsible for maintaining safe conditions for visitors, tenants, or customers. Below is an overview of negligent security claims:

## What is Negligent Security?

Negligent security refers to the failure of a property owner, business, or entity to provide reasonable security measures to prevent foreseeable harm, such as assaults, robberies, or other criminal acts. If someone is injured or harmed because of this lack of security, they may have grounds to file a negligent security claim.

## Common Examples of Negligent Security

- Lack of security personnel or guards in high-risk areas.
- Poorly lit parking lots, stairwells, or walkways.
- Broken or malfunctioning locks, gates, or doors.
- Failure to install or maintain surveillance cameras.
- Lack of alarm systems or emergency communication devices.
- Failure to respond to prior criminal activity or threats on the property.

## Potential Defendants

The defendants in a negligent security case may include:

- Property owners
- Property management companies
- Business operators or tenants
- Security companies hired to protect the premises

# ■ Judicial Hell Holes



# Accident Investigation



"A great safety culture: when people continue to work safely, and do the right thing, even when no one is watching."

– Author unknown

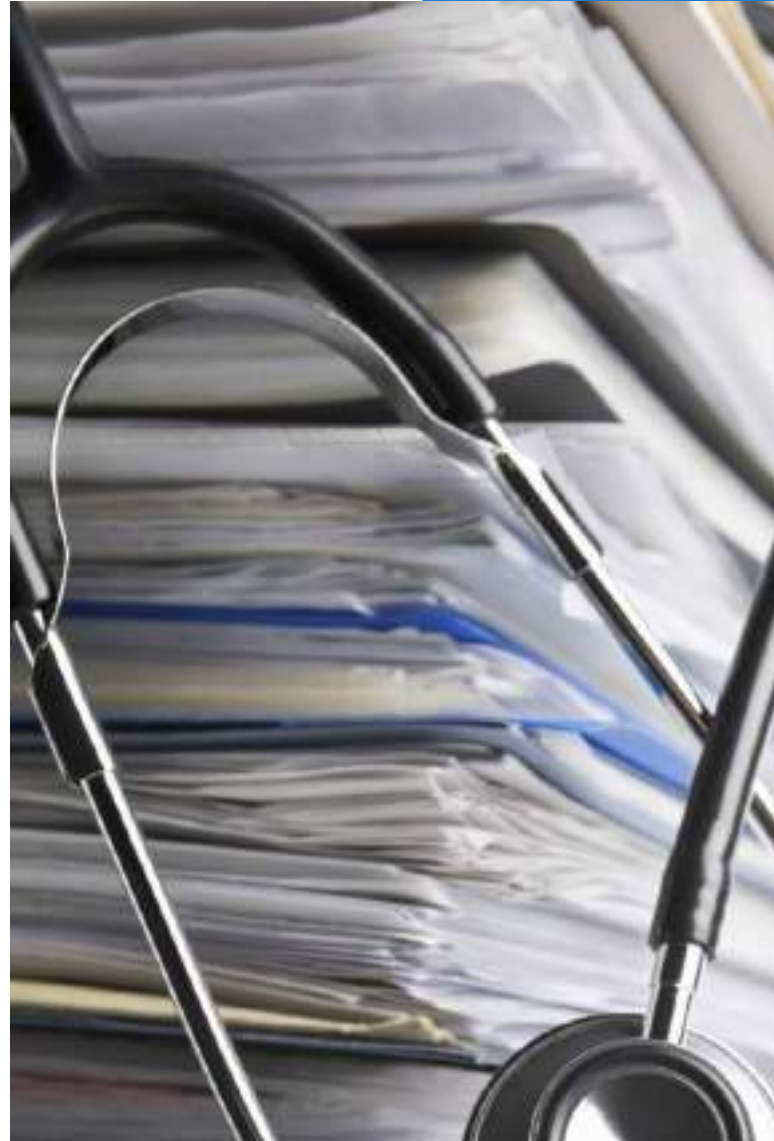


# ■ Claim Reporting Tips

- **Typical information needed when reporting claims:**
  - Date | Location | Description of Incident | Name & Addresses | Injury Details
- **Loss Mitigation & Repairs**
  - Mitigation - actions to limit damages should begin ASAP with immediate notice to CSB
  - Repairs – may require carrier consent **before** incurring costs
  - Retain all documentation from mitigation efforts (ex: photographs of loss, estimates, receipts, etc.)
- **Documents – Preserve!**
  - Photographs
  - Accident Reports/Incident Reports/Police Reports
- **Claim Handling/Settlement**
  - NEVER admit liability
  - NEVER begin settlement negotiations without carrier consent
  - Selection of defense counsel from pre-approved panel OR with approval of carrier for specific alternate counsel

# ■ Benefits of Immediate Reporting & Investigation

- Demonstrates urgency
- Gets the injured party immediate medical care
- Deters fraud
- Identifies the cause/condition to prevent recurrence
- Witnesses are more reliable
- Preserves evidence & scene – Statute of Limitations



# ■ Initial Steps

## ■ DO

- Be careful!
- Care for the victim
- Secure the scene
- Notify appropriate parties:
  - EMS/Fire/Police
  - Safety / Security
  - Management
  - Insurance companies
  - OSHA
- Gather names and information

## ■ DON'T

- Admit fault
- Affix blame
- Speculate as to the cause
- Disturb the scene



# ■ Interviewing Tips – Just the Facts!



- Use the AION Incident Report or First Report of Injury form
- No opinions!
- Use open ended questions
- No leading questions
- Let THEM talk – Don't give them the answers
- Review completed statement and have it signed



# ■ Open Ended Questions

## General Liability

- Please describe what happened in your own words.
- Where did the incident take place?
- Can you walk me through the sequence of events prior to the incident?
- Are you injured?
- Did you need medical assistance?

# ■ Open Ended Questions

## Workers' Compensation

- Please describe what happened in your own words.
- What tasks were you performing at the time of the incident?
- Can you walk me through the sequence of events prior to the incident?
- Are you injured?
- Did you need medical assistance?
- Can you describe the injuries sustained?
- Was anyone else present at the time of the incident?

# ■ Steps to Photographing Evidence

- Get close-up shots of critical elements but still be sure to get a full shot of the area
- Frame of reference for scale
- More pictures are better than fewer
- Before and after pictures





# Claims 101



# ■ General Liability – Third Party Coverage

- **Coverage for losses suffered by a 3<sup>rd</sup> party of which the insured is found to be negligent (responsible) and/or legally liable**
- **Elements of Negligence:**
  - **Duty** – defendant must have owed a legal duty of care.
  - **Breach of Duty** - The plaintiff must show that the defendant breached their duty of care by failing to act as a reasonably prudent person would under similar circumstances.
  - **Causation** - The plaintiff must demonstrate that the defendant's breach of duty directly caused their injury or harm
  - **Damages** -The plaintiff must prove that they suffered actual harm or damages as a result of the defendant's breach of duty. Damages can include physical injuries, emotional distress, property damage, financial losses, or other measurable harm.
- **Who could sue you: tenants, clients, vendors, general public, etc.**

# ■ General Liability Coverages

- **Bodily Injury / Property Damage (BI/PD)**
  - Example: Slip and fall at a property which resulted in injuries.
- **Personal Injury and Advertising Injury (PI/AI)**
  - Example: A property runs an advertisement that unintentionally uses a slogan very similar to a competitor's registered trademark.
- **Duty to defend**



# General Liability Claim Process

- Self-Insured Retention (SIR) handled by Great Prairie Services
- Great American (prior carrier The Hartford) handles claims above SIR
- Great Prairie/Great American will adjust the loss and assign counsel on AION's behalf





# Commercial Property



# ■ Commercial Property – First Party Coverage

- Your property
  - Building
  - Contents
  - Property you are legally obligated to insure
- Loss income and extra expense (i.e. loss of rents) to the insured's property
- Property insurance policy indemnifies the insured for direct physical loss and damage to covered property to make the insured whole to their pre-loss condition.

# ■ Commercial Property Insurance

## Property Covered

- **Types of Covered Property:**
  - Real Property
    - Roofs
    - Paved or cement surfaces
    - Walkways/paths
  - **Business personal property**
    - Office supplies such as pens, staplers, calculators, etc.
    - Furniture such as chairs, desks, tables, etc.
    - Furnishings such as rugs and curtains



# ■ Commercial Property Insurance

## Perils Excluded

- Wear and tear, rust, corrosion, decay, hidden or latent defect, etc
- Settling, cracking, shrinking, or expansion
- Nesting / infestation of insects, birds, rodents or animals
- Nuclear reactions, radiation or radioactive contamination
- Water leaking from plumbing, heating, air conditioning or other equipment caused by freezing, unless you do your best to maintain heat in building. The “actual” damage will not be covered but the “resulting damage” will be covered.
  - Ex: damage to the leaking pipe will not be covered but the resulting damage will be.
- Fungus, Wet Rot, Dry Rot and Bacteria

# ■ Commercial Property Insurance

## Business Income & Extra Expense

- **AKA “Time Element” Coverage**
  - Business Income – Loss of Rents Coverage
    - Loss resulting from the necessary interruption or reduction of business operations or services
    - Insurance carrier generally requires lease agreement and rent rolls to begin their calculations
- **Extra Expense – reasonable and necessary costs incurred to continue operations**
  - Example: AION’s corporate office is destroyed by a storm. Insurance will cover the necessary expenses requires to rent a new office.



# ■ What to do when a Property Claim Occurs

## **Keep in mind the below:**

- Did you suffer any form of business interruption or extra expense?
  - If yes, have the operations resumed?
  - What is the timeframe business was interrupted?
- Are property claim experts required?
  - Independent adjuster
  - Forensic accountant
  - Remediation/Restoration Company
- Is there subrogation? (Tenant's insurance)
- Who should the check be made out to?
- Claim Adjustment & Settlement:
  - What is the expected value of the claim?
  - Are your expectations in line with the carrier's?
  - Do you require an advance payment?
- Was there theft/vandalism?
- Contact the police department immediately. Insurance will require the police report before any payments can be made.



# ■ Criteria for Worker's Compensation Injury

**All three criteria must be met to qualify as worker's compensation injury:**

- Accidental
- Arising from employment
- Occur in the course of employment



# ■ Types of WC Claims

## Incident Only / Report Only

- Incident happens, but no formal medical treatment is sought

## Medical Only

- Incident happens, treatment with medical provider is necessary, but injured employee is still able to work

## Lost Time / Indemnity

- Incident happens, medical treatment necessary, and the injured employee is unable to return to work for a period of time



# ■ When should an Employee Report a Worker's Compensation Claim?

- All on the job injuries, regardless of severity, should be reported to the carrier
- All injuries, regardless of type: physical, mental, cumulative
- Anytime an employee alleges an occupational injury or disease
- ASAP!
  - State laws require workers' compensation claims be submitted within 24-72 hours once the employer is made aware of the incident.



# ■ When the Injury Occurs - Employee

- Report the injury to your direct on-duty supervisor, manager or HR department immediately.
- Seek medical treatment from an Occupational Health Center located on the approved provider listing.
- If the Occupational Health Center is closed, or the situation is urgent, report to the Emergency Department.
- Follow treatment plan established by the physician.
- Update your direct on-duty supervisor and HR on your work status following an injury and provide work status (Office Visit Notes) reports from your treating physician .
- Complete the required incident report and forms within 24 hours after an incident and provide to your direct on-duty supervisor.
- Assist with the investigation into the circumstances of the injury and identify corrective actions to prevent re-injury.
- Return to work as soon as you are medically able to do so.

# ■ When the Injury Occurs – Supervisor/Manager

- Investigate the facts of the incident.
- Work with the employee to complete the incident investigation report and necessary forms (required forms are dependent on state of the injury occurred in).
- Send the completed forms to HR within 24 hours of the incident.
- Once the report has been made, please complete the following:
  - *Injury Investigation Report*
  - *Witness Statements*
  - *Secure video/pictures of the incident*
  - *Review the established procedures to ensure adequacy and whether or not these were followed.*
  - *Comment on any corrective actions to prevent accident/exposure from reoccurring.*
- Assist the employee with returning to work.



# THANK YOU FOR BEING AION

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