

Plastridge Insurance Child Care Facility Quarter 1 2021 Market Update

Plastridge
INSURANCE SINCE 1919
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COVID-19 INSURANCE IMPLICATIONS UPDATE

COVID-19 has had a much more drastic economic impact on child care facilities than we ever could have imagined. While insurance carriers have been flexible with regards to providing premium relief during this time, I am receiving more and more phone calls regarding insurance coverage for a similar event going forward.

As an owner you have likely discussed the “physical damage” coverage trigger in business interruption policies that has made it difficult to find coverage for a global pandemic. While my clients understand this concept, the demand for a product to insure against a similar event going forward has dramatically increased.

This is a continuously developing idea where we see two potential approaches, either a federal pool program similar to the terrorism insurance program, or a private carrier product. The challenge in creating a product with the capacity to address this risk is the potential loss exposure. Estimates of what would be pandemic related covered losses are in the ballpark of \$255B per month. To give that a bit of context, this is financially equivalent to over 5.5 hurricane Katrinas per month!

Despite these challenges carriers are working diligently to provide a solution. We are keeping all of our clients updated and are hopeful that the market will provide a coverage solution soon.

Ask About Our Complete Insurance Program Review:

- Property
- Flood
- General Liability
- Professional Liability
- Abuse/Molestation
- Employment Practices
- Student Accident
- Commercial Auto
- Excess/Umbrella
- Workers Compensation

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INSURANCE INDUSTRY PRICING UPDATE

2020 has been challenging across the board with regards to insurance pricing and we are unfortunately expecting this trend to continue into 2021. Underwriters industry wide are predicting continued rate increases for most lines of coverage for the foreseeable future.

Property insurance rates are forecast to rise 8-14% with catastrophe exposed risks likely trending towards the higher end. General liability rates are projected to rise 5-9% with professional / abuse & molestation liability rates projected to increase 7-11% being mainly driven by increased litigation across Florida. Commercial auto rates are forecast to rise 10-12% with excess/umbrella rates seeing the largest potential increases with projections ranging from 10-15%. Student accident rates will likely remain flat with workers compensation rates seeing a slight decrease.

We always provide our clients with multiple options at renewal and even more so when the market is trending upwards. Child care facilities are still extremely attractive to carriers due to the additional inspection and regulation which is why we strongly encourage all facilities to push for multiple options when it comes time to renew coverage.



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