

February 7, 2025

To: General Liability Program Members

From: Gina Dean, CEO



Re: GL Programs Stakeholder Communication

As we move forward into this new calendar year and enter the next renewal cycle, many of the same factors that have created hard market conditions remain. There seems to be general recognition that the higher frequency of very large losses that the market has experienced over the last 10-12 years is not going away, but instead, if anything it is accelerating. Per a report from the Swiss Re Institute, “US commercial casualty insurance losses grew by an average annual rate of 11% over the last five years, reaching \$143 billion in 2023”. To put this in perspective, that amount was 33% more than the global insured losses for natural catastrophes in 2023 of \$108B!

Needless to say, this remains a big and growing problem that has similarly impacted PRISM’s GL Programs, as well. Our members have experienced the same sort of extreme large loss activity as others throughout the market, resulting in higher premiums in recent years. However, the ability to collectively retain more risk and the combined purchasing power of the group continues to produce a dramatically better result than what could be achieved through individual placements in the market. As the liability environment that we operate within continues to re-set, PRISM remains the best solution for California public entities.

As we forge ahead, PRISM and our members continue to maximize our collective strength to address these increasingly costly issues by taking action to prevent, control, and mitigate losses. We are also actively engaged in efforts to effect positive legislative reform, or to block adverse changes. Lastly, we continue to communicate on the trends and issues that we are faced with, so that we can effectively explain them to our various constituents along with a clear picture of what we are doing together to address them. The attached document is the first step in that effort. It will:

- Further explore the factors driving the losses and the hard market;
- Discuss the risk control resources that PRISM brings to address the loss exposures;
- Describe why being a member of the Program continues to provide value to the members;
- Advise on what you the member can do to mitigate increases;
- Address how the allocation formulas ensure equity among those who have experienced losses and those who haven’t yet; and
- Provide talking points intended to help you communicate the message to your management and governing bodies.

To further enhance this communication, we plan to hold several web conference meetings over the coming weeks where we will discuss the above in greater detail and answer any questions the members may have in reviewing these materials. We are prepared to also

have individual calls/meetings with members who may want assistance in preparing communications to their stakeholders. In the meantime, myself and the rest of the PRISM and Alliant staff stand ready to answer questions and assist in any way that we are able.

As previously noted above, the collective financial strength, expertise, and resources continue to make PRISM the best solution even, and perhaps especially, through these hard market conditions. Much of this is evidenced in our recent video: [We are You!](#)

Please don't hesitate to reach out to us for assistance.

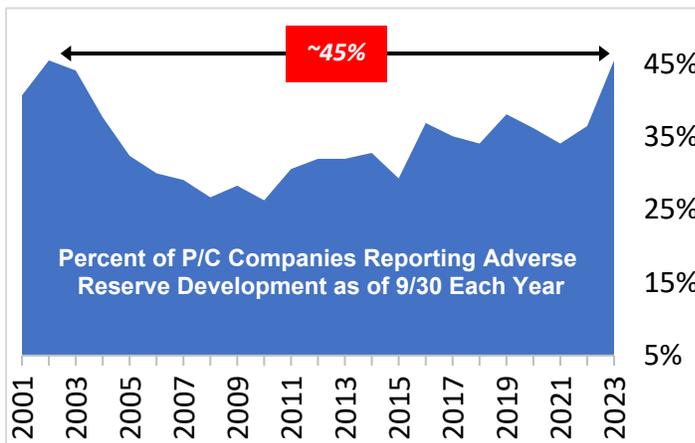
Sincerely,

Gina Dean

2025 Liability Insurance Market Update

The general liability market for 2025 will continue to be extremely challenging. We will again see reduced carrier capacity, heightened underwriter scrutiny, a push for aggregated limits and higher attachment points, and increased rates. There are many factors that one can point to as contributing to these hard market conditions, but it all boils down to the increase in the number and size of extremely large losses over the last decade.

Starting around 2013-2014, large liability claims activity increased significantly. Extremely large, so called “nuclear” verdicts and the resulting increased settlement values have had devastating impacts on the economics of liability claims. Claims that previously had resolved in the \$5M-\$10M range started costing public entities and their insurers \$20M-\$30M and higher. This increased frequency of severity turned out to be an industry-wide trend, but certainly seemed to have its origins in California, and tracks with PRISM’s experience, as well. The trend has continued and even worsened in recent years with U.S. liability costs increasing by an annual average of 11% over the last five years (2019-2023).



The rising claims costs cause carriers to increase their reserves for prior year claims to keep up with the adverse development. As shown in the adjacent chart, reported adverse reserve development matched a 20+ year high in 2023. In short, the carriers have not charged enough historically to cover their consistently increasing claims costs.

Going forward, the environment remains difficult and is ever evolving. As AmWins Insurance services noted

in their 2025 State of the Market, “The casualty sector continues to contend with an increasingly challenged legal environment, limited lead layer market alternatives, and constantly evolving liability exposures. Factors such as ongoing police reforms, tort protection and immunity erosion, revivor statutes for abuse claims and overall staffing shortages have adversely impacted liability loss severity trends and ultimate claim values, particularly for law enforcement, street and road design, as well as auto risks.”

In addition to increasing reserves for historical claims, carriers have also been forced to take drastic action to protect their bottom line going forward. These actions have included:

- Withdrawing from the market altogether;
- Reducing capacity (amount of limit carriers are willing to put at risk);
- Increasing attachment point;
- Pushing for aggregate limits;
- Restricting coverage through exclusionary language; and
- Dramatically increasing rates.

Some, or all, of these will continue for the 2025/26 renewal.

Nuclear Verdicts

We have likely all heard the term “nuclear verdicts,” but what are they and why are they happening with more frequency? Any exceptionally high jury award that exceeds what would be considered a reasonable or rational amount can be considered a nuclear verdict, but legal experts officially define a “nuclear verdict” as one that exceeds \$10M. This amount would have been something very rarely observed as recently as 10 years ago, but are a disturbingly frequent fact of life today. According to the U.S. Chamber of Commerce Institute for Legal Reform, of the 1,288 nuclear verdicts between 2013 and 2022, half of the verdicts were between \$10M and \$20M, one third were between \$20M and \$50M, and 115 of the verdicts exceeded \$100M. Further, the median nuclear verdict value was \$21M, while the mean value was \$89M. The numbers are staggering, and it’s not slowing down as 2023 saw a record 27 U.S. verdicts awarding \$100M or more. The fear of these kind of huge verdicts also cause extreme increases to settlement values as well, negatively impacting all case values.

It is important to note that public entity insurance carriers also participate in the larger U.S. casualty market, where mass tort and other catastrophic liability loss exposures have also been on the rise. The concerns we face in the public sector are shared by America’s business community at large as evidenced by the following from a survey of U.S. business leaders recently released by Sentry Insurance:

“Nearly three-quarters (72%) of executives say the risk of multimillion-dollar verdicts – sometimes referred to as nuclear verdicts – keep them awake at night. Not only that, 82% believe litigation could ultimately put them out of business.”

Nuclear verdicts often involve disproportionately large non-economic damages awards, the part of the award intended to reimburse the injured party for intangible losses such as pain and suffering. These damages are subjective and, unlike economic damages, are difficult to quantify, assess, or estimate. The recent trend of increasingly large non-economic damages awards has been a main driver in the growth of nuclear verdicts described above and are the cumulative result of what is referred to as social inflation.

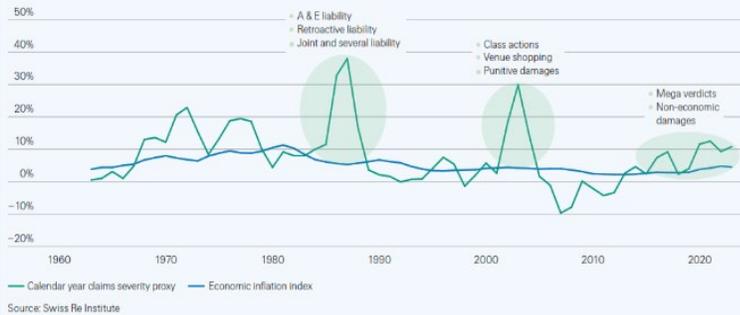
Social Inflation

According to the Swiss Re Institute, social inflation (now sometimes referred to as Litigation Inflation) describes the increasing severity of liability insurance claims beyond that which can be explained by economic drivers. They note that U.S. liability claims costs have risen

Changing nature of social inflation

Prior episodes of social inflation in the 1980s and 2000s were driven by material changes to tort law and an expansion of access to mass tort. The current episode of social inflation in the US starting in the mid-2010s has been mostly caused by outsized awards in bodily injury cases.

Periods when US claims severity growth exceeded economic inflation, indicative of episodes of social inflation



well above average rates of economic inflation since the mid 2010's. As their chart at the left illustrates, there have been two prior episodes of social inflation (one in the mid-80s and the other in the early 2000s), with the current episode being mostly caused by outsized court compensation awards in bodily injury cases. These larger awards (nuclear verdicts) are the result of many complex and interrelated factors.

Social Inflation's Interrelated Factors



Increasing Propensity to Sue



Size of Jury Awards



Courts/Juries Favoring Plaintiffs



Growing Distrust of Large Corps.



Litigation Financing



Aggressive Plaintiff Bar Ads

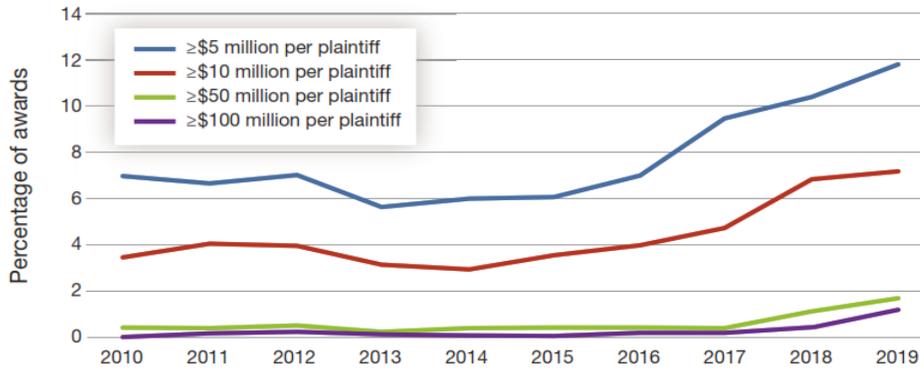


Changes in Regulatory and Legal Environment

Aggressive plaintiff bar advertising and changes in the regulatory and legal environments, drive an increasing propensity for people to sue. A growing distrust of large corporations (along with government entities) combined with courts and juries favoring plaintiffs and wanting to punish those large corporations, lead to dramatically larger jury awards. The size of those awards makes it lucrative for third parties to finance plaintiff litigation, increasing the odds of even larger future awards. On and on it goes, leading to more and more nuclear verdicts.

Rand, the nonprofit, nonpartisan research organization, published a study in July of 2024 titled "What is the Evidence for Social Inflation." In the study, they analyzed U.S. verdict data from 2010 to 2019 and found measurable increases in tort filings in state courts (about 10% increase), the percentage of verdicts that result in monetary awards to the plaintiff (from 53% to 64%) and an increase in the trial awards per plaintiff (a 7.6% compound annual growth rate after adjustment for economic inflation). Finally, as illustrated in the following chart, the study identified that the percentage of large awards (at least \$5M per plaintiff) grew from 5.5% in 2010 to just under 12% in 2019.

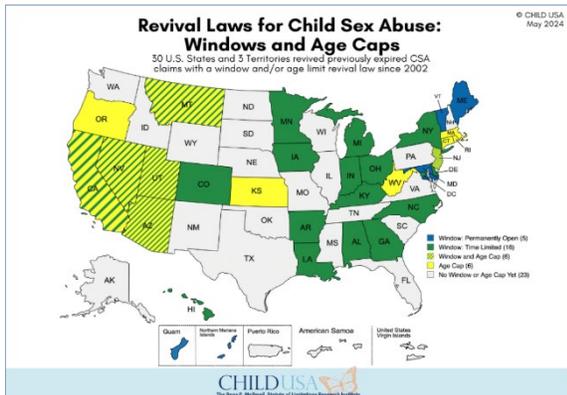
Trends in the Percentage of Inflation-Adjusted PI/WD Trial Awards That Are Large



SOURCE: Authors' analysis of 2010–2019 VerdictSearch data.
 NOTE: Award and cutoff amounts were adjusted to 2019 dollars using the PCEPI. We define *large* as \$5 million or more. *N* = 15,017 trial awards.

Reviver Statutes

California’s legislature passed AB 218 in late 2019, increased the amount of time for survivors of childhood sexual abuse to file civil lawsuits against abusers and/or entities, which failed to prevent their abuse. Under the new law, abuse survivors can bring civil claims until the age of 40, or within five years of their discovery of the abuse and/or damages associated with their abuse, whichever is later. AB 218 also created a three-year window for adult survivors, who were abused as minors, to file civil sexual abuse lawsuits that were previously barred by the statute of limitations (this look-back window closed on December 31, 2022). Finally, the legislation allowed for survivors to be awarded triple the damages in cases where defendants willfully concealed or covered up sexual abuse. While this significantly impacts schools, and we do have schools in our Programs, our city and county members are also receiving a large number of claims going back to the 1960s and 1970s where records are hard to come by and many witnesses have deceased.



California is not alone in enacting this kind of “reviver” legislation. As the May 2024 chart from Child USA illustrates, 30 U.S. states and territories revived previously expired child sexual abuse claims with a window and/or age limit revival law since 2002. These retroactive statutory changes impact the finances of liability insurance companies, who are now facing claims brought against their insureds from prior years that would have been barred under the prior statutes of limitations.

The Plaintiff Bar

These increased payouts dramatically impact defendants, as well as society (and for government agencies ultimately the tax payers), but are a massive incentive for the plaintiff bar to keep seeking cases and pushing for larger and larger outcomes. We have all seen the billboards, heard the radio ads, and watched the commercials on cable



television. *Been injured in an auto accident? Call 1 (800) HURT911.* It is estimated by the ATR Foundation that California law firms spent more than \$352M on legal advertising during the 18-month period between January 1, 2023 and June 30, 2024. The next time you are driving down the highway, count

how many law firm billboards you see. Or, when you are watching the morning news, pay attention to how many law firm ads are shown. When you start paying attention to the volume, it really is astonishing.

Once this massive investment succeeds (a client has been acquired and a case is brought to trial), plaintiff attorneys implement numerous strategies to instill anger and/or fear in the jury with the goal of convincing them to protect and punish with outrageous punitive damages. The most famous and successful strategy used in recent years is called the Reptile Theory, which is used to influence a jury outcome by focusing the jury's reaction to instinctively favor safety and survival of their families and community (versus plaintiff's actual injuries) by demonstrating the defendant's conduct endangers their families and community as a whole. It intentionally plays on the jurors' fear that this could happen to them or theirs, and it's up to them to do something about it by awarding a huge, punishing verdict.

Another successful plaintiff bar tactic is known as "anchoring." This involves talking about a desired (and astronomical) demand early and often throughout the trial causing the jury to become desensitized to the amount, so that when that amount is demanded in closing arguments, it seems not only reasonable, but appropriate. For example, the plaintiff attorney may ask each prospective juror during the jury selection process if they would be comfortable awarding \$30M to the plaintiff if the defendant is found to be liable. They then discuss \$30M in each stage of the trial until, at the end, guess what the jury comes back with...a \$30M award! These are only two of a myriad of tactics and strategies used by the plaintiff bar to drive up the cost of claims outcomes, and since the plaintiff bar takes a "high tides raise all boats" attitude towards their litigation outcomes, they are very good at sharing information and coordinating strategy.

Litigation Financing

With millions of dollars at stake, it is no wonder that speculators have gotten involved in the form of litigation financing. Otherwise known as “non-recourse financing,” investors put up large amounts of money to support the plaintiff’s litigation effort. Funds are used to pay for the litigation, which the plaintiff (or their legal team) might not have been able to afford

otherwise. If the plaintiff wins, they must pay back the financed amount plus an agreed upon percentage of the award. If they lose, they are not required to pay back anything. As shown in the chart above from the global market research company, Market Research Future, the global Litigation Funding Investment Market is growing rapidly at a compound annual growth rate of 9.6% and is projected to be a \$60B market by 2034.



This huge and growing industry is largely un-regulated. The arrangements are considered investments, not loans, so predatory lending caps do not apply or are not enforced. Even worse, in most states, including California, the plaintiff’s attorney is not required to disclose the arrangement to the jury. This may be changing. In early 2025, California representative, Darrell Issa, introduced into the U.S. House of Representatives, the Litigation Transparency Act of 2025. This act would apply to all civil litigation in federal court and would require anyone involved in a federal civil lawsuit where there is a third party (other than their lawyer) that stands to get paid, to let the court and all other parties know who that outside funder is. This would need to be done in writing within 10 days of making such an agreement or when the lawsuit is filed, whichever comes later. There has also been similar legislation in various states around the country, including California with Indiana, Louisiana, and West Virginia enacting some form of related transparency statutes in 2024. It is this type of legislative action that will be needed to address many of the issues detailed in this correspondence.

Jurisdiction

Then there is the jurisdiction within which we operate. Since 2002, The American Tort Reform Foundation’s (ATRF) Judicial Hellholes® program has identified and documented places where judges in civil cases systematically apply laws and court procedures in an unfair and unbalanced manner, generally to the disadvantage of defendants. More recently, as the lawsuit industry has aggressively lobbied for legislative and regulatory expansions of liability, as well, the Judicial Hellholes® report has evolved to include such law- and rule-making activity, much of which can affect the fairness of any given jurisdiction’s civil justice climate as readily as judicial actions. Unfortunately, as shown in the following, in ATRF’s annual ranking of the nation’s worst jurisdictions, California has ranked in the bottom five (meaning the worst) jurisdictions for the last nine years.



Economic Impact

The impact of social inflation-driven costs on the insurance industry has been both obvious and dramatic. The impacts on society at large and the average citizen are also astounding. When excessive nuclear verdicts are awarded, they drive higher and higher claim settlements as defendants look to reduce their worst-case scenario, but at an ever-increasing price. The cycle continues as plaintiff attorneys follow the money, soliciting more clients and developing more strategies to drive juries to award even larger verdicts. This has dramatically driven up the cost to the insurance industry and resulted in significantly higher premiums to all of us...the insurance consumers.

The economic impacts can be, and are, measured with horrifying results. Lawsuit abuse and excessive tort costs wipe out billions of dollars of economic activity. According to the U.S. Chamber of Commerce Institute for Legal Reform's 2024 update on tort costs, these expenses amounted to a staggering \$529B in 2022, representing 2.1% of the U.S. GDP and \$4,207 per American household. This highlights the growing financial burden that the tort system places on the economy. Closer to home, a recent study by The Perryman Group, showed that excessive litigation has also cost the jobs of over 825,000 Californians. The same study indicated that if the California legislature enacted specific reforms targeting lawsuit abuse, the state could increase its gross product by over \$89.5B.

The PRISM GL Programs

Collectively, the members of PRISM's GL1 and GL2 Programs (the GL Programs) have experienced their fair share of large losses, contributing to the challenging conditions described above. In fact, over the last 10 years, the PRISM GL members have experienced an average of 126 claims, per year, that exceeded their current Self-Insured Retention (SIR). These claims collectively exceeded the collective SIRs by more than \$188M, per year. The figures above are un-trended. It is important to note that insurance carrier underwriters and actuaries apply some trend when trying to project future years' claims costs based on the historical losses. In recent years, we have seen trend factors between 7% and as much as 13% used in these calculations, making the GL Programs' results significantly higher.

PRISM's Response

PRISM has always been proactive in managing the GL Programs with our exposure and experience-based allocation approach to ensure an equitable distribution of costs amongst the members. In recent years, the Program has been loss challenged, causing some members to take on increased SIRs and/or Individual Member Corridor Deductibles (IMCDs) to manage the increase in premiums. Both are effective tools to explore, and we are happy to work with you to determine if an increased SIR or IMCD is appropriate for you.

PRISM was also among the first Joint Powers Authorities (JPAs) in the nation to establish its own captive insurance company, PRISM Affiliate Risk Captive (ARC). The Captive has been used strategically to earn greater investment returns on monies held to pay claims in the group corridor deductible layers. Public entities are very restricted in what they can invest in, impacting overall returns. The Captive, while still very conservative, is not as restricted and can therefore generate higher yields. This is a benefit to PRISM members as it allows PRISM to discount the premiums to the members in anticipation of the investment returns.

The organization has also hired staff to assist in reducing the overall cost of risk in many different areas. PRISM's claims staff works closely with the members and their TPAs to accurately reserve open claims and to develop strategies to resolve them as cost effectively as possible. With the right facts and in the right circumstances, this can mean taking the case to trial and achieving a defense verdict. Other times, it is more cost effective to reach a settlement. PRISM members can rely on their staff's expertise to assist in making these decisions. PRISM staff see large complex claims from all over the state and have relationships with complex claims resources at the carrier level. They are able to leverage this experience and expertise to assist in strategy, suggest expert witnesses and other resources, determine an appropriate case reserve, and advise on settlement negotiations.

PRISM is among the nation's few JPAs with internal actuarial staff, and the only one we are aware of with its own Data Scientist. These specialized human resources leverage the massive volume of data that PRISM's Data and Analytics Department collects from the membership on a monthly basis to better predict future costs and identify loss trends. This trend identification allows PRISM's robust Risk Control and Member Services staff to tailor training and services to address problem exposures and developing member needs. A new service offering, Benchmark Analytics, is specifically designed to address one of the Program's lead loss drivers, law enforcement liability. This is a third-party data analytics firm that provides an evidence based early intervention system for law enforcement officers. They work with police and sheriff departments to better identify at-risk behavior for proactive intervention and officer support.

PRISM also takes an active role in the legislature. The Legislative Committee works with PRISM's lobbyists to oppose legislation beneficial to the plaintiff's bar and support that which is helpful to the defense. In recent years, they have been successful in inserting immunities into numerous bills that otherwise would have created additional liability

exposure for public entities. PRISM also works with other JPAs and associations to gather data to support legislative efforts.

Finally, PRISM and its broker, Alliant, have developed long-term relationships with excess insurance and reinsurance underwriters. They work throughout the year to not only maintain their participation on the Program in a very difficult claims environment, but also to analyze structural changes and other strategies to make the overall cost as efficient as possible. This can include changes in the layering of the Program to maximize the available carrier capacity as well as the prudent use of self-insurance in the pool layer and/or corridor deductibles, or PRISM quota share participation in the excess layers.

While PRISM's premiums will increase for 2025/26, the premiums are still less costly than an entity would likely be faced with outside of PRISM. A testament to the continued competitiveness of the Program are the new members that join each year at considerable price savings compared to their other stand-alone or JPA options. In addition to premium savings, those entities enjoy broader coverage and avoid coverage restrictions and limitations that are often quoted outside of PRISM.

Member's Response

There are several steps that can, and should, be taken by members during these turbulent times.

1. First, communicate the state of the market to all your stakeholders so there is an understanding that this is an industry-wide problem. We are happy to participate on conference calls or attend meetings to assist with this communication, if so desired.
2. The severity of claims is on the rise. If you are not yet participating in the Optional Excess Liability (OEL) Program, consider doing so. This Program provides three options of additional limits excess the GL Programs: \$10M, \$15M, or \$25M.
3. Anticipate an increase in your own SIR funding being suggested by your actuary.
4. It may be tempting to consider increasing your SIR to save premium dollars; however, this needs to be weighed against the increased cost to fund the higher SIR. In addition, given these new severity trends, all things being equal, the bias should be toward transferring risk due to the uncertainty of these changing claim trends.
5. Manage your individual risk by taking advantage of the best practices programs and service partner programs PRISM offers. The cheapest claim is the one that didn't happen.
6. Vigorously defend the claims that are defensible.
7. In a hard market environment, the quality of loss data will undergo additional scrutiny. Make sure your data is in good condition.
8. Stay up to date on maintenance, inspections, and trainings.
9. Support legislative change beneficial to defendants.
10. Help educate the public that the costs of nuclear verdicts are not borne by the insurance industry, but rather by the public entities and ultimately the tax payers.

The importance of #10 cannot be stressed enough. When members have high-value claims settle or awarded by verdict, it can be tempting to comfort constituents by letting them know “we’re covered by insurance.” However, the public won’t ever truly understand the magnitude and impact of social inflation and nuclear verdicts if entities aren’t forthright in acknowledging that these do in fact cost the entity, and ultimately the tax payer, a lot of money.

Last, but not least, PRISM Risk Control staff wants you to know that you are not alone while managing the multitude of risks facing your agency. Our team of specialists is here to help, whether by providing direct consultation or connecting you with one of our trusted partners. Regardless of the topic, we encourage you to reach out to the Risk Control team for assistance with your organization’s risk management challenges.

We would also like to call your attention to a few services and resources we think you should be taking advantage of:

General Liability

- *PRISM members are provided free access to our in-house [Labor Law/Employment Practices Services](#). The service provides members with unlimited telephone calls, email communications, and/or faxes to answer employment law questions as they arise. PRISM also provides step-by-step coaching and advice in a privileged context for employment law decisions and subsequent actions.*
- *Staff has developed [Resources](#) specifically for Law Enforcement. The online brochure is designed to be a one-stop-shop for law enforcement related resources including [Benchmark Analytics’ Early Intervention System](#), POST approved training, [ConcernPlus First Responder Program](#) (an EAP of culturally competent clinicians, [Peer Support Services](#), and additional PRISM service partnerships. The PRISM GL1 Program, specifically, has created a Benchmark Analytics Early Adopter Program, which offers a matching grant and potential premium credits for members who start using the service by May 1, 2025. The GL2 Program is also considering ways to promote the use of Benchmark Analytics.*
- *The [School Liability Handbook: Student Activities and Employment Issues](#) was created in conjunction with Lozano Smith, a law firm specializing in school liability legal services. The Handbook consists of 5 modules, such as School Activities and the Law and Employment Issues for School Districts.*
- *PRISM partner, [Plexus Global](#), provides an electronic platform that allows employers to monitor employee driving records on demand and provides automatic e-mail notification when a reportable event occurs. The system also includes a record management system.*
- *PRISM staff developed a pair of resource documents designed to assist members with [Road Maintenance](#) risk. These documents include discussions regarding the use of Geographical Information Systems and other general design and maintenance best practices.*

Talking points for the GL Programs

Aggregate Claims Trends

- As both frequency and severity have risen for the GL Programs, just like the general liability industry, the claims trend and lack of capacity will result in anticipated rate increases.
- The natural result of this significant change in losses is that PRISM has adjusted forecasts and rates to account for new loss trends, as have our carriers.

The total number of claims in the GL Programs over \$1M in the last five years has more than doubled. This is a big indication of how jury verdicts (and settlements) are increasing!

Benefits of Being in a Pool

Economies of scale benefits

- Access to insurance options. PRISM's size provides more leverage in the insurance market. It also allows access to the reinsurance markets, which are not available to individual buyers, thus expanding the universe of available coverage options. PRISM has been able to leverage this access and the Program's premium volume to secure unique and beneficial reinsurance agreements.
- Maintaining broad coverage. Public agencies with stand-alone placements are seeing reductions in their coverage limits and/or exclusions. Although the GL Programs continue to face the potential for coverage restrictions, PRISM has largely been able to maintain broad coverage in the Programs.

Equitability

- PRISM's members with large loss experience have better coverage and premium options in the pool than finding coverage alone, but members with less severe loss experience also receive benefits from pooling, as they are recognized and rewarded through premium reductions.

General Market and Program Information

- The size of our Program, with 130 members, more than \$8.4B in payroll, and 703,000 ADA, offers great purchasing power to our members and provides much greater stability than smaller programs or individual risks.
- The liability market continues to harden. We continue to see a significant increase in plaintiff demands and high dollar liability claims. Jury verdicts (and settlements) are much higher than they have been in years past and that is affecting the industry's surplus.
- There are many factors causing this including tactics that plaintiff's counsel are using (such as the use of the Reptile Theory and Anchoring) to drive up claims'

verdicts and settlements. The selection of appropriate defense counsel, who are experienced in dealing with these tactics, has never been more important.

- Markets continue to be more judicious with how and where they deploy their capacity and/or limit their exposure, with some leaving the market entirely. The overall “supply” of limits has been reduced by more than 50% in the last five years. The size, stability, and premium volume of the GL Programs have attracted markets that may not consider participation otherwise.
- We have always been proactive in our management and funding approach, and this remains the same today. One of the strengths of the GL Programs is the active involvement of the Underwriting and GL2 Committees and their ability to be flexible. This approach often means modifying the program structure and the Program's retained risk to keep premiums as low as possible for the members.
- We are not unique in experiencing rate increases for liability coverage, as the claims environment in California and across the nation is increasingly adverse for public entities.
- Our membership has increased every year. This shows that the Programs are still competitive in the market.
- The benefits of pooling shine brightest during a hard market when our economies of scale, our leverage in the reinsurance markets, and our sharing of best practices help our members manage risk.