



Welcome to our webinar session: *March 13,2018*

**WHAT DO DEADLY WEAPON, ACTIVE SHOOTER
and WORKPLACE VIOLENCE INSURANCE
POLICIES COVER?**

Paul Marshall, Managing Director / Underwriter

Karl Seebacher, Vice President / Underwriter

Ron Klassen, Senior Underwriter

McGowan Program Administrators
Deadly Weapon / Active Shooter / Workplace Violence

**In 2018 we have had 45 Mass Shootings to date. In 2017 we had a total
344 Mass Shooting Events. As crazy as this sounds the 2017 #'s are
below 2016 that hit record high of 383.**

Mass Shooting defined as 4 or more victims. (per www.gunviolencearchive.org)

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Contacts

www.mcgowanprograms.com

Paul Marshall | Managing Director – AS/WPV Division
McGowan Program Administrators
P: 937-241-6423
pmarshall@mcgowanprograms.com

Karl J. Seebacher | VP – AS/WPV Division
McGowan Program Administrators
P: 937-241-8474
kseebacher@mcgowanprograms.com

Ron Klassen | Senior UW - AS/WPV Division
McGowan Program Administrators
P: 937-422-9312
rklassen@mcgowanprograms.com



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QUESTIONS/COMMENTS?

**Use the WebEx Chat Feature
or send email:
pmarshall@mcgowanprograms.com**

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Upcoming Speaking Appearances



- March 20th Insurance Club of Pittsburgh I-Day (Approved for 2 hours of Insurance CE)
- April 5-6 URMIA's Northern regional Conference - Toronto, ON
- April 8-10 Crittenden Medical Conference - San Diego CA
- April 25-26 URMIA's NE Regional Conference - Providence, RI
- May 17th Ft Lauderdale PRIMA - Half Day Active Shooter Conference
- May 17-18 URMIA Western Regional Conference - San Diego

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What is a Deadly Weapon, Active Shooter or Workplace Violence Event?



Homeland Security defines an **Active Shooter** as "an individual actively engaged in killing or attempting to kill people in a confined and populated area; in most cases, **active shooters** use firearms(s) and there is no pattern or method to their selection of victims."

Workplace violence, (defined by OSHA) "is any act or threat of physical violence, harassment, intimidation, or other threatening disruptive behavior that occurs at the work site. It ranges from **threats** and verbal abuse to physical assaults and even homicide."

Each year nearly 2 million American workers are victims of workplace violence? In fact, according to OSHA, workplace violence is the second leading cause of work-site deaths in the US.

With recent high profile workplace attacks, more businesses are boosting security efforts and taking added precautions to prevent and prepare for acts of workplace violence.



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Categories of Deadly Weapon, Active Shooter or Workplace Violence events



Who commits AS/WPV/DW acts:

- Customers, Clients, Patients, other 3rd parties
- Employees or Supervisors
- Domestic Partners or Relatives of Employees

In 2018 we have had 45 Mass Shootings. In 2017 we had a total 344 Mass Shooting Events. As crazy as this sounds, the 2017 #'s are below 2016 that hit a record high of 383.

Mass Shooting defined as 4 or more victims. (per www.qunviolencearchive.org)

- Per OSHA there are approx. 700 workplace homicide victims per year.
- In 2/3 of workplace homicides, the assailant was a 3rd party and had no known personal relationship with the victim(s).
- 1/3 did have a personal relationship, and more than 40% of these were domestic violence related.



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A Few Examples from 2017:



North Park Elementary School – April 10, 2017.

In San Bernardino, CA, a man entered a special needs classroom at a local elementary school and opened fire. He was the estranged husband of a teacher there, and the classroom was hers. In his rage, he shot her to death and two young students also were shot. One of the two students, a boy who was only eight years old, died after he was admitted to the emergency room. After opening fire on the classroom, the man turned the gun on himself and committed suicide.



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A Few Examples from 2017:



Dignity Team Health – April 25, 2017.

Another incident occurred in an office tower located in Dallas, Texas. A 60-year-old man entered his workplace, pulled out a gun, and shot his supervisor to death. The victim had just been married and was a mother to seven children. The perpetrator didn't have any criminal history and there wasn't any indication that he was going to commit a crime or had any issues with his supervisor.



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A Few Examples from 2017:



Yanfeng Automotive Interiors – May 5, 2017.

In early May, in Fountain Inn, SC, a man fired gunshots in an automotive plant. Two employees there had an argument and one man pulled out a gun and fired multiple shots. The man struck two employees, but neither had fatal wounds. The shooter had a criminal background that includes involuntary manslaughter and a prison term of 15 years.



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A few Examples from 2017:



Pine Kirk Care Center – May 13, 2017.

During the second week of May, a police chief and two hostages were killed at Pine Kirk Care Center in Kirkersville, OH. The shooter took two hostages in an alley behind the care center and eventually killed both of them along with the police chief during the incident. He later turned the gun and shot himself. Both of the hostage victims worked as nurses at the care center.



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What can we do learn from these examples?:



Situations like these are difficult to control and almost impossible to predict. The best thing you can do is prepare your staff to act the right way in any potentially violent situation through strong planning and regular exercises. We also believe securing the proper insurance can serve as a catalyst to be more focused on being prepared.



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What happens in the aftermath?



- It's never really over. The impact of an active-shooter event lingers for years.
- Families and co-workers struggle to heal after losing loved ones. Businesses lose revenue and consider relocating. Attorneys file lawsuits to recapture monetary losses.
- And the losses pile up as the years pass. Sandy Hook Elementary School had to be rebuilt from the ground up at a cost of \$50 million, [according to the Washington Post](#). The Cinemark chain kept its theater in Aurora, Colorado, closed for six months. The owner of Orlando's Pulse nightclub wants to reopen at a new location but has been out of business since June 2016.



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What happens in the aftermath?



Virginia Tech University

- Treating the survivors is just one of the primary expenses of mass shootings (hospital admissions of shooting victims costs more than \$95,000 on average, according to [Health Affairs](#)). For instance, consider the largest costs of the 2007 Virginia Tech University massacre:
- \$11.4 million: Safety and security upgrades
- \$6.4 million: Cleanup, renovations, and other facility changes
- \$4.8 million: Settlement payments and other legal costs
- \$2.7 million: Support for survivors and families of victims
- \$3.2 million: Other operational expenses
- \$9.5 million: State expenses, including settlements
- \$590,000: Healthcare costs

(Source: [Washington Post](#))



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What happens in the aftermath?



Sandy Hook Elementary

- Four years after the December 2012 tragedy that killed 20 students and six staff members, a [new school building reopened](#) at a cost of \$50 million. In the interim, the school district had to move students to a different building and demolish the old school.
- A 2014 article in the Hartford Courant noted [up to \\$45 million in grants and donations flowed](#) into the district, which helped recapture some of the expenses. A lawsuit between two families of the victims and the city of Newtown, Connecticut, is still working its way through the courts more than five years later.



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What happens in the aftermath?



Cinemark Theater

- The theater in Aurora, Colorado, reopened in January 2013, six months after a gunman entered a showing of *The Dark Knight Rises* movie through a side door and opened fire, killing 12 and injuring 70. Families of the victims who sued Cinemark suffered another blow when a court said Cinemark could not have anticipated such an attack and therefore was not negligent.
- Cinemark had a legal right to insist that the plaintiffs repay nearly \$700,000 in court costs it amassed while defending itself. Initially, the theater chain asked to be repaid — generating a raft of negative publicity — but it eventually dropped the request.



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What happens in the aftermath?



Pulse Nightclub

- The massacre at the Pulse nightclub, a site popular with Orlando's LGBTQ community, in June 2016 spread trauma far beyond the club, where 49 people died and more than 50 were injured. The club's owner, who dedicated the club to the memory of her brother who died from complications related to AIDS, kept the club closed in honor of the slain, but could not bring herself to sell the club when the city of Orlando offered to buy it for more than \$2 million. Instead, she has founded the [OnePulse Foundation](#), a nonprofit raising funds to create a memorial at the site of the shooting.
- Families of the victims sued the shooter's employer, a global security company, claiming it should have recognized he had become mentally unstable. Another lawsuit targeted Google, Facebook, and Twitter, claiming they were culpable for terrorists who used their platforms to radicalize the gunman.



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What happens in the aftermath?



Pulse Nightclub cont'd

- At the time of the shooting, the incident was the deadliest mass shooting in U.S. history.



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What happens in the aftermath?



First Baptist Church of Sutherland Springs

- The small church southeast of San Antonio, Texas, was transformed into a memorial just a week after the mass shooting in early November 2017. Work crews quickly gutted the interior, removed the pews, bathed the interior in white paint and set up 26 chairs representing the victims and an unborn child. The fate of the old chapel and the site of the congregation's new home remain unclear.
- The family of nine of the victims [filed a claim holding the U.S. Air Force responsible](#) for the shooting. The Air Force admitted publicly that it had failed to report the shooter's domestic-violence record to a federal database designed to prevent dangerous people from acquiring firearms legally.



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What happens in the aftermath?



Mandalay Bay Resort

- The deadliest mass shooting in modern U.S. history attracted more than a dozen lawsuits within six weeks of the attack. On October 1, 2017, 58 people died and more than 500 were wounded when a gunman at the Mandalay Bay Resort and Casino in Las Vegas opened fire on a country music festival from his suite at the resort.
- Litigation will likely last for years, the [Los Angeles Times reported](#). There will be plenty to sort out as lawyers, courts, and juries assess whether the resort, the concert promoters, and others should have done more to prevent the attack. The tragedy underscored the need for [hotels owners to create and implement emergency response plans](#) to ensure they have a documented strategy for responding to a mass shooting.



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What happens in the aftermath?



Confronting the risk of active-shooter liabilities

- We have outlined only the most heavily publicized incidents of recent years. Hundreds of mass shootings (defined as those that injure or kill at least four people) do not get saturation coverage on the nightly news but do cause substantial harm — including the potential for court settlements reaching into the millions.
- Any place where people gather can become the site of a mass shooting. And there's no way to know when or where one will happen. That obligates organizations responsible for public areas to prepare for the worst. One way to do that is to acquire [active-shooter / workplace violence liability coverage](#) like we offer at McGowan Program Administrators.
- A high-quality policy provides broad coverage for litigation, business interruption, victim personal accident costs and delivers real-time crisis management assistance to help organizations recover from active-shooter trauma.
- It might help to set aside thoughts of fear, grief, trauma, and remorse that accompany the thought of a mass shooting occurring — and think strictly in terms of sound risk management. A policy premium is a reasonable hedge against the high economic cost of a tragedy.



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Duty of Care



In the US, several sources of law obligate an employer to a Duty of Care for the safety, health & security of employees (Occupational Safety and Health Administration Act of 1970)

- Duty of Care requires protection against workplace violence hazards.
- Injuries that are “reasonably foreseeable” can impose liability for negligence on employers for failure to take adequate safety precautions.



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Duty of Care



Prepare your organization (for Tort Liability for negligent hiring, supervision, and training):

- Have a written policy against workplace violence.
- Communicate that policy to all employees.
- Establish an effective EAP- Employee Assistance Program.
- Train workers so they know what to do in a violent situation.
- Explore and secure insurance solutions to mitigate financial risk to organization.



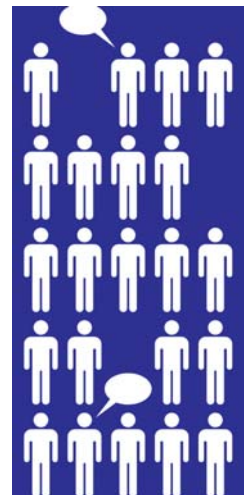
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Deadly Weapon / Active Shooter / Workplace Violence & Stalking Threat Insurance – (DW/AS/WPV) MPA's Exclusive Offering



- DW/AS/WPV Extra Expense
- Stalking Threat Extra Expense
- Victim Personal Accident Expense
 - Medical, dental, psychological, personal accident, rehabilitation.
 - Personal income, disability, death benefits.
- 3rd Party Legal Liability
 - including defense costs and indemnity / judgements / settlements.
- Business Interruption Expense
 - including Extra Expenses to resume operations.
- Option to extend employee cover to off-site locations



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Deadly Weapon / Active Shooter / Workplace Violence & Stalking Threat Insurance – (DW/AS/WPV) MPA's Exclusive Offering



Program & Provider	Triggering Event and Limitations	Pre-Event Risk Mngt Services
<i>Active Shooter Deadly Weapon Insurance Protection</i>	<ul style="list-style-type: none"> Attacks involving blades, explosives, and vehicles, as well as firearms Where a weapon has been used or brandished on an insured location. 	<ul style="list-style-type: none"> Risk assessment of insured locations (Required per policy) Active Shooter Safety Action Plan Seminar
<i>Workplace Violence and Stalking Threat Insurance</i>	<ul style="list-style-type: none"> Coverage triggered by stalking threat and/or an unlawful and intentional act of potentially deadly force with a weapon on premises, including display of a weapon. Option available to provide coverage for an "offsite incident" at a client or vendor's facility. 	<ul style="list-style-type: none"> Risk assessment not required

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Deadly Weapon / Active Shooter / Workplace Violence & Stalking Threat Insurance – (DW/AS/WPV) MPA's Exclusive Offering



Program & Provider	3 rd Party Liability Coverage	1 st Party Coverage for Losses
<i>Active Shooter Deadly Weapon Insurance Protection</i>	<ul style="list-style-type: none"> Provides primary liability coverage for defense and indemnity up to \$100M per event Small deductible of \$5k-\$10k 	<ul style="list-style-type: none"> Property damage extension with a standard \$500,000 sublimit Business interruption extension (addition 25% of premium) usually with 6 day waiting period
<i>Workplace Violence and Stalking Threat Insurance</i>	<ul style="list-style-type: none"> Provides primary liability coverage for defense and indemnity up to \$20M per event Usually \$0 deductible 	<ul style="list-style-type: none"> Business Interruption and Extra Expenses – usually with 6 hr waiting period Temporary security measures

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Deadly Weapon / Active Shooter / Workplace Violence & Stalking Threat Insurance – (DW/AS/WPV) MPA's Exclusive Offering



Program & Provider	1 st Party Coverage for Expenses	Post-Event Services
<i>Active Shooter Deadly Weapon Insurance Protection</i>	<ul style="list-style-type: none"> Counseling services sublimit endorsement up to \$500,000 Funeral expenses sublimit endorsement up to \$500,000 	<ul style="list-style-type: none"> Crisis management services sublimit endorsement up to \$500,000
<i>Workplace Violence and Stalking Threat Insurance</i>	<ul style="list-style-type: none"> Personal accident expenses pays up to \$250k per victim for death, disability dismemberment, loss of site, hearing etc. Psychiatric, medical or dental care Employee counseling Rehabilitation expenses Personal Financial Loss 	<ul style="list-style-type: none"> No sub limits for Crisis Response Services Allows client to select post event crisis / security consultants with pre- approval. Public relations counsel Rehiring expenses / EE replacement expenses Reward money for post event investigation tips

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Term/Capacity/Limits



- \$1,200 minimum premium
- \$1M - \$5M Standard Limits (up to \$100M capacity)
- \$0 - \$10k retention in most cases
- 12-month policy term
- Aggregated policy
- Business Interruption included in standard policy form
- NO Terrorism exclusions
- NO Employee exclusions
- NO Casualties threshold limit
- NO Vehicle exclusion



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Additional Factors Influencing Pricing



- Exchanging money with the public.
- Working with volatile or unstable people.
- Working alone or in isolated areas.
- Providing services and care to public.
- Working where alcohol is served.
- Working late at night or in areas with high crime rates.
- Working in large gatherings of general public



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DW/AS/WPV Policy Form - highlights



INSURED EXPENSES

- A. DW/AS/WPV Expenses;
- B. Threat Expenses;
- C. Personal Accident Expenses;
- D. Legal Liability (defense and indemnity)
- E. Business Interruption Expenses



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DW/AS/WPV Policy Form - highlights



Insured Person(s) means:

- (1) Any person specified under Section I. of the Declarations or qualifying as a **Named Insured**;
- (2) Any **Employee**;
- (3) Any **Guest** of the **Named Insured** while on any **Premises** occupied by the **Named Insured** in the conduct of its business;
- (4) However, **Insured Person** does not mean perpetrator of an **Act of Workplace Violence** or **Stalking Threat**.



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DW/AS/WPV Policy Form - highlights



3rd Party Legal Liability means those reasonable and necessary **defense costs** allowable by law, **including any resulting settlements or judgments** incurred by the Named Insured in connection with an action for damages brought by or on behalf of an Insured Person(s), or his or her legal representative, against the Named Insured solely and directly as a result of being a victim of an Act of Workplace Violence and /or Stalking Threat



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DW/AS/WPV Policy Form - highlights



Personal Accident Expenses mean the following loss payable to an **Insured Person(s)**, that solely and directly results from an **Act of Workplace Violence** and/or **Stalking Threat** provided that such injury, within twelve (12) calendar months from the date of the **Act of Workplace Violence** and/or **Stalking Threat**

Personal accident Expenses (\$250k) covers the following:
Loss of Sight, Loss of Hearing, Loss of Extremity, Loss of Limb, Permanent Total Disablement, Death of an **Insured Person(s)**



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DW/AS/WPV Policy Form - highlights



Act of Workplace Violence means any intentional and unlawful:

- (1) Act of potentially deadly force involving the use of a **Weapon** on the **Premises**; or
- (2) Threat of deadly force involving the display of a **Weapon** on the **Premises**.

Threat means conduct that:

- (1) Demonstrates an intent to harm an **Insured Person(s)**; and
- (2) Does not otherwise meet the definition of an **Act of Workplace Violence**



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DW/AS/WPV Policy Form - highlights



Weapon means an instrument or explosive device which is specifically intended to be used for and used to injure, kill or incapacitate a person.



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DW/AS/WPV Policy Form - highlights



Act of Workplace Violence Expenses means additional expenses necessarily and reasonably incurred by the **Named Insured** and/or an **Insured Person(s)** solely as a direct result of, immediately following, and for the duration of an **Act of Workplace Violence**,



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Contacts



www.mcgowanprograms.com

Paul Marshall | Managing Director – AS/WPV Division
McGowan Program Administrators
P: 937-241-6423
pmarshall@mcgowanprograms.com

Karl J. Seebacher | VP – AS/WPV Division
McGowan Program Administrators
P: 937-241-8474
kseebacher@mcgowanprograms.com

Ron Klassen | Senior UW - AS/WPV Division
McGowan Program Administrators
P: 937-422-9312
rklassen@mcgowanprograms.com



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Questions?



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