

Best Practices to Reduce Claims, Liability, and Lower Business Insurance Rates

Sponsored by



POWER UP!



Steve Del Vecchio
Director, Underwriting



Drew Tewksbury
Director, Sales & Marketing

McGowan Allied Specialty Insurance

POWER UP!

Best Practices for Risk Reduction

Thoughts and strategies on reducing claims, liability and insurance premiums.

Drew Tewksbury – Director, McGowan Allied Specialty Insurance

Steve Del Vecchio – Director, McGowan Allied Specialty Insurance

Why We're Here



- This session will cover essential strategies to minimize claims and liability risks, ultimately leading to lower business insurance premiums.
- Attendees will learn about proactive risk management techniques, effective safety protocols, and the latest attractions industry best practices.

State of the Market



- Year 6 of very 'hard' market
- YOY average increases >20%
- Appetite restrictions
- Capacity reduction
- Stricter underwriting

Excess Example:

Excess Liability Pricing: \$50 Million Program			
Year	Rate per Million (\$000)	YOY Change	Cumulative Change Since 2020
2019	3.0		
2020	4.0	33.3%	
2021	5.1	27.5%	27.5%
2022	6.3	23.5%	57.5%
2023	6.4	1.6%	60.0%
2024	7.7	20.3%	92.5%
Source: Zywave			
Presented by Zywave VP Jim Blinn during the "Casualty Crazyiness" webinar on Feb. 12, 2025			

What is driving this market



- Legal environment
 - Predatory Litigation
 - Litigation Funding by PE
- ‘Nuclear Verdicts’
- Increased claim costs due to inflationary pressures
 - Dramatic rise in health care costs/medical expense
 - Significant cost in equipment/construction materials/supplies/labor
- INADEQUATE RATE FOR PRIOR 20 YEARS...

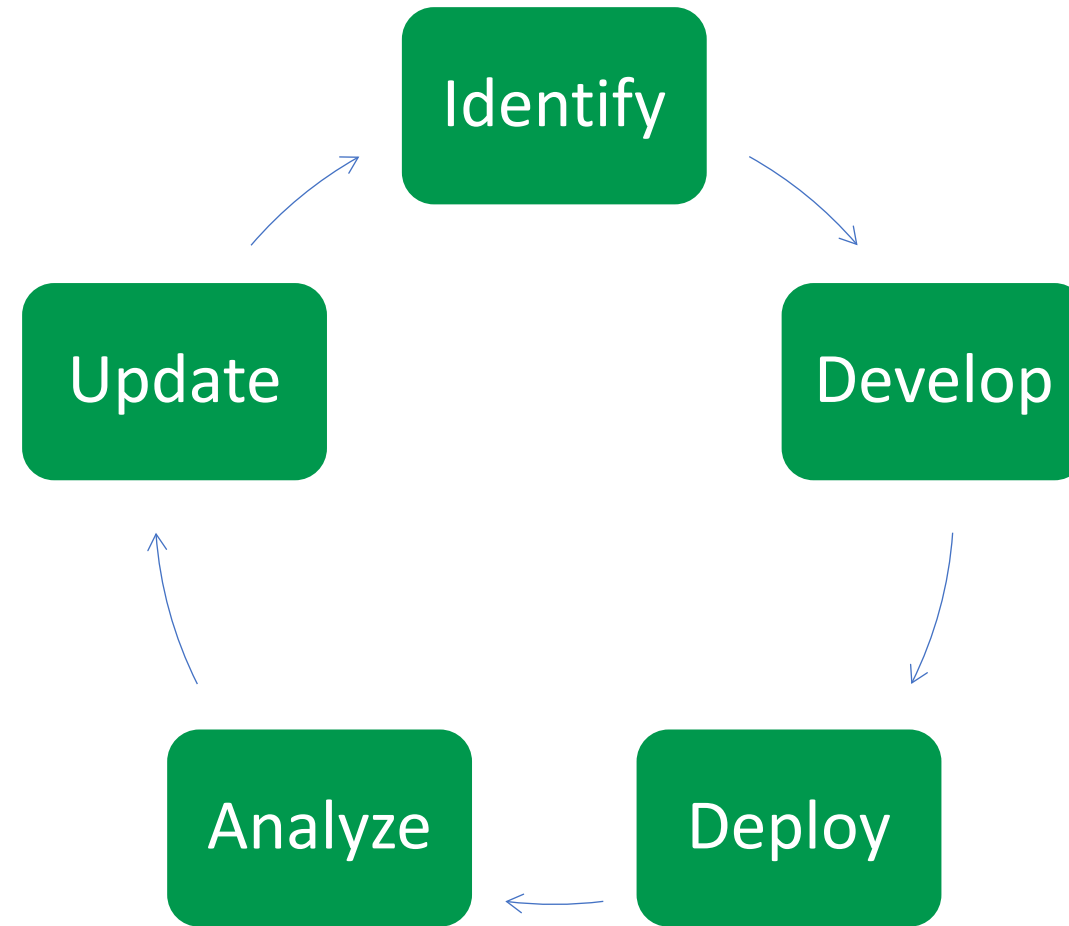
It all starts here...Culture



“Developing a strong safety culture has the single greatest impact on injury reduction of any process. For this reason, developing a safety culture should be an organizational mandate for all amusement businesses”

- **Management must:**
- Establish and communicate policies and vision
- Guide their team and employees to set safety goals and objectives
- Provide needed resources including money, equipment, materials, methods, staffing and time; and they must motivate personnel through active participation in and support of safety and health initiatives

Let's Get Started



Understanding your risk



- Identify
- Avoidance
- Prevention
- Reduction
- Transfer
 - Insurance
 - Contractual Risk Transfer
- Retain the Risk (Retention)

SEVERITY				
Severe Significant Slight	Transfer	Reduce or Prevent	Reduce or Prevent	Avoid
	Retain	Transfer	Reduce or Prevent	Avoid
	Retain	Transfer	Prevent	Prevent
Almost Nil Slight Moderate Definite				
FREQUENCY				

Identification Of Critical Management Areas



- **Operations**

- ERP
- Qualified/experienced departmental management
- Training programs
- Staffing levels

- **Maintenance**

- Inspections
- Preventative maintenance
- Repairs
- Qualified vendors

- **Safety**

- ERP
- Security
- Employee training
- Drills
- Involve local first responders
- Plan reviews

- **Incidents**

- Loss trends
- Investigation documentation
- Records retention
- CCTV

Development Of Key Processes



- Key Processes
 - Cultural (Safety) Indoctrination
 - Employee Training
 - Inspections
 - Daily/Weekly/Monthly
 - Pre-opening & Closing
 - Maintenance
 - Tied to inspection results
 - Preventative Maintenance
 - MFG directed Maintenance
 - Incident/Accident Management
- Compliance with industry standards
 - ASTM
 - F770-18
 - CPSC
 - NEC
 - MAHC (Model Aquatic Health Code)
 - Manufacturer requirements
 - Jurisdictional requirements

Documentation



Training

- Maintenance
- Inspectors
- Aquatic Staff
- Operational Staff

Qualifications/Certifications

- NAARSO
- AIMS
- EMT
- CWA (Climbing Wall Association)
- ACCT
- ServSafe
- First Aid/CPR/AED/O2

Inspections

- Operations
- Maintenance

Incidents

- First Aid Logs
- Incident Reports
- Incident Investigations
 - AAR's
 - Root Cause Analysis
 - Post-incident inspections

Water Quality

- Water Quality/Testing Logbooks
- Fecal Incidents

Food Handling

- Temperature logs
- Food prep time/service lag time

Analyze Results



- Data trending – Become intimate with your data
- Identification of areas in need of improvement in your systems
 - Inspection inconsistencies
 - Maintenance issues
 - Training issues
 - Reporting issues
- Accountability of stakeholders and employees
 - Ownership held accountable for all actions of employees and park safety
- Use of information to improve systems and operation

Bottom-Line Impact



Direct Impact

- Claims Reduction
 - Improve Loss History
 - Reduced Maintenance Expense
 - Reduced Labor Expense
- Lower TCOR (Total Cost of Risk)
- (Premiums+Deductibles+Expenses+Opp.Cost)

Indirect Impact

- Guest & Employee Satisfaction
- Reputational Management
- Industry Impact

Improve Defensibility



- A well-organized Operational Facility Inspection Program helps improve defensibility in the following ways:
 - Attorneys will Investigate you and they will:
 - Dig into your documentation
 - Observe Operations
 - Observe Physical Conditions of park/rides/midway
 - Documentation in Place
 - Confident Employees are better witness'
 - Depositions

Best in Class



- What makes you look better than others in your peer group?
 - Culture of safety starts at the top
 - Make sure your staff and guests know safety is a priority
 - Empower staff to make safety a priority, if they see something they should say something or even pause what they are doing to make an immediate correction if possible.
 - Loss Control / Safety Inspections
 - Are safety recommendations complied with in a timely manor?
 - Are there repeat items from a prior inspection?
 - Lessons learned
 - If there is an incident or a loss, what did you learn?
 - What can be done to prevent a reoccurrence?
 - Are physical changes required?
 - Is it a training issue?
 - Communicate what you learned
 - Did you make a change prevent a potential reoccurrence?
 - Share it with your Team
 - Share it with your Broker and Underwriter

- What underwriters look for in Best of Class Operators
 - A new underwriter doesn't know you or your business.
 - If you look at your loss history, stood across the street and looked at your business, would you insure with your money? (the answer should be yes)
 - Insurance transfers risk to the carrier. They are putting up their money to defend you and make you whole in the event of a loss.
 - The underwriter is trying to predict the future based on prior experience (yours and their own).
 - Does every staff member know what to do if there is an incident?
 - Review your website – underwriters look at them
 - Make sure it matches your operations and the applications submitted to the underwriter
 - Underwriters don't like surprises
 - Yelp & other reviews – underwriters look at these too
 - Repeat negative comments tend to show a pattern from an underwriter's perspective.
 - A picture is worth a thousand words
 - Make sure your operations look good even in the least flattering photos (house keeping)

Closing Thoughts...



- Develop a system that is consistent, repeatable and documentable
- Hold all levels of staff accountable for implementation and execution of the system
- Utilize the data to increase safety, reduce maintenance expense and enhance employee and customer satisfaction
- Make this a cornerstone of your corporate safety culture

As an insurance buyer, you must be able – without hesitation- to articulate what you're doing to control and mitigate those risks, and how you are best in class...How are you investing - not just today, but how are you planning to invest in the future to stay ahead of the curve from a technology and loss control standpoint...

COMING UP NEXT!

POWER LUNCH ***11:45 am***

- *Surprise Arrival of the Gavel*
- *Florida Attractions Annual Meeting*
- *Featured Speaker*

POWER UP!