

# MANAGING SECURITY RISKS & CRISIS EVENTS IN A COMPLEX WORLD

## Presenters

Paul Marshall, Managing Director – McGowan Program Administrators

Garry Bright, Lloyd's Broker – Alsford Page & Gems Limited

# PRESENTERS

Introductions:

**Paul Marshall**, Managing Director  
Active Shooter Workplace Violence Division  
McGowan Program Administrators

**Garry Bright**, Lloyd's Broker  
Alsford Page & Gems Limited

# LEGAL DISCLAIMER

**The information contained herein is intended for informational purposes only. Insurance coverage in any particular case will depend upon the type of policy in effect, the terms, conditions and exclusions in any such policy, and the facts of each unique situation. No representation is made that any specific insurance coverage would apply in the circumstances outlined herein. Please refer to the individual policy forms for specific coverage details.**





# PRESENTATION CONTENTS

## Active Shooter/Deadly Weapon Protection

- What is an active shooter or deadly weapon crisis event?
- A New Threat?
- Casualty Count
- Financial Risks
- Duty of Care
- 2017/18 examples
- Current Response
- Private Market Stand Alone Coverage
- Target Markets
- Crisis Management
- Lessons learnt and the aftermath

## Q&A



# WHAT IS AN ACTIVE SHOOTER OR DEADLY WEAPON CRISIS EVENT?

- **FBI and Homeland Security Definition**

- Actively engaged in killing or attempting to kill people in a populated area
- 3 or more fatalities

- **Media Definition**

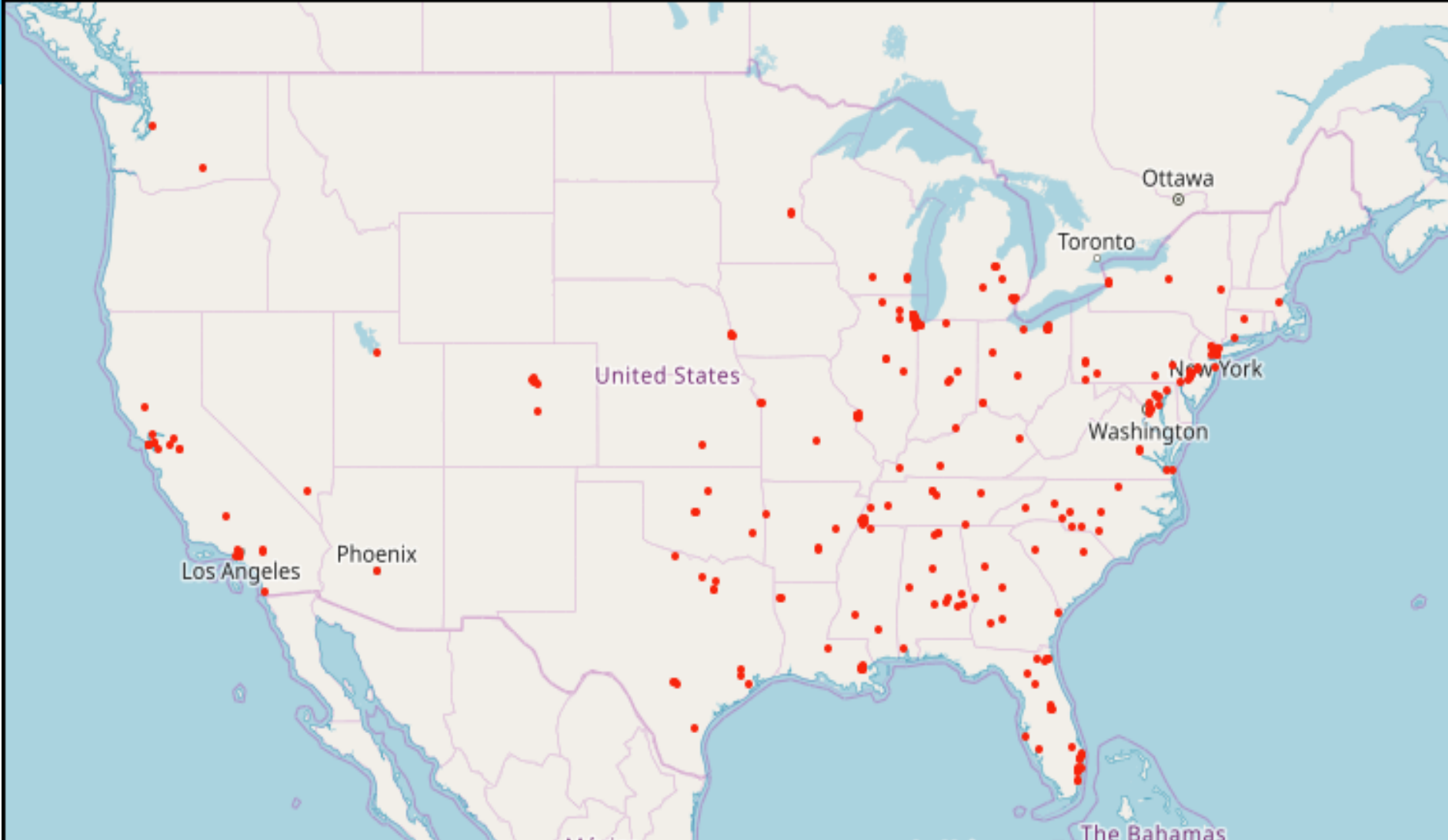
- 4 or more fatalities

- **Private Market Insurance Policy Definition**

- Deadly Weapon Event means any event involving an Assailant(s) and the Named Insured where a Weapon has been used or brandished on any Location(s) of the Named Insured.

## **Who commits these acts:**

- Customers, Clients, Patients, other 3<sup>rd</sup> parties
- Employees or Supervisors
- Domestic Partners or Relatives of Employees
- Typically males between the age of 18 and 25 who are often victims of being bullied



January 1 - September 23, 2018

[gunviolencearchive.org](http://gunviolencearchive.org)



CAYMAN  
CAPTIVE  
FORUM  
2018

# MASS SHOOTING COUNT

Gun Violence Archive aggregates and publishes the gun violence data in near real-time from over 2,500 verified media, commercial, and law enforcement sources. GVA defines Mass Shooting event that include 4 or more victims. [www.gunviolencearchive.org](http://www.gunviolencearchive.org)

2018 Year in review:

- Jan: 24 mass shootings
- Feb: 43 mass shootings
- Mar: 10 mass shootings
- Apr: 27 mass shootings
- May: 30 mass shootings
- Jun: 39 mass shootings
- Jul: 42 mass shootings
- Aug: 22 mass shootings
- Sep: 27 mass shootings
- Oct: 29 mass shootings

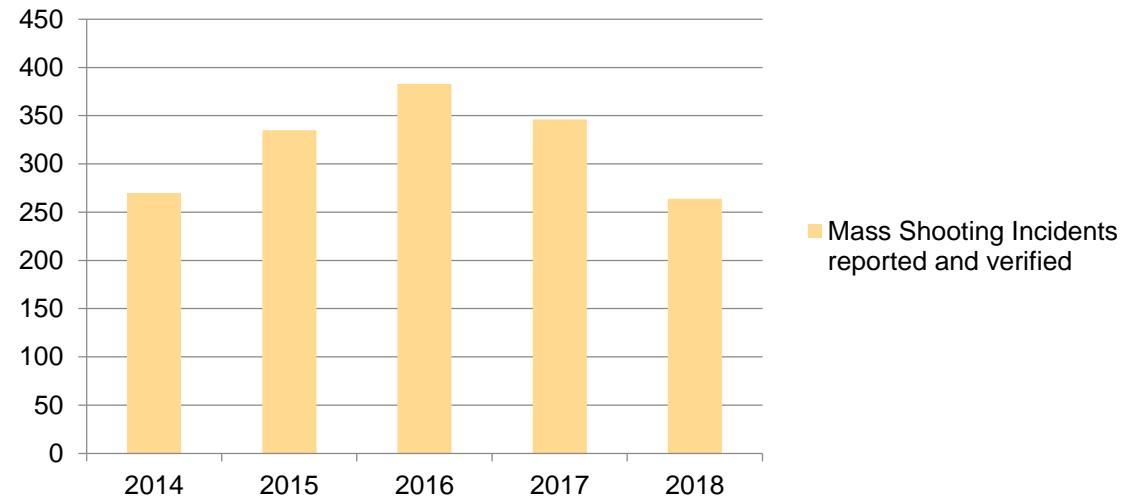
**This year's total as of Nov 1 2018 : 296**

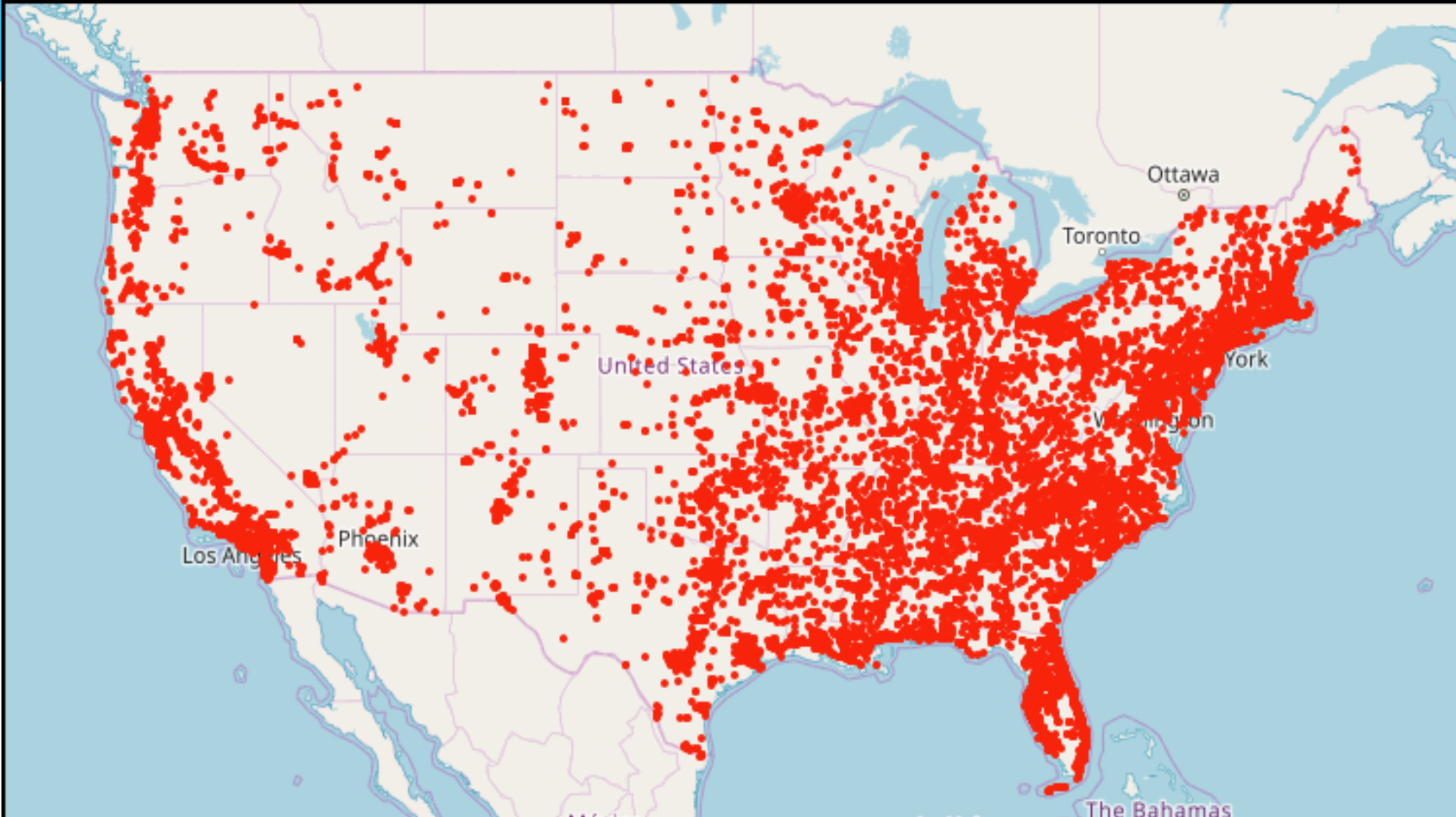


# A NEW EMERGING THREAT?

- **Mass Shooting:** FOUR or more shot and/or killed in a single event [incident], at the same general time and location not including the shooter.
- **2018** – Total number of incidents: 61,839  
- Total number of mass shootings: 346
- **Average** of 29 mass shootings per month

**Mass Shooting Incidents Reported and Verified**





**January 1 - September 23, 2018**

**gunviolencearchive.org**



**CAYMAN  
CAPTIVE  
FORUM  
2018**

# FINANCIAL RISK - LITIGATION IN THE NEWS

- San Bernardino Shooting - Victim's family seeks **\$58 million**
- Las Vegas Massacre - Could cost insurers more than **\$ 1 billion**
- Jury awards **\$3.7M** to estate of Munch Bar shooting victim
- Judge Approves **\$11M** Settlement in Virginia Tech Shootings
- School Shooting Victims in New Mexico Awarded Nearly **\$2M**
- Washington Girl Gets **\$1.2M** Settlement Over School Shooting
- Town Rejects **\$11 Million** Settlement Offer from Sandy Hook Parents
- Sovereign Immunity Under Attack after Parkland Shooting

# ACTIVE SHOOTER / DEADLY WEAPON INSURANCE IN THE NEWS

*More School buying Active Shooter Insurance*

**Wall Street Journal**

*As Active Shooter / Workplace Violence Incidents Increase, Industry Addresses Coverage 'Gray Area'*

**Insurance Journal**

*Workplace shootings have insurers going on offense*

**CBS NEWS**

*Mass Shootings Convince Companies to Explore 'Active Shooter' Insurance*

**Fortune Mag**

*Interest in active shooter insurance grows*

**CNBC**

# 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)



# 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 more than \$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.



# What happens in the aftermath?

## Pulse Nightclub

- The massacre at the Pulse nightclub, in June 2016, spread trauma far beyond the club, where 49 people died and more than 50 were injured. The club's owner, kept the club closed in honor of the slain.
- 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.
- Go Fund me account helps victims

# 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.





# What happens in the aftermath?

## Mandalay Bay Resort

March 21st Victims of Las Vegas mass shooting start receiving payments out of **\$31 Million Victim Fund**

### 532 claims total

14 received \$200,000 / victims hospitalized for more than 24 days.

9 received \$150,000 16-23 / days in the hospital.

15 received \$100,000 / 8-15 days in the hospital.

77 received \$52,500 / 7-10 days in hospital.

32 received \$17,500 / 1 day in hospital.

# 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.

# What happens in the aftermath?

## Parkland School Shooting

- Educational Foundation collects more than **\$8 million for victims** and sets up a committee to decide on how to disburse these funds.
- School District is overwhelmed with media and public record requests
- **State immediately offers to pay for all funeral, medical expenses**
- School District decides to tear down 9th grade building, State provides \$25 million in funding.

# CURRENT RESPONSE

## **General Liability**

- GL may not respond unless the insured is deemed “liable” for the event
- Excludes events that are deemed “reasonably foreseeable”
- Debate over whether personal attacks against customers or other third parties are covered
- Excludes employees
- Excludes damage to property or subsequent business interruption
- High SIR

## **Property**

- Requires physical damage to property

## **Workers Compensation**

- Varies by state
- Excludes property damage
- Excludes injuries to any third party



# PRIVATE MARKET STAND ALONE INSURANCE

- 3<sup>rd</sup> Party Legal Liability
  - including defense costs and indemnity / judgements / settlements.
- Business Interruption Expense
  - including Extra Expenses to resume operations.
- Physical Damage to Property
  - including demolition, clearance and memorialization costs.
- Extra Expense
- Victim Personal Accident Expense
  - Funeral Costs
  - Psychological counselling
  - Accidental death and dismemberment
  - Medical expenses
- Pre and post event Crisis Management Services

# PRIVATE MARKET STAND ALONE INSURANCE

- \$1M - \$30M Standard Limits (up to \$100M capacity)
- Small \$0 -10k retention in most cases
- 12-month policy term
- Aggregated policy
- Security vulnerability assessment & safety action plans

## Push for:

- A broad definition of Weapon
- Crisis Management services included as standard
- No terrorism exclusions
- No casualties threshold limit
- No vehicle exclusion
- No requirement for explosive to be physically attached to assailant

# TARGET MARKET

- Commercial
- Education
- Events and Entertainment
- Government
- Transportation
- Healthcare
- Hospitality Leisure
- Hospitality Retail
- Military
- Religious institutions
- Residential
- Retail
- Trade Events



# CRISIS MANAGEMENT AND RESPONSE

## Following an event

- Crisis Management services – accessed via a direct call from the Insured
- Public relations and media management
- Additional on-site security if required
- Monitoring of social media to identify claimants
- Counselling services (1<sup>st</sup> and 3<sup>rd</sup> parties)
- Funeral and medical arrangements



# WHAT CAN WE DO TO LEARN FROM THE EXAMPLES AND DATA WE HAVE?

- Active shooter events are difficult to control and almost impossible to predict
- Prepare your staff so they respond correctly in any potentially violent situation
- Planning is critical
- Conduct regular active shooter drills
- Look carefully for any warning signs
- Securing the proper insurance can serve as a catalyst to be focused on prevention and preparedness

# PREPARE YOUR ORGANIZATION

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

- Have a written policy against active shooter/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.

**Paul Marshall** | Managing Director – AS/WPV Division

McGowan Program Administrators

P: 937-241-6423

[pmarshall@mcgowanprograms.com](mailto:pmarshall@mcgowanprograms.com)

[www.mcgowanprograms.com](http://www.mcgowanprograms.com)

# THANK YOU



CAYMAN  
CAPTIVE  
FORUM  
2018

# ABOUT MCGOWAN PROGRAMS

MPA is a leading Program Administrator. MPA designs, administers and markets highly-specialized programs of insurance. These programs are available exclusively through MPA. They are offered on “A” Rated, or higher, paper and are available in all 50 states. To learn more, visit [www.mcgowanprograms.com](http://www.mcgowanprograms.com).



# QUESTIONS?



CAYMAN  
CAPTIVE  
FORUM  
2018

# EXTRA SLIDES



CAYMAN  
CAPTIVE  
FORUM  
2018

# 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.**

## *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. In an **apparent domestic violence event** 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

# ACTIVE SHOOTER / DEADLY WEAPON INSURANCE IN THE NEWS

- In a recent article (July 30th) The Washington Post has spent the past year determining how many children have been exposed to gun violence during school hours since the Columbine High massacre in 1999. The federal government does not track school shootings, so The Post pieced together its numbers from news articles, open-source databases, law enforcement reports and calls to schools and police departments.
- **The count now stands at more than 215,000 children at 217 schools. In 2018 alone, there have already been 17 shootings — the highest number during any year since at least 1999.**



# A FEW EXAMPLES FROM 2017:

## ***Parkland School Shooting – February 14, 2018.***

A 19 year old former student enters the high school, pulls the fire alarm and with an AR-15 rifle, shoots 34 people in and around a 9<sup>th</sup> grade building located in the middle of the campus. 15 students and 2 teachers are killed and 17 others are injured. **The perpetrator had a troubled past both in school and at home. This tragedy has sparked debates on subjects from gun control to school building threat assessments to the need for mental health services.**

## **Santa Fe, Texas School Shooting – May 18, 2018**

A 17 year old student stormed into the art complex at the rear of the High School early in the morning, after pulling the fire alarm, shooting with a pump-action shotgun and a .38-caliber revolver, killing 10 people, including 8 students and 2 teachers in 30 minutes. **Signs of troubled past are slowly coming to light, including a picture on social media of him wearing a t-shirt with the words “Born to Kill” emblazoned on front.**

# 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.**

## **Ft Lauderdale International Airport- January 2017**

A 28 year old man entered the baggage claim area and retrieved a gun he had in his luggage and used it to kill 5 people and injure 6. **The killer was later diagnosed as schizophrenic and sentenced to 120 years in prison**

# 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.