



MARKETPLACE REALITIES 2013

POST-SUPERSTORM SANDY UPDATE

November 2012

CASUALTY LINES

- In the wake of Superstorm Sandy, Casualty and Workers' Compensation issues may arise with potentially large financial ramifications.
- With high demand for repair and reconstruction, business owners must be vigilant about the insurance their contractors and sub-contractors carry, so their own Workers' Comp or General Liability coverage does not take a hit. The risk will be greatest with subcontractors who hire extra hands, which can result in potentially uninsured subcontractor exposure.
- Companies bringing in crews from out of the area should be aware that **the rates, assessments and benefit structures in New York and New Jersey may be very different from what they are used to.**
- If you have employees working in New York even for a single day, New York exposures should be affirmatively listed in Section 3A of your Workers' Comp policy declarations. New York State has onerous weekly fines for non-compliance!
- When jobs with high-hazard payroll exposures are interrupted, companies should notify their carriers. They may be able to achieve premium relief if they temporarily reclassify the work of their employees to lower classes while they are idle.
- In the case of a significant business interruption event, companies should contact their brokers to evaluate the minimum premium provisions in their policies.
- **Owners should be aware that New York labor law applies strict liability to the building owner or contractor for injuries to workers who fall from any elevation - referred to as "gravity-related" injuries - which enables injured workers to seek damages beyond Workers' Comp.**
- New York labor law does not apply to single or two-family buildings, but it does potentially apply to other multi-family structures.
- **The ultimate impact of Sandy on rates for Casualty lines will depend on the potential increase in claims that could result from the massive, fast-paced cleanup and recovery that in many places will continue for an extended period of time.**

PRICE PREDICTIONS

Type of Account	Pre-Sandy	Post-Sandy
Casualty	+2% to +5%	Large-scale cleanup and repair could increase losses, impinge capacity, and put upward pressure on rates.
Workers' Comp	Flat to +15%	
Umbrella	Flat to +7.5%	
Excess	Flat to +7.5%	
Auto	+2% to +5%	

CONTACT

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The complete 2013 **Marketplace Realities** report is available on willis.com.