Active Shooter /
Workplace Violence
Risk & Insurance

2018: Review & 2019: A Look Forward

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What is an Active Shooter or Workplace Violence 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.

OSHA – Workplace Violence:
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.

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What is an Active Shooter or Workplace Violence Event?

WHO COMMITS THESE ACTS:

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

Per OSHA.Gov:

Approx. 2 million American workers are victims of workplace violence.

In 2/3 of workplace homicides, the assailant was a 3rd party and had no known personal relationship with the victim(s).

Workplace violence is the second leading cause of work-site deaths in the US. with approx. 700 workplace homicide victims per year.

1/3 did have a personal relationship, and more than 40% of these were domestic violence related.
March 2018 Report: MASS ATTACKS IN PUBLIC SPACES - 2017
The U.S. Secret Service National Threat Assessment Center (NTAC) examined 28 incidents, (in which three or more persons were harmed, and were carried out in work/public places) to identify key themes for enhancing threat assessment and investigative practices.

These incidents resulting in the loss of 147 lives and injury to nearly 700 others had a devastating impact on our nation as a whole.

Regardless of whether these attacks were acts of workplace violence, domestic violence, school-based violence, or terrorism, similar themes were observed in the backgrounds of the perpetrators.
Nearly half were motivated by a personal grievance related to a workplace, domestic, or other issue.

These incidents resulting in the loss of 147 lives and injury to nearly 700 others had a devastating impact on our nation as a whole. Over half had histories of criminal charges, mental health symptoms, and/or illicit substance use or abuse.

All had at least one significant stressor within the last five years, and over half had indications of financial instability in that timeframe.

Over three-quarters made concerning communications and/or elicited concern from others prior to carrying out their attacks. On average, those who did elicit concern caused more harm than those who did not.
Litigation in the News

- Jury awards $3.7M to estate of Munch Bar shooting victim
- School Shooting Victims in New Mexico Awarded Nearly $2M
- Washington Girl Gets $1.2M Settlement Over School Shooting
- Sovereign Immunity Under Attack after Parkland Shooting
AS/WPV Program – Target Risks

Virtually any type of business

- Healthcare Facilities
- Manufacturing Operations
- Education
- Restaurants
- Car Dealerships
- Events
- Retail Establishments
- Not-for-Profit Organizations
- Religious

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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.
Duty of Care:

Inform and train employees on what to do in a violent situation.
Risk Management Techniques

- Have written WPV Policy
- Inform and train employees on what to do in a violent situation
- Communicate that policy to all employees
- Establish an effective EAP / SAP
- Limited access to buildings
- Security on premises
- Exit interviews
- Threat Assessments
- Disaster recovery
- Specific AS/WPV Coverage
Low-Tech Solutions

- Surveillance Cameras
- PA Systems
- Metal Detectors
- Physical Door Restraints/Locks
- Email Alerts
- Text Alerts
- Calling 911
High-Tech Solutions

- Social Media Monitoring
- Mobile Apps with real-time head counts
- Facial Recognition Technology
- High-tech Weapons Detection Systems
- Back-end Forensic Tools
- Advanced Communications Platforms
- Gun-shot Detection Systems
- Drones
Active Shooter / Workplace Violence Insurance

Insured Expenses:

- **Victim Expenses**
  - Medical, dental, psychological, reward $, salaries, rehabilitation, funeral and burial expenses.
  - Loss of Sight, Loss of Hearing, Permanent Disablement, Death.

- **3rd Party Legal Liability Expenses**
  - Including defense costs and *indemnity / judgements / settlements*.

- **Business Interruption / Extra Expenses**
  - Expenses to resume operations.
  - Post Event Crisis Management / PR / Security

- **Off-Site Exposures**

- **Physical Damage** to Property including demolition, clearance, and memorialization costs
Victim vs. Business Expenses

Victim coverages related to:

● Psychiatric care
● Medical or dental care
● Rehabilitation expenses
● Death Benefit / Disability Coverages
● Funeral / Burial Expenses

Treating the survivors is one of the primary expenses of mass shootings - report from Health Affairs: 
mass shooting per victim costs average $95,000

Business Expenses related to:

● Business income and extra expenses
● Public relations counsel
● Crisis Consultant expenses
● Employee counseling
● Additional / Temporary security measures
● Property damage
11 Things to Look for in an Active Shooter Workplace Violence Insurance Policy

1. Primary coverage
2. Third-party liability
3. Lawsuit coverage beyond defense costs
4. Coverage definitions
5. Coverage triggers
6. No terrorism exclusion
7. Crisis-response coverage
8. Property damage
9. Business income
10. Medical/death benefits
11. Extras
   - Reward money for a post-event tip line
   - Includes workplace violence/stalking threat coverage
Exclusions to Avoid

Look for and request:

- **NO** Terrorism Exclusions
- **NO** Employee Exclusions
- **NO** Casualties Threshold Limit
- **NO** Vehicle Exclusion
- **NO** Drone Exclusion
- **NO** Requirement for explosive to be physically attached to assailant
- **NO** Mental Anguish Exclusion

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Case Study - Virginia Tech

On April 16th, 2007 a shooter killed 32 people, wounded 17 people, and then committed suicide at Virginia Tech University.

This massacre caused major financial costs for the university and taxpayers.
Data adapted from "Assessing the Cost of the Virginia Tech Massacre How Much Will Pay Resulting Allegations against Virginia Tech?" by Anthony Green and Donna Cooper of the Center for American Progress. The full report can be viewed at: https://www.americanprogress.org/issues/2013/reports/2013/08/29/423789/
How a Policy Would Have Covered the VT Shooting

- $11.4 million: Safety and security upgrades
  - Extra expense as precaution
- $6.4 million: Cleanup, renovations, and other facility changes
  - Property and business interruption after loss
- $4.8 million: Settlement payments and other legal costs
  - 3rd party legal liability
- $2.7 million: Support for survivors and families of victims
  - Victim personal accident expense
How a Policy Would Have Covered the VT Shooting

- $3.2 million: Other operational expenses
  - Business interruption and extra expense
- $9.5 million: State expenses & settlements
  - 3rd party liability
- $590,000: Healthcare costs of victims
  - Victim personal accident expense
Total of Losses

- $38.6 million!
- Need to make sure limits on policy will cover payouts and expenses
What happens in the aftermath?

Parkland School Shooting

• An educational foundation collects more than $8 million for victims and sets up a committee to decide on how to disburse these funds.

• State immediately offers to pay for all funeral expenses.

• School District decides to tear down 9th grade building, State provides $25 million in funding.

• School District’s Promise program (student discipline) is decried as ineffective and too lenient

• Local Sheriff is blamed for lack of active shooter training for their deputies who are the school resource officers
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