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**Insurance Coverage for Sexual Abuse Claims
Sexual Harassment Litigation Trends**

2019 Casualty Loss Reserve Seminar

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September 18, 2019


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Sexual Abuse of Minors

The statistics are daunting:

- 1 in 6 boys and 1 in 4 girls are sexually abused before the age of 18.
- 26% of victims abused were in the age group of 12–14 years and 34% were younger than 9 years.
- 82% of all juvenile victims are female

(DOJ, CDC)

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Perpetrators

- Clergy
- Medical providers
- Educators
- Daycare providers
- Babysitters
- Family friends
- Household guests
- Neighbors



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Sexual Harassment in the Workplace

1 in 3 women have been harassed in the workplace
1 in 10 men have been harassed

51% of female employees were harassed by a supervisor

#METOO ← As of 2017, 67% of women who experienced sexual harassment did not report it.

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#METOO Movement in the Media

#METOO Accusations in the Media

Category	Number of Accusations
Government	96
Consumer Goods	23
Entertainment	96
Sports	14
Education	26
Arts & Music	58

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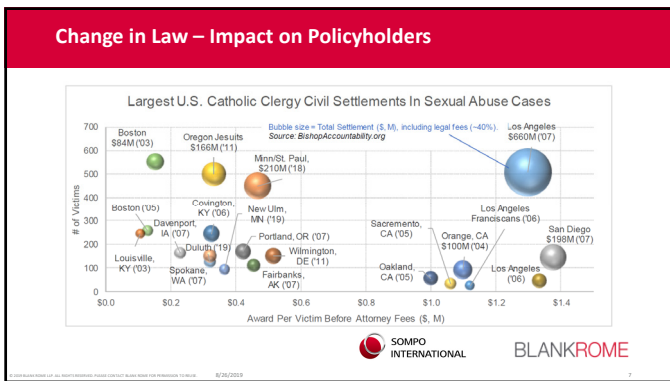
Statute of Limitations Reform Bills

2019 SOL Reform Bills

Source: CHILDREN'S RIGHTS CAMPAIGN

Legend:
 ■ New Law (18)
 ■ Passed in Legislature (21)
 ■ Introduced (39)
 ■ Failed (6)
 ■ None (12)

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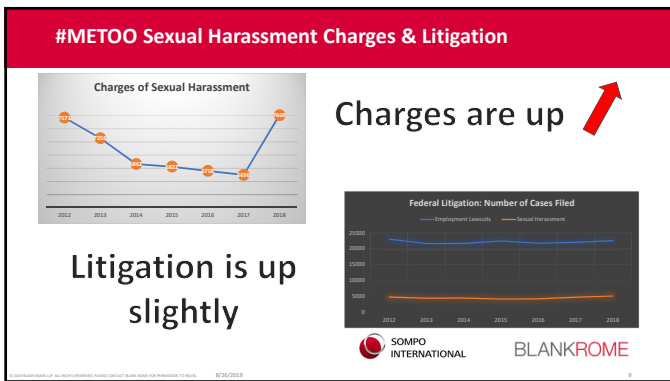


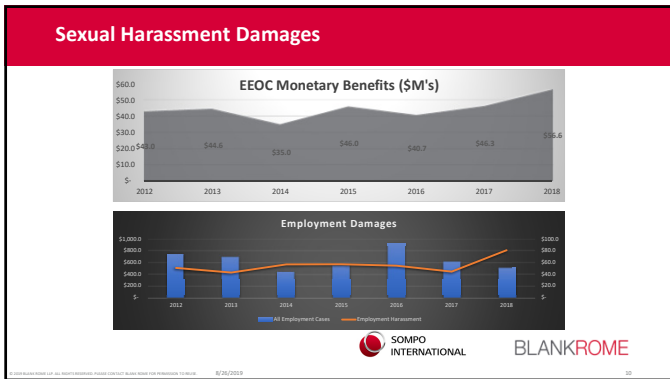
Change in Law – Impact on Insurers

- In Q1/Q2:19, Travelers made a ~\$50-100M addition to its general liability reserves to reflect the NY CVA only and a “much smaller” addition to reflect a handful of other states (including NJ) that recently adopted similar reforms.
- Chubb recorded additional IBNR in Q4:18 in response to “the difficult environment around molestation and abuse” and suggested on its Q1 call it was too early to predict the outcomes of the NY window.
- Selective also noted that its YE’18 reserves reflect “a certain amount” set up for this evolving exposure.

Dowling & Partners Securities, LLC; IBNR #93, Vol. XXXI

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Historical CGL Coverage Issues

Missing or Incomplete Policies	➔	Burden of Proof; History of Insurance; Resources
Limits of Liability	➔	Annualization; Aggregates
Number of Occurrences	➔	Cause Test; Effect Test; Impact on Overall Availability of Limits
Alleged Exclusions	➔	Expected/Intended; Professional Services; Sexual Molestation

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Sexual Harassment Legal Implications for the EPL Policy

Shift in the Legal Environment	➔	Impact on the EPL Policy
⚡ Erosion of the "Severe and pervasive" standard	➔	✓ More Cases go to trial
⚡ Limitations put on the Faragher/Ellerth defenses	➔	✓ Underwriting is undermined
⚡ Arbitration agreements phased out or restricted by law	➔	✓ More cases go to trial, higher defense expense
⚡ Confidential settlements are restricted by law	➔	✓ Larger settlement values
⚡ Directors and officers are held accountable for the actions of executive	➔	✓ Multiple coverage lines and policy limits are put into play

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