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Insurers Exploring ‘New World’ of Police Officer Professional Liability

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U.S. insurers and brokers are starting to craft professional liability coverage for police officers, spurred on by signs that policymakers in some cities and states want to use a financial stick to curb police misconduct.

They see a potential market opening up after a New York state lawmaker this month introduced legislation, which would require individual officers to carry liability coverage for lawsuits alleging excessive force, abuse or other misconduct.

“I think we’re in a new world,” said New York-based Mark Turkalo at the insurance brokerage unit of Marsh & McLennan Companies Inc., about the trend. Turkalo said the firm is exploring whether it could develop the coverage.

The bill authored by Democratic Senator Alessandra Biaggi follows a number of police reforms in New York and other U.S. states and cities, which were prompted by a wave of protests against police brutality and racial injustice since May.

Police Liability Insurance in 2020, a Time of Civil Unrest

An in-depth discussion of municipal and law enforcement liability accountability.

Do Police Officers Need to Buy Professional Liability?

The Insurance Journal Academy’s Patrick Wraight examines the idea of police officers buying their own insurance.

Biaggi’s bill would require local governments to pay for the individual policies, but officers would pay any premium increases arising from their misconduct.

As premiums rise, “it would force an officer to either change their behavior or leave the field of law enforcement,” Biaggi told Reuters.

Insurers could build on the handful of policies that already exist for police officers who become embroiled in police work while off duty, said Anne Marie Towle, an executive at broker Hylant Group Inc. in Ohio, adding she believes the idea will become more mainstream.

She is working with an actuary to analyze potential losses and with Prymus Insurance Co., a private North Carolina insurer specializing in unusual risks, to try and develop a product, she said.

Prymus Chief Executive Jeff Harrison confirmed the company is working on police liability coverage. It has to be affordable for police, he said. “But officers that break the law need to be held accountable.”

Currently, most police officers rely on municipalities to cover legal costs and payouts to victims, either from public funds or blanket insurance. Critics say that provides no incentive for officers to check their behavior, often leaving taxpayers on the hook. New York City paid \$220 million last year for police department settlements of civil lawsuits, far more than any other of the city’s agencies, public data show. [<https://tmsnrt.rs/2CZmrT1>]

The bill faces stiff opposition from powerful police unions who say it would be costly for already-underpaid officers and make recruitment more difficult, but it underscores that the broader concept is starting to gain ground amid the raging debate on police reform.

Growing Policy Movement

The idea of using liability coverage to sanction police who use excessive force has been championed by some criminal justice experts since 2014, when police fatally shot Black teenager Michael Brown in Ferguson, Missouri.

A similar policy qualified as a Minneapolis ballot measure in 2016, but a court ruling blocked it from being voted on.

Colorado last month passed a law that holds police officers personally liable for 5% or \$25,000 of damages if their employer determines they did not act in good faith.

Policymakers in California and Florida have also expressed interest in the idea, according to Clark Neily, vice president for criminal justice at Washington, D.C., think tank Cato Institute, who has been studying the issue for the past two years. He said he had spoken with a handful of insurers in the last few months about the nuts and bolts of police liability insurance.

Some insurers contacted by Reuters privately raised concerns about wading into a political quagmire. They also face a hurdle accessing police disciplinary records, which are confidential in many states, according to legal experts.

“A lot of our clients are asking” about the policies and carriers are working on coverage, said a senior executive at a U.S. insurance broker who was not authorized to speak publicly.

Neily’s discussions with insurers have focused on how much to charge and where to cap payouts. Based on those discussions, he said he believes \$500,000 or \$1 million would cover most claims and that cities could use broader policies to cover amounts beyond that.

“The real challenge is assessing the exposure and pricing policies accordingly,” said Neily. “Some insurance companies feel that is too challenging. Others feel like this is absolutely something they will be able to work with.”

(Reporting by Suzanne Barlyn and Alwyn Scott; Editing by Michelle Price and Aurora Ellis)