

BEST'S REVIEW® ISSUES & ANSWERS:

- COMMERCIAL RISK
- CYBER COVERAGE

Insurance leaders discuss the impact of social service and cyberrisk challenges facing the industry.

Interviewed Inside:



Brittney McLaughlin
Philadelphia Insurance Cos.



Tim Nunziata
Nationwide Insurance

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Navigating Social Service Risks

Brittney McLaughlin, Vice President of Underwriting for Human and Social Services at Philadelphia Insurance Companies (PHLY), said the landscape for human and social service risks is constantly changing. “As the landscape continues to evolve, PHLY remains committed to providing innovative solutions that help human and social service organizations manage risk effectively,” she said. Following are excerpts from an interview.

What are some of the biggest challenges faced by Human & Social Service Organizations today?

Some of the biggest issues post-COVID are related to workforce challenges including high turnover, staffing shortages and adequate training. Additionally, changes in state and local government funding, often in response to budget constraints, have led to the outsourcing of certain human and social services, raising concerns over the quality of care and accessibility. Similarly, many non-profit organizations are experiencing a decrease in donations because of donor fatigue, again leading to further funding constraints. These challenges can make it difficult for human and social service organizations to maintain adequate risk controls in response to the growing demand.

How do these challenges relate to the insurance industry?

The issues and challenges non-profits and human/social service organizations are facing often present an increase in exposure and liability from an insurance perspective. As a result, it can be difficult for organizations to find adequate and affordable coverage options. Additionally, things like social inflation, reinsurance costs and nuclear verdicts continue to impact underwriting decisions and appetite. However, PHLY is looking to make a difference and provide creative and reasonable solutions when we can.

How is PHLY responding to those challenges?

PHLY is identifying opportunities where we can add value and provide various risk management services. Our underwriting division is proactively engaging with our risk management team internally and looking for ways to be creative when it comes to what terms and with what coverages to offer. At times we still have tough underwriting decisions to make, but we are taking a holistic underwriting approach when we can,



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Brittney McLaughlin

Vice President of Underwriting for Human and Social Services
Philadelphia Insurance Companies



“We’re working closely with our agency partners to ensure that properties are insured to value and that we’re offering the necessary services to help organizations navigate their risks.”

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and working with our agency partners to better understand the needs of the client, while still supporting company goals and underwriting objectives.

Are there any new risks or developing exposure trends?

Funding and budget constraints lead to concerns around the quality of and accessibility to care. This trend is particularly challenging for non-profits and human/social service organizations when it comes to staffing and appropriate training. We are beginning to see an increase in claims due to negligence and inadequate supervision as a direct result of these developments. Property coverage is another challenge with unprecedented wildfires and an increase in the number and severity of convective storms throughout the country.

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Smart Cyber Strategies

Tim Nunziata, Senior Vice President of E&O and Cyber at Nationwide Insurance, said that when it comes to cyber, each industry has a nuanced threat landscape that can't be painted with this broad brush. "It's important for clients and risk managers to find tailored solutions to meet their company's needs," he said. Following are excerpts from an interview.

As quickly as the cyberthreat landscape is evolving, are policies and policy wording able to keep pace?

It's certainly a challenge. Policy language is now the most negotiated part of the insurance placement process. During the hard market and recovery period from 2021 to 2023, much of the focus was on capacity and pricing—rebuilding sustainable, renewable towers for insureds. As the market stabilized and the supply-and-demand dynamic softened, attention shifted to coverage terms and conditions. That focus continues today as carriers refine language and clarify intent. Much of the current product remains untested, and as claims frequency rises, these coverages are increasingly being vetted in real-life legal scenarios.

How should risk managers address policy gaps in their cyber coverage?

One key lesson from the ransomware surge was that claims can be industry-agnostic. However, the hard market reminded us that cyber coverage often needs to be highly industry-specific. Every industry has a unique risk profile, and it's critical that risk managers understand these nuances rather than rely on a one-size-fits-all approach. While it may seem ideal to purchase the broadest policy available, risk managers need to ask: at what cost? What's the premium, and how sustainable is that coverage year over year? The smarter approach is to identify your company's vulnerabilities and build a risk management strategy tailored to your specific needs.

What should risk managers be looking for in their cyber policies? How often should they reassess their needs?

Most cyber policies are 12-month, full-term policies, but reassessing your cyberrisk should be a continuous process—not something you do only once a year. The threat landscape is constantly evolving, and new bad actors or tactics can emerge at any time. Even if your policy isn't up for renewal, your organization should be actively monitoring risk exposure. It's important for risk managers to stay informed on a rolling basis. There's enough data available now to make informed decisions throughout the year, not just at renewal. Keeping a pulse on your risk environment allows for a more complete and proactive insurance solution when the time for renewal does arrive.



Tim Nunziata

Senior Vice President of E&O and Cyber
Nationwide Insurance



"By combining deep industry knowledge with a data-centric approach, we're helping our partners and insureds navigate a rapidly shifting cyber landscape with greater clarity and confidence."

Visit the Issues & Answers section at bestsreview.ambest.com to watch an interview with Tim Nunziata.

How is Nationwide working with agents, brokers and insureds to best manage the evolving cyberthreat landscape?

The key is providing tailored, data-driven solutions. At Nationwide, we're taking a more intentional approach to coverage development. One example is our "industry of champions" model, which allows us to work closely with broker partners across industries and company sizes. This not only helps us become true subject-matter experts in specific sectors but also enables us to identify and deliver solutions that directly address the unique risks those industries face. We're also leveraging data analytics to be more proactive in identifying loss drivers and understanding causation trends. This helps us ensure that policy language keeps pace with emerging threats. For example, as the market continues to grapple with the implications of the war exclusion or wrongful data collection, we're asking: How can we use data aggregation and analysis to better quantify these exposures? These insights don't just inform underwriting—they help shape smarter coverage solutions for clients.

