

Police Brutality

Whereas: Thousands of police misconduct lawsuits are filed annually—costing taxpayers over 300 million dollars in 2019. The murders of George Floyd, Breonna Taylor, and Black Americans at the hands of police has strengthened the Black Lives Matter movement and calls for police reform.

There is increased scrutiny of law enforcement liability insurance policies, law enforcement errors, and misconduct by those seeking damages for victims of racist police brutality and civil rights abuses. Insurance policyholder attorney Alexander Brown notes the importance of insurance:

“[I]n these cases where you’re trying to come to a resolution outside of a verdict, the existence of insurance is critical. It’s the most critical part of the entire settlement process...What I see now with the Black Lives Matter is that there’s going to be a whole lot of investigation into whether various municipalities or police entities have policies or practices that discriminate against African-Americans, and that’s going to be established with respect to numerous cities.”

John Rappaport, University of Chicago Law School, points out the risk of moral hazard:

“If insurance companies are not doing a good job at trying to manage the risk, they could actually be making things worse. This is the idea of moral hazard, right? When you get insurance coverage, you drive a little bit less carefully.”

Insurance companies often work with police departments on policies and training. The United States Commission on Human Rights’ report “Police Use of Force: An Examination of Modern Policing Policies” highlights studies showing liability insurance may increase police accountability:

Insurance companies exert pressure on police departments to reduce uses of force that may result in large settlements or court-ordered damages that the insurance company must then pay out. Through lower premiums and deductibles, private insurance encourages departments to engage in “better training, better use of force policies, better screening in the hiring process, and even the firing of bad cops.” (Rappaport)

While private insurance is “no panacea,” especially since many large cities are self-insured and therefore lack the external pressure for reform, insurance companies may nonetheless play an important role in increasing police accountability. (Washington Post)

Chubb provides law enforcement liability insurance but doesn’t disclose policies or programs to reduce the risk of racist police brutality, such as training, education, or audits.

The public reexamination of police conduct places current legal practice under challenge, creating public policy risk. “Qualified immunity,” which prevents lawsuits against individual officers, unless they violate federal law, is being called into question. A New York state lawmaker introduced legislation to require individual officers to carry liability coverage.

Resolved: Shareholders request Chubb report on current company policies, and options for changes to such policies, to help ensure its insurance offerings reduce and do not increase the potential for racist police brutality, nor associate our brand with police violations of civil rights and liberties. The report should assess related reputational, competitive, operational, and financial risks, and be prepared at reasonable cost, omitting proprietary, privileged or prejudicial information.