Independent Insurance Agents of West Virginia

THE WEST VIRGINIA INSUROR

In this Issue ...

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A NOTE FROM President Terri Dodrill

Happy Summer everyone!

I hope this newsletter and quick note find you safe and well today. It's hard to believe we are quickly approaching July 4th, and have just moved formally into summer. While the pandemic is certainly not over, I'm cautiously optimistic that we will be able to move forward with the events we have planned in the coming months. We are taking every precaution to allow for social distancing and working with our host facilities to ensure increased cleaning measures are in place. I do hope to see you whether at Stonewall Resort, in Logan for trail riding or for the Annual Meeting at The Greenbrier.

If you are like many insurance professionals, you are likely experiencing a flurry of activity with the very popular and quickly approaching July 1st renewal date. The renewal cycles we are all experiencing since mid-March look and feel a bit different, don't they? But many things remain constant: our ability to consult and guide our clients, communication with carriers, clients and peers, and our ability to have a voice in our communities and nation. Many other things in our country are quite different now, too. With the continuing unrest, spiking COVID-19 numbers, and a society largely trying to learn new ways of existing, I encourage each of us to engage.

" Do the right thing. It will gratify some people and astonish the rest."
~Mark Twain

I hope you have a wonderful summer. Jim and I hope to have lots of laughs by the pool with the kids, grandkids and of course, our loving 100 pound yellow lab, Barnabous vonFleahousen Dodrill, a.k.a "Barney". Be safe and be well!

As we move into summer, be safe and be well. We hope you will mark your calendar and plan to attend some of the following events this year:

Big "I" Lunch & Learn
July 22nd
Stonewall Resort - Roanoke, WV

Young Insurance Professionals Summer Retreat
August 20 & 21
Chief Logan State Park – Logan, WV

Women in Insurance Luncheon
September 30th
The Retreat - Charleston, WV

2020 Annual Convention
October 12-14
The Greenbrier Resort – White Sulphur Springs, WV

Terri

Thank you to our Associate Members Who Support IIAWV!

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We hope you will support them!

Economists Hope for Relatively Swift West Virginia Recovery but Acknowledge Much is Unknown

A v-shaped recovery is possible over the next few months, state and national economists say. But the V might as well stand for "very uncertain."

A historic recovery to match the historic drop-off in economic activity is possible, said Andy Bauer, an economist with the Federal Reserve Bank of Richmond.

But, "It seems unlikely just because there's a lot of uncertainty," Bauer said. "How the pandemic plays out will largely shape the recovery."

Bauer was among the panelists for "West Virginia's Economy During Covid," a Thursday presentation by West Virginia University's John Chambers College of Business and Economics.

Panelists like Bauer talked about how sharply economic activity dropped off as the coronavirus prompted a dramatic slowdown of the economy.

There are positive signs of recovery now that businesses are opening back up, economists on the virtual panel agreed.

But what happens over the next few months largely depends on the spread of the virus and accompanying consumer confidence.

Over the past couple of weeks, the rate of spread has shot up in states across the South and Southwest.

West Virginia has shown signs of community spread, with the state joining others in a reproductive value that has gone above 1-to-1 spread.

That couples with speculation that there could be another wave of coronavirus activity in the fall, as days get shorter and people spend more time inside.

"I think it's likely to be a slow recovery," Bauer said. "A lot of it depends on how the pandemic acts in the second half of the year."

He described the country's economic performance in the first two months of the year as fantastic, but the shutdown because of the coronavirus was catastrophic.

For many companies, he said, revenue has fallen off 10 to 100 percent. That has improved somewhat with reopenings.

"Still, for many firms it's difficult because revenues are off considerably from where they were at the beginning of the year," he said.

He noted that 45 million Americans applied for unemployment insurance over the past 13 weeks. And he said an entire decade's worth of job gains were wiped out in just two months.

John Deskins, director of WVU's Bureau of Business & Economic Research, expressed a more optimistic view of recovery but acknowledged that much remains unknown.

Speaking on the bureau's webinar and earlier on MetroNews' "Talkline," Deskins suggested a fairly rapid "V-shaped" recovery is possible.

"I'm saying I'm optimistic that it will be V-shaped," Deskins said on "Talkline."

Although he added, "I think it's very unlikely that we'll be back to the unemployment level that we were by the end of the year."

He attributed current recession conditions to the intentional acts of slowing the economy as a result of the pandemic, calling it "recession by design."

"We've never seen anything like this before. This is a recession that hasn't been caused by economic problems," he said on the presentation. "Previous recessions are caused by problems the economy developed. Because the source of this recession was so external it makes it difficult to predict where we're going.

But Deskins also acknowledged it is harder to gauge factors such as consumer confidence that could be affected as people continue to react to the virus.

"It's really hard to predict confidence," he said.

West Virginia shed 94,000 jobs from mid-February to mid-April, Deskins noted.

"The speed of the decline is completely unprecedented," he said.

Then from mid-April to mid-May, the state gained back 13,000 jobs. In February, the state unemployment rate was 4.9 percent. For April, West Virginia's unemployment rate shot up to 15.9 percent. And for May, the unemployment rate eased back a bit to 12.9 percent.

A big question, Deskins said, is whether all that sudden economic damage will cause long-term structural problems.

"The longer the shutdown lasts the more underlying economic damage will be created," Deskins said. "So far, the data has not indicated a whole lot of those signs for long-term damage."

The presentation also included officials with West Virginia's Department of Commerce, who expressed realism about the current economic conditions but expressed hope that the recovery will be steady.

"It's hard to plan. It's hard to make policy and execute policy in these unprecedented and historic times," said state Commerce Secretary Ed Gaunch.

But, Gaunch said, "We are moving forward in Commerce as though this is a V-shaped recovery."

All 55 Counties Show Unemployment Decrease in May

All 55 counties showed a decrease in unemployment in May, according to information released Tuesday by Workforce West Virginia.

The previously released pandemic-impacted state unemployment rate for the month decreased by three percentage points to 12.5 percent. Several counties showed similar decreases.

Tuesday's information showed Kanawha County had 17.7 percent unemployment in April and 14 percent in May. Boone County went from 19.1 percent unemployment to 14.5 and Greenbrier County went from 18.6 percent to 11.8 percent joblessness in one month.

WorkForce said three counties are now under 9 percent unemployment including Hampshire (8.4), Doddridge (8.3) and Pendleton County (7.1).

Six counties have unemployment at 16 percent or more including Clay (16.1), Roane (16.1), Hancock (16.8), Logan (16.9), Calhoun (19.0) and Mingo (19.3).

Manchin, SBA Administrator Say There's Time and Money Left for Small Businesses

The administrator of the U.S. Small Business Administration says there remains $129 billion available for small businesses impacted by the caronavirus pandemic.

Jovita Carranza joined U.S. Senator Joe Manchin in Morgantown Monday to discuss government relief programs passed by Congress in connection with COVID-19.

"Over $129 billion is to make sure we have some very accelerated outreach for the under-served markets," Carranza said. "We're working with credit unions, minority depository institutions and with the CDFI's along with all of the community banks."

According to data from the SBA through May 30, more than 16,000 loans for West Virginia small businesses have been approved totaling more than $1.7 trillion.

Manchin said he wants to make sure business owners know there's help for those who have a lack of broadband or a difficult time completing the documents.

"Sixteen percent of West Virginia small businesses getting some type of relief, that's 84 percent still out there," Manchin said/ "So, let say even half of them, that's another 30 percent or more that truly needed help but didn't want to take the risk because they thought the government would come back on them."

Both Manchin and Carranza said due to the rural nature of the state they will collaborate to make the most out of the final days of the application period.

"I've also asked the small businesses to speak with their colleagues and the chambers and do some outreach to remove the apprehension small businesses have to access those funds," Carranza said.

"Call us, see if we can help you get back into the game," Manchin said/ "Because there's still money for you that we can help you qualify for."

Manchin would not rule out an extension to the application period and also wants to look at transferring the $400 billion from the first COVID relief bill to the Paycheck Protection Program.

"We're going to look at the $400 billion that hasn't even gone out the door," Manchin said/ "The large corporations aren't going because they can get better deals and better rates and no string attached if they go through a private lender, so they aren't going through the Treasury Department."

Share the Good News

Legacy of Caring - Insurance Agency Helps Nonprofit Plug Budget Deficit

Recently, Marion County Family Resource Network, the nonprofit leaders revealed the unfortunate news they were facing a budget deficit.

This was not really a surprise, seeing that the coronavirus pandemic prevented many nonprofits from raising funds and asking for donations as the local economy came to a standstill. Frank Jarman, FRN executive director, said the organization would need to find a source of funding to keep the lights on.

"We had just met a few weeks earlier with our board and saw that there was going to be a deficit in our funding because no donations, no events that bring in money," Jarman said. "We talked about a fundraiser for the first time ever in the history of this organization, so we're going to be looking at that."

It was some time last week that Jarman received a call from Max Cadorette, a sales representative with **United Security Agency**, who told him the organization was asked to find a local nonprofit to donate $10,000 to through **Westfield Insurance**. According to Cadorette, the first nonprofit he thought of was the FRN.

"It's a program that is to help family stability," Cadorette said. "There are a couple other criteria but that was the one that really stuck out to me — family stability. So I kind of ran with that notion."

Cadorette visited the FRN Wednesday morning, to discuss the donation with Jarman, since the donation was made electronically. According to Jarman, the donation is invaluable to the FRN at this point, in order to continue programming throughout the rest of the year.

"When Max called us from United Security Agency, we were elated," Jarman said. "In the middle of this time, we were getting ready for our Heroes Awards planning, our pool party, and then COVID hit. So we've been really looking for help."

During his visit to FRN, Cadorette said the events and outreach the FRN facilities made an impression on him, which is why he chose to the agency as the grant recipient.

"I thought of a couple other organizations, but then it all came back to Family Resource Network," Cadorette said. "They were just looking to give back to the community and we were honored to be nominated to even be able to do that."

Jarman said the FRN still needs to make up about $8,000 to round out its budget, but with the money given through United Security, the nonprofit should be able to operate with its staff.

"A lot of it goes to the everyday running of this organization," Jarman said. "This money is just general operation, and we're going to pay our staff and keep our lights on."

Receiving money through an organization like this also helps the FRN to promote its mission as a family service organization, and Jarman is ready to use this donation to further that mission.

"This was a great way for us to be recognized for what we're doing good, and at the same time, make it possible that we could continue this work," Jarman said.

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Skinner Elected New Buckhannon Mayor

Buckhannon residents elected a new mayor Tuesday night and there is currently a tie for one of three city council seats up for election.

Councilman Robbie Skinner will assume mayor role July 1 after beating incumbent mayor David McCauley with 703 votes to 540. Mike Bodnar received 41 votes. Buckhannon City Councilman Robbie Skinner defeated Incumbent David McCauley in the Buckhannon mayoral race Tuesday night. Skinner, who has served one term on the Buckhannon City Council, amassed 54.8% of the vote to defeating McCauley who picked up 42.1% of the vote.

"This is my hometown, I was born and raised here so serving as Mayor of my hometown is certainly an honor and I see it as a privilege and it's not something that I will ever take lightly," said Skinner. "The people of this community, the businesses, the volunteers that make us what we are as a crown jewel of not only our state but the region, it's all very important to me."

Gazette-Mail endorsements for House of Delegates, District 36

In the Democratic Party primary for the West Virginia House of Delegates, District 36, the Gazette-Mail endorses incumbents Amanda Estep-Burton and Larry Rowe, and candidate James Elam. In the Republican Party primary, we endorse Chris Walters, Chris Pritt and John Luoni.

Walters has experience, serving in the state Senate from 2012 to 2016, and has always been a cool head with a penchant for clearly explaining goals and legislation without getting sucked into partisan politics.

He proposed a plan that, had it been passed, would have drastically improved broadband internet access across West Virginia, rather than continuing to throw money at a problem that never seems to get solved. The importance of that type of thinking is brought home in light of the COVID-19 pandemic, which left many relying on broadband to work or continue school, and left many without access behind.

The issue also is relevant as it pertains to telehealth, as more rural parts of West Virginia see medical facilities close and experience more difficulty in accessing health care.

Congratulations to IIAWV Agency Member Chris Walters with Integrity Insurance with securing the primary in the House 36th District.

Please Welcome New Members to the Independent Insurance Agents of West Virginia!

We encourage you to welcome our new agency members to the Independent Insurance Agents of WV family.

Redden Insurance Agency

BIG "I" On the Hill

Senate Passes Big "I" Supported PPP Fixes

Recently, the U.S. Senate passed H.R. 7010, the Paycheck Protection Program Flexibility Act, sponsored by Reps. Dean Phillips (D-Minnesota) and Chip Roy (R-Texas). The same legislation passed the U.S. House of Representatives last week by an overwhelmingly bipartisan 417-1 vote. The bill now heads to the president's desk where he is likely to sign it into law.

The majority of Big "I" members and many of their clients are small businesses and have been deeply affected by government closures and other restrictions, labor force limitations, supply chain interruptions and the curtailment of ordinary activities. Since its creation in the bipartisan CARES Act, the Paycheck Protection Program (PPP) has provided an essential lifeline for many of these small businesses.

The bipartisan Paycheck Protection Program Flexibility Act was strongly supported by the Big "I" and will create additional PPP flexibility for Big "I" members and their clients. Specifically, the legislation will extend the expense forgiveness period from eight weeks to 24 weeks, reduce the 75% payroll ratio requirement to 60%, eliminate the two-year loan repayment restrictions for future borrowers, allow payroll tax deferment for PPP recipients and extend the June 30 rehiring deadline.

Revised PPP Forgiveness Applications Announced

Recently, the Department of Treasury and the Small Business Administration (SBA) issued a new EZ loan forgiveness application, as well as a revised full forgiveness application for Paycheck Protection Program (PPP) loans. The revised full forgiveness application was issued to accommodate changes made to the PPP associated with the implementation of the Big "I" supported PPP Flexibility Act, which was signed into law by President Trump on June 5.

Additionally, the Department of Treasury and the SBA also issued a new EZ version of the forgiveness application. This application requires fewer calculations and less documentation for eligible borrowers. The EZ version of the application applies to borrowers that meet one of the following requirements:

- Are self-employed and have no employees.
- Did not reduce the salaries or wages of their employees by more than 25% and did not reduce the number of hours of their employees.
- Experienced reductions in business activity as a result of health directives related to COVID-19 and did not reduce the salaries or wages of their employees by more than 25%.

Big "I" Submits Comments Regarding Main Street Lending Program Proposal

The Big "I" submitted comments to the Federal Reserve Board regarding the Main Street Lending Program. The comments addressed the Federal Reserve Board's request for public feedback on a proposal to expand the program to provide access to credit for nonprofit organizations.

As a result of the Coronavirus Aid, Relief & Economic Security (CARES) Act, the Federal Reserve established the Main Street Lending Program to promote lending to a wide variety of small and medium-sized businesses that were in good financial condition before the onset of the COVID-19 pandemic. The program is authorized to provide $600 billion in financing to these businesses to help maintain operations and payroll.

The Main Street Lending Program offers four-year loans to eligible borrowers—ranging in size from $500,000 to $200 million—with floating rates and principal and interest payments deferred during the first year to assist businesses facing temporary cash flow interruptions. Lending is conducted through eligible lenders. The Federal Reserve does not extend loans directly to borrowers. It should be noted that unlike the Paycheck Protection Program, Main Street loans are not grants and cannot be forgiven.

In the program's proposal for non-profits, they note that each organization must be a tax-exempt organization under section 501(c)(3) or 501(c)(19) of the Internal Revenue Code. Comments submitted by the Big "I" urge the Federal Reserve Board to include Internal Revenue Code Section (Section) 501(c)(6) organizations, such as trade and professional associations, in the Federal Reserve's Main Street Lending Program. The comments make clear that, "associations are facing unprecedented financial losses from event cancellations and other programmatic losses. Without support, Section 501(c)(6) organizations will be unable to continue to provide the important services on which so many rely."

As the Trump administration continues to release guidance on the Main Street Lending Program and other COVID-19-related relief efforts, the Big "I" will make the most up-to-date government affairs information available on the coronavirus resource page and in the weekly News & Views e-newsletter.

IMPERIAL PFS® AND INDEPENDENT INSURANCE AGENTS OF WEST VIRGINIA

The Louisville branch of Imperial PFS is proud to serve the IIAWV. We offer competitive rates and terms, superior technology, and legendary Customer service.

INDUSTRY LEADING FEATURES

- Competitive rates and terms. 25% down payment with 10 installments up to $100,000 on select policies except Trucking & Workers' Comp. (Please contact Hank Knight for rates and terms for Trucking and Workers' Comp.)
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- Online quoting (new, renewal, AP)
- Agency dashboard on ipfs.com with account holder activity data and electronic communication statistics
- IPFS Connect® mobile app - make payments**, check account status, view detailed policy information, and more
- Electronic notices available for both agents and account holders
- Cancellation alerts via email and text message
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Top Big "I" Leaders Share COVID-19 Stories

The Trusted Choice® COVID-19 Relief Fund was started in response to the economic and operational challenges the coronavirus crisis has presented to independent agencies.

Thanks to generous donations from Big "I" company partners, the Trusted Choice COVID-19 Relief Fund is helping independent agencies in need during the pandemic.

Bob Rusbuldt, Big "I" president & CEO, and Jon Jensen, Big "I" chairman, have released a video providing updates on the relief efforts and to share some stories from the frontline.

As agencies and businesses begin to reopen their doors, the Big "I" has curated resources to help you communicate with clients, lead staff and continue to serve your community. Visit the Roadmap to Recovery and Opening page for videos on current HR issues, best practices tips, strategies, work from home resources, employee safety signs and much more.

Big "I" Hires Plans to Release New Pricing and Plans

In an effort to help ramp up your reopening and recovery efforts from the pandemic, Big "I" will be rolling out a new pricing and program structure for our recruiting options just for Big "I" Members effectively July 1, 2020. This new program and pricing will allow member agencies the ability to get **Premium support** from IdealTraits and have access to the platform for either a 90 day or 1 year engagement. This new pricing structure results in a savings of $107.00 for a 90 day engagement or a savings of $228.00 for an annual engagement for the same services using the previously offered at $69.00 per month program plus the $399.00 Fast Start add-on, which most members have utilized in the past. For clarification, Fast Start = Premium support as described below.

While hiring on the platform slowed greatly during the past 90 days, we are beginning to receive more calls and emails about bringing on new staff, especially producers, and this new program and pricing structure will provide our members with the premium services and timeframes necessary to ensure they make the best hires. We have very few members who remain on the monthly $69.00 plan, but if they would like to continue paying monthly to stay on that plan, their pricing will be grandfathered in with IdealTraits.*

Beginning July 1, 2020 - Big I Member pricing will be as follows:

Option 1

- $499 per agency location
- 90 days access +
- Premium support to include email, live chat, and phone support.
- Priority onboarding - "Front of line" one-on-one onboarding and training.
  2 Custom job ads - Receive up to two professionally built job ads that clearly deliver the agency brand, office culture, benefits, responsibilities and requirements of job offer.

Option 2

- $999 per agency location
- 1 year access +
- Premium support to include email, live chat, and phone support.
- Priority onboarding - "Front of line" one-on-one onboarding and training.
  2 Custom job ads - Receive up to two professionally built job ads that clearly deliver the agency brand, office culture, benefits, responsibilities and requirements of job offer

*Grandfather Clause

IdealTraits will honor pricing for all current Big I member users to remain at their $69 month to month pricing. If the user account cancels, they will have the opportunity to switch into the new $499 or $999 offerings.

IdealTraits Professional Services pricing will remain unchanged. This is a FULL SERVICE program offered to Big I Members at a discount. With this option IdealTraits conducts market research to create, post, and manage custom job ads for the contracting agency, then their account specialists connect and engage with all candidates that apply to the agency's custom job ads. Finally, they administer the IdealTraits assessment, review the results and resume, and conduct phone screens to send qualified candidates to interview and hire.

Pricing Remains unchanged:
Option 1

- $2,495 per agency location
- 6 weeks of service
  Unlimited job postings within the chosen timeframe

Option 2

- $4,795* per agency location
- 12 weeks of service - Unlimited job postings within the chosen timeframe

The new pricing options will be reflected in the Big I Hires site beginning on July 1, and we will be creating new marketing pieces in the near future with the new program and pricing, along with a refresh of the Big "I" Hires website. We will provide updates via News & Views State Edition when these are available.

We're not done! More value is being added to the Big I Hires program with free HR resources and pre-paid consultant hour available.

Prepaid COVID-19 HR Support:
Due to the increase in requests and demand, Affinity HR Group, a Big "I" Hires partner, is now offering a prepaid COVID-19 human resource solution. While their free resources provide general guidance and understanding of newly enacted legislation, we know every agency's challenges are unique. This new service provides agencies with access to one of their HR professionals, to address the nuances of a particular situation, in time increments tailored to specific needs related to Covid19. Members can pre-purchase one hour of Affinity HR Group consultant time for $140. This time can be used in as little as 10-minute increments in the weeks and months ahead to answer the most challenging HR questions.

If you aren't already using their free resources, including videos, webinars, and FFCRA and CARES Act analysis we encourage you to find them on their blog here or YouTube channel here. They are continuously monitoring these issues and will provide updates through these outlets.

AffinityHR Group has been a **very valued partner** to Big I Hires during this pandemic, providing countless hours of advice and guidance to help us help our members at no cost. We urge you to let members know about their offer for answers to any specific Covid19 HR questions they may have.

Our Recovering and Reopening Page is Now Live:
We have gathered lots of resources to aid in our members recovery and reopening efforts. Take a look and let us know if there are things you would like for us to address or add. If you have information that you want to be sure to share with others, please send to me, and I will see that it get posted. Many of you have contacted me about the economic outlook from the pandemic, and we have included links to a webinar by Reagan Consulting's Brian McNeely with their current views based on Best Practices agency metrics, as well as links to Dr. Bob Hartwig's regular analysis of the P/C industry, posted on the Darla Moore School of Business/University of South Carolina's site. We have a webinar and a calculator to help members with PPP loan forgiveness and are adding new webinars and information daily.

New Online Learning Program with IRMI and WebCE

The Big "I" along with International Risk Management Institute (IRMI) and WebCE®, is excited to announce their partnership to offer EXCEED, a new online learning program designed to reinforce and build upon agents' training through interactive modules on property-casualty insurance topics and scenarios.

Written by top property-casualty industry experts, EXCEED is designed to build insurance knowledge through a series of short, easily accessible and interactive animated videos. Additionally, EXCEED reinforcements take learners through scenarios that are important to them and their customers, allowing them to apply their knowledge to real-life situations in a fun, flexible way.Finally, the Trusted Choice Covid-19 Relief Fund remains open for applications. Applications can only be made **ONLINE** and **MUST** include documentation of Covid19 related expenses to be considered. We are grateful for the ability to help members remain and get back to business for their clients and community.

"The Big "I" is proud to open the doors to this learning innovation that will help Big "I" members gain valuable knowledge, skills and confidence regardless of how long they've been in the industry," says Chris Boggs, executive director of risk management and education. "Specifically designed for adult learners, this new program is for everyone in an agency—from the agency principal seeking a refresher to the brand-new producer receiving training for the first time. It's called EXCEED for a reason."

Big "I" member agencies will receive a 10% discount on EXCEED, which includes 24/7 mobile-ready access and live customer support. Twice a week, students receive links to two- to three-minute engaging refresher modules on a specific p-c topic. Reporting abilities will allow managers to track employees performance and address any training gaps.

"We're proud to partner with the Big "I" to offer this cutting-edge training program," says Jack P. Gibson, president & CEO of IRMI and CEO of WebCE. "This collaboration will help Big "I" agents and brokers to enhance onboarding, improve retention, and increase their sales."

IRMI helps risk management, insurance, and legal professionals make better decisions for their companies and clients with unbiased expertise and balanced, comprehensive content. WebCE, a wholly owned subsidiary of IRMI, is the industry leader in online education and training for business professionals.

The EXCEED property and casualty catalog includes 18 series covering nearly all major personal and commercial lines topics and is available online now. EXCEED is not designed to satisfy CE credits, it is designed to increase knowledge and professionalism.

For more information, visit the Big "I" EXCEED page.

Outdated Cash Management Practices Could Be Hurting Your Agency

Does your agency still deposit checks manually? Is your cash-management system up to date? Are you aware of the latest cyber protections?

Old habits and outdated office procedures could be hurting your agency. Here are three ways to improve efficiency and employee productivity in your banking, cash-management and security practices:

1) Modernize your banking. Many agencies are unaware of the savings they can achieve by modernizing their banking. Start by asking your bank for a financial review. Perhaps you still prepare deposit tickets by hand and spend time going to the bank. Collection of premium payments, receivables and carrier payments can all be performed electronically.

Remote deposit capture (RDC), automated clearing house (ACH) transactions and mobile banking have been around for quite a while, but agencies have been slow to adopt these technologies. RDC allows access to funds several days faster than traditional deposit methods and gives you an electronic record of checks that can be easily searched.

Scheduling debits and credits automatically via ACH is more convenient than writing, mailing, receiving and processing paper checks. Also, check approvers can approve ACH payments securely online from anywhere. Business mobility apps allow you to make deposits and transfers on your mobile device. You can even approve bill payments, positive pay exceptions, ACH file transfers and wire transfers.

2) Automate your cash management. Cash management can seem daunting, especially if you're trying to do it yourself. Not having the time to focus on your daily cash position or not having the discipline to make timely transfers can result in missed opportunities and inefficiencies.

Consider using sweep accounts and zero-balance checking accounts, which can automatically put your unused funds to work in higher-yielding instruments. These accounts allow you to manage everyday transactions while pursuing long-term financial goals. You can set targets so that money is automatically transferred into a money market fund or other investments.

3) Stop fraud. Cybercrime is a serious threat, but did you know that old-fashioned check fraud still is a big risk? Positive Pay is one solution banks offer to prevent losses from fraudulent check writing and ACH transactions. Your bank will report discrepancies to you before a payment is made, preventing thieves from stealing from you.

Cybercriminals also can defraud your agency through various social engineering attacks. Employees are tricked by email into divulging credentials, downloading malware or initiating bogus wire transfers. Every agency needs to have a solid cybersecurity plan in place.

Protect your assets, improve your cash flow and increase productivity by working with a good banking partner. Don't fall behind your competitors by clinging to outdated management and security practices.

COVID-19 Thrusts D&O into Hardest Market as Underwriting Tightens

At the start of the year, the directors & officers market was hardening. "Almost all D&O buyers were seeing their premiums increase, with public company D&O insurers seeing substantial increases," says Kevin LaCroix, an executive vice president at RT ProExec, a division of R-T Specialty, LLC.

These changes were the result of adverse claims trends, significant increases to prior accident year underwriting reserves, compounded by years of underpricing, he explains. IPO companies, life sciences companies and financially impaired companies were seeing 50% increases with renewal terms that often included significant increases in the self-insured retention.

The coronavirus pandemic has caused even more disruption. Alongside rate increases, certain industries are being hit even harder—both from an insurance and company perspective—as underwriting tightens significantly.

"With the COVID-19 crisis and the economic recourse it brings, this solidifies the hardening market, especially

in the small business sector and in retail and hospitality operations," says Heather Schaaf, underwriting director, Burns & Wilcox.

"These segments should know that it is likely their policy renewal will not be flat and that aside from the retention and premium increases, they may not be able to obtain the same limits and coverage as before, given some carriers are pulling back limits and adding exclusions or, in extreme cases, sending nonrenewals," Schaaf says. "They may also see more declinations on new small business D&O risks."

As a result of the coronavirus pandemic, certain businesses and sectors have become hard-to-place classes as insurers institute "a host of new underwriting procedures geared toward trying to understand the operational and financial impact on the applicant company of the pandemic," LaCroix says.

In addition to the retail and hospitality sectors, cannabis-related businesses and cryptocurrency organizations remain hard to place, as well as many other sectors. Airlines, hotel chains, casinos and cruise ship companies, "will face a very different underwriting process than they may have faced in the past" as insurers begin to class them as "suspect classes," LaCroix says.

Joseph Spallone, senior vice president, commercial management liability, Sompo International U.S. Insurance, is also witnessing "rigorous underwriting diligence as the COVID-19 environment heightens," and warns of other exposures due to businesses' financial strength, reliance on supply chains and the preparedness of smaller companies amid an economic turndown.

Within the at-risk areas, "there is the risk of a significant number of bankruptcies," Spallone says. "Over the next six to nine months, that could likely lead to claims from creditors or trustees, which have historically been severity drivers for insurers' private books of business."

Additionally, Spallone looks back to the Great Recession to highlight another sore spot for insureds. "This pandemic's impact on the economy in the near term and the uncertainty of what lies ahead in the form of further hardships, coupled with the recovery time, is not too dissimilar to the financial crisis," Spallone says.

Compared to 2008, the difference is not bad behavior or aggressive business practices, but rather the stress on businesses created by shutting down the vast majority of the global economy, Spallone explains. As a result, "management has been forced to make difficult decisions with respect to staff, financial obligations and disclosures to constituents," he says.

"The pandemic will be the root of new D&O event-driven claims," Schaaf explains, who notes that the courts will be forced to decide if a "business' response should have been better, done differently or the company should have been more prepared to weather a particular storm, such as protecting the company against financial loss," she says. "These will be test cases on our court system as they involve some speculation."

The economic environment has caused carriers to begin adding "virus, bankruptcy and downsizing exclusions," says Peter R. Taffae, managing director, Executive Perils, who expects the current trends to continue for a while yet.

"Historically, hard markets have lasted approximately 18 months," Taffae says. "Even in 2008, except for real estate and financial instructions, the 18 months patterned continued." However, Taffae believes the conditions will last two to three years.

"Insurance companies are grossly unreserved from more than 10 years of soft pricing and there is a very good chance that some insurance companies will not survive," Taffae says. "Those with fragile reinsurance relationships and small written premiums will face large challenges to survive."

"Having financially secure insurance companies on insureds' programs needs to be considered at this year's renewal," he adds. "Typically, these are long tail claims, ranging from three to five years before resolved."

COVID-19's Impact on Homeowners Insurance

Mishaps at home haven't stopped in light of the ongoing pandemic. Moreover, weather disasters are happening and will continue to happen independently of the ongoing health crisis. Today, as many people spend more time at home, insurers and agents have an opportunity to introduce and underscore their value to homeowners.

Here are three takeaways on how the coronavirus pandemic is impacting the home insurance industry, and how agents can work with carriers and homeowners to adjust their business strategies:

1) **What insurance carriers are considering.** As people continue to stay at home, and even in places where

people have slowly started to return to work, insurance carriers are seeing a shift in the kinds of claims customers are filing. More frequent and minor claims, such as water damage, have increased due to increased usage while people are at home. However, larger claims are decreasing because many homeowners can catch potentially dangerous and damaging incidents before they develop into full-blown disasters.

For customers who have second homes, it's expected that claims will increase while those residences are left unsupervised for extended periods of time.

Agents selling insurance right now should consider placing homeowners with a carrier that has self-service programs in place, like instant online quoting and intelligent text messaging to help manage claims.

2) What homeowners want. While the pandemic has dramatically slowed home-buying—one of the main motivators for shopping for home insurance—financial challenges have replaced moving as a reason to research companies providing better coverage at a lower price.

Rates vary widely, and companies offer a simple way to compare home insurance rates and coverages that will save money now and when a claim occurs. Agents should keep in mind that shoppers will likely seek a carrier that provides quotes efficiently, offers substantial coverage at a good price and has methods for limiting in-person contact.

A carrier's response to coronavirus concerns can clearly illustrate whether their current policy is the best fit for them. A financially strong, and personally thoughtful insurer, will acknowledge the current economic hardships of many of its customers. Quality carriers will respond by suspending cancellations for hardship or waiving late fee penalties.

3) What insurance agents need. Insurance agents are finding that they can accomplish many of their regular duties from home. However, bans on public gatherings have cost agents what many consider to be a cornerstone of their practice: face-to-face networking and personal referrals.

Talking about their job at community events provide agents the opportunity to foster relationships they can turn into new customers and drive sales. Without this form of networking, agents should lean on the insurance carriers they represent to assist.

Insurers who have invested in selling products virtually will be agents' strongest support. The faster those carriers can deliver quotes to customers, the more time agents have to advise on coverage options, and the more time they will get back in each workday to focus on business-building tactics.

The home insurance industry is not insulated from the new normal. Agents should consider what their customers need right now, like cost savings with no delay, and the impact the coronavirus has had on their own business. They should also lean on technology-leading insurance carriers to help them put their best foot forward.

3 Ways Agents Can Help Clients Return to Work

As businesses begin to reopen and employees return to work, insurance agents need to keep one thing in mind—managing risk in the workplace. As an agent you may be asked to provide your clients with a roadmap for reopening.

If you're comfortable doing so, here are three areas that agents can advise their clients on:

1) Adhere to health authorities' guidelines. The first thing clients need to acknowledge is that the workplace we left three months ago is forever changed. The pandemic created health and safety risks that didn't exist a short time ago and it's the responsibility of business owners to ensure their workplace is safe.

The problem is most employers have no experience managing a global pandemic or reopening a business that was shut down so abruptly. To assist with this, agents should refer to the health authorities, such as the Occupational Safety and Health Administration (OSHA) and the Centers for Disease Control and Prevention (CDC).

The first piece of advice they offer is to frequently disinfect commonly used surfaces with disinfectants approved by the Environmental Protection Agency (EPA). Hot spots include light switches and doorknobs, as well as anything else the workforce commonly touches. These areas should be cleaned multiple times a week with products the EPA has deemed effective against COVID-19. If the client is doing the cleaning themselves, they should be outfitted in the proper protective clothing, including gloves and safety goggles. If a cleaning crew is responsible, it should be provided with these materials.

If possible, clients should also install more hygiene stations offering hand washing soap, hand sanitizers and paper towels—particularly in locations of high footfall and common use. Aside from the regular garbage can, no-touch biohazard waste receptacles are a safer option for discarded gloves and masks.

Physical distancing of at least six feet between individuals is essential. To accomplish this, clients should consider adding plexiglass extensions to cubicles, putting doors on offices, restricting access to common areas, posting signs, putting marks, such as decals or colored tape on the floor, and implementing other visual cues to remind employees to maintain a social distance.

Finally, there's the hot-button issue of testing, which is often not a viable in-business option due to local capacity and availability issues, a lack of immediacy or the fact that testing cannot be administered by on-site clinical staff or contracted nurses. Currently, the most viable testing path is temperature checks, which should be administered daily.

2) Prepare the workforce. Once your workplace protocols are set, you're ready to welcome back your employees. It's important to understand who will be returning and when they'll be in the workplace.

Divide your workforce into groups, ranging from least likely to return to most likely to return. On one end of the spectrum are those in a risk group, such as older folks and those with a pre-existing condition. They should continue to work from home if possible or at the very least, have a flexible schedule. Clients must also consider those with childcare or family care issues. Access to childcare may be limited due to the closure of schools, daycare and remote learning initiatives—leaving parents with no choice but to stay home. The same can be said for those who live with an elderly relative. If household members are going out to work every day, there's a chance they could bring back the disease with them.

Beyond those in high-risk categories, given how rapidly COVID-19 can spread, clients need to be prepared for employees who are not at major risk but nonetheless express concern regarding returning.

The answer here is communication, including the establishment of a "return-to-work contact person" who will serve as the employee's go-to resource for health and safety information. This contact person must be clear on what specific precautions and protocols are being taken and communicate them every step of the way.

3) Manage behavior. The same contact person could also serve as the "environment monitor." This employee would be responsible for ensuring that all safety precautions, notably social distancing and frequent disinfection, are being followed while also being a resource for employees to confidentially communicate any questions, ideas and concerns.

Essentially, the role of the environment monitor boils down to a behavioral manager who ensures all the recommended protocols are followed.
One major behavioral change involves staggering employee and customer traffic to reduce physical interaction and increase distancing. That includes staggering times and days for employees to arrive and leave, staggering opening times for customers and clients or even implementing specific hours for high-risk customers and employees.

Non-essential visitors and travel may also be a thing of the past. Clients need to define who they believe to be an essential visitor and have them participate in all of the same health protocols as an employee. With regards to travel, simply try to limit it as much as possible and push for teleconferencing where feasible.

Even with all the protocols in place, however, the risk of an employee contracting the virus is still great. Yet, instead of living in fear, we should encourage our clients to be prepared for the worst. They should immediately send home those who are symptomatic and have them quarantine for 14 days. Those who come in close contact with a sick person should also be afforded a multi-day at-home work period. Finally, when all else fails, clients must have a contingency plan in a place for a temporary workplace closure.

These are complicated times for business owners across the country. Insurance agents hold an obligation to be a trusted resource for clients. We know that one day options will progress. Advancements like widely available antibody tests and, eventually, a vaccine will be a reality. When those days come, clients will look for advice again, and agents should be right there to provide it.

As agencies and businesses begin to reopen their doors, the Big "I" has curated resources to help you communicate with clients, lead staff and continue to serve your community. Visit the Roadmap to Recovery and Opening page for videos on current HR issues, best practices tips, strategies, work from home resources, employee safety signs and much more.

4 Data Insights into the Online Insurance Shopping Journey

As consumers increasingly shop online for insurance, especially during the coronavirus pandemic, they are often confused by the options and overwhelmed by well-meaning yet ill-timed marketing messages. Marketers are just as challenged with reaching these consumers at the right time with the right message.

To better understand the questions both consumers and marketers face, Jornaya took a closer look at the insurance shopping journeys in auto, home and health. As a witness to the majority of third-party insurance lead events online, our company—Jornaya—set out to provide a more comprehensive view of the consumer and their needs. Our technology, which resides on sites where consumers request quotes, organizes behavioral data associated with the consumer buying journey.

Before approaching a prospect or customer, it is critical to understand what the consumer already knows they need so you can advise them on those solutions—as well as ones they may not be thinking about. It's also important that you understand where the consumer is in the journey for each product of interest. Each consumer is different and should be treated as such. If they're early in their journey, the information they seek is different from a consumer who is prepared to buy a policy.

Actionable data about your customers' shopping journeys will help insurance marketers find and appropriately engage with customers. Here are four highlights from our research:

1) The journey begins much earlier, and the shopping activities are a lot more frequent than when prospects raise their hand. Our data shows that 46% of consumers were active in the Jornaya Network, shopping for health insurance before a brand asked about the lead. We witnessed the first health insurance shopping event on average 72 days before the request for a quote.

2) Life insurance shopping activity starts early in the customer journey, and increases well beyond the lead event. When we look at the data by gender, women show a slightly greater number of interactions than men throughout the customer journey. On average, consumers interacted with an online lead form just under two times before the lead event.

3) Most shopping activity occurs on a mobile device. This is true across age groups, and only the 65 and over group showed meaningfully lower mobile activity, at still significantly higher proportions than other devices. Taking a mobile-first approach is essential for insurance marketers.

4) In auto insurance shopping, millennials have fewer online interactions than baby boomers. However, the journey for each age group continues after the lead event—approximately 30 days—which reinforces the need to nurture these consumers with relevant engagement.

Data insights like these allow for timely engagement and focused, targeted messaging. Top carriers are leveraging partnerships with data-as-a-service (DaaS) companies to gain the right insight. By leveraging alternative and unique data sets, carriers are able to learn more about consumers and create sophisticated experiences that are appreciated.

DaaS companies organize and provide access to your customers' and prospects' shopping journey behaviors and preferences enabling smarter and safer interactions. Marketers are then able to optimize timing and messaging by leveraging the consumers' preferred method of communication.

Every marketer's objective should be to fully understand an individual consumer's journey to maintain relevant and timely engagement throughout that journey.

How Digital Technology Will Change Insurance Engagements

Many insurance carriers fail to deliver on their core principles: helping homeowners. As many as 74% of customers believe the home insurance industry needs improvement, while 13% call for radical improvement, according to a 2019 J.D. Power Home Insurance Study. Insurance companies and independent agents need to improve their game and meet client needs to stay competitive.

Incorporating technology into their practices and focusing on client satisfaction rates are important to a company's goals. Insurance agents can avoid costly customer acquisitions by prioritizing customer retention through continuous, positive interactions. A better customer experience begins with meeting customers where they're most comfortable, and these days, that's most often on their mobile devices.

Even before the coronavirus pandemic propelled a dramatic shift toward virtual interactions, digital platforms had been becoming the preferred destinations for consumers. In 2018, the number of "digitally active customers" had increased by more than 60% in the previous four years with a 70% increase in mobile

adoption, according to the 2018 Customer Behavior and Loyalty in Insurance Report by Bain & Company. Millennials are leading this charge with Generation Z on their heels.

This digital boom offers new opportunities to improve insurance engagements. The same digital landscape that allows policyholders to secure quotes from competing insurers within minutes also provides opportunities for insurance agents to develop better relationships with their customers.

A key driver in optimizing customer satisfaction is leveraging knowledge about the customer to personalize every connection. By understanding what the customer appreciates and their pain points, agents can deliver the coverage and services their customers desire at the "moment of truth," that critical interaction when the company can either delight or alienate the customer.

No longer will insurance agents only interact with their policyholders for billing, claims and disputes. Instead, they can promote a positive dialogue by providing policyholders with the information and tools they need to take better care of their home.

Four-fifths of customers would entertain an ecosystem of service, according to Bain & Company's report, which would provide not only coverage to homeowners but also advice, a bundle of smart home technology, and other services such as interactive apps. Customers who used ecosystem services gave their insurers the highest ratings.

In addition to higher customer satisfaction and retention rates, transcending the traditional policyholder engagement and creating new, personalized interactions, insurance agents can increase policyholder retention and reduce the number of claims while simultaneously boosting their profitability.

Carriers who educate, enable, and empower under-informed policyholders not only help develop better homeowners but also safer homeowners and more loyal customers. Showing genuine care for clients generates higher profits from a stronger portfolio. Those who do succeed are historically rewarded. Insurers that top the J.D. Power Ranking for customer service typically are the most profitable, and 88% of buyers say they are willing to pay more to receive a better customer experience.

With interactive home education and recommendations from InsurTech solutions, policyholders can fully realize the risk of owning a home and proactively adjust their behaviors to mitigate those risks. This can be especially helpful for policyholders who don't understand how having multiple small claims or a lack of home maintenance can lead to an increase in their annual rate—or even cancellation.

The integration of digital technology into the insurance carrier world will be a game-changer in how both customers and insurance agents interact. Cutting-edge apps will replace the old model with a more proactive approach, adding a higher comfort and convenience level to the user experience, and improving customer satisfaction rates and retention.

Should an Agency Purchase E&O Coverage from an Appointed Carrier?

Proper placement of an agency's errors & omissions coverage is of utmost importance. Protection provided by an E&O policy can be the difference between an agency's continued success and financial ruin.

Agencies have many options available for the placement of their E&O coverage. For some, one of the options is purchasing E&O coverage directly from one of their appointed carriers. In fact, these carriers constantly solicit their appointed agents for placing their E&O coverage with exclusive perks, such as points towards carrier incentive plans, reductions in deductibles for E&O claims and application of the E&O premiums toward overall production.

On the surface, this seems like a good deal, especially since the agency already has a relationship with the appointed carrier. The agency trusts them to protect its customers, they are highly rated and they have a great reputation for paying claims.

But serving the agency's clients and defending the agency from E&O claims are two separate and distinct relationships. The line between what is best for the agency and best for the customer becomes blurred—the two aren't always compatible. Further, what is best for the carrier and best for the agency may not be the same either. It's seldom spoken of when this happens, but it's always lurking in the background and it's called: "conflict of interest."

Before placing E&O coverage with any carrier the agency is appointed to represent, there are several factors that must be considered:

1) Agent or direct. The Big "I" considers promoting the value insurance agents bring to their customers as part of its mission. Independent agents know the value they add to customers, so why would the agency not want the benefit of a trained professional liability agent working on its behalf?

Professional liability can be tricky and just because an agent knows the coverage needs of his or her customers, doesn't necessarily translate into knowing the nuances of agents' E&O coverage. Big "I" state association personnel whose only focus is professional liability work closely with the agency to service its E&O needs. Yes, even the best agency benefits from the professional service and knowledge offered by a dedicated E&O professional.

2) Carrier relationships. The intrinsic value of agencies is their book of business and carrier appointments. A disagreement about the handling of an E&O claim has the potential to severely strain that relationship and may hamper any long-term representation.

If the agency is embroiled in an E&O claim involving the same carrier, maybe even forcing the carrier to fight both for and against its agent, relationships are harmed.

3) Application data. E&O applications necessarily contain large amounts of sensitive and proprietary information necessary for underwriting, including premiums by line of business, revenue, staff count, appointed carriers and descriptions of office procedures. In addition to knowing all the carriers with which the agency is appointed, the E&O carrier will also know the amount of business with each carrier. Will the E&O department keep this information confidential, or is it shared with other departments?

The hope is that the information is kept confidential, but there may be no guarantees. It is easy to imagine the carrier's field underwriter hounding the agency for more business because of this inside information.

4) Increasing carrier claims against agents. E&O claims data is analyzed regularly to reveal claim trends. One clear trend that began nearly two decades ago is the steady increase in carriers suing agents for mistakes that result in damages to the carrier. Defending an agent against itself creates a clear conflict of interest for the carrier.

Once the carrier is convinced the agent is guilty of the E&O incident, all the years of a pleasant and profitable business relationship are quickly forgotten. The carrier only has one purpose in mind, forcing the agent to pay the claim. If the E&O is with that same carrier, there is an immediate conflict of interest because the E&O contract places the sole duty of defending the agency on the carrier.

But if the carrier is also trying to lay blame on the agency; how can it, in good faith, also defend the agency? What kind of defense can the agency expect when the carrier is defending the agency against itself?

5) E&O claims history protection. Many potential E&O incidents involve, "he said, she said" accounts of the relevant incidents. What happens when a customer written by same carrier is the subject of the potential E&O incident?

Even if the agency didn’t make a mistake, the customer may misrepresent the facts in an attempt to secure payment from the E&O policy. The E&O carrier must make the decision to defend the agent or pay the retail customer's underlying claim to appease them. Maybe the carrier just decides to pay the loss as an E&O claim under the agency’s account because it is less expensive than defending it.

There are two problems with this approach for the agency. One, the agency’s E&O policy has a deductible and the E&O carrier can use the claim to justify future rate increases or simply cancel the policy. Two, the loss will show up on the agency’s loss history and will likely have a negative impact on the agency’s ability to shop E&O coverage in the future.

Agencies have a choice to make regarding the placement of their E&O coverage. These are just a few factors that must be considered when making this very important decision. Although placing the coverage with a carrier the agency represents may seem safe and convenient, the ultimate risk may be too high.

Agents are better served placing their E&O coverage with long-term, stable programs focused solely on agents' E&O coverage. Not only are these programs more focused, they aren’t full of the inherent conflicts of interest common when placing coverage with an appointed carrier.


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