



Independent Insurance  
Agents of West Virginia

# THE WEST VIRGINIA INSUROR

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**of West Virginia**



## **A NOTE FROM President Terri Dodrill**

Dear Members,

First and foremost, I hope you and your families are well. My prayer is that in the midst of this pandemic, we are able to see silver linings and blessings all around, despite our hardships. Although times may be quite challenging, and our lifestyles have changed dramatically over the past several months, the resilience and determination that I have seen among coworkers, peers, and community members as they attempt to help one another, personally or professionally, has been phenomenal. It's been my experience that we are a resilient group who will show strength and determination in the face of adversity.

It goes without saying that agents are held to a very high standard in our roles as risk managers and consultants. Now more than ever, as we assist in navigating coverages, managing exposures during times of furlough or unemployment, and advising on many fronts, we are providing tremendous support to our clients. We are doing this even as many are working remotely or seeing a reduction in office staff. It is a time to be cautiously optimistic and also a time to be proud of our Association.

Many of our Board members participated in the Big "I" Legislative Conference, which was held virtually this year. We had meetings with : Senator Shelley Moore Capito, Senator Joe Manchin, Congressman David McKinley and Congresswoman Carol Miller. We were able to speak openly and candidly about issues impacting our clients and industry: businesses interruption coverage, PPP loans, etc. The meetings were beneficial, engaging and led with camaraderie and unity amongst our leadership. I am appreciative for the time invested by all who participated.

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 30<sup>th</sup>

The Retreat - Charleston, WV

### **2020 Annual Convention**

October 12-14

The Greenbrier Resort - White Sulphur Springs, WV

*Terri*

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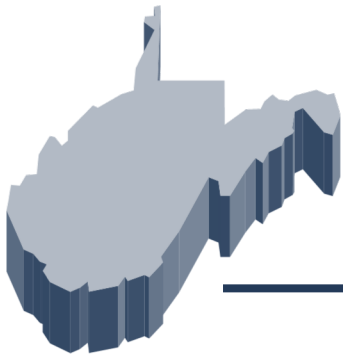
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## *We hope you will support them!*



# West Virginia News

## **In Memory of John R. Marshall, a Long Time Member in the Industry**

John R. Marshall, 87, of Winfield, WV, passed away peacefully at Hubbard Hospice House of Thomas Memorial Hospital with family by his side, April 8, 2020. He was born January 4, 1933 to Dr. Charles B. and Margaret A. Biemiller Marshall of Nitro, WV.

John served his country as a Sentinel, considered the elite of the elite of the 3rd U.S. Infantry Regiment (The Old Guard) at the Tomb of the Unknown Soldier, Arlington National Cemetery (1951-1954). In addition to his post at the Tomb, he participated in military funerals, parades and White House detail. After his discharge from the military, John became the youngest Commander of the John Brawley Post 20 of the American Legion in Charleston. Later, John was one of the founders and first Company Commander of the American Legion in Winfield, James E. Marshall Post 187, named in memory of his brother who was killed in the Korean War and awarded the Distinguished Service Cross and Purple Heart.

John entered the insurance industry in 1955 forming John Marshall Insurance Agency. He was a founding partner of Insurance Exchange, Inc. in St. Albans, WV. He was the last President of the Professional Insurance Agents (PIA) of WV and served as the first Past President of what is now known as the Independent Insurance Agents Association of WV. John was a member of the Winfield Presbyterian Church. He was a founding member of the Putnam County Businessmen's Association which later incorporated into the Putnam County Chamber of Commerce. He was co-founder of the Rock Branch Community Bank. He served on the Board of Directors at Herbert J. Thomas Memorial Hospital. John also served in many additional roles with various Church and civic organizations.

John was preceded in death by his parents and brothers, Dr. Charles B. Marshall, II and 1Lt. James E. Marshall. He is survived by his children, J.R. Marshall, Jr. (Connie), Cynthia Cloxton (James) and Laura Gibson (Thomas) of Winfield, WV and Linda Wehrmann (Jeffrey) of Lexington, SC. He is also survived by 9 grandchildren and 7 great-grandchildren.

Due to the current social distancing requirements, there was a private graveside service. A celebration of his life will be held at a later date.

In lieu of flowers, memorial donations may be made to the Winfield Presbyterian Church, Ferry St., Winfield, WV 25213, American Legion Post 187, 3 2nd St., Winfield, WV 25213 or the charity of your choice.

## **Unemployment Jumps to 15.2 Percent in West Virginia**

The state's unemployment rate jumped more than nine percentage points in April to 15.2 percent after a record number of unemployment claims filed because of the COVID-19 pandemic.

WorkForce West Virginia said unemployed state residents increased from 67,400 in March to 117,100 in April. Businesses began to close in West Virginia around March 17 with many layoffs to follow. Unemployment claims since the pandemic began have now topped more than 200,000, according to comments made by Gov. Jim Justice Tuesday.

WorkForce said the good producing sector declined in unemployment by 4,700 with the service-providing sector dropping 67,800 jobs.

West Virginia's seasonally adjusted unemployment rate rose to 15.2 percent, up over nine percentage points in April.

The number of unemployed state residents increased 67,400 to 117,100. Total unemployment was up 79,600 over the year. The national unemployment rate increased to 14.7 percent in April. These changes reflect the effects of the coronavirus pandemic and efforts to contain it.

Total nonfarm payroll employment decreased 72,500 in March, with declines of 4,700 in the goods-producing sector and 67,800 in the service-providing sector.

WorkForce said the biggest drop in service jobs came in leisure and hospitality (30,800), trade, transportation and utilities (12,400), education and health services (9,200), government (6,600), professional and business services (3,700), other services (2,600) and financial activities (2,200).

## **Justice Says \$192 Million Revenue Shortfall is “Terrible” but Still Anticipates Federal Bailout**

West Virginia’s monthly state revenue figures were off by \$192 million for April, causing Gov. Jim Justice to reach for some unwelcome descriptors.

“We have our revenue numbers. They’re terrible,” he said. “And we expected them to be terrible.”

With just a few months in the fiscal year, West Virginia is now \$198.7 million behind anticipated collections.

The situation is so bumpy, Justice described a meeting this afternoon with state revenue officials and said West Virginia agencies have enough money on hand to pay bills for the month of May but — at the moment — likely not much longer after that.

But Justice continues to express confidence that West Virginia will be OK.

During a news briefing Friday, the governor contended federal officials will eventually loosen up the ways states can spend billions of dollars from a federal stimulus package.

Justice acknowledged, though, that he doesn’t know for sure that will happen.

West Virginia has \$1.25 billion in coronavirus relief funding from the federal government, but the U.S. Treasury issued interpretation last week that the money is only for the direct costs of dealing with the virus or secondary costs such as supporting businesses or individuals who have been hurt financially by the virus.

“I really believe wholeheartedly we’re going to be able to backfill through the federal government,” he said. “We have not received that assurance yet, but we’re going to continue working it.”

Later Justice, who often cites his close relationship with President Donald Trump, said without elaboration, “I’ve surely got some inside information. And I feel like, feel like — I don’t know — that we’re going to be OK.”

The National Governor’s Association has asked for additional flexibility to use the federal money already on hand, plus an additional \$500 million to help backfill budgets while the economy slows in response to coronavirus lockdowns.

U.S. House Speaker Nancy Pelosi, D-Calif., has described an additional \$1 trillion in relief for state and local governments. But Senate Majority Leader Mitch McConnell, R-Ky., has said he doesn’t want to bail out states already strained under enormous pension obligations.

“The federal government is going to allow us to backfill revenue, and then we’re not a state that is upside down on pensions like you see on TV,” Justice said.

Lost income tax revenue — \$132.5 million — made up much of West Virginia’s red ink for the month. West Virginia has forgiven income tax filings until July 15 because so many individuals are disrupted by the virus precautions.

Sales taxes were down \$8.8 million, although that figure often lags by about a month. Severance taxes were \$15.4 million below estimate.

Asked if state agencies have enough money on hand to get through the money, Justice said yes. “I think we’re really good through the entire month of May and probably out to June the 10th or whatever,” he said, describing a date that’s one day after West Virginia’s delayed election. “That’s a very good question and has been a legitimate concern.”

If another month goes by without a clear answer, Justice said he is willing to bring back the Legislature to appropriate money from the state’s reserves.

The total balance of Revenue Shortfall Reserve Funds is \$815,549,737.

"If we get to the point in time where we are looking at a possibility of June and we don't have relief in place, you dadgum right we'll have 'em here in June."

Senate Finance Chairman Craig Blair, R-Berkeley, agreed that the state will likely be able to use at least some of the federal \$1.25 billion to meet expenses.

"Do I think we're going to be able to transfer some money around? The \$1.25 billion, yes — whether it's creative accounting process or Congress grants us greater latitude," Blair said.

In the meantime, noting the typical lag in monthly sales tax collections, Blair worried next month could be worse.

"Remember, most of us weren't into any type of shutdown until late March. I'm really nervous about May's numbers," he said in a telephone interview.

Blair also suggested state reserves could be necessary before the fiscal year ends June 30. The reserve fund could then be repaid as state income taxes flow in around July 15.

"In my term in the Legislature, we've never had a greater point at which the Rainy Day Fund may become very useful," he said. "We've got some latitude to be able to draw money out of there. I'm hesitant of doing that until we absolutely have to."

Whether it's allocating the federal dollars or drawing money from reserves, Blair suggested the Legislature should be involved.

"I think the time is going to come when there will be and there must be legislative involvement to be able to manage these federal dollars appropriately," he said. "It will not be able to be done 100 percent by a governor who has declared a state of emergency."

House Finance Chairman Eric Householder, R-Berkeley, said he has been urging the Justice administration to tighten the state's fiscal belt since February, when there were already financial concerns but not yet a pandemic-related lockdown. The suggestion then was a \$100 million cut.

Householder said the administration was reluctant, at the time anticipating a revenue bump in April. That has obviously not come to be. Householder is still urging financial caution.

"We need to be prepared. And we have a game plan of budget cuts if need be if we can't use any of the money to backfill the budget," Householder said.

"It makes more sense for the governor's office to make these surgical cuts instead of the Legislature It's easier when the governor makes surgical cuts. The easiest thing to do is at least prepare for \$50 million to \$100 million in revenue cuts."

Householder said state officials could wait to see the full financial picture, wait until June and then call back legislators to transfer money from reserves. That could be treated like a loan until the delayed income tax money flows in. But with all states pushing for greater flexibility on federal relief, Householder suspects that is the likely outcome.

## **Gaunch: State Receives Approval to Borrow Money from Feds If Needed to Back Unemployment Claims**

Something West Virginia didn't have to do in the wake of the 2009 financial crisis, it will apparently have to do because of the 2020 pandemic—and that's borrow money from the federal government to cover unemployment claims.

State Commerce Secretary Ed Gaunch said Friday the state has received word from the U.S. Department of Labor that the agency will provide a line-of-credit for the state to draw-down a maximum of \$375 million to cover the claims. Gaunch said he doesn't believe the state will need all of that but it will be good to have a backstop.

Gaunch said the Justice administration saw this possibility coming with the more than tripling of the state's unemployment rate since the pandemic hit.

The unemployment rate is now believed to be close to 20 percent. More than 164,000 people in West Virginia have filed for traditional unemployment since March 1 and as of Friday, nearly 14,000 additional residents had filed claims under the Pandemic Unemployment Assistance (PUA) program. Gaunch said that's put a significant strain on the state's Unemployment Trust Fund.

The trust fund balance, which began the month with a balance of \$134 million dipped to \$41 million Thursday, which was the last day of the month, but increased by about \$30 million Friday when employers submitted their end of month payments. Gaunch said the fund is holding its own but won't be able to do so without a federal interest-free loan in the months ahead.

"As the unemployment goes up obviously the amount coming in is not sufficient to pay out the claims," he said.

Gaunch said borrowing the money will guarantee all unemployment claims will be able to be paid throughout the approved weeks to claimants.

West Virginia was one of only a handful of states that did not have to borrow money from the feds for its trust fund to remain solvent during the 2009 financial crisis. The state legislature passed a bill in 2009 that raised the base wage rate from \$8,000 to \$12,000 a year. It froze the benefit rates and provided a one-time cash infusion.

The trust fund ended 2010 at \$76 million coming off the recession. Gaunch said the state will pay back any money it borrows with cash flow from employers. He said that cash flow should improve as the economy ramps back up and fewer residents are on unemployment.

"Obviously the hope is that we'll be taking in more money than we're spending," Gaunch said.

## **NFIB WV Says Business Owners Want Protection from Frivolous Suits as They Reopen**

As small businesses reopen around West Virginia, members of the National Federation of Independent Businesses West Virginia are expressing concern of frivolous lawsuits that may open up as a result of openings.

Gil White, the state director for the federation appeared on a recent MetroNews "Talkline" and said 68 percent of members are concerned increased liability because of COVID-19 virus as employees may feel forced to come back or say protections were not taken. White said there is a difference between negligence and everyone doing the best they can, and believes the latter is true.

"There is absolutely the intent from all industries to do the right thing," he said. "They just want to know there are safeguards in place to protect them from what sometimes can be perceived as frivolous lawsuits, taking advantage of a situation."

## **Numbers Indicate More Than One-Third of Primary Election Voters May Do So By Mail**

Secretary of State Mac Warner says it's possible as many as one-third of the voters in the June 9 Primary Election will do so by mail-in ballot.

All voters can apply for a mail-in ballot because of the pandemic and so far Warner tells MetroNews the state's county clerks have received 181,861 applications for ballots, 163,219 ballots have been mailed out and already 46,501 completed by voters and returned to the clerks.

Warner said the 2016 presidential primary in West Virginia had a 40 percent voter turnout, approximately 495,000 voters. He said the nearly 182,000 mail-in ballots requested represents more than one-third of the 2016 total.

Warner believes most all of the ballots will be completed and returned.

"If somebody goes to the trouble of requesting a ballot there's probably a 90 percent chance or more they are going to return that ballot. That's the Wisconsin experience," Warner told MetroNews Wednesday referring to the recent primary election in Wisconsin.

Thousands of applications coming in. All West Virginia registered voters received applications for ballots from their county clerks after Gov. Jim Justice moved the primary from May 12 to June due to the coronavirus. Information from Warner's office shows applications have been received from voters in all 55 counties. County clerks in Monongalia, Berkeley and Kanawha counties have received more than 10,000 applications each.

Warner said the clerks have to have a voter's application in hand by the June 3 deadline. Voters have until election day, June 9, to mail back their ballots. It's possible there will be thousands of votes counted after election day, leaving races undecided, Warner said.

The 55 county clerks offices have been busy places, Warner said, who has visited a few of them himself in recent days.

"Both applications were going out, applications are coming in. Ballots were going out and ballots were coming in," Warner said. "They've done a wonderful job catching up to the workflow."

Clerks can begin processing the mail-in ballots when the 10-day early voting period begins May 27. They can begin checking their validity and sorting them by precinct but they can't be counted until the polls close on election night, Warner said.

"So nobody at the courthouse should have early indications of who voted for who or who's leading or that sort of thing," Warner said. "That actual tabulation and reporting of those votes won't happen until 7:30 p.m. on June 9."

Recruiting poll workers a challenge. The clerks are also working to recruit and train poll workers in the middle a pandemic. An executive order concerning the election from Justice allows county clerks to combine precincts if they determine they'll have fewer than three poll workers. Warner said he hopes all 1,723 precincts are open on election day but realizes that may not be the case.

"You may have some clerks making those decisions now to combine precincts," he said.

Warner said the most reliable place to get information about precincts is from the county clerk or his office.

There have been some concerns expressed about possible fraud with so many mail-in ballots. Warner wouldn't say Wednesday if there have been reports of fraud. He did say the state has more investigators than ever.

"We've got them spread across the state so they can respond quickly to complaints. I'm asking every citizen in West Virginia to be our eyes and ears out there if they see anything suspicious," Warner said.

## **More than 7,000 PPP Loans Approved in State During Second Round**

More than 7,000 loans have been approved through the second round of Paycheck Protection Program funding for businesses in West Virginia.

The U.S. Small Business Administration released data on the second round of funding from April 27 to May 1 including 7,042 loans approved in the Mountain State totaling \$460,178,499.

Since Round 2 of PPP loan processing began on April 27, 2.2 million loans have been made to small businesses which surpasses the number of all loans made in PPP Round 1, a release said.

Round 1 of PPP ran out of \$350 billion after two weeks earlier in April.

Rob Nichols, the President and CEO of American Bankers Association noted the average loan size in Round 2 is \$79,000, saying it was another indicator that the program is broadly based and assisting the smallest of small businesses.

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### **Mark Your Calendars:**

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**August 20 & 21**

Chief Logan State Park  
Logan, WV

#### **2020 Annual Convention**

**October 12 - 14**

The Greenbrier Resort  
White Sulphur Springs, WV

## Capito, McKinley Again Ranked Highly for Co-Sponsoring Actions

U.S. Sen. Shelley Moore Capito, R-W.Va., and Rep. David McKinley, R-W.Va., again are among the most bipartisan legislators in Congress according to rankings released Tuesday.

The Lugar Center and Georgetown University's McCourt School of Public Policy released their bipartisan index on Tuesday, which measures how legislators work with members of opposite parties through co-sponsoring legislation from members of another party in addition to attracting lawmakers from opposing parties to support their bills.

The organizations took the actions of the 116th Congress' first session into consideration.

Capito ranked seventh based on her decisions from 2019, a decline from third in last year's rankings. McKinley placed 10th, a one-spot increase from 2018.

Sen. Joe Manchin, D-W.Va., fell two spots to 27th in this year's rankings. Rep. Alex Mooney, R-W.Va., placed 393th, declining from 331th in last year's rankings.

Republican Rep. Carol Miller, in the first rankings of her congressional tenure, came in at 310th.

Capito and Manchin rank seventh and 11th in the organization's lifetime scores, which ranks senators based on their actions from 1993 through 2018.

Republicans Susan Collins of Maine, Lisa Murkowski of Alaska and Cory Gardner of Colorado were the three-highest ranked senators this year, while Republicans Brian Fitzpatrick of Pennsylvania, John Katko of New York and Pete King of New York ranked the highest in the House of Representatives.

Chamber leaders were excluded from the rankings.



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July 22 - Stonewall Resort - Roanoke, WV





# BIG "I" On the Hill

## **Pandemic Risk Insurance Act to Be Introduced in House**

Recently, as of press time, it is expected that Rep. Carolyn Maloney (D-New York) will introduce legislation in the U.S. House of Representatives that would create a federal backstop to prevent economic losses from future pandemics. The bill, known as the Pandemic Risk Insurance Act (PRIA), is modeled on the Terrorism Risk Insurance Act (TRIA), which was created in the aftermath of the 9/11 terrorist attacks.

Like TRIA, the proposed PRIA would be a public-private partnership where the federal government would serve as a reinsurance backstop in an attempt to maintain marketplace stability and share the burden alongside the insurance industry for future pandemic-related losses.

The bill would not be retroactive, and participation would be voluntary for insurance carriers. Participating insurers would be required to provide business interruption insurance policies that would include coverage for pandemics and the deductible for these participating insurers would be equal to 5% of their direct earned premium for all lines of property-casualty insurance in the previous year. The federal share of compensation above a company's individual deductible would be 95% while the insurer would be responsible for the remaining 5% up to the program cap of \$750 billion. The program would be "triggered" after \$250 million in aggregate industry losses and following the declaration of a covered public health emergency.

The Big "I" believes there is merit in including the PRIA model in public policy discussions on how to cover future pandemics and considering its pros and cons, but there are serious questions regarding the effectiveness of the TRIA approach in this new context. Insurers in particular are raising concerns and noting that the TRIA model does not recognize that pandemics are uninsurable risks and that the exposures are fundamentally different in nature and scope.

As efforts on PRIA and other proposals progress, 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.

## **Big "I" Announces Support for Business Continuity Protection Program**

Recently, the Big "I" joined the American Property Casualty Insurance Association and the National Association of Mutual Insurance Companies in announcing its support for the Business Continuity Protection Program (BCPP).

The BCPP is designed to bolster the country's economic resilience by providing timely and efficient financial protection and payroll support to the private sector in the event of a future declared public health emergency. The Big "I" believes that the insurance market should be part of any federal solution for future pandemic losses to demonstrate the agent and broker commitment to our customers, but also recognizes that pandemic risk is extremely difficult for the private market to insure. As a result, the BCPP is designed to give the insurance industry a voluntary role in the distribution of timely and efficient federal financial protection to the private sector in the event of a future declared public health emergency.

The program would allow businesses to purchase revenue replacement assistance through state-regulated insurance entities, including independent insurance agents and brokers, that voluntarily participate with the BCPP. The BCPP would be run by FEMA with limited administrative assistance from private contractors. Businesses would be able to purchase revenue replacement assistance up to 80% of payroll and other expenses through the BCPP. Relief would be automatically triggered and immediately paid following a presidential viral emergency declaration and local closures.

Businesses would also need to certify that they will use any funds received for retaining employees and paying necessary operating expenses and that they will follow applicable federal pandemic guidance. It is important to note that there would be no advance documentation or claims adjustment.

The Big "I" will continue to work with the insurance industry, policyholder groups, Congress and the Trump administration as the nation begins to consider policy proposals to deal with the potential economic damage future pandemics could cause. As this process plays out, we will make the most up-to-date government affairs information available on the coronavirus resource page and in the weekly News & Views e-newsletter.

## **House Democrats Release \$3 Trillion COVID-19 Relief Package**

Recently, House Democrats released the details of their next COVID-19 relief bill. The bill, H.R. 6800, "The Heroes Act," is over 1,800 pages long and includes \$3 trillion in funding for a variety of COVID-19 relief programs. It is the most expensive federal bill ever, and a vote is expected in the U.S. House of Representatives tomorrow.

The focal point of the legislation is over \$900 billion in aid for state and local governments. Also included is \$175 billion for housing and rental assistance, \$175 billion for hospitals, \$200 billion in hazard pay for "essential" workers, expanded unemployment insurance and another round of direct payments up to \$1,200 per adult and \$1,200 per dependent for up to three dependents.

On the health insurance front, the legislation would allow workers who are laid off or furloughed to maintain their employer's health coverage through the COBRA program for about nine months. A full summary can be found on the House Committee on Appropriations website.

Included in this vast package are several Big "I" priorities. First, "The Heroes Act" fixes an issue with the Small Business Administration's Paycheck Protection Program (PPP) that excluded 501(c)(6) organizations from accessing PPP loans. Inclusion of the 501(c)(6) fix comes after legislation was introduced last week by Rep. Chris Pappas (D-New Hampshire) and Rep. Brian Fitzpatrick (R-Pennsylvania) and after several weeks of Big "I" advocacy for the fix. However, this does not appropriate more money for the PPP as it is still currently funded.

The act also includes text from the SAFE Banking Act, which the House passed in September 2019. This text provides a federal "safe harbor" to financial services providers who choose to work with "cannabis-related legitimate businesses" including insurers and agents and brokers. The legislation also prevents criminal prosecution and civil liability against agents and brokers engaged with those clients. Finally, it provides clarity for transactions involving these businesses.

The Big "I" appreciates House Democrats' support for trade associations and agents and brokers through these provisions in "the Heroes Act" and is looking forward to continuing to work together on these issues. As these efforts progress, 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.

## **Treasury Responds to Congressional Letters on Business Interruption Insurance**

Following President Trump's remarks on business interruption insurance several weeks ago, there has been a growing focus on business interruption insurance and whether it covers claims from COVID-19. In the days following the President's comments, several congressional letters expressing concern about retroactive business interruption proposals and their potential impacts were sent to the administration. The letters detailed the counterproductive and dangerous nature of pursuing retroactive business interruption insurance. The day President Trump made his remarks, Sen. Tim Scott (R-South Carolina) sent a letter to the White House with several other members of Congress, including Senate Banking Committee Chairman Mike Crapo (R-Idaho), that addressed concerns with retroactively changing business interruption insurance policies.

Days later, 22 House Financial Services Committee Republicans, led by Rep. Steve Stivers (R-Ohio), sent President Trump a letter opposing retroactive business interruption insurance coverage, detailing the harm such proposals would create for both consumers and the insurance market.

Just one day after that, Rep. Ted Budd (R-North Carolina) and 12 other members of the Republican House Freedom Caucus sent a letter to the White House opposing retroactive business interruption coverage, detailing the many constitutional issues with retroactively changing legal contracts. The letter notes that "efforts by Congress or state legislatures to retroactively amend business interruption policies will engender unprecedented levels of legal challenges while driving up the cost of insurance coverage of all kinds."

This flurry of congressional activity made an impact with the administration and the U.S. Treasury Department recently replied to all three letters, noting, "While insurers should pay valid claims, we share your concerns that these proposals fundamentally conflict with the contractual nature of insurance obligations and could introduce stability risks to the industry."

Throughout the COVID-19 crisis, the Big "I" has worked with the insurance industry to advocate against any actions that would retroactively change business interruption policies. We are especially grateful for Sen. Scott, Rep. Stivers and Rep. Budd for leading these letters and we are pleased that the Treasury Department shares many of our concerns with retroactively changing business interruption policies.

The Big "I" will continue to oppose misguided efforts in Congress and the states to retroactively alter insurance contracts while also advocating for practical solutions to deliver financial assistance to businesses across the country hard-hit by the COVID-19 pandemic.

## **Trump Administration Issues Important Guidance on PPP's Good Faith Certification**

The Treasury Department and the Small Business Administration (SBA) have continued to update their guidance regarding the Paycheck Protection Program (PPP) since the CARES Act was first enacted at the end of March. These updates have come in the form of press releases, multiple interim final rules and a FAQ document.

In a recent update to their PPP FAQ document, the SBA, in coordination with the Treasury Department, issued long-awaited, additional guidance on a borrowers' required good-faith certification concerning the necessity of their loan request. The guidance should make it easier for small businesses when deciding if they can meet the certification requirements and gives many Big "I" members needed clarity.

The guidance notes, "When submitting a PPP application, all borrowers must certify in good faith that '[c]urrent economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.' SBA, in consultation with the Department of the Treasury, has determined that the following safe harbor will apply to SBA's review of PPP loans with respect to this issue: Any borrower that, together with its affiliates, received PPP loans with an original principal amount of less than \$2 million will be deemed to have made the required certification concerning the necessity of the loan request in good faith."

The SBA goes on to say that it "has determined that this safe harbor is appropriate because borrowers with loans below this threshold are generally less likely to have had access to adequate sources of liquidity in the current economic environment than borrowers that obtained larger loans. This safe harbor will also promote economic certainty as PPP borrowers with more limited resources endeavor to retain and rehire employees. In addition, given the large volume of PPP loans, this approach will enable SBA to conserve its finite audit resources and focus its reviews on larger loans, where the compliance effort may yield higher returns."

The SBA also gives additional guidance to larger borrowers and notes that, "borrowers with loans greater than \$2 million that do not satisfy this safe harbor may still have an adequate basis for making the required good-faith certification, based on their individual circumstances in light of the language of the certification and SBA guidance. SBA has previously stated that all PPP loans in excess of \$2 million, and other PPP loans as appropriate, will be subject to review by SBA for compliance with program requirements set forth in the PPP Interim Final Rules and in the Borrower Application Form. If SBA determines in the course of its review that a borrower lacked an adequate basis for the required certification concerning the necessity of the loan request, SBA will seek repayment of the outstanding PPP loan balance and will inform the lender that the borrower is not eligible for loan forgiveness. If the borrower repays the loan after receiving notification from SBA, SBA will not pursue administrative enforcement or referrals to other agencies based on its determination with respect to the certification concerning necessity of the loan request. SBA's determination concerning the certification regarding the necessity of the loan request will not affect SBA's loan guarantee."

The Big "I" will continue to provide updates on the program through News & Views articles. We have also posted this guidance from the SBA on our Government Affairs website and will continue to post any additional guidance as developments warrant.

## **National Flood Conference Set to Take Place Virtually**

Instead of an in-person event, the 2020 National Flood Conference (NFC) will take place virtually via webinar June 1-3.

Attendance to the NFC Virtual Conference is free of charge. Those interested in participating may [register](#) for the sessions that are most relevant to them and fit their schedule.

This series of webinars, presented by the American Property Casualty Insurance Association and the Reinsurance Association of America, will provide the latest updates on key topics and give attendees the opportunity to ask questions from expert presenters. Big "I" member Joe Rossi will be participating in a panel titled, "The Importance of Flood Insurance in a Time of World Crisis."

[View the full schedule](#) for more information about topics and speakers.

Additionally, Big "I" members should note that H2O Partners will host sessions on "Key Fundamentals of Flood Insurance for Agents" on June 1 and 2. There is a separate registration process for these sessions, which are listed below.

- [Key Fundamentals Part 1](#): Monday, June 1—3:30 p.m. to 5:30 p.m. ET
- [Key Fundamentals Part 2](#): Tuesday, June 2—3:30 p.m. to 5:30 p.m. ET

Find out about CE credits for these sessions. Or, email H2O Partners for more information.

## **Trump Can Lead the Great Recovery, Says House Republican Whip Scalise**

During the 2020 Big "I" Virtual Legislative Conference, House Minority Whip Steve Scalise (R-Louisiana) answered questions from Bob Rusbuldt, Big "I" president & CEO, on a variety of subjects including how America can quickly recover from the coronavirus pandemic, reauthorizing the NFIP and the 2020 presidential election.

Rep. Scalise (pictured below, right, alongside Bob Rusbuldt, Big "I" president & CEO) was recently appointed to lead Republicans on the new House Select Committee on the Coronavirus Crisis and, given the role he played as a representative in the Louisiana House of Representatives during Hurricane Katrina, is uniquely positioned to provide the thousands of Big "I" members who tuned in with his insights on the current crisis.

When asked if there is likely to be more federal funding provided to states, Rep. Scalise remarked that it's "not going to happen." He suggested that many of those states had existing financial problems and he was more focused on working with the Department of the Treasury to "tweak and change the rules along the way to make [funds] work better for families and small businesses."

"After Hurricane Katrina, we didn't say we were going to rebuild the same failed ways where our levies collapsed and where you had political institutions that were corrupt," he continued. "We said 'we're going to fix those things and make it better when we come back out of it.' Let's make sure that the trillions of dollars that are already out there are working properly for families and small businesses."

The Q&A preceded the Big "I" issues briefing where business interruption coverage was high on the agenda. Retroactive business interruption insurance is not where our congressional focus needs to be going forward, explained Scalise. "You can't sue somebody to change a contract in the past," he said. "What we ought to be focused on is how businesses can best work with the insurance industry to make sure they're protected from future liability."

Rep. Scalise joked that he wishes "we could socially distance from the trial lawyers" who are poised to capitalize on virus-related liability issues from businesses reopening in the future. To protect small businesses upon reopening from being subject to frivolous lawsuits, Rep. Scalise would like to see Congress "pass real liability protections," he added.

In another reference to his time in the Louisiana House during Hurricane Katrina, Rep. Scalise recalled that after the disaster there were calls for bills to limit insurance premium increases. "It might've sounded good from a popular standpoint but it's not good policy and, frankly, it's not good for consumers," he said.

While the thought of another major hurricane or flood event during the coronavirus pandemic is too much to contemplate, Rep. Scalise and a selection of his colleagues "are working to try to get a long-term NFIP reauthorization," he said. "I'd like to see it done prior to Sept. 30," which is when the current program will expire.

And as government attention is squarely focused on dealing with saving lives, jobs and businesses, it is hard to believe that Americans will go to the polls to cast their ballot for the 2020 presidential election in six months' time. However, due to events since the beginning of the year, the focus of the candidates' campaigns "has completely shifted," Rep. Scalise said.

"We had literally the hottest economy in the world and maybe in the history of our country. Then all of that came to a screeching halt," Rep. Scalise said. "President Trump led us through that Great Recession to where we finally started to get that phenomenal recovery. I have confidence he's going to be able to lead us through to a second great recovery."

"We know the November elections are coming but right now our main focus is on helping people get back to work, get back to their livelihoods and restore the safety and the economic safety of this country," he added.

## House Minority Leader McCarthy Calls for Reform to Rebuild Main Street

Recently, during the Big "I" Virtual Legislative Conference, House Minority Leader Kevin McCarthy (R-California) hailed the CARES Act as an enormous achievement and a stepping stone to reopening America but warned that there is still work to be done on Capitol Hill to help Main Street.

"To fully get us on a path to a great American comeback, we should work with President Trump to undertake a massive deregulatory agenda reforming outdated, one-size-fits-all rules that hamper our ability to recover and rebuild," Rep. McCarthy (pictured above) said.

"We should also pass robust liability protections because no business owner or employee should be dragged into court for simply doing what is right," he continued. "As members of America's premier association of independent agents and brokers, you know that one-size-fits-all rules are actually one-size-fits-none roadblocks."

In late March, the U.S. Senate passed the CARES Act. The comprehensive legislative package used the full resources of the federal government and provided \$2 trillion in support for businesses, individuals and families, the healthcare system and the U.S. economy. One of the key elements of the bill was the provision of \$350 billion in small business loans via the Paycheck Protection Program. In April, another \$310 billion in funds was made available to businesses.

Rep. McCarthy remarked that Americans are already witnessing "incredible progress" from the legislation and the PPP, which he likes to call "the Marshall Plan for Main Street," paying homage to the U.S. economic support that the U.S. provided to Europe following the devastation after World War II.

"Today, our country is facing another era-defining trial: COVID-19. Every American is feeling the pain and anxiety of this unparalleled disruption to normal life. But there's no question that we will overcome this challenge and we will overcome it together," Rep. McCarthy said.

The PPP has handed "a crucial lifeline for workers, families and small businesses," Rep. McCarthy continued. "Thanks to common sense cooperation between Congress and the Trump Administration, over 30 million jobs were saved in the program's first few weeks. Time and time again it has made the difference between a paycheck and a pink slip."

Amid the pandemic that has cost both lives and livelihoods, Rep. McCarthy reserved praise for independent agents and brokers, acknowledging that they are uniquely positioned to help reopen America.

"Your business is built on the idea that economic security comes from connecting individuals with plans that work best for their unique needs," Rep. McCarthy said. "As essential businesses, your effort, dedication and sacrifice not only keep your doors open, you keep others doing the same."

"Your Main Street's recovery from the virus under this administration will be like never before. History will show that you played an invaluable role in making the recovery a reality," he said. "You truly embody what is best about America—thank you. You deserve a Congress that works for you, not one that plays politics with a pandemic."

Rep. McCarthy concluded his address with a quote from William Jennings Bryan, the great Nebraskan orator, who said, "Destiny is not a matter of chance. It is a matter of choice. It is not a thing to be waited for. It is a thing to be achieved."

"Bryan's words are true today. Restoring the American Dream is a choice and will take all of us working together to achieve it," Rep. McCarthy added.





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## **State of the Association: The Big "I" Is at Its Best in Times of Need** —

Big "I" Chairman Jon Jensen (pictured left) presented the State of the Association address to Big "I" Virtual Legislative Conference attendees today, reminding the independent agent community that the Big "I" is "at its best for its members in their greatest time of need."

As Big "I" member agencies across the country face the daunting challenges presented by the coronavirus pandemic while they serve their clients in their own uncertainties, Jensen highlighted the many ways the Big "I" has been working around the clock to support its members.

"Our advocacy efforts on your behalf are second to none—and they have never been more important," Jensen said. "Some of the legislative proposals at both the federal and state levels would literally bankrupt the insurance industry. Educating legislators, regulators, policymakers and consumers is absolutely crucial."

"Your government affairs team in Washington, D.C., is recognized as one of the top teams, not just in our industry, but throughout our nation's capital," Jensen continued, "and they are making sure your voice is represented as our lawmakers grapple with the coronavirus crisis."

The Big "I" created a coronavirus resource page dedicated to providing members with the most up-to-date information on the insurance implications of the pandemic, which is "recognized as one of the most comprehensive and useful sites for our industry in this crisis," Jensen said.

The page contains information on business interruption concerns, workers compensation questions, errors & omissions management, telework and human resources issues, and the latest updates on the Payroll Protection Program. Trusted Choice® also created a resource with coronavirus information for commercial clients in an ongoing commitment to support insurance consumers.

The Big "I" has also been providing members with financial assistance, thanks to generous donations from Progressive and Foremost and Bristol West to the Trusted Choice COVID-19 Relief Fund.

"Our carrier partners have really stepped up with these super impressive donations to help independent agents," Jensen said. "We have already approved more than 400 agency and employee grants, totaling about \$600,000, and we are currently in the second round of reviewing agency and employee applications."

Throughout the crisis, Big "I" members are continually showing their generosity and commitment to their communities. "The humanitarian stories from our agents and brokers continue to inspire all of us," Jensen said, as he cited a few examples including the Independent Insurance Agents of Oklahoma raising \$100,000 for a state food bank; Bennie Jones, Big "I" Diversity council chair, working with two organizations in Chicago to support local families in need; a Big "I" member agency in Nevada bringing personal protective equipment to their community; and Jensen's own agency distributing facemasks earlier this week.

Furthermore, "Trusted Choice continues its partnership with Make-A-Wish®," he added, "giving hope to families and supporting wishes even while some of them cannot happen until this pandemic ends."

While the Big "I" is in the trenches supporting and advocating for members during the coronavirus crisis, throughout the past year the association has continued to perform other important work.

"We achieved a trifecta of big wins on Capitol Hill last year," Jensen said in reference to a legislative package passed in December 2019 reauthorizing the Terrorism Risk Insurance Act (TRIA), extending the National Flood Insurance Program (NFIP) and repealing the Affordable Care Act's (ACA) "Cadillac tax."

"Our political action committee InsurPac had a record-breaking year," he continued. "We negotiated a deal with ACORD, allowing many of our members to qualify for free forms. We hosted a highly acclaimed diversity and inclusion event—Level Up—in January in New Orleans. Traffic to our website and other digital platforms is up, and our social media engagement is growing substantially."

Jensen also highlighted the ongoing success of Big "I" Hires which is helping agencies find and retain the best talent. "In the past year, we've had nearly 700 agencies use the Big 'I' Hires platform to source of 650 new hires," he said. During the coronavirus pandemic, the program's partnership with Affinity HR has provided live support and daily tips for members as they lead their workplace.

Additionally, Big "I" Markets is continuing to be redesigned, becoming more user-friendly and continuing to provide the best market access to products and programs for Big "I" members. "New efficiencies are being made every week," Jensen said.

No matter what the future holds, "one thing remains unchanged: The top priority of this association is—and always will be—to serve you and provide you with the resources you need to thrive, no matter what's going on in the world," Jensen said. "I can't think of a time it's been more important to fulfill that mission than now."

## **Rep. Bustos: Independent Agents Crucial to Weather the Storm**

During the 2020 Big "I" Virtual Legislative Conference, Rep. Cheri Bustos (D-Illinois) reminded viewers of the important role that independent insurance agents and brokers must play in the coronavirus pandemic. "As insurance agents, you're there for our nation at the worst of times," said Rep. Bustos (pictured left). "It is my hope that we can continue to work together to bring our country through to the best of times."

With small businesses—including many of the more than 20,000 Big "I" member agencies—across the nation hit hard by the coronavirus pandemic, Rep. Bustos described her ongoing efforts listening to small business owners, including hosting webinars to hear from those in the congressional district she serves.

"What I've heard is that you need the tools to keep your foundation strong: expanded unemployment benefits to help independent contractors and the self-employed, payroll assistance to help small businesses keep going as we get through this together, grants to help keep the doors open, low interest and forgivable loans that can help keep your businesses afloat in uncertain financial times," Rep. Bustos said. "And while the solutions haven't been perfect, we've been hard at work to dramatically expand these tools to help our small business owners."

The bipartisan Coronavirus Aid, Relief and Economic Security (CARES) Act was "the most significant relief package in American history," Rep. Bustos said, providing funding—that was soon after increased with bipartisan support—to fight COVID-19, keep businesses open and Americans employed.

Rep. Bustos emphasized the important role of independent insurance agents during the coronavirus crisis before highlighting legislative priorities that she continues to work with the Big "I" to address, including flood and crop insurance.

"You've been crucial in helping America's families weather the storm," she said. "From helping to arrange car insurance cost reductions to accommodate people who are driving less, to navigating life insurance benefits for the grieving families who have lost a loved one due to the pandemic, to helping our working families who need to rely on workers compensation, there's a reason that our insurance providers are essential workers."

"As the representative of the district that boasts 9,600 family farms, I know firsthand how challenging the growing season has been and that many of our farms across the country have faced flooding issues," she said. "I was proud to cosponsor the 'Flood Insurance Market Parity and Modernization Act,' and I look forward to continuing our work together on this issue."

The Big "I" also supported the Flood Insurance Market Parity and Modernization Act, which provides private flood insurance alternatives complimentary to the National Flood Insurance Program (NFIP) while clarifying important safeguard for consumers. Thanks to dedicated Big "I" lobbying, funding for the National Flood Insurance Program (NFIP) was extended days before the deadline at the end of December 2019 through September later this year. The Big "I" continues to advocate for a multi-year reauthorization of the NFIP that will modernize the program.

"As chair of the bipartisan Crop Insurance Caucus, I've been proud to support the delivery of crop insurance which is vital for many of the farms that I represent. This year, I've also cosponsored the Feed Emergency Enhancement During Disasters Act," Bustos added. "We'll work together with your organization and your members to deliver on these and other important insurance issues."

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## Big "I" Markets Has A New Look

When you visit Big "I" Markets today, things will look a little different. We're proud of our freshly redesigned appearance and hope you'll like it, too! You will now log in using the login button (it's in the upper right hand corner) and be able to reach our chat support from anywhere on the site (look for the speech bubble in the lower right hand corner). We will also soon be adding updated training video content to our library.

Over the past several months we have taken incremental steps towards improving the Big "I" Markets user experience and overall functionality. In January we made email enhancements to user-underwriter communications and February brought additional workflow improvements that deliver BIM messages to your inbox, eliminating the need to login. We also redesigned Two for Tuesday to make our weekly updates more succinct and save you time.

Our next mission is two-fold and focuses on the look and feel of both the Big "I" Markets homepage as well as the restyling of the user experience within the Big "I" Markets platform. You will find a more consistent design throughout our platform, as well as upgraded navigation and user dashboard.

We also look forward to sharing the release of our new and improved quoting system with you soon. Stay tuned! As always, we welcome your suggestions and feedback at [bigimarkets@iiaba.net](mailto:bigimarkets@iiaba.net)

## Turbulent Times for Agency E&O

About 33,000 independent agents sell products distributed by the Foremost and Bristol West brands. That means that not only do those agents generate a lot of policies, they also, of course, have their share of claims. Unfortunately, some generate questions about coverage due to agent processes or documentation.

We investigate every claim, and we find that there are occasions when looking to an agency for recovery may not be warranted. In those situations, if our claims department has determined that a payment to a client is in order, we move forward on that basis.

Often, however, it's pretty much a black-and-white situation. The agency appears to have made an error and will be held responsible for payment. Thus, we're having a conversation around something like a missing or unsigned uninsured motorist rejection form that's going to require a payment from us but also pursuing a claim against the agency's errors & omissions carrier.

That's not a pleasant call to have to make. And the agency's E&O premiums inevitably increase.

### Alarming Surge in Claims

Because I see the problematic claims, I can notice trends quickly. About two years ago, claims that we were forced to send for agency E&O coverage began increasing rapidly, in fact, to several per week. And that rate hasn't slowed.

Swiss Re Corporate Solutions is a front-line carrier writing E&O for agencies, and Richard Lund, risk management coordinator, confirms a corresponding uptick in E&O claims among its agency clients.

Having identified the three most common causes of those claims, Foremost and Swiss Re Corporate Solutions want to alert agencies to their risks—and offer solutions.

1) **Inadequate training, particularly with new employees.** Poorly trained employees are the leading cause of the proliferation of agency E&O claims, and it's occurring mostly among small- to medium-sized agencies. One of the biggest difficulties for today's agencies is finding and retaining good people, which tempts them to rely on a new employee before they're fully trained or to take chances on someone they wouldn't normally hire because they need a replacement quickly.

Things fall through the cracks when staff are overworked and undertrained. Smaller agencies, even though they may not have the same capacity for quality control as larger agencies, still must find ways to train, monitor and coach newbies.

Lund of Swiss Re agrees. He has worked on agency E&O for 27 years and "from our standpoint, we see a new batch of people who are committing the same old errors," he says. "They're not getting adequate training on agency processes and procedures or they're not getting the opportunity for knowledge-based education on the products they're selling."

### Our suggestions:

Make training in product knowledge and procedures a top priority. Any team member who participates in the sale of a product must receive product-specific education. Take advantage of carrier-provided training.

The International Risk Management Institute (IRMI) offers E&O risk management seminars, which include Big "I"-supplied materials and are organized through Big "I" state association education departments. The training can satisfy CE credits in some states and qualifies for Swiss Re policyholder premium credits. For information, contact your state association.

The American Insurance Marketing and Sales Society offers an advanced seminar on the development of an internal E&O loss control program.

Mandate E&O training. Make it part of every team member's state continuing education credits.

Mandate the use of coverage checklists. "One of the biggest helps for agencies when they're running too fast and furious is to use a coverage checklist when dealing with clients," says Lund. "So many times, agents rely on their memories, and they miss things."

Various commercially available sources offer checklists, such as the E&O Happens website, which is co-branded between the Big "I" and Swiss Re. Some information on the site is open to everyone, and all of its resources are available to Big "I" member firms that also are insured by Swiss Re Corporate Solutions.

**2) Imperfect transfer and review of information during M&A.** Mergers & acquisitions have occurred for decades in the independent channel, but never at today's pace. The sheer number of them creates opportunities for errors. M&As are causing the second-highest number of E&O claims we see, primarily from large agencies that normally have excellent quality control.

A merger or acquisition opens an agency to numerous risks. Errors happen easily when people are shuffled between firms. Acquired staff may be joining a firm with different procedures, and training can be an issue.

Furthermore, agencies are working to complete M&A transactions so fast that they may overlook a key part of due diligence: ensuring complete file histories are transferred from one management system to the next and then evaluated. Whether the acquiring agency purchases the legal entity or only a book of business, we see the same recurring errors, particularly with longstanding accounts from the acquired firm. These include incomplete forms, missing original applications, rejections, forms and so on. An acquiring agency must take care to verify that it transfers the complete history of each individual account or obtains that missing information.

In addition, each acquired account must be reviewed individually. "You don't necessarily want to rewrite the book the same way it was written by the acquired agency, because that agency may have been wrong," Lund says.

"When you acquire or merge with another firm, you must invest the time to understand the business you're buying," Lund says. "Get into the depths of the book and what each customer's needs and wants are. If you don't intimately understand what you've purchased, you're prone to errors and omissions."

Finally, Lund advises agencies to consider this lesson from a classic film: "Scientist Ian Malcolm told the owner of Jurassic Park, 'Your scientists were so preoccupied with whether or not they could, they didn't stop to think whether or not they should.' Yes, you can acquire another firm, but should you?"

**3) Flawed rollout and processes with new technology.** It's intended to increase efficiency, lower expenses and reduce E&O exposures, but new technology, unfortunately, can create E&O exposures.

Electronic signature technology is a good example. Agencies want to use the technology from their management system, but that means the agency also is responsible for acquiring and storing the signatures. We've had to return claims for E&O coverage because agencies requested signatures but didn't receive them or could not locate them. The easy solution? Use the signature service your carrier provides you. Doing so makes your carrier responsible, so you don't have to worry about an avoidable E&O exposure.

Problems also arise when new technology is not onboarded or integrated properly. "The biggest new tech E&O claims we see result when agency staff try to use both the former system, which may be paper-based, and the new digitized management system. Between the old and the new, they lose track of data," says Lund. "The system itself is not the problem. Everybody needs to be doing the same thing. Consistency is the remedy."

Agencies also must take care not to adopt new technology haphazardly. Consider carefully how any new tech purchase will synthesize with your agency management system. If data does not populate and update flawlessly between the tech solution and your system, you may be vulnerable to errors and omissions.

## **E&O Considerations with New Tech**

Inadequate integration of systems and lack of training aren't the only ways in which a technology purchase can increase E&O risk, says Michael Howe, senior vice president of product management of Applied Systems. On-premise software, as opposed to cloud-based software, could expose an agency, since it handles its own updates and upgrades, creating risk for incomplete or incorrect transitions of processes and data, he says. With cloud-based software, updates and system testing are completed by the technology provider, ensuring the agency has data security and optimized performance.

Technology eliminates paper-driven tasks and manual data entry, removing the potential for human errors in those tasks that can lead to E&O exposure, Howe says. "As humans are imperfect beings, there inevitably will be mistakes leading to E&O exposure."

"Technology that is seamlessly connected throughout the agency—to the insured and to the insurer—will allow data to be shared securely and accurately," he says.

Applied recently purchased InsurTech Indio (useindio.com) and its digital smart form applications for 9,800 insurer forms that use automapping to reduce rekeying of data. Common answers, such as names and dates, automatically map from one form to another. This reduces the chance that the agent or insured will fill out forms incorrectly or incompletely.

## **Tech's Impact on Agency Value**

E&O issues aside, does investing in technology before a merger or acquisition add to agency value?

Yes, according to Howe. "Agencies with a foundational management system are presumably managed well, have accurate data and lower operating expenses, lending themselves to be valued higher," he says. "The agency can take on technology with automated workflows rather than having to hire a new employee for the same tasks.

"Technology also can increase profitability by allowing staff to focus less on time-consuming administrative tasks and more on revenue-generating activities, such as prospecting and identifying opportunities for cross-selling and upselling," Howe adds.

Acquiring firms also "evaluate the tech stack as part of agency valuation," Howe notes.

But it may not always be advisable to jump into new technology when looking to sell, says Tom Doran, a Reagan Consulting partner. "Tech purchases are a wise long-term investment, but agents should be cautious regarding any major investments if they're considering going to market in the next year or two, as these investments may depress earnings in the near term when the focus becomes maximizing profitability."

## **Why Flood Awareness Is Paramount During the Coronavirus Pandemic**

Floods are the most common natural disaster in the U.S. Nearly half of U.S. states are expected to experience significant flood events during the spring of 2020, according to the Pew Charitable Trust. In just the past few years, major flood disasters such as Hurricanes Harvey, Irma, Florence, and flood events in the Midwest have exhausted many response resources.

With the COVID-19 outbreak, the world faces an unprecedented threat to human health and safety. COVID-19, like any disaster, also threatens America's economic well-being, as unemployment soars and an effective vaccine could be months, even years away.

As a result, people who live in flood-prone areas must now consider the very real possibility of facing multiple and concurrent disasters.

In FEMA's most recent strategic plan, former FEMA Administrator Brock Long remarked, "We need to help individuals and families understand their personal roles in preparing for disasters and taking action—they are our true first responders".

During the COVID-19 pandemic, our personal resources, preparedness and resiliency will determine how our community as a whole recovers. If a natural disaster does hit, it is critically important to ensure we have the financial resources to weather and fully recover from such an event.

With many of us quarantined at home, we have a unique opportunity to review our insurance coverages, particularly home and flood. Many remain unaware that their homeowners' policy does not contain flood coverage. For those impacted by flood who do not have flood insurance, there are limited federal resources available. For example, Small Business Administration loans and Hazard Mitigation Grant Program (HMGP) dollars become available when there is a presidentially declared disaster.

More recently, the 203(k) loan program, a home renovation loan, has been used as a tool to perform mitigation activities, such as elevating a home. Traditional lending is also available, and traditional loan-to-value ratios can determine its availability to an individual. A last resort would be to wait for individual assistance after a disaster from FEMA. But following Hurricane Harvey, that assistance averaged only about \$6,000 per household.

Flood insurance continues to be the best financial recovery tool. Flood insurance is available any time, and with the right product, can be relatively inexpensive. Private flood insurance, as an alternative to the National Flood Insurance Program (NFIP), in some cases can offer more coverage with lower cost.

To help lower NFIP flood premiums and flood risk, some communities have participated in the Community Rating System (CRS). CRS enables a community to reduce the cost of flood insurance for all of its citizens, provided the community performs certain risk reduction actions.

In an effort to keep our nation insured for floods in the current pandemic, in March the NFIP announced that a flood policy with an expiration date between February 13 and June 15 would have an extended grace period for payment from 30 days to 120 days. Additionally, the NFIP is offering the policyholder the option of remote claims handling as an alternative to in-person claims handling.

Overall risk awareness and disaster prevention are paramount during this time. Just because we socially distance from each other does not mean that floods and other natural disasters will “distance” as well.

Understanding evacuation routes, having a personal emergency kits, and knowing which disasters are most likely to strike are simple things that help lessen a disasters impact. For example, moving valuables out of the basement to prevent flood damage or securing outdoor items that can turn into projectiles and debris can lessen damage. Making sure our basement sump pumps work and having backups and directing drainage away from our homes lessens the chance of a flood claim.

We need to maintain our physical and emotional health during these unprecedented times, but we also need to maintain our awareness that floods and other disasters still happen. The inevitability of concurrent disasters throughout the U.S. in this time of pandemic will threaten our response and recovery resources. However, if we all work together by utilizing all available resources and recognizing our flood risk, we can be more resilient as a community and as a nation.

## **Set Your Clients on a Secure Path with Coalition Cyber Liability Quote —**

Cyber criminals are exploiting the disruption businesses are currently experiencing by increasing their social engineering tactics, creating fake COVID-19 related domains, increasing phishing attacks and so on. How do you address cybersecurity with your clients? Where do you start? With a quote from Coalition.

In a matter of minutes you can provide your clients with a cyber liability quote and Free Cyber Risk Assessment. The free assessment includes:

- Critical alerts and remediation advice
- Customized security recommendations
- Analysis of all discovered servers and assets for known security vulnerabilities
- Analysis of all suspicious and vulnerable ports
- Darkweb scan to find stolen data and credentials
- Technology vulnerability detection and patch manager

Coalition's free Learning Center is specifically designed to help businesses tackle the most common security tasks they face:

- basic cybersecurity knowledge
- tools and techniques for keeping business emails safe
- protecting off-the-shelf and custom web applications
- protecting the integrity and security of a domain name
- types of malware and how to protect your business
- security compliance, where to get started, and how Coalition can help
- security best practices from industry professionals and guidelines

Coalition's recent blog series, Part 1 & Part 2, provides guidance on how to maintain a successful and secure remote workforce. Be sure to share with your clients! Coalition's security engineers are ready to point you and your clients in the right direction. Log into [www.bigmarkets.com](http://www.bigmarkets.com) to request a quote today! Reach out to Big "I" Markets' Cyber Program Manager, Carla McGee, if you have any questions or would like to walk through a quote.

## ePayPolicy Collaboration - How Much Are Paper Checks Costing Your Agency?

In your office, do you send coworkers letters instead of emails? Do you hand-write invitations to meetings and deliver them to everyone's desk? Do you post physical to-do lists on everyone's office door? Then why would someone hand-write and mail paper checks?

### How Much Are Checks Costing Your Insurance Agency?

In the digital age, people avoid paper materials due to the inefficiencies. Physical transactions waste time and money, create the possibility for confusion, and are an unnecessary use of resources. Now, 80% of businesses are seeking ways to convert paper checks into digital payments.

So, are paper checks outdated? Yes. In fact, it's possible for banks to consider them "stale" after only a few months. The Federal Reserve Study estimated 28 billion checks were processed in 2009 with a decline of 1.2 billion every year since. At this rate, they estimate paper checks will become extinct by 2026.

While the need for paper checks is shrinking, the cost is not. In a study conducted by the Aberdeen Group, \$7.78 was the average cost of a paper check, while Bank of America reports a cost of \$4 – \$20 factoring in mailing and processing. Bottomline showed processing a check costs a business ten times more than an ACH transfer, and receiving a check costs five times more than an ACH payment. That's a lot of money being spent on receiving money.

### Let's Talk About The Customer Experience

Customers crave flexibility, convenience, and speed. Paper checks cost them all three. They don't want to reach for a checkbook, pen, envelope and stamp before running to the mailbox just to make a payment. The same Federal Reserve Study states paper check usage has decreased by 7.2%, and debit and credit card payments have increased by 8.9%.

We live in a world where there are online services for everything. Customers want and need, to be able to pay for their insurance from anywhere at any time. Slow payment systems like the paper check increase wait times and add the layer for human error to the process.

### The Security Risks That Come with Paper Checks

Paper checks increase the customers risk for fraud and identity theft. In its 2015 Deposit Account Fraud Survey, the American Bankers Association says that check fraud accounted for 32 percent of the industry's \$1.91 billion in losses in 2014. The sheer number of times a check must be passed from hand to hand while it is being processed means there is less and less security available. This also implies an increased risk for your agency to even receive the payments.

The mail itself offers little security, and someone could easily steal the bank account and routing numbers for an account from a physical check. Your customers trust you with their largest assets and the safety of their banking information. Digital processing creates a secure environment to receive payments and keep accurate records while eliminating these risks.

### The Environmental Impact

A growing consumer concern over the last decade has been the environment and our negative impact on it. Customers like to know the companies they do business with are green-conscious.

Take paper receipts for example. Have you noticed a trend of customers saying no to printed receipts and receiving them electronically? People view paper checks as equally not preferable. The check creation process involves water, gas, trees, and releases greenhouse gases. Once the check is processed, it will most likely end up in a landfill, adding to more waste. Moving to a greener, digital solution will not only create positive PR but will have a powerful effect on the environment.

Have questions on how you can move away from paper checks? Reach out and schedule a demo to learn why ePayPolicy is the simplest solution for you to collect credit card and ACH payments for your insurance agency.

Studies used for this posting include:

- [The 2019 Federal Reserve Payments Study](#)
- [2019 AFP Electronic Payments Survey](#)
- [What is Check Fraud](#)

The logo for ePayPolicy, with 'ePay' in green and 'Policy' in grey, in a sans-serif font.





# West Virginia Broad Form Employers' Liability Insurance

We are all in the business of **PROTECTING** our clients! And that same philosophy should be to **MAKE SURE WE PROTECT OURSELVES, BY PROTECTING** our insured.

**PROTECTING** your own E&O exposure, especially regarding Workers' Comp in West Virginia and the corresponding EL EXPOSURE has to be every agent's first thought.

- ◆ Not all Workers' Comp policies provide WV Broad Form EL. Make sure you have the coverage on all your Workers' Comp. policies. **OR**
- ◆ Make sure you **NOTIFY** your insured in **WRITING** that the policy does not cover the "**DELIBERATE INTENT**" **EXPOSURE**, unique to **West Virginia!**
- ◆ You can now get a quote directly from us for Stand-Alone **WV BROAD FORM EL.**
- ◆ **ASSIGNED RISK POLICIES DO NOT COVER BROAD FORM EL** in West Virginia.
- ◆ Our **BROAD FORM EL POLICY** is a viable option for all assigned risks or if the insured's Workers' Comp. policy **EXCLUDES WV BROAD FORM EL.**

#### **WHY AN INSURED NEEDS WV BROAD FORM EL?**

- ◆ Most WV **BROAD FORM** claims are well in excess of \$500,000!
- ◆ **PROTECT YOUR CLIENT AND YOUR OWN E&O.**
- ◆ Not all Workers' Comp policies cover **BROAD FORM EL.**
- ◆ Nearly all prime and general contractors **REQUIRE** this coverage in their contracts with subs.
- ◆ Meet contractual requirements of your insured (they may not even know they have).

#### **PROGRAM FEATURES:**

- ◆ New competitive commissions.
- ◆ Stand-Alone WV **BROAD FORM EL.**
- ◆ Can be written In conjunction with Assigned Risks.
- ◆ A+ Carrier.
- ◆ Easy to complete applications.
- ◆ Quick quotes and binder.
- ◆ Occurrence Form.
- ◆ Defense Inside Limits
- ◆ Up to \$1,000,000 Limits.

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