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In this issue:

And so the fight for tort reform begins!

IIABL has been working with the business community and insurance industry for over two years to pass tort reform through the Louisiana Legislature. This is an effort to improve our automobile insurance market and reduce the cost of automobile insurance. The stage is set! The time is now!

The historic elections last fall have resulted in the most conservative, business friendly legislature Louisiana has had in memory. The Louisiana Senate, where all good tort reform bills have historically gone to die, now has a super majority of 27 Republicans and 12 Democrats with 9 first time legislators. The Louisiana House of Representatives is only two votes short of a super majority with 68 Republicans and 35 Democrats and 42 first time legislators. There will never be a better opportunity to pass tort reform. Now is the time for change!

We knew the Omnibus Premium Reduction Act of 2019, introduced by Representative Kirk Talbot last year was going to die in the Senate Judiciary A committee where 6 of 7 members were trial lawyers. But the bill focused public attention on the automobile insurance crisis and the need for tort reform and became the most important issue in the election campaigns. For the past year, the high cost of auto insurance and the need for tort reform has dominated the public debate in newspapers, websites, radio, TV and social media. When the public demands action, the Louisiana Legislature takes action.

But the trial lawyers are not going to roll over and let tort reform pass without a fight.

At the recent annual meeting of the Louisiana Association of Business & Industry (LABI) Senate President Page Cortez and Speaker Clay Schexnayder both said that tort reform would be the top priority of the legislature this year.

In response, Governor John Bel Edwards addressed LABI members about the issue, saying he agreed auto insurance rates are too high and is willing to sit down "to come up with a way to address those problems." But instead of talking about tort reform, Governor Edwards rolled out the defense strategy of the trial lawyers. "I think that legislation and regulation go hand-in-hand on this," Edwards said. "We know that insurance companies out there charge more for widows than non-widows, charge more for blue-collar workers than other workers, irrespective of their driving records, charge more to poor people." The best defense is a good offense. The trial lawyers' strategy for defending against tort reform is to blame the insurance industry and Insurance Commissioner Jim Donelon.

The proof of the trial lawyers' strategy has already appeared in the prefiled bills for the legislative session. State Senator Jay Luneau, one of the trial lawyer legislators who voted to kill the Talbot bill in the Senate Judiciary A Committee last year, has filed the following bills focused on this strategy.

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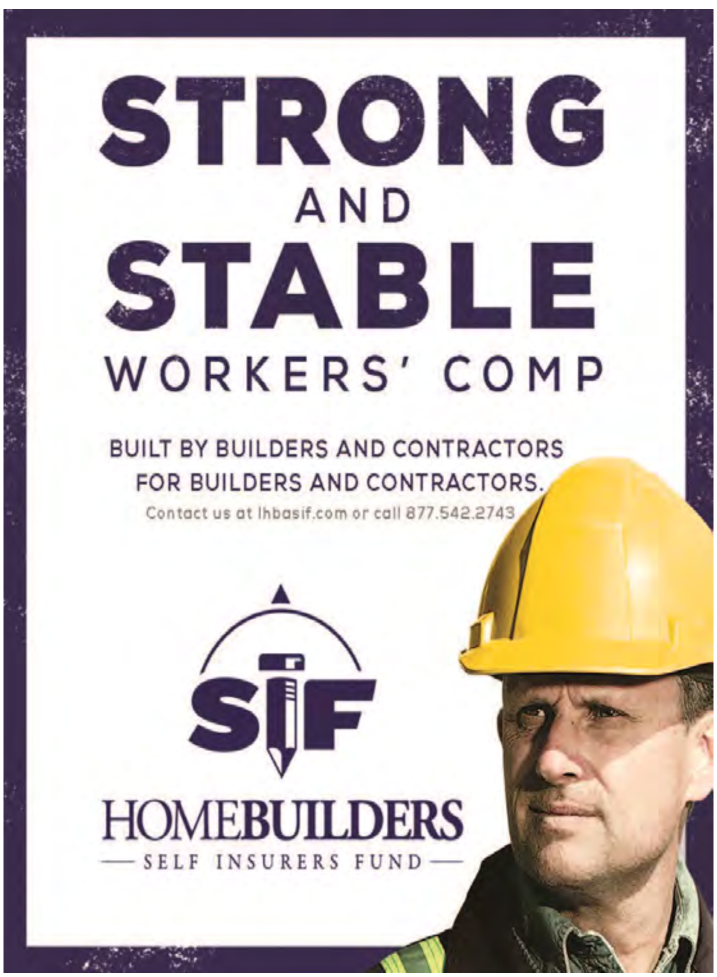
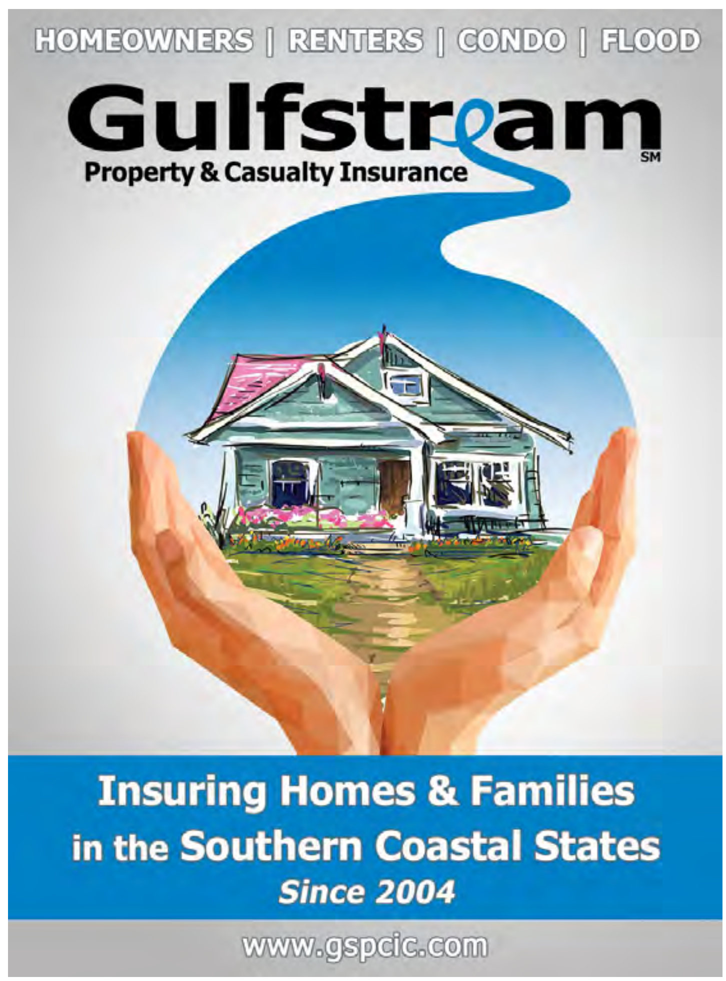
SB13	**LUNEAU**	Pending Senate Insurance	INSURANCE RATES: Prohibits insurance rate determinations based on risks classified by the gender of an insured over the age of twenty-five. (8/1/20)
SB14	LUNEAU	Pending Senate Insurance	INSURANCE RATES: Prohibits insurance rate determinations based on risks classified by the insured's credit score/rating. (8/1/20)
SB15	LUNEAU	Pending Senate Insurance	INSURANCE RATES: Prohibits insurance rate determinations based on risks classified due to the fact that the insured is a widow or widower. (8/1/20)
SB16	LUNEAU	Pending Senate Insurance	INSURANCE RATES: Prohibits insurance rate determinations based on risk classifications due to the fact that the insured is deployed in the military in excess of six months. (8/1/20)

In the House of Representatives, freshman legislator Kyle Green, Jr. has filed companion bills.

HB84	**GREEN**	Pending House Insurance	INSURANCE/AUTOMOBILE: Provides relative to disclosure of automobile liability insurance coverage limits to a third-party claimant
HB85	GREEN	Pending House Insurance	INSURANCE/RATES: Provides relative to insurance rate determinations based on risks classified by the gender of an insured over the age of twenty
HB86	GREEN	Pending House Insurance	INSURANCE/RATES: Provides relative to insurance rate determinations based on risks classified due to the fact that the insured is a widow or widower
HB87	GREEN	Pending House Insurance	INSURANCE/RATES: Provides relative to insurance rate determinations based on risk classifications due to the fact that the insured is deployed





There are a number of business coalitions supporting the tort reform effort. Not to be outdone, the trial lawyers have created their own "coalition", Real Reform Louisiana. It lays out the strategy of disinformation beautifully. Real Reform Louisiana supports driving record as the ONLY rating factor allowed, calls for "transparency", blames Commissioner Donelon for the lack of competition and high automobile insurance premiums, and calls the need for tort reform a lie to cover the greed of insurance companies. Please visit https://www.realreformla.com/ to get the full scope of the fight in front of us.

This is a brilliant strategy. Nobody likes insurance companies. Everyone has suspicions that the insurance companies are using their black box rating tools to overcharge. No one wants big bad insurance companies to DISCRIMINATE against poor people, widows, and against actively deployed military personnel. These allegations are exaggerated, inaccurate, and in some cases just plain false. But they are a powerful distraction from tort reform.

It is difficult to explain to legislators and "Joe six-pack" citizens that insurance is designed to discriminate based on actuarially justified science in order to charge the appropriate premium based on risk. People who are poor risks are supposed to pay more than people who are good risks. Hard to explain. A challenge that we must meet.

We have a real opportunity to pass tort reform this year. But it will not be easy. We need EVERYONE to be involved. Talk to your customers and friends and urge them to support tort reform and contact their legislators. Educate people about the need for tort reform and the fallacy of the trial lawyers' attacks on the insurance industry. Make no mistake. This is a FIGHT! Please do your part!

Invest National Insurance Apprenticeship Approved by Dept. of Labor

Invest℠ announced a new strategic focus on accelerating workforce development for the independent insurance agency system, including a new apprenticeship program recently approved by the US Department of Labor (DOL) to train more workers for skilled jobs within the industry.

Invest is a national nonprofit organization that attracts, educates and prepares diverse people to exciting new opportunities and career paths in the insurance industry and is refocusing its education mission to concentrate more directly on talent development.

Invest's new strategy is designed to attract more people — including military veterans — to an expanding industry. Large-scale retirements and advances in technology are also creating new career and entrepreneurial opportunities for the next generation of insurance leaders.

With the approval of Invest's national insurance apprenticeship standards by the DOL, Invest will now begin partnering with local Big "I" state associations, insurance companies and agencies to develop local apprenticeship programs for independent insurance agencies through a General Insurance Certificate.

"Our insurance apprenticeship standards will allow us to quickly develop exciting 'earn while you learn' opportunities at the state level and it is truly a 'win/win/win' for the insurance industry, employers and apprentices," said Deborah Pickford, executive director of Invest. "To close the talent gap that currently exists within our industry, we must be creative and innovative in the way we compete for new talent."

Invest joins several other insurance apprenticeship programs in an "earn while you learn" model and this announcement signals an ongoing shift in the rapidly growing apprenticeship marketplace. Traditionally, U.S. apprenticeships have been focused on trades such as electricity, plumbing and heating and air conditioning, but a new type of "white collar" apprenticeship has begun to emerge, including those within the insurance industry and financial sectors.

With record employment rates in the U.S., many industries have been affected by labor shortages. However, the situation is acute in the insurance industry. A tight labor market, aging workforce and the acceleration of baby boomer retirees has created an ongoing shortage of workers in the insurance industry.
The unemployment rate for the insurance industry is 2.6%, compared to the national unemployment rate of 3.5%, according to the U.S. Bureau of Labor Statistics.

"Through this new apprenticeship model, we want people to gain first-hand knowledge of how rewarding a career in our industry can be and the unlimited opportunities for professional, personal and financial growth," explained Pickford. "We work with committed insurance leaders who genuinely care about the success of others and many of those leaders become lifelong mentors."

Along with the new apprenticeship program to be rolled out into states throughout the year, Invest will also launch a new, refreshed logo.

Invest works with more than 31,000 high school students who study insurance in 46 states through its online insurance education curriculum. Invest continues to broaden its outreach with new partnerships, new schools and new content. As the industry evolves, Invest is sharpening its focus on insurance technology, as well as the vast career opportunities that can be found within the insurance community, insurance carriers and the independent insurance agency system. Learn more at the Invest website.

Business Success Through the Fairness Doctrine

Author, Al Diamond

"Everything Old is New Again"

31 years ago, Stephen Covey wrote a seminal book on how to run your life and your business, **The Seven Habits of Highly Effective People**. If you haven't read it, stop reading this article and get that book. If you have read it, read it again - at least once every quarter - until you have absorbed these ideas into your psyche and are living those seven habits. One of the seminal habits is "Begin With The End In Mind." It is at the core of Strategic Planning. But an even more important principal of life and business is ALWAYS DO WHAT'S RIGHT FOR THE END USER.

The basis of this principal is, "Treat Others as You Would Have Others Treat You." Sound familiar? If we live our lives in that way, we don't become extremists (in any direction); we become proponents of the Fairness Doctrine. Another way of stating the same principal is, "Be Fair - To Everyone - Always."

The 10 Commandments is a pretty good set of codes for living. If it wasn't sourced in the Judaic/Christian religion, it would be a good set of codes for everyone on earth, regardless of what form of higher source they believed (or whether they believed in one at all). But no one should have a problem with the second five of the Commandments that suggest how we can live a Principal-Based Life;

1. Honor Your Parents - if they deserve to be honored. They, hopefully, raised you as best as they could. But it is extreme to presume that all parents deserve to be honored. Treat them as you would have your children treat you someday - and treat your children in a way that will cause them to "honor" you someday, firm, but fair = The Fairness Doctrine.

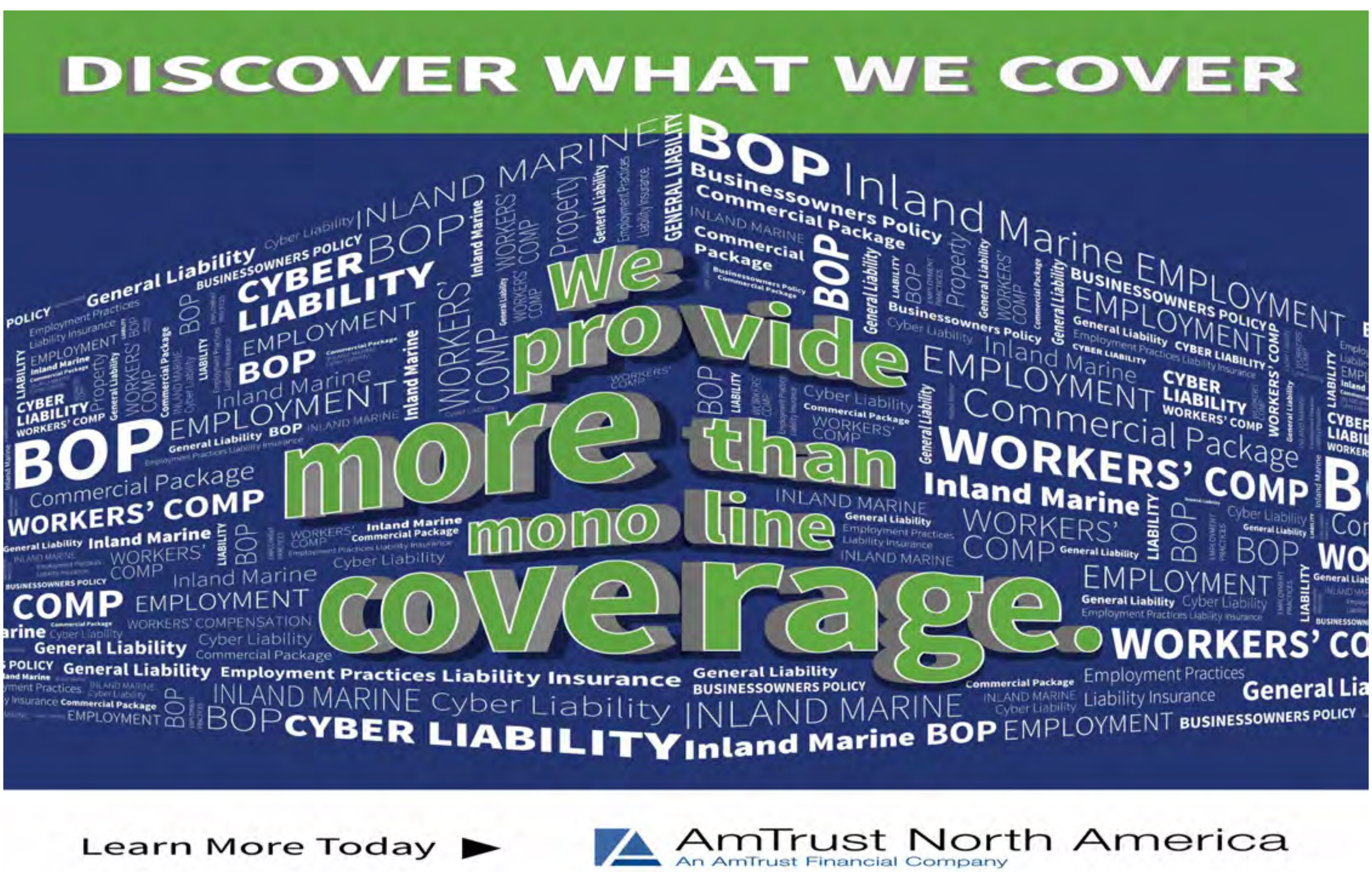
2. Don't Murder -- It is extreme to either permit indiscriminate killing (cold-blooded murder, genocide, simple retribution, etc.) but it is just as extreme to refuse to end someone who would continue to hurt others if left unpunished. The "eye for an eye" doctrine is not meant to be literal. It is meant to subscribe to the Fairness Doctrine.

3. Never cheat - yourself or anyone else. You don't want anyone to cheat you. This covers a number of the 10 Commandments (adultery, lying, stealing). This, again, describes the Fairness Doctrine.

Don't Covet - It's not bad to want "things". It motivates us to be successful. But don't drive yourself to 'keep up with the neighbors' or to be like anyone else just because of what they have. That's extreme! We have built our country and our culture on a healthy dose of "wanting" a better life for ourselves and our families. "Wanting" with our primary concern being the "end user" (the well-being of ourselves and our families), is good. "Wanting" with our primary reason being coveting someone else's possessions is extreme. Again, the Fairness Doctrine rules.

Applying the Fairness Doctrine to our business lives will fulfill both our own best interest and, simultaneously, the best interest of our clients and our employees (the most important 'end users' in our businesses).

When we do our Strategic Planning, we "plan" for business success, growth and profit. Why? We should want success in order to give ourselves and our families a good and secure future. There is



nothing wrong with that. But if we are concentrated on doing what's best for the end user, you won't grow and/or profit by taking away from our employee's best interests or those of our customers.

The concept of "being fair to everyone - always" is simple. But simplicity doesn't imply that it is easy to accomplish. We see frequent examples of rationalization for actions that are obviously 'unfair' in order to accomplish end results that may be commendable. The principal of 'The End Justifies the Means' has sounded good and rationale to extremists all over the world to justify what they consider 'right and just' causes. Similarly, raising taxes is an example of negatively impacting one group of people (taxpayers) in order to accomplish (hopefully) noble goals, serving all people. The interesting reality that is facing most Americans today is that we may not be able to afford to provide the wonderful things we would like for everyone when most taxpayers are backed against the 'wall' economically. Localities and States are all feeling the impact of taxpayers acting in their own self-interest, rejecting new initiatives and taxes, both questionable and commendable, simply because it would hurt their 'end users', their families, to an extreme.

Now let's translate these concepts to our own lives, both personal and business. Good things happen when people do the right things consistently over time. But bad things sometimes still happen to good people in the short term. If we stop doing the right things consistently because we face a personal or business downturn, our only option is doing things that we know will harm someone in order to gain an advantage in our own goals. For instance, if we face a downturn in profit it is perfectly reasonable to take less income in a year as an owner. The ramifications of business ownership are that we enjoy the rewards of our business when we are successful and bear the burden of taking less profit (or none) if business is not successful. The Fairness Doctrine certainly justifies lowering raises for our employees coincidental with our own reductions in compensation. This is not easy to explain to employees, but it is JUST. We cross the line when we lower or eliminate raises to employees IN ORDER TO maintain our business profits at artificially high levels.

Strategic growth of agencies has been combined with Incentive Compensation for agency employees to reward employees based on individual productivity as the agency grows and profits. The equal distribution of compensation regardless of productivity differences is the core of socialism and acts as the antithesis of the fairness doctrine. Harder and more successful workers actually become disincentivized when less dedicated or successful employees earn similar compensation and bonuses. Similarly, keeping salaries stagnant when the agency is growing will be noticed by employees and will result in turnover and lower levels of dedication over time.

Of course, the preceding paragraphs imply that the agency owners are paying themselves a 'fair' compensation for the work that they are doing in the agency (fair = the same amount that they would pay someone else to perform the same functions at similar levels of performance). This means that they benefit annually from business success or suffer from business decline through the profits of the agency and they benefit in the long term by the increased value of the business that will eventually be transferred to the next generation (or to someone else) when the business is perpetuated.

The Fairness Doctrine for agency clients and prospects pertain to how you treat your customers. Do you concentrate of what products are best for your clients, or do you concentrate on the commission rates offered or the pressures from the carriers to bolster volumes? Do you find that most of your accounts are 'Renewed, As Is' without analysis or do you analyze their accounts each year to determine which products are best for them for the next term? Which of these preceding statements properly defines the Fairness Doctrine? Are you being 'fair to everyone - always'? Are you treating your client the same way YOU would want to be treated in similar circumstances?

If you ask yourself these questions every time you make a decision with respect to your employees or your customers you will find that the 'right' choice is relatively clear -- CLEAR, not necessarily easy. Just remember, PEOPLE are always more important than entities. 'Fairness' applies to yourself and your family as much as it does to your employees and your clients. If you don't cheat, yourself or anyone else, you will feel better about yourself in the long run. Your business success should be defined by how hard you work and how smart you are about growing and creating more profits, not by whether you are cheating yourself or anyone else to get the results you desire.

The Windows Clipboard Has Been Updated

Copy and Paste has been a standard part of the Windows platform since the beginning. However, the usefulness has been limited. You could only paste the content from the last copy you did. That changed with the October 2018 Windows update.
The first step to using the new clipboard functionality is to make sure you have enabled Clipboard History on your computer.
Here are the simple steps:...

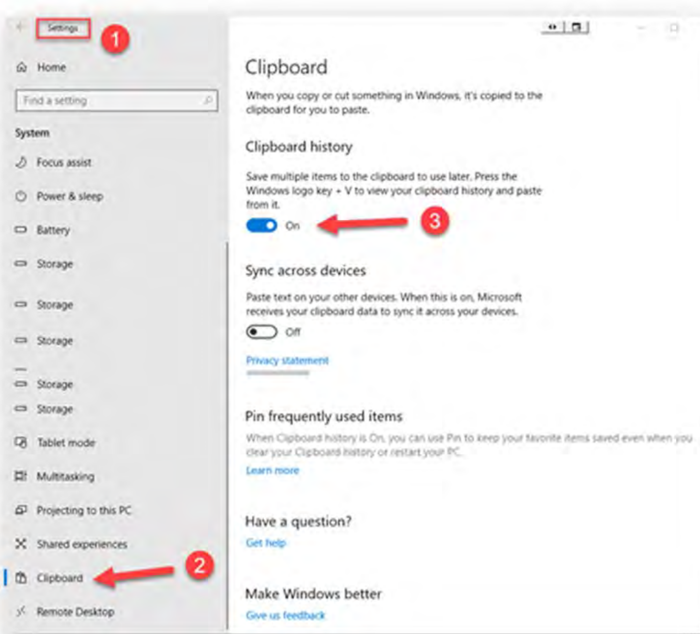
The first step to using the new clipboard functionality is to make sure you have enabled Clipboard History on your computer. Here are the simple steps:

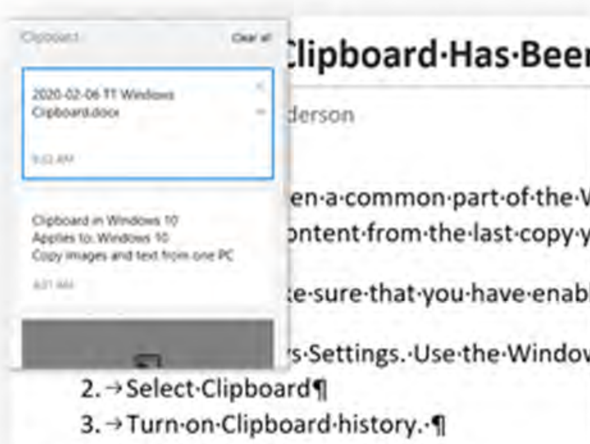
1. Go to Windows Settings. Use the Windows key and search for settings
2. Select Clipboard
3. Turn on Clipboard history

Once you have the settings correct, use the clipboard just like you have in the past. Select and copy content just like you do now. When you enable Sync Across Devices, you can copy images and text from one PC to another with a cloud-based clipboard. The sync feature is tied to your Microsoft account, or your work account, so remember to use the same login information on all your devices. Not only can you paste from your clipboard history, you can also pin the items that you find yourself using all the time by clicking on the "pin" icon.

To get to your clipboard history at any time, press the Windows logo key on your keyboard + V. You can also paste and pin frequently used items by choosing an individual item from your clipboard menu.

This new clipboard functionality is better than it was, but still not like using a third-party clipboard application. I currently use ClipMate for managing my clipboard. You can find more information in this previous *TechTips* issue: Manage Your Clipboard.





Why Agencies Should Focus on Cash Flow

By David Tralka, president & CEO of InsurBanc

In the great debate over agency valuation, words like "revenue," "income" and "profit" get tossed around a lot. On the golf course or at industry meetings, owners speak in whispers about the big ones—the agencies that have sold at seemingly impossible multiples.

The question is: Multiples of what? What's the value driver?

Often, it's the agency's "book" that everyone's talking about. But revenue isn't always the best measure of agency value, nor is it what principals should be concerned about if they're trying to grow their business or sell their firm.

Rather than focusing on top-line revenue, smart agency owners recognize that cash flow is a better determinant of value. And increasing value should always be the No. 1 goal to sell or perpetuate your business.

The chief problem with using revenue as a measure of value is that it doesn't take into account the cost of generating income. Not all revenue dollars are created equal. Spending a dollar to make a dollar is not a very efficient operation. Cash flow is a much better indicator of the quality of an agency's earning power.

What is cash flow, exactly? Some equate it to EBITDA (earnings before interest, tax, depreciation and amortization), and that's a good start since earnings are what you get to after you've subtracted all your expenses.

When analyzing those earnings there are two important considerations that every owner should pay attention to:

1. The quality of your cash flow.
2. Any future risks that may affect your earning power.

What's The Quality of Your Cash Flow?
Essentially, acquirers are looking for streams of cash flow that are predictable into the future.

This is the magic of the independent agency system—it generates a recurring stream of cash that can be taken to the bank year after year. Very few businesses can consistently deliver value like an insurance agency, which is what makes the model so attractive and why there is such a demand for agencies.

How do you make your cash flow predictable? Through continual, steady growth that adds value to your agency.

Your goal shouldn't simply be to earn more commission income. It should be to increase your cash flow over time. Every business decision you make needs to contribute to your bottom line. That's what truly drives value.

The advice you so often hear—"Just sell more"—doesn't necessarily lead to growth. If it costs more to sell more, the net result may be lots of effort for very little return. You may have a bigger agency with more employees, but you haven't maximized your value.

Growth comes through a combination of investing in new sources of income, like hiring another producer or adding lines of business, and greater efficiency. The two go hand in hand. When income can be earned with fewer expenses, it increases your cash flow and your agency's value.

Reducing the cost of servicing accounts over time by upgrading your computer and phone systems, utilizing the latest agency management software to better market and cross-sell, digitizing your records, using your cash more efficiently, getting known on social media—these are all ways you can increase your productivity and maximize your selling ability.

What's The Risk to Your Cash Flow?

Remember, your cash flow must be predictable into the future. A buyer will look beyond EBITDA to understand the source of your cash flow and its volatility or risk. What's the risk of those earnings diminishing in future years?

The indicators here might be historical trends in retention and loss ratios, the geographic location of your agency (is the population declining or aging?), the market you are in, the companies you represent and the types of customers you serve.

Retention is one of the key ingredients in the secret sauce of sustainable cash flow. The higher the retention rate, the greater the potential you have for future earnings. Renewal sales are always more profitable than new sales since they require less production expense. On the other hand, life sales are often discounted because they don't produce much in future revenue.

Quality and Risk
Are your customers getting ready to retire and move to Florida? Are your producers all the same age, and will they be retiring soon, too? What about contingencies, which are a less reliable stream of revenue?

How many more years do you want to stay active in the business? Assuming you have five to 10 years left or more, use those years to grow your business. At the same time, begin to consider ways to perpetuate your agency by grooming a successor.

Keep these factors in mind and make them a part of your strategic planning. It may mean exploring new markets, hiring younger producers or acquiring another agency that complements your business.

It's helpful to look at industry benchmarks to see how top agencies are performing in areas such as revenue per employee, efficiency ratios and growth percentages. Obviously, higher-performing agencies will command premium prices when it's time to sell, much like the best house in your neighborhood will go to the highest bidder.

By taking the long view and steadily building value in your agency, you'll be able to retire comfortably and leave a lasting legacy to your family or partners. The important thing is to have a plan and to work it during your productive years.

Keep in mind the true drivers of value and stay focused on them. Understand that cash flow will trump revenue every time.

OK Boomers, Slackers, Karens, Unicorns and Snowflakes: Can't We All Just Get Along?

With four primary generations now coexisting in the workplace, it's not surprising that a few generational feuds are brewing and bubbling.

Boomers (born roughly between 1946-1964) mock millennials (1977-1997) for expecting participation trophies and being like Peter Pan (never wanting to grow up), while millennials think Boomers are out of touch. Gen X (1965-1976), once viewed as the slacker generation, now paints millennials as the new slackers – often referring to them as unicorns and snowflakes who are entitled and difficult to manage. Gen Z (born after 1997) are portrayed as disloyal job-hoppers who are addicted to their phones and unable to handle face-to-face interaction. They have taken to calling Gen X the "Karen" generation – a privileged, irritating and entitled generation brought up by Boomers.

All of this back-and-forth sparked this year's viral two-word dismissal by millennials and Gen Z: "OK Boomer." The phrase, typically used to respond to anyone over 30 who says something condescending about the younger generations, quickly went mainstream. The backlash phrase implied that Boomers are out of touch and don't understand millennial and Gen Z culture or politics. Boomers, on the other hand, saw the phrase as an example of ageism.

Pitting one generation against the next isn't new. As Aristotle put it in *Rhetoric*: "[Young people] are high-minded because they have not yet been humbled by life, nor have they experienced the force of circumstance…They think they know everything and are always quite sure about it."

No matter where you fall on the generational spectrum, the recent online feud is a good reminder for all generations that there are fallacies in stereotypes and dangers in discounting the contributions, strengths and ideas of others not like you.

The next time you're faced with working with someone older or younger than you and are tempted to brush their generation off with a negative comment, try instead to understand differences. Different doesn't have to mean bad, so take time to focus on strengths and preferences. Allow their strengths to improve your weaknesses, and vice versa. Each generation is an integral part of successful teams and companies, so ignoring difference and problems isn't an option, especially today, when Boomers are actively choosing to stay in the workforce longer and millennials make up the largest segment in the workplace.

At WAHVE, we started our entire business on the idea that combining the knowledge and skills of the retiring and retired workers with the fresh perspectives of the younger generation is a winning combination. And that's proven: statistics show that companies that employ an age-diverse workforce have higher productivity, a wealth of new ideas, and a wide knowledge base.

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Managing General Agents | Wholesale Insurance Brokers

Protect Your Agency with the Big "I" Cyber Secure Program

You're in the business of protecting others, but who's watching out for you? **We are.**

Responding to a breach is a complicated process requiring the assistance of many different professionals. Failing to notify your clients "without unreasonable delay" could cost your agency hefty fines plus additional costs to comply with notification laws, legal liability and reputational harm caused by the breach. If handled improperly, this exposure could be devastating to your agency.

Cyber Secure 2019 Program Enhancements:

- Increased Fraudulent Instruction from $100k to $250k
- Increased Funds Transfer Fraud from $100k to $250k
- Increased Telephone Fraud from $100k to $250k
- Increased Criminal Reward from $25k to $50k
- Increased Consequential Reputational Loss sublimit to Match Elected Limit. $2M aggregate limit will only have $1M max
- Amended the Definition of Data- removes the requirement for regular back up.
- Added Other Insurance Clause Endorsement - Primary With Respect to First Party Loss
- Added Contingent Bodily Injury with Sublimit Endorsement

- Removed Amend Continuity Date - implemented use of no known loss letter
- Updated Post Breach Remedial Services Endorsement- better explains the services
- Removed PCI verbiage under Risk Controls section; PCI will be added for every risk
- Updated Endorsement: Voluntary Shutdown Coverage – updated version to remove the requirement for the underwriter's prior written consent
- **NEW Endorsement:** CryptoJacking Endorsement (sub-limit: $100k) This endorsement covers financial loss incurred by the insured organization for additional utility costs as a result of crypto jacking

- **NEW Endorsement:** Computer Hardware Replacement Cost (aka bricking). Sublimit: $100k
- **NEW Endorsement:** Invoice Manipulation Coverage (Sublimit: $50k) indemnifies the Insured Organization for Direct Net Loss resulting directly from the Insured Organization's inability to collect payment for any goods, products or services after such goods, products or services have been transferred to a third party as a result of Invoice Manipulation that the Insured first discovers during the policy period.

Program Takeaways

- Exclusive Membership Program
- Notification on record count
- 3 Aggregate limits

- Coverage for accidental release of PII
- Coverage for dependent business interruption
- Coverage for fraudulent instruction

- Cryptojacking coverage
- Invoice manipulation
- Extortion payment for eCards

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Bill Wilson
Property & Casualty Insurance Commentary

Homeowners Coverage for Personal Property in Self-Storage Warehouses

Last week, I heard from an agent whose customer had an almost six-figure claim for damage to personal property in a self-storage warehouse. The insurer offered 10% of the HO policy's Coverage C limit, saying "It is clear from the language that **any** personal property that would normally be kept in the insured's home, but is not there when the loss occurs, would be subject to 10% of the personal property limit."

This assertion appears to limit coverage not only to property in a self-storage warehouse, but anywhere other than IN the insured's home. Despite pleas from the agent that the carrier did not understand the coverage, the insurer would not back off their settlement. So, the insured filed suit and the insurer then promptly offered to pay the full amount of the loss. At this point, the bad faith claim continues.

The HO form involved was NOT the 2011 edition of the ISO HO 00 03 form which includes the following insuring agreement for Coverage C – Personal Property:

Self-storage Facilities
Our limit of liability for personal property owned or used by an "insured" and located in a self-storage facility is 10% of the limit of liability for Coverage **C,** or $1,000, whichever is greater. However, this limitation does not apply to personal property:
(1) Moved from the "residence premises" because it is:
(a) Being repaired, renovated or rebuilt; and
(b) Not fit to live in or store property in; or

(2) Usually located in an "insured's" residence, other than the "residence premises".

This provision is not in prior HO 00 03 editions such as the policy in force in this claim. ISO's regulatory filing memorandum for their 2011 countrywide forms revision included the following explanation:

The current ISO Homeowners Program provides coverage for "personal property owned or used by an 'insured' while it is anywhere in the world". The program generally includes a 10% limit of liability for Coverage C personal property (or $1,000, whichever is higher) "usually located" at an insured's residence other than the insured's residence premises, but the related provision does not expressly address property in a self-storage facility.

In order to address the increase in risk resulting from personal property located in self-storage facilities, we are revising Section I – Property Coverages in the base Homeowners policies (except for HO 00 08) to expressly limit personal property located in self-storage facilities to 10% of the Coverage C limit (or $1,000, whichever is greater), as follows….

This is a reduction in coverage.

New optional endorsement HO 06 14, Increased Amount Of Insurance For Personal Property Located In A Self-Storage Facility, provides for increased limits of coverage for insureds who wish to increase the 10% limit of liability for Coverage C personal property located at a self-storage facility.

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The fact that ISO considers this a reduction in coverage confirms that there was no such limitation prior to the 2011 edition for personal property in a self-storage facility. In fact, a simple reading of the policy language in prior editions would support that conten-

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Webcasts			
E&O Risk Management Click above for schedule Available on Demand	**Ethics** Click above for schedule Available on Demand	**Flood** Click above for schedule Available on Demand	**Commercial & Personal Lines Courses** Click above for courses & dates for 2019
2-27-2020 & 3-3-2020 9am—11am Active Shooter / Workplace Violence Risk & Insurance Programs 3-4-2020 12:30-2:30 5 Contractor Concepts Every Agent Must Understand 3/11/2020 11am-2pm Commercial Property Coverage Gaps & How to Fill Them – Part 1	3/11/2020 3pm-6pm Commercial Property Coverage Gaps & How to Fill Them – Part 2 3/20/2020 10am-2pm Roadmap to Homeowners Ins Part 1 3/20/2020 10am-2pm Roadmap to Homeowners Ins Part 2		BIG i HIRES.
Seminars			
Spring Ed Conference March 31st Renaissance—BR	**Monroe** 4/28/2020 9am-12pm **Roadmap to Homeowners Endorsements & Personal Inland Marine** 1pm-4pm 4/28/2020 **Commercial Property Coverage Gaps and How to Fill Them**	**Baton Rouge** 4/29/2020 9am-12pm **Roadmap to Homeowners Endorsements & Personal Inland Marine** 4/29/2020 1pm-4pm **Commercial Property Coverage Gaps and How to Fill Them**	**Metairie** 4/30/2020 9am-12pm **Roadmap to Homeowners Endorsements & Personal Inland Marine** 4/30/2020 1pm-4pm **Commercial Property Coverage Gaps and How to Fill Them**
Events			
IIABR Luncheon March 12, 2020 Juban's Restaurant	**Young Agents Crawfish Boil** March 20, 2020 Lakeside	**IIAGNO BBQ** 3/26/2020 Central City BBQ	**IIAGNO Alvin Shepherd Golf Classic** April 3, 2020 Audubon Golf Course

tion.

Did the adjuster/insurer intentionally limit coverage knowing such limitation was not supported by the policy language? Will the bad faith claim be successful? The likely answer to both questions is "No" and bad faith suits are REALLY hard to win because the standard of conduct and proof required almost necessitate a mind reader.

But there might be a case for regulatory action for gross ignorance and incompetence if the jurisdiction has statutes or regulations governing such conduct. For example, this is from the state of Florida:

626.611 *Grounds for compulsory refusal, suspension, or revocation of agent's, title agency's, adjuster's, customer representative's, service representative's, or managing general agent's license or appointment.* The department shall deny an application for, suspend, revoke, or refuse to renew or continue the license or appointment of any applicant, agent, title agency, adjuster, customer representative, service representative, or managing general agent, and it shall suspend or revoke the eligibility to hold a license or appointment of any such person, if it finds that as to the applicant, licensee, or appointee any one or more of the following applicable grounds exist:
(8) Demonstrated lack of reasonably adequate knowledge and technical competence to engage in the transaction authorized by the license or appointment.

I have no idea if this provision in Florida law has ever been invoked. I have my doubts. But, if not, why even have such a law if it's not enforced?

Things Worth Scheduling...

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Virtual University: Ask An Expert
HO Coverage for Water Pipe Leak

Scenario - insured reported water pipe leak (sudden), causing water damage to wall and floor. Pipe is concealed at this point, so it is unclear if it is a rupture, joint, etc. Carrier response is resultant damage, and cost to access the pipe would be covered, but not the repair to the pipe, regardless of cause (freezing, spontaneous rupture, pinhole leak).
Should coverage be afforded for the cost of repair of the pipe as well?

Answers

No, in ISO's homeowners' policy there is no coverage for the pipe, only for the damage caused by the burst pipe.

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No. Damage to the pipe is not covered but the damage and cost to tear out and repair the walls and floors is covered. The cost of the pipe would probably be insignificant and probably below the deductible. The policy says, We do not cover loss to the system or appliance from which this 'water' or steam escaped".

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The language in subsection ii on page 10 of the policy, We do not cover loss to the system or appliance from which this water" or steam escaped," seems to support the insurer's position in the situation you describe.

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Insurance policies, personal or commercial, do not pay to replace the item that leaked. Therefore, I agree with the carrier.

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The loss to the pipe itself is only covered if the cause of loss to it is not excluded. Typically loss to the pipe is due to wear and tear, mechanical breakdown or some other excluded cause of loss.

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May I politely request that you re-read the insuring agreement.

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Try looking at the policy:

Exception To c.(6)

Unless the loss is otherwise excluded, we cover loss to property covered under Coverage A or B resulting from an accidental discharge or overflow of water or steam from within a:

(i) Storm drain, or water, steam or sewer pipe, off the "residence premises"; or

(ii) Plumbing, heating, air conditioning or automatic fire protective sprinkler system or household appliance on the "residence premises". This includes the cost to tear out and replace any part of a building, or other structure, on the "residence premises", but only when necessary to repair the system or appliance. However, such tear out and replacement coverage only applies to other structures if the water or steam

causes actual damage to a building on the "residence premises".

We do not cover loss to the system or appliance from which this water or steam escaped.

For purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, down spout or similar fixtures or equipment.

Section I Exclusion A.3. Water Damage, Paragraphs a. and c. that apply to surface water and water below the surface of the ground do not apply to loss by water covered under c.(5) and (6) above.

Under 2.b. and c. above, any ensuing loss to property described in Coverages A and B not precluded by any other provision in this policy is covered.

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Only if the pipe was damaged by a covered cause of loss.

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If the damage to the pipe was caused by freezing, the policy will provide coverage for that damage. If the pipe simply ruptured or sprung a leak, the carrier is correct only resulting damage is covered.

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I disagree with the "regardless of cause" part of the company's statement. Pipe damage by some causes clearly are covered. If a truck runs off the highway, smashes through a wall, breaks a pipe and causes water damage, the whole works is covered, including repair of the pipe. Same is true for freezing, as long as all the proper precautions were taken. But if the pipe rusts out, the pipe repair is excluded because damage by rust is excluded. The question is, what caused the leak. Since this is an open perils policy, the burden of proof is on the insurance company. If they can prove that the pipe damage was caused by an excluded cause, they can exclude. But if the cause of the loss is unknown, they have to pay.

IIABL Spring Education Conference
March 31st, 2020
Renaissance Hotel—7000 Bluebonnet Blvd.

Instructor: Allen Messer, CIC, CPCU

AGENDA

8am - 9am	**Breakfast with Exhibitors**
9am - 12pm	**Commercial Property Checklist** **Exposure, Coverages & Endorsements** Your takeaways are the ability to identify exposures for your insureds and know which endorsements need to be added to their policies for more enhanced insurance protection. We will exam and analyze the Building and Personal Property Coverage Form, the Causes of Loss - Special Form and the Business Income (And Extra Expense) Coverage form. This course has been filed for 3 CE hours.
12pm - 1pm	**Lunch with Exhibitors**
1pm - 4pm	**Commercial Casualty Endorsements: Do's and Don'ts** This course will give you a better understanding of how to identify exposures and for insureds to know which endorsements should be added to the policies. We will exam and analyze the Commercial General Liability Policy, the Business Auto Policy and the Workers Comp and Employers Liability Policy. This course has been filed for 3 CE hours.
4pm - 5pm	**Cocktail Reception**

Click Here to Register

FBI Internet Crime Report: What you need to know

Every year the FBI compiles the statistics from the Internet Crime Complaint Center (IC3) to reveal the impact of cybercrime on the U.S. This year's report showed a sharp uptick in losses and victims.

Almost half a million victims lost more than $3.5 billion

Yep. You read that right. Americans lost $3.5 buh-buh-buh-billion to internet crimes. Over the past five years, the loss is north of $10 billion.

Older Americans were targeted

Of the people who reported their ages, almost a quarter were over the age of 60, and those victims lost the most — more than $835 million — about 30% of the total losses.

Tech support fraud is growing

In 2019, the IC3 received 13,633 complaints related to Tech Support Fraud from victims in 48 countries. The losses amounted to over $54 million, which represents a 40 percent increase in losses from 2018. The majority of victims reported to be over 60 years of age.

Fake emails from "bosses" can be hard to spot

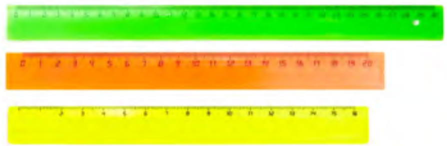
The IC3 report reveals we all need to be more careful about Business Email Compromise (BEC) and Email Account Compromise (EAC). These techniques are more sophisticated, involving research into the company and more research than usual. Often the hackers will identify staff members then send a spoofed email from the "boss" or other manager instructing staffers to send wire payments, direct deposit requests and more.

Blackmail and sextortion are rampant

By now you have probably received an alarming email that says someone has installed malware on your computer and has taken videos of you while you are surfing porn sites. They usually show proof of their hacking by naming your password. They threaten to send the videos to your contacts unless you pay.

What has happened is that your email/password combo was probably breached in the past, and these bad guys are just spamming everyone trying to get you to click or pay a ransom. People who were registered on the Ashley Madison adult website when it was breached in 2015 are being especially targeted right now.

Source: YourNerdyBestFriend



Rate & Rule Filings

Company	Coverage Type	Overall % Impact:	Overall $ Impact:	Number of Policyholders:	Changes
Root Insurance Co Revised Rate & Rule	19-Private Passenger Auto	-10%	-$614,381	4,047	Requested: New: 1/9/2020 Renewal: 2/11/2020
FCCI Insurance Co Monroe Guaranty Ins Co National Trust Ins Co	19-Private Passenger Auto	14.7%	$1,593.998	448	Requested: New: 10/2/2020 Renewal: 10/1/2020
American Fire & Casualty Ohio Casualty Ins Co Ohio Security Ins Co West American Ins Co	17-Other Liability Delayed Adoption	15.0%	$2,333,805	4,884	Requested: New: 7/1/2020 Renewal: 7/1/2020
Progressive Security Ins Co	19-Private Passenger Auto	0.8%	$90,887	15,261	Requested: New: 1/20/2020 Renewal: 2/10/2020
American Fire & Casualty Ohio Casualty Ins Co Ohio Security Ins Co West American Ins Co	5—Commercial Multiple Peril	6.7%	$517,486	1,962	Requested: New: 9/1/2020 Renewal: 9/1/2020
Manufacturers Alliance Ins Co Pennsylvania Manufacturers'' Association Ins Co Pennsylvania Manufacturers'' Indemnity Co	16—Workers Comp	-8.1%	-$310,730	255	Requested: New: 5/1/2020 Renewal: 5/1/2020
Property Insurance Assoc of Louisiana Revised Rate Only	1—Property	-2.4%	-$809,484	25,846	Requested: New: 8/1/2020 Renewal: 8/1/2020
SAFECO Ins Co Revised Rate Only	4—Homeowners	2.6%	$1,103.881	19,125	Requested: New: 3/18/2020 Renewal: 4/29/2020
Atlantic Specialty Risk Loss Cost Adoption	19-Commercial Auto	14.290%	$446,928	139	Requested: New: 5/1/2020 Renewal: 5/1/2020

Rate & Rule Filings continued on page 34

Continued from page 33

Rate & Rule Filings

Company	Coverage Type	Overall % Impact:	Overall $ Impact:	Number of Policyholders:	Changes
American Fire & Casualty Ohio Casualty Ins Co Ohio Security Ins Co West American Ins Co	19-Commercial Auto	25.4%	$5,810,871	1,445	Requested: New: 9/1/2020 Renewal: 9/1/2020
ACE Insurance Co of the Midwest Revised Rate Only	4-Homeowners	7.0%	$273,185	490	Requested: New: 5/18/2020 Renewal: 7/18/2020
Employers Mutual Casualty Co EMCASCO Ins Company Union Ins Co of Providence EMC Property & Casualty	5—Commercial Multiple Peril	4.1%	$151,313	940	Requested: New: 6/1/2020 Renewal: 6/1/2020
Chubb Indemnity Ins Co Chubb Nat'l Insurance Co Pacific indemnity Co Federal Insurance Co	16—Workers Comp	-9.2%	-$467,478	856	Requested: New: 5/1/2020 Renewal: 5/1/2020
Ace American Ins Co Ace Fire Underwriters Ace Property & Casualty Bankers Standard Ins Co Indemnity Ins Co of North America Insurance Co of North America	16—Workers Comp	-8.4%	-$1,915,495	103	Requested: New: 5/1/2020 Renewal: 5/1/2020
Allstate Ins Co Revised Effective Date Property Deviation Commercial Property (Fire & Allied)	1—Property	18.4%	$286,746	710	Requested: New: 1/1/2020 Renewal: 4/1/2020
American Bankers Ins Co of Florida Revised Rate & Rule Specialty Homeowners (Mobile)	4—Homeowners	8.6%	$696,990.	5,261	Requested: New: 3/1/2020 Renewal: 4/1/2020
Progressive Security Ins Revised Rate & Rule Private Passenger Auto	19—Private Passenger Auto	-0.6%	-$3,167,160	193,580	Requested: New: 3/20/2020 Renewal: 4/17/2020

Rate & Rule Filings

Company	Coverage Type	Overall % Impact:	Overall $ Impact:	Number of Policyholders:	Changes
Progressive Paloverde Ins	19—Private Passenger Auto	-1.0%	-$2,048,519	85,427	Requested: New: 3/20/2020 Renewal: 4/17/2020
Homesite Insurance Co Revised Rate & Rule Homeowner's Program	4—Homeowners	3.4%	$370,909	9.775	Requested: New: 3/12/2020 Renewal: 3/12/2020
Hartford Insurance Co of the Midwest Revised Rate Only AARP Homeowners Policy Program	4—Homeowners	5.5%	$302,697	2,365	Requested: New: 3/12/2020 Renewal: 4/27/2020
Property & Casualty Ins Co of Hartford Revised Rate Only AARP Homeowners Policy Program	4—Homeowners	6.6%	$307,315	2,296	Requested: New: 3/12/2020 Renewal: 4/27/2020
Metropolitan Group Property & Casualty Ins Revised Rate Only	19—Private Passenger Auto	6.0%	$442,688	2,552	No Requested Effective Date
Occidental Fire & Casualty Co of North Carolina Revised Rate & Rule Preferred Homeowners Program	4—Homeowners	-1.13%	-$112,768	4,163	Requested: New: 4/1/2020 Renewal: 5/16/2020

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FOREMOST INS	GULF STATES INS CO	GULFSTREAM P&C	HIGHFLYER HR
HOMEBUILDERS SIF	IROQUOIS SOUTH	LANE & ASSOC	LCTA WORKERS COMP
LIBERTY MUTUAL	LUBA WORKERS' COMP	RPS/RISK PLACEMENT	STONETRUST INS
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