

NEWS — AND — VIEWS

Welcome to News and Views - Heffernan Group Quarterly Newsletter

PROPERTY AND CASUALTY

Property and casualty rates are down. *Market Scout* reports a consistent drop in insurance rates. The average decrease in December was 1 percent. The entire year saw an overall decrease, starting out steep at 4 percent and slowing down over the course of 2016. Large accounts saw the biggest December drop at 2 percent.

Work comp experiencing effects of the election. *Property Casualty 360°* outlined 10 issues affecting workers' compensation in 2017. President Trump's Secretary of Labor pick, health care reform, OSHA policies and ADA/FLMA regulations are among the issues listed.

Fake news poses a real business threat. *Risk & Insurance* warns that fake news is a serious threat for businesses, citing the fake story that led to a shooting at a pizzeria in Washington D.C. Fake news stories can damage reputations and result in financial losses.

Republicans want to reverse new OSHA records rule. According to *Business Insurance*, Republicans have introduced a resolution that would overturn the current rule requiring employees to maintain records of injury and illness for five years.

PERSONAL LINES

Personal insurance rates end the year with an upward trend. According to *Market Scout*, personal lines were erratic in 2016. In December, personal lines were up 2 percent. Homeowners rates were up, while automobile rates remained steady.

A collapse of California's Oroville Dam would be catastrophic. According to *Business Insurance*, recent rainfall resulted in a hole in the Oroville Dam and prompted evacuations. A model of a complete collapse of the dam—a worst-case scenario—shows that \$21.8 billion in building damages could result.

Traffic deaths increased by 6 percent in 2016. *Property Casualty 360°* reports that traffic deaths were up 6 percent in 2016. This is a continuation of the trend seen in 2015, when traffic fatalities were up 7 percent. The increase is blamed on several factors, including an increase in miles driven and an increase in distractions.

Super Bowl ads take risks with political messages. *CBS News* reports that some Super Bowl ads opted for a timely message of diversity and inclusion. While taking a political stance can be risky, especially in light of recent boycotts, a survey shows that the approach was successful in some cases.

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BENEFITS

Repeal, replace plans might alter health insurance tax credits. *Kaiser Family Foundation* reports that proposals to repeal and replace the Affordable Care Act will likely involve changing the way individuals receive tax credit to purchase insurance. Proposals include credits based on age, not income.

Prescription drug price negotiations remain controversial. Although President Trump has criticized high drug prices, Republicans have continued to resist proposals to allow the U.S. government to negotiate prices with pharmaceutical companies, *New York Times* reports.

Consumers want virtual care, according to new study. According to *Modern Healthcare*, a recent survey from Accenture found that 78 percent of consumers want virtual care options, while only 20 percent reported having access. The shift to electronic care could result in a \$7 billion savings annually.

Judge blocks Cigna-Anthem merger. *CNBC* reports that Cigna is terminating its merger agreement with Anthem and is suing Anthem for the \$1.85 billion break-up fee and \$13 billion in damages. The lawsuit was announced soon after a federal judge blocked the Cigna-Anthem merger.

LIFE INSURANCE

Single premium life insurance policies complicate tax benefits. According to the *Economic Times*, single premium life insurance policies, which typically cover a ten-year period, are becoming more popular. Purchasers need to be careful to ensure that they are receiving full tax benefits.

Consumers urged to evaluate hybrid policies. The *New York Times* reports increased interest in hybrid policies that combine long-term care insurance and life insurance. To determine whether these policies offer a good deal, consumers should calculate life expectancy and anticipated long-term care needs.

HEFFERNAN INVESTMENT SERVICES

Feds indicate the possibility of a March rate increase. *CNBC* reports that Federal Reserve Gov. Jerome Powell discussed the possibility of a rate increase in March during an interview, and that other Fed officials have made similar comments.

Dow surges to 21,000 following President's address to Congress. The Dow Jones industrial average reached a record high past 21,000, according to *Business Insider*. The increase occurred after Trump addressed Congress and talked about plans to boost the economy.

Court rules DISC and ROTH IRA tax strategy is legal. *Forbes* reports that a United States Appeals Court has ruled to uphold the legality of using DISC and ROTH IRA in tax avoidance strategies.

HEFFERNAN RETIREMENT SERVICES*

Labor Department proposes 60-day delay on fiduciary rule. According to the *Washington Post*, the Labor Department is seeking to delay the implementation of the new fiduciary rule designed to protect people saving for retirement. President Trump asked the department to reevaluate the rule, which was scheduled to take effect April 10.

Proposed student loan changes could lessen burden. Five suggested changes to student loans could help individuals with debt, according to *Forbes*. The proposed changes include a reduced repayment period for income-driven plans and changing the taxable status of forgiven debt.

Americans' saving habits undergo a generational shift. According to *CNBC*, an analysis of data shows that savings habits are changing as Americans prepare for a longer life expectancy and focus on different financial goals, including health care, retirement and college tuition.

Lack of employer-sponsored plans is hurting retirement savings. According to *LIMRA*, 50 million workers do not have access to workplace retirement savings plans. A recent study found that 61 percent of workers without employer-sponsored plans would be more likely to save for retirement if they had access to a plan.

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HEFFERNAN FOUNDATION

Heffernan Foundation has been serving nonprofits in the community since 1988. Its mission is to grant funding to charities that provide direct support and services to our local communities in the areas of shelter, food, education and the preservation of the environment.

Please visit heffernan-foundation.com to learn more or to get involved!

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