

NEWS — AND — VIEWS

Welcome to News and Views - Heffernan Group Quarterly Newsletter

PROPERTY AND CASUALTY

Commercial insurance rates change direction. *MarketScout* reports that commercial insurance rates increased during the first quarter, for the first time in more than a year. The composite rate increase was 1 percent, and transportation saw the largest increases.

Ransomware is a growing threat. In May, the WannaCry ransomware attack caused problems around the globe. According to *Property Casualty 360°*, this is the beginning of an age of large-scale business interruption, where exploitation of a single vulnerability leads to multiple events. Insurers are urged to prepare.

Construction fatalities are on the rise. *Business Insurance* reports that from 2011 to 2015, construction deaths increased by 26 percent. The number of U.S. construction workers increased by 16 percent between 2012 and 2016.

Compliance with record-keeping rule is delayed. Under a new OSHA rule, certain employers will be required to submit data on illness and injury electronically. *Business Insurance* reports that the July 1 compliance date has been delayed. The new date has not been announced.

PERSONAL LINES

Personal insurance rates start the year with a steady increase. According to *MarketScout*, personal lines rates were up 2 percent in the first quarter. Both lower and higher value homes saw rate increases.

Summer travel leaves empty homes vulnerable. *Property Casualty 360°* urges homeowners to take precautions against burglary when going on vacation. Homeowners who decide to rent out their house should educate themselves on the *risks and insurance issues*.

Car accidents increase after Memorial Day. According to *Property Casualty 360°*, most people incorrectly believe summer is a safe time to drive. Statistics show auto accidents are more common during the summer.

More self-driving cars hit the road. *Inc.* reports that Apple's first autonomous vehicles are being tested on California roads. According to *Property Casualty 360°*, issues of cyber security and liability are top concerns for insurers preparing for self-driving technology.

Flooding danger looms. *Los Angeles Times* reports that Central California could be vulnerable to flooding caused by melting now in the Sierra Nevada. The *National Flood Insurance Program* provides affordable insurance and encourages floodplain management regulations.

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BENEFITS

Most people view AHCA unfavorably. The Republican health care plan is viewed negatively by 55 percent of people according to a *Kaiser Health Tracking Poll*. Only 31 percent of those polled have a positive view.

The AHCA may hurt women. *Fortune* reports the AHCA may have a negative effect on women's health care. It could allow insurers to deny coverage to women who have been treated for various issues by classifying them as pre-existing conditions.

Mental disorders require care. *Modern Healthcare* highlights the urgent need for mental health care. In the U.S., 44 million adults have a mental illness, but social stigma remains an issue.

A lack of federal regulations leads to inconsistencies in paid leave. *Kaiser Family Foundation* reports that only several states have requirements for paid family leave or sick days. A lack of paid time off affects women disproportionately because they tend to be the primary caregivers.

LIFE INSURANCE

Employers face fiduciary responsibility over life insurance administration. According to *Lexology*, an employer was ordered to pay a former employee's widow \$750,000 for failing to provide clear information on its group life insurance plan.

Sales soar for indexed universal life. *ThinkAdvisor* reports that indexed universal life insurance sales reached a record high at the end of 2016. Premium revenue increased 18 percent for the year.

Life insurers focus on interactions. A *J.D. Power study* found that life insurance customer satisfaction increased by only 1 point in 2016, but satisfaction with interactions specifically jumped 31 points. The percentage of customers using digital communication increased to 27 percent.

HEFFERNAN INVESTMENT SERVICES

High yield comes with high risk for mREITs. The *Motley Fool* explains the pros and cons of real estate investment trusts with mortgage-backed securities. The potential for a high dividend yield makes mREITs attractive, but the high risk requires careful consideration.

Oil output may set record. *MarketWatch* reports that U.S. oil output has increased faster than expected and may reach record levels of 10 million barrels a day later this year.

HEFFERNAN RETIREMENT SERVICES*

The fiduciary rule delay comes to an end. *Eversheds Sutherland* reports that the DOL fiduciary rule, which expands the ERISA definition of an investment advice fiduciary, is scheduled to go into effect on June 9.

Republicans are divided over tax reform. *The Hill* reports that Republicans disagree on five tax reform issues, including the border-adjustment tax, and this makes unified support of a tax-reform bill difficult.

Experts dispute the retirement crisis. According to the *Wall Street Journal*, experts disagree as to whether the country is facing a retirement crisis. Some studies point to worryingly low personal savings, while others point to increasing participation in retirement plans.

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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.

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