

NEWS — AND — VIEWS

Welcome to News and Views - Heffernan Group Quarterly Newsletter

PROPERTY AND CASUALTY

Property and casualty rates dropped, albeit slightly. According to *Business Insurance*, commercial property and casualty rates dropped by 1 percent in July. Workers' compensation and property coverages were 2 percent lower.

Graying workforce creates unique work comp issues. The number of workers age 55 and older has increased and is expected to continue increasing for the next six years. *Property Casualty 360* shows that employers can benefit from the knowledge and experience of older workers but will also have to deal with issues related to insurance claims.

Precision agriculture revolutionizes farming risk management. *Insurance Journal* reports that Climate Corp., a subsidiary of Monsanto Co., is creating new digital agricultural technologies. The new developments use a network of sensors and aim to help farmers make more informed decisions through better climate forecasting.

Workplace violence presents growing risk management concern. According to the *Occupational Safety and Health Administration*, every year, almost 2 million American workers report being victims of workplace violence, and more incidents are suspected of going unreported. *The Heffernan Nonprofit Risk Management Center* created an Active Shooter Fact Sheet to help organizations prepare for worst-case scenarios.

PERSONAL LINES

Thousands without flood insurance face devastating financial loss. *Property Casualty 360* reports that flooding in Louisiana and Mississippi left 13 people dead and 20,000 people in need of rescue. According to *ABC News*, approximately 60,000 homes have been damaged, in addition to the \$110 million dollars in agricultural damage, and *the Weather Channel* reports that a lack of flood insurance means that thousands of people will face personal financial loss.

Usage based insurance achieves 50% adoption rate when offered. A *LexisNexis Risk Solutions* study found that 50 percent of United States drivers choose to enroll in a usage-based insurance option when one is offered; however, this offer is rarely made. As a result, this presents a new opportunity for insurance growth.

Home insurers approach smart devices cautiously. According to *Information Management*, insurance companies plan to use connected-home technology, or smart devices, in the near future. The technology should improve claims avoidance and underwriting. One remaining obstacle is the lack standards regarding data collection issues.

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BENEFITS

Congress considers the end of the Employer Tax Exclusion. Congress is considering a proposal to eliminate or limit the employer-tax exclusion for health insurance. The *National Association of Health Underwriters* argues that this would end or degrade employer-sponsored benefits. An *infographic* provided by the NAHU shows the effects of such a proposal.

Study finds that benefit plan harmony leads to greater employee engagement. According to *Benefit News*, customized benefit plans can lead to a number of advantageous outcomes, including increased employee commitment and retention. Additionally, employees with customized plans are more likely to use retirement and disability benefits.

Artificial intelligence may drive the next chapter in health care. *Insurance Thought Leadership* asserts that artificial intelligence will create the next major stage of growth in healthcare innovation. Several companies are driving progress in digital healthcare forward, with expected improvement in quality and cost.

Zika fight proves complicated. Florida residents are worried about the use of genetically engineered mosquitoes to fight the spread of the Zika virus, according to the *Washington Business Journal*. Although the use of Oxitec's mosquitoes has been approved by the Food and Drug Administration, residents in the Florida Keys will vote in November on whether to allow implementation.

LIFE INSURANCE

September is life insurance awareness month. In an industry-wide campaign, *Life Happens* is coordinating with Life Insurance Awareness Month to educate Americans on the importance of life insurance. This is a good opportunity for insurers and clients to discuss their insurance needs.

Long-term care conversation gets creative. To help people pay for long-term care insurance, *Kiplinger* offers four ideas to obtain the best tax advantages on premiums. Advice includes making tax-free transfer and deducting payments as medical expenses.

HEFFERNAN INVESTMENT ADVISORS

DOL Rule controversy continues. A judge heard from lawyers for the Department of Labor, as the *Morning Consult* reports. The DOL defended the fiduciary rule against plaintiffs who argued the rule was an overreach and would require significant restructuring.

Odds of rate hike strengthen. *CNN Money* reports that Janet Yellen, the chair of the Federal Reserve, has suggested that an increase in the federal funds rate is likely. There was no mention of a timeline, however, and many assume that any changes will probably occur after the United States elections.

HEFFERNAN RETIREMENT SERVICES*

Concern about fiduciary liability growing. *Benefit News* reports that plan sponsors are changing the way they think about fiduciary responsibility, a result of the Department of Labor's new rule. In 2015, only 14 percent of sponsors reported being concerned about their fiduciary duty. This year, that number jumped to 38 percent.

The longevity paradox creates new retirement planning challenges. Increased lifespans are leading to problems in retirement planning. According to *Investment News*, many people are now living into their 90s or even 100s, but they may not have enough in savings to cover the extra years, especially when increase healthcare costs are taken into account.

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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.

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

Heffernan offers Group Benefit Advisory Services, including updates on Health Care Reform. Stay up to date by visiting healthcarereform-updates.com.

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