



HEFFERNAN
GROUP

NEWS — AND — VIEWS

QUARTERLY NEWSLETTER
Fall 2018

Welcome to News and Views - Heffernan Group Quarterly Newsletter

PROPERTY AND CASUALTY

Commercial lines rates are up 2.5 percent. *MarketScout* reports that property and casualty rates are up an average of 2.5 percent in the second quarter. Notably, workers' compensation insurance rates have dropped 3 percent nationally, while commercial property rates have risen 4 percent. Commercial auto and trucking are the sectors experiencing the largest business insurance rate increases.

Work comp insurers face rise in motor vehicle accidents. Workers' compensation claims have declined overall, but claims involving motor vehicle crashes have increased, according to the *Insurance Journal*. *Business Insurance* reports that a study from NCCI points to smartphone usage as a possible cause.

Growing gig economy sparks increased worker classification scrutiny. Gig workers are typically classified as contractors and therefore lack the protections given to employees. *Risk & Insurance* reports that this classification has been questioned in recent lawsuits.

Despite increased awareness, many companies ignore the need for cyber threat readiness. *Risk & Insurance* warns that many companies are still failing to prepare for cyber threats, even though good planning and collaboration could save companies millions.

PERSONAL LINES

Personal lines rates are up 2.5 percent. *MarketScout* reports that personal lines rates rose 2.5 percent in the second quarter on average. Within this category, personal auto rates increased 4 percent, and auto increases are expected to continue.

Hurricane Florence causes unprecedented damage. *ABC11* reports the storm resulted in 37 deaths and \$3 to \$5 billion in losses. Although the hurricane was downgraded to a Category 1 as it made landfall, water from ocean surge and intense rain was extremely destructive. In the Carolinas, many rivers reached never-seen-before heights and 11 cities received more than 25 inches of rain, exceeding all previous records, reports *The Charlotte Observer*.

In the connected world, hacking is a growing concern. *LIFE&Health Advisor* warns that the rapid increase of connected devices is leading to new risks. Laptops can be hacked to spy on people, for example, while medical devices could be hacked to kill people.

California wildfire losses exceed \$845 million. The *Los Angeles Times* reports more losses are expected as claims are filed for the Carr and Mendocino Complex fires.

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BENEFITS

Report finds that rising health care costs have consumed America's wage growth. A report from Willis Towers Watson, *Health Care: A Cancer on the American Dream*, finds that the U.S. spends more on health care than other rich countries while lagging behind on health measures.

Study finds that paid family leave is the most popular employee benefit. According to *Business Wire*, a recent poll finds that employees value paid family leave above other benefits, including flexible work arrangements and student loan repayment assistance.

Ban the box legislation creates hiring dilemmas. According to *Risk & Insurance*, most states have laws banning questions about convictions on applications. To avoid liability, employers must be careful to ask relevant questions and perform background checks later in the hiring process.

LIFE INSURANCE

Study finds that younger workers are more worried about life insurance than those in the 35-49 age group. According to *LIFE&Health Advisor*, a new poll finds that 45 percent of workers aged 25 to 34 get stressed about life insurance, and 19 percent don't know if they have a policy.

Americans say they would maintain a healthy weight and get regular checkups in exchange for premium discounts. *LIFE&Health Advisor* reports that 92 percent of Americans surveyed said a life insurance discount would motivate them to maintain a healthy weight level.

Annuity sales grow as more clients seek safety. According to *LIFE&Health Advisor*, LIMRA expects annuity sales to increase 5 to 10 percent due to the repeal of the fiduciary rule, forecasts of a down stock market and high guaranteed interest rates.

HEFFERNAN INVESTMENT SERVICES

Economic optimism dips slightly with concern about trade conflicts and rising interest rates. The *AICPA Business and Industry Economic Outlook Survey* finds that economic optimism remains high despite a small decrease, and expansion and employment plans are strong.

Announcement of new Apple upgrades creates winners and losers. *Forbes* reports that Apple has announced new iPhones and an Apple Watch with more health elements, creating fierce competition for heart monitor companies, fitness apps and other industries.

Amazon achieves \$1 trillion in market capitalization. According to *Forbes*, Amazon is the second company to reach the \$1 trillion market capitalization mark. Apple was the first.

HEFFERNAN RETIREMENT SERVICES

Study finds that RMD rules drive IRA withdrawals. According to *Advisor Magazine*, required minimum distribution rules may force retirees to make withdrawals, making it important to consider whether the rules encourage optimal behavior.

Research shows the average retiree could be torpedoed with taxes up to 40.7%. According to *Advisor Magazine*, a study that includes Social Security taxes finds that 20 million retirees will be in a higher marginal tax rate. *Forbes* reports that the Tax Cuts and Jobs Act will decrease taxes for some retirees but raise it for others, and many people may owe money.

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This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax advisor.

All investing involves risk including loss of principal. No strategy assures success or protects against loss.

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!

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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