



Main Street

INDUSTRY NEWS

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Did you know?

Did you know that PIA's company council, The PIA Partnership, has conducted nationwide research about the insurance buying preferences of small business owners?

The research is encouraging because it found that small business owners strongly prefer independent insurance agents as they make choices in today's online world.

However, the results also serve as a wake-up call that agents must take steps to continue to demonstrate their value and also be more engaged online.

PIA and the companies belonging to The PIA Partnership have created a public website that helps agents understand PIA's findings.

PIA members also have access to a private website containing a series of strategies and tools to help them stay ahead of online competition in commercial lines.

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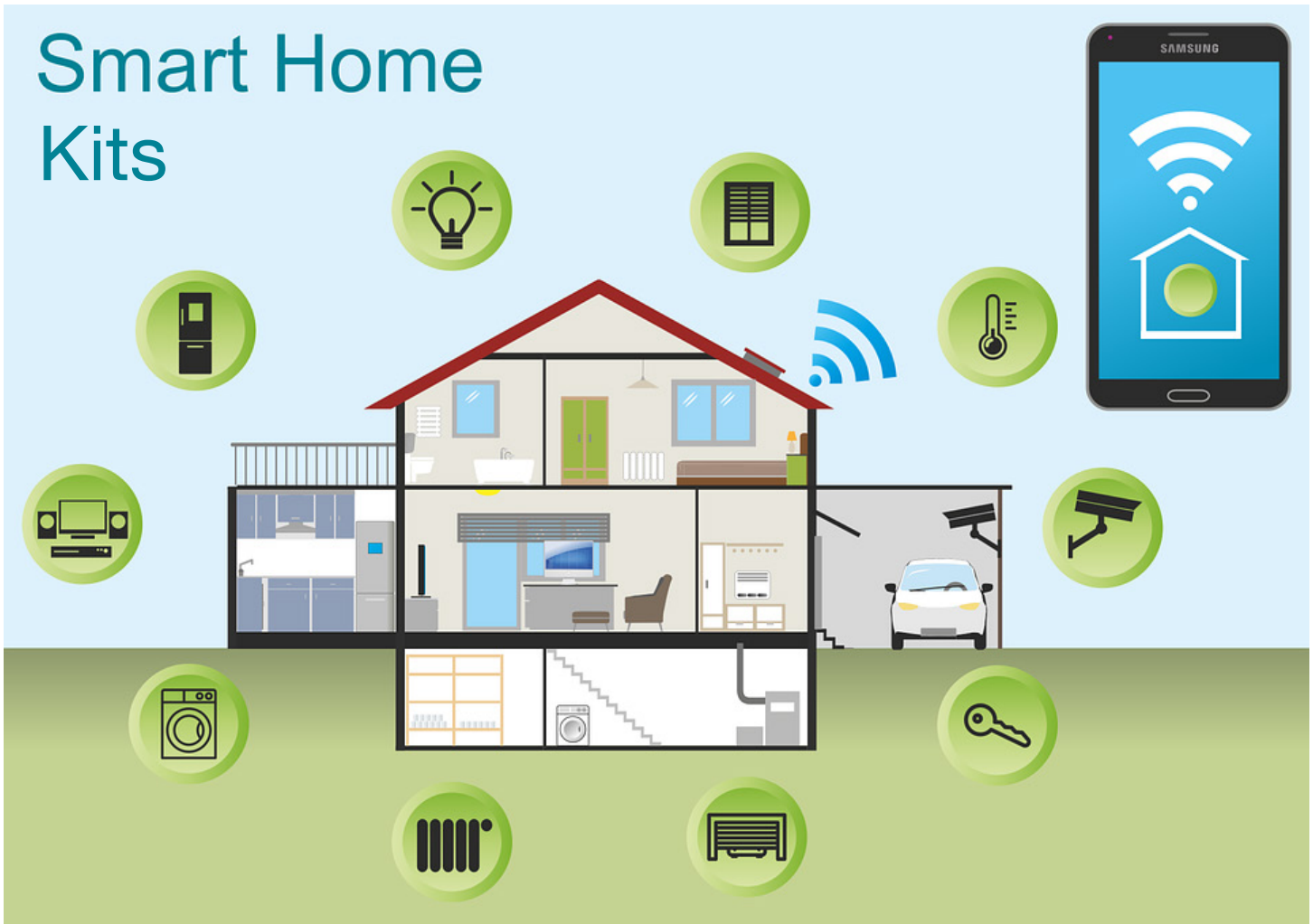
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TRAVELERS & AMAZON TEAM UP

Smart Home Kits



Weekly Industry News received news about this program from PIA National. The association is reviewing the positives and negatives and will keep us — and you — informed.

Travelers' has teamed up with Amazon to provide homeowners with smart home hits. The kits are designed to provide home maintenance tips, help with billing, and to do other important things that benefit the client and the company.

Participants will be offered homeowners insurance discounts.

Travelers said the kits will use Alexa to provide the homeowner's tips. An Amazon Alexa Echo Dot comes along with the purchase of the smart home kit. Discounts will also be given for the installation through Amazon Smart Home Services.

Here's what the kits include:

- Security cameras
- Water sensors
- Motion detectors with multi-sensor capabilities
- A smart home hub that wirelessly

connects a wide range of smart devices and enables them to work together

And — as noted earlier — an Echo Dot that features some new Alexa skills comes along with the package and it has:

- A skill to help the policyholder with questions regarding billing and payments
- A skill that lets the consumer access property maintenance and home safety tips

Other skills will be added as the program develops.

At the present time the new Travelers program is only available in a few states but the company has plans to increase the number of states in the near future. The only PIA Western Alliance state where the smart home kit program is available is California. The others — for now — are Colorado, Missouri and Wisconsin.

Travelers executives are very happy with the new program. Company Chairman and CEO Alan Schnitzer said, “This is an exciting example of Travelers executing on our innovation agenda to be the undeniable choice for the customer and an indispensable partner for our agents and brokers. It advances our priorities of extending our lead in risk expertise and providing great experiences for our customers, agents and brokers.”

Michael Klein is the Executive Vice President and President of Personal Insurance at Travelers. He echoed Schnitzer’s comments about the program and added, “Smart home technology is making it easier for all of us to monitor our homes and help protect us from some of the most common causes of damage. Our Amazon digital storefront conveniently brings together smart home devices, installation services, discounts and insurance knowledge in one central location to help our

customers and agents manage risk and take a more proactive approach to home safety.”

Klein said consumers interested in the program will be directed from the Travelers storefront on Amazon to the Travelers website, or to an independent insurance agent. Plus, he said Travelers network of independent agents can also use the program to market to current and prospective customers.

“We continually look for innovative ways to help our agents grow their business, and we’re thrilled that this collaboration with Amazon will give them another way to differentiate themselves and Travelers in the marketplace,” Klein added.

Meanwhile, if you’re interested in learning more, you can access the Travelers program by clicking [here](#).



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CVS CAN BUY AETNA

JUSTICE DEPARTMENT DECIDES

The U.S. Justice Department has approved CVS's purchase of Aetna. The price is \$68 billion. Originally the department said no to the sale on antitrust terms. To make the sale work, Aetna sold its Medicare drug plan arm. Justice Department antitrust department head Makan Delrahim said that took care of the department's concerns.

"The divestitures required here allow for the creation of an integrated pharmacy and health benefits company that has the potential to generate benefits by improving the quality and lowering the costs of the healthcare services that American consumers can obtain," he said.

If the sale happened as planned the two companies would have owned more than 30% of the marketshare of standalone Medicare drug plans. The Justice Department worried that the 6.8 million members would give CVS too much control.

The sale fixes things.

The purpose of the merger — the two companies say — is to save on patient care

costs and on administrative costs. Aetna's customers would be encouraged to use the CVS store walk-in clinics. The costs — to the patient — would be far less than visits to other doctors.


CVS hopes costs can be cut by \$750 million a year by the end of the second year of the merger.

It is the second large deal the department has approved. On September 17th Cigna's \$52 billion purchase of Express Scripts Holding Co. was approved.

A lot of critics are upset about the Justice Department deal. However — and to be fair — the department has recently stopped a couple of important deals for antitrust reasons. They are Aetna's \$37 billion shot at buying Humana and the Anthem-Cigna deal.

CVS Chief Executive Larry Merlo said the deal could close early in the fourth quarter.

Sources: *Insurance Journal*,
Insurance Business America



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Mergers & Acquisitions

The Boom Continues



A couple of different reports say 2018 is one of the most active merger and acquisition years in history. The first is from S&P Global Market Intelligence. The first nine-months of 2018 saw \$39.1 billion in what it terms “aggregate transaction value.”

That figure is the largest since 2015 and it makes 2018 the busiest year since 1998. The S&P report predicts the merger and acquisition boom will continue into next year. It also predicts the deal value for the whole year will be 150% more than 2017.

S&P Global Market Intelligence senior insurance analyst Tim Zawacki said, “We are in a period where insurance carriers are reevaluating what is core to their franchise and pushing for greater efficiency in both expenses and capital utilization, which in turn is driving deal volume close to record highs. With a continued push for consolidation even after one of the most active years for P&C and life insurance M&A, a variety of factors will continue to drive transaction deal value beyond 2018.”

The S&P report believes federal tax reform and interest from international “acquirers” is the reason for the jump this year. Those reasons and the auto insurance industry could play a role in next year’s increases.

“Uncertainty about the future of the auto insurance business may be a driver of consolidation in the near term. We project that the private and commercial auto business will account for 43.3% of the US P&C industry’s total premium writings in 2018,” Zawacki said.

A second report from OPTIS Partners’ M&A database echoes the S&P Global Market Intelligence report. It has a count and says there were 463 insurance agency mergers and acquisitions during the first three quarters of this year. It is the second-highest nine-month total in history.

The only year it is behind is last year when there were 466 mergers at this point in time.

The OPTIS Partners report says there are four different types of deals:

- Private equity-backed/hybrid brokers
- Privately held brokers
- Publicly held brokers
- All others

Daniel Metzger of OPTIS said, “The impressive level of M&A activity seen during the quarter and throughout 2018 is a continuation of what we’ve seen over the last several years. Buyers, in particular, the private equity/privately funded

group, continue to aggressively pursue agency owners and are driving valuation multiples to unprecedented levels across the board.”

Leaders for the first nine-months of 2018:

- Acrisure had the most at 70 transactions
- Hub International Limited did 47
- AssuredPartners had 30
- Arthur J. Gallagher and Broadstreet Partners had 23 each

More than 65% of the transactions were private equity transactions. They total 311. Privately owned agency transactions are down from 2017 to 89 versus 111.

- Most of the sales are property and casualty agencies at 250
- Employee benefits are second with 114
- P&C benefit brokers had 56 deals
- Other transactions totaled 43

Sources: *Insurance Business America, Insurance Journal*

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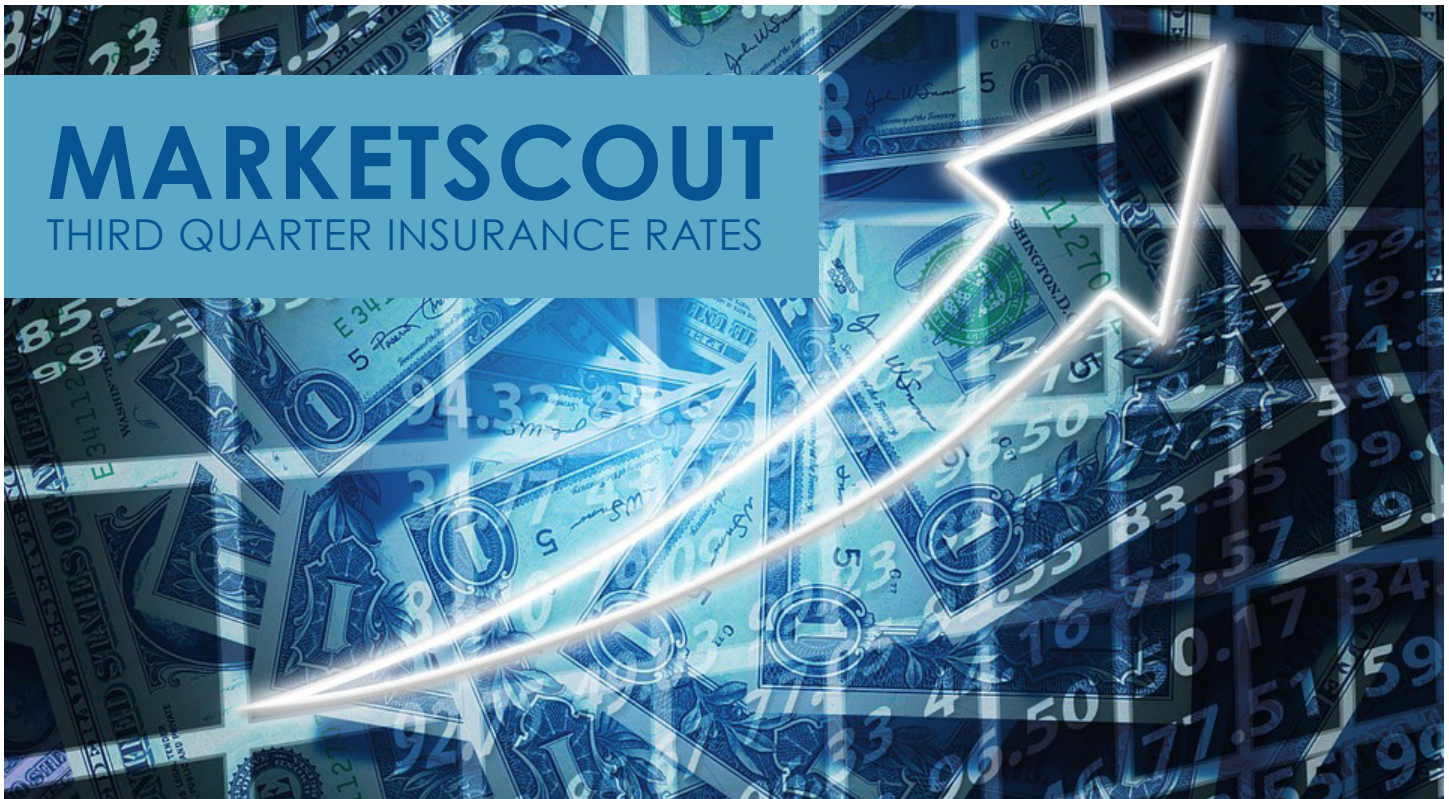
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MarketScout said the third quarter of 2018 looked good. Rates rose 2.5% on average.

- Commercial lines did best with a jump of 6%
- Commercial property is up 3%
- General liability rose 3%
- Employment practices liability increased 3%

Smaller increases were had by other lines.

- Workers compensation saw a decline of 3%
- Surety stayed flat

MarketScout CEO Richard Kerr said, “Rates continue to move slowly upward as insurers take a measured approach to price increases. However, transportation and commercial auto rates continue to be assessed with more aggressive rate increases. Clearly, insurers feel these exposures are tough and merit aggressive rate increases,” Kerr noted and then added,

“Moreover, the market is accepting the increases because of the small number of insurers willing to write commercial auto and trucking risks.”

In the industry class one major change from the second to third quarter is with contractors. Rates rose in that line by 4%. The rise was 3% in the second quarter. The other class impacted is habitational. They went from a 4% increase in the second quarter to 3% in the third.

- Small and medium accounts — up to \$25,000 — saw a 3% hike on average
- Medium accounts — \$25,001-\$250,000 — saw the same percentage
- Large accounts — \$250,001-\$1 million — jumped 2%
- Jumbo accounts — \$1 million and over — also saw a 2% rise

Source: Business Insurance

SPECIAL REPORT

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THE 1ST HALF OF 2018

A Record Number of Breaches

Gemalto is a digital security company. It often issues a report titled *Breach Level Index* that tracks the number of records compromised in a year. This year's number compromised records — at least in the first half — is stunning.

Hope you're sitting down. Gemalto said for the first half of 2018, a whopping 4,553,172,708 records were compromised. That is a jump of 133% over the first half of 2017.

The main reason for loss is accidental due to a firm not taking the proper steps to secure their cloud-based assets.

Here are the statistics:

- There were 945 security incidents
- That is 18.7% less than the 1,162 experienced the first half of 2017
- 559 of the breaches were in North America
- 308 were in Australia
- The United Kingdom was third with 22

Of the 945 total incidents:

- 256 are in healthcare
- 134 happened in financial services
- 86 came about in education
- 68 incidents are in professional services
- 61 came in government

The rest were in retail, technology, industrial and hospitality.

Gemalto said malicious outsiders ended up being the biggest threat of the first half of the year. **Here are the statistics:**

- The records exposed by external attackers rose by 1,294%
- That figure is correct — 1,294%
- Some 3.6 million records were breached

As for those lost by accident:

- Accidental loss fell 47% to just below 880 million

What and who did the hacking?

Hactivism — acts done for political reasons or to promote a political purpose:

- The number is 23
- That's a 1,050% increase over the first half of 2017
- The number of records compromised by hactivism rose from 70,000 to 13 million

Records grabbed by malicious insiders:

- The number of records taken fell 60%
- There were just over 12 million
- The number of incidents done by malicious insiders is down 45% to 61 incidents

The most common type of theft is identity:

- It accounted for 87.2% of the total number of breached records
- Financial and account access grew to 359

million and 220 million respectively

Here's a breakdown of the 4,553,172,708 compromised records:

- Social Media — 2,555,000,000 — 56%
- Government — 1,212,197,272 — 27%
- Other Industries — 8%
- Retail — 4%
- Technology — 4%
- Industrial — 1%
- Education — 1%
- Healthcare — 1%

- Hospitality — 1%
- Financial — 1%
- Entertainment — 1%
- Professional — 1%
- Insurance — 24,294 — 1%
- Non profit — 1%

As for who got hacked the most? Twitter and Facebook took top honors. Government was second. Facebook lost 4.6 billion records and hackers picked up bits and pieces of profile information from more than 2 billion users.

Source: ZDNet

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AN INSURANCE AGENT NIGHTMARE

Google Gives Insurance Another Shot

In 2016 Google tried insurance. Failed. Bagged the idea of providing auto insurance to the general public. But did Google fully dump the idea of being involved in insurance?

MAYBE NOT.

Capital G is the investor. It's Google's equity investment fund firm. Capital G has picked up a minority interest Applied Systems. Many independent insurance agents use the technology and cloud-based software provided by the company.

Agents may — says Applied Systems CEO Reid French — see this Google's second foray into insurance as a threat. He assures us that it is not.

"There are many agents that have wanted to have greater access to high technology. The vast majority will view this, with the facts, as super-duper positive for Applied and for the industry," he said.

No financial terms were disclosed but French said it is a significant investment. "It's not small. They made a legitimate commitment...it's real money," French added.

Google says it is going to give as much as it gets. Applied Systems will have access to artificial intelligence, machine learning and digital marketing. Those are huge for any business.

Another worry of insurance — and consumers — is that Google will use this as a way to gather consumer data for its own use. French said this is not true at all.

"If you were going to be misinformed, you might say Google entered this partnership to get access to all the insurance data that exists in Applied's cloud or customer applications. The short answer is none of them have any rights to our customer data," French said.

One thing it will do — he said — is learn the business of insurance. "Our industry deserves the ability to use that kind of technology, and I think it sets us up really, really well for the next digital age of insurance," French said.

By the way, if you're curious. Applied Systems picked up \$388 million in revenue through the third quarter of this year.

Capital G is also upping its investments in other companies like Lyft, Airbnb, SurveyMonkey and Zscaler. It's CEO Gene Frantz said the company wants bring "some of the world's leading experts at Google and Alphabet [together] to

drive innovation within the global insurance ecosystem.”

By the way, we know that Amazon — like Google — has been poking at the idea of getting involved in insurance. Rumors now are spinning wildly that Uber is also going to get into insurance and set up an insurance company for its drivers.

Uber’s Curtis Scott said no, no, no. The company will be an “intelligent purchaser” of insurance and work with insurance carriers, agents and brokers to place insurance for its drivers and that’s as far as it will go.

“No, to be honest, we’re trying to get out of the insurance business. Insurance companies are good at being insurance companies and that’s hard to do,” he said.

The company has — however — partnered with Allstate, Farmers, James River Insurance and Progressive to help its drivers purchase commercial insurance. Other companies — not working directly with Uber but that provide coverage for ridesharing drivers — include Geico, Slice, State Farm, American Family, Liberty Mutual, Mapfre, Mercury, Erie, Travelers and MetLife.

Source: Carrier Management, Insurance Journal

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NOT DOING CYBER ATTACKS COULD VIOLATE FEDERAL LAW



The U.S. Securities and Exchange Commission (SEC) has spoken. It says companies that fail to do proper cyber security for its data could be breaking federal law. The idea of law breaking came about in a report that investigated nine unidentified companies who've suffered cyber attacks. It wonders if they had the proper internal accounting protection controls in place.

Those systems are required by law.

The investigation focused on business email compromises. This is a way cyber criminals get access to bank accounts and other information. They pose as company executives and other employees to get information sent to them. Scams like this — says the FBI — have netted these businesses \$5 billion in losses since 2013.

Stephanie Avakian is the co-director of the SEC Enforcement Division. She said these scams aren't that sophisticated. They rely upon human inattention to succeed.

"We did not charge the nine companies we investigated, but our report emphasizes that all public companies have obligations

to maintain sufficient internal accounting controls and should consider cyber threats when fulfilling those obligations," she said.

The warning from the investigation is clear. Regulators, Congress and consumer groups are watching, and are growing more and more focused on requiring companies to do all they can to keep data secure.

By the way, those regulating regulators ought to also pay attention. On October 4th the Pentagon said the system it uses to maintain travel records was hacked. The Department of Defense said 30,000 records were accessed.

As an FYI, the department says it does not administrate those records. That has been outsourced to a third party contractor. It also says the 30,000 records isn't all that many when you consider the Department of Defense is the nation's largest employer.

It has 1.3 million enlisted men and 742,000 civilians work for the department.

Sources: Reuters, Insurance Journal, Forbes

WORKERS' COMPENSATION RATES STILL HIGH BUT FALLING



The Oregon Department of Consumer and Business Services does a national workers' compensation rate survey every couple of years. Though it covers all states, the report is titled the ***Oregon Workers' Compensation Premium Rate Ranking Summary***.

The report finds New York and the PIA Western Alliance state of California with the highest work comp rates in the nation. That's bad news for the Golden State. However, high as they are, rates did fall in California as they did — on average — for the rest of the nation. And they fell considerably.

Premium rates from the 51 jurisdictions surveyed had a median cost of \$1.70 per \$100. That's a huge drop — 7.6% — from 2016's \$1.84. It is the most the average rate has fallen since 2012.

Jay Dotter and Chris Day authored the survey for Oregon's insurance department. Dotter said, "We've noticed that generally everyone's still moving down. It's the most we've seen for a while. For (National Council on Compensation Insurance) states, loss costs have been dropping," Dotter noted. "We've been seeing that the losses due to medical and indemnity have been going down."

Day said the full report won't be out for another couple of months so the figures could change.

THE WORST RATES:

RANK	STATE	RATE
1	New York	\$3.08 or 181% of the median
2	California	\$2.87 or 169% of the median
3	New Jersey	\$2.84
4	Alaska (PIA Western Alliance State)	\$2.51
5	Delaware	\$2.50

THE LOWEST RATES:

RANK	STATE	RATE
1	North Dakota	82 cents
2	Indiana	87 cents
3	Arkansas	90 cents
4	West Virginia	91 cents
46	Oregon (PIA Western Alliance State)	\$1.15

PIA NEBRASKA & IOWA RANKINGS & RATES:

RANK	STATE	RATE
26	Nebraska 2018	\$1.70
32	Nebraska 2016	
30	Iowa 2018	\$1.64
24	Iowa 2016	



MICHAEL LOSSES & FEMA BOSS SETS OFF A HURRICANE OF HIS OWN

The estimates are still coming in about the damages from Hurricane Michael and its assault on Florida and the rest of the East coast a couple of weeks ago. Dr. Robert Hartwig who teaches risk management at the University of South Carolina — and who used to head the Insurance Information Institute (I.I.I.) — said insurance losses will hit \$11 billion.

“If there is a silver lining here, it’s the fact that where Michael came ashore and where it went inland, these areas are not particularly densely populated relative to most of the coast of Florida. If it had hit Miami or Tampa, we’d be talking something quite different here,” he said.

Another plus, Hartwig said insurance companies have \$761 billion available to pay claims. “So, they entered the 2018 hurricane season with financial strength that was unparalleled in history,” he added.

AIR Worldwide says losses will be \$6 billion at the low end and \$10 billion at the top.

Much of the damage and losses — said Federal Emergency Management Agency (FEMA) Administrator Brock Long — could have been avoided. He said that as he lashed out angrily at the people of Florida.

Long said the people of Florida need to pay

attention to evacuation warnings and those running the state need to be better prepared for disasters like Hurricane Michael. "It's frustrating to us because we repeat this same cycle over and over again," Long said. "If you want to live in these areas, you've got to do it in a more resilient fashion."

He also railed against citizens in other vulnerable areas and noted they fail to pay attention to warnings just like those in Florida. Long also noted that a lot of people in this country fail to carry the proper insurance.

"Insurance is the first line of defense. We see far too often where people pay off their mortgage and then let their insurance lapse, and then their house burns down," he said.

As for officials? Long didn't spare them either. He suggests they don't do enough to protect the citizens they're elected to protect. "Until we get building codes passed at local and

state levels that are meaningful, then we're going to continue to see a lot of damage and destruction," Long added.


He was also critical of his boss — President Trump — and Congress. Trump was jumped for revoking federal-level construction rules and Congress received a tongue-lashing for failure to overhaul a very out-of-date National Flood Insurance Program (NFIP).

He did — however — say Congress did a good thing by passing legislation that gives FEMA more dollars to help communities avoid disasters.

"We're just one part of the formula that's needed in this whole community to stop this madness," Long said. "You see this enough in your career, you get ticked off."

Sources: *Insurance Business America, Insurance Journal*

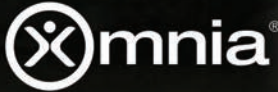
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Upcoming Events Calendar 2018

For information and to register
[Click Here](#) or call (402) 392-1611.

Date	Class/Webinar	Where	When
November 1, 2018	Finding and Fixing Personal Lines Coverage Gaps	NE/IA	Webinar: 12:00PM - 3:00PM
November 6, 2018	CISR: Commercial Casualty 1	Hiawatha	Kirkwood Linn Regional Center
November 6, 2018	Excess and Umbrella Fundamentals Plus	NE/IA	Webinar: 8:00AM - 11:00AM
November 13, 2018	CPIA 3: Sustain Success	West Des Moines	LaMair - Mulock - Condon Insurance (LMC)
November 13, 2018	Cyber Insurance: When Convenience Turns Catastrophic	NE/IA	Webinar: 12:00PM - 3:00PM
November 14, 2018	Certificates of Insurance and Additional Insureds: Making Sense of It	NE/IA	Webinar: 8:00AM - 11:00AM
November 14, 2018	CISR: Dynamics of Service	Des Moines	Hilton Garden Inn Des Moines/Urbandale
November 15, 2018	Additional Insureds: The Quandry	NE/IA	Webinar: 8:00AM - 11:00AM
November 15, 2018	Contractors, Contractors, Contractors	NE/IA	Webinar: 12:00PM - 3:00PM
November 16, 2018	CPIA 3: Sustain Success	Omaha	Paul Davis Restoration
November 14 - 16, 2018	CIC: Personal Lines Institute	West Des Moines	Holiday Inn Hotel & Suites
November 27, 2018	FMO: Webinar - On Ethics: Data, Dilemmas and Knuckleheads	NE/IA	Webinar: 1:00PM - 4:00PM
November 29, 2018	On Ethics: Data, Dilemmas and Knuckleheads	NE/IA	Webinar: 1:00PM - 4:00PM
December 5, 2018	Home Business vs. Home Insurance	NE/IA	Webinar: 12:00PM - 3:00PM
December 11, 2018	A Walk Around the Farm: Farm Liability Considerations	NE/IA	Webinar: 12:00PM - 3:00PM
December 12, 2018	2018 PIA Annual Holiday Party	Lincoln	Nebraska Club

December 12, 2018	Catastrophe: The Coverage Expertise You'll Need When It Matters Most	NE/IA	Webinar: 12:00PM - 3:00PM
December 13, 2018	Street Level Ethics	NE/IA	Webinar: 1:00PM - 4:00PM
December 18, 2018	Tricks to Fix: Closing Coverage Gaps in Home, Work and Auto	NE/IA	Webinar: 1:00PM - 4:00PM
January 10, 2019	On Ethics: Data, Dilemmas and Knuckleheads	NE/IA	Webinar: 12:00PM - 3:00PM
January 15, 2019	Certificates of Insurance and Additional Insureds: Making Sense of It	NE/IA	Webinar: 8:00AM - 11:00AM
January 15, 2019	Home Business vs. Home Insurance	NE/IA	Webinar: 12:00PM - 3:00PM
January 17, 2019	Insuring the Building Project - Builders & Risk Installation Coverage	NE/IA	Webinar: 8:00AM - 11:00AM
January 17, 2019	New Technologies, New Risks - Drones, Home and Ride-Sharing	NE/IA	Webinar: 1 2:00PM - 3:00PM
February 6, 2019	CISR: Insuring Personal Auto Exposures	Waukee	Holmes Murphy and Associates, LLC
February 12 - 13, 2019	Ruble: Graduate Seminar (IA)	West Des Moines	Holiday Inn Hotel & Suites
February 13, 2019	Contractors, Contractors, Contractors	NE/IA	Webinar: 12:00PM - 3:00PM
February 14, 2019	Catastrophe: The Coverage Expertise You'll Need When It Matters Most	NE/IA	Webinar: 8:00AM - 11:00AM
February 19, 2019	A Walk Around the Farm - Farm Property Considerations (NE)	NE	Webinar: 8:00AM - 11:00AM
February 20, 2019	CISR: Insuring Personal Residential Property	Davenport	Saint Ambrose University
February 20, 2019	Commercial Property Claims that Cause Problems (NE)	NE	Webinar: 12:00PM - 3:00PM
February 20, 2019	E&O: Reasons and Solutions	NE/IA	Webinar: 8:00AM - 11:00AM
February 26, 2019	On Ethics: Data, Dilemmas and Knuckleheads	NE/IA	Webinar: 1:00PM - 4:00PM
February 28, 2019	Cyber Insurance: When Convenience Turns Catastrophic	NE/IA	Webinar: 8:00AM - 11:00AM
March 6, 2019	CISR: Insuring Personal Auto Exposures	Hiawatha	Kirkwood Linn Regional Center
March 13, 2019	On Ethics: Data, Dilemmas and Knuckleheads	NE/IA	Webinar: 12:00PM - 3:00PM
March 13 - 15, 2019	CIC: Commercial Property Institute	Omaha	Omaha Marriott Hotel
March 19, 2019	CISR: Commercial Casualty 1	Des Moines	Hilton Garden Inn Des Moines/Urbandale
March 20, 2019	Certificates of Insurance and Additional Insureds: Making Sense of It	NE/IA	Webinar: 8:00AM - 11:00AM
March 27, 2019	A Walk Around the Farm: Farm Liability Considerations	NE/IA	Webinar: 12:00PM - 3:00PM

March 27, 2019	Excess and Umbrella Fundamentals Plus	Iowa	Webinar: 8:00AM - 11:00AM
April 4, 2019	CISR: Commercial Casualty 1	Davenport	Saint Ambrose University
April 17, 2019	CISR: Commercial Casualty 2	Hiawatha	Kirkwood Linn Regional Center
April 23, 2019	CISR: William T. Hold: Advanced Learning Seminar	Waukee	Holmes Murphy and Associates, LLC
April 24 - 26, 2019	CIC: Commercial Casualty Institute	West Des Moines	Holiday Inn Hotel & Suites
May 8, 2019	CISR: Insuring Commercial Property	Des Moines	Hilton Garden Inn Des Moines/Urbandale
May 15 - 17, 2019	CIC: Personal Lines Institute	Lincoln	Marriott Courtyard
May 22, 2019	CISR: Elements of Risk Management	Hiawatha	Kirkwood Linn Regional Center
June 5, 2019	CISR: Insuring Personal Auto Exposures	Davenport	Saint Ambrose University
June 12 - 14, 2019	CIC: Commercial Property Institute	Cedar Rapids	Cedar Rapids Marriott
June 19, 2019	CISR: Dynamics of Service	Waukee	Holmes Murphy and Associates, LLC
July 11, 2019	CISR: Personal Lines Miscellaneous	Hiawatha	Kirkwood Linn Regional Center
July 17 - 19, 2019	CIC: Commercial Multiline Institute	Omaha	Omaha Marriott Hotel
July 25, 2019	CISR: Commercial Casualty 2	Des Moines	Hilton Garden Inn Des Moines/Urbandale
August 7, 2019	CISR: Elements of Risk Management	Davenport	Saint Ambrose University
August 14, 2019	CISR: Insuring Personal Residential Property	Waukee	Holmes Murphy and Associates, LLC
August 21 - 23, 2019	CIC: Insurance Company Operations Institute	West Des Moines	Holiday Inn Hotel & Suites
September 11, 2019	CISR: Insuring Commercial Property	Hiawatha	Kirkwood Linn Regional Center
September 25, 2019	CISR: Personal Lines Miscellaneous	Des Moines	Hilton Garden Inn Des Moines/Urbandale
September 25 - 27, 2019	CIC: Commercial Casualty Institute	Omaha	Omaha Marriott Hotel
October 9, 2019	CISR: Agency Operations	Waukee	Holmes Murphy and Associates, LLC
October 16 - 18, 2019	CIC: Commercial Multiline Institute	West Des Moines	Holiday Inn Hotel & Suites
October 23, 2019	CISR: Commercial Casualty 2	Davenport	Saint Ambrose University
November 6, 2019	CISR: Commercial Casualty 1	Hiawatha	Kirkwood Linn Regional Center
November 12 - 13, 2019	Ruble: Graduate Seminar (NE)	Omaha	Omaha Marriott Hotel
November 20, 2019	CISR: Elements of Risk Management	Des Moines	Hilton Garden Inn Des Moines/Urbandale

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SPECIAL REPORT



The #MeToo Movement & the Workplace

You have to have lived in a cave to not be cognizant of the #MeToo movement. Stories about celebrities, politicians and high-flying business people caught in this sexual escapade or that are heard almost daily.

This leads to an important question. How are we really doing a year or so after the Harvey Weinstein scandal hit? And — as a company — is your D&O up-to-date and enough to cover the management staff and, if you have one, the board of directors.

First a look at how we're doing. A survey of 1,000 working adults by the PR firm the Brunswick Group says 70% of employers think they're doing okay when it comes to sexual harassment in the workplace. That 70% said they "strongly agree" that their workplace doesn't "tolerate harassment."

Less than half of those surveyed who aren't in leadership positions agree with the statement that the workplace doesn't tolerate sexual harassment. And 25% of those in leadership, and non-leadership roles say they've seen or heard of an incident in the last year.

Brunswick Group's Shahed Larson said, "There is a disconnect."

The job review site FairyGodBoss found most organizations have escaped scandal. And many those running those organizations think they're in the clear. The review site said they may be "in the clear" but the #MeToo movement hasn't changed the workplace much because 60% of business haven't updated or added new sexual harassment policies.

Larson agrees and said, "If you have not undergone a crisis, no level of noise will make you feel differently about your organization. You may think you're immune."

Participants in the Brunswick Group survey:

- Over half think sexual harassment and assault is going on regularly in corporate America
- A third think this is happening all the time

The Equal Employment Opportunity Commission says there has been a 12% increase in harassment filings from last year. Yet, the Society for Human Resource Management found 75% of executives are very satisfied or satisfied with the efforts their firms do to keep the workplace free of sexual harassment.

Larson said this is a disconnect and the problem is deeper than most think:

- Sexual harassment often goes unreported
- FairyGodBoss said 63% of women don't report harassment to a manager, to human resources or law enforcement

The job review site says these are the reasons:

- Fear of retaliation
- Not being believed
- Not trusting HR
- Over 60% — says Larson — believe HR represents the company and not the employee

Georgene Huang is the founder and CEO of FairyGodBoss. She said, "Victims feel hard-pressed to come forward. It's still incredibly difficult."

She said another issue is employees not being aware of company policies and procedures. A third of her company's survey said they weren't sure if their employer had updated policies and procedures in the wake of #MeToo.

Larson and the Brunswick Group say companies can do some simple things to communicate their policies and improve the work environment but they don't. Of the employees surveyed, 90% want to hear from CEOs about workplace respect.

Yet less than a third have actually heard a CEO speak on the topic. “Safety and respect in the workplace has not always been a pillar of executive narrative. It has to be championed by the CEO. If he’s not making it a priority the rest of management won’t care either,” Larson said.

Even if an employer covers all the bases, it may not be enough. Stephanie Resnick is a partner at Fox Rothschild. She said people in positions of power — no matter how careful, or how honest — need to be prepared for an attack on them. Those attacks often come via lawsuits.

“There’s now a swell of enthusiasm for the notion that women and men will not tolerate sexual harassment in the workplace,” she said.

The Hiscox Workplace Harassment Study this year says over a third of U.S. workers feel they have been harassed in the workplace. Sexual harassment topped the list of employee misconduct.

- 41% of females said they felt harassed at work
- 75% of those accused of doing the harassing are male

Hiscox USA spokesman Patrick Mitchell said, “What we’re seeing is that harassment can happen in any type of company, any size, any industry, and I think the survey showed that people are more aware of the types of situations that can arise, especially because of the social movements like Me Too or Times Up.”

Resnick said the company is expected to protect the employee. It is an obligation that is now being heavily scrutinized. These days a lot of boards of directors and others in management are being sued.

“Boards of directors have a duty to investigate these allegations. If they sweep these allegations under the rug, there’s going to be a liability issue,” she said. “At Fox Rothschild, we’re counseling boards to carry out thorough investigations and be very mindful of any workplace allegations. We also advise companies to have a go-to contact person in place, who can handle allegations and get investigations underway.”

And those companies — all companies — need to make sure their D&O insurance is up-to-date or purchased if the company doesn’t have the insurance.

“I would advise insurance brokers to get their clients the broadest possible insurance coverage that would cover both employment liability and D&O claims, in order to cover the board against a failure to act with respect to allegations that have been levied, assuming they’re true,” Resnick noted.

Sources: Insurance Journal, Insurance Business America

The background of the entire advertisement is a photograph of two people walking away from the camera through a field at sunset. The person on the left is wearing a dark jacket and jeans, while the person on the right is wearing a plaid shirt and jeans and is carrying a laptop. The sky is a mix of orange, yellow, and blue, and the field is filled with tall grass or crops.

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