Health & Retirement Services of Illinois
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OUR NEWS LETTER HRSI

Important update on COVID-19 vaccines

In Our Newsletter

You've likely heard the good news that COVID-19 vaccines manufactured by Pfizer and Moderna have been approved by the FDA. There will initially be a limited supply of the vaccine. **Initial doses of the vaccine will be made available to priority groups, such as:**

1. Health care personnel
2. Residents of long-term care facilities, like nursing homes

Pharmaceutical manufacturers are now working to distribute the vaccine to federally- and state-approved locations to start the vaccination of priority groups. State governments will handle the distribution of COVID-19 vaccines. **Look for updates from your state or governor** as more doses of the vaccine become available for additional priority groups.

While you're waiting for a COVID-19 vaccine, continue to follow **CDC's tips on protecting yourself and others** — including social distancing, frequent hand-washing, wearing a mask, and limiting gatherings.

Remember: Medicare covers the COVID-19 vaccine, so there will be no cost to you when it becomes available.

Top 10 US auto insurance companies based on customer experience

A decline in auto insurance claims during the pandemic has allowed carriers to refine their customer experience strategies, resulting in record-high customer satisfaction, the latest survey from J.D. Power has revealed.

The 2020 US Auto Claim Satisfaction Study found that repairable claims dropped by 22% since the outbreak began, allowing insurers to focus on improving the quality of their customer services, which has translated to shorter cycle times, better service delivery and, ultimately, a sky-high ascent in client satisfaction.

The result is a record-high jump in the average customer satisfaction rating to 872, rising four points from 2019 and marking the third consecutive year of improvement.

The data analytics firm surveyed more than 11,000 auto insurance customers who settled a claim in the previous six months to determine how insurance carriers fared in overall customer satisfaction based on six indicators: claim servicing, estimation process, repair process, rental experience, first notice of loss, and settlement. The scores were then tallied and the insurance companies were ranked based on a 1,000-point scale.

Here are the top 10 auto insurance carriers in the US based on overall client satisfaction.

1. NJM Insurance
Overall customer satisfaction index rating: 909

NJM Insurance provides all the standard auto insurance coverages, including liability, and state-required comprehensive and collision coverages. It also offers policies that cover new car replacement, transportation expense reimbursement and pet injury. The insurer gives clients a bevy of discounts, including those for multiple policies, multiple vehicles, full premium payment, vehicle safety features, and student and driver training.

2. Amica Mutual
Overall customer satisfaction index rating: 907

Amica Mutual offers the standard menu of auto insurance coverage but with some attractive perks, including zero depreciation, free lock replacement and airbag repair, reimbursement for loss earnings, and bail bonds. Policyholders can also earn points for good driving, reduce or eliminate deductibles, add identity theft protection and rental coverage if the owner's vehicle is unusable because of an accident.

3. Auto-Owners Insurance
Overall customer satisfaction index rating: 890

Auto-Owners provides the usual coverages, along with several add-ons. The additional policies that customers can take out include gap insurance, diminished value coverage, and additional expenses insurance - the latter pays for food, lodging, and other expenses incurred while the insured is stranded. The insurer also offers a number of discounts, including those for multi-policy, multicar, and online and on-time payments.

4. The Hartford
Overall customer satisfaction index rating: 888

Auto insurance policies from The Hartford typically include new car replacement, 12-month insurance rate protection, and lifetime car repair insurance. Customers can also choose from several add-ons, including first-accident forgiveness, and reduction and/or waiver of collision deductibles. There are discounts for bundling policies, vehicles with alternate fuel types, completing driving courses, and installing anti-theft devices.

5. Metlife
Overall customer satisfaction index rating: 886

MetLife offers standard car insurance coverage, but customers can add policies for new vehicle and major parts replacement. Policyholders can also pick up discounts for good driving, completing approved defensive driving courses, and having multiple policies.

6. State Farm
Overall customer satisfaction index rating: 881

Apart from the usual coverages, State Farm's auto insurance covers car rental while a policyholder's vehicle is being repaired, and expenses for meals, lodging, and the transportation of stranded clients. The insurer also offers a usage-based program that calculates discounts based on mileage and safe-driving measurements such as smooth acceleration and braking. State Farm also provides accident-free, good driving, multipolicy, multicar, and vehicle safety discounts.

7. Erie Insurance
Overall customer satisfaction index rating: 880

Erie Insurance operates in 12 states and Washington DC and its policies can vary depending on the location. It offers a standard menu of insurance coverage, along with several add-ons, including accident forgiveness, car rental, travel expense and pet injury coverage, and new car replacement. Comprehensive auto insurance holders can also enjoy free glass and lock repair, coverage for loss of personal items, reduction of deductibles, and death benefits.

8. Allstate

Overall customer satisfaction index rating: 876

Allstate offers standard auto coverage choices with some optional add-ons, including accident forgiveness, a safety driving bonus, deductible rewards, new car replacement, and roadside assistance. Allstate provides up to a 10% discount for users of its Drivewise app. Customers can also pick up new car, policy bundling, anti-theft device, paperless payment, safe driving, and early signing discounts.

9. Nationwide

Overall customer satisfaction index rating: 876

Nationwide offers all standard coverages, but customers can selects additional features, including gap insurance, disappearing deductibles, accident forgiveness, and an annual insurance assessment. Policyholders can also use the insurer's SmartRide app, which tracks driving behavior, to get up to a 40% discount for driving safely. Nationwide offers multipolicy, anti-theft, good student, automatic payment, and accident-free discounts as well.

10. Farmers

Overall customer satisfaction index rating: 872

Farmers offers standard coverage choices for auto insurance, with several optional choices, including new car replacement, accident forgiveness, loss of use, and customized equipment coverage. It also offers discounts for multipolicy holders, multiple vehicle owners, homeowners, good students, teen drivers, and customers who use electronic payments and install safety features in their cars.

Getting employees back to the office safely

by Gabriel Olano

The coronavirus pandemic has forced most office workers to work from home, with many companies now looking to have part of their workforces stationed remotely for the long term. However, a plan to transition back into the office is still needed for various reasons, such as some jobs being better accomplished in an office setting, or some employees being unable to work from home for extended periods of time.

With the pandemic still ongoing (and in some places, getting worse), reintroducing the workforce to the office comes with risks that businesses must navigate carefully.

According to Camden Hillas (pictured), associate general counsel at Nintex, there are two major areas of risk with respect to employees returning to the office. First is the risk of transmission of COVID-19 in the office, and second, the risk of violating applicable local or state regulations or emergency orders related to COVID.

“With respect to transmission, the risk rises as businesses return to normal – not only among employees as workforces are brought back into the office, but from vendors, deliveries, auditors, job candidates, customers, and any other visitors to an organization’s facilities. Essentially, there’s risk from all typical business activities that, pre-pandemic, were background noise to everyday offices,” Hillas said. “Additionally, organizations can open themselves up to potential risk of non-compliance penalties if they aren’t aware of and complying with the state and local regulations and ordinances, particularly as those are in flux as conditions change.”

One of the biggest challenges in mitigating these risks, according to Hillas, is the ambiguity of the pandemic situation, due to lack of precedent.

“The best mitigation is preparation and communication,” she said. “Preparation to think through the situations where risk might arise, and communication to make sure that everyone involved knows the best course of action.”

One scenario Hillas presented was receiving a delivery on behalf of the company at the corporate office.

“In this situation, the risks are from the interaction between the delivery person and the organization’s staff who are receiving the shipment,” she said. “With a little preparation, the organization’s leaders can put simple, common-sense restrictions in place. For example, all deliveries need to be scheduled in advance, all individuals need to wear masks while entering the premises or interacting with staff, deliveries should be left at the front door, and delivery people should call to alert the organization's staff to let them know. These steps can provide significant mitigation of transmission risks."

As for managing compliance, Hillas noted that this significantly impacts organizations with multiple geographic locations. Thus, it is critical to have a designated person in the organization to monitor the guidance at all levels of government for all relevant geographies.

"As restrictions can change from county to county or town to town, this continued awareness is critical to avoiding noncompliance penalties and mitigating the risk from employee actions if the business practices don't take local restrictions into account," she said.

One of the biggest mistakes an organization can do in this time is to allow individual interpretation of policies, which introduces a large degree of ambiguity.

"While 'use your best judgment' is a pretty common management principle in normal times, during the COVID-19 outbreaks, and with the US in the midst of another significant spike in case numbers, it's ill-advised as a corporate policy," Hillas said. "Have a plan, communicate the plan, and make sure it's consistently applied across the business. The risk, and accompanying potential liability, from one person deciding that meeting face-to-face is more important than a government 'shelter in place' order or corporate work from home direction, is significant and avoidable."

As COVID-19 cases spike, the possibility that governments may impose another round of lockdowns becomes larger. Hillas advised businesses to prepare for potential lockdowns with a solid work-from-home policy. This includes investments in appropriate technologies, putting necessary policies in place, and thinking about a more distributed workforce.

"One piece that companies should make sure to consider is whether your employees working remotely will create a sales tax nexus for your business," she said. "What about the impact on recruiting? How can you keep employees engaged? It's crucial to take the lessons learned from this year and apply them to any future lockdown – and to plan for those lockdowns to last longer than anyone considered possible in March, with employees who are fatigued by working from home already. Again, preparation and communication are critical here."

Watch out for COVID-19 vaccine scams

As the country begins to distribute COVID-19 vaccines, there's no doubt scammers are already scheming.

Medicare covers the COVID-19 vaccine, so there will be no cost to you. If anyone asks you to share your Medicare Number or pay for access to the vaccine, you can bet it's a scam.

Here's what to know:

- You can't pay to put your name on a list to get the vaccine.
- You can't pay to get early access to a vaccine.
- Don't share your personal or financial information if someone calls, texts, or emails you promising access to the vaccine for a fee.

If you come across a COVID-19 vaccine scam, **report it to the Federal Trade Commission or call us at 1-800-MEDICARE.** And check out **CDC.gov** for trustworthy information on the COVID-19 vaccine.

Homebuyers flock to Florida; but insurance rates cast a cloud

by Bethan Moorcraft 16 Dec 2020

The Sunshine State has experienced a surge in home sales since the start of the COVID-19 pandemic. According to ISG World's 2020 Miami Report, approximately 950 people are moving to Florida every day as the pandemic continues to impact lifestyle choices and people seek the state's warm and sunny climate to see them through the public health crisis.

But there's one thing that could cast a cloud over these sun seekers' Florida plans, which is that rates for homeowners' insurance in the state are going up and up, with some experts predicting increases of 30% to 40% in 2021. The market has been hardening for the past few years, thanks to four consecutive and severe natural catastrophe seasons, starting with a whopper in 2017, which saw the likes of Hurricanes Harvey, Irma and Maria (costing $125 billion, $50 billion and $90 billion respectively).

"Between Harvey, Irma and Maria, that's when the homeowners' insurance market really started to take a different position and harden," said Fernando Alvarez, partner of JAG Insurance Group. "It's the same carriers and reinsurers that are writing in catastrophe-exposed areas like Florida, Texas and Puerto Rico, and so they all had these claims come in – probably hundreds of thousands of them – but they don't really hit the balance sheet until about two or three years later. Once these insurance companies really saw what they were paying out on claims, they figured it was time to charge more rate for what the actual exposure is."

One area that homeowners' insurance companies are really starting to tighten up on is how they determine replacement costs, according to Alvarez. They want to make sure that the price per square foot is adequate and not just some make believe number, and that they're collecting the appropriate amount of premium for the risk. This has resulted in some homeowners having to pay more premium to get more coverage, even though their rate may have stayed the same.

"They really want to make sure homeowners are not under-insured, because, if they are, it's the insurers who are on the hook for full replacement costs at the time of the loss," Alvarez told Insurance Business. "The last thing an insurance company wants is to under-insure a dwelling for $200,000 and then end up in some sort of litigation process where the replacement cost of the house is actually $300,000. There's a possibility the insurance company will have to pay out $300,000 even though they only collected premium for $200,000 because the policy promises replacement costs."

Insurers are also tightening up around how much limit they're willing to offer for water damage coverage. That's something that carriers are "paying really close attention to," according to Alvarez, because there are far more flood / water damage claims than there are wind / hurricane claims in the Sunshine State.

"I believe that artificial intelligence (AI) continues to be the driving force behind rates with these homeowners' insurance companies," Alvarez added. "They're spending billions of dollars in software engineering programs that are able to obtain current construction characteristics that are then driving these pricing models. Unfortunately, there's not much transparency around that data, even for the insurance agents who are trying to sell policies at higher rates.

"With that said, common sense says 'Year Built' seems to be one piece of data that really drives the rate. If you're buying an older home – even if you change the electrics, the plumbing, the HVAC system and the roof, bringing everything up to code – you're still not going to get the rate you would if you were buying a new home. I've seen cases where new-builds are 50% or 60% less – it's an exaggerated amount of difference, and it makes life difficult for insurance agents."

When faced with such challenges, agents need to have good conversations with insureds, and educate them as best they can via regular market updates. As Alvarez pointed out: "Unfortunately, there's no clear path in how to communicate this to insureds. They're never happy to pay more premium." He also advised agents to encourage homeowners to invest in flood and windstorm risk mitigation, and to ensure that their investment is quoted in the insurance policy. He stressed: "Agents must make sure their insureds know how important it is to get a windstorm mitigation inspection, and to have evidence of that on file."

Moving into 2021, the homeowners' insurance market in Florida will likely remain hard, according to Alvarez, driven partly by yet another active North Atlantic hurricane season this year, ongoing political unsteadiness, and the economic impacts of the COVID-19 pandemic. However, "it's not like there isn't money out there," he said. "The markets are actually highly capitalized if you look at them closely."

Vast uncertainties enter commercial P&C insurance market

by Bethan Moorcraft 28 Dec 2020

The COVID-19 pandemic is a systemic event that has impacted almost every aspect of our daily lives. The unknowns stretch through politics, the economy, legislation, the environment, and our day-to-day work and home lives. For the insurance industry, it has added a vast new range of uncertainties into a commercial property & casualty (P&C) market that was already under immense pressure prior to the public health crisis.

Before the pandemic hit, 2020 was shaping up to be a challenging year in long-tail lines of business, particularly within the casualty, financial lines, and specialty product segments where adverse loss development from prior accident years has continued to negatively impact insurers' balance sheets and portfolios. Over the past few years, insurance carriers have responded to the uptick in frequency and severity of claims in product lines – such as primary casualty, excess casualty, environmental, healthcare, directors' & officers' and employment practices liability - by increasing rates, restricting capacity, tightening terms and conditions and enforcing stricter underwriting guidelines.

Shorter-tail lines of business, like first-party property, have also been challenged over the past few years, thanks to an above average number of catastrophic weather events in the United States (US). Coming into 2020, carriers were already talking about the need to increase property insurance premiums given recent prior year loss activity, and these conversations picked up with urgency throughout the balance of the year in response to 2020 CAT events. According to the National Oceanic and Atmospheric Administration (NOAA), the US was hit by 16 weather/climate disaster events with losses exceeding $1 billion each between January and October 2020. These events included one drought, 11 severe storms, three tropical cyclones, and one wildfire – and they proved that traditional losses will always occur, regardless of a public health crisis.

Then overlay the COVID-19 pandemic, which brought "a whole new level of uncertainty" into the market for Commercial P&C insurance carriers, according to Chris Sparro (pictured), CEO, US Insurance, Sompo International. Some industries, such as travel, entertainment, real estate and hospitality, were impacted immediately due to travel bans and local lockdown orders, which caused mass disruption and dramatic declines to their businesses. Throughout 2020, business owners have looked to their insurers for some sort of reparation for COVID-related losses in the same way that they're seeking financial assistance from the government, and, as a result, there are more eyes on the industry.

"The pandemic has certainly impacted the commercial insurance industry. There is greater scrutiny from state regulators and clients relating to product coverage, policy language, terms and conditions, and premiums," Sparro told *Insurance Business*. "Anyone in the industry will tell you that contract certainty is preferred. We want to honor the words within the four walls of the insurance contract, and there are numerous discussions pre-binding of an insurance offering between the client, broker and underwriter to ensure clarity around the wording and scope of coverage.

"What we have seen as a result of COVID, particularly in first-party property coverages like business interruption (BI), is that clients are looking at policy language in relation to the pandemic to better understand whether coverage is triggered. This situation is unique to each client, and, therefore, the policy needs to be thoroughly reviewed to draw a conclusion. Some of the discussions have led to contract disputes and clients have filed lawsuits in state and federal courts in an attempt to resolve the difference in opinion. Each lawsuit is unique and the court's interpretation of the underlying fact pattern in relation to the coverage provided will be dependent on their review of the policy language, which is often specific and customized to each client. What a court determines for one client may not hold up for another, depending upon the difference in the policy forms and manuscript endorsements that were utilized."

Then there's another subset of products, where carriers have received notices of potential COVID-related claims. This is particularly true for third-party liabilities, especially in industries such as healthcare, where the impact from the pandemic has not yet been determined. This notice of a potential claim leaves policies and portfolios potentially impaired and puts underwriters in the difficult position of having to factor potential impairment into their underwriting models for decision making.

The pandemic will continue to provide uncertainty in the Commercial P&C marketplace and will complicate risk selection in 2021. As Sparro stressed: "There's no simple renewal right now. I think most carriers, including Sompo International, are going to take things on a case-by-case, client-by-client, product-by-product, industry sector-by-industry sector basis. The further out a broker can get ahead of a renewal, the better, because right now, it takes longer to place a program given the landscape of the Commercial P&C insurance market and the fact that underwriters want more detail and more data so they can position themselves appropriately. There will be no 'send in a submission, get a quote, and wait to see what happens'. Clients will have to tell their story, carriers want to hear that story, and brokers need to make sure the story the client is stating is directly orchestrated to meet the primary concerns of the carrier. That story must be relevant and meaningful if brokers want to get the best possible terms for their clients in this market."