October CFMA VoS Luncheon Program Recap!
Thursday, October 17, 2019

Attendees of the October VOS luncheon (those of us "left behind" by others who ventured to Vegas for the AGC/CFMA Conference - I guess some people can't get enough CFMA in Vegas this year...) were treated to an informative "Insurance Update" panel discussion. Our chapter is very fortunate to have some of the insurance industry's best and brightest as members and enjoyed hearing from Dennis Tsonis, Lovitt & Touché; Greg Gross, Willis Towers Watson, and Eric Pach, Minard-Ames. Brandon Putnam of Brown & Brown Insurance was the moderator.
Discussions started with a Market Update. Dennis kicked things off discussing Auto Policy renewals with good news for 20% of policyholders who will not get an increase - bad news for the other 80% who will experience on average a 10% increase. This is due to carriers losing on average $0.13 for every $1.00 of premium because of increased physical damage claims (vehicles cost more) and increased liability claims (due in large part to brain trauma). He recommends that contractors should focus on improved driver training, screening and monitoring.

Eric was next to give the update on the Workers Compensation market, which is still soft in Arizona. While things are good now, claims are on the rise, which means that contractors should expect rates to climb over the next few years as the market corrects. He walked through a very abbreviated version of his EMOD explanation to build an understanding of the impact of the rise of NCCI’s split point used in the EMOD calculation. Eric made good points about the EMOD not being the best measure of a contractor's safety performance (editorial comment: I agree!)

Greg then wrapped up the Market Update with a review of the General Liability/Excess Umbrella market. He reported GL renewal premiums ranging from flat to 10% increase - but cautioned to study the exclusions as the same premium may not be providing the same coverage. The excess umbrella market, however, is much more volatile ranging from flat to 30-40% increases with carriers providing lower limits for the same premium. A big cause of this are claims due to distracted driving, one of which recently hit the $25 million coverage layer - another good reminder to tighten up driver policies and consider monitoring of drivers.

With all of that great news behind them, the panel moved into discussion of Hot & Emerging Topics (ooo, they make insurance sound so exciting!) These included Cyberliability which was defined as covering data and privacy breaches along with phishing and ransomware. This coverage is in its infancy still, not everyone has it but everyone is talking about. It was recommended, if purchasing, to include first- and third-party coverage to ensure that business operation interruptions are covered.

Drones are certainly another hot topic and we were reminded that GL policies contain an aircraft exclusion. Purchasing a drone policy requires that the drone pilot have FAA certification, and even if hiring out drone services to a third-party company, exposures need to be considered including privacy issues.

Faulty workmanship is an industry issue that GL policies don't cover at any level. To have coverage, a Builders Risk policy with Leg 3 is required, as well as some
endorsements on GL and Professional Liability policies that can help out even if it doesn't result in other property damage (the normal trigger for liability coverage).

To close out the discussion, each panelist offered their thoughts on some Risk Management considerations. Greg was first to take an active role in selling your business to the insurance marketplace including all of the proactive measures you are taking. Eric promoted the idea of considering Group Captives as a "risk financing" tool for top performing contractors with premiums in excess of $250k. It was cautioned, however, not to look to these solely as an answer to a hardening market. Finally, Dennis gave some insight to the impact of opioids and medical marijuana to safety and claims and encouraged best practices including designating safety sensitive positions and enforcing drug policies for medical marijuana, and for opioids monitoring workers compensation claims for fraud and abuse.

Thanks to these three great panelists and to Brandon for moderating a very interesting and informative discussion!

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**Construction Industry Alliance for Suicide Prevention**

**Join the Webinar!**

Wednesday, November 6th at 1:00pm EST (11:00am Arizona Time)

Join the CIASP

Wednesday, November 6th at 1:00pm EST (11:00am Arizona Time)

CIASP is hosting a free webinar where we will:
• Explore the newly launched Construction Industry Alliance for Suicide Prevention website, including all the resources available to our stakeholders.

• Review the 5 STAND principles in our pledge and how our stakeholders from each category can engage with the efforts of CIASP.

Update prior CIASP members and current CIASP stakeholders on activities, future plans and upcoming events.

Click here to register now!

CFMA Building Profits Magazine VoS Member Article
By Jared Asay
While no one knows exactly what tomorrow’s economy will look like, certain economic data predicts an upcoming economic plateau or even another recession.

In CFMA’s September 2019 CONFINDEX™ Summary report, Anirban Basu states that “Many CFOs, along with many economists, suspect that the risks of recession are elevated in 2020.”

Whether it’s like the last recession, the early 2000s dot-com boom and subsequent bust, or even the Great Depression of the 1930s, successful contractors should understand the imperative need to prepare for the worst and plan for the best.