

SPECIAL REPORT: INSURANCE

Insurance Brokerages Work to Adapt to Clients' Changing Needs

As Economy Reopens, Sector Seeing 'Very Intense Time'

■ BY JOE TASH

San Diego's business insurance sector is open for business and working to serve customers during the COVID-19 crisis and beyond, according to industry experts.

While the pandemic and its attendant economic downturn have put pressure on the industry and led to significant changes in how companies operate, San Diego's top insurance brokerages have not only kept their doors open, but worked quickly to adapt to their clients' changing needs.

Increased Reliance on Technology

Even as the economy continues to reopen, San Diego's insurance market is definitely not back to "business as usual," with extra steps involved to communicate and meet with clients, and an increased reliance on technology



Alliant Insurance Services, Inc.
Chief Operating Officer
Peter Carpenter

and video-conferencing, said **Peter Carpenter**, chief operating officer for **Alliant Insurance Services, Inc.**, which splits its headquarters between San Diego and Newport Beach.

But Carpenter said the industry responded quickly to the new normal brought on by COVID, and is doing a "good job of being there for clients."

Among the trends facing the insurance industry, said experts, is a "hardening" of insurance markets, meaning that premiums are rising. Rates were facing upward pressure before COVID, but the pandemic has amplified the trend. That in turn has caused business insurance customers to look for cost efficiencies.

"It's a very intense time. Everybody is looking at every dollar very hard," Carpenter said.

Alliant has seen an influx in new customers as businesses navigate the complexities of life during COVID-19, said Carpenter, from new and evolving government regulations, to a workforce that needs increased flexibility and balance between work and home life.

Early in 2020, the expectation was that rates would rise slightly during the year, said **Trindl Reeves**, chief sales officer and principal with **Marsh & McLennan Agency LLC**, whose western regional

headquarters is in San Diego. Since then, rates have gone up for every type of business insurance, in some cases dramatically, she said.

COVID-19

For example, property insurance rates have gone up due to a series of natural disasters, and liability rates have risen due to some large awards in civil cases, Reeves said.

"Those are two factors that have driven the market to an increasing rate environment," she said. "COVID has accelerated this."

Brokerages such as Marsh & McLennan help clients find the right insurance program to fit their needs, and they interact with both businesses and insurance carriers, said Reeves. During COVID, brokers have educated themselves on a variety of topics, from new government regulations to risks related to the virus in the workplace, so they can pass the information along to their clients.

"Our job is to really understand the business and ask the questions, and advise clients on the best (and most economical) way to handle the risks," she said.

Stepped Up

Along with their traditional role of advising clients on their insurance needs, brokers have stepped up in new ways. For example, when the economy began to open up, MMA helped its clients put together videos to train their employees on new safety procedures as they began to come into the office to work.

"That's something we would never have done before," Reeves said. "It has nothing to do with insurance, it's just helping them in this really distressed time."

Also related to COVID, MMA has created a checklist for its business customers to use in case of a virus outbreak in their plant or business facility. The purpose is to help clients navigate through challenges, whether COVID-related, or some other type of risk, she said.

Providing that service to clients requires skilled employees, and MMA has continued hiring during the outbreak.



Marsh & McLennan Agency LLC
Chief Sales Officer and Principal
Trindl Reeves



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“We’ve definitely added headcount during this time,” she said.

Trending Harder

Jeff Cavignac, president of San Diego-based **Cavignac & Associates**, agreed with other experts that the insurance market was trending harder — meaning prices were rising — before the pandemic hit. “COVID only exacerbated that,” he said. “It’s making the hard market harder.”

Other trends include the large percentage of workers across many industries

who continue to work remotely from home. Even in his own office, said Cavignac, there are just a handful of workers, in a space where he used to house as many as 50 people.

“It makes me wonder, do I need 14,000 square feet?” he said, or can he get by with less space as employees split their time between home and office. “I think it’s going to permanently change the way people work.”



**Cavignac & Associates
President
Jeff Cavignac**

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“It’s much better to preclude something from happening than to react to something that does happen. Our whole focus is helping our clients not use their insurance.”

JEFF CAVIGNAC

Working from Home

While working from home has not necessarily created new liabilities for employers, said Cavignac, there are areas they need to pay attention to, such as ergonomics in home workspaces, and making sure that hourly employees take the breaks they are entitled to as well as receive overtime pay for working extra hours.

Generally, said Cavignac, the insurance industry has not created new types of coverage due to COVID, although there are some specialized policies, such as one that would protect a company from a lawsuit over allegations of improperly receiving funds from federal government COVID relief programs.

A couple of carriers are also offering coverage against losses from future pandemics, but such a policy would not cover the existing COVID crisis, he said. “It’s like putting insurance on a burning building,” he said.

And he anticipates that future liability policies will specifically exclude economic damage caused by a virus such as COVID.

As the pandemic unfolded earlier this year and a broad swath of businesses was forced to close by government order, many businesses inquired about business interruption coverage in their existing policies. In most cases, experts said, the policies would not cover loss of business revenue due to a government order to shut down. That’s because the business had not suffered physical damage due to a “covered peril,” said Cavignac.

“A government mandate that you can’t run your business is not a covered peril, nor is there direct (property) damage,” said Cavignac, unlike in a fire, hurricane or other natural disaster.

Although business losses due to COVID shutdowns aren’t generally covered, Cavignac said his company works with customers to reduce and manage a wide range of potential risks.

“It’s much better to preclude something from happening than to react to something that does happen,” Cavignac said. “Our whole focus is helping our clients not use their insurance.”

Healthcare Coverage

One area of insurance that has seen changes due to COVID is employer-based healthcare coverage, said **Myron Jucha**, CEO of San Diego-based **BJA Partners**.

Among the changes put in place by insurance carriers, said Jucha, was compliance with government edicts to waive co-pays for COVID testing and treatment.

The carriers have also expanded access to telemedicine, in which patients see their doctors over a remote video link, rather than going to the office for an in-person visit. Also extended to more employees, said Jucha, is employee assistance program coverage, which provides referrals to resources for a variety of problems, including financial stress and mental health.



**BJA Partners
Chief Executive
Officer
Myron Jucha**

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EAP “addresses the stress in society based on COVID”

MYRON JUCHA

EAP “addresses the stress in society based on COVID,” Jucha said.

Insurance carriers are also embracing new technology, such as **Heal.com**, an app that allows people to schedule house calls and video consultations with doctors, and **doc.ai**, an app that allows employers and employees to verify that employees are healthy when they come into the workplace, Jucha said.

Communication

One challenge facing employers, said Jucha, is communicating about new

resources and changing policy rules to their workers. Those changes include special open enrollment periods when employees who have opted out of health care coverage can choose to enroll in an employer-sponsored plan. Another key change regards COBRA, a program that allows employees to continue coverage from their employer’s plan once they have left their job due to a layoff or other reason.

Previously, employees had 60 days to sign up for COBRA, but now employees are allowed to enroll in COBRA coverage for the duration of the pandemic.

Some industries, such as travel and tourism, have been hit hard by the pandemic, said Jucha, but others, including biotech, are in expansion mode. Those in the latter category are doing everything they can to attract skilled workers, he said, including sweetening the pot when it comes to employee benefits.

“They are trying to attract more and more people,” he said.

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The pandemic “has brought more awareness of the need to protect one’s family.”

TONY STEIGERWALD

Tony Steigerwald, president and CEO of **Dunhill Marketing & Insurance Services, Inc.**, of San Diego, said the insurance industry has undergone significant changes since the pandemic began. Dunhill, a wholesale agency, does business in all 50 states and internationally.

The pace of business has slowed dramatically, with agents working from home and many clients leery of face-to-face meetings, although people are starting to be more open to meeting in person, said Steigerwald.

Among the agency’s specialties are life insurance and annuities, both of which have seen an uptick in sales during COVID, said Steigerwald.

Protecting One’s Family

The pandemic “has brought more awareness of the need to protect one’s family,” said Steigerwald.

Other types of life insurance, such as “key man” policies that protect companies from the loss of an employee with critical skills, are more affected by changes in tax regulations than by COVID, said Steigerwald.

Annuities, which Steigerwald described as the insurance industry’s

version of a bank certificate of deposit, or CD, provide options for a steady income and tax deferred growth. Sales of annuities increased as investors sought to shelter their money from

the fluctuations of the stock market.

COVID has had an impact on life insurance, said Steigerwald. Because people with underlying health conditions such as diabetes or heart disease face a greater risk of serious illness from COVID, insurers are reluctant to offer them policies during the pandemic.

“You’ll have a difficult time getting insurance today,” or pay higher rates, if you have such a health condition, he said.

Both the uncertainty surrounding

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“Things are changing so quickly from week to week and month to month, that it’s just requiring the insurance industry to be very nimble and creative, in order to continue to meet clients’ needs.”

DOUG OBENSHAIN

COVID, and the fast-changing nature of business conditions, have kept the insurance industry on its toes, said **Doug Obenshain**, senior vice president with **Lockton Insurance Brokers LLC**, of San Diego.

Nimble and Creative

“Things are changing so quickly from week to week and month to month, that it’s just requiring the insurance industry to be very nimble and creative, in order to continue to meet clients’ needs,” said Obenshain.

The pandemic has also helped fuel price increases, he said.

“COVID-19 created a lot of uncertainty in the insurance carrier community and they are having to price for that uncertainty,” Obenshain said.

Obenshain said businesses are doing their best to keep their employees safe during the pandemic.

“My clients are trying very hard to create the right environment for their employees as people are returning to the office,” he said.

Throughout the pandemic, said Obenshain, he has watched with admiration as businesses in his hometown have made “lemonade out of lemons,” and overcome the hardships imposed by the COVID crisis.

“I have been so impressed with the resiliency and ingenuity of so many businesses, who have been able to keep it together through this extraordinary turn of events,” he said. ■



**Lockton Commercial
Insurance
Senior Vice President
Doug Obenshain**



**Dunhill Marketing & Insurance Services, Inc.
President and Chief
Executive Officer
Tony Steigerwald**