

ABM

Commercial Newsletter 2024

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Our Exclusive Newsletter for Commercial Clients

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Property insurers are Nervous

By Terry Gangcuangco

The composite rate for commercial insurance in the US remains elevated, according to Novatae Risk Group's insurance distribution and underwriting company MarketScout.

In its Market Barometer for the first quarter of 2024, Dallas-headquartered MarketScout said commercial insurance rates in the US went up by 3.9% in the period amid persistent worries surrounding catastrophes and liability outcomes.

"January and February posted very modest rate increases; however, rates were trending upward more aggressively in March," Novatae chief executive Richard Kerr noted.

"Property insurers are nervous about the 2024 catastrophe season. Liability insurers are more calm but economic conditions and incurred, but not yet reported, claim estimates may impact rates later in 2024."

It was highlighted that the 3.9% increase in Q1 2024 was less steep compared to the 5.6% hike observed in the fourth quarter of 2023.

Breaking down the numbers, MarketScout reported the following rate increases in the first three months of the year:

Coverage class	Increase	Coverage class	Increase
Commercial property	6.3%	Workers' compensation	0%
Business interruption	5%	Professional liability	3.7%
BOP	3.7%	D&O liability	2.7%
Inland marine	3.3%	EPLI	1%
General liability	3.25%	Fiduciary	1%
Umbrella/excess	6.3%	Crime	1.3%
Commercial auto	6.7%	Surety	1%

MarketScout's Market Barometer is a quarterly report of the industry's composite rate index for property & casualty and personal insurance. Aside from the figures listed above, the report also includes a breakdown in terms of industry class and account size, as well as information on cyber liability.

If you have Commercial Insurance and receive a large rate increase, call our office at 800-362-2809. As an independent agency, we have access to 100s of markets. If you are an existing client, rest assured, we are shopping to make sure you maintain the best value in the market.

Employee Dishonesty vs. Employee Theft: Are They the Same Coverage?

Q: A commercial client has a third-party requirement of \$1 million of employee dishonesty coverage. The agent can obtain a quote for \$1 million of employee theft, but not employee dishonesty. Are employee dishonesty and employee theft the same type of insurance?



Response 1: Your mention of a third-party requirement makes me wonder exactly what the requirement is. If they're asking for coverage of theft of the third party's property by your client's employee, that's a very different animal than employee dishonesty, which usually means theft of the employer's property by an employee.

Response 2: Theft by an employee is employee dishonesty. Theft by a non-employee is referenced as simply theft. You may want to consider an alternative market, as each will have disparate underwriting conditions.

Be forewarned that significant management controls will be required of the policyholder. Those may include dual signatures on checks, CPA-audited statements, different individuals reconciling the deposits and review at months end, and more. Deductibles may be imposed as well. These conditions should be discussed with underwriting and the policyholder. This should be documented by a signature of senior management.

Response 3: The old Commercial Crime Form used the term "employee dishonesty." The more recent Crime Form uses the term "employee theft." While the form definitions are not identical, they are substantially the same.

Response 4: There is a huge difference. Typically, employee dishonesty is a fidelity bond and only covers theft by employees of the employer's property—that is, a loss suffered by the insured. Employee theft insurance is a liability policy and protects the insured's liability for theft by their

Continued from page 2-*Employee Dishonesty vs. Employee Theft: Are They the Same Coverage?*

employees of the property of others.

Call ABM Insurance & Benefit Services Commercial department for fast answers regarding your policy at 1-800-362-2809 or go to getagreatquote.com and click commercial insurance.

Increase in Severe Injuries in 2023

Texas Mutual saw nearly 6% more severe injuries reported in 2023 compared to the previous year, according to an incident trends report released by the insurer.

The construction industry reported the most serious incidents by industry in Texas in 2023. Construction accounted for 39% of serious incidents, with more than triple the number of reported claims of any other industry.



Three construction specific industries reported the largest increase in claims.

- All other specialty trade contractors (133% increase)
- Oil and gas pipeline and related structures construction (175% increase)
- Power and communication line and related structures construction (500% increase)

Texas Mutual reported 150% more electrocution-related claims in the construction industry in 2023.

Texas Mutual shared 2023 serious workplace injury trends based on catastrophic injuries and fatalities reported to the insurer's claims department. Serious claims data includes catastrophic injuries and fatalities reported to Texas Mutual, some of which may have been deemed as non-compensable at a later date and were not covered by workers' compensation.

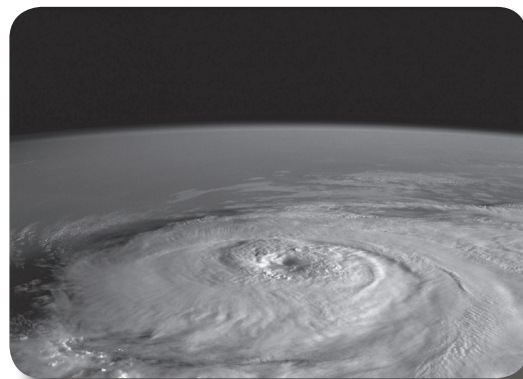
Mining and administrative, support, waste management & remediation services each accounted for 11% of serious incidents, followed by manufacturing (7%), and transportation & warehousing (5%) and agriculture, forestry, fishing and hunting (5%). All other industries had 22% of serious incidents.

While Texas does not require workers' compensation, it doesn't absolve the employer of the liability. Protect your business with workers' compensation, call ABM Insurance & Benefit Services for a quote at 800-362-2809.

Forecast group predicts busiest hurricane season on record with 33 storms

By Dan Stillman

A research team led by University of Pennsylvania climate scientist Michael Mann is predicting the upcoming Atlantic hurricane season will produce the most named storms on record, fueled by exceptionally warm ocean waters and an expected shift from El Niño to La Niña. The new forecast, issued Wednesday, calls for a range of 27 to 39 named storms, with a best guess of 33. The most on record was 30 named storms in 2020.



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“The unprecedented warmth in the tropical Atlantic right now — which we expect to persist through the hurricane season — is the dominant driving factor behind our prediction,” Mann said in an email. “While we don’t make a specific prediction for landfalling storms ... an unusually active season in terms of basin-wide activity is likely to translate to an unusually active season in terms of landfalling storms.”

Ocean temperatures leaped into record-warm territory more than a year ago — linked to a combination of human-caused climate change and El Niño, and have remained there ever since, staying at a record high for 417 straight days.

Sea surface temperatures in the North Atlantic have been at record warm levels for more than a year. The solid black line shows sea surface temperature since Jan. 1.

Although El Niño boosts global ocean temperatures, it tends to produce wind patterns in the Atlantic that suppress tropical storm development. But ocean waters were so warm during the 2023 Atlantic hurricane season that there was an above-average number of storms nonetheless.

The National Oceanic and Atmospheric Administration expects a marine heat wave, or sea surface temperatures well above normal, to continue in the tropical Atlantic through at least September. That has forecasters concerned about an active hurricane season because warmer ocean waters typically increase the intensity of storms.

Meanwhile, El Niño is forecast to transition to La Niña this summer. La Niña tends to have the opposite impact of El Niño on hurricane season — producing wind patterns that foster storm development in the Atlantic — further increasing the odds of an active season. If La Niña were to weaken toward the latter part of the hurricane season, then the forecast would decrease slightly to a range of 25 to 36 storms and a best guess of 31 storms, Mann’s research group said.

A tropical storm earns a name if its winds reach at least 39 mph. When winds climb to at least 74 mph, a tropical storm becomes a hurricane.

Mann said that his team uses a different method than other groups that issue seasonal hurricane forecasts. “We are the only group that came even close (predicting as many as 24 named storms) to predicting the record 2020 season,” Mann said.

The Atlantic hurricane season officially runs from June 1 to Nov. 30, although storms sometimes form before or after those dates. Forecasters at the National Hurricane Center issued a special advisory Wednesday about a tropical swirl it is monitoring in the open Atlantic, but said it has only a 10 percent chance to develop into a tropical storm.

An average hurricane season produces about 14 named tropical storms, with about half becoming hurricanes.

Seven of the last eight hurricane seasons have featured above-average activity; the 2022 season was the only exception, and it had near-average activity. There have been at least 20 named storms in three of the past four seasons.

Now is the time to check your commercial property insurance coverage to make sure you are covered and do not have a wind/hail exclusion. If you have commercial property insurance, check



Kimberly Elliott

Meet our Commercial Lines Producer

Name: Kimberly Elliott

Title: Senior Account Manager

Email: kimberly@getagreatquote.com

How long have you worked at ABM? 4 years

What do you do at ABM? Manager of Commercial Lines and Renewals

What do you love about your job? Between my team and I we are able to provide outstanding support to our insureds and in return it makes me feel good about myself and what I do for others.

Why do you think ABM? Is a great company People genuinely care about each other personally and work together as a team. Additionally the tasks are personally challenging and match my career goals.

Fun Fact about yourself: My daughters and I are allergic to apples.

Continued from page 4-Forecast group predicts busiest hurricane season on record with 33 storms

to see if you have business interruption and the limits are adequate to keep your company going in the event of a covered loss. Don't forget about flood insurance. Flood Insurance is not covered under traditional property insurance-it is a separate policy. Call our Commercial Department at 800-362-2809 Call now before disaster hits.

Create an Employee Benefit Plan that Attracts New Employees and Retains and Motivates Current Staff

As a business owner, you probably understand that attracting and retaining talented employees is important to your company. Your employees are the life-blood of your business, and in order for them to be as productive and committed to their work as possible, you need to keep them satisfied.

It is easy to understand how things like the work environment you have fostered and the core values your company stands for can be selling points for potential employees, or how employees are attracted to competitive salaries, among other things. What you might not be aware of, though, is the importance of an employee benefit plan (EBP) in attracting and retaining workers. In fact, according to a recent study highlighted in Forbes, "increased recruitment competition" has created conditions where "organizations must leverage the benefits package they offer to their employees" in order to find the best talent.



Below is a quick explanation of EBPs and why they are important to a business, followed by a guide that will help small to medium-sized business owners develop competitive EBPs of their own. What is an employee benefit plan?

Put simply, employee benefits are any compensation that employees receive for working that does not include their normal salary or pay. These benefits can comprise a range of services and provisions, but they are most easily understood as falling into 1 of 3 broad categories:

- **Health coverage plans.** Among the benefits you can offer your employees, health coverage is possibly the most important: One recent study, in fact, found that “over half of employees have said health insurance is the most important benefit that impacts their job satisfaction.”

A health insurance plan is a way to offer employees protection from the costs that a hospital visit or surgery might mean. Health insurance is a complex subject which requires expertise, however, and it is governed by specific laws and regulations. Especially if you are a small or medium-sized business, talking to an expert in health insurance plans for employers is recommended when crafting a health coverage plan for your employees.

- *Ancillary health and disability coverage.* Things like dental, vision and life insurance fall under this category of benefits. These kinds of insurance cover less frequently needed types of care, like a biannual visit to the dentist or a yearly eye exam. Nevertheless, ancillary health coverage is important, as the costs of dental and vision care can be prohibitively high for employees. When evaluating health benefits plans, prospective employees will certainly be aware of the ancillary insurance you offer. A comprehensive EBP also usually involves disability insurance, which is a benefit that can provide employees peace of mind should they be injured at work.
- *Retirement plans, paid time off, and other benefits.* You are probably aware of what a retirement plan is and what paid time off means. It is important for employees to feel secure in their jobs and incentivized to continue working, and these 2 kinds of benefits help provide that security.

Employee benefits can include a range of things in addition to those mentioned here. A gym membership you offer to employees would be considered a benefit, for instance, as would contributions you make toward an employee’s student loans.

Why should you prioritize creating an attractive EBP?

Now that you know what an EBP is, you may be wondering why you should bother offering one to your employees. In simplest terms, you should: Offering an attractive EBP is one of the most effective ways for your business to recruit and retain talented employees, among other advantages it represents. Here are 3 reasons why:

- *Boost employee morale.* As the adage goes, a happy employee is a productive one -- and offering an attractive EBP is one of the best ways that you can keep your employees happy. According to a study from the Harvard Business Review, about 80% of surveyed employees said that they would choose an upgraded benefits package over an increase in salary, in fact.

Generous benefits will show your employees that you care about their well-being, and that you understand their needs outside of a basic salary. A retirement package is a powerful incentive for an employee to remain with your company, for example, and a simple perk like child care support can make a world of difference to an employee’s attitude and morale.

- *Attract top talent.* What do prospective employees look for when deciding where to make a career? Recent research has shown that, more so than even salary, prospects are concerned with the benefits they will receive -- a 2016 Glassdoor study found that 60% of employees consider

benefits a “major factor” in whether they accept a job.

Put simply, you want the most talented employees working for you, and one of the best ways to attract them is by offering a generous benefits package.

- *Stand out from the crowd.* As a small business owner, you certainly aren’t able to offer the salary incentives that a Fortune 500 company can -- but that doesn’t mean you should resign yourself to running a less attractive workplace than those companies. One way to stand out from the competition is with your benefits package. An appealing EBP will not only help you stand out in your own market, but it might allow you to steal a top recruit from a much larger company -- EBPs are simply that important to prospective employees.

Health benefits and legal compliance

Apart from the other advantages that an EBP offers your business, you need to be sure that your package is in compliance with state and federal law. Companies who don’t comply with laws like the Affordable Care Act can face fines or other penalties, like an audit by the Department of Labor.

Since health insurance laws are complex, consider contacting an expert in employee benefits for help. An expert will ensure you are offering health benefits in compliance with the law and at the lowest possible cost.

An attractive EBP doesn’t have to break the bank

As a small or medium-sized business owner, you may be thinking that the benefits of an EBP are well and good, but they aren’t affordable for a company like yours. This simply is not true. Not only will offering an attractive EBP save you costs in the long run by improving your employee retention and making your recruitment efforts more profitable, but the changing business landscape has made offering a benefits package affordable for even small businesses. You shouldn’t let the size of your company stop you from reaping the benefits of an attractive EBP.

ABM Insurance & Benefits can help

So, now you understand the importance of your employee benefit package: It is a major factor in attracting and retaining talented employees, and it helps you stand out from your competition, among other things. Moreover, the health insurance benefits you offer are governed by laws and regulations you need to be sure you are complying with.

For help with your company benefits plan contact ABM Insurance & Benefit Services at 800-362-2809.

ABM Weird Facts

D. Seuss invented the word Nerd.

The King of Hearts is the only King in a deck of cards without a moustache

Alaska is the only state you can type on one row on a standard keyboard



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Michelle has been very attentive to our needs regarding health insurance. She is reliable, thorough with details and able to answer difficult questions when they arise. She is willing to make herself available whenever assistance is needed and is always prepared whether in person or over the phone.

- Kimberly K.

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Protect Your Assets & Property with Cyber Liability Insurance!



Call Mike our specialist in cyber liability Insurance to make sure you have the coverage you need! Contact Mike Alexander Jr. at 1-800-362-2809



ABM 360

360 solutions a new a la carte platform providing various services, such as:

- Payroll
- HR web portal
- Worker's Comp.
- 401K admin
- Expenses 1099's
- Time/Labor Management and much more!

Call us at 1-800-362-2809 for more information.

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