AmCom Insurance Services, Inc.

NEWSALERT

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At AmCom Insurance Services, It's Business as Usual

BY NOW, you have probably heard that AmTrust Financial recently completed the transfer of its U.S. fee businesses to Madison Dearborn Partners, a leading private equity investment firm with significant insurance experience. As an AmTrust fee company, AmCom Insurance Services is transferring to the new entity, The Amynta Group. We would like to assure you this transfer will not affect our working relationship in any way.

Extensive planning went into this process to make the transfer as seamless and non-disruptive as possible. There are no changes planned to our operation, except for our ongoing initiative to improve our service to you. In other words, all is well, and we look forward to doing business as usual.

At AmCom, we strive to deliver the best products and customer service to our agents. The benefits of working with our company will remain in place throughout and after the transfer process.

The Ongoing Benefits of Working with AmCom Insurance Services

- Use of the AmTrust underwriting platform, and backed by the national carrier
- The strength of AmTrust's AM Best rating: "A" (Excellent) FSC XV
- The backing of Wesco Insurance Company (Admitted)
- The same exceptional AmCom underwriters and staff
- The same underwriting guidelines
- The same easy and convenient submission process
- The same prompt and professional customer service

We hope this information will put to rest any concerns you may have during and after the transfer of AmCom to the Amynta Group.

To learn more about AmCom and our programs, visit our website.

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Commercial Auto

Four Ways to Employ Better Driving Employees

A CARELESS DRIVING employee can result in a substantial liability claim, particularly if a third party is injured. If one of your drivers is found to have been engaged in distracted driving, any judgment or settlement for a personal injury could easily cost more than $1 million.

While you can hold meetings about the dangers of distracted driving and what your driving employees can do to reduce the chances of crashing, in the end it comes down to trusting that they will do the right thing.

So what can you do? We suggest a holistic approach to the issue.

1. Understand distracted driving

Just how bad is the distracted driving problem? In 2015 alone, 3,477 people were killed and 391,000 were injured in motor vehicle crashes involving distracted drivers.

But smartphones are not the only source of distraction. Road safety experts say there are three other types of distraction for drivers:

- **Manual** – This can include looking around for a lost object in the car, reaching under or behind the seat.
- **Cognitive** – This can include a driver who is lost in thought and not paying full attention to driving.
- **Visual** – Anything that makes a driver take their eyes off the road, like looking at the GPS or tuning the radio.

All of your training for your driving employees must address all types of distracted driving, and should include scenarios to help them make proper decisions when behind the wheel.

2. Hire good drivers

When hiring personnel who drive, consider what their primary responsibility is. For example, if you own a plumbing operation, your drivers are not necessarily going to be professional drivers, since their primary duty is fixing plumbing issues.

If you think any prospect will be driving as part of their job, you should pull their DMV records. Look for anything serious like DUIs or frequent citations for moving violations.

In addition, check their resumes to see whether they were driving as part of any of their prior jobs, and if they have experience driving the same type of vehicle they would be driving for you.

Also ask about any medications the applicant may be taking, as some can affect their driving. Finally, consider requiring candidates that would be driving to take a road test as part of the recruitment process.

3. Coach current employees to be safe drivers

You should attack this in a three-pronged approach:

- Pull their DMV driving records annually.
- Conduct road tests where they are graded on their driving.
- Hold an annual meeting to go over safe driving policies; reinforce the dangers of distracted driving and stress the need to always focus on the task at hand.

You should also have driving policies in writing that are enforceable and list all the behaviors that are prohibited while driving, like:

- Never answer the phone while driving, even if you have a hands-free device.
- Bar programming a GPS while on the move and require that they pull over when safe to do so.
- Never hold your smartphone in your hand while driving.

Your policy should also specify the consequences and any disciplinary action for breaking the rules.

You should maintain records of these policies. This is of utmost importance if one of your employees is in an accident and accused of negligence. Your policy and proof of training can protect your organization.

4. Take advantage of technology

GPS tracking devices in their vehicles allow firms to receive real-time information about a vehicle's location and rate of speed. This gives you valuable insight into any dangerous habits your drivers may be engaging in.

You can also install technologies that will block cell phone signals while the vehicle is moving. . ❖

Commercial Insurance

Rates Climb Amid More Claims Costs, Catastrophes

THERE WAS a confluence of factors affecting insurance rates that are pushing premiums higher in a number of commercial lines policies, including auto, liability and property.

Increasing claims costs in commercial auto are at the top of the list, largely due to a spike in distracted driving accidents, injuries, deaths and higher costs to repair modern vehicles. Now, after the most expensive natural disaster season on record – hurricanes, floods and wildfires – premiums for commercial property are also on the rise.

Workers' compensation seems to be the outlier, as rates in most states have remained steady or have been falling.

What to expect

Willis Towers Watson, a global risk management firm, predicts in its report, that the largest increases this year will be felt in:

- Commercial properties in catastrophe-exposed areas, and particularly properties that have had prior catastrophe-related claims
- Construction auto
- Casualty auto
- Environmental
- Employment practices

Average renewal rate increases in January

- Business owner's: 4%
- Commercial auto: 3.2%
- Commercial property: 2.8
- General liability: 1.7%
- Commercial umbrella: 1.2%

Source: Willis Towers Watson

These rate increases come after years of soft pricing in insurance, but thanks to an uptick in both claims and claims costs, many insurers have seen their commercial and auto insurance business lose money. The most notable example was State Farm Insurance Cos., which booked a $7 billion loss on auto insurance in 2016.

As a result of the rate increases, commercial auto premiums have been on the climb since about 2015. And there could be more ahead this yearand beyond.

U.S. property-casualty insurers posted a preliminary underwriting loss of $20 billion for the first nine months of 2017.

The losses were largely driven by one of the costliest hurricane seasons on record, severe wildfires in California, flooding in many parts of the country, and more.

Also, in terms of liability, medical care costs in particular have been on the rise, which has driven up costs of many lines of insurance, including liability, umbrella and business owner's policies.

"The marketplace is going to react, and buyers need to be ready," Willis writes in its report.

Now is the time to catalog the positive differentiators of your risk so you can set yourself apart from the pack. It is also the time to benefit from long-term relationships where perhaps you didn't always seek the rock-bottom price.

Anyone going to market should have a Plan B in place – and a Plan C. Buyers should also know their risk tolerances, so that if rates and retentions are spiking, you know where your ceiling is.

Use the analytics now widely available to make these assessments rationally. The last thing you want is to be caught off guard. ❖

Risk Management

Protecting Your Firm as an Additional Insured

IN THE course of doing business, you may sometimes find yourself entering into contracts requiring that your firm be named as an additional insured on another party's insurance policies.

This is often done to make sure that your own insurance is not depleted by defense and indemnification costs for losses for which you may be legally liable as a result of the business relationship you have with the other party, but that are not due to your own firm's direct negligence.

Definition: *An individual or entity that is not automatically included as an insured under the policy of another, but for whom the named insured's policy provides a certain degree of protection.*

When to Be an Additional Insured

There are many times when you may want your firm included as an additional insured on another's policy. Here are just a few examples:

- If you are a building owner, you want to be an additional insured on the property and general liability insurance of your tenants in case one of them damages your building or in case a visitor to the property is injured.
- If you are the owner or a contractor on a construction project, you want to be an additional insured on the general liability insurance of your contractors and subcontractors in case there is an injury to one of their employees.
- If you are a distributor or a retailer, you may want to be an additional insured on the insurance programs of the manufacturers of the products that you sell.
- If a contractor comes onto your property to perform work of any type, including erecting displays or maintenance or structural work, you will want to be named as an additional insured on their policy in case the display falls on someone, or someone is injured due to the work they are performing. You don't want to be held responsible for any dangers or injuries created by their work.

If you are to become an additional insured on another company's policy, confirm that the other party has indeed named your company as such with their insurance company.

You should ask for a copy of the policy that explicitly lists your company as an additional insured. You want to see a copy of the policy and the certificate of insurance, although the latter is not sufficient proof that your company has been added.

Additional insured status is effectively conferred through an additional insured endorsement to the other party's original insurance policy.

An endorsement serves as an amendment to the terms of the policy that is incorporated into the relevant insurance policy. These amendments can take the form of an endorsement that specifically names a particular additional insured, or a general endorsement that identifies some class of parties as additional insureds.

If there is a dispute about your company's status as an additional insured, you will want to have in hand not only the other party's certificate of insurance, but also a copy of the policy itself and the endorsement that makes your company an additional insured.

There are a few best practices that you can implement to help make certain your firm's status as an additional insured has been properly secured:

- At a minimum, always insist on receiving a copy of the relevant additional insured endorsement, as this is the instrument that establishes additional insured status;
- An additional insured endorsement does not, however, state an insurance policy's terms and conditions. In order to avoid being surprised by unexpected policy terms (such as strict notice requirement or unfavorable notice of cancellation provisions), you should ask for and receive a copy of the entire insurance policy under which you are an additional insured, and be sure to read it;
- Retain additional insured endorsements and the relevant insurance policies for as long as there is any potential that claims triggering those policies might be made. ❖