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NEBRASKA & IOWA

November 2023 | Published Monthly


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Did you know?

<u>Did you know</u> that PIA's company council, The PIA Partnership, has conducted nationwide research about the insurance buying preferences of small business owners?

The research is encouraging because it found that small business owners strongly prefer independent insurance agents as they make choices in today's online world.

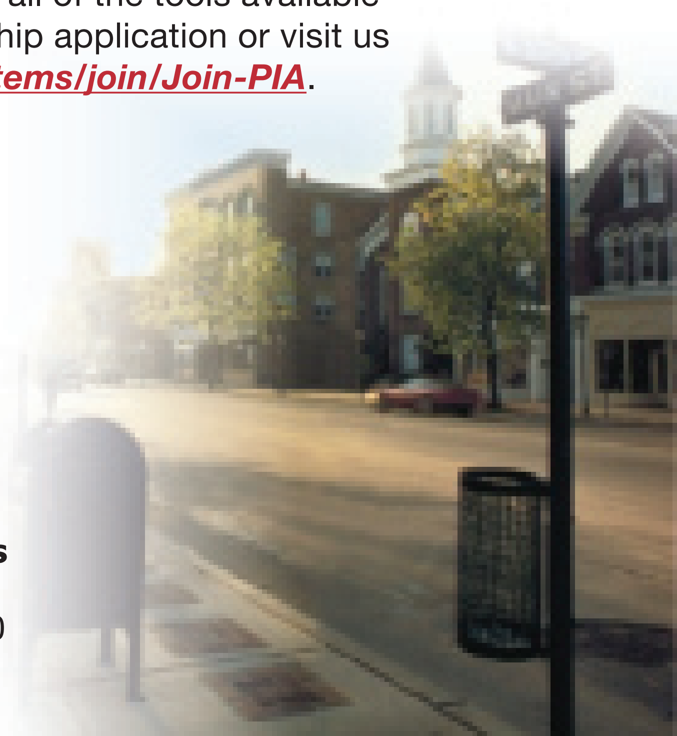
However, the results also serve as a wake-up call that agents must take steps to continue to demonstrate their value and also be more engaged online.

PIA and the companies belonging to ***The PIA Partnership*** have created a public website that helps agents understand PIA's findings.

PIA members also have access to a private website containing a series of strategies and tools to help them stay ahead of online competition in commercial lines.

To access the newest PIA Partnership project, ***Small Business Insurance & The Internet — The Voice of the Commercial Lines Customer***.

If you are not a PIA member and want to access all of the tools available through this program, contact us for a membership application or visit us online at ***www.pianational.org/header-utility-items/join/Join-PIA***.



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SWISS RE & COMMERCIAL LINES RATES
RISING SIGNIFICANTLY IN 2023 AND 2024

Last year Swiss Re predicted commercial lines rates would end up rising by 7.5% in 2023. Late last week the company revised its prediction and now says look for an average increase in premium rates of 9%.

The company says the numbers will drop significantly to 5.5% in 2024.

"Overall, we expect rate increases through 2023 as inflation and catastrophes put upward pressure on claims and operating costs," the Swiss Re report said.

According to the Council of Insurance Agents & Brokers (CIAB), rates for commercial lines rose on average of 8.9% in the second quarter of 2023 when compared to 2022's increase of 8.3%.

However, property rates dropped to a 20% increase after a 21% rise in the first quarter of this year.

The report also predicts a drop in the combined ratio for the property casualty sector in 2024. It's forecast to end up at 102% this year. Swiss Re thinks in 2024 the combined ratio will be 98.5%.

"We expect loss severities to ease as average US headline CPI inflation decelerates to our forecast 4.0% in 2023 and 2.5% in 2024, setting the stage for improved underwriting results as rate gains eventually outpace claims costs," the report concluded.

Source: ***Business Insurance***

RETIREMENT: SOME DISTURBING INFORMATION

Every year the National Institute on Retirement Security (NIRS) issues a report on retirement. The latest report points a long finger at Gen X and says things don't look so good for them. These are people in their 40s and 50s and they comprise about 20% of the U.S. population.

The NIRS says there is a huge gap in the retirement savings of the best earners in Gen X and those earning the least. Just half participate in an employer-sponsored retirement plan and only 14% are covered by a defined plan.

On average, the top earners have about $250,000 in their retirement accounts at the present time. Those with lower incomes have between $200 and $4,290 saved.

Another concern is where to retire. That's when cost of living and other factors come into play. According to the American Planning Association, many retirees move to be close to family, living in better places and to reduce what it costs them to house themselves.

Looking at the NIRS figures and information from the American Planning Association, Bankrate just did some number-crunching on retirement and which states are the best and which are the worst.

Bankrate Rated States By:

- Affordability — 40%
- Overall well-being — 25%
- Quality and cost of healthcare — 20%
- Weather — 10%
- Crime rate — 5%

Worst 10 States for Retirement

50. Alaska
Affordability rank: 43rd
Quality & cost of healthcare: 38th
Well-being rank: 27th
Weather rank: 50th
Crime rank: 49th

49. New York
Affordability rank: 50th
Quality & cost of healthcare: 30th
Well-being rank: 4th
Weather rank: 37th
Crime rank: 15th

48. California
Affordability rank: 49th
Quality & cost of healthcare: 6th
Well-being rank: 15th
Weather rank: 12th
Crime rank: 38th

47. Washington
Affordability rank: 47th
Quality & cost of healthcare: 2nd
Well-being rank: 30th
Weather rank: 34th
Crime rank: 34th

46. Massachusetts
Affordability rank: 48th
Quality & cost of healthcare: 27th
Well-being rank: 11th
Weather rank: 31st
Crime rank: 10th

45. North Dakota
Affordability rank: 26th
Quality & cost of healthcare: 40th
Well-being rank: 39th
Weather rank: 48th
Crime rank: 18th

44. Texas
Affordability rank: 28th
Quality & cost of healthcare: 36th
Well-being rank: 47th
Weather rank: 6th
Crime rank: 38th

43. Colorado
Affordability rank: 41st
Quality & cost of healthcare: 1st
Well-being rank: 28th
Weather rank: 43rd
Crime rank: 37th

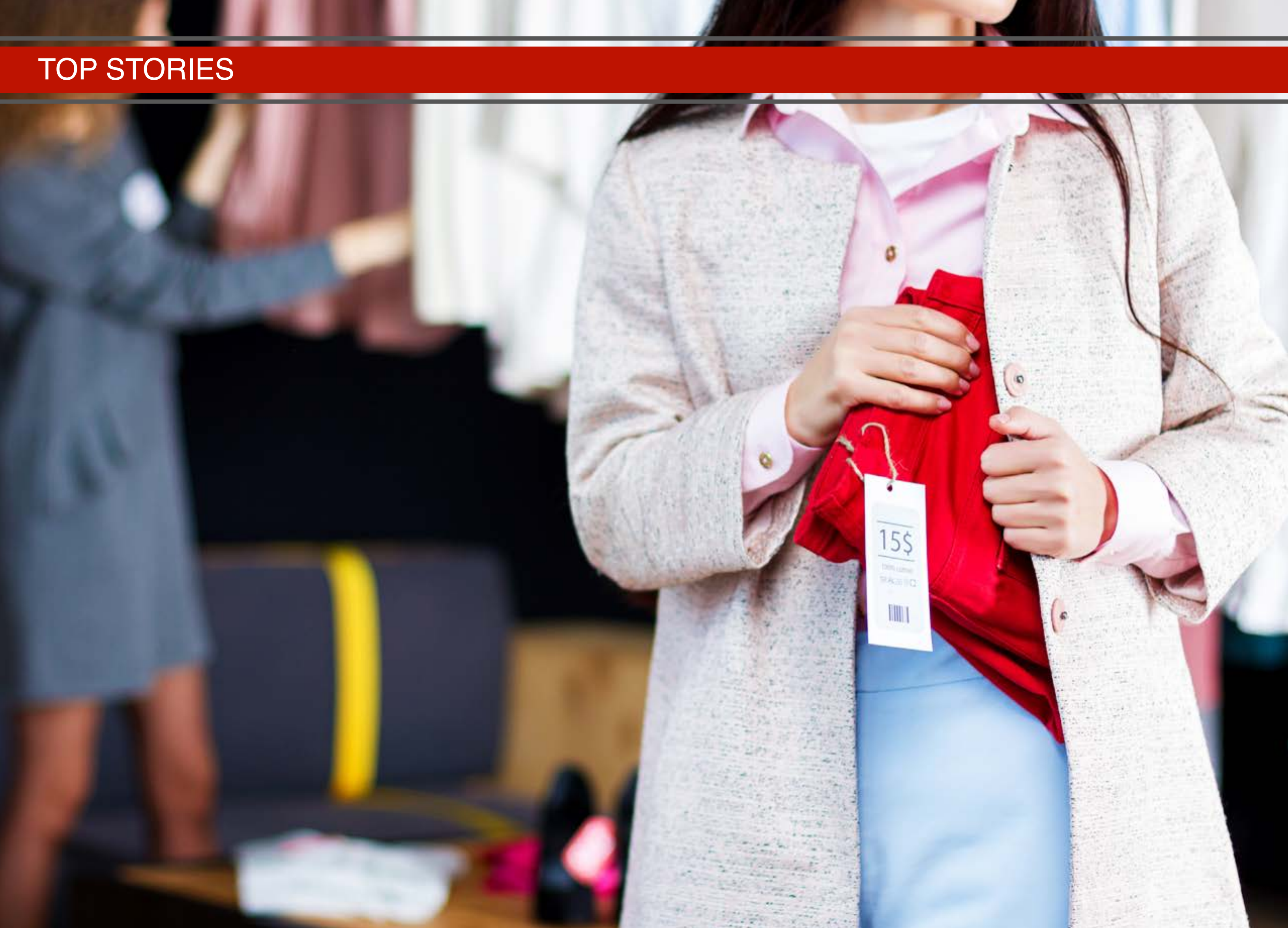
42. Maryland
Affordability rank: 46th
Quality & cost of healthcare: 12th
Well-being rank: 20th
Weather rank: 14th
Crime rank: 29th

41. Louisiana
Affordability rank: 16th
Quality & cost of healthcare: 44th
Well-being rank: 41st
Weather rank: 5th
Crime rank: 48th

Best 10 States for Retirement

- Iowa
- Delaware
- West Virginia
- Missouri
- Mississippi
- Wyoming
- Pennsylvania
- Florida
- Hawaii
- Nebraska

Source: ***PropertyCasualty360.com***



Shoplifting Surge Costs Retailers, Leads to Closures

Target is closing nine stores. Three in Portland, Oregon, three in San Fransisco and Oakland, California, two in Seattle, Washington and one in New York City.

The reason? Organized crime thefts and inventory losses from those groups and individuals that total in the many hundreds of thousands. Target officials also say they worry about the safety of employees.

Walmart just closed a bunch of them in the same cities and for the same reason.

In California 20 thieves in masks and hoods hit a Nordstrom store and took off with over $300,000 in luxury items. A few days earlier hooded and masked thieves grabbed $400,000 in merchandise at a store in a Glendale, California mall.

These are daylight robberies.

The National Retail Federation said the cost of losses from theft has grown to almost $100 billion a year. These thefts are from gangs of thieves, and from individuals knowing they can score without much chance of getting caught or prosecuted.

Nordstrom CEO, Erik Nordstrom talked with stockholders last week in an earnings call.

“Losses from theft are at historical highs, and I’d say, we find it unacceptable,” Nordstrom said. “We’re looking at everything we can do to make our stores are safe and secure.”

That’s going to be a tough one because critics say crimes like these are checked out but then are often largely ignored by politicians and state and city officials. They can do very little about them.

Several people took video of the $300,000 heist at the Nordstrom store and it pushed California Governor Gavin Newsom to respond. He sent $267 million in grants to 55 local agencies. The purpose will be to battle these kinds of crimes and to put better surveillance technology in these stores.

Newsom also wants this money to target these criminals in what are being called “blitz operations.”

Critics are not exactly thrilled with Newsom’s money gift. They say the biggest problem is prosecutors who refuse to prosecute when these thieves are finally caught.

California Retailers Association CEO, Rachel Michelin said in many cases prosecutors don’t require bail money to release people caught stealing $950 or less. She says with few, or no, consequences that means a low-level thief often graduates to something bigger.

“When people realize there’s no consequence, that behavior is going to escalate,” Michelin said.

She also points out that flash mob theft, and some of the violence associated with the criminals attacking these stores, consumers are staying away in droves. That means stores — like Target and Walmart — close, workers end up unemployed. Worse, sales tax revenues drop and it makes it harder for cities to pay police and retain officers.

Another issue these stores battle is vagrants and homeless people camping on sidewalks at, or near, the stores. That keeps people away and keeps new businesses from wanting to open in an area with crime and vagrancy issues.

Rick Caruso heads up the Americana brand at a mall in Glendale where those thieves looted a store for $400,000 in goods. He agrees with Michelin. “The problem is with the DA’s office,” Caruso said. “You can have all the task forces in the world, but if nobody’s being held accountable, it doesn’t matter.”

Sources: Business Insurance and Insurance Journal

CEOS AND AI

Close to Half Think AI Should Replace Them

No doubt the numbers would likely be a lot different if reality said artificial intelligence is going to replace a CEO's job. But since it's just theory, close to half of the CEOs surveyed by the online learning company, edX for Business said AI ought to replace their jobs.

The survey was done with 800 CEOs and 800 knowledge workers and the report is titled, "Navigating the Workplace in the Age of AI."

That same group of CEOs also predict that half of the skills existing in the workforce today will be irrelevant by 2025. Sadly, edX for Business CEO Andy Morgan said those same CEOs warned that 47% of the workforce is unprepared for maybe being irrelevant, for the future of work — a future that may become dominated by AI.

"With more companies moving full speed ahead toward an AI-driven workplace, leaders are faced with an important decision: Embrace AI or be left behind," Morgan said.

- 87% of CEOs say they're having trouble finding talent with AI skills
- 77% say AI is upsetting their business strategy
- CEOs think AI will replace a lot of business functions in their organizations
- Only 20% of employees see AI as a threat to some, or all, of their role in the company
- Many CEOs are embracing AI technology but at the same time worry about their company falling behind
- 80% worry they won't know how to use AI and are unprepared for the future of work
- 82% of execs think workers with AI skills should be paid more
- 74% of executives think workers with AI skills ought to be promoted more often
- Surprisingly, 82% of CEOs think if someone in the company has AI skills they should be able to work for other companies, too
- Sadly, just 24% of employees are using their company's programs to learn AI skills
- 39% of employees say it's likely they'll quit in the next year for a job that offers them better learning and development skills

Source: [*PropertyCasualty360.com*]

RAISES:

BELT-TIGHTENING IN 2024

Aon Plc takes an annual look at compensation and then uses the data gathered to determine what pay raises will be the next year. For 2024, they'll be lower than they were last year.

The average will be 3.7%. That's down from 3.9% last year.

Aon partner, Tim Brown says labor budget tightening and inflation caused the drop.

"People are not going to spend what they spent last year," Brown said. "Also, inflation has come down since last year. So, there's more pressure on salaries."

Allstate's Bob Toohey agreed and said compensation budgets will be "lower than last year — all company budgets will be lower than last year."

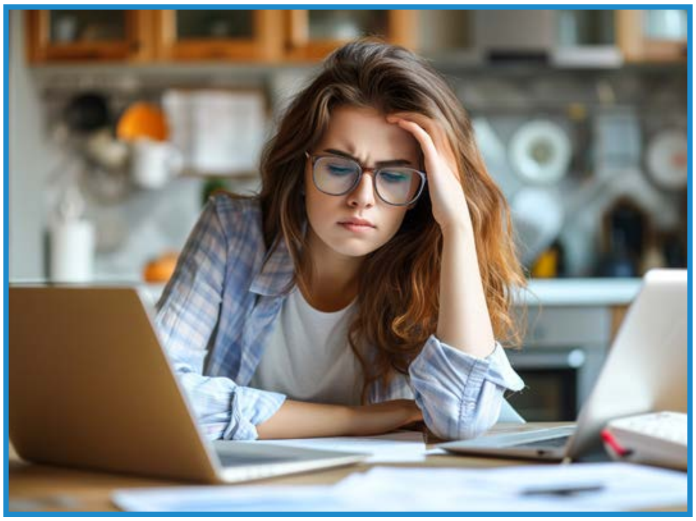
Though the amount of pay will drop by a couple of tenths of a percent, Aon and the human resources company, Mercer say raises are still above the pre-pandemic levels of around 3%.

Tech hiring is down (5% aggressive hiring vs 22% last year), meaning tech workers can expect smaller raises (3.3% next year).

Past Years in Review: Average Employee Raises
2021 — 2.4% 2023 — 3.9%
2022 — 3.2% 2024 — 3.5%

Source: ***Insurance Journal***

The Homeowners and Auto Insurance Crisis



GETTING WORSE

Home insurance isn't just expensive in California - Policygenius reports a nationwide 21% increase in prices from May 2022 to May 2023.

In the same study, Policygenius said 94% of the 17,401 homeowners from the 44 states studied saw rate increases when it came time to renew their policy. Rates rose by more than 20% in 26 of those states.

To contrast the urgency of the situation, no state saw increases above 19% from May of 2021 to May of 2022.

The lowest raises were on the East coast with Vermont seeing the smallest jump at 10%. Other states below 14% are California and Nevada and New York, Maine, and New Hampshire.

Home insurance costs started seriously growing in 2021 with a jump — on average — of 35%. From 2021 to 2022, Florida saw homeowners insurance prices rise 68% on average.

The states of New Mexico and Idaho saw rises hitting 45% as did Texas and Colorado.

Those with 16% or below include the states of Nevada, Wisconsin, Massachusetts, and New Hampshire.

Consumers wanting auto insurance aren't getting much of a break either. Premiums are growing so fast and so high that a lot of people are bagging their insurance policies and are driving without insurance.

J.D. Power tracks these things and says in the second quarter of 2023, a frightening 5.7% of households reported having at least one vehicle on the road without insurance. That's up from 5.2% in 2022.

The state of Oregon saw a 47% increase in people driving without auto insurance. South Dakota saw a 108% increase. The good news for Hawaiians is that Hawaii saw a 37% drop.

Record numbers of people are also shopping their auto insurance. J.D. Power said the 12.5% increase of shoppers for the second quarter of 2023 is a record.

The price hikes come because of the high cost of claims. Auto insurers spent 12% more on claims and other costs than all of the income created last year.

Sources: PropertyCasualty360.com and PropertyCasualty360.com

ARTIFICIAL INTELLIGENCE AND INSURANCE AGENTS

The Public Wants Real Intelligence

The life and health insurer website, GetSure recently took an interesting survey. You can even say it was an intelligent look at how human beings look at artificial intelligence and insurance agents.

The bottom line — no to AI. When it comes to insurance agents — says GetSure CEO Rikin Shah — people want the real deal.

“AI is coming to insurance distribution and has the potential to do wonders for the customer experience,” he said. “Getting this right, however, will require open dialogue with consumers, and that’s exactly why we ran this survey.”

That’s really good news for the 1.6 million people in the U.S. that call themselves insurance agents.

GetSure’s survey polled 1,000 people about how they feel about working with an AI generated insurance agent. Only 9% of those polled said they are very comfortable with with the idea.

And 70% say they are completely uncomfortable.

“That’s a strong statement,” Shah said. “Consumers are telling us loud and clear that you couldn’t pay them to work with an AI.”

Here are two of the questions...

1) Would you be comfortable with an AI insurance agent?

- Yes, very comfortable: 90 people or 9% of those surveyed
- Yes, comfortable enough: 205 people or 21% of those surveyed
- Neutral: 245 people or 25% of those surveyed
- No, not comfortable enough: 280 people or 28% of those surveyed
- No, very uncomfortable: 180 people or 18% of those surveyed

2) What concerns you most about having an AI as an insurance agent?

- It may be biased, or it may discriminate: 260 of those surveyed or 13%
- It may not give accurate recommendations: 590 of those surveyed or 31%
- It may misuse my personal information: 425 of those surveyed or 22%
- It is taking a job from a human: 530 of those surveyed or 27%
- No concerns: 125 of those surveyed or 6%

Source: ***Insurance Business America***

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GENERATION Z & WORK

THE TIMES THEY ARE CHANGING

Generation Z consists of people born between 1996 and 2012. Their idea of how the workplace should work is often radically different than that of previous generations. The closest to the attitude of this group is the millennials.

A huge percentage — though they like their employer — are always looking for work. So are many millennials. The baby boomer and Generation X workers are much more aligned to a traditional workplace.

Breakdown of job seekers by generation:

- Gen Z — 62%
- Millennials — 60%
- Gen X — 40%
- Boomers — 31%

This information comes from a study done by the international management firm, Oliver Wyman. It notes that loyalty is one of the first things to consider when hiring someone in Generation Z.

Here's why:

- 70% of those saying they're loyal to their employers are still seeking new jobs
- 45% of Generation Z workers have side hustles ranging from formal to informal
- 38% are dissatisfied with the lack of clarity around advancement in the company

The biggest — and maybe most important — number:

- 85% prefer a hybrid mix of remote and office work

By the way, Gen Z currently makes up 15% of the U.S. workforce. They'll be 31% by 2031.

There is some good news from Oliver Wyman's experts. Gen Zers are flexible and can often easily balance a lot of jobs at once. Sadly, the positives of this multitasking, and their adaptability, is offset by the negatives. And that's found in the 70% that are loyal to their employers but that are looking for a new job or jobs.

An important reason — 37% say they're not adequately compensated for their job.

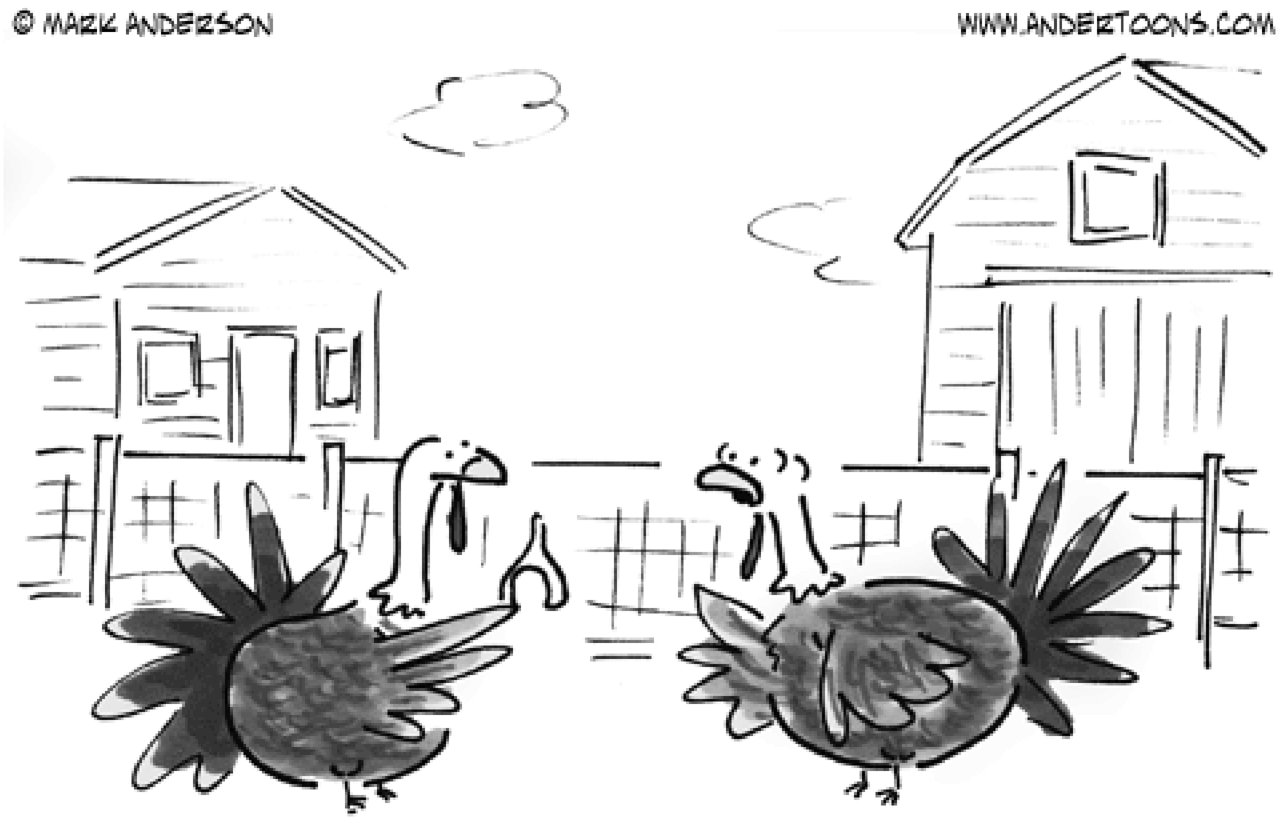
***Source:* [MSN](MSN)**

Events Calendar 2023

For information and to register **click here** or call (402) 392-1611.

Date	Class/Webinar	Where	When
November 1, 2023	Flood Insurance, FEMA, and the NFIP	ALL STATES	Live Webinar: 8 - 11 AM
November 1, 2023	An Hour with Dave: Coverages That Keep a Business Income Loss From Bankrupting You	ALL STATES	Live Webinar: 1 - 2 PM
November 2, 2023	Ethical Dilemmas in Insurance and the Responsibilities of Agents	ALL STATES	Live Webinar: 12 - 3 PM
November 2, 2023	Inflation and Personal Lines: Helping Insureds Understand Why It Matters and What to Do	ALL STATES	Live Webinar: 8 - 11 AM
November. 9, 2023	CISR: Insuring Personal Residential Property	ALL STATES	Live Webinar: 8 - 4 PM
November 9, 2023	Adventures in Aging: Medicare and Other Retirement Healthcare Solutions	ALL STATES	Live Webinar: 12 - 3 PM
November 9, 2023	Marriage, Kids, Money, Assisted Living and Everything Between: Home and Auto Exposures For Life	ALL STATES	Live Webinar: 8 - 11 AM
November 14, 2023	CPIA 3: Sustain Success	ALL STATES	Live Webinar: 8:30 - 4:15 PM
November 14, 2023	Commercial Property: Recent Changes and Crucial Concepts	ALL STATES	Live Webinar: 8 - 11 AM
November 14, 2023	Mastering Business Income: Tools & Tips to Keep Insureds Flush	ALL STATES	Live Webinar: 12 - 3 PM
November 15, 2023	An Hour with Nicole: Why Personal Lines Deductibles Always Confuse Insureds	ALL STATES	Live Webinar: 1 - 2 PM
November 16-17, 2023	CIC: Commercial Multiline Institute	ALL STATES	Des Moines, IA
November 16-17, 2023	CIC: Commercial Multiline Institute	ALL STATES	Live Webinar: 8 - 5 PM
November 27, 2023	More Money, More (Insurance) Problems? Mastering P&C Coverage for the Affluent Market	ALL STATES	Live Webinar: 12 - 3 PM
November 28, 2023	Cyber Coverage: Protecting Your Insureds From Hackers, Liars, & Really Bad Bots	ALL STATES	Live Webinar: 12 - 3 PM
November 29, 2023	An Hour with Sam: The Policy's Position on Home-Sharing and How to Handle It	ALL STATES	Live Webinar: 1 - 2 PM
November 29, 2023	Leadership and Liability: Insuring Executive Risk	ALL STATES	Live Webinar: 8 - 11 AM
Nov. 30-Dec. 1, 2023	Ruble Graduate Seminar	ALL STATES	Live Webinar: 8 - 5 PM
December 5, 2023	CISR: Insuring Commercial Property	ALL STATES	Live Webinar: 8 - 4 PM

December 5, 2023	Planting the Seed: Agent Strategies to Get and Keep Agribusiness Insureds	ALL STATES	Live Webinar: 12 - 3 PM
December 6, 2023	An Hour with Nicole: Everything You Need to Know About Insuring Work-From-Home Exposures	ALL STATES	Live Webinar: 1 - 2 PM
December 7, 2023	"Wait…What the #^&* Just Happened?!" Fourteen Personal Lines Issues To Know Before It's Too Late	ALL STATES	Live Webinar: 12 - 3 PM
December 7, 2023	Claims That Will Convince Your Insured to Enhance Their Homeowners Coverage	ALL STATES	Live Webinar: 8 - 11 AM
December 12, 2023	All-Things Ethics: Agent Obligations, Standards, Authority and More	ALL STATES	Live Webinar: 12 - 3 PM
December 13, 2023	An Hour with Dave: Fast Facts About Flood	ALL STATES	Live Webinar: 1 - 2 PM
December 14, 2023	Certificates of Insurance and the Coverage Issues that Go With Them	ALL STATES	Live Webinar: 8 - 11 AM
December 14, 2023	Adventures in Aging: Social Security & Other Retirement Income Solutions	ALL STATES	Live Webinar: 12 - 3 PM



"No I don't want to make a wish!
Where did you get that?!"

STATISTICS AND THE HOMEOWNERS INSURANCE CRISIS

The Council of Insurance Agents & Brokers (CIAB) held its annual Insurance Leadership Forum in Colorado Springs, Colorado. Insurers there talked about the need to get significant rate increases over the next few months.

Two lines of insurance are the most impacted. They are auto and homeowners. Catastrophe losses and liability awards from court cases are driving those sometimes staggering increases.

The bottom-line is how insurers are having to do significant increases in rates, and it doesn't look like things are going to get better anytime soon. The details of the forum's meetings are worth checking out.

A recent S&P Global Market Intelligence RateWatch looked deeply at homeowners insurance rates and how they've been climbing considerably the last few years. The report looked at different insurance companies and how much their rates jumped between 2018 and September 1st of this year.

"Macroeconomic conditions continue to plague US personal lines-focused insurers as the past two years have seen a higher-than-average rise in homeowners' insurance rates," S&P's report said. "Between 2018 and 2021, the countrywide yearly average change was in the 3% range but jumped to about 6% in 2022. Through roughly the first eight months of 2023, the national average rise in homeowners' premium rates was 8.8%."

As an example of how tough things are getting, Farmers is looking at rate hikes of over 10% in 28 of the 43 states that have approved its next set of rate increases. Illinois is going to see an 25.3% hike on average and Texans will experience an average jump of 25.1%.

People in Tennessee with Farmers Insurance are going to average increases of 23.8%.

Top-10 Homeowner Insurers and the Percentage of Increase from 2018 to Now:

1. State Farm
2022 to 2023: 8.9%
2018 to 2023: 12.1%

2. Allstate
2022 to 2023: 13.4%
2018 to 2023: 30.1%

3. Liberty Mutual
2022 to 2023: 21.3%
2018 to 2023: 33.7%

4. USAA
2022 to 2023: 18.6%
2018 to 2023: 34.7%

5. Farmers
2022 to 2023: 30.1%
2018 to 2023: 48.7%

6. Travelers
2022 to 2023: 15.5%
2018 to 2023: 36.8%

7. American Family Insurance
2022 to 2023: 16.2%
2018 to 2023: 41.7%

8. Nationwide
2022 to 2023: 15.6%
2018 to 2023: 36.2%

9. Chubb
2022 to 2023:11.3%
2018 to 2023: 41.8%

10. Progressive
2022 to 2023: 11.7%
2018 to 2023: 52.8%

Sources: Insurance Journal and Business Insurance

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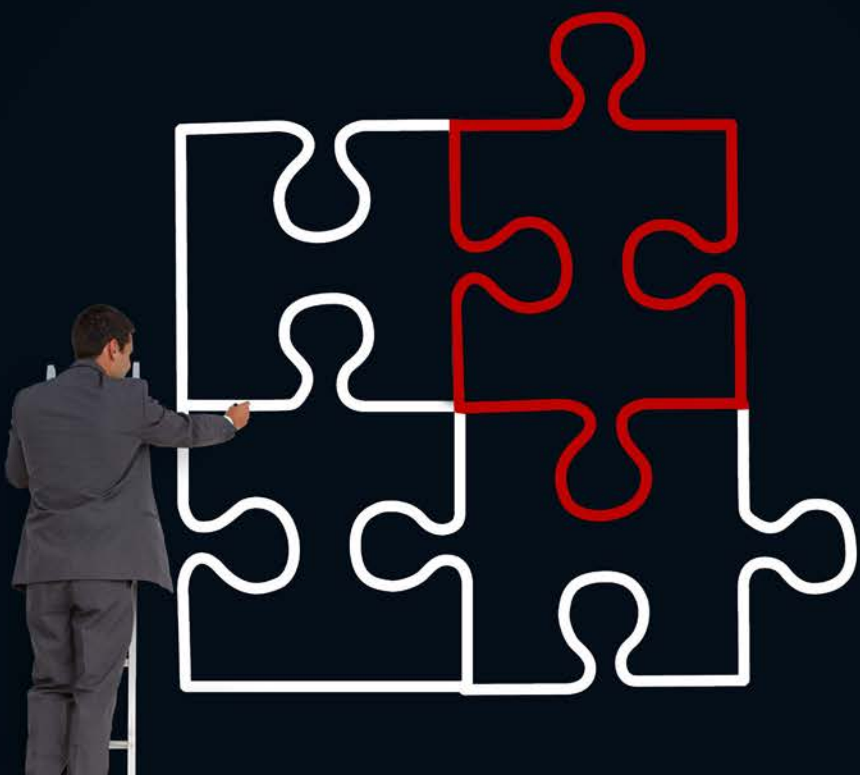

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