

Legal System Abuse and its Impact on Insurance



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By [Dan Bookham](#)
For [WorkBoat Magazine](#)

Legal system abuse, the exploitation of the legal system for personal gain or to create unfair advantages, has become a significant concern across various sectors, particularly the insurance industry. For this month's "Insurance Watch" I'm going to delve into the nature of legal system abuse, its far-reaching consequences, and the strategies being employed to combat it.

Legal system abuse manifests in various forms, including fraudulent claims, exaggerated damages, frivolous lawsuits, abuse of the discovery process and third-party litigation funding. These practices not only burden the legal system but also have profound economic and social implications.

The insurance industry bears the brunt of legal system abuse. The fraudulent claims, exaggerated damages and frivolous or drawn-out lawsuits inflate costs, leading to higher premiums for policyholders. The complex legal environment fostered by abusive practices further burdens insurers with increased legal fees and

reputational damage.

I've heard it argued that because insurance companies are the ones dealing with the front lines of this issue this is somehow a victimless crime. Setting aside the troubling implication that it is somehow OK to defraud an entire sector of the economy, it is important to remember that the insurance industry is underpinned by what we pay for our coverage, so if costs climb so do our premiums. When it comes to legal system abuse, we are all suffering.

Additionally, the repercussions of legal system abuse extend far beyond the insurance industry. Legal system abuse distorts the economy, leading to higher prices, reduced economic growth and job losses. The legal system itself suffers from eroded public trust, overburdened courts, and weakened deterrence. Moreover, individuals and businesses face increased anxiety, reduced access to justice and a diversion of resources from critical social needs.

A relatively new – and currently entirely legal – phenomenon driving expenses and claims in addition to more fraudulent practices is third-party litigation funding, where outside investors finance lawsuits in exchange for a share of potential awards.

To give some context, the largest third-party litigation fund in the U.S., funded in by both private equity and overseas sovereign wealth funds among others, has a \$6 billion war chest to help push lawsuits to as expensive a conclusion as possible. In essence, there's a massive thumb on the scale against businesses facing lawsuits and claims.

Addressing legal system abuse requires a multifaceted approach. Legislative and regulatory reforms, such as tort reform, stricter fraud penalties and increased transparency are

essential. Judicial reforms, including stricter case management, sanctions for abusive litigation and promoting alternative dispute resolution are also crucial.

While the challenges posed by legal system abuse are substantial, a collaborative effort involving insurers, legislators, lawyers, courts, industry stakeholders and the public is essential to create a legal landscape that is fair, efficient and just for all. It's going to take all of us working together to fix this increasingly serious problem.

Record-Setting Charitable Giving in 2023 Speaks to American Generosity



By [Sarah Ruef-Lindquist](#)
For Pen Bay Pilot

[GivingUSA 2024](#) reported a record high dollar amount of \$557.16 billion given by individuals, corporations, foundations and decedents' estates in 2023.

While the increase over the 2022 amount of almost \$546 billion

is notable, it does not mean an increase in inflation-adjusted dollars, but rather a 2.1% decrease from 2022.

For a longer historical perspective, total charitable giving in 2016 was just shy of \$400 billion. That translates into 39% growth in giving over the last eight years.

Still, the 2023 numbers indicate a continued generosity in the United States in the face of the higher costs of living which many are facing. While the increase in the amount of giving may not have exceeded the current rate of inflation, it shows that people are willing to still support charitable causes at least as much as they did in the prior year, even if many of their living expenses have increased.

The GivingUSA report details the sources of gifts as well as the sectors receiving those gifts. Individuals continue to represent the largest source of gifts, at 67%. The foundation share was 19%, while corporations and bequests combined make up the other 14%.

It is notable that the combined amounts from Individuals and bequests – almost 75% – speaks to the importance that individuals and families play in supporting charitable causes.

The education, health, human services, public society benefit, environment/animals, arts, culture and humanities all saw increases in gifts, while religion and international affairs saw decreases.

The trend toward giving to donor-advised funds at places such as Fidelity and community foundations continued with the highest growth level for the year, possibly signaling the desire for the kind of philanthropic flexibility donor-advised funds offer. Donor-advised funds allow a donor to make a charitable contribution and then serve as an advisor as to what charities

should be supported from those contributions, either in the current year or in future years. Successor advisors may also be named.

This is all very good news for charitable organizations that rely upon philanthropy to continue their missions; during the pandemic and since many predictions about a recession caused the philanthropic sector to anticipate a significant downturn in giving which, fortunately, has not come to pass. Continued low unemployment, high stock market values and corporate profitability are likely helping to support donor generosity for individuals, families, foundations and corporate donors.

How to Bounce Back Financially After Being Laid Off

“Expect the unexpected” sounds like a good mantra, but even if you follow that advice, life can still surprise you and knock you off balance. Undoubtedly, being laid off from your job is one of those shocking surprises. Regardless of whether you’ve been contributing to an emergency fund just in case, experiencing a sudden loss of income puts you in a difficult financial—and emotional—situation. But take comfort in knowing there are accessible ways to get back on your feet and regain control of your finances. Here are some strategies to get through this challenging time, no matter your age or career.

Figure Out Your Finances

Once you’ve taken a beat to process your emotions, your first

step should be to assess your finances. This will help you determine how long you can sustain a job search before you need additional income.

- **Unemployment benefits.** Applying for these benefits can take time, so starting that process should be at the top of your to-do list. In many cases, you should be able to file online, but you can contact your state's unemployment office if you're having trouble.
- If your company offered you a severance package, be sure to review the terms with a human resources representative or your manager. How much will you receive, and are there any conditions attached to the payout?
- **Health insurance options.** This is an important factor because many Americans get insurance through their jobs. Your employer's coverage will often continue through the end of the month, but does your severance package include extended insurance? COBRA will allow you to continue your company's coverage for a limited time, but it can be pricey. Explore all your options, including coverage through your spouse's plan, your parent's plan (if you're under age 26), or marketplace plans under the Affordable Care Act (ACA) to find the most affordable and appropriate health insurance.
- **Savings and emergency fund.** Figure out how long your savings and emergency fund can sustain your current lifestyle. If you don't have an emergency fund, this should be a wake-up call to start building one once you can afford it. Create a realistic budget to help get an overall picture of the money coming in and going out each month. Then, identify non-essential expenses you can cut back on to stretch your savings. Even temporarily eating out less or pausing subscriptions you don't use regularly can be beneficial. Every little bit helps during this

time.

Manage Debt and Credit

- **Prioritize payments.** Pay essential expenses first, like rent or mortgage, utilities, and groceries. Of course, it's not ideal to leave any charges unpaid, but if you're short on cash, you may have to decide which are the most necessary.
- **Negotiate bills.** Call your service providers (phone, cable, internet) and explain your situation. Many companies have programs to help customers facing tough times. Don't wait until you miss a payment to reach out; it's best to be proactive. Reaching out as soon as possible could save you from late fees and help avoid damage to your credit score.
- **Contact your lenders.** Depending on your loan type (federal student loans, etc.), you may be eligible for deferment or forbearance, which can temporarily pause your payments or decrease the amount you owe. Ask your loan servicer about these possibilities.
- **Avoid additional debt.** You may not have many options in this regard, but try not to depend on credit cards or loans that could land you in deeper debt.

Explore Income Options

- **Tap into your network.** Don't be shy about broadcasting the fact that you're looking for work. Use your social media channels and reach out to former colleagues, mentors, industry contacts, friends, and family for leads.
- **Explore temporary work.** Freelance or gig work can help generate income while you look for a full-time opportunity. Depending on your expertise and skill set, you can offer services like tutoring, consulting, or freelance writing, or reach out to a staffing agency for

connections to open positions.

- **Update your job search tools.** Add any new positions, skills, or certifications to your resume and LinkedIn profile since your last refresh. Practice interview skills by researching common questions and planning your answers, or role-playing with a friend or colleague.
- **Consider a pivot.** Being laid off rarely feels positive in the moment, but this could be an unexpected opportunity to shift your focus, pursue a dream, or even relocate. Look into online courses or certification programs in a new or adjacent field or open your job search to include new locations. You may ultimately be grateful for this opportunity to do something unplanned or unexpected, even if that's tough to imagine right now.

In addition to all of these tips, remember that you're not alone in figuring this out. Feel free to reach out if you're struggling with job loss and the financial implications—we're here to help you create a plan for recovery and success.

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The Significant Implications of the Dali Bridge Accident Have Only Just Begun



By [Dan Bookham](#) for [WorkBoat Magazine](#)

As I sit down to write this, I'm still shaking off the jet lag from a week of meetings at Lloyd's of London. Lloyd's was buzzing with a range of issues: the pending North Atlantic hurricane season, tensions in the South China Sea, the potential for increased interference with shipping off Iran, and the ongoing conflicts in Ukraine and Gaza and the implications thereof for coverage in the Black- and Red Seas. The number one topic- by a country mile- was the Dali bridge accident and the significant ramifications that are already falling into place following the collision between the 9,971 TEU container ship and Baltimore's Francis Scott Key Bridge.

Anyone with even a rudimentary grasp of how my industry works can guess the first issue: this incident will result in substantial insurance claims. Experts estimate that insurers may face claims of up to \$3 billion. This figure is double the largest-ever protection & indemnity (P&I – liability relating to vessels) claim to date, which was the \$1.5 billion collective loss from the 2012 Costa Concordia disaster. One excess P&I underwriter I met with put the potential loss in context by pointing out \$3 billion would wipe out 20 years of underwriting profit across Lloyd's.

Another big topic was the complex insurance structure around this incident. The marine insurance sector operates with a

complex and layered structure of insurance and reinsurance designed to minimize, transfer, and offset financial risk. While it's too early to definitively say whether this structure will be breached, the Dali incident has raised concerns about its limits.

Something else that cannot be ignored is the incident's location and our well-deserved reputation for aggressive and expensive litigation here in the States. The collapse of the bridge, the loss of life, and impact on US East Coast trade and the Port of Baltimore all contribute to the complexity of the situation once it reaches the courts.

Operational impacts and trade disruptions continue also, even with the impressive (and often innovative) efforts underway to clear debris, channels, and terminal backlogs. The collapse of a vital regional transport link will continue to affect trade for some time to come, and as we've seen in recent memory with the Ever Given incident in the Suez Canal and general disruptions caused by COVID a supply chain rupture only exacerbates existing pressures and can have an outsized influence on regional and national economies.

The incident is also prompting a lot of searching questions about ship maintenance, tug assist, and why the bridge wasn't better protected. These are broader than Baltimore. I don't pretend to have any of the answers (my armchair NTSB investigator badge never being issued) but I do know that any incident causes underwriters to break out the microscopes and examine impacted industries and sectors in fine detail.

In summary, the Dali bridge accident poses challenges to the marine insurance system, and its impact will reverberate for many years. And in what won't be a surprise to anyone, marine insurance rates are likely to increase as a result.

Why Every Business, in Every Industry, Needs Cyber Coverage



By [Chris Richmond](#)

For [WorkBoat Magazine](#)

Today's marine industry relies on computers, smart phones and the Internet to operate and is just as vulnerable as any other industry for cyber attacks. An attack can have a significant impact on your employees, your customers, your reputation and can bring you serious financial loss. A cyber liability policy can provide risk management services useful to you before, during and after a data breach.

There are two important types of cyber liability to know about: First party and third party.

A first party cyber liability occurs when your own data is stolen. This can include your own employees' personal information or information about your customers. A cyber liability policy will provide credit monitoring services to assist the affected individuals which could help minimize the risk of identity theft. Included in the category of first party cyber liability are:

- **Funds Transfer Fraud** is an intentional, unauthorized instruction transmitted via email to a financial institution to transfer funds. If your computer system is compromised, a hacker can have access to your banking information and initiate fraudulent electronic wire transfers.
- **Lost Business Income** due to cyber theft, (a hack or data breach), is not covered unless cyber coverage is in place. Your regular business insurance policy covers you for things like fire, theft and wind, but not anything cyber-related.

Third party liability coverage can provide protection for damage caused by your business to third parties due to a hack. This could be confidential client information that you store in your system. Coverage included in this category are:

- **Breach of Privacy:** A client's personally identifiable information has been accessed by an unauthorized party.
- **Misuse of Personal Data:** Personal data is stolen or misused and they suffer financial damages.
- **Transmission of Malicious Content:** Failure to stop the transmission of virus, malware or other malicious content.

Computers, smart phones and the Internet are as important as any other business tool. They also leave you vulnerable to losses. It is very easy to sit back and say your facility is too small and assume no one would ever want your data and think a hack could never happen to you. But since that is exactly what the hackers want you to say, best to consider adding cyber coverage to your insurance policy. Have a talk with your agent and learn more about this important coverage.

Jeremy Pickford Earns Certified Professional Insurance Agent Designation



Jeremy Pickford

[Jeremy Pickford](#), an account manager on the business insurance team at Allen Insurance and Financial has earned the Certified Professional Insurance Agent designation from the American Insurance Marketing and Sales Society.

The CPIA designation emphasizes critical skills in insurance underwriting, coverages marketing and client services.

Pickford, a member of Allen's private client group, [known as Compass](#), has been with the company since 2015. He also holds the Accredited Adviser in Insurance designation.

How to Prioritize Financial Goals as Your Life Becomes More Complex

Some people are savers, some are spenders, some live carefully within their means, and some live life to the fullest, even if that results in accumulated debt. You likely won't remain solidly in one category throughout your life, as circumstances, income, and expenses change. So, even if you saved diligently during your youth, at some point, you may suddenly be faced with a combination of financial obligations that require decisions about what to prioritize. When juggling day-to-day expenses, debt (student, credit card, or other types), saving for retirement, and saving for your child's college education, where should you focus? Here's a guide to help you decide the priority order these obligations should take, and why.

Establishing Priorities

1. **Emergency fund.** Before shifting your focus to long-term savings or debt repayment, your priority should be building an emergency fund to provide a safety net. These funds should be available to cover unexpected financial difficulties like job loss, car or home repairs, or medical emergencies. Do your best to save at least three to six months' worth of living expenses in an account that you can easily access whenever necessary. Building this buffer before you put money toward other obligations will keep you from deeper debt and additional financial trouble caused by an emergency.

Helpful tip: Set up automated transfers to your emergency savings account, treating it like a monthly bill. This way, the

funds will grow consistently, and you'll be able to build a safety net without constant effort.

2. **High-interest debt.** Since credit card debt and personal loans often come with high interest rates, paying those off should be your next priority. This will help free up money for other financial goals and eliminate the interest payments that are costing you more money than you actually owe. You can also call credit card companies and ask if they can lower your interest rate. They might not agree, but it's worth trying.

Helpful tip: Choose a debt repayment strategy that works best for you. Consider the snowball method (paying off debts from smallest to largest) or the avalanche method (paying off debts with the highest interest rates first). Then, stick to the plan until all your high-interest debts are cleared.

3. **Retirement savings.** Your retirement may seem too far in the future for you to think about now, but this should come next on your list of financial priorities. Why should it come ahead of saving for your child's college tuition, which is likely to be a huge expense? Because, unlike retirement, there are various options for funding a college education, including scholarships, grants, and student loans. There are far fewer options for funding your living expenses after retirement. Also, since more Americans are living longer, maintaining your standard of living will require more money. You don't want to outlive your financial resources.

Helpful tip: Take advantage of individual retirement accounts (IRAs) or employer-sponsored retirement plans like 401(k)s. Try to contribute at least enough to receive any company matching contributions because that's essentially free money for you. Thanks to compound interest, even a small contribution now can

result in significant savings as it grows over time.

- 4. Children's college education.** The reason this financial obligation falls last on the list of priorities is certainly not because it's less important. College costs are high, and it makes sense to start saving early. But, if you must sacrifice this goal to focus on others, you can fund your child's education in other ways. Scholarships, grants, and part-time student employment opportunities may be available for supplementing education expenses if you haven't saved enough to cover costs.

Helpful tip: Explore the option of a 529 savings plan or education savings account (ESA). These accounts offer tax benefits and can help you save money to use specifically toward educational expenses. If you can manage to automate contributions, you'll maintain consistency and enable your fund to build steadily over time.

This priority order can serve as a good guide, but changing financial goals, income, or other circumstances might cause you to reassess and refocus from time to time. The key is to find a balance between the financial obligations you have now and making sure your financial future is secure, too. As always, your financial advisor can help you determine the best strategy to maintain stability, maximize your benefits, and minimize your costs and penalties based on your individual situation and goals.

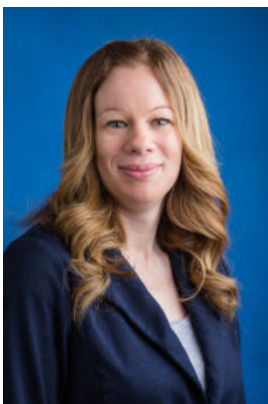
This material is intended for informational/educational purposes only and should not be construed as investment advice, a solicitation, or a recommendation to buy or sell any security or investment product. Please contact your financial professional for more information specific to your situation.

The fees, expenses, and features of 529 plans can vary from

state to state. 529 plans involve investment risk, including the possible loss of funds. There is no guarantee that an education-funding goal will be met. In order to be federally tax free, earnings must be used to pay for qualified education expenses. The earnings portion of a nonqualified withdrawal will be subject to ordinary income tax at the recipient's marginal rate and subject to a 10 percent penalty. By investing in a plan outside your state of residence, you may lose any state tax benefits. 529 plans are subject to enrollment, maintenance, and administration/management fees and expenses.

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Kristina Campbell Earns Workers Compensation Professional Certification



Kristina Campbell, a commercial lines producer at Allen Insurance and Financial, has completed the Workers Compensation Professional certification through the American Society of

Workers' Compensation Professionals.

The WCP® certification provides a strong educational foundation in the various aspects of the workers compensation industry. Campbell completed the program in a nine-week virtual program offered through the University of Southern Maine.

The program highlighted history of workers compensation, statutory provisions, benefits, claims administration, cost containment strategies, methods for determining rates, exclusive remedy challenges, federal legislation and the availability of insurance.

"Achieving the WCP® certification required a significant commitment – this is the kind of dedication and professional development that helps our clients and our team, and shows why Krissy is an outstanding agent," said Dan Bookham, senior vice president at Allen Insurance and Financial.

Campbell has been with Allen Insurance and Financial since 2005.

An Update From Our Benefits Division About the Maine Paid Family and Medical Leave Program

The benefits team at Allen Insurance and Financial continues to monitor the progress of the rulemaking process on the Maine PFML, working with both legal and insurance company experts.

With the recent release of the draft rules for public comment, one previously unclear aspect of the rule has come to light and we are encouraging employers to comment.

Draft rules indicate that an employer may not submit an application to exit the state plan and substitute with a private plan until January 1, 2026, with an effective date not earlier than April 1, 2026.

Regulations towards private plan entry also note the employer as responsible for premiums under the state program until the effective date of the private plan, which would be April 1, 2026. *What this means, as currently outlined, is that employers seeking private plan administration will be required to pay into the state plan starting January 1, 2025, without a refund of those contributions.*

The regulations are not final and are open to public comment. We want to make you aware of the opportunity to express any impacts the proposed regulations may have on your business.

For additional background, in a number of other PFML states, a Declaration of Insurance process was utilized for employers seeking to use PFML private plans. Declarations of Insurance, effective as of the date state plan contributions begin, administratively assure states the employer is complying with PFML requirements through a private plan. This process also avoids state plan pre-funding as the state plan would not bear the cost of private plan claims. If Maine is amenable to this approach, a Declaration of Insurance process would allow time for rulemaking and for a state plan opt-out process for employers interested in private plan solutions.

To submit your comments, you may do so here: [MDOL Proposed Rulemaking](#). Select **12-702** Department of Labor, Paid Family and Medical Leave Program and within this dropdown identify the

applicable section within which you would like to comment.

The public comment period for PFML rulemaking will end on July 8, 2024.

For more information about the benefits team at Allen Insurance and Financial and the services we offer, click over to AllenIF.com/benefits.

Closing the Door Behind You...After You're Gone, Do You Still Want Some Privacy?



By [Sarah Ruef-Lindquist](#) for [Pen Bay Pilot](#)

For the past 36 years, I have had countless conversations with people engaged in their planning trying to understand options for how to structure their estates. A primary question is always “Do you care if it’s public?”

This question is often met with some level of astonishment. “Why would it be public?” And of course, the answer is that wills are public documents filed in the Probate Registry as the

initial step in probate of an estate. In fact, the word 'probate' derives from the Latin word that means 'to prove' which is the intent of the probate process: To prove a will is the intent of the decedent and is presented to allow for its administration.

This means that to begin the process of proving the will and administration of the estate, the will is filed and made a public document. Nowadays, that means the will is not only physically available at the registry of probate but also electronically available through on-line records portals used by most states and open to the public.

Recently, there was an unusual case in Knox County, Maine: A request from the person seeking appointment as administrator of an estate to seal a will. In other words, the person making this request wanted the will to be administered, but not publicly available. Over her 40+ years in office, the county's Registrar could not remember a request for a will to be sealed in the county. Subsequently, a probate judge denied the request to seal the will.

It is possible that such a request to seal a will from public view indicates there are controversial, or perhaps embarrassing, dimensions of family dynamics articulated in the will itself. A disinheritance and perhaps an actual memorialization of the reason therefor might be best kept out of public records.

How could this be accomplished? For centuries, our legal system has recognized that people who use a trust to administer their estates may do so privately and with little or no involvement of probate. A trust can be created during lifetime and include a pour over provision such that if there is any property owned by the decedent but not already in the trust at the time of death it will pass into the trust and then be administered according

to the terms of the trust, which remains private.

People utilize trusts for a variety of reasons: Tax efficiency, creditor issues, remarriage, spendthrift issues – and the list goes on. In my experience, this is the most-often cited reason for folks here in Maine: Privacy. No one will be able to look up in one place what was owned and to whom it was given after their death. However, using a trust does require that one has absolute trust and confidence in their trustee – the person who will be responsible for carrying out unsupervised administration. Sometimes this is a professional, such as a lawyer or accountant, instead of a friend or family member.

Each situation is unique. Consult your own legal and financial advisor to learn more about whether yours warrants consideration of trust planning for privacy or other reasons.

Allen Insurance and Financial does not provide legal or tax advice. You should consult a legal or tax professional regarding your individual situation.