

Insurance Trends for 2022 and Beyond



By Cale Pickford

For Fall 2022 [Maine REALTOR Magazine](#)

The insurance market, like the real estate market, can serve as a window from which to view society and the economy. Insurance companies look to strike a balance between their tolerance for risk and their mandate to generate profits. The push and pull of these two competing factors are further complicated by the rapid rate of change in today's world. Insurers look to predict the future with data from the past, and in this changing world, they are having trouble keeping up. Here are three trends that will dominate the insurance marketplace for the coming year.

Inflation is on everyone's minds these days – for good reason. Across the economy, the cost of just about everything has gone up at rates not seen for more than 40 years. This means that insurance companies, too, must pay more to adjust a loss.

In addition to increased costs, shortages of labor, materials and parts has meant that it takes far longer to fix damages and get people back into their homes and cars. Many insurance policies pay for the insured to rent a car or home until repairs are completed, this time element increases the total cost of the loss significantly. Industry data suggests that claims costs are

up as much as 50% to 100% over pre-pandemic levels. Because of state regulations, increasing insurance rates can be a slow process, but there is no question that over the next few years insurers may increase their rates to reflect the rising costs of insurance claims.

In the context of this inflationary environment, having the right insurance has never been more important. Look for auto insurance policies offering higher limits for temporary rental car coverage, and policies which allow the client to select both the repair shop and original equipment instead of aftermarket parts. For homeowners' policies, look for carriers providing guaranteed replacement cost coverage (which means they will rebuild the home to the same standards, regardless of the limit of coverage on the policy) and high or uncapped coverage for loss of use (the coverage that will pay to rent a home if you're displaced).

Another trend which cannot be understated is the impact of **climate change** on the insurance industry. Extreme weather events generating billions of dollars in damaged property and often loss of life seem to be weekly occurrences. The impact of climate change is no longer hypothetical, and the private insurance industry is reeling from its impact. In particularly hard-hit states such as California and Florida, the private insurance industry is only offering homeowners policies which exclude the primary regional cause of loss such as fire and wind. These policies usually need to be complimented by a separate wind or fire policy underwritten by a state-sponsored insurance pool. While Maine seems more protected from extreme weather events, that trend could change. Regardless, insurers are motivated to spread out the burden of higher rates across a national customer base. In this context, consumers should work with an independent agent to identify regional insurers who do not have as much exposure to catastrophic loss prone regions or

who identify Maine and Northern New England as a market for focused growth or hedge against more loss prone areas.

Cyber security and cyber insurance rounds out this list of top trends. The COVID-19 pandemic forced organizations to shift their workforce to remote work and surveys suggest that a high percentage of workers continue to work remotely. Remote working, accelerated digitization, and an increase in reliance on cloud-based services has created new opportunities for ransomware attackers. The frequency and sophistication of these cyber-attacks are on the rise. Hackers are also becoming more sophisticated by using social engineering attacks, whereby an individual is targeted and enticed to click a link to download malware providing access to a computer or network.

An important tool for preventing hackers from gaining access to computer system is multi-factor authentication (MFA). Though MFA is regarded as the gold standard of authentication, malicious attackers are finding ways to get around it – specifically, authentication carried out via SMS or phone calls. App-based authenticators and security keys are seen as the best option today, but we can be sure that hackers will be looking for ways to exploit vulnerabilities in these systems, too.

Cyber liabilities are here to stay. Every business and household is at risk and having a plan for cyber security complimented by cyber liability insurance is a must for 2022 and beyond.

Insurance continues to be a critically important aspect of the economy as it provides individuals and businesses with a tool to offset risk. Working with an independent insurance advisor who understands the evolving nature of risk along with the associated loss control strategies and insurance solutions is a critical element of financial security and well-being.

Jennifer Coffin Earns Safeco Insurance® Award of Excellence for Superior Underwriting Skill



[Jennifer Coffin, ACSR, CPRM](#), a personal insurance account executive with Allen Insurance and Financial, been honored with the Safeco Insurance Award of Excellence, an honor recognizing superior underwriting skill.

This recognition is achieved only by a select group of agents across the country who sell Safeco Insurance. This is the second consecutive year Coffin has earned this recognition.

“Excellence in underwriting means bringing exceptional customer service together with a deep understanding of the complexities of insurance coverage to create great outcomes for our customers,” said Scott Carlson, manager of the personal insurance division at Allen Insurance and Financial. “Jen and our personal insurance team do that daily by ensuring customers get the insurance coverage that works best for them. This recognition is well deserved and we’re especially proud of the number of consecutive awards Jen has earned.”

The Safeco Award of Excellence recognizes outstanding agents who

have developed a solid underwriting relationship with Safeco and whose agencies have qualified for the Safeco Insurance Premier Partner Award, the company's top recognition program. Fewer than 10 percent of agencies who sell Safeco have agents who receive this award.

Coffin, of Nobleboro, has been with Allen Insurance and Financial since 2004. She holds both the Accredited Customer Service representative (ACSR) and Certified Personal Risk Manager (CPRM) designations.

Allen Insurance and Financial is a multi-year President's Award and Premier Partner agency, recognition given only to the best independent insurance agencies that sell Safeco. Safeco is a Liberty Mutual Insurance company.

Rental Car Reimbursement Coverage Today

Just like many industries, supply chain issues are making it hard to find car parts. So, you should expect longer wait times if your car is in the shop. Additionally, car rental prices have been increasing. If being able to pay for a rental car for an extended period of time is a concern, you may want to consider rental reimbursement coverage.

What is Rental Reimbursement Coverage?

Rental reimbursement coverage, also known as extended transportation expenses coverage, is an optional coverage that helps cover the cost of a rental car if your insured car is in

an accident and needs repair. This helps keep you driving even while your vehicle is in the shop getting fixed.

And: Rental Car Prices Are Up

Just like many industries, the car rental industry is experiencing inflationary pressures. If being able to pay for a rental car for an extended period of time is a concern, you may want to consider increasing the limits of your rental reimbursement coverage.

Your Allen insurance representative is here to help.

When Six Inches of Rain Falls Overnight ...

We hope you are safe and sound after this weekend's rain storm. We're here to help, with answers to questions about flood insurance – and to talk with you about additions to your existing homeowners insurance coverage for things like sewer backup. Remember, you don't have to live in an official flood zone to purchase [flood insurance](#) – it's available to anyone and is more affordable than you think. No matter what your insurance question, you can always Ask Allen.

Commercial and Mixed-Use Real Estate

How to balance property owner's dreams with insurance reality



Cale Pickford

By Cale Pickford

Originally submitted to [Maine REALTOR Magazine](#)

The effects of the COVID-19 pandemic have been far-reaching in all industries, but it seems clear that 2020 and 2021 have fundamentally changed the way business is conducted and, in turn, left an indelible mark on the commercial real estate market.

Demand for warehouses and distribution centers for e-commerce, self-storage facilities, affordable housing and certain retail spaces for grocery and pharmacy businesses is at an all-time high, while occupancy rates for hotels, retail, restaurant and traditional metro downtown office space have weakened

significantly. Many of these struggling sectors were buoyed by federal stimulus money, and many of the changes to the way people work will remain for the foreseeable future. The impact of this is being felt right here in the Pine Tree State.

Through both economic studies and anecdotal evidence, we know that Maine is getting a massive influx of new residents. Many are bringing their jobs with them and working remotely for employers elsewhere, while many others will be looking to start new small businesses in our state. Maine welcomes these entrepreneurs – but it is important that dreams intersect with reality before the purchase to bring about an understanding about how insurers look at mixed-use real estate. This knowledge can help you guide your clients in making a decision that will set them up for long-term success.

We can all agree that remote working is here to stay. While there is no question that many employees and business still find value in shared office space which facilitates professional and social interaction, it is clear that the idea that one has to be in a traditional office in order to be productive has been entirely debunked. As a client who recently moved from Massachusetts to Midcoast Maine told me, he could do his job from the moon if there was an Internet connection there.

For the most part, employees of larger companies who work from home do not have any unique insurance needs and a standard homeowner's policy will accommodate their professional use of the home. However, it seems like an equal number of people are bringing their professional expertise to Maine and are looking to work as freelancers or consultants.

Depending on the business sector, these independent professionals need to insure their business in many of the same ways that larger companies do. As with remote employees, so long

as they do not have client traffic or employees in their home, they often can rely on a traditional homeowner's policy to insure their home, though it is important to note that that policy will still exclude any business property or liability exposure. In order to close that gap, these independent professionals will need to secure a commercial insurance package policy, which provides general liability, business personal property (think of that expensive laptop and Zoom lighting set up) and most importantly, professional or errors and omissions liability insurance. Knowing the costs of this insurance program up front is an important component of a sound business plan.

How about those occupations where business cannot be conducted via phone, email and Zoom? Maine has produced and attracted artisans and craftspeople for generations and many of these creative and skilled people take advantage of the low cost, short-commute synergy that home-based businesses provide.

As with work-from-home professionals, the unmodified homeowner's policy excludes coverage for business activities and property. However, unlike use of a room at home for the new traditional office space, many other business activities will disqualify one from homeowner's coverage altogether. In instances such as these, usually the home or outbuilding where business is conducted (i.e. where the product is made) will need to be insured on a commercial policy and then the owner needs to be insured as a tenant of the commercial building.

This kind of hybrid solution picks up the personal property and liability protection which is excluded on the commercial insurance policy. Examples of businesses which might compromise eligibility for homeowners programs would be woodworking, boat building, commercial food products manufacturing, ceramics manufacturing with kilns, farming, and many others.

Historians and economists suggest that the pandemic-inspired paradigm shift will propel Maine to a transformational chapter characterized by sharp gains in property values, a younger and growing population and economic growth. No doubt this current trend will continue, with many individuals and families making the leap of faith to move to Maine and following their dream. As a central advisor in that transition, make sure these dreamers and doers are considering all of the practical challenges that their move entails. And as always, a critical component of that advice is for your buyer to call a local independent insurance agent who understands your client's dreams and can suggest insurance and risk management solutions that will protect their future.

Insurance Question and Answer Speed Round

By [Cale Pickford](#)

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Independent insurance agents tend to field questions that follow a familiar pattern. Just as real estate agents with a few years experience under their belt can probably anticipate and questions from buyers and sellers before they are even asked, so it is with insurance. As sales and service professionals, we welcome our client's questions as they show that the client is engaged and working through the details of selling or buying a home. We are advisors and our ability to carefully listen and respond is the value of our service, especially when considered against the back-drop of the click-bait, lead-capture mine field

that is the modern search engine. (Have you ever clicked to see what mortgage rate you're eligible for?)

Here are a few excellent questions that independent insurance agents frequently hear.

How do I insure property in self-storage units?

People accumulate an extraordinary amount of property after they have lived in the same home for an extended period of time. Children move out of the nest and leave behind all manner of treasures, things too precious to allow their parents to give or throw away but not quite important enough to bring along as they begin their own personal quest to accumulate way more than they will ever need. On the other side, prized possessions of late parents and relatives also tend to trickle down to the next generation. It seems people cannot quite bring themselves to throw away that moth-eaten mink stole or home videos that should be converted to digital copies, someday. In response to this mountain of loved but unneeded property are acres and acres of self-storage facilities and pods. In some cases, homeowners' insurance policies will provide world-wide coverage for personal property, including those items held in storage units, but with a limit of 10% of the total amount of coverage on the policy. With some carriers, you need to modify the existing homeowners policy to include property held in storage facilities with a specific limit of coverage. As with most personal property coverage, there are caps for certain high value categories of possessions, such as jewelry, watches, furs and firearms. If someone is between homes, having sold their home and figuring out what is next, they should look to the storage facility or specialized insurers who specifically provide insurance for this category of property. Bottom line: Ask your agent, as each insurer treats this category of property a little differently and never make the assumption that it is insured automatically.

Does my homeowners policy cover outbuildings (garage/sauna/yoga studio/shed) on my property? Almost all homeowners policies automatically provide a certain level of coverage for “other structures.” The coverage, generally set at 10% of the dwelling value, insures structures and things that are not attached to your house. Some examples of property that would be repaired or replaced if damaged by a covered peril are garages, guest houses, patios, dining areas, mailboxes and walkways. Limitations and exclusions to this automatic coverage do apply. For example, piers and wharves are covered but most insurers exclude marine-related loss such as wave action and the lifting and crushing of ice. Also, if a detached structure is tenant-occupied or used to conduct business, the policy will need to be modified to make sure the homeowner is properly insured. If the built-in coverage is not enough, you may have the option to increase the other structures limits. Also, if there is a lot of value in these detached structures, it is wise to have a discussion with your insurance agent to see if guaranteed replacement cost coverage applies, as this coverage mandates that the insurer replace or repair the damaged structure even if the cost to rebuild exceeds the limit of coverage. Depending on the insurer, pools can either be covered under the dwelling or other structures coverage. Above-ground pools are usually considered personal property.

Does bundling insurance really save money?

The quick answer is yes. Insurers hire legions of actuaries to keep a very close eye on the characteristics of the most profitable accounts. The goal is to avoid or charge more for accounts that are predicted to lose money, and be more aggressive with pricing on the accounts where a profit is expected. One of the principles of insurance is spread of risk: Insurers know that if they insure both a home and vehicles they're more likely to turn a profit than if they insured just

one aspect of their client's life. The insurers also know that accounts with multiple policies have better retention, which is driven by savings, familiarity of doing business, and convenience (or hassle to switch everything!). From the client's coverage perspective, bundling insurance can also create a more efficient solution, with the potential to close gaps in coverage and eliminate redundancies.

What about deductibles?

With most insurers, the deductible can have a significant impact on both home and auto insurance premiums. Whether you are shopping for insurance or reviewing your current policies it is a great idea to price deductibles within a range so you can make a cost benefit decision with actual numbers. Often insurers who specialize in covering high value homes will greatly incentivize high deductibles, with some offering deductibles as high as \$100,000. For insurers focused on more typical homes, deductibles ranging from \$500 to \$2,500 are most common. Another benefit of higher deductibles is that they impose some discipline on filing claims. Claims history is a very important part of insurance underwriting and even very small homeowners claims can have a significant impact on insurance eligibility and pricing. If you have a \$1,000 deductible and an \$1,800 loss it might be wise to self-insure (pay out of pocket) the cost of the repair rather than file the claim and risk your loss-free status. Furthermore, there's always a chance that a more significant loss would occur in the near future, and having two claims in a short time span can have a major impact on access to insurance.

Flood Insurance: What's new?

Flood insurance is always top of mind in a state like Maine with vast numbers of fresh and salt water adjacent real estate. York and Cumberland counties still have yet to adopt the new FEMA flood maps so be sure to be looking at both the current and

future maps in these counties so your client can be proactive in mitigating the risk of being remapped into a special hazard flood zone. In positive news, the market has come up with some compelling and well-priced private flood insurance options as well as improved diagnostic software and third party websites which more easily allow real estate agents and their clients to determine the impact of the flood plain on a particular property. As always, get out ahead of the question of flood insurance because it takes some time to navigate the process of securing the best priced flood policy available. Also, if you need to have an elevation certificate done, expect delays greater than you have seen in the past. Like so many real estate tied professions, surveyors are busier than ever.

Socrates is credited with saying “the only true wisdom is knowing you know nothing.” In the world of insurance, this is very good advice. So often there are nuances and variables with in insurance coverage. The best advice is to work with an independent agent you trust and never hesitate to pick up the phone or send an email when you have a question about coverage.

Allen Insurance and Financial Earns Diamond Achiever Award in Maine

Allen Insurance and Financial has been named Maine’s 2020 Diamond Achiever by [Patriot Insurance](#) Company. The annual award

is presented to the highest performing agency based on set criteria including length of appointment, profitability, growth, and policy retention. Each year, the top Patriot Insurance Company agencies receive the "Diamond Achiever" award in recognition of their outstanding accomplishment.

Patriot Insurance Company President and CEO, Lincoln Merrill Jr. explains, "We are proud to present Allen Insurance and Financial with our Diamond Achiever award. Through their hard work and commitment to providing superior services, support and products, it is well deserved."

This recognition exemplifies their commitment to providing quality, professional insurance products and services to our mutual clients.

The results achieved by the team at Allen Insurance and Financial helped the agency become one of the most successful among Patriot Insurance Company's more than 115 independent agencies.

"The team at Allen Insurance and Financial is dedicated to providing the protection our clients need accompanied by the highest level of service. We are all very proud to be recognized by our colleagues at Patriot Insurance. Strong partnerships like ours benefit everyone in the industry - carriers, agents and clients, " said Michael Dufour, executive vice president of Allen Insurance and Financial.

Allen Insurance and Financial has been licensed with Patriot Insurance Company since 1993 is recognized as one of the carrier's Preferred independent insurance agency partners.

About Patriot Insurance

Patriot Insurance has been providing peace of mind for families and businesses in New England for over 50 years. Headquartered

in Yarmouth, Maine, we are a regional carrier offering business, home, auto, life, and surety products backed by local, autonomous claims, loss control, and underwriting teams.

We work exclusively with independent agents who can give our customers the personal guidance and service they deserve. Since 2007, we have partnered with Frankenmuth Insurance, a longstanding company founded in Michigan in 1868. Patriot Insurance is financially sound, with an A.M. Best rating of "A" (Excellent).

Meesha Luce Earns CPIA Designation

[Meesha Luce, ACSR](#), a member of the personal 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.

Meesha is a member of the MIAA Young Agent Committee, and was named Maine's Young Agent of the Year in 2017. She joined Allen Insurance and Financial in 2006.

She also holds an Accredited Customer Service representative (ACSR) designation. A graduate of Medomak Valley High School, Luce lives in Hope.

"All of us here at Allen are incredibly proud of Meesha's

professionalism and commitment to both customers and community,” said Scott Carlson, personal insurance division manager at Allen Insurance and Financial. “Meesha is a real embodiment of our company’s values.”

Insurance for Your Private Vacation Home Rental

Growth in private vacation home rentals has been explosive and Maine is a top vacation destination. With short-term private home rentals in high demand, homeowners are contemplating renting their properties to generate additional income.

This is where rental property insurance, also sometimes called landlord insurance, comes in, to help cover the unique risks taken in renting out your home or condo for long periods of time.

This coverage includes property damage, liability costs and loss of rental income for landlords renting their property. Whether you are renting your house, a vacation home or an investment property, **rental property insurance is an important safeguard against the financial risk associated with tenants living on your property.**

Before you rent your property, give your account executive a call. We’re here to help.

Insurance as a Financial Management Strategy: Things to Think About for the New Year

By [Cale Pickford](#)

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The U.S. is unique in the developed world in that we rely heavily on employers to provide many of the benefits and social safety nets which would otherwise be provided to all citizens on a national basis. The merits of the U.S. system are frequently debated but one clear issue with this system is that independent contractors have to research and purchase their own insurance policies which would otherwise be provided by an employer. Because of the high cost and difficulty in understanding the products and options available to protect one's assets and income from risk, many real estate agents, as independent contractors, are at risk – a serious accident or event can have a major impact on their financial well being.

A sound insurance strategy can help protect a family from the financial consequences of loss events. Use the following as an outline for the various insurance products real estate agents should review.

Life Insurance: Your investment advisor may tell you that life insurance is a critical component of a sound financial plan. Anyone who has dependents or a spouse – loved ones who would suffer financially should you die – should seriously consider life insurance because it will allow surviving family members to

meet obligations that would have otherwise been funded by your (now missing) income.



Cale Pickford

Disability Income Insurance: In order to maintain your standard of living, it is important to protect your ability to earn an income. Individual disability income insurance helps preserve a portion of your income and provides financial protection if you become disabled for a period of time.

Long-Term Care Insurance: You're not too young to think about this now. A long-term care insurance policy reimburses a preselected daily amount to cover the cost of skilled nursing care, speech, physical and rehabilitation therapy and services used to assist them with activities of daily living

Health Insurance: Studies suggest that as many as 12% of Americans are without health insurance. Even if you have health insurance or are eligible for Medicare, you should regularly review your plan to make sure that it is the best fit for you and your family's needs. If you're on Medicare, talk with an insurance specialist about the best Medicare Supplement Plan for you, to close gaps and reduce out-of-pocket costs.

Homeowners Insurance: Most people who own homes have homeowners insurance. However, a very high percentage of people are

underinsured and lack the coverage they will need to make them whole following a loss. Review your policy with an agent, keeping in mind the increasing costs of both construction and to defend and settle bodily injury lawsuits. Also, coverage is very limited for certain types of personal property such as jewelry, firearms, fine arts and so forth, so I recommend insuring items of unique value on a separate valuable articles policy.

Automobile Insurance: Automobile coverage is mandatory in Maine, but just because you have a policy does not mean it will react in the way you expect or need it to. New cars depreciate quickly; make sure you consider gap coverage if you have a loan, or better yet, new car replacement coverage. Learn what coverage you have for towing, roadside assistance, rental cars and glass repair and consider the cost and benefit of having these on your policy. Most importantly, make certain that you have high liability limits and that your vehicle is rated for work use as opposed to pleasure or commuting. It does not matter what coverage you have if a claim is denied for being improperly rated.

An Umbrella Policy: This is perhaps the best value in the insurance industry. Umbrella policies provide protection, in increments of \$1 million, for bodily injury and property damage claims which exhaust the limits of your auto, home or watercraft policies. Properly structured, an umbrella policy can greatly reduce the likelihood that a personal lawsuit will devastate your net worth.

Buying a product you hope you never need to use is never a fun way to spend money. Insurance is not the only way to reduce risk: Making smart decisions and being careful go a long way. Still, a properly constructed insurance program is a critical component of a sound financial strategy. Planning for the worst, and hoping for the best, is a good approach in an uncertain

world.

Tips to save on your homeowner's insurance policy

Rightfully so, we focus a lot on ways to make sure your homeowners policy offers proper protection– but cost matters too! Here are some ways to make sure you are getting the best deal in the marketplace:

- **Review deductibles:** Most insurers structure their rates to reward deductibles of \$1,000 or higher. If you have a \$500 deductible, you're likely leaving savings on the table.
- **Account credits:** Insurance companies are looking for "spread of risk" – that is, insuring multiple policies for the same client. If you have separate insurers for your home and auto look to combine for additional discounts.
- **Loss Control Devices:** Insurance companies will reward customers who install systems that reduce the likelihood of claims. Central station fire, burglar and low temperature alarms will reduce your premium. Insurers may also offer discounts for automatic generators and automatic water shut-off valves.
- **Shopping Around:** On a national level, insurance companies have been hit with unprecedented catastrophic losses but Maine has thankfully been spared the worst of these natural disasters. If your renewal premiums have increased significantly, your insurer may be penalizing you for poor performance in other regions. Look for a regional insurer or a national company who has rates in Maine that are more in-line with the risk.
- **Coverage Inflation:** Insurers increase the amount of coverage on your policy each year. The intent is to keep pace with the increased cost of construction but often

those increases compound and the coverage limit gets ahead of the replacement cost of your home. Review the limits of coverage to make sure you are not under-insured or over-insured. My top tip is to find a policy that will offer extended replacement cost of either 125% or 150% of the policy limit, or even unlimited or guaranteed replacement cost coverage. This endorsement will prevent you from being underinsured at the time of a loss.