

[Baribeau to Speak at Casualty Actuarial Society's Annual Meeting](#)



This Tuesday, I will be speaking at the Casualty Actuarial Society's Annual Meeting on November 10, 2020. During the presentation, "COVID-19: The Good, The Bad and the Ugly," I will be looking at the insurance risks and opportunities that could result from the coronavirus.

Some of my remarks will be based on articles I have written recently, including:

- [Perilous Times: COVID-19 & Commercial Property's Vexing Variables](#)
- [Tipping the Scales: Measuring the Impact of Social Inflation](#)
- [Gamechanger: After COVID-19, P&C Insurance Will Not Be Quite the Same](#)
- [COVID-19 Reality Check](#)

My main point is that COVID-19 is the ultimate mega disruptor that should challenge the insurance industry to re-think its products and services and their relevance in a post-COVID-19 world. We continue to learn from COVID-19. I expect teleworking will continue on a large scale after the coronavirus becomes history not only for worker convenience but the environmental advantages. That alone raises implications for workers' compensation, personal auto and homeowners insurance. Telemedicine is also proving to help patients without long waits at the doctor's office, but there are liability questions to explore that will affect medical malpractice insurance.

I am honored to be part of the CAS's Annual Meeting and to be presenting with Jim Lynch from the Insurance Information Institute.

There are also a couple of actuaries I want to thank for making this presentation possible. Beverly Phillips, a personal auto actuary, was kind enough to ask me to present. Max Rudolph, an Enterprise Risk Management actuary from the life and health side of the actuarial house, also provided invaluable assistance.

Commercial Property Insurance in Peril

Commercial property insurance was already struggling before COVID-19 hit the scene. Double-digit rate increases were bad enough but hit the highest in 35 years.



As I cover in [Actuarial Review's article, Perilous Times: COVID 19 & Vexing Variables](#), there were several things going on. Consider:

- Catastrophic weather-related losses have been exceptionally high - at least for the years 2017 and 2018.
- Thanks to the response to the COVID-19 pandemic, commercial space has been at low capacity for seven months.
- Declining investment income due to lower returns on mortgage-backed securities.
- Riots similar to the late 1960s have made a comeback - big time.

I wrote the commercial property insurance article before a multitude of hurricanes hit the United States, especially in the Gulf states. While the article focuses on commercial property insurance, it should also interest homeowners' insurance policyholders as well.

My thoughts on "Civil Unrest"

As an aside, I found it distressing that last summer, some people said it was OK to destroy buildings because that is not harming people. It depends on how someone perceives harm. Small business people who lose their companies and their employees who lose jobs feel harm. So do the neighbors.

People have been physically harmed or even killed. Businesses that hang on despite the damage still have to pay deductibles for their commercial property insurance. Their premium can also go up.

By the way, if civil unrest sounds like rioting, then you need to get current. The Associated Press Style manual recently instructed journalists to avoid using “riot” as a term. [“A riot is a wild or violent disturbance of the peace involving a group of people. The term riot suggests uncontrolled chaos and pandemonium,”](#) according to the AP Stylebook’s twitter feed. Apparently, the act of going into someone else’s neighborhood, stealing property and destroying buildings could be stigmatized like the protests of the 1960s. “Unrest is a vaguer, milder and less emotional term for a condition of angry discontent and protest verging on revolt,” [tweets the AP Stylebook.](#)

Whatever it is called, I wish the Golden Rule would make a comeback. Treating people the way we want to be treated with kindness, dignity and respect would go a long way. Sounds like Martin Luther King doesn’t?

Marijuana Industry Insurance Options Grow, But Practical and Moral Issues Remain

The marijuana industry is attracting more attention from business insurance agents and brokers. As I explain in my Leader’s Edge article, [Budding Business](#), the burgeoning legal pot industry is calling for more insurance options.

However, insurance companies selling business insurance are not exactly jumping at the chance to offer the full array of coverages enjoyed by other industries. Excess and surplus carriers, which thrive in high-risk insurance markets, are providing coverage to an extent. However, admitted insurers, which are subject to state regulation, are not jumping at the opportunity.

My article digs into the marijuana industry’s growing pains, the coverage gaps it is facing and some of the reasons why. Experts point to federal laws and regulations causing difficulty for financial institutions, including insurance companies. However, covering marijuana remains quite risky and unpredictable. The liability considerations alone are enough to discourage insurers. Think Big

Tobacco and play it forward.

Think Big Tobacco and play it forward.

Speaking of the effects of tobacco on society, there are also insurance executives who see the moral and ethical implications of supporting a substance with a checkered past that marijuana legalization does not address. And despite the general media's general positive coverage of pot, it remains as harmful as it always was.

Thankfully, you will find balanced reporting in both my Leader's Edge and [Actuarial Review](#) articles about marijuana. Both of which are published by insurance industry associations willing to support thoughtful journalism.

A read of both articles shows that in the property & casualty insurance arena, different types of insurance are at odds with each other. Business insurance, which covers the marijuana industry, collides with personal and commercial auto coverage, which pay for the accidents caused by the drug. Workers' comp insurers face covering injuries from both the production and the use of pot at the workplace.

My hope is that this article will be shared with a wider audience. In my view, marijuana should be treated with respect as any other drug. That means regulating it through the U.S. Food and Drug Administration. This would also ensure greater research and product dosage consistency. While the FDA is imperfect, it is better than treating a drug known to cause impairment as an herbal supplement.

Emerging Risks Insurers Are Watching – and So Should You

Emerging risks are a mixture of perception and reality. If you asked executives in 1999 to name one

of their top



The experts weigh in on emerging risks.

concerns, many would have answered Y2K. It turned out Y2K caused a lot of hysteria and a lot of computer consultants made a ton in the process.

Then there are the risks that people don't perceive but insurers do. Auto insurers know most accidents take place within a five-mile radius of the home. Drivers do not think about that when getting on the road.

Insurers, actuaries, risk managers and world leaders see emerging risks from the broader perspective. Insurers have to think ahead to figure out which emerging risks they can cover and the cost.

My most recent [Actuarial Review](#) article considers three recent surveys to break down five emerging risks from the insurance and business perspective. Consumers can benefit from the article as well.

Climate change bypassed cyber risk as the largest emerging risk of concern. One source said off the record that this is largely due to news coverage on climate change that showcases the evidence of rising sea levels. (Yeah, I covered [that](#) too.)

The insurance industry has to anticipate what is possible to make contingencies. Unfortunately, fear-mongering politicians are muddying the public climate change conversation. I am thinking of two in particular. They warn of doom in 12 years if we do not act now. Thankfully, the [Associated Press](#) fact-checked the 12-year claim and wrote, "There is no scientific consensus, much less unanimity, that the planet only has 12 years to fix the problem."

All nations should be doing their part to take care of the planet. But my largest concern relates to cyber risk and unintended consequences of emerging technologies. Insurance executives do as well, ranking cyber risk second among emerging risks. (Covered [cyber](#) too.)

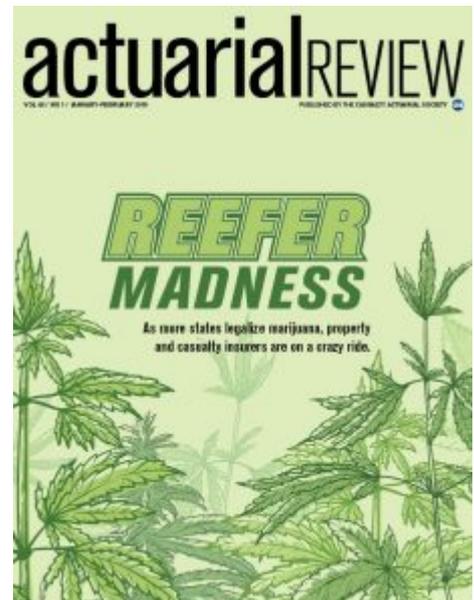
An Emerging Risk for Consumers

From a consumer standpoint, I see one big risk: data privacy. We unwittingly gave away a lot of personal information by participating in social media, “trusted” websites, DNA testing...the list goes on. Suppose personal data lands in the “wrong hands.” Just look back at history, assume it repeats itself, add in personal data and play it forward.

I am hopeful about the [California version](#) of Europe’s General Data Protection Regulation, which is to go into effect next year. However, if the Silicon Valley companies (I won’t say who they are I will just point) can successfully lobby lawmakers, it might lose some teeth.

Which emerging risks concern you and why?

[Legalizing Marijuana Expands Auto and Workers’ Comp Risk](#)



Legalizing marijuana introduces greater risk.

Legalizing marijuana expands its use. And that widens the risk potential of on-the-road and on-the-job accidents.

Just how much is legalizing marijuana affecting auto and workers' compensation coverage? I try to answer that in my latest *Actuarial Review* article, "Reefer Madness." (Non-insurance folks should read the article as well.)

Using all the information I could find - including direct queries to state workers' comp funds - my article offers insight into what I see as an emerging risk.

Since more states are liberalizing their marijuana laws, we can expect greater use of the drug. Studies are already showing this to be true. And unfortunately, too many of those using the THC-high-inducing part of the plant are not staying home. Rather, they are taking to the roads and going to work cognitively impaired, even those in dangerous occupations.

To make matters worse, too many Americans believe that driving while high is less dangerous than driving while under the influence of alcohol. Some research is showing that marijuana-related auto accidents are going up while alcohol-related incidents are declining.

That's not exactly progress when any impairment is bad news. Legalizing marijuana a growing public hazard to be sure. The insurance industry, however, is in the unique position to monitor the impact from a public safety perspective. Insurers can also reveal pot's impact on accident frequency and costs.

On the job, anecdotal evidence of the impact of marijuana impairment still drives conventional wisdom. The workers' compensation insurance industry needs to start researching the impact of marijuana on workplace safety and to realize the effects on return to work. Groups like the [Workers' Compensation Research Institute](#) helped sound the alarm of the impact of opioids on injured workers long before it became public knowledge. The same can happen for marijuana.

I know. It's illegal and therefore cannot be researched. But there has to be something that can be done.

Legalizing Marijuana Complexities

Legalizing marijuana is only possible because the once-well-believed downsides of the drug are being drowned by those extolling its untold benefits. What was once conventional wisdom is now debatable. Thought pot was addictive? Marijuana, advocates say, is not addictive — at least not physically — and it can help break opioid addiction. I would argue psychological addiction can be pretty tough to tackle. It is tough to know what to believe.

The marijuana conversation has become too hazy, allowing legalization to proceed at a faster pace. It's interesting that a reporter for the [New Yorker](#), after looking at some of the same evidence as I did, also expresses caution for different reasons.

The marijuana conversation is muddied for another reason. Legalizing marijuana means different things to different people. While some insist that its medicinal qualities make the drug worthwhile, others think medical marijuana was a mere entry point for recreational use.

It appears that way. States begin with legalizing marijuana for medical purposes even though medical efficacy is yet to be proven. This is largely due to federal restrictions on pot, which make it virtually impossible to give it the clinical gold standard research that builds the drug's credibility. As one source says, medical marijuana is not yet offering a remedy unavailable from other drugs. And once pot transitions from medical to recreational use, people don't care much about getting doctor's orders.

...there is precious little we know for sure about cannabis.

By the way, the FEDs do make a compelling case for it. According to the [U.S. Health and Human Services' review on marijuana](#), pot's potential benefits do not outweigh the risks. Legalizing marijuana should reveal whether the downsides of marijuana will be worth the upsides. That may or may not change public attitudes. Americans are more open to marijuana than ever. Friends tell me "it is just pot" though it is much more potent than 30 years ago.

While open-minded to pot's positive outcomes, I cannot escape the realities before me. My Godson's life is being destroyed right now because he believed the online messages that marijuana was harmless. Once he got high, was busted and removed from the drugs and his friends, he started trying other drugs and alcohol. His high school career has been disrupted. His immediate future is uncertain.

Another Look at Legalizing Marijuana

My exploration of marijuana and insurance is not over. Currently, I am working on a piece for another publication that covers the impressive growth of the cannabis industry and the developing marijuana-related commercial insurance market. Stay tuned.

Meanwhile, thanks to my extensive web activity into the subject of marijuana, yours truly is being subjected to cannabis product ads and videos on her Facebook news feed. An occupational hazard? Could be. It's kind of creepy when online searching leads directly to my inbox. The marketing emails about CBD oil and pot gummies are very misleading. Thanks to my article, I am better informed.

I hope you'll check out my *Actuarial Review* article. Let me know what you think!

Claim Closure Can Enhance Customer Experience, Branding

Claim closure can set a positive tone that bolsters overall customer experience and an insurer's brand. How insurance companies finish off the claim process can leave an overall impression that can affect customer retention and loyalty.

It's really quite simple, isn't it? When someone is happy with their insurance company, they recommend it to friends either in person or online. Conversely, unsatisfactory claim experiences can lead to negative social media posts that harm an insurer's brand.

Claim closure gives both customers and claims professionals that wonderful feeling of finality. There is just something about being able to check something off the to-do list! For insurers, it's also an important way to make that final positive impression on customers.



Claim closure should enhance customer experience and an insurer's brand.

Historically, insurers send a letter via snail mail - thereby delaying that positive feeling of resolution. In addition to those letters, however, insurance companies should seriously consider the role technology can play in leaving a *timely* positive impression at the end of the claims process.

As I wrote in a blog for [SPLICE Software](#), technology offers a means to accomplish just for personal lines insurers. Reaching customers quickly is important for boosting customer experience, which in and of itself, is brand enhancing.

Claim Closure Messaging

The message's language is also critical. The "it was a pleasure to serve you" type wording has become so ubiquitous that insurers need to consider messaging that uniquely reinforces an insurer's brand.

That's why I believe an insurer's marketing, communications, claims and customer service leadership should work together to send brand reinforcing messages available through omnichannel technology.

How insurers handle claims can make or break their relationship with their customers. Going the extra mile to provide timely and brand-enforcing messages throughout the claims process, including claim closure, just makes sense.

Eventually, using the omnichannel approach to communicate with insurance customers will become an insurance industry best practice. In the meantime, insurance companies already leading the charge should reap customer loyalty-building results.

[Trump Calls Dodd-Frank Act a Disaster](#)



Donald Trump calls the Dodd-Frank Act a disaster.

President Donald J. Trump called the Dodd-Frank Act a disaster, according to an article published at cnn.com yesterday. He pledges to take on the negative consequences of the act.

Last week I predicted that [Trump would take on the Dodd-Frank Act](#) and Trump's statement provides confirmation.

My views differed from other experts who predicted last fall that Trump would not deal with Dodd-Frank. Such "conventional wisdom" is wrong because Trump is not a conventional candidate.

My reason for believing Trump will address the Dodd-Frank Act is simple. Whether you agree with him or not, the man does what he says he is going to do. So far, his dizzying array of action demonstrates that Trump can cut through the political nonsense with decisive action.

In the current political climate, it should not be difficult for Trump to undo the provisions that affect property-casualty insurance companies. Banks — not insurance companies — are blamed for the crisis that caused the Great Recession that led to the Dodd-Frank Act. The justification for involving insurers was a far reach only possible with the political climate that created the act.

"(Trump) does what he says he is going to do."

I encourage you to look at my coverage of the Dodd-Frank Act from last Spring. Unlike most articles, my [Actuarial Review](#) article comprehensively dug into the nitty-gritty of the act and its ultimate impact on property-casualty insurers.

When I announced the article in a previous [blog](#), I gave my personal and unique take on the legislation. My bottom line: the act is supposed to protect consumers. I can't see how the act protects customers who purchase property-casualty insurance.

Trump calls the Dodd-Frank Act a disaster. When it comes to the insurance provisions, I agree.

The CNN article predicts that Trump will be up for quite a fight from those who believe the Dodd-Frank Act helps stabilize the economy. I have not seen him shrink from a challenge yet.

[Will Trump Help Eliminate The Dodd-Frank Act's Insurance Provisions?](#)



President Donald J. Trump
www.whitehouse.gov

Changing the Affordable Care Act is a top priority for President Donald J. Trump. Lobbyists that represent property-casualty insurance companies are hopeful he also will help eliminate The Dodd-Frank Act's provisions affecting their industry.

In a recently released [video](#), the Property Casualty Insurers Association of America (PCI) President David Sampson discusses its legislative goals for 2017. This includes addressing The Dodd-Frank Wall Street Reform and Consumer Protection Act.

The video made me think about the [rare, comprehensive and journalistic](#) look I took into the Dodd-Frank Act in *Actuarial Review* last spring. The act mostly covers banking regulations. However, it also includes the most far-reaching federal legislation to affect property-casualty insurers — *ever*.

The act's full title contains the words "consumer protection." As I write in a [previous blog](#), I cannot identify anything in the act that substantially benefits consumers of property-casualty insurance.

Since the post-Civil War period, state regulators have been the overseers of the insurance industry. Thanks to the dubious justification for including P/C carriers into a banking bill, Dodd-Frank has

ultimately opened the door to greater federal – and even international – regulatory influence.

***(Trump's) pledge to reduce regulation shows
a favorable political climate.....***

The media tends to focus the most attention on the act's provision that qualifies a few property-casualty insurers as Systemically Important Financial Institutions (SIFIs). Insurers with the SIFI designation are regulated just as SIFI banks by the Federal Reserve Board. This, however, does not directly affect the vast majority of property-casualty insurers.

The Dodd-Frank Act's creation of the Federal Insurance Office (FIO) and its impact deserve greater attention. Sampson covers that in the video as well.

The FIO's lack of accountability is also a source of frustration. When I began working on my article, sources told me the FIO was non-responsive. In my case, I spent six weeks trying to reach a FIO spokesperson who ultimately did not answer most of my questions. So much for accountability to the media.

But I was not alone. My *Actuarial Review* article describes a congressional committee session where an Obama appointee said he could not get clear answers from the FIO. The legislators did not fare much better, which is very disconcerting.

That is just the tip of the iceberg.

Will Trump help eliminate the Dodd-Frank Act provisions that affect property-casualty insurance? His pledge to reduce regulations shows a favorable political climate for insurance company lobbyists. The challenge will be in explaining the act's effect on insurance companies without getting too deeply into the weeds. That will be tough since the act creates more regulatory layers, but I see how it can be done.

To learn more, check out my *Actuarial Review* article, [Demystifying the Regulatory Web: Dodd-Frank and Its Complex Impact](#). My previous blog also digs deeper into my conclusions. (Please note: Insurance Communicators, LLC is not affiliated with PCI.)

Do you think President Trump will work with Congress to eliminate the Dodd-Frank Act's insurance provisions? Please share a comment below.

The Problem of Pain

"Pain," wrote C.S. Lewis of *The Chronicles of Narnia* fame, "is God's megaphone to the world."

In our bodies, pain is the brain's megaphone that something is not right. On an immediate level, acute pain tells us to stop whatever it is we are doing.

How to handle the problem of pain as a society and personally are complex challenges.

We know that too many people are depending on opiates and other drugs to relieve pain and some doctors are [even making a profit](#) directly selling these drugs without enough third party oversight.

We know there is a risk of addiction, which destroys lives and families. The long-term effects on children with alcohol and drug addictions stay with them throughout their lives.

We know that there are too many people in our country on disability related to pain than our joint resources can afford. We have politicians who win votes by providing entitlement benefits when that is not always the best for the morale of the individual.

I know a few things about pain both individually and professionally. By inheriting the back problems of my parents, I suffer from pain. As a writer who has covered health, workers' compensation and disability, I also know the public policy and administrative efforts being made to deal with the costs and implications of soft tissue injuries and the pain they cause.

We still have a lot to learn about pain. While the medical community and insurers are gradually becoming more open to alternative ways to deal with pain, we know intuitively that pain is deeply individual and difficult to communicate. There is no one-size-fits all answer to addressing pain.

To deal with pain without drugs requires high motivation and an acceptance that pain of all kinds is part of life.

We know that some people can live with more pain than others. For example, living with pain is different for each gender. Recent research contends that women cannot bear pain as well as men and that women are more likely to be seen at pain clinics. We also know that women, in general, see doctors more often. Whether for social or physiological reasons, men tend to avoid doctors more.

As someone who has struggled with pain for years, I also believe there are other factors that affect pain and productivity that employers can do only so much. In medical and workers' compensation circles, we know that in the Minnesota of Garrison Keillor fame, people are somehow more resilient to the difficulties of life. Coverage costs reflect that reality.

But we do need broad guidelines even though they will never be perfect for each individual situation. Thoughtful determiners of who should be on disability and who should find their way back to work use broad guidelines like the American Medical Association's [Guides to the Evaluation of Permanent Impairment](#). As with any broad approach, there will always be some that are not well served.

But there is so much more to these questions of how to deal with pain and help those who suffer from it.

We know that individual values influence motivation to work. That explains why some of us have a very strong work ethic and would be ashamed not to be productive members of society while others just give up.

Some would say this stems from the Protestant work ethic that prevailed in the nation during its early years and that gradually eroded due to political philosophers like Karl Marx. But Marx, like the apostle Paul, acknowledged that everyone should be productively contributing to society. Marx's maxim, "People who do not work should not eat," pretty well sums it up. (As historian Paul Johnson pointed out, it is ironic that Marx was fed by the wealthy Engels family and never did any work that would have made him a "miserable commodity.")

The belief that work should be required of all, regardless of its source, was supplanted by the idea that all Americans are entitled to not only a job, but a meaningful one. Perhaps it was the post WW II economic boom where jobs were plentiful and opportunity seemed endless. Perhaps it was political propaganda that made promises for future generations to keep.

What I have never been able to understand is what entitles us to anything. The framers of our constitution assume that through a creator, we have the right to pursue life, liberty and happiness. They did not promise anything, but assumed something greater than us allows us to pursue better lives.

Our individual and collective belief systems greatly affect how we deal with the problem of pain and what we expect from others and ourselves, including employers and the government.

The problem is our collective expectations cannot be met due to how we use our resources. This is the heart of the budget discussions in Congress. Fiscal responsibility is impossible with the plethora of high expectations. If we do not lower our expectations, we will continue to burden younger generations. If Americans began as individuals to be realistic about their own expectations, we would be a financially stronger nation.

We do not have a full handle on why pain is worse for some people than others.

But as with any broad attempt to classify individuals, there will always be some who are on disability unnecessarily and others who really cannot manage working a full-time job.

My Pain Story

An MRI from seven years ago revealed many reasons for my back pain, but the pain specialist who gave me lumbar epidurals and steroidal shots could not tell me specifically why I had pain but only that he could treat it.

If Americans began as individuals to be realistic about their own expectations, we would be a financially stronger nation.

Being busy with work and raising two small children, one having juvenile diabetes, I focused on getting relief. But I knew intuitively that the long-term answer was finding its cause.

So I spent a couple years getting shots and, for some of that time, getting physical therapy. Knowing the shots could cause long-term damage, I elected to get painful trigger point deep messages. Using breathing techniques I learned from intense weight training, I got through them to the surprise of the therapists who told me I could handle pain better than most people.

Massage worked for a while, unless I did too much housework or gardening at once. So I tried to spread these chores out over time to reduce pain. My doctor made sure I always had muscle relaxants for those times when muscle spasms caused me to stop dead in my tracks.

Recently, I got another MRI and a diagnosis for my pain. It turned out I am so hypermobile that I stretched out my ligaments, leaving me little strength to handle the challenges of a good cardio workout or extended day in the yard.

Since then, I have been getting more shots to reduce inflammation and strengthen the ligaments. My use of Ibyroyn has declined, but the issue is not yet resolved. My doctor now wants me to pursue prolotherapy, which is not covered by my health insurance.

My recent physical revealed that I am in excellent health for my age, save for the back problems. I asked my doc for advice on other roads to pursue that are covered by insurance. I got a second opinion from a surgeon, who told me to start swimming. That takes time and money, which are both limited. Recently, an expert told me to try hot yoga, which I will do. I am also trying to determine how much pilates I can do to strengthen my core without pain.

There are also other options to explore, but I know intuitively I need stronger muscles to stabilize me.

Dealing with pain is an individual journey. To deal with pain without drugs requires high motivation and an acceptance that pain of all kinds is part of life. We have high expectations to be pain free, but the reality is that as we age, our bodies are less resilient to pain.

While public policy makers and doctors continue to address pain, I submit that being as productive as possible despite pain is an individual choice. As a society, we cannot afford for people to give in to pain. The social ethos of our society needs to return to the Protestant work ethic because as a nation, it made us strong. Without this strength and determination, our country will become weaker economically and otherwise.