

WRC Agency News

An exclusive resource for our agents.

WRC AGENCY

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Are Solar Panels a Bright Idea?

by Chrissy Kretchmar, Commercial Account Manager – WRC Agency

We've all seen them — the big, black, angled panels on your neighbor's roof, or maybe a field of rows of flat plates as far as the eye can see. Have you ever wondered if these large sun catchers are covered by homeowner's or farm insurance? How would you help your client if an energy company were to contact them to lease part of their land to create an energy farm?

To answer those questions, we'll have to look at what kind of coverage your clients need for these scenarios. We'll help you give your clients tools to decide if they should invest directly or agree to have the panels placed. It's important your clients know all of this before they decide to make a semi-permanent addition to their property.

With energy costs rising and eco-friendly energy sources becoming more popular, people are looking for a better way to harness Earth's energy. Solar photovoltaic (PV) systems, also known as solar panels, solar energy systems or solar power systems, convert sunlight into electricity.

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WRC Agency will be closed for the following holidays:

Thanksgiving
November 28, 29*

Christmas
December 24, 25

New Year's Day
January 1

*some staff will be available

A member of

**THE
WRC
GROUP**



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It's a great way for your client to power their home and they also may be able to sell energy back to the power grid. According to nerdwallet.com, homeowners who install solar panels should see a return on investment in seven to 20 years. The panels can even add \$10,000 to \$30,000 to your client's home value.

Coverage A or Coverage B?

Are the panels covered on a standard homeowner's policy? To answer, we need to investigate how this addition fits into the policy and how it might be covered.

The first issue to address is property ownership. Does the homeowner own the panels or are they leased from an energy company?

Coverage varies from policy to policy, but if there is coverage, Coverage A may extend if the panels are roof-top mounted and owned by the insured. Think of it as a covered porch, or some other permanent, attached structure to the home.

However, if the client is leasing from a third party, you would need to confirm if their agreement includes coverage for damage — generally, the third party's insurance would cover that risk. If the client purchases ground-mounted units, it is possible that Coverage B would apply. However, if the systems are owned by a third party, the physical damage should be handled under the third party's insurance.

Liability

You also will need to look into the liability. If the panels are owned, and there is no agreement with the energy company, the liability from the homeowners would apply. If the client has entered into a contract to sell back some of the energy, it can get a bit more complicated as to who is responsible for unexpected situations.

One question to ask is who handles damage caused by power surges. It would be important to note that if the client is responsible, this may not be covered by their current homeowner's policy. They would need to establish this with the energy company before signing a contract.

The most important thing is that you need to confirm with your client if they own or lease these panels. If they own, be sure to add limits to the HO policy. If not, find out who is responsible for unforeseen damage and/or liability.

Coverage for ground panels

You now understand how a homeowner's policy would extend coverage for a solar system, but what if your client has been approached by an energy company requesting to lease farmland to install ground-mounted systems, or the client has decided to purchase ground panels to provide energy to their home or farm? Would this be covered by the

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farm policy for property and liability?

If the client owns the systems, there may be coverage under Coverage B. You would need to confirm that these are ground-mounted and not permanently attached to their structure.

Often the insured does not own ground systems because an energy company has offered a lease agreement that requires a commercial liability policy with high limits. These limits can only be achieved with either an excess or umbrella policy. The contracts are typically for extended periods of time — 20 to 40 years is common.

The most important thing to consider, in this case, is the language of these lease agreements. Frequently there will be a clause that specifically advises what insurance is required, if the client is responsible for liability and to what extent.

What do mutuals do?

We approached WRC's own underwriting consultants to confirm how some mutuals may handle this kind of request.

These requests are generally permissible and would need to be handled as such. If a farmer is leasing land to a power company, the client would need to be added to the company's policy as an additional insured and add an incidental business pursuit charge per an endorsement on the farm policy.

However, if the client has entered into an agreement that includes a hold harmless clause, which puts the insured in a position of responsibility, it would not be permissible. You also would need to confirm who is responsible for the care and maintenance of the land because there could be additional liability regarding mowing and/or snow removal.

The WRC underwriting consultants do not want to cover any risk that involves putting up energy-generating systems that will sell power back to the company.

The future

Society is changing. We're looking for renewable and efficient ways to provide power for generations to come. We're searching for new and renewal resources to replace old, less clean and inefficient fossil fuels. The need for solar energy is great and we as insurance professionals have to know how to assist clients with these pursuits.

The Washington Post reports that solar panels are the "next cash crop" for farmers. The state of Illinois reports that by 2025, at least 25% of the state's power resources will be provided by solar systems.

Solar power is something that your agency should be aware of as it may be the farmer's future. The WRC Agency is happy to support you and your clients' request for coverage. All we need are proper applications and a copy of the client's lease agreement to ensure we are meeting all the required criteria. Together we at WRC and your Agency can help the Earth and our clients one policy at a time. ■

<https://www.energysage.com/solar/101/how-solar-energy-works/>

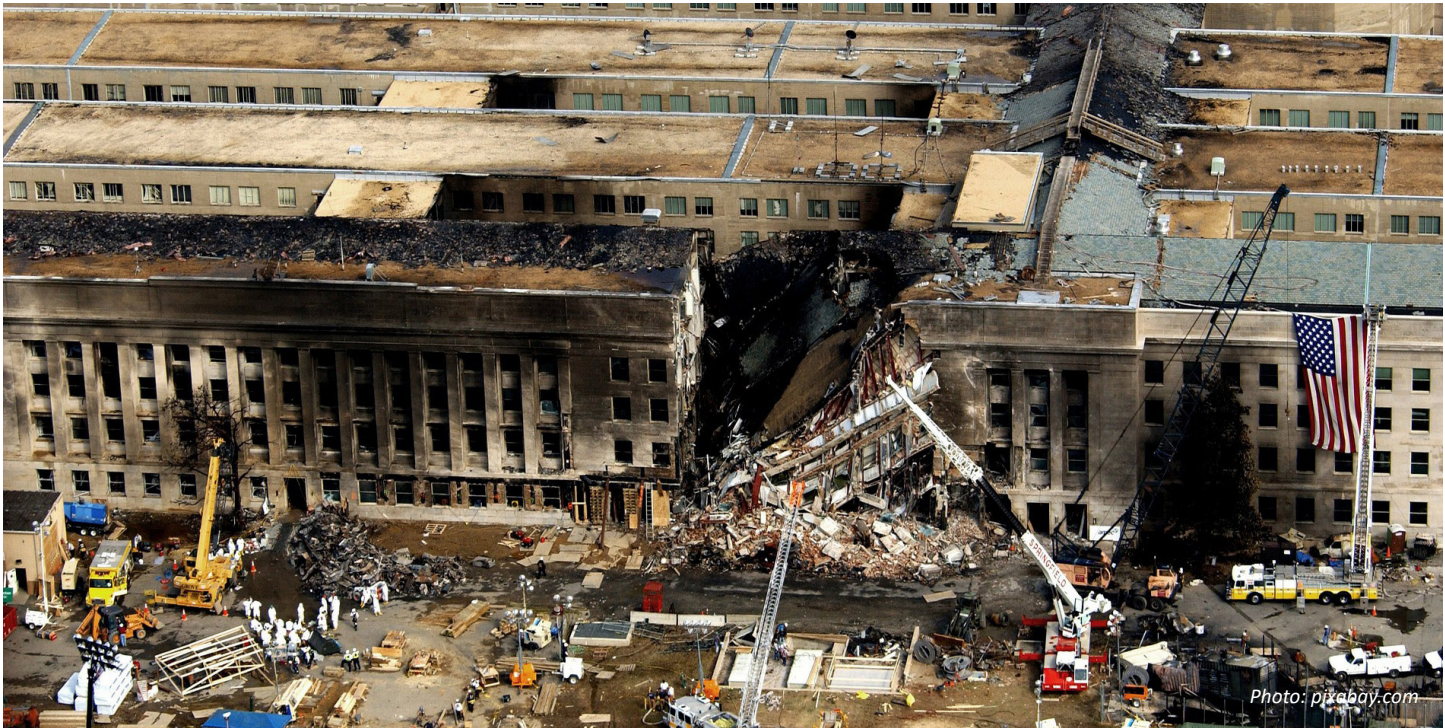
<https://modernize.com/home-ideas/28097/the-benefits-of-solar-farms>

<https://www.nerdwallet.com/blog/finance/save-money-putting-solar-panels-roof/>

<https://www.solar.com/learn/solar-panel-insurance/>

https://beta.washingtonpost.com/business/economy/the-next-money-crop-for-farmers-solar-panels/2019/02/22/2cf99e8c-3601-11e9-854a-7a14d7fec96a_story.html?noredirect=on





Terrorism Coverage: What Is It and Why Do We Need It?

by Sara Mohrbacher, Vice President – WRC Agency

According to National Consortium for the Study of Terrorism and Responses to Terrorism (START), there were 1,922 successful acts of terrorism on U.S. soil between 1970 and 2016. Most occurred during the 1970s during a period of widespread, politically-motivated violence, particularly bombings.

Insurance losses stemming from the 9/11 attacks totaled about \$45 billion in 2017 dollars, including commercial liability and group life insurance claims. About two-thirds of these losses were paid for by reinsurers. Business interruption accounted for 33% of losses and 30% were for property losses, including the WTC towers.

Prior to 9/11, most insurance companies provided coverage for terrorism, even if they did not specifically mention it.

What is terrorism?

The definition of terrorism varies, but according to the original Terrorism Risk Insurance Act of 2002 (TRIA), a certified act of terrorism for the purposes of that Act is:

- » A violent act or an act that is dangerous to (I) human life, (II) property or (III) infrastructure;
- » To have resulted in damage within the United States, or outside of the United States in the case of (I) an air carrier or vessel described in paragraph (5)(B); or (II) the premises of a United States mission;
- » To have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States government by coercion.

The current Terrorism Risk Insurance Program Reauthorization Act of 2015 (TRIPRA) adopted the 2007 program reauthorization definition, which struck “acting on behalf of any foreign person or foreign interest” in order to include domestic terrorism under certified actions of terrorism. It does not provide coverage for war. The only line of insurance that provides coverage for injury or death due to an act of war is workers’ compensation.

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Terrorism and Insurance

Insurance companies face a difficult task to insure terrorism. There is relatively little historical data as to the frequency and severity of losses, which is what most carriers use to price coverage.

Terrorism acts are not accidental, which is often a requirement for insurance coverage. Acts are typically targeted to a specific area, making it difficult to spread the risk geographically. This concentration also can cause adverse selection as those who need it most are more likely to purchase it than those who don't.

Acts of terrorism also may be covered under various personal lines policies:

- » Standard homeowners policies typically do not specifically reference terrorism, but since the policy covers damage to property and personal possessions due to explosion, fire and smoke, acts of terrorism are typically covered.
- » Condominium or co-op owner policies are a bit different. The personal possessions would most likely be covered, but the damage to the common areas of the building like the roof, basement, elevator, boiler and walkways only would be covered if the condo association had purchased the commercial terrorism coverage.
- » Standard renters' policies would also typically provide coverage, but the property owner would need to purchase coverage for the building itself.
- » Auto insurance policies provide coverage if "comprehensive" or "other than collision" coverage is purchased.

Coverage for commercial lines coverage is not as simple. Before 9/11, most standard commercial property policies provided coverage. However, after 9/11, insurers decided it was time to reassess this coverage.

Many primary insurers filed requests with their state insurance departments to specifically exclude terrorism coverage. By the beginning of 2002, 45 states had approved these exclusions.

Reinsurers also were hesitant to reinsure policies in areas



Photo: pixabay.com

that were perceived to be vulnerable to attacks. The difficulties in obtaining and insuring terrorism coverage resulted in the enactment of the Terrorism Insurance Risk Act (TRIA).

It created the Terrorism Risk Insurance Program (TRIP), a federal loss-sharing program for certain insured losses resulting from acts of terrorism. With the Terrorism Risk Insurance Program Reauthorizing Act of 2015 (TRIPRA), the TRIP program was renewed for an additional six years with a few changes.

TRIP has several requirements to qualify as an act of terrorism:

- » It must be "certified" by the treasury secretary, (who consults with the secretary of homeland security and the attorney general)
- » The original act set a threshold of \$5 million in losses before federal assistance begins. It was raised to \$100 million under the 2007 reauthorization and it was raised again to eventually have a threshold of \$200 million by 2020.
- » Once the threshold is met, each individual insurer

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Photo: pixabay.com

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participating in the program is subject to a deductible. The deductible is calculated as 20% of the insurer's direct earned premiums for commercial insurance.

- » Losses above the individual insurer's deductible are then shared between the federal government and individual insurer. By 2020, 20% will be paid by the carrier and 80% by the federal government.
- » A marketplace aggregate retention also requires that the insurance industry covers an aggregate retention of \$37.5 billion of losses through deductibles and co-payments.
- » There is a total cap of \$100 billion per year for the insurers and the government. Losses above this threshold are uninsured.
- » Under TRIPRA, all property and casualty insurers are required to make available coverage for new and renewal commercial policies and allow the insured to accept or reject coverage.

Who would like to be in charge of handling that math?

Losses that arise out of terrorist attacks that involve using nuclear, biological, chemical or radiological agents

are not covered. While it may be available in the private market, it is tough to find and if it is found, it is very expensive.

Currently the TRIA act is scheduled to expire on December 31, 2020. What could happen if Congress does not reauthorize the act?

According to a **recent article in the Insurance Journal**, there could be a number of effects. Insurers may insert sunshine clauses in renewal policies, increase pricing or limit writing coverages to certain locations. Insurers may have to purchase additional reinsurance and this influx of buyers in the reinsurance market could affect pricing.

Since it was authorized in 2002, there have been no certified terrorism losses in the United States. However, as we in this industry know, it is important to be proactive instead of reactive. For now, we will have to watch and see what Congress decides.

Should you have more questions on terrorism coverage, please contact us at **wrcagency@thewrcgroup.com**.

For more information about terrorism risk and insurance, go to **www.iii.org/article/background-on-terrorism-risk-and-insurance**. ■

Multitasking for the Real World

by Sara Mohrbacher, Vice President – WRC Agency

As businesses become leaner, workload per employee increases and it forces the worker into multitasking. Find a parent who doesn't tap into these skills as they balance work with home. Or an insurance agent who doesn't have to balance clients' needs, sales, documentation and all the other duties that are required for them to be successful at their job.

Cognitive psychologist Art Markman says when the human brain is multitasking, it is time-sharing. "Your brain can only actively think about one task at a time, so you focus on one task, then another takes its place, just like vacationers occupying a timeshare property," he says. "The shift is so fast you don't even notice that you're only doing one thing at a time. You feel like multitasking, but what you are actually doing is time-sharing."

To properly multitask, you must train your brain to channel energy in an efficient and effective manner, so you can do more in less time. This must be practiced until it becomes routine. Once it is routine, it is no longer stressful. So, how do we learn to multitask successfully?

- » **Set priorities with multitasking management:** Have you ever had 10 or 15 tabs or windows open on your computer, only for it to lock up and lose everything since your last save? Switching brain channels (your focus) repeatedly actually reduces your memory recall. Therefore, if you have an urgent task, complete it and then go back to your routine tasks. By focusing 100% of your brain on your urgent task, you are less likely to make mistakes.
- » **Use tools to improve multitasking skills:** To avoid taxing your brain, make a list of information you refer to often and keep it close to your computer or phone. For example, if you deal with certain underwriters on a regular basis, keep their information easily accessible.
- » **Shift multitasking to single tasking:** Our brain uses more energy than any other part of our body. Therefore, it needs rest throughout the day to increase personal energy and productivity. Every two or three hours, stop multitasking and take 15 or 20 minutes to focus on just one task.

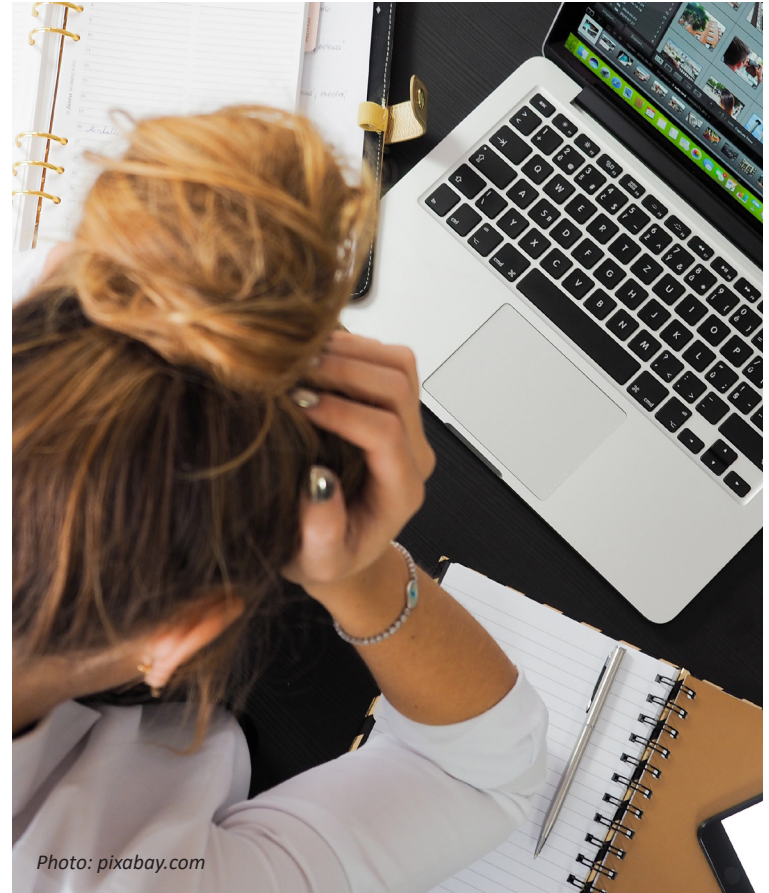


Photo: pixabay.com

- » **Relax your brain:** Take 15 minutes during the day to clear your head — take a walk, do some squats, meditate. Do whatever you can to clear your brain during this time.
- » **Set priorities:** Take a few minutes at the beginning of the day to do a quick review of what needs to be done and prioritize by necessity. Then, each evening, review what was not completed and start a plan for the next day by making a list with a time frame in which to get certain things done. Be sure to leave some wiggle room for the unexpected items that pop up as well.
- » **Delegate tasks when you can. ■**

<https://www.amanet.org/articles/secrets-of-multitasking-slow-down-to-speed-up/>

<https://www.careeraddict.com/multitasking-skills>

Why So Many Questions?

One comment we sometimes receive from agents is that we request a lot of details. It may be helpful to clarify why we ask for certain information and how it benefits you and your clients.

If an application is missing important information, it prevents us from getting the best rate possible. It also can take longer to provide a quote. There are times we also question why certain information is requested by a carrier, yet it's worth our effort to provide what the carrier needs so your client can benefit from a lower rate.

Information that is commonly missed in applications and why it's important are:

PERSONAL LINES

Effective date: By knowing the requested effective date, we may be able to apply an advanced quoting discount.

Prior/current insurance: Rates and availability of carriers vary depending on the length of prior insurance or length of lapse if the client currently has no insurance.

Education: The higher the education level, typically the higher the discount.

Occupation: Again, credits are applied differently depending on the client's occupation. Please include field and position (for example, Insurance-Underwriter).

Youthful drivers: When was the driver licensed? Are they away at school? If so, is the school over 100 miles away? If so, we need the school's ZIP code. Do they have a vehicle with them? If yes, which vehicle?

Titling: We need to make sure the individual who has an insurable interest in the vehicle is being listed correctly.

COMMERCIAL LINES

Years in business: More experience can provide opportunity for discounts or placement with a preferred carrier.

Type of entity: We want to make sure we are insuring the correct named insured.

Type of construction/year built/year of updates: A building that is older but has been updated is much easier to



Photo: istock.com

insure than an older building that has not been updated.

Receipts/payroll/square footage: All are used as a basis for rating.

Contact information: Phone number, email address and website address — some carriers will not issue a policy without both a phone number and an email address.

Federal Employer Identification Number: If they have one, be sure to list it.

Additional questions may arise due to the nature of the risk.

Bonus tip: If you are using an application that you already have on file, be sure it does not include information from a previous client before completing it.

If possible, please connect with your clients in advance to compile the requested information. We appreciate your business and look forward to working closely with you to provide a good value and great experience for you and your clients. ■

Recently Written Accounts Through the WRC Agency

Type of Risk	Line of Coverage	State	Premium
Tractor Pull	Special Event	IL	\$371.00
Dance/Tumbling Instructor	Pckg-CGL and Property	IL	\$750.00
Rodeo	Special Event	IA	\$313.10
Art Festival	Special Event	WI	\$275.00
Stray Voltage Investigator	GLS	WI	\$1,349.30
Stray Voltage Investigator	Professional Lib	WI	\$1,503.80
Diner	Pckg-CGL and Property	WI	\$2,796.00
Tree Trimming	GLS	WI	\$946.57
Tree Trimming	GLS	WI	\$1,334.88
Real Estate/Appraisal	Workers Comp	WI	\$1,684.00
Meat Sales	GLS	WI	\$695.25
Farrier Services	GLS	WI	\$654.05
Meat Processing	GLS	WI	\$952.75
Business Consultant	Professional Lib	WI	\$500.00
Campground	DOLI	MO	\$885.00
n/a	Flood	SD	\$324.00
Wedding Facility	Special Event	WI	\$464.00
Wedding & Reception	Special Event-w/ Liquor	WI	\$355.00
Collector Vehicle	Auto	WI	\$100.00
Real Estate Holding Company	Workers Comp	SD	\$884.00
Auto Detailing Business	Pckg-CGL/Property/GD	IA	\$2,715.00
Notary	Bond	WI	\$30.00
Powerwashing Business	General Liab	IA	\$4,088.48
Hauling of Road Materials/rental of equipment	General Liab	WI	\$618.00
Campground	Pckg-CGL and Property	WI	\$1,298.83
Lost Certificate of Title	Bond	WI	\$100.00
New Home General Contractor	General Liab	WI	\$2,507.00
New Home	Builders Risk	WI	\$955.00
Flag Football	Accident	MO	\$350.00
Adult Day Care Home	Pckg-GLS and Prof	WI	\$6,386.00
Adult Day Care Home	Property	WI	\$2,544.10
Frozen Meat Sales	GLS	WI	\$250.00
Farm Machinery Repair	GLS	SD	\$1,165.37
Property owned by Trust	Umbrella	WI	\$641.69
Manure Spraying	Pollution	WI	\$1,699.50
Warehouse and Shed	Pckg-Lessors Risk/Property	WI	\$1,684.05
Chiropractor	Workers Comp	IL	\$734.00
Apt Rentals and Campsites	Pckg-CGL and Property	SD	\$1,772.11
Farm Machinery Equipment	CIM	MO	\$668.00
Rental Properties	LESR	WI	\$849.75
Corn Roasting	GLS	WI	\$250.00

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Type of Risk	Line of Coverage	State	Premium
Marine Repair	Pckg-CGL, Property, CIM	IL	\$2,202.00
Lessors Risk-Occupied by Daycare	Pckg-Lessors/Ex Liab/Property	WI	\$3,759.50
Dog Rescue	GLS	WI	\$760.00
Rodeo Association	Pckg-CGL & Liquor	SD	\$2,680.85
Airplane Hangar	Pckg: CGL and Property	WI	\$675.00
Roofing Contractor	GLS	WI	\$2,600.00
Machine Shop	GLS	IA	\$1,402.89
Machine Shop	Property	IA	\$2,770.43
Truck and Tractor Pull Club	Special	WI	\$319.30

WRC Agency Website Learning Library

WRC Agency plans to launch our Website Learning Library in the first quarter of 2020. This new feature will give you, our agents, 24/7 access to online learning programs on our website, www.wrcagency.com.

We plan to offer the following programs:

Completing ACORD forms:

- » ACORD 125

- » ACORD 126
- » ACORD 140

You will be able to access the programs by logging in to the secure portion of our website.

We will continue to expand the program list in 2020.

If you would like a specific program to be added, please send your recommendation to wrcnews@thewrcgroup.com. ■

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Office hours: 8:30 a.m.-4:30 p.m. Monday-Friday

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Thanksgiving November 28, 29*
Christmas December 24, 25
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*some staff will be available

