

Commercial Risk Advisor

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Property Insurance Rates Expected to Increase as a Result of 2017 Hurricanes

Over the past few years, most commercial insurance rates have remained flat or decreased because of strong competition between insurance carriers. However, the significant damage caused by Hurricanes Harvey, Irma and Maria in 2017 will likely cause many carriers to raise property insurance rates in 2018 for some policyholders.

Although most businesses aren't exposed to risks from hurricanes or other catastrophic weather events, experts believe that many property insurance rates will increase as insurance carriers attempt to recover any losses they experienced in 2017. Businesses that are located in coastal areas or have significant flood risks will likely see the highest increases, while businesses with good loss histories and strong risk mitigation procedures may not experience any rate increases.

Here are some other ways that the 2017 hurricanes may affect commercial insurance:

- Experts don't expect property rate increases to affect other lines of insurance. However, carriers that experienced significant losses or relied heavily on reinsurance may raise their rates.
- Business interruption coverage was an important topic as many workplaces closed their doors in the aftermath of the 2017 hurricanes. As a result, underwriters will carefully examine the interruption exposures of both individual businesses and their vendors when determining rates in 2018.
- Insured losses from the 2017 hurricanes and other catastrophic weather events have been estimated at \$100 billion or more. However, experts believe that property insurance remains profitable overall, and rate increases shouldn't be an indicator of a long-term hardening market.

The National Flood Insurance Program (NFIP) was recently extended until March 23, 2018, as Congress considers long-term reforms to the program. Here are some changes that are being considered:



Easier access to **private flood insurance** to help expand the market and relieve pressure on the NFIP.



Higher rates for frequently flooded properties, the NFIP's biggest expense.



New flood maps to account for changing flood risks.



Financial incentives for properties that address their flood risks.

5 Steps to Prepare for the EU's Upcoming General Data Protection Regulation

The European Union's (EU) [General Data Protection Regulation](#) (GDPR) comes into effect on May 25, 2018, and gives EU citizens more control over their personal data. However, U.S. businesses must also comply with the rule if they control or process any EU citizen's data. Businesses that don't comply with the GDPR could face substantial fines, sanctions and other penalties.

The GDPR includes a broad definition of personal data, and any information that can directly or indirectly identify an individual can fall under the rule's jurisdiction. Because of this, any business that controls, uses or manages personal data needs to be prepared to comply with the new rule. Here are some steps your business can take to review its data management procedures and get ready for the GDPR:

1. **Conduct a comprehensive data audit.** Determine what data you collect from your customers, vendors or partners and where it's stored. This information should help guide your other preparations.
2. **Make your employees aware of the GDPR.** Employers need to increase the privacy awareness of their employees to ensure they can recognize potential privacy exposures and respond to data requests.
3. **Define your organization's data processing activities.** The GDPR requires organizations to have at least one of six "lawful bases" in order to process personal data, and explicit consent is one of them. In order to comply with the GDPR, you should understand what kind of data your organization collects, determine the lawful basis that is most appropriate based on how you use that data and document it.
4. **Establish comprehensive data breach procedures.** If a data breach occurs, your business must be ready to detect, report and investigate the cause of any lost data. The GDPR requires businesses to report a data breach to a relevant data protection supervisory agency—and, in certain cases, EU citizens—within 72 hours.
5. **Consider appointing a data protection officer.** This individual can be responsible for managing personal data and navigating new GDPR requirements.