



Newsletter – October 2018

Message from President Charlie Stevens

Dear CPCU Society Members,

We all have a story as to how we began our careers in insurance and risk management. To be honest, I really did not know much about insurance and never thought about a career in claims. That said, it has been a great ride!

I remember driving to the interview and thinking about “what do I know about bumpers?” Little did I know that I was thinking about an auto appraiser. During the course of the interview, the role of the adjuster was described to me. I would be investigating accidents, reviewing medical records, matching wits with attorneys, monitoring trials and negotiating settlements. As a young buck, this all seemed very interesting and when I was asked by the interviewer, what I thought? I said, I liked what he had to say about this, that, and other things. To which the interviewer said, “cut out the bullshit, do you want the job or not?”

Over my career, I have handled claims in various States. I have handled personal lines and commercial lines, liability, auto, work comp and cyber, and I have worked for large national carriers, smaller regional carriers, a captive, as well as, a pool for public entities. I have witnessed the manufacturing of autos, cereal, candy, lunch meat, and steel, just to name a few. I have handled claims for major delivery systems, retail stores, manufactures large and small, and public entities. I have investigated small claims and fatalities, along with doing surveillance. I have settled claims in the field with a check book and negotiated multi-million dollar settlements. I have appeared before judges and monitored trials. Yes, this has been a rewarding career on many levels.

Sharing my story is meant to inspire you to think about your career. As many baby boomers are set to retire, who will replace all of that institutional knowledge? Might your story be the catalyst to recruit our industries future leaders? I encourage you to talk to high schoolers and college students about your story and careers in insurance.

Speaking about careers in insurance, you name the career and you can find it in the insurance industry. Kids might say, I want to be a mechanic, we call them appraisers. I want to be a carpenter, we call them property adjusters. I want to be a doctor, Liberty Mutual has a team of

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doctors who develop prosthetics. Kids need to know that they can be an accountant, actuarial, adjuster, attorney, financial analyst, industrial hygienist, loss prevention, marketer, risk manager, sales, underwriter, writer, and a CFO or CEO all within the insurance industry.

Finally, with nearly 60 percent of the insurance workforce over the age of 50 and only 3.4 percent under the age of 30, if I am a young person looking for a career, these numbers should be shouting **OPPORTUNITY!!!**

In conclusion, let me again encourage you to GET INVOLVED, attend chapter meetings, bring an insured to a meeting, attend the CPCU Annual Meeting (this year on October 13th–16th in San Diego), or help us behind the scenes to create value in our membership.

Sincerely,
Charlie Stevens, CPCU, AIC



All Industry Day

The Greater Detroit Chapter's All Industry Day is November 7, 2018. Please join us as we congratulate our chapter's New Designees, elect chapter officers for 2019, and a keynote address from Lisa Corless, President and CEO of AF Group regarding Michigan's Talent Workforce – Yesterday, Today & Tomorrow.

2018 CPCU New Designees:

Shawn Crawford	Auto-Owners Insurance Co
Russell Gajos	Hanover Ins Group P&C
Janice Jones-Coleman	AAA Michigan
Kelsey Kay	Liberty Mutual
Anne Lovell	Hantz Agency LLC
Zachary Luplow	Liberty Mutual
Jason Martell	Auto-Owners Insurance Co
Jonathan Ott	Citizens – Hanover Insurance Co
Kelly Shaw	Marsh & McLennan
Karen M Spaun	Meadowbrook Insurance Group
Nathan Wiest	Hartford Financial Services Group



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Election of Chapter Officers and Committee Opportunities

If you are interested in serving on the Greater Detroit Chapter's Board of Directors, please contact Charlie Stevens at 734-513-0300 or email him at cstevens@mmrma.org.

Likewise, if you would like to get more involved in the chapter or have a special skill like writing or maintaining a website, perhaps serving on a committee (Education, New Designee, Newsletter, Programs, Scholarship, etc.) is right for you. Again contact Charlie Stevens.

Chapter Participation

Do you know that CPCU Candidates that have completed 2 parts of the CPCU designation are eligible to be involved in our local chapter?

Do you know that as a CPCU you are welcome to invite a guest (perhaps an insured or a co-worker) to our local chapter meetings?

Do you know that attending chapter meetings is an educational event that helps maintain your membership as a CPCU in “Good Standing”?

Do you know that active participation in CPCU has proven to benefit your career?

Do you know how your company / agency can get involved with CPCU and our Chapter? Contact Charlie Stevens and we can schedule a Connection Visit!

Please help us welcome CPCU Candidates and guest to our events and build your talent workforce.

****Save the Dates****

October. 13th – Oct. 16th—2018 CPCU Society Annual Meeting in San Diego, California—watch www.cpcusociety.org for updates

October 17th – Wednesday (5 P.M. dinner meeting) – Joint Meeting between Greater Detroit CPCU Chapter and Insurance Associations of Metro Detroit. Location: Ginopolis Restaurant, 27815 Middlebelt Rd., Farmington Hills, MI 48334.

November 7th – Wednesday – Greater Detroit CPCU Chapter – All Industry Day (I-Day). This year's I-Day will be held at Glen Oaks Country Club, 30500 W. 13 Mile Road, Farmington Hills, MI 48334.



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The Canons, Rules, and Guidelines of the CPCU Code of Professional Conduct

A reflection of CPCU Code of Professional Conduct – Please refresh yourself with Canon 1.

CANON 1

Insurance professionals should endeavor to place the public interest above their own.

Rules of Professional Conduct

R1.1: A CPCU should avoid even the appearance of impropriety when performing his or her professional duties and should act in a manner that ultimately will best serve his or her own professional interests. However, potential conflicts of interest may arise, or may appear to arise, because many CPCUs simultaneously must balance multiple professional interests with their personal interests and the best interests of the general public. The ethical obligation to place the public interest above personal interests or financial gain extends to every CPCU, regardless of whether the CPCU's occupational position requires direct contact with actual or prospective insurance consumers. This does not imply that insurance purchasers should be given preferential treatment over insurance claimants because the needs and best interests of insurance purchasers are in fact served only when all insurance claimants, including third-party liability claimants, are accorded prompt, equitable, and otherwise fair treatment.

October – National Cyber Security Awareness Month

October has been deemed “National Cyber Security Awareness Month”. However, given the emerging cyber issues, it is important that all employees remain vigilant each and every day. For any organization to be successful in guarding against cyber exposures, there must be buy in from the CEO to the rank and file. In other words, cyber security cannot be left to an IT manager or risk manager. Employees will recognize if senior management is committed to and provides the necessary resources to protect an organization's data.

Industry experts predict that by the end of 2019, 2.1 billion global consumers are expected to use a digital wallet to make a payment or send money; a 30% increase from 2017. Hence, MONEY is the driving force behind cyber attacks. Some of the emerging issues include: critical infrastructure, cloud computing, cyber terrorism, political hacking, biometrics, mobile apps,



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social engineering, ransomware, supply chain risk, telematics, the dark web, and the internet of things.

Based on reported cyber attacks, about 15% are directed toward the Public Sector. One example of such a breach occurred in 2013 against Maricopa Community College. The attack against Maricopa resulted in 2.4 million student and employee records being breached. News reports have pegged the cost at Maricopa as exceeding \$26 million. College officials have acknowledged that the 2013 breach happened because district staff did not properly repair an earlier and less widespread hack that occurred in 2011.

According to Sendio, an email protection vendor, there is “No Safe Level of Spam”. IBM X-Force Research found that from 2015 – 2016 there was a 400% increase in spam and 44% of all spam contains a malicious attachment of some kind, including ransomware. Per IBM’s research 42% of small to medium size businesses were affected by ransomware. Emails, social media, and access to the internet are the leading causes of data breach. According to Travelers Insurance Company, 65% of malware was installed via email in 2017. But why? Because your organization can have firewalls, encryption, antivirus software, etc., but most breaches are caused by human error, by clicking on something we shouldn’t, or allowing others access to our systems.

Ninety-five percent of C-level executives believe data is an essential part of forming their business strategy. Yet, 95% of businesses struggle to implement data governance programs. So what are the obstacles? It starts with the people. As already stated, the lack of senior management involvement will often result in the lack of commitment. To be successful, the right people must be involved. Next, the security team has to have the right tools, and develop and implement the right processes. Finally, there has to be a financial commitment.

So creating a cyber awareness program begins with building a TEAM. Key members of the team should include, at minimum, CEO, IT management, security management, human resources, key department management, and facilities management. Once the TEAM is in place, a thorough analysis of all security risk should be undertaken to fully understand the exposures. The TEAM should then undertake to develop detailed processes to address each exposure. With the processes or plan in place, it is vital that all employees be trained. Part of the training should include actual test of the processes to assure the effectiveness and if weaknesses are discovered, the processes should be improved. Training should be on-going, as should continuous review of the processes. We do this because it isn’t a matter of if you will have a data breach or cyber attack, but rather, when you have an attack, you are prepared and can minimize the exposures.

Covenant Update: Michigan Court of Appeals Holds Anti-Assignment Provision Unenforceable

Covenant Medical Center, Inc., v. State Farm Mutual Automobile Ins. Co., is a landmark Michigan Supreme Court decision that was issued May 25, 2017. In *Covenant*, the Supreme Court overturned the Court of Appeals, concluding that healthcare providers do not have a statutory right under the No-Fault Act to sue no-fault insurers for the unpaid bills of patients who



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received treatment through no-fault insurance benefits. This was an important win for no-fault insurance providers, and ultimately MMRMA's members.

Following *Covenant*, however, many felt that more questions than answers remained, as the Court provided little or no guidance on certain issues surrounding implementation of the Court's decision. Two of the primary concerns included whether the decision would be applied retroactively and whether benefits could be assigned from the patient to the provider. The courts saw significant activity in this regard.

One of the first, and perhaps one of the most significant, decisions following *Covenant* was *WA Foote Mem'l Hosp v. Michigan Assigned Claims Plan*, 321 Mich App 159 (2017). The primary issue in *WA Foote Mem'l Hosp* was whether or not *Covenant* was to be applied retroactively. Following *Covenant*, certain district court judges were applying *Covenant* on a prospective basis, thereby preserving the medical provider's right to sue no-fault insurers under pre-*Covenant* case law. In its published opinion, the Court of Appeals ruled that *Covenant* is to be given full retroactive effect. Nonetheless, litigation regarding these issues continued.

The Michigan Court of Appeals recently provided clarity to a number of legal issues raised in the wake of *Covenant*. In *Shah P.C. et al. v State Farm Mut Auto Ins Co.*, ___Mich App ___(2018), the Court affirmed/clarified the following issues: 1) *Covenant* applies retroactively (also confirmed in *WA Foote Mem'l Hosp*, noted above); and 2) An insured may assign an accrued cause of action after a loss, and any anti-assignment clause to the contrary is void against public policy. The Court, however, noted that an insured can only assign the rights available to them on the date they sign the assignment. For the assignment to be valid: 1) It must be filled out by the patient in its entirety; 2) the assignment form must be dated; 3) the identification of the "assignor" patient must be clearly shown; and 4) the identification of the "assignee," the health care provider, must be clearly and accurately shown.

In sum, *Covenant* continues to bar providers from unilaterally bringing suit against insurance providers for no-fault PIP benefits. Providers, however, essentially have a "work around" to *Covenant*'s prohibition if a medical provider obtains a proper assignment of benefits and timely files suit. The fight over these issues regarding no-fault PIP benefits continues, with individuals on both sides of the aisle introducing legislation to expand and narrow *Covenant* and its progeny. We will continue to evaluate the impact on no-fault settlements and any increase in lawsuits, as a single suit could give rise to multiple lawsuits in multiple courts.

#MeToo

In the wake of the "Me Too" movement and prompted by the Larry Nassar investigation, Michigan lawmakers have proposed various legislative efforts to combat sexual assault and harassment. If passed, these efforts have the potential to impact members in varying ways. Lawmakers indicate the proposed legislation aims to bolster prevention and education, better protect assault survivors, and require more accountability.



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In March of this year, a package of 10 bills (Senate Bills 871 - 880) passed in the Michigan Senate that are proffered to afford victims of abuse more time to sue, increase the number of people required to report suspected abuse, increase the punishment for those who fail to report, eliminate immunity for those who committed criminal sexual conduct, and enhance the felony penalty for child pornography charges. Michigan Senate Bills 871 and 872, amending the statute of limitations for criminal sexual conduct offenses, have recently been passed. The Bills were signed into law on Public Acts 182 & 183 of 2018, and go into effect September 10, 2018. A summary is as follows:

Senate Bills 871 and 872: Statute of Limitations for Criminal Sexual Conduct

Passage of the Bills extends the statute of limitations to 10 years for filing civil lawsuits related to criminal sexual conduct offenses. If the victim was a minor, the statute is extended until the individual reaches 28 years of age. This is applicable retroactively for cases going back to 1997 that match the profile of offenses committed by convicted MSU sports doctor Larry Nassar, except that a victim must file suit within three months of the bill becoming law.

Additionally, the Act: 1) Eliminates the statute of limitations time limit for prosecuting second degree criminal sexual conduct offenses in which the victim is a minor; 2) Extends the time limit for prosecuting third degree criminal sexual conduct cases against a minor to 30 years, or until the victim's 48th birthday, whichever comes later; and 3) Extends the time limit in cases where an unknown offender is later identified by DNA evidence.

CPCU's may want to advise companies to keep these statutes in mind, as claimants often include employers in lawsuits arising out of such actions, based on negligent hiring, failure to supervise, vicarious liability, or similar theories. Companies may also note these statutes when considering record retention policies.

Though many of the bills remain pending in the legislature, a few of the more notable proposed legislative efforts with the potential to impact include the use of funds regarding sex harassment and gross negligence suits, as well as a proposed narrowing of governmental immunity.

At the beginning of this calendar year, on January 11, 2018, the following bills were proffered, generally involving the settlement of sex harassment and gross negligence suits:

House Bill 5405: Settlement of Sexual Harassment Lawsuits

State Rep. Gary Glenn, R-Williams Township, introduced a bill on January 11, 2018, that would prohibit the use of taxpayer dollars to settle sexual harassment lawsuits against elected state officials. Specifically, the Bill proposes that: "A public entity shall not make an expenditure of public funds to settle a claim or action involving sexual harassment in which a public official is the alleged perpetrator or defendant."



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House Bill 5397: Settlements Involving Gross Negligence and Intentional Misconduct

On January 11, 2018, Representative Lucido introduced House Bill 5397, which is intended to prohibit the expenditure of state and local funds on the settlement of certain claims and actions or on certain judgments. The Bill would ban tax dollars from being used to settle lawsuits involving gross negligence, intentional misconduct, or criminal behavior by elected officials. Additionally, the Bill requires that, if a court finds that a public official was grossly negligent or engaged in intentional misconduct, or the public official is convicted of a crime, the public official shall, within 30 days after the finding or conviction becomes final, reimburse the public entity for any public funds that were expended in the defense of the public official.

On February 27, 2018, Senate Bill 877 was introduced, which, if passed, could have significant implications regarding governmental immunity:

Senate Bill 877: Would amend the governmental immunity law to do the following:

- Specify that a member, officer, employee, or agent of a governmental agency or a volunteer who engaged in sexual misconduct while employed or acting on behalf of the governmental agency would not be immune under the law from tort liability; and
- Specify that a governmental agency would not be immune from tort liability for sexual misconduct that a member, officer, employee, or agent of the governmental agency engaged in while employed by or acting on behalf of the agency if it were negligent in hiring, supervising, or training the individual, or if the agency knew or should have known of the sexual misconduct and failed to report it to a law enforcement agency.

Education Opportunities

Earn Your CPCU / Encourage Others

Greater Detroit Chapter has instructors ready and able to provide CPCU courses. We can bring the classroom setting to your company. If interested contact our Chapter Vice-President of Education, **Paul Anderson**, CPCU, ARM, AIM. Please e-mail him at panderson@hanover.com if you are interested in finding out more.

Webinars

I would also like to encourage you to consider participating in webinars that are being offered through CPCU National. The content of these webinars are developed by industry experts, many of whom participate in one or more of the Society's fourteen Interest Groups.



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Associate in Risk Management 56: Risk Financing

This class will help prepare the participant to take the national examination (one of three required to earn the professional designation “Associate in Risk Management”).

Classes can be taken in any order!

ATTEND IN-PERSON OR ONLINE!

If it is not convenient for you to meet at our Livonia location, you can join our class online via WebEx. To do so requires you have a computer with Internet connection to view and listen to the presentation.

BENEFITS:

Convenience. Attend in person or online. Though attendance is mandatory, all classes are recorded and can be accessed 24/7 via Internet. This is helpful in case you cannot attend a class and also for content review.

Supplemental Learning Tools. Instructor provides tools to help efficiently and effectively review material and assess personal progress.

Small class size. Assures you receive the individual assistance you need.

Access to instructor. Instructor is reasonably accessible for additional assistance when needed.

Relaxed atmosphere: Instruction and guidance is provided in a relaxed atmosphere that encourages conversation and participation.

Access to class recordings: You will be provided links each week to the recorded class session, which you can access for review anytime.

WHEN: 13 weeks beginning October 16, 2018 and ending January 8, 2019. Weekly on Tuesday evenings from 6:00 pm to 8:00 pm. Schedule will be adjusted during holidays.

WHERE: **ONLINE** or Live at AmeriCenters Building, 39111 6 Mile, Livonia, MI 48152

COST: **\$400 (DOES NOT INCLUDE REQUIRED TEXT AND COURSE GUIDE!).** Required Text and Course Guide must be purchased separately and directly from the Publisher: “The Institutes” (www.theinstitutes.org) (Approximately \$200 with shipping). Testing fees also separate.

INSTRUCTOR: Ross H. Kadish, CPCU, ARM, ALCM, ARe, LIC
President, Associated Risk Management, Inc.

For Additional Information and registration please contact: Ross Kadish
rkadish@armriskmanagement.com
734-591-7472 (office) or 734-516-5057 (cell)

Registration deadline is Friday, October 12, 2018



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Olivet College

Olivet College is located in Olivet, Michigan just south of Lansing, off of I-69. This beautiful campus is home to the #4 nationally ranked insurance and risk management program. Olivet offers both undergraduate and master degrees. The master degree program is a virtual learning environment. Hence you attend courses from the comfort of your home or work. If you have your CPCU, you are already halfway to a master's degree at Olivet. Olivet has 100% placement of its insurance and risk management graduates. Check out Olivet College at:

www.olivetcollege.edu/irm.

MIPRIMA – Scholarship Golf Outing

Michigan Public Risk Managers Association (MIPRIMA) held their annual scholarship golf outing on June 13, 2018. The golf outing raises money for scholarship to support students whose course of study is Insurance or Risk Management. Our chapter supported and promoted this event. MIPRIMA raised over \$4,000 and awarded two scholarships of \$2,500 each. Students receiving scholarships were from Olivet College and Oakland University.

MIPRIMA has already scheduled next year's scholarship golf outing for June, 12, 2019. For further details, see MIPRIMA's website at www.miprima.org, or contact **Tim McClorey** at 734-513-0300.

Olivet College – Gamma Iota Sigma Golf Outing

Gamma Iota Sigma is an international business fraternity for students of insurance, risk management and actuarial science. GIS pursues a mission to promote and encourage student interest in the industry as a profession while encouraging the high moral and scholastic attainments of its members. Since its incorporation in 1965, GIS has chartered 75 chapters across North America and boasts an annual membership of more than 4,000 students and an alumni population of over 25,000.

The idea of a national scholastic insurance fraternity actually started to become a reality when the Griffith Foundation for Insurance Education filed for incorporation in 1965. The following year, the OSU Insurance Society, which started at The Ohio State University in the early 1960's, petitioned and was chartered as the first Gamma Iota Sigma Chapter, thereafter called Alpha Chapter. At Bowling Green State University, Beta Chapter received its charter in 1967, and in 1969, the University of Cincinnati was chartered as Gamma Chapter. There's the beginning of what has now grown into a nucleus of 75 chapters located from California to Connecticut, and from Canada to Florida.

On September 21, 2018 The Greater Detroit Chapter supported Gamma Iota Sigma with a cash donation.



The 28th Annual Roy Westran Memorial Insurance Industry Scholarship Golf Outing was held on August 3, 2018 at Hawk Hollow Golf Course in Bath, Michigan. Greater Detroit Chapter and Mid-Michigan Chapter of CPCU teamed up for a foursome in support of the Westran Scholarship efforts.

The Westran Insurance Scholarship Foundation was established in honor of Roy Westran, former president of Citizens Insurance and longtime insurance leader. The Foundation provides funds to students pursuing college degrees in insurance-related programs. These scholarships usually take the form of \$1k-2K financial grants.

Since its establishment in 1990, nearly 850 students have received more than \$810,000 in financial assistance to further their education. Because of your continued support, the Foundation has been able to award countless scholarships over the years.



The 28th Annual Roy Westran Memorial Insurance Industry Scholarship Golf Outing was held on August 3, 2018 at Hawk Hollow Golf Course in Bath, Michigan. Greater Detroit Chapter and Mid-Michigan Chapter of CPCU teamed up for a foursome in support of the Westran Scholarship efforts. Thanks Joe Wicks, Rich Bean, Olivia Edgar & Bryan Pung for representing our respective CPCU chapters.



Greater Detroit CPCU Chapter members volunteered at Gleaners Community Food Bank of Southeastern Michigan on **September 27, 2018**. Our chapter's charitable effort is in keeping with Cannon 1 – Placing the public's interest above our own. This certainly was an awarding experience by all who attended as the group for the day moved 36,000 pounds of food, which will reportedly feed 24,000 hungry people. We hope to see you at our next charitable event.

Announcements of Upcoming Events and Opportunities

2018 CPCU Society Annual Meeting will take place on **Sat. Oct. 13th through Tue. Oct. 16th** at the Manchester Grand Hyatt San Diego (1 Market Place) in San Diego, California. General session presenters will include actor and motivational speaker J. R. Martinez, who will deliver the conferment ceremony keynote; famed cyber security expert Kevin Mitnick, who will give a live hacking demonstration; and *Fortune* 500 consultant Jennifer Brown, who will speak about diversity and inclusion. Additional information and program details are available at <https://www.cpcusociety.org/education-events/2018-cpcu-society-annual-meeting>.



Insuring MI Future is the subject of our **October 17th** – joint event with Insurance Associates of Metro Detroit. Our guest speaker is Rita LaMoreaux, Government Affairs / Young Agent Specialist with Michigan Association of Insurance Agents.

In Rita's government affairs role, she helps to coordinate MAIA legislative events and PAC fundraising. As the Young Agent Committee Liaison, she assists new and younger members in planning and coordinating their education meetings and events. Rita also coordinates the trade show at the MAIA Convention.

Rita has a passion to bring young people into the insurance industry. In her role as administrator for the industry nonprofit coalition, Insuring MI Future, Rita has been able to help connect the insurance industry to young talent and educators.

Prior to working at MAIA, Rita was the Office Manager of MIRS News, a political news service in Lansing. At MIRS, Rita was responsible for the day-to-day operations of the small office while maintaining customer support and legislative reports.

Please join us in welcoming Rita and learning how we can attract new talent to our industry.



Joint Meeting between CPCU and IAMD

October 17, 2018

Featured Speaker: Rita LaMoreaux
Topic: Insuring MI Future

Networking 5 p.m. to 6 p.m.

Special Menu Options:

- Montgomery Style Ribs ½ Slab
- Chicken Piccata
- White Fish
- Eggplant Parmesan



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