PIA of Kentucky Newsletter

August, 2017

Dear Christi,

As we discuss cyber security realize that it's similar to the advice we're given on airplanes about emergency oxygen. Take care of yourself first, then help those around you. PIA National has partnered with ABA Insurance to develop a Cyber Liability Insurance program to cover the specific needs of small and medium size businesses. The first phase of the roll-out is Cyber Insurance solely for retail agents.

We'll be sending details of this program, which offers you significantly discounted rates from those found in the standard market and valuable enhancements. Keep an eye on your in-box - and your online security!

And let us know what you think about our new, easier-to-navigate newsletter at marketing@piaky.org.

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Sources

5 cybersecurity problems facing mid-size insurance companies, by Elena Ashanti Jefferson, June 9, 2017, PropertyCasualty360.com

Uncovering silent cyber risk, by Scott Stransky, July 27, 2017 PropertyCasualty360.com

Knowing What You're Up Against: 3 Leading Causes of Information Breaches, by Nick Graf, November 17, 2016, CNA.com

Cyber Risks and Your Agency

Cyber Claim: Not If, But When. Experts believe that incidents like the Target breach in 2013, the Sony hack in 2014, the Dyn attack in 2016, and the recent WannaCry ransomware attack will only become more frequent, and that a truly catastrophic cyber event is on the horizon. read article

Knowledge is Power

Knowing what you’re up against makes it easier to take preventative measures. The three leading causes of information breaches are:

Physical Theft and Lost Media Physical theft of desktop PCs, laptops, tapes, disks, USB drives, or other devices and media create significant risks to the information stored on these devices. read article

Cyber Insurance and Your Clients

During a July 26, 2017 hearing before the U.S. House of Representatives Chairman Rep. Steve Chabot (R-Oh.) stated that cyber threats have become a critical concern for the country's 28 million small businesses, with the Justice Department recording nearly 300,000 cyber security complaints in 2016 alone. read article
Cyber Risks and Your Agency

**Cyber Claim: Not If, But When.**
Experts believe that incidents like the Target breach in 2013, the Sony hack in 2014, the Dyn attack in 2016, and the recent WannaCry ransomware attack will only become more frequent, and that a truly catastrophic cyber event is on the horizon. Cyber criminals are becoming more sophisticated, and attacks are happening on a larger scale, affecting a wider range of targets. These digital bandits also are harder to detect and stop than ever before.

Insurance, along with financial services, is a sector known for having cyber security gaps. Why? Because many agencies simply assume they're safe - but aren't.

Some of the reasons insurance agencies, along with many mid-size companies, are lacking when it comes to cyber security:

1. **Overconfidence**
A survey by Artic Wolf network concluded that "cybersecurity dissonance" or the belief that one’s business is more protected from cyber security threats than it actually is, may ultimately be an offshoot of overconfidence.

2. 'Set it and forget it' mentality
Businesses tend to think of their security strategy as set once they've enlisted a certain product or service. That means their threat monitoring may not be constant or consistent, and security corrections may not happen as quickly as they need to in the current cyber environment.

3. Resource allocation challenges
Arctic Wolf's Mid-market Security survey found that 51% of the IT professionals surveyed said they would like their organization to assign more budget and/or resources to cybersecurity.

4. Insufficient training
The biggest weakness is often human error.

5. No one in charge
In many cases, cyber security is lumped in the generic IT category, with no clearly defined areas of responsibility.

Knowledge is Power

Knowledge is Power
Knowing what you're up against makes it easier to take preventative measures. The three leading causes of information breaches are:

Physical Theft and Lost Media
Physical theft of desktop PCs, laptops, tapes, disks, USB drives, or other devices and media create significant risks to the information stored on these devices. In fact, physical theft is the most frequent cause of privacy breaches and ranks second in terms of number of records exposed.

The expanding use of portable devices and rapid increases in storage capacity warrant significant attention to how these devices and the data they contain are secured. For example, if the laptops used by employees at a company are poorly tracked, and a laptop goes missing, it would be extremely difficult to pinpoint who last had access to the laptop and find out where that lost media could be located.

Additionally, all data should be consistently backed up on a separate device or at an off-site location, and all devices should be encrypted. Encryption mitigates most of the liability when a device is lost.

Systems Hacks
Unauthorized access to networks by hackers represents nearly half of all records breached. Hacking ranks second in terms of frequency of occurrence, just behind physical theft. In addition to theft of information that can create privacy concerns, once unauthorized access is gained to a system, a hacker can perform a variety of malicious activities. These activities may include theft of your intellectual property, destruction of data, sabotage and theft of system resources.

Accidental Release
Accidental release of confidential information occurs in a variety of ways - via the Internet, your website, an employee's email, or even misplacing information into postal mail or mailing information to the wrong recipient.

Other releases are related to discarding equipment or media that was not properly sanitized to remove all traces of non-public information. Loose editorial and content controls can allow these types of breaches to occur and can also create other types of liability related to content published electronically. This includes liability related to claims of libel, slander and intellectual property rights infringement.
Additionally, while some releases involve rogue employees who gained unauthorized access to private information, many employees simply misuse authorized access privileges. Social engineering techniques, for instance, manipulate employees into performing acts that facilitate a breach or divulge confidential information.

PIA is working to keep your agency covered. Stay tuned for details on our Cyber Liability Insurance program, developed in partnership with ABA Insurance, exclusively for agents.

Cyber Insurance and Your Clients

No Business is Safe

During a July 26, 2017 hearing before the U.S. House of Representatives Small Business Committee, Chairman Rep. Steve Chabot (R-Oh.) stated that cyber threats have become a critical concern for the country’s 28 million small businesses, with the Justice Department recording nearly 300,000 cyber security complaints in 2016 alone.

Eric Cernak testified on behalf of the Reinsurance Association of America (RAA) and the Property Casualty Insurers Association of America (PCI). He helped the committee understand the current lay of the land with regards to cyber insurance policy offerings. "More insurers have become interested in offering cyber insurance over time," said Cernak, who is vice president and leader of the U.S. Cyber Privacy Risk Practice at Munich Re America. "Less than a dozen insurers offered some cyber insurance in the early 2000s compared to more than 70 in 2016."

Cernak acknowledged that the cyber insurance market is still in its infancy, and that small businesses in particular have been slow to realize the need for cybersecurity protections. Small business owners also struggle to devote resources to this looming threat. "Small businesses would benefit greatly from better understanding the risks presented to their operations by cyber-related exposures and the cyber insurance option to address those risks," Cernak said. "Almost every business now relies upon at least one computer to conduct business, whether it is for accepting payments, designing parts, or servicing customers. It is important for small businesses to better understand their reliance upon technology and the impact to their operations should it not perform as expected due to a cyber event."

The second phase of PIA’s Cyber Liability Insurance program will be coverage for your clients. As independent agents you will benefit from having the tools to educate and protect your clients in regard to these ever-growing risks.

Cyber Trends
Keeping Up With Change

While a 2017 global study shows the overall cost of a data breach decreased to $3.62 million, which is down 10% from $4 million last year. alone, in the U.S., the cost of a data breach was $7.35 million, a 5% increase compared to last year. When compared to other regions, U.S. organizations experienced the most expensive data breaches in the 2017 report.

Some of the trends that will cause continued impact on cyber threat preparedness:

**Ransomware is the new normal**

The number of code attacks, including ransomware attacks, remains high: 62% of respondents reported their enterprises experienced a ransomware attack specifically. Half of the respondents believe financial gain is the biggest motivator for criminals, followed by disruption of service (45%) and theft of personally identifiable information (37%). Despite this trend, only 53% of respondents' companies have a formal process in place to deal with ransomware attacks.

Many cybersecurity specialists argue that the best way to fight a ransomware attack is to avoid one in the first place. Advance planning that might include the implementation of a governing corporate policy or other operating parameters, can help to ensure that the best cybersecurity decisions are made when the time comes to battle a breach.

**Mobile takes a backseat to IoT (the Internet of Things)**

Businesses are now more sophisticated in the mobile arena. The proof: Cyber breaches resulting from mobile devices are down. Only 13% of respondents cite lost mobile devices as an exploitation vector in 2016, compared to 34% in 2015. Encryption factors into the decrease; only 9% indicated that lost or stolen mobile devices were unencrypted.

IoT is an increasingly important element in governance, risk and cybersecurity activities. This is a challenging area for many, because traditional security efforts may not already cover the functions and devices feeding this digital trend.

**It's a growing area of concern**

The number of attacks is growing and they are becoming more sophisticated.

Half of the study respondents reported security budgets will increase in 2017, which is down from 65% of respondents who reported an increase in 2016. This, along with staffing challenges, has many enterprises reliant on both automation and external resources to offset missing skills on the cybersecurity team.

Another challenge: Relying on third-party vendors means there must be funds available to offset any personnel shortage. If the skills gap continues unabated and the funding for automation and external third-party support is reduced, businesses will struggle to fill their cybersecurity needs.

Meet Your PIAK Board

**Donna L. Pile, CIC, CPIW, CPIA, Board Member, Past President, PIA of Kentucky and PIA National**

Initially Donna's career ambition was to become an attorney, but after almost forty years in insurance she admits that it turned out to be a very exciting career, and today would encourage others to follow the same path. Shortly after moving back to the Lexington area, Donna asked her father, owner of AG Perry Insurance if she might come to work part-time for him. As he was beginning to plan his retirement he of course said "yes". As part-time became partner, and partner became owner, Donna's father never did actually retire, staying on as an employee until literally days before his death.

Donna was a PIA member from the beginning. Her father and two uncles, all in the insurance industry, were already members, so it was pretty much a given. And she is certainly grateful that it was as she
claims, "Everything I learned came from PIA". And for everything that PIA has given to her, Donna has certainly given much back. She became President of PIA of Kentucky in 2000, and continues to serve as a Board Member to this day. Early on, her involvement took her to the national level, where she was asked to complete a rotation of the board chairs, and led as PIA National President in 2006-2007, and has held several other important positions at the national level.

Gaining a national and even international perspective on our industry left Donna even more impressed with PIA's commitment to the independent agency system. "PIA is THE organization with an independent agent focus. No other organization compares. I will say that PIA has become a great love of mine". Donna feels that PIA has something to offer agencies of any size. "All independent agents need connection - to be plugged in. With our fast-changing insurance marketplace and ever-increasing carrier demands PIA provides agents with indispensable guidance as we move forward into a digital world. As a PIA member, we have the opportunity to serve one another, and PIA in turn serves us, helping us to be at the forefront of the cutting-edge changes as they evolve". As a preacher once told her, "A pile of coals together can generate a lot of heat. Take a single coal and place it by itself and it will soon burn out".

Donna is a believer in the value of connections, and welcomes questions or comments from other independent agents. You may contact her at donnapile@llhlex.com or call her call at 859-619-8794.

Building on Strength

Past president of PIA National plays to win with hard work, confidence, and common sense

*By Elisabeth Boone, CPCU, Rough Notes, June 2017*

This article was published in Rough Notes as the third article in a new series, Broken Glass, in which they talk with a woman in the independent insurance agency business about the challenges and rewards she has experienced and the insights she has gained throughout her career. This month they profiled our PIAK Board Member Donna Pile, CIC, CPIW, CPIA, a veteran agency owner and a past president of the National Association of Professional Insurance Agents.

Although Donna Pile entered the insurance business 40 years ago and was no stranger to discriminatory attitudes toward women, she has never allowed such behavior either to irritate her or to define her. When her sons were ages one, three, and seven, she became a single parent. She went to work in the small home-based agency in Lexington, Kentucky, owned by her father, and she routinely took the boys to the office with her because she couldn't afford day care. It wasn't long before she found out that some individuals of the male persuasion took a dim view of meeting with Pile while her sons played quietly in a corner. Although surprised by the negative reaction of one man, a company representative from whom she was seeking an appointment, Pile didn't take it personally and moved on; securing a contract to represent the next insurer she called.

"I was young and naïve and, until that man came into my office, it never dawned on me that my children conceivably could be an issue," Pile recalls. "When he said it was unprofessional of me to have my boys in the office, I didn't get angry or defensive, and I didn't play the 'woman card.' I just said, 'I'm so sorry' and called another company."

Years later, she encountered the chief executive officer of the carrier that had chosen not to give her a contract, and he asked her why her agency wasn't representing his company. She told him what had
happened years earlier; plainly embarrassed, he offered her a contract on the spot. Pile politely declined, explaining that she didn't need another carrier in her stable.

Upon purchasing the agency from her father and moving it to a commercial location, Pile encountered astonishment and sometimes condescension on the part of men who visited her office. Again, she remained unflappable and, over time, she began to experience a change in attitude from patronizing and judgmental to respectful and accepting.

"What I discovered all those years ago was that this was a learning proposition for both men and women," Pile says. "The men had to learn that I wasn't just taking notes and filling out apps, but that I was a partner in the agency. I had to learn that, back then; very few men were accustomed to encountering women in leadership positions. After I bought the agency a man visited me and said: 'You're running the agency?' I said: 'I own the agency.' He said: 'You own the agency?' and I said: 'Yes, I do.' Then he said: 'You think you can run the agency?' and I laughed and said: 'I'll come to work every day and do my best, and if I find out I can't do it, I'll get another job.'" 

Clients for Life

From First Sale to Long-term Relationship

by John Chapin

I've had a lot of people ask me about client retention because it's something I've been very successful at over the years. On that note, here's how I did it from the initial sale all the way through the entire long-term relationship.

Steps to take with the initial sale:

Step 1: Verbally thank the client for his business when you close the sale.

Step 2: Review expectations and what will happen next. Whatever your particular steps are, go over these steps with the client and let him know how and when he will be kept up to date.

Step 3: Ask the client if he has any final questions, thank him once again for his business, and reiterate when he will next hear from you or someone from your company.

Step 4: Send a handwritten thank-you note the day you get the order. * Sign the thank-you note in blue ink and include your business card.

Step 5: Introduce other team members they might be working with.

Step 6: Follow up and deliver what you say you'll deliver. At a minimum you must deliver what you say you will, when you say you will. Ideally you'll deliver more than you say you will. Always try to give something extra.

Step 7: Call or stop by in-person before, during, and after initial delivery of the product or service. It's particularly important in the beginning of the relationship to communicate often. This may feel like micro-managing and it is. You have to ensure everyone does what they're supposed to do and everything goes smoothly on this initial sale. It's best to follow a check-list.

Step 8: Survey the client on how you did.
Do this step in-person or on the phone. What did you do well and what could have been done better?

* - Note: Depending upon the size and significance of an order, it may be appropriate to thank a client with more than a thank-you note. You may also do this for more than just the initial order. Here are...
some various ways to do that: small gifts: golf balls, nice pens, cups, etc., gift certificates, a gift to one of his favorite charities, an investment in client's business or something else they are involved in or vacations or trips to trade shows and other industry events.

Next, shift your focus to building a life-long relationship.

Step 9: Reach out 18 to 26 times per year. Reach out in a variety of ways: phone calls, e-mails, regular mail, in-person visits, Fed-Ex, etc.

a) Three contacts: Send out a holiday, birthday, and anniversary card. In addition to sending out holiday cards, you can send gift baskets, bottles of wine, champagne, and other items to your best clients. Also, Thanksgiving and New Year's Cards (potential fourth and fifth contacts) stand out because few people send them, but I'd still send a December Holiday Card.

b) Here are some other ways to reach out to clients 18-26 times.

- Send cards for promotions, new babies, and other celebratory events.
- Send Get-well cards.
- Visit clients in the hospital.
- Send items pertaining to their interests and hobbies such as books and t-shirts.
- Act on personal information about your clients' family members and send out notes to acknowledge graduations and similar events.
- Get your clients on the mailing list for company publications.
- Develop your own newsletter or monthly article and send it out to your clients.
- Attend events sponsored by clients.
- Do business with your client and send them business if possible.
- Send copies of industry articles that may affect their business or simply be of interest.
- A good business book or resource.
- Note: You are an expert. You are expected to be learning, reading, and passing applicable and valuable information on to your clients and prospects.
- Send information out on new products.
- Send promotional items.
- Donate money to their favorite charities or events they sponsor.
- Drop by with baseball tickets.
- Take clients to lunch, dinner, other sporting events, shows, or out to play golf or some other activity.
- Connect them with other companies, other people they'd like to meet, and other professionals such as lawyers, CPAs, insurance agents, and Realtors, and vendors.
- Send them potential new employees.
- Connect on social media. (Use discretion and your best judgment here)

Step 10: Practice these overall client rules:

- Always make the client your number one priority.
- Keep communicating. Focus on good, solid communication.
- Personalize the relationship and always seek to build and strengthen it.
- Let clients know you appreciate their business and that you don't take them for granted.
- Focus completely on the client and how you can help. Always do what's best for them.
- Stay on your toes and do what you say you'll do.
- Go above and beyond. Deliver more than you say you will.

Note: You don't need to follow this plan with all your accounts, only with the clients you want to keep. Most likely your largest clients. If you follow the 80/20 Rule, you will be doing this with your top 20% of accounts that give you 80% of your business.

If you care about your clients, treat them right, build strong relationships, and keep them happy, you will rarely have to worry about having enough business. Not only will they stay with you, they will also refer
business associates, friends, and family. In addition, if you're working with happy, life-long clients all day, your work and life will be much more enjoyable.

John Chapin is a motivational sales speaker and trainer. For his free newsletter, or to have him speak at your next event, go to: www.completeselling.com John has over 29 years of sales experience as a number one sales rep and is the author of the 2010 sales book of the year: Sales Encyclopedia. You can reprint provided you keep contact information in place. E-mail: johnchapin@completeselling.com.

Education

Featured Class

Client Friendly Personal Lines

Certified Insurance Counselors (CIC) Location: Hilton Garden Inn
Personal Lines Institute 9850 Park Plaza Ave.
August 16-18, 2017 Louisville, KY 40241
502-423-0018

Client-friendly personal lines insurance is what your customers expect and what will strengthen your book of business and commission income. Attend this CIC institute to learn more about the unique insurance coverage needs of individuals, families, and family members.

You'll Learn How To:

* Complete an in-depth study of the ISO Homeowner Policy with emphasis on the HO3 Form
* Better understand the application of coverage of a personal auto policy
* Obtain an overview of personal umbrella/excess liability coverages, including underlying limits and self-insured retention
* Provide each of your clients the broadest and most comprehensive service-personal attention with a professional's touch

Upcoming CISR Classes

Life & Health Essentials
August 15, 2017 ~ Lexington

Insuring Commercial Property
August 16, 2017 ~ Paducah
Commercial Casualty II-BAP, WC, Excess
August 23, 2017 ~ Louisville

Insuring Commercial Property
September 13, 2017 ~ Lexington

Life & Health Essentials
September 27, 2017 ~ Louisville

Personal Lines - Miscellaneous
September 28, 2017

Upcoming CPIA Classes

CPIA 1: Position for Success
August 23, 2017 ~ Frankfort

CPIA 2: Implement for Success
September 13, 2017 ~ Frankfort

CPIA 3: Sustain Success
October 25, 2017 ~ Frankfort

Upcoming Seminar

Ruble Graduate Seminar
September 19-20, 2017 ~ Louisville

Day One Topics:
-Servicing Commercial Insurance Accounts in Today's Marketplace
-Innovations in Agency Technology

Day Two Topics:
-Retirement Planning OR D&O: A Dozen Dangerous Details
-Ethical Issues OR Avoiding Insurance & Estate Planning Nightmares

Live Webinars

Additional Insureds: The Quandary
August 23, 2017 ~ 1:00-4:00 PM ET

Visit full event calendar

National News

Obamacare Repeal Collapses
The months-long effort by Republicans to pass health legislation collapsed during the early hours of July 28, 2017, after Sen. John McCain (R-AZ) joined two of his Republican colleagues to block a stripped-down Obamacare repeal bill....more

What Does ACA Repeal Collapse Mean for Agents?
All of the effects of the failure to repeal or replace the Affordable Care Act (ACA) cannot be determined now, because much of what happens next is up in the air. At the risk of taking one tweet out of context, after the vote President Trump tweeted, "As I said from the beginning, let ObamaCare implode, then deal. Watch!".... more

Amendment to Repeal 'Cadillac Tax' Dies
Senators did vote briefly to repeal one aspect of the Affordable Care Act (ACA) that has been a major legislative priority of PIA: the Cadillac Tax. .....more

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