

# CIG Risk Report



Q1 2010

## Welcome to CIG Insurance's 2010 Q1 Newsletter!

In this edition we highlight some areas of interest pertaining to your company and the ever changing Insurance Industry, as well as news and insights going on around **CIG Insurance** and our community. As always feel free to contact us with any questions or inquiries you may have.

- Insurance Updates
- News, Insights, and Current Events
- A Publication of CIG Insurance

## Healthcare Reform in the Construction Industry

### Proposed legislation could hammer certain segments of the industry

As many of you are aware, a centerpiece of the Senate's recent healthcare reform legislation is the creation of health insurance mandates. These provisions require employers with over a certain number of employees to either provide a health insurance plan to their staff or pay a fine. Under the current system, a majority of Americans receive health insurance through the firm they work for; reform in both the House of Representatives and the Senate includes federal subsidies to allow others to buy a health insurance plan themselves. Democratic legislators had to balance their goal of insuring as much of the country as possible with minimizing costs. In order to do so, they had to ensure that companies wouldn't take advantage of the subsidized health insurance exchange markets and drop their existing coverage.

However, those crafting the bills have acknowledged that many small businesses are unable to afford a group health insurance plan for their workforce. Therefore, businesses with fewer than 50 employees are exempt from the \$750 excise tax. This tax would otherwise be levied on a per-employee basis, if any full-time worker used a federal subsidy to buy a health insurance plan. Right before the Senate version passed, a new exception was added into the mix.

Oregon Democrat Jeff Merkley proposed an addition to protect construction workers. In the construction industry, the majority of firms are smaller than the general threshold: 90 percent of them employ fewer than 20 people. Merkley's provision limits the exemption for the industry to businesses with fewer than five employees. Contractors who use union labor, regardless of their size, must often spend anywhere from 12.5% to 20% of payroll on a health insurance plan for their workers. Meanwhile, non-union

### In This Issue

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### Latest Numbers

#### [Bureau of Labor Statistics](#)

#### Consumer Price Index (CPI):

+0.1% in Dec 2009

 [News Release](#)

 [Historical Data](#)

#### Unemployment Rate:

9.7% in Jan 2010

 [News Release](#)

 [Historical Data](#)

#### Payroll Employment:

-20,000(p) in Jan 2010

 [News Release](#)

 [Historical Data](#)

#### Average Hourly Earnings:

+\$0.04(p) in Jan 2010

 [News Release](#)

 [Historical Data](#)

#### Producer Price Index (PPI):

+0.4%(p) in Dec 2009

 [News Release](#)

 [Historical Data](#)

#### Employment Cost Index

contractors have the option of forgoing health insurance--this allows them to low-ball bids, which supporters of the exception claim will result in an unfair competitive advantage. Employees with the non-union firms would have gone uninsured in the past, whereas now the federal government would pick up the tab for subsidizing their health care.

Tradespeople employed by contractors risk their health at a higher rate than typical office workers. Workplace injuries are more common for plumbers, electricians, roofers, carpenters, and others in construction related professions. While worker's compensation insurance is a legal requirement for these firms, it often does not cover the complete expense associated with overuse injuries and other health problems not directly associated with an on-the-job injury. A quality health insurance plan may make them more effective employees in the long run.

Of course, some associations representing the building trades, including the U.S. Chamber of Commerce and the National Association of Home Builders, are unhappy with the last minute insertion. They believe that the mandate will result in tens of thousands of jobs lost, at a time when the unemployment rate is around 10 percent. Although small businesses would be able to take advantage of two years' tax credits for buying a health insurance plan, trade associations believe that the credits will be insufficient.

The House rejected a similar proposal during its own negotiations last fall, which sent the Senate scrambling to shore up union lobbyist support. That constituency is increasingly concerned with the impact health care reform will have on their existing plans and that their costs will increase significantly. Labor unions also oppose the tax that the Senate plans to impose on the generous "Cadillac" insurance plans more prevalent among union workers. Democrats claim that such a tax is necessary in order to pay for part of the cost of healthcare reform. It remains to be seen if construction workers remain a special case when both chambers of Congress are finished combining their respective bills.

The Construction Risk Services team of professionals at CIG Insurance is in tune with the construction industry as a whole and the legislative issues that might affect it going forward. Furthermore, we provide sound advice to our clients regarding the state of the property and casualty insurance industry in order that they can make quantifiable business decisions on their risk tolerance. If you would like further information on the state of the industry or for a comprehensive assessment of your risk management program, please contact Brent Wasson or Lance Spence at (316) 682-7770.

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## Snow, Ice and the Winter Blues

### Sustain Spirits & Productivity in Dreary Times



Whether you call it the 'winter blues', 'winter depression' or 'Seasonal Affective Disorder'; many can relate to this seasonal condition personally or as they see it in their employees. The "winter blahs" affect many people after the holidays.

#### (ECI):

+0.5% in 4th Qtr of 2009

 [News Release](#)

 [Historical Data](#)

#### Productivity:

+6.2% in 4th Qtr of 2009

 [News Release](#)

 [Historical Data](#)

#### U.S. Import Price Index:

unchanged in Dec 2009

 [News Release](#)

 [Historical Data](#)

### Customer Spotlight

#### Boesen Plumb Elevator Solutions (BPES, Inc)

The CIG customer spotlight for this issue is Boesen Plumb Elevator Solutions (BPES, Inc.) Ben Boesen, President, and Kirk Plumb, Vice President started BPES in December 2008. Ben and Kirk have over 32 years of combined experience in the elevator industry.

Boesen Plumb Elevator Solutions (BPES, Inc.) was incorporated in the state of Kansas on December 3, 2008. The company was started to provide a lower cost, high quality option in the Kansas elevator market. They are able to provide high quality elevators and elevator components manufactured by the major elevator companies or smaller elevator manufacturers that previously have not been represented in this region. This allows them to offer the flexibility of having more than just the "standard model" elevator if the application calls for something more custom. BPES offers a full range of products by Otis Elevator Company subsidiaries CemcoLift and Unitec Parts Company, as well as ThyssenKrupp Elevator subsidiaries Vertical Express and ThyssenKrupp Access.

Boesen Plumb Elevator Solutions is a signatory company which means we work with the same labor

Symptoms can include tiredness, exhaustion, and an overall decreased motivation. The cold, dark winter months can be very difficult for some people and can impair moods and levels of activity.

The causes of the winter blues are pretty easy to figure out. Waking up when it is still dark and going out in the cold becomes difficult when it is a part of your every day routine. Our methods of coping with the winter months will determine if we can reduce some of the suffering.

Animals and people have much in common because we all 'hibernate' in the wintertime. If the weather is sunny and warm we get out of the house, play outdoors and are more active. But in the winter we stop going out during the day/evening to avoid the elements. The summer provides endless opportunities for activity. During the winter we require more motivation and attitude adjustments to keep ourselves active.

Some people are more prone than others this time of year. We are influenced by the sun or lack of it and many people struggle during the winter months. Our attitude towards winter makes a big difference. Staying at home and taking a negative view of winter is more likely to lead to difficulty.

So, how can we rid ourselves and our employees of this condition? Walks outside or in a shopping mall, hitting the gym; getting some fresh air. Simple things at home brighten up the winter months. Some indoor plants will add color to your home or workplace. Adding a few bright lights or some color can also do much to create a cheery atmosphere.

Here are some tips on how to beat the 'winter blahs':

- Resist the temptation for a sugary fix; incorporate healthy snacks for a boost in between meals.
- Exercise -- For most people, a little exercise goes a long way toward beating these winter blahs. Exercise offers many benefits and gives a feeling of overall well-being. Exercise outside to get some sunshine and fresh air.
- Limit caffeine intake -- Large amounts of caffeine can lead to irritability, restlessness, anxiety, upset stomachs, muscle tension and insomnia.
- Increase exposure to light -- Make sure sunlight is shining through your windows. Keep lights on in your office and home.
- Avoid hibernating -- Resist the temptation to stop going out to avoid the cold -- get out and stay active.

We can't change the seasons, but we can change some of our habits during the dog days of winter. By keeping active and optimistic - even if it means braving the cold - your winter days will seem brighter and warmer. By promoting these tips, you can increase the morale and work ethic of you and your employees.

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## Homeowners Insurance

### Flood Season Approaches

Purchasing a home is likely one of the biggest investments you'll make, so you want to make sure it's protected with the proper amount of home insurance. The onset of spring can mean an

pool of qualified union installers and technicians as all the major elevator companies. Our tag line is simple, if we offer Quality, Integrity & Flexibility the result will be delivered value to the customer.

For more information on the products and services that Boesen Plumb Elevator Solutions offers, please call them at 316-684-9600.

### Testimonials

*"Not only do I regard CIG as my insurance agent, I also consider them to be a partner in my business. With their broad knowledge of the various insurance coverages and programs, CIG Insurance has been able to provide me with the best insurance plan available to fit my needs."*

-Larry Arbuckle, President & CEO  
General Distributors, Inc.

*"CIG provides a level of service that I expect from my agent. They recently helped us develop a safety program in quick fashion and directed us to one of their partners who assisted in the handling of an OSHA situation that arose on one of our jobsites. This is exactly the service I was looking for when I signed up with CIG; it was affordable and definitely made me comfortable knowing they are my risk management partner."*

-Amber Dobosz, Account Manager  
Rock Enterprises, Inc.

increased chance of showers and hurricanes, which could cause many homeowners to think about flooding - especially if you live in high risk areas. In light of the coming storms and heavy rains in the Wichita and surrounding area, here are a few things to know about flood insurance.

#### **Do All Homeowners Insurance Policies Cover Flooding?**

In most cases, a regular homeowner's insurance policy does not cover flooding. Homeowners insurance covers damage to your property if caused by other means, such as a fire or a tree falling on it, but water damage that is a result from flooding often is not included in homeowners coverage.

The good news is that you can still obtain coverage for your house with flood insurance, which is available as a separate type of insurance policy.

#### **What Is Flood Insurance?**

Flood insurance is exactly what you'd expect: It provides protection from types of flooding your home may experience.

Flood insurance is a national program that's backed by the federal government via the National Flood Insurance Program, which means you'll pay the same price regardless of who sells you a flood insurance policy.

While it's sold separately from homeowners insurance, purchasing flood insurance is fairly simple and may be required by your mortgage company if you live in an area that has a higher risk of flooding. The National Flood Insurance Program (NFIP) offers coverage up to \$250,000 to protect your home's structure, as well as up to \$100,000 to protect what's inside your house.

In most cases, if you're required to have flood insurance, the amount of coverage you should have should match the cost to rebuild your home. If that cost is more than the \$250,000 limit that the NFIP offers, you often can purchase higher amounts of coverage from companies offering excess flood coverage to cover the cost of your home.

Remember that if your home would cost \$350,000 to rebuild, you should have that much flood insurance coverage to protect yourself.

#### **What Types of Flooding Does Flood Insurance Cover?**

Flood insurance may not cover broken pipes that cause water to pool in your house, but it does cover flooding or rising waters due to sources such as rivers overflowing from melting snow, ocean surge driven by a hurricane, and failed dams or levees. If any of these situations could apply to your home, you may want to consider purchasing flood insurance if it's not already required.

#### **How to Find Out If You're at Risk**

The National Flood Insurance Program offers a one-step flood risk profile to determine if your house is in a high-risk flood area. The site also offers helpful information and tools that include how much a flood could actually cost you, types of flood insurance policies, and how to prepare for and recover from a flood.

#### **Where to Buy Flood Insurance**

If you determine you need flood insurance from the NFIP, you may be able to purchase it from the same insurance agent or company who sold you your homeowners insurance. If your homeowners agent doesn't sell flood insurance, you should contact CIG Insurance for all your personal lines coverage's including flood insurance.

Keep in mind that flood insurance policies don't start immediately. You must wait 30 days before your policy begins, so the sooner you purchase, the sooner your policy can cover your home.

## Sports Report

### Basketball in Kansas Soars



To say that it's been a good year in Kansas Basketball would be . . . well . . . an understatement to say the least. Let's take a look at a few numbers:

As of 2/12/2010

	<u>School</u>	<u>Wins</u>	<u>Losses</u>
	<u>Win%</u>		
KU	23	1	.958
KSU	19	4	.826
WSU	20	6	.769
<b>Total</b>	<b>62</b>	<b>11</b>	<b>.849</b>

Kansas: they are a member of the elite, the upper crest of college basketball society. When you think of college basketball, and the history and landscape that has shaped it, you think of UCLA, Indiana, Kentucky, North Carolina and Kansas. The fact that Kansas once again finds itself in National Championship contention is by no means a surprise, however the surprise could very well be in the idea that Kansas now has an opportunity to run the table inside the Big 12 conference: a feat almost as impressive as winning the NCAA Tournament.

The Wildcats on the other hand, are relative neophytes to the media crazed 21<sup>st</sup> Century national stage. Having had SOME success prior to this season during the decade, KSU finds themselves in a position to finish 2<sup>nd</sup> in the ultra-competitive Big 12 conference and play themselves into a top 3 seed in the NCAA Tournament. Frank Martin and company are on the verge of cracking the new college basketball elite, running side by side with the likes of West Virginia, Texas, and Purdue. One or two more gifted, NBA caliber athletes from National Championship contention, Martin and all of the "Little Apple" are remembering yesteryear and the days when old Ahearn Fieldhouse was one of the top collegiate basketball venues in the country.

Wichita State is on the precipice of perpetual post-season tournament bliss, as they close in on their 2<sup>nd</sup> consecutive post season appearance. The only question that remains is which one? WSU stubbed their toe a bit in a couple of recent losses that may in fact stunt the growth of their NCAA Tournament resume. However, the Shockers don't lack the confidence to be able to go to the Missouri Valley Conference tournament and play their way into the Big Dance. Coach Marshall has taken some extremely difficult circumstances and turned them into opportunities to grow his program and his players into winners on every level.

All 3 Division I universities in the state have young, charismatic coaches and staffs, that are working diligently to supplant North Carolina as the most fertile college basketball breeding ground available to next-level scouts. In the interim, our hats should be off to all those instrumental in the successes of our great state universities.

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## New Insurance Product

### Bad Debt Insurance

If accounts receivable is one of the most significant assets on your company's balance sheet, then this may be a product you need.

Most insurance policies insure your receivables for "loss of records", but did you know you can also insure your receivables against payment default or insolvency by your customers? This coverage is known as trade credit insurance or "bad debt" insurance and can protect both your domestic and international receivables. Just imagine if your largest customer goes bankrupt owing you what is showing on your current receivables schedule. Could you survive?

Bad debt insurance is ideal for reducing your exposure to bad debt losses while also making it possible to increase sales, borrow more effectively, improve credit department efficiencies and protect your bottom line. Anyone with business to business open account sales in excess of \$3,000,000 is a candidate for this coverage. Minimum premiums for this coverage start at \$10,000 which may sound like a lot until a customer owing you \$1,000,000 cannot pay.

The risk of bad debt loss has increased exponentially in this current economy. In fact, the U.S. Court system recently reported that corporate bankruptcies have risen over 40% each of the last 5 quarters. Protecting one of your largest and most vulnerable assets has never been more important.

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## Owner's Letter

### Let Us Help You!



As a small business owner I will personally state that I truly value the strategic partnership with our vendors and suppliers. Here at CIG, we believe in the "Value Added Concept." While no one business (or person) is perfect, in these economic times we must all bring added value or face the truth that we will be replaced by someone who can. Case in point - How can we keep your business or operation? The best way for us to improve our services is to ask

and listen to our clients. Please take a minute & if you have an idea call, email, or fax us. We are here to help!

Here are a few of our new value areas we have developed in the past year:

- 24/7 free online streaming of safety videos with more always being added on our client portal at cigcorp.com.
- Partnership with Dr. Ron Davis at Occ Med Assoc to assist with injured workers & getting them back to work.
- Safety compliance audits
- An avenue to find affordable & professional legal services for estate wills & plannings.

Stemming from clients' recommendations, as of February 1st we are now answering our phone lines with a live associate. We also have a 24/7 contact for the instances where you need to talk to a representative after normal business hours.

We are always developing new ways to serve your needs better, but

please help us in this endeavor by giving us your feedback. As we instruct our associates: you the client are our real boss.

Thanks,



Chock Chapple  
Owner, CIG Insurance

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## About CIG Insurance

A trusted leader in the Commercial Insurance Industry. We provide a vast array of products and services for many industries, including: Construction, Energy, Agriculture, Manufacturing, Retail/Wholesale, Executive Protection, and Personal Insurance.

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