

INSURANCE

ROUNDTABLE DISCUSSION

In this special section, we turn to the expertise of some of the leading business insurance thought leaders in the Valley to gain market updates and perspective

on the state of insurance. We've asked the experts in the trenches every day to share their insights where the industry is and where it's going.



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GASPAR INSURANCE SERVICES

Founded in 2008, Gaspar Insurance Services is a leading full-service insurance agency specializing in protecting individuals and businesses of all sizes. Headquartered in Woodland Hills, Gaspar offers clients a wide range of insurance solutions nationwide. As a Foundation Risk Partners company, Gaspar Insurance works with over 246 A-rated carriers to provide the best possible protection, including personal, commercial, and life and health. Gaspar builds personal relationships with its clients.

IMA FINANCIAL GROUP

IMA is a trusted leader in commercial insurance, risk management, surety, retirement, and employee benefits. IMA's team of professionals work tirelessly to develop customized solutions that meet the unique needs of each of its clients. IMA offers a comprehensive suite of services that can be tailored to each client's needs, including risk assessments, insurance placement, claims management and employee benefits consulting. IMA's goal is to help clients achieve long-term success.

LBW INSURANCE AND FINANCIAL SERVICES

LBW Insurance and Financial Services is an independent agency in Valencia. With over 100 years of experience, the agency is licensed in all 50 states, providing insurance, employee benefits and financial services. The LBW team is made up of specialists in commercial real estate, distributors and manufacturers, professionals, entertainment, construction, and technology. LBW takes pride in its personalized advice and exceptional service.

POMS & ASSOCIATES

Founded in 1991 by Dave Poms, Calabasas-based Poms & Associates emerged in response to the insurance industry's growing need for innovative problem-solving and forward-thinking risk management strategies. For over 30 years, the company has grown strategically, establishing branch offices in key locations to better serve its clients. Throughout its journey, Poms & Associates has remained steadfast in its commitment to guiding clients through an informed and comprehensive purchasing process.

What are the most significant new insurance trends taking effect that could be impactful to businesses?

GASPAR: We are seeing "social inflation" continue to drive insurance costs. "Social inflation" is what insurance carriers refer when explaining larger and larger jury awards. A "nuclear verdict" meaning verdicts that are more than \$10 million used to be a rarity and would only happen in cases that were especially significant where there was inured negligence and loss of life or serious injury. Now we are seeing plaintiff attorneys ask for amounts \$10 million and higher when there is no negligence on the part of the insured and really nothing to justify the amount. There are a number of investor groups actually funding plaintiff attorney lawsuits and getting a piece of the verdict, these suits are rarely settled in an effort to maximize return to investors as oppose to pay what is actually fair.

LIKE: There are two trends in insurance that we're seeing impact our own clients. The first is in the area of cyber insurance. We're seeing the insurers force the clients to jump through more (and more complicated) hoops to get the coverage. Ten years ago, the coverage was cheap and easy to get, but that's not the case any longer. And while we've seen premiums go down over the last year, the threat landscape changes constantly and the small lull in premium decreases we've seen may be short lived. The second trend is in property insurance where the carriers are doing unannounced aerial (drone) inspections. They're looking for fire hazards and maintenance issues. We're having to tell our clients to be incredibly diligent and proactive about property maintenance. Insurers are non-renewing policies for issues like standing water on a flat roof or trees that are overgrown or too close together.

How does the employee health insurance landscape differ in California compared to other states, or is there a difference?

POMS: Not just in California but across the country, the legislative and regulatory environment for the insurance industry is always shifting. But California is widely

regarded as particularly complex, with many first-in-the-nation legislations originating here. One notable difference specific to the employee health insurance landscape in California compared to other states is the impact of state-specific legislative changes, such as SB 525, which increases the minimum wage for healthcare workers. These regulatory changes add to the expense burdens on employers in California, potentially driving up the cost of providing health benefits more than in other states. Additionally, California's focus on equitable access to healthcare and strict regulations may lead to different insurance coverage requirements and cost structures compared to other states.

What are the key factors that influence the cost of business insurance premiums?

SCHRETER: I fight a daily battle against a little lizard that promises fifteen minutes could save you 15% or more on your insurance. While that's a good advertising slogan, it's just not the reality of the insurance marketplace today. Insurance premiums are driven by two factors: how likely is the loss and how severe is the loss going to be? The more likely and the more severe, the more expensive the premium will be. It becomes incumbent on businesses to spend time thinking about their company's risks and proactively addressing them to mitigate the chance of loss in the first place. This is the primary way to control insurance costs for the foreseeable future.

GASPAR: Most carriers use sales, payroll or square footage to determine your rate depending on the type of policy but that's actually secondary to the bigger factor and that is the type of business you are meaning what industry you are in. If you are a CPA firm you will have dozens of carriers competing to offer your insurance like workers compensation, if you are a roofer you will only have a handful and the base rate is far higher than that of a CPA firm.

What benefits are most important to employees in 2024?

KNOWLEDGE IS THE BEST INSURANCE.

—DAVID A. POMS, FOUNDER OF POMS & ASSOCIATES

By serving as not just an insurance broker, but also an educator, Poms helps organizations adopt risk-management protocols that are efficient, proactive, comprehensive and self-administering. Find out more at pomsassoc.com.



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POMS

RISK CONTROL
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SMARTER INSURANCE
FOR SMARTER BUSINESS.

LIKE: Of course, things like healthcare coverage, paid time off, and retirement plans are still at the top of the list. But our own Benefits team is focused on helping our clients get their employees engaged in so many of the value-added elements that come with those medical and 401(k) plans. Our clients are trying to retain their talent, and making employees feel genuinely cared for is an important element in that battle. When employees are struggling with mental health or financial issues, we want those people to know about all the resources they have available. At LBW, we manage nearly 100 small businesses' 401(k)s. We provide financial planning and education with those and we find employees feel a stronger sense of stability. Our team tries to really highlight things like meditation and sleep apps, in-person and remote mental health therapists, chronic pain resources, financial literacy classes, and retirement planning and college savings advisors.

POMS: In our recently-released “2024 Employee Benefits State of the Market” report, our dedicated benefits leaders identified the increased popularity of holistic wellness programs, personalized and customizable benefits, and technology integration. Employees are looking for benefits that address not just their physical health but also their mental well-being, financial stability, and work-life balance. Just as is true in every other realm of consumer decision making in 2024, personalization is key, as employees demand more flexible options that can be tailored to their own unique needs. The integration of technology to streamline benefits administration, communication, and data is becoming increasingly important for enhancing the overall employee experience. Companies that offer comprehensive and attractive benefits solutions see better employee retention and a healthier overall work culture. Especially post-COVID, wellness is a priority to employees and employers—maybe more so than ever.

How is AI affecting the insurance industry and in what ways?

SCHRETER: The rise of artificial intelligence platforms has allowed insurance companies to mine large swaths of data, making it easier to assess risk more precisely and generate more personalized underwriting decisions. As with any tool like this, the key is to ask the right questions, backed by strong critical thinking, to generate an effective analysis. Brokerages that are investing in supporting their clients with those resources and insights will be in high demand moving forward.

How can businesses ensure they are not underinsured or overinsured?

GASPAR: Ask your insurance broker to provide a benchmarking report to show where your insurance limits stand compared to your industry competitors. This will give you an idea of what is typical for your industry. In addition, it's always a good idea to also ask an attorney what a worst case scenario might look like (for liability insurance). For property insurance limits you just need to make sure you have enough coverage to rebuild your building and replacement all your contents.

How can small businesses negotiate the best terms and rates with insurance providers?

LIKE: Choosing an independent insurance agent is the best strategy to ensure optimal terms and rates for business coverage. Independent agents simplify the complex process of buying insurance. We aren't bound to one provider. Instead, we have a broad network, so we can scout multiple policies and rates. With our market expertise, we're not just brokers, but trusted advisors and advocates for our clients. We take time to tailor coverage that aligns with the specific business' needs. Our ability to negotiate cost-effective rates and advantageous terms is unparalleled, thanks to our wide-reaching connections. For businesses, the focus should be on selecting the right agent, who will then handle all aspects of policy comparison and selection. At LBW, our long standing clients appreciate that we are their “bid process.” They know we hit

all the markets for them.

GASPAR: Use a broker you trust that comes highly referred to negotiate with the carriers. I would suggest not shopping multiple brokers or carriers yourself because regardless of what the pricing is you can't be sure what coverage was included or not included unless you really understand insurance policies.

How should businesses assess their insurance needs in the current economic climate?

SCHRETER: Whether a business is planning for growth or a recession, insurance needs should be assessed through a lens of risk tolerance. Higher deductibles or reduced coverage could help lower insurance premiums – at the cost of increasing your risk profile. Ask your insurance broker for benchmarking data on industry insurance standards. It's a great way to see what the competition is doing and how your business might turn its portfolio into a competitive advantage.

POMS: Working closely with a knowledgeable broker is essential. Brokers with experience in hard markets can offer invaluable insights and assist in identifying potential coverage gaps. They can also help businesses present themselves as “quality risks” by demonstrating robust risk control measures, which is critical in a market where insurers are increasingly selective. Additionally, businesses should prepare for more rigorous underwriting scrutiny, which may require providing additional documentation, such as loss history, risk management strategies, and financial statements. Starting the renewal process early—ideally three to six months before the policy expiration date—is crucial to allow sufficient time for negotiations and adjustments. Moreover, businesses should consider the impact of external factors, such as inflation, supply chain disruptions, and geographical risks, on their insurance needs. By taking these steps, businesses can better navigate the current hard market, mitigate premium increases, and position themselves for more favorable terms when market

conditions stabilize.

What are the most common types of insurance claims made by businesses, and how can these be prevented or better managed?

GASPAR: The most common insurance claim we see is workers compensation claims. The key to avoiding workers compensation claims is focusing on safety every day so it becomes a part of your culture. The second most common claim would probably be employment practices claims where an employee sues for wrongful termination, harassment, etc. The best thing you can do to avoid employment practice claims is have a healthy supportive culture with well trained and emotionally intelligent managers. Generally speaking, when employees sue it's because they are mad at a person (like a manager) for treating them poorly as oppose to made at a company.

When should a company consider international business insurance?

LIKE: We have a lot of clients expanding globally. It's imperative that we cover operations and people, especially people, out of the country. We discuss international coverage when our clients are doing imports, exports, establishing overseas offices, or securing international contracts. We have to consider complications like goods being damaged in transit or customs issues. Overseas offices need property coverage and there are concerns about local laws and compliance. International business travel carries risks of medical emergencies and document loss. And, of course, advising our clients about cyber coverage is really a conversation about all kinds of global threats.

What steps should businesses take to prepare for natural disasters in terms of insurance coverage?

POMS: Californians are well aware of the power of natural disasters to disrupt our lives, livelihood, and work. Understanding how to prepare for these events and minimize the toll they can take on businesses and individuals is the real science behind insurance. Preparing for catastrophic weather events, wildfires, and other natural disasters requires companies and individuals to think about two core approaches: securing comprehensive insurance (to respond in the event of a claim) and participating in risk management practices (to proactively prevent or reduce the frequency and severity of claims). As both a leading insurance broker and risk management firm, Poms & Associates brings together insurance and risk management strategies so that our clients are prepared ahead of *and* able to make themselves whole again after a disaster. We work with some of the best insurance companies in the country and the world to help our



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clients secure insurance coverage for their property, business interruption, liability, worker’s compensation, and other needs. Simultaneously our team of risk management professionals offer risk assessments, custom-tailored trainings, safety protocol guidance, and other services to evaluate clients’ susceptibility to claims in these events. This allows us to help reduce or eliminate some of the damage and loss that can occur. Lower claims frequency and severity helps keep insurance premiums lower for everyone.

How can businesses effectively manage and reduce their operational risks?

SCHRETER: A comprehensive enterprise risk management process is the most effective way for businesses to manage and reduce operational risks. Start by building a committee of stakeholders throughout the company, from entry-level employees to board members. Include trusted advisors

like lawyers, accountants, and insurance brokers, and charge them with identifying and evaluating risks throughout all areas of the company. Focus on those risks that are most likely to occur and could have the greatest impact on the company, then build a system that allows for transparency and accountability to address those risks. And then each year, wash, rinse and repeat. You’ll be a better business just by making the effort.

POMS: Businesses can effectively manage and reduce operational risks by implementing a few key strategies: (a) Proactive Risk Assessment: Regularly assess and identify potential risks across all areas of the business, including financial, operational, legal, and technological risks. (b) Comprehensive Insurance Coverage: Ensure they have adequate insurance coverage tailored to their specific risks, including general liability, professional liability, and property insurance. (c) Risk

Mitigation Strategies: Develop and enforce strong internal controls, safety protocols, and employee training programs to minimize the likelihood of risks occurring. (d) Technology Integration: Leverage technology for risk management, such as automated monitoring systems for early detection of issues, data analytics for predicting risks, and cybersecurity measures to protect against data breaches.

What are the potential risks of cyber-attacks, and how can certain types of insurance mitigate these risks?

GASPAR: The risks of cyber attacks, especially social engineering are very real. “Social engineering” is where one of your employees is tricked into wiring money to somewhere it’s not supposed to go. Training is key to avoiding cyber claim but NO company can be 100% cyber attack proof which is why cyber insurance is absolutely critical.

Navigate the future with an insurance broker who is on your side, protecting assets and foreseeing challenges. So when the future arrives, you’ll be ready.

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What should businesses look for when choosing an insurance broker or agent?

POMS: When choosing an insurance broker or agent, businesses should look for the following qualities: (a) Expertise and Specialization: The broker should have a deep understanding of the specific industry and the associated risks. (b) Comprehensive Services: A good broker offers a full suite of services, including risk assessment, policy negotiation, and ongoing support to ensure the business's needs are met. (c) Strong Relationships with Insurers: The broker should have strong connections with a wide range of insurance providers to offer competitive and comprehensive coverage options. (d) Transparency and Trustworthiness: The broker should be transparent about fees, coverage options, and any potential conflicts of interest, providing clear and honest advice. (e) Proactive Guidance: Look for a broker who actively stays informed about legislative changes

and market trends, offering proactive advice to help the business navigate the complex world of insurance.

LIKE: Whether it's business or personal, insurance broker/agent selection is crucial. Key considerations include their experience and credentials, industry-specific knowledge, and a solid reputation backed by client references. A broad range of services, efficient claims handling, excellent customer service, and the financial stability of their associated carriers are also vital. It's especially important right now to choose an independent agent with all these capabilities. Independent agents like LBW have access to the full marketplace. In personal lines (home, auto, etc.) it's a dark time for "direct writers" (agents that represent only one insurance company). LBW is open to several personal lines insurance carriers, giving stability to our high net worth

clients – many of whom are the owners of businesses in our commercial lines division. If a client's current carrier is giving up on them, then our team does the work to find a new placement. The client doesn't have to go on that hunt on their own.

SCHRETER: The success of a professional golfer is dependent on the caddy who carries the clubs. A good looper knows the layout of the course and can advise as to the risks and rewards of the golfer's next shot. Likewise, business owners should be able to depend on their insurance brokers for valuable insights into strategies and operations that allow that business to evaluate its risks and mitigate them proactively. Choose a broker that demonstrates a deep understanding of your business, and can provide the tools, resources, and carrier relationships to support the risks you have to address properly.

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infrastructure is new and reliable
crime rate is, well, pretty much nonexistent
air is clean and traffic is light
our workforce is abundant
when you get to work, you're wearing
a big "cat-that-ate-the-canary" grin and

the city government is always on your side



CITY OF SIMI VALLEY

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