DRONES...POTENTIAL INSURANCE GAME CHANGERS?

Unmanned aerial vehicles (UAVs), also known as drones, have been creating quite a buzz as the number of potential uses continues to grow. Drones can be used in agriculture, public service, news, photography, product delivery, and have many more possibilities. In the insurance industry, drones can be used to survey properties, gather the information needed by underwriters, and for making claims.

PROVING TO BE BENEFICIAL

Let’s do a comparison. The property of an agriculture cooperative in North Dakota needs to be surveyed. Howalt+McDowell agents spend a day traveling from Sioux Falls, SD, to the cooperative’s location. The next day, they will manually gather a survey of the property by taking photos from various angles.

With a drone, however, the time and number of agents needed is minimized. Only one agent is needed to gather a survey of the property within 10-15 minutes. Standing in one spot, the agent can use a UAV to take aerial photographs and videos of the property. In the end, the drone is able to capture a 360-degree view that tells a better story than the ground images.

Time, efficiency, and less staff are not the only benefits. Aerial footage gives the underwriter, who reviews and evaluates everything to assess the insurance eligibility, a clear view of the property. The underwriter is then able to see all facilities in detail, how the buildings are separated, the upkeep of the property, and traffic flow.

AHEAD OF THE GAME

The above scenario is how Howalt+McDowell has been using their drone since September. The drone they purchased is an easy-to-control Phantom 2 Vision+, which has a high-definition, 180-degree lens camera and only weighs about 2½ pounds. Howalt+McDowell Sales Executive Travis Starks has received only positive feedback from clients regarding their property footage.

In March, an article titled The Future of Drones in the Insurance Industry stated: “According to industry experts it’s a very real possibility that insurers will be using drones in a number of ways within a few years.” That means Howalt+McDowell is ahead of the game. “It’s been a huge thing for us,” Starks says. “Not only does it show our clients that we are progressive, but it shows that we want to bring value to them. We look at things from a different perspective, and we find new avenues to record information and pass that information along and tell the story.”

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Since the Affordable Care Act (ACA) rollout in 2010, various provisions have already come into effect. In 2015, another vital part of the ACA will begin: information reporting responsibilities. And while the 2016 due date seems distant, employers should be taking action now because of the complexity of the new requirements.

HEALTH COVERAGE REPORTING REQUIREMENT

The health coverage reporting requirements are designed to identify employees and their family members who are enrolled in minimum essential health coverage. This reporting requirement is a pivotal moment in the ACA because it will start to prove two things:

1) Do individuals have coverage?  
2) Does the employer offer coverage within the parameters of the ACA requirements?

The ACA outlines specific rules that large employers must comply with, or they could be subject to a penalty tax. If an employer doesn’t offer minimum essential coverage, they could be subject to a $2,000 penalty per full-time employee, minus 80 in 2015. For example, if an employer with 100 full-time employees doesn’t offer minimum essential coverage, they’d pay $2,000 for 20 employees. If an employer does offer health care, but it is not affordable, or it does not meet minimum value, they will pay a $3,000 penalty per employee that goes to the marketplace to purchase a policy and qualifies for a premium or cost-sharing subsidy.

FORM 1095-C VERSUS FORM 1094-C

Starting in 2016, employers must file returns annually by Feb. 28 or March 31 if filing electronically. The new information reporting requirements will be similar to the W-2 method employers already issue. Employers with more than 50 full-time employees and full-time equivalents (applicable large employers) will be required to prepare an individual information return (1095c) for all. This information will be filed with the IRS using a single form (1094).

Form 1095-C will report the following information to the IRS:

- The employee’s name, address, and social security number,
- The employer’s name, address, and employer identification number,
- Whether the employee and family members were offered affordable health coverage each month,
- The employee’s share of the monthly premium for the lowest-cost minimum-value health coverage offered,
- Whether the employee was a full-time employee each month,
- The affordability safe harbor applicable for the employee,
- Whether the employee was enrolled in the health plan, and
- If the health plan was self-insured, the name and social security number of each employee and family member covered by the plan by month.

Form 1094-C will report the following information:

- The employer’s name, address, employer identification number, and contact person,
- The total number of 1095-C forms filed,

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• A certification by month as to whether the employer offered its full-time employees (and their dependents) the opportunity to enroll in minimum essential health coverage,

• The number of full-time employees for each month of the calendar year,

• The total number of employees for each month,

• Whether special rules or transition relief applies to the employer, and

• The names and employer identification numbers of other employers that are in a controlled group or affiliated service group with the employer.

SMALL EMPLOYERS WILL FILE IF…

There are mandates for small employers that may subject them to information reporting as well. If a small employer is self-insured or part of an applicable large employer group (ALEG), they will have to file. If the employer is self-insured they must file a 1095-B, which will report the name, address, and social security numbers of employees and their family members on the plan. If they are not self-insured, but they are part of a large employer group, they will file a 1095-C/1094-C.

WHAT’S IMPORTANT RIGHT NOW?

Those 2016 dates may seem far away, but employers should be preparing themselves right now. Employers should be taking the following actions:

• Review all draft IRS forms and learn about the new reporting requirements,

• Develop procedures for determining and documenting each employee’s full-time or non-full-time status by month,

• Discuss with your insurance company and company payroll vendor to determine who will be responsible for data collection and form preparation,

• Reach out to other companies for ideas, and

• Ensure that systems are in place to collect the needed data for the forms.

We understand you will have questions regarding this complex topic. Howalt+McDowell is here to answer them. Give us a call at 1-800-584-7054 or 605-339-3874.

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FITTING INTO PRECISION AG

Drones are also proving to be beneficial in the agriculture industry. Many of the ag co-ops Howalt+McDowell works with are purchasing their own UAVs to be used for precision ag and scouting fields. What used to be a group of four to five guys scouting on 4-wheelers is now done with a drone. Just as with the property survey scenario mentioned earlier, one agronomist and a drone are more precise than a group of five.

If a producer has a fertilizer misapplication, for example, an agronomist will be able to get a bird’s-eye view of the field with the drone. This allows them to see the exact percentage of damage in the field, as well as the type of damage. Not only does the producer get a clearer understanding of what occurred so they can change practices to prevent it in the future, but the crop insurance claim will also be more accurate.

Another use? Gathering footage of all the cooperative’s locations to be showed at a board meeting. When board members don’t have to take a day or two to be shuttled around to the locations, money and time are both saved.

THE FUTURE OF DRONES

As drones continue to gain a foothold in many industries, the future looks bright. Could they potentially replace agents? According to The Future of Drones in the Insurance Industry, experts say that is unlikely to happen. However, it will be interesting to see, in the years to come, all of the potential drones hold in the insurance industry.
Thank you to many clients and friends who came to the Howalt+McDowell tent at the 2nd Annual Riverfest. We had a blast! Hope to see you all next year on Aug. 15, 2015, for the 3rd Annual Riverfest.

WEBINARS & WORKSHOPS

Learn more and sign up by visiting howaltmcdowell.com/eventschedule


Webinar: WellConneXions – Workplace Wellness, Dec. 16 from 10-11 a.m., Kandy Jamison, WellConneXions Director & Denise Kolba, Advanced Practice Nurse, Howalt+McDowell


Webinar: Health Care Reform Update – Jan. 13 from 10-11 a.m., Abbey Vanderwerf, Compliance Expert, Howalt+McDowell, MMA.

Webinar: Benefit Pitfalls - How to Avoid Common Compliance Problems with your Employee Benefit Plans, Jan. 22 from 10-11 a.m., Rob Schlimgen, Associate, Davenport Evans.
Since its start in 1921, Gage Brothers, a leading manufacturer of precast concrete products in Sioux Falls, SD, has grown to over 230 employees. With this type of growth comes a larger number of risks to manage and exposures to mitigate.

Because of this, Gage Brothers has found it helpful to utilize the web-based Risk Management Center from Howalt+McDowell. This secure, online safety platform has various tools that allow an individual to access, explore, store, and acquire valuable information and resources. The Risk Management Center allows for an organized, proactive approach to managing risk and mitigating exposures.

“We don’t have to purchase a different type of software, and I don’t have to set up my own Excel spreadsheets because it has everything I need,” says Bobby Doyle, Safety Manager at Gage Brothers. “It keeps me organized, fills out the OSHA 300 logs I need, and prints out reports. It also gives me helpful reminders on all of my trainings.”

“Incident Track is my favorite tool being that I’m able to add notes, adjust days, and it automatically calculates that for me,” Doyle mentions. “It keeps track of my lost work days or restricted duty days.” He also touched on the platform’s security. The Risk Management Center is accessible via a secure web portal and login from the Howalt+McDowell website. All registered users are protected by a personal user login, password, and access code.

Bobby Doyle of Gage Brothers touched on just a few items that the Management Center’s tools are capable of. Here is a more in-depth listing of the various tools and what they can do:

- **Comprehensive Safety Library** – Save hours finding important information with the Safety Library. This library has thousands of documents that can be customized to meet specific needs. All documents are in Microsoft Word, PowerPoint, and Excel.

- **Incident Track** – This tool allows you to document incidents in just minutes. It’ll track workers’ compensation, general liability, and property and auto losses/incidents. The program also manages and generates incident reports, a first report of injury, OSHA 300, 300A, and 301 logs, as well as in-depth graphing and tracking capabilities.

- **COI Track (Certificate of Insurance)** – COI Track will manage your COIs by automatically sending you alerts on expiration dates, liability limits, and other customized criteria. Generate reports for received certificates, issued certificates, and invalid certificates. You’ll also find in-depth recording and analysis by vendor, contractor, subcontractor, and job-specific project or location.

- **Training Track** – This program allows you to easily schedule and document training. It automatically notifies you of upcoming training and who needs to be trained by employee, location, department, or subject. Generate reports in just minutes!

- **SDS Management and Tracking** – Here you can easily manage your Material Safety Data Sheets (MSDS). Store, retrieve, search, and archive MSDS sheets. You can also generate reports by location.

- **Award-Winning HR Suite** – We have partnered with a national leader in making a National HR Resource Center available to our clients.

- **Behavior-Based Safety Programs** – Build behavior-based safety programs with job hazard analyses.

- **Job Description** – Access a pre-loaded library of comprehensive job descriptions; create Modified Duty assignments.
NEW FACES AT HOWALT+MCDOWELL. WELCOME TO THE TEAM!

Marci Myers, Sales Executive, Employee Benefits

Isaac Johnson, Account Executive, Employee Benefits

Congratulations to Jason Kelling of Great Plains Brokerage on your prestigious receipt of Company Representative of the Year at the 2014 Independent Insurance Agents of South Dakota Convention in Deadwood. This award is a well-deserved recognition of your incredible insurance knowledge and wonderful customer service. Howalt+McDowell, a Marsh & McLennan Agency, is proud to call you a trusted vendor and partner, helping to protect the independent agent distribution system.

Howalt+McDowell Insurance achieved 100% employee gift participation to the Sioux Empire United Way. We surpassed our 2015 fundraising goal by raising $101,297! That means our organization and employees raised 1% of the total Sioux Empire United Way goal of $10,110,695. We’re very excited and extremely proud to carry on our strong tradition of giving.

PROTECT YOURSELF FROM HAIL

Annually, hail causes about $1 billion in damage to crops and property. And in 2013, South Dakota was fifth in the nation with 360 hail events. Due to the large number of claims, insureds may experience a larger base rate increase in their homeowners’ coverage. Find more information on hail at www.iii.org/fact-statistic/hail.