News and Tips to Make Your Life Easier, Safer and Happier!
For Friends and Clients of

Affordable Insurance Group

Saving You Time & Money on ALL of Your Insurance Needs! *September 2026*

Lenders Crack Down on Insurance Requirements

LENDERS ARE tightening commercial insurance requirements for borrowers to ensure that they are adequately covered as property, liability and business interruption claims costs rise across the board.

That means commercial property buyers should start their insurance planning well before loan closing or refinancing discussions. Lenders want to know that the property is protected, not only for the sake of your investment but also to safeguard the money they are putting into the loan.

Besides demanding adequate coverage limits, lenders are strictly enforcing A-rated insurer requirements and requiring updated appraisals to ensure one claim doesn't wipe out a borrower's ability to repay the loan.

Essential insurance for loans

When seeking a business loan, lenders may require borrowers to prove they have several types of insurance. Here's how lenders are scrutinizing three of the most commonly required policies:

Property — Lenders are concerned that property values may be understated in light of rampant rebuilding cost inflation. If a major loss occurs, inadequate coverage could create a funding gap that the policyholder would have to cover out of pocket.

Business interruption — Lenders prioritize business interruption coverage because it directly impacts a borrower's ability to make loan payments if disaster strikes. If a business is unable to operate due to a fire or supply-chain disruption, it could severely affect its cash flow.

Business interruption may be included in the language of a commercial property policy, but it's important to ensure it is also suitable for lending purposes.

General liability — Lenders also want their borrowers to have a general liability policy in place that has adequate policy limits. They may require that the borrower carries additional umbrella insurance to cover the cost of large claims.

Liability insurance rates have been rising rapidly due to an explosion in large settlements, often in the tens of millions of dollars. Lenders are insisting that businesses taking out loans have policy limits that will ensure they can stay viable after a large verdict.

Other considerations

As claims costs have risen, lenders are increasingly reviewing endorsements, limits and policy language more carefully to ensure compliance with loan agreements and confirm that insurance can cover most eventualities.

Lenders often request particular wording and endorsements that ensure their rights are protected. These may be found in certificates of insurance or within the policy, including:

Mortgagee clause and lender loss payable wording — This clause ensures the lender is paid if a covered loss occurs. It prioritizes the lender's interest in the event of a claim.

See 'Lenders' on page 2

WHAT OTHERS HAVE TO SAY ABOUT US…

"Everyone in the office is always very helpful. I am never going anywhere else for my insurance needs" - Jerry A. Columbia, SC

"Very helpful and didn't take long to get me started. Been with this company for 2 years and I'm still satisfied" - Paula L. Columbia, SC

"Excellent customer service!" - Linda S. Columbia, SC

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Employers Contributing to Distracted Driving

A NEW study has found that many people who interact with their mobile phones while behind the wheel do so because of pressure from their bosses to answer calls, e-mails and text messages even if they are not on the clock.

Employers that pressure their staff to respond quickly to work-related messages and calls can be held partially liable for any accidents their employees cause due to distracted driving.

While the employee's personal auto coverage would cover the cost of accidents they cause, if an incident results in serious injury or property damage, the injured third party may go for deeper pockets, like your business.

According to the report by The Travelers Companies, almost nine in 10 business managers expect their employees to at least occasionally respond to work-related phone calls and texts outside traditional office hours. A third of them expect employees to take or participate in work phone calls while they're driving.

Forty-two percent of drivers take work calls and read work texts and e-mails while driving, according to the report.

Of those who do:

- 42% say it's because there may be an emergency at work.
- 39% believe they must always be available for their employers.
- 19% believe their bosses will become upset if they don't answer.

Another study found that 86% of people who drive for their jobs had used a mobile device for work purposes while driving during the prior three months. An astounding 29% participated in video calls while driving.

These behaviors put the health and lives of the drivers at risk, along with those of their passengers and the motorists with whom they share the road.

In addition to unnecessary pain and suffering, resulting accidents can incur thousands or even millions of dollars in legal liabilities for the drivers and their employers.

What to do

Encourage employees to find safe places to stop their vehicles if they feel it necessary to check messages or respond to calls or texts from work.

Your staff should feel secure enough in their positions that they can also refuse to respond until they are safely parked.

Distracted driving causes avoidable, tragic accidents. These are bad enough when people make voluntary irresponsible decisions. They are worse when drivers feel they have no choice.

Employers can take action

- Include in your employee handbook policies discouraging use of mobile devices while driving on company business;
- Make safe driving part of the company's culture so that employees will have an expectation that they must drive safely;
- Explicitly state that no phone call, e-mail or text message is so important that it can't wait until the driver has stopped driving;
- Explicitly state in your workplace policies that no employee will be expected to participate in video calls while driving; and
- Discourage managers from calling, texting or e-mailing employees when they know their colleagues are driving.

If employers and employees change their attitudes, they can make the highways safer for all.

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Some Lenders Limit How High a Deductible Can Be

Proof of insurance showing correct limits and dates — The lender may request a certificate of insurance that lists policy limits, effective dates and contact information for the insurer. Any mistake can delay closing.

Replacement cost valuation — Lenders want the property insured at full replacement cost. This means the policy should reflect what it would take to rebuild the structure today, not what was originally paid for it.

Acceptable deductible levels — Some lenders limit how high the deductible can be. If the deductible is too high, they may require changes before approving the loan.

Some issues can delay closings on properties or cause problems after the loan is made, such as:

- Missing additional insured endorsements,
- Insufficient umbrella limits, or
- Inconsistent named insured listings.

Finally, if you are applying for a loan, reach out to us early as the market has changed drastically, particularly in high-risk areas.

Insurers Start Excluding AI Risk in Some Policies

SOME INSURERS have begun introducing exclusions for artificial intelligence-related claims from standard business insurance policies, creating potential coverage gaps for businesses that rely on AI tools for marketing, customer service, product development or daily operations.

The changes come after the Insurance Services Office, the industry's clearinghouse for policy language, introduced three new artificial intelligence exclusions for commercial general liability policies that insurers are beginning to add to coverage forms.

Roughly 86% of all U.S. property/casualty insurance policies contain some form of ISO language, meaning these exclusions could soon become widespread and leave coverage gaps for many employers when their CGL policies come up for renewal. Insurers are also starting to add similar language to other policies with a liability component.

New coverage gap

The three new ISO endorsements include:

CG 40 47 – The broadest form, excluding coverage for bodily injury, property damage or personal/advertising injury arising out of generative AI.

CG 40 48 – A narrower endorsement excluding only personal and advertising injury claims tied to AI.

CG 35 08 – An exclusion applying to products and completed operations liability coverage.

These endorsements could affect how coverage applies to certain AI-related claims, depending on policy language and endorsements.

A big concern involves Coverage B of the CGL policy, which covers claims such as defamation, invasion of privacy and misappropriation of advertising ideas among others. Under the new exclusions, those claims may no longer be covered if they arise from AI-generated text, images, audio, video or code.

Even firms using third-party AI tools, rather than developing their own systems, may still trigger the exclusions. In some cases, incidental use of AI may be enough.

The most vulnerable

The businesses likely to feel the greatest impact include:

- Marketing and advertising firms using AI-generated campaigns,
- Technology companies embedding AI into products or software,
- Manufacturers relying on AI-assisted product design,
- Professional service firms using AI to draft documents or communications, and
- Firms using AI tools in hiring decisions.

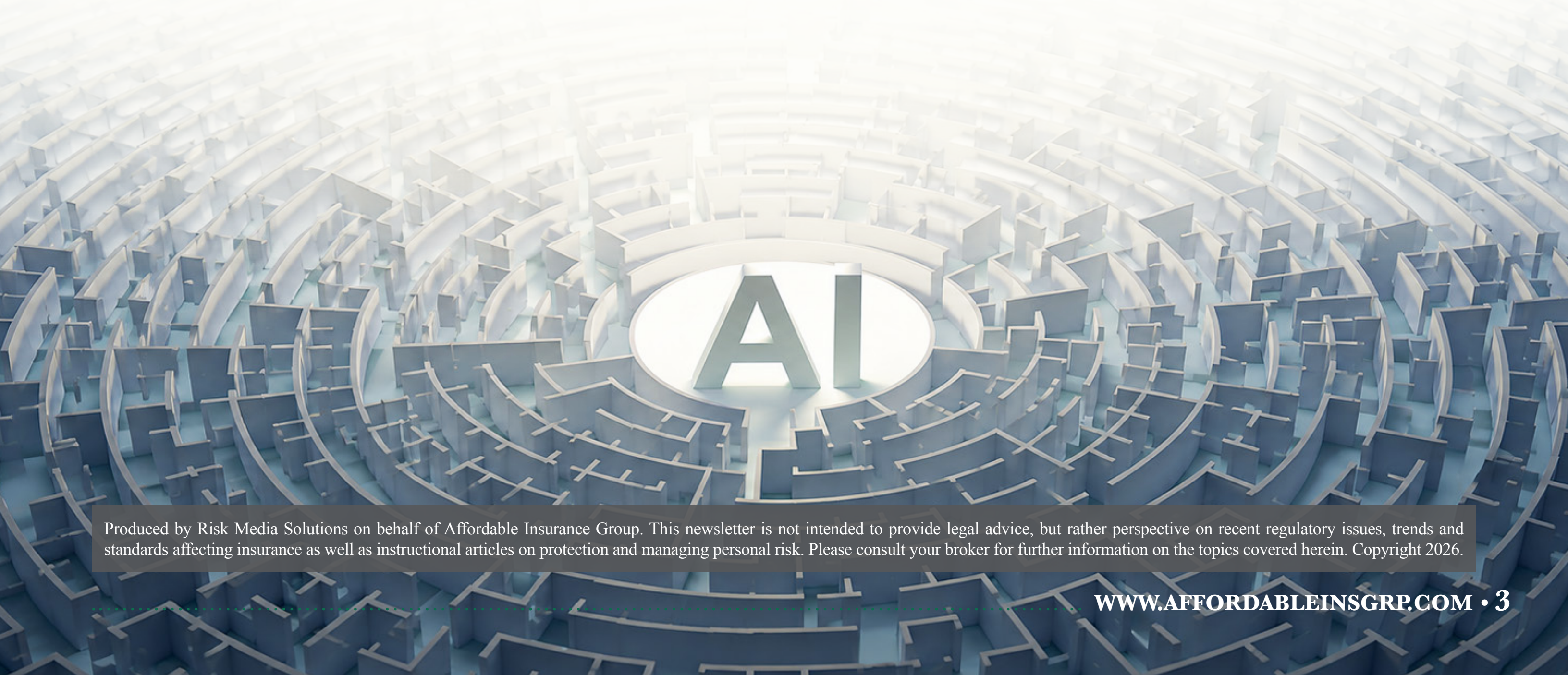
AI exclusions are also beginning to appear in:

- Directors and officers liability,
- Employment practices liability,
- Fiduciary liability,
- Cyber, and
- Errors and omissions policies.

What you can do

Organizations that fail to evaluate potential coverage gaps could find themselves uninsured for lawsuits, regulatory investigations or shareholder claims tied to AI use. Organizations should consider taking the following steps:

- Identify where AI is being used throughout the organization.
- Strengthen internal AI governance and oversight procedures.
- Require human review of AI-generated content and decisions.
- Train employees on acceptable AI use.
- Evaluate contracts with AI vendors and third-party providers.
- Discuss AI exposures with us before renewal.
- Explore specialized protection options.



High Heat Can Turn Claims into Complex Cases

SUMMER HEAT creates an obvious risk of heat exhaustion and heat stroke, but its impact on workers' compensation claims often extends beyond these classic injuries.

High temperatures can contribute to workplace accidents, complicate medical evaluations and make otherwise straightforward claims more difficult to resolve, particularly when workers have pre-existing medical conditions.

Research has found that workplace injury rates rise noticeably during periods of extreme heat, even among workers who never develop a diagnosed heat illness.

In many cases, heat may act as a contributing factor rather than the primary injury. A dehydrated worker, for example, may lose focus while operating machinery. Fatigue may lead to a misstep from a ladder or scaffold.

WE WANT TO THANK THE FOLLOWING FOR SENDING THEIR FAMILY, FRIENDS, AND NEIGHBORS TO US:

Janelle Sweeney, Columbia, SC
Renee Romandine, Lugoff, SC
Lorougnon Lago, Columbia, SC
Marie Johnson, Columbia, SC
Leeza Ballew, Lugoff, SC
Lamonte Bailey, Columbia, SC
Caleb McLaughlin, Irmo, SC
Jorge Ortiz, Lexington, SC
Contrina Durant, Columbia, SC
Richard Cameron, Irmo, SC

Pre-existing conditions complicate causation

When an employee suffers a medical event during hot weather, workers' comp insurers try to determine whether the injury resulted primarily from workplace heat exposure or from:

- **Underlying health issues** — Diabetes, cardiovascular disease, kidney disease, obesity and high blood pressure can reduce the body's ability to regulate temperature.
- **Medications** — Certain prescription medications, including diuretics, antihistamines and some psychiatric medications, may interfere with the body's ability to cope with heat, making workers more susceptible to heat-related illness.

The existence of a pre-existing condition or the use of prescription medications does not automatically prevent an employee from receiving workers' compensation benefits.

In many jurisdictions, if workplace conditions materially aggravate, accelerate or worsen an existing medical condition, the injury may still be compensable.

A worker whose underlying heart condition is triggered or worsened by prolonged heat exposure may still have a valid claim if evidence shows that workplace conditions substantially contributed to the event.

Physicians may also evaluate whether a portion of a worker's disability resulted from the natural progression of the pre-existing condition rather than work-related heat exposure. That process can influence claim costs and benefit determinations.

Prevention the best strategy

Providing water, shade, rest breaks, acclimatization for new staff, supervisor training and early recognition of heat stress symptoms can reduce the likelihood that heat exposure will develop into a serious injury.

Employers should also recognize that some workers face elevated risks during periods of high heat due to underlying medical conditions or medications. While employers generally may not inquire about an employee's specific medical conditions, they can educate about elevated risks if they have certain medical conditions.

Safety strategies

- Educate employees that high heat can exacerbate certain medical conditions.
- Remind workers some medications may increase the risk of dehydration or overheating.
- Ask staff to discuss heat-related concerns with their physician or pharmacist if they have a chronic health condition or take prescription medications.
- Provide additional hydration and rest-break opportunities, especially for workers who may be more vulnerable to heat stress.
- Encourage employees to promptly report symptoms such as dizziness, weakness, confusion or excessive fatigue.