Meet Your Selective Flood Territory Manager

Annette Winston
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Annette Winston is a Territory Manager for Selective Insurance Company of America. Selective has been a Write Your Own carrier (WYO) for the National Flood Insurance Program (NFIP) since 1984 and is one of the top 10 writers of NFIP policies. Selective is proud to be the endorsed flood carrier for the Independent Insurance Agents & Brokers of America (IIABA). Annette has more than 30 years of experience in the Property & Casualty industry and is skilled in all facets of flood underwriting, education and marketing. Due to her extensive experience, she is your go-to resource for knowing the ins and outs of flood insurance.

Here’s how Annette can help you write and service your flood insurance clients:

Regional Presence: Based in the Mid-Atlantic region, Annette is your boots on the ground providing you with the knowledge and expertise needed to effectively speak flood. You’ll see her around at Big “I” conventions and industry events teaching continuing education classes and making herself available to answer your flood insurance questions.

Expertise: Since she is dedicated to this one line of business, Annette has intimate knowledge of flood insurance and has both a national and regional awareness of specific issues.

Experience: With more than 30 years in the insurance industry, Annette understands the agent/consumer dynamic and can lend marketing support in communicating the need for flood insurance to your clients.

Underwriting Support: Annette is your go-to resource for understanding the ever changing NFIP rules and regulations.

Marketing Support: Selective has a plethora of customizable resources to help you sell more flood insurance. Annette can assist you in navigating these materials to help you identify what will work best to achieve your business goals.

Education: Annette is certified to teach continuing education classes offered by your Big “I” state association.

On-site Book Roll-over Assistance: Changing carriers can be a time consuming process. Annette and her colleagues can provide administrative support, making the transition seamless.

Selective is the only insurer that directly supports your Big “I” national and state association flood advocacy efforts in congress and with the NFIP on behalf of members.
4. Chairman’s Message
5. Data Breach
7. Commingling Letters
9. Ask Pat
10. New IIAM Benefit
12. Meet Today’s Insurance Consumer
15. Tidbits
17. Life Corner
20. Education Corner
20. Wanted
22. Legislative Update

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THE MARYLAND MESSENGER
THE INDEPENDENT INSURANCE AGENTS OF MARYLAND, INC.
Editor: Shelley Arnold, CPCU, AU, ARM, AAI
Graphic Designer: Maritza Dintino
Advertising Info: www.iiamd.org
The Maryland Messenger is a bi-monthly publication published for the exclusive use of regular and associate members of the Independent Insurance Agents of Maryland. Publication of any article, letter to the editor or advertisement in the Maryland Messenger should not be deemed an endorsement by IIAM of the opinions expressed or product advertised. Questions and comments should be directed to the editor, Shelley Arnold.

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The continued success of the independent insurance agent is challenged in new ways every year. And year after year we find ways to turn difficulties into advantages. Google is adding to the advertising clamor of GEICO that only price matters in personal auto. Our challenge is to counter this misleading persuasion that all auto policies are the same. We must broadly deliver the message that the independent agent understands the differences. Convince the public that we help find good value when balancing price with policies.

Our Maryland Association provides the education for agents to stay current with the ever changing policy forms. Trusted Choice from the National association provides traditional advertising content and social media content to help independent agents tell the story of our value. There are now and will be in the future many people that want to find a trusted advisor to help them match product and price to their personal situation.

New problems and changing lifestyles create the need for new and adaptable insurance products. Our well respected national and state associations are working with legislators and regulatory agencies to bring clarity and useful legal guidelines for the intelligent risk management of the financial and personal dilemmas caused by data breaches in businesses of all sizes, all over the country. Our association is working with the NAIC to establish reasonable insurance guidelines in response to the rise of Uber ride sharing in the US.

The insurance industry is not operating in a fixed and unchanging environment. To survive it must gyrate and morph with the dynamic, constantly changing world we live in today. The need for informed, intelligent independent insurance agents is more critical in today's rapidly changing world than fifty years ago when the pace of change was slower.

The National Legislative Conference was April 22-25. A group of Maryland agents were part of the nearly 500 independent agents from every state in the nation that visited legislators on Thursday April 23. Every year I am energized for months by the contagious enthusiasm of independent agents both near and from states thousands of miles from our Capital.

Each year in June the leadership team of the Maryland Independent Insurance Agents makes a small adjustment. The Chairman becomes the immediate past chair, the immediate past chair can then take a break. Most importantly, however, are the new agents that join the team each year. For 111 years our organization has consistently benefited from the personal contribution of time from independent agents all over the state of Maryland. I am grateful for the time donated by the agents before me. We have grown to become the strongest industry association in the area.

We are the only association of independent insurance agents that devotes 100% of our resources to the support of Maryland agents.

I welcome the new members of our leadership team and optimistically look forward to the contributions they will provide.
What Would You Do if You Had a Data Breach?

By John Immordino CIC, CRM, RPLU, CIPP/US

According to recent Symantec research, 60% of small businesses will close within six months of a cyber-attack. Are you prepared to handle a breach?

One of the first questions that I ask clients is “What would you do if you had a breach?” The response is usually along the lines of a glazed over look, followed by eyes rolling into the backs of heads. I usually know at this point that I will need to educate my client. I start by informing them that 60% of businesses fail to recover from a breach. Why? Because those businesses are not familiar with state data breach notification laws, the costs associated with a breach, and the reputational harm that the business will incur.

The majority of business owners consider reputation one of their most important assets. Small business owners work in the same communities that they live, shop, go to church and where their kids go to school. When clients provide their private information, they expect the business to keep it safe. If the client suffers a breach of this information, the client, and, by extension, the local community, lose faith in the business. As a matter of fact, 38% of clients will leave after a breach and 46% of them will advise friends and family to be careful sharing information with that local business.

This is why the number one concern is to help my clients protect sensitive information and prevent a breach from happening. Many insurance carriers will offer risk management web portals as part of their insurance policy. These are excellent resources for companies that need assistance in identifying and protecting the private information they have. These portals also provide useful tools in training the business employees on the importance of privacy. Some of these same carriers will provide the insured with a public relations firm to help them announce the breach in a way that will mitigate their reputational harm.

When it comes to discussing privacy laws, the best approach is to keep it simple. There are numerous state and federal privacy laws that business must comply with, but I usually focus on one: state notification laws. There are currently 47 different state notification laws. In a general sense, these laws state that if a business collects private information on state residents, they are required to protect that information. If the business fails to protect the information and there is a breach, they must notify the affected individuals within a certain time frame. If the residents are not notified within that time period, the business can be assessed civil money penalties.

The challenge is determining when the business has to notify the affected individual and when the clock starts ticking. Most states specify that they must notify “without unreasonable delay.” Some states will actually provide a number of days that can range from five to 45 days. The new national legislation being proposed will be 30 days. So, to keep from getting fined up to several hundreds of thousands of dollars, the business must notify the residents as soon as possible.

The notification will consist of three steps: forensics, legal and mailing. The first step is to find a forensic investigator to assess the breach. Forensics will determine what happened and identify the individuals whose private information has been compromised. This list will then go to a legal counsel specializing in privacy laws. Counsel will determine which laws are applicable to the situation, and suggest compliance methods, including how to structure the notification letter.

(Con’t on page 6)
(Cont’d from page 5)

All states have specific requirements on how these letters need to be written. After the draft is completed, the letters are then mailed to the affected individuals. This is a complex process that must be completed in a certain time period. Because of this, clients that do not have a formalized response plan are best served by being placed with a carrier that will provide one for them. Several carriers will offer turn-key breach responses or otherwise assist an insured through the breach response process.

The costs associated with handling a breach can cripple any business. Depending on the report being reviewed, these costs can range from $1,000 to $13,700,000. The important thing to remember is that the cost of the breach is not relative to the size of a company.

Instead, the cost associated with each breach has to do with the type of information compromised, the regulatory climate and how the information was compromised. According to a 2014 NetDiligence report on 111 actual cyber liability insurance claims, the average claim payout is $733,109. This amount is inclusive of forensics, notification, legal guidance, public relations, legal defense, legal settlement, regulatory defense, regulatory fines and PCI fines. Because the notification costs can vary so greatly, we usually recommend carriers that will respond to the notification obligation on the basis of a record count outside the limit of liability, instead of a set, static dollar value limit.

It has often been said that it is not a matter of if you will have a breach but when. Educating, training and insuring are the key components to helping your organization be part of the 40% survival rate. The IIA Maryland has partnered with Arlington/Roe® to offer their members the Big “I” Agents Cyber Secure Program. This program was developed for insurance agents to provide them with the tools to reduce their exposures and the insurance to respond to a breach. For more information on this product, please contact Carla McGee at the association office (410-766-0600) or via email at Carla@iiamd.org.

John Immordino is a vice president of professional liability at Arlington/Roe, a wholesale Insurance broker. He is the administrator of the nationally endorsed Big “I” Agents Cyber Secure Program. This program is only available to member agencies through their IIABA state associations. He can be reached at jimmordino@arlingtonroe.com or 800-878-9891, Ext. 8732.
Do you have ‘Commingling’ letters on file?

Shelley Arnold, CPCU

During a recent Board meeting an IIAM Board member relayed the fact that she recently signed agreements with three new carriers. It is good news that carriers are appointing IAs in Maryland. She further reported that upon requesting a ‘commingling letter’, the carriers had no idea what she was talking about. I would say that is hard to believe, but unfortunately it isn’t.

I guess what is unbelievable is a regulation that was put on Maryland’s books in 1967 is still unknown by many carriers and even a few agents. Title 31, Subtitle 03.03 addresses the ‘Fiduciary Responsibility of Insurance Agents with Premium Accounts and the Commingling of Funds.’ This section prohibits an agent from commingling premium funds with his operating funds. It does provide that a carrier can allow the commingling, but the agent must have a letter from the carrier on file stating so. Section 01 states: A. Every insurance producer acting as such in this State who does not have the express written consent of the insurance producer’s principals to mingle premium monies with the insurance producer’s personal funds shall hold the premium monies separate from other funds in accordance with this regulation.

In fact, the regulation in Section 04 provides the wording:
The letter of consent from principals to insurance producers authorizing the commingling of funds shall be on the stationery of the principal and shall contain the following minimum language:

“Consent is hereby given to commingle funds in your hands which are payable to us with other monies which you own or hold, in accordance with the provisions of COMAR 31.03.03 of the Maryland Insurance Administration. If the funds are deposited in an appropriate interest bearing account, you are authorized to withdraw the interest for your own use.

As part of this consent, however, we shall require that all funds payable to us, will at all times be ascertainable from an examination of your books and records.

The consent herein given shall remain in effect until cancelled by us upon not less than 30 days’ written notice.”

For a copy of the entire regulation go to our website at http://iiamd.org/Resources/Documents/ComminglingFunds_COMAR%2003.03.pdf.

What damage could not having that letter do to a producer/agency? Well the Maryland Insurance Administration looks upon the violation as a violation of §10-126 and has stated that if a producer fails to establish and maintain a separate account for premium monies from other funds they have demonstrated they do not meet the standards of trustworthiness and competence required of an insurance producer. This may result in actual regulatory fines and/or even suspension or revocation of the producer’s license. In one situation that occurred just this past year, a regulatory penalty ($250) snowballed and resulted in the potential non-renewal of the agency’s Errors & Omissions policy, as well as one carrier terminating the agency/carrier agreement. The Maryland Insurance Administration may also send the matter to their Fraud unit. The commingling regulation goes one step further in Section 02 and states:

In the case of an insurance producer operating under an account current system, maintenance at all times in one or more premium accounts of at least the net balance of premiums as determined by either actual or average commissions, return premiums, and deposits received but not remitted, shall be construed as compliance with this chapter, provided that the funds so held for each principal are readily ascertainable from the insurance producer’s records. So if the agent’s accounting program allows them to determine how much of the money in its operating account or accounts belong to each insurance company they are contracted with and for each insured, all is good. First, most of our account current systems are for ‘commercial business. If we look at the complexity of commercial accounts, various rating plans, frequent and multiple endorsements, potential audit premiums, etc., this section of the commingling regulation could be the agent’s apocalypse.

Can we have one premium account? Isn’t commingling referring to your overall premium funds and your personal funds? The answer here is ‘maybe’. Even if you have a ‘trust’ account, commingling letters are still required. One reference is within the regulation itself at 31.03.03..commingling premium monies with the insurance producer’s personal funds shall hold the premium monies separate from other funds in accordance with this regulation’, as well as in the commingling letter wording itself, which reads, “Consent

(Con’t on page 8)
is hereby given to commingle funds in your hands which are payable to us with other monies which **you own or hold**...”. Let’s take this one step further. The MIA revoked an agent’s license when the ‘agent failed to maintain individual bank accounts for each insurance company for which he was appointed.’ This again justifies separate accounts for each carrier or commingling letters from each carrier. There is also at least one contract from a national carrier that requires a separate account within their contract. It reads, ‘Maintain separate, identifiable, orderly, accurate, complete, timely and secure books and records’, as one of the agency obligations.

What should we as agents do? We need to look at this from the regulatory angle, as well as from a loss control angle. The most obvious answer is to obtain a ‘commingling’ letter from each of your carriers. If you need an example or template letter, one may be found on our website in the Maryland law section. It has, however, become apparent that this is easier said than done, with several carriers stating either they are not aware of the regulation or that they no longer issue commingling letters.

So something as simple as paying your BG&E bill from a commingled account could lead to violations from the MIA, that could lead to regulatory fines, that could lead to re-underwriting and pricing to potentially non-renewing your Errors & Omissions insurance, that could also lead to having an order open to the public, calling you untrustworthy...this isn’t snowballing –this is an avalanche. This avalanche could throw your agency into turmoil for months. To avoid potential problems with the Insurance Department and your E&O carrier contact your carriers...get the letters.

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**SAMPLE COMMINGLING LETTER**

{Agency Letterhead}

Date:

Carrier Name /Carrier Address:

To Whom it May Concern:

In accordance with Maryland COMAR 31.03.03, please provide the agency with a letter on your company letterhead indicating that the agency does have your permission to ‘commingle’ funds.

In accordance with the regulation, the letter should read:

**Consent is hereby given to commingle funds in your hands which are payable to us with other monies which you own or hold, in accordance with the Provisions of COMAR 03.03.01 of the insurance Division. If the funds are deposited in an appropriate interest bearing account, you are authorized to withdraw the interest for your own use.**

**As part of this consent, however, we shall require that all funds payable to us, will at all times be ascertainable from an examination of your books and records**

**The consent herein given shall remain in effect until cancelled by us upon not less that 30 days’ written notice.**

The letter should be signed by an officer of the company.

Thank you for your cooperation in this matter.

Sincerely,

[Agency Principal]
Dear Pat:
I had an insured call me up the other day to ask for an extension of time to file a proof of loss for a fire loss claim. I, of course, told him that he needed to discuss such issues with the person handling his claim—not me! He ended up filing his proof of loss late. Is this fatal to his claim?

Curious in Cecil County

Dear Curious:
The answer to your question is a clear and unequivocal ‘maybe!’ Many courts are very strict about proof of loss requirements. But there may be some theories that provide the insured with relief. In Palkimas v. State Farm, for example, a Connecticut court distinguished between a delayed proof of loss and the failure to file a proof of loss. In that case, the claim was properly denied because no proof of loss at all was filed.

Here, you have indicated that a proof of loss was filed. There is a chance that the time limits for filing a claim may have been waived by the activity of the insurer. In some states, there may even be a need for the insurer to prove prejudice due to the delay.

But my advice to you—stay out of the dispute. You never know what a troubled insured may do—or who an insured may blame for the delay.

Pat

Dear Pat:
I stayed out of that proof of loss issue, but I have another claims issue. One of my clients has been sued. (One of his employees was driving the company car when he hit and injured a young mother.) She was out of work for several months and has a permanent ugly scar. She has made a whopper of a claim against my client and his employee.

Recently, the woman’s attorney made a settlement offer. While the demand was for a lot of money, my client thought the insurer should have agreed to the demand. He was quite surprised when the insurer refused to agree to the demand.

Does my client have any recourse?

Still Curious

Dear Still:
The answer to this question is also a clear and unequivocal ‘maybe’!

Some states (North Carolina, for example) require an insurer to provide, if requested by the insured, a reasonable explanation for the rejection of a settlement demand. The failure of an insurer to provide such explanation may, in some states, allow for damages and regulatory penalties.

Maryland has, thus far, not imposed such a ‘duty to explain’ upon insurer. Nevertheless, the insured presumably has an attorney representing him and his company in litigation. That attorney has an absolute duty to provide the insured with information. This means that the attorney should, if requested, provide report letters to the insured and explain his or her recommendations regarding settlement. The attorney is even obligated to provide, if requested, information that he receives from the insurer regarding the rejection of any demand.

The insured may want to hire his own personal counsel, particularly if there is the potential for excess exposure. Sometimes attorneys can get more information from an insurer than an insured.

Pat

Dear Pat:
I have one final claims question. I had an insured that had a home owner’s policy lapse for non-payment of premiums; it was reinstated a few days later. As luck would have it, a loss occurred (a liability claim) during the interim period.

The insured wants to know whether the claim is covered. Is it?

Curious for One Last Time

Dear Curious III:
The answer to this question—like the others—is an unequivocal “maybe”. Most jurisdictions hold that coverage reinstated following a lapse for nonpayment of premium applies only prospectively to losses happening after coverage is restored. But some courts suggest that the gap period coverage may depend on what the reinstatement notice said and whether the insured was told things that made him/her believe that coverage existed for the gap period.

It may also depend on whether the insurer complied with all the regulatory requirements regarding notice of payment due and/or cancellation for failure to pay premiums. Maryland certainly has such requirements that would need to be reviewed if the policy was written in our great state.

One word of warning: Do not—ever—tell an insured that he/she is covered for all claims after reinstatement unless the insurer puts it in writing. Otherwise, your errors and omission policy might be providing the gap coverage.

Pat
New IIAM Benefit Gives Members a Competitive Edge

Independent agents face increasing challenges. Competition is tough, particularly with direct writers seeking to take our market share. We're all looking for ways to stay ahead of the competition and build client loyalty. Technology offers great opportunity for those who embrace it and use it to their advantage. Unfortunately, it often comes at a high cost, making it difficult for anyone but the large national players to adopt.

IIAM is always looking for ways to help members by seeking unique products that bring value for our members. We've discovered an innovative new product that we believe will level the playing field. We're excited to offer a new member benefit, AxiKit Accident App. The IIAM Board has chosen to offer AxiKit App because we believe it offers a unique opportunity for the independent agent. In particular, IIAM was impressed at how it's customized for your agency and it is easy to use but very effective. We also like the constant efforts to improve with new features and no new costs. For example, AxiKit recently added the ability for the user to display their insurance card within the app, and it can be remotely downloaded to each phone for fleet clients.

This app simplifies a process, the automobile claims process, that is typically a stressful, time-consuming process that is often prone to costly errors and delays. The app is also unique in that it avoids the error-filled typing of information that other apps require. Instead, the AxiKit app allows the user to make organized voice recordings for each topic.

Particularly important is how AxiKit benefits commercial clients. Until now there has not been an app designed for the special needs of commercial fleets. Even the current issue of ‘Property/Casualty360’ points out that this is currently an unmet need.

The AxiKit app allows a fleet driver to report vital information within minutes to their supervisor, including voice recordings, photos and accident data. We believe that commercial clients will find this benefit highly valuable. A special pricing discount has been arranged for IIAM members. For more information contact Jerry Mayer, IIAM’s representative to AxiKit, at 410-645-1765 or jerry@agenttlc.com. See the Axikit ad in this issue.
TIME IS MONEY!
Claims can cost you both.

- Client's drivers report claims from the scene!
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- Everything sent in one file.
- Notifies Management, Carrier or Agency directly from driver's ANDROID OR IPHONE in real time!
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CALL NOW FOR FREE DEMO OR MORE INFO
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Meet Today’s Insurance Consumer

Consumers are connected. How do you reach them and interact with them? The American economy is driven by consumers who want and expect to help and serve themselves. Social networking sites such as Facebook, consumer review portals such as Yelp, e-commerce sites such as eBay and Amazon, and community sites such as Craigslist and Wikipedia are the go-to tools for finding information and answers, shopping and buying, and getting things done. Researchers have dubbed this trend “the groundswell.”

“The groundswell is: A social trend in which people use technologies to get what they need from each other, rather than from traditional institutions like corporations.”

— Groundswell: Winning In A World Transformed by Social Technologies, by Charlene Li & Josh Bernoff

Today’s empowered consumers are taking different routes to get where they want to go. Researchers at Forrester have segmented U.S. adult consumers by social technographic:

<table>
<thead>
<tr>
<th>Social Technographic Group</th>
<th>% of U.S. Population</th>
<th>What They Do</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creators</td>
<td>24</td>
<td>Write blogs, maintain a website or upload audio/video</td>
</tr>
<tr>
<td>Critics</td>
<td>37</td>
<td>React to others’ content, post comments, post ratings/reviews, edit wikis</td>
</tr>
<tr>
<td>Collectors</td>
<td>21</td>
<td>Save and tag articles, use newsfeeds, organize content</td>
</tr>
<tr>
<td>Joiners</td>
<td>51</td>
<td>Set up and maintain social networking profiles</td>
</tr>
<tr>
<td>Spectators</td>
<td>73</td>
<td>Read, listen to and watch what others produce and publish</td>
</tr>
<tr>
<td>Inactives</td>
<td>18</td>
<td>None of the above</td>
</tr>
</tbody>
</table>

Sources: Groundswell: Winning In A World Transformed by Social Technologies, by Charlene Li & Josh Bernoff, Forrester Research Inc. (2008); Forrester Empowered Tool (empowered.forrester.com/tool_consumer.html). Percentages as published by Forrester in October 2013. Percentages add up to more than 100% to reflect consumers in more than one category.

Today, most personal insurance consumers begin their search for new coverage online. In fact, nearly 80 percent of auto insurance shoppers use some form of online research. Only 20 percent depend on an agent alone to do their research, according to the 2012 McKinsey Auto Insurance Consumer Insights Research.

“Today’s consumers have more power and information than ever before. Consumers today expect that their questions are resolved quickly and that those answers are trustworthy. Consumers no longer need information, they desire advice and direction from a seller who is courteous, prompt, and knowledgeable.”

Professional Service Remains Vital. Yet, at the same time, consumers want to interact with product and service providers in insurance and financial services. For example, research and consumer behavior shows they still need and want what independent insurance agents provide: The overwhelming majority turns to a live person – in person or on the phone – to make an auto insurance purchase.

(Con’t on page 13)
“Almost nobody buys online. Consumers don’t like to buy it online. They want to talk to a trusted advisor.”
— Bob Rusbuldt
President & CEO
Independent Insurance Agents and Brokers of America (IIABA)

For a generation, marketers followed a mass-market, megaphone approach. That’s shifted: Today’s marketing environment is interactive and consumer-driven.

<table>
<thead>
<tr>
<th>Traditional Marketing</th>
<th>New Marketing</th>
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<tbody>
<tr>
<td>Mass Marketing</td>
<td>Individual/Personal marketing</td>
</tr>
<tr>
<td>Company focus</td>
<td>Customer focus</td>
</tr>
<tr>
<td>Tightly controlled brand message</td>
<td>Customers control the message</td>
</tr>
<tr>
<td>One-way broadcast</td>
<td>Multi-directional conversations</td>
</tr>
<tr>
<td>Company-created content</td>
<td>User-created content</td>
</tr>
<tr>
<td>Interrupt: Big spending wins</td>
<td>Interact: Adding value wins</td>
</tr>
<tr>
<td>Ad-Speak: Spin &amp; deception win</td>
<td>Transparent &amp; authentic</td>
</tr>
<tr>
<td>30-Second spot is king</td>
<td>Word-of-mouth is king</td>
</tr>
</tbody>
</table>

Source: Project CAP Marketing, 2013

Now that you’ve recognized these changes in the environment, it’s time to adapt and work proactively and interactively with today’s connected consumers.

“Connected Generation consumers care about our story more than we realize. There is one business lesson that we independent insurance agents need to come to grips with:
‘Tell your story. Be useful.’ Success is that simple.”
— Ryan Hanley, Hanley Media Labs

Creating customer connections means gathering what you know about your existing customer base and using that insight to create long lasting customer engagement. Find out how to create a process that starts with the first contact and continues throughout the customer lifecycle.

There some simple steps that you can take to learn more about the customers you already have, and then find ways to leverage that knowledge to attract more just like them.

• **Determine your ideal customer**, melding together a grouping and finding what makes them all similar. Use things like their age, gender, income, along with their personality traits and buying preferences, then consider their hobbies, their community affiliations, their families, their employment, and other traits that could help define their buying behaviors.

• **Next, determine where you most often find your customers**. Word of mouth, community involvement, online, via printed marketing materials or ads in the newspaper? Take time to analyze how you acquired the majority of your customers and use that information to start locating more of them!

• **Work with your ideal customers to gain insight** into why they chose your agency over others. Pick up the phone or send a personal e-mail and ask them to let you know what made them buy from you, why they continue renewing their business and what you offer than others didn’t. Take to social media and solicit feedback, get customer to provide feedback on sites that gather customer reviews.

(Con’t on page 14)
(Con't from page 13)

• **Survey your new customers** to learn why they choose you, what you offered that was attractive to them, even ask what you could improve upon to help hone your customer image.

Remember, the right metrics will help you analyze every interaction and begin to learn more about your customer base, especially as their needs change or their methods of communication evolve.

Finally, it is important to know that consumers today will come to you from a number of acquisition points, come more prepared than in the past, come with many questions and with reams of research that they have gathered online. They will have collected information about you and your agency and will have likely formed an expectation of the advice and service they will receive. Be up to the challenge!

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![Customer Service Experience](image)

An Independent Agents Guide to Serving Today's Customer

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Our Umbrella Programs Give You More Options

Preferred Property Program gives you broader, more flexible coverage with a range of limits

Fast service and more security are what you get with Preferred Property Program. Our umbrella liability policies are written by XL Insurance with Chubb Insurance Group for excess layer – two of the industry’s most highly rated carriers.

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960 Holmdel Road, Holmdel, NJ 07733
Maryland Adds CDL Medical Certificate Information To Instant Online Driver Records Service

ANNAPOLIS, Md. – The Maryland Motor Vehicle Administration (MVA) recently announced the addition of the Department of Transportation (DOT) Medical Certificate information to their Instant Online Driver Records Service. The delivery of this information for Commercial Driver’s License (CDL) holders complies with the Federal Motor Carrier Safety Administration’s guidelines to provide Medical Certification information to authorized employers of commercial drivers. Through the Instant Online Driver Records Service, authorized employers can obtain both the Medical Certificate information and the 3-year driver history record by entering the Maryland Driver License Number (Soundex) for each driver. Employers can register for access to the MVA’s Instant Online Driver Records Service through the state’s official website, www.maryland.gov or by visiting www.egov.maryland.gov/mva. During the registration process, employers must select the appropriate reason for requesting CDL records under the Driver Privacy Protection Act and be approved for access by the MVA. An annual subscription fee is assessed at the time of registration and a per record fee applies to each search. The subscription account provides monthly billing of record searches with the ability to pay invoices by check, credit card, or automatic checking account debit.

Other MVA services available under a subscription account include:

- Driver Record Monitoring Service: Monitor employee driving records for safe driving and receive notification alerts on major record changes; also includes CDL medical certificate status
- Instant Online Vehicle Records: Includes title, registration and lien information for vehicles
- Batch Vehicle Records Service: Submit license plates to obtain a vehicle summary through secure file transfer and download with daily processing of files

The MVA’s Driver and Vehicle Records Suite of Services was developed at no charge for the Maryland Motor Vehicle Administration by NIC Maryland, through the self-funded eGovernment services contract with the State Department of Information Technology (DoIT).

NAIC Adopts Ride-Sharing White Paper

Regulators develop guidance for transportation network companies

WASHINGTON, D.C.-The National Association of Insurance Commissioners (NAIC) adopted a white paper on insurance coverage issues in the sharing economy for transportation. Ride-sharing services offered by Transportation Network Companies (TNC) such as Uber, Sidecar and Lyft present new insurance coverage challenges. State insurance regulators are helping state legislators consider how best to address insurance coverage gaps associated with TNCs, as legislation regarding TNCs is pending in at least 35 states. The paper, Transportation Network Company Insurance Principles for Legislators and Regulators, outlines insurance considerations to guide state and local policy-makers when adopting laws or regulations regarding TNCs.

"With any emerging insurance issue, the NAIC is committed to giving regulators and legislators the tools they need to protect consumers," said NAIC President and Montana Commissioner of Securities and Insurance Monica J. Lindeen. “I’m pleased that the NAIC was able to develop the TNC paper so quickly, as these services are growing rapidly across the country.” The paper discusses the perspectives of the insurance industry, TNCs, traditional livery services like cabs and limousines, regulators, drivers, and passengers. It also recommends a range of potential state-based regulatory solutions. Issues including

(Con’t on page 16)
(Con't from page 15)

insurance coverage gaps, coverage amounts, and types of coverage are discussed, as well as the need for consumer outreach and education regarding these new transportation services.

“States across the country are grappling with the issue of how best to make sure that TNC drivers, passengers, and the rest of the public are covered when there is an accident with a TNC driver,” said California Insurance Commissioner Dave Jones, who chairs the NAIC Sharing Economy Working Group which developed the paper. “Traditional personal auto insurance policies do not typically provide coverage, so there are insurance coverage gaps that states need to close. This is an area where insurance regulators and state legislators in each state can work together to make sure that consumers are protected.”

To view the white paper, go to http://www.naic.org/documents/committees_c_sharing_econ_wg_exposure_adopted_tnc_white_paper_150331.pdf

3

Commissioner Redmer Takes Oath of Office
ANNAPOLIS – Standing before family members and friends, Al Redmer, Jr., took the oath of office to serve as Maryland’s Insurance Commissioner on February 27, 2015. Maryland Gov. Lawrence J. Hogan, Jr. swore in Redmer and five other top-level officials at the State House ceremony.

“I am honored to serve the residents of Maryland as their Insurance Commissioner once again,” Redmer said. He previously held the position from 2003-2005. “I've spent my entire adult life in insurance, and look forward to using my experience to help consumers while making the marketplace more competitive.”

Before being named Insurance Commissioner, Mr. Redmer managed Redmer Insurance Group, LLC, and owned Redmer Financial Group. His business experience includes time as partner and president of Landmark Insurance & Financial Group and as chief executive officer of Coventry Health Care of Delaware Inc. He served 13 years in the Maryland General Assembly representing Baltimore County, two of those years as the House Minority Leader.

Redmer’s term as Insurance Commissioner runs through May 31, 2019.

4

Renter’s Insurance
Six in 10 Americans who rent their homes or apartments do not have renters insurance—and 45% say they lack coverage because of price, according to a survey by insurancequotes.com. Although the average cost for renters insurance is just $187 per year according to the National Association of Insurance Commissioners, 84% of respondents are unsure about how much renters insurance costs or believe it’s more expensive than it is.

In fact, 71% of Americans believe renters insurance costs more than $250 per year, and 22% of those respondents predict it costs $1,000 or more. Other explanations for skipping out on coverage include good security in the apartment or rental home (59%), landlord insurance (43%), not enough property to insure (42%) and lack of knowledge about where to secure renters insurance (20%).
LTC Update
by Scott Zilber

The Long Term Care market has seen continued premium increases on both in-force and new policies as carriers work to keep pace with the ever rising cost of care. Persistency remains high as do the number of policy holders who must make tough decisions about their LTC planning.

On April 9th 2015 Genworth released the results of the annual “Cost of Care Study”. This is the 12th annual report that shows increases on a national and local level through the United States. This report is one of the most important and valuable in our industry. We have taken the time to highlight a brief portion of the survey and Maryland specific statistics you may find overwhelming.

“Generally speaking, there are four ways to obtain long term care services. You can pay for services on your own (self-fund), rely on family and friends for help, work with Medicare/Medicaid, or use long term care insurance. Keep in mind that you may combine more than one of these solutions to help cover your long term care costs:

1. Self-Funding: If you have a pool of money set aside for retirements expenses, it could be a source of funds for long term care costs. Or if a loved one needs long term care, your income may be adequate to cover their expenses.

2. Family and Friends: You may also plan to rely on family or friends. This can be a great solution for families committed to providing care, but it can be physically and emotionally demanding.

3. Medicare / Medicaid: Medicare and Medicaid may contribute toward long term care expenses; however, there may be specific coverage limitations and asset requirements that you should be aware of.

4. Long Term Care Insurance and other Funding Solutions: If you qualify for long term care insurance, it can be a way to help pay for long term care services. There are also products that combine long term care protection with life insurance and annuities.”

-Genworth Cost of Care Survey 2015

Future Cost Comparison – Annual Care Costs in 2015 (Maryland State Median Cost)

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Cost – 2015*</th>
<th>Cost-2025*</th>
<th>Cost- 2035*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homemaker Services</td>
<td>$44,616</td>
<td>$59,690</td>
<td>$80,581</td>
</tr>
<tr>
<td>Home Health Aide</td>
<td>$45,760</td>
<td>$61,498</td>
<td>$82,648</td>
</tr>
<tr>
<td>Adult Day Health Care</td>
<td>$20,540</td>
<td>$27,604</td>
<td>$37,098</td>
</tr>
<tr>
<td>Assisted Living Private, one Bedroom</td>
<td>$40,800</td>
<td>$62,895</td>
<td>$84,526</td>
</tr>
<tr>
<td>Nursing Home Semi-Private Room</td>
<td>$101,379</td>
<td>$136,245</td>
<td>$183,102</td>
</tr>
<tr>
<td>Nursing Home Private Room</td>
<td>$110,230</td>
<td>$148,140</td>
<td>$199,088</td>
</tr>
</tbody>
</table>

1 Based on 5 days per week by 52 weeks  
2 Based on 44 hours per week by 52 weeks
3 Based on 12 months of care, private, one bedroom  
4 Based on 365 days of care
5 *Estimates how much care might cost in future years based on 3% annual inflation

Planning for LTC Needs and Coverage In 2015
To develop a successful plan and design the appropriate protection the client must first understand and acknowledge the risk. Skipping that step dooms you to failure. Once the client has a good understanding of the risk and the value of insuring the risk you can set about designing the right insurance to protect ‘the plan’.

(Con’t on page 18)
Selling traditional LTC insurance can sometimes feel like trying to fit a square peg in a round hole. It is just not the right product for every client. The products, features and options available today make it much easier to find the right fit for your client.

You are no longer restricted to only traditional long term care insurance coverage. In today's market you have multiple solutions to offer your clients. Traditional plans have been honed and polished to allow you to offer a multitude of choices and designs to meet benefits goals and budgetary requirements. In recent years the linked benefit plans or Life Insurance policies with LTC riders have gained market share with more companies offering them and positive changes in their plan designs, options and features.

With some of the traditional plans on the market today you almost have two products within one policy as you can combine a reimbursement benefit with a home care cash benefit. The importance of the cash benefit for home care is the ability to pay anyone you choose to provide your care, including family members. Cash benefits are always the most flexible and least restrictive and certainly satisfy specific needs a client may have voiced.

Linked benefit plans link either a life insurance policy or an annuity with a long term care benefit. If the insured uses the long term care benefit in the policy, the life or annuity benefit will be affected and potentially exhausted.

Often either a traditional product or linked benefit product will be the perfect fit for your client however there is nothing that says you cannot or should not use more than one plan to provide the total desired protection.

It is important to understand how all of the available plans work and that you clearly explain them to your client. Many clients are not even aware that hybrid and combination products exist in the marketplace. When it is the right fit for the client they can be an excellent risk solution, and can make a clear compliment to other products the client may have already put in force.

For a copy of the 2015 Survey or to learn more about LTC planning for your clients please contact: Scott Zilber, Life Sales Consultant, Belman Klein, at 800-729-6007. See their website at www.belmanklein.com.
Prevent.
Our exclusive risk management resources help your agency avoid making common preventable mistakes.

Protect.
Our superior coverage through Swiss Re Corporate Solutions and our experienced claims teams are in your corner in the event of a claim.

Proper.
When you know you have the best agency E&O Protection, you can focus on growing your most important asset—your business.

“Swiss Re Corporate Solutions’ comprehensive coverage and risk management resources are unparalleled in the marketplace. The program is designed by independent agents for independent agents. When it comes to my business and my family’s livelihood, I trust the Big ‘I’ for protection.”

Spencer Houldin
President at Ericson Insurance Services
Returning Big “I” Professional Liability Client

Risk Management Moment
When a client calls to report an E&O incident, is your staff prepared?

We developed a handy printable wallet card to ensure that when an E&O incident occurs, there are clear instructions at your fingertips for how to handle the conversation with your client.

Big “I” members may access this and other risk management materials at our exclusive agency risk management web site, www.iaba.net/EOHappens.

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Tennessee
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Vermont
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Virginia
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Wyoming
406-442-9555 msell@iiaamt.org

“Swiss Re Corporate Solutions’ comprehensive coverage and risk management resources are unparalleled in the marketplace. The program is designed by independent agents for independent agents. When it comes to my business and my family’s livelihood, I trust the Big ‘I’ for protection.”

Spencer Houldin
President at Ericson Insurance Services
Returning Big “I” Professional Liability Client

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What to Do When an E&O Incident Occurs

1. Never admit liability. You can be held liable for acts even if you didn’t do them.
2. Don’t say anything about the incident if you haven’t been told to do so by your insurance carrier.
3. Ask them to explain what they think it is about and get the names of potential witnesses and anyone else that was present.
4. Don’t tell them you have E&O liability insurance unless they ask you specifically if you do. Then, only advise them that you do and that you will provide all the information about the incident.
5. Report the incident immediately to your E&O carrier.

When a client calls to report an E&O incident, is your staff prepared?

We developed a handy printable wallet card to ensure that when an E&O incident occurs, there are clear instructions at your fingertips for how to handle the conversation with your client.

Big “I” members may access this and other risk management materials at our exclusive agency risk management web site, www.iaba.net/EOHappens.

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iia/net/EOContact
May 4, 2015
Personal Automobile Insurance
Joe Conroy, ACSR
9:00 AM - 3:30 PM

May 11-15, 2015 (40 hours)
Property/Casualty Pre-Licensing Course
(VETERANS ONLY)
Joseph Conroy
8:30 AM - 4:30 PM

May 20, 2015
Additional Insured Issues
Don Dudey, CPCU, CRIS
9:00 AM - 4:30 PM

May 21, 2015
Insurance Ethics
Stanley Lipshultz, CPCU
9:00 AM - 12:00 PM

May 21, 2015
Insurance Ethics
Stanley Lipshultz, CPCU
1:00 PM - 4:00 PM

May 27, 2015
ISO BOP Changes
Don Dudey, CPCU
9:00 AM - 11:00 AM

May 28, 2015
Professional Development & Account Management
Shelley Arnold, CPCU, AU, ARM, AAI, AINS, ACSR
9:00 AM – 3:30 PM

June 3, 2015
Agency Management Tools & Process - AAI 83C
Don Dudey, CPCU
9:00 AM - 4:30 PM

June 10, 2015
Maryland Homeowners Disclosures
Joe Conroy, ACSR
8:30 AM – 10:30 AM

June 16, 2015
Agency Errors & Omissions
Shelley Arnold, CPCU, AU, ARM, AAI, AINS, ACSR
9:00 AM – 3:30 PM

June 18, 2015
The Basics of Flood Insurance
Annette Winston
9:00 AM – 11:00 AM

June 18, 2015
The Basics of Flood Insurance
Annette Winston
1:00 AM – 3:00 PM

Life Producer needed: Insurance agency in Camp Springs
Maryland looking for a Life Producer to CrossSell Book of P&C business. Please email Resume to: Jonesinsurance@aol.com
For thirty years, Builders Mutual has been working hard to make your job easier. Agent tools like BOB 2.0 allow you to issue and service policies online with ease. When you’re quoting residential, commercial and trade contractors, the insurance choice is simple.

Stay connected. buildersmutual.com
Senate Bill 368/House Bill 358 – Workers’ Compensation Insurance – Cancellation and Nonrenewal - Notice

The IIAM submitted legislation that would bring into conformity the amount of time a workers’ compensation insurer has to cancel or non-renew business for a reason other than nonpayment of premium. In all other parts of the Insurance Article pertaining to property and casualty insurance, insurers are required to provide a 45-day notice for the same reasons. For workers’ compensation insurance, which resides in a different part of the Insurance Code, the time frame was 30 days. The legislation which was sponsored by Delegate Sally Jameson, the Vice Chair of the House Economic Matters Committee, and Senator Delores Kelley of the Senate Finance Committee met no significant opposition and passed both chambers successfully. The law will take effect on January 1, 2016.

Senate Bill 465 – Chesapeake Employers’ Insurance Company.

This bill was an extension of an effort to privatize the organization formerly known as IWIF which was accomplished last Session. This bill limited the Governor to two Board appointments. The bill also added language clarifying that the condition to being an authorized insurer in the State of Maryland, Chesapeake needs to be the workers’ compensation insurer of last resort.

Furthermore, the legislation allows for Chesapeake to establish, own, or acquire a subsidiary for any lawful purpose if the subsidiary (1) is, or after acquisition will be, wholly owned by the company; (2) engages in a business activity that is ancillary to the workers’ compensation insurance business; and (3) is operated for the purpose of benefiting the company. This provision addressed the situation that Chesapeake found itself in being unable to provide workers’ comp coverage to employees of businesses whose employees go across state boundaries to do their work and/or live in bordering states.

The legislation furthermore requires the Labor Commissioner, at least once every 5 years, to review the state’s self-insured workers’ compensation program for state employees as administered by Chesapeake to determine whether the state is receiving effective administrative services at a reasonable cost and submit a report to the State Treasurer on the findings of the review. The bill also requires the workers’ compensation rating organization to provide to the committees of jurisdiction a report on the progress that Chesapeake has made in preparing to become a member of the rating organization.

Senate Bill 553 – Motor Clubs - Scope of Law - Fees

sets forth the parameters by which a licensed entity may provide motor club services and benefits to its membership. The legislation was targeted at certain actors that were not insurance companies or automobile manufacturers who claim to provide certain services as part of a motor club membership but were, in fact, not true and accurate representations.

(Con’t on page 23)
(Con’t from page 22)

It also clarifies that, unless a person holds a license issued by the Insurance Commissioner, the person may not represent to the public, by use of a title, including “motor club” or “licensed motor club”, by description of services, or otherwise, that the person is licensed or otherwise authorized to provide motor club service or engage in the business of a motor club in the state.

**Senate Bill 614 – Private Passenger Motor Vehicle Liability Insurance - Enhanced Underinsured Motorist Coverage** would have established enhanced underinsured motorist coverage (“EUIM”) in the state and make conforming changes. The first named insurer under private passenger motor vehicle liability insurance would have been able to elect to obtain EUIM coverage instead of UIM coverage, generally required in the state. The IIAM testified in opposition to this bill and its crossfile HB 1093 advising that it created some unworkable processes by which an independent insurance agent would have to insure that their client either elected or decided not to elect the EUIM coverage. IIAM successfully made the point that the additional liability incurred would lead to more litigation and confusion by the consumers. Although both bills were unsuccessful, the issue will be taken up in the task force to study the uninsured motorist in the issue will be taken up in the task force to study the uninsured motorist in the state of Maryland.

**Senate Bill 777/House Bill 732 – Insurance - Motor Vehicle Rental Companies - Limited Lines License to Sell Insurance** was legislation that the IIAM opposed because it created an exception for an employee or an authorized representative of a motor vehicle rental company who offers or sells insurance coverage on behalf of the motor vehicle rental company to be compensated for offering or selling insurance but not in a manner that is based solely on the number of customers who purchase the rental vehicle insurance. The legislation requires the motor vehicle rental company that holds the limited license to sell insurance in connection with, and incidental to, the rental of a motor vehicle issued under this subtitle to maintain a register on a form approved by the Commissioner containing the names of each employer or authorized representatives who offer limited lines insurance and the business addresses of all locations in the state where employees or authorized representatives offer limited lines insurance on behalf of the motor vehicle rental company and submit the register for inspection by the commissioner as the commissioner requires. Furthermore, the legislation requires an employee or authorized representative to inform a renter that the policies offered by the motor vehicle rental company may duplicate coverage already provided in the renter’s personal automobile insurance policy, homeowner’s insurance policy, personal liability insurance policy, or other source of coverage.

The IIAM will consider adding additional educational requirements as are required of independent insurance agents to this part of the statute.

**Senate Bill 910/House Bill 1253 – Motor Vehicle Insurance - Entry-Level Commercial Truck Driver’s License Holders - Study** requires the Department of Labor, Licensing and Regulation to conduct a study of the availability, accessibility, and affordability of commercial motor vehicle insurance for motor carriers who want to employ entry-level commercial driver’s license drivers. The IIAM will have a representative as part of the study.

**House Bill 717 – Vehicle Laws - Evidence of Required Security - Carrying While Operating Vehicle** required the driver of a motor vehicle to carry evidence of required security, generally auto insurance, while operating the vehicle. This legislation was referred to interim study.

**Senate Bill 868 – Public Utilities - Transportation Network Services and For-Hire Transportation** created the regulatory framework for services such as Uber and Lyft. It requires such transportation network service companies to obtain the necessary insurance coverage in the event that their drivers do not possess such coverage in their personal lines policy. It also sets forth a number of disclosure requirements for the individual drivers to make sure that they understand whether or not their personal lines coverage provides such coverage for passenger transportation. The legislation was passed with only a couple of hours to spare in the Legislative Session. The Maryland Insurance Administration weighed in and obtained a number of consumer protections that benefit the ultimate consumer and, therefore, the independent insurance agents.

Please contact the Legislative Committee if you have any questions pertaining to any legislation that was dealt with in the 2015 Legislative Session.

Mr. Lininger is a Principal at the law firm Semmes, Bowen, & Semmes and Co-Chair of the firm’s Business Practice Group. His practice focuses on Insurance Regulatory Matters, Government Affairs and Business Matters in the State of Maryland.
Every day, all across Maryland, Chesapeake Employers Insurance helps employers keep workers safe from accidents and injuries. We specialize in helping contain your workers’ comp costs through:

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With our local presence and unwavering dedication to Maryland business owners and their employees, Chesapeake has become Maryland’s largest workers’ compensation insurance company.

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