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U.S. Remains Largest Liability Market

Ask Pat

Undervaluation and Insurance Agent Fraud

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THE MARYLAND MESSENGER
THE INDEPENDENT INSURANCE AGENTS OF MARYLAND, INC.

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April 16th kicks off the spring season for the state fish, Striped Bass (better known as Rockfish), in Maryland’s portion of the Chesapeake Bay and tributaries. Hopefully some of you have been able to take advantage of the great weather, left the office early and caught your share. Recently, I found myself in just that position and thought ruefully that trolling is something we all do on a daily basis; not for Rockfish, but new clients.

Think of your earliest days in the insurance business. The first day of my insurance career involved my manager handing me a booklet called “Project 100”. The assignment was to write in this booklet the name, address, phone number and occupation of 100 people I knew. As an eager young agent, seeking to impress my manager, I completed the first, asked for a second and then a third. After accepting my pat on the back, my manager instructed me that I was to start calling the people I’d listed to make appointments with them to discuss their insurance needs. The people listed in my book of prospects were family and friends, straight out of my Rolodex (there’s a term from the dark ages) who were trustworthy, would vouch for me and introduce me to others in their network. This is a relationship business and insurance consumers would rather buy from family than strangers. This method of prospecting built the foundation for the success of my agency. These early days of networking pre date social media and were a lot of work!

After writing a majority of my friends and family, the river went dry – or so I thought. I had to grab a fishing rod, head out to the big blue bay and test my luck. This is when I learned the beauty of referrals and cross-selling. Our agency began ramping up efforts to make the most of our existing clients versus spending revenue on prospecting tools, advertising, marketing and branding. Casting a wide net only would bring in a handful of new clients and the return on the investment wasn’t economical. Instead, we stuck to the fishing holes we knew; we focused chiefly on our existing book of business and pressed our relationship marketing strategy. In the course of raising my family, I made sure to attend the county fair, frequent local businesses and take an active role in service organizations such as the Lions and Optimist Clubs. In addition to personal fulfillment, these simple things helped show my community minded nature to clients and helped shore up existing relationships. People would rather take advice from a trusted friend and neighbor than a talking gecko and our agency had a boatload of loyal customers ready to attest to our value. These relationship based clients tend to be a better species of prospects with higher closing ratios with longer lasting value. Loyalty pays off for the client and the agent.

Fishing isn’t for those seeking instant gratification and neither is the insurance business. Look around and see what opportunities might already be in your book or your backyard. Troll smarter, not harder. This strategy has served me well in my 40 year career as an agent.

Happy Fishing!
Rick

P.S. Speaking of Spring: The Independent Insurance Agents of Maryland have their installation dinner & conference at Camden Yards on Friday June 16th followed by the O’s taking on the St. Louis Cardinals. Go online and register to attend: www.iiamd.org
U.S. Remains Largest Liability Market: Businesses Face Rising Losses from Cyber, Environmental, Product Defect and Recall Risks, according to Allianz Report

Disruptive technologies, autonomous vehicles and growth of “sharing economy” present new loss scenarios while deer and bedbug claims continue to increase

New York—The potential for more expensive liability losses is increasing, particularly in relation to global product recalls, corporate liability, cyber and environmental incidents, according to a new report by Allianz Global Corporate & Specialty (AGCS). Global Claims Review: Liability in Focus identifies defective product or work, crash and human error incidents as the largest causes of liability loss for businesses, based on analysis of insurance claims.

“Liability losses are ubiquitous and can range from minor incidents to major disasters, always causing third party damage or injury,” says Alexander Mack, AGCS Board Member and Chief Claims Officer. “The risk landscape for companies is constantly shifting with liability risks on the rise globally. New technologies such as the Internet of Things, autonomous mobility or 3D printing will create fundamentally new liability scenarios for companies in almost every sector.”

The AGCS Global Claims Review analyzes over 100,000 corporate liability insurance claims from more than 100 countries, with a total value of $9.3B, paid by AGCS and other insurers, between 2011 and 2016. Over 80 percent of losses arise from ten causes.

Top 10 global causes of liability loss by total value of claims

1. Defective product/work
2. Collision/crash
3. Human error
4. Accidental nature/damage
5. Slips/falls/falling objects
6. Water/fire/smoke damage
7. Environmental damage
8. Natural hazards
9. Vandalism/terrorism
10. Property damage

Trends

Impact of a defective product or work is the largest cause of loss, accounting for almost a quarter of the value of all claims (23%). The average loss costs businesses in excess of $280,000 with the cost of product recalls being a major driver.

“The number of recalls has been steadily rising with increased focus on product and workplace safety, as well as more proactive regulation,” says Larry Crotser, Head of AGCS Chief Claims Office, North America.

Significant improvements in automotive and aviation safety may have reduced the number of collisions and crashes in recent years but these are still a major driver of liability losses, accounting for more than a fifth of the value of all claims (22%), as well as generating the most claims. Human error (19%) is the third top cause of loss, driven by incidents which result in major losses, such as aviation and shipping events or employee injury.

Larger losses more commonplace

Losses in excess of $1B are becoming more commonplace and are no longer confined to the U.S., and Europe, as regulators become tougher, supply chains more complex and U.S.-style litigation and compensation awareness spread around the globe.

The U.S. continues to be the world’s largest liability market generating both the highest number of claims, and many of the largest claims according to value. While class actions by consumers and investors remain largely a U.S. affair, a growing number of countries now also allow for collective actions. Conversely, foreign companies are increasingly being sued in the U.S.

Technology to drive big shift in liability losses

Digitalization and growing use of new technologies are likely to lead to a further shift in the liability risk landscape. Overall, the frequency of claims is expected to decline as trends such as autonomous driving improve road safety. However, technology will also bring new liability threats such as increasing cyber, product liability and recall risk.

Automation is likely to lead to increased product liability risk for machinery and component manufacturers and software providers. New data protection laws around misuse or breaches of data will increase cyber liability for companies,

(Con’t on page 6)
potentially resulting in heavy fines and penalties, particularly in Europe from 2018, but also elsewhere.

Animal Claims
Nearly two percent of claims analyzed involve animals. Deer incidents, particularly involving collisions with cars, account for 58 percent of animal-related liability claims and cost in excess of $4,225 per incident. Bedbug/insect incidents account for almost 30 percent of animal-related liability claims received by insurers, with the number of bedbug incidents on the rise in the U.S. While bed bugs are found year-round, infestations and incidents peak during warmer months (April to August). To access the full report, please visit http://www.agcs.allianz.com/insights/white-papers-and-case-studies/global-claims-review-2017/.

About Allianz Global Corporate & Specialty
Allianz Global Corporate & Specialty (AGCS) is the Allianz Group’s dedicated carrier for corporate and specialty insurance business. AGCS provides insurance and risk consultancy across the whole spectrum of specialty, alternative risk transfer and corporate business: Marine, Aviation (incl. Space), Energy, Engineering, Entertainment, Financial Lines (incl. D&O), Liability, Mid-Corporate and Property insurance (incl. International Insurance Programs).

Worldwide, AGCS operates in 30 countries with own units and in over 210 countries and territories through the Allianz Group network and partners. In 2016, it employed around 5,000 people and provided insurance solutions to more than three quarters of the Fortune Global 500 companies, writing a total of €7.6 billion gross premium worldwide annually.

AGCS SE is rated AA by Standard & Poor’s and A+ by A.M. Best. For more information please visit www.agcs.allianz.com or follow us on Twitter @AGCS_Insurance LinkedIn and Google+.

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A “Day After Tomorrow” Plan

I loved that movie “The Day After Tomorrow” where Jack Hall (a/k/a Dennis Quaid) walks across the snowbound northeastern states to save his son stranded in a New York City library. Who can forget the images of the Statue of Liberty being almost buried in snow or a freighter ship wandering the streets of the Big Apple? The best part of the movie was Jack Hall being prepared for every extraordinary event that happened to him, including his fall from the roof of a shopping mall and the astonishing drop in temperature that caused other unprepared people to freeze instantly.

Neither we nor our clients are as prepared as Dennis Quaid. We seldom think of what happens the day after a disaster such as a medical emergency, incapacity, entrance into a nursing home, or death. We forget the simple things that could make the day after tomorrow better, particularly for our loved ones and business associates.

I recently spoke with a friend whose spouse and business partner died. She told me that she wished she had done a better job of preparing for the ‘day after tomorrow.’ She has now made a list of things she wished she had done and asked that I help spread the word. So with some revisions, I share her list to ensure your family and business are prepared and protected.

1. Get your legal affairs in order now. If you don’t have legal documents in place that allow someone to manage your finances and make health care decisions for you, now’s the time to do so. Ditto if you don’t have a Will, especially if you have minor children. You do not want to leave these critical decisions up to someone else to decide. What if it’s that one family member with the absolute worst judgment that steps up to decide your future nursing home?!

2. Make a list of your assets and liabilities. Even with the proper legal documents in place, it can still be incredibly difficult for a spouse or other loved one to assist you if they don’t know what bank you use, where your checkbook is, what assets are available to provide for your care, and how to access them. List bank accounts, investment accounts, retirement accounts, real estate, automobiles and boats, life insurance and disability policies, and any other assets. You’ve worked long and hard so make sure that your loved ones know how to pay for what is needed!

3. Check the title of your assets and beneficiary designations. If you haven’t checked the beneficiary designations on your life insurance, retirement accounts, and pensions, now is absolutely the time to do so. Those beneficiary designations cannot be changed once you are gone, and your current spouse will be very unhappy if you forgot to remove your ex-spouse as the beneficiary of your life insurance.

4. Make a list of your computer passwords and logins. In this day of online bill paying, you should keep your websites, logins and passwords handy (but secure), just in case a loved one needs to pay those bills on the Day After. There are plenty of safe ways to store this information, but sometimes the low-tech way (a handwritten list) is the easiest and best way to do this.

5. Think about your house and business. Don’t forget the ordinary day to day stuff. One of the most frustrating things to those left behind is figuring out how to work things. So write step-by-step instructions for those things that need to be done periodically whether it’s the schedule for changing household appliance filters, how to change bulbs in cathedral ceilings, how and when to turn the water off, etc. Write down the names and phone numbers of repair and service people to contact at the security company.

6. Make a list of the important people to contact on the Day After. Compile names and contact information for family members and friends. Add in your insurance agents, financial advisor, accountant, and attorney. If there is a priest, rabbi, or other

(Con’t on page 8)
IIA Maryland understands the importance of the Best Practices research, and are pleased to invite you to attend a special 7-part series of 15-minute webinars that are hosted by IIABA National and Reagan Consulting on topics relevant to kicking off a Best Practices Agency culture. Best Practices research gives agencies and the industry, key benchmarks and operational information for growth, profitability, productivity and financial stability.

Registration and session descriptions http://www.independentagent.com/Resources/AgencyManagement/BestPractices/Pages/Webinars/default.aspx are available for this free Best Practices for Agency Operations webinar series, which includes:

1. April 24: Key Data - What to Watch - What To Be Concerned About (on-demand delivery)
2. June 28: Sales Velocity (live 1:30-1:45 p.m. ET)
3. July 11: Navigating Unconscious Biases to Enhance Your Agency’s Success (live 2:21:5 p.m. ET)
4. Aug. 24: Technology Insights (live 2:30-2:45 p.m. ET)
5. Sept. 20: Best Practices Study Update Highlights (live 1:15 p.m. ET)

These short webinars are a great place to learn more about Best Practices http://www.independentagent.com/Resources/AgencyManagement/BestPractices/Pages/default.aspx and the multitude of ways this research can be used to aid in agency management, and the end goal of increasing agency value. We encourage you to consider attending one or more of these webinars to gain additional insight into the Best Practices Agency culture.

Thank you for being a valuable member of the Big ‘I’ Maryland. We’re pleased to provide you access to education and information resources that support agency growth. If we can be of any help at IIA Maryland, please do not hesitate to contact us.

(Con’t from page 7)

8. Make a ‘Day After’ folder. Now that you’ve got all of this important information in place, make sure it’s someplace easy to locate when the time comes. A safe deposit box isn’t the best location, as it can be difficult to access, especially if you are inconsiderate enough to die or become disabled outside of banking hours. A simple, expandable folder labelled ‘Day After’ works just fine. Just be sure to let loved ones and family know where that folder is located.

Life happens. Channel Dennis Quaid and get your ‘Day After Tomorrow’ list done. You never know when ‘tomorrow’ will come.
A New York insurance agent is quoting a residential property in Maryland. The insurer he has in mind has an endorsement that will give the insured 25% on top of the dwelling limit for a total loss. The agent's question is whether he can reduce the Coverage A HO policy limit by 25% so he will be more competitive with his quote while putting the Coverage A + 25% figure on a certificate of insurance.

Aside from the bad math (reducing a number by 25% then increasing the result by 25% does not get you back to the original number but rather to a lesser number), this tells me that the agent likely does not know how the loss settlement provision of most HO policies works, especially with regard to partial losses. More on this below.

This was the second such question I got within a few days. Earlier, I got an email from a Nebraska agent. He had run into a couple of agents in Omaha that were quoting HO business with Coverage A limits far below the actual replacement cost of the homes. For example, he recently lost a client's HO policy to one of these agents who quoted Coverage A at $680,000. The home was currently insured for $1,100,000 based on two replacement cost estimates, the lowest being $1,000,000.

The agent that took the business from this agent quoted a Coverage A limit of $680,000 on an HO policy that included an Extended Replacement Cost endorsement of 50%. The new agent told the customer that the house was really insured for $1,020,000 ($680,000 X 1.50) with the endorsement. So the customer gets the "same coverage" at a significantly reduced premium. Is this correct?

My guess is that the carrier does not know what the agent is doing. This is not the purpose of these types of endorsements. They exist to recognize that valuation is not an exact science AND that, in the event of a natural disaster, reconstruction costs can skyrocket. They serve as a safety net. They aren't designed for the purpose for which this new agent is using them.

As in the example from New York, is this a case of an agent being ignorant of what he's doing or is it something more nefarious, bordering on unethical and perhaps even fraudulent. One way to find out is for the customer to ask the agent to put his explanation IN WRITING and copy the insurer. If he refuses, you probably have an answer to that question.

If he does refuse, someone should let the carrier know, as well as the DOI. This is certainly not ethical behavior and likely not legal behavior and it needs to be stopped and communicated by the carrier to all of its agents and the DOI to all industry participants in the state.

So, what's the problem with this practice? Well, there are many. One is the likelihood that the practice is in violation of the insurer's DOI rates and rules filing for their HO program. Another is the possibility that the practice violates state laws or regulations, from unfair trade practices to potentially fraudulent behavior. And perhaps the most important problem is that this won't work...the insured is likely still underinsured (at least for partial losses) and even if they sue the agent for such inadequately covered losses (or outright denials by the insurer), the agent's E&O policy could very well exclude the claim or suit.

The agent who made the inquiry did not have a copy of the endorsement being used by the competing agent, but he did provide copies of three endorsements used by carriers his agency represents. This is my take on the three endorsements:

**Endorsement #1: Dwelling Replacement Cost form 12567A (03-05)**

“In return for your having...furnished us accurate information for replacement cost estimation...insured your dwelling to at least 100% of its replacement cost...we will settle covered losses to the dwelling under Coverage A, up to 150% of the limit of liability shown in the Declarations for Coverage A,...”

**Endorsement #2: Extended Replacement Cost – Coverage A form FF-159 EX (1-98)**

“If you have complied with all of the following...Insured your dwelling at 100% of its replacement cost...we will settle covered losses to the dwelling under Coverage A, up to 150% of the limit of liability shown in the Declarations for Coverage A,...”

**Endorsement #3: Extended Replacement Cost – Coverage A form FF-159 EX (1-98)**

“If you have complied with all of the following...Insured your dwelling at 100% of its replacement cost as determined by us in accordance with accepted standard industry practices...And if the cost to replace or repair exceeds the limit of liability for any listed dwelling(s) below, we will pay for

(Con’t on page 10)
In the example, for a $500,000 loss (forgetting the deductible), the insured would be paid $425,000 and responsible for $75,000 out of pocket.

So what happens if a significant uncovered claim happens? First of all, the insured is going to have, at best, an out-of-pocket payment in addition to the deductible and, at worst, a complete claim denial by the insurer based on noncompliance with policy language or even misrepresentation or fraud. Second, the agent is almost certainly going to be sued. Presumably, the agent has E&O coverage, but does it apply? Quite possibly not if it has a provision like this one found in the most used E&O policy in the country:

**INTENTIONAL ACTS. Any “claim” for Intentional acts, including but not limited to acts of dishonesty, fraud, criminal conduct, malice, or assault and battery.**

The only issue is whether the agent is objectively ignorant or something worse. Is what the agent did “dishonest”? If I’m the E&O adjuster, I’d say so given the facts of a case like the one cited above. Did the agent commit fraud? If the insurer is not aware of what is going on, I would venture to guess that the adjuster would consider that claim to have arisen from fraud.

What other issues could be related to this? Quite possibly what the agent did violates the rate and rules filing of the insurer, so there could be regulatory penalties. What the agent did (if the carrier is not complicit) is also likely a violation of the agency/company agreement, so the agent could have contractual liability, especially if the carrier is stuck paying the claim. In that case, the E&O claim would likely come from the insurer rather than the insured (or in addition to the insured).

There could also be other laws involved such as fraud, unfair trade practices, deceptive business practices, and on and on. A loss of license is likely and there could possibly be significant civil, if not criminal, penalties including jail time (up to 20 years in at least one state).

Here is an excerpt found in many state fraud statutes:

“**It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.**”

This is from the Nebraska DOI:

**WHAT IS INSURANCE FRAUD?**

Insurance fraud is **any deliberate deception committed against** or by an insurance company, insurance agent, or consumer for the purpose of unjustified financial gain. **This occurs during the process of buying, using, selling and underwriting insurance.**

Some states may address the valuation issue directly. For example, California (10 CCR § 2695.183) now includes “Valuation of Homes” under it’s Unfair or Deceptive Acts or Practices in the Business of Insurance and makes it clear that communicating an estimate of replacement value that isn’t compliant with the regulation “constitutes making a statement with respect to the business of insurance which misleading and which by the exercise of reasonable care should be known to be misleading…”

I conducted some unscientific research on this in 2015 for a convention panel I was on that led me to believe that agents deliberately underinsuring homes in order to underbid other agents was uncommon but far from rare. Few would argue that deliberate conduct of this type is unethical. Most would probably consider it to be dishonest, if not fraudulent and criminal. If I was aware of such conduct, I wouldn’t hesitate to report it to the authorities.

(Con’t on page 11)
agent in this case may not only be engaging in an unethical practice, but his ignorance of insurance (either not realizing that partial losses are definitely not fully covered by the sample endorsements or gambling that no loss will occur) puts the consumer at risk of significant loss if the endorsement is not triggered.

This type of activity was allegedly rampant years ago when “guaranteed” RC first came out, especially with direct writers. So the true “guaranteed” endorsements disappeared. Even in commercial lines, this has been a problem in the area of blanket insurance to the point that many carriers now use margin clauses to limit coverage, reputedly because too many agents were undervaluing individual buildings, knowing that the blanket limit would be available.

This is just another adverse response to industry price competition. Those who buy on price, may die on price. There are all kinds of examples of agent malfeasance to reduce premiums in order to land an account. For example, http://www.iamagazine.com/strategies/read/2014/06/20/failing-to-disclose-teen-drivers-strategy-or-fraud: for an article about deliberately failing to disclose teen drivers in order to reduce auto premiums.

Just last week, I heard from someone who became aware of an NFIP flood account where the property was shown to be a Primary Residence rather than a vacation home. Why? Because the subsidized premium was $2,000 and the actuarially sound premium was over $20,000. The home was misrepresented to save an annual 25% premium increase. In addition to voiding the policy, such misrepresentation/fraud may result in the banishment of insured and agent from the NFIP program, along with even more severe federal penalties.

Do you have examples of your own? Have you encountered deliberate misrepresentation in personal or commercial lines in order for a quote to be more competitive? What did you do when you became aware of it? Are you aware of uncovered or inadequately covered claims resulting from this behavior or even sanctions against agents or insurers? If so, please Comment on this blog post: https://insurancecommentary.com/undervaluation-and-agent-fraud/

Maryland Messenger 2017 May/Jun

- 6,100 agents can’t be wrong
- $6.6 Billion in Premium
- Full & highest commissions
- Big is Better – size, clout, stability
- No minimum volume requirement for profit sharing and excess compensation
- Your clients and companies are always yours

To learn how we can help you increase your agency income and value, contact Jon Pappas today.
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The Independent Insurance Agents of Maryland obtained sponsors for each of these bills to address a long-standing problem that insurance producers face with respect to the use of credit cards to pay premiums by insureds.

By way of background, this has been an issue that has gone back and forth with the Maryland Insurance Administration. On December 14, 1998, the Maryland Insurance Administration published MIA Bulletin 98-15. In that bulletin, the Insurance Commissioner stated that “no insurer or producer may impose a separate fee or service charge on insureds solely because they have elected to use cards for the payment of premiums.”

In 2009, the Maryland Insurance Administration published Bulletin 09-31 which sought to allow producers to charge certain fees for the use of credit cards to pay premiums by insureds under certain circumstances. Then, on January 8, 2010, Bulletin 10-01 rescinded Bulletin 09-31, leaving in effect Bulletin 98-15 which, in turn, reinstated the prohibition on charging back fees for the use of credit cards to pay premiums by insureds.

The legislation this year provided that an insurance producer is not prohibited from charging and collecting from an insured actual expenses incurred by the insurance producer for payment of the premium for policy by use of a credit card. It further provides that any point of service credit card expenses may not be considered premium for any purpose and also that an insurance producer that accepts alternative payment methods for premiums shall disclose fully to the insured or prospective insured 1) the availability of all payment methods accepted by the insurer or insurance producer and 2) any charge for actual expenses incurred by the insurance producer for payment of a premium by use of a credit card.

The legislation goes on further to provide that a surplus lines broker may also charge and collect these expenses for payment of the premium, policy, fee, and any other fees and taxes related to the policy by use of a credit card. Additionally, it says that any point of service credit card expenses may not be considered premium for any purpose. Finally, within the surplus lines context, the written disclosure needs to be provided of any charge for actual expenses incurred by the surplus lines broker for any of the premium, policy, and any other fees and taxes related to the policy by use of a credit card.

The legislation was passed by the Legislature and was signed into law by the Governor on April 11, 2017. It will take effect on October 1, 2017. The Independent Insurance Agents of Maryland will work with the Maryland Insurance Administration to determine the best way to implement the new law given that producers have varying relationships with credit card companies. In some instances, credit card companies charge a flat processing fee but in other instances there is a volume discount provided.
81st Annual Installation Dinner & Conference

Conference Information

When: June 16, 2017
Where: The Warehouse at Camden Yards
Time: 8am-10pm
Fee: Members $150.
Nonmembers $250.

Registration: http://www.iiamd.org/conference

Sponsorship Levels

Hall of Fame: $3,000 (includes 3 tickets)
Grand Slam: $2,000 (includes 2 tickets)
Home Run: $1,000 (includes 1 ticket)
Heavy Hitter: $500

Registration: http://www.iiamd.org/conference

‘Stay Ahead of the Game’
Conference Schedule

8am-9am  Registration & Continental Breakfast
9am-12pm  Morning Session
‘Tech Smarts & Safety’
Sydney Roe-TrusteedChoice.com- ‘Social Media,
The Human Story in Business’
Ellen McCarthy, SwissRe & Gregg Viola, Eccleston & Wolf, P.C.-
‘Is Your Website Doing More Harm Than Good?’
Sydney Roe-TrusteedChoice.com-‘Dominate Digital Marketing Without
Writing a Single Blog Post’

12PM-1:30PM  Lunch & Legislative Update
Speaker: Brett Lininger, Esq - Semmes, Bowen & Semmes

1:30PM-4:30PM  Afternoon Continuing Education Session
‘Emerging Issues’
Dr. Stephen Fisher, Director of Health Services Chesapeake Employers’
Insurance Company-‘The Opioid Problem and Workers Compensation’
Alex Ricardo, CIPP/US, Beazley Group- ‘What You May Not Know
About
Data Breaches’
Matt Britton, UAV Protect- ‘Issues with Commercial Drones’

4:30PM-5PM  Program:
Installation of Officers - Commissioner Alfred Redmer, Jr
Announcement of ACSR of the Year

5PM-6:30PM  Dinner

7:05PM  Baltimore Orioles vs St. Louis Cardinals

Note: We have secured a block of rooms
for June 16th at the Marriott Inner Harbor (410-962-0202). To book a room
online- https://aws.passkey.com/
ventory/49132060/owner/289/home
We have also secured a limited number
of parking passes (additional cost) for
Lots FG&H.

All registrations include Continental Breakfast, morning session, Lunch, afternoon session, Dinner-and
of course, the Oriole Game. (all tickets in Section 61)
Use Your Association Benefits to Reduce Potential E&O Claims

By Carla McGee, ACSR, RPLU

Many agencies place their Insurance Agents E&O coverage through a carrier offering a premium discount if the agency staff attends an E&O risk management seminar. If you are not with such a carrier, contact me prior to your E&O renewal to request a quote from the Big “I” Professional Liability program! Every staff member of an agency should take an E&O risk management course, regardless of being required to in order to receive an E&O premium credit. This class however, is only the first step and probably the easiest. The lessons learned must then be implemented. Members of IIAM are provided many resources to make implementation simpler. We will focus on three common suggestions we learn from E&O risk management courses to help reduce E&O claims and learn what IIAM Member Benefits can assist in executing those suggestions.

1. DOCUMENT
2. EDUCATE
3. BE CONSISTENT

DOCUMENT, DOCUMENT, DOCUMENT!

File documentation is rule number one when it comes to protecting against errors and omissions losses. Though electronic communication is not new, many E&O claims still end up as “he said/she said” disputes¹. Documenting through an agency management system is more credible evidence than paper files because the date and time of the entries are recorded. IIAM members can look to the Agents Council for Technology page of the Big “I” website to obtain information on system purchases such as “Key Questions When Considering an Agency Management System” and “Managing the System Upgrade Process.” Agencies not yet utilizing an automated management system should review the Eagle Agency A-Plus program through Big “I” Markets which includes an agency management system, AMS360.

E&O carrier claims data reveals the leading error causing E&O claims is Failure to Procure Coverage². Some E&O policies, like the Westport RPG policy form exclusively available through the Big “I” Professional Liability program, include a Deductible Reduction feature if a claim is made against the agency alleging coverage was not procured and the agency has documented the claimant’s rejection of the coverage in question. While the Big “I” E&O Happens website provides coverage checklists, the Big “I” Virtual Risk Consultant (VRC) tailors a checklist to a specific risk. Both checklists can serve as a rejection of coverage form when signed by the client for the agent to document the agency file.

EDUCATE

Educating staff and requiring all attend an E&O risk management seminar, not only increases production and retention but is also instrumental in avoiding E&O claims. Errors can be both knowledge based and procedural in nature so understanding coverages, the insurance environment, and the agency procedures put into place to help avoid E&O claims are important. IIAM’s award winning Education Program offers Property & Casualty Pre-Licensing, The Institutes’ ACSR & AAI designation programs, and many other continuing education classes. Ethics and Flood courses taught at

IIAM headquarters are FREE to IIAM Members! The designation programs not only provide technical knowledge but also teach professional skills and account management. Additionally, Westport RPG & Fireman’s Fund RPG policyholders can obtain a 10% E&O premium credit by sending staff to the Swiss Re & IIABA approved course “E&O Risk Management: Meeting the Challenges of Change.” IIAM offers this course at IIAM headquarters at a discounted price to Maryland Westport RPG & Fireman’s Fund RPG E&O insureds.

Each year, hundreds of bills are introduced to the legislature. IIAM keeps members up-to-date with the bills pertinent to the insurance environment through Legislative Bulletins posted on www.iiamd.org. IIAM also posts a copy of the MIA Bulletin summarizing the laws enacted that year. IIAM Members have 24/7 access to laws affecting the insurance industry and technical information such as, Flood Insurance Resources, ISO Form Changes, Sample Privacy Statements & federal laws affecting our business.

An E&O exposure can be created by anyone in the agency – owners, managers, producers, and/or CSRs. The Big “I” E&O Happens website, www.iiaba.net/EOHappens, provides easy-to-use tips targeted at different positions in the agency. Sharing these with all agency staff can raise everyone’s awareness on

(Con’t on page 16)
how to prevent claims and open a dialog throughout the agency about improving business processes. The website also provides absolutes on what agency staff should ALWAYS, or NEVER do. These simple tips help reduce our E&O exposure.

With the Big “I” Virtual Risk Consultant (VRC) Risk Evaluation system, agency staff will be more knowledgeable about client/prospect operations. With overviews for more than 650 business classes and personal lines risks, the VRC assists with the identification of client exposures using customizable client surveys/questionnaires, creating thorough customer proposals with information pertinent to their operations.

BE CONSISTENT
Agents should follow the rule: “One way, all the time, by everyone.”

As stated earlier, using coverage checklists are beneficial in avoiding E&O claims. Checklists should be thorough, current, and standardized. Another benefit the Big “I” VRC provides is consistency. The VRC provides a single system of lists for use by all agency personnel.

Sample procedures and customer letters are available to IIAM Members through the Big “I” E&O Happens website. In order to effectively reduce E&O claims, all agency staff must adhere to the practices and procedures the agency implements. An effective way to determine consistency in the agency is to conduct an agency audit. A free Agency Self-Assessment is available through the Big “I” E&O Happens website to provide a good understanding on how agency workflows and procedures need attention. Conducting an agency audit by an auditing firm brings an independent eye to reviewing an agency’s operations. Westport RPG E&O insureds can select a firm from Westport’s approved list of auditors to complete an audit and receive a 10% E&O premium credit for 5 consecutive policy terms. Two benefits in one!

A complete list of approved auditors can also be found on the Big “I” E&O Happens website.

Take advantage of the many IIAM Member Benefits. Contact any of the IIAM staff (410) 766-0600.

¹How Agency Management Systems Can Help Defend E&O Claims by John Nesbitt is an assistant vice president, claims specialist with Swiss Re Corporate Solutions.

²Claims Frequency Data – www.iiaba.net/EOHappens

Reference websites:
www.iiamd.org/education
www.iiaba.net/ACT
www.bigimarkets.com
www.iiaba.net/EOHappens
www.iiaba.net/VRC

Carla McGee may be reached at IIAMD via email Carla@iiamd.org or 410-766-0600
Your Flood Market of Choice

A trustworthy companion.
Since our founding in 1926, Selective has built a reputation of honesty, efficiency and quality service, backed by an “A” (Excellent) or better A.M. Best rating for more than 85 years.

- Among the top 10 WYO flood carriers and top 50 P&C carriers nationwide
- One of the first companies to join the National Flood Insurance Program (NFIP) as a Write Your Own (WYO) carrier
- Nationally endorsed flood carrier by the IIABA

Response is everything.®
Selective provides you access to a fully empowered and dynamic field model that is ready and able to respond to your needs.

- Dedicated and regionally based flood territory manager
- Agency assigned underwriting teams
- Regional claim examiners and appointed adjusters
- Skilled marketing and internal sales professionals
- Devoted customer service department

The Selective advantage.
We are dedicated to building strong relationships with you and your customers, by offering the programs, products, coverages and service you deserve.

- A state-of-the-art flood system, providing real time processing and easy navigation
- A customer-facing self-service quoting tool to help you save time, save money and drive business
- A marketing portal, providing complimentary co-branded marketing campaigns tailored to your agency
- Regular communications to keep you up to date on NFIP changes or hot topics in the flood insurance industry
- Flood continuing education on claims, grandfathering, underwriting and more
- Book roll assistance with unified support teams readily available to walk you through the process
- A flood zone determination tool

A win, win solution.
Similar to you, we aim to provide insurance solutions with our customers’ best interest in mind. And, selling flood insurance can help you achieve that, as standard insurance policies do not typically cover flood loss.

Selective provides flood insurance for both personal and commercial risks nationwide. And, while most flood policies are typically written on personal property, we’ve seen an increased need for flood protection on commercial entities such as:

- Apartment Buildings
- Churches/Schools
- Condominium Associations/Units
- Hotels/Motels/Restaurants
- Malls
- Municipalities

Take charge. Writing flood with Selective provides you the opportunity to work with a carrier who will help support your growth potential through account rounding, increased retention, mitigated E&O exposures and delivery of a best-in-class customer experience. Our commitment is to provide you with flood insurance solutions that will help increase market share and drive more business through your doors.

To learn more or become a Selective appointed agent, contact floodsales@selective.com.

www.selective.com
A.M. Best Reaffirms the Financial Strength Rating of A- (Excellent) for Chesapeake Employers Insurance

(TOWSON, Md.) — A.M. Best Co. has reaffirmed a financial strength rating of A- (Excellent) and an issuer credit rating of "a-" for Chesapeake Employers’ Insurance Company as of March 29, 2017. The outlook assigned by A.M. Best to both ratings is stable. Tom Phelan, President and CEO of Chesapeake Employers Insurance, says: “The company’s surplus growth, coupled with specific attention to appropriately pricing the risk and adhering to best practices in claims management and medical cost control, helped to reaffirm our A.M. Best rating.”

Would Your Agency Need Help in the Event of a Data Breach or Ransomware Attack?

Do you know what to do if your computer files are breached? What if they are locked and held for ransom? Do you know how to comply with State and Federal Notification Laws? These are some of the questions that your agency has to answer in the event of a data breach. Does your agency have cyber liability coverage?

Businesses are breached every day. Too often owners do not handle the breach correctly, resulting in even greater damage to operations, profitability and customer trust. But, the IIA of Maryland and Arlington/Roe have partnered to offer IIA members a solution: a cyber policy that focuses on helping independent insurance agents avoid or manage a data breach. Coverages include coordinating the services that an agency needs to satisfy legal requirements within the mandated deadlines and to protect its reputation.

There are currently 47 different state notification laws with varying requirements. Notification is potentially a large cost in the event of a data breach. The Cyber Secure insurance product, available only to IIA members, helps with State and Federal notification compliance. The coverage can include reimbursement for notification costs based on the number of affected individuals and not capped by a dollar amount.

The Cyber Secure insurance product can also cover another high expense event associated with a data breach: a cyber extortion. It can also make handling a cyber extortion crisis more manageable. Cyber extortion is generally the crime of locking computerized operations and then demanding a ransom to unlock them. Businesses and their customers are affected by ransomware daily – cyber criminals can hold the business and customer private information to force a ransom for its return. This is a growing threat and the FBI has reported cyber extortion at an all-time high. In fact, cyber extortion events grew in number by about 400% last year.

A specialist’s support in the event of a breach is crucial. Your agency can get that with the Cyber Secure product which is offered at a reduced rate as a benefit to members by your state IIA. This protection for your agency helps with the step-by-step procedures in the event of a breach and gives you risk management tools to mitigate future losses. The first step to take is to contact your state Big “I” and find out how you can access this Cyber Liability product.
Goldsborough Independent Insurance Services earns Inner Circle Award

HUNTINGDON, PA – Goldsborough Independent Insurance Services, located in Towson, Maryland, has been named a member of Mutual Benefit Group’s Inner Circle. It is one of 19 independent insurance agencies that qualified for the honor based on 2016 business results. Mutual Benefit Group is a multiline property/casualty insurance company based in Huntingdon. It is represented by 250 independent agents in Pennsylvania and Maryland. Each year, the company presents its Inner Circle award to those agents who provide superior customer satisfaction while establishing a consistent record of profitable growth. This is the fifth time Goldsborough Independent Insurance Services has earned the honor.

Goldsborough offers insurance coverage throughout the Mid-Atlantic region, and offers business insurance as well as personal insurance coverage with a focus on family protection. The agency specializes in providing coverage for the technology, biotech, and professional services industries. Agency representatives actively participate on several levels within the Independent Agents of Maryland Association, from being members of the Young Agents Committee to the Agency President, Don Grauel, serving as President of the Board for the Association for the 2015-2016 term. In addition to industry involvement, Goldsborough Insurance Services also contributes both time and resources throughout the year to the Maryland Center for Veterans Education and Training (MCVET), as well as other organizations that are near and dear to the agency staff.

Goldsborough Independent Insurance Services is celebrating its 75th anniversary this year. When asked about the secret to the agency’s success, Grauel comments, “Hire honest, nice, driven, smart people, and stay out of their way.” The agency’s six-member staff is also enjoying a recent move from their former neighborhood office of over 20 years to the suburban hub within the center of Towson. “The energy in this area is a welcome surprise,” states Grauel.

Mutual Benefit Group has been providing insurance coverage for autos, homes, and businesses since 1908. Rated A- (Excellent) by A.M. Best, Mutual Benefit serves nearly 75,000 policyholders. The Company has been named one of the Top 100 Businesses for 2016 by Pennsylvania Business Central.

Learn more about Goldsborough Independent Insurance Services at www.goldsborough.com.

E&O Happens Website Revamp is Complete

The E&O Happens website (https://rms.iiaa.net/Pages/AboutUs.aspx, a trove of risk management information available exclusively to Big “I” members and Swiss Re Corporate Solutions policyholders, has been redesigned and relaunched based on member input.

Visitors will now find not only clearly organized risk management content and dropdown menus, but also a new, broader search function, as well as improved accessibility for mobile users—all for the sake of an improved user experience.

E&O Happens provides Big “I” members with more than 700 pages of exclusive risk management information, accessible with a simple swipe on a smartphone or tablet.

Other website features include:

- Claims examples
- Risk management articles
- Big “I” Claims Advisor e-newsletter archives
- Sample disclaimers
- Sample customer letters
- Webinars and podcast archives

All insurance agency staff can use this valuable information to reduce their risk of errors & omissions claims. Access the website with your Big “I” username and password. If you’re not a Swiss Re Corporate Solutions policyholder but are interested in learning more about the Big “I” Professional Liability program, contact Carla McGee, ACSR, RPLU (Carla@iiamd.org) or visit http://iiamd.org/professionalliabilitywestport to learn more and request a quote.
Insurance Agent Mobile Application Joins Agents Council For Technology

North Carolina-based firm supports ACT's technology goals.

ALEXANDRIA, Virginia,—Insurance Agent Mobile Application is the newest company partner of the Independent Insurance Agents & Brokers of America's Agents Council for Technology (ACT).

“ACT is pleased to welcome Insurance Agent Mobile Application as its newest member,” says Ron Berg, ACT executive director. “We look forward to working with the Insurance Agent Mobile Application team to improve technology workflows and resources for independent insurance agents and brokers.”

Founded in 2012, Insurance Agent is a product of Blue I, LLC, headquartered in Charlotte, North Carolina, and operated by a team with decades of traditional and start-up business-building experience. Insurance Agent is a premier mobile app solution for the IA channel, and redefines how agencies engage with customers and deliver first rate customer experiences anytime anywhere. It’s building new ways for agencies to be the center-point of digital connection between the policyholder, agency and insurance company. The Insurance Agent solutions enable the IA channel to deliver mobile services equal to or beyond what’s being offered by disruptors, directs and captives/carriers.

“The mobile platform is the primary mode of engagement for forward-thinking service providers,” says Matt Aaron, Insurance Agent mobile app co-founder. “It’s the norm, and the must have digital platform for the insurance industry going forward. As a leader in the mobile insurance space we are thrilled to support ACT – the leading resource driving the advancement of technology in the independent agency channel.”

Chesapeake Employers Insurance Promotes Joan Adelman to Vice President of Legal Services & Stephen Friedman to Director of Security and Privacy

Joan Adelman was recently promoted to Vice President of Legal Services for Towson-based Chesapeake Employers’ Insurance Company. Ms. Adelman is responsible for the day-to-day operations of the Legal department including supervision of attorneys and the Legal department’s Appellate practice. She also provides advice to all other Chesapeake departments on a wide range of insurance matters. Prior to her new position, Ms. Adelman was Assistant Vice President of Legal Services. She joined Chesapeake Employers in 1998.

Stephen Friedman was recently promoted to Director of Security and Privacy for Towson-based Chesapeake Employers’ Insurance Company, Maryland’s largest provider of workers’ compensation insurance. In this position, Mr. Friedman ensures that Chesapeake Employers adheres to applicable laws and regulations regarding privacy and security of information pertaining to policyholders and claimants; assists in the development of policies, procedures and plans for protecting and securing company data; and participates in the development, maintenance and testing of the company’s disaster recovery and incident response plans.

Previously, Mr. Friedman held the position of Senior Internal Auditor. Prior to joining Chesapeake Employers in July 2010, Mr. Friedman worked for SB & Company, LLC. He graduated Cum Laude from the University of Baltimore and earned a bachelor’s degree in accounting. He has numerous professional designations including: Chartered Property Casualty Underwriter (CPCU), Certified Fraud Examiner (CFE), Certified Information System Auditor (CISA), Certified Internal Auditor (CIA), and is a Certified Public Accountant (CPA) (Del.).
INTRODUCING THE BIG "I"/RLI INSURANCE AGENCY PACKAGE PROGRAM

EXCLUSIVELY FOR BIG "I" MEMBER AGENTS

Whether you’re looking for BOP, Auto, Comp or Excess, RLI Insurance Company’s suite of products have been specifically designed for insurance agents and brokers. RLI’s BOP policy is the broadest in the industry and includes coverage and limits not available with other carriers.

No more coverage gaps. One renewal date. One carrier.

Place your agency’s property/casually lines of insurance with RLI Insurance Agency, a recognized brand for Big "I" members in good standing.

To apply for coverage, please visit www.bigmarkets.com and select the Big "I" RLI Agency Package product.

FOR MORE DETAILS, CONTACT:
Carla McGee, ACSR, RPLI
Phone: 410-786-0800
Email: carla@iiamd.org

RLI
DIFFERENT WORKS

Trusted Choice
Big "I" MARKETS
A company’s most valuable asset is not their inventory of products or materials but the key people that make that business possible. A “Key Person” insurance policy can protect a company, institution, non-profit or association against the loss of a key employee due to death or disability.

In many organizations there are a few top people who are credited with creating and driving success. These people may be chief technologists, researchers, operation managers, and sales people known as “rainmakers” and so on. Their job duties and titles may differ but they all share one thing in common; their death or disability may cause a catastrophic interruption or economic loss to the business or organization that employs them.

Specifically, Key Person Insurance is designed to address the financial consequences of such a loss, including:

- Interruption of cash flow
- Expenses of attracting and hiring a replacement
- Loss of clients to a competitor
- Negative impact on credit

How it works:
Typically, the organization will be the owner and beneficiary of an insurance policy on the key person. If that person dies or becomes disabled the policy will distribute a benefit directly to the owner. In many cases the benefit is tax free and the premium is NOT tax deductible (1).

**Death – Life Insurance Options**

**Term Insurance**

Term insurance is often used in key-person policies where the sole purpose is to indemnify the corporation against the death of the employee. Term insurance offers low-cost insurance with one benefit at the insureds death. The duration of the term policy purchased usually coincides with the insureds planned retirement age. Example. A corporation purchasing term key person coverage on a 50 year old CFO with a planned retirement age of 65 would most likely purchase a 15 year level-term policy.

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(Con't from page 22)

**Permanent Insurance**

While term insurance offers a low cost solution the benefit is limited to indemnifying the company against the death of a key person and nothing else. Permanent insurance on the other hand can offer several benefits to both the organization and the key person. A permanent life insurance policy can become an asset to the owning organization by allowing access to the policies cash values for loans or withdrawals. The policy may also be used as a “Golden Handcuff” to attract or retain a key-person in a competitive employment market. Additionally, a permanent policy has the potential to accumulate cash value and can help fund the retirement income for the key person or become an additional retirement benefit through the transfer of policy ownership at retirement.

![Diagram of insurance benefits]

**Disability of a Key Person**

In previous articles we’ve discussed the potential for disability in the workplace. We are far more likely to become disabled before retirement than to die. In fact, 25% of today’s 20-year-olds will become disabled before they retire.

Key Person Disability insurance will pay the owning organization a benefit should the insured key-person become disabled. The benefit can be paid in monthly installments over the course of a few years, as a onetime lump sum or a combination of both. The benefit payout structure will directly impact the cost of the coverage and can be used to find a cost effective premium for the owner.

**How much key person insurance is needed?**

That question will differ on a case by case basis. Typically corporations purchase seven to ten times the employee’s annual compensation. The organization will need to factor in the costs of attracting and hiring a replacement in the current market, the employees’ direct contribution to revenue, their knowledge and the personal or business relationships that may be hard to replace. Typically, Life Insurers will offer a maximum benefit of ten times the insured employees income while Disability Insurers may cap the benefit based on the payout structure i.e. Lump sum vs. Installment.

Please contact us for help with key-person plan designs, product selection or general questions.

As a member of the IIAMD we look forward to working with other members to help them round out their business by partnering to bring our services to their clients. For more information contact Scott Zilber at szilber@belmanklein.com or 1-800-729-6007.

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BALTIMORE – The National Association of Insurance Commissioners (NAIC) announced that its Executive Committee recently selected Maryland Insurance Commissioner, Al Redmer, Jr., as a board member for its non-profit affiliate, the National Insurance Producer Registry (NIPR).

The NAIC is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and the five U.S. territories. The NIPR is the organization that manages the Producer Database and Gateway, an electronic system that links state insurance regulators with the producer entities that they regulate. NIPR is governed by a board of directors that includes seven members representing the NAIC and six industry members representing a cross-section of the insurance industry. Commissioner Redmer’s board term began this year.

“I am excited to represent my fellow insurance commissioners as well as Maryland consumers, insurers and agents in this key leadership position with our industry association,” said Commissioner Redmer. “I look forward to streamlining the producer-licensing process for the benefit of both regulators and industry.”

In addition to serving as Chair of the NAIC’s Northeast Zone, which consists of Commissioner representatives from the Northeastern U.S. states, Commissioner Redmer also represents the state’s interests as a voting member of the following NAIC Task Forces and Committees in 2017:

• Executive Committee
• Chair, Health Insurance and Managed Care Committee
• Co-Chair, Long-Term Care Insurer Solvency Task Force
• Cybersecurity Task Force
• Government Relations Leadership Council
• Co-op Solvency and Receivership Working Group
• Senior Issues Task Force
• Travel Insurance Task Force Group
• Auto Insurance Study Group
• Market Regulation and Consumer Affairs Committee
• Financial Regulation Standards and Accreditation Committee
• Consumer Liaison Committee
• State Government Liaison Committee

On March 1, 2017 a meeting was held at the IIAM offices in Glen Burnie with the intent of re-establishing Maryland’s Young Agents Committee. Ten agents were in attendance, four of which volunteered to hold interim office in 2017: Scott Zilber, Chairman; Michelle Roark, Vice Chairman; Kelly Eick, Secretary; Colleen Dunn, Treasurer. Additionally, three agents agreed to chair several subcommittees: Shannon O’Hare, Legislative; Britnyee Johnson, Membership; and Colleen Dunn, Community Relations. This newly formed committee will work to reinvigorate the YAC throughout 2017 through an increased presence at Maryland IIA events and meetings, as well as holding several events of their own. The YAC will meet at least four more times in 2017. If you are interested in joining YAC or want to know more, see IIA Maryland’s website at iiamd.org. Just go to membership. If you have any questions about the YAC, call the association office or email Carla at Carla@iiamd.org.
What a Producer or Agent Can Expect if the Insurance Commissioner’s Office Opens an Investigation

By Darlene Arnold, Director of Enforcement, Compliance and Enforcement Unit, Maryland Insurance Administration

What A Producer or Agent Can Expect if the Insurance Commissioner’s Office Opens an Investigation

Maryland has more than 158,000 licensed resident insurance producers and brokers affiliated with the 1,400 insurance agencies operating throughout our state. Over the course of a given year, the 19-person Enforcement Unit of the Maryland Insurance Administration conducts more than 2,000 investigations. It is important to note that the Insurance Administration conducts examinations and investigations of insurers/carriers and of producers or agents.

What to expect when a producer or agent is under investigation:

The Maryland Insurance Administration conducts investigations of complaints received from various sources, including:

- Industry
- Other state or federal agencies
- Consumer(s)
- An ongoing market conduct examination underway by the Insurance Administration

An investigation does not necessarily mean the Insurance Administration will find violations or take action. An investigation normally follows a four-phase process – notification, analysis, determination and sanction. The details for each phase include:

- Notification. The Insurance Administration will usually prepare an initial inquiry of allegations for the producer or agent. The producer or agent is generally required to provide, in writing, an explanation of the alleged activity within ten days. Producers or agents can request an extension. A typical allegation may include questions about a premium which was received by the producer but not remitted to an insurer OR questions relating to a termination for cause received from the insurer terminating the producer’s or agent’s appointment.

- Analyze. The Enforcement Unit of the Insurance Administration receives the written initial inquiry from the producer or agent and investigates the case. The Enforcement Unit seeks to complete each investigation in a timely manner. Depending on the complexity of the investigation, this process can take varying amounts of time to complete.

- Determination. The Enforcement Unit, under the direction of the Insurance Commissioner, makes a recommended determination as to whether or not violations of the Insurance Article exist. These matters are then reviewed for legal sufficiency prior to any appropriate administrative action being issued.

- Sanction. The Insurance Administration determines the appropriate sanction for a violation discovered. The sanctions the Insurance Administration could impose are:
  - Revocation or suspension of license
  - Denial of license
  - Refusal to renew or reinstate a license
  - Monetary fine
  - Restitution

What happens at the end of the investigation?

Every case does not result in action, as the discretion given the Commissioner under the law allows him or her to consider the seriousness of the violation. Considerations include:

- Did the violation happen only once?
- Was the infraction minor, such as failure to change an address?
- Did the producer or agent act in good faith and cooperate in the investigation?
- What is the history of the producer or agent; has there been a previous violation?
- Did the violation cause harm or damage the public and/or the insurance industry?

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If no violations exist, a letter stating as such is sent to the producer or agent and complainant.

If a violation does exist, the Insurance Commissioner has discretion as to what happens next. Maryland Insurance law (§ 10-126) gives the Insurance Commissioner latitude in deciding whether to deny a license to an applicant, or suspend, revoke or refuse to reinstate a license to a current license holder.

Any person aggrieved by an administrative action, or lack thereof, has the right to seek a hearing. Factors considered include, but are not limited to, whether a producer or agent has willfully violated this article or another law of the State that relates to insurance; has intentionally misrepresented or concealed a material fact in the application for a license; has obtained or attempted to obtain a license by misrepresentation, concealment, or other fraud; has misappropriated, converted, or unlawfully withheld money belonging to an insurer, insurance producer, beneficiary, or insured; has willfully and materially misrepresented the provisions of a policy; has committed fraudulent or dishonest practices in the insurance business; has been convicted by final judgment in any state or federal court of a felony or crime involving moral turpitude (conduct which is inherently base, vile, depraved or contrary to accepted rules of morality). Orders issued against producers and agents are regularly posted to the Insurance Administration's orders webpage.

About the Maryland Insurance Administration
The Maryland Insurance Administration is an independent State agency charged with regulating Maryland’s $28.5 billion insurance industry. For more information about the Insurance Administration, please visit www.insurance.maryland.gov or follow us on Facebook at www.facebook.com/MDInsuranceAdmin or Twitter at @MD_Insurance.

May 9, 2017
Agency Errors & Omissions
Shelley Arnold, CPCU
9:00 AM - 3:30 PM

May 16, 2017
E&O Risk Management: Meeting the Challenges of Change
Stanley Lipshultz, CPCU
9:00 AM - 3:30 PM

May 17, 2017
AAI 82A - Commercial Liability Insurance
Don Dudey, CPCU
9:00 AM - 4:30 PM

May 16, 2017
E&O Risk Management: Meeting the Challenges of Change
Stanley Lipshultz, CPCU
9:00 AM - 3:30 PM

June 7, 2017
ACSR 6 - Commercial Property Insurance
Sharon Gardner, AAI, ACSR
9:00 AM - 3:30 PM

June 16, 2017
81st Annual Installation Dinner & Conference
“Join Us at The Yard”
8:00 AM - 10:00 PM

June 28, 2017
AAI 82B - Other Commercial Insurance
Don Dudey, CPCU
9:00 AM - 4:30 PM

June 6, 2017
ACSR 5 - Professional Development & Account Management
Shelley Arnold, CPCU
9:00 AM - 3:30 PM

June 17, 2017
AAI 82A - Commercial Liability Insurance
Don Dudey, CPCU
9:00 AM - 4:30 PM

June 28, 2017
ACSR 6 - Commercial Property Insurance
Sharon Gardner, AAI, ACSR
9:00 AM - 3:30 PM

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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.
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:

- safety guidance
- competitive pricing
- responsive claims management
- effective medical cost review
- vigilant fraud protection

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

To learn more, connect with your local agent or visit ceiwc.com.