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Safety Net

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WE MAKE A DIFFERENCE

Uncontrollable and lethal California wildfires. Hurricanes descending upon us – Harvey in Houston and its surrounds. Irma shortly thereafter attempting to match the havoc of Harvey but devastating the Caribbean first before heading to the US continent. Earthquake activity in Mexico not to be overlooked. Piling on to this list of unprecedented events are the recent cyber breaches – not life threatening but costly nonetheless to degrees not previously seen.

As an insurance agent or broker at this time in history, you observe these events with possibly a little more perspective than the man on the street. You likely know from personal experience the devastation such events inflict. You have been on the phone with a client just after a calamity, taking it all in, determining how best to react, immediately helping with claim filing, consoling that fellow human being who is freighted of big unknowns. You assure them it will be alright.

We are THE orchestrator in those first hours of a claim; the client depends on you. The work of preparing for a disaster via the insurance policy had all been done months or more ago. The insured’s exposures were analyzed, weighed, discussed. The proper management of the risks was addressed through insurance purchases or other techniques.

I offer these comments to remind us all of the weighty role we as agents and brokers play in the life of our clients, to guard against our overlooking this reality in our day-to-day routine. We are trusted advisors and huge responsibilities come with that.

We are in a noble industry: one that the US Supreme Court in 1914 concluded that within insurance mechanisms there is an inherent public good. Fast forward to September 11, 2001 when the inherent public good was on display from our industry – the claims from all the various lines of coverages were paid via insurance industry mechanisms that were designed and properly capitalized to respond to catastrophe. Some insurers struggled for sure, but that was not the lead story. Rather, insurers properly settled claims for which the policies were bought.

Back to our present circumstances and the current catastrophes. We should not only remember our important role in protecting our clients, but also how we should be, well, somewhat, in awe of our industry’s ability to address massive claims. The insurers are extremely well capitalized in spite of a protracted and continuing “soft” market - domestic and international competition at its best with no change on the horizon. Current wisdom has current catastrophe claim expenditures will not be substantial to the point of affecting carriers’ reserves leading to upward pressure on rates or that will warrant reevaluation of carriers’ credit ratings.

The US independent insurance agent and broker is now more than ever a significant contributor in the continuing prosperity of this great country, and you should be proud of what you do!
How Do You Sell an Intangible Product on Social Media?

By Sydney Roe

People freaking love lists.
- The 5 Things That'll Win You Attention On Social Media
- The 7 Reasons You're Failing On Facebook
- 10 Quick Tips To Sell Your Brand On Instagram

People love lists because they don’t have to think; they just have to act, they just have to follow directions. Someone else has already done the thinking, the hard part. It reminds me of Blue Apron meals by mail – all of the painful meal planning and grocery shopping is done? And all I have to do is read a 3-step recipe, cut some broccoli and put it in the oven? Sold.

Well, unfortunately, this article isn’t a simple, neat list of Things You Should/Shouldn’t Do On Social Media.

A Stab at the Super Secret Social Media Formula

A lot of businesses lucked out on social media. Not because they’re particularly good at it, but because they have visual, tangible products. For example: restaurants can showcase mouth-watering culinary masterpieces. Airlines can strap six cameras onto a checked bag or stuff their CEO’s into overhead bins. Ikea pictures make you realize that you didn’t know you needed to re-model everything. Coffee shops show you how to make $5 lattes for like…50 cents.

But how the heck do you market insurance on social media? How do you market an intangible service?

On top of being intangible, it’s also something that makes people cringe a bit. Nobody likes to just casually chat about insurance (agents don’t count).

I’ve never walked into a happy hour setting and nonchalantly said to someone: “So….auto insurance, am I right??” (Now, I have talked about food I’ve tried at restaurants, bags I’ve lost on airlines, 3-hour Ikea trips and my current coffee addiction.)

So, how do you market the intangible that no one even wants to talk about?

Here’s the problem: you’re marketing the wrong product

I remember somewhere between shredding stacks of paper and stamping envelopes, my insurance-agent dad telling my 13-year-old self that insurance is a relationship-driven industry. My dad never sold insurance. He built friendships, he gained trust and he sold himself. When you shake someone’s hand and close a big account, what are they really buying? They’re not doing business with an insurance agent; they’re doing business with you.

So, you want to know what the super secret social media formula is? Sell yourself.

That’s it. Sell yourself. Who are you? What makes you tick? What are your quirks? What are your interests? Share that on social media.

No, it’s not as easy as snapping a photo of beef bourguignon, slapping a gorgeous filter on it and posting it to Instagram. Yes, it takes work and consistency and practice and even some vulnerability. But I guarantee that your personality will make more of an impact that a foodie picture any day.

Think about how you get referrals. Do clients tell their friends, “Oh yeah, I love the business insurance policy Joe set me up with! It’s the perfect policy for me.” Or do they say, “Joe is awesome. He knows everything about business insurance for restaurants and walked me through exactly what I needed. I can give you his number if you want.”

See the difference?

Even though people might not talk about insurance, people talk about people. Especially people who do an amazing job helping them in a time of need, people they trust. This is why you hear us (at both Agency Nation and TrustedChoice.com) talk about personal branding so often.

Because at the end of the day – you are your product. So, get out there and show the world who you are.

Sydney Roe is the Digital Content Manager for Trusted Choice.com, a licensed insurance agent, and a millennial. She started working for her father’s insurance agency as a producer who championed social media marketing. She now helps create and implement innovative content marketing strategies responsible for driving millions of consumers through TrustedChoice.com. Sydney has continued to evolve the digital marketing conversation and engage insurance agents through multiple presentations at state associations.
Meeting my customers where they work.
Crafting each policy to meet different needs.
Partnering with Builders Mutual insurance.

That’s how I get the job done right.

BuildersMutual.com
Sixty years ago, in Southern Maryland, you were either a waterman, a farmer or both.

We were an agricultural society back then. There were no computers, the Naval Air Station on the Patuxent River was still developing.

Reeves Insurance Agency was started in 1875 by appointment of The Mutual Fire Insurance Company of Montgomery County and was passed down to sons and nephews over five generations. I succeeded my uncle as owner in 1973.

Just as our community has grown over the years, our company has grown.

Today, we are a multi-agency operation, but still concerned with protecting our local friends and neighbors with contracts through numerous insurance companies.

Farming is still an important part of the economy in southern Maryland and our customers still rely on us to offer products like crop insurance that meet the needs of a rural community.

I started selling crop insurance in the 1980s. I can tell you it has changed a lot in the time since. Back then, crop insurance wasn’t as widely available and affordable as it is today.

When bad weather hit, farmers had to ask Congress for help through ad-hoc disaster legislation. It wasn’t a fair system so Congress asked the private sector to help solve the problem.

Today, thankfully, the public-private partnership of modern crop insurance eliminates much of the stress that comes from working in agriculture. Crop insurance now offers products uniquely tailored to individual operations to help mitigate that risk.

Revenue coverage is a product many of my customers are increasingly choosing because it helps round out some of the peaks and valleys of farm income caused by wild price swings.

I also support what is known as enterprise unit coverage, which is important in southern Maryland, where we have smaller fields and some lower-yielding land. This option allows farmers to produce what they can on those acres and spread the risk across their entire business. But even with the modern crop insurance we have today, many farmers are still struggling to break even.

As Congress starts debate over the next Farm Bill, which sets out rules for crop insurance, I would like policymakers to remember this program is the only thing standing between bankruptcy and the ability to plant again for many Maryland growers. And they should appreciate that crop insurance is not a handout.

Farmers across the country have collectively spent $50 billion out of their own pockets in the last 17 years for coverage. They also absorb the first 25 percent of any loss before their coverage kicks in. Just like other insurance policies, claims are investigated and verified by trained adjusters.

As the Farm Bill unfolds, Congress should resist attempts to weaken farmers’ most important risk management tool. Instead, we should continue to refine the program to make it easier for farmers to participate.

Farming is critical to the economy in Maryland. About 350,000 people work in some aspect of agriculture, making it the largest commercial industry in the state.

Our farmers want to be out in the field planting the crops and harvesting them to sell at market for a reasonable price. The best way to give them the chance to do that is to keep crop insurance affordable and widely available in the next Farm Bill.

G. Bradford Reeves is a partner with Combs, Drury Reeves Insurance Agency in Leonardtown, Maryland, and a member of the Legislative Committee for the Independent Insurance Agents of Maryland.
Register for Big “I” Markets Online!

Excited about all the great products available to you on Big “I” Markets? Ready to register? If so, we have great news! Instead of having to fill out and fax in the old paper form and waiting for days to be activated, you can now register for Big “I” Markets online and be quoting business in as little as 10 minutes.

If you are your agency's System Administrator, you should first assemble the information you will need to register your agency. (Only a user with System Admin or Organizational Admin access can register your agency.) Gather your Tax ID number, errors and omissions insurance policy information, all the producer licenses as well as your agency license, if applicable. In South Carolina you will also need the Broker license(s). Lastly, you will need the e-mail addresses of the all the people you intend to add as users.

Go to www.bigimarkets.com and click on “Click here to register online” located on the animated image in the upper right. You can use either your Username or, as long as it is unique to you, your e-mail address. Your password is the same either way. If you do not know your login/password information, please contact Big “I” Markets at bigimarkets@iiaba.net or 1-800-221-7917. Every agent in your office has their own login/password.

There are seven steps to registering your agency:

1. Enter agency contact information.
2. Enter agency structure and license information.
3. Enter E&O information.
4. Answer seven background information questions. Answering “Yes” to any of these questions will stop the registration process, but it doesn’t necessarily mean you cannot register. A Big “I” Markets team member will contact you for more information.
5. Enter user information. In order for a producer to be able to quote you must then click on “Edit” next to his or her name and enter the license information.
6. Enter flood information. Clicking “No” for either question will not prevent you from using the Big “I” Flood program in the future.
7. Sign the Agreement. We encourage you to printout the agreement. Enter your initials in the box at the bottom and click on “Accept.”

You will now be prompted to send an email to everyone in your agency after which you will automatically be directed to the Big “I” Markets login page. You can use the same login and password. After you log in, look to the left side of the screen and hold your mouse over “Personal & Commercial.” A list of products available in your state will appear. Clicking on an item will take you to the appropriate page for that product. We encourage you to review that list to become familiar with the markets available to your agency.

New to IIABA? Wondering what in the world Big “I” Markets is?

Big “I” Markets is an online agent market access program available exclusively to Big “I” members. Big “I” Markets functions as an online gateway to connect you, the agent, with the product providers and underwriters for the products you need. There are no access fees, no minimums, and no special software needed to participate in the program. As long as you’re a member of the Big “I” and have a working Internet connection, you’re able to plug into the power of Big “I” Markets.

If you have any questions at any point during the registration process, please do not hesitate to call us! Big “I” Markets team members are on hand at (800) 221-7917 or via email at bigimarkets@iiaba.net
Deciding Not To Look Away

For most of us, we do not get into trouble for intentionally doing something wrong. We do not steal. We do not commit fraud. We do not hurt people on purpose. But, if we are truthful with ourselves, we have sometimes looked away and then backed away when we saw someone else doing something that troubled us.

Troublesome acts are often ordinary. A businessman looks away when he sees a friend drinking too much even though he knows the friend will be driving home; the businessman justifies the failure to do nothing because the friend is not falling down drunk. A business owner hears an employee speaking in a way that is unprofessional, harsh, disrespectful or even racist—and says nothing because no one within hearing distance seems too troubled by what was said. A client suggests that he is skirting rules and no follow up questions are asked because, frankly, the professional prefers to stay in ignorance. But looking away is not wise.

Looking away—not dealing with bad behavior—topples kingdoms, business and careers. Ben Affleck and others who allegedly knew of Harvey Weinstein’s bad behavior but did nothing now are under siege. Dianne Brandi, the general counsel of Fox News, is being sued for failing to investigate allegations of sexual harassment involving Roger Ailes and Bill O’Reilly. Employees who are ignored after they file internal complaints are now reporting bad behavior to the Securities and Exchange Commission and other licensing authorities—and often receiving millions in whistleblower awards.

Perhaps more importantly, we, as professionals, have to decide where we stand on business ethics. Of course, insurance professionals must be legally compliant. Compliance is obeying the law, even with those laws we do not agree with, because the government is making us do that. Ethics means “doing the right thing” even when it is inconvenient or hard to do so. We, as insurance professionals, should want to be known as ethical and not merely compliant.

Ethical behavior starts at the top and requires constant scrutiny. If a business pushes the outer limits of the law, the business may be compliant but is it doing “the right thing”?

Should a business be satisfied with only doing what is legally required, but failing to treat employees with respect? Should business policies dealing with monetary, privacy and other issues be forward thinking or merely only do what the law presently requires? Or, should the business and the individual have an ethical code to do what is right? The answer should be clear. We should be ethical and not merely compliant.

We should act ethically because we have a strong conviction for doing what is right—even if the reason for this conviction is based on economic issues such as brand protection or risk avoidance. Interestingly, the difference between compliance and ethics is recognized in recent Federal Sentencing Guidelines amendments that encourage the fostering of an ethical culture. More importantly, looking the other way—even if it is legal to do so—can get you sued for bad behavior and can certainly get you in the news.

Regardless of whether we are talking about ethics or compliance, the fast decision is oftentimes the wrong decision. The easy decision—which is made without reference to laws, regulations or what is forward thinking—is usually the wrong decision. A decision that only fixes a problem for the moment can very well be the wrong decision. When we make hard decisions, we are investing in our future by protecting our personal brand, our professional reputation and, ultimately, our professional licenses.

Deciding not to look away feels right for a few short moments. Making an ethical decision can certainly be painful at the moment the decision is made. But living with that temporary uncomfortableness can keep you out of trouble. Doing the right thing feels right for a lifetime.
Don’t Use That Kind of Language Around Me: Insurance Cuss Words

By Chris Boggs

Growing up, you knew which words you could say and not say; and if you didn’t, that slap in the back of your head from your mom and/or dad made it clear a recently-uttered word was inappropriate. As we got older (mid-to-late teens), we got bolder and would test our parents to get their reaction when we used those “four-letter” words. Sometimes you got away with it, sometimes it was like being 12 again.

As we morphed into adulthood, our mom wasn’t there to give us that unapproving look (or head slap), so some of us developed a bad language habit. I did – until I heard someone else using the same language. I thought to myself: “If I sound like that much of an idiot, I have to stop using that language.”

Recently I’ve noticed insurance practitioners doing a LOT of cussing. No, I don’t mean using the traditional words that got us in trouble as kids, I am referring to insurance cussing. Yes, there are certain words and phrases used by many insurance practitioners that should not be used in polite company, mainly because they are just plain inappropriate and DIRTY. Allow me to present the three most common examples of insurance cussing:

Blanket Additional Insured: In the ISO world, there is no such thing as a blanket additional insured endorsement. Yes, there are “Automatic” additional insured endorsements; but no “blanket” endorsement. The difference is connotation. “Blanket” conveys the idea that everyone is covered as an additional insured; the reality of “automatic” is that additional insured status is granted when specific conditions are met. While this appears semantic, in the ears of a client or certificate holder, there is a big difference.

All Risk: Hopefully this property term long ago disappeared from your lexicon; but if it didn’t, promise me the phrase “all risk” will never again cross your lips. As you know, Judge Wapner, Judge Judy or whichever judge you follow has a very hard time when someone is told their property policy is written on an “all risk” basis. To the court, this means everything that happens is covered; which we all know is a lie.

Over the years, the industry has tried to tone down this term, preferring euphemisms such as, “open cause of loss,” “open peril” or even “risk of direct physical loss.” While these were less offensive, non-insurance professionals (like lawyers and judges) gave these terms broader meaning than the industry intended. Now we refer to this breadth of coverage as “causes of loss - special form.” But even this non-descriptive term can be misunderstood – depending on the form.

Full Coverage: I don’t know where to begin explaining the impropriety of this phrase. Although we think we know what is meant by this phrase, what is actually understood when the phrase “full coverage” is spoken?

Insurance practitioners understand “full coverage” to mean an auto is covered for liability, medical payments and physical damage (collision and other-than-collision) and maybe even uninsured and/or uninsured/underinsured coverage. But how full is full?

Analyzing “how full is full,” does “full coverage” mean that you will be paid replacement cost if something happens to your car – with no deductible? It must, because depreciated value wouldn’t qualify as “full coverage.”

Do you get my drift? Insureds don’t actually have full coverage, even if they have liability, medical payments, uninsured AND underinsured motorist, physical damage coverage and any other optional coverage. The coverage they have is something less than “full.”

So, if I can’t call it “full coverage,” what do I call it? That’s a reasonable question. I’m not sure you will think my answer is reasonable – you don’t group the coverages into one term because you can’t. You layout each coverage for the insured, explaining what limits, limitations and deductibles apply. Because there are limits, deductibles, exclusions and conditions, the insured will never have “full coverage.”

(Con’t on page 11)
Breaking Bad Habits

Why do I make such a big deal about cleaning up our language; because words have meaning. When you use bad language like detailed here, your clients, or some other party, may think they are getting something they aren’t. Disappointment is a function of expectation; when others think they are getting protection they aren’t, a court date may be in your future. Never use these phrases in professions conversations or writings – unless you are making a point. When you hear anyone use these terms, punch them in the mouth and correct them. OK, I’m just kidding, no punching; but do correct their phraseology and provide them with the appropriate terminology.

Christopher J. Boggs, CPCU, ARM, ALCM, LPCS, AAI, APA, CWCA, CRIS, AINS, joined the insurance industry in 1990. He is the Executive Director of the Independent Insurance Agents and Brokers of America (Big “I”) Virtual University. His current duties involve researching, writing, and teaching property and casualty insurance coverages and concepts to Big “I” members and others in the insurance industry. During his career, Boggs has authored more than 300 insurance and risk management-related articles on a wide range of topics as diverse as Credit Default Swaps, the MCS-90, and enterprise risk management. In addition to this, Boggs has written 13 insurance and risk management books.
Our Umbrella Programs Give You More Options

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Maryland Insurance Agents Political Action Committee

MAPAC

Gives Agents a Voice in Annapolis

Purpose: MAPAC is managed at the state level by IIAM members. The PAC contributes to candidates for Maryland Senate and Maryland House of Representatives who support small business, the independent agency system, and a competitive insurance marketplace.

Giving: IIAM recognizes all donors.

Who Can Give: Businesses and individuals may contribute to MAPAC.

How to Contribute: Send a check made payable to MAPAC and send it to IIAM/PAC; 2408 Peppermill Drive, Suite A, Glen Burnie, Maryland 21061.

Gives Agents a Voice in Washington

Purpose: InsurPAC is affiliated with the Independent Insurance Agents & Brokers of American (The Big ‘I’). The PAC contributes to Congressional and U.S. Senate candidates who support small business and the American independent agency system.

Giving Levels: InsurPAC recognizes donors who contribute at giving levels ranging from $150-$5,000.

Who Can Give: Only individuals may contribute to InsurPAC. Corporations are prohibited from contributing to a federal PAC.

How to Contribute: Visit and contribute through IIABA’s website at www.insurpac@iiaba.net.

Questions, contact our PAC chair: Angela Ripley at 410-910-0212 or email her at aripley@wbrown.com.
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- **What is on your bucket list?**
  Sleeping under the Northern Lights

- **How do you define success?**
  Gratitude for all the abundance in my life. A peaceful heart when I wake up and fall asleep.

- **What song is on repeat on your playlist?**
  My playlists vary greatly by mood but according to Spotify, I always go back to a live version of “Silver Spring” by Stevie Nicks.

**HOW DID YOU GET INTO INSURANCE?**
While I was in college, a friend of mine convinced me to work at AIG selling personal auto insurance after school, working the “late shift.” Since then I have shifted from personal lines to commercial lines, sales to service and carrier to brokerage but have continuously remained in insurance.

**WHAT ASPECT OF YOUR JOB BRINGS YOU THE GREATEST JOY?**
I love the varying daily “challenges” that arise: the hard to place policy, the creative claims process; taking care of your client, protecting their assets, oftentimes their life’s work. Giving them the ability to rest easily, knowing their insurance agent has their back. The relationships that are built on that trust. That’s the good stuff.

**WHO/WHAT HAS BEEN YOUR GREATEST RESOURCE IN THE INDUSTRY?**
I have had the advantage & pleasure to work with some extremely knowledgeable & inspiring people, who encouraged learning and growth from an early point in my career. The Insurance Institutes & IIAMD have been instrumental in my learning process, pushing me to complete 5 professional designations.

**WHAT ARE THREE TIPS YOU WOULD GIVE TO NEW YOUNG AGENTS?**
1. Be humble & open; there is a wealth of knowledge in your coworkers & underwriters if you take the time to listen.
2. Inundate yourself with knowledge.
3. Be adaptable. This industry is constantly changing and evolving and to be successful you need to be open to change & innovation.
We’ve all heard the sentiment that the only stupid question is the one unasked. What if that question was also one of the most important a producer could ask?

When meeting with a new or existing customer a lot of questions are asked, all of which are thoughtful and with purpose. Some questions are designed to enhance our relationship with the customer and others are used to evaluate personal or commercial opportunities with that account. This being said, one question, when not asked leaves both the producer and the insured at risk. However when asked, this question can lead to new opportunity and strengthened client/advisor relationship. Here it is…..

Do you own life insurance?

This makes sense, right? We are already talking about risk, whether a personal or commercial risk. Can’t a death derail the continuation plan of a family or the succession plan of a business and possibly both? We know dozens of ways the customer could be at risk but how is the producer at risk?

3 risks to the producer from not asking:
1. If you don’t ask this question eventually someone else will and they may disrupt your relationship costing you the account.
2. If you don’t ask this question and the client dies uninsured or underinsured their family or business partners may place the blame on their INSURANCE advisor.
3. If you don’t ask this question and the client does have a policy that is not designed correctly or not performing as planned you may end up trying to clean up another agents mess when it’s too late.

So now you agree the question needs to be asked. What happens when the client answers yes? What happens when they answer No?

Answer: “No. I/We/The company does not own life insurance”

This is easy. You should have with you at all times a 1 or 2 page simple fact finder that can start the conversation and arm your life insurance BGA partner with enough ammo to get the case moving. A brokerage general agency that understands the independent producer and independent agency can help you make this process seamless to your client and profitable to your agency increasing revenue, retention and referrals.

Answer: “Yes. I/We/The company does own life insurance”

Life Insurance policies like most insurance require annual or semiannual renewals. A lot can change and it can change fast for both personal and commercial accounts. Start with an “In-Force Authorization” and policy review service provided by your BGA. This authorization form is like a BOR except it makes no changes to the policy at that point. Instead, it allows in-force ledgers and policy data to be requested. Your partner BGA can analyze the policy and present a formal review to you or to you and your customer.

Why policy review is important:

2 Product Considerations

• Shifts in the market
  ○ Older life insurance policies may have been designed with assumptions that are no longer reasonable in today’s interest rate environment which could jeopardize the longevity of a policy and potentially create a future coverage or premium liability.

• Medical advancements
  ○ Insureds may be able to improve their rates and benefits as carriers use the most recent data to underwrite risk and add living benefits like long-term care riders to their policies.

2 Planning Considerations for policy review

• Families can multiply or divide:

(Con’t on page 16)
o Birth and Divorce can change the planning needs for families and could require new coverage or a change of beneficiaries.

• Companies can multiply or divide:
o Growth can bring new revenue, employees and partners potentially requiring enhanced benefits, additions to a buy/sell agreement or updates to key person planning. Additionally partners can leave a business creating loan liabilities for buy/out or estate liabilities.

CASE STUDY:
Mr. Smith had purchased a policy when he was 37 years old. The policy had a large premium and the ability to build substantial cash value. Mr. Smith is now 60 years old and entering retirement. He would like to limit his out of pocket expenses while maintaining his life insurance coverage and protect against the costs of Long Term Care.

Mr. Smith decided to look at new coverage and has qualified for Preferred. Non-Tobacco rates.

Product: Universal Life
Coverage Amount: $1,000,000

Long Term Care: $1,000,000 of Guaranteed Long Term Care Benefit with a maximum monthly allowance of $20,000, payable for qualified long term care services including: Home Health Care, Nursing Home Care, Assisted Living Care and Adult Day Care.

Premium: $239,497 of cash value from the existing policy. Zero out-of-pocket expense and no future premium required.

Cash Value: Potential Cash Value In Year 10: $259,466

Policy Duration: Death benefit guaranteed to Mr. Smith’s age 81 and projected to age 105.

Commission to advisor: Appx. $11,000

SUMMARY:
• Maintain death benefit.
• Reduce expenses in retirement – $0 future outlay. $8,200 annual savings.
• Potential Cash accumulation.
• Guaranteed Tax Free Long Term Care benefit

How do I get started?
Partnering with Belman Klein Associates to offer a complete and comprehensive review of current life insurance policies can help avoid unexpected product failure and avoid risks to your customers. For the past 40 years, our firm has provided unbiased analysis of in-force policies and comparisons to the newest and most innovative products on the market.

Please contact us to learn more about our turn-key policy review program for independent agencies. This program includes sales training for producers and service staff, customized collateral branded for your agency, presentation and point-of-sale assistance.

Belman Klein Associates and the IIAMD
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. In 2017 we will continue our Life Insurance Made Easy series in the Maryland Messenger.

For more information contact Scott Zilber at szilber@belmanklein.com or 1-800-729-6007

On September 8, 2017, the President signed legislation passed by both houses of Congress that extends the National Flood Insurance Program’s (NFIP) authorization for three months. It previously had been set to expire September 30, 2017. Congress must now reauthorize the NFIP by no later than December 8, 2017.
The **Underwriting Period**  
*By Chris Boggs*

Every state and the District of Columbia grants insurance carriers an "underwriting period." Insurance carriers are granted broad authority to cancel a newly-written policy during this statutorily-limited period. Note, the underwriting period applies to only newly written policies, not renewals of existing policies.

Insurance carriers are given the opportunity to confirm all underwriting data provided in the application during the underwriting period granted by the state. During this period, the carrier may "pull" underwriting data such as driving records, insurance (credit) scores, loss histories, and they may even inspect the property. All this is done to assure that the risk presented in the application is, in fact, the truth of the risk.

Without an underwriting period, insurance carriers may be "stuck" on a risk they accepted based on a less-than-accurate application (which we all know would never happen). The only way the carrier could cancel in these situations would be subject to the statutory mid-term cancellation allowances, which can be somewhat limited, listing specific reasons a policy can be cancelled.

**Limitations on Cancellations**

Statutes apply one of two "levels" of limitations regarding the reasons a policy can be cancelled during the underwriting period. Policies can be cancelled for:

- Any valid reason; or
- Any valid underwriting reason.

**Any Valid Reason**

There is no limitation on the reason a carrier can cancel. An insurer can cancel for "any" reason provided no other statute is violated (such as an unfair trade practice statute).

**Any Valid Underwriting Reason**

"Any valid underwriting reason" essentially means the underwriter can use any reason that would have kept him or her from writing the risk initially. For example, if the true extent of the loss history is discovered after the effective date and during the underwriting period, and such knowledge up front would have resulted in a different underwriting decision – that is a "valid underwriting reason."

**Length of Underwriting Period**

A 60-day underwriting period is by far the most common. Thirty-eight states allow a 60-day new policy underwriting period. The shortest allowed is 30 days (Washington DC) and the longest is 120 days (South Carolina). Further, several states apply multiple underwriting periods based on the line of business.

Visit www.iiamd.org and go to the Technical page for the VU listing of State underwriting periods.
Don’t hide from your fiduciary responsibility.

Do you sponsor a retirement plan for your agency?

There is a continuous stream of judicial and regulatory developments in the 401(k) plan world with many addressing the definition and duties of a plan fiduciary. Many plan sponsors mistakenly believe that they are not a plan fiduciary or have outsourced that role to another party. In reality, while steps can be taken to mitigate fiduciary risk, no agency owner can eliminate that role entirely.

The Department of Labor expects a plan fiduciary to perform responsibilities that include:

- Acting solely in the interest of plan participants and their beneficiaries with the exclusive purpose of providing benefits to them
- Carrying out their duties prudently
- Following the plan documents
- Diversifying plan investments
- Paying only reasonable plan expenses

The Big “I” MEP 401(k) Plan, available exclusively to Big “I” members, has helped many agencies fulfill their fiduciary obligation by reviewing their plan expenses and educating them on the true cost of their plan. In addition, many were able to reduce their recordkeeping and investment expenses.

Let us compare your plan to our and industry benchmarks! Don’t hide—thrive. Contact us today for a complimentary plan consultation.

www.iiaba.net/Retirement

©2016 Big “I” Retirement Services, LLC (“BIRS”), sponsor of the Big “I” MEP 401(k) Plan. Participating employers may retain limited fiduciary responsibility in connection with a decision to participate in the MEP and other matters. BIRS assumes fiduciary responsibility of sponsorship and administration unless otherwise delegated. Messrow assumes certain fiduciary responsibilities as investment manager for investment selection and other similar functions.
At some point, a customer has probably asked you, “What coverage limits do I need?” In response, you advised a thorough risk analysis and consideration of ultimate payout in the event of a claim, including property value, potential lost income and liability exposure.

But when determining what errors & omissions limits to purchase for your own agency, how often does the “Do as I say, not as I do” mentality reign?

Consider the following examples from the Swiss Re Corporate Solutions claims archives:

**Scenario 1:** An agency writes commercial property insurance for a number of large manufacturers. A client’s warehouse burns to the ground in a fire that destroys the building and all inventory, with losses in excess of $15 million. The carrier denies coverage on the basis that the policy identified the wrong entity as the insured.

The client makes a claim against the agency for the error. The agency carries $2 million per claim/$4 million aggregate E&O coverage – leaving a substantial uninsured exposure.

**Scenario 2:** An agency writes only personal lines insurance for moderate-value homes. The agency is confident that its $1 million per claim/$2 million aggregate E&O policy is sufficient to cover any potential E&O claims. But when a major hurricane strikes the area and affects many of the agency’s customers, more than 60 of them assert that the agency failed to advise the need for flood insurance, with aggregate claims totaling more than $10 million. The agency’s limits may be inadequate to cover all claims.

**Scenario 3:** An agency’s client has $1 million auto liability limits. The client is responsible for an accident that renders the other driver a paraplegic. The injured party sues the client in a dangerous jurisdiction and obtains a verdict of $6.8 million. The client then sues the agency on the basis that the agency should have urged them to purchase higher limits. The agency itself has $3-million E&O limits – insufficient coverage for the asserted damages.

All these scenarios are common causes of E&O claims. Want to avoid getting a letter from your E&O carrier informing you of an uncovered, excess exposure? When selecting E&O coverage limits, ask-and honestly answer-the following questions:

1. Are our current E&O limits equal to or higher than the highest limits written for our customers?
2. Are our aggregate E&O limits sufficient in the event of multiple claims during a policy period, such as because of a catastrophe?
3. Is our agency located in a jurisdiction known for runaway verdicts?
4. Do we have sufficient assets or other protection to sustain a loss in excess of our E&O limits?

At E&O renewal time, don’t just check the box with the lowest (or last year’s) premium. Do a thorough risk analysis for your own business, because spending a few more dollars now could be well worth it later.

Ellen McCarthy is a vice-president and claims expert at Swiss Re Corporate Solutions and teleworks out of the office in Overland Park, Kansas.
HR Questions....Do you have a dress code?

Question: We had a job candidate who we think would be a good fit for one of our open positions, but she was dressed inappropriately for our office during her interview. Can we say anything to her about her attire during the offer process?

Answer: You can, as long as you frame it as a discussion about your company’s appearance and dress policy. As an employer, you can make rules for the standard of dress and grooming you want in your workplace. Should you determine that you would like to make an employment offer to this job candidate, discuss with her the standard you expect to see in your workplace. If you don’t already have a written dress and appearance policy, now is the time to create one. The policy should include examples of what is considered acceptable dress and grooming in your workplace and the consequences for employees who report to work and do not meet your standards.

There are caveats to this discussion: do not create dress or appearance policies that interfere with an employee’s religious beliefs or practices. Be sure your policy includes language stating that you are willing to make an accommodation for religious practices (unless it creates a safety or workplace hazard). Similarly, employees whose clothing represents their country of origin or that stem from a disability may require an accommodation. Consider applicable federal, state, and local laws in developing your policy. Finally, once you have created your policy, be sure to obtain a legal review and apply it evenly to avoid claims of unfair treatment.

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Best Practices Agency for 2017

IIA Maryland Congratulates HMS Insurance Associates on being chosen a ‘Best Practices Agency’ for 2017. Since 1993, IIABA and Reagan Consulting have studied the leading agencies and brokers in the country. HMS, located in Cockeysville, has been a Big ’I’ Maryland member since 1999. We salute HMS for their participation in this year’s Study and congratulate them for their outstanding performance. To order a copy of the study, call 1-800-221-7917 or visit the Best Practices Gateway at www.reaganconsulting.com/research/bestpractices

SwissRe Corporate Solutions-Special Accolades

We’re proud to share some good news about an accolade our Big "I" Professional Liability partner Swiss Re Corporate Solutions has received. National Underwriter’s Risk Manager Choice Awards is a national survey conducted by Flaspöhler, part of NMG Consulting. It recognizes the “top” Property & Casualty carriers named by risk professionals in their efforts to mitigate exposures.

SwissRe Corporate Solutions has scored the HIGHEST on eight overarching critical factors seen as vital to risk managers. SRCS also took top honors in several individual factors including Claims Handling, Financial Value and International Capability.

Thank you to our valued partner Swiss Re Corporate Solutions and to our loyal clients for being part of our 30+ year program, the strongest and most stable in the industry.

Not currently with our program? You can protect your agency and staff with an E&O policy that works as hard as you do! To learn more about the newest policy enhancements or to get a premium indication, contact Carla McGee, your Maryland Administrator at Carla@iiamd.org or 410-766-0600.
A MEP is a retirement plan established by one plan sponsor – in this case, Big “I” Retirement Services LLC (BIRS) – that is then adopted by one or more participating employers. When an employer merges its current single-employer plan into a properly structured MEP, the role of plan sponsor then transfers from the adopting employer to the plan sponsor of the MEP.

The MEP sets up a single plan that covers all adopting employers, with the plan document generally written to allow for variation in plan design among the participating employers. Fund selection and monitoring are handled by the MEP – in our case, outsourced to Mesirow Capital as the ERISA 3(38) fiduciary. Discrimination testing and plan design (with some limitations) generally remain with the participating employer with the administration being handled by MVP Administrators, Inc.

It is important to note that BIRS is the sponsor of the MEP. It should also be noted that BIRS is sponsoring a “closed” MEP which is limited to state associations and member agents. No other employers will be allowed to participate.

Why should I join the MEP and what can it do for me?

The better question is “Why not?” With the continuous stream of class action lawsuits against employers claiming they have breached their fiduciary obligations, it is no longer prudent to believe that simply offering a 401(k) plan to your employees is enough. A breach of fiduciary responsibility can be costly as employees set out to recover excessive fees and investment losses from their employers. While no one entity or person can eliminate a plan sponsor’s fiduciary responsibility, a properly structured plan can help mitigate the risk. Our MEP structure allows us to pool together our collective size to obtain economies of scale and obtain great pricing.

Mitigation of fiduciary risk

The relief offered by MEP participation is extensive but not total. Certain responsibilities generally remain with the adopting employer, and even this reduced role must be taken seriously. While a plan sponsor cannot completely eliminate its fiduciary liability, it can be mitigated by the proper selection and monitoring of an outside 3(38) investment manager which is handled by BIRS.

Streamlining of plan operations

In addition to the audit elimination for large plans, MEP adopting employers no longer file a Form 5500 or maintain a fidelity bond. The annual audit is handled by BIRS with each participating employer being required to answer auditor’s requests. It is important to note that any employer not complying with the requirements will not be allowed to continue to participate and will be removed from the MEP.

Investment considerations

The BIRS MEP has a specific investment approach: To allow plan participants to allocate their account balances among a variety of stock indexes, a bond index and the “Guaranteed Account” or plan participants can choose to select a “Target Date Fund” which provides for a pre-selected allocation appropriate to the individual’s risk and/or time horizon and which is periodically rebalanced to arrive back at the targeted allocation.

Transparency in plan expenses

The retirement plan industry has been constantly evolving for decades. In the 1970s, the traditional defined benefit plan sponsors (IBM, Ford, UPS) learned that they could unbundle the actuarial, plan administration and investments from the traditional “bundled” approach that insurance companies offered and lower their costs and improve their investment returns. A similar evolution has been occurring with 401(k) plans. However, it has been more challenging to provide a similar opportunity for smaller sized organizations due to a lack of scale. Many small plans experience “retail” pricing which pays – or subsidizes – the cost of the services provided to the plan. Because of the bundled approach, and complexity of the components, it has been difficult for plan sponsors and plan participants to understand the expense equation.

Questions?

Contact Christine Munoz, vice president of Big “I” Retirement Services, LLC at 800-848 4401 or christine.munoz@iiaba.net. Or visit www.iiaba.net/retirement.
November 8, 2017
ACSR 4 - Agency Errors & Omissions
Loss Control
Shelley Arnold, CPCU
9:00 AM - 3:30 PM

November 16, 2017
ACSR 2 - Personal Automobile Insurance
Pamela Dodge, CIC, CPIA
9:00 AM - 3:30 PM

November 30, 2017
AAI 83C - Agency Management Tools and Processes
Nancy Nicklow, CPCU, AAI
9:00 AM - 4:30 PM

December 7, 2017
ACSR 5 - Professional Development & Account Management
Nancy Nicklow, CPCU
9:00 AM - 3:30 PM

December 12, 2017
E&O Risk Management: Meeting the Challenges of Change
Stanley Lipshultz, CPCU
9:00 AM - 3:30 PM

Thanks to the Insurance Society of Baltimore for their generous donation of $4,000 to IIAM’s Education Foundation. The donation was announced by ISOB officer, Deborah Wagener. ISOB has been very supportive of our veterans licensing program. Their contribution has been marked to provide training for our veterans and the MCVETS program. For those of you unfamiliar with our program, visit http://iiamd.org/. Here you will find a list of items they need as well as information about this exceptional program. We will be happy to pick up any donations. Just call the office.

Again, many thanks to ISOB for their generosity.

Shelley Arnold, CPCU, President of IIA Maryland, accepted a check for $2500 for the Education Foundation from past Chairman and member of the Roundtable, Terry Katz, CPCU. The check was presented during the 71st Annual F. Addison Fowler Fall Seminar. F. Addison Fowler was the President of IIA Maryland in 1963. He was instrumental in forming the Roundtable in 1946. The Roundtable was conceived to keep the insurance community abreast of changes in the industry and to provide a format that would foster a regular exchange of ideas between insurance agents, carriers and support organizations. Today the Roundtable has 23 members. The Seminar on October 12th was an excellent example of the major groups working together and provided attendees with a broad range of topics and excellent speakers.

IIA Maryland is grateful for the donation, which will be used to assist us in our programs for veterans as well as students wishing to enter the industry.
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