WHY DO INSUREDS NEED D&O INSURANCE?

PAGE 7
Big I Advantage® offers the option to send commissions using electronic funds transfer directly into a designated bank account on a monthly basis. Agencies who do not participate in EFT payment will receive a paper check twice a year, in March and September. Please note, we do not draft your account for return commission as it is handled via a paper invoice mailed to the agency.

**How do you sign up? It’s easy to access from Online Registration!**

If you are your agency’s System Administrator, you should first assemble the information you will need to update your registration. (Only a user with System Admin or Organizational Admin access can update your registration.) Gather your banking information (and Tax ID number if it has changed), and the email address of the person to receive the commission statement.

Go to www.bigimarkets.com and click on “Click Here to Register or Update Registration Online!” located just above the login area. You can use either your user name or, as long as it is unique to you, your email address. Your password is the same either way. A lost password will be emailed to you immediately by clicking on the link below the sign in block for Big “I” Markets (click on “Need your password?”).

To add your agency’s banking information follow the steps below:

1. Verify/Enter the agency information on Step 1.
2. Verify/Enter agency tax ID and banking information on Step 2.
3. Enter whether you are tax exempt or not. If you have received a notification that you are not exempt from withholding, you must check “NO”. If you are unsure, you should confirm with your tax advisor.
4. Click ‘Next’ to save the information. NOTE: You may exit the online registration at Step 3 and your EFT sign up will be complete. However, we encourage you to continue and verify all of the information for your agency, including adding any new users.

We know security of your information is a primary concern. We use secure socket layer (SSL) protocol to secure the information exchanged between the server and browser. SSL encrypts the data before it is sent over the Internet and decrypts at the server side. We are utilizing our standard security protocols to protect your data on our server.

If you have any questions or concerns, or require technical assistance, please contact us at bigimarkets@iiaba.net or 703-647-7800.
| 4. | Chairman's Message |
| 5. | Big 'I' Markets Partners with Coalition |
| 7. | Why Do Insureds Need D&O Insurance? |
| 10. | Ask Pat |
| 14. | Getting to Know the New YAC |
| 15. | Tidbits |
| 19. | Life Corner |
| 22. | Education Corner |

**IIAM OFFICERS 2018-2019**

<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>John Cabrera</td>
<td>Chairman</td>
</tr>
<tr>
<td>Albert E. Lietzau IV, AU</td>
<td>Immediate Past-Chairman</td>
</tr>
<tr>
<td>Angela Ripley, CIC</td>
<td>State National Director</td>
</tr>
<tr>
<td>Rebekah Langford, AAI, ACSR</td>
<td>President</td>
</tr>
<tr>
<td>Gerald Zoller, CPCU</td>
<td>Chairman-Elect</td>
</tr>
<tr>
<td>Jerry Nicklow, AAI</td>
<td>Vice Chairman</td>
</tr>
<tr>
<td>Ivory M. Buck, III</td>
<td>Director-at-Large</td>
</tr>
<tr>
<td>Angela Ferguson</td>
<td>Past Presidents Rep.</td>
</tr>
</tbody>
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**THE MARYLAND MESSENGER**

THE INDEPENDENT INSURANCE AGENTS OF MARYLAND, INC.

Editor: Rebekah Langford, AAI, ACSR, AINS, AIS
Graphic Designer: Maritza Dintino/ColorCraft Printing
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SUMMER TIME

It's the season to travel for most of us. With school being out, it is the time to get away from the regular routine, to spend time to kick back and have fun with friends and family. For us, our tradition is going to Ocean City, MD for the 4th of July week. It is the best time to drive to the beach, enjoy the ocean water, get some sun and unwind.

When my three boys were younger, they always looked forward to spending time with their cousins every summer. As they got older, many of the cousins, including my eldest son, have moved out of the area. The only constant in our family is our yearly tradition to watch the fireworks at the beach. Walking on the boardwalk, enjoying the ocean breeze, with the intensity of the sun beating down on us while eating funnel cake and fries, such familiar smells and tastes of the beginning of our summer vacation. One of the things we find enjoyable is people-watching while at the boardwalk because you can see many different and interesting people. As they pass by, the insurance agent in me wonders how many of them don't have life insurance, or question whether this person or that person is properly insured. How many have experienced filing a home or an auto insurance claim? I read several articles on the internet as well as insurance companies' emails reminding us to have discussions with our clients about insurance risks of summer time such as watercraft, travel, sufficient home insurance for personal property in case of vandalism or break-ins as well as liability exposures. Do they have life insurance?

Educating our clients about insurance, their liability exposure, and being properly insured, in my opinion, is a very important aspect of my job. Having the appropriate insurance coverage can mitigate the risk of devastating financial loss. If I can make a positive impact to this end then I have done my job. Insurance stabilizes our economy and I am proud to be a part of the insurance industry.

Labor Day weekend is just around the corner marking the end of summer—the long weekend to host or attend a gathering while the day is still long and the Sun sets at a later time. If you have young children, it is the last weekend to stay up before school starts. For me, it is the beginning of the end of the hot summer days. I look forward to the cooler days and beautiful warm colors of autumn. Preparing for the rain and snow of the fall and winter season, I start thinking about things I have to do to prepare my home for the wet and colder season, don't you?
Big "I" Markets Partners with Coalition to Offer Cyber Market Access to Big "I" Members

Big "I" Markets, the online market access system available exclusively to Big "I" members, has partnered with Coalition, the leading technology-enabled cyber insurance solution, to give agents access to the cyber and technology errors & omissions insurance markets. Cyber insurance premiums are expected to reach $7.5 billion by 2020, or 1% of all property-casualty insurance premiums and 25% of all errors & omissions premiums, according to PricewaterhouseCoopers. Small to midsize businesses remain the biggest untapped and underserved market for cyber insurance. According to a 2017 Better Business Bureau report, only 15% of small businesses have cyber insurance coverage.

“Cyber risks are becoming more pervasive and devastating, yet most small businesses remain unprotected,” says Paul Buse, president of Big I Advantage®. “We are committed to giving our members the tools they need to help clients understand, combat and mitigate these changing risks. After surveying the market, we strongly believe that Coalition’s holistic approach to insurance and risk management is the most robust cyber insurance solution available.”

Coalition is the first insurance-enabled technology firm built to help businesses before, during and after a cyber incident. During the online quoting process, the insured’s network and web properties undergo an automated risk assessment to identify known issues and potential weaknesses in the insured’s security posture. Once coverage is bound, Coalition provides ongoing monitoring for new and emerging threats specific to the information technology used by the insured, adding an extra layer of defense. All policies include this technology-driven approach—which includes automated alerts, threat intelligence and ongoing policyholder monitoring—along with a dedicated claims and security team should a breach occur.

“Our partnership with Big ‘I’ Markets advances our mission to solve cyber risk,” says Joshua Motta, CEO of Coalition. “All 10,000 Big ‘I’ Markets agencies, and the millions of businesses they serve, now have access to the leading cyber insurance and cybersecurity solution.”

Through the Big "I" Markets platform, any Big "I" member agency can quote and bind insurance online. Big "I" members also have direct access to Coalition’s licensed agents and renowned cybersecurity experts via online chat throughout the sales and underwriting process. Watch our brief Coalition cyber insurance overview video and a demonstration of our streamlined cyber submission process to see how the quoting process works.

In addition to protecting clients with cyber insurance coverage, independent insurance agents are also protecting their own liability. “‘Failure to offer’ continues to be a leading cause of insurance agency E&O claims,” says Jim Hanley, Big “I” director of agency risk management. “Agents need to talk with their commercial clients about cyber liability, and now Big ‘I’ members can use the Big ‘I’ Markets platform to cover mostly anyone. All agents should offer cyber insurance to all business clients.”

With the addition of Coalition to its product lineup, Big "I" Markets now has a complete range of admitted and non-admitted cyber insurance offerings, from automatic-issue, admitted policies for small business to complex risks that require flexible forms and underwriting in the surplus lines arena. This product is currently available to members in AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IN, KS, LA, MD, ME, MI, MN, MO, MS, NC, NE, NH, NJ, NM, NV, OH, OK, OR, PA, SC, SD, TN, UT, VA VT, WA, WV, WI & WY. Contact Aimee Fawns with any questions, or learn more on Big “I” Markets.
### Policy Form Enhancements

*Coverage form improvements are here!*

The needs of independent insurance agencies continue to evolve, and your IIABA/Swiss Re Corporate Solutions Agents E&O program changes to meet those needs. We collaborated with your state and national IIABA representatives to develop the enhancements highlighted below.

If you have questions, or would like to obtain a copy of the exact policy language, please contact your Big "I" Professional Liability Program Manager.

*(Please note that some coverage features may not apply to all policyholders.)*

<table>
<thead>
<tr>
<th>Subpoena</th>
<th>Removed $10,000 cap per policy period. We will pay expenses until a Claim is made against the Insured</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Payments made under this provision are now in addition to the Limit of Liability</td>
</tr>
<tr>
<td>Regulatory Defense</td>
<td>Increased coverage to $100,000 from $60,000 per policy period</td>
</tr>
<tr>
<td></td>
<td>Payments made under this provision are now in addition to the Limit of Liability</td>
</tr>
<tr>
<td>Claim Definition</td>
<td>Removed reference to subpoena</td>
</tr>
<tr>
<td>Loss of Earnings</td>
<td>Amount for reimbursement for loss of earnings or temporary staff for attending depositions or trials increased to 1,500 per insured per day/maximum of $75,000 per policy period from $750 per insured per day/maximum of $30,000 per policy period</td>
</tr>
<tr>
<td>Insolvency Exclusion</td>
<td>Expanded so does not apply if coverage was placed with an insurance carrier admitted in the state or states of domicile of the subject risk and rated A or higher by Demotech</td>
</tr>
</tbody>
</table>

**iiaba.net/EOContact**

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NOTE: The Liberalization Clause in the current policy provides that the broader terms and conditions offered to all Insureds will apply to all policies in force as of the date the new endorsement is approved in your state. No additional premium charge will apply.

This summary is for illustrative purposes only and is not a contract of insurance. It is intended to provide a general overview of the policy enhancements and changes. A specimen copy of the entire policy and endorsements are available upon request. Only the insurance policy can give the actual terms, coverage, conditions and exclusions. Policy availability and coverage are subject to state regulatory approval. All policies are individually underwritten and subject to the underwriting guidelines of Westport Insurance Corporation, Overland Park, Kansas, a member of Swiss Re Corporate Solutions.

The information contained herein is intended for use by the Swiss Re Corporate Solutions' IIABA State Association Insurance Agencies and the reproduction and/or dissemination thereof is strictly prohibited without the express written consent of Swiss Re Corporate Solutions.
Why Do Insureds Need D&O Insurance?

By Bill Wilson

It’s relatively easy to convince a prospect they need CGL coverage. However, it may be difficult to convince them that they may need other forms of liability insurance such as Directors & Officers, Errors & Omissions, Employment Practices Liability, etc. The problem often involves a lack of understanding between the differences in these coverages and the exposures that trigger them.

No doubt, you’ve often been asked by insureds or prospects why they need D&O insurance or any other type of liability insurance other than CGL and auto. In this article, we’ll present some reasons why CGL isn’t enough, briefly describe other types of liability a business may need, and then provide a more extensive focus on D&O, including statistics, several claims examples, and finally some internet resources to further your learning.

Types of Liability Insurance

CGL Insurance

A CGL policy covers an insured’s legal liability for an occurrence that causes “bodily injury” and “property damage,” as defined by the policy. Unfortunately, officers, directors, employees, and others can be sued for wrongful acts, misjudgments, mistakes, errors, and omissions that cause financial harm not meeting the definition of “property damage” and, thus, triggering coverage.

And, even if coverage is triggered, there may be exclusions that remove coverage for acts such as discrimination and sexual harassment. In addition, exclusions for professional liability are often endorsed onto the CGL policy. Therefore, many organizations need separate coverage for certain exposures not covered by the CGL policy.

E&O Insurance

An E&O professional liability policy covers wrongful acts of a “professional” capacity and typically is purchased by “professionals” such as doctors, lawyers, engineers, architects, teachers, insurance agents, and many other persons who perform services in a professional capacity.

Some claims that would otherwise be covered under a D&O policy must be covered under an E&O policy because they involve acts outside the capacity of the insured as a director or officer, involve acts excluded by the D&O policy because of the “professional” skill nature of the service or decision (e.g., sponsorship or administration of group insurance plans), or are committed by someone not defined as an insured under the D&O policy.

EPLI Insurance

Employment Practices Liability Insurance covers those defined as insureds for various types of employment claims, including wrongful termination, discrimination, and sexual harassment.

Fiduciary Liability Insurance

Fiduciary liability coverage covers an insured’s breach of fiduciary duties, often with regard to pension, savings, profit-sharing, employee benefits, and health plans, including ERISA violations.

Why D&O Insurance?

A D&O policy typically covers “wrongful acts” by directors and officers of an entity within their capacity to make decisions regarding the entity’s activities. A “wrongful act” is often defined to be something like, “any error, misstatement, misleading statement, act, omission, neglect, or breach of duty committed, attempted, or allegedly committed or attempted, by an insured person, individually or otherwise, in an insured capacity, or any matter claimed against him or her solely by reason of his

(Con’t on page 8)
or her serving in such insured capacity."

The entity may be a public or private corporation, association or other organization and it may be for-profit or nonprofit. If the D&O policy excludes wrongful acts arising out of the provision of "professional services," a separate E&O or other type of professional liability coverage may be needed, although some D&O policies now package E&O, EPLI, and sometimes fiduciary liability insurance.

Who Can Sue?

Directors and officers can be sued by the entity itself or by other current or former directors and officers, employees, shareholders, investors, lenders, vendors, customers, competitors, various government officials such as state attorney generals, the IRS, and state and federal labor departments, consumer groups, and many other third parties.

Since D&O policies typically include an intentional acts exclusion, the policy should include a severability clause so that coverage is afforded to an innocent insured who did not participate in such acts (think Enron). It is usually a good idea to include the organization as an insured in addition to the directors and officers...this can typically be done by endorsement and often at no additional charge.

Here is an example of the source of most D&O claims:

<table>
<thead>
<tr>
<th>Source: Towers Perrin Tillinghast 2004 D&amp;O Liability Survey</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Types of Actions</strong></td>
</tr>
<tr>
<td>There are generally two types of actions for D&amp;O lawsuits:</td>
</tr>
<tr>
<td>• <strong>Derivative suits</strong> by shareholders or members suing for poor performance, incompetent management, mistakes, bad judgment, etc.</td>
</tr>
<tr>
<td>• <strong>Non-Derivative suits</strong> from all other parties, particularly employees.</td>
</tr>
<tr>
<td><strong>Type of Claims</strong> The following are brief, representative examples of claims typically addressed by the professional liability policies outlined above:</td>
</tr>
<tr>
<td>• Providing inaccurate financial information to a lending institution</td>
</tr>
<tr>
<td>• Providing inaccurate information to a surety bonding company</td>
</tr>
<tr>
<td>• Exercising poor due diligence in a business acquisition</td>
</tr>
<tr>
<td>• Receiving deposits for future services and failing to deliver those services (retirement community)</td>
</tr>
<tr>
<td>• Wrongful termination of an employee</td>
</tr>
<tr>
<td>• Discrimination against a customer</td>
</tr>
<tr>
<td>• Sexual Harassment of an employee</td>
</tr>
<tr>
<td>• ADA violations</td>
</tr>
</tbody>
</table>

**Claims Examples**

The following are actual D&O lawsuits as reported by various sources:

• A mid-sized manufacturing firm hires an employee away from one of its competitors, bringing the person on as an officer. A year later, that new officer’s ex-employer sues the officer and his new firm, alleging that the officer misappropriated trade secrets and violated certain provisions of his or her termination agreement.

• A Midwest domiciled home products company retained an independent research firm to evaluate its new home product. Based on a favorable review by the outside firm, the company raised in excess of $10 million for the production and marketing of the new product. Prior to releasing the product, the company’s internal evaluation team discovered, after extensive testing, that the new product did not work properly. Shareholders have brought suit against the company and the directors and officers for misrepresentation in the offering documents. The plaintiffs assert causes of action for violation of various state securities laws and the Securities and Exchange Act of 1934. Damages alleged in the lawsuit exceed $15 million.

• A shareholder commenced a derivative action against the president of a company which develops and markets chemical compounds, after all its assets were sold. The company entered into an agreement to allow a corporation to test and evaluate its compounds. The corporation subsequently received various patents for the compounds, however, it refused to enter into a licensing agreement with the company. The plaintiff

(Con’t on page 9)
concludes that the company can assert causes of action against the corporation for: breach of contract; breach of fiduciary duty; misappropriation of trade secrets; unfair competition; fraudulent concealment; and intentional misrepresentation. The plaintiff also alleges the company series B shareholders did not approve certain loans. Subsequently, after the company defaulted on the loans, the president decided to execute a foreclosure sale of the company's assets and he advised the shareholders that he is resigning. The plaintiff alleges that the president did not promptly advise the shareholders of the foreclosure sale and he breached his fiduciary duties when failed to have the Company commence litigation against the corporation that was retained to test its compounds. The complaint is comprised of four causes of action, including: (1) negligence, (2) breach of fiduciary duty; (3) concealment; and (4) unfair competition. Total defense costs and settlement exceeded $750,000.

• A technology company received a complaint from an investor who alleges the company improperly induced the plaintiff to issue a note payable to the company. The plaintiff specifically alleges the company made false representations and other false statements regarding the company's forecasted rate of growth and failure to disclose its tax lien. The company defaulted on the promissory note when it failed to make the required principle and interest payments. The plaintiffs issued a demand letter and filed suit against the company. The plaintiff agreed to accept the company's offer to convert the promissory note to stock in the company, but the defense costs exceeded $100,000.

• A class action suit was commenced by various investors who participated in an internet startup company's Private Placement that raised in excess of $5 million to fund capital expenses, to provide working capital and to cover operating losses. An investigation made by and through counsel, primarily from corporate records and public records and documents shows that the Private Placement Memorandum contained an unaudited year end balance sheet and statement of profits and losses which were materially misleading. Total defense costs and settlement exceeded $500,000.

• The federal government sued the CEO, the President and other officers of an East Coast manufacturing company for price fixing. After an extensive trial, the allegations were dismissed due to lack of circumstantial evidence, but the defense costs and fees incurred were in excess $750,000.

• A private software company represents that it can write software for a major corporation according to the corporation's specifications; provide maintenance services for four years; and execute updates and upgrades to the software. The private company misses key delivery dates. The software fails key functionality tests and ultimately crashes and becomes inoperable. The corporation decides to withhold payments until certain milestones are met. The private software company allegedly indicates to the corporation that it needs the payments in order to remain solvent. The plaintiff alleges that the private software company represented that it could produce the software and that it was a financially stable company. The plaintiff alleges the following causes of action; misrepresentation and deceptive trade practices; and breach of covenant of good faith and fair dealing. Total defense costs and settlement exceeded $1,000,000.

• A private company agrees to perform market research for a start-up company in the material management industry. In exchange for their services, the company allegedly agrees to pay the private company $20,000 in cash and 5% of the privately placed issued shares in the company. The company denies that they explicitly or implicitly agreed to pay the private company in stock. The plaintiffs allege several causes of action, including breach of fiduciary duty. Total defense costs and settlement exceeded $800,000.

• A shareholder derivative action is taken against a company for breach of fiduciary duties on behalf of the directors. The plaintiffs contend that the defendants have failed to provide them with certain information, such as shareholder listings, financial data and other corporate records. They also allege that certain directors borrowed money from the company without the Board's approval and subsequently these loans were forgiven. Total defense costs and settlement exceeded $500,000.

• A company enters into an investment agreement with a third party and agrees not to negotiate with other entities regarding financing or a potential acquisition for a two-week period. During the exclusivity period the company engages in negotiations with another investment group. The third party alleges breach of investment agreement and intentional and negligent misrepresentation. Total defense costs and settlement exceeded $350,000.
SEX, PORN, AND SPOOFS: MARYLAND AIMS AT PROTECTING AGAINST HARASSMENT IN THE INFORMATION AGE

News of abusive sexual behavior and scandal involving deplorable actors and film producers such as Harvey Weinstein have been pervasive in recent headlines. These scandals run the gambit, from harassment problems including individuals preying on co-workers to employment waivers preventing employees from disclosing harassment or asserting other rights. There has also been an increase in sexual harassment and extortion concerns raised by the use of technology. Because technology often changes faster than the law, citizens are left vulnerable to technology based abuse and harassment with the ever-increasing ability for people to disseminate private information to the world from their mobile phones without much of a second thought.

The problems of protecting Marylanders from harassment are myriad. For a long time, employers could minimize the consequences for workplace harassment through their employment agreements. In this regard, Maryland employers were permitted to draft employment contracts in which their employees waived certain rights related to action against employers for future sexual harassment, assault, and retaliation against the employee for reporting sexual harassment.

A different and equally challenging harassment problem exists for a Maryland resident who might have agreed to make sexually explicit homemade videos for private use by their partner but did not agree to have the video distributed publicly. For example, let’s say a couple splits up and the ex-partner uploads such a private video for the world to see in retaliation for the breakup. Does the victim have any right to object to that video of themselves being uploaded, despite their initial willingness to record the video? Is there any recourse against the former lover?

Here’s another problem with modern mobile technology. Bad actors are able to communicate using a spoofed telephone number. What if someone in Maryland is conned into providing sensitive images or other information to a bad actor pretending to be someone the victim trusts?

These are just several of the potential problems the Maryland General Assembly has tackled during the 2018 legislative session. Some key changes have been in the form of (i) how employers may permissibly draft their workplace harassment waivers, (ii) how “sextortion” and revenge porn is prosecuted, and (iii) updates to the caller ID spoofing law which prohibit caller ID spoofing when contacting another individual in the State with the intent to defraud, harass, cause harm to, or wrongfully obtain something of value. Each of these laws will go into effect on October 1, 2018.

First, the legislature passed (Chapter 739), which provide that a provision in an employment contract or agreement that waives any substantive or procedural right or remedy to a claim of sexual harassment or retaliation for reporting sexual harassment that accrues in the future is null and void as against public policy of the state. In addition, the bills provide that an employer may not take an adverse action against an employee for the employee’s refusal to enter into an agreement that contains such a void waiver, including failure to hire, discharge, suspension, demotion, or any other retaliatory action that results in a change to the terms or conditions of employment that would dissuade a reasonable employee from making a complaint or bringing an action regarding the harassment or retaliation.

Second, Maryland has said #MeToo and joined 39 other states and D.C. by adopting legislation (Chapter 365) aimed at stopping sextortion and revenge porn. The legislation does this in two ways. The bill prohibits a person from using threats to cause another person to engage in sexual activity or cause another to be the subject in a visual representation/performance with the person’s intimate parts exposed or engaging/simulating an act of sexual activity. The penalty for coercion is a misdemeanor carrying up to 10-years imprisonment and a fine not to exceed $10,000. Additionally, this bill prohibits a person from knowingly distributing a visual representation of another person that displays the other person with his/her intimate parts exposed with intent to harm, harass, intimidate, threaten, or coerce, or under circumstances in which the person knew the other person did not consent to distribution or with reckless disregard as to distribution and the other person had a reasonable expectation the image

(Con’t on page 11)
would remain private. Violation for unauthorized distribution is a misdemeanor punishable by prison for up to 2 years and/or fine up to $5,000.

Third, the legislature passed legislation (Chapter 501), which expands the definition of abuse for individuals seeking protective orders to include “revenge porn.” Revenge porn is defined as intentionally causing serious emotional distress to another by intentionally placing on the Internet a photograph, film, videotape, recording, or any other reproduction of the image of the person that reveals the identity of the other person with his or her intimate parts exposed or while engaged in an act of sexual contact knowing the other person did not consent to the placement of the image and under circumstances in which the other person had a reasonable expectation that the image would be kept private.

Lastly, Caller ID spoofing is the practice of using an application or other technology in connection with a communication service, including a telecommunications, broadband, or Voice over Internet Protocol (VoIP) service, to knowingly cause a caller identification service to transmit false or misleading caller ID information to an individual receiving the call. Under the Truth in Caller ID Act, FCC rules since 2009 have prohibited any person or entity from transmitting misleading or inaccurate caller ID information with the intent to defraud, cause harm, or wrongfully obtain anything of value. With the enactment of new legislation (Chapter 515), Maryland has joined other states and the federal government by prohibiting an individual from caller ID spoofing when contacting another individual in the State with the intent to defraud, harass, cause harm to, or wrongfully obtain something of value from another.

Some of these new laws will clearly have an impact on businesses and how they do business. Other of the new laws will impact how individuals conduct themselves in intimate relationships. All of these laws will create additional avenues of relief for those that are victims of certain types of sexual retaliation and revenge. For a society, this is something that is certainly laudable and no one would condone such inappropriate conduct.

That said, the legislation raises issues for insured, insurers and those that try case. The insurance
Cyber risk, solved.

Coalition is the best way to manage cyber risk. We provide comprehensive insurance coverage, free cyber security tools to protect your clients’ businesses, and expert claims response backed by Swiss Re and Argo Group.

- BI waiting period (as low as 1 hour)
- Systems failure
- Systems integrity
- Bodily injury / property damage
- Pre- and post- claims assistance
- BYOD coverage
- Social media / IoT coverage

Differentiated coverage
- Full limits
- Full prior acts
- Cost of system upgrade
- Reputation repair
- Social engineering

Quote and bind in minutes. All online.

Our commitment to brokers and customers goes beyond superior coverage. Generate quotes, bind policies, and easily manage insurance certificates—all online. We provide up to $10M in coverage for US companies below $250M in revenue.
Coalition Apps

Can your insurance partner do this? Offer your clients a full suite of risk management apps including automated threat & intelligence alerts, security benchmarking, DDoS mitigation, ransomware protection, and more — available at no additional cost.

No one ever wants to file an insurance claim

But when it happens, you’ll be glad it’s with Coalition. We are the only insurance firm that has, in-house, the incident response expertise, proprietary threat intelligence, and technology platform to get your clients back on their feet quickly and without limit erosion.

The capabilities of Coalition. The financial backing of Swiss Re and Argo.

Coalition is the only company that can write Cyber and Technology E&O policies on Swiss Re (A+) and Argo’s (A) A.M. Best rated paper.

To learn more visit www.thecoopilation.com. To quote accounts visit www.bigimarkets.com
Rebecca Egbert

**Employer:** RCM&D, Inc.  
**Title:** Client Representative-Healthcare Division  
**Years in Industry:** 5  
**Email:** regbert@rcmd.com  
**Phone:** 410-339-7263 Ext: 1619

---

**HOW DID YOU GET INTO INSURANCE?**

By chance! I was a filter sales rep for 14 years and the company closed down. RCM&D had an admin job and boom here I am.

**WHAT ASPECT OF YOUR JOB BRINGS YOU THE GREATEST JOY?**

To have an insured truly walk away with a feeling of understanding of the coverages we have placed for them and them knowing they can count on me to take care of their needs quickly and efficiently.

**WHERE DO YOU SEE YOURSELF IN 5 YEARS?**

As a CM/CE here at RCM&D hopefully building on the current Physician and Dental business.

**WHAT ARE THREE TIPS YOU WOULD GIVE TO NEW YOUNG AGENTS?**

1. Take every class offered.  
2. Listen to the old guys! They actually know what they are talking about.  
3. Keep current on events. It’s important to be able to relate to your clients.

---

**Favorite Movie Line?**

You’re killin’ me smalls - The Sandlot

**How do you define success?**

Being good at what you do, enjoying life and having the respect of your family and others.

**What did you want to be when you ‘grew up’?**

A nurse
Brett Lininger appointed as Chair of ABA Government Affairs Practice Committee

NB / Law / June 26, 2018

Brett S. Lininger, Of-Counsel at Nemphos Braue LLC, the Mid-Atlantic region's premier corporate boutique law firm, has recently been appointed Chair of the American Bar Association (ABA) Business Law Section's Government Affairs Practice Committee. Lininger has been a member of the Government Affairs Practice Committee since 2014 and has held the position of Programming Chair since 2015. His three-year term will begin in September.

"It is an honor to have been appointed Chair of the ABA Business Law Section's Government Affairs Practice Committee," said Lininger, who is also a consultant for Old Line Government Affairs, LLC, a subsidiary of Nemphos Braue where he represents clients from various industries, including insurance, energy, healthcare, and information technology companies before the Maryland General Assembly, Executive State Agencies and City and County governments. "I am excited to be taking on this role in an effort to educate ABA members about the value of retaining a government affairs specialist and raise the level of professionalism among government affairs practitioners."

Prior to joining Nemphos Braue, Lininger was a principal and chair of the Business Practice Group at Semmes, Bowen & Semmes in Baltimore. During the Administration of Governor Bob Ehrlich, Lininger served as the Director of Government Relations for the Maryland Insurance Administration under Commissioner Al Redmer. He was also head of his own government affairs consulting firm, and he served on the Transition Team for Governor Larry Hogan.

A graduate of University of Baltimore School of Law and Towson University, Lininger is a member of the University of Baltimore Foundation Board and immediate past chair of the Boys & Girls Club of Metro Baltimore, Inc. He is a member of the Maryland State Bar Association and the Baltimore City Bar Association. Lininger is also a 2017 recipient of The Daily Record’s Leadership in Law Award, and he was named Independent Insurance Agents of Maryland’s Insurance Person of the Year in 2009.

Cincinnati Financial Corporation Declares Regular Quarterly Cash Dividend

CINCINNATI, -PRNewswire/ -- Cincinnati Financial Corporation (Nasdaq: CINF) announced that, at its regular meeting on August 10, 2018, the board of directors declared a 53-cents-per-share regular quarterly cash dividend. The dividend is payable October 15, 2018, to shareholders of record as of September 19, 2018.

Steven J. Johnston, president and chief executive officer, commented: "The payment of this dividend in October will complete our 58th year of increasing annual cash dividends. Positive trends reflecting the success of our business model and demonstrating our ability to execute our strategy combine with the company’s outstanding financial strength to support rewarding shareholders."
**Remind Members About the Change in Commission Payments**

by Ginny Pierson & Annette Mertz

Category: at 9:34 AM in Big I Advantage®

Beginning in FY2019, Big I Advantage® Accounting is changing its commission payment process.

Starting September 2018, agents must receive their Big “I” Markets commission via electronic funds transfer (EFT). Otherwise, they will be paid semi-annually via paper check in March and September. This change makes the payment process more efficient for everyone and is the standard method used by most carriers.

This change affects agents with both active and inactive membership status that write business through Big “I” Markets.

During the past two months, agents have been notified of this change when retrieving their commission statements off Big “I” Markets.

Alert your members by including the revised EFT flyer in your publications, or with our drop-in email text. For a list of your agencies writing business on Big “I” Markets but not registers for EFT, contact Ginny Pierson.

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**Selective Appoints Terry Cavanaugh to Board of Directors**

BRANCHVILLE, N.J., July 17, 2018 /PRNewswire/ -- Selective Insurance Group, Inc. (NASDAQ: SIGI) announced that Terrence W. Cavanaugh has been elected to its Board of Directors, effective July 17, 2018. Mr. Cavanaugh is an independent director.

Mr. Cavanaugh, 65, served as President and Chief Executive Officer of Erie Indemnity Company from July 2008 until his retirement at the end of 2016. Under his leadership, Erie significantly grew property and casualty direct written premium percent and increased policyholder surplus, delivering growth and profitability, while enhancing the company’s relationship with independent agents.

Mr. Cavanaugh began his career with the Chubb Group of Insurance Companies in 1975. Until his departure for Erie in 2008, he held a series of roles with increasing responsibilities, including corporate Chief Marketing Officer and Chief Operating Officer of Chubb Surety & Trade Credit. Mr. Cavanaugh is the founding partner of Accretive Consulting LLC, an executive coaching firm. He also is a board member of Highmark Health, a national health and wellness company with consolidated 2017 revenues of approximately $18.3 billion.

“Terry is a tremendous addition to the Selective board and brings more than 40 years of insurance expertise, which included serving as chief executive officer of a Fortune 500 company. We are delighted Terry is able to join our board at this time, and we look forward to benefitting from his leadership and experience,” said Lead Independent Director J. Brian Thebault.

Chairman and CEO Gregory E. Murphy stated, “Terry has a great strategic view of our industry, is a highly regarded customer experience expert, and shares our focus on talent development. We are confident that Terry will make significant contributions to Selective as we continue to drive disciplined and profitable growth and outperform the industry.”

A resident of Florida, Mr. Cavanaugh graduated from the University of Notre Dame with a Bachelor of Business Administration.

Selective Insurance Group, Inc. is a holding company for ten property and casualty insurance companies rated “A” (Excellent) by A.M. Best. Through independent agents, the insurance companies offer standard and specialty insurance for commercial and personal risks, and flood insurance underwritten by the National Flood Insurance Program. Selective maintains a website at www.Selective.com.
Chesapeake Employers’ Insurance Makes Board Announcements

Franklin (Frank) J. Hajek, CPA
(TOWSON, Md.) — Franklin (Frank) J. Hajek, CPA, Managing Principal of Frank Hajek & Associates, P.A., located in Bel Air, Maryland, was appointed to the Board of Directors of Chesapeake Employers’ Insurance Company, effective June 1, 2018. Mr. Hajek will serve a five-year term.

Paula Sutton Etting
Paula Sutton Etting has been appointed to the Board of Directors of Chesapeake Employers’ Insurance Company, effective June 1, 2018, for a term of five years.

Maria Harris Tildon, Senior Vice President of Public Policy and Community Affairs for CareFirst BlueCross BlueShield, was reappointed to the Board of Directors of Chesapeake Employers’ Insurance Company, effective June 1, 2018. Ms. Tildon will serve a five-year term.

About Chesapeake Employers
Chesapeake Employers’ Insurance Company is Maryland’s largest writer of workers’ compensation insurance. It is a not-for-profit, non-stock, private corporation. Chesapeake Employers has served as a continuous, guaranteed source for fairly priced workers’ compensation insurance since 1914.

Erie Insurance Offers New Coverage for Homeowners Cashing In on the Sharing Economy

Home sharing insurance provides added peace of mind to people who rent out their homes
ERIE, Pa. – An estimated 7.7 million U.S. adults participated in the lodging sharing economy in 2014 and that number is forecast to rise to 19.3 million by 2020, according to market and consumer data provider Statista. Because traditional homeowners insurance may not cover risks posed by home sharing, Erie Insurance has introduced new coverage to protect its customers.

Customers can purchase additional protection that would apply if something were to happen to a renter or their belongings while renting all or part of the home.

“For many people, their home is their most valuable asset. Our job is to help them protect it,” said Bob Buckel, vice president and product manager at Erie Insurance. “We’re constantly evolving our products to meet our customers’ changing needs, and our new home sharing coverage is just the latest example of that.”

Buckel says while some peer-to-peer home sharing sites offer

(Con’t on page 18)
liability coverage for hosts and landlords, other sites may require the homeowner to provide their own coverage. Examples of losses covered include a renter who is injured by slipping on a wet floor or falling down a flight of stairs, or a burst pipe that causes water damage to a renter’s personal property like expensive electronic equipment or camera.

Coverage would be provided up to the liability limit for certain coverages on the homeowners policy, which typically ranges from $100,000 to $1 million. The average cost to add the home sharing coverage is $40 to $60 per year. Because coverage, limits and costs can vary, customers should check with their agent for details.

Erie Insurance now offers home sharing insurance in Illinois, Indiana, Kentucky, Maryland, New York, Ohio, Pennsylvania, Tennessee, West Virginia, Wisconsin and Washington, D.C.

Erie Insurance recommends that anyone considering renting out their home or a portion of their home consult with their insurance agent to ensure they have adequate protection.
What does a “Complete” P&C agency look like? A truly complete agency in the P&C Market offers three core lines of coverage. Let’s define each.....

**DEFINITION - ‘Personal Lines Insurance’**

Property and casualty insurance products for individuals. Personal insurance lines help protect individuals from potential losses they couldn’t afford to cover on their own and makes it possible to do things like drive a car and own a home without risking financial ruin. Personal lines insurance and commercial lines insurance each make up about half of the overall insurance market.(1)

**DEFINITION - ‘Commercial Lines Insurance’**

Property and casualty insurance products for businesses. Commercial Lines Insurance help keep the economy running smoothly by protecting businesses from potential losses they couldn’t afford to cover on their own, which allows businesses to operate when it might otherwise be too risky to do so. Commercial Lines Insurance and personal insurance lines together make up the overall insurance market.(2)

**DEFINITION – “?????”**

What’s the third line of coverage????? Sorry. That’s a trick question, it’s not so much an additional line of coverage as it is rounding out Personal and Commercial Lines accounts by fully protecting the insureds interests. This includes Life Insurance, Disability Insurance and Long-Term care insurance for both individual and business needs. This may not be a true “Third Line of Coverage” but it is a third way of increasing revenue, retention, recruiting and most importantly protecting the client.

**How the Agency Benefits – The Three R’s**

**Retention:**

The more product lines a P&C producer has in place with a client, the better chance they have of retaining that client relationship. This ultimately drives recurring revenue for their core product lines and stabilizes their book of business providing decreased attrition and increase to their books valuation. Each time a P&C producer engages with a client in a conversation about life insurance or succession planning, the producer is opening their client’s mind further to the value the producer adds to their overall plan. In essence, selling life insurance, disability insurance and long-term care insurance becomes the gateway to a deeper relationship between the producer/agency and their client.

**Revenue:**

P&C agencies are accustomed to recurring revenue and renewals associated with their core lines of coverage. The typical life insurance policy does not offer recurring revenue stream but the initial income generated is a larger percentage of that products premium. This is often looked as “Found Revenue” which can be used by the agency to fuel growth and greatly increases the value of their book. An agency that successfully cross-sells these lines of coverage can value accounts more accurately than an agency that leaves these opportunities on the table.

**Recruiting:**

In many instances P&C agencies and producers have a list of prospective clients they would like to work with but have been unsuccessful at overcoming the objections of those prospects and winning their business. It may be a pricing issue or a relationship that client has with their existing producer. When P&C producers offer additional solutions to their clients, they separate themselves from the competition and become trusted advisors. Clients will then refer P&C advisors to their centers of influence and the generations to come.

So why does the P&C agency/producer traditionally steer away from the life insurance conversation with their clients? Is it because life insurance is too complicated? Maybe the
underwriting process takes too much time? Maybe it’s keeping up with products and changes in these markets. These could be considered valid reasons for the lack of life insurance adoption in the P&C agency system. We believe the reason is that those agencies do not have a trusted partner or specialist that can help them add these products to the business plan.

If a P&C producer is interested in offering life, disability and long-term care insurance they owe it to themselves and their agency to plan in the right way. Without having an expert to support them they are likely going to fail the agency and their client and for this reason they will steer away from the conversation all together. They know that their clients want the help and this is where a life specialist or wholesaler who understands their market and agency can add tremendous value. These folks can help them transform their relationship, drive higher retention, add revenue and obtain referrals to new clients.

Over the course of 2018 we will be publishing articles and offering educational opportunities in conjunction with the IIAMD to help agencies plan, implement and succeed in completing their agency.

Stay tuned!

If you have questions or for more information contact Scott Zilber at szilber@belmanklein.com or 1-800-729-6007

Sources:
(1) http://www.investopedia.com/terms/p/personal-insurance-lines.asp
(2) http://www.investopedia.com/terms/c/commercial-insurance-lines.asp

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industry and those that defend those accused of improper behavior will need to determine how to handle such claims of retaliatory behavior. Will there be coverage under a homeowners policy when an intimate picture is shared? Will there be coverage for a claim of revenge porn when the defense is that there was consent or that there was no expectation of privacy? Should insurers writing EPLI policies now demand, as part of their underwriting processes, that insureds provide proof of compliance with the new legislation? As for those that try cases relating to sexual abuse and issues of retaliation, their consideration will have to be given as to jury demographics—will there be a disparity in how jurors of different ages and genders react to such a claims? In the era of #MeToo, will jurors and judges keep an open and unbiased mind when considering cases based on this new type of legislation? Only time will tell.
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