Join our unmatched team of independent agents offering workers’ comp and commercial lines insurance, including:

- Small-Business, Multi-Line Coverage
- 3rd Largest National Workers’ Comp Provider
- A.M. Best Rating of “A” (Excellent) FSC “XIV”

Get started with an application at amtrustnorthamerica.com or call 877.528.7878 for more information.
4. Chairman’s Message

6. Chesapeake Employers Supports DHMH’s Efforts

9. Ask Pat

10. Preparing for Safety

12. Leveraging Snapchat

13. Primary and Noncontributory

15. 79th Annual Installation Dinner

16. Meet Your 2016-2017 Officers & Board of Directors

23. How to Guarantee a Bright Future for your Independent Agency

25. Tidbits

27. Markets

28. MCVET Annual 5K/10K

30. Education Corner

---

IIAM OFFICERS 2016-2017

Don Grauel, CIC  Immediate Past Chair
Rick Raley, AAI  Chairman
Angela Ripley, CIC  State National Director
Albert Lietzau IV, AU  Chairman-Elect
John Cabrera  Vice Chairman
Sandy Chaney, CIC  Director-At-Large
Terry Katz, CPCU  Past President Rep.
Shelley Arnold, CPCU  President

---

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

Editor: Shelley Arnold, CPCU, AU, ARM, AAI
Graphic Designer: Maritza Dintino
Advertising Info: www.iiamd.org

The Maryland Messenger is a bi-monthly publication published for the exclusive use of regular and associate members of the Independent Insurance Agents of Maryland. Publication of any article, letter to the editor or advertisement in the Maryland Messenger should not be deemed an endorsement by IIAM of the opinions expressed or product advertised. Questions and comments should be directed to the editor, Shelley Arnold.

Editorial Office, IIAM, 2408 Peppermill Drive, Suite A, Glen Burnie, MD 21061
phone 410.766.0600 • fax 410.766.0993
e-mail shelley@iiamd.org • www.iiamd.org
chairman’s message

…but wait, there’s more!

I will close out the last of my series of chair messages pretty much where I started almost a year ago. If you are not involved in your association, your staff, your clients (and your bank account) are missing out!

For the last fifteen years or so, I brushed off Shelley Arnold's not-so-subtle requests to participate in the leadership of the IIAM. I responded to her like you probably would if I called you today, “I don't have the time and my agency doesn't have the resources,” Call me next year.” Luckily for me, Shelley remembered (she NEVER forgets!) and from that day forward I was given the keys to the kingdom. Exaggeration you say? I will guarantee you that anyone who contributes on any level in the IIAM will gain much more than they give, starting on day one. The resources that go unnoticed by much of the membership, from relationships to tools on both the national and local level are vast. You simply can’t see everything that is available to you by reading the newsletter and bulletins.

I also honestly believe that the continued viability of the IA system for both large and small shops alike rests in large part to the “Big I” and the state IA association partners. As someone who was raised on the education programs “of that other association,” I have seen both sides. Of the two, only one has any weight in Washington, DC (you need only look at the fact that their PAC is less than 10% the size of ours). On a local level, your IIAM staff and lobbyist have long-term relationships with regulators and legislators that affect your business on a daily basis. There is truly very little comparison.

The last few years have illustrated to me that where the other association tends to focus on the individual within a shop, the “Big I” and IIAM takes the broader view, understanding that success in the future requires much more than just educating the individual. The institution of the agency system needs to grow and adapt to be relevant in the future.

If I have not convinced you to either pick up the phone and call the office or bring up the topic at your next agency meeting to get your staff involved, maybe I can convince you to call me. Let me buy you a cup of coffee and give you some specific details.

Continued success!

Rick Raley, AAI
L.E. Goldsborough & Son, Inc.
405 E. Joppa Road, Suite 301
Towson, MD 21286
Telephone: 410-377-2111
Fax: 410-377-0003
Email: don@goldsborough.com

A Message from the new Chairman, Rick Raley, AAI

I would like to thank the members of the Independent Insurance Agents Maryland for selecting me as their Chairman for the year starting June 2016-2017.

At the annual Installation dinner held at the Lighthouse Restaurant and Dockbar on Solomon's Island, over fifty Independent Agents and their spouses and quests celebrated the Independent Agency System and how we serve and help our clients. In the coming year I will adhere to the Associations mission: “To insure the success of the independent insurance producers and agency staff throughout Maryland by focusing on providing access to products for both the agent and their clients, advocacy, timely industry information and superior education programs.” The Big ‘I’ staff have been instrumental in living our mission statement and I look forward to working with them. Thanks for your memberships and participation in the Big ‘I’ and don’t hesitate to give me or the staff a call.

Rick Raley, AAI
MARKETING PERSONAL UMBRELLAS IS QUICK AND EASY WITH CUSTOMIZABLE FLYERS

Grow your personal umbrella book and increase client retention with effortless marketing!

Marketing personal umbrellas couldn’t be easier, using RLI’s free online marketing tools. Customize flyers and buck slips with your agency contact information and use as needed in mailings, emails, or at your agency.

HOW TO CUSTOMIZE THIS FLYER

1. Visit www.iiaa.net/RLI and click “Free marketing tools from RLI.”

2. Find the material you like best, and click “Customize and Print Now.”

3. Click the customizable box to enter whatever information you like.

4. Save to your computer, and print or email whenever you like!

Visit www.iiaa.net/RLI to start quoting those new personal umbrellas today:

- $1M - $5M in additional insurance ($1M in NM)
- Consistent rates and underwriting
- Stand-alone coverage available in all 50 states and DC
- Excess UM/UIM available nationwide
- New drivers accepted—no age limit on drivers
- Up to 6 violations and 3 at-faults per household
- Up to 10 autos and 10 properties per household
- DUI/DWI accepted (1 per household)
- Backed by a financially secure, A+ rated company, endorsed by IIAA
Chesapeake Employers Supports DHMH’s Efforts to Combat Opioid Overdose Abuse in Maryland with $750,000 Gift

(TOWSON, MD) — In a show of unity, a workers’ compensation insurance company and a Maryland State Agency are joining forces to combat a drug problem that is plaguing every corner of the state: Opioid addiction and overdose. Chesapeake Employers’ Insurance Company is giving the Maryland Department of Health and Mental Hygiene $750,000 over the span of three years to strengthen DHMH’s efforts to combat opioid overdose and abuse in Maryland.

“Chesapeake Employers wishes to support DHMH in its opioid abuse prevention efforts by providing a monetary gift to the department for its use in bolstering the state’s Prescription Drug Monitoring Program (PDMP) and other efforts designed to stop the opioid epidemic in Maryland,” said Tom Phelan, President and CEO of Chesapeake Employers’ Insurance Company.

“Many injured workers get prescribed opioid pain killers to deal with the immense suffering that occurs from serious injuries. The problem occurs when some of the injured workers get addicted to these drugs. Opioid addiction prevents workers from returning to gainful employment, adversely affects families and home finances, and potentially harms children who find and use prescribed opioid painkillers meant for someone else. Furthermore, opioid addiction can lead to heroin use. This is a serious problem that negatively impacts all the citizens in Maryland.”

According to the formal agreement, Chesapeake Employers will provide the money as a gift in three installments of $250,000 for fiscal years 2016, 2017 and 2018.

Prescription Drug Monitoring Programs

Prescription Drug Monitoring Programs (PDMPs) are state-run electronic databases used to collect information on the prescribing and dispensing of controlled prescription drugs to patients. As described by the U.S. Centers for Disease Control and Prevention (CDC), PDMPs are designed to allow healthcare practitioners and other users to access information to assist in identifying suspected abuse or channeling drugs into illegal use, and can give a prescriber or pharmacist critical information regarding a patient’s controlled substance prescription history. This information can help prescribers and pharmacists identify high-risk patients who would benefit from early interventions or changes to their medical care.

“PDMPs continue to be among the most promising state-level interventions to improve painkiller prescribing, inform clinical practice, and protect patients at risk,” according to the CDC.

“This donation to the State is representative of a cross-sector partnership geared toward strengthening the response to the heroin/opioid epidemic, which

(Con’t on page 7)
is affecting every segment of Maryland,” said Health and Mental Hygiene Secretary Van T. Mitchell. “We encourage anyone in need of help to call our crisis hotline at 1-800-422-0009."

Opioid Abuse Facts

National scope: Every year more than 16,500 people die from prescription opioid-related drug overdose, more than from heroin and cocaine combined. The more than fourfold increase in opioid overdose deaths parallels the fourfold increase in sales of these drugs over the past decade, according to the CDC. The CDC’s finding also concluded that 45 percent of people who used heroin were also addicted to prescription opioid painkillers.

Maryland scope: The narcotic pain relievers oxycodone, hydrocodone, tramadol, Oxycontin, and Morphine Sulfate are among the most frequently prescribed medications for chronic pain among injured workers today, according to Chesapeake Employers’ claims statistics. Nowhere is this problem of narcotics overuse more evident than in the field of workers’ compensation.

According to statistics published by DHMH in May 2015, 887 or 85.7 percent of all intoxication deaths that occurred in Maryland in 2014 were opioid-related. Opioid-related deaths included those related to heroin, prescription opioids, and nonpharmaceutical fentanyl. The number of opioid-related deaths increased by 22 percent between 2013 and 2014, and by 76 percent between 2010 and 2014.

About Chesapeake Employers’ Insurance Company

Chesapeake Employers’ Insurance Company is Maryland’s largest writer of workers’ compensation insurance. It is a nonprofit, non-stock, private corporation. Formerly known as IWIF, Chesapeake Employers has served as a continuous, guaranteed source for fairly priced workers’ compensation insurance since 1914.
Upgrade your flood experience with three little moves.

Point. Point to www.iiaba.net/Flood.

Click. Click the “sign-up” tab.

Roll. Roll your current WYO flood book.

“Our agency was approached by our Selective territory manager, Gregg Porter, to roll a portion of our flood business from another carrier to Selective. We were pleasantly surprised at how easy and seamless the whole process was. Gregg came into our office and basically did all the work for us. We had a high success rate and couldn’t be happier with Selective. Their customer service representatives and underwriters are very knowledgeable, friendly and always helpful. We are very satisfied with the whole experience and with Selective!” – IIABLI Member

Selective makes the transfer process easy and profitable for IIABA members. Selective does not use any third party administrators for our processing, which allows us to tailor a transfer plan that works for both you and your customers. Our team will work directly with your agency to collect the required underwriting documents. Then our rollover underwriting team will handle the processing, including sending out a letter to your customers letting them know of the change. We also provide you with a real-time rollover tracking report to help monitor the status of the transfer.

Selective offers competitive commissions and transfer incentives for rollover business.

Selective began writing flood insurance in 1984 and has been the IIABA endorsed flood carrier since 2001. Point, click, roll and join us today!

To discuss transfer opportunities, or to place new flood business with Selective, contact:

Annette Winston
Flood Territory Manager
Cell: (804) 690-4129
E-mail: annette.winston@selective.com

Selective
Response is everything.
THAT DARN DRAWER

Everyone has that drawer—the drawer where you shove odds and ends because you don’t know quite where they fit. Mine is in my kitchen. While I have nice and neat drawers for silverware and cookware, I have that one drawer where I just throw things in. I have the best intention of one day organizing that drawer and putting all the orphaned keys, broken scissors, odd holiday cards and what nots away some day.

That day may never come for my kitchen drawer, but it has come for the list of items that I have been carrying around for my column. These are my odds and ends that I thought were of interest but I had no neat and tidy place to put them.

Item 1—I recently went to a national conference on flood insurance. Although half the conference was made up of vendors looking for clients, a good number of the people there were from private companies and syndicates that are looking to get into and/or expand into the private flood insurance field. Some companies are selling policies that wrap around base policies issued by the National Flood Insurance Program. Others (especially those syndicates from London) are looking to bring purely private flood insurance policies to the states. While these Brits could not say the word ‘aluminum’ in any understandable way (just ask an Englishman to tell you about that metal), they were here on a mission to sell. This opening market may present selling opportunities to some and potentially errors and omission issues to the unwary who do not discuss these potential products with customers who are concerned about flood coverage.

Item 2—Recently courts are struggling with the issue of whether strippers and Uber drivers have something in common. For those of you who do not have your mind in the gutter, businesses and courts are struggling with the issue of the line between employees and independent contractors. One business tried to argue that strippers were independent contractors, presumably because they rented their poles. The court rejected that argument. There are a number of courts now considering whether Uber drivers are employees. Not only do these cases raise insurance coverage issues (remember that employees are often extended liability coverage while independent contractors are not), but also serious wage hour issues (such as overtime and benefits).

Item 3—Speaking of Uber-like things, I have been pondering whether to rent a house this vacation using AirBnB or similar services. Such rentals present interesting insurance questions. Maryland has a law that sets forth the insurance responsibilities between the rideshare company and the driver. There is no similar program for these new age rentals. As you know, many homeowner policies contain exclusions for business pursuits. I wonder and worry whether good people are going to be caught without needed insurance because some idiot renter damaged their home or was injured during the rental period. In addition, there are issues as to the extent that public accommodations and disability laws apply to the sharing economy. I predict that there will be an insurance mess until laws are passed about who needs to insure what.

Item 4—Fraud issues are on the mind of the Maryland Insurance Administration. The Administration has (by the time you read this) had a meeting with stakeholders on the issue of fraud, including staged accidents and premium evasion. The MIA has also issued a number of orders whereby individuals who submitted fraudulent or exaggerated claims were required to pay restitution and fines. My kudos to the MIA and a warning to all those who might be tempted to misrepresent something during the claims process. People are watching!

Item 5—Adjuster liability is being litigated across the country. The majority of states do not impose a duty of care on individual adjusters. But some states by either statute or case law are allowing adjusters to be sued. There is no doubt that the plaintiffs’ bar will continue to attempt to push this issue in Maryland so as to obtain coverage for hammering out settlements for their clients.

Item 6—I have been seeing a number of cases where lawyers were disbarred for not being truthful in responding to grievance complaints. In some ways, these lawyers got into deep trouble for the cover-up and not the initial act. This reminded me that the Maryland Insurance Administration takes a similar view of producers who do not give full, complete and truthful information in response to an administrative complaint. Too often, I get calls from producers who are in trouble for not being candid. While I oftentimes try to help, sometimes it is simply too late when they call. So be truthful and call early! While these six items are now out of my drawer, it still looks full. I guess I will have to do some more cleaning another day.
Preparing for Safety: Practice is Vital in Helping to Prevent Loss Due to Workplace Violence

By Jay Hart, Director of Force Training Institute

As the national conversation regarding violence in the workplace suggests a heightened awareness stemming from increased media coverage, recent studies suggest there may be statistical evidence supporting this perceived frequency. According to the U.S. Bureau of Labor Statistics, about five percent of all businesses experience an instance of workplace violence each year. For larger organizations with over 1,000 employees, this rate is increased tenfold to 50 percent. A 2014 report from the FBI found active shooter incidents in the U.S. now occur on an average of once a month. Of these incidents, almost (45.6 percent) occurred at a business while nearly a quarter (24.4 percent) occurred at Pre-K to 12 schools and institutions of higher learning.

Although active threats and the environments where they take place can vary from incident to incident, the common threads found throughout can be woven together to create the fabric of an effective and successful safety program. Developing a plan of how to respond to an active threat, however, is not enough. Just as employees cannot master new skills relating to their job role without practice, they cannot be expected to perform flawlessly during an emergency unless they have experience dealing with these particular types of stressful situations.

Mindset to Clear the First Hurdle

More often than not, active threat training is the elephant in the room. Everyone has seen or heard of incidents, but are reluctant to take the steps toward mitigation. The reasons may vary from believing it’ll make employees more fearful than empowered to worrying the training might not be “right” for the team. However, looking the other way is not a solution to any problem, much less one with harmful consequences. The aforementioned statistics illustrate an increasing probability of an active threat incident, making it less an if and more a when. Unfortunately, violence doesn’t discriminate on where it can take place, so the entire enterprise – be it headquarters, warehouse, or storefront – should be involved in preventative measures. Breaking through the barrier of apprehension begins with a holistic approach: one team, one goal. Leadership should evaluate the type of training fitting for their organization’s culture, articulate the vital importance of such training to employees, and clearly explain how the training will be implemented.

Additionally, engaging in regularly scheduled workplace safety drills can at first seem intimidating. Members of the organization may consider the suggestion a type of fear mongering. But, the reality is practice makes perfect and in an active threat environment it can save lives. Armed with this knowledge, leaders can lay out a response plan and develop methods for calmly introducing the need to rehearse said plan to employees, just like fire drills, severe weather drills and other emergency procedures.

Flexible Response Plans Can Adapt

Violence is seldom a cookie cutter affair and as such a “one size fits all” response is likely an ineffective solution. Conversely, having too many threat-specific responses can be confusing, if not outright dangerous. While different threats do warrant varying responses, a series of “stovepipe” procedures can cripple a person with tunnel vision during a high stress scenario.

All active threat response plans should be built upon the same principles so even if the minute details are lost in the heat of the moment, team members can still make informed decisions to ensure the safety of themselves and others. Streamlining processes encourages a quick implementation and retention of information. Knowledge increases confidence, confidence increases decisiveness, and it is decisive action in a critical incident that saves lives.

With that said, practicing applying flexible response plans to a variety of threat situations is encouraged. Familiarizing employees with protocols for various weapon threats, single and multiple person attacks, bomb threats

(Con’t on page 11)
and other possibilities empower them to be able to push down panic and stick to the plan in the heat of the moment.

**Clear Communication Plans**

A cohesive “one-team” mindset supported by a response plan based on fundamentals and foresight cannot take place without clear communication before, during, and after a critical incident. The language plays a critical role in an active threat response program and can dictate the program’s success or failure. Such language should be consistent with current policies and procedures so the program is both effective and legally defensible.

Each company will need to tailor its active threat response plan to fit its culture and workplace environment. Thankfully, a simple concept utilized by premier agencies already exists so organizations may build a clear and coherent plan based on: “Run, Hide, Defend.”

During drills, company leaders should notice incidences when employees are not utilizing proper language. If instances like this occur, additional training meetings should be scheduled to remind all employees of the importance of being able to communicate clearly and efficiently during a threat situation. Clearing any confusion before an incident occurs is essential to successful plan execution.

**Rehearse All Roles**

Communication during a critical incident is by no means limited to employees, but extends to customer interaction as well. How a company communicates around and with customers during an active threat incident can play a vital role in minimizing harm and mitigating supplemental harm as a result of panic.

Every active threat mitigation plan should include an emergency communication strategy which may contain one or two common components: First is the use of a code like “Code Adam” alerting employees to a specific issue while customers and vendors remain unaware of any possible issues. The second option is to use “plain English” so that everyone quickly gains situational awareness. For example, instead of using “Code Red” for an active shooter incident, the alert would announce there is an active shooter situation in progress so employees, customers, and vendors can take decisive actions to seek safety.

Whatever method of communication is determined best for an organization, during drills some employees should be designated as customers, vendors and any other third parties that may be present at a business during a threat. In addition to rehearsing how employees should interact, leaders should also analyze if employees know how to safely communicate the active threat plan to people who have not received company training. Every active threat situation will unfold differently, especially since external factors such as the weather, type of environment, and other variables can present unpredictable outcomes. By being proactive over what can be controlled, such as implementing sound training strategies, companies can be prepared for and respond to an active threat to the best of its ability. Through the empowerment of its most valuable assets – its people – companies can mitigate risks, protect the safety of its employees, customers, and community.

---

**Force Training Institute (FTI)** is a Los Angeles-based consulting firm specializing in critical incident response and active shooter mitigation training. Founded and operated by former and current military and law enforcement officials, FTI has quickly earned its name as a trusted source for emergency preparedness through services rendered to industry leaders such as Rite Aid, Ford, REI, Gap, and Boeing.

---

**ourcongratssto:**

**Bill Wilson**, the recipient of the 2016 Jeff Yates Lifetime Achievement Award, which was awarded at the Legislative Conference in April. The award recognizes those beyond the agent community who contribute to the vitality and strength of the independent agency system. Bill Wilson, director of the Virtual University, has spent 43 years educating agents across the country on insurance coverage and technical issues, including the VU as well as the ‘Ask an Expert’ service. Bill has published hundreds of articles, white papers, etc. He conducts seminars across the country and has on many occasions spoke in Maryland, most recently at the Maryland ‘I’ Day in May.

Bill has been a constant friend of the Big ‘I’ Maryland and we congratulate him on this most deserved award.

Congrats and thanks to two local agents, **Jon Papas** of Potomac Insurance Network in Baltimore and **Bob Kretzmer** of V.W. Brown Insurance Services in Bethesda. Both agents served on the Rough Notes Advisory Board and attended the recent meetings. Both were pictured in the last issue of Rough Notes.
How Your Agency Can Leverage Snapchat as a Marketing Tool

By Corbin Jackson

“How Your Agency Can Leverage Snapchat as a Marketing Tool” (http://www.iamagazine.com/strategies/read/2016/05/03/how-your-agency-can-leverage-snapchat-as-a-marketing-tool) originally appeared on IAmagazine.com and is reprinted here with permission.

Facebook, Twitter, LinkedIn—even if your agency doesn’t have a presence on these social media platforms, you probably use them in your personal life. But what about newer social media apps like Snapchat? If that name sounds foreign, you and your business could be missing out on a valuable marketing tool—and a crucial demographic.

Snapchat is a video and picture messaging mobile application which allows users to send a video or picture to their followers for a maximum of 10 seconds. As an app, it’s still considered relatively young and currently in growth mode. Businessinsider.com estimates that 45% of Snapchat’s nearly 200 million users are under the age of 25. The app now boasts approximately 7 billion video views each day—a number that rivals Facebook, according to fortune.com.

Impressive statistics. But isn’t this app just for teenagers? Valid point—but that’s exactly why now is the perfect time for your agency to start using Snapchat.

As a social app gains popularity and matures, the demographic of its users also tends to age. When Facebook first launched, the majority of users were high school and university students; now, parents and grandparents have started utilizing the platform. Early positioning with Snapchat will give your agency access to maximum attention and ROI at the apex of the app’s maturity.

The name of the game in social media is to capture the attention of your desired demographic by providing valuable content, then monetize that attention in the form of sales. Most social platforms have a “feed” that allows users to scroll while viewing posts of the other users they follow. This scrolling process tends to be very quick, resulting in very short attention cycles for posts. Consequently, your creative agency post may not receive the attention it deserves.

Snapchat is unique compared to the attention graph of other social platforms. As followers open your “snap,” their full attention is on your message only. This makes a big difference in a noisy world where everyone demands your attention.

So how can your agency effectively leverage Snapchat? Here are three simple steps to get you started:

**Step 1: download.** Open the application store on your mobile device and download Snapchat—it’s free. Once you download the app, it will prompt you to create an account. Take some time to navigate around the app to get a feel for it.

**Step 2: create content.** Now that you’re comfortable navigating the app, it’s time to think about what you want to snap. You have two options when posting videos or pictures: Post on your “snap story,” or send a snap to an individual follower. Posting to your story means all your followers can click on that snap and view it as many times as they want over a 24-hour period. By contrast, sending a snap to a follower only allows that one individual to view it one time.

As with all social media platforms, valuable content is king. I recommend posting three videos and two pictures to your snap story per day. This could include providing insurance tips or agency announcements to your followers. The important thing is to remain creative and authentic.

**Step 3: gain followers.** Snapchat is unique and currently doesn’t have natural discovery search for other users. In order to add someone, you must search Snapchat for their specific username, not their company or traditional name. That means you have to be creative in how you use other communication channels. Here are some proven methods to gaining followers:

- Use other social platforms to announce your new Snapchat username. It’s important to leverage the audience you might already have.
- Add your Snapchat username to your email signature.

For more valuable social media insight, follow my Snapchat story (https://www.snapchat.com/add/corbintjackson). Happy snapping!

Corbin T. Jackson is founder & CEO of Corefira Group in Oklahoma City and founding chair of the Young Risk Professionals of Oklahoma, a group of young professionals in risk management and insurance focused on networking, mentoring and education efforts.
The “Primary and Noncontributory” Myth

By Bill Wilson

Your customer has entered into a construction contract that requires, among many other things, for you to show on a certificate of insurance that additional insured coverage is provided on a primary and noncontributory basis. This article explains why it is typically impossible for you to do this.

Your customer has signed a construction contract that requires the following to be added in the Description of Operations field on the ACORD 25 certificate of insurance you’re expected to issue yesterday so that your customer can get access to the job site (or get paid for work already completed):

“ABC General Contractor, Inc., XYZ Architectural Firm, Inc., and PQRST Engineers, Inc. and their respective customers, directors, officers, employees, agents, subsidiaries, divisions, affiliates, and successors are named as Additional Insureds on a primary and non-contributory basis with respect to liability for bodily injury, property damage or personal and advertising injury caused in whole or in part by the acts or omissions of either you or the additional insureds to the extent required by the written contract.”

Aside from the name changes to protect the ridiculous, this statement was actually added to an issued certificate by an agency. This is not unusual...we see this kind of thing on a weekly, if not daily, basis.

There are MANY problems with this statement, but this article focuses on just one of them...the “primary and noncontributory” comment. The following commentary outlines why this phrase should NEVER be placed on a certificate.

First, this is what the ACORD Forms Instruction Guide (FIG) says should go in the Description field:

“As used here, records information necessary to identify the operations, locations and vehicles for which the certificate was issued.”

What does “primary and noncontributory” have to do with the operations, locations and vehicles of the insured? Answer: Nothing. So this statement is not appropriate for this field in the certificate. The ACORD FIG has historically said that the certificate should not be used in the following situations:

- To quote wording from a contract
- To quote any wording which amends a policy unless the policy itself has been amended

The “primary and noncontributory” wording is requested to be shown on the certificate because the contract requires it to be done that way. ACORD makes it clear that proper use of the certificate does not include quoting contract wording. Also, unless coverage is actually provided by the policies on a “primary and noncontributory” basis, the certificate shouldn’t say so. For example, the “primary and noncontributory” statement on the certificate does not reference any specific policy. The certificate included information on the CGL, BAP, and workers compensation policies. We know, or should know, that auto coverage cannot be provided on a “primary and contributory” basis under ISO forms.

Commercial auto primacy is governed largely by ownership and ISO’s symboling system, along with various and diverse state laws. Saying that auto coverage is “primary and contributory” on a certificate quite likely does not accurately reflect the policy. As such, the certificate, on that one point, could be patently illegal in some states and in all states could be subject to allegations that it is a misrepresentation or a fraudulent insurance document, something that carries severe penalties in all states.

Keep in mind that insurance policies govern primacy of coverage, not certificates or construction contracts, and any attempt by a certificate to purport to provide a policy right not actually afforded by the policy could be presumed to be an attempt to amend, extend or alter the policy. A majority of states now expressly prohibit this.

If the certificate implies that it extends such a policy right, then it is in effect purporting to be a policy form which, I suspect, is illegal in all states whether they’ve opined on specific certificate issues or not. Either a policy grants “primary and noncontributory” coverage or it doesn’t, and the certificate should only reflect what the policy does provide.

With that said, let’s focus on the CGL coverage for which that statement “primary and noncontributory” is usually directed at. The ISO CGL policy governs primacy under the Other Insurance clause:

4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages A or B of this Coverage Part, our obligations are limited as follows:

(Con’t on page 14)
a. Primary Insurance
This insurance is primary except when b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described below.

b. Excess Insurance
This insurance is excess over:

(2) Any other primary insurance available to you covering liability for damages arising out of the premises or operations for which you have been added as an additional insured by attachment of an endorsement.

As we can see, condition 4.b.(2) says that the CGL policy is excess over any other primary insurance under which the named insured has been added as an additional insured by attachment of an endorsement. It sounds like this solves our problem, but it doesn’t. Why? First, keep in mind WHOSE policy we’re looking at. It’s the ADDITIONAL INSURED’s policy (assuming they have an ISO or equivalent form) that governs whether AI coverage is primary or excess, NOT your insured’s CGL policy. NONE of ISO’s 30 or so additional insured endorsements mention the phrase “primary and noncontributory.” ISO relies on the Other Insurance clause in the CGL to control primacy which, as we’ve just seen, lies within the AI’s policy, not your insured’s policy.

So, that being the case, how can YOU, the agent, say that your insured’s policy is extending additional insured status to the upstream party when it’s THEIR policy that controls primacy? The fact of the matter is that, when you’re using ISO forms, you can’t. At best, you’re guessing that the AI coverage you’re providing is primary. The only way to know with absolute certainty is by reviewing BOTH general liability policies. Do you do that before placing the “primary and noncontributory” wording on a certificate? Unlikely.

To make matters worse, you can’t even be certain that what appears to be the unambiguous intent of the policies really is. In the case of Travelers Lloyds Ins. Co. v. Pacific Employers Ins. Co., (http://caselaw.findlaw.com/us-5th-circuit/1520816.html) No. 07-20157 (5th Cir. April, 2010), a tenant insured by Pacific agreed to provide “primary and noncontributory” CGL coverage for the landlord insured by Travelers. Following a customer injury, Pacific refused to provide coverage on a primary basis. The landlord’s “almost ISO” policy said it provided excess coverage over any other “valid and collectible insurance available to you if you are added as an additional insured under any other policy.”

However, the tenant’s policy said it was excess over other insurance “unless that insurance is written specifically to apply in excess of the Limits shown in the Declarations.” The court opined that this statement sounded like it was referring “specifically” to an umbrella or excess policy, not another CGL policy. So, there could possibly be no coverage or, at best, pro rata coverage. This demonstrates how important the very specific and unique wording of policies may be interpreted, making it difficult and highly inadvisable that broad wording like “primary and noncontributory” be used on a certificate of insurance, compliance checklist, warranty statement, or agent affidavit. If a loss occurs that is uncovered or otherwise denied by the downstream party’s insurer, you can bet that the agent will be on the receiving end of the lawsuit.

Again, keep in mind that none of the ISO AI endorsements address “primary and noncontributory.” However, a number of proprietary carrier AI endorsements do say they are primary or even “primary and noncontributory.” But, once again, you don’t know what the upstream party’s CGL policy says, so you can’t predict exactly how even this specific language might fit with the language in their CGL policy. Also, exactly what does “noncontributory” mean? I’ve never seen it defined in a contract. I’ve seen it defined a couple of times in a proprietary insurer AI endorsement, but that seems rare. If we don’t know with certainty what this term means, how can we say coverage is “noncontributory” without a meeting of the minds on the meaning of the term.

Here’s another issue...notice that, under the Other Insurance clause, the upstream party’s CGL policy is excess over the downstream party’s CGL policy only if “you have been added as an additional insured by attachment of an endorsement.” Some carriers are now extending AI status on a blanket basis within their proprietary CGL policy, not by the attachment of an endorsement. For example, consider this excerpt from one insurer’s liability policy:

**Additional Insureds When Required By Written Contract or Agreement**
The person(s) or organization(s) described below are additional insureds when you have agreed, in a written contract or agreement, that such person or organization be added as an additional insured on your policy.

Because AI status is provided within the downstream party’s CGL policy and not by endorsement, a literal reading of the AI’s CGL policy now implies that it is NOT excess coverage, which means that it is either primary or provided on a pro rata basis. This may seem like a
IIAM Installs 2016-2017 Officers at the 79th Annual Installation Dinner

Solomons, MD., June 10, 2016-The Independent Insurance Agents of Maryland installed their 2016-2017 Officers at their 79th Annual Installation on June 10th at the Lighthouse Restaurant on Solomons Island.

The 2016-2017 Officers installed were the Immediate Past Chair-Don Grauel, CIC (L.E. Goldsborough & Son, Inc.-Baltimore); Chairman-Rick Raley, AAI (Combs, Drury & Reeves Agency, Inc.-Leonardtown); Chairman-Elect-Albert Lietzau IV, AU (H.U. Dove & Company-Baltimore); Vice Chairman-John Cabrera (CF Alliance-Germantown); State National Director-Angela Ripley, CIC (V.W. Brown Insurance Agency-Columbia); Director-At-Large-Sandy Chaney, CIC (The Insurance Exchange-Rockville); and Past President’s Representative-Terry Katz, CPCU (HMS Insurance Associates, Inc.-Baltimore). They were installed by Brett Lininger, Esq., IIA Maryland’s Legislative Advisor, partner Semmes, Bowen & Semmes, Baltimore.

Board members, Ivory Buck, III (Avon-Dixon-Easton); Nancy Nicklow, CPCU (Huff Insurance-Anne Arundel County); G. Bradford Reeves, AAI (Combs Drury Reeves Insurance-Southern Maryland), and Gerald Zoller, CPCU (American Heritage Insurance Agency, Inc.-Eldersburg) will continue in their current Board positions. A new member this year, Jerry Nicklow, AAI (Huff Insurance-Anne Arundel County) representing the Anne Arundel County local on the IIAM Board.

Founded in 1936, IIAM (the Maryland Big “I”) is the state’s oldest insurance agent trade association. The IIAM is the State Association of the National Independent Insurance Agents and Brokers of American (IIABA), founded in 1896 is the nation’s oldest and largest national association of independent insurance agents and brokers, representing a network of more than 300,000 agents, brokers and their employees nationally. Its members are businesses that offer customers a choice of policies from a variety of insurance companies. Independent agents and brokers offer all lines of insurance—property, casualty, life, and health—as well as employee benefit plans and retirement products. Web address: www.iiamd.org.
Meet Your 2016-2017 Officers & Board of Directors

**Chairman**

**Rick Raley, AAI, CIC**
Combs Drury Reeves Insurance
Associated Insurance Centers of Southern Maryland, LLC
41625 Park Avenue-P.O. Box 661
Leonardtown, Maryland 20650
Telephone: 301-475-8944
Fax: 301-475-2928
Email: Rick.Raley@cdrassociated.net

Rick Raley is one of the principals of Associated Insurance Centers of Southern Maryland, LLC trading as Combs Drury Reeves located in Leonardtown, Maryland.

Born and raised in Southern Maryland, Rick’s insurance career began in 1976 after graduating from the University of Maryland, College Park with a degree in Government and Politics. He started as a life insurance producer with the Metropolitan Life Insurance Company, then in 1978 joined the Frank A. Combs Insurance Agency as a property and casualty producer later purchasing the agency in 1989. In 1999 the Combs agency merged with the John R. Drury Insurance Agency forming Combs and Drury Insurance Agency which in 2009 became the Combs Drury Reeves agency with the merger with past president of the Big “I” Bradford Reeves of the Reeves Insurance Agency.

Rick has served as President of the Independent Insurance Agents of Southern Maryland as well as being a Board Member of the Maryland Big “I” since 1989. Rick will serve as our incoming Chairman this year.

Rick and his wife B.J. reside in Leonardtown, Maryland; have four grown children, and nine grandchildren (8 granddaughters and one grandson) spread throughout the country.

**Immediate Past Chairman**

**Donald Grauel, CIC**
L.E. Goldsborough & Son, Inc.
405 E. Joppa Road, Suite 301
Towson, MD. 21286
Telephone: 410-377-2111
Fax: 410-377-0003
Email: don@goldsborough.com

Don is a graduate of Loyola University with an MBA in Finance. He received his BS in Business Administration from The Citadel.

Don is the third president of Goldsborough Insurance Services (the trading name for L.E. Goldsborough and Son, Inc.) Don purchased the agency in 1994.

Don has served as Council president for Ascension Lutheran Evangelical Church of Towson, on the Baltimore Business Growth Roundtable, the Greater Baltimore Technology Council, the Agent Advisory committees for numerous insurance companies, and the Insurance Roundtable of Baltimore. He is the past recipient of the Greater Baltimore Technology Council’s Connector Award. Don has served on the IIAM Executive Committee since 2010.

Don is married to Ginny and together they have three children. He is active in his community and his church and enjoys his family time.

(Con’t on page 17)
(Con't from page 16)

**State National Director**

**Angela Ripley, CIC, AIS, CRM, LUTCF**  
V.W. Brown Insurance Services, Inc.  
10380 Old Columbia Road, Suite 104  
Columbia, Maryland 21046  
Telephone: 410-730-2688  
Fax: 410-73-00219  
Email: ARIPLEY@vwbrown.com

Angela received her BS from Frostburg State University. Angela started in the business basically from birth, being the daughter of an agency owner however, her formal career as an independent insurance agent began in Frederick, Maryland with a summer position 25 years ago. She worked at Erie Insurance Group as a small claims adjuster and as Senior District Sales Manager. She is currently president of V.W. Brown. She has served on several agency advisory boards and was recently appointed by President Obama to serve on the NARAB (National Association of Registered Agents & Brokers) Board.

She is married to R. Graydon Ripley and together they have two beautiful daughters Emma age 11 and Madelyn age 8. In her other life she is an assistant lacrosse coach to her younger daughter’s lacrosse team and will serve as an assistant coach on her younger daughter’s field hockey team in the fall. She stays involved in their children’s school activities. She also enjoys a neighborhood book club and working with multiple charitable organizations through the agency.

(Con’t on page 18)
Chairman-Elect

Albert Lietzau IV, AU
H.U. Dove & Company, Inc.
250 S. President Street, Suite 3700
Baltimore, Maryland 21202-2587
Telephone: 410-727-2211
Fax: 410-727-2278
Email: alietzau4@hudove.com

Principal of the Maryland insurance brokerage firm H.U. Dove & Company, Inc., Al is a 1982 graduate of Loyola University, Baltimore.

Al began his career in January 1983 with the Maryland Casualty Company in their Richmond, VA branch office, leaving in 1985 as an all-lines commercial property/casualty underwriter. He then joined the firm Derek Bryant Insurance Brokers, Ltd. in London for two years.

Upon returning to the United States, Al joined the firm of Tongue, Brooks & Company of Baltimore as an Account Executive responsible for some of the firm’s larger commercial property/casualty clients. He left that firm in 1991, partnering with his father, Albert Lietzau III, in the acquisition of H.U. Dove & Company, Inc. of Baltimore.

He holds the Associate in Underwriting (AU) designation, conferred by the Insurance Institute of America. He has served as Chairman of the Insurance Roundtable of Baltimore and continues as an active member of that organization. Al has served on the Executive Committee of the Independent Insurance Agents of Maryland since 2014.

Al holds Property & Casualty Insurance licenses in numerous states as agent and broker. He has been involved with both U.S. domestic and foreign exposures for a variety of industries.

Active in racquet sports and golf, Al is married and the father of three, is Chairman of the Board of Augsburg Village, a continuing care retirement community, and has similarly served at the Board level with other non-profit organizations.

Vice Chairman

John Cabrera
CF Alliance Insurance Services
20300 Seneca Meadows Pkwy., Suite 205
Germantown, Maryland 20876
Telephone: 301-515-9015
Fax: 301-515-9021
Email: john@cfalliance.com

John Cabrera is the Senior Vice President - Sales and Marketing Division. He has been in the insurance industry since 1990 with 10 years at a major insurance company as an underwriter and with the corporate management group.

John enjoys golfing and playing volleyball. He is also involved and active in the Philippine-American community and local non-profit organizations focusing on charities, sports, and cultural activities.

John is an active member and past President of the Rotary Club of Gaithersburg, Maryland. He is currently on the Board of Directors and a past President of the Philippine American Chamber of Commerce of Metro Washington, DC (PACC-DC). He is the current Vice President of the Philippine American Foundation for Charities Inc. (PAFC) and the President of Charity For All (CFA) Foundation Inc.

(Con’t on page 19)
Sandy Chaney has been in the insurance industry for over 25 years. She is currently the Commercial Lines Manager for The Insurance Exchange, Inc. located in Rockville, MD. The Insurance Exchange is a large regional insurance broker involved in all aspects of the industry as an independent agency. Sandy has represented her agency on the National Advisory Boards of Companion, Hartford, Chesapeake and CNA. She is responsible for overall management and quality control of the service staff and department. She has wide ranging experience from handling small commercial accounts to large jumbo accounts. Throughout her career, Sandy has worked with many types of clients, but specifically with non-profits, technology, property management and contracting risks. Sandy is married with two adult children. In her non-insurance life, Sandy volunteers with her church, travels with her husband and enjoys riding bicycles along the C&O canal as well as other mostly flat surfaces.

Terry Katz began her career at Lloyds of London and has worked in the industry for more than 30 years. Her experience includes the sales, servicing and marketing of commercial accounts. Terry chairs the Continuing Education Committee for the Maryland Chapter CPCU, is an active member of The Society of Insurance Trainers and Educators (SITE), an approved CE course provider for the Maryland Insurance Administration Continuing Education Program and is also a course instructor for The Institutes (formerly the Insurance Institute of America and the American Institute for CPCU). Terry was the 2013 recipient of the Jack F. Derrickson Award for Outstanding Course Leadership by the Institutes. Terry joined HMS in April of 2005 to provide in-house training and education to the staff in addition to establishing and monitoring quality assurance policies and procedures. In 2011 Terry assumed the responsibility of overseeing commercial claims for HMS.

Terry also serves as a board member of the MD Chapter, CPCU, and is a member and past Chair of the Insurance Roundtable of Baltimore. Terry has served on IIAM’s Executive Committee for the past six years.

Terry lives in Baltimore County with her husband Stephen, and enjoys travel and family time with her children and grandsons.
Ivory Buck, III
Avon-Dixon Insurance Agency
106 N. Harrison Street
Easton, Maryland 21601
Telephone: 410-822-0506
Fax: 410-770-5402
Email: ivory.buck@avondixon.com

Ivory M. Buck, III, is the Claims Manager for the Avon-Dixon Insurance Agency, which he joined in 2005. He has over 30 years of experience in the insurance industry as an adjuster, claims specialist, insurance investigator and claims supervisor.

Jay Duke
Waring-Ahearn Insurance Agency, Inc.
P.O. Box 666
Leonardtown, Maryland 20650
Telephone: 301-475-5541
Fax: 301-475-3441
Email: Jay@waring-ahearn.com

Jay is a Magnum Cum Laude graduate of St. Mary’s College. After college, Jay taught at Leonardtown Middle School from 1974 to 1982. His insurance career began in 1982 when he obtained his Life and Health license. He began work with the Waring-Ahearn Agency in Leonardtown in 1983 and became the sole principal of Waring-Ahearn in 2012.

He has served as president of the Southern Maryland Association of Life Underwriters, a member of the Old Guard Insurance Group’s Agent Advisory Council, a member of the council for Maryland Health Benefit Exchange, the joint legislative committee for NAIFA and MAHU and the Maryland Health Benefit Exchange Navigator Advisory Committee and Producer Advisory Committee. He has been a member of the IIAM Executive Committee since 2011 and also works as an instructor for IIAM teaching Long Term Care, Annuities and other Life classes.

He is married to his high school sweetheart, Lois and together they have three children. The three children have rewarded them with five grandchildren.

Anne Arundel County Local Representative

Jerry Nicklow has been a full time member of Huff Insurance since 2008. Jerry serves as the Chief Financial Officer and Marketing Director at Huff Insurance. His main duties are to manage the agency’s finances and marketing strategies. Jerry has been in the insurance industry since
1995. Prior to joining Huff Insurance, Jerry was the Underwriting and Operations Manager for Agency Insurance Company, a regional automobile insurance company located in Maryland, from 1997-2008. Jerry graduated Arundel High School in 1989, where he was a member of the baseball team. He went on to play baseball at Anne Arundel Community College from 1991-1992, and then to Salisbury State University from 1992-1995 where he graduated Summa Cum-Laude with a degree in Business Administration with a concentration in finance. Jerry enjoys being involved with the local business associations and chambers of commerce. In 2009, Jerry established the Jerry Nicklow Student Athlete Scholarship at Anne Arundel Community College to assist in the education expenses for student athletes who have a financial need. He serves on the board of directors of the Anne Arundel Community College Foundation and the Pasadena Business Association. Jerry loves spending time with his wife, Nancy, and their two children, Allie and Dalton, who also spend time working at the agency during their off time from school.

Nancy began her insurance career at the age of 14 working summers and holidays for her father, W. Ray Huff. She is a graduate of Salisbury University and after graduation began working full time at the agency as a personal lines customer service representative. After many years of training, receiving her CPCU, AAI and CRIS designations and learning all of the positions within the agency, she became president of Huff Insurance. Since becoming President of Huff Insurance, Nancy has not forgotten her commitment to the community. She has served on the Board of Directors and as Chairman of IIAM as well as teaches for IIAM. She also holds a position on the national Agent’s Council for Technology. In addition, Nancy serves on the board of the Northern Anne Arundel County Chamber of Commerce, currently in the role of secretary. Nancy is the President of her chapter of Beta Sigma Phi sorority. Nancy and her husband Jerry, have 2 teenagers at home and they are actively supporting them in all of their activities including baseball, soccer, theater and guitar.

1970 he left his uncle and returned to the family farm for a short time and ended the year working as a farm and personal lines underwriter with The Montgomery Mutual Insurance Company in Sandy Spring.

In 1972 two life changing events happened, he married Donna Wood and his uncle said he wanted to sell the agency and retire. Brad purchased the agency and continued the family business that began in 1875. He and Donna returned to ‘Chaptico’ early in 1973 to live in his great, great grandfathers home and raise two children Beth Courtney and her brother Ford (III) and operate the Reeves Insurance Agency, Inc. In 2009 the Reeves Agency merged with the Combs and Drury Agency and Associated Insurance Centers of Southern Maryland.

To paraphrase Garrett Morris as Chico Escuela on SNL, insurance has been berry berry good to me!

(Con’t from page 20)

(Con’t on page 22)
Gerald ‘Gerry’ Zoller, CPCU, CIC, AU
American Heritage Insurance Agency, Inc.
1643 Liberty Road, Suite 201
Eldersburg, Maryland 21784
Telephone 410-552-1200
Fax: 410-552-1270
Email: gerry@amherit.com

A graduate of the University of MD, College Park, Gerry is a 44 year veteran of the Insurance industry. He held various company and agency positions in NJ., PA., and MD., prior to starting his agency from "scratch" in 1983.

Gerry is married to Heather B. Zoller CIC, (President of American Heritage Insurance Agency, Inc.). Gerry and Heather have three children and seven grandchildren. In his “non-Insurance” hours, Gerry enjoys travel, cooking, and gardening.

classified

Commercial New Business Rater/Commercial Account Manager Assistant Wanted

EMPLOYER: DAY DEADRICK & MARSHALL INSURANCE
LOCATION: BELTSVILLE, MARYLAND

Fast paced independent insurance agency, representing 15+ carriers, seeking highly motivated individual for our commercial insurance department. Responsibilities include quoting commercial new business, preparing proposals, ordering and reviewing policies as well as assisting commercial account managers with processing renewal policies, endorsements and other account management duties.

Individual must be able to multi-task, work well under pressure and deadlines, be computer literate and possess exceptional customer service skills.

Property and Casualty License preferred but not required.

Email or fax resume to Steve Deadrick at steve@ddminsurance.com or 301.937.1706

our deepest sympathy

Tom Boyce, April 21, 2016
We wish to extend our sympathy to the family and friends of Tom Boyce. Tom died on April 21, 2016 from a heart attack. Mr. Boyce was 69. He was for many years an insurance agent. He was also a US Army Veteran serving in Vietnam, receiving the Combat Infantry Badge, the Defense Service Medal and the Vietnam Campaign Medal. After many years as an independent agent, Mr. Boyce retired and was in the process of running for the City Council as a Republican Candidate for District 14.

William Tietge, May 22, 2016
The family and friends of William Tietge. Bill was born on March 24, 1935 and passed away Sunday, May 22, 2016. He was a resident of Pasadena and a graduate of the Baltimore City College. He is survived by two nieces and their families.

For those of you that knew Mr. Tietge, he worked his entire adult life at the Hartford Insurance Company. Many of you remember ‘Bill’ as your underwriter, your field representative, and the casualty manager.
Over the past several years, we have all heard and read dire predictions about the future of the independent agent. Most of those predictions were based on assumptions about the fearsome technological and financial power of huge, highly competitive companies who use their might to target consumers directly. But the IA is still here, still relevant, and still a force to be reckoned with.

In a recent internal research study, Safeco Insurance found that the distribution of auto insurance, by channel, was virtually unchanged from 2010 to 2015. That's a huge accomplishment when you consider what we were up against during each of those five years. As widely reported, the big-brand captives and direct-to-consumer carriers spent a combined total of about $6 billion on consumer advertising. This massive spend, particularly from directs, is designed to commoditize the product and compete on the strength of web sites and mobile apps.

And yet they gained virtually no ground from the independent agent — not even enough to register outside the margin of error. At the same time, Google — one of the largest and most powerful companies on the planet — entered and then quickly withdrew from the market, having made little to no progress toward its early ambitions. We can all relax now, right?

Not so fast. There is still plenty of risk for the independent agent to be disrupted by increasing competition. Our study also indicates that 60% of customers would consider leaving their independent or exclusive agent and going direct the next time they shop for auto insurance. Meanwhile, 40% of direct customers would consider an IA the next time they decide to change insurance plans. That's a lot of potential movement, enough to change the complexion of the market if it ever becomes a reality.

So what's the upshot? How do independent agents remain competitive and thrive in a market where the landscape is fluid and threats seem to grow and multiply? By doing what we do best, and learning a few new tricks. Where did the IA channel get the strength to resist a $30 billion attack for five years? From decades of building relationships, providing value beyond price and running smart, disciplined businesses. In order to weather tomorrow’s storm, we must start preparing today.

Only this time, we don’t have decades to do it.

**Local is a Strength**

In our study, the number of consumers who selected “company is local” as an important factor when shopping for auto insurance grew a whopping 72% from 2010 to 2015. So we know that “local” is a selling point of growing importance. We also know that taking advantage of that fact remains a huge, upside opportunity for most of us. Showing your face regularly at community events will remind people that you’re a living, breathing member of the local business community. Getting involved in local causes (beyond donations and sponsorships) will show them that you’re a caring one.

Cultivating a local presence is vital to Moran Insurance based in Severna Park, Maryland. Marc Dorman, president of Moran Insurance told me, “For us, it’s all about being active in the community and giving back. We have agents throughout Maryland, so our agents create their own unique footprint. That way they’re able to develop relationships with people closest to their community such as the chamber of commerce and different nonprofit organizations in those areas. In fact, every employee has

(Con’t on page 24)
the opportunity to take a day off of work and give back to a charity of their choice.”

“Lean In” On Digital

The new rules and tools of engagement no longer apply exclusively to millennials. The rest of us have caught up — social media, email drip campaigns, mobile apps and 24x7 access to digital tools are markers of the “new normal” in business, even small business.

The team at Moran Insurance has struck the right balance between technology and personal attention. They have created a powerful mobile app making it easy and convenient for clients to manage tasks such as making a payment, filing a claim, contacting customer service or receiving policy documents electronically. Clients can also use the app to get help on the road or contact water clean-up and glass repair services.

Of course, if a client calls the agency after hours urgently needing to speak with someone they will be directed to a senior member of the agency team.

“Our mobile app helps customers be a little more self-sufficient and get things done when the office isn’t open,” Marc told me. “Not only does this satisfy customers, it allows us to focus our energies on proactive items like pursuing new business and managing renewals.”

Independent But Not Alone

Even though IAs are “independent” by definition — and there are many strengths that come with independence — the truth is, we’re all part of a community with shared interests and shared risks. If a customer has a bad experience with one IA, the reputation of every IA suffers a tiny bit. Likewise, every time an independent agent delivers ease, choice and advice (a combination that no other distribution channel can match) to a customer, it’s a small victory for all of us.

Sharing ideas that work and stories that inspire is to everyone’s advantage. There are so many opportunities to teach and learn from each other — from the Independent Insurance Agents of Maryland, to online communities like the Independent Agent Community by Safeco on Facebook. If everyone contributed just a fraction of the ideas they consume, the entire community would grow stronger.

By playing to the unique strengths of an IA, developing our digital muscles and creating a shared sense of “brand” we can guarantee a bright future for the independent agent... no matter what challenges lie ahead.
Handling Gender Identification in Documentation

Question: An employee’s Social Security number identifies the individual with a distinctly female name, but he clearly identifies as a male. How do we handle this in terms of documentation and employment administration?

Answer: Documenting transgender workers requires common and straightforward processes. All legal documents where a Social Security number is affiliated (payroll, workers’ compensation, benefits, Form I-9, etc.) must reflect the name represented on the employee’s Social Security card.

Under current Social Security Administration (SSA) policy, transgender persons can change their gender on their Social Security records by submitting either government-issued documentation reflecting a change, or a certification from a physician confirming that they have had appropriate clinical treatment for gender transition. If and when an individual’s name is changed on a Social Security card, the employer may update applicable records to reflect the new name.

Unlike other diversity categories, such as race and gender, employers are not required to collect statistics on the number of LGBT people they employ. Whether an employee discloses their gender identity or sexual orientation is optional and voluntary and any reporting or direct access to the data is designed to ensure confidentiality of the employee.

Keep in mind that laws regarding changes to gender markers in credit reports and government-issued identification documents vary from state to state and jurisdiction to jurisdiction. As with the SSA, many jurisdictions require proof of completion of specific medical procedures before personal documents — such as drivers’ licenses and birth certificates — can be updated to reflect a person’s new gender. Additionally, when evaluating whether to ask employees about gender on non-essential forms, employers should consider:

- What is the business rationale for asking about gender on the particular form?
- How does asking for the data relate to your organization’s overall diversity strategy?
- How will that data be used, protected, and reported? What legal restrictions might there be on collection or storage of demographic data, in the United States or globally?

If the data is not essential, consider removing the question, make sure the question is clearly optional (particularly for online forms), or allow people to self-identify by asking an open-ended question (such as “state gender preference”).

All other documents, business cards, nameplates, general interaction, and correspondence (such as company directories) should reflect the individual’s chosen name and not necessarily an individual’s legal or birth name.

It’s important to note that under EEO-1 reporting requirements, employees are permitted to self-identify ethnicity, gender, disability, and veteran status. Transgender individuals should be able to select the gender with which they choose to identify. As to those who may refuse to self-identify, the Office of Federal Contract Compliance Programs (OFCCP) has stated that the employer can use visual identification to designate these employees as either male or female for purposes of completing the EEO-1 form (similar to employees who choose not to self-identify as to race/ethnicity). In your case the individual is identifying as male and should therefore be identified as male on your EEO-1 report in accordance with his rights and your responsibilities under Title VII, as well as recent regulatory changes and guidance at the federal and state level.

The post Ask the Experts: Handling Gender Identification in Documentation appeared first on ThinkHR Blog | State & Federal Law Updates. Posted: 10 May 2016 11:23 AM PDT
Unsupported Software and Data Breaches

Agents beware. If you’re running unsupported software on your computer to access the Internet, process emails, or receive files via USB devices, you could be putting your data at risk and opening yourself up to a cyber breach.

Unsupported software no longer receives virus protection against malware attacks. That means that nothing is there to protect you from the nearly 1 million pieces of malware that are released daily.

These viruses are developed to gain access to your IDs, passwords, and sensitive business and customer information that hackers can use unlawfully. And when an infected computer sends information across the company network, all of the computers are exposed to the same malware.¹

With the average cost of a cyber breach being $6.5 million,² can you afford to take this risk?

At the very least, unsupported software – including Windows XP that many Agents may still be running – will lead to compatibility issues with more up-to-date data programs and make it difficult to run your business efficiently.

To stay safe, determine what software you’re running and whether it’s current. If not, update it as soon as possible. Keeping up to date and being smart about cyber issues will prevent unwanted viruses, data breaches and compatibility concerns, enabling you to serve your clients.

Sources:

TrustedChoice.com: An Unanticipated Benefit

When the concept that became TrustedChoice.com was conceived, the core idea was that we would get new business to member agencies of the Big I, primarily from the direct writers and captive agencies. Mike McBride, the Chairman of the Trusted Choice® Board recently related the following success story that came from an entirely unexpected direction, one of their own insureds.

As Mike tells the story:

The CFO for one of the agency’s commercial accounts had some personal lines needs, but he never realized that he might be able to have his needs fulfilled by Mike’s agency. The CFO found TrustedChoice.com, and did a Find-An-Agent search.

When Mike’s agency was displayed, the client recognized the agency and had the perfect ‘Aha!’ moment.

The CFO had never identified that he could get his personal coverages from his commercial agent. Once he had that realization, there was no question about who he was going to contact.

A great win for the agency and the client, all facilitated by TrustedChoice.com!

As Mike told me, “Fortunately, TrustedChoice.com served as a safety net for us to catch this individual.”

May Breaks All Records for Traffic and Referrals

TrustedChoice.com performance has continued to improve dramatically through the first 6 months of 2016. We ended May with over 405,000 visits, and we delivered 8,133 referrals to Advantage agencies during the month. In addition, we had 1,183 inquiries to Basic (non-subscribing) members.

New Consumer Workflow

Prior to the end of June, TrustedChoice.com will have a new and revised consumer workflow. This workflow will require the consumer to enter their contact information prior to getting the results of a Find-An-Agent search. This change is designed so that when the consumer chooses to ‘Contact’ one of the displayed agencies, an email will automatically be sent to the selected agency, providing notification to the agency for all referrals, even phone calls.

The intent is to provide real time information to agencies in order to improve their understanding of the prospects who are contacting them.

In the coming months, we’ve got many improvements scheduled for TrustedChoice.com. Some will provide more value for consumers, and others will be targeted at helping agencies and companies attract and write more of the business they prefer.
Berkshire Hathaway GUARD Adds Lawyers Professional Liability

Berkshire Hathaway GUARD Insurance Companies has begun offering a lawyers professional liability policy in California, Maryland, New Jersey, Pennsylvania, Texas, and the District of Columbia with ten more states planned for 2016.

Available as either a complement to other policies or on a standalone basis, lawyers professional liability is designed to protect against financial losses due to negligence, errors, or omissions. Berkshire Hathaway GUARD’s coverage has limits starting at $100,000 per claim ($300,000 aggregate) but can range up to $3 million. The typical targeted law firm will have one to 35 attorneys. However, Executive Vice President of Property and Liability Lyle Hitt suggests, “Our product will meet the needs of many different practices. We feature competitive pricing and a streamlined submission process that agents will find attractive. We also incorporate a few key coverages that normally have to be added via endorsement, and we provide an on-line resource center as well as a risk management hotline. Perhaps most importantly, we are a member of the Berkshire Hathaway family, which means we offer unparalleled financial strength and stability.”

Previously just a provider of monoline workers’ compensation coverage, Berkshire Hathaway GUARD has been writing multiple lines of property and casualty insurance since 2008 via BizGUARD Plus, which features a business owner’s policy that can address total insured values up to $12.5 million, commercial auto, workers’ compensation, and commercial umbrella/excess. Now available in over half of the United States (with workers’ comp provided nationwide), the addition of professional liability is part of a corporate strategy. Berkshire Hathaway GUARD CEO and President Sy Foguel explains, “Our goal is to offer one-stop insurance shopping to businesses. The more customer needs we can address, the more everyone benefits. Services become more efficient, and more accurate pricing can be achieved through in-depth knowledge of the account. By the end of 2016, over 20% of our premium should be from lines other than workers’ comp.”

According to Berkshire Hathaway GUARD Vice President Joseph Lincks, expansion of the product line will be an ongoing process. “During the second half of the year,” he notes, “Berkshire Hathaway GUARD will also be introducing a miscellaneous professional liability product with other professional liability products on the way.”

In October of 2012, GUARD Insurance Group was acquired by National Indemnity Company, which is a wholly owned subsidiary of Berkshire Hathaway – an international holding company with diverse interests that include insurance and reinsurance. In 2013, GUARD unveiled a new identity as Berkshire Hathaway GUARD Insurance Companies. Each of the organization’s carriers (AmGUARD, EastGUARD, NorGUARD, and WestGUARD) are rated A+ (“Superior”) by A.M. Best – a leading source of independent rating information on the insurance industry.

In 2015, Berkshire Hathaway GUARD had over three quarters of a billion dollars in sales and issued about 130,000 polices. Agents interested in learning more can contact the company on-line at www.guard.com/apply.
Congratulations to our friends at MCVET. Their annual 5K/10K was a big success. The weather held out as hundreds passed the finish line on Lexington Street. The festive atmosphere just made it a great start for the holiday weekend. It was especially nice to see all that turned out to run for our veterans, as well as those that were just there to support MCVETS.

We continue our support of MCVETS. Please make certain you continue to collect. See our website for items needed. We will be taking donations there in September.

(Con’t on page 29)
mincing of words beyond the intent of the policy language, but this is exactly what trial lawyers do when they are litigating policy language.

With this information in mind, along with the increasing focus of regulators on certificate wording that might misrepresent policy language, we suggest that agents use extreme caution when responding to requests to place specific wording on a certificate.

Note: In its 2013 CGL filing, ISO included a new primary and noncontributory endorsement, the CG 20 01. This form does not eliminate the problem(s) cited above but it does clearly indicate that the intention of the downstream party’s CGL insurer is to provide primary and noncontributory coverage.

Related articles (All within the Virtual University Library):
- “CGL ‘Primary & Noncontributory’ Certificate Requirements”
- “CGL Contractual Liability, Additional Insured Status, Primary and Noncontributory, and Other Stuff You’re Sick and Tired of Dealing With”
- The VU Certificates of Insurance Resource Section

On a related issue, Jack Gibson, CPCU, CRIS, ARM, president of IRMI, has written an excellent article entitled, “Sound Advice for Contract Drafters: Fix Your Out-of-Date Insurance Requirements!” that is featured in the November 2010 IRMI Insights publication:

July 11-15, 2016
Property & Casualty Pre-Licensing
Joe Conroy, ACSR
8:30 AM - 4:30 PM

July 20, 2016
Commercial Lines Related Coverages
Don Dudey, CPCU
9:00 AM - 3:30 PM

July 25, 2016
Homeowners Insurance
Pamela Dodge, CIC, CISR, CPIA
9:00 AM - 1:00 PM

July 26, 2016
Commercial Property Insurance
Sharon Gardner, ACSR, AAI
9:00 AM - 3:30 PM

August 3, 2016
Principles of Agency Management
Nancy Nicklow, CPCU, AAI
9:00 AM - 4:30 PM

August 23, 2016
E&O Risk Management
Meeting the Challenges of Change
Stanley Lipshultz, CPCU
9:00 AM - 3:30 PM

August 29, 2016
Personal Automobile Insurance
Pamela Dodge, CIC, CISR, CPIA
9:00 AM - 3:30 PM

August 31, 2016
Commercial Liability Insurance
Don Dudey, CPCU
9:00 AM - 3:30 PM
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
Moments like this.
They’re what we work for every day.

Every day, all across Maryland, Chesapeake Employers Insurance helps employers keep workers safe from accidents and injuries. We specialize in helping contain your workers’ comp costs through:

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

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

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

Proud to have earned an A-(Excellent) financial strength rating from A.M. Best