

# News & Views



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Your Source for Arizona Insurance Industry News

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**November/December 2010**

## "Why Do We Even Need Insurance?"

by new IIAB of Arizona President, Daniel G. Fink, CIC, CRM, AAI

That was the question from a caller to a national news-talk radio program during the health care debate. I wish I could have gotten through to the show to say, "You don't need insurance...not if you can afford to pay the entire cost of a loss yourself."

"Why do we even need insurance?" Ask any family who has paid their \$600 health insurance premium and then later that month had an emergency operation and saw their health carrier pay over \$200,000 toward that bill.

Insurance is all about transferring or spreading of risk. If you can afford to rebuild your \$400,000 house if a fire levels it, then you may not need property insurance. But if you can't, then it probably makes good economic sense, if not to you then at least to your mortgage company, to pay the \$850 insurance premium and have the house insured.

Insurance is a field of service which shines (or should shine) during people's darkest hours. I know why we need insurance: I knew when I delivered a life insurance check after a father passed away. I knew why insurance existed when I saw a liquor liability carrier pay \$1,000,000 and I saw the relief in the eyes of a man and his wife who knew they were not going to lose the restaurant they had spent their lives building. It's at times like these that I see why we need insurance and why we need knowledgeable, helpful agents to guide their insureds into the right insurance purchasing decisions.

Sure I've seen the articles about the industry and a rare few of its people failing. But I know how great this industry and its people can be. And that is why I'm honored to serve as this year's president of our association: The Independent Insurance Agents and Brokers of Arizona. I'm honored to represent and to serve the agents across Arizona. I'm honored to serve you for one year alongside our Executive Vice President and our association leader Lanny Hair and the wonderful Big I staff: Joni, Terri, Russell, Ray, Karen, Mike, and Julie. In just the short time I've served as president, I've learned something about Lanny. If you're an agent in Arizona, if you're a member of this association: then you are his family. He is watching out for you whether it's in the halls of the state legislature, or in the courtroom, or in the education classroom. Lanny and the association staff are looking out for your well being. You are family.

It's been a busy few weeks since our annual state convention when I was handed the President's gavel from Troy Jones. And I want to once again thank Troy for the outstanding job he did last year leading our association. I was able to view first-hand how Troy served the association with dignity and a leadership that was quiet, yet firm during his term as president.

Thank you to the agency owners, agents, CSRs, and staff who are out there every day protecting Arizona properties and lives. It's an honor to serve as your president. I've had the honor of meeting many of you in class or at a meeting, and I hope to meet many more of you throughout this year. Please know that I, Lanny, and your association team are all here to help and to serve you and the important job you do as insurance providers. I've heard so many agents talk about how they've turned to Lanny and the Association for help

## Chapter Events & News

November 25 & 26, 2010

IIABAZ Offices Closed

Thanksgiving & Post Thanksgiving Day

December 8-11, 2010

CIC Commercial Casualty Institute

Phoenix Hilton East—Mesa

December 14, 2010

CISR Conferment Ceremony—Tucson

Viscount Hotel, Tucson

December 24, 2010

IIABAZ Offices Closed

Christmas Eve

January 3, 2011

IIABAZ Offices Closed

Post New Year's Day

when their agencies faced major problems. And those are the stories that we want to continue.

And thank you to our many insurance carriers and vendors who partner with us and support our efforts to serve clients across this great state. We appreciate your partnership with us. One small change we made as a thank you to our many partners was to make the vendor directory more prominent and easier to find on our association website. And I encourage all members to use this directory when you need services and ancillary products. Let's support the companies that support our association. I've always noticed that the food tastes better at the restaurants I insure.

I'm looking forward to a wonderful year...a year of serving our many great members as well as our many sponsors. I'm looking forward, for this one year, to serving alongside Lanny, who has spent many, many years serving you and your agencies. Your association is here for you, so that you will be there to help your clients at the times when they discover why they need insurance.

Author: Daniel G. Fink, CIC, ARM, AAI, current IIAB of Arizona President. Dan also teaches many CISR and CRIS seminars here in Arizona each year, in addition to CISR and CIC in other states for the National Alliance.

# Announcements

## Expert Education for All Insurance Professionals

The first obligation of The National Alliance for Insurance Education & Research is to provide expert education in order that professionals may respond intelligently to current client needs. The William T. Hold Seminars prepare those in the insurance industry for the needs of their clients. These innovative courses are available for all insurance professionals and are offered in the classroom and online. Attend an open enrollment class, host an in-house class at your own facility or take an online course at your own pace.

More subjects, more opportunities, more educational choices... that's what everyone is requesting. The William T. Hold Seminars explore current and relevant topics for producers, account executives, and account managers. The classroom agendas are created from more than 40 topics, ranging from personal lines to commercial lines to life and health to risk management. The information is reinforced with excellent workbook materials and informal Q&A with the faculty -- experienced insurance industry professionals. A wide range of four-hour topics are available online with new courses being developed.

All insurance professionals are eligible to attend a William T. Hold Seminar and benefit from the following:

- Generous CE credit in most states
- Expert instruction
- State-specific topics and in-depth discussions
- Networking opportunities in a relaxed atmosphere - AND NO TEST!

**EDITOR'S NOTE:** The National Alliance has opened up the William T. Hold seminars to ALL insurance professionals. You no longer need to be a CISR designee in order to enroll for these courses. The Independent Insurance Agents and Brokers of Arizona, Inc. offer a separate Personal Lines and a Commercial Lines seminar each year, and we change the topics of discussion every single year. These topics are more challenging and the scope in which the material is covered is more in depth.

In addition, CISR designees who take a William T. Hold Seminar or a Dynamics of Service seminar are no longer required to be a dues paying member to the Society in order to have the course satisfy their annual update or accreditation requirements.

For a listing of upcoming education seminars in the state of Arizona, please see page 17.



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# Terry Goddard Announces Payroll Company President Given Jail Term for Fraud

Attorney General Terry Goddard recently announced that Damian Andre, 36, of Camp Verde, has been sentenced by Maricopa County Superior Court Judge Daniel Martin to one year in county jail on fraud charges.

For several years, Andre served as President of Arizona Payroll Systems, Inc., which provided payroll services for small businesses in Camp Verde, Cottonwood and Sedona. Over a two-year period from 2005 to 2007, Andre collected worker's compensation premiums from his small business clients but falsely reported the hours, wages and type of work to the State Compensation Fund of Arizona. Because worker's compensation premiums are based upon type of work, hours worked and wages earned, Andre's misrepresentations caused the State Compensation Fund of Arizona to be underpaid by \$72,453 in premiums.

In addition to jail time, Andre was also sentenced to five years probation on the charge of fraudulent schemes and artifices, a class 2 felony, and three years probation on the charge of misrepresentation affecting premiums for worker's compensation insurance, a class 6 felony.



He was also ordered to pay \$72,453 in restitution to the State Compensation Fund of Arizona and a \$9,000 fine.

This case was investigated by the Arizona Department of Insurance Fraud Unit and prosecuted by Assistant Attorney General Beverly Rudnick.

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# Is My Agency Really Required to Narc on One of the Employees?

## In A Nutshell ... YES!

By Lanny Hair, CIC, ARM, AAI, RPLU

One of the objectives of your Association is to bring to your attention those little details that might seem insignificant but truly can become very important. Our industry is so heavily regulated that there is an enormous number of laws, statutes, and regulations and compliance can sometimes seem impossible. One law which is often times overlooked or misunderstood is the requirement for an agency to report criminal or legal actions to the Arizona Department of Insurance.

Let me first start with agency employees who may have a brush with the law and have been convicted of a felony. FEDERAL regulations mandate that insurance agencies cannot employ felons without first obtaining a waiver from the STATE Department of Insurance. This regulation pertains to ALL employees, not just the individuals who are licensed. Again – ALL employees would include your receptionist, file clerks, even the young man who takes care of your computers. If they are employed by your agency and have been convicted of a felony, your agency must request permission from the Arizona Department of Insurance to employ that individual. Failure to comply with this requirement could result in the revocation of the agency's licenses.

The Federal "Violent Crime Control and Law Enforcement Act of 1994" prohibits any financial institution from employing individuals who are convicted felons without PRIOR approval from the primary regulator of that entity. In the case of an insurance agency – the entity is the Arizona Department of Insurance.

The process to apply for permission to employ a felon is not that complicated, and the Arizona Department of Insurance has been more than reasonable in granting permission in cases where the criminal charges were not indicative of dishonesty (such as theft, fraud, etc).

It is very important that you understand that it is the responsibility of the AGENCY to ascertain that it is not employing anyone with a felony conviction. All agencies should exercise reasonable due diligence to make sure they do not employ a felon until the Arizona Department of Insurance approves such employment.

All insurance producers licensed by the Arizona Department of Insurance (both resident and non-resident licensees) are required to notify the Arizona Department of their knowledge of certain violations of law and/or felonies. (see Arizona Revised Statute "20-295. License denial, suspension or revocation; civil penalty") below for details.

Recently a member agency discovered that an agency employee was stealing insurance premiums from their firm. The agency notified the local police department and pursued criminal charges against the agent, yet, the agency did NOT advise the Arizona Department of Insurance of the circumstances. The agency owners did not want to tarnish the reputation of the agency by reporting the criminal charges, however, their failure to do so could be considered as a violation of Arizona law.

The licensee or individual who is charged with a felony is obligated to inform the Arizona Department of Insurance as prescribed in the statutes below. Do not assume that the courts or law enforcement will

automatically notify the Department of Insurance. Many times the Department of Insurance will not become aware of the criminal conviction until the producer's license renewal. It is not the custom for the Department of Insurance to randomly run criminal records of producers. That action is only taken at the time of an application for a license and/or renewal unless they have reason to believe such action is necessary.



It has been my observation over the years that the Department of Insurance is much more understanding and tolerant of violations in those cases where the producer complies with the Statute and immediately notifies them. Undeclared criminal activity is truly not a good thing for the Department of Insurance to hear about from others.

If the criminal activity involves "the designated producer or any member, officer, director or manager of the business entity", the license of the entire agency is in jeopardy unless such action is reported as required by law.

If the designated producer or any member, officer, director or manager of the agency is aware of criminal activity of anyone licensed within the agency and does not report that information to the Department of Insurance, the license of the entire agency would again be in jeopardy.

It is understandable that most are uncomfortable reporting others within their employ to the Department of Insurance, but uncomfortable or not – it is necessary.

One of the core functions of licensing is to protect the public from individuals who are not honest in their business dealings. Obtaining a license does not eliminate the need for future background clearances, but is a continual process in place to ensure that the public is not exposed to those who have demonstrated a history of dishonest dealings.

Below are the Arizona Statutes for your review as well as instructions on how to access our website for a copy of the "Violent Crime Control and Law Enforcement Act of 1994. It may be helpful for your agency to retain a copy of these statutes within your HR department.

To access a copy of the Federal **Violent Crime Control and Law Enforcement Act of 1994** – as well as a White Paper from our National Association's Office of the General Counsel:

1. Go to [www.iiaba.com](http://www.iiaba.com)
2. Log In as a Member
3. Click on Legal Advocacy (located in the upper gray menu bar)
4. Click on Memoranda & FAQs (located on the left side of the page)

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# Is My Agency Really Required to Narc on One of the Employees?

By Lanny Hair, CIC, ARM, AAI, RPLU

Continued from Page 4



5. Scroll to bottom of the page to get to Violent Crime Control and Law Enforcement Act OR Click on V to go right to that section.

## 20-295. License denial, suspension or revocation: civil penalty

A. The director may deny, suspend for not more than twelve months, revoke or refuse to renew an insurance producer's license or may impose a civil penalty in accordance with subsection F of this section or any combination of actions for any one or more of the following causes:

1. Providing incorrect, misleading, incomplete or materially untrue information in the license application.
2. Violating any provision of this title or any rule, subpoena or order of the director.
3. Obtaining or attempting to obtain a license through misrepresentation or fraud.
4. Improperly withholding, misappropriating or converting any monies or properties received in the course of doing insurance business.
5. Intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance.
- 6. Having been convicted of a felony.**
7. Having admitted or been found to have committed any insurance unfair trade practice or fraud.
8. Using fraudulent, coercive or dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere.
9. Having an insurance producer license, or its equivalent, denied, suspended or revoked in any state, province, district or territory.
10. Forging another's name to any document related to an insurance transaction.
11. Aiding or assisting any person in the unauthorized transaction of insurance business.
12. Violating section 41-624, subsection B or C.
13. Violating section 6-1410, 6-1412 or 6-1413.
14. Using the insurance producer's license principally to procure insurance that covers the life, property or insurable interests, other than to insure an interest in property that is being sold under a contract or that is securing a loan, of any of the following:
  - (a) The licensee.
  - (b) The licensee's family or relatives to the second degree.
  - (c) The licensee's employer.
  - (d) The licensee's employees.
  - (e) A firm or corporation, or its employees, in which the licensee owns a substantial interest.

**B. The director may deny, suspend for not more than twelve months, revoke or refuse to renew the license of a business entity:**

1. For any of the causes prescribed in subsection A of this section if the cause relates to the designated producer or any member, officer, director or manager of the business entity.
2. If the director finds that an individual insurance producer's violation was known or should have been known by the designated producer or one or more of the members, officers, directors or managers acting on behalf of the business entity

**and the violation was not seasonably reported to the director and no reasonable corrective action was taken.**

C. If the director denies an application for a license, the director shall notify the applicant in accordance with title 41, chapter 6, article 10.

D. The director may revoke, suspend or refuse to renew a license after notice and an opportunity for a hearing in accordance with title 41, chapter 6, article 10.

E. Any hearing required by this section shall be conducted as prescribed in chapter 1, article 2 of this title and title 41, chapter 6, article 10.

F. In addition to or instead of any suspension, revocation or refusal to renew a license pursuant to this section, after a hearing the director may:

1. Impose a civil penalty of not more than two hundred fifty dollars for each unintentional failure or violation, up to an aggregate civil penalty of two thousand five hundred dollars.
2. Impose a civil penalty of not more than two thousand five hundred dollars for each intentional failure or violation, up to an aggregate civil penalty of fifteen thousand dollars.
3. Order the licensee to provide restitution to any party injured by the licensee's action.

G. The licensee shall pay any civil penalty to the director who shall deposit it, pursuant to sections 35-146 and 35-147, in the state general fund. The civil penalty is in addition to any other applicable penalty or restraint either in this article or in any other law and may be recovered in a civil action brought by the director. For the purposes of subsection F of this section, a single publication, exhibition or utterance of any matter in violation of this title is deemed one violation or failure, including an edition of a newspaper, book or magazine, a single representation to an audience, a single broadcast over radio or television or a single exhibition of a motion picture.

H. The director shall retain the authority to enforce this title and impose any penalty or remedy authorized by this title against any person who is under investigation for or charged with a violation of this title even if the person's license has been surrendered or has lapsed by operation of law.

## 20-301. Report of actions

Within thirty days after the final disposition of the matter, an insurance producer shall report to the director any administrative action taken against the producer in another jurisdiction or by a other governmental agency in this state. The report shall include a copy of the order, consent to order or other relevant dispositive document.

**Within thirty days after the initial pretrial hearing date, an insurance producer shall report to the director any criminal prosecution of the producer taken in any jurisdiction. The report shall include a copy of the initial complaint filed, the order resulting from the hearing and all other relevant legal documents.**

Author: Lanny L. Hair, CIC, ARM, AAI, RPLU—IIABAZ Executive Vice President

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# ACT Releases Prototype Agency Information Security Plan



The Independent Agents & Brokers of America's Agents Council for Technology (ACT) has released a prototype agency information security plan to assist agencies and brokers in creating their own written security plans to safeguard the private information of a agency's clients and employees, the agency's proprietary and confidential information, the physical security of the agency's premises and the integrity of electronic systems so that they function smoothly without interruption.

"Numerous state privacy and security breach notification laws, as well as several federal laws, require agents to have written security plans to protect their operations and the privacy of their clients' and employees' private information," says Steve Aronson, President of Aronson Insurance in Newton & Needham, Mass. and chair of the ACT Agency Security Best Practices Work Group that produced the security plan for ACT. "Not only could a breach of clients' private information devastate an agency's reputation; it is likely to result in the agency's having to undertake extremely time consuming and costly actions on behalf of the individuals whose private information may have been compromised."

"Having a sound written information security plan is an essential risk management tool for every independent agency," adds Jeff Yates, ACT executive director. "We wanted to provide agencies with a free tool they could customize to fit the size and complexity of their own operations."

ACT's prototype security plan covers the protection of private

information in any form, whether it is voice, electronic or paper and involves much more than just the protection of the agency's systems. The plan also contains a series of "notes" designed to point out additional tips agents should keep in mind as they customize the plan, along with links to various laws that may apply and additional resources that are available.

"Putting a written security plan in place is only first step for the agency, however," adds Yates. "It is essential for the agency to then implement the plan by appointing an information security coordinator to oversee it and then establishing the necessary procedures, workflows, training, monitoring, auditing and law and plan reviews to carry it out fully."

Agents and other industry participants can visit the ACT website to download the free prototype agency information security plan by visiting [www.independentagent/act](http://www.independentagent/act). There is also an ACT article accompanying the plan on the website that contains more tips on how to implement a security plan and program effectively, along with additional security and privacy related resources.

*Established in 1999 by the Independent Insurance Agents & Brokers of America (the Big "I"), ACT provides a candid, action-oriented forum for agent and industry associations, user groups, companies and vendors to address critical technology and workflow issues facing the independent agency system and provides agencies with reports and tools to assist them in making improvements in their businesses.*



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# The Best Way To Ruin An Agency

by Chris Burand



I can already hear the responses to this title: "What a horrible start to an article! This author should be thinking optimistically!"

While optimism is in vogue right now, my experience suggests that in this tough economy, excessively optimistic agencies are suffering the most. They too easily buy into happy ending stories. They too quickly buy into happy talk about how to grow quickly without measuring the cost of growth.

I have a unique perspective because I often get hired to help fix these agencies after reality sets in. This includes some agencies of the month and best practices honored agencies. Reality always wins in the long run while some unfortunates are focusing on short-term optimism.



This blind optimism is best epitomized in the movie "Field of Dreams." "Build it and they will come" is truly the epitome of blind optimism. The reality is that no, customers won't always come, especially now in this economy. And no, customers won't just arrive because you build a good website, not in the flood of data, information, and advertising in which they are inundated daily. Customers have to have a really good reason for parting with their money today.

The business world is filled with dozens of examples of companies operating on blind optimism. Even a few insurance companies today are operating on the blind optimism that they have solved high loss ratios forever. These companies believe their short-term success is entirely their own doing and they believe their success is permanent.

The irrational optimism I see in agencies usually involves sales and marketing. A lot of agency owners are easy marks for firms selling sales and marketing. They buy from every door knocker that calls on them. No matter how often the product fails, the agency is always willing to buy from the next medicine man. If oil wells were as deep as their optimism, the world would never run out of petroleum.

The truth is those marketing spiels often leave out certain facts, especially facts showing certain advantages the person in the story had going into the situation. For example, I was reading a story about a successful entrepreneur. It was a great story, but they left out the part about the free loans he received to get started. Just a minor missing detail. Positive thinking is great, but access to free loans is even better.

I do believe that sometimes a person just has to take a chance, believe with all their heart, and commit to their chosen course of action. Committing is the key word. No systems work without commitment--not even those magic weight loss pills.

So when listening to some sales/marketing consultant's spiel regarding how great and easily their system will promote your success without mentioning commitment, accountability, or adequate funding, a wise person will lose optimism and begin wondering about the true viability of such a system. For example, the firms selling web-based marketing often use the premise that when completed, the website will do all the work of marketing the agency and making sales. All the agency has to do is take orders. The ultimate solution! Just take sales orders and never have to ask for sales. Become the Amazon of the insurance world. Of course, the reality is there is much more work involved than paying the invoice and turning on the switch. And, just because you build it does not mean customers will come!

Another example is the sales system that does not detail the cost of the system. In fact, one popular system increases sales and revenue per person, but the cost of the people, tools, and system far outweigh the benefits it generates unless it is done on a scale far exceeding most agencies' capabilities. The result for most agencies is significantly greater expenses than revenues.

The blind optimism upon which each of these examples is based is ruinous. I'm not suggesting pessimism is the answer either, it has its own faults, but there are not many agency owners that are pessimists. Instead, I'm suggesting a dose of reality will serve agency owners better than blind optimism. Ask the hard questions when someone is promoting the next best sales program. Ask the hard questions when you find yourself falling in love with a prospective producer. Ask the hard questions when you find yourself enthralled with another agency's success. Combine reality and optimism to identify realistic opportunities. Add commitment, hard work, and accountability. Not a lot of people do this. For those that do, opportunities abound.

Author: Chris Burand — President of Burand & Associates LLC, an insurance agency consulting firm in Pueblo, Colorado.

# National Flood Insurance Program Extended for One Year

Big "I" vows to continue working toward much needed reforms including adding business interruption insurance and additional living expenses coverage to the program.

The Independent Insurance Agents & Brokers of America commended President Barack Obama for signing S. 3814, the "Flood Insurance Extension Act of 2010," which extends the National Flood Insurance Program (NFIP) until Sept. 30, 2011, into law. The NFIP was set to expire Sept. 30, 2010 at midnight.

"The Big 'I' hopes that this one year extension will provide much needed stability and security for the NFIP and its five and a half million policyholders, but it's also important to note that our work with this program is far from over," says Robert Rusbuldt, Big "I" president and CEO. "Congress now has a year to work on a long-term extension and much needed permanent reforms such as an increase in maximum coverage limits and the addition of optional business interruption insurance."

The NFIP recently encountered a month-long expiration. The Big "I" has noted that the program has worked for more than 40 years to help protect consumers from flood risks, and Congress has traditionally

extended the program for five year periods in order to provide stability for the marketplace. Unfortunately, before the passage of this legislation Congress had only recently extended the program for short periods, from 30 days to six months. The latest expiration period was the third such lapse this year alone.

"The one year extension of the NFIP is a welcomed, but temporary patch," says Charles E. Symington Jr., Big "I" senior vice president for government affairs. "The Big 'I' looks forward to working with Congress and the Obama administration next year to also implement much needed permanent reforms."



Article provided by Margarita Tapia, Director of Public Affairs—Independent Insurance Agents & Brokers of America, Inc.

## THE "BORN SALESMAN" MYTH

by Bob Ayrer

Let's face it. If you want to clear a room, tell people you are an insurance sales person or a financial planner — watch them run for the door like cockroaches when you turn the light on. If you put an "Amway Sold Here" sign on your front door, even the Jehovah Witnesses won't come up and talk to you. Why? Because of the myths about selling.

Probably no myth is more pervasive than the idea that there are "born" sales people. What a crock! This one goes along with the idea that one is born with "the gift of gab". Granted there are some people who seem to naturally have the attributes we associate with "good selling". However, most of the vision of what constitutes selling is manufactured by media portrayals of sales people, not what they really are.

In the Doubleday dictionary, one of the slang definitions is "to deceive: cheat." That seems to be the definition that writers and dramatists have seized upon to portray sales people. You see the loudmouth in a plaid coat fast-talking some rube out of their money; you see the huckster running a shell game; you see the flimflam man conning some innocent out of their life savings.

On the other hand, you see the sad Willy Loman in Arthur Miller's Pulitzer Prize winning play, "Death of a Salesman," who makes selling a sad and tragic waste of life. Or, worse yet, "Glen-Gary Glenn-Ross" — the stage play/movie that shows selling as a mean spirited, con job carried on by desperate losers in dingy offices managed by sociopathic maniacs.

Either way, the popular view of selling is poor.

If Herbert Hoover was right and the business of America is "business", then

selling is the key function driving business. It is an accountant's lie that "nothing happens until somebody sells something." Selling is the revenue-generating arm of business, but we staff and treat sales people like the "born salesperson."

Selling is a set of skills that can be learned by anyone who really wants to be in sales. In fact, many of the traits that most people associate with selling are not particularly desirable in a sales person. The brash center-of-attention may be looking to satisfy psychological needs that will go against them in selling. The extravert that everyone says, "you should be in sales" is usually looking for attention to themselves, not seeking a profession in selling.

That high-energy dynamo that is out to change the world is every sales manager's dream. The "born" sales person who can "sell ice cubes to Eskimos" is the fantasy of every sales manager's escapist dream. And, allowing that there may be some people who come out of the womb genetically mutated to be "born sales people," they are few and far between.

It is more advantageous to have to have a group of B+ players, dedicated to the profession of selling, than a group of ego-driven prima-donnas. The fact is that you can't wait for that one-in-a-million sales person to ride through your door on a white horse and present him or herself to you. You should be building your sales program on the common clay that is readily available.

Author—Bob Ayrer, consultant to organizations on building top performing sales programs. Bob is a popular speaker at conventions and sales rallies. Bob is the creator of FUNDamental SELLING.



# Six Ways You May Be Failing Your Clients

By Kevin Ring

Like most agents, you work hard at writing new accounts, what salespeople through the years have referred to as “getting the fish in the boat.” But it doesn’t take a master angler to know that once you get the fish, you must still make sure it doesn’t jump out. Then it’s back to square one.

Whether agents spread themselves too thin, lack the resources to follow up efficiently or are just too darn complacent, they can fall into the trap of not servicing their client’s Workers’ Compensation needs properly. And perhaps they don’t even realize it.

Any one of these possibilities can cost customer money, an increase in Workers’ Compensation costs, and potentially your agency their business.

**1. Agents who blindly copy other agent’s work.** Think of it as taking over as manager of a baseball team and doing nothing more than copying the old manager’s lineup. Maybe the guy playing third base should really be playing first base. This happens when an agent gets a new commercial account and does little more than copy the Workers’ Comp employee classifications the previous agent used. There are more than 600 classifications used by the National Council of Compensation Insurers (NCCI). Many of them cover similar, but not identical operations. The rules about who is covered by these classifications are commonly misunderstood, as in a recent situation where employees of a steel retailer were misclassified because they also did some painting of the metal they sold. The painting classification was far more expensive and the classification should never have been used.

So right from the start, the agent is failing a client, through nothing more really than sheer laziness. Take time to walk the site to make sure you are familiar with the operation, what they do, and who does it.

**2. Agents who ignore valuation dates.** Eighteen months after a Workers’ Comp policy’s inception date, the insurance company takes a snapshot of the current status of all claims, including what has been paid and also the money that the insurance company expects to pay. But those numbers may not be correct. Maybe the reserves are too high because they thought an injured employee was going to need \$25,000 for surgery, but only required \$5,000 of physical therapy. Maybe another employee was deemed by a doctor eligible to return to work, but the adjuster never got this information.

Agents should take advantage of their agency management system to keep track of upcoming valuation dates and to speak with the adjuster at least 60-90 days before the date to better understand all the facts and figures. Otherwise, once the date has past, the ship has sailed and your client will have to suffer the overcharge for a full year.

**3. Agents who don’t get involved in the premium audit from the beginning.** When agents don’t get involved in helping clients with their premium audits until after the fact, there can be a problem when



the employer receives an unexpected bill.

But by then it’s like trying to put toothpaste back in the tube. It’s important that agents be more proactive and more involved in the process *before* the auditor shows up. By doing so, they can educate the employer prior to the audit on such items as what money they give employees that applies to Workers’ Compensation and what money doesn’t.

But you can’t leave it up to the employer to draw you into the process before it happens. Times have changed. When the economy was booming, and rates were going up, you might get a call from an employer questioning why a \$5,000 bill arrived in the mail. The agent would review the account, explain the situation to the client, and even if the bill still had to be paid, there was good will because at least the agent made the effort.

Today, as Workers’ Comp rates decline and payrolls have thinned out, employers are likely to receive a check in the mail for a Workers’ Compensation rebate instead of a bill. Since it’s a check, they aren’t asking the agent about it. By not having that conversation, the agent is denied the opportunity to determine if the employer qualifies for additional funds. Be proactive from the outset.

**4. Agents who let insurance companies handle 100% of the claims.** When a worker is injured on the job, most employers automatically call the insurance company. Makes sense since the agent isn’t the one who cuts the checks. But in truth, the agent *should* be involved when there is an injury to monitor the process. By doing so, the agent can stay updated on all communication between the medical staff and the employer and the adjuster, find out when the injured party can return to work, make sure there is a plan in place for that to happen, and generally keep the flow of communication moving between the doctors, HR department and insurance company.

By not getting involved, the agent is pushing all the responsibility to the insurance company, a third party that the employer has no direct relationship with. The employer chose to do business with you. They trust you to make sure their employee injuries are being dealt with appropriately.

Continued on Next Page

# Six Ways You May Be Failing Your Clients

Continued from  
page 12

What employer would not appreciate an agent's participation in the process? What employer would not want another set of trained eyes keeping track of claims?

It's an expense to have an employee off the job when it isn't necessary. Helping to facilitate getting an injured employee back to work as quickly as possible can only benefit a client.

## 5. Agents not educating the Human Resources Department.

Agents who build a positive relationship with HR personnel are doing everyone a favor. Most HR departments are under staffed and in some companies, the person with HR responsibilities was "assigned" the job without training.

Unintentionally, it's easy to "hire" a workers' compensation claim, someone who is not fit for the job.

Agents can be helpful by sharing their pre-employment experience in medical and drug screening, background checks, and knowing not only *what* to ask in the interview process, but *how* to ask it, based on the physical requirements of a position. How not to assume that a 6-foot, 240-pound man can easily lift 50-pound boxes off a truck, when a simple medical test may show that there's a past history of back trouble that limits lifting to only 20-pound boxes. And the knowledge of how to withdraw a job offer may be very helpful to clients.

**6. Agents not helping clients make more money.** Write this down. First rule of business: employers are more interested in making

money than saving money. Use your own contacts to benefit your clients. For example, an insurance agent in Florida insures 2,000 homeowners and five HVAC contractors. The agent received approval from the contractors to offer a "free air conditioning system check up" to his clients. He split up his list and mailed the offer as a special opportunity they had for being a client.

Everyone appreciated the gesture, the contractors made some sales, and with so many competitors vying for his business, the agent was able to build what Preston Diamond, president of the Institute of WorkComp Professionals, once labeled "an alligator-filled moat around the client."

Use the Workers' Compensation skills you've been taught to benefit your customers. Be involved in the process from the start and chances are you will both reap the rewards.



Author: Kevin Ring is the Lead Workers' Compensation Analyst for the Institute of WorkComp Professionals, which trains insurance agents to help employers reduce Workers' Compensation expenses. A licensed property and casualty insurance agent, he is the co-developer of a new Workers' Comp software suite that will help insurance professionals in working with employers. He can be contacted at 828-274-0959 or [Kevin@workcompprofessionals.com](mailto:Kevin@workcompprofessionals.com).

# ASK AN EXPERT



Big "I" Members using the Virtual University website sometimes need answers to questions that they can't find in the Research Library, Classrooms or Student Lounge. In such instances, IIAB of America has a volunteer faculty of experts who can usually answer, or find an answer, to your questions. These volunteers get anywhere from 4—22 "Ask and Expert" questions DAILY, or at least on weekdays... weekends, usually only a couple or so. Here is a brief Q&A on employee dishonesty:

## Question:



"One of our clients has had money stolen/embezzled from

the firm. Is the reconstructive cost of proving the loss (a CPA specialist) covered in the claim amount?"

## Answer:

The cost of proving the amount of loss and who did it are not included in the unendorsed ISO crime policy. The endorsement that adds some coverage for this is the CR 25 40 - Include Expenses Incurred To Establish Amount Of Covered Loss. It can be added for Employee Theft and/or Computer Fraud where such expenses can be substantial.

# YOUR DIGITAL BRAND

by Maureen Wall Bentley

Sometimes the problem with “the next big thing” is that all the buzz around it can drown out the legitimate value hidden beneath.

Take social media. Many independent agents have become so overwhelmed by the constant clucking about this “must do” marketing tool that they simply have dismissed it as non-essential and faddish—and then promptly gone back to business as usual. And, in a sense, these agents are half-right: Some of the social networking communities *will* be lost in a blink, overtaken by the *next* “next big thing.”

But many will be with us for a long while. And underneath all the tweeting, friending and geolocating is a valid core that independent agents should heed: Relationships increasingly have a digital component and learning to effectively use these tools can enhance your offline relationships and build your agency brand.

So, how can you sift through all the noise to leverage the true benefit of social media? In short, think strategically and use some common sense. Herein, a few thoughts to get you started.

**1. Have a plan.** If you don't have a holistic marketing-communications plan for your agency, you're almost certainly wasting money and you probably have no idea what's working or why. Draft a plan that outlines the following elements, and include any social media efforts; don't separate social networking from your overall activities.

- **Goals.** Be as specific as possible. For example, “Increase new middle market accounts by x%” is better than “Grow commercial lines revenues.”
- **Budget.** The best agencies budget between 3% and 5% of revenues for marketing (1% to 3% for very large firms), with more funds allocated in years with big projects, such as a major rebrand. Keep in mind that Web development is *far* less expensive than it used to be and that social media can be virtually free.
- **Audiences.** Building a profile of your targeted buyer will enable you to better identify good vehicles (publications, web sites, etc.) and develop messaging.
- **Messaging.** List all the points you want to convey in your plan, realizing that not every message is appropriate for every audience, campaign or outlet.
- **Vehicles.** Identify the various publications, radio stations, Web sites, etc. that you want to use for advertising, and which you might target for PR efforts (they may not be the same). Include any direct marketing efforts as well as social media and blogging.
- **Responsible parties.** It is best to have one person internally supervising all the efforts, but identify all contributors, including those posting to social media, blogging, drafting bylined articles or being interviewed for local press.
- **Metrics.** Include short-term measurements such as Google analytics, incoming calls and readership numbers, but consider long-term goals, as well, such as new business from current clients, increased commercial revenues and retention.

**2. Assign a community monitor.** Keeping track of your agency's online posts and followers' responses can take time — but you don't have to

twitter



facebook

do it yourself. Assign the task to someone who enjoys social networking and “gets” the immediacy of it. While this may be a young producer or college intern, don't rule out older employees, as social media use is growing leaps and bounds among Boomers.

**3. Follow offline rules.** You wouldn't (or shouldn't) go to a Chamber of Commerce dinner and talk non-stop about yourself or your agency. Rather, you'd engage other people in a more personal way—ask about their business or kids or new car, or commiserate over last week's loss for the home team. And, most important, you'd *listen*. These same standards of conduct should be followed online as well. If you don't—just like in the offline world—people will avoid you.

**4. Be brand consistent.** Your social media presence should share the look, feel and messaging of your agency's other touch points. So, if your Web site promotes your agency as commercial-lines oriented, then your Tweets should be in sync. And if your agency's color palette is typically gray and green, don't dress up your Facebook page in blue and gold. Think both strategically (*Are we telling the same story in our online and offline touch points?*) and tactically (*Does our avatar (online representation) reflect our logo?*). Conducting an image assessment every few years is a great way to align all the pieces that communicate your brand.

**5. Think service—and listen.** Some of the most successful social media adopters use their online presence more for service and customer communications than for marketing. One agent, for example, posts weather warnings and other local news on his Facebook and Twitter accounts. Because he's not spamming with promotional material, he has developed a healthy following—and the appreciation of those who avoided the downed tree or the flooded byway because of his Tweet. Such low-key posts reinforce his position as a good guy in the community, which helps his agency brand.

Esurance, the online auto provider, pays careful attention to any online conversations about its brand so that it can respond in real time to unhappy customers or other malcontents. Think of your social networking sites as a rolling customer survey. (And don't think that these negative comments *won't* happen if you're not listening online; they will, but you'll be none the wiser.)

**6. Don't expect miracles.** Anyone who tells you they are quadrupling sales through social media is likely blowing smoke. That may sound like an excuse to toss aside a social media effort altogether, but it's not. Social media, like many branding vehicles, can be powerful in keeping your agency front of mind, and it is wonderful for humanizing your firm. But you wouldn't (or shouldn't) expect one ad in the local paper to transform your business, and you should be equally realistic about social media.

Author—Maureen Wall Bentley, Executive Vice President of brand strategy for [Aartrijk](#), an insurance industry branding firm. Maureen prepared this article for ACT and can be reached at [mwall@aartrijk.com](mailto:mwall@aartrijk.com).

For more information about ACT, contact Jeff Yates, ACT Executive Director at [jeff.yates@iiba.net](mailto:jeff.yates@iiba.net). This article reflects the views of the author and should not be construed as an official statement by ACT.

# Big "I" PAC Scores 93%

## Congressional Victory Rate

### InsurPac distributes \$1.7 million to campaigns across the country in election 2010

The Independent Insurance Agents & Brokers of America recently announced that its political action committee, InsurPac, distributed more than \$1.7 million in the 2010 campaign cycle resulting in a 93% congressional victory rate.

"While the dust is still settling on campaign 2010, and our victory rate could actually increase as a few close races are tabulated, one thing is certain – just as the election was historic for our country, it was also historic for InsurPac," says Robert Rusbult, Big "I" president and CEO. "Big 'I' independent agents have spoken loud and clear through InsurPac dollars."

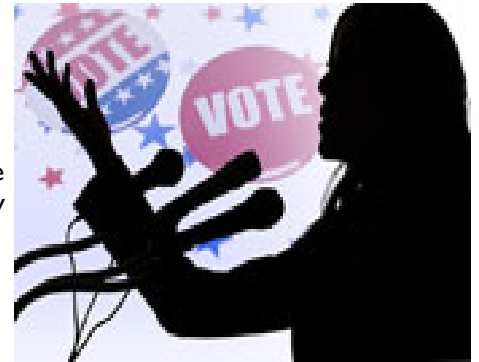
In the 2010 election cycle, more than 5,000 independent agents came together to support InsurPac with personal, voluntary contributions. InsurPac distributes 100% of its voluntary agent contributions to federal campaigns and, as a result, has an impressive bipartisan track record in Congress and on the campaign trail.

"InsurPac supported more House and Senate campaigns than ever

before, and distributed a record amount of

money as the largest political action committee representing the property and casualty insurance market," says Charles Symington, Big "I" senior vice president of government affairs.

"InsurPac distributed \$1,722,750 in support of 265 races, winning at least 247 of them for an amazing 93% victory rate."



In disbursing contributions, InsurPac does not look at party affiliation but supports U.S. congressmen, senators, and candidates for federal office who have been advocates and supporters of the independent agency system.

Article provided by Margarita Tapia, Director of Public Affairs—Independent Insurance Agents & Brokers of America, Inc.

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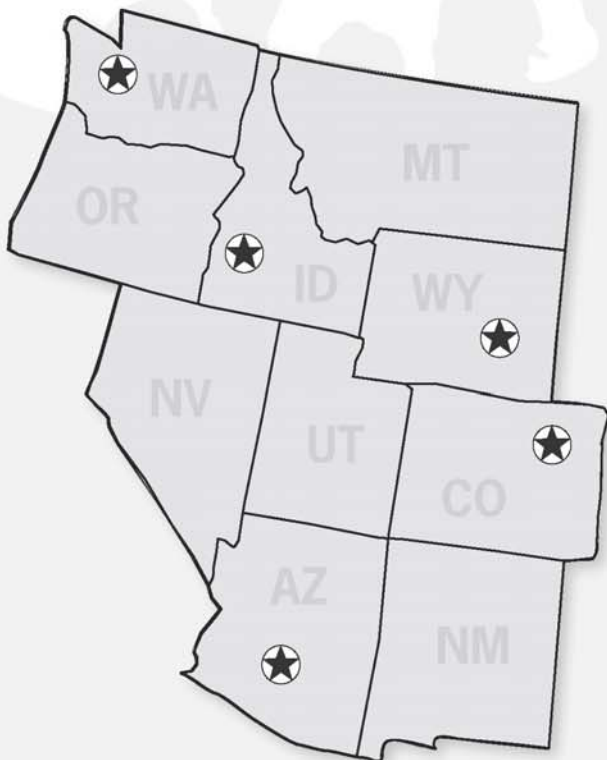


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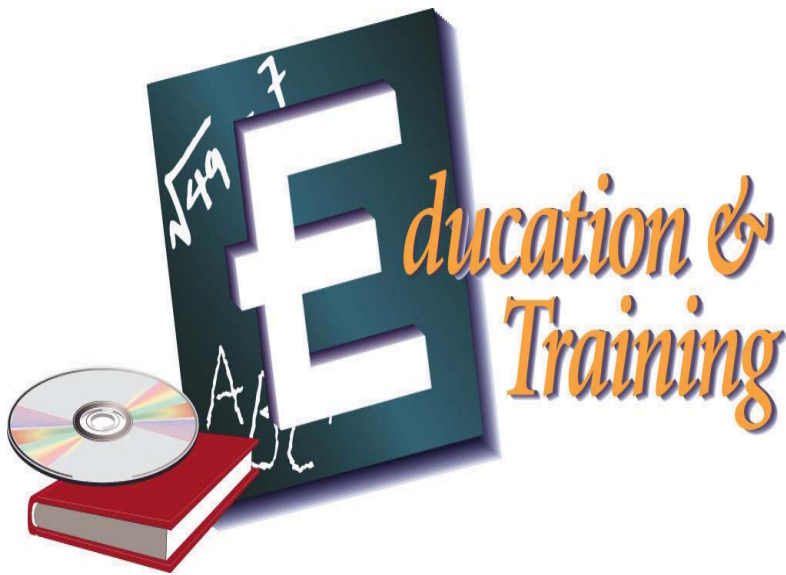
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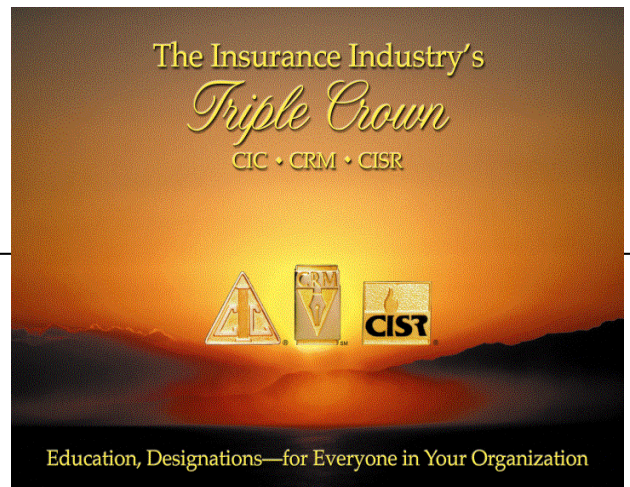
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January 20	CISR Insuring Commercial Casualty Seminar	Tucson
January 26	CISR Agency Operations Seminar	Phoenix
February 2	E & O Loss Control Seminar (FREE to members)	Phoenix
February 9-11	CIC Commercial Property Institute	Scottsdale
February 15	E & O Loss Control Seminar (FREE to members)	Tucson
February 15	Introduction to Insurance Seminar	Phoenix
February 16	CISR Insuring Commercial Property Seminar	Lake Havasu
February 17	CISR Insuring Commercial Property Seminar	Phoenix
February 24	CISR Insuring Commercial Casualty Seminar	Phoenix
March 1	CISR Insuring Commercial Casualty Seminar	Prescott Valley
March 2	National Flood Insurance Program Seminar	Phoenix
March 3	CISR Agency Operations Seminar	Tucson
March 16-18	CIC James K. Ruble Graduate Seminar	Scottsdale
March 23	CRIS Commercial General Liability for Contractors	Phoenix
March 24	CISR Personal Residential Seminar	Phoenix
March 29	CISR Agency Operations Seminar	Yuma
April 5	CISR William T. Hold Seminar - Commercial Lines	Phoenix
April 7	CISR Insuring Commercial Casualty Seminar	Kingman
April 13-15	CIC Commercial Casualty Institute	Tempe
April 26	E & O Loss Control Seminar (FREE to members)	Flagstaff
May 10	CRIS Contractual Risk Transfer for Contractors	Phoenix

## Registration Fees

- CISR Seminars — \$160.00
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# Crime Does Not Pay

**A medical ID theft ring was busted in Phoenix**, the state fraud bureau charges. The suspected ring stole sensitive medical identifiers of 128 Arizona patients and used that info to falsely bill insurers more than \$600,000 for phantom medical treatments, the fraud bureau alleges. Suspected ringleaders Gevorg Melkonyan and Elina Arutyunova also allegedly used the names and/or tax IDs of 12 unsuspecting physicians. One victim was Dr. Scott Bernstein. The Scottsdale doc grew suspicious when patients he had never seen complained to him that their insurance statements showed he had billed their coverage for treatment. Bernstein then alerted the fraud bureau, which launched an investigation with other state and local agencies, and the feds.

**That bad fall at a construction worksite** was too painful for Wayne Hallock to work anymore, the former New York State man told his comp insurer. Hallock went on 100-percent disability and received \$28,700 in comp money, but he moved to Arizona and ran an unlicensed construction firm in Prescott Valley while still collecting comp money, Arizona's insurance department charges. His suspected scam dissolved when customers started complaining about low-quality work. That started investigations that led to insurance-fraud charges. Hallock allegedly lifted heavy materials, climbed ladders, and worked strenuous concrete projects while taking in comp money, officials charge.

**Mike Gokey faked his death to steal \$600,000** in life-insurance money. The Marquette, MI man planted a kayak and life jacket on a beach and sent a distress message to the Coast Guard. The Guard searched Lake Superior for hours, costing taxpayers nearly \$57,000. Gokey was quickly found living in Iowa. Before his disappearance he had increased two life policies from as much as \$100,000 to \$300,000. Gokey argued in court that he merely was trying to run away for a short time, not defraud insurers. "The facts speak so loudly that I can hardly hear what he is saying," the judge retorted. Gokey received two years in federal prison and must repay the Coast Guard's search expenses.



**Video cameras inside buses caught four people** faking injuries from minor mishaps, New York prosecutors charge. Darrin Spears said he suffered severe head and neck injuries when he was hit by a piece of a light pole that a bus struck while he was waiting at a bus stop in downtown Buffalo. But video allegedly shows that Spears was not hit, and kept talking on his cell phone during and after the incident. Marcos Arrington, Deniqua Ryan, and Iris Mozee were passengers on a bus involved in a minor accident near the Niagara Falls airport. They claimed they were tossed around and seriously hurt, but onboard video contradicted their stories, prosecutors allege.

**Former fugitive sinus doc** Mark Weinberger copped a federal plea after being busted in Italy after fleeing charges. Weinberger charged \$2,600 -- \$16,740 for surgeries that never happened: 57 ear, nose, and

throat surgeries worth \$366,600. Weinberger also faces about 300 malpractice suits. He performed needless nose and sinus surgery on William Boyer to hike his insurance billings. Weinberger also changed the results of a test showing an abnormal heart rate so he could do the operation. Boyer now suffers from a sinus condition that expert witnesses blamed on Weinberger's drilling of two holes into Boyer's maxillary sinuses. Boyer won his suit. Weinberger's fugitive saga started when he didn't return from a morning jog while vacationing on a yacht in Greece. He took thousands of dollars in emergency cash with him, sticking his wife with nearly \$40,000 in dock fees and no way to get home. He later was featured on "America's Most Wanted." Authorities finally captured Weinberger on an Italian mountainside, hiding in a tent at about 6,000 feet at the foot of Mont Blanc in the Italian Alps. He later stabbed himself in the neck with a box cutter-like knife in the bathroom of a police station in Italy.

**An adjuster needs attitude adjustment**, federal prosecutors charge in Milwaukee. James A. Sherman, who ran Northern Region Adjusters, allegedly stole about \$175,000 in insurer claim settlement checks intended for his clients. The Cromwell, IN, independent adjuster was supposed to negotiate claim settlements with insurers for clients, then forward them insurance money minus his 10-percent commission, but Sherman allegedly spent all the settlements on personal expenses such as vacations, marina fees, attorney fees, and mortgage payments. Sherman dished out excuses when clients pressed him for their money, prosecutors say. He allegedly blamed the delays on computer problems, things being "crazy" at his office, and the bank's failure to cash the insurance checks. Sherman faces up to 120 years in federal prison if convicted.

**The careers of two rookie Los Angeles policemen** are on the ropes after being involved in torching a car and covering up the insurance crime, prosecutors allege. Anthony Robert Villanueva arranged to have his 2001 Lexus sedan burned in the desert, prosecutors say. He then reported the car stolen to the LAPD and made a claim. Ricardo Rebolledo allegedly wrote a false statement to the insurer, vouching for Villanueva and his alibi. The charges stem from an investigation by the California insurance department. Villanueva could serve up to six years in prison if convicted and Rebolledo up to five years. This is the fourth fraud case involving area law enforcement in recent months: An LA County Sheriff's deputy made a suspicious claim that his SUV was stolen in July, and earlier in October, two LAPD officers allegedly committed workers' comp fraud.

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# imagine.....

By Richard F. Lund, J.D.\*

Imagine you have a long time friend and customer...let's call her Mary. Imagine you have written insurance for her businesses for more than 20 years. Imagine Mary calls you and tells you she is starting a new business and needs to get her BOP/CGL, workers compensation, and all the other usual coverages for this new business. Imagine you think you know everything about her and her businesses. Imagine you get some basic information from her and then complete the applications for her. Imagine Mary comes to your office to sign the applications, but because she's in a hurry to go talk to her banker, she tells you she's sure everything is fine and she doesn't read or review the applications, she signs them and leaves. Imagine you didn't insist that she review the applications. Imagine you send them to the carriers, the policies are issued and all is well. Just imagine...

Imagine six months later Mary calls you and tells you that one of the employees of this new business has severely injured their back and she needs you to contact the workers compensation carrier to report the claim. Imagine you ask her where the employee was injured and she tells you it was while he was working in the neighboring state. Imagine your surprise when you hear the words "neighboring state", because remember, you know everything about Mary's business, except that she had employees working in a neighboring state. Imagine, because you never considered she would do that because she never had before. Imagine, because you didn't include "all states" coverage on the workers compensation policy. Imagine, the carrier denies the workers compensation claim because coverage is limited only to the home state.

Imagine the claim is a minimum of \$500,000. Imagine the next call you make is to your E&O carrier.

than themselves? Regardless of how well you think you know your customer, things change. What was true yesterday, may not be true today.

Does that mean you can't help them if they have questions? Of course not. That is exactly what customer service is all about. But the responsibility to provide accurate information belongs to your customer. If the information on the application is not correct and they filled it out, then they are responsible. If the information on the application is not correct and YOU filled it out, then YOU may be responsible especially if you did not have them review the

application. It's as simple as that.

So imagine your longtime friend and customer Mary calls you and tells you she has a new business. Imagine you send her the insurance applications. Imagine....



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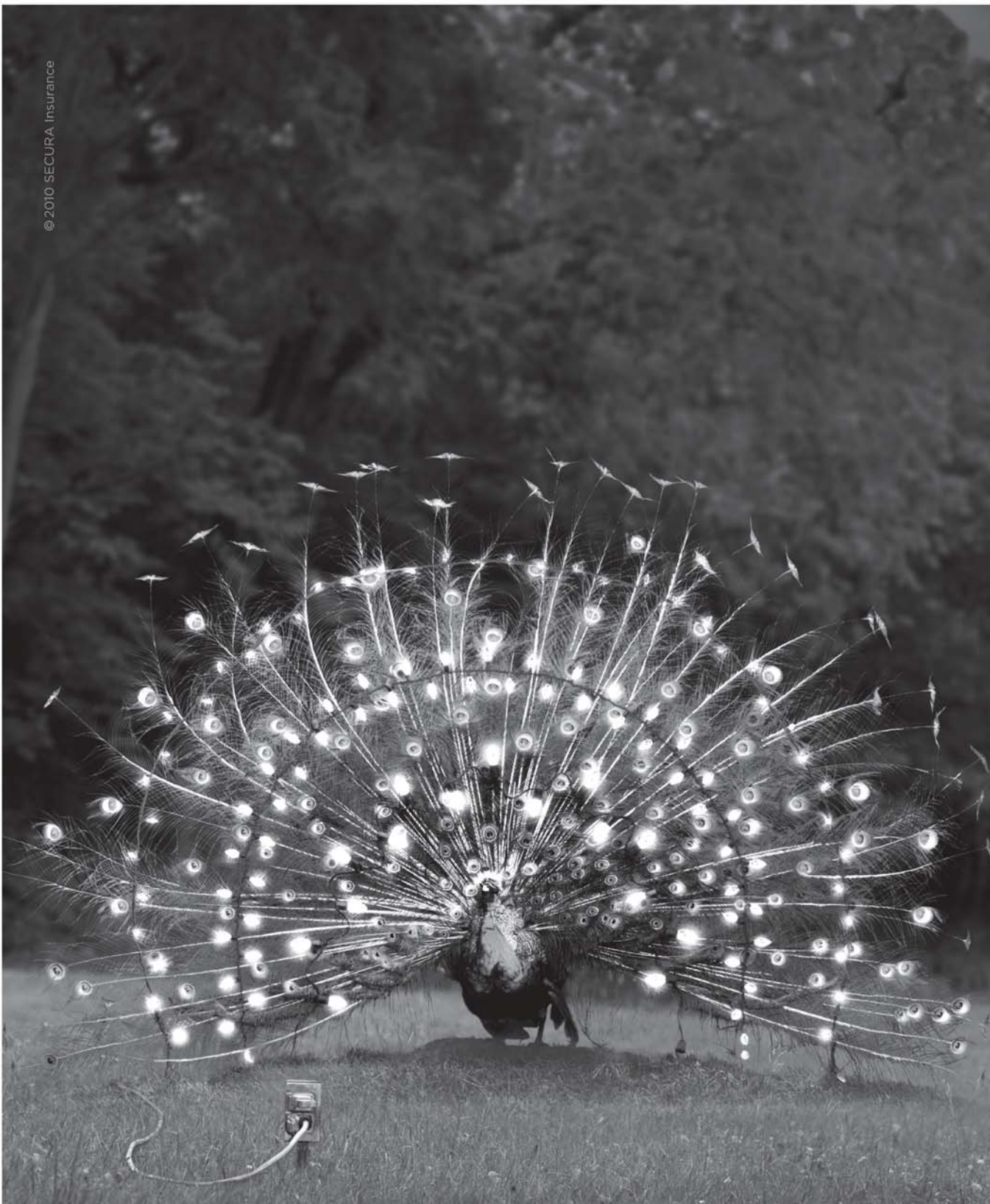
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# reality...

The reality is that this story happens. Maybe not exactly like this, but it happens. It may not be a business customer but it happens with homeowners or personal auto policies or virtually every other type of policy available. Regularly. So what can you do about it? Simple: don't complete applications for your customers. "But that's not good customer service." Actually, it is because having your customer complete the application gives them an opportunity to really look at what they do and what they want insured. Who knows this better

*\*Richard F. Lund, JD, is an Assistant Vice President of Swiss Re/Westport, underwriting insurance agents errors and omissions coverage. He has also been an insurance agents E&O claims counsel and has presented numerous E&O loss control seminars nationwide, including several for the Missouri Association of Insurance Agents.*

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# ACT's Online Resources to Assist Independent Agents

IIABA's Agents Council for Technology (ACT) is committed to providing agents and the industry with practical information and tools to help them become more productive, increase their online marketing and become more secure. The association provides all of this information on its Web site at [www.independentagent.com/act](http://www.independentagent.com/act) at no cost, thanks to the support of ACT member carriers, vendors and associations.

**by Jeff Yates**

Information Management" developed by ACT and Laura Nettles is also available on the ACT site to help agents implement more advanced agency workflows and to become an electronically based agency eliminating paper wherever possible. This guide features detailed property casualty as well as benefit workflows, as well as provides the multiple options agents have to eliminate paper.

Most of these resources are the product of collaborative efforts by the agents, carriers, vendors and associations participating in ACT. Much of the work is done by the various ACT work groups and you can find a listing of these groups and their current activities by clicking on "Committees & Workgroups" on the upper left of the ACT home page.

The website is organized using a series of quick links found at the left margin of the ACT home page in a gray shaded area. Each link opens up a different subject – such as Real Time, Download, going paperless, security & privacy, Web sites & the Social Web, etc. – and contains relevant articles, reports, policy guides, recorded webinars and other types of presentations.

The upper right portion of the ACT home page also contains a brief video overview of the site's content and how to navigate it. So let's review some of the recent and most popular resources on the ACT site.

## **Agency Productivity**

We are finding that embracing technology and more efficient workflows have been important strategies for many Best Practices agencies. Helping agencies enhance their productivity is a big part of ACT's mission as well, and the ACT website contains numerous resources to assist agencies in increasing their efficiency and improving their customer service.

You will find multiple articles on the benefits agencies are deriving from Real Time quoting, inquiries and other transactions at the "Real Time" link. Links are provided there to the Real Time Download Campaign's site as well, which contains carrier & vendor Real Time and Download links, agency success stories and the excellent Real Time Implementation Guide. You can also link to ACT's own ACTtech site from the Real Time page to get direct links to vendor lists delineating the Real Time transactions specific carriers have implemented, coupled with the vendors' Download information.

At the "Download" link, we provide an excellent implementation guide developed by AUGIE (ACORD User Group Information Exchange), which is "must" reading for any agency or carrier implementing Commercial Lines Download. We also link to a recording of AUGIE's Commercial Lines Download webinar, which provides very helpful tips for successfully implementing this technology from agents as well as carrier and vendor representatives.

The "Best Practices Guide to Agency Business Processes and Electronic

## **Marketing & Sales**

Every agency principal should read the excellent article Steve Anderson wrote for ACT on implementing a balanced agency marketing strategy focused on "keeping," "upgrading," "rounding out" and "getting more" business. This roadmap is provided at the "Sales & Marketing" link, along with additional resources on building a true agency sales organization and using Internet tools and other strategies to energize your marketing efforts.

## **Agency Websites & Social Networking**

ACT has created another page – Websites & Social Media – specifically to cover the revolution in agency marketing that the Internet has created. You will find several articles and recorded webinars there on building effective agency websites, improving agency search engine positioning and using free "local search" tools and directories. The page also includes several articles and recordings focused on agency use of social media and how agencies are benefiting from using the social web to extend their marketing, communications and service.



ACT's Social Media page also contains a detailed guide to help agencies build their social media policy, coupled with examples of the policies two agencies have implemented. You will also find a recorded webinar outlining the considerations various organizations have taken into account in developing their policies.

## **Agency Risk Management**

Agency risk management is very important when using all of these innovative technologies, but not typically a lot of fun to deal with, whether the issue involves agency security, E&O or disaster planning. So ACT has provided agents with some tools to help make this job easier for them. For example, a prototype Agency Information Security Plan is available that each agency can customize, with the aid of several drafting notes that point agents to additional considerations and resources. At the same "Security & Privacy" link, agents will find an article on the E&O risks arising from agency websites, which includes sample website disclaimers, along with an article on some of the E&O exposures that arise from the use of Social Media and how to manage them.

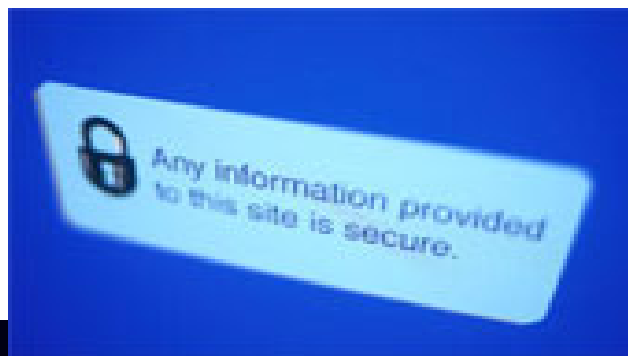
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# ACT's Online Resources to Assist Independent Agents

by Jeff Yates

continued from previous page

ACT also encourages agencies to use secure email whenever they transmit client (or employee) private information, such as on commercial lines applications. The "Security & Privacy" page of the ACT site contains several articles and recorded webinars to help agencies with the implementation of secure email using TLS ("Transport Layer Security"), which is a non-proprietary, open standard recommended by ACT. You will also find there a list of several of the insurance carriers that have TLS activated for their agents.



In addition, you will find a link to information on the "Retail Agent E&S Joint Industry Initiative," which is being led by ACT, AAMGA, ACORD and NAPSLO to push for greater efficiencies in the E&S market by using standard applications wherever possible and automating upload and download between the retail agent and the MGA.

We frequently add articles and notices of upcoming webinars and events to the ACT site, so please visit us regularly. New information is typically posted on the ACT home page.

Being positioned to protect your agency should a disaster strike is also very important, and ACT provides at its "Disaster Planning" link checklists and reports to help agencies with their disaster planning, based upon the recommendations of agents who have experienced these unfortunate events.

### **Focusing on the Future**

ACT's Strategic Future Issues Work Group is focused on looking ahead to make sure that ACT sees beyond the immediate fires of the day. You will find ACT's latest thinking on key technology and societal trends facing us at the "Strategic Future Trends" link, coupled with our recommendations as to what the industry "must do" to respond effectively to these trends.

### **ACT's Advocacy Role**

ACT also advocates for improved insurance processes. One such report on the "Real Time" page argues for changes in how carriers handle passwords when agencies are using their Real Time tools, because of the added security of these tools and the authentication provided by the agency management system.

Most important, we encourage agents and ACT member carriers, vendors and associations to get involved in the ACT work groups to help create our future resources. You will find being a part of these groups to be extremely interesting and rewarding. Finally, we welcome your recommendations for additional subjects to be addressed on the site.



Jeff Yates is Executive Director of the Agents Council for Technology (ACT) which is part of the Independent Insurance Agents & Brokers of America. Jeff can be reached at [jeff.yates@iiba.net](mailto:jeff.yates@iiba.net). This article reflects the views of the author and should not be construed as an official statement by ACT.

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