

ASSOCIATION ANNOUNCES CHANGES IN VOLUNTEER LEADERSHIP: ARNDT APPOINTED IIAWV VICE-PRESIDENT



Doug Arndt

In accordance with the association's By-Laws, IIAWV President James Myers has announced a series of appointments to the organization's Board of Directors.

Douglas Arndt, CIC, AAI, Secretary of Arndt-McBee Insurance Agency in Martinsburg and Berkeley Springs, West Virginia has been appointed by the IIAWV Executive Committee to replace Shannon Armstrong as association Vice-President. Armstrong vacated the position following her acceptance of a position with an agency that is not a member of the association.

Arndt's appointment to the post of association Vice-President initiated a series of additional changes to the IIAWV Board of Directors which include:

Christopher Heater of G.J. Garton Insurance Agency in Weston, West Virginia has been appointed Regional Representative for IIAWV Region II consisting of Barbour, Braxton, Doddridge, Harrison, Lewis,

Marion, Monongalia, Preston, Randolph, Taylor, Tucker, and Upshur counties.

Shannon Abruzzino of Mid-Atlantic Group in Martinsburg, West Virginia has been appointed Regional Representative for IIAWV Region III. The region consists of Berkeley, Grant, Hampshire, Hardy, Jefferson, Mineral, Morgan, and Pendleton counties. Abruzzino replaces Doug Arndt in the office and will serve the remainder of Arndt's unexpired term as Regional Representative.

Michael Winter, AAI of Bray and Oakley Insurance Agency, Inc. in Logan, West Virginia has accepted an appointment to serve as Regional Representative from IIAWV Region V representing Boone, Clay, Kanawha, Logan, Mingo and Putnam counties. Winter replaces Richard L. "Rick" Higginbotham of George H. Friedlander Company in Charleston, West Virginia.

Ted V. Kluemper, Jr. of Ted V. Kluemper Insurance Agency, Inc. in Huntington, West Virginia has accepted an appointment as Regional Representative for IIAWV Region VI consisting of Cabell, Lincoln, Mason, and Wayne counties. Kluemper replaces Bernie Riddle of Mason County Insurance Agency in Point Pleasant, West Virginia.

Stephen C. McBee, AAI, CIC of Arndt-McBee Insurance Agency in Berkeley Springs, West Virginia has been appointed to complete the unexpired At-Large Director term of Christopher Heater. The term expires December 31, 2013.

Holly Boggs, President of Ed DeLong Insurance Marketplace in White Sulphur

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OFFICIAL NOTICE



Pursuant to the By-laws of the Independent Insurance Agents of West Virginia, Inc., Article VI, Section 7, and Article IX, Sections 3, 5 and 6, notice is hereby given.



The membership of the Independent Insurance Agents of West Virginia, Inc. shall conduct the association's Annual Membership Business Meeting at 4:45pm on Sunday, October 7, 2012 at The Resort at Glade Springs at Daniels, West Virginia.

The meeting shall be open only to duly authorized representatives of regular member agencies of the association.

ASSOCIATION ANNOUNCES CHANGES IN VOLUNTEER LEADERSHIP: ARNDT APPOINTED IIAWV VICE-PRESIDENT (CONTINUED FROM PAGE 1)

Springs, West Virginia has been appointed to complete the unexpired At-Large Director term of Shannon Abruzzino. The term expires December 31, 2014.

by a vote of the association's Board of Directors at its October 7, 2012 meeting at Glade Springs.

The appointments are scheduled to be ratified and made official

Contact information for all IIAWV Board members can be found on the association's website at www.iiawv.org.



Christopher Heater



Shannon Abruzzino



Michael Winter



Ted V. Kluemper, Jr.



Stephen C. McBee



Holly Boggs



NOTE FROM THE CEO

Gray Marion, CAE
IIAWV Chief Executive Officer
gmarion@iiaawv.org

The dog days of August are upon us. Everyone seems to be caught up in the heat and trying to get through another tough Summer. This is the time of year when things seem to wear you down and the going gets tough. Summer is also often the time when changes arise in places that you least expect it.

Your association Board of Directors is undergoing a significant amount of changes right now. If you read through the article that begins on the front page of this Insuror, you know what I mean. The bad news is that several people have, for a wide variety of reasons, made the decision to not continue their service on our Board. The good news is that some very fine men and women are stepping up to provide leadership for our organization. We wish the departing Board members the best of luck and look forward to serving with the new and returning Board members. The IIAWV is extremely lucky to have so many good people willing to serve. I encourage each of our member agents to contact our new leaders and thank them for their willingness to step forward and to share with them your ideas for a better IIAWV.

This Insuror also contains information about the state's Export List. This device is currently up for review by the Insurance Commission. If you utilize the list in your agency (and I know that many of you do) I encourage you to contact the OIC and let them know what you think of the current

content of the list and how, if at all, you think it needs to be changed. I attended the last such public hearing that was held a couple of years ago. I was the only industry representative present. If the Export List is important to you, it's important that you show up and speak up.

Mark your calendars right now for our Annual Convention. The dates are October 7, 8 & 9, 2012 and the location is The Resort at Glade Springs. We'll have great continuing education offerings, some entertainment, a chance to weigh in on the latest political debates and to visit with some of the high profile statewide candidates, good food and time to visit with old friends. I hope we'll see you there. The association's annual convention is an important event in the life of the IIAWV. Not only is it the time and place where we elect our leadership, it is the time when we report to you, our membership about the general condition of your association, engage you in direct conversation and answer your questions. It is also one of the few times that our members have the opportunity to visit with each other in an informal setting without the pressure of a company meeting. This kind of opportunity is becoming genuinely rare. We hope more of you will take advantage of it this year and join us at Glade Springs

Thanks again for your membership and your continuing interest in the IIAWV. At one hundred thirteen years of age and counting, we are West Virginia's largest and most effective insurance trade organization, by far the oldest in our state's history. The reason we have survived and thrived is we have the very best of the agency force as our membership. That's you. We thank you for your support and stand ready to serve.



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STATE OF WEST VIRGINIA
OFFICES OF THE INSURANCE COMMISSIONER

P.O. Box 50540 | Charleston, WV | 25305-0540

NOTICE OF PUBLIC HEARING REGARDING EXPORT LIST

NOTICE IS HEREBY GIVEN that the Insurance Commissioner of the State of West Virginia will hold a public hearing, at the time and place set forth below, concerning the renewal of the export list in the surplus lines area.

September 7, 2012 | 10:00 a.m.
Offices of the Insurance Commissioner
One Players Club Drive, 3rd Floor
P.O. Box 2901 | Charleston, WV 25330

THE HEARING ROOM IS ACCESSIBLE TO PERSONS WITH MOBILITY IMPAIRMENTS. IF ACCOMODATIONS NEED TO BE MADE FOR OTHER DISABILITIES, SUCH AS HEARING IMPAIRMENT, PLEASE PHONE THE CONTACT PERSON LISTED IN THIS NOTICE BY AUGUST 31, 2012 SO ARRANGEMENTS CAN BE MADE.

EXPORT LIST

Pursuant to W. Va. Code of State Rules Section 114-20-7, the Commissioner may maintain an export list of insurance coverages and classes that may be placed with surplus lines insurers. Insurance coverages and classes included on the export list may be placed with surplus lines insurers without completing a diligent search of admitted carriers. The Commissioner may declare eligible for placement with a nonadmitted insurer and exempt from all the requirements of West Virginia Code of State Rules Section 114-20-3, any type of insurance coverage or risk for which he or she finds, after a public hearing, that there is not a reasonable or adequate market among admitted insurers.

Pursuant to this rule, the Commissioner has previously collected information on whether or not there is a reasonable or adequate market among admitted insurers for certain risks or coverages.

The Department reviewed the export lists in other states. We contacted West Virginia surplus line brokers and surveyed them as to the risks most placed by them. We received industry input from admitted carriers. We also have held annual public hearing and solicited public comment from all interested parties including surplus line brokers, admitted insurers, trade associations representing admitted insurers, agents and brokers, and consumer group to provide us with evidence of a lack of a reasonable or adequate market amongst admitted carriers for particular risk or coverage. After this process, the Insurance Commission adopted the EXPORT LIST which can be found on the Insurance Commission's website at www.wvinsurance.gov.

RENEWAL

A public hearing shall be held annually regarding the export list. The above noticed hearing is being set to take testimony on the export list to see if any items should be added or removed.

In preparing your comments and/or testimony please be aware that items not appearing on this list will still be exportable but subject to the full documentation of the search being performed pursuant to West Virginia Code Section 33-12C-5.

HEARING AND WRITTEN TESTIMONY

As stated before, this hearing is public and interested parties may testify as time permits. The hearing will be structured with time and place priority afforded to those who have signed-up in advance to speak. If you wish to sign-up in advance to speak, submit your written request to the contact person listed below.

PLEASE BE AWARE THAT IN ORDER FOR THE COMMISSIONER TO CONSIDER ADDING A RISK OR COVERAGE TO THE EXPORT LIST, THE COMMISSIONER MUST HAVE EVIDENCE THAT THERE IS NOT AN ADEQUATE OR REASONABLE MARKET FOR THE RISK OR COVERAGE IN THE ADMITTED MARKET. SUBMISSION OF A STATEMENT SIMPLY REQUESTING A RISK OR COVERAGE TO BE ADDED TO THE LIST WITHOUT OTHER SUPPORTING EVIDENCE OF THE LACK OF AN ADEQUATE OR REASONABLE ADMITTED MARKET WILL NOT BE ENOUGH FOR THE COMMISSIONER TO ADD A RISK OR COVERAGE TO THE LIST.

All written testimony, comments, or documents must be sent to the Offices of the Insurance Commissioner in triplicate (original or two copies) and received by the Offices of the Insurance Commissioner at the address given below no later than 5:00 p.m. on September 4, 2012. All written testimony received at the hearings will be considered part of the hearing record. The Offices of the Insurance Commissioner will not accept any written testimony, comments, or documents which are transmitted to it by facsimile.

Please direct any questions regarding this Notice of Public Hearing, opportunities to testify, and written submissions for the record, to:

*Karen Blake-Epperly
WV Offices of the Insurance Commissioner
P.O. Box 2901 | Charleston, WV 25330*

**MICHAEL D. RILEY
Insurance Commissioner**

16,000 WEST VIRGINIA CUSTOMERS SET TO RECEIVE REBATES FROM HEALTH INSURERS

Health insurance companies will give rebates totaling \$2.7 million to more than 16,000 customers in West Virginia this year.

The U.S. Department of Health and Human Services says most of the rebates will go to people who buy their own health insurance.

People in small group plans will share \$400,000 in rebates.



The rebates are for billing customers more than allowed under the new federal health care law. Companies cannot spend more than 20 percent of revenues on administrative costs.

U. S. Senator Jay Rockefeller inserted that provision into the law. He told the Charleston Daily Mail through a spokeswoman that some insurers have raised prices to boost profits instead of paying for medical care.

FEDERAL ADVISORY COMMITTEE ON INSURANCE HOLDS SECOND MEETING

SESSION FOCUSES ON EMERGING MARKETS AND INTERNATIONAL REGULATORY BALANCE

The second meeting of the Federal Advisory Committee on Insurance, held earlier this week, focused on emerging markets and international regulatory balance.

The FACI is charged with analyzing emerging trends in insurance markets both in the United States and abroad. Federal Insurance Office Director Mike McRaith and FACI Chairman Brian Duperreault, Marsh & McLennan Companies president and CEO, have assigned FACI committee members to one of two subcommittees: the Availability and Affordability Insurance Subcommittee or the International Regulatory Balance Subcommittee.

The meeting opened with a presentation and discussion of a recent report titled “Internationalization of the Insurance Industry” by McKinsey & Company. In an attempt to better understand emerging markets and demographic changes within the insurance industry, the report sought to provide additional insight regarding where the new markets are emerging and data on their demographics.

McKinsey found that there has been a slight drop and stagnation of growth in the U.S. property-casualty and life insurance markets since the financial crisis of 2008. However, the largest growth in both of these insurance markets is in the Asian Pacific, Latin America and parts of Africa. The growth is due an emerging middle class in these parts of the world.

The second part of the meeting focused on current international regulatory activity. McRaith discussed the U.S. interaction with the International Association of Insurance Supervisors. He noted that the IAIS recognizes that traditional p-c insurance does not present a risk to the national and international health of financial markets. However, he also said that there is a desire among the IAIS to explore and quantify “nontraditional” insurance practices by insurers and determine possible systemic risks. McRaith said that he is working with state insurance regulators to appropriately

identify a methodology to designate systemically important financial institutions. McRaith also said that it is important for the IAIS and FSOC designation methodologies, which would be released in the coming weeks, to match up. According to McRaith, these methodologies will not focus on “state versus federal” regulation, but rather they will focus on what is the best approach for U.S. consumers and insurers to provide competitiveness and balance in markets around the world.

Finally, McRaith presented each subcommittee with a framework of the issues they will study and report to FIO.

Of particular interest to agents will be four issues studied by the Availability and Affordability Insurance Subcommittee, which focus on the affordability and accessibility of insurance products in the U.S. and abroad. Specifically, McRaith asked the subcommittee to comment on the following issues:

1. The potential impact of international insurance developments on the U.S. consumer.
2. The role and voice of the U.S. consumer in the development of these international standards.
3. Has the U.S. system of insurance regulation kept pace with U.S. demographic changes? He asked that the subcommittee study the life and p-c markets.
4. Analyze the important role of insurance intermediaries. Is the insurance producer impacted by the demographic changes in the U.S.? If so, has regulation kept pace with these changes?

McRaith said these topics will be part of the agenda for the next FACI meeting to be held in the early fall. He also commented that the long-awaited FIO report will be out in the “near future.”

Jen McPhillips is Big “I” senior director of federal government affairs.

IIAWV 2013 LEADERSHIP ELECTION SCHEDULED

ASSOCIATION VICE-PRESIDENT AND NATIONAL DIRECTOR TO BE SELECTED AT IIAWV ANNUAL CONVENTION

With the IIAWV regional meeting schedule now concluded, the association's electoral focus has shifted to elections to be held at the IIAWV Annual Convention on Sunday, October 7, 2012.

The next step in the association's leadership selection process is the election of an association Vice-President and a representative to the IIABA National Board of Directors. Candidates for those offices run on a statewide basis and the elections for those offices take place at the Association's Annual Membership Business Meeting held during the Association's Annual Convention. This year, that gathering is scheduled for Sunday afternoon, October 7, 2012 at the Resort at Glade Springs in Daniels, West Virginia.

Nominations for these positions are accepted from member agencies in a number of ways including at regional meetings, in writing to the association Nominations Committee or on the floor of the Association's Annual Membership Business Meeting.

The association's By-Laws spell out the election process and contain the Duties and Responsibilities of each office.

Association Vice-President

Article IV, Section 3: Vice-President: The Vice-President shall be a member of and attend all meetings of the Board of Directors. In the event of the temporary absence or incapacity of the President, the Vice-President shall perform the duties of, and have the same authority as, the President. In any case of uncertainty, the Board of Directors will make the determination of the President's absence by majority vote. The Vice-President shall perform such other duties as usually pertain to the office and assume those responsibilities assigned by the President. The Vice-President shall serve as a member of the Executive Committee. The Vice-President shall preside at all meetings of the Board of Directors. In the event of death, disability, or incapacity of the Vice President, the President shall appoint with the advice and consent of the Board of Directors, a successor to serve the un-expired term.

IIABA National Director

Article IV, Section 5: IIABA National Director: The IIABA National Director shall represent the corporation at meetings of the IIABA National Board of State Directors and shall submit reports of each meeting to the IIAWV Board of Directors. The IIABA National Director shall be a voting member of the Executive Committee and ex-officio, non-voting member of the IIAWV Board of Directors and shall attend all meetings of the IIAWV Board of Directors. In the event of death, disability, or incapacity of the

IIABA National Director, the President shall appoint, with the advice and consent of the Board of Directors, a successor to serve the un-expired term.



Nominations for the post are accepted from member agencies in a number of ways. Nominations may be made by qualified member agents during any association regional meeting. Nominations may also be made by writing on member agency letterhead to the association Nominations Committee in care of Gray Marion, IIAWV CEO, at Post Office Box 1226, Charleston, West Virginia 25324-1226. Nominations for the offices may also be made on the floor during of the Association's Annual Membership Business Meeting held at the IIAWV Annual Convention at the Resort at Glade Springs in Daniels, West Virginia on Sunday afternoon, October 9, 2011.

For additional information on IIAWV elections or governance process, please contact IIAWV CEO Gray Marion at 304-342-2440 or 800-274-4298 or by e-mail at gmarion@iiawv.org.



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Charleston, WV

*MORE INFORMATION
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WEST VIRGINIA MAN ACCUSED OF SETTING 62 FIRES

A Nicholas County, West Virginia man faces charges of setting 62 fires in the Summersville and Richwood areas.

Twenty-one-year-old Austin Lee Cox of Craigsville is being held at the Central Regional Jail on \$2.7 million bond. He's charged with 54 felonies, which each carry a \$50,000 bond. The charges include first-degree arson and conspiracy. Other suspects are being sought.

The fires occurred from January to July. Bennett says one fire destroyed a home in Mount Nebo. Another fire gutted a sports bar in Summersville.

There were no injuries in any of the fires.



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VIRGINIA MOTORIST SETTLING LAWSUITS IN WEST VIRGINIA FESTIVAL DEATH: INSURER WILL PAY \$500K

A Virginia driver who crashed into a tent filled with sleeping women at a West Virginia music festival last summer wants to settle three wrongful death and personal injury lawsuits.

Documents filed in U.S. District Court last week show Clay Lewin's insurance carrier — Virginia Farm Bureau Mutual Insurance Co. — will pay the father of Nicole Miller \$300,000 under the proposed settlement, which requires court approval. A hearing is set for Sept. 4.

Miller, 20, of South Carolina, died last July, while two friends were severely injured at the All Good Music Festival near Masontown.

Survivors Yen Ton and Elizabeth Doran would get \$100,000 apiece under the agreement. The women are from Mount Pleasant, S.C.

In May, before the start of settlement negotiations, attorneys had demanded payments ranging from \$975,000 to \$13.5 million.

Court records indicate Lewin's policy with the Virginia Farm Bureau Mutual Insurance Co. limits payments to \$300,000 per person and \$500,000 per accident.

The agreement was reached during mediation in June. Miller's father, Kim, would get 75 percent of the compensation for his daughter's death, while her brother, Kristopher Miller, would get 25 percent.

Lewin acknowledged he lost control of his pickup but blames the parking and security agents who told him to park on a steep, grassy slope near tents and other vehicles.

They were there when he arrived, he says, but no one was present to guide him out when he tried to leave.

Lewin, of Cape Charles, is among about a dozen organizers, producers, promoters and corporations sued over the accident. The other cases remained on track for trials Monday.

Ton, Doran and Kim Miller are also suing: campground operator Marvin's Mountaintop LLC; Maryland-based Walther Productions; California-based Tobin Productions; M&M Parking Inc. of Pennsylvania; and three security providers, Event Staffing Inc. of Virginia, National Event Services Inc. of New Hampshire, and Axis Security Inc. of Tennessee. Some principals of those companies are also being sued as individuals.

All have denied culpability, and most have filed counterclaims against each other.

The All Good festival drew some 30,000 people in its final year in West Virginia. This year, it moved to Ohio.



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ASSURED PARTNERS ACQUIRES INSURANCE SYSTEMS

AssuredPartners, Inc., has acquired substantially all of the assets of Insurance Systems, Inc. and Insurance Systems of West Virginia, Inc., based in Ona, West Virginia.

“We think our addition to the AssuredPartners platform will help us continue to attract the best people and to have the insurance carrier relationships to take care of our clients.”

Insurance Systems, Inc. is a full service insurance agency, serving the tri-state area (WV, OH, KY) since 1926, and will establish a new office for AssuredPartners. Tom Riley, President and Chief Operating Officer of AssuredPartners, Inc. commented, “This acquisition illustrates our strategy to acquire the best insurance agency operations in new geographies, adding talented people with a passion for great customer service to our existing agency platforms.” Arch Keller, President of Insurance Systems, remarked, “Combining with AssuredPartners represents the best of all worlds for ISI and its customers. We have ensured our perpetuation, kept our local autonomy, and gained financial and operating resources to continue to live out daily our customer motto – Count us among your friends.” David Robinson, Secretary/Treasurer of Insurance Systems, concurred, adding, “We think our addition to the AssuredPartners platform will help us continue to attract the best people and to have the insurance carrier relationships to take care of our clients.”

About AssuredPartners, Inc.

Headquartered in Lake Mary, Florida and led by Jim Henderson and Tom Riley, AssuredPartners Inc., a portfolio company of Chicago-based private equity firm GTCR, acquires and invests in property and casualty and employee benefits brokerage businesses across the country. After just twelve months of operations, AssuredPartners has approximately \$170 million in annualized revenue and continues to be one of the fastest growing insurance brokerage firms in the United States. For more information, please contact Dean Curtis, CFO, at (407) 708-0031 or dcurtis@assuredptr.com, or visit www.assuredptr.com.

About GTCR

Founded in 1980, GTCR is a leading private equity firm focused on investing in growth companies in the Financial Services & Technology, Healthcare and Information Services & Technology industries. The Chicago-based firm pioneered the “Leaders Strategy” – finding and partnering with management leaders as the critical first step in identifying, acquiring and building market-leading companies through acquisitions and organic growth. Since its inception, GTCR has invested more than \$9 billion in over 200 companies. For more information, please visit www.gtcr.com.

For further information, contact Dean Curtis at AssuredPartners, Inc. at 407-708-0031.

INSURERS EYE FEDERAL TAX REFORM TO NIX FEES

BILL NOT YET GAINING SUPPORT FROM CONSERVATIVE DEMOCRATS

With GOP repeal efforts stalled out this year, health insurers are eyeing an expected effort to overhaul the nation’s Tax Code next year as their best shot to get rid of a tax they’ll have to pay under President Barack Obama’s health care law.

Lobbyists for the health insurance industry are calling on lawmakers to make repeal of the “health insurance tax” a priority during those discussions, arguing that a rewrite of the Tax Code is the best time to re-examine the tax that is expected to help pay for health care reform.

“This adds to the cost of coverage,” America’s Health Insurance Plans President Karen Ignagni said last week at a briefing hosted by the Congressional Health Care Caucus, a GOP congressional forum that included leaders from the business community. “This is something we’ll want to take a look at prior to 2014, during tax reform.”

The House and Senate tax-writing committees are in early discussions on pruning the Tax Code. The early steps by AHIP and groups such as the National Federation of Independent Business — which heads a coalition that lobbies for repeal of the fees — underscore what is likely to be a frenzied lobbying

effort by other special interests that are also taxed under the Affordable Care Act.

“I think it’s entirely appropriate to have this on the table for tax reform,” said Douglas Holtz-Eakin, former Congressional Budget Office chief who runs the American Action Forum, a conservative think tank.

Amanda Austin, director of federal public policy for the NFIB, said the Tax Code discussions should open the door to a new look at the full range of taxes in the health care law, including the insurers’ fees.

“If we have the opportunity to talk about tax reform, then we should highlight this as well as the individual mandate, the employer mandate and other fees and taxes,” Austin said. “The bar for tax reform has been set where everybody wants to play in that game.”

The insurance fee will go into effect in 2014. It’s a fixed amount, meaning health insurers will pay enough to meet broad revenue targets each year — \$8 billion in 2014, \$11.3 billion in 2015 and 2016, on up to \$14.3 billion and more through 2022.

(continued on page 11)



'This adds to the cost of coverage,' said AHIP head Karen Ignagni. | John Shinkle/POLITICO

INSURERS EYE FEDERAL TAX REFORM TO NIX FEES (CONTINUED FROM PAGE 10)

An AHIP-funded report found that the tax will increase premiums as much as 2.3 percent in its first year and, ultimately, up to about 4 percent by 2023. And both the CBO and the Joint Committee on Taxation say the fees will disproportionately hit the individual and small business markets the hardest.

"From a tax policy point of view, it doesn't make a lot of sense, and from a health policy point of view, it doesn't make a lot of sense," Holtz-Eakin said. "This has to be on the list."

But it's no sure thing that Congress will consider the tax.

Legislation sponsored in the House by Rep. Charles Boustany Jr. (R-La.), and in the Senate by Republicans Orrin Hatch of Utah, John Barrasso of Wyoming and Olympia Snowe of Maine, has barely budged since the bills' formal introduction — and some say the cool reception is partly the insurance sector's fault.

The Senate bill has struggled to gain the support of even the most conservative Democrats, including Sens. Joe Manchin of West Virginia and Ben Nelson of Nebraska, according to a lobbyist familiar with the repeal efforts. AHIP's role in funding a barrage of opposition ads that ran heavily in many Democratic districts in 2010 has helped drive away potential supporters, the lobbyist said.

And unlike legislation to repeal the medical device tax, which won the support of 37 Democrats in the House, only five of the 172 co-sponsors of Boustany's bill are Democrats.

"The message is, 'There are two or three other taxes ahead of yours, so get in line,'" the lobbyist said, describing the uphill climb the stand-alone bills face.

And another health law critic thinks repealing the fees is a near impossible task.

"The tax is so intricately involved with the rest of the policy in the health care law, the idea that conservatives will use the process

to take this out and keep the rest of the law in place — no way," said Jim Capretta, a policy analyst at the Ethics and Public Policy Center. "What incentive would they have just to take that out and not repeal the law?"

By Matt Dobias, Politico.com

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LIBERTY MUTUAL ANNOUNCES REALIGNMENT; NAMES 4 UNIT EXECUTIVES

Boston-headquartered insurance giant Liberty Mutual said it is realigning its strategic business units. The company which reported \$139 million profit for its 2012 second-quarter earlier Wednesday, also named executives that will lead each of its four new strategic business units (SBUs).

The changes include: bringing together its regional company and commercial markets group; combining domestic personal lines business; and creating a global specialty unit combining Liberty International Underwriters, Liberty Mutual Reinsurance and Liberty Mutual Surety.

The insurer emphasized, however, that this is not a consolidation or reorganization.

“This change is designed to make it easier for agents and customers to do business with us. It also will allow us to better leverage our scale and expertise by spreading best practices and investments in products, services and innovation across the global enterprise,” said Liberty Mutual spokesman John Cusolito. “We are realigning our strategic business units into four new SBUs effective immediately.”

The company has informed its employees about the newly formed business units. Agents received the communication regarding the change from the company on Wednesday, July 25.

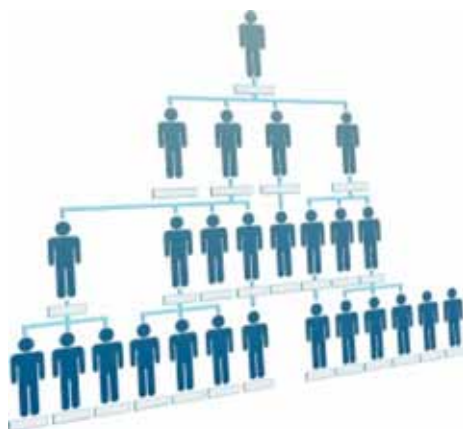
The four newly realigned business units — and the top executive for each unit — are as follows:

- Commercial Insurance, which will serve standard lines accounts of all sizes by providing one face to the agent and broker community. This business unit will offer commercial products and services from Liberty Mutual’s commercial markets as well as Liberty Mutual Agency Corp.’s regional companies.

The company said agents and brokers will benefit from continued regional focus and authority enhanced by greater national capabilities and resources.

Liberty Mutual said J. Paul Condrin will lead Commercial Insurance. Prior to his appointment, Condrin was responsible for Liberty Mutual Agency Corp., the company’s business unit that provides commercial and personal insurance through independent agents across the United States.

- Personal Insurance will include all domestic personal lines business.



Liberty Mutual and Safeco brands and products will be maintained, and distribution channels will continue to be managed separately. Leading Personal Insurance will be Timothy Sweeney. Prior to his appointment, Sweeney was responsible for Liberty Mutual Personal Markets.

- Global Specialty, which will include all Liberty Mutual Insurance Specialty lines business: Liberty International Underwriters, Liberty Mutual Reinsurance and Liberty Mutual Surety. The company said brokers and clients will continue to do business as they have in the past.

The top executive for Global Specialty will be Christopher Peirce. Prior to his appointment, Peirce was responsible for Liberty Mutual Commercial Markets, the company’s business unit that provided property/casualty, group benefits insurance and reinsurance.

- Liberty International will continue to focus on local country operations in Argentina, Brazil, Chile, China, Colombia, Hong Kong, India, Ireland, Poland, Portugal, Russia, Singapore, Spain, Thailand, Turkey, Venezuela and Vietnam. Luis Bonell will continue to lead Liberty International.



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UNDERSTANDING AGENCY EXPENSES RELATIVE TO REVENUE

RECOVERING REVENUE DEPENDS ON THE SPECIFICS OF THE SITUATION

An agency's competitor suggested to one of its commercial clients that it would stand to recover nothing at the time of loss on their business income if the company shows no income at the end of the year. The client is a C Corporation, and it often drains most of its income for tax purposes by ways such as paying bonuses, the agency notes. Is the competitor's statement applicable, considering the client has continued expenses such as payroll?



They are:

- Net Income vs. Continuing Expenses
- Business Income Coverage for Unprofitable Businesses
- Business Income Coverage for Nonprofits

However, if the company is breaking even, the policy will usually cover continuing expenses while it is shut down and extra expenses to expedite recovery, up to the policy limit.

Referring to the ISO CP 00 30, business income pays for the loss of net profit plus continuing expenses. It will also pay for extra expenses incurred to get back into business quicker.

So the answer is, of course, it depends. In this example, it depends a lot on the company's expenses relative to revenue. If a business is operating at a loss that exceeds the amount of continuing expenses, it's possible they would get nothing. The Big "I" Virtual University has articles on the topic.

Bill Wilson is director of the Big "I" Virtual University.

This question was originally submitted by an agent through the VU's Ask an Expert Service. Answers to other coverage questions are on the VU. For help accessing the website, email logon@iiaba.net to request login information.



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COVERAGE VARIES FOR DAMAGED LAWN MOWERS

LOOK TO THE ISO HOMEOWNERS POLICY EDITION FOR ANSWERS

An insured's mower is damaged in an auto accident while he is hauling the mower on a trailer with his pick-up truck. Is there coverage for the insured, whose policy uses the 2000 ISO HO-3 form?

This is a great question for illustrating how important it is to know what policy edition date is being used. The mower is personal property under all editions of the ISO HO-3.



The unendorsed HO-3 covers damage to personal property caused by vehicles. Presumably, damage to the mower resulting from an auto accident would trigger coverage under this peril.

But one must then look under the Property Not Covered section on page four of the 2000 policy. Motor vehicles are excluded, but some exceptions are made—including this one: "We do cover 'motor vehicles' not required to be registered for use on public roads or property which are...used solely to service an 'insured's' residence."

The key word in the 2000 edition of the ISO HO-3 policy is "solely." If the mower is ever used for anything other than servicing the insured's residence, it's no longer covered.

That brings into question why the mower is being transported on

a trailer. If it's on the way home from mowing Aunt Bertha's lawn, there's no coverage. If it's on the way home from mowing the insured's church's lawn, there's no coverage.

In the 2011 edition of this ISO policy, coverage is broadened slightly so there is coverage if the mower is used to service "a residence."

That means there is coverage if the equipment is being transported after it was used to mow Aunt Bertha's lawn. But there is no coverage if it's being hauled after it was used to mow the church's lawn—unless one only mowed the lawn of the parsonage.

Coverage was much broader in the 1991 edition of the ISO HO-3. As long as a person used a lawn mower to sometimes service his/her own premises, he or she would be covered.

Bill Wilson is director of the Big "I" Virtual University.

This question was originally submitted by an agent through the VU's Ask an Expert Service. Answers to other coverage questions are on the VU. For help accessing the website, email logon@iiaba.net to request login information.

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COVERING GOLF COURSE BI LOSSES FROM WEATHER DAMAGE

IS BI COVERED UNDER STANDARD ISO FORMS? VU EXPERTS ANALYZE TWO GOLF COURSE SCENARIOS

High temperatures and drought conditions caused a golf course, despite its mitigation efforts, to lose most of its greens. Elsewhere, a severe storm downed dozens of trees on a golf course. In both situations, business income was reduced or suspended for several months. Is this covered under standard ISO forms?

We know that ISO direct property forms cover trees, shrubs and plants for only minimal limits and perils, with drought and windstorm not being covered perils for such damage to trees and greens. But what about business income coverage? Has there been damage to “property” on the premises? Does the Special Causes of Loss form exclude these perils?

In the severe storm scenario, the golf course and country club were covered under the CP 00 10 and CP 10 30 forms.

The CP 00 30 covers loss of business income caused by damage to property on the premises. It does not matter if the direct damage is covered under other forms or not, as long as a covered peril on the CP 10 30 damages property—not necessarily “covered property”—on the premises.

Meanwhile, in the drought case, the insured disputed the

company’s denial of coverage by an insured peril under the CP 10 30 form, saying that golf course should be covered by the policy’s business interruption provision.

At first glance, one would think this couldn’t possibly be covered by insurance. However, the important thing is what the policy forms say. If the company has denied the claim, what exclusion did they cite?

In reviewing the scenario, Virtual University faculty members agreed more information was needed about the cited exclusion and the cause for the damage. But some said there’s a possibility that the business income loss would be covered.

One faculty member noted: “Unlike direct property coverage, business income coverage only requires damage to ‘property’ on the premises. It does not require loss to ‘covered property.’ Grass is property, so absent an exclusion, is the business income loss to the golf course covered? It looks like it is to me.”

Bill Wilson (bill.wilson@iiaba.net) is director of the Big “I” Virtual University. The full version of this story, including VU faculty responses, is on the VU. For help accessing the website or to request login information, email logon@iiaba.net.



Big “I” Advantage Virtual Risk Consultant
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SALES SUCCESS IDEAS: GET YOUR SALES ON TRACK BY GETTING BACK TO BASICS

Vince Lombardi, the great Green Bay Packers coach, once said that football comes down to only two things: Blocking on offense and tackling on defense, and those are the basics his teams spent 80% of their time on in practice. Red Auerbach, who coached the Boston Celtics to eight consecutive championships, is known for having players practice shots over and over again from very short distances and even while standing right under the basket. Lombardi, Auerbach, and all other great coaches have always taught the importance of focusing on the basics in order to be successful. In this respect, business and selling are a lot like sports. It's often been said that the one key fundamental principle of business is: Focus on the basics, and the same is true for selling. Never is that more true than when times are challenging, as they are now. When it comes to sales and selling, there are certain key fundamentals, or basics, to follow that ultimately lead to sales success.

The 5 Basics to Sales Success

Basic Principle 1: Plan your work and work your plan.

You have to start everyday with a plan. Know how many leads you need to get and how many sales you need to make in order to reach your annual income goal. Break these goals down to yearly, monthly, weekly, and daily goals and evaluate them at the end of each day to make sure you're on track. Your objective should be to exceed these goals.

Basic Principle 2: Spend more time on your most important tasks.

The three activities you should be spending the majority of your time on during the work day are: prospecting, presenting, and closing. That's it. Everything else should be delegated or done during off-hours. Now we realize the world isn't perfect and things will come up that you need to handle. At the same time, if you're focused on these three activities and adamant that you will do as much of them during the work day, avoiding procrastination and other time wasters, you'll find it will do wonders for your business.

Remember: sales IS a numbers game. Yes, relationships and quality are important but to have the relationships and the



quality you first have to be talking to lots of people. It's simple, the more people you talk to, the more business you will do. As an expert networker once said, "If you get your face out there enough you'll eventually run into someone who needs you or knows someone who needs you. Even a broken clock is right twice a day."

Basic Principle 3: Get back to personal communication and build relationships.

Today we have a plethora of technology devices at our disposal and there can be a tendency to use them too much. In-person communication has been replaced by e-mails, text messages, video conferencing, and sometimes, little or no communication at all. Now is the time to make more in-person visits to customers to say "hello", drop off the proposal instead of mailing or e-mailing it, and to follow up in person instead of trading voice messages or faxes. Hand-written notes are also rare these days. You should be sending hand-written thank-you notes, birthday cards, holiday cards, and anniversary cards on the anniversary date of the day you started doing business with someone. Your objective is to have more personal contact at a time when your competitors are calling less and being less personal.

(continued on page 20)



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WHEN IT'S TIME FOR YOUR STAFF TO RETIRE, HELP THEM RETIRE THE WAHVE WAY

Do you know that one of eight Americans is 65 or older? Do you realize the average age in the insurance industry is 58? Our industry is facing a huge boomer retirement trend that presents a wonderful opportunity for insurance firms and their retiring staff.

Retirement today is not an end game. People retire from the office but not from work. They want to work differently as they phase out of the 9-to-5 workforce and create a better life-work balance. They also know that if they continue to work, they will stay healthier, live longer and have greater financial freedom.

When I travel around the country attending conferences, some agency principals and HR managers tell me they have people working for them who they know are ready to retire -- but they don't know how to help them take the plunge. Some of their staff people tell me they would love to "sort of retire" but are fearful of closing the door. They are afraid that after being home for a few months, they will be bored and/or realize they need to earn some money to supplement their retirement income. They worry that no one will hire them ever again, or that they will end up as a greeter at Walmart and their CIC or CPCU designation will lose its value.

But now there's a solution to the conundrum: a new way to help your retiring employees create a new career after retirement. It's called "Work At Home Vintage Employees" (WAHVE). WAHVE was created to solve two of the industry's major imminent problems: 1) The shortage of qualified talent and 2) the loss of the industry's institutional knowledge as boomers retire.

When you help a staff member retire by having them register with WAHVE, you are helping everyone because:

- You are keeping the institutional knowledge in the industry and making it available for others who need it.

- You are enabling a transition for your staff.
- You are providing the industry an alternative to outsourcing insurance jobs overseas.

Today's technology enables people to work remotely from home, and today's retirees are tech-savvy. According to the latest research, 50 percent of soon-to- retire baby boomers are prepared to work from home. They have high-speed Internet connections, up-to-date computers, smart phones; they surf the internet and use computers to video chat. Now all they need is a job working from home!

WAHVE is the perfect opportunity for you to help your employees who want to retire have a soft landing as they leave the regular workforce.

WAHVE has been capturing the insurance industry's retiring baby-boomer population ("vintage employees") who want to continue to work and then outsourcing them back to insurance firms (agents/brokers, wholesalers, insurers, and vendors), on a full-time, parttime or project basis. We have many insurance firms' approaching us with work assignments that can be a good fit for retiring insurance agency employees.

Invite your current and past retirees to visit the [WAHVE website](#) and apply to become a WAHVE.

Sharon Emek, Ph.D. (Sharon.Emek@WAHVE.com) is founder and CEO of Work At Home Vintage Employees LLC (www.WAHVE.com), which provides remote outsourced workers to independent agencies and other insurance firms. WAHVE was named winner of the "Insurance Entrepreneurial Award" by the Insurance Innovation Alliance for its service providing insurance agencies, wholesale brokers, and carriers with skilled insurance retirees who work from home. Emek also is a partner at CBS Coverage Group, Inc., an insurance agency in the New York metropolitan area.

SALES SUCCESS IDEAS: GET YOUR SALES ON TRACK BY GETTING BACK TO BASICS

(CONTINUED FROM PAGE 18)

At the end of the day, it's all about people and relationships. You have to connect with people on a personal level and stay in communication and continue to build the relationship.

Basic Principle 4: Get better at selling.

When times are tough there tend to be fewer prospects and fewer opportunities, thus you must do better with the ones you have. The fastest way to get better at selling is to one: make sales a study, and two: do what the top salespeople do.

Become a student of selling, be a sponge, read, listen to, and watch anything you can on the subject of selling. Next, find the top salespeople in your company, your industry, and in other industries. If they have books, CDs, or other programs, invest in them and go through them thoroughly. Call them on the phone, e-mail them, or otherwise get in touch with them and ask them what makes them successful. It's simple, if you do the same things as top salespeople, you will get the same results.

Basic Principle 5: Work hard and smart.

We talked a bit about working smart when we talked about finding the top salespeople and doing what they do. It's simple, success leaves clues. You don't want to reinvent the wheel and you don't have to, simply find out what makes the top salespeople the top

salespeople and do what they do. You also want to use best practices in your industry. Look for ways to work more efficiently. In addition to working smart, you have to work hard. This is particularly true in tough times. You may have to make more calls and work more hours in order to find the prospects and make the sales. In addition, every day you have to work hard on your mental attitude, on keeping negatives out, on staying motivated, on building your network, on making the calls, and on everything else that your selling career involves.

About the Author

John Chapin is an award-winning sales speaker, trainer and coach, a number one sales rep in three industries, and the primary author of the gold-medal winning "Sales Encyclopedia". In his 24 years of sales, customer service and management experience, he has sold in some of the toughest markets and economies.

If you would like access to John's free white paper on what it takes to be successful in sales along with a monthly newsletter, you can visit John's website at www.completeselling.com. For permission to reprint, or to reach John, email him at johnchapin@completeselling.com.

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