

May 1, 2014

IIABW Bulletin



Defense Cost Reimbursement

Insurance companies over the past few months have been adding endorsements to commercial policies in Washington dealing with reimbursement of defense costs. Under these endorsements, if a claim is found to be not covered, the insured will be required to pay the insurance company back for the defense costs provided.

In March 2013, the Washington Supreme Court ruled an insurance company cannot recoup defense costs paid under a *reservation of rights defense*, even where a court subsequently rules that the carrier does not have a duty to defend ([National Surety Corp. v. Immunex Corporation](#)). In November 2013, ISO published ISO IL0123 endorsement which states,

"If we initially defend an insured or pay for the insured's defense but later determine that none of the claims for which we provide a defense or defense costs, are covered under this insurance, we have the right to reimbursement for the defense costs we have incurred."

IIABW is concerned about the loss of coverage and, consequently, the increased E & O exposure for agents. We have shared our concerns with the Office of the Insurance Commissioner and are also researching how agents in other states have dealt with these endorsements.

Young Agents Conference

Register for IIABW's [Young Agents Annual Conference](#) which will be held on June 12-13 at the [Enzian Inn](#) (\$120 per night) in Leavenworth. Earn at least 5 hours of CE while networking with over 70 other producers, wholesalers, marketing reps, and underwriters.

State Exchange Update

More than 1 million Washington residents have accessed health coverage through our state exchange, including 164,000 individuals in Qualified (private) Health Plans (QHPs). Here are some facts from their 26 page [end-of-open-enrollment data report](#):

- Brokers were involved in 71,000 enrollments - 59% of them were with Medicaid and 41% with QHPs.
- In-Person Assistants (i.e. Navigators) were involved in 274,000 enrollments - 89% through Medicaid and 11% through QHPs.

Featured Associate Member



Berkley North Pacific is proud to offer state-of-the-art commercial insurance products and services through a select group of Independent Agents in the Pacific Northwest.

Headquartered in Seattle, decisions are made locally by field underwriters and service personnel working from the Seattle office and branch offices in Spokane, Portland, Boise and Salt Lake City. Our Claims team has been recognized for its outstanding service and our Risk Management team goes beyond loss control and inspections to help business owners manage risk. Find out more about Berkley North Pacific by visiting our website at www.berkleynpac.com.

Online CE Courses

IIABW has partnered with CEU.com to provide you with an excellent [online education](#) option that is backed by The Institutes (AICPCU/IIA). IIABW members receive a 35% discount. [Click here](#) to register.

IIABW has partnered with Risk & Insurance Education (RIE) to offer 9 self-

- For the QHPs, brokers sold 59% of the plans and In-Person Assistants sold 41%. Only 43% of QHP customers received help from either.
- 79% of the customers who purchased a QHP received some type of subsidy. The average monthly cost of a QHPs with a tax credit was \$100, while the average tax credit amount was \$276 a month.
- Young adults (18-34) made up 25% of QHPs enrollments.

Oregon Scraps Their State Exchange

Oregon's online enrollment portal is the only exchange in the country that can't process any electronic applications. State officials have blamed many of the problems on its lead contractor, Oracle, which was paid more than \$130 million to lead the development of the online marketplace. Officials determined that fixing the existing system would cost \$78 million while switching to the federal system would cost just \$4 - \$6 million. So far, about 242,000 Oregonians have enrolled in coverage in their state exchange - 29% of those enrolled in private health plans.

Member News

- Our thoughts and prayers are with family and friends of Roy Potter, who passed away on March 29th. In 1955, he started Roy Potter Insurance which he later sold to his son, Scott.
- IIABW's [Risk Management Seminar](#) has been changed to May 14th in Spokane. The seminar will also be offered on Oct. 15 in the Tri Cities and Dec. 10 in Bellevue.

Hiring Next Generation's Employees

The National Underwriter recently published an article entitled, "[Future Shock: Recruiting the Insurance Industry's Next Generation](#)," which reports the average age among insurance agents in the U.S. is 59 and one-fourth of the insurance industry's workforce will retire by 2018. The article shares what is being done to encourage young people to make the insurance industry their career.

Insurers' Strong 2013 Results

ISO and the Property Casualty Insurers Association of America compiled the industry's 2013 results compared to 2012:

- Net income for U.S. P & C insurers was \$64 billion in 2013, up from \$35 billion in 2012
- Insurers' rate of return on average policyholders' surplus reached its highest level (10%) since 2007.
- P&C insurers reported \$16 billion in net gains on underwriting in 2013, compared to \$15 billion in net losses in 2012.
- The industry's combined ratio was 96, compared to 103 in 2012.

study/online [CE programs](#) instructed by Dave Sanborn, CPCU. Classes include: Contractual Liability, Additional Insureds, Construction Defects, Commercial Auto, Business Income, Occurrence v. Claims Made, Ethics, General Liability

On-demand E&O Loss Control course webcast available through Agents & Brokers Education Network (ABEN). This course qualifies for the 10% Swiss Re Loss Control credit. To register, [click here](#).

Big I Personal Lines
Affluent Homeowners & Auto (4 carriers)

Personal Builders Risk

Recreational Vehicles & Marine.

Homeowners: Seasonal, Coastal, Unprotected, Unsupported Secondary.

Non-Standard: Homeowner, Condo, Rental, Vacant Dwelling.

Homeowners DIC

Flood

Commercial Lines

Habitational - Apartment, Condo

Bonds - Surety, Performance, Bid and Misc.

Travelers - Select (Contractor Pac, Auto, Garage, BOP, Religious, Tech)

Community Banks Business Insurance

Real Estate Agents E&O

Excess Flood

- Net losses and loss-adjustment expenses (LLAE) improved 6% from 2012, while net-written premiums grew 5%.

Hartford Specialized Affinity Programs In-Home Business

Best Insurance Commercials

The National Underwriter shared their list of [best insurance commercials](#) on TV as of 2014.

New Employee Online Seminars

IIABW has endorsed a [web-based education series](#) for your new, unlicensed employees. Employees logs onto the course each week to get the faculty-facilitated training. Choose from the following courses:

- New Employee Orientation
- Delivering Quality Service
- Personal Lines Coverage Basics
- Commercial Lines Coverage Basics

Walmart Markets Auto Insurance Online

Walmart has partnered with AutoInsurance.com which will provide customers an auto insurance comparison service. Walmart said it will direct customers to the website but will not sell it directly. Prior to this launch, Walmart piloted a single insurance carrier option in stores in Georgia and South Carolina and an aggregator model with multiple carriers in Pennsylvania. Walmart also experimented with offering Esurance auto insurance discount cards to consumers at kiosks in Illinois.

Auto Insurance Shopping

According to a J.D. Power study, 30% of auto customers shopped for a new insurance provider in 2013, among whom 36% ultimately switched insurers.

- Customers who experience a premium increase are less likely (13%) to shop than those who have a poor experience (28%).
- Rate hikes of more than \$200 can triple the rate of customers who switch insurers.
- Eight in 10 customers continue to select the lowest-priced insurer.
- On average, customers saved \$300 when switching insurers in the past 12 months.

Appointments

[Eagle Agency](#) gives you access to four premier personal lines markets: Travelers, MetLife Auto and Home, Hartford and Progressive. For an appointment you only need to submit 2 new lines policies a month.

Homeowners DIC

Earthquake and incidental flood coverage for residential properties is offered by Trustco, through Lloyd's of London. Owner occupied one and two family homes may be covered with limits up to \$1 million. For an agent/broker brochure, consumer brochure and application, [click here](#).

Flood Insurance

Federal flood (write your own) program. 18%/15% new/renewal commission. For more information, go to [IIABA's Web Site](#).

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