

May 16, 2014

# IABW Bulletin



## Referral Incentive Program Rules

IABW submitted [this letter](#) to the Office of the Insurance Commissioner and testified before a hearing last week on their proposed rules to regulate referral incentive programs. IABW has argued that rewarding people for referrals to independent agents is an appropriate marketing practice and helps independent agents compete with the billions of dollars spent on advertisement from GEICO and other direct writers. IABW encouraged the OIC to table their proposed rules so IABW can work with the OIC next legislative session to modernize the outdated law which limits these programs.

## Successful Young Agents Conference

The Young Agents held another successful conference last week in Leavenworth which was attended by over 60 producers, marketing reps, CSRs, etc. We'd like to thank the sponsors of the event which are listed to the right. To view some pictures from the event, [click here](#).

## New IABW Members

IABW would like to welcome our newest members:

- Barker & Associates, Woodinville
- Becker Tax Advisory Group, Bellevue
- Deborah McIntosh, Vancouver
- Insurance Management Co., Lynnwood
- North Star Financial Group LLC, Kent
- Kimbler Financial LLC, Bellingham
- Washington Insurance PLLC, Washougal
- White Mountain Financial, LLC, Vancouver

## Member News

- Brunni-Colbath, Inc. has been acquired by Redmond General Insurance Agency, Inc. Brunni Associates began in 1980 and soon after became Brunni-Colbath, Inc. when founder Donald Brunni was joined by Carlton "Bud" Colbath.
- Safeco is proud to announce its latest promotions: Chuck Blondino has been named Director of Agency Capabilities and Programs, which is a newly created position responsible for agency marketing development programs and bringing national scale to regional programs. Gabe Gonzalez, CIC,

## Young Agents Conference Sponsors

### Title Sponsor

The Advantage Group/  
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WSRB

## Online CE Courses

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

has been promoted from to the NW region's Marketing Director.

## Exchange Seeks Committee Members

The Washington Health Benefit Exchange is currently recruiting nominees for their Advisory Committees. The deadline for submitting nominations is June 18, 2014. For more information on the committees, go to <http://www.wahbexchange.org/>. Submit nominations including a short biography to: [info@wahbexchange.org](mailto:info@wahbexchange.org).

## Individual Market Expands > 30%

According to [new information reported to the OIC](#) by health insurers in Washington State:

- The individual health insurance market grew 30% this past year to more than 327,000 people;
- 52% of the people in the individual market are in plans outside the exchange and 48% are in plans within the exchange;
- Age breakdown of the individual market is as follows: 28% over age 55; 36% 35-54; 23% 18-34; 13% under age 18.

## Interesting Insurance News

- The NFL, MLB, NBA and NHL have joined the insurance industry in favor of renewing the U.S. terrorism insurance plan (TRIA). "It is critical that arenas and stadiums continue to be insured against a terrorist act," they jointly wrote in a letter to lawmakers.
- One of the dancing hamsters in Kia car commercials was arrested on insurance fraud charges related to his alleged fraudulent collection of state disability insurance benefits. From 9/10/-9/11 Leroy Barnes collected \$51,000 in disability benefits while starring in a Kia car commercials.
- Event cancellation insurance coverage for this year's World Cup is expected to be about \$2 billion which would cover the cost of ticket refunds and hotel cancellations and losses at television stations. This year's World Cup is expected to be watched by more than a billion spectators worldwide. To date, the largest sporting event to trigger insurance claims was the 1980 Moscow Games when the U.S. led other countries in a boycott after the then Soviet Union invaded Afghanistan.

## New FEMA Rates & Refund Calculations

Implications of the Homeowner Flood Insurance Affordability Act of 2014 (HFIAA) are becoming clearer. Recently, [FEMA released rate tables](#) which will be used to calculate premiums for all new and renewal policies as of Oct. 1

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

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Homeowners: Seasonal, Coastal, Unprotected, Unsupported Secondary.

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

Homeowners DIC

Flood

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### Commercial Lines

Habitational - Apartment, Condo

Bonds - Surety, Performance, Bid and Misc.

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

Community Banks Business Insurance

HFIAA prohibits FEMA from increasing premiums more than 15% a year within a single risk class and more than 18% for an individual policy. The impending rate changes are all the same or lower than the ones which took effect Oct. 1, 2013. The rate tables also will be used to calculate HFIAA-required premium refunds. FEMA anticipates finalizing its refund guidance by July and beginning to refund policyholders by Fall 2014.

## Agency Mergers Up

With 110 mergers and acquisitions of insurance agencies in the first four months of 2014, this year marks the strongest showing of industry M&As of any comparable period for at least seven years, according to an OPTIS Partners survey. Privately held buyers and private-equity-backed firms accounted for nearly 80% of all announced M&A activity

## Agency Perpetuation

The Insurance Journal has released another interview, "[When an Agency Perpetuation Plan Makes Sense](#)", by David Tralka, President and CEO of InsurBanc. In this interview Dave answers the question many agency owners think about - "what do I do with the investment I've built over the years?" He discusses the factors behind creating an agency success plan and the options and challenges of perpetuation financing.

## Need an Affluent Market?

If you need a market for an affluent customer, Big I Markets has coverage available through ACE Private Risk Services, Chubb Group of Insurance Companies, Fireman's Fund and AIG.

Risks Eligible for Coverage:

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## Agents Filing Claims

Here is an article from IIABA's Virtual University:

As an agent of the insurer, you are likely responsible to the principal (insurer) under the law of agency to report this information, since the principal is charged with the agent's knowledge. More specifically, failure to do so might very well violate the agency/company contract.

It is also foolish on the part of the insured to refuse to report a

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### 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](#).

known claim. Most policies require claims and suits to be reported promptly-otherwise, the insurer is usually within its right to deny defense and indemnity under the policy. The Big 'I' Virtual University (VU) offers a couple of articles on this topic:

- ['The Danger of Not Reporting Claims'](#)
- ['Reporting Underlying Claims to the Umbrella Carrier'](#)

In sum, the insurer should be made aware of such claims by the insured and/or the agent. But that being said, I can tell you it is routine practice at many agencies to not report a claim if the insured requests it. A frequent example is fender benders where it doesn't appear any real damage has occurred. But if something develops that results in a claim or suit and if the insurer has been prejudiced, the insured and agent can find themselves in serious trouble. If you're aware of something that the insurer should or would want to be aware of, you should advise them accordingly.

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