

The Independent Insurance Agents & Brokers of Washington

Centennial 1910 – 2010



Just over 20 years after Washington became the 42nd state of the United States and a year after Seattle hosted the Alaska-Yukon-Pacific Exposition, stock insurance company agents met in Spokane in 1910 to form the Washington State Association of Local Fire Insurance Agents.

Agents joined together to collectively do what they were unable to do individually. Independent agents saw the benefit of this collaboration for the greater good in 1903 when agents lost an important court case over the ownership of expirations. After the NY Supreme Court ruled in favor of an insurance company, our national association mobilized agents to appeal to the Appellate court and won the ownership rights of their customer's expirations.

In 2010, IIABW celebrated with our members and the rest of the insurance industry our past 100 years. We've enjoyed a rich history, filled with some challenges and many successes. We'd like to thank our loyal members for your support over the years.

The following is a brief history of our association and how it fits in with the history of the insurance industry as well the history of our state.

1910s

- The Panama Canal was completed.
- World War I was fought.
- Ford built the first moving assembly line.
- Communists took power in Russia.
- The Boy Scouts of America and Campfire Girls was founded.
- Albert Einstein proposed the General Theory of Relativity.
- The average life expectancy was 47 years.
- There were only 8,000 cars and 144 miles of paved roads in the U.S.
- The average wage was 22 cents per hour.



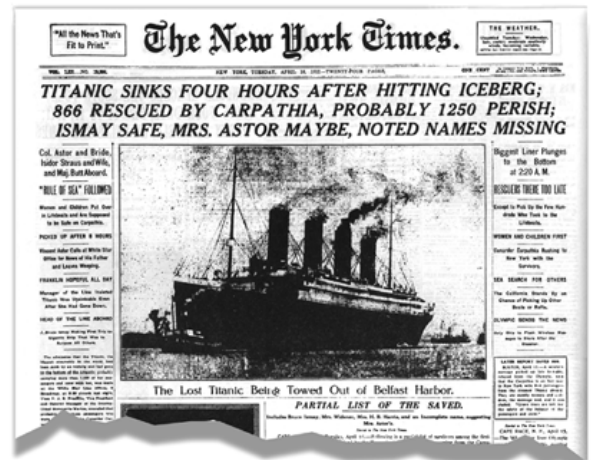
Washington in the 1910s

- The Spokane River dam was built in 1910 with the world's greatest electricity output.
- Fort Walla Walla closed in 1910.
- In 1910, Washington became the 5th state to ratify the 6th Amendment to give women the right to vote.
- In 1910, the worst snow slide in U.S. history buried 3 passenger trains at Steven's Pass which killed 118 people.
- In 1911, Frank Mars began his candy company in Tacoma with a coated chocolate which later became M&Ms .
- In 1914, the Davenport Hotel opened in Spokane.
- In 1916, Boeing was founded in Seattle by William Boeing.
- In 1919, 5-day Seattle general strike was the first general strike in America.



1910s in the Insurance Industry

- The Harford celebrated its 100th year in business in 1910.
- The first worker's compensation laws were passed in 1911 by Washington and four other states.
- In 1912, the 'unsinkable' Titanic struck an ice berg and 2½ hours later sunk, killing 1,500



passengers. Coverage was verbally bound by Lloyds of London at 5:30 pm the night the before.

- In 1916, Congress passed a statute permitting national banks located in communities of populations of 5,000 or less to act as insurance agents.
- The steamship Lusitania was torpedoed by a German sub in 1915, killing 1,200 people. The Bureau of War Risk Insurance offered coverage that couldn't be found in the marketplace.
- Trading with the Enemy Act interrupted reinsurance arrangements with companies doing business in enemy countries.
- As major league baseball grew in popularity, Lloyds wrote policies covering the teams and players. Walter Johnson and Ty Cobb each were insured for \$100,000.
- Group life insurance was first sold in 1911. In 1918, the Spanish Influenza pandemic killed 550,000 people in the U.S. and 22 million worldwide. Insurers paid out almost \$2 billion in life policies (in today's dollars). The pandemic helped make a compelling argument for life insurance.
- In the 1910s, standard limits on liability policies were set at \$5,000 per person and \$10,000 for all persons injured in a single accident. Liability policies only covered bodily injury.
- John Shively (1909 – 1913) was our state's first insurance commissioner. Impeachment proceedings were brought against him in 1909 but he was found not guilty. H. O. Fishback (1913 – 1933) was our state's second insurance commissioner. He served as President of the National Association of Insurance Commissioners (NAIC) in 1924.



Association in the 1910s

- Stock company agents met in 1910 in Spokane to form the Washington State Association of Local Fire Insurance Agents.
- In 1912 the IIA of King County was formed.
- A resolution was passed at the state 1913 convention to affiliate our state association with the National Association of Local Fire Insurance Agents (NALFIA) – joining 36 other affiliated state organizations. Our national association had a total membership of 5,000 agencies and charged membership dues of \$3 per agency.

- In 1914, our national association was at 'war' with the fire insurance companies over the war stamp tax passed by Congress. NALFIA was successful in convincing Congress to make the companies to pay the tax.
- Agencies started selling casualty and surety coverages as well as coverage for a new invention: the automobile. Our national association, thus, changed its name in 1913 from the National Association of Local Fire Insurance agents to the National Association of Insurance Agents (NAIA).
- John Coart of Seattle served on the national association's executive committee from 1915 – 1918.



1903 to 1913



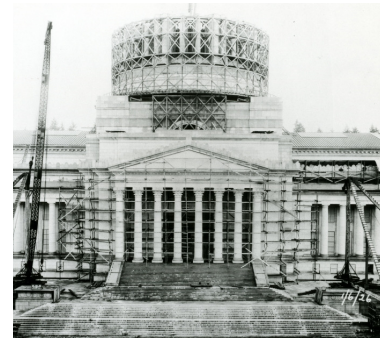
1913 to January 1945

1920s

- The sale of alcohol was prohibited and organized crime grew in power.
- 'Flappers' wore short skirts, bobbed hair, listened to jazz, and danced the Charleston.
- The Scopes (Monkey) Trial ruled on evolution vs. creationism.
- Penicillin and insulin were discovered.
- Hitler published *Mein Kampf*.
- The stock market crashed.

1920s in Washington

- In 1920, Hank Ketchum, cartoonist of Dennis the Menace, was born in Seattle.
- In 1928, the capitol building in Olympia was completed.



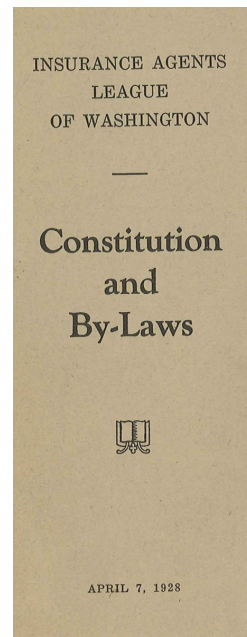
1920s in the Insurance Industry

- General Insurance Company of America (later Safeco) was founded in 1923.
- First issue of the *Insurance Journal* was published.
- As late as 1925, only 1 in 4 autos were insured. Our national association president publicly questioned if this line of coverage was needed.
- According to Best Insurance Guide, the survival rate of U.S. mutual companies was 75% compared to the survival rate of stock insurance companies of 18%.
- The first annuities and modern health insurance were born.
- In the mid 20s, Chrysler and General Motors entered into the insurance business for new car buyers.
- During the Great Depression, a severe drought, 'the dust bowl,' caused food shortages and a 25% increase in farm fires.
- Loans from the Reconstruction Finance Corporation keep insurers and banks afloat.
- "Standard" policy forms were introduced for aviation liability, products and completed operations liability, miscellaneous professional (i.e. errors and omissions) liability, and excess liability.



Association in the 1920s

- In 1919, local independent agent associations were affiliated into our state association. In Spokane, there was an organization of company representatives and local agents known as the Insurance Federation of Washington, and attempts were made to merge the two organizations.
- In 1921, the Spokane local association voted to join the national association and also merged with the state association to form the Insurance Agents League of Washington.
- Our state association began offering educational programs in 1921.
- With a firm belief that insurance should be regulated by the states and not the federal government, our association supported legislation to enact countersignature laws in Washington.
- The association's Presidents were: W.F. Bridgeford, Yakima; Harry C. Coffman, Chehalis (served twice); Sabine L. Carr, Bellingham.



1930s

- During the Great Depression, 85,000 businesses failed, 5,000 banks suspended operations, 9 million savings accounts were wiped out and 12 million people were unemployed.
- FDR was elected and created the New Deal.
- The Third Reich rose in power in Germany and World War II began.
- The Hindenburg exploded.
- "Swing" music became popular.



1930s in Washington

- In 1931, a Bellanca CH-200 monoplane completed the first nonstop flight across the Pacific Ocean from Japan.
- In 1933, Washington state unemployment peaks at more than 25%.
- In 1938, the Olympic National Park and REI were founded.



1930s in the Insurance Industry

- In 1930, United Pacific Insurance Company was founded.
- Sears, Roebuck & Co., which sold 'Allstate' brand of tires, formed Allstate Insurance Company in 1931 and by 1939 premium volume grew to almost \$4 million. Allstate became the first company to use age, mileage and use of car in pricing.
- In 1937, General Insurance Company of America (later Safeco) was the first company to offer "blanket policies" that combined a variety of coverages in one policy.
- In 1938, a hurricane hit the Northeast that caused \$3 billion in losses. Insured losses were only 3% because most homeowners didn't carry windstorm coverage.
- In 1938, the federal crop insurance program was created.

- The Surplus Line Association of Washington was formed in joint cooperation with the Office of the Insurance Commissioner in 1938. The stamping office was established so brokers could submit policies and filings. In the late 1930s, Washington State adopted comprehensive surplus lines laws and Lloyd of London agreed to recognize only licensed brokers belonging to the association.



- Directors and officers liability coverage was first offered in the 1930s.
- William Sullivan (1933 – 1961) served 7 terms as our state's insurance commissioner from and as the President of NAIC in 1936.

Association in the 1930s

- Until the mid-20th century, the national association and its state affiliates did not allow agents representing mutual insurance companies to be members. In 1931, the National Association of Mutual Insurance Agents (now the PIA) was formed.
- Irwin Mesher began his 40 years of service as Executive Secretary of both the state association and the IIA of King County.
- A permanent address for the state association was established in 1933.
- The state association created the *Washington Agency Bulletin* in 1933. This publication eventually was renamed *InsuranceWeek*.
- Wayne Meek of Seattle served on the national association's executive committee from 1938-1940.
- The association's Presidents were: R. J. Martin, Spokane; Wallace W. Miller, Yakima; C.B. White, Seattle; Harold N. Mann, Tacoma; James A. Miller, Bellingham; George R. Thieme, Seattle; Terry L. Ross, Wenatchee; Harry E. Briggs, Seattle; Harry Paxton, Walla Walla; H.T. Anthony, Spokane.

1940s

- The U.S. entered World War II after the bombing of Pearl Harbor.
- The U.S dropped atomic bombs on Hiroshima and Nagasaki.
- 40 million people were killed by the Germans in the Holocaust.
- The United Nations and NATO were established.
- Top movies were: It's a Wonderful Life, Casablanca, Citizen Kane, Disney's Pinocchio and Dumbo.
- It was the Big Bands era with Glenn Miller, Duke Ellington and Benny Goodman.



1940s in Washington

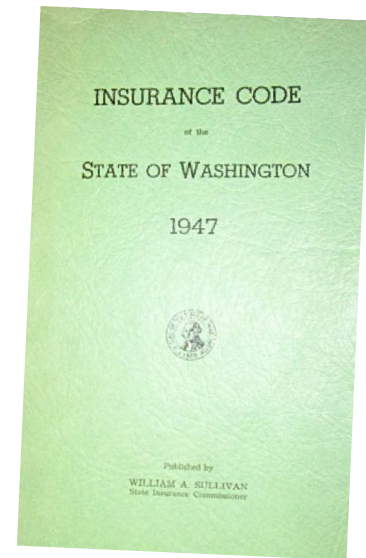
- In 1940, the Lake Washington Floating bridge in Seattle was dedicated.
- In 1941, the Grand Coulee Dam went into operation.
- In 1942, Jimi Hendrix was born in Seattle and, in 1948, Kenny Loggins was born in Everett.
- In 1943, the Hanford nuclear reservation was constructed for the Manhattan Project.
- Alaska Star Airlines was started in 1942 and dropped its middle name the next year.
- In 1948, Washington's first TV station (KING-TV) begins broadcasting in Seattle

1940s in the Insurance Industry

- In 1940, the middle section of the Tacoma Narrows Bridge ("Galloping Gertie") collapsed in 42 mile-per-hour winds. It was the worst disaster in bridge insurance history with \$100 million in loss (in today's dollars). The State of Washington was unable to collect on an insurance policy for the bridge because its insurance agent fraudulently pocketed the premiums.
- In 1940, the Aberdeen Plywood Company had a fire with an insured loss of over \$8 million (in today's dollars).



- The National Bureau of Casualty Underwriters (which eventually became the Insurance Services Office - ISO) in 1941 released the first comprehensive general liability (CGL) insurance policy. Major revisions to the CGL policy forms were made in 1943, 1955, 1966, 1973, and 1986.
- In 1942, the American Institute for CPCU was founded and the Chartered Property Casualty Underwriter (CPCU) professional designation program was developed.
- War exclusions were added to policies. Rationing of gas and rubber impacted demand for auto insurance.
- With so many men serving in the war, more women worked in the insurance industry.
- The 1943 edition, 165-line *New York Standard Fire Policy* was introduced and is still referenced in our state's Washington Administrative Code (WAC).
- Life insurance sales increased 50% in 1946 as people switched from buying war bonds to life insurance and as veterans returned home to new jobs and to start families.
- In 1948, communities along the Columbia River experienced the greatest spring snowmelt flooding which lasted 45 days.
- In 1949, the Public Employees Mutual Insurance Company (PEMIC) was founded to sell fire, burglary, auto collision, and comprehensive insurance and Public Employees Mutual Casualty Company (PEMCO) was founded to write liability insurance.
- In 1949, a 7.1 slab earthquake hit beneath Olympia, which was the most damaging of the century. Eight people were killed and the total damage was estimated at over \$1.4 billion (in today's dollars).
- In the 1940s, Farmers' Mutual Insurance Co. (later Mutual of Enumclaw) began offering extended coverage perils to its fire and lightning coverage, insurance to non-farm properties and then casualty insurance.
- President Truman tried to expand Social Security to include national health insurance and disability benefits.
- Washington state law no longer restricted insurance companies from writing multiple lines of coverage.



Association in the 1940s

- In 1944, the U.S. Supreme Court ruled that the insurance business was interstate commerce subject to Federal antitrust laws. Since before the Civil War insurance had been regulated by the states. Our association and others in the insurance industry responded by successfully lobbying Congress and the McCarran-Ferguson Act passed in 1945 which reasserted state regulation of insurance and provided the industry with limited federal antitrust immunity.
- Virgil R. Lee of Chehalis served on the national executive committee in 1946 and Harold Mann of Tacoma received the Woodworth Memorial Award, our national association's highest honor.
- The association's Presidents were: James M. Blair, Puyallup; Frank N. Bellinger, Bellingham; Charles P. Carroll, Spokane; Virgil R. Lee, Chehalis; Alfred W. White, Seattle; F.W. Norgard, Yakima; H. Eldridge Carr, Bellingham; H.H. Martin, Longview; E.O. Allen, Wenatchee.



January 1945 to
September 1956

1950s

- The U.S. fought in the Korean War.
- Racial segregation was ruled unconstitutional in public schools and Rosa Parks refused to give up her bus seat in Alabama.
- The AFL-CIO was formed with 15 million members.
- Popular musicians included: Elvis Presley, Jerry Lee Lewis, Buddy Holly, Ritchie Valens, Nat King Cole, and Frank Sinatra.
- The most popular television shows were: The Honeymooners, Lassie, Father Knows Best, and I Love Lucy.



1950s in Washington

- In 1950, Gary Larson, cartoonist of the *Far Side*, was born in Tacoma.
- Washington State Ferries began operations in 1951.

1950s in the Insurance Industry

- In 1950, the U.S. Government supplied war risk coverage for ships.
- In 1951, Group Health successfully sued King County Medical Society before the State Supreme Court for barring their doctors from membership. The society called Group Health a "socialist group."
- In 1953, a fire at a GM plant caused \$270 million in insured damages (in today's dollars) which was the largest property claim on a single risk in history.
- In 1953, General Insurance Company of America created a new subsidiary, Selective Auto and Fire Insurance Co. of America (Safeco).
- In 1955, the Federal Trade Commission (FTC) accused 30 insurers of deceptive advertising.
- In 1955, the Pacific Northwest chapter of the CPCU held their first all industry day.
- In 1956, Northwestern Mutual Fire Association changed its name to Northwestern Mutual Insurance Company as it began to write insurance coverages other than fire. In 1971, it changed its name again to Unigard Mutual Insurance Company.
- Congress passed the Bank Holding Act of 1956 which exempted some bank holding companies from getting Fed approval to sell insurance.



- In the 1950s, multi-line underwriting by insurance companies developed, along with composite rating, umbrellas and package policies. “Account rating” became the new buzzword.

Association in the 1950s

- In 1950, the state organization was incorporated as a non-profit association and the name was changed to Washington Association of Insurance Agents (WAIA).
- The state association and county associations collaborated on the writing of the insurance of many public entities. They provided peer review and also tried to eliminate political patronage. The funds were split between the agency which serviced the account and the county association for local business and the state association for State of Washington entities. Funds were used pro bono publico to support public good projects such as traffic safety programs, insurance education in schools, etc. The state association wrote the Washington Liquor Control Board and Washington Toll Bridge Authority beginning in the 1950s. The state association also wrote the insurance for the University of Washington, Evergreen College, Eastern Washington College and the interstate bridge across Lake Washington.
- The 1950s was a tough decade for independent agents. There was intense competition from direct writers and there was a push from independent agent companies to reduce commissions. In 1957, State Farm began advertising on the Jack Benny show and Allstate also began advertising on T.V. The national association and its state affiliates raised \$1 million (which is \$7 million in today’s dollars) to advertise on T.V. During the 1960 national ad campaign, actor William Holden and baseball star Stan Musial were spokespersons.
- The State National Director was Harry. P. Sargent.
- The association’s Presidents were: H.P. Sargent, Seattle; Allender S. Brown, Spokane; Matt F. Maury, Olympia; Stanley W. Lebens, Yakima; W.W. Fry, Tacoma; William E. Burch, Spokane; William R. Lee, Chehalis; Thomas A. Harman, Seattle; Roland S. Dick, Everett; Hugh Hitchcock, Ellensburg.



December 1957 to
February 1966

1960s

- John F. Kennedy, Malcolm X, Martin Luther King, Jr., and Robert F. Kennedy were assassinated.
- The U.S. entered the Vietnam War which sparked the anti-war movement.
- The book *The Feminine Mystique* ignited the contemporary women's movement.
- The music industry was influenced by Woodstock, Motown and the British Invasion.
- Top movies of the decade were: Psycho, Breakfast at Tiffany's, Lawrence of Arabia, The Sound of Music, and Doctor Zhivago.

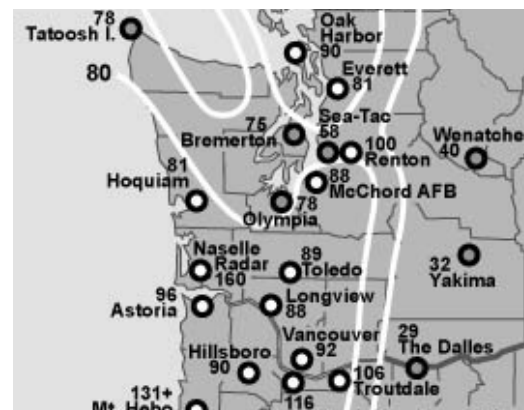
1960s in Washington

- In 1962, the World's Fair opened in Seattle, under the theme "Century 21," and featured the monorail and Space Needle.
- In 1962, the Columbia Winery, the state's first winery, started in Woodinville.
- In 1963, Boeing completed its 727 jet and, in 1969, it flew its first 747 jet.
- In 1963, Evergreen Point Floating Bridge opened.
- In 1968, the North Cascades National Park was dedicated.
- In 1969, 70,000 attended the Seattle Pop Festival.



1960s in the Insurance Industry

- In 1962, the U.S. Supreme Court ruled that employees in related operations such as shipbuilding, harbor construction and dredging are covered under the Federal Longshoremen's and Harbor Workers' Compensation Act.
- The Columbus Day Storm of 1962, the "Big Blow," was the most powerful windstorm to strike the Pacific Northwest in the 20th century and caused an estimated \$1.6 – 2 billion in damage (in today's dollars). It blew down 15 billion board feet of timber which was worth \$5.3 billion (in today's dollars). Recorded wind gusts of 150 MPH were measured in Bellingham.



- Prior to the 1960s, few professionals carried E & O coverage. Medical malpractice was common at limits of \$25,000/\$75,000. In 1962, the first U.S. court issued a judgment in excess of \$1 million for injury to one person. As large settlements became more common, the need for professional liability grew.
- In 1965, Medicare was passed by Congress.
- In 1966, the Farmers' Mutual Insurance Company, which was formed in 1898, changed its name to Mutual of Enumclaw Insurance Company.
- In 1965, riots erupted in the Los Angeles' Watts area and insurers paid out \$300 million (in today's dollars) in property damage and business interruption losses. Riots affected 100 cities in 28 states in 1967 with insured losses totaling over \$400 million (in today's dollars).
- In the aftermath of the rioting, insurers wrote less business in urban areas with a high risk for civil disturbances. In Washington, insurance companies restricted coverages in Pasco, the Hilltop area of Tacoma as well as the University of Washington and the University District of Seattle. In late 1968, Insurance commissioner Lee Kueckelhan mandated the Fair Access to Insurance Requirements (FAIR) plan. It assigned risks to insurance providers, guaranteeing property owners the right to purchase basic coverages. In 2006, the Fair plan was expanded to the entire state.
- In 1968, the federal riot reinsurance law and the federal flood insurance program were passed by the US Congress.
- In 1967, United Pacific was purchased by Reliance.
- In 1968, the Washington Insurance Council was founded.
- Insurance company mergers into large conglomerates accelerated rapidly in the late 60s. The U.S. Senate asked the NAIC to institute a one year moratorium on approvals of P & C mergers.
- Lee Kueckelhan (1961 – 1969) served as our state's 4th Insurance Commissioner and as the President of NAIC 1963 - 1964. Karl Herrmann (1969 – 1977) served as our 5th state's Insurance commissioner.



Association in the 1960s

- The state association supported the University of Washington Insurance program which had two full time insurance professors.

- As late as 1961, the state association rejected a membership application from an agency that who wrote for a mutual company who claimed ownership of the customer's expirations.
- Our state association was against compulsory auto insurance and urged companies to include uninsured motorist coverage in the standard auto policy.
- In 1964, the state association sold the *Northwest Agency Bulletin* (later *InsuranceWeek*) to Irwin Mesher.
- The national association's InVEST program, which educates high school and college students about the insurance industry, was started in Washington State at Evergreen Community College with the help of Safeco and the Washington Insurance Council.
- In 1968, the state association's name was changed to Independent Insurance Agents and Brokers of Washington (IIABW) to recognize those members who were licensed brokers.
- IIABW contracted with *InsuranceWeek* Magazine to provide administrative, accounting, secretarial, and office space to the association from 1968 -1973.
- IIABW fought the Dept. of Revenue amendment of Rule 164 to apply the state B & O tax to commission shared with another broker – thus double taxing business brokered by another agent.
- The state association successfully lobbied to exempt agents and brokers from paying city and county B & O taxes because of a law passed in 1969.
- Independent insurance agents continued to lose market share to competitors and saw more commission reductions by companies as agent/company relations soured. In 1969, our national association Board of Directors voted to form a union to bargain collectively on behalf of agents. After sleeping on the idea, the Board changed its mind the next morning and voted idea down.
- William R. Lee of Chehalis served on the Big I National executive committee from 1962-1965 and was a candidate for Vice President in 1965. Tom Harman, William Burch and James Mack Koon were our association's State National Directors.
- The association's Presidents were: J. Mack Koon, Tacoma; Oscar Bierwagen, Walla Walla; L.E. O'Day, Aberdeen; L.E. Salladay, Spokane; W. H. Crockett, Seattle; B.A. Slaughaupt, Chelan; Milton S. Bosell, Olympia; Barry Jones, Spokane; Max R. Walton, Richland; Douglas Lane, Bellevue.



March 1966 to
February 1987

1970s

- Terrorists attacked the Olympic Games in Munich.
- The OPEC embargo led to the oil crisis.
- The Watergate scandal forced President Nixon to resign.
- Intel created the first inexpensive microprocessor for the first home computer.
- Americans were taken hostage in Iran.
- Top movies included: Jaws, Star Wars, Saturday Night Fever, The Godfather, Rocky, and Grease.
- Top T.V. shows included: All in the Family, Saturday Night Live, Happy Days, Brady Bunch, and M*A*S*H.



1970s in Washington

- In 1971, Starbucks opened its first coffee shop.
- Boeing laid off 65,000 workers during the "Boeing Bust," and a Sea-Tac billboard teased, "Will the last person leaving Seattle please turn out the lights" in 1971.
- In 1973, the TV "Frugal Gourmet" show began in Tacoma.
- In 1974, the first Ted Bundy murder victim was found in Seattle.
- In 1975, Microsoft was founded.
- In 1977, the Kingdome opened.



1970s in the Insurance Industry

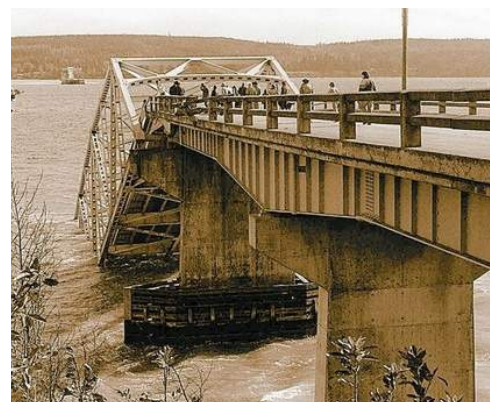
- The Agency-Company Operations Research and Development (ACORD) committee was formed in 1970 to streamline processing of transactions between companies and agents.
- 15 rating bureaus combined into one in 1971 to form ISO which set the stage for countrywide policy-form uniformity.
- The number of group life policies doubled in the 1970s to 560,000. The first flexible life policy was written in 1970.

- The industry increased their recruitment of women and minorities. In 1972, women were only 2% of all recruits and by 1980 they were 14%.
- In 1973, Equity Funding Life Insurance was caught inflating its assets – over \$20 million in bonds, \$100 million in stock and over half of their enforce life policies were fictitious. As part of the settlement, 24,000 policies were transferred to Northern Life of Seattle.
- In 1974, Allstate appointed its first ten independent agents in Washington. Our national association stated its “opposition to dual marketing per se and urges its members to carefully consider the likely result of mongrelizing the system.”
- In 1974, the IRS ruled that an individual who purchases another agency can depreciate portion of the purchase price as an asset.
- In 1975, Tree Top Fruit Company is Selah had a major fire in its factory.
- In 1976, the Businessowners’ Policy (BOP) was introduced in the marketplace.
- The P & C industry had an underwriting loss in 1975 of \$16 billion (in today’s dollars), making it the worst year in the 225 year history of the industry. Private passenger auto insurers suffered half the industry’s loss. Inflation hit auto insurers as medical and repair bills skyrocketed. 20 auto insurers failed. Stock trading for Government Employees Insurance Company (GEICO) was halted. GEICO raised additional capital through a special stock offering and received help from other insurers through a reinsurance arrangement.
- In 1978, there was a Market Assistance Program (MAP) in Washington for product liability.
- In 1979, the western part of the Hood Canal floating bridge sank during 120 mph winds and cost \$143 million to rebuild. The State of Washington chose to insure only the outstanding bridge debt/tolls to be collected rather than the physical structure itself.
- Hurricane Frederick caused \$3 billion (in today’s dollars) and became the largest insured catastrophe in history to that point.
- In 1979, Contractors Bonding and Insurance Company (CBIC) was founded.
- Richard Marquardt served as our state’s 6th Insurance Commissioner from 1977 – 1993.

KNOW YOUR INSURANCE RIGHTS

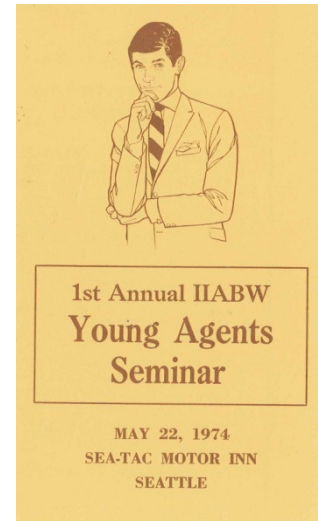


KARL HERRMANN
Insurance Commissioner
Washington State



Association in the 1970s

- In 1970, our national association advertised on the US Open, Super Bowl, NCAA basketball finals, and Monday Night Football games.
- The state association filed a lawsuit against the Insurance Commissioner to stop an order permitting the “mass merchandising” of auto and casualty insurance in the state. The case was heard by the state Supreme Court.
- In 1971, over 70 IIABW members and spouses attended the national conference in Hawaii.
- IIABW began selling E & O insurance through Fireman’s Fund and then in 1977 through Equity General Agents Inc.
- In 1974, the state association hired its first full-time employee, Lin Thelen as Executive Secretary. Prior to joining IIABW Thelen worked for the IIA of Oregon.
- In 1974, IIABW hosted its first Young Agents seminar and also hosted the Far West Agents (Technical) Conference in Seattle.
- In 1976, the national association changed its name to the Independent Insurance Agents of America (IIAA).
- IIABW moved into a new Bellevue office at 11661 SE 1st St. in 1976 and then in 1979 moved across the street into the Leavitt Building (at 301 116th Av. In Bellevue) to acquire more space for a growing staff.
- IIABW’s annual revenues were \$170,000 in 1977. The association’s revenues were as follows: 1960 - \$30,000; 1968 - \$50,000; 1980 - \$400,000; 1990 - \$700,000; 2000 - \$850,000; 2010 - \$1 million.
- Insurance Producers Political Action Committee (INPPAC) restructured in 1977 to be a joint lobbying coalition made up of IIABW, PIAWA, Western Association of Insurance Brokers, and the Washington Association of Life Underwriters.
- In 1978, IIABW created the Associate membership category for companies which do business with independent agents.
- In 1979, IIABW hired Susan Scott as its new director of education.
- Local associations became known for the golf tournaments they sponsored: Cowlitz, Gray’s Harbor, Clallam, Whatcom, Snohomish, King, Pierce, Chelan/Douglas, Yakima, Tri-Cities, Walla Walla, and Spokane. In 2010, only 5 local associations will sponsor tournaments.
- Registration rate for our association convention was \$30. The rate for “Man & wife” was \$50.
- Jack McDonald served on the national association’s executive committee from 1977-1980. Our State National Directors in the decade were Barry Jones, Jack McDonald and Donald Biggs.



- The association's Presidents were: Don C. Pilkey, Tacoma; Jack F. McDonald, Walla Walla; Charles S. Powers, Issaquah; Donald W. Biggs, Vancouver; Robert H. Thoren, Tacoma; Roger L. Mostoller, Kennewick; Arthur Armstrong, Everett; C.J. Jensen, Seattle; P.P. Lynch, Jr., Spokane; E. Harold Smart, Pullman.

1980s

- The Chernobyl disaster was the worst nuclear power plant disaster in history.
- AIDS was discovered.
- The U.S. boycotted the 1980 Summer Olympics
- Assassination attempts were made on the Pope and President Reagan.
- The first woman was appointed to the U.S. Supreme Court.
- Rubik's Cube, Pac-Man and Cabbage Patch dolls become popular.
- The Cold War ended and the Berlin Wall fell.
- Exxon Valdez spilled millions of gallons of oil along the Alaskan coastline.



1980s in Washington

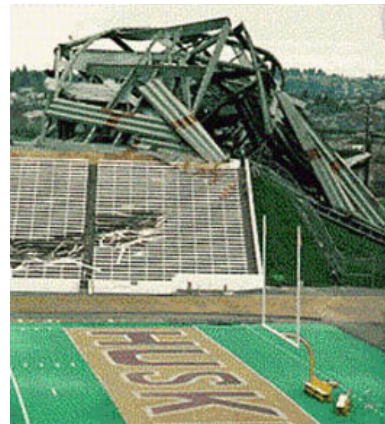
- In 1983, U.S. Senator Henry M. "Scoop" Jackson died after representing Washington in the U.S. House of Representatives and in the U. S. Senate for 42 years.
- In 1983, the first Costco discount warehouse opened in Seattle.
- In 1984, 200,000 gallons of oil flowed into the Columbia River near Longview.

1980s in the Insurance Industry

- In 1980, Mount Saint Helens erupted and lost over 1,300 feet of elevation. 57 people died. There were \$3.9 billion in losses but only \$44 million were insured losses (in today's dollars.)
- Alternative markets were created: captives, self insurance, risk retention groups, excess liability carriers and insurance pools.
- In 1982, Sear, Roebuck & Co. opened financial service centers in their stores to offer Allstate Insurance, Coldwell Banker Real Estate and Dean Witter Financial Services.
- High investment yields supported cash-flow underwriting during the longest and most severe soft market from the 1978 – 1984. Reinsurance eventually began to contract and insurers began cutting limits, hiking deductibles and raising rates.



- 100 P & C insurers became insolvent from 1984-1986.
- The independent agency system faced tough competition from direct writers, banks and insurers. The soft market combined with commission reductions and inflation of expenses lead the *National Underwriter's* headline in their Jan. 11, 1980 issue: "Agency System Won't Survive '80s." Captive companies almost doubled their share of the auto market in 20 years: from 26% in 1955 to 51% in 1977.
- In 1986, Commissioner Marquardt adopted prior approval.
- In 1986, IIABW worked with the Marketing Assistance Program for daycare and liquor liability.
- In 1987, IIABW successfully lobbied to have agents removed from sales tax portion of the Governor's tax proposal.
- In 1987, an addition to the bleachers of the Husky Stadium on the University of Washington campus collapsed because support cables were removed too early during construction.
- Because of runaway inflation, the industry introduced the concept of enhanced replacement-cost provisions.
- In 1988, Metropolitan P & C began appointing independent agents.
- The Washington Supreme Court held in 1988 that a social host cannot be liable for damages caused by a guest's intoxication and in 1989 it struck down a cap a person may be awarded for emotional distress and pain and suffering.
- Mandatory auto insurance became the law. In the 1950s, IIABW fought against the law but supported it this time.
- As California's auto rates rose to the 3rd most expensive in the country, voters passed Prop 103 in 1988 which required insurers to reduce their rates at least 20%, mandated a new rating structure for auto insurance and instituted prior approval for rates.
- In 1989, the state required anyone planning to take the agent P & C licensing exam to complete a pre-licensing education seminar.



Association in the 1980s

- During the 1980s, the battle between banks and IIAA intensified. The national association tried to close numerous loopholes that banks were using to sell insurance. In 1982, Washington Mutual Bank created an in-house insurance agency.
- In 1980, IIABW formed the Insurance Producers' Service, Corp. (IPSC), a for-profit corporation to manage its insurance products and business services for members.

- IIABW helped create the first CE requirement for agents to increase the professionalism of the industry in 1980. Between 12-36 hours per year was required, depending on the number of years an individual had been licensed.
- The first official IIAA-PIA merger discussions were held from 1981 -1983.
- The state association's name was changed in 1981 to Independent Insurance Agents of Washington to track more closely with the national association's name.
- The Accredited Adviser in Insurance (AAI) designation program was started in 1981 by IIAA, many of its state affiliates, including Washington, and the Insurance Institute of America.
- Our national association's advertising reached its highest level in the early 1980s when \$7.5 million was spent annually (which is over \$14 million today). Actor Raymond Burr, who used independent agents for more than 30 years, was the spokesperson.
- The South and North Snohomish County associations merged in 1982.
- The 1983 Convention in Pasco asked companies to stop using hospitality suites.
- In 1983, the state association was successful in convincing the legislature to remove agents/brokers from the professional services section of the B & O tax law and roll back the tax rate. Agents were then in a separate section of the law and taxed the original rate of 1% plus a 10% surcharge.
- In 1983, Hartford Insurance Co. made an agreement with AARP to sell insurance to its members at a price below what its long-time agents could get. Our national association spoke out strongly in support of its members and urged the company to give their agents the same product to sell. After a Federal Trade Commission investigation, our national association agreed to a consent degree that prohibited it from encouraging members to not do business with certain companies.
- Len Brevik was hired in 1985 and then left the state association in 1989 to go to our national association. He is currently the CEO of the national PIA. Clark Sitzes replaced Len as our lobbyist and he currently runs the PIA Western Alliance.
- B & O taxes on agents and brokers were cut in 1986 due to the extraordinary lobbying efforts of our members.
- In 1987, our state association withdrew from Insurance Producers Political Action Committee (INPPAC) and soon formed our own political action committee, Big I Pac.



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Agents
and Brokers
of Washington**



- Lin Thelen retired in 1987, after 13 years of service.
- Larry Kees was hired to replace Thelen as the new Executive Vice President. Kees was an agent in Reno and had been the Executive Vice President of the Nevada Independent Insurance Agents association.
- Washington State University (WSU) created a Distinguished Professorship in Insurance in 1986. WSU offered the first fully accredited four year degree in risk management west of the Mississippi.
- The state association bought its first fax machine in 1988 and offered members access to a line of the machines at discounted prices.
- Showing our national association's lobbying strength in Washington D.C., President Reagan was the first of four consecutive U.S. Presidents to address its national legislative conference.
- In 1987, our state association put the outline of our state around the national logo to create our current logo.
- The Accredited Customer Service Representative (ACSR) designation program started in 1989.
- Washington Governmental Entity Pool, endorsed by our state association, participated in a nationwide pool of state pools. In 1990, it was barred from having its assets invested outside of the state and could no longer pay agent commissions.
- Our state association received numerous awards, including the IIAA Membership Service Award in 1988, the Young Agent Membership Development Award in 1992, the Education Curriculum Award in 1993, 1995 and 1996.
- In 1989, the state association hosted its first Insurance Youth Golf Classic with six preliminary tournaments around the state and the finals in Yakima. .
- In the 1980s, our subsidiary, IPSC, wrote agents and brokers errors and omissions coverage through INA Underwriters Insurance Company and then began selling through Employers Reinsurance Corporation in 1985. In 1989, a risk purchase group was formed for the program.
- The State National Directors in the 1980s were: Donald Biggs, Arthur Armstrong, and Don Bell.
- The association's Presidents were: Don Bell, Kent; Alan L. Berg, Spokane; Robert A. Young, Bellingham; James H. Aston, Spokane; George K. Beck, Jr., Tacoma; E. Gus Noyd, Wenatchee; Steven J. White, Seattle; Thomas G. Taylor, Jr., Tacoma; James A. Brown, Spokane; Larry R. Tornow, Chehalis.



1990s

- Nelson Mandela was released from jail in South Africa.
- The Gulf War began after Iraq invaded Kuwait.
- The World Wide Web was created.
- The federal building in Oklahoma City was bombed.
- O.J. Simpson was found not guilty in his murder trial.
- 12 students were killed at Columbine High School.
- The North American Free Trade Agreement was signed.



1990s in Washington

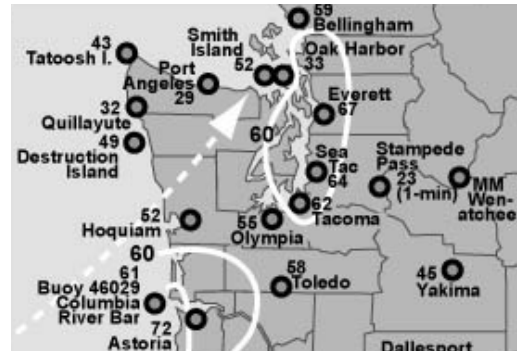
- In 1991, federal district courts ordered no more logging on up to 60,000 acres of ancient forests because it endangered the habitat of the Northern spotted owl.
- In 1994, Kurt Cobain from the band Nirvana committed suicide at age 27.
- In 1994, the Tye Fire burned 130,000 acres.
- In 1996, a 9,200 year-old skeleton was found and became known as the "Kennewick Man".
- In 1999, the \$500 million SAFECO baseball park opened.
- In 1999, a state of emergency was order and National Guard called in to control thousands of protestors at the World Trade Organization summit meeting.



1990s in the Insurance Industry

- In 1990, while under renovation, the I-90 floating bridge sank during a storm. Engineers removed the pontoon's watertight doors and they filled completely with rain and lake water and dragged the rest of the bridge under.
- Consolidation of insurance agencies continued to be a powerful force. In 1991, there were 46,000 independent agents across the country which was down from 64,000 in 1983 and 78,000 in the 1950s.
- In 1991, 92 separate forest fires burned over 50,000 acres in the Spokane area.
- Hurricane Andrew hit Florida in 1992 causing insured losses of \$25 billion (in today's dollars)

- Riots in Los Angeles in 1992 became the most costly civil disturbance at \$1.2 billion (in today's dollars)
- In 1993, the World Trade Center was first bombed.
- The Inaugural Day windstorm of 1993 created total losses in Washington at \$130 million. A state of emergency was declared in King, Lewis, Snohomish, Thurston and Wahkiakum counties. The Evergreen Point Floating Bridge suffered \$500,000 in damage.
- In 1993, the Federal Fair Credit Reporting Act and Washington State's Fair Credit Reporting Act allowed insurance companies to use credit scoring in their underwriting.
- Opponents of President Clinton's health care reform initiative in 1993 ran 'Harry and Louise' TV commercials.
- In 1994, insurers were required to offer customers who buy private passenger auto insurance in Washington personal injury protection (PIP) as an optional coverage with minimum limits of \$10,000.
- In 1994, the Northridge earthquake caused damage of \$19 billion (in today's dollars.)
- In 1996, the U.S. Supreme Court restricted state authority over bank insurance sales in the Barnett decision.
- In 1996, Safeco relaxed its strict white-shirt-and-tie dress code to help recruit younger employees. Safeco purchased American States Insurance in 1997.
- The B & O tax rate on commissions was cut from .55% to .484% in 1998.
- In 1999, the Financial Services Modernization Act (Gramm-Leach-Bliley) became law, which allowed insurers, banks and securities firms to affiliate under a financial holding company structure and imposed a series of privacy requirements on agents.
- Deborah Senn served as Insurance Commissioner from 1993 – 2001. Washington lost its accreditation with the NAIC in 1999 because of deficiencies in staffing levels, training and management oversight. Under Commissioner Kreidler, the state earned the accreditation back.
- *Insurance West* (formerly *Insurance Week*) was sold to the *National Underwriter* in 1999. The publication was started by our association in 1933.
- In 1999, Premera Blue Cross, which had 60% of the individual health insurance market, stopped writing new policies after reportedly losing \$70 million since 1994 when major legislative reforms went into effect. The legislature had required companies to sell policies to healthy and sick at the same rate and to cover pre-existing conditions within 90 days.



Association in the 1990s

- IIABW lobbied for the successful passage of the agency cancellation law which required the terminating company to pay the cancelled agent commission for 1 year plus 120 days as the agent retained the ownership of expirations.
- IIABW, through IPSC, began offering the RLI personal umbrella program to members for sale to their clients.
- The Spokane local association beat the King County local association in a member recruitment competition. King County had to pick up the tab for a salmon barbecue for Spokane association.
- IIAA & PIA made a second push for merger from 1990-92. In Washington, leaders worked hard for over a year on a consolidation. They had drafted bylaws and a budget for the new association and had even set a date for the first meeting of the members and first annual conference. Talks were suspended by PIA in November, 1992. Minnesota became the first state for the merger of the PIA and IIAA state associations in 1991 and now 21 states have merged.
- In 1991, IIABW published its “Women in Insurance” Task Force Report.
- In 1992, IIABW turned over the Max Walton Insurance Education Fund to WSU to fund the annual Distinguished Walton Lecture Series in Insurance.
- Tiger Woods at 16 years old won the National Insurance Youth Golf Classic in 1992.
- With the help of our state association, Blasingame Agency in Spokane won a court challenge against the Dept. of Revenue’s dual B & O taxation policy – charging the tax on both the agency and then the agent. The issue went all the way to the State Supreme Court who ruled the tax is due both by the agent who are acting as independent contractors as well as from the agency.
- The U.S. Supreme Court ruled in Barnett Bank vs. Nelson that the National Bank Act preempts a state prohibition of banks selling insurance and that McCarran-Ferguson Act doesn’t apply. So banks were able to sell insurance in towns with a population of 5,000 or less.
- In 1993, B & O taxes for agents were raised 6.5%.
- As more and more agents became brokers, our state association in 1995 changed its name back to what it was in 1981, the Independent Insurance Agents and Brokers of Washington (IIABW).
- Bill Stauffacher was hired as IIABW’s lobbyist in 1997, replacing Denny Eliason.



- In 1998, Larry Kees retired after serving IIABW for 11 years. Daniel Holst replaced Kees as Executive V.P.
- The Fed ruled that banks with a state charter could sell insurance through affiliated banks across the country. IIABA lost its appeal as courts were increasingly siding with the Fed's rulings.
- The State National Directors in the 1990s were Tom Taylor, Jr. and Larry Tornow.
- The association's Presidents were: Frank Radford, Kirkland; Dale Gress, Yakima; Larry Ball, Walla Walla; Robb Dale, Bellingham; David Hargreaves, Yakima; Ronald Getchell, Seattle; Mark Thompson, Walla Walla; Sue Knobloch, Tacoma; Kim Impecoven, Spokane.

2000s

- The Space Shuttle Columbia exploded, killing seven astronauts.
- The U.S. and allies went to war against Iraq.
- The Mitchell Report revealed the depth of the use of steroids in major league baseball.
- A crisis in housing and credit plunged the world into a deep recession.
- Technological innovations included: YouTube, iPods, Tivo, text messaging, and social networking.

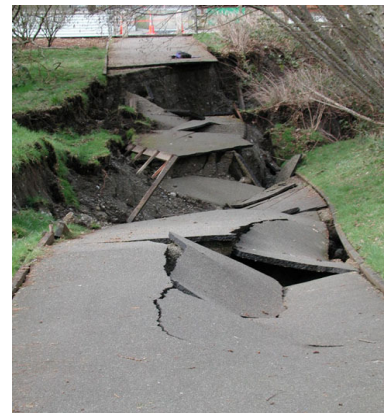
2000s in Washington

- In 2000, the Kingdome was imploded.
- In 2001, Boeing moved its headquarters out of Seattle.
- In 2001, the Seattle Mariners completed its regular season with 116 wins, and tied for best record in MLB history.
- In 2001, Gary Ridgway was arrested for the Green River Killer case which involved the murders of at least 49 young women.



2000s in the Insurance Industry

- Mike Kreidler was elected our state's 8th Insurance Commissioner in 2000 and was re-elected in 2004.
- After decades of fighting the sale of insurance by banks, State Farm, the National Association of Mutual Insurance Companies, and 45 insurance companies had started banks by 2000. Even IIABA formed its own thrift called InsurBanc.
- In 2001, the September 11 terrorism attacks generated insured losses of \$40 billion: business interruption (\$13B), property (\$8B), other liability (\$5B), property of the WTC (\$4B) and aviation liability (\$4B). Congress passed the Terrorism Risk Insurance Act and Patriot Act as a result.
- In 2001, a 6.8 magnitude slab earthquake generated over 13,000 claims totaling \$330 million. At the time, the top insurers of earthquake insurance were: State Farm, PEMCO, Allstate, Safeco, Farmers and USAA. Also in 2001, 75 small earthquakes were recorded in Spokane.



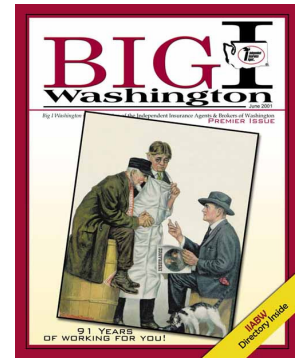
- IIABW lobbied in favor of credit scoring bills which passed. In 2002, the law restricted insurers from using a consumer's credit score to cancel or non-renew and to limit how they can use credit-related information. In 2003, the law restricted a company from using a credit score as the sole criteria to cancel or non-renew and to deny coverage for absence of credit history, use of a certain type of credit card, etc.
- In 2004, the Sumatra Indonesia tsunami killed 230,000 people.
- In 2004, NY Attorney General Spitzer accused Marsh & McLennan and other brokers of improper payments, bid rigging and anti-competitive activities and argued that contingent commissions needed to be better disclosed to insurance buyers. In 2008, Gov. Spitzer resigned because of a sex scandal.
- In 2005, Hurricane Katrina struck the Gulf Coast as the largest natural disaster loss in the history of the insurance industry. Insurance companies paid \$41 billion arising from 1.7 million claims for damage to homes, businesses and vehicles to policyholders in six states.
- In 2005, the Office of the Insurance Commissioner reduced the number of CE hours an agent/broker needed from 32 to 24.
- In 2006, an Office of the Insurance Commissioner investigation into Washington's 11 top brokerages and seven local insurance companies found the brokers were not engaged in problems similar to New York's.
- In the cases of *Safeco v. Burr* and *GEICO v. Edo*, the U.S. Supreme Court ruled in 2006 that adverse action letters need to be sent out only if a person's credit history increases the premium.
- Mike McGavick stepped down as the Safeco's Chairman and CEO in 2006 to run against U.S. Senator Maria Cantwell.
- In 2007, voters approved Referendum 67 by over 56%. The insurance industry spent \$11 million in attempt to overturn the insurance "Bad Faith" legislation that passed during session.
- In 2009, GEICO passed the 9 million policyholder mark. The company's policyholder count was as follows: 1964: 1 million; 2002: 5 million; 2007: 8 million.
- Mold and construction defect claims sent the contractor's insurance rates skyrocketing.
- Reliance Insurance Company was liquidated and over \$100 million in premiums were in force in Washington.



- Consolidation of insurance agencies continues. In 2008, there were 37,500 independent agents across the country – which is less than half of the number of agencies in the 1950s.

Association in the 2000s

- IIABW started our *Big I Washington* Magazine in 2001.
- IIABW received the coveted IIABA L.P. McCord Education Award in 2001 and 2005.
- In 2002, western Washington was chosen as one of two national locations to test the new Trusted Choice brand. During the month of March, over \$310,000 was spent in advertising on network prime time T.V. shows like the Tonight Show, Law & Order and the West Wing. Safeco also spent over \$150,000 in newspaper advertisements promoting Trusted Choice.
- IIABW began offering the Construction Risk & Insurance Specialist (CRIS) designation.
- A Market Assistance Plan (MAP) for medical malpractice insurance provided coverage for 32 of 62 applications submitted.
- In 2005, Swiss Re acquired our association's E & O carrier, GE/Westport.
- In 2006, IIABW produced a turnkey internship program.
- In 2007, IIABW helped Bellevue Community College create an insurance program.
- In 2007, IIABW included Trusted Choice membership for all IIABW members and ran 1,000 commercials on cable T.V.
- In 2007, over 500 people attended IIABW's Annual Conference in Seattle. It featured the association's largest ever trade show with 70 exhibit booths.
- The State National Directors in the 2000s were Robb Dale and Mike Rydbom. Robb Dale also chaired the national InsurPac Committee from 2005 – 2008.
- The association's Presidents were: James Gibbons, Yakima; Michael Rydbom, Pullman; Rob Bush, Redmond; Don McQuary, Clarkston; Donna Haynes, Tacoma; Mike Reed, Wenatchee; Jim Rogers, Seattle; Jim Slaugenhaupt, Chelan; Rich Merritt, Spokane; Dean Young, Bothell.



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