Independent Insurance Agents & Brokers of LOUISIANA
The Trusted Choice®

Louisiana Agent

October
2014

highlights

inside this issue

Go to www.iiabl.com for upcoming education semianrs being offered. We have E&O Risk Management as well as Ethics and Business. In November we have Crime and Cyber Liability. Check out the dates and locations for your area today! For additional information call the IIABL office.

IIABL Membership Penetration 20% Better Than Average

Future One, a collaboration of the Independent Insurance Agents & Brokers of America (the Big "I") and independent agency companies conducts the **Agency Universe Study** every other year. The study examines various trends related to independent insurance agencies.

One of the many trends measured in the Agency Universe Study is the state-by-state penetration of Big I membership in the overall population of independent insurance agencies. In other words, what percentage of independent agents belongs to the Big I in each state?

The countrywide average penetration of Big I membership in the estimated qualified independent insurance agencies is 55%.

IIABL penetration in Louisiana is 75%.

Independent agents in Louisiana know that IIABL provides outstanding value to members through advocacy with the Department of Insurance, Louisiana Legislature, and Congress; information and education services; market access programs; agency management tools; and helpful products and services. The fact that the Louisiana Big I enjoy twenty percent higher membership than the national average is proof of how outstanding our association really is.

Affordable Care Act Enrollment Information

Agents frequently ask where they can obtain national and state-level information concerning enrollment in plans offered through the health exchanges. Federal officials have prepared a number of helpful and comprehensive reports in recent months, and these reports are available online at http://1.usa.gov/1n2IA3g, http://1.usa.gov/1ktvSp8, and http://1.usa.gov/1pe5fsE .

If you would like to contribute to the future of your agency through InsurPAC, please contact Katie Douglas at (202) 863–7000 or Katherine.Douglas@iiaba.net.

For your convenience you may also go to www.iiabl.com , log in and click on Advocacy then InsurPac to contribute.

THANK YOU to the IIABL Members who have given to InsurPAC in 2014.

2014 IIABL INSURPAC CONTRIBUTORS

We want to thank our IIABL members who contributed to our federal Political Action Committee, InsurPAC. Whether we like it or not, Congress is playing a bigger and bigger role in our insurance business. Flood insurance, Obamacare, TRIA, crop insurance, multi-state licensing and threat of federal regulation of our industry are just a few examples.

Also, whether we like it or not, PAC money is critical to our political effectiveness in Congress. We must have the financial support of agents to make your voices heard in Washington.

Name

Albright, Jeff
Bailey, Russell
Baker, W Anderson
Beckmann III, John
Beery, Donald
Bennett, Mickey
Bernard, John
Blumberg, Andy
Blumberg, Barry
Bomar, Edd
Boswell, Richard
Broussard, Richard
Burghardt, Dan
Canchola, Derek
Carpenter, Byram
Case, Brenda
Cordell, David
Cunningham, Wayne
D'Angelo, Tim
Daniel, John David
Daul, Gerald
Daul, Ryan
de Blanc, Matthew
Demarie, Mike
DiCarlo, Donna
Durand-McMorris, Lydia
Ellis, Parke
Ewing, Terry
Farr, Joe
Fisk, Johnny
Fontenot, James
Fruchtnicht, Mark
Funderburg, Morris
Gohres, Robert
Goodreau, Darrell
Green, Vickie
Gremillion, Jimmy
Guerin, John
Harris, Stuart
Hays, Mason

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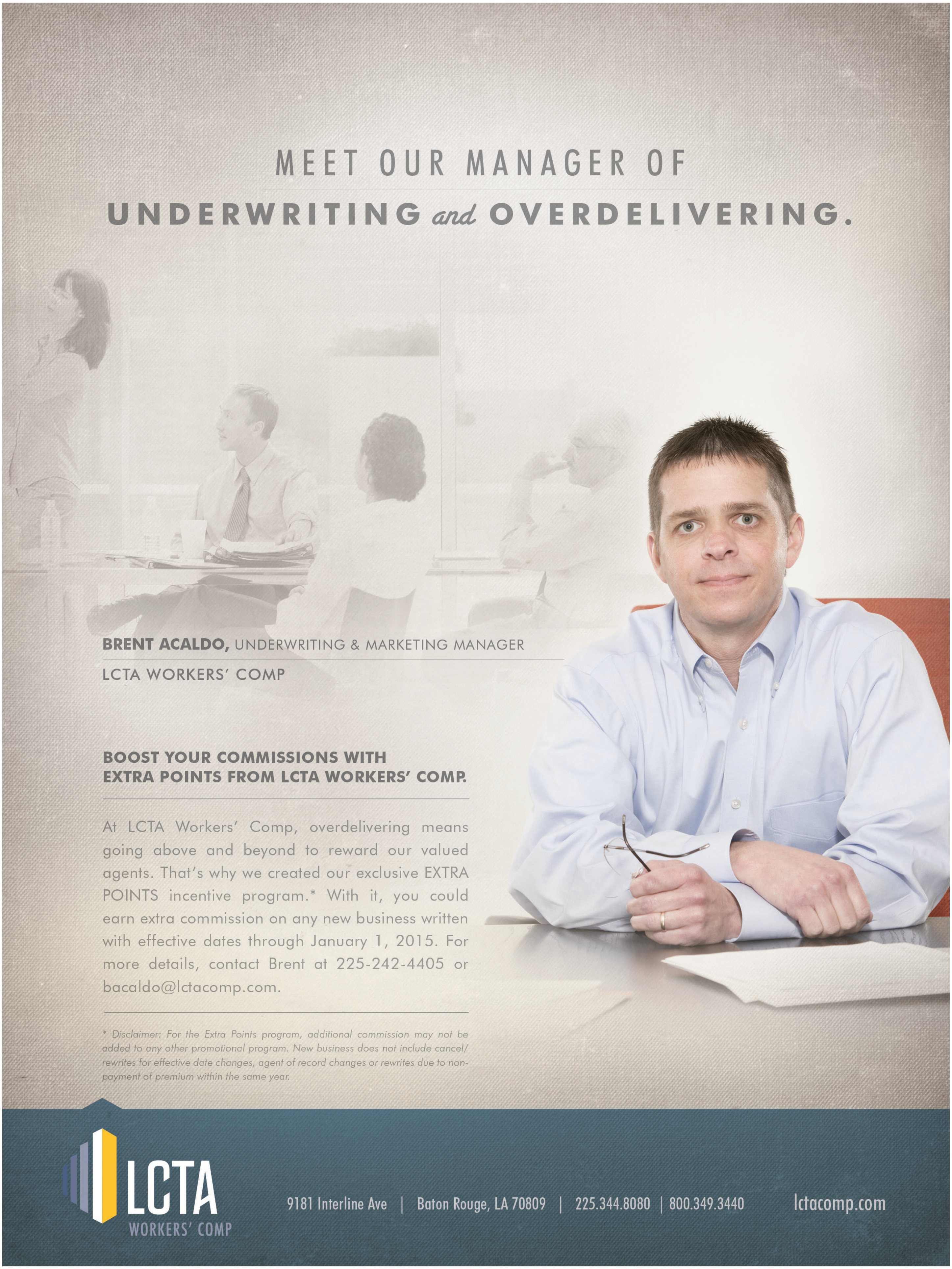
2014 IIABL INSURPAC CONTRIBUTORS (Continued)

Hendry, Stephen
Henry, Ross
Hughes, Brad
Hughes, Bret
Jefferson, Charles
Jenkins, Richard
Kemper, Kass
Landry, Jack
Landry, Jonathan
De Pascual, Manuel
Lanoix, Bryan
Lanoix, David
Lanoix, Nell
Lanoix, Randy
Laudeman, Elliott
Lawson, Brent
Lensing, Francis
Lirette, Cindy
Lyons, Stephen
May, Dudley
McGehee, William
McInnis, Mark
Mohr, Jeffrey
Morris, Malcolm
Moss IV, Hartwig
Mowe, Lee
Mullin, Clay
O'Connor, Joseph
Orgeron, David
Orgeron, Margaret
Owen, Paul
Parnell, Ronnie
Perise, Randy
Perry, David
Peterson, Robert
Record, Neil
Reeves, Daran
Richard, Robert
Robinson, Edwin
Schilling, Lee
Schwartz, Andre
Schwing, Armond
Schwing, Jules
Scriber, Michael
Smith, Charles
Stiel, Donelson
Stone, Robert
Tatje, Natalie
Thomson, B. Craig
Thomson, Ryan
Treppendahl, Elizabeth
Turrentine, Russell
Tyner, John

THANK YOU to the IIABL members listed who have already given to InsurPAC in 2014.

If you would like to contribute to the future of your agency through InsurPAC, please contact Katie Douglas at (202) 863-7000 or Katherine.Douglas@iiaba.net.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BRENT ACALDO, UNDERWRITING & MARKETING MANAGER
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EXTRA POINTS FROM LCTA WORKERS' COMP.
At LCTA Workers' Comp, overdelivering means going above and beyond to reward our valued agents. That's why we created our exclusive EXTRA POINTS incentive program.* With it, you could earn extra commission on any new business written with effective dates through January 1, 2015. For more details, contact Brent at 225-242-4405 or bacaldo@lctacomp.com.
* Disclaimer: For the Extra Points program, additional commission may not be added to any other promotional program. New business does not include cancel/rewrites for effective date changes, agent of record changes or rewrites due to non-payment of premium within the same year.
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LOUISIANA AGENT RISES ON NATIONAL ASSOCIATION LEADERSHIP TEAM

Randy Lanoix of the Lanoix Insurance Agency is now Big "I" chairman-elect. IIABA has announced that Randy Lanoix was installed as the association's chairman-elect at the recent Big "I" Leadership Conference in Grand Rapids. Lanoix is president of Lanoix Insurance Agency in Lutcher and Brusly.

"Randy is a dedicated professional who tirelessly works on behalf of countless Louisiana families and businesses, " says Robert Rusbuldt, Big "I" president & CEO. "He lives and breathes the Trusted Choice® 'Pledge of Performance' as the ultimate advocate for his clients, neighbors and community. The Big 'I' is proud to announce his leadership role as chairman-elect on the association's executive committee."

Lanoix has been active in the independent agency system, serving as president of IIABL in 2001 and as the Louisiana representative on the Big "I" national board of directors from 2005 to 2010. He is a recipient of the Lou Daniel award, which is the highest honor bestowed by the IIABL. Lanoix is also a past recipient of the "Mr. Chairman" award for his work as Louisiana's legislative chairman and his work with the Louisiana state legislature.

On the national level, Randy currently serves on the finance committee and the planning committee, and as chair of the Big I Advantage board of directors. He has also served on the professional liability committee, the Trusted Choice® board of directors, numerous other task forces, and two terms on the government affairs committee, where he was chairman of state government affairs. Randy is a native and lifelong resident of Donaldsonville. He and his wife Nell have two sons, Bryan (Leslie) and David (Michelle), who work in his family agency, and two grandchildren, Brooks and Riley.

Louisiana Insurance Academy

By Parke Ellis
Gillis, Ellis & Baker
Immediate Past IIABL President

It is with a great deal of pride and excitement that I update you on the status of the Louisiana Insurance Academy which started on September 30, 2014 at Delgado Community College. The concept is simple - offer an insurance education to interested students, graduate them with both a personal lines and commercial lines Accredited Customer Service Representative (ACSR) designation over an 11 week period, and then help place them into IIABL member independent insurance agencies as paid interns or, hopefully, full time employees. We also wanted to provide scholarship money to students to make the education more affordable. Easy enough. But there has been a LOT going on behind the scenes.

The first order of business was to find an education partner. After a few dead ends we finally got in touch with the good folks at Delgado Community College. They were on board from day one and have not wavered. Delgado is running this program

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through their Workforce Development and Technical Education Department. They are handling all of the administration of the curriculum, assisting in the marketing of the program, recruiting students, and running the admissions committee which grants acceptance into the program.

In order to raise scholarship money for the Louisiana Insurance Academy, I solicited contributions from insurance companies and brokers and am proud to report that so far, 12 companies have agreed to contribute $1,000 each to help defray some of the cost of the class. As a result, the cost of tuition per student drops from $1500 to $350. Insurance companies and brokers who have committed to financially support the Louisiana Insurance Academy to date include: Burns and Wilcox, Chubb, Gillis Ellis and Baker, Hanover, IIABL, Liberty Mutual, LUBA, LWCC, Pure, Rodco, and Travelers.

We have also been most fortunate in recruiting a GREAT faculty to teach the classes – Richard Hauser, Hauser Insurance Agency; Barry Blumberg, Blumberg & Associates; Joey O'Conner, O'Connor Insurance Group; Joe O'Conner, Eustis Insurance; John Beckmann, J. Everett Eaves; Randy Maddox, Morrison Insurance Agency; Jeff Albright, IIABL; and Doug Mills, Gillis, Ellis & Baker will join me in presenting the different sections of the ACSR courses. We all owe them a debt of gratitude for their contribution to our industry. These students are getting practical real world instruction from a great group of agents.

So everything was ready except one thing… students. Would students be interested in a career in insurance? We were hoping for 8 students to get us going…. we got 16! Appearances on local TV and radio shows helped raise the awareness (though I will

Louisiana Insurance Academy (continued)

admit to it being nerve wracking). Doug Mills our COO at Gillis, Ellis and Baker also did a great job of running two informational sessions at Delgado that attracted several of our students. Word got out. If you built it…

The admissions process required students to provide resumes, transcripts, writing samples and in-person interviews. I had the pleasure of being on the admissions committee and interviewed applicants for two days. I was very impressed with the students that we interviewed. All of them were appreciative for the opportunity, all of them were excited about the program, all of them are looking to launch a new career. It was a really uplifting experience. We can help make a difference in the lives of a lot of people, and in turn they will be able to help us develop talented new employees for our agencies.

By early December we will be graduating 16 students who will be great new insurance employees. The placement of these students will be a VITAL part of the success of this program. **I hope that you will give them every consideration for a paid internship or a full time job when their resumes hit the street. They'll be ready. Will you?**

Insurance companies and brokers who have committed to financially support the Louisiana Insurance Academy to date include: Burns and Wilcox, Chubb, Gillis Ellis and Baker, Hanover, IIABL, Liberty Mutual, LUBA, LWCC, Pure, Rodco, and Travelers.

Thank you!

COMMISSIONER JIM DONELON

The Encroachment of Federal Involvement in State Insurance Regulation (and Why You Should Care)

While discussions of SIFIs and the FSOC may seem far-removed from the everyday business of insurance in Baton Rouge, Shreveport and Alexandria, I encourage you to stay tuned to the periodic developments on this issue that will affect the industry at all levels. You can find out more by going to the National Association of Insurance Commissioners recently launched website www.protectingthefuture.naic.org.

Whether you are talking about education, immigration or environmental standards, discussions over the merits of state versus federal regulation are not uncommon. The area of insurance regulation is no different and there have been more and more frequent discussions among federal officials and global regulators about implementing a federal, bank-like insurance regulation system throughout the United States.

This is already occurring for the largest insurers and non-bank corporations as a result of the passage of Dodd-Frank in July 2010 after the Great Recession. Dodd-Frank brought about changes in the regulation of the largest U.S. corporations. Large insurers and non-bank corporations may now be determined to be a systemically important financial institution (SIFI) by the Financial Stability Oversight Council (FSOC). The SIFI designation subjects companies to stricter bank-like capital, leverage and liquidity requirements as a result of supervision by both the Federal Reserve Board as well as state regulators.

Regulators and the insurance industry consider the SIFI designation of non-banking corporations and insurance companies to be unwarranted since American International Group's (AIG) insurance subsidiaries remained solvent during the Great Recession, as did all major U.S. state-regulated insurance companies. The stringent financial standards of state regulation of insurance protected AIG's insurance subsidiaries during that financial crisis. The hardest hit mortgage company was the non-insurance parent company of AIG which received $143 billion from the federal government - the largest bailout of a single firm in history.

Although the Federal Reserve Board said at a September 9 Senate Banking Committee hearing that it doesn't plan to begin regulating traditional insurance activities, to date the FSOC has designated two insurers, Prudential Financial and AIG, as SIFIs. MetLife was given a preliminary SIFI designation in September which it may appeal. These insurance companies had nothing to do with the Great Recession and should not be regulated by the FSOC as if they are financial institutions that would create instability within the financial markets. Such designations would place an unjust financial burden on insurers and other non-bank companies making it difficult for them to compete.

When considering insurance regulation, fundamentally, the public wants two things from insurance regulators. They want solvent insurers who are financially able to make good on the promises they have made; and they want insurers to treat policyholders and claimants fairly. The current U.S. regulatory system is unique in the world in that it relies on an extensive system of peer review, communication and collaboration to produce checks and balances in regulatory oversight.

Our state-based system of regulation has proven that it effectively protects consumers and ensures that promises made by insurers are kept. One means by which Louisiana policyholders are protected is the Louisiana Insurance Guaranty Association (LIGA). LIGA is funded by assessments on insurance companies for the purpose of paying covered claims due to insolvency of an insurer domiciled in Louisiana. Under LIGA, consumers have the added assurance of knowing that their property and casualty claims are protected up to a limit of $500,000 per accident or occurrence. This higher limit was passed in the 2010 Regulator Legislative Session and was an increase from $150,000 per accident or claim in place prior to Hurricane Katrina. Associations similar to LIGA exist in all other states.

A common argument for standardizing regulations at the federal level is the enhanced efficiency that comes with one regulatory agency versus 56 individual ones. But federal oversight would likely lead to a one-size-fits-all approach to regulation which may encourage rather than discourage risky behavior by insurance companies.

Insurance is a global business to manage local risks. Regulation closest to the consumer works best because it provides a targeted approach to the unique risks that insurers face when doing business in a particular area of the country. For instance, the threats we face here in Louisiana along the coast are vastly different from the issues faced by a homeowner in California threatened by earthquakes or those who live in parts of the Midwest referred to as tornado alley. State-based regulation enables insurers to react and respond quickly,

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PROGRESSIVE
SIGNATURE AGENT

THESE AGENTS HAVE MADE THEIR MARK

Congratulations to these 6 Louisiana independent agents who've qualified for the Progressive Signature Agent® program*.

All Premier Insurance Agency
Denham Springs

Arnold Insurance Group
Benton

A Victory Agency, Inc.
Bogalusa

Bubrig Insurance Agency
Belle Chasse

Jones Insurance Services
Thibodaux

Raymond M. Fondel Jr. Ins. Agency
Lake Charles

They join these 49 agents who have already earned Signature Agent status.

A Victory Insurance Agency
Mandeville

ABC Agency Network
Houma

ABC Agency Network
Alexandria

ABC Insurance Agency
Lafayette

Action Insurance, Inc.
Lafayette

Advanced Insurance Solutions
Hammond

Alliance Insurance Agency
Metairie

Baton Rouge Insurance Agency
Baton Rouge

Beard Insurance
Baton Rouge

Beasley-Keith, Inc.
Bossier City

Boswell Insurance
Shreveport

Bourg Insurance
Donaldsonville

Castello Agency
Zachary

Community Financial
Monroe

Curtis Insurance Agency
Lake Charles

Cypress Insurance
Hammond

David Cordell Insurance
Baton Rouge

DCG
Opelousas

DJW Insurance Agency
New Iberia

Eagan Insurance Agency
Metairie

Emery James LTD
Hammond

First Federal Insurance/ Community Financial
Lake Charles

Gary Losey Insurance
Baton Rouge

Gendusa Insurance Agency
Hammond

Glenn Dean Insurance Agency
Deridder

Grant C. Bennett Insurance
Slidell

Harlan Insurance Agency
Alexandria

Insurance Network of LA
Baton Rouge

Insurance Unlimited
Lake Charles

John Kelly Dabdoub
Mandeville

Kyle Thomas Insurance Agency
Shreveport

Liggio Insurance Agency
Lafayette

Market Insurance
Covington

Moore-Jenkins
Bogalusa

Moore-Jenkins
Franklinton

Page & Sons Insurance
Houma

Pam Price Insurance, Inc.
Jena

Quality Plus, Inc.
Lafayette

Riverlands Insurance Services
Luling

Semon Insurance Agency
Shreveport

Shaver Robichaux Agency
Thibodaux

Thomson, Smith & Leach
Lafayette

Tibbetts Insurance Services, LLC
Baton Rouge

Total Insurance of Watson, Inc.
Denham Springs

Toups Insurance Agency
Thibodaux

TWFG Insurance Services
Lake Charles

TWFG Insurance Services
Mandeville

Walpole Insurance Agency
Bossier City

Whitney Insurance Agency
New Orleans

The Signature Agent program recognizes and rewards agents for selling an average of at least one preferred Progressive personal auto policy per week.

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More commission. More rewards. More reasons to prefer Progressive.

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PROGRESSIVE

Commissioner's Corner (continued)

regardless of whether the state is facing a weather disaster such as a hurricane with massive wind damage or there is a new insurance scam that the public should be warned of within a particular region of the state.

Efforts to maintain state-based regulation are not solely about protecting the insurance industry, but are also about protecting the local consumers that the industry serves. In Louisiana Hurricane Katrina resulted in more than $25 billion in insured losses resulting from more than 725,000 claims. Following Hurricane Rita three weeks later, insurers paid out an additional $3.4 billion in losses resulting from more than 200,000 claims in Louisiana. Not one insurance company became insolvent after these hurricanes. This is a strong indicator that Louisiana insurance companies are well prepared to pay claims regardless of the size of disaster in which they are faced.

Along with more competition within Louisiana's property and casualty markets, our aggressive approach to recovery from the largest insured disaster the U.S. has ever seen has brought stability in the homeowners market. This is an accomplishment we can be proud of following the large-scale natural disasters that had us all concerned about what Louisiana would look like in just nine years after Hurricanes Katrina and Rita. It took the hard work of many insurance professionals, state legislators and state regulators to stay focused on the goal of restoring Louisiana's competitive and viable insurance markets to bring stability to not only the homeowners market, but also to our real estate and construction markets.

State insurance regulators promote competitive markets, ensuring a wide choice of secure insurance products and services to help consumers prepare for the unplanned and unexpected. This is more easily accomplished at the state level since various and unique approaches should be taken for different state market conditions.

Important NFIP/FEMA Updates

NFIP / FEMA released the background document below on October 1, 2014 which provides an update on implementation of the Homeowner Flood Insurance Affordability Act, specifically changes that will begin to take place on April 1, 2015.

More information about NFIP premium refunds, and who is eligible for them, can be found here.

National Flood Insurance Program: April 1, 2015, Program Changes

Continued Implementation of Biggert-Waters and HFIAA

FEMA continues to take important steps to implement changes to the National Flood Insurance Program as called upon by the Biggert-Waters Flood Insurance Reform Act of 2012 (Biggert-Waters) and the Homeowner Flood Insurance Affordability Act of 2014 (HFIAA). These reforms slow some flood insurance rate increases and offers relief to some policyholders who experienced steep flood insurance premium increases in 2013 and early 2014.

Guidance on how to implement additional program changes is being provided to the NFIP's private sector, Write Your Own insurance company partners today, October 1, 2014. These changes will take effect April 1, 2015. The companies have six months to implement these changes as outlined in the reform legislation.

Below is a summary of the changes, guidance, and clarification to assist our Write Your Own partners in carrying out the program.

Summary of Premium Increases and Surcharges (Biggert-Waters Section 100205 and HFIAA Section 5)

Premium increases effective April 1, 2015 will comply with HFIAA, which limits average annual increases in flood insurance premiums to 15 percent for each rate class, while also requiring the average increase for all Pre-Flood Insurance Rate Map subsidized policies be at least 5 percent. In addition, 18 percent is the most any individual premium may increase with some limited exceptions that include but, are not limited to, misratings and increases in the amount of insurance coverage. When premium increases are evaluated for compliance with these caps, the Reserve Fund Assessment is included.

Another important exception to the 18 percent limitation on premium increases is those groups of subsidized policies for which Biggert-Waters mandates annual premium increases of 25 percent. Premiums on subsidized policies are being increased 25 percent for policies covering non-primary residences, Severe Repetitive Loss properties and substantially-damaged / substantially-improved properties. The 25 percent premium increase on business properties will be implemented in 2015 – 2016.

HFIAA also introduces a new mandatory surcharge on all new and renewed policies of either $25 for policies on primary residences or $250 for all other policies. The Congressionally-mandated surcharge, the probation surcharge and the Federal Policy Fee (FPF) are not considered premiums and, therefore, are not subject to rate increase limitations. As a result, the increase in the total amount charged a policyholder may exceed 18 percent in some cases.

Non-Primary and Severe Repetitive Loss Properties (Biggert-Waters Section 100205): These properties will continue to receive annual 25 percent

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premium increases on a rate class basis, not an individual basis, until full-risk rates are achieved.

Substantial Damage/ Substantial Improvement (Biggert-Waters Section 100205): New rate tables are provided for Pre- Flood Insurance Rate Map (Pre-FIRM) structures that have been declared substantially damaged/ substantially improved. Policies for these structures will receive a 25 percent annual premium rate increase until they reach full-risk rating.

Reserve Fund (Biggert-Waters Section 100212): The Reserve Fund Assessment is a requirement of Biggert-Waters to assist with the cost of NFIP claims that exceed the annual premiums collected to support programs sustainability. The Reserve Fund Assessment will increase to 15 percent in alignment with Biggert Waters, for all policies except Preferred Risk Policies. The Reserve Fund Assessment for Preferred Risk Policies will be 10 percent. In order to comply with the 15 percent limitation on average annual increases, increases to the Reserve Fund Assessment must be phased in over time.

HFIAA Surcharges (HFIAA Section 8): Beginning April 1, 2015, a new annual premium surcharge must be collected for each policy as shown below:

$25 for single-family primary residences or individual condominium units or apartments in non-condominium buildings used as a primary residence by the named insured;
$250 for non-residential properties or non-primary residences; and
$250 for condominium buildings or non-condominium multi-family building policies.

Properties Newly Mapped into the Special Flood Hazard Area (SFHA) (HFIAA Section 6): This category includes properties that were previously rated under the Preferred Risk Policy - Eligibility Extension. New premium tables for Properties Newly Mapped into Special Flood Hazard Area have been developed. These properties are also subject to a 15 percent Reserve Fund Assessment and a HFIAA Surcharge.

Increased Optional Deductible (HFIAA Section 12): A new $10,000 deductible is available for residential properties. When selecting this new option, the same deductible option must apply to both building and contents coverage.

Federal Policy Fee (FPF): The FPF will remain $22 for Preferred Risk Policies and will increase to $45 for all other policies except Residential Condominium Building Association Policies. This $45 FPF also applies to those policies rated under Properties Newly Mapped into the Special Flood Hazard Area that was previously rated under Preferred Risk Policies - Eligibility Extension.

Minimum Deductibles (Biggert-Waters Section 100210)

Effective April 1, 2015, as required by Biggert Waters, new minimum deductibles for Preferred Risk Polices and Mortgage Portfolio Protection Program (MPPP) policies will be $1,000 for both building and contents if the building coverage is less than or equal to $100,000 and $1,250 if building coverage is over $100,000. Preferred Risk Policies and MPPP contents-only policies will have a $1,000 minimum deductible.

Property Newly Mapped into the Special Flood Hazard Area (HFIAA Sections 4 and 6)

Section 4 of HFIAA allows grandfathering to continue for policyholders newly mapped into the floodplain. The grandfathering option provides an affordable option for these policyholders to maintain coverage as the risk of flooding increases. Section 6 of HFIAA mandates that following a map revision, a property newly mapped into the Special Flood Hazard Area will receive a “preferred risk premium” the year following the map revision, after which the policy will transition to a full-risk rate in accordance with annual premium caps discussed above (assuming no change in coverage or Community Rating System status).

The NFIP has accomplished this in the past by providing a Preferred Risk Policy - Eligibility Extension policy. Going forward this same type of rate will be provided through a renamed policy for administrative purposes. For new policies effective on or after April 1, 2015, properties newly mapped into a Special Flood Hazard Area by a revision to the Flood Insurance Rate Map that became effective on or after March 21, 2014, will be eligible for a preferred risk premium. This rate is available for the first year, after which they will transition to full-risk rates through average premium increases of 15% but not exceeding 18% per policy (excluding the HFIAA surcharge). The full-risk rates may be based on the grandfathered zone or the Base Flood Elevation. Beginning at the first renewal after remapping, the policies must be rated using the rate tables established for Property Newly Mapped into the Special Flood Hazard Area.

Increased Optional

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Deductibles (HFIAA Section 12)

In accordance with HFIAA, a Congressionally created $10,000 deductible option for all residential property owners is being implemented. If the property owner selects this option, the $10,000 deductible will apply to both building and contents coverage. Policyholders will receive information on this option that may be available to them with an explanation that in the event of an insured loss, the insured is responsible for out-of-pocket losses to the extent of the deductible selected.

Substantially Damaged/ Substantially Improved Structures (HFIAA Section 15)

Beginning April 1, 2015, Pre-FIRM properties that have been identified as substantially damaged/substantially improved structures will be subject to annual 25 percent premium rate increases until they reach full-risk premiums. This represents a change from the previous policy that moved these properties directly to Post-FIRM and immediately required a full-risk rate. If the full-risk premium is lower than the subsidized premium, the full-risk rating will always be used.

Additional Rating Guidance for Pre-FIRM Buildings

Full-risk rates should always be used for Pre-FIRM buildings with elevation information when the full-risk rate is lower than the appropriate subsidized rates. Pre-FIRM subsidized rates should be utilized for Pre-FIRM buildings when more favorable than a full-risk rate or when insufficient information is submitted to determine a full-risk rate.

Expense Loading

The NFIP is reformulating expense loading on premiums to reduce the load on the highest risk policies as an interim step while investigating management expenses on policies as required by Biggert-Waters.

Clarifications Regarding Property Addresses

The NFIP is adding an additional input section when collecting information from policyholders to identify legal addresses for a property location (e.g., lot, block, plat), as mapping information is difficult to validate for legal addresses.

NEW OSHA REPORTING REQUIREMENTS

The U.S. Department of Labor Occupational Safety and Health Administration (OSHA) has announced a final rule that changes what types of accidents are required to be reported to the federal agency.

The new rule, which is effective Jan. 1, 2015, will require employers to notify OSHA of any work-related fatalities within eight hours and any work-related in-patient hospitalization or amputations or any work-related event resulting in the loss of an eye within 24 hours. The existing rule requires notification only for fatalities and any in-patient hospitalizations of three or more employees from a single accident. **All employers, including those exempt from maintaining injury records under OSHA rules, are required to comply with the new reporting requirements.** Additional information, including a link to the final rule and an Overview Fact Sheet that can be shared with your customers, are on OSHA's website, https://www.osha.gov/recordkeeping2014/reporting.html.

OSHA has maintained a list of employers that are required to maintain injury and illness records and that list has also been updated. The new list provides both newly covered industries and exemptions for employers in industries that have had relatively low accident and illness rates.

It's important to remember that **OSHA requirements are separate to the reporting requirements that exist in the Louisiana Workers' Compensation law.**

Ask Mike

IIABL Director of Education, Mike Edwards is available to answer technical questions from IIABL members. To submit a technical question, contact Mike Edwards, CPCU, AAI, at medwards65@aol.com or call (678) 513-4390.

Subject: Pulling a Personally-Owned Trailer with a Company Truck

Q. In talking to a customer of mine today, I more or less stumbled upon a potential coverage situation. He and his wife are long-time customers, and our agency writes both their business and personal insurance. We met for lunch, and during the conversation, they told me that they had just bought a new 19-ft. Airstream Flying Cloud travel trailer. I don't handle their personal insurance myself, but they said the agency wrote the coverage for them last week.

They are planning to attend a trade show next month in Dallas. They will pull the Airstream with one of the company's pickup trucks. While they're at the trade show, they will use the Airstream as a place to sleep, as well as an office. I'm not exactly sure how coverage in the BAP and PAP would apply in such an arrangement. Lastly, if a customer was injured in a slip and fall inside the trailer while it is parked at the trade show, would that be covered under the CGL or BAP?

A. Discovering new exposures mid-term, especially inadvertently, is a double-edged sword. The obvious big advantage is the opportunity to be proactive, and make any needed recommendations before an otherwise uncovered loss occurs. One downside is that you may get this information in an informal setting, outside the office, after normal office hours. Whether or not you have a legal duty to be "on duty" 24/7 is something of a conundrum. In addition, a casual "I'll take care of that" comment at such times can (and has) lead to E&O claims.

For the discussion which follows, assume the following. The two owners are Jack and Jill Smith, and their business is J&J Enterprises, Inc. Also, J&J Enterprises, Inc. is the named insured for all business insurance, and the pickup truck is titled to the business.
Jack and Jill Smith are named insureds for all personal insurance. The coverage form excerpts and commentary below are based on ISO forms. Proprietary forms may be different.

Situation #1: Jack and Jill use a pickup belonging to J&J Enterprises to pull their personally-owned Airstream trailer to the trade show in Dallas.
In the event of an at-fault accident, it should be assumed that all parties will be sued: J&J Enterprises, Inc., as well as Jack and Jill personally. Note that the accident could arise solely from the ownership, maintenance or use of the pickup truck, or the trailer, or both. Jack and Jill could be sued on the basis of their driving of the pickup truck, or their ownership (including faulty maintenance) of the Airstream, or both. Below is commentary on coverage issues in the ISO BAP and the ISO PAP.

<u>Business Auto Policy – J&J Enterprises</u>

CA 0 01 10 13
Section II – Liability
1. Who Is An

continued on page 22

Insured
The following are "insureds":

a. You for any covered "auto".

b. Anyone else while using with your permission a covered "auto" you own, hire or borrow except:

(1) The owner or anyone else from whom you hire or borrow a covered "auto".

This exception does not apply if the covered "auto" is a "trailer" connected to a covered "auto" you own.

(2) Your "employee" if the covered "auto" is owned by that "employee" or a member of his or her household.

Section V – Definitions
B. "Auto" means:

1. A land motor vehicle, "trailer" or semitrailer designed for travel on public roads;

Comments:
(1) For liability arising out of the pickup truck, J&J Enterprises, Inc. is an insured under Who Is An Insured **1.a.** (above), if the symbol for liability coverage is 1, 2, 4, or 7.

(2) For its vicarious liability arising out of the non-owned Airstream trailer, J&J Enterprises, Inc. is an insured under **1.a.** above, if the symbol for liability coverage is 1 or 9.

(3) Note: In the ISO BAP, Section V – Definitions (see above) includes "trailers" within the definition of "auto."

(4) Jack and Jill are insureds in J&J's BAP under **1.b.** (above) – as permissive users of J&J's pickup.

(5) Jack and Jill are probably not insureds in the BAP of J&J Enterprises, for their personal liability arising out of Airstream trailer. In the above BAP excerpt for Who Is An Insured, there seems to be a conflict between **1.b.(1)** and **1.b.(2).** Both provisions describe exceptions to coverage for various permissive users of an "auto" (in this case, Jack and Jill's Airstream) which J&J Enterprises hires or borrows. In exception **1.b.(1)**, owners of a trailer connected to an auto J&J Enterprises owns is an insured. This would give Jack and Jill liability coverage arising out of the trailer. However, **1.b.(2)** specifically excludes an "auto" (the Airstream) owned by an employee. While this apparent conflict might be debated, the solution would be to add the CA 99 33 Employees As Insureds to the BAP of J&J Enterprises.

Jack and Jill Smith – Personal Auto Policy

Coverage for the ownership, maintenance or use of the Airstream, as well as the company's pickup truck, can be provided by Jack and Jill's PAP.

PP 00 01 01 05 Part A – Liability Coverage

B. "Insured" as used in this Part means:

1. You or any "family member" for the ownership, maintenance or use of any auto or "trailer".

2. Any person using "your covered auto".

3. For "your covered auto", any person or organization but only with respect to legal responsibility for acts or omissions of a person for whom coverage is afforded under this Part.

4. For any auto or "trailer", other than "your covered auto", any other person or

continued on page 24


BECOME AN
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organization but only with respect to legal responsibility for acts or omissions of you or any "family member" for whom coverage is afforded under this Part. This Provision (B.4.) applies only if the person or organization does not own or hire the auto or "trailer".

Definitions

J. "Your covered auto" means:

3. Any "trailer" you own.

Comments:

(1) Under **B.1.**, Jack and Jill would have liability coverage for the ownership, maintenance or use of their Airstream trailer, even if it was undeclared. Note also that in the Definitions excerpt above, an owned trailer is considered a "Your Covered Auto." In addition, Jack and Jill would have coverage for their use of the pickup owned by J&J Enterprises. However, if they regularly used the pickup, there could be a coverage gap, based on the exclusion for any vehicle "which is furnished or available for their regular use." Coverage can be bought back by PP 03 06 01 05 – Extended Non-Owned Coverage.

(2) Under **B.3.**, vicarious liability is provided to third parties made liable by a "Your Covered Auto." Therefore, J&J Enterprises is an insured, in the event Jack and Jill's Airstream trailer caused or contributed to an accident, and J&J Enterprises was sued in its capacity as their employer.

(3) Under **B.4.**, vicarious liability coverage is provided to third parties made liable for an auto which is not a "Your Covered Auto" in Jack and Jill's PAP. For example, if Jack and Jill had borrowed the pickup from a friend or coworker, the lawsuit would certainly name Jack and Jill, the coworker (as owner

of the pickup), and J&J Enterprises (as employer). Under **B.4.**, the owner of the pickup is not an insured in Jack and Jill's PAP, but J&J Enterprises is. However, since in this case the pickup truck is owned by J&J Enterprises, it is not an insured under **B.4.**

Situation #2: Injury to a customer arising out of the trailer while parked at the trade show.

CG 00 01 04 13
Coverage A – Liability
Exclusions
g. Aircraft, Auto, or Watercraft
"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

Section V – Definitions

B. "Auto" means:

1. A land motor vehicle, "trailer" or semitrailer designed for travel on public roads;

Comments:
(1) In both the BAP and CGL, the term "auto" also includes "trailers." So in CGL exclusion **g.** above, the exclusionary language for an "auto" should also be read to include a "trailer." In addition, note that the exclusion applies to "autos" (and "trailers") which are "*owned or operated by or rented or loaned to any insured.*" In the CGL, employees are insureds, thus the Airstream which is owned by Jack and Jill is excluded in the CGL of J&J Enterprises.

(2) Coverage for the customer's slip and fall would be found under the BAP of J&J Enterprises.

Additional information:
"The CGL and Trailers"
"Business Auto Coverage for Nonowned Trailers"
"Insuring Commercial Trailers Without Owned Autos"
"Personal Vehicle Pulling a Business-Owned Trailer"
"Borrowed Camper Trailer"
"Homeowners Coverage for a Camper Trailer at a Camp Site"
"BAP and the 2,000 lb. Trailer"

These materials are intended for educational purposes only and should not be relied upon as legal advice. Please consult a qualified attorney for legal advice.

TrustedChoice.com Launches Commercial Lead Generation Program

Independent Agencies Can Now Sign Up To Receive Specific Commercial Opportunities

TrustedChoice.com has successfully launched its new commercial lines platform, making the site a much richer online resource for business owners and managers. For independent agents and their IA carrier partners, the addition of commercial lines effectively doubles the audience to which they can market themselves and allows businesses to identify and connect with the right insurance agencies and companies for their business needs.

TrustedChoice.com, which is drawing traffic in the range of 200,000 visitors monthly, already offers personal lines insurance leads and referrals to Trusted Choice members. Agencies can choose to participate in just the personal lines or commercial lines side of TrustedChoice.com, or bundle the two together for special pricing.

The new Commercial Lines Advantage subscription allows agencies to specify the type of commercial leads they are looking to receive, from size of company to industry type, via unlimited NAICS codes. Agency profiles for the commercial side differ slightly from the consumer side, which has been live since July 2013, as does the matching algorithm that determines the order of results.

"Commercial insurance has long been a stronghold of the independent agent. But we've been seeing a lot of companies start to attempt to move into the space given the size of the opportunity," said Charles "Chip" Bacciocco, CEO of CAP/TrustedChoice.com. "The addition of commercial lines on TrustedChoice.com is a proactive move to retain and even build market share."

TrustedChoice.com will also launch additional

TrustedChoice.com Launches Commercial Lead Generation Program (Continued)

marketing efforts around the commercial side, to attract even more commercial traffic to the site.

Noted Bacciocco: "We've always had some commercial traffic hitting the site since TrustedChoice.com relaunched in July 2013, and passed along plenty of quality business leads to agents. This enhancement will allow us to expand our reach in the commercial space, and make sure that those leads are going to the best agents to serve the unique needs of each visitor."

TrustedChoice.com generated nearly 200,000 site visits in September, and is on pace to attract more than 1.5 million visits during 2014. The portal provides insurance shoppers with accurate and useful insurance information across all areas of insurance; comparative real-time quotes on personal auto and homeowners insurance; and the ability to find a local independent insurance agent to serve their needs.

About Consumer Agent Portal (CAP): Created through an alliance of the Independent Insurance Agents & Brokers of America (IIABA or the Big "I"), Trusted Choice®, state associations and key insurance carriers, CAP is an industry initiative to expand the independent agent's share of the property and casualty insurance market. CAP received initial operating investment from the Big "I" and key insurance carriers, including: The Central Insurance Companies, Safeco Insurance, State Auto Insurance Companies, Selective Insurance, The Main Street America Group and Westfield Insurance. CAP is a trademark of Consumer Agent Portal, LLC, a Delaware limited liability company formed in 2011. For more information, visit iw.TrustedChoice.com.

NFIP FLOOD REFUND UPDATE

Here is an update from the Big "I" – endorsed flood provider, Selective Insurance, on the NFIP refunds:

President Obama signed and approved the Homeowner Flood Insurance Affordability Act of 2013 (HFIAA) on March 21, 2014. **A major element of this bill reverses certain rate increases implemented by Biggert-Waters, resulting in premium refunds for many NFIP policyholders.**

A summary of how Selective will manage the refund process is available in our latest tip sheet. Per FEMA guidelines, **refunds are to begin Oct. 1, 2014.** At Selective, we understand the importance of getting refund money into the hands of eligible policyholders as quickly as possible, which is why we will process all refunds within the first few weeks of October.

For a full summary of FEMA's guidelines surrounding the refund process, please read bulletin W-14035, http://www.nfipiservice.com/Stakeholder/pdf/bulletin/w-14014.pdf?utm_source=NFIP+Bulletin+Authorizing+the+use+of+Pre-FIRM+Rates&utm_campaign=Bulletin+w-14014&utm_medium=email.

FLOOD CLAIMS HANDBOOK AVAILABLE

A few days ago FEMA released its updated 2014 NFIP Flood Insurance Claims Handbook which provides policyholders with tips about what to do before and after a flood, including filing a claim and the steps involved in appealing a denied claim.

The 2014 NFIP Flood Insurance Claims Handbook can be found at the following link: http://www.fema.gov/media-library-data/1409252356253-ee460a21e69333f01eea03a8f55eb3c6/F-687_ClaimsHandbook_508XI_Aug2014.pdf

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