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The insurance industry is fast becoming an epicenter for technology change. From underwriting software to management systems, insurtech is transforming the way we do business. 

Paying premiums by ACH or credit card is now second nature. Unfortunately, too many agents and brokers don’t have a way to collect electronic payments. 

Austin-based ePayPolicy simplifies payment collection by offering insurance professionals the ability to accept ACH and credit cards through a custom, company-branded web portal. 

“The platform is simple,” said co-founder Milan Malkani. “We built a web-based solution usable by anyone, anywhere, on any device.”

With a background in premium finance, co-founder Todd Sorrel emphasized the need for full transparency.

“We don’t force our customers into long-term contracts or surprise them with hidden fees,” Sorrel said.

The company is endorsed by a number of IIAB’s state associations to ensure agents and brokers stay competitive, fulfilling its promise to serve independents.

Recently, ePayPolicy became fully-integrated with Vertafore’s FinancePro and AIM solutions, with more integrations in the works. They are bringing the reality of end-to-end management solutions to the entire insurance industry.

To learn more about ePayPolicy, visit them online at ePayPolicy.com.
# Maryland Messenger 2018 JanFeb

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## The Maryland Messenger

**The Independent Insurance Agents of Maryland, Inc.**

- **Editor**: Shelley Arnold, CPCU, AU, ARM, AAI
- **Graphic Designer**: Maritza Dintino
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Editorial Office, IIAM, 2408 Peppermill Drive, Suite A, Glen Burnie, MD 21061
Phone 410.766.0600 • Fax 410.766.0993
Email shelley@iiamd.org • www.iiamd.org
GIVING THANKS

At this time of year, we look to those things for which we are thankful. As agents and brokers, there is much for which we can be grateful. (And I’m not just talking about being thankful for the IIAM!)

We have a robust industry with literally unlimited opportunities and we get to work with folks that truly have the interests of the insureds in mind as we all sell, service and help negotiate the twists and turns of claims scenarios. Additionally, I would suggest there are few industries where such a high level of trust must be maintained by us all – we agents and brokers of course but also those on the underwriting side – in order to conduct business efficiently and effectively for the ultimate good of the insured. And who among us hasn’t sought the help of a “friendly competitor” who readily jumps to lend a hand when you need it. I suspect it is somewhat unique to have an immediate network to turn for help when necessary.

I’m thankful for working in an industry that has these various attributes and I hope you are too. When you get up in the morning and the day’s schedule is jammed, turn to the thought that at least you work in an environment of collegial support and one in which your professionalism is recognized and rewarded.

We live in a country richly blessed and, from my travels, the agents and brokers with whom I’m in contact make good use of their gifts and talents for the benefit to their fellow human beings, family and friends. It’s an awesome responsibility to have such a high level of trust placed in our hands each day and I’m most thankful to observe that you, our members, are up to the challenge!

Best wishes for a safe and happy holiday season!
Back in 2005, as a **24-year-old insurance agent**, I thought I’d step on the scene and teach the “Old-timers” how business got done.

Boy, was I wrong. I knew nothing about insurance and even less about selling.

Looking back, it’s easy to see how arrogance, hardheadedness and a lack of patience destroyed any chance I had at early results.

The difference between mediocre insurance agents and the most successful can often be traced back to the early years of their career.

Not whether or not they entered the industry well, but how open that person was to learning, adapting and riding out the inevitable lows that come in the early years of a sales career.

While some agents take a myopic view, focusing only on their next commission check, others spend time developing the skills that will ultimately set them apart in the insurance industry.

As important as it is to have a thorough understanding of policy details and other technical insurance knowledge – there is much more to thriving in our competitive industry.

The following are 13 skills every 24-year-old insurance agent should learn before bad habits set in and it’s too late:

**1) Develop Sales Skills**

You aren’t born with sales skills. Sales is learned skill, developed through intentional effort.

An insurance agent’s ability to sell is their most valuable asset.

Sales never ends, whether you’re selling prospects on your agency, your policies, or yourself – you’re always selling and the quicker you develop your ability to build relationships and systematically turn those relationships into sales, the faster your career is going to take off.

Easier said than done, (Trust me, I know).

The key to developing sales skills is the word, “Intentional.” You must make a conscious effort to get better through a mix of trial and error, mentorship and formal education.


**2) How to Communicate on the Phone**

As much as you might prefer email and text messaging, **insurance business still gets done over the phone.**

This means you have to be an effective communicator on the phone.

Unlike email (and similar “written” forms of communication like text message or Facebook message), you can’t take your time to craft the perfect response to tough questions.

The prospect is listening to every word you say and in most cases still trying to determine whether or not you are the right option as their insurance provider.

Your tone, pace, inflection are being judged. The prospect is asking themselves, “Does this person know what they are talking about?”

As much as digital marketing and automation are allowing insurance

agents to capture the attention of a wider set of prospects, in the end, we are still “Selling our phone number.”

Why?

You will find, with enough practice, even in the digital marketplace, that phone calls are still the easiest way to close sales.

**3) Time Management**

Insurance is a hectic business.

Your success is largely determined by how much you can get done each day.

Some people spend decades trying to nail time management, but the best insurance agents develop this skill very early in their career.

Whether you’re trying to squeeze in more sales calls or you’re chasing the work-life balance unicorn – time management is key.

The tough part about time management is there is no one size fits all solution. Everyone, who’s ever reached some level of success, has developed a strategy that fits best into how they operate.

This could mean using an Outlook calendar to schedule time, carrying around a date book and tracking time the “Old-school” way, or downloading one of a hundred time management apps.

The method is less important than the execution of blocking time for the most important tasks in your day, (sales calls, networking, blogging, etc).

If you do not block time, you will not do these things and your entire day will become busy work and you

**(Con’t on page 6)**
will struggle.

4) Decisiveness
As an insurance agent, you are the CEO of your career. Sounds corny, but 100% true.
It's not just a matter of making quick decisions, but making the right decisions in a timely manner.

There is a difference between patience and prudence versus what is more often the case procrastination and fear.

You are going to make the wrong decision.
Deal with that reality however you need to.
You are going to do things and say things that are going to cost you accounts. Make a decision, the best decision you can in that moment with your given experience and knowledge and live with the consequences.
Here's the deal, learn from your decisions.
You decided where to spend your time, how to develop your skills, and what to say in sales meetings.
Enjoy your good decisions and learn from your bad decisions.
This is the life of an insurance agent.

5) Prioritization
Early in your career, energy and enthusiasm will come in buckets.
You'll take on every task, plowing through one right after the next.
You will be busy.
Very busy.

Busy does not necessarily lead to success.

Learning to set priorities early in your career will pay dividends (and renewal commissions) for the rest of your career.
Attack new business and relationship retention activities early in the day when you have the most energy.
Save soul sucking paperwork and service related tasks for later in the day (if possible).

Prioritization is really about focus, one of the 7 habits of highly effective insurance agents (https://www.agencynation.com/highly-effective-insurance-agents/).

6) How to Solve Problems (on your own)
Mom and dad can't help you sell insurance.
Nor should you have to (or want to) lean on your agency principal or sales veteran to close deals.
Don't run to closest CPCU or CIC every time you have a policy question.
By their very nature, insurance agents are problem solvers.
You, 24-year-old insurance agent, have to figure out how to solve problems.
You have to own (intellectually) every bit of the insurance business:
• Billing,
• Policy forms,
• Rating,
• Sales,
• Networking,
• Marketing, and
• Everything else thrown at you during a day in the life of an insurance agent.

Your clients are counting on YOU to solve their problems.
It doesn't matter if they just got into a fender-bender, a tornado just ripped apart their home, or they want to make a payment on their policy with a new credit card. You're often going to be the first person they call for help.
If you always have to ask someone else for help... really... what use are you?
Solve problems. Period.

7) Emotional Intelligence
You've heard of Intelligence Quotient (IQ), the standardized score for human intelligence?
When it comes to selling insurance, your level of intelligence is far less important than your Emotional Quotient or EQ.

“EQ is the capability of individuals to recognize their own, and other people's emotions, to discriminate between different feelings and label them appropriately, to use emotional information to guide thinking and behavior, and to manage and/or adjust emotions to adapt environments or achieve one's goal(s).” — Wikipedia

Your ability to read, relate and respond to human beings will win more new business than any other skill or personal attribute.
Unfortunately, this is a skill that's rarely taught to young insurance agents.
Emotional intelligence will help you better understand the true “Why” a prospect is saying “No.”

People buy from people they like, not who they think are smart.
Develop your EQ and you’ll win new business away from those with a higher IQ every day of the week.

8) How to Build a Referral Network
Referrals are and will always be a primary source of new business for independent insurance agents.
In many cases, the quality of an agent referral network will make or break their career.

This is why, at TrustedChoice.com, we focus on driving referrals not leads to our subscribers (meaning one-to-one consumer to agent connections).
We want agents to think of us as a referral partner.
The good thing is, building your

(Con’t from page 5)

(Con’t on page 7)
network is easier than you think. You don’t have to be extremely outgoing, but you do need to make an **intentional** effort to reach out to others on a regular basis.

Here are a few simple, but effective methods for beginning referral partnerships:

- Buy potential referral partners a cup of coffee
- Attend a charity event they are putting on
- Send a potential partner a referral without expectation of reciprocation

What the three of these show is that you are a giver.

**9) Customer Experience Trumps Customer Service**

If you focus on customer service over customer experience then you’re already a commodity.

Every interaction prospects and clients have with you and your agency is part of the customer experience:

- The look of your agency’s building.
- The way you are dressed.
- The way you speak.
- Your business card.
- The way you answer the phone.
- The timeliness of response.
- The quality of response.
- Your marketing message (or lack thereof).

The list goes on and on and on… Everything we do as an insurance agent adds to the customer experience. Don’t take anything for granted. Have pride in the customer experience you provide.

More importantly, take ownership in the customer experience you provide to prospects and clients.

**10) How to Stay Organized**

Organization is a skill that enhances your other skills, such as sales, customer experience, and time management.

Could there be a worse response to a prospect call than, “Let me find your quote and I’ll get back to you.” That prospect wanted to talk to you now (and potentially buy insurance from you).

Yet, I’ve heard this response tens, if not hundreds of times on phone calls made through TrustedChoice.com.

Organization isn’t a nice-to-have. You want to write tons of new business? You want to be successful as an insurance agent?

Get organized.

On any given day you are going to interact with dozens of potential new clients.

**If you’re not organized and/or give off the impression of not being organized, (especially considering your age), prospects are going to lose faith in your ability to handle their insurance needs.**

Do not neglect organization. Organization is part of being an effective insurance agent.

Get organized. No excuses.

**11) How (and When) to Ask the Right Questions**

Insurance agents are problem solvers.

To solve problems we have to ask questions.

**Knowing how to ask the right questions will save you time and drastically improve success as an insurance agent.**

The right question, as the right time, establishes credibility, builds trust and develops rapport with prospects and clients.

Asking the “right” questions does not mean plowing through a quote sheet.

The “right” questions go beyond basic facts, to the deeper level of who the person is and what they’re trying to achieve by working with you.

Hubspot has a good introductory guide for asking the “right” questions. (See [https://blog.hubspot.com/sales/10-tips-ask-sales-questions-si#sm.00r0i3ce19gnei210kj1nkf4xy2t](https://blog.hubspot.com/sales/10-tips-ask-sales-questions-si#sm.00r0i3ce19gnei210kj1nkf4xy2t))

By asking targeted questions, you can not only better understand your prospects, but you also establish your expertise in understanding their challenges – both of which will lead to increased sales.

**12) Always Be Learning**

The best insurance agents are always learning and always improving.

Even if I’m no longer a practicing insurance agent (though I do still carry my licenses), if I was forced to pin my success on only one thing, it would be my constant thirst for knowledge. Marketing knowledge. Insurance knowledge. Sales knowledge. Operational knowledge. Efficiency knowledge. The list goes on and on.

If there was a skill or practice that I thought could give me an edge over my competition I wanted to learn it and master it.

You cannot count on your agency leadership to teach you to be a successful agent. If you have great leadership that engages with you in mentorship and training… amazing.

But assume, if you want to be a great insurance agent, you’re going to be self-taught.

That means you need to read a lot of books.

Find quality conferences to attend (like Agency Nation Elevate 2018. See [https://www.elevateconference.com/](https://www.elevateconference.com/)).

(Con’t on page 8)
Surround yourself with quality professionals inside and outside the insurance industry.

Learn from your mistakes.

**You and you alone have ownership of insurance education.**

### 13) Resiliency

*Resiliency, defined as, the ability to withstand or recover quickly from difficult conditions.*

As an insurance agent, you’re going to hear “no” a lot. Would you like to get a cup of coffee? No. Would you like a quote for your insurance? No. Would you like to purchase this policy? No. No. No.

This can be very discouraging at first, and frankly, some agents just can’t handle it.

“No” can destroy your insurance career.

You must embrace “No.” You must plow through “No.” **You must be resilient.**

Your insurance career depends on it.

### The Rub

I’d like to leave you with two quotes which have guided my career through success and failure:

*“Early to bed, early to rise, work like hell and advertise” ~ Ted Turner*

*“Screw it, let’s do it.” ~ Richard Branson*

Your youth is a blessing and a curse.

Have patience, but don’t settle.

Now get to work.

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Ryan Hanley is the SVP of Marketing at TrustedChoice.com and the Managing Editor of Agency Nation. Ryan has been teaching the business of inbound and content marketing since 2009 through writing, workshops and keynote speaking.

Follow Ryan on FaceBook, Twitter, LinkedIn.

This article originally appeared in Agency Nation (www.agencynation.com) in October 2016. It is reprinted here with permission. The original article may be viewed at https://www.agencynation.com/24-year-old-insurance-agent/.

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FCCI Insurance Group has been insuring businesses and doing what we say we’ll do for more than 58 years. We partner with our agents to provide expertise in underwriting, risk management and claims handling that help businesses thrive and face the future with confidence.

**James Kolesar**

Director, Underwriting
Mid-Atlantic Region
FCCI Insurance Group
Love Me Tender: Maryland’s Requirement that Insurers Pay Pretender Defense Costs

Today I am listening to music as I write my article regarding an insurer’s obligation to pay pretender defense costs in Maryland. I first listened to the Platters’ version of “The Great Pretender” with lyrics of “my need is such that I pretend too much”. After that, I listened to the great Elvis Presley’s “Love Me Tender” which spoke of tendering as making his life complete. And to bring it to this century, I listened to Usher’s “Tender Love” where he crooned about how he was longing for tender love. All of this made me think that there should be a song created for the unique obligations that Maryland imposes on insurers for pretender defense costs.

Maryland’s highest court in Sherwood Brands, Inc. v. Hartford Accident & Indemnity Co., 347 Md. 32 (1997) held that liability insurers, who have a duty to provide a defense, have a general duty to pay pretender defense costs, provided that the costs are “reasonable” and the insurer has not been “prejudiced” by the late tender. The contours of reasonableness and prejudice are, as the court noted, somewhat circumstantial. As noted by the Court: The relevant question as to pre-notice expenses, to be tested against the covenant not to incur unconsented to expenses, is whether the insurer was prejudiced within the meaning of [§19-110]: was it reasonable, under the circumstances, for the insured to have incurred the expense; was the expense reasonable; did the expense materially exceed that which the insurer would likely have incurred in any event had the notice been given earlier”.

Based upon this case, insurers should consider a three-step analysis to determine whether pretender fees are payable under a Maryland insurance policy.

First, an insurer should determine whether there are certain pretender defense charges that would not be covered by the policy. Most policies do not provide blanket coverage for all attorney’s fees and expenses incurred by an insured. For example, attorney’s fees relating to coverage issues would not generally be considered defense costs. Additionally, affirmative claims, such as counterclaims, would generally not be covered as such costs do not relate to the defense of a claim.

Second, even if an insurer decides to provide a defense, an insurer should determine whether it has been prejudiced by the late tender. In reviewing this prejudice issue, insurers should consider the hourly rate charged the insured’s counsel and panel counsel; if there is a great difference in the hourly rate charges a claim of prejudice can be made. In addition, the insurer should review charges to see whether the charges of the insured’s counsel are in line with the billing guidelines of the insurer. For example, if the insured’s counsel charges fees for research data base charges, administrative tasks, and hand deliveries that would not be paid for under most billing guidelines, then an insurer might be able to make a claim of prejudice.

Third, all pretender charges should be reviewed to determine whether they are reasonable under the circumstances. In making this analysis, an insurer should consider the rules regarding attorney’s fees specific to the locality. For example, Maryland Rule 2-701, while not specifically dealing with attorney’s fees in insurance disputes, contains a list of factors which a court should consider in determining whether fees are reasonable. These factors include: (A) the time and labor required; (B) the novelty and difficulty of the questions; (C) the skill required to perform the legal service properly; (D) whether acceptance of the case precluded other employment by the attorney; (E) the customary fee for similar legal services; (F) whether the fee is fixed or contingent; (G) any time limitations imposed by the client or the circumstances; (H) the amount involved and the results obtained; (I) the experience, reputation, and ability of the attorneys; (J) the undesirability of the case; (K) the nature and length of the professional relationship with the client; and (L) awards in similar cases.

So insurers and insurance professionals should understand that, even in Maryland, the obligation to pay pretender defense cost is not automatic and is not unlimited. To paraphrase “the Great Pretender”, where there is a feeling of “make believe” about the fees being claimed or where charges “seem to be what they are not”, then an insurer must consider whether to deny, in whole or in part, the claim for pretender defense costs.
I believe in the enduring value of independent agents. After all, in an era of rapid change and new risks, consumers need a trusted advisor who can guide and advocate for them. They need an independent agent.

At Safeco Insurance, we’re constantly looking forward to uncover opportunities and challenges that lie ahead for the independent agent channel. By knowing what’s around the corner, we can share actionable insights and help develop capabilities that enable you to be an Agent for the Future – one who is not only thriving today but is also continuously evolving to take advantage of new opportunities.

Safeco’s recent Agent for the Future survey asked 600 independent agents about how they are adapting to current industry trends and how those trends are expected to shape insurance through the year 2020.

One key finding -- agents want to spend substantially less time responding to service needs and shift their focus to growing their business.

**IA's Changing Priorities for 2020**

I wasn’t surprised by how much time agents currently spend servicing and retaining clients – and I certainly appreciate the challenge of finding time for new business. However, in 2020 – just two years from now – agents indicate they want to make a complete 180° and spend the majority of their time quoting and pursuing new business.

This shift in priorities signals compelling opportunities for growth and the beginning of an exciting new era for the independent agency channel. It also raises the question: how can IAs grow their business without compromising service or jeopardizing retention?

**The answer: divide and conquer**

I believe this is where harnessing the power of digital solutions and expanding your partnership with trusted carriers comes in. Leveraging carrier customer service programs will support your customer service needs and aid retention; they can also boost your efforts to grow the business.

(Cont’d on page 11)
Today’s consumers want more ways to engage and do business whenever they want, from wherever they are and on whatever devices they have handy. This doesn’t come as a surprise to IAs. Safeco’s Agent for the Future survey revealed that 60 percent of agents recognize consumers’ need for online and mobile solutions is of major importance.

Traditionally, it’s been thought that every interaction with a customer is an opportunity to build long-term loyalty. While that may once have been true, that’s no longer the case. However, the likelihood of an agent building long-term loyalty over low-value transactions — such as sending new ID cards or changing a method of payment — is relatively small. That’s where mobile and online account management tools come in. Customers get the access they expect, and your team can focus on growing the business.

**A growth mindset**

Agents have identified a compelling mix of strategies to drive growth and they don’t need to tackle this on their own. Not only does leveraging customer service programs satisfy customers’ changing needs and aid retention, but they can also boost efforts to grow the business. I’d like to focus for a moment on two areas: cross-sales and attracting new market segments.

[![how agents plan to grow in the next five years](image)]

### Cross-sales

The majority of agents we surveyed believe increasing cross-sales could be a key driver for growth. This is a prime example of where working with a carrier service program can make a big impact.

For example, did you know that 1 in 12 customer calls to Safeco Gold leads to a cross-sell opportunity? Better yet, we close nearly 50% of the time. In 2016 the company generated $39 million in new business for Safeco Gold agencies.

### New market segments

For 31 percent of agents surveyed, the path for growth includes pursuing new market segments. Now, you’ve likely been hearing ad nauseam about the importance of the millennial market (54% of agents surveyed said ‘millennial’ is the buzzword they’re MOST sick of hearing about!).

Given all of the discussion about the size of the millennial population, it could be easy to overlook the emergence of other important demographics. However, 67 percent of agents surveyed recognize that change in ethnic impact could have some effect on their agency in the next two years.

For instance, the United States Census Bureau estimates that there are 55 million Hispanic people in the county, making up more than 17 percent of the U.S. population.
I appreciate that it might seem daunting or cost-prohibitive for agencies to hire to meet the needs of non-English speaking
customers. Today, only 25 percent of agents surveyed offer non-English-speaking options and 42 percent say non-English
communication tools are not a necessity.

This is another example of where carrier service programs can become an extension of your agency and support your efforts
to attract new customers. The Safeco Gold team offers Spanish language support, with other languages supported via
interpreters.

Go Confidently together!

Safeco has and will continue to be exclusively focused on independent agents and their success. I believe that working
together, we will continue to win in the marketplace.

Earlier this year, Safeco launched AgentfortheFuture.com, a new resource providing all IAs with data, insights and
inspiration to help you succeed today and prepare for the future. I invite you to check out the site and read Safeco’s new
report -- “Independent Agents Shift Focus from Service to Growth.”
What is EQ and Why Should You Care?

By Carrie M. Arnold, Ph.D.

In recent years, there has been a proliferation in literature related to EQ or Emotional Quotient. Whether it is a blurb on Twitter or an article in the Harvard Business Review, EQ appears to be everywhere. But, what is it and why should we care?

First, some background. EQ is not new. It is new to mainstream media sources in part due to Daniel Goleman’s 2005 book, Emotional Intelligence. However, before EQ was labeled as such, references to it appeared in Darwin’s Origin of the Species. Darwin wrote about the role of emotional expression in human development. Fifty years later, Edward Thorndike made reference to social intelligence and in the 1980’s, Howard Gardner wrote about the theory of multiple intelligences including personal intelligence, of which all were building blocks for EQ. Reuven Bar-On, in his dissertation in the early 1980’s, coined the term Emotional Quotient, based on a culmination of a century of research. It was in the 1990’s that Peter Salovey and John Mayer developed the term Emotional Intelligence, which is the term widely used today.

Reuven Bar-On is important in the realm of Emotional Intelligence, not because he developed the term EQ, but he was also the first to develop an assessment to measure an individual’s EQ. As a result of his dissertation, Bar-On created the Emotional Quotient Inventory, the EQ-i, which in 1997 he sold to Multi-Health Systems, Inc., a Toronto-based company that continues to manage and administer the assessment. The Bar-On EQ-i is the only assessment of its kind included in The Buros 19th Mental Measurements Yearbook, thereby demonstrating its extensive review and credibility for use. As a Certified Training Partner of Multi-Health Systems, Inc., the EQ-i is the only assessment I use in my consulting practice based on its statistical reliability and validity. I also prefer the EQ-i because it is an assessment, not a test, and provides the opportunity for skill development. Some argue that EQ is an ability or a trait, but I believe it is a skill and one that can be learned and developed over time.

Put simply, Emotional Intelligence (EI) is the ability of an individual to understand and manage his or her emotions, but also the ability to use emotional information in an ethical and meaningful way (Stein, Book, & Kanoy, 2013). The EQ-i 2.0 assessment is a 133 self-report questionnaire. Its statistical reliability and validity help detect bias and inflated responses, another reason supporting its credibility for use. The EQ-i 2.0 can be used in multiple organization settings for selection, self-awareness, succession planning, leadership development, executive coaching, and team effectiveness. EQ is what measures EI and with the EQ-i 2.0 (the 2.0 indicates the second version of the assessment as it was normed again in 2010) individuals can be assessed in the following composite and subscale areas (Multi-Health Systems Technical Manual, 2011):

- Self-Perception (Self-Regard, Self-Actualization, Emotional Self-Awareness)
- Self-Expression (Emotional Expression, Assertiveness, Independence)
- Interpersonal (Interpersonal Relationships, Empathy, Social Responsibility)
- Decision Making (Problem Solving, Reality Testing, Impulse Control)
- Stress Management (Flexibility, Stress Tolerance, Optimism)

In the self-perception and self-expression composites, individuals are assessed on their confidence, whether they understand their own emotions, whether they can express their feelings in a constructive manner, and whether they can make self-directed decisions without having emotional dependency on another individual. In the interpersonal composite, individuals are assessed on whether they are able to empathize and understand someone else’s perspective, whether they can establish and maintain mutually-satisfying relationships, and if individuals can demonstrate collaboration and cooperation (think team projects). The decision-making composite assesses and individual’s objectivity, his or her capacity to problem solve and find effective solutions to problems, and the ability to resist impulsiveness. The stress management composite assesses a person’s coping mechanisms, if they are capable of withstanding changing situations, and whether individuals are optimistic or hopeful.

Charles Darwin once said, “It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change.” Change for many invokes fear, a primary emotion with its
evolutionary roots housed in the brain’s amygdala. Despite evolutionary changes in the brain, our amygdala views everything as a threat until we process the situation and deem it safe. To the brain, there is no difference between a saber tooth tiger and an angry client threatening to move her business elsewhere. Our first reaction to any situation is an emotional one. EQ and IQ work in tandem to assess the situation and manage our response to it. Emotions are also not gender specific. Humans all have the same basic emotions: fear, sadness, joy/happiness, anger, disgust, surprise, and contempt. It is how we respond to these emotions that makes a difference. Change is inevitable. Companies merge, agencies sell, producers and customer service representatives move within the industry. The Fourth Industrial Revolution is the epitome of change and the insurance industry will not be shielded from it. How we endure change determines our successes and failures, increases or diminishes innovation, and ultimately requires more skill than IQ alone.

According to the World Economic Forum’s January 2016 Executive Summary (http://www3.weforum.org/docs/WEF_FOJ_Executive_Summary_Jobs.pdf), we are currently in the midst of a Fourth Industrial Revolution that is changing the forecast for the labor market at a rate that outpaces human ability to process such rapid change. The impact of technology, generational labor dynamics, enhanced data analytics, and the evolution of work itself are changing the workforce and current business models so much so that by 2020, many current business models and existing jobs will be obsolete. The World Economic Forum’s January 2016 Executive Summary refers to this as “disruptive changes to job families and functions.” The insurance industry is accustomed to the changes in technology with the sale of insurance itself becoming its own e-commerce platform. Insurers sell products online. Agencies have client portals where clients have the ability to print their own insurance documents. Continuing education classes made their online debut in the 1990’s and now you have multiple online options for completing your credits (I don’t support the latter...you should still obtain your continuing education credits through the IIA of Maryland). Investing in EI training and development will help you and your employees navigate change. It will help you understand your clients better and also provide you with better leadership skills to help you cultivate your own employees. EI is a skill that everyone, young or old, could benefit from fostering. Being older does not equate to higher EQ. Managing your own emotions, more specifically, identifying what triggers your emotions is the catalyst of EI. Business continues to be entrenched in relationships. Interpersonal skills, building and managing relationships, using empathy to understand others’ perspectives, adapting your emotions to changing situations, and being objective about a given situation are all EI skills that can be learned. EI can teach you to better manage conflict, deal with failure, and foster professional and personal growth. All of this translates into more innovation, satisfied clients, productive employees, and stability during change.

Increase your EQ and invest in EI.

About the Author:

Carrie Arnold is the founder and owner of Arnold Educational Services, LLC. She was awarded her doctoral degree in Educational Leadership, Research, and Policy from the University of Colorado Colorado Springs. Her research is in Emotional Intelligence and the impact it has on personal and professional success. Currently, Carrie is the Associate Director of the Gateway Program Seminar and Honors Programs at the University of Colorado Colorado Springs. She is an Assistant Professor, Attendant Rank, in the Department of Communication and teaches various leadership courses. She is a certified training partner of MHS, Inc. and is EQ-i 2.0, EQ-i 360, and Pearson certified.

Carrie sits on the National Council of Alpha Lambda Delta (ALD), a national honor society for first-year students. For more information regarding Emotional Intelligence, contact Carrie at carrie@arnoldedu.org.
There Is No Comparison

PIN provides MORE of what it takes to succeed as an independent agency, delivering MORE revenue and value.

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443.692.4000 | jpappas@pinsia.com
www.pinsiaa.com
More Visibility Program
For IIABA of Maryland members

Investing in boosting your marketing edge with online insurance prospects
Partnering with TrustedChoice.com on the More Visibility Program is an investment in enhancing your digital footprint. The More Visibility Program drives more local online handshakes to our member agencies through geo-strategic search engine optimization.

Last year, the Maryland More Visibility Program drove 45% more insurance shoppers to TrustedChoice.com. More online visibility leads to more opportunities to turn online clicks into clients.

MVP boosts agency visibility
As an MVP champion, partnering with TrustedChoice.com gives our members a digital edge. Higher ranking for our member profiles in search results means higher visibility with online buyers.

The Trusted Choice More Visibility Program boosts agency visibility and targets local insurance buyers in Maryland.
IIAM has partnered with TrustedChoice.com on the More Visibility Program, enhancing your digital footprint. The More Visibility Program drives more local online handshakes to our IIAM member agencies through geo-strategic search engine optimization.
Becoming a MVP champion gives our Maryland members a digital edge. Higher ranking for our member profiles in search results means higher visibility with online buyers.
The new MVP enhances the Trusted Choice Basic profile for FREE! The enhancements include access to an agency dashboard, receiving higher rankings in the search results and a customizable profile to add a photo, description, select the agency's risk appetite and more!

Take full advantage of MVP
To shine online and stand out to insurance buyers, it's time to update your TrustedChoice.com digital profile!

1. Sign in to activate your account. Visit https://goo.gl/gwMmLw and sign in using your IIABA credentials.
MVP targets local insurance buyers

We partner with TrustedChoice.com to create and host unique insurance content that's targeted geographically to online insurance searchers and pairs high-intent prospects directly to an agency's online digital profile.

It's time to take full advantage of MVP

To shine online and stand out to insurance buyers, it's time to update your TrustedChoice.com digital profile.

1. Sign in to activate your account. Visit https://goo.gl/gwMmLw and sign in using your IIABA credentials.

2. Update your profile. Click "Agency Profile" in the main menu. Then, click the "Edit Agency Profile" button. Complete the information on each of the tabs and then press "Save".

PRO TIPS

- Use a person's photo for your profile image. Agencies with pictures of people in their profiles convert higher than those that do not.

- Use a producer's phone number in the "Public Phone Number" field. This is the number consumers will call to get in touch with you so you want to be sure they connect with a real person right away.

- By default, all lines of business are selected for you, so it's important to review and refine your appetite filter settings. Removing the lines of business you don't serve ensures you get referrals for the lines you like to write.

Need assistance? Call (855) 372-0070 to speak with a TrustedChoice.com representative.

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Need assistance? Call (855) 372-0070 to speak with a TrustedChoice.com representative.
Claims data from the Big “I” Professional Liability program consistently shows that “failure to offer” (and lack of documentation) are a leading cause of agency E&O claims. That’s why Big I Advantage has partnered with leading carriers to ensure you have easy access to additional coverages at your fingertips. *Are you offering small business cyber, flood, personal umbrella and in-home business? Doing so can protect your agency from E&O claims and increase sales and client satisfaction.*

**CYBER-SMALL BUSINESS**
- $100,000 cyber liability coverage
- $200 annual premium
- Use our marketing letter!
- [www.bigimarkets.com](http://www.bigimarkets.com)

**FLOOD**
- Personalized support
- Competitive commissions
- An easy-to-use quoting platform
- [www.iiaba.net/Flood](http://www.iiaba.net/Flood)

**PERSONAL UMBRELLA**
- Limits up to $5 million ($1M in NM)
- Excess UM/UIM available
- Standalone coverage
- [www.iiaba.net/RLI](http://www.iiaba.net/RLI)

**HOME BUSINESS**
- Affordable coverage for 145+ classes
- General liability up to $1 million
- Easy underwriting
- [www.iiaba.net/HomeBusiness](http://www.iiaba.net/HomeBusiness)

Document client declinations with DocuSign eSignature - [www.docusign.com/IIABA](http://www.docusign.com/IIABA)
Free Member Plus Profiles on TrustedChoice.com Now Available

Would you like to have your agency show up higher in the agency listings on TrustedChoice.com? Now you can.

IIA Maryland is working in partnership with TrustedChoice.com to get more insurance buyers to the website and connect them with your agencies. The best part is that because of that partnership, our members can receive an improved profile on TrustedChoice.com at no charge.

A Member Plus profile will provide your agency with the following benefits:

- Your agency will show higher to consumers searching on TrustedChoice.com
- Tell us which lines of business in both personal and commercial you want to write
- Confirm your contact information to get opportunities to the right producers
- Select the 2-digit NAICS codes that represents your agency’s niche markets
- The ability to add a custom about us statement
- Access to your agency Dashboard do see and track the referrals you have received

All of these capabilities will enable your agency to start getting only the referrals you want from insurance buyers that you like.

It’s Easy!

Log in at https://goo.gl/gwMmLw and click on “Sign in with IIABA” in blue text (under the orange button). Use your Big I username and password on the screen that says Welcome!

If you don't remember your username and password, or if you have any trouble signing in, just call TrustedChoice.com Support at 855-372-0070 and we will get you set up in no time.
The Accredited Advisor in Insurance (AAI) program gives you the tools you need to establish a clear professional advantage in the marketplace and fulfill your commitment to customer service. In today’s increasingly complex property-casualty insurance marketplace, only producers with in-depth insurance knowledge and strong focus on customer service have a competitive edge.

AAI program focus on three major areas:

- The technical aspects of the insurance business, including coverage and pricing
- The marketing of insurance products, including relationships with prospects, customers, and insurance companies
- The internal operations and management of insurance agencies

The AAI program is recommended for both new and experienced producers, experienced CSR’s, account executives, supervisors of producers, insurance company field representatives, and agency managers and principals.

To earn the designation you must complete the following 10 courses:

AAI 81A - Principles of Insurance
AAI 81B - Personal Insurance
AAI 81C - Commercial Property Insurance
AAI 82A - Commercial Liability Insurance
AAI 82B - Other Commercial Insurance
AAI 82C - Specialized Insurance & Bonds
AAI 83A - Principles of Agency Management
AAI 83B - The Insurance Production Environment
AAI 83C - Agency Management Tools & Processes
Ethics 311 - Ethical Guidelines for Insurance Professionals OR
Ethics 312 - Ethics and the CPCU Code of Professional Conduct

Quick Facts:
- NO time frame to complete the designation.
- NO annual updates required to maintain the designation.
- NO annual dues required!
- AAI is a nationally recognized designation.

Waivers:
- AINS designation waives AAI 81
- CIC designation waives all of AAI 81
- ACSR 1-5, 10,11 & 12 waives AAI 81B
- ACSR 4-9 waives AAI 82A

2018 Schedule

<table>
<thead>
<tr>
<th>Month</th>
<th>Course Code</th>
<th>Course Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 31</td>
<td>AAI 81A</td>
<td>Principles of Insurance</td>
</tr>
<tr>
<td>February 21</td>
<td>AAI 81B</td>
<td>Personal Insurance</td>
</tr>
<tr>
<td>March 22</td>
<td>AAI 81C</td>
<td>Commercial Property Insurance</td>
</tr>
<tr>
<td>May 24</td>
<td>AAI 82A</td>
<td>Commercial Liability Insurance</td>
</tr>
<tr>
<td>June 21</td>
<td>AAI 82B</td>
<td>Insurance Production Environment</td>
</tr>
<tr>
<td>July 26</td>
<td>AAI 82C</td>
<td>Specialized Insurance &amp; Bonds</td>
</tr>
<tr>
<td>October 11</td>
<td>AAI 83A</td>
<td>Principles of Agency Management</td>
</tr>
<tr>
<td>November 15</td>
<td>AAI 83B</td>
<td>Insurance Production Environment</td>
</tr>
<tr>
<td>December 13</td>
<td>AAI 83C</td>
<td>Agency Management Tools &amp; Process</td>
</tr>
</tbody>
</table>

For more information about the AAI designation visit www.iiamd.org/aai.
ACSR Designation Program

As a customer service professional, you must develop skills vital to effectively enhance customer satisfaction and retention. The Institutes’ Accredited Customer Service Representative (ACSR) designation program provides practical and relevant customer service skills and technical knowledge. Earning the ACSR designation conveys your commitment to excellence and professionalism in customer service.

The ACSR program is recommended for agents, brokers and customer service representatives.

The ACSR Program gives you two line-of-business tracks to choose from:

**Personal Lines or Commercial Lines**

*Core Courses*  
*Core course are required for both Personal and Commercial Lines*

Ethics 311 - Ethical Guidelines for Insurance Professionals  
ACSR 4 - Agency Errors and Omissions  
ACSR 5 - Professional Development & Account Management

**Personal Lines Track**  
ACSR 1 - Homeowners Insurance  
ACSR 2 - Personal Automobile Insurance  
ACSR 3 - Personal Lines Related Coverages

**Commercial Lines Track**  
ACSR 6 - Commercial Property Insurance  
ACSR 7 - Commercial Liability Insurance  
ACSR 8 - Commercial Automobile Insurance  
ACSR 9 - Commercial Lines Related Coverages

Benefits of the ACSR program:

- Enhance profitability by managing a better book of business and avoiding E&O claims through a more comprehensive knowledge of insurance products
- Increase the ability to cross-sell products with a thorough understanding of client needs
- Improve overall efficiency with an increased confidence in capabilities and knowledge
- Develop customer loyalty by demonstrating higher levels of professionalism and customer service

### 2018 Schedule

**Personal Lines**

- February 13  ACSR 1  Homeowners Insurance
- April 25  ACSR 2  Personal Automobile Insurance
- June 13  ACSR 3  Personal Lines Related Coverages
- September 6  ACSR 4  Agency Errors & Omissions
- November 8  ACSR 5  Professional Development & Account Mgmt

**Commercial Lines**

- January 17  ACSR 6  Commercial Property Insurance
- March 13  ACSR 7  Commercial Liability Insurance
- May 16  ACSR 8  Commercial Automobile Insurance
- July 18  ACSR 9  Commercial Lines Related Coverages
- September 6  ACSR 4  Agency Errors & Omissions
- November 8  ACSR 5  Professional Development & Account Mgmt

For more information about the ACSR designation visit [www.iiamd.org/acsr](http://www.iiamd.org/acsr).
How did you get into insurance?
I was recruited by a National Insurance Company out of college. I spent a year through their training program and then was placed in a territory as a Marketing Representative.

What aspect of your job brings you the greatest joy?
Helping People. It is great to be able to inform people the risks of their business and teaching them how to mitigate them.

Who/What has been your greatest resource in the industry?
We have a group of risk consultants at our firm. Having them with me on calls has not only been a great resource for clients, but I have also been able to learn a lot as well.

What are three tips you would give to new young agents?
1. Find a great mentor – someone who has been in your shoes and can help you
2. Always be learning – stay on top of new coverages and new ways to help customers
3. Be active in streets – meet as many people as you can by networking.

What song is on repeat on your playlist?
Jon Pardi – What I Can’t Put Down

What book/movie has been life changing?
The Energy Bus by Jon Gordon

What is on your bucket list?
Going on an African Safari
Maryland’s YAC Sponsor ‘Charm City Celebration of Wishes’

By Colleen Dunn, AAI, ACSR, AU, CLCS

Members of the Maryland Young Agents Committee, along with Board Members from the IIAMD, attended the 2017 Charm City Celebration of Wishes for the Mid-Atlantic Make-A-Wish Foundation on November 4, 2017. The Maryland Young Agents Committee was a Strength Level Sponsor of the event, helping to raise a total of $227,000 to grant wishes to children battling life threatening medical conditions.

This spectacular event included an expansive silent auction, a tasting menu offered by some of the best restaurants in Baltimore and a live wish experience. The audience was touched by the inspirational story of local Make-A-Wish kid, TJ Onwuanibe, who was diagnosed with a rare form of brain cancer. His request touched the hearts of the Baltimore heavy crowd; his wish (granted at 2017 NFL draft) was to announce the Baltimore Raven's first round draft pick. His parents were in attendance to share the remarkable details of TJ’s amazing day, as well as let the crowd know that TJ’s cancer was in remission.

A very successful and rambunctious live auction capped off the evening's festivities. Top Chef alum and owner of Volt in Frederick, Bryan Voltaggio, was on hand to help drum up excitement for the top prize of the evening, a private dinner for four at his restaurant. A lively bidding battle ensued, with the Top Chef sweetening the pot time and time again. By end of the auction, Bryan ended up awarding two multicourse dinners for 8, prepared and served at the winners’ homes by him and his team. His effort ended up raising an additional $19,000 for Make-A-Wish that evening.

Promoting good community relations, raising money for charity and attending fun social events are just a few of the many benefits that accompany your membership in the Maryland YAC. If you are a licensed agent under the age of 41 or licensed less than 5 years, and a member of IIAM, then you are eligible to join the Maryland YAC! Please reach out to Carla McGee at carla@iiamd.org or any of the officers for additional information:

Scott Zilber
President
Email: szilber@belmanklein.com

Michelle Roark, AAI, CRIS, CLCS
Vice President
Email: Michelle@Goldsborough.com

Kelly Eick
Secretary
Email: keick@mdpins.com

Colleen Dunn, ACSR, AU, AAI, CLCS
Treasurer
Email: cdunn@parallelriskadvisors.com

By Colleen Dunn, AAI, ACSR, AU, CLCS
Why your Small Agency Needs a Collection Agency

By Brian Eggert

Business growth means difficult decisions are often waiting at the crossroads. Do we keep doing this thing in-house? Should we hire someone? Or is it better to partner with a vendor? Luckily, as a small business owner, there’s no need to wait to hire a collection partner for debt recovery services. Hire the right firm to manage your account receivables, and over the months, the difference in your bottom line will make you wonder why you didn’t start sooner. Here are five more reasons working with a collection partner is a smart move for any small business owner.

It protects you from unwanted collection mishaps

There are myriad laws on the books, both at the federal and state level, that define how and when debts can be pursued and collected. Reputable agencies train their debt collectors to provide professional service that falls within the law, along with high ethical standards. The best collection agencies offer professional service, giving employees the training and resources to pursue these past-due accounts while following the law. The last thing any small business owner wants is to bumble right into an illegal debt-collecting move, putting the business and their livelihood at risk. Working with the right collection partner can offer protection without breaking the bank.

Collection agencies do more than call

IC System is more than a company that makes calls on your behalf. It can serve as your complete account receivables resource that comes with a suite of optional collection services. While the customer can set limits on when they call, there are other actions a debt collector can take to help pursue the debt. For example, in many situations, your customer’s history of late or non-payments can be reported to one of the major credit reporting agencies, which is often a powerful incentive to get current.

Collection agencies have unique tools

When a customer severs all contact with you — disconnected phone, no forwarding address — collection agencies have resources to help track them down. That’s where skiptracing comes in. Agencies have access to credit reporting tools, public records.

(Con’t on page 25)
andbits

(Con’t from page 24)

databases, and more to search for your lost customer and find updated contact information, so you come closer to a resolution. **Collection agencies have time to call. You don’t.**

It’s one thing to recommend consistent follow-up with late accounts. When the late accounts get later — 60 days, 90 days, 120 days — it’s critical to increase the frequency of contact, or you will lose your chance to recover the money. As a small business owner, you don’t have time or staff for that. Turn over these accounts to a reputable agency, and you’ll know the efforts to collect will happen on time, on schedule, consistently. It’s what we do every day. **It adds a sense of urgency**

For most people, getting a collection letter or phone call is a huge wake-up call. Additionally, hearing from a collection partner also demonstrates that you are serious about recovering the balance. Bottom line, it’s a powerful motivator at this stage, and as a result, many clients see a big surge in payment. **Need collection help? Call IC Systems at 1-800-279-3511 for a FREE QUOTE!**

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**Big “I” Praises Changes in Senate Tax Plan**

WASHINGTON, D.C., — The Independent Insurance Agents & Brokers of America (IIABA or the Big “I”) released the following statement by Bob Rusbuldt, Big “I” president & CEO:

“The Big ‘I’ thanks the U.S. Senate for its work to grow our economy and create new jobs through a modernized tax code. While no legislation is perfect, the Big ‘I’ strongly supports the improvements made to the legislation which would allow more of our small business members classified as ‘pass-throughs’ to get more tax relief. In particular, the Big ‘I’ would like to thank Sen. Ron Johnson (R-Wisconsin) for his work on this issue. The Big ‘I’ would also like to thank Chairman Orrin Hatch (R-Utah) for his amendment to strike the provision that would have subjected name and logo royalties to the unrelated business income tax (UBIT). Striking this provision will allow the Big ‘I’ and its state associations to continue to provide our small business members with the services that they expect and deserve.”

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**The Hill Newspaper Names Big “I” Leaders Among Top DC Lobbyists**

Big “I” was the only insurance agent/broker group to make list; publication calls team “a force to be reckoned with” on the Hill

WASHINGTON, D.C., — The Hill, a leading political newspaper, has named Bob Rusbuldt, Big “I” president & CEO, and Charles Symington, Big “I” senior vice president of external, industry, and government affairs, among the top trade association lobbyists in Washington, D.C.

The Hill piece (http://thehill.com/business-a-lobbying/top-lobbyists/358132-top-lobbyists-2017-associations) noted the Big “I” was “a force to be reckoned with” as it battled for a wide array of flood insurance legislation

(Con’t on page 26)
Zurich North America names David Putz as Head of Alternative Markets

Putz to replace North American CEO-Designate Kathleen Savio at year start

Schaumburg, Ill., Nov. 6, 2017 – Zurich North America today announced the appointment of David Putz to lead Alternative Markets, effective January 1, 2018. Putz is Head of Direct Markets & Programs for Zurich North America and will assume the role currently held by Kathleen Savio, who will transition to Zurich North America CEO at that same time. Putz has held leadership positions throughout Zurich North America for more than 20 years. He will report directly to Savio.

“Throughout his career with us, David has continually demonstrated unrelenting customer focus and a deep commitment to delivering growth and profitability,” said Savio. “He is an energizing business person who has built and led highly effective teams.”

Prior to leading Direct Markets & Programs over the past year, Putz was head of Direct Markets for four years. He served in a number of key sales and leadership roles in Direct Markets, including Vice President of Sales and Distribution, Finance & Insurance (F&I) Specialist, Regional F&I Manager Indiana, Account Executive, Regional Sales Manager Florida, General Manager / Vice President Northern Division, and National Vice President of Sales Eastern Zone.

His career is rooted in the automotive industry, starting at his family’s Chrysler dealership. After college, he worked for Pat Ryan & Associates as a District Manager, calling on and serving auto dealers in the Midwest. In addition to David’s business leadership, he currently serves on the board of Make-A-Wish Missouri.

Zurich North America’s Alternative Markets is comprised of four major units: Direct Markets (Automotive), Programs, Group Captives and Crop. It delivers products and services to customers through multiple distribution channels, including direct, program administrators, crop agents, captive consultants and brokers.

“Recognition from a leading political newspaper highlights the strength of our government affairs team,” says Vaughn Graham, Big “I” chairman and president of Rich & Cartmill, Inc., headquartered in Tulsa, Oklahoma. “Thanks to the hard work of president & CEO Bob Rusbuldt, Charles Symington and the entire government affairs staff, the Big ‘I’ is consistently named one of the most influential associations in the country.”

Congressional leaders regularly tap the Big “I” federal government affairs team for its political acumen including sitting on congressional steering committees, raising campaign dollars, hosting political events, and strategizing to help members of Congress better serve their constituents and advance top issues. A vital component of the association advocacy efforts is InsurPac, the Big “I” political action committee. It routinely raises well over $2 million each election cycle and disburses that money across the aisle to U.S. Senate and House campaigns that are supportive of the independent agency system.

“The Big ’I’ government affairs staff stood out as the only group listed that represents insurance agents and brokers,” says Angela Ripley, Big “I” government affairs committee chairman and president VW Brown Insurance Service in Columbia, Maryland. “We’re fortunate to have such a well-respected team representing the agent and broker community on Capitol Hill.”

(Con’t from page 25)
Brethren Mutual Names Glass Director of Underwriting

Hagerstown, MD – The Brethren Mutual Insurance Company welcomes Bob Glass as its new Director of Underwriting. Glass brings over 30 years of insurance experience in property and casualty underwriting, marketing and product development with Aetna Casualty & Surety Company, Travelers Insurance, The Hartford and Union Mutual (Montpelier, Vermont).

As Director of Underwriting, Glass will oversee Brethren Mutual’s Personal, Commercial and Farm Underwriting areas and focus on achieving consistent and sustainable underwriting results for the Company.

Committed to the independent agency system, Glass understands the importance of building long-term, profitable relationships with the agents. He believes a consistent underwriting and marketing message to the agency force from the Company strengthens the agency relationship.

Glass holds his undergraduate degree in Business & Finance from Mount St. Mary’s (Emmitsburg, MD) and his MBA from Colorado State University. Additionally, he holds the CPCU (Chartered Property & Casualty Underwriter) and ARM (Associate in Risk Management) professional insurance designations.

Established in 1897, Brethren Mutual Insurance Company is headquartered in Hagerstown, Maryland and writes personal, commercial and farm business in Maryland, Pennsylvania, Virginia and Delaware through independent insurance agents.

What’s New?

• Now a billion dollar company! (Sales passed the mark in 2016.)
• Nationwide geographical scope.
• An increasingly robust One-Stop Insurance Shopping solution via a BizGUARD Plus product suite that features Workers’ Compensation, Businessowner’s Policy, Commercial Auto, Umbrella, and Professional Liability coverage.
• Broader appetite for select risks (including Total Insured Property Values as high as $50 million for certain industries and risks).
• Higher A.M. Best financial size (i.e., “X”).
• Enhanced infrastructure to support growth.

What’s Not?

• Secure financial strength that comes from being a member of the Berkshire Hathaway family.
• Our A+ (“Superior”) A.M. Best Company Rating.
• Average annual growth in premium in excess of 25% per year for the past five.
• Ongoing product and service enhancements to win renewals and keep a high retention ratio.
• Our focus on being data-driven and using business intelligence to gain a competitive edge.
• A superior combined ratio that (according to A.M. Best) outperforms our peers.
• Our commitment to distribution through independent agents!

Berkshire Hathaway GUARD Insurance Companies

We have agency appointments available. Go to www.guard.com/apply!
At press time, medical marijuana is legal in 28 states and Washington, D.C., and recreational marijuana is legal in eight states and Washington, D.C. The cannabis market is already a multibillion-dollar industry, with revenue expected to reach $20 billion by 2021.

Like any other business, marijuana growers and distributors need insurance coverage for their assets and potential liabilities. But although individual states control the laws regulating both the marijuana industry and the insurance industry, growing, distributing and possessing marijuana is still a crime under federal law—as is aiding and abetting these activities.

The Obama Administration made it clear it did not intend to seek prosecution of marijuana-related activities in states where it has been legalized. But Attorney General Jeff Sessions recently stated that the Trump Administration intends to “crack down” on such activities—and that means procuring insurance for cannabis enterprises is extremely risky. The concern centers around two primary issues:

1. Is insuring a federally illegal activity a criminal activity in itself, rendering the insurance contract unenforceable? A court could easily determine that an insurance contract is void as the result of insuring an illegal activity—a clear risk for the business and the insurance agent who procures the policy. Besides, a carrier could potentially deny coverage for certain acts due to the federal law issue, leading to a “failure to procure” E&O claim against an agency.

2. Do exclusions in many standard-form policies provide illusory coverage for an insured? Many traditional insurance policies exclude coverage for “illegal activities,” “criminal acts” and “intentional behavior.” Exposures such as civil RICO claims, money laundering and reputational risk are valid concerns for businesses involved in the cannabis industry. But can these exposures be covered by an insurance policy?

Considering the dichotomy between state and federal laws regarding legalization, as well as conflicting court rulings regarding insurer obligations to provide coverage, an agent who procures this coverage faces great risk. For starters, policies would likely not be standard ISO forms, but that’s not the only implicating factor. Marijuana growers and distributors are required to obtain specific licenses and permits depending on location—California, for example, requires 20 types of licenses, including permits for farmers, delivery services, testing labs, distributors, dispensary operators and more. Any insurance provider would need to develop an in-depth knowledge of all applicable licensing issues prior to entering this space.

To avoid an E&O claim, the prudent insurance agent will stay on the safe side and wait until the smoke clears before considering procuring insurance for a client in this field.

Julie Carter is an assistant vice president, claims specialist with Swiss Re Corporate Solutions and works out of the office in Overland Park, Kansas. Insurance products underwritten by Westport Insurance Corporation, Overland Park, Kansas, a member of Swiss Re.
Many of our commercial clients are family owned or closely held businesses. We work hard to attract, retain and develop these types of commercial accounts and we calculate the risk of losing them to competition but what about losing clients to succession? It is often the case that a small business owner’s retirement plan is tied to the sale of their business. Will the account sell at a planned time or due to illness/death? Will they sell to a competitor? Key Employee? Family member? Will we lose our relationship at the time of transition and potentially the account? The numbers are daunting: 43% of family firms do not have a succession plan in place, with only 12% making it to the 3rd generation and only 3% make it to the fourth generation. Additionally a PWC survey in 2016 estimated that, 15% of family owned businesses have a formal plan for their succession process. Where is the disconnect?

**Buy-Sell Agreement**

The death, disability or retirement of an owner can throw a business into turmoil because the person who was the driving force…the rainmaker…is no longer there. A carefully structured buy-sell arrangement will permit the owner to begin the process of transferring ownership and control before the triggering event…to facilitate a smoother transition. Emotions are not high and pricing parameters have been set prior to the event, but flexible drafting can also give “first rights of purchase” to family members ensuring that they are given priority over 3rd party buyers.

**Benefits for the Surviving Owners:**
- Helps prevent disputes between the heirs of the deceased owners, who often favor the short-term goals versus the long-term goals of the business.
- Provides tax-advantaged liquidity to purchase shares from heirs.

**Benefits for the Deceased Owner’s Estate/Heirs**
- Creates a market for the deceased owners interest
- Prevents unwanted parties from acquiring an ownership interest
- Provides an independent mechanism for determining the price or pricing formula for the business interest, decreasing the potential for disputes.
- Relieves the heirs of the estate from the affairs of the business.
- Ensures that the estate receives cash for estate liquidly, survivors income or other family needs.

Purchasing life insurance on the lives of the business owners is one of the most common ways to fund a buy-sell arrangement. Besides being cost effective, the primary advantage is that it makes cash available upon the owner’s death. Plus, if the arrangement is funded with permanent life insurance the policy’s cash value may be sufficient to fund a buy-out at retirement.

In a cross purchase arrangement, life insurance is sometimes purchased on split dollar basis or with a bonus to mitigate the cost to the shareholder.

**Case Study:**

**Situation:** Furniture manufacturing firm with 1 owner and 1 Key Person (owner’s child) who works in the business but has no ownership.

**Objective:** Provide liquidity for beneficiaries of deceased owner to make up for loss of income from that person, provide liquidity to the key person (child) to buy-out the owner’s shares from their estate. Keep family control of the business.

**Analysis and Solution:** The owner’s child (Key person) will acquire a permanent life insurance policy designed for cash accumulation on their father with a $5,000,000 death benefit. The company will pay a bonus to the key person each year in the amount of the premium each year and the key person will be responsible for the corresponding income tax. Cash value that may accumulate could be used to begin buying out the parent during their lifetime.

**Key Person Plan**

Often the talents and the skills of a very few people are creating the success of many closely held businesses. That is why the loss or disability of one of these people can threaten the future of the business. Key person insurance is designed to address the financial consequences of such a loss, including;
- Interruption of cash flow
- Expenses of attracting and hiring a replacement

(Con’t on page 30)
Have questions about the new Tax Reform Law?

The Big “I” government affairs team has set up a webpage for Big “I” members that has been updated and will continue to be updated with the latest information on tax reform – including exclusive resources for Big “I” members. Members can log in to view the page here: https://www.independentagent.com/GovernmentAffairs/Issues/taxes.aspx.

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- Loss of clients to a competitor
- Negative impact on credit

What type of insurance is best suited for a Key Person Plan? Many times Term life insurance is used due to lower premiums and the expectation that a key person’s employment will end at retirement age. However, it is also important to discuss the benefits of permanent cash value coverage. These policies not only offer you the death benefit you will need in the event of a key person’s death but also the flexibility of liquidation should your company need additional capital or if a key person leaves for a reason other than death (disability, termination of service, etc…).

**Case Study:**

**Situation:** IT Firm with 4 key executives, who are responsible for the firms impressive 10 year growth.

**Objective:** Insure each life against the economic loss of having to hire and train a replacement to preserve existing business accounts and contracts.

**Analysis and Solution:** $1,500,000 of 20 – year term on each of the 4 key people for $8,000 of annual premium. The 20 – year term will cover the economic loss to normal retirement age. $750,000 Key Man Disability policy on each of the 4 key people for $10,000 of annual premium.

Belman Klein Associates, LTD has been working together with independent agents since 1968 to help their customers plan and succeed in the succession of their firms. We can help you start the conversation and protect your business and your clients business.

As a member of the IIAMD we look forward to working with other members to help them round out their business by partnering to bring our services to their clients. For more information contact Scott Zilber at szilber@belmanklein.com or 1-800-729-6007.
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