

ROCK ACSR Newsletter

“Reaching Out, Communicating, Knowledge”



INDEPENDENT INSURANCE AGENTS OF VIRGINIA

Overstock.com, Walmart, Insurance, Commodities, and Movies About Fictional Presidents

Our Agents Council for Technology LinkedIn presence features a discussion called "The Other Shoe Falls...Overstock.com and Wal-Mart Announce New Insurance Initiatives."

For those of you who are interested in the issue of whether personal lines insurance, particularly auto insurance, is a "commodity" and how you can compete with insurers who market from this viewpoint with almost exclusively price-driven advertising, you might want to take some time to review the comments being made in this discussion and, perhaps, add your own.

With Walmart now making auto insurance available on the internet and in selected stores, expect competition to heat up. There are many aspects to the evolving insurance marketplace. The one I'm focusing on is trying to convince people (starting with our own industry, then the media, then consumers) that auto insurance is NOT a commodity and that the differences beyond price are material and critical.

If I think all canned green beans are the same, so I buy the cheapest variety only to discover that they're not nearly as good as the brand I've been buying, I'm out a buck. If I make the same mistake buying insurance, I could lose everything I own. And, if I hurt somebody else and have few assets of my own, the lack of insurance coverage can cost people I hurt thousands or millions of dollars.

We MUST make people understand that insurance policies are different, as are the claims practices and other services provided by insurers. Not only are there significant differences among the products being sold by insurers, but how they interpret the identical policy provision can result in polar opposite results. In addition, the counsel and advocacy that an experienced, well-educated agent can provide can have great value. These are messages that are not getting to the masses.

Here is some dialogue from a scene in the movie "The American President":

Lewis Rothschild: "They don't have a choice! Bob Rumson is the only one doing the talking! People want leadership, Mr. President, and in the absence of genuine leadership, they'll listen to anyone who steps up to the microphone. They want leadership. They're so thirsty for it they'll crawl through the desert toward a mirage, and when they discover there's no water, they'll drink the sand."

President Shepherd: "Lewis, we've had presidents who were beloved, who couldn't find a coherent sentence with two hands and a flashlight. People don't drink the sand because they're thirsty. They drink the sand because they don't know the difference."

The price-driven direct insurance sales organizations are the Bob Rumsons. They're the only ones talking. In the absence of leadership, direction and voice from independent agents, people WILL continue to drink the sand because they don't know the difference unless YOU tell them.

[Click here](#) for more information about "Is Insurance a Commodity?"

By: Bill Wilson

Last Updated: June 2014

ACSR Newsletter

December 2014

Upcoming Events:

Dec. 21: Winter Solstice

Dec. 25: Christmas

Dec. 26: Boxing Day

Dec. 26: Kwanzaa

Dec. 31: New Year's Eve

Dec. 31: Last Day to Comply with VA C.E.

Jan. 1: New Year's Day

Jan. 16: Lee Jackson Day

Jan. 19: Martin Luther King Day

Jan. 28: "CE for Legislators" Day

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Insuring Gift Cards—Commercial Lines

By: Bill Wilson

A Big “I” state association recently posed the following question:

"An insured processes and distributes a large amount of pre-paid gift cards. Apparently, these gift cards (to various retail establishments) are already activated. In their warehouse facility, they may have up to several million dollars' worth of these (already activated) cards on hand at any given time. The commercial property carrier is considering these cards as a cash equivalent and is limiting coverage accordingly. The commercial crime carrier is shying away from offering coverage as well, and if they were to offer coverage, it would only be for 'crime' perils. The agent is concerned about the exposure from the standard property perils (fire/wind) as well. Have you run into a situation before where an insured has a large amount of inventory of an item that the insurer views as cash? Any advice?"

ISO's HO policies specifically address gift cards. For example, ISO's most commonly used form, the HO 00 03, has a specific sublimit for a certain class of property that includes "stored value cards." ISO's CP and BOP forms are silent. One interpretation could be that, since there is no specific exclusion or limitation on gift cards in the commercial forms, none applies. The logic is that, since ISO's HO and CP/BOP staffs work in the same building, you'd think that the latter would be aware of the HO treatment of gift cards and choose to follow the same tack by specifically addressing them. The "stored value cards" HO policy limitation was added in 2000, so ISO has had almost 14 years to do the same thing in commercial lines, but has chosen not to.

ISO's ISO CP 00 10 excludes:

Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;

According to the agent, the property insurer considers gift cards to be "evidences of debt." While one could argue that activated gift cards may have the force of "currency" ("evidences of debt" seems doubtful), I'm not sure they fit into that defined term, depending on what dictionary you use. There is a contract interpretation principle called "noscitur a sociis", which basically says, "If the contract provision enumerates specific items, a person or thing will fall within the list if the person or thing is associated with the items on the list." Often such lists in insurance policies will include an ending item such as, "and all similar property" or something like that. But in the excerpt above, it doesn't imply that this exclusionary list applies to anything other than the listed items.

So, I ran this by VU faculty member and Commercial Crime guru, [John Eubank](#), CPCU, ARM, and he responded:

Gift cards are "securities " under ISO Crime forms and could be covered there under Insuring Agreements 1 and 3.

This is the definition of "Securities" in the crime forms:

19. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or property and includes:

- a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and (examples of each are...)
- b. **Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;** but does not include "money".

So, gift cards CAN be insured as "securities" in the crime forms.

Is this an advantage of a Crime form you were not aware of? This isn't the only example. Our recent "[Commercial Crime Coverage](#)" webinar is now archived and available on the VU website.

ACSR Newsletter



UPDATES AND UPCOMING EVENTS

Join IIAV for “C.E. for Legislators” Day

When: January 28, 2015

Time: 9:30 – 11:30 am

Location: General Assembly Building, 9th & Broad St., Richmond, VA

Cost: Free to attend

Simply put, legislators don't know “insurance” and yet they will act on close to 100 bills related to insurance during the 2015 “short” session; one bill related to transportation network companies is over 36 pages.

YOU ARE INVITED to join IIAV's lobbyists Bob Bradshaw and Joe Hudgins at the General Assembly Building to visit with your legislator on bills introduced this session. IIAV will be providing a continental breakfast in the General Assembly Building for you and your legislator.

Mark your calendar now to attend this very important event. While there is no charge to attend – and we hope to find sponsors who will pay for parking – we ask that you register in order for us to know how many people to expect.

Thank You To Our Sponsors:

- Berkley Mid-Atlantic Group

[- Register Here!](#)

[- Become a Sponsor Here!](#)

Get Ready for IIAV's Bowling Night on February 26

Are you ready for a fun night of bowling? Then you will not want to miss IIAV's Bowling Night on February 26 from 5:30-7:30 pm at Uptown Alley in Midlothian, VA. This event is hosted by the Young Agents' Committee.

The following will be included with your registration:

- 2 hours of bowling
- Shoe rental
- Pizza, salad, and dessert
- 2 adult beverages
- Billiards

\$10 game card

You must be 21+ to attend. Friends and family are welcome to attend.

[Register here!](#)

Please contact Kristina Preisner, kpreisner@iiaav.com, if you are interested in becoming a sponsor.

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Education....Continuing Your Road to Success

Upcoming Classes

Chesapeake 1 - Homewood Suites-1569 Crossways Blvd. (23320)
[Mar. 24 \(9:00-4:00\): ACSR Mod 1: Homeowners](#)-Course # 208285 (6 VA P&C) \$105/\$135

Chesapeake 2 - Chubb Insurance - 600 Independence Pkwy. (23320)
[Jan. 26-29 \(8:30-4:30\): Property & Casualty Pre-Licensing](#) (NA) \$300

Manassas 1 - Hampton Inn - 7295 Williamson Blvd. (20109)
[Mar. 26 \(9:00-4:00\): ACSR Mod 1: Homeowners](#)-Course # 208285 (6 VA P&C) \$105/\$135

Manassas 2-NOVA Com. College: Innovation Park-9485 Innovation Dr. (20110)
[Jan. 12-14 \(9:00-6:00\): Property & Casualty Pre-Licensing](#) (NA) \$300
[Feb. 2-3 \(9:00-6:00\): Life & Annuities Pre-Licensing](#) (NA) \$175
[Feb. 4 \(9:00-6:00\): Health Pre-Licensing](#) (NA) \$125
[Mar. 23-25 \(9:00-6:00\): Property & Casualty Pre-Licensing](#) (NA) \$300

Richmond - IIAV – 8600 Mayland Dr. (23294)
[Jan. 12-15 \(8:30-4:30\): Property & Casualty Pre-Licensing](#) (NA) \$300
[Feb. 12 \(8:30-5:00\): AAI 81 A Principles of Ins.](#)-Course # 208295 (8 VA OGI) \$165/\$215
[Feb. 23-26 \(8:30-4:30\): Property & Casualty Pre-Licensing](#) (NA) \$300
[Mar. 5 \(9:00-4:00\): Associate in Ins. Supervisory Mgmt.](#)-Course # 211751 (21 OGI, 3 L&R) \$750/\$975
[Mar. 11 \(8:30-5:00\): CRIS Commercial Liability](#)-Course # 208214 (8 VA P&C) \$150/\$195
[Mar. 12 \(8:30-5:00\): AAI 81 B Personal Insurance](#)-Course # 208297 (6 P&C, 2 L&H)
[Mar. 19 \(9:00-4:00\): Associate in Ins. Account Mgmt.](#)-Course # 210118 (10 OGI, 5 Ethics, 2 L&R) \$750/\$975
[Mar. 24 \(9:00-4:00\): ACSR Mod 1: Homeowners](#)-Course # 208285 (6 P&C) \$105/\$135
[Mar. 26 \(9:00-4:00\): E&O: Challenge of Change](#)-Course # 208589 (6 OGI) \$105/\$135 **

Roanoke – Roanoke Higher Education Center - 108 N. Jefferson St. (24016)
[Mar. 26 \(9:00-4:00\): ACSR Mod 1 Homeowners](#)-Course # 208285 (6 P&C) \$105/\$135

Webinars (Computer and phone required, no exam)
[Jan. 12 \(9:30-10:30\): We Started a Home Business](#)-Course # 211626 (1 P&C) \$25/\$35
[Jan. 14-15 \(9:00-12:00\) E&O: Challenge of Change](#)-Course # 208589 (6 OGI) \$105/\$135 **
[Jan. 22 \(9:00-12:00\): Flood Ins. Basic FEMA Approved](#)-Course # 208545 (3 L&R) \$55/\$70
[Jan. 23 \(9:30-10:30\): D&O: What's All the Fuss?](#)-Course # 211627 (1 P&C) \$25/\$35
[Feb. 10-11 \(9:00-12:00\): ACSR Mod 1 Homeowners](#)-Course # 208285 (6 P&C) \$105/\$135
[Feb. 18-19 \(9:00-12:00\): E&O: Challenge of Change](#)-Course # 208589 (6 OGI) \$105/\$135 **
[Feb. 20 \(9:30-10:30\): Coinsurance: Enough Said](#)-Course # 211628 (1 P&C) \$25/\$35
[Feb. 23 \(9:30-10:30\): Condo Issues, Gaps, & Coverages](#)-Course # 208549 (1 P&C) \$25/\$35
[Feb. 24 \(9:00-12:00\): Preparing a Comm. Submission: Auto & Prop.](#)-Course # 212081 (3 P&C) \$55/\$70
[Mar. 6 \(9:30-10:30\) Dealing with Fluctuations in Commercial Property](#)-Course # 211629
[Mar. 11-12 \(9:00-12:00\): ACSR Mod 6 :Com. Prop.](#)-Course # 208290 (6 P&C) \$105/\$135
[Mar. 18-19 \(9:00-12:00\) E&O: Challenge of Change](#) -Course # 208589 (6 OGI) \$105/\$135 **
[Mar. 20 \(9:30-10:30\) Homeowners: Liquor & Divorce](#)-Course # 208552 (1 P&C) \$25/\$35
[Mar. 25 \(9:30-11:30\) Privacy -Cyber Liability](#) -Course # 205319 (2 L&R) \$40/\$55

[Click here for the full list of classes.](#)

** This class may qualify your agency for a loss control credit through IIAV's Westport and Fireman's Fund E&O programs.

ABEN Webcasts

Jan. 19 (11:00-12:00):
[IRA Fundamentals & Small Business Retirement Plans](#)
Course # 210953
(1 VA L&H) \$24/\$34

Jan. 19 (1:00-2:00)
[Annuity Basics & Where They Fit](#)
Course # 210954
(1 VA L&H) \$24/\$34

Feb. 18 (11:00-12:00):
[IRA Fundamentals & Small Business Retirement Plans](#)
Course # 210953
(1 VA L&H) \$24/\$34

Feb. 18 (1:00-2:00)
[Annuity Basics & Where They Fit](#)
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Mar. 11 (1:00-2:00)
[Annuity Basics & Where They Fit](#)
Course # 210954
(1 VA L&H) \$24/\$34

Designation Programs

Here are the designation programs that IIAV will be offering in 2015 to help you meet your educational and career goals.

- Accredited Advisor in Insurance (AAI)
- Accredited Customer Service Representative (ACSR)
- Agribusiness & Farm Insurance Specialist (AFIS)
- Associate in Insurance Account Management (AIAM)
- Associate in Insurance Supervisory Management (AISM)
- Construction Risk and Insurance Specialist (CRIS)
- Management Liability Insurance Specialist (MLIS)

[Click here to find out dates and pricing for these designation](#)

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IIAV Services:

- **Find a Market:**
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Articles relating to insurance, business, technology and more.

These services and more can be found at www.iiav.com

Take A Moment To Relax:

Random Facts for Your Next Conversation

Here are a few interesting facts for the next time you are at a dinner party .

1. Winter lasts 21 years on Uranus.
2. A speck of blood contains about 5 million red blood cells.
3. Nomads created ice skates made of bone at least 4,000 years ago.
4. An inch of rain is equal to 10 inches of snow.
5. Chinophobia is the fear of snow.

Recipe of the Month



Overnight Apple Butter

A new spread to spice up your toast.

[Click here to view!](#)

Quote of the Month

“This is my wish for you: peace of mind, prosperity through the year, happiness that multiplies, health for you and yours, fun around every corner, energy to chase your dreams, joy to fill your holidays!”

~ D.M. Dellinger, American social activist