

ROCK ACSR Newsletter

“Reaching Out, Communicating, Knowledge”



INDEPENDENT INSURANCE AGENTS OF VIRGINIA

VU Briefs by: Bill Wilson

ACSR Newsletter
March 2015

Does the Owner of a Building Under Construction Need a CGL or Is the OCP Good Enough?

Q. "I am debating the proper way to cover an insured with a bank that is trying to dictate how the insurance SHOULD work rather than listening to me as to how the insurance DOES work. Here's the issue...I have a general contractor (GC) insured with a building under construction and the building owner is listed as an insured on the GC's B/R policy plus there is an OCP policy purchased by the GC naming the building owner. Does the building owner also need his own CGL policy? I am telling the bank the building owner does not need a CGL policy but they are insisting the owner get one of their own. Am I wrong in fighting this additional policy and cost on behalf of my client?"

A. In a word, YES. First, from an E&O standpoint, NEVER tell someone they don't "need" a particular policy. Second, the building owner surely has liability exposures beyond the construction of the building, yet there is no CGL policy at all in place for the business? The VU has an article about OCP vs. CGL. There are many limitations in the OCP (e.g., vicarious liability only) to begin with such that most building owners in this situation would likely benefit more from being named as an AI on the GC's CGL policy. And for many other liability exposures unrelated to the construction of the building, the owner needs his own CGL policy.

Resident Child's Owned Auto on Parent's Policy Where He Is Not a Named Insured

Q. "Do you have any research in VU about parents insuring their child's cars when the parents name is not on the title and the child is NOT a named insured? I have a 24 year old professional rodeo guy that travels the entire country in a \$50,000 Ford F350 truck. It is in his name only and it's insured by a captive agent on the parents' personal auto policy but the son is not listed as a named insured but rather as a driver traveling 1-3 miles to work."

A. There was a TN appeals court case where the court said physical damage coverage applies to "YOUR covered auto." The husband and wife split up and she moved out. Only he was a named insured, so once she moved out, she was no longer a "you." When her car was wrecked, the claim was denied and the court upheld the denial. I'm not sure I agree with the decision since the car was declared and a premium paid for physical damage, but that was the ruling.

So, it's quite possible, based on policy language, case law, or just insurable interest, that he has no physical damage coverage under his parents' policies. On the ISO PAP, if he acquires another auto or trades this one in, he has no automatic coverage because acquired auto coverage only applies to "you." This happened when my son bought a car this year while still living with us and covered on our policy. Our insurer let us add his car to our policy and endorsed him as an additional interest for physical damage. However, since the car was not being purchased by "you," he had no automatic coverage. The day he got the car, he had to drive to WV, so I made him sit at the dealer until my agency CSR emailed us all a binder for adding the car.

Anywhere in the policy where "you" has more coverage than anyone else, he potentially has a problem. If he owns the auto, he really needs to have a policy in his name with limits at least as high as his parents' policy if he still resides with them. Of course, since this is a captive agency insurer's policy, without reviewing it, we can't say for sure how this situation is treated.

Upcoming Events:

- Apr. 3: Good Friday
- Apr. 4: Passover Starts
- Apr. 5: Easter Sunday
- Apr. 11: Passover Ends
- Apr. 12: Orthodox Easter
- Apr. 15: Yom HaShoah
- Apr. 15: Taxes Due
- Apr. 17: [VAIA Roast & Toast](#)
- Apr. 22: Administrative Professionals Day
- Apr. 22: Earth Day
- Apr. 23: Yom Ha'atzmaut

Article of Interest 2-3

Updates & Upcoming Events 4

Education 5

Take a Moment to Relax 6

ACSR Newsletter

Broker of Records and Ethics By: VU Faculty

Q. "As the incumbent insurance broker on an account, I prepared all renewal documents and received a renewal quote from the carrier. When I delivered the renewal quote to the client, the client gave a Broker Of Record (BOR) to another broker, using our completed applications and quote that we just received from the carrier, back to that same carrier to be acknowledged as the new broker on the account.

After the insurance carrier received the BOR from the other broker, the underwriter indicated to me that, since they were under a time constraint on the account due to it renewing in only four (4) days, they would not be able to accept a superseding BOR from me in order to allow me enough time to try to retain the business. I would like to have your comments and opinions, and is there any legal action I can take?"

A. Since we're not attorneys and not familiar with insurance law in your state, we really can't tell you whether this is legal or not. But, given that March is Ethics Awareness Month, perhaps we can comment from that perspective. I ran this by the VU faculty and got the following responses.

Faculty Response

This was not very honorable (or nice!) behavior on the part of the competing broker or the insured. However, assuming you had gotten your best coverage and premium quotation, I don't think that time allows you to get something better elsewhere (unless you had something else in your "back pocket," and, if so, presumably you would have presented it first). Scrambling to retain the business with the same insurer seems ill-advised at best given their role in this mess. I think it has to be chalked up to the insured always being right, even if not always fair.

Faculty Response

I'll make three points:

1. The carrier does not deserve your loyalty;
2. The carrier should not even accept a BOR because someone is not willing to do their own work; and
3. Their practices are discriminatory and unethical.

That said, it is my opinion that no carrier professing to be an ethical organization should ever accept a BOR under these circumstances. I have taken accounts on a BOR but have never used the other agent's material or work product. I redo the work just as if it is new business, my apps, my exposure review, my coverage recommendations. No way do I want to pick up another's mistakes. I can make it on my own, thank you. Yes, you could sue but could lose the market, which might not be a bad idea...their actions scream volumes.

Faculty Response

There could be a lawyer who would sue on your behalf. Not being a lawyer or knowing the exact terms of your agency agreement, I have no idea who will likely win. One thing for sure, things will never be the same. I think the company is being unfair and unethical in accepting YOUR work from the other broker, but that doesn't guarantee a court victory. The question is, are you willing to overlook this action and, if not, what are you willing to do about it?

Faculty Response

What you have experienced occurs thousands of times each year. The problem begins when we presume that a client has a strong relationship with us simply because we issue a price before someone else. In fact, customers do business with folks they LIKE and TRUST. If you haven't built and maintained that relationship, a much more difficult task than the expertise you have in technical insurance and pricing strategies, you will suffer similar situations several times before you finally 'get it.'

So let's say some 'slick talker' who plays golf with the client (or who is married to the client's sister) tells him that he can do the same policy that you have worked hard to accomplish. The critical element is that the carrier failed to permit you to work to subsequently counter the BOR! While not illegal, it is certainly unethical to have worked to establish the coverage and pricing for you and then refuse to let you meet with the client to convince him to rescind the BOR.

BORs have a purpose. If the client will leave you because of lack of trust or relationship but wants to stay with the carrier, the BOR is the appropriate way of him doing so. No carrier should risk losing a long-time client because the client is no longer enthralled with his agent. And if the real reason the carrier won't allow you to rescind the BOR is because of a confidential request of the client to be allowed to move agents, they should honor that request.

You need to have a frank conversation with the 'top guy' (not the underwriter or marketing rep) at the carrier local or regional office and ask him the question directly. Considering how late carriers normally are in their renewal processing, the '4 days from renewal' excuse is certainly bogus.

I guess it's fitting that this is Ethics Awareness Month. If there is a bright side, perhaps it involves the answer to the question of whether you really want a client that will take your work and give it to another agent. I don't know that there's anything illegal here, but you'd have to ask an attorney for that determination, considering insurance laws and your agency/company agreements. But, based on your side of the story, neither the insurer nor the other agent appear to have acted ethically.

Note: *At the time of original publication, March is Ethics Awareness Month for the insurance industry. Consider discussing this issue with your producers. If you would like other ethical scenarios to discuss at staff meetings in March, just search the VU for "ethics" and you'll find plenty of issues to talk about.*

Last Updated: February 26, 2015

ACSR Newsletter



UPDATES AND UPCOMING EVENTS

Is Your Agency Interested in a Pre-Licensing Scholarship?

Virginia Association of Insurance Agents in conjunction with Imperial PFS is offering a scholarship for (1) VAIA Property & Casualty Pre-Licensing course or (1) VAIA Property & Casualty Pre-Licensing Self-Study Package.

Scholarship funding is available for an employee of a member agency of the Independent Insurance Agents of Virginia. There will be two rounds of scholarship offerings in 2015, one in the spring and one in the fall.

Scholarship Guidelines:

- Scholarship funding is available for the cost of (1) VAIA Property & Casualty Pre-licensing course or (1) VAIA Property & Casualty Self-Study Pre-Licensing package for an employee of a member agency of the Independent Insurance Agents of Virginia.
- To be considered for this scholarship the agency principal must complete the application requirements below and return by April 30, 2015 (spring deadline) or September 30, 2015 (fall Deadline).
- Please submit this application no later than 5:00 pm on April 30, 2015 (spring deadline) and September 30, 2015 (fall deadline).
- Scholarship recipients will be notified the last week of May 2015 (spring round) and last week in October 2015 (fall round).
- If awarded a scholarship, it must be used within 18 months of the awarded date.

[Click here to apply online](#) or send scholarship applications to Kristina Preisner, kpreisner@iiaav.com or fax to 804-747-6557.

If you have any questions please contact Kristina Preisner, kpreisner@iiaav.com.

Virginia Association of Insurance Agents is a 501 (c) 3 non-profit education foundation. The mission of VAIA is to provide insurance education and training programs to facilitate insurance literacy and an awareness of career opportunities

You Are Invited to Judge Parker's Roast & Toast on April 17

Please join Virginia Association of Insurance Agents for an evening of fun while we honor Judge Parker, Southern Insurance Company of Virginia with a Roast & Toast event.

Date: April 17, 2015

Time: 6:30-9:00 p.m.

Where: Hilton Garden Inn Downtown - 501 E Broad St, Richmond, VA 23219

The Details:

David Priest, Virginia Commonwealth Corporation, will emcee this event and the following individuals will do the roasting:

- Connie Boyd, Southern Insurance Company of Virginia
- Mike Funkhouser, Haun Magruder
- Joe Harrow, Middle Peninsula Insurance Agency
- Joe Jenkins, Hanckel-Citizens Insurance
- Gary Nichols, Winchester Group
- John Watson, Hanckel-Citizens Insurance

A full dinner and drinks will be provided. It is \$85 per person to attend.

[Click here to register!](#)

Thank you to our sponsors:

Gold: Southern Insurance Company of Virginia

Silver: JSA; Keystone Insurers Group

Bronze: Insurance House

Sponsorship packages are available for this event. If you are unable to attend the event personally or would like to leave Judge a few words of your own you can make a **Program Dedication** for \$50, the deadline for this is April 10.

Hotel: A hotel room block is available at Hilton Garden Inn Downtown for \$129 (plus tax) per night. [Click here for reservations.](#)

Please contact Kristina Preisner, kpreisner@iiaav.com with any questions.

Education....Continuing Your Road to Success

Upcoming Classes	ABEN Webcasts
<p>Chesapeake 1 - Homewood Suites-1569 Crossways Blvd. (23320) April 16 (9:00-4:00): ACSR Mod 6-Commercial Prop-Course # 208290 (6 P&C) \$105/\$135 May 14 (9:00-4:00): ACSR Mod 2 – Personal Auto-Course # 208292 (6 P&C) \$105/\$135 June 11 (9:00-4:00): ACSR Mod 7-Com. Liability-Course # 208292 (6 P&C) \$105/\$135</p> <p>Chesapeake 2 - Chubb Insurance - 600 Independence Pkwy. (23320) May 4-7 (8:30-4:30): Property & Casualty Pre-Licensing (NA) \$300</p> <p>Manassas 1 - Hampton Inn - 7295 Williamson Blvd. (20109) April 21 (9:00-4:00): ACSR Mod 6-Commercial Prop-Course # 208290 (6 P&C) \$105/\$135 May 7 (9:00-4:00): ACSR Mod 2 – Personal Auto-Course # 208292 (6 P&C) \$105/\$135 June 11 (9:00-4:00): ACSR Mod 7-Com. Liability-Course # 208292 (6 P&C) \$105/\$135</p> <p>Manassas 2-NOVA Com. College: Innovation Park-9485 Innovation Dr. (20110) Apr. 27-28 (9:00-6:00): Life & Annuities Pre-Licensing (NA) \$175 Apr. 29 (9:00-6:00): Health Pre-Licensing (NA) \$125 May 4-7 (9:00-6:00): Property & Casualty Pre-Licensing (NA) \$300 June 8-9 (9:00-6:00): Life & Annuities Pre-Licensing (NA) \$175 June 10 (9:00-6:00): Health Pre-Licensing (NA) \$125</p> <p>Richmond - IIAV – 8600 Mayland Dr. (23294) April 21 (9:00-4:00): ACSR Mod 6-Commercial Prop-Course # 208290 (6 P&C) \$105/\$135 April 22 (8:30-4:30): CRIS Reaccreditation–Design Build Risk-Course # (7 P&C) \$135/\$170 April 23 (8:30-5:00): AAI 81 C–Com. Property Ins.-Course # 208298 (8 P&C) \$165/\$215 May 13 (8:30-5:00): CRIS Contractual Risk Transfer-Course # 208332 (8 P&C) \$150/\$195 May 14 (8:30-5:00): AAI 82 A Commercial Liability-Course # 208299 (8 P&C) \$165/\$195 May 18-21 (8:30-4:30): Property & Casualty Pre-Licensing (NA) \$300</p> <p>Roanoke – Roanoke Higher Education Center - 108 N. Jefferson St. (24016) April 22 (9:00-4:00): ACSR Mod 6-Commercial Prop-Course # 208290 (6 P&C) \$105/\$135</p> <p>Webinars (Computer and phone required, no exam) April 2 (9:00-12:00): Flood Basic - FEMA Approved-Course # 208545 (3 L&R) \$55/\$70 April 9 (9:30-11:30): Certificates of Insurance-Course # 208908 (2 P&C) \$40/\$55 April 14 (9:30-11:30): 2015 Laws & Regs-Course # 212451 (2 L&R) \$40/\$55 April 15-16 (9:00-12:00): ACSR Mod 2 – Personal Auto-Course # 208286 (6 P&C) \$105/\$135 April 17 (9:30-10:30): Mysterious World of Surety Bonding-Course # 211631 (1 P&C) \$25/\$35 April 21-22 (9:00-12:00): E&O: Challenge of Change-Course # 208589 (6 OGI) \$105/\$135 ** April 24 (9:30-10:30): Ethics: Not What You Think-Course # 208550 (1 Ethics) \$25/\$35 Apr. 27 (9:30-10:30): Dealing with Fluctuations in Com. Prop-Course # 211629 (1 P&C) \$25/\$35 May 4 (9:30-10:30): Vacancy: New 4 Letter Word for Com. Landlords-Course # 211632 (1 P&C) \$25/\$35 May 5 (9:00-12:00): Trucking Insurance for Beginners-Course # 212521(3 P&C) \$55/\$70 May 6 (1:00-4:00): ISO CGL Property Damage Exclusions-Course # 212880 (3 P&C) \$79 May 7 (9:30-11:30): Data Breach & Its Perils-Course # 211090 (2 P&C) \$40/\$55 May 12 & 13 (9:00-12:00): ACSR Mod 7–Com. Liability-Course # 208292 (6 P&C) \$105/\$135 May 15 (9:30-10:30): Personal Inland Marine Cvrg Forms-Course # 211633 (1 P&C) \$25/\$35 May 19 & 20 (9:00-12:00): E&O: Challenge of Change-Course # 208589 \$105/\$135 ** May 6 (9:00-4:00): ACSR Mod 2 – Personal Auto-Course # 208292 (6 P&C) \$105/\$135 June 10 (9:00-4:00): ACSR Mod 7-Com. Liability-Course # 208292 (6 P&C) \$105/\$135</p>	<p>Apr. 14 (11:00-12:00): IRA Fundamentals & Small Business Retirement Plans Course # 210953 (1 VA L&H) \$24/\$34</p> <p>Apr. 14 (1:00-2:00) Annuity Basics & Where They Fit Course # 210954 (1 VA L&H) \$24/\$34</p> <p>Jun. 11 (11:00-12:00): IRA Fundamentals & Small Business Retirement Plans Course # 210953 (1 VA L&H) \$24/\$34</p> <p>Jun. 11 (1:00-2:00) Annuity Basics & Where They Fit Course # 210954 (1 VA L&H) \$24/\$34</p>
<p>Click here for the full list of classes.</p> <p>** This class may qualify your agency for a loss control credit through IIAV's Westport and Fireman's Fund E&O programs.</p>	<p>Designation Programs</p> <p>Here are the designation programs that IIAV will be offering in 2015 to help you meet your educational and career goals.</p> <ul style="list-style-type: none"> • 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) <p>Click here to find out dates and pricing for these designation</p>

Virginia's Independent Spirit Since 1898!

INDEPENDENT INSURANCE AGENTS OF VIRGINIA

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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. Starbucks has been around longer than Star Wars.
2. Mickey Mouse's first film was "Steamboat Willie" and it debuted in 1928.
3. The NFL was founded in 1920.
4. The first credit card was created by Diners Club.
5. Jacob Davis invented blue jeans in 1871.

IIAV Services:

- **Find a Market:**
Find the coverage you need for your client
- **Criminal Background Checks:**
Completed in 3-5 days rather than 6 weeks.
- **Career Center:**
Find your next great hire or intern.
- **Virtual University:**
Articles relating to insurance, business, technology and more.

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

Recipe of the Month



Chipotle Salmon Burgers

Change up your burger offerings.

[Click here to view!](#)

Quote of the Month

"Well done is better than well said."

~ Benjamin Franklin, A Founding Father of the US