Best Practices Recommendations for Delivery of Insurance Policies to Agents and to Insureds...
How long has it been since you looked at an RLI Personal Umbrella Policy?

Take a second look …

RLI’s Personal Umbrella Policy (PUP) provides the coverage your customers need:

- Expanded underwriting opportunities including DUI/DWI
- Properties in multiple states and outside the U.S. eligible
- Excess UM/UIM coverage available nationwide
- Policies written above 100/300 auto
- Drivers of all ages accepted — including new drivers
- No A.M. Best Rating requirement for underlying carriers
- Easy online quoting
- Electronic signatures and online credit card payments accepted

Be sure to check out the RLI PUP Access online system. It makes it easy for you to manage multiple accounts and allows insureds to quickly and conveniently complete new business submissions, submit electronic signatures and pay bills.

For additional information, contact your administrator:
Carla McGee, ACSR
IBSC
410-766-0600
carla@iiamd.org

For more information and to access our Quick Quoter, visit www.rlipseonalumbrella.com.
IIAM extends their deepest sympathy to the family, friends and co-workers of George T. Moran. Mr. Moran died suddenly on December 26, 2013. He was 70 years old. He was the founder of Moran Insurance in 1977 and the recipient of numerous awards and recognitions for his many contributions to his community. The agency is located in Pasadena, Maryland. The family has suggested in lieu of flowers, donations to the Providence Center in Glen Burnie, Maryland.

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As I sit down to write this article, the snow is falling as Maryland experiences yet another winter weather event; this time I am looking out of the window at 15 inches of snow and the forecast is for a few inches more! So perhaps this is a good time to write an article for the March-April Messenger and look forward to warmer days and sunshine.

Today your executive team at IIAM was scheduled to meet in Annapolis with our Maryland legislators at our annual legislative dinner. Hopefully this can be rescheduled so that we can meet and discuss our members’ concerns in an informal setting as we have done so in the past.

Your legislative committee has been hard at work monitoring all insurance related legislation on your behalf, meeting with our legislative advisor to make sure our concerns are known, and participating in the legislative process. You can view and track IIAM’s legislative bulletins by logging onto the website at www.iiamd.org and clicking on the legislative tab.

As part of the Big I, we are also working on the national level with our legislature on a number of issues such as the renewal or reauthorization of the Terrorism Risk Insurance Act that is set to expire on December 31, 2014. Once again, your Maryland team will be attending the national Legislative conference this April in Washington, D.C. and meeting with our Maryland Senators and Representatives. I am honored to be representing Maryland with my fellow board member and feel that meeting in person makes more of an impact with our legislators on the Hill. Each year I am impressed to see IIABA members from around the country take over the Hill as a group as we meet with our respective Senators and Representatives.

It is of great importance that our industry has a voice and is heard by our lawmakers in Washington and to this end, our National Pac, InsurPac, is vital. I am happy to report that through our members’ contributions, we are once again a $1,000,000 PAC.

The Trusted Choice Consumer Agents Portal (CAP) is also well under way and offering comparative rating for personal lines. Maryland is set to go live by March so if you have not already signed up for CAP, now is a good time to join.

I will be remiss if I do not remind our members to take advantage of the many CE opportunities provided by your state organization so please visit the education page of the IIAM website for a wide offering of continuing education classes. You can select from live classes, on-line live webinars and regular web CE courses. Please feel free to call the office for details.

As I close, I will think ahead to Spring and sunny days.
Guiding Principles

This report is focused on the “best practices” for policy delivery from the carrier to the agent electronically, as well as from the carrier or agent to the insured by paper or electronically. The intent is to advance our industry practices to meet changing consumer experiences and expectations, rather than to place a “Band-Aid” on our current paper intensive workflows.

It is understood that these “best practice” recommendations will not be achieved overnight and will be phased in by many carriers and agencies over time as they build out their capabilities and their consumers increasingly elect electronic policies. Following this transition period, however, the work group strongly believes that its recommendations will result in a better customer experience, will reduce our reliance on a costly paper process and will help us compete effectively with direct carriers—while at the same time complying with emerging state and federal regulations.

For the industry to succeed in moving to “best practice” electronic policy delivery, it is important that:

• Agencies and carriers commit to these practices including a conscious and deliberate change in the way we conduct business.
• Agents encourage their policyholders to accept electronic delivery and/or access to their policies.
• Carriers and vendors integrate the delivery of electronic documents with the agency’s management systems and websites, so that it is easier for agents to send, provide access to, store and manage these documents.
• The industry put more focus on making the electronic experience more desirable than the paper experience by making the insurance contract more readable and easier to understand and navigate.

Electronic delivery of policies is not intended to shift an additional burden onto either the agency or the carrier, but rather to make the process more efficient and to create a better customer experience that is similar to what consumers are getting from other financial organizations.

Best Practices Recommendations

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<tr>
<th>Best Practices</th>
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<tr>
<td>Full Copy of Policy</td>
<td>Carriers should provide a complete copy of the insured’s policy to the agency (and to the insured if the carrier is responsible for delivery) at new business issuance and at each subsequent renewal. Endorsements only need to include new/changed forms that are applicable as a result of the change, along with an explanation of all the changes made.</td>
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<td>Agent vs. Insured copies of policies</td>
<td>With the adoption of electronic policies, paper “agent” copies are no longer necessary. Carriers should provide agents with a complete electronic copy of what the insured receives, as well as any supporting “agent only” documents like premium worksheets or documents containing commission information.</td>
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<tr>
<td><strong>Print &amp; Delivery Preferences for Personal Lines &amp; Small Commercial policies</strong></td>
<td>Insured copies can be delivered electronically or by paper based on the policyholder’s preference.</td>
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<tr>
<td><strong>Print &amp; Delivery Preferences for Mid to Large Commercial policies</strong></td>
<td>The recommended best practice is for personal Lines and small commercial policies (as the carrier defines small commercial) to be delivered directly to the policyholder by the carrier electronically or by paper based on the policyholder’s preference. <strong>Carriers are responsible for managing and maintaining the policyholder’s delivery preferences and should communicate this preference to the agency via a downloaded data field.</strong> (Updates to the ACORD standard will be pursued to accommodate this data.) Agents will assist in promoting electronic delivery to their policyholders and in securing email addresses to help facilitate electronic delivery.</td>
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<td><strong>Electronic delivery to the agent/broker</strong></td>
<td>The recommended best practice is for mid to large commercial policies (either electronically or paper) to be delivered to the policyholder by the agent/broker. The carrier is responsible for delivering the client copy electronically to the agent/broker using the transmission method the agent has elected. The agent then delivers the policy electronically to the client or provides access to it online through the agent’s or carrier’s website, if the policyholder has agreed to such a method of delivery. If the policyholder requires paper, the agent/broker is responsible for making a copy and delivering it to their client. (See ‘Delivery to the Policyholder’ for more details on delivery options to policyholders.) The agent/broker is responsible for managing and maintaining the policyholder’s delivery preference for this business.</td>
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| **Delivery to the policyholder**                                             | Delivery to the agent/broker by the carrier can be done electronically and the agency should choose the delivery method it wishes to use, from these recommended methods:  
  - ACORD Activity Notes with the capability to be directed automatically by the agency’s management system to the appropriate agency employee and be attached. In addition, the ACORD code on the Activity Note should identify the transaction as the insured copy, so that the agent’s system can automatically route the document to the agent’s client portal, as well as to the agency management system file.(Updates to the ACORD standard will be pursued to accommodate this data.)  
  - Secure email to the agency address specified by the agent(via industry recommended TLS), which would contain the document or a link to it.  
  - Carrier delivery directly to the agent’s system or website.  
  - Requiring agents to obtain the electronic copy through the carrier website is the least desirable option and is discouraged. |

Policy delivery/access to the insured can follow a number of different workflows, including but not limited to:
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<td>Mailing or hand delivering paper copies or a CD (or flash drive) with an electronic copy</td>
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<tr>
<td>Emailing an electronic copy using secure, registered email (so that the agent or carrier has proof of receipt)</td>
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<td>Using an e-Signature tool to deliver an electronic copy as an attachment to an acknowledgement letter or ACORD form that the client e-signs</td>
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<tr>
<td>Emailing a link to the policy residing on a secure client portal on the agent or carrier website.</td>
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Electronic delivery excludes any documents legally required to be delivered by paper by a specific state such as Auto ID cards or Notices of Intent to Cancel, or if the insured elects to continue to receive paper.

Carriers should deliver invoices for direct-billed policies directly to the insured regardless of who is responsible for delivering the policy, in order to ensure timely receipt by the policyholder.

Carriers should make it clear when agents elect electronic delivery exactly what will be included with the delivery. Time sensitive documents like cancellations, reinstatements and copies of invoices should be sent directly to the insured by the carrier.

If the carrier is delivering policy documents, it should keep agents informed throughout the delivery process including:

- The method of delivery the policyholder has elected (paper or electronic) and if electronic, the email address it was sent to
- Delivery date
- What types of documents were delivered
- Provide agents with access to or copies of signed documents.

Electronic delivery to the policyholder must comply with all applicable state and federal laws. These requirements include:

- Agent or carrier should obtain the written consent from the policyholder to receive his or her policy electronically and that he or she is able to access electronic documents in the file format that is being used.
- Agent or carrier should also advise the policyholder that he or she can change this election at any time or request a paper copy at no cost.
- The policy should be delivered securely.
- Agent or carrier should receive some acknowledgement of receipt that the policyholder has received the electronic policy (e.g., a receipt that the secure email has been delivered, a record that the policyholder has accessed the policy on the secure client portal, etc.)

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<th>Providing documents that are designed for electronic consumption</th>
<th>Carriers, agents/brokers and vendors need to work together to offer innovative, easy to use electronic policies in order to encourage policyholder adoption. At a minimum:</th>
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<tr>
<td>Providing documents that are designed for electronic consumption</td>
<td>• A hyperlinked Table of Contents</td>
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<td>• Be searchable and allow the agent to save and/or send the document to another party.</td>
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<td>• Major sections of the policy should be included in the Table of Contents for easier navigation. (An example of appropriate navigation points would be: Table of Contents, Line of Business Sections, Exclusion Sections (pull all together in one place), Signature page, Dec page, Additional Ownership Interests breakout (pull all together in one place).)</td>
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<tr>
<td>• Carriers need to provide mobile compatible versions of documents and rethink how they present policies and other documents so that they are more readable and easier to understand, given that they will increasingly be viewed electronically on tablets, smart phones, as well as on PCs. Auto Id cards are a great example of a document that will be primarily viewed on a smart phone.</td>
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**Access to electronic copies of documents**

This document focuses on policy delivery best practices, not document retention guidelines or requirements around providing copies of policy forms. Please refer to the “Real-Time Inquiries” section of Agency Real-Time “Best Practices” Workflows and Implementation Strategies [http://www.independentagent.com/Resources/AgencyManagement/ACT/SiteAssets/Pages/efficient/RealTime/ACT_realtime-carrier-vendor-guidance/RT_BPWorkflows_Dec72011.pdf] for “best practice” recommendations regarding carrier provision of insured policy documents to agencies both online and offline. Those recommendations provide for the carrier to provide the insured’s policy documents online to the agent for at least the current and two prior policy terms and for the agent to be able to request documents from the carrier for earlier years (years 4-7) with a turnaround time of no more than five days.

If carriers or agencies provide their insureds with online access to their complete policy documents (DEC pages and policy forms), it is recommended that they be provided online for a minimum of 2 years from expiration date or cancellation date. Carriers and agencies, however, should be mindful of any state laws that might impose a different time period.

Carriers should make it clear to insureds and agent/brokers that they can request a paper copy of their policy for a specified time period after electronic access has ceased for a particular policy. Agents should have access to policies from carriers (whether online or off line) for a period of at least seven years from the date of expiration of the policy.

Ten states have recently passed laws that provide carriers with an additional option to providing their policyholders with a full electronic copy of their policy (DEC pages and policy forms), as recommended in this report. These statutes allow carriers to e-post their standard policy forms on their websites and then provide their policyholders with only DEC pages which include all of the policyholder’s personal information and links to the full policy forms online. These statutes also typically specify that insureds must be given the option to receive paper copies on request at no cost and require the carrier to retain the policy forms online for a specified time period. Florida, for example, requires that these policy forms be kept online for 5 years following the expiration of the insured’s policy. The work group believes that providing the insured with the full, searchable electronic copy as outlined in Section #1 above continues to be the best practice, rather than providing only the DEC pages with links to the full policy forms online.

See more information regarding Maryland and their delivery requirements in this issue.
that oral agreements can be enforceable. Other cases such as Dolan v. McQuade have held that there can be no agreement without discussion of the material terms. Still others such as Fischer v. Fischer have allowed a claim for ‘implied-in-fact’ contract even if there was no real agreement. The intricacies of these cases make my head spin!

Many of these contractual disputes could have been resolved by written documentation of the agreement. Even a short email that says, “please confirm that you will be paying me fifty percent of the commissions received by your agency for the entire period of time that you are acting as the broker” would be helpful in any future contractual dispute—particularly assuming that this email was answered in the affirmative by the broker.

So my advice is to avoid such problems and have something in writing that you can rely on in case a dispute arises.

Dear Pat:
As a sub-producer for an insurance agency, it is my understanding that I am covered by the errors and omissions policy for the agency that I work for. I assume that is correct, but just thought I would ask.

Wondering in Wicomico

Dear Wondering:
The short answer is “maybe, but maybe not.” As you know, policy language can vary from policy to policy. Some errors and omissions policies require specific listing of individuals in order for there to be coverage. Others are more general. Some policies only cover employees; others have broader language that would cover independent contractors acting on behalf of the agency.

In my view, it is important for all professionals to understand their coverages. Too often, principals don’t take the time to read their errors and omissions policies. Many do not realized that in some policies there are exclusions for consulting operations, independent contractor relationships, defamation claims, claims for punitive damages and claims relating to improper company placement (i.e. placing coverage with a carrier with too low an A.M. Best rating). Principals are sometimes sloppy in completing applications, which could lead to a carrier denying a claim based upon misrepresentation. To the extent that a sub-producer can do so, it is my recommendation that he/she obtain at least a copy of the declaration page for their own records. If the sub-producer has a good relationship with the principals of the agency, more detailed questions regarding coverage can be asked.

Sub-producers should also consider coverage issues whenever they move to a new agency. Since many errors and omissions policies are claims made policies, there may be a need to purchase a tail. Otherwise there can be a gap in coverage.

Dear Pat:
I have from time to time referred business to another broker when I could not place the coverage. Doesn’t he have to pay me one-half of the commissions he earns over the life of the policy?

Wanting my share in Westminster

Dear WMSW:
The answer to your question is not an easy one. It depends upon what agreement you have made with the other broker. Some cases, such as the recent case of Prospect Capital Corporation v. Adkisson, Sherbert & Associates, have held that oral agreements can be enforceable. Other cases such as Dolan v. McQuade have held that there can be no agreement without discussion of the material terms. Still others such as Fischer v. Fischer have allowed a claim for ‘implied-in-fact’ contract even if there was no real agreement. The intricacies of these cases make my head spin!

Many of these contractual disputes could have been resolved by written documentation of the agreement. Even a short email that says, “please confirm that you will be paying me fifty percent of the commissions received by your agency for the entire period of time that you are acting as the broker” would be helpful in any future contractual dispute—particularly assuming that this email was answered in the affirmative by the broker.

So my advice is to avoid such problems and have something in writing that you can rely on in case a dispute arises.

Pat

Dear Patty:
I have an insured that has a daughter who has a boyfriend who likes to race cars—and not at a race track. The insured wants to make sure that when he allows his daughter to drive his car that she not permit her boyfriend to drive the car. If the boyfriend drives the car without permission, he wants to make sure that his insurance does not cover the boyfriend. Your thoughts?

Patty in Potomac

Dear Patty:
The issue of permitted use is not an easy one. Indeed, the Court of Special Appeals in Payne v. Erie Insurance spent a great deal of time discussing when a first permitted user can give permission to a second person to use a vehicle. In the circumstance you describe, it is quite likely that the daughter cannot give her permission to the boyfriend to drive the vehicle if the insured unequivocally and explicitly indicated that he could not drive the vehicle. However, as that case made clear, the analysis as to who falls under the omnibus clause of the policy is one that is very fact intensive.

I also have a concern about the daughter. She may have liability if she permits the boyfriend to drive. Certainly, the parent does not want the daughter to be saddled with an adverse judgment against her—which she potentially could be under the circumstances you described.

For that reason, I suggest that an insured talk to an attorney whenever there is an issue concerning permissive use.

Pat
Your Next Client is Looking for You.

Will They Find You?

Nearly 75% of personal lines consumers now begin their search for new coverage online. Will they find you? TrustedChoice.com helps ensure they will.

With enhanced agency profiles, expanded consumer resources and comparative quoting now available, TrustedChoice.com is unlike any other insurance website. And more new prospects are discovering that difference every month.

Best of all, basic participation is free to IIABA members and enhanced programs to help new clients find you are available for a limited time at just $39 per month. The sooner you enroll, the sooner you’ll be seen – and the more you’ll save.

Subscribe Now at ProjectCapMarketing.com
The Independent Insurance Agents & Brokers of America (IIABA or the Big "I") today announced a broad business and technology partnership with DocuSign, The Global Standard for eSignature®

“The Big ‘I’ partners with leading, innovative solution providers, like DocuSign to bring proven, valuable technology to our community and help our members be more successful,” says Bob Rusbuldt, Big “I” president and CEO. “As the most widely used eSignature solution in the insurance industry, DocuSign delivers real value to agents and brokers by creating a better client experience while reducing E&O exposure, cutting costs and accelerating speed to revenue.”

DocuSign is used to accelerate transaction times to increase speed to results, reduce costs, improve customer service and reduce E&O exposure.

“With 11 of the top 15 U.S. insurance carriers already customers, more insurance companies and agents are DocuSigning to keep business digital from start to finish,” says Keith Krach, chairman and CEO, DocuSign. “We’re proud to partner with the Big ‘I’ to bring a faster, more convenient, and secure way to transact business to IIABA members with DocuSign.”

DocuSign will help Big “I” members:

Increase speed to revenue: DocuSign eliminates NIGO (‘Not In Good Order’) documents by guiding applicants through the signing process so no fields, initials, or signatures are ever missed – accelerating speed to revenue with more applications closed faster.

Reduce costs: DocuSign eliminates the costs of printing, faxing, scanning and overnighting documents for signature, as well as staff time to track down documents and signatures, and rekey data from paper applications.

Improve customer service: Clients get an easier, faster, more convenient way to interact with their agent or broker. Clients can complete documents online in minutes – anytime, anywhere, from any Internet-connected device.

Reduce E&O exposure: DocuSign helps businesses more easily obtain signatures on all needed forms, both those sent on to carriers, and those required for business records. DocuSign requires signers to fill out and sign forms completely, providing more consistency in documentation and DocuSigned documents are stored securely in the cloud to provide better compliance with agency E&O policy.

“Documentation is the leading agency defense when it is comes to E&O claims against agents,” says David Hulcher, Big ‘I’ Advantage assistant vice president of agency professional risk management. “Whether it’s signatures on applications, proposals, acknowledgement waivers or E&O coverage checklists, the customer’s signature can be the difference between a positive or negative outcome of an E&O claim. DocuSign can facilitate the agency getting this valuable documentation safely and professionally.”

In addition to eleven of the fifteen top U.S. insurance carriers, the following leading insurance organizations have standardized on DocuSign’s eSignature transaction management platform: AON, Arthur J. Gallagher, Auto Insurance Specialists (AIS), Banner Life, Brown & Brown, Fidelity National Title, RPS First Premium, Great American Insurance Group, Hallmark, Hyland Group, Kansas City Life, Pacific Life, Pinney Insurance, RightSure Insurance Group, Savings Bank Life Insurance Company of Massachusetts (SBLI), SAIF, Sentry Insurance, Solace Insurance, Starr Companies, The Hanover, Transamerica, and United Automobile Insurance Services.

As part of the partnership, DocuSign will offer special pricing to Big “I” members. Learn more at: http://www.docusign.com/iiaba.
§ 27-601.2. Delivery of notice by electronic means

(a) Definitions. --
(1) In this section the following words have the meanings indicated.

(2) “Delivered by electronic means” includes:
   (i) delivery to an electronic mail address at which a party has consented to receive notice; and
   (ii) posting on an electronic network, together with separate notice to a party directed to the electronic mail address at which the party has consented to receive notice of the posting.

(3) “Party” means an applicant, an insured, or a policyholder.

(b) In general. -- Subject to subsection (d) of this section, any notice to a party required under this subtitle may be delivered by electronic means provided the process used to obtain consent of the party to have notice delivered by electronic means meets the requirements of Title 21, Subtitle 1 of the Commercial Law Article. (The Maryland Uniform Electronics Transactions Act)

(c) Electronic delivery deemed equivalent to any other required delivery method. -- Delivery of a notice in accordance with subsection (b) of this section shall be considered equivalent to any delivery method required under this subtitle, including delivery by first-class mail, certified mail, certificate of mail, or certificate of mailing.

(d) Requirements. -- A notice may be delivered by electronic means by an insurer to a party under this section if:
   (1) the party has affirmatively consented to that method of delivery and has not withdrawn the consent; (see sample letter page )
   (2) the party, before giving consent, is provided with a clear and conspicuous statement:
      (i) informing the party of:
         1. any right or option of the party to have the notice provided or made available in paper or another nonelectronic form;
         2. the right of the party to withdraw consent to have notice delivered by electronic means and any fees, conditions, or consequences imposed in the event consent is withdrawn;
      3. whether the party’s consent applies:
         A. only to the particular transaction as to which the notice must be given; or
         B. to identified categories of notices that may be delivered by electronic means during the course of the parties’ relationship;
      4. A. how, after consent is given, the party may obtain a paper copy of a notice delivered by electronic means; and
         B. the fee, if any, for the paper copy; and
      5. the procedures the party must use to withdraw consent to have notice delivered by electronic means and to update information needed to contact the party electronically;
   (3) the party:
      (i) before giving consent, is provided with a statement of the hardware and software requirements for access to and retention of a notice delivered by electronic means as to which the party has given consent; and
     (2)
   (d) Requirements. -- A notice may be delivered by electronic means by an insurer to a party under this section if:
   (1) the party has affirmatively consented to that method of delivery and has not withdrawn the consent; (see sample letter page )
   (2) the party, before giving consent, is provided with a clear and conspicuous statement:
      (i) informing the party of:
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      3. whether the party’s consent applies:
         A. only to the particular transaction as to which the notice must be given; or
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      4. A. how, after consent is given, the party may obtain a paper copy of a notice delivered by electronic means; and
         B. the fee, if any, for the paper copy; and
      5. the procedures the party must use to withdraw consent to have notice delivered by electronic means and to update information needed to contact the party electronically;
   (3) the party:
      (i) before giving consent, is provided with a statement of the hardware and software requirements for access to and retention of a notice delivered by electronic means as to which the party has given consent; and
      (ii) consents electronically, or confirms consent electronically, in a manner that reasonably demonstrates that the party can access information in the electronic form that will be used for notices delivered by electronic means as to which the party has given consent; and
   (4) after consent of the party is given, the insurer, in the event a change in the hardware or software requirements needed to access or retain a notice delivered by electronic means creates a material risk that the party will not be able to access or retain a subsequent notice to which the consent applies:
      (i) provides the party with a statement of:
         1. the revised hardware and software requirements for access to and retention of a notice delivered by electronic means; and
         2. the right of the party to withdraw consent without the imposition of any fee, condition, or consequence that was not disclosed under item (2)(i)2 of this subsection; and
      (ii) complies with item (2) of this subsection.

(e) Content or timing of required notice not affected. -- (con’t on page 13)
This section does not affect the content or timing of any notice required under this subtitle.

(f) Requirements -- Verification or acknowledgment. -- If a provision of this subtitle requiring notice to be provided to a party expressly requires verification or acknowledgment of receipt of the notice, the notice may be delivered by electronic means only if the method used provides for verification or acknowledgment of receipt.

(g) Failure to obtain electronic consent or confirmation not affecting legality of contract or policy. -- The legal effectiveness, validity, or enforceability of any contract or policy of insurance executed by a party may not be denied solely because of the failure to obtain electronic consent or confirmation of consent of the party in accordance with subsection (d)(3)(ii) of this section.

(h) Withdrawal of consent. --

(1) A withdrawal of consent by a party does not affect the legal effectiveness, validity, or enforceability of a notice delivered by electronic means to the party before the withdrawal of consent is effective.

(2) A withdrawal of consent by a party is effective within a reasonable period of time after receipt of the withdrawal by the insurer.

(3) Failure to comply with subsection (d)(4) of this section may be treated, at the election of the party, as a withdrawal of consent for purposes of this section.

(i) Inapplicable to electronic notice delivered prior to October 1, 2011. -- This section does not apply to a notice delivered by an insurer in an electronic form before October 1, 2011, to a party who, before October 1, 2011, has consented to receive notice in an electronic form otherwise allowed by law.

(j) Effect of consent to electronic notice prior to October 1, 2011. -- If the consent of a party to receive notice in an electronic form is on file with an insurer before October 1, 2011, the insurer shall notify the party of:

(1) the notices that may be delivered by electronic means under this section; and

(2) the party’s right to withdraw consent to have notices delivered by electronic means.

(k) Oral communication or recording of oral communication. --

(1) Except as otherwise provided by law, if an oral communication or a recording of an oral communication can be reliably stored and reproduced by an insurer, the oral communication or recording may qualify as a notice delivered by electronic means for purposes of this section.

(2) If a provision of this subtitle requires a signature or record to be notarized, acknowledged, verified, or made

(2) If a provision of this subtitle requires a signature or record to be notarized, acknowledged, verified, or made
MOVING TO ‘ELECTRONIC DELIVERY’
SAMPLE LETTER FOR AGENTS TO USE

“As of [Insert date], I elect to receive all of my insurance documents related to any of my policies with XXX agency electronically, by sending them to me at this email address-- [john.doe@att.com]. I acknowledge that I am able to open attachments sent to me electronically in PDF format [assuming this is the format all documents are sent in].

I also agree to advise XXX agency at emailupdates@XXXagency.com should I change my email address.

Finally, I understand that I can change this election at any time and that I may request to receive a paper copy of any electronic document sent to me.

[Signature of policyholder]
[Printed name]"

Note: The agency would need to modify this wording if it provides clients access to these electronic documents using a secure client portal. In this case, the agency would email the client that a new document has been added to his or her portal and provide the link to access it. The client portal should be set up in a way where the agency can track documents that are opened and be notified if documents are not opened.

ACT’s best practices recommendations for electronic delivery to insureds by either carriers or agents provide these methods for electronic delivery:

Policy delivery/access to the insured can follow a number of different workflows, including but not limited to:
• Mailing or hand delivering paper copies or a CD (or flash drive) with an electronic copy
• Emailing an electronic copy using secure, registered email (so that the agent or carrier has proof of receipt)
• Using an e-Signature tool to deliver an electronic copy as an attachment to an acknowledgement letter or ACORD form that the client e-signs
• Emailing a link to the policy residing on a secure client portal on the agent or carrier website.

Electronic delivery excludes any documents legally required to be delivered by paper by a specific state such as Auto ID cards or Notices of Intent to Cancel, or if the insured elects to continue to receive paper.
The NEW Application Process

by Scott Zilber

The Life Insurance application process has evolved. New technology is allowing carriers and BGA’s to offer time saving options that can reduce costs for both the insured and the producer. In addition to the cost savings these processes allow for a more secure transaction of a client’s personal information.

Outlined below are a three of the most popular options available to replace the traditional paper application.

E-Applications / Paperless Applications – One of the newest trends in Life Insurance is the e-application. The e-application is web-based system that allows producers and clients to complete the life insurance application process in a paper free environment. These electronic forms will not allow the client to move ahead with the application unless all required information is complete, they also use an intuitive design to add or remove forms based on a client’s responses. Overall, this process increases the accuracy of information and the producer and client are typically allowed to complete the application and policy delivery with electronic signatures. The producers BGA continues to order case paramedic exams, APS reports and work with the carriers to secure the best available offers for clients. The BGA will also keep the producer informed of developments along the way.

Quick Applications / Tele App – More and more carriers are offering “Quick” or “Tele” life insurance applications. These programs typically require the producer to complete a short form application or interview request form. Once submitted to the carrier a representative will call the client to complete a phone interview of approximately 20-40 minutes in length. The interviewer will use that time to complete the full application / required forms, allow the client to voice sign the application and schedule their Paramedic exam. The interviewer will also determine what additional requirements will be needed. Additional requirements may include but are not limited to the following: Inspection Reports, MVR, MIB, Prescription Database check and APS reports. The requirements and underwriting decisions will be monitored and sent to the producers BGA.

Once underwriting has been completed some carriers will allow for the policy to be electronically delivered to the client. This will be conducted via email and secured electronic signature. The producer should be notified of each advancement or setback during the application process by their BGA.

Individualized Services – The BGA (Brokerage General Agency) you work with should offer individualized services to help you through the application process. Many BGA’s will help facilitate the application process by offering you a pre-application worksheet. These worksheets can help you collected vital data that will allow you pre-populate life insurance applications. Additionally, many BGA’s offer their own Tele-App process, they will schedule a conference call with the help of a producer and complete the interview over the phone and prepare the application for signatures. This service and interaction with the client can help answer questions the insured’s or owners may have and solve problems before may arise.

Remember, different jobs require different tools and none of the options above may fit all of your clients. It is important to contact the carriers or BGA’s you are working with to determine which system or process listed above best fits your business.

About the writer: Scott Zilber is a Life Sales Consultant with Belman Klein an IIAM Associate member. You may contact Scott at 410-730-8242/800-729-6007 or via email at szilber@belmanklein.com.
A new logo for a new era.

Upon our acquisition by National Indemnity Company/Berkshire Hathaway in October of 2012, a new and improved GUARD emerged. A year later, we are pleased to introduce a new logo that better reflects our ENHANCED GUARD BRAND. As you can see, we highlight the immense resources available to us through our ultimate parent as we continue climbing to the top of our industry . . . while retaining reminders of the steps behind us - an assurance that the best of our old values still remain.

Join us as we reach new heights: visit www.guard.com/apply

Berkshire Hathaway GUARD Insurance Companies are rated A+ (”SUPERIOR”) by A.M. Best Company and specialize in small- to mid-sized accounts - featuring Workers’ Compensation coverage in 37 states and complementary Businessowner’s Policy (BOP), Umbrella, and Commercial Auto products in select jurisdictions.
Big “I” Political Action Committee Raises More Than $1 Million in 2013 InsurPac closes 2013 books as largest property-casualty PAC.

WASHINGTON, D.C.,— The Independent Insurance Agents & Brokers of America (IIABA or the Big “I”) announced that its political action committee (PAC), InsurPac, raised a total of $1,007,668 during the 2013 calendar year. “Surpassing the one million dollar mark in one year is an important accomplishment for InsurPac,” says Robert Rusbuldt, Big “I” president and CEO. “The Big ‘I’ membership prides itself on political engagement and involvement, and the continued growth of InsurPac is further evidence of this commitment.”

In the 2012 election cycle, InsurPac distributed more than $1.8 million to senators, representatives and other candidates for federal office. Also in 2012, 84% of InsurPac-supported candidates won with 237 victories of the 282 races it supported.

“Largely due to the power of InsurPac, the Big ‘I’ continues to be one of the most well-respected business associations in Washington, D.C.” says Charles Symington, Big “I” senior vice president of external and government affairs. “InsurPac complements our advocacy efforts and is an excellent example of our members’ political and grassroots influence.”

In disbursing contributions, InsurPac does not look at party affiliation but supports representatives, senators, and candidates for federal office that have been advocates and supportive of the independent agency system.

Note: The Maryland membership contributed $11,200 to the Federal PAC. Chairperson Angela Ripley has done a wonderful job and Maryland has reached its goal for the past two years. Maryland also has a State Pac, MAPAC, for local legislation and work at the state level. Contributions to both or either PAC may be made throughout the year.

Big “I” Applauds Senate Passage of Bill on Agent Licensing and Flood Insurance

Legislation includes NARAB II language and makes needed changes to Biggert-Waters.


The Menendez-Isakson bipartisan bill would make changes to the Biggert-Waters Act of 2012 (Biggert-Waters) in order to help with the “sticker shock” some consumers are facing as a result of two provisions that create drastic premium increases in many parts of the country.

“The Big ‘I’ is pleased that the Senate has passed this sound piece of legislation that addresses two major legislative priories for the association: flood insurance and agent licensing reform,” says Robert Rusbuldt, Big “I” president & CEO. “S. 1846 should mitigate some of the harmful effects of Biggert-Waters without undoing the numerous positive provisions within the law. The bill will also provide for streamlined non-resident insurance agent and broker licensing while preserving state insurance regulation and consumer protections.”

FLOOD: The bill would delay implementation of the bought/sold provision from Section 205 and the entirety of Section 207 of Biggert-Waters until after FEMA conducts the “affordability study” as required by the law. S. 1846 would install a procedure for FEMA to issue draft regulations, with affordability in mind, before proceeding with implementation of these two provisions. Currently, Section 205 of Biggert-Waters would immediately eliminate all subsidies, with no phase-out, for properties (con’t on page 18)
More bits

(bcon’t from page 17)

bought and sold. Section 207 of Biggert-Waters would stop the “grandfathering” of policies located in communities with a new or redrawn map.

“In a big win for independent insurance agents, included in the Menendez-Isakson bill is the National Association of Registered Agents and Brokers (NARAB II) proposal that has been a top priority of the Big ‘I’ for a number of years,” says Charles Symington, Big “I” senior vice president for external and government affairs. “The Big ‘I’ worked with Sens. Menendez and Isakson, as well as NARAB II’s Senate sponsors Sens. Jon Tester (D-Mont.) and Mike Johanns (R-Neb.), in order to insert the NARAB II legislation into the broader flood insurance bill. On behalf of the quarter of a million professionals we represent across the country, we thank the bill sponsors and Senate leadership in both parties for their efforts to make this happen.”

NARAB II would achieve much needed reciprocity in producer licensing and help policyholders by permitting greater competition among agents and brokers. This legislation would build upon regulatory experience at the state level, promote greater consistency in agent and agency licensing, and ease the burden that many agents face in doing business across state lines.

WASHINGTON, D.C.,— Veteran Washington insiders and political commentators Paul Begala and Tucker Carlson will headline the political panel at the Independent Insurance Agents & Brokers of America (IIABA or the Big “I”) annual Legislative Conference this spring.

Begala, a Democrat strategist, is a commentator for CNN and served in the Clinton White House. Carlson, known for his perspective from the right, is a veteran journalist and political commentator who co-hosts the show “Fox and Friends Weekend” on Fox News Channel. The political panel will be held on Friday, April 11 at 8:30 a.m. ET at the Hyatt Regency Washington on Capitol Hill and will be moderated by Robert Rusbuldt, Big “I” president & CEO.

“Paul Begala and Tucker Carlson are two of the loudest and most respected political voices in the country,” says Rusbuldt. “They bring intellectual curiosity and perspective to the political debate in Washington, D.C. Attendees at the Big ‘I’ Legislative Conference will learn from these insiders who have their fingers on the pulse of our nation’s leaders and decision-makers. We look forward to their insight from opposing sides of the political spectrum on an array of important issues to independent agents and brokers, such as health care, insurance regulation and much more.”

Begala is a CNN commentator and is part of the network’s winning political team. During the 2012 campaign he was a senior adviser for the pro-Obama Super PAC. He previously served as counselor to President Bill Clinton in the White House. Begala has consulted for political campaigns across the country and around the world. He helped launch the political magazine George and is the author of several New York Times best-selling political books. Begala is a professor of public policy at Georgetown University. He previously taught at the University of Texas and the University of Georgia. He serves on the board of visitors for MD Anderson Cancer Center and the University of Georgia. Begala earned a bachelor’s degree and a law degree from the University of Texas at Austin.

Carlson is a veteran journalist and political commentator. He is the co-host of “Fox and Friends Weekend” and the editor-in-chief of TheDailyCaller.com. Carlson joined Fox from MSNBC, where he hosted several programs. Previously, he was the co-host of Crossfire on CNN and also hosted a weekly public affairs program on PBS. A longtime writer and journalist, Carlson has reported from around the world. He has been a columnist for New York magazine and Reader’s Digest. He currently writes for Esquire and The New York Times magazine. Carlson began his journalism career at the Arkansas Democrat-Gazette newspaper in Little Rock. In 2006, he appeared on ABC’s Dancing with the Stars. Carlson is currently working on his third book.

The Big “I” Legislative Conference is the insurance industry’s best-attended, most effective legislative meeting. This year’s event will take place April 9-11 at the Hyatt Regency Washington on Capitol Hill.
Dovetail Insurance Launches Workers Compensation Product in Maryland
NetComp Now Offered in 10 States; Company is Adding Agents to Distribute in Maryland

Columbia, S.C. – Dovetail Insurance, the leading supplier of cloud-based insurance product delivery services, just announced that it has expanded its NetComp workers’ compensation insurance to independent agents in Maryland, making it the 10th state offering NetComp. The company is actively expanding its agent base in Maryland for both NetComp, workers compensation insurance, and NetBOP, it’s A-rated Business Owners Policy insurance, which is currently offered in all 50 states.

Both products are available online via a web-based portal that enables agents to price and issue new policies in real-time. Dovetail uses an advanced insurance technology platform that is designed with agents’ workflow in mind. The process combines the latest technology with ease of doing business, enabling Maryland independent agents to bring their clients an excellent insurance product delivered efficiently, conveniently and priced effectively.

“We understand the needs of small businesses and the types of products agents need to service that market. Speed and efficiency are critical. Our portal allows agents to rate, quote, bind and issue in less than 10 minutes,” said Dennis Rabon, Executive Vice President, Dovetail Insurance. “Maryland is a key state in our business expansion and we are adding agencies to service Maryland businesses for both workers’ compensation and BOP.”

Dovetail’s NetComp offering is designed expressly for small and mid-sized businesses mono-line workers’ compensation insurance, and is distributed through independent agents.

About Dovetail Insurance
Dovetail Insurance is a leading provider of cloud-based insurance product delivery services for property-casualty insurance carriers, MGAs and brokers. Founded in 2006 and backed by FirstMark Capital, Dovetail offers insurance program development and administration, back office services for policy administration, MGA services, and deployment of insurance programs using advanced technologies. For more information visit www.dovetailinsurance.com.

(NOTE TO EDITORS: Dovetail is actively adding agents to distribute both NetComp and NetBOP. Independent agents should contact Chris Crawford at 1 (877)-NOW-NETComp or ccrawford@dovetailinsurance.com)

When Disability Strikes, Will You Be Prepared?
By Christine Munoz, IIABA Director of Employee Benefits

As an insurance agent, you spend your days protecting others from the risks of the unknown. But do you know your own risk when it comes to disability?

It’s a common misconception that disability is most often caused by accidents or work injuries. But illnesses like cancer, heart attacks and diabetes are the leading cause of long term disability. Approximately 90% of disabilities are caused by illnesses rather than accidents, according to the Council for Disability Awareness Long Term Disability Claims Review 2010.

Disability is a widespread problem that continues to grow. According to the U.S. Census Bureau more than 30 million Americans between the ages of 21 and 64 are disabled. A few facts to consider:

• Almost one-third of Americans entering the work force today (3 in 10) will become disabled before they retire. Social Security Administration, Fact Sheet Jan 2009
• Over 51 million Americans - 18% of the population - classify themselves as fully or partially disabled. Social Security Administration, Fact Sheet Jan 2009

(con’t on page 20)
In June of 2010, there were nearly 2.5 million disabled workers in their 20s, 30s, and 40s receiving SSDI benefits. Social Security Administration, Disabled Worker Beneficiary Statistics, ssa.gov

What does this mean to you? Statistics show that working Americans routinely underestimate their own risk. Most working Americans estimate that their own chance for experiencing a long term disability are substantially lower than the average workers according to a research report by the CDA. That same report shows that 64% of wage earners believe they have a 2% or less chance of being disabled for three months or more during their working careers. The actual odds for a worker entering the workforce today are about 30%. That demonstrates an alarming gap between perception and reality on this issue.

Don’t take the chance that a disabling illness or injury won’t happen to you. You insure your car, your home, your valuables - why not insure your “income”? Aside from health insurance and retirement plans, short and long-term disability insurance is one of the most valuable benefits an employer can offer to their employees.

The Big “I” Employee Benefits program can help protect both you and your employees. As a member benefit, we offer access to group short- and long-term disability, group life insurance and dental programs. All benefits are provided through The Guardian Life Insurance Company, a known leader in the insurance industry.

Visit us on the web at www.independentagent.com and click on “Products” then “Employee Benefits,” or contact Christine Muñoz, Big “I” Director of Employee Benefits, at christine.munoz@iiaba.net for more information.
Gives Agents a Voice in Annapolis

Purpose: MAPAC is managed at the state level by IIAM members. The PAC contributes to candidates for Maryland Senate and Maryland House of Representatives who support small business, the independent agency system, and a competitive insurance marketplace.

Giving: IIAM recognizes all donors.

Who Can Give: Businesses and individuals may contribute to MAPAC.

How to Contribute: Send a check made payable to MAPAC and send it to IIAM/PAC; 2408 Peppermill Drive, Suite A; Glen Burnie, Maryland 21061.

Gives Agents a Voice in Washington

Purpose: InsurPAC is affiliated with the Independent Insurance Agents & Brokers of America (The Big ‘I’). The PAC contributes to Congressional and U.S. Senate candidates who support small business and the American independent agency system.

Giving Levels: InsurPAC recognizes donors who contribute at giving levels ranging from $150-$5,000.

Who Can Give: Only individuals may contribute to InsurPAC. Corporations are prohibited from contributing to a federal PAC.

How to Contribute: Visit and contribute through IIABA’s website at www.insurpac@iiaba.net.

Questions, contact our PAC chair: Angela Ripley at 410-910-0212 or email her at aripley@vwbrown.com.

Attend a one-of-a-kind legislative event for the independent agency system and educate members of Congress on issues important to you and your clients. Registration includes an in-depth issues briefing, legislative breakfast with high-profile Congressional speakers, a general session and networking opportunities.

Registration: http://www.independentagent.com/Events/LegislativeConference/Registration/Registration.aspx

Hotel Information: http://www.independentagent.com/Events/LegislativeConference/Hotel%20and%20Travel/HotelTravel.aspx


Capital Hill Meetings: Thursday April 10th (Call the office for details or email Shelley at shelleym@iiam.org.)
3/4/14
Life/Health Pre-Licensing Course
Joe Conroy, ACSR
8:30 AM - 4:30 PM

3/6/2014
Property Insurance for Contractors
Don Dudey, CPCU
9:00 AM - 4:30 PM

3/11/14
Ethical Guidelines for Insurance Professionals - Ethics 311
Shelley Arnold, CPCU, AU, ARM, AAI, AINS, ACSR
9:00 AM - 12:00 PM

3/26/14
Additional Insured Issues (7 P/C)
Don Dudey, CPCU, CRIS
9:00 AM - 4:30 PM

4/3/14
E&O Risk Management: Meeting the Challenges of Change
Stanley Lipshultz, CPCU
9:00 AM - 4:00 PM

4/7/14 - 4/11/14
Property/Casualty Pre-Licensing Course - 5 days
Joe Conroy, ACSR
8:30 AM - 4:30 PM

4/16/14
The Basics of Flood Insurance
Annette Winston
9:00 AM - 11:00 AM

4/22/14
Agency Errors & Omissions - ACSR Module #4
Shelley Arnold, CPCU, AU, ARM, AAI, AINS, ACSR
9:00 AM - 3:30 PM

4/28/14
Personal Insurance - AAI 81B
Joe Conroy, ACSR
9:00 AM - 4:30 PM
This article discusses technology tools that have been introduced to permit independent agents and brokers to serve their clients more promptly and effectively in claims situations. Claims download, real-time claim inquiry, real-time filing of First Notice of Loss (FNOL), real-time requests for loss runs, and Activity Notes all have great promise to make agency workflows more efficient.

Most of these new capabilities have already been introduced by some carriers, but we need to see much broader usage. The agents will play the critical role in making this happen, but first they need to be convinced that these new technologies will materially improve their workflows. This article seeks to make that case.

Claims Download

One of the most exciting new opportunities is for the automatic downloading of new claims and claims status information into agency management systems. An ACORD standard has been put in place for claims download, and several vendors and carriers have begun to implement the new capability.

However, an agent might ask: “How exactly will claims download benefit me? I already have claim inquiry available via carrier websites or through my agency management system using real-time inquiry.” Or, the agent might say: “Why do I need download, when I already receive an e-mail or Activity Note into my agency management system that tells me there is a claim?”

Real-time claim inquiry has been a great enhancement for agents and will continue to be so for up-to-the-minute information. But, it is only beneficial if the agent knows the claim has taken place! Further, real-time claim inquiry does not populate the agency management system’s database, and so the agent must enter the claims information into his or her system.

E-mails or Activity Notes¹ are also great “incremental” steps, but again, the agent has to enter the claim into the agency management system and update the information as the status of the claim changes.

The goal is for all of the latest features of technology to work hand-in-hand to make the claims process as streamlined as possible.

Claims Download Critical in Disaster Situations

The horrific storm seasons we have had in recent years provide an instructive example as to how claims download can help agencies. If an agent has had no power and has had clients reporting claims directly to the carrier, how does he or she know what claims have been filed? Once the agency finds out about the claims, who is going to enter the hundreds or thousands of claims into its agency management system? Who is going to update the status on each of the claims, as it is paid or closed? The agency’s employees are already working overtime under terrific stress, and they want the needed claims information to be handy in their system. They want to spend their limited time assisting their clients regarding the claim and demonstrating the value added that their agency provides to its clients. The last thing these employees want to spend hours upon hours doing is entering all of this claims information into their system.

Claims download allows for all of the claims to be:

- automatically entered into the agency management system
- updated as the status is changed, and
- closed when the carrier closes it.

¹ Note that Activity Notes today are typically downloaded after the close of the business day. In the future, it is hoped that carriers will deliver time sensitive Activity Notes multiple times a day to their agents’ IVANS mailboxes and agencies will pick up those messages several times a day as well.
Claims download would save the typical agency hundreds of hours per year, as well as enable agency employees to provide better service to their clients should a claim occur.

**Recommended Claims Workflow**

The question, then, is how do claims download, real-time claims inquiries and e-mail or Activity Notes work most efficiently together? Consider the following workflow:

1) The claim is reported directly to the carrier by the client (FNOL reported by the agent is a different workflow and is addressed below).

2) An e-mail message or Activity Note is sent to the agency instantly notifying it of the loss.

3) Overnight, the claims are processed via a batch process and downloaded into the agency management system.

4) A log is waiting for the agent in the morning, when he or she comes in to review what was attached (similar to policy download) and what went to suspense to be attached.

5) The claim is now in the agency management system and is ready to be serviced.

6) Claim inquiry can be used at this point to look at anything that has transpired during the current day, if necessary. An example would be that the adjuster had not been assigned when the claim was downloaded, and you need to get that information today.

7) Any updates to the claim will download each night (or at given intervals during the day, if the carrier and vendor provide this feature). Again, this download information will populate a log for review.

8) The agency is now in the position to run reports from the agency management system to track losses.

**First Notice of Loss (FNOL) Claim Reporting**

Another very important technology for agencies is real-time FNOL claim reporting, where the agent can submit the claim to the carrier and instantly get back the claim number and adjuster for the claim. What a terrific service to be able to provide the client with this information on the spot! Even where the agent is using real-time FNOL, however, claims download still plays an important role, because it allows for the automatic updating of the status of the claim, including payments made, adjuster notes, and the closure of the file.

**Real-Time Loss Runs**

Requesting loss runs through the agency management system and receiving them back in Real Time from the carrier is another significant improvement for agents, providing clients with immediate service and saving considerable time for the agent.

**Agents Play Key Role**

Whether we are talking about claims download or real-time claim inquiry, FNOL, loss runs, or Activity Notes, agents will play the critical role in making these improved workflows a reality within our industry. Agents should advocate for these improvements with their carriers, and then “walk the walk” by implementing them within their agencies when they are introduced by particular carriers. High agency usage will be the dominant factor in convincing additional carriers to leave the sidelines and join the game by implementing these new capabilities.

**The Future**

As exciting as these new technologies are, the future will require the industry to take yet another step, and that is to permit the agency’s clients to access their claims information directly from the agency’s website. Claims download and real-time claims inquiry will provide the foundation for this enhanced consumer capability. Consider once again what this would mean to an agency devastated by a disaster, struggling to make or receive phone calls of any kind. What a godsend it would be if anxious clients could go to the agency’s website and learn that their claim has been received and is in processing, and receive the assigned adjuster’s contact information. Organizations like ACT will continue to work with carriers and vendors to make this future a reality.

Most important today, agents, carriers, and vendors should continue to collaborate to harness the exciting technologies that are available to us now to significantly improve the overall customer experience and to make our distribution system more efficient and responsive.

Donna LaGoy is a Client Partner of Applied Systems, Inc. and is Chair of the ACORD Claims Download Working Group. Before taking her current role, Donna was an independent agent, with many years of experience working for a national broker and then owning her own agency. She is dedicated to improving the technologies and workflows available to independent agents and brokers, both internally and with their insurance carriers. She has been deeply involved in ACT, AUGIE, ACORD, and ASCnet. Donna LaGoy can be reached at dlagoy@appliedsystems.com.

She prepared this updated article for the Agents Council for Technology (ACT) which is part of the Independent Insurance Agents & Brokers of America. For more information about ACT, contact Ron Berg, ACT’s incoming Executive Director, who can be reached at ron.berg@iiaba.net. This article reflects the views of the author and should not be construed as an official statement by ACT.

The Farm Bill is now headed to President Barack Obama’s desk and he is expected to sign it into law.

“The Big ‘I’ is pleased that both chambers of Congress have passed this important legislation that will strengthen the Federal Crop Insurance Program (FCIP) and recognizes it as the central risk management tool for farmers and ranchers across the country,” says Robert Rusbuldt, Big “I” president & CEO. “Independent insurance agents and brokers play an integral role in the efficient and effective sales and servicing of this program.”

After almost two years of deliberation, the Senate and House were finally able to come to a consensus on a five-year bill. The long-term agreement saves taxpayers $23 billion over 10 years by ending the Direct Payment Program for commodities and by finding savings within the food stamp (SNAP) program. Additionally, the FCIP will not have payment limits, but it will be tied to conservation compliance.

“Opposing payment limits for the FCIP was a central goal for the Big ‘I’ as the Farm Bill went through the legislative process,” says Charles Symington, Big “I” senior vice president for external and government affairs. “We strongly believe that farmers should have the ability to purchase adequate coverage for their farmland and we are pleased that the Senate and House have finally reached consensus on a long-term bill. Congress has rightfully recognized the FCIP as a valuable insurance program for farmers and ranchers that also protects taxpayers.”

IIA MARYLAND WELCOMES OUR NEWEST MEMBERS:

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The 2014 legislative session is in full swing and there are many bills about which the Independent Insurance Agents of Maryland are interested. The following bills are only a sampling of legislation that we are tracking.

**SB 456 Insurance – Definition of Premium – Inclusion of Motor Vehicle Record and Accident History Report Fees**

The Independent Insurance Agents of Maryland submitted this legislation. It seeks to prevent insurers from passing along the costs to independent producers for motor vehicle reports and accident reports made during the underwriting process for personal lines automobile insurance. Such costs are supposed to be included in the insurer’s premium rate filing as an underwriting expense. As such, they should not be permitted to pass along these expenses when they are already being reimbursed for them in their filed rates. Many insurers use this practice in varying degrees.

There are a number of “dog bite” bills as Maryland continues to attempt to rectify the problems that have occurred as a result of the Solesky case from 2012.

**SB 285 Homeowner’s and Renter’s Insurance – Coverage for Dog Owners**

This bill prohibits an insurer from refusing to issue or renew a homeowner’s or renter’s insurance policy solely because the applicant or insured owns a dog, regardless of the breed of dog. It also prohibits a homeowner’s or renter’s insurance policy that provides liability coverage from excluding coverage for bodily injury, property damage, or medical payments arising out of direct physical contact with a dog owned by or under the care, custody, or control of an insured under the policy.

**SB 286 Animals – Civil Liability and Insurance Coverage for Dogs and Courts Costs for Animal-Related Crimes**

This bill (1) alters the standard of liability in actions for personal injury or death caused by a dog; (2) prohibits insurers from engaging in specified exclusionary practices with respect to homeowner’s or renter’s insurance policies; and (3) requires circuits courts and the District Court to impose additional court costs in specified court cases involving crimes against animals.

While the bill has an overall effective date of June 1, 2014, those provisions addressing court fees are effective October 1, 2014.

**SB 991/ HB 422 Dogs – Discrimination Based on Breed, Type, or Heritage – Prohibited**

This bill provides that a dog may not be determined to be potentially dangerous based solely on the breed, type, or heritage of the dog.

It also provides that a municipality or county may not adopt an ordinance prohibiting a person from owning, keeping, or harboring a dog of a specific breed, type, or heritage. It also prohibits a municipality or county from determining a dog to be a nuisance, potentially dangerous, dangerous, or inherently dangerous, or otherwise regulate a dog based on the breed, type, or heritage of the dog.

As it pertains to real property, this legislation provides that a homeowner or tenant may not be prohibited from owning, keeping, or harboring a dog of a specific breed, type, or heritage. Nor can a homeowner or tenant be denied occupancy in or evicted from residential property solely because the person owns, keeps, or harbors a dog of a specific breed, type, or heritage.

The legislation is to be applied retroactively.

**HB 80 Civil Actions – Liability for Personal Injury or Death Caused by Dog**

This bill establishes that the “owner of a dog” running at large is liable for damages for personal injury or death caused by the dog, regardless of whether the dog has shown any vicious or dangerous propensities or whether the owner knew or should have known of the dog’s vicious or dangerous propensities. It creates several exceptions to this strict liability standard.

The common law of liability relating to attacks by dogs against humans that existed before the ruling in Solesky, applies to an action for personal injury or death caused by a dog against (1) a person who is not an owner of the dog and (2) an owner of real property or another person who has the right to control the presence of a dog on the property, other than the dog’s owner, regardless of the dog’s breed or heritage. The bill specifies that this common law standard applies to a landlord, condominium council of unit owners, cooperative
housing corporation, or homeowners association.

It provides that the intent of the General Assembly is that the bill’s provisions repeal the holding of the Maryland Court of Appeals in Tracey v. Solesky, 427 Md. 627 (2012). The bill applies prospectively and may not be applied or interpreted to have any effect on or application to any cause of action arising before its effective date.

**HB89 Health – Report Relating to Dog Bites – Required Information**

This bill requires that a report relating to a dog bite include the breed of the dog, the approximate size of the dog, and the circumstances surrounding the incident, including the physical location of the individual when the bite occurred.

**HB563 Civil Actions – Personal Injury or Death Caused by Dog**

This legislation provides that in a civil action against an owner of real property or other person who has the right to control the presence of a dog on the real property, including a landlord, for damages for personal injury or death caused by a dog, the pre-Solesky common law that applied on January 1, 2012, to a civil action for damages caused by a dog shall be retained. The bill does not apply to an owner of a dog that causes personal injury or death.

**About the Author:**

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