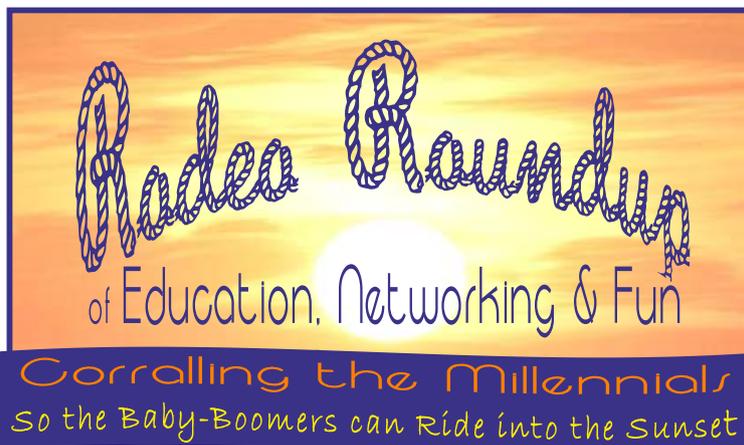


Register &
Schedule here

Room Block
Expires 7/11



92nd

CoA Resort
Aug 21 - 24

NATIONAL DIRECTOR POSITION JAN 1, 2017

It is tough to let go of another Big "I" volunteer who has gone beyond the call in service to his association. Past President and National Director Bob Ricketts is nearing the end of his 2nd and final term as National Director. On December 31 Bob will step down after 6 years as Idaho's representative for the Independent Insurance Agents & Brokers of America. He has been an active player at the national level, serving on the Trusted Choice Board and the Membership Services Committee. Always dapper in dress, expertise and professionalism, Bob quickly earned the respect of his fellow national directors.

The Idaho board is now faced with the task of appointing a new ND from the field of **IIABI past presidents still active in the agency business**. This is a 3-year term and candidates must be willing to attend at least three out-of-state national meetings and three in state board meetings per year including the state annual convention. IIABA requires an agent who is willing to engage and jump into volumes of reading material, phone conferences and ancillary meetings in preparation for each national board meeting, following up with reports to the Idaho board and members. Of course there's always the hope that the appointee would have the energy and drive to consider a national officer position...ultimately as Chairman of IIABA. Economy airfare and standard lodging is reimbursed for national meetings only. State travel is reimbursed up to \$150.00 per meeting upon request. If you are interested in knowing more details of the job, contact Bob Ricketts bobricketts@rickettsinsurance.com. If you know for certain that you want to toss your hat in the ring, contact Wendy Tippetts wtippetts@iiabi.org.

\$400 to Attend the Rodeo Roundup

The George Remington Jr. Convention Scholarship is yours if you are a Big "I" Idaho member and resident producer attending the agents' annual conference for the **first time**. Nominate a worthy candidate by July 15 - you or someone else - by sending your request to Tricia at tcrump@iiabi.org, including reasons the scholarship is deserved. The trustees of the fund (IIABI executive committee) will name the recipients.

RLI® Attention RLI Producers: Exciting News Regarding RLI Personal Umbrella & In Home Business Policies

IIABI is constantly working to provide the most effective and efficient customer service experience for our members. Many of you enjoy a superior service relationship with our own Tricia Crump-Knapp. However, due to changes in our industry and an urgent need to control costs, staff and management change is on the forefront. Tricia will answer your call for the short term but is actively looking for new employment. **We thank her for doing a great job over the past four years for our independent agents.**

Bottom line? To maintain a superior relationship for the RLI product offering, we will transition the service and administration of PUP and IHB policies to our national office (IIABA) effective August 1, 2016.

IIABA specializes in RLI products and is currently servicing 14 other Big "I" states. Eff 8/1/16, contact April Shrewsbury for RLI new business, renewals and endorsements. April has an exciting new approach for Idaho members that will improve your RLI experience.



April Shrewsbury
AAS Inc. (IIABA)
127 S. Peyton St.
Alexandria, VA 22314
april.shrewsbury@iiaba.net
800.221.7917 x 5360

Platinum Rothert Insurance

Gold

2016

Acuity

Alaska National

Austin Mutual

Burns & Wilcox

CTR Cleanup & Total Restoration

Imperial PFS

Liberty Mutual

Mutual of Enumclaw

Nationwide

Oregon Mutual

Prime Insurance

Progressive Insurance

State Insurance Fund

Travelers

2016 Company Person of the Year

Send your nomination to IIABI
by July 6 based on:

- Professionalism & Industry involvement to promote better company/agency relations
- Production of new business and/or assisting agents/CSRs in providing their customers with superior service
- Civic Involvement
- Big "I" Involvement & Other



Nominations will go to the board for vote

Roundup of Exhibitors

Cd'A Resort
Aug 21 -24

AMWINS	Elaine Young	elaine.young@amwins.com
Applied Systems	Randy Roan	rroan@appliedsystems.com
Bankdirect Capital Finance	Heather Park	hpark@bankdirectcapital.com
Blue Cross of Idaho	Matt Schnug	matt.schnug@bcidaho.com
Church Mutual Ins Co	Gina Briggs	gbriggs@churchmutual.com
Concorde General Agency	Scott Anderson	scott@cgains.com
CTR Cleanup & Total Restoration	Crissie Kay	cristina@ctridaho.com
FreedomCare	Fernando Guevara	fernando.guevara@freedomcarebenefits.com
HIIG Energy	Charly McGuire	cmcguire@hiig.com
IBQ Systems	Margaret Cassidy	margaret@ibqsystems.com
Iroquois Group	Mike Mullens	mmullens@iroquoisgroup.com
NW Preferred FCU	Debbie Hailey	debbie@mycreditunion.com
PA & IN Lumbermens Mutual Cos	Jeffrey Beyer	jbeyer@plmilm.com
Philadelphia Ins Companies	Dena Shaffer	dena.shaffer@phly.com
Prime Insurance	Rick Schaap	ricks@primeis.com
Risk Placement Services	Joe Kelsch	joe_kelsch@rpsins.com
Safelite Autoglass	Rich Hash	richard.hash@safelite.com

As of June 21, 2016



NEEDED: EXPERIENCED COMMERCIAL CSR

Meridian Brokerage seeking experienced Commercial Account CSR. AMS360 knowledge a plus. Salary DOE. Please send resume to heather@northwestbrokers.com

Convention
2016

Sun Aug 21 – Wed Aug 24
Coeur d'Alene Resort

Member Benefits

The Big "I" recently submitted **written testimony for a Congressional** hearing outlining its concerns regarding the serious consequences the DOL rule will have on many small businesses. SJ Res 34, a joint resolution calling for congressional disapproval of the rule, has been introduced in the U.S. Senate and a similar resolution will be voted on in the U.S. House. Additionally, the Big "I" supports S. 2707 and H.R. 4773, the "Protecting Workplace Advancement and Opportunity Act," which would stop the current rule and forbid DOL from re-proposing the rule unless it offers protections for small businesses. The Big "I" will continue to support legislative efforts ahead of the rule's Dec. 1, 2016 effective

E&O HAPPENS

E&O Happens is a website supported by Swiss Re and can be viewed at <http://tiny.cc/bxzyay>. Parts of the website are available to all Big "I" members while other portions are reserved solely for Swiss Re policyholders with Westport E&O policies. Find information about common E&O errors and problems as well as examples of case studies such as results of an attorney survey regarding Agents E&O Litigation. There is also a Prevention Tools tab containing sample procedures manuals, disclaimers and variety of customer letters. They have included sections that provide tips for agency management, producers and CSRs as well as general staff tips. This is also where agents can find coverage checklists. Under the Publications & Media tab, you find articles from the Agents Council for Technology (ACT), E&O Angles/E&O Know articles from the Independent Agent magazine, E&O Claims Advisor newsletter as well as other Miscellaneous Articles. This is also where members can find webinars and podcast on a variety of E&O topics. Webinars and Podcasts usually are less than an hour in length. Looking for some staff training topics? **LOOK HERE!**

FREE WEBINAR ON OVERTIME RULE

On June 22 at 1:00 pm MT, the Big "I" will host a **free webinar** to help agents better understand the new Department of Labor (DOL) regulation, which will require employers to pay overtime to many employees who were not previously legally entitled to it. The DOL rule updates a regulation that exempts certain employees from overtime and minimum wage requirements commonly referred to as "white-collar" exemptions, and is set to take effect on Dec. 1, 2016.

AGENCY VALUATIONS

The Insurance Journal released another interview with InsurBanc's President and CEO, **David Tralka**. **Dave discusses agency valuations**, which have been at historic highs, and what that means for agency principals. Valuations may be high, but does that mean it's the right time to sell? IIABA's Virtual University has dozens of articles about agency valuation, perpetuation, etc. **Click here and log into** this valuable Big I membership benefit.

TALENT RECRUITMENT

The Big "I" has a new strategic mission to support agency efforts. **The Talent Recruitment and Development** page, now located within the Big "I" Virtual University (VU), provides resources for member agents to develop an approach to meaningful recruitment, training and retention of new talent. Still in its beginning stages, the new resource area features hiring, development and resources pages and also provides a link to the Big "I" Insurance Career Center, guides for creating internship programs, hiring articles and over 25 sample job descriptions.

TRUSTEDCHOICE.COM: AN UNANTICIPATED BENEFIT

When the concept that became TrustedChoice.com was conceived, the core idea was that we would get new business to member agencies of the Big “1” primarily from the direct writers and captive agencies. Mike McBride, the Chairman of the Trusted Choice® Board recently related the following success story that came from an entirely unexpected direction, one of their own insureds.

As Mike tells the story:

The CFO for one of the agency’s commercial accounts had some personal lines needs, but he never realized that he might be able to have his needs fulfilled by Mike’s agency. The CFO found TrustedChoice.com, and did a Find-An-Agent search.

When Mike’s agency was displayed, the client recognized the agency and had the perfect ‘Aha!’ moment. The CFO had never identified that he could get his personal coverages from his commercial agent. Once he had that realization, there was no question about who he was going to contact.

A great win for the agency and the client, all facilitated by TrustedChoice.com! As Mike told me, “Fortunately, TrustedChoice.com served as a safety net for us to catch this individual.”

May Breaks All Records for Traffic and Referrals

TrustedChoice.com performance has continued to improve dramatically through the first 6 months of 2016. We ended May with over 405,000 visits, and we delivered 8,133 referrals to Advantage agencies during the month. In addition, we had 1,183 inquiries to Basic (non-subscribing) members.

New Consumer Workflow

Prior to the end of June, TrustedChoice.com will have a new and revised consumer workflow. This workflow will require the consumer to enter their contact information *prior to* getting the results of a Find-An-Agent search. This change is designed so that when the consumer chooses to ‘Contact’ one of the displayed agencies, an email will automatically be sent to the selected agency, providing notification to the agency for all referrals, even phone calls. The intent is to provide **real time** information to agencies in order to improve their understanding of the prospects who are contacting them.

In the coming months, we’ve got many improvements scheduled for TrustedChoice.com. Some will provide more value for consumers, and others will be targeted at helping agencies and companies attract and write more of the business they prefer.

Marty Agather
Sr. VP Client Development
TrustedChoice.com



WHY GREAT LOSS RATIOS *ARE NOT* THE GOAL OF ALL INSURANCE COMPANIES

by Chris Burand

Many agency owners take great pride in generating low loss ratios year after year. Maybe without even knowing it, this group has created a unique business model because my experience has been their growth is painfully slow, often their agencies are not managed closely otherwise, and they are often small. However, **they are often very, very profitable. They are often the perfect cash cow in business school parlance.**

These agency owners are not happy with many carriers who have de-emphasized loss ratios. They cannot fathom why any carrier would not love their good loss ratios. The result has become stressed and fractured agency/company relationships.

These agency owners do not understand that loss ratios that are too low (and each company will define "too low" differently) are not in some companies' best interests. How can too high of a profit margin be bad?

1. When loss ratios are too good, it may mean rates are too high resulting in too little growth. Companies, particularly stock companies, need to show growth especially after the softest market in industry history.

2. Similarly, if growth is too slow, they may lose market share. Or their market share may be too low and they need to grow faster and capture more market share.

Company management often has considerable pressure to attain specific market share.

3. Loss ratios too low may also mean that profit is not being maximized. Maximizing profit is obviously important.

Maximizing profit is not the same thing as achieving a high profit margin. The former is in dollars, and the latter is in percentages. This is a crucial difference between running a company and an agency. Agency owners are well served to understand the difference. If a company wants to maximize profit, it must balance revenue generated by lower rates with higher loss ratios. For example, if a company has a 35 percent loss ratio and \$100,000,000 premiums, its gross profit (excluding expenses) might be \$65,000,000. However, if it decreased its rates and subsequently increased premiums to \$125,000,000 at a 45 percent loss ratio, it makes \$68,750,000 in gross profit.

Many agency owners would like to increase their books 25 percent and go from a 35 percent loss ratio to a 45 percent loss ratio too, but for agency owners focused on slow growth and low loss ratios, they probably will not get their share of that 25 percent growth, but their loss ratios will still increase resulting in much lower contingency income.

Frustration greatly increases when companies price to a 55 percent, or higher, loss ratio. This is because profit sharing declines precipitously at these inflection points. The company still makes plenty of profit at a 55 percent loss ratio (and

if it does not, then the company has very serious expense issues that go far beyond the points of this article), especially if profit sharing expense declines. However, this group of owners makes most of their money in contingencies so their profit is eliminated. Their lifestyle is curtailed. The value of their agencies is impaired. Their business model goes to shambles.

If a company is truly pricing to a loss ratio in the mid-50s or even higher, this group of agency owners might consider doing business with different carriers which have philosophies more closely matching their own. Easier said than done, obviously, so maybe a better solution is updating their business model.

Growth is more important today to many carriers. Sitting on a cash cow annuity for a decade or more is not as feasible as it once was, and wishing otherwise will not help. Not all companies want to grow faster for market share or profit.

They desire fast growth because:

1. Some key executive(s) bonus is tied to fast growth.
2. The company is being set up to sell.
3. The company has reserving issues, and it needs the extra premium to dilute the effect of a reserve increase. It is only a temporary solution, but companies have done this forever. These companies are often the ones pushing growth most vigorously. Not only does fast growth temporarily hide their problem, it also makes the executive look heroic. The fast growth is almost always created by low, unsustainable rates eventually resulting in higher loss ratios. The smartest executives are gone by then leaving their successors with their mess to repair. Nonetheless, growth is initially far more important than profit.

Agents doing business with these companies may want to evaluate whether these situations create risks to the agency and its clients. If so, creating a plan to offset these risks can create excellent opportunities. Agents can fight these realities, and fighting will feel good for masochists. An agency owner might have the luxury of only doing business with profit-minded carriers, but very few won't be forced to do business with at least a few growth-focused carriers. Don't keep telling carriers how short-sighted they are. Capitalize instead by understanding their perspective and using your resources to with the carriers you choose. 