

# Member Newsletter

Issue 25 | February 2016

## President's Message »

### 2016 Conference in San Antonio



**Van E. Hedges**

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If you have not already, please make plans now to attend our annual conference, which will be held in San Antonio on April 14 through 17. We will be staying at the Omni La Mansion Del Rio, a fabulous property located on the River Walk. It is also rumored to have the best margaritas in Texas. Our conference chairman, Russ Taylor, has secured a great rate for us and a full conference agenda follows. Our program chairman, Peter Marchel, has an outstanding lineup of speakers and Russ has some great “extra-curricular” activities planned.

I truly believe that it is impossible to appreciate the benefits of AAIMCO without attending the annual conference. It is also important to remember that our bylaws require each member to attend a conference at least once every three years. Please don't miss this opportunity to network with the finest insurance consultants in the country.

Our membership Chairman, Kevin Hromas, continues his great work. We currently have 55 members in all categories. We've come far, but we must all work harder if we are to meet our goal of becoming a 100+ member organization. If you know of anyone that should be a member of AAIMCO, please contact Kevin.

Again, let me encourage everyone to add the AAIMCO logo to your letterhead and email signature. The logo cuts can be found on our website under the Member Resources section. Also in that section, you will find access to Versus Law and Producer Online-Plus. What a great member benefit! Speaking of the website, it continues to get better and better, thanks to the hard work of our webmaster Lee Hoffman. Lee has an article describing some of the latest features in this newsletter.

See you in San Antonio,

Van E. Hedges

MI, CPCU, ChFC, CLU, CIC, CRM, AAI



# Association News »

## Charles Comiskey – The Grinch That Stole Coverage

Houston Member, **Charles Comiskey**, recently gave a presentation at the 29th Annual Construction Law Conference in San Antonio, Texas. His presentation titled “The Grinch That Stole Coverage” gave insight into the issues smaller general contractors and subcontractors may face in regards to their customers, and on how to protect themselves in the epidemic of insurance endorsements being used that eviscerate coverage.

## Roy Phillips – Raising the Bar

AAIMCo Member, **Roy Phillips**, recently published an article titled “The Expert Witness : Raising The Bar” in the January 2016 publication of The Insurance Record. Mr. Phillips espouses on ideas brought up during AAIMCo discussions on the topic of expert witnesses that seem to “manufacture their own evidence” in accordance with what needs to be said.

Mr. Phillips also recently spoke at a meeting of the Houston Chapter of Professional Insurance Agents and presented a seminar on “Ethics”.

## Mike Manes – Change At The Speed of Life

**Mike Manes**, of New Iberia, Louisiana is at it again with an article published on the Insurance Thought Leadership website. The article, “Change at the Speed of Life!” is an interesting take on the question “Is it now time to reinvent our organizations to compete in the world as it will be?” To review Mike’s article, please visit the Insurance Thought Leadership website at [www.insurancethoughtleadership.com](http://www.insurancethoughtleadership.com).

## Brandi Hinen – Front Page News

Member, **Brandi Hinen** of Filer, Idaho authored an article titled “Four Critical Questions for Agency Leaders” that was published in December, 2015 on the IA Magazine website. Her article asks thought provoking questions in order to bring about change and increase production within the insurance industry. To take a look at the article, please visit [www.iamagazine.com/viewpoints](http://www.iamagazine.com/viewpoints).

## Brent Winans – Expert Commentary

Florida Member, **Brent Winans**, was recently featured on IRMI’s website in the Expert Commentary Section. His article titled “Agents: Reach Out to Your E&O Tag Team” reports on the good things that can happen when an agent reports any potential E&O claims to their insurer. The articles surmizes that when an agent reports potential errors and omissions claims to their insurer promptly, those insurers can often provide vital assistance, protecting agents from suit, turning around a claim denial, and maintaining agents’ credibility with their clients. For a further look at the article please visit the IRMI website by clicking [here](#).

## Have news for the next edition?

We want to know what's been going on in your practice. Received an award? In the middle of a really interesting assignment? Published an article?

Email your news to Lesley Perkins.

[lesley.perkins@aaimco.com](mailto:lesley.perkins@aaimco.com)

# Website Update »

AAIMCo Member Services are now fully functional - including member news!

Have you just merged or purchased a competitor? Received an honor or recognition? Acquired a major account, signed a new contract or want to promote a successful business deal? Now you can - - right here on the AAIMCo web site.

Post your news article on AAIMCo. You have the option of deciding if you just want the members to read it - or the entire world from the front of our web site! It's your choice.

When you go to [www.aaimco.com](http://www.aaimco.com) without logging on as a member (just like the general public) you will see on the middle of the page the "AAIMCO MEMBER NEWS" section and scrolling headlines. Click on any headline and start reading. However, if you logon and go to the MEMBER RESOURCES section, you will then be able to click onto "View Member News" and read ALL news items – even those that were meant just for members to see.

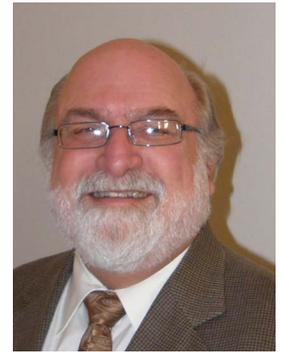
To create a news item, go to our web site, click MEMBER LOGIN and log on. Now click onto the "MEMBER RESOURCES" page on the upper right hand corner. Once you are there you will see this:

On the third line own you will see three buttons. You want the third button from the left.

The first button "Add Member Authored Article" will take you to the section of the web site that is used to create and publish professional articles that you want to appear in the AAIMCo library.

The second button "Add Member News Item" is for creating a news item like the one I just sent to you. It has the same flexibility and functionality as the "Authored Article" section, but this is for shorter news items.

The third button, the one you want for now, is for viewing news items that were created for member eyes only. These will not appear on the front page – you need to log onto the web site to read them. If a news item was added and the member who added it wanted the public to read it, you will not need to log on to read it.



**Lee M. Hoffman**

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# Website Update

Great things are happening at AAIMCo. Member Services now include:

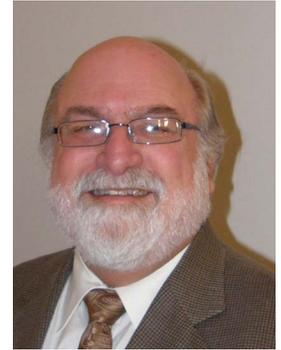
1. The ability for you to promote yourself and your business accomplishments through AAIMCo News
2. The ability to publish professional articles (even peer reviewed if you so decide) for the world to see in our AAIMCo Library
3. VersusLaw PLUS: This legal resource gives you the ability to find ANY Appellate Case in the US, Tribal Cases, one foreign (Australia) jurisdiction, state statutes, state administrative codes, US Code and Code of Federal Regulations
4. Producer Online-Plus by Rough Notes: A compendium of insurance industry publications and educational material including PF&M (7700+ pages of ISO & AAIS coverage analysis, 1000+ policy forms and endorsements, coverage comparisons, and insurance specific court cases), ACORD Forms, Coverages Applicable (what type of coverages apply to various types of risk plus applicable SIC & NAICS codes), personal and commercial lines risk surveys by type of risk and category of risk, and the online searchable version of Rough Notes Magazine. You may think that all this is just for agents. WRONG! If it is published somewhere in Rough Notes by Rough Notes and you use it in a court case or as an expert witness – you most will be citing from the leading educational resource in the Insurance Industry. I have cited Rough Notes surveys and articles in some of my expert work.

Need personal tutoring?? We'll help. Both Lesley and I can help you learn how to use our resources, but it takes a bit of practice.

ALL THIS PLUS AAIMCo MEMBERSHIP FOR ONLY \$300 PER YEAR?? You've got to be kidding!

Great things are happening at AAIMCo – glad you're here!

Lee M. Hoffman, CIC, LIC, CPIA  
AAIMCo Immediate Past President



**Lee M. Hoffman**

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# Membership Report »

The Thanksgiving, Christmas and New Year's holidays are tough times to get people to think about joining new organizations so we haven't had any "official" new members since the last newsletter but new members are in the pipeline for processing and should be completed soon!

As most of you should have seen from a recent e-mail blast that I sent out, there are quite a few individuals that are being considered to extend invitations to apply for membership in AAIMCO. Your feedback and continued input regarding potential members is the only way I can locate and focus in on these individuals. Keep in mind that there are multiple levels of memberships. Don't forget about the "Affiliate Membership" as a way to bring in those businesses that provide various services and resources to many of our clients and it is extremely beneficial to have them as part of our "umbrella of services". Provide me with as much of the person's contact information as you can obtain and I'll pick up the ball and run from there but I need your help in targeting qualified applicants.

If you have any questions about the membership process, don't hesitate to let me know.



**Kevin Hromas**  
JD, EGA, RPA, PLCS, HCRI-  
R/C, CPIU

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## ◀ Know of someone who would make a great member?

AAIMCo is always working to expand its membership with highly qualified consultants and associates.

Contact Membership Chair Kevin Hromas with your recommendation.

## Treasurer's Report »



**Russell M. Taylor**

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AAIMCo ended 2015 on the negative side, but with an improvement in the final quarter.

The single reason for our positive results in the last quarter was the increase in referral fee contributions during that same period. Thanks to Kevin Hromas, Britta Moss, and Bob Underdown who joined this writer in making contributions in recognition of referrals from fellow members or the AAIMCo website. The ten (10) Referral Fee donations in 2015 matched the combined total number of contributions in the two previous years. And the total amount of 2015 contributions at \$2,525 almost reached the \$3,125 total for those same two years. Now that we are on a roll with these voluntary “recognition” contributions, let’s keep the pace in 2016!

As also noted in my Q3 report, our Dues revenues were a higher in 2014 with the addition of several new members during the year. Thanks again to Kevin Hromas for his outstanding recruiting efforts in 2015!

As evidenced by the statements that follow, total expenses exceeded revenues by \$2,045. The major reasons for the increase in expense are the new Research services that we added this year, and the revamping of our website. For the most part all other expenses were in line with the previous year.

On a different topic, an invoice for 2016 dues was sent electronically to all members on December 29, 2015. As President Van Hedges reported in the last newsletter, in order to balance our budget, the executive committee approved an increase in dues, the first increase in nearly ten years. Payment is due by January 31st, so if you have not yet paid please put your check in the mail ASAP (the address is on the invoice). If you can’t find the email and need another invoice, let me know by email [ russ.taylor@riskmanagementx.com ] and I’ll send you a copy.

# Treasurer's Report



## Russell M. Taylor

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## Balance Sheet

	Dec, 2014	Dec, 2015
<b>ASSETS</b>		
Current Assets		
Checking / Savings (Woodforest)	17,953.05	15,908.18
Total Current Assets	17,953.05	15,908.18
Other Assets		
Accum Depr - Sect 179	-600.35	-600.35
Epson Projector	600.35	600.35
Total Other Assets	0.00	0.00
<b>TOTAL ASSETS</b>	<b>17,953.05</b>	<b>15,908.18</b>
<b>LIABILITIES &amp; EQUITIES</b>		
Equity		
Opening Balance Equity	5,265.39	5,265.39
Retained Earnings	13,785.82	12,687.66
Net Income	-1,098.16	-2,044.87
Total Equity	17,953.05	15,908.18
<b>TOTAL LIABILITIES &amp; EQUITIES</b>	<b>17,953.05</b>	<b>15,908.18</b>

## Profit & Loss Statement

	Jan - Dec 2014	Jan - Dec 2015
<b>INCOME</b>		
Dues		
Dues - New Affiliate Member	0.00	220.00
Dues - Affiliate Member	630.00	360.00
Dues - Associate Member	0.00	180.00
Dues - Retired Member	180.00	270.00
Dues - New Associate Member	150.00	195.00
Dues - New Professional Member	460.00	640.00
Dues - Professional Member	9,120.00	9,600.00
Total Dues	10,540.00	11,465.00
Referral Fees	1,250.00	2,525.00
Application Fees	100.00	175.00
Conference Registrations	7,800.00	8,000.00
<b>TOTAL INCOME</b>	<b>19,690.00</b>	<b>22,165.00</b>
<b>EXPENSE</b>		
Administrative Services	1,200.00	1,200.00
Conference Expense	9,850.48	10,203.73
Executive Director Services	3,000.00	3,000.00
Insurance	2,079.00	2,186.00
IT Services and Hosting Fees	627.40	516.86
Legal & Filing Fees	20.00	25.00
Office Supplies	115.80	3.84
Other - Misc. Expense	208.20	0.00
Photocopies	205.25	492.96
Postage and Delivery	105.43	77.28
Research Services	0.00	2,579.20
Teleconference Expense	16.60	0.00
Website Design Project	3,360.00	3,925.00
<b>TOTAL EXPENSE</b>	<b>20,788.16</b>	<b>24,209.87</b>
<b>NET INCOME</b>	<b>-1,098.16</b>	<b>-2,044.87</b>

# Member Spotlight »

## Gregory G. Deimling

CPCU, ARM, CRIS, AMIM

Life is about the Journey. The Journey is created by a thousand choices, some small, some not so small, some good, some not so good and some are just down right wrong. This is my Journey.

I have been a student of insurance for almost forty five years. I got my property and casualty insurance license in June 1970 while in college. Looking back you might say insurance is in my blood.

After WWII my Dad, Francis J. Deimling went to work for the Northwestern Casualty Company as an underwriter trainee. By the mid-1950's with a growing family, Dad and Mom started an independent insurance agency in the corner of their bedroom. Dad worked nights and weekends to sell property and casualty insurance while adding life a couple years later. In those days if you worked for an insurance company and wanted to make more money, the company would license you as their agent as long as it did not interfere with your day job. So Dad went to the insurance company's office as an underwriter during the day and Mom would stay in the bedroom office to make appointments, handle calls for service and raise their growing family. We kids were raised on insurance.

Malecki Deimling Nielander, LLC. Is a risk, insurance, and management consulting firm with three primary focuses; teaching, risk-management services, and litigation support as expert witness. The firm was a culmination of a long friendship between Donald S. Malecki (our founder), Greg Deimling, and Paul Nielander. In 2015 Kathleen Robison became a partner.

One of MDN Consults' core services is teaching the technical side of the property and casualty insurance industry. We do this by performing research, writing books and articles, presenting seminars and webinars and participating in technical panels for numerous industry associations and affiliates. MDN Consults has been on the leading edge of the insurance industry changes and innovations. Our current work on Cyber, UAV's (Drones), ISO changes, Additional Insured and Named Insured has kept me very engaged these past five years.

As a teacher, I have always taught that life is all about choices and recognize how the many small and large decisions we have made have led each of us to our particular place at any time. Truly, life is just choices. Some turn out to be good and some not so good. The challenge is when we discover that the choice was not a good choice is to have the courage to quickly make a new choice.

In May of 1966 I made the choice to forego college and enlist in the US Air Force. It was the height of Vietnam and anyone who entered the Army was almost directly sent to Nam. So when faced with the draft call I went to the Air Force recruiter and made a deal, "I am yours if you make the draft notice go away." Good choice. I had a good military career. Became a member of a SAC (Strategic Air Command) missile crew in the Titan II weapon system <http://www.titanmissilemuseum.org/>

I spent most of my duty time with the 395TH STRATEGIC MISSILE SQUADRON - <http://www.titan-ii.com/395thSMS.html> my crew, E-032 of which I was the Missile Facility technician was chosen to actually test fire the missile system, Glory Trip 10T (Glory 19), from Vandenberg C site in 1969. What a blast. This choice taught me two very important lessons. First, the only difference between the person cleaning the latrine and the person ordering it cleaned was a college degree. Second, "no" does not necessarily mean "no". It really means rephrase, rethink, try a new approach, ask again this time maybe another person but never give up.



### Gregory G. Deimling

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Both of these led me to pursue a college education upon my honorable discharge. I found that I did not have a problem with challenging those who told me no to a request or idea. In other words, the lessons learned in the Air Force combined with the solid work ethic my parents instilled in me from a very young age I discovered that there was almost nothing I could not accomplish once I set my sights on it.

In 1966 Dad and Mom had entered the agency business full time with the purchase of a small agency, Globe Insurance Agency, Cincinnati OH. Upon my return from service in December 1969, I entered the University of Cincinnati in the insurance and finance program. By June I was a licensed agent selling insurance while going to school. That same June, I made a great choice and married Terri, a California Girl. By the time I graduated, I had two daughters and a job offer from Aetna Casualty.

This presented another choice for me. At this time the agency was growing. My commissions were about two thirds of the Aetna offer. The agency bookkeeper/service person chose to retire. Mom chose to become the agency bookkeeper. And my parents offered me the agency servicing position in addition to my sales function. That made the money just about equal. So I chose to stay with the family agency.

Remember I said some choices are not so good, I would not realize that this was not such a great choice until later on in my career. With hindsight, I would have been much better off had I taken the Aetna job for three or so years and learned organizational management skills. Although, I was able to acquire management skills through CPCU, management seminars and other additional courses and training, I believe that my management skills would be stronger today.



Each of us are products of our environments and the opportunities provided and again those choices we make in life. In my family religion was a top priority. My father was a pure black and white man from an ethical perspective. There was no grey, it was either right or wrong. He placed God, Family and Country above all else and in that order so my beliefs and internal compass were well established at a very young age.

Growing up as we faced challenges Mom would always say “God will only give you what you can handle” and of course the headliner “What does not kill you will make you stronger”. Well as a young agent I was sure that I had conquered all those challenges and doing just fine in this world because of my own skills and efforts.

Then in August 1975, my wife at age twenty-seven, became a victim of ovarian cancer. Unfortunately the tumor had ruptured before anything could be done and the fast growing cancer cells were spread throughout her body. She was given one to three years to live. Our daughters were four and two. Life changed forever.

First, because of the rarity of such a young woman having this cancer, we were referred to a research doctor at the UC Medical Center. I will never forget that first meeting with Dr. Helmut Schmidt (deep German accent). He said he would do what he could and would always tell me the truth good or bad. Needless to say we developed a relationship that far exceeded any patient/family relationship.

Another choice was made. By Schmidt being a researcher, we had access to some of the most advanced work on this type of cancer. We were directed to join a therapy group of ovarian patients. That is when the choice was made.

We went to two sessions. Most all the woman there were over fifty five and were waiting to die. Depressing is not even a good description. We were twenty-seven, two small kids with life only just beginning. That is when Terri and I made a choice. We were not going to let the disease run our lives, would do everything possible to give the kids a normal life and finally fight as hard as we could to beat the thing. The cancer became “the thing”. Noble thoughts but not always easy to put into action.

The challenges ahead were enormous, little did I realize just how big the challenges would become or all the choices that would be made. And so the journey began/continued.

Back then being the son of the agency owner was not always a positive thing. Company representatives would say “you do not have to worry, all this will be yours someday” Not really. The agency had become a true family affair with three sisters joining. Then there were those who said “No need to get the CPCU as the independent agency system will soon be a thing of the past (1974)”. Dad was a technician and as a senior underwriting manager, he knew the coverages and how to put the coverages together to build a policy that responded to the client’s exposures.

Dad would never answer a coverage question. He would only answer after I did the research using the Fire Casualty and Surety (FC&S) service of the National Underwriter - (Don Malecki was the editor), Merit’s similar service and the Rough Notes Company’s P F and M. Then I had to read the policy and offer my opinion. Often I would ask him why he just would not tell me the answer. Little did I know how Dad was laying the ground work for my future as an insurance nerd. All that learning caused me to increase my insurance knowledge exponentially and laid the groundwork for our firm’s second core service.

The second MDN Consults’ core service area is providing insurance and general management consulting. We act as the outsourced Risk Managers for both private and nonprofit entities too small to have an in house risk manager or department. Most of our work is with the nonprofit and quasi-governmental entities such as community services, local governments, school districts, and water, park and sewer districts and in the private sector firms from small to large in many industries. These assignments are handled on a project, oversight or multi-year contracts.

In 1976 I had earned my CPCU designation, and in 1980 my Masters from Xavier University in finance. Along the way, I had begun teaching insurance classes.

Terri had survived the first two and a half years with minor recurrences. By then the daughters were in school. At about the three year mark the next major surgeries occurred. These were trying times but we remained committed. This time a new cocktail was being devised and Dr. Schmidt entered Terri into the protocol. It was devastating in the side effects, mostly emotional. You never knew what was going to happen after “Honey, I am home”. Years of that seemed unbearable yet looking back, Mom’s words ring clear “What does not kill you makes you stronger.” I did not want to be stronger!



The years of the eighties were just a series of hospitals, surgeries, and protocols. It seemed when things were the worst, a new drug or a new method was available. We lived to see tomorrow thus making it one day at a time. There was strength in pouring the energy into our kids. Our goals were to not let The Thing win and so we set goals of let's make it to Saturday or let's make it to the 4th of July or the kids starting the next grade.

For me, I found relief in my insurance endeavors. I became a CPCU volunteer. I got involved first on the local level and after completing the board then local chairs; I moved on to national service which lasted some twenty seven years. I served as the chair of numerous committees and task forces. I filled every position available, board of directors, regional vice president, and finally national Secretary Treasurer. A side benefit was that my management and insurance knowledge skills increased as well. Earning the respect of my peers, I was able to fill the role of senior statesman dealing with transitional issues. As my skills increased I was able to be an innovator and game changer through many of the initiatives undertaken. I became the problem solver and was a significant contributor to the Society's original Sections and then the shift to Interest Groups. While not the father of sections, I was the son who took the vision to next levels.

By late 1987 Terri's health and care was becoming more involved and demanding. I was grateful to have a number of mentors at this trying time. Don Malecki was my mentor and actually taught the CPCU Part 1 class. I was active in the local CPCU chapter and so was Don. Then there was also, Jack Twomey, CPCU a senior VP at Great American and Jack Schiff, CPCU Chairman of Cincinnati Insurance. In fact when I would do my mentor presentation I would say "It's easy when you have two Jacks and a Don behind you!" I would be remiss if I did not mention the Seattle Five whom have been special friends since 1984 and have helped me and each other in so many ways I cannot repay them in this lifetime, Rick Lambert CPCU, Marsha Egan CPCU, Anita Bourke CPCU and Mike Holm CPCU.

With Terri's health issues, I was spending more time away from the agency. Emotionally I was torn amongst all my duties. It probably was one the lowest points in my life. So another choice on the horizon and it might not have been at the best of times. I needed to establish a way to be both care giver, Dad and financially support my family. Don Malecki knew some of my situation and so I sought him out for guidance. By this time he had separated from the National Underwriter, had gone to California for a year as a consultant and then returned to Cincinnati with his consultant practice. He seemed not too enthusiastic about my visit.

After reviewing my resume he sat pondering with that look that said "you're wasting my time" and "I need to move him out of here". Finally he said that I might be able to make it in consulting but if I wanted him to help I would have to sharpen my skills. First I needed to get my ARM, Associate in Risk Management, then I learn the CGL book and finally the Additional Insured book both of which he authored. He also gave me two risk management project reviews to read and critique. Then he said he did not have any more time and showed me the door.

I do think Don thought I would never be back, however, six months later I was back on his doorstep having completed ARM, learned his books and did the reviews. The look on his face, in a word, was priceless. We spent the day discussing how I was going to be a consultant. Thanks to Don's mentoring, I entered the insurance consultant management arena and slowly grew my business. While we shared and at times collaborated, we each had our own businesses until 2005 (but then I am getting ahead of the story).

1990 was a water shed year, I did my first expert case that year and my financial world collapsed in July. Back then the health insurance only had a lifetime limit of one million dollars and no insurer would accept my wife with the preexisting condition, The Thing. When the hospital financial office came to discuss how the bill was to be paid and that my insurance only had fifty thousand left a new chapter was to begin with new choices.

Upon realizing the financial impact that no health insurance presented, I went to work with my attorney to make myself suit proof and to develop a plan to handle the bills and more importantly the bills I could not pay. One strategy presented was to divorce my wife and then her bills could be paid by Medicaid. I could not do that. How could I explain it to our daughters, my parents, and my extended family? But most of all it was my own fear that I would not have enough strength to stay, to see it through. The fear of not seeing the journey through made the choice an easy one in the end. That one legal filing would have saved most of the debt which was left, close to \$500,000. When my wife died in August 1998, the twenty three year journey ended.

A new chapter began with more new choices. Because of all that went before I was prepared to handle the biggest expert case of my life, my own. As you may imagine bankruptcy was not an option even though my attorney had put the paper work together. When I met with him to review I asked him, "Who would hire an expert that had filed bankruptcy?" His facial expression said it all and so I just slid the papers back across the table and said "God only gives you what you can handle"

Another lesson learned. We are free to respond to adversity as we see fit. I am not sure of where strength came from but at the time until today, I have a solid network of CPCU friends across the country that was always there. Another lesson I have found is that very seldom do we get the opportunity to pay it back to those who help us along the journey. And so you help others.

In 1995, my wife and I set a new record with 120 days in the Intensive Care Unit. A few years prior to “escape” from The Thing, we had bought a fishing camp on a small lake it had an Air Stream Trailer with a house built around it. We called it the cabin and enabled us to provide our kids a bit of family normalcy. Even the dogs knew what “let’s go to the lake” meant. Still there were many long days spent at the hospital.

My doctor decided that the stress was becoming too much for me and urged me to see a mental health professional, a psychiatrist. I finally agreed, little realizing that it would form the incubator to hatch a plan; actually a really crazy plan. While I was telling the doc all my potential problems, I was just thinking to myself “would it great if I could just figure out a way to build a new cabin at the lake”. Then it hit me as the doc told me that he could solve my alleged depression with twice weekly sessions for six months at a cost of \$95 a session. What my mind heard was that I had a choice to make -- a new car for the doc or a new cabin for my family. When I returned to the hospital, I explained to Terri that the family would begin a new project, the cabin at the lake. At her bedside, we began drawing the plans, on a calendar grid that eventually I took to the building department to receive a building permit. The family had a new goal, let’s build the cabin.

Now when I say build the cabin, WE built the cabin. We provided all the labor except for the foundation work and the concrete pours. Thank you Air Force for all those building skills and many more. The lake cabin took ten years to complete. The kids would come down with their friends especially the youth group from church and all would willingly pitch in. I taught over 30 young adults how to build a deck, layout wiring, hang drywall, lay a roof, weld a dock, sweat a pipe, measure twice cut once, not to mention planning, organization, team work, etc . You cannot get that kind of “feel good” anywhere else. We even built most of the bunk room furniture.

From the beginning, there was a fire pit just off the porch which we always have a fire going for the weekend. It was the sign for friends and neighbors to stop and cop a squat for a while. I cannot really explain it but there is just something about a fire, the lake and family that just takes all the bad away and makes the world all go away. In a word, awesome, totally awesome. And today I have the pleasure of writing a regular article in the Lake newsletter titled “from around the pit” which tackles all kinds of nice to know happenings.

In the summer of 1998, as The Thing was heading toward its finale, we decided that Christmas would be in July. As our daughters were growing up, we had focused on the Spirit of Christmas rather than the commercialism. To carry forward the Christmas spirit we chose to leave the Christmas tree all festively decorated in the middle of the room. It carried us through the next dark weeks as Terri left us on August 4. If you visit me today, you will encounter my Christmas Trees no matter the month or the season.

And thus began another chapter in my insurance carrier. I choose to take on my biggest expert case - my own involving all the medical issues and costs resulting from The Thing. What an education. At the same time, I continued to build my consulting business. In 2005 four of us Greater Cincinnati insurance consultants merged our individual firms into Malecki Deimling Nielander and Associates, LLC. And so it came to pass that my mentor who had become a best friend, then became a business partner, and finally a pseudo father after my Dad’s death.

What was amazing is that till the day Don died he challenged me to be better, to do more than expected and always hold my values near. He was very demanding when it came to writing and time. He would get so angry with me and I with him. Yet there was a very special understanding between us. I think the fact that we each had a love of life and laughter is what bound us together. We always said if you could not be funny it wasn’t really worth getting out of bed. We shared a truly life changing time together during his illness, something I found most difficult to do at times due to the memories of Terri’s battle. When Don died in Dec 2014 I do not believe there was anything left on the “bucket list”. How truly blessed I was to have him as a mentor, friend and partner.

One of Don's urgings (and a bit of pushing) led to my involvement in the Mid America Technical Conference in 2007; I am currently moving through the board chairs and serve as vice chairman this year. Mid America, Mid-America Technical Conference serves the American Insurance agency system as a forum for discussion on topics such as property-casualty coverage, rules, forms, and other technical aspects within the industry. ISO and MATC draft 30 or so changes to ISO forms almost every year. ISO treats this group as a research source for changes that impact the ISO forms used countrywide.

Over the years the cabin at the lake evolved into the lake home. It is the site of our annual Geek's Weekend. My partners, and other insurance policy aficionados such as Bill Wilson, and John Eubank gather the first weekend in May. We have exciting discussions over insurance policies, cases and challenge each other on insurance history. The spouses offer a constant barrage of "what are you guys up to now" as they come in and out while enjoying the beauties of the lake.

I became involved with AAIMCo because of another good friend, fellow geek and CPCU bud, Stan Lipshultz. Stan and I did a lot with the CPCU Society particularly as members of the CLEW (Consultants, Litigators, Educators, and Witnesses) Interest Group. I believe we are most famous for our annual Mock Trials. Stan would write the script with always a bit of humor and I would direct the play (with a cameo from time to time) with a motley cast of insurance geeks. From time to time we would take a mock trial on the road. I did not know it then but the woman in my life and my best friend and partner, Joan, first met at a Mock Trial presentation in Dallas, five or six years before we reconnected in 2012

My chosen profession in insurance has provided me with the resources, challenges, friends and satisfaction to declare that life is pretty darn good. I am ever conscious and thankful that one gets nowhere in this life by themselves. I have received much from the industry and therefore I try to give back to others as much as I can whether through seminars, research, mentoring or volunteer leadership positions.

What I like best about insurance as a career are: first the people, whether my peers, clients or just friends or those that find knowledge exciting; and second putting the puzzle together whether a litigation matter, a risk management project, a management solution or a simple "know what you're selling" seminar.

I am looking forward to seeing all of you this year in San Antonio, great line up and I will be able to attend the entire meeting no conflict with Geeks Weekend, Yay.



# Spotlight Article »

## Gregory G. Deimling

CPCU, ARM, CRIS, AMIM

### Covered Property - Wharfs, Piers, Docks

Most recently, the winter storms that moved through Tennessee, Kentucky and then slammed into the DC, New York City and the Northeast, left a trail of damage and destruction along with many marinas and individually owned docks on many of the waterways. Hardest hit were properties along Cumberland Lake and Green River Valleys in Kentucky and Dale Hollow Lake region straddling the Kentucky/Tennessee border. The principles and policy reviews are applicable nationally and applied to a specific lake, Lake Williamstown in Kentucky.

Is it insured? Maybe, Maybe not- a discussion of the insurance coverage found in the homeowners policy for wharf, piers, docks and similar in water storage areas for recreational boats and other waterborne property.

To understand the insurance coverage issues presented when owning, maintaining or constructing a private wharf, pier or dock in or upon an inland waterway it is first necessary to understand the ownership and control of the shoreline where the structure is going to reside.

Under the Federal Statutes inland lakes, waterways, streams and rivers are under the control of the United States Corp of Engineers. The Corp is charged with maintaining and controlling all construction and use of the waterways within the borders of the United States. The U.S. Army Corp of Engineers dates back to George Washington and the Revolutionary War in June of 1776. In March of 1802 the Corp was established as a separate and permanent branch of the U. S. military. Throughout history the Corp of Engineers has both a military and civilian mission. A few facts demonstrate the impact that the Corp has in the management of our water resources. They are the largest provider of outdoor recreation in the country maintaining 422 lake and river recreation facilities encompassing more than 2400 sites across the nation. In addition, the Corp owns and operates more than 600 dams impounding 329.2 million acre feet in its major lakes. These recreation areas have 54,800 miles of shoreline, 7,700 miles of trails and some 92,800 developed camp sites. The Corp of Engineers owns and operates 24% of the U.S. Hydro power capacity. To understand where the Corp operates see <http://www.usace.army.mil/Locations.aspx>

In addition to this Federal oversight, each state has a state agency, or division charged with the administration of waterways use and maintenance of waterways within the boundaries of an individual state. It is often found as the Division or Department of Natural Resources, Water, or Fish and Wildlife. For the Commonwealth of Kentucky Department of Fish and Wildlife Resources. <http://fw.ky.gov/Pages/default.aspx>

In order for the private citizen to understand the rules and regulations regarding the operation of watercraft on public waters and the construction, maintenance and use of a structure in public waters one must investigate first what lands and access the private property owner has and then conform with the rules and regulations provided by the various levels of public jurisdiction i.e. Federal, State and local. For example, at Corps develop lakes there are set backs before private property begins it may be fifty feet or five hundred feet regardless the abutting land owner must comply with the regulations even if merely cutting a path to get to the water's edge. Failure to do so can result in fines and sanction and even loss of permitted uses.



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Now specifically to the 340 acres of Lake Williamstown. Lake Williamstown is unique in many ways, first it was created as a water supply and a fishing impoundment as first conceived to be owned by the Commonwealth of Kentucky, Division of Fish and Wildlife as an owned and managed lake. The City of Williamstown would have access to the water to service the growing water needs of the area. Then as construction of the lake continued in 1955 the City of Williamstown acquired the ownership of the lake from the Division of Fish and Wildlife with the caveat that the lake be maintained as a fishing lake allowing access to the public and that a free public access be maintained for recreational purposes. This access is located at the bottom of Summer Drive off of Fairview Road, Route 489 on the Williamstown (south) side of the lake. This requirement in the original deeding of the lake is why it is not possible to close the ramp at Summer Drive which has been proposed over the years. To do so would only move the problem to another lake location and would not solve the root problems of overcrowding and abuse of the length requirements. Another unique attribute of the Lake is the allowance of unlimited horse power. The current Lake Ordinance restricts use of equipment on some boats and imposes a length limitation, however, horsepower is not addressed, thus the growth in ski then wake board boats and fishing boats powered by high horsepower outboard motors continues to expand.

At the same time the original easements obtained by the Division of Fish and Wildlife for the construction, access and perpetual maintenance of the lake were also transferred to the City of Williamstown. These easements established a fifty foot construction, access and maintenance right of way around much of the perimeter of the lake. The easement extends from the high water mark (the spillway level) a distance of 50 feet from the water's edge upon the dry land. This coupled with those areas that are directly owned by the City would allow for someone to start at any public access point and walk completely around the lake returning to the starting point unrestricted. It is for this reason that there are required gates in fences and individuals can fish from the bank in front of the house. We should note that this does not give the public the right to cross your property to get to the easement area.

It is important to understand the three types of ownership present around the lakes and rivers under both federal regulations and the state or local regulations. The first type is the property lines extend into the lake/river itself thus part of the owned property is lake/river bed. This is common on the Williamstown side of the lake and the east side of Humes Ridge Road. The second type is the property lines stop at the water's edge and the owned property does not extend into the lake/river bed thus any structures in or upon the lake are not located on the owners property; and the third type is the property lines abuts the fifty foot setback mark; thus the property owner must cross the public setback to access the lake/river. While all three of these descriptions exist around Lake Williamstown, type three is most common where the waterway is a Corp of Engineers project such as the Tennessee Valley Authority (TVA) lakes and impoundments. Older waterways one will find all three types of ownership. One must look at both the deed to their property and fully understand property boundaries. Then check the jurisdiction, the Federal, State or local agency for specific oversight requirements. Our local ordinance Number 2013-09 for dock construction and maintenance can be found here [http://www.wtownky.org/Code/2013\\_Ordinances/2013-09,%20lake%20williamstown%20amendment%20ordinance.pdf](http://www.wtownky.org/Code/2013_Ordinances/2013-09,%20lake%20williamstown%20amendment%20ordinance.pdf)

Should the property owner still not be able to determine the property boundary lines then the assistance of a licensed land surveyor should be employed to determine what type of ownership one is or has acquired. The property lines are the core element when reviewing the insurance requirements and in determining what coverage is being provided by the insurance policy being considered or already purchased.

While most of us standing on the deck at the house see only the dock in front of us and we believe that the ground we traverse to get there is ours to hold and use at will, nothing is further from the truth and the legal reality. The dock and equipment you see in front of you may not even be located on your property depending on the property boundaries.

Most Homeowner policies being sold today contain a section of the contract titled definitions. Purpose of this section is to define words and phrases which are used throughout the insurance policy which have a special meaning. For most insurers, they define, the "Insured Location" as :

"Insured location" means:

- a. The "residence premises";
- b. The part of other premises, other structures and grounds used by you as a residence; and
  - (1) Which is shown in the Declarations; or
  - (2) Which is acquired by you during the policy period for your use as a residence;
- c. Any premises used by you in connection with a premises described in a. and b. above;
- d. Any part of a premises:
  - (1) Not owned by an "insured"; and
  - (2) Where an "insured" is temporarily residing;
- e. Vacant land, other than farm land, owned by or rented to an "insured";
- f. Land owned by or rented to an "insured" on which a one-, two-, three- or four-family dwelling is being built as a residence for an "insured";

Under part A we need to further look at the definition of "Residence Premises" as a defined term.

"Residence premises" means:

- a. The one-family dwelling where you reside;
- b. The two-, three- or four-family dwelling where you reside in at least one of the family units; or
- c. That part of any other building where you reside; and which is shown as the "residence premises" in the Declarations.

"Residence premises" also includes other structures and grounds at that location.

The reading of these definitions when applied to an insured location does not apply to a structure (your dock) which is constructed on the lake bed which you do not own. The dock attached to the poles driven in the lake bed would not qualify as a building under a homeowners policy. For most policies the dock would be treated as "Other Structures". The situation where the dock would be floating dock either kept in place by guy wires, dead man or stay poles upon which the dock could be lowered or raise depending on water level could be correctly argued as personal property, and thus covered under the personal property section as property at another location. If the property boundaries do extend out into the lake bed then the dock would have coverage as a structure on the residence premises. Many policies limit the coverage amount to other structures and outbuildings to a percentage of coverage A, which is the dwelling coverage. This percentage is generally 10% or 20% of the dwelling limit. Suppose the limit of insurance on the house (dwelling) is \$150,000, the dwelling amount and the percentage is 10% then the maximum coverage limit available is \$15,000 which represents a small one bay dock or even less today. Many owners have investments of \$35,000 to \$100,000 for parking space for their watercraft, water toys, and other items of personal property i.e. deck chairs, umbrellas and tables.

To further see how important it is to understand the property boundaries in determining coverage for other structures (read dock or pier) again we must consult the policy language. Many homeowner insurers provide for buildings and other structures by applying coverage. The accepted industry standard used by most major insurers such as Travelers, Ohio Casualty, reads:

#### B. Coverage B - Other Structures

1. We cover other structures on the "residence premises" set apart from the dwelling by clear space. This includes structures connected to the dwelling by only a fence, utility line, or similar connection.

Likewise carriers such as State Farm, All State, USAA use proprietary policies which generally follow this language:

Item 2. Dwelling Extension. We cover other structures on the Residence Premises, separated from the dwelling by clear space. Structures connected to the dwelling by only a fence, utility line, or similar connections are considered other structures.

Notice the key element for coverage in most if not all homeowners policies being sold in the personal insurance market is whether the property under consideration is upon the residence premises. If the building or structure is not affixed to the real property then there is no coverage afforded by the policy. Back to us here at Williamstown Lake, those whose property lines stop at either the lakes edge or those cases where the property line ends at the 50 foot easement mark have no coverage for their docks or other structures such as deck or storage shed, bar, etc. in an unmodified homeowner's insurance policy.

The policies being sold today generally provide for the loss or damage due to the peril of Collapse. This is usually found in a section of the policy titled "Additional Coverage". Unfortunately, most policy coverage is limited to "direct physical loss to covered property involving the sudden, entire collapse of a building or any part of a building." Sounds good. Right! Hardly, as a pier or dock does not meet the requirements to be called a building, the pier or dock is a structure and structures are not covered for collapse only buildings receive this coverage. The use and interpretation of terms and conditions found in the insurance policy are found within the law. From this framework all buildings are structures, however not all structures are buildings.

In addition to setting the amount or limit of coverage to include on your dock as an owner you must decide what method of valuation the policy will allow. There are basically two methods to evaluate the limit you chose. Most homeowner's forms allow property to be replaced using materials of like kind and quality. The first method is to provide replacement cost coverage or the amount it takes to repair and/or replace the property at today's cost without an allowance for depreciation being deducted. The second method is to value the property at actual cash value which represents the replacement cost minus an allowance for "useful life" acting similar to depreciation. The challenge presented is that many of the policies have an internal limitation that while the policy contains a replacement cost clause, there is an internal limitation stating that when insuring a permanent dock or pier the valuation is at actual cash value. As the policyholder there must be an understanding of which valuation method will apply at the time of loss. There are specific endorsements available that can be added to the policy to obtain replacement cost coverage.

A property coverage found in most homeowners policies sold in the US is debris removal. When reviewing the coverage needed to protect the owner from financial loss the cost to remove the damaged dock can be as much as the value of dock. The standard debris removal allowed in most homeowner’s policies is inadequate when consideration is made for access, the need for specialized equipment and the possible regulatory requirements imposed by both the state agency overseeing the water or the Corp of Engineers.

Coverage is found at Item E Additional Coverages in most homeowners policies:

1. Debris Removal
  - a. We will pay your reasonable expense for the removal of:
    - (1) Debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss; or
    - (2) Ash, dust or particles from a volcanic eruption that has caused direct loss to a building or property contained in a building.

This expense is included in the limit of liability that applies to the damaged property. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit is available for such expense.

In practice a loss of the dock with a replacement value of \$40,000 which is the amount of coverage you purchased is totally destroyed the policy will only respond to the maximum limit, \$40,000. If the debris removal is \$20,000 then the total financial loss is \$60,000. The additional five percent coverage, \$2000 brings the total insurance recovery to \$42,000 minus any applicable deductible leaving an uninsured owners loss of \$18,000.

How then does one resolve these insurance issues created by the reality that dock and possible other real property have no coverage under the homeowner’s policy. In order to obtain coverage you will have to determine if your insurer will entertain coverage for property not located on the “Residence Premises”. Some companies have developed specific coverage endorsements to handle owners of permanent and moveable docks and will even provide coverage at replacement cost. Others will have specific endorsements to provide coverage for Specific Structures Away From The Residence Premises. For those companies using the Insurance Services Office Forms after May of 2011 can use several specific endorsements to address these unique insurance needs.

It is not important whether or not you insure your property; our goal is that you have an understanding as to how your policy may respond if you should have a significant loss or damage to your dock and not a surprise when told there is no coverage provided by your insurance policy.

This discussion only addresses the property issues caused by the location of the dock. The liability issues are just as entangled and will be addressed in a future discussion.

Greg Deimling is a risk and insurance management consultant and expert witness. He can be contacted at Malecki Deimling Nielander & Associates LLC [www.mdnconsults.com](http://www.mdnconsults.com) or email him at [greg.deimling@mdnconsults.com](mailto:greg.deimling@mdnconsults.com).



Floating Dock



Stationary Dock attached to lake bed



Dock with superstructure



Deep Water Dock floating on cables

# 2016 Conference Preview

Things are shaping up nicely for the upcoming Conference in San Antonio. We already have a record number of attendees registered and we are still two months out!

Below is a preview of a few of the Presentations that will be given by fellow Members:

## **Surprise!! 2020 is Today. - Thursday, April 14th, 2:45 pm** **Greg Deimling & Kathleen Robison**

Hocus-Pocus; Mumbo-Jumbo - "Poof the Commission is Gone"; Personal injury lawsuits are transformed into a new "Asset Class"; Tech customized coverages relegates ISO and AAIS to policy dust covers; insurable interests concepts acquire fluidity; New players invade the insurance marketplace; from Coverhound to Zebra backed with huge cal-dron's of startup capital. See the future impact on the consultants' value proposition!

## **Merging Cultures & Workflows - the Challenge of Agency Acquisitions - Friday, April 15th, 10:30 am** **Mary LaPorte**

No two insurance agencies are exactly alike, so it is not surprising to discover that there can be multiple conflicts when two or more are brought together by merger or acquisition. Agencies follow different procedures, train and utilize staff differently, and simply have different cultures.

There are many agencies being bought and sold, but too often agency owners have not adequately taken steps to optimize the agency value. A well-trained, educated staff who consistently follow streamlined workflows, minimize errors and hold strong customer-focused values will create an agency more attractive to a prospective buyer.

On the other hand, many mergers or acquisitions fail down the road when management has been unsuccessful in merging the cultures and creating clear uniform procedures. A well-planned strategy addresses:

- Staffing - education, training, proficiency in each position
- Workflows - uniform, streamlined, elimination of redundancies, clear written procedures
- Technology - utilization, reducing keystrokes and touches, interaction with clients
- Customer-focused service - service models, communication optimization
- Culture - work ethic, professionalism, family and/or community focus

## **P&C Claim Handling: Yesterday, Today and Tomorrow - Friday, April 15th, 11:45 am** **Britta Moss**

Allegations of sub-par claim handling practices are common in bad faith litigation. These disputes often lead to discovery related to a carrier's documented claim procedures, training requirements, reserve philosophies, and automated claim handling systems. As the case unfolds, a broader issue often surfaces that muddies the waters further: A disconnect in time. Complications arise when a seasoned claim handler applies yesterday's philosophies to today's claims, just as the beginning claim handler stumbles when assuming that the future is now. In just the past twenty years, the world of claims has changed tremendously, and the pendulum continues its swing. Major areas of transformation include: automation and data capture, degree of autonomy, levels of authority, and specialization. We will discuss how changes in these areas (and more) have impacted the "art" of claim handling, and how recognizing and considering these issues can minimize conflicts and help clear the path to resolution.

There is still plenty of time to send in your registration forms for everyone to join us! Hotel reservations need to be made no later than March 14. If you have any questions, please contact Lesley at [lesley.perkins@aaimco.com](mailto:lesley.perkins@aaimco.com).

# 2016 Conference Schedule »

## Thursday, April 14th

1:30 pm	Welcome & Introductions
<b>2:00 pm</b>	<b>Lee Hoffman - Website Update</b>
2:30 pm	Networking Break
<b>2:45 pm</b>	<b>Greg Deimling / Kathleen Robison - "SURPRISE!! 2020 Is Now"</b>
3:15 pm	Networking Break
<b>3:30 pm</b>	<b>Dale Crawford - "Arbitration: How It Can Work For Your Business"</b>
4:15 pm	Networking Break
<b>4:30 pm</b>	<b>AAIMCo Business Meeting</b>
5:30 pm	Adjourn
6:15 pm	Casual Reception
7:30 pm	Group Dinner

## Friday, April 15th

7:30 am	Continental Breakfast
<b>8:30 am</b>	<b>Lisa Harrington / Millie Workman - IRMI</b>
9:15 am	Networking Break
<b>9:30 am</b>	<b>Lisa Harrington - Leadership</b>
10:15 am	Networking Break
<b>10:30 am</b>	<b>Merging Cultures and Workflows - The Challenge of Agency Acquisitions Panel Discussion</b>
11:30 am	Networking Break
<b>11:45 am</b>	<b>Britta Moss Presentation</b>
12:15 pm	Adjourn - Afternoon & Evening Free

## Saturday, April 16th

7:30 am	Continental Breakfast
<b>8:30 am</b>	<b>Roy Phillips - "Key Features of Cyber Policies"</b>
9:30 am	Networking Break
<b>9:45 am</b>	<b>Jeff Bronaugh - "BCE University - How To Avoid The School Of Hard Knocks"</b>
10:30 am	Networking Break
<b>10:45 am</b>	<b>James A. Robertson - "Paradigm Shifts in Coverage for 3rd Party Property Damage Caused by Pollution</b>
11:30 am	Networking Break
<b>11:45 am</b>	<b>Wrap-Up / Future Plans</b>
12:15 pm	Adjourn - Afternoon Free
6:30 pm	Reception / Dinner

## Sunday, April 17th

9:30 am	Brunch
12:00 pm	Departure