

Member Newsletter

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President's Message »



Peter Marchel

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Happy New Year – Hard to believe that we are into February 2019.

We are just a few short months away from our 2019 Annual Conference which will be held in Charleston, South Carolina from May 2nd - 4th. We hope that you will be able to attend.

Russ has been working hard to arrange a great meeting venue as well as activities during the conference, Russ has also been planning for our 2020 Annual Conference as well. Kevin Hromas has been working on a great meeting agenda. Lee has been working with the web designer to not only update the website but also to add new features. I want to encourage everyone to update their profile as well as visit the website.

During our business meeting this year we will be discussing our bylaws Article IV Requirements for Continuing Membership and the specific requirement that:

Attendance at one meeting of three consecutive meetings is required to retain membership. The Secretary will maintain attendance records which will govern this requirement.

We have not been enforcing this requirement. During our business meeting last year a motion was made to either remove this from our By-laws or enforce it. We had a very good debate and it was determined that a position paper was to be created from each side for circulation before our Annual meeting in 2019.

I want to encourage every member to attend the annual meetings, dollar for dollar you will be hard pressed to find a better value than the AAIMCo Annual Meeting. I look forward to seeing many of you again at our Annual conference.

Peter

Association News »

Jason Murgio – Finalist

New York member **Jason Murgio** has been selected as a finalist for Investment Banker of the Year by The M&A Advisor. In addition to being an individual finalist, his company, **Merger & Acquisition Services** is also a finalist for Boutique Investment Banking Firm of the Year, and one of their recently closed transactions where they represented White Mountains in the acquisition of NSM Insurance Group is a finalist for Deal of the Year, as well as two other deal related categories. In 2018, Jason and his firm have announced and completed 11 insurance transactions covering both carriers and agencies totaling in excess of \$700 million in deal value.

Multiple Members Mentioned in Merlin Law Group Blog

A recently published article by Chip Merlin of the Merlin Law Group titled “Move Out And Lose Coverage – Common Property Insurance Minefields Caused By Changes Of Residency” mentions several AAIMCo Members...**Bill Wilson, Christopher Boggs** and **Brent Winans**. Mr. Merlin quoted **Bill Wilson’s** 16 common situations which can cause a “nonresidency” which then leads to losing coverage. Mr. Wilson’s list originally appeared in his article “Where You Reside – The Where’s Waldo” “Catastrophic Homeowners Policy Exclusion That Could Bankrupt Your Insureds”. Merlin’s Blog also mentions new member **Christopher Boggs’** book “Property and Casualty Insurance Concepts Simplified – The Ultimate ‘How To’ Guide for Agents, Brokers, Underwriters and Adjusters”, in which he points out that one of the basic questions to ask is whether the property is covered. Mr. Merlin also reached out to **Brent Winans** for some research in his area of expertise. To take a look at the blog, please click [here](#).

Tom Braniff – Agency Management Conference

Longtime AAIMCo Member, **Tom Braniff**, recently made a presentation at the IIA of Texas Agency Management Conference. The conference has been held annually in Austin, Texas for over 50 years and is attended by over 600+ agents, brokers and company representatives. Tom’s presentation was titled “Mergers & Acquisitions – Best Practices”. To view Mr. Braniff’s presentation please click [here](#).

Lisa Harrington – Rough Notes

Member **Lisa Harrington** recently published two articles in the Rough Notes magazine. In the October issue she contributed an article titled “Surprise” which takes on the idea that “Great leaders take the unexpected in stride.” Her second article was published in the December issue and was titled “Sarah’s Story : Three Lessons Learned”. Ms. Harrington emphasizes that a good leader must “Accept, adapt and persevere if you want to achieve outstanding outcomes. For further reading of both articles, please click [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

Membership Report »

Kevin Quinley, Second Vice-President

“Good things come in threes!”

Since our last newsletter, we have three new members in three different membership categories.

We are delighted to welcome the following new Professional member: Fred Fisher of the Fisher Consulting Group, El Segundo, CA.

A new Associate member is Chantal Roberts of CMR Consulting, Olathe, KS.

As an Affiliate member, we welcome Christopher Boggs, Executive Director of the Virtual University at the Insurance Agents and Brokers of America, who is based in North Carolina.

I hereby deputize each AAIMCo member, regardless of category, as an honorary Recruitment Ambassador for our organization. How? Here are some tips.

Scour bylines of interesting articles in insurance trade journals.

Take notice of other experts, consultants and related professionals you encounter in your day-to-day practices as “candidates” for AAIMCo membership and make invite them to apply or send me their contact information for my follow-up.

Let’s keep filling the pipeline and keep those nominations coming! Growing our AAIMCo membership is a team effort!



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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 2018 on the positive side of the ledger, with our bottom line result being almost identical to year-end 2017.

Both revenues and expenses were about \$5,600 higher. Hats off to Kevin Hromas and Brent Winans who both made Referral Fee contributions to AAIMCo in recognition of client referrals, either from fellow members or the AAIMCo web-site. The referral fees, representing a donation of an hour's fee for a referral from a fellow member or the web-site, demonstrate one of the benefits of AAIMCo membership, as well as the professional confidence members have in each other.

Aside from the increase in conference expenses (reflecting the larger attendance in Fort Worth last year), our other operating expenses remained about the same. After staff expenses (administrative and executive director services) the next largest expense was for web-site design as we continued our efforts to improve AAIMCo's on-line public identity, showcase our individual members, and add features to serve the membership. As reflected in the P&L statement, we renewed one of the member research services last year.

AAIMCo's balance sheet is in good shape with total equity (and cash in the bank) of \$27k.

On a different topic, an invoice for 2019 dues was sent electronically to all members on December 12, 2018. 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



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Balance Sheet

	December 2018	December, 2017
ASSETS		
Current Assets		
Checking / Savings (Woodforest)	27,145.10	24,095.24
Accounts Receivable	0.00	0.00
Total Current Assets	27,145.10	24,095.24
Other Assets		
Accum Depr - Sect 179	-600.35	-600.35
Epson Projector	600.35	600.35
Total Other Assets	0.00	0.00
TOTAL ASSETS	27,145.10	24,095.24
LIABILITIES & EQUITIES		
Equity		
Opening Balance Equity	5,265.39	5,265.39
Retained Earnings	18,829.85	15,786.38
Net Income	3,049.86	3,043.47
Total Equity	27,145.10	24,095.24
TOTAL LIABILITIES & EQUITIES	27,145.10	24,095.24

Profit & Loss Statement

	December, 2018	December, 2017
INCOME		
Dues		
Dues - New Affiliate Member	166.00	225.00
Dues - Affiliate Member	1,500.00	1,800.00
Dues - Associate Member	180.00	0.00
Dues - Retired Member	90.00	90.00
Dues - New Associate Member	420.00	60.00
Dues - New Professional Member	999.00	1,925.00
Dues - Professional Member	14,700.00	14,185.00
Total Dues	18,155.00	18,285.00
Referral Fees	1,350.00	2,200.00
Application Fees	200.00	250.00
Conference Registrations	18,600.00	11,850.00
TOTAL INCOME	38,208.00	32,585.00
EXPENSE		
Travel Expense	626.86	1,235.57
Administrative Services	1,100.00	1,200.00
Banking Expense	10.00	0.00
Conference Expense	21,633.09	17,291.73
Executive Director Services	4,400.00	4,800.00
Insurance	1,275.00	1,681.00
IT Services and Hosting Fees	753.73	650.00
Legal & Filing Fees	20.00	20.00
Office Supplies	0.00	9.98
Other - Misc. Expense	361.46	131.44
Postage & Delivery	0.00	21.81
Research Services	1,500.00	0.00
Website Design Project	3,475.00	2,500.00
TOTAL EXPENSE	35,155.14	29,541.53
NET INCOME	3,049.86	3,043.47

Member Spotlight »

Nancy Germond, AIC, ARM, ITP, MA, SHRM-SCP, SPHR

Nancy's career

Nancy began her career in her parents' independent insurance agency. Her father was the first independent agent in Sun City, Arizona, so she's "naturally biased toward the Big I/Trusted Choice brand." Her brother would inherit the agency so she went to work at Rollins Burdick Hunter (RBH) as their claims coordinator. Although her mother described claims as "the worst end of the industry," Nancy credits her rebellious youth as her initial attraction to claims.

After a year at RBH, Nancy decided that claims was where the action was. She took a job at Commercial Union (CU) in Phoenix as an associate claims adjuster. CU promoted her three months later, and her claims manager told her as she lugged the FC&S bulletin to her desk (rather than call her father to ask about coverage), "You'll be a claim manager in five years." That was 1984. About five years later, she became the first claims manager for the Alliance of Schools for Cooperative Insurance Programs, then in Downey, California.

She then did a brief stint as the risk manager for Oakland Public Schools (ask her about her first day on the job sometime). However, due to her parents' failing health, she moved to Prescott to be near them and became that city's first risk manager. There she took the city from bare of coverage to a highly sophisticated self-insured program. She also began freelance writing for the insurance industry and later formed her company, Insurance Writer.

Next, she did a stint performing coverholder reviews and auditing excess liability claims on behalf of Lloyds and some major reinsurers, one of her favorite jobs. One of her clients, Missouri Auto Dealers in Jefferson City, Missouri, offered her the risk and claims manager position, a post she filled until she returned to Phoenix, where she currently resides. Along the way, she's continued to write, train adjusters at Vale Technical, teach the AIC, AINS, and ARM classes, and teach insurance at the local community college. She is also a licensed property/casualty agent, but does not sell insurance. She has deep expertise in workers compensation management, as well as in other lines of liability coverage.

Educational and current areas of expertise

Writing is Nancy's passion. She writes white papers and other coverage-related marketing material for several of the nation's largest MGAs and reinsurers. She also performs expert witness work in claims valuation and claims handling issues.

Nancy holds two human resource designations, as well as the Associate in Risk Management, the Associate in Claims, and the Insurance Training Professional (ITP) designation. About ten years ago, she went back to school and earned a master's in sociology. "All you can do with a master's in sociology is teach and pontificate," she said, "and I do both."



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Nancy strives to stay on the frontlines of industry recruitment and today's talent crunch. In her white paper, *Brain Drain* (available at her website, Insurancewriter.com), she was one of the first in the industry predicting the talent crunch and suggesting practical solutions. "I believe our talent shortage will cripple the industry if we do not tackle this problem and develop ways to memorialize the information that resides in our soon-to-rotate talent base," she said.

"One of the biggest complaints I hear from in-house defense counsel is that their claims supervisors are coming to them with liability and property 101 questions the supervisors should know. You can already see the results of talent gaps in some of the bad-faith decisions that hit the major trades and sometimes the local newspapers," Nancy said. "To manage the current talent gaps, we will need to make rapid promotions. Our industry will experience major coverage implications if we don't take steps to train and mentor these less-experienced claims professionals."

Personal life

About eight years ago, Nancy had a birthday party for a friend and met her future husband. He brought a homemade veggie tray. She said she thought to herself, "He's either gay or from the Midwest." Turned out, it was the latter. Her husband Tom is a native of Port Huron, Michigan, where they spend time each summer.

Tom is a plumbing contractor. Whenever her house or rental had a plumbing issue, he would arrive rather than one of his plumbers. Nancy began as his risk manager, and he courted her for many years before she realized he was "the man for me," she said. Today she still assists him in his business, joking that she "married into a plumbing dynasty." Tom is "an amazing person who has had a tremendous influence on me," she said.

Tom and Nancy are both dog lovers. She recently acquired her latest German shepherd. Her husband fell in love with the breed after meeting her previous dogs, and after his Labrador passed a few months ago, he bought a female, a Czech German shepherd. With two puppies under nine months, their house is lively, to say the least. "They're fine one on one, but when they get together, it's like living with two Tasmanian devils," she reports.



Tom and Nancy are active Rotary members, as were her father and brother.

Writing, speaking, and training

Nancy's writing appears on her LinkedIn profile, her website, and in various trades. A recent article about active shooter coverage appeared in Primary Agent (a referral from Bill Wilson). She built her career so that later in life she could consult. A friend once referred to her as a "polymath," but she does not think she quite fits that definition. "The excess/surplus lines market interests me because it's on the forefront of societal changes, for example, cannabis and active shooter coverage."

However, competence in several areas works to her detriment when people struggle to categorize what she does. Accordingly, here's a list.

- If you need a writer for a deep dive on coverage or some other industry challenge or even a press release, that's Nancy.
- If you need help with a claim or coverholder audit, she can assist.
- If you need a presentation on a wide variety of topics, including canine liability or the talent crunch facing the industry, she's your gal.
- If you want a claims person to review and help reduce your agent or broker claims exposure, she can help.
- If you need an entertaining keynote or workshop speaker who will inspire you and make you laugh, Nancy will do that in spades.

Nancy's promise is simple: "I will bring all of me to anything I do. I do not take assignments when I don't feel I am the best person for that project. I refer many expert witness cases to others when I frankly feel that someone else has more expertise than I do. My father taught me the value of relationships and integrity. I bring these values to everything I do. I never saw him make a decision that benefited himself or his family over the benefit of his client or the carrier. I strive to live that ideal."

Nancy enjoys her membership in AAIMCo because "I can network with some amazingly smart and nice people." Last year's conference was her first, but she will be in Charleston in 2019.

Spotlight Article »

Nancy Germond
AIC, ARM, ITP, MA, SHRM-SCP, SPHR

Active Shooter Coverage - Our Industry's Responses to Dometic Terrorism

Mass shooter events have grabbed national attention. In 2017, the U.S. saw 346 mass shootings according to ABC News.¹ Active shooter occurrences are now a risk that many organizations face, from concert venues to shopping centers to school districts. Since the 1990s, school districts have become a frequent target of mass killers, but other organizations face the same challenge. No one would have envisioned a mass shooter walking into a movie theatre as one did in Aurora, Colorado, in 2012, killing 24 and injuring scores more. The randomness of the events, according to police experts, makes them virtually impossible to predict. After this type of tragedy, organizations involved face extraordinary challenges.

Insurance Responds to Societal Changes.

Consider cyber risk threats that were virtually nonexistent a decade ago. The industry developed cyber coverage to meet those complex cyber challenges. Today's insurers also have worked to help solve the issues associated with an active shooter event. When it became clear that terrorism and other coverages were inadequate to meet the liability and property damage and business income losses faced by organizations after a mass shooting, a new insurance emerged known as "active shooter" coverage. It provides a broad range of pre-incident and post-incident coverages. While your insured's general liability (GL) policy will generally offer coverage for these types of events, the active shooter policy will go far beyond GL in meeting the needs of an organization if an incident occurs.

The insurance industry pioneered this coverage in the past two years when underwriters of terrorism coverage began to see that terrorism and kidnap and ransom coverages were insufficient in protecting their insureds. Issues such as pre-loss recommendations, building security, post-loss crisis management and the expenses that arise after an active shooter event, meant carriers needed to develop forms to meet the unique exposures associated with these casualty events. From the reactive approach of the general liability policy, the industry took a more holistic and proactive approach to managing the risk of a mass shooting.

While some of your commercial insureds may be aware of active shooter coverage, many do not know this coverage exists. In addition, many do not realize their organization may be at risk for any number of reasons, including the organization's mission or location. Not only is educating your clients about this coverage beneficial to their risk management efforts, advising your insureds of this coverage availability can help prevent your agency or brokerage from facing an errors and omissions claim based on a failure to offer coverage.

¹ <https://www.abc15.com/news/data/mass-shootings-in-the-u-s-over-270-mass-shootings-have-occurred-in-2017>



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Several Names and Several Coverage Differences

Coverage for active shooter occurrences has several names including active shooter, active assailant, or terrorism coverage that includes active shooter coverage. No matter the name, insurers design the policies to protect the organization against reputational and financial loss and third-party liability should this type of event occur. This article refers to all three types as “active shooter” events, policies, or coverage.

Either written as a stand-alone policy or endorsed onto a terrorism policy, active shooter coverage goes beyond the general liability policy to cover not only liability claims, but also other expenses such as crisis management services post event, victim counseling and other expenses and services. One of the important coverage features is the inclusion of pre-event site premises inspections with loss prevention recommendations. Active shooter policies provide a team of experts who can help handle media interaction and other post-event details, such as logistical concerns and expenses faced by Broward County, Florida, after hundreds of travelers abandoned their luggage when a shooting closed a terminal.

Active shooter coverage is not a standard form, so it’s important to work with a carrier or wholesaler who can help you determine the best coverage fit for your clients. Some carriers writing active shooter products will work directly with retail agents while others work through a wholesale broker or a managing general agency (MGA) arrangement. Working with a wholesale broker can be beneficial because a wholesale broker or MGA can shop several carriers to determine the best coverage fit at the lowest premium, according to Lori M. Hunter, Executive Vice President at Worldwide Facilities, LLC.

Carriers write active shooter policies on either an event or annual basis, depending on the carrier and the needs of your client. For a non-profit free of any type of mission controversy holding one or two public events annually, an event policy may be in their best interest. An annual policy will better protect schools, shopping malls or clients with year-round exposures.

Recommending the Best Policy for Your Insured

The coverage trigger – the event that must occur before a policy will apply to the loss – differs by insurer. For some policies, the trigger is an “active shooter event” while others may depend on a “malicious attack or threat.” Policy definitions are of great importance because policy definitions also vary by carrier, including the definitions for an active shooter and active shooter event. According to Hunter, look for the definition of an insured event in a policy form because some forms require multiple casualties before responding while others do not. Another concern is the definition of “weapon,” which will vary by carrier.

Some insurers define “weapon” as a firearm, a knife, a syringe, or a medical instrument, for example, while others include moving vehicles and hand-held explosive devices. Some forms do not define weapon at all.

“Crisis consulting services can vary, as well,” Hunter said. “Agents and insureds should ask what pre-crisis training is provided, if any, with the purchase of a policy.”

Helping your insureds choose the right policy is important. Choosing a stand-alone policy or endorsing active shooter coverage onto a terrorism policy is another major consideration.

“The stand-alone active shooter coverage provides broader coverage specifically for an active shooter event,” according to Ms. Hunter. “Part of the coverage on this policy is the agreement from the carrier to provide an active shooter assessment and a training webinar. The coverage also includes sublimits for counseling services and funeral expenses. The terrorism policy, which adds the active shooter coverage, typically does not provide these items. The other disadvantage to getting the active shooter coverage with terrorism is that the two coverages often share one limit. So if an insured had a terrorism event and then an active shooter event in the same policy year, the limits of the policy could be eroded.”

Some of the active shooter policies are primary to the general liability (GL) policy and at least one carrier’s form is secondary. Active shooter policies will normally work with your insureds’ general liability policies in conjunction with the “other insurance” clause. However, some GL policies may not respond because they may exclude terrorism or acts committed by employees. Agents never want their insureds caught in a coverage battle as carriers try to figure out which policy is primary.

Types of Organizations That May Need Coverage

Not every organization needs active shooter coverage. However, some executives may not realize that they can be targets based on location or cause and their organizations could benefit from the coverage. Rural areas may be at risk from slower police and emergency responder response time. Those located in urban areas near parks, shopping, or concert venues may need coverage because their small business can be a target based solely on its location to a high-risk venue. Retail agents can use this unique coverage as an educational tool and a chance to meet with their clients to talk about emerging risks.

Underwriters are seeing an influx of applications and bind rates are higher than expected, according to one underwriter. Smaller risks such as community churches and small auto dealerships, restaurants and retail shops are increasingly shopping and buying coverage. Public sector organizations, including schools, are either purchasing or considering coverage due to their increased risk.

Premiums to Expect When Quoting Coverage

Depending on the carrier and the coverages, minimum premiums start between \$3,500 and \$5,000, according to Hunter. “Risks such as schools, concert venues and other high-risk areas would generate premiums higher than the minimums,” she said. While one expert in a recent Wall Street Journal article said that premiums are too high for the “extraordinarily low” chance of an occurrence, school districts, concert venues and other high-profile targets are not taking any chances.

What Do Underwriters Look for in a Submission?

Because coverage is evolving, active shooter insurance will mature, and underwriters may require more data before binding coverage. At this time, underwriters ask a variety of questions when they review submitted risks, including the following.

- What is the primary industry code of the organization?
- What are its hours of operation?
- How many locations are there and where are they geographically?
- What is the risk profile of that geographic area? Is it urban or more rural?
- What are the crime rates in that area?
- How much cash is on hand? Although money does not motivate most domestic terrorists, cash on hand is a component of risk.
- Are there guards on site? Are they armed?

- What is the culture of the organization's human resources?
- Does the organization monitor social media and other factors to determine employee behavioral threats?
- What is the distance of each location to the nearest police and fire departments?
- Does the organization have an emergency response plan? If so, does the plan address an active shooter event?
- What physical or environmental barriers are in place to prevent attacks?

These are only some of the factors today's underwriters address in their coverage decisions. The claim history of the organization, of course, is a normal underwriting question; however, prior acts of violence, threats, and attacks would concern an underwriter.

The Benefits of Offering Active Shooter Coverage

If these types of incidents continue, demand for this distinctive insurance will only grow. Building your expertise in this unique coverage sets you apart from many of your competitors.

Offering this coverage to all your commercial clients may seem like an overreach. According to Scott M. LeMay, President of LeMay + Lang, LLC, an independent property and casualty insurance consultancy, however, "Agents should ask an insurance buyer what concerns he or she might have about active shooter events. Then it is important to document either the potential insured's total lack of concern or interest, or their specific requests for insurance solutions, whether the actual solutions exist or not. Those requests, however, need to be responded to in a professional way that involves reasonable due diligence."

Protecting your agency's professional exposure and knowing you have gone that extra mile to protect your insureds shows you take your role as a trusted insurance adviser very seriously.

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Annual Conference »

Our 2019 Conference will be held at the **Hilton Garden Inn** in **Charleston, South Carolina**. The Conference will take place Thursday afternoon, May 2nd through Saturday afternoon, May 4th.

The Hilton Garden Inn is a waterfront hotel set by the picturesque Ashley Marina, on the banks of the Ashley River near the heart of downtown Charleston, SC. The location provides easy access to Charleston's Historic District, the South Carolina Aquarium, and Historic Plantations, as well as shops and restaurants. A complimentary shuttle service runs to and from the hotel to Charleston's Historic District, just 1.5 miles away. Within the Historic District a free trolley service operates three interlocking routes to take you to your destination and points of interest.

As occurred with this year's conference, we are planning our 2019 meeting format to have more content and end a little sooner. We will have an initial meeting beginning at 1:30 PM on Thursday afternoon, but the meetings on Friday and Saturday will be longer – from 8:30 a.m. to 3:30 p.m. to accommodate more content. For those wishing to do so, that schedule will also enable a Saturday rather than Sunday departure.

For further information, or if you have not received the conference announcement and/or registration form, please email Lesley at Lesley.perkins@aaimco.com.

