

Member Newsletter

Issue 35 | June 2019

President's Message »

It is with both great honor and tremendous humility that I pen these words – “President's Address”. I look back upon those men who have held this post during the time of my involvement in AAIMCo – Tom Braniff, Lee Hoffman, Van Hedges and Peter Marchel and know that I have large shoes to fill during my tenure. The bar truly is set high.

But that is the very essence of what the American Association of Insurance Management Consultants has established in the insurance and risk management arena in the US. As an organization, we expect nothing less in both our community of fellow experts and in our own personal endeavors to provide services to our clients. Our reputation continues to expand and with that comes the appreciation that there is value in our expertise ... as well there should be.

In this issue of our newsletter, you will find a lot of information about our recently completed conference in Charleston, SC. As always, Russ Taylor put together a great conference and as recognition of all the time and hard work that goes into the mechanics of these events, the membership has voted to waive his conference registration for the duration of his tenure as the Treasurer. Just a small token of our appreciation for a job well done.

You will also find the minutes from the business meeting that was conducted at the Conference. I would especially point your attention to the discussion and the final vote on the enforcement of the conference attendance requirements for every member to attend at least ONE out of every THREE annual conferences. There were very worthwhile arguments on both sides of the discussion but the ultimate decision by the membership was to instruct the Board to begin enforcement of this ByLaw and to that end, it will be going forward. The Board was granted the authority to issue a one-time waiver for cause if requested by a member. (Retired members are exempt from the attendance requirement ... although we always enjoy and appreciate their continued contributions to the Association!)

As a side-note to the issue of conference attendance, it is quite apparent from those who make it a point to attend every year and from those that attended their first – it is well worth the time and effort to make AAIMCo a priority when it comes to deciding which conferences to put on your calendar. The depth and quality of the presentations offered is worth the price of admission alone! That relationship that you develop with fellow members allows them to have a “comfort level” with you when opportunities arise for a recommendation for an expert retention. Without that face-to-face interaction, many of us may be hesitant to also put our own reputation on the line in a referral.



Kevin Hromas

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I am excited about working with the new Board of Directors – Kevin Quinley as Vice-President, Jennifer Walker as 2nd VP, Mary LaPorte as Secretary and Treasurer (For Life) Russ Taylor. Jennifer will be in line to eventually become the FIRST female President of AAIMCo in almost 20 years, and with that, I hope that each and every one of us will take hold of opportunities to recruit professional individuals of all genders to the Association. Jennifer will be assuming the duties of Membership Chairperson so keep her apprised of any potential recommendations you might have.

Soon, we will discontinue the use of the ListServ for all but specific communications from the Board. Lee Hoffman has done a tremendous job with getting the website built to accommodate discussion topics and that should be the mechanism going forward for general subjects and possible case referrals.

“NOLA 2020 – The Year of the Insurance Expert” is less than a year away! Make sure you block out the dates for that event in the exciting city of New Orleans next May!

Keep calm and AAIMCo on!

A handwritten signature in cursive script that reads "Kevin Thomas".

Association News

AAIMCo Members – CLEW Newsletter

AAIMCo Members provided 4 out of the 5 articles published in the Spring 2019 issue of the CPCU Society's CLEW Newsletter. The Members and articles featured were:

Tom Braniff and Bob Gaddis, “Wrongful Designation: Attorney’s Designation Of A Testifying Expert Without The Expert’s Knowledge”

Kevin Quinley, “The Essential Bookshelf For Expert Witnesses”

Douglas Emerick, “Working As An Expert Witness”

Bill Wilson, “Belts And Suspenders: Be Careful What You Don’t Ask For”

To obtain a copy of the CLEW Newsletter, please click [here](#).

Nancy Germond – Active Assailant Insurance

Arizona Member, **Nancy Germond** recently published the article “How Active Assailant Insurance Can Help Your Business Survive After A Mass Casualty Event” on her website InsuranceWriter.com. The article was also co-authored by new Member, Chantal Roberts. Ms. Germond and Ms. Roberts not only give an overview of standard commercial insurance policies, but also dive into what active assailant insurance entails. Please click [here](#) for a link to Ms. Germond’s website and article.

Kevin Quinley – Red Flags

Newly elected AAIMCo VP, **Kevin Quinley’s** article “Nine Case-Retention Red Flags For Insurance Expert Witnesses” was featured in the Spring, 2019 edition of Insights Magazine. Regardless of the insurance subspecialty, the article examines nine warning signs for insurance experts to be aware of at the start of any engagement in order to filter or avoid problematic engagements. Mr. Quinley also had his article, “The Essential Bookshelf for Expert Witnesses” published in the Spring 2019 issue of the CPCU Coverage, Educators Lawyers & Witnesses Interest Group newsletter.

Jason Murgio – Insurance Industry Recognitions

New York Member, **Jason Murgio’s** firm Merger & Acquisition Services was recently recognized with several industry distinctions. The notable distinctions include #2 Advisor in Insurance Underwriting Transactions By Deal Volume for 2018, #3 Advisor In Insurance Brokerage by Deal Value and Top 10 Advisor in Insurance Brokerage by Deal Volume all awarded by S&P Financial. Mr. Murgio also reports that the firm is on track to surpass their previous achievements with several high quality transaction closing in the 1st quarter of 2019.

Brent Winans – Presidential Award

In January Florida member, **Brent Winans**, was presented with the Annual Presidential Award by the Windstorm Insurance Network. The award is given each year “to recognize a member who has contributed significant knowledge, service, and leadership to better the Windstorm Insurance Network.” The Windstorm Insurance Network is a professional member association that provides education and relationship building opportunities. Its annual conference is attended by over 1,000 professionals representing every side of the property/windstorm insurance claims industry.

Frederick Fisher – IRMI Publication

IRMI has recently published 3 parts of a 4-part series titled “Dangers That May Lurk In All Claims Made Policies” written by new Member, **Frederick Fisher**. To take a look at the 3 parts published so are, please click [here](#). Be on the look out for part 4 to be released later this month.

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 »

Officially, AAIMCo currently has 52 Professional Members, 4 Affiliate Members, 4 Associate Members and 3 Retired Members. This boosting our total membership to 63! This is slightly higher than last year's total — a positive trajectory!

The following new have joined since our last AAIMCo newsletter. last year's Fort All of them attended the Charleston Conference and had a chance to introduce themselves and give a quick description of their practices:

NEW PROFESSIONAL MEMBERS

Damian Arguello
Scott Bushnell
David Stegall

Colorado Insurance Law Center
Business Interruption Consulting
Risk Consulting & Expert Services

Denver, CO
Gaylord, TX
Birmingham, AL

NEW AFFILIATE MEMBER

Dominique Renaud **Houston Business Insurance Agency, Inc.** **Houston, TX**

In addition, one more Professional Member has applied since the Charleston Annual Conference.

Membership-related duties now transition to **Jen Walker**, our Second Vice President.

I have no doubt that AAIMCo is up to the challenge in growing its membership to remain a growing and dynamic organization!



Kevin Quinley
 CPCU, AIC, ARM, AIM, ARE,
 RPA

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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 »



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The accompanying exhibits provide a snapshot of AAIMCo's financial position for the first five months of 2019 compared to the same period last year. This year's dues income is down by about \$600, primarily the result of several Affiliate members not renewing their memberships. We had an increase in Conference Registrations the result of record attendance at this year's gathering in Charleston, which included many new members attending their first AAIMCo conference.

It is encouraging to see that referral fee contributions have increased 76%+ compared to last year, thanks to contributions by Scott Bushnell, Fred Fisher, and Joe Williams. And special thanks to Brent Winans who gave a strong pitch and call to action in support of the referral fee program at our Charleston conference. While participation is entirely voluntary, we encourage you to consider making a token contribution each time you receive referral work from a fellow member or through your AAIMCo website listing, with the recommended amount being equal to an hour of your billing.

On the expense side, conference expenses increased due to the higher number of attendees. All other expenses are in line with projections, and we should be on target for the rest of the year.

As evidenced by the positive net income for the first five months, and the increase in total equity in the Balance Sheet, AAIMCo continues to be in good financial shape



Treasurer's Report



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Balance Sheet

	May, 2019	May, 2018
ASSETS		
Current Assets		
Checking / Savings (Woodforest)	38,412.72	34,629.67
Accounts Receivable	400.00	258.00
Total Current Assets	38,812.72	34,887.67
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	38,812.72	34,887.67
LIABILITIES & EQUITIES		
Equity		
Opening Balance Equity	5,265.39	5,265.39
Retained Earnings	21,879.71	18,829.85
Net Income	11,667.62	10,792.43
Total Equity	38,812.72	34,887.67
TOTAL LIABILITIES & EQUITIES	38,812.72	34,887.67

Profit & Loss Statement

	May, 2019	May, 2018
INCOME		
Dues		
Dues - New Affiliate Member	225.00	0.00
Dues - Affiliate Member	900.00	1,500.00
Dues - Associate Member	540.00	180.00
Dues - Retired Member	180.00	90.00
Dues - New Associate Member	165.00	420.00
Dues - New Professional Member	975.00	799.00
Dues - Professional Member	14,100.00	14,700.00
Total Dues	17,085.00	17,689.00
Referral Fees	1,150.00	650.00
Application Fees	150.00	125.00
Conference Registrations	21,489.00	18,600.00
TOTAL INCOME	39,874.00	37,064.00
EXPENSE		
Travel Expense	0.00	626.86
Administrative Services	500.00	400.00
Banking Expense	0.00	10.00
Conference Expense	22,295.70	21,223.27
Executive Director Services	2,000.00	1,600.00
Insurance	780.00	1,681.00
IT Services and Hosting Fees	360.00	780.00
Other - Misc. Expense	271.31	131.44
Research Services	0.00	1,500.00
Website Design Project	2,000.00	0.00
TOTAL EXPENSE	28,206.38	26,271.57
NET INCOME	11,667.62	10,792.43

Member Spotlight »

JENNIFER WALKER, JD, MBA, CPCU, CRM, CIC, CEBS, CIT, GBA, AIM, ARM, AIC, ALCM

Professional Background

Jennifer Walker is the founding member of Walker Risk Consulting, LLC (an Iowa company). She is a property & casualty expert witness with a focus in insurance coverage, experience modification factors and agent/broker malpractice.

Jennifer conducts seminars and training in insurance and risk management. Jennifer holds the following insurance designations: CIC, CRM, CPCU, CEBS, CIT, GBA, AIC, AIM, ALCM, ARM. She has taught Micro and Macro Economics, Business Law, Business Communications, Human Relations, Insurance and Risk Management courses in various colleges and universities as well as instructed courses in CISR, ARM, AU, CPCU and more than twenty topics in continuing education. Jennifer is a published author in insurance.

Jennifer Walker is also the founding member of the Walker Law Firm, LLC (an Iowa company) and the Law Office of Jennifer Walker, LLC (a Georgia company). Jennifer was admitted to the Georgia State Bar in 2014 after a 30 year career in the insurance industry. She was admitted to the Iowa State Bar in 2015 and the Nebraska State Bar in 2016. Jennifer is admitted to thirteen state and federal courts. She practices insurance law (including coverage opinions, claim disputes, policy drafting, and advocacy for policyholders) and broker/agent malpractice. Additional practice areas include but aren't limited to criminal defense (including related immigration), personal injury, employment discrimination and contracts. Jennifer is accredited with the Veterans Administration and represents veterans in their pursuit of benefits and appeals.

Jennifer has a JD from Atlanta's John Marshall Law School where she attended night school while working full-time at Marsh & McLennan in Atlanta. Jennifer graduated in the top of her class. Additionally, she was the Executive Managing Editor for the Law Review as well as a published author for the Law Review. She graduated with CALI Awards in Insurance Law, Healthcare Law and Consumer Law. Jennifer was on the Corporate Transactional Law Team, a Peer Mentor and on the Council of Magistrates Research Panel. She has an MBA from Iowa State University and a BS from Drake University.

Immediately prior to opening her law office, Jennifer performed insurance and business consulting, legal research for a prominent civil law firm in Atlanta, and had an apprenticeship for the Deputy Chief Assistant District Attorney for Cobb County, Mike Carlson. In addition to being a research assistant for Mr. Carlson's 2nd edition of his book Carlson on Evidence, Jennifer received the following training: Security & Integrity Training through the Georgia Bureau of Investigation; Gang Seminar & Summit; Joint Law Enforcement, Victim's Advocate and Prosecutor Family Violence Training; ABA Death Penalty Due Process Review Project (National Symposium on the Modern Death Penalty in America); Child Sexual Abuse & Exploitation Conference; and Miscarriages of Justice Georgia Symposium.



Jennifer Walker

JD, MBA, CPCU, CRM, CIC, CEBS, CIT, GBA, AIM, ARM, AIC, ALCM

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Jennifer began her insurance career in the Midwest, originating in Des Moines, Iowa. She worked for several insurance agencies and insurance companies. In 2004, she transferred with her employer, Marsh & McLennan, to Las Vegas, Nevada. In 2006, she transferred once again with Marsh to Atlanta, Georgia. While at Marsh & McLennan, Jennifer was a Senior Vice President and held the following positions: Sr. Client Manager, Sr. Client Advisor, Client Executive, Casualty/Property and Multiline Practice Leader, Compliance and Professional Standards Officer, Client Advisory Practice Leader, Learning Officer, and Middle Market Multiline Practice Leader. After 19 years, Jennifer left Marsh in 2013 to transition to the legal field. She is a permanent part-time employee of AmWINS Brokerage of Georgia, LLC.

Personal Background

Jennifer was born and raised in Iowa. Before moving to the 'big city' of Des Moines when she was very young, her family lived in a log cabin on her grand-parents farm. The log cabin was complete with a large fireplace that heated the cabin in the winter and an outhouse. She developed a profound love for animals early in life. Her mom called her 'Elly May' because there wasn't a critter around she wouldn't bring home and adopt. Her mom and sisters were equally kind to animals and they all worked in concert to hide the most recent 'rescue' from dad. Two of her favorite pets as a child were their crocodiles (decedents of) Barney and Charlie who were from a local pet store. They were wonderful pets with a lot of personality.

Jennifer continues to rescue animals and will do whatever it takes to save as many as possible including giving CPR to a chipmunk, taking home lab mice from a local college so they wouldn't be destroyed and maintaining multiple feeding stations and warm homes for all kinds of animals during the cold winter months in Iowa. Her rescues tend to be the forgotten or mistreated furry and feathered creatures. The disabled, sick, old or abandoned. One of her favorite charities is Operation Baghdad Pups that unites members of the military with their service dogs.

In 2017 Jennifer moved back to Iowa and her family after thirteen years of living in Las Vegas and Atlanta. Jennifer's favorite activity is to go to the movies.



Spotlight Article »

JENNIFER WALKER, JD, MBA, CPCU, CRM, CIC, CEBS, CIT, GBA, AIM, ARM, AIC, ALCM

Storm Event : When Multiple Water Perils Intersect

A policyholder must prove their loss. When a storm event occurs, multiple perils such as wind, wind-driven rain, wind-driven water, storm surge, and rising water often intersect which creates a very challenging environment for a policyholder to prove their loss. To complicate the process further, additional loss may ensue or arise from these perils such as fire and mold/fungus.

Whether these perils are insured by an insurance policy, and if so to what extent, depends on the terms, conditions, definitions and exclusions in the policy. It is important to remember that policy provisions between insurers are not the same.

Storm event related first-party property litigation has always been active in the courts. First-party property litigation often occurs because insurers and policyholders interpret the wording of the policy differently. The importance of clear, unambiguous, policy wording cannot be overstated. A provision is ambiguous if it is capable of two or more meanings. The general rule is that ambiguities are held against the insurer. However, that is not always the case. Additionally, what may appear as ambiguous wording really may not be. Insurers have been testing their wording in the courts for many years.

This article will discuss the following: (1) The difference between wind-driven rain and rising water; (2) The broad impact of using wind-driven water verbiage; and (3) the importance of clear policy wording concerning water perils.

WIND-DRIVEN RAIN

FEMA states that “rain or wind-driven rain, and hail damage are not in the same damage category as floods and those perils should be covered perils of the property policy.”¹ Wind-driven rain is usually an uncovered peril in a property policy¹.

What is wind-driven rain? Professor Emeritus Hugo Hens, PhD stated:

“In calm (i.e. windless) weather, raindrops fall vertically. In wind, raindrop paths are oblique; the vertical component is called precipitation and the horizontal component is called wind-driven rain (WDR). While precipitation wets horizontal and sloped surfaces, wind-driven rain also humidifies vertical surfaces. The amount of water striking an enclosure in this way makes wind-driven rain a potentially damaging moisture source.”²

Wind-driven rain can enter a structure in numerous ways. Possible sources of entry from wind-driven rain include:

- Missing shingles on a roof allowing water to enter
- Attic ventilation openings
- Siding
- Windows – broken; penetration of seals or flashing; deterioration
- Doors – broken; penetration of seals or flashing; deterioration
- Holes in the structure or its openings due to wind

In a storm event, such as a named storm or hurricane, wind-driven rain may cause damage to the building and interior of the building prior to rising water entering the structure. For example, substantial damage may be evidenced above the flood line in the structure allowing investigators (and juries) to conclude that the damage below the flood line was not caused solely due to flood. The damage above the flood line may be so substantial that a jury may conclude that even though rising water eventually entered the building, the damage by wind-driven rain to the structure was a significant contributing cause of the loss.



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¹FEMA: Insurance Coverage for Flood and Wind-Driven Rain, Release Date October 22, 2005, Release Number 1603-104

²Wind-Driven Rain: From Theory to Reality, 2010 ASHRAE

While some property policies remain silent on wind-driven rain, other policies include a positive grant of coverage. The following is a sample positive grant provision for wind-driven rain:

“This policy is extended to insure damage as a result of rain or water (not constituting a Flood), whether the rain or water is driven by wind or not, that enters a building or structure insured under this policy.”

Regardless of whether the wind-driven rain coverage is silent or there is a positive grant, the policy will almost always contain provisions that seek to exclude or limit coverage from wind-driven rain. While the policyholder must prove their loss, if a policy is an All-Risk policy, the insurer usually has the burden to prove that a provision in the policy excludes or otherwise limits coverage.

A common exclusion found in the policy could read like:

“...loss or damage to the interior portion of buildings under construction from rain, sleet or snow whether or not driven by wind, when the installation of the roof, walls and windows of such buildings has not been completed.”

Another common provision, which may be stated as an exclusion or as a condition in the policy, may read like the following:

“The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless the building or structure first sustains damage by a covered cause of loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters.”

Therefore, while wind-driven rain is often a covered water peril in a property policy, the definitions, conditions and exclusions within the policy serve to erode, in whole or in part, coverage for wind-driven rain depending on the circumstances of the claim.

RISING WATER

In general, unlike wind-driven rain, damage by rising water requires flood insurance. Both rising water from a “flood” and rain water (whether driven by wind or not) can cause damage to the same structure during the same storm event. Heavy rainfall can cause rising water. Sewer systems that cannot keep up with rainfall can cause rising water. A sample definition of flood is:

“A general and temporary condition of partial or complete inundation of normally dry land areas or structures caused by the unusual and/or rapid accumulation of runoff of surface waters, waves, tides, tidal waves; the release of water; the rising, overflowing or breaking of boundaries of naturally occurring or man-made bodies of water; or the spray therefrom, all whether driven by wind or not including storm surge. Flood also includes the backup of water from a sewer, drain, or sump caused in whole or in part by flood.”

Referencing the definition above, courts have grappled with the phrase “whether driven by wind or not” and whether the phrase refers to the effect of wind on surface water and not falling (rain) water UNLESS the falling (rain) water becomes surface water as defined above. Unfortunately, sometimes insurers will interpret the above definition to include wind-driven rain. Therefore, it would be prudent to have a separate positive grant provision for wind-driven rain or an exception to the definition of flood for wind-driven rain.

CASE IN POINT

A case in point differentiating between damage caused by wind, wind-driven rain and rising water is a case arising from Hurricane Carla– United States Fidelity and Guaranty Company v. John M. Morgan, 399 S.W.2d 537 (Sup. Ct. TX, 1966). Hurricane Carla was a Category 5 Hurricane that struck Texas in 1961, causing more than 40 fatalities and devastating property damage.

USF&G provided a property policy to John Morgan for a cottage and a warehouse for perils including windstorm or Hurricane but excluding “...tidal wave, high water, or overflow whether driven by wind or not; nor for any loss caused by rain, whether driven by wind or not, unless the wind or hail shall first make an opening in the walls or roof of the described building...”

The question the Texas Supreme Court had to answer was: Whether if the damage to the Morgan’s cottage and warehouse was caused solely by the wind or in part by the force and wave action of rising water.

Experts were called to testify as to the wind velocity, tornadic activity, how winds might counteract the tide and “pile it up in the west end of the Old River or San Jacinto Bay, away from the insured property,” the elevation points of each structure, the maximum height of water on each point of the structures since the elevation varied within and between each structure, and the surrounding damage around the premises (e.g. tree damage – stripped bark from wind vs. water damage).

The warehouse was destroyed. The substantially damaged cottage had water which ranged from four inches to four feet deep. In fact, a rug in the north part of the cottage was dry. The jury from the lower court concluded that the damage to the warehouse and cottage was solely caused by wind and rain. The jury believed wind caused substantial damage to the buildings before the rising water ever reach the structures. The Supreme Court of Texas ruled this was a reasonable decision. Therefore, the structures were insured.

The damage to the personal property in the structures presented a different problem – “Heavy rain was falling on the contents after the roof of the warehouse was blown off by the wind. On the other hand, they were completely inundated by the rising waters. Some items were missing after the water subsided.” It was very difficult to determine whether the damage was caused by rising water or wind-driven falling water. As a result, damage to the personal property was not insured.

This case teaches us the importance of wording in a policy, reminds us of the significant burden of the policyholders to prove their loss and the importance of the policyholder employing experts to help them prove their loss in these types of cases.

WIND-DRIVEN WATER

Wind-driven water would appear to be a broader category of water peril than wind-driven rain. The phrase ‘wind-driven water’ is not commonly used in policies. Instead, insurers tend to itemize types of water that are covered (or not) when the water is driven by wind such as surface water, flood and storm surge.

On the other hand, some courts have used the phrase ‘wind-driven water’ interchangeably with flood or storm surge. Additionally, courts have used the phrase ‘wind-driven water’ interchangeably with ‘wind-driven rain.’ Wind-driven water therefore can have multiple meanings.

Logically, we think of wind-driven rain as referring to a specific source of water – falling rain. But don’t fall into the assumption trap!

Due to the multiple uses of the phrase ‘wind-driven water,’ if a property policy is not clear, an insurer may attempt to interpret wind-driven rain as being part of other wind-driven water categories and therefore limit, or exclude, coverage by classifying wind-driven rain the same as flood or other water damage. Why is this a potentially dangerous situation?

1. If flood is insured, the policy usually includes a sub-limit of insurance.
2. The peril of flood almost always includes an aggregate limit of insurance.
3. The peril of flood will usually have a higher deductible than other perils on the policy.
4. Flood may be an excluded peril, while wind-driven rain would otherwise be a covered peril.

Let’s look at an example of how important policy wording is in respects to water perils and a named storm event. Who can forget Superstorm Sandy?

In *New Sea Crest Health Care Ctr., LLC v. Lexington Ins. Co.*, No. 12 Civ. 6414, 2014 WL 2879839, at *2 (E.D.N.Y., 2014), the court had to rule whether all loss from a named storm would be within the named storm sub-limit and whether storm surge was part of the named storm sub-limit OR the much smaller sub-sub-limit of flood. The court reiterated what multiple courts have found – that “storm surge is little more than a synonym for a tidal wave or wind-driven flood.”

In this case, Lexington included in their definition of flood – water “whether driven by wind or not.” Common wording. But then Lexington included the phrase “regardless of the number of coverages, locations, or perils involved including, but not limited to, all flood (however caused), wind, wind gusts, storm surges, tornados, cyclones, hail, or rain.”

As a result, even though storm surge was listed separately from flood in the policy, the court said storm surge is flood and limited by the sub-sub-limit. Additionally, perils such as rain were lumped into the named storm sub-limit. All other policy sub-limits relating to storm event were within the named storm sub-limit (and flood sub-sub-limit if applicable) such as: debris removal, civil or military authority, demolition, ingress/egress, ordinary payroll, equipment breakdown and business interruption. These sub-limits did not stack on top of the named storm sub-limit (or flood sub-sub-limit).

The importance of this case lies with how common perils such as rain may be seriously limited in a property policy if the peril is part of a storm event AND the policy wording is designed to limit all coverage for the storm event.

CONCLUSION

When a storm event occurs causing multiple water perils to intersect, the challenge of proving what damages are insured will be a daunting (and expensive) task for any policyholder. If the policy wording is not clear as to what perils are insured and under what circumstances, the claim process is further complicated with potential legal disputes.

Annual Conference 2019

Charleston, South Carolina

AAIMCo Annual Meeting – 2019 Business Meeting Minutes

Thursday, May 2, 2019

The Annual meeting was called to order by president Peter Marchel at 4:23 pm. Members in attendance were:

- Craig Andrews (Associate)
- Damian Arguello
- Fredrick Berry
- Vincent “Chip” Boylan (Associate)
- Tom Braniff
- Scott Bushnell
- Al Diamond
- Doug Emerick (Affiliate)
- Frederick Fisher
- Robert Gaddis
- Michael Gay
- Nancy Germond
- James Greer
- Charles “Chuck” Hewitt (Associate)
- Lee Hoffman
- Kevin Hromas
- Mary LaPorte
- Danette Leonhardi
- Stanley Lipschultz
- David Mandt
- Peter Marchel
- James Moore
- Mark Pollack
- Kevin Quinley
- Dominique Renaud (Affiliate)
- Casey Roberts
- James Robertson
- David Stegall
- Akos Swierkiewicz
- Russ Taylor
- Jennifer Walker
- Joe Williams
- Bill Wilson
- Brent Winans

All Associate and Affiliate members were dismissed from the business meeting.

President Peter Marchel asked everyone to note the minutes from the 2018 which were included in the handout material. He directed members to review the minutes prior to the Saturday session of the business meeting so that they could be approved at that time.

OLD BUSINESS

Membership Requirement to Attend Conference

President, Peter Marchel explained that since this is a major issue which will require time for discussion, it has been tabled for Saturday’s session.

COMMITTEE REPORTS

Treasurer’s Report

Treasurer, Russ Taylor referred members to the 2019 Profit & Loss statement comparison to 2018. Although it may look like the net income is down from last year, it is only because we had prepaid some of the hotel expense for the conference. This can distort the net income because the timing of the payment. The Balance Sheet indicated Total Liabilities & Equity for 2019 as \$54,151.65 compared to \$56,762.66 for 2018. The financial state of AAIMCo continues to be very secure.

There was a question as to whether the numbers reflect a return of conference registration fees for the members who had paid the required registration fee, but then were unable to attend. Russ explained that the financial statements were completed prior to those cancellations, so the numbers do not reflect those reimbursements.

Russ also commented that we have received no referral donations this year compared to previous years. It was explained that members are asked to consider making a voluntary donation to AAIMCo whenever a business referral is received from another member of the organization. A donation equal to one hour of billed time is suggested. This is a totally voluntary payment and helps support our annual conference. Several members commented on the importance of this donation. Some newer members had not been aware of the request and indicated that they would send a donation in the future. One member mentioned that it would also be appropriate to thank any member who gives them a referral. Sometimes a member does not know the outcome of a referral made, and good business protocol would be to at least acknowledge and thank the referring member.

Membership Report

Kevin Quinley presented the membership report. We currently have 63 members, and experiencing less attrition than in the previous year. He thanked members for the referrals of new members, especially Russ Taylor. Since membership is the responsibility of the 2nd Vice President, Jennifer Walker will take responsibility beginning this year. He reminded members that they should nominate or refer potential members to Jen.

A question was asked why some have discontinued their membership. Russ stated that a few members have retired. Others say they are not getting anything out of the membership, but these are typically those who have not actively participated in the organization. Some discussion followed. It was suggested that there is often a misunderstanding of what membership would provide. Some may have joined only to obtain business referrals and are disappointed when they have received none. Kevin Hromas indicated that there was an incident with an Affiliate member who was unhappy with the quantity of list-serve discussion. Kevin apologized to members if his handling of the issue with that individual had offended any of the members.

NEW BUSINESS

2020 Annual Conference

It was pointed out that Russ Taylor has worked tirelessly to plan the conferences year in and year out. Kevin Hromas made a motion that his conference fee be waived as long as he holds the position of treasurer. The motion was seconded and members unanimously voted and approved.

Russ Taylor explained that the 2020 conference will be held in New Orleans on Thursday May 7 through Saturday May 9. The hotel will be the Higgins Hotel & Conference Center, a “boutique” property of the Curio Collection by Hilton. This is a brand-new hotel opening in September 2019 and the group room rate will be \$184.00 per night. Located in the Museum District, it is just west of the French Quarter and right across from the World War II Museum. The museum is one of the best in the country and members will want to spend at least 4 hours there, and even more. Russ will attempt to get a museum pass discount for our group.

Kevin Hromas stated that an invitation has been extended to the Society of Risk Management Consultants (SRMC) to see if any of their members would like to attend as a guest. We would need to find out how many members would be interested in attending. He suggested that we use “NOLA 2020 – The Year of the Insurance Expert” as a marketing idea. Peter explained the historical background and considerations of having the two groups coming together. He went on to say that nothing is imminent, but that we are trying to get to know each other’s groups better. Discussion followed, and some members pointed out the pros and cons about getting together with SRMC. One suggestion was to hold our meetings on common dates with split-out sessions that would be beneficial to both groups. It was agreed that that should be our first goal. Russ reminded that he will need to know before the hotel cut-off date so that the block of rooms can be reserved for an appropriate number.

E&O Program for Members

Russ Taylor presented a proposed E&O Program for members. In preparation for that, he had conducted a 10 question survey, to gather sufficient information to get a proposal. One of the challenges is the fact that our group is so diverse - in terms of what they do, their staff and revenues. All information gathered was anonymous and 82% of members participated.

Interesting facts revealed by the survey:

- 60% of members have been an independent consultant for 10 or more years
- 90% are the only consultant in their practice
- 73% have no clerical staff
- 53% had revenues less than \$150,000 in 2017
- Members perform a wide variety of services
- 71% currently carry E&O coverage
- No one has ever had an E&O claim

Russ was successful in finding a market through US Insurance Brokers which is headquartered in Houston. The carrier is Arch. An application will be made available through our AAIMCo member's portal and will establish a direct link to the broker. It is hoped that this will be put into place by June 2019.

MEETING RECESSED

President Peter Marchel dismissed members from the business meeting at 5:20p.m. to be resumed on Saturday, May 4.

Saturday, May 4, 2019

The meeting was called to order at 10:40 a.m. by Peter Marchel as a continuation of the business meeting. Members in attendance included those listed at the meeting on Thursday, May 2 plus:

- Cheryl Koch
- Britta Moss

Two members were listed earlier had to leave before this part of the meeting: Michael Gay and Brent Winans

Election of Officers

President Peter Marchel introduced the slate of nominated offices for the next two-year term:

- President – Kevin Hromas
- 1st Vice President – Kevin Quinley
- 2nd Vice President – Jennifer Walker
- The offices of Treasurer (Russ Taylor) and Secretary (Mary LaPorte) will remain unchanged.

It was moved that the proposed office changes be approved, and the motion was seconded. The slate of new offices was approved by vote. Peter Marchel turned the meeting over to the new president, Kevin Hromas.

Facebook Page

President Kevin Hromas explained that we are exploring a Facebook page for AAIMCo. We would like to have it professionally created and maintained. Kevin's wife Lorri and Lisa Harrington will be working on this project together. They may also create a private page for members and spouses only and are evaluating the interest by members.

White Paper on Piracy Agreements

Greg Deimling had volunteered to chair the White Paper Committee on Piracy Agreements. He was going to contact members who had previously offered to participate in the committee and take it from there. Since Greg was unable to attend the meeting this year, Lee Hoffman agreed to contact him and check the progress. It was mentioned that this should be a collaborative effort by members because of its importance. The new website forum may offer us a better opportunity to work collaboratively on projects like this.

Future Conference Locations

Kevin Hromas mentioned that we had planned to meet in Austin Texas in 2021, but since there are a lot of graduations going on at that time, we may to readdress. Discussion followed. A suggestion was made that Chicago be included in the mix sometime. At one time we felt that Texas should be the venue every 2-3 years because of the large percentage of membership from Texas. However, because of the more geographically diverse membership, perhaps Texas should be less often. In addition to Chicago, Baltimore, Washington DC and Denver were suggested. It was moved and seconded that the decision be made by the board and communicated with members within the next six months. The motion was approved by membership vote.

Al Diamond mentioned that he and his spouse Sherry are planning a cruise out of New Orleans next year after the conference. They are looking at options for either a cruise in the Gulf or up the Mississippi and would try to obtain a special rate for AAIMCo members. They will let members know what options they find.

OLD BUSINESS

Membership Requirement to Attend Conference

President, Kevin Hromas explained the background of this issue. Our current bylaws require that members attend an annual conference at least every three years in order to maintain their membership. Although this requirement has been in the bylaws for many years, it has not been enforced. At last year's conference it was decided that this issue should be put to a vote this year. The motion from last year's conference stated: "A notice will be sent to all members that there is a proposed change in the bylaws, Article IV, to remove the requirement to require attendance at the annual meetings. A vote would then be conducted to include the entire membership." That notice had been emailed to all members on April 15, 2019 along with arguments in favor of keeping the requirement (pro) and arguments to eliminate the requirement (con). Members in attendance were asked to review the written pro and con arguments.

Al Diamond then presented the points in favor of keeping the requirement, and Danette Leonhardi presented the points opposing the requirement. After a period of animated discussion, a vote was taken. Members voted 24 in favor of keeping the provision in the bylaws, and 5 to remove. The requirement will remain in the bylaws and the board will determine how members will be notified of its intended enforcement.

Note: During the discussion about this motion, an issue was raised about gender equality. It was stated that many members are gender biased which affects referrals, and other issues. There was acknowledgement that this is an issue that the membership needs to be cognizant of and may merit future discussion. A suggestion was made that this be tabled for another time so that we could focus on the issue at hand.

BREAK

A break was taken at 12:10 p.m. The Business meeting called back to order 12:23

A motion was made that the three-year requirement for attendance in the bylaws be amended to exclude retired members from this condition. The motion was seconded, voted and approved unanimously.

Social Media/Marketing Committee

At the 2018 meeting, Lisa Harrington stated that she had some experience with social media and marketing and would be willing to chair a committee for that purpose. Nancy Germond and Danette Leonhardi agreed to serve on that committee as well. Since Lisa was not present at this meeting, no one was sure where this stood.

New Member Incentive to Attend Conference

Al Diamond made a motion that new members be given entry to their first conference after joining at no charge, and that they be required to make a presentation at that conference. Discussion followed. It was pointed out that it should not be free, and it was too much to ask for someone to make a presentation at their first conference. After some discussion, Al agreed to modify the motion as follows: "New Professional and Associate members will be offered registration fees at half-price for the first annual conference after joining AAIMCo, and they will be required to make a presentation to the group within the first two years of membership."

It was agreed that this motion will be tabled for vote at the 2020 conference, after this matter has been introduced to members for input.

MEETING CLOSED

Meeting was closed at 12:45 p.m. by president Kevin Hromas.





















