

# Member Newsletter

Issue 43 | June 2022

## President's Message »

### Jazzed by New Orleans and Leaning into Summer!

"Jazzed" is how I feel after AAIMCo's latest Annual Conference. This befits New Orleans' jazz traditions. Auspiciously, our event coincided not only with New Orleans' Annual Jazz Fest, but also Cinco de Mayo. In honor of our gathering, surely the Mayor could've renamed the day, Cinco de AAIMCo!

On day two of the Conference, a large crater formed on I-10, near an exit to downtown New Orleans, prompting some to call the phenomenon, "Sinkhole de Mayo."

The Higgins hosted AAIMCo's best attended annual Conference ever! It featured a strong program of timely insurance topics and savvy presenters. We had a refreshing rooftop reception. Some on the rooftop struck "Rosie the Riveter" poses. We savored tasty dinners, plus lively entertainment at the World War II Museum. We honored The Greatest Generation, as the "Liberty Belles" sang a medley of songs from an era which evoked nostalgia and made patriotic hearts swell.

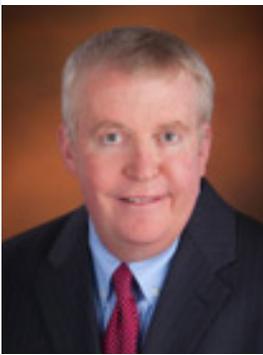
In all, the New Orleans conference was a rousing success, because of the presenters, the engaged attendees and hard work of Board members — particularly Mary LaPorte, who juggled myriad planning details to ensure a smooth event!

As we reminisce about New Orleans, however, we look ahead to our conference in Boston at the Omni Parker House on May 4-6, 2023. Save those dates and calendar ahead to register, reserve your hotel room and make travel arrangements.

Until then, we now move into Summer — a time of vacations, suntan lotion, heading to the beach and seeking air-conditioned comfort in movie theaters, which release their cinematic hits. Thus the sequel to the 1986 hit, "Top Gun."

I just finished watching "Top Gun - Maverick." It continues the story of hotshot fighter pilots who train at the Miramar Navy facility in San Diego. There, the Navy draws its best and brightest fighter pilots and trains them to raise their skills to the highest level.

I think of AAIMCo as the insurance expert equivalent of "Top Gun." AAIMCo represents the top tier, the crème de la crème and upper echelon of insurance consultants, experts and specialists. (I'm admit I'm biased.) No, we haven't cornered the market and we'll keep scan the recruiting more candidates.



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In the “Top Gun” sequel, Tom Cruise teaches the newest generation of hotshot Navy combat pilots. He reaches a career stage where he gives back -- conveying his knowledge, expertise and seasoning to others.

In like vein, AAIMCo members are at career seasons where we have opportunities to teach. This not only means standing in front of a classroom, but it can include other methods.

Conveying insurance insights also means generating intellectual property such as articles, books, conference presentations, webinar talks, podcast interviews, and so on. Fortunately, many AAIMCo members are vigorously engaged in these activities, representing the “top guns” of the insurance industry. They convey their insights and knowledge to peers and to other insurance/risk professionals who are climbing the professional ladder.

A toast to AAIMCo’s insurance “Top Guns”!

*Kevin M. Dunley*



# Membership Report »

Hello everyone!

Presently, we have four solid candidates for membership. My goal is to present a new member to the AAIMCo Board each month for consideration. If any AAIMCo member wishes to promote a colleague for membership, please have them either: 1) contact me directly at [dleonhardi@pugetsoundclaimconsulting.com](mailto:dleonhardi@pugetsoundclaimconsulting.com) or (206)251-2598; or 2) complete the membership application on the AAIMCo website.

While I love to speak with potential members, it is far more efficient to start the process via the website application and it gives the potential member a heads-up that we will, indeed, be vetting their application

Best,

Danette Leonhardi  
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# Treasurer's Report »

The purpose of this report is to present the financial position of the American Association of Insurance Management Consultants ("AAIMCo.") for the second quarter fiscal year 2022. The association maintains its accounting books in accordance with Generally Accepted Accounting Principals ("GAAP") on the cash basis of accounting. This report includes the three basic financial statements, Balance Sheet, Income Statement ("P&L"), and Cash Flow. It is management's responsibility for the accuracy of information and accounting controls used to prepare these statements.

## **Balance Sheet**

The balance sheet measures the financial health of the association based on assets and liability, financial resources and the claims against them, and the equity or net assets. Assets for the association are primarily cash held in the bank account of AAIMCo. There are currently no liabilities to be accounted against the assets of the association. The assets of the association as of March 31, 2022, is \$50,520.

Owner's equity presents the net change based on the opening balance, retained earnings, and net income of the association. Currently the owner's equity is \$50,520 representing a net decrease from the beginning of the period of (\$6,463). Please refer to the balance sheet enclosed in this report.

## **Income Statement**

The income statement measures the financial performance of the association based on the profit generated by its operations. The primary revenue generated by the association is membership dues, annual conference fees, and honorariums. Revenue generated in the second quarter of 2022 is \$11,830 of which \$4,350 is membership dues, \$5,935 is conference fees, and \$1,545 is honorariums.

The expenses of the association are primarily incurred as annual conference fees, professional fees, and office expenses. Total expense for the second quarter 2022 is \$18,293 of which \$16,046 is annual conference fees, and \$1,467 is office expense. This results in Net Operating Loss of \$6,463. Please refer to the Income Statement included in this report.

## **Cash Flow**

The statement of Cash Flow measures the performance of the association based on the receipt and use of cash in the first quarter of 2022. The association consumed \$6,463 of net cash during the period subtracted to the beginning cash balance of \$56,983 to reconcile the cash held in AAIMCo's bank at the end of the period of \$50,520. Please see the statement of Cash Flow included in this report.

## **2022 Annual Conference**

AAIMCo's annual conference is the leading expense incurred by the organization on an annual basis. This year's conference, being held in New Orleans, had 36 regular members of the organization and 17 guests.



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# Treasurer's Report »



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Conference fees generated to date are \$20,650. This amount includes the member and guests' fees. Currently the budget for the conference is approximately \$40,000 of which \$18,500 has been incurred to date in the form of deposits, leaving approximately \$20,500 to be paid during. We are working with the Higgins Hotel to get a final invoice and payment for the conference venue.

The difference between fees generated for conference attendance and the estimated budget of is approximately \$20,000. Based on the current cash balance in the bank, the cost of the 2022 annual conference in excess of the conference fees is easily covered.

## Voluntary Referral Honorarium Contributions

AAIMCO maintains a voluntary referral honorarium program for any professional in the organization that is referred paid work related to their expertise. Generally, the voluntary contribution is the value of one billable hour of work as a thank you to the organization. All funds received from the members for Honorariums are put into the general fund of the organization.

Since the 2022 Annual Conference we have received one Honorarium contribution from: Kevin Quinley

If you received a referral through AAIMCO or one of the professionals in AAIMCO, please consider contributing one billable hour's value to the organization.

## Overall Financial Health of the Association

The overall financial health of the association is good. The current cash resources of the organization are such that our monthly operating activities of the association should be covered for the year. The excess cost of the 2022 annual conference is expected to be covered with the financial resources of the association.

Currently the association is planning and preparing for the 2023 annual conference. This has required the association to commit deposits for the conference venue in April and June 2022 and January 2023. Currently those deposits are expected to be covered with the financial resources anticipated through the end of the year.

Respectfully submitted,

A handwritten signature in black ink that reads "Scott E. Bushnell". The signature is written in a cursive, flowing style.

Scott E. Bushnell, CPA, CFF  
AAIMCo Treasurer

**PROFIT/LOSS REPORT****Income**

Contributed income	0.00
Conference Fees	5,935.00
Honorarium	1,545.00
Membership Dues	4,350.00
Total Contributed income	11,830.00
Total Income	\$11,830.00

**GROSS PROFIT****\$11,830.00****Expenses**

Annual Conference Expenses	
Conference Venue	1,500.00
Restaurant Meals	13,966.47
Transportation	580.00
<b>Total Annual Conference Expenses</b>	<b>16,046.47</b>

## Insurance

Directors & Officers Insurance	780.00
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**Total Insurance****780.00**

## Office expenses

Office Supplies	109.53
Printing & Photocopying	417.97
Shipping & Postage	131.82
Internet & TV services	700.00
Software & apps	53.30

**Total Office expenses****1,466.62****Total Expenses****\$18,293.09****NET OPERATING INCOME****\$-6,463.09****NET INCOME****\$-6,463.09****BALANCE SHEET****ASSETS****Current Assets**

## Bank Accounts

Business Growth Checking (1351) - 1	43,475.92
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**Total Bank Accounts****\$43,475.92**

## Other Current Assets

Payments to deposit	7,044.00
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**Total Other Current Assets****\$7,044.00**

## Total Current Assets

\$50,519.92

**TOTAL ASSETS****\$50,519.92****LIABILITIES AND EQUITY****Liabilities**

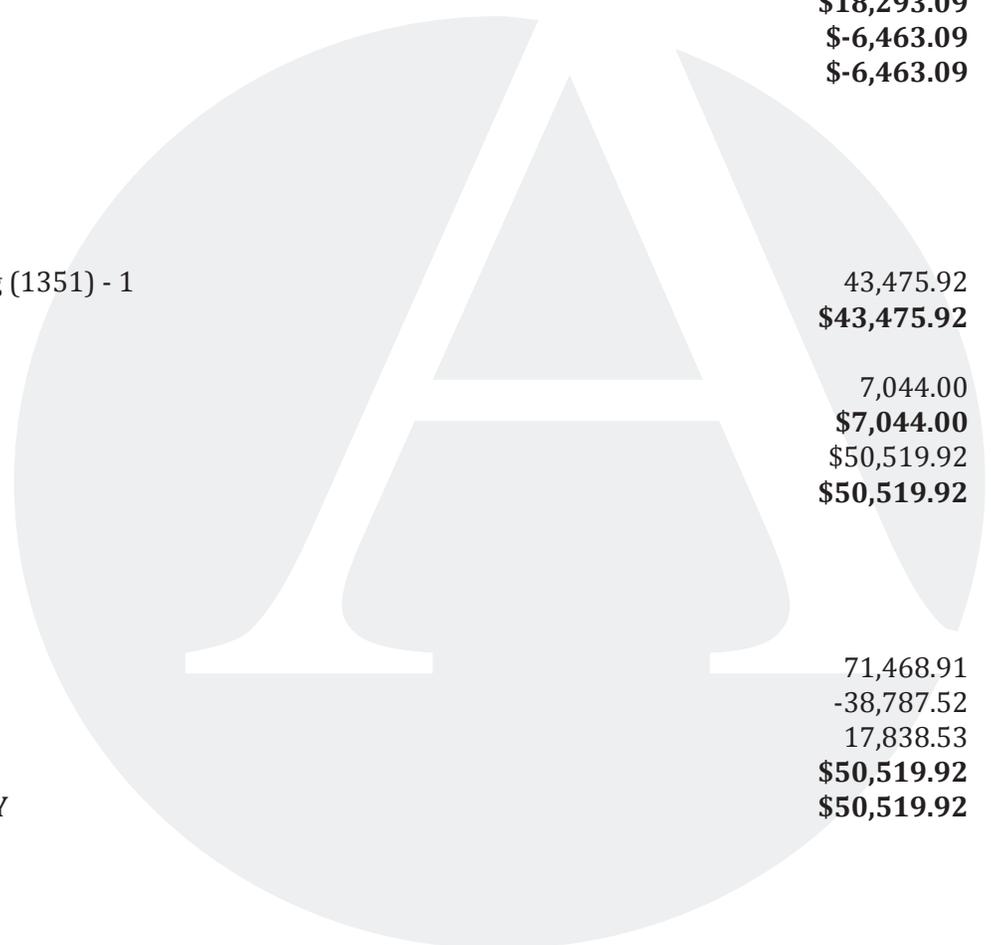
## Total Liabilities

**Equity**

Opening balance equity	71,468.91
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Retained Earnings	-38,787.52
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Net Income	17,838.53
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**Total Equity****\$50,519.92****TOTAL LIABILITIES AND EQUITY****\$50,519.92**

**Statement of Cash Flows**  
**January - March, 2022****OPERATING ACTIVITIES**

Net Income	-6,463.09
Adjustments to reconcile Net Income to Net Cash provided by operations:	0.00
Net cash provided by operating activities	\$-6,463.09

**NET CASH INCREASE FOR PERIOD** **\$-6,463.09**

Cash at beginning of period 56,983.01  
**CASH AT END OF PERIOD** **\$50,519.92**



# Member Spotlight »

Danette Leonhardt, Membership Chair

I have made the acquaintance of many wonderful AAIMCo members but have yet to formally introduce myself.

First, let's start with a little background. Presently, I am the owner of a claim management service in the administration of complex insurance claims. This service operates under three trade names: Puget Sound Environmental Claim Service (PSECC), Puget Sound Claim Consulting (PSCC) and Puget Sound Risk & Insurance Consulting (PSRIC).

Each trade name represents a claim handling specialty: PSECC – environmental, construction defect, and toxic torts; PSCC – all lines, including expert claim handling testimony, and PSRIC – reinsurance and surplus-line claim consultation. PSCC is a risk and insurance management service offering advanced technical knowledge and expertise for general claim handling issues. PSECC provides specialty claim services for general liability environmental exposures, EIL (environmental impairment liability) policies, construction defect claims, and long-tail toxic torts. PSRIC provides a full line of reinsurance services ranging from underlying claim auditing to treaty/facultative policy analysis in addition to work with excess and surplus lines carriers. My direct claim handling experience spans 44 years in various capacities ranging from claim adjuster to field adjuster to reinsurance auditor to claim manager to consultant.

My claim management service has been in existence since its incorporation in 2009, which came on the heels of a recession and was born of necessity. Like many, many others, I was laid-off during that recession and found corporate employment impossible to find. I think I interviewed for over 600 jobs--exhausts me just to think about it!

As we all know, there is always a story behind the story. I was raised as a military child and, by the time I graduated from the University of Washing-



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ton in 1973, I had traveled around the world and coast-to-coast approximately 44 times (matches my years in the insurance industry). It is easy to have sympathy for such a displaced childhood but I look back and am continually grateful for the experiences my mother and father insisted I endure. Her basic life philosophy was “When in Rome...” So, we visited Japanese Temples, Kabuki and Bunraku performances in Tokyo, the St. Leonhardi (yes, that’s right) in Germany and every single museum between San Diego and New York, including the Spam Museum in Austin, Minnesota.

I wasn’t meant to be in the insurance industry. While I do, indeed, have a degree in Business Administration (with a minor in Quantitative Methods), from the University of Washington and a Master’s degree from the University of Puget Sound in International Business, my first love has always been the “art of reclaimed objects.” It is basically the construction of art out of reclaimed objects, fabrics and hardware. In the 80’s I constructed costuming for music videos and stage performances and recently, I have submitted piece concepts to the World of Wearable Art competition in New Zealand.

But “art” wasn’t a very lucrative profession in the 70’s and 80’s and I found myself looking for a remunerative occupation to support my true “avocation.” I entered the insurance claim world in 1978 and have been going strong ever since. I have worked for seven different companies over the course of my career and audited the claim product of over 50 companies as a reinsurance auditor. While the melding of an insurance claim discipline with the heart of an artist may seem too disparate, it has worked for me.

I am a lightweight when it comes to expert witness work—I have appeared in almost 100 cases, in 12 states at both the Federal and State level but, honestly, am delighted with this field of work as I endeavor to use the background that has sustained me and keep my mind academically active. I shall be doing this type of work for as long as I can type!

Frankly, dear friends, I never thought I’d make a profession out of consulting but here I am. And also frankly, I thank my friends at AAIMCo for their kind suggestions, business hints, educational assistance and encouragement for the past five years I’ve been a member. This group has been invaluable.



# Spotlight Article

## “Danger, Will Robinson, danger! 19 Red Light Warning Signs for Expert Witnesses”

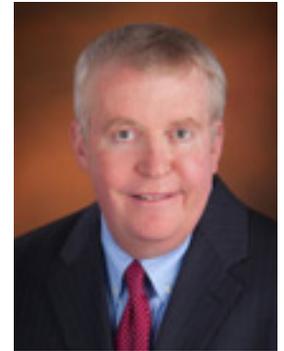
By Kevin Quinley

Every ladder that you buy is plastered with warning decals. Perhaps you take prescription medication that comes with contraindications and warnings.

Some drugs come with a so-called “Black Box” warning of dire side effects as a result of misuse or interaction with other drugs.

Unfortunately, no expert witness or consulting engagements come with such overt warnings, but many should. Here is an unscientific, off-the-top-of-my-head list of nineteen yellow and red flag warning signs that may spell trouble with a capital “T”:

1. Eleventh-hour engagements after sitting on a Scheduling Order for months.
2. Slow pay on Invoices.
3. Setting your deposition but telling you not to bill for document review prep time.
4. Evasive or last minute in terms of willingness to schedule deposition or trial prep sessions.
5. Nonresponsive to requests for specific additional documents the expert needs to see.
6. Slow pay of the retainer. You put nearly 30 days of work into the case and have yet to receive the initial retainer.
7. Vague and evasive replies to the question, “What’s the volume of documents that need to be reviewed?” Typically replies “Oh ... not that much....”
8. Attorney says that he/she will write the report or disclosure to “save you time.” You only need to sign off on it.
9. Trying to retroactively alter the engagement terms that they agreed to.
10. Asking for a not-to-exceed figure at the beginning of a project.
11. Refuses to assign the case until and unless the expert will warrant their opinion, prior to reviewing any case documents.



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12. Mentioning in passing that you are the third expert consulted because two others already declined.
13. Refuses to pay for deposition or trial prep time because “You’ve already seen these documents, so this is duplicative work.”
14. Breaches the terms of the signed engagement letter. Agrees to pay invoices within 30 days and then when they are late, says, “oh, this client takes 45 to 60 days on average.”
15. Nasty surprises such as giving short notice of depositions when they have had the Notice of Deposition for weeks.
16. Requiring a budget and being too obsessed with what the case will cost.
17. Wanting to defer a deposition prep session to the day before or the morning of the deposition.
18. Complaining that, given the settlement amount that they resolved the underlying case for and your fees, that the case is unprofitable for them.
19. Trying to get two experts for the price of one. At the initial call, you make it clear to counsel that you have subject matter expertise in “X” but not “Y.” After retaining you, however, counsel pressures you for opinions on the subject matter of “Y,” which would otherwise require hiring a separate expert.

With apologies to The Police, “Roxanne – you DO have to put out the red light!”

Part of the problem is that not all these warning signs manifest themselves at the beginning of engagement. Sometimes you’re waist deep in the water when you see signs of trouble.

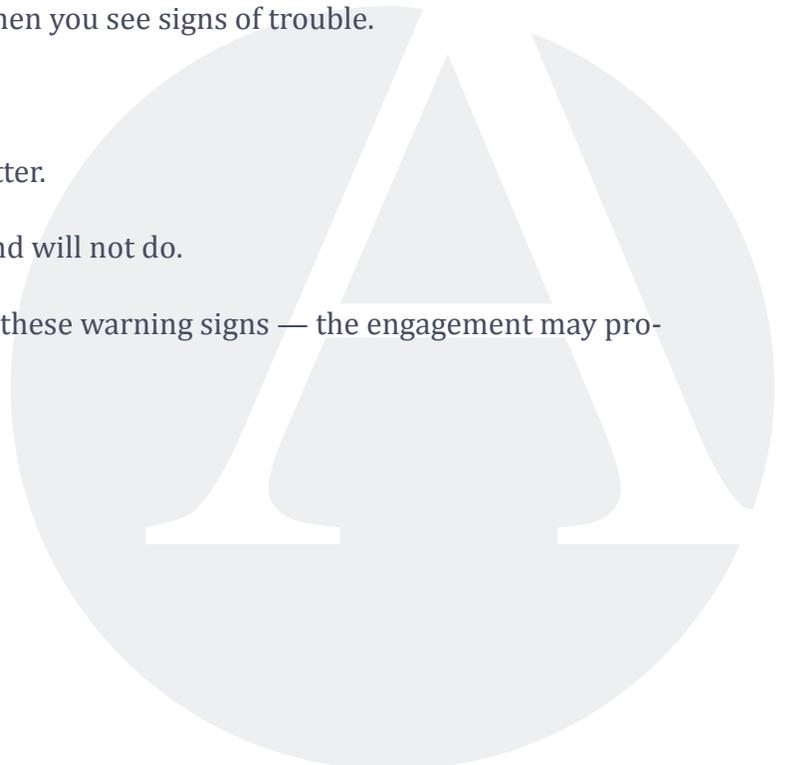
Trust your gut.

Include protective language in your engagement letter.

Be clear in your engagement letter what you will and will not do.

On the other hand, there’s a chance that — despite these warning signs — the engagement may proceed swimmingly.

But if it doesn’t, don’t say you weren’t warned....



# Annual Conference 2022 New Orleans, Louisiana



