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ANNIVERSARY

# INDEPENDENT AGENT

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SPINNING YOUR  
WHEELS?  
TIME TO GET SOME  
TRACTION  
P. 56

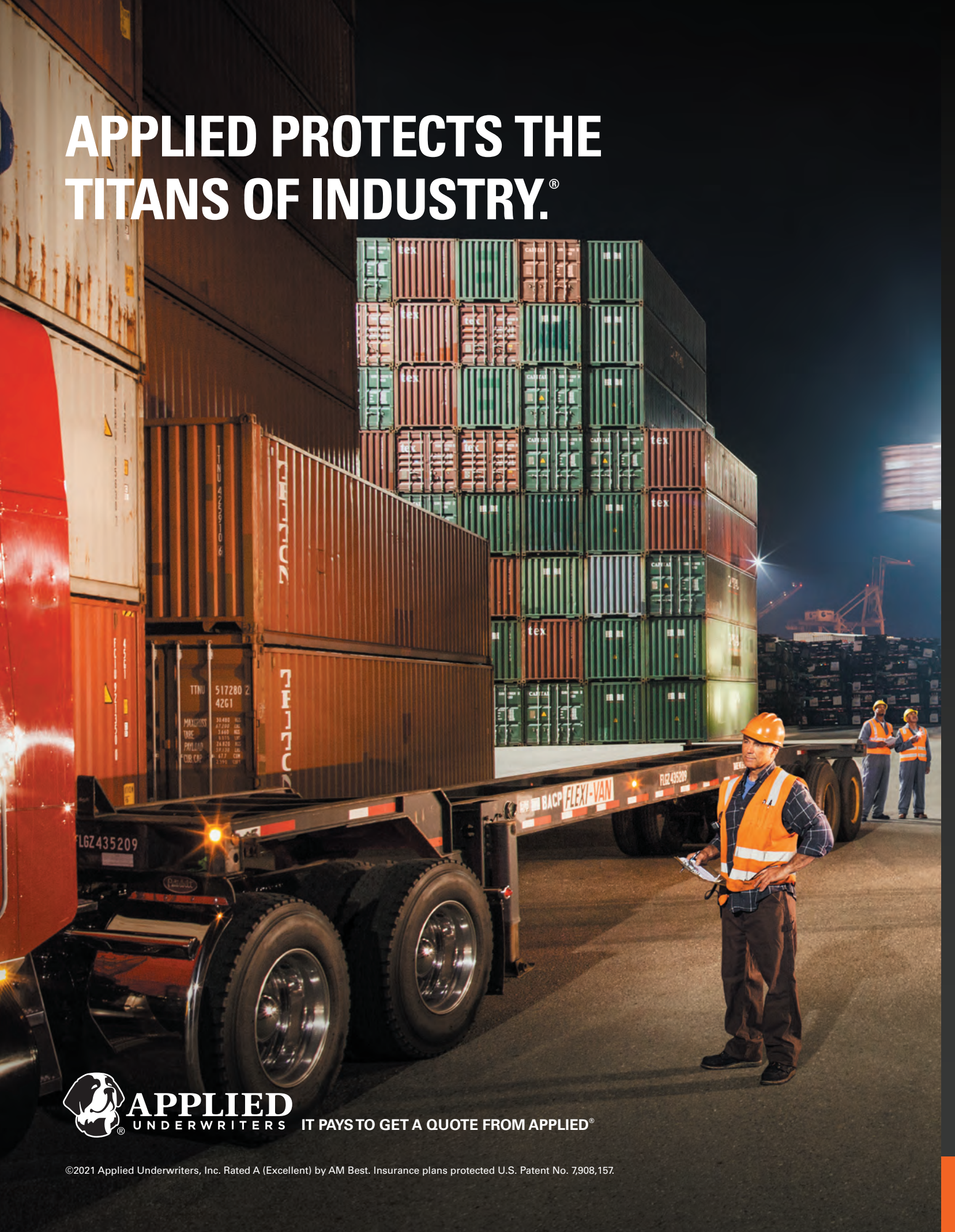
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# September <sup>2021</sup>



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BY DIANET. KEIL-HIPP

# 125 Years of Success Is a Cause for Celebration

**For 125 years, excellence in advocacy has defined The Independent Insurance Agents & Brokers of America (the Big "I") and driven its innovation forward to keep the independent agency channel an indispensable partner for millions of people worldwide.**

Applied is proud to stand alongside this exceptional institution during their 125th anniversary to protect the core mission of this great industry – to safeguard and protect what matters most. We applaud the Big "I" on this monumental celebration, and we look forward to the next 125 years of partnership and success.

**Let's get there together.**



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# BIG

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## The BIG "I"®: Results for Independent Agents®



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# Our Past Helps Guide Our Future

Congratulations to the Big "I" on 125 years of making a difference in the independent agent community. Over the years, you have provided independent agents a sense of camaraderie, support and a home base for important resources to help their businesses succeed.

A lot has changed in 125 years. In fact, Big "I" came along well before the bigger names in insurance. Over time we have watched the insurance industry grow through industrial development and advances in construction. Cars became larger, faster and more technical, raising new questions on coverage and needs. A digital world has brought aerial technology, new claims processes and faster service to many insureds. Catastrophes like Hurricane Katrina and Superstorm Sandy significantly redefined the industry. Through all of this, there has been a constant – dedicated agents to help customers protect what matters most.

The best is yet to come.

The insurance industry continues to evolve at rapid speed. As technology and innovation push us into the future, we must not forget the roots of what makes independent agents so important.

At National General, an Allstate company, our history is driving us towards a better future. We are coming together by taking the best of each brand we represent to provide powerful solutions for independent agents and the communities they serve.

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# Chairman's Note

## THE MORE YOU GIVE



**The strength and** stability that the Big “I” has displayed over the past 18 months is emblematic of the way the association has conducted itself across our 125-year history. From market access and technology resources to legal advocacy and our work on Capitol Hill, the association has always been a solid and consistent advocate for the independent agency channel.

Over the years, our industry has faced various challenges. Of course, many of the challenges we face are not in our control. Whether it is online, direct-to-consumer models or the growing number of agencies being sold to large conglomerates, the association is always working to help our members stay on top of existing and emerging threats.

While your relationships with your clients and carrier partners are of the utmost importance, your relationship with your association is just as important. As you serve your clients, the Big “I” serves you—you give a lot to your community, and we’re here to give you even more. As you’ll read in this issue, our state and national associations are comprised of individuals who chose to get involved and give back. That has rippled across our channel, helping all of us to succeed.

During my term as Big “I” chairman, I look forward to serving you, enhancing the value of your membership and helping your agency thrive.

A handwritten signature in black ink that reads "Bob Fee". The signature is written in a cursive, flowing style.

—Bob Fee  
Incoming Big “I”  
Chairman

“

During my term as Big ‘I’ chairman, I look forward to serving you, enhancing the value of your membership and helping your agency thrive.

”

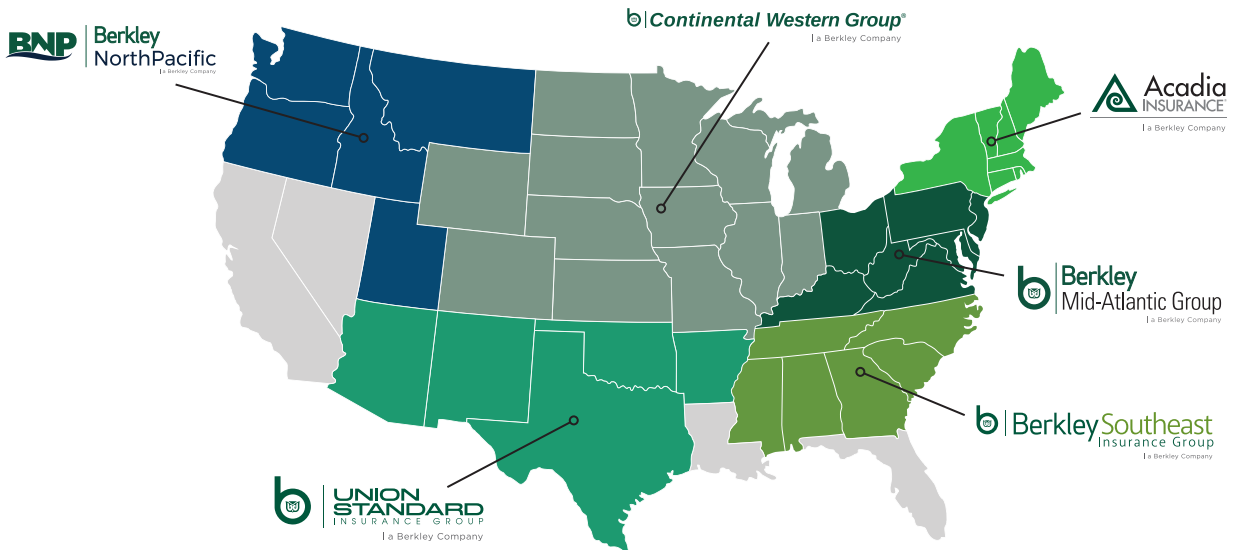
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# From the President & CEO

## CELEBRATING THE PAST, EMBRACING THE FUTURE



In this issue of *Independent Agent*, you will read all about our association's rich history as we mark our 125th year with a special section commemorating this important anniversary.

Your association made the independent agency system what it is today with a seminal legal win in 1904. Litigated and won by the Big "I," it is known as the Yonkers case. Without it, you would be like other brokers around the world, representing multiple carriers but not owning your book of business. You would have no asset to sell and would operate much differently.

While the Yonkers case was *the* watershed moment in Big "I" history, we've succeeded because we have adapted. In 1989, Big "I" national relocated from New York City to Alexandria, Virginia—a strategic move to allow us to advocate better in the halls of Congress. We constructed our own building and own it outright. It's a beacon for Big "I" members and stands as a testament to our strength.

Even our name has evolved. Since our inception, we have undergone four name changes. Each iteration has more accurately reflected our membership. Most recently, we added "Brokers" to become the Independent Insurance Agents & Brokers of America in 2002.

We honor the past and learn from it, but we also stay focused on the future. That's why every day your association, at the state and national level, advocates for you with carriers, regulators, legislators and others to protect and promote your business.

We will continue to offer second-to-none products and services. Whether it's hiring new talent, educating your team, providing errors & omissions coverage, taking your agency to new levels with Best Practices or providing market access, we are there for you.

I am incredibly proud of all that we have accomplished and the value we continue to deliver to our members. The Big "I" has your back and always will.

—Bob Rusbuldt  
Big "I" president & CEO

### IN THIS ISSUE



#### Winners Circle

New-era sales require a race car approach to engaging customers. Charles Brennan

Jr. explains how to approach clients with a level of preparation that befits today's market on page 32.



#### Happy Returns

Going through major life or work transitions is tough. Lori Mihalich-Levin outlines why you

should model your return to the office strategy on returning to work after parental leave on page 33.



#### Social Butterfly

Planning your social content is overwhelming. Kelley Smith provides five tips

to help you plan your social calendar annually, monthly and weekly on page 34.

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# NEWS & VIEWS

WHAT YOU NEED TO KNOW RIGHT NOW

## THE BIG PICTURE: LEADERSHIP

“

The opportunities within the insurance industry, specifically the independent agent channel, are enormous. But our job is not just to recruit and find talented people, we need to onboard and train them properly so that they understand the culture of our industry.”

—Bob Fee, incoming Big “I” chairman and president of Fee Insurance in Hutchinson, Kansas.

“

Our leadership has and always will be periodically tested. It is inevitable. We are being tested again by the pandemic. The real test is how we emerge as a distribution system and association. Strong leaders must have a vision and the fortitude to create and embrace change where and when needed.”

—Bob Rusbuldt, Big “I” president & CEO.

“

The Young Agents program has been instrumental in providing the leadership and networking opportunities to several generations of agency owners who have achieved great success. The Diversity Council contributes to the growth and diversification of the independent agent channel ... by providing thought leadership on diversity and inclusion principles and practices.”

—Madelyn Flannagan, Big “I” vice president of agent development, education and research.

“

Empathy, vulnerability and flexibility are leadership qualities that have always been important but are now non-negotiable table-stakes thanks to 2020.”

—Nicole Bendaly, executive director, Waterstone Culture Institute.

# RETROACTIVE COVERAGE

In recognition of the 125th anniversary of the Big “I,” we’re taking a look back at some of the magazine’s classic covers.



## December 1967 | Commercial Lines, Charlie Brown

“Peanuts” by Charles Schultz, then already in its 17th year of publication, was the star of this *American Agency Bulletin* issue feature. “We, as independent agents, must hope that, unlike Snoopy, we can find the answers that will help us MEET—and BEAT—the competition when OUR Red Barons infiltrate our pumpkin patch,” wrote Raymond T. Butler with enthusiasm. Who are the Red Barons? The direct writers. Are they in independent agents’ pumpkin patch? “YOU BET THEY ARE!” Butler exclaimed.

Direct writers weren’t just taking over personal lines; they were infiltrating small commercial. The key to beating the competition in commercial lines was prospecting with purpose in your agency’s niche and thoroughly displaying your expertise with the three Is: Industry, Imagination and Initiative.



## February 1996 | Time Flies

Twenty-five years ago, the Big “I” hit the triple digits and *Independent Agent* released a special edition celebrating the centenary. “Flipping gingerly through the yellowed, brittle pages of the *American Agency Bulletin*, laughing a bit at the groovy hairstyles in the 1960s issues of *Independent Agent*, it becomes clear that one adage has provided its veracity: The more things change, the more they stay the same,” wrote Maureen P. Wall.

It’s been an eventful quarter-century since, but it’s good to know that some things really do stay the same. Carry on the tradition by laughing at the hair—and also remembering the impactful history of the technicians, politicos, leaders and individuals throughout the now 125 years of the Big “I”—in the special commemorative pull-out section.





## March 1979 | Carving into Commissions

**For more than** a decade, personal lines commissions had been steadily dropping under pressure from companies—and were now under attack from state insurance departments. *Independent Agent* covered the latest challenge that had been brought about in more populous states where regulators were seeking to lower auto rates.

While the short-term effect would force agents to move away from highly populated city areas, the long-term danger “is that regulators will be unable to achieve the flattening they want without setting commissions,” wrote Stuart V. d’Adolf. “And that would mean an unconscionable, and quite probably illegal, intrusion into the business relationship between agent and company.” The Big “I” warned regulators that doing so would increase independent agents’ cost of doing business, reduce competition, and ultimately erode consumer choice.



## January 2019 | Best-Laid Plans

**What was on** the insurance industry’s wish list for 2020? Back in 2019, we were expecting a little more roaring twenties and a little less dumpster fire. While the industry didn’t call a global pandemic, results from the 2018 Future One Agency Universe study showed that agents predicted some of today’s hot-button topics to be the most important issues carriers should address in 2020, including the sharing economy, cyber risk and usage-based insurance (UBI).

Nearly 1 in 3 agents believed UBI was going to be important. At the time, only 28% of consumers said they were likely to purchase UBI with actual adoption rates in the 2%-3% range. But due to the pandemic’s seismic impact on auto, 34% of auto insurance customers are now willing to try UBI, with a whopping 16% saying they are already enrolled.

*Got a blast from the past you’d like to see in our Retroactive Coverage section this year? Email your magazine cover or article suggestions to Will Jones ([william.jones@iiaa.net](mailto:william.jones@iiaa.net)), IA editor-in-chief.*

# NEWS BRIEFS



## New World, New Risks

**More than four-fifths** of leaders consider the current business environment to be moderate to high risk, according to a report by Beazley that surveyed 1,000 senior executives in the U.S. and U.K. across 10 industry sectors. However, 91% of business leaders feel either moderately or highly resilient to risk.

With 37% of respondents ranking technology as the highest category of risk currently affecting their organization, business risks came in second place at 33% and political and economic factors took the third-most risky category at 18%. Twelve percent of respondents ranked environmental concerns as the No. 1 risk affecting their organization.

One in 3 respondents say cyber is the top tech risk. And 44% said they felt prepared to respond to it.

Despite the concerns, optimism abounds—47% of U.S. business leaders believe they are more resilient to risk now compared to a year ago.

# 44%

OF BUSINESS LEADERS FEEL VERY PREPARED TO RESPOND TO BOTH CYBER AND PANDEMIC RISK.

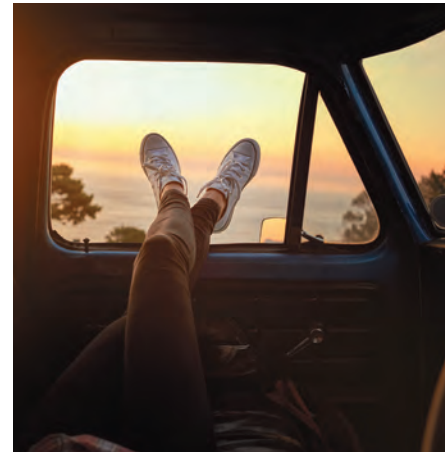
SOURCE: BEAZLEY

## Third-Party Pooper

**Three-quarters of third-party** vendors do not meet the insurance requirements of the companies that hire them, according to Evident's report, "State of Third-Party Insurance."

Verification failure, due to misunderstood requirements or weak review process, was the No. 1 cause of non-compliance. One in 5 third-party vendors do not respond at all to companies' requests for proof of insurance. And in 12% of cases, the company made an exception to their own guidelines to allow the vendor to proceed as a partner despite not being compliant.

To reduce risk and expense, Evident ID recommends right-sizing insurance requirements to avoid third-party requirements that are too specific or strict and cause an inefficient exception process; shifting to a more efficient, automated process to drive higher and faster conversion rates; and including brokers, agents, and carriers in the insurance ecosystem to streamline the verification process and provide accurate coverage status.



## Crash Course

**More than 1 in 4** parents do not require their teen drivers to be fully compliant with teen driving laws, according to an Insure.com survey.

Graduated Driver Licensing (GDL) laws are intended to save lives and protect young drivers by limiting privileges for newly licensed teens. Traffic safety experts credit GDL laws as the main reason that teen driver fatalities have declined over the past two decades.

However, 24% of fathers and 29% of mothers don't always enforce teen driving laws. When asked why not, 40% of parents admit a lack of awareness about GDL laws, a decrease from 48% in 2020, yet still significantly higher than the 29% who claimed ignorance in 2018.

The percentage of parents who don't enforce teen driving laws because they believe they are unnecessary has more than doubled over the past four years, with 15% of parents saying they're not necessary in 2021 compared to 6% in 2018.

Also, parents don't always model stellar behavior behind the wheel. Only 39% of parents say they never text with their teens in the vehicle, which is a significant reduction from 58% in 2020.

# 1 IN 4

PARENTS ADMIT TO FREQUENTLY TEXTING WHILE DRIVING WITH THEIR TEEN IN THE VEHICLE.

SOURCE: INSURE.COM

## Gen X and Annuities

**A large majority** (71%) of Generation X investors—45- to 54-year-olds—are at least “somewhat interested” in purchasing an annuity even though few currently have one, according to the Protected Retirement Income and Planning Study, a joint project between Alliance for Lifetime Income and CANNEX.

Gen Xers are three times more likely than those 65 and older to express extreme interest in purchasing an annuity as part of their retirement income plan. As social security is squeezed by a growing

percentage of retirees, pressure is growing for younger generations to fortify their retirement funding. Only 48% of Gen X investors have a pension, the study found.

During the pandemic, 65% of financial professionals shifted their approach to retirement planning toward annuities, with low interest rates (71%) and reduced return on bonds (49%) as the top two reasons cited for the change.

Two in 5 financial professionals say they are only somewhat knowledgeable or not at all knowledgeable about annuities, and that amount rises to 1 in 2 among registered investment advisers.

## Head in the Sand

**Only 12% of** Americans have purchased a personal cyber insurance policy in the past year, according to a survey from Chubb, even though 86% of individuals have either purchased or been gifted a new device in the past year.

With nearly 1 in 3 respondents estimating they share their data at least 10 times a day—and more than 1 in 3 high net-worth individuals estimating they share their data more than 100 times a day—the need for cyber risk mitigation is profound.

Furthermore, individuals typically don't take steps needed to protect themselves even as they spend more time online. Only one-third reported taking any preventive actions in the past year, including regularly changing online passwords (28%), no longer sharing passwords with others (18%), not using the same passwords for multiple accounts (22%) or using a personal VPN (17%).

Not even the pandemic and its forced shift to more online interactions have prompted change—in 2019, 31% of respondents reported changing online passwords, versus 28% today.

# 1/2

OF RESPONDENTS ARE CONCERNED ABOUT THEIR BANK ACCOUNT BEING COMPROMISED.

SOURCE: CHUBB



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# FULL COVERAGE

ISSUES AND INSIGHTS



## E&O KNOW

### Helping Hand

*How to support your remote employees and avoid claims against your agency*

By Kristina Miller

**The COVID-19 pandemic** brought a host of issues for everyone, both personally and professionally. For employers, keeping a business operational presented all kinds of challenges. Agencies have had to adapt to government orders and maintain the health and safety of employees. Some restrictions have been lifted, but the business world still hasn't returned to the way it was before the pandemic.

Agency owners recognized the importance of implementing policies and procedures for employees and customers to keep their agencies running smoothly with minimal interrup-

tion. With some employees still working from home, employees should have reliable, high-speed internet service; a laptop; an agency cell phone or telephone access through the agency computer.

Access to agency systems, including email, software, and communication platforms, is now essential for teleworkers. Here are a few tips to support remote employees while also avoiding errors & omissions claims against your agency:

**1) Provide financial support.** Consider paying for some or all of the costs of an

employee's telework expenses, including internet charges, agency cell phone charges and home office equipment.

**2) Encourage employees to maintain a regular work routine.** Employees should work consistent hours and take breaks, including lunch. Continuously working on a computer can cause eye strain and headaches, and it's important to take a mental break and return re-energized.

**3) Schedule regular group and individual meetings.** It is important for managers to be open to discussing concerns with team members. Employees still have concerns about returning to the office, compulsory vaccinations and if employers will protect employees. Apprehension regarding returning to work and employment issues should be handled delicately and professionally.

**4) Follow standard operating procedures.** Employees must follow the protocols that were in place prior to the pandemic. For example, if employees now use a cell phone, they must have a voicemail message warning callers that requests for coverage via voicemail will not be placed or bound.

Also, employees should never use text messaging to communicate with customers regarding coverage requests. Because of the pandemic, most discussions regarding appropriate coverage or requests for coverage are being done by phone or email, which means it's more important today for employees to document coverage requests and correspondence.

Additionally, employees must use their agency email for communication with all customers, not their personal email. The employee's signature should contain their current contact information, including any agency cell phone number. If they are unavailable, an out-of-office message should provide the contact information of a colleague in the event there is an emergency or a customer needs immediate assistance.

COVID-19 has presented challenges to running an insurance agency. However, agency owners who have stepped up to meet the challenges must remain vigilant and prevent claims.

*Kristina Miller is an assistant vice president and claims specialist with Swiss Re Corporate Solutions and works out of the Chicago office. Insurance products underwritten by Westport Insurance Corporation, Kansas City, Missouri, a member of Swiss Re Corporate Solutions.*

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## E&amp;O KNOW

## Falling Short

*Does my E&O carrier's financial rating really matter?*

**By Amanda Juratovic**

**Financial ratings give** insight into a carrier's ability to pay claims, which, along with the potential of financial loss, are ultimately the reasons businesses purchase insurance.

However, insurance companies can only pay claims if they have the funds to do so. It is not uncommon for an insurance carrier to become insolvent, leaving it unable to pay claims.

Additionally, beyond claims, an insurance carrier is responsible for costs associated with legal services required to defend a claim. Litigation costs today can amount to significant amounts that most businesses and consumers would be unable to pay without the financial backing of an insurance carrier. If an insurance carrier becomes insolvent, then it can no longer meet its policy obligations to pay loss costs or defense costs on behalf of its insureds.

Even if an insurance carrier isn't insolvent, it can still be financially impaired, which could impact its ability to pay claims. The guaranty fund is only in place for insurance carriers that have gone insolvent, not those that are financially impaired. However, even if the guaranty fund is available, it may not cover certain types of claims and typically has a cap of \$300,000. It is not uncommon for an insurance agent's errors & omissions claim to exceed that amount, leaving them responsible for the excess amount.

Reviewing an insurance company's financial rating should be part of your assessment in determining where you place your E&O coverage. If you place your coverage with an unrated or low-rated carrier, then you are potentially exposing your agency to a significant financial loss should that carrier become insolvent or impaired.

*Amanda Juratovic is assistant vice president of errors & omissions operations for the Big "P" Professional Liability Program. Learn more at [independentagent.com/EO](http://independentagent.com/EO).*



## P-C TRENDS

## Down and Out

*What agents should know about internet outages and commercial clients*

By AnneMarie McPherson

**If you think** the worst thing about an internet outage is no Netflix for a few hours, think again. For businesses increasingly reliant on the internet to conduct business, an outage is a major disruption.

“Every single type of business is impacted by potential internet outages,” says Meredith Elkins, partner at Cohen Ziffer Frenchman & McKenna LLP, a law firm based in New York City.

“We’re not just talking about retailers who do business online. Any company who has employees working remotely could potentially experience a massive interruption to their daily work if there’s an internet outage or if their servers are down, preventing employees from working or blocking communication with key business partners or suppliers,” she says.

Even businesses that seem firmly anchored in a physical space, not cyberspace, could be affected. For instance, restaurants still need to “process payments, process payroll and order supplies that they need,” Elkins says.

“It’s important to walk clients through anything that could potentially shut down their ability to conduct business,” she continues. “With all the different products out there, you want to think about how clients use the internet and the potential things that could cause an outage.”

As far as specific coverage solutions go, “property policies that contain business interruption coverages are going to be key for internet outages,” Elkins says. “Cyber-crime policies or commercial crime policies could cover intentional outside acts by a hacker. You may also be able to find coverage for negligence by an internal employee that creates a problem.”

With business interruption, Elkins points out that “you also want to make sure they have contingent business interruption insurance, which often applies to a third-party—that would come in handy if a client gets their internet from someone else who experiences an outage that impacts them.”

Elkins also warns that a key component to look out for is “coverage that does not exclude intentional or preventative acts.” She points to lawsuits against the Electric Reliability Council of Texas (ERCOT), which regulates 90% of the state’s power grid, in the wake of Winter Storm Uri in February.

“After ERCOT implemented rolling blackouts and shut down electricity for a long period of time, they made a claim

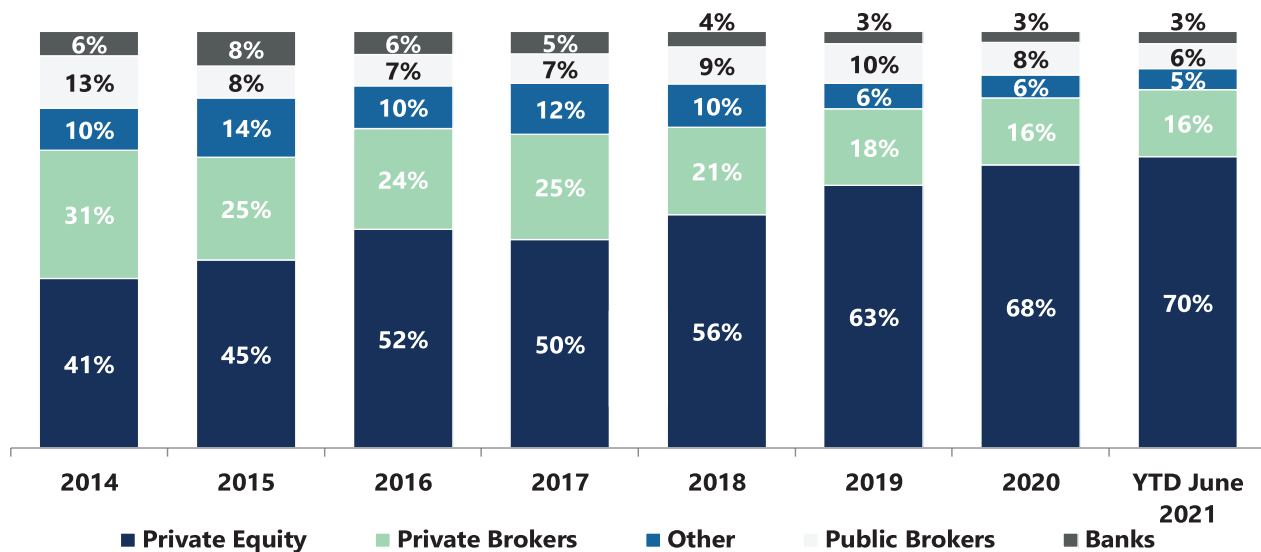
under their commercial general liability policy and were sued in a declaratory judgment action by their insurance company,” she explains. “The carrier said ERCOT shut down the power intentionally—to manage the demands on the power system—and so the occurrence isn’t covered under the policy because it wasn’t an accident.”

“Things like that happen,” Elkins continues. “A company may detect signs of a data breach, for instance, and so they shut down a whole system preventatively to protect their customers’ information.”

In those instances, an insurance policy that does not exclude intentional or preventative measures is important. “That way the policyholder doesn’t have to sit back and wait for something horrible to happen to be able to trigger coverage,” Elkins says.

The hard market means agents need to get creative with the types of products they offer. However, “a good cyber policy or business interruption policy that relates to an internet outage needs to have a very short—or no—waiting period before the coverage kicks in so the client can realize the benefits of the coverage,” Elkins says. “If a policy has a 12- or 24-hour waiting period, even if the company can get back up and running in that time, they may have still suffered substantial losses.”

AnneMarie McPherson ([annemarie.mcpherson@iiaba.net](mailto:annemarie.mcpherson@iiaba.net)) is IA news editor.



M&A TODAY

## A Perfect Storm

*M&A activity remains steady through the second quarter but a second-half wave awaits*

By Mark Crites

**After what felt** like a hangover during the first three months of 2021 following a blockbuster end to 2020, the mergers & acquisitions market in the insurance brokerage industry maintained its steady pace in the second quarter. Deal activity during the first six months of 2021 surpassed the same period in 2020 by 16 deals. This trend was expected following a five-year quarterly low recorded in the second quarter of 2020 when uncertainty surrounding COVID-19 was at its peak.

What has been the biggest driver of this deal volume? Two words: Private equity.

The chart above shows the percentage of deals completed by buyer type since 2014. In the first half of 2021, private-equity backed brokers have accounted for an astounding 70% of the total deal volume.

Why are institutional investors flocking to the insurance brokerage industry? Steady performance and strong operating fundamentals, such as high recurring cash flow and low cash flow requirements, have underpinned the aggressive move by investors. During the pandemic, the insurance

brokerage industry has been a haven for investors compared to other industries like hospitality and retail.

But what happens next? Could 2021 deal activity really surpass 2020's record high? Yes, it could. The uncertainty surrounding tax changes—both corporate and personal—continues to be the headliner, as it was in 2020. Here are five other reasons driving sellers and buyers to the table in 2021 that could lead to another record year:

**1) Expanded buyer universe.** There are now over 40 active buyers of insurance agents and brokers in the U.S., including private equity firms, compared to five in the late 1990s. Each broker has taken a slightly different strategy and sellers have more models to choose from than ever before, increasing the likelihood of finding an attractive partner.

**2) All-time high valuations.** Competition from buyers in our industry, coupled with the hard market, strong performance from public insurance brokers and low corporate tax rates, have kept valuations high. For example, a quality broker with \$3-\$10 million in annual revenues can expect to receive 10 times pro forma EBITDA at closing as a guaranteed payment, plus an earn-out opportunity of up to three times pro forma EBITDA.

**3) Strong operating fundamentals.** While many industries went backward

during the pandemic, agents and brokers posted 4.3% average organic growth in 2020, according to Reagan Consulting's Growth & Profitability Survey, and are on pace to post their highest organic growth in the history of the survey in 2021 of 7.0%.

**4) Low-cost capital.** The institutional capital available to large brokerages is greater and cheaper than ever before with interest rates at historically low yields.

**5) Intense competition from high-performers.** With significant investments being made by the largest brokers, many private brokers are feeling pressure in the competition for middle-market clients. One way to get access to a bigger toolkit is to partner with a well-capitalized strategic buyer.

Reagan Consulting is active in the M&A market and continues to hear from several buyers that their respective pipelines are filling up as more sellers come to market. The Biden administration has made it clear that capital gains and corporate tax rate hikes are on the horizon for either late 2021 or 2022. Timing will be decided this fall when Congress is back in session.

With the above dynamics at play in 2021 coupled with full buyer pipelines and expected tax rate hikes, we expect yet another record-breaking year of M&A activity for the industry.

*Mark Crites is a partner at Reagan Consulting (reaganconsulting.com).*



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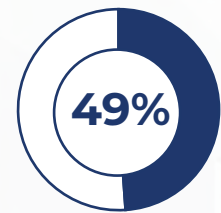
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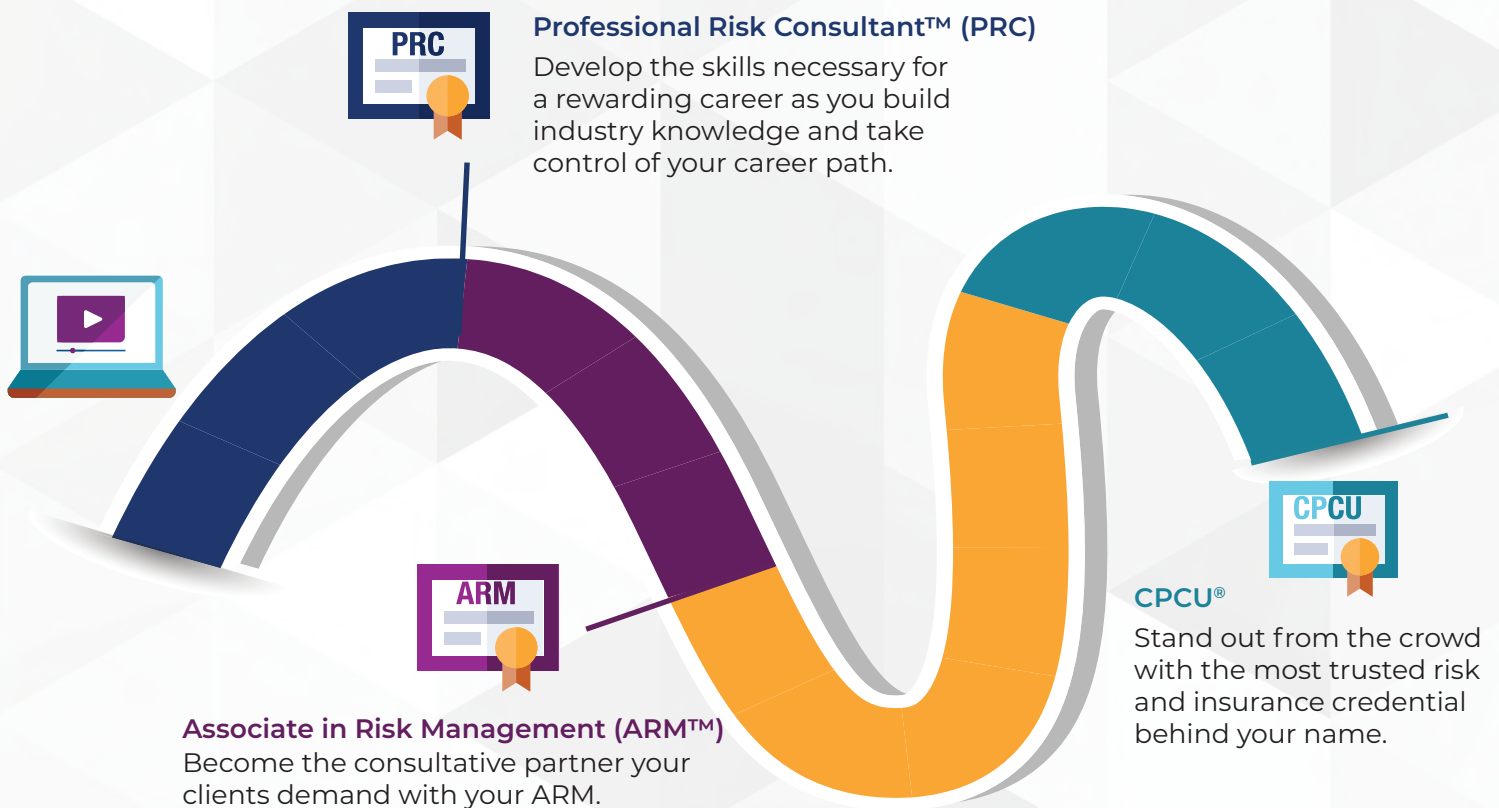


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Questions from the Big "I" Virtual University's Ask an Expert Service

# You Asked

**Q:** Our agency just got an office texting line. Do we need to ask for consent before texting with a prospect or client? Is a verbal response acceptable or is there a formal way we need to document proof of consent prior to texting? Our text software does have an opt-out option at the bottom of the first text.

**Response:** The national Big "I" Office of the General Counsel published a memo on texting with clients that advised getting written consent from clients before sending them texts.

To quote:

*As background, the Federal Communications Commission ("FCC") has broadly interpreted the Telephone Consumer Protection Act ("TCPA") to prohibit nearly all commercial text messaging (aka, short message service or SMS) on any device that qualifies as an "automatic telephone dialing system" (ATDS) or autodialer. Unlike the rules for some commercial communications, the TCPA does not provide an exemption for an existing business relationship. Moreover, the FCC has found a consumer may generally revoke consent to texting using "any reasonable manner that clearly expresses his or her desire."*

The memo continues:

*Expressing concern that the TCPA could be "read to render every smartphone an ATDS," the D.C. Circuit struck down broad guidance issued by the FCC in a 2015 decision ... In April 2021, the Supreme Court brought some clarity to the issue in the case of Facebook v. Duguid. The Court ruled that a device must have the capacity to either store or produce a telephone number using a random or*

*sequential number generator, as opposed to merely having the capacity to store and dial numbers automatically. While this is an important and helpful decision that should significantly curb TCPA litigation in the future, there are some caveats.*

Whether consent is expressly required by the TCPA is an open question that turns on how texting is implemented. For example, what device and software is used and whether it could constitute an autodialer or uses a prerecorded voice.

It is best practice to obtain written opt-in consent regardless to be on the safe side in an area that has generated a lot of litigation and as good business practice to help ensure you are not annoying clients.

*This question was originally submitted by an agent through the Big "I" Virtual University's (VU) Ask an Expert service. Answers to other coverage questions are available on the VU website. If you need help accessing the website, request login information.*

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# SMART AGENCY

..... BUSINESS INTELLIGENCE FOR SAVVY AGENTS .....



## SALES PIPELINE

### Get with the Program

*3 tips to help independent agents build partnerships and win more business*

**By Tory Markel**

**As an independent** agent, you're the first line of defense when it comes to looking at your clients' unique risks and exposures and finding the right protections and coverages to help them financially, logistically and emotionally recover from incidents—whether big or small. But you can't do it alone, and you shouldn't have to.

It's your job to not only manage client relationships but also to build partnerships, like those with managing general agents (MGAs) and carrier programs, that

can help you provide the coverages your clients need with the support they deserve.

Here are three ways to help you develop productive relationships to win and retain more business:

**1) Work with a values-first mindset.**

The way that people do business matters. That's why creating partnerships based on shared values helps to establish trust, build mutual success and develop long-term relationships.

I work exclusively with emergency responders at Volunteer Firemen's Insur-

ance Services (VFIS) and, to be honest, it takes a special kind of agent to want to help protect these hometown heroes. You've got to be willing to have meetings in the evenings and be ready when the phone rings at 1 a.m. The most successful agents really value community, service and simply doing the right thing.

Here's another example: If you believe in transparency, show that by giving as many details as possible on your submissions—trust me, your underwriters will thank you. However, you should also expect the same level of open communication from your partners when it comes to the cost of risk, evolving hazards and product changes. Other partner values to consider include their claims philosophy, risk management strategy and the role of technology within their operations.

**2) Find an ally.** Whether you're a generalist or specialist, finding a partner that is an expert in your clients' risks and deeply understands what they're underwriting should not be underestimated. That way, when a claim occurs that is fairly standard in one of your clients' industries, you don't have to explain why it's only partially covered or not covered at all.

When you're doing your research, don't just look for MGAs and programs that will support your clients—look for ones that will support you, too. Ask questions like, "If I end up really enjoying servicing this type of account, could you help me become a specialist and build my book?" And, "What types of resources and tools do you have to help me serve my client better and more efficiently?"

**3) Think long term.** After finding a partner, you don't want to have to worry about moving your client year after year or taking the time to onboard and train with a business that isn't fully committed to their space. You need a partner that is positioned for growth and ready to evolve to meet new needs. Ask about your potential partner's long-term missions and evaluate how their goals align with your own.

At the core, these tips could apply to almost every relationship. And if the past year and a half has shown us anything, it's that relationships are a necessity in the insurance industry. As individuals, agencies and within the industry as a whole, we can do more when we share the same goal: To help our clients thrive.

*Tory Markel is president of VFIS (vfis.com), a division of Glatfelter Insurance Group.*



#### SALES PIPELINE

## Winners-Circle Performance

*New-era sales require a race car approach to engaging a customer*

**By Charles Brennan Jr.**

**Prior to COVID-19**, agents could often pop in and see a prospect or existing customer without an appointment. Or perhaps they could linger a bit, make small talk and build a connection. Making a sale was like driving a car on the highway: Cruise along at 60 mph, flip on a blinker, move to the left lane and drive a little faster without any concern of confronting a problem. A high level of preparation, insight and vision was not a prerequisite for success.

However, in today's landscape, preparation is a must. COVID-19 has created a mask for customers: technology. Smartphones, tablets, social media and other tech tools provide an avenue for constant communication, but they also provide a means by which customers and prospects can hide. Emails and texts go unanswered because everyone gets a million of them a day, unknown numbers get blocked, and read receipts go without a response.

Today, it takes more preparation and creativity to engage and intrigue the customer. It's more like driving a Formula One race car. Speeds are excessive, the racetrack is narrow, there are a lot of competitors crowding the field and the margin for error is zero.

Recognizing that the race for sales has changed is the first step to shifting gears. Virtual engagement is essential in the post-pandemic world, and agents need to determine the two or three topics of discussion that will move an unreceptive customer to receptivity.

Realize that most customers will not re-evaluate their current preset memories, biases or habits unless they have to. For a customer to realize that re-evaluation may be in order, the conversation needs to reach a level of critical thought—this occurs when an individual stops, reflects and evaluates what they are doing. That's when they recognize change may be in order.

Reassess your conversations. Do they achieve a threshold of critical thinking? Are you just getting customers and prospects to recite what they already know? Create a dialogue that gets the prospect to pause and rethink. That is a winners-circle performance.

*Charles Brennan Jr. is president of Brennan Sales Institute (brennantraining.com) and author of McGraw Hill's "Take your Sales to the Next Level."*





## HR HOW

## Many Happy Returns

*Modeling your return to the office on returning to work after parental leave*

By Lori Mihalich-Levin

**We have endured** a “species-level trauma” this past year, psychologist Christine Runyan noted in a recent episode of the *On Being* with Krista Tippett podcast. So much has changed, our nervous systems have been under attack, and, as we re-emerge, things feel rather disorienting.

For years, I’ve been advising new parents how to navigate the return to work after parental leave in calmer and more successful ways, and I truly believe there is much to be learned from that experience in the return-to-the-office environment.

For starters, it’s helpful to remember that the return to work from parental leave is a process, not an event. After their first week back on the job, new parents who come back to work after having a baby often wonder if they’re doing something wrong when they don’t feel back to their usual, pre-baby work-selves. However, there’s nothing wrong. It just takes about a year to re-accli-

mate to your new life, rhythm and identity. The same is likely to be true of everyone who returns to offices. It may take time to feel “normal” again.

Another lesson we can learn from successfully returning from parental leave is that transition rituals really matter. Pre-COVID-19, when I commuted to an office in Washington, D.C., I had a practice of taking the metro downtown and stopping off either at a park bench or, in inclement weather, a hotel lobby and simply breathing for five minutes while using the Insight Timer meditation app. This simple act of pausing helped me to transition from thinking about what was going on at home to getting my head in a better place to start my workday.

As you head back into an office, can you pause in your car or find time to reset before you enter your office building and the workday begins?

I always like to encourage new parents to call attention and celebrate the skills they are gaining through parenthood that are useful to their careers. Here, in this post-COVID-19 environment, take a moment to stop and think about all the skills you’ve gained by living through a pandemic.

I am certain you have grown some amazing leadership qualities—whether it’s courage, patience or adaptability. After

months of working from home while dealing with remote elementary school, I can absolutely say that my flexibility muscles are incredibly buff right now.

It’s hard to go through major life transitions in isolation. Just as I advise new parents to “find their people” upon the return to work after baby, so too should we all be seeking meaningful connections as we return to our offices. We will not be returning as the same people who walked out the doors in March 2020, so it’s worth spending quality time getting reacquainted in person, even with colleagues we’ve known for ages.

If you put one foot in front of the other, pause throughout your day, draw on the skills you’ve gained, and find camaraderie with peers, you’ll be setting yourself up for a much smoother and more successful return.

*Lori Mihalich-Levin, J.D., believes in empowering working parents. She is the founder and CEO of Mindful Return (mindfulreturn.com), author of “Back to Work After Baby: How to Plan and Navigate a Mindful Return from Maternity Leave,” and co-host of the Parents at Work Podcast. She is mama to two wonderful red-headed boys and is a partner in the health care practice at Dentons US LLP.*



MARKETING MATTERS

# Social Butterfly

*5 tips for planning your social media calendar like a pro*

By Kelley Smith

**Planning your social** content for the month can be overwhelming. Even if you have a minimal posting schedule, knowing how to plan your content can be a game-changer for staying organized and on track. Even though social media is all about creating timely and relevant content, that doesn't mean you can't plan ahead.

Here are a few tips for planning your social calendar annually, monthly and weekly:

**1) Decide what themes you want to focus on.** To avoid feeling like you are starting from scratch each month, decide a year out what themes you'd like to focus on each month. You can start this anytime during the year but generally, it's good to look at themes for the next calendar year in October. The holiday season can get busy, so this leaves a few months for discussion and planning.

Think about seasonal trends, important holidays, and frequently asked customer

questions you can address throughout the year. Examples include:

- Seasonal extreme weather in your area, like hurricanes, snow or wildfires.
- Summer road trip and auto safety tips for vacationing families.
- Home insurance tips for new homebuyers during busy real estate seasons.
- "Back-to-school" business insurance advice in September or right after the new year.

**2) Narrow your themes.** Map out monthly themes 30 days in advance. For example, October content themes might include home maintenance, digital best practices for Cybersecurity Month and at-home Halloween activities.

**3) Find an easy-to-use program to create graphics.** You don't have to be a trained designer to create nice visuals for your social media channels. Create beautiful designs from scratch or with a template using inexpensive or free tools.

Consider Canva (canva.com) or Crello (crello.com) for graphic design and Inshot (inshot.com) for video editing. Canva and Crello have excellent training resources to get you started, and you can give your team access to the platform for easy workflow.

**4) Use a scheduling tool to stay organized by week.** Visualize how many weekly posts you have with a scheduling tool. This way, you can easily tell where you might need to add more. Planoly (planoly.com) and Later (later.com) are great tools specifically for Instagram. Buffer (buffer.com) and Crowdfire (crowdfireapp.com) are great for Facebook, LinkedIn, and Twitter. Or, if you plan on posting content directly on the platform, a calendar template in Excel can be just as effective.

**5) Take advantage of Trusted Choice® resources.** The monthly social calendar from Trusted Choice (trusted-choice.independentagent.com/content-calendar) includes custom insurance graphics, articles and caption ideas for each week. You can use these post ideas as is or edit them to fit your social voice. Calendars are posted around five business days before the start of each month.

For yearly theme ideas, the Agency Social Media Guide maps out holidays and insurance themes. Get started at trusted-choice.independentagent.com, hover over Resources & Training, and select Resource Library from the drop-down menu.

*Kelley Smith (kelley.smith@iaba.net) is director of traffic generation at Trusted Choice®.*



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# ON THE HILL

ADVOCACY AND LEGISLATION



## POLICY PERSPECTIVES

### Spreading Risk

*Congress considers solutions for future pandemic risk*

By Wyatt Stewart

As the United States continues to grapple with the COVID-19 pandemic, the discussion among the insurance industry, policymakers, business community, and other stakeholders about how to address future pandemics has begun.

In July, the U.S. Senate Committee on Banking, Housing and Urban Affairs Subcommittee on Securities, Insurance, and Investment held a hearing titled, “Examining Frameworks to Address Future Pandemic Risk.” The Committee received testimony from a broad range of perspec-

tives, including the insurance industry, policyholders and academics.

The Big “I” submitted testimony to the hearing noting that the businesses and non-profit organizations our members serve have been impacted by the COVID-19 pandemic in distressing and sometimes heartbreaking ways and that our agents want to be a part of the solution on future pandemic risk.

However, the Big “I” also made clear that addressing future pandemic risk will be challenging because these types of

events possess unique characteristics, can have a global reach and are unlike other types of risks that the insurance industry and private marketplace are typically able to address.

As many experts and observers have noted, pandemics can produce an immense magnitude of potential financial losses, do not allow for the distribution of such risk in traditional ways, and make it challenging for the insurance industry to provide coverage to the millions of businesses and nonprofit entities in the U.S. The simple and unfortunate reality is that the risk we are confronting is unique and will require a unique prospective solution. We can learn lessons and incorporate elements from past experiences with other risks, but there are no off-the-shelf public policy solutions.

In the testimony, the Big “I” noted that any proposal for addressing future pandemics should satisfy four principles:

First, any legislative solution must effectively meet the needs of the businesses we serve. Any action taken should ensure that businesses and other enterprises can receive timely financial assistance when their operations are disrupted by a pandemic. This type of financial protection program needs to be as efficient and seamless as possible.

Second, any prospective solution should provide an active and relevant role for the insurance industry in the delivery of assistance for business consumers, a perspective that is shared by a growing universe of policymakers and industries.

Businesses and nonprofit organizations look to their insurance agents to help them address and protect against risk, and any conversation about whether an entity is protected against a particular risk is almost certainly and most appropriately going to come up as part of the insurance placement process and in conversations between an owner and their agent. The product that may ultimately be developed to respond to pandemic risks may not be an insurance product, but our members want a solution that can fill the gap that traditional insurance is unable to fill and enable insurance agents to help their clients weather future pandemics.



Third, given the unique nature of pandemic risk, it is essential that the federal government bear all or nearly all of the financial responsibility for business losses associated with COVID-19-like events. The insurance industry is simply unable to cover these potential losses due to their magnitude. Certain insurers may be willing to assume very small and precise portions of the risk, but requiring the marketplace to assume this risk would be troubling.

Fourth, the product or program designed to fill this protection gap must reflect the unique nature of pandemics. Among other things, this means that the product must be parametric in nature and obviate the need for traditional claims adjustment. Financial assistance to businesses should be based on their existing payroll, expenses and other factors, and should begin to flow when clearly defined triggers are satisfied. Traditional claims adjustment in this sort of instance would be overwhelming and impractical and would unnecessarily delay much-needed payments to businesses.

In the testimony to Congress, the Big “I” noted that one proposal that satisfies these high-level principles is the Business Continuity Protection Program (BCPP). In 2020, the Big “I” joined alongside the National Association of Mutual Insurance Companies and the American Property Casualty Insurance Association to create the BCPP concept.

The BCPP is designed to give the insurance industry a role in the distribution of timely and efficient federal financial protection to the private sector in the event of a future declared public health emergency.

The program would allow businesses to purchase revenue replacement assistance through state-regulated insurance entities, including independent insurance agents and brokers, that voluntarily participate with the BCPP.

The program would be run by the U.S. Treasury Department with limited administrative assistance from private contractors. Businesses would be able to purchase revenue replacement assistance up to 80% of payroll and other expenses through the BCPP. Relief would be automatically triggered and immediately paid following the federal declaration of a public health emergency by the president.

Businesses would also need to certify that they will use any funds received for retaining employees, paying necessary operating expenses and will follow applicable federal pandemic guidance. It is important to note that the program would have a parametric trigger and there would be no claims adjustment following the presidential declaration, which will allow businesses to access the capital they need almost immediately.

The Big “I” sees potential in the BCPP concept. However, there may be other meaningful proposals that satisfy the principles outlined above, which would deserve serious consideration as well.

As Congress continues its discussion on how to handle future pandemic risk, the Big “I” will continue to advocate for our members and their clients while playing a pivotal role in any potential solution.

*Wyatt Stewart (wyatt.stewart@iiba.net) is Big “I” assistant vice president of federal government affairs.*



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**“UNDERSTANDING WHETHER YOUR AGENCY IS SPINNING ITS WHEELS IS THE FIRST STEP TOWARD ADDRESSING THE ISSUES THAT PREVENT YOU FROM RECOGNIZING AND ADAPTING TO THE CHANGING MARKET.”**

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# FORWARD TOGETHER

INCOMING BIG 'I' CHAIRMAN **BOB FEE**  
ON TECHNOLOGY, THE TALENT GAP,  
BEATING THE COMPETITION AND  
INSTILLING STABILITY IN THE  
INDEPENDENT AGENT CHANNEL.

**Interview by Will Jones**



**FEE**



**INSURANCE**

**RISK MANAGEMENT**

**BENEFITS**

# "C

elebrating our past as we move forward together." These words adorn the walls at Fee Insurance in Hutchinson, Kansas, in a room dedicated to the history of the family-run agency founded in 1883. As Bob Fee, president of Fee Insurance, prepares to be installed as the new Big "I" chairman

at the Big "I" Fall Leadership Conference in Kansas City, Missouri, Sept. 29-Oct. 3, these words hold additional significance.

This year, the association celebrates its 125th anniversary against the backdrop of a country and an industry keen to put the pandemic firmly in the rearview mirror. Yet, while the fabric of doing business in 2021 feels like it has irreversibly changed, the Big "I" continues to provide stability to its members.

During his term as chairman, Fee will focus on the association's "key areas," he explains. "That's our membership, our national and state relationships, providing outstanding products and services, creating resources to stay abreast of technology, and having a well-structured board and executive committee—so that we are a stable association for the long term."

"We've been following the strategic plan that we put together a year and a half ago, and we just did an extensive overview of it, making some changes and modifications," Fee says. "But in this day and age, we know we've got to be nimble."

*Independent Agent* magazine talked with Fee about his history and his goals for his chairmanship, as well as the challenges that lie ahead for the independent agency channel.

## What's your personal and professional background?

I was born and raised here in Hutchinson, Kansas, right in the middle of wheat country. I grew up pulling weeds and doing odd jobs around the agency. I was clueless about what the agency really did. But I did know that owning a business is more than just what you do inside the doors. It involves taking care of the parking lot. It involves taking care of the outside of the building. Shoveling snow. We used to have a sign out front of the building, and one of my early jobs was to change the little slogan.

I joined my dad and my brother at the agency in 1987 after attending the University of Kansas. I was set to go to law school when I graduated, but I was burnt out on school, and my dad and brother asked me to come back for a couple of years. Once you kind of get started on something, it's tough to change course, so I stayed.

## Tell us a little about your agency.

My dad had previously been in business with his dad and brother. Now, my brother and I are third-generation agency owners. We recently brought his sons and a niece into the agency, so we have future generations already involved.

We're mostly commercial property-casualty, but we have a strong personal lines department, which represents around 18% of our revenue. We also have a growing benefits, life, health and ancillary benefits division. We're pretty much a generalist agency, but we're good with health care, distributors, manufacturers, retail, construction and contractors.

## How does your personal background affect your approach to your chairmanship?

Being involved in an agency that has its roots going back before the national association existed translates well to my work with the association. Both share a commitment to the tradition and responsibility of taking care of your community. At our agency, we talk a lot about how important we are to our employees and clients. I feel the same way about the association, so I feel like I'm just trading hats.

## How did you get involved with the Big "I"?

My father was very involved. He is a past president of the Kansas Association of Independent Agents (KAIA) and was a national director. I started out with the Young Agents of Kansas, and eventually, I was asked to serve on the KAIA board. I wasn't sure I wanted to at the time, but my dad said, "I guarantee you'll get more out of this than you will ever give to the association. You should absolutely do it." In 2008, I served as president of the board.

While I was the immediate past president of KAIA, I was asked to serve on the Trusted Choice® board and later became chairman. With Trusted Choice, we took it from being a paid member benefit to giving all members access. My experience there made me want to do more, so I ran for the Executive Committee in 2015 and was fortunate enough to win.

## What do you like about being an agency owner?

I like working with people, whether they're our employees or our clients. I also like learning about new industries and talking to other business owners about how they do things or why they do it. What works? What doesn't work? How did they get in the business? I enjoy learning about them and making connections.

## Biggest challenge of running an agency today?

Talent and technology are the two major challenges that we have. We also have a lot of challenges with the capacity of our carriers. Sometimes, that makes it very challenging to write business.



PHOTOS BY JUNEBUG CLARK

There are also challenges in the economy. Some are hidden right now, but they're there. Cyber is one of those hidden challenges. With the seven large companies that are coming together to work on cybercrime through the newly formed CyberAcuView, that says right there that we've got some work to do. Cyber is a cheap line of business right now, but it's not going to stay that way if we continue to see these large hits out there. It's a critical piece of business for our clients but I don't know what the capacity will be in the future.

### How can agencies address the talent gap?

The opportunities within the insurance industry, specifically the independent agent channel, are enormous. But our job is not just to recruit and find talented people, we need to onboard and train them properly so that they understand the culture of our industry. Then, because there are a lot of people recruiting for talent right now, you don't want to lose them to a competitor, carrier partner or aggregator. The main thing is: "right person, right seat." Getting the right person is challenging, but what is equally as challenging is putting them in the right position so that they are fulfilled and happy.

### What advice do you have for young agents entering the business?

Give it time. You're not going to learn it overnight. You're not going to have success right away. If you become a producer overnight, you probably don't have a very good understanding of everything the job entails. Also, get involved. Not just with the associations, but with other centers of influence, such as the Chamber of Commerce.

Lastly, find a mentor. There are a lot of guys like me who are happy to share our years of having done this job with young people. I always tell our staff, there are no dumb questions. You can give a dumb answer, but there are no dumb questions.

### What's the secret to your success?

Hard work. This is not an easy business. It is hard but also very fulfilling. Also, having persistence, working your relationships as best you can and looking out into the future as much as possible. All of those things have been instrumental in our success. But honestly, the biggest thing is hard work.

## BROTHERS IN ARMS

Working with family can be difficult. But for Bob Fee and his brother Allen Fee, "it's been very good for us," Bob says. In the late '80s, the company was "pretty small," Bob recalls. "But Allen is a real driver. He moved our agency forward in a number of ways."

Two siblings working together is "challenging," Bob says. "But we realized which talents we each had, and we've utilized them to the best of our abilities to grow as an agency."—WJ



Bob Fee pictured with his wife Annie (previous page) and in the halls at Fee Insurance.

### What's the hardest part of using technology?

There is so much InsurTech available, and I don't even know what most of it does. I'm not unusual for thinking that way. However, there's great technology out there that can help us improve our client experiences and make us more efficient. But with every piece of technology, there's a cost—from spending time researching to buying it to implementing it into workflows and learning how to use it. As an agency owner, I know how hard it is to balance all of that.

### What can the association do to address industry challenges?

Some of the challenges that we face are not always in our control. As an association, I think we have to maintain our relationships with our carrier partners and be watchful of the trends going on within the industry, whether it's more direct-to-consumer options, aggregators or agencies being sold to large conglomerates. All of those things are going to have an effect on our industry. The association's job is to highlight them and make people aware of them so they can stay on top of them.

### What are the keys for the continued growth in the independent agency system?

I think we have to constantly add value to our client relationships. If it's easier for an insured to go online and buy insurance because they're not getting anything from their agent, then shame on us. We have to provide a client experience. We have to provide that advocacy when it comes to claims or policy reviews. We have to add value for our clients, so they see the value in working directly with an agent. As long as we make them see the value, we shouldn't be scared about anything else that's going on in the industry.

### What are you looking forward to the most during your chairman's term?

I'm looking forward to visiting with state leaders and state association execs and talking about how we can work with our members. No agency should be in business without being a member of our association. We have so much to offer, and we need to work as closely as we can to bring out the best in all of us.

Will Jones ([william.jones@iiaaba.net](mailto:william.jones@iiaaba.net)) is IA editor-in-chief.



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# Here's to 125 years!

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Happy anniversary, Big "I"! With sincere appreciation for all you do for the independent agent community.









# FRAUD FIGHTERS

WHAT IS INDEPENDENT AGENTS' ROLE IN PREVENTING INSURANCE FRAUD?

By AnneMarie McPherson

**A** million-dollar painting stolen from the trunk of an insured's car—not your average insurance claim.

It started normally enough, as Spencer Houldin, president of Ericson Insurance Advisors in New York City, recalls the case that took place 20 years ago. The insured informed Houldin he would be transporting his \$1.2 million painting from his primary residence to his second home and wanted to confirm that the painting was covered.

“That was fine,” Houldin says. “But then we received a phone call from him shortly afterward saying that his painting had been stolen—and I can’t even make this up—he told us someone broke into the trunk and took his painting while he was stopping by at a gentleman’s club.”

Houldin knew the reported theft was a red flag for insurance fraud. “We immediately informed the insurance carrier,” he says, and its investigative unit went into high gear. A background check uncovered the insured’s financial troubles. A private eye stake-out, a hasty flight to the U.K. by the insured and an arrest transpired. It turned out that the insured had, in fact, staged the heist.

Insurance fraud is often not as flashy as stolen paintings and film noir detective-style investigations—but fraud is more common than you may think. Fraud occurs in about 10% of property-casualty insurance losses, according to the Coalition Against Insurance Fraud. And p-c fraud accounts for about \$30 billion in theft each year, according to the Insurance Information Institute.

In many cases, agents are the first line of defense against potential fraudsters.

What role do independent agents play in preventing insurance fraud? And what are the consequences if they don’t?

## One Bad Apple

Insurance fraud takes a myriad of forms that agents may encounter.

While clear, outright fraud is “where a client may come in and take out a policy because they plan to stage an accident or submit a fraudulent claim, the bigger problem is premium avoidance or premium leakage,” explains Dan Donovan, vice president of customer success at Shift Technology. “That’s when carriers aren’t charging enough premium to cover the true risk, because they’re given false information by an applicant to get a better rate.”

One key concern for independent agents should be “cyber scams and particularly identity theft,” says Matthew Smith, executive director of the Coalition Against Insurance Fraud. “Especially in the online world and perhaps not meeting a person face to face, you may not know specifically who the person is.”

The Federal Trade Commission received a 113% increase in identity theft complaints in 2020. “It’s a huge issue,” Smith says, “and if we have all that identity theft going on we’d be pretty ignorant to think that the world of insurance isn’t at risk of fraudsters using those ID thefts to secure fake policies.”

Fraud can occur from all directions of the insurance transaction. Doug Heller, senior adviser to the Consumer Federation of

America, emphasizes that agents have an important role in preventing fraud committed by insurance companies.

“One thing we are concerned about is the equal treatment of policyholders by insurance companies,” he says. “As America has grappled with institutional racism, we’ve been rightly focused over the last year on instances in which policyholders from communities of color get lower quality service, unfairly denied claims or get put into non-preferred companies.”

“Agents can see this,” Heller continues. “Agents know which of their clients get a full claim paid and which ones have to fight for every last dollar. When people don’t get the full value of their contract, that’s fraud and the agent should stand up for their aggrieved policyholder, talk to their carrier and ask why they’re seeing different trends.”

Unfortunately, insurance fraud may even be committed by an agent. “The vast, vast majority of agents would never ever contemplate this, but premium thefts by agents are among the most common insurance fraud schemes in America,” Heller says. “It’s important to keep an eye on accounting and make sure premiums are making it all the way to the carrier.”

One enormous source of fraud is service providers, such as auto body shops or home repair contractors, according to Fred Wharton, president and CEO of North American Training Group, Big “I” fraud training partner. “Most of your clients may be good—although occasionally you do get a bad apple—but it’s service provider fraud that runs up the claims costs,” he says.

Repairs after car accidents are often the perfect opportunity for fraudsters. “Body shops have been known to take out perfectly good airbags, place a deployed airbag in there from a similar model, and when the adjuster gets there it’s a \$10,000 payout,” Wharton says. “Or, in horrible cases, the airbags did blow, and the shop stuffs it back in, superglues it together, and sends the customer on their way. That’s when deaths occur.”

“Those fraudsters aren’t thinking of safety,” Wharton adds. “They’re just lining their pockets with money.”

## Spider Senses

How can agents prevent insurance fraud? Most of it comes down to common sense and intuition.

“When I was an agent, we used to call it ‘spider senses,’” Delaware Insurance Commissioner Trinidad Navarro, chair of the National Association of Insurance Commissioners’ National Anti-fraud Task Force. “If something seems too good to be true, or if you’re presented with information that doesn’t sound quite right, you should dig deeper.”

Here are six actions agents can take to fight fraud:

**1) Watch trends.** “A knowledge of claim trends is important,” Houldin says. “We have a pretty good idea that people have property claims every seven years on average. When someone has four claims in a seven-year period, you have to think about why that would be.”

Agents should maintain a good read of their surroundings to determine patterns, especially with service providers, Wharton warns. “They need to get an idea of what body shops have given the

**“WE USED TO CALL IT ‘SPIDER SENSES.’ IF SOMETHING IS TOO GOOD TO BE TRUE, OR IF YOU’RE PRESENTED WITH INFORMATION THAT DOESN’T SOUND QUITE RIGHT, YOU SHOULD DIG DEEPER.”**

—DELAWARE INSURANCE COMMISSIONER TRINIDAD NAVARRO,  
CHAIR OF THE NATIONAL ASSOCIATION OF INSURANCE  
COMMISSIONERS’ NATIONAL ANTIFRAUD TASK FORCE

best customer service and honest bills versus which ones are always inflated 25% over every other repair estimate.”

**2) Be wary of unusual knowledge or focus.** “If someone comes in and knows exactly what they want, that’s a flag and a sign to start asking some more questions,” Wharton says.

Additionally, agents should be concerned with unusual interest in “payoffs if the worst-case scenario was to happen,” says Arinze Ifekauche, director of communications at the Coalition Against Insurance Fraud. “With all the reporting we do about insurance fraud cases, in many cases defendants asked their insurer repeated and pointed questions: ‘How do I get paid if my building catches on fire?’ or ‘How long before an investigation is stopped on a life insurance policy?’”

**3) Verify information.** “There are many tools agents have access to, either through their carriers or publicly available information,” Donovan says.

“Doublecheck that the car or the house exists,” Wharton agrees. If something has begun to feel amiss, agents should dig deeper with follow-up questions. Even simple ones such as how busy the client’s neighborhood’s intersections are may cause a potential fraudster to “panic or draw a blank, especially if they were told to go in there by the head of a fraud ring and ask for a specific coverage from a specific carrier,” Wharton says.

And educate clients to go the extra step to protect from fraud. “Make sure they know to take pictures of the car accident damage before it goes to the body shop,” Wharton continues. “That way, the carrier will know if the shop’s bill doesn’t reflect the real damage.”

**4) Be clear about accuracy.** For Commissioner Navarro, “the most important thing agents can do in fighting insurance fraud is making sure the information they collect is complete and accurate, especially during busy times.”

“If a customer is asking questions that suggest they’re willing to be flexible—such as, ‘Would I get a better rate if I used a different address?’ that should raise an eyebrow,” Heller says. “They might just be considering moving. But you should start to pay extra attention there.”

“It should be made very clear by agents to consumers that they need to be accurate or they risk their policy being canceled,” Heller continues. “There should be no fudging. Agents have to take responsibility to prevent that.”

**5) Have an anti-fraud plan.** “What I hear repeatedly is that agencies relied on the insurance company to have a plan,” Smith says. “I spent 35 years in the courtroom litigating insurance claims. Every independent agent should be prepared. If they are sued over a tragic loss or fraudulent claim and are asked whether they have a fraud plan in place—if they say ‘no,’ they have opened the door for their own liability.”

**6) Implement training.** States have varying requirements for fraud training, frequency and who should receive it. Even if regular training is not yet required in an agency’s state, Wharton says, it’s still crucial.

“The only way to get in front of these fraudsters is to have agency staff understand what fraud looks like,” he says. “The agent’s role is to really know what’s going on and to be aware of their surroundings.”

## Make the Call

What if you see a potential red flag?

First, it doesn’t necessarily mean you’ve encountered fraud. “A client driving 50 miles away from where they live to visit your agency may be an indicator,” Wharton says. “But if you dig a little deeper you may simply find that their cousin gave you an outstanding recommendation.”

If you are suspicious, take it to carrier. “As agents, it’s our job to alert the insurance company to do a little deeper digging,” Houldin says. “They have the expertise and the resources to investigate.”

“If it doesn’t feel right, report it,” Smith agrees. “Affirmatively take the steps of referring the matter to the insurance carrier, or where appropriate directly report it to the fraud bureau within your state’s department of insurance.”

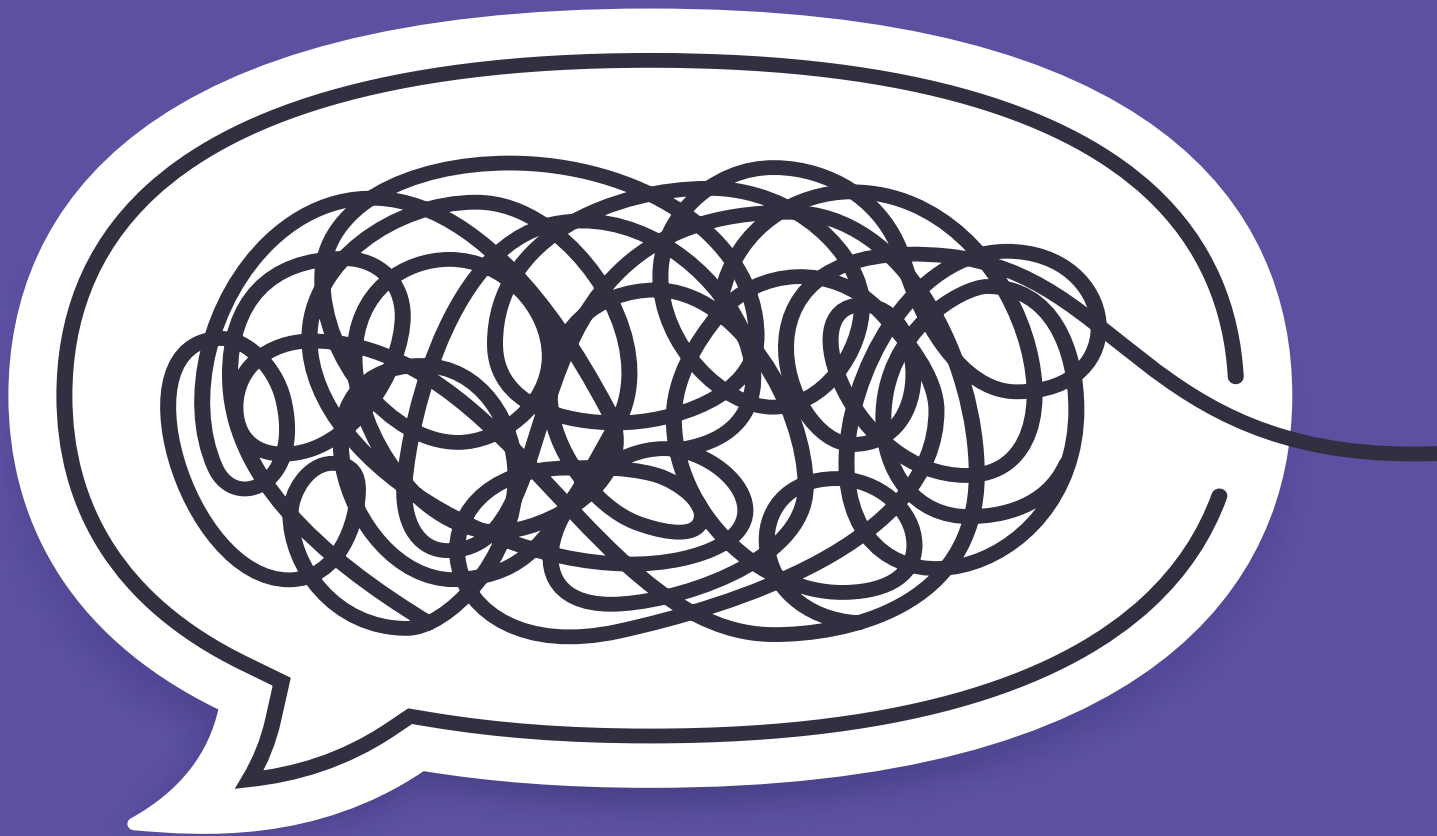
However, “one of the biggest mistakes we see agents make is assuming, even though they are state licensed, that it’s the duty of the insurance company to investigate and report the fraud,” Smith says.

Smith explains one instance in Virginia in 2012 when “a stepfather took out a \$500,000 life insurance policy on his five-year-old stepson. Given the economic situation of the stepfather and the brevity of his relationship with the child, there were all sorts of indicators on the policy,” he says. “The tragic result is the stepfather murdered the boy and attempted to collect the insurance.”

“When the case went to litigation, the agent who wrote the policy admitted that they thought it was suspicious but that their job was to just take the application and let the insurance carrier decide,” Smith continues. “The carrier’s response was that it relies on agents to determine whether it’s good business. You ended up with the agent blaming the company, the company blaming the agent, and a five-year-old dead.”

*AnneMarie McPherson (annemarie.mcpherson@iiaaba.net) is IA news editor.*

# TALK'S NOT



# CHEAP

WHY SHARPENING YOUR PUBLIC SPEAKING SKILLS IS A NECESSITY, NOT AN OPTION.

By Lewis D. Chaney



**S**ay this out loud where no one can hear you: “Hi, my name is ... and welcome to my business! How can I help you today?” Did your voice just go up two octaves because you started speaking in a “schoolmarm” voice that made you sound more plastic than an aging celebrity’s face? Was it modulating up and down in a singsongy pattern? Is it the voice you often hear when you call a business?

The big misconception is that public speaking skills are only for C-suite executives and TED Talk hopefuls. This couldn’t be further from the truth. These skills trickle down and improve everything you do—from phone calls to meetings, the golf course deals and restaurant meals. They may even help when you attend continuing education classes and seminars.

You may say, “But I’m not a public speaker.” Oh, but you are. If you interact with another human being, particularly to persuade, you are a public speaker. Sharpening your communication soft skills is a necessity, not an option.

A Google search will show you that executives are finding it painfully obvious that many college graduates don’t have these skills. But, it can be fixed.

## The Key: Be Human First

I once worked with a television news anchor that was so plastic she lacked all credibility. You could hear the insincerity in her voice even when she was reading about tragedy and death. Her lack of authenticity was palpable, and people saw through her.

If you are anything but authentic and sincere, it’s like chumming for sharks—they will sniff you out. If you think you are fooling some of the people some of the time, it’s likely you aren’t, and it could be costing you customers. If you don’t get this right, nothing else will be.

Here’s what you can do to up your communication game in three key areas of your business:

### 1 | Sales

**Story.** First, you must sell yourself. You could have the cure for cancer, but if you fail to sell yourself, no one will listen, so no one will buy. How do you sell yourself? A story.

Stories create identifiable moments and people buy from people like them. No Venn diagram or graph can create that. Also, stories are sticky. At the end of any speech, you may not remember what they said, but you do remember the stories. Stories are the connective tissue of people. Think about it for a second. Without stories, we have no songs, books, movies, television shows or news to tell our friends.

Fewer charts, more heart. More stories. More you.

**Punch in the nose.** At the start of this article, I used what’s called a nose punch, something that grabs your attention and gets you involved right out of the gate. Don’t waste your time—or your client’s—by starting with a list of thank yous or your bio. Draw your audience in right away with the first sentence. You have mere seconds before people start picking up their phones to check their

email or scroll through Facebook. A good nose punch ensures they won’t. It can be a hard punch or a soft one, but do punch!

**Humor.** I once read that humor is a rubber sword; it allows you to make a point without drawing blood. I am not advocating for you to become a comedian, but having a sense of humor helps tremendously.

You can tell a funny, anecdotal story to make your point. You could even possibly tell a joke but *please* learn the joke. Do not stand there and read it. Yes, I have seen this happen, and yes, it was just as painful as you imagine.

**Train your whole team.** A company was trying to land a contract worth hundreds of thousands of dollars. The trained speakers were presenting to the city commissioners, and it was going well. Then the board asked to speak to a team member who wasn’t trained. That person proceeded to not only answer questions but give far more information that led to other questions and single-handedly killed the entire deal.

Every employee is an ambassador for your company. They will speak about it outside the confines of the office. Help them do it well.

**Know when to shut up.** See the previous point.

### 2 | The Virtual World

**Cut back or lose the slide deck.** People are easily distracted, particularly when they are sitting at home. Burying your face while sharing your screen or running a slide deck and reading it is not going to keep attention. Yet, people keep doing it. Think of it this way: If you don’t want to sit through something like that then don’t make others.

**Apply the 7-38-55 rule.** 7% of our communication is our words, 38% is tone, and 55% is body language. This applies even more to a virtual meeting than in person.

Understand that little box you are in. You can choose how wide it is, meaning you can see more of your body, therefore allowing more of your body language to be seen. You can also sit, stand, lean into or away from the camera for emphasis. Sitting a bit farther away gives you more space to use your hands.

The cliché is “think outside the box,” but I am telling you to think better inside it.

**Good video and audio quality.** Don’t sit with a window behind you or have only half your face lit. Don’t angle the camera up your nose so people can tell the border color on your wall. Set the camera just above eye level looking slightly down. Make sure your background is de-cluttered.

Also, dress appropriately. You wouldn’t show up to work disheveled, so you shouldn’t show up virtually that way either. It’s about perception, and to be perceived as a professional, even if working from home, you need to dress appropriately.

### 3 | Customer Service

**Strong service equals retention.** Customer service is where the magic of retention happens and where these soft skills branch. No, you aren’t giving a speech, but learning about the soft skills involved with public speaking will have an effect. There are many

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FROM THE TRUTH.**

# NO FILLER

Filler words—or what I sometimes call killer words—are one of my pet peeves. They are the words people use when they don't know what to say next. They include but aren't limited to "ah, um, well, but, so, like, you know."

Why killer words? They kill the single most valuable asset you and your clients have: Time.

I once watched a woman on a news program speak about the company she worked for. The whole segment was less than five minutes. Editing out the host of the show left this woman speaking for three minutes and eleven seconds. In that time, she used over 70 of these words. I edited it down to just those words and found she wasted 37 seconds on those alone. You have to pay to be on this show, so time literally was money.

Thirty-seven seconds doesn't seem like much, but it adds up quickly. To put this in perspective, had she been speaking for half an hour, she would have lost over six minutes of time to these words. You can do a lot with six minutes.

These utterances make you sound unprepared, unpolished and unprofessional. Lose them. How? Stop, drop and pause.

When you hear a killer word coming, stop. Just hush. Drop the fill word and ... pause. Pausing does two things: It allows your audience time to absorb what you said and gives you time to gather your thoughts.

Silence is golden because it has value. Don't feel the need to always be making some sort of sound.—LC

wonderful programs out there that teach customer service professionals to smile through the phone, be helpful, be courteous and all manner of things. You need them.

**Know when NOT to shut up.** I know I just told you to know when to stop talking, but in some cases the opposite is needed. Customer service can often be too short and too terse. I'm not saying get into a 30-minute conversation with a client, but learn how to be you, truly you, when engaging them. Connection is key. Moments your client can identify with are especially helpful here as well.

**Impromptu speaking.** This is almost an art unto itself and is critical in customer service—but it is no easy feat. Practice, practice, practice. You never know what's coming out of a customer's mouth, and the banter back and forth is like a tennis match. Be able to do more than get it over the net. Which brings us to ...

**Be prepared.** Listen for stories from others that you can use later to explain something differently to a client.

**Energy.** You have to keep your energy level up. Even though people might not notice it when you do, they certainly will when you don't.

## It's Not Just About Sales

If you volunteer in the nonprofit world, improving your communication skills will make you far more useful in a variety of ways. During my time working in news, I saw many people from nonprofits speak poorly. When that happens, the message is lost. The two life bloods of any nonprofit are money and volunteers, and the inability to communicate well will result in a loss of both.

By improving your communication skills you'll notice other benefits. Live events on social media will become easier, and talking to media won't make you as nervous.

Having better speaking skills will boost your confidence, help you when explaining things to customers or others in your company. It's going to make you more memorable to those you serve. You'll become a more interesting person almost automatically, and that benefits you and your company.

An article from *Forbes* magazine said: "What is the value of a great presentation? Whatever deal you are trying to win. What is the cost of a poor presentation? Same thing."

People are scared to death of public speaking. I can assure you this: You won't die from public speaking, but your deal might. "Talk is cheap?" Hardly.


*Lewis D. Chaney is the Founder and CEO of Get to the Damn Point (gettothedamnpoint.com), where TEDX level communications meets the brevity of a newsroom. A TEDX Alumnus with over 25 years in TV broadcasting, advertising and filmmaking, Chaney has mastered the art of getting to the damn point.*

*From meetings to client interactions to break room brainstorming, he teaches your team how to say less and be heard more, saving you time and making you money. His "GET TO THE DAMN POINT" communication soft skills course is a deep dive into expert speaking and presentation techniques, virtual production, and optimizing media coverage.*

An aerial photograph of a road with a large pothole. The pothole is filled with a thick, billowing cloud of blue smoke or steam that rises from the center. The surrounding road surface is dark and textured. The text 'GAIN TRACTION' is overlaid in large, bold, white letters, with a vertical blue bar to the right of the word 'GAIN'.

# GAIN TRACTION |



An aerial photograph of a field with a large, billowing plume of blue smoke or steam rising from the center. The field is divided into sections by dark lines, possibly furrows or roads. The smoke is a vibrant blue color, contrasting with the dark, textured ground.

STOP SPINNING YOUR WHEELS BY  
OVERHAULING YOUR AGENCY'S  
DECISION-MAKING PROCESS.

**By Diane T. Keil-Hipp**

**A**gency owners make hundreds of decisions every single day. For many agencies, nearly every aspect of running the company rests with the owners—marketing, finances, carrier relations, human resources, technology and more.

No wonder many owners feel like they run from fire to fire. They react to demands, feel forced to make quick decisions and have little time to research the options. The bigger-picture strategic planning decisions get pushed for another day when things are calmer. The problem is that day never comes. Strategic decisions don't get made and choosing not to do something comes at a price.

If what I just described sounds like you, you're not alone. There's comfort in knowing that you're in good company, but there's also danger in it. The danger is in living complacently when the world around you is changing faster than you are. Without a keen eye on consumer trends, your agency can get left behind.

This is the spinning wheels phenomenon, and it's caused by resistance to change, dysfunctional culture and assumed continuity—all dangers that can seep into agencies when owners are too busy putting out fires.



## Stuck in the Mud

Consider the image of a car stuck in the mud. Without traction, its tires spin but the car doesn't move—it is still stuck. The car is expending a lot of energy but not moving forward. Without a change in the situation, the car will continue to be stuck in the mud. Hence, the metaphor commonly used when a person or group is very busy but accomplishing very little is "spinning their wheels." Often, they are blind to the fact that they are spinning their wheels because they are so preoccupied doing their busy work—another term with a similar connotation.

An agency spinning its wheels is focused on processes and procedures, most of them well established. Commonly heard are phrases such as, "This is how we've always done it," or "It's just not like it used to be."

Here are three factors that reinforce the status quo:

**1) Resistance to change.** Do you know someone who opposes new ideas, refuses to budge on an issue and says it cannot be done? These are all examples of being resistant to change.

Even beloved concepts such as stability, tradition and continuity discourage change. While those concepts have a place, if they drive decisions in your agency, you may be resistant to change.

Often, resistance to change is driven by fear of the unknown, such as technology the owner doesn't understand. It can also be driven by ignorance of how to change or a lack of confidence in learning new skills. A habit is an unconscious form of resistance because after so many years of doing something a certain way, it's hard to change.

One of the most concerning forms of resistance is myopia—where you're so busy in the daily grind that you have no time to think broadly or futuristically.

**2) Cultural lock-in.** Renowned consultant Warner Burke defined culture as "the way we do things." Culture is neither good nor bad but how an organization lives its culture makes it an asset or a liability, a strength or a weakness.

Cultural lock-in prevents an agency from responding to market changes. An agency paralyzed by its culture may believe the service expectations of yesteryear are still adequate today. As a result, innovation rarely occurs, risk-taking is minimized and employees demonstrate little passion for their work or the agency's future.

**3) Assumed continuity.** Assumption of continuity means that the agency's continued success is expected. Many agencies are generational businesses, so the assumption of continuity can be very high. The attitude is, "Of course, we'll exist—we've been around forever."

Under this form of "agency egotism," the agency focuses on its processes and procedures, not on innovation or creativity. Assumption of continuity leads to resistance to change. If an agency is confident it will be around another 50 years, it is unlikely to change its business model to stay relevant.

## Strategic Decisions

Many agency leaders struggle in their decision-making abilities. What kind of decision-maker are you? If you're not sure, here are some pointers that will help you determine your natural style.

Consider whether you are an intuitive decision-maker or a logical decision-maker. Both types have their place. Intuitive decisions are quick, automatic, reactive and emotional. Many daily decisions can be made intuitively. Logical decisions are slow, thoughtful and reasoned. Strategic decisions should be made logically.

If your style is intuitive, you will be inclined to address all decisions from an automatic and emotional perspective. Consider the decision to permit your service team to work at home permanently. An intuitive decision-maker would consider their personal feelings about whether they liked employees to be away from the office. They may say things like, "Our clients aren't getting serviced," or "They're not giving eight hours a day at home." Likely, these statements are not based upon data. A rational decision-maker would pull productivity records and check workloads, lost business, and client complaints before deciding.

Most people suffer from biases that cloud their decisions. For instance, consider your best employee. Why are they the best? Is it because they have the best combination of knowledge, productivity,

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## DIG DEEPER

If you feel like you're spinning your wheels, consider spending a few more minutes reflecting on specific questions about how you run your agency. Your answers to these questions will help you pinpoint whether your agency is spinning its wheels and how deep in the mud you really are.

Ask yourself:

- When was your agency's last innovative initiative developed, such as the creation and implementation of a new service that provides a competitive advantage?
- How many technological advances have you adopted in the last year?
- Circle the words that define your culture: creative, innovative, responsive, tech-savvy, passionate, stable, traditional, controlled, routine.
- How active are you on social media?
- How much have you reinvested in the business, whether with new producers, new technology or something else?
- How much time do you spend on strategic issues versus operational issues?
- Do you find yourself thinking, "It's just not like it used to be?"
- When was the last time your agency did any of the following:
  - Overhauled your website
  - Changed an internal procedure
  - Evaluated the return on investment of your most time-consuming task
  - Researched the most successful agency in your region
  - Measured your agency against industry best practices and then did something about your shortcomings—DKH

work ethic and empathy? Or is it that they have only some of those attributes and they are a personal friend?

This is called the halo effect. Due to some good traits, you assess everything they do as perfect. If you regularly apply the halo effect with employees, carriers or vendors, you may be overlooking shortcomings that impact your agency's performance.

Finally, is your decision based on quality data or the quickest data that was available to you?

Garbage in, garbage out. You can analyze the data in the most logical, sophisticated way, but your decision will be garbage if the data is flawed. This is called the availability heuristic—making decisions based upon readily available data.

Consider the decision to acquire an agency. What do you know about the quality of the book of business? What are the predominant auto liability limits and home deductibles? Do the majority of clients need reminders to pay their bills? Digging into the details will open your eyes to the actual quality of the book.

### Got Traction?

Don't let reflection turn into paralysis. It is critical to get started and take the first step.

If the list of things you need to fix is overwhelming and feels daunting, consider picking the easiest one on the list. This may

seem like an unorthodox approach, but if you can address one item by taking steps toward change, you will gain confidence to tackle another.

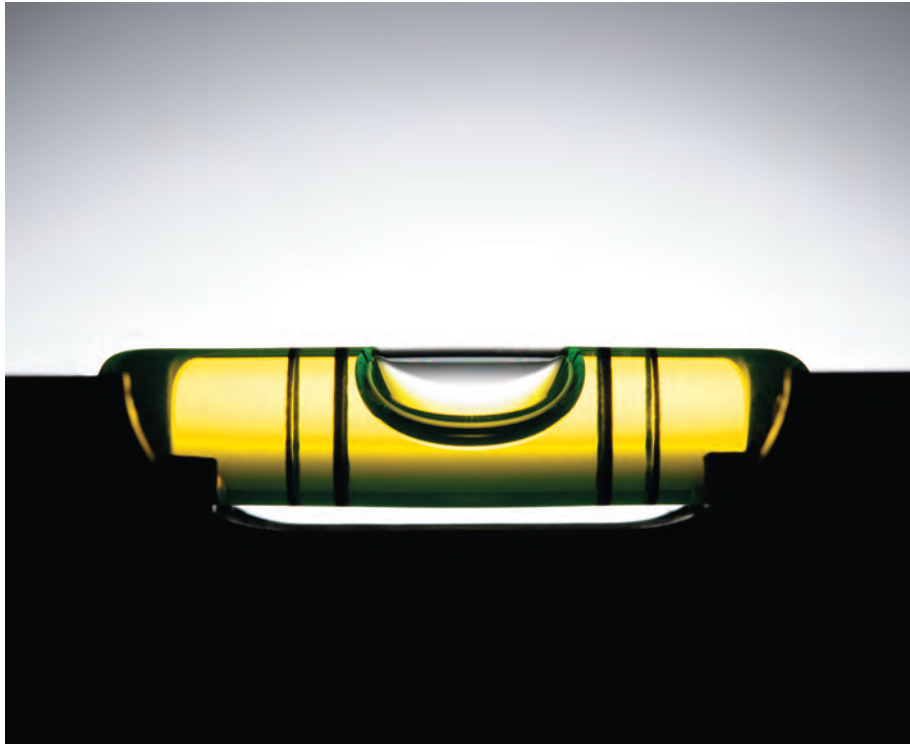
If you've realized that you have some decision-making weaknesses, remember that you're not an island. Reach out for help. If you're the sole owner, lean on your state association, community business leaders, colleagues or consultants. The opportunity to discuss your ideas with another person always helps to broaden your perspective.

It seems that the world is changing at the speed of light. To be in business 10 or 20 years out, you have to be ready to change now. Understanding whether your agency is spinning its wheels is the first step toward addressing the issues that prevent you from recognizing and adapting to the changing market. Reflect on these questions, make notes, confide in a trusted advisor and make your first decision for the future.

Before you know it, real change will begin to happen.

*Diane T. Keil-Hipp is chief operations officer at Knight Insurance Group, an independent insurance agency in Toledo, Ohio, and has spent over 30 years in the insurance industry. She is also a doctoral student at Bowling Green State University (BGSU).*

## THE INSIDE LINE ON COVERAGE



### TRENDS BY LINE



## In the Balance

How workers comp trends are unevenly impacting the market as the year progresses

By Olivia Overman

**Despite the devastating** impact of the COVID-19 pandemic on many industries, the workers compensation market continued to remain healthy, stable and profitable through 2020 and into 2021.

While pandemic-related claims and losses were reported, most notably for frontline workers, the overall financial impact of the pandemic has been manageable for the workers comp market. Yet, as a number of trends continue to evolve, uncertainty remains.

“The pandemic has had an impact on workers comp profitability; however, the impact has been far less than initially projected,” says Becky Pinto, president, workers compensation programs, Arrowhead General Insurance Agency. “The industries most heavily impacted as a result of the pandemic have included hospitality and retail from an employment and remuneration perspective, while industries that employ essential workers were most impacted from a claims perspective.”

Recently, the National Council on Compensation Insurance (NCCI)

announced that the combined ratio for the 2020 workers comp industry was 87%, indicating the profitability of the sector despite the pandemic.

However, “a trend in increased claim severity at the end of 2020 is expected to continue through 2021, while the continuation of the observed decline in claims frequency is uncertain,” says Erin Stober, assistant vice president, casualty underwriting, EMC Insurance Companies.

“Claims frequency may be impacted by an increase in inexperienced workers in the market as the economy grows,” she says. On the other hand, the NCCI is continuing to monitor developments in “emerging technology-rated trends of telemedicine, wearables and the growing gig economy,” which are all expected to impact the workers comp industry in the future.

The impact of the pandemic on non-COVID-19 claims “could turn out to be more significant than direct COVID-19 claims with more employees working from home, fewer in-person medical visits, delayed treatments and procedures, and fewer return-to-work opportunities,” Stober says.

“It’s important to look at the impact of the flow of claims from two sides,” says Song Kim, senior vice president, construction, CNA. “On the one hand, the lack of access to medical care for non-urgent matters, including surgeries, as well as court closures during the first several months of the pandemic caused delays in claim cycle times,” Kim explains. “As the economy opens up, we’ll likely see a return to normal new loss frequencies; conversely, technology advances in the way of telemedicine have accelerated improvements in treatment delays.”

On the other hand, however, “industries that have moved to more

remote work staff may see increases in ergonomic-related claims—for example, carpal tunnel and cervical strains,” Kim says.

In some areas of the country “it feels as though the frequency of COVID-19 claims have dropped off as vaccinations across some states have steadily increased,” says Dave Garcia, president, Rancho Mesa Insurance Services Inc. “Nevertheless, specific niches like home health care, long-term care facilities, and other nonprofit organizations who cater to the elderly could be impacted for years to come by pandemic workers comp claims.”

The NCCI is continuing to monitor trends that are expected to impact the workers comp industry and one such trend is the COVID-19 workers comp presumption of compensability. In 2020, nine states “enacted laws which presumed that workers in certain industries who contracted COVID-19 did so in the course of employment, thereby making it a compensable workers comp claim,” says Scott Lange, director of corporate underwriting and products, Sentry Insurance. “The emergence of these new claims, however, was offset by a reduction in other workers comp claims due to businesses shutting down, workers being put on furlough or switching to a remote work environment.”

As we move through 2021, the NCCI is tracking the presumption of compensability laws in 20 states, some of which are hoping to expand COVID-19 coverage to include additional categories of workers in addition to frontline health care workers already covered. Some states are also looking to extend coverage beyond 2021.

Another trend of concern for the workers comp industry is that of workplace violence. Almost 2 million Americans are victims of occupational violence every year, according to the Occupational Safety and Health Administration (OSHA). And

#### FROM THE FRONT LINES: EQUINE

## Laura Connaway

### Founder and President

Connaway Associates Equine Insurance Services Inc.

Connaway.net

Little Rock, Arkansas

Interview by Olivia Overman



### How did you get started at your agency?

Years ago, when I would go to insure my horses, I had no idea who the person was sitting behind the desk. If you had a problem, you could call, but they might not be able to answer your questions or they might not take your call. I thought it would be great if there was someone in the insurance industry who knew the sport and answered your questions face to face.

For our agency, equine insurance encompasses not only insuring horses themselves but also horse farms and liability associated with owning a horse or a horse-related business.

### Why equine?

I am a fourth-generation horsewoman. Horses have always been a passion and part of my life. It was only natural to pursue a career that involves horses and horse farms, so I got my property-casualty license and began working for an insurance agent in the equine industry. Two years later, I started my own agency.

### Challenges in the equine market?

Equine insurance is very nuanced and it's evolving all of the time, so various specialties within the industry have developed over time. Our agency specializes in sport and performance horses.

Horse insurance is unique in that it involves both a significant financial and emotional investment. The bond our customers have with their horses is very special, so when a horse is ill or injured, it can be a very nerve-racking experience.

By using the latest innovative technologies, we are able to provide better service to our customers. Generally, our customers travel extensively, so we are able to provide them with the information they need quickly, wherever they are located.

### Future trends?

The horse insurance industry is very dynamic. The use of advanced diagnostic equipment and therapeutics is providing groundbreaking changes to veterinary care and treatments, and that's driving a lot of the change in the equine insurance market we're experiencing today.

### Advice for a fellow agent?

Building relationships with customers is critical. I have made lifelong friends through our business and being able to enjoy the successes of our customers—whether it's long-distance or they're standing next to me at the show ring—makes it special. On the flip side, when things don't go so well, at a competition or with their horse's health, being able to understand the trials and tribulations our customers are going through and connect with them on a more personal level is extremely important.

### Favorite success story?

A horse insured through our agency that was a top showjumper sustained what was thought to be a career-ending injury. Our insured was devastated at the thought of retiring their top competition horse. Through extensive rehabilitation, the horse returned to the top level of the sport. Being able to provide medical reimbursement for rehabilitation and diagnostic testing was a key to the horse's recovery and success.

Olivia Overman ([olivia.overman@iiaaba.net](mailto:olivia.overman@iiaaba.net)) is IA content editor.



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while most cases are isolated incidences, there has been a 40% increase in active shooter acts of violence over the same period in 2020, according to data from the Gun Violence Archive.

Occupational violence is covered under most workers comp insurance policies, providing coverage for employees who suffer physical injuries and mental distress from such incidents.

The workers comp industry continues to demonstrate the strongest reserve position of any property-casualty line of business while experiencing declining premium rates in response to favorable results over the past few years, according to Fitch Ratings. This is the inverse of other p-c lines of business. As the economy grows and workplaces reopen, it remains to be seen how differing trends will impact the market.

*Olivia Overman (olivia.overman@iiba.net) is IA content editor.*



TRENDS BY LINE

**Ready, Set, Reopen**  
*The importance of general liability coverage for small businesses as they reopen*

By Olivia Overman

The definition of the “workplace” seems to be changing every day. As we re-emerge after the coronavirus pandemic lockdown and return to normal—whatever that looks like—this change is more apparent than ever.

The world shifted significantly over the past 18 months and with it the businesses that operate in it. In recent years, about 600,000 establishments have permanently closed per year, according to a study released by the Federal Reserve. The pandemic resulted in the permanent closure of roughly 200,000 more U.S. single-location establishments during the first year of COVID-19 than

expected, implying a closure rate of about one-quarter to one-third above normal, according to the study.

For many businesses, and in particular small businesses, the pandemic created many challenges, but with it came “new opportunities to generate revenue outside of their traditional means,” says Sean Givler, senior vice president, commercial lines, The Cincinnati Insurance Companies.

For example, restaurants are using wait staff to deliver food to customers and manufacturers have changed operations to produce personal protective equipment for the first time. “While some of these changed operations will be temporary, the market must fully understand any continuing operational changes to ensure proper coverage for these risks,” Givler says.

Protecting a small business from changing risks is a daunting endeavor but ensuring adequate commercial general liability coverage is in place



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will protect against accidents that could potentially amount to a major expense.

“One of the greatest challenges for small businesses is recognizing what exposures are or are not addressed through general liability coverage, as well as remaining informed of emerg-

ing risks that could impact their business,” Givler says.

“A small business could experience general liability claims due to a variety of scenarios—a product it sells or a service it provides causes injury to a customer, or perhaps a guest slips and falls on its premises—and these

claims can often lead to lawsuits,” says Lindsay Guerrant, small commercial product strategy lead, Liberty Mutual. “The cost of litigation combined with increasing court verdicts are amplifying severity in claims and putting pressure on the market.”

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Social inflation is leading to rising claim payouts and business owners should be cognizant of the impact on the cost of coverage. “We’re seeing severity increases driven by factors such as rising legal expenses and medical costs,” says Fred Snyder, assistant vice president, business insurance product, Travelers.

In addition to social inflation, “other more tangible attributes are also in play, like the influence of economic inflation in pockets on increases in the medical cost trend in bodily injury liability cases—something we often think about in workers compensation but that also applies directly to general liability claims,” says John Sakakeeny, vice president, product management, The Hartford. “Underlying drivers of this trend are advances in medical technology and new treatments, which have the benefit of allowing a fuller physical recovery by third-party claimants—just as for employees in the workers comp space.”

“We are also seeing more technology in the workplace, including wearables, remote monitoring systems and applications of artificial intelligence,” Snyder says. “These technologies are changing our environment, the way we work and our interactions with others, which then creates new liability exposures.”

Due to the pandemic, many small businesses with physical locations closed, but “the share of e-commerce based small businesses and those offering virtual services rose to levels the U.S. has never seen,” Guerrant says. “General liability coverage needs will be inherently different depending on how a business is conducted, so those agents that keep a pulse on changing market conditions will be well equipped to advise clients as the economy rebounds.”

“Agents have an opportunity to help customers understand their broader exposure and advise on when a standalone general liability



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product is best, when a business owners policy is sufficient, or when endorsements are necessary to provide the appropriate protection,” Guarrant says. “In particular, price-conscious customers may not be thinking about the full extent of their risk, and agents should be educating clients on what a general liability policy is and what it isn’t.”

*Olivia Overman (olivia.overman@iaba.net) is IA content editor.*



**CoverWallet, an Aon Company, Launches Cyber Product**

By Will Jones

**PRODUCT:** Axis Cyber Liability Insurance from CoverWallet for Agents

**COMPANIES:** Axis Capital and CoverWallet for Agents

**BEST RATING:** A

**AVAILABILITY:** The product is available exclusively on the CoverWallet for

Agents platform. Any agent who registers with the CoverWallet for Agents platform has access to all the products on offer.

**FOCUS:** CoverWallet for Agents built an award-winning platform to solve pain points and make commercial insurance more efficient across the industry. As part of Aon, CoverWallet for Agents leverages technology, data science and design to provide independent agents with the fastest and easiest way to quote, bind and service customers online.

“Our partnership with Axis Capital allows our clients to access a wide variety of cyber liability coverage options, over a broader spectrum of classes, to better protect their insureds in this new digital age—increasing cross-selling opportunities and improving client retention,” says John Wales, general manager of CoverWallet for Agents. “Cyber liability can be a difficult market for independent agents to place on their own, but this exclusive product will make it easier than ever for inde-



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pendent agents to quote and bind this policy through our platform,” Wales adds. “Our new offering will help agents protect their small business clients from existing and emerging risks with robust cyber and errors & omissions coverage.”

**COVERAGE DETAILS:** Up to \$25 million limits are available in over 800 classes. The policy provides robust first- and third-party coverages for privacy liability, enterprise security event liability, privacy regulatory liability, media liability (online and offline), crisis management and fraud prevention expenses, ransomware loss, social engineering fraud, telecommunication theft, invoice manipulation, cryptojacking, reputational harm, extortion threat reward and business interruption.

**UNDERWRITING:** All applications are easily submitted through the CoverWallet for Agents platform by submitting basic information, such as the year the business was founded, revenue,

number of employees, location and industry. Additional underwriting questions are based on the National Association of Insurance Commissioners’ eligibility classes, which are tailored to each specific classification.

Policy rates are typically determined by the gross revenue of the insured. In addition, insureds will not be charged any additional premium for early cancellations. This product has integrated approvals for insureds with less than \$525 million in revenue.

**TARGET:** The product is a commercial insurance policy. Any commercial insurance agent can quote and bind the policy on behalf of their insured through our platform. Most suitable classes include retail, finance, real estate, health care, agriculture, food services and restaurants.

**COVERAGE AVAILABILITY:** Available in all U.S. states except Alaska and Hawaii.

**CONTACT:** Emily Lazration, senior content specialist, Cover Wallet; emily.lazration@coverwallet.com. For more

information about how to sign up for the platform, contact agents@coverwallet.com, call 347-202-1104 or go to agents.coverwallet.com.

*Will Jones (william.jones@iiba.net) is IA editor-in-chief.*



## ISC and Markel Launch General Liability Program for Gig Economy Contractors

By Will Jones

**PRODUCT:** GaslampGo

**COMPANIES:** Integrated Specialty Coverages and Markel Specialty, a division of Markel Corporation

**BEST RATING:** A

**AVAILABILITY:** Available to broker partners via appointment at iscmga.com

**FOCUS:** Integrated Specialty Coverages (ISC) is a leading, multi-line program administrator that builds end-to-end insurance products utilizing artificial intelligence (AI) technology and analytics to provide a faster, more efficient



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experience for brokers and their customers. Recently, ISC has launched a unique new general liability policy program geared toward gig economy contractors.

The program provides contractors “by the job” flexibility, allowing them to purchase project-specific coverage. In addition, the program offers a variety of customizable options while delivering competitive rates. The program is made available through ISC’s AI-enabled platform and underwritten by Markel Specialty, a division of Markel Corporation.

“We are thrilled to partner with Markel and leverage our AI technology and data capabilities to expand ISC’s platform for this growing segment of contractors and provide them with more flexibility and options on shorter-term projects,” says Matthew Grossberg, CEO of ISC. “Markel has an excellent reputation, and we look forward to their support in delivering this product through our robust platform.”

“ISC brings a unique relationship to our team. While many of our partners are InsurTech start-ups, ISC is a well-established program administrator with an exist-

ing distribution network,” says Scott Whitehead, managing director of Markel Insurtech Underwriters.

“Combining first-hand industry expertise with technology and analytics, ISC has identified an opportunity to create and distribute new and innovative products that more closely align with the needs of their clients while also attracting new ones.”

**COVERAGE DETAILS:** The program is compatible with 30 different construction trades for a variety of classes beyond the typical handyman job, including but not limited to carpentry, electrical, painting, concrete and janitorial work.

Options include liability limits up to \$1 million for 1-120 days geared specifically to the “gig economy” worker or the “weekend warrior,” with on-demand policy delivery and certification. With automated workflow, these policies can be bound in minutes using ISC’s advanced proprietary online platform.

**UNDERWRITING:** Rating is based on class code and length of policy measured in days. Contractor must have an active contractor license by the respective state contractors licensing board (if required for the trade performed) and must have a minimum of one year of experience in the construction trade that is prominent on the policy. The company must have no single loss greater than \$10,000 and the maximum project size cannot exceed \$250,000.

**MINIMUM PREMIUM:** Minimum out-the-door cost of \$75 for low risk, \$85 for medium risk and \$105 for high risk.

**TARGET:** Gig economy contractors.

**COVERAGE AVAILABILITY:** All U.S. states except KY, IL, ND, NJ and NY.

**CONTACT:** Hadar Raz, CMO, Integrated Specialty Coverage, 914-708-8857; hraz@iscmga.com; iscmga.com.

*Will Jones (william.jones@iiaba.net) is IA editor-in-chief.*



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## ASSOCIATION NEWS AND VIEWS

### EVENTS

## Notice to Big ‘I’ Board of Directors and Members

**Notice to the** Board of Directors and Members of the Independent Insurance Agents & Brokers of America, Inc. (IIABA):

Pursuant to Article IV, Section 6 of the Bylaws of IIABA, notice is hereby given that a meeting of the Board of Directors of the IIABA will be held in Kansas City, MO at the Kansas City Marriott Downtown on October 2-3, 2021.

Pursuant to Article V, Section 3 of the Bylaws of IIABA, notice is hereby given that a meeting of the Members of the IIABA will be held in Kansas City, MO at the Kansas City Marriott Downtown on October 2-3, 2021.

The Members will be requested at their meeting to:

- 1) Ratify all actions taken by the Executive Committee, the Board of Directors, IIABA Committees and Officers, and IIABA staff since the membership meeting held on May 22, 2021; and
- 2) Consider such other business as may appropriately come before them at the meeting.

SCOTT D. KNEELAND  
General Counsel, IIABA  
September 1, 2021  
Alexandria, VA



### PRODUCTS

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Key coverage highlights include:

- A broad definition of “residence premises” eliminates any gray areas in coverage for primary and secondary rental properties, and expressly encompasses both short- and long-term rentals regardless of whether they are secured through online peer-to-peer websites or traditional real estate brokers.
- Increased coverage for damage to landlord’s furnishings, including appliances, carpeting, and other household furnishings, in each apartment on a “residence premises,” eliminating the \$2,500 coverage cap in a standard homeowners policy.
- Coverage for theft of personal property from that part of a “residence premises” rented to others.

Additional endorsements include: Lex CyberSafety<sup>SM</sup> Coverage, Upgrade to Green® Residential, Eco-Homeowner® Mandatory Evacuation Response Coverage, and LexElite® Pet Insurance.

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To learn more, visit Big “I” Markets ([bigmarkets.com](http://bigmarkets.com)).



## RESOURCES

# Check Out Our Agency Perpetuation Resources

The perpetuation of ownership is one of the most challenging issues that any privately held business will face. In its simplest form, the process begins with the determination of who will eventually buy the business and when and how the purchase will occur. It must also address who is going to run it, when they are going to run it, and what preparation and development will need to take place to equip them.

In addition, starting the perpetuation conversation may look different for an internal family transfer, a younger person of interest who wants to be part of the process, or a seasoned owner navigating the unexpected yet required transition.

The Pathways to Agency Ownership webpage provides perpetuation resources, including how to tackle the issue from different career stages and perspectives. The page includes resources for current agency owners and future agency owners, on-demand videos, perpetuation articles from the Big “I” Virtual University, and resources from the Big “I” Diversity Council, Big “I” Hires, and Invest™. Consultants are available for those looking for expert advice.

Owners can’t afford to wait to plan the perpetuation process properly. Other resources are in development, so keep an eye on the page to benefit. Resources include additional perpetuation webinars, content developed specifically for young agents, best practices checklists and more.

Visit Pathways to Agency Ownership by going to [independentagent.com](http://independentagent.com), hovering over Resources, and selecting Agency Perpetuation from the drop-down menu.



# AGENCY NATION

*What to read, watch, listen to and check out on social media this month*

By Stacie King

## WHAT TO READ

### Avert HR Disaster

If your clients need help with risk management during these uncertain times, read and share “How Businesses Can Avoid Post-Pandemic HR-Related Liabilities” by Niki Jorgensen, director, service operations with Insperty.

Jorgensen warns that in a post-pandemic environment—one in which employers are overwhelmed with defining current and future work arrangements, filling open positions, updating technology, maintaining corporate culture and encouraging innovation—managing risk can be an easily overlooked task.

She offers four steps business leaders can take to help avoid post-pandemic liabilities here: <https://bit.ly/3AK2Z5z>

## WHAT TO WATCH

### The Suite Life

Confused by the changes to Facebook Business Manager, Business Suite, Ads Manager and Ad Center? Wondering where each tool fits within your marketing workflow?

In this video tour of Facebook business tools, Social Media Examiner’s Facebook marketing expert Allie Bloyd shows you what each of the four main Facebook business tools are, how to navigate to each tool, and when to use each one to manage your Facebook Business Pages and ad accounts. You’ll also get tips to help you transition to Facebook Business Suite when it shows up in your dashboard.

Watch the video here: <https://bit.ly/2VD1d6W>

## WHAT TO LISTEN TO

### Chatty New Girl

On a recent episode of the Insurance Town podcast, Heath Shearon—the self-proclaimed mayor of Insurance Town—had the privilege of chatting with Tracy Cotton, the “Nooga New Gal.

During the podcast, the mayor and Cotton, who has developed a niche in the “farm-to-fork” market, talk about all kinds of fun stuff, from developing your brand as an agency to the importance of outsider perspectives for improving the independent agency system. Listen in here: <https://bit.ly/3xzXOCY>

## FROM SOCIAL

### Step by Step

Danielle Guzman, global head of social media at Mercer, often shares some great insights on LinkedIn.

Recently, she encouraged followers to “try not to dwell on the success you see all around you because too often it’s made to look easy. What we don’t see is the massive opportunity costs the person has paid to achieve that success. Take a few minutes today to define what steps you’ll take towards your goal this week and celebrate the small wins along the way.”

Check out more posts like this one here: <https://bit.ly/3fPJJLN>

*Selections curated by Stacie King (stacie@agencynation.com), digital content director for Agency Nation (agencynation.com).*



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# DECLARATION OF INDEPENDENCE

## David J. Houston Jr.

Principal  
Houston Insurance  
Braintree, Massachusetts  
HoustonInsurance.com  
By **Olivia Overman**

After his father's death in 1966, David J. Houston joined the family business while he was still a student at Boston College. Now the most senior member of the firm, Houston says "we remain committed to helping our clients navigate their insurance needs, as if they are part of our family."

"Working in the family business is wonderful, especially as so few businesses even get to the second generation," Houston says. "Our agency started in 1894; we are now in our fourth generation and both my daughters, Robyn and Marci, work in the agency. It's just terrific."

### LOCAL AGENCY CHALLENGES?

Businesses used to be very localized. We knew the people in the area, their families and their history. With online communication the norm, we do not see our clients nearly as often and that hometown feeling has somewhat gone away. On the other hand, we now have clients all over Massachusetts and other states.

### BIGGEST CHANGE FROM WHEN YOU FIRST STARTED?

Interaction with insurance companies. The digital age has sped everything up. We used to rate policies by hand, type up the applications and letters and put them in the mail. A week or so later, you might get a telephone call or letter from the underwriter. Today, we do most things online. The speed of transactions with the companies is almost instantaneous.

### ADVICE FOR ANOTHER AGENT?

Take the courses offered to you by your agent's associations. I'm a certified insurance counselor, as is one of my daughters. My other daughter is a certified insurance service representative and of course we are all licensed. Education gives you the advantage.

*Olivia Overman (olivia.overman@iaba.net) is IA content editor.*

PHOTO BY SALLY BOWEN

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## Celebrating 125 Years of the Big ‘I’

For 125 years, the Big “I” has held one goal: to protect the interests of independent insurance agents and brokers. What started as a humble meeting of agents grew into a powerful and creative architect of the independent agency system that has ensured fairness and integrity across the insurance industry.

Through grit, ingenuity, foresight and smarts, the Big “I” has been a key proponent of the value of independent agents to the benefit of insureds from the average homeowner to the largest multinational company, as well as the insurance community as a whole.

The trials and tribulations have been many. But so have the victories, which are ultimately the moments that matter. Known to most as the Big “I”—this is the story of the Independent Insurance Agents and Brokers of America.

## The Humble Beginnings

On Sept. 30, 1896, a meeting of 20 agents at the Great Northern Hotel in Chicago marked the beginning of the Big “I.” After a short but impassioned speech by a Denver agent named Robert S. Brannen, agents representing local boards from Buffalo, Denver, Cincinnati, Louisville and St. Louis formed the National Association of Local Fire Insurance Agents (NALFIA) to tackle the issues of the day.

As industrial America rapidly expanded, fire insurance was one of the most pressing problems discussed during the first meeting—hence the name of the newly formed group. Also high on the agenda was agent commissions. Three years prior, commissions had been reduced from a maximum of 25% to 15% in all but a handful of cities by the 200 companies belonging to the Western Union Underwriting Association. Adding to the unfavorable conditions for agents was the fact that insurance companies were able to assume ownership of business written with them, even if it was acquired by an independent agent.

Despite initial disagreements over whether the fledgling group should adopt an aggressive reform-minded approach and risk rifts with insurance carriers or seek a more conservative approach and work hand-in-hand, one thing the

agents could agree on was the necessity to raise funds to pay expenses. As a result, annual dues were set at \$1 with an option to contribute more.

After electing a slate of executive officers, the foundation was complete with the adoption of a constitution and bylaws “to support right principles and use our influence to correct bad practices in fire underwriting.”

“Applied would like to congratulate the Big ‘I’ on its 125th anniversary. With a history rooted in being the greatest advocates for the independent agency channel, we are proud to stand alongside such a great institution with a noble mission to safeguard and protect what matters most.”

—TAYLOR RHODES, CEO, Applied Systems

## Taking Flight: The Defining Moment in Independent Agent History

In the years that followed, the group attracted hundreds of members and helped set up several new state associations. In 1903, it passed a resolution to set up a bulletin, which was first titled the *American Agency Bulletin* and that would later become *Independent Agent* magazine. The first edition included a declaration entitled “Principles of Agency Organization.” It stated: “The agency movement is built upon common loyalty to a common cause, the union of all agents in defense of the rights of a single agent ... the power contained in this kind of cooperation has already been felt, but the time is sure to come when it will be shown to a striking degree.”

In the most pivotal moment in the association’s history, this strength of union was demonstrated in securing the keystone of the independent agency system by resolving a crucial question: Who owned insurance business written through an independent agency—the agent or the carrier?

The question was unequivocally answered in 1904. A year before, Albert K. Shipman of Yonkers, New York, sold his agency to Benjamin E. Sullard. When Sullard requested for his appointment with the National Fire Insurance Company of Hartford to continue, the company not only refused but requested all customer records to be surrendered to it. When Sullard refused, not only did National Fire sue Sullard but it also sought an injunction against the agent to enjoin him from approaching any of

At Central we seek meaningful relationships with those who share our values and are willing to partner and protect what is important. This has always been at the core of our relationship and support of the Big 'T' and Trusted Choice®. Since the early '80s we've invested in our shared mission of supporting and equipping the independent agency channel to compete and excel in an ever-evolving marketplace. Big 'T'—we look forward to the next 125 years!"

—CINDY HURLESS, COO,  
Central Insurance Companies

Shipman's former clients from doing business with any company other than National Fire.

In the initial sequence of courtroom activity, the New York Supreme Court ruled in favor of the insurance company. However, the plucky group of insurance agents would not accept the result.

In its first voluntary fundraising effort, the association raised enough money to support the legal costs of an appeal, resulting in the original ruling's reversal by a New York state appellate court in *National Fire Insurance Company v. Sullard*, otherwise known as "The Yonkers Case." National Fire declined to appeal the verdict—and the agents had won. The association immediately followed up with carriers to get assurances that carriers would respect the decision so agents no longer would have to resort to litigation to protect their rights. The carriers all agreed.

"The Yonkers case established the legal precedent that insureds are the customers of agents and brokers, and agents and brokers own customer expirations, books and records," says Scott Kneeland, Big "I" general counsel. "It is the fundamental principal of the independent agency channel."

## Learning to Fly: Wielding Influence in the Early Years

As the association took its formative steps in political and legislative advocacy, America was evolving, forcing the association to look beyond fire insurance. The demand for auto, workers compensation, surety and casualty insurance necessitated the association to change its name to the National Association of Insurance Agents (NAIA) in 1913. By 1916, membership had grown to more than 8,000 in 38 state associations with 98 affiliated local boards.

Despite the name change, the NAIA remained committed to fire safety, as well as agent licensing. A year later the association appointed its first full-time manager, Henry Putnam, and raised annual association dues to \$3.

By 1920, the NAIA found itself in debt with about half of agents not having paid their dues that year. As a result, a new dues structure was established that created a federation of states rather than individual memberships. On the 25th anniversary of the association, a special edition of the *Bulletin* sold advertisements for the first time and raised more than \$20,000, which lifted the NAIA out of debt.

Two years later, the association lost one of its founding fathers—Claudius Woodworth. After his death, the Executive Committee immortalized his name in the Woodworth Memorial Award, which remains the highest accolade a Big "I" member can receive.

Just as the NAIA was changing, so was the insurance landscape, with increasing focus on the nation's capital. In 1934, the association opened an office in Washington, D.C. Maurice Herndon headed the office from 1949 until he retired in 1979.

The Big "I" used its presence in the Capitol to represent agent interests on state-licensing adoption, protecting agents against cuts to workers comp commissions, and opposing an auto insurance distribution model designed by General Motors which did not pay commission.

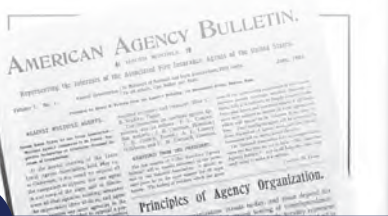
Since the turn of the 20th century, federal encroachment on insurance was a disconcerting specter for independent agents. In the 1930s, the NAIA fought numerous New Deal policies that bypassed independent agents, such as the creation of the Home Owners Loan Corporation, which sold homeowners insurance exclusively through a single carrier, and the Community Credit Corporation (CCC), which sold crop insurance to distressed farmers.

When President Franklin D. Roosevelt signed the McCarran-Ferguson Act into law in 1945, the association recorded another of its most important victories.

"The Big 'I' was instrumental in the enactment of the McCarran-Ferguson Act in 1945," says Charles Symington, Big "I" senior vice president of external, industry and government affairs. "For over 75 years, we have continued to defend this landmark legislation that is the bedrock of the state insurance regulatory system."

In 1868, the U.S. Supreme Court ruled 5-4 in *Paul v. Virginia* that insurance was not interstate commerce and not subject to federal regulation. This decision remained in force until 1944 when the Supreme Court overturned it.

Congress preserved the 1944 ruling in the McCarran-Ferguson Act, which acknowledged that while insurance is subject to federal regulation, regulatory specifics are controlled by the states. It also recognized that companies would not be subject to the Sherman Antitrust Act for ratemaking and policy standardization, as those activities were in the public interest.





# BATTLE OF THE BANKS: HOW THE BIG 'I' PRESERVED INSURANCE INTEGRITY

For decades, the NAIA fought banking industry Goliaths. While much of the fighting between agents and banks took place in the 1980s, seeds of the vendetta lie in the early 1900s when NALFIA accused mortgage lenders of requiring loanees to also purchase life insurance from their favored insurance company. In the 1920s, the banks were at it again, reported to be withholding credit by denying borrowers the option of choosing an agent.

In 1924, the association delivered the “Milwaukee Declaration,” which prohibited independent agents from dealing with insurance companies that violated common standards, such as selling via banks or paying substandard commissions.

The dispute with the banking industry reignited in the 1950s when the the Senate Banking Committee repealed the provisions of a 1916 act that permitted national banks in communities of less than 5,000 people to act as insurance agents. Banks wanted a larger slice of the pie, but the NAIA protested, successfully overturning the repeal in 1958.

In 1963, the war intensified when the Comptroller of the Currency declared that national banks in towns of any size could act as agents for the issuance of insurance related to banking transactions. The association spent three years and \$125,000 in court to eventually overturn that decision.

In 1969, the U.S. House of Representatives voted almost unanimously to prevent bank holding companies from entering the insurance business through the Bank Holding Act. However, the cost of taking on the forces of federal regulators and the banking industry was high,

which led to the creation of the Producers’ Action Fund in 1971, now known as the Agents Advocacy Fund (AAF).

“Legal battles to ward off banking interference in insurance was a priority for the Big ‘I’ for decades—but it was as costly as it was important,” says Bob Rusbult, Big “I” president & CEO. “The need to advocate both legally and legislatively led to the formation of InsurPac after political action committees were permitted in post-Watergate reforms. Thanks to generous donations from agents and Big ‘I’ staff, InsurPac plays a vital role in protecting and promoting the independent agency system in Congress.”

In 1976, the association changed its name once more, becoming the Independent Insurance Agents of America (IIAA). The same year, it hosted its first Legislative Conference to educate members on the state and federal issues facing the independent agency system and to equip them to speak with clarity to their congressional representatives. Today, the conference remains the bedrock of the Big “I” approach to grassroots activism and has welcomed speakers from across the political spectrum, including three U.S. presidents.

No other moment encapsulates the IIAA’s attitude to banking interference in insurance than recollections of a 1983 meeting between IIAA representatives and President Reagan’s Treasury Department.

After the Treasury General Counsel cordially told the visiting delegation that there was little they could do about the administration’s banking deregulation plans, IIAA president Jack Payan wasn’t going to be pushed around.

*The P&C industry has gone through a great deal of change over the past 125 years. But the pace of change has accelerated to a degree that the Big ‘I’ is even more relevant today to keep us connected, united and informed about where the industry is headed and what consumers need.”*

—Mark Berven, President & COO,  
Nationwide Property & Casualty

Legend has it, Payan jumped to his feet and said, “We won’t buy it! We will continue to oppose you!” Producing a coin from his pocket, he remarked, “We will fight you until our last dime!” The Reaganites were stunned.

Throughout the Reagan and Bush administrations, the banking juggernaut attempted to enter the insurance business via various loopholes: the 5,000-population loophole, state-bank loophole, the non-bank loophole, the South Dakota loophole, the Delaware loophole and more. Each time, the banks were met with resistance by the IIAA’s lobbying might.

In testament to its work, a 1988 *New York Times* article said that when it comes to lobbyists, IIAA “belongs to a category that is feared—having a membership of 126,000.”

“Elected officials in Congress and the White House know that when the Big ‘I’ speaks it is doing so on behalf of hundreds of thousands of agents, employees and consumers across Main Street America,” says Symington.

“Being able to engage communities throughout the country is also a reminder that we have our pulse on ballot boxes and public sentiment,” he adds. “That grassroots activism is worth its weight in gold and has stood the test of time.”

# WAR AND PEACE: SETTLING THE SCORE WITH WALL STREET

While the association's legions of members have been likened to an army, a 1991 edition of *American Banker* dubbed current Big "I" president & CEO, Bob Rusbuldt, "the banking industry's nightmare on Elm Street," paying homage to the association's legislative powers during its battle with the banks.

The Glass-Steigal Act, the Bank Holding Company Act, and the National Bank Act had each maintained a separation between banking and insurance. However, in 1993, when Barnett Bank bought a licensed Florida insurance agency and began selling insurance, it brought the question of banking involvement in insurance sharply into focus.

By 1996, the decision in favor of banks by the United States Supreme Court in *Barnett Bank of Marion County, N.A. v. Nelson* represented a significant victory for national banks in their struggle to dominate the financial services industry through the sale of insurance products.

The ruling meant that the IAA sought a compromise and, given the feared legislative power of independent agents, the banks were willing to come to the table. After negotiations between members of Congress, the Big "I" and the head of the American Bankers Association, banks were allowed to sell insurance but agreed to important concessions, such as protections against credit tie-ins. These agent-, broker- and consumer-friendly safeguards

were signed into law in 1999 in The Gramm-Leach-Bliley Act.

"One of the association's greatest feats was making peace with the banking industry after a decades-long war," Rusbuldt explains. "But with banks free to enter the business of insurance, the Big 'I' turned around and said, 'You know what? If the banks are going to be in the insurance business, we're going to be in the banking business.' In 2001, the Big 'I' launched a de novo bank—InsurBanc—and we have a very robust profitable bank that provides all kind of financial services to Big 'I' members."

This year, InsurBanc celebrates its 20th anniversary. Since its inception, InsurBanc has loaned over \$1 billion to independent agents across the country, partnering with agents to help them optimize growth opportunities and manage their agencies.

On Sept. 11, 2001, the world changed. And the White House turned to the Big "I." Rusbuldt and a handful of CEOs from the largest insurance companies were summoned to talk with President George W. Bush about the implications of terrorist attacks on the insurance industry and the economy at large, specifically in regard to the war exclusion contained in most insurance policies, which the company representatives later pledged not to apply in the wake of the attack.

This crucial meeting led to the creation of a reinsurance backstop for terrorist events known as the Terrorism Risk Insurance Act (TRIA) program established in 2002. One of the drafters putting pen to paper on TRIA was Symington. "As a Capitol Hill staffer in 2001, I regularly consulted with the Big 'I' government affairs team on many issues and TRIA was no different," Symington recalls. "The Big 'I' played a critical role in establishing the TRIA program, which exists to this day."



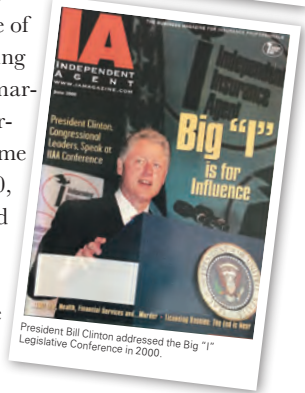
Rusbuldt introduced President George W. Bush during the 2005 Big "I" Legislative Conference.

TRIA was a landmark piece of legislation, giving the economic market stability during a troublesome period. In 2020, TRIA was used as a model for the Pandemic Risk Insurance Act (PRIA), a proposed bill that would create a public-private partnership where the federal government would serve as a reinsurance backstop for future pandemic-related losses.

Throughout its history, the Big "I" has been at the forefront in creating, extending and reforming federal insurance programs that provide necessary markets for our members' clients in the limited instances of private market failure. Most notably, the National Flood Insurance Program (NFIP) and the Federal Crop Insurance Program remain high on the Big "I" agenda.

In the mid-2000s, then-New York Attorney General Eliot Spitzer uncovered a bid-rigging scheme involving Marsh Inc., AIG and other prominent industry names. Spitzer and others used the allegations to argue that agent compensation created a conflict of interest and should be banned. The Big "I" forcefully and successfully defended contingent commissions and incentive compensation in legislatures.

After the Great Recession in 2008, Congress was under pressure to make changes to the financial regulatory system. In 2009, President Barack Obama introduced the Dodd-Frank Act, a watershed bill that included sweeping changes to financial regulation in the U.S. State regulation of



President Bill Clinton addressed the Big "I" Legislative Conference in 2000.

*Congratulations on celebrating 125 years of running a standout association that does an incredible job supporting independent agents and finding innovative ways to bring value to the community and industry. On behalf of all of us at CNA, a sincere thank you for all you do to support independent agents."*

—John Schramm, Senior Vice President, Head of US Field, CNA

insurance was under threat once more. While the banks bore the brunt of the overhaul, the Big “I” successfully fought for honest treatment of insurance.

Big “I” advocacy extends beyond insurance issues. While it is said that tax policy is written in pencil and not pen due to its frequent changes, the Big “I” consistently leads in advocating for changes that benefit its members. Most recently, the Big “I” lobbied aggressively for passage of the 2017 Tax Cuts and Jobs Act (TCJA), which slashed taxes for independent agencies whether organized as a C-corporation or a pass-through. The provision for pass-throughs, supported by the Big “I,” added a section to the individual tax code that created a new 20% small business deduction.

When the TCJA was signed into law it was unclear if insurance agents of all income levels would be able to take advantage of the deduction, but the Big “I” successfully advocated for independent agents as regulations were drafted to maximize the deduction’s benefit for our members.

“The Big ‘I’ was very active during both the legislative and regulatory phases of the tax debate, and as a result, we were able to deliver significant tax relief to agencies of all sizes,” Symington says. “This was a victory that many other industries did not achieve.”

Additionally, the Big “I” successfully led a campaign to repeal a provision of the Affordable Care Act (ACA) that would have imposed a 40% tax on health benefits that exceed an established annual cost.

As the Big “I” continues its legislative advocacy, its legal counsel and support remain important tools for both members and state associations. “The Office of General Counsel assists agency members and state associations on a daily basis, and it plays a vital role in advocacy at the company level to protect the interests of independent agents,” Kneeland says. It handles a broad range of issues, including addressing agency-company contracts with an emphasis on protecting agents’ ownership of expirations, and federal laws and regulations affecting the insurance industry.



*Being part of a community and connecting with others who have common interests and goals is more important now than ever before. And that’s what the Big ‘I’ is all about. Whether it’s to support educational and mentorship opportunities, advance diversity and inclusion, or ensure a singular voice on important industry issues, the Big ‘I’ provides a community that furthers the positive impact of independent agents.”*

—Alan D. Schnitzer, Chairman and CEO, Travelers

## THE EVOLUTION OF MARKETING

Before World War II, direct writers did not pose a significant threat to independent agents. However, the growth of mass media in the 1950s gave a platform to captive and direct writers to enter the personal lines ether where large marketing spends saw them make gradual gains on the independent agent market share.

Although the threat did not initially reach the levels it did at the turn of the 21st century, the association saw a need to modernize its image. In 1956, a national contest was held to design a new logo for the association. The prize was \$1,500 for the winning entry, which was unveiled at the 1958 annual convention. It incorporated the eagle design that has defined the association for over a century and contained the slogan: “Your Independent Insurance Agent Serves You First.”

When it came to advertising, many within the association felt little need to do it at all. After all, independent agents were the dominant force in property liability. Nevertheless, the association took out its first advertisement in a March 1958 edition of *Life* magazine (pictured on page 12). In the following decades, independent agencies would contribute hundreds of thousands of dollars to fund the national ad effort, which included a 1979 consumer education television advertising campaign.

In the ’60s and ’70s, the association utilized several celebrity spokespersons. Actor William Holden, baseball star Stan Musial and others took part in promotional campaigns. However, no other celebrity spokesperson is as synonymous with the association—nor as beloved by it—as Raymond Burr (pictured right), whose commitment to the success of the national association and independent agents can only be rivaled by some of its most ardent proponents.





“Burr was a tireless promoter of

independent agents, often going far beyond contractual requirements. In over a decade of service, Burr’s trips are legendary,” Rusbuldt says. “He visited nearly every U.S. state and served as an adored dignitary from 1982-1990. By today’s standards, acquiring a celebrity to personify and represent independent agents would be close to impossible.”

Meanwhile, the association remained committed to hosting and sponsoring golf tournaments as a marketing tool. The Insurance Youth Golf Classic, later renamed the Independent Insurance Agent Junior Golf Classic, was the largest golf tournament in the world, requiring over 10,000 young golfers to qualify for the two-day tournament every August. The tournament has been held at some of the highest-caliber courses in the world and in 1990 and 1992 was won by Tiger Woods (pictured above, left).

The association’s relationship with the links was not restricted to amateur scorecards. In 1987, it sponsored the first of five PGA Tour events, a marketing coup for the association. First titled the Independent Insurance Agent Open and later named the Big I Open, the independent agent message was beamed into the homes of independent agents’ target demographic (Picture above, right: IIAA President Southgate Jones Jr. (far left) presented Tony Sills (second left) with the winner’s check at the 1990 Independent Insurance Agent Open). But by the time the 1990s rolled around, the ever-increasing cost of marketing meant association spending on marketing slowed. Enter: the internet.

While the internet’s perception as both friend and foe to independent agents can be applied to many different aspects of the channel, it invariably accelerated the effectiveness of the direct selling model. Consumers had previously associated their insurance with their agent, but advertising

spends by the likes of GEICO meant that consumers were becoming more aware of the company they were buying from.

In 2001, the Big “I” Communications Committee led by Florida member Alex Soto launched the Trusted Choice® brand. At first, agents were required to pay separate dues to belong to the consumer-facing brand, but by the end of the decade, the cost was changed to a mandatory fee, propelling the concept further.

While member buy-in to the new initiative was slow at first, the “Even a Caveman Can Do It” GEICO campaign in particular fueled member interest, many seeing the ad as a slight against their profession and depicting them as outmoded, unnecessary middlemen. However, insurance companies also got behind the Trusted Choice brand with over 70 companies contributing to and promoting the brand.

“Because the average independent agency doesn’t employ a dedicated marketer, one of the best ways to describe how Trusted Choice has evolved is by characterizing it as ‘a CMO in a box,’” says Kevin Brandt, Trusted Choice executive director. “From graphic design to social media posts and more, Trusted Choice produces resources to help independent agents be a better local marketing engine.”

Since the turn of the century, Trusted Choice has taken the mantle from the national association to promote the brand and independent agents on a national scale. Trusted Choice ads have run on the Today Show, MSNBC, CNBC, Fox News, CNN and various other cable TV out-

lets. It has partnered with Make-a-Wish and sponsored the World Lacrosse Championship.

“Trusted Choice was a turning point because it allowed members to maintain their local brand and independence while also benefitting from national marketing campaigns,” Rusbuldt says. “In addition to the marketing resources it provides, Trusted Choice created a unified, nationally recognizable mark to promote their business.”

In 2011, Consumer Agent Portal LLC (CAP) was formed by the Big “I” and seed money from six insurance carriers. Two years later, CAP launched TrustedChoice.com, going by the trade name with Big “I” permission. Initially intended as a platform to connect consumers looking to buy auto insurance with independent agents, the site today connects agents with 500,000 consumers every month looking to buy nearly all types of insurance.

The site was another huge step in modernizing independent insurance agent distribution and another gift from the Big “I” to the channel that would keep Big “I” members in the 21st-century competitive picture among a much-changed technology-driven landscape.

“Among all the things we’ve done, Trusted Choice.com has created significant positive change for the independent agency system and catapulted us into the digital age,” Rusbuldt adds. “Consumers want to shop online but they still want professional advice and counsel from an independent agent. Trusted Choice.com ensures agents are doing business the way buyers demand it.”

*There are few industries that can speak with one voice, and the independent agency channel can because of the strength of the Big ‘I.’ In Washington and the various state capitals, they’ve established a level of credibility and knowledge, where the first question on the minds of policymakers is going to be, ‘Where is the Big ‘I’ on this issue?’*

—John Marchioni, President and CEO, Selective Insurance

# THE BIG 'I' AT THE VANGUARD OF THE INSURTECH REVOLUTION

The Big "I" has always been at the forefront of technological innovation in the insurance industry. Well before former co-CEO Jeff Yates formed the Big "I" Agents Council for Technology (ACT) in the late 1990s to address critical technology workflow issues facing the independent agency system, the association was a lynchpin in brokering and implementing technological improvements for the betterment of agents, carriers and consumers.

In the 1950s, Gerrad TeBockhorst, who would later become association president, was concerned about the level of paperwork independent agents handled. After attending an agency management seminar in 1954, he approached IBM to inquire about what electronic data processing (EDP) services would be available to small businesses. He was laughed out of the shop but would not let the experience deter him.

In 1966, the NAIA commissioned the Stanford Research Institute to analyze the impact of EDP in the industry. In a tribute to the technological advances the U.S. was making at the time, the study proclaimed that by 1977 all major property-casualty companies would be using EDP; all major companies will have "transmission facilities;" and the individual agent will be directly connected to each of these major companies. Due to the obvious lack of technology at the time, the prophecy proved overzealous.

Intrigued by the findings of the SRI report, a group of agents from California partnered with Fireman's Fund to form a committee in 1968 to further research EDP. Frustrated by the pace of change

and difficulties in persuading a major company to part with important operational secrets, the California association turned to the national association for help. In 1970, the NAIA convinced 12 companies to form the Agency-Company Operation Research Development Committee.

The committee later changed its name to Agency Company Operations Research and Development (ACORD). However, in a departure from investigating EDP, the task at hand turned to developing standardized paper forms, a huge step toward independent agency operational efficiency and standardization. Now a separate entity, ACORD engages more than 36,000 participating organizations spanning 100 countries.

Meanwhile, the quest for an automated future continued. Despite advances made by ACORD, the automation effort stalled. TeBockhorst, in his term as president of the association, formed EPIC to implement an industry communication network.

In 1975, state national directors voted to raise \$100,000 for EPIC's crusade. In a letter to the National Board, TeBockhorst outlined his goals. "My office of the future will probably not keep file or daily reports nor expiration records. Any information ... is retained in a memory bank and can be instantly recalled at random ... completely updated," he wrote, before describing secure, third-party record keeping and seamless claims, service and selling experience, which is all conducted on a "cathode-ray tube." The impact of these innovations would increase competitiveness against direct writers by making agency operations more efficient and unlocking more selling time, he wrote.

By the late '70s, companies began placing their own specific terminals in agency offices, and agencies began installing their own devices. Even though the association considered building its own "black box," it would take nearly another decade before a single entry, multiple company interfaces (SEMCI)—a term coined by Shirley

*Congratulations to the Big 'I' on its 125th anniversary! Main Street America Insurance is proud to champion the Trusted Choice® brand. We value our longstanding partnership and support what the organization does every day to help independent agents compete and win in the independent agent channel!"*

*—Chris Listau, President & CEO,  
Main Street America Insurance*

Lukens, a Big "I" staffer—would be seriously entertained by the industry.

In the years that followed, an industry data communications network was required to allow companies to communicate with agencies, whatever the hardware they had in their office. The industry turned to IBM to build such a network. In 1983, it established The Insurance Value Added Network System (IVANS) to market and run the network.

In the '80s, technology, automation and computers were becoming more widely used and agents were getting on board. However, agents were confused by which system to select and its capabilities. Further, not all products met agency needs.

THE BIG "I" NATIONAL HEADQUARTERS IN ALEXANDRIA, VIRGINIA.

## Facing the Competition with Independent Intelligence

**Independent agents have** always faced competition. Whether it was banks, captive agents, direct writers, online quoting platforms or any other form of insurance distribution, independent agents are used to warnings about becoming extinct or being replaced by industry insurgents.

As methods of communication picked up pace in the '60s and technology accelerated both the marketing and distribution of insurance products, those warnings have only grown louder. However, those that know the independent agency system have heard it all before and independents remain as relevant today as they ever have across the 125-year history of the Big "I."

The longevity of the independent agency channel owes a much of its success to continual analyses and retrospection on various aspects of the channel. In the '70s, the "NAIA Report of the Committee on Competition," the "California RD&M" study and "The Florida Manifesto" examined the marketplace for new products, agency expansion, financial assistance, marketing methods and more.

In 1983, the first Agency Universe Study was released by Future One in a collaborative effort with the IIAA. The biennial report is hailed as the most comprehensive look at the independent agency system. Future One's organizational structure, the brainchild of Jeff Yates, former co-CEO of industry and state relations, consists of several task forces to study the ever-changing work of insurance and allows them to collaboratively discuss common problems and opportunities.

In the same decade, research pointed the association toward the benefits of setting up a for-profit corporation—IIA Membership Services, known today as Big I Advantage—which continues to provide Big "I" members with errors & omissions coverage, flood, personal umbrella liability, employee benefits, life insurance and more. In 2001, the Big "I" created Big "I" Markets, once more giving its members an edge in the marketplace through a member-exclusive online market access platform.

Since 1993, the Best Practices Study—a joint initiative between Reagan Consulting and the Big "I"—has helped agencies by delivering critical financial and operational industry benchmarks and strategies to member agencies every three years.

"Over the years, Big 'I' research has created a strong set of benchmarks and attributes that provide a roadmap for a successful agency operation," Flannagan says. "Our research has also helped vendor and carriers create the products and services that agencies need in order to best serve their clients and communities."

The Market Share Report is another initiative that was launched in the 1990s and is now directed by Flannagan. Released every year using property-casualty insurance premium data provided by A.M. Best Company, the report provides year-end industry market share data to assess the independent agency system's grasp on the marketplace.

Despite the industry's best efforts, a SEMCI was still lacking by the end of the '80s.

In the mid-90s, nearly every agency had an in-house computer and companies distributed floppy discs and CDs to communicate policy forms and rate information, which helped independent agencies that had previously been spending fortunes on carrier-specific terminals.

By the end of the decade, the internet arrived as the great liberator to market access and independent agent distribution. As the power of the internet grew more sophisticated, it gave birth to real-time quoting, faster transfer of policy information and underwriting terms, comparative rating, APIs and all the other tools agents have access to today.

After the pandemic in 2020 prompted the sudden and necessary adoption of digitalization, the industry took the opportunity to look back and take stock of how far it had come. The emerging plethora of InsurTechs had in fact met the technological needs of the independent agency channel, realizing TeBockhorst's vision several decades prior. The Big "I" and ACT continue to support efforts to create a single platform that independent agents can use to access all markets and companies.

"The Big 'I' has long been at the forefront of the use of technology in the independent agency system, paving the way for the development of electronic workflows and fast, accurate data exchange," says Madelyn Flannagan, Big "I" vice president of agent development, education and research. "The Big 'I' was also instrumental in the implementation of 'Real Time,' speeding up processing and analytics in a paperless office."

*For the past 125 years, through hard times and periods of great prosperity, the Big 'I' has remained relevant by championing the independent agent community through best practices, innovation, customer support and advocacy. We look forward to the journey ahead and what another century of partnership brings."*

*—John Lupica, Vice Chairman, Chubb Group, and President, North America Insurance*



# RAISING THE STANDARDS OF THE INDEPENDENT AGENT CHANNEL

**In a changing** world, experts on the technical aspects of ratemaking, underwriting and policy wording and the macro and micro effects of implementation have been in constant demand to ensure the interests of consumers, agents and insurance companies. Fortunately, technicians who are adept at understanding how forms and procedures affect the public have never been in short supply at the Big “I.”

From the first standardized fire policy written in 1886 by New York to the creation of workers comp and the foundation of the Insurance Services Office in 1896, the industry frequently collaborated with and relied on independent agents for their input on form writing and revisions, as well as devising progressive coverages as the eras changed.

Big “I” committees on a local and national scale have helped shape the insurance policies in use today, as well as a vast amount of insurance-related legislation. As coverages evolved, the Big “I” Technical Affairs committee has worked with ISO to review policy forms and inform them why certain changes should or should not be made.

The association’s history of industry leadership is also rooted in industry designations. It was heavily involved in the creation of the Chartered Property Casualty Underwriter (CPCU) in the 1940s, as well as the Accredited Advisor of Insurance (AAI) and Accredited Customer Service Representative (ACSR) designations in the 1970s. As continuing education played a larger role in independent agency operations, the Big “I” has built various agent

development programs with education at their core.

In 1999, Bill Wilson and Chris Amrhein started the Big “I” Virtual University as an online hub to answer member questions and house resources. The program has grown from a mere six pages to over 18,000 insurance articles and webinars, offering a breadth of educational and development tools to thousands of members.

The association’s commitment to ensuring standards has not been limited to active agents. In 1969, a group of independent agents from Los Angeles installed an accredited business education course at a local high school, emphasizing employability and highlighting insurance careers. That course was Invest™. By the 1990s, more than three-quarters of Invest graduates adopted insurance as their profession. Today, the program continues to educate students on the benefits of a career in insurance.

Ushering generation after generation to join the independent agency system is a hallmark of the Big “I.” Since the 1960s, state young agent committees have provided an opportunity for young agents to network and share strategies among their peers. Upon the creation of the national Young Agents Committee in 1974, 49 states were planning to organize a young agent committee the following year.

In 2021, young agent committees continue to enjoy strong numbers and engagement, where core values include community involvement, networking and fundraising. Ultimately, young agents bind generations of the independent

**“The Big ‘I’ works tirelessly to support the independent agency community at both the state and national level. By providing access to products, marketing solutions, hosting networking events and more so that every independent agent can improve their business, the Big ‘I’ is a key player in the independent insurance agent distribution channel.”**

**—Doug Mohr, Vice President, Industry Relations & Partnerships, Vertafore**

agency workforce, ensuring its continual perpetuation.

“The Big ‘I’ has long recognized the need to attract a continuous flow of new, diverse talent to ensure future success of the channel, as well as the success of the association,” Flannagan says. “The Young Agents program has been instrumental in providing the leadership and networking opportunities to several generations of agency owners who have achieved great success.”

As the face of America changes, the Big “I” Diversity Council, approaching its own 20-year anniversary, is another program helping to perpetuate the independent agency channel. In recent years, Black, Latino and Asian American agents and brokers have built the program into one of the association’s key pillars. In 2020, the Big “I” Diversity Council hosted its first conference—the Level Up Summit—and “contributes to the growth and diversification of the channel by ensuring that agency ownership, staffing, and client base continues to evolve and become more diverse and inclusive,” Flannagan adds.

## THE BIG 'I' SERVES THE CONSUMER FIRST

In 2002, the association underwent its most recent name change, becoming the Independent Insurance Agents and Brokers of America to once again better reflect its membership. However, as much as the Big "I" has done for its members and carrier partners for the past 125 years, the consumer has also benefitted from its agenda to build and fortify a robust and fair industry.

In the early 1900s, the scourge of fires in U.S. cities provided the insurance industry with the impetus to establish building codes. In 1925, the NAIA launched a national fire-inspection program in combination with the U.S. Chamber of Commerce. During this period, fire losses plummeted.

From the 1930s to today, auto safety—from seatbelts to distracted driving has also been a priority.

From an industry that used quills and typewriters to agency management systems and real-time online quoting platforms, the Big "I" has been at the forefront of insurance innovation.

"From a group of 20 agents that sought standardized underwriting and fair commissions to an army of nearly 250,000 Big 'I' members that took on the might of Wall Street and secured the stability of the economy in the wake of 9/11, the Big 'I' has led the way," Rusbuldt says. "From an industry that focused simply on property insurance to an industry that insures the modern property-casualty market, the Big 'I' has been securing the fairness and

integrity of the delivery of insurance since its inception."

As the insurance world has changed, the Big "I" has been a constant—advocating for its members, consumers and the insurance community on every level. And as the industry looks ahead to new challenges, such as cybercrime, extreme weather and economic instability, the Big "I" will be doing the same, striving to uphold its long-held values of fairness, choice and trust.

*Partnerships matter, and there's no other group providing tools, support and advocacy to independent agents like the Big 'I.' From exclusive programs to market access, best practices, education and training through the Trusted Choice® platform, the Big 'I' empowers independent agents to embark on their future with confidence—and success."*

—David E. Boedker, President & CEO, Keystone

**LOOK FOR THIS SEAL—**  
**If you want the best car and home insurance for the premiums you pay**

This seal tells you that you are dealing with a professional insurance specialist—an independent local businessman who is not an employee of an insurance company. The insurance agent who displays this seal is free to recommend the car or home insurance that will provide the best protection for you. And he's free to help you collect when you have a loss.

This seal is your pledge of friendly, on-the-spot service whenever you need help or advice, whether at home or far away. When you travel, you can count on over 100,000 independent agents throughout the country who display this seal to help you when you are in trouble. To get the best protection and service for the premiums you pay, look for this seal before you buy car or home insurance.

**NATIONAL ASSOCIATION OF INSURANCE AGENTS, INC.**

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*There's no other organization that lifts up the entire independent agency system like the Big 'I' does. It's only through the connections, resources and advocacy provided by the Big 'I' that we can continue thriving, together."*

—Tyler Asher, President of Independent Agent Distribution, Liberty Mutual and Safeco