

Insurors of Tennessee BULLETIN

Volume 07-15 · Friday · August 17, 2007



ISO Files For Earthquake Changes

The Insurance Services Office (ISO) has filed revised loss cost, rules, and territories for commercial earthquake in Tennessee effective August 1, 2007. The filings provide for an overall statewide decrease in EQ loss cost of 1.5% and revise the EQ territory definitions from zones to territories established by zip code. The revised loss cost will exclude sprinkler leakage which can be included via a rating factor of 1.06.

The current four EQ zones established by county are reassigned to four territories established by zip code. While the statewide change in loss cost is a 1.5% decrease the changes for individual zip codes vary from a decrease of 71.6% to an increase of 207.5%.

Most areas in current zone 2 are now in territory 21 and will receive an average increase of 66.1%.

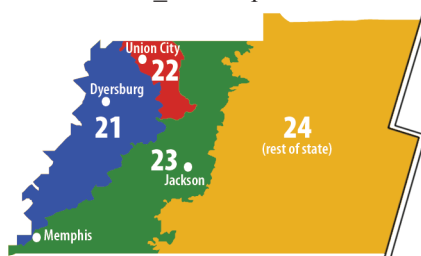
Most zip codes in Shelby County which are currently in zone 2 will be assigned to territory 23 and receive an average increase of 16.3%.

Current zone 3 includes the counties of Fayette, Gibson, Hardeman, Henry, Madison, and Weakley are assigned to territories 22, 23, and 24. Those areas going to territory 22 will receive a 109.9% increase with those going to territory 23 getting a 72.0% increase while those going to territory 24 will receive a 71.6% decrease.

Most of current zone 4 will be assigned to territory 24 and receive a 48.7% decrease in loss cost. Zip codes in McKenzie, McLemoresville, Atwood, Lavinia, and Trazevent in Carroll County will go from zone 4 to territory 23 and receive a 207.5% increase.

The filings were made as provided by Tennessee's use and file law and do not require prior approval by the Department. The filings were reviewed by the Department's consulting actuary and found to be actuarially sound.

You can review the filings and see the changes proposed by going to the Insurors web site at http://www.insurors.org/members/tech_other.asp



PARTIAL LIST		PARTIAL LIST	
BOGOTA	ATOKE	MEMPHIS**	ARLINGTON
DYERSBURG	BRIGHTON	BELLS	BRADEN
FINLEY	BURLISON	BROWNSVILLE	BRUNSWICK
HALLS	COVINGTON	CORDOVA	COLLIERVILLE
HENNING	CROCKETT MI.	EADS	ELLENDALE
LENOX	CRUMMONDS	GALLAWAY	HICKORY VAL.
NEWBURN	FRIENDSHIP	LA GRANGE	MACON
TIGRETT	GATES	MASON	MOSCOV
WYNNBURG	MAURY CITY	OAKLAND	ROSSVILLE
TIPTONVILLE	MILLINGTON	SOMERVILLE	STANTON
RIDGELY	MIFFINGTON	WILLISTON	GERMANTOWN
HORNBREAK	MUNFORD	MCKENZIE	ATWOOD
OBION	RIPLEY	COTTAGE GR.	DRESDEN
SAMBURG	TIPTON	GLEASON	GREENFIELD
TRIMBLE	UNION CITY	MCLEMORES.	MARTIN
	KENTON	PALMERSV.	PURYEAR
	DYER	TRAZEVENT	LAVINIA

Nominations for 2008 Board of Directors

As we approach the time to vote for our new Board of Directors, please take a moment to look over the slate of candidates that our Nominating Committee has put forth for your consideration.

- | | |
|---|---------------------|
| President | Scott Ferguson |
| Pres-Elect | Walt Bradshaw |
| Vice President | |
| Region I | Walt Bradshaw |
| Region II | Tee Zerfoss |
| Region III | Ed Gibbons |
| Treasurer | Eddie Miller |
| Secretary | John McInturff, III |
| Directors | |
| Region I | Bobby Sain |
| Region II | Kevin Hale |
| Region III | Andy Shafer |
| Region III (filling remaining 2 year term) | Steve Bryant |

- | | |
|------------------------------|------------------|
| Young Agent Committee | |
| Director | Chris Allison |
| State National | |
| Director | Davis Porch, III |

Voting will take place at our annual membership meeting on October 29th at 7 p.m., taking place at the Vanderbilt Legends Clubhouse, and following our Benefit Golf Tournament. All agency are encouraged to attend. More info can be found in the article, "Young Agents to Host Benefit Tourney"

Insurors of Tennessee
www.insurors.org
Tel: 615-385-1898 or 800-264-1898
Fax: 615-385-9303
Email: info@insurors.org

CISR - Agency Operations
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Swiss RE Announces Business Strategy

Swiss RE's Commercial Insurance has embarked on a strategy to provide additional capabilities to their product offering for 2008 and beyond.

By implementing this strategy they expect to have the ability to:

- Write at a greater variety of risks at more diverse price points
- Free up capital to be deployed into growing segments like Agents E&O
- Streamline operational, regulatory, and financial costs of maintaining multiple entities

In the first phase of this project Westport Insurance Corporation will merge into Employers Reinsurance Corporation (ERC). ERC will then adopt the Westport name. The net result is that Westport will continue to be the primary paper used to write Agents E&O. While this may sound unusual, they feel this is the most efficient way to retain the Westport name in the marketplace.

It is important for you to know this will have minimal impact on your business and your customers. Their entities will retain:

- A+ rating across all legal entities
- Identical technology and processes to quote, bind and issue policies
- Existing claims, underwriting and actuarial teams that support your client

The renaming of Westport, among other changes, will result in wider variety of solutions for Commercial Insurance.

New EMC Business Quote E-mail Address

In an effort to provide agents with better service, EMC has set up a separate e-mail address for commercial lines new business quote applications.

The new address is Birmingham.CLUnderWriting@EMCIns.com Please send your new business quote applications directly to this address.

Intangible Assets Bill

The Big "I" supports a bill introduced on August 3rd in the House that would allow purchasers of eligible small businesses to depreciate as much as \$5 million of acquired intangible assets over the course of a five-year period.

The bipartisan bill, the "Tax Fairness for Small Business Act," introduced by Rep. Earl Pomeroy (D-N.Dak.) and Rep. Eric Cantor (R-Va.), two members of the House Ways and Means Committee, would provide a more accurate amortization of intangible assets acquired through the purchase of small businesses, thereby increasing the liquidity of Main Street businesses.

Current law requires intangible assets to be depreciated over 15 years, even though these specific types of assets, such as customer lists, have much shorter shelf lives. The Big "I" consistently has supported shortening the depreciation schedule for these assets.

Which Personal Line Umbrella Is Best?

RLI's "stand alone" personal umbrella insurance offers great protection for your customers because it's:

- Friendly -- broad underwriting guidelines mean most people can easily qualify for the program REGARDLESS of the carrier providing the underlying coverages.
- Flexible -- choose from \$1, \$2, \$3, and \$5 million in liability limits.
- Affordable -- offers competitive premiums for all coverage limits.
- Easy -- the self-underwriting application lets you know whether the risk is eligible as soon as you complete the form. Plus, RLI will solicit and bill the renewals for you.
- Available -- you have immediate access to the program with no minimum volume requirements.

Want an application? Visit this link now: <http://www.insurors.org/rliup.asp>

InsurPAC 2007 Totals

Insurors of Tennessee members have contributed \$9,650 already in 2007 to InsurPAC, our national political action committee run by the IIABA. Although it is a good start, we are still a little less than halfway to our goal for this year of \$19,500. Our Young Agents have currently contributed \$500, well under their goal of \$1,950 for the year.

InsurPAC was established in 1975 to complement IIABA's legislative program, and has since become the largest property-casualty insurance industry PAC in the country. InsurPac is one of the reasons the Big "I" is routinely rated in Fortune magazine's top-25 list of most successful lobbying groups in Washington, DC.

InsurPac raises funds by asking for voluntary personal contributions from independent agents and brokers throughout the country. By pooling these monies together, InsurPac helps elect candidates and re-elect members of the U.S. Congress who share IIABA's business philosophy.

Why is it important for InsurPac to financially support members of Congress? The reasons are clear. Attention. Access. Foot in the door. While contributions do not buy solutions to legislative debates, they do allow members of IIABA's government affairs team significant face-time with elected officials. Through InsurPac, IIABA is allowed the opportunity to educate these members and develop working relationships with them. Lobbying and a well-funded PAC go hand-in-hand.

"Truthfully, if we didn't have InsurPac, we would be fighting agent battles with both hands tied behind our back," says Robert A. Rusbuldt, IIABA CEO.

InsurPac is going to bat for independent agents on a daily basis, working to protect their livelihoods. However, these efforts are made more difficult because it is being outspent by major competitors in the financial services world. Without more immediate support from agents and brokers, InsurPac will struggle to have impact in Washington and throughout the country.

For more information on InsurPAC, visit the IIABA website at <http://www.iiaba.net>

CISR - Agency Operations



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8/21

Jackson
8/22

Nashville
8/23

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Cost = \$135

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CISR Agency Operations

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 Memphis Jackson Nashville

PDS Commercial Endorsements

CE: 6 Cost: \$135
 Nashville

CISR Dynamics of Service

CE: 8 Cost: \$135
 Kingsport Knoxville Chattanooga

Fax to (615) 385-9303 or

Register online at

www.insurors.org/education.asp

Name: _____

Email: _____

First Name for Badge: _____

Designation: _____

Agency/Company: _____

Address: _____

Telephone: _____

Fax: _____

TN License#: _____

Expiration: _____

SS#: _____

Payment:

Visa
 MC
 AMEX
 Check

Card/Check#: _____

Exp. Date: _____

Name on Card: _____

Signature: _____

NEW Cancellation Policy:

Cancellations received five business days prior to the date of the course will incur no charges or if payment has already been received will be issued a full refund. Cancellations received less than five business days prior to the date of the course will not receive a refund and if payment has not yet been received, the full registration fee will be due. Registrants will however be given the option to have another individual attend the course in their place. Transfers to different classes will not be permitted.

Insurors of Tennessee

800-264-1898

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www.insurors.org

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Trusted Choice On TV For Another Episode

The Trusted Choice brand will appear for the second time this year on a national television show tomorrow, as the insurance segment on the *Designing Spaces* show will be sponsored by our national brand.

The show will debut nationally on Saturday, August 18th at 7:00 a.m. on The Learning Channel. In addition, the show will be repeated next week on local broadcast affiliates throughout the country, including the Knoxville market.

The new segment will feature IIABA member Jeanne Heisler discussing personal umbrella policies and social host liability issues.

This is the second segment of the Trusted Choice sponsored shows, and a third segment featuring IIABA president Alex Soto will air at a date yet to be determined. Keep a lookout for the Trusted Choice brand on your TV!

Still Time to Register for the August PDS

There is still time left to register for the August PDS seminar on Commercial Endorsements, taking place on August 24th at the IOT classroom in Nashville.

The seminar will cover everything you ever wanted to know on Commercial Endorsements, and more!

Most E&O claims come from "inadequate coverage at the time of loss!" Many of these coverages are available by endorsement, but many endorsements exclude coverage.

This seminar will cover every major endorsement for Commercial Property, Liability, Automobile and Garage coverages.

The seminar workbook is over 235 pages, and is the most current in the industry. It includes info on the over 1,400 endorsements for Commercial Property, General Liability and Auto. To sign up now, visit <http://www.insurors.org/education.asp>

Benicorp Shut Down By Indiana Department

Jim Atterholt, Commissioner of the Indiana Department of Insurance (IDOI), took action on August 9th to protect the 52,000 policyholders of Benicorp Insurance Company.

Appearing in Marion County Circuit Court, representatives of the IDOI asked the Honorable Theodore Sosin to approve an Order of Rehabilitation against Benicorp and to appoint Atterholt Receiver of the company. The judge approved both requests.

"Throughout the last five months, I have worked diligently with Benicorp, attempting to bring its business into compliance with industry standards," said Atterholt. "Despite all our efforts, including five orders directing Benicorp to correct its business practices and successfully requiring its parent company to infuse nearly \$14 million into the company, it became clear the company could not be saved.

"The Court's order today allows us to protect Hoosiers policyholders, as well as policyholders in 27 other states. Our goal is to provide them with an option to transfer their coverage from Benicorp to UnitedHealthcare, a well-respected, well-known and financially sound insurer."

As part of the Order of Rehabilitation, Judge Sosin approved a plan submitted by Atterholt that provides existing policyholders the option to transfer their coverage to UnitedHealthcare on an expedited basis. Benicorp coverage will continue through September 30, 2007. UnitedHealthcare will then offer Benicorp clients replacement coverage, effective October 1, 2007. UnitedHealthcare will offer plans with benefits and rates that compare very closely with the Benicorp plan that employers have today.

Atterholt expects to file a Petition of Liquidation with the Court next week and, therefore, has consulted with the National Organization of Life and Health Insurance Guaranty Associations, which helps to provide coverage in cases of insolven-

cies. Should an Order of Liquidation be entered, Atterholt will continue working closely with both organizations to address and resolve the pre-existing claims of policyholders, subject to the statutory caps and limitations of guaranty-fund coverage. The caps for states other than Indiana vary from \$100,000 to \$500,000. (For more information, and for links to each of the individual associations: <http://www.NOLHGA.com>.) Or visit <http://www.benicorp.com> to see the rehabilitation order and other documents.

Young Agents to Host Benefit Tourney

The Insurors Young Agent Committee will be hosting a benefit golf tournament on October 29th. The tournament will take place at the Vanderbilt Legends Course in Franklin, TN. The proceeds from the tournament will go to support of the Martin Chair of Insurance at Middle Tennessee State University, which funds scholarships for students pursuing a career in the insurance field.

The tournament will have a 1 p.m. shotgun start, and will be followed by a reception at 6 p.m. The reception will then be followed by an awards dinner and our annual membership meeting with the Insurors Board of Directors.

You do not have to be a young agent to play in the tournament, and you do not have to play in the tournament to attend the reception and dinner. Tickets for the dinner and reception are free to our agency members and the golf participants. Tickets for our associate members are \$40.

Sponsorships are available at the Gold (\$1000), Silver (\$500) and Bronze (\$250) levels. For more information on sponsorships, or to download a printable flyer with registration form, visit <http://www.insurors.org/meetings.asp> To register online for the tournament, visit <http://www.insurors.org/meetings.asp>