

## InsureTech, FinTech, AgencyConnect, Oh My!

By Paul Buse,  
President of Big I Advantage

I am just back from a special quest for Big “I” Markets at the InsureTech Connect conference in Las Vegas. And, well, wow, 7,000 is a lot of insurance people!

My reason for going was to focus on giving Big “I” Markets users access to a comparative rater for our Big “I” Auto & Home Standard Markets. Currently, our staff does that work for you and while we are responsive and provide great service, we can get faster. We want to provide that for you.

While on my quest at InsureTech, I came to the realization: “All the techies know agents are permanent!” Session after session, speaker after speaker, booth after booth. Same message.

Insurance is an intangible and hard to understand. Agents cannot be replaced by technology, as long as humans are the buyers. It’s that simple.

Sure, some percentage of the 7,000 think they have the “disintermediation algorithm.” But, they’ll be disappointed. Most will be gone in a year or two with funding spent.

Humans do NOT buy insurance solely at a computer. Sure, there are exceptions where insurance is



InsureTech Connect Conference 2019

“baked-in” with no options, but when there is even one choice, humans want to talk it over.

So ask yourself, **“How many insurance policies have no options?”**

That is the percentage of InsureTech investments focused on going around agents that will succeed. Check back with me in five years. I won’t be wrong.

On my quest along with my 6,999, mostly younger, hipper insurance colleagues, I’m glad to report success for Big “I” Markets users.

There are four really high-quality comparative rating firms in personal lines. I met with all of them. We want to bring the best one to you in the coming months for our Big “I” Auto & Home Standard Markets product.

Some of you won’t need it, but those of you who will benefit from that product will be able to serve yourselves via Big “I” Markets. If that helps you start and grow, the industry benefits, as there are more of you for the InsureTechs to find when they figure out what we already knew!

Stay tuned. I welcome your thoughts at [paul.buse@iiaba.net](mailto:paul.buse@iiaba.net).



# Are you watching where your agency is going?

**A little agency risk management goes a long way.**

You're caught up in the day-to-day shuffle, working hard to get and keep business. But if you don't step back and assess your agency procedures, you can walk right off a risk management cliff, landing your agency in court facing a professional liability lawsuit that could possibly have been avoided.

Big "I" Professional Liability provides the **E&O Happens Risk Management Website**, featuring more than 700 pages of agency risk management information, **available exclusively, and at no cost, to Big "I" members**. Features include:

- ♦ Claim examples
- ♦ Risk management articles
- ♦ *E&O Claims Advisor* newsletters
- ♦ Sample disclaimers
- ♦ Sample customer letters
- ♦ Webinars and podcast archives

**BIG i**<sup>SM</sup>  
PROFESSIONAL  
LIABILITY.

**Log into [www.iiaba.net/EOHappens](http://www.iiaba.net/EOHappens).**



# YOU'RE AN INDEPENDENT AGENT.



Swiss Re  
Corporate Solutions

A black and white photograph of a woman rock climbing a steep, craggy rock face. She is wearing a tank top, leggings, and a climbing harness. A rope is visible extending from her. The background is a sky with scattered clouds.

WHO'S GOT YOUR BACK?

## THE BIG "I" PROFESSIONAL LIABILITY PROGRAM

### Prevent.

Our exclusive risk management resources help your agency avoid making common preventable mistakes.

### Protect.

Our superior coverage through Swiss Re Corporate Solutions and our experienced claims teams are in your corner in the event of a claim.

### Prosper.

When you know you have the best agency E&O protection, you can focus on growing your most important asset – your business.

Contact your dedicated state program manager at  
[independentagent.com/EO](http://independentagent.com/EO).

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**SELECTIVE**  
BE UNIQUELY INSURED<sup>SM</sup>



## Big "I" Flood members get the royal treatment from Selective.

Selective makes writing flood insurance easy through quality customer service and superior technology. Together, Big "I" Flood and Selective's relationship helps deliver members an unparalleled flood program by offering:

- ♦ An enhanced quoting and policy issuance system
- ♦ Direct access to dedicated and skilled underwriters assigned to each agency, rather than a TPA call center
- ♦ Competitive commission structure
- ♦ Localized and experienced flood territory managers with intimate knowledge of flood insurance
- ♦ Access to free customizable marketing materials and campaigns
- ♦ Notifications of important NFIP program changes
- ♦ On-site book roll-over assistance
- ♦ Carrier-appointed claim adjusters and in-house claim examiners following a flooding event
- ♦ The knowledge that participation supports Big "I" advocacy efforts on Capitol Hill

**Learn more and sign up today!**  
**Visit [www.independentagent.com/Flood](http://www.independentagent.com/Flood).**



## Selective's Flood Team Ramps Up Flood Awareness Campaign to Support FEMA's 2022 Moonshot Goal

With the 2019 hurricane season well underway, the nation is bracing for the possibility of damage from floods and storm surges. Yet, only about 4 million properties are covered by flood insurance. As such, the Federal Emergency Management Agency (FEMA) has declared a "moonshot goal" to double that number by 2022.

Selective's Flood team is on a mission to help FEMA reach its goal, as well as all company employees who provide support through direct contact with agencies or by helping promote awareness of flood insurance.

Selective is a prominent player in the flood market. The company is the fifth largest "Write Your Own" (WYO) writer of flood insurance through FEMA's National Flood Insurance Program (NFIP)<sup>1</sup> and offers NFIP flood insurance for both personal and commercial properties in all 50 states.

A team of 10 Flood Territory Managers (Flood TMs) cover the country, and work with local agencies to provide flood policies to clients. In recent months, Flood TMs have partnered with Commercial Lines and Personal Lines field staff to promote the importance of flood insurance to local agencies with whom they have relationships.

Additionally, Selective's Flood team has partnered with Personal Lines to include an NFIP flood quote with every homeowner policy.

"As more Selective field staff, like Agency Management Specialists and Personal Lines Marketing Specialists, talk to their agency partners about flood insurance, the better the chances of consumers choosing flood coverage," says Lisa Tumminello, Flood Manager, Selective.

"People don't recognize the need for a flood policy," she continues. "But just because someone doesn't live in a hazardous flood zone, doesn't mean they shouldn't have a flood policy." One out of five claims filed with the NFIP comes from properties outside of high-risk flood areas.

By the time floodwaters start lapping at a homeowner's doorstep, it's too late for coverage from a new NFIP policy. Flood policies generally have a 30-day waiting period before they go into effect. With hurricane season upon us, Selective's Flood team is re-emphasizing its message and spreading awareness in and around flood-prone areas. "We're trying to get everyone on board with the need to have flood insurance," Tumminello says.

1. Per SNL's 2018 Insurance Statutory Market Share Report



## Four Auto and Home Options Now Available!

**Auto & Home Standard Markets on Big "I" Markets is your expansive access to four national carriers in most states, and is set up with service centers\* so you can work directly with the carrier(s) once a new business or BOR policy is issued.**

NEW: Progressive is now available in 46 states and D.C.!

### MetLife Auto and Home

Coverage is available for vehicles, property, umbrella and valuables to members in all states except AK, D.C., DE, HI, MI, ND, and SC.

### Progressive

Coverage is available for vehicles and watercraft to members in all states except AK, HI, MA, and MI.

### Safeco

Coverage is available for vehicles, property, umbrella, valuables, watercraft and recreational vehicles to member agents in all states except D.C., DE, HI, ME, NJ, and RI.

### Travelers

Coverage is available for vehicles, property, umbrella, valuables, and watercraft to member agents in all states except AK, AR, HI, LA, MA, MI, ND, SD, WV, and WY.

Risks eligible for the Big "I" Markets' Auto & Home Standard Markets program include:

- IFS (insurance financial score) subject to Company acceptability
- No Loss Frequency
- No Violation Frequency
- Minimum Automobile Liability Limit quoted is \$50,000/\$100,000 or \$100,000 CSL
- No Automobile Liability only policies; there must be at least one vehicle with physical damage coverage, except Progressive
- No unprotected dwellings
- No unsupported secondary dwellings
- No mobile or manufactured homes
- No log homes
- No dwellings insured for less than 100% of the replacement

**For more information or to request a quote, log in to [www.bigmarkets.com](http://www.bigmarkets.com) and select Auto & Home Standard Markets from the personal lines menu.**

To access the Safeco and Progressive recreational vehicles market, please select Recreational Vehicles from the personal lines menu.

\*Service Center is not available for Progressive.

*This content is accurate as of the date of this publication. Not all products are available in all states and situations.*



# TEAM UP WITH GOLDLEAF SURETY SERVICES!

A team is a group of individuals who work together to achieve a common goal. If your agency's goal is to provide your clients with access to almost every type of bond they may need, then make Goldleaf Surety Services an active part of your team. When your clients come to you for their bond bid and performance bond, license and permit bond, or fidelity and court bond needs, Goldleaf Surety Services is here to assist you!

Surety bonds can be a time-consuming, costly and embarrassing process for many agencies. Producers and CSRs can face steep learning curves if they want to handle the product. With hundreds of different bonds available, your staff may not know which markets are most likely to write a particular class of bond, which forms to use, or what information to request from the insured. This lack of expertise will quickly become evident to your client and ultimately impact your bottom line.

Goldleaf Surety Services is here to help. With one call, we'll provide your agency with instant access to almost every type of bond your clients will ever request, from performance bonds to almost every other type of surety and fidelity bond that may be needed.

We have excellent market capacity for bid bonds and performance/payment bonds on all types of contract obligations including:

- Construction trades – all sizes
- Subcontractors and artisan contractors
- Environmental work (including asbestos abatement)
- Subdivision and site improvement work
- Service contractors
- Software, IT and technology-related industries
- Specialty manufacturers

We also have extensive experience with all forms of license and permit bonds, court bonds, fidelity bonds and other commercial and miscellaneous bonds.

Here's the best part: On each bond placed for your agency, we will send you a referral check... regardless of how much or how little work you do on the bond! Not only will you look like a hero with your customers, we will share a portion of the commission revenue with you – just as though we were part of your agency.

## TEAM UP WITH GOLDLEAF

With our tremendous capacity, huge range of solutions, and exemplary service, Goldleaf Surety Services is your agency's first call for help and ultimate surety safety net. Big "I" members can contact Goldleaf by logging onto [www.bigimarkets.com](http://www.bigimarkets.com) (select the appropriate bond type from the bond options on the commercial markets menu) or by calling Goldleaf directly at 1-888-294-6747 (ask for Lori Olson).





# Does your agency offer cyber to every commercial client?

## Big “I” Markets lets you do it with one click!

Our partnership with Coalition makes it easy for you to **quote cyber insurance for your upcoming renewal book, all at once, with the click of a button**, creating a friction-free process for cross-selling cyber to all clients.

The bulk quotation process is straightforward. With five standard pieces of information (name, revenue, industry, address, and website), **Coalition can generate bindable quotations to present alongside other policies for a great new business opportunity.** Simply complete our Bulk Quote Template for 50 risks or more and email to our Cyber Insurance Program Manager, Carla McGee.

Once the underwriting process is complete, all quotations will be available in your Coalition dashboard. You may share the quote and Free Cyber Risk Assessment with your client, request additional limit and coverage options or bind the quote.

You can find the Bulk Quote Template and our Cyber Declination form in the “Product Resources” section of the Cyber Insurance - Coalition product after logging into [www.bigimarkets.com](http://www.bigimarkets.com).

Questions? Contact your dedicated Cyber Insurance Program Manager, Carla McGee, at [carla.mcgee@iiaba.net](mailto:carla.mcgee@iiaba.net) or (703) 706-5495.

**Competitive premiums. Comprehensive coverage. Free cybersecurity tools.**

Coalition's insurance products are offered with the financial security of Swiss Re Corporate Solutions and Argo Pro US (A+/A ratings by A.M. Best). Insurance products underwritten by Coalition Insurance Solutions, Inc. (CA License # 0L76155) Copyright © 2019. All rights reserved. Coalition and the Coalition logo are trademarks of Coalition, Inc. or its affiliates.





# 6 Ways to Protect Personal Information Online

It's hard to go a few days of scanning the news without hearing about a major data breach, potentially exposing millions of customers' personal data to criminals. Here are a few tips for you and your clients to ensure personal information doesn't end up in the wrong hands.

## 1. Create strong passwords

When creating a password, think beyond words or numbers that a cybercriminal could easily figure out, like your birthday. Choose combinations of lower and upper-case letters, numbers, and symbols and change them periodically. It's also better to create a unique password instead of using the same password across multiple sites—a password manager tool can help you keep track.

## 2. Don't overshare on social media

We all have that one friend who posts too many intimate details of their life online. Not only can this be annoying, but it can also put your personal information at risk. Check your priva-

cy settings so you are aware of who's seeing your posts, and be cautious when posting your location, hometown, birthday, or other personal details.

## 3. Use free Wi-Fi with caution

A little online shopping never hurt anyone...or did it? Most free public Wi-Fi networks have very few security measures in place, which means others using the same network could easily access your activity. You should wait until you're at home or on a secure, password-protected network before whipping out that credit card.

## 4. Watch out for links and attachments

Cybercriminals are sneaky, and will often compose their phishing scams to look like legitimate communications from a bank, utility company, or other corporate entity. Certain things like spelling errors or a different email address than the typical sender can be a clue that the email is spam.

## 5. Check to see if the site is secure

Before entering personal information into a website, take a look at the top of your browser. If there is a lock symbol and the URL begins with "https," that means the site is secure. There are a few other ways to determine if the site is trustworthy, such as a website privacy policy, contact information, or a "verified secure" seal.

## 6. Consider additional protection

Install anti-virus software, anti-spyware software, and a firewall. For additional protection, you may want to consider cyber insurance, which can keep you and your family safe if you fall victim to a cyberattack. At Chubb, our experts are ready to evaluate cyber vulnerabilities, help cover fraudulent charges, and ensure families have the resources they need to recover emotionally, too.

**Learn more about cyber coverage from Chubb to help insure your clients' online worlds at [www.bigimarkets.com](http://www.bigimarkets.com).**



# ***PROGRESSIVE***<sup>®</sup> : Protection when your customers need it most...

Your customers purchase protection when they buy an insurance policy, and that is exactly what Progressive offers. It's all hands on deck at Progressive when your customer has a claim—they'll work hard to get their lives back on track.

## **Did you know?**

Progressive has over 4.5 Million Recreational Lines Policies in Force.

**Progressive has over 700 Multi-Line Adjusters and Supervisors** specifically trained to handle Boat, Motorcycle and RV claims.

When adjusting Recreational Lines Claims, **Progressive does not take "betterment" on partial losses.** The company promises to return vehicles to **pre-accident** condition or better when there is a claim settlement paid. Many companies deduct "betterment" or "depreciation" percentages that reflect the amount of the remaining life of the item. By choosing Progressive, once your customer pays the deductible, he or she will receive full compensation for parts at today's value, regardless of how long those parts have been in service. Compare Progressive's contract with contracts from other companies and show the difference to your customers.

**Progressive uses OEM parts when available.** Other carriers charge extra for this option.

**Progressive offers Small Claims Forgiveness** – The company reviews each policy at renewal to determine if a claims payment was made. All claims where Progressive's total payout was \$500 or less will not be considered. There is no limit to the number of \$500 or less claims that will be waived.

## **And that's not all...**

**Progressive also offers Accident Forgiveness.** Customers will not be charged for an at-fault accident if all the following conditions are met:

1. The customer reports the claim to Progressive.
2. The policy has been in force with Progressive for 48 months.
3. The policy did not have any other chargeable accidents during the prior 35 months.
4. The driver of the vehicle was listed on the policy when the accident occurred.
5. There are no waived accidents on the policy.

Access motorcycles through the Auto & Home Standard Markets, boats through Recreational Marine and RVs through Recreational Vehicles products on [www.bigimarkets.com](http://www.bigimarkets.com).

*Progressive products and programs are not available in all states and situations. This content is accurate as of this publication date.*

**Access Progressive through  
Big "I" Markets by visiting  
[www.bigimarkets.com](http://www.bigimarkets.com).**



# Chubb Now Offers Restaurant Coverage



In a restaurant, if one customer spills their drink and a few seconds later another customer slips and is injured, no reasonable judge or jury would find the restaurant negligent.

When does negligence occur? What if the spill isn't cleaned up for 10 minutes, 30 minutes, or over an hour before someone is injured?

Any business is legally negligent when:

- Management was aware or should have been aware of the wet floor
- A sensible manager would know the wet floor could cause customers to fall
- Management neglected to take reasonable steps to warn customers and dry the floor
- The business management's negligence directly caused the slip and fall injuries
- The injuries are real and verifiable
- The injured party didn't contribute to the circumstances that caused the fall

In the fast-paced world of the food service industry, accidents are bound to happen, even for the most prepared business owners. From customer and employee injuries to property damage and the loss of business income, small businesses in the food service industry are exposed to risks every day.

Chubb understands these unique exposures and now offers a robust Chubb BOP and umbrella solution for small businesses with up to \$30M in revenue in the following classes:

- Banquet halls
- Buffets
- Casual dining
- Caterers
- Commissaries
- Delicatessens
- Fast food
- Fine dining
- Food concession or refreshment stands
- Food trucks
- Pizza parlors
- Sandwich shops
- And more!

Available coverages include:

- Chubb BOP
- Umbrella
- Workers' compensation
- Commercial auto
- Cyber Enterprise Risk Management (ERM)
- Management & professional liability

Please note: All products may not be available in all states.

**Chubb's business owner's policy (Chubb BOP) is designed specifically for small businesses. With broad protection for property and liability exposures, Chubb BOP serves as the foundation for your clients' insurance portfolio. Learn more at [www.bigimarkets.com](http://www.bigimarkets.com).**

# Personal Lines



## Affluent Homeowners

- ▶ **AIG and CHUBB**
- ▶ **\$500,000 minimum coverage A, no maximum**
- ▶ **Specialized underwriters available to assist**



## Standard Personal Lines

- ▶ **MetLife Auto & Home, Progressive, Safeco & Travelers**
- ▶ **Monoline Auto or Monoline Home available**
- ▶ **Broker of Record changes accepted**



## Non-Standard Homeowners

- ▶ **Lexington Insurance Company**
- ▶ **Coastal or non-coastal, brush exposure, log homes, prior losses, cancelled for non-payment**
- ▶ **\$150,000 minimum coverage A in most areas, no maximum**



## Standalone Personal Umbrella

- ▶ **RLI (Preferred) and Anderson & Murison (Alternative)**
- ▶ **Limits up to \$5 million available (\$1M in NM)**
- ▶ **Excess UM/UIM available in all states**

Big "I" Markets is an online market access system available exclusively to Big "I" members featuring no fees, no volume commitments, competitive commissions and ownership of expirations. More than 30 markets are available.

### **Additional personal lines products include:**

- Jewelry insurance
- Recreational vehicles
- Marine insurance
- Flood insurance

**Product availability varies by state. Get the full scoop at [www.bigimarkets.com](http://www.bigimarkets.com)!**





# Monoline Commercial Auto

Big "I" Markets offers **Commercial Auto - Monoline** with three carriers from which to choose. Liability ranges from \$1-\$2 million. Coverages and availability vary by state and carrier.

## Travelers

Travelers small commercial auto coverage provides up to \$1 million of liability protection and can be written on a monoline basis for classes of business that would be eligible for the Travelers Select MasterPac program.

Travelers will entertain vehicles used commercially, but is NOT a market for:

- Livery services
- Hauling of hazardous materials
- Truckers
- Dump Truck operators

Coverages available, but not limited to:

- Liability - \$1M
- Broad range of deductibles
- Ability to write multi-state exposures on one policy
- Hired Auto Physical Damage
- Employee Hired Auto
- Blanket Additional Insured
- Auto Loan Lease Gap

*Travelers Select Commercial Auto is available to members in all states except AK & HI.*

### Questions on this product?

**Log into Big "I" Markets to contact a commercial underwriter, or email [bigmarkets@iiaba.net](mailto:bigmarkets@iiaba.net).**

## MetLife Auto & Home Business Insurance

MetLife Auto & Home Business Insurance provides dependable and hassle-free coverage to an array of small businesses in your community that use commercial autos and trucks in their daily activity and have a commercial auto fleet of up to nine vehicles. Here are just a few examples:

- Contractors
- Professional and Technical Services
- Retail Businesses
- Wholesalers and Distributors
- Manufacturing and Local Trucking Companies
- Delivery Services

Vehicles (Private Passenger Types and Trucks) with a gross vehicle weight of 20,000 lbs. or less and most trailers are eligible. The vehicles' operational radius (one way) can be 99 miles or less.

Coverages available include:

- Liability Limits from \$100,000 to \$2 Million CSL
- Comprehensive and Collision Deductibles of \$250, \$500, \$1,000, \$2,500 and \$5,000
- Hired Auto/Non-owned and Drive Other Car Coverage
- Business Interruption
- Audio, Visual and Data Electronic Equipment Coverage to \$10,000
- Tapes, Records and Discs Coverage to \$200
- Auto Loan Lease Gap
- Loss of Use

*MetLife Auto & Home Business Insurance is currently available to members in AZ, CA, CT, CO, FL, GA, IL, IN, KY, MN, NC, NH, NJ, NV, OH, OR, PA, SC, TX, WI, and WA.*

## Progressive

Progressive Insurance offers a wide range of commercial auto insurance programs to fit the needs of the small business operation. Whether it's for passenger autos or heavy trucks, Progressive can write the policy. We offer robust coverages for a wide variety of drivers and vehicle types, with accurate and competitive pricing that considers each risk independently. Examples of eligibility include:

- Janitorial services
- Social/health services
- Retail shops
- Religious/nonprofit organizations
- Couriers
- Adult/child care
- Airport/hotel shuttles
- Contractors
- Landscapers and snowplowers
- Concrete/asphalt
- Heavy construction
- Farming and livestock
- Food truck vendors
- Food delivery
- Wholesale route distributors

Progressive offers robust coverage options such as:

- Higher Limits — up to \$2M
- Any Auto Liability
- Hired Auto Liability
- Employers' Non-Ownership Liability
- Drive Other Car
- Roadside Assistance
- Rental Reimbursement

*Progressive's Commercial Auto product is currently available to Big I members in all states except AK, HI, MA & MI as of the date of this publication.*

**Visit [www.bigmarkets.com](http://www.bigmarkets.com).**



# Need Habitational Markets?

**MiddleOak offers two programs to choose from.**

**Worlds Apart®** is a property and liability program for **apartment classes** where the insured owns and insures a minimum of 11 rental units on the policy. Occupancy types include: **apartments, student, senior and affordable housing, well-maintained dwelling schedules, and high-value buildings.**

**Capsure®** is a property and liability program for **condominium and homeowner associations** with a minimum of 11 units. Occupancies include primary, secondary and non-owner occupied.

Key program features include:

- . 11-unit minimum
- . BOP policy
- . Direct bill
- . Post-1990 desired. All-age construction eligible, as long as roofs and mechanical updates are recent and complete. Specific electrical guidelines on pre-1980 construction.
- . Guaranteed replacement cost
- . \$1,500 minimum premium
- . Credits available for smoke-free properties (Apartment program)
- . Actual loss sustained business income – 18 months

**Please contact Claire McCormack at [claire.mccormack@iiaba.net](mailto:claire.mccormack@iiaba.net) or (703) 706-5415, or visit [www.bigimarkets.com](http://www.bigimarkets.com) for regional market availability.**

*With Big "I" Markets, there are no fees, no minimums and you own your expirations. Please note that the Big "I" Markets market access program is available exclusively to Big "I" members in good standing.*

Statements herein are subject to the terms, conditions, and exclusions contained in the policy and applicable endorsements. In the event of a conflict between these statements and the policy, the policy will control. MiddleOak is part of COUNTRY Financial®. Policies issued by COUNTRY Mutual Insurance Company®, Bloomington, IL and COUNTRY Casualty Insurance Company®, Bloomington, IL.





# Climb to New Heights with Big "I" Eagle Agency.

Online access | Exclusively for Big "I" members | A path to direct appointment

Big "I" Eagle Agency provides Big "I" member agents with personal lines market access and a path to direct carrier appointment. The program strives to meet your personal lines needs by incubation until you qualify for a direct appointment.

As an Eagle Agent, you get direct, real time, online access to the carrier's automation system to quote, bind and transact business. Premium is direct billed and policies are mailed to the policyholder.

#### Features of Eagle Agency:

- Agency maintains ownership of business
- Direct access into the carrier's portal
- Graduated commissions based on volume
- Possible carrier appointment based on volume and profitability

Eagle Agency company partners include:

- MetLife Auto and Home
- Safeco
- Travelers

To maintain an Eagle appointment, minimum production commitments need to be met, typically two policies per month per carrier. Once your book of business reaches a determined premium volume with good loss experience, you may become eligible for direct appointment.

Not ready for a volume commitment? Access the same markets, plus Progressive, through Big "I" Markets Auto & Home Standard Markets.

For more information, log into Big "I" Markets and select "Eagle Agency Appointment Application" under Personal Lines, or contact Big I Advantage® Personal Lines Manager Nancy Doherty at (800) 221-7917 or [nancy.doherty@iiaba.net](mailto:nancy.doherty@iiaba.net).

[www.bigimarkets.com](http://www.bigimarkets.com)

# Indoor Environmental Loss Exposures in Condos, Schools, Hospitality, and Other Commercial Properties

By Aaron Millonzi, Knowledge Coordinator, and David Dybdahl, President & CEO - American Risk Management Resources Network, LLC

## Are your clients covered? Probably not!

What comes to mind when you imagine a property that needs to purchase pollution insurance? It's probably something like a chemical mix and blend facility, a manufacturing plant, or maybe a landfill. Odds are it's not a standard condominium or apartment building, an elementary school, or commercial office building that houses an insurance agency, an investment brokerage firm, and a dental office. For many, the thought that something as innocent as a school or as common as a commercial office building has environmental loss exposures is laughable. The truth is, it's not as far-fetched as it may seem. In fact, every property or location carries some risk of a contamination loss and therefore needs specially designed environmental insurance coverage to protect them against these loss exposures, even the most unsuspecting ones.

## Really Important Things Every Insurance Agent Needs to Know

*Sixty percent of all property insurance losses involve water intrusion indoors. Moist drywall will grow mold (fungi) at room temperature within 3 days. Drinking water on carpeting will morph into bacteria contaminated*

*Category 3 water within 3 days.*

*Every drop of water in a drainpipe is Category 3 water because of the bacteria in it.*

*Property insurance policies have sublimits (completely inadequate) for fungi or bacteria.*

*The average commercial property mold remediation without business interruption expense is \$250,000; the average sublimit is \$15,000.*

*Mold is an allergen; bacteria contamination can be fatal.*

*GL policies usually have complete exclusions for losses in any way associated with fungi or bacteria contaminants.*

*Environmental insurance was originally designed for outdoor use, not indoor.*

What are the environmental loss exposures that condo buildings, schools, and office buildings possess and why do they need environmental insurance to cover them? These properties can have a wide array of pollution loss exposures, from exposures to asbestos and lead, to a leaking underground storage tank; however, the most common pollution loss exposures for these types of properties revolve around indoor air quality. The driver of most indoor contamination losses is water intrusion in a building. All structures are prone to mold or fungi claims and bacteria-related losses. But why do

water losses in buildings create environmental loss exposures which now require the purchase of environmental insurance? The answer to this question is a little more complicated.

The gist of it is pollution exclusions and contaminant-specific exclusions, such as fungi or bacteria, on standard commercial property and liability insurance policies. These exclusions drive the need for environmental insurance. In addition to these exclusions, there are also various sublimits for things like pollutant cleanup and mold- and bacteria-related losses. These exclusions and sublimits render standard property and liability insurance policies inadequate or completely ineffective in terms of providing coverage for the contamination loss exposures faced by many commercial properties, education facilities, and large residential buildings. This in turn requires the purchase of environmental insurance products designed for indoor use to fill the coverage gaps created by the exclusions and sublimits in both property and liability insurance policies.

While condo buildings, schools, and commercial office buildings can be affected by pollution exclusions or sublimits, it's the contaminant-specific exclusions, particularly fungi or bacteria exclusions and sublimits, that really do them in. Sixty percent of commercial property insurance losses involve water damage within a structure, and that's not including flood losses. Moisture on drywall can

result in mold growth in as little as 72 hours, and even sooner in the right conditions. As soon as the m-word is involved in a property loss, it triggers the fungus/mold/bacteria exclusion on the property policy; in many cases, the policy has an additional, limited coverage for fungus/mold/bacteria-related losses, but it comes with a significant sublimit. This sublimit can vary, but is often around \$15,000. It helps to know that an average mold remediation job on a commercial building is \$250,000. That's a pretty big gap in coverage - something many property owners are shocked to discover when they have a mold or Category 3 water loss and expect to be fully covered under their commercial property policy.

Mold claims are not new. The good news for property owners is that in the past, these claims have been paid by claim adjusters who were not familiar with the actual workings of mold exclusions as standard water intrusion claims and therefore not subject to significant sublimits. The bad news is the tide is changing. It's clear that more and more claims are being excluded on standard property insurance policies. We know this because mold claims are being paid on environmental site policies. In fact, it was revealed by a panel of insurance company executives at the Society of Environmental Insurance Professionals conference in June of 2017 that mold claims had eclipsed every other type of loss as the number one source of claims on environmental impairment liability (EIL) policies. As property claims adjusters get smarter and start pulling the trigger on fungus/mold/bacteria exclusions and sublimits, this will only continue to drive the need for environmental insurance to cover commercial property owners for their fungus/mold/bacteria exposures.

In the early 2000s, there was a "toxic mold" media frenzy which was the impetus of the new ever-present fungi or bacteria exclusions. Today, there's another "pollutant" that's been making headlines recently: bacteria.

Legionella bacteria has become well-known, because of Legionnaires' disease outbreaks. Legionnaires' disease is a very serious type of pneumonia (lung infection) caused by

Legionella bacteria. In nature, Legionella bacteria exists in things like rivers and lakes, and usually does not cause illness. This type of bacteria creates a health risk when it aerosolizes into tiny water droplets in the air that people breathe in. In the built environment, Legionnaires' disease is most commonly caused by a water source that is not properly maintained. Some common sources are HVAC cooling towers, hot tubs, decorative fountains and falling water features, hot water tanks and heaters, and plumbing systems. Almost every commercial building, school, hotel, and condo building has one or more of these potential sources of bacteria contamination. Therefore, these facilities are at risk for spreading Legionella bacteria and making people sick. These outbreaks commonly result in a bodily injury claim for seven figure damages by those affected or by their family members and almost always require legal defense.

In these situations, most businesses turn to their liability insurance policy for defense and payment of damages, the most common policy being the Commercial General Liability (CGL) policy. Unfortunately, like standard property insurance policies, most CGL policies contain a pollution exclusion, as well as additional contaminant-specific exclusions such as a fungi or bacteria exclusion. Unlike most property insurance policies, the majority of CGL policies do not have sublimits for fungi, mold or bacteria-related losses. In fact, these exclusions not only preclude coverage for damages, but they also relieve the insurance company from having to provide legal defense on behalf of the insured. This leaves the business or property owner completely on their own to defend themselves and pay any claims for bodily injury or wrongful death. This has become a common occurrence with many of the Legionnaires' disease outbreaks over the past few years.

Alas, there is environmental insurance designed to cover these types of loss exposures. Well-designed programs provide both liability coverage for claims brought against the insured, and cleanup and remediation of pollutants, including mold and bacteria losses. One product in particular is ARMR HPR™. It combines

a full-service site pollution liability policy with built-in boots-on-the-ground loss control; coverage is specifically tailored to the indoor environment and is affordably priced, typically at 10% of the property insurance premium. Visit our page, Pollution Insurance: Contractors-Commercial Properties-USTs-All Other, on Big "I" Markets to submit a risk and learn more!

The main takeaway is properties like commercial office buildings, schools, hotels, and condo buildings all have pollution loss exposures and need to purchase environmental insurance to adequately cover themselves for these risks. Their greatest pollution loss exposures involve indoor air quality issues such as mold growth and bacteria exposure to the occupants. Pollution exclusions and pollutant-specific exclusions like fungi or bacteria on standard property and liability insurance policies render these policies inadequate or completely ineffective at providing coverage for these loss exposures. It's important to understand this, communicate it to insureds, and encourage them to purchase environmental insurance that is designed to provide coverage for the pollution loss exposures they face.

David Dybdahl, an environmental insurance veteran and expert witness, says it best: "Agents that leave their customers uninformed about the far-reaching effects of the mold or bacteria sublimits are in for a rough ride when their clients realize the typical \$10,000 fungi and bacteria sublimit applies to their \$600,000 water loss. The ARMR HPR™ product line is easy to use; we can get pricing indications out the door based simply on the property insurance schedule."

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# Insure Response Answers Calls For Big “I” Members



## You're the boss...or are you?

Independent insurance agents tend to have something in common: a sense of independence! They like to do things their way and enjoy the control over career and life that being an independent agent offers. Many agents will tell you that it was hard to get started and build their businesses, then over time the hard work paid off. But at some point, many say that they stopped running their business and it started running them! A frequent complaint is that agents can't find time for friends, family and “down time” because there are so many details that have to be handled. The customer demands just never stop. Does this sound familiar?

Think back to this past summer. Hopefully, you had a chance to take a vacation, but did you find yourself working part of the time? Were you checking email and voicemail, and logging in to your AMS to take care of something for a customer while your family waited or wondered where you were? Now the holidays approach and most of us plan to take some time off to celebrate. Do you plan to enjoy it completely, or will you be splitting your time between work and family again?

There is a way to have your cake and eat it, too. You can sign up with Big “I” partner Insure Response and

outsource your customer service calls on an as-needed basis, ensuring that your business will continue to run efficiently during after hours, weekends and holidays.

InSite's Insure Response has 20 years of experience taking calls for agencies and handling a wide range of billing and customer service issues. Hire Insure Response's staff of insurance-trained CSRs at a fraction of the cost of hiring permanent staff. Your dedicated team can take detailed messages, customized to capture the information you need. Or with access to your AMS, Insure Response staff can post payments, refer calls to the appropriate carrier, send out certificates of insurance, and more on your behalf. You define the scope of what they do, and then Insure Response provides you with detailed notes, customized escalations, and detailed service level reports. In addition, every call is recorded so you can have access as needed.

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The holidays are approaching! What bling will Santa bring your clients? Remember, Big "I" agents have access to standalone coverage through Jewelers Mutual, a company that's been insuring jewelry, and only jewelry, for more than 100 years, through Big "I" Markets.

With Jewelers Mutual, your clients receive an extra level of protection beyond what would be covered by their typical homeowners or renters insurance. Offering a standalone jewelry insurance policy is the first step to ensure they have peace of mind for every piece, wherever they go.



Start your client's quote for jewelry coverage at **[jewelry.bigimarkets.com](http://jewelry.bigimarkets.com)**. To learn more, log into [www.bigimarkets.com](http://www.bigimarkets.com) and click on Jewelry Insurance. Coverage is available to Big "I" agents in all states.

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