

# Main Street

## INDUSTRY NEWS



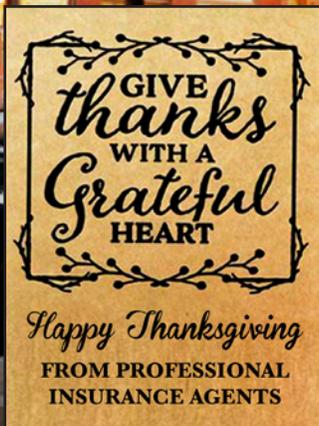
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# FARMERS MUTUAL

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## INSURANCE OF NEBRASKA



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Vice President of Agencies  
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# Did you know?

**Did you know** that PIA has figured out a way to make selling flood insurance easier?

PIA has entered into an exclusive partnership with Floodbroker.com which allows PIA members' clients and prospects to learn about their flood risks and request a quote for flood insurance from their local, participating PIA member agency.

Floodbroker has automated the process of obtaining a flood insurance quote through the National Flood Insurance Program (NFIP) and makes this technology available to participating PIA member agents through their very own agency-branded, flood insurance microsites.

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Learn more about this program at [www.pianet.com/floodbroker](http://www.pianet.com/floodbroker).

Not a PIA member? Please consider joining the association that arms agents with the tools they need to succeed. Contact us for a membership application or visit us online at [www.pianet.com/joinpia](http://www.pianet.com/joinpia).



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**National Association of Professional Insurance Agents**

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Year-two of the Affordable Care Act has started. The second year of open-enrollment began last Saturday.

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Most employers — and that is many of you — have already finished your employee health insurance for 2015.

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The holidays begin in a week or so. Thanksgiving in November and Hanukkah then Christmas in December. New Year’s Eve and New Year’s Day end the year. All that celebration means parties at the agency or the company and parties with clients.

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## ADVERTISEMENTS

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Contact us to place a classified ad.

# Advertise Your Agency On Radio



## PIA's new radio ads make it easy!

If you've been looking for new ways to build your agency's brand, or just looking to replace some tired advertising, PIA's new radio advertisements may be the answer.

PIA members now have access to 28 radio ads that they can run in their local markets. Each ad can be tagged with your agency contact information and the name of a company you represent. Simply download the pre-recorded ads from PIA National's website and send them to your local radio station to have your tag added. It's that simple. Even better, the ads are included in the cost of PIA membership. You only pay for the air time.

### PIA has created:

- General agency branding ads
- Auto insurance ads
- Homeowners insurance ads
- Commercial lines ads

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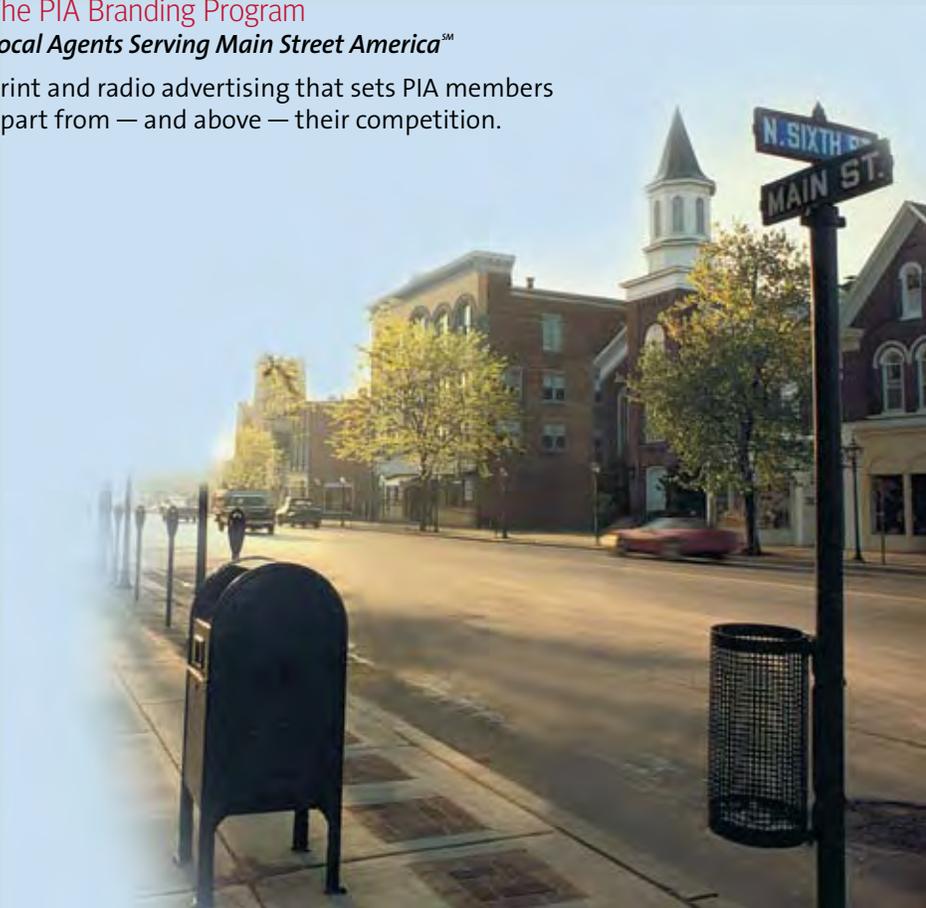
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# Main Street INDUSTRY NEWS

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## PIA FOR NEBRASKA AND IOWA

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PIA Association for Nebraska and Iowa is committed to focusing its resources in ways that cast the most favorable light on its constituents. We are dedicated to providing the type of programs, the level of advocacy, and the dissemination of information that best supports the perpetuation and prosperity of our members. We pledge to always conduct ourselves in a manner that enhances the public image of PIA and adds real value to our members.

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Professional Insurance Agents NE IA  
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Omaha, NE 68114

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Ph: 402-392-1611  
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The PIA NE IA, **Main Street Industry News** reserves the right to edit your comments to fit space available. We respectfully ask that you keep the comments to 200-300 words.



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## ADVERTISING QUESTIONS

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**Cathy Klasi, Executive Director**  
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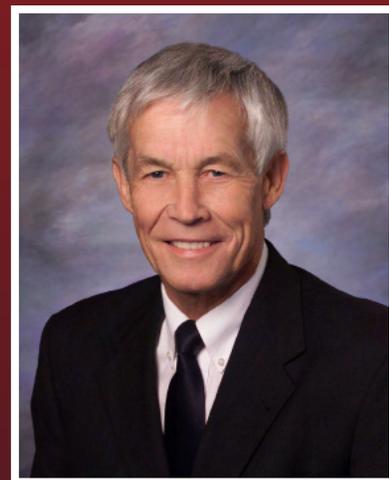
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# IS YOUR E&O X-DATE HERE?

## *Considering a change?*

### Let the PIA quote your E&O

**Phil Fried**  
**(402) 392-1611**  
[Phil@pianeia.com](mailto:Phil@pianeia.com)



*E&O Coordinator  
Phil Fried*

# Last Look:

## *PIA National on the November Election*



First of all in a recent post PIA National congratulated the winners in the midterm elections and the association looks forward to Congress making progress in dealing with important insurance issues.

PIA National Executive Vice President & CEO Mike Becker said, “The voters have spoken and as a result, new opportunities may open up for legislative action that will have an impact on insurance issues.”

The lame duck session has already started and goes through mid-month in December. One of the items that must be considered during the session is the Continuing Resolution to keep the government funded through mid-March of next year.

As for insurance issues — they are many. Becker listed them:

- A long term extension of the Terrorism Risk Insurance Act (TRIA) must be done during the lame duck session.
- Passage of the National Association of Registered Agents and Brokers (NARAB II) is needed.
- Passage of Sen. Susan Collins’ (R-Maine) Capital Standards Clarification Act to clarify how the Federal Reserve will regulate systemically important insurance companies differently than banks.

PIA National Director of Federal Affairs Jon Gentile said, “The GOP takeover in the Senate will result in a shift of legislative priorities.

Issues that may now move to the forefront include efforts to repeal or significantly alter the Affordable Care Act (ACA), changing aspects of the Dodd-Frank Act and the potential for tax reform. Such initiatives, however, face the realistic prospect of vetoes by President Obama.”

At this point the possible impact of the Republican wave of victories on insurance regulation at the state level is less clear. The makeup of the National Association of Insurance Commissioners (NAIC) could be affected by changes in governorships. Several states where the governor appoints the insurance commissioner saw GOP challengers defeat Democratic incumbents.

Democrats picked-up the governor's office in Pennsylvania. Tom Wolf's won over incumbent Gov. Tom Corbett. That has the potential of ending Michael Consedine's tenure as Pennsylvania Insurance Commissioner since the governor appoints that post.

However, observers note Consedine has a high profile on international regulatory issues and is in line to become NAIC president.

Connecticut's Democratic Gov. Dannel Malloy turned back a strong GOP challenge. That's good news for Insurance Commissioner Thomas Leonardi. Leonardi who has been very active at the NAIC on international matters and — like Consedine — has been an outspoken supporter of state regulation of insurance.

Observers say it is possible that the new Republican majority will attempt to restrict the Federal Insurance Office (FIO). That's good news. Congress — via the Republicans — could push back the FIO's authority to preempt state insurance laws because it creates "less favorable treatment" for non-U.S. insurers.

As for the Affordable Care Act (ACA) — a repeal is not going to happen. Senate rules say 60 votes have to be there to pass legislation, or to even get legislation to the Senate floor.

*Source: PIA National, Insurance Networking News, Insurance Broadcasting*

Besides, if an ObamaCare repeal were to pass, President Obama will veto it.

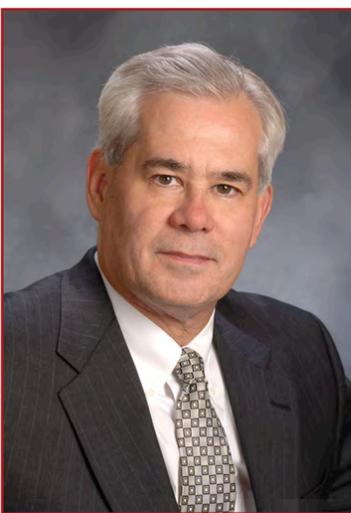
As for tweaks to Obamacare, six Democrats would have to vote with Republicans for any changes to pass. And those changes will then be subject to a presidential veto.

From a practical standpoint, by the time the new senators take office there may be 13 million Americans covered under the ACA. Taking away benefits that already exist is — politically — a non-starter. ■

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## Which of your customers could use an umbrella?

*by Curtis Pearsall, President,  
Pearsall Associates, Inc., and Special  
Consultant to the Utica National E&O Program*



When looking at various E&O claims involving umbrella coverage, there are circumstances where the "gaps" between the actual underlying limits and those required are major concerns. However, in the majority of those cases, the real issue is the lack of the umbrella.

Essentially, there is a claim where the underlying limits were not sufficient to cover the claim. Unfortunately, when this occurs, the possibility that the

agency could be involved in litigation due to the absence of the umbrella increases. Why, then, don't more personal and commercial customers have this important coverage?

### Who has the potential?

There are instances where a customer is provided with an umbrella proposal and chooses not to buy it. This is fine, providing there is solid documentation of the offer and the declination. Could there be situations where an umbrella proposal was not even provided because the agency CSR/producer did not think the client needed an umbrella? Absolutely. On any given day, the news reports on major accidents in which the potential to exhaust the underlying coverage limits exists.

Which of your clients need an umbrella? Asking the question in a somewhat different manner, which of your customers has the potential to cause an accident where the underlying auto or homeowners limits will not be sufficient? They most likely all do! Why, then, has an umbrella proposal not been provided to all of your customers?

## Who receives a proposal?

Some agency staff members may judge whether to offer an umbrella based heavily on the size of that specific customer's assets. When an agency CSR deals with a personal lines customer who has two homes, three cars and a boat, the thought of offering an umbrella seems much more logical. After all, the customer has the assets, and umbrella is a coverage that will assist greatly in protecting those assets. The same is true for a commercial lines customer with a multiple-vehicle fleet and a significant general liability exposure.

Going back to the personal lines customer, contrast that customer with a young adult that owns a car and rents an apartment. If one were to judge the "need for an umbrella" by the size of the assets, there is a good chance there will not be an umbrella discussion with the young adult client. After all, what could the young adult do that could cause a serious auto accident or result in a significant liability exposure? Plenty!

Bottom line, the potential size of auto accidents or liability exposures is not determined by the size of the client's assets. What if the client just graduated and has a college debt of \$200,000? What are this individual's net assets? It's probably a negative number, yet this person still has the ability to cause a significant loss where the underlying insurance is not sufficient – just as great as the person who owns two homes, three cars and a boat.

In the commercial lines scenario, contrast the customer with multiple vehicles and a storefront operation with a one-person operation, such as a contractor or salesperson. Does one of these exposures offer a greater likelihood there will be a sufficient claim? While the customer with multiple vehicles probably presents a greater exposure, it does not mean the customer with one vehicle has no exposure. In addition, accounts such as contractors have other exposures that present tremendous potential for a sizeable general liability loss.

## Write more umbrellas

To reiterate, which of your customers need an umbrella? The most likely all do! Agency staff should be careful not to prejudge customers when determining customers' insurance needs. There is the requirement that certain minimum underlying limits be carried to secure an umbrella, so when dealing with current and prospective customers, discuss the benefit and cost of an umbrella. Propose a variety of limits for the coverages being considered. This lets the customer know that you are not "recommending" a specific limit and that higher limits are available. This also "forces" the customer to make a decision on which limit he or she wants and those which are being rejected.

Most agency management systems provide the ability to identify those accounts that don't have an umbrella. Make it a goal in 2015 to ensure that all of your customers are advised of umbrella coverage, what it does and how much it costs. For some customers, you must factor in the cost to increase his or her underlying limit. If a customer rejects the umbrella offering, get his or her sign-off. At the end of the end, you're likely to find yourself writing more umbrella policies. ■

# Professional Insurance Agents NE IA and The National Alliance held Iowa's 36th Annual Conferment Ceremony

Professional Insurance Agents NE IA along with The National Alliance held their 36th Annual Iowa Conferment ceremony on November 13, 2014. The luncheon took place at the Holiday Inn Hotel & Suites and recognized those in Iowa who earned their CIC, CISR, CRM, & CSRSM designation within the past year. There were 29 CICs who earned their designation, joining the 624 statewide CICs. Of the 417 Iowa CISRs, 14 earned their designation this year. There were 11 CRMs who joined the 74 statewide and the 4 CSRSMs have the honor of being the first in the state to achieve this new designation. The ceremony began with a welcome and introduction from Al Hodgeman, CIC, AIS, an Iowa CIC Education Committee Member. Following the delicious lunch, the CIC, CISR, CRM & CSRSM pins were presented by Bernie Neff, CIC CPCU, a National Faculty member and the Iowa Education Consultant. D. LeaAnn Carlson, CIC, CRM, CISR, AU, the Iowa CIC Committee Chair, read the names of the conferees. PIA NE IA is looking forward to next year's ceremony to honor those who make a lifelong commitment to insurance education.



## *24th Annual Iowa CISR Conferment Ceremony*

### **CISR Conferees**

**Ms. Lois Marie Bateson, CISR, AINS**  
Agri Business Insurance Services  
West Des Moines, IA

**Ms. Stephanie Dawn Brumley, CISR**  
TrueNorth Companies  
Cedar Rapids, IA

**Ms. Jill A. Conrad, CISR**  
Tricor Insurance  
Dubuque, IA

**Ms. Kelly A. Erickson, CISR, AINS**  
Reynolds & Reynolds, Inc.  
Des Moines, IA

**Ms. Stacy L. Ferguson, CISR, AINS**  
LaMair Mulock Condon Company  
West Des Moines, IA

**Ms. Emily Josephine Franklin, CISR**  
VGM Insurance Services  
Waterloo, IA

**Ms. Sondra Faye Godsell, CISR**  
First Gabrielson Agency  
Belmond, IA

**Ms. Linda Sue Hegland, CISR**  
NCMIC Insurance Services  
Clive, IA

**Ms. Wendy Sue Jensen, CISR**  
Pharmacist Mutual  
Corwith, IA

**Mr. Bart Niebuhr, CISR**  
Sentry Insurance  
Mason City, IA

**Ms. Sephrona Lee Oksendahl, CISR**  
Millhiser Smith Agency  
Cedar Rapids, IA

**Ms. Rebecca Jo Plagge, CISR**  
First Gabrielson Agency  
Clear Lake, IA

**Ms. Lindsey Mae Squier, CISR**  
Central States Agency  
Bancroft, IA

**Ms. Alissa Doyle Ward, CISR**  
Gamrath-Doyle Insurance & Associates  
Fairfield, IA

#### **National CISR Statistics**

Total Participants: 67,576  
Total Designated: 27,125

#### **Iowa CISR Statistics**

Total Participants: 862  
Total Designated: 417  
CISRs Conferred Today: 14

## *7th Annual Iowa CRM Conferment Ceremony*

### **CRM Conferees**

**Mr. Brandon Allan Darrah, CIC, CRM, AU**  
Cottingham & Butler  
Dubuque, IA

**Mr. Donovan J. Day, CIC, CRM**  
Kingsgate Insurance  
Fort Dodge, IA

**Ms. Kathy Ann Detloff, CIC, CRM, LUTCF, AU**  
Arthur J. Gallagher Risk Management Services, Inc.  
Sioux City, IA

**Ms. Gina Ekstam, CIC, CRM**

LaMair-Mulock-Condon Company  
West Des Moines, IA

**Ms. Michelle R. Gruis, CIC, CRM, CISR,  
CPCU, AFSB, CRIS, MLIS**

Holmes Murphy & Associates, Inc.  
Cedar Rapids, IA

**Ms. Stacy Hauskins, CIC, CRM, CISR, CRIS**

West Des Moines, IA

**Mr. Darin Kabat Mills, CIC, CRM, AAI**

Cottingham & Butler  
Dubuque, IA

**Mr. Steven J. Ponder, CIC, CRM, CPCU,  
ARM, ARe**

Great West Casualty Company  
South Sioux City, NE

**Mr. Hugh P. Sheridan, CIC, CRM, CPCU, AU**

Grinnell Mutual Reinsurance Company  
Grinnell, IA

**National CRM Statistics**

Total Participants: 19,650  
Total Designated: 3,653

**Iowa CRM Statistics**

Total Participants: 409  
Total Designated: 74  
CRMs Conferred Today: 11

*2nd Annual Iowa  
CSRMs Conferment Ceremony*

**CSRMs Conferees**

**Mr. Jason A. Clausen, CSRMs**

SFM Insurance  
Johnston, IA

**Mr. Brian A. Hughes, CIC, CSRMs**

CMC Insurance  
West Des Moines, IA

**Ms. Lottie M. Miller, CIC, CISR, CSRMs,  
CPCU, AAI, CPIW, CRIS**

Millhiser Smith Agency, Inc.  
Cedar Rapids, IA

**Mr. Rod Warren, CSRMs**

Professional Solutions Insurance Services  
Clive, IA

**National CSRMs Statistics**

Total Participants: 2,089  
Total Designated: 636

**Iowa CSRMs Statistics**

Total Participants: 17  
Total Designated: 4  
CSRMs Conferred Today: 4



*CSRMs – Certified School Risk Manager  
Bernie Neff, CIC, CPCU with Brian Hughes, CIC, CSRMs*



**CIC – Certified Insurance Counselor:** From left to right... Tracy West, CIC, Lindsay Eickstaedt, CIC, Terry Townsend, CIC, CISR, Susan Arment, CIC, AU, AINS, AIC, AIS, API, Lindsey Gentry, CIC, CISR, Amy Weeda, CIC, Christopher Thornton, CIC, LUTCF, IA Education Consultant Bernie Neff, CIC, CPCU, Elizabeth Wichman, CIC, CISR, Cynthia Dawson, CIC, CISR, Jennifer Grote, CIC, Kayla Halverson, CIC, AU



**CRM – Certified Risk Manager:** From left to right... Hugh Sheridan, CIC, CRM, CPCU, AU, IA Education Consultant Bernie Neff, CIC, CPCU, Gina Ekstam, CIC, CRM



**CISR – Certified Insurance Service Representative:** From left to right... Sondra Godsell, CISR, Linda Hegland, CISR, IA Education Consultant Bernie Neff, CIC, CPCU, Alissa Ward, CISR, Jill Conrad, CISR



# Our Role in Your Office

## *We're Specialists.*

- Small- to mid-sized "Main Street" accounts
- Workers' compensation "lead line"
- Complementary coverages in select states

## *We're Secure.*

- Part of Warren Buffett's Berkshire Hathaway
- A+ ("Superior") A.M. Best Company rating

## *We're Growing.*

- Direct written premium of \$500 million
- Doubled in size in recent years
- Active in 37 states (many with our *BizGUARD Plus* BOP product)

## *We're competitive.*

- Accurate pricing (that can be sold!)
- Tiered workers' comp rate structure
- Other standard and unique special discounts

## *We're fast and easy.*

- Same day (often same-hour) turnaround on workers' comp quotes
- On-line rating application
- Extensive Service Centers

## *Remember:*

*We're the quote you could come up against . . . so why not join us?*



Berkshire Hathaway GUARD Insurance Companies can be a key carrier resource in your office. We have a well-defined focus that has enhanced the income stream of countless agencies across the country. Plus . . . our longer-range vision is to bring one-stop insurance shopping to smaller business owners nationwide.

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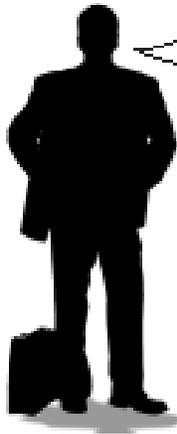
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## WHAT ARE THEY SAYING?



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# HERE'S WHY YOU AREN'T SELLING MORE CYBER INSURANCE



attacks are serious, and that the costs associated with responding to one can be significant and generally not covered under current commercial insurance policies,” he said.

Education is the key to reversing that trend. “That’s why insurers and brokers are working hard to educate businesses and make it easy for them to add cyber coverage to their existing insurance portfolio.”

Here are some other obstacles to the sale of cyber insurance found in the survey:

This study comes from Hanover Research and Verisk’s ISO. The two talked with insurance agents and companies and like a dozen other studies found:

- 40% of the carriers of cyber risk insurance say businesses don’t think they need coverage.
- 29% of clients think they are covered for cyber risk under existing policies.
- 10% say they’re hearing premiums are too high.

Shawn Dougherty of ISO’s Specialty Commercial Lines said, “Even though data breaches are in the news every week, many companies still don’t recognize that cyber-

- 51% of insurers and insurance agencies do not have anyone dedicated to underwriting cyber risk policies.

- That same 51% rely on those writing other lines to do that work.
- 92% are offering optional cyber endorsements on existing policies.
- Close to half of underwriters focus on company data and risk management philosophy rather than whether a firm focusing on security tests, audits, firewalls and encryption.
- Just 18% are offering coverage for cyber extortion.
- 79% offer coverage for data breach expenses. ■

**Source:** *Insurance Business America*

# PIA National's PIA Connection Wins MarCom Award

**PIA Connection** — PIA National's monthly magazine — was given the prestigious 2014 Gold MarCom Award by the Association of Marketing and Communication Professionals (AMCP). The annual international awards competition recognizes outstanding creative achievement by marketing and communication professionals.

The 2014 MarCom Award recognizes **PIA Connection's** recent redesign. The publication has a new look that is cleaner, crisper and more contemporary. It was also expanded and its editorial focus broadened. **PIA Connection** celebrates its 15th anniversary in 2015.

The PIA National Agency Marketing Guide also received an Honorable Mention in the 2014 MarCom competition.

PIA National Executive Vice President & CEO Mike Becker said, "The MarCom Awards define the standard for excellence in marketing, advertising and branding. It is especially gratifying to have our publications recognized along with the best in all industries."

In years past PIA has also received MarCom awards for its publications and for the PIA Branding Program.

PIA National Image Committee Chairman Sue Peachy said, "These prestigious awards are a testament to the excellence, dedication and professionalism of the staff of PIA National. Our communications and public relations initiatives empower PIA members to present themselves to their clients with a world-class image as 'Local Agents Serving Main Street America.'" ■

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The PIA Partnership is a group of insurance companies that share resources and work closely with PIA National to conduct research and develop tools and resources designed to benefit professional independent insurance agents.

Current PIA Partnership companies include:

Central Insurance Cos.	Motorists Insurance Group
Encompass Insurance	Progressive Insurance
Erie Insurance	Selective Insurance Group
Hanover Insurance Group	State Auto Group
Harleysville Insurance	The Hartford
Liberty Mutual Insurance	Travelers
MetLife Auto & Home	

# The Cost of Owning a Vehicle State-by-State

Bankrate.com did a survey of the 50 states and the District of Columbia and found it is cheaper to own a vehicle in most Midwestern states than in other parts of the nation. But that's relative. Owning and operating a car or truck — or other modes of transportation — is expensive.

The website did its analysis based on the cost of fuel, repairs and — of course — insurance. Those stats come from CarMD.com, GasBuddy.com and the Bureau of Transportation Statistics. Insurance stats were provided by the National Association of Insurance Commissioners (NAIC).

**These are the top 10 least expensive states:**

**Two PIA Western Alliance states Idaho and Oregon are in the top 10:**

STATE	REPAIRS	INSURANCE	GASOLINE	TOTAL
<b>1. Iowa</b>	<b>\$315</b>	<b>\$630</b>	<b>\$998</b>	<b>\$1,942</b>
<b>2. Ohio</b>	<b>\$328</b>	<b>\$698</b>	<b>\$947</b>	<b>\$1,973</b>
<b>3. Illinois</b>	<b>\$343</b>	<b>\$805</b>	<b>\$852</b>	<b>\$1,999</b>
<b>4. Idaho</b>	<b>\$349</b>	<b>\$664</b>	<b>\$988</b>	<b>\$2,001</b>
<b>5. Wisconsin</b>	<b>\$329</b>	<b>\$658</b>	<b>\$1,031</b>	<b>\$2,022</b>

**Rest of the top 10:**

6. South Dakota    7. Pennsylvania    8. New Hampshire    **9. Nebraska**

STATE	REPAIRS	INSURANCE	GASOLINE	TOTAL
<b>10. Oregon</b>	<b>\$380</b>	<b>\$807</b>	<b>\$893</b>	<b>\$2,081</b>

**The 10 most expensive.**

- 51. Wyoming
- 50. Louisiana
- 49. Florida
- 48. Mississippi
- 47. New Jersey
- 46. Georgia
- 45. Delaware
- 44. Alabama
- 43. Michigan
- 42. Connecticut



**Source link:** [bankrate.com](http://bankrate.com)

# HIRING A PRODUCER

## *Some Tips*



Reagan Consulting did a study on hiring producers. The study is titled **Reagan Consulting Producer Recruiting & Development (PR&D)**. It found just 56% of those surveyed reported a positive experience with hiring a new producer. A little over half last more than a year on the job.

Just 35% of the new producers hired in the last five years were from outside the insurance industry. That includes college. Reagan Consulting's president Kevin Stipe said that's not good.

He said the study included 562 companies and the 4,641 producers. The goal is to help identify the keys to effectively hiring and keeping a producer. Reagan Consulting then did a follow-up study was done of 112 firms that hired 1,505 producer in the last five-years.

Of both studies, Stipe said, "Troubling is the best word to describe the industry's producer hiring data over the past five years."

He said the biggest trouble found in the study is 50% to 60% of the companies surveyed are doing what he calls "under-hiring." They aren't bringing enough new producers on board to meet growth goals or to perpetuate the business if that is the goal.

Another troubling result of the survey is 55% of those hired being already working producers from other agencies. "Is there another professional services industry that hires so few from outside the industry or from college? In light of the fact that our industry is aging, and that nearly half of a typical agency's business is handled by producers age 50 or over, this is alarming. Is the industry facing a perpetuation crisis?"

The bottom 25% of the companies surveyed said they averaged a 22% success rate in hiring and keeping a producer. The most successful firms — the 25% at the top — managed an 84% success rate.

With that we now share Reagan Consulting's six tips for successful recruiting. They are based on the study's results:

- **Defining hiring needs:** It's common for agents/brokers to be in the dark about how many producer hires their business requires.
- **Determining whom to hire:** Agents/brokers are often opportunistic recruiters, pursuing available individuals rather than being intentional about the producer profile that best fits their firm.
- **Building the candidate pool:** Lacking a strategy to increase the pool of producer

candidates, agents/brokers are limiting their options and capacity for hiring.

- **Elevating the ability to select winners:**  
Many firms don't have an established process to evaluate candidates, yielding mixed results in evaluating talent and selling the opportunity.
- **Maximizing success for those hired:**  
Most producers "sink or swim" on their own. While agents/brokers have options to assist newly hired producers, many firms are deficient in an intentional approach to training and development.
- **Owning and leading the strategy:**  
Those that establish a strategy and plan, and appoint a key executive to "own" the strategy tend to be the most successful.

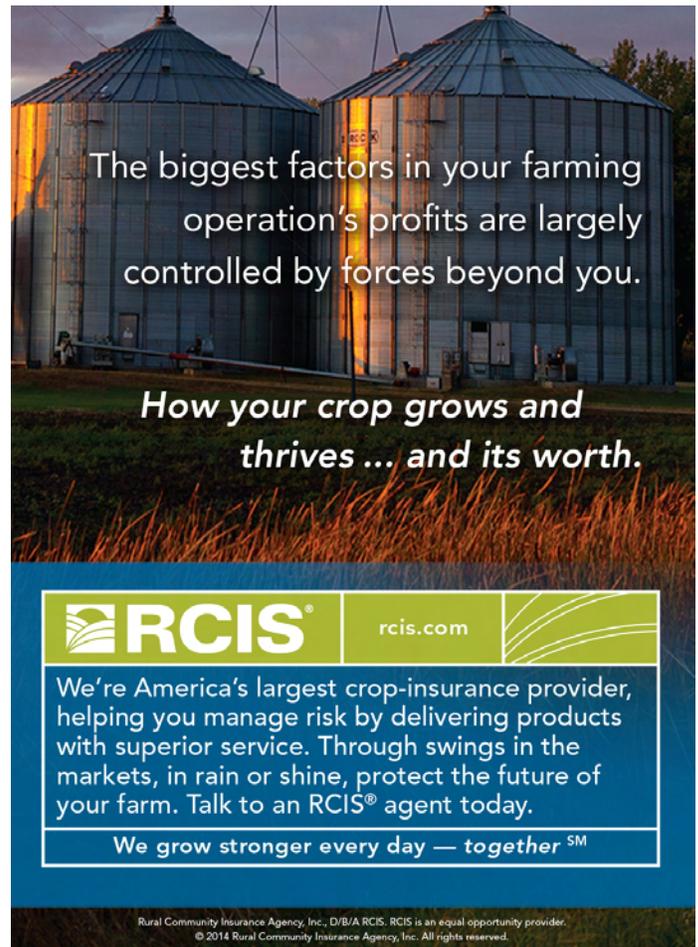
Tom Doran — who is Reagan Consulting's senior vice president — said the study's goal is to help you take positive steps to achieve success in producer hiring. "With this study, we aim to provide insurance agents and brokers with encouragement, motivation, insights, perspectives, processes and strategies."

He said it's designed to:

- Provide tools for agents and brokers to accurately assess their hiring needs today and in the future.
- Explore the entire producer recruiting and development process, and identifies success factors of top-performing firms.
- Look at multiple variables such as age, gender and experience, recruitment and screening techniques, post-hiring training and mentoring, specialization and team selling and their impact on producer success.

The study was sponsored by Amerisure/Agency Business Solutions, Chubb, Cincinnati, CNA, Hanover, The Hartford, and the Council of Insurance Agents and Brokers. If you want a copy of the study you can get it from one of them. ■

Source: *PropertyCasualty360.com*



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# OBAMACARE

## The Affordable Care Act at Age Two

Year-two of the Affordable Care Act has started. The second year of open-enrollment began last Saturday. The sophomore year is generating big questions from consumers, producers and ObamaCare supporters and critics:

- Will the exchange — or exchanges — work as advertised?
- Will insurance producers be paid and paid within a reasonable amount of time?
- How many consumers will go back to the exchanges?

Bankrate.com found a majority of users of the exchanges — 51% — aren't satisfied and will go elsewhere to get the required health insurance in 2015.

### Reasons vary:

- 43% object to “much higher prices” they think will be found on the exchanges.
- 26% say too many people remain uninsured.
- 21% think there will be too many technical problems with the online exchanges.

Bankrate.com's Doug Whitman attributes the change and attitude to a poor shopping experience in 2014. “Households that have already used the health exchanges are just as leery about the new enrollment season as the general public and share concerns about higher insurance rates and glitch websites.”

## Breaking it down a bit more:

- Though 51% say they'll go elsewhere for insurance this year, 52% admit their experience with the exchange was good.
- 43% said it was awful
- 27% said it was very bad.
- 53% think the exchanges will work properly in 2015.
- 45% are not confident that is true.

The Bankrate.com survey noted consumers gave the state exchanges higher marks than HealthCare.gov. Yale School of Public Health professor Mark Schelsinger told Bankrate, "State-implemented exchanges have a lot more resources than does the federal HealthCare.gov exchange, a lot more consumer assistance and navigators to help people make choices. There really is kind of a divide in how well the program is working."

The fact that people are going to go elsewhere rather than to exchanges is good news for insurance producers. However, Schelsinger notes many looking for lower prices will be disappointed because bargains aren't going to be found outside of the exchanges. Another problem everyone is going to find is a rise in prices because their subsidy has gone down.

"If their income has gone up, they're not going to get as big a subsidy. So effectively they could face a higher price—not because the insurance price has changed, but because the subsidy has gone down," Schelsinger said. That takes us to rates. Consumers — the Obama administration says — are already knocking on the door of HealthCare.gov and they are window shopping.

PriceWaterhouseCooper (PWC) analysts expect increases will be 5.6%. PWC estimates the average premium will be \$381. The moderate rise is because more insurers are participating in the exchanges. PWC says there are 25% more insurers on the federal exchange this year than last.

But that's the price of the insurance. Josh Archambault is the director of health care policy and program manager for the Middle Cities Initiative at the Pioneer Institute emphasizes that rates are just one part of the equation. People using the exchanges need to pay attention to rising deductibles and limited providers in networks.

"Most insurers have been changing their insurance plan designs dramatically under the federal law. Narrow networks, higher deductibles, and higher out of pocket costs when you visit a doctor are the new norm. In other words for many Americans under Obamacare, they are paying more and getting less," Archambault said.

HealthPocket did a study of deductibles and noted the ObamaCare bronze plan this year has a \$5,081 deductible. That's 42% higher than the average deductible of \$3,589 for the same plan purchased individually.

In other words, consumers are being urged to compare, compare, compare when shopping for insurance. That effort will pay off. And it will likely pay off for independent insurance agents. ■

**Sources:** *The Fiscal Times, Insurance Business America*

# OBAMACARE

## Year Two: The Employer

Most employers — and that is many of you — have already finished your employee health insurance for 2015. ADP Research Institute said this year's effort to get the job done was a real hassle. A major reason for 75% of the mid-size businesses — those with 50 to 99 employees — is a lack of “confidence their organization understands all of the ACA [Affordable Care Act] regulations that apply to their business.”

The ADP conclusion is most just don't have a handle on the Affordable Care Act. And a high percentage of these mid-size employers have no plan — short term or long — to figure it all out.

### At issue and most confusing is controlling or lowering costs.

- The average cost per employee in 2014 is \$10,717.
- For 2015 that figure rose to \$11,304.
- Employees are — on average — contributing 23.6% to the total premium.
- That's \$2,664 in 2015.
- In 2014 that figure was \$2,487.
- Out of pocket costs for medical treatment and co-pays is expected to be an average of \$2,487.

### Employees with no strategy — short term or long — did these things:

- 56% cut costs of medical insurance.
- 46% are doing wellness programs.

- 33% reduced the number of plans offered.
- 25% reduced the number of insurance lines offered.
- 29% capped part-time hours.

Another study by Aon Hewitt — and to no one's surprise — says providing health insurance to employees cost more in 2015 than 2014. The costs, however, didn't go up that much. The expected rise — on average — will be 5.5%.

As a point of reference, in 2014 it was 4.4%. The 2013 hike was 3.3%.

Employers with a handle on ObamaCare did what they could to keep costs down. That means higher deductibles and subsidy reductions for dependents. Some employers even explored private health exchanges.

### Here's what companies are offering and it's different than years past:

- High-deductible plans (HDHP) — 15% of companies are offering them. It's the second most popular plan and surpasses HMOs.
- Gating health benefits — over 60% of firms are doing things and offering incentives to get their employees healthier. To get “richer” design options, employees have to complete tasks.

### But the bottom-line is this:

- 22% reduced subsidies for dependents.
- 18% instituted a surcharge for adult dependents that have other health coverage.
- 52% changed to unitized pricing where employees pay per person and not per family.

### Here's a breakdown of the 2015 prices per type of plan and it compares them to past years:

YEAR	HMO	POS	PPO	NATIONAL
2015	\$11,386	\$12,344	\$11,141	\$11,304
2014	\$10,762	\$11,711	\$10,570	\$10,717
2013	\$10,356	\$11,101	\$10,127	\$10,266

Source links: [Aon Hewitt](#), [insurancebroadcasting.com](#)

# Holiday Parties

Some Cautions, Precautions & Warnings



The holidays begin in a week or so. Thanksgiving in November and Hanukkah then Christmas in December. New Year's Eve and New Year's Day end the year. All that celebration means parties at the agency or the company and parties with clients.

## Parties, parties, parties.

It's fun. In many cases these parties build morale. That's especially true if the boss picks up the tab. And they're a chance for a staff and clients connect on levels that aren't business as usual.

There are — however — ramifications and cautions that ought to be taken. Here are things to think about:

- Drinking and driving and possible auto accidents
- Underage drinking
- Workers' compensation troubles for falls or other injuries
- Possible sexual harassment troubles and discrimination problems that can be religious in nature
- Third party injury
- Liability on the premise

The Society for Human Resource Management (SHRM says you need a plan:

- Start with an alcohol policy. Minors can't drink. Let it be known giving alcohol to minors is a firing offense.
- Have a last call an hour before the event is to end.
- Hire pros to do the serving. Don't let employees serve themselves. Professional servers know when someone has had too much to drink and how to handle it.
- Get the right location. Find one with easy public transportation access. Arrange for alternative transportation. Urge employees to use a designated driver if they're going to drink.
- Load the party up with food and non-alcoholic drinks. Those who eat tend to drink less. Food also is a good offset to moderate drinking.

Last. You're involved in insurance. Make sure your work comp and employment practices liability insurance is up to date.

Pass these suggestions onto your clients. ■

**Source link: [PropertyCasualty360.com](http://PropertyCasualty360.com)**

# Upcoming Events Calendar 2012015

For information and to register

[Click Here](#) or call (402) 392-1611.

Class Date(s)	Topic	City	Location
Oct 20 - Dec 5, 2014	MERG: New Agency Employee Orientation	Online	Online Course
Oct 20 - Nov 28, 2014	MERG: Delivering Quality Service (to the Customer and the Employer)	Online	Online Course
Oct 20 - Dec 12, 2014	MERG: Commercial Lines Coverage Basics	Online	Online Course
11/5/14	CISR: Insuring Commercial Property	West Des Moines	LaMair - Mulock - Condon Insurance (LMC)
11/6/14	CISR: Commercial Casualty 1	Marion	Kirkwood Training Center
11/10/14	National Health Care Reform	Iowa	Webinar: 8:00AM - 11:00AM
11/10/14	National Healthcare Reform (NE)	Nebraska	Webinar: 8:00AM - 11:00AM
11/11/14	CPIA 3: Sustain Success	Des Moines	Hilton Garden Inn Des Moines/ Urbandale
11/12/14	FMO: Agency Management & Loss Control	Omaha	Omaha Marriott Hotel
11/12/14	Business Income - How Much is Enough?	Iowa	Webinar: 8:00AM - 10:00AM
11/12/14	Business Income - How Much is Enough? (NE)	Nebraska	Webinar: 8:00AM - 10:00AM
Nov 12 - 14, 2014	CIC: Life & Health Institute	West Des Moines	Holiday Inn Hotel & Suites
11/13/14	2014 Iowa CIC, CISR, CRM Conferment Luncheon	West Des Moines	Holiday Inn Hotel & Suites
Nov 17 - Jan 2, 2015	MERG: New Agency Employee Orientation	Online	Online Course
11/17/14	Ethics for Insurance Professionals	Iowa	Webinar: 8:00AM - 11:00AM
11/17/14	E&O and the Legal & Ethical Duties of Agents/Brokers	Nebraska	Webinar: 12:00PM - 3:00PM

Nov 17 - Dec 26, 2014	MERG: Personal Lines Coverage Basics	Online	Online Course
11/17/14	Ethics for Insurance Professionals - A (NE)	Nebraska	Webinar: 8:00AM - 11:00AM
11/18/14	CPSR: Commercial Casualty	Omaha	Omaha Marriott Hotel
11/19/14	Social Networking: OMG or E&O? (NE)	Nebraska	Webinar: 12:00PM - 3:00PM
11/19/14	Social Networking: OMG or E&O?	Iowa	Webinar: 12:00PM - 3:00PM
11/19/14	ISO General Liability - 2013 Revisions	Iowa	Webinar: 8:00AM - 11:00AM
Feb 25 - 27, 2015	CIC: Commercial Property Institute	West Des Moines	Holiday Inn Hotel & Suites
Mar 25 - 27, 2015	CIC: Personal Lines Institute	Omaha	Hilton Garden Inn-Omaha
Apr 15 - 17, 2015	CIC: Personal Lines Institute	Cedar Rapids	Cedar Rapids Marriott
May 6 - 8, 2015	CIC: Commercial Casualty Institute	Lincoln	Courtyard
Jun 10 - 12, 2015	CIC: Commercial Casualty Institute	West Des Moines	Holiday Inn Hotel & Suites
Jul 15 - 17, 2015	CIC: Life & Health Institute	Omaha	Hilton Garden Inn-Omaha
Aug 26 - 28, 2015	CIC: Life & Health Institute	Cedar Rapids	Cedar Rapids Marriott
Sep 23 - 25, 2015	CIC: Agency Management Institute	Lincoln	Courtyard
Oct 14 - 16, 2015	CIC: Agency Management Institute	West Des Moines	Holiday Inn Hotel & Suites
Nov 11 - 13, 2015	CIC: Commercial Property Institute	La Vista	Embassy Suites Omaha - La Vista

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