e REPORTER

PIANJ opposes proposed penalties on life insurance producers

On behalf of PIANJ, President Jack Lynn, CIC, recently commented on a proposal by the Department of Banking and Insurance to amend its regulations concerning life insurance sales.

The primary purpose of the proposal is to repeal the existing, outdated life insurance solicitation rules and buyer's guide and replace them with a new subchapter.

While PIANJ did not take exception to the proposal's main purpose, Lynn expressed your association's concerns with one proposed change that would impose penalties on insurance producers for an insurance company's failure to provide policyholders with certain information required by the regulation, such as a buyer's guide and policy summary. Currently, the regulations impose penalties on insurers alone for failing to provide these required documents.

Lynn told the department that the existing rule makes sense since the requirement to provide this information is placed squarely upon the insurer throughout the subchapter. Since the regulations place

Drive-by-shooting victim eligible for uninsured motorist benefits

A New Jersey appeals court ruled that the victim of a random, drive-by shooting can pursue a claim for uninsured motorist benefits. In deciding the *Livsey v. Mercury Insurance Group* case, the appeals court overruled a 1983 decision, *Sciascia v. Am. Insurance Co.,* which found uninsured motorist coverage did not apply in similar circumstances.

The court found that a drive-by shooting qualifies as an "accident" under the relevant statute, since the state Supreme Court has held that whether or not an event is an accident is determined from the insured's viewpoint. In making its determination the court also noted that in the 1994 *Lindstrom v. Hanover Insurance Co.* case the victim of a random, drive-by shooting was found to be entitled to personal injury protection benefits.—*Muratori*

WC update: New York WCB adds clarifying statement on Web

The New York Workers' Compensation Board revised the statement on its Web page titled "Out-Of-State Companies With Employees Working In NYS." It reads as follows:

"Workers' Compensation Insurance Requirements. The 2007 Workers' Compensation Reform Legislation includes coverage requirements for out-of-state employers with employees working in NYS. The Workers' Compensation Board is currently reviewing this provision, along with the comments and concerns of its stakeholders, and seeking appropriate assistance to develop the rules implementing the section of the new law. ***However, if an out-of-state employer is getting a permit, license or contract from a government agency in NYS, then that employer must fulfill requirements effective September 2007 under Workers' Compensation Law Section 57.***

This Web site will be updated with all other implementation rules as soon as they are promulgated."

You will notice that the WCB added a sentence stating unequivocally that employers involved with Section 57 employment must be in compliance with the requirement to maintain Item 3.A. insurance coverage. The WCB continues to wrestle with its legal authority to back away from the enforcement of incidental employment; whether this can be accomplished by administrative rule or legislation. Right now, the WCB is waiting for direction from the governor on how to proceed. PIA will advise you immediately when the WCB has determined the direction it will take.

Unfortunately, some erroneous information published to the insurance community has misled producers to believe that the WCB had put on hold enforcement of the law pertaining to out-of-state employers. PIANY has been in constant contact with the WCB and they have assured us that this is not the case. Consequently, PIA has maintained a consistent message to its members.—*Corbin*

Association

Do you have the need for an outside consultant?

With all the jobs agency owners face from owner, producer, personnel manager, benefits consultant to long-range planner, **PIA's Circle of Consultants Program** was designed to offer access to professional sources of advice and evaluation. PIA acts as the initial liaison between you and the consultant, and you complete the circle.

Consultants participating in our program specialize in areas including agency valuation; agency planning; automation; ethics; environmental assessment; financial planning; legal; marketing; personnel management; risk management; risk retention, sales management and more.

To request information on consultants that have a particular expertise, logon to http://www.pia.org/forms/circleform.shtml and submit the form to PIA's Industry Resource Center.

E&O and HR consultants available through PIA's Industry Resource Center. As a member-exclusive benefit, you also have access to specialized consultants that deal in the errors and omissions and human relations areas. So, the next time you have an E&O or personnel issue that is stumping you and you're not sure how to handle, just pick up the phone and call PIA's Industry Resource Center at (800) 424-4244, and we'll get you the assistance you need.—*Albright*

Have you written a flood insurance policy lately?

PIA's Flood Insurance Tool Kit can help. People who never considered buying flood coverage are waking up to the fact they cannot count on government aid. Even if a community is declared a disaster, any assistance usually takes the form of a loan that must be repaid by the flood victim.

Federal flood insurance has many advantages over disaster loans. PIA has compiled a comprehensive tool kit that gives you the information you need to get started today. To see marketing opportunities and consumer materials, to get technical and Write-Your-Own information, logon to www.pia.org/IRC/flood.

PIA offers self-mailer to promote flood insurance to your customers. PIA is offering a self-mailer brochure explaining the need for flood coverage. It allows customers to ask for more information or provide a signed declination. To order, call (800) 424-4244 and ask for Creative Services. To view a sample of the mailer, see: http://www.pia.org/COMM/cs/resources/floodbrochuresample.pdf.

Waiting period. Federal flood insurance policies have a 30-day waiting period for new applications and for endorsements to increase coverage. This is an important selling point for clients, as they can't wait

For up-to-date industry news and association information, logon to the PIANJ Web site, www.pia.org.

PIANJ Industry Resource Center

2007 homeowners survey available

The New Jersey Department of Banking and Insurance has made available its annual *Homeowners Premium Comparison Survey*.

This publication is broken down by county and municipality and outlines carrier premiums for different types of homeowners policies, including the HO-3, HO-4 and HO-6.

It also includes contact information for insurance carriers writing personal automobile insurance in New Jersey.

To receive a copy, logon to www.pia.org and use the QuickSource Quick-Link to request QS29106, or fax PIANJ's Industry Resource Center at (888) 225-6935.

Regional

Agents plan more Real Time use after seeing "what's available"

Attendees providing feedback after a recent forum on Real Time agency-company interface said, by a nine-to-one margin, that they plan to increase their agencies' Real Time transactions in the next six months. Overwhelmingly, they said they would recommend the session to other agents.

While the panel discussion, *Get results with Real Time: What's available now* was part of the Professional Insurance Agents of New York State Inc.'s fifth-annual Hudson Valley Regional Awareness Program, the information gathered is applicable to independent insurance agents in New Jersey. The forum included a number of expert speakers, who offered ideas on how Real Time technology can benefit an independent agency's operations. The session also was available for New Jersey continuing education credits.

The program was part of PIA's ongoing support for the all-industry Get Real Time campaign.

Led by moderator Keith Savino, CPIA, panelists included representatives from AMS Services, AMS SETWrite, Applied Systems, Ebix, EZLynx, Fiserv, The Hartford, IVANS Transformation Station, Main Street America Group, Progressive and SeaPass Solutions. They showed where the industry is today; how Real Time can provide an agency's standard workflow for most common transactions; and how Real Time's benefits post directly to an agency's bottom line.

Savino serves as PIANJ treasurer and also on the board of directors of ACORD, representing PIA National. He is principal of the Warwick Resource Group, an agency with offices in the Hudson Valley and northern New Jersey. Savino is recognized as one of the country's leading experts and speakers on cutting edge, Real Time technology.

Introducing the program, Savino listed the business reasons for using Real Time to the fullest extent possible. As an added benefit, Savino said, Real Time transactions automatically are recorded, time- and date-stamped in the agency management system, providing valuable protection in the event of disputes and protection against errors and omissions claims.

He told participants that the demonstrations they were about to see "will go quickly. In fact," Savino said, "at a similar program we did in New Jersey, participants said the demos 'went too fast.' Stop and think about that. It's the whole point of Real Time."

Savino explained how Real Time eliminates one of agencies' biggest "pain points": using ever-changing user names and passwords many times a day to navigate back and forth among carrier Web sites. The familiar post-it notes stuck all around workstations display users' "security" tools for all to see, Savino said. Real Time technology embeds logins and passwords in the agency management system, providing instant access and eliminating this blatant security risk.

Progressive: Real Time usage up 30 percent. Jim DeVito, New York agency product manager for Progressive, said he is encouraged because Progressive agents' Real Time use is up about 30 percent from last year. "If you're planning on selling your business in the next couple of years, then Real Time probably isn't for you," DeVito said. "But if you plan on sticking around, it's where the industry is headed, and you'll want to be there." DeVito said he cares passionately about the independent agency system and sees adoption of Real Time as key to its survival.

AMS: Users can set-up for Real Time. Demonstrating the look and feel of Progressive's Real Time functionality using AMS Services platforms and TransactNow, Integration Product Specialist Nellie Massoni showed how agents can use any of the five AMS agency management systems to view a Progressive client's policy details. She said AMS users can turn on the Real Time capability of their system easily, at no additional cost.

To begin the Real Time policy view, the user starts in the agency management system. While there are multiple launch points within the AMS management systems, Massoni started in the client file on their policy summary list. With TransactNow enabled, the client file automatically displays all the Real Time transactions the client's carrier supports. She demonstrated how a click on the TransactNOW icon in the client file launches the Real Time inquiry and returns the policy view, formatted just as it appears on the Progressive site, within seconds. An image can be captured in the agency management system, if desired.

AMS systems permit multiple Real Time transactions to be launched at the same time, if desired. Massoni also showed how, once the policy view is displayed, a click on the AMS "agency passport" link in

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Agents plan more Real Time *(Continued from page 3.)*

the policy view screen will take the user straight to the company's Web site if further activity there is needed. agency management systems also can be personalized to track what was done via TransactNOW with automated diary/activity entry.

Download is an integral part of the connectivity process, updating agency management systems with customer/policy data any time a transaction is processed. Download completes the connectivity circle for agents using Real Time.

Applied: Start with download. Applied Systems users can set up their agency management systems to use Real Time transactions, as shown by Doug Johnston, vice president, partner relations and product innovations with Applied Systems Inc. He said effective Real Time usage starts with download, to ensure data in the agency's client files is synchronized with data on the client at the carrier site. An agency's consistent and effective use of download is a leading indicator of moving on to adoption of Real Time, he said.

Johnston demonstrated a Progressive policy view, showing how the system's "blue butterfly" icon is the launch point for Applied's Real Time transactions. In just seconds, the policy view is shown, and a screen appears by which the Applied user automatically is prompted to document the transaction. According to Johnston, about half of users' Real Time transactions involve inquiries like policy view, and the other half are rating transactions.

Ebix–Real Time goes mobile. Next, Ebix user group board member Tom Henkler, principal of Midlantic Agencies in Mahwah, N.J., and a member of the PIA board of directors, teamed with Jeff Larson, general manager for U.S. Agency Sales, to demonstrate the Progressive policy view using Ebix. Henkler used his laptop and wireless Internet connectivity to demonstrate how Real Time can go into the field with agency personnel. Participants saw the Ebix system return the now-familiar Progressive screen showing details of a client's coverage.

The ability to use Real Time in the field makes it far easier to get the most out of an appointment at the client's office. It eliminates the "I'll have to get back to you" factor on a significant number of inquiries and transactions. This capability is available with Ebix as well as some other systems.

Try a "time trial" in your agency. Several presenters related "time trials" where agency principals like Henkler, using Real Time, have gone head-to-head with their skilled customer service representatives using company Web sites. Who can complete a transaction faster? Even typing-challenged principals using slower equipment win these contests. They skip logins and Web site navigation steps, so the principals zip right to the desired screen, Savino said.

Main Street America Group: Upload is the new download. Scot Palzer, director, personal lines integrated solution for The Main Street America Group, said he has worked for years to gain the technology edge, proving that Real Time is not just for the large national carriers. He cited the company's numerous technology awards, including an upcoming award from Applied Systems.

Palzer's company generates Real Time usage reports on its agency monthly. After recently rolling out commercial lines download, Palzer said so far the company is somewhat disappointed with the usage. "If we don't see the usage by agents, it's difficult to justify additional investment," he pointed out.

Regarding where interface technology is heading, "Upload is the next download," Palzer said. Data should flow both ways between business partners to realize the full potential of agency-company interface.

AMS, Applied and Ebix presenters then demonstrated Main Street America Group transactions. They showed the same instant access applies to company claims data, with a single mouse-click from the client file. Johnston said ACORD's latest download transaction will be claims download, scheduled to go into production in a few weeks. Instead of making a claims inquiry, agents of companies using claims download will find the client's file in the agency system auto-

Don't forget. The New Jersey Young Insurance Professionals will host its 4th annual Industry-Wide Holiday Social Thursday, Nov. 29, 2007, at the Hilton Woodbridge in Iselin. Visit http://www.njyip.org and click on "Calendar" for details on all NJYIP events.

Regional (Continued)

Agents plan more Real Time *(Continued from page 4.)*

matically updated with information on any claims.

The Hartford: Tracking agents' usage. Next up, Jim Rogers, director of business and technology for The Hartford, demonstrated how closely the company tracks agency usage. He commended by name some of the agencies participating in the Hudson Valley RAP session for their recent Real Time track record. He showed how The Hartford's reports can inform principals about their agency's usage by individual staff members, helping pinpoint who may need more training and encouragement.

A supporter of the all-industry Get Real Time campaign, Rogers discussed how important increased usage is—both to companies that have invested in the technology and especially to the agencies this investment was designed to benefit. The goal of the campaign is to double agency Real Time usage in a year.

Presenters followed Rogers' remarks by using their individual systems to demonstrate The Hartford's Real Time claims inquiry for commercial lines. "The Hartford provides all the information you'd ever want to know–and then some" in such inquiries, Johnston said, while scrolling down through the granular details of a workers' compensation claim.

Real Time rating: Give independent agents back their edge. Introducing the second half of the program, Savino said customers have grown accustomed to speed in all their business transactions. Major competitors of the agency system tend to stress speed and convenience. So, when clients seek a quote from an agency, they expect an instant answer.

Coupled with customer expectations, new company rating algorithms challenge independent agencies when they're trying to find the most competitive quote quickly, Savino continued. "You no longer can look at the broad outlines of the customer and make a snap decision about where this person belongs," he said. "If you do, you'll be wrong. Companies' more sensitive rating procedures mean that you just can't predict what your best offer will be."

On the other hand, agencies can't afford the time to rate all their companies separately, because this involves wasteful duplicate entry at multiple company Web sites, Savino pointed out. "Remember SEMCI? Well, SEMCI is here, and it's called Real Time," he said. "Real Time comparative rating lets agencies find

their best market quickly, before the client loses interest and moves on. So, you'll want to encourage all your companies to enable this type of rating procedure. Companies who resist, for whatever reasons, will find themselves getting fewer and fewer chances to quote."

Savino acknowledged up front that comparative rating still has not perfected the integration of all third-party data necessary to complete a firm, bindable quote, including credit information, MVRs and claims history. "This is a tough issue, but it can be solved. AUGIE has a working group including agents, companies and the third-party vendors that are attacking this problem together," Savino said. "The issues include: When is the data accessed, and who pays for it?" From the agency standpoint, he added, a bindable quote is required.

"We can counter the big direct sellers' advertising, because agencies offer choice," Savino said. "We often can beat their prices, but can we find that competitive quote in a cost effective way? And, will the quote we get stick, after all the underwriting is complete? The answers have to be, yes and yes."

That said, Real Time comparative rating has come a very long way in the past two years, to the point where agencies are using it to compete more effectively and reduce costs. Various systems for producing Real Time, comparative rates were demonstrated by the participants.

Savino quickly reviewed the main methods by which comparative rating can be accomplished:

• straight-through processing, which carries data directly from the agency management system to the carriers' own rating engines;

• bridging, in which the vendor's system acts as an intermediary platform that can either accept data from the agency management system or provide a starting point for the rating transaction; and

• manufactured rates, in which the vendor's system replicates the carrier's rating procedure and produces a rate "as if" the company had rated the submission itself.

Carriers whose technology does not support straight-through processing may elect to provide comparative rates through bridging or manufactured rating. Some vendors use a combination of methods to

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accommodate a variety of carrier requirements.

IVANS Transformation Station. Doug Johnston kicked off these demos, showing how IVANS Transformation Station works with Applied's systems. The process returns rates from multiple companies, using a single set of data that is entered in the management system and exported straight to the companies' rating engines. Any company-specific wrinkles in the rating procedure are handled by pop-up screens clearly requesting any company-unique data or variation required by that company. However, the vast majority of the client and rating information only needs to be inputted a single time. Johnston said that, because the rating procedure is carried out by straight-through processing at the carrier site, the IVANS TS technology produces an accurate rate.

IVANS Transformation Station works with multiple systems, including Ebix, to enable Real Time comparative rates.

AMS SetWrite. Demonstrated by Dave Mellor, vice president of personal lines at AMS Services, AMS SetWrite was the next comparative rating system shown. Mellor explained how the system's Solutions At Quote feature can integrate third-party vendor data to produce an accurate rate. The system also accommodates individual company data requirements via edit screens, meaning the vast majority of data needs inputting only once to get multiple quotes.

EZLynx. Comparative rating using EZLynx by Webcetera was shown by Eastern Regional Sales Manager Gerry Keeley. He executed an EZLynx rating transaction, explaining how comparative quoting can start using data on existing clients the agency is remarketing, a new prospect's data, or even data on leads from aggregators which the agency has purchased in order to quote. EZLynx supports only Real Time rating and does not provide manufactured rates.

Fiserv. Michael Loguercio, regional sales manager, presented next, showing the Fiserv rating system. Fiserv provides a mix of technologies, including manufactured rates for some carriers. Fiserv guarantees both their manufactured rates and Real Time rates, Loguercio said. He said that, if a company pulls an MVR and the initial rate changes as a result, the agent can view the MVR and enter the information into the Fiserv system, which then will re-rate all the other quotes the comparative rating transaction produced.

SeaPass. Finally, Ken Winer, vice president agency sales for SeaPass Solutions Inc., showed the SeaPass system, which rates exclusively commercial lines including the most common coverages needed by small and midsize business accounts. He demonstrated how the system accommodates the greater variety of edits required to rate multiple companies for commercial lines. Winer pointed out that the large amount of data contained in commercial lines client files (for example, commercial auto fleets) means that Real Time comparative rating can be a major time-saver when quoting or remarketing a risk.

It's available now. Closing the session, Savino told participants that all the Real Time technology they'd just seen is available now, much of it at no added cost to existing agency management system users. "The only person stopping you is someone in your office," he warned. "Don't let it be you."—*Kiehl*

State (Continued)

PIANJ opposes proposed penalties on producers

the duty on the insurer, it is not appropriate to impose the penalties on the producer. Furthermore, the proposed change differs from the National Association of Insurance Commissioners model, which imposes penalties only on the insurer.

PIANJ suggested that the department adopt the NAIC model's approach and impose penalties on insurers alone.—*Muratori*

Association (Continued)

Have you written a flood insurance policy lately?

until they hear the hurricane warnings to think about flood coverage to protect their home or business.

Waiting periods for National Flood Insurance Program direct business only are calculated as follows:

• If received at the NFIP within 10 days from the date of applications or mailed by certified mail within four days, the waiting period will be calculated from the date of application; or

• If received at the NFIP after 10 days from the date of application or not mailed certified mail within four days, the waiting period will be calculated from the date of receipt by the NFIP.

PIA-endorsed Hartford Flood Insurance WYO. The WYO Program is a cooperative undertaking of the insurance industry and NFIP. The program, while subject to the rules and regulations of the NFIP, allows participating property/casualty companies to write and service federal flood insurance in their own name.

For ease of doing business, WYO flood insurance is the way to go. PIA National endorses The Hartford's WYO Program, available to PIA members regardless of whether they represent The Hartford. The WYO Program also can provide PIA members with access to excess line markets for flood insurance, with policy limits in excess of the maximum NFIP limits (coverage up to $15,000,000 in all states and residential contents coverage up to $1,000,000). For more information on this program, logon to http://www.pianet.com/PIAMainStreetStore/insuranceproducts/floodinsuranceprogram.htm.

Elevation certificates. Elevation certificates will be needed to rate many properties for NFIP coverage. They are prepared by a surveyor, engineer or architect. Especially for new construction, the certificate may already be in your client's possession or available from the builder or developer. Elevation certificates also may be obtained from local government agencies in their zoning or engineering departments. FEMA's elevation certificate form, which is effective until Feb. 28, 2009, is available at http://www.fema.gov/doc/nfip/elevcert_template.dot.—*Albright*

PIANJ offers courses for flood requirements

Looking for a flood course that meets the New Jersey Department of Banking and Insurance recently implemented flood continuing education requirements? PIANJ can help. Future classes offered by PIANJ include: **Nov. 28—**Toms River; and **Nov. 29—**Somerset. For more information, logon to: http://www.pia.org/EDU/extras/njflood.shtml or call PIANJ's Education Department at (800) 424-4244.

National

Insurance legislation to be introduced

Legislation with a new approach to reform the nonadmitted property/casualty and reinsurance markets will be introduced in the Senate within two weeks, Sen. John Sununu, R-N.H., hinted. The new bill will contain "twists" not contained in similar legislation that recently passed the House, he said, and is designed to build momentum for more expansive legislation creating an optional federal charter. A hearing in the Senate Banking Committee also could be held within three to four weeks, Sen. Sununu and others have said.—*Guilbault*

PIANJ Calendar of Events

November

• Nov. 13—Branchville
CISR William T. Hold Seminar
(Open only to the following designations: CISR, ACSR, CPSR, CIC and CRM)
NJCE: 12 with CISR designation

• Nov. 13—Edison
CPIA 3: Sustain Success
NJCE: 7

• Nov. 14—Edison
CISR William T. Hold Seminar
(Open only to the following designations: CISR, ACSR, CPSR, CIC and CRM)
NJCE: 12 with CISR designation

^UM—This course has been approved for E&O loss prevention credit by Utica Mutual. ^FF—This course has been approved for E&O loss prevention credit by Firemans' Fund.
Call the PIA E&O Department for details at (800) 424-4244.

• Nov. 27—Monroe/Jamesburg
CISR Dynamics of Service *^UM*
NJCE: 8/12 with designation

• Nov. 27—Your office
Lunch 'n' Learn Teleconference: Upselling Yields More Than Additional Revenue

• Nov. 28—Toms River
Flood Insurance—How Does That Really Work?
Satisfies one-time flood requirement
NJCE: 3

• Nov. 28—Toms River
Errors & Omissions Loss Control
^FF^UM
*Co-sponsored by Utica Mutual
NJCE: 4

To register for an education event, call the Education Department at (800) 424-4244. Or, logon to the PIA Web site, click "New Jersey," "Education," and then "Schedule."

PIA also offers myriad self-study online courses that provide up to 15 NJCE credits per course—earn the CE you need without ever leaving your office. See www.pia.org for details. If you have a certain topic in mind for your staff, create your own seminar via PIA's Custom Class Education Services. Custom Class brings tailored, CE-approved education programs into your office at a time that's convenient for you. Call (800) 424-4244 for a free quote.