

A NEW AGENT TRAINING SOLUTION



Big "I" Virtual University

INTENTIONAL TRAINING TODAY TO PREPARE FOR TOMORROW

You've been an agent for a year or two, the ride has been incredible! You like the business, the relationships and the challenge; and you suddenly realize insurance is complicated, confusing and sometimes frustrating.

Because insurance is so complex, you have to take control of your training - learning and professional development must be intentional. Simply complying with annual CE requirements or other such "accidental" learning won't get you where you want or NEED to be professionally.

The Big "I" Virtual University (VU) has partnered with the Agent Broker Education Network (ABEN) to develop and produce a 24-hour program that allows you to take control of your learning and make your professional growth intentional.

This eight-part series is designed to allow you to "skip over" three or more years of accidental learning.

WWW.INDEPENDENTAGENT.COM/BASICSANDBEYOND

PICK & PLAY

Get the most out of your Basics and Beyond learning experience with each session offering amazing depth and detail.

Choose to bundle your sessions for a discount or pick them a la carte. In just 24 session hours, you will intentionally learn more than you will learn accidentally over the next 6,000 hours.



PROFESSIONAL BUNDLE: BASIC

Risk And Insurance Basics
For Insurance Professionals

Session 1 – Risk, Risk Management and Insurance: Why Agents Are NOT Risk Managers (3 hours)

Session 2 – Understanding the Insurance Industry: From Regulations to Operations (3 hours)

Session 3 – The Law of Insurance Contracts and the 'Rules' of Policy Interpretation (3 hours)

Session 4 – Torts, Negligence and Legal Liability (3 hours)



PROFESSIONAL BUNDLE: BEYOND

Beyond Basic Insurance Concepts
for ALL Insurance Professionals

Session 5 – The Basics of Contractual Risk Transfer, Additional Insureds and Certificates of Insurance (4 hours)

Session 6 - Premium Auditing – What Every Agent Must Know (2 hours)

Session 7 – The Basics of Commercial Property Underwriting and Rating: COPE (3 hours)

Session 8 – The Basics of Property Values and Coinsurance Conditions (3 hours)

This VU/ABEN partnership makes it easy to be intentional about your insurance education because every session is presented electronically and even though you aren't sitting in a class, you still have the opportunity to ask and receive answers to your questions via email – and you can review questions and answers asked by others.



Independent Insurance Agents
& Brokers of America, Inc.



Agents & Brokers Education Network

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Session 1 – Risk, Risk Management and Insurance: Why Agents Are NOT Risk Managers (3 hrs.)

“Risk” is not our enemy. In fact, risk is necessary for a society to survive and prosper. To prepare for the risks inherent in everything we do, we must understand the concept of risk, learn how to measure risk and be prepared to manage it.

“Risk management” and “Insurance” are not synonymous. Risk management is a process combining methods for reducing or avoiding an undesirable event. Insurance is only one tool used in risk management that combines the concepts of risk transfer and risk sharing.

Students attending this class learn:

- How to define risk;
- What is “at risk;”
- The seven-step risk management process;
- How to measure risk
- Where insurance fits into the risk management process
- The elements of an insurable risk; and
- Key theories applicable insurance.

Session 2 – Understanding the Insurance Industry: From Regulations to Operations (3 hrs.)

Insurance is regulated at the state level, but this has not always been the case. Philosophical differences regarding antitrust and regulation in general have altered the course of insurance regulation twice in just the last 80 years.

Within this heavily regulated industry, three distinct types or “styles” of insurance exist in the modern economy: 1) Private; 2) Social; and 3) Public Guarantee insurance. Other than most “public guarantee” schemes, insurance carriers provide the majority of insurance products consumed in the US.

Insurance carriers juggle five main functions and, to varying degrees, three minor functions. Major functions include: ratemaking; new business production; underwriting; loss adjustment; and investing. Minor carrier functions include engineering and loss control; legal counsel; and accounting.

This is a most important class if you desire to fully understand the insurance mechanism. In this class participants learn:

- The purpose of and need for insurance regulation;
- The regulatory past and present of insurance;
- The types of insurance products;
- The functions within an insurance carrier;
- The non-regulatory “authorities” insurance carriers depend upon to do their job; and
- The needs met by various insurance industry trade associations.

Session 3 – The Law of Insurance Contracts and the ‘Rules’ of Policy Interpretation (3 hrs.)

Insurance policies are subject to the standard law of contracts; but beyond simple contract law, insurance contracts are bound by unique provisions and requirements specific to insurance. An understanding of these unique legal characteristics is necessary to understand the insurance contract. Once the unusual characteristics of insurance contracts are understood, the rules for reading any insurance policy can be applied. In this class students learn:

- The basic provisions of contract law;
- The unique legal characteristics of insurance contracts;
- The general construction of insurance contracts;
- The ‘rules’ for reading and understanding ANY insurance policy; and
- Why exclusions exist.

Session 4 - Torts, Negligence and Legal Liability (3 hrs.)

Coverage Part A of the commercial general liability (CGL) policy begins: *“We will pay those sums that the insured becomes **legally obligated** to pay as damages because of ‘bodily injury’ or ‘property damage’ to which this insurance applies.”* Somewhat similar wording is found in the business auto policy, and most “general” liability coverage. These policies extend coverage when the insured is “legally liable” for specific injury or damage. But what is legal liability and how does the insured become legally liable?

Legal liability is imposed by statute or the courts on the person or entity responsible for causing financial injury or damage to another “person.” Legal liability can arise from intentional acts, unintentional acts or contracts (express or implied). In this class we:

- Define and differentiate between “public wrongs” and “private wrongs”
- Introduce the various types of “Torts”
- Detail the concept of “Negligence”
- Define “damages”
- Break down causation and ultimate liability
- Introduce several common and unique legal theories related to degrees of negligence

Session 5 – The Basics of Contractual Risk Transfer, Additional Insureds and Certificates of Insurance (4 hrs.)

Contractual risk transfer is a common risk management technique. The purpose is to push the responsibility for any injury or damage down to the party closest to and best able to control the operation or the outcome the person or entity doing the work. Upper tier contractors have the potential to be held vicariously liable for the actions of their subcontractors, so they use contractual risk transfer as one method for mitigating their exposure; that’s just good risk management.

Beyond contractual risk transfer, upper tiers generally place specific insurance requirements on the lower tier (or downstream) contractor. One of these requirements is that the lower tier name the upper tier (the upstream contractor) as an Additional Insured on its policy. What affect does this have on the lower tier’s coverage?

With all the contractual risk transfer and insurance requirements in place, the upper tier is going to ask for proof that the lower tier has complied with all the requirements by providing a Certificate of Insurance. The problem with certificates is all the weird and excessive wording sometimes requested or required. Should the agent comply with these requirements?

In this class we discuss:

- The basics of contractual risk transfer; how it is accomplished and key provisions agents should look for and look out for;
- How Additional Insured status affects the lower tier’s policy and protection; and
- The do’s and don’ts of Certificates of Insurance.

Session 6 - Premium Auditing – What Every Agent Must Know (2 hrs.)

Insurance premiums are based upon certain exposures which cannot be definitively known at policy inception, only estimated. Since the basis of premium is only estimated, the insurer may not be paid the correct premium for the insured exposure. To assure proper premiums, a premium audit is performed after the policy period ends. In this class we discuss

- The various entities and agencies involved in creating premium audit rules and guidelines;
- Who is and is not include in audits;
- The who, what and how of workers’ compensation audits;
- The who, what and how of commercial general liability audits;
- Some highlights of commercial auto and garage audits; and
- The “ABC’s” (or rules) of premium audits.

Session 7 – The Basics of Commercial Property Underwriting and Rating: COPE (3 hrs.)

Today's commercial property underwriters use the same information their predecessors used nearly 400 years ago:

- Construction
- Occupancy
- Protection
- Exposure

Combined, these four elements are known as "COPE underwriting."

There is no "magic" to commercial property underwriting. The "magic" is in knowing how these four key elements direct the property underwriter's decision: 1) to extend coverage; and 2) how to price the property.

All four parts of COPE are detailed in this class. Students leave understanding:

- Construction: How to determine the proper construction class (1-6); why square footage matters; and how age affects the underwriting decision? We will also discuss mixed-construction issues – this is worth the price of admission.
- Occupancy: Why HOW the insured does what they do matters more than what they do.
- Protection: The basics of sprinkler systems, fire extinguishers, alarm systems, fire doors and fire walls and public fire protection; how each affects property pricing will also be discussed.
- Exposure: The external factors that affect the insured property.

With this information, you will know how to paint the proper property picture to help your underwriter, your client, and ultimately you.

Session 8 – The Basics of Property Values and Coinsurance Conditions (3hrs.)

Replacement cost ain't always replacement cost. Yes, I know that is poor English – but the point is, replacement cost isn't as simple as new stuff for old junk. There are many caveats and limitations to full replacement cost (if there is such a thing). Key concepts that must be understood when property valuation is discussed include: actual cash value (ACV); the broad evidence rule; and indemnification.

But what happens if the property limits are too low? Property policies contain a Coinsurance Condition requiring the insured to carry a certain minimum amount of coverage to enjoy full coverage on partial losses. If the insured does not have the requisite limits, they could be penalized.

In this session we detail:

- Key property valuation definitions such as actual cash value, replacement cost, market value, the broad evidence rule, and insurable interest;
- The various "values" assignable to property;
- Why replacement cost isn't really replacement cost;
- The requirements created by the coinsurance condition;
- Why coinsurance exists;
- What would happen if coinsurance didn't exist;
- The coinsurance calculation; and
- Truths about coinsurance.