

TWO FOR TUESDAY from Big "I" Markets

AFFLUENT EXCESS FROM AIG, WIN AT COVERAGE HIDE AND SEEK ON VRC, & ERISA BONDS BROKEN DOWN

AFFLUENT EXCESS FROM AIG

Consider these scenarios:

An insured's minor child hated English class and blamed the teacher. The minor made repeated false and derogatory remarks about the teacher online. The teacher sued the parents of the minor for personal injury and was awarded \$750,000.

A condo owner sues the board for poorly done repairs (which actually cause more damage), overly-long loss of use and damage caused by workers. Two individual board members were directly sued for false statements made while the plaintiffs worked with the board before suing. The false statements also prevented enforcing the statute of limitations on several claims.

Here are some other claim examples.

With AIG's Personal Excess Liability coverage your high-net worth clients can be protected from these potentially devastating lawsuits. Limits from \$1 million to \$100 million, complete global coverage and comprehensive "drop down" that covers incidence excluded by the primary policy are just a few of the features AIG offers.

In the second scenario above the association may have had the bare minimum coverage in place which means the assets of the board members who hadn't been directly sued can still be at risk. AIG offers an optional coverage for your clients that sit on up to five not-for-profit boards.

AIG's Private Client Group homeowner coverage is available for \$1MM or more with a minimum of two lines of business.

Included are:

- Guaranteed replacement cost - Included
- Back-up of sewers and drains - Included; up to dwelling value
- Business property - Up to \$25,000
- Deductible options - Up to \$100,000 available
- Primary flood - Available
- Equipment breakdown - Available
- Identity fraud restoration expenses, ATM robbery, and financial fraud, embezzlement or forgery - Available
- Traumatic threat or event recovery - Available
- Green rebuilding expenses - Available
- Waiver of deductible on losses over \$50,000 - Available
- Replacement cost cash out option - Included
- Lock replacement - Included; no deductible
- Food spoilage - Included
- Loss prevention devices following a claim - Included; up to \$2,500 available

The AIG Program is available to registered members in all states. Log into Big "I" Markets to learn more!

SPECIAL FEATURE:

Win at Coverage Hide and Seek on VRC

Did you know that failing to offer coverage is one of the leading causes of E&O claims for insurance agents and brokers? A client's exposures are sometimes hidden and it's your challenge as an agent to seek them out. Not only does doing your job thoroughly and well protect your clients, doing so (and documenting your actions) protects your agency in the event of a failure to offer claim.

But you don't need to seek those hidden coverages alone. Enter the Big I Advantage® Virtual Risk Consultant (VRC) powered by Rough Notes. VRC will can help uncover those hidden exposures with more than 700 coverage checklists available ranging from alligator farms to wall paper distributors. Simply download the relevant checklist and use it to ensure your client is being offered all appropriate coverages.

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VRC also provides much more than coverage checklists; it offers risk exposure assessment tools for both commercial and personal lines exposures, proposal and technical research tools, and marketing and prospecting tools. Purchase your subscription to Virtual Risk Consultant online and enjoy exclusive member savings. Similar products cost many times the Big "I" annual member rate.

Check out our free demo of the platform today, or purchase online at www.iiaba.net/VRC. To learn more, contact Brett Sutch at brett.sutch@iiaba.net or (800) 221-7917.

ERISA BONDS BROKEN DOWN

By Lori Olson - New Business Intake Manager *Goldleaf Surety Services*

ERISA Bonds or Pension Trust Bonds are designed to protect the pension programs. An appointed person manages the plans and oversees the programs. These bonds are to protect the money in the plans against fraud and dishonest acts by the appointed person. ERISA does require a bond of 10 percent of the value of pension and profit-sharing funds. The maximum the principal is required to carry is \$500,000 for qualified assets and \$1MM for non-qualified assets.

What is ERISA?

The Employee Retirement Income Security Act of 1974, or ERISA, protects the assets of millions of Americans so that funds placed in retirement plans during their working lives will be there when they retire.

ERISA is a federal law that sets minimum standards for pension plans in private industry. ERISA does not require any employer to establish a pension plan. It only requires that those who establish plans must meet certain minimum standards. The law generally does not specify how much money a participant must be paid as a benefit.

ERISA does the following:

- Requires plans to provide participants with information about the plan including important information about plan features and funding
- Sets minimum standards for participation, vesting, benefit accrual and funding.
- Require accountability of plan fiduciaries
- Gives participants the right to sue for benefits and breaches of fiduciary duty.
- Guarantees payment of certain benefits if a defined plan is terminated, through a federally chartered corporation known as the Pension Benefit Guaranty Corporation.

Employers can create qualified retirement plans - designed to offer individuals added tax benefits on top of their regular retirement plans, such as 401(k); or non-qualified retirement plans - those that are not eligible for tax-deferral benefits. The main difference between the two plans is the tax treatment of deductions by employers.

Generally speaking, there are two types of pension plans: defined benefit plans and defined contribution plans.

A defined benefit plan promises participants a specified monthly benefit at retirement. The defined benefit plan promises participants a specified monthly benefit at retirement. The plan may state this promised benefit as an exact dollar amount; or, more commonly, it may calculate a benefit through a plan formula that considers such factors as salary and service.

A defined contribution plan, on the other hand, does not promise a specific amount of benefits at retirement. In these plans, the participant or the employer (or both) contribute to the participant's individual account under the plan. These contributions generally are invested on the participant's behalf. And the participant will ultimately receive the balance of their account which is based on contributions plus or minus investment gains or losses.

Goldleaf has a number of good surety markets that write ERISA bonds or Pension Trust bonds. And for ERISA - or all types of bonds - you can access Goldleaf through Big I Markets.

WEBINARS

Introduction to ESignature

Join DocuSign for a complimentary webinar on December 17th at 1PM EST to learn more about DocuSign for your agency. DocuSign staff will show you how you can use DocuSign for everything from new policy applications to coverage election

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forms. DocuSign will cover the basics, including how to take advantage of your exclusive Big "I" member price discount, and leave plenty of time for you to ask us questions:

- Legality and security: We'll show you how DocuSign is a best practice in keeping you and your clients safe
- Ease and convenience: See what your clients will see when you send documents through DocuSign, and learn just how easy it is to sign
- Sending, templates and account management: We'll get you up to speed on setting up your account, short cuts with document templates, and account management 101

Register online for the December 17th session and we'll see you there.

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Insurance in the Headlines

Mark your calendars for the first Big "I" Virtual University webinar of 2016 and join VU expert Bill Wilson as he presents "Insurance in the Headlines." This three-hour program examines over a dozen current issues in the news (both consumer and industry) and their insurance implications with topics ranging from: homeowners insurance loopholes, car 'sharing' economy and resulting coverage gaps, driverless and 'wired' vehicle danger, fracking, landscape of terrorism, parents sued for failure to immunize children, climate change, home and business under- or -over-insured, NARAB, diversity/generation changes and cyber issues.

Insurance in the Headlines

January 27, 2016 - 1:00 to 4:00 p.m. EST

Cost: \$79

[Click here to register](#)

By the end of the webinar attendees will be better able to counsel customers who question the exposures to loss of these issue and then respond (where possible) by matching them to insurance products and risk management techniques that can also help minimize agency E&O exposure. Webinar questions can be sent to Virtual University staff.

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Remember that you can view the following webinars 24/7 by checking out the BIM Webinar Library. To do that log onto Big "I" Markets and click on "Publications".

- Personal Liability Trends - Fireman's Fund
- TravPay
- Commercial Lessor's Risk
- Affluent Homeowners
- Travelers Select Products (series)
- Travel Insurance
- Community Banks
- Real Estate E&O
- RLI Personal Umbrella
- "Oh, by the way...Flood Sale"
- Habitational
- Non-standard Homeowner
- Student Housing

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BIM WEBSITE TRAINING WEBINAR

For all you folks who recently registered for Big "I" Markets, remember you can participate in a webinar from the comfort of your office to help you learn how to navigate around the system. Every Thursday at 2:00 p.m. EDT we'll show you how to navigate the Big "I" Markets platform, including how to submit a quote! A recording of this webinar can be found under "Publications" after logging into Big "I" Markets.

- Thursday, December 17 @ 2 p.m. EDT
- Thursday, January 7 @ 2 p.m. EDT

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STUDENT OF THE INDUSTRY PARTING SHOT

The Two Faces of Controlled Business Statutes

By Paul Buse, *President of Big I Advantage*®

Thank you readers for insights and statutory references to controlled business statutes. Sherri Fleming of Gerald Boswell, Inc. was the Waterman pen winner emblazoned with a former Big I Advantage logo. Sherri was picked by our Meetings & Events Manager, Lisa Johnson-Briggs in a random drawing as overseen by our Big "I" CFO, Steve Cocke. Many happy binder signings to you, Sherri! Well, when you don't use DocuSign, that is.

Last week was a learning experience. I had always looked at controlled business statutes as a way state insurance codes prevented situations where undue influence over the buyer existed. Or, when the secondary nature of insurance to a bigger transaction made the situation a possible concern as insurance is then not the focus of the transaction that it should be. Below are some examples that came (note, legality and degree matter, some versions of the below are accepted by regulators and some are not):

- Automobile dealers forming insurance agencies to sell to car-sale customers
- Banks selling property insurance to loan customers
- Life, disability or unemployment insurance sold to insure loan repayments
- Title insurance sold by a real estate closing firm
- PEOs providing workers' compensation insurance as part of payroll processing
- Insurance sold to a software client
- Life insurance sold by a mortician to a future client

Here's where my learning happened. Sherri Fleming was not only our drawing winner, she gave me the example of crop insurance and reference to federal regulations on this subject as published by the United States Department of Agriculture, Risk Management Agency (a recent bulletin on this). Those regulations are based on not the potential coercive aspects of controlled situations, but on anti-rebating objectives. Like a large manufacturing concern starting their own insurance agency to capture commissions and achieve a discount on premiums, selling crop insurance to family members is something the federal regulators watch out for in selling crop insurance. The rationale for that is not stopping a potentially coercive practice but stopping a different potentially troublesome practice.

LAST WEEK'S MOST CLICKED LINKS

Here are the top three items that got BIM agents clicking from our last edition... see what you missed!

1. Florida Controlled Business Statute
2. Directors & Officers Liability
3. Top 10 Most Common Mistakes During a Crisis - Webinar registration(10/16 @ 2PM EST)

BIG "I" MARKETS SALE OF THE WEEK

Congrats to our agent in New York on a travel insurance sale of **\$624** in premium.