Insurance Agents
Professional Practices Day

Lawrence Technological University
Thursday, October 26, 2006
8:45 AM – 4:00 PM

(Tentative program outline)

Fee: $49 (includes lunch and the cost of filing for CE credits)

CE credits: (approval pending for applied for 7 CE credits with State of Michigan)

Developed and Sponsored by:
• The Professional Development Center at Lawrence Technological University
• The Society of Chartered Property & Casualty Underwriters, SE Michigan Chapter
• The Insurance Association of Metropolitan Detroit, Inc.

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TOPICAL OUTLINE (tentative)

Course Objective: [Section 500.1204 (c) (5)]: (1) To provide the insurance agent with a fundamental understanding of the geopolitical, social and climatic conditions which drive our economy, and in turn affect the insurance marketplace. (2) To fortify the agent's existing skill set and knowledge base so that they can better determine the insurance requirements of their customers. (3) To review current case law affecting the interpretation of insurance policies and apply that analysis to current trends in litigation against insurance agents for negligence arising out of errors and omissions (4) to examine and analyze both risk control and risk financing alternatives, so that once again, the agent can more readily identify and address the risk management and insurance needs of the customer. (5) to review current events and trends within the insurance industry which are applicable to the business and professional environment of providing insurance and risk management services.

Text Material: Hand out materials will be provided to the student population. This material will be relevant and topical, and is meant to be applicable to their daily endeavors.

8:45AM - 9:35AM

Economics and Finance
Lenny Weiss, Investment Analyst, Wachovia Securities

Hurricanes, Hezbollah, Interest Rates and Elections
How will the insurance markets react to the current political and economic state of affairs?

a. Global climatic conditions
b. Instability in the Middle East and its effect on oil production
c. The November elections
d. The effect of these events on interest rates and the insurance marketplace
9:35AM - 10:25AM

**Business Development, Marketing and Selling**
Dr. Benjamin Benson, Director, Professional Development Center, LTU

*Selling that Account*
Professional skills, insurance production and account management for the soft and hard market

- a. The recognition of the hard and soft insurance market cycles
- b. Examining the risk management needs of the insurance client
- c. Skills sets and knowledge base required to address client needs
- d. Personal development in order to achieve clients needs, provide comprehensive insurance coverage and avoid professional liability lawsuits (E&O) against you.

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We wish to express at the onset that this presentation is not a sales course. While the disciplines and activities of sales and marketing are addressed in this presentation, the objective of the course is avoiding errors and omissions lawsuits by incorporating risk management techniques and a personal development process.

BREAK 10:25AM - 10:40AM

10:40 AM

**An Agent’s Professional Liability; Part 1**
Haig Neville, CPCU, CLU, ARM, Haig Neville Associates

*The Duties and Responsibilities of Insurance Agents Post Katrina*
Professional liability exposures created by a new wave of lawsuits against insurance agents

- a. The effects of Hurricane Katrina on insurance policy interpretation
- b. Contract interpretation in light of Concurrent Causation and Efficient Proximate Cause theories
- c. Providing comprehensive “textbook” insurance coverage
- d. The fallout from Leonard v. Nationwide Insurance Company litigation

11:30AM - 12:15PM

LUNCH

12:15PM - 1:05PM

**An Agent’s Professional Liability; Part 2**
Richard Mitchell, Esq.
Maddin & Hauser, Southfield, MI

*Duties and Responsibilities of Insurance Agents Post Katrina: Defending Against Agents E&O Lawsuits?*
Business practices that allow an agent to build a defense against professional liability lawsuits

- a. Can’t find insurance coverage, sue the insurance agent
- b. Maintaining a working knowledge of the interpretation of insurance policy language
- c. Documenting your communications with your insureds
1:05PM - 1:55PM

Working for your clients: How to design an effective loss control program
Ed Nuttman, Performance Dynamics, Taylor, MI
  a. Controlling the frequency and severity of loss
  b. The financial implications of a MIOSHA inspection
  c. The financial implications of fortuitous loss on the Experience Modification Factor
  d. Bid prequalification and ISO 9000 certification
  e. The components of a comprehensive loss control program

BREAK: 1:55PM - 2:10PM

2:10PM - 3:00PM

Risk Financing; Part 1
Beth DeWolf, Wachovia Insurance Services, Detroit, MI

Preparing for the next hard market. Developing risk financing vehicles
  a. Alternative solutions for the cyclical insurance market
  b. Traditional insurance techniques
  c. The criteria of loss sensitive programs
  d. The designing a loss sensitive risk financing program

3:00PM - 3:55PM

Risk Financing; Part 2
Monte Jahnke, Esquire, Kerr, Russell & Weber, P.C., Detroit, MI

Insurance and Offshore regulations (Building a risk financing vehicle)
  a. Working with Insurance regulators
  b. Domiciles
  c. Corporate (Insurer) ownership and structure (stock, mutual, etc.)
  d. Capitalization

CLOSING

Total instructional time: 350 minutes
Course Foundations and Synopsis

Hurricanes, Hezbollah, Interest rates and Elections.

This presentation finds its basis in the Charted Property & Casualty Underwriter studies Financial Services Intuitions (CPCU 560). It is also developed from the insurance studies entitled The Associate in Insurance Accounting and Finance (AIAF 111) produced by the Insurance Institute of America (IIA)

This section will examine ongoing geopolitical and climatic events in order to determine their implication on the global economy and its resultant effect on the insurance marketplace.

Selling that account (Business Development)

This presentation finds its basis in the IIA program entitled The Accredited Advisor in Insurance (AAI 81).

This presentation will focus upon sales and marketing techniques and will assist the producer in establishing plans which are in line with agency production standards and expectations. The goal of the presentation is to instruct producers in how to address the needs and expectations of the customer while providing comprehensive insurance coverage. A well designed program of insurance coverage also helps to precluded errors and omissions lawsuits against the producer and will lead into the next two speakers.

The Duties and Responsibilities of Insurance Agents post Katrina (Part 1)

This presentation and the following presentation also finds its foundation in the Accredited Advisor in Insurance programs (AAI 81, 82 and 83) as well as a variety of CPCU courses.

The onslaught of hurricanes in Florida and Gulf coast has left the insurance landscape littered with a multitude of lawsuits against insurance agents for a breach of fiduciary and professional obligations. This portion of the Professional Liability presentation will examine those standards which have allegedly been breached. We will address such issues as the standard of care and expanded agent’s duties in light of special relationships and special knowledge doctrines. We will also examine in insurance policy language in light of such issues and Concurrent Causation and Efficient Proximate Cause.

The Duties and Responsibilities of Insurance Agents post Katrina (Part 2)

This section directly plays off of Part One. In part one; we identified the current events which are creating the plethora of professional liability lawsuits to be filed against insurance producers. Part Two will examine the techniques which can be employed to prevent or reduce the severity of those lawsuits. We will analyze previous litigation involving insurance contract wording and the alleged errors and omissions of insurance agents in order to seek opportunities which will mitigate such litigation.
Working for your clients: How to design an effective loss control program

This presentation finds its basis in the Associate in Risk Management series (ARM 55).

In this presentation we will examine the cornerstone of any insurance program, Risk Control (Loss Control). Our speaker will explore the two fundamentals of loss, frequency and severity, and instruct the producer in techniques designed to control the frequency (loss prevention) and severity (loss reduction) of loss. The goals of this presentation is to provide the insurance producer with a fundamental understanding of these techniques in order that she may assist the insured in controlling insurance expense and avoiding the negative implications of occupational safety and health penalties and products liability lawsuits.

Preparing for the next hard market. Developing alternative risk financing vehicles (Part 1)

The foundation of the next two presentations is found in the IIA series entitled the Associate in Risk Management Program. In particular, these presentations are developed from ARM 56, Risk Financing. Also considered is the CPCU 520 text Insurance Operations, Regulation and Statutory Accounting.

Most traditional insurer’s have recognized the move to alternative risk financing programs by the insuring corporate world, and many have designed and implemented their own programs consisting of reinsurance, fronting, captive management and the attendant support services (claims, underwriting, loss control and financial accounting to indicate a few.) Such companies are American International Group (AIG), St.Paul Insurance (Discover Re), Fireman’s Fund, CNA Insurance and a plethora of other traditional insurance providers.

This presentation will provide an overview of those plans and give insight in to the criteria for developing, establishing and operating such an insurance mechanism.

Preparing for the next hard market. Developing alternative risk financing vehicles (Part 2)

In particular we will examine a myriad of financial, regulatory and reinsurance issues which an insurer is obligated to comply with in an effort to design and maintain a profitable and stable insurance program.