

The Coverage



Volume 2, Issue 1
February 2011

Our Mission

To build a strong, professional young broker network through continuing education, industry involvement and political action. The PYIB will create a solid foundation for success and perpetuation of the broker profession.



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Joint Seminars between the IBAA and PYIB

Rikki McBride will be presenting two half-day, 3 credits seminars:

"Coaching Your Employees To Improve Production" and
"Time Management for the CSR and/or Sales Team"

March 10, 2011, at the Edmonton IBAA Learning Centre 3010 Calgary Trail NW,
Calgary and other locations and dates to be announced

Jeanie Moushos from AXA, who did the convention presentation, will facilitate a 1.5 credit Lunch 'n' Learn session:

"Technology – Dealing with Complex Issues"

Edmonton, June 7, 2011, 12:00–1:30 p.m.: IBAA Learning Centre, 3010 Calgary Trail NW
Calgary, June 8, 2011, 12:00–1:30 p.m.: The Kahanoff Centre, 200, 1202 Centre Street SE

UPCOMING PYIB EVENTS

May 15–18, 2011 — IBAA Convention — Jasper Park Lodge

May 27, 2011 — 3rd Annual PYIB Charity Golf Tournament

Spring, 2011 — PYIB AGM

If there are any brokers out there who want to be more involved and just aren't sure how - all you have to do is e-mail us at pyib@ibaa.ca. Yes, it's really that easy. Well... what are you waiting for??



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Claims Handling: A Backroom Function or Customer Service?

The strength of an insurance program is heavily tested during a claim. The experience that an insured has affects confidence in insurance and the parties involved, including the broker. Clients who feel mistreated or who are unsure about their settlement will no doubt question their current arrangements. Helping clients through their claim will strengthen their confidence and the relationship with their broker.

The claim process can be complex, unpredictable, and difficult to manage, but brokers can add instant value with strategic customer service:

Being Proactive. The quickest and smoothest way to a fair settlement is proactive management of the claim by the insured and the broker. Being proactive early will set the tone for the entire claim.

Being Organized. Help the insured organize costs effectively. Establish a system to track submitted, approved, paid, and denied costs between the insured and the adjuster. If the adjuster has a specific procedure to follow, make sure that everyone is on board. Stress the need for proper documentation including full invoice backup. Start the process early and stick to it.

Managing Expectations. Help the insured understand what the process will be ahead of time. Properly established expectations can reduce the stress of a claim. Identify coverage issues early. Delivering the news is difficult, but putting coverage problems on the table early is the best way to minimize the impact. Issues are often left until late in the claim and come as a surprise to the insured who believes everything is running smoothly.

Monitoring Relationships. Maintain open communication as claims can become unnecessarily contentious. Miscommunication and a lack of understanding lead to adversarial relationships. Knowledgeable interjection from the broker often eases the tension.

Knowing the Options. When a claim falls “off the rails,” it helps for the broker to know what expertise is available to the insured to support the claim: lawyers, engineers, accountants, and claim management specialists. Each of these can be invaluable in overcoming the many hurdles that arise and often the broker is in the best position to suggest these experts. Cost is often a factor, but there are alternatives to the high-priced lawyers and accountants.

Many brokers consider claim handling as a backroom function that is an unfortunate cost of doing business. Approaching claims as a customer service priority and an opportunity to go above and beyond for the client ensures a stronger relationship and firmly establishes the value of the purchased insurance program.

Nick Roper
Account Executive
EIC Claim Management



Do You Want to Supersize that with a Home Policy?

The way our industry is right now, with the online insurance and banks, it feels like we are a drive-thru service industry. Have we trained our clients to expect service faster? Have we been in a soft market too long? Should our service not be personable and detail orientated?

In discussions with other brokers, the feeling is that the clients just want our services fast and cheap. On the other hand, when we slow down and explain their policies, they appreciate that we took

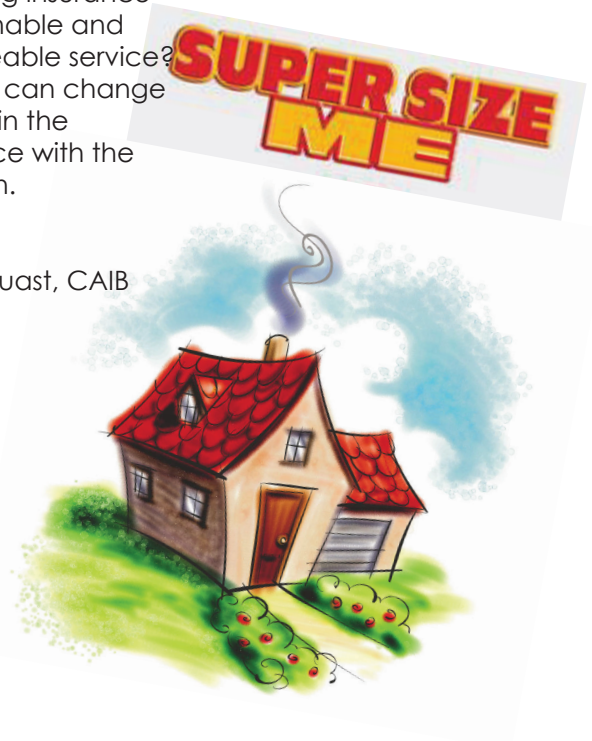
the time to explain details and issues no one has ever done before. In all the years they have had insurance, they really did not know what they were buying. Often, they felt that insurance is just one of those things that you have to have like taxes!

How do we change the market to a hard market? With the current direct writers and the banks in the industry, the belief is that a hard market is a thing of the past!

Can we turn the tide

against direct writers and banks selling insurance with personable and knowledgeable service? Maybe we can change our image in the marketplace with the same token.

Christina Quast, CAIB



The Benefits of RRSP

2010 has come and gone... so the RRSP deadline for the 2010 tax year is fast approaching: March 1st, 2011. For those of you concerned about having enough money to fund your life following retirement, consider starting an RRSP or increasing your contribution. The sooner you make contributions, the better, as December 31 of the year you turn 71 is the last day you can contribute to an RRSP.

Contributions you make to an RRSP are deductible from taxable income. The real power of RRSPs though is the ability to let your investments compound tax free. For example, if you were to contribute \$200/month to your RRSP at the age of 20, you'd have almost \$650,000 in your RRSP at the age of 60 (assuming 8% growth). If you wait until you're 30 before you contribute, you would have \$284,000 at 60. The power of time cannot be understated.

If you haven't done so, start your RRSP (or other investments) as soon as possible.

Have a wonderful and prosperous 2011!

Chad Hudson



Broker Bio: Dennis Milligan

Dennis Milligan started his insurance career at the local Reed Shaw Stenhouse Ltd (now Aon) in Yellowknife, NT. The manager at the time was a friend of Dennis's and saw his potential in the insurance world. Dennis agreed to a three month trial and has never looked back. Starting in May of 1978 Dennis worked as a broker for Reed Stenhouse Ltd, working in both personal lines and commercial lines. In 1983 Dennis started to look at other opportunities to further his career. He knew he wanted to own

and operate his own agency one day and wanted to work in a smaller brokerage to get the feel of it.

January of 1984 Dennis and his family moved to Grande Prairie, AB, where he started working for Lewis & Wright Insurance. While there, Dennis enjoyed a refreshing change. He worked for Lewis & Wright for six and a half years. In September of 1990 Dennis's employer purchased Sexsmith Insurance in Sexsmith, AB, giving Dennis the opportunity to manage

the office and purchase the business at the end of that time. October 1, 1992, Dennis and his wife purchased Sexsmith Insurance.

In 2004 Dennis's son Shayne joined Sexsmith Insurance. In 2007 the process of succession started. Shayne will soon take over and the family business will carry on. Sexsmith Insurance opened in 1921 and is looking forward to its 100th birthday coming up.

Dennis has been a board member of the IBAA for the past six years and feels the establishment of the PYIB as an outlet for the voice of young brokers was terrific idea. That it is a place for young brokers together to plan and shape the future of insurance. He believes that it is important to assist and listen to the up and comers, and for young brokers/PYIB board to be in touch with our political leaders.

Jody Lohr

New Distracted Driver Legislation

Recently the Alberta government has passed some of the most comprehensive distracted driving legislation in Canada. This legislation goes further than a simple ban on cell phone use, prohibiting other activities that don't necessarily involve the use of electronic devices. The legislation comes in response to international research indicating that distracted driving is a contributing factor in 20 – 30% of all collisions. In addition, a poll released in November 2010 by the Canadian Automobile Association reported that distracted driving has now replaced impaired driving as the number one traffic safety concern of drivers in Canada, with 85% of respondents

indicating that texting while driving was the most serious safety concern. A full 83% felt that impaired driving was the second most significant traffic safety concern. The statistics and data available on impaired driving accidents and fatalities are readily available and well documented. The fact that people are now starting to view texting and driving in the same light is saying something significant about the harm distracted driving can cause.

How does the new legislation affect you? The following are some of the activities that will be restricted:

- Using hand-held cell phones,
- Texting or e-mailing,

- Playing video games or using laptop computers,
- Entering info on GPS units,
- Programming MP3 players,
- Writing, printing, sketching, or reading,
- Personal grooming.

Under the legislation the use of hands-free phones is allowed. Eating and drinking will also be allowed provided the spirit and intent of the legislation is followed. For example, a driver holding a plate of spaghetti in one hand while twirling the noodles with a fork in the other could be charged. The proposed fine is \$172, with 15% victim's surcharge included in that amount.



The bill has already passed, but several steps must first take place before the law takes effect. Regulations need to be updated, highway signage needs to be developed and installed, and Albertans need to be educated and informed about the new rules. Implementation is estimated at the middle of 2011. In the mean time it would be best to put down that cell phone, lipstick, note pad, and video game. Come the middle of 2011, distracted driving legislation will be law.

Dustin Nakonechny,
CIP, B.Mgt

Paperless Environment

If you are staying current with the industry articles and news, you will notice two reoccurring topics: what is your succession plan, and how do you implement technology at your brokerage? Generally, most young brokers are not looking too deeply into succession planning. The latter, however, is one of great interest as it can and does improve the success of the brokerage and its value. As young brokers in your office, you are generally sought after to deal with everyday computer issues. Although your astonishing computer skills to some may seem everyday to you, your thoughts should be on how to apply this knowledge in a way to better your brokerage. There are many ways to introduce technology into your office that can improve the way your brokerage operates and increase customer service standards. These include integrating a broker management system (BMS), entering into a paperless environment, and discussing if social media/online marketing strategies will work for your brokerage.

The first thing, if not already in place, is to consider implementing a BMS. Find one that integrates well with your current carriers and portals. Take your time to research each one. Talk to your colleagues to see what they may be using. Talk to your insurance companies to see what plans they have for technology and how it may be integrated with their brokers' BMS. Once you have decided, start to implement protocols right away. As you become more familiar with your BMS, protocols may change. Changes with your carriers' business model or integrations and advancements in the BMS should be adopted right away without hesitation. When you first integrate your BMS with your office protocols, you need to develop a strategy to implement the new procedures. The best way to see what is working, and what is not, is to have scheduled meetings with all office staff.

Once you have most of the wrinkles ironed out with your BMS, you should look at how your office can operate in a paperless environment. More insurance companies are now making client data available online through their portals or via a downloaded package.

An online environment moves away from the large envelopes full of paper documents you receive nearly every day in your office. This paper needs to be sorted, collated, directed, delivered, reviewed, possibly invoiced, and finally filed, and/or sent to the insured. Consider how long it may take from the time you complete an endorsement, send it by courier (if available) to the company for processing (if you are not processing endorsements yourself), wait for it to get to the desk of the right person, be reviewed and input (barring there are no errors or questions), processed, printed, and sent back to your office. Depending on the company services levels, this process can take days, even weeks. If you are able to create the endorsement electronically and send it by either portal, e-mail, or BMS upload, the policy is received electronically, reviewed, attached to the client, and processed in nearly half the time. Electronics remove many of the "inefficiencies" that take up valuable time and money. Thus, if you are more efficient, clients (your insureds) are getting better service. Better service is what nearly every brokerage strives for.

The online process saves not only time but money as well. Paper and ink are expensive. Thus, many carriers are looking to investments in technology and are producing documents electronically. Although the initial cost for you to invest in hardware and software to make your office paperless is significant, the savings on other things, such as paper and ink, are greater. Being more efficient increases selling opportunities, and better client service can introduce more referrals. The current buzz is social media and social media marketing. This is no buzz. These tools are here for a long time. Count on it. Research if social media is a good fit for you. Discuss how it can be implemented in your marketing plan. Create links between your Facebook page, your Twitter account, your blog, and your website. Inform clients; do not market them. The PYIB is on Facebook and Twitter. Check us out! Technology IS the way of the future. Insurance should not be the last one to make changes. It will work for you.

Caleb Maksymchuk, B.A., B.Ed.





Good Broker vs. Bad Broker: Insurance to Value

Insurance to Value (ITV) is a practice that we should all be familiar with. It's important that brokers fully understand the insurance to value in order to best serve our clients. It is estimated that one in three Canadians believe that their insurance will cover the expense to rebuild their home no matter the cost. Several homeowners really do not know the most important and most basic information about their biggest asset. It may surprise you to learn that many home owners could not even tell you with any certainty the most basic information about their homes such the age of the house, how large the house is, or even the square footage.

In light of past incidents in which clients found themselves being underinsured, the IBC (Insurance Bureau of Canada) assembled a workgroup in 2009 to spearhead a campaign to educate and bring

understanding to the general public about the insurance coverage they have in place and to give them a stronger knowledge about how the insurance industry calculates the value of their property. Through this public education initiative, clients will be better able to understand that premiums are calculated on the replacement cost and not the real estate value of their homes. IBC's goal is to inform consumers why ITV matters, how valuations work, and what they should know. In addition, the workgroup is striving to make the ITV process more straightforward. Without consumer education, brokers will not receive the proper dwelling information no matter how much progress is made on replacement calculators.

Once dwelling value has been determined, it would be prudent keep in mind that ITV is not limited to the dwelling itself. Sufficient contents limits need be set since included limits may not be adequate in all cases. Consider the following costs:

- Contents – An important point to discuss with your clients when factoring in the limit for contents insurance is that they must consider the additional expense of sales taxes that would be incurred when replacing property.
- Immediate Out of Pocket Expenses – Costs of glasses, contact lenses, dental retainers, prescription drugs, locksmith expenses to cut new keys for your cars which would have to be broken into and moved out of the way for the fire department and replacement of identification, licenses, credit cards, and passports should be included.

Recommend the importance of reviewing household contents and their replacement values. Keeping a completed and up-to-date inventory list will help alleviate stress at the time of a claim, and will help speed up the recovery process. Home inventory on IBAC's website offers a room-by-room inventory that can be stored off site with a secure login. Your clients will have access to their inventory anytime: http://www.knowyourstuff.org/iii/ibc_login.html.

Tim Gassner CAIB

President's Message

Happy New Year, everyone. On December 17, 2010, we held an Executive meeting for the Professional Young Insurance Brokers in Calgary. We would like to thank Royal & Sun Alliance Canada for permitting the use their boardroom. 2010 was a great year for the PYIB,

and we hope to have the same success moving forward into 2011. Some topics we discussed at our Executive meeting related to our involvement with government, education, and upcoming events. Overall, our goal is to streamline our existing procedures so that the

PYIB can continue to grow efficiently. I would like to thank all board members, participants, and sponsors for your ongoing support. We are really looking forward to 2011.

Braden Bosch

PYIB Events

Two of our goals are to "build a strong foundation" and increase membership participation. I believe these goals are accomplished through networking, having fun together, learning together, as well as serving the community together.

A good time was had by all, and many people were taken home safely. One broker said of his experience, *"It was a wonderful experience as I got to help out in my home community. I think it was also a rewarding experience because in our profession we are always preaching about designated driving. Also the fact that we might of saved some lives. My first trip we drove a young married couple home that had 3 young children waiting for them at home with their babysitter. It definitely made my day to get these young parents safely home to their children."* ORN is proud to report that this year nearly 1,400 people were driven home safely. Who knows how many lives could have been saved?!

Past Successes

December 2010 – Operation Red Nose (ORN)–The goal of ORN is to make the roads a safer place by assisting in driving home people who have been at Christmas parties or other events where alcohol was consumed. This year we were able to have volunteers from the PYIB serve with ORN in three different locations throughout the province.

Upcoming Events

May 15 – 18, 2011 – IBAA Convention – This year's convention is once again being held at Jasper Park Lodge. Highlights include the annual AGM, as well as keynote speaker Jeremy Gutsche, MBA, CFA, who will educate us on the idea of a "Connected Office."

May 27, 2011 – 3rd Annual PYIB Charity Golf Tournament – Once again we will be partnering with SADD (Students Against Drinking and Driving) for the coming year's golf tournament. We look forward to once again having a full field and, hopefully, this year, some nicer weather.

Spring, 2011 – PYIB AGM – This year's AGM will not be held in conjunction with the IBAA AGM at the convention in Jasper. Keep your eyes open for a new and exciting approach to the AGM. Details to follow.

If you have ideas for events you would like to see happen in the PYIB, or have local event ideas and need help planning, please contact me at mitch.holst@telus.net

Mitch Holst



Snow Load too Much?

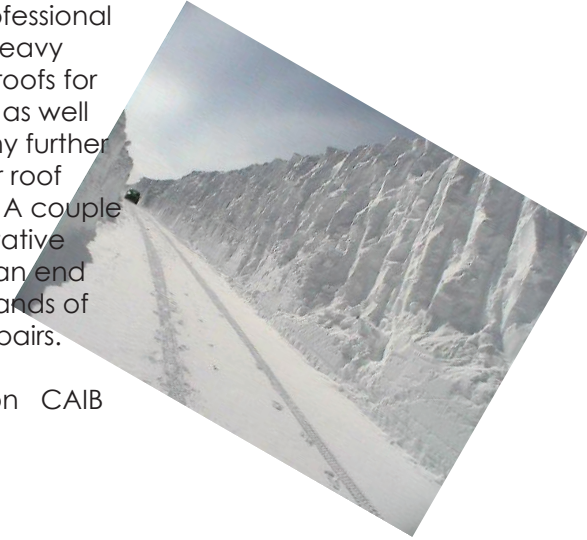
With all the heavy snow within the Edmonton area this winter, we should consider the extra weight that our roofs must bear. There has been an extraordinary amount of snowfall in a short period of time these last couple weeks.

This 2010/2011 winter season, we came within 1.3 cm of breaking the record set back in 1982 for heavy snowfall. The weight of the snow exceeds, at times, the maximum loads that the roof would otherwise have to carry. Removing

the snow and ice dams can prevent damage to the roof and reduce the amount of potential insurance claims. Ice dams are formed when heavy snow starts to melt during the day and water flows under the shingles and then re-freezes at night. As this process repeats, the expanding and contracting of the ice can leave water to escape into the attic, insulation, or worse, into ceilings and walls. Snow left to compact on the roof and around building foundations can lead to extensive damage.

Recommend that your clients hire a professional to remove the heavy snow from their roofs for their own safety as well as to prevent any further damage to their roof from occurring. A couple hours of preventative maintenance can end up saving thousands of dollars in roof repairs.

Alice M. Johnston CAIB



Welcome to 2011!

With the New Year already upon us, I wanted to share with you some tips and opportunities to get politically involved for 2011!

The first and most important step is to find out who your local MLA and MP are for the ridings that you live and work in. Once you have identified your representatives, it would be a great idea to arrange a short meeting with them to introduce yourself and discuss some of the ongoing issues in our industry. I would also recommend talking to the IBAA office. They can and are more than willing to work with you, their members, to arrange a meeting and can often supply someone to accompany you.

Throughout the year other events may come up, such as local BBQs and community fundraisers. These are a great opportunity to get involved and meet other people and businesses in your community.

Help out at a local political office. It doesn't matter which party you support. All political parties need volunteers! Work one on one with them and learn the political process. Network with others involved in local politics. Get in on the ground floor and learn the ropes. You can even find organizations to work with who promote the same causes that you believe in!

Join your constituency association. Working with your local constituency board is one of the most important components of politics. Constituency boards are made up of volunteers that inform our MLAs and MPs what Albertans are saying and what their concerns are.

And last but not most important, show your support of the political system by voting in every election. Talk about the issues with other people and inspire them to let their voices be heard through their votes!

In 2008 we had one of lowest voter turnouts (41%) that Alberta has seen in the last 50 years! I don't know about you but I hear a lot more than 41% of Albertans who are very willingly share their opinions about what they see happening in the province, good and bad. Voting is your opportunity to have a say in the future of your communities and province.

