Is Your Company Delivering on Its Sales Promises?

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Welcome New Members

Insurance Scholarship Foundation of America
Did you ever look at something and thought you knew what you were looking at, but in reality, it was something different? I think we all have done that at one point in time.

Insurance coverages are like that. Have you looked at a policy and noticed coverages you thought you knew, only to read the forms and find out the company meant something different?

In this issue, there are articles to assist you in understanding the insurance coverages “you thought you knew”. As insurance professionals, we have a duty to understand the difference between umbrella and excess liability policies, rental reimbursement and what is an additional insured, and if added to a policy, how does that change the coverage... just to name a few. These articles are to get you thinking and asking questions of companies and your clients to find out what is the best coverage for the given situation.

As members of the International Association of Insurance Professionals, we are not any different; we have a duty to understand the needs of our membership and act on those needs. As a local member it is your responsibility to understand the different roles in the association and what part you play. Just like there are tips and tools to understand the coverages of an insurance policy, there are tools to understand the association as well. On the association’s website there are tools to assist you in running a meeting, educational opportunities along with tools on ideas for membership growth and retention. Just like you would take the time to read and understand insurance coverages you need to take the time to look at what is available to you on our website, LinkedIn and Facebook pages. Be creative in how you do things, try something different in your meeting, think outside the box and keep an open mind to change as you are Connecting Members- Building Careers.

*Creativity involves breaking out of established patterns in order to look at things in a different way. - Edward De Bono*

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**Penny Haworth-Rich**  
AU, CPIW  
2012-2013 International President
In this issue of Today’s Insurance Professionals, we are focusing on “Insurance Coverages You Thought You Knew”. Given the wide scope of coverages that could be included in the issue, we honestly could do an entire series on this topic. But, in the name of variety, we decided to go ahead and narrow it down to just a few coverages we thought would be of interest.

In this issue, we are going to look at rental reimbursement coverage, additional insureds, umbrella and excess liability, and flood insurance. As with anything that you aren’t routinely used to dealing with, chances are, there is something new that can be learned from the articles we have compiled for this issue. We found a few experts to help us break down some of the most common questions and mysteries that surround these coverages. We hope these articles will serve as resources for you in your day-to-day dealings with customers and other professionals in the industry.

In other association-related news, you may have noticed that we started sending out The Connections newsletter more frequently. You will find all upcoming events and important association information in the monthly issue of The Connections. Therefore, in order to stay on top of all the wonderful and exciting things that are going on, please check your inbox on the first Friday of every month for the newsletter.

If, for some reason, you are not receiving the association emails, please call or email us at Corporate Centre to verify we have the correct email address in our database for you. The Membership Department can be reached by phone at 800-766-6249 ext. 26 or via email at membership@iaip-ins.org. As always, you can stay informed by following us on Facebook and LinkedIn.

We would also like to encourage those of you who have not already visited the new online community, iConnect, to do so. iConnect is a great member resource and provides a forum for members to interact and connect on association and industry-related issues.

In addition, every Monday with the assistance of Past International President, Cheryl Krier, iConnect will bring members a special leadership column with tips and advice for members. The goal of this column, “The Leadership Shift”, is to bring you many lessons learned from a variety of individuals who recognize that “shift” in leadership thinking. Thinking about leadership, thinking about what could be done differently, thinking about lessons learned and how to apply them. You will also have the opportunity to send in your own questions and comments as well.
Imagine sitting on the couch in your living room one Monday morning. Everyone else is still sleeping, it’s quiet, and you’re relaxing with that first cup of coffee. You have 30 minutes before it’s time to jump into the shower and get ready for work. For a Monday, all is right in your world.

Until you hear a screech, followed by a loud crash that actually shakes the house. You peer out the side window and see nothing out of the ordinary. But when you take a quick look out the kitchen window, you notice your pickup truck isn’t facing the house as it usually does—it’s almost parallel to the house!

You rush outside and, as you near the driveway, you realize that not only did some idiot take out your truck, he pulverized your wife’s car. Instead of being intact, the car’s rear windshield is sprinkled underfoot, across the front yard, and as far as 20 feet from the car. The car’s trunk was pushed right off its frame and...
then dragged into the cement retaining wall that surrounds the driveway on three sides. Your wife and daughters run out of the house and join you, where the four of you stare numbly at your two totaled vehicles.

I’m sure each of you has a similar story to tell. I’ll bet you each have several similar stories to tell. So do I. This one is my recent favorite, however, because it happened last month—to my daughter and son-in-law.

Like many people, they didn’t believe they needed rental reimbursement coverage. Brendon parks his car at the train station and rides public transportation into the college where he works in Boston. They reasoned that if anything ever happened to his truck, Beth would just drop him off at the train station in the morning and pick him up in the evening. And if anything ever happened to Beth’s car, she’d use Brendon’s truck. Neither of them ever figured both their vehicles would be totaled in the same accident. But isn’t that what insurance is for? To protect us (financially, at least) from the stuff we don’t want to happen to us but that happens to other people all the time?

What are some of the other reasons clients tell you they don’t need rental reimbursement coverage?

• *I’m an excellent driver. What are the chances of me getting into an accident?*

• *If I get into an accident, chances are it’ll be the other guy’s fault. In that case, his insurance will pay for my rental expenses.*

• *I don’t need to spend the money. If my car is in a wreck, I’ll borrow a car from my mother (or sister, or friend, or...)*

Let me offer a few statistics for you to share with your clients when they quote these “sensible” reasons for not spending their hard-earned money on rental reimbursement coverage—assuming, of course, the insured’s car isn’t made undrivable by an “other than collision” loss such as Hurricane Katrina, theft, vandalism, etc.:

• 10% of reported accidents are caused by hit-and-run drivers. This means the “other guy” disappears—which means your client doesn’t know who the “other guy” is. Which means his insurance company is never going to pay for your client’s rental expenses.

• Nationwide, 19% of all vehicles involved in motor vehicle accidents don’t have car insurance. This means one in five times the other guy won’t have the financial resources to pay for the damages (and injuries) he causes.

• After an accident, the average amount of time a car spends in the repair shop is 11 days.

• Nationwide, the annual cost for rental reimbursement coverage on a personal auto policy is usually less than the cost to rent a car for one day.

Most unendorsed auto insurance policies don’t provide adequate coverage for the cost of a rental car if the insured’s
vehicle becomes undrivable after a covered loss. Although ISO’s personal lines and business auto policies include some coverage for “transportation expenses,” the $20 daily limit isn’t adequate for the needs of most policyholders. In fact, in the ISO BAP (CA 00 01), that $20 daily limit of coverage is only provided if a total theft loss occurs to a private passenger vehicle.

And what about the non-ISO insurers? Sure, some of them offer policies that include rental reimbursement coverage in the insuring agreement. (I’ve read one policy that includes coverage for any motor vehicle the insured rents for up to 90 days—so long as the type of loss isn’t otherwise excluded!) Other non-ISO insurers don’t include any coverage for rental reimbursement—at all, or unless the insured adds an endorsement to the policy. Most insurers, however, offer minimal coverage similar to that provided by the ISO policies.

Agents and clients should be aware of a few of other things when expecting an unendorsed auto policy to provide rental reimbursement coverage. In the ISO PAP, if the insured is driving a non-owned auto (like a girlfriend’s car or a co-worker’s car the insured borrows), the transportation expenses coverage included in the policy only applies if the insured is legally responsible for the accident. So, if the insured is driving his girlfriend’s car and a drunk, uninsured driver speeds through a red light and rear-ends the girlfriend’s SUV after striking four parked cars, the insured’s physical damage coverage won’t provide coverage for transportation expenses.

In addition, whenever rental reimbursement coverage is provided, it’s only provided for the length of time reasonably required to repair or replace the covered vehicle. If the body shop says it’ll take five days to repair the insured’s damaged car, then coverage will only be provided for 5 days—assuming the vehicle is drivable before being repaired. Of course, if the repair shop later finds it will take a longer amount of time to complete repairs, and discusses the matter with the adjuster or claims representative, coverage is usually extended for the requisite number of days.

ISO offers endorsements for rental reimbursement coverage (i.e., transportation expenses coverage) in both personal and commercial lines auto policies. In personal lines, the endorsement doesn’t change any of the coverage provided by the policy; it simply increases the daily limit and policy maximums of coverage.

In commercial lines, it allows the insured to designate coverage for any insured vehicle listed on the endorsement. The BAP’s endorsement also allows the insured to designate the perils for which coverage will apply (collision, comprehensive, and specified causes of loss) along with the maximum payment for each covered auto based on any one day, any one period, or the number of days of coverage.

It’s especially important to be sure commercial lines clients choose an appropriate daily limit of coverage—and have an appropriate rental organization lined up—for vehicles other than private passenger cars and light pickup trucks. The national car rental agencies don’t rent dump trucks, for example, and other types of commercial vehicles. Therefore, determining a reasonable daily rental rate for a vehicle used in the daily operation of a client’s business is essential in order to avoid underinsurance.

About 20 years ago, a client of mine rear-ended a truck owned by a glass company. The truck was pickup-sized and had been custom-fitted with racks on each side of the truck’s bed so the vehicle could transport large panes of glass. The glass company hadn’t purchased rental reimbursement coverage and my client’s PAP paid for the cost of a replacement rental vehicle under its property damage liability coverage … to the tune of $150 per day!

I’d like to take this opportunity to give you one really important piece of advice about offering and selling rental reimbursement coverage: Never do it based on the daily limit of coverage provided by the insurer!

Some insurers still offer a limit of $15 per day—which was the only limit available nearly 40 years ago when I first entered the insurance industry. Nowadays, that amount is less than half the average cost to rent an intermediate-sized car from any of the national rental car organizations. ($35 is the national average.) Clients with a limit of $15 per day on their policies usually wind up spending more for their rental cars than their insurers do, which makes for very unhappy clients and claims experiences.

You’re probably wondering how you can offer and sell coverage if you don’t talk about the daily limit of liability, right? Well, here’s the script I’ve been using for years:

Agent: So, Mr. Client, if you can’t drive your car after an accident and you have to rent a car, who do you want to pay for the rental car—your insurance company or you?

Client: [Laughs.] The insurance company, of course!

Agent: And what kind of car would you like to rent?

Client: [There’ll always be a wise guy who asks for a Ferrari and, when he does, tell him to get real. Then, he’ll say, just like most of your clients] One just like mine, a _________.

One national car rental company advertises their national average daily car rental fees as being:

- $25 to $30 per day for economy, compact, and intermediate-sized cars
- $30 to $45 per day for standard and full-sized cars
- $40 to $75 per day for premium and luxury-sized cars
- $40 to $50 per day for small or medium-sized SUVs, pickups, and minivans
- $70 to $100 per day for large SUVs and exotics

So, if Mr. Client owns a Ford Taurus, he needs a daily limit of $30 to $45 and you quote him the appropriate premium. If he doesn’t like the premium, ask him if he’d be willing to rent a Chevy Aveo or a Kia Rio to save some premium dollars. In most cases, a client will be willing to pay the premium to purchase coverage for a car comparable to his own. Using this approach, and showing the client precisely what his $32 premium...
will buy him (a Ford Taurus) instead of telling him the insurance company will pay $45 a day if he needs to rent a car, is a terrific way of proving the value of the coverage.

In closing, let me emphasize that we always need to keep in mind how important our clients are. We always need to set ourselves apart from our competition by showing our clients how important they are, how much we care about them, and just how far we’re willing to go to provide them with what they need.

According to the last several of J.D. Power and Associates’ annual Auto Claims Satisfaction Studies:

• Policyholders whose insurers paid for all the costs associated with the rental of a replacement vehicle after an auto insurance claim were significantly more satisfied with their insurers than policyholders who paid for any portion of the rental costs were—almost 10% higher.

• Policyholders over age 55 who have long-term relationships with their insurers, and who have purchased several policies from those insurers, are twice as likely to seek a new insurer/agent and switch insurer/agent if they don’t have their rental reimbursement costs paid by their insurer at the time of a claim.

• After auto insurance claims, when policyholders pay $200 or more out-of-pocket for rental expenses, they’re three times more likely to shop for a new insurer, and four times more likely to actually switch insurers, than policyholders who paid less than $200 out-of-pocket.

Understanding rental reimbursement coverage, and being able to explain it and show its value, may be the single factor that retains a client after a claim … or convinces that client to seek out a new relationship with your competition.

Linda Faulkner, CIC is a writer, speaker, and trainer with over 30 years experience in the insurance industry. During her career, she founded two insurance agencies and an insurance education organization; Linda currently works as a course developer and author of insurance CE and pre-licensing material on a freelance basis. In the past, Linda has served as a faculty member for the National Alliance for Insurance Education and Research, PIA West, Independent Insurance Agents of Montana, Association of Wyoming Insurance Agents, and Massachusetts Association of Insurance Agents. Linda is also the author of two books, numerous magazine articles, and a newspaper column. For more information about Linda, visit her website at http://lindafaulkner.com.

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RENTAL REIMBURSEMENT DRIVES SATISFACTION.
Are Your Policyholders Covered?

Rental Reimbursement Facts*

• There are more than 20 million car accidents each year in the United States.
• The average car is in the repair shop for nearly 2 weeks after an accident.
• On average, 1 year of rental reimbursement coverage costs less than a 1-day car rental.
• Research shows that rental reimbursement coverage drives both satisfaction and retention.
• 1 in every 9 drivers will be involved in an accident this year.

Contact us at RentalCE@erac.com for details about an IAIP Rental Reimbursement Continuing Education (CE) course in your area.


Photo credit: Kurhan/ Shutterstock.com
The term additional insured is one of the most loosely used terms in the insurance industry with the greatest implications. Most in the agent/brokerage side of the industry associate additional insureds with certificates of insurance, however this mindset is what leads to misunderstandings and errors & omissions claims.

An additional insured is an endorsement to an insurance policy that adds coverage in the same manor that an exclusion removes coverage. Between ISO forms and insurance company specific forms there are over 500 different types.

By: Travis Pearson
of additional insured endorsements that all provide a different type of coverage. A certificate of insurance that states the “certificate holder is included as an additional insured” is meaningless and will lead to nothing but problems. This would be similar to advising an insured that their policy contains an exclusion without disclosing the exclusion. Whenever discussing additional insureds try to use the full term “additional insured endorsement”, this will help keep you in the mindset that you are endorsing the insurance policy and adding coverage.

This mindset of needing an “additional insured” often originates from the requester. The need for an additional insured endorsement is normally generated when one party is performing work for another or is using another’s property and either informally requests or spells out in a contract or agreement certain insurance requirements along with requesting to be added as an additional insured. Often the requester is not being specific in exactly how they want to be added as an additional insured and as noted earlier there are hundreds of options. Also note the key word of “added” and the only way to add any coverage is via an endorsement.

It is often left up to the insurance agent or broker to determine how to add the requester as an additional insured based on the relationship of the parties involved. It is extremely important to always fully disclose how the requester is being endorsed to the policy as an additional insured. A complete copy of the additional insured endorsement should be attached to the certificate of insurance for the requester to review. Issuing a certificate of insurance that merely states that “the certificate holder is included as an additional insured” will lead the requester to believe there is greater coverage being afforded than what actually exists.

The majority of insurance companies have turned to “blanket” additional insured endorsements to eliminate the expense of issuing separate endorsements for each additional insured. While this may have cut down on operational expenses for the insurance company it creates a liability for insurance agents and brokers.

Most blanket additional insured endorsements require a written contract that requires the additional insured status in order for the additional coverage to apply, however these endorsements often contain language that the contract must be executed before any injury or damage occurs or before work begins. Therefore if an insurance agent or broker is issuing a certificate of
insurance stating “the certificate holder is included as an additional insured per form CG Blanket AI attached” and attaching a complete copy of the blanket additional insured endorsement, they are potentially misleading the certificate holder to believe they have additional insured coverage. How many agents and brokers are making sure that a written contract exists, analyzing the wording of the additional insured requirements, and making sure the agreement was executed before work began for every certificate of insurance issued naming a certificate holder as an additional insured? The answer is none!

We recommend whenever issuing certificates of insurance naming any party as an additional insured to always include a complete copy of the additional insured endorsement and use non-committal language such as “certificate holder additional insured status subject to the terms and conditions of form CG Blanket AI attached”. This language should reduce the liability for insurance agents and brokers versus stating that a certificate holder is an additional insured when it is unknown if the conditions to obtain additional insured status in the blanket form have been met.

Another topic to address with additional insured endorsements is what type of coverage do these really provide? Some believe an additional insured endorsement is akin to providing such additional insured its own policy while others believe the endorsement only provides coverage for the additional insureds vicarious liability arising out of the operations of the policy named insured, but not for the additional insureds own negligence.

Hopefully from the lead in of this article you will have an idea of the answer to the question what coverage does an additional insured endorsement provide? The answer is it depends on the language of the endorsement! Again, there are hundreds of endorsements all with different language.

There is an entire class of additional insured endorsements intended to extend liability for injury or damage caused by the actions of the additional insured, however this coverage is really only intended to extended coverage while the additional insured is acting on behalf of the named insured. These types of endorsements are made necessary due to the relationship between the parties. A couple examples of these ISO additional insured endorsements include:

CG 20 15 07 04 Additional Insured – Vendors = “…but only with respect to “bodily injury” or “property damage” arising out of “your products” shown in the Schedule which are distributed or sold in the regular course of the vendor’s business,”

CG 20 23 10 93 Additional Insured – Executors, Administrators, Trustees Or Beneficiaries = “…any executor, administrator, trustee or beneficiary of your estate or living trust while acting within the scope of their duties as such”

Other additional insured endorsements are intended to extend only vicarious liability protection to the additional insured resulting from the operations of the named insured and not for any liability due to the actions of the additional insured. A couple examples of these ISO additional insured endorsements include:

CG 20 18 11 85 Additional Insured – Mortgagee, Assignee, Or Receiver = “…but only with respect to liability as mortgagee, assignee, or receiver and arising out of the ownership, maintenance, or use of the premises by you and shown in the Schedule.”

CG 20 28 07 04 Additional Insured – Lessor Of Leased Equipment = “…but only with respect to liability for “bodily injury”, “property damage” or “personal and advertising injury” caused, in whole or in part, by your maintenance, operation or use of equipment leased to you by
such person(s) or organization(s).”

The importance of actually reading the additional insured endorsement is best illustrated by one of the most reviewed and contested additional insured forms, the ISO additional insured endorsement CG 20 10.

The November 1985 (11/85) edition of this form reads: “Who is an Insured (Section II) is amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of “your work” for that insured by or for you.”

While the March 1997 (3/97) edition of this form reads: “Who is an Insured (Section II) is amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of your ongoing operations performed for that insured.”

As you can see there is only a slight wording change, however these forms have been interpreted to provide vastly different coverage. Courts have upheld the additional insured is afforded coverage under the products and completed operations section of a General Liability policy for the 11/85 version but not under the 3/97 version. So here we have the same titled additional insured endorsements providing vastly different coverage to the additional insured based on the edition date of the form!

Hopefully this article has demonstrated the term “additional insured” provides as much meaning as the term “exclusion” and will keep you in the mindset that an additional insured is an endorsement which expands coverage. Additional Insured is merely meant to point you to the correct set of policy endorsements, but like all other coverage endorsements and policy forms the devil is in the details, which must be closely examined.
ever hear the old saying “When it rains, it pours?” Basically, this expression means that when it does rain, it is usually a big storm. In recent years, this has been the case with liability claims. Huge-dollar claims have become the norm. To protect against these large losses, many businesses purchase Commercial Umbrella or Excess...
Liability coverage. After all, a business should not be caught “out in the rain” without good coverage. And the umbrella of protection from that pouring rain of liability claims has many forms (literally), and many price points.

The question becomes, do low or flat policy premiums we sometimes encounter reflect the soft market, or are they due to other reasons, such as a lack of coverage? Many clients expect their agents to shop around for the best quote, but the lowest quote may not provide the coverage the insured expects and needs. This article focuses on the Commercial Umbrella and Excess Liability contracts and a few areas where lack of coverage could be the reason for low premiums. For purposes of this article, I will use the term “excess policy” when referring to both types of policies. The agent must review several areas to make sure that low or flat premium is truly a good deal.

Not All Excess Policies Are Created Equal

Caution should be taken with the use of the term “Umbrella Policy” as it can lead to an expectation of coverage that may not exist. Some clients incorrectly assume that their “Umbrella Policies” are Commercial Umbrella Policies and would be as broad as or broader than their underlying policies, when, in fact, some policies are Excess Liability Policies. Thus the question becomes, is the excess policy a Commercial Umbrella or is it an Excess Liability Policy?

A Commercial Umbrella provides excess limits over the underlying policy when a claim amount is larger than the limit on the underlying policy. It usually provides “drop down” coverage when the underlying limits have been exhausted by prior claims. Lastly, it is usually broader than the underlying coverage and provides coverage where the underlying policies provide no coverage, subject to a self-insured retention (SIR).

Excess Liability Policies can be written many ways. Some Excess Liability Policies are “stand alone” and have their own terms and conditions. These stand alone policies may have broader coverage than is found in the underlying policy(ies), or they may be more restrictive.

Excess Liability Policies can also be written on a “following form” basis, which means that the Excess Liability Policy follows the same terms as the underlying policy(ies). Following form policies are typically inexpensive when
compared to stand alone policies with broader coverage. However, sometimes a premium is even lower because the following form policy contains exceptions that may further limit or exclude coverage. As coverage does not follow the underlying policies, these are not true following form policies. If the wording is broader, great, but if not, the agent should be aware of any shortcomings and advise the client accordingly.

How High Is the SIR?
Self-insured retention is the amount the insured must pay when a claim is not covered by an underlying policy, but is covered under a broader excess policy. Agents should be reviewing SIR amounts to make sure that a high SIR amount is not the trade-off for a low premium. Some SIR amounts are negotiable, depending on the amount the insured is willing to assume in a loss and the amount the underwriter is willing to accept on a particular type of risk.

Is It Pay on Behalf or Indemnify?
The insuring agreement of the Excess Liability or Umbrella Policy may promise to “pay on behalf” of the insured. This means that the insurer will pay on behalf of the insured any covered losses as defined by the policy.

However, an excess policy where the insurer agrees to “indemnify” or pay back the insured literally means that the insured must first make payment(s) related to a covered claim, and then ask the insurer for reimbursement. These payments may include investigation and defense costs, as well as the settlement amount. Any policy that includes this insuring agreement verbiage should also include a provision that indicates when the insured is to be reimbursed (e.g., within 60 days).

Premiums on policies that indemnify the insured are typically lower than pay on behalf policies. However, making these upfront loss settlement payments not only can cause inconvenience to the insured, but also financial distress if the claim is large. Therefore, the agent should look for indemnification wording that is softened to mean that the insured must be legally obligated to pay before the company steps in and makes the payment. Probably the only advantage of an indemnity agreement is that the insured may have more control over the defense and settlement. Some larger accounts actually prefer it.

Defense and Supplementary Payments
Agents should take a close look at the policy to determine whether it provides defense coverage. The Supplementary Payments section of the conditions will usually indicate whether defense is provided and if it is in addition to the policy limits, as is true in most CGL Policies, or if it is included within the limits. It is also important to determine whether the SIR applies to defense, or if the insurer would pay “first dollar” for defense on those areas where the excess policy is broader than the underlying.

Premiums on policies with defense within the limits are typically lower than when defense coverage is provided in addition to the limits. An insured choosing the lower premium for this reason should be made aware that the payment for defense on a loss can easily reduce or exhaust the policy limits, with little or no limits left to pay a judgment.

The excess policy should include a duty to defend by the insurer in at least two instances:

1. If the claim is covered by the excess policy, but not by the underlying policy;
2. If the excess policy drops down and acts as primary coverage when the underlying aggregates are exhausted.

Pre-judgment and Post-Judgment Interest
How does the policy handle pre-judgment or post-judgment interest? It is not unheard of for several years to pass before a final judgment is reached. Pre-judgment interest is imposed from the time of the occurrence to the time the judgment is entered. Post-judgment interest, on the other hand, is interest that starts accruing after a judgment is entered and ends when the judgment is paid. The amounts can be substantial.

It is important to know whether the policy covers pre-judgment interest in addition to or within the limits. What if the company wants to settle instead of having the case go to trial, and the insured wants a trial? Is the company obligated to pay pre-judgment interest if the judgment goes against the insured? Is the company only going to pay the amount of the original settlement offer, leaving the insured to pay the pre-judgment interest?

Broader Coverage? Maybe, Maybe Not
In the competitive marketplace, many insurance companies advertise one or two items that broaden coverage, like worldwide coverage territory or expanded wording on “Who Is An Insured.” Those are great features to have on an excess policy. How- ever, these features and promises of low premiums should not distract the agent from reviewing the exclusions and other sections of the policy that may limit coverage or prevent coverage from applying.

Punitive vs. Compensatory Damages
An insured could be under the mistaken belief that their policy provides coverage for all damages awarded and be totally unaware that many excess policies include only compensatory damages and exclude punitive damages. Courts award Compensatory Damages to make the claimant whole for bodily injuries and property damage sustained. On the other hand, punitive damages, also known as exemplary damages, are imposed by the courts with the intent of punishing the defendant for malicious or
reckless acts and are used as a deterrent to prevent the insured and others from committing any similar acts in the future. In those jurisdictions that permit the insurability of punitive damages, it is important for the insured to be made aware of any punitive damage exclusions on the excess policy.

**Do the Excess Exclusions Follow the Underlying Exclusions?**

As mentioned, some insureds think an excess policy is a Commercial Umbrella Policy, designed to provide broader coverage and to close the gaps in their underlying insurance program, as well as providing additional limits. They may not realize that the excess policy can incorporate exclusions not found in the underlying policies.

The person reviewing the policies should compare the exclusions found in the excess policy with the exclusions found in the underlying policies. Does the wording found in the exclusions contain the same exceptions as found in the underlying policies, or does the wording differ? If the wording differs, this creates a potential gap in coverage. For example, some excess policies contain total or absolute exclusions and do not provide exceptions to the exclusion as provided in an underlying policy. Example: A liquor liability exclusion on the excess policy may not provide an exception for host liquor liability. An absolute pollution exclusion on an excess policy may not provide the limited pollution coverages available under unendorsed CGL Policies and Business Auto Policies. Does the excess policy contain more stated exclusions? If yes, why? And what are they? Can excluded coverages be added back by endorsement?

**What about Exclusionary Language or Limitation Endorsements?**

Some policy or endorsement wording may limit coverage (e.g., “insured contracts” may not include a contract or agreement where the insured assumes the tort liability of another party; or only incidental contracts, as defined, are covered). These types of definitions could create gaps in coverage for many insureds who enter into hold harmless agreements involving equipment rental, and many other types of contractual agreements.

Another example is a “cross suits” exclusion endorsement or wording. The intention is to exclude coverage when one insured files a claim against another insured on the same policy. This type of suit is covered by both the unendorsed CGL Policy as well as the Business Auto Policy, but some excess policies exclude such coverage.

Even when the name of the policy section or endorsement does not include the word “exclusion,” the intent can be to exclude or limit coverage. For instance, the wording of definitions may limit or exclude coverage. An example is the definition of “personal and advertising injury.” Does the excess carrier provide the same or broader coverage for injury arising out of the same offenses as found in the Commercial General Liability Policy? Does it include consequential bodily injury from these offenses? Again, if the verbiage differs, this creates a potential gap in coverage.

**Does the Excess Policy Cover E&O and Professional Liability Exposures?**

Many excess policies exclude coverage for professional liability exposures. The problem arises when an insured has some coverage for professional liability exposures on an underlying policy, but the excess policy either excludes or limits the coverage. If the premium is less for this reason, make sure the insured doesn’t have any exposures.

**Are There Any Gaps between Excess Policies and Underlying Limits?**

These days it is common for insurers to require higher underlying limits in return for charging lower premiums on the excess policy. This can result in savings for some clients. However, to avoid gaps in coverage, agents should be diligent in reviewing the underlying policies to make sure the policies were issued with the required underlying limits. Also, don’t assume that there are no gaps just because the underlying and excess policies are written with the same carrier.

**Are the Overall Limits Adequate?**

Even though the focus of this article is to point out certain coverage areas for examination, it is equally important to review the total limits purchased. An insured should have adequate limits to provide protection against large claims, especially in these litigious times. Sometimes the rationale may be that only businesses with numerous exposures and large revenues need high limits and that smaller companies need only purchase one or two million in limits. However, any business, no matter how small, can be a target for plaintiffs seeking large amounts for injuries.

**Conclusion**

One of several coverage checklists available in the marketplace can be used as a handy tool to consistently look for common gaps in coverage between underlying and excess policies. Optimally, the excess policy should be the same or broader than the underlying policies in all of these areas.

In the scramble to get or retain clients, don’t sacrifice coverage in return for a lower premium without advising the insured, who will not be happy to be caught out in the rain, taking a soaking they did not bargain for.

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**Elsa Sanchez has over 30 years experience in the insurance and risk management industry and is an academic director with The National Alliance. She is heavily involved in the development of commercial casualty curriculum, including online courses. Her prior experience includes serving as vice president of marketing at an insurance agency and as a risk and insurance analyst at the University of Texas System.**

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Whether a property is located at the bottom of a valley, in a beach community or on top of a mountain, flood insurance is available and necessary. And thanks to the five-year reauthorization recently passed by Congress and signed into law by President Obama, agents can spend more time selling policies than worrying about short-term extensions and program expiration dates.

Unfortunately, there are many misconceptions among residents and agents about what flood insurance really is and what it is not. Explaining flood risks to
Selling Flood Insurance: Overcoming the Misconceptions

By: Floodsmart

FloodSmart has tools to aid those tough conversations. The Cost of Flooding tool helps illustrate the damage caused by just a few inches of water. And the Flood Risk Scenario tool simulates the many causes of flooding to help your customers realize they are, in fact, susceptible to flooding.

Most agents have heard a thousand reasons why someone does not want flood insurance. And sometimes it can be tiring and frustrating to overcome those hurdles. Here are some common (mis) statements from reluctant customers and counterpoints to help them understand the truth about flood insurance.

Point: “Disaster assistance will cover a flood.”
Counterpoint: Disaster assistance is available only when the president declares a disaster. Even then, it usually comes as a loan that must be repaid with interest. A $50,000 loan at 4 percent interest for 30 years would cost $2,880 per year. The average flood policy in a low- to moderate-risk area is only $600 per year. A Preferred Risk Policy starts at $129 per year.

Point: “I do not live in a flood zone.”
Counterpoint: If it can rain, it can flood. Everyone lives in a flood zone; some are just at higher risk than others. Residents outside high-risk areas file more than 20 percent of all National Flood Insurance Program claims and receive one-third of all disaster assistance for flooding.

Point: “I cannot purchase flood insurance because I live in a floodplain.”
Counterpoint: Flood insurance is available in floodplains. Except in specific cases, you are eligible to purchase flood insurance as long as your community participates in the NFIP.

Point: “Flood insurance does not cover contents in my basement.”
Counterpoint: It does cover traditional basement items. Structure-only coverage includes furnaces, water heaters, air conditioners, heat pumps, sump pumps, stairways, unpainted drywalls and other similar items. Contents coverage includes items such as washers, dryers, freezers and the food in a freezer.

all customers and arming them with the right information to make a good decision is the best way to ensure that your customers are fully covered. And it’s the best way to make sure neither you nor your agency is on the hook should one of your customers who waived flood insurance experience a flood.

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Point: “I already have homeowners insurance.”
Counterpoint: Most homeowners insurance does not cover floods. It does, however, cover fires. In a high-risk area, your home is more than twice as likely to be damaged by a flood than by a fire.

Point: “I will wait until a storm heads my way.”
Counterpoint: You can wait, but you won’t be covered. In most cases, there is a 30-day waiting period before the policy becomes effective. You will be financially responsible for flood damage that occurs during the waiting period.

Point: “I have already experienced a flood, so it will not happen again in my lifetime.”
Counterpoint: A “100-year flood” can happen more than once every 100 years. The term actually refers to a flood that has a 1 percent chance of occurring in any given year.

Visit FloodSmart’s Tips for Talking to Prospects page for more barrier busters, talking points, frequently asked questions and other resources to help you communicate with customers. For more information about flood insurance and the National Flood Insurance Program, visit www.Agents.FloodSmart.gov.

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- Register for the Agent Referral Program to connect with qualified leads. Through FloodSmart.gov, the NFIP Call Center and our Direct Mail Program, people in your area who are looking for an agent will be connected with you. Last year, we provided agent listings to more than 3 million consumers.

- Drum up new business with our marketing plan. Effective marketing planning is at the heart of a company’s revenue-generating activities. From conducting a market overview to analyzing your audience; scoping out your campaign and building a budget, you’ll find a complete guide to marketing.

- Review the Flood Insurance Manual. This comprehensive reference, training and rating guide contains everything you need to know about selling flood insurance.

- Sign up for training. Training is an absolute necessity when it comes to selling flood insurance. It allows you to maintain your knowledge of the product, enhance your FloodSmart expertise, and stay on top of industry trends.

Visit Agents.FloodSmart.gov for these and other resources to help you sell flood insurance.
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People who invest their money wisely spend more time focusing on the investments with the greatest chance of turning out to be winners. Do you do the same when managing the performance of your employees? If you are like most managers, sadly the answer is that you get caught up spending too much time with low performers who have a fair chance of being acceptable, but not stars. What would happen if you dedicated more time to your employees who are acceptable performers yet exhibit clear signs of being high performers? The answer is that many of these acceptable performers will move into the ranks of high performers.

So, as a manager, CEO or business owner, how do you identify the employees you should focus on, and how can you make the most of your lower
performers?

Be Selective About Who to Focus Upon

The first lesson is to carefully select who will be important for you to invest time, energy, and other resources in to developing their performance. This decision is incredibly important; if you choose a low performer, then your likely payoff will not be as great as if you had selected a high performer. This may seem at odds with what you have learned in the past, or it may even seem to go against the grain of democracy or fighting for the underdogs. But, if your goal is to maximize performance, then this approach is more likely to yield greater results quickly.

As humans, we can only really improve 2-3 things at a single time, no matter what multi-taskers tell you. Deliberate practice on 2-3 things is what drives high impact gains in performance and productivity. Deliberate practice can be enhanced with explicit, targeted feedback from managers. It is far easier, more rewarding, and more effective to leverage strengths, rather than solely focusing upon weaknesses. The key is to find strength in one area and get the performer to use that strength in an area that requires improvement. Real, sustained improvement takes time. This requires patience on your part as a manager focusing upon the long term and not just the quick fix. The quicker the fix, the less sustainable the result.

Keep Hope Alive for All Performers

The second lesson is keep hope alive for all performers, even those who are chronically low. What does this mean? As a manager or CEO, you want to make investments, though not equal investments, in all performers. But, do not potentially waste too much time, energy and other resources in your employees who, at their very best, will only be an average or acceptable performer. This does not mean that they are not a good person, that they are not worthy of their salary or that they are a slacker. It may simply mean that they are comfortable in their current position and have no desire to become the company superstar, or that they are a bad fit for your organization. A manager that wants to improve performance should demonstrate what psychologists call “Unconditional Positive Regard.” This means that you accept where your staff begins their performance improvement journey. For some, they may begin behind, for others at the right place, and some are even ahead. Assess the starting place but do not judge. Then, you can identify the signature strengths of all of your staff, even chronic low performers; it is unlikely that they are not doing well in all aspects of their job.

Watch out for the “Pygmalion Effect.” This means that your staff rises or falls to your expectations. In other words, if you have low expectations, then they will move to meet your low expectations. The opposite is also true; if you have high expectations, then your employees will move to meet your high expectations.

Focus on making progress toward a longer term goal, and reward that progress, even if it is only one baby step after another. By rewarding small steps to the larger performance goal, you will also feel less...
Management Perspective

frustration because you know your efforts with the low performers are paying off.

Reassign or Fire Chronic Low Performers

The third lesson is to cut your losses relatively early. Our country’s goal is to increase employment, but as a manager or CEO you also have a responsibility to your boss or stockholders, to your company, and your customers.

There are two ways to address chronic low performers. First, if after setting clear expectations, monitoring their performance, giving feedback about their performance, coaching them, and then letting them know about the consequences of underperforming, you see no improvement, you should let them go.

Second, if your company cannot afford to let any employees go in order to keep the operation running, you should reassign the chronic low performers. When you reassign an employee, you protect the majority of those that are performing well from a smaller group that could persuade them to lower performance across the board or distract the higher performers.

Picture yourself three to six months from now after experimenting with these three recommendations. Not only will you have a plan for all performers but you will have dedicated more time, energy and resources to those performers with the greatest payoff. Your time is precious; you can only focus on so much. You have to be selective about what you focus upon. You have to prioritize. Be sure to do this when you are managing performance in your company and feel confident that your investment will pay off for you, your company and your customers.

Dr. Marty Martin, known for his state-of-the-art content presented in an engaging, dynamic fashion, has been speaking and training nationally and internationally for more than 30 years. Currently, he is working on Taming Disruptive Behavior which will be published by The American College of Physician Executives (ACPE) in late 2012. Dr. Martin is the Director of the Health Sector Management MBA Concentration and Associate Professor in the College of Commerce at DePaul University in

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Any sale—from the smallest consumer item to the largest enterprise-wide solution imaginable—is about much more than simply providing a product or service. A sale is really about delivering a promise to the customer. Unfortunately, many companies have no idea what their sales promise is. Sure, they may have a company vision or a mission statement, but those things usually don’t address the specific processes the company uses to deliver value to its customers.

A true sales promise goes way beyond a tangible deliverable. It’s about the customer’s interaction with your company throughout the sales cycle. It’s a sense that everyone from every department is aligned on customer satisfaction. It’s about the service and interaction with the company after the sale. It’s about making customers feel confident that your company as a whole—not just a single product, service, or salesperson—can deliver the results the customer wants…and exceed expectations.

In essence, it takes every single department to fulfill your company’s sales promise. When you actively define the promise you want to make to your customers, and then make sure everyone in the company knows what that promise is, you can deliver on your promise and exponentially grow your sales.

So, what’s your company’s sales promise? Following are some suggestions for making sure your sales promise is crystal clear.
Define your promise to your customers

In order to deliver on a promise, you first have to know what the promise is. Get the various departments together and ask them, “What do we want our customers to experience as a result of working with us? What do we want our promise to be?” Then listen to the issues or expectations each department brings up.

Having this conversation in a group format with the various departments represented is crucial, because people need to see how the different departments work together to deliver on the promise. Of course the billing department wants to send out accurate invoices and reminders, the engineering department wants to create workable solutions, and the shipping department wants things shipped on time. But if no one sees how their process impacts another department’s process, then the process as a whole will break down…along with the sales promise.

Therefore, after you define the promise in general terms, pay attention to the small details of the promise. Look at everything, including customer callback times, product turnaround times, billing cycles, shipping times, customer service follow-up, etc. Be specific. Simply saying, “We promise to call customers back quickly” is not specific. What is quickly? One hour? Four hours? Two days? Without the details defined, it’s easy to break the sales promise.

Promote the sales promise to customers in a broad and global way

With all the details worked out and everyone in alignment with the company’s sales promise, it’s time to communicate that promise to customers. But customers don’t need or want to know all the detail work you’ve just done. They simply want all those details to flow smoothly as they interact with you.

A good sales promise from a customer’s perspective is something broad and global—something that resonates with people. Perhaps all the detail work you’ve just created gives customers “the easiest shopping experience ever” or “the best casual dining atmosphere” or “the latest technology innovations simplified.” Whatever your promise is, promote it in a way that speaks to what the customer truly wants. With that broad and global sales promise being promoted, employees will then be empowered to use the newly-created processes to go above and beyond to exceed the customers’ expectations.

For example, Southwest Airlines has a sales promise to get you where you need to go on time. To fulfill that promise, they have many internal processes created. Additionally, everyone in the organization knows the promise and their role in fulfilling it. When a plane is at risk of being late, you’ll see everyone—even pilots—pitching in, loading baggage, and doing what they can to get the plane out on time. That’s the power of a unified sales promise.

A Promise for a Profitable Future

When the people within your company focus on the fact that everyone in every department is involved in the sales process, creating and living by a sales promise is much easier. So if you want to grow sales and create a following of raving fans who are eager to do business with you, get started on your sales promise today. Remember, the sale is just the start; the promise is ongoing.

Victor Arocho is an executive coach, speaker and managing partner with Potential Sales & Consulting group. He specializes in exponentially growing sales by bringing accountability to the sales process and crafting a sales culture of success. His numerous career highlights include tripling a publicly traded organization’s profits within 24 months. With his passionate and strategic style of sales, Victor has assisted others in growing their business and achieving their revenue potential. To learn more about Victor, please visit www.victorarocho.com.

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A shift in value creation from production processes to creativity and relationships, along with an aging workforce and zero population growth in the younger generation are bringing fundamental changes to the insurance industry workforce. Insurance firms and insurance workers need to learn about and adapt in order to succeed in this new environment.

How to Prepare for the New Workforce

Insurance firms, led by their hiring man-
managers and supervisors, need to consider doing different things in the areas of staffing and sourcing work. First and foremost, it’s vital to create job descriptions based on whether the work is high-value (revolving around customer contact) or is lower-value production work (based on processes). That is a fundamental change: no longer defining a job based on an historical position.

Related to job description changes, insurance firms need to rename work positions to reflect this new approach. For example, the historical term “producers” might not be of interest to a younger professional, who might prefer to be called “connector” or “social networker.” It also means managers might need to re-align existing staff, including reassessing current workers and aligning them with the appropriate type and level of work.

To power and enable the work, insurance firms also need to effectively use technology by matching it up with the human capital that is doing the work. As a potential element of the new workforce, insurance firms need to be open to flexible arrangements (such as job-sharing and telecommuting) to expand the pool of candidates to do the work and to enhance the quality and quantity of the work. Additionally, insurance firms need to consider work arrangements such as domestic outsourcing, which offers knowledge workers on a lower-cost, onshore, contract basis. Likewise, it’s vital to consider offshoring the lower-value process work.

What’s Available to Make This Model Work?

- Human capital management technology, which aligns people and strategy.
- Cost-effective and sophisticated remote/outsourced talent domestically and globally.
- Productivity tracking software.
- Virtual training tools.
- Virtual meeting tools.
- VoIP / Internet phones.
- Video conferencing technology.
- Exchange technology that simplifies client acquisition and retention.
- Social networks/avatars.
- Smart phones, tablets and mobile applications.
Guest Column

Overcoming the Fear of Outsourcing and Remote Workers

Underlying the entire discussion about the workforce revolution is the realization that the value of any firm is in the customer. So for the future an insurance firm’s resources should be set on core competencies where they can provide unique value for customers. Work that is not critical to relationship building but that is process work can be strategically outsourced. Hiring managers need to create jobs and titles that match the generational and ethnic differences within the firm and with the customer.

To meet staffing and work needs, insurance firms need to access talent and offer that talent the ability to work remotely. For
existing workers and work, insurance firms need to see where they have misemployed or mis-deployed talent, and realign based on the “right combination” formula: Making sure each worker has the right job with the right skills with the right resources at the right moment in the right quantity with the right people at the right price, anywhere. To make it all work, it’s essential to use technology to deploy the strategy.

Organizations that do not adopt an iterative strategic workforce plan based on an open, collaborative environment supported by technology and social networks will languish in fear in a world where change happens fast. The challenge for the insurance industry is no less a challenge than posed by Steve Jobs as he was developing his groundbreaking technology tools with Apple: Think different! Imagine!

For our part, WAHVE sees great opportunity for insurance firms, hiring managers and supervisors, and aging workers in all these changes. Our role as a new company is to help workers reinvent retirement helping people stay productive longer in a more balanced and rewarding way. By doing so, we’ll provide businesses with continued access to experienced workers’ talent in innovative ways.

Sharon Emek, Ph.D. (Sharon.Emek@WAHVE.com) is founder and CEO of Work At Home Vintage Employees (www.WAHVE.com), which provides remote outsourced workers to independent agencies and other insurance firms. WAHVE was named winner of the “Insurance Entrepreneurial Award” by the Insurance Innovation Alliance for its service providing insurance agencies, wholesale brokers, and carriers with skilled insurance retirees who work from home. Emek also is a partner at CBS Coverage Group, Inc., an insurance agency in the New York metropolitan area.

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Most organizations know that in order to grow and be an industry leader, they have to continually innovate and undertake key projects that lead to growth. Unfortunately, many companies do so in a haphazard or non-strategic way.

Here’s what typically happens: Leaders keep saying yes as various projects and ideas are presented to them for investment. They say yes until they run out of resources. The projects and ideas first on the list get funded in contrast to the best of all ideas across the organization. The sad truth is the early bird does get the worm. As a result, they waste money and resources, lose momentum, and then wonder why they never achieve their strategic goals.

But it doesn’t have to be that way. There’s a proven approach that enables leaders and decision makers to make a greater contribution to the business, activate the strategic plan, achieve the desired balance, and optimize allocation of limited resources. Here are the four things you need to get right in order to make better decisions so you can maximize your company’s Capital Efficient Profitable Growth (CEPG).

Define your strategy

Before your company can undertake any new initiative, you first have to identify your strategy. In other words, who are you and what do you want to do? Unless you know this information, it’s difficult if not impossible to move...
forward in a productive way.

While most companies have a general idea of their strategy based on their vision or mission statement, often it’s not focused enough to translate into specific strategic goals. For example, suppose you’re a beverage company who offers a variety of soft drinks. How do you grow? You could introduce one new beverage after another and expand into new markets at random, but that will quickly drain your resources. A better approach is to define a specific strategy for growth. For instance, you may decide that you want to be the North American leader in bottled water. Now you have a focused strategy to guide your efforts.

Generate ideas

Armed with your strategy, you can now generate ideas that support the strategy. Some people call this step innovation or creative brainstorming. Whatever you call it, the goal is to come up with possible options for advancing the strategy.

Going back to our beverage company example, if the strategy is to be the North American leader in bottled water, your team needs to generate ideas that fit the strategy. Some ideas could include adding nutrients to the water, adding protein to the water, adding exotic flavors to the water, offering different bottle shapes or sizes, etc.

Prioritize and select the best ideas

Next is to select the portfolio of ideas that are the best for the company to pursue and that will advance the strategy. As you do the prioritization and portfolio selection process, you need to ask two key questions. The first is, “Will this portfolio of ideas and projects deliver our strategic goal?” If the answer is no, then you have to do something different. Either you alter your strategic expectation or you increase the number of ideas. Keep going through these iterations until you can say, “Yes, our portfolio has the potential to deliver our strategy.” And remember, at this point you’re simply assessing whether the portfolio will meet your strategic goals. You’re not assessing whether it’s something you actually could do.

Once you agree that the portfolio of ideas and projects will help you meet your strategic goals, the second question to ask is, “Do we have the resources (time, money, people, equipment, etc.) to fund the portfolio?” If the answer is yes, then celebrate and move on to step four. But if the answer is no, then you need to circle back and solve the equation. Can you lower your strategic goals? Can you generate bigger, better ideas? Can you add resources? Change the timing? Scale back the idea? Once you have a portfolio that allows you to say yes to both questions, you’ve completed the prioritization and selection process.

Execute on the ideas

Finally, it’s time to take action and actually execute the portfolio of ideas. This is where project management comes into play. As you execute each step to support the strategy, outline the detailed activities needed to complete the project on time and on budget. Assign key people to be responsible for each role, and establish checkpoints so you know if the project goes off track. The more thoroughly you manage the execution of the portfolio, the more success you’ll have.

Get it Right…Now!

No matter what industry you’re in, long-term business growth depends on these four things: Strategy, Idea Generation, Project Selection, and Execution. When you take the time to implement this process in your company, not only will you make better strategy decisions, but you’ll also achieve the breakthrough results that achieve the ultimate goal: Increased CEPG.

Michael Menard is the author of “A Fish in Your Ear: The New Discipline of Project Portfolio Management,” and cofounder and president of The GenSight Group, which provides enterprise portfolio management solutions for strategic planning, project portfolio management and business performance optimization. A holder of 14 US patents, Menard has utilized his expertise to advise senior executives at organizations such as Coca-Cola, Cisco and the US Department of Energy. To learn more about Mike Menard please visit www.afishinyourear.com.

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You hear it everywhere you go: “Sales are down because of the economy. My customers simply aren’t buying as much.” There are some people out there saying the economy doesn’t matter, it’s what’s going on in your own head that matters. While it’s true that what goes on in your brain is always more important than outside circumstances, the economy is still what’s affecting many businesses. If yours is one of them, put the following seven ideas into practice and you’ll find that the affect on you will be minimal, and in fact, you may notice no change or even a positive one.
7 Tips for Selling More in a Tough Economy

By: John Chapin

1. Don’t let the economy be your excuse.

After a tough day or some difficult sales calls, it’s easy to use the economy as an excuse. If you do, people will hear it in your voice and you’ll sell less. This attitude also leads to working less. In a down economy, when salespeople should be increasing their calls and activity level, the average salesperson cuts calls by 37%. The answer? Use the down economy as a warning and motivation to work harder and smarter, not as an excuse to back off. If you back off, business will go down, if you work harder and smarter, business will improve. As the saying goes “When the going gets tough, the tough get going.”

2. Get better at selling.

When there are fewer sales opportunities and prospects, you must do better with the ones you have. The way to do this is to get better at selling. Read books, listen to tapes and CDs, watch DVDs, become a sponge and absorb everything you can get your hands on. Using this strategy has helped many salespeople improve to the point where they actually sold more in a so-called down economy than they sold when times were good. Now is the time to improve your skills; constant and consistent learning is the best way to grow your sales.

3. Keep a good attitude.

Your attitude is your most important sales tool in your arsenal; you have to keep it sharp. Now is not time to read the front page of every newspaper and watch every newscast. Our brains are like computers “Garbage in, garbage out.” What you should be doing is putting as many good ideas as possible into your brain. Pick up anything that is inspirational, motivational, positive, and upbeat and use it to keep a good attitude and stay focused. Be positive and persistent. In addition to putting good ideas into your brain, surround yourself with positive people and stay away from negative people.

4. Prepare for the price objection and build value.

People are focused on price more than ever these days. Prospects and customers will do everything they can to commoditize vendors and simply go with the
lowest price. Thus it is very important that you build value. What are your primary benefits? How are you, your company, and your product better than the competition? Are you local; is your long-term cost less, can you respond to service calls faster? You need to accentuate your primary benefits, make them as powerful as possible, and provide proof in ROI Models, testimonials, and the like. Finally, come up with some solid responses to the price objection.

5. Build relationships.

The relationship with the salesperson is the number one reason people give for doing business with a particular company. We’ve all seen it happen, you make an overwhelming case for your product versus the competition and yet, the prospect still buys from your competitor because they’re golf buddies. Relationships are extremely important, in most cases more than anything else, so you need to focus on not only staying in touch with and keeping your name in front of customers and prospects, but also on taking that next step and building solid relationships.

6. Go back to the basics.

Now is the time to increase the personal touch. Make more face-to-face visits to customers, send handwritten notes, stop by occasionally simply to say “hello”, and drop off the proposal in person instead of mailing or e-mailing it. Your objective is to touch the customer more often on a more personal level at a time when your competitors are calling less and being less personal.

7. You are completely responsible for your success.

Five years from now you and your career will arrive somewhere, the question is: Where? If you decide that something outside of you, such as the economy, is responsible for your success or failure, you give away control of your destiny and your ultimate success. The way to change that is to remember that your success is up to you, you own it, and you control it. Provided you have solid goals and strong enough reasons why you need to get there, you will arrive where you decide to arrive, regardless of the economy, or anything else for that matter. Reminding yourself that you are 100% responsible for your success keeps your success under your control and within reach.

If you put the above tips to work, you will see an improvement in business, perhaps a significant one. Many people have found that as a result of the above tips they are doing more business now than they were when the economy was good. What are you capable of if you really set your mind to it and get to work? The sky is the limit, so stay positive, work hard, work smart, and dream big.

John Chapin’s specialty is helping salespeople and sales teams double sales in 12 months. He is an award-winning sales speaker, trainer and coach, a number one sales rep in three industries, and the primary author of the gold-medal winning “Sales Encyclopedia”. In his 24 years of sales, customer service and management experience, he has sold in some of the toughest markets and economies.

If you would like access to John’s free white paper on what it takes to be successful in sales along with a monthly newsletter, you can visit John’s website at http://www.completeselling.com For permission to reprint, or to reach John, email him at johnchapin@completeselling.com.

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Kirk Goeldner, CPCU, ISFA Chairman and the entire ISFA Board of Directors, would like to express ISFA’s gratitude for the exceptional generosity of everyone who has donated their money and volunteered their time to support education scholarships. Your continued support of ISFA and the mission: “To promote excellence in the insurance industry by underwriting the education of current and future employees” is vital.

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Nancy Noe Nichols, ARM CPIW
Executive Director/Board Member
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Global trends are like a river. Sometimes they are powerful, sometimes they are weak and sometimes they’re so mellow your business can glide along them like a leisurely, summer afternoon pontoon boat ride. Right now there are three big and scary trends that are NOT going to be a leisurely pontoon business boat ride. Prepare your life vests; we’re headed into the rapids.

1 - Resource Roulette.

The stress that global supply chains are under continues to make resource availability and access precarious and unpredictable. This in turn, makes it incredibly difficult for businesses to set prices, determine shipment dates, establish baseline costs, or create “Just In Time” (JIT) delivery timelines if those conditions exist. If energy costs fluctuate wildly, if product shipments are held up thanks to global unrest or catastrophic weather events, or if resources we need for production dry up, it creates chaos and this affects your bottom line. There are examples of this all around us.

Coca-Cola is a soft drink; its predominant ingredient is clean water. If the company that makes it (Coca-Cola) can’t get or doesn’t have access to clean water (thanks to a drought or pollution, or some other factor) they can’t make something as simple as single can of Coca-Cola. No clean water results in no Coke. Many southern states have had severe drought conditions for the past several years and this condition is being echoed around the globe. Resource Roulette, however, extends well beyond clean water.

Many global fisheries (thanks to overfishing and pollution) are depleted. Fishery depletion may not affect your business directly. You may never even think about global fisheries, but if you’re a fisherman, restaurateur, boat manufacturer, or if you supply materials for boats, transportation to fish markets or any other global connection to that industry, it will affect your business.

We have always lived in one globally connected biological eco-system; we are now living in a globally connected economic system as well. From water to energy to raw materials, the impact 7 billion people and a short-term vision for how we use resources increases scarcity and unpredictability.

2 – Amped Expectations.

Modern consumers want their products to be quality, affordable and readily available, but they have now extended product expectations to the actual company itself. Consumers want the companies they do business with to be responsible for how they treat the environment, how they treat their local community and how they treat their own employees.

It seems that consumers around the globe have a hunch that 7 billion people can’t survive and thrive doing business the way it’s been done in the past. As a result, they’re demanding changes in the products they buy and the companies they choose to do business with.

3 – Global Connectivity.

We know that 21st century communication is decentralized, personal, fast, cheap and capable of becoming exponentially viral. For businesses, this connectivity is a blessing and a curse. The blessing: we can connect directly to customers all over the world via digital technology quickly, easily and inexpensively. The curse: those same customers can do the same thing if they’re not happy with our performance. They can do this quickly at no cost and if we’re not careful, its negative impact can grow exponentially and harm our company’s reputation.

In the modern world, reputation harm can mean financial catastrophe for companies. Technological advances have made computers, a Wi-Fi signal, portable computers, inexpensive video cameras and smart phones available
3 Market Trends That Will Affect Your Bottom Line

By: Steve Richerson
to mass audiences at a very low cost all over the globe. This has pushed an enormous amount of centralized message control away from corporations and toward consumers. There was a time when networks controlled the only mass message pipeline. This is no longer true. If a company is doing a poor job according to the customer, in a matter of minutes they can shoot a complaint video, start a Facebook page, share a Tweet and before you know it, the bad news is everywhere.

**NAVIGATING THE WATERS**

The best hope to navigate these treacherous waters is to reorient your business focus from a “profits only” bottom line approach (which has served us well, but no longer meets the needs of shareholders AND stakeholders) to a “triple bottom line: people, planet, and profits” approach. Why? Because it meets these three trends head-on. Is this approach easy? No way. Is it important? Yes. Will it succeed? Probably, although there are no guarantees, but there’s no guarantee that any business strategy you pursue will be successful. To do nothing almost guarantees failure; the trends are too huge.

You can get started by asking a simple question: “Is this business decision good for the (1) Profits (2) People (3) The planet?”

Many companies around the globe have already begun moving in this direction (others have jumped right into the river) and it’s paying off for their “bottom line” profits. These companies have seen the rough waters ahead for global business and have committed to taking the smart and courageous steps to preserve their triple bottom line: people, planet and profits.

If your business is going to ride the rough waters in the 21st century, you must integrate sustainability into the way you do business because it’s what consumers want and it’s the path for true long-term business success.

Steve Richerson is a nationally recognized speaker and consultant. Steve utilizes his distinct presentation style to speak on the importance of sustainability and actionable guidelines to enact eco-friendly practices in business. As a member of the U.S. Green Building Council, National Recycling Coalition and the North American Environmental Education Association, Steve is spearheading the campaign to reduce wasteful corporate procedures and promote environmentally sound business methods. To learn more about Steve’s speaking, please visit www.greenbizspeaker.com, call 256-710-7216 or email steve.richerson@gmail.com.

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Leadership Development

BELIEFS OF A LEADER

By: Joelle K. Jay, Ph.D.

Your beliefs are a powerful driving force that can work for you or against you. Some beliefs empower you, while others limit you. By becoming aware of your beliefs, you can keep the ones that serve you, weed out the ones that don’t, and choose the ones that will support who you want to be.

Here’s an example.
A common belief of busy leaders is, “I have to work hard to get ahead.” Immediately the limitations of this belief are apparent. Working from this belief implies that you must sacrifice parts of your life (home life, health, and hobbies...
come to mind) to “get ahead.”
Now consider this belief instead: “I have to be my best to get ahead.” This belief is more empowering, because it opens up the possibilities. It still leaves open the possibility of working hard if that is what’s required, but it also allows for the fact that getting ahead sometimes means taking time for the rest and renewal that keeps you at your best.

DEVELOPING EMPOWERING BELIEFS IS A THREE-STEP PROCESS

Become aware of your beliefs. You can go after them directly by asking yourself, “What do I believe?” For example, what do you believe about your own success and ability to achieve it? What do you believe about whether you can be relaxed and happy while accomplishing your goals?
You can also reverse the process by noticing your behavior and asking yourself, “What would I have to believe to behave this way?” For instance, if you are running around in a frenzy to finish a report, what does that indicate you must believe? If you are getting a good night’s sleep before a presentation instead of staying up all night cramming in three more run-throughs, what does that indicate you believe?

WRITE DOWN YOUR BELIEFS

Once you become aware of your beliefs, write them down. The simple act of seeing your beliefs in writing makes them real and gives you the opportunity to assess them. Take a look at them on paper with some objectivity. For each one, ask yourself, “Is this belief limiting or empowering?”

TURN LIMITING BELIEFS INTO EMPOWERING BELIEFS

Just change the words, looking for the exact opposite of your limiting belief to find one that’s more empowering. Notice how these examples are direct opposites of each other.

- Limiting Belief: I believe I am an inexperienced public speaker and need to practice a lot to be successful.
- Empowering Belief: I believe I am an experienced public speaker and need to trust myself and my abilities to be successful.
- Limiting Belief: I believe I’m not as strong a leader as I could be, and I
Leadership Development

need more experience to go after my next promotion.
• **Empowering Belief:** I believe I am as strong a leader as I can be, and I am getting the experience I need to go after my next promotion.

Practicing turning around your beliefs from limiting to empowering is simply a process of looking for the opposite words. You might not believe the empowering belief immediately, and over time you may want to tinker with the wording to form a belief you can really take to heart.

**EXAMPLE**

An example can illustrate how to turn a limiting belief into an empowering belief. Andy was the president of a structural engineering firm who was raised to believe that if you compliment people too much, they become lazy. He was afraid to commend his team, because he believed that to do so would take away all motivation. He wrote, “I believe that people can become complacent if they are overly praised.”

Looking at his belief honestly, Andy had to admit that it seemed fairly ungenerous. This belief limited his ability to praise the people who worked for him, and he could understand why they were becoming bitter and resentful.

To turn the situation around, Andy studied his limiting belief further and realized that as long as he believed this, he would never be the supportive leader his firm needed. He could see that unless he tried something new, he was going to lose support.

To turn his limiting belief into an empowering belief, he phrased it in the opposite way. He wrote, “I believe that people can become inspired if they are genuinely praised.”

Andy rehearsed his new belief by trying it out 100 times. Every time he hesitated to praise someone, he stated his empowering belief to himself and gave them a sincere compliment. Before long, the results – a more agreeable, cooperative staff – convinced him to retain the new belief.

The process of distilling your beliefs takes time. Allow yourself time to try on different beliefs and see what fits and what doesn’t. Notice when you feel limited and deflated, and when you feel expansive and energized. Keep working with the wording of your beliefs until you’ve created the ones that you can claim with conviction—the beliefs that will help you be the leader you really want to be.

Beliefs are fundamental to the way your life plays out. The difference between a limiting and an empowering belief is quite literally the difference between a limited and a powerful life. Choose your beliefs carefully. They make you who you are.

Joelle K. Jay, Ph.D. (www.JoelleKJay.com) is an executive coach, keynote speaker, and author. She specializes in Personal Leadership, which shows leaders how to improve their effectiveness by learning to lead themselves. To learn how you can leverage your talents for better results, download your free Executive Summary of The Inner Edge: The 10 Practices of Personal Leadership at www.JoelleKJay.com.

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Just to clarify, the word is “irrelevant.” It doesn’t read “not important.” There is a difference between something being relevant and being important. Of course, having the right skills and experiences are important to performing the job, just not relevant when hiring. Skills and experiences are simply the tools one brings to the job. It is one’s ability to use these tools effectively that counts. Just because you have a hammer and saw in your garage, doesn’t make you a fine finish carpenter.

Since most people have been taught interviewing is about the candidate’s skills and experiences, the interviewer tends to ask a lot of questions about their past. For example, “What have you done in this area?” or “Have you ever done ____?” Those trained in behavioral interviewing will take those same questions and convert them into asking for an example such as, “Give me an example where you have done X” or “Tell me about a time when you had X as an issue.”

All of this may be good to know, but the fact is you really don’t care about any of this. When a candidate shows up on Monday morning, you no longer care about all the things they have done. You only care about one thing, whether or not they can do the job you are hiring.
them to do. That is all you really care
about. Nothing else matters anymore.
They may have the best skills and all the
right experiences, but if they can’t ef-
effectively apply them to do your job, then
you really don’t care about their skills
and experiences.

Have you ever hired a person that
had all the right skills and experiences?
They interviewed well, had all the right
answers, their resume read like the job
description, and after you hired them
they fell flat on their face? This has hap-
pened to just about everyone who has
ever hired.

Why does this happen? It’s usually
because the person’s skills and experi-
ences are not primary indicators of their
ability to do your job. These are at best
secondary indicators and more often
than not, misleading indicators. Yet,
these are the indicators that most hiring
managers rely on.

Instead, focus the interview on the
primary reason for interviewing which
is, “Can they do your job?” The key to
successful hiring is having a methodol-
gy that puts the candidate in the job
before you hire them. It is not about
determining if the candidate has the right
tools. It is about determining if they can
use those tools effectively to get your
job done.

This is why behavioral interviewing
often falls short. Behavioral interview-
ing was once a quantum leap forward
in how interviewing was performed;
however, it too has run its course.
Great interviewing is more than getting
examples of the past. It is about doing
your job. The tag line for behavioral
interviewing, “past performance is an
indicator of future performance” isn’t
always the case.
A good hiring methodology shifts
the focus from the person’s skills and
experiences to how they will use these
to do your job. If they can’t use these
effectively in your company and your
position, then they may be a great person
but they aren’t the right candidate. This
is why a person with all of the right
skills and experiences often falls flat on
their face.

So how do you put the candidate in
the job BEFORE you hire the person?

1. Stop asking questions that start
with “have, what, have you, tell me
about a time when, etc.” These are all
fine to know but they should be used for
probing after the example and not for the
example. That is a huge difference. The
famous, who, what, when, where and
why questions are for probing deep and
not for opening questions.

2. “How” questions should be used
for the opening question. One of the big-
gest challenges facing hiring managers
is getting them to shift to asking “How”
questions. After that you can then begin
probing with the five W’s. For example,
“How would you decrease costs by
10%?” “How would you increase gross
margins by X%?” “How would you go
about implementing a complete systems
upgrade of our ERP system?” “How
would you increase market share in your
territory?” Then probe deeply with the
five W’s.

3. Now the interviewer is shifting the
interview from skills and experiences to
having the candidate explain how they
would apply these to do the job. If the
candidate can’t apply their skills and
experiences in the new job, then one
has to question whether or not they are
the right person regardless of skills and
experiences.

The reason most hiring processes fail
is because it is easy for a candidate to
talk about their skills and experiences.
Some might even embellish in this area.
It is significantly different to explain
how they would apply those skills and
experiences in your company, with your
culture, your resources, your budget
constraints and all the aspects that make
your company unique from the company
they are leaving or just left.
In today’s society there is more stress on people to succeed and do more with less. Everyone is hustling for that golden ring opportunity, upon which their future lives will be easier and brighter, if they can only grab it. Unfortunately, in the quest to be successful, other things have suffered, such as satisfaction in the victories of daily life, appreciation for simple things. Employees are pushed to be more productive, produce more in less time; but, still with quality. Stay seated longer at your desk, stand longer on the assembly lines, shorter breaks or lunches, work overtime; this causes stress, often leading to an increase in sick days, with a decrease in work-life balance or happiness.

Eventually, there will be a lack of satisfaction in work that may present itself in varied ways. Quality of work will suffer, conflict with co-workers may increase, and total avoidance of a person or place may occur. Dissatisfaction can occur over years and cause depression and unhappiness in our lives. Most people don’t even realize it is happening to them, as they’ve always seen their situation as the norm!

So, how can you improve the harmony in your work life? How can you be happier and achieve greater work-life balance?
Examine your level of balance.

Do you dread even thinking about work the next day? Are you constantly thinking about things you need to accomplish at work? Do you feel that you can never disengage? Is there someone there that you don’t want to see? Honestly answering these questions can give you insight into your own mental state, let you know if you are happy with your job, if you can make small improvements, or are completely dissatisfied with your working life.

What would you like to do?

Did you, like so many others, get an education in a field in which you could “earn a living,” instead of something that is fulfilling to you? Take time to really think about what you’d enjoy doing, and then research ways to incorporate it into your life. Would you have rather been an art major? Talk to your boss or supervisor about new projects or opportunities that involve more creative work. If that’s not possible, look into art classes on evenings or weekends. Do you like to dance? Organize an office outing to a ballroom dancing class to find common ground with your colleagues.

What’s most important for a quality life?

What things make you happy outside of work? Do you want to travel more? Set aside a portion of each paycheck to save for a trip. If your job requires travel, take an extra day to explore the city in which you are working. Take your vacations, even if it’s just to drive to the next town or state. Do you enjoy sports or exercise? Take walks, learn a new sport or join a community sports league, where you can have fun and meet new people. Do you enjoy nature? Visit local parks, learn something more about photography and enjoy capturing nature’s beauty.

Appreciate the simple things in everyday work life.

Take inventory of day-to-day accomplishments. Take time to celebrate your team’s successes, such as signing new clients, helping to broker a big deal, or delivering a perfect presentation. Appreciate the fact that you have a roof over your head and a bed to sleep in. As a reminder and a token of thanks for the positive things in your life, volunteer your time. Help those less fortunate and give back to the world that has allowed you to achieve so much with your life. Seek out to be the best that you can be at your job, if for no other reason than knowing that you produce something of good quality. Good work may lead to better opportunities ahead.

Make a plan.

You can’t achieve much if you don’t have a plan. There must be a blueprint of how to make something; or, a guide on how to get somewhere. The same applies to your life. The beginning is where you are, the end is where you want to go. Fill in the middle with what steps you need to take to achieve your goal and start on that path. Sit down and list your dreams, your goals and what makes you happy. Use those keywords to build your plan for career happiness.

Equilibrium between your work and home-life is achievable with devoted focus and direction. Most of our happiness is within our control, and by framing your daily life in a positive light you can make the concerted strides living a balanced and fulfilled work and home life.

With a desire to help others heal emotionally, be healthy and realize their full value, Sharon Bennett, BA, BSN, has been a motivational health and wellness consultant for nearly 16 years. She is the author of the Shoe Fetish Series, the International Library of Poetry’s Editor’s Choice Award 2001 winner, a member of the National Speakers Association and the National Association of Professional Women. For more information see www.ShoeFetishMovement.com, call 888-321-9604, or email ShoeFetishMovement@yahoo.com

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The Legacy Foundation was formed in 2006 as the philanthropic arm of the International Association of Insurance Professionals, best known for providing insurance education, skills enhancement and leadership development to its members.

The association members represent every facet of the insurance and risk management industries. Members of the association are located throughout the United States, Canada, Puerto Rico and in other countries.

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