

### Chair's Corner — Put on That Risk Management Hat!

by Robin "Rob" K. Olson, CPCU, CRIS, ARM, AAM, ARP



**Robin "Rob" K. Olson, CPCU, CRIS, ARM, AAM, ARP**, is a senior research analyst for the International Risk Management Institute (IRMI). His responsibilities include researching and writing about personal risk management issues, with a primary focus on the analysis of homeowners insurance and personal auto insurance. Olson also serves as an adjunct professor at Southern Methodist University in Dallas, Texas, where he teaches risk management classes. Before joining IRMI in 1998, he was an underwriting manager for two national insurance companies, where his experience encompassed both personal and commercial lines. Olson is the author of a 3,100-page manual, entitled *Personal Risk Management and Insurance*, published by IRMI.

**P**ersonal lines insurance is an endlessly fascinating field, one that is often very different from commercial lines. One area of difference concerns the mindset and focus of many personal lines insurance agents. For example, most insurance agents who sell personal lines insurance tend to do just that — sell personal lines insurance. But how can an agent stand out from his or her competitors and what services are left off the table with this approach?

The simple answer is personal risk management services. As we all know, insurance is just one of the numerous techniques that skilled risk managers utilize. An insurance agent who steps beyond the "insurance" piece and looks at a family or an individual's loss exposures in a broader or holistic sense will be providing an invaluable service — one that will undoubtedly improve customer retention and satisfaction.

A key starting point in this endeavor is to utilize some type of checklist or exposure survey, a particularly valuable approach for wealthier individuals or those with unique loss exposures. For

example, one obvious question concerns whether the named insured operates any type of home-based business. Depending on the size and type of business, a home business endorsement attached to the homeowners policy or a businessowners policy (BOP) would be necessary.

What if the personal lines client is a director with a charity or political organization or both? In this event, several questions should be asked. Do the respective organizations carry general liability or directors and officers insurance? If so, what are the limits? Do the organizations indemnify the insured for personal losses arising from activities within the respective group? Are audits performed on a regular basis for these organizations?

An emphasis on loss control activities is an essential part of being a proactive personal risk manager. For example, what information can agents provide their clients concerning various auto theft devices? What are the pros and cons of warning devices compared to electronic

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## Chair's Corner

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tracking devices? What type of equipment would warrant a personal auto policy (PAP) discount?

A diligent risk manager also looks at contractual risk transfer issues. People are often asked to sign contracts in which a particular loss exposure is shifted from one party to another. For example, apartment lease agreements, automobile rental contracts and equipment rental contracts may contain these types of transfers. Consumers need to know which, if any, exposures are being transferred to them. Tips to mitigate these potential exposures may prove invaluable to personal lines clients.

Evolving a predominately personal lines insurance agency from simply selling insurance into a personal risk management agency can be an arduous transformation — a transformation, however, which will likely reap big benefits down the road.

On another note, the Personal Lines Interest Group Committee is working diligently for you, our CPCU Society members. We are planning another great seminar for the annual meeting in Las Vegas. The title of the two-hour seminar is "Channel Fusion — The 'Big Money Bet' for Personal Lines." Heading up this key committee is **Jeffrey C. Schultz, CPCU**, with Allstate Insurance; **Dale M. Halon, CPCU, CIC**, with ISO; and **Roger G. French, CPCU, CIC, ARM, AU, AIS**, with Commerce Insurance. Thanks to each of these outstanding committee leaders for their diligent efforts. I will go into more details about this seminar in the next newsletter.

Best wishes to all for a nice, warm and CAT-free spring! ■

## Note from the Editor

by Daniel L. Blodgett, CPCU, AIM, AIS, PMP



**Daniel L. Blodgett, CPCU, AIM, AIS, PMP**, is a project manager in the Systems Department of State Farm's home office in Bloomington, Ill. He started with State Farm in 1990, holding positions such as auto underwriter and supervisor in the State Farm Payment Plan. Blodgett is on the board of directors of the CPCU Society Central Illinois Chapter, and is past president of the Southwestern Michigan Chapter and past chair of the Personal Lines Interest Group.

I hope your spring season is off to a fantastic start. For some of us who have spent the winter buried in snow, spring is a welcome relief! So, as we begin to warm up in the Midwest, I look forward to an economic recovery as well as a great year for our Personal Lines Interest Group.

Speaking of expectations, I'd like to give a shout for a call for articles. Just like our dear Uncle Sam, I need **you!** More articles from those interested in personal lines are just what I need to help ensure that we are sharing our wealth of resources and knowledge. Need ideas? Have you recently published a book? I'd love to share news like this with our Society membership. Have you returned from an educational trip — either for business or pleasure? Feel free to share what you've gained. Do you

have a particular niche of expertise that you'd like to share your thoughts on as a CPCU? As long as it's not proprietary to your employer, then why not share?

If articles are particularly long, I can publish them over a series of issues. And a couple of items that I always appreciate with an article are your photo and biography. Photos can sometimes be tricky — we like the "head and shoulders" view with a good quality .tif or .jpeg file image. However, don't pull it from a website — these won't have the compatibility for a printed newsletter.

So, I hope these suggestions help inspire you to publish an article or two for our *Personally Speaking* newsletter. In the meantime, please enjoy this latest issue of *Personally Speaking* filled with the following excellent articles:

- A word from our chair, **Robin "Rob" K. Olson, CPCU, CRIS, ARM, AAM, ARP**, asking you to consider your risk management approach.
- A welcome to our newest Personal Lines Committee volunteer, **Richard F. Walsh Jr, CPCU, ANFI, SCLA, AIS, CPIA, RWCS, CRIS, CLCS, PLCS, MSC**, with a spotlight introduction.
- An excellent article on a trip to China by **Eric W. McIntyre, CPCU, AINS, AIT**, secretary of the CPCU Society Deep South Chapter.
- One of our Personal Lines favorites, **David A. Thompson, CPCU, AAI, API**, shares his experience from a personal gathering that turns into an insurance coverage discussion.
- Last but not least — are you careful with your blogging? Enjoy reading — and please share — this very timely IRMI posting brought to you by our chair, Rob Olson.

Until next time. ■

# Meet Richard F. Walsh Jr., CPCU, ANFI, SCLA, AIS, CPIA, RWCS, CRIS, CLCS, PLCS, MSC

## *The Newest Personal Lines Interest Group Committee Member*

Submitted by Daniel L. Blodgett, CPCU, AIM, AIS, PMP



**Richard F. Walsh Jr., CPCU, ANFI, SCLA, AIS, CPIA, RWCS, CRIS, CLCS, PLCS, MSC**, is a senior training consultant for The Motorists Insurance Group. He has 15 years' experience in the insurance industry, beginning with American International Group (AIG) as a sales and service agent.

Walsh also worked for Allstate as a casualty claims adjuster and for Countrywide Insurance Services (Countrywide Home Loans) as a personal lines insurance specialist. He joined Motorists in 2005 as a senior underwriter and has been in training and development since 2006.

### *What are your primary work responsibilities?*

I am a senior training consultant for the Motorists Insurance Group in Columbus, Ohio. Our company has affiliates in Iowa Mutual (Iowa), Phoenix Mutual (New Hampshire) and Wilson Mutual (Wisconsin). I provide continuing education classes for our agents and producers as well as underwriters for our group of companies in Illinois, Indiana, Iowa, Kentucky, Nebraska, Ohio, Pennsylvania, West Virginia and Wisconsin. These classes range anywhere from groups of eight to 75, and run from commercial to personal lines policies and contracts.

### *Why did you pursue the CPCU designation?*

The CPCU is the ultimate educational experience for an insurance professional. Our training and development department members strive to attain the CPCU and/or other designations. The CPCU was a great challenge for me.

### *What prompted you to join the Personal Lines Interest Group?*

I have been in the personal lines arena since 1996. I read about the Personal Lines Interest Group prior to conferment and was really interested in the topics at

the interest group breakfast. From that point, I became very interested in being involved and donating my time and energy.

### *What is the most unique experience you've had in your career?*

I instructed a class in Canton, Ohio, for a group of nearly 100 people. It was intimidating but very exciting, and I got to use a headset like an emcee. It was Grammy Awards time!

### *What has been your biggest challenge?*

Passing multiple CPCU exams while all three of my kids were under 7-years old. A close second would be the ANFI exams, which also were very hard!

### *Please share an interesting fact about you that our fellow CPCU colleagues may not know.*

I am a three-handicap golfer and big time Steelers, Fighting Irish, Nittany Lions and Yankees fan. ■

# People to People Ambassadors — Insurance Professionals Delegation to China

by Eric W. McIntyre, CPCU, AINS, AIT



**Eric W. McIntyre, CPCU, AINS, AIT**, is a claim automation and procedures specialist with State Farm in Harahan, La. He is secretary of the CPCU Society Deep South Chapter.

**T**wenty delegates and six guests, including my wife, flew 13 hours from San Francisco, Calif., to Beijing, People's Republic of China, in November 2010 to begin a nine-day journey of professional and personal discovery. Despite the 11-hour time difference, jet lag didn't become an issue until our return to the U.S., probably because we were too busy to feel it. I had done some reading on Chinese culture and etiquette, learned a little (very little) Mandarin, and was excited about our first trip outside the Western Hemisphere.

The trip was organized by People to People International (PTPI), and the delegation was led by CPCU Society 2008–2009 President and Chairman **Marvin Kelly, CPCU, MBA**, and included The Institutes' President and CEO **Peter L. Miller, CPCU**. Nearly all the delegates (primarily consultants, agency executives, and insurance company management and specialists) possess the CPCU designation and represent a variety of insurance areas, including property-casualty underwriting, property-casualty claims, workers compensation and supplemental markets.

The goals of the trip were to meet and exchange information and ideas with other insurance professionals, educators and government officials; work to establish lasting relationships and goodwill; and network and foster new friendships within the delegation. The itinerary changed somewhat at the last minute (no meeting with government officials), but the trip was no less special — and frankly, astonishingly productive. On our first full day in Beijing, we spent a half-day learning some history and geography of China from our national guide, and the history and current state of the Chinese insurance market from a law professor at Beijing's University of International Business and Economics.

Over the next few days, we met with leadership from Chartis Insurance (formerly AIG) to discuss Chinese domestic and international insurance facts and trends, and with representatives of the People's Insurance Company of China (PICC), the nation's largest domestic insurer, who had never before met with any Western counterparts. (A translator was needed.) In Shanghai, we met with representatives from ACE and Huatai Insurance Companies (partnering to take advantage of each other's strengths) to discuss commercial risk management and insurance in both domestically and Chinese-run overseas operations.

I have worked for State Farm for more than 30 years (I started really, really young), and if I have an expertise, it is in the area of catastrophe preparation and response. Living and working in California, and in the New Orleans area since 1993, has provided much experience with catastrophic events. I have spent thousands of days on temporary assignment in 25 states working as a claim representative, re-inspector/trainer, supervisor and more recently, in my current capacity, helping to create, coordinate and supervise the electronic and physical environments



*Tiananmen Square in Beijing, China.*





*Pudong Financial District in Shanghai, China.*

that allow claim handlers to do their jobs. So, I was grateful to be asked to pass along some of my knowledge to PICC, which has limited experience in this area.

We also met with the dean and several professors of the economics department at Peking University, and doctors and administrators of Lihuang Hospital's 800-bed wing devoted to Traditional Chinese Medicine (TCM), part of Shanghai University. One of the highlights of the trip was touring the hospital, including a TCM treatment room, where we saw a variety of TCM therapies being applied (e.g., acupuncture, massage and cupping), as well as a large herb processing and distribution center.

There were cultural outings as well, including Tiananmen Square, The Forbidden City, The Great Wall, a traditional tea ceremony, martial arts and acrobatic performances, and a fabulous visit to a senior center and "university," which essentially is a retirement home where there is no shortage of things to keep one busy. We also had great adventures in the cuisine department, as

traditional Chinese cuisine is somewhat different than that eaten in the U.S. Eel and jellyfish are common at meals, and the food choices and flavor as well as the order of service are quite different in Shanghai as compared to Beijing. On Mandarin duck night, a few of us even partook of fried scorpion.

But professionally what surprised us (perhaps it shouldn't have) is how well respected the CPCU brand is in China. The dean and professors we met with at Peking University literally gasped at a show of hands from all the CPCUs in the conference room. One of the takeaways was an agreement to explore adding CPCU curriculum to their programs, allowing graduates to simultaneously earn their degree and their CPCU designation. And in Shanghai, the American consultant for ACE, as well as several Huatai employees, have and value the designation. They believe there are now enough CPCUs in Shanghai to start the first chapter in China, and Marvin Kelly and Peter Miller will work with them to make it happen.

All told, it was a trip that will leave lasting memories, and the new friends and new knowledge made the experience much more than either a vacation or a business trip. I was the official delegation "journalist," and anyone interested can read the full journal that has been posted on the PTPI website ([www.peopletopeople.com](http://www.peopletopeople.com)) and view presentations made by some of our counterparts in insurance and health care.

From the PTPI home page, click on "Adult Programs" and then "Journals;" in the drop-down menu, click on "Business" and then leader Kelly's name. The journal provides a more comprehensive look into the Chinese insurance market, its regulatory structure and environment, and some perspectives on China's legal and business standards.

If anyone has questions or wants to learn more about my experience, or this type of travel, I can be reached at [eric.mcintyre.aoiu@statefarm.com](mailto:eric.mcintyre.aoiu@statefarm.com). ■

# Trees ... Homeowners Policy Section II — Engagement Party

by David A. Thompson, CPCU, AAI, API



**David A. Thompson, CPCU, AAI, API**, is an instructor with the Florida Association of Insurance Agents in Tallahassee, Fla. He travels extensively around the country presenting continuing education seminars.

**I**t will come as no surprise to those who know me when I say, “At my daughter’s engagement party a few weeks ago, I struck up a conversation with someone about how Section II of the homeowners policy responds in a situation when a tree falls.” Leave it to me to ruin any good party! Let me explain and try to “defend” what happened!

Yes, I was at an engagement party for my daughter, hosted by friends from church at their house. Yes, the subject of insurance did come up. I am guilty as charged! As I was mingling among some partygoers, I saw my friend Jack (name changed) who is an attorney specializing in insurance defense. Jack and I often compare notes about the issues we run across as they relate to insurance claims.

I asked Jack, “So, are you working on anything ‘hot’ these days?” His reply was that he was defending a case where, during a heavy thunderstorm, a father and his son were driving along a state highway when a gust of wind blew a tree down, tragically hitting the car and killing both occupants. It was a terrible tragedy of being in the wrong place at precisely the wrong time. The human tragedy, of course, turned into an insurance claim, which Jack was defending on behalf of a homeowners and umbrella carrier.

As I discussed the claim with Jack, I was reminded of the hundreds of times that I have received an email or phone call asking, “My neighbor’s tree fell on my house. How does insurance work in this situation?” It seems like such a simple question.

I asked Jack to tell me what he was looking at in order to determine the issue of negligence and legal liability. He explained that the tree was on a vacant lot and was owned by an individual who was somewhat well-to-do, owning two houses and a business. The insurance involved included two homeowners policies and a personal umbrella policy. The plaintiff’s attorney was seeking policy limits under all policies.

In investigating the situation, Jack and the insurance company had hired a forestry expert to examine the tree. An entomologist was also retained to examine the tree, and weather records were obtained for the date and time of

the event. Additionally, the landowner, a realtor who had listed the property and an eyewitness in a vehicle just behind the accident, were all interviewed. The tree had even been removed at the request of Jack, and it was in a warehouse nearby.

The report from the forestry expert and entomologist revealed that the tree was “fully barked” and showed no visible exterior signs of death, decay or infestation. When the interior of the tree was examined, however, the forestry expert stated that there were signs of decay inside, indicating that the tree was in the early stages of dying. The realtor and landowner both stated that upon numerous visits to the property, there were no visible signs that the tree was dead or had dead limbs on it. The eyewitness stated that he was driving behind the vehicle when he felt a sudden gust of wind rock his car at the same time that the tree fell.

I asked Jack, “So, what are your thoughts about how it will turn out?” He said, “One homeowners carrier has offered policy limits. My carrier will offer a good sum of money because we are concerned that a sympathetic jury would award a huge sum in this situation.” Jack went on to say, “Even after all my years of doing this, I still have a hard time understanding why so many people push and push for every insurance dollar out there, even when the issue of negligence is far from clear.”

I’ve known Jack through church for nearly 15 years, and I can honestly say that I have never met someone (attorney or otherwise) whom I respect more. I’ve heard him say a dozen times, “Our client was at fault, and we owe a lot of money here.” Likewise, I’ve heard Jack say just as many times, “The plaintiff is a good person, as is his attorney, but our client is not negligent, and we just don’t owe money here.”

# Don't Blog Yourself into a Lawsuit!

by Robin "Rob" K. Olson, CPCU, CRIS, ARM, AAM, ARP

The whole time Jack and I were talking (honestly, it wasn't the *whole* night!) my mind was whirling, thinking of agents writing me asking what, to them anyway, is that simple question of, "Whose insurance pays here?"

Falling trees are not always easy claims with which to deal. All of the facts must be examined to determine negligence/legal liability. As is evident by my discussion with Jack, at times a seemingly simple claim can turn into a complex situation with attorneys involved and tens of thousands of dollars being spent on both sides. It's just not a case that any time a tree falls someone is negligent and they owe someone else money; each case is different and must be examined on its merits.

Oh yeah, the engagement party ... it was good. The hosts cooked BBQ chicken and the baked beans, cole slaw and iced tea were all catered by Sonny's BBQ. That's my kind of engagement party; Sonny's BBQ and heavy discussions of Section II of the homeowners policy! As we say in the South, "It ain't gonna get any better than that!" ■

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The Internet is a fascinating place that is opening up new forms of social interaction, activities and organization of information. Social networking websites such as Facebook, Twitter and MySpace are creating revolutionary ways to interact with people all over the world. In addition, websites such as Amazon, Yelp and Angie's List allow people to post online reviews of businesses of all types. The explosive growth in these types of activities in the last few years is truly amazing.

These undertakings, however, have a dangerous element. Blogs and postings of a negative nature (even if they are true) can result in unpleasant and costly lawsuits against the author. Note that it may still take time before there is a good body of case law to support freedom of speech online in blogs, forums and social media publishing sites. And remember that freedom of speech does not mean you can say anything you want anywhere. Freedom of speech implies responsibility; its use should generally be for the benefit of the greater good. So the following are some risk management tips to consider before posting or blogging negative comments on the Internet.

- Check your facts carefully and thoroughly document your sources. Truth is a complete defense in a libel case, although you still may run into expensive legal bills defending yourself. If you find that your facts are incorrect, remove the inaccurate content and consider issuing a correction or retraction.
- If you purchase a product online and have an unpleasant experience with the seller, it might be wise not to

post a negative comment or rating on the website. If you do post an adverse comment, be sure that it is objectively written, based on solid facts concerning your own direct experience, and not written in an inflammatory manner.

- If you are a blog master and someone is posting false and incendiary statements on your site, remember that you may be held liable for these remarks since you are the "publisher."
- Seek protection for your rights. The Electronic Frontier Foundation, a not-for-profit organization, has a mission to safeguard the rights of those who use digital media and to provide legal guides to bloggers, both large and small. It also offers helpful ideas to those bloggers and online posters to avoid libel suits.
- Make certain your homeowners policy includes a personal injury endorsement to cover libel and slander suits. Most standard insurance company policy forms do not provide this automatically, and it can be added for a small additional premium. Also, consider buying a personal umbrella policy, which generally provides broader personal injury coverage.
- If your blog is a money-maker, look into business liability coverage since the typical homeowners policy contains numerous business-related exclusions and restrictions. If you operate a small home-based business in conjunction with your blog or online business, consider requesting that a home-based business endorsement be added to your homeowners policy. ■



# Personal Lines Interest Group

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## 10 Reasons Why You Should Attend the CPCU Society Annual Meeting and Seminars

1. Celebrate with the CPCU Class of 2011.
2. Spend four great days with the best and brightest in the business.
3. Hear exclusive insights from senior-level executives on today's hottest topics.
4. Sharpen your knowledge through the industry's finest array of educational programs.
5. Be inspired by compelling speakers to achieve your goals.
6. Learn new technical skills that you can put to use immediately.
7. Strengthen your leadership skills.
8. Find out how to take control of your career.
9. Network with your CPCU Society peers at special events.
10. Be energized to achieve your personal best!



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### Personal Lines Interest Group

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