22ND ANNUAL IIAH CHARITY CHILI COOK OFF

January 27th, 2018
RESIDENTIAL FLOOD

YOUR CLIENTS WILL THANK YOU

Dwelling Replacement Cost up to $1M
Other Structures
Personal Property with optional replacement cost
Loss of Use
No waiting period
No need to obtain flood certificates
Direct Bill available

MYRON STEVES
# Houston Insurance News

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The Magazine Committee, Officers, Directors, Executive Director and the staff of IIAH reserve the right to review all information submitted for publication and to refuse such publication at their sole discretion.

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Your IIAH Membership Committee is filled with tireless volunteers who are passionate about spreading the word on why independent agents should become members of IIAH! Throughout the year we recruit new members individually and by attending association events to promote the benefits of membership. We oversee the new member Ambassador program, where we quickly engage new members and encourage them to join committees and to become active in the association. During membership renewal time, we call out to agents and affiliate members to remind them of the value of membership.

Last November the Committee hosted the first ever Select Agency Round Table event where local attorney, Nick Lonza, led a discussion on the complex issues surrounding Hurricane Harvey claims. The next Select Agency Round Table event is slated for April 24, 2018 with the topic of discussion focused on sales and customer acquisition.

The Membership Committee is responsible for the IIAH Career Center which connects local insurance employers with strong candidates. To post a job or find a job go to: http://jobs.iiah.org or call 1-860-437-5700.

The Membership Committee hosts the annual IIAH Holiday Celebration which is a member favorite and always a well-attended networking opportunity. The Holiday Celebration is a great way to catch up with your insurance friends and kick off the Holiday Season!

If you know of an agent or potential affiliate interested in joining IIAH or if you are interested in becoming a volunteer on the Membership Committee, please contact kerrykee@texasmutual.com or rstager@iiah.org.
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Harris County and Houston City Council Updates Building Codes in Floodplain

Houston City Council voted 9-7 to require new construction and major remodels of structures located in the 500-year flood zone to be elevated two feet above the floodplain. Previously, Houston’s code applied to property in the 100-year flood zone, plus one foot. The new code follows the new rules passed by Harris County in December.

The new code includes a zero net fill restriction. Zero net fills means you cannot raise the slab by bringing fill (dirt) onto the property, but you could move fill from other parts of the property. Engineers believe if you bring dirt onto the property, it increases the likelihood your neighbor will flood. Pier & Beam may be your only option after September 1, 2018.

The challenge to independent insurance agents is significant. For example, a structure suffers a fire and 51 percent of the appraised value is damaged. Under the new code, any structure located within the 500-year flood zone must comply. When writing a property policy in the 500-year zone, consider:

- Coverage for the Loss to the Undamaged Portion of the Building
- Demolition Costs
- Increased Cost of Construction
- Increased Business Interruption timeline

The prudent agent needs to have a conversation with the property owner about increasing the Ordinance or Law Coverage to their property policy and the additional rebuilding time.

Houston was constructed on a swamp. Houston saw three 500-year floods in between 2015 and 2017. Harvey damaged 203,000 homes. According to city leaders, the changes will affect 85,000 structures that were not previously in a regulated area.

The question is not if it will flood, but when. Keep recommending flood policies and have the conversation about Ordinance or Law Coverage for the other than flood events.

Scott S. Margraves, CIC
IIAH President
All Risks, Ltd. was formed as an excess & surplus lines facility in 1964. Employing approximately 1000 professionals in 27 locations, we deliver comprehensive commercial & personal insurance solutions exclusively to retail agents & brokers. As brokers or underwriters, we are our agents’ licensed navigators in the specialty insurance market. Our expertise provides a full-service platform of brokerage, contract binding & program capabilities.

Recognized by Business Insurance Journal as the top independent wholesaler in the country, our growth has surpassed our competitors for over 25 years - the result of an aggressive & entrepreneurial culture focused on providing new opportunities & superior customer service.

All Risks relishes giving back to communities whenever we can. Our South Central Region led the charge by working to raise funds & collect supplies for Hurricane victims last year, as well as being involved with IICF (Insurance Industry Charitable Foundation) in a number of various endeavors: Week of Giving, Make-A-Wish, Community Grants, Early Literacy, Pet Adoption to name a few. Charitable service is another way to share our success & bond as a team but above all, the rewards we receive when helping others are boundless.
In last quarter’s article “Phishing – How to Avoid Taking the Bait”, I provided a few examples of an ever-increasing number of “Phishing” emails that leverage natural human behavior and emotions to trick their victims into clicking a link or opening an email attachment. They convince their victims to complete the intended action through the practice of social engineering that leverages familiar people and companies and using myriad ways to trick and deceive. Let me tell you folks, they are smart, they are driven by money and, according to the IT Governance Blog, they are getting better all the time. In this quarter’s article I am going to give you a specific example that we just faced and we are going to discuss why the moral of the story is that it’s time to seriously evaluate your security stance because it’s not if, but when somebody in your company takes the bait. Then what?

Very recently, one of our clients called because of a sudden influx of phone calls (he is a national inside sales rep) asking about a problem with a file attachment they had just received from him by email but that he had not sent. After investigating, we concluded that the messages were in fact sent from his Office 365 email account and even included his exact email signature. Long story short, we discovered that two days earlier, he had received a very similar email from one of his regular clients. The email had an attachment which was very common. When he tried to open the attachment, he was redirected to retrieve the file from the Microsoft Office 365 web portal where he entered his email address and password but he “never really got anywhere”. So, he emailed the sender to inquire about the email but he never received a response.

Fast forward two days and we concluded that he had been the victim of spear phishing attack and that his email address and password were stolen when he fell for the trick to download the attachment from the Office 365 portal. After lying dormant for two days, the hackers proceeded to use their victim’s email account to send a very similar message to the next wave of victims, all the contacts in my client’s Outlook contact list once they had access to his mailbox on Office 365 using his “keys”.

The hackers took precautions to cover their tracks by creating an Outlook rule that automatically began redirecting all inbound email to the Deleted Items folder so that he would not immediately see the barrage of “what is this” replies that were inevitable. They even deleted their outbound spam messages from his Sent Items folder but they smartly left the messages that he had sent untouched as we identified from the mail logs. The rouse was short lived and changing his email password resolved the issue but…the damage was done…the messages were sent to a LOT of people and who knows how many of them fell for it too.

What I want you to take away from this little story is an understanding that first, our client’s computer was never compromised, no virus was installed, and second, that the hacker successfully hijacked his Office 365 mailbox using his credentials that were harvested two days earlier. The attack was not sophisticated but it was very effective. Luckily, there was no ransomware or virus, this time; the “payload” was simply to harvest email account credentials from which to launch further, possibly more damaging attacks in the future.

So what went wrong? The spam filter was no help because the spear phishing email originated from a legitimate sender that was on the allow list, someone the client knows and trusts and communicates with via email regularly. There was no file downloaded so there was nothing for the properly functioning and fully up-to-date antivirus software running on his computer to scan. No one tried to infiltrate the company’s network so the firewall had nothing to block. No software bugs were exploited to affect the attack so even though the computer was up to date with the latest security patches, the attack was still successful. Next time the payload could be a zero-day virus that makes it through the defenses. It happens, just ask Home Depot and Target and Equifax. My point is, there’s money at stake and that is the driver. It will not stop and they will be successful some of the time, guaranteed.

There are three main components in any security system; protect, detect and respond. The traditional tools of IT security such as passwords, spam filters, antivirus, security patches and firewalls are all mandatory tools in the “protection” toolbox just like locking your doors and windows is the protection measure at home. In the physical security world, detection is provided through tools like motion sensors and burglar alarms. The family dog or a kind neighbor and the police are the response components at home. Traditional IT focus has been on protection but it is time to begin focusing resources on the other two legs of the security triangle, detection and response because your ability to detect and then subsequently respond to a breach after it has happened will determine the “dwell” time that a hacker has access to your systems to do their damage. The dwell time in the Equifax breach “began in May and continued until it was discovered in late July” according to the Washington Post article covering the story.

The technology designed to detect and respond has been around for a long time in the enterprise. Like so many other technologies, the needs of the SMB space are evolving just as the enterprise-class technology is maturing and pushing down into the SMB market putting the cost of these enterprise-class solutions within reach of most small and medium businesses who, quite frankly, are the largest target for the hackers. Technologies such as two/multi-factor authentication and single-sign-on, next-generation endpoint protection products, DNS filtering and Security Information and Event Management (SIEM) and, probably most importantly, ongoing end user security training are tools of today’s security professionals. The days of relying on consumer-class or ISP routers and installing antivirus and thinking that is enough to protect your business and your customers are long gone.

I encourage you to ask your IT folks not only to explain how your IT systems are currently protected but also how they will know when a breach occurs and, more importantly, what the response plan is when it happens because again, I truly believe…it’s no longer a matter of if but when…

sjohnston@frontline-cs.com
LARRY B. McRae, CLU, ChFC
1940-2018

On May 1 the world lost one of the most incredible people to have ever existed. Larry was beautiful, both inside and out. He leaves his adoring wife of 38 yrs., Debbie Fowler McRae; his loving daughter, Kara Ann McRae PhD, MSPH; Sister & Brother In-laws, Tina and Pete Rodriguez; Nieces, Ryndie and Alexis; Great-Nephew/Niece, Jackson and Lilly; and his beloved Boxer, Dixie. He was preceded in death by his parents George and Lena McRae.

Larry was born in Florida on March 5, 1940. He received his BSBA from Miami University in 1963. He began his Insurance career in 1964. Larry was strikingly handsome with a great sense of style and charm. So much so that he was approached by a Talent Agency to do modeling for men’s wear, QT ads and others. He relocated to Houston in the early 1970’s, started his own agency with The Travelers Insurance Company concentrating on Life, Health, Financial Planning, Pensions, Mutual Funds and Annuities and was a regional and national sales leader. He became President of the Wisenberg Ins. Agcy. Life & Health Division in 1977. In 1988, Larry became an Associate General Agent with The Shaw Company until it was sold but continued to work in multiple Professional roles until his retirement. His Insurance expertise, utmost integrity and client dedication made him one of the brightest stars in the industry.

Larry and Debbie married in 1979 and together enjoyed all that life had to offer. Their adventures and interests are too numerous to list, but they fished, golfed, canoed, traveled, loved casinos and played against each other in Backgammon and Wheel of Fortune daily.

Many Thanks and much appreciation goes to Houston Hospice, their staff and Critical Caregivers, Cassandra and Carolyn.

In lieu of flowers, Memorial gifts in Larry’s name are requested to be made to the Wounded Warriors Organization, https://support.woundedwarriorproject.org or Citizens for Animal Protection, http://www.cap4pets.org.

The family hosted a casual, “open-door” celebration and sharing time on Sunday, May 6 from 1-4 PM at the residence, 2603 Briarpark Dr, Houston, TX, 77042.

Thank you Deb for sharing this picture of you and Larry together.
Thanks to all the great insurance folks (who give so freely of their time and resources), for attending **The 22nd Annual Charity Chili cook off Saturday, January 27th**. The charity was Team Red, White & Blue, a great veteran’s organization that is impacting folks that we know right here in our own community. As part of the cook off this year, in addition to sponsorships and team fees, we **focused on a silent auction to raise funds for the charity**.

Many of you know Carmen Swift, of Pathfinder, and the outstanding charity work she has been doing in response to Harvey and other charities throughout 2017. **Carmen was in charge of the silent auction this year and did an unbelievable job to raise funds for our charity.** We’d like to thank all our Sponsors and folks who donated as well as all those that purchased something special from the auction.

We had lots of new people this year and lots of repeat teams. Below are all the Chili Cookin’, Chili Lovin’, Chili Heads that came early in the morning and started cooking the “Big Bowl of Red.”

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IIAH CHARITY
22ND ANNUAL
CHILI COOK OFF

(continued on page 14)
22ND ANNUAL
IIAH CHARITY
CHILI COOK OFF

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## 22nd Annual IIAH Charity Chili Cook Off

### Team Name | Team Captain | Color | Aroma | Texture | Taste | Aftertaste | Total
--- | --- | --- | --- | --- | --- | --- | ---
Dilly Dilly Chilli Chilli | Alan Doyle | 43 | 37 | 38 | 39 | 38 | 195
Piggies | Walter Tomlinson | 43 | 35 | 39 | 39 | 39 | 195
Ultimate Spice Gang | Rose Perez | 41 | 34 | 37 | 39 | 38 | 189
KEB Cookers | Eric Munoz | 43 | 31 | 33 | 39 | 33 | 179
Fist Full of Dollars | Felix Lugo | 42 | 24 | 33 | 34 | 33 | 166
Swifters Chili Concoction Cookers | Phil Swift | 41 | 37 | 28 | 29 | 28 | 163
Alchol Involved | Roy Johnson | 39 | 30 | 29 | 34 | 30 | 162
JLO | Jimmy Longoria | 39 | 29 | 29 | 32 | 30 | 159
Team No Name | James Merrill | 40 | 34 | 27 | 29 | 25 | 155
Chili Dogs | Marshall Tharpe | 39 | 25 | 27 | 28 | 28 | 147
Riveters | Carmen Swift | 34 | 24 | 29 | 31 | 29 | 147
Claw Cookers | Laura | 24 | 33 | 27 | 29 | 27 | 140
RPS Repeats | Walter Tomlinson | 32 | 14 | 29 | 31 | 29 | 135
Hotchkiss Hellyan's-You know for Spicy Chili | Amy Weimer | 34 | 25 | 24 | 24 | 24 | 131
Higginbotham | Stuart Ray | 37 | 15 | 26 | 27 | 25 | 130
Chili Chili Bang Bang | Cindy Moudry | 31 | 14 | 21 | 21 | 22 | 109
Hot Chili Lees | Lee | 33 | 13 | 18 | 23 | 18 | 105
Seven Peppers | Stephanie Marshall | 26 | 25 | 18 | 18 | 18 | 105
Hot Rocks | Becky Pierson | 27 | 17 | 17 | 21 | 17 | 99

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22ND ANNUAL
IIAH CHARITY
CHILI COOK OFF
Insurance from a different perspective. Your customer’s.

From inland to the coast, Lighthouse is committed to providing the coverage and service your Texas customers need. We’ve endured storms, expanded product lines, and paid claims with exceptional service. And we’ll continue to be here through it all to guide your customer’s way forward.
On Tuesday, April 17th, 2018, at the Houston CPCU meeting and luncheon, Cory Reed from Thompson, Coe Cousins, & Irons LLP spoke on the topic of “Cybersecurity: Ethics and Cyberliability Trends”. It is definitely a relevant topic in today’s marketplace.

The last meeting before the summer break was held on May 15, 2018 with Nichole Wooten of Martin, Disiere, Jefferson & Wisdom speaking on the topic of “Ethical Challenges – Real World Scenarios”.

In addition, by attending you can earn a 1 hour credit to your continuing education. Please register for the next CPCU event at [houston.cpcusociety.org](https://houston.cpcusociety.org) and to also learn more about the organization.

Houston Insurance Professionals (HIP) is the local chapter of Federated Insurance Women of Texas (FIWT), and holds several fundraisers and events throughout the year to benefit community service projects at the state and local level.

On Saturday, March 24, 2018, we hosted an Easter Party at the Kinder Emergency Shelter, and had a great time. There were 13 kids and 8 HIP members present, along with the staff at Kinder. We provided lunch, thanks to our sponsor, Ashley General Agency.

We had an Easter egg hunt for the kids, an egg toss, and an egg relay race with special prizes for the winners. These were sponsored by McClelland and Hine, Inc.

All of our members stepped up to make this a wonderful day by donating time, money and goodies. Easter baskets were made for all of the kids, as well as the staff members. A special thanks to Adam Arnold, who chaired this event and all who participated.
Slips and falls may be the most common cause of workplace injuries, but motor vehicle accidents are the deadliest. Most of these fatalities are attributable to cell phone use and not wearing seat belts. That’s why Texas Mutual requires all our employees to buckle up and refrain from any cell phone use while driving on work time, and we’re asking you and your clients to do the same. We know it’s a tough call, but it’s easier than the one you might have to make to a family after an accident.

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Founded in 1979 by Risk and Insurance Society Atlanta chapter, the Spencer Educational Foundation provides scholarships to support undergraduates and graduate students studying a risk management discipline and grants to companies offering risk management internships. Nearly twenty years ago, the foundation created the Spencer Risk Manager in Residence grant to connect world-class risk managers with university students studying risk management. The grant provides up to $4,000 to cover the costs of travel, accommodations, and other expenses for one of a pool of approved risk managers of national and international companies to visit their campuses for one to three days and connect with students to discuss issues and careers in the insurance and risk management industry.

In March, the University of Houston Downtown hosted its fourth Spencer’s Risk Manager in Residence, Rich Johanson, ARM, AIC. Mr. Johanson is the manager of risk management for General Dynamics, a global aerospace and Defense Company with a broad portfolio of products and services including business aviation; combat vehicles, weapons systems, munitions and shipbuilding. GD, which manufacturers Gulfstream aircraft and the C4ISR tank is a US government contractor with over $31 B in annual revenues.

Johanson’s three days at UHD included on-campus presentations to insurance and risk management students and Gamma Iota Sigma members about careers in risk management and the importance of risk management to business entities. UHD also shared this unique opportunity with University of Houston and Texas Southern University, which also offer risk management courses, and Johanson spoke to students at those campuses as well. “This was a unique and rewarding experience for our students to interact in an informal and engaging discussion with a high-caliber risk management professional,” observed Mack Rogers, Jr., director of the UH risk management and insurance program and retired Wortham partner. “Our students benefited greatly from the experience and UHD’s generosity,” added Gary W. Sylvester, CPCU, ARM, CIC, coordinator of the TSU program and inspector at Associated Inspection Services.

Johanson was also featured as the speaker for the annual Joint CPCU/ RIMS Meeting at the Briar Club, where his topic, “Risk Management Strategies for Government Contractors,” engaged an overflowing crowd of about 100, including several government contractors and students working in the risk management and other industries who were unable to attend the on-campus events.

Priscilla Oehlert, Director at the Insurance and Risk Management Center at the University of Houston Downtown whose risk management experience spans over 24 years, and includes corporate and consulting as well as heavy equipment rental and international food trading corporate risk management experience has already filed a Spencer Foundation grant application for the 2018-19 academic year. “The RMIR visits is one of the most popular student events in the city,” she stated. “Students really look forward to them and go away with a better-defined career goal in mind.”

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**Education/IT Committee Spotlight**

By Katrina Masek

The Education/IT Committee is compiled of Agencies, Carriers and Affiliates who work together to create and develop educational seminars for IIAH. We look at trends in our industry and find instructors who can share their knowledge with our members and non-members.

This fiscal year the committee has put together 16 seminars not to include the 4, Free 3-hour CE seminars that come with your membership to the association.

Our seminars will touch on many of the hot topics in the industry this year, from Construction and Oil and Gas to some of the newer coverages emerging from the different claims you see in an ever-changing business environment. These claims arise in new areas such as Cyber, Products, Executive, Property, Commercial General Liability, Additional Insured and Employment Law. As you can see we have been very busy.

We would love to have you join us. We hold meetings at Brady, Chapman, Holland & Associates, Inc. during lunch (11:30 pm – 1:00 pm) which I prepare for all my committee members. If you want to join or assist our committee call Renee (832-769-5247) or Katrina (713-929-9792).
LEGISLATIVE UPDATE

by Thomas M. Braniff, JD, CPCU
IIAH Legislative Committee

“There is no distinctly Native American criminal class...save Congress.”
-Mark Twain

IMPACT Solicitation in Progress

The annual drive to raise funds for our Political Action Committee is now underway. The funds contributed by IIAH Members and Affiliates are used to help local political candidates that will represent us in the Texas Senate and House of Representatives; as well as candidates for statewide offices, such as Governor and Lieutenant Governor.

Our goal is to raise $65,000 this year. When we combine our contributions with those that are being raised by other local Independent Agent Associations around the state, it gives us the funds for Independent Agents to be one of the strongest political advocacy groups in Texas.

Political Action Committee

In the early 1970's IIAT and IIAH together formed a Political Action Committee ("PAC") to create a prudent and economical way to develop efforts to influence legislation that relates to insurance agents and their customers, as well as the insurance industry in general. Our PAC is the Insurance Men/Women's Political Action Committee of Texas ("IMPACT").

Each year, IMPACT solicits contributions from our Association's members and affiliate members. In 2017, IIAH raised over $59,000 locally, in addition to almost $300,000 raised by IIAT from other independent agents around Texas. These funds are distributed to candidates and incumbent officeholders during the campaign season.

You can expect to hear from a member of our Legislative Committee who lead our local effort to raise PAC contributions. I urge you to be generous in your support of IMPACT.

Contributions from IMPACT do not buy solutions to legislative debates...but they do allow our members to help educate our Legislators on insurance matters, and develop working relations with them. By having a pre-established relationship with elected officials, it is easier to "get a foot in the door" when critical legislation is being considered.

Political Involvement

Another key factor in influencing legislation is having personal contacts and communications with Legislators. The more our members get to know and speak with elected officials and become part of the political process, the better agents will fare in legislation that can have dramatic consequences on our customers, our businesses and our industry.

To get elected or re-elected to public office is a costly enterprise. Members of the Legislature and other candidates for office have to stand for election every two (2) to four (4) years. The cost is often prohibitively high, and fund raising is a daily dilemma. So when IMPACT is able to combine individual contributions from many agents and affiliate members and apportion it around to numerous candidates, they are most grateful.

If you are friends with an elected official, or if you have a business relationship with one, or if you just want to get involved in the political / legislative process, don’t hesitate to let IIAH’s Executive Director, Carole Shelton, know so that we can include you in our meetings with the Legislator.
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Have You Heard?

**Gwen Singleton** at American Empire Underwriters, Inc. has obtained her CPCU accreditation. Great Job Gwen!

**Houston Association of Insurance Professionals** (HAIP) is celebrating our 77th anniversary as an association! We are preparing to install our new slate of officers in June, and gearing up for our 17th annual Golf Tournament to be held at Riverbend Country Club on October 29th, 2018. We meet at 6pm on the 4th Tuesday of the month at Christie's Seafood on Westheimer; come join us for some fellowship and see what special speakers we’ll have. And, see how you'd be a perfect fit for our group.

**Scott Mackey** of Risk Placement Services, Inc. (RPS) just had his 15 year anniversary. Congratulations Scott!

**Daphne B. Clark**, Hotchkiss Insurance, Past IIAH President has had a birthday – April 2nd. Happy Birthday! Hope your birthday is the BEST (smiley face)

**Brady, Chapman, Holland & Associates, Inc.** will celebrate their 35th anniversary in August of this year!

**Amy Weimer**, Hotchkiss Insurance, Chairman Houston Insurance News has had a birthday – April 2nd. Happy 29th Birthday!


**TDECU Insurance Agency, LLC** Announces New Director of Operations of former Operations Manager, **Janet Tuttle**, as the new Director of Insurance Operations for TDECU Insurance Agency, LLC. In 2017, she was honored by NetVU with the James Gibson Service Award, which recognizes those who go above and beyond in their industry and serve as a positive role model in the community.

**State Auto** introduces the new Agency CARE Consultant for the western states, **Chris Brackhahn**. To reach Chris, #512-720-9363 or Chris.Brackhahn@StateAuto.com

**Towerstone, Inc.** is adding two new teams to give companies better choices for their coverage: **David Willbanks** has joined the company as a small commercial underwriter along with Production Underwriter, **Patrick Claggett**. Together they will aggregate and package specialized coverages. **Jim Bishop** joins Towerstone to lead its property division in support multi-family developers, owners and operators. Associate Broker **Tyler Schultz** has also joined the company to offer unique solutions such as builders’ risk, wrap-up and project-specific coverages for management firms and construction companies.
The Houston Insurance Day Committee is to bring insurance professionals together for a day of networking and this year’s event not only brought enhanced features to the show, but broke records beyond expectations! The 35th annual Houston Insurance Day was held on February 21, 2018 at the Houston Marriott Westchase with over 1800 attendees and 133 exhibitors! The committee unveiled a new registration tent, expanded its exhibit hall, added an espresso bar and beer brewery.

As is tradition, the IIAH Y.I.P.S kicked off Houston Insurance Day with their Salute to the Exhibitors Social at Sherlock’s Pub the evening before. With over 200 in attendance there was no shortage of conversation and a great time was enjoyed by all. Special thanks to U.S. Risk, LLC as our sponsor along with McClelland & Hine, Inc.-Houston as the proud Pizza Sponsor.

The exhibit hall doors opened with 133 exhibitors who brought the Renaissance Festival to life! Hats off to the winners of the People's Choice Awards for their outstanding exhibition – first place goes to Texas Mutual Insurance Company, second place to Aon Programs and in third place was Lighthouse Property Insurance Corporation. The Mobile Application awards go to 1st place USG Insurance, 2nd place to Beazley Group and 3rd place goes to Myron Steves.

Twenty-nine IIAH Past Presidents reunited for a private reception sponsored by Lloyd's and then joined 600 insurance professionals for lunch with Captain Larry Brudnicki as the keynote speaker. Captain Brudnicki shared his first-hand account of how he made life and death decisions and motivated his crew to perform their best in conditions that are now famously known as “The Perfect Storm”. During lunch IIAH honored it's 2017 Platinum Partners for Excellence and Gold Patron sponsors with special gifts for their continued support. Rich Mayer and Tom Greenfield of AmTrust/Republic presented a $100,000 check to the IIAH Hurricane Harvey Relief Fund.

The Houston Insurance Day Committee bid a farewell to one its own, V. Max Johnson of GBS Insurance Agency, as their official Master of Ceremonies. As one of the founding members of the Houston Insurance Day Committee he faithfully served for 35 years. IIAH’s Executive Director, Carole Shelton was honored with special gifts for her 30th anniversary with IIAH. The highlight of the day was the presentation of the prestigious Outstanding Service Award to William “Bill” Baycroft of BXS Insurance for his exceptional service to IIAH, the insurance industry and community.

The 36th Houston Insurance Day is February 20, 2019 and the HID Committee is hard at work planning for another record-breaking show. Mark your calendars!
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Afternoon Workshop
Applied Systems

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The Houston Insurance Day Renaissance Festival

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Questions???
Contact Carole for Registration and Sponsorship Opportunities!
cshelton@iiah.org 832-769-5689
Agent’s questions about Errors and Omissions, and how E&O losses can be prevented.

Q One of our carriers has made a change to their personal auto policy. The policy now has “drop down” liability limits if the vehicle is used by permissive operators, such as a friend you loan the car to. Instead of providing the limits listed in the policy (such as $250/500,000), they would drop to our state minimum financial responsibility limit of $25/50,000. The carrier is sending a notification to policyholders with each renewal explaining the change in the policy. We were concerned that we should contact each insured and explain it as well, but when we asked the insurance department they said we were not required to take any additional action. What is your feeling? Might this lead to an E&O claim for the agency?

- Peter, North Dakota

A Peter, your are right to be concerned. Even though the carrier has sent a notification to each policyholder, it is likely that many of them will not understand the impact of this change until a loss occurs. After exhausting the minimum limits under your insured’s policy, a permissive user would be forced to seek excess limits under his or her own policy, if available. A problem could occur if the limits available to them are lower than your insured’s limits, or if they had no other insurance available to them.

In 2006, ISO introduced the “Special Personal Auto Policy”. This policy was an attempt to standardize non-standard policy forms used by some carriers for non-standard risks. In addition to “step down” limits for permissive users, the policy provides only minimum limits for certain other situations as well, such as underaged drivers, driving the vehicle under the influence of alcohol or controlled substance and business use of the auto which was not disclosed to the company. Some standard carriers have been adopting this policy. This creates serious reductions in coverage, and agents need to be aware of the carriers they represent who might be using this or similar coverage forms. The prudent agent should read the policy and compare it to the standard Personal Auto Policy wording. Without looking at the policy your carrier has changed, I am suspicious that there may have been other coverage reductions or limitations as well.

As an independent agent, you represent other carriers with whom you can place coverage. At the time of a loss when the insured discovers that you had other policies available where you could have placed their business and failed to do so, you could be faced with an E&O claim. I suggest that you contact each customer insured under this policy and quote options through other carriers. If they decline to move their coverage, have them sign a statement that clearly explains the limitations of their existing policy, and acknowledges that they accept that reduced coverage.

See Mary’s new book: “Mission: EXCELLENCE – Creating an Internal E&O Loss Control Program”

For more information go to Mary’s website at www.lpinsuranceconsult.com

Mary LaPorte is a consultant and educator with a strong background in Errors & Omissions loss prevention. Forward your E&O questions to marylp@lpinsuranceconsult.com.

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SAVE THE DATE
IIAH Installation Dinner
Sept. 22, 2018
The Insurance Council of Texas (ICT) recently premiered its new documentary on Hurricane Harvey before 1,000 first responders at the Coastal Bend Hurricane Conference in Robstown. The video describes the catastrophic damage and the people who lived through the costliest storm in Texas history. The Coastal Bend Emergency Management Association invited ICT’s Mark Hanna and executive director Albert Betts to attend the 2-day event and asked Hanna to introduce the video.

“Despite 150 mph winds and the devastation brought on the coastal residents of Rockport, Port Aransas and surrounding towns, most of the nation’s focus on Harvey centered on its torrential rainfall and the resulting flooding that submerged Houston and southeast Texas,” said Hanna. “While we try to document all of the damage along the Texas coast, the documentary focuses on where the storm made landfall and those who experienced it.” It had been 47 years since the Rockport/Port Aransas area was hit by a hurricane.

Shortly after the storm, ICT estimated insured losses from Hurricane Harvey at $19 billion, with most of those losses coming from flood claims to homes, business and vehicles. The Texas Department of Insurance recently estimated that losses would be approximately $19.4 billion.

The 11-minute documentary on Hurricane Harvey can be viewed here: [http://www.insurancecouncil.org/Harvey](http://www.insurancecouncil.org/Harvey)

Hurricane season officially begins June 1, but Texas’ deadliest storms have typically occurred later in the summer. In order to help coastal residents prepare for hurricanes and better understand their insurance coverages, ICT conducts a “Hurricane Tour” each August that travels from Port Arthur down to the Rio Grande Valley. ICT’s Hanna, along with a group of weather experts, local insurance agents, and staff from the Texas Department of Insurance, provide information on flood insurance, windstorm coverage, homeowners insurance, and disaster preparation. During last year’s Hurricane Tour, Hanna was in the middle of the Hurricane Tour when Harvey was only hours away from making landfall.

You can also find more information on Harvey and other hurricane preparedness information on our Hurricane Central webpage ICT Hurricane Central.
FIFTH CIRCUIT AFFIRMS
SUMMARY JUDGMENT IN WIND/HAIL CASE,
ENFORCING CONCURRENT CAUSE DOCTRINE

by Wayne Pickering
Martin, Disiere, Jefferson & Wisdom, L.L.P.

June 12, 2018

The Fifth Circuit recently confirmed that in wind/hail cases, the insurer must meet its burden of proof to establish not only that the reported hail damage occurred during the policy period, but also how much of the damage occurred during the policy period, and sent a message that federal courts can and should grant summary judgments on this issue. In Certain Underwriters at Lloyd’s of London v. Lowen Valley View, LLC No 17-10914, 2018 WL 2727323 (5th Cir. June 6, 2018) (slip op.), the insured reported a hail claim, alleging a date of loss two years earlier. An engineering investigation revealed that there was a single hail event during the policy period which could have caused some of the damage, and the engineer admitted at one point that the date of loss alleged by the insured was the “most likely” date the observed damage occurred. However, there was also ample evidence that additional storms had occurred prior to the policy period and they almost certainly also caused some of the damage.

The trial court granted the carrier’s motion for summary judgment based on the concurrent cause doctrine (i.e., when a covered and non-covered peril combine to cause damage, the insured bears the burden of demonstrating how much of the damage was caused solely by the covered peril). The Fifth Circuit agreed, stating, “Given the undisputed evidence of severe hail storms outside the coverage period, Lowen Valley’s evidence does not afford the jury a reasonable basis on which to allocate the damage.” The court went on to affirm the dismissal of the insured’s extra-contractual claims as well, relying on Menchaca for the proposition that “an insured cannot recover any damages based on an insurer’s statutory violation if the insured had no right to receive benefits under the policy and sustained no injury independent of a right to benefits.”

Editor’s note: This message that federal courts will enforce the Texas concurrent cause doctrine and require insureds to meet their legal burden of proof should make it easier, at least in federal courts, to obtain early resolutions of cases in which the policyholder sues without any reliable evidence that the alleged damage is in fact the result of a covered peril which occurred during the policy period.

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- IIAH Members receive a 50% discount on all events and services

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