

# ROCK ACSR Newsletter

“Reaching Out, Communicating, Knowledge”



INDEPENDENT INSURANCE AGENTS OF VIRGINIA

## Why Adding Verbiage to COIs Could be a Big Mistake

After reading through the extensive information available in the Big “I” Virtual University (VU) regarding certificates of insurance, an agent understands that including actual endorsements with certificates is a best practice.

But the agent wonders about using a tactic that differs from the recommendation to include the actual endorsement for all additional insureds—is it acceptable to state “XYZ is an additional insured as respects general liability as respects premises leased to Named Insured if required by written contract”?

**Q:** "If so, do you have any suggestions on how you would do that efficiently at renewal when the agency management systems are set up to issue large volumes of renewal certificates at one time? It creates a second step—getting the actual endorsement and physically attaching it to the many renewal certificates."

**A:** “We often must balance business decisions with E&O considerations. Whenever you add verbiage to a certificate, you open it up to misinterpretation. For instance, your example: “XYZ is an additional insured as respects general liability as respects premises leased to Named Insured if required by written contract.”

Exactly what does the written contract require? For example, many proprietary company AI endorsements only provide vicarious liability. Some provide coverage on an excess basis. What if the contract specifically requires XYZ to be covered for direct liability on a ‘primary and noncontributory’ basis? Then XYZ is not afforded the degree of AI status ‘required by written contract.’

On the other hand, if you simply provide the actual AI endorsement, you transfer all responsibility to XYZ to determine if it complies with XYZ's contract. Again, you may want to balance the likelihood of an astute attorney twisting the wording you put on a certificate with the cost of providing the AI endorsement.”

Bill Wilson is director of the Big “I” Virtual University.

This question was originally submitted by an agent through the VU’s Ask an Expert Service. Answers to other coverage questions are available on the VU website. If you need help accessing the website, email [logon@iiba.net](mailto:logon@iiba.net) to request login information.

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### Upcoming Events:

- Nov. 27: Thanksgiving Day
- Dec. 1: World AIDS Day
- Dec. 5: IIAV Holiday Social
- Dec. 7: Pearl Harbor Day
- Dec. 10: Human Rights Day
- Dec. 16-24: Hanukkah
- Dec. 21: Winter Solstice
- Dec. 25: Christmas
- Dec. 26: Boxing Day
- Dec. 26: Kwanza
- Dec. 31: New Year’s Eve
- Dec. 31: Last Day to Comply with VA C.E.

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## PAP Coverage for Damage Due to "Freezing"

By: VU Faculty

**Q.** "This past winter's cold left a number of our personal auto clients with damage to the flooring in their travel trailers. The vinyl flooring split in various ways due to the extreme cold and movement of the underlayment in the trailer. Our carriers are split as to whether or not this is covered under the Other Than Collision coverage due to the 'freezing' exclusion this section contains. My question is concerning the 'freezing' exclusion and its intent. Some say the ISO intent was to exclude freezing of the plumbing or heating systems and not the entire trailer including flooring. Can you advise the intent and if this is a covered loss under the Other Than Collision section? Thank you."

**A.** The most likely victim of freezing would be parts of a vehicle that contain fluids, but the exclusion doesn't expressly say that, just that damage caused by "freezing" is excluded:

2. Damage due and confined to:
  - a. Wear and tear;
  - b. Freezing;
  - c. Mechanical or electrical breakdown or failure; or
  - d. Road damage to tires.

The only argument I could think of might be the language "due AND CONFINED TO" but I doubt that would help either.

It's kind of like ISO's pollution exclusion. It has often been more broadly and restrictively interpreted than the original language was probably meant to be. But many, if not most, courts will look to the four corners of the policy for meaning and not beyond.

One of our VU faculty members said that, to him, "freezing" means when a liquid turns into a solid. In the cited claim, the flooring is already a solid. "Freezing" isn't defined, but here are some definitions from Merriam-Webster Unabridged:

1. To become congealed into ice by cold.
2. To become hardened into a solid body by the abstraction of heat.
3. To have its liquid content freeze.

<in the winter the water pipes froze> <so cold the car radiator froze>

Granted, the flooring became more prone to breaking or splitting due to the cold, worsened by the movement of the subflooring, but an argument can be made that the damage wasn't due to "freezing" per se. If there was an exclusion like that found in other forms for damage that arises from "extremes of temperature," then damage could more certainly be excluded.

Another point he makes is that auto windshields can crack in very cold weather, often due to direct sunlight. Would the PAP exclusion for "freezing" apply then? Could the insurer tell us what the exact "freezing temperature" is for tile, say, compared to water, etc.? See this excerpt from the Safelite Auto Glass website:

### **Cold weather stress**

In cold weather conditions, windshields bend into a more concave shape. As a result, windshield chips and dings are more likely to spread in a horizontal fashion. According to a study conducted by the Motor Industry Research Association (MIRA), chips were likely to spread more than 80% of the time at temperatures of 14 degrees (-10° C). Windshield chips tested at 32 degrees were nearly 60% likely to crack.

### **Warm weather stress**

Warm weather conditions cause windshields chips to spread into vertical cracks. The same study conducted by MIRA suggested that the heat distorts the shape of the windshield glass, which can lead to cracking by itself. The cooling effect of the air conditioning unit makes chips even more likely to crack.

So, our consensus is that the "freezing" exclusion likely does not apply to this type of loss. At worst, it's ambiguous and any doubt should be decided in favor of the insured who did not draft the policy language.

**Last Updated:** October 20, 2014

# ACSR Newsletter



## UPDATES AND UPCOMING EVENTS

### You Are Invited to IIAV's Annual Holiday Party

You are cordially invited to the 7th Annual IIAV Young Agents' Holiday & Company Appreciation Party.

**When:** Friday, December 5

**Time:** 5:00-7:30 pm

**Where:** IIAV - 8600 Mayland Dr. Richmond, 23294

**Pricing:** \$10 for IIAV Members & Their Guest(s)

Come celebrate the holidays with IIAV. This event is hosted by IIAV's Young Agents' Committee as a way to celebrate the holiday season and to show their gratitude to the companies who have partnered with them throughout the year.

All ages are encouraged to attend as well as friends and family.

There will be music, hors d'oeuvres, tasty beverages and plenty of holiday cheer.

Please help us support Toys for Tots by bringing an unwrapped toy.

**Please register by December 1, 2014.**

**Thank you to the following companies who supported IIAV's Young Agents' program in 2014:**

Alfa Alliance; All Risks; Amerisafe; AmTrust North America; Atlantic Specialty Lines; Bailey Special Risks; Berkley Mid-Atlantic Group; Burns & Wilcox; Cabrillo Coastal General; Commonwealth Underwriters; First Atlantic Restoration; Imperial PFS; Insurance House; Jackson, Sumner, & Associates; Johnson & Johnson; Keystone Insurers Group; Liberty Mutual; Loudoun Mutual; Markel; Northern Neck Insurance Company; Patriot Underwriters; Penn National Insurance; Progressive Insurance; Regency Insurance Brokerage; SageSure Insurance Managers; Selective; ServiceMaster; Southern Insurance Company of Virginia; State Auto Insurance; Stonewood Insurance; Utica National Insurance Group; VFSC

If you have any questions on this event please contact Kristina Preisner, [kpreisner@iiaav.com](mailto:kpreisner@iiaav.com) or 804-747-9300.

[CLICK HERE TO REGISTER!](#)

### Earn the Designation You Have Always Wanted in 2015

Here are the designation programs that IIAV will be offering in 2015 to help you meet your educational and career goals.

#### **Accredited Advisor in Insurance (AAI)**

In today's increasingly complex property-casualty insurance marketplace, only insurance professionals with in-depth insurance knowledge and a strong focus on customer service have a competitive edge. AAI gives you the professional education you need.

#### **Accredited Customer Service Representative (ACSR)**

This national designation program is a respected credential in the insurance industry. The program is designed to improve the customer service and technical skills of your insurance staff. There are three tracks of study for you to choose from: Commercial Lines, Personal Lines, and Life & Health.

#### **Agribusiness & Farm Insurance Specialist (AFIS)**

The Agribusiness and Farm Insurance Specialist Certification is the foremost professional designation for specialists in the agricultural and farm insurance industry. Those who complete the program are entitled to display the AFIS designation to certify their knowledge of agribusiness and farm insurance and risk management as well as their dedication to the agribusiness industry.

#### **Associate in Insurance Account Management (AIAM)**

This best practice program is designed for experienced CSR's or account managers. Six days that focus in conflict resolution, time management and relationships in the insurance industry.

#### **Associate in Insurance Supervisory Management (AISM)**

This program covers the transition to supervisor, improving communications, motivation, teamwork, leadership, coaching, understanding others, performance appraisals and fair employment laws and regulations. Professional Development option for both new and experienced supervisors and managers.

#### **Construction Risk and Insurance Specialist (CRIS)**

The knowledge, credibility and differentiation that the CRIS program provides will lead to increased sales, structuring of better insurance programs and career advancement. This specialized curriculum focuses on the insurance and risk management needs of construction projects and contractors.

#### **Management Liability Insurance Specialist (MLIS)**

The core curriculum for the MLIS program consists of 5 courses that focus specifically on directors and officers (D&O), employment practices, and fiduciary liability exposures and insurance coverage.

[Click here to find out dates and pricing for these designation programs.](#)

# Education....Continuing Your Road to Success

## Upcoming Classes

### ABEN Webcasts (Webinar in Video Format – No Exam Required)

[Dec. 9 \(11:00-12:00\): IRA Fundamentals and Small Business Retirement Plans](#) – Course # 210953 (1 L&H) \$24/\$34

[Dec. 9 \(12:00-1:00\): Annuity Basics and Where They Fit](#) – Course # 210954 (1 L&H) \$24/\$34

### Manassas – NOVA Community College: Innovation Park - 9485 Innovation Dr. (20110)

[Dec. 8-9 \(9:00-6:00\): Life Pre-Licensing](#) (NA) \$175

[Dec. 10 \(9:00-6:00\): Health Pre-Licensing](#) (NA) \$125

[Dec. 11 \(9:00-4:00\): ACSR Mod 9-Com. Lines Cvgs.](#)-Course #208294 (6 VA P&C/6 WV General) \$105/\$135

### Richmond - IIAV – 8600 Mayland Dr. (23294)

[Dec. 3 \(9:00-4:00\): ACSR Mod 9-Com. Lines Related Cvgs.](#)-Course #208294 (6 VA P&C/6 WV General) \$105/\$135

[Dec. 4 \(9:00-4:00\): E&O: The Challenge of Change](#)- Course #208589 (6 VA OGI) \$105/\$135 \*\*

[Dec. 8-9 \(8:30-5:30\): Life Pre-Licensing](#) (NA) \$175

[Dec. 10 \(8:30-5:30\): Health Pre-Licensing](#) (NA) \$125

[Dec. 11 \(8:30-10:30\): Privacy-Cyber Liability](#)- Course #205319 (2 VA L&R) \$40/\$55

[Dec. 11 \(10:30-12:30\): 2014 Laws & Regs](#)-Course #210246 (2 VA L&R) \$30/\$40

[Dec. 11 \(1:00-3:00\): Lessons Learned from E&O](#)-Course #201385 (2 VA OGI) \$30/\$40

[Dec. 11 \(3:00-5:00\): Ethics 101](#)-Course # 208911 (2 VA Ethics) \$30/\$40

[Dec. 15-18 \(8:30-4:30\): Property & Casualty Pre-Licensing](#) (NA) \$300

### Roanoke – Roanoke Higher Education Center - 108 N. Jefferson St. (24016)

[Dec. 11 \(9:00-4:00\): ACSR Mod 9-Com. Lines Related Cvgs.](#)-Course #208294 (6 VA P&C/6 WV General) \$105/\$135

### Virginia Beach – Sandler Center - 201 Market St. (23462)

[Dec. 3 \(9:00-4:00\): ACSR Mod 9-Comm Lines Related Cvgs.](#)-Course #208294 (6 VA P&C/6 WV General) \$105/\$135

### Webinars (Phone & Computer Required—No Exam Required)

[Dec. 2 \(9:30-11:30\): 2014 Laws & Regs](#)-Course #210246

(2 VA L&R) \$40/\$55

[Dec. 3 \(9:30-11:30\): Agents Fighting Fraud](#)-Course #209719/208983

(2 VA Ethics) \$40/\$55

[Dec. 4 \(9:30-11:30\): Privacy-Cyber Liability](#)-Course # 205319

(2 VA L&R) \$40/\$55

[Dec. 8 \(9:30-11:30\): Garage Policy vs. Business Auto & CGL](#)-Course #208551 (1 VA P&C) \$25/\$35

[Dec. 9-10 \(9:00-12:00\): E&O Risk Mgmt. Challenge of Change](#)-Course #208589 (6 VA OGI) \$105/\$135 \*\*

[Dec. 10 \(2:00-3:00\): Time Management for the Insurance Professional](#) (NA) Free

[Dec. 11 \(9:30-11:30\) Data Breach and Its Perils](#) - Course # 211090 (2 P&C) \$40/\$55

[Dec. 15 \(9:30-10:30\): Ethics: Not What You Think and More Than You Thought](#)- Course #208550 (1 VA Ethics) \$25/\$35

[Dec. 16-17 \(9:00-12:00\): ACSR Mod 3-Pers. Lines Related Cvgs.](#)-Course #208287 (6 VA P&C) \$105/\$135

[Click here for the full list of classes.](#)

\*\* This class may qualify your agency for a loss control credit through IIAV's Westport and Fireman's Fund E&O programs.

## CE Biennium Closes 12/31/14

### Licensing Requirements for 2013-2014 Biennium Closing on December 31, 2014

On December 31, 2014 the Virginia insurance C.E. biennium officially comes to a close.

Make sure you are compliant by completing your credits and paying the relicensing fee. If you are not compliant your license(s) will be null and void on January 1, 2015 and you will have to go through the licensing process all over again.

Here are the licensing requirements for the 2013-2014 biennium.

### Licensing Requirements:

- Any agent who holds licenses that require continuing education are required to complete sixteen (16) hours of CE relevant to the type of license held each biennium. (According to the statute, a biennium is defined as a two-year period ending on December 31 of each even-numbered year.)
- An agent holding more than one of the above types of license is required to complete twenty-four (24) hours of CE, but at least eight (8) hours must be relevant to each type of license.
- At least three (3) hours of the 16- or 24-credit requirement must be on Ethics or insurance-related Law and Regulations applicable in Virginia or a combination of both.
- Any agent who completes more than the required CE credit hours for each license type held in each biennium is permitted to carry over those excess CE credit hours, but only to the next biennium.
- Duplicate courses cannot be used for CE credit within the same biennium, nor carried over to the next biennium for credit; however, duplicate course may be re-taken in the next biennium. Laws and regulation courses may not be carried over.

Courses may be chosen from any approved educational sponsor, however, no more than 75% of the required hours may come from insurance company- or agency-sponsored courses. CE credits earned in company- or agency-sponsored courses (IIAV is considered non-company/non-agency) that exceed 75% will not be credited the current biennium, but may be carried over only to the next biennium.

If you have any questions please contact Kristina Preisner, [kpreisner@iiv.com](mailto:kpreisner@iiv.com), or Susie Perkins, [sp Perkins@iiv.com](mailto:sp Perkins@iiv.com) or call us at 804-747-9300.

Virginia's Independent Spirit Since 1898!

INDEPENDENT INSURANCE AGENTS OF VIRGINIA

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## Take A Moment To Relax:

### Random Facts for Your Next Conversation

*Here are a few interesting facts for the next time you are at a dinner party .*

1. Abraham Lincoln declared Thanksgiving a national holiday in 1863.
2. Male turkeys gobble and female turkeys cackle.
3. Ben Franklin wanted the turkey to be the United States national bird.
4. The first Thanksgiving was held in 1621.
5. The Macy's Day Thanksgiving parade began in 1924.



### IIAV Services:

- **Find a Market:**  
Find the coverage you need for your client
- **Criminal Background Checks:**  
Completed in 3-5 days rather than 6 weeks.
- **Career Center:**  
Find your next great hire or intern.
- **Virtual University:**  
Articles relating to insurance, business, technology and more.

These services and more can be found at [www.iiav.com](http://www.iiav.com)

### Recipe of the Month



#### Sweet Onion Casserole

A new Thanksgiving side. dish

[Click here to view!](#)

### Quote of the Month

*"It's not how much we give but how much love we put into giving."*

~ Mother Teresa, Roman Catholic Religious Sister and missionary