

Meeting Minutes

Re: Southern 1752 Club 64th Annual
October 9th & 10th 2001
Ramada Inn Airport Greensboro, NC

The 64th Annual meeting of the Southern 1752 Club was called to order by President Allan Banner and an overview was given on the Executive Committee meeting. Other old business topics were discussed. There was some discussion on the spring meeting location and things were to be looked into further. President Banner did acknowledge the passing of past President Hunter C. Bumgardner in June of 2001.

Secretary Barry Green called the roll and gave the Virginia Legislative Report:
Enacted Legislation -

House Bill 1833 - Allows individuals convicted of reckless driving to obtain a permit.

House Bill 2554 - Limits the number of passengers who may ride with a provisional license holder

House Bill 2801 - Requires policyholders to request a reduction in UM/UIM coverage in writing

Senate Bill 1127 - DUI offenders must attend an alcohol safety action program

Senate Bill 1236 - Requires consent from both parents before canceling the drivers license of a minor.

North Carolina Legislative Report - given by committee

Senate Bill 318 - A license as an insurance producer is not required of the following:
The officer, director, or employee acting in the capacity of a special agent or agency supervisor assisting insurance producers where the person's activities are limited to providing technical advice and assistance to licensed insurance producers and do not include the sale, solicitation, or negotiation of insurance.

Commissioner Jim Long denied Industry Request for 10.6% Auto Insurance Increase

South Carolina Legislative Report - No report or updates given

Treasury Report:

Jeff Brownfield of Auto Owners read the treasurer report and stated the present balances for the

Southern 1752 Club were checking account \$2,418.99 and Money Market account \$1,585.00

A.D. Stuart of Deering & Associates then addressed the members concerning amendments to the Constitution and Club By-Laws. Revised copies were distributed.

President Banner then requested an update on the new affiliation of the Virginia Mutual Insurance Co. and Alfa Mutual Insurance of Alabama. A brief report was given by Barry Green of Alfa - Virginia Mutual.

The discussion then turned to obtaining a web page with links to the roster with all e-mail addresses, on line scholarship & new member applications. Also included would be club news, industry news, the general history, and meeting announcements. It was felt that it may be easier promoting the web page which will allow the individual an opportunity to check us out and see that the Southern 1752 Club is very serious about providing scholarships for educational aspirations of our collective agency force.

James Kennedy of Kennedy & Associates serves on the Board Of Directors for the PIA of North Carolina and he advised that PIA would be interested in linking up web pages to help promote our scholarship program. This could mutually benefit both organizations.

Long term cost is a consideration of hosting firms that maintain servers. Some are free but have advertising constraints. Southern 1752.org is a suggestion for a domain name and the info kept would be for internal club membership, perspective members, and scholarship applicants and not the general public. The initial estimated cost is approximately \$20.00 monthly. Things are to be finalized at the spring meeting after the discussion with the executive committee.

President Banner advised that both he and Arch Hamilton of Smart Choice Agents Program would work together to expedite this new project.

President Allan Banner introduced Doug Witcher, President of Worldwide Insurance Network, Inc. trading as Smart Choice Agents Program, who provided an in-depth analysis on Multiple Location Agency Programs and the opportunities they bring to Mutual Insurance Companies.

Doug advised that there are 3 general classifications of the Multiple Location Agency Programs:

A) MGA , Alliance Programs, and MGA.com Programs -

There is generally one producer and one contract with the company, everyone comes under that contract. There usually are no sub-codes. The market is holding the MGA responsible for production, claims reporting, endorsements, and commission payments to the agents. They also review the up-load of applications to carriers for quality assurance.

The MGA or Alliance contact will answer the agents questions but don't provide formal or on-going training for the agent. The agents don't direct have access to the carriers as the carriers only recognize the MGA or Alliance arrangement. There is no exclusive arrangement with the agent as they can have their own contracts with other markets, but use the program to utilize the markets offered under the MGA contract. The MGA.com program allow you access to their markets for a fee. They underwrite the submission, price it and return the information to the

agent.

B) Brokerage Programs -

Irroquois Group (example) They match insurance agencies with the individual companies. The carriers deal directly with the agents. They do use sub-codes to identify production and loss ratios of the individual producers through the carriers. The agents also handle the claims reporting and endorsements. The broker is responsible for the commission payment to the agents. The agent is 100% responsible for the submissions. There is no gatekeeping or quality assurance provided in this program. The brokers do not provide formal or on-going training, this comes from the carrier marketing reps. This also is not an exclusive arrangement with the agent as they can have other markets, however it is often stated that a 2 year restriction is in place if an agent leaves the program. There are no production requirements in this program.

C) Managed Agents Programs -

They work closely with the Insurance Companies. Initially it is determined where the company wants to write business and contacts are made in those areas. There is an exclusive agreement in this program along with production and profitability requirements. The agent that has existing markets may keep them but those markets will be noted in the agreement. The focus is to use exclusively the markets provided under the Managed Agents Program due to the annual \$5,600 resource commitment provided for each agency. This program does provide on-going training. The marketing reps of the various markets would call upon program administrators who would make the agency visits. The agent can contract directly with the markets after leaving the program. Associations and Peer Group Programs are provided for individual agents that offers information, some training, and even awards. Sub-codes are used to identify production and loss ratios of the agents. The agents handle the claims reporting and endorsement changes. The program is responsible for the commission payments and review and up-load all new business except non-standard auto. The Managed Agents Program provides front line underwriting for its carriers. The program utilizes advertising by direct mailers and direct solicitation of independent and captive agents

These programs offer growth potential, diversification of marketing efforts, and assistance in leaving a ? captive? situation to become an independent agent. When the right markets and agency situation come together, the Managed Agents Programs have much to offer.

No further new or old business was discussed and the meeting was adjourned by President Banner

Officers:

Allan Banner	Central Mutual Insurance Company	President
Jeff Brownfield	Auto Owners Insurance Company	Vice President
Brian Pierce	Penn National Insurance Company	Treasurer
Barry Green	Virginia Mutual Insurance Company	Secretary