



Texas Connection

Mobile Websites vs. Mobile Apps Which is better for your agency?

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If you are planning to establish a mobile presence for your agency, a first consideration is whether you want to create a mobile application ("app") for users to download or a mobile website, or perhaps both. Mobile websites and apps can look very similar at first-glance, and determining which is most suited to your needs will depend upon a number of factors, including target audience, available budget, intended purpose, and required features.

Both apps and mobile websites are accessed on handheld devices such as tablets and smartphones (e.g. iPhone, Android, Blackberry). However, before you can evaluate the benefits of a mobile website vs. an app it is critical to understand the key differences between the two.

A mobile website is similar to any other website in that it consists of browser-based HTML pages and accessed over the Internet.

They require no special software. The main characteristic that distinguishes a mobile website from a standard website is it is designed for a smaller handheld display and touch-screen interface.

Like any website, mobile websites can display text content, data, images, and video. They can also access mobile-specific features such as click-to-call (dial a phone number) or location-based mapping.

Mobile Apps are *downloaded and installed* on a mobile device--rather than being rendered within a browser. Users visit device-specific portals such as *Apple's App Store, Android Market, or Blackberry App World* in order to find and download apps for a given operating system.

Continued on page 6



The editorial content is valuable information but as always you should do your own due diligence and evaluation. The content is meant to be for informational purposes only and does NOT warrant an endorsement by the Texas Professional Insurance Agents in any form or fashion



Mobile Sites vs. Mobile Apps

Continued from page 1

When it comes to deciding whether to build a native app or a mobile website, **the most appropriate choice really depends on your end goals**. If you are developing an interactive game, an app is probably going to be your best option. But if your goal is to offer mobile-friendly content to the widest possible audience than a mobile website is decidedly the appropriate way to go. In some cases you may decide you need both a mobile website and a mobile app, but it is pretty safe to say that it rarely makes sense to build an app without already having a mobile website in place.

Generally speaking, **a mobile website should be considered your first step** in developing a mobile web presence, whereas an app is useful for a specific purpose that cannot be effectively accomplished via a web browser.

If your goals are primarily related to marketing or public communications, a mobile website is almost always going to make sense as a practical first step in your mobile outreach strategy. This is because a mobile website has a number of inherent advantages over apps, including broader accessibility, compatibility and cost-effectiveness.

- **Immediacy - Mobile Websites Are Instantly Available.**

A mobile website is instantly accessible to users via a browser across a range of mobile devices (iPhone, Android, BlackBerry, etc.). On the other hand, apps require the user to first download and install the app from an app marketplace before the content or application can be viewed - a significant barrier between initial engagement and action/conversion.

- **Compatibility - Mobile Websites are Compatible Across Devices**

A single mobile website can reach users across many different types of mobile devices, whereas native apps require a separate version to be developed for each type of device. As a result, apps are far more expensive to develop than a mobile website. Furthermore, mobile website URLs are easily integrated within other mobile technologies such as SMS, QR Codes and near field communication (NFC); this is not always true for apps.

- **Upgradability - Mobile Websites Can Be Updated Instantly**

A mobile website is much more dynamic than an app in terms of pure flexibility to update content. If you want to change the design or content of a mobile website you simply publish the edit once and the changes are immediately visible; updating an app on the other hand requires the updates to be pushed to users, which then must be downloaded in order to update the app on each type of device.

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Mobile Sites vs. Mobile Apps

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- **Searchability - Mobile Websites Can be Easily Found**

Mobile websites are much easier for users to find because their pages can be displayed in search results and listed in industry-specific directories, making it easy for qualified visitors to find you. Most importantly, visitors to your regular website can be automatically sent to your mobile site when they are on a handheld (using device-detection). In contrast, the visibility of apps is largely restricted to manufacturer's app store.

- **Shareability - Mobile Websites Can be Shared by Publishers and Between Users**

Mobile website URLs are easily shared between users via a simple link (e.g. within an email or text message, QR Codes, Facebook or Twitter). Publishers can easily direct users to a mobile website from a blog or website, or even in print. An app simply cannot be shared in this fashion.

- **Reach - Mobile Websites Snag a Larger Audience**

Because a mobile website is accessible across platforms and can be easily shared among users, as well as search engines, it has far greater reach capability than a native app.

- **Immutability - Mobile Websites Can't be Deleted**

The average shelf-life of an app is pretty short, less than 30 days according to some research; so unless your app is something truly unique and/or useful (ideally, both), it's questionable how long it will last on a user's device. In contrast - mobile websites are always available for users to return to them.

- **A Mobile Website Can be an App!**

Just like a standard website, mobile websites can be developed as database-driven web applications that act very much like native apps. A mobile web application can be a practical alternative to native app development.

- **Time and Cost - Mobile Websites are Easier and Less Expensive**

Last, but certainly not least, mobile *website app development is considerably more time and cost-effective than development of a native app*, especially if you need to have a presence on different platforms (requiring development of multiple apps).

- **Support and Sustainability**

The investment considerations of app vs. website do not end with the initial launch; properly supporting and developing an app (upgrades, testing, compatibility issues and ongoing development) is more much more expensive and involved than supporting a website over time.

A new survey by [Compuware APM](#) confirms that users greatly prefer native apps to the mobile web. For example, the survey's key takeaway:

85% of mobile device users prefer apps over mobile websites.

The primary reasons users prefer native apps over mobile websites are:

1. Apps are considered more convenient
2. Apps are faster
3. Apps are "easier to browse"

Yes. Despite the many inherent benefits of a mobile website, apps are still very popular, and there are a number of specific use scenarios where an app will be your best choice. Generally speaking, if you need one of the following, an app is the best option:

- **Interactivity/Gaming** - for interactive games (think Angry Birds) an app is almost always going to be your best choice, at least for the foreseeable future.
- **Complex Calculations or Reporting** - If you need something that will take data and allow you to manipulate it with complex calculations, charts or reports (think banking or investment) an app will help you do that very effectively.
- **Native Functionality or Processing Required** - mobile web browsers are getting increasingly good at accessing certain mobile-specific functions such as click-to-call, SMS and GPS. However, if you need to access a user's camera or processing power an app will still do that much more effectively.
- **No Connection Required** - If you need to provide offline access to content or perform functions without a network/wireless connection then an app makes sense.

As with any project, when developing an app you want to ensure that you are getting an optimal return on your investment. What you want to avoid at all costs is the needless and expensive exercise of building an app to do something basic that can be achieved with a mobile website.

As long as mobile remains a relatively new frontier, the "app vs. web" question will remain a very real consideration for organizations seeking to establish a mobile presence. If your mobile goals are primarily marketing-driven, or if your aim is to deliver content and establish a broad mobile presence that can be easily shared between users and found on search engines, **then a mobile website is the logical choice**. On the other hand, if your goal is interactive engagement with users, or to provide an application that needs to work more like a computer program or game, an app is probably required.

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This integration between print and web via mobile adds a new dimension of communication to any marketing or outreach effort.

A QR Code works by simply scanning the code with a mobile device that is equipped with a camera and QR Code reader application. These applications can be downloaded for free on popular smartphone platforms such as iPhone and Android.

One of my favorites is www.RedLaser.com.

Download a QR Reader App and scan this QR Code:

So we talk about them a lot in this newsletter, but **just what is a QR Code?** Well, if you live in the U.S. you may have begun to notice some unusual-looking square boxes appearing in print publications and advertisements. These 2D matrix barcodes are called QR Codes, or *Quick Response Codes*.

QR Codes are similar to the standard bar codes that currently appear on all types of consumer products (think bottom of your favorite breakfast cereal). However, QR Codes can contain much more information than traditional barcodes.

You can think of a QR Code as a paper-based hyperlink that connects the physical world with the online world. For insurance agencies, your unique QR Codes allows advertisements, brochures, posters - even clothing or billboards - to direct users to a mobile landing page.



Make plans to attend Texas PIA Insurance [free](#)

Continued on page 12

What is a QR Code?

Continued from page 10

Once the QR Code is scanned, it is translated into actionable information, such as a text message or opening a mobile web page.

1. **Flyers** or posters - to help promote an event or an upcoming 'gig'; share info on your site they wouldn't get on a normal flyer (e.g. video)
2. **Stickers** or a **tee-shirt** - novelty is key; make them curious and they will scan...
3. **Invitations** - for example share driving directions, additional info, photos, or allow RSVPs...
4. **Business cards** - promote yourself more memorably than you would with a simple email address, phone number, and a title.

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5. **Marketing materials** - such as brochures, advertisements, in-office displays, window decals, etc.
6. **Think up your own ideas...**

Common QR Code Mistakes to Avoid

The use of QR codes in insurance agency marketing campaigns has increased exponentially in recent years, and with good reason. When implemented properly, a QR code can become a powerful tool by bridging offline and online media, and engaging target audiences. But all too often QR code campaigns are initiated in haste, with little planning or knowledge of QR code best practices, which ultimately leads to an ineffective campaign that delivers poor results.

It's not just the novices that struggle with using QR codes effectively. Many major brands and marketing firms also continue to improperly implement QR code campaigns as well. But there's hope! Avoid these common pitfalls and ensure that your QR code campaign will get off to a solid start the first time.

If your QR code campaign is going to be successful, people need to be able to easily scan your code, right?

Typically codes are difficult to scan for one of the following reasons:

- There is too much data in the code
- The code is too small for the intended scan distance
- There isn't a proper safe zone around the code
- The QR code graphic is of poor quality or is otherwise distorted

Avoid these blunders by ensuring that your code contains only the minimal amount of data necessary and is of sufficient size, at least 1" square. Make sure your code is the proper resolution for the intended printing size, and has plenty of breathing room and is free of stray marks or other distortions.

If you want to know whether or not your QR code campaign is successful you need to be able to monitor when your code is scanned. A static QR code that is not tied in with a tracking system leaves you with little actionable performance data. You're in the dark.

To monitor your code's performance, make sure you use a dynamic QR code that is routed through a tracking system capable of measuring scan activity.

Users scan QR codes with a smartphone, so it simply makes sense that your code should take them to a page that is optimized for this type of mobile device. Codes **that do not resolve to mobile-friendly pages** create a poor user-experience and are not going to be as effective.

To immediately engage visitors once your code is scanned, make sure that you have a landing page formatted for mobile viewing, with a strong call-to-action and mobile-specific features like GPS directions or click-to-call buttons.

What happens if you want to change your QR code after it is published? If you have a static QR code you're out of luck, because the code will always point to the same place and can't be changed. If you want to change the code and it's in circulation for months, or years, after publication you've got a problem on your hands.

To maintain control of your QR codes after they're published make sure that you use dynamic codes that can be edited on the fly. This flexibility offers not only versatility, but peace of mind.

With a little planning, and the proper tools, you can avoid these common mistakes and ensure that your QR code campaign is a success.

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Protect Yourself from the Dirty Dozen Tax Scams

V @ ^ Á Q Ü Û q • Á æ } } ~ æ | Á ± Ö ä ! : c ^ Á Ö [: ^ should choose carefully when hiring someone to prepare tax scams that often peak during the tax filing season. The IRS recommends that taxpayers be aware so they can protect themselves against claims that sound too good to be true. Taxpayers who buy into illegal tax scams can end up facing significant penalties and interest and even criminal prosecution.

The tax scams that made the Dirty Dozen list this filing season are:

Identity Theft. Tax fraud through the use of identity theft and refund fraud is a top priority for the IRS. The QÜÛq • Á QÖÁc @ ^ ~ c Á • c ! æ c ^ * ^ Á ~ [& ~ • Visit IRS.gov for more information on the Voluntary Disclosure Program and victim assistance. During 2012, the IRS protected \$20 billion of fraudulent refunds, including those related to identity theft. This compares to \$14 billion in 2011. Taxpayers who believe they are at risk of identity theft due to lost or stolen personal information should immediately contact the IRS so the agency can take action to secure their tax account. If you have received a notice from the IRS, call the phone number on the } [c ā & ^ È Á ÿ [~ Á { æ ^ Á æ | • [Á & æ | | Á c @ ^ Á Q Ü Û q • Á Q Ö Á c @ ^ ~ c Á • c ! æ c ^ * ^ Á ~ [& ~ • Visit IRS.gov for more information on the Voluntary Disclosure Program on the [identity protection page](#) on IRS.gov.

Phishing. Phishing typically involves an unsolicited email or a fake website that seems legitimate but lures victims into providing personal and financial information. Once scammers obtain that information, they can commit identity theft or financial theft. The IRS does not initiate contact with taxpayers by email to request personal or financial information. This includes any type of electronic communication, such as text messages and social media channels. If you receive an unsolicited email that appears to be from the IRS, send it to phishing@irs.gov.

Return Preparer Fraud. Although most return preparers are reputable and provide good service, you should choose carefully when hiring someone to prepare your tax return. Only use a preparer who signs the return they prepare for you and enters their IRS Preparer Tax Identification Number (PTIN). For tips about choosing a preparer, visit www.irs.gov/chooseapro.

Hiding Income Offshore. One form of tax evasion is hiding income in offshore accounts. This includes using debit cards, credit cards or wire transfers to access those funds. While there are legitimate reasons for maintaining financial accounts abroad, there are reporting requirements taxpayers need to fulfill. Failing to comply can lead to penalties or criminal prosecution. Visit IRS.gov for more information on the [Voluntary Disclosure Program](#).

Social Security. Beware of scammers who prey on people with low income, the elderly and church members around the country. Scammers use flyers and ads with à [* ~ • Á] ! [{ ā • ^ • Á [~ Á ! ~ ~ } ā • Á c @ æ target people who have little or no income and normally a [} q c Á @ æ ç ^ Á c [Á ~ ā | ^ Á c Á c æ c Á | Á c ~ may be due a legitimate tax credit or refund but scammers fraudulently inflate income or use other false information to file a return to obtain a larger refund. By the time people find out the IRS has rejected their claim, the promoters are long gone.

Impersonation of Charitable Organizations. Following { æ b [! Á ā ā • æ • c ^ ! • È Á ā c q • Á & [{ { [} Á impersonate charities to get money or personal information from well-intentioned people. They may even directly contact disaster victims and claim to be working for or on behalf of the IRS to help the victims file casualty loss claims and get tax refunds. Taxpayers need to be sure they donate to recognized charities.

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Dirty Dozen Tax Scams

Continued from page 14

False/Inflated Income and Expenses. Falsely claiming income you did not earn or expenses you did not pay in order to get larger refundable tax credits is tax fraud. This includes false claims for the Earned Income Tax Credit. In many cases the taxpayer ends up repaying the refund, including penalties and interest. In some cases the taxpayer faces criminal prosecution. In one particular scam, taxpayers file excessive claims for the fuel tax credit. Fraud involving the fuel tax credit is a frivolous claim and can result in a penalty of \$5,000.

False Form 1099 Refund Claims. In this scam, the perpetrator files a fake information return, such as a Form 1099-OID, to justify a false refund claim.

Frivolous Arguments. Promoters of frivolous schemes advise taxpayers to make unreasonable and outlandish claims to avoid paying the taxes they owe. These are false arguments that the courts have consistently thrown out. While taxpayers have the right to contest their tax liabilities in court, no one has the right to disobey the law.

Falsely Claiming Zero Wages. Filing a phony information return is an illegal way to lower the amount of taxes an individual owes. Typically, scammers use a Form 4852 (Substitute Form W-G D Á [| Á æ Á %o& [| | ^ & 1099 to improperly reduce taxable income to zero. Filing this type of return can result in a \$5,000 penalty.

Disguised Corporate Ownership. Scammers improperly use third parties form corporations that hide the true ownership of the business. They help dishonest individuals underreport income, claim fake deductions and avoid filing tax returns. They also facilitate money laundering and other financial crimes.

Misuse of Trusts. There are legitimate uses of trusts in tax and estate planning. But some questionable transactions promise to reduce the amount of income that is subject to tax, offer deductions for personal expenses and reduced estate or gift taxes. Such trusts rarely deliver the promised tax benefits. They primarily help avoid taxes and hide assets from creditors, including the IRS.

For more on the Dirty Dozen, see IRS news release [IR-201333](#)



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A WEB PRESENCE

Susan Wright of [TrustWorkz](http://TrustWorkz.com)



Please know that this is a totally common and honest response to the title statement today. My aim is to give you a better understanding of the differences between the two. What I really hope that you walk away with today is a firm understanding of the importance of having one verses the other.

A Website by 5 b m ' C h \ Y f ' B U a Y Á K c i ' X . G h l . 6 Y

Most of us have a website, and have had one since the world dictated that it was a necessity for those of us who have a business to run. My own company has a * ! ^ æ c Á , ^ à • ā c ^ ò ā c q • Á c @ ^ Á] | æ & ^ Á [] | ^ Á . ^ Á • ^ } á Á people that want to learn more about us. It is important to note that we understand that our site is also the center [| Á % @ ~ à + Á [~ Á [~ | Á Y ^ à Á Ú ! ^ • ^ } & ^ È

defined, static information to the user. This may include information about a company and its products and services through text, photos, animations, audio/video and intel æ & c ā ç ^ Á { ^ } ~ • Á æ } á Á } æ ç ā * æ c a

Let me be clear in saying that a website is not a bad thing in and of itself. Quite the contrary, it is the one piece of real estate on the web that you own and have complete control of. This alone makes it your most valuable online marketing asset. I would consider it detrimental and less than competitive though if your , ^ à • ā c ^ Á , ^ ! ^ Á ^ [~ | Á [] | ^ Á [] | ā } ^ A one would think that a resolution to building a profile on every single site or network that we can find would suffice, right? Wrong. Abandoned profiles and neglected channels where you set up a profile that never gets updated can actually work against you. Suppose someone finds that Twitter feed you built but never { æ * ^ à Ñ Á V @ ^ Á , ā | | Á • ^ ^ Á c @ æ c Á • ^ Á æ c ^ Á } like a year ago! What if this is their favorite channel and @ æ c q • this was their front door @ ā . | Á . Á

In the online space of today, websites need to be much more versatile and malleable than the sites of ^ ^ • c ^ ! ^ ^ æ ! É Á Q ~ Á ^ [~ q ç ^ Á] æ ā á Á æ like a year ago! What if this is their favorite channel and @ æ c q • * [ā } * Á [} Á c @ ^ } Á ^ [~ q ç ^ Á @ about á Á æ c ^ Á } like a year ago! What if this is their favorite channel and @ æ c q • Wordpress and other Content Management Systems (CMS). Content Management Systems are much more dynamic than static websites and they also provide a higher level of functionality.

K Y V ' D f Y g Y b W Y ' 1 ' 7 c a a U b X ' D f Y g Y b W Y Á 8] [] h U ' , m ' Speaking

As I said earlier, { ^ Á [, } Á & [{ } æ } ^ q • Á Ç Y [yours. Each separate component of your web presence serves a unique purpose and has its own unique benefit that can help to grow your business. As an aggregate, these tactics and practices help you to stand out above your competitors in a few very important ways. Consider the benefits:

help describe web presence. Your digital footprint is the aggregate total of every single file, destination, or touch point on the web that is either owned by you or that mentions, links to, or refers to you - the bigger the footprint, the better.

Your Website (a CMS hopefully) is the centerpiece of your web presence. ALL other touch points should ultimately lead here. From there you can implement calls to action, publish regular blog posts (Content Marketing) to establish yourself as an authority in your industry, effectively optimize your site for search engines (SEO), and build up a rapport with the community that you build around your brand. Some of the ways that you can build up your community and drive more awareness are:

- Social Networks . Twitter, Facebook, YouTube, Instagram, LinkedIn, Pinterest, Etc.
- Review Sites . CitySearch, Trip Advisor, Yelp, Kudzu, Urban Spoon, Etc. @ ^ ! ^ Á , ^ Á • ^ } á Á
- Bookmarking/Sharing Sites - Reddit, Digg, StumbleUpon, Del.icio.us, Etc.
- Directories . Local and national niche or geo-specific directories. Y ā \ ā | Á á á æ É Á % ò Á] | ^ • ^ } c • Á] | ^

V @ ā • Á ā • Á } [c Á æ à [~ c Á à ^ ā } * Á] : effective and pro-active. We can no longer pick a single channel or medium to simply broadcast our message to one audience and expect it to be effective. With the] | æ] ^ c q • Á { æ • • Á æ à [] c ā [] Á [~ Á • [method of communication comes an ever-growing mountain of social networks. People pick and choose from among them and everyone has their favorites. We have to also pick and choose where to participate.

One would think that a resolution to building a profile on every single site or network that we can find would suffice, right? Wrong. Abandoned profiles and neglected channels where you set up a profile that never gets updated can actually work against you. Suppose someone finds that Twitter feed you built but never { æ * ^ à Ñ Á V @ ^ Á , ā | | Á • ^ ^ Á c @ æ c Á • ^ Á æ c ^ Á } like a year ago! What if this is their favorite channel and @ æ c q • this was their front door @ ā . | Á . Á

Why All of This Matters
O ç ^ ! ^ c @ ā } * Á c @ æ c Á Q q æ s beyond] | æ ā • ā {] | ^ Á % à ^ • c Á] | æ & c ā & ^ + Á [] | ā } ^ Á yours. Each separate component of your web presence serves a unique purpose and has its own unique benefit that can help to grow your business. As an aggregate, these tactics and practices help you to stand out above your competitors in a few very important ways. Consider the benefits:

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A Website by Any Other Name

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The Social Affect . People prefer to do business with people that they like, know, and trust. The challenge for a business in this digital age is finding out how to build affinity and rapport with existing and potential customers. Social media and the two-way engagement on these channels go a long way toward keeping your current customers happy and well informed. Meeting potential new customers is quite simply accomplished just by engaging with your audience and providing valuable insight and content.

People also look to those that they like, know, and trust to seek advice and guidance. It is becoming exponentially more commonplace that consumers consult review sites like Yelp, Kudzu, Yahoo Local, and Citysearch before making purchases (This happens on social media). Having a presence is not nearly enough on these review sites. It is much more important that you engage with your own customers to empower and encourage them to leave favorable reviews for your business on these review sites and accomplish this.

The Search Engine Optimization (SEO) Affect . The SEO tactics of yesteryear are no longer a viable solution. Making sure that you show up as often and as prominently in search engine results has become a moving target, so to speak. Gone are the days of SEO being a one-time event based tactic. SEO has evolved as the Internet has dictated that it must. Search engines, like Google, recognize that there has been a revolutionary shift in the way that people using the Internet to find, consume, and share content.

How and what we share on the Internet and the way in which people interact with this content plays a predominant role in how the search engines will rank your website. Search engines, like Google have only one goal and review sites are considered carefully by the search engine algorithms. Not participating is NOT an option if being found on the Internet is important to your bottom line.

Embrace or Ignore

Your web presence is the living and breathing essence of your business on the web. Build and manage it accordingly so that the world will find a vibrant and healthy presence when they bump into you online.

Complete access to and control over.

Qc q • Á æ à [~ c Á ~ | ^ • @ Á æ } á Á ; ^ | website in order to A) build up your authority, grow your audience, and B) pleasing the search engines so that you gain better placement in search results.

Qc q • Á æ à [~ c Á à ^ ã } * Á & [{ { ~ } } ã & as many channels as you decide are prudent and manageable.

Qc q • Á æ à [~ c Á @ æ ç ã } * Á æ } • [strategy for your online marketing efforts that meets your business objectives.

Qc q • Á æ à [~ c Á @ æ ç ã } * Á à ^ c c ^ ^ existing and potential clients and how they behave and communicate online.

Qc q • Á æ à [~ c Á à ^ ã } * Á } ã { à | ^ Ê & and aware as the world continues to go through the most incredible shift in communications and technology the world has ever known.

It all comes down to a pretty simple choice for business owners. We can either turn a blind eye toward what is happening or it and become pro-active in order to learn more about it and become a better participant.



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| Half - Ú æ * ^ Á Ç Ī È | \$100.00 | \$500.00 |
| Quarter-Ú æ * ^ Á Ç H Í + D | \$75.00 | \$375.00 |
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Questions? Contact Eddie K. Emmett at eddie@piatx.org or (770) 312-2342.

Exempt Employee Disciplinary Pay Docking Issues Q&A

By [Robin Thomas, Managing Editor](#)

Follow PPS on Twitter for daily updates .

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March 26, 2013, Volume 15, No. 13

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Important Form I-9 Update:

The Form I-9, the Employment Eligibility Verification form that you must fill out for every new employee, has been revised. The new form, as well as the updated M-274 Handbook for Employers explaining how to fill out the form, has been issued by the USCIS and is ready for use immediately. If you do not start using it immediately, you must use it by May 8, 2013.

For copies of the new Form 1-9 and the M-274 Handbook, [click here](#) to go to the USCIS Web site.

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**Editor's Note:** These question and answer HR Matters E-Tips articles are taken from real questions submitted by our subscribers, a unique feature of the HR Matters Tools and Resource Center online service. [See how it works.](#)  
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You can dock exempt employees for disciplinary suspensions, but only in very limited circumstances. Be careful, though. The FLSA regulations impose very specific requirements you must meet before taking this action.

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**Q:** We know that we do not have to pay nonexempt employees who are sent home for a partial day or partial week disciplinary suspension. But what about exempt employees? Do we still have to pay them if we suspend them for part of a day or part of a week?

**A:** If certain criteria are met, you do not have to pay exempt employees for partial week suspensions. But, you do have to pay for most partial day suspensions.

Several years ago, in 2004, the Fair Labor Standards Act (FLSA) changed the way you could use pay practices to discipline exempt employees. (Exempt employees include those employees classified as bona fide executive, administrative, professional, computer-related, and highly-compensated employees because they are paid on a salary basis and their job duties meet certain criteria.) Prior to August 2004, you were severely restricted in using unpaid partial week suspensions of exempt employees for disciplinary reasons. Your only recourse was to suspend them with pay, or to suspend them for a full week.

[\(Download free Disciplinary Procedure model policy including HR best practices and legal background.\)](#)

But that changed on August 23, 2004. According to the FLSA regulations that took effect on that date, employers can use unpaid disciplinary suspensions in full day increments and in limited circumstances to a minimum wage and overtime requirements. To take advantage of this suspension, though, you must be sure (DOL) requirements or risk big penalties.

According to the DOL wage and hour regulations, an employee is considered to be exempt if he meets certain employee is considered to be paid on a salary basis if his pay is not subject to reduction because of variations in the quality or quantity of the work performed. Thus, an exempt employee must receive the full salary for any week he performs any work regardless of the number of days or hours worked. This full payment is in contrast to nonexempt employees who only have to be paid for time actually spent working. So, nonexempt employees do not have to be paid when they are suspended and not working.

Note that a few exceptions can apply when exempt employees do not have to be paid, such as for certain full-day absences related to personal time off and illness under a sick leave plan and unpaid partial day absences taken under the Family and Medical Leave Act. In addition, the FLSA regulations include two disciplinary situations where you may make deductions from an

**First** deduction was part of the earlier exempt regulations and serious danger to the workplace or other employees, such as rules prohibiting smoking in explosives factories, comments to the final regulations, deductions made for this reason may even be in partial day increments. Because of the limited definition, though, most employers cannot take advantage of this deduction.

**Second**, under the FLSA revisions made in 2004, an exempt employee now can be suspended without pay for one or more full days as disciplinary action imposed in good faith for workplace conduct rule infractions. To use this deduction, you must have a written policy that is applied to all employees.

**Continued on page 24**



### Exempt Employee Disciplinary Pay Docking

Continued from page 18

(The DOL comments to the final rule indicate that just because the policy must cover all employees it does not preclude an employer from making case-by case disciplinary determinations.) Note, too, that the comments to the final rule point out that the term including harassment, violence, drug or alcohol violations, or violations of state or federal laws. It does not cover performance or attendance issues. So, for example, you cannot suspend an exempt employee without pay for a day because he did not meet performance goals or has missed too many days of work.

Comments to the rule also make clear that the policy must be in writing. The policy does not have to include an exhaustive list of specific violations that could result when a suspension would be imposed. Rather, the written policy only has to be sufficient to put employees on notice that they could be subject to an unpaid disciplinary suspension.

For example, if you have a discipline policy that discusses what type of action may be taken, that policy should include a statement that employees may be suspended without pay. (Comment (2)(c) of the [Disciplinary Procedure Model Policy](#) in Chapter 808 the HR Matters Tools and Resource Center online includes language intended to comply with this new requirement.) Alternatively, you can include the disciplinary suspension in specific behavior policies, such as your harassment or drug and alcohol policies.

Ü ^ { ^ { à ^ ! Ê Á c [ [ Ê Á c @æc Á ã ~ Á ^ [ ~ Á á [ } q policies and procedures, you still can suspend your exempt employees. However, the suspension must be with pay if it is for less than a full week. Still, even a paid suspension can be an effective disciplinary technique since most employees understand clearly that termination is one of the next options. With the revised FLSA regulations, though, you now have the added flexibility to use unpaid suspensions for exempt employees.

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If you don't have access to the PPMS, but would like to have a free, no-obligation 14-day review, go to: [www.ppspublishers.com/ppm-ez.htm](http://www.ppspublishers.com/ppm-ez.htm) or just give us a call at 1-800-437-3735.

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Remember, too, we encourage you to pass along any issue of the E-Tips by forwarding it to friends and colleagues.



This has nothing to do with insurance but it's a video you MUST see. A film crew was on site in Canada producing a Samsung commercial when they were surprised by a huge bear that ambled onto their outdoor set:

[https://www.youtube.com/watch?feature=player\\_embedded&v=Xoe5Vjl90](https://www.youtube.com/watch?feature=player_embedded&v=Xoe5Vjl90)

Bears are known to be completely unpredictable, an understatement in the video. Watch what happens when the bear gets into camp. Remarkable.







## Preparing for Spring Flooding

As we approach the end of winter, warmer temperatures can bring rapid snowmelt and heavy rains that increase the risk of flooding, especially in areas that experienced heavy snowfall. As an insurance professional, you can ensure that your clients are covered for a flood.

A spring thaw can produce large amounts of runoff in a short period of time. Each cubic foot of snow that accumulates during the winter contains about a gallon of water. Because the ground is hard and frozen, water cannot penetrate and be reabsorbed. The water then runs off the surface and flows into lakes, streams and rivers, causing excess water to spill over their banks.

Heavy rains, snow melt, ice jams and flash flooding all increase the flood risk at this time of year. And remember, typically, there is a 30-day waiting period before a policy goes into effect, so it is important to have insurance in place before the spring flood season begins.

### Tools To Help You Explain Risk

Help your clients understand all of these risks and the financial burden of a flood by sharing the [Flood Risk Scenarios](#) tool with them. The snow melt scenario illustrates how a home located in a rural area exposed to heavy snowfall can experience a slow flood that could last for a week or more once the snow begins to melt. The flash flood scenario demonstrates that once a current of warm moist air sweeps in, it could cause a torrential downpour that, when coupled with snowmelt, could cause massive flooding and destruction.

A few inches of water can cost tens of thousands of dollars in damage. Use the [Cost of Flooding](#) tool to illustrate to clients how costly a flood can be. Watch the calculator ring up the estimated cost of damage by raising the water level from 1 inch to 4 feet. Seeing the large totals add up will help customers understand the need for flood insurance.

You can share or embed both of these interactive tools on your website.

Check out other resources available on [Agents.FloodSmart.gov](#) such as talking points and messaging necessary to engage and teach clients or prospects about the importance of buying flood insurance. You will also find more interactive tools; widgets and testimonial videos that help communicate flood risk on [FloodSmart.gov](#).

Finally, be sure to register to become a FloodSmart agent. Show proof of two hours of flood insurance training in the past two years, and receive free, qualified leads through the [Agent Referral Program](#).

So before the snow begins to melt and the spring rains begin to fall, visit [Agents.FloodSmart.gov](#).

### FloodSmart Bio:

As the marketing arm for FEMA's National Flood Insurance Program, FloodSmart's goal is to educate communities nationwide about the risk of flooding and the importance of flood insurance. FloodSmart plans and executes national direct response and awareness campaigns that include television, radio and print advertising, direct mail and public relations. FloodSmart also provides tools, training and outreach to insurance agents, stakeholders and FEMA regional offices in an effort to provide information on the local and state levels.



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## Zalma Insurance Fraud Letter

The Essential Resource for the Insurance Fraud Professional

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Zalma, Esq., CFE

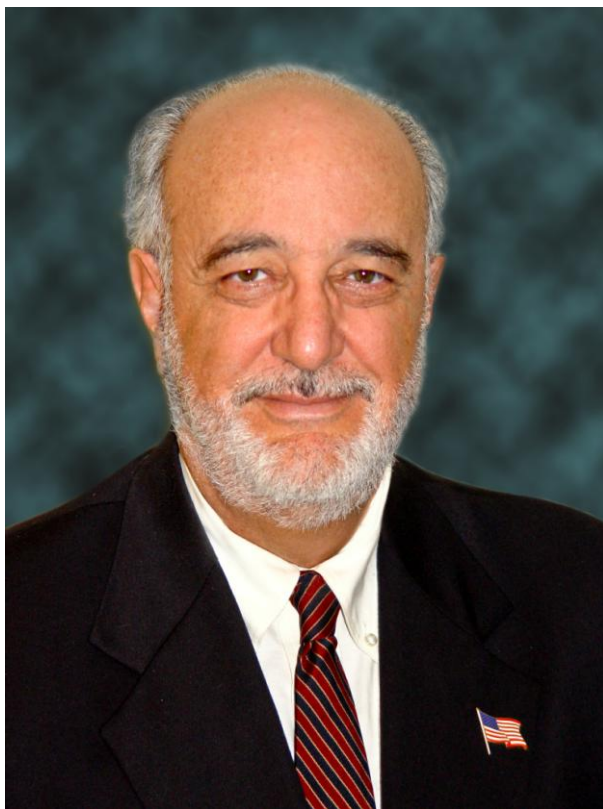
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### Do You Wonder Why There is So Much Fraud?

Twenty-four percent of Americans believe it is acceptable to increase an insurance claim by a small amount to make up for deductibles they are required to pay.

That is lower than the 33 percent found in 2002, according to new findings from an online Insurance Research Council (IRC) public opinion study. Additionally, 18 percent believe it is acceptable to increase a claim to make up for premiums paid in previous years when they had no claims, the lowest percentage since the question was first asked in a 1981 in-home survey.

Younger respondents, especially young men, were much more likely to view claim padding as acceptable. For example, among males age 18-34, 23 percent agree it is all right to increase claim amounts to make up for premiums, compared with just 5 percent of their older male counterparts and just 8 percent of females aged 18-34.

The IRC study, "Insurance Fraud: A Public View, 2013 Edition," also found that 86 percent of Americans agree with the statement "insurance fraud leads to higher rates for everyone," while 10 percent agree that "insurance fraud doesn't hurt anyone."

Respondents showed support for fraud-fighting efforts. Two-thirds (66 percent) approved of legislation to limit attorney and medical provider access to police accident reports for the purposes of soliciting new clients or patients, a marked increase from 2002. Eight in 10 were willing to participate in claim processes that could help insurers detect and prevent fraud, such as examinations under oath (85 percent) or independent medical exams (80 percent).

Eighty-two percent agreed that persons who commit insurance fraud should be prosecuted to the fullest extent of the law, although the consequences favored for specific fraud activities were generally less severe than in 2002.

The 2012 results are from an online survey conducted in June 2012 among 2,005 adults countrywide. Survey results were weighted by known demographic distributions to ensure that the final results were representative of the total U.S. adult population. For more detailed information on the methodology and findings from this study or previous IRC studies of insurance fraud attitudes, contact David Corum, at (484) 831 - 9046, or by e - mail at [irc@TheInstitutes.org](mailto:irc@TheInstitutes.org). Copies of the study are available for \$300 for an electronic version, or \$400 for a printed copy. Visit IRC's website at [www.insurance-research.org](http://www.insurance-research.org) for more information.

Barry Zalma, Esq, is available as a consultant, expert witness, arbitrator or mediator to assist counsel or parties concerning:

- § INSURANCE COVERAGE ISSUES
- § INSURANCE BAD FAITH
- § THE GENUINE DISPUTE DOCTRINE
- § INSURANCE CLAIMS HANDLING
- § SUSPECTED INSURANCE FRAUD
- § INSURANCE LITIGATION SUPPORT





Reports of Convictions From the Coalition Against Insurance Fraud . <http://www.insurancefraud.org>

\* A West Michigan landlord who fixes up broken-down homes for a living burned down nine properties for more than \$700,000 worth of insurance money. Gerald Singer torched rental properties in Muskegon, Muskegon Heights, Grand Haven and Gary, Ind. He allegedly bought real estate cheaply, insured the buildings and contents for amounts much higher than his purchase price, and then had cronies burn down the places. Singer used third parties to conceal his ownership of some insured properties. This included land-contract agreements "to distance and obscure his legal interest in the properties." Singer allegedly used insurance payments not to rebuild and replace the destroyed properties but for personal benefit. By far the biggest windfall was for The Fair Fabric Store. Singer bought the place for \$49,000 and received \$500,000 after it burned down. He played a strong offensive game, sued insurers that refused to pay up. Singer faces up to 20 years in federal prison when sentenced in August. The investigation was a joint effort by the ATF, IRS and Muskegon Heights Fire Department.

\* Susan Schulz's criminal past will forfeit her plea for a light sentence for trying to bilk an insurer with a fake theft claim. The York, Neb. woman said she hired a tech guy to hook up her home computer. Schulz said she left for a while, and found a pile of her personal goods stolen when she returned. Lifted were painkillers, a DVD player, laptop, \$1,200 in cash, jewelry, an Xbox and camera. But the house didn't look ransacked. The jewelry box also lay neatly on her bed, and no computer wires seemed disconnected. It turns out Schulz already had made a claim with the insurer five days earlier for \$2,500 cash, an Xbox and a laptop that supposedly were heisted. And the Xbox and the laptop actually came from a rent-to-own company that removed the goods from her home before her theft calls. Schulz received one to two years in prison this week. She wanted probation, noting that two sons lived with her. But a drug conviction and other crimes made her a lousy probation risk, the judge said.

\* Bernice Stephens ran a clothing store under an assumed name while illegally collecting workers comp money, the Ohio Bureau of Workers Compensation says. Bernice Stephens owned an Akron clothing store called Devotice, under the assumed name of Naomi Miller. Bureau agents visited the store disguised as customers and secretly videotaped themselves buying items. Stephens told them she made African garments for weddings and events. She also illicitly did income tax returns from her home. Stephens received 10 months in jail and must repay more than \$88,700.

\* Former cop Edward Idukas stole workers comp money while stealing bases. Idukas told Oxnard, Calif. police department that his back was too injured for him to work. But he collected tens of thousands of dollars in comp money while playing in an adult baseball league. Idukas claimed he was the victim of bad advice - that playing baseball was legit because that would strengthen his injured back. He took a fraud plea Monday, and must repay \$70,000. Full sentencing is scheduled for June.

\* Chiro Eric Barker performed manipulation, evaluation, and management and consulting services despite being de-certified from treating injured workers in 2009 due to a felony conviction. He then used another doctor's assigned provider number to obtain reimbursement from the Ohio Bureau of Workers' Compensation. He received five years of community control after pleading guilty to workers comp fraud. Barker also must repay more than \$8,500 plus \$8,000 for investigative costs.

\* Nothing can restore the disaster that befell Disaster Restoration, Inc. Two contractors who ran the Denver firm bilked insurers out of nearly \$500,000. Charles Homer Sharp and Michael Arthur Griggs employed subcontractors who were told to submit two bids for each job. One bid normally was inflated by 20 percent to 30 percent, the other was honest. The pair submitted the inflated bids to insurers for payment but paid the subcontractor the non-inflated amounts. The firm's owner Griggs received 50 months in federal prison Wednesday. He also must pay nearly \$977,650 in fines and restitution. Sharp received three years in March.

\* Heavy snow supposedly collapsed a patio roof at the home of Keith Scribner's mother. The Spokane, Wash. man helped her with the claim. He told the insurer that the patio cover was large. It spanned the whole patio and wrapped around the home's chimney, he lied. Scribner sent Liberty Mutual three replacement bids of \$195,586 to \$213,815. The claims rep initially thought the bids were a practical joke. Liberty Mutual then asked for photos of the cover or snow damage. Scribner said he had no photos. But a claims handler found an image of the home on a real estate website. It showed a much more modest patio cover. The insurer began investigating and notified the Washington fraud bureau, which investigated further. A home appraiser had photographed the patio cover despite Scribner's denial, investigators discovered. And a real estate agent interviewed by investigators described the cover as being "small and nothing special or significant." Investigators asked a local builder for sample replacement bids. They ranged from \$3,913 to \$4,782. Scribner was convicted and will be sentenced in April.

**Continued on page 28**





Reports of Convictions From the Coalition Against Insurance Fraud . <http://www.InsuranceFraud.org>

\* A firefiht hotter than a cooked pepperoni pizza brewed over the sentencing of a pizza storeowner acquitted of torching the place for insurance but convicted of lying to investigators. A federal jury acquitted Feras Rahman last May of torching the Milwaukee eatery for insurance money. But he was found guilty of lying to investigators about a business computer. He said it was stolen from the pizzeria, but investigators later found it in his home. Prosecutors sought three years in prison for the lie at his follow-up sentencing Monday. They invoked the legal doctrine of "acquitted conduct." They laid out what they considered a large volume of evidence proving he burned down the pizza joint because he wanted out of the business. The totality of his conduct was enough for three years in prison under the acquitted-conduct doctrine, the feds said. Rahman wanted probation. His lie about the computer was minor and didn't obstruct the investigation, he argued. But Rahman used that small lie to buttress a much bigger lie that a burglar probably stole the computer and started the fire, the feds countered. Rahman received 2 1/2 years.

\* A cocaine conviction didn't stop chiro Eric Barker from illicitly billing the Ohio Bureau of Workers Compensation. His certification to serve bureau clients was yanked for four years after he was handed three years for possessing cocaine with intent to distribute. But the Riverside man simply assumed another chiro's name and identity and racked up nearly \$8,600 in illegally billings, the bureau determined. An anonymous tipster ended Barker's plot. He received five years of community control, and must repay the stolen insurance money plus \$8,000 for investigative costs.

\* The largest known crop insurance scheme in history was broken up - a \$100-million monster involving dozens of agents, adjusters, brokers and farmers in eastern North Carolina. The cohorts lied to crop insurers about large losses of tobacco, soybeans, wheat and corn. But often the crops weren't damaged at all, and farmers used aliases to sell their written-off crops for cash. The con started unraveling when the feds datamined for loss patterns and discovered that clients of Wilson, N.C. agent Robert Carl Stokes had suspiciously large runs of bad luck. Stokes had recruited farmers to buy large crop policies and then claim big losses despite producing bumper crops. Stokes helped farmers hide the true value of their harvests by selling their tobacco through warehouse operators, who agreed to write checks to false recipients. Stokes then cashed the checks for the farmers, and kept a percentage.

Stokes also kept a share of government-backed insurance payouts. Rural Community Insurance Services adjuster Jimmy Thomas Sasser for years took cash payoffs of \$400-\$2,000 to falsify hail-damage claims. Stokes was convicted in 2011, and more convictions are rolling in. Some 41 cohorts have pleaded guilty or reached plea agreements.

\* From our "Could It Happen Here?" files: Englishman Peter Webb claimed someone stole his fully restored 1950s Bentley Mark VI from a garage near his home just two months after insuring it for £42,000. He lied to the insurer that he spent £38,000 restoring the beaten-up old junker like new. The insurer demanded the invoices, paperwork and photos of the restoration work. But the material was locked in the trunk of the supposedly stolen car, Webb said. He actually commandeered a dealer's pristine vintage Bentley under the guise of a test drive. He drove it down a country lane outside of Ipswich. Webb then switched his plates for the dealer plates, photographed the car and told the insurer the car was his. But the insurer quickly found the same Bentley, finding it in an online ad. Webb's own car apparently was in far worse shape and not worth the poundage he sought. Webb was convicted and fined.

\* An attorney fell hard after greasing the largest known no-fault auto scam the feds have ever seen. Sol Naimark joins a parade of cohorts who've been convicted in an elephantine plot based in New York City. Naimark admitted he paid a no-fault clinic "controller" to refer him patients who'd received worthless treatments so he could soak auto insurers with dodgy lawsuits. He also paid a street runner to bring him patients. Depending on which FBI news account you read, the ring billed insurers between \$280 million and \$400 million. Laymen illegally owned no-fault clinics, and bribed docs to pretend they were the state-required owners. The clinics billed auto insurance for bogus medical treatments from fake car crashes. Hired clinic controllers ordered the docs to prescribe the same template "modality treatments" for nearly every patient they saw. Patients received up to five times a week needless physical therapy, acupuncture and chiro treatments. Other treatments included psychology, neurology, orthopedics, range of motion and functional-capacity tests. The docs also prescribed needless MRIs, X-rays, orthopedics and medical supplies. Everyone got fat kickbacks - patient recruiters, patients, clinic controllers, docs and others. Lawyers such as Naimark also filed the false lawsuits. The success of the lawsuits hinged on how many treatments the patients received. The prospects of large settlements provided an incentive for patients to fatten up on expensive clinic treatments. Some 10 ring members have been convicted so far. Naimark faces up to 20 years in federal prison when sentenced in July.

**Continued on page 30**







Reports of Convictions From the Coalition Against Insurance Fraud . <http://www.InsuranceFraud.org>

\* A former LA County sheriff's deputy cost California's workers comp system \$10 million in unpaid premiums by hiding workers in a shell company. Sam Karawia owned a firm that provided security for private companies and government agencies around the U.S. One client of International Protective Services was the Statue of Liberty. Karawia also employed about 2,700 workers throughout California. But he told the state comp insurer that he had only 20 workers at a small startup called Armored International Solutions. That dodge lowered his comp premiums by \$10 million. Karawia received a mild 240 days of electronic monitoring, and restitution will be decided later.

\* Irked federal judges continue handing down double-digit sentences for kingpins of a \$50-million Medicare con. The latest is Dr. Gary Kushner, who'll have 12 years to ponder his mistake. He ran a Miami-based medical clinic called Biscayne Milieu. The outfit claimed to run a partial-hospitalization program that gave intensive treatment for people with severe mental illness. Instead he recruited ineligible drug abusers, people with severe dementia, or immigrants with no mental problems but were seeking exemptions from their applications for U.S. citizenship. Kushner gave his bribed recruits token medical exams who then falsely diagnosed them so he could make bogus Medicare claims. More than 25 cohorts in the fraud ring have been convicted, some with significant jail terms.

\* The police chief of Perrysville, Mo. has resigned amid charges that he falsified an insurance claim by writing a police report using another officer's name. The report outlined a police investigation into vandalism for a hot tub and small table at Keith Tarrillion's home. He received \$7,500 from his insurer. Someone in the department called attention to the suspected insurance con, and the reporting officer denies writing the document. Personnel records allegedly confirm the officer wasn't working the day the report was made. Tarrillion's resignation ends a 20-year career with the force.

### Zalma's Insurance Fraud Letter

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# Wayne Hooper Reports: Classic Cars and the Concours D' Elegance at Amelia Island, Fl.

By Wayne Hooper



In early March, I made the pilgrimage to Amelia Island, Florida to the annual show of some of the best and most expensive automobiles in the world. A car show at this level is similar to going to an art museum where all the great paintings in the world are gathered together in one room. You can see these great works of art but you usually appreciate the rarity of the vehicle or its value. You will notice that the custom hand built bodies of the Auburn, to look alike except for the styling flairs of the radiators, lights and fenders, just like our modern cars do. Women touch the upholstery and bodies of the cars just to feel it, as if so much care and money made it feel different.



(A 1935 Duesenberg sold for \$4,500,000 during the auction)

I walked through millions of cars with a "touchless" reverence for the history of some of these iconic vehicles.

I didn't touch them because as a kid, I have been on the receiving end of a classic car owner going "crazy on me" when I left a finger print on chrome that he polished for hours to the perfect shine. I understand now why he got upset.

My father was a mechanical genius who loved to repair things. He was an aircraft mechanic in WWII, and then became a Delta Pioneer. This was a time when the President of Delta Airlines walked through the hanger greeting every mechanic by name. We always had cars around our house in various stages of repair which dad his deals, but the family legend is he sold them for what he paid for them plus the cost of parts, without charging for his labor. We had an unusual collection of odd ball cars available to drive, some of which are now labeled as classics, including a 1959 Cadillac, a Jaguar XK 120, a 1930 Packard V-F G Á V [ , } Á & æ! Á Cadillac Á F J H 16 Coupe.



I won several arguments about the Cadillac V-16, as most people do not know Cadillac manufactured a 16 & ^ | ã } á ^ | Á { [ c [ : | Á ã } Á c @ ^ Á F J H € q • É the 16 cylinder luxury Ó æ á ã | | æ with other great \* marqueses such as Stutz, Pierce Arrow, Cord, Auburn and Duesenberg. Cadillac is now trying to attract the young affluent drivers away from BMW and Mercedes Benz with razor sharp styling and hot new motors. Cadillac had on display a new V-16 cylinder motor developing 1000 HP in their "Concept car". The Concept Car looked more like a space ship than an auto but it will sell if it ever makes it to market because nothing else looks like it. For "gearheads" who like motors, the motor was a work of art, combined with the state of the art technology. **If I had the money, I would purchase one of these motors and put it in storage for 20 years as part of my retirement planning along with my gold coins.** Y [ ~ Á & æ } q c Á [ [ • ^ Á { [ ] } ^ ^ Á [ ] Á ã o Motors decides it is not going to help their EPA ratings and drops it before it becomes a production motor. I was in love with its polished and chromed headers!

*Continued on page 38*



### Wayne Hooper Reports

#### Continued from page 36

We are on the cusp of a new "Super Car" era with cars like the Dodge's Venom 1000 twin turbo and the Bugatti Veyron with over 1000 HP, and a 200+ mph top speed. A used Veyron could cost you over \$1 million. There are boutique manufacturers creating hand built super cars in limited numbers for the ultra-wealthy we never hear about. **The bench mark for a "Super Car" is they need to be able to exceed 200 mph.**

Will this last? My first thought was NO; government regulation will kill them off. But after reading the latest "Car and Driver" and a few specialty magazines I realized there will always be a market for people who want the biggest, fastest, flashiest, most expensive %o, @æc ^ ç ^ ! + Á ã } Á c @ ^ Á , [ | | á È Á Á Y @ ^ C @ ^ C A a c A a . A s a A v æ l i d . A diamonds, mega mansions, Corporate Jets or a painting by Paul Cezanne.



A Cezanne painting of two card players sold recently for \$259,000,000 to the Royal family of Qatar.

In comparison to purchasing a Cezanne painting, purchasing a Duesenberg you can drive for \$4,500,000 seems like a heck of a deal, if you can afford it.

In the olden days of insurance, when I began my career, a muscle or high performance car was a Dodge Charger, Shelby Mustang, Corvette, GTO, AMX, Malibu Super Sport, or a Jaguar. The VIN number told the underwriter what motor the buyer specified in the vehicle. The underwriter either surcharged up to 200% or rejected a car when the power to weight ratio approached 10 pounds to one horsepower. The horse power numbers seemed huge at the time but so were the cars. A 1968 Pontiac GTO convertible weighed in at 4,000 lbs. with 360 Horsepower or an 11 to 1 lb. /hp ratio. Straight line performance was what we wanted, but cornering and stopping could be iffy with the stock suspension.

The insurance industry came down hard on the muscle cars due to the losses in that class so that by 1969 General Motors had an official policy not to advertise a higher than a 10 pounds to 1 horsepower rating on GM vehicles except on the Corvette. The difference was you could still special order monster engines that were not widely advertised. These special order cars are drawing the highest collector values now due to their low survival rate.

The April issue of "Road and Track" features the 2013 SRT Viper priced at \$113,490. This 640 HP rocket ship combines light weight and brut power to go from 0 to 60mph in 3.5 seconds, with top speed of 206 mph. The power to weight ratio is 5.2 lb. /hp!!

I wondered what a **Guaranteed Value policy** would cost for me at a \$100,000 value on a used 2012 Viper in Cobb Co. (zip code 30066) so I went online to **Hagerty's** website to get a quote based on 5000 miles annual mileage. (\$100,000/\$300,000 limits without a deductible on comp. and collision.) I was pleasantly surprised at the price of \$2,563 annual premium or 2.56% of the agreed value. The quote seems to key on the driver's age, the guaranteed value, the zip code, the mileage driven and type of garaging where the vehicle is stored. Neither a credit score nor MVR was part of the quote process at this level.

Just to get something to compare, I quoted myself on Progressive's website trying to match the coverage. The first problem is the **Stated Value Policy** wording used by Progressive is an **Actual Cash Value** policy with depreciation. That's the rub in collectible vehicles as many of these vehicles appreciate or the true value can only be determined by independent appraisers on site looking at the auto. The premium was \$2018 annually but the best coverage required at least a \$100 deductible on Comp and Collision, my credit score and MVR was checked as well as my home address and other coverages.

If price was the most important, the Progressive policy might seem the most cost effective with a saving of \$545. The problem is the two policies are hard to compare. Progressive was rated as pleasure use or less than 3000 miles per year, while Hagerty's is Ok at 5000 miles. Hagerty's value of \$100,000 the big plus as that is the starting point in a claims adjustment process.

**Continued on page 40**



### Wayne Hooper Reports

*Continued from page 38*

If a total loss occurs the \$100,000 is the guaranteed policy payout on your collectable without a deductible. The ACV policy starts you out using the Black book value less depreciation so it is possible to not be able to replace your vehicle in a total loss without arbitration, less your deductible.

#### "You pays your money, you takes your chances!"

Collectors create unique insurance opportunities if you know where to find a market and you can put up with their idiosyncrasies. I have encountered customers where **money was no object** provided they were covered, while others had to get the lowest premium on a schedule valued at hundreds of thousands of dollars. Collectors of antique guns, stamps or coins usually have a better knowledge of the values than the underwriter on the coverage. The Guaranteed value policy or a Fine Arts floater is the only way to go on these situations with collectable is highly subjective to the parties involved.

**Collectors are not collectors because of a compulsion to have all or the best of an item. The hunt is more important than the preservation of the items collected. They can be very secretive** and may not be good candidates for insurance coverage.

The **pure collectors of unique items rarely keep their insurance up to date** due to constant changes. If you have one of these, show interest in their collection and follow up periodically to get their additions to their collections as a routine. I have been amazed at some of the values accumulated.

In summary, insurance written on collector items, muscle or classic cars may not be a daily occurrence in your agency, but it can open an interesting window to a world where opportunity to make money is optional. **Happy is the agent who can offer a program for a collector club, whose members can't find other coverage!**

Wayne Hooper - Editor for Industry News

given state troopers over the years.

eke

### These are actual comments made by South Carolina Troopers that were taken off their car videos:

1. "You know, stop lights don't come any redder than the one you just went through."
2. "Relax, the handcuffs are tight because they're new. They'll stretch after you wear them a while."
3. "If you take your hands off the car, I'll make your birth certificate a worthless document." (My Favorite)
4. "If you run, you'll only go to jail tired."
5. "Can you run faster than 1200 feet per second? Because that's the speed of the bullet that'll be chasing you." (LOVE IT)
6. "You don't know how fast you were going? I guess that means I can write anything I want to on the ticket, huh?"
7. "Yes, sir, you can talk to the shift supervisor, but I don't think it will help. Oh, did I mention that I'm the shift supervisor?"
8. "Warning! You want a warning? O.K, I'm warning you not to do that again or I'll give you another ticket."
9. "The answer to this last question will determine whether you are drunk or not. Was Mickey Mouse a cat or a dog?"
10. "Fair? You want me to be fair? Listen, fair is a place where you go to ride on rides, eat cotton candy and corn dogs and step in monkey poop."
11. "Yeah, we have a quota. Two more tickets and my wife gets a toaster oven."
12. "In God we trust; all others we run through NCIC." (National Crime Information Center)
13. "Just how big were those 'two beers' you say you had?"
14. "No sir, we don't have quotas anymore. We used to, but now we're allowed to write as many tickets as we can."
15. "I'm glad to hear that the Chief (of Police) is a personal friend of yours. So you know someone who can post your bail."  
**AND THE WINNER IS....**
16. "You didn't think we give pretty women tickets? You're right, we don't. Sign here."





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