

Columbia Lloyds Insurance Company

2200 W. Alabama, #210
P.O. Box 540307
Houston, TX 77254-0307

(713) 528-6686
Fax (713) 528-7003
1 (800) 275-6768



www.ColumbiaLloyds.com

Issue 2

June 2008

Bob Sullivan
President
bob@columbialloyds.com



*Bob Sullivan
President*

Points of Interest

- Soft Market
- Profit Sharing
- Renewals
- Hurricane/Named Storm Guidelines
- Reports
- Mortgagee Entry
- 4th Annual Small Agency Conference
- A Few Suggestions
- Word Search

WHAT'S UP....AND DOWN!!!!

UP—Gas prices and anything that pertains to the transportation of durable goods and services.

DOWN—The value of the dollar, the stock market, home values and insurance premiums (and agent's commissions) on residential properties.

I know what you're thinking. "There are many other things that are UP and DOWN." But let's try to focus on our mutual interests. Sure, your commission level (%) hasn't changed from company to company but your commission income (\$), from those carriers that have reduced their rates over the past year (and quite possibly into the future), certainly has. Many companies are trying to increase their market share by writing more new business from their appointed agencies, while at the same time renewing the agent's existing book of business at reduced rates; resulting in reduced agent's dollar income. Your only choice is to be able to write more new business at reduced rates to make up for the income lost from renewing your existing business at reduced rates.

This is nothing new! It occurs every time our industry is in a "Soft Market" cycle. So, what's an agent to do?

One alternative may be to focus on legitimate incentives geared toward profitability of a book of business that many companies offer. But, which companies offer a better deal? I can't help you there. Nor do I think you have the time to analyze every company's contracts to determine those who offer the best opportunity for additional income (\$).

But I do know what Columbia Lloyds offers in addition to an agent's normal 20% commission.

The following chart reflects four (4) examples of payouts that may be earned under our Profit Sharing Agreement subject to terms and conditions of the actual Agreement. Certain assumptions had to be made concerning Year End Earned Premium and the Company's Year End Loss Ratio remains under 65%. Columbia Lloyds Loss Ratio through June, 2008, is 34.3%. For example, agents that qualify under Section I and have an 8% increase over prior year written premium are eligible to receive additional compensation under Section II.

YR. END WRITTEN PREMIUM	YR. END EARNED PREMIUM	YR. END ACTUAL LOSS RATIO	PROFIT SHARING PERCENT	Section I		Section II	
				PROFIT COMMISSION	% CHANGE PRIOR YR. (WP)	ADDITIONAL PROFIT	TOTAL PROFIT SHARING
60,000.00	55,620.00	30%	2.50%	\$ 1,390.50	8.00%	\$ 139.05	\$ 1,529.55
120,000.00	111,240.00	30%	2.50%	\$ 2,781.00	8.00%	\$ 278.10	\$ 3,059.10
180,000.00	166,860.00	30%	2.50%	\$ 4,171.50	8.00%	\$ 417.15	\$ 4,588.65
240,000.00	222,480.00	30%	2.50%	\$ 5,562.00	8.00%	\$ 556.20	\$ 6,118.20

It's not too late to become one of the many agents to qualify for Profit Sharing based on 2008 results.

Underwriting Department

Tiffany Phoummarath ~ tiffany@columbialloyds.com

Beginning September 1, 2008 all renewals must be in compliance with Columbia Lloyds Underwriting Guidelines and residential Dwelling Program Guide. Due to the complexity of the system conversion last year, we let many policies renew with limits, deductibles, and premiums that do not fall inside these guidelines. If you need another copy of the Underwriting Guidelines, please send an email to tiffany@columbialloyds.com and we will ensure you have the latest version. Our residential Dwelling Program Guide can always be found at www.columbialloyds.com.



*Tiffany Phoummarath
Underwriting Manager*

The procedures for renewals not in compliance are as follows:

- Columbia Lloyds receives a renewal error list on a daily basis.
- Our staff will call the corresponding Agency and inform them of the particular item not in compliance. Please inform your policy holders if you have a policy that is going to require any changes.
- Columbia Lloyds will fix the problem and renew the policy.

In May, Columbia Lloyds emailed the Hurricane/Named Storm Guidelines for our Company to all Agents. We have included them with this newsletter just in case we have Agencies that did not receive one. Please make sure your email address is current with our Company to ensure receipt of future bulletins.

You can visit our previous Bulletins at: www.ColumbiaLloyds.com

Milby D. Dunn II
Vice President, Marketing
milby@columbialloyds.com

Item of Interest

Mark your calendar to attend the 4th Annual Small Agency Conference, September 21-22 at the Renaissance Worthington Hotel in Fort Worth, TX. Columbia Lloyds will have an exhibit at the trade show 4-7 Sunday, September 21, 2008.

If you plan on attending the Trade Show please stop by and say hello. Also, don't forget to bring your business card to register for a prize. For details of the Conference & Trade Show please visit iat.org. Hope to see you there!

Reports

Agents have real time access to many reports that are very useful tools for Agency information. Columbia Lloyds would like to expand on a few of the lesser used reports in hopes that you may find a need for them.

Policies Approaching Renewal

This report lets you know which policies are approaching renewal. Based on an Agency suggestion, we added the billing method as a column on this report. If you see the letter I, this means the policy is Insured Billed. If you see the letter M, it means this policy is mortgagee billed. You can print this report and make any billing changes necessary prior to renewal. This will help make sure the invoices are going to the appropriate Bill To person.

Suspended Policy Register

This report shows any policies that you may have suspended. Policies in suspense are not billed, therefore, if you have a suspended endorsement on a policy, you need to either A) Process the Transaction or B) Cancel the Transaction. By processing or cancelling the transaction, you are releasing the policy from suspense mode and all normal policy activity will resume.

Mortgagee Entry

We can't stress enough the importance of correct mortgagee entry. We are now in the process of uploading all mortgagees in the blanks we would find proper addresses for. Please try to use the mortgagees listed in the data bank unless your particular mortgagee is not listed.



*Milby D. Dunn II
Vice President, Marketing*

Claims Department

Judy Romero ~ judy@columbialloyds.com

Felecie Medellin ~ felecie@columbialloyds.com

Hurricane season is here. During this time when there are possibilities of catastrophes, insureds should be informed of steps that can be taken in case we have a catastrophic loss or if a hurricane hits.

It is our recommendation when you speak with insureds, agents should advise them of things that can be done in order to alleviate the stress that is ever present during this time. The following are just a few suggestions:

- Let clients know of the coverages their policies provide. Inform them that rising water and flooding is not covered under their Homeowner or Dwelling Policy. If they don't have a flood policy, they may wish to purchase one even though there is a 30 day waiting period. The insured needs to know if flooding does occur during the 30 day waiting period there will be no coverage.
- Inform them that making temporary repairs is okay. The insured will need to keep all receipts for temporary repairs and photograph the damage being repaired. When an adjuster contacts them, he will ask for all receipts and photographs. He will ask to inspect the damaged property so advise them not to throw away the damaged property.
- Keep an emergency kit with medical supplies on hand.
- If there is potential for evacuation, box and store items they do not want to leave behind. For example: photographs, legal documents, clothing, computer...etc.
- Visit local animal shelters and find out if they have a catastrophe plan. If your local shelter does not provide one make arrangements to take animals with you as well as their food and water.



Felecie Medellin ~ Claims Asst.
Judy Romero ~ Claims Manager

Just a reminder, filing claims on line is much easier than using the ACORD Loss Notice. When you submit a claim through www.columbialloyds.com a copy is submitted to Columbia Lloyds, the adjuster and you, the agent for your records via email. However, if you choose to use the ACORD Loss Notice please remember to fax a copy to the adjuster and note the adjusting firm on the bottom of the ACORD.

Insurance Terms

P Z L Y S Q L C V X J L J V C	ACV
Z J X L P E U S W D W I C A V	AGENT
D E D U C T I B L E Y A L M Z	COMMISSION
B S Y Z F O D K X W D B B Z I	DEDUCTIBLE
N V A G M W M P Q S U I D B T	EXPOSURE
D R A Z A H O M Z Z U L A Z W	HAZARD
T R C S S S E P I L J I F Y M	HOA
F N V W U L K E N S B T H O A	LIABILITY
H Z E R P T S V N Q S Y B T N	RISK
R D E G I Q I B V V P I B M B	TDP
O K A B A Y R D T G F I O X M	
H R C K I T U Y A D V K X N Z	
Q Y I X S K H E P I P G K R T	
C U F K U C J Y H H U U P H I	