



Viva Las Vegas!



***Members and spouses of the 2012 Merchants Insurance Group
President's Club, Mandarin Oriental Hotel, Las Vegas***

Merchants Insurance Group was pleased to welcome agents for all the sun and excitement of Las Vegas for our 2012 President's Club trip.

We also had two agencies celebrate with us as 10-year members of the President's Club, Maran Corporate Risk Associates of Southampton, NY, and Risk Placement Services Inc., of Garden City, NY. For a complete listing of agencies and their representatives who joined us, please see [page 5](#).



**Congratulations to
Maran Corporate Risk Associates**

Steve Maietta and Beth Gardner with the crystal buffalo presented to the agency in recognition of their 10-year status as a President's Club member.



**Congratulations to
Risk Placement Services Inc.**

John Paterno accepts a crystal buffalo in recognition of the agency's 10-year membership in the President's Club.



A MESSAGE FROM OUR PRESIDENT



Bob Zak
President & CEO

In what has become a regular theme, I will begin by commenting on the weather. In late June we added a term to our weather vocabulary - a **derecho** – (a wide-spread, long-lived, straight-line windstorm associated with a fast-moving band of severe thunderstorms) that hit the Midwest and Midatlantic states. Although the

derecho's impact paled in comparison to 2011's Tropical Storm Irene, it caused significant disruption and hardship to many policyholders in New Jersey, Ohio and Pennsylvania, and we estimate that it will ultimately cost us slightly more than \$1 million in claims payments. More importantly, our claims team has made an extraordinary effort in the affected areas to investigate and settle claims quickly and fairly.

The derecho punctuated an otherwise benign first half from a weather standpoint. For the first six months, weather losses ran about 2.7 points below average on our combined ratio. Other than weather related losses, current year business is performing better due to continued policy premium increases and more conservative underwriting. These steps are beginning to pay off, as we earned \$5.4 million in the first half, \$2.7 million above plan and \$7.1 million better than in the same period in 2011.

Our combined ratio for the first six months of 2012 was 100.1 which, when coupled with favorable invest-

ment performance that included \$1.6 million in pretax realized gains, produced a statutory surplus above \$151 million for the first time in Merchants' history. Thanks for your support over the years in achieving this milestone.

We continue to bring new and improved processes to you and your clients. First notice of loss via our website and Smartphone app continues to gain steam. A widely acclaimed deliverable in the second quarter was our enhanced website capabilities for our billing system. And, we anxiously await the third quarter arrival of the capability for our personal lines policyholders to elect to receive their policies and bills in electronic format. All of these initiatives and many more, have been the result of suggestions and creative input from agency personnel. Thanks to all who have helped on these and other projects.

In June we began to convert our homeowners product rating to a multi-variate approach, using more rating variables designed to reduce rate subsidies within the product. Work continues in a similar vein on our Businessowners, Commercial Automobile and Contractors products.

With your help, we made significant progress in the first half of 2012, and look forward to more opportunities to earn your business in the latter half of the year. Thank you for your support. I hope you and your families (both at work and at home) are having a safe and happy summer!

Commercial Lines Additional Insured Notification Updated

In order to ease the flow of paper through your office, Merchants has made a change to our Commercial Package, Commercial Fire, Inland Marine and General Liability policies. All **additional interest notifications**, regardless of policy type, are being sent electronically through the Lexis Nexis electronic delivery system, eliminating the need for you to handle the distribution for the additional interest copies (i.e. Loss Payee, Mortgagee and Additional Insured).

In addition, please note that we have **automated** the following required state specific **notifications**:

Ohio: Final cancel notices to the Ohio Department of Agriculture for Pesticide Application

Rhode Island: Final cancel, intent to cancel, non-renewal and

reinstatement notices to the Rhode Island Contractors Registration Board.

Michigan: The final cancel, intent to cancel, non-renewal and reinstatement notices to the Michigan Liquor Control Commission.

In addition, Merchants will now be responsible for sending the LC-95 – Proof of Financial Responsibility forms to the Michigan Liquor Control Commission. If you receive a request from your insured to provide this proof, please forward it to our Buffalo office for handling.

Please note that we will continue to send both the agent

See "Commercial Lines," page 3

Merchants' Billing Website Adds New Features

Our new **Billing Inquiry Website** was created to improve the ease of use and to save time by providing account information for all policy transactions within the account.

With a few simple steps you can access Account Summary, Policy Details, Transaction History, Installment Schedules, Payment Details, Billable Party and Invoices.

Agents can access the new site through the Agents' section of our website (www.merchantsgroup.com) and click on the new "Billing Inquiry" header. At the "Welcome to Billing Inquiry" screen, enter an account number, and you will be taken to the account summary screen. This screen contains information such as account status, account balance, due date and more.

We have also included a Transaction History Screen to give you a quick and easy view of the account. Features of this new screen include a chronological view of all premium transactions, billing invoices and payment activity for all policies within



the account for the past 24 months; the ability to filter by policy, transaction type and date; and the ability to access an invoice or policy transaction by clicking on the "View" button next to each transaction.

The system includes a PDF of either the invoice or policy transaction, and you can print the transaction history for easy reference.

Policyholder Information

The enhanced billing website is also available to Policyholders with some variations from the Agents' version, such as:

- The Account Summary Screen has been modified to allow only an account payment when all policies written for the insured are on our account bill program. **Exception: If a policy is in pending cancel for non payment, the insured can make the payment to the policy .**

- The Policy Details Screen will **not** feature a "Pay Now" button for the policy, as is available on the Agents' version.

- The Transaction History Screen will display the 24 month history for invoices and payments only.

To assist agents, we have created a training video on our website with the new features. To access the video, sign in to the Agents' Main Page, look under the "Other Information" header, and click on "Tutorials".

For complete information, please refer to [Bulletin #5256](#), April 13, 2012.

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and insured copies of these notifications; this change will only affect the additional interest copies. In the event that any of the additional interests do not accept electronic delivery, paper copies will be mailed directly from Lexis Nexis.

For more information, please see [Bulletin # 5264](#), June 4, 2012 and [Bulletin #5270](#), August 6, 2012.

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Questions? Comments? Contact us!
Agentfocus@merchantsgroup.com

Agents in the News

The following agencies have celebrated milestone anniversaries with us from January 1—June 30, 2012.

Thank you for your years of partnership!

60 Years!

Our longest tenured agency for this time period:

**Jung, Timm & Lehning Agency,
Part of Northwoods Corporation
Williamsville, NY (WSBC)**

45 Years

The Town Agency Inc., ESBC

40 Years

The Lunt Agency Inc., ESBC

Proios Insurance Agency Inc., ESBC

Schmitt & Kraft Inc., WSBC

Sungenis Insurance Agency Inc., MRO

35 Years

Promark Associated Agencies Inc., WSBC

30 Years

Cotgreave Insurance Agency Inc., ESBC

Hometown Insurance Agency, ESBC

Lapointe Insurance, NERO

Latvis Insurance, NERO

25 Years

Industrial Coverage Corp., ESBC

Joseph P. Auletta, MRO

McCaffrey-Naso Inc., ESBC

York Jersey Underwriters Inc., MRO

20 Years

Borrelli & Russo Agency Inc., ESBC

Clark & Morrison Insurance Agency Inc., MRO

Gagne & Dager Insurance, NERO

15 Years

D'Agostino Agency, MRO

Doorley Agency, NERO

The Koch Agency, ESBC

Martin Financial Group, MRO

Mossbrook & Hicks Insurance Agency, MRO

USI Insurance Services, ESBC

10 Years

A.L. Kayafas Agencies Inc., WSBC

Antonucci Insurance, NERO

Aspen Insurance, NERO

Clark-Mortenson Insurance, NERO

Joseph E. Smith Associates, WSBC

Managing Partners Insurance, MRO

5 Years

Capital City Insurance, NERO

Insurance Agency Management Inc., MRO

Lehigh Valley Insurance Services, MRO

McCrillis & Eldredge, NERO

McWalter-Volunteer Insurance, NERO

Northeast Insurance, NERO

Paul Rosko Insurance Agency, MRO

Talbot Insurance, NERO

Welcome!

NEW AGENCY PARTNERS

MRO

Anthony & Co. Inc.

Creative Coverage LLC

NERO

Pam Parah-Tobin Agency

WSBC

E & N Financial Services Inc.

Niagara National Inc.

D.V. Greco & Sons Inc.

Hudson Valley Agents

Nextier Insurance Services

Defurio Mongell & Associates



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OUR ATTENDEES

Jeffrey Brown, Dayton Ritz & Osborne
East Hampton, New York

James Cafarelli, Cafarelli Agency Ltd.
Smithtown, New York

Michael Cali, Cali Agency Inc.
(Part of Alpha Associates Inc.)
Warsaw, New York

Robert Fregenti, R.J. Fregenti Associates Inc.
Jericho, New York

Walter Gotowka, Lawley-Tradition LLC
Dunkirk, New York

Aaron Grober, Aaron L. Grober Agency Inc.
Valley Stream, New York

William Libardi, Libardi Service Agency Inc.
Hicksville, New York

Steven Maietta, Maran Corporate Risk Associates
Southampton, New York

John Paterno, Risk Placement Services Inc.
Garden City, New York

Anthony Pomilla, LPL Risk Management Ltd.
Lake Ronkonkoma, New York

Stephen Rach, Edwards and Company
Sayville, New York

Michael Romeo, Industrial Coverage Corp.
Patchogue, New York

Charles Torsiello, Archer A. Associates Inc.
Franklin Square, New York

Paul Turner, Turner-Liberty Agency Inc.
(Part of Gateway Insurance Group LLC)
Farmington, New Hampshire

Stephen Wainwright, Cross Insurance
Laconia, New Hampshire

2013 President's Club Requirements

- 1) Agency must have a total 2012 written premium volume of at least \$1,250,000.
- 2) Three-year (2010-2012) earned to incurred loss-ratio of no more than 50%, with no provision for stop loss. The loss ratio will be measured on a rolling three-year basis for continued membership.
- 3) Agencies combined for determining premium volume qualification will also be combined for loss ratio qualification. Mergers and combinations of existing agents must have been completed prior to 1/1/12. Clusters and groups must be approved in writing by Merchants Insurance Group as a "combinable entity" to be eligible for membership consideration. "Combinable entity" requires shared ownership of expirations supported by a written contract.
- 4) Agency total written premium volume for the qualifying year (1/1/12 - 12/31/12) must exceed written premium volume for the prior year. (Agency Summary Report [ASR] for year ending 2012 compared to ASR for year ending 2011.)

2013 President's Club Benefits

- 1) Member agencies will receive a Platinum Agreement and an Enhanced Profit Sharing Plan with Merchants Insurance Group. The Platinum commission will be paid in a lump sum by March 1 of the following year. An agency must be in good standing in order to receive these benefits.
- 2) Member agencies will receive a "grant" of \$1,500 to use for advertising or employee education.
- 3) Merchants will issue a press release distributed to member agencies' local newspaper(s) announcing your membership in the Merchants Insurance Group President's Club.
- 4) One agency principal and their guest representing each member agency will receive an invitation to attend the annual Merchants Insurance Group President's Club meeting.
- 5) Special recognition will be given in the "Agent Focus," Merchants' newsletter for agents.
- 6) Member agencies will receive a Merchants Insurance Group "gift package" for each property and casualty employee in their agency.