



SCHIFF'S

The world's most dangerous insurance publication™

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INSURANCE OBSERVER

The Ultra-exclusive 'Big I'

Anyone Can Join

We've had a longstanding fascination with the logos, branding, promotion, advertising, and salesmanship of the insurance industry. In January 1995 we published a review of insurance-company trademarks, and in March 1999 we examined insurance-company advertising and promotional literature. In August 1999 we took a gander at the Insurance Marketplace Standards Association (IMSA), a sham of an organization run by the life-insurance industry, which claims to be dedicated to ethical market conduct, but is really a marketing tool for life insurers.

The insurance industry has many trade organizations that masquerade as groups concerned with the public weal. The National Association of Mutual Insurance Companies (NAMIC), for example, represents the interests of the executives of mutual insurance companies, not the mutuals or the policyholders who own them.

We decided to look into some trade group that, in addition to being a lobbying organization, has a well-known brand that affects consumers' buying decisions. After a little research, we honed in on the Independent

Insurance Agents of America (IIAA), also known as the "Big I," in honor of its famous trademark.

We have nothing against the "Big I" and are friendly with many of its members. In fact, except for its long, foolish battle to keep banks out of the insurance industry, we like the organization. Nonetheless, we turned our assistant, Isaac Schwartz, loose on the "Big I," and here's the report he filed.



Insurance agencies use the "Big I" logo as a seal of approval. It's intended to reassure customers that, with an independent agent, they're well cared for. According to the website of the Independent Insurance Agents Association of New York, "Your Independent Insurance Agent is a licensed professional [emphasis added]...[who] gives you excellent service and competitive prices...There Is a Difference."

This sounds good, but I wondered how the IIAA actually knows anything about "your" independent insurance agent. How does it know if he's a licensed professional or a professional con man?

I called the "Big I" and said that I wanted to become a member. Well, not me, per se. I didn't tell them I was a 17-year-old high school student employed part-time by Schiff's Insurance Observer.

I said I was Isaac Schwartz, president of Schwartz & Associates, an independent insurance agency handling \$1 million a year in premium. There is no Schwartz & Associates, and the only thing I'm president of is my school's French Club.

The "Big I's" membership representative couldn't have been nicer. He didn't ask me for any credentials—a broker's license, for instance, or even a business card. After a brief conversation in which the only truthful piece of information I gave him was my name, he told me that I qualified to join the IIAA's New York chapter. (In some regions, local board approval is necessary to join the IIAA; in New York City, it isn't.) All I had to do, he said, was send in a check for \$475 and fill out a two-page form. (The form required that "Schwartz & Associates" sign a membership agreement which specified that our membership could be revoked if we were found to be in violation of the bylaws of the corporation—bylaws which, by the way, weren't included with the application.) The "Big I's" rep assured me that my membership request would be processed as soon as it was received, and even added that the IIAA's logo would be a selling point for Schwartz & Associates.

All of this raises several questions. Does it mean something that the "Big I" will sell its good name and logo for \$475? Does it mean something that the "Big I"



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was more interested in my money than in finding out if I was legitimate? Does it mean something that a phony, unlicensed, non-existent insurance agency can, apparently, become a member in good standing of the IIAA?

I'll be going to college in the fall, and these aren't questions I'll spend much time pondering. But if I were the director of the "Big I" or someone involved with marketing at GEICO or State Farm, these questions would probably be of interest.

Although the nonexistent Schwartz & Associates was prepared to join the IIAA, it never did. David Schiff, who foots the tab for such expenditures, nixed the \$475 membership fee. "Fifty bucks is my limit," he said. ■

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The Analyst

When Warren Buffett decided to talk to Wall Street, he granted access to only one securities analyst: **ALICE SCHROEDER**, principal at **Morgan Stanley Dean Witter**. (If she's good enough for Buffett, then she's more than good enough for you.)

Alice is well known for her knowledge, judgment, and detailed research, and was recently named an All-American insurance analyst by *Institutional Investor*. She will give you her perspective on the industry and tell you where she sees opportunity and where she doesn't.

The Legend

JOSEPH M. BELTH, PH.D., professor emeritus of insurance at the Kelley School of Business at Indiana University (Bloomington), is the author of *Life Insurance: A Consumer's Handbook*. He is best known, of course, as the editor (and writer) of the groundbreaking *The Insurance Forum*.

Joe is one of the most influential people in the life-insurance business. Over the course of his career he has exposed deceptive practices and all sorts of shady behavior, and his articles, speeches, and testimony have altered the industry.

Joe, who is the author of numerous books and recipient of many awards, will tell us what he's pondering these days.

The Long-Term Thinker

In the 14 years since its initial public offering, **Markel Corporation** has transformed itself from a small, family-run business into a major player in the industry. Two measures of the company's success are the following: earned premiums have grown from \$10 million to approximately \$1 billion, and shareholders' equity has increased from \$15 million to \$950 million. **STEVEN MARKEL**, vice chairman, has played a key role in his company's extraordinary growth in shareholders' value. His method is low key, analytical, and straightforward.

Steve is a long-term, value-oriented investor and thinker. He will discuss his company, the industry, investing in equities, and "The Markel Style."

The Turnaround Specialists

What do you do with troubled insurance companies? Two who know how to fix them are **RICHARD BARASCH**, CEO of **Universal American Financial**, and **DOUGLAS LIBBY**, CEO of **Seneca Insurance Company**. Both began their careers as lawyers (we won't hold that against them) and both—for different reasons—took control of miserable little insurance companies in the late 1980s. They went about salvaging their companies in vastly different manners, however. We shall compare and contrast the vicissitudes of insurance as Barasch and Libby share their experiences—and the lessons they've learned.

The Observer

As usual, **DAVID SCHIFF**, editor of *Schiff's Insurance Observer*, will interrogate the speakers and, when necessary, *force* them to answer brazen questions. He will have his say on the great insurance issues of the day, and deliver a speech entitled "How to Lose Friends and Influence People in the Insurance Business."

Thursday, April 12, 2001

8:30 am - 5:00 pm

New York City

Registration fee: \$645 per person.

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