



Summer 2006

Agency Times

Don Evans Insurance Agency

607 NW 5th Street * Grand Rapids, MN 55744

Phone: (218) 326-0563 Fax: (218) 327-4974

Email: donevans@uslink.net

Website: donevansinsurance.com

News From The Desk Of Don...

Hello to all of our clients and others who may be reading this newsletter. As I work on this newsletter I am preparing for a significant change that will be occurring with my family tomorrow. You may be aware that last summer we accepted Ilari Turтинен from Finland into our home as a foreign exchange student. It has been a year filled with

Points Of Interest In This Issue of Agency Times:

- **News from Don**
- **Service**
- **Policy Fees**
- **Discount Pitfalls**
- **Summer Recipe**
- **Claims Corner**
- **Billing Information**

many unforeseen situations and I believe as a family we have grown through the experience and all of our lives have changed. My wife Carla and I were working diligently on finishing our photo memorabilia and found it hard to believe all the things we were able to do as a family over this past year. A highlight for me was the opportunity to take Ilari and my son Sam up to Nelsons Resort on Crane Lake early last fall for a fishing trip.



That reminded me of the Waseca/

Austin Insurance meetings that were conducted at the resort in the past. The weather wasn't ideal, and we didn't have an opportunity to brag about the number of fish that we caught, but it was a great time since we got to enjoy time away in such a beautiful area. I also had the opportunity to see some of the folks that have been such an integral part of the memories that have been forged in my mind from previous Waseca/Austin meetings at the resort. I'd especially like to thank Jerry, who guided us on the trip, and was forever patient with the lack of fishing knowledge we all had.

It will be a busy summer with a couple of short trips out of town with the family and another business meeting in Las Vegas with the Austin Mutual Insurance Group. I will be in contact with the office while I am away on these trips and I am confident the ladies in the office can find a way to address virtually any need that may arise while I am out. I believe the highlight of our summer will again be the trip to Willmar, Minnesota for the annual Sonshine Christian music festival in mid-July. This is a three-day event with on-site camping and 20-25,000 people enjoying some of the best artists in Christian music. If any of you have ever considered this event I would highly recommend it. The only thing I have found to be a detriment is that some of the women in attendance get tired of the primitive camping facilities. I believe that we all have a better appreciation for our own showers and bathroom facilities when we get back home. When visiting our office you may or may not realize the background music we play comes from a radio station that is devoted exclusively to Christian music.

I am very grateful for the opportunities I have in life and I attribute many of them to you, the clients that provide us with the employment we enjoy and the income that is derived from our work. I wish the best for all of our clients and hope you can also find some special time to spend with your family and friends during these warm summer months. Thanks again to all of you for being our clients. We hope we can continue to earn your business for many years to come!

S-E-R-V-I-C-E—what does it mean?

To me it means being satisfied that the people I'm dealing with have given me their full attention and have satisfied my needs/requests in a timely manner and have done it in a pleasant way. I believe that good service consists of two major components:

- First the business must address service as a priority and the commitment must be evident in every employee of the business.
- The second component would be having the tools in place to be able to satisfy the needs of each and every person who comes in contact with the business.

Examples of poor service seem to be around us everywhere so I won't bore you with examples you have undoubtedly experienced yourself.

Every business needs to look within itself on a regular basis and reevaluate where they may need to improve. With this in mind, I want to give you some insight into what we are doing to better serve you, our clients. The following are some immediate changes we are implementing.

- We have set a goal to respond to all e-mail correspondence within one business day. This has become a problem area for us as we, like most other businesses, are bombarded by unsolicited messages. We are committed to finding the legitimate mail on a daily basis and would ask your assistance in this area.
 - o Please identify yourself clearly as our client. Our world is full of people named "Mary." When "Mary" has a last name included we can then match her up to our client database to know she deserves our attention, rather than placing her in our deleted messages folder.
 - o Give us an idea of your message content. This again can keep us from moving the message to deleted items. This is especially important if someone is writing to us on your behalf.
- Members of our staff are working on getting licensed as insurance agents. This will help with the ever-increasing requests that we receive for quotes and new policies. Tina Comstock recently completed the licensing requirements for all lines of insurance and we are proud of her accomplishments.
- A new toll free phone number has been put into place for those customers who are out of our local calling area. The toll free number is: 1-888-326-0563. The toll free number is the same as our regular phone number with the exception of the area code being replaced by 888.
- We have an additional part-time customer service representative who was recently added to our staff. Kathy Hansen came to us on the recommendation of fellow staff members. Kathy has shown remarkable ability to learn our systems, has done a great job assisting other staff members with the daily tasks that we encounter, and may also become a licensed in-office agent in the near future. We are glad to have Kathy with us.
- Our staff now consists of the following individuals..
 - o Don Evans, Owner
 - o Tina Comstock, Accountant/In-Office Insurance Agent
 - o Kathy Hansen, job sharing Customer Service Rep. and potential future In-Office Insurance Agent
 - o Karen Strege, job sharing Customer Service Rep. and potential future In-Office Insurance Agent
 - o Debbie Frederickson, part-time Customer Service Rep.



*Kathy Hansen
the newest
member of
our team*

Future changes planned for our agency to further enhance our customer service would include:

- Hiring a full-time outside sales person. We hope to accomplish this by years end.
- Implementing new computer software to better serve you, our customers.
- These future goals are items that take considerable time and effort but I believe with the staff we have in place we can get to a point where we will take on these added challenges and be able to implement them without any negative impact upon the service we provide. I also believe these changes will make our office better able to face the challenges of the future so we can build on our strengths as we attempt to serve and develop personal relationships with more people like each of you. I have often said to my staff that we are blessed to have so many quality people as clients, and I appreciate the opportunity you have afforded us to serve you! I also want to say thanks to any of you who may have had a service issue with us—your patience and understanding are appreciated! We are constantly working to better serve each and every one of you!

Policy Fees...what are they and how did we come up with them?

Those of you who have had us write a new policy for you recently have signed a form indicating your policy is subject to a first period only policy fee. The form indicates the amount of the fee and includes a description of the reasoning behind it. I want to explain this a bit more since it has been an area of concern recently.

Changing insurance company practices have put a strain on agency income, expense and service potential. With changing commissions, added expenses for file documentation, and increased work-flow responsibilities, agencies are utilizing policy fees as a tool to maintain profitability and retain established service levels. The following is a brief description of what the reasoning is for this charge. Please keep in mind this applies to new applications we write and is not applied to renewals.

- Driving records, loss histories, and credit reports are now a requirement for virtually every policy that we write. The additional time spent as well as the financial costs of the reports are issues we face with new business that we write.
- Underwriting and processing by insurance company personnel has been shifted to the agency; we are now inputting more data to provide an accurate quote and policy. In most cases this allows for much faster issuance of the policy and also assures a more accurate rate.
- As a service to our clients we try to find the best available rate for the business we are writing. This means we will go through multiple quotes with drastically increased amounts of time spent attaining the final quote.



Our society is looking for more immediate satisfaction in all areas of our lives. The additional responsibilities agents are facing is a positive step towards a more efficient system. In addition to multiple quotes, we also believe it is important to have staff answering customer calls when they are made to our office rather than using voice mail and creating potential delays in resolving client concerns. It is our hope that all of our clients see the added value we bring to them by having staff available daily without the frustration of phone messaging machines and also appreciate the attempt we make in keeping them abreast of issues relating to insurance through the semi-annual distribution of our agency newsletter. We plan to be here for many years to come and this is a tool to retain our personal yet professional image for those we have the opportunity to serve!

Insurance Company Discount Pitfalls...

The following are a couple of auto insurance discount problems we have seen with a couple of our insurance companies.

- Austin Mutual offers great rates for youthful drivers and has a good student discount as well as a safe driver discount. Unfortunately, the good student discount is removed if the young operator has an at-fault accident or if he/she receives a moving violation/ticket. Parents of young operators who are insured with Austin should understand that if the young driver is involved in an at-fault accident/claim, along with the good student discount being removed from the young operator the entire household will lose the safe driver discount. One traffic violation by the student will eliminate the good student discount but will not remove the safe driver discount if no accident has occurred. Thus, to avoid a substantial rate increase, it is of utmost importance that youthful operators stay violation and claim free.
- MetLife will not allow multiple discounts for our senior operators. Clients that are receiving the 55 Alive Discount and have also taken the National Safety Council Class can only receive one of the two discounts. Thus, our suggestion would be for the senior operators to

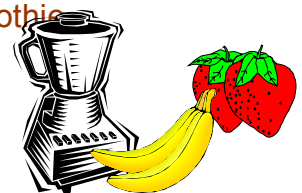


Summer Recipe

Strawberry-Banana Smoothie

- 6 to 7 Medium Strawberries
- 1 Peeled Banana
- 5 Ice Cubes
- 1 Teaspoon Sugar
- 3 Tablespoons Soymilk

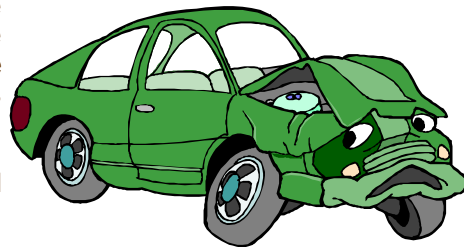
Put the ice in the blender on high until the ice is snow-like and flaky. Add the strawberries and puree until smooth. Then add the banana, and when the mixture is smooth and creamy, blend in the soymilk and sugar (to taste) and service.



Claims Corner...

Recently we had a couple of claims that were presented to us that could provide beneficial insight to all our policyholders in the future. I bring these up not as an attempt to minimize claims that are paid but rather to eliminate the possibility of rate increases or future insurability due to the potential impact of the claim:

- Homeowners insurance and water damage claims. When a home has a claim due to water damage (broken pipes and roof leakage are the most frequent examples of this type of claim) we are not only concerned with the cleanup and repairs but must also be aware of the potential for mold and the issues related to mold. This has become a major concern for many insurance companies, I have even seen an insurance company that refuses to insure homes that have had water damage losses within three years of our requested coverage date. This restriction applies even if someone else owned the home during the three-year period. They feel that mold is going to be a concern with any water loss and as such they do not want to be subject to the risk of a mold related claim. Since filing a claim for water damage could jeopardize future insurability due to the mold possibilities we feel it might be best for us to review a potential claim with our client before it is submitted to the insurance company.
- A second issue relating to homeowners losses would be for reoccurring damage rather than the sudden and accidental loss which is described in the policy as a covered loss. If you have an occurrence such as a leaky roof near a chimney and you never get around to repairing it you will probably have difficulty when you file a claim when your ceiling/wall finally reaches a point of needing repair. Initially the damage may have been minor but as time passes the damage grows and it may no longer be covered, as it will appear to be more of a maintenance issue.
- A new twist on a collision loss for your automobile insurance. Recently a client called to ask about filing a claim for what he felt was damage done while his car was in a parking lot. The damage was minimal and no one had left a message so he decided to live with the damage. When he decided to trade in the vehicle the dealership indicated that he should file a claim on the auto insurance and have the damage repaired so that the vehicle would look better for resale. The damage may not have even met the deductible and if it had I would have cautioned the client about filing the claim since it could have increased his future premiums due to a chargeable loss showing on the policy. I would suggest that it might be better to negotiate a trade in value based on the actual current condition of the vehicle rather than basing it on a repaired value.



Billing Information...

Auto insurance payment options vary between companies. I'd like to explain a couple of unique (sometimes confusing) payment plans that we see with some of the insurance companies we represent.

- Progressive's paid-in-full option. You may wonder how this could be confusing. The confusion surfaces when a client requests a change to a payment plan, or on a rare occasion, when a change in coverage occurs that generates an additional premium. The paid-in-full option provides a substantial premium reduction-typically 10-20% and thus when a client moves away from the full payment, the insurance premium increases. We recently had a situation occur where our client purchased a new vehicle and, because of the close proximity to the policy's renewal date, the additional premium owed triggered a change in the billing option, it discontinued the paid-in-full option. If you have Progressive and are on a paid-in-full billing plan (you pay the full six months premium or the full annual premium), please be aware that if you decide to change to a different billing option, including monthly electronic fund transfer from your checking account, you will be subject to a higher term premium. We are always willing to assist you with your questions and concerns and will also be glad to research our markets for another insurance company that might be able to provide you with the payment option you desire.
- MetLife, the "Snoopy" company, joined our agency just slightly over a year ago. Their electronic payment option is called "ExpressIt." When new business is placed with MetLife under the ExpressIt option, it will have a somewhat irregular payment plan for the initial policy period. For semi-annual policies under the ExpressIt option, a 20% down payment will be required with the balance spread over five remaining installments. If it is an annual policy, a 10% down payment is required with the remaining balance spread over 11 additional installments. When the initial policy period ends and the renewal is processed, the premium will be spread equally with the down-payment being the same as all the other installments. Four distinct times during the month can be used as a regular withdrawal date for the ExpressIt electronic payment option so nearly all needs should be satisfied with the variety of dates available. MetLife cannot use a savings account for electronic funds transfer. When the client uses the electronic payment option they will not be subject to any installment fees with MetLife.

The information in this newsletter is meant as a guideline only. There is nothing in this newsletter that alters the coverage or interpretation of any specific insurance policy. Because some statements are generalizations, and because different company's policies contain slight differences, please refer to your specific policy or call our office.