

ANSWERS TO COMMONLY-ASKED QUESTIONS

Q) *My agency represents standard Commercial Lines carriers which will write the “main street” accounts in my town and pay me full commission -- why would I want to write business through BIMA and give up 1/3 of the commission I would otherwise be getting from my standard agency carriers?*

A) BIMA brings nationally-known carriers and diverse product lines to Associates. The Commercial Lines products through BIMA's carriers are extremely broad in coverage scope, competitive in price and easy to administer with state of the art direct-bill programs and “1-800” claims reporting; in addition, Associates which produce at least \$100,000 in annual premium volume through BIMA share in profit-sharing income from BIMA carriers. When the Associate compares its overall commission and profit-sharing income, retention levels and costs of doing business using BIMA products versus using its existing carriers, there is probably very little difference in the bottom-line results to the Associate. BIMA products may enable the Associate to write accounts that it would not otherwise have the opportunity to approach through its agency carriers -- this capability should add income to the Associate's bottom-line.

Q) *If my volume with a BIMA carrier grows to the level that I would be eligible for a direct appointment to represent that carrier, will I be able to move my BIMA business if the carrier will appoint my agency directly?*

A) Yes, on renewal you should be able to move your business by Broker of Record letter.

Q) *If I am competing for an account with an agency directly appointed to represent a BIMA carrier, can I quote the account through BIMA with a Broker of Record letter from the prospect?*

A) It varies by the carrier. Some will allow it and some will not. However, you may use a Broker of Record letter to move an account to BIMA from another MGA that represents a BIMA carrier in most instances.

Q) *Will BIMA be adding any additional carriers or product lines?*

A) We continually ask for feedback from BIMA members as to product lines needed, and we will be adding additional carriers and product lines as needed.

Q) Why does BIMA require certain types of small Accounts (under \$5,000 premium) written through CNA, Hartford, Travelers and Zurich to be handled by the respective carriers' policyholder service centers?

A) The four carriers mentioned above are the top 4 small business writers in the U.S. marketplace. All of these carriers have adopted the strategy of forcing the use of their policyholder service centers, because it increases their renewal retention by 10-15 points. Year after year, we have measured our renewal retention on small accounts in the policyholder service centers versus those not in the service centers, and our retention is also 10-15 points higher for those accounts handled by the service centers. You incur no cost for new accounts placed in the service centers, and your renewals in the service centers cost you 1 point of commission. We recommend that you take a positive approach and explain to your customers that their having direct access to the carrier is a free benefit that comes with their having purchased their policy with that carrier through your agency.