

Fredricksen Information Source

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From the President's Desk...



2005 revealed mergers and acquisitions were at the second highest level than in the past five years. This is important to both of us for a few reasons. If you have recently merged with another agency, we would like to provide your new producers with some information on our product line. We should also

correct your agency contract so that it is as up-to-date as possible.

This environment of cooperation also makes increasing the value of your firms even more important than usual. Many agency owners undervalue their agencies by not having a plan in place well before the time to sell arrives.

We are asked by agencies of various sizes across the U.S. if we know of any agencies for sale. My normal reply is, everything is for sale, provided the price is right. That said, if you are thinking of selling your agency and want some ideas as to who might be buying, I be happy to discreetly make the connection for your agency.

Fredricksen Insurance Services, Inc.

Phone: (800) 669-4347, (951) 929-5845, Fax: (951) 929-3574

Open Monday-Friday 7am-4pm PST

www.fredricksenins.com

Name/Department	E-mail Address
Mark - Administration	markf@fredricksenins.com
Cindy - Farm/Ranch	cindym@fredricksenins.com
Rachel - Homeowners	rachel.hindle@fredricksenins.com
David - Livestock Mortality	davidh@fredricksenins.com
Denise - Accounting	deniseu@fredricksenins.com
Bill - Marketing	billf@fredricksenins.com

Beyond talent lie all the usual words: discipline, love, luck — but, most of all, endurance.

- James Arthur Baldwin

Home Sweet Home

Homeowners Department with Rachel Hindle, Underwriter

Rate and Credit Changes for AIG PCG Auto

AIG Private Client Group is in the process of revising their rates on all CA Auto policies. The average change for most policies will be a 0.6% decrease, but rates will vary with individual risk. The following are a brief description of specific changes:

Basic Rates:

- Private Passenger Vehicle will decrease by 0.6%.
- Motorcycle rates, for those regularly used, will see a net **premium decrease of 72.5%**
- Collector Vehicle rates, which include classic and exotic vehicles, will reduce 23%

Credits:

- **New** 5% Good Student Discount
- **New** 5% Driver Training Discount

Vehicle Model Year/Symbol Factors

- 2004-2006 Model Year Factors result in a net increase of 0.6%

Changes are **Effective Immediately on New Business**, and July 30, on all renewals. For more information, contact Cindy or Rachel.

Service Improvement Suggestions?

I am constantly trying to find ways to improve on our level of service as well as our value to our brokers, so I'd like any input that you can give.

Send me an e-mail with any service improvement ideas to markf@fredricksenins.com. When you do, I'll send you a gift certificate as a token of my appreciation.

Thank you for the help,
Mark

Rate Decreases for FASIC

First American Specialty has enacted a substantial rate decrease for homes with a Coverage A of \$400,000 or more. This rate decrease stems from FASIC's great loss history for the past three years, and their desire to aid agents in the selling of their products.

Overall rates have also been lowered in the following territories:

- Coastal Los Angeles
- Covina / La Canada
- East San Fernando Valley
- North San Gabriel Valley
- North Long Beach
- Pomona
- Saugus
- West San Gabriel Valley
- North San Jose



Central San Bernardino and Downtown Riverside are the only territories to experience an overall rate increase as of the writing of this article.

Rate changes will be effective on new and renewal policies with a policy effective date beginning July 15, 2006.

For more information on First American Specialty's rate changes, contact Rachel at rachel.hindle@fredricksenins.com.

Straight from the Horse's Mouth

Livestock Mortality Department with David Hindle, Underwriter

Commercially Cloned Mare Delivered in Oklahoma

On February 19, Royal Blue Boon Too became the first mare to be cloned by a commercial entity at Royal Vista Southwest Farms in Purcell, OK. The mare is a clone of Royal Blue Boon, the all-time leading producer of cutting horses in the world.

In her career, Royal Blue Boon earned \$381,764, and her offspring have earned more than \$2.5 million combined. The mare, now 26 years old and long out of breeding age, has been cloned in hopes that her productive progeny can continue to be born.

The cloning was performed by Encore Genetics and ViaGen, who says to "expect six additional clones from notable champions this year".

The cost of the cloning process is \$150,000 for the first clone, \$1,500 to bank surplus genetic material, and \$90,000 for each additional clone. It is not known if the clones themselves will be able to produce viable offspring, but cloned cattle have been very successful.

The insurance and breeding implications of cloning are still unknown. At this time, cloned horses are not insurable by conventional means, and they are not currently accepted into breeding registries. However, as cloning technology becomes more streamlined, company policies will have to adapt.

We will bring you more information on this new foray as it comes.

Renewal App. Woes?

We all know that a renewal application is a great way to get a fast quote for an insured's horse, but there's one thing that must be understood: The renewal app cannot be signed or dated more than 30 days prior to the effective date. This requirement is primarily due to the fact that quite a bit can happen to the insured horse outside of those 30 days, and an up-to-date application is essential.

If the company receives an application that is signed before the 30 days prior, it will simply be rejected and a new application will be required.

Please note: If there is a claim within the time that the renewal application is sent and the effective date, appropriate exclusions may still be added to the renewal policy.

Are you sure you have the correct use?

The horse's use, while important in the rating of a mortality policy, is absolutely crucial in maintaining coverage. To ensure that your client is properly covered, it is important that they understand the covered activities associated with their declared use.



If the insured horse is injured or fatally wounded in any activity or discipline not expressed on the application, the carrier has the right to deny any and all coverage on the horse.

When you consider the risk involved with lack of coverage,

and the minute rate differences with each activity, it's easy to see that having the correct use insured is vital.

If you would like more information on what activities can generally be associated with each use, contact David.

**See Page 4 For
CHOICE BILL NEWS!**

Farm/Ranch Department with Cindy Melcher,
Underwriter and Vice President of Agency Operations

Stable Times

What you should know about Clubs

We've noticed a steady increase in the number of Club Liability policies requested over the past few months, and since we know that this coverage is new to many of our producers, we'd like to give you a few details that can make the policy more easily understandable.

First, you should know that none of our Club Liability providers will cover Rough Stock. Rough Stock is a type of competition that includes, but is not limited to: Bareback Riding, Saddle Bronk Riding, or Bull Riding. Some other rodeo events and gymkhana can be covered.

The rating of most Club Liability policies is based on the type of activity in conjunction with the number of members and events. When determining the risk, it is very important to differentiate between Public and Non-Public events:

- **Non-Public Events** are events that involve club members only.
- **Public Events** are those in which a non-member is allowed to participate or is exposed to your activities. This includes guests, prospective members, parents and children of members, former members, ANYONE other than a member.

Additional insureds not on the original policy, additional event dates, and parades can also effect the premium.

If you have any further questions or concerns about a Club Liability policy, contact Cindy.

Tell Us What You Think...

I'd like to hear your thoughts, whatever you might have to say. Just leave me a note on the space provided. If you'd like to hear back from me, leave your name and contact information on the bottom. If not, I'm happy to receive anonymous comments too.

You can reply via fax, e-mail at markf@fredricksenins.com, or mail this page to me at Fredricksen Insurance Services, Inc., 1600 E. Florida Ave. Suite 208, Hemet, CA 92544.

Thank you for your input,
Mark D. Fredricksen
President

Dear Mark,

Choice Bill By Phone:

We are pleased to announce that Specialty Accounting Services has unveiled a new automated payment-by-phone service for direct bill customers. The service will enable customers to pay Choice Bill policies with **Electronic Check or Major Credit Card** during expanded business hours. Customers will simply call their same customer Number (1-800-847-4357), select Option 2 (for Truckers) and Option 3 (for all other Business Units) from the main menu and follow the prompts.

For more details or hours of operation, call Denise