



CAO Corner: December 2009 by Steve Neiffer



Welcome to the final edition of the **Champion** for 2009. You may have noted that we didn't publish a November **Champion**, as we have transitioned to a bi-monthly publishing schedule. The intent in doing so is to increase the amount of content, expand the contributor pool and, most important, change the focus to be more sales-oriented.

This column touches a variety of topics, some reflective and some forward-looking, some production-related and some administrative.

Leadership

At the time Ascension acquired Pan American, we concluded that we'd have greatest latitude to chart our own destiny if we anticipated steps that needed to be taken to generate a suitable return to our owners. Though there have been some hard, unpleasant choices to be made in 2009 – no salary increases, mid-year reduction-in-force, changes in PC model eligibility – we arrived at the conclusions that these actions needed to be taken (without being pushed to do so by our owners). By taking the lead in managing our business and its profitability, we are viewed as being ahead of the curve by our parent company and they remain quite hands-off.

The production staff did us proud this year by their embrace of Salesforce as a sales management and accountability tool. The cultural shift from emphasizing customer retention to doing that and meeting minimum production goals seems to be fully understood by our producers. We handled the production-accountability aspect with the custom-made Hopper report, which served our initial purpose quite well. The quantum leap to Salesforce, however, ratcheted up the accountability significantly. The quality of information gathered in Salesforce relative to the amount of effort required by the producers is in fine balance. Kansas City is very pleased. After some time getting used to it, I believe you will find it a useful personal-management tool.

Here's where Pan American producers provided leadership that extends to the entire Ascension group. The success of our implementation of Salesforce and our early adoption of it led to the decision to implement it across the entire company. ***Thank you for leading the way in defining the production-management platform.***

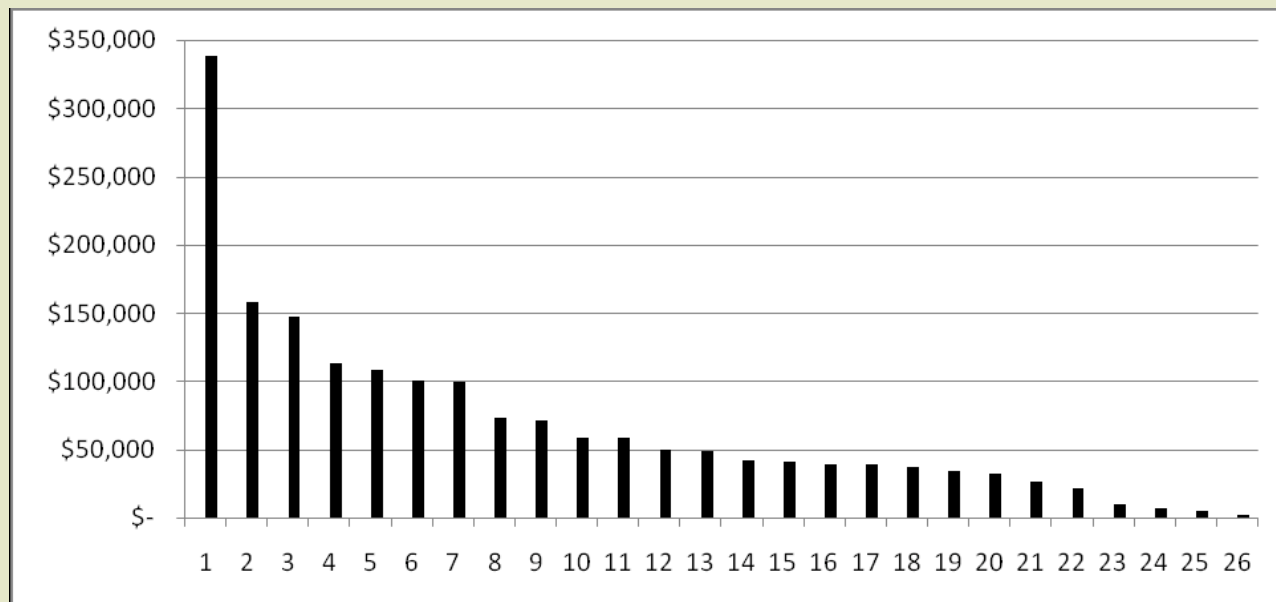
Production

The ability to generate organic revenue growth is a key measure of our vitality. It is interesting that our owners are as interested in production volumes as they are in financial results. In fact, our board reporting package includes an exhibit of year-to-date production volumes by producer. For 2009, each producer had a minimum production goal of \$50,000. Ten months into the year, this is how we've done, highest to lowest, with producers identified by number instead of name: (refer to chart located on page 2)

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Twelve producers were at or above the full-year goal by the end of October and fourteen were below. It looks like a little more than half the production force will meet the 2009 minimum by year end. Next year, the ante is upped because the minimum rises to \$75,000.

To increase the likelihood of success next year, each producer wrote a personal sales plan for a West Coast sales meeting held in Pasadena in September. As they wrote the sales plans and considered how they will source this much new business, the full scope of the challenge became clear. One common theme in the sales meeting discussions was the need for support staff to handle increasing amounts of servicing and marketing duties so that producers can get out in the field and drum up new business. Please support producers' business-generating efforts as completely as possible in 2010. Their success is our success.

CSR Incentive Plan

Last October, we launched a CSR incentive plan pursuant to which CSRs would be rewarded for writing new small-sized commercial accounts. In slightly less than a year, the CSRs collectively wrote over \$72,000 of new business. Three individuals wrote more than \$10,000 apiece and I've heard no complaints from them about the incentive. Bravo! How about \$150,000 from the CSR group as an encore in 2010?

Health Insurance

We will renew our health insurance plans as of January with some changes to coverage – most importantly with the introduction of a high-deductible plan with a health savings account attached. (My article in October described this plan.) In December, we will circulate information about the high-deductible plan and have some Webinar sessions to describe it and answer your questions. The high-deductible plan has taken center stage in a lot of companies, our parent company being one of them, because it tends to make employees smarter health-care consumers.

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Sometime in 2010, we expect to transition onto a companywide Ascension plan. In theory, benefit plans that cover all employees in the Ascension group of companies should be more economical due to the increased bargaining power with a large group. (That theory begins to unravel if the demographics of the various operating units in the large group are quite different.) But, designing a plan that can satisfy Ascension's bi-coastal footprint has proven to be a challenge, but a challenge that the folks at Bryant/Wharton have taken on. I'm happy to report that Bryant/Wharton is not at all territorial about development of this plan and we have begun partnering with them.

401(k) Plan

When we joined Ascension in February 2008, we joined a new 401(k) plan that mirrored the old PAULA plan. If you wanted to continue to participate in our employer-sponsored plan, you had some on-line enrollment responsibilities. You may get to do that again in the next 30 days, as a companywide 401(k) plan has been established. Details of the plan are still emerging, but it isn't materially different from our current plan with regard to employer match, loans, etc. The vesting schedule of employer contributions will become a multiple-year idea, but all Pan American employees on staff at 12/31/09 will be "grandfathered" so that 100% vesting continues on the employer match. More on the specifics as they are revealed to us.

Happy Holidays!

I have spoken with many people this year who hit rough employment waters or who are nervous about what 2010 holds. What's most striking about these life stories is the powerlessness these individuals felt – they were expendable cogs in a company wheel. What a world of difference we live in at Pan American. The sense of community is real, and manifested by the way people help each other out and pick up the pieces when tragedy strikes, by the willingness for shared sacrifice and by the overall regard and respect demonstrated daily. This didn't just happen. But it is a very good thing. Happy Holidays!

WCIRB Proposes Two New WC Class Codes *By Steve Martin*

As part of the 2010 rate filing by the workers compensation rating bureau, there are 2 new codes that have evolved out of a code that was a catch all for a number of operations. The code that is being amended is **6504- Confections and Food Sundries Mfg or Processing –NOC.** It has been renamed to **Food Products Manufacturing or Processing (still 6504)**

The two new codes that have been developed out of this classification and reassigned as listed here.

0096 Nut Hulling, Shelling or Processing– the proposed pure premium rate is 27% below the Food Products Mfg pure premium rate

2123- Fruit or Vegetable Processing- Fresh – Ready to eat- the proposed pure premium rate is 11.5% below the Food Products Mfg rate. This code is for salad in a bag type operations or any operation that processes fresh fruit or vegetables in an uncooked form but may chop, package or otherwise make more consumer friendly

**“ Of all sound of all bells... most solemn and touching is the peal which rings out the Old Year.”
~Charles Lamb**

Happy New Year!



HR Corner: Changes In Licensing Laws Effective 1/1/10 by Laurenda Carter



If the California Department of Insurance (CDI) has a current email address on file for you, you should have recently received a notice regarding some changes in licensing laws that will go into effect on January 1, 2010.

Beginning January 1, 2010, most individual and business entity insurance producers and applicants must submit their filings to CDI electronically. This requirement applies to individuals renewing or applying for a license. Individuals may, for good cause shown, request an exemption to these electronic filing requirements. Such requests may be made by contacting the Toll-Free Producer Licensing Hotline (800) 967-9331. For renewals, these requests should be made **several weeks** prior to the license expiration date to ensure a timely renewal.

Once you file your renewal electronically and submit payment to CDI, you should submit your expense report to Nilda De Guzman in Accounts Payable within 60 days for reimbursement. As in all cases, please ensure your supervisor signs off on the expense report.

As a reminder, you are responsible for ensuring that all continuing education requirements have been fulfilled prior to the expiration date of your license. Failure to complete this requirement will result in a 50% delinquency fee that you will be required to pay.

Here are a few other important changes that you should be made aware of:

E-Mail Addresses Are Now Mandatory

Effective January 1, 2010, license applicants must provide the e-mail address to which the applicant wants the commissioner to direct all license-related correspondence.

Personal Lines Broker-Agent New Continuing Education Requirement

Effective January 1, 2010, the personal lines broker-agent continuing education requirement will increase from 20 hours to 24 hours during each two-year license term.

Pre-licensing Education Requirement Update

Applicants for a life-only agent license, accident and health license, personal lines broker-agent license, limited lines automobile insurance agent license, and fire and casualty broker-agent license, who are currently licensed as non-residents in California shall be required to complete only 12 hours of study on ethics and California Insurance Code.

Continuing Education Exemption Revision

The exemption from the continuing education requirement for licensees 70 years of age and in good standing for 30 continuous years does not apply to those individuals licensed for the first time on or after January 1, 2010.

If you have any questions regarding the information presented, please contact me.

Pictured: Bob Underwood and Debbie Maddocks presenting an award to Maria Ortiz in recognition of her 30 years of service this year at the CSR conference!



New Members of the Ascension Family!



In June, two California-based companies joined the Ascension family. Here's a bit of information about each.

Renaissance. Based in Santa Monica and founded in 1975, Renaissance is a higher-education, student-health broker.

- Largest independent provider of student health insurance brokerage services to California colleges and universities, with about a 25% market share.

- Integrated platform combines sales and administration.

- An affiliated company, Personal Insurance Administrators, provides TPA services in claims handling for student health programs.

Portal. Based in Walnut Creek and formed in 1975, Portal is a broker that employs a trust structure to provide employee benefits to small and medium-sized customers in the non-profit space.

- Portal provides benefits administrations services for its customers that typically would be performed by a human resources department.

- Consolidates billing and administers COBRA

- Responds to inquiries about employee eligibility

- Provides online enrollment and administrative resources for customers

There is a reasonable possibility that Pan American could provide property & casualty and workers' compensation products to the customers of Renaissance and Portal. This would deliver on Ascension's cross-sales objectives among its subsidiaries. The cross-sell effort will be rolled out slowly and carefully, so stay tuned.

Announcements!

Jerry Takehara celebrated 20 years with the company on October 2, 2009!

Ron Hoffman celebrated 20 years with the company on November 20, 2009!

Bob Levinson will celebrate his 25th anniversary with the company on December 17, 2009!

A big congratulations to all three gentlemen and thank you for your ongoing dedication, hard work, and support!