

Financial Insurance Intelligence

A Publication of Bison Mountain Financial, Inc.

INSIDE THIS ISSUE

Preferred Risk Flood Insurance for More Property Owners in 2011

Collateral Protection Insurance Technology Improvements

Identity Thieves Continue to Target Businesses

Elevation Certificates for Properties in the Flood Plain

Upcoming Continuing Education Class Schedule

October 7, 2010
Missoula

November 9, 2010
Billings

November 10, 2010
Bozeman

2011
Butte , Glendive, Helena , Great Falls,
Glasgow

Contact Robert Uribe at 224-406-1187 or email to register for a class or find a complete class schedule at www.BisonMountain.com.

Preferred Risk Flood Insurance for More Property Owners in 2011

Last quarter we alerted you that FEMA was pressing for improvements to the National Flood Insurance Program. FEMA'S Flood Map Modernization Program has produced thousands of revised Flood Insurance Rate Maps



(FIRMs) over the past several years, impacting homeowners across the United States as new and adjusted flood hazards are revealed. One result of the extensive remapping effort is the mandated purchase of flood insurance for mortgage holders who are newly included in Special Flood Hazard Areas (SFHAs). In 2009 alone, more than 29 million properties with mortgages were impacted by FIRM updates, over 402,000 of which were newly identified as being "IN" an SFHA and requiring insurance.*

It is the owners of those 402,000 properties that are going to see some relief. Those who are newly included in SFHAs will be allowed to purchase flood insurance at a reduced, "Preferred Risk Policy" (PRP) rate for the first two policy years following a FIRM revision. The program will be retroactive to October 1, 2008, allowing those affected by flood map revisions on or after that date to receive the two-year discount at the time of policy renewal.

The new program will be effective January 1, 2011. Service providers like flood determination companies, flood insurance underwriters and TPA's are all working to be ready for the changes before the deadline.

* According to the National Flood Determination Association's 2009 Member Survey.



Collateral Protection Insurance Technology Improvements

Collateral Protection Insurance (CPI) has been the standard for most medium to large lenders to protect their chattel based, installment lending assets. In the last fifteen years, many small lenders have initiated CPI as well, some with mixed success.

The first question all small institutions must ask themselves is whether they should track their borrowers' insurance compliance internally or outsource the tracking function. Fifteen years ago, those that chose to outsource the tracking sometimes saw customer service problems with their vendor, and those that kept tracking internally found it to be terribly inefficient to perform on such a small scale. Regardless of which way the lender may have gone in regards to tracking insurance, service and efficiency would have most likely improved over the past several years.



Technology has been a huge driver for CPI improvements. If you outsource your tracking, the advancements in scanning and Optical Character Recognition (OCR) capabilities have helped to drive down costs, while increasing quality and timeliness. Insurance information aggregators, like EDP, have provided additional access to electronic policy information bringing access to smaller insurance company data. This helps those in the tracking business to expand electronic data interchange (EDI) interfaces beyond the traditional players like Allstate, State Farm, Nationwide, Progressive, or Farmers. This increase in data availability has greatly reduced the number of false placements.

If you track internally, you now have access to web-based tracking software that allows you to quickly enter renewal and cancellation data. The overwhelming majority of financial institutions follow the guidelines as established in the NAIC Model Act as regards disclosures and the timeliness of notifications. The software programs automate all of these required functions, and they may be the reason why so few financial institutions have gotten into legal trouble regarding force placed insurance recently.

It is not uncommon to find an experienced lender with horror stories about tracking insurance. Fifteen years ago, the programs were quite a bit different. Fortunately, technology is making it easier to use CPI to protect your collateral. Don't be afraid to give it another try.



Identity Thieves Continue to Target Businesses

This past summer, two noteworthy identity theft scams surfaced that specifically targeted businesses.

Criminals altered the records of businesses with the Colorado Secretary of State's office and then began using the companies' identities to get themselves access to credit. According to the Denver Business Journal, "criminals can manipulate targeted business filing records at the Secretary of State's office by changing a company's information in order to imply that they have a legitimate stake in the business." From there, it's easy to apply for credit and keep the money or goods and services they obtain with it. The victimized business doesn't know anything about the fraud until the creditor comes looking for repayment.

In another scam, thieves stole UPS shipping account numbers off of package labels. Then they used the account numbers to ship packages and have the bills sent to the legitimate business. One such victim of this type of theft was Montana State University .

The thieves racked up over \$180,000 in fraudulent charges on the university's accounts.



For many businesses that ship a lot of packages, they may not notice some extra charges. The accounts payable department might not have procedures to reconcile a line on the invoice with a valid shipment. In cases like these, the invoice probably gets paid.

These are two examples, but thieves are coming up with new scams to target businesses every day. Businesses are attractive targets because that is where criminals can score the biggest amount of money. And just like consumers, businesses don't have the time to fight the tedious battles necessary to unwind the identity theft.

You can help your commercial accountholders by offering Business Identity Theft protection as a benefit in your commercial checking account packages. The product costs the accountholder \$2.95-\$4.95 per month, a very affordable price relative to the cost of remediation after an identity theft problem surfaces. If you would like to offer such a product to your commercial checking accountholders, please contact Robert Uribe at 224-406-1187 or Robert@BisonMountain.com.

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Products and Services for a
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One-Stop Real Estate Settlement Ordering
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Identity Theft Programs

For a complete product menu, please visit
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Elevation Certificates for Property in the Flood Plain

The Elevation Certificate is a National Flood Insurance Program tool used to provide elevation information necessary to determine the proper insurance premium rates and to support requests for FEMA's Letter of Map Amendment (LOMA) or Letter of Map Revision. This can help your borrowers who have property partially in the flood plain but improvements that might not be in the flood plain at all.

Locating a local licensed surveyor who is familiar with the Elevation Certificate form and requirements for its completion can be a challenge. Therefore, LPS National Flood is facilitating the process for access to a free quote and easy means of obtaining an Elevation Certificate. Quotes are returned within 48 hours of request and completed Elevation Certificates are supplied within 7 - 10 business days (for standard service; 1 - 2 business days for rush service). According to Judy Lesch, Business Partner Director at LPS, they have an average of 4 - 5 surveyors in each county, including Montana and North Dakota .

To order your quote, simply log in to your LPS National Flood account. If you do not have an account, contact your Bison Mountain Financial representative to get one today.



BMF Gets Boost from Marketing Interns



This past summer Bison Mountain Financial initiated an internship program to give local high school and college marketing students some experience in the small business world. Beginning in June, three students were selected to join the BMF team for a nine-week program.

The interns began by completing a branding project, which included polling customers, reviewing historical BMF advertising, and researching competitors. Once the goals for marketing the BMF brand were established, the team went to work on revamping the company website, quarterly newsletter, and direct mail advertising.

Their contributions also included exploring new marketing channels. Two video commercials were produced and uploaded to Youtube. The commercials utilize a newly created advertising message that reinforces BMF's reputation as insurance experts in the financial institution market. Internet search marketing was begun using Google and other online search tools. The team also developed a new client retention program to be debuted in late 2010.

The interns returned to school in mid-August. They are currently enrolled in Vanderbilt University in Nashville, Loyola University in Chicago, and Grayslake North High School in Grayslake, Illinois.