



IN OUR 82nd YEAR - DEC 2004



### INCREDIBLE OPPORTUNITIES

#### New People \* New Companies \* New Choices



#### Happy Holidays Everyone!

Did you ever have a smile on your face that you just couldn't wipe off? Well, since April 15<sup>th</sup>, 2004 that's the way all of us at

American Insurance start and end our work day... smiling! We just feel blessed and a bit lucky to be enjoying our new office building. **THANK YOU!** Without your continued trust and loyalty it would not have been possible. And, if you haven't done so yet, please stop by for a visit and the grand tour soon – OK? When you make a life changing move you try to anticipate all the contingencies. But, one major thing I didn't anticipate (or even dare to dream) was the tremendous momentum generated by our move to 55 Southway.

Suddenly, the word was out – **“if you want the best insurance rates, coverage and service, think American and call American Insurance.”**

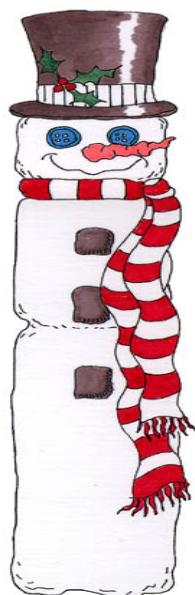
So, now that we have space to expand we added three new staff members to handle the influx of new business - Philip Sullivan, Mike Everett, and Lisa Gludt - bringing our total number of employees to 14. And that's not all! To provide our customers with even more insurance choices and better rates on selected policies we have added five more excellent insurance companies – United Heritage Property & Casualty Co., Clarendon National Insurance Co., Red Shield Insur-

ance Co, and Ohio Casualty Group. Each company has their own specialized product niche and pricing advantage over the competition. **Now, more than ever before, we are in the best position to assure you receive superior insurance protection at the lowest premium rates.**

Thank you for the many referrals of friends and family to us at American Insurance. Your kind words and trust are sincerely appreciated. We pledge to keep working hard day-in and day-out to be worthy of your business.

Merry Christmas & Happy New Year!

John Sullivan & Staff



#### Inside this issue:

|                                      |   |
|--------------------------------------|---|
| New Opportunities                    | 1 |
| Insurance Headlines                  | 1 |
| Introducing...                       | 2 |
| Insurance Experience                 | 2 |
| Politics & Medical Insurance & HSA's | 3 |
| A Dedication                         | 4 |

### INSURANCE HEADLINES

#### MARKET REVIEW & FORECAST / TIDBITS

#### P/C Insurers Report First Underwriting Profit Since 1997

Insurance Journal - August 31, 2004

Dramatic improvements in underwriting performance by the nation's property/casualty insurers led to the first underwriting gain in nearly seven years, according to the Jupiter, Fla.-based financial analysis firm **Weiss Ratings Inc.** The industry reported a \$5.5 billion net underwriting gain in the first quarter of 2004, compared to the \$1.1 billion loss reported during the same period a year ago.

"The strong profitability is the result of several years of rate increases combined with stricter underwriting standards," according to Melissa Gannon, vice president of Weiss Ratings. "There is a sense that the industry is trying to level out the swings in the business cycle by maintaining tighter underwriting standards going forward, rather than returning to the lax standards of the soft market. If this continues, premium rates should level off or even decline."

Among the 2,463 property/casualty insurers reviewed by Weiss, 15 companies were upgraded, while 17 were downgraded.

(Continued on page 4)

## ~INTRODUCING ~



**Philip Sullivan**  
New Agent

Philip is a recent graduate of the University of Idaho. He and his wife LeeAnne married last year and live in Lewiston. LeeAnne works in new accounts and loans at the Southway branch of Potlatch No 1 Federal Credit Union. Philip is the son of John Sullivan, and along with his brother Shawn, represents the 4<sup>th</sup> generation of family agents at American Insurance. Philip specializes in personal lines insurance – auto, home, boats and RVs.



**Mike Everett**  
Agent 37 years

Mike is an experienced agent who recently separated his practice from Keller Insurance after 17 years. He then decided to join us at American Insurance. Mike is well known and established in the valley and brings a large number of loyal customers. He has four grown children and an 8 year old son named Alex. Mike and his wife Rhonda were married this summer and live in the Lewiston orchards.



**Lisa Gludd**

### Reception - Customer Service

Lisa brings 19 years of insurance experience to help us continue providing excellent customer service support. Lisa is married to Doug Gludd who works for the State of Idaho Dept of Transportation. When you call or come in to see us at American Insurance the friendly greeting you receive will be from Lisa. She is looking forward to serving you and invites her long time insurance contacts and friends to give her a call to say “hi”.

**Experience Counts!** We have been fortunate here at American Insurance to have a wealth of experienced agents and service personnel to assist you with your insurance needs. Please contact us for any insurance question or request. We appreciate and welcome your referrals of family, friends and neighbors.

**John B. Sullivan, President** - 27 Years  
Agent - All Lines  
[JohnS@AmericanInsuranceID.com](mailto:JohnS@AmericanInsuranceID.com)

**Shawn D. Sullivan** - 11 Years  
Agent - All Lines  
[ShawnS@AmericanInsuranceID.com](mailto:ShawnS@AmericanInsuranceID.com)

**David E. Root** - 23 Years  
Agent - All Lines  
[DaveRoot@AmericanInsuranceID.com](mailto:DaveRoot@AmericanInsuranceID.com)

**Tim Gleason** - 15 Years  
Agent - Medical & Benefits  
[TimG@AmericanInsuranceID.com](mailto:TimG@AmericanInsuranceID.com)

**J. Michael Everett** - 37 Years  
Agent - All Lines  
[MikeEverett@AmericanInsuranceID.com](mailto:MikeEverett@AmericanInsuranceID.com)

**Philip Sullivan** - First Year  
Agent - Personal Lines  
[PhilipS@AmericanInsuranceID.com](mailto:PhilipS@AmericanInsuranceID.com)

**Carmen Johnson** - 5 Years  
Systems Admin & Marketing  
[CarmenJ@AmericanInsuranceID.com](mailto:CarmenJ@AmericanInsuranceID.com)

### Years in Insurance!



**Pat Johnson** - 38 Years  
Commercial Lines Service Rep.  
[PatJ@AmericanInsuranceID.com](mailto:PatJ@AmericanInsuranceID.com)

**Jackie Peterson** - 41 Years  
Commercial Lines Service Rep.  
[JackieP@AmericanInsuranceID.com](mailto:JackieP@AmericanInsuranceID.com)

**Tina Heitmann** - 25 Years  
Personal Lines Agent  
[TinaH@AmericanInsuranceID.com](mailto:TinaH@AmericanInsuranceID.com)

**Helen Duman** - 24 Years  
Personal Lines Agent  
[HelenD@AmericanInsuranceID.com](mailto:HelenD@AmericanInsuranceID.com)

**Jody Jenks** - 21 Years  
Commercial Lines Service Rep.  
[JodyJ@AmericanInsuranceID.com](mailto:JodyJ@AmericanInsuranceID.com)

**Melani Roach** - 14 Years  
Bookkeeper  
[MelaniS@AmericanInsuranceID.com](mailto:MelaniS@AmericanInsuranceID.com)

**Lisa Gludd** - 19 Years  
Customer Service Support

**POLITICS & MEDICAL INSURANCE**

***Don't shoot the messenger!***

The political campaigns are over. Promises were made, blame was assigned (always to someone else) and complex issues were reduced to sound bites. Unfortunately, this over simplification tends to misinform us rather than provide any real answers.

Case in point – politicians like to say that “medical premiums are too high”. If the emphasis is on “premiums” then they just don’t understand the problem. **Premiums are the messenger telling us that medical treatment expenses are out of control and rising much faster than our incomes.** When we think it through all of us know that medical premiums are just a reflection of these extraordinary medical treatment expenses.

The problem is complex and any plan to bring premium relief must include ways to reduce the cost and delivery of new medical technologies, reduce redundant and unnecessary utilizations, provide reasonable reform of medical liability for doctors and hospitals, and reform prescription drug rules. Nobody will be totally happy but without changes the system will collapse under it’s own excesses.

**HOW CAN WE HELP?** We fight for our medical customers – every renewal – every year – to appeal rate increases, to make reasonable benefit changes, to find creative ways to reduce premium increases. It costs you nothing to have us represent you with *Regence BlueShield* or *Blue Cross of Idaho*. Just call our Benefits Department for help!

***So, Where Does Your Health Care Premium Go?***

Over 90% of your premium goes to pay for health care services. In 1995, *Blue Cross of Idaho* paid more than \$260 million to cover claims. In 2002, the company paid \$511 million. During 2002, 90.2 cents of every dollar paid in premiums was spent on or reserved to pay for services used by their members. The largest part of the premium dollar, 39.3 cents, was used to cover institutional claims. These include services such as inpatient and outpatient hospital visits or the use of immediate care facilities. Another portion of the premium, 33.9 cents, paid professional claims— including services and supplies provided by physicians and other health care professionals. To pay for prescribed drugs covered by your health plan, 16.0 cents was allocated. *Blue Cross of Idaho* added 1.0 cent of every dollar to their policyholder reserve fund for future claims. The balance of 9.8 cents was used to cover their administrative costs.

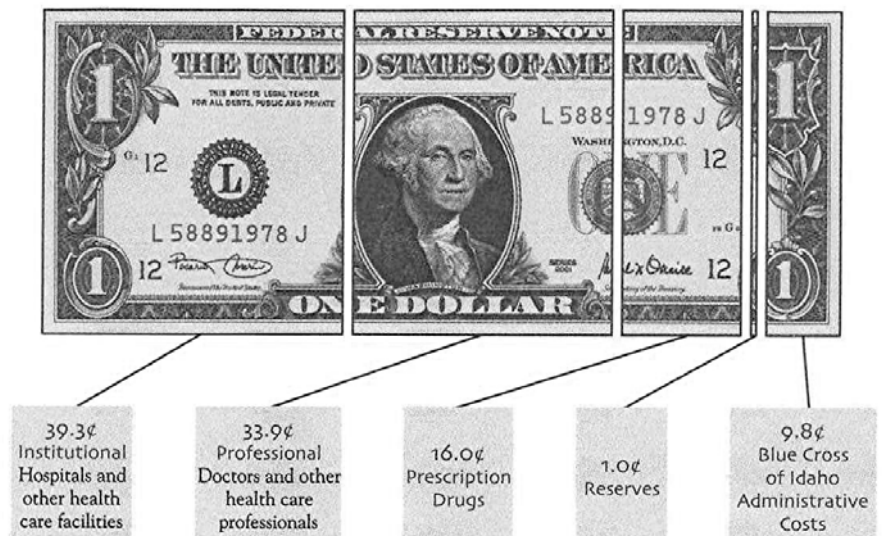
*Regence BlueShield of Idaho and Blue Cross of Idaho are both independent licensees of the Blue Cross and Blue Shield network Association..*

**NEW: HSAs**  
**Health Savings Accounts**

The introduction of Health Savings Accounts (HSAs) has opened the door to a new world of health insurance options. As we all struggle with increasing medical insurance premiums employers and individuals have a new option to consider.

An HSA can be a smart financial move because when used in conjunction with an HSA administrator you will enjoy tax-free IRA-like savings. Choosing a higher deductible reduces premium rates so the savings can be contributed to an HSA. The money you contribute to your HSA can be used to pay your deductible and out-of-pocket medical expenses. That means

*(Continued on page 4)*





## HAVE LUNCH ON ME!

Refer your neighbors, family, friends or coworkers to Philip Sullivan!  
**Homeowners & Auto Insurance Prospects!**

Provide 2 qualified\* referrals & receive a \$10 Happy Day Gift Card for free meals!  
**Call 746-9646 and ask for Philip!**

\*Must be Home Owners age 25 - 70.  
Offer good through Jan. 31, 2005

(Continued from page 1)

## Why Insurance Companies Need Large Reserves!

### 2004 Hurricanes Broke All Records

Insurance Journal - November 22, 2004:

Newly released information ranks all four of this season's hurricanes among the top 10 costliest U.S. hurricanes in the past 25 years, totaling over \$20 Billion. And, taken together, the cost of this season's storms edges out the cost of Andrew by about \$100 million.

A report by the Insurance Information Institute (III) shows Hurricane Charley was the second costliest hurricane, with some \$6.7 billion in insured losses. That's a far second to Andrew, which caused about \$20.3 billion in losses in 1992. Hurricane Ivan ranked fourth, with \$6 billion in losses, coming just under Hugo's costs of \$6.2 billion. Hurricane Frances came in fifth with insured losses of \$4.4 billion, while Jeanne ranked seventh with \$3.24 billion. Hurricane Georges -- which caused \$3.27 billion in damages - barely notched in above Jeanne.

These estimates are for insured losses only, and are in addition to the extensive financial assistance provided by the Federal Emergency Management Agency and other federal agencies.

## A MOMENT TO REMEMBER!



John Sullivan presenting the building dedication plaque to his father Frank "Sully" Sullivan on April 15, 2004.

This Building is dedicated April 15, 2004 to

**FRANK "Sully" SULLIVAN**

INSURANCE AGENT 1946-1996

PRESIDENT 1970-1990

AMERICAN INSURANCE

In recognition of a lifetime of extraordinary service to his customers, his community, and his country.

(Continued from page 3)

### Health Savings Accounts (HSAs) (Cont)

you are paying your medical expenses with tax free dollars. Any money left over will remain in your HSA account and grow tax-deferred. Withdrawals from your HSA for covered medical expenses will never be taxed, and contributions you make to your HSA, up to the specified limit, are tax-deductible at both the federal and state levels.

We represent Blue Cross of Idaho that has developed HSA Blue PPO medical plans and have arrangements with your choice of two HSA Administrators. These are "high deductible health plans" (HDHP) that qualify for HSA's with an individual calendar year deductible of \$2,000 or a family deductible of \$4,000. Higher deductibles are available. **Please call Tim Gleason, our Benefits Specialist, for more detailed information on HSA's.**

This newsletter is published periodically by American Insurance to bring important news about insurance and safety to our clients. The content of this newsletter is taken from sources which we believe are reliable but are not guaranteed to completely state all available information. This newsletter provides general information and is not intended as a substitute for legal, financial, or professional counsel for individuals.